

YUANTA FINANCIAL HOLDING CO., LTD.
AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REVIEW REPORT
FOR THE THREE MONTHS ENDED
MARCH 31, 2021 AND 2020

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.



PWCR20000554

INDEPENDENT AUDITOR'S REVIEW REPORT

To the Board of Directors and Shareholders of Yuanta Financial Holding Co., Ltd.

Introduction

We have reviewed the accompanying consolidated balance sheets of Yuanta Financial Holding Co., Ltd. and subsidiaries as at March 31, 2021 and 2020, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the three-month periods then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Financial Holding Companies, Regulations Governing the Preparation of Financial Reports by Securities Issuers, Regulations Governing the Preparation of Financial Reports by Public Banks, Regulations Governing the Preparation of Financial Reports by Securities Firms, Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants, Regulations Governing the Preparation of Financial Reports by Insurance Companies, and International Accounting Standard 34, "Interim Financial Reporting" as endorsed by the Financial Supervisory Commission. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

Scope of Review

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



資誠

Conclusion

Based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of Yuanta Financial Holding Co., Ltd. and subsidiaries as at March 31, 2021 and 2020, and of its consolidated financial performance and its consolidated cash flows for the three-month periods then ended in accordance with Regulations Governing the Preparation of Financial Reports by Financial Holding Companies, Regulations Governing the Preparation of Financial Reports by Securities Issuers, Regulations Governing the Preparation of Financial Reports by Public Banks, Regulations Governing the Preparation of Financial Reports by Securities Firms, Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants, Regulations Governing the Preparation of Financial Reports by Insurance Companies, and International Accounting Standard 34, “Interim Financial Reporting” as endorsed by the Financial Supervisory Commission.

Chou, Chien-Hung

Lo, Chiao-Sen

For and on behalf of PricewaterhouseCoopers, Taiwan

May 21, 2021

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

YUANTA FINANCIAL HOLDING CO., LTD. AND ITS SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)
(The consolidated balance sheets as of March 31, 2021 and 2020 are reviewed, not audited)

	ASSETS	Notes	March 31, 2021		December 31, 2020		March 31, 2020	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
11000	Cash and cash equivalents	6(1)	\$ 68,534,771	2	\$ 77,497,198	3	\$ 69,751,240	3
11500	Due from Central Bank and call loans to other banks	6(2),8	58,748,475	2	54,373,556	2	46,620,956	2
12000	Financial assets at fair value through profit or loss	6(3)(38), 7,8	586,331,286	21	586,592,639	21	521,877,607	21
12150	Financial assets at fair value through other comprehensive income – net	6(4),8	294,083,044	10	278,391,203	10	248,777,005	10
12200	Investments in debt instruments at amortised cost – net	6(5),8	451,402,582	16	430,349,520	16	396,124,944	16
12500	Investments in bills and bonds under resale agreements	6(6),7	47,438,192	2	58,336,318	2	51,537,318	2
13000	Receivables – net	6(7),7	270,602,127	10	243,990,690	9	167,175,106	7
13200	Current income tax assets		556,589	-	733,890	-	1,000,489	-
13300	Assets held for sale – net	6(8)	203,730	-	203,730	-	171,593	-
13500	Bills discounted and loans – net	6(9),7	798,484,932	28	793,812,907	29	777,119,332	31
13700	Reinsurance contract assets – net	6(10)	1,205,376	-	1,099,457	-	988,011	-
15000	Equity investments accounted for under the equity method – net	6(11)	2,770,303	-	2,755,402	-	2,407,393	-
15100	Restricted assets – net	8	2,529,140	-	2,961,020	-	2,801,889	-
15500	Other financial assets – net	6(12)	94,937,504	3	79,034,763	3	93,073,149	4
18000	Investment property – net	6(13),8	11,207,131	-	11,558,284	-	11,432,625	-
18500	Property and equipment – net	6(14),8	24,157,427	1	23,930,017	1	23,100,595	1
18600	Right-of-use assets, net	6(15)	12,891,577	1	13,181,478	1	13,514,526	1
19000	Intangible assets – net	6(17)	31,381,987	1	31,498,648	1	33,028,377	1
19300	Deferred income tax assets		6,020,177	-	7,095,091	-	5,745,075	-
19500	Other assets – net	6(18),7, 8	73,268,031	3	61,843,636	2	37,954,638	1
	TOTAL ASSETS		<u>\$ 2,836,754,381</u>	<u>100</u>	<u>\$ 2,759,239,447</u>	<u>100</u>	<u>\$ 2,504,201,868</u>	<u>100</u>

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YUANTA FINANCIAL HOLDING CO., LTD. AND ITS SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)
(The consolidated balance sheets as of March 31, 2021 and 2020 are reviewed, not audited)

	Notes	March 31, 2021		December 31, 2020		March 31, 2020		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	
LIABILITIES AND EQUITY								
21000	Deposits from Central Bank and other banks	6(20)	\$ 16,834,749	-	\$ 15,412,299	1	\$ 15,879,516	1
21500	Due to Central Bank and other banks		666,000	-	675,000	-	-	-
22000	Financial liabilities at fair value through profit or loss	6(3)(38), 7	175,250,067	6	163,457,505	6	143,495,589	6
22500	Bills and bonds payable under repurchase agreements	6(6),7	196,361,820	7	216,621,187	8	190,129,652	8
22600	Commercial paper payable – net	6(21),7	47,118,252	2	27,417,489	1	49,770,189	2
23000	Payables	6(22),7	247,745,141	9	248,347,930	9	185,602,556	7
23200	Current income tax liabilities		8,761,799	-	6,616,387	-	6,411,038	-
23500	Deposits and remittances	6(23),7	1,239,578,017	44	1,211,020,394	44	1,120,953,751	45
24000	Bonds payable	6(24)	80,290,894	3	78,790,127	3	68,854,087	3
24400	Other borrowings	6(25)	53,795,727	2	57,796,061	2	57,866,578	2
24600	Liabilities reserve	6(26)						
		(27)	319,471,569	11	313,071,935	11	282,549,926	11
25500	Other financial liabilities	6(28),7	103,251,103	4	88,713,584	3	91,699,197	4
26000	Lease liabilities		6,087,775	-	6,368,836	-	6,552,502	-
29300	Deferred income tax liabilities		4,246,179	-	4,878,682	-	3,692,294	-
29500	Other liabilities	6(29),7	55,570,787	2	46,434,585	2	34,247,318	1
	TOTAL LIABILITIES		<u>2,555,029,879</u>	<u>90</u>	<u>2,485,622,001</u>	<u>90</u>	<u>2,257,704,193</u>	<u>90</u>
31000	Equity attributable to owners of the parent company							
31100	Share capital							
31101	Common stock	6(30)	121,374,360	4	121,374,360	4	116,706,115	5
31500	Additional paid-in capital	6(31)	37,885,949	1	37,885,949	1	37,682,879	1
32000	Retained earnings							
32001	Legal reserve	6(32)	14,633,733	1	14,633,733	1	12,589,183	1
32003	Special reserve	6(32)	6,549,234	-	6,549,234	-	6,549,234	-
32011	Undistributed earnings	6(33)	70,151,316	2	60,333,790	2	54,661,488	2
32500	Other equity							
32500	Other equity interest	6(34)	10,357,402	1	12,559,523	1	798,588	-
39500	Non-controlling interests		<u>20,772,508</u>	<u>1</u>	<u>20,280,857</u>	<u>1</u>	<u>17,510,188</u>	<u>1</u>
	Total Equity		<u>281,724,502</u>	<u>10</u>	<u>273,617,446</u>	<u>10</u>	<u>246,497,675</u>	<u>10</u>
	TOTAL LIABILITIES AND EQUITY		<u>\$ 2,836,754,381</u>	<u>100</u>	<u>\$ 2,759,239,447</u>	<u>100</u>	<u>\$ 2,504,201,868</u>	<u>100</u>

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

YUANTA FINANCIAL HOLDING CO., LTD. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in thousands of New Taiwan dollars, except earnings per share amounts)
(UNAUDITED)

				For the three months ended March 31,			
				2021		2020	
Items	Notes	AMOUNT	%	AMOUNT	%	AMOUNT	%
41000	Interest income	7	\$ 8,901,976	26	\$ 9,729,278	39	
51000	Less: Interest expense	7	(1,709,712)	(5)	(3,187,048)	(13)	
49600	Net interest income	6(35)	<u>7,192,264</u>	<u>21</u>	<u>6,542,230</u>	<u>26</u>	
Net non-interest income							
49800	Net service fee and commission income	6(36),7	9,273,275	27	5,406,671	22	
49810	Net income from insurance operations	6(37),7	6,297,304	18	8,753,185	35	
49820	Gain (loss) on financial assets and financial liabilities at fair value through profit or loss	6(38),7	7,342,451	21	(1,108,147)	(4)	
49825	Gain on investment property	7	59,387	-	53,777	-	
49835	Realised gain on financial assets at fair value through other comprehensive income		674,238	2	842,646	3	
49850	Net gain arising from derecognition of financial assets measured at amortised cost	6(5)(9)	821,209	2	386,785	2	
49870	Foreign exchange gain		151,682	1	348,646	1	
49880	Asset impairment loss	6(39)	(6,823)	-	(8,399)	-	
49890	Share of the profit or loss of associates and joint ventures accounted for using the equity method	6(11)	152,338	1	104,654	1	
49898	Gain on reclassification under the overlay approach		733,920	2	2,131,435	9	
49921	Net gain on sale of non-performing loans		64,960	-	59,384	-	
49945	Consultation service income		990,217	3	818,379	3	
49999	Net other miscellaneous income	6(40),7	844,305	2	443,352	2	
49700	Total net non-interest income		<u>27,398,463</u>	<u>79</u>	<u>18,232,368</u>	<u>74</u>	
	Net profit		34,590,727	100	24,774,598	100	
58100	Provision for bad debt expenses, commitment and guarantee policy reserve	6(41)	(73,462)	(-)	(671,182)	(3)	
58300	Net change in provisions for insurance liabilities	6(26)	(7,024,799)	(21)	(8,646,818)	(35)	
Operating expenses							
58501	Employee benefit expense	6(42),7	(9,059,373)	(26)	(6,348,941)	(26)	
58503	Depreciation and amortization	6(43)	(782,933)	(2)	(789,216)	(3)	
58599	Other business and administrative expenses	6(44),7	(3,714,011)	(11)	(3,101,896)	(12)	
58500	Total Operating Expenses		<u>(13,556,317)</u>	<u>(39)</u>	<u>(10,240,053)</u>	<u>(41)</u>	
61000	Consolidated income from continuing operations before income tax		13,936,149	40	5,216,545	21	
61003	Income tax expense	6(45)	(3,180,706)	(9)	(829,551)	(3)	
69000	Consolidated net income		<u>\$ 10,755,443</u>	<u>31</u>	<u>\$ 4,386,994</u>	<u>18</u>	

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YUANTA FINANCIAL HOLDING CO., LTD. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
 (Expressed in thousands of New Taiwan dollars, except earnings per share amounts)
 (UNAUDITED)

Items	Notes	For the three months ended March 31,			
		2021		2020	
		AMOUNT	%	AMOUNT	%
Other comprehensive income					
Components of other comprehensive income that will not be reclassified to profit or loss					
69561	(Loss) gain on remeasurements of defined benefit plans	(\$ 78,427)	-	\$ 562	-
69563	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	(521)	-	2,788	-
69565	Change in fair value of financial liability attributable to change in credit risk of liability	(54)	-	(220)	-
69567	Gain (loss) on valuation of investments in equity instruments measured at fair value through other comprehensive income	4,309,878	12	(2,634,050)	(11)
69569	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	(22,054)	-	(93,464)	-
Components of other comprehensive income that will be reclassified to profit or loss					
69571	Exchange differences on translation of foreign financial statements	(1,743,028)	(5)	(2,164,502)	(9)
69585	Revaluation loss from investments in debt instruments measured at fair value through other comprehensive income	(4,311,317)	(13)	(1,412,924)	(6)
69587	Impairment (gain) loss from investments in debt instruments measured at fair value through other comprehensive income	(3,498)	-	2,736	-
69590	Other comprehensive loss on reclassification under the overlay approach	(733,920)	(2)	(2,131,435)	(9)
69579	Income tax relating to components of other comprehensive income that will be reclassified to profit or loss	275,032	1	151,145	1
69500	Other comprehensive loss(net of tax)	(\$ 2,307,909)	(7)	(\$ 8,279,364)	(34)
69700	Total comprehensive income (loss)	\$ 8,447,534	24	(\$ 3,892,370)	(16)
Consolidated net income attributable to:					
69901	Parent company	\$ 9,407,300	27	\$ 4,095,740	17
69903	Non-controlling interests	1,348,143	4	291,254	1
		\$ 10,755,443	31	\$ 4,386,994	18
Consolidated comprehensive income (loss) attributable to:					
69951	Parent company	\$ 7,615,405	22	(\$ 3,494,045)	(14)
69953	Non-controlling interests	832,129	2	(398,325)	(2)
		\$ 8,447,534	24	\$ 3,892,370)	(16)
Earnings per share (in New Taiwan Dollars)					
70001	Basic and diluted earnings per share		0.78		0.34

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

YUANTA FINANCIAL HOLDINGS CO., LTD. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Expressed in thousands of New Taiwan dollars)

(UNAUDITED)

	Equity attributable to owners of the parent										
	Retained earnings					Other equity interest					
	Common stock	Additional paid-in capital	Legal reserve	Special reserve	Undistributed earnings	Exchange differences on translation of foreign financial statements	Unrealised gain (loss) on financial assets measured at fair value through other comprehensive income	Other comprehensive income on reclassification under the overlay approach	Change in fair value of financial liability attributable to change in credit risk	Non-controlling interests	Total equity
For the three months ended March 31, 2020											
Balance, January 1, 2020	\$ 116,706,115	\$ 37,402,480	\$ 12,589,183	\$ 6,549,234	\$ 50,565,092	(\$ 3,528,386)	\$ 11,907,186	46,959	(\$ 36,730)	\$ 18,005,247	\$ 250,206,380
Consolidated net income for the period	-	-	-	-	4,095,740	-	-	-	-	291,254	4,386,994
Other comprehensive income (loss) for the period	-	-	-	-	246	(1,456,391)	(4,010,341)	(2,123,079)	(220)	(689,579)	(8,279,364)
Total comprehensive income (loss) for the period	-	-	-	-	4,095,986	(1,456,391)	(4,010,341)	(2,123,079)	(220)	(398,325)	(3,892,370)
Changes in equity of associates and joint ventures accounted for using equity method	-	280,399	-	-	-	-	-	-	-	-	280,399
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	(96,734)	(96,734)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	410	-	(410)	-	-	-	-
Balance, March 31, 2020	\$ 116,706,115	\$ 37,682,879	\$ 12,589,183	\$ 6,549,234	\$ 54,661,488	(\$ 4,984,777)	\$ 7,896,435	(\$ 2,076,120)	(\$ 36,950)	\$ 17,510,188	\$ 246,497,675
For the three months ended March 31, 2021											
Balance, January 1, 2021	\$ 121,374,360	\$ 37,885,949	\$ 14,633,733	\$ 6,549,234	\$ 60,333,790	(\$ 4,467,136)	\$ 16,726,148	\$ 345,649	(\$ 45,138)	\$ 20,280,857	\$ 273,617,446
Consolidated net income for the period	-	-	-	-	9,407,300	-	-	-	-	1,348,143	10,755,443
Other comprehensive income (loss) for the period	-	-	-	-	(34,670)	(1,120,161)	84,332	(721,342)	(54)	(516,014)	(2,307,909)
Total comprehensive income (loss) for the period	-	-	-	-	9,372,630	(1,120,161)	84,332	(721,342)	(54)	(832,129)	8,447,534
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	(340,478)	(340,478)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	444,896	-	(444,896)	-	-	-	-
Balance, March 31, 2021	\$ 121,374,360	\$ 37,885,949	\$ 14,633,733	\$ 6,549,234	\$ 70,151,316	(\$ 5,587,297)	\$ 16,365,584	(\$ 375,693)	(\$ 45,192)	\$ 20,772,508	\$ 281,724,502

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

YUANTA FINANCIAL HOLDINGS CO., LTD. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)
(UNAUDITED)

	For the three months ended March 31,	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	\$ 13,936,149	\$ 5,216,545
Adjustments		
Income and expense items		
Depreciation	647,497	653,245
Amortization	135,436	135,971
Provision for bad debt expense, commitment and guarantee policy reserve	347,587	889,653
Interest expense	1,709,712	3,187,048
Interest income	(8,901,976)	(9,729,278)
Dividend income	(609,940)	(356,360)
Impairment loss on financial assets	6,823	8,399
Profit reclassified by applying overlay approach	(733,920)	(2,131,435)
Share of the profit or loss of associates and joint ventures accounted for using the equity method	(152,338)	(104,654)
Gain on disposal of assets held for sale	-	(7,961)
Gain on disposal of investment property	(4,279)	(3,076)
Loss (gain) from disposal or retirement of property and equipment	951	(7,914)
Loss on disposal of intangible assets	-	263
Loss on lease modification	-	132
Gain on lease concession	(3,581)	-
Net change in insurance liabilities	6,926,250	9,044,663
Changes in operating assets and liabilities		
Changes in operating assets		
Increase in due from Central Bank and call loans to other banks	(1,219,076)	(898,296)
Decrease (increase) in financial assets at fair value through profit or loss	261,353	(17,846,528)
Increase in financial assets at fair value through other comprehensive income	(15,695,333)	(23,336,883)
Increase in investments in debt instruments measured at amortised cost	(21,054,630)	(9,675,226)
(Increase) decrease in receivables	(25,884,935)	6,399,519
Increase in bills discounted and loans	(5,012,431)	(4,410,552)
Increase in reinsurance contract assets	(105,923)	(84,332)
Decrease (increase) in restricted assets	431,880	(239,303)
Increase in other financial assets	(9,177,225)	(28,063,056)
Increase in other assets	(11,438,412)	(7,313,283)
Changes in operating liabilities		
Increase in deposits from Central Bank and other banks	1,422,450	2,772,488
Increase in financial liabilities at fair value through profit or loss	11,792,509	20,155,141
(Decrease) increase in payables	(651,141)	24,301,415
Increase in deposits and remittances	28,557,623	25,447,480
Decrease in liabilities reserve	(668,477)	(360,451)
Increase in other financial liabilities	7,789,355	15,980,454
Increase (decrease) in other liabilities	9,100,866	(4,036,296)
Cash (outflow) inflow generated from operations	(18,247,176)	5,587,532
Interest received	8,888,060	10,508,451
Dividend received	440,273	190,195
Interest paid	(1,636,232)	(3,208,273)
Income tax paid	(641,886)	(361,994)
Net cash flows used in operating activities	(11,196,961)	(12,715,911)

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YUANTA FINANCIAL HOLDINGS CO., LTD. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)
(UNAUDITED)

	For the three months ended March 31,	
	2021	2020
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Acquisition of investments accounted for using equity method	(\$ 102,230)	(\$ 167,501)
Proceeds from liquidation of investments accounted for using equity method	91,513	174,079
Acquisition of investment property	(2,296)	(5,424,861)
Proceeds from disposal of investment property	24,732	17,308
Acquisition of property and equipment	(318,366)	(1,179,821)
Proceeds from disposal of property and equipment	5,734	10,912
Acquisition of intangible assets	(46,270)	(34,154)
Proceeds from disposal of intangible assets	-	6,101
Proceeds from disposal of assets held for sale	-	370,000
Acquisition of right-of-use assets	(22)	-
Net cash flows used in investing activities	(347,205)	(6,227,937)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Decrease in due to Central Bank and other banks	(9,000)	-
Decrease in bills and bonds sold under repurchase agreements	(20,259,367)	(8,536,266)
Increase in commercial paper payable - net	19,694,060	11,160,838
Proceeds from issuance of bonds	5,000,000	-
Proceeds from issuance of bank debentures	5,000,000	-
Repayments of bank debentures	(8,500,000)	-
Decrease in other borrowings	(4,000,334)	(2,981,414)
Principal payment for lease liabilities	(379,177)	(379,071)
Other financing activities	-	23,133
Decrease in non-controlling interests	(340,478)	(96,734)
Net cash flows used in financing activities	(3,794,296)	(809,514)
Net effect of foreign exchange rate changes on cash and cash equivalents	(1,366,248)	(1,564,871)
Net (decrease) increase in cash and cash equivalents	(16,704,710)	4,113,589
Cash and cash equivalents at beginning of period	157,785,378	134,093,331
Cash and cash equivalents at end of period	<u>\$ 141,080,668</u>	<u>\$ 138,206,920</u>
The components of cash and cash equivalents		
Cash and cash equivalents reported in the balance sheet	\$ 68,534,771	\$ 69,751,240
Due from Central Bank and call loans to other banks qualified as cash and cash equivalents as defined by IAS 7	25,107,705	16,918,362
Investments in bills and bonds under resale agreements qualified as cash and cash equivalents as defined by IAS 7	47,438,192	51,537,318
Cash and cash equivalents at end of reporting period	<u>\$ 141,080,668</u>	<u>\$ 138,206,920</u>

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

YUANTA FINANCIAL HOLDINGS CO., LTD. AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars, Unless Otherwise Indicated)
(UNAUDITED)

1. History and organization

Yuanta Financial Holding Co., Ltd. (“Yuanta Financial Holdings” or the “Company”) was incorporated pursuant to the Financial Holding Company Act. In connection with the formation of the Company, the shares of Yuanta Securities Finance Co., Ltd. (“Yuanta Securities Finance”) and Yuanta Securities Co., Ltd. were exchanged for shares of the Company. The regulatory procedure for the share exchange was completed on the exchange date of February 4, 2002 and the Company was listed on the Taiwan Stock Exchange on the same date.

On August 1, 2002, Asia Pacific Bank became a wholly owned subsidiary of the Company and was renamed as Yuanta Commercial Bank Co., Ltd. (“Yuanta Bank”).

On December 28, 2006, both the Company and Yuanta Core Pacific Securities Co., Ltd. (“Yuanta Core Pacific Securities”) had resolved for Yuanta Core Pacific Securities becoming the Company’s subsidiary by share exchange as approved through the stockholders’ meeting effective from April 2, 2007, and merged with Yuanta Securities on September 23, 2007.

On June 28, 2011, both the Company and Polaris Securities Co., Ltd. (“Polaris Securities”) had resolved for Polaris Securities becoming the Company’s subsidiary by share exchange as approved through the stockholders’ meeting effective from October 3, 2011, and merged with Yuanta Securities on April 1, 2012.

On January 1, 2014, the Company acquired 100% of shares of New York Life with cash. New York Life officially became a wholly-owned subsidiary of the Company and was renamed as Yuanta Life Insurance Co., Ltd. (“Yuanta Life”) on February 12, 2014.

The share transfer plan between the Company and Ta Chong Commercial Bank Co., Ltd. (hereon referred to as “Ta Chong Bank”) was resolved by their respective shareholders at the special shareholders’ meeting on October 13, 2015, and was completed on March 22, 2016. Thereafter, Ta Chong Bank officially became a wholly-owned subsidiary of the Company, and merged with Yuanta Bank on January 1, 2018.

The Company engages in the business of a financial holding company and its operations are limited to investing and investment management. According to the Financial Holding Company Act, the businesses in which the Company can invest in are securities, banking, bills finance, credit cards, trusts, insurance, futures, venture capital, foreign financial institutions that are authorized by the government authority, and other related financial businesses that are recognised by the government authority. Additionally, the Company was accredited by the Taiwan Corporate Governance Association with Corporate Governance Assessment Advanced Certification (CG6012) on December 25, 2020.

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

These consolidated financial statements were reported to the Board of Directors and issued on May 21, 2021.

3. Application of new standards, amendments and interpretations

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

New standards, interpretations and amendments endorsed by the FSC effective from 2021 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 4, ‘Extension of the temporary exemption from applying IFRS 9’	January 1, 2021
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, ‘Interest Rate Benchmark Reform— Phase 2’	January 1, 2021
Amendment to IFRS 16, ‘Covid-19-related rent concessions beyond 30 June 2021’	April 1, 2021(Note)

Note : Earlier application from January 1, 2021 is allowed by FSC.

Except for the following, the above standards and interpretations have no significant impact to the Yuanta Group’s financial condition and financial performance based on the Yuanta Group’s assessment. The quantitative impact will be disclosed when the assessment is complete.

A. Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, ‘Interest Rate Benchmark Reform— Phase 2’

The amendments address issues that arise during the reform of an interest rate benchmark, including the replacement of one benchmark with an alternative one. Given the pervasive nature of IBOR-based contracts, the amendments provide accounting for changes in the basis for determining contractual cash flows as a result of IBOR reform, end date for Phase 1 relief for non-contractually specified risk components in hedging relationships, additional temporary exceptions from applying specific hedge accounting requirements, and additional IFRS 7 disclosures related to IBOR reform.

The Yuanta Group’s financial instruments which were affected by the interest rate benchmark reform included derivative instruments, discounts and loans and debt instruments. The primarily linked exit interest index was US LIBOR. SOFR was expected to replace US LIBOR and with reference to the public announcement of the Financial Conduct Authority on March 5, 2021, the pricing date of interest rate spread adjustment was March 5, 2021.

In order to effectively control the risk of interest rate benchmark reform, Yuanta Group has a LIBOR transition plan, including the governance framework for top-down and cross segment, internal training and continuous evaluating and identifying the effects of contract remediation, communicating with trading counterparty, risk management and valuation model, operating process and system, accounting and tax. As of March 31, 2021, the Yuanta Group completed confirming the affected transactions, risk and system and was expected to be completed before the exit of LIBOR.

As of March 31, 2021, the Yuanta Group’s financial instruments which were affected by the interest rate benchmark reform were as follows:

Item	<u>Carrying amount</u>	
	<u>Assets</u>	<u>Liabilities</u>
Derivative	\$ 3,461,530	\$ 28,342,793
Non-derivative	104,112,343	-

B. Amendment to IFRS 16, 'Covid-19-related rent concessions beyond 30 June 2021'

The amendment extends the application period of the practical expedient by one year to cover COVID-19-related rent concessions that reduce only lease payments originally due on or before June 30, 2022, provided that all specified conditions are met. The original amendment covered only lease payments originally due on or before June 30, 2021.

Please refer to Note 6(15) for related amounts.

(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Yuanta Group

None.

(3) IFRSs issued by IASB but not yet endorsed by the FSC

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 3, 'Reference to the conceptual framework'	January 1, 2022
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2023
Amendments to IAS 1, 'Disclosure of accounting policies'	January 1, 2023
Amendments to IAS 8, 'Definition of accounting estimates'	January 1, 2023
Amendments to IAS 12, 'Deferred tax related to assets and liabilities arising from a single transaction'	January 1, 2023
Amendments to IAS 16, 'Property, plant and equipment: proceeds before intended use'	January 1, 2022
Amendments to IAS 37, 'Onerous contracts—cost of fulfilling a contract'	January 1, 2022
Annual improvements to IFRS Standards 2018–2020	January 1, 2022

Except for the following, the above standards and interpretations have no significant impact to the Yuanta Group's financial condition and financial performance based on the Yuanta Group's assessment. The quantitative impact will be disclosed when the assessment is complete.

A. IFRS 17, 'Insurance contracts'

IFRS 17 'Insurance Contracts' replaces IFRS 4 and establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts issued. The standard applies to insurance contracts (including reinsurance contracts) issued, to reinsurance contracts held and to investment contracts with discretionary participation features issued, provided the entity also issues insurance contracts. Embedded derivatives, distinct investment components and distinct performance obligations shall be separated from the insurance contracts. An entity shall, at initial recognition, disaggregate a portfolio into three groups of contracts: onerous, no significant risk of becoming onerous, and remaining contracts. IFRS 17 requires a current measurement model, where estimates are remeasured in each reporting period. The measurement is based on the building blocks of discounted, probability-weighted cash flows, a risk adjustment and a

contractual service margin ('CSM') representing the unearned profit of the contract. An entity may apply a modified simplified measurement approach (the premium allocation approach) to some insurance contracts. An entity recognises the profit from a group of insurance contracts over the period the entity provides insurance coverage, and as the entity is released from risk. If a group of contracts is or becomes loss-making, an entity recognises the loss immediately. Entities are required to present separately insurance revenue, insurance service expenses and insurance finance income or expenses and to disclose information about amounts, judgements and risks arising from insurance contracts.

B. Amendments to IFRS 17, 'Insurance contracts'

The amendments to IFRS 17 include the deferral of effective date, expected recovery of insurance acquisition cash flows, contractual service margin attributable to investment services, reinsurance contracts held – recovery of losses and other amendments, and they are not intended to change the fundamental principles of the standard.

4. Summary of significant accounting policies

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

(1) Compliance statement

- A. The consolidated financial statements of the Company and its subsidiaries (collectively referred herein as the "Yuanta Group") have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Financial Holding Companies, Regulations Governing the Preparation of Financial Reports by Securities Issuers, Regulations Governing the Preparation of Financial Reports by Public Banks, Regulations Governing the Preparation of Financial Reports by Securities Firms, Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants, Regulations Governing the Preparation of Financial Reports by Insurance Companies, and IAS 34, 'Interim Financial Reporting' as endorsed by the FSC.
- B. These consolidated financial statements should be read in conjunction with the consolidated financial statements for the year ended December 31, 2020.

(2) Basis of preparation

- A. Except for the following items, these consolidated financial statements have been prepared under the historical cost convention:
- (A) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
 - (B) Financial assets at fair value through other comprehensive income.
 - (C) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.
 - (D) Various insurance liabilities, reinsurance reserve assets, and foreign exchange reserves are set aside and recognised in accordance with "Regulations Governing the Setting Aside of Various Reserves by Insurance Enterprises" and relevant regulations.
- B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the "IFRSs") requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Yuanta Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

All subsidiaries are included in the Yuanta Group's consolidated financial statements (including structured entities). Subsidiaries are all entities controlled by the Yuanta Group. The Yuanta Group controls an entity when the Yuanta Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Yuanta Group obtains control of the subsidiaries and ceases when the Yuanta Group loses control of the subsidiaries. The Yuanta Group acquired subsidiaries in accordance with the Acquisition Method. Acquisition costs are measured at fair value based on assets acquired, issued equity instruments and incurred or undertaking liabilities, along with directly attributable acquisition costs. Identifiable assets, liabilities and contingent liabilities that are acquired at business combinations are measured at original fair value, and shares of non-controlling interest are not considered. Acquisition costs that exceed fair value of identifiable assets recognised for shareholding ratio are recognised as goodwill; acquisition costs that are less than fair value of identifiable assets recognised for shareholding ratio are directly recognised in the consolidated statements of comprehensive income. Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity. Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Yuanta Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Yuanta Group. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

B. Subsidiaries included in the consolidated financial statements:

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)			Note
			March 31, 2021	December 31, 2020	March 31, 2020	
The Company	Yuanta Securities	Securities brokerage, dealing, underwriting, financing and refinancing, futures business and raising and issuing derivative instruments	100.00	100.00	100.00	
	Yuanta Bank	Commercial banking	100.00	100.00	100.00	
	Yuanta Life Insurance Co., Ltd. ("Yuanta Life")	Life insurance business	100.00	100.00	100.00	
	Yuanta Futures Co., Ltd. ("Yuanta Futures")	Futures, futures managers, futures consultant, securities, securities trading assistance	66.27	66.27	67.97	
	Yuanta Securities Investment Trust Co., Ltd. ("Yuanta Securities Investment Trust")	Securities investment trust	74.71	74.71	74.37	
	Yuanta Venture Capital Co., Ltd. ("Yuanta Venture Capital")	Venture capital investments	100.00	100.00	100.00	
	Yuanta Asset Management Co., Ltd. ("Yuanta Asset Management")	Providing monetary debt management services for financial institutions	100.00	100.00	100.00	

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)			Note
			March 31, 2021	December 31, 2020	March 31, 2020	
The Company	Yuanta Securities Investment Consulting Co., Ltd. (“Yuanta Securities Investment Consulting”)	Securities investment consultant	100.00	100.00	100.00	
Yuanta Securities	Yuanta Securities Asia Financial Services Limited (“Yuanta Securities Asia Financial Services”)	Investment holding	100.00	100.00	100.00	
	Yuanta International Insurance Brokers Co., Ltd. (“Yuanta International Insurance Brokers”)	Insurance agency services	100.00	100.00	100.00	
	Yuanta Securities Finance	Securities financing and refinancing to securities firms and related business	100.00	100.00	100.00	
Yuanta Securities Asia Financial Services	Yuanta Securities (Hong Kong) Limited	Securities trading, futures contract trading, providing opinions on securities, futures contract and agency financing, asset management services	100.00	100.00	100.00	
	Yuanta Asia Investment (Hong Kong) Limited (“Yuanta Asia Investment (Hong Kong)”)	Securities trading, asset management services	100.00	100.00	100.00	Note 1
	Yuanta Investment Consulting (Beijing) (“Yuanta Investment Consulting Beijing”)	Investment and management consultancy, financial consultancy, enterprise management consultancy, business information consultancy, economic and trade consultancy, marketing strategy and plan, technique promotion and technique service	100.00	100.00	100.00	
	Yuanta Securities Korea Co., Ltd (“Yuanta Securities (Korea)”)	Investment and trading business, investment intermediary business, trust business, investment consultancy, discretionary account business, in addition, concurrent operating business and auxiliary business	57.39	57.39	56.50	
	Yuanta Hong Kong Holdings (Cayman) Ltd. (“Yuanta HK Holdings (Cayman)”)	Investment holding	100.00	100.00	100.00	
	Yuanta Securities Thailand Limited (“Yuanta Securities (Thailand)”)	Securities brokerage, dealing in securities, underwriting and investment consultation management of mutual fund, management of private fund, management venture capital fund, securities lending, brokerage and dealer of derivative instrument	99.99	99.99	99.99	
	Yuanta Securities Vietnam Limited Company (“Yuanta Securities (Vietnam)”)	Securities brokerage, dealing in securities, underwriting and investment consultation, financial derivatives	90.16	90.16	85.24	Note 2

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)			Note
			March 31, 2021	December 31, 2020	March 31, 2020	
Yuanta Asia Investment (Hong Kong)	Yuanta Asia Investment (B.V.I.)	Direct investment, Venture capital funds, venture capital fund raising management, and investment advisory services	-	-	100.00	Note 1 、 Note 3
Yuanta Securities (Korea)	Yuanta Investment Co.,Ltd (“Yuanta Investment (Korea)”)	Venture investment	57.39	57.39	56.50	
	Yuanta Financial (Hong Kong) Limited (“Yuanta Financial (Hong Kong)”)	Investment holding	57.39	57.39	56.50	
Yuanta Financial (Hong Kong)	Yuanta Securities (Cambodia) Plc.	Securities brokerage, dealing in securities, investment advisory, underwriting guidelines and financial advisory services	57.39	57.39	56.50	
Yuanta Securities (Hong Kong)	Yuanta International Investment (Hong Kong) Ltd.	Issue financial instruments	100.00	100.00	100.00	
	Yuanta Finance (Hong Kong) Ltd.	Credit loan business	100.00	100.00	100.00	
	PT Yuanta Sekuritas Indonesia (“Yuanta Securities (Indonesia)”)	Securities trading and underwriting services	99.00	99.00	99.00	
	PT Yuanta Asset Management (Indonesia)	Investment management	0.002	0.002	0.002	
	Yuanta Investment Management (Cayman)	Investment management	100.00	100.00	100.00	
	Yuanta Securities (Vietnam)	Securities brokerage, dealing in securities, underwriting and investment consultation, financial derivatives	9.84	9.84	14.76	Note 2
Yuanta Securities (Indonesia)	PT Yuanta Asset Management (Indonesia)	Investment management	99.998	99.998	99.998	
Yuanta Asia Investment (B.V.I.)	Reksa Dana Yuanta Liquid Plus Money Market Fund	Investment in debt instruments	-	-	87.10	Note 4
	Reksa Dana Yuanta Fixed Income Fund	Investment in debt instruments	-	-	66.07	Note 5
	Reksa Dana Indeks Yuanta Sri-Kehati Index Fund	Investment in debt instruments	-	-	99.07	Note 5
	Reksa Dana Yuanta Equity Alpha Fund	Investment in debt instruments	-	-	100.00	Note 5
Yuanta Investment Management (Cayman)	Yuanta Diamonds Funds SPC - Yuanta Real Estate Securities Fund Segregated Portfolio	Investment in real estate investment trusts	21.09	19.39	53.00	Note 6
Yuanta Bank	Yuanta International Leasing Co., Ltd.(“Yuanta International Leasing”)	Leasing business	100.00	100.00	100.00	
	Yuanta Savings Bank (Philippines) Inc. (Yuanta Savings Bank (Philippines))	Deposits and loans of savings bank	100.00	100.00	100.00	
	Yuanta Savings Bank (Korea) Inc. (Yuanta Savings Bank (Korea))	Deposits and loans of savings bank	100.00	100.00	100.00	

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)			Note
			March 31, 2021	December 31, 2020	March 31, 2020	
Yuanta Futures	Yuanta Futures (Hong Kong) Limited (“Yuanta Futures Hong Kong”)	Financial services	66.27	66.27	67.97	
	SYF Information Limited (“SYF Information”)	Information service	66.27	66.27	67.97	
SYF Information	SYF Information (Shanghai) Limited (“SYF Information (Shanghai)”)	Information service	66.27	66.27	-	
	SYF Information (Samoa) Limited (“SYF Information (Samoa)”)	Investment holding	-	-	67.97	Note 7
SYF Information (Samoa)	SYF Information (Shanghai) Limited (“SYF Information (Shanghai)”)	Information service	-	-	67.97	Note 7
Yuanta Venture Capital	Yuanta I Venture Capital Co., Ltd. (“Yuanta I Venture Capital”)	Venture capital investments	100.00	100.00	100.00	

Note 1: In May 2019, the Board of Directors of Yuanta Securities Asia Financial Services increased capital to Yuanta Asia Investment (Hong Kong) through its investments in Yuanta Asia Investment (B.V.I.) and the process was completed in September 2019. Yuanta Asia Investment (Hong Kong) was formerly known as Polaris Securities (Hong Kong) Ltd., and was renamed in September 2019.

Note 2: In December 2019, the Board of Directors approved Yuanta Securities Asia Financial Services’ capital increase to Yuanta Securities (Vietnam) and the process was completed in August 2020.

Note 3: In October 2020, the Board of Directors approved the dissolution and liquidation of Yuanta Asia Investment (B.V.I.). The record date for the liquidation was October 1, 2020. The liquidation process was completed on November 4, 2020.

Note 4: The disposal was completed in May 2020.

Note 5: The disposal was completed in April 2020.

Note 6: Subscribed in the first quarter of 2020.

Note 7: On September 25, 2019, the Board of Directors of SYF Information (Samoa) resolved to dissolve and liquidate the company to simplify the organisation. The liquidation has been approved by the competent authority on October 25, 2019, and was completed on July 17, 2020.

C. Structured entities controlled by Yuanta Securities (Korea) are as follows:

March 31, 2021

Structured entities	Services
YK Indus Co., Ltd.	Asset-backing
YFI Yeosu Co., Ltd.	Asset-backing
DK project second Co., Ltd.	Asset-backing
YK Hotel the 1st Co., Ltd.	Asset-backing
YK HD Co., Ltd.	Asset-backing
YFI Double S2 Co., Ltd.	Asset-backing
YK Dragon. Co., Ltd.	Asset-backing
Y.K.Glory the 1th.Co., Ltd.	Asset-backing
YK MEDICINE Co., Ltd.	Asset-backing
YKWork. Co., Ltd.	Asset-backing
YK MIRACLE Co., Ltd.	Asset-backing
SJ beomcheon second Co., Ltd.	Asset-backing
YK Maritime Co., Ltd.	Asset-backing
YK Mozart II Co., Ltd.	Asset-backing
YKSEAWORK. Co., Ltd.	Asset-backing

March 31, 2021

Structured entities	Services
YK Chile Co., Ltd.	Asset-backing
YK Songdo. Co., Ltd.	Asset-backing
BUMERSQUARE the 1st. Co., Ltd.	Asset-backing
Y.K.Blue the 5th. Co., Ltd.	Asset-backing
YK Star. Co., Ltd.	Asset-backing
YK GO. Co., Ltd.	Asset-backing
YK Hyper Co., Ltd.	Asset-backing
YKDragonLake Co., Ltd.	Asset-backing
YkNineMall Co., Ltd.	Asset-backing
YKSEONHWA. Co., Ltd.	Asset-backing
Gold Poongmu the 1st Co., Ltd.	Asset-backing
YFI Jebu Co., Ltd.	Asset-backing
YFI Itaewon Co., Ltd.	Asset-backing
YK Woongcheon the 1st Co., Ltd.	Asset-backing
Y.K Life the First Co., Ltd.	Asset-backing
YKSUWON7 the 1st Co., Ltd.	Asset-backing
Wonheung the first Co., Ltd.	Asset-backing
Ostihuh the fifth Co., Ltd.	Asset-backing
YK Art the 1st Co., Ltd.	Asset-backing
YK Nohyung. Corp	Asset-backing
JY Pyeongtaek the first Co., Ltd.	Asset-backing
YK Nonhyun the first Co., Ltd.	Asset-backing
YK Kwangyang the first Co., Ltd.	Asset-backing
YK Balgok Co., Ltd.	Asset-backing
YK Believe the 1st., Ltd.	Asset-backing
YKNAPOLI the 1st. Corp	Asset-backing
YFI Sokcho Co., Ltd.	Asset-backing
YK Godeok Co., Ltd.	Asset-backing
YK Gaon. Corp	Asset-backing
YKAI the 1st. Corp	Asset-backing
YK Lusia Co., Ltd.	Asset-backing
Y.K Easy the First Co., Ltd.	Asset-backing

December 31, 2020

Structured entities	Services
YK Indus Co., Ltd.	Asset-backing
YFI Yeosu Co., Ltd.	Asset-backing
DK project the second Co., Ltd.	Asset-backing
YK Hotel the 1st Co., Ltd.	Asset-backing
YK HD Co., Ltd.	Asset-backing
YFI Double S2 Co., Ltd.	Asset-backing
YK Dragon. Co., Ltd.	Asset-backing
Y.K.Glory the 1st.Co., Ltd.	Asset-backing

December 31, 2020

Structured entities	Services
YK MEDICINE Co., Ltd.	Asset-backing
YKWork. Co., Ltd.	Asset-backing
YK MIRACLE Co., Ltd.	Asset-backing
SJ beomcheon the second Co., Ltd.	Asset-backing
YK Maritime Co., Ltd.	Asset-backing
YK Mozart II Co., Ltd.	Asset-backing
YKSEAWORK. Co., Ltd.	Asset-backing
YK Chile Co., Ltd.	Asset-backing
YK Songdo. Co., Ltd.	Asset-backing
YK Whistle Co., Ltd.	Asset-backing
BUMERSQUARE the 1st. Co., Ltd.	Asset-backing
Y.K.Blue the 5th. Co., Ltd.	Asset-backing
YK Star. Co., Ltd.	Asset-backing
YK GO. Co., Ltd.	Asset-backing
YK Hyper Co., Ltd.	Asset-backing
YKDragonLake Co., Ltd.	Asset-backing
YkNineMall Co., Ltd.	Asset-backing
YKSEONHWA. Co., Ltd.	Asset-backing
Gold Poongmu the 1st Co., Ltd.	Asset-backing
YFI Jebu Co., Ltd.	Asset-backing
YFI Itaewon Co., Ltd.	Asset-backing
YK Woongcheon the 1st Co., Ltd.	Asset-backing
Y.K Life the First Co., Ltd.	Asset-backing
YKSUWON7 the 1st Co., Ltd.	Asset-backing
Wonheung the first Co., Ltd.	Asset-backing
Ostihuh the fifth Co., Ltd.	Asset-backing
YK Art the 1st Co., Ltd.	Asset-backing
YK Nohyung. Corp	Asset-backing
JY Pyeongtaek the first Co., Ltd.	Asset-backing
YK Nonhyun the first Co., Ltd.	Asset-backing
YK Kwangyang the first Co., Ltd.	Asset-backing
YK Balgok Co., Ltd.	Asset-backing
Y.K Air the First Co., Ltd.	Asset-backing
YK Believe the 1st., Ltd.	Asset-backing
YKNAPOLI the 1st. Corp	Asset-backing
YFI Sokcho Co., Ltd.	Asset-backing
YK Godeok Co., Ltd.	Asset-backing
YK Antwerp the 1st Co., Ltd.	Asset-backing
YK Gaon. Corp	Asset-backing
YKAI the 1st. Corp	Asset-backing
Doublerich the sixth Co., Ltd.	Asset-backing
YK Lusia Co., Ltd.	Asset-backing
YKLT the 1st. Corp	Asset-backing

March 31, 2020

Structured entities	Services
YK Indus Co.,Ltd.	Asset-backing
SJ the First Co.,Ltd.	Asset-backing
YK Monaco Co.,Ltd.	Asset-backing
YK JP the 7th Co.,Ltd.	Asset-backing
DG.southone the 1st Co., Ltd.	Asset-backing
YFI Yeosu Co., Ltd.	Asset-backing
UT the sixth Co., Ltd.	Asset-backing
YK Gunsun the 1st Co., Ltd.	Asset-backing
First M the 2nd.Co.,Ltd.	Asset-backing
First M the 3rd.Co.,Ltd.	Asset-backing
DK project the second Co., Ltd.	Asset-backing
YK Hotel the 1st Co., Ltd.	Asset-backing
YK Grand. Co., Ltd.	Asset-backing
YK HD Co., Ltd.	Asset-backing
YFI Double S1 Co., Ltd.	Asset-backing
YFI Double S2 Co., Ltd.	Asset-backing
YK Dragon. Co., Ltd.	Asset-backing
Y.K.Glory the 1st.Co., Ltd.	Asset-backing
YK MEDICINE Co., Ltd.	Asset-backing
YK Work. Co., Ltd.	Asset-backing
YK MIRACLE Co., Ltd.	Asset-backing
YK CF. Co., Ltd.	Asset-backing
SJ beomcheon the second Co., Ltd.	Asset-backing
YK Maritime Co., Ltd.	Asset-backing
YK Bugae the 1st Co., Ltd.	Asset-backing
YK Mozart II Co., Ltd.	Asset-backing
YK SEAWORK. Co., Ltd.	Asset-backing
Y.K. Cherry the First Co., Ltd.	Asset-backing
YK Chile Co., Ltd.	Asset-backing
YK Songdo. Co., Ltd.	Asset-backing
YK Whistle Co., Ltd.	Asset-backing
BUMERSQUARE the 1st. Co., Ltd.	Asset-backing
Y.K.Blue the 5th. Co., Ltd.	Asset-backing
YK Star. Co., Ltd.	Asset-backing
YK GO. Co., Ltd.	Asset-backing
YK Hyper Co., Ltd.	Asset-backing
YK Dragon Lake Co., Ltd.	Asset-backing
Y.K. Spark the First Co., Ltd.	Asset-backing
YK DY Co., Ltd.	Asset-backing
Yk Nine Mall Co., Ltd.	Asset-backing
YK SEONHWA. Co., Ltd.	Asset-backing
Gold Poongmu the 1st Co., Ltd.	Asset-backing
SJ gangbuk the first Co., Ltd.	Asset-backing

March 31, 2020

Structured entities	Services
YFI Jebu Co., Ltd.	Asset-backing
YFI Itaewon Co.,Ltd.	Asset-backing
YK Woongcheon the 1st Co., Ltd.	Asset-backing
Y.K Life the First Co., Ltd.	Asset-backing

Although Yuanta Group does not hold interests in structured entities, structured entities are included in the consolidated financial statements, taking into account the following: when the company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its control over the entity.

D. Subsidiaries not included in the consolidated financial statements:

None.

E. Adjustments for subsidiaries with different balance sheet dates:

None.

F. Significant restrictions:

None.

G. Subsidiaries that have non-controlling interests that are material to the Yuanta Group:

As of March 31, 2021, December 31, 2020, and March 31, 2020, the non-controlling interest amounted to \$20,772,508, \$20,280,857 and \$17,510,188, respectively. The information of non-controlling interest and respective subsidiaries is as follows:

		Non-controlling interest					
		March 31, 2021		December 31, 2020		March 31, 2020	
Name of Subsidiary	Principal place of business	Amount	Ownership(%)	Amount	Ownership(%)	Amount	Ownership(%)
Yuanta Securities (Korea)	Korea	\$ 15,351,080	42.61%	\$ 15,126,219	42.61%	\$ 13,286,781	43.50%

The comprehensive income (loss) attributable to this non-controlling interest were \$540,845 and (\$521,683) for the three months ended March 31, 2021 and 2020, respectively.

Summarized financial information for the aforementioned subsidiaries:

Consolidated balance sheets

	Yuanta Securities (Korea) and its subsidiaries		
	March 31, 2021	December 31, 2020	March 31, 2020
Current assets	\$ 356,091,407	\$ 375,220,873	\$ 330,064,662
Non-current assets	15,926,986	17,105,207	16,521,548
Current liabilities	(327,409,050)	(348,424,044)	(307,547,382)
Non-current liabilities	(7,412,463)	(7,491,992)	(7,280,107)
Total net assets	<u>\$ 37,196,880</u>	<u>\$ 36,410,044</u>	<u>\$ 31,758,721</u>

Consolidated statements of comprehensive income

	<u>Yuanta Securities (Korea) and its subsidiaries</u>	
	<u>For the three months ended March 31,</u>	
	<u>2021</u>	<u>2020</u>
Revenue	\$ 7,512,520	\$ 2,972,848
Profit before income tax	3,712,400	236,512
Income tax expense	(886,384)	(66,603)
Net income	2,826,016	169,909
Other comprehensive loss(net of tax)	(1,373,133)	(1,333,349)
Total comprehensive income (loss) for the period	<u>\$ 1,452,883</u>	<u>\$ 1,163,440</u>

Consolidated statements of cash flows

	<u>Yuanta Securities (Korea) and its subsidiaries</u>	
	<u>For the three months ended March 31,</u>	
	<u>2021</u>	<u>2020</u>
Net cash provided by (used in) operating activities	\$ 4,667,847	(\$ 5,908,416)
Net cash (used in) provided by investing activities	(111,422)	868,683
Net cash (used in) provided by financing activities	(3,002,173)	5,629,837
Effect of exchange rates on cash and cash equivalents	(1,630,731)	(852,247)
Decrease in cash and cash equivalents	(76,479)	(262,143)
Cash and cash equivalents, beginning of period	<u>18,526,138</u>	<u>19,784,783</u>
Cash and cash equivalents, end of period	<u>\$ 18,449,659</u>	<u>\$ 19,522,640</u>

(4) Other significant accounting policies

These consolidated financial statements should be read in conjunction with the consolidated financial statements for the year ended December 31, 2020. Except for the accounting policies listed below, please refer to the notes to the consolidated financial statements for the year ended December 31, 2020 for information on significant accounting policies.

A. Employee benefits

(A) Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognised as expenses in that period when the employees render service.

(B) Pensions

a. Defined contribution plans

For defined contribution plans, the contributions are recognised as pension expenses when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments. Within the 12 months after the end of the reporting period when the services are rendered, the total undiscounted short-

term pension benefits which the Yuanta Group needs to pay in the future are recognised as expenses.

b. Defined benefit plans

- (a) Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Yuanta Group in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The defined benefit net obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability; when there is no deep market in high-quality corporate bonds, the Yuanta Group uses interest rates of government bonds (at the balance sheet date) instead.
- (b) Remeasurement arising on defined benefit plans are recognised immediately in other comprehensive income in the period in which they arise and are recorded as retained earnings.
- (c) Past service costs are recognised immediately in profit or loss.
- (d) Pension cost for the interim period is calculated on a year-to-date basis by using the pension cost rate derived from the actuarial valuation at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events. And, the related information is disclosed accordingly.

c. Deposits

The Yuanta Group provides preferential interest rate for its employees, including flat preferential savings for current employees. The difference gap compared to market interest rate is deemed as employee benefits.

d. Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of employment as a result from either the Yuanta Group's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept an offer of redundancy benefits in exchange for the termination of employment. The Yuanta Group recognises expense as it can no longer withdraw an offer of termination benefits or it recognises relating restructuring costs, whichever is earlier. Benefits that are expected to be due more than 12 months after balance sheet date shall be discounted to their present value.

e. Employees' bonus and directors' and supervisors' remuneration

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

B. Income tax

(A) Current income tax

Income tax payable (refundable) is calculated on the basis of the tax laws enacted in the countries where a company operates and generates taxable income. Except that the transactions or other matters are directly recognised in other comprehensive income or equity, and that related income taxes in the period are recognised in other comprehensive

income or directly derecognised from equity, all the others should be recognised as income or expense and recorded as gain and loss in the period. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

(B) Deferred income tax

- a. Deferred income tax assets and liabilities are measured based on the tax rate of the anticipated period that the future assets realization or the liabilities settlement requires, which is based on the effective or existing tax rate at the consolidated balance sheet date. The carrying amounts and temporary differences of assets and liabilities included on the consolidated balance sheet are calculated using the balance sheet liability method and recognised as deferred income tax.
- b. The land revaluation appraisal due to the revaluation assessment in compliance with relevant regulations, deemed as taxable temporary difference, is recognised as deferred income tax liabilities.
- c. If the future taxable income is probable to provide unused loss carryforwards or deferred income tax credit which can be realised in the future, the proportion of realization is deemed as deferred income tax asset.

(C) Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously. The Yuanta Group does not offset deferred income tax assets against liabilities taxed by different tax authorities.

(D) The interim period income tax expense is recognised based on the estimated average annual effective income tax rate expected for the full financial year applied to the pretax income of the interim period, and the related information is disclosed accordingly.

(E) If a change in tax rate is enacted or substantively enacted in an interim period, the Yuanta Group recognises the effect of the change on items recognized outside profit or loss immediately in the interim period in which the change occurs and spread the effect of the change on items recognised in profit or loss over the remainder of the annual reporting period via an adjustment to the estimated annual effective income tax rate.

5. Critical accounting judgement, estimates and key sources of assumption uncertainty

There have been no significant changes as of March 31, 2021. Please refer to Note 5 in the consolidated financial statements for the year ended December 31, 2020.

6. Details of significant accounts

(1) Cash and cash equivalents

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Cash	\$ 6,379,363	\$ 5,772,596	\$ 6,631,652
Deposits in banks	58,878,419	66,269,968	57,850,065
Futures excess margin and cash equivalents	2,841,050	4,843,308	4,761,854
Excess settlement reserve fund	35	12	9,235
Checks for clearing	<u>435,904</u>	<u>611,314</u>	<u>498,434</u>
Total	<u>\$ 68,534,771</u>	<u>\$ 77,497,198</u>	<u>\$ 69,751,240</u>

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

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Reserve for deposits - account A	\$ 13,440,050	\$ 12,431,950	\$ 6,596,511
Reserve for deposits - account B	33,332,097	32,177,999	29,509,563
Deposits by overseas branches to designated accounts of respective local central banks	2,811,346	2,631,752	2,575,130
Reserve for deposits	9,164,982	4,704,230	4,178,787
Call loans to banks	-	2,427,625	3,760,965
Total	<u>\$ 58,748,475</u>	<u>\$ 54,373,556</u>	<u>\$ 46,620,956</u>

A. Reserves due from Central Bank are calculated monthly at prescribed rates on the average daily balances of various deposit accounts and structured accounts and then lodged into reserve for deposits account of Central Bank. The reserve for deposits - account A is non-interest bearing and call on demand. Reserve for deposits - account B is interest bearing and its use is restricted to monthly adjustment in the reserve for deposits only according to relevant regulations.

B. Please refer to Note 8 for details of the above due from Central Bank and call loans to other banks pledged as collateral as of March 31, 2021 and December 31, 2020. There was no due from Central Bank and call loans to other banks pledged to others as collateral as of March 31, 2020.

C. Information relating to credit risk is provided in Note 12(3).

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

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Financial assets mandatorily measured at fair value through profit or loss			
Commercial paper	\$ 84,464,741	\$ 71,776,369	\$ 30,534,891
Time deposits	-	-	737,858
Beneficiary certificates / securities	59,286,396	67,542,853	46,780,688
Stocks of companies listed on TSE or OTC	40,570,484	27,588,569	27,262,952
Emerging stocks	1,724,835	1,799,443	1,279,283
Government bonds	28,480,396	37,610,576	51,374,976
Bank debentures	123,402,795	116,517,856	120,680,119
Corporate bonds	87,083,930	91,510,940	82,216,771
Overseas bonds	885,267	295,960	306,884
Convertible corporate bonds	45,384,975	48,286,841	47,036,698
Derivative financial instruments	11,095,654	13,186,702	31,025,216
Structured products and others	4,725,655	9,225,592	12,391,591
Reserve for claims of customers' deposits with KSFC (Note 1)	84,517,497	88,944,601	69,864,617
Other marketable securities	8,232,347	7,525,152	4,483,681
Valuation adjustment	6,476,314	4,781,185	(4,098,618)
Total	<u>\$ 586,331,286</u>	<u>\$ 586,592,639</u>	<u>\$ 521,877,607</u>

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Financial liabilities held for trading			
Derivative financial instruments	\$ 20,215,711	\$ 18,961,577	\$ 34,011,556
Non-derivative financial instruments	76,082,547	65,667,664	37,153,485
Valuation adjustment of financial liabilities held for trading – non-derivative financial instruments	13,302,570	8,301,890	(2,349,145)
Financial liabilities designated as at fair value through profit or loss			
Structured products (Note 2)	47,789,996	53,591,521	56,530,948
Convertible bond asset swap not qualifying for derecognition (Note 2)	16,454,598	16,468,096	18,068,788
Others	1,404,645	466,757	79,957
Total	<u>\$ 175,250,067</u>	<u>\$ 163,457,505</u>	<u>\$ 143,495,589</u>

Note 1: KSFC stands for Korea Securities Finance Corporation.

Note 2: Financial instruments designated as at fair value through profit or loss on initial recognition is for hybrid instruments, and in order to eliminate accounting inconsistency.

A. Please refer to Note 8 for details of the above financial assets at fair value through profit or loss pledged as collateral as of March 31, 2021, December 31, 2020, and March 31, 2020.

B. Financial assets to which the overlay approach is applied are as follows:

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Equity instruments			
Domestic stocks	\$ 11,965,881	\$ 1,566,179	\$ 12,933,526
Overseas stocks	842,413	574,443	525,354
	12,808,294	2,140,622	13,458,880
Domestic beneficiary certificates	18,891,474	20,104,429	13,591,595
Overseas beneficiary certificates	832,907	848,135	220,986
	<u>\$ 32,532,675</u>	<u>\$ 23,093,186</u>	<u>\$ 27,271,461</u>

C. For financial assets to which the overlay approach is applied, the amounts of profit or loss reclassified to other comprehensive income are as follows:

	<u>For the three months ended March 31,</u>	
	<u>2021</u>	<u>2020</u>
Loss recognised in accordance with IFRS 9	(\$ 301,028)	(\$ 2,049,587)
Less: Profit that would have been recognised under IAS 39	(432,892)	(81,848)
Loss from adopting the overlay approach	(\$ 733,920)	(\$ 2,131,435)
Effects on income tax	<u>\$ 12,577</u>	<u>\$ 8,356</u>

D. Please refer to Note 6(38) for the amounts recognised in profit or loss in relation to the financial assets at fair value through profit or loss.

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

Items	March 31, 2021	December 31, 2020	March 31, 2020
Debt instruments			
Government bonds	\$ 35,624,095	\$ 31,239,956	\$ 25,647,825
Bank debentures	51,758,321	52,114,254	57,757,546
Corporate bonds	161,484,012	161,804,262	126,357,262
Commercial paper	109,379	124,062	132,854
Others	480,145	615,373	737,673
Valuation adjustment	736,696	5,044,261	(639,968)
Subtotal	250,192,648	250,942,168	209,993,192
Equity instruments			
Listed stocks	18,117,460	6,109,711	23,536,542
Unlisted stocks/Emerging stocks	4,678,924	4,710,737	4,069,744
Others	2,701,281	1,916,102	1,596,322
Valuation adjustment	19,608,831	15,928,585	10,797,305
Subtotal	45,106,496	28,665,135	39,999,913
Statutory deposits	(1,216,100)	(1,216,100)	(1,216,100)
Total	\$ 294,083,044	\$ 278,391,203	\$ 248,777,005

A. As of March 31, 2021, December 31, 2020, and March 31, 2020, pursuant to Article 141 of Insurance Act, an insurance enterprise shall deposit 15% of its registered paid-in capital with the national treasury as operating guarantee deposits. Yuanta Life of the Yuanta Group has deposited government bonds with par value of \$1,216,100 in the Central Bank as statutory operating guarantee deposits, which are recognised under other assets-net.

B. The Yuanta Group elects to classify strategic equity investments not held for trading as financial assets measured at fair value through other comprehensive income. As of March 31, 2021, December 31, 2020, and March 31, 2020, the fair value of such investments were \$45,106,496, \$28,665,135 and \$39,999,913, respectively.

C. For the three months ended March 31, 2021 and 2020, the Yuanta Group sold the equity shares in order to avoid systematic risk resulting from structural changes in the industry, market interference and increase of uncertainties and adjusts the investment portfolio. The fair value of such equity investments sold amounted to \$3,085,482 and \$905,904, and the corresponding accumulated gains on disposal were \$482,468 and \$592, respectively.

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

	For the three months ended March 31,	
	2021	2020
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income (loss)	\$ 4,309,878	(\$ 2,634,050)
Cumulative gains (losses) reclassified to retained earnings due to derecognition	\$ 444,896	(\$ 410)
Dividend income recognised in profit or loss		
Held at end of period	\$ 122,319	\$ 127,525
Derecognised in the current period	3,150	3,009
	<u>\$ 125,469</u>	<u>\$ 130,534</u>
<u>Debt instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive loss	(\$ 3,764,600)	(\$ 703,620)
Cumulative other comprehensive income reclassified to profit or loss		
Reclassified due to (recovery) impairment recognition	(\$ 1,446)	\$ 5,544
Reclassified due to derecognition	(548,769)	(712,112)
	<u>(\$ 550,215)</u>	<u>(\$ 706,568)</u>
Interest income recognised in profit or loss	<u>\$ 856,891</u>	<u>\$ 1,044,497</u>

E. Details of the Yuanta Group's financial assets at fair value through other comprehensive income pledged to others as collateral as of March 31, 2021, December 31, 2020, and March 31, 2020 are provided in Note 8.

F. Information relating to credit risk is provided in Note 12(3).

(5) Investments in debt instruments at amortised cost - net

Items	March 31, 2021	December 31, 2020	March 31, 2020
Government bonds	\$ 102,633,139	\$ 101,263,694	\$ 99,287,041
Time deposits	162,506,585	148,667,240	136,944,200
Bank debentures	86,931,477	81,985,856	74,825,895
Corporate bonds	101,822,916	100,922,767	87,554,215
Subtotal	453,894,117	432,839,557	398,611,351
Less: Accumulated impairment	(147,235)	(145,737)	(142,107)
Statutory deposits	(2,344,300)	(2,344,300)	(2,344,300)
Total	<u>\$ 451,402,582</u>	<u>\$ 430,349,520</u>	<u>\$ 396,124,944</u>

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

	For the three months ended March 31,	
	2021	2020
Interest income	\$ 2,255,512	\$ 2,222,624
Impairment loss	(1,568)	(2,697)
Gains on disposal	821,209	386,785
	<u>\$ 3,075,153</u>	<u>\$ 2,606,712</u>

B. The Yuanta Group sold certain financial assets at amortised cost for the three months ended March 31, 2021 and 2020, due to factors such as pay back in advance, mandatorily redeemed by the issuer, exchange offer which was publicly purchased or individual and aggregate amount that is non-significant. The disposal gains of amortized cost of debt instrument were \$821,209 and \$386,785, respectively.

C. As of March 31, 2021, December 31, 2020, and March 31, 2020, pursuant to Article 141 of Insurance Act, an insurance enterprise shall deposit 15% of its registered paid-in capital with the national treasury as operating guarantee deposits. Yuanta Life of the Yuanta Group has deposited government bonds with par value of \$2,344,300 in the Central Bank as statutory operating guarantee deposits, which are recognised under other assets-net.

D. Details of the Yuanta Group's financial assets at amortised cost pledged to others as collateral as of March 31, 2021, December 31, 2020, and March 31, 2020, are provided in Note 8.

E. Information relating to credit risk is provided in Note 12(3).

(6) Bills and bonds purchased under resale or bills and bonds sold under repurchase agreements

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Bills and bonds purchased under resale agreement	<u>\$ 47,438,192</u>	<u>\$ 58,336,318</u>	<u>\$ 51,537,318</u>
Interest rate range	0.13% ~ 1.68%	0.11% ~ 1.68%	0.25% ~ 3.40%
Contract resale amount	<u>\$ 47,483,387</u>	<u>\$ 58,459,272</u>	<u>\$ 51,622,677</u>
Bills and bonds payable under repurchase agreement	<u>\$ 196,361,820</u>	<u>\$ 216,621,187</u>	<u>\$ 190,129,652</u>
Interest rate range	-0.60% ~ 1.60%	-0.30% ~ 1.60%	-0.20% ~ 3.20%
Contract repurchase amount	<u>\$ 200,276,504</u>	<u>\$ 220,352,840</u>	<u>\$ 194,728,414</u>

(7) Receivables - net

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Interest receivable	\$ 7,052,383	\$ 7,038,467	\$ 7,000,720
Refinance guaranty receivable	39,460,421	34,546,103	28,058,221
Acceptances receivable	134,367	578,620	261,477
Factoring receivable	4,594,346	4,150,504	5,467,050
Margin loans receivable	105,789,152	92,285,455	45,359,739
Spot exchange receivable	4,246,055	11,545,120	9,829,290
Credit card receivable	8,153,193	8,781,748	8,342,582
Trading securities receivable	2,615,812	2,277,246	2,145,619
Settlement price	8,850,834	16,043,185	8,377,246
Settlement price receivable	72,960,241	58,138,311	27,952,398
Securities sold receivable	12,057,874	4,707,144	20,957,468
Other receivables	<u>6,769,474</u>	<u>6,035,017</u>	<u>5,936,664</u>
Subtotal	272,684,152	246,126,920	169,688,474
Less: Allowance for doubtful accounts	(<u>2,082,025</u>)	(<u>2,136,230</u>)	(<u>2,513,368</u>)
Total	<u>\$ 270,602,127</u>	<u>\$ 243,990,690</u>	<u>\$ 167,175,106</u>

A. The Yuanta Group recognised appropriate allowance for debts for receivables. For the three months ended March 31, 2021 and 2020, details are provided in Note 12(3).

B. Margin loans receivable uses the securities purchased through financing by client as collateral. As of March 31, 2021, December 31, 2020, and March 31, 2020, the annual interest rates of Yuanta Securities and Yuanta Securities Finance were all 6.25%; the annual interest rates range of Yuanta Securities (Korea) were 5.95%~9.75%, 5.95%~9.75% and 5.95%~9.95%, respectively; the annual interest rates range of Yuanta Securities (Hong Kong) were 0.71%~12.88%, 0.72%~12.88% and 2.23%~12.88%, respectively; the annual interest rates range of Yuanta Securities (Indonesia) were all 18.00%; the annual interest rates range of Yuanta Securities (Thailand) were 3.85%~4.65%, 4.15%~9.25% and 4.65%~9.25%, respectively; the annual interest rates range of Yuanta Securities (Vietnam) were 7.00%~12.00%, 7.00%~12.00% and 8.80%~14.00%, respectively.

(8) Assets held for sale - net

In order to improve the efficiency of asset utilization, Yuanta Bank approved the sale of its own real estate by the Board of Directors on November 20, 2020, October 25 and November 8, 2018, and the relevant assets were reclassified to “assets held for sale”. After remeasuring the fair value less costs to sell, the balance of assets held for sale is \$203,730, \$203,730 and \$171,593 as of March 31, 2021, December 31, 2020, and March 31, 2020, respectively. The fair value of the assets held for sale is based on the result of valuation by independent valuation experts, which was categorized within level 2 in the fair value hierarchy. For the three months ended March 31, 2021, no part of the assets held for sale were sold. For the three months ended March 31, 2020, the Yuanta Group sold part of the assets held for sale, and the proceeds from disposal amounted to \$370,000, and gain on disposal amounted to \$7,961.

(9) Bills discounted and loans - net

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Bills discounted	\$ 53,898	\$ 155,817	\$ 19,515
Overdrafts	2,209	25,702	35,684
Short-term loans	59,038,808	59,749,704	68,336,957
Short-term loans secured	69,367,895	69,524,551	66,707,192
Medium-term loans	114,887,027	120,466,376	140,030,348
Medium-term loans secured	207,708,022	203,092,313	182,781,484
Long-term loans	7,443,750	7,818,832	7,740,016
Long-term loans secured	341,650,053	334,411,270	312,998,211
Import-export negotiations	30,226	63,994	3,871
Accounts receivable factoring	520,138	916,721	563,156
Automatic policy loans	1,476,358	1,452,487	1,399,627
Policy loans	5,648,685	5,620,591	5,554,368
Loans transferred to non-performing loans	<u>3,662,749</u>	<u>3,703,423</u>	<u>3,819,844</u>
Subtotal	811,489,818	807,001,781	789,990,273
Less: Allowance for credit losses	(13,016,187)	(13,201,740)	(12,888,870)
Less: Adjustment for premium	<u>11,301</u>	<u>12,866</u>	<u>17,929</u>
Total	<u>\$ 798,484,932</u>	<u>\$ 793,812,907</u>	<u>\$ 777,119,332</u>

A. The Yuanta Group recognised appropriate allowance for bad debts for the bills discounted, loans and receivables. For the details of changes in allowance for bad debts in relation to bills discounted and loans for the three months ended March 31, 2021 and 2020, please refer to Note 12(3).

B. Classified by subsidiaries as follows:

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Bills discounted and loans including adjustment for premium			
Yuanta Bank	\$ 789,317,667	\$ 782,770,760	\$ 764,244,174
Yuanta Securities	15,055,731	17,165,665	18,796,321
Yuanta Life	<u>7,127,721</u>	<u>7,078,222</u>	<u>6,967,707</u>
Subtotal	<u>811,501,119</u>	<u>807,014,647</u>	<u>790,008,202</u>
Allowance for credit losses			
Yuanta Bank	(\$ 11,616,654)	(\$ 11,730,288)	(\$ 11,488,366)
Yuanta Securities	(1,399,493)	(1,471,375)	(1,400,298)
Yuanta Life	(<u>40</u>)	(<u>77</u>)	(<u>206</u>)
Subtotal	(<u>13,016,187</u>)	(<u>13,201,740</u>)	(<u>12,888,870</u>)
Total	<u>\$ 798,484,932</u>	<u>\$ 793,812,907</u>	<u>\$ 777,119,332</u>

C. For the three months ended March 31, 2021, no credit assets measured at amortised cost were derecognised. For the three months ended March 31, 2020, the Yuanta Group disposed credit assets measured at amortised cost and recognised a gain of \$339,055.

(10) Reinsurance contract assets

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Claims recoverable from reinsurers	\$ 451,338	\$ 358,339	\$ 232,404
Due from reinsurers and ceding companies	136,029	115,705	139,882
Reinsurance reserve assets			
ceded unearned premium reserve	495,090	547,152	519,379
Ceded claims reserve	<u>122,919</u>	<u>78,261</u>	<u>96,346</u>
Total	<u>\$ 1,205,376</u>	<u>\$ 1,099,457</u>	<u>\$ 988,011</u>

(11) Investments accounted for under the equity method

	<u>March 31, 2021</u>		<u>December 31, 2020</u>		<u>March 31, 2020</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Associates:						
CR Yuanta Fund Management Company Limited	\$ 335,243	24.50%	\$ 335,729	24.50%	\$ 323,561	24.50%
GC Investment Consultant (Shanghai) Co., Ltd.	20,805	100.00%	20,845	100.00%	22,118	100.00%
Yuanta Security(U.K)	-	-	57,971	100.00%	61,522	100.00%
Woori Asset Management Corp.	767,204	27.00%	790,688	27.00%	716,036	27.00%
Polaris Ocean Private Equity Fund	40,367	3.26%	84,751	3.26%	85,901	3.26%
KoFC-TongYang Pioneer Champ 2010-5 Venture Capital Fund	-	-	-	-	35,053	16.22%
KoFC-KVIC Green Growth Venture Capital Fund	-	-	-	-	17,279	18.00%
2011 KIF-TONGYANG IT Venture Fund	30,193	17.20%	50,457	17.20%	23,621	17.20%
TONGYANG AGRI-FOOD INVESTMENT FUND II	89,920	40.74%	93,591	40.74%	115,617	40.74%
IBKC-TONGYANG Growth 2013 Private Equity Fund	142,379	10.71%	149,666	10.71%	199,179	10.71%
KVIC-Yuanta 2015 Overseas Advance Fund	294,966	44.00%	245,465	44.00%	236,314	44.00%
2016 KIF-Yuanta ICT Venture Fund	139,288	16.67%	127,613	16.67%	120,022	16.67%
Yuanta Secoundary No.2 Fund	176,697	12.28%	196,947	12.28%	182,375	12.28%
Yuanta Secoundary No.3 Private Equity Fund	440,118	15.26%	458,903	15.26%	229,165	15.26%
Yuanta SPAC III	-	-	1,662	0.83%	1,576	0.83%
SJ-ULTRA V 1st FUND	31,081	34.48%	32,753	34.48%	31,145	34.48%
Yuanta SPAC IV	1,191	0.54%	1,237	0.54%	1,161	0.54%

	March 31, 2021		December 31, 2020		March 31, 2020	
	Amount	%	Amount	%	Amount	%
Associates:						
Yuanta-HPNT Private Equity Fund	\$ 5,025	0.09%	\$ 5,240	0.09%	\$ 5,004	0.09%
Yuanta SPAC V	735	0.25%	769	0.25%	372	0.25%
Yuanta SPAC VI	734	0.22%	765	0.22%	372	0.22%
Kiwoom-Yuanta 2019 Scale-up Fund	110,827	15.20%	97,401	15.20%	-	-
Yuanta SPAC VII	2,251	0.91%	2,351	0.91%	-	-
Yuanta SPAC VIII	501	0.15%	598	4.17%	-	-
Yuanta Innovative Job Creation Fund	52,639	22.73%	-	-	-	-
Yuanta Quantum Jump No.1 Fund	88,139	12.50%	-	-	-	-
	<u>\$ 2,770,303</u>		<u>\$ 2,755,402</u>		<u>\$ 2,407,393</u>	

The Yuanta Group's shares of the operating results in all individually immaterial associates are summarized below:

	For the three months ended March 31,	
	2021	2020
Net gain for the period from continuing operations	\$ 152,338	\$ 104,654
Other comprehensive loss (net of tax)	(801)	(21,855)

(12) Other financial assets - net

	March 31, 2021	December 31, 2020	March 31, 2020
Non-loans reclassified to non-accrual loans	\$ 945,275	\$ 973,496	\$ 642,199
Less: Provision for credit losses	(921,555)	(938,395)	(571,640)
	<u>23,720</u>	<u>35,101</u>	<u>70,559</u>
Purchase of claim receivable	1,847,991	1,853,059	1,866,270
Valuation adjustment on purchase of claim receivable	(21,266)	(21,239)	(21,671)
	<u>1,826,725</u>	<u>1,831,820</u>	<u>1,844,599</u>
Customer margin deposit account	84,299,399	74,750,544	89,328,974
Investment-linked product assets	8,671,947	1,923,783	1,584,686
Securities borrowing and lending refundable deposits	33,004	249,142	148,001
Others	82,709	244,373	96,330
Total	<u>\$ 94,937,504</u>	<u>\$ 79,034,763</u>	<u>\$ 93,073,149</u>

A. Information relating to credit risk is provided in Note 12(3).

B. The Yuanta Group's investment-linked insurance products mainly comprise investments in products in relation to beneficiary certificate, variable universal life insurance and variable deferred annuities. As of March 31, 2021, December 31, 2020, and March 31, 2020, as well as for the three months ended March 31, 2021 and 2020, details about the assets on insurance

products, separated accounts were as follows:

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Investment-linked insurance			
product assets			
Cash in bank	\$ -	\$ 424	\$ 286
Financial assets at fair value			
through profit or loss	1,952,361	1,919,545	1,579,532
Other receivables	6,719,586	3,814	4,868
	<u>\$ 8,671,947</u>	<u>\$ 1,923,783</u>	<u>\$ 1,584,686</u>
	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Investment-linked insurance			
product liabilities			
Reserve for investment linked			
insurance product-insurance			
contract	\$ 2,744,480	\$ 1,913,038	\$ 1,575,524
Reserve for investment linked			
insurance product-investment			
contract	5,923,370	7,998	7,388
Other payables	4,097	2,747	1,774
	<u>\$ 8,671,947</u>	<u>\$ 1,923,783</u>	<u>\$ 1,584,686</u>
	<u>For the three months ended March 31,</u>		
	<u>2021</u>	<u>2020</u>	
Revenue on investment-linked insurance products			
Premium income	\$ 853,351	\$	54,097
Gain (loss) on financial assets at fair value			
through profit or loss	56,455	(	325,765)
Exchange loss	(888)	(	2,153)
Interest income	1,415		1,590
Other income	909		1,829
	<u>\$ 911,242</u>	(\$	<u>270,402</u>)
Expenses on investment-linked insurance			
Claims and policy benefit payments	\$ 58,465	\$	54,508
Net change in reserve for investment-linked			
insurance product-insurance contract	830,553	(	350,003)
Administrative expenses and other expenses	22,224		25,093
	<u>\$ 911,242</u>	(\$	<u>270,402</u>)

(13) Investment property - net

March 31, 2021				
Assets	Cost	Accumulated depreciation	Accumulated impairment	Book value
Land and land improvements	\$ 2,842,467	\$ -	(\$ 217,021)	\$ 2,625,446
Buildings	2,802,195	(1,037,031)	(43,233)	1,721,931
Right-of-use assets	6,680,947	(202,285)	-	6,478,662
Investment property under construction	372,131	-	-	372,131
Prepayments for land and buildings	8,961	-	-	8,961
Total	<u>\$ 12,706,701</u>	<u>(\$ 1,239,316)</u>	<u>(\$ 260,254)</u>	<u>\$ 11,207,131</u>
December 31, 2020				
Assets	Cost	Accumulated depreciation	Accumulated impairment	Book value
Land and land improvements	\$ 3,067,011	\$ -	(\$ 217,021)	\$ 2,849,990
Buildings	2,973,293	(1,088,771)	(43,233)	1,841,289
Right-of-use assets	6,691,088	(176,872)	-	6,514,216
Investment property under construction	343,828	-	-	343,828
Prepayments for land and buildings	8,961	-	-	8,961
Total	<u>\$ 13,084,181</u>	<u>(\$ 1,265,643)</u>	<u>(\$ 260,254)</u>	<u>\$ 11,558,284</u>
March 31, 2020				
Assets	Cost	Accumulated depreciation	Accumulated impairment	Book value
Land and land improvements	\$ 3,012,904	\$ -	(\$ 276,636)	\$ 2,736,268
Buildings	2,973,485	(1,071,765)	(49,438)	1,852,282
Right-of-use assets	6,676,773	(84,934)	-	6,591,839
Investment property under construction	252,236	-	-	252,236
Total	<u>\$ 12,915,398</u>	<u>(\$ 1,156,699)</u>	<u>(\$ 326,074)</u>	<u>\$ 11,432,625</u>

Change in investment property of the Yuanta Group:

	For the three months ended March 31,	
	2021	2020
Cost		
At January 1,	\$ 13,084,181	\$ 6,397,620
Additions	32,042	6,274,116
Disposals	(26,079)	(17,071)
Transferred out to property and equipment	(257,418)	-
Transferred in from other assets	-	410,231
Foreign exchange adjustment	(126,025)	(149,498)
At March 31,	<u>\$ 12,706,701</u>	<u>\$ 12,915,398</u>
Accumulated depreciation		
At January 1,	(\$ 1,265,643)	(\$ 1,154,090)
Depreciation	(25,594)	(38,553)
Disposals	5,626	1,355
Transferred in from property and equipment	38,332	-
Foreign exchange adjustment	7,963	34,589
At March 31,	<u>(\$ 1,239,316)</u>	<u>(\$ 1,156,699)</u>
Accumulated impairment		
At January 1,	(\$ 260,254)	(\$ 327,558)
Disposals	-	1,484
At March 31,	<u>(\$ 260,254)</u>	<u>(\$ 326,074)</u>

- A. The fair value of the investment property held by the Yuanta Group as of March 31, 2021, December 31, 2020, and March 31, 2020 were \$12,766,961, \$14,528,555 and \$14,621,134, respectively, according to the result of valuation by an independent valuation expert using the income method, comparison method, market approach and land development analysis approach. As of March 31, 2021, the fair value included the amounts of \$3,507,220 and \$9,259,741 that was categorised within Level 2 and Level 3 in the fair value hierarchy, respectively. As of December 31, 2020, the fair value included the amounts of \$4,842,846 and \$9,685,709 that was categorised within Level 2 and Level 3 in the fair value hierarchy, respectively. As of March 31, 2020, the fair value included the amount of \$4,908,393 and \$9,712,741 that was categorised within Level 2 and Level 3 in the fair value hierarchy, respectively.
- B. For the three months ended March 31, 2021 and 2020, rental income from the lease of the investment property were \$55,108 and \$50,701, respectively.
- C. In 2020, the consolidated company, Yuanta Life, acquired investment property (including right-of-use assets and investment property under construction) by entering into “The contract of establishment of superficies for state-owned (non-public use)” on January 30, 2020, with National Property administration, Ministry of Finance, Northern Region Branch and acquired right of superficies of nine lands on No. 414, Sec. 3, Chang’an Rd., Zhongshan Dist., Taipei City. The total contract amount was made based on the appraisal report of real estate appraiser and

acquired by auction of \$5,330,000. The payment for construction integrated with Mass Rapid Transit amounting to \$232,128 was classified as investment property under construction.

- D. The Yuanta Group has applied the practical expedient to “Covid-19-related rent concessions”, and recognised the gain from changes in lease payments arising from the rent concessions amounting to \$3,025 by decreasing lease liability and investment property - investment property under construction for the three months ended March 31, 2021.
- E. To improve the efficiency of capital investment, the Board of Directors of Yuanta Life of the Yuanta Group resolved on May 26, 2020 to transfer the owner-occupied properties, located in Nanjing E. Rd. and Yijiang St., Zhongshan Dist., Taipei City 104, Taiwan (R.O.C.), to investment properties.
- F. Please refer to Note 8 for details of Yuanta Group’s investment property pledged to others as collateral.

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(14) Property and equipment - net

Change in property and equipment of the Yuanta Group:

<u>Cost</u>	<u>Land and land improvements</u>	<u>Buildings</u>	<u>Machinery and computer equipment</u>	<u>Transportation equipment</u>	<u>Miscellaneous equipment</u>	<u>Construction in progress and prepayments for business facilities</u>	<u>Total</u>
At January 1, 2021	\$ 14,345,304	\$ 8,482,180	\$ 4,032,553	\$ 200,392	\$ 1,625,519	\$ 2,096,887	\$ 30,782,835
Additions	-	647	65,574	1,100	12,666	238,379	318,366
Disposals	-	(620)	(153,795)	(10,876)	(58,448)	-	(223,739)
Transferred in from investment property	164,224	93,194	-	-	-	-	257,418
Others	-	-	21,006	5,350	8,607	(8,610)	26,353
Translation difference	(14,632)	(51,991)	(81,574)	(489)	(12,123)	(112)	(160,921)
At March 31, 2021	<u>\$ 14,494,896</u>	<u>\$ 8,523,410</u>	<u>\$ 3,883,764</u>	<u>\$ 195,477</u>	<u>\$ 1,576,221</u>	<u>\$ 2,326,544</u>	<u>\$ 31,000,312</u>
<u>Accumulated depreciation</u>							
At January 1, 2021	\$ -	(\$ 2,582,793)	(\$ 2,805,951)	(\$ 122,802)	(\$ 1,081,973)	\$ -	(\$ 6,593,519)
Depreciation	-	(59,808)	(140,350)	(6,262)	(62,710)	-	(269,130)
Disposals	-	620	153,722	5,489	57,223	-	217,054
Transferred in from investment property	-	(38,332)	-	-	-	-	(38,332)
Others	-	-	22	(119)	176	-	79
Translation difference	-	19,842	71,557	389	8,474	-	100,262
At March 31, 2021	<u>\$ -</u>	<u>(\$ 2,660,471)</u>	<u>(\$ 2,721,000)</u>	<u>(\$ 123,305)</u>	<u>(\$ 1,078,810)</u>	<u>\$ -</u>	<u>(\$ 6,583,586)</u>
<u>Accumulated impairment</u>							
At January 1, 2021	(\$ 192,614)	(\$ 66,387)	\$ -	\$ -	(\$ 298)	\$ -	(\$ 259,299)
At March 31, 2021	<u>(\$ 192,614)</u>	<u>(\$ 66,387)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(\$ 298)</u>	<u>\$ -</u>	<u>(\$ 259,299)</u>
Net carrying amount	<u>\$ 14,302,282</u>	<u>\$ 5,796,552</u>	<u>\$ 1,162,764</u>	<u>\$ 72,172</u>	<u>\$ 497,113</u>	<u>\$ 2,326,544</u>	<u>\$ 24,157,427</u>

Cost	Land and land improvements	Buildings	Machinery and computer equipment	Transportation equipment	Miscellaneous equipment	Construction in progress and prepayments for business facilities	Total
At January 1, 2020	\$ 14,577,211	\$ 7,152,721	\$ 3,916,823	\$ 211,086	\$ 1,739,464	\$ 1,205,145	\$ 28,802,450
Additions	-	-	55,619	2,390	16,220	1,105,592	1,179,821
Disposals	-	-	(83,554)	(5,613)	(58,934)	-	(148,101)
Others	-	-	9,565	-	10,740	2,905	23,210
Translation difference	(24,358)	(62,222)	(116,497)	(1,863)	(23,662)	(71)	(228,673)
At March 31, 2020	<u>\$ 14,552,853</u>	<u>\$ 7,090,499</u>	<u>\$ 3,781,956</u>	<u>\$ 206,000</u>	<u>\$ 1,683,828</u>	<u>\$ 2,313,571</u>	<u>\$ 29,628,707</u>
<u>Accumulated depreciation</u>							
At January 1, 2020	\$ -	(\$ 2,371,822)	(\$ 2,758,061)	(\$ 112,353)	(\$ 1,119,167)	\$ -	(\$ 6,361,403)
Depreciation	-	(43,670)	(127,596)	(7,452)	(67,143)	-	(245,861)
Disposals	-	-	83,540	2,923	58,640	-	145,103
Others	-	-	-	(123)	-	-	(123)
Translation difference	-	21,937	96,504	1,216	13,051	-	132,708
At March 31, 2020	<u>\$ -</u>	<u>(\$ 2,393,555)</u>	<u>(\$ 2,705,613)</u>	<u>(\$ 115,789)</u>	<u>(\$ 1,114,619)</u>	<u>\$ -</u>	<u>(\$ 6,329,576)</u>
<u>Accumulated impairment</u>							
At January 1, 2020	(\$ 135,885)	(\$ 62,195)	\$ -	\$ -	(\$ 298)	\$ -	(\$ 198,378)
Impairment loss	(90)	(68)	-	-	-	-	(158)
At March 31, 2020	<u>(\$ 135,975)</u>	<u>(\$ 62,263)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(\$ 298)</u>	<u>\$ -</u>	<u>(\$ 198,536)</u>
Net carrying amount	<u>\$ 14,416,878</u>	<u>\$ 4,634,681</u>	<u>\$ 1,076,343</u>	<u>\$ 90,211</u>	<u>\$ 568,911</u>	<u>\$ 2,313,571</u>	<u>\$ 23,100,595</u>

Please refer to Note 8 for details of the collateral provided for the above property and equipment.

The Yuanta Group set land and buildings which were classified as operating lease, and the assets belonging and not belonging to operating lease are as follows:

	Land			Buildings		
	Owner-occupied	Lease	Subtotal	Owner-occupied	Lease	Subtotal
<u>Cost</u>						
At January 1, 2021	\$ 14,152,650	\$ 192,654	\$ 14,345,304	\$ 8,454,299	\$ 27,881	\$ 8,482,180
Additions	-	-	-	647	-	647
Disposals	-	-	-	(620)	-	(620)
Transferred in from investment property	164,224	-	164,224	93,194	-	93,194
Others	192,654	(192,654)	-	27,881	(27,881)	-
Translation difference	(14,632)	-	(14,632)	(51,991)	-	(51,991)
At March 31, 2021	<u>\$ 14,494,896</u>	<u>\$ -</u>	<u>\$ 14,494,896</u>	<u>\$ 8,523,410</u>	<u>\$ -</u>	<u>\$ 8,523,410</u>
<u>Accumulated depreciation</u>						
At January 1, 2021	\$ -	\$ -	\$ -	(\$ 2,578,035)	(\$ 4,758)	(\$ 2,582,793)
Depreciation	-	-	-	(59,808)	-	(59,808)
Disposals	-	-	-	620	-	620
Transferred in from investment property	-	-	-	(38,332)	-	(38,332)
Others	-	-	-	(4,758)	4,758	-
Translation difference	-	-	-	19,842	-	19,842
At March 31, 2021	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(\$ 2,660,471)</u>	<u>\$ -</u>	<u>(\$ 2,660,471)</u>
<u>Accumulated impairment</u>						
At January 1, 2021	(\$ 192,614)	\$ -	(\$ 192,614)	(\$ 66,387)	\$ -	(\$ 66,387)
At March 31, 2021	<u>(\$ 192,614)</u>	<u>\$ -</u>	<u>(\$ 192,614)</u>	<u>(\$ 66,387)</u>	<u>\$ -</u>	<u>(\$ 66,387)</u>
Net carrying amount	<u>\$ 14,302,282</u>	<u>\$ -</u>	<u>\$ 14,302,282</u>	<u>\$ 5,796,552</u>	<u>\$ -</u>	<u>\$ 5,796,552</u>

	Land			Buildings		
	Owner-occupied	Lease	Subtotal	Owner-occupied	Lease	Subtotal
<u>Cost</u>						
At January 1, 2020	\$ 14,384,557	\$ 192,654	\$ 14,577,211	\$ 7,124,840	\$ 27,881	\$ 7,152,721
Translation difference	(24,358)	-	(24,358)	(62,222)	-	(62,222)
At March 31, 2020	<u>\$ 14,360,199</u>	<u>\$ 192,654</u>	<u>\$ 14,552,853</u>	<u>\$ 7,062,618</u>	<u>\$ 27,881</u>	<u>\$ 7,090,499</u>
<u>Accumulated depreciation</u>						
At January 1, 2020	\$ -	\$ -	\$ -	(\$ 2,368,392)	(\$ 3,430)	(\$ 2,371,822)
Depreciation	-	-	-	(43,338)	(332)	(43,670)
Translation difference	-	-	-	21,937	-	21,937
At March 31, 2020	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(\$ 2,389,793)</u>	<u>(\$ 3,762)</u>	<u>(\$ 2,393,555)</u>
<u>Accumulated impairment</u>						
At January 1, 2020	(\$ 135,885)	\$ -	(\$ 135,885)	(\$ 62,195)	\$ -	(\$ 62,195)
Impairment loss	(90)	-	(90)	(68)	-	(68)
At March 31, 2020	<u>(\$ 135,975)</u>	<u>\$ -</u>	<u>(\$ 135,975)</u>	<u>(\$ 62,263)</u>	<u>\$ -</u>	<u>(\$ 62,263)</u>
Net carrying amount	<u>\$ 14,224,224</u>	<u>\$ 192,654</u>	<u>\$ 14,416,878</u>	<u>\$ 4,610,562</u>	<u>\$ 24,119</u>	<u>\$ 4,634,681</u>

(15) Leasing arrangements – lessee

A. The Yuanta Group leases various assets including land, buildings, machinery and equipment, business vehicles and miscellaneous equipment. Rental contracts are typically made for periods of 1 to 15 years. In addition, superficies bid from National Property Administration, Ministry of Finance are made for periods of 70 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

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

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>	<u>Carrying amount</u>
Land	\$ 8,865,174	\$ 8,898,397	\$ 9,005,241
Buildings	3,780,932	4,023,721	4,211,661
Machinery and equipment	185,779	205,963	242,496
Transportation equipment	20,503	18,506	32,605
Others	39,189	34,891	22,523
	<u>\$ 12,891,577</u>	<u>\$ 13,181,478</u>	<u>\$ 13,514,526</u>

	<u>For the three months ended March 31,</u>	
	<u>2021</u>	<u>2020</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Land	\$ 4,884	\$ 5,781
Buildings	328,934	357,310
Machinery and equipment	13,374	13,717
Transportation equipment	3,335	4,267
Others	2,246	3,071
	<u>\$ 352,773</u>	<u>\$ 384,146</u>

C. For the three months ended March 31, 2021 and 2020, the additions to right-of-use assets amounted to \$183,128 and \$740,705, respectively.

D. The information on income and expense accounts relating to lease contracts is as follows:

	<u>For the three months ended March 31,</u>	
	<u>2021</u>	<u>2020</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 21,085	\$ 25,862
Expense on short-term lease contracts	18,677	10,548
Expense on leases of low-value assets	2,593	2,574
Gain on sublease of right-of-use assets	3,324	3,543
Loss on lease modification	- (	132)

E. For the three months ended March 31, 2021 and 2020, the Yuanta Group's total cash outflow for leases amounted to \$421,532 and \$418,055, respectively.

F. The Yuanta Group has applied the practical expedient to "Covid-19-related rent concessions", and recognised the gain from changes in lease payments arising from the rent concessions amounting to \$3,581 by decreasing rent expense for the three months ended March 31, 2021.

G. The Yuanta Group has applied the practical expedient to "Covid-19-Related Rent Concessions beyond 30 June 2021", and the gain from changes in lease payments arising from the rent

concessions after June 30, 2021 was recognized as the deduction of rent expense by \$180.

(16) Leasing arrangements – lessor

- A. The Yuanta Group leases various assets including buildings, equipment, parking lot and investment property under operating leasing. Rental contracts are typically made for periods of 1 and 10 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. To protect the lessor's ownership rights on the leased assets, leased assets may not be used as security for borrowing purposes, or a residual value guarantee was required.
- B. The Yuanta Group leases the equipment under a finance lease. Based on the terms of the lease contract, the ownership of the equipment will be transferred to lessees when the leases expire. Information on profit or loss in relation to lease contracts is as follows:

	For the three months ended March 31,	
	2021	2020
Finance income from the net investment in the finance lease	\$ <u>273</u>	\$ <u>358</u>

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

	March 31, 2021	December 31, 2020	March 31, 2020
2020	\$ -	\$ -	\$ 6,346
2021	6,347	8,462	8,462
2022	8,463	8,463	8,463
2023	8,463	8,463	8,463
Total	\$ <u>23,273</u>	\$ <u>25,388</u>	\$ <u>31,734</u>

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

	March 31, 2021	December 31, 2020	March 31, 2020
Undiscounted lease payments	\$ 23,273	\$ 25,388	\$ 31,734
Unearned finance income	(1,497)	(1,770)	(2,717)
Net investment in the lease	\$ <u>21,776</u>	\$ <u>23,618</u>	\$ <u>29,017</u>

- E. For the three months ended March 31, 2021 and 2020, the Yuanta Group recognized rent income in the amounts of \$55,131 and \$54,298, respectively, based on the operating lease agreement, which does not include variable lease payments.

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

	March 31, 2021		December 31, 2020		March 31, 2020	
2021	\$ 135,242	2021	\$ 152,356	2020	\$ 112,576	
2022	73,844	2022	83,445	2021	66,177	
2023	26,594	2023	29,215	2022	19,969	
2024	11,816	2024	12,582	2023	11,559	
2025	7,172	2025	8,554	2024	2,437	
After 2026	10,821	After 2026	10,817	After 2025	5,526	
Total	\$ <u>265,489</u>	Total	\$ <u>296,969</u>	Total	\$ <u>218,244</u>	

(17) Intangible assets - net

<u>Cost</u>	<u>Goodwill</u>	<u>Operating rights</u>	<u>Computer software</u>	<u>Customer relationship</u>	<u>Others</u>	<u>Total</u>
At January 1, 2021	\$ 31,494,708	\$ 384,488	\$ 4,683,272	\$ 3,045,314	\$ 4,413,907	\$ 44,021,689
Additions	-	-	46,270	-	-	46,270
Disposals	-	-	(12,426)	-	-	(12,426)
Reclassifications	-	-	2,946	-	-	2,946
Translation difference	(3,073)	(27)	(150,543)	-	(31,989)	(185,632)
At March 31, 2021	<u>\$ 31,491,635</u>	<u>\$ 384,461</u>	<u>\$ 4,569,519</u>	<u>\$ 3,045,314</u>	<u>\$ 4,381,918</u>	<u>\$ 43,872,847</u>
<u>Accumulated amortization</u>						
At January 1, 2021	\$ -	(\$ 371,541)	(\$ 4,085,009)	(\$ 3,034,376)	(\$ 2,111,719)	(\$ 9,602,645)
Amortization	-	(410)	(61,111)	(938)	(58,199)	(120,658)
Disposals	-	-	12,426	-	-	12,426
Reclassification	-	-	(199)	-	-	(199)
Translation difference	-	8	141,846	-	1,771	143,625
At March 31, 2021	<u>\$ -</u>	<u>(\$ 371,943)</u>	<u>(\$ 3,992,047)</u>	<u>(\$ 3,035,314)</u>	<u>(\$ 2,168,147)</u>	<u>(\$ 9,567,451)</u>
<u>Accumulated impairment</u>						
At January 1, 2021	(\$ 2,888,924)	\$ -	\$ -	\$ -	(\$ 31,472)	(\$ 2,920,396)
Impairments	(6,701)	-	-	-	-	(6,701)
Translation difference	<u>2,999</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>689</u>	<u>3,688</u>
At March 31, 2021	<u>(\$ 2,892,626)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(\$ 30,783)</u>	<u>(\$ 2,923,409)</u>
Net carrying amount	<u>\$ 28,599,009</u>	<u>\$ 12,518</u>	<u>\$ 577,472</u>	<u>\$ 10,000</u>	<u>\$ 2,182,988</u>	<u>\$ 31,381,987</u>

<u>Cost</u>	<u>Goodwill</u>	<u>Operating rights</u>	<u>Computer software</u>	<u>Customer relationship</u>	<u>Others</u>	<u>Total</u>
At January 1, 2020	\$ 31,505,838	\$ 385,200	\$ 4,604,348	\$ 3,045,314	\$ 4,432,247	\$ 43,972,947
Additions	-	-	34,154	-	-	34,154
Disposals	-	-	(6,377)	-	(6,364)	(12,741)
Reclassifications	-	-	5,391	-	-	5,391
Translation difference	(27,547)	136	(183,300)	-	(43,946)	(254,657)
At March 31, 2020	\$ 31,478,291	\$ 385,336	\$ 4,454,216	\$ 3,045,314	\$ 4,381,937	\$ 43,745,094
<u>Accumulated amortization</u>						
At January 1, 2020	\$ -	(\$ 370,109)	(\$ 3,983,321)	(\$ 3,030,626)	(\$ 1,878,442)	(\$ 9,262,498)
Amortization	-	(410)	(60,884)	(938)	(58,191)	(120,423)
Disposals	-	-	6,377	-	-	6,377
Translation difference	-	(40)	170,043	-	1,833	171,836
At March 31, 2020	\$ -	(\$ 370,559)	(\$ 3,867,785)	(\$ 3,031,564)	(\$ 1,934,800)	(\$ 9,204,708)
<u>Accumulated impairment</u>						
At January 1, 2020	(\$ 1,475,943)	\$ -	\$ -	\$ -	(\$ 37,046)	(\$ 1,512,989)
Translation difference	-	-	-	-	980	980
At March 31, 2020	(\$ 1,475,943)	\$ -	\$ -	\$ -	(\$ 36,066)	(\$ 1,512,009)
Net carrying amount	\$ 30,002,348	\$ 14,777	\$ 586,431	\$ 13,750	\$ 2,411,071	\$ 33,028,377

- A. Yuanta Group's goodwill all arose from business combination. In accordance with the accounting treatment under the Enterprise Merger and Acquisition Act, the excess of acquisition costs over the sum of the fair value of tangible and identifiable intangible assets less the liabilities assumed should be recorded as goodwill.
- B. Goodwill is allocated to cash generating units as identified by operating segments. Recoverable amounts are determined according the value-in-use, which is calculated according to management's estimate of future cash flows for future periods. For cash flows that exceed the aforementioned future periods, the following estimated growth rates are used for calculations. Goodwill of the Yuanta Group is tested annually for impairment at the end of each year. The Yuanta Group assesses impairment indication of goodwill in the interim period based on the regulations. In the interim period, the Yuanta Group takes into consideration the related information in relation to impairment indication of goodwill, and there was no indication that goodwill was impaired. The main assumptions used in calculating value-in-use are as follows:

		Bank subsidiaries					
		Corporate finance	International finance	Personal finance	Financial management	Financial market	Yuanta Savings Bank (Korea) Inc.
2020	Growth rate	2.00%	2.00%	2.00%	2.00%	2.00%	3.20%
	Discount rate	8.50%~9.60%	10.20%~11.40%	8.50%~9.60%	8.50%~9.60%	8.50%~9.60%	10.00%~10.90%
		Securities subsidiaries					
		Brokerage Segment	Investment Bank Segment	Investment Segment	Futures		Securities Investment Trust
2020	Growth rate	2.00%	2.00%	3.00%~3.20%	2.00%		2.00%
	Discount rate	8.70%	8.60%	14.40%~17.30%	9.00%		14.00%
		Bank subsidiaries					
		Corporate finance	International finance	Personal finance	Financial management	Financial market	Yuanta Savings Bank (Korea) Inc.
2019	Growth rate	2.00%	2.00%	2.00%	2.00%	2.00%	3.00%
	Discount rate	7.50%	9.30%	7.50%	9.30%	7.50%	9.10%
		Securities subsidiaries					
		Brokerage Segment	Investment Bank Segment	Investment Segment	Futures		Securities Investment Trust
2019	Growth rate	2.00%	2.00%	3.00%	2.00%		2.00%
	Discount rate	8.40%	8.40%	14.00%~16.00%	8.60%		14.00%

(18) Other assets - net

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Refundable deposits	\$ 3,775,079	\$ 4,190,962	\$ 5,566,682
Refundable deposits for securities lending	41,080,786	29,728,039	11,517,946
Operating guarantee deposits and settlement fund	4,932,965	4,936,468	6,001,145
Prepaid expenses	985,068	805,716	902,294
Bank deposits - amounts held for settlement	21,399,851	21,688,529	13,332,235
Others	1,094,282	493,922	634,336
Total	<u>\$ 73,268,031</u>	<u>\$ 61,843,636</u>	<u>\$ 37,954,638</u>

Please refer to Note 8 for details of the Yuanta Group's other assets pledged to others as collateral as of March 31, 2021, December 31, 2020, and March 31, 2020.

(19) Non-financial asset impairment losses

As of March 31, 2021, December 31, 2020, and March 31, 2020, accumulated impairment on various financial assets were as follows:

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Investment property	\$ 260,254	\$ 260,254	\$ 326,074
Property and equipment	259,299	259,299	198,536
Intangible assets - goodwill	2,892,626	2,888,924	1,475,943
Intangible assets - other	30,783	30,783	36,066

(20) Deposits from Central Bank and other banks

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Overdrafts from other banks	\$ 2,909,542	\$ 2,567,621	\$ 2,809,667
Call loans from other banks	8,818,629	7,738,100	7,963,270
Redeposit from the directorate general of postal remittance	5,106,578	5,106,578	5,106,579
Total	<u>\$ 16,834,749</u>	<u>\$ 15,412,299</u>	<u>\$ 15,879,516</u>

(21) Commercial paper payable - net

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Commercial paper payable	\$ 47,168,649	\$ 27,474,589	\$ 49,813,375
Less: Discount on commercial paper payable	(50,397)	(57,100)	(43,186)
Total	<u>\$ 47,118,252</u>	<u>\$ 27,417,489</u>	<u>\$ 49,770,189</u>

As of March 31, 2021, December 31, 2020, and March 31, 2020, the annual interest rate of commercial paper payable were 0.258%~1.360%, 0.288%~1.550% and 0.588%~2.400%, respectively.

The guarantee and acceptance institutions for the above commercial paper payable were as follows:

March 31, 2021	December 31, 2020	March 31, 2020
CTBC Bank Co., Ltd.	CTBC Bank Co., Ltd.	CTBC Bank Co., Ltd.
China Bills Finance Corporation	China Bills Finance Corporation	Taipei Fubon Commercial Bank Co., Ltd.
Taipei Fubon Commercial Bank Co., Ltd.	Taipei Fubon Commercial Bank Co., Ltd.	Hua Nan Commercial Bank Co., Ltd.
Taishin International Bank Co., Ltd.	Taishin International Bank Co., Ltd.	Taiwan Finance Corporation
Bank Sinopac Co., Ltd.	Bank Sinopac Co., Ltd.	Union Bank of Taiwan Co., Ltd.
Cathay United Commercial Bank Co., Ltd.	Cathay United Commercial Bank Co., Ltd.	Ta Ching Bills Finance Corporation
Hua Nan Commercial Bank Co., Ltd.	Hua Nan Commercial Bank Co., Ltd.	Taishin International Bank Co., Ltd.
Sunny Bank Ltd.	Sunny Bank Ltd.	Grand Bills Finance Corp.
Grand Bills Finance Corp.	Grand Bills Finance Corp.	Cathay United Commercial Bank Co., Ltd.
Taiwan Business Bank Co., Ltd.	Taiwan Business Bank Co., Ltd.	KGI Commercial Bank Co., Ltd.
Union Bank of Taiwan Co., Ltd.	Union Bank of Taiwan Co., Ltd.	China Bills Finance Corporation
Taiwan Finance Corporation	Taiwan Finance Corporation	E.Sun Commercial Bank Co, Ltd.
International Bills Finance Corporation	KGI Commercial Bank Co., Ltd.	Sunny Bank Ltd.
Mega Bills Finance Co., Ltd.	Shinhan Bank	International Bills Finance Corporation
Shinhan Bank	Meritz Securities Co., Ltd.	Shinhan Bank
Meritz Securities Co., Ltd.	KB Securities Co., Ltd.	Meritz Securities Co.,Ltd.
KB Securities Co., Ltd.	KTB Securities Co., Ltd.	KB Securities Co.,Ltd.
KTB Securities Co., Ltd.	Eugene Investment & Securities	
Eugene Investment & Securities	KIWOOM Securities.Co., Ltd.	
KIWOOM Securities.Co., Ltd.	Bookook Secruities Co., Ltd.	
Bookook Secruities Co., Ltd.	Asia Plus Securities Co., Ltd.	
BNK Securities Co.,Ltd.	True Corporation Public Company Limited	
Asia Plus Securities Co., Ltd.	United Overseas Bank PLC	
EVERCLEVER CO.,LTD.	Namchow (Thailand) Co. LTD	
Thai President Foods Public Company Limited	Thai President Foods Public Company Limited	
TPI Polene Power Public Co.,Ltd.		
True Corporation Public Company Limited		
Komornwarn Chinthammit		
Ngamwongwan Construction Co., Ltd.		
United Overseas Bank PLC		
Uni-President (Thailand) Ltd.		
Namchow (Thailand) Co. LTD		

(22) Payables

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Accounts payable	\$ 109,302,326	\$ 115,112,359	\$ 92,367,504
Demand remittance payable	4,246,627	11,470,481	9,804,449
Bankers' acceptances payable	134,366	578,620	261,477
Interests payable	1,581,968	1,511,734	2,167,969
Commission payable	182,588	326,497	279,039
Accrued expenses	8,945,001	11,473,665	6,257,617
Taxes payable	193,398	287,853	171,678
Collections payable for customers	1,183,540	1,091,507	815,313
Proceeds payable from underwriting	1,666,998	742,337	520,150
Due to reinsurers and ceding companies	603,557	573,315	549,856
Collateralized proceeds payable from securities lending	4,171,331	8,253,964	4,346,796
Consigned securities payable	8,593,085	14,988,418	8,534,901
Settled price	4,597,623	2,858,884	5,855,388
Securities purchased payable	13,781,521	9,468,087	20,829,280
Settlement payable	73,756,687	58,683,722	25,424,149
Deposits received on securities lending	3,914,360	7,645,125	4,060,143
Checks for clearing	435,577	610,952	498,215
SBL refund payable	161,491	266,692	252,591
Other payables	10,293,097	2,403,718	2,606,041
Total	<u>\$ 247,745,141</u>	<u>\$ 248,347,930</u>	<u>\$ 185,602,556</u>

(23) Deposits and remittances

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Checking deposits	\$ 4,336,421	\$ 5,236,168	\$ 4,135,536
Demand deposits	174,559,490	176,440,113	141,121,972
Time deposits	266,004,721	263,422,721	300,974,684
Negotiable certificates of deposit	13,532,000	13,504,500	20,626,500
Savings deposits	781,061,152	752,279,752	653,948,976
Remittances	84,233	137,140	146,083
Total	<u>\$ 1,239,578,017</u>	<u>\$ 1,211,020,394</u>	<u>\$ 1,120,953,751</u>

(24) Bonds payable

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Bank debentures	\$ 31,000,000	\$ 34,500,000	\$ 34,500,000
Unsecured corporate bonds	49,290,894	44,290,127	34,354,087
Total	<u>\$ 80,290,894</u>	<u>\$ 78,790,127</u>	<u>\$ 68,854,087</u>

A. The details of bank debentures as of March 31, 2021 were as follows:

	<u>Third issue of subordinate bank debentures in 2011(B)</u>
Par value	\$4,500,000
Stated interest rate	Fixed interest rate at 1.95%
Period	Ten years
Interest payment date	Payable annually
Term of principal payment	Repaid on maturity
Issue price	Priced at face value on issue date
	<u>First issue of subordinate bank debentures in 2014(A)</u>
Par value	\$1,600,000
Stated interest rate	Fixed interest rate at 1.80%
Period	Seven years
Interest payment date	Payable annually
Term of principal payment	Repaid on maturity
Issue price	Priced at face value on issue date
	<u>First issue of subordinate bank debentures in 2014(B)</u>
Par value	\$4,700,000
Stated interest rate	Fixed interest rate at 2.00%
Period	Ten years
Interest payment date	Payable annually
Term of principal payment	Repaid on maturity
Issue price	Priced at face value on issue date
	<u>Second issue of subordinate bank debentures in 2014</u>
Par value	\$1,700,000
Stated interest rate	Fixed interest rate at 1.85%
Period	Seven years
Interest payment date	Payable annually
Term of principal payment	Repaid on maturity
Issue price	Priced at face value on issue date
	<u>Fourth issue of subordinate bank debentures in 2014</u>
Par value	\$900,000
Stated interest rate	Fixed interest rate at 2.00%
Period	Seven years
Interest payment date	Payable annually
Term of principal payment	Repaid on maturity
Issue price	Priced at face value on issue date

	<u>Fifth issue of subordinate bank debentures in 2014</u>
Par value	\$600,000
Stated interest rate	Fixed interest rate at 2.00%
Period	Seven years
Interest payment date	Payable annually
Term of principal payment	Repaid on maturity
Issue price	Priced at face value on issue date
	<u>Third issue of non-cumulative perpetual bonds for 2015</u>
Par value	\$5,550,000
Stated interest rate	Fixed interest rate at 4.10%
Period	Perpetual
Interest payment date	Payable annually
Term of principal payment	Perpetual
Issue price	Priced at face value on issue date
	<u>Fourth issue of subordinate bank debentures in 2015</u>
Par value	\$3,000,000
Stated interest rate	Fixed interest rate at 2.10%
Period	Ten years
Interest payment date	Payable annually
Term of principal payment	Repaid on maturity
Issue price	Priced at face value on issue date
	<u>Fifth issue of non-cumulative perpetual bonds for 2015</u>
Par value	\$1,450,000
Stated interest rate	Fixed interest rate at 4.10%
Period	Perpetual
Interest payment date	Payable annually
Term of principal payment	Perpetual
Issue price	Priced at face value on issue date
	<u>Sixth issue of subordinate bank debentures in 2015</u>
Par value	\$2,000,000
Stated interest rate	Fixed interest rate at 2.08%
Period	Seven years
Interest payment date	Payable annually
Term of principal payment	Repaid on maturity
Issue price	Priced at face value on issue date
	<u>First issue of subordinate bank debentures in 2021</u>
Par value	\$5,000,000
Stated interest rate	Fixed interest rate at 0.67%
Period	Ten years
Interest payment date	Payable annually
Term of principal payment	Repaid on maturity
Issue price	Priced at face value on issue date

B. The details of unsecured corporate bonds as of March 31, 2021 were as follows:
The Company

	Yuanta Financial Holdings first issue of local unsecured normal corporate bond in 2015
	<hr/>
Par value	\$1,300,000
Stated interest rate	Fixed interest rate at 1.67%
Period	Seven years
Interest payment date	Payable annually
Term of principal payment	Repaid on maturity
Issue price	Priced at face value on issue date
	Yuanta Financial Holdings first issue of local unsecured normal corporate bond in 2016(B)
	<hr/>
Par value	\$4,000,000
Stated interest rate	Fixed interest rate at 0.80%
Period	Five years
Interest payment date	Payable annually
Term of principal payment	Repaid on maturity
Issue price	Priced at face value on issue date
	Yuanta Financial Holdings first issue of local unsecured normal corporate bond in 2016(C)
	<hr/>
Par value	\$8,000,000
Stated interest rate	Fixed interest rate at 1.00%
Period	Seven years
Interest payment date	Payable annually
Term of principal payment	Repaid on maturity
Issue price	Priced at face value on issue date
	Yuanta Financial Holdings second issue of local unsecured normal corporate bond in 2016(B)
	<hr/>
Par value	\$1,600,000
Stated interest rate	Fixed interest rate at 0.85%
Period	Six years
Interest payment date	Payable annually
Term of principal payment	Repaid on maturity
Issue price	Priced at face value on issue date
	Yuanta Financial Holdings first issue of local unsecured normal corporate bond in 2018(A)
	<hr/>
Par value	\$1,500,000
Stated interest rate	Fixed interest rate at 0.86%
Period	Five years
Interest payment date	Payable annually
Term of principal payment	Repaid on maturity
Issue price	Priced at face value on issue date

	Yuanta Financial Holdings first issue of local unsecured normal corporate bond in 2018(B)
Par value	\$8,500,000
Stated interest rate	Fixed interest rate at 0.96%
Period	Seven years
Interest payment date	Payable annually
Term of principal payment	Repaid on maturity
Issue price	Priced at face value on issue date
	Yuanta Financial Holdings first issue of local unsecured normal corporate bond in 2020
Par value	\$5,000,000
Stated interest rate	Fixed interest rate at 0.59%
Period	Ten years
Interest payment date	Payable annually
Term of principal payment	Repaid on maturity
Issue price	Priced at face value on issue date
	First issue of unsecured subordinate normal corporate bond in 2019(A)
Par value	\$2,200,000
Stated interest rate	Fixed interest rate at 1.25%
Issuance date	June 6, 2019
Maturity date	June 6, 2026
Issuance area	Taiwan
	First issue of unsecured subordinate normal corporate bond in 2019(B)
Par value	\$6,300,000
Stated interest rate	Fixed interest rate at 1.40%
Issuance date	June 6, 2019
Maturity date	June 6, 2029
Issuance area	Taiwan
	First issue of unsecured subordinate normal corporate bond in 2020(A)
Par value	\$1,300,000
Stated interest rate	Fixed interest rate at 0.85%
Issuance date	October 20, 2020
Maturity date	October 20, 2027
Issuance area	Taiwan

	First issue of unsecured subordinate normal corporate bond in 2020(B)
Par value	\$3,700,000
Stated interest rate	Fixed interest rate at 0.95%
Issuance date	October 20, 2020
Maturity date	October 20, 2030
Issuance area	Taiwan
	Yuanta Securities Asia Financial Services USD denominated unsecured privately placed bonds
Par value	USD 50,000 thousand (USD 31,260 thousand outstanding)
Stated interest rate	Fixed interest rate at 4.10%
Issuance date	August 2, 2018
Maturity date	August 2, 2023
Issuance area	Hong Kong
	Yuanta Securities Finance first issue of local unsecured normal corporate bond in 2020(A)
Par value	\$2,300,000
Stated interest rate	Fixed interest rate at 0.63%
Issuance date	May 6, 2020
Maturity date	May 6, 2025
Issuance area	Taiwan
	Yuanta Securities Finance first issue of local unsecured normal corporate bond in 2020(B)
Par value	\$2,700,000
Stated interest rate	Fixed interest rate at 0.67%
Issuance date	May 6, 2020
Maturity date	May 6, 2027
Issuance area	Taiwan

(25) Other borrowings

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Short-term borrowings			
Unsecured bank borrowings	\$ 4,749,632	\$ 5,412,015	\$ 12,455,768
Secured bank borrowings	3,271,142	5,577,018	5,232,769
KSFC secured borrowings	27,196,402	27,901,800	12,910,243
Issuance of short-term bond	18,578,551	18,905,228	24,472,017
Unsecured short-term bond	-	-	2,795,781
	<u>\$ 53,795,727</u>	<u>\$ 57,796,061</u>	<u>\$ 57,866,578</u>
Interest rate-short-term (%)	<u>0.59% ~ 6.90%</u>	<u>0.60% ~ 8.60%</u>	<u>0.93% ~ 8.60%</u>

The Yuanta Group has provided certain assets as pledged assets for the above loans, please refer to Note 8.

(26) Provisions for other liabilities

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Insurance liability	\$ 312,030,403	\$ 304,868,061	\$ 275,598,402
Reserve for foreign exchange fluctuation	520,163	714,669	785,996
Employee benefit liabilities reserve	6,041,238	6,629,634	5,483,832
Guaranteed policy reserve	171,095	151,060	152,459
Loan commitment reserve and letters of credit	45,680	44,148	48,374
Other reserves (Note)	662,990	664,363	480,863
Total	<u>\$ 319,471,569</u>	<u>\$ 313,071,935</u>	<u>\$ 282,549,926</u>

Note: For former TongYang Securities Inc.'s disputes with investors, incident to the sale of financial products issued by associates of the Tong Yang Group, for which investors have filed complaints with the competent authority of Korea, the competent authority of Korea, since July 31, 2014, has announced the results of the first mediation through the subsequent tenth mediation, concluding total disputed sales of KRW697,000 million (approximately NT\$17.6 billion); of which former TongYang Securities Inc. was liable for compensations totaling KRW67,678 million (approximately NT\$1.7 billion). Starting from the end of September 2014, other than a minority of customers who filed complaints, disagreeing with the above-mentioned mediated results by the competent authority, former TongYang Securities Inc. has commenced paying compensations.

In addition, as of March 31, 2021, there were 2 litigations filed against former TongYang Securities Inc. and its subsidiaries related to the above-mentioned dispute on financial products selling, demanding compensations totaling KRW542,565 million (approximately NT\$13.7 billion); of all were class actions, demanding compensation of KRW492,565 million (approximately NT\$12.4 billion) and KRW50,000 million (approximately NT\$1.3 billion). For the KRW492,565 million class action, the Seoul High Court found the relevant formal conditions of the class action (such as commonality and efficiency) were already in place on October 28, 2019 and permitted the procedure application of this class action. Then the Supreme Court dismissed the appeal of Yuanta Securities (Korea), so that the case would proceed to the substantive trial and the Court would determine whether the plaintiffs' request is justified. For the KRW50,000 million class action, the Seoul Central District Court and the Seoul High Court had rejected through the adjudication procedure, the plaintiffs filed an appeal on October 22, 2018 and the class action was in the process of the third instance.

Former TongYang Securities Inc. has recognised a liability reserve of KRW93,400 million (approximately NT\$2.4 billion) on December 31, 2013 for the aforementioned sales dispute. Other than adjustments made for actual compensation payments, former TongYang Securities Inc., after comprehensively considering the status of litigations and compensations, has reversed KRW24,111 million (approximately NT\$610 million) in liability reserves as of March 31, 2021. As of March 31, 2021, the balance of the liability reserve related to the aforementioned dispute on sales of financial products was KRW4,989 million (approximately NT\$130 million).

A. The components of insurance liabilities are as follows:

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Unearned premium reserve	\$ 855,494	\$ 795,764	\$ 668,847
Claims reserve	929,551	802,204	643,460
Reserve for policy benefit	305,521,414	298,427,292	269,483,698
Premium deficiency reserve	1,052,476	1,129,185	926,431
Other reserves	3,671,468	3,713,616	3,875,966
Total	<u>\$ 312,030,403</u>	<u>\$ 304,868,061</u>	<u>\$ 275,598,402</u>

(A) Unearned premium reserve and ceded unearned premium reserve

a. Details of unearned premium reserve and ceded unearned premium reserve are as follows:

	<u>March 31, 2021</u>		
	<u>Insurance contract</u>	<u>Financial instruments with discretionary participation features</u>	
		<u>participation features</u>	<u>Total</u>
Unearned premium reserve			
Personal life insurance	\$ 1,921	\$ -	\$ 1,921
Personal accident insurance	264,104	-	264,104
Personal health insurance	397,683	-	397,683
Group insurance	189,017	-	189,017
Investment-link insurance	2,769	-	2,769
	<u>\$ 855,494</u>	<u>\$ -</u>	<u>\$ 855,494</u>
Ceded unearned premium reserve			
Personal life insurance	\$ 356,332	\$ -	\$ 356,332
Personal accident insurance	582	-	582
Personal health insurance	136,003	-	136,003
Group insurance	1,324	-	1,324
Investment-link insurance	849	-	849
	<u>\$ 495,090</u>	<u>\$ -</u>	<u>\$ 495,090</u>

December 31, 2020			
	<u>Insurance contract</u>	<u>Financial instruments with discretionary participation features</u>	<u>Total</u>
Unearned premium reserve			
Personal life insurance	\$ 1,927	\$ -	\$ 1,927
Personal accident insurance	254,260	-	254,260
Personal health insurance	363,940	-	363,940
Group insurance	173,290	-	173,290
Investment-link insurance	2,347	-	2,347
	<u>\$ 795,764</u>	<u>\$ -</u>	<u>\$ 795,764</u>
Ceded unearned premium reserve			
Personal life insurance	\$ 379,447	\$ -	\$ 379,447
Personal accident insurance	702	-	702
Personal health insurance	164,367	-	164,367
Group insurance	1,790	-	1,790
Investment-link insurance	846	-	846
	<u>\$ 547,152</u>	<u>\$ -</u>	<u>\$ 547,152</u>
March 31, 2020			
	<u>Insurance contract</u>	<u>Financial instruments with discretionary participation features</u>	<u>Total</u>
Unearned premium reserve			
Personal life insurance	\$ 1,473	\$ -	\$ 1,473
Personal accident insurance	230,231	-	230,231
Personal health insurance	273,862	-	273,862
Group insurance	160,681	-	160,681
Investment-link insurance	2,600	-	2,600
	<u>\$ 668,847</u>	<u>\$ -</u>	<u>\$ 668,847</u>
Ceded unearned premium reserve			
Personal life insurance	\$ 384,024	\$ -	\$ 384,024
Personal accident insurance	356	-	356
Personal health insurance	132,302	-	132,302
Group insurance	1,851	-	1,851
Investment-link insurance	846	-	846
	<u>\$ 519,379</u>	<u>\$ -</u>	<u>\$ 519,379</u>

b. Change in unearned premium reserve and ceded unearned premium reserve are as follows:

	For the three months ended March 31,	
	2021	2020
Unearned premium reserve		
At January 1,	\$ 795,764	\$ 633,319
Current net change	<u>59,730</u>	<u>35,528</u>
At March 31,	<u>\$ 855,494</u>	<u>\$ 668,847</u>
	For the three months ended March 31,	
	2021	2020
Ceded unearned premium reserve		
At January 1,	\$ 547,152	\$ 505,791
Current net change	(52,058)	13,517
(Loss) gain on foreign exchange	(4)	71
At March 31,	<u>\$ 495,090</u>	<u>\$ 519,379</u>

(B) Claims reserve and ceded claims reserve

a. Details of claims reserve and ceded claims reserve are as follows:

	March 31, 2021		
	Claims reported but not paid	Claims incurred but not reported	Total
Claims reserve			
Personal life insurance	\$ 457,112	\$ 484	\$ 457,596
Personal accident insurance	3,594	43,293	46,887
Personal health insurance	273,466	120,021	393,487
Group insurance	7,559	21,494	29,053
Investment-link insurance	<u>2,509</u>	<u>19</u>	<u>2,528</u>
	<u>\$ 744,240</u>	<u>\$ 185,311</u>	<u>\$ 929,551</u>
Ceded claims reserve			
Personal life insurance	\$ 58,613	\$ -	\$ 58,613
Personal health insurance	<u>64,306</u>	<u>-</u>	<u>64,306</u>
	<u>\$ 122,919</u>	<u>\$ -</u>	<u>\$ 122,919</u>

December 31, 2020			
	Claims reported but not paid	Claims incurred but not reported	Total
Claims reserve			
Personal life insurance	\$ 392,894	\$ 438	\$ 393,332
Personal accident insurance	3,776	40,729	44,505
Personal health insurance	231,260	108,467	339,727
Group insurance	4,399	19,322	23,721
Investment-link insurance	902	17	919
	<u>\$ 633,231</u>	<u>\$ 168,973</u>	<u>\$ 802,204</u>
Ceded claims reserve			
Personal life insurance	\$ 28,489	\$ -	\$ 28,489
Personal health insurance	49,772	-	49,772
	<u>\$ 78,261</u>	<u>\$ -</u>	<u>\$ 78,261</u>
March 31, 2020			
	Claims reported but not paid	Claims incurred but not reported	Total
Claims reserve			
Personal life insurance	\$ 325,532	\$ 284	\$ 325,816
Personal accident insurance	8,995	33,505	42,500
Personal health insurance	169,883	80,064	249,947
Group insurance	6,121	19,065	25,186
Investment-link insurance	-	11	11
	<u>\$ 510,531</u>	<u>\$ 132,929</u>	<u>\$ 643,460</u>
Ceded claims reserve			
Personal life insurance	\$ 29,854	\$ -	\$ 29,854
Personal accident insurance	17	-	17
Personal health insurance	66,475	-	66,475
	<u>\$ 96,346</u>	<u>\$ -</u>	<u>\$ 96,346</u>

b. Change in claims reserve and ceded claims reserve are as follows:

	For the three months ended March 31,	
	2021	2020
Claims reserve		
At January 1,	\$ 802,204	\$ 638,183
Current net change	127,342	5,054
Loss on foreign exchange	5	223
At March 31,	<u>\$ 929,551</u>	<u>\$ 643,460</u>
Ceded claims reserve		
At January 1,	\$ 78,261	\$ 66,754
Current net change	44,658	29,592
At March 31,	<u>\$ 122,919</u>	<u>\$ 96,346</u>

(C) Reserve for policy benefit

a. Details of reserve for policy benefit are as follows:

	March 31, 2021		
	Insurance contract	Financial instruments with discretionary participation features	Total
Life insurance	\$ 278,585,345	\$ -	\$ 278,585,345
Health insurance	26,389,081	-	26,389,081
Annuity insurance	7,948	362,641	370,589
Investment-link insurance	66,118	-	66,118
	<u>\$ 305,048,492</u>	<u>\$ 362,641</u>	<u>305,411,133</u>
Recovery of catastrophe reserve			4,221
Transferred in unwritten-off balance of 3% decrease in business tax			46,062
Payables to the insured			59,998
Total			<u>\$ 305,521,414</u>
December 31, 2020			
	Insurance contract	Financial instruments with discretionary participation features	Total
Life insurance	\$ 272,311,960	\$ -	\$ 272,311,960
Health insurance	25,592,354	-	25,592,354
Annuity insurance	8,517	352,808	361,325
Investment-link insurance	49,808	-	49,808
	<u>\$ 297,962,639</u>	<u>\$ 352,808</u>	<u>298,315,447</u>
Recovery of catastrophe reserve			4,221
Transferred in unwritten-off balance of 3% decrease in business tax			46,062
Payables to the insured			61,562
Total			<u>\$ 298,427,292</u>

	March 31, 2020		
	Insurance contract	Financial instruments with discretionary participation features	Total
Life insurance	\$ 245,331,177	\$ -	\$ 245,331,177
Health insurance	23,635,457	-	23,635,457
Annuity insurance	9,357	338,710	348,067
Investment-link insurance	51,942	-	51,942
	<u>\$ 269,027,933</u>	<u>\$ 338,710</u>	<u>269,366,643</u>
Recovery of catastrophe reserve			4,221
Transferred in unwritten-off balance of 3% decrease in business tax			46,062
Payables to the insured			66,772
Total			<u>\$ 269,483,698</u>

b. Changes in reserve for policy benefit:

	For the three months ended March 31,	
	2021(Note 1)	2020(Note 2)
At January 1,	\$ 298,418,335	\$ 260,675,996
Current net change	7,052,948	8,644,674
Loss on foreign exchange	40,407	155,769
At March 31,	<u>\$ 305,511,690</u>	<u>\$ 269,476,439</u>

Note 1: For the three months ended March 31, 2021, "Reserve for policy benefit-payables to the insured" is \$9,724. As of March 31, 2021, the total reserve for policy benefit amount of changes in reserve for policy benefit is \$305,521,414.

Note 2: For the three months ended March 31, 2020, "Reserve for policy benefit-payables to the insured" is \$7,259. As of March 31, 2020, the total reserve for policy benefit amount of changes in reserve for policy benefit is \$269,483,698.

For the three months ended March 31, 2021 and 2020, the interest expense, reflecting on the contract liabilities over a period of time, were \$2,004,423 and \$1,807,930, respectively.

(D) Premium deficiency reserve

a. Details of premium deficiency reserve are as follows:

	March 31, 2021		
	Insurance contract	Financial instruments with discretionary participation features	Total
Personal life insurance	\$ 1,036,671	\$ -	\$ 1,036,671
Personal health insurance	15,805	-	15,805
Total	<u>\$ 1,052,476</u>	<u>\$ -</u>	<u>\$ 1,052,476</u>

December 31, 2020			
Financial instruments with discretionary participation features			
	Insurance contract		Total
Personal life insurance	\$ 1,113,653	\$ -	\$ 1,113,653
Personal health insurance	15,532	-	15,532
Total	\$ 1,129,185	\$ -	\$ 1,129,185

March 31, 2020			
Financial instruments with discretionary participation features			
	Insurance contract		Total
Personal life insurance	\$ 912,271	\$ -	\$ 912,271
Personal health insurance	14,160	-	14,160
Total	\$ 926,431	\$ -	\$ 926,431

b. Change in premium deficiency reserve:

	For the three months ended March 31,	
	2021	2020
At January 1,	\$ 1,129,185	\$ 865,166
Current net change	(77,114)	60,410
Loss on foreign exchange	405	855
At March 31,	\$ 1,052,476	\$ 926,431

(E) Other reserves

Pursuant to IFRS 3, 'Business combinations', other reserves are set aside for reflecting the fair value of insurance policies assumed while recognising the individual identifiable assets acquired and liabilities assumed at fair value. Changes in aforesaid other reserves are as follows:

	For the three months ended March 31,	
	2021	2020
At January 1,	\$ 3,713,616	\$ 3,918,127
Recovery	(42,148)	(42,161)
At March 31,	\$ 3,671,468	\$ 3,875,966

B. Reserve for foreign exchange fluctuation

- (A) In accordance with the “Regulation Governing the Setting Aside of Various Reserves by Insurance Enterprises”, the Yuanta Group set aside foreign exchange reserve under liabilities. Details are as follows:

	For the three months ended March 31,	
	2021	2020
At January 1,	\$ 714,669	\$ 600,869
Provision		
Compulsory provision	54,392	53,916
Additional provision	25,776	275,200
Subtotal	794,837	929,985
Recovery	(274,674)	(143,989)
At March 31,	\$ 520,163	\$ 785,996

- (B) Effect of accounts eligible or ineligible for the foreign exchange reserve on the consolidated financial statements of Yuanta Life of the Yuanta Group for the three months ended March 31, 2021 and 2020 are as follows:

	For the three months ended March 31, 2021		
	Ineligible amount	Eligible amount	Impact
Net income	\$ 770,833	\$ 926,439	\$ 155,606
Earnings per share (in dollars)	0.32	0.39	0.07
Reserve for foreign exchange fluctuation	-	520,163	520,163
Total equity	29,183,120	28,751,682	(431,438)
	For the three months ended March 31, 2020		
	Ineligible amount	Eligible amount	Impact
Net income	\$ 494,312	\$ 346,210	(\$ 148,102)
Earnings per share (in dollars)	0.44	0.31	(0.13)
Reserve for foreign exchange fluctuation	-	785,996	785,996
Total equity	25,330,954	24,686,850	(644,104)

(27) Employee benefit liabilities reserve

A. Defined benefit plans:

- (A) The Company and its domestic subsidiaries have a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45~61 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Yuanta Group also established a special retention bonus plan applicable to certain employees. Except for Yuanta Securities Finance contributing retirement fund by 8% of the employees' monthly salaries and wages, the Yuanta Group contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the

- trustee, under the name of the independent retirement fund committee. Also, the Yuanta Group would assess the balance in the aforementioned labor pension reserve account by the end of December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method, to the employees expected to be qualified for retirement next year, the Yuanta Group will make contributions to cover the deficit by next March. Yuanta Securities (Korea) and its subsidiary have a defined benefit plan or a defined contribution plan in accordance with the relevant laws and regulations applied by the local Korean government. Yuanta Securities Investment Trust obtained the approval letter no. 1086074270 and no. 1096073370 from Department of Labor, Taipei City government to suspend the pension contribution for the period from September 2019 to August 2021.
- (B) For the aforementioned pension plan, the Company and its domestic subsidiaries recognised pension costs of \$13,929 and \$16,807 for the three months ended March 31, 2021 and 2020, respectively.
- (C) Expected contributions to the defined benefit pension plans of the Company and its domestic subsidiaries for the year ending December 31, 2022 amount to \$44,366.
- B. Defined contribution plans:
- (A) Effective July 1, 2005, the Company and its domestic subsidiaries have established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.
- (B) Effective July 1, 2005, a retirement plan was established by Yuanta Life, covering all its telemarketing representatives. Under the retirement plan, Yuanta Life recognises monthly an amount equal to 7% of the employees’ monthly incentive bonuses as retirement pay. The retirement plan is contributed till July 2016. Cumulated amounts will be retained until telemarketing representatives retire, after which it will be paid in lump-sum to each telemarketing representative according to their respective entitled proportions under the plan. Effective August 1, 2008, Yuanta Life established an “Incentive Award Plan”, which covered its sales agents. Under the “Incentive Award Plan”, Yuanta Life calculates monthly contributions based on the agent’s service years and a monthly commission effective for the first year. The “Incentive Award Plan” is contributed till June 2014. Cumulated amounts will be retained until sales agents retire, after which it will be paid in lump-sum to each sales agent according to their respective entitled proportions under the plan.
- (C) Termination provisions
On August 21, 2015, Ta Chong Bank entered into second amendments agreement of share conversion agreement with the Company, the agreements including secured employees’ right, the secure period was 36 months after the effective date of combination of banks. As of December 31, 2020, and March 31, 2020, the termination provision which was recognised for aforementioned event amounted to \$123,575 and \$124,410, respectively (recorded as provision for liabilities). As the application of aforementioned employee's rights has been due on December 31, 2020, the provision for liabilities has been recognised as actual amount of payables and repaid the termination provision on January 29, 2021.
- (D) Under the defined contribution plan, the Company and its domestic subsidiaries recognised pension expense of \$126,548 (recorded as employees’ benefit expenses of \$124,994 and net income other than interest of \$1,554) and \$115,321 (recorded as employees’ benefit expenses of \$112,940 and net income other than interest of \$2,381) for the three months ended March 31, 2021 and 2020, respectively.

(E) The pension plans for the consolidated foreign subsidiaries are as follows:

The pension plan for Yuanta Securities Asia Finance is in compliance with the regulations of each employee nationality. Yuanta HK Holdings (Cayman) Ltd., Yuanta Securities Holding (B.V.I) Ltd. and Yuanta Investment Management (Cayman) Ltd. do not have compulsory pension plans according to local regulations. Other foreign subsidiaries are in compliance with related regulations enacted by local governments. For the three months ended March 31, 2021 and 2020, the foreign subsidiaries recognised \$125,881 and \$127,535, respectively, of pension expense by complying with aforementioned regulations.

(28) Other financial liabilities

	March 31, 2021	December 31, 2020	March 31, 2020
Futures traders' equity	\$ 91,556,727	\$ 83,440,553	\$ 84,619,208
Structured deposit	3,022,429	3,349,248	5,494,303
Investment-linked products liabilities	8,671,947	1,923,783	1,584,686
Appropriated loan fund	-	-	1,000
Total	<u>\$ 103,251,103</u>	<u>\$ 88,713,584</u>	<u>\$ 91,699,197</u>

(29) Other liabilities

	March 31, 2021	December 31, 2020	March 31, 2020
Guarantee deposit-in and margin deposits	\$ 31,791,806	\$ 29,366,404	\$ 25,883,303
Underwriting share proceeds collected on behalf of customers	42	4,699,339	20,757
Collections in advance	2,393,887	1,975,566	1,612,222
Retention bonus payable	1,302,562	1,252,976	1,492,752
Refundable deposits	2,473,327	3,947,898	775,093
Refundable deposits-derivative transactions	2,671,749	2,841,750	3,225,218
Others	14,937,414	2,350,652	1,237,973
Total	<u>\$ 55,570,787</u>	<u>\$ 46,434,585</u>	<u>\$ 34,247,318</u>

(30) Share capital

As of March 31, 2021, December 31, 2020, and March 31, 2020, the Company's total authorized capital were all \$180,000,000 and total paid-in capital were \$121,374,360, \$121,374,360 and \$116,706,115, respectively. The aforementioned total paid-in capital includes 12,137,436, 12,137,436 and 11,670,612 thousand shares of common stock, each with a par value of \$10 dollars per share.

(31) Capital surplus

As required by the Company Law, capital reserve of premiums exceeding the face value on issuance or the donation is to be used to offset any accumulated deficit. Alternatively, it may be used to increase capital by issuing new shares or to distribute cash to shareholders in proportion to their share ownership provided that the Company has no accumulated deficit. In addition, as required by Securities and Exchange Act, only 10% of the aforementioned paid-in capital reserve shall be capitalized annually in total. Unless the earnings reserve is insufficient to offset the deficit, the capital reserve shall not be used.

However, according to Securities and Futures Bureau (SFB) regulations, capital surplus resulting from undistributed earnings absorbed from subsidiaries after share exchange of the Company is permitted to be transferred to capital or used to distribute cash dividends in the current period. In addition, the amount of capital surplus to be transferred to capital or used to distribute cash dividends is not subject to the aforementioned limitations.

	March 31, 2021	December 31, 2020	March 31, 2020
Post 1998	\$ 4,036,443	\$ 4,036,443	\$ 4,036,443

Source and details of the capital surplus of the Company are as follows:

	March 31, 2021	December 31, 2020	March 31, 2020
Additional paid-in capital	\$ 33,573,790	\$ 33,573,790	\$ 33,573,790
Treasury share transactions	3,479,710	3,479,710	3,479,710
Others	832,449	832,449	629,379
	<u>\$ 37,885,949</u>	<u>\$ 37,885,949</u>	<u>\$ 37,682,879</u>

(32) Legal reserve and special reserve

As required by the Company Law, 10% of the current year's earnings, after paying all taxes and offsetting any accumulated deficit, are set aside as a legal reserve until the reserve balance equals the total amount of capital. The legal reserve is to be used exclusively to offset any accumulated deficit or to increase capital by issuing new shares or to distribute cash to shareholders in proportion to their share ownership and is not to be used for any other purposes. For legal reserve used in issuing new shares or distributing cash dividends, the amount of the legal reserve shall not exceed 25% of paid-in capital.

According to the SFB, upon the distribution of earnings, other than the setting aside of legal reserve, an equivalent amount of special reserve should be set aside from earnings after tax of the current year and the undistributed earnings of the prior period based on the decreased amount of stockholders' equity. For the cumulative decrease in stockholders' equity of the prior period, the equal amount of special reserve set aside based on the undistributed earnings should not be distributed. If there is any reversal of the decrease in stockholders' equity, the earnings may be distributed based on the reversal proportion.

According to Jin-Guan-Yin-Fa Letter No. 10310006310 dated December 30, 2014, in order to maintain the stability of the Company's financial structure, the retained earnings arising from bargain purchase benefits of the acquisition by financial holding company or its subsidiaries shall be set aside as special reserve, and shall not be reversed within one year. After a year, the value of acquired assets are certified to be in likelihood of value at acquisition date without any sign of unexpected impairment by a certified public accountant, and the special reserve could be used in recovering accumulated deficit, or increasing the Company's capital.

(33) Undistributed earnings

A. According to the Company's Articles of Incorporation, the annual net income will be distributed as follows:

- (A) Pay income tax;
- (B) Offset prior years' deficits;
- (C) Provide legal reserve and special reserve; and
- (D) The remaining amount and prior years' undistributed earnings shall be resolved by the stockholders during their meeting.

- B. In order to continuously expand operation scale and enhance the profitability, the Company follows its long-term financial planning and relevant Articles of Incorporation to adopt a dividend surplus policy. In principle, the dividend appropriation is based on annual earnings calculated based on the above Articles of Incorporation. After the retention of capital required according to the operation scheme, the remainder shall be distributed in the form of cash dividends. However, the cash dividends shall not be less than 40% of the annual earnings to be distributed.
- C. Details of the earnings distribution for 2020 of the Company resolved by the Board of Directors on March 23, 2021 and the earnings distribution for 2019 resolved by the stockholders' meeting on June 9, 2020 are as follows:

	2020 earnings		2019 earnings	
	Amount	Dividend per share (in dollars)	Amount	Dividend per share (in dollars)
Cash dividends	\$ 14,564,923	\$ 1.20	\$ 7,585,897	\$ 0.65
Stock dividends	-	-	4,668,245	0.40

The status of the distribution of earnings approved by the Board of Directors and resolved by stockholders is available at the website of the Market Observation Post System provided by the Taiwan Stock Exchange Corporation (TWSE).

- D. Please refer to Note 6(42) for the details of the bonus to employees and remuneration to directors and supervisors.

(34) Other equity items

	Exchange differences on translation of foreign financial statements	Unrealised gain (loss) on financial assets measured at fair value through other comprehensive income	Change in fair value of financial liability attributable to change in credit risk	Other comprehensive income on reclassification under the overlay approach	Total
Balance, January 1, 2021	(\$ 4,467,136)	\$ 16,726,148	(\$ 45,138)	\$ 345,649	\$ 12,559,523
Financial assets at fair value through other comprehensive income					
- Evaluation adjustment in the period	-	397,243	-	-	397,243
- Evaluation transferred to profit or loss	- (	550,215)	-	- (	550,215)
- Evaluation transferred to retained earnings	- (	444,896)	-	- (	444,896)
Other comprehensive income on reclassification under the overlay approach	-	-	- (	733,920)	(733,920)
Changes in translation difference of foreign operating entities	(1,120,161)	-	-	- (	1,120,161)
Effects on income tax	-	237,304	-	12,578	249,882
Evaluation of credit risk	-	-	(54)	-	(54)
Balance, March 31, 2021	(\$ 5,587,297)	\$ 16,365,584	(\$ 45,192)	(\$ 375,693)	\$ 10,357,402

	Exchange differences on translation of foreign financial statements	Unrealised gain (loss) on financial assets measured at fair value through other comprehensive income	Change in fair value of financial liability attributable to change in credit risk	Other comprehensive income on reclassification under the overlay approach	Total
Balance, January 1, 2020	(\$ 3,528,386)	\$ 11,907,186	(\$ 36,730)	\$ 46,959	\$ 8,389,029
Financial assets at fair value through other comprehensive income					
- Evaluation adjustment in the period	-	(3,399,180)	-	-	(3,399,180)
- Evaluation transferred to profit or loss	-	(706,568)	-	-	(706,568)
- Evaluation transferred to retained earnings	-	410	-	-	410
Other comprehensive income on reclassification under the overlay approach	-	-	-	(2,131,435)	(2,131,435)
Changes in translation difference of foreign operating entities	(1,456,391)	-	-	-	(1,456,391)
Effects on income tax	-	94,587	-	8,356	102,943
Evaluation of credit risk	-	-	(220)	-	(220)
Balance, March 31, 2020	<u>(\$ 4,984,777)</u>	<u>\$ 7,896,435</u>	<u>(\$ 36,950)</u>	<u>(\$ 2,076,120)</u>	<u>\$ 798,588</u>

(BLANK)

(35) Net interest income

	<u>For the three months ended March 31,</u>	
	<u>2021</u>	<u>2020</u>
<u>Interest income</u>		
Bills discounted and interest income on loans	\$ 3,685,028	\$ 4,543,696
Interest income from margin trade	1,515,948	1,003,894
Interest income on securities investment	3,117,150	3,276,314
Interest income from placement and call loan to other banks	200,049	406,418
Interest income on bills and bonds purchased under resale agreements	63,932	133,908
Recurring interest income from credit card	46,153	54,860
Other interest income	273,716	310,188
Subtotal	<u>8,901,976</u>	<u>9,729,278</u>
<u>Interest expense</u>		
Interest expense of deposit	(\$ 900,271)	(\$ 1,701,714)
Interest expense of Central Bank and other banks' deposit	(4,226)	(22,093)
Interest expense on due to the Central Bank and other banks	(193,453)	(280,786)
Interest expense on bills and bonds sold under repurchase agreements	(191,582)	(554,244)
Interest expense of structured instruments	(14,675)	(71,947)
Coupon rate of bank debenture	(195,586)	(205,252)
Coupon rate of corporate bonds	(113,834)	(88,094)
Coupon rate of commercial papers	(25,749)	(77,112)
Interest expense of margin purchase	(6,938)	(7,385)
Lease liabilities interest expense	(21,085)	(25,862)
Other interest expense	(42,313)	(152,559)
Subtotal	<u>(1,709,712)</u>	<u>(3,187,048)</u>
Total	<u>\$ 7,192,264</u>	<u>\$ 6,542,230</u>

(36) Net service fee and commission income

	For the three months ended March 31,	
	2021	2020
<u>Service fee and commission income</u>		
Brokerage service fee income	\$ 8,988,581	\$ 5,301,537
Service fee income on insurance brokerage and stock register	350,647	427,198
Service fee on credit cards	226,691	305,711
Service fee income on trust business	931,705	935,178
Service income on credit extension	138,192	170,717
Underwriting service income	282,183	291,785
Service income on margin trade	31,541	32,168
Commission – reinsurance allowance	20,775	32,123
Service income on foreign exchange	19,081	19,570
Service fee income on consigned settlement	9,801	12,396
Deposits and remittance and other service income	133,468	168,608
Subtotal	<u>11,132,665</u>	<u>7,696,991</u>
<u>Service fee expenses and commission expense</u>		
Insurance commission expense	(\$ 443,410)	(\$ 835,824)
Service expense on trust business	(990)	(693)
Service expense on brokerage	(775,833)	(713,117)
Service expense on self-operation	(40,376)	(32,371)
Service fee expense on credit cards	(199,962)	(270,169)
Service expense on settlement	(170,999)	(194,082)
Futures commission expense	(110,707)	(135,627)
Underwriting service expense	(1,679)	(1,334)
Service expense on foreign exchange	(9,568)	(10,373)
Service expense on credit extension	(5,521)	(9,525)
Deposits and remittance and other service expense	(100,345)	(87,205)
Subtotal	<u>(1,859,390)</u>	<u>(2,290,320)</u>
Total	<u>\$ 9,273,275</u>	<u>\$ 5,406,671</u>

(37) Net income from insurance operations

	For the three months ended March 31,	
	2021	2020
<u>Income from insurance operations</u>		
Gross collected premiums	\$ 10,177,644	\$ 11,455,112
Less: Reinsurance premium ceded	(189,288)	(245,745)
Net changes of unearned premium reserve	(111,788)	(22,011)
Retention earned premium income	9,876,568	11,187,356
Investment-linked product income (Note)	911,242	(270,402)
Subtotal	10,787,810	10,916,954
<u>Expense from insurance operations</u>		
Claims and policy benefits	(\$ 3,718,246)	(\$ 2,526,921)
Less: Claims recovered from reinsurers	159,923	115,954
Retention claims and policy benefits payments	(3,558,323)	(2,410,967)
Underwriting expenses	(1,591)	(1,430)
Expense from guaranty fund	(19,350)	(21,774)
Investment-linked product expenses (Note)	(911,242)	270,402
Subtotal	(4,490,506)	(2,163,769)
Total	\$ 6,297,304	\$ 8,753,185

Note: Details about the assets on insurance products, separated accounts are provided in Note 6(12).

(38) Gain or loss on financial assets and liabilities at fair value through profit or loss

	For the three months ended March 31,	
	2021	2020
<u>Realized gains or losses on financial assets and liabilities at fair value through profit or loss</u>		
Commercial papers	\$ 47,358	\$ 50,565
Bonds	2,727,543	1,392,774
Stocks	4,343,221	(2,086,591)
Beneficiary certificates	245,007	(2,867,303)
Interest-linked instrument	(273,843)	(82,167)
Exchange rate-linked instrument	619,449	565,632
Other financial derivative instruments	9,747,789	(2,615,406)
(Loss) gain on covering of borrowed securities and bonds with resale agreements	(2,623,835)	345,208
Gain (loss) from issuing call (put) warrants	423,144	(4,552,166)
Issuing call (put) warrants expense	(121,092)	(84,547)
Others	856,997	3,547,420
Subtotal	15,991,738	(6,386,581)

	For the three months ended March 31,	
	2021	2020
<u>Unrealized gains or losses on financial assets and liabilities at fair value through profit or loss</u>		
Commercial papers	\$ 12,186	\$ 606
Bonds	(299,816)	69,461
Stocks	3,450,557	(3,337,279)
Beneficiary certificates	(1,341,751)	61,728
Interest-linked instrument	(1,018,930)	2,540,484
Exchange rate-linked instrument	(1,429,670)	(816,978)
Other financial derivative instruments	(2,530,402)	(2,412,539)
Valuation (loss) gain on borrowed securities and bonds with resale agreements	(5,021,927)	3,401,122
(Loss) gain on issuance of call (put) warrants	(694,042)	5,526,859
Others	224,508	244,970
Subtotal	(8,649,287)	5,278,434
Total	<u>\$ 7,342,451</u>	<u>(\$ 1,108,147)</u>

- A. The realised gains or losses on the financial assets and liabilities at fair value through profit and loss of the Yuanta Group for the three months ended March 31, 2021 and 2020, including the gain (loss) on disposal, were \$14,641,531 and (\$7,948,018), respectively, and the issuing call (put) warrants expense, were \$121,092 and \$84,547, respectively, and the dividends income were \$484,471 and \$225,826, respectively, and the interest income were \$986,828 and \$1,420,158, respectively.
- B. The Yuanta Group recognised net (loss) gain amounting to (\$1,462,730) and \$8,636,886, respectively, on financial liabilities designated as at fair value through profit or loss for the three months ended March 31, 2021 and 2020.
- C. Net income on the exchange rate instruments includes realised and unrealised gains and losses on forward exchange agreements, FX options, and exchange rate futures.
- D. Interest-linked instruments include interest rate swap contracts, money market instruments, interest linked-options and other interest related instruments.
- E. Any change in fair value of the derivatives together managed with the financial instruments designated at fair value through profit and loss is listed under “gain and loss of financial assets and liabilities at fair value through profit and loss”.

(39) Asset impairment loss

	For the three months ended March 31,	
	2021	2020
(Reversal of impairment loss) impairment loss on investments in debt instruments measured at fair value through other comprehensive income	(\$ 1,446)	\$ 5,544
Impairment loss on investments in debt instruments at amortised cost	1,568	2,697
Impairment loss on property and equipment	-	158
Impairment loss on intangible assets	6,701	-
Total	<u>\$ 6,823</u>	<u>\$ 8,399</u>

(40) Net other miscellaneous income

	For the three months ended March 31,	
	2021	2020
Borrowed stock revenue	\$ 319,017	\$ 365,574
Net change of reserve for foreign exchange fluctuation	194,507	(185,127)
Other net income	330,781	262,905
Total	<u>\$ 844,305</u>	<u>\$ 443,352</u>

(41) Provision for bad debt expenses, commitment and reserve for guarantee liabilities

	For the three months ended March 31,	
	2021	2020
(Recovery) bad debt expense of accounts receivable	(\$ 19,315)	\$ 122,121
Bad debt expense of bills discounted and loans	345,065	761,970
Recognition of reserve for guarantee liabilities	20,030	5,270
Recognition of loan commitment reserve and other reserve	1,807	292
Recovery of bad debt expense	(274,125)	(218,471)
Total	<u>\$ 73,462</u>	<u>\$ 671,182</u>

(42) Employee benefit expense

	For the three months ended March 31,	
	2021	2020
Wages and salaries	\$ 8,153,080	\$ 5,504,093
Labor and health insurance fees	276,321	245,077
Pension costs	264,804	257,282
Termination benefits	24,204	4,184
Other employee benefit expenses	340,964	338,305
Total	<u>\$ 9,059,373</u>	<u>\$ 6,348,941</u>

The numbers of employees of the Yuanta Group were 14,298 and 14,209 for the three months ended March 31, 2021 and 2020, respectively.

- A. After covering accumulated deficit with the year-end earnings (that is income before taxes less income before employees' compensation provisions), 0.01% to 0.5% was appropriated as employees' compensation and an amount less than 0.9% was appropriated as directors' and supervisors' remuneration.
- B. For the three months ended March 31, 2021 and 2020, employees' compensation was accrued at \$8,467 and \$3,842, respectively; directors' and supervisors' remuneration was accrued at \$76,199 and \$34,580, respectively. The aforementioned amounts were recognised in salary expenses. The employees' compensation and directors' and supervisors' remuneration of 2020 as resolved by the Board of Directors in 2020 was in agreement with those amounts recognised in the 2020 financial statements. Information is available at the website of the Market Observation Post System provided by the Taiwan Stock Exchange Corporation (TWSE).

(43) Depreciation and amortization

	For the three months ended March 31,	
	2021	2020
Investment property depreciation	\$ 25,594	\$ 23,238
Property and equipment depreciation	269,130	245,861
Right-of-use asset depreciation	352,773	384,146
Intangible asset amortization	120,658	120,423
Deferred assets amortization	14,778	15,548
Total	<u>\$ 782,933</u>	<u>\$ 789,216</u>

(44) Other business and administrative expenses

	For the three months ended March 31,	
	2021	2020
Tax	\$ 1,306,754	\$ 937,016
Computer science expense	349,655	314,312
Commission expense	274,055	229,644
Professional expense	172,450	160,960
Postage and telephone costs	177,283	173,524
Miscellaneous expenses	186,876	191,834
Security borrowing expenses	249,668	208,712
Others	997,270	885,894
Total	<u>\$ 3,714,011</u>	<u>\$ 3,101,896</u>

(45) Income tax

The details of the Yuanta Group's income tax expense are as follows:

A. Income tax expense

(A) Components of income tax expense:

	For the three months ended March 31,	
	2021	2020
Current tax:		
Income tax from current income period	\$ 2,571,810	\$ 704,888
Adjustments in respect of prior years	(15,480)	(25,661)
Total current tax	<u>2,556,330</u>	<u>679,227</u>
Deferred tax:		
Origination and reversal of temporary differences	621,443	150,324
Impact of change in tax rate	2,933	-
Total deferred tax	<u>624,376</u>	<u>150,324</u>
Income tax expense	<u>\$ 3,180,706</u>	<u>\$ 829,551</u>

(B) The income tax (charge)/credit relating to components of other comprehensive income is as follows:

	<u>For the three months ended March 31,</u>	
	<u>2021</u>	<u>2020</u>
Unrealised gain or loss from investments in debt instruments measured at fair value through other comprehensive income	(\$ 262,454)	(\$ 142,789)
Unrealised gain or loss from investments in equity instruments measured at fair value through other comprehensive income	40,800	68,684
Other comprehensive income or loss on reclassification under the overlay approach	(12,578)	(8,356)
Share of profit or loss of associates and joint ventures accounted for using equity method	280	24,644
Gain or loss on remeasurements of defined benefit plans	(19,026)	136
Total	<u>(\$ 252,978)</u>	<u>(\$ 57,681)</u>

B. As of March 31, 2021, the information on the Yuanta Group's income tax returns that have been assessed by the Tax Authority are as follows:

	<u>Assessment Information</u>
Yuanta Financial Holdings	Assessed through 2015
Yuanta Securities	Assessed through 2015
Yuanta Bank	Assessed through 2015
Yuanta Securities Finance	Assessed through 2019 and 2015(Note)
Yuanta Venture Capital	Assessed through 2015
Yuanta Asset Management	Assessed through 2015
Yuanta Securities Investment Consulting	Assessed through 2015
Yuanta Futures	Assessed through 2018
Yuanta Securities Investment Trust	Assessed through 2019
Yuanta Life	Assessed through 2015
Yuanta International Insurance Brokers	Assessed through 2019
Yuanta International Leasing	Assessed through 2019
Yuanta I Venture Capital	Assessed through 2018

Note: Income tax returns of Yuanta Securities Finance from 2016 to 2018 have not been assessed.

C. Income tax assessments of the Yuanta Group are as follows:

Yuanta Securities

(A) Yuanta Securities disagreed with the assessment of income tax returns by the tax authority for the year ended December 31, 2014 and has applied for an administrative remedy as well as estimated the related effects from income tax. The administrative remedies which were applied for 2007, from 2011 to 2013 and 2015 income tax returns by Yuanta Securities have been denied. As of March 31, 2021, the amount was \$1,316,596.

(B) The dissolved company, Polaris Securities disagreed with the Tax Authority's assessments of income tax returns for the fiscal year 2011. Polaris Securities has filed for administrative remedies in accordance with the law, and accrued the related income tax effects. As of March 31, 2021, the amount was \$61,137.

(46) Earnings per share

	<u>For the three months ended March 31, 2021</u>		
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (share in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic and diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 9,407,300	12,137,436	\$ 0.78
	<u>For the three months ended March 31, 2020</u>		
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (share in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic and diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 4,095,740	12,137,436	\$ 0.34

The above weighted-average outstanding stocks have been adjusted retrospectively according to the ratio of capital increase from retained earnings of 2019 on June 9, 2020. Basic earnings per share and diluted earnings per share before the adjustment was 0.35 (in dollars) for the three months ended March 31, 2020.

(47) Changes in liabilities from financing activities

	<u>Bills and bonds payable under repurchase agreements</u>	<u>Commercial paper payable</u>	<u>Bonds payable</u>	<u>Other borrowings</u>	<u>Lease liability</u>
At January 1, 2021	\$ 216,621,187	\$ 27,417,489	\$ 78,790,127	\$ 57,796,061	\$ 6,368,836
Changes in cash flow from financing activities	(20,259,367)	19,694,060	1,500,000	(4,000,334)	(187,668)
Impact of changes in foreign exchange rate	-	-	(16,861)	-	(93,393)
Amortisation of a premium or a discount on interest expense	-	6,703	17,628	-	-
At March 31, 2021	<u>\$ 196,361,820</u>	<u>\$ 47,118,252</u>	<u>\$ 80,290,894</u>	<u>\$ 53,795,727</u>	<u>\$ 6,087,775</u>

	Bills and bonds payable under repurchase agreements	Commercial paper payable	Bonds payable	Other borrowings	Lease liability
At January 1, 2020	\$ 198,665,918	\$ 38,621,728	\$ 68,849,634	\$ 60,847,992	\$ 5,527,660
Changes in cash flow from financing activities	(8,536,266)	11,160,838	-	(2,981,414)	1,151,033
Impact of changes in foreign exchange rate	-	-	(12,604)	-	(126,191)
Amortisation of a premium or a discount on interest expense	-	(12,377)	17,057	-	-
At March 31, 2020	<u>\$ 190,129,652</u>	<u>\$ 49,770,189</u>	<u>\$ 68,854,087</u>	<u>\$ 57,866,578</u>	<u>\$ 6,552,502</u>

7. Related party transactions

Any related party transactions amongst the Yuanta Group are eliminated upon consolidation and therefore no disclosure is made. Except for Note 7(2) and other additional notes provided, significant transactions with the related parties and the relationships to the Company are summarized below:

(1) Names and relationship of related parties

Names of related parties	Relationship with the Group
Funds managed by Yuanta Securities Investment Trust	Security investment trust fund raised by the Yuanta Securities Investment Trust
Polaris Research Institute (Polaris Research)	Related party in substance
Yuanta Construction Development Co., Ltd. (Yuanta Construction Development)	"
Yuen Foong Yu Consumer Products Co., Ltd. (YFYCPG)	" (Has become a related party since June 22, 2020.)
Yuanta Cultural & Education Foundation (Yuanta Foundation)	A director of Yuanta Group holds a key managing position
Wei Ran Co., Ltd.	" (No longer a related party since November 20, 2020.)
He's Education Foundation	" (No longer a related party since January 1, 2021.)
Taiwan Securities Association	" (No longer a related party since January 1, 2021.)
2011 KIF-TONGYANG IT Venture Fund	Investments accounted for using the equity method of Yuanta Securities (Korea)
TONGYANG AGRI-FOOD INVESTMENT Fund II	"
KVIC-Yuanta 2015 Overseas Advance Fund	"
IBKC-TONGYANG Growth 2013 Private Equity Fund	"
Yuanta Secondary No.2 Fund	"
Yuanta Secondary No.3 Private Equity Fund	"
2016 KIF-Yuanta ICT Venture Fund	"
Yuanta SPAC III	" (No longer a related party since March 31, 2021.)
Yuanta SPAC IV	"

Names of related parties	Relationship with the Group
Yuanta SPAC V	Investments accounted for using the equity method of Yuanta Securities (Korea)
Yuanta SPAC VI	"
Kiwoom-Yuanta 2019 Scale-up Fund	"
	(Has become a related party since April 29, 2020.)
Yuanta SPAC VII	"
	(Has become a related party since September 28, 2020.)
Yuanta SPAC VIII	"
	(Has become a related party since September 28, 2020.)
Yuanta Diamond Funds SPC	Funds managed by Yuanta Securities(Hong Kong)
Global Growth Investment, L.P.	Funds managed by Yuanta Asia Investment
Yuanta Asia Growth Investment, L.P.	"
Yuanta Innovative Job Creation Fund	"
	(Has become a related party since January 12, 2021.)
Other related parties	The Yuanta Group, funds managed by consolidated subsidiaries, related parties in substance, major stockholders of affiliated entities, key management and invested enterprise and consolidated company of its close relatives, employees' welfare committee which was established by consolidated company and key management which was related with group.

(2) Significant transactions and balances with related parties

A. Deposits

March 31, 2021			
Name	Ending balance	Percentage of deposits (%)	Interest rate (%)
All related parties	\$ 11,698,543	0.94	0.000~5.800
December 31, 2020			
Name	Ending balance	Percentage of deposits (%)	Interest rate (%)
All related parties	\$ 9,746,070	0.80	0.000~6.065
March 31, 2020			
Name	Ending balance	Percentage of deposits (%)	Interest rate (%)
All related parties	\$ 10,276,464	0.92	0.00~6.065

Apart from an interest rate limit on staff demand savings deposits of 5.80% and 5.80% ~ 6.065%, respectively, for the three months ended March 31, 2021 and 2020, the range of interest rates on other related parties' demand savings deposits were 0.00% ~ 3.00% and 0.00% ~ 4.60%, respectively. The interest rates and other terms provided to the above related parties were the same as the terms offered to the general public.

For the three months ended March 31, 2021 and 2020, interest expense on the above deposits were \$10,824 and \$28,693, respectively.

B. Loans

Yuanta Bank and its subsidiaries

March 31, 2021

Unit: In thousands of NT dollars

Types	Number of accounts or name of related party	Highest balance	Ending balance	Loan status		Collateral	Whether terms and conditions of the related party transactions are different from those of transactions with third parties.
				Normal loans	Overdue accounts		
Consumer loans	225	\$ 80,399	\$ 65,903	\$ 65,903	\$ -	Real estate, movables, deposits and credit loans	None
Home mortgage loans	473	3,979,296	3,665,828	3,665,828	-	Real estate	None
Other loans	74	277,629	205,899	205,899	-	Stock, deposits, policy and real estate	None
Total			\$ 3,937,630	\$ 3,937,630	\$ -		

December 31, 2020

Unit: In thousands of NT dollars

Types	Number of accounts or name of related party	Highest balance	Ending balance	Loan status		Collateral	Whether terms and conditions of the related party transactions are different from those of transactions with third parties.
				Normal loans	Overdue accounts		
Consumer loans	384	\$ 121,628	\$ 65,606	\$ 65,606	\$ -	Real estate, movables, deposits and credit loans	None
Home mortgage loans	499	4,242,226	3,682,393	3,682,393	-	Real estate	None
Other loans	Wei Ran Co., Ltd.	20,000	-	-	-	Real estate	None
	YFYCPG	254,800	-	-	-	Credit loans	None
	He's Education Foundation	27,000	-	-	-	Deposits	None
	94	412,222	211,013	211,013	-	Stock, deposits, policy and real estate	None
Total			\$ 3,959,012	\$ 3,959,012	\$ -		

March 31, 2020

Unit: In thousands of NT dollars

Types	Number of accounts or name of related party	Highest balance	Ending balance	Loan status		Collateral	Whether terms and conditions of the related party transactions are different from those of transactions with third parties.
				Normal loans	Overdue accounts		
Consumer loans	230	\$ 70,353	\$ 58,155	\$ 58,155	\$ -	Credit loans, movables and deposits	None
Home mortgage loans	446	3,407,311	3,251,007	3,251,007	-	Real estate	None
Other loans	Wei Ran Co., Ltd.	20,000	20,000	20,000	-	Real estate	None
	He's Education Foundation	27,000	27,000	27,000	-	Deposits	None
	76	283,110	158,362	158,362	-	Stock, deposits, policy and real estate	None
Total			\$ 3,514,524	\$ 3,514,524	\$ -		

Loans to related parties are under the same terms as those to other customers, except for interest rates on loans to affiliated companies were 1.62% ~ 2.00% for the three months ended March 31, 2020(no loans to affiliated companies for the three months ended March 31, 2021), the interest rates on the remaining loans are ranging from 0.00% ~ 6.42% and 0.00% ~ 6.69% for the three months ended March 31, 2021 and 2020, respectively, which are the same with the terms of general loans.

For the three months ended March 31, 2021 and 2020, interest income resulting from the above loans amounted to \$13,135 and \$13,847, respectively.

(BLANK)

C. Property transactions

(A) The details of the Yuanta Group investments in open-end funds were as follows (recorded as Financial assets at fair value through profit or loss):

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Other related parties:			
Funds managed by Yuanta Securities Investment Trust	\$ 9,881,196	\$ 8,732,186	\$ 10,734,911
Yuanta Asia Growth Investment, L.P.	96,804	96,385	49,271
	<u>\$ 9,978,000</u>	<u>\$ 8,828,571</u>	<u>\$ 10,784,182</u>

Proceeds on disposal

For the three months ended March 31,

<u>2021</u>	<u>2020</u>
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Other related parties:		
Funds managed by Yuanta Securities Investment Trust	<u>\$ 85,369,346</u>	<u>\$ 131,480,222</u>

Realized gain

For the three months ended March 31,

<u>2021</u>	<u>2020</u>
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Other related parties:		
Funds managed by Yuanta Securities Investment Trust	<u>\$ 588,804</u>	<u>\$ 819,650</u>

(B) The Yuanta Group has bills and bonds transactions under repurchase agreements with the related parties (recorded as Bond sold under repurchase agreements)

a. Bonds transactions under repurchase agreements

For the three months ended March 31, 2021

	<u>Highest balance</u>	<u>Ending balance</u>	<u>Interest rate (%)</u>	<u>Notional amount</u>
Company's directors:				
Others	\$ 250,042	\$ 200,015	0.20	
Others	5,706	5,706	0.30~1.65 (Note: USD)	USD 200 thousand
Other related parties:				
Others	1,193,959	<u>1,193,959</u>	0.20~0.25	
		<u>\$ 1,399,680</u>		

For the three months ended March 31, 2020				
	Highest balance	Ending balance	Interest rate (%)	Notional amount
Company's directors:				
Others	\$ 560,017	\$ 370,067	0.40	
Others	12,101	12,101	1.20~1.65 (Note: USD)	USD 400 thousand
Other related parties:				
Others	1,206,606	<u>741,730</u>	0.35~0.40	
		<u>\$ 1,123,898</u>		

Note: For foreign currency repo trade.

		Interest expenses	
		For the three months ended March 31,	
		2021	2020
Company's directors:			
Others		\$ 137	\$ 526
Other related parties:			
Others		<u>569</u>	<u>993</u>
		<u>\$ 706</u>	<u>\$ 1,519</u>

- b. Bonds transactions under repurchase agreements (recorded as Investments in bonds under resale agreements and Investments in bills under resale agreements)

For the three months ended March 31, 2021				
	Highest balance	Ending balance	Interest rate (%)	Notional amount
Company's directors:				
Others	\$ 4,850	<u>\$ -</u>	1.45~2.60	
For the three months ended March 31, 2020				
	Highest balance	Ending balance	Interest rate (%)	Notional amount
Company's directors:				
Others	\$ 5,143	<u>\$ 5,143</u>	2.60 (Note: USD)	USD 170 thousand

Note: For foreign currency repo trade.

		Interest income	
		For the three months ended March 31,	
		2021	2020
Company's directors:			
Others		<u>\$ 16</u>	<u>\$ 34</u>

D. Structured notes (recorded as Financial assets at fair value through profit or loss)

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Company's directors:			
Others	\$ 12,958	\$ 26,914	\$ 56,621
Other related parties:			
Others	1,000	7,531	10,980
	<u>\$ 13,958</u>	<u>\$ 34,445</u>	<u>\$ 67,601</u>

E. Equity of futures traders

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Other related parties:			
Funds managed by Yuanta			
Securities Investment Trust	\$ 33,096,584	\$ 28,223,681	\$ 28,401,319
Others	72,426	73,478	77,444
	<u>\$ 33,169,010</u>	<u>\$ 28,297,159</u>	<u>\$ 28,478,763</u>

F. Refundable deposits for securities lending, refundable deposits receivable lending, borrowing expenses payable and security borrowing expenses

Yuanta Securities and its subsidiaries draw and deposit cash for guarantees of securities borrowing of related parties and refundable deposits of securities borrowing receivables in the end of period, the details were as follows:

	<u>Refundable deposits for securities lending</u>		
	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Other related parties:			
Funds managed by Yuanta			
Securities Investment Trust	<u>\$ 5,227,092</u>	<u>\$ 4,142,436</u>	<u>\$ 605,801</u>
		<u>Security borrowing expenses</u>	
		<u>For the three months ended March 31,</u>	
		<u>2021</u>	<u>2020</u>
Other related parties:			
Funds managed by Yuanta			
Securities Investment Trust	<u>\$ 6,457</u>	<u>\$ 448</u>	

	<u>Receivables from refunds of security returned</u>		
	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Other related parties:			
Funds managed by Yuanta			
Securities Investment Trust	<u>\$ 76,517</u>	<u>\$ -</u>	<u>\$ -</u>

As of March 31, 2021, December 31, 2020, and March 31, 2020, borrowing expenses payable were \$3,972, \$1,403 and \$326, respectively.

As of March 31, 2021, December 31, 2020, and March 31, 2020, refundable deposits receivable lending were \$47,205, \$38,647 and \$5,190, respectively.

G. Receivables from loans to employees, interest receivables and the interest income generated

	<u>Receivables from loans to employees and interest receivables</u>		
	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Company's directors:			
Others	\$ 3,168	\$ 3,970	\$ 6,984
Other related parties:			
Others	185,847	206,629	206,076
	<u>\$ 189,015</u>	<u>\$ 210,599</u>	<u>\$ 213,060</u>
	<u>Interest income on loans to employees</u>		
	<u>For the three months ended March 31,</u>		
	<u>2021</u>	<u>2020</u>	
Company's directors:			
Others	\$ 11	\$ 44	
Other related parties:			
Others	1,681	1,946	
	<u>\$ 1,692</u>	<u>\$ 1,990</u>	

H. Receivables from management fee income and management fee income

	<u>Receivables from management fee income</u>		
	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Other related parties:			
Funds managed by Yuanta Securities Investment Trust	\$ 293,021	\$ 287,448	\$ 234,795
Yuanta Secondary No.3 Private Equity Fund	16,211	11,414	43,986
Yuanta-HPNT Private Equity Fund	2,095	2,223	2,077
Yuanta Secondary No.2 Fund	5,536	25,370	6,112
Others	5,864	20,357	12,331
	<u>\$ 322,727</u>	<u>\$ 346,812</u>	<u>\$ 299,301</u>

	Management fee income	
	For the three months ended March 31,	
	2021	2020
Other related parties:		
Funds managed by Yuanta Securities Investment Trust	\$ 843,356	\$ 686,175
Yuanta Secondary No.2 Fund	5,588	6,231
Yuanta Innovative Job Creation	5,423	-
Yuanta Secondary No.3 Private Equity Fund	5,294	11,127
Others	13,097	11,299
	<u>\$ 872,758</u>	<u>\$ 714,832</u>

I. Fund management fee income and the balance of fund (recorded as Financial assets at fair value through profit or loss)

	Fund management fee income	
	For the three months ended March 31,	
	2021	2020
Other related parties:		
Yuanta Diamond Funds SPC	\$ 13,018	\$ 5,426
Yuanta Asia Growth Investment, L.P.	5,973	3,039
Global Growth Investment, L.P.	160	480
	<u>\$ 19,151</u>	<u>\$ 8,945</u>

	The balance of fund		
	March 31, 2021	December 31, 2020	March 31, 2020
Other related parties:			
Yuanta Asia Growth Investment, L.P.	\$ 97,320	\$ 96,161	\$ 49,544
Yuanta Diamond Funds SPC	55,048	62,403	125,356
Global Growth Investment, L.P.	34,811	30,099	79,975
	<u>\$ 187,179</u>	<u>\$ 188,663</u>	<u>\$ 254,875</u>

J. Receivable from transfer-agent services and income from transfer-agent services

	Receivable from transfer-agent services		
	March 31, 2021	December 31, 2020	March 31, 2020
Other related parties:			
Others	<u>\$ 10</u>	<u>\$ 10</u>	<u>\$ 10</u>
	Income from transfer-agent services		
	For the three months ended March 31,		
	2021	2020	
Other related parties:			
Others	<u>\$ 30</u>	<u>\$</u>	<u>30</u>

K. Investment refund receivable

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Other related parties:			
IBKC-TONGYANG Growth	\$ 51,661	\$ 53,739	\$ 50,303
2013 Private Equity Fund			
TONGYANG AGRI-FOOD			
INVESTMENT FUND II	40,778	42,132	30,902
2011KIF-TONGYANG IT			
Venture Fund	-	-	33,584
	<u>\$ 92,439</u>	<u>\$ 95,871</u>	<u>\$ 114,789</u>

L. Loan receivable, interest receivable and interest income

	<u>Loan receivable</u>		
	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Other related parties:			
Others	<u>\$ 12,109</u>	<u>\$ 12,925</u>	<u>\$ 7,331</u>
	<u>Interest receivable</u>		
	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Other related parties:			
Others	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17</u>
	<u>Loan interest income</u>		
	<u>For the three months ended March 31,</u>		
	<u>2021</u>	<u>2020</u>	
Other related parties:			
Others	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20</u>

M. Accounts receivable

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Other related parties:			
Funds managed by Yuanta			
Securities Investment Trust	\$ 6,094	\$ 5,204	\$ 7,997
Yuanta construction			
development	3,296	1,173	-
	<u>\$ 9,390</u>	<u>\$ 6,377</u>	<u>\$ 7,997</u>

N. Refundable deposits

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Other related parties:			
Taiwan Securities			
Association	<u>\$ -</u>	<u>\$ 300</u>	<u>\$ 300</u>

O. Accounts payables - settlement

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Company's directors:			
Others	\$ -	\$ 146	\$ -

P. Other financial liabilities and Interest expense

Customers' deposits of Yuanta Securities and its subsidiaries recorded as other financial liabilities were as follows:

	<u>Other financial liabilities</u>		
	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Company's directors:			
Others	\$ 38,368	\$ 35,635	\$ 1,982
Other related parties:			
Others	10	10	15
	<u>\$ 38,378</u>	<u>\$ 35,645</u>	<u>\$ 1,997</u>
		<u>Interest expense</u>	
		<u>For the three months ended March 31,</u>	
		<u>2021</u>	<u>2020</u>
Company's directors:			
Others		\$ 20	\$ 42
Other related parties:			
Others		-	4
		<u>\$ 20</u>	<u>\$ 46</u>

Q. Commercial paper payables

	<u>Commercial paper</u>		
	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Company's directors:			
Others	\$ -	\$ -	\$ 27,681
		<u>Interest payable</u>	
		<u>March 31, 2021</u>	<u>December 31, 2020</u>
Company's directors:			
Others	\$ -	\$ -	\$ 1
		<u>Interest expense</u>	
		<u>For the three months ended March 31,</u>	
		<u>2021</u>	<u>2020</u>
Company's directors:			
Others		\$ -	\$ 45

R. Other payables

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Company's directors:			
Others	\$ 1	\$ 15	\$ -
Other related parties:			
Others	<u>144</u>	<u>9</u>	<u>6</u>
	<u>\$ 145</u>	<u>\$ 24</u>	<u>\$ 6</u>

S. Securities issued by fellow subsidiary (recorded as Financial assets at fair value through profit or loss)

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Other related parties:			
YFYCPG	\$ 83,207	\$ 116,194	\$ -
Yuanta SPAC III	-	17,457	16,492
Yuanta SPAC IV	19,547	20,345	19,220
Yuanta SPAC V	24,845	25,857	24,428
Yuanta SPAC VI	24,845	25,857	24,428
Yuanta SPAC VII	23,962	24,938	-
Yuanta SPAC VIII	<u>24,971</u>	<u>25,989</u>	<u>-</u>
	<u>\$ 201,377</u>	<u>\$ 256,637</u>	<u>\$ 84,568</u>
		<u>Proceeds on disposal</u>	
		<u>For the three months ended March 31,</u>	
		<u>2021</u>	<u>2020</u>
Other related parties:			
YFYCPG		<u>\$ 252,587</u>	<u>\$ -</u>
		<u>Realised gains</u>	
		<u>For the three months ended March 31,</u>	
		<u>2021</u>	<u>2020</u>
Other related parties:			
YFYCPG		<u>\$ 22,155</u>	<u>\$ -</u>

T. Credit transaction between the Yuanta Group and related parties

	March 31, 2021		
	Guarantee deposit receivable from short sales	Deposit for short sales	Margin loans
Company's directors:			
Others	\$ 1,884	\$ 1,971	\$ 65,040
Other related parties:			
Others	1,068	1,145	32,034
	<u>\$ 2,952</u>	<u>\$ 3,116</u>	<u>\$ 97,074</u>
	December 31, 2020		
	Guarantee deposit receivable from short sales	Deposit for short sales	Margin loans
Company's directors:			
Others	\$ 3,438	\$ 7,830	\$ 56,421
Other related parties:			
Others	4,036	13,510	26,398
	<u>\$ 7,474</u>	<u>\$ 21,340</u>	<u>\$ 82,819</u>
	March 31, 2020		
	Guarantee deposit receivable from short sales	Deposit for short sales	Margin loans
Company's directors:			
Others	\$ 6,803	\$ 7,453	\$ 23,121
Other related parties:			
Others	1,161	1,284	25,176
	<u>\$ 7,964</u>	<u>\$ 8,737</u>	<u>\$ 48,297</u>

	March 31, 2021		December 31, 2020	
	Security short-selling interest payable	Security financing interest receivable	Security short-selling interest payable	Security financing interest receivable
Company's directors:				
Others	\$ -	\$ 761	\$ 2	\$ 427
Other related parties:				
Others	<u>1</u>	<u>633</u>	<u>3</u>	<u>389</u>
	<u>\$ 1</u>	<u>\$ 1,394</u>	<u>\$ 5</u>	<u>\$ 816</u>

	March 31, 2020	
	Security short-selling interest payable	Security financing interest receivable
Company's directors:		
Others	\$ 1	\$ 265
Other related parties:		
Others	<u>-</u>	<u>332</u>
	<u>\$ 1</u>	<u>\$ 597</u>

	For the three months ended March 31,			
	2021		2020	
	Security short-selling interest expenditures	Security financing interest revenue	Security short-selling interest expenditures	Security financing interest revenue
Company's directors:				
Others	\$ 5	\$ 591	\$ 19	\$ 570
Other related parties:				
Others	<u>5</u>	<u>284</u>	<u>11</u>	<u>441</u>
	<u>\$ 10</u>	<u>\$ 875</u>	<u>\$ 30</u>	<u>\$ 1,011</u>

U. Other Operating expenses

(A) ETF redemption fees

	For the three months ended March 31,	
	2021	2020
Other related parties:		
Funds managed by Yuanta Securities Investment Trust	<u>\$ 12,097</u>	<u>\$ 31,715</u>

(B) Warrants business fee paid to Securities Association

	For the three months ended March 31,	
	2021	2020
Other related parties:		
Taiwan Securities Association	\$ -	\$ 3,108

(C) Membership fees

	For the three months ended March 31,	
	2021	2020
Other related parties:		
Taiwan Securities Association	\$ -	\$ 2,549

V. Premium income

	For the three months ended March 31,	
	2021	2020
Other related parties:		
Others	\$ 95,652	\$ 103,724

W. The details of the service fees arising from brokerage commissions engaged by the Company and its related parties

	For the three months ended March 31,	
	2021	2020
Company's directors:		
Others	\$ 9,487	\$ 4,249
Other related parties:		
Funds managed by Yuanta		
Securities Investment Trust	46,233	61,046
Others	7,755	6,966
	<u>\$ 63,475</u>	<u>\$ 72,261</u>

X. Rental income incident to leases from related parties by Yuanta Group

	For the three months ended March 31,	
	2021	2020
Other related parties:		
Yuanta Construction Development	\$ 2,298	\$ 171
Polaris Research	284	549
Yuanta Foundation	10	10
	<u>\$ 2,592</u>	<u>\$ 730</u>

Y. Deposits received incident to leases from related parties by Yuanta Group

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Other related parties:			
Yuanta Construction			
Development	\$ 1,580	\$ 1,580	\$ -
Polaris Research	189	189	547
Yuanta Foundation	17	7	7
	<u>\$ 1,786</u>	<u>\$ 1,776</u>	<u>\$ 554</u>

Z. Gain on investment property

	<u>For the three months ended March 31,</u>	
	<u>2021</u>	<u>2020</u>
Other related parties:		
Yuanta Construction Development	<u>\$ 3</u>	<u>\$ -</u>

AA. Other operating income—Dividend income

	<u>For the three months ended March 31,</u>	
	<u>2021</u>	<u>2020</u>
Other related parties:		
Funds managed by Yuanta		
Securities Investment Trust	<u>\$ 33,882</u>	<u>\$ 12,277</u>

AB. Other operating revenue- underwriting business revenue

(A) Fee income from security proxy sale

	<u>For the three months ended March 31,</u>	
	<u>2021</u>	<u>2020</u>
Other related parties:		
Others	<u>\$ 300</u>	<u>\$ -</u>

(B) Revenue from underwriting securities on a firm commitment basis

	<u>For the three months ended March 31,</u>	
	<u>2021</u>	<u>2020</u>
Other related parties:		
Yuanta SPAC VIII	\$ 5,570	\$ -
Yuanta SPAC III	3,819	-
	<u>\$ 9,389</u>	<u>\$ -</u>

AC. Information on remunerations to Yuanta Group's key management

	<u>For the three months ended March 31,</u>	
	<u>2021</u>	<u>2020</u>
Salaries and other short-term employee benefits	\$ 1,878,926	\$ 1,454,374
Termination benefits	40,159	2,075
Other long-term benefits	2,907	2,910
Post-employment benefit	39,613	36,699
Total	<u>\$ 1,961,605</u>	<u>\$ 1,496,058</u>

(3) Transactions and balances with related parties exceeding \$100 million:

A. Yuanta Bank and its subsidiaries

(A) Deposits

<u>March 31, 2021</u>			
<u>Name</u>	<u>Ending balance</u>	<u>Percentage of deposits (%)</u>	<u>Interest rate (%)</u>
All related parties	<u>\$ 60,719,776</u>	<u>4.71</u>	0.000~5.800
<u>December 31, 2020</u>			
<u>Name</u>	<u>Ending balance</u>	<u>Percentage of deposits (%)</u>	<u>Interest rate (%)</u>
All related parties	<u>\$ 45,339,692</u>	<u>3.64</u>	0.000~6.065
<u>March 31, 2020</u>			
<u>Name</u>	<u>Ending balance</u>	<u>Percentage of deposits (%)</u>	<u>Interest rate (%)</u>
All related parties	<u>\$ 42,474,507</u>	<u>3.68</u>	0.000~6.065

Apart from an interest rate limit on staff demand savings deposits of 5.80% and 5.80%~6.065%, respectively, for the three months ended March 31, 2021 and 2020, the range of interest rates on other related parties' demand savings deposits were 0.00%~3.00% and 0.00%~4.60%, respectively. The interest rates and other terms provided to the above related parties were the same as the terms offered to the general public.

For the three months ended March 31, 2021 and 2020, interest expense on the above deposits were \$39,781 and \$117,993, respectively.

(B) Loans

March 31, 2021

Unit: In thousands of NT dollars

Types	Number of accounts or name of related party	Highest balance	Ending balance	Loan status		Collateral	Whether terms and conditions of the related party transactions are different from those of transactions with third parties.
				Normal loans	Overdue accounts		
Consumer loans	225	\$ 80,399	\$ 65,903	\$ 65,903	\$ -	Real estate, movables and deposits and credit loans	None
Home mortgage loans	473	3,979,296	3,665,828	3,665,828	-	Real estate	None
Other loans	74	277,629	205,899	205,899	-	Stock, deposits, policy and real estate	None
Total			\$ 3,937,630	\$ 3,937,630	\$ -		

December 31, 2020

Unit: In thousands of NT dollars

Types	Number of accounts or name of related party	Highest balance	Ending balance	Loan status		Collateral	Whether terms and conditions of the related party transactions are different from those of transactions with third parties.
				Normal loans	Overdue accounts		
Consumer loans	384	\$ 121,628	\$ 65,606	\$ 65,606	\$ -	Real estate, movables, deposits and credit loans	None
Home mortgage loans	499	4,242,226	3,682,393	3,682,393	-	Real estate	None
Other loans	Wei Ran Co., Ltd.	20,000	-	-	-	Real estate	None
	YFYCPG	254,800	-	-	-	Credit loans	None
	He's Education Foundation	27,000	-	-	-	Deposits	None
	94	412,222	211,013	211,013	-	Stock, deposits, policy and real estate	None
Total			\$ 3,959,012	\$ 3,959,012	\$ -		

March 31, 2020

Unit: In thousands of NT dollars

Types	Number of accounts or name of related party	Highest balance	Ending balance	Loan status		Collateral	Whether terms and conditions of the related party transactions are different from those of transactions with third parties.
				Normal loans	Overdue accounts		
Consumer loans	230	\$ 70,353	\$ 58,155	\$ 58,155	\$ -	Credit loans, movables and deposits	None
Home mortgage loans	446	3,407,311	3,251,007	3,251,007	-	Real estate	None
Other loans	Wei Ran Co., Ltd.	20,000	20,000	20,000	-	Real estate	None
	He's Education Foundation	27,000	27,000	27,000	-	Deposits	None
	76	283,110	158,362	158,362	-	Stock, deposits, policy and real estate	None
Total			\$ 3,514,524	\$ 3,514,524	\$ -		

Loans to related parties are under the same terms as those to other customers, except for interest rates on loans to affiliated companies were 1.62% ~ 2.00% for the three months ended March 31, 2020(no loans to affiliated companies for the three months ended March 31, 2021), the interest rates on the remaining loans are ranging from 0.00% ~ 6.42% and 0.00% ~ 6.69% for the three months ended March 31, 2021 and 2020, respectively, which are the same with the terms of general loans.

For the three months ended March 31, 2021 and 2020, interest income resulting from the above loans amounted to \$13,135 and \$13,847, respectively.

(C) Service fee income

	<u>For the three months ended March 31,</u>	
	<u>2021</u>	<u>2020</u>
Fellow subsidiary:		
Yuanta Life	\$ 338,942	\$ 193,173
Yuanta Securities Investment Trust	7,568	1,744
	<u>\$ 346,510</u>	<u>\$ 194,917</u>

Resulting from the above-mentioned brokerage of funds, insurances and trusts, the related receivables were as follows:

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Fellow subsidiary:			
Yuanta Life	\$ 269,646	\$ 22,897	\$ 51,020
Yuanta Securities Investment Trust	2,225	2,074	265
	<u>\$ 271,871</u>	<u>\$ 24,971</u>	<u>\$ 51,285</u>

(D) Current income tax assets/liabilities

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Parent company:			
Yuanta Financial Holdings			
Consolidated income tax return receivable	<u>\$ 1,080,955</u>	<u>\$ 1,395,127</u>	<u>\$ 1,974,716</u>
Consolidated income tax return payable	<u>\$ 264,416</u>	<u>\$ 11,794</u>	<u>\$ 1,395,108</u>

(E) Leasing arrangements — lessee

- a. Yuanta Bank and its subsidiaries leased buildings from Yuanta Securities, Yuanta Securities Finance and Yuanta Life. The leases are with 3~5 years period and the rents are paid every month.

b. Right-of-use assets — net

Name of related party	Right-of-use assets		
	March 31, 2021	December 31, 2020	March 31, 2020
Fellow subsidiary:			
Yuanta Life	\$ 60,139	\$ 56,412	\$ -
Yuanta Securities	43,710	45,925	41,896
Yuanta Securities Finance	4,376	5,001	6,877
	<u>\$ 108,225</u>	<u>\$ 107,338</u>	<u>\$ 48,773</u>
	Depreciation expense		
	For the three months ended March 31,		
Name of related party	2021	2020	
Fellow subsidiary:			
Yuanta Securities	\$ 7,055	\$ 7,162	
Yuanta Life	3,036	-	
Yuanta Securities Finance	625	625	
	<u>\$ 10,716</u>	<u>\$ 7,787</u>	

- i. Yuanta Bank and its subsidiaries acquired right-of-use assets from Yuanta Securities Finance amounting to \$7,502 for the three months ended March 31, 2020. There was no acquisition of right-of-use assets for the three months ended March 31, 2021.
- ii. Yuanta Bank and its subsidiaries acquired right-of-use assets from Yuanta Securities amounting to \$4,856 and \$6,685 for the three months ended March 31, 2021 and 2020, respectively.
- iii. Yuanta Bank and its subsidiaries acquired right-of-use assets from Yuanta Life amounting to \$10,296 for the three months ended March 31, 2021. There was no acquisition of right-of-use assets for the three months ended March 31, 2020.
- iv. Yuanta Bank and its subsidiaries have gains arising from lease modifications with Yuanta Life in the amount of \$288 of lease contract for the three months ended March 31, 2021.

c. Lease liabilities

Name of related party	Lease liabilities		
	March 31, 2021	December 31, 2020	March 31, 2020
Fellow subsidiary:			
Yuanta Life	\$ 65,000	\$ 58,423	\$ -
Yuanta Securities	44,056	46,325	42,390
Yuanta Securities Finance	4,399	5,022	6,884
	<u>\$ 113,455</u>	<u>\$ 109,770</u>	<u>\$ 49,274</u>

Name of related party	Interest expenses	
	For the three months ended March 31,	
	2021	2020
Fellow subsidiary:		
Yuanta Life	\$ 102	\$ -
Yuanta Securities	82	88
Yuanta Securities Finance	9	15
	<u>\$ 193</u>	<u>\$ 103</u>

(F) Property transactions (recorded as “bank debentures payable”) for the three months ended March 31, 2021, Yuanta Securities purchased 2021 first subordinated bank debentures in the amount of \$4,500,000 which was issued by Yuanta Bank.

B. Yuanta Securities and its subsidiaries

(A) Futures trading

- a. Futures margins, clearing and settlement service charge payable, service charges - clearing and settlement and handling charges - proprietary trading arising from future transactions are as follows:

Fellow subsidiary:	March 31, 2021		
	Futures trading guarantees		
	Self capital	Balance of excess futures guarantee deposits	Securities
Yuanta Futures	\$ 5,220,940	\$ 4,099,547	\$ 11,163
Others	14,641	28,637	-
	<u>\$ 5,235,581</u>	<u>\$ 4,128,184</u>	<u>\$ 11,163</u>

Fellow subsidiary:	December 31, 2020		
	Futures trading guarantees		
	Self capital	Balance of excess futures guarantee deposits	Securities
Yuanta Futures	\$ 4,316,780	\$ 3,055,538	\$ -

Fellow subsidiary:	March 31, 2020		
	Futures trading guarantees		
	Self capital	Balance of excess futures guarantee deposits	Securities
Yuanta Futures	\$ 9,773,160	\$ 8,016,301	\$ 4,163

		Settlement and clearing service fees payable	
		March 31, 2021	December 31, 2020
Fellow subsidiary:			
Yuanta Futures		\$ 4,113	\$ 3,554
		\$ 5,914	
		For the three months ended March 31, 2021	
		Service fee expenses settled	Service expense on self-operation
Fellow subsidiary:			
Yuanta Futures		\$ 8,680	\$ 25,014
Others		-	24
		\$ 8,680	\$ 25,038
		For the three months ended March 31, 2020	
		Service fee expenses settled	Service expense on self-operation
Fellow subsidiary:			
Yuanta Futures		\$ 10,611	\$ 34,177
Others		-	-
		\$ 10,611	\$ 34,177

(B) Bank deposits, interest income and interest receivable

a. Details of deposits of Yuanta Securities and its subsidiaries due from related parties are as follows:

		March 31, 2021	
		Bank deposits	Other receivables – interests receivable (Note)
Fellow subsidiary:			
Yuanta Bank		\$ 9,350,451	\$ 1,327
		December 31, 2020	
		Bank deposits	Other receivables – interests receivable (Note)
Fellow subsidiary:			
Yuanta Bank		\$ 14,488,729	\$ 2,855
		March 31, 2020	
		Bank deposits	Other receivables – interests receivable (Note)
Fellow subsidiary:			
Yuanta Bank		\$ 8,275,153	\$ 5,879
		Other gains and losses – interest revenue (Note)	
		For the three months ended March 31,	
		2021	2020
Fellow subsidiary:			
Yuanta Bank		\$ 5,380	\$ 34,176

Note: Interests for demand deposits, time deposits and operating guarantee deposits were included.

- b. Yuanta Securities and its subsidiaries provided certificates of deposit to a related party as performance bond of the lines of credit and structured notes (recognised under “Other current assets”) amounting to \$407,000, \$407,000 and \$658,000, respectively, as of March 31, 2021, December 31, 2020, and March 31, 2020.

- (C) Receivables/ payables - consolidated income tax return system (recorded as Current income tax assets/liabilities)

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Parent company:			
Yuanta Financial Holdings			
Consolidated income tax return receivable	\$ 895,230	\$ 895,230	\$ 788,196
Consolidated income tax return payable	\$ 3,008,288	\$ 1,628,629	\$ 936,691

- (D) Operating guarantee deposits

Yuanta Securities and its subsidiaries provided certificates of deposit to a related party as operating guarantee deposits for engaging in securities and futures business. Details were as follows:

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Fellow subsidiary:			
Yuanta Bank	\$ 1,265,000	\$ 1,265,000	\$ 1,265,000

- (E) Refundable deposits

Yuanta Securities and its subsidiaries provided certificates of deposit to a related party as refundable deposits for stock borrowings. Details were as follows:

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Fellow subsidiary:			
Yuanta Bank	\$ 350,000	\$ 350,000	\$ 150,000

- (F) Refundable deposits for securities lending, refundable deposits receivable lending, borrowing expenses payable and security borrowing expenses

Please refer to Note 7(2)F.

- (G) Receivables from loans to employees, interest receivables and the interest income generated

Please refer to Note 7(2)G.

- (H) Commission receivables and commission income

	<u>Commission receivables</u>		
	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Fellow subsidiary:			
Yuanta Life	\$ 227,054	\$ 21,719	\$ 34,995
		<u>Commission income</u>	
		<u>For the three months ended March 31,</u>	
		<u>2021</u>	<u>2020</u>
Fellow subsidiary:			
Yuanta Life		\$ 253,838	\$ 177,979

(I) Investment refund receivable

Please refer to Note 7(2)K.

(J) Pending settlements

As of March 31, 2021, December 31, 2020, and March 31, 2020, Yuanta Securities and its subsidiaries had amounts held for settlement of \$1,795,868, \$1,450,643 and \$619,228, respectively, which were deposited at its affiliate Yuanta Bank.

(K) Property transactions

a. Bonds transactions under repurchase agreements:

Please refer to Note 7(2)C(B)a.

b. Bonds sold and purchased (recorded as “financial assets at fair value through profit or loss”)

	For the three months ended March 31,	
	Purchased	Sold
Parent company:		
Yuanta Financial Holdings	\$ 4,100,000	\$ -
Fellow subsidiary:		
Yuanta Bank	4,500,000	-
	<u>\$ 8,600,000</u>	<u>\$ -</u>

(L) Lease transactions – lessee

a. Yuanta Securities and its subsidiaries leases buildings from related parties. Rental contracts are typically made for periods of 3 to 5 years and rental payments are made at the beginning of each month.

b. Lease liabilities

	Lease liabilities		
	March 31, 2021	December 31, 2020	March 31, 2020
Fellow subsidiary:			
Yuanta Life	\$ 485,277	\$ 484,606	\$ -
Yuanta Bank	17,348	19,182	19,888
	<u>\$ 502,625</u>	<u>\$ 503,788</u>	<u>\$ 19,888</u>

Financial cost

	For the three months ended March 31,	
	2021	2020
Fellow subsidiary:		
Yuanta Life	\$ 825	\$ -
Yuanta Bank	40	49
	<u>\$ 865</u>	<u>\$ 49</u>

(M) Customer margin deposit

	March 31, 2021	December 31, 2020	March 31, 2020
Fellow subsidiary:			
Yuanta Futures	\$ 197,024	\$ 202,484	\$ 306,304
Others	1,103	-	-
	<u>\$ 198,127</u>	<u>\$ 202,484</u>	<u>\$ 306,304</u>

(N) Funds and beneficiary certificates managed by fellow subsidiary (recorded in financial assets at fair value through profit or loss)

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Other related parties:			
Fund managed by Yuanta			
Securities Investment Trust	\$ 6,614,079	\$ 5,325,750	\$ 7,101,553
		<u>For the three months ended March 31,</u>	
		<u>2021</u>	
		<u>Proceeds on disposal</u>	<u>Realized gain</u>

Other related parties:			
Fund managed by			
Yuanta Securities			
Investment Trust		\$ 84,600,368	\$ 571,189
		<u>For the three months ended March 31,</u>	
		<u>2020</u>	
		<u>Proceeds on disposal</u>	<u>Realized gain</u>

Other related parties:			
Fund managed by			
Yuanta Securities			
Investment Trust		\$ 129,323,426	\$ 746,779

(O) Securities issued by fellow subsidiary (recorded in financial assets at fair value through profit or loss)

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Other related parties:			
YFYCPG	\$ 83,207	\$ 116,194	\$ -
Yuanta SPAC III	-	17,457	16,492
Yuanta SPAC IV	19,547	20,345	19,220
Yuanta SPAC V	24,845	25,857	24,428
Yuanta SPAC VI	24,845	25,857	24,428
Yuanta SPAC VII	23,962	24,938	-
Yuanta SPAC VIII	24,971	25,989	-
	<u>\$ 201,377</u>	<u>\$ 256,637</u>	<u>\$ 84,568</u>

	For the three months ended March 31,			
	2021		2020	
	<u>Proceeds on disposal</u>	<u>Realized gain</u>	<u>Proceeds on disposal</u>	<u>Realized gain</u>
Parent subsidiary:				
Yuanta Financial Holdings	\$ 16,377	(\$ 3)	\$ 14,182	(\$ 62)
Fellow subsidiary:				
Yuanta Futures	-	-	2,198	38
Other related parties:				
YFYCPG	<u>252,587</u>	<u>22,155</u>	<u>-</u>	<u>-</u>
	<u>\$ 268,964</u>	<u>\$ 22,152</u>	<u>\$ 16,380</u>	<u>(\$ 24)</u>

(P) Others

- As of March 31, 2021, December 31, 2020, and March 31, 2020, the lines of credit that Yuanta Securities and its subsidiaries have drawn in order to acquire Yuanta Bank were all \$10,000,000. The carrying amounts of land and building amounting to \$3,510,449, \$3,520,376 and \$3,594,342, respectively, were designated as collateral.
- Fund management fee income from fund managed and fund balances held by Yuanta Securities and its subsidiaries.
Please refer to Note 7(2)I.

C. Yuanta Futures and its subsidiaries

(A) Cash and cash equivalents / operating guarantee deposits / customer margin deposits

	March 31, 2021		
	<u>Bank deposits ending balance</u>	<u>Operating guarantee deposits</u>	<u>Customer margin deposits</u>
Fellow subsidiary:			
Yuanta Bank	<u>\$ 1,408,442</u>	<u>\$ 140,000</u>	<u>\$ 11,689,001</u>
		December 31, 2020	
	<u>Bank deposits ending balance</u>	<u>Operating guarantee deposits</u>	<u>Customer margin deposits</u>
Fellow subsidiary:			
Yuanta Bank	<u>\$ 1,338,901</u>	<u>\$ 140,000</u>	<u>\$ 12,347,144</u>
		March 31, 2020	
	<u>Bank deposits ending balance</u>	<u>Operating guarantee deposits</u>	<u>Customer margin deposits</u>
Fellow subsidiary:			
Yuanta Bank	<u>\$ 1,417,510</u>	<u>\$ 140,000</u>	<u>\$ 9,774,727</u>

(B) Customer margin account for leverage contracts

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Fellow subsidiary:			
Yuanta Bank	<u>\$ 267,317</u>	<u>\$ 257,218</u>	<u>\$ 314,111</u>

(C) Equity of futures traders

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Fellow subsidiary:			
Yuanta Securities	\$ 9,282,796	\$ 7,280,656	\$ 17,663,927
Yuanta Securities (Korea)	196,526	200,709	212,178
Yuanta Securities (Hong Kong)	90,865	91,086	240,153
Yuanta Bank	30,374	-	-
Other related parties:			
Funds managed by Yuanta Securities Investment Trust	33,096,584	28,223,681	28,401,319
Others	72,426	73,478	77,444
	<u>\$ 42,769,571</u>	<u>\$ 35,869,610</u>	<u>\$ 46,595,021</u>

(D) Lease liabilities

a. Ending balances

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Fellow subsidiary:			
Yuanta Life	\$ 182,727	\$ 188,902	\$ -
Yuanta Bank	2,410	891	2,179
Yuanta Securities	486	5,636	21,019
	<u>\$ 185,623</u>	<u>\$ 195,429</u>	<u>\$ 23,198</u>

b. Interests expense

	<u>For the three months ended March 31,</u>	
	<u>2021</u>	<u>2020</u>
Fellow subsidiary:		
Yuanta Life	\$ 307	\$ -
Yuanta Bank	2	5
Yuanta Securities	5	49
	<u>\$ 314</u>	<u>\$ 54</u>

D. Yuanta Securities Investment Consulting

Bank deposits

As of March 31, 2021, December 31, 2020, and March 31, 2020, Yuanta Securities Investment Consulting deposited \$154,140, \$200,755 and \$175,162, respectively, to Yuanta Bank, amongst which, the operating guarantee deposits were all \$5,000, with annual interest rates of 0.770%, 0.770% and 1.035%, respectively.

E. Yuanta Securities Investment Trust

(A) Bank deposits

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Fellow subsidiary:			
Yuanta Bank	\$ <u>3,098,732</u>	\$ <u>2,789,237</u>	\$ <u>2,812,875</u>

(B) Accounts receivable

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Other related parties:			
Funds managed by Yuanta Securities Investment Trust	\$ <u>299,115</u>	\$ <u>292,651</u>	\$ <u>242,792</u>

(C) Management fee income

	<u>For the three months ended March 31,</u>	
	<u>2021</u>	<u>2020</u>
Fellow subsidiary:		
Funds managed by Yuanta Securities Investment Trust	\$ <u>843,356</u>	\$ <u>686,175</u>

(D) Fund transactions (recorded in financial assets at fair value through profit or loss)

Securities investment trust funds raised by the Yuanta Securities Investment Trust which are held by Yuanta Securities Investment Trust and its related parties as of March 31, 2021, December 31, 2020, and March 31, 2020 are as follows:

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Yuanta Securities Investment Trust	\$ 493,997	\$ 489,925	\$ 448,322
Fellow subsidiary	<u>1,889,931</u>	<u>1,763,685</u>	<u>1,500,383</u>
	<u>\$ 2,383,928</u>	<u>\$ 2,253,610</u>	<u>\$ 1,948,705</u>

F. Yuanta Life

(A) Bank deposits and time deposits

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Fellow subsidiary:			
Yuanta Bank (Note)	\$ <u>18,844,053</u>	\$ <u>326,453</u>	\$ <u>3,114,049</u>

Note: Including other financial assets.

(B) Current income tax assets/liabilities

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Parent company:			
Yuanta Financial Holdings			
Consolidated income tax return receivable	\$ <u>2,609,424</u>	\$ <u>2,609,424</u>	\$ <u>2,599,526</u>
Consolidated income tax return payable	\$ <u>718,686</u>	\$ <u>353,690</u>	\$ <u>77,988</u>

(C) Property transactions—beneficiary certificates(recorded in financial assets at fair value through profit or loss)

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Other related parties:			
Funds managed by Yuanta			
Securities Investment	\$ 2,770,510	\$ 2,915,162	\$ 3,089,361
Yuanta Asia Growth Investment, L.P.	<u>96,804</u>	<u>96,385</u>	<u>49,271</u>
	<u>\$ 2,867,314</u>	<u>\$ 3,011,547</u>	<u>\$ 3,138,632</u>
For the three months ended March 31, 2021			
	<u>Purchase price</u>	<u>Proceeds on disposal</u>	<u>Realized gain</u>
Other related parties:			
Funds managed by Yuanta Securities Investment Trust			
	<u>\$ 96,748</u>	<u>\$ 279,407</u>	<u>\$ 14,290</u>
For the three months ended March 31, 2020			
	<u>Purchase price</u>	<u>Proceeds on disposal</u>	<u>Realized gain</u>
Other related parties:			
Funds managed by Yuanta Securities Investment Trust			
	\$ 2,162,267	\$ 1,591,823	\$ 79,864
Yuanta Asia Growth Investment, L.P.	<u>15,055</u>	<u>-</u>	<u>-</u>
	<u>\$ 2,177,322</u>	<u>\$ 1,591,823</u>	<u>\$ 79,864</u>

(D) Payables

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Parent company:			
Yuanta Financial Holdings	\$ 1,367	\$ 439	\$ 55
Fellow subsidiary:			
Yuanta Bank	90,765	23,158	41,362
Yuanta International Insurance Brokers	<u>227,054</u>	<u>21,719</u>	<u>34,995</u>
	<u>\$ 319,186</u>	<u>\$ 45,316</u>	<u>\$ 76,412</u>

(E) Premium income

	<u>For the three months ended March 31,</u>	
	<u>2021</u>	<u>2020</u>
Fellow subsidiary:		
Yuanta Bank	\$ 4,499	\$ 2,446
Other related parties:		
Others (Note)	<u>95,652</u>	<u>103,725</u>
	<u>\$ 100,151</u>	<u>\$ 106,171</u>

Note: The balance of individual related party did not exceed 10% of account balance.

(F) Commission expense

	For the three months ended March 31,	
	2021	2020
Fellow subsidiary:		
Yuanta Bank	\$ 162,512	\$ 188,196
Yuanta International Insurance Brokers	253,838	177,979
	<u>\$ 416,350</u>	<u>\$ 366,175</u>

G. Yuanta Ventures and subsidiary

(A) Bank deposits

	March 31, 2021	December 31, 2020	March 31, 2020
Fellow subsidiary:			
Yuanta Bank	\$ 801,429	\$ 419,723	\$ 448,967
Yuanta Securities (Hong Kong)	5,243	5,254	-
	<u>\$ 806,672</u>	<u>\$ 424,977</u>	<u>\$ 448,967</u>

- For the three months ended March 31, 2021 and 2020, interest income from abovementioned bank accounts were \$453 and \$737, respectively.
- As of March 31, 2021 and December 31, 2020, the deposits in Yuanta Securities (Hong Kong) for invested securities settlement were all amounted to HKD1,429 thousand, the corresponding rate used to convert the amounts were 3.6703 and 3.6775, respectively.

(B) Current tax asset

	March 31, 2021	December 31, 2020	March 31, 2020
Parent company:			
Yuanta Financial Holdings Consolidated income tax return receivable	<u>\$ 103,153</u>	<u>\$ 108,625</u>	<u>\$ 104,157</u>

8. Pledged assets

As of March 31, 2021, December 31, 2020, and March 31, 2020, the Yuanta Group's assets pledged as collateral are as follows:

Items	March 31, 2021	December 31, 2020	March 31, 2020	Purpose of pledge
Due from Central Bank and call loans to other banks	\$ 176,561	\$ 183,757	\$ -	Operating guarantee deposits
Financial assets at fair value through profit or loss	158,571,239	162,244,880	152,354,844	Bonds under repurchase agreement, collateral for securities lending and OTC trading
	84,517,497	88,944,601	69,864,617	Merchant business
	51,860	52,117	52,148	Guarantee deposits for notes
Financial assets at fair value through other comprehensive income	3,961,673	3,916,503	3,047,598	Claim reserve from trust fund, collateral for securities lending business and guarantees on asset disposal
	1,216,100	1,216,100	1,624,935	Operating guarantee deposits
	60,389,819	64,401,555	51,206,945	Bonds under repurchase agreement, operating guarantee deposits, OTC performance bonds, claim reserve from trust fund and guarantees on asset disposal
Financial assets at amortised cost	2,407,424	2,407,519	2,475,634	Operating guarantee deposits
	50,706	50,987	51,831	Deposits for guarantees in the Central Bank
	195,622	195,929	196,863	Claim reserve from trust fund
	10,651,585	10,657,240	10,511,200	Overdraft guarantee for foreign currency settlement
	109,341	109,514	110,041	Settlement reserves for Electronic Bond Trading System (EBTS) issued by OTC
	54,671	54,757	55,021	Deposit guarantees of bills merchants
	677,368	711,844	536,122	Collateral for provisional seizure
	5,248	5,257	5,282	VISA international card payment reserves
Restricted assets	1,158,115	1,475,801	2,432,074	Collateral for settlement limit, short-term loans, payable short-term bills and OTC derivative transactions
	1,348,186	1,462,345	339,472	Operating guarantee deposits-exchange, structured notes, interest rate swap account
	996	1,037	980	Overdraft guarantee
	21,843	21,838	29,363	Dividends payable arising from stock agency business
Other assets	247,238	259,147	1,333,527	Operating guarantee deposits
	2,248,294	2,044,765	1,624,356	Performance bond and rental deposits
	600,078	2,120	11,317	Underwriting share proceeds collected on behalf of customers
Property and equipment and investment property	3,099,808	3,167,446	3,134,353	Collateral for settlement limit and short-term loans; collateral for mortgage loans and leases
Treasury share of Yuanta Securities (Korea)	615,227	553,358	339,673	Collateral for securities lending business

9. Significant contingent liabilities and unrecognised contract commitments

- (1) As of March 31, 2021, December 31, 2020, and March 31, 2020, capital expenditure contracted for at the balance sheet date but not yet incurred was \$3,320,635, \$3,229,972 and \$911,134, respectively.
- (2) As of March 31, 2021, the upper limit of remaining capital commitment for the investment agreement signed by Yuanta Life of the Yuanta Group were US \$8,210 thousand dollars and NT \$132,791 thousand dollars.

(3) Stocks entrusted to custody

As of March 31, 2021, December 31, 2020, and March 31, 2020, the stocks entrusted to the custody of Yuanta Securities Finance of Yuanta Group by clients were all 7,483 thousand shares. The market value of these entrusted stocks was approximately \$78,811, \$78,242 and \$76,835, respectively.

(4) Transactions on behalf of customers

Yuanta Securities had several proxy delivery agreements with certain securities companies. In accordance with these agreements, these securities companies have agreed to be Yuanta Securities' first and second proxy. If Yuanta Securities is unable to fulfil its settlement obligations to the TWSE, the proxies must then act pursuant to said obligations and responsibilities.

(5) Other lawsuits- Yuanta Securities

- A. With respect to the land and parking space sales dispute, Seventh-Day Adventist Church Taiwan Conference and Taiwan Adventist Hospital initiated a mediation procedure against Yuanta Securities and another party. On January 17, 2018, the claimants raised its claim to \$952,511 thousand (of which \$950,861 thousand was claimed on a joint liability or joint payment basis). The mediation failed before the Taiwan Taipei District Court. On July 11, 2018, Seventh-Day Adventist Church Taiwan Conference and Taiwan Adventist Hospital initiated a separate suit for the same matter and claimed the same compensation.

The case is currently under the judicial proceedings of the Taiwan Taipei District Court. Yuanta Securities has retained lawyers to handle the case. The plaintiffs (Seventh-Day Adventist Church Taiwan Conference and Taiwan Adventist Hospital) claimed that (1) Yuanta Securities and the other party shall collaborate with the plaintiffs to apply to the Taipei City Government for the review of the urban development design plans and a change to the usage license, and obtain an approval for the change of the usage license; (2) Yuanta Securities and the other party shall jointly pay the plaintiffs NT \$3.3 million and interests due to the delayed application for the change of the usage license by Yuanta Securities and the other party; (3) Yuanta Securities shall pay NT\$1.65 million and interests for the failure to make a transfer registration of titles to certain lots of land pursuant to the agreement after the relevant land partition; (4) Yuanta Securities and the other party shall either apply to the Taipei City Government for the review of the urban development design plans and a change to the usage license to reset the rate of subsurface excavation to a rate of lower than 70% calculated based on the relevant land area and restore the basement of the building to the status in compliance with such rate adjustment, or jointly pay \$214,202 thousand and interests to the plaintiffs; (5) Yuanta Securities and the other party shall either decreased the floor area bonus attributable to the over excavation area of the building basement and obtain supporting documents evidencing the approval of the change of the usage license, or jointly pay \$623,859,840 and interests to the plaintiffs; and (6) Yuanta Securities and the other party illegally reduced the area of the parking lots in contradiction with the urban development design plans, and thus shall pay NT \$109.5 million and interests to the plaintiffs. Considering the plaintiffs' claims, the lawyers retained by Yuanta Securities were of the opinion that the plaintiffs' claims have no merits based on the relevant evidence, information provided by Yuanta Securities, the relevant court precedents and have stated the following: (1) the plaintiffs refused to cooperate with Yuanta Securities to apply for the certificate of division of statutory vacant space without providing a justifiable reason in the pleadings, resulting in Yuanta Securities being unable to make the relevant filings; (2) the competent authority has not had an opportunity to review the case, leading the

precondition of ‘having not obtained a permit from the authority’ to the application for the change of the usage license has not been satisfied. Also, the plaintiffs had not specifically elaborate on and provide evidence proving its alleged damages; (3) the obligation of the land partition had not been due; (4) there had not been any agreement on the excavation area or excavation rate between Yuanta Securities and the plaintiffs; (5) the building license and the usage license were issued for the disputed building in accordance with the laws, proving that the building was constructed in compliance with the laws; (6) the Department of Urban Development of the Taipei City Government had reviewed the excavation area of the disputed building’s basement and confirmed that the excavation was implemented in compliance with the laws, evidencing that there is no illegal over excavation or breach of the contract; (7) both parties considered and addressed the floor area bonus in the terms of land and parking lots trading contract. Also, the regulation of the floor area bonus no longer applies to the location of the building; (8) in March 2004, the plaintiffs were the co-applicants for the design change, and the plaintiffs had accepted the handover of the specific parking lots and agreed that no change should be made thereto. The plaintiffs shall not be allowed to raise claims inconsistent with such facts. However, the decision of the case are to be made by the court.

- B. As of March 31, 2021, of the total 16 litigations against Yuanta Securities (Korea) and its subsidiaries, 2 litigations were related to the financial product sales disputes of former TongYang Securities Inc. (please refer to the explanation in Note 6(26)). The remaining 14 litigations were demanded compensation totaling KRW 33,028 million (approximately \$0.83 billion). In addition, there is an arbitration award issued for a dispute where, Anbang Group Holdings Co., Ltd. and Anbang Life Insurance Co., Ltd. (now known as Dajia Life Insurance Co.,Ltd., collectively, “Anbang”) filed an arbitration counterclaim in Hong Kong against Yuanta Securities (Korea) and four other sellers in June 2017 based on the share purchase agreement with respect to Tong Yang Life Insurance Co., Ltd. The International Court of Arbitration of International Chamber of Commerce (ICC) made an arbitration award in August 2020, ruling that the sellers shall pay compensation amounting to KRW 166,600 million (approximately \$4.2 billion) to Anbang as well as related expenses plus interests accrued (totaling KRW 52,841 million (approximately \$1.3 billion) of March 31, 2021). Yuanta Securities (Korea) received a correction of arbitration award in January 2021, which has no impact on the above description. Anbang had applied with the Seoul Central District Court for recognizing and enforcing the arbitration award with the claim amount of KRW 101,112 million (approximately \$2.6 billion). The court is currently reviewing the case. Yuanta Securities (Korea) had recognized provision liabilities in the amount of approximate KRW 7,017 million (approximately \$0.18 billion) based on its pro rata amount of consideration of the sale of Tong Yang Life Insurance’ shares. However, the actual compensation amount to be borne by Yuanta Securities (Korea) might be changed due to the subsequent legal actions.

As of March 31, 2021, Yuanta Securities (Korea) and its subsidiaries provided provisions in the amount of KRW 7,956 million (approximately \$0.2 billion) for the abovementioned 14 litigations that were unrelated to the financial product sales disputes and 1 arbitration for which the award was issued. Separately, Yuanta Securities (Korea) filed 12 lawsuits as the plaintiff with a total claimed amount of KRW 67,188 million (approximately \$1.7 billion).

- C. Due to the alleged fraudulent act committed by a former employee of KK Trade Securities Co., Ltd., the affected clients filed a civil lawsuit against Yuanta Securities (Thailand) and the former employee for a joint liability to pay the compensation of THB 301 million (approximately \$270 million). In August 2017, Yuanta Securities (Thailand) received a civil complaint of the lawsuit. As part of the claimed amount was not remitted to the account of KK Trade Securities Co., Ltd., but rather directly remitted to the former employee’s private account from the plaintiffs, the liability is denied by Yuanta Securities (Thailand). The claims made by the plaintiffs

were all dismissed by the court of the first instance on October 8, 2020. Both parties filed appeals against the judgment.

- D. As of March 31, 2021, Yuanta Securities (Hong Kong)'s receivables from certain margin loans amounting to HKD 147,504 thousand (approximately \$540 million) were secured by listed securities that were suspended for trading. These margin clients were served by an account executive who entered into a guarantee agreement with Yuanta Securities (Hong Kong) (the "Guarantee Agreement") under which the account executive agreed to guarantee against all losses incurred by Yuanta Securities (Hong Kong) in relation to the accounts of these margin clients. Considering that Yuanta Securities (Hong Kong) had exercised its right of set-off under the Guarantee Agreement against the account executive's assets amounting to HKD 68,552 thousand (approximately \$250 million) and received the first repayment distributed by certain clients' liquidator amounting to HKD 44 thousand (approximately \$160 thousand), the remaining loss of HKD 78,908 thousand (approximately \$290 million) has been recognized. Yuanta Securities (Hong Kong) has raised a litigation proceeding against the account executive claiming the full amount of the debt owed by those margin clients based on the Guarantee Agreement. The claim amount is HKD 135,191 thousand (approximately \$500 million) including the interest calculated as of the date of filing the lawsuit. The account executive claimed that she has no liability for losses in relation to the accounts of these margin clients. On February 22, 2021, the court of the first instance issued a summary judgment, ruling that the account executive should bear full guarantee liabilities. However, the account executive filed an appeal against such decision. As at the date of the approval of the financial statements, Yuanta Securities (Hong Kong) has considered the external legal advice, and deemed that no provision in relation to the above set-off is necessary

(6) Other lawsuits- Banks

- A. Ta Chong Bank had conducted foreign exchange derivatives transactions with Sino United International Co., Ltd. and its related party, Plosa International Co., Ltd. As Sino United International Co., Ltd. and Plosa International Co., Ltd. disputed the loss incurred for certain Target Redemption Forward (TRF) transactions when closing positions, they filed a complaint with the Taiwan Taipei District Court against Ta Chong Bank and alleged that Ta Chong Bank shall reimburse them for the loss arising from the transactions (preferential claim: USD 3,123 thousand and interests accrued therefrom; alternative claim: USD 1,445 thousand and interests accrued therefrom). Yuanta Bank assumed the lawsuit after acquiring Ta Chong Bank. On January 26, 2018, the Taiwan Taipei District Court as the court of first instance ruled in favour of Yuanta Bank. Sino United International Co., Ltd. and Plosa United International Co., Ltd. disagreed with the ruling and filed an appeal with the Taiwan High Court. On March 12, 2019, the Taiwan High Court as the court of the second instance adjudicated in favour of Yuanta Bank. Sino United International Co., Ltd and Plosa United International Co., Ltd., again, disagreed with the ruling and filed an appeal for the review of the third instance. However, the appeal of Plosa International Co., Ltd. was dismissed due to the non-payment of the court fees. As of March 31, 2021, the appeal of Sino United International Co., Ltd. is under review of the Supreme Court. The subsequent proceedings of the litigation have been assessed to have no material impact on the operations and shareholders' equity of Yuanta Bank.
- B. Yuanta Savings Bank (Korea) exercised its pledge right for several times from 2006 to 2008 to acquire a 33.3% equity interest in Pentagon City under a credit loan extended by Yuanta Savings Bank (Korea) to Pentagon City. In September 2008, Pentagon City implemented a capital reduction on shares held by Yuanta Savings Bank (Korea) and another shareholder under which Pentagon City returned cash of KRW 28 billion to Yuanta Savings Bank (Korea). In 2018, Pentagon City claimed that Yuanta Savings Bank (Korea) breached the 10% holding limit for an unlisted company imposed by laws with respect to savings banks, and thus claimed Yuanta Savings Bank (Korea) should return KRW 19,599,160 thousand as unjustly received benefit,

which represents consideration of shares above the 10% holding limit. On June 20, 2019, the Seoul Central District Court as the court of the first instance ruled in favour of Yuanta Savings Bank (Korea). Pentagon City disagreed with the ruling and filed an appeal on July 8, 2019. The Seoul High Court as the court of the second instance ruled in favor of Yuanta Savings Bank (Korea) on November 3, 2020. However, Pentagon City still disagreed with the ruling and filed an appeal for the review of the third instance on November 18, 2020. As of March 31, 2021, the case is still under the review of the Supreme Court of South Korea. The subsequent proceedings of the litigation have been assessed to have no material impact on the operations and shareholders' equity of Yuanta Savings Bank (Korea) and Yuanta Bank.

(7) Other lawsuits- Yuanta Securities Investment Trust

Yuanta Securities Investment Trust was commissioned under discretionary investment businesses of domestic investment contracts by the Bureau of Labor Funds, Ministry of Labor (formerly the Labor Pension Fund Supervisory Committee of the Council of Labor Affairs, Executive Yuan, restructured as the Bureau of Labor Funds, Ministry of Labor as of February 17, 2014, hereinafter referred to as the "Labor Pension"). Because the former manager of former Polaris Securities Investment Trust, surnamed Qu (hereinafter referred to as "Manager Qu") was suspected of being involved in illegal activities from 2011 to 2012 while dealing with commissioned trading of stocks for the governmental funds, the Labor Pension filed a civil complaint attached with criminal proceedings with the Taiwan Taipei District Court on January 28, 2014 based on the indictment issued by the Special Investigation Division of the Supreme Prosecutor Office, claiming Manager Qu and Yuanta Securities Investment Trust should bear a joint and several liability for its losses. In order to protect its interests, Yuanta Securities Investment Trust appointed a lawyer to assist in handling the case. After the aforementioned criminal charges against Manager Qu were adjudicated by the Taiwan Taipei District Court for the first instance and the civil case was transferred to the civil court for review, on September 5, 2016, the Labor Pension decreased its joint and several liability claims to \$108,411 thousand. On April 28, 2017, the Labor Pension decreased such claims to \$71,575 thousand after the Taiwan High Court rendered its decision for the aforementioned criminal case as the court of the second instance. The aforementioned criminal rulings made by the first and second instance courts were based on a breach of trust by Manager Qu to Yuanta Securities Investment Trust, while the Labor Pension was concluded as not being the principal in the context of Manager Qu's provision of services. Furthermore, the relevant prior trading, which was considered a criminal breach of trust offense and insider trading actions in violation of the Securities Exchange Act and alleged to have damaged the Labor Pension as illustrated in the indictment, cannot be established as a crime. The civil case filed to the Taiwan Taipei District Court by the Labor Pension for compensation was dismissed by the Taiwan Taipei District Court on May 15, 2020. The court ruled that the Labor Pension did not provide sufficient evidence to prove that it had suffered any damages caused by Manager Qu's intentional or negligent actions based on torts laws, and that there was no causation between the alleged compensation and Manager Qu's aforementioned wrongful actions. Accordingly, the court found that the Labor Pension has no grounds for claiming that Yuanta Securities Investment Trust shall bear the joint liability for such compensation. However, the Labor Pension filed an appeal pursuant to applicable laws, and the case is under review of the court of the second instance.

(8) Other lawsuits- Yuanta Life Insurance

As of March 31, 2021, Yuanta Life Insurance still has several insurance claim litigations in process. Yuanta Life Insurance handled these cases by itself or with assistance of legal counsels and has provisioned an appropriate amount of claim reserves.

(9) Others

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Commitment of the securities under a repurchase agreement	\$ 200,276,504	\$ 220,352,840	\$ 194,728,414
Commitment of the securities under a resale agreement	47,483,387	58,459,272	51,622,677
Unused loan commitments	24,790,481	23,460,752	25,177,008
Credit commitment on credit card	119,443,005	119,349,211	121,216,451
Unused L/C balance	3,258,876	3,332,772	2,315,502
Other guarantees	13,825,580	13,042,579	14,912,937
Consignment collection for others	17,802,910	17,916,355	16,883,261
Trust assets	271,213,542	266,130,081	264,649,872
Items under custody	28,522,198	33,887,263	23,241,424

(10) Content and amount of trust businesses conducted in accordance with the Trust Enterprise Act

In accordance with Article 17 of the Trust Enterprise Act, disclosure of trust balance sheet, trust income statement and trust property catalog of the Yuanta Bank are as follows:

Not applicable.

(11) According to Ministry of Finance, Ruling No.1030026386, disclose the information as follows:

Offshore Securities Unit of Yuanta Securities engaged in custody and investment of funds affairs on behalf of customers. Related bank deposits under such affairs on March 31, 2021 and 2020 were USD 12,364 thousand dollars and USD 9,751 thousand dollars, respectively.

10. Significant losses from disasters

(1) The Company:

None.

(2) Subsidiaries:

None.

11. Significant subsequent events

(1) The Company:

None.

(2) Subsidiaries:

A. On February 2, 2021, Yuanta Bank, was approved through the Jin-Guan-Yin-Kong-Zi Letter No.1100201363 of FSC to issue second general bank debenture in 2021 in the amount of \$500 million on April 29, 2021 and were sold at full face value.

B. On March 23, 2021, the Board of Directors of Yuanta Securities (Korea) which was a subsidiary of Yuanta Securities, approved to issue unsecured common corporate bonds at the amount of KRW150 billion and completed the issuance of No.87 unsecured common corporate bonds of Yuanta Securities (Korea) in the amount of KRW150 billion on April 8, 2021.

C. On March 18, 2021, the Board of Directors, Yuanta Securities, approved to issue subordinate corporate bonds at the amount of NTD12 billion for the purpose of strengthening its capital structure. On May 6, 2021, Yuanta Securities has been approved to issue 2021 first unsecured subordinate common corporate bonds in the amount of NTD10 billion by FSC and has completed the issuance on May 17, 2021.

- D. Yuanta Securities (Korea), the subsidiary of Yuanta Securities, has submitted a letter of financing commitment to underwrite for its acquisition finance business with limitation of KRW 673,300 million (about NTD 17 billion). However, the case is planning to sell down or invested by other investors, related financial impact will be subject to the progress of the situation.
- E. On April 29, 2021, the Board of Directors of the subsidiary, Yuanta Bank, resolved that in order to accelerate the disposal and recollection of non-performing loan, the non-performing loan were disposed through bidding, and the principal balance of the loan was USD31,268 thousand (about NTD892,107 thousand). On May 18, 2021, the bidding was won by SC Lowy Investment, Ltd. and the contract procedure is still in process. If the non-performing loan were pre-estimated by bid price, after deducting the provision, the gain on disposal would be about USD3,657 thousand (about NTD102,220 thousand).

12. Others

(1) Capital risk management

- A. The objectives of capital management of the Yuanta Group:
 - (A) Meeting the minimum regulated capital adequacy ratio is the most basic objective for the qualifying self-owned capital of the financial group controlled by the Company. The calculation of qualifying self-owned capital and legal capital should be made in compliance with regulations of competent authorities.
 - (B) In order to process sufficient capital to assume various risks, the Company assesses the required capital with consideration of the risk portfolio it faces and the risk characteristic, and manages risk through capital allocation to realise utilization of capital allocation.
- B. Capital management procedure:
 - (A) The Company regularly monitors the overall capital adequacy ratio, which is maintained and reported to the competent authorities every 6 or 12 months in compliance with the regulations from both competent authorities and internal requirements.
 - (B) Calculation and control procedures related to capital adequacy of the financial group are all in compliance with “Regulations Governing the Consolidated Capital Adequacy of Financial Holding Companies” and “Regulations Governing the Capital Adequacy management for the Yuanta Financial Holding Company., Ltd.”.
 - (C) The objective of capital management of the Company shall be agreed by the Board of Directors, of which an appropriate capital projection is scheduled by the finance management according to the long-term developing strategies, operating plan and characteristics of assets and liabilities. The consolidated capital adequacy ratio of the Yuanta Group is assessed and calculated by month. The Risk Management Department regularly monitors the overall capital adequacy and analyses the impact to the capital adequacy arising from the Company’s business development and the change of regulations. The Business Departments shall consider the impact of each transaction or task on the capital adequacy when conducting such transaction or task according to the annual risk limits authorized by the Company.
 - (D) The Company also sets up warning indicator in relation to above managing objectives, that is, when the capital adequacy ratio drops to the warning indicator, the risk management shall call a meeting to discuss a responding solution which is handed to the finance management for the following executive operations.

(2) Fair value information of financial instruments

A. Information on fair value of financial instruments and fair value hierarchy

(A) Outline

Fair value refers to the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Financial instruments are initially recognised at fair value. For subsequent measurements, except for those measured at amortised cost, financial instruments are measured at fair value. For active markets, fair value is measured according to quoted prices. For non-active markets, Yuanta Group utilises valuation techniques or references quoted prices from Reuters, Bloomberg or counterparties to determine the fair value of financial instruments.

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

a. Level 1

Level 1 refers to quoted prices (unadjusted) in active markets for identical assets or liabilities that an entity can access at the measurement date. An active market refers to market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the investments of the Yuanta Group, such as listed stocks investment, beneficiary certificates, popular Taiwan government bonds and the derivatives with a quoted price in an active market, are deemed as Level 1.

b. Level 2

Level 2 refers to prices in active markets other than quoted market prices that are observable, including direct (e.g. prices) or indirect (i.e. derived from prices) observable inputs from active markets. Investment of the Yuanta Group such as non-popular government bonds, corporate bonds, bank debentures, convertible corporate bonds, most derivatives and bank debentures issued by the Yuanta Group are all classified within Level 2.

c. Level 3

Level 3 refers to situations that measures fair value by using the unobservable inputs for assets and liabilities with very few (occasional) market activities. However, it has the same fair value measurement purpose which is the exit price at the measurement date for a market participant who holds the assets or owes the liabilities. Thus, the unobservable inputs reflect the assumptions (including assumptions in relation to risks) used by the market participant during the pricing of assets and liabilities.

B. Financial instruments measured at fair value

(A) Hierarchy of fair value estimation of financial instruments:

	March 31, 2021				December 31, 2020			
	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3
Recurring fair value measurements								
<u>Non-derivative financial instruments</u>								
Assets								
Financial assets at fair value through profit or loss								
Equity instruments	\$ 47,647,845	\$ 45,107,516	\$ -	\$ 2,540,329	\$ 33,740,767	\$ 31,048,635	\$ -	\$ 2,692,132
Liability instruments	376,655,216	84,822,544	291,250,366	582,306	372,759,224	88,718,027	283,450,792	590,405
Others	150,932,571	53,835,647	88,496,812	8,600,112	166,905,946	62,459,581	93,295,301	11,151,064
Financial assets at fair value through other comprehensive income (Note)								
Equity instruments	45,106,496	22,678,681	-	22,427,815	28,665,135	8,576,899	-	20,088,236
Liability instruments	250,192,648	94,131,078	155,882,953	178,617	250,942,168	94,013,795	156,725,621	202,752
Other financial assets								
Purchase of claim receivable	1,826,725	-	-	1,826,725	1,831,820	-	-	1,831,820
Liabilities								
Financial liabilities at fair value through profit or loss	\$ 153,629,711	\$ 89,139,821	\$ 18,346,017	\$ 46,143,873	\$ 144,029,171	\$ 73,969,554	\$ 18,734,672	\$ 51,324,945
<u>Derivative financial instruments</u>								
Assets								
Financial assets at fair value through profit or loss	\$ 11,095,654	\$ 2,680,678	\$ 5,947,638	\$ 2,467,338	\$ 13,186,702	\$ 3,712,219	\$ 7,348,133	\$ 2,126,350
Liabilities								
Financial liabilities at fair value through profit or loss	\$ 21,620,356	\$ 5,150,139	\$ 12,404,585	\$ 4,065,632	\$ 19,428,334	\$ 2,524,216	\$ 12,478,914	\$ 4,425,204

	March 31, 2020			
	Total	Level 1	Level 2	Level 3
Recurring fair value measurements				
<u>Non-derivative financial instruments</u>				
Assets				
Financial assets at fair value through profit or loss				
Equity instruments	\$ 30,898,381	\$ 29,008,301	\$ 51,710	\$ 1,838,370
Liability instruments	331,793,689	95,742,845	235,687,594	363,250
Others	128,160,321	40,865,229	79,365,374	7,929,718
Financial assets at fair value through other comprehensive income (Note)				
Equity instruments	39,999,913	22,260,030	-	17,739,883
Liability instruments	209,993,192	71,071,198	138,700,439	221,555
Other financial assets				
Purchase of claim receivable	1,844,599	-	-	1,844,599
Liabilities				
Financial liabilities at fair value through profit or loss	\$ 109,404,076	\$ 34,804,340	\$ 20,767,681	\$ 53,832,055
<u>Derivative financial instruments</u>				
Assets				
Financial assets at fair value through profit or loss	\$ 31,025,216	\$ 10,016,269	\$ 9,227,681	\$ 11,781,266
Liabilities				
Financial liabilities at fair value through profit or loss	\$ 34,091,513	\$ 6,543,983	\$ 11,260,122	\$ 16,287,408

Note: As of March 31, 2021, December 31, 2020, and March 31, 2020, the statutory deposits of Yuanta Life of the Yuanta Group were all \$1,216,100.

- (B) When quotes of financial instruments are obtained from the Stock Exchange, Reuters, Bloomberg, dealers or competent authorities and the prices represent arm's length transactions with sufficient frequency, the financial instruments are regarded as active market quotes. If the aforementioned requirements are not met, then the financial instruments are regarded as quotes without an active market. Large bid-ask spreads or low trade volumes are features of quotes without an active market.

Whenever the financial instruments held by Yuanta Group have active market quotes, the active market quotes are regarded as fair value. Publicly listed and over-the-counter traded equity instruments of primary stock exchanges along with central government bonds that are popular securities all regard active market quotes as the basis of fair value.

Excluding the above-mentioned financial instruments with active market quotes, the fair value of the remaining financial instruments are obtained by financial valuation models or referencing counterparty quotes. Fair value obtained through the calculations of financial valuation models include, but are not limited to, fair value references of substantive factors and characteristics from similar financial instruments, those obtained from the cash flow discounting method or those obtained by other financial valuation techniques. Fair values obtained through financial valuation techniques are derived from market information on the balance sheet date, and utilises the fair values derived from the calculations of financial valuation models (for example referencing the yield curve from the Taipei Exchange, Reuters' average commercial paper interest, etc.).

(C) Fair value adjustment

a. Limits and adjustments of financial valuation models

Financial valuation techniques do not necessarily completely reflect all relevant elements of financial instruments held by Yuanta Group. Thus, the outputs of financial valuation models may need necessary adjustments in line with important relevant elements. For example, adjustments on model risk or adjustments on liquidity risk etc. In accordance with Yuanta Group's financial valuation model management policy, management believes in order to fairly present the fair value of financial instruments within the consolidated balance sheet, valuation adjustments are pertinent and appropriate.

b. Credit risk valuation adjustment

The credit risk valuation adjustment is included in the computation of fair value of financial instruments in order to reflect counterparty's credit risk and the Yuanta Group's credit quality.

(D) Transfer between Level 1 and Level 2

As of March 31, 2021, December 31, 2020, and March 31, 2020, certain foreign debt held by the Yuanta Group, totaling USD 18,651 thousand, USD 15,437 thousand and USD 38,053 thousand, respectively, have been transferred from level 1 to level 2, because the debt instrument either had no steady quoted market price from stock brokers and Bloomberg Valuation Services (BVAL) was used due to wider region of price quotes from stock brokers. As of March 31, 2021, December 31, 2020, and March 31, 2020, certain foreign debt held by the Yuanta Group, totaling USD 26,470 thousand, USD 0 thousand and USD 9,268 thousand, have been transferred from level 2 to level 1 since these assets now have steady sources for price information.

(E) Movements of financial instruments classified into Level 3 of fair value are as follows:

a. Movements of financial assets classified into Level 3 of fair value are as follows:

For the three months ended March 31, 2021								
Items	Beginning balance	Gain and loss on valuation		Addition		Reduction		Ending balance
		Gain and loss	Other comprehensive income	Purchased or issued	Transferred to Level 3 (Note)	Sold, disposed or settled	Transferred from Level 3 (Note)	
Financial assets at fair value through profit or loss	\$ 16,559,951	\$ 1,599,790	\$ 11,569	\$ 60,141,178	\$ -	(\$ 63,582,878)	(\$ 539,525)	\$ 14,190,085
Financial assets at fair value through other comprehensive income	20,290,988	(197,377)	2,521,111	12,891	-	(21,181)	-	22,606,432
Other financial assets- purchase of claim receivable	<u>1,831,820</u>	<u>(68)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,027)</u>	<u>-</u>	<u>1,826,725</u>
Total	<u>\$ 38,682,759</u>	<u>\$ 1,402,345</u>	<u>\$ 2,532,680</u>	<u>\$ 60,154,069</u>	<u>\$ -</u>	<u>(\$ 63,609,086)</u>	<u>(\$ 539,525)</u>	<u>\$ 38,623,242</u>

For the three months ended March 31, 2020								
Items	Beginning balance	Gain and loss on valuation		Addition		Reduction		Ending balance
		Gain and loss	Other comprehensive income	Purchased or issued	Transferred to Level 3 (Note)	Sold, disposed or settled	Transferred from Level 3 (Note)	
Financial assets at fair value through profit or loss	\$ 16,152,436	\$ 2,164,844	\$ 509	\$ 6,246,842	\$ -	(\$ 2,510,961)	(\$ 141,066)	\$ 21,912,604
Financial assets at fair value through other comprehensive income	18,682,631	(246,967)	429,694	62,488	-	(966,408)	-	17,961,438
Other financial assets- purchase of claim receivable	<u>1,849,460</u>	<u>(6)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,855)</u>	<u>-</u>	<u>1,844,599</u>
Total	<u>\$ 36,684,527</u>	<u>\$ 1,917,871</u>	<u>\$ 430,203</u>	<u>\$ 6,309,330</u>	<u>\$ -</u>	<u>(\$ 3,482,224)</u>	<u>(\$ 141,066)</u>	<u>\$ 41,718,641</u>

In relation to the above, valuation gains and losses are recognised in gain and loss in the period. The net gains belonging to assets as of March 31, 2021 and 2020 were \$1,613,837 and \$2,887,571, respectively.

In relation to the above, valuation gains and losses are recognised in other comprehensive income. The net gains belonging to assets as of March 31, 2021 and 2020 were \$2,532,919 and \$430,062, respectively.

b. Movements of financial liabilities classified into Level 3 of fair value are as follows:

For the three months ended March 31, 2021								
Items	Beginning balance	Gain and loss on valuation		Addition		Reduction		Ending balance
		Gain and loss	Other comprehensive income	Purchased or issued	Transferred to Level 3 (Note)	Sold, disposed or settled	Transferred from Level 3 (Note)	
Financial liabilities at fair value through profit or loss	\$ 55,750,149	(\$ 2,814,158)	(\$ 575)	\$ 18,777,945	\$ -	(\$ 21,477,771)	(\$ 26,085)	\$ 50,209,505

For the three months ended March 31, 2020								
Items	Beginning balance	Gain and loss on valuation		Addition		Reduction		Ending balance
		Gain and loss	Other comprehensive income	Purchased or issued	Transferred to Level 3 (Note)	Sold, disposed or settled	Transferred from Level 3 (Note)	
Financial liabilities at fair value through profit or loss	\$ 68,309,057	\$ 5,695,597	(\$ 2,732)	\$ 33,737,388	\$ -	(\$ 37,619,847)	\$ -	\$ 70,119,463

In relation to the above, valuation gains and losses are recognised in gain and loss in the period. The net gains (losses) belonging to liabilities as of March 31, 2021 and 2020 were \$49,867 and (\$1,312,013), respectively.

In relation to the above, valuation gains and losses are recognised in other comprehensive income. The net gains belonging to liabilities as of March 31, 2021 and 2020 were \$988 and \$3,043, respectively.

Note: For the three months ended March 31, 2021 and 2020, the fair value transferred from Level 1 to Level 3 initially was for emerging stocks whose trading volumes were active but were reclassified due to inactive trading volumes subsequently. Also, the fair value of certain investments were transferred into Level 3 because there was no observable information obtained from the public market; the fair value transferred from Level 3 to Level 1 initially was emerging stocks whose trading volumes were inactive but were reclassified due to active trading volumes or becoming listing stocks subsequently.

(F) Fair value measurement to Level 3, and the sensitivity analysis of the substitutable appropriate assumption made on fair value.

The fair value measurement that Yuanta Group made onto the financial instruments is deemed reasonable; however, different valuation input could result in different valuation result. The effects on gain and loss in the period or the effects on other comprehensive income are as follows:

Items	Change in fair value recognised in current profit and loss		Change in fair value recognised in other comprehensive income	
	Favorable movements	Unfavorable movements	Favorable movements	Unfavorable movements
March 31, 2021				
<u>Assets</u>				
Financial assets at fair value through profit or loss	\$ 289,826	(\$ 286,540)	\$ -	\$ -
Derivative instruments	27,016	(27,016)	-	-
Financial assets at fair value through other comprehensive income	-	-	389,246	(277,600)
Other financial assets- purchase of claim receivable	93,639	(93,639)	-	-
<u>Liabilities</u>				
Financial liabilities at fair value through profit or loss	(\$ 35,209)	\$ 35,209	\$ -	\$ -
Derivative instruments	79,395	(79,464)	-	-
December 31, 2020				
<u>Assets</u>				
Financial assets at fair value through profit or loss	\$ 95,995	(\$ 92,866)	\$ -	\$ -
Derivative instruments	46,827	(46,827)	-	-
Financial assets at fair value through other comprehensive income	-	-	400,275	(278,574)
Other financial assets- purchase of claim receivable	88,945	(88,945)	-	-
<u>Liabilities</u>				
Financial liabilities at fair value through profit or loss	(\$ 43,722)	\$ 43,722	\$ -	\$ -
Derivative instruments	122,107	(122,064)	-	-

Items	Change in fair value recognised in current profit and loss		Change in fair value recognised in other comprehensive income	
	Favorable movements	Unfavorable movements	Favorable movements	Unfavorable movements
March 31, 2020				
<u>Assets</u>				
Financial assets at fair value through profit or loss	\$ 32,087	(\$ 15,513)	\$ -	\$ -
Derivative instruments	128,643	(128,643)	-	-
Financial assets at fair value through other comprehensive income	-	-	378,794	(304,590)
Other financial assets- purchase of claim receivable	83,882	(83,882)	-	-
<u>Liabilities</u>				
Financial liabilities at fair value through profit or loss	(\$ 126,154)	\$ 126,154	\$ -	\$ -
Derivative instruments	211,019	(211,019)	-	-

Favorable and unfavorable movements of the Yuanta Group refer to the favorable and unfavorable movements of fair value. Movements in fair value are derived from financial valuation techniques on different unobservable valuation parameters. If the fair value of financial instruments is affected by more than one input, the above table will only reflect the impact resulting from changes in the single input without considering the correlations and variability between inputs.

(G) The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

March 31, 2021	Valuation technique	Significant unobservable input	Range	Relationship of inputs to fair value
Financial assets at fair value through profit or loss				
Equity instruments	\$ 2,540,329	1.Market method 2.Income method 3.Equity Model by L. Anderson and D. Buffum	Discount for marketability Discount rate Stock price volatility	<=40% 7.59%~15.95% 17.61%~65.14%
			Credit Spread	2.26%~5.92%
			Recovery rate	20.00%~20.00%
				The higher the discount for marketability, the lower the fair value The higher the discount rate, the lower the fair value The relationship of volatility degree and fair value will be different with the changes of term structure and characteristic and the degree of in or out-of-money in the duration or knock out event, thus, there was no consistency between both. The higher the credit spread, the lower the fair value The higher the recovery rate, the higher the fair value

March 31, 2021		Valuation technique	Significant unobservable input	Range	Relationship of inputs to fair value
Financial assets at fair value through profit or loss					
Liability instruments	\$ 582,306	1.Hybrid Model 2.Equity Model by L. Anderson and D. Buffum 3.Monte Carlo Simulation 4.Discounted cash flow	Stock price volatility	35.61%~53.19%	The relationship of volatility degree and fair value will be different with the changes of term structure and characteristic and the degree of in or out-of-money in the duration or knock out event, thus, there was no consistency between both.
			Credit Spread	5.58%~5.60%	The higher the credit spread, the lower the fair value
			Recovery rate	20.00%~20.00%	The higher the recovery rate, the higher the fair value
			Discount rate	0.18%~4.65%	The higher the discount rate, the lower the fair value
Derivative instruments (including futures and options trade in futures market)	2,467,338	1.Option Model 2.Hybrid Model 3.FDM 4.Monte Carlo Simulation	Stock price volatility	2.03%~22.38%	The relationship of volatility degree and fair value will be different with the changes of term structure and characteristic and the degree of in or out-of-money in the duration or knock out event, thus, there was no consistency between both.
			Correlation coefficient	0.22~0.95	The higher the correlation coefficient, the higher the fair value
			Default rate	0.03%~100%	The higher the default rate, the lower the fair value
			Recovery rate	55%	The higher the recovery rate, the higher the fair value
Others	8,600,112	1.Net asset value 2.Option Model 3.FDM 4.Monte Carlo Simulation	Discount for marketability	<=10%	The higher the discount for marketability, the lower the fair value
			Stock price volatility	18.42%~22.38%	The relationship of volatility degree and fair value will be different with the changes of term structure and characteristic and the degree of in or out-of-money in the duration or knock out event, thus, there was no consistency between both.
			Correlation coefficient	0.22~0.95	The higher the correlation coefficient, the higher the fair value
			Default rate	0.03%~100.00%	The higher the default rate, the lower the fair value
			Recovery rate	55%	The higher the recovery rate, the higher the fair value
Other financial assets					
Purchase of claim receivable	1,826,725	Recoverable amount	Contact rate	4.49%~43.20%	The higher the contact rate, the higher the fair value
			Payment rate	3.34%~38.00%	The higher the payment rate, the higher the fair value
			Discount rate	4.48%~41.92%	The higher the discount rate, the lower the fair value
Financial assets at fair value through other comprehensive income					
Equity instruments	22,427,815	1.Market method 2.Residual income valuation model 3.Discounted cash flow	Discount for marketability	<=40%	The higher the discount for marketability, the lower the fair value
			Expected growth rate	0.00%~1.00%	The higher the growth rate, the higher the fair value
			Discount rate	11%	The higher the discount rate, the lower the fair value
Liability instruments	178,617	Discounted cash flow	Discount rate	0.18%~4.65%	The higher the discount rate, the lower the fair value

March 31, 2021		Valuation technique	Significant unobservable input	Range	Relationship of inputs to fair value
Financial liabilities at fair value through profit or loss					
Derivative instruments (including futures and options trade in futures market)	\$ 4,065,632	1.FDM 2.Option Model 3.Monte Carlo Simulation 4.Equity Model by L.Andersen and D.Buffum	Stock price volatility	18.42%~37.61%	The relationship of volatility degree and fair value will be different with the changes of term structure and characteristic and the degree of in or out-of-money in the duration or knock out event, thus, there was no consistency between both.
			Correlation coefficient	0.22~0.95	The higher the correlation coefficient, the higher the fair value
			Default rate	0.03%~100%	The higher the default rate, the lower the fair value
			Recovery rate	55%	The higher the recovery rate, the higher the fair value
Others	46,143,873	1.FDM 2.Option Model 3.IR Model 4.Hybrid Model 5.Monte Carlo Simulation 6.Equity Model by L.Andersen and D.Buffum	Stock price volatility	0.06%~82.43%	The relationship of volatility degree and fair value will be different with the changes of term structure and characteristic and the degree of in or out-of-money in the duration or knock out event, thus, there was no consistency between both.
			Correlation coefficient	0.22~0.95	The higher the correlation coefficient, the higher the fair value
			Default rate	0.03%~100.00%	The higher the default rate, the lower the fair value
			Recovery rate	55%	The higher the recovery rate, the higher the fair value
December 31, 2020		Valuation technique	Significant unobservable input	Range	Relationship of inputs to fair value
Financial assets at fair value through profit or loss					
Equity instruments	\$ 2,692,132	1.Market method 2.Income method 3.Equity Model by L. Anderson and D. Buffum	Discount for marketability	<=40%	The higher the discount for marketability, the lower the fair value
			Discount rate	7.59%~15.95%	The higher the discount rate, the lower the fair value
			Stock price volatility	11.01%~39.46%	The relationship of volatility degree and fair value will be different with the changes of term structure and characteristic and the degree of in or out-of-money in the duration or knock out event, thus, there was no consistency between both.
			Credit Spread	2.49%~5.92%	The higher the credit spread, the lower the fair value
			Recovery rate	20.00%~20.00%	The higher the recovery rate, the higher the fair value
Liability instruments	590,405	1.Hybrid Model 2.Equity Model by L. Anderson and D. Buffum 3.Monte Carlo Simulation 4.Discounted cash flow	Stock price volatility	13.19%~51.02%	The relationship of volatility degree and fair value will be different with the changes of term structure and characteristic and the degree of in or out-of-money in the duration or knock out event, thus, there was no consistency between both.
			Credit Spread	5.58%~5.60%	The higher the credit spread, the lower the fair value
			Recovery rate	20.00%~20.00%	The higher the recovery rate, the higher the fair value
			Discount rate	0.002%~4.74%	The higher the discount rate, the lower the fair value

December 31, 2020		Valuation technique	Significant unobservable input	Range	Relationship of inputs to fair value
Financial assets at fair value through profit or loss					
Derivative instruments (including futures and options trade in futures market)	\$ 2,126,350	1.Option Model 2.Hybrid Model 3.FDM 4.Monte Carlo Simulation	Stock price volatility	2.57%~22.11%	The relationship of volatility degree and fair value will be different with the changes of term structure and characteristic and the degree of in or out-of-money in the duration or knock out event, thus, there was no consistency between both.
			Correlation coefficient	0.22~0.96	The higher the correlation coefficient, the higher the fair value
			Default rate	0.03%~100%	The higher the default rate, the lower the fair value
			Recovery rate	55%	The higher the recovery rate, the higher the fair value
Others	11,151,064	1.Net asset value 2.Option Model 3.FDM 4.Monte Carlo Simulation	Discount for marketability	<=10%	The higher the discount for marketability, the lower the fair value
			Stock price volatility	17.93%~22.11%	The relationship of volatility degree and fair value will be different with the changes of term structure and characteristic and the degree of in or out-of-money in the duration or knock out event, thus, there was no consistency between both.
			Correlation coefficient	0.22~0.96	The higher the correlation coefficient, the higher the fair value
			Default rate	0.03%~100.00%	The higher the default rate, the lower the fair value
			Recovery rate	55%	The higher the recovery rate, the higher the fair value
Other financial assets					
Purchase of claim receivable	1,831,820	Recoverable amount	Contact rate	3.76%~43.20%	The higher the contact rate, the higher the fair value
			Payment rate	2.87%~39.00%	The higher the payment rate, the higher the fair value
			Discount rate	3.72%~39.93%	The higher the discount rate, the lower the fair value
Financial assets at fair value through other comprehensive income					
Equity instruments	20,088,236	1.Market method 2.Residual income valuation model 3.Discounted cash flow	Discount for marketability	<=40%	The higher the discount for marketability, the lower the fair value
			Expected growth rate	0.00%~1.00%	The higher the growth rate, the higher the fair value
			Discount rate	11%	The higher the discount rate, the lower the fair value
Liability instruments	202,752	Discounted cash flow	Discount rate	0.002%~4.74%	The higher the discount rate, the lower the fair value

December 31, 2020		Valuation technique	Significant unobservable input	Range	Relationship of inputs to fair value
Financial liabilities at fair value through profit or loss					
Derivative instruments (including futures and options trade in futures market)	\$ 4,425,204	1.FDM 2.Option Model 3.Monte Carlo Simulation 4.Equity Model by L.Andersen and D.Buffum	Stock price volatility	17.93%~37.61%	The relationship of volatility degree and fair value will be different with the changes of term structure and characteristic and the degree of in or out-of-money in the duration or knock out event, thus, there was no consistency between both.
			Correlation coefficient	0.23~0.96	The higher the correlation coefficient, the higher the fair value
			Default rate	0.03%~100%	The higher the default rate, the lower the fair value
			Recovery rate	55%	The higher the recovery rate, the higher the fair value
Others	51,324,945	1.FDM 2.Option Model 3.IR Model 4.Hybrid Model 5.Monte Carlo Simulation 6.Equity Model by L.Andersen and D.Buffum	Stock price volatility	1.14%~92.20%	The relationship of volatility degree and fair value will be different with the changes of term structure and characteristic and the degree of in or out-of-money in the duration or knock out event, thus, there was no consistency between both.
			Correlation coefficient	0.23~0.96	The higher the correlation coefficient, the higher the fair value
			Default rate	0.03%~100.00%	The higher the default rate, the lower the fair value
			Recovery rate	55%	The higher the recovery rate, the higher the fair value
March 31, 2020		Valuation technique	Significant unobservable input	Range	Relationship of inputs to fair value
Financial assets at fair value through profit or loss					
Equity instruments	\$ 1,838,370	1.Market method 2.Income method 3.Equity Model by L. Anderson and D. Buffum	Discount for marketability	<=40%	The higher the discount for marketability, the lower the fair value
			Discount rate	5.45%~14.40%	The higher the discount rate, the lower the fair value
			Stock price volatility	19.11%~49.04%	The relationship of volatility degree and fair value will be different with the changes of term structure and characteristic and the degree of in or out-of-money in the duration or knock out event, thus, there was no consistency between both.
			Credit Spread	2.49%~5.60%	The higher the credit spread, the lower the fair value
			Recovery rate	20%	The higher the recovery rate, the higher the fair value
Liability instruments	363,250	1.Hybrid Model 2.Equity Model by L. Anderson and D. Buffum 3.Discounted cash flow	Stock price volatility	13.64%~41.03%	The relationship of volatility degree and fair value will be different with the changes of term structure and characteristic and the degree of in or out-of-money in the duration or knock out event, thus, there was no consistency between both.
			Credit Spread	5.58%~18.03%	The higher the credit spread, the lower the fair value
			Recovery rate	20%	The higher the recovery rate, the higher the fair value
			Discount rate	0.009%~7.55%	The higher the discount rate, the lower the fair value

March 31, 2020		Valuation technique	Significant unobservable input	Range	Relationship of inputs to fair value
Financial assets at fair value through profit or loss					
Derivative instruments (including futures and options trade in futures market)	\$ 11,781,266	1.Option Model 2.Hybrid Model 3.FDM 4.Monte Carlo Simulation	Stock price volatility	2.47%~22.69%	The relationship of volatility degree and fair value will be different with the changes of term structure and characteristic and the degree of in or out-of-money in the duration or knock out event, thus, there was no consistency between both.
			Correlation coefficient	0.23~0.96	The higher the correlation coefficient, the higher the fair value
			Default rate	0.03%~100%	The higher the default rate, the lower the fair value
			Recovery rate	55%	The higher the recovery rate, the higher the fair value
Others	7,929,718	1.Net asset value 2.Option Model 3.FDM 4.Monte Carlo Simulation	Discount for marketability	<=10%	The higher the discount for marketability, the lower the fair value
			Stock price volatility	16.97%~22.69%	The relationship of volatility degree and fair value will be different with the changes of term structure and characteristic and the degree of in or out-of-money in the duration or knock out event, thus, there was no consistency between both.
			Correlation coefficient	0.23~0.96	The higher the correlation coefficient, the higher the fair value
			Default rate	0.03%~100%	The higher the default rate, the lower the fair value
			Recovery rate	55%	The higher the recovery rate, the higher the fair value
Other financial assets					
Purchase of claim receivable	1,844,599	Recoverable amount	Contact rate	1.26%~38.39%	The higher the contact rate, the higher the fair value
			Payment rate	1.22%~39.93%	The higher the payment rate, the higher the fair value
			Discount rate	1.20%~40.00%	The higher the discount rate, the lower the fair value
Financial assets at fair value through other comprehensive income					
Equity instruments	17,739,883	1.Market method 2.Residual income valuation model 3.Discouted cash flow	Discount for marketability	<=40%	The higher the discount for marketability, the lower the fair value
			Expected growth rate	1%	The higher the growth rate, the higher the fair value
			Discount rate	10.40%~10.60%	The higher the discount rate, the lower the fair value
Liability instruments	221,555	Discounted cash flow	Discount rate	0.009%~7.55%	The higher the discount rate, the lower the fair value

March 31, 2020	Valuation technique	Significant unobservable input	Range	Relationship of inputs to fair value	
Financial liabilities at fair value through profit or loss					
Derivative instruments (including futures and options trade in futures market)	\$ 16,287,408	1.FDM 2.Option Model 3.Monte Carlo Simulation	Stock price volatility	16.97%~22.69%	The relationship of volatility degree and fair value will be different with the changes of term structure and characteristic and the degree of in or out-of-money in the duration or knock out event, thus, there was no consistency between both. The higher the correlation coefficient, the higher the fair value The higher the default rate, the lower the fair value The higher the recovery rate, the higher the fair value
			Correlation coefficient	0.23~0.96	
			Default rate	0.03%~100%	
			Recovery rate	55%	
Others	53,832,055	1.IR Model 2.Option Model 3.Hybrid Model 4.FDM 5.Monte Carlo Simulation	Stock price volatility	0.94%~362.46%	The relationship of volatility degree and fair value will be different with the changes of term structure and characteristic and the degree of in or out-of-money in the duration or knock out event, thus, there was no consistency between both. The higher the correlation coefficient, the higher the fair value The higher the default rate, the lower the fair value The higher the recovery rate, the higher the fair value
			Correlation coefficient	0.23~0.96	
			Default rate	0.03%~100%	
			Recovery rate	55%	

(H) Valuation procedure of financial instruments classified into Level 3

The Yuanta Group established the unobservable inputs by taking into account all information in relation to market participants assumption which is reasonably available to meet the purpose of fair value measurement, and analyzed changes in fair value measurement periodically in accordance with the internal valuation management policy and procedure to ensure that valuation procedure and results meet International Accounting Standards.

C. Financial instruments not measured at fair value

(A) Fair value information:

Except for those listed in the table below, the carrying amounts of the Yuanta Group's financial instruments not measured at fair value are approximate to their fair values.

	March 31, 2021				
	Book value	Fair value			
		Total	Level 1	Level 2	Level 3
<u>Financial assets</u>					
Investments in debt instruments at amortised cost (Notes 1 and 2)	\$ 291,240,297	\$ 308,260,375	\$ 3,054,048	\$ 305,177,822	\$ 28,505
<u>Financial liabilities</u>					
Bonds payable	80,290,894	82,726,362	-	82,726,362	-

		December 31, 2020				
		Book value	Fair value			
			Total	Level 1	Level 2	Level 3
<u>Financial assets</u>						
Investments in debt instruments at amortised cost (Notes 1 and 2)						
	\$ 284,026,580	\$ 317,826,274	\$ 3,133,569	\$ 314,662,895	\$	29,810

<u>Financial liabilities</u>						
Bonds payable						
	78,790,127	81,283,377	-	81,283,377		-

		March 31, 2020				
		Book value	Fair value			
			Total	Level 1	Level 2	Level 3
<u>Financial assets</u>						
Investments in debt instruments at amortised cost (Notes 1 and 2)						
	\$ 261,525,044	\$ 280,847,697	\$ 3,219,402	\$ 277,592,640	\$	35,655

<u>Financial liabilities</u>						
Bonds payable						
	68,854,087	71,149,037	-	71,149,037		-

Note 1: Including the statutory deposits of all \$2,344,300 of Yuanta Life of the Yuanta Group as of March 31, 2021, December 31, 2020, and March 31, 2020.

Note 2: The government bonds, corporate bonds, and bank debentures which are classified as debt instruments without active market.

(B) Financial valuation technique:

The assumptions and methods used to estimate the financial instruments not measured by fair value:

- The financial instruments such as cash and cash equivalents, due from Central Bank and call loans to other banks, investments in bills and bonds under resale agreements, receivables- net, other financial assets - net (not including debt instruments without active market), refundable deposits, due to Central Bank and other banks, payables, short-term borrowings and deposits received. As the short maturities or future payment or receipt is close to the carrying amount, the carrying amount at the consolidated balance sheet date is used to estimate the fair value.
- Bills discounted and loans (including non-performing loans): The effective interest rates of loans are generally based on the benchmark interest rate plus or minus certain adjustment (equivalent to floating rate) to reflect the market interest rate. As a result, it is reasonable to assume that the carrying amount, after adjustments of estimated recoverability, approximates the fair value. Fair values for long-term loans with fixed interest rates shall be estimated using their discounted values of expected future cash flows. However, as such loans account for only a small portion of all loans, book value was used to estimate the fair value.
- Investments in debt instruments at amortised cost: When there is a quoted market price available in an active market, the fair value is determined using the market price. If there is no quoted market price for reference, a valuation technique or quoted price offered by the counterparties will be adopted to measure the fair value.
- Deposits and remittances: The duration between the commencement date and maturity date for deposits and remittances are usually within one year. As a result, the carrying amount is a reasonable basis to estimate the fair value. The fair value of long-term fixed rate deposits should

be estimated by discounting expected future cash flows; however, since the duration between the commencement date and the maturity date is within three years, it is reasonable to use the carrying amount to estimate the fair value.

- e. Bonds payable: The coupon rate for bank debentures issued by Yuanta Group is approximate to the market interest rate. Thus, the present value of its expected future cash flows for estimating fair value is approximate to its carrying value.

(3) Management objective and policy for financial risk

A. Risk management policy and structural organization

(A) The Yuanta Group's risk management organization structure includes the Board of Directors, the Audit Committee, the Risk Management Committee, senior management, the Risk Management Department, the Legal Compliance Department, the Legal Department and other business departments. The Board of Directors is the highest decision-making unit for risk management. Its primary responsibilities includes approving the Yuanta Group's risk management policy, important risk management systems, and annual risk limits, as well as supervising the enforcement of the risk management system. The Audit Committee should assist the Board of Directors in implementing its risk management responsibilities. Its primary responsibilities includes deliberating the Yuanta Group's risk management policy, important risk management systems, and annual risk limits, as well as assisting the Board of Directors in supervising the enforcement of the risk management system. The Risk Management Committee should assist the Audit Committee and Board of Directors in implementing their risk management responsibilities. Its primary responsibilities includes deliberating the annual risk limits, reviewing risk management reports, integrating and coordinating common risk management issues between subsidiaries, and promoting and communicating important risk management issues. Senior management should examine risks involved in operating activities and ensure the Yuanta Group's risk management system can thoroughly and effectively control related risks. The Risk Management Department is an independent department subordinated under the Board of Directors. The Risk Management Department's primary responsibilities includes developing the risk management system, establishing a method to effectively measure risk, establishing the risk management system, monitoring and analyzing risk and alerting and reporting significant risks in a timely manner. The Legal Compliance department should implement legal compliance risk management. It should ensure that businesses of all units and the legal compliance risk management system comply with related regulations, as well as assist in evaluating possible legal compliance risks that all business units may be involved with. The Legal Department should implement legal risk management. It should assist in evaluating possible legal risk that business units, legal documents and contracts may be involved with.

The risk management responsibilities of business departments are to comprehensively examine all risk management regulations before conducting their respective tasks and certainly comply with all risk management regulations.

Each subsidiary has built a risk management organization with appropriate levels and scale based on its business portfolio, operating scale and capital scale. Subsequently, the Yuanta Group will examine each subsidiary's risk management organization in order to confirm that it can manage its assumed risks effectively.

(B) Risk management policy

In order to establish the Yuanta Group's risk management standard, ensuring the completeness, effectiveness and reasonableness of risk management, the risk management policy was devised to act as the highest guiding principle for the Yuanta Group's risk management. All risk management systems should comply with the risk management policy

and consider the attributes of all risk and its impact degree on the Yuanta Group's operating stability capital soundness to respectively establish appropriate risk management systems.

The Yuanta Group's risk management system covers market risk, credit risk, market liquidity risk, capital liquidity risk, interest risk, insurance risk, operating risk, legal compliance risk, legal risk and other risks related with operations. Subsidiaries should establish a risk management system which matches its business portfolio, operating scale and capital scale in accordance with the Yuanta Group's risk management policy and local regulations, in order to effectively manage the risks it endures.

B. Methods for risks measurement and controlling and exposure quantitative information

(A) Credit risk

a. Source and definition of credit risk

Credit risks occur when the bond issuer, borrower or counterparty fails to fulfil its obligation and results in a loss of default. Credit risk may happen due to accounts on and off the balance sheet. For accounts on the balance sheet, credit risk exposure of the Yuanta Group mainly comprises of bills discounted and loans and credit card business, debt instrument and derivatives and call loans from banks, etc. Off-balance-sheet accounts include financial guarantee, acceptance bill, letter of credit and loan commitments that could give rise to credit risk exposure to the Yuanta Group.

b. Principle of credit risk management

In order to effectively consolidate credit distribution and control change in credit exposure, except for establishment of internal credit rating system and implementation of credit risk rating system, the Yuanta Group also establishes credit pre-warning program, carries out escalation procedures and effectively improves the time efficiency of credit incidence. Secondly, to benefit the control of credit risk concentration, the Yuanta Group has developed information system for significant amount exposure, which covers credit risks of credit and investment transactions, cross-analyses and cross-consolidates by issuer and trading counterparty and monitors overall credit exposure. In addition, the Yuanta Group also conducts research and development of various credit risk model to strengthen quantitative mechanism of the Yuanta Group's credit rating. As such, the credit limits of the subsidiaries can be dynamically and reasonably allocated and transferred according to different business risks and asset characteristics.

The measurement of credit risks, risk limits, limit exceeding response and exception regulation should be treated in compliance with related credit risk regulations. Business units, before the underwriting of a transaction, should assess internal credit rating, credit limit and current limit usage ratio of a company upon the receipt of executed transaction.

c. Methods used in credit risk management

Procedures and methods used in credit risk management for the core businesses of the Yuanta Group are as follows:

(a) Credit business (including loan commitment and guarantees)

Credit assets are classified into five types. Other than normal credit assets shall be classified as Category One, the remaining non-performing loans are assessed based on the collateral provided and the time period of overdue payment as follows: Category Two for assets requiring special mention. Category Three for assets deemed recoverable. Category Four for assets that are doubtful. Category Five for assets that are not recoverable.

In response to the characteristics and scale of business, the Yuanta Group sets up credit quality rating for risk management purposes (such as implementing internal evaluation model of credit risk, setting up credit rating table or other relevant regulations).

The Yuanta Group, mainly based on the statistics and professional judgement of experts and consideration of client information, developed a business credit rating model for the purpose of evaluating the credit risk of corporate clients. The model is regularly reviewed to check if the calculation result is consistent with the actual situation. And adjustment on various inputs should be calibrated to optimize the calculation result.

Credit rating of corporate finance is categorized into 10 levels upon underwriting according to the risks assessment on each credit extension case. When a loan is granted, in addition to the credit quality of the client, fund purpose, repayment source, protection of claims and credit prediction should be considered, credit risk by credit account and facility should also be respectively assessed and rated based on the corporate or consumer risk rating referencing standards.

Credit risk rating of the consumer finance is categorised by client superiority, client profession and the rating of collateral threshold.

(b) Debt instruments investment and derivatives

The Yuanta Group manages the credit risk of debt instruments through consolidating external credit rating and internal credit rating model to establish internal credit rating system, and sets up credit limits for issuers and counterparties accordingly. Credit risk exposure of related business is consolidated for calculation to ensure that the overall credit risks are in compliance with limits as approved by the Yuanta Group. In addition to the establishment of credit risk management and procedures, the credit risk model is also used to quantify credit risk so that credit risk can be reasonably and effectively controlled and evaluated, so the overall credit risk will be within reasonable bearable capacity of the Yuanta Group's capital.

(c) Margin purchase and short sale

Other than the compliance with regulations governing the margin sale and short sale business from SEC and the decreased ratio or allocated securities for warning of abnormal individual stock as defined by OTC, the Yuanta Group also sets up risk management structure such as quota allocation, pre-warning indicators and process standards and credit diversification standards with specific associate being responsible for related risk control. In addition, the comprehensively computerized risk information system can help assist with enhancing the pre-warning function of margin sale and short sale credit so that awareness of market movement at an early stage may be achieved.

d. Analysis on credit quality and overdue impairment of financial assets held by the Yuanta Group

(a) Credit risk rating is categorized into Excellent, Acceptable, Weak, and Credit-impaired, and the definitions are illustrated below:

- I. Excellent: This level shows that the counterparty or the underlying asset is equipped with strong capability of fulfilling financial commitments, even under significantly uncertain or adverse conditions.
- II. Acceptable: This level shows that the counterparty's or the underlying asset's capability of fulfilling financial commitments is weak. Any adverse operation, financial or economic conditions will reduce its capability.
- III. Weak: This level shows that the counterparty's or the underlying asset's capability of fulfilling financial commitments is extremely low. The counterparty is able to fulfill financial commitments only when the operating circumstances and its financial condition are favorable.

IV. Credit-impaired: This level shows that the financial asset has been impaired or there has been a significant increase in the credit risk since initial recognition.

The comparison between internal credit risk ratings and external credit ratings is provided below. However, these two credit risk ratings do not have any direct relation. The comparison chart is just for disclosing approximate level of credit risk ratings.

Credit quality	Corporate finance	Consumer finance	Debt instruments and others	
	Internal and external credit rating	Credit rating	Taiwan Ratings	Standard & Poor's Ratings
Excellent	Level 1~6	Excellent	twAAA ~ twBBB-	AAA ~ BBB-
Acceptable	Level 7~8	Acceptable	twBB+ ~ twBB	BB+ ~ BB
Weak	Level 9~10	Weak	twBB- ~ twC	BB- ~ C
Credit impaired	Level D	Credit impairment	Credit impairment	Credit impairment

(b) Expected credit losses calculation

Impairment assessment is based on the calculation of expected credit losses, taking into account reasonable and supportable information about past events, current conditions and forecasts of future economic conditions, which is available without undue cost or effort, including forecastable information. The Yuanta Group determines at the balance sheet date whether there has been a significant increase in credit risk since initial recognition or whether credit impairment has occurred, and recognizes expected credit losses according to which stage the asset belongs: no significant increase in credit risk or low credit risk at balance sheet date (Stage 1), significant increase in credit risk (Stage 2), and credit-impaired (Stage 3). 12-month expected credit losses are recognized for assets in Stage 1, and lifetime expected credit losses are recognized for assets in Stage 2 and Stage 3.

The definition of and expected credit losses recognized for each stage are as follows:

	Stage 1	Stage 2	Stage 3
Definition	Financial assets with no significant increase in credit risk since initial recognition or low credit risk on balance sheet date	Financial assets with significant increase in credit risk since initial recognition	Financial assets that became credit-impaired after initial recognition
Recognition of expected credit losses	12-month expected credit losses are recognized	Lifetime expected credit losses are recognized	Lifetime expected credit losses are recognized

The Yuanta Group uses the following key judgements and assumptions when estimating expected credit losses in accordance with IFRS 9:

I. Determining whether there has been a significant increase in credit risk since initial recognition

At every balance sheet date, the Yuanta Group and its subsidiaries assess the change in default risk over the lifetime of each financial asset to determine whether there has been a significant increase in credit risk since initial recognition.

(I) Credit business

The Yuanta Group considers reasonable and supportable information (including forecastable information) when determining whether there has been significant increase in credit risk. The main indicators taken into account are as follows:

- i. The borrower is over 30 days past due.
- ii. Significant deterioration in credit quality and placed on the Yuanta Group's warning list.
- iii. Deterioration in credit rating:
Credit rating: The Yuanta Group's internal credit rating of the asset is equivalent to a non-investment grade rating by an external agency, and the rating has dropped by more than two scales since initial recognition.
- iv. Records of bad credit are confirmed after assessment.

(II) Investments in debt instruments

At the balance sheet date, a debt instrument is considered to have significant increase in credit risk when the internal credit ratings of the credit reference subject is of non-investment grade and any one of the following conditions is met:

- i. The internal ratings of the credit reference subject has dropped by more than one scale since initial recognition.
- ii. The implied credit spread of the debt instrument has increased by a certain number of basis points since initial recognition.

(III) Other financial assets

Except for credit business and debt instruments investment, the criteria that the Yuanta Group uses to determine that there has a significant increase in credit risk at balance sheet date is as follows:

- i. Guarantee deposits: At the balance sheet date, the deposit has not been returned at maturity, and the number of past-due days is lower than the terms recorded in the contract, unless the contractual terms specify it.
- ii. Call loans to (from) banks and due from the Central Bank, banks overdrafts, bills with a reverse repo and bond, commercial paper and time deposit and its interest receivable: At the balance sheet date, the date that the Yuanta Group received the payment from counterparties is over the collection date, unless the contractual terms specify it.
- iii. Remaining receivables: At the balance sheet date, the number of past-due days is over the days recorded in the contract, receivables have been transferred to overdue receivables or have been provided the bad debt expense, or the number of past-due days is not over the days recorded in the contract but it meets the terms of default.

II. Definitions of financial assets in default and credit-impaired financial assets

According to the definition stated in IFRS 9, a financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred.

(I) Credit business

- i. Principal or interest payments over 3 months (90 days) past due, or the bank has begun collection procedures or liquidation of collateral.

- ii. New payment schedule is negotiated so that loan is not classified as non-performing.
- iii. Non-performing loans in negotiation according to the rules of the Debt Negotiation Mechanism issued by the Bankers Association in 2006 (including pre-mediation).
- iv. Loans that have gone through pre-mediation and have signed agreements in accordance with the Consumer Debt Clearance Act (excluding secured loans where the original terms of the loans are enforced).
- v. Cases where the court has initiated reorganization or liquidation proceedings.
- vi. Declaration of bankruptcy in court.
- vii. Reclassified as non-accrual.
- viii. Special criterion for credit card products: credit card accounts closed by the issuer.
- ix. Debtor's loans from other banking institutions have been recognized as non-performing, and reclassified as non-accrual or written off as bad debt.
- x. Debtor has filed for bankruptcy, reorganization, or other debt clearance proceedings.
- xi. Debtor renews, extends the length of, and negotiates new payment terms on the loan in accordance with the Bankers Association Self-regulatory Rules for Debt Workouts.
- xii. Non-performing loans where a payment installment plan has been negotiated.
- xiii. Loans classified as "in default" according to the Yuanta Group's internal credit rating model.

(II) Investments in debt instruments

An investment in a debt instrument by the Yuanta Group is considered credit-impaired if any of the following conditions apply:

- i. Both internal and external credit ratings of the instrument are "in default."
- ii. Principal or interest payments are not made in accordance with the agreement.
- iii. Bankruptcy, reorganization, or other debt clearance proceedings has been filed.
- iv. Other breaches of contract by the debtor as assessed on a case-by-case basis.

(III) Other financial assets

- i. Guarantee deposits: At the balance sheet date, the deposit has not been returned at maturity, and the number of past-due days is in line with the days recorded in the contract.
- ii. Call loans to (from) banks and due from the Central Bank, banks overdrafts, bills with a reverse repo and bond, commercial paper and time deposit and its interest receivable: At the balance sheet date, the date that the Yuanta Group received the payment from counterparties is over the collection date, unless the contractual terms specify it.

- iii. Remaining receivables: At the balance sheet date, the number of past-due days is over the days recorded in the contract, and receivables have been transferred to overdue receivables or have been provided the bad debt expense.

(IV) Definition of default

When assessing whether the borrower is in default, the Yuanta Group selects among the multiple loans held by the borrower the one with the lowest credit quality. The borrower is considered in default if the principal and interest payments on this selected loan is over 90 days past due or if the selected loan is reclassified as non-accrual or bad debt during the observation period.

III. Write off policy

If any of the following conditions apply, the Yuanta Group writes off its non-performing and non-accrual loans as bad debt, less the estimated recoverable amount:

- (I) The loan cannot be fully or partially recovered due to the dissolution of, disappearance of, settlement with, or declaration of bankruptcy by the debtor.
- (II) The collateral and assets of the primary and secondary debtors cannot be used to recover the loan due to low appraisal value, liquidity preference, or high administrative costs associated with seizure and liquidation.
- (III) The collateral and assets of the primary and secondary debtors could not be auctioned off after multiple attempts.
- (IV) The non-performing and non-accrual loans are two years past due, and could not be recovered from collection procedures.

IV. Measurement of expected credit losses

The model of expected credit losses (ECL) is based on the following three parameters: probability of default (PD), loss given default (LGD), and exposure at default (EAD).

(I) Credit business

i. Probability of default

The estimation of PD is based on the product type and internal credit ratings of the Yuanta Group, with the one-year PD and multi-year PD estimated separately.

- (i) One-year PD: Calculate the actual one-year PD from historical data and use it to estimate the one-year PD parameter.
- (ii) Multi-year PD: The multi-year PD is estimated using historical data on annual marginal default rates. Applying the multi-year PD to each loan requires selecting the corresponding lifetime. The lifetime of the loan is estimated based on the length of the remaining contract.

ii. Loss given default

Loans are grouped according to type (corporate or consumer) and whether they are secured with collateral, and the LGD of each group is calculated based on historical recovery experience.

iii. Exposure at default (EAD)

- (i) On balance sheet—Loans and loan receivables: calculated from credit balance.

- (ii) Off balance sheet— Loan commitments and financial guarantees: off balance sheet figures multiplied by the credit conversion factor (CCF). The CCF is estimated according to the rules described in the “Calculation Method of Equity Capital and Risky Assets and Accompanying Forms—Credit Risk Standard Rules.”

(II) Investments in debt instruments

- i. Probability of default: Calculated based on the internal credit ratings of the credit reference subject determined using external credit rating which has taken into consideration the forecastability, such as macroeconomics, incorporating default rates published by external credit rating agencies.
- ii. Loss given default: Calculated based on the collateral and order of compensation of the debt instrument, incorporating the average recovery rate disclosed by external credit rating agencies.
- iii. Exposure at default: Total carrying amount, including interest receivable. Total carrying amount is the amortized cost of the financial asset before any adjustment to the loss allowance.

V. Consideration of forecastable information

The Yuanta Group incorporates forecastable information when determining whether there has been a significant increase in credit risk in relation to credit business since initial recognition and measuring expected credit losses.

(I) For determining significant increase in credit risk

- i. The Yuanta Group’s credit approval process includes evaluation of forecastable information such as business potential, financial condition, industry outlook, loan collateral, and ability to repay.
- ii. Identify customers with potential risk using the early warning list of the Yuanta Group. The early warning system of the Yuanta Group involves the assessment of the credit risk of the customer by reviewing the following five factors: management, financial statements, cash flows, source of repayment, and past performance.

(II) For measuring expected credit losses

At least reflected in the forecastable adjustments of PD and LGD: In order to predict future probabilities of default, historical performances of PD, current trends in PD, the correlation between PD and macroeconomic factors, and other relevant information is considered by experts to give an overall assessment of forecastable scenarios of PD. The PD parameters are then adjusted accordingly to produce the forecastable PD parameters.

(III) Other

Forecastable adjustments are not made if the results from such adjustments are not expected to differ significantly from the original results, assuming there are no significant changes in current economic conditions and the future macroeconomic environment. However, if significant changes in the future macroeconomic environment are predicted, the loss rates have to be adjusted accordingly; for example, adjusting the loss rate by a certain percentage according to expected changes in GDP.

e. Hedging or mitigation of credit risk

(a) Collateral

The Yuanta Group adopts a series of policies and measures to mitigate credit risk in relation to credit extension business. Amongst those, requesting borrowers to provide collateral is one of the most usual means. The Yuanta Group has specific criteria for acceptable collateral and collateral valuation, management and disposing procedures regarding the collateral valuation management, collateral assessment for credit facility in order to protect the credit right. In addition, protection of creditor's right, collateral terms and offsetting terms are all addressed in the credit extension contract in case of any occurrence of credit event, of which the amount may be deductible, loan repayment schedule may be shortened or deemed as matured, or various types of deposits can be used to offset its liabilities to mitigate credit risks.

(b) Credit risk limit and credit risk concentration control

The Yuanta Group controls the concentration risk of various assets in order to avoid high risk concentration. The Yuanta Group has set up credit extension limits for a single counterparty or a single group, and set up investment standards and risk controlling regulations for stock investment for a single person (entity) or affiliated enterprises' (group) various investment limit. In addition, in order to control concentration risk of various assets, the Yuanta Group has also set up credit limits based on the industry, enterprise of group, country, pledged stocks for credit extension and monitored risk concentration of each asset. Through the system consolidation, single counterparty, group's enterprises, affiliated enterprise, industry, nationality, ultimate risk and various credit risk concentration can be monitored.

(c) Net-settled general agreement

The transactions of the Yuanta Group are usually gross-settled. However, net-settled agreements are signed with certain counterparties to further mitigate credit risk in case of any default and all transactions shall be terminated with the counterparties and settled by net amount.

(d) Others

The Yuanta Group regularly assesses the credit status in relation to the issuers or the counterparties and hedges or mitigates its credit risks through the following procedures:

I. Additional credit exposure limit;

II. Credit limits reduction;

III. Hedging through credit derivatives;

IV. Credit enhancement, such as guarantee from qualifying bank or obtaining collateral.

f. The impact of COVID-19

As a result of the COVID-19 outbreak in the beginning of 2020 and the effect on each country and macroeconomic development, the actual impact would be determined based on the duration of the pandemic as well as the degree of effect on the economic environment. In response to COVID-19, the Yuanta Group has continued to monitor and manage the sectors affected by country risk and industries (such as transportation, tourism, catering, distribution, etc.). The review and analysis showed that the risk is still within tolerance. In addition, the government and the financial industry had already proposed countermeasures. If the pandemic is brought under control in the near future, it is not expected that the Yuanta Group's assets will be exposed to an increase in credit risk in 2021. The Yuanta Group will continually monitor the development of the pandemic, and assess and resolve the related impact on the financial condition and operating performance

of the Yuanta Group.

g. Maximum risk exposure of the Yuanta Group

The maximum risk exposure of assets on the consolidated balance sheet, without consideration of the collateral or other credit enhancements, is equivalent to the carrying amount. Please see Note 9(9) for the maximum credit risk exposure of the consolidated balance sheet.

The management of the Yuanta Group believes that through a series of stringent evaluation procedures and follow-up reviews, credit risk exposure off the balance sheet of the Yuanta Group can be minimized and continuously controlled. The total carrying value of the Yuanta Group's financial assets with the maximum credit risk is as follows:

Bills discounted and loans

March 31, 2021	12-month expected credit losses (Stage 1)	Lifetime expected credit losses (Stage 2)	Lifetime expected credit losses (Stage 3)	Differences in impairment provided in accordance with the Regulation Governing the Procedures for Banking/Insurance Institutions to Evaluate Assets and Deal with Non-performing /Non-accrual Loans	Total
Credit ratings					
Internal ratings — excellent	\$ 517,923,264	\$ 711,208	\$ -	\$ -	\$ 518,634,472
Internal ratings — acceptable	229,241,370	4,664,625	-	-	233,905,995
Internal ratings — weak	52,174,864	560,768	-	-	52,735,632
Internal ratings — not rated	180,757	74	-	-	180,831
Internal ratings — credit impairment	-	65,469	6,590,517	-	6,655,986
The total carrying amount	799,520,255	6,002,144	6,590,517	-	812,112,916
Allowance for bad debt	(1,557,798)	(238,455)	(4,020,485)	-	(5,816,738)
Differences in impairment provided in accordance with the Regulation Governing the Procedures for Banking/Insurance Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans	-	-	-	(7,220,174)	(7,220,174)
Total (Note)	\$ 797,962,457	\$ 5,763,689	\$ 2,570,032	(\$ 7,220,174)	\$ 799,076,004

Note: Including interest receivable and temporary payments for others amounting to \$623,098. In addition, allowance for doubtful receivables was \$20,725.

Additionally, the total cost amounts of accounts receivable and debt instruments (recorded as financial assets measured at fair value through other comprehensive income and financial assets measured at amortized cost) are \$189,668,160 and \$703,350,069, respectively, and 12-month expected credit losses (Stage 1) are recognized for the majority of these items. The internal ratings of these items are all excellent and acceptable.

Bills discounted and loans

December 31, 2020	12-month expected credit losses (Stage 1)	Lifetime expected credit losses (Stage 2)	Lifetime expected credit losses (Stage 3)	Differences in impairment provided in accordance with the Regulation Governing the Procedures for Banking/Insurance Institutions to Evaluate Assets and Deal with Non-performing /Non-accrual Loans	Total
Credit ratings					
Internal ratings – excellent	\$ 511,839,631	\$ 506,109	\$ -	\$ -	\$ 512,345,740
Internal ratings – acceptable	228,821,703	4,191,776	-	-	233,013,479
Internal ratings – weak	53,972,718	691,276	-	-	54,663,994
Internal ratings – not rated	201,335	215	-	-	201,550
Internal ratings – credit impairment	-	216,164	7,212,234	-	7,428,398
The total carrying amount	794,835,387	5,605,540	7,212,234	-	807,653,161
Allowance for bad debt	(1,523,406)	(237,135)	(4,550,166)	-	(6,310,707)
Differences in impairment provided in accordance with the Regulation Governing the Procedures for Banking/Insurance Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans	-	-	-	(6,909,850)	(6,909,850)
Total (Note)	<u>\$ 793,311,981</u>	<u>\$ 5,368,405</u>	<u>\$ 2,662,068</u>	<u>(\$ 6,909,850)</u>	<u>\$ 794,432,604</u>

Note: Including interest receivable and temporary payments for others amounting to \$651,380. In addition, allowance for doubtful receivables was \$18,817.

Additionally, the total cost amounts of accounts receivable and debt instruments (recorded as financial assets measured at fair value through other comprehensive income and financial assets measured at

amortized cost) are \$178,082,316 and \$678,737,464, respectively, and 12-month expected credit losses (Stage 1) are recognized for the majority of these items. The internal ratings of these items are all excellent and acceptable.

Bills discounted and loans

March 31, 2020	12-month expected credit losses (Stage 1)	Lifetime expected credit losses (Stage 2)	Lifetime expected credit losses (Stage 3)	Differences in impairment provided in accordance with the Regulation Governing the Procedures for Banking/Insurance Institutions to Evaluate Assets and Deal with Non-performing /Non-accrual Loans	Total
Credit ratings					
Internal ratings – excellent	\$ 495,799,293	\$ 512,668	\$ -	\$ -	\$ 496,311,961
Internal ratings – acceptable	233,855,833	4,287,194	-	-	238,143,027
Internal ratings – weak	47,953,649	370,598	-	-	48,324,247
Internal ratings – not rated	201,076	1,015	-	-	202,091
Internal ratings – credit impairment	-	302,327	7,551,082	-	7,853,409
The total carrying amount	777,809,851	5,473,802	7,551,082	-	790,834,735
Allowance for bad debt	(1,312,496)	(192,716)	(3,892,378)	-	(5,397,590)
Differences in impairment provided in accordance with the Regulation Governing the Procedures for Banking/Insurance Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans	-	-	-	(7,515,595)	(7,515,595)
Total (Note)	\$ 776,497,355	\$ 5,281,086	\$ 3,658,704	(\$ 7,515,595)	\$ 777,921,550

Note: Including interest receivable and temporary payments for others amounting to \$844,462. In addition, allowance for doubtful receivables was \$24,315.

Additionally, the total cost amounts of accounts receivable and debt instruments (recorded as financial assets measured at fair value through other comprehensive income and financial assets measured at amortized cost) are \$123,946,569 and \$609,244,511, respectively, and 12-month expected credit losses (Stage 1) are recognized for the majority of these items. The internal ratings of these items are all excellent and acceptable.

The financial impact related to maximum amount exposed to credit risk arises from collaterals pledged for assets on the balance sheets and items off the balance sheets of Yuanta Bank and master netting arrangements. The table summarizes the relevant information:

March 31, 2021	Collateral (Note)	Net-settled general agreement	Total
<u>For accounts on the balance sheet</u>			
Receivables-other	\$ 13,672	\$ -	\$ 13,672
Bills discounted and loans	626,162,107	-	626,162,107
Financial assets at fair value through profit or loss	172,236	309,060	481,296
<u>For accounts off the balance sheet</u>			
Unused loan commitments	7,096,427	-	7,096,427
Unused credit commitment	242,199	-	242,199
Guarantees (including for non-performing loans)	3,733,061	-	3,733,061
December 31, 2020	Collateral (Note)	Net-settled general agreement	Total
<u>For accounts on the balance sheet</u>			
Receivables-other	\$ 124,281	\$ -	\$ 124,281
Bills discounted and loans	611,445,986	-	611,445,986
Financial assets at fair value through profit or loss	327,988	666,445	994,433
<u>For accounts off the balance sheet</u>			
Unused loan commitments	7,744,531	-	7,744,531
Unused credit commitment	137,817	-	137,817
Guarantees (including for non-performing loans)	3,526,369	-	3,526,369
March 31, 2020	Collateral (Note)	Net-settled general agreement	Total
<u>For accounts on the balance sheet</u>			
Receivables-other	\$ 73,060	\$ -	\$ 73,060
Bills discounted and loans	567,806,922	-	567,806,922
Financial assets at fair value through profit or loss	715,808	2,788,816	3,504,624
<u>For accounts off the balance sheet</u>			
Unused loan commitments	7,287,856	-	7,287,856
Unused credit commitment	44,793	-	44,793
Guarantees (including for non-performing loans)	4,836,155	-	4,836,155

Note: The value of collaterals, except for cash items, is at present value, the others are allocated based on amount of loans.

h. Credit risk concentration

The credit risks are deemed significantly concentrated when the financial instrument transactions significantly concentrate on a single person, or when there are multiple trading counterparties engaging in similar business activities with similar economic characteristics making the effects on their abilities of fulfilling the contractual obligation due to economy or other forces similar.

The credit risks of the Yuanta Group concentrate on accounts on and off balance sheet that occurs through obligation fulfilling or implementation of transactions (either product or service), or through trans-type exposure portfolio, including cash and cash equivalents,

loans, placements and call loan from the banks, securities investment, receivables and derivatives. The Yuanta Group does not significantly carry out transactions with single client or single counterparty, and the credit risk concentration by industry and location are shown as follows:

(a) Industry:

Industry	March 31, 2021		December 31, 2020	
	Amount	%	Amount	%
Privately owned businesses	\$ 672,614,620	25.75	\$ 704,467,933	27.46
Natural person	676,533,474	25.90	638,832,274	24.90
Financial institutions	715,216,379	27.39	692,709,449	27.01
Governmental institutions	481,963,913	18.45	466,629,428	18.19
Government-owned businesses	62,904,422	2.41	59,664,323	2.33
Others	2,488,296	0.10	2,890,523	0.11
Total	<u>\$ 2,611,721,104</u>	<u>100.00</u>	<u>\$ 2,565,193,930</u>	<u>100.00</u>

Industry	March 31, 2020	
	Amount	%
Privately owned businesses	\$ 655,306,373	28.32
Natural person	520,682,848	22.50
Financial institutions	674,099,278	29.13
Governmental institutions	441,332,063	19.07
Government-owned businesses	20,357,892	0.88
Others	2,424,251	0.10
Total	<u>\$ 2,314,202,705</u>	<u>100.00</u>

(b) Geographic location:

Geography location	March 31, 2021	December 31, 2020	March 31, 2020
Taiwan	\$ 1,816,592,699	\$ 1,751,171,519	\$ 1,538,416,721
Asia	496,088,435	515,138,728	522,162,645
America	191,865,036	192,004,909	158,314,172
Europe	75,712,664	73,387,575	69,291,996
Oceania	31,195,685	33,235,807	25,879,564
Africa	266,585	255,392	137,607
Total	<u>\$ 2,611,721,104</u>	<u>\$ 2,565,193,930</u>	<u>\$ 2,314,202,705</u>

i. Changes in the Yuanta Group's allowance for bad debt and accumulative impairment

(a) Credit business

For the three months ended March 31, 2021 and 2020, the reconciliation of the balance of allowance for bad debt are as follows:

Bills discounted and loans

For the three months ended March 31, 2021	12-month expected credit losses (Stage 1)	Lifetime expected credit losses (Stage 2)	Lifetime expected credit losses (Stage 3)	Impairment recognised in accordance with IFRS 9	Differences in impairment provided in accordance with the Regulation Governing the Procedures for Banking/Insurance Institutions to Evaluate Assets and Deal with Non- performing /Non-accrual Loans	Total
Beginning balances	\$ 1,477,286	\$ 237,041	\$ 4,582,056	\$ 6,296,383	\$ 6,905,357	\$ 13,201,740
Changes from financial instruments recognised at the beginning:						
-Transferred to lifetime expected credit losses	(7,554)	23,619	(16,065)	-	-	-
-Transferred to credit-impaired financial asset	(3,461)	(681)	4,142	-	-	-
-Transferred to 12-month expected credit losses	71,863	(11,558)	(60,305)	-	-	-
-Financial assets derecognised in the current period	(261,424)	(3,305)	(332,766)	(597,495)	-	(597,495)
Impairment allowance for purchased or originated financial assets	294,745	-	16,511	311,256	-	311,256
Differences in impairment provided in accordance with the Regulations Governing the Procedures for Banking/Insurance Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans	-	-	-	-	306,633	306,633
Write-off as bad debt	(5,809)	(12,234)	(452,885)	(470,928)	-	(470,928)
Change in exchange and others	(53,770)	5,538	313,213	264,981	-	264,981
Ending balances	<u>\$ 1,511,876</u>	<u>\$ 238,420</u>	<u>\$ 4,053,901</u>	<u>\$ 5,804,197</u>	<u>\$ 7,211,990</u>	<u>\$ 13,016,187</u>

For the three months ended March 31, 2020	12-month expected credit losses (Stage 1)	Lifetime expected credit losses (Stage 2)	Lifetime expected credit losses (Stage 3)	Impairment recognised in accordance with IFRS 9	Differences in impairment provided in accordance with the Regulation Governing the Procedures for Banking/Insurance Institutions to Evaluate Assets and Deal with Non- performing /Non-accrual Loans	Total
Beginning balances	\$ 1,383,758	\$ 190,274	\$ 4,948,755	\$ 6,522,787	\$ 7,489,394	\$ 14,012,181
Changes from financial instruments recognised at the beginning:						
-Transferred to lifetime expected credit losses	(9,966)	28,727	(18,761)	-	-	-
-Transferred to credit-impaired financial asset	(87,434)	(5,141)	92,575	-	-	-
-Transferred to 12-month expected credit losses	42,364	(6,687)	(35,677)	-	-	-
-Financial assets derecognised in the current period	(234,330)	(4,279)	(1,465,190)	(1,703,799)	-	(1,703,799)
Impairment allowance for purchased or originated financial assets	310,228	4,239	16,921	331,388	-	331,388
Differences in impairment provided in accordance with the Regulations Governing the Procedures for Banking/Insurance Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans	-	-	-	-	12,660	12,660
Write-off as bad debt	(2,716)	(11,118)	(1,155,764)	(1,169,598)	-	(1,169,598)
Change in exchange and others	(103,298)	(3,376)	1,512,712	1,406,038	-	1,406,038
Ending balances	<u>\$ 1,298,606</u>	<u>\$ 192,639</u>	<u>\$ 3,895,571</u>	<u>\$ 5,386,816</u>	<u>\$ 7,502,054</u>	<u>\$ 12,888,870</u>

For the three months ended March 31, 2021, significant changes in the total carrying amount that affected allowance for bad debt are as follows:

Bills discounted and loans	12-month expected credit losses (Stage 1)	Lifetime expected credit losses (Stage 2)	Lifetime expected credit losses (Stage 3)	Total
Beginning balances	\$ 794,212,653	\$ 5,598,352	\$ 7,190,776	\$ 807,001,781
Changes from financial instruments recognised at the beginning:				
-Transferred to lifetime expected credit losses	(1,390,781)	1,414,898	(24,117)	-
-Transferred to credit-impaired financial asset	(244,645)	(50,303)	294,948	-
-Transferred to 12-month expected credit losses	662,075	(445,276)	(216,799)	-
-Financial assets derecognised in the current period	(130,359,786)	(372,301)	(509,282)	(131,241,369)
Impairment allowance for purchased or originated financial assets	151,738,598	-	26,958	151,765,556
Write-off as bad debt	(5,809)	(12,234)	(452,886)	(470,929)
Change in exchange and others	(15,692,690)	(134,704)	262,173	(15,565,221)
Ending balances	<u>\$ 798,919,615</u>	<u>\$ 5,998,432</u>	<u>\$ 6,571,771</u>	<u>\$ 811,489,818</u>

(BLANK)

For the three months ended March 31, 2020, significant changes in the total carrying amount that affected allowance for bad debt are as follows:

Bills discounted and loans	12-month expected credit losses (Stage 1)	Lifetime expected credit losses (Stage 2)	Lifetime expected credit losses (Stage 3)	Total
Beginning balances	\$ 773,421,211	\$ 5,042,739	\$ 9,009,936	\$ 787,473,886
Changes from financial instruments recognised at the beginning:				
-Transferred to lifetime expected credit losses	(1,185,951)	1,238,495	(52,544)	-
-Transferred to credit-impaired financial asset	(851,459)	(278,992)	1,130,451	-
-Transferred to 12-month expected credit losses	521,498	(321,566)	(199,932)	-
-Financial assets derecognised in the current period	(137,345,629)	(248,393)	(2,109,571)	(139,703,593)
Impairment allowance for purchased or originated financial assets	161,666,423	258,026	29,305	161,953,754
Write-off as bad debt	(2,716)	(11,118)	(1,155,764)	(1,169,598)
Change in exchange and others	(19,231,769)	(210,079)	877,672	(18,564,176)
Ending balances	<u>\$ 776,991,608</u>	<u>\$ 5,469,112</u>	<u>\$ 7,529,553</u>	<u>\$ 789,990,273</u>

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(b) Receivables and other financial assets

I. The Yuanta Group applies the simplified approach to estimate expected credit loss for certain accounts receivable(including trading securities receivable and settlement price). Expected credit loss rate is determined by assessing historical information and examining whether a significant changes in past events, current conditions and future economic conditions are incurred. As of March 31, 2021, December 31, 2020, and March 31, 2020, the carrying amount of accounts receivable amounted to \$83,015,992, \$68,044,604 and \$45,741,905, respectively. For the three months ended March 31, 2021 and 2020, movements in relation to the Yuanta group applying the simplified approach to provide loss allowance for accounts receivable, are as follows:

	For the three months ended March 31,	
	2021	2020
January 1,	(\$ 871)	(\$ 1,299)
Reversal of impairment loss	28	374
March 31,	<u>(\$ 843)</u>	<u>(\$ 925)</u>

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II. For the three months ended March 31, 2021 and 2020, movements in relation to providing loss allowance for receivables and other financial assets, which are not stated as above accounts receivable, are as follows:

For the three months ended March 31, 2021	12-month expected credit losses (Stage 1)	Lifetime expected credit losses (Stage 2)	Lifetime expected credit losses (Stage 3)	Impairment recognised in accordance with IFRS 9	Differences in impairment provided in accordance with the Regulation Governing the Procedures for Banking/Insurance Institutions to Evaluate Assets and Deal with Non-performing /Non-accrual Loans	Total
The beginning balances	\$ 262,850	\$ 79,932	\$ 2,666,383	\$ 3,009,165	\$ 73,848	\$ 3,083,013
Changes from financial instruments recognised at the beginning:						
-Transferred to lifetime expected credit losses	(225)	13,343	(13,118)	-	-	-
-Transferred to credit-impaired financial asset	(1,498)	(1,230)	2,728	-	-	-
-Transferred to 12-month expected credit losses	19,611	(17,309)	(2,302)	-	-	-
-Financial assets derecognised in the current period	(6,611)	(129)	(2,831)	(9,571)	-	(9,571)
Impairment allowance for purchased or originated financial assets	6,616	418	6,319	13,353	-	13,353
Differences in impairment provided in accordance with the Regulations Governing the Procedures for Banking/Insurance Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans	-	-	-	-	2,709	2,709
Write-off as bad debt	(27)	(3,446)	(15,623)	(19,096)	-	(19,096)
Change in exchange and others	(61,972)	8,298	(2,670)	(56,344)	-	(56,344)
The ending balances	<u>\$ 218,744</u>	<u>\$ 79,877</u>	<u>\$ 2,638,886</u>	<u>\$ 2,937,507</u>	<u>\$ 76,557</u>	<u>\$ 3,014,064</u>

For the three months ended March 31, 2020	12-month expected credit losses (Stage 1)	Lifetime expected credit losses (Stage 2)	Lifetime expected credit losses (Stage 3)	Impairment recognised in accordance with IFRS 9	Differences in impairment provided in accordance with the Regulation Governing the Procedures for Banking/Insurance Institutions to Evaluate Assets and Deal with Non-performing /Non-accrual Loans	Total
The beginning balances	\$ 299,538	\$ 159,325	\$ 2,641,649	\$ 3,100,512	\$ 92,848	\$ 3,193,360
Changes from financial instruments recognised at the beginning:						
-Transferred to lifetime expected credit losses	(3,511)	18,859	(15,348)	-	-	-
-Transferred to credit-impaired financial asset	(19,644)	(2,704)	22,348	-	-	-
-Transferred to 12-month expected credit losses	29,606	(27,763)	(1,843)	-	-	-
-Financial assets derecognised in the current period	(8,620)	(119)	(1,743)	(10,482)	-	(10,482)
Impairment allowance for purchased or originated financial assets	10,142	664	7,550	18,356	-	18,356
Differences in impairment provided in accordance with the Regulations Governing the Procedures for Banking/Insurance Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans	-	-	-	-	(16,766)	(16,766)
Write-off as bad debt	(713)	(3,341)	(14,679)	(18,733)	-	(18,733)
Change in exchange and others	(86,177)	19,750	(5,400)	(71,827)	-	(71,827)
The ending balances	<u>\$ 220,621</u>	<u>\$ 164,671</u>	<u>\$ 2,632,534</u>	<u>\$ 3,017,826</u>	<u>\$ 76,082</u>	<u>\$ 3,093,908</u>

For the three months ended March 31, 2021 and 2020, there were no significant changes to allowance for bad debt for accounts receivable and other financial assets.

(c) Guarantee reserve, loan commitment reserve and others

For the three months ended March 31, 2021	12-month expected credit losses (Stage 1)	Lifetime expected credit losses (Stage 2)	Lifetime expected credit losses (Stage 3)	Impairment recognised in accordance with IFRS 9	Differences in impairment provided in accordance with the Regulation Governing the Procedures for Banking/Insurance Institutions to Evaluate Assets and Deal with Non-performing /Non-accrual Loans	Total
The beginning balances	\$ 53,523	\$ 10,834	\$ 56,344	\$ 120,701	\$ 74,526	\$ 195,227
Changes from financial instruments recognised at the beginning:						
-Transferred to lifetime expected credit losses	(23)	23	-	-	-	-
-Transferred to credit-impaired financial asset	(1)	(21)	22	-	-	-
-Transferred to 12-month expected credit losses	6,787	(6,591)	(196)	-	-	-
-Financial assets derecognised in the current period	(8,507)	(807)	(19,751)	(29,065)	-	(29,065)
Impairment allowance for purchased or originated financial assets	11,656	26	19,079	30,761	-	30,761
Differences in impairment provided in accordance with the Regulations Governing the Procedures for Banking/Insurance Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans	-	-	-	-	19,459	19,459
Change in exchange and others	(6,560)	6,000	953	393	-	393
The ending balances	<u>\$ 56,875</u>	<u>\$ 9,464</u>	<u>\$ 56,451</u>	<u>\$ 122,790</u>	<u>\$ 93,985</u>	<u>\$ 216,775</u>

For the three months ended March 31, 2020	12-month expected credit losses (Stage 1)	Lifetime expected credit losses (Stage 2)	Lifetime expected credit losses (Stage 3)	Impairment recognised in accordance with IFRS 9	Differences in impairment provided in accordance with the Regulation Governing the Procedures for Banking/Insurance Institutions to Evaluate Assets and Deal with Non-performing /Non-accrual Loans	Total
The beginning balances	\$ 47,767	\$ 16,002	\$ 45,879	\$ 109,648	\$ 87,899	\$ 197,547
Changes from financial instruments recognised at the beginning:						
-Transferred to lifetime expected credit losses	(806)	835	(29)	-	-	-
-Transferred to credit-impaired financial asset	(1)	(3)	4	-	-	-
-Transferred to 12-month expected credit losses	11,343	(11,230)	(113)	-	-	-
-Financial assets derecognised in the current period	(11,492)	(1,164)	(16,754)	(29,410)	-	(29,410)
Impairment allowance for purchased or originated financial assets	14,785	107	15,847	30,739	-	30,739
Differences in impairment provided in accordance with the Regulations Governing the Procedures for Banking/Insurance Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans	-	-	-	-	4,353	4,353
Change in exchange and others	(12,944)	11,372	460	(1,112)	-	(1,112)
The ending balances	<u>\$ 48,652</u>	<u>\$ 15,919</u>	<u>\$ 45,294</u>	<u>\$ 109,865</u>	<u>\$ 92,252</u>	<u>\$ 202,117</u>

- i. For the three months ended March 31, 2021 and 2020, there were no significant changes to guarantee reserve and loan commitment reserve.
- ii. Information relating to credit risk is provided in Note 12(3).

(d) Bills and bonds investments

For the three months ended March 31, 2021 and 2020, the beginning balances of the accumulative impairment of financial assets measured at fair value through other comprehensive income were \$97,219 and \$101,586; the ending balances were \$93,747 and \$104,262, respectively. For the three months ended March 31, 2021 and 2020, the beginning balances of the accumulative impairment of financial assets measured at amortized cost were \$145,737 and \$139,720; the ending balances were \$147,235 and \$142,107, respectively. The changes are attributed to changes in 12-month expected credit losses and were immaterial. In addition, there were no material changes to the related total carrying amounts.

(B) Market risk

a. Source and definition of risk

Market risks refer to the losses on and off the balance sheet as a result of the change in market price, such as interest rate, exchange rate, equity securities and instrument price. Market risk management is there to identify, evaluate, monitor and report the risks for a purpose of ensuring that market risk of all kinds should be controlled within certain bearable level.

The market risks that the Yuanta Group faces mainly are equity securities, interest rate and exchange rate risk. Market risk position of equity securities mainly include domestic listed stocks, emerging stocks, domestic stock index options and stock index futures, etc. Positions of interest rate risk mainly include bonds and interest-derivative instruments, such as interest swap and bond option, etc. Exchange rate risk are investment position denominated in foreign currency mainly including spot exchange, FX exchange, foreign exchange options and other derivatives business.

b. Risk management principle

The risk management principle of the Yuanta Group is to establish efficient and completed risk managing program, including the setting up of risk limits, duty segregation, completed risk managing execution procedure and timely risk monitor, etc. Risk limits are set up in order to effectively control the market risk under the capital capacity and the duty segregation can help regulate management and approval authorization of various risks. Risk management conducts all kinds of evaluation and monitoring over all kinds of market risk and, at the same time, uses VaR model to coordinate quantification management of market risks together with timely monitoring during trading hours and after trading hour analysis to actually control any abnormal signal of trading risks. Risk management regularly provides risk management reports to managers of each line to ensure that the entity's market risk can be timely and completely controlled in depth.

c. Market risk assessment

(a) The Yuanta Group adopts the Value at risk (VaR) valuation model for the trading position as a major instrument to monitor market risk. In a 99% confidence interval, the estimated possible maximum loss of the trading position in one day is the benchmark for market risk assessment.

VaR for a trading purpose:

Instrument type	For the three months ended March 31, 2021			
	March 31, 2021	VaR Average	VaR Minimum	VaR Maximum
Interest rate	143,254	177,880	132,144	213,911
Equity securities	485,392	475,067	376,175	617,876
Foreign exchange	220,752	251,219	220,752	281,167
Commodity	53,829	26,972	13,555	54,194
Less: diversification effects	(295,068)	(322,925)	-	-
Total VaR	608,159	608,213	494,300	741,514

Instrument type	For the three months ended March 31, 2020			
	March 31, 2020	VaR Average	VaR Minimum	VaR Maximum
Interest rate	199,734	127,265	81,369	207,818
Equity securities	344,505	280,873	206,312	507,093
Foreign exchange	513,871	495,286	352,479	720,254
Commodity	20,989	15,294	5,052	35,509
Less: diversification effects	(312,103)	(227,831)	-	-
Total VaR	766,996	690,887	518,889	988,652

(b) Non-trading purpose

Sensitivity analysis on interest rate:

		March 31, 2021	December 31, 2020	March 31, 2020
Interest rate shift		Effect on other comprehensive income	Effect on other comprehensive income	Effect on other comprehensive income
Financial assets at fair value through other comprehensive income-Bonds				
Yuanta Bank	Increase of 1 basis point	(\$ 39,034)	(\$ 39,181)	(\$ 30,908)
Yuanta Life	Increase of 1 basis point	(59,686)	(64,710)	(49,651)

d. As of March 31, 2021, December 31, 2020, and March 31, 2020, the following table summarizes USD-denominated financial instruments of the Yuanta Group and the concentration of foreign exchange risk presented by carrying amount.

	<u>March 31, 2021</u>		<u>December 31, 2020</u>		<u>March 31, 2020</u>	
	<u>USD position</u>	<u>Carrying amount (NTD)</u>	<u>USD position</u>	<u>Carrying amount (NTD)</u>	<u>USD position</u>	<u>Carrying amount (NTD)</u>
Foreign currency denominated financial assets						
Cash and cash equivalents	\$ 1,152,314	\$ 32,876,663	\$ 1,143,139	\$ 32,588,593	\$ 1,029,218	\$ 31,138,186
Financial assets at fair value through profit or loss	1,160,102	33,098,874	1,156,732	32,976,126	1,351,469	40,887,342
Financial assets at fair value through other comprehensive income	3,717,275	106,057,562	3,604,661	102,761,670	2,096,820	63,437,179
Financial assets at amortized cost	6,180,030	176,322,432	5,936,702	169,243,501	4,853,325	146,832,489
Bills discounted and loans	2,152,339	61,408,371	2,216,471	63,187,152	2,649,300	80,151,932
Foreign currency denominated financial liabilities						
Bills and bonds payable under repurchase agreements	1,170,588	33,398,048	1,181,705	33,688,055	990,265	29,959,488
Deposits and remittances	4,295,837	122,564,519	4,514,794	128,707,754	4,168,780	126,122,503
Other liabilities	887,025	25,307,711	873,037	24,888,539	840,824	25,438,292

Note: As of March 31, 2021, December 31, 2020, and March 31, 2020, USD to TWD exchange rates were 28.531, 28.508 and 30.254, respectively.

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e. As of March 31, 2021, December 31, 2020, and March 31, 2020, the following table summarizes KRW-denominated assets and liabilities of Yuanta Securities and the concentration of foreign exchange risk presented by carrying amount.

	March 31, 2021		December 31, 2020		March 31, 2020	
	KRW position (in thousands)	Carrying amount (NTD)	KRW position (in thousands)	Carrying amount (NTD)	KRW position (in thousands)	Carrying amount (NTD)
<u>Effect on profit or loss</u>						
Financial assets						
Cash and cash equivalents	\$ 695,157,334	\$ 17,533,953	\$ 674,411,743	\$ 17,703,983	\$ 746,406,656	\$ 18,660,166
Financial assets at fair value through profit or loss	8,824,608,658	222,583,104	8,932,727,966	234,493,042	8,723,449,671	218,086,242
Financial assets at fair value through other comprehensive income	201,459,092	5,081,403	195,774,229	5,139,269	157,702,476	3,942,562
Accounts receivable	416,314,553	10,500,702	691,764,747	18,159,516	506,993,302	12,674,833
Prepayments and other receivables	56,504,372	1,425,210	53,120,817	1,394,475	13,505,595	337,640
Other current assets	99,578,833	2,511,677	126,875,789	3,330,616	80,554,879	2,013,872
Non-current assets	16,938,841	427,248	17,317,074	454,591	17,251,940	431,299
Financial liabilities						
Financial liabilities at fair value through profit or loss	1,963,072,254	49,514,571	1,751,608,479	45,981,474	2,058,212,290	51,455,307
Bonds sold under repurchase agreements	3,557,600,211	89,733,350	3,871,343,939	101,626,650	3,870,201,750	96,755,044
Guarantee deposit-in and margin deposits	109,322,872	2,757,451	102,015,844	2,678,018	83,086,276	2,077,157
Other current liabilities	113,972,878	2,874,738	44,292,568	1,162,724	101,957,075	2,548,927
Non-current liabilities	119,854,579	3,023,092	114,693,208	3,010,811	103,068,347	2,576,709

Effect on profit or loss and equity

Financial assets

Equity investments

accounted for under the equity method

95,716,418	2,414,255	89,172,093	2,340,857	80,652,930	2,016,323
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Note: As of March 31, 2021, December 31, 2020, and March 31, 2020, the KRW to TWD exchange rate were 0.025, 0.026 and 0.025, respectively.

(C) Liquidity risk

a. Source and definition of liquidity risk

Liquidity risk includes market liquidity risk and funding liquidity risk. Market liquidity risk refers to risk arising from inadequate market depth or market disruptions, which prevent settlement or closing of positions at normal market prices within a reasonable time frame and therefore necessitate buying at a much higher price or selling at a discount. Funding liquidity risk refers to risk arising from the inability to obtain sufficient capital within the expected time leading to a failure of fulfilling the capital required as maturity comes due.

b. Liquidity risk management principle

To mitigate the market liquidity risk, the Yuanta Group has set up separate standards on position liquidity limits for different operations and different securities to ensure sufficient market liquidity for all positions. For funding liquidity risk management, the Yuanta Group has set appropriate limits and ratios on liquidity supply and demand according to the nature of each operational sector, and evaluates in advance the potential capital gaps of each time period to effectively control overall liquidity risk. Pre-established capital transferring plan is also ready in case of systematic risk event and abnormal capital liquidity to sufficiently respond to overall liquidity risk and enhance overall funding liquidity risk management.

c. Assessment on liquidity risk

- (a) Set up liquidity risk indicator and warning in order to control adverse element to the liquidity. At the same time, analysis and appropriate measures are made to mitigate the extent of effects.
- (b) Assessments are regularly made to the assets and liabilities denominated in major currencies on the balance sheet and the cash inflow, cash outflow and liquidity gap off the balance sheet by different time period.

d. Maturity analysis for the financial assets and non-derivative liabilities held for liquidity risk management:

(a) Financial assets held for liquidity risk management

In order to fulfil the payment obligation and potential emergent fund demand in the market, as well as manage the liquidity risk at the same time, sound earning assets with high liquidity were held by the Yuanta Group, including cash and cash equivalents, due from Central Bank and call loans to other banks, financial assets at fair value through profit or loss, bills discounted and loans, financial assets at fair value through other comprehensive income and financial assets at amortised cost, etc..

(b) Maturity analysis on non-derivative assets and liabilities

The following table illustrates the analysis made on cash outflow of non-derivative financial assets and liabilities of the Yuanta Group by the remaining maturity from the consolidated balance sheet date to the contract expiration date. While the amounts disclosed in the table are not made based on the consolidated cash flow, certain accounts may differ from the responding accounts in the balance sheet.

(c) Maturity analysis on derivative financial assets and financial liabilities by date

I. Derivative financial instruments settled on a net basis

Derivative financial instruments of the Yuanta Group settled on a net basis include: equity options, non-delivery forward, interest swap settled by net cash flow and other interest contract.

II. Derivative financial instruments settled on a gross basis

Derivative financial instruments of the Yuanta Group settled on a gross basis include: FX options, foreign exchange forward contract, cross currency swaps, and foreign exchange swaps.

The following table illustrates the analysis made on cash inflow and outflow of financial assets and financial liabilities held by the Yuanta Group for liquidity risk management of major currencies by the remaining maturity from the financial reporting date to the contract expiration date.

March 31, 2021

Financial assets	0~90 days	91 days~1 year	Over 1 year	Total
Non-derivative financial instruments				
Cash and cash equivalents	\$ 58,519,388	\$ 9,693,861	\$ 321,522	\$ 68,534,771
Due from Central Bank and call loans to other banks	30,843,855	10,109,504	17,795,116	58,748,475
Financial assets at fair value through profit or loss	400,707,203	57,206,910	115,288,740	573,202,853
Financial assets at fair value through other comprehensive income	21,974,373	16,132,465	245,463,963	283,570,801
Investments in bills and bonds under resale agreements	47,438,192	-	-	47,438,192
Receivables	207,596,225	51,048,919	12,274,118	270,919,262
Bills discounted and loans	154,951,313	150,954,435	504,184,577	810,090,325
Reinsurance contract assets	485,572	719,804	-	1,205,376
Financial assets at amortised cost	130,576,171	23,077,954	297,749,333	451,403,458
Restricted assets	-	-	2,529,140	2,529,140
Other financial assets	91,139,661	21,875	4,035,233	95,196,769
Other assets	35,521,173	503,491	13,764,166	49,788,830
Derivative financial instruments				
Financial assets at fair value through profit or loss				
Gross settlement				
Cash inflow	550,632,692	134,718,675	227,087,087	912,438,454
Cash outflow	(528,379,183)	(87,948,537)	(186,715,976)	(803,043,696)
Net settlement	23,170,169	47,811,038	41,825,350	112,806,557
Total	\$ 1,225,176,804	\$ 414,050,394	\$ 1,295,602,369	\$ 2,934,829,567
Financial liabilities				
Non-derivative financial instruments				
Deposits from Central Bank and other banks	\$ 14,351,420	\$ 2,483,329	\$ -	\$ 16,834,749
Due to Central Bank and other banks	40,000	626,000	-	666,000
Financial liabilities at fair value through profit or loss	76,805,165	508,001	13,476,597	90,789,763
Bills and bonds payable under repurchase agreements	127,371,166	27,399,724	41,590,930	196,361,820
Commercial paper payable	40,553,581	6,564,671	-	47,118,252
Payables	174,808,195	21,125,409	50,699,736	246,633,340
Deposits and remittances	260,909,719	374,212,065	604,456,233	1,239,578,017
Bonds payable	4,130,684	11,427,508	61,392,534	76,950,726
Other borrowings	40,562,272	3,892,791	9,340,664	53,795,727
Other financial liabilities	85,381,236	1,253,397	16,616,470	103,251,103
Other liabilities	35,901,913	9,155	3,187,464	39,098,532
Lease liability	401,151	1,100,015	6,054,640	7,555,806
Derivative financial instruments				
Financial liabilities at fair value through profit or loss				
Gross settlement				
Cash inflow	(38,888,060)	(12,031,079)	-	(50,919,139)
Cash outflow	39,624,274	12,262,403	-	51,886,677
Net settlement	399,988	771,329	1,031,738	2,203,055
Total	\$ 862,352,704	\$ 451,604,718	\$ 807,847,006	\$ 2,121,804,428

December 31, 2020

Financial assets	0~90 days	91 days~1 year	Over 1 year	Total
Non-derivative financial instruments				
Cash and cash equivalents	\$ 61,982,603	\$ 15,234,266	\$ 280,329	\$ 77,497,198
Due from Central Bank and call loans to other banks	27,254,595	10,092,759	17,026,202	54,373,556
Financial assets at fair value through profit or loss	393,223,577	53,031,321	122,202,953	568,457,851
Financial assets at fair value through other comprehensive income	10,234,735	14,726,206	248,062,195	273,023,136
Investments in bills and bonds under resale agreements	58,336,318	-	-	58,336,318
Receivables	187,975,876	42,663,552	13,813,943	244,453,371
Bills discounted and loans	141,666,704	158,243,571	505,620,132	805,530,407
Reinsurance contract assets	474,044	625,413	-	1,099,457
Financial assets at amortised cost	114,612,311	30,349,573	285,337,543	430,299,427
Restricted assets	-	-	2,961,020	2,961,020
Other financial assets	75,247,715	21,998	4,023,123	79,292,836
Other assets	24,989,447	696,713	13,169,310	38,855,470
Derivative financial instruments				
Financial assets at fair value through profit or loss				
Gross settlement				
Cash inflow	564,095,869	126,648,705	245,926,486	936,671,060
Cash outflow	(553,462,395)	(100,959,402)	(174,219,711)	(828,641,508)
Net settlement	10,781,462	27,677,714	73,468,500	111,927,676
Total	\$ 1,117,412,861	\$ 379,052,389	\$ 1,357,672,025	\$ 2,854,137,275
Financial liabilities				
Non-derivative financial instruments				
Deposits from Central Bank and other banks	\$ 12,148,806	\$ 3,263,493	\$ -	\$ 15,412,299
Due to Central Bank and other banks	596,000	79,000	-	675,000
Financial liabilities at fair value through profit or loss	69,292,164	2,925,332	2,143,394	74,360,890
Bills and bonds payable under repurchase agreements	147,038,875	34,368,399	35,213,913	216,621,187
Commercial paper payable	19,497,099	7,920,390	-	27,417,489
Payables	173,313,082	21,651,552	53,329,810	248,294,444
Deposits and remittances	270,274,785	372,639,773	568,105,836	1,211,020,394
Bonds payable	3,535,198	13,690,505	58,410,734	75,636,437
Other borrowings	41,908,532	3,722,598	12,164,931	57,796,061
Other financial liabilities	79,583,504	875,539	8,254,541	88,713,584
Other liabilities	38,741,761	40,879	3,125,657	41,908,297
Lease liability	374,691	1,065,135	6,558,187	7,998,013
Derivative financial instruments				
Financial liabilities at fair value through profit or loss				
Gross settlement				
Cash inflow	(72,766,299)	(12,395,832)	-	(85,162,131)
Cash outflow	75,008,495	12,573,748	-	87,582,243
Net settlement	88,499	113,131	947,401	1,149,031
Total	\$ 858,635,192	\$ 462,533,642	\$ 748,254,404	\$ 2,069,423,238

March 31, 2020

Financial assets	0~90 days	91 days~1 year	Over 1 year	Total
Non-derivative financial instruments				
Cash and cash equivalents	\$ 63,293,832	\$ 6,124,077	\$ 333,331	\$ 69,751,240
Due from Central Bank and call loans to other banks	22,671,411	9,938,162	14,011,383	46,620,956
Financial assets at fair value through profit or loss	354,150,735	40,694,591	127,032,281	521,877,607
Financial assets at fair value through other comprehensive income	22,447,803	11,693,311	214,635,891	248,777,005
Investments in bills and bonds under resale agreements	51,537,318	-	-	51,537,318
Receivables	131,780,333	27,299,956	10,608,185	169,688,474
Bills discounted and loans	156,187,497	141,561,589	492,241,187	789,990,273
Reinsurance contract assets	368,613	615,725	3,673	988,011
Financial assets at amortised cost	104,173,264	21,226,563	270,725,117	396,124,944
Restricted assets	-	-	2,801,889	2,801,889
Other financial assets	90,218,458	23,770	3,402,561	93,644,789
Other assets	9,024,026	2,986,656	11,075,091	23,085,773
Derivative financial instruments				
Financial assets at fair value through profit or loss				
Gross settlement				
Cash inflow	25,477,289	10,720,595	-	36,197,884
Cash outflow	(25,036,701)	(10,626,971)	-	(35,663,672)
Net settlement	3,590,328	650,017	3,022,845	7,263,190
Total	\$ 1,009,884,206	\$ 262,908,041	\$ 1,149,893,434	\$ 2,422,685,681
Financial liabilities				
Non-derivative financial instruments				
Deposits from Central Bank and other banks	\$ 13,396,187	\$ 2,483,329	\$ -	\$ 15,879,516
Financial liabilities at fair value through profit or loss	13,429,409	8,035,155	13,339,776	34,804,340
Bills and bonds payable under repurchase agreements	128,343,652	26,988,774	34,797,226	190,129,652
Commercial paper payable	45,033,287	4,780,088	-	49,813,375
Payables	173,333,321	11,443,951	825,284	185,602,556
Deposits and remittances	299,141,103	370,228,420	451,584,228	1,120,953,751
Bonds payable	15,095,330	6,401,669	47,351,766	68,848,765
Other borrowings	42,029,321	2,737,217	13,100,040	57,866,578
Other financial liabilities	77,240,783	2,329,915	12,128,499	91,699,197
Other liabilities	11,679,076	2,331,081	15,873,457	29,883,614
Lease liability	388,193	802,175	5,362,134	6,552,502
Derivative financial instruments				
Financial liabilities at fair value through profit or loss				
Gross settlement				
Cash inflow	(42,239,936)	(17,058,836)	-	(59,298,772)
Cash outflow	43,271,983	17,169,976	-	60,441,959
Net settlement	3,120,114	173,143	2,325,268	5,618,525
Total	\$ 823,261,823	\$ 438,846,057	\$ 596,687,678	\$ 1,858,795,558

Maturity analysis for above deposits and remittances are amortised to each period based on historical experience. Given that all the deposits and remittances have to be paid in the shortest possible time, as of March 31, 2021, December 31, 2020, and March 31, 2020, expenses on period of 0-90 days will increase by \$642,528,875, \$597,259,138 and \$486,068,404, respectively.

e. Maturity analysis for items off the balance sheet and capital expense commitment

Items off the balance sheet, while the client may choose when to make a payment, are classified into the earliest time category.

Capital expenditure commitment of the Yuanta Group refers to the capital expenses spent on the contract commitment in order to acquire the building and equipment.

Please refer to the below table for maturity analysis on off balance sheet items and capital expenditure commitment of the Yuanta Group:

	March 31, 2021			
	Less than 1 year	1 ~5 years	More than 5 years	Total
Off balance sheet				
Unused loan commitment	\$ 24,790,481	\$ -	\$ -	\$ 24,790,481
Unused credit commitment	3,258,876	-	-	3,258,876
Guarantees	13,825,580	-	-	13,825,580
Capital expenditure commitment	2,007,603	1,313,032	-	3,320,635
	December 31, 2020			
	Less than 1 year	1 ~5 years	More than 5 years	Total
Off balance sheet				
Unused loan commitment	\$ 23,460,752	\$ -	\$ -	\$ 23,460,752
Unused credit commitment	3,332,772	-	-	3,332,772
Guarantees	13,042,579	-	-	13,042,579
Capital expenditure commitment	1,730,586	1,499,386	-	3,229,972
	March 31, 2020			
	Less than 1 year	1 ~5 years	More than 5 years	Total
Off balance sheet				
Unused loan commitment	\$ 25,177,008	\$ -	\$ -	\$ 25,177,008
Unused credit commitment	2,315,502	-	-	2,315,502
Guarantees	14,912,937	-	-	14,912,937
Capital expenditure commitment	720,395	104,634	86,105	911,134

(D) Transfer of financial assets

Transferred financial assets not fully derecognised

- a. The Yuanta Group has financial assets that are fully or partially derecognised through transactions of transfer of financial assets to others. When the Yuanta Group receives the contract right of cash flow from the financial assets, or retains the above rights but bears obligation to pay the cash flow to one or more recipients and the risks and compensation of rights are mostly transferred, the assets should be derecognised. If the Yuanta Group still retains most of the risks and compensation of rights, the Yuanta Group should continue recognises the financial assets. If the Yuanta Group does not transfer or retains most of the risks and compensation of rights and maintains control over the assets, the Yuanta Group should continue recognise the part of financial assets that are involved.

b. Financial assets that do not meet the derecognition conditions are mainly: (1) convertible bonds transferred to counterparties during transactions of exchanging assets and (2) bonds sold under repurchase agreements. The targeted assets exchanged in the transactions are either acquired through public subscription, book building, auctions or others by the Yuanta Group or owned by the Yuanta Group for proprietary trading, and are sold to counterparties in order to receive consideration. During the contract period, the contracted interest compensation is exchanged for bond interest and interest refund arising from the convertible bonds held by the counterparties. The Yuanta Group obtains rights to repurchase the convertible bonds before the end of contract expiration date. As the options are neither deep-in-the-money nor deep-out-of-the-money at transactions, the Yuanta Group must further assess whether to retain the control over the convertible bonds. Since the convertible bonds cannot be easily obtained in markets, the Yuanta Group still keeps its control over the assets and continuing involvement. Because transactions in respect to the repurchase agreements of debt instruments and bills had transferred their receivable contractual cash flows to other parties, and are reflected in the Consolidated Company's related liabilities, which indicate the obligation to repurchase transferred financial assets in a specified future period within a fixed price, the Consolidated Company, within the effective period of the transaction, cannot use, sell or pledge the already transferred financial asset, but must still bear interest risk and credit risk. Thus, such financial assets were not derecognised in its entirety.

Financial assets that do not meet the derecognition conditions and related financial liabilities are analysed as below:

March 31, 2021		
Financial assets category	Carrying amount of transferred financial assets	Carrying amount of related financial liabilities
Convertible corporate bonds transferred to the trading counterparties through asset swap	\$ 19,742,135	\$ 16,454,598
Bond sold under repurchase agreements	200,946,442	196,361,820
December 31, 2020		
Financial assets category	Carrying amount of transferred financial assets	Carrying amount of related financial liabilities
Convertible corporate bonds transferred to the trading counterparties through asset swap	\$ 18,662,717	\$ 16,468,096
Bond sold under repurchase agreements	221,793,240	216,621,187

March 31, 2020

Financial assets category	Carrying amount of transferred financial assets	Carrying amount of related financial liabilities
Convertible corporate bonds transferred to the trading counterparties through asset swap	\$ 18,681,459	\$ 18,068,788
Bond sold under repurchase agreements	193,890,837	190,129,652

(E) Offsetting financial assets and financial liabilities

The Yuanta Group has transactions that are or are similar to net settled master netting arrangements but do not meet the offsetting criteria. The above transactions are settled on a net basis after offsetting financial assets with financial liabilities if both parties of the transaction choose to use net settlement; the above transactions are settled on a gross basis if both parties do not choose to use net settlement. However, if one party breaches the contract, the counterparty can choose to use net settlement.

The offsetting of financial assets and financial liabilities are set as follows:

a. Financial assets

March 31, 2021

Financial assets that are offset, or can be settled under agreements of net settled master netting arrangements or similar arrangements						
Description	Gross amounts of recognised financial assets(a)	Gross amounts of recognised financial liabilities set off in the balance sheet(b)	Net amounts of financial assets presented in the balance sheet (c)=(a)-(b)	Related amounts not set off in the balance sheet(d)(Note 1)		
				Financial instruments (Note 2)	Cash collateral received	Net amount (e)=(c)-(d)
Derivative instruments	\$ 8,308,969	\$ -	\$ 8,308,969	\$ 4,874,560	\$ 2,208,909	\$ 1,225,500
Bonds purchased under resale agreements	47,438,192	-	47,438,192	42,777,807	2,456,140	2,204,245

December 31, 2020

Financial assets that are offset, or can be settled under agreements of net settled master netting arrangements or similar arrangements						
Description	Gross amounts of recognised financial assets(a)	Gross amounts of recognised financial liabilities set off in the balance sheet(b)	Net amounts of financial assets presented in the balance sheet (c)=(a)-(b)	Related amounts not set off in the balance sheet(d)(Note 1)		
				Financial instruments (Note 2)	Cash collateral received	Net amount (e)=(c)-(d)
Derivative instruments	\$ 9,144,473	\$ -	\$ 9,144,473	\$ 4,523,498	\$ 3,528,033	\$ 1,092,942
Bonds purchased under resale agreements	58,336,318	-	58,336,318	53,394,111	3,633,266	1,308,941

March 31, 2020

Financial assets that are offset, or can be settled under agreements of net settled master netting arrangements or similar arrangements						
Description	Gross amounts of recognised financial assets(a)	Gross amounts of recognised financial liabilities set off in the balance sheet(b)	Net amounts of financial assets presented in the balance sheet (c)=(a)-(b)	Related amounts not set off in the balance sheet(d)(Note 1)		
				Financial instruments (Note 2)	Cash collateral received	Net amount (e)=(c)-(d)
Derivative instruments	\$ 20,791,286	\$ -	\$ 20,791,286	\$ 17,254,526	\$ 1,155,313	\$ 2,381,447
Bonds purchased under resale agreements	51,537,318	-	51,537,318	44,837,330	6,646,839	53,149

b. Financial liabilities

March 31, 2021

Financial liabilities that are offset, or can be settled under agreements of net settled master netting arrangements or similar arrangements						
Description	Gross amounts of recognised financial liabilities(a)	Gross amounts of recognised financial assets set off in the balance sheet(b)	Net amounts of financial liabilities presented in the balance sheet (c)=(a)-(b)	Related amounts not set off in the balance sheet(d)(Note 1)		
				Financial instruments (Note 3)	Cash collateral received	Net amount (e)=(c)-(d)
Derivative instruments	\$ 8,937,368	\$ -	\$ 8,937,368	\$ 6,365,535	\$ 1,423,155	\$ 1,148,678
Bonds sold under repurchase agreements	196,361,820	-	196,361,820	196,325,597	36,223	-

December 31, 2020

Financial liabilities that are offset, or can be settled under agreements of net settled master netting arrangements or similar arrangements						
Description	Gross amounts of recognised financial liabilities(a)	Gross amounts of recognised financial assets set off in the balance sheet(b)	Net amounts of financial liabilities presented in the balance sheet (c)=(a)-(b)	Related amounts not set off in the balance sheet(d)(Note 1)		
				Financial instruments (Note 3)	Cash collateral received	Net amount (e)=(c)-(d)
Derivative instruments	\$ 10,002,124	\$ -	\$ 10,002,124	\$ 6,896,975	\$ 1,508,225	\$ 1,596,924
Bonds sold under repurchase agreements	216,621,187	-	216,621,187	216,615,003	6,184	-

March 31, 2020

Financial liabilities that are offset, or can be settled under agreements of net settled master netting arrangements or similar arrangements

Description	Gross amounts of		Net amounts of financial liabilities presented in the balance sheet (c)=(a)-(b)	Related amounts not set off in the balance sheet(d)(Note 1)		
	recognised financial liabilities(a)	recognised financial assets set off in the balance sheet(b)		Financial instruments (Note 3)	Cash collateral received	Net amount (e)=(c)-(d)
Derivative instruments	\$ 25,618,974	\$ -	\$ 25,618,974	\$ 21,359,382	\$ 3,299,401	\$ 960,191
Bonds sold under repurchase agreements	190,129,652	-	190,129,652	189,197,927	931,725	-

Note 1: The related offsetting amount shall not exceed the recognised financial assets or liabilities.

Note 2: Including net settled master netting arrangements and non-cash collaterals.

Note 3: Including net settled master netting arrangements.

(F) Insurance risk

a. Measurement and management of insurance risk

Insurance risks refer to insufficient estimates over the frequency, severity and lapse rate of the insured incidents, such as death rate, morbidity rate, lapse rate, interest rate, expense rate and so on. These ratios could be influenced by random variable risks and therefore lead to the risks of additional payment exceeding the original estimated values. The Yuanta Group engages in business of life insurance, variable life insurance, accident insurance, and health insurance. The risks and management for the above products are as follows:

(a) Life insurance

The main risk of life insurance comprises of death rate and interest rate. The Yuanta Group assesses the premium rate of main insurance product on the market, makes related statistical measurement and analysis of death rate, such as cash flow test and experience test. Inspections are used to determine whether the death rate is higher than pricing basis in order to evaluate the impact toward the overall operation or the extent of negative impact arising accordingly, and to further determine whether or not to cease the sale of the product and adjust the premium rate of the new product.

As for interest risks, the interest rates of long-term contracts were all locked-in before sales in compliance with regulation. If there is an objective gap of fluctuation between long-term interest rate and the estimated policy interest rate, and the investment income fails to reach the promised policy interest rate, the Yuanta Group will then face a problem of negative spread. Therefore, the Yuanta Group evaluates the investment income in various committees on a regular basis to further evaluate investment portfolio. The Yuanta Group shall review investment allocation, insurance combination and (or) preset interest rates to mitigate risks of negative spread if there is obvious adverse development in the problem of negative spread.

(b) Variable life insurance

The main risk of variable life insurance mainly comprises of death rate. Explanation of death rate risks shall be the same as the life insurance.

(c) Accident insurance and health insurance

The main risks of accident insurance and health insurance comprise of the occurrence of the accident rate and the morbidity rate. The Yuanta Group tracks loss rate of each insurance type, assesses the premium rate of main insurance products on the market, and makes related statistical measurement of occurrence of the accident rate

and the morbidity rate, such as cash flow test and experience test in order to evaluate the impact toward the overall operation or the extent of negative impact arising accordingly, and to further determine whether or not to cease the sale of the product and adjust the premium rate of the new product. The Yuanta Group also arranges reinsurance ceded to mitigate overall potential risk of loss from claims in the future.

(d) Management of insurance risk

I. Risk management of policy underwriting

Underwriting risk refers to the risk of unexpected losses arising from soliciting insurance policies, assessing policy underwritings and related expenses etc. In accordance with “Regulations Governing Business Solicitation, Policy Underwriting and Claim Adjusting of Insurance Enterprises”, the Yuanta Group has established an appropriate risk management mechanism, which includes the establishment of policy underwriting systems and procedures, the establishment of policy underwriting manuals and standards, and the establishment of policy underwriting risk management indicators, as well as their faithful implementation, in order to regulate the underwriting limit of policy underwriters and control the accuracy and timeliness of policy underwritings.

II. Risk management of payment of claims

Risk arising from payment of claims refers to the risk of unexpected losses arising from improper assessment of claims or negligence when handling policy claims. In accordance with “Regulations Governing Business Solicitation, Policy Underwriting and Claim Adjusting of Insurance Enterprises”, the Yuanta Group has established an appropriate risk management mechanism, which includes the establishment of policy underwriting systems and procedures, the establishment of policy underwriting manuals and standards, and the establishment of policy underwriting risk management indicators, as well as their faithful implementation, in order to regulate the underwriting limit of policy underwriters and control the accuracy, timeliness, policy claim rate and rate of actual policy payments of policy claims.

III. Risk of product designing and pricing

Risk of product designing and pricing refers to risks arising from the improper or inconsistent design of a product’s content, stipulated terms or cited fees, or unexpected changes etc. The Yuanta Group has established related operation procedures pursuant to “Regulations Governing Business Solicitation, Policy Underwriting and Claim Adjusting of Insurance Enterprises”, regulating the operation procedures in each developing phase of an insurance product and controlling product designing and pricing by putting in place quantitative mechanisms such as probability testing.

b. Insurance risk concentration

The insurances covered by the Yuanta Group are distributed over the country and have no specific concentration over any specific location, target client, age group, or type of occupation. Reinsurance arrangement is still made after assessment in order to mitigate the covered insurance risks and avoid the overall cumulative risks exceeding the Yuanta Group’s risk capacity. Additionally, through catastrophe reinsurance, the Yuanta Group transfers concentrated risks to highly secure reinsurance companies to further mitigate the risks of large claims and catastrophe claims.

c. Liability adequacy test

According to the relevant insurance regulation, the assumption factors adopted have been locked-in during pricing. However, the assumption may vary from the actual experience as time goes by. Pursuant to IFRS 4, 'Insurance contracts', the Yuanta Group should perform liability adequacy test accordingly to determine whether or not the recognised insurance liability is adequate. In respect of overall insurance contracts of the Yuanta Group as of March 31, 2021, December 31, 2020, and March 31, 2020, the liabilities will still be adequate on the assumption that the mortality, lapse, and expense rates all change by 10% and inflation rate changes by 1%.

If the discount rate of the liability adequacy test decreases by 10 basis points, the liability recognised is still deemed to be adequate and should not influence income before tax and other comprehensive income. If the discount rate of the adequacy test decreases significantly, the change would impact income before tax and other comprehensive income.

d. Credit risk, liquidity risk and market risk of insurance contracts

(a) Credit risk

Credit risks primarily refer to the risk of a reinsurer's failure to fulfil its obligations on the ceded business, which leads to its inability to share its stake of the premiums, claims and other expenses. To manage this risk, the Yuanta Group will, all conditions being equal, foremost consider the distribution to different reinsurers to mitigate the concentration risk. The reinsurers will be selected prudently in accordance with the reinsurance risk management plan as set by the Yuanta Group. To mitigate the credit risk, the reinsurance agreement will require that reinsurance fees shall be paid on a net basis by deducting any receivables or share of payments recoverable from the reinsurer. In addition, the Yuanta Group will demand the inclusion of a special termination clause in the reinsurance agreement, allowing the Yuanta Group to terminate the agreement in the circumstances that the reinsurer defaults on its obligations to limit further credit risk.

After ceding the business, the Yuanta Group will review the credit rating of the reinsurers regularly in accordance with its reinsurance risk management plan. In the event of a credit rating downgrade of a reinsurer leading to its failure to meet the minimum requirement of being an eligible reinsurer as stipulated by the "Regulations Governing Insurance Enterprises Engaging in Operating Reinsurance and Other Risk Spreading Mechanisms", the Yuanta Group will disclose reinsurance reserve as required to monitor the adverse impacts from the downgraded reinsurer on the Yuanta Group.

Currently, the credit ratings of all reinsurance counterparties of the Yuanta Group have met the eligibility standards as stipulated by the regulations.

(b) Liquidity risk

The liquidity risk of the insurance contract arises mainly from the Yuanta Group's failure to realise the assets or to obtain sufficient funding in time to fulfil its obligations on insurance benefits payment. To manage the risk, the Yuanta Group regularly conducts maturity analysis on the insurance contracts and reviews the matching of assets and liabilities.

The table below shows the net liability cash flow analysis on the insurance portfolio of the Yuanta Group by maturity (excluding net cash flow from investing activities). The figures reflect, for the in-force policies as at the valuation date, the estimation of undiscounted total insurance benefit payments, expense and other outflows, net of insurance premiums and other income at each future time point. The future actual

amounts may vary as the actual experience may be different from the expected amounts. Net cash flows used in (provided by) the insurance contracts:

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Less than 1 year	(\$ 4,093,240)	(\$ 7,293,976)	(\$ 25,330,195)
1 ~5 years	13,218,409	13,171,251	16,574,446
6 ~15 years	90,109,200	90,306,283	86,365,038
More than 15 years	<u>522,012,524</u>	<u>549,530,819</u>	<u>541,328,573</u>
Total	<u>\$ 621,246,893</u>	<u>\$ 645,714,377</u>	<u>\$ 618,937,862</u>

The Yuanta Group has insurance contracts that are classified as investment-linked product liabilities. However, such liabilities are repaid based on investment-linked product assets. Therefore, the Yuanta Group has no significant liquidity risk.

With respect to the holder of policy dividend payable, as such liability has no fixed maturity date, it is excluded from the maturity analysis.

(c) Market risk

Pursuant to the “Regulations Governing the Setting Aside of Various Reserves by Insurance Enterprises” and relevant regulations, the Yuanta Group calculates and sets aside statutory reserves in accordance with assumed interest rate and incidence rate regulated by the supervisors. As the assumed interest rate is pre-determined as at policy issuance, the statutory reserves will not change with market interest rate fluctuations. The regulator will regularly review the discount rate assumption, which however may not necessarily correspond to the market risk factors (e.g. market interest rate) in terms of time, amount, or direction, and it is only applicable to the new policies. Therefore, the impact of probable changes in market risks on the statutory reserves of the Yuanta Group’s in-force insurance policies is negligible. In case the regulator changes the discount rate assumption, its impact on profit/loss or equity will vary depending on the range of the change and the Yuanta Group’s overall product mix. Furthermore, reasonable and probable variations in market risks may affect the liability adequacy test, which requires the future cash flows for insurance contracts and financial instruments with discretionary participation features to be estimated based on the current information as at the balance sheet date to assess whether recognised insurance liabilities are adequate. Please refer to the liability adequacy test for the impact of market risk variables on the current liability adequacy of the Yuanta Group.

(4) Capital adequacy ratio:

Not applicable.

(5) In accordance with Article 46 of the Financial Holding Company Act, the following table represents the Company and its subsidiaries’ provision of business credit or endorsements to, or other transactions with, the same individual, the same related party, or the same affiliated company.

Not applicable.

(6) Significant impact arising from changes in government laws and regulations:

None.

(7) Information for discontinued operations:

None.

(8) Major operating assets or liabilities transferred from (or to) other financial institutions:

None.

(9) Allocation of expenses between the Company and its subsidiaries and among subsidiaries

According to Article 7 of the Yuanta Group's Cross-Marketing Management System, contracts regarding legal responsibility and the allocation method for expenses arising from the mutual use of business facilities and cross-sales between the Company's subsidiaries should be formulated and signed.

(10) Information for private placement securities:

None.

(BLANK)

(11) Financial information by business segments

Information by business segments for the three months ended March 31, 2021 is as follows:

(Expressed In Thousands of New Taiwan Dollars)

Item	Bank business	Securities business	Futures business	Insurance business	Other businesses	Consolidated
Net interest income (loss)	\$ 3,166,558	\$ 1,846,368	\$ 81,867	\$ 2,172,246	(\$ 74,775)	\$ 7,192,264
Net non-interest income	1,663,577	16,965,542	550,532	6,659,001	1,559,811	27,398,463
Net profit	4,830,135	18,811,910	632,399	8,831,247	1,485,036	34,590,727
(Provision) recovery for bad debt expenses, commitment and guarantee policy reserve	(128,450)	53,937	967	84	-	(73,462)
Net change in provisions for insurance liabilities	-	-	-	(7,024,799)	-	(7,024,799)
Operating expenses	(2,672,227)	(9,370,122)	(329,812)	(348,395)	(835,761)	(13,556,317)
Net income from continuing operations before income tax	2,029,458	9,495,725	303,554	1,458,137	649,275	13,936,149
Income tax (expense) benefits	(306,627)	(2,558,519)	(53,758)	(125,621)	(136,181)	(3,180,706)
Consolidated income, net of tax	\$ 1,722,831	\$ 6,937,206	\$ 249,796	\$ 1,332,516	\$ 513,094	\$ 10,755,443

Information by business segments for the three months ended March 31, 2020 is as follows:

Item	Bank business	Securities business	Futures business	Insurance business	Other businesses	Consolidated
Net interest income (loss)	\$ 3,322,127	\$ 998,202	\$ 189,444	\$ 2,096,076	(\$ 63,619)	\$ 6,542,230
Net non-interest income	1,979,169	7,374,384	540,443	7,717,279	621,093	18,232,368
Net profit	5,301,296	8,372,586	729,887	9,813,355	557,474	24,774,598
(Provision) recovery for bad debt expenses, commitment and guarantee policy reserve	(555,104)	(116,901)	829	(6)	-	(671,182)
Net change in provisions for insurance liabilities	-	-	-	(8,646,818)	-	(8,646,818)
Operating expenses	(2,478,214)	(6,409,174)	(359,234)	(329,201)	(664,230)	(10,240,053)
Net income (loss) from continuing operations before income tax	2,267,978	1,846,511	371,482	837,330	(106,756)	5,216,545
Income tax (expense) benefits	(314,403)	(272,797)	(79,120)	(90,234)	(72,997)	(829,551)
Consolidated income (loss), net of tax	\$ 1,953,575	\$ 1,573,714	\$ 292,362	\$ 747,096	(\$ 179,753)	\$ 4,386,994

(12) Financial statements of the Company and condensed financial statements of its subsidiaries:

A. Financial statements of the Company

Yuanta Financial Holding Co., Ltd.

Yuanta Financial Holding Co., Ltd.

Individual Balance Sheets

March 31, 2021 and 2020

(Expressed In Thousands of New Taiwan Dollars)

ASSETS	March 31, 2021	March 31, 2020	LIABILITIES AND EQUITY	March 31, 2021	March 31, 2020
Cash and cash equivalents	\$ 3,253,600	\$ 2,446,265	Commercial paper payable – net	\$ -	\$ 5,505,000
Financial assets at fair value through other comprehensive income	35,289	25,942	Payables	5,323,923	5,938,444
Investment in bill and bonds under resale agreements	1,767,829	159,966	Current income tax liabilities	6,099,603	4,002,278
Receivables - net	5,102,344	3,292,099	Bonds payable	29,900,000	24,900,000
Current income tax assets	205,017	297,366	Liabilities reserve	36,922	36,160
Equity investments accounted for under the equity method - net	291,849,635	263,063,087	Lease liability	92,435	95,554
Property and equipment - net	38,337	33,412	Other liabilities	3,588	2,544
Right-of-use assets - net	89,590	95,010	Total liabilities	<u>41,456,471</u>	<u>40,479,980</u>
Intangible assets - net	5,821	4,422	Equity		
Deferred income tax assets	47,292	41,842	Common stock	121,374,360	116,706,115
Other assets - net	13,711	8,056	Additional paid-in capital	37,885,949	37,682,879
			Retained earnings		
			Legal reserve	14,633,733	12,589,183
			Special reserve	6,549,234	6,549,234
			Undistributed earnings	70,151,316	54,661,488
			Other equity	10,357,402	798,588
			Total equity	<u>260,951,994</u>	<u>228,987,487</u>
Total assets	<u>\$ 302,408,465</u>	<u>\$ 269,467,467</u>	Total liabilities and equity	<u>\$ 302,408,465</u>	<u>\$ 269,467,467</u>

Yuanta Financial Holding Co., Ltd.
Individual Statements of Comprehensive Income
For the three months ended March 31, 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

	For the three months ended March 31,	
	2021	2020
Revenues		
Share of the profit or loss of subsidiaries, associates and joint ventures accounted for using the equity method	\$ 9,829,764	\$ 4,383,446
Other revenues	<u>3,668</u>	<u>35,376</u>
	<u>9,833,432</u>	<u>4,418,822</u>
Expenses and losses		
Operating expenses	(359,265)	(253,729)
Other expenses and losses	<u>(66,133)</u>	<u>(62,278)</u>
	<u>(425,398)</u>	<u>(316,007)</u>
Income from continuing operations before income tax	9,408,034	4,102,815
Income tax expense	<u>(734)</u>	<u>(7,075)</u>
Net income	<u>9,407,300</u>	<u>4,095,740</u>
Other comprehensive income		
Components of other comprehensive income that will not be reclassified to profit or loss (net of tax)		
Evaluation gains on investments in equity instruments measured at fair value through other comprehensive income	6,806	1,452
Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using the equity method, components of other comprehensive income that will not be reclassified to profit or loss	4,095,643	(2,744,262)
Components of other comprehensive income that will be reclassified to profit or loss (net of tax)		
Share of other comprehensive income of the subsidiaries, associates and joint ventures accounted for using the equity method, components of other comprehensive income that will be reclassified to profit or loss	<u>(5,894,344)</u>	<u>(4,846,975)</u>
Other comprehensive loss	<u>(1,791,895)</u>	<u>(7,589,785)</u>
Total comprehensive income (loss)	<u>\$ 7,615,405</u>	<u>(\$ 3,494,045)</u>
Earnings per share (in dollars)		
Basic and diluted earnings per share	<u>\$ 0.78</u>	<u>\$ 0.34</u>

Yuanta Financial Holding Co., Ltd.
Individual Statement of Change in Equity
For the three months ended March 31, 2021 and 2020
(Expressed In Thousands of New Taiwan Dollars)

	Retained Earnings					Other equity					Total equity
	Common stock	Additional paid-in capital	Legal reserve	Special reserve	Undistributed earnings	Translation gain and loss on the financial statements of foreign operating entities	Unrealised gain (loss) on financial assets measured at fair value through other comprehensive income	Change in fair value of financial liability attributable to change in credit risk	Other comprehensive income on reclassification under the overlay approach		
For the three months ended March 31, 2020											
Balance, January 1, 2020	\$ 116,706,115	\$ 37,402,480	\$ 12,589,183	\$ 6,549,234	\$ 50,565,092	(\$ 3,528,386)	\$ 11,907,186	(\$ 36,730)	\$ 46,959	\$ 232,201,133	
Net income for the period	-	-	-	-	4,095,740	-	-	-	-	4,095,740	
Other comprehensive income (loss) for the period	-	-	-	-	246	(1,456,391)	(4,010,341)	(220)	(2,123,079)	(7,589,785)	
Total comprehensive income (loss) for the period	-	-	-	-	4,095,986	(1,456,391)	(4,010,341)	(220)	(2,123,079)	(3,494,045)	
Changes in equity of associates and joint ventures accounted for using equity method	-	280,399	-	-	-	-	-	-	-	280,399	
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	410	-	(410)	-	-	-	
Balance, March 31, 2020	<u>\$ 116,706,115</u>	<u>\$ 37,682,879</u>	<u>\$ 12,589,183</u>	<u>\$ 6,549,234</u>	<u>\$ 54,661,488</u>	<u>(\$ 4,984,777)</u>	<u>\$ 7,896,435</u>	<u>(\$ 36,950)</u>	<u>(\$ 2,076,120)</u>	<u>\$ 228,987,487</u>	
For the three months ended March 31, 2021											
Balance, January 1, 2021	\$ 121,374,360	\$ 37,885,949	\$ 14,633,733	\$ 6,549,234	\$ 60,333,790	(\$ 4,467,136)	\$ 16,726,148	(\$ 45,138)	\$ 345,649	\$ 253,336,589	
Net income for the period	-	-	-	-	9,407,300	-	-	-	-	9,407,300	
Other comprehensive income (loss) for the period	-	-	-	-	(34,670)	(1,120,161)	84,332	(54)	(721,342)	(1,791,895)	
Total comprehensive income (loss) for the period	-	-	-	-	9,372,630	(1,120,161)	84,332	(54)	(721,342)	7,615,405	
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	444,896	-	(444,896)	-	-	-	
Balance, March 31, 2021	<u>\$ 121,374,360</u>	<u>\$ 37,885,949</u>	<u>\$ 14,633,733</u>	<u>\$ 6,549,234</u>	<u>\$ 70,151,316</u>	<u>(\$ 5,587,297)</u>	<u>\$ 16,365,584</u>	<u>(\$ 45,192)</u>	<u>(\$ 375,693)</u>	<u>\$ 260,951,994</u>	

Yuanta Financial Holding Co., Ltd.
Individual Statement of Cash Flows
For the three months ended March 31, 2021 and 2020
(Expressed In Thousands of New Taiwan Dollars)

	For the three months ended March 31,	
	2021	2020
<u>Cash Flows From Operating Activities</u>		
Profit before tax	\$ 9,408,034	\$ 4,102,815
Adjustment items		
Income and expense item		
Depreciation	14,332	11,727
Amortization	513	476
Interest expense	66,111	62,262
Interest income	(2,342)	(23,454)
Share of the gain of subsidiaries, associates and joint ventures accounted for using the equity method	(9,829,764)	(4,383,446)
Gain on lease modification	(445)	-
Gain on sale of property and equipment	(10)	-
Change in assets/liabilities relating to operating activities		
Decrease in receivables	26,339	60,746
Increase in other assets	(1,814)	(1,636)
Decrease in payables	(91,000)	(11,678)
Increase in liabilities reserve	19	44
(Decrease) increase in other liabilities	(582)	530
Interest received	1,363	23,473
Interest paid	(344)	(2,638)
Income tax paid	(328,497)	(355,819)
Net cash flows used in operating activities	(738,087)	(516,598)
<u>Cash Flows From Investing Activities</u>		
Acquisition of equity investments accounted for under the equity method	-	(14,501,724)
Acquisition of property and equipment	(6,425)	(11,609)
Proceeds from disposal of property and equipment	1,100	-
Acquisition of intangible assets	(178)	-
Acquisition of right-of-use assets	(14)	-
Net cash flows used in investing activities	(5,517)	(14,513,333)
<u>Cash Flows From Financing Activities</u>		
Increase in commercial paper payable	(999,866)	5,505,000
Proceeds from issuance of corporate bonds	5,000,000	-
Principal payment for lease liabilities	(9,540)	(8,839)
Net cash flows generated from financing activities	3,990,594	5,496,161
Net increase (decrease) in cash and cash equivalents	3,246,990	(9,533,770)
Cash and cash equivalents at beginning of period	1,774,439	12,140,001
Cash and cash equivalents at end of period	\$ 5,021,429	\$ 2,606,231
The components of cash and cash equivalents:		
Cash and cash equivalents reported in the balance sheet	\$ 3,253,600	\$ 2,446,265
Investments in bills and bonds under resale agreements qualified as cash and cash equivalents as defined by IAS 7	1,767,829	159,966
Cash and cash equivalents at end of period	\$ 5,021,429	\$ 2,606,231

B. Condensed financial statements of subsidiaries and significant components

(A) Yuanta Commercial Bank

Yuanta Commercial Bank
Individual Balance Sheets
March 31, 2021 and 2020

(Expressed In Thousands of New Taiwan Dollars)

ASSETS	March 31, 2021	March 31, 2020	LIABILITIES AND EQUITY	March 31, 2021	March 31, 2020
Cash and cash equivalents	\$ 13,331,948	\$ 13,753,386	Deposits from Central Bank and other banks	\$ 16,834,749	\$ 15,879,516
Due from Central Bank and call loans to other banks	55,937,130	44,045,826	Due to Central Bank and other banks	666,000	-
Financial assets at fair value through profit or loss	173,179,215	147,380,436	Financial liabilities at fair value through profit or loss	1,746,584	5,978,308
Financial assets at fair value through other comprehensive income	170,697,333	119,955,425	Bills and bonds sold under repurchase agreements	3,800,231	304,308
Investments in debt instruments at amortised cost	231,898,443	206,767,567	Payables	11,871,178	15,760,953
Bills and bonds purchased under resell agreements	2,327,258	3,893,302	Current income tax liabilities	997,980	1,875,150
Receivables- net	20,200,948	25,179,129	Deposits and remittances	1,278,552,718	1,144,679,918
Current income tax assets	1,092,441	2,125,212	Bank debentures payable	31,000,000	34,500,000
Available-for-sale financial assets- net	203,730	171,593	Other financial liabilities	3,022,429	5,495,302
Bills discounted and loans- net	767,717,073	743,621,766	Liabilities reserve	1,146,143	1,243,943
Equity investments accounted for under the equity method- net	4,299,246	4,566,705	Lease reserve	2,515,297	2,541,714
Other financial assets- net	22,122	65,058	Deferred income tax liabilities	355,116	407,170
Property and equipment- net	13,591,662	13,379,484	Other liabilities	1,527,285	1,977,486
Right-of-use assets- net	10,385,249	10,546,550	Total liabilities	<u>1,354,035,710</u>	<u>1,230,643,768</u>
Investment property- net	823,162	842,415	Common stocks	73,940,390	73,940,390
Intangible assets- net	9,350,176	10,515,972	Additional paid-in capital	25,960,441	25,960,441
Deferred income tax assets	946,018	889,502	Retained earnings	22,939,912	22,392,731
Other assets - net	2,666,043	4,581,790	Other equity	1,792,744	(656,212)
Total assets	<u>\$ 1,478,669,197</u>	<u>\$ 1,352,281,118</u>	Total equity	<u>124,633,487</u>	<u>121,637,350</u>
			Total liabilities and equity	<u>\$ 1,478,669,197</u>	<u>\$ 1,352,281,118</u>

Yuanta Commercial Bank
Individual Condensed Statements of Comprehensive Income
For the three months ended March 31, 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

	For the three months ended March 31,			
	2021		2020	
	Amount	%	Amount	%
Interest income	\$ 4,118,221	82	\$ 5,100,857	96
Less: Interest expense	(1,090,942)	(22)	(1,984,556)	(37)
Net interest income	3,027,279	60	3,116,301	59
Net non-interest income	2,012,158	40	2,183,253	41
Net profit	5,039,437	100	5,299,554	100
Provision for bad debt expenses, commitment and guarantee policy reserve	(110,902)	(2)	(539,911)	(10)
Operating expenses	(2,660,669)	(53)	(2,448,719)	(46)
Income from continuing operations before income tax	2,267,866	45	2,310,924	44
Income tax expense	(302,483)	(6)	(311,116)	(6)
Net income	1,965,383	39	1,999,808	38
Other comprehensive income (loss) (net of tax)	(1,274,636)	(25)	(2,236,777)	(42)
Total comprehensive income (loss)	<u>\$ 690,747</u>	<u>14</u>	<u>(\$ 236,969)</u>	<u>(4)</u>
Earnings per share (in dollars)				
Basic and diluted earnings per share	<u>\$</u>	<u>0.27</u>	<u>\$</u>	<u>0.27</u>

(B) Yuanta Securities

Yuanta Securities
Individual Condensed Balance Sheets
March 31, 2021 and 2020

(Expressed In Thousands of New Taiwan Dollars)

ASSETS	March 31, 2021	March 31, 2020	LIABILITIES AND EQUITY	March 31, 2021	March 31, 2020
Current assets	\$ 394,164,083	\$ 304,992,658	Current liabilities	\$ 336,154,153	\$ 262,491,703
Financial assets at fair value			Bonds payable	13,500,000	8,500,000
through profit or loss-non-current	51,860	52,148	Liabilities reserve- non-current	63,649	62,014
Financial assets at fair value through			Lease liabilities- non-current	658,562	272,388
other comprehensive income			Deferred income tax liabilities	2,181,911	2,234,627
-non-current	8,450,344	6,549,639	Other non-current liabilities	2,288,315	1,937,952
Equity investments accounted for			Total liabilities	<u>354,846,590</u>	<u>275,498,684</u>
under the equity method	48,553,327	42,130,600			
Property and equipment	4,471,370	4,381,414	Common stocks	57,820,321	57,820,321
Right-of-use assets	904,368	482,035	Additional paid-in capital	980,441	801,197
Investment property	2,753,664	2,802,804	Retained earnings	51,331,351	38,008,324
Intangible assets	11,577,286	11,578,928	Other equity	8,828,042	3,605,810
Deferred income tax assets	523,397	556,254	Total equity	<u>118,960,155</u>	<u>100,235,652</u>
Other non-current assets	2,357,046	2,207,856	Total liabilities and equity	<u>\$ 473,806,745</u>	<u>\$ 375,734,336</u>
Total assets	<u>\$ 473,806,745</u>	<u>\$ 375,734,336</u>			

Yuanta Securities
Individual Condensed Statements of Comprehensive Income
For the three months ended March 31, 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

Item	For the three months ended March 31,			
	2021		2020	
	Amount	%	Amount	%
Revenues	\$ 10,697,473	100	\$ 5,905,808	100
Service fee expense	(382,905)	(4)	(220,661)	(4)
Employee benefit expense	(3,139,830)	(29)	(2,199,683)	(37)
Share of the profit or loss of subsidiaries, associates and joint ventures accounted for using the equity method	2,287,702	21	(130,468)	(2)
Operating expenses	(1,802,925)	(17)	(1,438,936)	(24)
Income from continuing operations before income tax	7,659,515	71	1,916,060	33
Income tax expense	(1,525,084)	(14)	(162,533)	(3)
Net income	6,134,431	57	1,753,527	30
Other comprehensive income (loss) (net of tax)	1,271,929	12	(2,297,222)	(39)
Total comprehensive income (loss)	<u>\$ 7,406,360</u>	<u>69</u>	<u>(\$ 543,695)</u>	<u>(9)</u>
Earnings per share (in dollars)				
Basic and diluted earnings per share	<u>\$</u>	<u>1.06</u>	<u>\$</u>	<u>0.30</u>

(C) Yuanta Securities (Korea)

Yuanta Securities (Korea)
Individual Condensed Balance Sheets
March 31, 2021 and 2020

(Expressed In Thousands of New Taiwan Dollars)

ASSETS	March 31, 2021	March 31, 2020	LIABILITIES AND EQUITY	March 31, 2021	March 31, 2020
Current assets	\$ 36,058,964	\$ 40,027,766	Current liabilities	\$ 158,460,587	\$ 145,985,200
Financial assets at fair value			Bonds payable	134,242,142	127,417,065
through profit or loss-non-current	232,260,243	224,161,631	Liabilities reserve- non-current	417,706	275,755
Financial assets at fair value through			Lease liabilities- non-current	1,934,793	2,202,020
other comprehensive income			Other non-current liabilities	25,633,808	24,790,589
-non-current	5,092,423	3,930,272	Total liabilities	<u>320,689,036</u>	<u>300,670,629</u>
Equity investments accounted for					
under the equity method	2,582,521	2,465,049			
Property and equipment	1,310,653	1,479,157			
Right-of-use assets	1,831,464	2,123,407	Common stocks	26,800,546	26,351,090
Investment property	2,093,371	2,095,122	Additional paid-in capital	(1,421,444)	(1,397,606)
Intangible assets	831,829	818,971	Retained earnings	8,304,376	4,097,829
Deferred income tax assets	968,666	2,216,016	Other equity	2,603,296	1,842,339
Other non-current assets	73,945,676	52,246,890	Total equity	<u>36,286,774</u>	<u>30,893,652</u>
Total assets	<u>\$ 356,975,810</u>	<u>\$ 331,564,281</u>	Total liabilities and equity	<u>\$ 356,975,810</u>	<u>\$ 331,564,281</u>

Note: Individual condensed financial statements of Yuanta Securities (Korea) have been prepared in accordance with Korea IFRS.

Yuanta Securities (Korea)
Individual Condensed Statements of Comprehensive Income
For the three months ended March 31, 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

Item	For the three months ended March 31,			
	2021		2020	
	Amount	%	Amount	%
Revenues	\$ 18,930,820	100	\$ 38,846,092	100
Service fee expense	(146,720)	(1)	(133,696)	-
Employee benefit expense	(2,458,773)	(13)	(1,255,774)	(3)
Operating expenses	(12,777,864)	(67)	(37,314,338)	(97)
Income from continuing operations before income tax	3,547,463	19	142,284	-
Income tax expense	(847,966)	(4)	(20,739)	-
Net income	2,699,497	15	121,545	-
Other comprehensive income (net of tax)	61,133	-	257,043	1
Total comprehensive income	<u>\$ 2,760,630</u>	<u>15</u>	<u>\$ 378,588</u>	<u>1</u>
Earnings per share (in dollars)				
Basic and diluted earnings per share	<u>\$</u>	<u>13.14</u>	<u>\$</u>	<u>0.58</u>

Note: Individual condensed financial statements of Yuanta Securities (Korea) have been prepared in accordance with Korea IFRS.

(D) Yuanta Futures

Yuanta Futures
Individual Condensed Balance Sheets
March 31, 2021 and 2020

(Expressed In Thousands of New Taiwan Dollars)

ASSETS	March 31, 2021	March 31, 2020	LIABILITIES AND EQUITY	March 31, 2021	March 31, 2020
Current assets	\$ 98,220,976	\$ 100,259,789	Current liabilities	\$ 90,226,117	\$ 94,540,442
Financial assets at fair value through other comprehensive income			Non-current liabilities	226,375	72,492
-non-current	1,638,011	1,410,881	Total liabilities	90,452,492	94,612,934
Equity investments accounted for under the equity method	1,197,577	1,271,501			
Property and equipment	610,579	572,032	Common stocks	2,899,763	2,499,763
Right-of-use assets	171,525	25,709	Additional paid-in capital	3,070,484	1,624,543
Intangible assets	39,558	41,143	Retained earnings	4,935,834	4,583,576
Deferred income tax assets	37,980	20,754	Other equity	1,402,739	1,063,796
Other non-current assets	845,106	782,803	Total equity	12,308,820	9,771,678
Total assets	<u>\$ 102,761,312</u>	<u>\$ 104,384,612</u>	Total liabilities and equity	<u>\$ 102,761,312</u>	<u>\$ 104,384,612</u>

Yuanta Futures
Individual Condensed Statements of Comprehensive Income
For the three months ended March 31, 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

Item	For the three months ended March 31,			
	2021		2020	
	Amount	%	Amount	%
Revenues	\$ 1,000,743	100	\$ 1,137,047	100
Service fee expense	(208,267)	(21)	(250,000)	(22)
Employee benefit expense	(179,269)	(18)	(191,965)	(17)
Share of the profit or loss of subsidiaries, associates and joint ventures accounted for using the equity method	(6,693)	(1)	(11,314)	(1)
Operating expenses	(340,109)	(34)	(317,201)	(28)
Income from continuing operations before income tax	266,405	26	366,567	32
Income tax expense	(53,758)	(5)	(79,120)	(7)
Net income	212,647	21	287,447	25
Other comprehensive income (loss) (net of tax)	237,611	24	(232,473)	(20)
Total comprehensive income	<u>\$ 450,258</u>	<u>45</u>	<u>\$ 54,974</u>	<u>5</u>
Earnings per share (in dollars)				
Basic and diluted earnings per share	<u>\$</u>	<u>0.73</u>	<u>\$</u>	<u>1.23</u>

(E) Yuanta Life

Yuanta Life
Individual Condensed Balance Sheets
March 31, 2021 and 2020

(Expressed In Thousands of New Taiwan Dollars)

ASSETS	March 31, 2021	March 31, 2020	LIABILITIES AND EQUITY	March 31, 2021	March 31, 2020
Cash and cash equivalents	\$ 25,303,090	\$ 13,241,777	Payables	\$ 10,309,658	\$ 2,053,398
Receivables	3,664,912	2,489,525	Current tax liabilities	741,170	21,554
Current income tax assets	2,928,717	2,840,830	Financial liabilities at fair value		
Financial assets at fair value			through profit or loss	1,413,262	1,022,680
through profit or loss	58,141,489	36,695,313	Insurance liabilities	308,358,934	271,722,436
Financial assets at fair value through			Foreign exchange reserve	520,163	785,996
other comprehensive income	33,802,684	41,071,159	Liabilities reserve	88,428	88,799
Financial assets at amortized cost	216,307,879	182,727,724	Lease liabilities	847,314	933,247
Right-of-use assets	38,175	121,619	Deferred income tax liabilities	544,762	176,925
Investment property	12,302,686	6,669,033	Other liabilities	15,393,357	2,184,270
Loans	7,127,680	6,967,501	Investment-linked insurance		
Reinsurance contract assets	1,205,376	988,011	products liabilities	8,671,946	1,584,686
Property and equipment	45,804	5,046,462	Total liabilities	<u>346,888,994</u>	<u>280,573,991</u>
Intangible assets	83,373	87,370	Common stocks	23,735,695	23,735,695
Deferred income tax assets	1,942,272	644,985	Retained earnings	4,555,441	2,143,032
Other assets	4,074,592	4,084,846	Other equity	460,546	(1,191,877)
Investment-linked insurance			Total equity	<u>28,751,682</u>	<u>24,686,850</u>
products assets	8,671,947	1,584,686	Total liabilities and equity	<u>\$ 375,640,676</u>	<u>\$ 305,260,841</u>
Total assets	<u>\$ 375,640,676</u>	<u>\$ 305,260,841</u>			

Yuanta Life
Individual Condensed Statements of Comprehensive Income
For the three months ended March 31, 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

Item	For the three months ended March 31,			
	2021		2020	
	Amount	%	Amount	%
Operating revenues	\$ 13,827,323	100	\$ 12,849,183	100
Operating costs	(12,408,704)	(90)	(12,047,322)	(93)
Operating expenses	(364,409)	(2)	(364,857)	(3)
Net operating income	1,054,210	8	437,004	4
Non-operating revenues and expenses	(2,150)	-	(560)	-
Income from continuing operations before income tax	1,052,060	8	436,444	4
Income tax benefit	(125,621)	(1)	(90,234)	(1)
Net income	926,439	7	346,210	3
Other comprehensive loss (net of tax)	(1,962,776)	(14)	(2,876,163)	(23)
Total comprehensive loss	<u>(\$ 1,036,337)</u>	<u>(7)</u>	<u>(\$ 2,529,953)</u>	<u>(20)</u>
Earnings per share (in dollars)				
Basic and diluted earnings per share	<u>\$ 0.39</u>		<u>\$ 0.31</u>	

(F) Yuanta Securities Investment Trust

Yuanta Securities Investment Trust
Individual Condensed Balance Sheets
March 31, 2021 and 2020

(Expressed In Thousands of New Taiwan Dollars)

ASSETS	March 31, 2021	March 31, 2020	LIABILITIES AND EQUITY	March 31, 2021	March 31, 2020
Current assets	\$ 4,782,120	\$ 4,123,040	Current liabilities	\$ 588,263	\$ 487,020
Financial assets at fair value through other comprehensive income	275,653	157,230	Deferred income tax liabilities	160,898	179,621
Equity investments accounted for under the equity method	335,243	323,561	Lease liability- non-current	45,585	738
Property and equipment	298,801	293,424	Other non-current liabilities	35,191	40,623
Intangible assets	768,551	768,551	Total liabilities	<u>829,937</u>	<u>708,002</u>
Prepaid pension cost	39,179	37,401	Common stocks	2,269,235	2,269,235
Deferred income tax assets	378	362	Additional paid-in capital	296,729	296,729
Right-of-use assets	57,680	10,356	Retained earnings	3,283,763	2,502,928
Other non-current assets	177,895	140,752	Other equity	55,836	77,783
Total assets	<u>\$ 6,735,500</u>	<u>\$ 5,854,677</u>	Total equity	<u>5,905,563</u>	<u>5,146,675</u>
			Total liabilities and equity	<u>\$ 6,735,500</u>	<u>\$ 5,854,677</u>

Yuanta Securities Investment Trust
Individual Condensed Statements of Comprehensive Income
For the three months ended March 31, 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

Item	For the three months ended March 31,			
	2021		2020	
	Amount	%	Amount	%
Operating revenues	\$ 884,615	100	\$ 782,500	100
Operating expenses	(367,546)	(42)	(335,023)	(43)
Operating profits	517,069	58	447,477	57
Non-operating revenues and expenses	41,842	5	(13,763)	(1)
Income from continuing operations before income tax	558,911	63	433,714	56
Income tax expense	(104,635)	(12)	(90,922)	(12)
Net income	454,276	51	342,792	44
Other comprehensive income (loss) (net of tax)	305	-	(19,194)	(3)
Total comprehensive income	<u>\$ 454,581</u>	<u>51</u>	<u>\$ 323,598</u>	<u>41</u>
Earnings per share (in dollars)				
Basic and diluted earnings per share	<u>\$</u>	<u>2.00</u>	<u>\$</u>	<u>1.51</u>

(G) Yuanta Asset Management

Yuanta Asset Management
Individual Condensed Balance Sheets
March 31, 2021 and 2020

(Expressed In Thousands of New Taiwan Dollars)

ASSETS	March 31, 2021	March 31, 2020	LIABILITIES AND EQUITY	March 31, 2021	March 31, 2020
Current assets	\$ 2,475,631	\$ 2,350,823	Current liabilities	\$ 66,962	\$ 50,748
Financial assets at fair value through other comprehensive income	39,484	37,190	Non-current liabilities	24,408	8,076
Property and equipment	6,592	2,490	Total liabilities	91,370	58,824
Right-of-use assets	20,149	3,036	Common stocks	3,111,630	3,000,000
Investment property	1,321,599	1,302,645	Additional paid-in capital	1,047	1,047
Intangible assets	-	68	Retained earnings	641,909	620,272
Deferred income tax assets	2,811	2,691	Other equity	21,455	19,160
Other non-current assets	1,145	360	Total equity	3,776,041	3,640,479
Total assets	<u>\$ 3,867,411</u>	<u>\$ 3,699,303</u>	Total liabilities and equity	<u>\$ 3,867,411</u>	<u>\$ 3,699,303</u>

Yuanta Asset Management
Individual Condensed Statements of Comprehensive Income
For the three months ended March 31, 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars)

Item	For the three months ended March 31,			
	2021		2020	
	Amount	%	Amount	%
Operating revenues	\$ 85,501	100	\$ 80,247	100
Operating expenses	(42,439)	(50)	(53,967)	(67)
Operating profits	43,062	50	26,280	33
Non-operating revenues and expenses	369	-	581	-
Income from continuing operations before income tax	43,431	50	26,861	33
Income tax expense	(8,637)	(10)	(4,201)	(5)
Net income	34,794	40	22,660	28
Other comprehensive income (net of tax)	2,350	3	1,373	2
Total comprehensive income	<u>\$ 37,144</u>	<u>43</u>	<u>\$ 24,033</u>	<u>30</u>

(H) Yuanta Venture Capital

Yuanta Venture Capital
Individual Condensed Balance Sheets
March 31, 2021 and 2020

(Expressed In Thousands of New Taiwan Dollars)

ASSETS	March 31, 2021	March 31, 2020	LIABILITIES AND EQUITY	March 31, 2021	March 31, 2020
Current assets	\$ 2,247,307	\$ 1,573,157	Current liabilities	\$ 112,789	\$ 42,837
Financial assets at fair value through other comprehensive income	113,155	132,045	Lease liability- non-current	2,218	5,995
Equity investments accounted for under the equity method	990,602	750,652	Other non-current liabilities	3,200	2,500
Property and equipment	3,192	3,906	Total liabilities	118,207	51,332
Right-of-use assets	5,970	9,740	Common stocks	2,460,000	2,460,000
Deferred income tax assets	11,920	16,917	Additional paid-in capital	918	918
Other non-current assets	635	635	Retained earnings (accumulated deficit)	777,248	(29,174)
			Other equity	16,408	3,976
			Total equity	3,254,574	2,435,720
Total assets	<u>\$ 3,372,781</u>	<u>\$ 2,487,052</u>	Total liabilities and equity	<u>\$ 3,372,781</u>	<u>\$ 2,487,052</u>

Yuanta Venture Capital
Individual Condensed Statements of Comprehensive Income
For the three months ended March 31, 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars)

Item	For the three months ended March 31,			
	2021		2020	
	Amount	%	Amount	%
Operating revenues	\$ 536,739	100	(\$ 233,642)	(100)
Operating expenses	(75,354)	(14)	(7,915)	(3)
Operating profits (loss)	461,385	86	(241,557)	(103)
Non-operating revenues and expenses	(1,674)	-	185	-
Income (loss) from continuing operations before income tax	459,711	86	(241,372)	(103)
Income tax (expense) benefit	(15,177)	(3)	29,692	13
Net income (loss)	444,534	83	(211,680)	(90)
Other comprehensive income (loss) (net of tax)	6,739	1	(8,704)	(4)
Total comprehensive income (loss)	<u>\$ 451,273</u>	<u>84</u>	<u>(\$ 220,384)</u>	<u>(94)</u>

(I) Yuanta Securities Investment Consulting

Yuanta Securities Investment Consulting
Individual Condensed Balance Sheets
March 31, 2021 and 2020

(Expressed In Thousands of New Taiwan Dollars)

<u>ASSETS</u>	<u>March 31, 2021</u>	<u>March 31, 2020</u>	<u>LIABILITIES AND EQUITY</u>	<u>March 31, 2021</u>	<u>March 31, 2020</u>
Current assets	\$ 167,507	\$ 187,837	Current liabilities	\$ 54,269	\$ 57,871
Property and equipment	4,289	1,936	Non-current liabilities	36,343	9,955
Right-of-use assets	30,493	5,591	Total liabilities	<u>90,612</u>	<u>67,826</u>
Intangible assets	280	65	Common stocks	100,000	100,000
Deferred income tax assets	7,386	5,093	Additional paid-in capital	6,017	6,017
Other non-current assets	17,784	6,464	Retained earnings	<u>31,110</u>	<u>33,143</u>
			Total equity	<u>137,127</u>	<u>139,160</u>
Total assets	<u>\$ 227,739</u>	<u>\$ 206,986</u>	Total liabilities and equity	<u>\$ 227,739</u>	<u>\$ 206,986</u>

Yuanta Securities Investment Consulting
Individual Condensed Statements of Comprehensive Income
For the three months ended March 31, 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars)

Item	For the three months ended March 31,			
	2021		2020	
	Amount	%	Amount	%
Operating revenues	\$ 57,072	100	\$ 50,821	100
Operating costs	(285)	-	(305)	(1)
Operating expenses	(55,614)	(97)	(50,049)	(98)
Operating income	1,173	2	467	1
Non-operating revenues and expenses	272	1	412	1
Income from continuing operations				
before income tax	1,445	3	879	2
Income tax expense	(289)	(1)	(176)	(1)
Net income	1,156	2	703	1
Total comprehensive income	<u>\$ 1,156</u>	<u>2</u>	<u>\$ 703</u>	<u>1</u>

(13) Profitability, asset quality, management information, and liquidity and market risk sensitivity of the Yuanta Group and its subsidiaries:

A. Profitability

(A) Yuanta Financial Holdings

Unit: %

		For the three months ended March 31,	
		2021	2020
Return on total assets	Before tax	3.18	1.53
	After tax	3.18	1.53
Return on equity	Before tax	3.66	1.78
	After tax	3.66	1.78
Net profit margin ratio		96.31	94.01

(B) Yuanta Financial Holdings and its subsidiaries

		For the three months ended March 31,	
		2021	2020
Return on total assets	Before tax	0.50	0.21
	After tax	0.38	0.18
Return on equity	Before tax	5.02	2.10
	After tax	3.87	1.77
Net profit margin ratio		31.09	17.71

(C) Yuanta Bank

		For the three months ended March 31,	
		2021	2020
Return on total assets	Before tax	0.16	0.17
	After tax	0.13	0.15
Return on equity	Before tax	1.82	1.90
	After tax	1.58	1.64
Net profit margin ratio		39.00	37.74

(D) Yuanta Securities

		For the three months ended March 31,	
		2021	2020
Return on total assets	Before tax	1.65	0.52
	After tax	1.32	0.47
Return on equity	Before tax	6.65	1.91
	After tax	5.32	1.75
Net profit margin ratio		48.68	31.57

(E) Yuanta Life

		For the three months ended March 31,	
		2021	2020
Return on total assets	Before tax	0.29	0.15
	After tax	0.26	0.12
Return on equity	Before tax	3.59	2.30
	After tax	3.17	1.83
Net profit margin ratio		65.40	43.21

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

Note 2: Return on equity = Income (loss) before (after) income tax / average equity.

Note 3: Net profit margin ratio = Income (loss) after income tax / net revenues.

Note 4: The term "Income (loss) before (after) income tax" represents net income (loss) from January 1 to the balance sheet date of the reporting period.

Note 5: The profitability of Yuanta Financial Holdings, Yuanta Financial Holdings and its subsidiaries, Yuanta Bank, Yuanta Securities, and Yuanta life insurance agency shall be respectively specified in the said table.

B. Information of Yuanta Bank is as follows:

(A) Non-performing loans and non-performing loan asset quality

Unit: In thousands of NT Dollars

Month / Year		March 31, 2021					March 31, 2020				
Business / Items		Amount of non-performing loans	Gross loans	Non-performing loan ratio	Allowance for doubtful accounts	Coverage ratio	Amount of non-performing loans	Gross loans	Non-performing loan ratio	Allowance for doubtful accounts	Coverage ratio
Corporate banking	Secured loans	139,933	216,227,612	0.06%	3,002,826	2,145.90%	94,185	195,364,332	0.05%	2,923,770	3104.28%
	Unsecured loans	560,961	168,043,672	0.33%	3,330,122	593.65%	642,652	204,940,991	0.31%	3,811,139	593.03%
Consumer banking	Residential mortgage loans	214,320	223,334,132	0.10%	3,358,660	1,567.12%	282,218	199,081,731	0.14%	3,017,656	1,069.26%
	Cash card services	-	44,374	-	995	-	9	68,402	0.01%	1,387	15,411.11%
	Small amount of credit loans	6,901	11,352,941	0.06%	137,797	1,996.77%	10,683	9,983,246	0.11%	126,747	1,186.44%
	Others	Secured loans	137,949	167,217,524	0.08%	1,755,210	1,272.36%	142,706	152,593,019	0.09%	1,585,423	1,110.97%
Unsecured loans		371	3,086,111	0.01%	31,044	8,367.65%	249	2,194,524	0.01%	22,244	8,933.33%
Gross loan business		1,060,435	789,306,366	0.13%	11,616,654	1,095.46%	1,172,702	764,226,245	0.15%	11,488,366	979.65%

Month / Year		March 31, 2021					March 31, 2020				
		Amount of overdue accounts	Balance of accounts receivable	Overdue account ratio	Allowance for doubtful accounts	Coverage ratio	Amount of overdue accounts	Balance of accounts receivable	Overdue account ratio	Allowance for doubtful accounts	Coverage ratio
Credit card services		6,354	8,157,231	0.08%	107,295	1,688.62%	6,535	8,341,782	0.08%	135,298	2,070.36%
Without recourse factoring		9,384	4,603,730	0.20%	75,339	802.85%	9,529	5,476,579	0.17%	75,651	793.90%

Note 1: The amount recognised as non-performing loans is in compliance with the “Regulation Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans”. The amount included in overdue accounts for credit cards is in compliance with Jin-Guan-Yin (4) Letter No. 0944000378 dated July 6, 2005.

Note 2: Non-performing loan ratio=non-performing loans/gross loans. Overdue account ratio for credit cards=overdue accounts/balance of accounts receivable.

Note 3: Coverage ratio for loans=allowance for doubtful accounts of loans/non-performing loans. Coverage ratio for accounts receivable of credit cards=allowance for doubtful accounts for accounts receivable of credit cards/overdue accounts.

Note 4: For residential mortgage loans, the borrower provides his/her (or spouses) house as collateral in full and mortgages it to the financial institution for the purpose of obtaining funds to purchase or add improvements to a house.

Note 5: Small amount of credit loans apply to the norms of Jin-Guan-Yin (4) Letter No. 09440010950 dated December 19, 2005, excluding credit card and cash card services.

Note 6: Other consumer banking is specified as secured or unsecured consumer loans other than residential mortgage loan, cash card services and small amount of credit loans, and excluding credit card services.

Note 7: Pursuant to Jin-Guan-Yin-Wai Letter No. 09850003180 dated August 24, 2009, the amount of without recourse factoring will be recognised as overdue accounts within three months after the factor or insurance company resolves not to compensate the loss.

(B) Non-performing loans and overdue receivables exempted from reporting to the competent authority

Unit: In thousands of NT Dollars

	March 31, 2021		March 31, 2020	
	Total amount of non-performing loans exempted from reporting to the competent authority	Total amount of overdue receivables exempted from reporting to the competent authority	Total amount of non-performing loans exempted from reporting to the competent authority	Total amount of overdue receivables exempted from reporting to the competent authority
Amounts exempted from reporting to the competent authority under debt negotiation (Note 1)	44,394	25,717	66,613	35,786
Perform in accordance with debt liquidation program and restructuring program (Note 2)	873,988	333,655	1,014,108	349,775
Total	918,382	359,372	1,080,721	385,561

Note 1: The additional disclosure requirement pertaining to way and information disclosure of the total amount of non-performing loan is in accordance with the Explanatory Jin-Guan-Yin (1) Letter No. 09510001270 of FSC dated April 25, 2006.

Note 2: The additional disclosure requirement pertaining to the way and information disclosure of loan in the process of debt liquidation and restructuring program is in accordance with the Explanatory Jin-Guan-Yin (1) Letter No. 09700318940 of FSC dated September 15, 2008 and Jin-Guan-Yin-Fa Letter No. 10500134790 of FSC dated September 20, 2016.

(BLANK)

(C) Contract amounts of significant credit risk concentration are as follows:

Unit: In thousands of NT Dollars, %

March 31, 2021			
Ranking (Note 1)	Name of Enterprise Group (Note 2)	Total outstanding loan amount (Note 3)	Total outstanding loan amount / Total equity
1	Group A–Iron and Steel Refining	\$ 7,404,160	5.94
2	Company B–Real Estate Leasing	4,180,000	3.35
3	Group C–Air Transport	3,721,875	2.99
4	Group D–Real Estate Development	3,690,409	2.96
5	Group E–Real Estate Development	3,604,246	2.89
6	Company F–Trust, Funds and Similar Financial Entity	3,418,500	2.74
7	Group G–Manufacture of Footwear	3,297,993	2.65
8	Group H–Real Estate Development	3,200,000	2.57
9	Group I–Real Estate Development	3,057,287	2.45
10	Group J–Activities of Amusement Parks and Theme Parks	3,050,000	2.45

March 31, 2020			
Ranking (Note 1)	Name of Enterprise Group (Note 2)	Total outstanding loan amount (Note 3)	Total outstanding loan amount / Total equity
1	Group A–Real Estate Development	\$ 7,892,434	6.49
2	Group B–Air Transport	6,639,792	5.46
3	Group C–Iron and Steel Refining	5,235,867	4.30
4	Group D–Cement Manufacturing Industry	4,874,569	4.01
5	Company E–Real Estate Leasing	4,240,000	3.49
6	Group F–Real Estate Development	4,209,715	3.46
7	Group G–Other Non-classified Financial Service	4,180,029	3.44
8	Company H–Trust, Funds and Similar Financial Entity	3,569,556	2.93
9	Group I–Seasoning Manufacturing Industry	3,554,508	2.92
10	Company J–Real Estate Development	2,792,000	2.30

Note 1: Ranking the top ten enterprise groups other than government and government enterprise according to their total amounts of outstanding loans. If an outstanding loan belongs to an enterprise group, the outstanding loan of enterprise group should be categorized and listed in total, and disclosed by “code” plus “industry type” (for example, company (or group) A – Liquid Crystal Panel and Components Manufacturing). If it is an enterprise group, industry type of maximum exposure of the enterprise group should be disclosed. Industry type should be filled in accordance with “Standard Industrial Classification System” of Directorate-General of Budget, Accounting and Statistics, Executive Yuan.

Note 2: Definition of enterprise group is based on the Article 6 of “Supplementary Provisions to the Taiwan Stock Exchange Corporation Rules for Reviews of Securities Listings”.

Note 3: Total amounts of credit extensions were various loans (including import negotiations, export negotiations, bills discounted, overdrafts, short-term loans, short-term loans secured, securities financing receivable, mid-term loans, mid-term loan secured, long-term loans, long-term loans secured, and overdue accounts), remittances purchased, advance accounts for factoring receivable, acceptances receivable, and guarantees receivable.

(D) Structure analysis of time to maturity

a. Structure analysis of time to maturity (NTD)

March 31, 2021

(Expressed in Thousands of New Taiwan Dollars)

	Total	0 ~ 10 days	11 ~ 30 days	31 ~ 90 days	91 ~ 180 days	181 days ~ 1 year	Over 1 year
Primary funds inflow upon maturity	1,312,467,478	247,183,201	135,483,331	97,785,346	73,388,292	110,866,778	647,760,530
Primary funds outflow upon maturity	1,540,041,526	30,833,383	78,376,873	161,637,594	195,872,646	284,686,531	788,634,499
Gap	(227,574,048)	216,349,818	57,106,458	(63,852,248)	(122,484,354)	(173,819,753)	(140,873,969)

March 31, 2020

(Expressed in Thousands of New Taiwan Dollars)

	Total	0 ~ 10 days	11 ~ 30 days	31 ~ 90 days	91 ~ 180 days	181 days ~ 1 year	Over 1 year
Primary funds inflow upon maturity	1,173,319,172	205,759,942	111,251,417	93,131,843	62,473,489	101,591,743	599,110,738
Primary funds outflow upon maturity	1,392,295,504	39,541,073	91,364,043	155,777,822	185,151,338	270,083,004	650,378,224
Gap	(218,976,332)	166,218,869	19,887,374	(62,645,979)	(122,677,849)	(168,491,261)	(51,267,486)

b. Structure analysis of time to maturity (USD)

March 31, 2021

(Expressed in Thousands of US Dollars)

	Total	0 ~ 30 days	31 ~ 90 days	91 ~ 180 days	181 days ~ 1 year	Over 1 year
Primary funds inflow upon maturity	5,526,476	1,213,044	393,571	426,061	368,990	3,124,810
Primary funds outflow upon maturity	6,450,686	1,627,357	893,007	1,070,869	1,301,494	1,557,959
Gap	(924,210)	(414,313)	(499,436)	(644,808)	(932,504)	1,566,851

March 31, 2020

(Expressed in Thousands of US Dollars)

	Total	0 ~ 30 days	31 ~ 90 days	91 ~ 180 days	181 days ~ 1 year	Over 1 year
Primary funds inflow upon maturity	5,289,768	1,492,139	565,365	320,437	168,802	2,743,025
Primary funds outflow upon maturity	6,724,783	1,831,864	923,003	1,404,732	1,308,540	1,256,644
Gap	(1,435,015)	(339,725)	(357,638)	(1,084,295)	(1,139,738)	1,486,381

(E) Sensitivity analysis of interest rate for assets and liabilities:

a. Sensitivity analysis of interest rate for assets and liabilities (NTD)

March 31, 2021

(Expressed in Thousands of New Taiwan Dollars, %)

Item	1 ~ 90 days	91 ~ 180 days	181 days ~ 1 year	Over 1 year	Total
Interest-rate-sensitive assets	863,694,685	53,777,626	19,277,920	262,662,280	1,199,412,511
Interest-rate-sensitive liabilities	258,690,122	745,892,696	133,376,829	25,951,345	1,163,910,992
Interest-rate-sensitive gap	605,004,563	(692,115,070)	(114,098,909)	236,710,935	35,501,519
Total equity					123,136,343
Ratio of interest-rate-sensitive assets to liabilities					103.05
Ratio of interest-rate-sensitive gap to equity					28.83

March 31, 2020

(Expressed in Thousands of New Taiwan Dollars, %)

Item	1 ~ 90 days	91 ~ 180 days	181 days ~ 1 year	Over 1 year	Total
Interest-rate-sensitive assets	756,834,423	43,806,518	22,384,470	243,350,061	1,066,375,472
Interest-rate-sensitive liabilities	299,398,472	567,486,956	118,224,255	37,113,935	1,022,223,618
Interest-rate-sensitive gap	457,435,951	(523,680,438)	(95,839,785)	206,236,126	44,151,854
Total equity					119,355,814
Ratio of interest-rate-sensitive assets to liabilities					104.32
Ratio of interest-rate-sensitive gap to equity					36.99

Note 1: The amounts listed above represent the items denominated in NT dollars (i.e., excluding foreign currency) for both head office and domestic branches and overseas branches, excluding contingent assets and contingent liabilities.

Note 2: Interest-rate-sensitive assets and liabilities are those interest earned assets and interest bearing liabilities, revenues and costs which are sensitive to changes in interest rates.

Note 3: Interest-rate-sensitive gap = Interest-rate-sensitive assets - interest-rate-sensitive liabilities

Note 4: Ratio of interest-rate-sensitive assets to interest-rate-sensitive liabilities = Interest-rate-sensitive assets / interest-rate-sensitive liabilities (refer to NTD denominated interest-rate-sensitive assets and interest-rate-sensitive liabilities)

b.Sensitivity analysis of interest rate for assets and liabilities (USD)

March 31, 2021

(Expressed in Thousands of US Dollars, %)

Item	1 ~ 90 days	91 ~ 180 days	181 days ~ 1 year	Over 1 year	Total
Interest-rate-sensitive assets	2,870,654	314,460	34,828	2,022,318	5,242,260
Interest-rate-sensitive liabilities	1,967,570	630,239	948,830	1,277,160	4,823,799
Interest-rate-sensitive gap	903,084	(315,779)	(914,002)	745,158	418,461
Total equity					53,546
Ratio of interest-rate-sensitive assets to liabilities					108.67
Ratio of interest-rate-sensitive gap to equity					781.50

March 31, 2020

(Expressed in Thousands of US Dollars, %)

Item	1 ~ 90 days	91 ~ 180 days	181 days ~ 1 year	Over 1 year	Total
Interest-rate-sensitive assets	3,606,586	322,067	23,273	912,173	4,864,099
Interest-rate-sensitive liabilities	1,988,121	948,897	788,951	936,070	4,662,039
Interest-rate-sensitive gap	1,618,465	(626,830)	(765,678)	(23,897)	202,060
Total equity					76,115
Ratio of interest-rate-sensitive assets to liabilities					104.33
Ratio of interest-rate-sensitive gap to equity					265.47

Note 1: The above amounts included only USD denominated assets and liabilities of head office, domestic and foreign branches, and the OBU and the OBU branch, excluding contingent assets and contingent liabilities.

Note 2: Interest-rate-sensitive assets and liabilities are those earning assets, interest bearing liabilities, revenues or costs which are sensitive to changes in interest rates.

Note 3: Interest-rate-sensitive gap = Interest-rate-sensitive assets - interest-rate-sensitive liabilities

Note 4: Ratio of interest-rate-sensitive assets to interest-rate-sensitive liabilities = Interest-rate-sensitive assets / interest-rate-sensitive liabilities (refer to USD denominated interest-rate-sensitive assets and interest-rate-sensitive liabilities).

(14) Information with respect to the subsidiary holding the capital share of parent company

None.

13. Other disclosure items

(1) Related information on material transaction items

- A. Information regarding stock of long-term equity investment for which the purchase or sale amount for the period exceeded \$300 million or 10% of the Company's paid-in capital: None.
- B. Information on the acquisition and disposal of real estate for which the purchase amount exceeded \$300 million or 10% of the Company's paid-in capital: None.
- C. Information regarding discounted processing fees on transactions with related parties for which the amount exceeded \$5 million: None.
- D. Information regarding receivables from related parties exceeding \$300 million or 10% of the Company's paid-in capital:

Creditor	Counterparty	Relationship	Accounts receivable from related party as of December 31, 2020	Turnover rate	Amount overdue		Accounts receivable from related party	Amount of allowance
					Amount	Action taken		
Yuanta Financial Holdings	Yuanta Securities	Subsidiary of the Company	\$ 3,010,322 (Note)	-	\$ -	-	\$ -	\$ -
Yuanta Financial Holdings	Yuanta Life	Subsidiary of the Company	720,053 (Note)	-	-	-	-	-

Note : Income tax refundable arising from filing consolidated income tax returns which has been eliminated.

- E. Information regarding selling non-performing loans: None.
 - F. Information on and categories of securitized assets which are approved by the authority pursuant to Financial Asset Securitization Act or the Real Estate Securitization Act: None.
 - G. Other material transaction items which were significant to the users of the financial statements: None.
- (2) Supplementary disclosure regarding investee companies: None.

(3) Significant transactions regarding investee companies

- A. Information regarding stocks of equity investment for which the purchase or sale amount for the period exceeded \$300 million or 10% of the Company's paid-in capital: Disclosure may be exempt for subsidiaries in the financial industry, insurance industry and securities Industry. Not applicable for all the other subsidiaries and indirect subsidiaries.
- B. Information on the acquisition of real estate for which the purchase amount exceeded \$300 million or 10% of the Company's paid-in capital: None.
- C. Information on the disposal of real estate for which the purchase amount exceeded \$300 million or 10% of the Company's paid-in capital: None.
- D. Information regarding discounted processing fees on transactions with related parties for which the amount exceeded \$5 million: None.
- E. Information regarding receivables from related parties for which the amount exceeding \$300 million or 10% of Company's paid-in capital:

Creditor	Counterparty	Relationship	Accounts receivable from related party as of December 31, 2020	Turnover rate	Amount overdue		Accounts receivable from related party	Amount of allowance
					Amount	Action taken		
Yuanta Bank	The Company	Parent Company	\$ 1,080,955	-	\$ -	-	\$ -	\$ -
Yuanta Life	The Company	Parent Company	2,609,424	-	-	-	-	-
Yuanta Securities	The Company	Parent Company	880,101	-	-	-	1,612	-

- F. Information regarding selling non-performing loans: None.
- G. Information on and categories of securitized assets which are approved by the authority pursuant to Financial Asset Securitization Act or the Real Estate Securitization Act: None.
- H. Other material transaction items which were significant to the users of the financial statements: None.

I. Funds lent to other: Not applicable to subsidiaries in a financial or securities industries. For non-financial and non-securities subsidiaries, no fund has been lent except for the following:

Number	Lending company	Borrower	Account	Related-party	Maximum balance at current period	Ending balance	Actual used amount	Interest rate	Characteristic of fund lent to others	Amount	Reason for short-term loans	Provision for credit loss	Collateral		Limit of individual lending	Total limit of funds lent to others
													Item	Value		
1	Yuanta Securities Asia Finance Service	PT Yuanta Sekuritas Indonesia	Accounts receivable-related party	Yes	\$ 713,275	\$ 713,275	\$ 427,965	2.25%	Short-term loans	\$ -	Fulfill operating cost and working capital	\$ -	-	\$ -	\$ 36,624,150 (Note1)	\$ 36,624,150 (Note1)
2	Yuanta Securities Asia Finance Service	Yuanta Securities (Hong Kong)	Accounts receivable-related party	Yes	1,426,550	1,426,550	-	-	Short-term loans	-	Fulfill operating cost and working capital	-	-	-	36,624,150 (Note1)	36,624,150 (Note1)
3	Yuanta Securities Asia Finance Service	Yuanta Securities (Vietnam)	Accounts receivable-related party	Yes	855,930	855,930	199,717	1.86%	Short-term loans	-	Working capital	-	-	-	36,624,150 (Note1)	36,624,150 (Note1)
4	PT Yuanta Sekuritas Indonesia	PT Yuanta Asset Management	Accounts receivable-related party	Yes	12,085	12,085	9,137	10.00%	Short-term loans	-	Fulfill operating cost and working capital	9,137	-	-	374,502 (Note2)	374,502 (Note2)

Note 1: The ceiling on total loans granted and limit to loans granted to a single party by Yuanta Securities Asia Financial Services should not exceed the net worth of its latest audited/reviewed financial statements.

Note 2: The ceiling on total loans granted and limit to loans granted to a single party by PT Yuanta Sekuritas Indonesia should not exceed the net worth of its latest audited/reviewed financial statements.

Note 3: On September 24, 2020, the Board of Directors of Yuanta Securities Asia Financial Services resolved to provide a 2-year revolving subordinated loan to Yuanta Securities (Hong Kong) Limited in the amount of USD 50 million. This has been approved through Gin-Gwen-Zheng-Quan Letter No. 1090371696 of FSC in Taiwan. After obtaining the approval of the Securities and Futures Commission in Hong Kong, the capital loan contract process can begin.

Note 4: In June 2020, the Board of Directors of Yuanta Securities, Yuanta Securities Asia Financial Services, PT Yuanta Sekuritas Indonesia and Yuanta Securities (Hong Kong) approved the liquidation of PT Yuanta Asset Management. With respect to the loans granted to PT Yuanta Asset Management by PT Yuanta Sekuritas Indonesia, it was difficult to recover the loans based on the assessment due to the liquidation of PT Yuanta Asset Management. Therefore, the entire amount was recognised as an impairment loss.

J. Endorsements and guarantees provided for others:

Number	Endorsing and guarantee company	Endorsed and guaranteed company		Limit for endorsement and guarantee for single enterprise	Maximum outstanding endorsements and guarantee amount during for the three months ended March 31, 2021	Ending balance of endorsement and guarantee	Actual used amount	Property-backed endorsement and guarantee	The ratio of accumulated endorsement and guarantee amount and the net value of the latest financial statement	Maximum limit	Provision of endorsements and guarantees by parent company to subsidiary	Provision of endorsements and guarantees by subsidiary to parent company	Provision of endorsements and guarantees to the party in Mainland China	Note
		Name of company	Relationship											
1	Yuanta Securities	PT Yuanta Sekuritas Indonesia	More than 50% common stock-directly-owned subsidiary	\$ 23,792,031 (Note 1)	\$ 99,859	\$ 99,859	\$ 95,103	\$ -	0.08%	\$ 47,584,062 (Note 1)	Yes	No	No	
2	Yuanta Securities	Yuanta Securities (Thailand)	More than 50% common stock-directly-owned subsidiary	23,792,031 (Note 1)	427,965	427,965	-	-	0.36%	47,584,062 (Note 1)	Yes	No	No	
3	Yuanta Securities	Yuanta International Investment (Hong Kong)	More than 50% common stock-directly-owned subsidiary	23,792,031 (Note 1)	1,426,550	1,426,550	-	-	1.20%	47,584,062 (Note 1)	Yes	No	No	Note 3
4	Yuanta Securities Asia Financial Service	Yuanta Securities (Thailand)	More than 50% common stock-directly-owned subsidiary	36,624,150 (Note 2)	2,894,118	2,894,118	-	-	7.90%	36,624,150 (Note 2)	Yes	No	No	
5	Yuanta Securities Asia Financial Service	PT Yuanta Sekuritas Indonesia	More than 50% common stock-directly-owned subsidiary	36,624,150 (Note 2)	221,255	221,255	102,712	-	0.60%	36,624,150 (Note 2)	Yes	No	No	
6	Yuanta Securities Asia Financial Service	Yuanta Securities (Vietnam)	More than 50% common stock-directly-owned subsidiary	36,624,150 (Note 2)	570,620	570,620	-	-	1.56%	36,624,150 (Note 2)	Yes	No	No	

Note 1: In accordance with the Company's "Procedures for Provision of Endorsements and Guarantees", the ceiling on total loans granted and limit to loans granted to a single party by Yuanta Securities should not exceed 40% and 20% of net worth of the company's latest audited/reviewed financial statements, respectively.

Note 2: According to the Company's "Procedures for Provision of Endorsements and Guarantees", total endorsements and guarantees provided to others cannot exceed the net assets value in Yuanta Securities Asia Financial Services Ltd.'s latest financial statements audited or reviewed by an independent auditor.

Note 3: To become a local agent and guarantee institution of foreign structure instruments which are issued by the reinvested company, Yuanta Investment (Hong Kong), on September 24, 2020, Yuanta Securities' Board of Directors resolved to provide a guarantee with a limit of US\$50 million. On December 16, 2020, Yuanta Securities obtaining the approval from Gin-Gwen-Zheng-Quan-Zi Order No. 1090372253 of FSC, both parties can enter into a guarantee contract after the related process has been completed.

K. Engagement in derivatives trading: Disclosure may be exempt for subsidiaries in the financial industry, insurance industry and securities industry. Not applicable for all the other subsidiaries and indirect subsidiaries.

L. Securities held at the end of period:

(Expressed in Thousands of New Taiwan Dollars)
March 31, 2021

Name of company which holds securities	Category and name of securities (or name of issuer of securities)	Relationship between issuer of securities and the company	Account	Number of shares		Percentage of ownership		Note
				(In thousands)	Book value	(%)	Market value	
Yuanta Securities Investment Trust	Beneficiary certificates:							
	Yuanta/P-shares Taiwan Top 50 ETF	The managing company of the fund	Financial assets at fair value through profit or loss	49	\$ 6,599	-	\$ 6,599	
	Yuanta/P-shares Taiwan Mid-Cap 100 ETF	"	"	8	392	-	392	
	Yuanta/P-shares Taiwan Electronics Tech ETF	"	"	23	1,541	-	1,541	
	Yuanta/P-shares S&P Custom China Play 50	"	"	20	641	-	641	
	Yuanta/P-shares MSCI Taiwan Financials ETF	"	"	22	433	-	433	
	Yuanta/P-shares Taiwan Dividend Plus ETF	"	"	3,786	131,118	-	131,118	
	W.I.S.E. Yuanta/P-shares CSI 300 ETF	"	"	27	638	-	638	
	Yuanta S&P500	"	"	8	262	-	262	
	Yuanta/P-shares Taiwan GreTai 50 ETF	"	"	20	392	-	392	
	Yuanta/P-shares MSCI Taiwan ETF	"	"	16	987	-	987	
	Yuanta/P-shares SSE50 ETF	"	"	19	742	-	742	
	Yuanta S&P GSCI Gold ER Futures ETF	"	"	8	192	-	192	
	Yuanta S&P GSCI Crude Oil ER Futures ETF	"	"	1	14	-	14	
	Yuanta EURO STOXX 50 ETF	"	"	7	195	-	195	
	Yuanta Nikkei 225 ETF	"	"	1	46	-	46	
	Yuanta U.S. Treasury 20+ Year Bond ETF	"	"	2	70	-	70	
	Yuanta S&P US Dollar ER Futures ETF	"	"	1	23	-	23	
	Yuanta U.S. Treasury 7-10 Year Bond ETF	"	"	9	348	-	348	
	Yuanta Taiwan High Dividend Low Volatility ETF	"	"	9	355	-	355	
	Yuanta U.S. Treasury 1-3 Year Bond ETF	"	"	3	87	-	87	
	Yuanta U.S. 20+ Year BBB Corporate Bond ETF	"	"	9	393	-	393	
	Yuanta China Treasury + Policy Bank 3-5 Year Bond ETF	"	"	1	37	-	37	
	Yuanta DJCI Silver ER Futures ETF	"	"	1	32	-	32	
	Yuanta MSCI China A ETF	"	"	11	294	-	294	

		March 31, 2021						
Name of company which holds securities	Category and name of securities (or name of issuer of securities)	Relationship between issuer of securities and the company	Account	Number of shares (In thousands)	Percentage of ownership			Note
					Book value	(%)	Market value	
Yuanta Securities Investment Trust	Beneficiary certificates:							
	Yuanta US 20+ Year AAA-A Corporate Bond ETF	The managing company of the fund	Financial assets at fair value through profit or loss	10	\$ 439	-	\$ 439	
	Yuanta STOXX Global Artificial Intelligence ETF	"	"	2	60	-	60	
	Yuanta S&P U.S. High Yield Preferred Stock ETF	"	"	1	23	-	23	
	Yuanta US 10+ Investment Grade Bank Bond ETF	"	"	6	236	-	236	
	Yuanta US 10+ Investment Grade Healthcare Bond ETF	"	"	14	574	-	574	
	Yuanta US 10+ Investment Grade Utility Electric Power Bond ETF	"	"	6	233	-	233	
	Yuanta FTSE4Good TIP Taiwan ESG ETF	"	"	4	116	-	116	
	Yuanta Global NextGen Communications ETF	"	"	11	309	-	309	
	Yuanta Global NexGen Communication Innovative Technology ETF	"	"	21	603	-	603	
	Yuanta De-Li Money Market Fund	"	"	6,105	100,409	-	100,409	
	Yuanta Wan Tai Money Market Fund	"	"	6,553	100,006	-	100,006	
	Yuanta Taiwan High-yield Leading Company Fund A	"	"	4,120	60,935	-	60,935	
	Yuanta Taiwan High-yield Leading Company Fund B	"	"	6,175	<u>84,223</u>	-	<u>84,223</u>	
					<u>\$ 493,997</u>		<u>\$ 493,997</u>	
	Stocks:							
	Taiwan Futures Exchange	-	Financial assets at fair value through other comprehensive income	3,242	\$ 267,844	-	\$ 267,844	
	FundRich Securities Co. Ltd.	-	"	819	<u>7,809</u>	-	<u>7,809</u>	
					<u>\$ 275,653</u>		<u>\$ 275,653</u>	
	CR Yuanta Fund Management Company Limited	-	Long-term equity accounted for under the equity method	147,000	<u>\$ 335,243</u>	-	<u>\$ 335,243</u>	
Yuanta Asset Management	Stocks:							
	Taiwan Finance Corporation	-	Financial assets at fair value through other comprehensive income	828	\$ 7,994	0.16	\$ 7,994	
	Sunsino Venture Co., Ltd.	-	"	443	4,133	0.93	4,133	
	DaYeh Development Co., Ltd.	-	"	333	1,277	2.22	1,277	
	Chung Yi Development Co., Ltd.	-	"	2,278	91	6.63	91	

		March 31, 2021						
Name of company which holds securities	Category and name of securities (or name of issuer of securities)	Relationship between issuer of securities and the company	Account	Number of shares (In thousands)	Percentage of ownership			
					Book value	(%)	Market value	Note
Yuanta Asset Management	Stocks:							
	Global Investment Holdings Co., LTD.	-	Financial assets at fair value through other comprehensive income	1,980	\$ 15,979	1.23	\$ 15,979	
	China Trade And Development Corporation	-	"	500	10,010	0.76	10,010	
					<u>\$ 39,484</u>		<u>\$ 39,484</u>	
Yuanta Venture Capital	Stocks:							
	Gorilla Technology Group Inc.	-	Financial assets at fair value through profit or loss	95	\$ 16,148	0.83	\$ 16,148	Preferred stock B
	Tot Biopharm International Company Limited	-	"	15,606	250,873	2.60	250,873	
	CGK International Co., Ltd (Cayman)	-	"	877	8,260	2.39	8,260	
	Veden Dental Group	-	"	246	3,092	0.64	3,092	
	Taiwan J Pharmaceuticals Co., Ltd.	-	"	1,282	18,939	1.71	18,939	
	Phecda Technology Co. Ltd.	-	"	252	-	0.89	-	
	Long Diann Marine Bio Technology Co., Ltd.	-	"	4,300	7,439	11.78	7,439	
	MagV Co.,Ltd	-	"	2,145	1,308	12.69	1,308	
	Saultech Technology Co., Ltd.	-	"	500	66,923	1.84	66,923	
	BRIM Biotechnology ,Inc.	-	"	3,500	28,490	5.94	28,490	
	Aprevent Medical, Inc.	-	"	394	1,575	2.12	1,575	
	Aprevent Medical, Inc.	-	"	1,808	39,715	9.71	39,715	Preferred stock B
	GenePharm Biotech Corp.	-	"	2,667	5,920	10.42	5,920	
	Great Dream Pictures, Inc.	-	"	2,000	1,360	19.96	1,360	
	Li Ling Film Co., Ltd.	-	"	1,666	8,980	2.78	8,980	
	Jing-Jan Retail Business Co., Ltd.	-	"	1,408	57,151	2.35	57,151	
	United Renewable Energy Co., Ltd.	-	"	908	12,633	0.03	12,633	Private equity
	Taiwan Chelic Corp. Ltd.	-	"	500	28,500	0.75	28,500	
	Eurocharm Holdings Co., Ltd.	-	"	563	78,820	0.86	78,820	
	Jump Media International Co., Ltd.	-	"	906	263	3.20	263	
	Apollomics, Inc.	-	"	1,634	8,399	0.13	8,399	
	M3 Technology Inc.	-	"	1,804	169,702	4.91	169,702	
	Ever Supreme Bio Technology Co., Ltd.	-	"	458	214,115	0.74	214,115	

		March 31, 2021						
Name of company which holds securities	Category and name of securities (or name of issuer of securities)	Relationship between issuer of securities and the company	Account	Number of shares (In thousands)	Percentage of ownership			Note
					Book value	(%)	Market value	
Yuanta Venture Capital	Stocks:							
	Asia Pacific Venture Invest II L.P.	-	Financial assets at fair value through profit or loss	-	\$ 704	10.00	\$ 704	
	Aide Engery Holdings Co., Ltd.	-	"	336	-	0.13	-	
	GCT Semiconductor Inc.	-	"	1,402	-	1.47	-	Preferred stock G
	Bioflag International Corporation	-	"	3,400	158,168	2.96	158,168	
	ALLIED SUPREME CORP.	-	"	800	141,240	1.16	141,240	
	Microloops Co., Ltd	-	"	970	52,555	2.59	52,555	
	Ever Fortune.AI Co., Ltd.	-	"	1,500	49,215	1.67	49,215	
	Pharmosa Biopharm Inc.	-	"	3,600	61,812	4.47	61,812	
					<u>\$ 1,492,299</u>		<u>\$ 1,492,299</u>	
	Yuanta I Venture Capital Co., Ltd.	Investee company accounted for under the equity method	Long-term equity accounted for under the equity method	85,000	<u>\$ 990,602</u>	100.00	<u>\$ 990,602</u>	
	Stocks:							
	Da Hwa Venture Capital Co., Ltd.	-	Financial assets at fair value through other comprehensive income	800	\$ 7,944	0.50	\$ 7,944	
	Li Ding Venture Capital Co., Ltd.	-	"	1,391	1,864	17.39	1,864	
	Prudence Capital Management	-	"	2,539	26,529	9.00	26,529	
	Ho Ding Venture Capital Co., Ltd.	-	"	590	944	10.00	944	
	Sheng Hwa Venture Capital Co., Ltd.	-	"	1,064	7,966	4.80	7,966	
	Lian Ding Venture Capital Co., Ltd.	-	"	1,050	4,294	15.00	4,294	
	Lian Xun San Venture Capital Co., Ltd.	-	"	10	197	10.00	197	
	Hwa Lu Venture Capital Co., Ltd.	-	"	261	19,604	8.70	19,604	
	Hwa Sheng Venture Capital Co., Ltd.	-	"	5	749	3.33	749	
	Sheng Yuan Venture Capital Co., Ltd.	-	"	1,680	20,110	9.88	20,110	
	Guan Hwa Venture Capital Co., Ltd.	-	"	276	1,595	5.56	1,595	
	Qi Ding Venture Capital Co., Ltd.	-	"	1,105	10,628	4.35	10,628	
	Der Yang Biotechnology Venture Capital Co., Ltd.	-	"	319	3,377	10.00	3,377	
	Huiyang Venture Capital Co., Ltd.	-	"	67	7,354	2.46	7,354	
					<u>\$ 113,155</u>		<u>\$ 113,155</u>	

(4) Investments in Mainland China

A. Information of investment in Mainland China

Yuanta Venture Capital

(Expressed in thousands of dollars)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2021	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the three months ended March 31, 2021		Accumulated amount of remittance from Taiwan to Mainland China as of March 31, 2021	Net income of investee as of March 31, 2021	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the three months ended March 31, 2021 (Note 4)	Book value of investments in Mainland China as of March 31, 2021	Accumulated amount of investment income remitted back to Taiwan as of March 31, 2021
					Remitted to Mainland China	Remitted back to Taiwan						
Tot Biopharm International Company Limited	Pharmaceutical company specializes in cancer treatment	\$ 8,142,371 (CNY 1,874,438)	(2) HONG KONG TOT BIO PHARM INTERNATIONAL COMPANY LIMITED	\$ 200,935	\$ -	\$ -	\$ 200,935	Note 5	2.60%	\$ -	\$ 200,935	\$ -
Jhong Shan Dong Yi Technology Co., Ltd.	Protection glass grinding and sales	228,248 (USD 8,000)	(2) CAYMAN ISLANDS CGK INTERNATIONAL CO., LTD.	8,258	-	-	8,258	Note 5	2.39%	-	8,258	-
Veden Dental Labs Inc	Manufacturing dental restoration	304,635 (HKD 83,000)	(2) CAYMAN ISLANDS VEDEN DENTAL GROUP	22,762	-	-	22,762	Note 5	0.64%	-	22,762	-

Yuanta I Venture Capital

(Expressed in thousands of dollars)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2021	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the three months ended March 31, 2021		Accumulated amount of remittance from Taiwan to Mainland China as of March 31, 2021	Net income of investee as of March 31, 2021	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the three months ended March 31, 2021 (Note 4)	Book value of investments in Mainland China as of March 31, 2021	Accumulated amount of investment income remitted back to Taiwan as of March 31, 2021
					Remitted to Mainland China	Remitted back to Taiwan						
Jie Qun Electronic Technology (Dong Guan) Ltd.	Transistors	\$ 2,514,055 (USD 88,117)	(2) VIRGIN ISLANDS GREAT TEAM BACKEND FOUNDRY, INC.	\$ 53,513	\$ -	\$ -	\$ 53,513	Note 5	3.09%	\$ -	\$ 45,160	\$ -
Ether Precision Inc. (Su Zhou)	Manufacturing and selling of a variety of discs	790,309 (USD 27,700)	(2) CAYMAN ISLANDS ETHER PRECISION INC.	32,220	-	-	32,220	Note 5	1.61%	-	32,220	-

Yuanta Securities

(Expressed in thousands of dollars)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2021	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the three months ended March 31, 2021		Accumulated amount of remittance from Taiwan to Mainland China as of March 31, 2021	Net income of investee as of March 31, 2021	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the three months ended March 31, 2021 (Note 2)	Book value of investments in Mainland China as of March 31, 2021	Accumulated amount of investment income remitted back to Taiwan as of March 31, 2021
					Remitted to Mainland China	Remitted back to Taiwan						
GC Investment Consultant (Shanghai)	Investment consultation	\$ 17,973 (RMB 4,138)	(3)	\$ -	\$ -	\$ -	\$ -	\$ 83	100.00%	In liquidation	\$ 20,805	\$ -

Yuanta Securities

(Expressed in thousands of dollars)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2021	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the three months ended March 31, 2021		Accumulated amount of remittance from Taiwan to Mainland China as of March 31, 2021	Net income of investee as of March 31, 2021	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the three months ended March 31, 2021 (Note 2)	Book value of investments in Mainland China as of March 31, 2021	Accumulated amount of investment income remitted back to Taiwan as of March 31, 2021
					Remitted to Mainland China	Remitted back to Taiwan						
Yuanta Securities Investment Consultant (Beijing)	Investment management consulting service, financial consulting service, business administration consulting service, business information consulting service, economic and trade consulting service, marketing and planning, technical promotion and services	\$ 80,051 (RMB 18,428)	(2) Yuanta Securities Asia Financial Service	\$ -	\$ -	\$ -	\$ -	(\$ 1,197)	100.00%	(\$ 1,197) (2)b	\$ 17,522	\$ -

Yuanta Securities Investment Trust

(Expressed in thousands of dollars)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2021	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the three months ended March 31, 2021		Accumulated amount of remittance from Taiwan to Mainland China as of March 31, 2021	Net income of investee as of March 31, 2021	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the three months ended March 31, 2021 (Note 2)	Book value of investments in Mainland China as of March 31, 2021	Accumulated amount of investment income remitted back to Taiwan as of March 31, 2021
					Remitted to Mainland China	Remitted back to Taiwan						
CR Yuanta Fund Management Company Limited	Fund raising and sale	\$ 2,606,340 (RMB 600,000)	(1)	\$ 705,666	\$ -	\$ -	\$ 705,666	\$ 1,896	24.50%	\$ 376 (2)c	\$ 335,244	\$ -

Yuanta Futures

(Expressed in thousands of dollars)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2021	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the three months ended March 31, 2021		Accumulated amount of remittance from Taiwan to Mainland China as of March 31, 2021	Net income of investee as of March 31, 2021	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the three months ended March 31, 2021 (Note 2)	Book value of investments in Mainland China as of March 31, 2021	Accumulated amount of investment income remitted back to Taiwan as of March 31, 2021
					Remitted to Mainland China	Remitted back to Taiwan						
SYF Information (Shanghai)	Computer software services	\$ 157,209 (RMB 33,080)	(3)	\$ 157,209	\$ -	\$ -	\$ 157,209	\$ 559	100.00%	\$ 559 (2)c	\$ 114,556	\$ -

B. Limitation on investment in Mainland China (Expressed in thousands of dollars)

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of March 31, 2021	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA (Note)
Yuanta Venture Capital and its subsidiaries	\$317,688	\$320,348	\$1,952,744
GC Investment Consultant (Shanghai)	-	Note 6	Note 6
Yuanta Investment Consulting Beijing	-	91,973	80,588,989
Yuanta Securities Investment Trust	705,666	705,666	3,543,338
Yuanta Futures	157,209	174,000	7,385,292

Note: The abovementioned limitations on investments in Mainland China were based on 60% of Yuanta Venture Capital's net worth of \$3,254,574.

The abovementioned limitations on investments in Mainland China were based on 60% of Yuanta Securities's net worth of \$134,314,981.

The abovementioned limitations on investments in Mainland China were based on 60% of Yuanta Securities Investment Trust's net worth of \$5,905,564.

The abovementioned limitations on investments in Mainland China were based on 60% of Yuanta Futures's net worth of \$12,308,820.

Note 1: Investment methods are classified into the following three categories; fill in the number of category each case belongs to:

- (1) Directly invest in a company in Mainland China.
- (2) Through investing in an existing company in the third area, which then invested in the investee in Mainland China.
- (3) Others.

Note 2: In the 'Investment income (loss) recognised by the Company for the three months ended March 31, 2021' column:

- (1) It should be indicated if the investee was still in the incorporation arrangements and had not yet any profit during this period.
- (2) Indicate the basis for investment income (loss) recognition in the number of one of the following three categories:
 - a. The financial statements that are audited and attested by international accounting firm which has cooperative relationship with accounting firm in R.O.C.
 - b. The financial statements that are audited and attested by R.O.C. parent company's CPA.
 - c. Others.

Note 3: The numbers in this table are expressed in New Taiwan Dollars.

Note 4: Financial assets at fair value through other comprehensive income were not recognised as the investees are accounted for as financial assets carried at cost.

Note 5: The Company's subsidiary does not have significant influence over the investee. Thus, financial information on the investee is unattainable.

Note 6: Yuanta Securities absorbed Polaris Securities and therefore indirectly acquired USD 16 million capital of GC Investment Consultant (Shanghai) Co., Ltd., a subsidiary of GC Investment Consultant (Asian) Co., Ltd. (renamed as Polaris Capital afterwards), being reinvested by Polaris Holdings (Cayman) Ltd., the direct overseas investment of Polaris Securities. GC Investment Consultant (Shanghai) Co., Ltd. was approved to liquidate, the Yuanta Group has no significant influence over the company, therefore, the equity method was no longer applicable.

(5) Significant commitments or contingency of subsidiaries

Please refer to Note 9.

(6) Significant loss from disasters of subsidiaries

Please refer to Note 10.

(7) Significant subsequent events of subsidiaries

Please refer to Note 11.

(8) Major shareholders information

No shareholder held shares above 5% as of March 31, 2021.

(9) Related party transactions of subsidiaries amounting to at least \$100 million

Please refer to Note 7.

(10) Significant transactions between parent company and subsidiaries

No. (Note 1)	Company	Counterparty	Relationship (Note 2)	Details of transactions			Percentage of total consolidated net revenues or assets (Note 3)
				Account	Amount	Conditions	
0	Yuanta Financial Holdings	Yuanta Life	1	Receivables – net	718,686	No significant difference from general customers	0.03%
0	Yuanta Financial Holdings	Yuanta Securities	1	Receivables – net	3,008,288	"	0.11%
0	Yuanta Financial Holdings	Yuanta Bank	1	Receivables – net	264,416	"	0.01%
0	Yuanta Financial Holdings	Yuanta Securities	1	Payables	878,489	"	0.03%
0	Yuanta Financial Holdings	Yuanta Bank	1	Payables	1,080,955	"	0.04%
0	Yuanta Financial Holdings	Yuanta Venture Capital	1	Payables	103,153	"	0.00%
0	Yuanta Financial Holdings	Yuanta Life	1	Payables	2,609,424	"	0.09%
0	Yuanta Financial Holdings	Yuanta Bank	1	Cash and cash equivalents	850,224	"	0.03%
1	Yuanta Securities	Yuanta Life	3	Right-of-use assets – net	438,639	"	0.02%
1	Yuanta Securities	Yuanta Life	3	Lease liabilities	479,776	"	0.02%
1	Yuanta Securities	Yuanta Securities (Hong Kong)	3	Receivables – net	124,284	"	0.00%
1	Yuanta Securities	Yuanta Securities (Hong Kong)	3	Payables	260,185	"	0.01%
1	Yuanta Securities	Yuanta Securities (Hong Kong)	3	Receivables – net	238,909	"	0.01%
2	Yuanta Bank	Yuanta Savings Bank (Philippines)	3	Other assets – net	714,165	"	0.03%
2	Yuanta Bank	Yuanta Securities Investment Trust	3	Deposits and remittances	312,283	"	0.01%
2	Yuanta Bank	Yuanta Life	3	Deposits and remittances	18,767,558	"	0.66%
2	Yuanta Bank	Yuanta Securities	3	Deposits and remittances	419,489	"	0.01%
2	Yuanta Bank	Yuanta International Insurance Brokers	3	Deposits and remittances	247,966	"	0.01%
2	Yuanta Bank	Yuanta Securities	3	Deposits and remittances	4,910,539	"	0.17%
2	Yuanta Bank	Yuanta Futures	3	Deposits and remittances	853,600	"	0.03%
2	Yuanta Bank	Yuanta Futures (Hong Kong)	3	Deposits and remittances	306,738	"	0.01%
2	Yuanta Bank	SYF Information	3	Deposits and remittances	124,400	"	0.00%
2	Yuanta Bank	Yuanta Securities Investment Trust	3	Deposits and remittances	2,786,300	"	0.10%
2	Yuanta Bank	Yuanta Securities Investment Consulting	3	Deposits and remittances	148,600	"	0.01%
2	Yuanta Bank	Yuanta Venture Capital	3	Deposits and remittances	488,000	"	0.02%
2	Yuanta Bank	Yuanta I Venture Capital	3	Deposits and remittances	278,200	"	0.01%
2	Yuanta Bank	Yuanta Securities	3	Deposits and remittances	5,281,797	"	0.19%
2	Yuanta Bank	Yuanta Securities (Hong Kong)	3	Deposits and remittances	589,630	"	0.02%
2	Yuanta Bank	Yuanta Life	3	Net service fee and commission	161,964	"	0.47%

		Counterparty	Relationship (Note 2)	Details of transactions			
				Account	Amount	Conditions	Percentage of total consolidated net revenues or assets (Note 3)
2	Yuanta Bank	Yuanta Futures	3	Deposits and remittances	207,629	No significant difference from general customers	0.01%
2	Yuanta Bank	Yuanta Futures	3	Deposits and remittances	11,337,508	"	0.40%
2	Yuanta Bank	Yuanta Futures (Hong Kong)	3	Deposits and remittances	561,047	"	0.02%
3	Yuanta Futures	Yuanta Futures (Hong Kong)	3	Other financial assets – net	495,315	"	0.02%
3	Yuanta Futures	Yuanta Life	3	Right-of-use assets – net	182,690	"	0.01%
3	Yuanta Futures	Yuanta Futures (Hong Kong)	3	Other financial liabilities	139,047	"	0.00%
3	Yuanta Futures	Yuanta Securities	3	Other financial liabilities	9,254,124	"	0.33%
3	Yuanta Futures	Yuanta Securities (Korea)	3	Other financial liabilities	195,425	"	0.01%
3	Yuanta Futures	Yuanta Life	3	Lease liabilities	182,727	"	0.01%
4	Yuanta Life	Yuanta International Insurance Brokers	3	Payables	227,054	"	0.01%
4	Yuanta Life	Yuanta International Insurance Brokers	3	Net service fee and commission expense	253,838	"	0.73%
5	Yuanta Securities Asia Financial Services	Yuanta Securities (Korea)	3	Receivables – net	361,165	"	0.01%
5	Yuanta Securities Asia Financial Services	Yuanta Securities (Indonesia)	3	Receivables – net	428,003	"	0.02%
5	Yuanta Securities Asia Financial Services	Yuanta Securities (Vietnam)	3	Receivables – net	199,734	"	0.01%
6	Yuanta Securities (Hong Kong)	Yuanta Investment (Hong Kong)	3	Investments in bills and bonds under resale agreements	191,159	"	0.01%
6	Yuanta Securities (Hong Kong)	Yuanta Investment Management (Cayman)	3	Investments in bills and bonds under resale agreements	458,824	"	0.02%
6	Yuanta Securities (Hong Kong)	Yuanta Investment (Hong Kong)	3	Investments in bills and bonds under resale agreements	101,285	"	0.00%
6	Yuanta Securities (Hong Kong)	Yuanta Investment Management (Cayman)	3	Investments in bills and bonds under resale agreements	253,390	"	0.01%

Note 1: The numbers in the No. column represent as follows:

1. 0 for the parent company.
2. According to the sequential order, subsidiaries are numbered from 1.

Note 2: There are three types of relationships with the counterparties and they are labeled as follows (If transactions between parent company and subsidiaries or between subsidiaries refer to the same transaction, it is not required to disclose twice. For example, if the parent company has already disclosed its transaction with a subsidiary, then the subsidiary is not required to disclose the transaction; for transactions between two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction.):

1. Parent company to subsidiary.

2. Subsidiary to parent company.

3. Subsidiary to subsidiary.

Note 3: The calculation basis of the trading amount accounting for the total consolidated net revenues or assets is that the account ending balance is divided by the total consolidated assets if it is attributed to the balance sheet accounts, and the accumulated trading amount of the interim period is divided by the total consolidated net revenues if it is attributed to the profit or loss accounts.

Note 4: The transactions disclosed are those over \$100,000.

(BLANK)

14. Segment information

(1) General information

A. Recognition elements of reporting segment

The Yuanta Group is mainly engaged in the investment and management of its investees; therefore, the management reports are provided to the Chief Operating Decision Maker (“CODM”) to allocate resources to operating segments and evaluate their performance. The Yuanta Group’s management recognised reporting segments based on the policies adopted by the CODM.

B. The income sources and service types of each reporting segment

The management has recognised reporting segments based on the reporting information used by the CODM. The Yuanta Group has five reporting segments according to the types of income sources: banking, securities, futures, insurance and others. The products and types of service of the income sources are as follows:

(A) Banking: corporate banking, personal banking and wealth management in accordance with the Banking Act.

(B) Securities: securities dealing or consignment trading, underwriting securities, registration and transfer agency service for securities, assistance of futures trading, futures dealing, and issuing call (put) warrants, derivative financial instrument transactions including interest rate swap, asset swap and structured notes.

(C) Futures: domestic and foreign futures merchant business, self-operating business, futures consultation business, futures agency, self-operating securities business and other futures relating business as approved by authorities.

(D) Insurance: the main activities comprise life insurance enterprises and provision of life, medical, accident injury and investment-oriented insurance products.

(E) Others: includes those not mentioned above, for example, investment trust, investment consulting, venture capital and asset management businesses.

(2) Measurement of segment information – measurement of the profit and loss of operating segments

The Yuanta Group’s measurement principles for profit and loss of operating segments is consistent with the significant accounting policies stated in Note 4, and the measurement of profit and loss performance is based on pre-tax profit and loss.

Inter-segmental transactions are arm’s-length transactions, and the gain and loss arising from such transactions are eliminated by the parent company in the consolidated financial statements. Profit and loss directly attributable to various segments have been considered when segment performance is being evaluated.

Expressed in Thousands of New Taiwan Dollars

For the three months ended March 31, 2021

	Banking	Securities	Futures	Insurance	Others	Adjustment and elimination	Consolidated
Revenue from external customers	\$ 4,830,135	\$ 18,811,910	\$ 632,399	\$ 8,831,247	\$ 1,485,036	\$ -	\$ 34,590,727
Revenue (loss) from transactions with other operating segments of the same entity	315,265	386,869	(19,466)	(356,227)	184,479	(510,920)	-
Net revenues (Note)	5,145,400	19,198,779	612,933	8,475,020	1,669,515	(510,920)	34,590,727
Provision (reversal) for bad debt expenses, commitment and guarantee policy reserve	(128,450)	53,937	967	84	-	-	(73,462)
Net change in provisions for insurance liabilities	-	-	-	(7,058,517)	-	33,718	(7,024,799)
Operating expenses	(2,744,940)	(9,422,723)	(347,495)	(364,527)	(900,286)	223,654	(13,556,317)
Income from continuing operations before income tax	\$ 2,272,010	\$ 9,829,993	\$ 266,405	\$ 1,052,060	\$ 769,229	(\$ 253,548)	\$ 13,936,149

Expressed in Thousands of New Taiwan Dollars

For the three months ended March 31, 2020

	Banking	Securities	Futures	Insurance	Others	Adjustment and elimination	Consolidated
Revenue from external customers	\$ 5,301,296	\$ 8,372,586	\$ 729,887	\$ 9,813,355	\$ 557,474	\$ -	\$ 24,774,598
Revenue (loss) from transactions with other operating segments of the same entity	104,559	289,640	2,820	(331,500)	(11,657)	(53,862)	-
Net revenues (Note)	5,405,855	8,662,226	732,707	9,481,855	545,817	(53,862)	24,774,598
Provision (reversal) for bad debt expenses, commitment and guarantee policy reserve	(555,104)	(116,901)	829	(6)	-	-	(671,182)
Net change in provisions for insurance liabilities	-	-	-	(8,680,546)	-	33,728	(8,646,818)
Operating expenses	(2,536,540)	(6,431,761)	(366,969)	(364,859)	(700,755)	160,831	(10,240,053)
Income (loss) from continuing operations before income tax	\$ 2,314,211	\$ 2,113,564	\$ 366,567	\$ 436,444	(\$ 154,938)	\$ 140,697	\$ 5,216,545

Note: Net revenues include gain and loss on financial assets and liabilities at fair value through profit or loss, realized gain and loss on financial assets at fair value through other comprehensive income, foreign exchange gains and losses, and other non-interest income.