

**YUANTA FINANCIAL HOLDINGS CO., LTD.
AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
REPORT OF INDEPENDENT ACCOUNTANTS
FOR THE SIX MONTHS ENDED
JUNE 30, 2020 AND 2019**

PWCR20000081

REPORT OF INDEPENDENT ACCOUNTANTS

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

Opinion

We have audited the accompanying consolidated balance sheets of Yuanta Financial Holding Co., Ltd. (the “Company”) and subsidiaries (collectively “Yuanta Group”) as at June 30, 2020, December 31, 2019 and June 30, 2019, and the related consolidated statements of comprehensive income for the three months and six months ended June 30, 2020 and 2019, as well as the consolidated statements of changes in equity and of cash flows for the six months ended June 30, 2020 and 2019, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Yuanta Group as at June 30, 2020, December 31, 2019 and June 30, 2019, its consolidated financial performance for the three months and six months ended June 30, 2020 and 2019, and its consolidated cash flows for the six months ended June 30, 2020 and 2019 in accordance with 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 International Accounting Standards 34, “Interim Financial Reporting”, as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audit for the six months ended June 30, 2020 in accordance with the “Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants”, Jin-Guan-Yin-Fa-Zi Letter No.10802731571 and generally accepted auditing standards in the Republic of China (ROC GAAS); and our audit for the six months ended June 30, 2019 in accordance with the “Regulations Governing Auditing and Attestation of Financial Statements of Financial Institutions by Certified Public Accountants” and ROC GAAS. Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of Yuanta Group in accordance with the Code of Professional Ethics for Certified Public Accountants in the Republic of China (the “Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

Key audit matters for the Yuanta Group's consolidated financial statements of the current period are stated as follows:

Impairment evaluation of bills discounted and loans

Description

For the accounting policy of the impairment evaluation of bills discounted and loans, please refer to Note 4(4)B; for critical accounting estimates and assumption uncertainty of expected credit loss on bills discounted and loans, please refer to Note 5; for the details on bills discounted and loans, please refer to Notes 6(9) and 12(3). Total bills discounted and loans (including adjustment for premium or discount) and the allowance for credit losses, arising from Yuanta Commercial Bank Co., Ltd. of Yuanta Group, as at June 30, 2020, were NTD 771,824,148 thousand and NTD 11,509,475 thousand, respectively.

The impairment evaluation of bills discounted and loans arising from Yuanta Commercial Bank Co., Ltd. is conducted in accordance with IFRS 9, 'Financial Instruments', "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans" and relevant regulations. The management's considerations on bills discounted and loans impairment appropriation are primary based on reasonable and supportable information about past events, current conditions, and forecasts of future economics. At each financial reporting date, bills discounted and loans are categorized into one of the following three stages based on whether there has been significant increase in credit risk since initial recognition: no significant increase in credit risk or low credit risk at balance sheet date, significant increase in credit risk and credit-impaired and considered relevant laws and regulations of the allowance for credit losses. Because the amount of bills discounted and loans is material with respect to the total consolidated assets and impairment evaluation involves management's professional judgment and is highly uncertain, we have thus included the impairment evaluation of bills discounted and loans as one of the key audit matters.

How our audit addressed the matter

We obtained and gained an understanding of Yuanta Commercial Bank Co., Ltd.'s policies, internal controls, and operation procedures in relation to the credit risk management and the impairment evaluation of bills discounted and loans and performed sample tests. We conducted the following procedures on the impairment evaluation of bills discounted and loans as at June 30, 2020: sample examined the stage classification for expected credit losses; sample tested the calculation of the probability of default, loss given default, and exposure at default; sample examined documents regarding



management's individual evaluation of future cash flows and collateral value; and evaluated whether the provision for impairment loss amount complied with the competent authority's related regulations.

Fair value valuation of unlisted stocks

Description

For the accounting policy of unlisted stocks (accounted under financial assets at fair value through other comprehensive income), please refer to Note 4(4)A; for critical accounting estimates and assumption uncertainty of the fair value of unlisted stocks, please refer to Note 5; for the details on unlisted stocks, please refer to Notes 6(4) and 12(2). The carrying amount of the financial assets at fair value through other comprehensive income – unlisted stocks as at June 30, 2020, was NTD 17,866,736 thousand.

Because there are no active market quoted prices for the financial assets at fair value through other comprehensive income – unlisted stocks held by Yuanta Group, the management uses valuation techniques and the assistance of experts to estimate the fair value. The valuation techniques used by Yuanta Group are primarily the market method and the discounted cash flow method. The market method's main assumption is determining similar and comparable companies in order to obtain the related parameters as a reference for calculations. The discounted cash flow method's main assumption is the financial forecast of unlisted companies in order to obtain their related parameters as a reference for calculations. Because models and parameters used in valuation techniques are made by management's professional judgments and estimates, such accounting judgments and estimates are highly uncertain; we have thus included the fair value valuation of unlisted stocks as one of the key audit matters.

How our audit addressed the matter

We obtained and understood management's valuation procedures for unlisted equity securities. We sample tested the management authorization procedures for the fair value valuation reports of unlisted equity securities.

In addition, we and our valuation specialist discussed with management and sample tested Yuanta Group's valuation data for unlisted stocks, including the valuation documents provided by the management's experts, evaluated whether the valuation methods used by management were commonly used; we and our valuation specialist also evaluated the reasonableness of the comparable companies under the market method and sample tested related supporting documents regarding the parameters used in the valuation.

Impairment assessment of goodwill

Description

For the accounting policy of the impairment assessment of goodwill (intangible assets), please refer to Note 4(4)C and 4(4)D; for the critical accounting estimates and assumption uncertainty of impairment



assessment of goodwill, please refer to Note 5; for the details on goodwill, please refer to Note 6(17). Goodwill after accumulated impairment as at June 30, 2020, was NTD 30,002,616 thousand.

Yuanta Group periodically performs impairment assessments on goodwill at the end of each year. Such assessments are based on cash generating units identified through operating segments and Yuanta Group engaged the specialists to assist in measuring the recoverable amounts of cash generating units based on future cash flows. Yuanta Group performs impairment indication assessments of goodwill in the interim period. Since the amount is material, and afore-mentioned assessments in the interim period consider several internal and external sources of information and involve management's subjective judgement, we have thus included the impairment indication assessment of goodwill as one of the key audit matters.

How our audit addressed the matter

Our main audit procedures included obtaining asset impairment indication assessment documents prepared by Yuanta Group's management and reviewing the authorization procedures for the assessment documents. We sample tested the reasonableness of the supporting documents in relation to the internal and external sources of information listed in the management assessment documents.

Reserves for policy benefit and adequacy of insurance liabilities

Description

For the accounting policy of reserve for policy benefit and adequacy of insurance liabilities, please refer to Note 4(4)E; for critical accounting estimates and assumption uncertainty of adequacy of insurance liabilities, please refer to Note 5; for the details on insurance liabilities, please refer to Note 6(26). Reserve for policy benefit under insurance liabilities as at June 30, 2020, was NTD 275,550,672 thousand.

For long-term insurance contracts, Yuanta Life Insurance Co., Ltd. recognised reserve for policy benefit in accordance with related insurance regulations, the life chart of annuity, and the specified interest rates prescribed within the insurance product statements as approved by the competent authority. The discount rates are the specified interest rates as approved by the competent authority. Liability adequacy testing is required to be conducted on insurance contracts at balance sheet date in accordance with IFRS 4, 'Insurance Contracts' in order to reflect the current estimate of future cash flows, which is made by management's professional judgment. Considering that the provision of policy reserves has a material impact on the financial statements, and if insurance liabilities are not adequate, the financial statements will be materially impacted, we have thus included the reserve for policy benefit and adequacy of insurance liabilities as one of the key audit matters.

How our audit addressed the matter

The audit procedures we performed include understanding and assessing the policies, internal controls, and procedures relevant to reserve for policy benefit; sample examining authorization documents for the configuration of new products in order to confirm the accuracy of configurations for the reserves system of new products; sample inspecting the number of effective policies in the policy system and the actuarial



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system in order to confirm the completeness of the calculations for reserve for policy benefit; sample examining the consistency between policy information of new products and information in the policy system in order to confirm the accuracy of policy information for calculating reserve for policy benefit. Our actuarial specialists assisted us in sample testing representative new products in the current period in order to confirm that the method and results of provisioning reserves were consistent with those of the insurance product statement submitted to the competent authority; performing trend analysis (excluding new products) on each insurance type and performed roll analysis on each product type in order to assess the reasonableness of reserve for policy benefit on the balance sheet date.

We also used the work of actuarial specialist to assist in assessing the adequacy of insurance liabilities, comparing whether there were significant differences between the current period and the previous period for the mortality rate, morbidity rate, lapse rate, and expense rate. If there were differences, then related documents and explanations with regard to Yuanta Life Insurance Co, Ltd. were obtained; also, current period assumptions were compared to actual experiences in order to examine the reasonableness of each assumptions. Furthermore, the actuarial specialist assisted us in referencing current market interest rate information to assess the reasonableness of the elected discount rate for future cash flows from insurance contracts; confirming the accuracy of the cash flow model through independent sample testing; recalculating the current estimates of future cash flows using the overall cash flow and discount rates assumptions provided by Yuanta Life Insurance Co., Ltd.; comparing the carrying amount of insurance liabilities to the current estimate of future cash flows from insurance contracts.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by 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 Standards 34, "Interim Financial Reporting", as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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



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Those charged with governance, including the audit committee, are responsible for overseeing Yuanta Group's financial reporting process.

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

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

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

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



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

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

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

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

Chou, Chien-Hung

Chen, Hsien-I

For and on behalf of PricewaterhouseCoopers, Taiwan

August 21, 2020

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

YUANTA FINANCIAL HOLDING CO., LTD. AND ITS SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)

	ASSETS	Notes	June 30, 2020		December 31, 2019		June 30, 2019	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
11000	Cash and cash equivalents	6(1)	\$ 74,990,379	3	\$ 69,259,573	3	\$ 64,414,664	3
11500	Due from Central Bank and call loans to other banks	6(2)	50,969,580	2	46,034,685	2	47,655,107	2
12000	Financial assets at fair value through profit or loss	6(3) (39)	531,493,136	21	504,031,079	21	488,086,000	20
12150	Financial assets at fair value through other comprehensive income – net	6(4)	258,105,007	10	229,489,904	10	241,184,081	10
12200	Investments in debt instruments at amortised cost – net	6(5)	411,421,929	16	386,452,415	16	364,937,536	15
12500	Investments in bills and bonds under resale agreements	6(6)	42,141,240	2	47,603,371	2	36,248,175	2
13000	Receivables – net	6(7)	191,408,793	7	174,240,497	7	190,749,778	8
13200	Current income tax assets		833,296	-	1,224,071	-	928,674	-
13300	Assets held for sale – net	6(8)	129,229	-	533,632	-	702,368	-
13500	Bills discounted and loans – net	6(9)	785,245,676	31	773,480,918	32	759,509,328	32
13700	Reinsurance contract assets – net	6(10)	1,111,020	-	903,608	-	776,284	-
15000	Equity investments accounted for under the equity method – net	6(11)	2,303,964	-	2,403,248	-	2,062,871	-
15100	Restricted assets – net		3,315,629	-	2,562,586	-	2,687,948	-
15500	Other financial assets – net	6(12)	80,767,559	3	65,378,346	3	66,136,107	3
18000	Investment property – net	6(13)	16,426,373	1	4,915,972	-	5,020,436	-
18500	Property and equipment – net	6(14)	18,154,933	1	22,242,669	1	21,931,739	1
18600	Right-of-use assets, net	6(15)	13,222,354	1	13,343,880	1	13,609,826	1
19000	Intangible assets – net	6(17)	32,978,129	1	33,197,460	1	33,298,557	1
19300	Deferred income tax assets		6,052,374	-	5,976,615	-	5,550,458	-
19500	Other assets – net	6(18)	38,419,383	1	31,044,577	1	44,394,975	2
	TOTAL ASSETS		<u>\$ 2,559,489,983</u>	<u>100</u>	<u>\$ 2,414,319,106</u>	<u>100</u>	<u>\$ 2,389,884,912</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)

	Notes	June 30, 2020		December 31, 2019		June 30, 2019		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	
LIABILITIES AND EQUITY								
21000	Deposits from Central Bank and other banks	6(20)	\$ 20,571,688	1	\$ 13,107,028	1	\$ 15,070,378	1
21500	Due to Central Bank and other banks		282,350	-	-	-	-	-
22000	Financial liabilities at fair value through profit or loss	6(3) (39)	130,994,049	5	123,340,228	5	113,119,564	5
22500	Bills and bonds payable under repurchase agreements	6(6)	214,410,003	8	198,665,918	8	205,915,020	9
22600	Commercial paper payable – net	6(21)	22,132,747	1	38,621,728	2	53,998,787	2
23000	Payables	6(22)	208,472,295	8	161,327,046	7	182,467,651	8
23200	Current income tax liabilities		5,724,417	-	6,221,759	-	5,376,607	-
23500	Deposits and remittances	6(23)	1,147,439,743	45	1,095,506,271	45	1,041,775,921	44
24000	Bonds payable	6(24)	73,826,227	3	68,849,634	3	72,635,911	3
24400	Other borrowings	6(25)	54,299,392	2	60,847,992	3	65,636,672	3
24600	Liabilities reserve	6(26) (27)	288,377,654	11	273,860,901	11	249,403,808	10
25500	Other financial liabilities	6(28)	89,968,652	4	76,069,420	3	83,602,768	3
26000	Lease liabilities		6,310,543	-	5,527,660	-	5,739,297	-
29300	Deferred income tax liabilities		4,202,759	-	3,883,527	-	3,633,765	-
29500	Other liabilities	6(29)	38,057,432	2	38,283,614	2	48,923,442	2
	TOTAL LIABILITIES		<u>2,305,069,951</u>	<u>90</u>	<u>2,164,112,726</u>	<u>90</u>	<u>2,147,299,591</u>	<u>90</u>
31000	Equity attributable to owners of the parent company							
31100	Share capital							
31101	Common stock	6(30)	116,706,115	5	116,706,115	5	116,862,325	5
31107	Common stock dividends distributable	6(33)	4,668,245	-	-	-	-	-
31500	Additional paid-in capital	6(31)	37,782,836	1	37,402,480	2	37,200,474	2
32000	Retained earnings							
32001	Legal reserve	6(32)	14,633,733	1	12,589,183	-	12,589,183	-
32003	Special reserve	6(32)	6,549,234	-	6,549,234	-	6,549,234	-
32011	Undistributed earnings	6(33)	46,991,567	2	50,565,092	2	41,361,336	2
32500	Other equity							
32500	Other equity interest	6(34)	9,840,805	-	8,389,029	-	10,300,563	-
32600	Treasury shares	6(35)	-	-	-	-	(197,606)	-
39500	Non-controlling interests		<u>17,247,497</u>	<u>1</u>	<u>18,005,247</u>	<u>1</u>	<u>17,919,812</u>	<u>1</u>
	TOTAL EQUITY		<u>254,420,032</u>	<u>10</u>	<u>250,206,380</u>	<u>10</u>	<u>242,585,321</u>	<u>10</u>
	TOTAL LIABILITIES AND EQUITY		<u>\$ 2,559,489,983</u>	<u>100</u>	<u>\$ 2,414,319,106</u>	<u>100</u>	<u>\$ 2,389,884,912</u>	<u>100</u>

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

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

Items	Notes	For the three months ended June 30,				For the six months ended June 30,			
		2020		2019		2020		2019	
		AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
41000	Interest income	\$ 8,916,599	33	\$ 10,360,452	42	\$ 18,645,877	36	\$ 20,612,796	42
51000	Less: Interest expense	(2,401,263)	(9)	(3,913,327)	(16)	(5,588,311)	(11)	(7,841,753)	(16)
49600	Net interest income	<u>6,515,336</u>	<u>24</u>	<u>6,447,125</u>	<u>26</u>	<u>13,057,566</u>	<u>25</u>	<u>12,771,043</u>	<u>26</u>
	Net non-interest income								
49800	Net service fee and commission income	6,471,163	24	4,562,806	18	11,877,834	23	8,914,110	18
49810	Net income from insurance operations	5,954,592	23	8,065,578	33	14,707,777	29	16,445,910	33
49820	Gain on financial assets and financial liabilities at fair value through profit or loss	8,594,728	32	2,405,050	10	7,486,581	15	4,788,908	10
49825	Gain on investment property	72,902	-	51,355	-	126,679	-	134,677	-
49835	Realised gain on financial assets at fair value through other comprehensive income	1,070,448	4	591,077	2	1,913,094	4	781,991	2
49850	Net gain arising from derecognition of financial assets measured at amortised cost	249,740	1	137,438	1	636,525	1	698,442	1
49870	Foreign exchange (loss) gain	(1,876,080)	(7)	1,609,220	6	(1,527,434)	(3)	3,117,528	6
49880	Asset impairment (loss) reversal gain	(5,512)	-	(440)	-	(13,911)	-	1,260	-
49890	Share of the profit or loss of associates and joint ventures accounted for using the equity method	(6,890)	-	(474)	-	97,764	-	14,582	-
49895	Loss on reclassification under the overlay approach	(2,762,074)	(10)	(339,730)	(1)	(630,639)	(1)	(958,634)	(2)
49921	Net gain on sale of non-performing loans	67,279	-	55,954	-	126,663	-	129,031	-
49945	Consultation service income	970,305	4	691,863	3	1,788,684	3	1,625,063	3
49999	Net other miscellaneous income	1,360,724	5	411,832	2	1,804,076	4	1,220,475	3
49700	Total net non-interest income	<u>20,161,325</u>	<u>76</u>	<u>18,241,529</u>	<u>74</u>	<u>38,393,693</u>	<u>75</u>	<u>36,913,343</u>	<u>74</u>
	Net profit	<u>26,676,661</u>	<u>100</u>	<u>24,688,654</u>	<u>100</u>	<u>51,451,259</u>	<u>100</u>	<u>49,684,386</u>	<u>100</u>
58100	(Provision) reversal for bad debt expenses, commitment and guarantee policy reserve	(453,989)	(2)	35,595	-	(1,125,171)	(2)	125,209	-
58300	Net change in provisions for insurance liabilities	(6,937,907)	(26)	(8,453,428)	(34)	(15,584,725)	(30)	(16,836,558)	(34)
	Operating expenses								
58501	Employee benefit expense	(6,499,684)	(24)	(5,743,351)	(23)	(12,848,625)	(25)	(11,513,171)	(23)
58503	Depreciation and amortization	(788,667)	(3)	(777,851)	(3)	(1,577,883)	(3)	(1,704,519)	(4)
58599	Other business and administrative expenses	(3,074,444)	(12)	(2,837,933)	(12)	(6,176,340)	(12)	(5,659,984)	(11)
58500	Total Operating Expenses	<u>(10,362,795)</u>	<u>(39)</u>	<u>(9,359,135)</u>	<u>(38)</u>	<u>(20,602,848)</u>	<u>(40)</u>	<u>(18,877,674)</u>	<u>(38)</u>
61000	Consolidated income from continuing operations before income tax	<u>8,921,970</u>	<u>33</u>	<u>6,911,686</u>	<u>28</u>	<u>14,138,515</u>	<u>28</u>	<u>13,844,945</u>	<u>28</u>
61003	Income tax expense	(1,590,028)	(6)	(928,081)	(4)	(2,419,579)	(5)	(1,956,666)	(4)
69000	Consolidated net income	<u>\$ 7,331,942</u>	<u>27</u>	<u>\$ 5,983,605</u>	<u>24</u>	<u>\$ 11,718,936</u>	<u>23</u>	<u>\$ 11,888,279</u>	<u>24</u>

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

Items	Notes	For the three months ended June 30,				For the six months ended June 30,				
		2020		2019		2020		2019		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%	
Other comprehensive income										
Components of other comprehensive income that will not be reclassified to profit or loss										
69561	Losses on remeasurements of defined benefit plans	6(27)	(\$ 15,679)	-	(\$ 70,476)	-	(\$ 15,117)	-	(\$ 242,816)	(1)
69563	Share of other comprehensive income of associates and joint ventures accounted for using the equity method, components of other comprehensive income that will not be reclassified to profit or loss	6(11)	(2,204)	-	963	-	584	-	1,610	-
69565	Change in fair value of financial liability attributable to change in credit risk of liability	6(34)	(858)	-	(201)	-	(1,078)	-	(1,501)	-
69567	Gain on valuation of investments in equity instruments measured at fair value through other comprehensive income	6(4)(34)	3,085,710	12	1,064,311	4	451,660	1	1,820,032	4
69569	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(46)	(7,375)	-	(53,808)	-	(100,839)	-	6,257	-
Components of other comprehensive income that will be reclassified to profit or loss										
69571	Exchange differences on translation of foreign financial statements	6(34)	(300,603)	(1)	155,766	1	(2,465,105)	(5)	(214,540)	(1)
69585	Revaluation gain from investments in debt instruments measured at fair value through other comprehensive income	6(4)(34)	3,516,636	13	1,201,821	5	2,103,712	4	2,824,937	6
69587	Impairment (loss) reversal gain from investments in debt instruments measured at fair value through other comprehensive income	6(4)(34)	2,940	-	875	-	5,676	-	(1,572)	-
69590	Other comprehensive gain on reclassification under the overlay approach	6(3)(34)	2,762,074	10	339,730	1	630,639	1	958,634	2
69579	Income tax relating to components of other comprehensive income that will be reclassified to profit or loss	6(46)	(248,939)	(1)	(87,156)	-	(97,794)	-	(198,989)	-
69500	Other comprehensive income (net of tax)		\$ 8,791,702	33	\$ 2,551,825	11	\$ 512,338	1	\$ 4,952,052	10
69700	Total comprehensive income		\$ 16,123,644	60	\$ 8,535,430	35	\$ 12,231,274	24	\$ 16,840,331	34
Consolidated net income attributable to:										
69901	Parent company		\$ 6,968,557	26	\$ 5,561,680	22	\$ 11,064,297	22	\$ 10,993,893	22
69903	Non-controlling interests		363,385	1	421,925	2	654,639	1	894,386	2
			\$ 7,331,942	27	\$ 5,983,605	24	\$ 11,718,936	23	\$ 11,888,279	24
Consolidated comprehensive income attributable to:										
69951	Parent company		\$ 15,670,989	59	\$ 8,146,750	33	\$ 12,176,944	24	\$ 16,279,288	33
69953	Non-controlling interests		452,655	1	388,680	2	54,330	-	561,043	1
			\$ 16,123,644	60	\$ 8,535,430	35	\$ 12,231,274	24	\$ 16,840,331	34
Earnings per share (in New Taiwan Dollars)										
70001	Basic and diluted earnings per share	6(47)	\$	0.57	\$	0.46	\$	0.91	\$	0.91

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)

	Equity attributable to owners of the parent												
	Share capital			Retained earnings				Other equity interest					
	Common stock	Common stock dividends distributable	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	Treasury shares	Non-controlling interests	Total equity
<u>For the six months ended June 30, 2019</u>													
Balance, January 1, 2019	\$ 116,862,325	\$ -	\$ 37,200,416	\$ 10,721,262	\$ 6,549,234	\$ 42,843,847	(\$ 2,409,469)	\$ 7,775,718	(\$ 330,367)	(\$ 29,798)	(\$ 197,606)	\$ 17,858,198	\$ 236,843,760
Effects of retrospective application and retrospective adjustment	-	-	-	-	-	(95,849)	-	-	-	-	-	(55,695)	(151,544)
Balance, January 1, 2019 after adjustments	116,862,325	-	37,200,416	10,721,262	6,549,234	42,747,998	(2,409,469)	7,775,718	(330,367)	(29,798)	(197,606)	17,802,503	236,692,216
Consolidated net income for the period	-	-	-	-	-	10,993,893	-	-	-	-	-	894,386	11,888,279
Other comprehensive income (loss) for the period	-	-	-	-	-	(97,984)	106,022	4,354,054	924,804	(1,501)	-	(333,343)	4,952,052
Total comprehensive income (loss) for the period	-	-	-	-	-	10,895,909	106,022	4,354,054	924,804	(1,501)	-	561,043	16,840,331
Appropriation of 2018 earnings:													
Legal reserve	-	-	-	1,867,921	-	(1,867,921)	-	-	-	-	-	-	-
Cash dividend	-	-	-	-	-	(10,503,550)	-	-	-	-	-	(452,397)	(10,955,947)
Changes in equity of associates and joint ventures accounted for using the equity method	-	-	58	-	-	-	-	-	-	-	-	23	81
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	8,640	8,640
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	-	88,900	-	(88,900)	-	-	-	-	-
Balance, June 30, 2019	\$ 116,862,325	\$ -	\$ 37,200,474	\$ 12,589,183	\$ 6,549,234	\$ 41,361,336	(\$ 2,303,447)	\$ 12,040,872	\$ 594,437	(\$ 31,299)	(\$ 197,606)	\$ 17,919,812	\$ 242,585,321
<u>For the six months ended June 30, 2020</u>													
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	-	-	-	-	-	11,064,297	-	-	-	-	-	654,639	11,718,936
Other comprehensive income (loss) for the period	-	-	-	-	-	(5,396)	(1,668,888)	2,156,936	631,073	(1,078)	-	(600,309)	512,338
Total comprehensive income (loss) for the period	-	-	-	-	-	11,058,901	(1,668,888)	2,156,936	631,073	(1,078)	-	54,330	12,231,274
Appropriation of 2019 earnings:													
Legal reserve	-	-	-	2,044,550	-	(2,044,550)	-	-	-	-	-	-	-
Cash dividend	-	-	-	-	-	(7,585,898)	-	-	-	-	-	-	(7,585,898)
Stock dividend	-	4,668,245	-	-	-	(4,668,245)	-	-	-	-	-	-	-
Changes in equity of associates and joint ventures accounted for using the equity method	-	-	380,356	-	-	-	-	-	-	-	-	-	380,356
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(812,080)	(812,080)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	-	(333,733)	-	333,733	-	-	-	-	-
Balance, June 30, 2020	\$ 116,706,115	\$ 4,668,245	\$ 37,782,836	\$ 14,633,733	\$ 6,549,234	\$ 46,991,567	(\$ 5,197,274)	\$ 14,397,855	\$ 678,032	(\$ 37,808)	\$ -	\$ 17,247,497	\$ 254,420,032

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)

	For the six months ended June 30,	
	2020	2019
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Profit before tax	\$ 14,138,515	\$ 13,844,945
Adjustments		
Income and expense items		
Depreciation	1,306,361	1,247,627
Amortization	271,522	456,892
Provision for bad debt expenses, commitment and guarantee policy reserve	1,496,312	834,329
Interest expense	5,588,311	7,895,292
Interest income	(18,645,877)	(20,612,796)
Dividend income	(1,048,124)	(756,354)
Impairment loss (reversal gain) on financial assets	13,911	(1,260)
Loss reclassified by applying overlay approach	630,639	958,634
Share of the profit or loss of associates and joint ventures accounted for using the equity method	(97,764)	(14,082)
Gain on disposal of assets held for sale	(11,597)	(14,565)
Gain on disposal of investment property	(19,273)	(32,964)
Gain from disposal or retirement of property and equipment	(10,743)	(6,333)
Gain on disposal of intangible assets	(250)	-
Gain on lease modification	(595)	-
Gain on rent concessions	(9,736)	-
Net change in insurance liabilities	14,771,953	37,644,246
Changes in operating assets and liabilities		
Changes in operating assets		
Increase in due from Central Bank and call loans to other banks	(1,312,119)	(1,371,670)
Increase in financial assets at fair value through profit or loss	(27,462,057)	(14,146,791)
Increase in financial assets at fair value through other comprehensive income	(26,063,262)	(21,405,908)
Increase in investments in debt instruments measured at amortised cost	(24,978,814)	(12,028,906)
Increase in receivables	(17,195,299)	(46,791,405)
(Increase) decrease in bills discounted and loans	(13,021,680)	10,610,099
Increase in reinsurance contract assets	(207,603)	(196,144)
Increase in restricted assets	(753,043)	(65,237)
Increase in other financial assets	(15,886,312)	(4,001,995)
Increase in other assets	(7,815,069)	(4,881,905)
Changes in operating liabilities		
Increase (decrease) in deposits from Central Bank and other banks	7,464,660	(6,976,896)
Increase in financial liabilities at fair value through profit or loss	7,652,753	1,135,264
Increase in payables	39,913,134	24,064,692
Increase in deposits and remittances	51,933,472	21,160,625
Decrease in liabilities reserve	(266,920)	(20,737,590)
Increase in other financial liabilities	14,090,248	4,173,278
Decrease (increase) in other liabilities	(226,161)	(7,162,523)
Cash inflow (outflow) generated from operations	4,239,493	(22,854,355)
Interest received	19,304,049	20,084,664
Dividend received	613,639	436,878
Interest paid	(5,921,810)	(7,679,730)
Income tax paid	(2,491,290)	(1,263,010)
Net cash flows generated from (used in) operating activities	<u>15,744,081</u>	<u>(11,275,553)</u>

(Continued)

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

	For the six months ended June 30,	
	2020	2019
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Acquisition of investments accounted for using the equity method	(\$ 188,703)	(\$ 141,294)
Proceeds from liquidation of investments accounted for using the equity method	268,816	103,481
Acquisition of investment property	(5,457,338)	(204,728)
Proceeds from disposal of investment property	61,374	162,423
Acquisition of property and equipment	(1,514,666)	(440,247)
Proceeds from disposal of property and equipment	14,758	25,238
Acquisition of intangible assets	(78,439)	(51,506)
Proceeds from disposal of intangible assets	12,987	42
Proceeds from disposal of assets held for sale	416,000	164,090
Acquisition of right-of-use assets	(162)	-
Net cash flows used in investing activities	(6,465,373)	(382,501)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Increase in due to Central Bank and other banks	282,350	-
Increase (decrease) in bills and bonds sold under repurchase agreements	15,744,085	(12,655,405)
(Decrease) increase in commercial paper payable - net	(16,475,231)	17,690,400
Proceeds from issuance of bonds	4,993,895	8,500,000
Repayments of bonds	-	(432,592)
Repayments of bank debentures	-	(2,000,000)
(Decrease) increase in other borrowings	(6,548,600)	1,616,871
Principal payment for lease liabilities	(731,530)	(660,975)
Other financing activities	3,688	81
Decrease in non-controlling interests	(812,080)	(443,757)
Net cash flows (used in) generated from financing activities	(3,543,423)	11,614,623
Net effect of foreign exchange rate changes on cash and cash equivalents	(1,843,834)	(228,150)
Net increase (decrease) in cash and cash equivalents	3,891,451	(271,581)
Cash and cash equivalents at beginning of period	134,093,331	120,921,896
Cash and cash equivalents at end of period	<u>\$ 137,984,782</u>	<u>\$ 120,650,315</u>
The components of cash and cash equivalents		
Cash and cash equivalents reported in the balance sheet	\$ 74,990,379	\$ 64,414,664
Due from Central Bank and call loans to other banks qualified as cash and cash equivalents as defined by IAS 7	20,853,163	19,987,476
Investments in bills and bonds under resale agreements qualified as cash and cash equivalents as defined by IAS 7	42,141,240	36,248,175
Cash and cash equivalents at end of reporting period	<u>\$ 137,984,782</u>	<u>\$ 120,650,315</u>

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

YUANTA FINANCIAL HOLDINGS CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars, Unless Otherwise Indicated)

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 (CG6011) on June 12, 2018.

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

These consolidated financial statements were authorised for issuance by the Board of Directors on August 21, 2020.

3. Application of new standards, amendments and interpretations

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 1 and IAS 8, ‘Disclosure initiative-definition of material’	January 1, 2020
Amendments to IFRS 3, ‘Definition of a business’	January 1, 2020
Amendments to IFRS 9, IAS 39 and IFRS 7, ‘Interest rate benchmark reform’	January 1, 2020
Amendment to IFRS 16, ‘Covid-19-related rent concessions’	June 1, 2020

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.

Amendment to IFRS 16, ‘Covid-19-related rent concessions’

This amendment provides a practical expedient for lessees from assessing whether a rent concession related to COVID-19, and that meets all of the following conditions, is a lease modification:

- A. Changes in lease payments result in the revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- B. Any reduction in lease payments affects only payments originally due on or before June 30, 2021; and
- C. There is no substantive change to other terms and conditions of the lease.

Please refer to Note 6(15) for related gains or losses.

(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 4, ‘Extension of the temporary exemption from applying IFRS 9’	January 1, 2021
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

New Standards, Interpretations and Amendments	Effective date 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 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.

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.

The Yuanta Group continues evaluating the impact of the aforementioned standards and interpretations on its financial position and financial performance. Any related impact will be disclosed when the evaluation is complete.

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, 2019.

(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. 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
			June 30, 2020	December 31, 2019	June 30, 2019	
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	67.97	68.65	68.65	
	Yuanta Securities Investment Trust Co., Ltd. (“Yuanta Securities Investment Trust”)	Securities investment trust	74.71	74.36	72.20	
	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	
	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 Holding (B.V.I.) Co., Ltd.	Investment holding	-	-	100.00	Note 1
	Yuanta Securities (Hong Kong) Limited	Securities and futures trading, providing opinions on securities, futures contract and agency financing and asset management services	100.00	100.00	100.00	
	Yuanta Asia Investment (Hong Kong) Limited (“Yuanta Asia Investment (Hong Kong)”)	Securities brokerage and dealing in securities, asset management services	100.00	100.00	100.00	Note 2
	Yuanta Asia Investment Limited (“Yuanta Asia Investment (B.V.I.) ”)	Venture capital funds, venture capital fund raising management, and investment advisory services	-	-	100.00	Note 2
	Yuanta Investment Consulting (Beijing) (“Yuanta Investment Consulting Beijing”)	Investment consultation	100.00	100.00	100.00	

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)			Note
			June 30, 2020	December 31, 2019	June 30, 2019	
Yuanta Securities Asia Financial Services	Yuanta Securities Korea Co., Ltd (“Yuanta Securities (Korea)”)	Securities and futures contract trading, providing opinions on securities and futures contract, underwriting services, asset management services and financial advisory services	57.09	55.36	54.62	
	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	99.99	99.99	99.99	
	Yuanta Securities Vietnam Limited Company (“Yuanta Securities (Vietnam)”)	Securities brokerage, dealing in securities, underwriting and investment consultation	85.24	85.24	85.24	
Yuanta Asia Investment (Hong Kong)	Yuanta Asia Investment (B.V.I.)	Venture capital funds, venture capital fund raising management, and investment advisory services	100.00	100.00	-	Note 2
Yuanta Securities (Korea)	Yuanta Investment Co.,Ltd (“Yuanta Investment (Korea)”)	Venture investment	57.09	55.36	54.62	
	Yuanta Financial (Hong Kong) Limited (“Yuanta Financial (Hong Kong)”)	Investment holding	57.09	55.36	54.62	
Yuanta Financial (Hong Kong)	Yuanta Securities (Cambodia) Plc.	Underwriting guidelines and financial advisory services	57.09	55.36	54.62	
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	14.76	14.76	14.76	
	PT Yuanta Asset Management (Indonesia)	Investment management	99.998	99.998	99.998	
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 debt instrument	-	91.20	96.62	Note 3
	Reksa Dana Yuanta Fixed Income Fund	Investment debt instrument	-	70.67	69.34	Note 4
	Reksa Dana Indeks Yuanta Sri-Kehati Index Fund	Investment debt instrument	-	99.24	99.81	Note 4
	Reksa Dana Yuanta Equity Alpha Fund	Investment debt instrument	-	100.00	100.00	Note 4
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
			June 30, 2020	December 31, 2019	June 30, 2019	
Yuanta Futures	Yuanta Futures (Hong Kong) Limited (“Yuanta Futures Hong Kong”)	Financial services	67.97	68.65	68.65	
	SYF Information Limited (“SYF Information”)	Information service	67.97	68.65	68.65	
SYF Information	SYF Information (Samoa) Limited (“SYF Information (Samoa)”)	Investment holding	67.97	68.65	68.65	Note 5
SYF Information (Samoa)	SYF Information (Shanghai) Limited (“SYF Information (Shanghai)”)	Information service	67.97	68.65	68.65	
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 June 2019, the Board of Directors of Yuanta Securities Holding (B.V.I.) Co.,Ltd. resolved to dissolve and liquidate the company. The effective date was December 27, 2019, and the liquidation process was completed on February 14, 2020.

Note 2: 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) formerly known as Polaris Securities (Hong Kong) Ltd., and was renamed in September 2019.

Note 3: The disposal was completed in May 2020.

Note 4: The disposal was completed in April 2020.

Note 5: 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:

June 30, 2020

Structured entities	Services
YK Indus Co., Ltd.	Asset-backing
YK Monaco Co., Ltd.	Asset-backing
YK JP the 7th Co., Ltd.	Asset-backing
DG.southone 1st Co., Ltd.	Asset-backing
YFI Yeosu Co., Ltd.	Asset-backing
YK Gunsun 1st 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 S1 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
YKCF. Co., Ltd.	Asset-backing
SJ beomcheon 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
YKSEAWORK. Co., Ltd.	Asset-backing

June 30, 2020

Structured entities	Services
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 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
Y.K. Spark the First Co., Ltd.	Asset-backing
YKDY Co., Ltd.	Asset-backing
YkNineMall Co., Ltd.	Asset-backing
YKSEONHWA. Co., Ltd.	Asset-backing
Gold Poongmu the 1st Co., Ltd.	Asset-backing
SJ gangbuk first 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
YK Suwon7 the first. Co., Ltd.	Asset-backing
Wonheung first Co., Ltd.	Asset-backing
YK Standard Co., Ltd.	Asset-backing
YK Magok Co., Ltd.	Asset-backing
Ostihuh fifth Co., Ltd.	Asset-backing
YK Art te 1st Co., Ltd.	Asset-backing
YK Nohyung.Corp	Asset-backing
JY Pyeongtaek first Co., Ltd.	Asset-backing

December 31, 2019

Structured entities	Services
YK Hessen Co., Ltd.	Asset-backing
YK Indus Co., Ltd.	Asset-backing
YK Dway 2nd Co., Ltd.	Asset-backing
YK Biz Co., Ltd.	Asset-backing
SJ First Co., Ltd.	Asset-backing
YK Monaco Co., Ltd.	Asset-backing
YK JP the 7th Co., Ltd.	Asset-backing
DG.southone 1st Co., Ltd.	Asset-backing
YFI Yeosu Co., Ltd.	Asset-backing
UT sixth Co., Ltd.	Asset-backing
YK Gunsun 1st Co., Ltd.	Asset-backing

December 31, 2019

Structured entities	Services
First M 2nd.Co., Ltd.	Asset-backing
First M 3rd.Co., Ltd.	Asset-backing
DK project second Co., Ltd.	Asset-backing
YK Hotel the 1st Co., Ltd.	Asset-backing
Y.K.Stone the First 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 1th.Co., Ltd.	Asset-backing
YK MEDICINE Co., Ltd.	Asset-backing
YKWork. Co., Ltd.	Asset-backing
YK BeomCheon the 1st Co., Ltd.	Asset-backing
YK MIRACLE Co., Ltd.	Asset-backing
YKCF. Co., Ltd.	Asset-backing
SJ beomcheon 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
YKSEAWORK. 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
SJ bondong third Co., Ltd.	Asset-backing
YK Whistle Co., Ltd.	Asset-backing
BUMERSQUARE 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
Y.K. Spark the First Co., Ltd.	Asset-backing
YKDY Co., Ltd.	Asset-backing
YkNineMall Co., Ltd.	Asset-backing
YKSEONHWA. Co., Ltd.	Asset-backing
Gold Poongmu the 1st Co., Ltd.	Asset-backing
SJ gangbuk first Co., Ltd.	Asset-backing

June 30, 2019

Structured entities	Services
YK APT the 1st Co.,Ltd.	Asset-backing
Y.K. New NC Second Co.,Ltd.	Asset-backing
YK Hessen Co.,Ltd.	Asset-backing
YK Indus Co.,Ltd.	Asset-backing
YK Mozart Co.,Ltd.	Asset-backing
YK Dway 2nd Co.,Ltd.	Asset-backing
YK Biz Co.,Ltd.	Asset-backing
YK HIT Co.,Ltd.	Asset-backing
SJ First Co.,Ltd.	Asset-backing
YK Monaco Co.,Ltd.	Asset-backing
YK JP the 7th Co.,Ltd.	Asset-backing
YK KGE Co., Ltd.	Asset-backing
DG.southone 1st Co., Ltd.	Asset-backing
YFI Yeosu Co., Ltd.	Asset-backing
UT sixth Co., Ltd.	Asset-backing
YK Gunsun 1st Co., Ltd.	Asset-backing
Y.K.Blue the 4th.Co., Ltd.	Asset-backing
First M 2nd.Co.,Ltd.	Asset-backing
First M 3rd.Co.,Ltd.	Asset-backing
DK project second Co., Ltd.	Asset-backing
YK SMGC Co., Ltd.	Asset-backing
YK Hotel the 1st Co., Ltd.	Asset-backing
Y.K.Stone the First 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 1th.Co., Ltd.	Asset-backing
YK Janggi Haneulchae Co., Ltd.	Asset-backing
YK MEDICINE Co., Ltd.	Asset-backing
YKWork. Co., Ltd.	Asset-backing
YK BeomCheon the 1st Co., Ltd.	Asset-backing
YK MIRACLE Co., Ltd.	Asset-backing
YKCF. Co.,Ltd.	Asset-backing
SJ beomcheon second Co.,Ltd.	Asset-backing
YFI NonhyunCo.,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 power 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 June 30, 2020, December 31, 2019 and June 30, 2019, the non-controlling interest amounted to \$17,247,497, \$18,005,247 and \$17,919,812, respectively. The information of non-controlling interest and respective subsidiaries is as follows:

Subsidiary	Principal place of business	Non-controlling interest					
		June 30, 2020		December 31, 2019		June 30, 2019	
		Amount	Ownership(%)	Amount	Ownership(%)	Amount	Ownership(%)
Yuanta Securities (Korea)	Korea	\$ 13,326,298	42.91%	\$ 14,215,077	44.64%	\$ 14,484,951	45.38%

The comprehensive (loss) income attributable to this non-controlling interest were \$217,911, \$195,215, (\$303,772) and \$160,306 for the three months and six months ended June 30, 2020 and 2019, respectively.

Summarized financial information for the aforementioned subsidiaries:

Consolidated balance sheets

	Yuanta Securities (Korea) and its subsidiaries		
	June 30, 2020	December 31, 2019	June 30, 2019
Current assets	\$ 329,853,482	\$ 303,666,064	\$ 325,578,273
Non-current assets	16,194,605	17,744,841	18,591,551
Current liabilities	(306,835,180)	(281,118,694)	(303,486,488)
Non-current liabilities	(7,248,200)	(7,370,051)	(7,683,111)
Total net assets	<u>\$ 31,964,707</u>	<u>\$ 32,922,160</u>	<u>\$ 33,000,225</u>

Consolidated statements of comprehensive income

	Yuanta Securities (Korea) and its subsidiaries	
	For the three months ended June 30,	
	2020	2019
Revenue	\$ 3,614,096	\$ 3,655,165
Profit before income tax	581,658	573,215
Income tax (expense) benefit	(149,133)	12,355
Net income	432,525	585,570
Other comprehensive loss (net of tax)	(226,540)	(92,563)
Total comprehensive income for the period	<u>\$ 205,985</u>	<u>\$ 493,007</u>

	<u>Yuanta Securities (Korea) and its subsidiaries</u>	
	<u>For the six months ended June 30,</u>	
	<u>2020</u>	<u>2019</u>
Revenue	\$ 6,586,944	\$ 7,626,171
Profit before income tax	818,170	1,326,522
Income tax expense	(215,736)	(109,975)
Net income	602,434	1,216,547
Other comprehensive loss (net of tax)	(1,559,889)	(797,593)
Total comprehensive (loss) income for the period	(\$ 957,455)	\$ 418,954

Consolidated statements of cash flows

	<u>Yuanta Securities (Korea) and its subsidiaries</u>	
	<u>For the six months ended June 30,</u>	
	<u>2020</u>	<u>2019</u>
Net cash (used in) provided by operating activities	(\$ 5,518,656)	\$ 7,056,746
Net cash provided by investing activities	879,070	115,737
Net cash provided by (used in) financing activities	4,137,011	(1,994,725)
Effect of exchange rates on cash and cash equivalents	(2,214,006)	(381,665)
(Decrease) increase in cash and cash equivalents	(2,716,581)	4,796,093
Cash and cash equivalents, beginning of period	19,784,783	16,791,937
Cash and cash equivalents, end of period	\$ 17,068,202	\$ 21,588,030

(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, 2019. Except for the accounting policies listed below, please refer to the notes to the consolidated financial statements for the year ended December 31, 2019 for information on significant accounting policies.

A. Financial assets and liabilities

All financial assets and liabilities of the Yuanta Group including derivatives are recognised in the consolidated balance sheet and are properly classified in accordance with IFRSs as endorsed by the FSC.

(A) Financial assets

All financial assets held by the Yuanta Group are classified into the following six categories: “bills discounted and loans”, “receivables”, “financial assets at fair value through profit and loss”, “financial assets at fair value through other comprehensive income”, “investments in debt instruments at amortised cost”, and “other financial assets—purchase of claim receivable”.

a. Regular way purchase or sale

Financial assets held by the Yuanta Group are all accounted for using trade date accounting.

b. Bills discounted and loans

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

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

If a bills discounted and loans asset held by the Yuanta Group is renegotiated or modified due to financial difficulties of the borrower, but is not required to be derecognized, or if renegotiations or modification of terms are for reasons other than financial difficulties, which rarely results in the derecognition of the asset, the carrying amount of the asset is recalculated based on the effective interest rate of original contract and the related gains or losses are recognised in profit or loss.

c. Receivables

Receivables include those that were originated and not originated by the entity. Receivables originated by the entity refer to cash, products or services directly provided to debtors by the Yuanta Group. Receivables not originated by the entity refer to those other than whom were originated by the entity. Receivables shall be measured at amortized cost using the effective interest rate method. However short-term receivables without bearing interest are measured at initial invoice amount if the effect of discounting is immaterial.

d. Financial assets at fair value through profit or loss

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

(b) At initial recognition and subsequent measurement, the Yuanta Group measures the financial assets at fair value and recognises the gain or loss in profit or loss.

(c) The Yuanta Group recognises the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Yuanta Group and the amount of the dividend can be measured reliably.

(d) A financial asset held by subsidiary Yuanta Life is designated as a financial asset measured at fair value through profit or loss using the overlay approach, when the following conditions are met:

i. Financial asset is measured at fair value through profit or loss under IFRS 9, but would not have been entirely measured at fair value through profit or loss under IAS 39; and

ii. The financial asset is not held for activities unrelated to contracts in the scope of IFRS.

For assets to which the overlay approach is applied, the amount that is excluded from profit or loss and recognized in other comprehensive income is the difference between the following two amounts:

i. Profit or loss recognized in accordance with IFRS 9; and

ii. Profit or loss recognized in accordance with IAS 39.

- e. Financial assets at fair value through other comprehensive income
- (a) Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Yuanta Group has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income and debt instruments which meet all of the following criteria:
 - i. The objective of the Yuanta Group's business model is achieved both by collecting contractual cash flows and selling financial assets; and
 - ii. The assets' contractual cash flows represent solely payments of principal and interest.
 - (b) At initial recognition, the Yuanta Group measures the financial assets at fair value plus transaction costs. The Yuanta Group subsequently measures the financial assets at fair value:
 - i. The changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Yuanta Group and the amount of the dividend can be measured reliably.
 - ii. Except for the recognition of impairment loss, interest income and gain or loss on foreign exchange which are recognised in profit or loss, the changes in fair value of debt instruments are taken through other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss.
- f. Investments in debt instruments at amortised cost
- (a) Investments in debt instruments at amortised cost are those that meet all of the following criteria:
 - i. The objective of the Yuanta Group's business model is achieved by collecting contractual cash flows.
 - ii. The assets' contractual cash flows represent solely payments of principal and interest.
 - (b) At initial recognition, the Yuanta Group measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognised in profit or loss when the asset is derecognised or impaired.
- g. Other financial assets
- Purchase of claim receivable – non-performing loans of financial institutions are measured by fair value of financial asset on initial recognition when being obtained by the Yuanta Group and will be subsequently measured by fair value with changes in fair value recognised as profit and loss in the period.

(B) Financial liabilities

Financial liabilities held by the Yuanta Group include financial liabilities at fair value through profit and loss (including financial liabilities designated at fair value through profit and loss) and financial liabilities carried at amortised cost.

a. Financial liabilities at fair value through profit or loss

Including financial liabilities held for trading and financial liabilities designated as at fair value through profit or loss.

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

- (a) Hybrid (combined) contracts; or
- (b) They eliminate or significantly reduce a measurement or recognition inconsistency; or
- (c) They are managed and their performance is evaluated on a fair value basis, in accordance with a documented risk management policy.

At initial recognition, the Yuanta Group measures the financial liabilities at fair value. All related transaction costs are recognised in profit or loss. The Yuanta Group subsequently measures these financial liabilities at fair value with any gain or loss recognised in profit or loss. If the credit risk results in fair value changes in financial liabilities designated as at fair value through profit or loss, they are recognised in other comprehensive income in the circumstances other than avoiding accounting mismatch or recognising in profit or loss for loan commitments or financial guarantee contracts.

b. Financial liabilities carried at amortised cost

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

(C) Derecognition of financial assets

The Yuanta Group derecognises a financial asset when one of the following conditions is met:

- a. The contractual rights to receive cash flows from the financial asset expire.
- b. The contractual rights to receive cash flows from the financial asset have been transferred and the Yuanta Group has transferred substantially all risks and rewards of ownership of the financial asset.
- c. Risks and rewards of ownership of the financial asset have not been substantially transferred or retained, however, the control over the financial assets have not been retained.

(D) Derecognition of financial liabilities

- a. A financial liability is derecognised when the obligation under the liability specified in the contract is discharged or cancelled or expires.
- b. The Yuanta Group derecognises an original financial liability and recognises a new financial liability if the terms of an existing financial liability have substantial modifications and such modifications make significant differences to the original terms. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in profit or loss.

B. Impairment of financial assets

For debt instruments measured at fair value through other comprehensive income, financial assets at amortised cost (including bills discounted and loans and receivables), loan commitments, L/C and financial guarantee contracts at each reporting date, the Yuanta Group recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition or if asset is already credit impaired after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Yuanta Group recognises the impairment provision for lifetime ECLs.

For credit assets, subsidiary Yuanta Bank assesses the loss allowance at the balance sheet date in accordance with “Regulation Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans” and other applicable laws as well as IFRS 9 requirements. The loss allowance is provisioned at the higher of the amounts assessed in compliance with the aforementioned domestic regulations and IFRS 9.

C. Impairment of non-financial assets

The Yuanta Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. Except for goodwill, when the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units, or groups of cash-generating units, that is expected to benefit from the synergies of the business combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

D. Intangible assets

(A) Operating rights are initially recognised at the acquisition cost. Intangible assets, with limited useful lives, and other intangible assets are amortised using the straight-line method.

(B) Pursuant to IFRS 3, 'Business Combinations' as endorsed by FSC, the excess of the consideration transferred in business combination over the net identifiable assets acquired and the net fair value of liabilities assumed shall be recognised as goodwill. Goodwill acquired in business combination shall be tested for impairment at least once a year. An impairment loss is recognised when the goodwill is impaired. Impairment loss of goodwill that has been recognised shall not be reversed.

E. Provision basis for various insurance liabilities

All reserves of insurance contracts that the Yuanta Group recognised are based on "Regulations Governing the Setting Aside of Various Reserves by Insurance Enterprises". The following various insurance liabilities reserves do not apply discount method other than reserve for policy benefit, liability adequacy reserve, and premium deficiency reserve with a coverage period over one year. Provision basis of various insurance liabilities reserves are as follows:

(A) Unearned premium reserve

For effective contracts with a coverage period under one year, unearned premium reserve is provided based on various risk calculation for effective contracts yet to mature or covered risks yet to terminate in the coverage period; for casualty insurance with coverage period over one year, unearned premium reserve is provided in accordance with Jin-Guan-Bao-Cai-Zi No. 09902503922 "Supplementary Information on the Calculation of Unearned Premium Reserve and Earned Premium for Casualty Insurance with Coverage Period over One Year."

(B) Claims reserve

Claims reserves for health insurance, life insurance, and casualty insurance with a coverage period under one year are provided based on claim experience and expenses of various insurance types and are calculated with actuarial principles. Additionally, reserves are provided for "claims reported but not paid" and "claims incurred but not reported". For "claims reported but not paid", a reserve has been provided on an individual claim basis for each type of insurance.

For claims reserves for health insurance, life insurance, and annuity insurance with a coverage period over one year for "claims reported but not paid", a reserve has been provided on an individual claim basis for each type of insurance.

(C) Reserve for policy benefit

Long-term insurance contracts are recognised and calculated in conformity with related insurance regulations and based on the life chart of annuity specified within the calculation

instructions when filing to competent authorities for each product, as well as the assumed interest rate for the calculation of policy reserves. The discount rate is based on the assumed interest rate for calculating policy reserves when filing to competent authorities for each insurance product.

(D) Special reserve

a. In particular for retention policies with coverage less than a year, special reserves include “catastrophe reserve” and “risk claim reserve”. Except for some reserves netting aside for regulatory purpose, special reserve, after deducting income tax, shall be recognised as special reserve under equity. Additional provision of special reserve and amounts written-off or recovered with respect to special reserve shall also be written-off or recovered from the special reserve which has been recognised under equity.

Risk claim reserve recovered from equity, net of tax (effective rate), shall all be set aside as special reserve following the resolution adopted at the shareholders’ meeting in the following year. Such special reserve shall neither be distributed as dividends nor used in other ways without proper approval.

b. Profit and loss before tax (before dividends distribution) for the Yuanta Group’s participating life insurance should be assessed at each annual closing date in compliance with “The Method of Expense and Revenue Allocation to Participating and Non-participating Life Insurance”. “Special reserve-dividend payment reserve” should be recognised and written off at dividend declaration date. With negative balance of “special reserve-dividend payment reserve of participating insurance”, equal amount of “special reserve-dividend liability” should be recognised at the same time.

(E) Premium deficiency reserve

Effective from 2001, if the issued premiums of life insurance, health insurance, and annuity insurance contract with a coverage period over one year are less than the net premium in compliance with regulation, the deficiency of subsequent periods should be recognised as premium deficiency reserve. In addition, potential claims and expenses are estimated for effective contracts yet to mature and injury insurance contracts with a coverage period over one year. If the assessed amount is more than unearned premium reserve and expected premium income, the insufficient amount should be recognised as premium deficiency reserve by product types.

(F) Liability adequacy reserve

In accordance with IFRS 4, ‘Insurance Contracts’ and the regulations of The Actuarial Institute Of The Republic Of China, liability adequacy test is performed using the gross premium valuation based on all contracts of the Company. At each balance sheet date, liability adequacy reserve is provided for all deficiency in net carrying amount and recognised in profit or loss, through comparison between the net carrying amounts of insurance liabilities less deferred acquisition cost and related intangible assets and the present value of estimated future cash flows of insurance contracts.

F. 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.

G. 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

The accounting policies, accounting assumptions and estimates have an impact on Yuanta Group's consolidated financial statements. Thus, when applying significant accounting policies as described in Note 4, management needs to make appropriate judgements for the information that cannot be easily obtained through other sources and have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. The Yuanta Group's assumptions and estimates are the best assumptions based on IFRSs, and are continually evaluated and adjusted based on historical experience, the effect of Covid-19 and other factors. Certain accounting policies and management's judgements have significant impact on the recognised amounts in the consolidated

financial statements are outlined below:

(1) Expected credit losses of bills discounted and loans

At each reporting date, the Yuanta Group assesses expected credit losses of bills discounted and loans after taking into consideration all reasonable and verifiable information (including forecasts.) Measurement of expected credit losses involves determining whether there is significant increase in credit risk on the assets since initial recognition, or whether the asset is credit-impaired, calculating probability of default, loss given default, and exposure at default of the credit loss model, and adjusting parameters of the model after forecastable assessments of the probability of default. Please refer to Note 6(9) for the details of the total amount of discount and loans (including discount and premium adjustment) and allowance for accounts receivable as of June 30, 2020.

(2) Fair value valuation of unlisted stocks

Financial instruments with no active market or quoted price use valuation techniques to determine the fair value. Under such condition, fair value is assessed through the observable information or models of similar financial instruments. If there is no observable input available in the market, the fair value of financial instrument is assessed through appropriate assumptions. When valuation models are adopted to determine the fair value, all the models should be calibrated to ensure that the output can actually reflect actual information and market price. Models should try to use only observable information as much as possible. Please refer to Note 12(2) for details of the carrying amount of unlisted financial assets at fair value through other comprehensive income as of June 30, 2020.

(3) Impairment assessment of goodwill

Yuanta Group assesses regularly the impairment of goodwill at the end of year. The recoverable amounts of related cash-generating units are determined based on value-in-use calculations. The calculations use estimate of expected future cash flows and discount rate.

(4) Insurance contract liabilities

The Company evaluates long-term insurance contract liabilities in compliance with “Regulations Governing the Setting Aside of Various Reserves by Insurance Enterprises”. The assumptions of mortality rate, lapse rate, and discount rate are as follows: The mortality rate is based on Taiwan Standard Ordinary Experience Mortality Table. The lapse rate is based on the Company’s past experience, industry experience, and experience obtained from reinsurers. The discount rate is based on the interest rate of reserve for policy benefit from newly issued contracts and treated in compliance with calculation basis for insurance products and relevant regulations as approved by the competent authority. The above assumptions are locked-in during price setting in accordance with related regulations.

However, it is reasonably possible that changes in assumption from the competent authority may have an impact on gains, losses, or equity. The liability adequacy testing is conducted by discounting the Company’s overall return on investment under the best estimate on valuation date. If the test result shows that the liability is inadequate, the entire deficiency is recognised in expenses and losses in the period. If there is a change in the future best estimate assumption, incremental reserve for adverse movement in such assumption shall be made. Please refer to Note 6(26) for details of reserves of insurance liabilities as of June 30, 2020.

6. Details of significant accounts

(1) Cash and cash equivalents

	<u>June 30, 2020</u>	<u>December 31, 2019</u>	<u>June 30, 2019</u>
Cash	\$ 6,153,143	\$ 7,536,848	\$ 5,838,245
Deposits in banks	65,683,979	58,462,906	53,970,737
Futures excess margin and cash equivalents	2,635,082	2,670,354	2,464,423
Excess settlement reserve fund	9,136	2,575	12,314
Checks for clearing	509,039	586,890	2,128,945
Total	<u>\$ 74,990,379</u>	<u>\$ 69,259,573</u>	<u>\$ 64,414,664</u>

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

	<u>June 30, 2020</u>	<u>December 31, 2019</u>	<u>June 30, 2019</u>
Reserve for deposits - account A	\$ 13,476,363	\$ 10,186,274	\$ 12,147,916
Reserve for deposits - account B	29,929,343	28,589,351	27,381,823
Deposits by overseas branches to designated accounts of respective local central banks	2,323,685	3,164,861	3,061,996
Reserve for deposits	4,173,605	2,387,759	3,165,420
Call loans to banks	1,066,584	1,706,440	1,897,952
Total	<u>\$ 50,969,580</u>	<u>\$ 46,034,685</u>	<u>\$ 47,655,107</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 June 30, 2020. There was no due from Central Bank and call loans to other banks pledged to others as collateral as of December 31, 2019 and June 30, 2019.

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

	<u>June 30, 2020</u>	<u>December 31, 2019</u>	<u>June 30, 2019</u>
Financial assets mandatorily measured at fair value through profit or loss			
Commercial paper	\$ 45,803,703	\$ 35,665,553	\$ 23,571,469
Time deposits	245,829	-	-
Beneficiary certificates / securities	44,988,328	58,878,065	46,927,995
Stocks of companies listed on TSE or OTC	34,964,036	33,247,996	42,301,793
Emerging stocks	943,161	1,338,224	1,236,225
Government bonds	56,619,589	39,711,043	68,500,339
Financial bonds	116,190,395	117,549,551	93,726,537
Corporate bonds	78,150,244	75,637,003	68,982,526
Overseas bonds	-	882,793	1,273,613
Convertible corporate bonds	47,618,108	45,514,594	47,631,249
Derivative financial instruments	17,134,895	12,534,264	13,450,351
Structured products and others	8,977,753	17,518,059	14,109,833
Reserve for claims of customers' deposits with KSFC (Note 1)	73,706,825	61,372,357	62,944,313
Other marketable securities	4,284,815	4,619,722	3,263,159
Valuation adjustment	1,865,455	(438,145)	166,598
Total	<u>\$ 531,493,136</u>	<u>\$ 504,031,079</u>	<u>\$ 488,086,000</u>
Financial liabilities held for trading			
Derivative financial instruments	\$ 17,513,248	\$ 16,671,818	\$ 19,906,311
Non-derivative financial instruments	34,984,553	22,270,873	10,206,824
Valuation adjustment of financial liabilities held for trading – non-derivative financial instruments	2,794,491	861,833	(43,851)
Financial liabilities designated as at fair value through profit or loss			
Structured products (Note 2)	57,070,797	67,372,332	64,878,399
Convertible bond asset swap not qualifying for derecognition (Note 2)	18,567,943	16,078,956	18,066,222
Others	63,017	84,416	105,659
Total	<u>\$ 130,994,049</u>	<u>\$ 123,340,228</u>	<u>\$ 113,119,564</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 June 30, 2020, December 31, 2019 and June 30, 2019.

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

	<u>June 30, 2020</u>	<u>December 31, 2019</u>	<u>June 30, 2019</u>
Equity instruments			
Domestic stocks	\$ 16,249,697	\$ 6,570,938	\$ 12,530,189
Overseas stocks	<u>728,532</u>	<u>91,293</u>	<u>82,934</u>
	16,978,229	6,662,231	12,613,123
Debt instruments			
Overseas corporate bonds	-	257,622	933,777
Domestic beneficiary certificates	17,560,709	11,285,369	3,975,102
Overseas beneficiary certificates	<u>528,979</u>	<u>180,004</u>	<u>189,369</u>
	<u>\$ 35,067,917</u>	<u>\$ 18,385,226</u>	<u>\$ 17,711,371</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 June 30,</u>	
	<u>2020</u>	<u>2019</u>
Profit recognised in accordance with IFRS 9	\$ 3,551,928	\$ 658,245
Less: Profit that would have been recognised under IAS 39	(789,854)	(318,515)
Profit from adopting the overlay approach	<u>\$ 2,762,074</u>	<u>\$ 339,730</u>
Effects on income tax	<u>(\$ 7,922)</u>	<u>(\$ 6,892)</u>
	<u>For the six months ended June 30,</u>	
	<u>2020</u>	<u>2019</u>
Profit recognised in accordance with IFRS 9	\$ 1,502,341	\$ 1,393,899
Less: Profit that would have been recognised under IAS 39	(871,702)	(435,265)
Profit from adopting the overlay approach	<u>\$ 630,639</u>	<u>\$ 958,634</u>
Effects on income tax	<u>\$ 434</u>	<u>(\$ 33,830)</u>

D. Please refer to Note 6(39) 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	June 30, 2020	December 31, 2019	June 30, 2019
Debt instruments			
Government bonds	\$ 28,747,589	\$ 30,110,729	\$ 33,862,086
Bank debentures	53,439,354	53,200,447	47,245,726
Corporate bonds	130,798,035	113,033,913	122,868,896
Commercial paper	134,423	137,102	135,785
Others	765,523	723,407	1,063,050
Valuation adjustment	3,500,724	1,527,764	2,192,103
Subtotal	217,385,648	198,733,362	207,367,646
Equity instruments			
Listed stocks	21,959,755	12,391,640	15,788,390
Unlisted stocks/Emerging stocks	4,412,119	5,067,893	5,154,243
Others	1,704,292	919,946	200,069
Valuation adjustment	13,859,293	13,593,163	13,889,833
Subtotal	41,935,459	31,972,642	35,032,535
Statutory deposits	(1,216,100)	(1,216,100)	(1,216,100)
Total	\$ 258,105,007	\$ 229,489,904	\$ 241,184,081

- A. As of June 30, 2020, December 31, 2019 and June 30, 2019, 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 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 June 30, 2020, December 31, 2019 and June 30, 2019, the fair value of such investments were \$41,935,459, \$31,972,642 and \$35,032,535, respectively.
- C. The Yuanta Group sold the equity shares in order to avoid systematic risk resulting from structural changes in the industry and taking asset allocation into consideration and adjusts the investment portfolio. For the six months ended June 30, 2020 and 2019, the fair value of the equity instruments sold were \$5,826,245 and \$1,556,843, and the cumulative (loss) gain on disposal were (\$343,784) and \$92,072, 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:

	<u>For the three months ended June 30,</u>	
	<u>2020</u>	<u>2019</u>
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	\$ 3,085,710	\$ 1,064,311
Cumulative (gains) losses reclassified to retained earnings due to derecognition	(\$ 333,323)	\$ 139,732
Dividend income recognised in profit or loss		
Held at end of period	\$ 332,092	\$ 169,951
Derecognised in the current period	30,235	640
	<u>\$ 362,327</u>	<u>\$ 170,591</u>
<u>Debt instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	\$ 4,224,035	\$ 1,620,632
Cumulative other comprehensive income reclassified to profit or loss		
Reclassified due to impairment recognition	\$ 3,662	\$ 2,550
Reclassified due to derecognition	(\$ 708,121)	(\$ 420,486)
	<u>(\$ 704,459)</u>	<u>(\$ 417,936)</u>
Interest income recognised in profit or loss	<u>\$ 976,676</u>	<u>\$ 1,148,533</u>
	<u>For the six months ended June 30,</u>	
	<u>2020</u>	<u>2019</u>
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	\$ 451,660	\$ 1,820,032
Cumulative (gains) losses reclassified to retained earnings due to derecognition	(\$ 333,733)	\$ 88,900
Dividend income recognised in profit or loss		
Held at end of period	\$ 459,617	\$ 276,167
Derecognised in the current period	33,244	1,002
	<u>\$ 492,861</u>	<u>\$ 277,169</u>
<u>Debt instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	\$ 3,520,415	\$ 3,327,727
Cumulative other comprehensive income reclassified to profit or loss		
Reclassified due to impairment recognition	\$ 9,206	\$ 460
Reclassified due to derecognition	(\$ 1,420,233)	(\$ 504,822)
	<u>(\$ 1,411,027)</u>	<u>(\$ 504,362)</u>
Interest income recognised in profit or loss	<u>\$ 2,021,173</u>	<u>\$ 2,307,555</u>

- E. Details of the Yuanta Group's financial assets at fair value through other comprehensive income pledged to others as collateral as of June 30, 2020, December 31, 2019 and June 30, 2019 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	June 30, 2020	December 31, 2019	June 30, 2019
Government bonds	\$ 100,901,289	\$ 99,186,400	\$ 98,782,956
Time deposits	141,897,920	131,241,060	115,856,670
Bank debentures	82,022,297	70,135,126	68,933,614
Corporate bonds	89,093,567	86,629,549	82,105,111
Subtotal	413,915,073	387,192,135	365,678,351
Less: Accumulated impairment	(148,844)	(139,720)	(140,815)
Statutory deposits	(2,344,300)	(600,000)	(600,000)
Total	\$ 411,421,929	\$ 386,452,415	\$ 364,937,536

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

	For the three months ended June 30,	
	2020	2019
Interest income	\$ 2,190,389	\$ 2,149,850
(Impairment loss) recovery gain	(6,603)	1,491
Gains on disposal	249,740	137,438
	\$ 2,433,526	\$ 2,288,779
	For the six months ended June 30,	
	2020	2019
Interest income	\$ 4,413,013	\$ 4,246,063
(Impairment loss) recovery gain	(9,300)	1,881
Gains on disposal	297,470	698,442
	\$ 4,701,183	\$ 4,946,386

- B. The Yuanta Group sold some of the financial assets at amortised cost for the six months ended June 30, 2020 and 2019, due to factors such as increase of credit risk, infrequent sales or single and total amount that is non-significant. The disposal benefits were \$297,470 and \$698,442, respectively.
- C. As of June 30, 2020, December 31, 2019 and June 30, 2019, 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 Group has deposited government bonds with par value of \$2,344,300, \$600,000 and \$600,000, respectively in the Central Bank as statutory operating guarantee deposits, which are recognised under other assets.
- D. Details of the Group's financial assets at amortised cost pledged to others as collateral as of June 30, 2020, December 31, 2019 and June 30, 2019, 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>June 30, 2020</u>	<u>December 31, 2019</u>	<u>June 30, 2019</u>
Bills and bonds purchased under resale agreement	<u>\$ 42,141,240</u>	<u>\$ 47,603,371</u>	<u>\$ 36,248,175</u>
Interest rate range	0.01%~3.20%	0.45%~2.75%	0.50%~3.35%
Contract resale amount	<u>\$ 42,221,577</u>	<u>\$ 47,671,245</u>	<u>\$ 36,283,648</u>
Bills and bonds payable under repurchase agreement	<u>\$ 214,410,003</u>	<u>\$ 198,665,918</u>	<u>\$ 205,915,020</u>
Interest rate range	-0.20%~3.20%	-0.30%~3.50%	0.00%~3.28%
Contract repurchase amount	<u>\$ 218,502,225</u>	<u>\$ 200,782,844</u>	<u>\$ 209,869,283</u>

(7) Receivables - net

	<u>June 30, 2020</u>	<u>December 31, 2019</u>	<u>June 30, 2019</u>
Interest receivable	\$ 7,121,721	\$ 7,779,893	\$ 8,663,671
Refinance guaranty receivable	28,574,857	31,025,769	28,923,116
Acceptances receivable	218,866	231,477	1,138,630
Factoring receivable	4,906,828	5,704,407	6,105,899
Margin loans receivable	63,128,064	71,048,860	68,403,454
Spot exchange receivable	6,026,094	4,753,631	13,612,379
Credit card receivable	7,912,648	10,212,562	10,526,702
Trading securities receivable	1,270,196	818,338	996,328
Settlement price	6,835,161	5,590,498	7,033,753
Settlement price receivable	50,810,262	30,473,918	29,132,572
Securities sold receivable	9,971,930	4,150,335	10,517,774
Other receivables	<u>6,925,596</u>	<u>5,056,901</u>	<u>8,135,578</u>
Subtotal	193,702,223	176,846,589	193,189,856
Less: Allowance for doubtful accounts	(2,293,430)	(2,606,092)	(2,440,078)
Total	<u>\$ 191,408,793</u>	<u>\$ 174,240,497</u>	<u>\$ 190,749,778</u>

- A. Details of the Group's receivables-net pledged to others as collateral as of June 30, 2020, December 31, 2019 and June 30, 2019, are provided in Note 8.
- B. The Group recognised appropriate allowance for debts for receivables. For the six months ended June 30, 2020 and 2019, details are provided in Note 12(3).
- C. Margin loans receivable uses the securities purchased through financing as collateral. As of June 30, 2020, December 31, 2019 and June 30, 2019, 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 all 5.95%~9.75%; the annual interest rates range of Yuanta Securities (Indonesia) were all 18.00%; the annual interest rates range of Yuanta Securities (Hong Kong) were 0.94%~12.88%, 2.25%~12.88% and 2.35%~13.00%, respectively; the annual interest rates range of Yuanta Securities (Thailand) were 4.40%~9.25%, 5.15%~9.25% and 5.15%~9.25%, respectively; the annual interest rates range of Yuanta Securities (Vietnam) were 8.80%~14.00%, 9.00%~14.00% and 9.86%~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 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 \$129,229, \$533,632 and \$702,368 as of June 30, 2020, December 31, 2019 and June 30, 2019. 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 and six months ended June 30, 2020 and 2019, the Yuanta Group sold part of the assets held for sale, and the proceeds from disposal amounted to \$46,000, \$159,590, \$416,000 and \$164,090, respectively, and gain on disposal amounted to \$3,636, \$14,033, \$11,597 and \$14,565, respectively. For the six months ended June 30, 2019, the Yuanta Group recognised \$16,395 of related impairment losses.

(9) Bills discounted and loans - net

	<u>June 30, 2020</u>	<u>December 31, 2019</u>	<u>June 30, 2019</u>
Bills discounted	\$ 155,988	\$ 83,830	\$ 301,997
Overdrafts	2,137	64,824	34,557
Short-term loans	62,741,986	59,844,378	65,155,936
Short-term loans secured	69,563,679	68,038,450	66,297,652
Medium-term loans	132,927,045	149,907,926	148,146,688
Medium-term loans secured	195,399,348	178,326,297	171,483,218
Long-term loans	8,130,846	8,039,848	8,026,824
Long-term loans secured	317,924,964	310,916,280	301,883,687
Import-export negotiations	25,504	5,007	15,874
Accounts receivable factoring	549,227	633,455	298,242
Automatic policy loans	1,400,010	1,375,456	1,306,664
Policy loans	5,512,346	5,394,014	5,118,338
Loans transferred to non-performing loans	<u>3,811,588</u>	<u>4,844,121</u>	<u>4,627,850</u>
Subtotal	798,144,668	787,473,886	772,697,527
Less: Allowance for credit losses	(12,914,064)	(14,012,181)	(13,208,008)
Less: Adjustment for premium	<u>15,072</u>	<u>19,213</u>	<u>19,809</u>
Total	<u>\$ 785,245,676</u>	<u>\$ 773,480,918</u>	<u>\$ 759,509,328</u>

A. The Yuanta Group recognised appropriate allowance for bad debts for the bills discounted, loans and receivables. As of changes in allowance for bad debts in relation to bills discounted and loans for the six months ended June 30, 2020 and 2019, please refer to Note 12(3).

B. Classified by subsidiaries as follows:

	<u>June 30, 2020</u>	<u>December 31, 2019</u>	<u>June 30, 2019</u>
Bills discounted and loans including adjustment for premium			
Yuanta Bank	\$ 771,824,148	\$ 759,762,271	\$ 746,853,897
Yuanta Securities	19,412,530	20,944,188	19,413,127
Yuanta Life	<u>6,923,062</u>	<u>6,786,640</u>	<u>6,450,312</u>
Subtotal	<u>798,159,740</u>	<u>787,493,099</u>	<u>772,717,336</u>
Allowance for credit losses			
Yuanta Bank	(11,509,475)	(12,518,507)	(11,595,137)
Yuanta Securities	(1,404,428)	(1,493,415)	(1,612,490)
Yuanta Life	<u>(161)</u>	<u>(259)</u>	<u>(381)</u>
Subtotal	<u>(12,914,064)</u>	<u>(14,012,181)</u>	<u>(13,208,008)</u>
Total	<u>\$ 785,245,676</u>	<u>\$ 773,480,918</u>	<u>\$ 759,509,328</u>

C. For the six months ended June 30, 2020, the Yuanta Group dispose the credit assets measured at amortised cost with the gain \$339,055.

(10) Reinsurance contract assets

	<u>June 30, 2020</u>	<u>December 31, 2019</u>	<u>June 30, 2019</u>
Claims recoverable from reinsurers	\$ 360,348	\$ 223,005	\$ 192,241
Due from reinsurers and ceding companies	173,153	108,058	150,102
Reinsurance Reserve Assets			
Ceded unearned premium reserve	472,148	505,791	366,123
Ceded claims reserve	<u>105,371</u>	<u>66,754</u>	<u>67,818</u>
Total	<u>\$ 1,111,020</u>	<u>\$ 903,608</u>	<u>\$ 776,284</u>

(11) Investments accounted for under the equity method - net

	<u>June 30, 2020</u>		<u>December 31, 2019</u>		<u>June 30, 2019</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Associates:						
CR Yuanta Fund Management Company Limited	\$ 313,508	24.50%	\$ 329,553	24.50%	\$ 68,188	49.00%
GC Investment Consultant (Shanghai) Co., Ltd.	21,693	100.00%	21,914	100.00%	22,554	100.00%
Yuanta Security(U.K)	60,314	100.00%	61,221	100.00%	63,185	100.00%
Woori Asset Management Corp.	721,675	27.00%	742,961	27.00%	736,860	27.00%
Polaris Ocean Private Equity Fund	72,791	3.26%	38,347	3.26%	39,598	3.26%
KoFC-TongYang Pioneer Champ 2010-5 Venture Capital Fund	6,895	16.22%	14,322	16.22%	14,804	16.22%
KoFC-KVIC Green Growth Venture Capital Fund	-	18.00%	-	18.00%	11,909	18.00%
2011 KIF-TONGYANG IT Venture Fund	23,476	17.20%	35,689	17.20%	57,306	17.20%
TONGYANG AGRI-FOOD INVESTMENT FUND II	112,329	40.74%	121,985	40.74%	127,215	40.74%
IBKC-TONGYANG Growth 2013 Private Equity Fund	200,734	10.71%	211,345	10.71%	204,558	10.71%
KVIC-Yuanta 2015 Overseas Advance Fund	218,493	44.00%	354,213	44.00%	332,731	44.00%
2016 KIF-Yuanta ICT Fund	96,793	16.67%	160,911	16.67%	98,798	16.67%
Yuanta Secoundary No.2 Fund	168,659	12.28%	192,295	12.28%	170,161	12.28%
Yuanta Secoundary No.3 Private Equity Fund	225,306	15.26%	74,312	15.26%	80,750	15.26%
Yuanta SPAC III	1,567	0.83%	1,656	0.83%	1,709	0.83%
SJ-ULTRA V 1st FUND	30,775	34.48%	25,443	34.48%	26,285	34.48%
Yuanta SPAC IV	1,153	0.54%	1,219	0.54%	885	4.55%
Yuanta-HPNT Private Equity Fund	4,926	0.09%	5,201	0.09%	5,375	0.09%
Yuanta SPAC V	370	0.25%	391	0.25%	-	-
Yuanta SPAC VI	370	0.22%	391	0.22%	-	-
Kiwoom-Yuanta 2019 Scale-up Fund	22,137	15.20%	-	-	-	-
Yuanta Securities Holding (B.V.I.) Co., Ltd.	-	-	9,879	100.00%	-	-
	<u>\$ 2,303,964</u>		<u>\$ 2,403,248</u>		<u>\$ 2,062,871</u>	

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

	For the three months ended June 30,	
	2020	2019
Net loss for the period from continuing operations	(\$ 6,890)	(\$ 474)
Other comprehensive (loss) income (net of tax)	(2,760)	961
	For the six months ended June 30,	
	2020	2019
Net gain for the period from continuing operations	\$ 97,764	\$ 14,582
Other comprehensive (loss) income (net of tax)	(24,615)	1,753

(12) Other financial assets - net

	June 30, 2020	December 31, 2019	June 30, 2019
Non-loans reclassified to non-accrual loans	\$ 1,045,733	\$ 660,745	\$ 882,349
Less: Provision for credit losses	(987,256)	(578,696)	(873,509)
	58,477	82,049	8,840
Purchase of claim receivable	1,861,428	1,871,125	1,879,351
Valuation adjustment on purchase of claim receivable	(21,571)	(21,665)	(21,781)
	1,839,857	1,849,460	1,857,570
Customer margin deposit account	76,734,358	57,600,601	62,189,969
Investment-linked product assets	1,744,347	1,935,363	1,940,223
Securities borrowing and lending refundable deposits	216,815	126,207	58,617
Others	173,705	3,784,666	80,888
Total	<u>\$ 80,767,559</u>	<u>\$ 65,378,346</u>	<u>\$ 66,136,107</u>

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

B. The 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 June 30, 2020, December 31, 2019 and June 30, 2019, as well as for the three months and six months ended June 30, 2020 and 2019, details about the assets on insurance products, separated accounts were as follows:

	June 30, 2020	December 31, 2019	June 30, 2019
Investment-linked insurance product assets			
Cash in bank	\$ 6,518	\$ 576	\$ 370
Financial assets at fair value through profit or loss	1,734,934	1,931,133	1,935,681
Other receivables	2,895	3,654	4,172
	<u>\$ 1,744,347</u>	<u>\$ 1,935,363</u>	<u>\$ 1,940,223</u>

	<u>June 30, 2020</u>	<u>December 31, 2019</u>	<u>June 30, 2019</u>
Investment-linked insurance product liabilities			
Reserve for investment linked insurance product-insurance contract	\$ 1,733,116	\$ 1,923,374	\$ 1,927,445
Reserve for investment linked insurance product-investment contract	8,038	8,990	8,686
Other payables	3,193	2,999	4,092
	<u>\$ 1,744,347</u>	<u>\$ 1,935,363</u>	<u>\$ 1,940,223</u>
		<u>For the three months ended June 30,</u>	
		<u>2020</u>	<u>2019</u>
Revenue on investment-linked insurance products			
Premium income		\$ 54,154	\$ 54,886
Gain on financial assets at fair value through profit or loss		152,305	42,558
Exchange gain (loss)		1,343	(581)
Interest income		1,567	1,704
Other income		777	2,141
		<u>\$ 210,146</u>	<u>\$ 100,708</u>
Expenses on investment-linked insurance products			
Claims and policy benefit payments		\$ 26,416	\$ 41,092
Net change in reserve for investment-linked insurance product-insurance contract		158,935	37,050
Administrative expenses and other expenses		24,795	22,566
		<u>\$ 210,146</u>	<u>\$ 100,708</u>
		<u>For the six months ended June 30,</u>	
		<u>2020</u>	<u>2019</u>
Revenue on investment – linked insurance products			
Premium income		\$ 108,251	\$ 111,206
(Loss) gain on financial assets at fair value through profit or loss		(173,460)	173,329
Exchange loss		(810)	(843)
Interest income		3,157	3,395
Other income		2,606	5,066
		<u>(\$ 60,256)</u>	<u>\$ 292,153</u>
Expenses on investment – linked insurance products			
Claims and policy benefit payments		\$ 80,924	\$ 96,065
Net change in reserve for investment-linked insurance product-insurance contract		(191,068)	148,783
Administrative expenses and other expenses		49,888	47,305
		<u>(\$ 60,256)</u>	<u>\$ 292,153</u>

(13) Investment property - net

June 30, 2020				
Assets	Cost	Accumulated depreciation	Accumulated impairment	Book value
Land and land improvements	\$ 7,376,055	\$ -	(\$ 273,890)	\$ 7,102,165
Buildings	2,929,400	(1,071,821)	(48,159)	1,809,420
Right-of-use assets	6,675,294	(113,416)	-	6,561,878
Investment property under construction	952,910	-	-	952,910
Total	\$ 17,933,659	(\$ 1,185,237)	(\$ 322,049)	\$ 16,426,373
December 31, 2019				
Assets	Cost	Accumulated depreciation	Accumulated impairment	Book value
Land and land improvements	\$ 3,080,186	\$ -	(\$ 277,516)	\$ 2,802,670
Buildings	3,060,441	(1,087,230)	(50,042)	1,923,169
Right-of-use assets	256,993	(66,860)	-	190,133
Total	\$ 6,397,620	(\$ 1,154,090)	(\$ 327,558)	\$ 4,915,972
June 30, 2019				
Assets	Cost	Accumulated depreciation	Accumulated impairment	Book value
Land and land improvements	\$ 3,120,733	\$ -	(\$ 282,346)	\$ 2,838,387
Buildings	3,085,422	(1,061,228)	(51,428)	1,972,766
Right-of-use assets	265,379	(56,096)	-	209,283
Total	\$ 6,471,534	(\$ 1,117,324)	(\$ 333,774)	\$ 5,020,436

Change in investment property of the Yuanta Group:

	For the six months ended June 30,	
	2020	2019
Cost		
At January 1	\$ 6,397,620	\$ 6,463,708
Changes of retrospective adjustment	-	297,684
Cost after retrospective adjustment	6,397,620	6,761,392
Additions	6,336,195	204,728
Disposals	(61,694)	(143,277)
Transferred from property and equipment	5,024,324	-
Transferred from other assets	410,231	(276,574)
Foreign exchange adjustment	(173,017)	(74,735)
At June 30	\$ 17,933,659	\$ 6,471,534

- D. The land rent of superficies was reduced by 20% for 2020 in accordance with Tai-Cai-Chan-Bei-Gai-Zi No. 10950005400 by the National Property Administration, Ministry of Finance. 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 \$5,579 by decreasing lease liability and investment property - investment property under construction for 2020.
- E. To improve the efficiency of capital investment, the Board of Directors of Yuanta Life of the 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, 2020	\$ 14,577,211	\$ 7,152,721	\$ 3,916,823	\$ 211,086	\$ 1,739,464	\$ 1,205,145	\$ 28,802,450
Additions	-	-	187,289	2,390	38,308	1,286,679	1,514,666
Disposals	-	-	(137,126)	(5,613)	(101,376)	-	(244,115)
Reclassifications	(4,375,925)	(4,224)	136,403	-	46,257	(808,838)	(5,006,327)
Translation difference	(27,281)	(69,552)	(118,161)	(761)	(16,191)	(252)	(232,198)
At June 30, 2020	<u>\$ 10,174,005</u>	<u>\$ 7,078,945</u>	<u>\$ 3,985,228</u>	<u>\$ 207,102</u>	<u>\$ 1,706,462</u>	<u>\$ 1,682,734</u>	<u>\$ 24,834,476</u>
<u>Accumulated depreciation</u>							
At January 1, 2020	\$ -	(\$ 2,371,822)	(\$ 2,758,061)	(\$ 112,353)	(\$ 1,119,167)	\$ -	(\$ 6,361,403)
Depreciation	-	(87,068)	(261,884)	(14,572)	(134,474)	-	(497,998)
Disposals	-	-	136,357	2,923	100,820	-	240,100
Reclassifications	-	3,825	-	(242)	-	-	3,583
Translation difference	-	24,509	100,110	457	8,907	-	133,983
At June 30, 2020	<u>\$ -</u>	<u>(\$ 2,430,556)</u>	<u>(\$ 2,783,478)</u>	<u>(\$ 123,787)</u>	<u>(\$ 1,143,914)</u>	<u>\$ -</u>	<u>(\$ 6,481,735)</u>
<u>Accumulated impairment</u>							
At January 1, 2020	(\$ 135,885)	(\$ 62,195)	\$ -	\$ -	(\$ 298)	\$ -	(\$ 198,378)
Impairment loss	189	381	-	-	-	-	570
At June 30, 2020	<u>(\$ 135,696)</u>	<u>(\$ 61,814)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(\$ 298)</u>	<u>\$ -</u>	<u>(\$ 197,808)</u>
Net carrying amount	<u>\$ 10,038,309</u>	<u>\$ 4,586,575</u>	<u>\$ 1,201,750</u>	<u>\$ 83,315</u>	<u>\$ 562,250</u>	<u>\$ 1,682,734</u>	<u>\$ 18,154,933</u>

	Land and land improvements	Buildings	Machinery and computer equipment	Transportation equipment	Miscellaneous equipment	Construction in progress and prepayments for business facilities	Total
<u>Cost</u>							
At January 1, 2019	\$ 14,393,687	\$ 7,098,130	\$ 3,951,882	\$ 232,644	\$ 1,858,921	\$ 452,969	\$ 27,988,233
Changes of retrospective adjustment	-	-	(33,427)	-	(6,600)	-	(40,027)
Cost after retrospective adjustment	14,393,687	7,098,130	3,918,455	232,644	1,852,321	452,969	27,948,206
Additions	-	193	58,503	26,057	34,036	321,457	440,246
Disposals	-	-	(106,838)	(25,711)	(165,345)	(310)	(298,204)
Reclassifications	148,482	127,997	36,741	10,277	13,488	(30,100)	306,885
Translation difference	(11,692)	(26,490)	(22,524)	2,532	16,804	507	(40,863)
At June 30, 2019	\$ 14,530,477	\$ 7,199,830	\$ 3,884,337	\$ 245,799	\$ 1,751,304	\$ 744,523	\$ 28,356,270
<u>Accumulated depreciation</u>							
At January 1, 2019	\$ -	(\$ 2,146,204)	(\$ 2,662,707)	(\$ 115,243)	(\$ 1,082,808)	\$ -	(\$ 6,006,962)
Changes of retrospective adjustment	-	-	25,432	-	550	-	25,982
Accumulated depreciation after retrospective adjustment	-	(2,146,204)	(2,637,275)	(115,243)	(1,082,258)	-	(5,980,980)
Depreciation	-	(88,429)	(259,674)	(17,548)	(142,853)	-	(508,504)
Disposals	-	-	106,400	16,582	156,318	-	279,300
Reclassifications	-	(54,319)	352	(250)	10,534	-	(43,683)
Translation difference	-	8,298	26,477	(940)	(7,835)	-	26,000
At June 30, 2019	\$ -	(\$ 2,280,654)	(\$ 2,763,720)	(\$ 117,399)	(\$ 1,066,094)	\$ -	(\$ 6,227,867)
<u>Accumulated impairment</u>							
At January 1, 2019	(\$ 79,043)	(\$ 30,008)	\$ -	\$ -	(\$ 298)	\$ -	(\$ 109,349)
Reclassifications	(56,225)	(31,090)	-	-	-	-	(87,315)
At June 30, 2019	(\$ 135,268)	(\$ 61,098)	\$ -	\$ -	(\$ 298)	\$ -	(\$ 196,664)
Net carrying amount	\$ 14,395,209	\$ 4,858,078	\$ 1,120,617	\$ 128,400	\$ 684,912	\$ 744,523	\$ 21,931,739

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, 2020	\$ 14,384,557	\$ 192,654	\$ 14,577,211	\$ 7,124,840	\$ 27,881	\$ 7,152,721
Reclassifications	(4,375,925)	-	(4,375,925)	(4,224)	-	(4,224)
Translation difference	(27,281)	-	(27,281)	(69,552)	-	(69,552)
At June 30, 2020	<u>\$ 9,981,351</u>	<u>\$ 192,654</u>	<u>\$ 10,174,005</u>	<u>\$ 7,051,064</u>	<u>\$ 27,881</u>	<u>\$ 7,078,945</u>
<u>Accumulated depreciation</u>						
At January 1, 2020	\$ -	\$ -	\$ -	(\$ 2,368,392)	(\$ 3,430)	(\$ 2,371,822)
Depreciation	-	-	-	(86,404)	(664)	(87,068)
Reclassifications	-	-	-	3,825	-	3,825
Translation difference	-	-	-	24,509	-	24,509
At June 30, 2020	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(\$ 2,426,462)</u>	<u>(\$ 4,094)</u>	<u>(\$ 2,430,556)</u>
<u>Accumulated impairment</u>						
At January 1, 2020	(\$ 135,885)	\$ -	(\$ 135,885)	(\$ 62,195)	\$ -	(\$ 62,195)
Impairment loss	189	-	189	381	-	381
At June 30, 2020	<u>(\$ 135,696)</u>	<u>\$ -</u>	<u>(\$ 135,696)</u>	<u>(\$ 61,814)</u>	<u>\$ -</u>	<u>(\$ 61,814)</u>
Net carrying amount	<u>\$ 9,845,655</u>	<u>\$ 192,654</u>	<u>\$ 10,038,309</u>	<u>\$ 4,562,788</u>	<u>\$ 23,787</u>	<u>\$ 4,586,575</u>

	Land			Buildings		
	Owner-occupied	Lease	Subtotal	Owner-occupied	Lease	Subtotal
<u>Cost</u>						
At January 1, 2019	\$ 14,201,033	\$ 192,654	\$ 14,393,687	\$ 7,070,249	\$ 27,881	\$ 7,098,130
Additions	-	-	-	193	-	193
Reclassifications	148,482	-	148,482	127,997	-	127,997
Translation difference	(11,692)	-	(11,692)	(26,490)	-	(26,490)
At June 30, 2019	<u>\$ 14,337,823</u>	<u>\$ 192,654</u>	<u>\$ 14,530,477</u>	<u>\$ 7,171,949</u>	<u>\$ 27,881</u>	<u>\$ 7,199,830</u>
<u>Accumulated depreciation</u>						
At January 1, 2019	\$ -	\$ -	\$ -	(\$ 2,144,102)	(\$ 2,102)	(\$ 2,146,204)
Depreciation	-	-	-	(87,765)	(664)	(88,429)
Reclassifications	-	-	-	(54,319)	-	(54,319)
Translation difference	-	-	-	8,298	-	8,298
At June 30, 2019	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(\$ 2,277,888)</u>	<u>(\$ 2,766)</u>	<u>(\$ 2,280,654)</u>
<u>Accumulated impairment</u>						
At January 1, 2019	(\$ 79,043)	\$ -	(\$ 79,043)	(\$ 30,008)	\$ -	(\$ 30,008)
Reclassifications	(56,225)	-	(56,225)	(31,090)	-	(31,090)
At June 30, 2019	<u>(\$ 135,268)</u>	<u>\$ -</u>	<u>(\$ 135,268)</u>	<u>(\$ 61,098)</u>	<u>\$ -</u>	<u>(\$ 61,098)</u>
Net carrying amount	<u>\$ 14,202,555</u>	<u>\$ 192,654</u>	<u>\$ 14,395,209</u>	<u>\$ 4,832,963</u>	<u>\$ 25,115</u>	<u>\$ 4,858,078</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>June 30, 2020</u>	<u>December 31, 2019</u>	<u>June 30, 2019</u>
	Carrying amount	Carrying amount	Carrying amount
Land	\$ 8,969,070	\$ 9,034,582	\$ 9,099,221
Buildings	3,975,451	4,229,162	4,429,687
Machinery and equipment	228,494	14,529	29,053
Transportation equipment	29,141	39,323	22,666
Others	20,198	26,284	29,199
	<u>\$ 13,222,354</u>	<u>\$ 13,343,880</u>	<u>\$ 13,609,826</u>

For the three months ended June 30,

	<u>2020</u>	<u>2019</u>
	Depreciation charge	Depreciation charge
Land	\$ 5,830	\$ 5,474
Buildings	352,728	317,956
Machinery and equipment	13,168	11,230
Transportation equipment	3,845	2,601
Others	2,773	2,927
	<u>\$ 378,344</u>	<u>\$ 340,188</u>

For the six months ended June 30,

	<u>2020</u>	<u>2019</u>
	Depreciation charge	Depreciation charge
Land	\$ 11,611	\$ 10,937
Buildings	710,038	647,825
Machinery and equipment	26,885	25,181
Transportation equipment	8,112	5,673
Others	5,844	6,955
	<u>\$ 762,490</u>	<u>\$ 696,571</u>

C. For the three months and six months ended June 30, 2020 and 2019, the additions to right-of-use assets amounted to \$179,689, \$233,382, \$920,394 and \$458,197, respectively.

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

	For the three months ended June 30,	
	2020	2019
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 26,270	\$ 25,521
Expense on short-term lease contracts	22,700	41,544
Expense on leases of low-value assets	3,843	3,196
Gain on sublease of right-of-use assets	3,447	5,069
Gain on lease modification	727	-
	For the six months ended June 30,	
	2020	2019
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 52,132	\$ 53,539
Expense on short-term lease contracts	33,248	89,303
Expense on leases of low-value assets	6,417	5,848
Gain on sublease of right-of-use assets	6,990	8,261
Gain on lease modification	595	-

E. For the three months and six months ended June 30, 2020 and 2019, the Yuanta Group's total cash outflow for leases amounted to \$5,607,960, \$399,745, \$6,026,015 and \$809,665, 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 \$9,736 by decreasing rent expense as of June 30, 2020.

(16) Leasing arrangements – lessor

A. The Yuanta Group leases various assets including buildings. 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 June 30, 2020	For the three months ended June 30, 2019
Finance income from the net investment in the finance lease	\$ 337	\$ 419
	For the six months ended June 30, 2020	For the six months ended June 30, 2019
Finance income from the net investment in the finance lease	\$ 695	\$ 857

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

	<u>June 30, 2020</u>	<u>December 31, 2019</u>
2020	\$ 4,231	\$ 8,462
2021	8,462	8,462
2022	8,463	8,463
2023	<u>8,463</u>	<u>8,463</u>
Total	<u>\$ 29,619</u>	<u>\$ 33,850</u>

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

	<u>June 30, 2020</u>	<u>December 31, 2019</u>
Undiscounted lease payments	\$ 29,619	\$ 33,850
Unearned finance income	<u>(2,380)</u>	<u>(3,075)</u>
Net investment in the lease	<u>\$ 27,239</u>	<u>\$ 30,775</u>

E. For the three months and six months ended June 30, 2020 and 2019, the Yuanta Group recognised rent income in the amounts of \$60,298, \$49,799, \$114,596 and \$101,713, 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:

	<u>June 30, 2020</u>		<u>December 31, 2019</u>		<u>June 30, 2019</u>
2020	\$ 88,391	2020	\$ 127,613	2019	\$ 29,812
2021	93,120	2021	47,029	2020	45,085
2022	38,088	2022	16,396	2021	17,803
2023	12,974	2023	9,699	2022	11,220
2024	2,481	2024	3,312	2023	9,621
After 2025	<u>5,695</u>	After 2025	<u>5,120</u>	After 2024	<u>6,826</u>
Total	<u>\$ 240,749</u>	Total	<u>\$ 209,169</u>	Total	<u>\$ 120,367</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, 2020	\$ 31,505,838	\$ 385,200	\$ 4,604,348	\$ 3,045,314	\$ 4,432,247	\$ 43,972,947
Additions	-	-	68,835	-	9,604	78,439
Disposals	-	-	(45,795)	-	(20,172)	(65,967)
Reclassifications	-	-	39,719	-	-	39,719
Translation difference	(27,279)	(147)	(200,486)	-	(47,111)	(275,023)
At June 30, 2020	\$ 31,478,559	\$ 385,053	\$ 4,466,621	\$ 3,045,314	\$ 4,374,568	\$ 43,750,115
<u>Accumulated amortization</u>						
At January 1, 2020	\$ -	(\$ 370,109)	(\$ 3,983,321)	(\$ 3,030,626)	(\$ 1,878,442)	(\$ 9,262,498)
Amortization	-	(821)	(121,576)	(1,875)	(116,333)	(240,605)
Disposals	-	-	45,795	-	-	45,795
Translation difference	-	44	187,748	-	2,065	189,857
At June 30, 2020	\$ -	(\$ 370,886)	(\$ 3,871,354)	(\$ 3,032,501)	(\$ 1,992,710)	(\$ 9,267,451)
<u>Accumulated impairment</u>						
At January 1, 2020	(\$ 1,475,943)	\$ -	\$ -	\$ -	(\$ 37,046)	(\$ 1,512,989)
Disposals	-	-	-	-	7,435	7,435
Translation difference	-	-	-	-	1,019	1,019
At June 30, 2020	(\$ 1,475,943)	\$ -	\$ -	\$ -	(\$ 28,592)	(\$ 1,504,535)
Net carrying amount	\$ 30,002,616	\$ 14,167	\$ 595,267	\$ 12,813	\$ 2,353,266	\$ 32,978,129

<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, 2019	\$ 31,526,065	\$ 385,419	\$ 4,683,786	\$ 3,030,314	\$ 4,474,296	\$ 44,099,880
Additions	-	-	51,506	-	-	51,506
Disposals	-	-	(33,458)	-	(46)	(33,504)
Reclassifications	-	-	12,582	-	2,888	15,470
Translation difference	(3,430)	207	(78,348)	-	(16,527)	(98,098)
At June 30, 2019	\$ 31,522,635	\$ 385,626	\$ 4,636,068	\$ 3,030,314	\$ 4,460,611	\$ 44,035,254
<u>Accumulated amortization</u>						
At January 1, 2019	\$ -	(\$ 368,532)	(\$ 4,014,774)	(\$ 2,911,800)	(\$ 1,624,740)	(\$ 8,919,846)
Amortization	-	(820)	(162,653)	(118,514)	(139,117)	(421,104)
Disposals	-	-	33,416	-	46	33,462
Translation difference	-	(61)	79,983	-	734	80,656
At June 30, 2019	\$ -	(\$ 369,413)	(\$ 4,064,028)	(\$ 3,030,314)	(\$ 1,763,077)	(\$ 9,226,832)
<u>Accumulated impairment</u>						
At January 1, 2019	(\$ 1,475,943)	\$ -	\$ -	\$ -	(\$ 34,202)	(\$ 1,510,145)
Translation difference	-	-	-	-	280	280
At June 30, 2019	(\$ 1,475,943)	\$ -	\$ -	\$ -	(\$ 33,922)	(\$ 1,509,865)
Net carrying amount	\$ 30,046,692	\$ 16,213	\$ 572,040	\$ -	\$ 2,663,612	\$ 33,298,557

- 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
2019					
Growth rate	2.00%	2.00%	2.00%	2.00%	2.00%
Discount rate	7.50%	9.30%	7.50%	9.30%	7.50%
	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%
	Bank subsidiaries				
	Corporate finance	International finance	Personal finance	Financial management	Financial market
2018					
Growth rate	2.00%	2.00%	2.00%	2.00%	2.00%
Discount rate	7.70%	9.60%	7.70%	9.60%	9.60%
	Securities subsidiaries				
	Brokerage Segment	Investment Bank Segment	Investment Segment	Futures	Securities Investment Trust
2018					
Growth rate	2.00%	2.00%	3.00%	2.00%	2.00%
Discount rate	8.90%	8.80%	16.20%~17.60%	8.30%	13.90%

(18) Other assets - net

	<u>June 30, 2020</u>	<u>December 31, 2019</u>	<u>June 30, 2019</u>
Refundable deposits	\$ 4,528,479	\$ 3,649,586	\$ 5,893,459
Refundable deposits for securities lending	8,633,524	6,767,161	23,417,680
Operating guarantee deposits and settlement fund	4,849,434	3,166,064	3,061,348
Prepaid expenses	737,692	1,186,068	815,376
Bank deposits - amounts held for settlement	18,854,127	15,334,258	10,078,020
Others(Note)	816,127	941,440	1,129,092
Total	<u>\$ 38,419,383</u>	<u>\$ 31,044,577</u>	<u>\$ 44,394,975</u>

Note: In March 2016, Trust Investment (a borrower) petitioned to the Financial Services Commission of the Republic of Korea that Yuanta Savings Bank (Korea) overcharged fees for prior loan cases and thus claimed Yuanta Savings Bank (Korea) should return KRW 4 billion in unjustly received fees. Because Yuanta Savings Bank (Korea) believed that such a claim had no merit, Yuanta Savings Bank (Korea) filed a litigation with the Seoul Southern District Court to confirm that the claim at issue lacked legal merit and to clarify related disputes in the petition. Upon the acquisition date of Yuanta Savings Bank (Korea), Yuanta Bank had reached an agreement with the seller AON BGN Limited Liability Company that required AON BGN Limited Liability Company to pledge KRW 5 billion to Yuanta Bank as a guarantee for losses related to the litigation. On March 12, 2020, the aforementioned case was adjudicated in favour of Yuanta Savings Bank (Korea) in the third instance by the Supreme Court of South Korea. The Yuanta Group adjusted the compensation assets and contingent liabilities which were recognised in accordance with the litigation in the amount of KRW 4,024,469 thousand as of December 31, 2019.

Please refer to Note 8 for details of the Yuanta Group's other assets pledged to others as collateral as of June 30, 2020, December 31, 2019 and June 30, 2019.

(19) Non-financial asset impairment losses

As of June 30, 2020, December 31, 2019 and June 30, 2019, accumulated impairments on various financial assets were as follows:

	<u>June 30, 2020</u>	<u>December 31, 2019</u>	<u>June 30, 2019</u>
Investment property	\$ 322,049	\$ 327,558	\$ 333,774
Property and equipment	197,808	198,378	196,664
Intangible assets - goodwill	1,475,943	1,475,943	1,475,943
Intangible assets - other	28,592	37,046	33,922

(20) Deposits from Central Bank and other banks

	<u>June 30, 2020</u>	<u>December 31, 2019</u>	<u>June 30, 2019</u>
Deposits from other banks	\$ -	\$ -	\$ 10,054
Overdrafts from other banks	4,855,909	2,188,789	1,616,969
Call loans from other banks	10,609,200	5,811,661	8,336,776
Redeposit from the directorate general of postal remittance	5,106,579	5,106,578	5,106,579
Total	<u>\$ 20,571,688</u>	<u>\$ 13,107,028</u>	<u>\$ 15,070,378</u>

(21) Commercial paper payable - net

	<u>June 30, 2020</u>	<u>December 31, 2019</u>	<u>June 30, 2019</u>
Commercial paper payable	\$ 22,177,306	\$ 38,652,537	\$ 54,040,340
Less: Discount on commercial paper payable	(44,559)	(30,809)	(41,553)
Total	<u>\$ 22,132,747</u>	<u>\$ 38,621,728</u>	<u>\$ 53,998,787</u>

As of June 30, 2020, December 31, 2019 and June 30, 2019, the annual interest rate of commercial paper payable were 0.418%~1.710%, 0.648%~2.200% and 0.56%~2.45%, respectively.

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

<u>June 30, 2020</u>	<u>December 31, 2019</u>	<u>June 30, 2019</u>
CTBC Bank Co., Ltd.	CTBC Bank Co., Ltd.	CTBC Bank Co., Ltd.
Taipei Fubon Commercial Bank Co., Ltd.	Taipei Fubon Commercial Bank Co., Ltd.	Taipei Fubon Commercial Bank Co., Ltd.
Hua Nan Commercial Bank Co., Ltd.	Hua Nan Commercial Bank Co., Ltd.	Sunny Bank Ltd.
Taiwan Finance Corporation	Taiwan Finance Corporation	Hua Nan Commercial Bank Co., Ltd.
Union Bank of Taiwan Co., Ltd.	Union Bank of Taiwan Co., Ltd.	Taiwan Finance Corporation
Taishin International Bank Co., Ltd.	Ta Ching Bills Finance Corporation	Union Bank of Taiwan Co., Ltd.
Grand Bills Finance Corp.	Taishin International Bank Co., Ltd.	Mega Bills Finance Co., Ltd.
Cathay United Commercial Bank Co., Ltd.	Grand Bills Finance Corp.	Ta Ching Bills Finance Corporation
China Bills Finance Corporation	Cathay United Commercial Bank Co., Ltd.	Taishin International Bank Co., Ltd.
International Bills Finance Corporation	Taiwan Business Bank Co., Ltd.	Dah Chung Bills Finance Corp.
Shinhan Bank	China Bills Finance Corporation	Grand Bills Finance Corp.
Meritz Securities Co., Ltd.	E.Sun Commercial Bank Co, Ltd.	KGI Bank Co., Ltd.
KB Securities Co., Ltd.	Sunny Bank Ltd.	Cathay United Commercial Bank Co., Ltd.
KTB Securities Co., Ltd.		Taiwan Business Bank Co., Ltd. China Bills Finance Corporation E.Sun Commercial Bank Co., Ltd. KB Securities Co., Ltd. Korea Asset investment

(22) Payables

	<u>June 30, 2020</u>	<u>December 31, 2019</u>	<u>June 30, 2019</u>
Accounts payable	\$ 98,039,227	\$ 83,601,357	\$ 80,236,090
Demand remittance payable	6,016,221	4,755,085	13,610,774
Bankers' acceptances payable	218,866	231,675	1,138,631
Dividends payable	7,851,751	-	10,504,600
Interests payable	1,866,512	2,168,012	2,525,940
Commission payable	387,763	537,297	359,933
Accrued expenses	7,876,518	9,071,384	7,109,570
Taxes payable	279,442	259,581	246,074
Collections payable for customers	1,722,645	795,571	762,991
Proceeds payable from underwriting	479,522	1,033,662	925,765
Due to reinsurers and ceding companies	723,858	544,877	328,550
Collateralized proceeds payable from securities lending	6,909,671	9,216,987	4,943,181
Consigned securities payable	6,766,550	4,990,149	4,463,923
Settled price	9,815,202	808,597	1,550,690
Securities purchased payable	6,827,827	4,879,672	13,887,787
Settlement payable	43,294,784	28,129,520	32,213,240
Deposits received on securities lending	6,549,887	8,025,210	4,470,442
Checks for clearing	508,781	585,996	2,127,951
SBL refund payable	1,095,674	153,271	176,706
Other payables	1,241,594	1,539,143	884,813
Total	<u>\$ 208,472,295</u>	<u>\$ 161,327,046</u>	<u>\$ 182,467,651</u>

(23) Deposits and remittances

	<u>June 30, 2020</u>	<u>December 31, 2019</u>	<u>June 30, 2019</u>
Checking deposits	\$ 4,027,211	\$ 5,181,275	\$ 4,630,931
Demand deposits	147,965,664	131,892,732	136,006,862
Time deposits	293,740,275	305,342,019	304,733,117
Negotiable certificates of deposit	16,294,500	24,423,500	15,621,000
Savings deposits	685,270,553	628,523,549	580,649,980
Remittances	141,540	143,196	134,031
Total	<u>\$ 1,147,439,743</u>	<u>\$ 1,095,506,271</u>	<u>\$ 1,041,775,921</u>

(24) Bonds payable

	<u>June 30, 2020</u>	<u>December 31, 2019</u>	<u>June 30, 2019</u>
Financial bonds	\$ 34,500,000	\$ 34,500,000	\$ 36,000,000
Unsecured corporate bonds	39,326,227	34,349,634	36,635,911
Total	<u>\$ 73,826,227</u>	<u>\$ 68,849,634</u>	<u>\$ 72,635,911</u>

A. The details of financial debentures as of June 30, 2020 were as follows:

	<u>Third issue of subordinate financial 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 financial 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 financial 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 financial 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>Third issue of subordinate financial debentures in 2014</u>
Par value	\$3,500,000
Stated interest rate	Fixed interest rate at 2.05%
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 financial 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 financial 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 financial 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 financial 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 financial debentures in 2016</u>
Par value	\$5,000,000
Stated interest rate	Fixed interest rate at 1.80%
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 June 30, 2020 were as follows:	
The Company	
	<u>Yuanta Financial Holdings first issue of local unsecured normal corporate bond in 2015</u>
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
	<u>Yuanta Financial Holdings first issue of local unsecured normal corporate bond in 2016(B)</u>
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
	<u>Yuanta Financial Holdings first issue of local unsecured normal corporate bond in 2016(C)</u>
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
	<u>Yuanta Financial Holdings second issue of local unsecured normal corporate bond in 2016(B)</u>
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)
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
The Yuanta Group	
	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
	Yuanta Securities Asia Financial Services USD denominated unsecured privately placed bonds
Par value	USD 50,000 thousand (USD 31,360 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>June 30, 2020</u>	<u>December 31, 2019</u>	<u>June 30, 2019</u>
Short-term borrowings			
Unsecured bank borrowings	\$ 10,615,039	\$ 11,827,493	\$ 14,527,910
Secured bank borrowings	3,289,274	4,341,814	5,582,556
KSFC secured borrowings	19,258,077	19,948,508	17,520,125
Issuance of short-term bond	20,992,957	21,319,419	23,999,763
Secured short-term bond	144,045	3,410,758	3,199,318
Long-term borrowings			
Unsecured bank borrowings	-	-	807,000
	<u>\$ 54,299,392</u>	<u>\$ 60,847,992</u>	<u>\$ 65,636,672</u>
Interest rate-short-term (%)	<u>0.70%~8.60%</u>	<u>0.86%~7.50%</u>	<u>0.70%~3.90%</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>June 30, 2020</u>	<u>December 31, 2019</u>	<u>June 30, 2019</u>
Insurance liability	\$ 281,940,620	\$ 266,738,866	\$ 241,952,454
Reserve for foreign exchange fluctuation	171,069	600,869	708,321
Employee benefit liabilities reserve	5,575,380	5,814,732	5,890,185
Guaranteed policy reserve	143,032	147,163	178,022
Loan commitment reserve and letters of credit	48,028	48,360	51,729
Other reserves (Note)	499,525	510,911	623,097
Total	<u>\$ 288,377,654</u>	<u>\$ 273,860,901</u>	<u>\$ 249,403,808</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 KRW 697,000 million (approximately NT\$17.2 billion); of which former TongYang Securities Inc. was liable for compensations totaling KRW 67,678 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 June 30, 2020, there were 3 litigations filed against former TongYang Securities Inc. and its subsidiaries related to the above-mentioned dispute on financial products selling, demanding compensations totaling KRW 542,859 million (approximately NT\$13.4 billion); of which 2 were class actions, demanding compensation of KRW 492,565 million (approximately NT\$12.1 billion) and KRW 50,000 million (approximately NT\$1.2 billion). For the KRW 492,565 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 KRW 50,000 million class action, the Seoul Central District Court and the Seoul High Court had rejected through the adjudication procedure on January 5, 2018 and October 17, 2018 respectively, 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 KRW 93,400 million (approximately NT\$2.3 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 KRW 23,940 million (approximately NT\$600 million) in liability reserves as of June 30, 2020. As of June 30, 2020, the balance of the liability reserve related to the aforementioned dispute on sales of financial products was KRW 5,195 million (approximately NT\$130 million).

A. The components of insurance liabilities are as follows:

	<u>June 30, 2020</u>	<u>December 31, 2019</u>	<u>June 30, 2019</u>
Unearned premium reserve	\$ 725,756	\$ 633,319	\$ 535,191
Claims reserve	692,314	638,183	558,141
Reserve for policy benefit	275,550,672	260,684,071	235,640,942
Premium deficiency reserve	1,144,437	865,166	1,201,857
Other reserves	3,827,441	3,918,127	4,016,323
Total	<u>\$ 281,940,620</u>	<u>\$ 266,738,866</u>	<u>\$ 241,952,454</u>

(A) Unearned premium reserve and ceded unearned premium reserve

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

	June 30, 2020		
	Insurance contract	Financial instruments with discretionary participation features	Total
Unearned premium reserve			
Personal life insurance	\$ 1,735	\$ -	\$ 1,735
Personal accident insurance	238,623	-	238,623
Personal health insurance	324,417	-	324,417
Group insurance	158,511	-	158,511
Investment-link insurance	2,470	-	2,470
	<u>\$ 725,756</u>	<u>\$ -</u>	<u>\$ 725,756</u>
Ceded unearned premium reserve			
Personal life insurance	\$ 349,697	\$ -	\$ 349,697
Personal accident insurance	510	-	510
Personal health insurance	120,153	-	120,153
Group insurance	948	-	948
Investment-link insurance	840	-	840
	<u>\$ 472,148</u>	<u>\$ -</u>	<u>\$ 472,148</u>
December 31, 2019			
	Insurance contract	Financial instruments with discretionary participation features	Total
Unearned premium reserve			
Personal life insurance	\$ 1,320	\$ -	\$ 1,320
Personal accident insurance	218,920	-	218,920
Personal health insurance	250,051	-	250,051
Group insurance	160,602	-	160,602
Investment-link insurance	2,426	-	2,426
	<u>\$ 633,319</u>	<u>\$ -</u>	<u>\$ 633,319</u>
Ceded unearned premium reserve			
Personal life insurance	\$ 343,694	\$ -	\$ 343,694
Personal accident insurance	300	-	300
Personal health insurance	160,688	-	160,688
Group insurance	272	-	272
Investment-link insurance	837	-	837
	<u>\$ 505,791</u>	<u>\$ -</u>	<u>\$ 505,791</u>

	June 30, 2019		
	Insurance contract	Financial instruments with discretionary participation features	Total
Unearned premium reserve			
Personal life insurance	\$ 1,134	\$ -	\$ 1,134
Personal accident insurance	201,371	-	201,371
Personal health insurance	211,924	-	211,924
Group insurance	118,767	-	118,767
Investment-link insurance	1,995	-	1,995
	<u>\$ 535,191</u>	<u>\$ -</u>	<u>\$ 535,191</u>
Ceded unearned premium reserve			
Personal life insurance	\$ 247,858	\$ -	\$ 247,858
Personal accident insurance	271	-	271
Personal health insurance	117,266	-	117,266
Group insurance	354	-	354
Investment-link insurance	374	-	374
	<u>\$ 366,123</u>	<u>\$ -</u>	<u>\$ 366,123</u>

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

	For the six months ended June 30,	
	2020	2019
Unearned premium reserve		
At January 1	\$ 633,319	\$ 458,865
Current net change	92,437	76,326
At June 30	<u>\$ 725,756</u>	<u>\$ 535,191</u>
	For the six months ended June 30,	
	2020	2019
Ceded unearned premium reserve		
At January 1	\$ 505,791	\$ 366,326
Current net change	(33,452)	(212)
(Loss) gain on foreign exchange	(191)	9
At June 30	<u>\$ 472,148</u>	<u>\$ 366,123</u>

(B) Claims reserve and ceded claims reserve

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

	June 30, 2020		
	Claims reported but not paid	Claims incurred but not reported	Total
Claims reserve			
Personal life insurance	\$ 380,800	\$ 316	\$ 381,116
Personal accident insurance	5,891	31,794	37,685
Personal health insurance	170,805	81,076	251,881
Group insurance	980	14,895	15,875
Investment-link insurance	5,744	13	5,757
	<u>\$ 564,220</u>	<u>\$ 128,094</u>	<u>\$ 692,314</u>
Ceded claims reserve			
Personal life insurance	\$ 51,414	\$ -	\$ 51,414
Personal health insurance	53,957	-	53,957
	<u>\$ 105,371</u>	<u>\$ -</u>	<u>\$ 105,371</u>
	December 31, 2019		
	Claims reported but not paid	Claims incurred but not reported	Total
Claims reserve			
Personal life insurance	\$ 364,404	\$ 270	\$ 364,674
Personal accident insurance	3,560	36,074	39,634
Personal health insurance	145,420	74,800	220,220
Group insurance	-	11,644	11,644
Investment-link insurance	2,000	11	2,011
	<u>\$ 515,384</u>	<u>\$ 122,799</u>	<u>\$ 638,183</u>
Ceded claims reserve			
Personal life insurance	\$ 36,019	\$ -	\$ 36,019
Personal accident insurance	81	-	81
Personal health insurance	30,654	-	30,654
	<u>\$ 66,754</u>	<u>\$ -</u>	<u>\$ 66,754</u>

	June 30, 2019		
	Claims reported but not paid	Claims incurred but not reported	Total
Claims reserve			
Personal life insurance	\$ 341,737	\$ 132	\$ 341,869
Personal accident insurance	11,692	25,216	36,908
Personal health insurance	125,923	42,071	167,994
Group insurance	-	11,363	11,363
Investment-link insurance	-	7	7
	<u>\$ 479,352</u>	<u>\$ 78,789</u>	<u>\$ 558,141</u>
Ceded claims reserve			
Personal life insurance	\$ 31,092	\$ -	\$ 31,092
Personal health insurance	36,726	-	36,726
	<u>\$ 67,818</u>	<u>\$ -</u>	<u>\$ 67,818</u>

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

	For the six months ended June 30,	
	2020	2019
Claims reserve		
At January 1	\$ 638,183	\$ 406,408
Current net change	54,033	151,715
Loss on foreign exchange	98	18
At June 30	<u>\$ 692,314</u>	<u>\$ 558,141</u>
	For the six months ended June 30,	
	2020	2019
Ceded claims reserve		
At January 1	\$ 66,754	\$ 29,749
Current net change	38,617	38,069
At June 30	<u>\$ 105,371</u>	<u>\$ 67,818</u>

(C) Reserve for policy benefit

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

	June 30, 2020		
	Financial instruments with discretionary		
	<u>Insurance contract</u>	<u>participation features</u>	<u>Total</u>
Life insurance	\$ 250,780,004	\$ -	\$ 250,780,004
Health insurance	24,247,858	-	24,247,858
Annuity insurance	9,420	346,788	356,208
Investment-link insurance	51,444	-	51,444
	<u>\$ 275,088,726</u>	<u>\$ 346,788</u>	<u>275,435,514</u>
Recovery of catastrophe reserve			4,221
Transferred in unwritten-off balance of 3% decrease in business tax			46,062
Payables to the insured			64,875
Total			<u>\$ 275,550,672</u>
	December 31, 2019		
	Financial instruments with discretionary		
	<u>Insurance contract</u>	<u>participation features</u>	<u>Total</u>
Life insurance	\$ 237,376,061	\$ -	\$ 237,376,061
Health insurance	22,798,809	-	22,798,809
Annuity insurance	9,624	328,343	337,967
Investment-link insurance	52,346	-	52,346
	<u>\$ 260,236,840</u>	<u>\$ 328,343</u>	<u>260,565,183</u>
Recovery of catastrophe reserve			4,221
Transferred in unwritten-off balance of 3% decrease in business tax			46,062
Payables to the insured			68,605
Total			<u>\$ 260,684,071</u>
	June 30, 2019		
	Financial instruments with discretionary		
	<u>Insurance contract</u>	<u>participation features</u>	<u>Total</u>
Life insurance	\$ 213,740,801	\$ -	\$ 213,740,801
Health insurance	21,413,712	-	21,413,712
Annuity insurance	10,647	300,792	311,439
Investment-link insurance	53,642	-	53,642
	<u>\$ 235,218,802</u>	<u>\$ 300,792</u>	<u>235,519,594</u>
Recovery of catastrophe reserve			4,221
Transferred in unwritten-off balance of 3% decrease in business tax			46,062
Payables to the insured			71,065
Total			<u>\$ 235,640,942</u>

b.Changes in reserve for policy benefit:

	For the six months ended June 30,	
	2020(Note 1)	2019(Note 2)
At January 1	\$ 260,675,996	\$ 218,459,622
Current net change	15,358,148	16,932,843
(Gain) loss on foreign exchange	(491,252)	241,733
At June 30	<u>\$ 275,542,892</u>	<u>\$ 235,634,198</u>

Note 1: For the six months ended June 30, 2020, “Reserve for policy benefit-payables to the insured” is \$7,780. As of June 30, 2020, the total reserve for policy benefit amount of changes in reserve for policy benefit is \$275,550,672.

Note 2: For the six months ended June 30, 2019, “Reserve for policy benefit-payables to the insured” is \$6,744. As of June 30, 2019, the total reserve for policy benefit amount of changes in reserve for policy benefit is \$235,640,942.

For the three months and six months ended June 30, 2020 and 2019, the interest expense, reflecting on the contract liabilities over a period of time, are \$1,824,848, \$1,605,493, \$3,632,778 and \$3,183,007, respectively.

(D) Premium deficiency reserve

a. Details of premium deficiency reserve are as follows:

	June 30, 2020		
	Financial instruments with discretionary		
	Insurance contract	participation features	Total
Personal life insurance	\$ 1,130,113	\$ -	\$ 1,130,113
Personal health insurance	14,324	-	14,324
Total	<u>\$ 1,144,437</u>	<u>\$ -</u>	<u>\$ 1,144,437</u>
	December 31, 2019		
	Financial instruments with discretionary		
	Insurance contract	participation features	Total
Personal life insurance	\$ 851,667	\$ -	\$ 851,667
Personal health insurance	13,499	-	13,499
Total	<u>\$ 865,166</u>	<u>\$ -</u>	<u>\$ 865,166</u>
	June 30, 2019		
	Financial instruments with discretionary		
	Insurance contract	participation features	Total
Personal life insurance	\$ 1,192,416	\$ -	\$ 1,192,416
Personal health insurance	9,441	-	9,441
Total	<u>\$ 1,201,857</u>	<u>\$ -</u>	<u>\$ 1,201,857</u>

b. Change in premium deficiency reserve:

	For the six months ended June 30,	
	2020	2019
At January 1	\$ 865,166	\$ 1,340,561
Current net change	283,710	(140,289)
(Gain) loss on foreign exchange	(4,439)	1,585
At June 30	<u>\$ 1,144,437</u>	<u>\$ 1,201,857</u>

(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 six months ended June 30,	
	2020	2019
At January 1	\$ 3,918,127	\$ 4,103,376
Recovery	(90,686)	(87,053)
At June 30	<u>\$ 3,827,441</u>	<u>\$ 4,016,323</u>

B. Reserve for foreign exchange fluctuation

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

	For the six months ended June 30,	
	2020	2019
At January 1	\$ 600,869	\$ 893,568
Provision		
Compulsory provision	125,890	123,410
Additional provision	275,201	472,387
Subtotal	1,001,960	1,489,365
Recovery	(830,891)	(781,044)
At June 30	<u>\$ 171,069</u>	<u>\$ 708,321</u>

(B) Effect of accounts eligible or ineligible for the foreign exchange reserve on the consolidated financial statements of Yuanta Life of the Group for the six months ended June 30, 2020 and 2019 are as follows:

	For the six months ended June 30, 2020		
	Ineligible amount	Eligible amount	Impact
Net income	\$ 821,373	\$ 1,165,213	\$ 343,840
Earnings per share (in dollars)	0.47	0.67	0.20
Reserve for foreign exchange fluctuation	-	171,069	171,069
Total equity	29,593,209	29,441,047	(152,162)

	For the six months ended June 30, 2019		
	Ineligible amount	Eligible amount	Impact
Net income	\$ 950,742	\$ 1,098,939	\$ 148,197
Earnings per share (in dollars)	0.98	1.13	0.15
Reserve for foreign exchange fluctuation	-	708,321	708,321
Total equity	14,472,929	13,890,965	(581,964)

(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. 1076057939 and no. 1086074270 from Department of Labor, Taipei City government to suspend the pension contribution for the period from September 2018 to August 2020.
- (B) For the aforementioned pension plan, the Company and its domestic subsidiaries recognised pension costs of \$15,540, \$18,948, \$32,347 and \$39,216 for the three months and six months ended June 30, 2020 and 2019, respectively.
- (C) Expected contributions to the defined benefit pension plans of the Company and its domestic subsidiaries for the year ending December 31, 2021 amounts to \$47,896.

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
Ta Chong Bank's share conversion agreement with the Company on March 22, 2016 includes the relevant terms guaranteeing the rights and interests of employees. After the approval of the FSC, Ta Chong Bank has accrued termination provisions of \$124,199, \$280,239 and \$409,757, respectively in June 30, 2020, December 31, 2019 and June 30, 2019 (recorded under termination provisions).
- (D) Under the defined contribution plan, the Company and its domestic subsidiaries recognised pension expense of \$117,121 (under the employees' benefit expenses of \$115,039 and net income other than interest of \$2,082), \$110,901 (under the employees' benefit expenses of \$108,476 and net income other than interest of \$2,425), \$232,442 (under the employees' benefit expenses of \$227,979 and net income other than interest of \$4,463) and \$222,175 (under the employees' benefit expenses of \$217,747 and net income other than interest of \$4,428) for the three months and six months ended June 30, 2020 and 2019, 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 and six months ended June 30, 2020 and 2019, the foreign subsidiaries recognised \$122,017, \$143,936, \$249,552 and \$283,214, respectively, of pension expense by complying with aforementioned regulations.

(28) Other financial liabilities

	<u>June 30, 2020</u>	<u>December 31, 2019</u>	<u>June 30, 2019</u>
Futures traders' equity	\$ 83,989,002	\$ 67,419,748	\$ 73,369,078
Structured deposit	4,234,731	6,712,530	8,290,131
Investment-linked products liabilities	1,744,347	1,935,363	1,940,223
Appropriated loan fund	<u>572</u>	<u>1,779</u>	<u>3,336</u>
Total	<u>\$ 89,968,652</u>	<u>\$ 76,069,420</u>	<u>\$ 83,602,768</u>

(29) Other liabilities

	<u>June 30, 2020</u>	<u>December 31, 2019</u>	<u>June 30, 2019</u>
Guarantee deposit-in and margin deposits	\$ 28,814,728	\$ 28,783,494	\$ 40,669,011
Underwriting share proceeds collected on behalf of customers	1,039	241,581	965
Collections in advance	2,148,081	1,348,880	1,365,081
Retention bonus payable	1,431,641	1,474,522	1,429,222
Refundable deposits	1,310,841	1,111,072	276,062
Refundable deposits-derivative transactions	2,834,573	3,973,016	3,926,334
Others	<u>1,516,529</u>	<u>1,351,049</u>	<u>1,256,767</u>
Total	<u>\$ 38,057,432</u>	<u>\$ 38,283,614</u>	<u>\$ 48,923,442</u>

(30) Share capital

As of June 30, 2020, December 31, 2019 and June 30, 2019, the Company's total authorized capital were \$180,000,000, \$125,000,000 and \$125,000,000, respectively and total paid-in capital were \$116,706,115, \$116,706,115 and \$116,862,325, respectively. The aforementioned total paid-in capital includes 11,670,612, 11,670,612 and 11,686,233 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.

	<u>June 30, 2020</u>	<u>December 31, 2019</u>	<u>June 30, 2019</u>
Post 1998	\$ 4,036,443	\$ 4,036,443	\$ 4,041,698

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

	<u>June 30, 2020</u>	<u>December 31, 2019</u>	<u>June 30, 2019</u>
Additional paid-in capital	\$ 33,573,790	\$ 33,573,790	\$ 33,617,492
Treasury share transactions	3,479,710	3,479,710	3,477,403
Others	729,336	348,980	105,579
	<u>\$ 37,782,836</u>	<u>\$ 37,402,480</u>	<u>\$ 37,200,474</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-Zheng-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 2019 of the Company resolved by the stockholders' meeting on June 9, 2020 and the earnings distribution for 2018 resolved by the stockholders' meeting on June 14, 2019 are as follows:

	2019 earnings		2018 earnings	
	Amount	Dividend per share	Amount	Dividend per share
		(in dollars)		(in dollars)
Legal reserve	\$ -	\$ -	\$ 1,867,921	\$ -
Cash dividends	7,585,897	0.65	10,503,550	0.90
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(43) 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, 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	-	3,727,858	-	-	3,727,858
- Evaluation transferred to profit or loss	-	(1,411,027)	-	-	(1,411,027)
- Evaluation transferred to retained earnings	-	333,733	-	-	333,733
Other comprehensive income on reclassification under the overlay approach	-	-	-	630,639	630,639
Changes in translation difference of foreign operating entities	(1,668,888)	-	-	-	(1,668,888)
Effects on income tax	-	(159,895)	-	434	(159,461)
Evaluation of credit risk	-	-	(1,078)	-	(1,078)
Balance, June 30, 2020	<u>(\$ 5,197,274)</u>	<u>\$ 14,397,855</u>	<u>(\$ 37,808)</u>	<u>\$ 678,032</u>	<u>\$ 9,840,805</u>
	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, 2019 after adjustments	(\$ 2,409,469)	\$ 7,775,718	(\$ 29,798)	(\$ 330,367)	\$ 5,006,084
Financial assets at fair value through other comprehensive income					
- Evaluation adjustment in the period	-	5,062,119	-	-	5,062,119
- Evaluation transferred to profit or loss	-	(504,362)	-	-	(504,362)
- Evaluation transferred to retained earnings	-	(88,900)	-	-	(88,900)
Other comprehensive income on reclassification under the overlay approach	-	-	-	958,634	958,634
Changes in translation difference of foreign operating entities	106,022	-	-	-	106,022
Effects on income tax	-	(203,703)	-	(33,830)	(237,533)
Evaluation of credit risk	-	-	(1,501)	-	(1,501)
Balance, June 30, 2019	<u>(\$ 2,303,447)</u>	<u>\$ 12,040,872</u>	<u>(\$ 31,299)</u>	<u>\$ 594,437</u>	<u>\$ 10,300,563</u>

(35) Treasury shares

The Yuanta Group has no relevant information for the six months ended June 30, 2020, and the changes in the Company's treasury shares held by Yuanta Group for the six months ended June 30, 2019 was as follows (expressed in thousands of shares):

Reason for buyback of shares	For the six months ended June 30, 2019					
	Beginning balance of amount	Beginning balance of shares	Share increase	Share decrease	Ending balance of shares	Ending balance of amount
Buy-back rights of shareholders with objections (Note)	\$ 197,606	15,621	-	-	15,621	\$ 197,606

Note: For the Company's share transfer acquisition plan with Ta Chong Commercial Bank Co., Ltd., shareholders with objections have demanded the Company to buy back their shares in accordance with Article 317 of the Company Act.

(BLANK)

(36) Net interest income

	For the three months ended June 30,	
	2020	2019
<u>Interest income</u>		
Bills discounted and interest income on loans	\$ 4,151,072	\$ 4,720,073
Interest income from margin trade	840,093	1,079,327
Interest income on securities investment	3,178,936	3,299,030
Interest income from placement and call loan to other banks	342,335	543,436
Interest income on bills and bonds purchased under resale agreements	86,618	152,582
Recurring interest income from credit card	50,901	58,332
Other interest income	266,644	507,672
Subtotal	<u>8,916,599</u>	<u>10,360,452</u>
<u>Interest expense</u>		
Interest expense of deposit	(\$ 1,291,984)	(\$ 1,895,633)
Interest expense of Central Bank and other banks' deposit	(4,863)	(65,779)
Interest expense on due to the Central Bank and other banks	(268,069)	(372,274)
Interest expense on bills and bonds sold under repurchase agreements	(340,753)	(818,923)
Interest expense of structured instruments	(48,229)	(127,795)
Coupon rate of bank debenture	(205,287)	(217,406)
Coupon rate of corporate bonds	(102,585)	(111,422)
Coupon rate of commercial papers	(33,247)	(93,692)
Interest expense of margin purchase	(6,696)	(4,657)
Lease liabilities interest expense	(26,270)	(25,521)
Other interest expense	(73,280)	(180,225)
Subtotal	<u>(2,401,263)</u>	<u>(3,913,327)</u>
Total	<u>\$ 6,515,336</u>	<u>\$ 6,447,125</u>

	For the six months ended June 30,	
	2020	2019
<u>Interest income</u>		
Bills discounted and interest income on loans	\$ 8,694,768	\$ 9,608,517
Interest income from margin trade	1,843,987	2,124,726
Interest income on securities investment	6,455,250	6,563,821
Interest income from placement and call loan to other banks	748,753	1,045,112
Interest income on bills and bonds purchased under resale agreements	220,526	287,217
Recurring interest income from credit card	105,761	118,787
Other interest income	576,832	864,616
Subtotal	<u>18,645,877</u>	<u>20,612,796</u>
<u>Interest expense</u>		
Interest expense of deposit	(\$ 2,993,698)	(\$ 3,789,528)
Interest expense of Central Bank and other banks' deposit	(26,956)	(157,186)
Interest expense on due to the Central Bank and other banks	(548,855)	(764,002)
Interest expense on bills and bonds sold under repurchase agreements	(894,997)	(1,675,161)
Interest expense of structured instruments	(120,176)	(264,985)
Coupon rate of bank debenture	(410,539)	(438,176)
Coupon rate of corporate bonds	(190,679)	(214,653)
Coupon rate of commercial papers	(110,359)	(163,599)
Interest expense of margin purchase	(14,081)	(12,147)
Lease liabilities interest expense	(52,132)	(53,539)
Other interest expense	(225,839)	(308,777)
Subtotal	<u>(5,588,311)</u>	<u>(7,841,753)</u>
Total	<u>\$ 13,057,566</u>	<u>\$ 12,771,043</u>

(37) Net service fee and commission income

	For the three months ended June 30,	
	2020	2019
<u>Service fee and commission income</u>		
Brokerage service fee income	\$ 6,118,206	\$ 3,959,465
Service fee income on insurance brokerage and stock register	387,860	532,661
Service fee on credit cards	256,209	375,601
Service fee income on trust business	693,421	840,953
Service income on credit extension	174,067	239,397
Underwriting service income	221,857	236,940
Service income on margin trade	36,685	25,460
Commission – reinsurance allowance	34,585	26,581
Service income on foreign exchange	18,262	22,420
Service fee income on consigned settlement	8,433	10,880
Deposits and remittance and other service income	133,604	108,078
Subtotal	<u>8,083,189</u>	<u>6,378,436</u>
<u>Service fee expenses and commission expense</u>		
Insurance commission expense	(\$ 455,074)	(\$ 619,042)
Service expense on trust business	(718)	(275)
Service expense on brokerage	(596,335)	(492,563)
Service expense on self-operation	(24,847)	(24,220)
Service fee expense on credit cards	(218,412)	(333,180)
Service expense on settlement	(105,978)	(114,907)
Futures commission expense	(110,100)	(126,993)
Underwriting service expense	(1,519)	(5,109)
Service expense on foreign exchange	(8,711)	(10,244)
Service expense on credit extension	(6,732)	(6,077)
Deposits and remittance and other service expense	(83,600)	(83,020)
Subtotal	<u>(1,612,026)</u>	<u>(1,815,630)</u>
Total	<u>\$ 6,471,163</u>	<u>\$ 4,562,806</u>

	For the six months ended June 30,	
	2020	2019
<u>Service fee and commission income</u>		
Brokerage service fee income	\$ 11,419,743	\$ 7,558,567
Service fee income on insurance brokerage and stock register	815,058	903,160
Service fee on credit cards	561,920	777,760
Service fee income on trust business	1,628,599	1,569,996
Service income on credit extension	344,784	541,161
Underwriting service income	513,642	638,565
Service income on margin trade	68,853	45,372
Commission – reinsurance allowance	66,708	47,707
Service income on foreign exchange	37,832	43,005
Service fee income on consigned settlement	20,829	19,456
Deposits and remittance and other service income	302,212	351,636
Subtotal	<u>15,780,180</u>	<u>12,496,385</u>
<u>Service fee expenses and commission expense</u>		
Insurance commission expense	(\$ 1,290,898)	(\$ 1,254,411)
Service expense on trust business	(1,411)	(1,143)
Service expense on brokerage	(1,309,452)	(921,045)
Service expense on self-operation	(57,218)	(46,847)
Service fee expense on credit cards	(488,581)	(702,644)
Service expense on settlement	(300,060)	(205,811)
Futures commission expense	(245,727)	(243,833)
Underwriting service expense	(2,853)	(6,549)
Service expense on foreign exchange	(19,084)	(20,119)
Service expense on credit extension	(16,257)	(15,707)
Deposits and remittance and other service expense	(170,805)	(164,166)
Subtotal	<u>(3,902,346)</u>	<u>(3,582,275)</u>
Total	<u>\$ 11,877,834</u>	<u>\$ 8,914,110</u>

(38) Net income from insurance operations

	For the three months ended June 30,	
	2020	2019
<u>Income from insurance operations</u>		
Gross collected premiums	\$ 9,361,205	\$ 10,206,007
Less: Reinsurance premium ceded	(196,088)	(194,264)
Net changes of unearned premium reserve	(103,878)	(21,768)
Retention earned premium income	9,061,239	9,989,975
Investment-linked product income (Note)	210,146	100,708
Subtotal	<u>9,271,385</u>	<u>10,090,683</u>
<u>Expense from insurance operations</u>		
Claims and policy benefits	(\$ 3,217,701)	(\$ 2,018,240)
Less: Claims recovered from reinsurers	130,480	115,393
Retention claims and policy benefits payments	(3,087,221)	(1,902,847)
Underwriting expenses	(1,631)	(2,149)
Expense from guaranty fund	(17,795)	(19,401)
Investment-linked product expenses (Note)	(210,146)	(100,708)
Subtotal	<u>(3,316,793)</u>	<u>(2,025,105)</u>
Total	<u>\$ 5,954,592</u>	<u>\$ 8,065,578</u>
	For the six months ended June 30,	
	2020	2019
<u>Income from insurance operations</u>		
Gross collected premiums	\$ 20,816,317	\$ 20,367,395
Less: Reinsurance premium ceded	(441,833)	(341,333)
Net changes of unearned premium reserve	(125,889)	(76,538)
Retention earned premium income	20,248,595	19,949,524
Investment-linked product income (Note)	(60,256)	292,153
Subtotal	<u>20,188,339</u>	<u>20,241,677</u>
<u>Expense from insurance operations</u>		
Claims and policy benefits	(\$ 5,744,622)	(\$ 3,659,268)
Less: Claims recovered from reinsurers	246,434	198,397
Retention claims and policy benefits payments	(5,498,188)	(3,460,871)
Underwriting expenses	(3,061)	(4,024)
Expense from guaranty fund	(39,569)	(38,719)
Investment-linked product expenses (Note)	60,256	292,153
Subtotal	<u>(5,480,562)</u>	<u>(3,795,767)</u>
Total	<u>\$ 14,707,777</u>	<u>\$ 16,445,910</u>

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

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

	For the three months ended June 30,	
	2020	2019
<u>Realized gains or losses on financial assets and liabilities at fair value through profit or loss</u>		
Commercial papers	\$ 45,043	\$ 40,034
Bonds	1,429,686	1,567,855
Stocks	1,190,595	833,461
Beneficiary certificates	187,069	438,595
Interest-linked instrument	(83,129)	(47,692)
Exchange rate-linked instrument	(921,869)	(1,673,878)
Equity-linked instrument	-	(33)
Other financial derivative instruments	3,313,223	(568,913)
Loss on covering of borrowed securities and bonds with resale agreements	(630,621)	(578,564)
Loss from issuing call (put) warrants	(249,913)	(2,033,191)
Issuing call (put) warrants expense	(85,538)	(80,290)
Others	1,532,582	657,080
Subtotal	<u>5,727,128</u>	<u>(1,445,536)</u>
<u>Unrealized gains or losses on financial assets and liabilities at fair value through profit or loss</u>		
Commercial papers	(\$ 12,275)	(\$ 959)
Bonds	1,792,203	595,075
Stocks	3,977,868	1,056,272
Beneficiary certificates	228,476	(203,777)
Interest-linked instrument	(1,957,617)	(610,604)
Exchange rate-linked instrument	1,225,816	(439)
Equity-linked instrument	(412)	-
Other financial derivative instruments	2,059,438	(183,027)
Valuation (loss) gain on borrowed securities and bonds with resale agreements	(5,147,651)	499,219
Gain on issuance of call (put) warrants	497,444	2,393,033
Others	204,310	305,793
Subtotal	<u>2,867,600</u>	<u>3,850,586</u>
Total	<u>\$ 8,594,728</u>	<u>\$ 2,405,050</u>

	For the six months ended June 30,	
	2020	2019
<u>Realized gains or losses on financial assets and liabilities at fair value through profit or loss</u>		
Commercial papers	\$ 95,608	\$ 89,124
Bonds	2,822,460	2,954,594
Stocks	(895,996)	1,368,232
Beneficiary certificates	(2,680,234)	728,320
Interest-linked instrument	(165,296)	(68,582)
Exchange rate-linked instrument	(356,237)	(3,765,071)
Equity-linked instrument	-	(33)
Other financial derivative instruments	697,817	(526,824)
Loss on covering of borrowed securities and bonds with resale agreements	(285,413)	(611,333)
Loss from issuing call (put) warrants	(4,802,079)	(3,360,018)
Issuing call (put) warrants expense	(170,085)	(156,789)
Others	5,080,002	1,983,199
Subtotal	<u>(659,453)</u>	<u>(1,365,181)</u>
<u>Unrealized gains or losses on financial assets and liabilities at fair value through profit or loss</u>		
Commercial papers	(\$ 11,669)	(\$ 4,618)
Bonds	1,861,664	2,274,495
Stocks	640,589	3,658,063
Beneficiary certificates	290,204	380,425
Interest-linked instrument	582,867	(1,560,040)
Exchange rate-linked instrument	408,838	(155,613)
Equity-linked instrument	(323)	-
Other financial derivative instruments	(353,101)	(1,824,402)
Valuation loss on borrowed securities and bonds with resale agreements	(1,746,529)	(1,037,914)
Gain on issuance of call (put) warrants	6,024,303	3,786,097
Others	449,191	637,596
Subtotal	<u>8,146,034</u>	<u>6,154,089</u>
Total	<u>\$ 7,486,581</u>	<u>\$ 4,788,908</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 and six months ended June 30, 2020 and 2019, including the gain (loss) on disposal, were \$4,287,260, (\$3,164,550), (\$3,660,758) and (\$4,507,640), respectively, and the issuing call (put) warrants expense, were \$85,538, \$80,290, \$170,085 and \$156,789, respectively, and the dividends income were \$329,437, \$376,881, \$555,263 and \$479,185, respectively, and the interest income were \$1,195,969, \$1,422,423, \$2,616,127 and \$2,820,063, respectively.
- B. The Yuanta Group recognised net (loss) gain amounting to (\$5,226,309), (\$2,057,098), \$3,410,577 and (\$6,174,715), respectively, on financial liabilities designated as at fair value through profit or loss for the three months and six months ended June 30, 2020 and 2019.

- 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”.

(40) Asset impairment loss (reversal of impairment loss)

	For the three months ended June 30,	
	2020	2019
Impairment loss on investments in debt instruments measured at fair value through other comprehensive income	\$ 3,662	\$ 2,550
Impairment loss (Reversal of impairment loss) on investments in debt instruments at amortised cost	6,603 (2,271)
Reversal of impairment loss on property and equipment	(728)	-
Reversal of impairment loss on investment property	(4,025) (16,072)
Impairment loss on other assets	-	16,233
Total	\$ 5,512	\$ 440

	For the six months ended June 30,	
	2020	2019
Impairment loss on investments in debt instruments measured at fair value through other comprehensive income	\$ 9,206	\$ 460
Impairment loss (Reversal of impairment loss) on investments in debt instruments at amortised cost	9,300 (1,881)
Reversal of impairment loss on property and equipment	(570)	-
Reversal of impairment loss on investment property	(4,025) (16,072)
Impairment loss on other assets	-	16,233
Total	\$ 13,911	(\$ 1,260)

(41) Net other miscellaneous income

	For the three months ended June 30,	
	2020	2019
Borrowed stock revenue	\$ 312,848	\$ 402,250
Net change of reserve for foreign exchange fluctuation	614,927 (140,950)
Other net income	432,949	150,532
Total	<u>\$ 1,360,724</u>	<u>\$ 411,832</u>

	For the six months ended June 30,	
	2020	2019
Borrowed stock revenue	\$ 678,422	\$ 635,135
Net change of reserve for foreign exchange fluctuation	429,800	185,247
Other net income	695,854	400,093
Total	<u>\$ 1,804,076</u>	<u>\$ 1,220,475</u>

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

	For the three months ended June 30,	
	2020	2019
Bad debt expense of accounts receivable	\$ 92,309	\$ 40,664
Bad debt expense of bills discounted and loans	523,893	363,602
(Recovery) recognition of reserve for guarantee liabilities	(9,290)	33,000
Recovery of loan commitment reserve and other reserve	(253) (5,516)
Recovery of bad debt expense	(152,670)	(467,345)
Total	<u>\$ 453,989</u>	<u>(\$ 35,595)</u>

	For the six months ended June 30,	
	2020	2019
Bad debt expense of accounts receivable	\$ 214,430	\$ 97,966
Bad debt expense of bills discounted and loans	1,285,863	760,979
Recovery of reserve for guarantee liabilities	(4,020)	(20,500)
Recognition (recovery) of loan commitment reserve and other reserve	39 (4,617)
Recovery of bad debt expense	(371,141)	(708,619)
Total	<u>\$ 1,125,171</u>	<u>\$ 125,209</u>

(43) Employee benefit expense

	For the three months ended June 30,	
	2020	2019
Wages and salaries	\$ 5,656,236	\$ 4,914,115
Labor and health insurance fees	231,687	227,139
Pension costs	252,596	271,360
Termination benefits	3,587	5,734
Other employee benefit expenses	355,578	325,003
Total	<u>\$ 6,499,684</u>	<u>\$ 5,743,351</u>

	For the six months ended June 30,	
	2020	2019
Wages and salaries	\$ 11,160,329	\$ 9,845,225
Labor and health insurance fees	476,764	473,548
Pension costs	509,878	540,177
Termination benefits	7,771	8,843
Other employee benefit expenses	693,883	645,378
Total	<u>\$ 12,848,625</u>	<u>\$ 11,513,171</u>

As of June 30, 2020 and 2019, the Yuanta Group had 14,223 and 14,008 employees, 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 and six months ended June 30, 2020 and 2019, employees' compensation was accrued at \$6,114, \$4,999, \$9,956 and \$9,897, respectively; directors' and supervisors' remuneration was accrued at \$55,027, \$44,995, \$89,607 and \$89,077, respectively. The aforementioned amounts were recognised in salary expenses. The employees' compensation and directors' and supervisors' remuneration of 2019 as resolved by the Board of Directors in 2019 was in agreement with those amounts recognised in the 2019 financial statements. Information is available at the website of the Market Observation Post System provided by the Taiwan Stock Exchange Corporation (TWSE).

(44) Depreciation and amortization

	For the three months ended June 30,	
	2020	2019
Investment property depreciation	\$ 22,635	\$ 19,507
Property and equipment depreciation	252,137	252,751
Right-of-use asset depreciation	378,344	340,188
Intangible asset amortization	120,182	147,857
Deferred assets amortization	15,369	17,548
Total	<u>\$ 788,667</u>	<u>\$ 777,851</u>

	For the six months ended June 30,	
	2020	2019
Investment property depreciation	\$ 45,873	\$ 42,552
Property and equipment depreciation	497,998	508,504
Right-of-use asset depreciation	762,490	696,571
Intangible asset amortization	240,605	421,104
Deferred assets amortization	30,917	35,788
Total	<u>\$ 1,577,883</u>	<u>\$ 1,704,519</u>

(45) Other business and administrative expenses

	For the three months ended June 30,	
	2020	2019
Tax	\$ 853,638	\$ 715,467
Computer science expense	323,787	342,546
Commission expense	179,539	34,728
Professional expense	164,080	196,177
Postage and telephone costs	175,525	177,822
Miscellaneous expenses	266,215	240,449
Security borrowing expenses	210,420	172,071
Others	901,240	958,673
Total	<u>\$ 3,074,444</u>	<u>\$ 2,837,933</u>

	For the six months ended June 30,	
	2020	2019
Tax	\$ 1,790,654	\$ 1,443,428
Computer science expense	638,099	608,008
Commission expense	409,183	351,790
Professional expense	325,040	329,058
Postage and telephone costs	349,049	346,246
Miscellaneous expenses	458,049	399,735
Security borrowing expenses	419,132	336,174
Others	1,787,134	1,845,545
Total	<u>\$ 6,176,340</u>	<u>\$ 5,659,984</u>

(46) 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 June 30,	
	2020	2019
Current tax:		
Income tax from current income period	\$ 1,599,980	\$ 816,116
Income tax on unappropriated earnings	291,578	165,488
Adjustments in respect of prior years	(35,041)	(175,934)
Total current tax	<u>1,856,517</u>	<u>805,670</u>
Deferred tax:		
Origination and reversal of temporary differences	(266,489)	122,411
Total deferred tax	<u>(266,489)</u>	<u>122,411</u>
Income tax expense	<u>\$ 1,590,028</u>	<u>\$ 928,081</u>

	For the six months ended June 30,	
	2020	2019
Current tax:		
Income tax from current income period	\$ 2,304,868	\$ 1,887,789
Income tax on unappropriated earnings	291,578	165,488
Adjustments in respect of prior years	(60,702)	(77,432)
Total current tax	<u>2,535,744</u>	<u>1,975,845</u>
Deferred tax:		
Origination and reversal of temporary differences	(116,165)	(19,179)
Total deferred tax	<u>(116,165)</u>	<u>(19,179)</u>
Income tax expense	<u>\$ 2,419,579</u>	<u>\$ 1,956,666</u>

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

	For the three months ended June 30,	
	2020	2019
Unrealised gain or loss from investments in debt instruments measured at fair value through other comprehensive income	\$ 241,017	\$ 80,265
Unrealised gain or loss from investments in equity instruments measured at fair value through other comprehensive income	12,310	70,807
Other comprehensive income or loss on reclassification under the overlay approach	7,922	6,892
Share of profit or loss of associates and joint ventures accounted for using equity method	555	-
Gain or loss on remeasurements of defined benefit plans	(5,490)	(17,000)
Total	<u>\$ 256,314</u>	<u>\$ 140,964</u>
	For the six months ended June 30,	
	2020	2019
Unrealised gain or loss from investments in debt instruments measured at fair value through other comprehensive income	\$ 98,228	\$ 165,160
Unrealised gain or loss from investments in equity instruments measured at fair value through other comprehensive income	80,994	52,434
Other comprehensive income or loss on reclassification under the overlay approach	(434)	33,830
Share of profit or loss of associates and joint ventures accounted for using equity method	25,199	(144)
Gain or loss on remeasurements of defined benefit plans	(5,354)	(58,548)
Total	<u>\$ 198,633</u>	<u>\$ 192,732</u>

B. As of June 30, 2020, 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 2015
Yuanta Venture Capital	Assessed through 2015
Yuanta Asset Management	Assessed through 2015
Yuanta Securities Investment Consulting	Assessed through 2015
Yuanta Futures	Assessed through 2017
Yuanta Securities Investment Trust	Assessed through 2018
Yuanta Life	Assessed through 2015
Yuanta International Insurance Brokers	Assessed through 2018
Yuanta International Leasing	Assessed through 2018
Yuanta I Venture Capital	Assessed through 2017

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

Yuanta Securities

(A) Yuanta Securities disagreed with the Tax Authority's assessments of income tax returns for the fiscal years from 2010 to 2015. Yuanta Securities has filed for administrative remedies in accordance with the law and accrued the related income tax effects. Yuanta Securities filed for an administrative remedy of the Tax Authority's assessment of income tax return for the fiscal year from 2007 to 2008 have been retrial decision rejected by the Supreme Administrative Court. As of June 30, 2020, the amount was \$1,421,429.

(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 June 30, 2020, the amount was \$61,137.

(47) Earnings per share

	<u>For the three months ended June 30, 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	\$ 6,968,557	12,137,436	\$ 0.57
	<u>For the three months ended June 30, 2019</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	\$ 5,561,680	12,137,436	\$ 0.46

	For the six months ended June 30, 2020		
	Amount after tax	Weighted average	Earnings per share
		number of ordinary	
		shares outstanding	
<u>Basic and diluted earnings per share</u>		(share in thousands)	
Profit attributable to ordinary shareholders of the parent	\$ 11,064,297	12,137,436	\$ 0.91

	For the six months ended June 30, 2019		
	Amount after tax	Weighted average	Earnings per share
		number of ordinary	
		shares outstanding	
<u>Basic and diluted earnings per share</u>		(share in thousands)	
Profit attributable to ordinary shareholders of the parent	\$ 10,993,893	12,137,436	\$ 0.91

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 were 0.48 and 0.94 for the three months and six months ended June 30, 2019, respectively.

(48) Changes in liabilities from financing activities

	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	15,744,085	(16,475,231)	4,993,895	(6,548,600)	911,230
Impact of changes in foreign exchange rate	-	-	(51,185)	-	(128,347)
Amortisation of a premium or a discount on interest expense	-	(13,750)	33,883	-	-
At June 30, 2020	\$ 214,410,003	\$ 22,132,747	\$ 73,826,227	\$ 54,299,392	\$ 6,310,543
	Bills and bonds payable under repurchase agreements	Commercial paper payable	Bonds payable	Other borrowings	Lease liability
At January 1, 2019	\$ 218,570,425	\$ 36,269,123	\$ 66,756,009	\$ 64,019,801	\$ 6,237,121
Changes in cash flow from financing activities	(12,655,405)	17,690,400	6,067,408	1,616,871	(446,633)
Impact of changes in foreign exchange rate	-	-	(154,430)	-	(51,191)
Amortisation of a premium or a discount on interest expense	-	39,264	(33,076)	-	-
At June 30, 2019	\$ 205,915,020	\$ 53,998,787	\$ 72,635,911	\$ 65,636,672	\$ 5,739,297

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:

A. 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
Shang Trip Travel Service Co., Ltd. (Shang Trip Travel Service)	"
Yuanta Construction Development Co., Ltd. (Yuanta Construction Development)	"
Yuen Foong Yu Consumer Products Co., Ltd.	"
Yuanta Cultural & Education Foundation (Yuanta Foundation)	(Has become a related party since June 22, 2020.) A director of Yuanta Group holds a key managing position
Wei Ran Co., Ltd.	"
He's Education Foundation	"
Taiwan Securities Association	"
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 Fund	"
Yuanta SPAC III	"
Yuanta SPAC IV	"
Yuanta SPAC V	"
Yuanta SPAC VI	(Has become a related party since September 4, 2019.) "
Kiwoom-Yuanta 2019 Scale-up Fund	(Has become a related party since October 17, 2019.) "
Yuanta Diamond Funds SPC	(Has become a related party since April 29, 2020.) Funds managed by Yuanta Securities(Hong Kong)
Global Growth Investment, L.P.	Funds managed by Yuanta Asia Investment
Yuanta Asia Growth Investment, L.P.	"
Other related parties	The Yuanta Group, funds managed by consolidated subsidiaries, related parties in substance, major stockholders of affiliated entities, invested enterprises of key management and its close relatives, and the key management of the consolidated company.

B. Significant transactions and balances with related parties

(1) Deposits

June 30, 2020			
<u>Name</u>	<u>Ending balance</u>	<u>Percentage of deposits (%)</u>	<u>Interest rate (%)</u>
All related parties	\$ 10,592,080	0.92	0.00~6.065

December 31, 2019			
<u>Name</u>	<u>Ending balance</u>	<u>Percentage of deposits (%)</u>	<u>Interest rate (%)</u>
All related parties	\$ 10,486,297	0.96	0.00~6.065

June 30, 2019			
<u>Name</u>	<u>Ending balance</u>	<u>Percentage of deposits (%)</u>	<u>Interest rate (%)</u>
All related parties	\$ 12,025,791	1.15	0.00~6.065

Apart from an interest rate limit on staff demand savings deposits of 5.800% ~ 6.065% and 6.065%, respectively, for the six months ended June 30, 2020 and 2019, the range of interest rates on other related parties' demand savings deposits were 0.00% ~ 4.60% and 0.00% ~ 5.11%, 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 and six months ended June 30, 2020 and 2019, interest expense on the above deposits were \$19,848, \$37,248, \$48,541 and \$68,814, respectively.

(BLANK)

(2) Loans

Yuanta Bank and its subsidiaries

June 30, 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	285	\$ 84,477	\$ 58,015	\$ 58,015	\$ -	Credit loans, movables, real estate and deposits	None
Home mortgage loans	459	3,619,189	3,291,474	3,291,474	-	Real estate	None
Other loans	Wei Ran Co., Ltd.	20,000	20,000	20,000	-	Real estate	None
	Yuen Foong Yu Consumer Products Co., Ltd.	30,400	30,400	30,400	-	Credit loans	None
	He's Education Foundation	27,000	27,000	27,000	-	Deposits	None
	83	320,572	169,381	169,381	-	Stock, deposits, policy and real estate	None
Total			\$ 3,596,270	\$ 3,596,270	\$ -		

December 31, 2019

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	382	\$ 89,525	\$ 45,855	\$ 45,855	\$ -	Credit loans, movables and deposits	None
Home mortgage loans	462	3,813,793	3,182,318	3,182,318	-	Real estate	None
Other loans	Wei Ran Co., Ltd.	15,000	15,000	15,000	-	Real estate	None
	He's Education Foundation	27,000	27,000	27,000	-	Deposits	None
	Shang Trip Travel Service	1,850	-	-	-	Real estate	None
	95	294,295	168,871	168,871	-	Stock, deposits, policy and real estate	None
Total			\$ 3,439,044	\$ 3,439,044	\$ -		

June 30, 2019

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	249	\$ 59,045	\$ 35,109	\$ 35,109	\$ -	Credit loans, movables and deposits	None
Home mortgage loans	429	3,408,802	3,085,497	3,085,497	-	Real estate	None
Other loans	He's Education Foundation	27,000	27,000	27,000	-	Deposits	None
	Shang Trip Travel Service	1,850	-	-	-	Real estate	None
	77	242,708	144,971	144,971	-	Stock, deposits, policy and real estate	None
Total			\$ 3,292,577	\$ 3,292,577	\$ -		

Loans to related parties are under the same terms as those to other customers, except for interest rates on loans to affiliated companies were 1.35% ~ 2.00% and 2.00% ~ 2.50%, the interest rates on the remaining loans are ranging from 0.00% ~ 6.69% and 0.00% ~ 11.07% for the six months ended June 30, 2020 and 2019, respectively, which are the same with the terms of general loans.

For the three months and six months ended June 30, 2020 and 2019, interest income resulting from the above loans amounted to \$13,145, \$13,120, \$26,992 and \$26,317, respectively.

(BLANK)

(3) Property transactions

(A) The details of the Yuanta Group investments in open-end funds were as follows:

	<u>June 30, 2020</u>	<u>December 31, 2019</u>	<u>June 30, 2019</u>
Other related parties:			
Funds managed by Yuanta Securities Investment Trust	\$ 9,425,892	\$ 6,926,641	\$ 3,442,870
Yuanta Asia Growth Investment, L.P.	<u>63,818</u>	<u>35,825</u>	<u>23,490</u>
	<u>\$ 9,489,710</u>	<u>\$ 6,962,466</u>	<u>\$ 3,466,360</u>

	<u>Proceeds on disposal</u>	
	<u>For the three months ended June 30,</u>	
	<u>2020</u>	<u>2019</u>
Other related parties:		
Funds managed by Yuanta Securities Investment Trust	<u>\$ 84,137,388</u>	<u>\$ 65,251,813</u>

	<u>Proceeds on disposal</u>	
	<u>For the six months ended June 30,</u>	
	<u>2020</u>	<u>2019</u>
Other related parties:		
Funds managed by Yuanta Securities Investment Trust	<u>\$ 215,617,610</u>	<u>\$ 132,226,418</u>

	<u>Realized gain</u>	
	<u>For the three months ended June 30,</u>	
	<u>2020</u>	<u>2019</u>
Other related parties:		
Funds managed by Yuanta Securities Investment Trust	<u>\$ 838,696</u>	<u>\$ 450,224</u>

	<u>Realized gain</u>	
	<u>For the six months ended June 30,</u>	
	<u>2020</u>	<u>2019</u>
Other related parties:		
Funds managed by Yuanta Securities Investment Trust	<u>\$ 1,658,346</u>	<u>\$ 1,181,117</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 six months ended June 30, 2020				
	Highest balance	Ending balance	Interest rate (%)	Notional amount
Company's directors:				
Others	\$ 560,017	\$ 520,000	0.35~0.40	
Others	12,042	2,966	0.50~1.65 (Note: USD)	USD 100 thousand
Other related parties:				
Others	1,298,436	<u>1,246,141</u>	0.35~0.40	
		<u>\$ 1,769,107</u>		
For the six months ended June 30, 2019				
	Highest balance	Ending balance	Interest rate (%)	Notional amount
Company's directors:				
Others	\$ 280,082	\$ 200,028	0.35~0.40	
Others	49,710	49,710	2.30~2.40 (Note: USD)	USD 1,600 thousand
Other related parties:				
Others	1,307,025	<u>938,141</u>	0.35~0.40	
		<u>\$ 1,187,879</u>		

Note: For foreign currency repo trade.

	Interest expenses	
	For the three months ended June 30,	
	2020	2019
Company's directors:		
Others	\$ 412	\$ 349
Other related parties:		
Others	899	1,197
	<u>\$ 1,311</u>	<u>\$ 1,546</u>
	Interest expenses	
	For the six months ended June 30,	
	2020	2019
Company's directors:		
Others	\$ 938	\$ 618
Other related parties:		
Others	1,892	1,905
	<u>\$ 2,830</u>	<u>\$ 2,523</u>

b. Bonds sold and purchased:

	For the six months ended June 30,			
	2020		2019	
	Bonds purchased	Bonds sold	Bonds purchased	Bonds sold
Other related parties:				
Yuanta SPAC III	\$ 16,393	\$ -	\$ 17,888	\$ -
Yuanta SPAC IV	19,104	-	20,848	-
Yuanta SPAC V	24,280	-	-	-
Yuanta SPAC VI	24,280	-	-	-
	<u>\$ 84,057</u>	<u>\$ -</u>	<u>\$ 38,736</u>	<u>\$ -</u>

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

	For the six months ended June 30, 2020			
	Highest balance	Ending balance	Interest rate (%)	Notional amount
Company's directors:				
Others	\$ 5,042	<u>\$ 5,042</u>	2.60 (Note: USD)	USD 170 thousand
	For the six months ended June 30, 2019			
	Highest balance	Ending balance	Interest rate (%)	Notional amount
Company's directors:				
Others	\$ 37,282	\$ 37,282	3.05~3.25 (Note: USD)	USD 1,200 thousand
Other related parties:				
Others	9,942	<u>9,942</u>	3.05~3.20 (Note: USD)	USD 320 thousand
		<u>\$ 47,224</u>		

Note: For foreign currency repo trade.

	Interest income	
	For the three months ended June 30,	
	2020	2019
Company's directors:		
Others	\$ 33	\$ 290
Other related parties:		
Others	-	79
	<u>\$ 33</u>	<u>\$ 369</u>

	<u>Interest income</u>	
	<u>For the six months ended June 30,</u>	
	<u>2020</u>	<u>2019</u>
Company's directors:		
Others	\$ 67	\$ 586
Other related parties:		
Others	-	158
	<u>\$ 67</u>	<u>\$ 744</u>

(4) Structured notes

	<u>June 30, 2020</u>	<u>December 31, 2019</u>	<u>June 30, 2019</u>
Company's directors:			
Others	\$ 65,291	\$ 58,804	\$ 55,185
Other related parties:			
Others	11,101	10,396	10,696
	<u>\$ 76,392</u>	<u>\$ 69,200</u>	<u>\$ 65,881</u>

(5) Equity of futures traders

	<u>June 30, 2020</u>	<u>December 31, 2019</u>	<u>June 30, 2019</u>
Other related parties:			
Funds managed by Yuanta			
Securities Investment Trust	\$ 30,904,784	\$ 24,237,500	\$ 24,329,125
Others	53,808	53,588	57,519
	<u>\$ 30,958,592</u>	<u>\$ 24,291,088</u>	<u>\$ 24,386,644</u>

(6) 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>June 30, 2020</u>	<u>December 31, 2019</u>	<u>June 30, 2019</u>
Other related parties:			
Funds managed by Yuanta			
Securities Investment Trust	\$ 415,801	\$ -	\$ -
		<u>Security borrowing expenses</u>	
		<u>For the three months ended June 30,</u>	
		<u>2020</u>	<u>2019</u>
Other related parties:			
Funds managed by Yuanta			
Securities Investment Trust	\$ 2,960	\$	1,912

	<u>Security borrowing expenses</u>	
	<u>For the six months ended June 30,</u>	
	<u>2020</u>	<u>2019</u>
Other related parties:		
Funds managed by Yuanta		
Securities Investment Trust	\$ 3,408	\$ 3,896

As of June 30, 2020, December 31, 2019 and June 30, 2019, borrowing expenses payable were \$1,574, \$0 and \$503, respectively.

As of June 30, 2020, December 31, 2019 and June 30, 2019, refundable deposits receivable lending were \$6,965, \$0 and \$0, respectively.

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

	<u>Receivables from loans to employees and interest receivables</u>		
	<u>June 30, 2020</u>	<u>December 31, 2019</u>	<u>June 30, 2019</u>
Company's directors:			
Others	\$ 5,327	\$ 12,330	\$ 13,936
Other related parties:			
Others	198,727	209,653	218,925
	<u>\$ 204,054</u>	<u>\$ 221,983</u>	<u>\$ 232,861</u>

	<u>Interest income on loans to employees</u>	
	<u>For the three months ended June 30,</u>	
	<u>2020</u>	<u>2019</u>
Company's directors:		
Others	\$ 24	\$ 68
Other related parties:		
Others	1,947	1,941
	<u>\$ 1,971</u>	<u>\$ 2,009</u>

	<u>Interest income on loans to employees</u>	
	<u>For the six months ended June 30,</u>	
	<u>2020</u>	<u>2019</u>
Company's directors:		
Others	\$ 68	\$ 143
Other related parties:		
Others	3,893	5,605
	<u>\$ 3,961</u>	<u>\$ 5,748</u>

(8) Access service fees income

	<u>Access service fees income</u>	
	<u>For the three months ended June 30,</u>	
	<u>2020</u>	<u>2019</u>
Other related parties:		
Funds managed by Yuanta		
Securities Investment Trust	\$ <u>4,477</u>	\$ <u>601</u>

	<u>Access service fees income</u>	
	<u>For the six months ended June 30,</u>	
	<u>2020</u>	<u>2019</u>
Other related parties:		
Funds managed by Yuanta		
Securities Investment Trust	\$ <u>7,000</u>	\$ <u>1,170</u>

(9) Receivables from management fee income and management fee income

	<u>Receivables from management fee income</u>		
	<u>June 30, 2020</u>	<u>December 31, 2019</u>	<u>June 30, 2019</u>
Other related parties:			
Funds managed by Yuanta	\$ 283,674	\$ 231,394	\$ 212,542
Securities Investment Trust			
Yuanta Secondary No.3 Private			
Equity Fund	10,848	34,739	11,870
Yuanta Secondary No.2 Fund	12,150	18,162	6,383
TONGYANG AGRI-FOOD			
INVESTMENT FUND II	6,643	4,689	2,401
Others	15,898	19,043	16,797
	<u>\$ 329,213</u>	<u>\$ 308,027</u>	<u>\$ 249,993</u>

	<u>Management fee income</u>	
	<u>For the three months ended June 30,</u>	
	<u>2020</u>	<u>2019</u>
Other related parties:		
Funds managed by Yuanta	\$ 816,300	\$ 610,805
Securities Investment Trust		
Yuanta Secondary No.3 Private		
Equity Fund	10,800	11,777
Yuanta Secondary No.2 Fund	6,048	5,707
IBKC-TONGYANG Growth 2013		
Private Equity Fund	2,530	2,837
Others	11,128	11,231
	<u>\$ 846,806</u>	<u>\$ 642,357</u>

	Management fee income	
	For the six months ended June 30,	
	2020	2019
Other related parties:		
Funds managed by Yuanta Securities Investment Trust	\$ 1,502,475	\$ 1,215,058
Yuanta Secondary No.3 Private Equity Fund	21,927	23,731
Yuanta Secondary No.2 Fund	12,279	13,846
IBKC-TONGYANG Growth 2013 Private Equity Fund	5,212	5,898
Others	19,745	22,421
	<u>\$ 1,561,638</u>	<u>\$ 1,280,954</u>

(10) Fund management fee income and the balance of fund

	Fund management fee income	
	For the three months ended June 30,	
	2020	2019
Other related parties:		
Yuanta Diamond Funds SPC	\$ 6,247	\$ 17,486
Yuanta Asia Growth Investment L.P.	4,023	417
Global Growth Investment, L.P.	416	(1,673)
	<u>\$ 10,686</u>	<u>\$ 16,230</u>

	Fund management fee income	
	For the six months ended June 30,	
	2020	2019
Other related parties:		
Yuanta Diamond Funds SPC	\$ 11,673	\$ 31,767
Yuanta Asia Growth Investment L.P.	7,062	417
Global Growth Investment, L.P.	896	(801)
	<u>\$ 19,631</u>	<u>\$ 31,383</u>

	The balance of fund		
	June 30, 2020	December 31, 2019	June 30, 2019
	Other related parties:		
Yuanta Diamond Funds SPC	\$ 94,573	\$ 105,045	\$ 244,395
Global Growth Investment, L.P.	74,000	70,954	113,932
Yuanta Asia Growth Investment, L.P.	63,686	35,904	23,491
	<u>\$ 232,259</u>	<u>\$ 211,903</u>	<u>\$ 381,818</u>

(11) Receivable from transfer-agent services and income from transfer-agent services

	<u>Receivable from transfer-agent services</u>		
	<u>June 30, 2020</u>	<u>December 31, 2019</u>	<u>June 30, 2019</u>
Other related parties:			
Others	<u>\$ 10</u>	<u>\$ 24</u>	<u>\$ 11</u>
		<u>Income from transfer-agent services</u>	
		<u>For the three months ended June 30,</u>	
		<u>2020</u>	<u>2019</u>
Other related parties:			
Others	<u>\$ 30</u>	<u>\$ 32</u>	
		<u>Income from transfer-agent services</u>	
		<u>For the six months ended June 30,</u>	
		<u>2020</u>	<u>2019</u>
Other related parties:			
Others	<u>\$ 60</u>	<u>\$ 62</u>	

(12) Investment refund receivable

	<u>June 30, 2020</u>	<u>December 31, 2019</u>	<u>June 30, 2019</u>
Other related parties:			
IBKC-TONGYANG Growth 2013 Private Equity Fund	<u>\$ 50,040</u>	<u>\$ 52,775</u>	<u>\$ 54,354</u>
2011KIF-TONGYANG IT Venture Fund	<u>-</u>	<u>35,277</u>	<u>36,130</u>
TONGYANG AGRI-FOOD INVESTMENT FUND II	<u>39,281</u>	<u>32,459</u>	<u>32,805</u>
	<u>\$ 89,321</u>	<u>\$ 120,511</u>	<u>\$ 123,289</u>

(13) Loan receivable, interest receivable and interest income

	<u>Loan receivable</u>		
	<u>June 30, 2020</u>	<u>December 31, 2019</u>	<u>June 30, 2019</u>
Other related parties:			
Others	<u>\$ 6,366</u>	<u>\$ 10,778</u>	<u>\$ 42,856</u>
		<u>Interest receivable</u>	
	<u>June 30, 2020</u>	<u>December 31, 2019</u>	<u>June 30, 2019</u>
Other related parties:			
Others	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 366</u>

		Loan interest income		
		For the three months ended June 30,		
		2020	2019	
Other related parties:				
Others	\$	25	\$ 179	
		Loan interest income		
		For the six months ended June 30,		
		2020	2019	
Other related parties:				
Others	\$	45	\$ 324	
 (14) <u>Accounts receivable</u>				
		June 30, 2020	December 31, 2019	June 30, 2019
Other related parties:				
Funds managed by Yuanta Securities Investment Trust	\$	11,111	\$ 4,683	\$ 3,405
 (15) <u>Refundable deposits</u>				
		June 30, 2020	December 31, 2019	June 30, 2019
Other related parties:				
Taiwan Securities Association	\$	300	\$ 300	\$ 300
 (16) <u>Other financial liabilities and Interest expense</u>				
Customers' deposits of Yuanta Securities and its subsidiaries recorded as other financial liabilities were as follows:				
		Other financial liabilities		
		June 30, 2020	December 31, 2019	June 30, 2019
Company's directors:				
Others	\$	24,413	\$ 22,853	\$ 25,694
Other related parties:				
Others		10	1,300	1,111
	\$	24,423	\$ 24,153	\$ 26,805
		Interest expense		
		For the three months ended June 30,		
		2020	2019	
Company's directors:				
Others	\$	3	\$	1
Other related parties:				
Others		-	-	-
	\$	3	\$	1

	Interest expense	
	For the six months ended June 30,	
	2020	2019
Company's directors:		
Others	\$ 45	\$ 2
Other related parties:		
Others	4	5
	<u>\$ 49</u>	<u>\$ 7</u>

(17) Commercial paper payables

	Commercial paper		
	June 30, 2020	December 31, 2019	June 30, 2019
Company's directors:			
Others	\$ -	\$ 10,091	\$ 10,123

	Interest payable		
	June 30, 2020	December 31, 2019	June 30, 2019
Company's directors:			
Others	\$ -	\$ 1	\$ 1

	Interest expense	
	For the three months ended June 30,	
	2020	2019
Company's directors:		
Others	\$ 4	\$ 17

	Interest expense	
	For the six months ended June 30,	
	2020	2019
Company's directors:		
Others	\$ 49	\$ 17

(18) Other payables

	June 30, 2020	December 31, 2019	June 30, 2019
Company's directors:			
Others	\$ -	\$ 18	\$ 2
Other related parties:			
Funds managed by Yuanta Securities Investment Trust	8,696	-	-
Others	93	40	101
Taiwan Securities Association	-	15	-
	<u>\$ 8,789</u>	<u>\$ 73</u>	<u>\$ 103</u>

(19) Credit transaction between the Yuanta Group and related parties

		June 30, 2020			
		Guarantee deposit receivable from short sales	Deposit for short sales	Margin loans	
Company's directors:					
Others	\$	1,730	\$	1,580	
Other related parties:				\$	
Others		390	10,189	22,781	
	\$	<u>2,120</u>	\$	<u>11,769</u>	
			\$	<u>60,460</u>	
		December 31, 2019			
		Guarantee deposit receivable from short sales	Deposit for short sales	Margin loans	
Company's directors:					
Others	\$	3,811	\$	21,668	
Other related parties:				\$	
Others		2,355	27,940	39,376	
	\$	<u>6,166</u>	\$	<u>49,608</u>	
			\$	<u>76,592</u>	
		June 30, 2019			
		Guarantee deposit receivable from short sales	Deposit for short sales	Margin loans	
Company's directors:					
Others	\$	4,953	\$	5,319	
Other related parties:				\$	
Others		821	11,909	16,403	
	\$	<u>5,774</u>	\$	<u>17,228</u>	
			\$	<u>38,324</u>	
		June 30, 2020		December 31, 2019	
		Security short-selling interest payable	Security financing interest receivable	Security short-selling interest payable	Security financing interest receivable
Company's directors:					
Others	\$	-	\$	13	\$
Other related parties:					\$
Others		-	302	8	509
	\$	<u>-</u>	\$	<u>21</u>	\$
			<u>617</u>		<u>935</u>

	June 30, 2019	
	Security short-selling interest payable	Security financing interest receivable
Company's directors:		
Others	\$ -	\$ 314
Other related parties:		
Others	-	309
	<u>\$ -</u>	<u>\$ 623</u>

For the three months ended June 30,

	2020		2019	
	Security short- selling interest expenditures	Security financing interest revenue	Security short- selling interest expenditures	Security financing interest revenue
Company's directors:				
Others	\$ 9	\$ 399	\$ 3	\$ 131
Other related parties:				
Others	10	253	-	56
	<u>\$ 19</u>	<u>\$ 652</u>	<u>\$ 3</u>	<u>\$ 187</u>

For the six months ended June 30,

	2020		2019	
	Security short- selling interest expenditures	Security financing interest revenue	Security short- selling interest expenditures	Security financing interest revenue
Company's directors:				
Others	\$ 28	\$ 969	\$ 3	\$ 205
Other related parties:				
Others	21	694	1	133
	<u>\$ 49</u>	<u>\$ 1,663</u>	<u>\$ 4</u>	<u>\$ 338</u>

(20) Other Operating expenses

A.ETF redemption fees

	For the three months ended June 30,	
	2020	2019
Other related parties:		
Funds managed by Yuanta Securities Investment Trust	<u>\$ 17,314</u>	<u>\$ 20,598</u>
	For the six months ended June 30,	
	2020	2019
Other related parties:		
Funds managed by Yuanta Securities Investment Trust	<u>\$ 49,029</u>	<u>\$ 51,180</u>

B.Membership fees

	For the three months ended June 30,	
	2020	2019
Other related parties:		
Taiwan Securities Association	\$ 3,022	\$ 1,973

	For the six months ended June 30,	
	2020	2019
Other related parties:		
Taiwan Securities Association	\$ 5,571	\$ 3,733

(21) Operating expenses

		For the three months ended June 30,	
Nature		2020	2019
Other related parties:			
Yuanta Foundation	Donation expenditure	\$ 50,000	\$ 26,380
Polaris Research	Donation expenditure	21,600	3,880
		<u>\$ 71,600</u>	<u>\$ 30,260</u>

		For the six months ended June 30,	
Nature		2020	2019
Other related parties:			
Yuanta Foundation	Donation expenditure	\$ 50,000	\$ 48,880
Polaris Research	Donation expenditure	21,600	28,620
		<u>\$ 71,600</u>	<u>\$ 77,500</u>

(22) Premium income

		For the three months ended June 30,	
		2020	2019
Other related parties:			
Others		\$ 92,661	\$ 118,607

		For the six months ended June 30,	
		2020	2019
Other related parties:			
Others		\$ 196,385	\$ 207,949

(23) The details of the service fees arising from brokerage commissions engaged by the Company and its related parties were as follows:

	For the three months ended June 30,	
	2020	2019
Company's directors:		
Others	\$ 6,164	\$ 3,738
Other related parties:		
Funds managed by Yuanta Securities Investment Trust	76,787	55,898
Others	6,437	3,468
	<u>\$ 89,388</u>	<u>\$ 63,104</u>
	For the six months ended June 30,	
	2020	2019
Company's directors:		
Others	\$ 11,562	\$ 6,739
Other related parties:		
Funds managed by Yuanta Securities Investment Trust	137,833	120,974
Others	12,254	5,625
	<u>\$ 161,649</u>	<u>\$ 133,338</u>

(24) Rental income incident to leases from related parties by Yuanta Group, the circumstances of the transaction are as follows:

	For the three months ended June 30,	
	2020	2019
Other related parties:		
Polaris Research	\$ 548	\$ 548
Yuanta Construction Development	171	143
Yuanta Foundation	10	10
	<u>\$ 729</u>	<u>\$ 701</u>
	For the six months ended June 30,	
	2020	2019
Other related parties:		
Polaris Research	\$ 1,097	\$ 1,097
Yuanta Construction Development	342	285
Yuanta Foundation	20	20
	<u>\$ 1,459</u>	<u>\$ 1,402</u>

(25) Deposits received incident to leases from related parties by Yuanta Group, the circumstances of the transaction are as follows:

	<u>June 30, 2020</u>	<u>December 31, 2019</u>	<u>June 30, 2019</u>
Other related parties:			
Polaris Research	\$ 547	\$ 547	\$ 547
Yuanta Foundation	<u>7</u>	<u>7</u>	<u>11</u>
	<u>\$ 554</u>	<u>\$ 554</u>	<u>\$ 558</u>

(26) Other operating income—Dividend income

	<u>For the three months ended June 30,</u>	
	<u>2020</u>	<u>2019</u>
Other related parties:		
Funds managed by Yuanta Securities Investment Trust	<u>\$ 961</u>	<u>\$ 771</u>
	<u>For the six months ended June 30,</u>	
	<u>2020</u>	<u>2019</u>
Other related parties:		
Funds managed by Yuanta Securities Investment Trust	<u>\$ 13,238</u>	<u>\$ 28,415</u>

(27) Other operating income—Interest income

	<u>For the three months ended June 30,</u>	
	<u>2020</u>	<u>2019</u>
Other related parties:		
Taiwan Securities Association	<u>\$ 3</u>	<u>\$ 3</u>
	<u>For the six months ended June 30,</u>	
	<u>2020</u>	<u>2019</u>
Other related parties:		
Taiwan Securities Association	<u>\$ 3</u>	<u>\$ 3</u>

(28) Other operating expense—Interest expense

	<u>For the three months ended June 30,</u>	
	<u>2020</u>	<u>2019</u>
Other related parties:		
Funds managed by Yuanta Securities Investment Trust	<u>\$ 9,766</u>	<u>\$ 19,803</u>

	For the six months ended June 30,	
	2020	2019
Other related parties:		
Funds managed by Yuanta		
Securities Investment Trust	\$ 9,766	\$ 19,803

(29) Information on remunerations to Yuanta Group's key management:

	For the three months ended June 30,	
	2020	2019
Salaries and other short-term employee benefits	\$ 1,297,854	\$ 1,088,501
Termination benefits	2,802	447
Other long-term benefits	3,885	2,358
Post-employment benefit	34,211	35,194
Total	\$ 1,338,752	\$ 1,126,500

	For the six months ended June 30,	
	2020	2019
Salaries and other short-term employee benefits	\$ 2,752,228	\$ 2,455,975
Termination benefits	4,877	3,681
Other long-term benefits	6,795	5,465
Post-employment benefit	70,910	71,718
Total	\$ 2,834,810	\$ 2,536,839

C. Transactions and balances with related parties exceeding \$100 million:

(1) Yuanta Bank and its subsidiaries

(A) Deposits

June 30, 2020			
Name	Ending balance	Percentage of deposits (%)	Interest rate (%)
All related parties	\$ 44,891,094	3.80	0.00~6.065

December 31, 2019			
Name	Ending balance	Percentage of deposits (%)	Interest rate (%)
All related parties	\$ 51,213,449	4.50	0.00~6.065

June 30, 2019			
Name	Ending balance	Percentage of deposits (%)	Interest rate (%)
All related parties	\$ 65,875,394	6.00	0.00~6.065

Apart from an interest rate limit on staff demand savings deposits of 5.800% ~ 6.065% and 6.065%, respectively, for the six months ended June 30, 2020 and 2019, the range of interest rates on other related parties' demand savings deposits were 0.00% ~ 4.60% and 0.00% ~ 5.11%, 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 and six months ended June 30, 2020 and 2019, interest expense on the above deposits were \$63,387, \$111,191, \$181,380 and \$215,466, respectively.

(B) Loans

June 30, 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	285	\$ 84,477	\$ 58,015	\$ 58,015	\$ -	Credit loans, movables, real estate and deposits	None
Home mortgage loans	459	3,619,189	3,291,474	3,291,474	-	Real estate	None
Other loans	Wei Ran Co., Ltd.	20,000	20,000	20,000	-	Real estate	None
	Yuen Foong Yu Consumer Products Co., Ltd.	30,400	30,400	30,400	-	Credit loans	None
	He's Education Foundation	27,000	27,000	27,000	-	Deposits	None
	83	320,572	169,381	169,381	-	Stock, deposits, policy and real estate	None
Total			\$ 3,596,270	\$ 3,596,270	\$ -		

December 31, 2019

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	382	\$ 89,525	\$ 45,855	\$ 45,855	\$ -	Credit loans, movables and deposits	None
Home mortgage loans	462	3,813,793	3,182,318	3,182,318	-	Real estate	None
Other loans	Wei Ran Co., Ltd.	15,000	15,000	15,000	-	Real estate	None
	He's Education Foundation	27,000	27,000	27,000	-	Deposits	None
	Shang Trip Travel Service	1,850	-	-	-	Real estate	None
	Yuanta Securities	183,147	-	-	-	Real estate	None
	95	294,295	168,871	168,871	-	Stock, deposits, policy and real estate	None
Total			\$ 3,439,044	\$ 3,439,044	\$ -		

June 30, 2019

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	249	\$ 59,045	\$ 35,109	\$ 35,109	\$ -	Credit loans, movables and deposits	None
Home mortgage loans	429	3,408,802	3,085,497	3,085,497	-	Real estate	None
Other loans	He's Education Foundation	27,000	27,000	27,000	-	Deposits	None
	Shang Trip Travel Service	1,850	-	-	-	Real estate	None
	77	242,708	144,971	144,971	-	Stock, deposits, policy and real estate	None
Total			\$ 3,292,577	\$ 3,292,577	\$ -		

Loans to related parties are under the same terms as those to other customers, except for interest rates on loans to affiliated companies were 1.35% ~ 2.00 % and 2.00% ~ 2.50%, the interest rates on the remaining loans are ranging from 0.00% ~ 6.69% and 0.00% ~ 11.07% for the six months ended June 30, 2020 and 2019, respectively, which are the same with the terms of general loans.

For the three months and six months ended June 30, 2020 and 2019, interest income resulting from the above loans amounted to \$13,145, \$13,120, \$26,992 and \$26,317, respectively.

(BLANK)

(C) Service fee income

	For the three months ended June 30,		
	2020	2019	
Fellow subsidiary:			
Yuanta Life	\$ 242,005	\$ 234,002	
Yuanta Securities	344	6,252	
Yuanta Securities Investment Trust	13,030	1,831	
Yuanta Securities (Hong Kong)	1,692	-	
	<u>\$ 257,071</u>	<u>\$ 242,085</u>	
		For the six months ended June 30,	
		2020	2019
Fellow subsidiary:			
Yuanta Life	\$ 435,178	\$ 421,544	
Yuanta Securities	659	6,483	
Yuanta Securities Investment Trust	14,774	3,811	
Yuanta Securities (Hong Kong)	1,692	-	
	<u>\$ 452,303</u>	<u>\$ 431,838</u>	

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

	June 30, 2020	December 31, 2019	June 30, 2019
Fellow subsidiary:			
Yuanta Life	\$ 118,270	\$ 92,162	\$ 150,087
Yuanta Securities Investment Trust	3,680	367	374
	<u>\$ 121,950</u>	<u>\$ 92,529</u>	<u>\$ 150,461</u>

(D) Current income tax assets/liabilities

	June 30, 2020	December 31, 2019	June 30, 2019
Parent company:			
Yuanta Financial Holdings			
Consolidated income tax return receivables	\$ 1,974,716	\$ 2,282,925	\$ 2,275,250
Consolidated income tax return payables	\$ 214,132	\$ 1,255,910	\$ 818,044

(E) Spot exchange receivable/payable, foreign currencies

	June 30, 2020	December 31, 2019	June 30, 2019
Parent company:			
Yuanta Financial Holdings			
Spot exchange receivable, foreign currencies	\$ 296,600	\$ -	\$ -
Spot exchange payable, foreign currencies	\$ 295,050	\$ -	\$ -

(F) Payables

	<u>June 30, 2020</u>	<u>December 31, 2019</u>	<u>June 30, 2019</u>
Parent company:			
Yuanta Financial Holdings	\$ 6,762,197	\$ 3,653	\$ 1,889
Fellow subsidiary:			
Yuanta Securities	11,790	9,483	7,830
Yuanta Asset Management	<u>35</u>	<u>-</u>	<u>6,045</u>
	<u>\$ 6,774,022</u>	<u>\$ 13,136</u>	<u>\$ 15,764</u>

(2) 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:

	<u>June 30, 2020</u>		
	<u>Futures trading guarantees</u>		
	<u>Self capital</u>	<u>Balance of excess futures guarantee deposits</u>	<u>Securities</u>
Fellow subsidiary:			
Yuanta Futures	<u>\$ 3,768,462</u>	<u>\$ 3,446,034</u>	<u>\$ -</u>
	<u>December 31, 2019</u>		
	<u>Futures trading guarantees</u>		
	<u>Self capital</u>	<u>Balance of excess futures guarantee deposits</u>	<u>Securities</u>
Fellow subsidiary:			
Yuanta Futures	<u>\$ 1,947,002</u>	<u>\$ 1,632,559</u>	<u>\$ 1,005,485</u>
	<u>June 30, 2019</u>		
	<u>Futures trading guarantees</u>		
	<u>Self capital</u>	<u>Balance of excess futures guarantee deposits</u>	<u>Securities</u>
Fellow subsidiary:			
Yuanta Futures	<u>\$ 1,164,330</u>	<u>\$ 2,244,692</u>	<u>\$ 442,166</u>

Settlement and clearing service fees payable			
	June 30, 2020	December 31, 2019	June 30, 2019
Fellow subsidiary:			
Yuanta Futures	\$ 3,433	\$ 2,364	\$ 2,258
		For the three months ended June 30, 2020	
		Service fee	Service expense
		expenses settled	on self-operation
Fellow subsidiary:			
Yuanta Futures		\$ 8,136	\$ 21,824
		For the three months ended June 30, 2019	
		Service fee	Service expense
		expenses settled	on self-operation
Fellow subsidiary:			
Yuanta Futures		\$ 7,725	\$ 35,041
		For the six months ended June 30, 2020	
		Service fee	Service expense
		expenses settled	on self-operation
Fellow subsidiary:			
Yuanta Futures		\$ 18,747	\$ 56,001
		For the six months ended June 30, 2019	
		Service fee	Service expense
		expenses settled	on self-operation
Fellow subsidiary:			
Yuanta Futures		\$ 15,284	\$ 65,681

(b) Commission income receivable (under “accounts receivable”) and commission income - futures arising from futures introducing broker transactions on behalf of related parties are as follows:

Commissions receivable at period end			
	June 30, 2020	December 31, 2019	June 30, 2019
Fellow subsidiary:			
Yuanta Futures	\$ 21,790	\$ 14,505	\$ 14,407
		Futures commission income	
		For the three months ended June 30,	
		2020	2019
Fellow subsidiary:			
Yuanta Futures		\$ 73,414	\$ 50,384

	Futures commission income	
	For the six months ended June 30,	
	2020	2019
Fellow subsidiary:		
Yuanta Futures	\$ 151,302	\$ 92,357

(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:

	June 30, 2020	
	Bank deposits	Other receivables – interests receivable (Note)
Fellow subsidiary:		
Yuanta Bank	\$ 11,265,393	\$ 5,093
	December 31, 2019	
	Bank deposits	Other receivables – interests receivable (Note)
Fellow subsidiary:		
Yuanta Bank	\$ 13,828,513	\$ 13,639
	June 30, 2019	
	Bank deposits	Other receivables – interests receivable (Note)
Fellow subsidiary:		
Yuanta Bank	\$ 9,732,624	\$ 4,030
	For the three months ended June 30,	
	2020	2019
	Other gains and losses – interest revenue (Note)	Other gains and losses – interest revenue (Note)
Fellow subsidiary:		
Yuanta Bank	\$ 22,983	\$ 24,187
	For the six months ended June 30,	
	2020	2019
	Other gains and losses – interest revenue (Note)	Other gains and losses – interest revenue (Note)
Fellow subsidiary:		
Yuanta Bank	\$ 57,159	\$ 42,309

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 \$457,000, \$598,000 and \$545,000, respectively, as of June 30, 2020, December 31, 2019 and June 30, 2019.

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

	<u>June 30, 2020</u>	<u>December 31, 2019</u>	<u>June 30, 2019</u>
Parent company:			
Yuanta Financial Holdings			
Consolidated income			
tax return receivables	\$ <u>788,196</u>	\$ <u>798,353</u>	\$ <u>699,172</u>
Consolidated income			
tax return payables	\$ <u>872,464</u>	\$ <u>1,036,056</u>	\$ <u>558,755</u>

(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>June 30, 2020</u>	<u>December 31, 2019</u>	<u>June 30, 2019</u>
Fellow subsidiary:			
Yuanta Bank	\$ <u>1,265,000</u>	\$ <u>1,265,000</u>	\$ <u>1,285,000</u>

(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>June 30, 2020</u>	<u>December 31, 2019</u>	<u>June 30, 2019</u>
Fellow subsidiary:			
Yuanta Bank	\$ <u>350,000</u>	\$ <u>100,000</u>	\$ <u>100,000</u>

(F) Refundable deposits for securities lending, refundable deposits receivable lending, borrowing expenses payable and security borrowing expenses
Please refer to Note 7B(6).

(G) Receivables from loans to employees, interest receivables and the interest income generated
Please refer to Note 7B(7).

(H) Commission receivables and commission income

	<u>Commission receivables</u>	
	<u>June 30, 2020</u>	<u>December 31, 2019</u>
Fellow subsidiary:		
Yuanta Life	\$ <u>42,922</u>	\$ <u>86,243</u>
		<u>June 30, 2019</u>
		\$ <u>35,942</u>
		<u>Commission income</u>
		<u>For the three months ended June 30,</u>
		<u>2020</u>
		<u>2019</u>
Fellow subsidiary:		
Yuanta Life	\$ <u>102,349</u>	\$ <u>98,724</u>
		<u>Commission income</u>
		<u>For the six months ended June 30,</u>
		<u>2020</u>
		<u>2019</u>
Fellow subsidiary:		
Yuanta Life	\$ <u>280,328</u>	\$ <u>206,032</u>

(I) Investment refund receivable

Please refer to Note 7B(12).

(J) Pending settlements

As of June 30, 2020, December 31, 2019 and June 30, 2019, Yuanta Securities and its subsidiaries had amounts held for settlement of \$610,221, \$685,668 and \$855,489, respectively, which were deposited at its affiliate Yuanta Bank.

(K) Property transactions

Bonds transactions under repurchase agreements:

Please refer to Note 7B (3) (B) a.

(L) Customer margin deposit

	<u>June 30, 2020</u>	<u>December 31, 2019</u>	<u>June 30, 2019</u>
Fellow subsidiary:			
Yuanta Futures	\$ 166,363	\$ 193,327	\$ 100,234

(M) Bills discounted and interest income on loans

	<u>For the three months ended June 30,</u>	
	<u>2020</u>	<u>2019</u>
Fellow subsidiary:		
Yuanta Bank	\$ 5,800	\$ 7,295
Yuanta Life	6,454	3,784
Others	601	1,633
Company's directors :		
Others	5,223	2,954
Other related parties:		
Funds managed by Yuanta		
Securities Investment Trust	41,914	11,949
Others	5,771	2,768
	<u>\$ 65,763</u>	<u>\$ 30,383</u>
	<u>For the six months ended June 30,</u>	
	<u>2020</u>	<u>2019</u>
Fellow subsidiary:		
Yuanta Bank	\$ 12,823	\$ 9,657
Yuanta Life	11,806	5,887
Others	1,722	3,269
Company's directors :		
Others	9,472	5,384
Other related parties:		
Funds managed by Yuanta		
Securities Investment Trust	53,863	21,796
Others	10,736	4,293
	<u>\$ 100,422</u>	<u>\$ 50,286</u>

(N) Funds and beneficiary certificates managed by fellow subsidiary

	<u>June 30, 2020</u>	<u>December 31, 2019</u>	<u>June 30, 2019</u>
Other related parties:			
Fund managed by Yuanta			
Securities Investment Trust	\$ 4,835,280	\$ 3,659,259	\$ 1,983,306
	For the three months ended June 30,		
	<u>2020</u>	<u>2019</u>	
	<u>Proceeds on disposal</u>	<u>Realized gain</u>	<u>Proceeds on disposal</u>
	<u>Realized gain</u>	<u>Proceeds on disposal</u>	<u>Realized gain</u>
Other related parties:			
Fund managed by			
Yuanta Securities			
Investment Trust	\$ 83,683,030	\$ 855,017	\$ 64,758,670
	For the six months ended June 30,		
	<u>2020</u>	<u>2019</u>	
	<u>Proceeds on disposal</u>	<u>Realized gain</u>	<u>Proceeds on disposal</u>
	<u>Realized gain</u>	<u>Proceeds on disposal</u>	<u>Realized gain</u>
Other related parties:			
Fund managed by			
Yuanta Securities			
Investment Trust	\$ 213,006,456	\$ 1,601,796	\$ 131,320,936
	<u>\$ 1,168,084</u>		

(O) Others

(a) As of June 30, 2020, December 31, 2019 and June 30, 2019, the lines of credit Yuanta Securities and its subsidiaries have drawn in order to acquire Yuanta Bank were \$10,000,000, \$10,000,000 and \$4,600,000, respectively. The carrying amounts of land and building amounting to \$3,587,989, \$3,604,542 and \$3,624,567, respectively, were designated as collateral.

(b) Fund management fee income from fund managed and fund balances held by Yuanta Securities and its subsidiaries.
Please refer to Note 7B(10).

(3) Yuanta Futures and its subsidiaries

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

	<u>June 30, 2020</u>		
	<u>Bank deposits</u>	<u>Operating guarantee</u>	<u>Customer margin</u>
	<u>ending balance</u>	<u>deposits</u>	<u>deposits</u>
Fellow subsidiary:			
Yuanta Bank	\$ 1,609,449	\$ 140,000	\$ 10,001,797
	<u>December 31, 2019</u>		
	<u>Bank deposits</u>	<u>Operating guarantee</u>	<u>Customer margin</u>
	<u>ending balance</u>	<u>deposits</u>	<u>deposits</u>
Fellow subsidiary:			
Yuanta Bank	\$ 1,563,503	\$ 140,000	\$ 9,428,093

	June 30, 2019		
	<u>Bank deposits ending balance</u>	<u>Operating guarantee deposits</u>	<u>Customer margin deposits</u>
Fellow subsidiary:			
Yuanta Bank	\$ 1,803,957	\$ 140,000	\$ 10,627,625
 (B) Customer margin account for leverage contracts			
	<u>June 30, 2020</u>	<u>December 31, 2019</u>	<u>June 30, 2019</u>
Fellow subsidiary:			
Yuanta Bank	\$ 264,070	\$ 258,250	\$ 202,128
 (C) Equity of futures traders			
	<u>June 30, 2020</u>	<u>December 31, 2019</u>	<u>June 30, 2019</u>
Fellow subsidiary:			
Yuanta Securities	\$ 7,208,945	\$ 3,464,477	\$ 2,971,110
Yuanta Securities (Hong Kong)	135,628	294,013	386,459
Yuanta Securities (Korea)	190,528	203,846	176,556
Yuanta Bank	-	-	28,714
Other related parties:			
Funds managed by Yuanta			
Securities Investment Trust	30,904,784	24,237,500	24,329,125
Others	53,808	53,588	57,519
	<u>\$ 38,493,693</u>	<u>\$ 28,253,424</u>	<u>\$ 27,949,483</u>
 (D) Bills discounted and interest income on loans			
	<u>For the three months ended June 30,</u>		
	<u>2020</u>	<u>2019</u>	
Fellow subsidiary:			
Yuanta Securities	\$ 23,193	\$ 34,816	
Yuanta Securities (Hong Kong)	622	578	
Yuanta Securities (Korea)	987	1,193	
Other related parties:			
Funds managed by Yuanta			
Securities Investment Trust	34,873	43,949	
Others	1,606	1,450	
	<u>\$ 61,281</u>	<u>\$ 81,986</u>	

	For the six months ended June 30,	
	2020	2019
Fellow subsidiary:		
Yuanta Securities	\$ 56,001	\$ 65,320
Yuanta Securities (Hong Kong)	2,273	1,490
Yuanta Securities (Korea)	1,935	1,672
Other related parties:		
Funds managed by Yuanta		
Securities Investment Trust	83,970	99,178
Others	3,607	2,653
	<u>\$ 147,786</u>	<u>\$ 170,313</u>

(E) Futures commissions expense and consigned/entrusted foreign futures trading commissions

	For the three months ended June 30,	
	2020	2019
Fellow subsidiary:		
Yuanta Securities	\$ 73,414	\$ 50,384
	For the six months ended June 30,	
	2020	2019
Fellow subsidiary:		
Yuanta Securities	\$ 151,302	\$ 92,357

Yuanta Futures and its subsidiaries engaged with Yuanta Securities, Yuanta Securities (Hong Kong) Limited, and Yuanta Securities Korea Co., Ltd. for the purpose of futures trading and consigned/entrusted foreign futures trading, that is, the Company acts as an agent for trading of futures contracts and futures option contracts for its customers. The futures commission expense and payment terms do not have any significant difference between related parties and non-related parties.

(F) Property transactions

	June 30, 2020	December 31, 2019	June 30, 2019
Other related parties:			
Funds managed by Yuanta			
Securities Investment Trust	\$ 108,679	\$ 132,205	\$ 20,420

For the three months and six months ended June 30, 2020 and 2019, loss on disposal of beneficiary certificate were \$14,446, \$71, \$13,905 and \$438, respectively.

(4) Yuanta Securities Investment Consulting

(A) Bank deposits

As of June 30, 2020, December 31, 2019 and June 30, 2019, Yuanta Securities Investment Consulting deposited \$199,699, \$221,823 and \$191,985, respectively, to Yuanta Bank, amongst which, the operating guarantee deposits were all \$5,000, with annual interest rates of 0.770% ~ 1.035%, 1.035% and 1.035%, respectively.

(B) Operating income

	For the three months ended June 30,	
	2020	2019
Fellow subsidiary:		
Yuanta Securities	\$ 43,200	\$ 42,896
Yuanta Bank	3,105	3,043
Yuanta Securities Investment Trust	1,200	1,163
Yuanta Futures	900	875
Yuanta Life	735	714
Yuanta Securities Finance	1,500	1,457
	<u>\$ 50,640</u>	<u>\$ 50,148</u>

	For the six months ended June 30,	
	2020	2019
Fellow subsidiary:		
Yuanta Securities	\$ 86,400	\$ 85,792
Yuanta Bank	6,210	6,086
Yuanta Securities Investment Trust	2,400	2,326
Yuanta Futures	1,800	1,749
Yuanta Life	1,470	1,429
Yuanta Securities Finance	3,000	2,914
	<u>\$ 101,280</u>	<u>\$ 100,296</u>

(5) Yuanta Securities Investment Trust

(A) Bank deposits

	June 30, 2020	December 31, 2019	June 30, 2019
Fellow subsidiary:			
Yuanta Bank	<u>\$ 3,152,852</u>	<u>\$ 2,689,204</u>	<u>\$ 2,108,094</u>

(B) Dividend payable

	June 30, 2020	December 31, 2019	June 30, 2019
Parent company:			
Yuanta Financial Holdings	<u>\$ 785,300</u>	<u>\$ -</u>	<u>\$ -</u>

(C) Management fee income

	Management fee income	
	For the three months ended June 30,	
	2020	2019
Fellow subsidiary:		
Yuanta Life	\$ -	\$ 1,567
Other related parties:		
Funds managed by Yuanta Securities Investment Trust	816,300	610,805
	<u>\$ 816,300</u>	<u>\$ 612,372</u>

	Management fee income	
	For the six months ended June 30,	
	2020	2019
Fellow subsidiary:		
Yuanta Life	\$ -	\$ 1,567
Other related parties:		
Funds managed by Yuanta		
Securities Investment Trust	1,502,475	1,215,058
	<u>\$ 1,502,475</u>	<u>\$ 1,216,625</u>

As of June 30, 2020, December 31, 2019 and June 30, 2019, the amount of management fee receivable were \$283,674, \$231,394 and \$212,542, respectively.

(D) Fund transactions

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 June 30, 2020, December 31, 2019 and June 30, 2019 are as follows:

	June 30, 2020	December 31, 2019	June 30, 2019
Yuanta Securities			
Investment Trust	\$ 610,519	\$ 392,363	\$ 209,712
Fellow subsidiary:			
Yuanta Securities	4,835,280	3,659,259	1,983,306
Yuanta Life	3,871,414	2,742,814	1,229,432
Yuanta Futures	108,679	132,205	20,420
	<u>\$ 9,425,892</u>	<u>\$ 6,926,641</u>	<u>\$ 3,442,870</u>

(6) Yuanta Life

(A) Bank deposits and time deposits

	June 30, 2020	December 31, 2019	June 30, 2019
Fellow subsidiary:			
Yuanta Bank (Note)	\$ 1,073,470	\$ 2,041,240	\$ 2,825,341

Note: Including other financial assets.

(B) Current income tax assets/liabilities

	June 30, 2020	December 31, 2019	June 30, 2019
Parent company:			
Yuanta Financial Holdings			
Consolidated income			
tax return receivables	\$ 2,609,424	\$ 2,599,526	\$ 2,297,575
Consolidated income			
tax return payables	\$ 325,998	\$ -	\$ -

(C) Property transactions — beneficiary certificates

	<u>June 30, 2020</u>	<u>December 31, 2019</u>	<u>June 30, 2019</u>
Other related parties:			
Funds managed by Yuanta			
Securities Investment Trust	\$ 3,871,414	\$ 2,742,814	\$ 1,229,432
Yuanta Asia Growth			
Investment, L.P.	<u>63,818</u>	<u>35,825</u>	<u>23,490</u>
	<u>\$ 3,935,232</u>	<u>\$ 2,778,639</u>	<u>\$ 1,252,922</u>
	<u>For the six months ended June 30, 2020</u>		
	<u>Purchase price</u>	<u>Proceeds on disposal</u>	<u>Realized gain</u>
Other related parties:			
Funds managed by			
Yuanta Securities			
Investment Trust	\$ 2,662,267	\$ 1,591,823	\$ 79,864
Yuanta Asia Growth			
Investment, L.P.	<u>33,194</u>	<u>-</u>	<u>-</u>
	<u>\$ 2,695,461</u>	<u>\$ 1,591,823</u>	<u>\$ 79,864</u>
	<u>For the six months ended June 30, 2019</u>		
	<u>Purchase price</u>	<u>Proceeds on disposal</u>	<u>Realized gain</u>
Other related parties:			
Funds managed by			
Yuanta Securities			
Investment Trust	\$ 936,593	\$ 298,423	\$ 12,831
Yuanta Asia Growth			
Investment, L.P.	<u>26,443</u>	<u>-</u>	<u>-</u>
	<u>\$ 963,036</u>	<u>\$ 298,423</u>	<u>\$ 12,831</u>

(D) Payables

	<u>June 30, 2020</u>	<u>December 31, 2019</u>	<u>June 30, 2019</u>
Parent company:			
Yuanta Financial Holdings	\$ 845	\$ 422	\$ 1,020
Fellow subsidiary:			
Yuanta Bank	81,623	89,364	51,638
Yuanta International			
Insurance Brokers	<u>41,583</u>	<u>86,243</u>	<u>35,942</u>
	<u>\$ 124,051</u>	<u>\$ 176,029</u>	<u>\$ 88,600</u>

(E) Premium income

	For the three months ended June 30,	
	2020	2019
Fellow subsidiary:		
Yuanta Bank	\$ 1,392	\$ 2,018
Other related parties:		
Others	92,661	118,607
	<u>\$ 94,053</u>	<u>\$ 120,625</u>
	For the six months ended June 30,	
	2020	2019
Fellow subsidiary:		
Yuanta Bank	\$ 3,838	\$ 3,251
Other related parties:		
Others	196,385	207,949
	<u>\$ 200,223</u>	<u>\$ 211,200</u>

(F) Commission expense

	For the three months ended June 30,	
	2020	2019
Fellow subsidiary:		
Yuanta Bank	\$ 212,174	\$ 157,514
Yuanta International Insurance Brokers	102,349	98,723
	<u>\$ 314,523</u>	<u>\$ 256,237</u>
	For the six months ended June 30,	
	2020	2019
Fellow subsidiary:		
Yuanta Bank	\$ 400,370	\$ 328,626
Yuanta International Insurance Brokers	280,328	206,032
	<u>\$ 680,698</u>	<u>\$ 534,658</u>

(G) Derivative trading

(a) As of December 31, 2019 and June 30, 2019, the derivative trading between Yuanta Life and Yuanta Bank was completed with proceeds amounting to USD 13,000 thousand and incurred loss amounting to \$6,269.

(b) There was no derivative trading with related parties as of June 30, 2020.

(7) Yuanta Ventures and subsidiary

(A) Bank deposits

	June 30, 2020	December 31, 2019	June 30, 2019
Fellow subsidiary:			
Yuanta Bank	<u>\$ 588,234</u>	<u>\$ 576,025</u>	<u>\$ 579,139</u>

For the three months and six months ended June 30, 2020 and 2019, interest income from abovementioned bank accounts were \$448, \$942, \$1,185 and \$2,021, respectively.

(B) Current tax assets

	<u>June 30, 2020</u>	<u>December 31, 2019</u>	<u>June 30, 2019</u>
Parent company:			
Yuanta Financial Holdings			
Consolidated income			
tax return receivables	\$ <u>108,203</u>	\$ <u>107,856</u>	\$ <u>111,969</u>

(C) Other payables

	<u>June 30, 2020</u>	<u>December 31, 2019</u>	<u>June 30, 2019</u>
Parent company:			
Yuanta Financial Holdings	\$ <u>133,380</u>	\$ <u>-</u>	\$ <u>-</u>
Cash dividend payable to parent company.			

(8) Yuanta Asset Management

Accounts payable

	<u>June 30, 2020</u>	<u>December 31, 2019</u>	<u>June 30, 2019</u>
Parent company:			
Yuanta Financial Holdings	\$ <u>1</u>	\$ <u>2</u>	\$ <u>439,287</u>

(BLANK)

8. Pledged assets

As of June 30, 2020, December 31, 2019 and June 30, 2019, the Yuanta Group's assets pledged as collateral are as follows:

Items	June 30, 2020	December 31, 2019	June 30, 2019	Purpose of pledge
Due from Central Bank and call loans to other banks	\$ 172,550	\$ -	\$ -	Operating guarantee deposits
Financial assets at fair value through profit or loss	164,716,001	140,715,358	145,179,078	Bonds under repurchase agreement, bid bonds for operating guarantee deposits and futures trading margin, collateral for securities lending and OTC trading
	73,706,825	61,372,357	62,944,313	Merchant business
	52,113	51,932	52,055	Guarantee deposits for notes
Financial assets at fair value through other comprehensive income	3,441,016	3,260,211	3,313,782	Claim reserve from trust fund, collateral for securities lending business and guarantees on asset disposal
	1,216,100	1,646,502	1,606,623	Operating guarantee deposits
	63,803,775	65,439,478	61,385,263	Bonds under repurchase agreement, operating guarantee deposits, OTC performance bonds and guarantees on asset disposal
Financial assets at amortised cost	2,475,232	734,980	737,381	Operating guarantee deposits
	-	40,018	40,068	Stock borrowings
	51,552	62,116	62,688	Deposits for guarantees in the Central Bank
	196,559	197,169	197,790	Claim reserve from trust fund
	10,629,400	10,518,760	10,542,760	Overdraft guarantee for foreign currency settlement
	109,870	110,214	110,565	Settlement reserves for Electronic Bond Trading System (EBTS) issued by OTC
	54,935	55,107	55,282	Deposit guarantees of bills merchants
	505,840	610,476	551,718	Collateral for provisional seizure
	5,274	5,290	5,197	VISA international card payment reserves
Accounts receivable	-	-	500	Collateral for provisional seizure
Restricted assets	2,932,950	2,189,764	2,606,489	Collateral for settlement limit, short-term loans, payable short-term bills and OTC derivative transactions
	322,610	342,490	859	Operating guarantee deposits-HKEx, structured notes, interest rate swap account and repo trade
	974	1,029	1,063	Overdraft guarantee
	59,095	29,303	79,537	Dividends payable arising from stock agency business
Other assets	183,755	298,986	286,074	Operating guarantee deposits
	2,501,379	1,934,253	3,541,999	Performance bond and rental deposits
	197,664	271,128	351	Underwriting share proceeds collected on behalf of customers
Property and equipment and investment property	3,112,628	3,215,055	3,560,352	Collateral for settlement limit and short-term loans; collateral for mortgage loans and leases
Treasury share of Yuanta Securities (Korea)	443,922	514,969	602,304	Collateral for securities lending business

9. Significant contingent liabilities and unrecognised contract commitments

(1) As of June 30, 2020, December 31, 2019 and June 30, 2019, capital expenditure contracted for at the balance sheet date but not yet incurred was \$861,682, \$1,024,490 and \$1,260,408, respectively.

(2) Stocks entrusted to custody

As of June 30, 2020, December 31, 2019 and June 30, 2019, the stocks entrusted to the custody of Yuanta Securities Finance by clients were all 7,483 thousand shares. The market value of these entrusted stocks was approximately \$77,580, \$77,479 and \$77,575, respectively.

(3) 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 obligations to the TWSE, the proxies must then act pursuant to said obligations and responsibilities.

(4) As of June 30, 2020, Yuanta Securities (Korea) had provided investors with a performance guarantee in relation to lease revenues attributed to IGIS Professional Private Real Estate Investment Trust with a guarantee limit of KRW 100 million (approximately NT\$2.47 billion). Additionally, Yuanta Securities (Korea) entered into a bond-purchase agreement through private placement with YK Hessen, and had committed to bond investments of up to KRW 7 billion (NT\$173 million).

(5) Other lawsuits- Yuanta Securities

A. Due to Polaris Securities Co., Ltd., the dissolved company under the merger, having disputes with customers on trading of stocks, clients demanded Yuanta Securities, the surviving company under the merger, bear joint responsibility for compensation as the employer. Originally, on June 25, 2013, the claimed compensation was \$25,718 thousand. From then on, the claims increased to \$40,310 thousand on June 30, 2015 and reduced to \$39,769 thousand on August 12, 2015. On October 21, 2016, the Taiwan Taipei District Court adjudicated to overrule the lawsuit brought by the plaintiffs (i.e. Yuanta Securities obtained a favorable decision in the case). However, the clients filed an appeal, and on May 8, 2019, the Taiwan High Court adjudicated that Yuanta Securities should pay compensation amounting to \$25,787 thousand due to its joint responsibility and Yuanta Securities has appointed lawyers to appeal the case. The Supreme Court is currently reviewing the case.

B. With respect to the land and parking space sales dispute, Seventh-Day Adventist Church and Taiwan Adventist Hospital initiated a mediation procedure against Yuanta Securities and another party. On January 17, 2018, the plaintiff claimed that the compensation was raised to \$952,511 thousand (of which \$950,861 thousand was subject to a joint liability). The mediation failed before the Taiwan Taipei District Court. On July 11, 2018, Seventh-Day Adventist Church 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.

C. As of June 30, 2020, of the total 14 litigations against Yuanta Securities (Korea) and its subsidiaries, 3 litigations of which were related to financial commodities sales disputes of former TongYang Securities Inc. (please refer to the explanation in Note 6(26)). The remaining 11 litigations were unrelated to such financial commodities sales disputes with demanded compensation totaling KRW 1,161,813 million (approximately NT\$28.6 billion) among which Anbang Group Holdings Co., Ltd. and Anbang Life Insurance Co., Ltd. (collectively, "Anbang") filed an arbitration counterclaim against Yuanta Securities (Korea) and other four parties. The original claimed amount of the Anbang case was KRW 698,000 million (approximately NT\$17.2 billion). Thereafter, according to Anbang's various allegations, the claimed amount was changed and expressed in plural claimed amounts with the latest claimed amount of KRW 1,143,200 million (approximately NT\$28.2 billion). The allegations made by Anbang were denied by Yuanta Securities (Korea). The arbitration will proceed and continue in accordance with the arbitration rules. As of June 30, 2020, there was a provision of KRW 1,864 million (approximately NT\$46 million) recognized for the abovementioned litigations unrelated to financial commodities sales disputes of former TongYang Securities Inc.. Separately, there were 17 litigations where Yuanta Securities (Korea) acted as a plaintiff with the claimed amount of KRW 68,125 million (approximately NT\$1.68 billion).

D. Due to the fraudulent act committed by a former employee of KK Trade Securities Co., Ltd. as alleged, the affected clients filed a civil lawsuit against Yuanta Securities (Thailand) and the

former employee for joint liability to pay the compensation of THB 301 million (approximately NT\$289 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 thereof is denied by Yuanta Securities (Thailand). The legal proceedings are still ongoing.

- E. As of June 30, 2020, Yuanta Securities (Hong Kong)'s receivables from margin loan amounting to HKD 147,504 thousand (approximately NT\$560 million), which 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 all losses of Yuanta Securities (Hong Kong) in relation to the accounts of these margin clients. Considering that Yuanta Securities (Hong Kong) has exercised its right of set-off under the Guarantee Agreement against the account executive's assets amounting to HKD 68,552 thousand (approximately NT\$260 million) and received the first repayment distributed by clients' liquidator amounting to HKD 44 thousand (approximately NT\$170 thousand), the remaining loss of HKD 78,908 thousand (approximately NT\$300 million) has been recognized. Yuanta Securities (Hong Kong) has raised a litigation proceeding against the account executive for the full amount of the debt owed by those margin clients based on the Guarantee Agreement. Yet an award of compensation in the amount of HKD 135,191 thousand (approximately NT\$520 million) was claimed for the case including the interest calculated as of the date of filing the lawsuit. The account executive has claimed that she has no liability for losses in relation to the accounts of these margin clients. The legal proceedings are still ongoing. 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 defence by the above account executive 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 in Target Redemption Forward (TRF) when closing position, they filed a complaint with the Taiwan Taipei District Court against Ta Chong Bank and alleged that Ta Chong Bank shall reimburse the loss in transactions incurred by them (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 first instance court has 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 for 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 third instance. However, as of June 30, 2020, only the appeal of Sino United International Co., Ltd. is under review of the Supreme Court as the appeal of Plosa International Co., Ltd. was overruled due to the unpaid court fees. The subsequent proceedings of the litigation have been assessed to have no material impact on the operations and stockholders' equity of Yuanta Bank.
- B. Yuanta Savings Bank (Korea) exercised its pledge right to acquire a 33.3% equity interest of Pentagon City under a credit loan extended by Yuanta Savings Bank (Korea) to Pentagon City from 2006 to 2008. 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 first instance court has ruled in favour of Yuanta Savings Bank (Korea), and Pentagon City disagreed with the ruling and filed an appeal on July 8, 2019. As of June 30, 2020, the case is still under review of the Seoul High Court. The subsequent proceedings of the litigation have been assessed to have no material impact on the operations and stockholders' 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, herein referred to as the "Labor Pension"). Because the former manager of former Polaris Securities Investment Trust, surnamed Qu (herein 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 government funds, the Labor Pension, in accordance with the indictment issued by the Special Investigation Division of the Supreme Prosecutor Office, filed a civil complaint attached with criminal proceedings with the Taiwan Taipei District Court on January 28, 2014, claiming Manager Qu and Yuanta Securities Investment Trust should bear a joint and several liability for compensation. 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 second instance. Based on the appointed lawyer's assessment, 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 commissioned services. Furthermore, prior trading that is considered a criminal breach of trust offense and actions in violation of the Securities Exchange Act, which are alleged to have damaged the Labor Pension as illustrated in the indictment, are considered unverifiable crimes. As to the civil case filed to the Taiwan Taipei District Court by the Labor Pension for compensation, it was dismissed by the first instance decision of the court made on May 15, 2020. The court finds that the Labor Pension did not provide sufficient evidence showing that it had suffered any damages caused by Manager Qu's wrongful action, i.e., intentional torts or negligent torts, and that there was causation between the alleged compensation and Manager Qu's aforementioned wrongful action. Accordingly, the court finds that the Labor Pension has no grounds for claiming that Yuanta Securities Investment Trust shall be jointly and severally liable for such compensation. However, the Labor Pension has filed an appeal pursuant to applicable laws.

(8) Other lawsuits- Yuanta Life Insurance

As of June 30, 2020, Yuanta Life Insurance still has several insurance claim litigations in process. Yuanta Life Insurance has appointed lawyers to handle these cases and has provisioned an appropriate amount of claims reserve.

(9) Others

	<u>June 30, 2020</u>	<u>December 31, 2019</u>	<u>June 30, 2019</u>
Commitment of the securities under a repurchase agreement	\$ 218,502,225	\$ 200,782,844	\$ 209,869,283
Commitment of the securities under a resale agreement	42,221,577	47,671,245	36,283,648
Unused loan commitments	24,164,000	25,604,687	30,614,691
Credit commitment on credit card	120,868,175	119,477,639	120,298,026
Unused L/C balance	2,835,945	3,635,756	2,909,162
Other guarantees	13,618,958	13,217,092	17,289,409
Consignment collection for others	16,801,000	16,990,839	17,329,028
Trust assets	280,409,729	253,100,505	239,585,406
Items under custody	28,811,207	29,999,685	29,982,718

(10) In accordance with Article 17 of the Trust Enterprise Act, the Yuanta Bank discloses its trust balance sheet, trust income statement and schedule of trust property as follows:

<u>June 30, 2020</u>			
<u>Trust Balance Sheet</u>			
<u>Trust assets</u>		<u>Trust liabilities</u>	
Bank deposits	\$ 3,919,676	Payables-Customers' securities	\$ 33,978,669
Stocks	10,467,325	Pecuniary trust	150,051,135
Funds (Note)	108,535,487	Securities trust	5,415,895
Bonds	26,350,940	Real estate trust	15,764,906
Structured products	8,266,950	Movables trust	14,372,380
Real estate-Land	12,815,671	Net income	(6,477)
-Construction in progress	1,798,001	Retained earnings	928,592
Movables	14,372,380		
Customers' securities under custody	33,978,670		
Total trust assets	<u>\$ 220,505,100</u>	Total trust liabilities	<u>\$ 220,505,100</u>

June 30, 2019

Trust Balance Sheet

Trust assets		Trust liabilities	
Bank deposits	\$ 4,391,978	Payables-Customers' securities	\$ 24,509,296
Stocks	10,882,258	Pecuniary trust	141,954,353
Funds (Note)	96,641,694	Securities trust	4,830,245
Bonds	21,497,766	Real estate trust	14,668,565
Structured products	15,314,556	Movables trust	7,020,000
Real estate-Land	12,088,349	Net income	167,870
-Construction in progress	2,041,010	Retained earnings	1,236,578
Movables	7,020,000		
Customers' securities under custody	24,509,296		
Total trust assets	<u>\$ 194,386,907</u>	Total trust liabilities	<u>\$ 194,386,907</u>

Note: Includes mutual funds in money market.

Trust Income Statement

For the six months ended June 30, 2020		For the six months ended June 30, 2019	
Trust revenue:		Trust revenue:	
Interest income	\$ 5,192	Interest income	\$ 5,764
Investment income (Stocks)	22,483	Investment income (Stocks)	191,205
Investment income (Fund)	680	Investment income (Fund)	298
Rental income	-	Rental income	86
	<u>28,355</u>		<u>197,353</u>
Trust expenses:		Trust expenses:	
Management fees	8,917	Management fees	8,010
Tax expense	25,892	Tax expense	21,459
	<u>34,809</u>		<u>29,469</u>
Loss before income tax	(6,454)	Income before income tax	167,884
Income tax expense	(23)	Income tax expense	(14)
Net loss	<u>(\$ 6,477)</u>	Net income	<u>\$ 167,870</u>

Schedule of Trust Property

June 30, 2020		June 30, 2019	
Invested items	Book values	Invested items	Book values
Bank deposits	\$ 3,919,676	Bank deposits	\$ 4,391,978
Bonds	26,350,940	Bonds	21,497,766
Stocks	10,467,325	Stocks	10,882,258
Structured products	8,266,950	Structured products	15,314,556
Funds (Note)	108,535,487	Funds (Note)	96,641,694
Real estate-land	12,815,671	Real estate-land	12,088,349
-Construction in progress	1,798,001	-Construction in progress	2,041,010
Movables	14,372,380	Movables	7,020,000
Customers' securities under custody	33,978,670	Customers' securities under custody	24,509,296
	<u>\$ 220,505,100</u>		<u>\$ 194,386,907</u>

Note: Includes mutual funds in money market.

The trust balance sheet and schedule of trust property as at June 30, 2020 and 2019 include foreign currency non-discretionary money trusts and foreign currency money trusts operated by the offshore banking unit of the Yuanta Bank.

- (11) In accordance with Article 17 of the Trust Enterprise Act, the Yuanta Securities discloses its trust balance sheet, trust income statement and schedule of trust property as follows:

June 30, 2020			
Trust Balance Sheet			
<u>Trust assets</u>		<u>Trust liabilities</u>	
Bank deposits	\$ 1,553,785	Payables	\$ 106,795
Bonds	25,039	Income tax payables	171
Stocks	4,591,917	Trust capital-pecuniary trust	54,200,755
Funds	49,604,628	Trust capital-securities trust	4,243,853
Structured products	3,703,460	Net income	(4,569,176)
Accounts receivable	425,532	Retained earnings	5,403,437
Prepayments	268	Deferred carryforwards	518,794
Total trust assets	<u>\$ 59,904,629</u>	Total trust liabilities	<u>\$ 59,904,629</u>

June 30, 2019

Trust Balance Sheet

Trust assets		Trust liabilities	
Bank deposits	\$ 1,363,918	Payables	\$ 63,961
Bonds	22,432	Income tax payables	393
Stocks	6,877,527	Trust capital-pecuniary trust	33,720,906
Funds	25,875,909	Trust capital-securities trust	6,571,049
Structured products	10,674,856	Net income	1,752,910
Accounts receivable	383,560	Retained earnings	3,129,205
Prepayments	297	Deferred carryforwards	(39,925)
Total trust assets	<u>\$ 45,198,499</u>	Total trust liabilities	<u>\$ 45,198,499</u>

Trust Income Statement

For the six months ended June 30, 2020		For the six months ended June 30, 2019	
Trust revenue:		Trust revenue:	
Interest income	\$ 279,369	Interest income	\$ 278,884
Realized investment income	-	Realized investment income	529,375
Unrealized investment income	-	Unrealized investment income	842,226
Gain on translation	-	Gain on translation	103,860
Rental income	12,422	Rental income	42,259
Dividend income	23,072	Dividend income	21,985
	<u>314,863</u>		<u>1,818,589</u>
Trust expenses:		Trust expenses:	
Administrative expenses	(29,400)	Administrative expenses	(17,262)
Fees (Service charges)	(128,446)	Fees (Service charges)	(35,417)
Loss on realized investment	(3,892,256)	Loss on realized investment	-
Loss on unrealized investment	(526,562)	Loss on unrealized investment	-
Loss on translation	(297,431)	Loss on translation	-
Insurance premium	(142)	Insurance premium	(10)
Others	-	Others	(11,072)
	<u>(4,874,237)</u>		<u>(63,761)</u>
Loss before income tax	(4,559,374)	Income before income tax	1,754,828
Income tax expense	(9,802)	Income tax expense	(1,918)
Net loss	<u>(\$ 4,569,176)</u>	Net income	<u>\$ 1,752,910</u>

Schedule of Trust Property

June 30, 2020		June 30, 2019	
Invested items	Book values	Invested items	Book values
Bank deposits	\$ 1,553,785	Bank deposits	\$ 1,363,918
Bonds	25,039	Bonds	22,432
Stocks	4,591,917	Stocks	6,877,527
Funds	49,604,628	Funds	25,875,909
Structured products	3,703,460	Structured products	10,674,856
Others	425,800	Others	383,857
	<u>\$ 59,904,629</u>		<u>\$ 45,198,499</u>

- (12) 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 June 30, 2020, December 31, 2019 and June 30, 2019 were USD 6,818 thousand dollars, USD 3,896 thousand dollars and USD 10,210 thousand dollars, respectively.

10. Significant losses from disasters

(1) The Company:

None.

(2) Subsidiaries:

None.

11. Significant subsequent events

(1) The Company:

The Company's subsidiary, Yuanta Futures, planned to increase its capital by issuing 40,000 thousand common shares at a tentative issue price of NT\$47 dollars per share to meet its working capital needs, strengthen its financial structure and enhance its adjusted net capital (ANC) and net assets for the purpose of stabilizing its operation and ensuring long-term business development. However, the actual subscription price is determined by the final issue price. On August 21, 2020, the Board of Directors of the Company authorized the Chairman to participate in the capital increase of Yuanta Futures in relation to the subscription of a certain amount of equity interest based on the original shareholding ratio. The Board of Directors also allows the specific persons to participate in this subscription. The expected maximum amount of this capital increase is \$1,486,910 thousand. The subsequent procedures will proceed only when the application is filed and approved by the competent authorities.

(2) Subsidiaries:

On August 20, 2020, the Board of Directors of the subsidiary, Yuanta Futures, resolved to issue common shares for cash capital increase, totaling 40,000 thousand shares with a par value of \$10 dollars per share. The purpose is to raise additional working capital.

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.

(BLANK)

B. Financial instruments measured at fair value

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

	June 30, 2020				December 31, 2019			
	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	\$ 39,762,908	\$ 37,948,946	\$ 27,488	\$ 1,786,474	\$ 37,144,161	\$ 34,960,554	\$ 87,610	\$ 2,095,997
Liability instruments	346,564,344	103,798,509	242,405,096	360,739	325,609,684	91,234,085	234,013,492	362,107
Others	128,030,989	39,781,467	78,473,268	9,776,254	128,742,970	52,007,473	66,232,980	10,502,517
Financial assets at fair value through other comprehensive income (Note)								
Equity instruments	41,935,459	24,068,723	-	17,866,736	31,972,642	13,517,844	-	18,454,798
Liability instruments	217,385,648	74,096,805	143,035,136	253,707	198,733,362	71,642,229	126,863,300	227,833
Other financial assets								
Purchase of claim receivable	1,839,857	-	-	1,839,857	1,849,460	-	-	1,849,460
Liabilities								
Financial liabilities at fair value through profit or loss	\$ 113,417,784	\$ 37,779,044	\$ 21,789,631	\$ 53,849,109	\$ 106,668,410	\$ 23,217,121	\$ 18,944,044	\$ 64,507,245
<u>Derivative financial instruments</u>								
Assets								
Financial assets at fair value through profit or loss	\$ 17,134,895	\$ 8,111,306	\$ 6,112,617	\$ 2,910,972	\$ 12,534,264	\$ 3,208,756	\$ 6,133,693	\$ 3,191,815
Liabilities								
Financial liabilities at fair value through profit or loss	\$ 17,576,265	\$ 2,369,928	\$ 8,491,884	\$ 6,714,453	\$ 16,671,818	\$ 1,787,709	\$ 11,082,297	\$ 3,801,812

Recurring fair value measurements	June 30, 2019			
	Total	Level 1	Level 2	Level 3
<u>Non-derivative financial instruments</u>				
Assets				
Financial assets at fair value through profit or loss				
Equity instruments	\$ 46,085,674	\$ 43,334,171	\$ 53,586	\$ 2,697,917
Liability instruments	309,483,439	120,743,408	188,368,411	371,620
Others	119,066,536	40,111,554	68,080,633	10,874,349
Financial assets at fair value through other comprehensive income (Note)				
Equity instruments	35,032,535	16,709,420	-	18,323,115
Liability instruments	207,367,646	76,836,754	130,303,750	227,142
Other financial assets				
Purchase of claim receivable	1,857,570	-	-	1,857,570
Liabilities				
Financial liabilities at fair value through profit or loss	\$ 93,107,594	\$ 10,162,973	\$ 21,186,594	\$ 61,758,027
<u>Derivative financial instruments</u>				
Assets				
Financial assets at fair value through profit or loss	\$ 13,450,351	\$ 4,497,705	\$ 5,428,507	\$ 3,524,139
Liabilities				
Financial liabilities at fair value through profit or loss	\$ 20,011,970	\$ 1,468,340	\$ 13,029,155	\$ 5,514,475

Note: As of June 30, 2020, December 31, 2019 and June 30, 2019, 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 June 30, 2020, December 31, 2019 and June 30, 2019, certain foreign debt held by the Yuanta Group, totaling USD 44,620 thousand, USD 19,786 thousand and USD 3,641 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 June 30, 2020, December 31, 2019 and June 30, 2019, certain foreign debt held by the Yuanta Group, totaling USD 10,329 thousand, USD 11,051 thousand and USD 39,578 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 six months ended June 30, 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	(\$ 1,843,988)	(\$ 27,464)	\$ 17,537,813	\$ -	(\$ 16,688,899)	(\$ 295,459)	\$ 14,834,439
Financial assets at fair value through other comprehensive income	18,682,631	86,289	227,443	91,598	-	(967,518)	-	18,120,443
Other financial assets- purchase of claim receivable	1,849,460	93	-	-	-	(9,696)	-	1,839,857
Total	\$ 36,684,527	(\$ 1,757,606)	\$ 199,979	\$ 17,629,411	\$ -	(\$ 17,666,113)	(\$ 295,459)	\$ 34,794,739

For the six months ended June 30, 2019								
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	\$ 19,044,503	(\$ 2,403,856)	\$ 3,657	\$ 7,100,753	\$ 121,459	(\$ 6,180,992)	(\$ 217,499)	\$ 17,468,025
Financial assets at fair value through other comprehensive income	17,571,193	(116,540)	1,188,095	-	-	(92,491)	-	18,550,257
Other financial assets- purchase of claim receivable	1,867,408	721	-	-	-	(10,559)	-	1,857,570
Total	\$ 38,483,104	(\$ 2,519,675)	\$ 1,191,752	\$ 7,100,753	\$ 121,459	(\$ 6,284,042)	(\$ 217,499)	\$ 37,875,852

In relation to the above, valuation gains and losses are recognised in gain and loss in the period. The net losses belonging to assets as of June 30, 2020 and 2019 were \$2,089,210 and \$2,063,816, respectively.

In relation to the above, valuation gains and losses are recognised in other comprehensive income. The net gains belonging to assets as of June 30, 2020 and 2019 were \$290,680 and \$1,180,244, respectively.

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

For the six months ended June 30, 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	\$ 2,052,823	(\$ 1,883)	\$ 49,674,951	\$ -	(\$ 59,471,386)	\$ -	\$ 60,563,562

For the six months ended June 30, 2019								
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	\$ 60,596,909	(\$ 2,447,967)	(\$ 3,341)	\$ 56,694,842	\$ -	(\$ 47,567,941)	\$ -	\$ 67,272,502

In relation to the above, valuation gains and losses are recognised in gain and loss in the period. The net gains belonging to liabilities as of June 30, 2020 and 2019 were \$3,508,535 and \$1,603,029, respectively.

In relation to the above, valuation gains and losses are recognised in other comprehensive income. The net gains belonging to liabilities as of June 30, 2020 and 2019 were \$2,194 and \$3,574, respectively.

Note: Transferred out from level 3 and transferred between level 3 because of obtaining / lacking observable market information.

(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
June 30, 2020				
<u>Assets</u>				
Financial assets at fair value				
through profit or loss	\$ 125,068	(\$ 121,563)	\$ -	\$ -
Derivative instruments	34,107	(34,107)	-	-
Financial assets at fair value through				
other comprehensive income	-	-	373,076	(258,067)
Other financial assets- purchase of				
claim receivable	77,208	(77,208)	-	-
<u>Liabilities</u>				
Financial liabilities at fair value				
through profit or loss	\$ 171,440	(\$ 171,440)	\$ -	\$ -
Derivative instruments	(79,585)	79,585	-	-
December 31, 2019				
<u>Assets</u>				
Financial assets at fair value				
through profit or loss	\$ 121,559	(\$ 103,408)	\$ -	\$ -
Derivative instruments	(26,358)	26,358	-	-
Financial assets at fair value through				
other comprehensive income	-	-	443,864	(366,507)
Other financial assets- purchase of				
claim receivable	85,976	(85,976)	-	-
<u>Liabilities</u>				
Financial liabilities at fair value				
through profit or loss	(\$ 74,870)	\$ 74,870	\$ -	\$ -
Derivative instruments	92,991	(92,991)	-	-
June 30, 2019				
<u>Assets</u>				
Financial assets at fair value				
through profit or loss	\$ 129,392	(\$ 115,007)	\$ -	\$ -
Derivative instruments	16,055	(16,055)	-	-
Financial assets at fair value through				
other comprehensive income	-	-	501,716	(410,400)
Other financial assets- purchase of				
claim receivable	88,247	(88,247)	-	-
<u>Liabilities</u>				
Financial liabilities at fair value				
through profit or loss	\$ 8,133	(\$ 8,116)	\$ -	\$ -
Derivative instruments	(575)	563	-	-

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:

June 30, 2020		Valuation technique	Significant unobservable input	Range
Financial assets at fair value through profit or loss				
Equity instruments	\$ 1,786,474	1. Market method	Price to earnings ratio multiple	13.13 ~ 28.37
		2. Income method	Price to book ratio multiple	0.83 ~ 9.62
		3. Equity Model by L. Anderson and D. Buffum	Price-to-sales ratio multiplier	1.24
			Discount for marketability	<=40%
			Discount rate	5.34% ~ 15.80%
			Stock price volatility	13.13% ~ 61.62%
			Credit Spread	2.49% ~ 5.60%
			Recovery rate	20%
Liability instruments	360,739	1. Hybrid Model	Stock price volatility	11.30% ~ 42.45%
		2. Equity Model by L. Anderson and D. Buffum	Credit Spread	5.58% ~ 25.07%
			Recovery rate	20%
			Discount rate	0.008% ~ 4.75%
Derivative instruments (including futures and options trade in futures market)	2,910,972	1. Option Model	Dividend rate	1.95% ~ 4.05%
		2. Hybrid Model	Stock price volatility	12.03% ~ 22.26%
		3. FDM	Correlation coefficient	0.22 ~ 0.96
		4. Monte Carlo Simulation	Default rate	0.03% ~ 100%
			Recovery rate	55%
Others	9,776,254	1. Net asset value	Discount for marketability	<=10%
		2. Option Model	Dividend rate	1.95% ~ 4.05%
		3. FDM	Stock price volatility	17.87% ~ 22.26%
		4. Monte Carlo Simulation	Correlation coefficient	0.22 ~ 0.96
			Default rate	0.03% ~ 100%
			Recovery rate	55%
Other financial assets				
Purchase of claim receivable	1,839,857	Recoverable amount	Contact rate	1.26% ~ 44.50%
			Payment rate	1.19% ~ 41.00%
			Discount rate	1.20% ~ 39.90%
Financial assets at fair value through other comprehensive income				
Equity instruments	17,866,736	1. Market method	Price to earnings ratio multiple	13.91 ~ 29.14
		2. Residual income valuation model	Price to book ratio multiple	0.86 ~ 2.85
			Discount for marketability	<=40%
		3. Discounted cash flow	Expected growth rate	1%
			Discount rate	9.70% ~ 12.20%
Liability instruments	253,707	Discounted cash flow	Discount rate	0.008% ~ 4.75%

June 30, 2020		Valuation technique	Significant unobservable input	Range
Financial liabilities at fair value through profit or loss				
Derivative instruments (including futures and options trade in futures market)	\$ 6,714,453	1.FDM	Dividend rate	1.95% ~ 4.05%
		2.Option Model	Stock price volatility	17.87% ~ 22.26%
		3.Monte Carlo Simulation	Correlation coefficient	0.22 ~ 0.96
			Default rate	0.03% ~ 100%
			Recovery rate	55%
Others	53,849,109	1.FDM	Dividend rate	1.95% ~ 4.05%
		2.Option Model	Stock price volatility	2.44% ~ 247.28%
		3.IR Model	Correlation coefficient	0.22 ~ 0.96
		4.Hybrid Model	Default rate	0.03% ~ 100%
		5.Monte Carlo Simulation	Recovery rate	55%
December 31, 2019		Valuation technique	Significant unobservable input	Range
Financial assets at fair value through profit or loss				
Equity instruments	\$ 2,095,997	1.Market method	Price to earnings ratio multiple	13.53 ~ 35.45
		2.Income method	Price to book ratio multiple	0.81 ~ 9.63
		3.Equity Model by L. Anderson and D. Buffum	Price-to-sales ratio multiplier	1.24
			Discount for marketability	<=40%
			Discount rate	5.45% ~ 14.40%
			Stock price volatility	13.87% ~ 36.83%
			Credit Spread	2.26% ~ 5.92%
			Recovery rate	20%
Liability instruments	362,107	1.Hybrid Model	Stock price volatility	10.22% ~ 39.25%
		2.Equity Model by L. Anderson and D. Buffum	Credit Spread	5.58% ~ 18.03%
			Recovery rate	20%
		3.Monte Carlo Simulation	Discount rate	0.40% ~ 7.76%
		4.Discounted cash flow		
Derivative instruments (including futures and options trade in futures market)	3,191,815	1.Option Model	Dividend rate	1.82% ~ 3.52%
		2.Hybrid Model	Stock price volatility	2.86% ~ 22.27%
		3.FDM	Correlation coefficient	0.22 ~ 0.95
		4.Monte Carlo Simulation	Default rate	0.03% ~ 100%
		Recovery rate	55%	
Others	10,502,517	1.Net asset value	Discount for marketability	<=10%
		2.Option Model	Dividend rate	1.82% ~ 3.52%
		3.FDM	Stock price volatility	13.50% ~ 22.27%
		4.Monte Carlo Simulation	Correlation coefficient	0.22 ~ 0.95
			Default rate	0.03% ~ 100%
		Recovery rate	55%	
Other financial assets				
Purchase of claim receivable	1,849,460	Recoverable amount	Contact rate	1.90% ~ 39.46%
			Payment rate	1.72% ~ 39.85%
			Discount rate	1.87% ~ 40.21%

December 31, 2019		Valuation technique	Significant unobservable input	Range
Financial assets at fair value through other comprehensive income				
Equity instruments	\$ 18,454,798	1. Market method	Price to earnings ratio multiple	13.59 ~ 29.81
		2. Residual income valuation model	Price to book ratio multiple	0.86 ~ 2.87
			Discount for marketability	<=40%
		3. Discounted cash flow	Expected growth rate	1%
			Discount rate	10.40% ~ 10.60%
Liability instruments	227,833	Discounted cash flow	Discount rate	0.40% ~ 7.76%
Financial liabilities at fair value through profit or loss				
Derivative instruments (including futures and options trade in futures market)	3,801,812	1. FDM	Dividend rate	1.82% ~ 3.52%
		2. Option Model	Stock price volatility	13.50% ~ 22.27%
		3. Monte Carlo Simulation	Correlation coefficient	0.22 ~ 0.95
			Default rate	0.03% ~ 100%
			Recovery rate	55%
Others	64,507,245	1. IR Model	Dividend rate	1.82% ~ 3.52%
		2. Option Model	Stock price volatility	0.73% ~ 94.27%
		3. Hybrid Model	Correlation coefficient	0.22 ~ 0.95
		4. FDM	Default rate	0.03% ~ 100%
		5. Monte Carlo Simulation	Recovery rate	55%
June 30, 2019		Valuation technique	Significant unobservable input	Range
Financial assets at fair value through profit or loss				
Equity instruments	\$ 2,697,917	1. Market method	Price to earnings ratio multiple	13.51 ~ 27.51
		2. Income method	Price to book ratio multiple	0.77 ~ 10.55
		3. Equity Model by L. Anderson and D. Buffum	Price-to-sales ratio multiplier	1.19
			Discount for marketability	<=40%
			Discount rate	5.53% ~ 14.72%
			Stock price volatility	12.30% ~ 40.00%
			Credit Spread	2.31% ~ 5.91%
			Recovery rate	20%
Liability instruments	371,620	1. Hybrid Model	Stock price volatility	12.56% ~ 43.57%
		2. Equity Model by L. Anderson and D. Buffum	Credit Spread	5.86% ~ 17.87%
			Recovery rate	20%
			Discount rate	0.64% ~ 7.74%
Derivative instruments (including futures and options trade in futures market)	3,524,139	1. Option Model	Dividend rate	1.91% ~ 3.62%
		2. Hybrid Model	Stock price volatility	3.13% ~ 23.22%
		3. FDM	Correlation coefficient	0.23 ~ 0.95
		4. Monte Carlo Simulation	Default rate	0.03% ~ 100%
			Recovery rate	55%
Others	10,874,349	1. Net asset value	Dividend rate	1.91% ~ 3.62%
		2. Option Model	Stock price volatility	13.53% ~ 23.22%
		3. FDM	Correlation coefficient	0.23 ~ 0.95
		4. Monte Carlo Simulation	Default rate	0.03% ~ 100%
			Recovery rate	55%

June 30, 2019	Valuation technique	Significant unobservable input	Range
Other financial assets			
Purchase of claim receivable \$ 1,857,570	Recoverable amount	Contact rate	1.90% ~ 39.81%
		Payment rate	1.73% ~ 40.13%
		Discount rate	1.87% ~ 40.47%
Financial assets at fair value through other comprehensive income			
Equity instruments 18,323,115	1. Market method	Price to earnings ratio multiple	12.80 ~ 30.15
	2. Residual income valuation model	Price to book ratio multiple	0.83 ~ 2.87
	3. Discounted cash flow	Discount for marketability	<=40%
		Expected growth rate	2%
		Discount rate	11.20%
Liability instruments 227,142	Discounted cash flow	Discount rate	0.64% ~ 7.74%
Financial liabilities at fair value through profit or loss			
Derivative instruments (including futures and options trade in futures market) 5,514,475	1. FDM	Dividend rate	1.91% ~ 3.62%
	2. Option Model	Stock price volatility	13.53% ~ 23.22%
	3. Monte Carlo Simulation	Correlation coefficient	0.23 ~ 0.95
		Default rate	0.03% ~ 100%
		Recovery rate	55%
Others 61,758,027	1. FDM	Dividend rate	1.91% ~ 3.62%
	2. Option Model	Stock price volatility	0.89% ~ 68.58%
	3. IR Model	Correlation coefficient	0.23 ~ 0.95
	4. Hybrid Model	Default rate	0.03% ~ 100%
	5. Monte Carlo Simulation	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.

	June 30, 2020				
	Book value	Fair value			
		Total	Level 1	Level 2	Level 3
Financial assets					
Investments in debt instruments at amortised cost (Notes 1 and 2)	\$ 271,868,309	\$ 301,640,653	\$ 3,255,772	\$ 298,350,643	\$ 34,238
Financial liabilities					
Bonds payable	73,826,227	76,581,415	-	50,851,475	25,729,940

	December 31, 2019				
	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)	\$ 255,811,355	\$ 275,638,101	\$ 3,120,202	\$ 272,479,661	\$ 38,238

<u>Financial liabilities</u>					
Bonds payable	68,849,634	71,228,083	-	71,228,083	-

	June 30, 2019				
	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)	\$ 249,680,866	\$ 265,829,065	\$ 3,239,252	\$ 262,547,281	\$ 42,532

<u>Financial liabilities</u>					
Bonds payable	72,635,911	75,276,992	-	75,276,992	-

Note 1: Including the statutory deposits of \$2,344,300, \$600,000 and \$600,000, respectively of Yuanta Life of the Yuanta Group as of June 30, 2020, December 31, 2019 and June 30, 2019.

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:

- a. 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.
- b. 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.
- c. 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.
- d. 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 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 9~11	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:

A. 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.

(A) 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:

- a. The borrower is over 30 days past due.
- b. Significant deterioration in credit quality and placed on the Yuanta Group's warning list.
- c. 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.
- d. Records of bad credit are confirmed after assessment.

(B) 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:

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

(C) 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:

- a. 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.
- b. 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.
- c. 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.

B. 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.

(A) Credit business

- a. Principal or interest payments over 3 months (90 days) past due, or the bank has begun collection procedures or liquidation of collateral.
- b. New payment schedule is negotiated so that loan is not classified as non-performing.
- c. Non-performing loans in negotiation according to the rules of the Debt Negotiation Mechanism issued by the Bankers Association in 2006 (including pre-mediation).
- d. 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).
- e. Cases where the court has initiated reorganization or liquidation proceedings.
- f. Declaration of bankruptcy in court.
- g. Reclassified as non-accrual.
- h. Special criterion for credit card products: credit card accounts closed by the issuer.
- i. Debtor's loans from other banking institutions have been recognized as non-performing, and reclassified as non-accrual or written off as bad debt.
- j. Debtor has filed for bankruptcy, reorganization, or other debt clearance proceedings.
- k. 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.
- l. Non-performing loans where a payment installment plan has been negotiated.
- m. Loans classified as "in default" according to the Yuanta Group's internal credit rating model.

(B) 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:

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

(C) Other financial assets

- a. 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.
- b. 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.

- c. 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 transfer to overdue receivables or have been provided the bad debt expense.

(D) 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.

C. 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:

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

D. 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).

(A) Credit business

a. 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.

- (a) One-year PD: Calculate the actual one-year PD from historical data and use it to estimate the one-year PD parameter.
- (b) 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.

b. 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.

c. Exposure at default (EAD)

(a) On balance sheet – Loans and loan receivables: calculated from credit balance

(b) 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.”

(B) Investments in debt instruments

a. 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.

b. 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.

c. 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.

E. 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.

(A) For determining significant increase in credit risk

a. 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.

b. 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.

(B) 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.

(C) 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.

F. 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.

G. The impact of COVID-19

As a result of the COVID-19 outbreak in the beginning of 2020 and affect 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 epidemic is being 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 2020. 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.

H. 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:

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Bills discounted and loans

June 30, 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	\$ 498,863,997	\$ 534,605	\$ -	\$ -	\$ 499,398,602
Internal ratings – acceptable	236,254,225	4,330,851	-	-	240,585,076
Internal ratings – weak	51,497,326	99,130	-	-	51,596,456
Internal ratings – not rated	193,753	664	-	-	194,417
Internal ratings – credit impairment	-	225,379	6,838,763	-	7,064,142
The total carrying amount	786,809,301	5,190,629	6,838,763	-	798,838,693
Allowance for bad debt	(1,448,511)	(260,734)	(3,393,094)	-	(5,102,339)
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	-	-	-	(7,826,716)	(7,826,716)
Total (Note)	\$ 785,360,790	\$ 4,929,895	\$ 3,445,669	(\$ 7,826,716)	\$ 785,909,638

Note: Including interest receivable and temporary payments for others amounting to \$694,025. In addition, allowance for doubtful receivables was \$14,991.

Additionally, the total carrying amounts of accounts receivable and debt instruments (shown as financial assets measured at fair value through other comprehensive income and financial assets measured at amortized cost) are \$137,939,875 and \$627,799,997, 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, 2019	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	\$ 499,332,861	\$ 603,721	\$ -	\$ -	\$ 499,936,582
Internal ratings – acceptable	226,667,970	3,704,698	-	-	230,372,668
Internal ratings – weak	48,049,256	432,472	-	-	48,481,728
Internal ratings – not rated	204,092	1,052	-	-	205,144
Internal ratings – credit impairment	-	306,526	9,046,406	-	9,352,932
The total carrying amount	774,254,179	5,048,469	9,046,406	-	788,349,054
Allowance for bad debt	(1,401,149)	(190,360)	(4,951,631)	-	(6,543,140)
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	-	-	-	(7,502,396)	(7,502,396)
Total (Note)	<u>\$ 772,853,030</u>	<u>\$ 4,858,109</u>	<u>\$ 4,094,775</u>	<u>(\$ 7,502,396)</u>	<u>\$ 774,303,518</u>

Note: Including interest receivable and temporary payments for others amounting to \$875,168. In addition, allowance for doubtful receivables was \$33,355.

Additionally, the total carrying amounts of accounts receivable and debt instruments (shown as financial assets measured at fair value through other comprehensive income and financial assets measured at amortized cost) are \$145,125,217 and \$584,397,733, 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

June 30, 2019	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	\$ 507,016,668	\$ 1,018,871	\$ -	\$ -	\$ 508,035,539
Internal ratings— acceptable	221,392,371	2,067,165	-	-	223,459,536
Internal ratings— weak	32,967,833	660,490	-	-	33,628,323
Internal ratings— not rated	594,936	52,604	-	-	647,540
Internal ratings— credit impairment	<u>-</u>	<u>326,748</u>	<u>7,650,735</u>	<u>-</u>	<u>7,977,483</u>
The total carrying amount	761,971,808	4,125,878	7,650,735	-	773,748,421
Allowance for bad debt	(1,536,384)	(815,503)	(3,913,756)	-	(6,265,643)
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	<u>-</u>	<u>-</u>	<u>-</u>	<u>(6,963,864)</u>	<u>(6,963,864)</u>
Total (Note)	<u>\$ 760,435,424</u>	<u>\$ 3,310,375</u>	<u>\$ 3,736,979</u>	<u>(\$ 6,963,864)</u>	<u>\$ 760,518,914</u>

Note: Including interest receivable and temporary payments for others amounting to \$1,050,894. In addition, allowance for doubtful receivables was \$21,499.

Additionally, the total carrying amounts of accounts receivable and debt instruments (shown as financial assets measured at fair value through other comprehensive income and financial assets measured at amortized cost) are \$164,476,735 and \$570,853,894, 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:

<u>June 30, 2020</u>	<u>Collateral (Note)</u>	<u>Net-settled general agreement</u>	<u>Total</u>
<u>For accounts on the balance sheet</u>			
Receivables-other	\$ 24,850	\$ -	\$ 24,850
Bills discounted and loans	586,662,479	-	586,662,479
Financial assets at fair value through profit or loss	353,479	618,053	971,532
<u>For accounts off the balance sheet</u>			
Unused loan commitments	7,272,625	-	7,272,625
Unused credit commitment	231,996	-	231,996
Guarantees (including for non-performing loans)	3,654,899	-	3,654,899
<u>December 31, 2019</u>	<u>Collateral (Note)</u>	<u>Net-settled general agreement</u>	<u>Total</u>
<u>For accounts on the balance sheet</u>			
Receivables-other	\$ 65,427	\$ -	\$ 65,427
Bills discounted and loans	561,708,410	-	561,708,410
Financial assets at fair value through profit or loss	1,253,968	1,138,660	2,392,628
<u>For accounts off the balance sheet</u>			
Unused loan commitments	6,999,973	-	6,999,973
Unused credit commitment	109,415	-	109,415
Guarantees (including for non-performing loans)	4,749,347	-	4,749,347
<u>June 30, 2019</u>	<u>Collateral (Note)</u>	<u>Net-settled general agreement</u>	<u>Total</u>
<u>For accounts on the balance sheet</u>			
Receivables-other	\$ 274,908	\$ -	\$ 274,908
Bills discounted and loans	546,071,745	-	546,071,745
Financial assets at fair value through profit or loss	695,568	1,431,120	2,126,688
<u>For accounts off the balance sheet</u>			
Unused loan commitments	5,943,236	-	5,943,236
Unused credit commitment	185,061	-	185,061
Guarantees (including for non-performing loans)	4,567,684	-	4,567,684

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

I. 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, location and collateral are shown as follows:

(A) Industry:

Industry	June 30, 2020		December 31, 2019	
	Amount	%	Amount	%
Privately owned businesses	\$ 661,889,103	28.13	\$ 670,861,627	30.03
Natural person	564,289,218	23.98	542,092,570	24.26
Financial institutions	629,730,734	26.76	586,938,831	26.28
Governmental institutions	464,622,410	19.74	415,644,876	18.60
Government-owned businesses	30,146,973	1.28	15,952,345	0.71
Others	2,475,306	0.11	2,697,949	0.12
Total	<u>\$ 2,353,153,744</u>	<u>100.00</u>	<u>\$ 2,234,188,198</u>	<u>100.00</u>

Industry	June 30, 2019	
	Amount	%
Privately owned businesses	\$ 661,079,640	29.87
Natural person	519,876,645	23.49
Financial institutions	624,174,526	28.20
Governmental institutions	394,473,661	17.83
Government-owned businesses	10,613,515	0.48
Others	2,780,627	0.13
Total	<u>\$ 2,212,998,614</u>	<u>100.00</u>

(B) Geographic location:

Geography location	June 30, 2020	December 31, 2019	June 30, 2019
Taiwan	\$ 1,576,691,193	\$ 1,479,272,705	\$ 1,425,372,131
Asia	512,158,301	511,510,812	568,802,057
America	165,394,559	148,313,749	125,981,076
Europe	73,078,683	70,330,015	70,652,353
Oceania	25,670,252	24,613,557	21,998,203
Africa	160,756	147,360	192,794
Total	<u>\$ 2,353,153,744</u>	<u>\$ 2,234,188,198</u>	<u>\$ 2,212,998,614</u>

J. Changes in the Yuanta Group's allowance for bad debt and acumulative impairment

(a) Credit business

For the six months ended June 30, 2020 and 2019, the reconciliation of the balance of allowance for bad debt are as follows:

Bills discounted and loans

For the six months ended June 30, 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	(7,613)	40,305	(32,692)	-	-	-
-Transferred to credit-impaired financial asset	(6,599)	(4,292)	10,891	-	-	-
-Transferred to 12-month expected credit losses	74,813	(12,962)	(61,851)	-	-	-
-Financial assets derecognised in the current period	(346,274)	(28,155)	(1,525,777)	(1,900,206)	-	(1,900,206)
Impairment allowance for purchased or originated financial assets	523,946	3,260	38,280	565,486	-	565,486
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	-	-	-	-	330,312	330,312
Write-off as bad debt	(413,488)	(16,616)	(1,186,306)	(1,616,410)	-	(1,616,410)
Change in exchange and others	214,591	88,775	1,219,335	1,522,701	-	1,522,701
Ending balances	<u>\$ 1,423,134</u>	<u>\$ 260,589</u>	<u>\$ 3,410,635</u>	<u>\$ 5,094,358</u>	<u>\$ 7,819,706</u>	<u>\$ 12,914,064</u>

For the six months ended June 30, 2019	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	\$ 1,757,986	\$ 911,672	\$ 4,115,282	\$ 6,784,940	\$ 6,822,051	\$ 13,606,991
Changes from financial instruments recognised at the beginning:						
-Transferred to lifetime expected credit losses	(1,592)	72,424	(70,832)	-	-	-
-Transferred to credit-impaired financial asset	(8,140)	(2,276)	10,416	-	-	-
-Transferred to 12-month expected credit losses	106,691	(27,681)	(79,010)	-	-	-
-Financial assets derecognised in the current period	(432,908)	(351,185)	(229,641)	(1,013,734)	-	(1,013,734)
Impairment allowance for purchased or originated financial assets	458,071	181,897	157,778	797,746	-	797,746
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	-	-	-	-	133,013	133,013
Write-off as bad debt	(195,016)	(32,846)	(864,319)	(1,092,181)	-	(1,092,181)
Change in exchange and others	(146,312)	63,315	859,170	776,173	-	776,173
Ending balances	<u>\$ 1,538,780</u>	<u>\$ 815,320</u>	<u>\$ 3,898,844</u>	<u>\$ 6,252,944</u>	<u>\$ 6,955,064</u>	<u>\$ 13,208,008</u>

For the six months ended June 30, 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	(2,190,569)	2,262,408	(71,839)	-
-Transferred to credit-impaired financial asset	(710,353)	(296,116)	1,006,469	-
-Transferred to 12-month expected credit losses	1,165,993	(821,591)	(344,402)	-
-Financial assets derecognised in the current period	(191,908,658)	(852,328)	(2,425,859)	(195,186,845)
Impairment allowance for purchased or originated financial assets	237,868,536	224,093	71,557	238,164,186
Write-off as bad debt	(415,424)	(16,616)	(1,186,306)	(1,618,346)
Change in exchange and others	(31,236,388)	(216,175)	764,350	(30,688,213)
Ending balances	<u>\$ 785,994,348</u>	<u>\$ 5,326,414</u>	<u>\$ 6,823,906</u>	<u>\$ 798,144,668</u>

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For the six months ended June 30, 2019, 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	\$ 771,698,882	\$ 4,724,362	\$ 8,098,042	\$ 784,521,286
Changes from financial instruments recognised at the beginning:				
-Transferred to lifetime expected credit losses	(1,401,745)	1,555,396	(153,651)	-
-Transferred to credit-impaired financial asset	(1,141,847)	(105,393)	1,247,240	-
-Transferred to 12-month expected credit losses	1,166,356	(799,714)	(366,642)	-
-Financial assets derecognised in the current period	(194,954,703)	(1,807,155)	(576,306)	(197,338,164)
Impairment allowance for purchased or originated financial assets	229,922,279	710,590	285,328	230,918,197
Write-off as bad debt	(195,016)	(32,846)	(864,319)	(1,092,181)
Change in exchange and others	(44,140,204)	(128,340)	(43,067)	(44,311,611)
Ending balances	\$ 760,954,002	\$ 4,116,900	\$ 7,626,625	\$ 772,697,527

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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 June 30, 2020, December 31, 2019 and June 30, 2019, the carrying amount of accounts receivable amounted to \$55,762,348, \$31,721,372 and \$28,713,121, respectively, and the loss allowance are \$810, \$1,299 and \$1,295, respectively, if taking into consideration the expected credit loss rate. For the six months ended June 30, 2020 and 2019, movements in relation to the group applying the simplified approach to provide loss allowance for accounts receivable, are as follows:

	For the six months ended June 30,	
	2020	2019
January 1	(\$ 1,299)	(\$ 10,214)
Reversal of impairment loss	489	8,919
June 30	(\$ 810)	(\$ 1,295)

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ii. For the six months ended June 30, 2020 and 2019, 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 six months ended June 30, 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	(11,090)	39,702	(28,612)	-	-	-
-Transferred to credit-impaired financial asset	(4,401)	(1,690)	6,091	-	-	-
-Transferred to 12-month expected credit losses	40,463	(37,726)	(2,737)	-	-	-
-Financial assets derecognised in the current period	(9,612)	(253)	(2,178)	(12,043)	-	(12,043)
Impairment allowance for purchased or originated financial assets	9,182	2,157	9,145	20,484	-	20,484
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	-	-	-	-	(23,781)	(23,781)
Write-off as bad debt	(11,127)	(10,571)	(213,725)	(235,423)	-	(235,423)
Change in exchange and others	(71,978)	43,523	369,815	341,360	-	341,360
The ending balances	<u>\$ 240,975</u>	<u>\$ 194,467</u>	<u>\$ 2,779,448</u>	<u>\$ 3,214,890</u>	<u>\$ 69,067</u>	<u>\$ 3,283,957</u>

For the six months ended June 30, 2019	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	\$ 170,467	\$ 120,338	\$ 2,723,489	\$ 3,014,294	\$ 99,374	\$ 3,113,668
Changes from financial instruments recognised at the beginning:						
-Transferred to lifetime expected credit losses	(101)	35,722	(35,621)	-	-	-
-Transferred to credit-impaired financial asset	(75)	(2,549)	2,624	-	-	-
-Transferred to 12-month expected credit losses	46,204	(41,541)	(4,663)	-	-	-
-Financial assets derecognised in the current period	(9,951)	(2,922)	(2,264)	(15,137)	-	(15,137)
Impairment allowance for purchased or originated financial assets	11,084	3,585	13,268	27,937	-	27,937
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	-	-	-	-	(882)	(882)
Write-off as bad debt	(13,099)	(13,132)	(35,990)	(62,221)	-	(62,221)
Change in exchange and others	53,636	70,745	131,374	255,755	-	255,755
The ending balances	<u>\$ 258,165</u>	<u>\$ 170,246</u>	<u>\$ 2,792,217</u>	<u>\$ 3,220,628</u>	<u>\$ 98,492</u>	<u>\$ 3,319,120</u>

For the six months ended June 30, 2020 and 2019, 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 six months ended June 30, 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	(302)	331	(29)	-	-	-
-Transferred to credit-impaired financial asset	(1)	(4)	5	-	-	-
-Transferred to 12-month expected credit losses	11,929	(11,555)	(374)	-	-	-
-Financial assets derecognised in the current period	(15,203)	(1,705)	(16,772)	(33,680)	-	(33,680)
Impairment allowance for purchased or originated financial assets	15,503	102	15,633	31,238	-	31,238
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	-	-	-	-	(9,077)	(9,077)
Change in exchange and others	(5,899)	11,079	1,128	6,308	-	6,308
The ending balances	<u>\$ 53,794</u>	<u>\$ 14,250</u>	<u>\$ 45,470</u>	<u>\$ 113,514</u>	<u>\$ 78,822</u>	<u>\$ 192,336</u>

For the six months ended June 30, 2019	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	\$ 56,352	\$ 19,502	\$ 55,824	\$ 131,678	\$ 125,474	\$ 257,152
Changes from financial instruments recognised at the beginning:						
-Transferred to lifetime expected credit losses	(325)	415	(90)	-	-	-
-Transferred to credit-impaired financial asset	(1)	(59)	60	-	-	-
-Transferred to 12-month expected credit losses	13,981	(13,682)	(299)	-	-	-
-Financial assets derecognised in the current period	(18,438)	(2,632)	(29,856)	(50,926)	-	(50,926)
Impairment allowance for purchased or originated financial assets	28,512	355	14,597	43,464	-	43,464
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	-	-	-	-	(13,721)	(13,721)
Change in exchange and others	(16,003)	14,563	1,234	(206)	-	(206)
The ending balances	<u>\$ 64,078</u>	<u>\$ 18,462</u>	<u>\$ 41,470</u>	<u>\$ 124,010</u>	<u>\$ 111,753</u>	<u>\$ 235,763</u>

a. For the six months ended June 30, 2020 and 2019, there were no significant changes to guarantee reserve and loan commitment reserve.

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

(d) Bills and bonds investments

For the six months ended June 30, 2020 and 2019, the beginning balances of the accumulative impairment of financial assets measured at fair value through other comprehensive income and financial assets measured at amortized cost were \$101,586 and \$93,376; \$139,720 and \$142,478, respectively; the ending balances were \$106,902 and \$94,252; \$148,844 and \$140,815, 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 six months ended June 30, 2020			
	June 30, 2020	VaR Average	VaR Minimum	VaR Maximum
Interest rate	124,349	142,755	81,369	207,818
Equity securities	432,042	317,455	206,312	507,093
Foreign exchange	482,133	503,111	352,479	720,254
Commodity	15,208	16,892	2,726	133,295
Less: diversification effects	(349,541)	(288,866)	-	-
Total VaR	704,191	691,347	518,889	988,652

Instrument type	For the six months ended June 30, 2019			
	June 30, 2019	VaR Average	VaR Minimum	VaR Maximum
Interest rate	79,201	109,751	78,383	128,163
Equity securities	269,877	260,122	220,825	320,318
Foreign exchange	258,738	318,677	235,186	402,986
Commodity	9,229	8,311	1,513	19,506
Less: diversification effects	(213,913)	(261,506)	-	-
Total VaR	403,132	435,355	369,096	513,152

(b) Non-trading purpose

Sensitivity analysis on interest rate:

	Interest rate shift	June 30, 2020	December 31, 2019	June 30, 2019
		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	(\$ 34,103)	(\$ 95,298)	(\$ 18,560)
Yuanta Life	Increase of 1 basis point	(55,754)	(40,671)	(28,510)

d. As of June 30, 2020, December 31, 2019 and June 30, 2019, the following table summarizes USD-denominated financial instruments of the Yuanta Group and the concentration of foreign exchange risk presented by carrying amount.

	June 30, 2020		December 31, 2019		June 30, 2019	
	USD position (in thousands)	Carrying amount (NTD)	USD position (in thousands)	Carrying amount (NTD)	USD position (in thousands)	Carrying amount (NTD)
Foreign currency denominated financial assets						
Cash and cash equivalents	\$ 1,343,532	\$ 39,849,156	\$ 914,260	\$ 27,526,011	\$ 592,770	\$ 18,418,539
Financial assets at fair value through profit or loss	1,089,649	32,318,992	1,359,877	40,966,486	1,004,998	31,227,305
Financial assets at fair value through other comprehensive income	2,779,516	82,440,439	1,945,115	58,559,620	2,074,818	64,374,946
Financial assets at amortized cost	5,288,893	156,868,571	4,634,222	139,517,897	4,332,857	134,630,387
Bills discounted and loans	2,458,281	72,912,606	2,670,980	80,412,527	2,868,241	89,121,346
Foreign currency denominated financial liabilities						
Bills and bonds payable under repurchase agreements	1,120,325	33,228,845	1,294,341	38,967,436	572,622	17,792,510
Deposits and remittances	4,621,246	137,066,143	4,315,710	129,930,070	3,972,912	123,444,851
Other liabilities	212,017	6,288,410	949,940	28,598,887	623,061	19,359,743

Note: As of June 30, 2020, December 31, 2019 and June 30, 2019, USD to TWD exchange rates were 29.660, 30.106 and 31.072, respectively.

(BLANK)

e. As of June 30, 2020, December 31, 2019 and June 30, 2019, the following table summarizes KRW-denominated assets and liabilities of Yuanta Securities and the concentration of foreign exchange risk presented by carrying amount.

	June 30, 2020		December 31, 2019		June 30, 2019	
	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	\$ 672,756,416	\$ 16,583,446	\$ 672,517,427	\$ 17,485,453	\$ 753,216,080	\$ 20,261,513
Financial assets at fair value through profit or loss	8,740,781,104	215,460,254	7,038,520,942	183,001,544	2,367,219,968	63,678,217
Financial assets at fair value through other comprehensive income	174,100,429	4,291,576	180,606,257	4,695,763	180,705,472	4,860,977
Accounts receivable	440,719,989	10,863,748	200,359,773	5,209,354	485,234,852	13,052,818
Prepayments and other receivables	12,930,016	318,725	12,297,079	319,724	51,683,880	1,390,296
Other current assets	115,978,118	2,858,861	128,982,752	3,353,552	163,250,932	4,391,450
Non-current assets	17,110,515	421,774	36,722,202	954,777	670,506,429	18,036,623
Financial liabilities						
Financial liabilities at fair value through profit or loss	1,759,090,003	43,361,569	1,896,191,866	49,300,989	1,700,800,154	45,751,524
Bonds sold under repurchase agreements	4,132,609,935	101,868,835	3,360,164,624	87,364,280	3,793,791,154	102,052,982
Guarantee deposit-in and margin deposits	71,466,916	1,761,659	83,168,201	2,162,373	1,816,929	48,875
Other current liabilities	90,068,687	2,220,193	129,297,805	3,361,743	165,437,761	4,450,276
Non-current liabilities	-	-	103,567,539	2,692,756	183,935,698	4,947,870
<u>Effect on profit or loss and equity</u>						
Financial assets						
Equity investments accounted for under the equity method	806,677,950	19,884,611	76,033,833	1,976,880	70,964,444	1,908,944

Note: As of June 30, 2020, December 31, 2019 and June 30, 2019, the KRW to TWD exchange rate were 0.025, 0.026 and 0.027, 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.

June 30, 2020

Financial assets	0~90 days	91 days~1 year	Over 1 year	Total
Non-derivative financial instruments				
Cash and cash equivalents	\$ 69,153,088	\$ 5,770,784	\$ 66,507	\$ 74,990,379
Due from Central Bank and call loans to other banks	26,573,786	9,594,102	14,801,692	50,969,580
Financial assets at fair value through profit or loss	368,438,265	38,936,472	104,124,240	511,498,977
Financial assets at fair value through other comprehensive income	23,089,238	9,024,180	215,018,723	247,132,141
Investments in bills and bonds under resale agreements	42,141,240	-	-	42,141,240
Receivables	149,313,990	33,072,856	9,432,580	191,819,426
Bills discounted and loans	143,293,831	145,105,622	508,340,787	796,740,240
Reinsurance contract assets	419,623	691,397	-	1,111,020
Financial assets at amortised cost	101,576,999	29,398,807	280,447,015	411,422,821
Restricted assets	-	-	3,315,629	3,315,629
Other financial assets	77,125,644	35,097	3,870,066	81,030,807
Other assets	5,528,704	1,184,371	11,298,362	18,011,437
Derivative financial instruments				
Financial assets at fair value through profit or loss				
Gross settlement				
Cash inflow	29,039,050	16,811,961	-	45,851,011
Cash outflow	(28,733,062)	(16,703,410)	-	(45,436,472)
Net settlement	1,025,036	1,081,800	2,711,429	4,818,265
Total	\$ 1,007,985,432	\$ 274,004,039	\$ 1,153,427,030	\$ 2,435,416,501
Financial liabilities				
Non-derivative financial instruments				
Deposits from Central Bank and other banks	\$ 15,632,433	\$ 4,939,255	\$ -	\$ 20,571,688
Due to Central Bank and other banks	-	282,350	-	282,350
Financial liabilities at fair value through profit or loss	35,411,979	1,241,038	1,189,044	37,842,061
Bills and bonds payable under repurchase agreements	151,829,165	33,246,228	29,334,610	214,410,003
Commercial paper payable	16,941,877	5,190,870	-	22,132,747
Payables	147,667,373	19,835,066	40,920,784	208,423,223
Deposits and remittances	291,875,797	359,583,265	495,980,681	1,147,439,743
Bonds payable	41,160	7,658,735	62,388,355	70,088,250
Other borrowings	38,271,768	3,098,685	12,928,939	54,299,392
Other financial liabilities	80,252,661	958,118	8,757,873	89,968,652
Other liabilities	30,882,262	41,356	2,036,524	32,960,142
Lease liability	313,868	1,029,706	6,628,806	7,972,380
Derivative financial instruments				
Financial liabilities at fair value through profit or loss				
Gross settlement				
Cash inflow	(17,614,780)	(17,728,640)	-	(35,343,420)
Cash outflow	18,209,777	17,917,959	-	36,127,736
Net settlement	528,836	332,263	2,590,546	3,451,645
Total	\$ 810,244,176	\$ 437,626,254	\$ 662,756,162	\$ 1,910,626,592

December 31, 2019

Financial assets	0~90 days	91 days~1 year	Over 1 year	Total
Non-derivative financial instruments				
Cash and cash equivalents	\$ 66,418,590	\$ 2,813,332	\$ 27,651	\$ 69,259,573
Due from Central Bank and call loans to other banks	22,785,744	9,482,751	13,766,190	46,034,685
Financial assets at fair value through profit or loss	349,226,189	56,129,112	98,675,778	504,031,079
Financial assets at fair value through other comprehensive income	15,937,369	13,299,901	200,252,634	229,489,904
Investments in bills and bonds under resale agreements	47,603,371	-	-	47,603,371
Receivables	127,867,114	37,814,329	11,165,146	176,846,589
Bills discounted and loans	151,319,076	148,762,425	487,392,385	787,473,886
Reinsurance contract assets	331,063	572,545	-	903,608
Financial assets at amortised cost	104,824,298	17,881,417	263,746,700	386,452,415
Restricted assets	-	-	2,562,586	2,562,586
Other financial assets	62,021,711	(111,505)	4,046,836	65,957,042
Other assets	4,598,249	1,208,656	7,775,906	13,582,811
Derivative financial instruments				
Financial assets at fair value through profit or loss				
Gross settlement				
Cash inflow	45,563,276	10,166,750	-	55,730,026
Cash outflow	(44,821,397)	(10,043,364)	-	(54,864,761)
Net settlement	874,341	1,049,721	3,034,369	4,958,431
Total	\$ 954,548,994	\$ 289,026,070	\$ 1,092,446,181	\$ 2,336,021,245
Financial liabilities				
Non-derivative financial instruments				
Deposits from Central Bank and other banks	\$ 9,838,535	\$ 3,268,493	\$ -	\$ 13,107,028
Financial liabilities at fair value through profit or loss	6,983,480	5,531,835	10,617,391	23,132,706
Bills and bonds payable under repurchase agreements	139,523,039	31,047,313	28,095,566	198,665,918
Commercial paper payable	38,352,937	299,600	-	38,652,537
Payables	148,912,250	10,030,330	2,384,466	161,327,046
Deposits and remittances	312,411,759	339,209,993	443,884,519	1,095,506,271
Bonds payable	12,743,645	4,946,565	51,153,914	68,844,124
Other borrowings	40,366,161	7,161,225	13,320,606	60,847,992
Other financial liabilities	57,660,464	1,744,390	16,664,566	76,069,420
Other liabilities	15,731,920	4,636,762	13,498,900	33,867,582
Lease liability	284,279	722,338	4,521,043	5,527,660
Derivative financial instruments				
Financial liabilities at fair value through profit or loss				
Gross settlement				
Cash inflow	(55,780,178)	(12,115,180)	-	(67,895,358)
Cash outflow	57,170,912	12,290,789	-	69,461,701
Net settlement	592,563	495,179	2,154,655	3,242,397
Total	\$ 784,791,766	\$ 409,269,632	\$ 586,295,626	\$ 1,780,357,024

June 30, 2019

Financial assets	0~90 days	91 days~1 year	Over 1 year	Total
Non-derivative financial instruments				
Cash and cash equivalents	\$ 60,489,229	\$ 3,860,826	\$ 64,609	\$ 64,414,664
Due from Central Bank and call loans to other banks	26,495,831	8,521,512	12,637,764	47,655,107
Financial assets at fair value through profit or loss	333,588,877	41,558,625	112,938,498	488,086,000
Financial assets at fair value through other comprehensive income	17,436,450	17,591,374	206,156,257	241,184,081
Investments in bills and bonds under resale agreements	36,248,175	-	-	36,248,175
Receivables	145,709,800	36,590,340	10,889,716	193,189,856
Bills discounted and loans	142,345,441	161,185,674	469,166,412	772,697,527
Reinsurance contract assets	342,343	433,941	-	776,284
Financial assets at amortised cost	99,721,665	15,215,481	250,000,390	364,937,536
Restricted assets	-	-	2,687,948	2,687,948
Other financial assets	62,800,664	28,593	4,180,359	67,009,616
Other assets	14,769,310	3,811,211	13,791,966	32,372,487
Derivative financial instruments				
Financial assets at fair value through profit or loss				
Gross settlement				
Cash inflow	59,786,830	18,740,241	-	78,527,071
Cash outflow	(58,856,968)	(18,164,440)	-	(77,021,408)
Net settlement	11,000,795	12,905,341	61,699,285	85,605,421
Total	\$ 951,878,442	\$ 302,278,719	\$ 1,144,213,204	\$ 2,398,370,365
Financial liabilities				
Non-derivative financial instruments				
Deposits from Central Bank and other banks	\$ 10,121,124	\$ 4,949,254	\$ -	\$ 15,070,378
Financial liabilities at fair value through profit or loss	1,991,390	2,119,286	6,052,297	10,162,973
Bills and bonds payable under repurchase agreements	141,734,144	33,747,011	30,433,865	205,915,020
Commercial paper payable	52,148,691	1,891,649	-	54,040,340
Payables	169,507,830	11,622,764	1,337,057	182,467,651
Deposits and remittances	325,439,887	314,390,780	401,945,254	1,041,775,921
Bonds payable	14,326,340	5,558,494	52,744,919	72,629,753
Other borrowings	48,120,040	3,970,781	13,545,851	65,636,672
Other financial liabilities	69,541,690	1,851,380	12,209,698	83,602,768
Other liabilities	40,246,593	1,862,135	2,762,679	44,871,407
Lease liability	278,040	758,999	4,702,258	5,739,297
Derivative financial instruments				
Financial liabilities at fair value through profit or loss				
Gross settlement				
Cash inflow	(57,567,034)	(22,411,934)	-	(79,978,968)
Cash outflow	58,935,223	23,064,531	-	81,999,754
Net settlement	(113,584)	180,804	1,693,847	1,761,067
Total	\$ 874,710,374	\$ 383,555,934	\$ 527,427,725	\$ 1,785,694,033

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 June 30, 2020, December 31, 2019 and June 30, 2019, expenses on period of 0-90 days will increase by \$520,816,955, \$469,870,268 and \$429,036,691, 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:

	June 30, 2020			
	Less than 1 year	1 ~5 years	More than 5 years	Total
Off balance sheet				
Unused loan commitment	\$ 24,164,000	\$ -	\$ -	\$ 24,164,000
Non-revocable credit card commitments	120,868,175	-	-	120,868,175
Unused credit commitment	2,835,945	-	-	2,835,945
Guarantees	13,618,958	-	-	13,618,958
Capital expenditure commitment	728,915	71,448	61,319	861,682
	December 31, 2019			
	Less than 1 year	1 ~5 years	More than 5 years	Total
Off balance sheet				
Unused loan commitment	\$ 25,604,687	\$ -	\$ -	\$ 25,604,687
Non-revocable credit card commitments	119,477,639	-	-	119,477,639
Unused credit commitment	3,635,756	-	-	3,635,756
Guarantees	13,217,092	-	-	13,217,092
Capital expenditure commitment	792,471	145,914	86,105	1,024,490
	June 30, 2019			
	Less than 1 year	1 ~5 years	More than 5 years	Total
Off balance sheet				
Unused loan commitment	\$ 30,614,691	\$ -	\$ -	\$ 30,614,691
Non-revocable credit card commitments	120,298,026	-	-	120,298,026
Unused credit commitment	2,909,162	-	-	2,909,162
Guarantees	17,289,409	-	-	17,289,409
Capital expenditure commitment	970,748	289,660	-	1,260,408

(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:

June 30, 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	\$ 19,936,696	\$ 18,567,943
Bond sold under repurchase agreements	219,336,679	214,410,003
December 31, 2019		
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	\$ 17,768,247	\$ 16,078,957
Bond sold under repurchase agreements	202,457,635	198,665,918

Financial assets category	June 30, 2019	
	Carrying amount of transferred financial assets	Carrying amount of related financial liabilities
Convertible corporate bonds transferred to the trading counterparties through asset swap	\$ 19,500,150	\$ 18,066,222
Bond sold under repurchase agreements	209,223,153	205,915,020

(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

Description	June 30, 2020						
	Financial assets that are offset, or can be settled under agreements of net settled master netting arrangements or similar arrangements			Related amounts not set off in the balance sheet(d)(Note 1)			
	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)	Financial instruments (Note 2)	Cash collateral received	Net amount (e)=(c)-(d)	
Derivative instruments	\$ 8,783,765	\$ -	\$ 8,783,765	\$ 6,017,401	\$ 1,346,917	\$ 1,419,447	
Bonds purchased under resale agreements	42,141,240	-	42,141,240	40,874,240	1,267,000	-	

Description	December 31, 2019						
	Financial assets that are offset, or can be settled under agreements of net settled master netting arrangements or similar arrangements			Related amounts not set off in the balance sheet(d)(Note 1)			
	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)	Financial instruments (Note 2)	Cash collateral received	Net amount (e)=(c)-(d)	
Derivative instruments	\$ 8,755,799	\$ -	\$ 8,755,799	\$ 5,968,722	\$ 2,007,784	\$ 779,293	
Bonds purchased under resale agreements	47,603,371	-	47,603,371	43,096,771	4,504,610	1,990	

June 30, 2019

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)			Net amount (e)=(c)-(d)
				Financial instruments (Note 2)	Cash collateral received		
Derivative instruments	\$ 8,875,237	\$ -	\$ 8,875,237	\$ 6,686,174	\$ 621,545		\$ 1,567,518
Bonds purchased under resale agreements	36,248,175	-	36,248,175	33,858,175	2,389,773		227

B. Financial liabilities

June 30, 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)			Net amount (e)=(c)-(d)
				Financial instruments (Note 3)	Cash collateral received		
Derivative instruments	\$ 11,725,347	\$ -	\$ 11,725,347	\$ 9,330,662	\$ 1,328,024		\$ 1,066,661
Bonds sold under repurchase agreements	214,410,003	-	214,410,003	214,410,003	-		-

December 31, 2019

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)			Net amount (e)=(c)-(d)
				Financial instruments (Note 3)	Cash collateral received		
Derivative instruments	\$ 9,921,679	\$ -	\$ 9,921,679	\$ 6,639,876	\$ 1,228,772		\$ 2,053,031
Bonds sold under repurchase agreements	198,665,918	-	198,665,918	198,586,154	79,764		-

June 30, 2019

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	\$ 13,505,998	\$ -	\$ 13,505,998	\$ 8,620,997	\$ 3,287,792	\$ 1,597,209
Bonds sold under repurchase agreements	205,915,020	-	205,915,020	205,912,717	2,303	-

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.

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 June 30, 2020, December 31, 2019 and June 30, 2019, 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>June 30, 2020</u>	<u>December 31, 2019</u>	<u>June 30, 2019</u>
Less than 1 year	(\$ 26,071,310)	(\$ 24,163,711)	(\$ 24,147,673)
1 ~5 years	16,959,627	19,100,239	11,655,690
6 ~15 years	87,425,843	87,961,335	85,317,677
More than 15 years	<u>544,920,310</u>	<u>521,268,828</u>	<u>495,254,787</u>
Total	<u>\$ 623,234,470</u>	<u>\$ 604,166,691</u>	<u>\$ 568,080,481</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.

(BLANK)

(4) Capital adequacy ratio:

Expressed In Thousands of NTD

June 30, 2020			
	Financial Holding Company		
	<u>Shareholding Ratio</u>	<u>Eligible capital</u>	<u>Minimum capital</u>
Financial holding company	-	\$ 237,120,593	\$ 276,498,420
Bank subsidiaries	100.00%	134,833,473	93,133,637
Securities subsidiaries	100.00%	51,908,321	26,811,362
Futures subsidiaries	67.97%	6,379,100	3,346,168
Insurances subsidiaries	100.00%	25,831,027	11,010,882
Venture capital subsidiaries	100.00%	2,550,215	1,315,326
Securities investment trust subsidiaries	74.71%	3,363,997	2,350,953
Other subsidiaries	100.00%	3,814,438	1,963,966
Deduction item		(281,823,616)	(266,090,152)
Subtotal		<u>\$ 183,977,548</u>	<u>\$ 150,340,562</u>
Capital adequacy ratio of the Consolidated Company			122.37%

Expressed In Thousands of NTD

June 30, 2019			
	Financial Holding Company		
	<u>Shareholding Ratio</u>	<u>Eligible capital</u>	<u>Minimum capital</u>
Financial holding company	-	\$ 224,617,664	\$ 243,896,988
Bank subsidiaries	100.00%	131,878,144	89,930,280
Securities subsidiaries	100.00%	48,293,061	21,846,108
Futures subsidiaries	68.65%	5,676,331	3,002,072
Insurances subsidiaries	100.00%	12,115,812	7,400,270
Venture capital subsidiaries	100.00%	2,618,264	1,279,548
Securities investment trust subsidiaries	72.20%	2,806,011	1,641,689
Other subsidiaries	100.00%	1,692,219	1,729,688
Deduction item		(256,364,818)	(240,888,275)
Subtotal		<u>\$ 173,332,688</u>	<u>\$ 129,838,368</u>
Capital adequacy ratio of the Consolidated Company			133.50%

As of June 30, 2020, the financial holding's net eligible capital was as follows:

Item	Amount
Common stocks	\$ 121,374,360
Additional paid-in capital	37,782,836
Legal reserve	14,633,733
Special reserve	6,549,234
Accumulated earnings	46,991,567
Other equity	9,840,805
Less: goodwill and other intangible assets	(3,958)
Less: deferred assets	(47,984)
Less: treasury stocks	-
Total net eligible capital	<u>\$ 237,120,593</u>

As of June 30, 2019, the financial holding's net eligible capital was as follows:

Item	Amount
Common stocks	\$ 116,862,325
Additional paid-in capital	37,200,474
Legal reserve	12,589,183
Special reserve	6,549,234
Accumulated earnings	41,361,336
Other equity	10,300,563
Less: goodwill and other intangible assets	(6,053)
Less: deferred assets	(41,792)
Less: treasury stocks	(197,606)
Total net eligible capital	<u>\$ 224,617,664</u>

(BLANK)

(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.

(Expressed In Millions of New Taiwan Dollars)

Name	June 30, 2020	
	Total of business credit, endorsements, or other transac	Percentage of net value of the company (%)
Same individual:		
Central Bank, R.O.C	\$ 140,861	59.39
Central Government, R.O.C	122,070	51.47
THE KOREA DEVELOPMENT BANK	35,799	15.09
Public Capital Management Fund	29,126	12.28
Taiwan Power Company	15,566	6.56
INDUSTRIAL BANK OF KOREA	14,116	5.95
Taiwan Semiconductor Manufacturing Co., Ltd.	12,954	5.46
Taiwan Cement Corporation	11,451	4.83
CTBC Financial Holding Co., Ltd.	9,896	4.17
Taiwan Mobile Co., Ltd.	9,074	3.83
Export-Import Bank of Korea	8,758	3.69
CPC Corporation, Taiwan	8,070	3.40
The Export-Import Bank of the Republic of China	7,813	3.29
EVA Airways Corporation	7,688	3.24
Formosa Plastics Corporation	7,443	3.14
Uni-President Enterprises Corporation	7,096	2.99
Far Eastern New Century Corporation	7,065	2.98
Cathay Financial Holding Co., Ltd.	6,378	2.69
JPMorgan Chase & Co.	6,358	2.68
HSBC Bank (Taiwan)	6,309	2.66
Nan Ya Plastics Corporation	6,307	2.66
Shin Kong Financial Holding Co.,Ltd.	6,269	2.64
Highwealth Construction Corp.	5,993	2.53
Asia Cement Corporation	5,930	2.50
Taiwan Depository & Clearing Corporation	5,909	2.49
Fubon Securities Investment Trust Co., Ltd.	5,841	2.46
Formosa Group (Cayman) Limited	5,817	2.45
Cheng Shin Rubber Ind., Co., Ltd.	5,644	2.38
National Australia Bank	5,628	2.37
Far Eastone Telecommunications Co., Ltd.	5,604	2.36
Shuohe Development Co., Ltd.	5,540	2.34
YangMing Marine Transport Corp.	5,472	2.31
China Airlines Ltd.	5,450	2.30
Yuan Ding Investment Corp.	5,159	2.18
The Bank of Tokyo-Mitsubishi UFJ	5,042	2.13
Taiwan Futures Exchange	5,017	2.12
Capital Securities Investment Trust Co., Ltd.	4,949	2.09

(Expressed In Millions of New Taiwan Dollars)

June 30, 2020

Name	Total of business credit, endorsements, or other transac	Percentage of net value of the company (%)
Same individual:		
Commonwealth Bank of Australia	\$ 4,908	2.07
STATE OF ISRAEL	4,841	2.04
Hua Nan Financial Holdings Co., Ltd.	4,809	2.03
Pegatron Corporation	4,802	2.02
Shanghai Commercial and Savings Bank	4,608	1.94
BNP Paribas	4,518	1.91
NATIONAL BK OF ABU DHABI	4,509	1.91
Formosa Chemicals & Fibre Corporation	4,416	1.86
USI Corporation	4,344	1.83
Wavely Logistics Limited., Taiwan Branch	4,210	1.78
Federal National Mortgage Association	4,188	1.77
Westpac Banking Corporation	4,159	1.75
China Steel Corporation	4,069	1.72
SHINHAN BANK	4,067	1.71
Federal Home Loan Mortgage CORPORATION	4,025	1.70
Radium Life Tech Co., Ltd.	4,009	1.69
KKY Co., Ltd.	4,000	1.69
Taipei Financial Center Corp.	3,964	1.67
Central American Bank for Economic Integration	3,804	1.60
Shang Chih Asset Development Co., Ltd.	3,800	1.60
RABO BANK NEDERL-ANDS	3,595	1.52
ADCB FINANCE CAYMAN LTD	3,578	1.52
Dragon Steel Corporation	3,533	1.49
Apple Inc.	3,501	1.48
Yulon Finance Corporation	3,466	1.46
KGI Securities Investment Trust Co., Ltd.	3,451	1.46
Wells Fargo & Company	3,411	1.44
KEB HANA BANK	3,390	1.43
Yulon Motor Co., Ltd.	3,279	1.38
ASE Technology Holding Co., Ltd.	3,272	1.38
Chang Chun Petrochemical Co., Ltd.	3,228	1.36
KOREA EXCHANGE	3,208	1.35
Quanta Computer Inc.	3,163	1.33
BANK OF AMERICA CORP	3,134	1.32
CITIGROUP INC	3,090	1.30
Kaohsiung City Government	3,044	1.28
Bank of Montreal	3,022	1.27
US TREASURY N/B	3,021	1.27
Evergreen Marine Corp.	3,013	1.27
Total	717,911	302.70

(Expressed In Millions of New Taiwan Dollars)

Name	June 30, 2020	
	Total of business credit, endorsements, or other transac	Percentage of net value of the company (%)
Same related party:		
Mr. Jin and its related parties	\$ 15,346	6.47
Mr. Fang and its related parties	12,990	5.48
Mr. Lin and its related parties	11,917	5.02
Mr. Lin and its related parties	8,617	3.63
Mr. Huang and its related parties	7,100	2.99
Mr. Wu and its related parties	7,091	2.99
Mr. Chen and its related parties	6,719	2.83
Mr. Ding and its related parties	6,561	2.77
Mr. Lin and its related parties	6,286	2.65
Mr. Chang and its related parties	5,191	2.19
Mr. Chang and its related parties	4,843	2.04
Mr. Chang and its related parties	4,109	1.73
Mr. Chang and its related parties	4,093	1.73
Mr. Chang and its related parties	3,964	1.68
Mr. Yang and its related parties	3,481	1.47
Mr. Yang and its related parties	3,471	1.46
Mr. Yang and its related parties	3,451	1.46
Mr. Kuo and its related parties	3,396	1.43
Mr. Chen and its related parties	3,062	1.29
Mr. Chen and its related parties	3,013	1.27
Total	<u>124,701</u>	<u>52.58</u>
Same affiliated company:		
Formosa Plastic Group	\$ 31,923	13.46
Far Eastern Group	27,820	11.73
CTBC Financial Holding Group	18,058	7.61
Fubon Group	16,507	6.96
Industrial Bank of Korea Group	15,345	6.47
Taiwan Semiconductor Group	13,239	5.58
Taiwan Cement Group	11,934	5.03
Evergreen Group	11,351	4.79
Cathay Holdings Group	11,258	4.75
Uni-President Enterprises Group	10,767	4.54
HSBC Group	9,514	4.01
China Development Group	9,257	3.90
China Steel Corporation Group	9,140	3.85
JPMorgan Chase & Co.	8,979	3.79
Yong Feng Yu Group	8,659	3.65
Shin Kong Group	8,228	3.47
Grand River D. Limited	7,851	3.31
Yulon Group	7,187	3.03

(Expressed In Millions of New Taiwan Dollars)

Name	June 30, 2020	
	Total of business credit, endorsements, or other transac	Percentage of net value of the company (%)
Same affiliated company:		
Commonwealth Bank of Australia Group	\$ 7,064	2.98
ASE Group	6,909	2.91
Hana Financial Group	6,872	2.90
Hua Nan Financial Holdings Group	6,827	2.88
HIGHWEALTH Group	6,497	2.74
Cheng Shin Group	6,311	2.66
Shinhan Financial Group	6,308	2.66
KB Financial Group	5,883	2.48
Yang Ming Marine Transport Group	5,726	2.41
China Airlines Group	5,503	2.32
Chailease Group	5,485	2.31
First Financial Holdings Group	5,285	2.23
Pegatron Group	4,983	2.10
Woori Financial Group	4,945	2.08
Foxconn Technology Group	4,883	2.06
BNP Paribas Group	4,866	2.05
CHANG CHUN Group	4,739	2.00
Sinar Mas Group	4,523	1.91
Radium Life Tech Group	4,284	1.81
Societe Generale Group	4,217	1.78
Lealea Group	4,120	1.74
Mega Financial Holdings Group	3,814	1.61
Tatung Group	3,800	1.60
Taiwan Broadband (TBC) Group	3,790	1.60
Wells Fargo & Co.	3,751	1.58
Sumitomo Mitsui Financial Group	3,611	1.52
Taiwan Cooperative Financial Holding Group	3,604	1.52
Vedan Group	3,485	1.47
BenQ Group	3,482	1.47
Royal Golden Eagle Group	3,471	1.46
Taishin Financial Holdings Group	3,425	1.44
Quanta Computer Group	3,389	1.43
United Microelectronics Group	3,338	1.41
Four Union Group	3,072	1.30
Total	399,279	168.35
	\$ 1,241,891	523.63

(Expressed In Millions of New Taiwan Dollars)

Name	June 30, 2019	
	Total of business credit, endorsements, or other transac	Percentage of net value of the company (%)
Same individual:		
Central Government, R.O.C	\$ 126,481	56.30
Central Bank, R.O.C	114,545	50.98
Taiwan Semiconductor Manufacturing Co., Ltd.	11,979	5.33
Taiwan Cement Corporation	11,100	4.94
CTBC Financial Holding Co., Ltd.	10,933	4.87
Nan Ya Plastics Corporation	8,803	3.92
HSBC Bank (Taiwan) Limited	8,771	3.90
Allianz Global Investors GmbH	8,717	3.88
Taiwan Mobile Co., Ltd.	8,650	3.85
Far Eastern New Century Corporation	8,378	3.73
Formosa Plastics Corporation	8,265	3.68
Highwealth Construction Corp.	8,133	3.62
Cheng Shin Rubber Ind., Co., Ltd.	7,152	3.18
China Steel Corporation	6,768	3.01
Yang Ming Marine Transport Corporation	6,433	2.86
Taiwan Power Company	6,355	2.83
Far Eastone Telecommunications Co., Ltd.	6,270	2.79
China Airlines Ltd.	6,200	2.76
Shin Kong Financial Holding Co.,Ltd.	6,117	2.72
Yuan Ding Investment Corp.	5,930	2.64
The Export-Import Bank of the Republic of China	5,800	2.58
Shou He Co., Ltd.	5,540	2.47
Taiwan Depository & Clearing Corporation	5,528	2.46
Formosa Group (Cayman) Limited	5,230	2.33
Dragon Steel Corporation	5,129	2.28
Cathay Financial Holding Co., Ltd.	5,010	2.23
EVA Airways Corporation	4,949	2.20
USI Corporation	4,928	2.19
Taiwan Futures Exchange	4,925	2.19
Cpc Corporation, Taiwan	4,660	2.07
Asia Cement Corporation	4,659	2.07
JPMorgan Asset Management (Taiwan) Limited	4,538	2.02
Fubon Financial Holding Co., Ltd.	4,326	1.93
Wavely Logistics Limited., Taiwan Branch	4,270	1.90
Hon Hai Precision Ind. Co., Ltd.	4,157	1.85
Hua Nan Financial Holdings Co., Ltd.	4,138	1.84
Chang Chun Petrochemical Co., Ltd.	4,012	1.79
Pegatron Corporation	3,992	1.78
Taipei Financial Center Corp.	3,958	1.76

(Expressed In Millions of New Taiwan Dollars)

Name	June 30, 2019	
	Total of business credit, endorsements, or other transac	Percentage of net value of the company (%)
Same individual:		
GOLDMAN SACHS GROUP INC	\$ 3,772	1.68
China Development Financial Holding Corp.	3,757	1.67
Shang Zhi Assets Development Co., Ltd.	3,700	1.65
Nomura Asset Management Taiwan Limited	3,686	1.64
Fidelity Securities Investment Trust	3,406	1.52
KKY Co., Ltd.	3,357	1.49
Uni-President Enterprises Corp.	3,301	1.47
Radium Life Tech Co., Ltd.	3,253	1.45
Genlac Biotech Inc.	3,248	1.45
JP Morgan Chase & Co	3,244	1.44
Mega Financial Holding Corp.	3,092	1.38
Fina Finance & Trading Co., Ltd	3,051	1.36
Evergreen Marine Corp.	3,023	1.35
ADATA Technology Co., Ltd.	3,010	1.34
Taiwan Stock Exchange	3,006	1.34
Total	<u>525,635</u>	<u>233.96</u>
Same related party:		
Mr. Fang and its related parties	\$ 12,023	5.35
Mr. Chin and its related parties	11,646	5.18
Mr. Lin and its related parties	11,275	5.02
Mr. Lin and its related parties	9,265	4.12
Mr. Chen and its related parties	9,186	4.09
Mr. Wu and its related parties	8,560	3.81
Mr. Huang and its related parties	7,400	3.29
Mr. Ding and its related parties	7,398	3.29
Mr. Lin and its related parties	6,356	2.83
Mr. Song and its related parties	4,967	2.21
Mr. He and its related parties	4,967	2.21
Mr. Huang and its related parties	4,290	1.91
Mr. Wei and its related parties	4,065	1.81
Mr. Chang and its related parties	3,970	1.77
Mr. Chang and its related parties	3,958	1.76
Mr. Chang and its related parties	3,760	1.67
Mr. Chang and its related parties	3,744	1.67
Mr. Chang and its related parties	3,615	1.61
Mr. Lin and its related parties	3,520	1.57
Mr. Kuo and its related parties	3,348	1.49
Mr. Yang and its related parties	3,347	1.49
Mr. Zhong and its related parties	3,262	1.45

(Expressed In Millions of New Taiwan Dollars)

Name	June 30, 2019	
	Total of business credit, endorsements, or other transac	Percentage of net value of the company (%)
Same related party:		
Mr. Yang and its related parties	\$ 3,113	1.39
Mr. Yang and its related parties	3,089	1.38
Mr. Huang and its related parties	3,088	1.37
Mr. Yang and its related parties	3,084	1.37
Mr. Chen and its related parties	3,025	1.35
Mr. Lee and its related parties	3,013	1.34
Total	152,334	67.80
Same affiliated company:		
Formosa Plastic Group	\$ 29,994	13.35
Far Eastern Group	26,202	11.66
Fubon Group	17,842	7.94
CTBC Financial Holding Group	14,329	6.38
China Steel Corporation Group	12,750	5.67
Taiwan Semiconductor Group	12,175	5.42
Taiwan Cement Group	12,167	5.42
Cathay Holdings Group	9,670	4.30
Shin Kong Group	9,665	4.30
Yong Feng Yu Group	9,264	4.12
Foxconn Technology Group	9,087	4.04
Evergreen Group	8,889	3.96
HIGHWEALTH Group	8,319	3.70
Cheng Shin Group	7,866	3.50
Shou He Group	7,715	3.43
China Development Group	7,241	3.22
Hua Nan Financial Holdings Group	7,028	3.13
Chailease Group	6,844	3.05
Yang Ming Marine Transport Group	6,725	2.99
Mega Holdings Group	6,364	2.83
China Airlines Group	6,317	2.81
Indonesia Sinar Mas Group	5,576	2.48
CHANG CHUN Group	5,518	2.46
USI Group	5,431	2.42
Yulon Group	4,942	2.20
First Financial Holdings Group	4,629	2.06
Uni-President Enterprises Group	4,473	1.99
Pegatron Group	4,323	1.92
Lealea Group	4,054	1.80
Royal Golden Eagle Group	3,951	1.76
ASE Group	3,941	1.75

(Expressed In Millions of New Taiwan Dollars)

Name	June 30, 2019	
	Total of business credit, endorsements, or other transac	Percentage of net value of the company (%)
Same affiliated company:		
Taiwan Broadband (TBC) Group	\$ 3,809	1.70
Charoen Pokphand Group	3,776	1.68
Tatung Group	3,716	1.65
Radium Life Tech Group	3,466	1.54
Vedan Group	3,176	1.41
Lien Jade Construction Co., Ltd.	3,032	1.35
	304,266	135.39
	\$ 982,235	437.15

(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.

(11) Financial information by business segments

Information by business segments for the six months ended June 30, 2020 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)	\$ 6,593,829	\$ 2,025,080	\$ 361,201	\$ 4,218,415	(\$ 140,959)	\$ 13,057,566
Net non-interest income	4,251,986	17,246,184	1,084,810	13,997,736	1,812,977	38,393,693
Net profit	10,845,815	19,271,264	1,446,011	18,216,151	1,672,018	51,451,259
Provision for bad debt expenses, commitment and guarantee policy reserve	(864,717)	(222,919)	(37,466)	(68)	(1)	(1,125,171)
Net change in provisions for insurance liabilities	-	-	-	(15,584,725)	-	(15,584,725)
Operating expenses	(4,954,760)	(12,976,125)	(660,035)	(639,597)	(1,372,331)	(20,602,848)
Net income from continuing operations before income tax	5,026,338	6,072,220	748,510	1,991,761	299,686	14,138,515
Income tax expense	(658,176)	(1,038,166)	(141,576)	(71,690)	(509,971)	(2,419,579)
Consolidated income (loss), net of tax	\$ 4,368,162	\$ 5,034,054	\$ 606,934	\$ 1,920,071	(\$ 210,285)	\$ 11,718,936

Information by business segments for the six months ended June 30, 2019 is as follows:

Item	Bank business	Securities business	Futures business	Insurance business	Other businesses	Consolidated
Net interest income (loss)	\$ 6,927,856	\$ 1,663,618	\$ 436,382	\$ 3,898,699	(\$ 155,512)	\$ 12,771,043
Net non-interest income	4,621,178	14,614,932	857,823	15,256,105	1,563,305	36,913,343
Net profit	11,549,034	16,278,550	1,294,205	19,154,804	1,407,793	49,684,386
(Provision) recovery for bad debt expenses, commitment and guarantee policy reserve	(48,272)	(80,170)	2,126	1,107	-	(125,209)
Net change in provisions for insurance liabilities	-	-	-	(16,836,558)	-	(16,836,558)
Operating expenses	(5,415,615)	(11,102,770)	(601,559)	(597,969)	(1,159,761)	(18,877,674)
Net income from continuing operations before income tax	6,085,147	5,095,610	694,772	1,721,384	248,032	13,844,945
Income tax expense	(776,196)	(651,833)	(157,464)	(20,024)	(351,149)	(1,956,666)
Consolidated income (loss), net of tax	\$ 5,308,951	\$ 4,443,777	\$ 537,308	\$ 1,701,360	(\$ 103,117)	\$ 11,888,279

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

A. Yuanta Financial Holding Co., Ltd.

Yuanta Financial Holding Co., Ltd.
Individual Balance Sheets
June 30, 2020 and 2019

(Expressed In Thousands of New Taiwan Dollars)

ASSETS	June 30, 2020	June 30, 2019	LIABILITIES AND EQUITY	June 30, 2020	June 30, 2019
Cash and cash equivalents	\$ 2,640,420	\$ 24,123,035	Payables	\$ 13,761,937	\$ 16,150,503
Financial assets at fair value through other comprehensive income	26,106	24,425	Current income tax liabilities	3,527,667	3,043,963
Investment in bill and bonds under resale agreements	-	2,510,925	Bonds payable	24,900,000	26,750,000
Receivables - net	10,250,853	2,832,406	Liabilities reserve	36,210	39,811
Current income tax assets	297,366	204,819	Lease liability	86,696	122,010
Equity investments accounted for under the equity method - net	266,090,152	240,888,275	Other liabilities	3,103	11,816
Property and equipment - net	36,670	19,115	Total liabilities	<u>42,315,613</u>	<u>46,118,103</u>
Right-of-use assets - net	86,103	121,731	Equity		
Intangible assets - net	3,958	6,053	Common stock	116,706,115	116,862,325
Deferred income tax assets	47,984	41,792	Common stock dividends distributable	4,668,245	-
Other assets - net	8,536	11,036	Additional paid-in capital	37,782,836	37,200,474
			Retained earnings		
			Legal reserve	14,633,733	12,589,183
			Special reserve	6,549,234	6,549,234
			Undistributed earnings	46,991,567	41,361,336
			Other equity	9,840,805	10,300,563
			Treasury shares	-	(197,606)
			Total equity	<u>237,172,535</u>	<u>224,665,509</u>
Total assets	<u>\$ 279,488,148</u>	<u>\$ 270,783,612</u>	Total liabilities and equity	<u>\$ 279,488,148</u>	<u>\$ 270,783,612</u>

Yuanta Financial Holding Co., Ltd.
Individual Statements of Comprehensive Income
For the six months ended June 30, 2020 and 2019
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

	For the six months ended June 30,	
	2020	2019
Revenues		
Share of the profit or loss of subsidiaries, associates and joint ventures accounted for using the equity method	\$ 12,059,364	\$ 11,645,283
Other revenues	33,217	95,047
	<u>12,092,581</u>	<u>11,740,330</u>
Expenses and losses		
Operating expenses	(540,584)	(417,452)
Other expenses and losses	(164,112)	(126,330)
	<u>(704,696)</u>	<u>(543,782)</u>
Income from continuing operations before income tax	11,387,885	11,196,548
Income tax expense	(323,588)	(202,655)
Net income	<u>11,064,297</u>	<u>10,993,893</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	1,616	2,246
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	137,785	1,595,141
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>973,246</u>	<u>3,688,008</u>
Other comprehensive income	<u>1,112,647</u>	<u>5,285,395</u>
Total comprehensive income	<u>\$ 12,176,944</u>	<u>\$ 16,279,288</u>
Earnings per share (in dollars)		
Basic and diluted earnings per share	<u>\$ 0.91</u>	<u>\$ 0.91</u>

Yuanta Financial Holding Co., Ltd.
Individual Statement of Change in Equity
For the six months ended June 30, 2020 and 2019
(Expressed In Thousands of New Taiwan Dollars)

	Share capital		Retained Earnings				Other equity					Total equity
	Common stock	Common stock dividends distributable	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	Treasury shares	
<u>For the six months ended June 30, 2019</u>												
Balance, January 1, 2019	\$ 116,862,325	\$ -	\$ 37,200,416	\$ 10,721,262	\$ 6,549,234	\$ 42,843,847	(\$ 2,409,469)	\$ 7,775,718	(\$ 29,798)	(\$ 330,367)	(\$ 197,606)	\$ 218,985,562
Effects of retrospective application and retrospective restatement	-	-	-	-	-	(95,849)	-	-	-	-	-	(95,849)
Balance, January 1, 2019 after adjustments	116,862,325	-	37,200,416	10,721,262	6,549,234	42,747,998	(2,409,469)	7,775,718	(29,798)	(330,367)	(197,606)	218,889,713
Appropriation of 2018 earnings												
Legal reserve	-	-	-	1,867,921	-	(1,867,921)	-	-	-	-	-	-
Cash dividend	-	-	-	-	-	(10,503,550)	-	-	-	-	-	(10,503,550)
Net income for the period	-	-	-	-	-	10,993,893	-	-	-	-	-	10,993,893
Other comprehensive income (loss) for the period	-	-	-	-	-	(97,984)	106,022	4,354,054	(1,501)	924,804	-	5,285,395
Total comprehensive income (loss) for the period	-	-	-	-	-	10,895,909	106,022	4,354,054	(1,501)	924,804	-	16,279,288
Changes in ownership interest in subsidiaries	-	-	58	-	-	-	-	-	-	-	-	58
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	-	88,900	-	(88,900)	-	-	-	-
Balance, June 30, 2019	\$ 116,862,325	\$ -	\$ 37,200,474	\$ 12,589,183	\$ 6,549,234	\$ 41,361,336	(\$ 2,303,447)	\$ 12,040,872	(\$ 31,299)	\$ 594,437	(\$ 197,606)	\$ 224,665,509
<u>For the six months ended June 30, 2020</u>												
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
Appropriation of 2019 earnings												
Legal reserve	-	-	-	2,044,550	-	(2,044,550)	-	-	-	-	-	-
Cash dividend	-	-	-	-	-	(7,585,898)	-	-	-	-	-	(7,585,898)
Stock dividend	-	4,668,245	-	-	-	(4,668,245)	-	-	-	-	-	-
Net income for the period	-	-	-	-	-	11,064,297	-	-	-	-	-	11,064,297
Other comprehensive income (loss) for the period	-	-	-	-	-	(5,396)	(1,668,888)	2,156,936	(1,078)	631,073	-	1,112,647
Total comprehensive income (loss) for the period	-	-	-	-	-	11,058,901	(1,668,888)	2,156,936	(1,078)	631,073	-	12,176,944
Changes in equity of associates and joint ventures accounted for using equity method	-	-	380,356	-	-	-	-	-	-	-	-	380,356
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	-	(333,733)	-	333,733	-	-	-	-
Balance, June 30, 2020	\$ 116,706,115	\$ 4,668,245	\$ 37,782,836	\$ 14,633,733	\$ 6,549,234	\$ 46,991,567	(\$ 5,197,274)	\$ 14,397,855	(\$ 37,808)	\$ 678,032	\$ -	\$ 237,172,535

Yuanta Financial Holding Co., Ltd.
Individual Statement of Cash Flows
For the six months ended June 30, 2020 and 2019
(Expressed In Thousands of New Taiwan Dollars)

	For the six months ended June 30,	
	2020	2019
<u>Cash Flows From Operating Activities</u>		
Profit before tax	\$ 11,387,885	\$ 11,196,548
Adjustment items		
Income and expense item		
Depreciation	23,757	21,981
Amortization	940	1,196
Interest expense	128,133	126,299
Interest income	(33,174)	(68,052)
Share of the gain of subsidiaries, associates and joint ventures accounted for using the equity method	(12,059,364)	(11,645,283)
Gain on sale of property and equipment	-	(15)
Change in assets/liabilities relating to operating activities		
(Increase) decrease in receivables	(232,529)	4,474
Increase in other assets	(2,116)	(4,572)
Increase (decrease) in payables	263,685	(127,317)
Increase in liabilities reserve	94	203
Increase in other liabilities	1,089	1,030
Interest received	33,337	66,989
Cash dividend received	5,806,440	11,329,227
Cash paid for interest	(120,222)	(112,608)
Income tax (paid) received	(125,419)	114,922
Net cash flows generated from operating activities	<u>5,072,536</u>	<u>10,905,022</u>
<u>Cash Flows From Investing Activities</u>		
(Acquisition) disposal of equity investments accounted for under the equity method	(14,536,430)	8,818,069
Acquisition of property and equipment	(17,990)	(3,250)
Proceeds from disposal of property and equipment	-	1,570
Net cash flows (used in) generated from investing activities	<u>(14,554,420)</u>	<u>8,816,389</u>
<u>Cash Flows From Financing Activities</u>		
Principal payment for lease liabilities	(17,697)	(17,536)
Net cash flows used in financing activities	<u>(17,697)</u>	<u>(17,536)</u>
Net (decrease) increase in cash and cash equivalents	(9,499,581)	19,703,875
Cash and cash equivalents at beginning of period	<u>12,140,001</u>	<u>6,930,085</u>
Cash and cash equivalents at end of period	<u>\$ 2,640,420</u>	<u>\$ 26,633,960</u>
The components of cash and cash equivalents:		
Cash and cash equivalents reported in the balance sheet	\$ 2,640,420	\$ 24,123,035
Investments in bills and bonds under resale agreements qualified as cash and cash equivalents as defined by IAS 7	-	2,510,925
Cash and cash equivalents at end of period	<u>\$ 2,640,420</u>	<u>\$ 26,633,960</u>

B. Yuanta Commercial Bank

Yuanta Commercial Bank
Individual Balance Sheets
June 30, 2020 and 2019

(Expressed In Thousands of New Taiwan Dollars)

ASSETS	June 30, 2020	June 30, 2019	LIABILITIES AND EQUITY	June 30, 2020	June 30, 2019
Cash and cash equivalents	\$ 16,176,059	\$ 20,369,722	Deposits from Central Bank and other banks	\$ 20,571,688	\$ 15,070,378
Due from Central Bank and call loans to other banks	48,645,895	44,593,111	Due to Central Bank and other banks	282,350	-
Financial assets at fair value through profit or loss	147,916,134	131,875,796	Financial liabilities at fair value through profit or loss	2,323,447	3,920,079
Financial assets at fair value through other comprehensive income	132,853,175	113,793,107	Bills and bonds sold under repurchase agreements	-	3,068,628
Investments in debt instruments at amortised cost	211,598,064	185,332,688	Payables	17,439,731	18,982,524
Bills and bonds purchased under resell agreements	4,478,780	1,300,000	Current income tax liabilities	735,499	1,387,984
Receivables- net	20,777,227	30,130,093	Deposits and remittances	1,172,941,383	1,087,182,846
Current income tax assets	2,125,212	2,425,746	Financial debentures payable	34,500,000	36,000,000
Available-for-sale financial assets- net	129,229	702,368	Other financial liabilities	4,235,302	8,293,467
Bills discounted and loans- net	750,782,868	724,979,616	Liabilities reserve	1,257,930	1,510,192
Equity investments accounted for under the equity method- net	4,557,283	5,211,344	Lease reserve	2,431,452	2,448,898
Other financial assets- net	60,296	7,666	Deferred income tax liabilities	570,981	222,332
Property and equipment- net	13,426,425	12,305,788	Other liabilities	1,661,359	2,090,490
Right-of-use assets- net	10,406,191	10,542,146	Total liabilities	<u>1,258,951,122</u>	<u>1,180,177,818</u>
Investment property- net	840,941	877,476	Common stocks	73,940,390	73,940,390
Intangible assets- net	10,476,782	10,654,349	Additional paid-in capital	25,960,441	25,960,441
Deferred income tax assets	823,142	718,537	Retained earnings	17,853,232	16,125,695
Other assets - net	3,190,176	2,656,634	Other equity	2,558,694	2,271,843
Total assets	<u>\$ 1,379,263,879</u>	<u>\$ 1,298,476,187</u>	Total equity	<u>120,312,757</u>	<u>118,298,369</u>
			Total liabilities and equity	<u>\$ 1,379,263,879</u>	<u>\$ 1,298,476,187</u>

Yuanta Commercial Bank
Individual Condensed Statements of Comprehensive Income
For the six months ended June 30, 2020 and 2019
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

	For the six months ended June 30,			
	2020		2019	
	Amount	%	Amount	%
Interest income	\$ 9,740,036	89	\$ 11,109,020	96
Less: Interest expense	(3,537,638)	(32)	(4,620,324)	(40)
Net interest income	6,202,398	57	6,488,696	56
Net non-interest income	4,688,566	43	5,034,060	44
Net profit	10,890,964	100	11,522,756	100
Provision for bad debt expenses, commitment and guarantee policy reserve	(834,366)	(7)	(61,930)	-
Operating expenses	(4,893,265)	(45)	(5,301,502)	(46)
Income from continuing operations before income tax	5,163,333	48	6,159,324	54
Income tax expense	(648,367)	(6)	(767,971)	(7)
Net income	4,514,966	42	5,391,353	47
Other comprehensive income (net of tax)	684,146	6	1,354,415	12
Total comprehensive income	<u>\$ 5,199,112</u>	<u>48</u>	<u>\$ 6,745,768</u>	<u>59</u>
Earnings per share (in dollars)				
Basic and diluted earnings per share	<u>\$</u>	<u>0.61</u>	<u>\$</u>	<u>0.73</u>

C. Yuanta Securities

Yuanta Securities
Individual Condensed Balance Sheets
June 30, 2020 and 2019

(Expressed In Thousands of New Taiwan Dollars)

ASSETS	June 30, 2020	June 30, 2019	LIABILITIES AND EQUITY	June 30, 2020	June 30, 2019
Current assets	\$ 317,468,685	\$ 287,449,511	Current liabilities	\$ 275,524,353	\$ 249,856,686
Financial assets at fair value			Bonds payable	8,500,000	8,500,000
through profit or loss-non-current	52,113	52,055	Liabilities reserve- non-current	62,950	50,340
Financial assets at fair value through			Lease liabilities- non-current	268,558	278,870
other comprehensive income			Deferred income tax liabilities	2,205,355	2,247,959
-non-current	6,213,119	6,371,159	Other non-current liabilities	1,946,890	1,902,622
Equity investments accounted for			Total liabilities	<u>288,508,106</u>	<u>262,836,477</u>
under the equity method	43,177,630	43,181,231	Common stocks	57,820,321	54,056,442
Property and equipment	4,472,382	4,486,211	Additional paid-in capital	920,599	399,108
Right-of-use assets	468,561	478,692	Retained earnings	36,230,855	34,989,034
Investment property	2,790,936	2,788,839	Other equity	5,421,910	6,689,110
Intangible assets	11,578,517	11,580,158	Total equity	100,393,685	96,133,694
Deferred income tax assets	545,469	502,494			
Other non-current assets	2,134,379	2,079,821			
Total assets	<u>\$ 388,901,791</u>	<u>\$ 358,970,171</u>	Total liabilities and equity	<u>\$ 388,901,791</u>	<u>\$ 358,970,171</u>

Yuanta Securities
Individual Condensed Statements of Comprehensive Income
For the six months ended June 30, 2020 and 2019
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

Item	For the six months ended June 30,			
	2020		2019	
	Amount	%	Amount	%
Revenues	\$ 12,950,046	100	\$ 9,563,810	100
Service fee expense	(466,748)	(4)	(334,589)	(3)
Employee benefit expense	(4,340,032)	(33)	(2,946,361)	(31)
Share of the profit or loss of subsidiaries, associates and joint ventures accounted for using the equity method	717,675	5	1,167,328	12
Operating expenses	(2,866,458)	(22)	(2,802,552)	(30)
Income from continuing operations before income tax	5,994,483	46	4,647,636	48
Income tax expense	(731,749)	(5)	(483,640)	(5)
Net income	5,262,734	41	4,163,996	43
Other comprehensive (loss) income (net of tax)	(508,206)	(4)	2,094,781	22
Total comprehensive income	<u>\$ 4,754,528</u>	<u>37</u>	<u>\$ 6,258,777</u>	<u>65</u>
Earnings per share (in dollars)				
Profit attributable to owners of parent	\$	0.91	\$	0.71
Income attributable to former owner of business combination under common control		-		0.01
Basic and diluted earnings per share	<u>\$</u>	<u>0.91</u>	<u>\$</u>	<u>0.72</u>

D. Yuanta Futures

Yuanta Futures
Individual Condensed Balance Sheets
June 30, 2020 and 2019

(Expressed In Thousands of New Taiwan Dollars)

ASSETS	June 30, 2020	June 30, 2019	LIABILITIES AND EQUITY	June 30, 2020	June 30, 2019
Current assets	\$ 88,581,211	\$ 73,070,788	Current liabilities	\$ 83,353,898	\$ 68,919,565
Financial assets at fair value through other comprehensive income			Non-current liabilities	71,858	94,579
-non-current	1,524,024	1,441,771	Total liabilities	83,425,756	69,014,144
Equity investments accounted for under the equity method	1,245,109	1,306,764	Common stocks	2,499,763	2,322,763
Property and equipment	587,355	573,845	Additional paid-in capital	1,624,543	940,976
Right-of-use assets	19,921	43,297	Retained earnings	4,054,141	3,726,308
Intangible assets	38,511	41,434	Other equity	1,206,723	1,278,461
Deferred income tax assets	35,307	27,670	Total equity	9,385,170	8,268,508
Other non-current assets	779,488	777,083			
Total assets	<u>\$ 92,810,926</u>	<u>\$ 77,282,652</u>	Total liabilities and equity	<u>\$ 92,810,926</u>	<u>\$ 77,282,652</u>

Yuanta Futures
Individual Condensed Statements of Comprehensive Income
For the six months ended June 30, 2020 and 2019
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

Item	For the six months ended June 30,			
	2020		2019	
	Amount	%	Amount	%
Revenues	\$ 1,949,860	100	\$ 1,403,303	100
Service fee expense	(376,946)	(19)	(241,169)	(17)
Employee benefit expense	(350,300)	(18)	(321,746)	(23)
Share of the profit or loss of subsidiaries, associates and joint ventures accounted for using the equity method	(16,494)	(1)	10,695	1
Operating expenses	(474,419)	(25)	(102,895)	(8)
Income from continuing operations before income tax	731,701	37	748,188	53
Income tax expense	(141,577)	(7)	(157,464)	(11)
Net income	590,124	30	590,724	42
Other comprehensive (loss) income (net of tax)	(121,734)	(6)	107,607	8
Total comprehensive income	<u>\$ 468,390</u>	<u>24</u>	<u>\$ 698,331</u>	<u>50</u>
Earnings per share (in dollars)				
Basic and diluted earnings per share	<u>\$</u>	<u>2.44</u>	<u>\$</u>	<u>2.54</u>

E. Yuanta Life

Yuanta Life
Individual Condensed Balance Sheets
June 30, 2020 and 2019

(Expressed In Thousands of New Taiwan Dollars)

ASSETS	June 30, 2020	June 30, 2019	LIABILITIES AND EQUITY	June 30, 2020	June 30, 2019
Cash and cash equivalents	\$ 8,810,321	\$ 8,132,067	Payables	\$ 3,007,501	\$ 1,103,432
Receivables	4,135,469	2,858,116	Current tax liabilities	348,482	21,553
Current income tax assets	2,928,717	2,616,867	Financial liabilities at fair value		
Financial assets at fair value			through profit or loss	802,444	2,708,820
through profit or loss	46,071,929	23,600,299	Insurance liabilities	278,113,178	237,936,131
Financial assets at fair value through			Foreign exchange reserve	171,069	708,321
other comprehensive income	34,485,413	31,990,028	Liabilities reserve	88,093	66,140
Financial assets at amortized cost	195,165,104	172,434,637	Lease liabilities	916,164	138,317
Other financial assets	-	500,000	Deferred income tax liabilities	565,061	219,664
Right-of-use assets	103,127	154,116	Other liabilities	2,873,810	1,675,583
Investment property	11,705,056	-	Investment-linked insurance		
Loans	6,922,901	6,449,932	products liabilities	1,744,347	1,940,223
Reinsurance contract assets	1,111,020	776,284	Total liabilities	<u>288,630,149</u>	<u>246,518,184</u>
Property and equipment	66,305	4,675,496	Common stocks	23,735,695	9,624,045
Intangible assets	92,665	67,255	Common stock dividends distributable	-	111,650
Deferred income tax assets	1,078,142	454,738	Retained earnings	2,965,194	2,041,864
Other assets	3,650,679	3,759,091	Other equity	2,740,157	2,113,406
Investment-linked insurance			Total equity	<u>29,441,046</u>	<u>13,890,965</u>
products assets	1,744,347	1,940,223			
Total assets	<u>\$ 318,071,195</u>	<u>\$ 260,409,149</u>	Total liabilities and equity	<u>\$ 318,071,195</u>	<u>\$ 260,409,149</u>

Yuanta Life
Individual Condensed Statements of Comprehensive Income
For the six months ended June 30, 2020 and 2019
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

Item	For the six months ended June 30,			
	2020		2019	
	Amount	%	Amount	%
Operating revenues	\$ 25,056,619	100	\$ 24,270,432	100
Operating costs	(23,115,010)	(92)	(22,493,225)	(92)
Operating expenses	(702,211)	(3)	(657,756)	(3)
Net operating income	1,239,398	5	1,119,451	5
Non-operating revenues and expenses	(2,495)	-	(488)	-
Income from continuing operations before income tax	1,236,903	5	1,118,963	5
Income tax expense	(71,690)	-	(20,024)	-
Net income	1,165,213	5	1,098,939	5
Other comprehensive income (net of tax)	1,059,030	4	1,767,041	7
Total comprehensive income	<u>\$ 2,224,243</u>	<u>9</u>	<u>\$ 2,865,980</u>	<u>12</u>
Earnings per share (in dollars)				
Basic and diluted earnings per share	<u>\$</u>	<u>0.67</u>	<u>\$</u>	<u>1.13</u>

F. Yuanta Securities Investment Trust

Yuanta Securities Investment Trust
Individual Condensed Balance Sheets
June 30, 2020 and 2019

(Expressed In Thousands of New Taiwan Dollars)

<u>ASSETS</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>LIABILITIES AND EQUITY</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Current assets	\$ 4,574,839	\$ 3,081,379	Current liabilities	\$ 1,570,218	\$ 408,750
Financial assets at fair value through other comprehensive income	159,030	108,953	Deferred income tax liabilities	179,563	203,316
Equity investments accounted for under the equity method	313,508	68,188	Lease liability- non-current	-	7,811
Property and equipment	292,404	297,434	Other non-current liabilities	40,983	41,338
Intangible assets	768,551	768,551	Total liabilities	<u>1,790,764</u>	<u>661,215</u>
Prepaid pension cost	37,466	37,564	Common stocks	2,269,235	2,269,235
Deferred income tax assets	527	316	Additional paid-in capital	296,729	785
Other non-current assets	147,084	185,517	Retained earnings	1,866,698	1,520,480
Total assets	<u>\$ 6,293,409</u>	<u>\$ 4,547,902</u>	Other equity	69,983	96,187
			Total equity	<u>4,502,645</u>	<u>3,886,687</u>
			Total liabilities and equity	<u>\$ 6,293,409</u>	<u>\$ 4,547,902</u>

Yuanta Securities Investment Trust
Individual Condensed Statements of Comprehensive Income
For the six months ended June 30, 2020 and 2019
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

Item	For the six months ended June 30,			
	2020		2019	
	Amount	%	Amount	%
Operating revenues	\$ 1,665,041	100	\$ 1,333,166	100
Operating expenses	(720,684)	(43)	(605,338)	(45)
Operating profits	944,357	57	727,828	55
Non-operating revenues and expenses	5,679	-	(30,365)	(2)
Income from continuing operations before income tax	950,036	57	697,463	53
Income tax expense	(192,364)	(11)	(148,508)	(11)
Net income	757,672	46	548,955	42
Other comprehensive (loss) income (net of tax)	(26,994)	(2)	6,700	1
Total comprehensive income	<u>\$ 730,678</u>	<u>44</u>	<u>\$ 555,655</u>	<u>43</u>
Earnings per share (in dollars)				
Basic and diluted earnings per share	<u>\$</u>	<u>3.34</u>	<u>\$</u>	<u>2.42</u>

G. Yuanta Asset Management

Yuanta Asset Management
Individual Condensed Balance Sheets
June 30, 2020 and 2019

(Expressed In Thousands of New Taiwan Dollars)

<u>ASSETS</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>LIABILITIES AND EQUITY</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Current assets	\$ 2,379,164	\$ 1,891,064	Current liabilities	\$ 39,558	\$ 1,707,956
Financial assets at fair value through other comprehensive income	36,663	36,995	Non-current liabilities	7,688	6,287
Property and equipment	3,823	3,627	Total liabilities	47,246	1,714,243
Right-of-use assets	2,500	-	Common stocks	3,111,630	1,000,000
Investment property	1,299,164	1,335,271	Additional paid-in capital	1,047	1,047
Intangible assets	40	153	Retained earnings	545,908	536,172
Deferred income tax assets	2,751	2,777	Other equity	18,634	18,965
Other non-current assets	360	540	Total equity	3,677,219	1,556,184
Total assets	<u>\$ 3,724,465</u>	<u>\$ 3,270,427</u>	Total liabilities and equity	<u>\$ 3,724,465</u>	<u>\$ 3,270,427</u>

Yuanta Asset Management
Individual Condensed Statements of Comprehensive Income
For the six months ended June 30, 2020 and 2019
(Expressed in Thousands of New Taiwan Dollars)

Item	For the six months ended June 30,			
	2020		2019	
	Amount	%	Amount	%
Operating revenues	\$ 164,508	100	\$ 141,701	100
Operating expenses	(93,751)	(57)	(58,645)	(41)
Operating profits	70,757	43	83,056	59
Non-operating revenues and expenses	1,026	1	(5,207)	(4)
Income from continuing operations before income tax	71,783	44	77,849	55
Income tax expense	(11,857)	(7)	(15,256)	(11)
Net income	59,926	37	62,593	44
Other comprehensive income (loss) (net of tax)	846	-	(376)	-
Total comprehensive income	<u>\$ 60,772</u>	<u>37</u>	<u>\$ 62,217</u>	<u>44</u>

H. Yuanta Venture Capital

Yuanta Venture Capital
Individual Condensed Balance Sheets
June 30, 2020 and 2019

(Expressed In Thousands of New Taiwan Dollars)

ASSETS	June 30, 2020	June 30, 2019	LIABILITIES AND EQUITY	June 30, 2020	June 30, 2019
Current assets	\$ 1,743,036	\$ 1,641,494	Current liabilities	\$ 180,736	\$ 50,651
Financial assets at fair value through other comprehensive income	113,789	178,211	Lease liability- non-current	5,053	-
Equity investments accounted for under the equity method	863,996	845,496	Other non-current liabilities	2,850	2,150
Property and equipment	3,726	4,121	Total liabilities	188,639	52,801
Right-of-use assets	8,797	-	Common stocks	2,460,000	2,460,000
Deferred income tax assets	4,875	1,108	Additional paid-in capital	918	918
Other non-current assets	635	635	Retained earnings	97,111	127,356
Total assets	<u>\$ 2,738,854</u>	<u>\$ 2,671,065</u>	Other equity	(7,814)	29,990
			Total equity	2,550,215	2,618,264
			Total liabilities and equity	<u>\$ 2,738,854</u>	<u>\$ 2,671,065</u>

Yuanta Venture Capital
Individual Condensed Statements of Comprehensive Income
For the six months ended June 30, 2020 and 2019
(Expressed in Thousands of New Taiwan Dollars)

Item	For the six months ended June 30,			
	2020		2019	
	Amount	%	Amount	%
Operating revenues	\$ 47,079	100	\$ 102,992	100
Operating expenses	(20,647)	(44)	(17,825)	(17)
Operating profits	26,432	56	85,167	83
Non-operating revenues and expenses	315	1	608	-
Income from continuing operations before income tax	26,747	57	85,775	83
Income tax benefit	21,227	45	7,263	7
Net income	47,974	102	93,038	90
Other comprehensive loss (net of tax)	(20,495)	(44)	(11,422)	(11)
Total comprehensive income	<u>\$ 27,479</u>	<u>58</u>	<u>\$ 81,616</u>	<u>79</u>

I. Yuanta Securities Investment Consulting

Yuanta Securities Investment Consulting
Individual Condensed Balance Sheets
June 30, 2020 and 2019

(Expressed In Thousands of New Taiwan Dollars)

<u>ASSETS</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>LIABILITIES AND EQUITY</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Current assets	\$ 201,599	\$ 194,581	Current liabilities	\$ 73,064	\$ 67,991
Property and equipment	1,733	1,925	Non-current liabilities	10,171	14,018
Right-of-use assets	4,193	9,799	Total liabilities	<u>83,235</u>	<u>82,009</u>
Intangible assets	26	181	Common stocks	100,000	100,000
Deferred income tax assets	6,439	5,095	Additional paid-in capital	6,017	6,017
Other non-current assets	6,464	6,464	Retained earnings	<u>31,202</u>	<u>30,019</u>
			Total equity	<u>137,219</u>	<u>136,036</u>
Total assets	<u>\$ 220,454</u>	<u>\$ 218,045</u>	Total liabilities and equity	<u>\$ 220,454</u>	<u>\$ 218,045</u>

Yuanta Securities Investment Consulting
Individual Condensed Statements of Comprehensive Income
For the six months ended June 30, 2020 and 2019
(Expressed in Thousands of New Taiwan Dollars)

Item	For the six months ended June 30,			
	2020		2019	
	Amount	%	Amount	%
Operating revenues	\$ 101,665	100	\$ 100,684	100
Operating costs	(605)	(1)	(577)	(1)
Operating expenses	(99,397)	(97)	(99,567)	(99)
Operating income	1,663	2	540	-
Non-operating revenues and expenses	761	1	801	1
Income from continuing operations				
before income tax	2,424	3	1,341	1
Income tax expense	(485)	(1)	(268)	-
Net income	1,939	2	1,073	1
Total comprehensive income	<u>\$ 1,939</u>	<u>2</u>	<u>\$ 1,073</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 six months ended June 30,	
		2020	2019
Return on total assets	Before tax	4.16	4.26
	After tax	4.05	4.19
Return on equity	Before tax	4.85	5.05
	After tax	4.71	4.96
Net profit margin ratio		92.76	94.66

(B) Yuanta Financial Holdings and its subsidiaries

		For the six months ended June 30,	
		2020	2019
Return on total assets	Before tax	0.57	0.59
	After tax	0.47	0.51
Return on equity	Before tax	5.60	5.78
	After tax	4.64	4.96
Net profit margin ratio		22.78	23.93

(C) Yuanta Bank

		For the six months ended June 30,	
		2020	2019
Return on total assets	Before tax	0.38	0.48
	After tax	0.33	0.42
Return on equity	Before tax	4.26	5.27
	After tax	3.73	4.61
Net profit margin ratio		41.46	46.79

(D) Yuanta Securities

		For the six months ended June 30,	
		2020	2019
Return on total assets	Before tax	1.59	1.32
	After tax	1.40	1.18
Return on equity	Before tax	5.97	4.62
	After tax	5.24	4.14
Net profit margin ratio		39.87	40.05

(E) Yuanta Life

		For the six months ended June 30,	
		2020	2019
Return on total assets	Before tax	0.41	0.45
	After tax	0.39	0.44
Return on equity	Before tax	5.80	8.98
	After tax	5.46	8.82
Net profit margin ratio		60.09	61.85

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		June 30, 2020					June 30, 2019					
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	100,656	207,654,834	0.05%	2,759,459	2,741.47%	390,917	185,731,841	0.21%	2,491,043	637.23%	
	Unsecured loans	654,972	192,059,302	0.34%	3,891,166	594.10%	127,298	210,184,706	0.06%	4,466,168	3,508.44%	
Consumer banking	Residential mortgage loans	226,149	202,015,384	0.11%	3,042,750	1,345.46%	424,715	191,590,929	0.22%	2,894,498	681.52%	
	Cash card services	7	60,403	0.01%	1,077	15,385.71%	35	93,609	0.04%	1,890	5,400.00%	
	Small amount of credit loans	9,254	11,579,246	0.08%	167,300	1,807.87%	67,973	9,839,363	0.69%	197,193	290.10%	
	Others	Secured loans	177,597	155,841,283	0.11%	1,621,506	913.03%	153,291	147,403,905	0.10%	1,523,581	993.91%
		Unsecured loans	122	2,598,624	0.00%	26,217	21,489.34%	417	1,989,735	0.02%	20,764	4,979.38%
Gross loan business		1,168,757	771,809,076	0.15%	11,509,475	984.76%	1,164,646	746,834,088	0.16%	11,595,137	995.59%	

Month / Year		June 30, 2020					June 30, 2019				
		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		6,070	7,896,758	0.08%	128,183	2,111.75%	8,358	10,536,049	0.08%	162,032	1,938.67%
Without recourse factoring		9,422	4,916,250	0.19%	72,695	771.55%	-	6,105,899	-	80,765	-

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 the Banking Bureau (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 the Banking Bureau (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 the Banking Bureau 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

	June 30, 2020		June 30, 2019	
	Total amount of non-performing loans exempted from reporting to the competent authority	Total amount of overdue receivables exempted from reporting to the competent authority	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)	60,463	32,692	88,139	44,813
Perform in accordance with debt liquidation program and restructuring program (Note 2)	977,583	346,123	1,116,986	355,794
Total	1,038,046	378,815	1,205,125	400,607

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 the Banking Bureau (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 the Banking Bureau (1) Letter No. 09700318940 of FSC dated September 15, 2008 and Banking Bureau (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, %

June 30, 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	\$ 7,850,854	6.53
2	Group B–Air Transport	6,338,958	5.27
3	Company C–Real Estate Leasing	4,210,000	3.50
4	Group D–Real Estate Development	4,106,047	3.41
5	Company E–Trust, Funds and Similar Financial Entity	4,000,000	3.32
6	Group F–Real Estate Development	3,800,000	3.16
7	Group G–Seasoning Manufacturing Industry	3,484,000	2.90
8	Group H–Other Financial Services Not Elsewhere Classified	3,471,381	2.89
9	Company I–Real Estate Development	2,792,000	2.32
10	Company J–Activities of Amusement Parks and Theme Parks	2,704,756	2.25
June 30, 2019			
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	\$ 7,715,060	6.52
2	Company B–Real Estate Leasing	4,270,000	3.61
3	Group C–Iron and Steel Refining	4,003,533	3.38
4	Group D–Real Estate Development	3,700,000	3.13
5	Group E–Computer Manufacturing Industry	3,619,508	3.06
6	Group F–Real Estate Development	3,358,070	2.84
7	Company G–Trusts, Funds and Similar Financial Entity	3,357,222	2.84
8	Company H–Trusts, Funds and Similar Financial Entity	3,247,695	2.75
9	Group I–Seasoning Manufacturing Industry	3,176,000	2.68
10	Company J–Real Estate Development	2,376,000	2.01

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)

June 30, 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	1,203,010,536	205,532,912	112,002,903	86,746,157	74,074,959	105,738,311	618,915,294
Primary funds outflow upon maturity	1,422,303,037	44,548,171	89,251,848	154,539,433	208,437,687	247,779,463	677,746,435
Gap	(219,292,501)	160,984,741	22,751,055	(67,793,276)	(134,362,728)	(142,041,152)	(58,831,141)

June 30, 2019

(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	1,148,591,089	217,394,248	86,870,514	96,033,990	78,447,095	101,614,591	568,230,651
Primary funds outflow upon maturity	1,347,001,082	43,668,713	98,957,592	182,714,649	186,297,348	229,558,250	605,804,530
Gap	(198,409,993)	173,725,535	(12,087,078)	(86,680,659)	(107,850,253)	(127,943,659)	(37,573,879)

b. Structure analysis of time to maturity (USD)

June 30, 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	5,226,081	1,474,061	505,955	216,741	256,021	2,773,303
Primary funds outflow upon maturity	6,521,221	1,761,197	1,227,295	989,596	1,169,761	1,373,372
Gap	(1,295,140)	(287,136)	(721,340)	(772,855)	(913,740)	1,399,931

June 30, 2019

(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	5,270,306	1,447,118	558,123	344,721	335,152	2,585,192
Primary funds outflow upon maturity	6,932,841	1,952,468	1,314,557	1,603,489	902,152	1,160,175
Gap	(1,662,535)	(505,350)	(756,434)	(1,258,768)	(567,000)	1,425,017

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

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

June 30, 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	771,940,769	50,022,141	29,150,589	246,546,441	1,097,659,940
Interest-rate-sensitive liabilities	286,136,122	624,654,042	102,101,758	37,136,813	1,050,028,735
Interest-rate-sensitive gap	485,804,647	(574,631,901)	(72,951,169)	209,409,628	47,631,205
Total equity					115,988,482
Ratio of interest-rate-sensitive assets to liabilities					104.54
Ratio of interest-rate-sensitive gap to equity					41.07

June 30, 2019

(Expressed in Thousands of New Taiwan Dollars, %)

Item	1 ~ 90 days	91 ~ 180 days	181 days ~ 1 year	Over 1 year	Total
Interest-rate-sensitive assets	715,395,654	37,397,604	26,646,613	218,624,497	998,064,368
Interest-rate-sensitive liabilities	325,698,939	514,022,550	82,978,049	41,347,942	964,047,480
Interest-rate-sensitive gap	389,696,715	(476,624,946)	(56,331,436)	177,276,555	34,016,888
Total equity					114,575,845
Ratio of interest-rate-sensitive assets to liabilities					103.53
Ratio of interest-rate-sensitive gap to equity					29.69

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)

June 30, 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	3,392,164	346,083	53,079	1,093,160	4,884,486
Interest-rate-sensitive liabilities	2,560,421	622,561	728,887	1,061,550	4,973,419
Interest-rate-sensitive gap	831,743	(276,478)	(675,808)	31,610	(88,933)
Total equity					144,153
Ratio of interest-rate-sensitive assets to liabilities					98.21
Ratio of interest-rate-sensitive gap to equity					(61.69)

June 30, 2019

(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	3,525,854	414,159	40,499	755,803	4,736,315
Interest-rate-sensitive liabilities	2,422,218	940,360	440,835	753,880	4,557,293
Interest-rate-sensitive gap	1,103,636	(526,201)	(400,336)	1,923	179,022
Total equity					116,096
Ratio of interest-rate-sensitive assets to liabilities					103.93
Ratio of interest-rate-sensitive gap to equity					154.20

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:

Investor	Category and name of securities	Account	Counterparty	Relationship	Balance as at January 1, 2020		Addition		Disposal			Balance as at June 30, 2020		
					Number of shares (in thousands)	Amount	Number of shares (in thousands)	Amount	Number of shares (in thousands)	Price	Book value	Gain (loss) on disposal	Number of shares (in thousands)	Amount
Yuanta Financial Holdings	Stocks: Yuanta Life	Equity investments accounted for under the equity method	Yuanta Life	Subsidiary	973,570	\$ 11,165,000	1,400,000	\$ 14,000,000	-	\$ -	\$ -	\$ -	2,373,570	\$ 25,165,000
Yuanta Financial Holdings	Stocks: Yuanta Futures	Equity investments accounted for under the equity method	Yuanta Futures	Subsidiary	159,467	3,421,065	10,430	500,633	-	-	-	-	169,897	3,921,698

Note: The issuance of stock for cash.

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 June 30, 2020	Turnover rate	Amount overdue		Accounts receivable from related party	Amount of allowance
					Amount	Action taken		
Yuanta Financial Holdings	Yuanta Securities	Subsidiary of Yuanta Financial Holdings	\$ 872,753 (Note 1)	-	\$ -	-	\$ -	\$ -
Yuanta Financial Holdings	Yuanta Life	Subsidiary of Yuanta Financial Holdings	326,843 (Note 1)	-	-	-	-	-
Yuanta Financial Holdings	Yuanta Bank	Subsidiary of Yuanta Financial Holdings	7,274,113 (Note 2)	-	-	-	6,760,674	-
Yuanta Financial Holdings	Yuanta Securities Investment Trust	Subsidiary of Yuanta Financial Holdings	785,311 (Note 3)	-	-	-	785,300	-

Note 1: Income tax refundable arising from filing consolidated income tax returns which has been eliminated.

Note 2: Cash dividends receivable from Yuanta Bank which has been received on July 20, 2020.

Note 3: Cash dividends receivable from Yuanta Securities Investment Trust which has been received on July 17, 2020.

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:

(Expressed In Thousand of New Taiwan Dollars)

Investor	Investee	Address	Main Service	Percentage of ownership at the period end (%)	Book value	Investment income (loss) (Note)	Share ownerships of the Company and related parties			
							Shares (In thousands)	Pro-forma share of ownership	Shares (In thousands)	Percentage of ownership (%)
Yuanta Financial Holdings Co., Ltd.	Yuanta Securities Co., Ltd.	R.O.C	Securities brokerage, dealing, underwriting, financing and refinancing, futures business and raising and issuing derivative instruments	100	\$ 100,798,551	\$ 5,262,821	5,782,032	-	5,782,032	100
"	Yuanta Commercial Bank Co., Ltd.	"	Banking	100	120,368,593	4,514,982	7,394,039	-	7,394,039	100
"	Yuanta Futures Co., Ltd.	"	Futures, futures managers, futures consultant, securities, securities trading assistance	67.97	6,940,127	402,214	169,897	-	169,897	67.97
"	Yuanta Life Co., Ltd.	"	Life insurance business	100	26,459,105	1,205,006	2,373,570	-	2,373,570	100
"	Yuanta Asset Management Co., Ltd.	"	Management of monetary debts of financial institutions	100	3,604,901	59,926	311,163	-	311,163	100
"	Yuanta Venture Capital Co., Ltd.	"	Venture capital business	100	2,550,215	47,974	246,000	-	246,000	100
"	Yuanta Securities Investment Consulting Co., Ltd.	"	Investment consulting on securities	100	137,219	1,939	10,000	-	10,000	100
"	Yuanta Securities Investment Trust Co., Ltd.	"	Investment trust	74.71	5,231,441	564,502	169,538	-	169,538	74.71
Yuanta Commercial Bank Co., Ltd.	Yuanta International Leasing Co., Ltd.	"	Lease businesses of personal property and real assets	100	104,899	-	10,000	-	10,000	100
"	Yuanta Savings Bank (Philippines)	Philippines	Deposit services	100	599,609	-	1,200,000	-	1,200,000	100
"	Yuanta Savings Bank (Korea)	Korea	Deposit services	100	3,852,775	-	13,516	-	13,516	100
Yuanta Securities Co., Ltd.	Yuanta Securities Asia Financial Services Limited	Bermuda	Investment holding	100	33,015,998	-	290,909	-	290,909	100

(Expressed In Thousand of New Taiwan Dollars)

Share ownerships of the Company and related parties											
Investor	Investee	Address	Main Service	Percentage of ownership at the period end (%)	Book value	Investment income (loss) (Note)	Shares (In thousands)	Pro-forma share of ownership	Total		
									Shares (In thousands)	Percentage of ownership (%)	
Yuanta Securities Co., Ltd.	Yuanta International Insurance Brokers Co., Ltd.	R.O.C	Insurance agent	100	\$ 132,121	\$ -	500	-	500	100	
"	Yuanta Securities Finance Co., Ltd.	R.O.C	Margin loans and short sales of securities	100	10,029,510	-	400,000	-	400,000	100	
Yuanta Securities Asia Financial Services Limited	Yuanta Securities (Hong Kong) Limited	Hong Kong	Securities trading, futures trading, providing opinions on securities, providing opinions on futures contract, providing opinions on institutions' financing and providing assets management services	100	7,666,922	-	2,268,133	-	2,268,133	100	
"	Yuanta Asia Investment (Hong Kong) Ltd.	"	Securities trading, futures trading and providing assets management services	100	1,183,282	-	293,892	-	293,892	100	
"	Yuanta Securities (Korea) Co., Ltd.	Korea	Securities trading, providing opinions on securities, providing opinions on futures contract, underwriting services, asset management services, financial advisory services, and futures trading	57.09	17,976,162	-	113,954	-	113,954	57.09	
"	Yuanta Hong Kong Holdings(Cayman) Co., Ltd.	Cayman Islands	Investment holding	100	39,816	-	74	-	74	100	
"	Yuanta Securities (UK) Co., Ltd.	U.K.	License in application	100	60,314	-	2,000	-	2,000	100	

(Expressed In Thousand of New Taiwan Dollars)

Share ownerships of the Company and related parties										
Investor	Investee	Address	Main Service	Percentage of ownership at the period end (%)	Book value	Investment income (loss) (Note)	Shares (In thousands)	Pro-forma share of ownership	Total	
									Shares (In thousands)	Percentage of ownership (%)
Yuanta Securities Asia Financial Services Limited	Yuanta Securities (Thailand) Co., Ltd.	Thailand	Security brokerage, proprietary trading, underwriting, and investment consulting; mutual fund management; private fund management; security borrowing; venture capital fund management; derivative product brokerage, proprietary trading, underwriting, and investment consulting; and derivate product fund management	99.99	\$ 4,773,336	\$ -	450,000	-	450,000	99.99
"	Yuanta Securities (Vietnam) Co., Ltd.	Vietnam	Brokerage, dealing, underwriting	85.24	1,463,846	-	85,242	-	85,242	85.24
Yuanta Asia Investment (Hong Kong) Ltd.	Yuanta Asia Investment Ltd.	British Virgin Islands	Direct investments, venture capital funds, venture capital fund raising and management, investment consulting	100	1,142,073	-	35,000	-	35,000	100
Yuanta Securities Korea Co., Ltd.	Yuanta Investment Co., Ltd.	Korea	Venture investment	100	1,386,022	-	6,401	-	6,401	100
"	Yuanta Financial (Hong Kong) Limited	Hong Kong	Investment holding	100	482,137	-	18,954	-	18,954	100
"	Woori Asset Management Corp.	Korea	Asset management	27	721,675	-	1,080	-	1,080	27
Yuanta Financial (Hong Kong) Limited	Yuanta Securities (Cambodia) Plc	Cambodia	Underwriting guidelines and financial advisory services	100	372,331	-	12,500	-	12,500	100
Yuanta Secutiries (Hong Kong) Limited	Yuanta International Investment (Hong Kong) Ltd.	Hong Kong	Solicitation of financial products	100	235,021	-	50,000	-	50,000	100
"	Yuanta Finanace (Hong Kong) Ltd.	"	Credit loans	100	194,835	-	50,000	-	50,000	100

(Expressed In Thousand of New Taiwan Dollars)

Share ownerships of the Company and related parties										
Investor	Investee	Address	Main Service	Percentage of ownership at the period end (%)	Book value	Investment income (loss) (Note)	Shares (In thousands)	Pro-forma share of ownership	Total	
									Shares (In thousands)	Percentage of ownership (%)
Yuanta Securities (Hong Kong) Limited	Yuanta Investment Management (Cayman) Ltd.	Cayman Islands	Investment management	100	\$ 324,874	\$ -	12,500	-	12,500	100
"	Yuanta Securities (Vietnam) Co., Ltd.	Vietnam	Brokerage, dealing, underwriting	14.76	253,741	-	14,758	-	14,758	14.76
"	PT Yuanta Sekuritas Indonesia	Indonesia	Securities trading and underwriting services	99	395,462	-	474	-	474	99
"	PT Yuanta Asset Management	"	Investment management	0.002	-	-	-	-	-	0.002
PT Yuanta Sekuritas Indonesia	PT Yuanta Asset Management	"	Investment management	99.998	106,596	-	51	-	51	99.998
Yuanta Venture Capital Co., Ltd.	Yuanta I Venture Capital Co., Ltd.	R.O.C	Venture capital business	100	863,996	-	85,000	-	85,000	100
Yuanta Futures Co., Ltd.	Yuanta Futures (Hong Kong) Limited	Hong Kong	Financial services	100	964,222	-	34,000	-	34,000	100
"	SYF Information Limited	R.O.C	Information software and data processing services	100	280,887	-	35,000	-	35,000	100
SYF Information Limited	SYF Information (Samoa)	Samoa	Investment holding	100	139,236	-	5,800	-	5,800	100

Note: The amounts under the column of the investment income (loss) presented as zero is for the subsidiary and second-tier subsidiary described in the consolidated financial statements.

(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:

Real estate acquired by	Real estate acquired	Date of the event	Transaction amount	Status of payment	Counterparty	Relationship with the counterparty	Basis or reference used in setting the price	Reason for acquisition of real estate and status of the real estate	Other commitments
Yuanta Life	Right of superficies of nine lands on No. 414, Sec. 3, Chang'an Rd., Zhongshan Dist., Taipei City	January 30, 2020	\$ 5,562,128	All payments have been made	National Property administration, Ministry of Finance, Northern Region Branch	Non-related parties	The appraisal report	Investment of property and currently under development	The company is liable for the sales tax of the transaction

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:

Real estate disposed by	Real estate	Transaction date or date of event	Date of acquisition amount	Book value	Disposal amount	Status of collection of proceeds	Gain (loss) on disposal	Counterparty	Relationship with the seller	Reason for disposal	Basis or reference used in setting the price	Other commitments
Yuanta Bank	Room 1 to Room 6, 7F., and 14 parking lots of No. 21, Ln. 583, Ruiguang Rd., Neihu Dist., Taipei City	November 8, 2019	January 1, 2018	\$ 362,039	\$ 370,000	All payments have been received	\$ 7,961	Child Welfare League Foundation R.O.C.	No	Activate the economic value of real estate and capital elasticity	Appraiser report and valuation opinion of appraiser report issued by Euro - Asia Real Estate Appraisers Firm on July 2, 2019. Appraiser: Jyun, Lin. Appraisal amount: \$367,170	-

Note: The contract has been signed on November 8, 2019 and the ownership has been transferred in January 2020.

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 June 30, 2020	Turnover rate	Amount overdue		Accounts receivable from related party	Amount of allowance
					Amount	Action taken		
Yuanta Bank	Yuanta Financial Holdings	Parent Company	\$ 1,974,716	-	\$ -	-	\$ -	\$ -
Yuanta Life	Yuanta Financial Holdings	Parent Company	2,609,424	-	-	-	-	-
Yuanta Securities	Yuanta Financial Holdings	Parent Company	773,304	-	-	-	1,848	-

F. Information regarding selling non-performing loans:

Transaction Company	Transaction date	Counterparty	Contents of right of claim	Carrying value	Sale price	Gain or loss from disposal	Attached conditions	Relationship with the Bank	Note
Yuanta Savings Bank (Korea)	2020/2/25	JUNGWON PARTNER Co., Ltd.	Loans and Temporary Payments for Others	\$ 23,076	\$ 24,403	\$ 1,327	None	None	Note 1
Yuanta Savings Bank (Korea)	2020/5/29	Happiness Dream Financial.Co., Ltd.	Loans and Temporary Payments for Others	\$ 35,511	\$ 37,532	\$ 2,021	None	None	Note 2

Note 1: The carrying amount and the sale price of the loan was KRW 926,299 thousand and KRW 979,561 thousand, using the exchange rate of 1 KRW to 0.024912 NT\$.

Note 2: The carrying amount and the sale price of the loan was KRW 1,425,475 thousand and KRW 1,506,611 thousand, using the exchange rate of 1 KRW to 0.024912 NT\$.

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	\$ 296,600	\$ 296,600	\$ 296,600	3.50%	Short-term loans	\$ -	Operation financing	\$ -	-	\$ -	\$ 33,035,987 (Note1)	\$ 33,035,987 (Note1)
2	Yuanta Securities Asia Finance Service	Yuanta Securities (Thailand)	Accounts receivable-related party	Yes	3,114,300	889,800	-	0.00%	Short-term loans	-	Operation financing	-	-	-	33,035,987 (Note1)	33,035,987 (Note1)
3	Yuanta Securities Asia Finance Service	Yuanta Securities (Vietnam)	Accounts receivable-related party	Yes	889,800	889,800	148,300	2.30%	Short-term loans	-	Operation financing	-	-	-	33,035,987 (Note1)	33,035,987 (Note1)
4	PT Yuanta Sekuritas Indonesia	PT Yuanta Asset Management	Accounts receivable-related party	Yes	12,804	12,804	9,681	10.00%	Short-term loans	-	Operation financing	9,681	-	-	399,450 (Note2)	399,450 (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: 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 six months ended June 30, 2020	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	\$ 20,078,737 (Note 1)	\$ 103,810	\$ 103,810	\$ 43,941	\$ -	0.10%	\$ 40,157,474 (Note 1)	Yes	No	No	
2	Yuanta Securities	Yuanta Securities (Thailand)	More than 50% common stock-directly-owned subsidiary	20,078,737 (Note 1)	973,065	444,900	-	-	0.44%	40,157,474 (Note 1)	Yes	No	No	
3	Yuanta Securities Asia Financial Service	Yuanta Securities (Thailand)	More than 50% common stock-directly-owned subsidiary	33,035,987 (Note 2)	3,350,354	3,350,354	-	-	10.14%	33,035,987 (Note 2)	Yes	No	No	
4	Yuanta Securities Asia Financial Service	PT Yuanta Sekuritas Indonesia	More than 50% common stock-directly-owned subsidiary	33,035,987 (Note 2)	231,580	231,580	-	-	0.70%	33,035,987 (Note 2)	Yes	No	No	
5	Yuanta Securities Asia Financial Service	Yuanta Securities (Vietnam)	More than 50% common stock-directly-owned subsidiary	33,035,987 (Note 2)	898,698	898,698	311,430	-	2.72%	33,035,987 (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 accountant.

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)

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	June 30, 2020				
				Number of shares (In thousands)	Book value	Percentage of ownership (%)	Market value	Note
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	26	\$ 2,359	-	\$ 2,359	
	Yuanta/P-shares Taiwan Mid-Cap 100 ETF	"	"	8	304	-	304	
	Yuanta/P-shares Taiwan Electronics Tech ETF	"	"	22	914	-	914	
	Yuanta/P-shares S&P Custom China Play 50	"	"	20	509	-	509	
	Yuanta/P-shares MSCI Taiwan Financials ETF	"	"	21	371	-	371	
	Yuanta/P-shares Taiwan Dividend Plus ETF	"	"	4,289	122,489	-	122,489	
	W.I.S.E. Yuanta/P-shares CSI 300 ETF	"	"	25	459	-	459	
	Yuanta S&P500	"	"	13	360	-	360	
	Yuanta/P-shares Taiwan GreTai 50 ETF	"	"	19	273	-	273	
	Yuanta/P-shares MSCI Taiwan ETF	"	"	12	498	-	498	
	Yuanta/P-shares SSE50 ETF	"	"	21	656	-	656	
	Yuanta Daily Taiwan 50 Bear -1X ETF	"	"	7,411	70,553	-	70,553	
	Yuanta S&P GSCI Gold ER Futures ETF	"	"	6	148	-	148	
	Yuanta S&P GSCI Crude Oil ER Futures ETF	"	"	1	13	-	13	
	Yuanta EURO STOXX 50 ETF	"	"	15	346	-	346	
	Yuanta Nikkei 225 ETF	"	"	1	22	-	22	
	Yuanta U.S. Treasury 20+ Year Bond ETF	"	"	1	63	-	63	
	Yuanta S&P US Dollar ER Futures ETF	"	"	-	2	-	2	
	Yuanta U.S. Treasury 7-10 Year Bond ETF	"	"	9	408	-	408	
	Yuanta Taiwan High Dividend Low Volatility ETF	"	"	8	263	-	263	
	Yuanta U.S. Treasury 1-3 Year Bond ETF	"	"	2	52	-	52	
	Yuanta U.S. 20+ Year BBB Corporate Bond ETF	"	"	7	326	-	326	
	Yuanta China Treasury + Policy Bank 3-5 Year Bond ETF	"	"	-	7	-	7	
	Yuanta DJCI Silver ER Futures ETF	"	"	1	13	-	13	
	Yuanta MSCI China A ETF	"	"	7	159	-	159	
	Yuanta US 20+ Year AAA-A Corporate Bond ETF	"	"	10	465	-	465	

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	June 30, 2020				
				Number of shares (In thousands)	Book value	Percentage of ownership (%)	Market value	Note
Yuanta Securities Investment Trust	Beneficiary certificates:							
	Yuanta US 10+ Investment Grade Bank Bond ETF	The managing company of the fund	Financial assets at fair value through profit or loss	5	\$ 227	-	\$ 227	
	Yuanta US 10+ Investment Grade Healthcare Bond ETF	"	"	14	636	-	636	
	Yuanta US 10+ Investment Grade Utility Electric Power Bond ETF	"	"	5	224	-	224	
	Yuanta FTSE4Good TIP Taiwan ESG ETF	"	"	-	8	-	8	
	Yuanta Global NextGen Communications ETF	"	"	9	201	-	201	
	Yuanta Global NexGen Communication Innovative Technology ETF	"	"	5,000	100,000	-	100,000	
	Yuanta De-Li Money Market Fund	"	"	6,105	100,176	-	100,176	
	Yuanta De- Bao Money Market Fund	"	"	8,272	100,015	-	100,015	
	Yuanta Taiwan High-yield Leading Company Fund A	"	"	10,000	107,000	-	107,000	
					<u>\$ 610,519</u>		<u>\$ 610,519</u>	
	Stocks:							
	Taiwan Futures Exchange	-	Financial assets at fair value through other comprehensive income	1,877	\$ 151,336	-	\$ 151,336	
	FundRich Securities Co. Ltd.	-	"	819	7,694	-	7,694	
					<u>\$ 159,030</u>		<u>\$ 159,030</u>	
	CR Yuanta Fund Management Company Limited	-	Long-term equity accounted for under the equity method	147,000	<u>\$ 313,508</u>	-	<u>\$ 313,508</u>	
Yuanta Asset Management	Stocks:							
	Taiwan Finance Corporation	-	Financial assets at fair value through other comprehensive income	828	\$ 7,704	0.16	\$ 7,704	
	Sunsino Venture Co., Ltd.	-	"	443	4,058	0.93	4,058	
	DaYeh Development Co., Ltd.	-	"	333	1,120	2.22	1,120	
	Chung Yi Development Co., Ltd.	-	"	2,278	91	6.63	91	
	Global Investment Holdings Co., LTD.	-	"	1,980	14,454	1.23	14,454	
	China Trade And Development Corporation	-	"	500	9,236	0.76	9,236	
					<u>\$ 36,663</u>		<u>\$ 36,663</u>	

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	June 30, 2020					
				Number of shares (In thousands)	Book value	Percentage of ownership (%)	Market value	Note	
Yuanta Venture Capital	Stocks:								
	Gorilla Technology Group Inc.	-	Financial assets at fair value through profit or loss	95	\$ 17,430	0.83	\$ 17,430	Preferred stock B	
	Tot Biopharm International Company Limited	-	"	14,127	254,096	2.48	254,096		
	CGK International Co., Ltd. (Cayman)	-	"	877	9,102	2.39	9,102		
	Veden Dental Group	-	"	246	7,886	0.84	7,886		
	Throughtek Co., Ltd.	-	"	550	8,542	2.11	8,542		
	Taiwan J Pharmaceuticals Co., Ltd.	-	"	1,897	19,675	2.74	19,675		
	Phecda Technology Co., Ltd.	-	"	252	2,845	0.89	2,845		
	Long Diann Marine Bio Technology Co., Ltd.	-	"	4,300	12,900	11.78	12,900		
	MagV Co., Ltd.	-	"	2,145	4,033	12.69	4,033		
	Saultech Technology Co., Ltd.	-	"	899	67,270	4.51	67,270		
	BRIM Biotechnology, Inc.	-	"	3,500	39,970	5.94	39,970		
	Aprevent Medical, Inc.	-	"	394	3,386	2.12	3,386		
	Aprevent Medical, Inc.	-	"	1,808	41,288	9.71	41,288	Preferred stock B	
	GenePharm Biotech Corp.	-	"	2,667	7,893	10.42	7,893		
	Great Dream Pictures, Inc.	-	"	2,000	3,980	19.96	3,980		
	Li Ling Film Co., Ltd.	-	"	1,666	13,894	2.78	13,894		
	Jing-Jan Retail Business Co., Ltd.	-	"	1,408	69,330	2.35	69,330		
	Jiin Yeeh Ding Enterprise Co., Ltd.	-	"	1,014	21,285	1.05	21,285		
	United Renewable Energy Co., Ltd.	-	"	908	4,665	0.03	4,665	Private equity	
	Enterex International Limited	-	"	1,803	24,070	1.62	24,070		
	Taiwan Chelic Corp., Ltd.	-	"	500	24,975	0.75	24,975		
	Eurocharm Holdings Co., Ltd.	-	"	198	18,889	0.30	18,889		
	Jump Media International Co., Ltd.	-	"	906	4,494	3.20	4,494		
	Apollomics, Inc.	-	"	1,634	9,690	0.18	9,690		
	M3 Technology Inc.	-	"	2,687	64,595	7.32	64,595		
	Ever Supreme Bio Technology Co., Ltd.	-	"	1,730	264,119	3.09	264,119		
	Asia Pacific Venture Invest II L.P.	-	"	-	717	10.00	717		

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	June 30, 2020				
				Number of shares (In thousands)	Book value	Percentage of ownership (%)	Market value	Note
Yuanta Venture Capital	Stocks:							
	Aide Engery Holdings Co., Ltd.	-	Financial assets at fair value through profit or loss	336	\$ -	0.13	\$ -	
	GCT Semiconductor Inc.	-	"	1,402	-	1.60	-	Preferred stock G
	Bioflag International Corporation	-	"	3,400	138,142	2.96	138,142	
	ALLIED SUPREME CORP.	-	"	800	85,736	1.16	85,736	
	Powerchip Semiconductor Manufacturing Corp.	-	"	4,750	48,403	0.15	48,403	
					<u>\$ 1,293,300</u>		<u>\$ 1,293,300</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>\$ 863,996</u>	100.00	<u>\$ 863,996</u>	
	Da Hwa Venture Capital Co., Ltd.	-	Financial assets at fair value through other comprehensive income	800	\$ 6,112	0.50	\$ 6,112	
	Li Ding Venture Capital Co., Ltd.	-	"	1,391	2,323	17.39	2,323	
	Prudence Capital Management	-	"	4,162	30,381	9.00	30,381	
	Ho Ding Venture Capital Co., Ltd.	-	"	590	944	10.00	944	
	Sheng Hwa Venture Capital Co., Ltd.	-	"	1,064	7,711	4.80	7,711	
	Lian Ding Venture Capital Co., Ltd.	-	"	1,050	4,284	15.00	4,284	
	HwaWei Shi Ji Venture Capital Co., Ltd.	-	"	45	105	10.00	105	
	Lian Xun San Venture Capital Co., Ltd.	-	"	10	441	10.00	441	
	Hwa Lu Venture Capital Co., Ltd.	-	"	261	15,984	8.70	15,984	
	Hwa Sheng Venture Capital Co., Ltd.	-	"	263	3,956	3.33	3,956	
	Sheng Yuan Venture Capital Co., Ltd.	-	"	1,680	16,279	9.88	16,279	
	Guan Hwa Venture Capital Co., Ltd.	-	"	276	1,311	5.56	1,311	
	Qi Ding Venture Capital Co., Ltd.	-	"	1,105	9,324	4.35	9,324	
	Zhong Jing He Global Venture Capital Co., Ltd.	-	"	317	2,157	5.56	2,157	
	Der Yang Biotechnology Venture Capital Co., Ltd.	-	"	319	3,463	10.00	3,463	
	Huiyang Venture Capital Co., Ltd.	-	"	67	9,014	2.46	9,014	
					<u>\$ 113,789</u>		<u>\$ 113,789</u>	

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	June 30, 2020					
				Number of shares (In thousands)	Book value	Percentage of ownership (%)	Market value	Note	
Yuanta Venture Capital	Convertible corporate bond:								
	Alliance Developments Limited (Alliance CB1)	-	Financial assets at fair value through profit or loss - convertible corporate bonds	-	\$ 102,541	-	\$ 102,541		
	GTS Chemical Holdings Co., Ltd. (GTS Group CB1)	-	"	-	-	-	-		
					<u>\$ 102,541</u>		<u>\$ 102,541</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, 2020	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the six months ended June 30, 2020		Accumulated amount of remittance from Taiwan to Mainland China as of June 30, 2020	Net income of investee as of June 30, 2020	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the six months ended June 30, 2020 (Note 4)	Book value of investments in Mainland China as of June 30, 2020	Accumulated amount of investment income remitted back to Taiwan as of June 30, 2020
					Remitted to Mainland China	Remitted back to Taiwan						
Tot Biopharm International Company Limited	Pharmaceutical company specializes in cancer treatment	\$ 4,715,940 (USD 159,000 thousand)	(2) HONG KONG TOT BIO PHARM INTERNATIONAL COMPANY LIMITED	\$ 177,227	\$ -	\$ -	\$ 177,227	Note 5	2.48%	\$ -	\$ 177,227	\$ -
Jhong Shan Dong Yi Technology Co., Ltd.	Protection glass grinding and sales	237,280 (USD 8,000 thousand)	(2) CAYMAN ISLANDS CGK INTERNATIONAL CO., LTD.	8,258	-	-	8,258	Note 5	2.39%	-	8,258	-
Veden Dental Labs Inc	Manufacturing dental restoration	317,641 (HKD 83,000 thousand)	(2) CAYMAN ISLANDS VEDED DENTAL GROUP	22,762	-	-	22,762	Note 5	0.84%	-	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, 2020	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the six months ended June 30, 2020		Accumulated amount of remittance from Taiwan to Mainland China as of June 30, 2020	Net income of investee as of June 30, 2020	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the six months ended June 30, 2020 (Note 4)	Book value of investments in Mainland China as of June 30, 2020	Accumulated amount of investment income remitted back to Taiwan as of June 30, 2020
					Remitted to Mainland China	Remitted back to Taiwan						
Jie Qun Electronic Technology (Dong Guan) Ltd.	Transistors	\$ 2,594,761 (USD 87,484 thousand)	(2) VIRGIN ISLANDS GREAT TEAM BACKEND FOUNDRY, INC.	\$ 66,764	\$ -	\$ -	\$ 66,764	Note 5	3.09%	\$ -	\$ 66,764	\$ -
Ether Precision Inc. (Su Zhou)	Manufacturing and selling of a variety of discs	821,582 (USD 27,700 thousand)	(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, 2020	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the six months ended June 30, 2020		Accumulated amount of remittance from Taiwan to Mainland China as of June 30, 2020	Net income of investee as of June 30, 2020	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the six months ended June 30, 2020 (Note 2)	Book value of investments in Mainland China as of June 30, 2020	Accumulated amount of investment income remitted back to Taiwan as of June 30, 2020
					Remitted to Mainland China	Remitted back to Taiwan						
GC Investment Consultant (Shanghai)	Investment consultation	\$ 17,361 (RMB 4,138 thousand)	(3)	\$ -	\$ -	\$ -	\$ -	\$ 159	100.00%	In liquidation	\$ 21,693	\$ -

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, 2020	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the six months ended June 30, 2020		Accumulated amount of remittance from Taiwan to Mainland China as of June 30, 2020	Net income of investee as of June 30, 2020	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the six months ended June 30, 2020 (Note 2)	Book value of investments in Mainland China as of June 30, 2020	Accumulated amount of investment income remitted back to Taiwan as of June 30, 2020
					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	\$ 77,326 (RMB 18,428 thousand)	(2) Yuanta Securities Asia Financial Service	\$ -	\$ -	\$ -	\$ -	\$ 275	100.00%	\$ 275 (2)b	\$ 22,052	\$ -

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, 2020	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the six months ended June 30, 2020		Accumulated amount of remittance from Taiwan to Mainland China as of June 30, 2020	Net income of investee as of June 30, 2020	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the six months ended June 30, 2020 (Note 2)	Book value of investments in Mainland China as of June 30, 2020	Accumulated amount of investment income remitted back to Taiwan as of June 30, 2020
					Remitted to Mainland China	Remitted back to Taiwan						
CR Yuanta Fund Management Company Limited	Fund raising and sale	\$ 2,517,600 (RMB 600,000 thousand)	(1)	\$ 705,666	\$ -	\$ -	\$ 705,666	(\$ 19,086)	24.50%	(\$ 6,485) (2)c	\$ 313,508	\$ -

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, 2020	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the six months ended June 30, 2020		Accumulated amount of remittance from Taiwan to Mainland China as of June 30, 2020	Net income of investee as of June 30, 2020	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the six months ended June 30, 2020 (Note 2)	Book value of investments in Mainland China as of June 30, 2020	Accumulated amount of investment income remitted back to Taiwan as of June 30, 2020
					Remitted to Mainland China	Remitted back to Taiwan						
SYF Information (Shanghai)	Computer software services	\$ 157,209 (RMB 33,080 thousand)	(2) SYF Information (Samoa)	\$ 157,209	\$ -	\$ -	\$ 157,209	(\$ 2,144)	100.00%	(\$ 2,144) (2)c	\$ 113,767	\$ -

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 June 30, 2020	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	\$ 307,231	\$ 333,024	\$ 1,530,129
GC Investment Consultant (Shanghai)	-	Note 6	Note 6
Yuanta Investment Consulting (Beijing)	-	91,973	60,236,211
Yuanta Securities Investment Trust	705,666	705,666	2,701,587
Yuanta Futures	157,209	174,000	5,631,102

Note: The abovementioned limitations on investments in Mainland China were based on 60% of Yuanta Venture Capital's net worth of \$2,550,215.

The abovementioned limitations on investments in Mainland China were based on 60% of Yuanta Securities's net worth of \$100,393,685.

The abovementioned limitations on investments in Mainland China were based on 60% of Yuanta Securities Investment Trust's net worth of \$4,502,645.

The abovementioned limitations on investments in Mainland China were based on 60% of Yuanta Futures's net worth of \$9,385,170.

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 six months ended June 30, 2020' 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.

(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 June 30, 2020.

(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			
				Account	Amount	Conditions	Percentage of total consolidated net revenues or assets (Note 3)
0	Yuanta Financial Holdings	Yuanta Securities	1	Current income tax assets	872,464	No significant difference from general customers	0.03%
0	Yuanta Financial Holdings	Yuanta Bank	1	Current income tax assets	214,132	"	0.01%
0	Yuanta Financial Holdings	Yuanta Life	1	Current income tax assets	325,998	"	0.01%
0	Yuanta Financial Holdings	Yuanta Securities	1	Current income tax liabilities	771,456	"	0.03%
0	Yuanta Financial Holdings	Yuanta Bank	1	Current income tax liabilities	1,974,716	"	0.08%
0	Yuanta Financial Holdings	Yuanta Venture Capital	1	Current income tax liabilities	108,203	"	0.00%
0	Yuanta Financial Holdings	Yuanta Life	1	Current income tax liabilities	2,609,424	"	0.10%
0	Yuanta Financial Holdings	Yuanta Bank	1	Due from banks	246,702	"	0.01%
0	Yuanta Financial Holdings	Yuanta Bank	1	Due from banks	2,384,664	"	0.09%
0	Yuanta Financial Holdings	Yuanta Bank	1	Receivables – net	6,762,197	"	0.26%
0	Yuanta Financial Holdings	Yuanta Bank	1	Receivables – net	295,050	"	0.01%
0	Yuanta Financial Holdings	Yuanta Investment Trust	1	Receivables – net	785,311	"	0.03%
0	Yuanta Financial Holdings	Yuanta Venture Capital	1	Receivables – net	133,380	"	0.01%
0	Yuanta Financial Holdings	Yuanta Securities	1	Right-of-use assets, net	112,984	"	0.00%
0	Yuanta Financial Holdings	Yuanta Bank	1	Payables	295,050	"	0.01%
1	Yuanta Securities	Yuanta Securities Finance	3	Receivables – net	177,892	"	0.01%
1	Yuanta Securities	Yuanta Securities Finance	3	Receivables – net	144,243	"	0.01%
1	Yuanta Securities	Yuanta Securities (Hong Kong)	3	Receivables – net	122,687	"	0.00%
1	Yuanta Securities	Yuanta International Insurance Brokers	3	Receivables – net	261,000	"	0.01%
1	Yuanta Securities	Yuanta International Insurance Brokers	3	Net other miscellaneous income	106,713	"	0.21%
2	Yuanta Bank	Yuanta Savings Bank (Philippines)	3	Prepayments	720,907	"	0.03%
2	Yuanta Bank	Yuanta Life	3	Deposits and remittances	861,511	"	0.03%
2	Yuanta Bank	Yuanta Securities	3	Deposits and remittances	413,573	"	0.02%
2	Yuanta Bank	Yuanta International Insurance Brokers	3	Deposits and remittances	402,106	"	0.02%

No. (Note 1)	Company	Counterparty	Relationship (Note 2)	Details of transactions			
				Account	Amount	Conditions	Percentage of total consolidated net revenues or assets (Note 3)
2	Yuanta Bank	Yuanta Asia Investment (B.V.I.)	3	Deposits and remittances	128,731	No significant difference from general customers	0.01%
2	Yuanta Bank	Yuanta Life	3	Deposits and remittances	187,654	"	0.01%
2	Yuanta Bank	Yuanta Securities	3	Deposits and remittances	4,326,954	"	0.17%
2	Yuanta Bank	Yuanta Securities (Hong Kong)	3	Deposits and remittances	1,466,025	"	0.06%
2	Yuanta Bank	Yuanta Futures	3	Deposits and remittances	853,600	"	0.03%
2	Yuanta Bank	Yuanta Futures (Hong Kong)	3	Deposits and remittances	559,777	"	0.02%
2	Yuanta Bank	SYF Information	3	Deposits and remittances	114,100	"	0.00%
2	Yuanta Bank	Yuanta Investment Trust	3	Deposits and remittances	3,111,890	"	0.12%
2	Yuanta Bank	Yuanta Venture Capital	3	Deposits and remittances	155,300	"	0.01%
2	Yuanta Bank	Yuanta I Venture Capital	3	Deposits and remittances	366,000	"	0.01%
2	Yuanta Bank	Yuanta Securities	3	Deposits and remittances	3,730,415	"	0.15%
2	Yuanta Bank	Yuanta Securities (Hong Kong)	3	Deposits and remittances	610,221	"	0.02%
2	Yuanta Bank	Yuanta Securities	3	Deposits and remittances	2,372,800	"	0.09%
2	Yuanta Bank	Yuanta Futures	3	Deposits and remittances	220,023	"	0.01%
2	Yuanta Bank	Yuanta Futures	3	Deposits and remittances	10,195,743	"	0.40%
2	Yuanta Bank	Yuanta Futures (Hong Kong)	3	Deposits and remittances	1,045,625	"	0.04%
3	Yuanta Futures	Yuanta Futures (Hong Kong)	3	Other financial assets-net	523,521	"	0.02%
3	Yuanta Futures	Yuanta Futures (Hong Kong)	3	Other financial liabilities	173,173	"	0.01%
3	Yuanta Futures	Yuanta Securities	3	Other financial liabilities	7,208,945	"	0.28%
3	Yuanta Futures	Yuanta Securities (Korea)	3	Other financial liabilities	190,528	"	0.01%
3	Yuanta Futures	Yuanta Securities (Hong Kong)	3	Other financial liabilities	135,628	"	0.01%
3	Yuanta Futures	Yuanta Securities	3	Net service fee and commission expense	151,302	"	0.29%
4	Yuanta Life	Yuanta Bank	3	Net service fee and commission expense	400,370	"	0.78%
4	Yuanta Life	Yuanta International Insurance Brokers	3	Net service fee and commission expense	280,328	"	0.54%
5	Yuanta Securities Investment Consulting	Yuanta Bank	3	Other miscellaneous financial assets-net	119,000	"	0.00%

No. (Note 1)	Company	Counterparty	Relationship (Note 2)	Details of transactions			
				Account	Amount	Conditions	Percentage of total consolidated net revenues or assets (Note 3)
6	Yuanta Securities Asia Financial Services	Yuanta Securities (Indonesia)	3	Receivables – net	296,600	No significant difference from general customers	0.01%
6	Yuanta Securities Asia Financial Services	Yuanta Securities (Vietnam)	3	Receivables – net	148,997	"	0.01%
7	Yuanta Securities (Hong Kong)	Yuanta Investment (Hong Kong)	3	Securities purchased under resell agreements	199,982	"	0.01%
7	Yuanta Securities (Hong Kong)	Yuanta Investment Management (Cayman)	3	Securities purchased under resell agreements	824,442	"	0.03%
7	Yuanta Securities (Hong Kong)	Yuanta Investment (Hong Kong)	3	Securities purchased under resell agreements	136,326	"	0.01%
7	Yuanta Securities (Hong Kong)	Yuanta Investment Management (Cayman)	3	Securities purchased under resell agreements	262,409	"	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.

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 six reporting segments according to the types of income sources: banking, securities, securities finance, 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) Securities finance: margin and securities loans, refinancing for securities merchants, margin trading of securities settlement and securities lending.

(D) 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.

(E) Insurance: the main activities comprise life insurance enterprises and provision of life, medical, accident injury and investment-oriented insurance products.

(F) 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 six months ended June 30, 2020

	<u>Banking</u>	<u>Securities</u>	<u>Futures</u>	<u>Insurance</u>	<u>Others</u>	<u>Adjustment and elimination</u>	<u>Consolidated</u>
Revenue from external customers	\$ 10,845,815	\$ 19,271,264	\$ 1,446,011	\$ 18,216,151	\$ 1,672,018	\$ -	\$ 51,451,259
Revenue (loss) from transactions with other operating segments of the same entity	<u>256,756</u>	<u>522,292</u>	<u>(176)</u>	<u>(619,779)</u>	<u>205,114</u>	<u>(364,207)</u>	<u>-</u>
Net revenues (Note)	<u>11,102,571</u>	<u>19,793,556</u>	<u>1,445,835</u>	<u>17,596,372</u>	<u>1,877,132</u>	<u>(364,207)</u>	<u>51,451,259</u>
Provision for bad debt expenses, commitment and guarantee policy reserve	(864,717)	(222,919)	(37,466)	(68)	(1)	-	(1,125,171)
Net change in provisions for insurance liabilities	-	-	-	(15,657,273)	-	72,548	(15,584,725)
Operating expenses	(5,064,712)	(13,021,007)	(676,668)	(702,128)	(1,475,266)	<u>336,933</u>	(20,602,848)
Income from continuing operations before income tax	<u>\$ 5,173,142</u>	<u>\$ 6,549,630</u>	<u>\$ 731,701</u>	<u>\$ 1,236,903</u>	<u>\$ 401,865</u>	<u>\$ 45,274</u>	<u>\$ 14,138,515</u>

Expressed in Thousands of New Taiwan Dollars

For the six months ended June 30, 2019

	<u>Banking</u>	<u>Securities</u>	<u>Futures</u>	<u>Insurance</u>	<u>Others</u>	<u>Adjustment and elimination</u>	<u>Consolidated</u>
Revenue from external customers	\$ 11,549,034	\$ 16,278,550	\$ 1,294,205	\$ 19,154,804	\$ 1,407,793	\$ -	\$ 49,684,386
Revenue (loss) from transactions with other operating segments of the same entity	<u>158,970</u>	<u>304,389</u>	<u>68,644</u>	<u>(471,410)</u>	<u>239,608</u>	<u>(300,201)</u>	<u>-</u>
Net revenues (Note)	<u>11,708,004</u>	<u>16,582,939</u>	<u>1,362,849</u>	<u>18,683,394</u>	<u>1,647,401</u>	<u>(300,201)</u>	<u>49,684,386</u>
(Provision) recovery for bad debt expenses, commitment and guarantee policy reserve	(48,272)	(80,170)	2,126	1,107	-	-	(125,209)
Net change in provisions for insurance liabilities	-	-	-	(16,906,200)	-	69,642	(16,836,558)
Operating expenses	(5,492,183)	(11,157,213)	(616,787)	(659,338)	(1,159,761)	<u>207,608</u>	(18,877,674)
Income (loss) from continuing operations before income tax	<u>\$ 6,167,549</u>	<u>\$ 5,345,556</u>	<u>\$ 748,188</u>	<u>\$ 1,118,963</u>	<u>\$ 487,640</u>	<u>(\$ 22,951)</u>	<u>\$ 13,844,945</u>

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.