

**YUANTA FINANCIAL HOLDING CO., LTD.
AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
REVIEW REPORT OF INDEPENDENT ACCOUNTANTS
FOR THE THREE MONTHS ENDED
MARCH 31, 2019 AND 2018**



資誠

PWCR19000017

REPORT ON REVIEW OF FINANCIAL STATEMENTS

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

Introduction

We have reviewed the accompanying consolidated balance sheets of Yuanta Financial Holding Co., Ltd. and subsidiaries as at March 31, 2019 and 2018, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the three months then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with “Regulations Governing the Preparation of Financial Reports by Financial Holding Companies”, “Regulations Governing the Preparations of Financial Reports by Securities Issuers”, “Regulations Governing the Preparation of Financial Reports by Public Banks”, “Regulations Governing the Preparation of Financial Reports by Securities Firms”, “Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants”, “Regulations Governing the Preparation of Financial Reports by Insurance Companies”, and International Accounting Standard 34, ‘Interim Financial Reporting’ as endorsed by the Financial Supervisory Commission. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

Scope of Review

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



資誠

Conclusion

Based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of Yuanta Financial Holding Co., Ltd. and subsidiaries as at March 31, 2019 and 2018, and of its consolidated financial performance and its consolidated cash flows for the three months then ended in accordance with “Regulations Governing the Preparation of Financial Reports by Financial Holding Companies”, “Regulations Governing the Preparations of Financial Reports by Securities Issuers”, “Regulations Governing the Preparation of Financial Reports by Public Banks”, “Regulations Governing the Preparation of Financial Reports by Securities Firms”, “Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants”, “Regulations Governing the Preparation of Financial Reports by Insurance Companies”, and International Accounting Standard 34, “Interim Financial Reporting” as endorsed by the Financial Supervisory Commission.

Chou, Chien-Hung

Chen, Hsien-I

For and on behalf of PricewaterhouseCoopers, Taiwan

May 29, 2019

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.

As the consolidated financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

YUANTA FINANCIAL HOLDING CO., LTD. AND ITS SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

(Expressed in thousands of New Taiwan dollars)

(The consolidated balance sheets as of March 31, 2019 and 2018 are reviewed, not audited)

	ASSETS	Notes	March 31, 2019		December 31, 2018		March 31, 2018	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
11000	Cash and cash equivalents	6(1)	\$ 67,002,148	3	\$ 65,535,411	3	\$ 58,379,389	3
11500	Due from Central Bank and call loans to other banks	6(2)						
			46,774,088	2	48,216,712	2	46,719,282	2
12000	Financial assets at fair value through profit or loss	6(3)						
			473,954,162	20	473,939,209	21	487,156,266	21
12150	Financial assets at fair value through other comprehensive income – net	6(4)						
			213,788,625	9	215,135,236	9	249,116,747	11
12200	Investments in debt instruments at amortised cost – net	6(5)						
			354,172,063	15	352,906,087	15	322,767,976	14
12500	Investments in bills and bonds under resale agreements	6(6)						
			31,693,623	2	33,465,734	2	37,144,985	2
13000	Receivables – net	6(7)						
			187,126,164	8	143,272,794	6	187,433,441	8
13200	Current income tax assets							
			1,468,726	-	1,485,363	-	1,052,359	-
13300	Assets held for sale – net	6(8)						
			864,320	-	868,288	-	-	-
13500	Bills discounted and loans – net	6(9)						
			753,874,829	32	770,905,662	34	741,594,689	32
13700	Reinsurance contract assets – net	6(10)						
			685,440	-	580,130	-	474,786	-
15000	Equity investments accounted for under the equity method – net	6(11)						
			1,985,128	-	2,048,491	-	1,680,969	-
15100	Restricted assets – net							
			2,548,879	-	2,622,711	-	3,298,770	-
15500	Other financial assets – net	6(12)						
			68,503,947	3	62,025,243	3	48,208,390	2
18000	Investment property – net	6(13)						
			4,962,892	-	4,916,691	-	6,375,777	-
18500	Property and equipment – net	6(14)						
			21,908,845	1	21,871,922	1	22,351,598	1
18600	Right-of-use assets, net	6(15)						
			13,935,130	1	-	-	-	-
19000	Intangible assets – net	6(17)						
			33,425,639	2	33,669,889	2	35,725,945	2
19300	Deferred income tax assets							
			5,630,662	-	5,899,187	-	6,385,202	-
19500	Other assets – net	6(18)						
			47,794,637	2	47,769,165	2	39,052,004	2
	TOTAL ASSETS		\$ 2,332,099,947	100	\$ 2,287,133,925	100	\$ 2,294,918,575	100

(Continued)

YUANTA FINANCIAL HOLDING CO., LTD. AND ITS SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

(Expressed in thousands of New Taiwan dollars)

(The consolidated balance sheets as of March 31, 2019 and 2018 are reviewed, not audited)

	Notes	March 31, 2019		December 31, 2018		March 31, 2018	
		AMOUNT	%	AMOUNT	%	AMOUNT	%
21000 Due to Central Bank and other banks	6(20)	\$ 21,241,330	1	\$ 22,047,274	1	\$ 39,225,707	2
22000 Financial liabilities at fair value through profit or loss	6(3)	112,621,270	5	111,982,799	5	110,862,193	5
22500 Bills and bonds payable under repurchase agreements	6(6)	199,208,092	9	218,570,425	10	194,577,062	8
22600 Commercial paper payable – net	6(21)	56,525,585	2	36,269,123	2	53,660,774	2
23000 Payables	6(22)	168,393,048	7	147,690,035	6	180,502,075	8
23200 Current income tax liabilities		6,132,209	-	5,327,403	-	5,862,855	-
23500 Deposits and remittances	6(23)	1,021,910,853	44	1,020,615,296	45	1,030,860,793	45
24000 Bonds payable	6(24)	66,673,090	3	66,756,009	3	65,859,458	3
24400 Other borrowings	6(25)	65,958,993	3	64,019,801	3	72,878,934	3
24600 Liabilities reserve	6(26)						
	(27)	240,397,102	10	232,223,123	10	200,250,502	9
25500 Other financial liabilities	6(28)	80,704,420	3	79,276,919	3	70,543,432	3
26000 Lease liabilities		6,044,431	-	-	-	-	-
29300 Deferred income tax liabilities		3,409,447	-	3,705,743	-	4,008,508	-
29500 Other liabilities	6(29)	37,869,229	2	41,806,215	2	35,084,700	2
TOTAL LIABILITIES		<u>2,087,089,099</u>	<u>89</u>	<u>2,050,290,165</u>	<u>90</u>	<u>2,064,176,993</u>	<u>90</u>
31000 Equity attributable to owners of the parent company							
31100 Share capital							
31101 Common stock	6(30)	116,862,325	5	116,862,325	5	118,202,325	5
31500 Additional paid-in capital	6(31)	37,200,474	2	37,200,416	2	37,710,997	2
32000 Retained earnings							
32001 Legal reserve	6(32)	10,721,262	1	10,721,262	-	9,100,767	-
32003 Special reserve	6(32)	6,549,234	-	6,549,234	-	6,549,234	-
32011 Undistributed earnings		48,163,310	2	42,843,847	2	37,673,690	2
32500 Other equity							
32500 Other equity interest	6(34)	7,723,310	-	5,006,084	-	4,648,207	-
32600 Treasury shares	6(35)	(197,606)	-	(197,606)	-	(197,606)	-
39500 Non-controlling interests		<u>17,988,539</u>	<u>1</u>	<u>17,858,198</u>	<u>1</u>	<u>17,053,968</u>	<u>1</u>
Total Equity		<u>245,010,848</u>	<u>11</u>	<u>236,843,760</u>	<u>10</u>	<u>230,741,582</u>	<u>10</u>
TOTAL LIABILITIES AND EQUITY		<u>\$ 2,332,099,947</u>	<u>100</u>	<u>\$ 2,287,133,925</u>	<u>100</u>	<u>\$ 2,294,918,575</u>	<u>100</u>

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

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

				For the three months ended March 31,			
		2019		2018			
Items	Notes	AMOUNT	%	AMOUNT	%		
41000	Interest income	\$ 10,252,344	41	\$ 9,534,122	40		
51000	Less: Interest expense	(3,928,426)	(16)	(3,341,096)	(14)		
49600	Net interest income	<u>6,323,918</u>	<u>25</u>	<u>6,193,026</u>	<u>26</u>		
Net non-interest income							
49310	Realised gain on financial assets at fair value through other comprehensive income	190,914	1	458,569	2		
49450	Net gain arising from derecognition of financial assets measured at amortised cost	561,004	2	165,465	1		
49800	Net service fee and commission income	4,351,304	17	6,100,144	25		
49810	Net income from insurance operations	8,380,332	34	6,478,520	27		
49820	Gain on financial assets and financial liabilities at fair value through profit or loss	2,383,858	10	6,678,691	28		
49825	Gain on investment property	83,322	-	36,124	-		
49870	Foreign exchange gain (loss)	1,508,308	6	(3,705,345)	(15)		
49880	Asset impairment gain (loss)	1,700	-	(221)	-		
49890	Share of the profit or loss of associates and joint ventures accounted for using the equity method	15,056	-	(7,839)	-		
49895	(Loss) gain on reclassification under the overlay approach	(618,904)	(2)	419,437	2		
49921	Net gain on sale of non-performing loans	73,077	-	59,288	-		
49945	Consultation service income	933,200	4	609,693	2		
49999	Net other miscellaneous income	808,643	3	622,228	2		
49700	Total net non-interest income	<u>18,671,814</u>	<u>75</u>	<u>17,914,754</u>	<u>74</u>		
Net profit		24,995,732	100	24,107,780	100		
58100	Provision for bad debt expenses, commitment and guarantee policy reserve	(160,804)	(1)	(298,143)	(1)		
58300	Net change in provisions for insurance liabilities	(8,383,130)	(33)	(6,435,168)	(27)		
Operating expenses							
58501	Employee benefit expense	(5,769,820)	(23)	(6,414,092)	(26)		
58503	Depreciation and amortization	(926,668)	(4)	(577,393)	(2)		
58599	Other business and administrative expenses	(2,822,051)	(11)	(3,336,477)	(14)		
58500	Total Operating Expenses	<u>(9,518,539)</u>	<u>(38)</u>	<u>(10,327,962)</u>	<u>(42)</u>		
61000	Consolidated income from continuing operations before income tax	6,933,259	28	7,046,507	30		
61003	Income tax expense	(1,028,585)	(4)	(941,310)	(4)		
69005	Consolidated net income	<u>\$ 5,904,674</u>	<u>24</u>	<u>\$ 6,105,197</u>	<u>26</u>		

(Continued)

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

Items	Notes	For the three months ended March 31,			
		2019		2018	
		AMOUNT	%	AMOUNT	%
Other comprehensive income					
Components of other comprehensive income that will not be reclassified to profit or loss					
69561		(\$ 172,340)	(1)	(\$ 40,006)	-
69563					
		647	-	3,162	-
69565	6(34)				
		(1,300)	-	846	-
69567	6(4)(34)				
		755,721	3	1,038,844	4
69569	6(46)				
		60,065	-	101,585	-
Components of other comprehensive income that will be reclassified to profit or loss					
69571	6(34)				
		(370,306)	(1)	918,046	(4)
69585	6(4)(34)				
		1,623,116	6	2,518,032	(10)
69587	6(4)(34)				
		(2,447)	-	5,903	-
69590	6(3)(34)				
		618,904	2	419,437	(2)
69579	6(46)				
		(111,833)	-	184,702	1
69500		<u>\$ 2,400,227</u>	<u>9</u>	<u>(\$ 2,580,301)</u>	<u>(11)</u>
69700		<u>\$ 8,304,901</u>	<u>33</u>	<u>\$ 3,524,896</u>	<u>15</u>
Consolidated net income attributable to:					
69901		\$ 5,432,213	22	\$ 5,615,089	23
69903		472,461	2	490,108	2
		<u>\$ 5,904,674</u>	<u>24</u>	<u>\$ 6,105,197</u>	<u>25</u>
Consolidated comprehensive income attributable to:					
69951		\$ 8,132,538	32	\$ 3,332,690	14
69953		172,363	1	192,206	1
		<u>\$ 8,304,901</u>	<u>33</u>	<u>\$ 3,524,896</u>	<u>15</u>
Earnings per share (in New Taiwan Dollars)					
70001	6(45)				
		\$	0.47	\$	0.48

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

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

	Equity attributable to owners of the parent												
	Retained earnings					Other equity interest							
	Common stock	Additional paid-in capital	Legal reserve	Special reserve	Undistributed earnings	Exchange differences on translation of foreign financial statements	Unrealised gain (loss) on available-for-sale financial assets	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
For the three months ended March 31, 2018													
Balance, January 1, 2018	\$ 118,891,975	\$ 37,960,694	\$ 9,100,767	\$ 6,549,234	\$ 35,275,652	(\$ 2,528,033)	\$ 7,085,896	\$ -	\$ -	(\$ 3,478)	(\$ 1,136,953)	\$ 16,901,802	\$ 228,097,556
Effects of retrospective application and retrospective adjustment	-	-	-	-	(3,028,393)	71	(7,085,896)	8,821,189	389,832	62,367	-	(43,113)	(883,943)
Balance, January 1, 2018 after adjustments	118,891,975	37,960,694	9,100,767	6,549,234	32,247,259	(2,527,962)	-	8,821,189	389,832	58,889	(1,136,953)	16,858,689	227,213,613
Consolidated net income for the period	-	-	-	-	5,615,089	-	-	-	-	-	-	490,108	6,105,197
Other comprehensive income (loss) for the period	-	-	-	-	23,316	(656,676)	-	(1,257,125)	(391,068)	(846)	-	(297,902)	(2,580,301)
Total comprehensive income (loss) for the period	-	-	-	-	5,638,405	(656,676)	-	(1,257,125)	(391,068)	(846)	-	192,206	3,524,896
Retirement of treasury shares	(689,650)	(249,697)	-	-	-	-	-	-	-	-	939,347	-	-
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	3,073	3,073
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	(211,974)	-	-	211,974	-	-	-	-	-
Balance, March 31, 2018	\$ 118,202,325	\$ 37,710,997	\$ 9,100,767	\$ 6,549,234	\$ 37,673,690	(\$ 3,184,638)	\$ -	\$ 7,776,038	(\$ 1,236)	58,043	(\$ 197,606)	\$ 17,053,968	\$ 230,741,582
For the three months ended March 31, 2019													
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	-	-	-	-	5,432,213	-	-	-	-	-	-	472,461	5,904,674
Other comprehensive income (loss) for the period	-	-	-	-	(67,733)	(153,587)	-	2,330,979	591,966	(1,300)	-	(300,098)	2,400,227
Total comprehensive income (loss) for the period	-	-	-	-	5,364,480	(153,587)	-	2,330,979	591,966	(1,300)	-	172,363	8,304,901
Changes in ownership interest in subsidiaries	-	58	-	-	-	-	-	-	-	-	-	-	58
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	13,673	13,673
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	50,832	-	-	(50,832)	-	-	-	-	-
Balance, March 31, 2019	\$ 116,862,325	\$ 37,200,474	\$ 10,721,262	\$ 6,549,234	\$ 48,163,310	(\$ 2,563,056)	\$ -	\$ 10,055,865	261,599	(\$ 31,098)	(\$ 197,606)	\$ 17,988,539	\$ 245,010,848

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

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

	For the three months ended March 31,	
	2019	2018
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Profit before tax	\$ 6,933,259	\$ 7,046,507
Adjustments		
Income and expense item		
Depreciation	635,181	262,090
Amortization	291,487	315,303
Provision for bad debt expenses, commitment and guarantee policy reserve	402,549	561,901
Interest expense	3,956,444	3,341,096
Interest income	(10,252,344)	(9,534,122)
Dividend income	(208,882)	(136,635)
Impairment (gain) loss on financial assets	(1,700)	221
Loss (profit) reclassified by applying overlay approach	618,904	(419,437)
Share of the profit or loss of associates and joint ventures accounted for using the equity method	(15,056)	7,839
Gain on disposal of assets held for sale	(532)	-
Gain on disposal of investment property	(31,408)	-
(Gain) loss from disposal or retirement of property and equipment	(834)	8,983
Net change in insurance liabilities	37,644,246	5,897,790
Changes in operating assets and liabilities		
Changes in operating assets		
Increase in due to Central Bank and other banks	(827,490)	(188,063)
Increase in financial assets at fair value through profit or loss	(14,953)	(40,208,143)
Decrease in financial assets at fair value through other comprehensive income	3,725,091	36,557,925
Increase in investments in debt instruments measured at amortised cost	(1,266,086)	(32,904,946)
Increase in receivables	(43,994,404)	(12,019,353)
Decrease in bills discounted and loans	16,628,421	17,805,094
Increase in reinsurance contract assets	(105,309)	(38,913)
Decrease in current income tax assets	-	28,369
Decrease (increase) in restricted assets	73,832	(576,092)
Increase in other financial assets	(5,384,644)	(4,924,789)
(Increase) decrease in other assets	(8,227,984)	1,601,043
Changes in operating liabilities		
(Decrease) increase in due to Central Bank and other banks	(805,944)	25,705,545
Increase (decrease) in financial liabilities at fair value through profit or loss	637,171	(9,266,669)
Increase in payables	20,447,934	11,719,101
Increase (decrease) in deposits and remittances	1,295,557	(25,163,496)
Decrease in liabilities reserve	(29,663,285)	(769,259)
Increase in other financial assets	315,850	486,520
(Decrease) increase in other liabilities	(3,904,916)	1,681,306
Cash outflow generated from operations	(11,099,845)	(23,123,284)
Interest received	10,526,218	9,129,357
Dividend received	84,413	17,924
Interest paid	(3,660,116)	(3,286,106)
Income tax paid	(379,675)	(248,911)
Net cash flows used in operating activities	(4,529,005)	(17,511,020)

(Continued)

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

	For the three months ended March 31,	
	2019	2018
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Acquisition of investments accounted for using equity method	(\$ 15,612)	(\$ 44,430)
Proceeds from liquidation of investments accounted for using equity method	71,989	4,672
Acquisition of investment property	(102,442)	-
Proceeds from disposal of investment property	140,452	-
Acquisition of property and equipment	(180,652)	(183,335)
Proceeds from disposal of property and equipment	5,920	8,490
Acquisition of intangible assets	(40,894)	(106,512)
Proceeds from disposal of assets held for sale	4,500	-
Net cash flows used in investing activities	(116,739)	(321,115)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Decrease in bills and bonds sold under repurchase agreements	(19,362,333)	(2,524,127)
Increase in commercial paper payable - net	20,235,861	8,963,100
Increase in other borrowings	1,951,191	1,066,663
Payments of lease liabilities	(331,491)	-
Other financing activities	81	-
Increase in non-controlling interests	13,650	3,073
Net cash flows from financing activities	2,506,959	7,508,709
Net effect of foreign exchange rate changes on cash and cash equivalents	(436,703)	(847,461)
Net decrease in cash and cash equivalents	(2,575,488)	(11,170,887)
Cash and cash equivalents at beginning of period	120,921,896	125,679,223
Cash and cash equivalents at end of period	\$ 118,346,408	\$ 114,508,336
The components of cash and cash equivalents		
Cash and cash equivalents reported in the balance sheet	\$ 67,002,148	\$ 58,379,389
Due from Central Bank and call loans to other banks qualified as cash and cash equivalents as defined by IAS 7	19,650,637	18,983,962
Investments in bills and bonds under resale agreements qualified as cash and cash equivalents as defined by IAS 7	31,693,623	37,144,985
Cash and cash equivalents at end of reporting period	\$ 118,346,408	\$ 114,508,336

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

YUANTA FINANCIAL HOLDINGS CO., LTD. AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2019 AND 2018
(Expressed in thousands of New Taiwan dollars, Unless Otherwise Indicated)
(UNAUDITED)

1. History and organization

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

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

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

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

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

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

The Company engages in the business of a financial holding company and its operations are limited to investing and investment management. According to the Financial Holding Company Act, the businesses in which the Company can invest in are securities, banking, bills finance, credit cards, trusts, insurance, futures, venture capital, foreign financial institutions that are authorized by the government authority, and other related financial businesses that are recognised by the government authority. Additionally, the Company was accredited by the Taiwan Corporate Governance Association with Corporate Governance Assessment Advanced Certification (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 reported to the Board of Directors and issued on May 29, 2019.

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 2019 are as follows:

New Standards, Interpretations and Amendments	Effective Date by International Accounting Standards Board
Amendments to IFRS 9, ‘Prepayment features with negative compensation’	January 1, 2019
IFRS 16, ‘Leases’	January 1, 2019
Amendments to IAS 19, ‘Plan amendment, curtailment or settlement’	January 1, 2019
Amendments to IAS 28, ‘Long-term interests in associates and joint ventures’	January 1, 2019
IFRIC 23, ‘Uncertainty over income tax treatments’	January 1, 2019
Annual improvements to IFRSs 2015-2017 cycle	January 1, 2019

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.

IFRS 16, ‘Leases’

- A. IFRS 16, ‘Leases’, replaces IAS 17, ‘Leases’ and related interpretations and SICs. The standard requires lessees to recognise a ‘right-of-use asset’ and a lease liability (except for those leases with terms of 12 months or less and leases of low-value assets). The accounting stays the same for lessors, which is to classify their leases as either finance leases or operating leases and account for those two types of leases differently. IFRS 16 only requires enhanced disclosures to be provided by lessors.
- B. The Yuanta Group has elected to apply IFRS 16 by not restating the comparative information (referred herein as the ‘modified retrospective approach’) when applying “IFRSs” effective in 2019 as endorsed by the FSC. Accordingly, the Yuanta Group increased ‘right-of-use asset and lease liability’ by \$14,137,528 and \$6,237,121, and retained earnings, non-controlling interests, other assets and liabilities, net, decreased by \$95,849, \$55,695 and \$8,051,951, respectively, with respect to the lease contracts of lessees on January 1, 2019.
- C. The Yuanta Group has used the following practical expedients permitted by the standard at the date of initial application of IFRS 16:
- (A) Reassessment as to whether a contract is, or contains, a lease is not required, instead, the application of IFRS 16 depends on whether or not the contracts were previously identified as leases applying IAS 17 and IFRIC 4.
 - (B) The use of a single discount rate to a portfolio of leases with reasonably similar characteristics.
 - (C) The accounting for operating leases whose period will end before December 31, 2019 as short-term leases and accordingly, rent expense of \$36,174 was recognised in the first quarter of 2019.
 - (D) The exclusion of initial direct costs for the measurement of ‘right-of-use asset’.
 - (E) The use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.
- D. The Yuanta Group calculated the present value of lease liabilities by using the incremental borrowing interest rate or the interest rate implicit in the lease range from 0.78% to 8.5%.

E. The Yuanta Group recognised lease liabilities which had previously been classified as ‘operating leases’ under the principles of IAS 17, ‘Leases’. The reconciliation between operating lease commitments under IAS 17 measured at the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application or the interest rate implicit in the lease and lease liabilities recognised as of January 1, 2019 is as follows:

Operating lease commitments disclosed by applying IAS 17 as at December 31, 2018	\$ 8,255,954
Add: Lease payable recognised under finance lease by applying IAS 17 as at December 31, 2018	6,217
Less: Short-term leases	(125,948)
Less: Low-value assets	(16,363)
Add: Lease contracts previously identified as service agreements	89
Less: Contracts reassessed as service agreements	(43,400)
Less: Service agreements started in 2019	(87,338)
Total lease contracts amount recognised as lease liabilities by applying IFRS 16 on January 1, 2019	7,989,211
Incremental borrowing interest rate at the date of initial application or the interest rate implicit in the lease	0.78%~8.5%
Lease liabilities recognised as at January 1, 2019 by applying IFRS 16	<u>\$ 6,237,121</u>

(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC, but not yet adopted by the Company and its subsidiaries

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 endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective Date by International Accounting Standards Board
Amendment 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 10 and IAS 28, ‘Sale or contribution of assets between an investor and its associate or joint venture’	To be determined by International Accounting Standards Board
IFRS 17, ‘Insurance contracts’	January 1, 2021

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.

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 to 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 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.

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, 2018.

(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.

(BLANK)

B. Subsidiaries included in the consolidated financial statements:

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)			Note
			March 31, 2019	December 31, 2018	March 31, 2018	
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 Securities Finance	Securities financing and refinancing to securities firms and related business	-	100.00	100.00	Note 1
"	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	68.65	68.65	68.65	
"	Yuanta Securities Investment Trust Co., Ltd. ("Yuanta Securities Investment Trust")	Securities investment trust	72.20	72.20	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	-	-	Note 1
Yuanta Securities Asia Financial Services	Yuanta Securities Holding (B.V.I) Co., Ltd. ("B.V.I.")	Investment holding	100.00	100.00	100.00	
"	Yuanta Securities (Hong Kong) Limited	Securities brokerage, dealing in securities and underwriting investment consultation	100.00	100.00	100.00	
"	Polaris Securities (Hong Kong) Limited ("P.S.H.K")	Securities brokerage and dealing in securities	100.00	100.00	100.00	
"	Yuanta Investment Consulting (Beijing) ("Yuanta Investment Consulting Beijing")	Investment consultation	100.00	100.00	100.00	
"	Yuanta Securities Korea Co., Ltd ("Yuanta Securities (Korea)")	Securities trading, providing opinions on securities and futures contract, underwriting services, asset management services, financial advisory services, and futures trading	54.62	54.62	54.19	
"	Yuanta Asia Investment Limited ("Yuanta Asia Investment")	Venture capital funds, venture capital fund raising management, and investment advisory services	100.00	100.00	100.00	

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)			Note
			March 31, 2019	December 31, 2018	March 31, 2018	
Yuanta Securities Asia Financial Services	Yuanta Hong Kong Holdings (Cayman) Ltd. (“Yuanta HK Holdings (Cayman)”)	Investment holding	100.00	100.00	100.00	
"	Yuanta Securities (UK) Ltd. (“Yuanta Securities(UK)”)	License in application	-	-	100.00	Note 2
"	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 Joint Stock Limited (“Yuanta Securities (Vietnam)”)	Securities brokerage, dealing in securities, underwriting and investment consultation	85.24	85.24	50.76	Note 3
Yuanta Securities (Hong Kong)	Yuanta International Investment (Hong Kong) Ltd. (“Yuanta Investment (Hong Kong)”)	Issue financial instruments	100.00	100.00	100.00	
"	Yuanta Finance (Hong Kong) Ltd. (“Yuanta Finance (Hong Kong)”)	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	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	49.19	Note 3
PT Yuanta Sekuritas Indonesia	PT Yuanta Asset Management (Indonesia)	Investment management	99.998	99.998	99.998	
Yuanta Securities (Korea)	Yuanta Investment Co.,Ltd (“Yuanta Investment (Korea)”)	Venture investment	54.62	54.62	54.19	
"	Yuanta Financial (Hong Kong) Limited (“Yuanta Financial (Hong Kong)”)	Investment holding	54.62	54.62	54.19	
Yuanta Financial (Hong Kong)	Yuanta Securities (Cambodia) Plc. (“Yuanta Securities (Cambodia)”)	Underwriting guidelines and financial advisory services	54.62	54.62	54.19	
"	Heng Xin Asia Holdings Limited (“Heng Xin Asia Holdings”)	Investment holding	49.23	49.23	48.84	Note 4
Yuanta Asia Investment	Yuanta Liquid Plus Money Market Mutual Fund	Investment debt instrument	99.93	99.90	100.00	
"	Reksa Dana Yuanta USD Fixed Income Fund	Investment debt instrument	-	-	100.00	Note 5
"	Reksa Dana Yuanta Fixed Income Fund	Investment debt instrument	67.72	65.81	78.67	Note 6
"	Reksa Dana Indeks Yuanta Sir-Kehati Index Fund	Investment debt instrument	99.82	98.35	-	Note 7
"	Reksa Dana Yuanta Equity Alpha Fund	Investment debt instrument	100.00	100.00	-	Note 7
Yuanta Bank	Yuanta International Leasing Co., Ltd.(“Yuanta International Leasing”)	Agency and leasing business of real estate and movables	100.00	100.00	100.00	
"	Yuanta Savings Bank (Philippines) Inc. (Yuanta Savings Bank (Philippines))	Deposit services, mortgage services, and foreign exchange swaps	100.00	100.00	100.00	
"	Yuanta Savings Bank (Korea) Inc. (Yuanta Savings Bank (Korea))	Deposit services, mortgage services, and foreign exchange swaps	100.00	100.00	100.00	

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)			Note
			March 31, 2019	December 31, 2018	March 31, 2018	
Yuanta Futures	Yuanta Futures (Hong Kong) Limited (“Yuanta Futures Hong Kong”)	Financial services	68.65	68.65	68.65	
"	SYF Information Limited (“SYF Information”)	Information service	68.65	68.65	68.65	
SYF Information	SYF Information (Samoa)Limited (“SYF Information (Samoa)”)	Investment holding	68.65	68.65	68.65	
SYF Information (Samoa)	SYF Information (Shanghai) Limited (“SYF Information (Shanghai)”)	Information service	68.65	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: The Company’s Board of Directors approved on November 28, 2018 to transfer all the shares of Yuanta Securities Finance to Yuanta Securities. The settlement effective date is set on March 26, 2019 under the resolution of the Board of Directors on March 25, 2019.

Note 2: In July 2018, the Board of Directors approved the dissolution and liquidation of Yuanta Securities (UK). The effective date of liquidation was set on November 1, 2018.

Note 3: In March 2018, the Board of Directors of Yuanta Securities Asia Financial Services approved the capital increase of Yuanta Securities (Vietnam) to be completed in August 2018. The First Securities Joint Stock Co., Ltd. was renamed “Yuanta Securities (Vietnam) Joint Stock Co., Ltd” in February 2018 and renamed “Yuanta Securities Vietnam Joint Stock Limited” in January 2019.

Note 4: In March 2018, the Board of Directors approved the liquidation of Heng Xin Asia Holdings.

Note 5: Subscribed in the first quarter of 2018 and redeemed in the fourth quarter of 2018.

Note 6: Subscribed in the first quarter of 2018.

Note 7: Subscribed in the fourth quarter of 2018.

(BLANK)

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

March 31, 2019

Structured entities	Services
YK APT the 1st Co.,Ltd	Asset-backing
Y.K.S.W. Second Co.,Ltd	Asset-backing
Y.K. New NC 1st Co.,Ltd	Asset-backing
YK Halfmoon 2nd Co.,Ltd	Asset-backing
Y.K. New NC Second Co.,Ltd.	Asset-backing
YK Hessen Co.,Ltd	Asset-backing
ELF 5th 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 Stella 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
Y.K.Blue the third 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 S Glory Second 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

December 31, 2018

Structured entities	Services
YK Sky Co.,Ltd	Asset-backing
YK APT the 1st Co.,Ltd	Asset-backing
Y.K.S.W. Second Co.,Ltd	Asset-backing
Y.K. New NC 1st Co.,Ltd	Asset-backing
YK Halfmoon 2nd Co.,Ltd	Asset-backing
Y.K. New NC Second Co.,Ltd.	Asset-backing
YK Hessen Co.,Ltd	Asset-backing
ELF 5th 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 Blueocean the First Co.,Ltd	Asset-backing
YK Stella 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
Y.K.Blue the third Co.,Ltd	Asset-backing
ELF 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 EMC Co.,Ltd.	Asset-backing
YK HD Co.,Ltd.	Asset-backing

March 31, 2018

Structured entities	Services
YK Sky Co., Ltd.	Asset-backing
TH 5th Co., Ltd.	Asset-backing
YK APT the 1st Co., Ltd.	Asset-backing
Y.K.S.W Second Co., Ltd.	Asset-backing
YK Park Co., Ltd.	Asset-backing
YK JP the 2nd Co., Ltd.	Asset-backing
New Star Power 1st Co., Ltd.	Asset-backing
Y.K New NC 1st Co., Ltd.	Asset-backing
YK Halfmoon 2nd Co., Ltd.	Asset-backing
Y.K New NC Second Co., Ltd.	Asset-backing
YK Arena Co., Ltd.	Asset-backing
YK Hessen Co., Ltd.	Asset-backing
ELF 5th Co., Ltd.	Asset-backing
YK Echo Co., Ltd.	Asset-backing
YK Obong Co., Ltd.	Asset-backing
YK Marble 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 BlueOcean the First Co., Ltd.	Asset-backing

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

D. As of March 31, 2019, subsidiaries not included in the consolidated financial statements:

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)			Note
			March 31, 2019	December 31, 2018	March 31, 2018	
Yuanta HK Holdings (Cayman)	GC Investment Consultant (Shanghai) Co., Ltd.	Investment consultation	100.00	100.00	100.00	Note
Yuanta Securities Asia Financial Services	Yuanta Securities(UK)	Institutional legal brokerage business	10.00	100.00	—	Note

Note: GC Investment Consultant (Shanghai) Co., Ltd. and Yuanta Securities(UK) resolved to file for liquidation and dissolution. As Yuanta Securities has no control over this subsidiary, it is not included as a consolidated entity.

E. Adjustments for subsidiaries with different balance sheet dates:

None.

F. Significant restrictions

None.

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

As of March 31, 2019, December 31, 2018 and March 31, 2018, the non-controlling interest amounted to \$17,988,539, \$17,858,198 and \$17,053,968, respectively. The information of non-controlling interest and respective subsidiaries is as follows:

Subsidiary	Principal Name of place of business	Non-controlling interest					
		March 31, 2019		December 31, 2018		March 31, 2018	
		Amount	Ownership(%)	Amount	Ownership(%)	Amount	Ownership(%)
Yuanta Securities (Korea)	Korea	\$14,295,055	45.38%	\$14,344,843	45.38%	\$13,665,069	45.81%

The comprehensive (loss) income attributable to this non-controlling interest were (\$34,909) and \$14,414 for the three months ended March 31, 2019 and 2018, respectively.

Summarized financial information for the aforementioned subsidiaries:

Consolidated balance sheets

	Yuanta Securities (Korea) and its subsidiaries		
	March 31, 2019	December 31, 2018	March 31, 2018
Current assets	\$ 320,332,324	\$ 308,942,730	\$ 320,409,250
Non-current assets	18,461,052	16,215,392	18,561,390
Current liabilities	(298,837,813)	(287,739,396)	(302,301,926)
Non-current liabilities	(5,720,475)	(3,220,540)	(4,124,804)
Total net assets	\$ 34,235,088	\$ 34,198,186	\$ 32,543,910

Consolidated statements of comprehensive income

	Yuanta Securities (Korea) and its subsidiaries	
	For the three months ended March 31,	
	2019	2018
Revenue	\$ 3,970,945	\$ 3,694,863
Profit before income tax	805,997	869,938
Income tax expense	(122,330)	(11,008)
Net income	683,667	858,930
Other comprehensive loss (net of tax)	(705,030)	(689,775)
Total comprehensive (loss) income for the period	(\$ 21,363)	\$ 169,155

Consolidated statements of cash flows

	<u>Yuanta Securities (Korea) and its subsidiaries</u>	
	<u>For the three months ended March 31,</u>	
	<u>2019</u>	<u>2018</u>
Net cash provided by operating activities	\$ 7,262,987	\$ 9,040,476
Net cash provided by investing activities	142,066	116,022
Net cash used in financing activities	(2,221,850)	(8,886,554)
Effect of exchange rates on cash and cash equivalents	(129,645)	247,433
Increase in cash and cash equivalents	5,053,558	517,377
Cash and cash equivalents, beginning of period	16,791,937	18,766,384
Cash and cash equivalents, end of period	<u>\$ 21,845,495</u>	<u>\$ 19,283,761</u>

(4) Other significant accounting policies

These consolidated financial statements should be read in conjunction with the consolidated financial statements for the year ended December 31, 2018. Except for the accounting policies listed below, please refer to the notes to the consolidated financial statements for the year ended December 31, 2018 for information on significant accounting policies.

A. Leasing arrangements (lessor) – operating leases

(A) Operating lease

Payments that the Yuanta Group receives or charges under the operating lease are recognised as gain and loss on a straight-line basis during the contract term, which are recognised under “other business and administrative expenses” and “other net non-interest income”, respectively.

(B) Finance lease

The asset is derecognised when the finance leasing contract is signed by the Yuanta Group and the finance lease shall be recorded in the balance sheet as lease receivables at an amount equal to the net investment in the lease (including initial direct costs). The difference between gross lease receivable and the present value of the receivable is recognised as unrealised interest income, which is calculated based on remaining lease receivables over the lease term and recognised as current gain and loss at the end of the period using the embedded interest rate or incremental borrowing interest rate.

B. Leasing arrangements (lessee) – right-of-use assets/ lease liabilities

Effective 2019

(A) Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.

(B) Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate or the interest rate implicit in the lease.

Lease payments are comprised of the following:

- a. Fixed payments, less any lease incentives receivable;
- b. Variable lease payments that depend on an index or a rate;
- c. Amounts expected to be payable by the lessee under residual value guarantees;
- d. The exercise price of a purchase option, if the lessee is reasonably certain to exercise that option; and
- e. Payments of penalties for terminating the lease, if the lease term reflects the lessee

exercising that option.

The Yuanta Group subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

(C) Leasing arrangements (lessee) — right-of-use assets/ lease liabilities

- a. The amount of the initial measurement of lease liability;
- b. Any lease payments made at or before the commencement date;
- c. Any initial direct costs incurred by the lessee; and
- d. An estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.

C. Leased assets/ operating leases (lessee)

Prior to 2018

(A) Operating lease

Payments that the Yuanta Group receives or charges under the operating lease are recognised as gain and loss on a straight-line basis during the contract term, which are recognised under “other business and administrative expenses” and “other net non-interest income”, respectively.

(B) Finance lease

At the commencement date, the lower of fair value of lease assets or the lowest present value of the lease payment is capitalized. Rental payment is amortised to finance leasing liabilities and the interest expense is recognised. Interest expense is calculated based on the beginning balance of finance leasing liabilities of each period using the leasing embedded interest rate or incremental borrowing interest rate and recognised as gains and losses. Finance leasing liabilities are recognised under “other financial liabilities”. Property and equipment acquired through finance leasing contract are measured by cost model.

D. 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.

E. 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. The temporary difference of the Yuanta Group mainly occurs due to the setting aside and transferring of valuation and pension reserve of certain financial instruments (including derivatives).

- b. The land revaluation appraisal due to the revaluation assessment in compliance with relevant regulations, deemed as taxable temporary difference, is recognised as deferred income tax liabilities.
 - c. If the future taxable income is probable to provide unused loss carryforwards or deferred income tax credit which can be realised in the future, the proportion of realization is deemed as deferred income tax asset.
- (C) Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously. The Yuanta Group does not offset deferred income tax assets against liabilities taxed by different tax authorities.
- (D) The interim period income tax expense is recognised based on the estimated average annual effective income tax rate expected for the full financial year applied to the pretax income of the interim period, and the related information is disclosed accordingly.
- (E) If a change in tax rate is enacted or substantively enacted in an interim period, the Yuanta Group recognises the effect of the change on items recognized outside profit or loss immediately in the interim period in which the change occurs and spread the effect of the change on items recognised in profit or loss over the remainder of the annual reporting period via an adjustment to the estimated annual effective income tax rate.

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

There have been no significant changes as of March 31, 2019. Please refer to Note 5 in the consolidated financial statements for the year ended December 31, 2018.

6. Details of significant accounts

(1) Cash and cash equivalents

	<u>March 31, 2019</u>	<u>December 31, 2018</u>	<u>March 31, 2018</u>
Cash	\$ 6,012,887	\$ 5,934,752	\$ 6,215,700
Deposits in banks	56,795,762	54,995,362	49,974,476
Futures excess margin and cash equivalents	2,274,176	2,010,528	1,442,393
Excess settlement reserve fund	12,417	11,554	8,366
Checks for clearing	1,906,906	2,583,215	738,454
Total	<u>\$ 67,002,148</u>	<u>\$ 65,535,411</u>	<u>\$ 58,379,389</u>

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

	<u>March 31, 2019</u>	<u>December 31, 2018</u>	<u>March 31, 2018</u>
Reserve for deposits - account A	\$ 10,945,698	\$ 15,998,321	\$ 15,901,090
Reserve for deposits - account B	26,834,209	26,044,008	27,424,026
Deposits by overseas branches to designated accounts of respective local central banks	2,573,813	1,919,157	1,944,899
Reserve for deposits	3,173,498	3,181,547	1,404,107
Call loans to banks	<u>3,246,870</u>	<u>1,073,679</u>	<u>45,160</u>
Total	<u>\$ 46,774,088</u>	<u>\$ 48,216,712</u>	<u>\$ 46,719,282</u>

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.

(BLANK)

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

	<u>March 31, 2019</u>	<u>December 31, 2018</u>	<u>March 31, 2018</u>
Financial assets mandatorily measured at fair value through profit or loss			
Commercial paper	\$ 30,593,599	\$ 29,999,858	\$ 38,327,815
Time deposits	-	-	514,362
Beneficiary certificates / securities	48,713,351	44,913,476	48,481,128
Stocks of companies listed on TSE or OTC	27,253,722	21,679,437	31,288,256
Emerging stocks	1,076,639	1,521,690	1,713,107
Government bonds	48,169,640	42,438,373	33,369,494
Financial bonds	101,498,687	100,223,063	19,749,117
Corporate bonds	73,467,130	79,313,336	158,507,093
Overseas bonds	1,489,331	7,605,311	8,830,559
Convertible corporate bonds	47,659,393	47,991,256	40,380,541
Derivative financial instruments	12,771,308	19,975,081	16,933,347
Structured products and others	13,970,414	11,762,666	8,544,372
Reserve for claims of customers' deposits with KSFC (Note 1)	65,202,096	67,887,652	76,146,484
Other marketable securities	3,287,893	4,337,263	5,293,278
Valuation adjustment	(1,199,041)	(5,709,253)	(922,687)
Total	<u>\$ 473,954,162</u>	<u>\$ 473,939,209</u>	<u>\$ 487,156,266</u>
Financial liabilities held for trading			
Derivative financial instruments	\$ 18,358,027	\$ 23,695,380	\$ 23,095,970
Non-derivative financial instruments	16,908,978	21,377,218	16,642,240
Valuation adjustment of financial liabilities held for trading— non-derivative financial instruments	456,038	(1,095,200)	(96,286)
Financial liabilities designated as at fair value through profit or loss			
Structured products (Note 2)	59,753,910	53,558,458	59,895,307
Convertible bond asset swap not qualifying for derecognition (Note 2)	17,144,317	14,446,943	11,324,962
Total	<u>\$ 112,621,270</u>	<u>\$ 111,982,799</u>	<u>\$ 110,862,193</u>

Note 1: KSFC stands for Korea Securities Finance Corporation.

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

A. Please refer to Note 8 for details of the above financial assets at fair value through profit or loss pledged as collateral as of March 31, 2019, December 31, 2018 and March 31, 2018.

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

	<u>March 31, 2019</u>	<u>December 31, 2018</u>	<u>March 31, 2018</u>
Equity instruments			
Domestic stocks	\$ 5,167,225	\$ 2,641,728	\$ 4,442,283
Overseas stocks	<u>330,565</u>	<u>395,204</u>	<u>717,191</u>
	5,497,790	3,036,932	5,159,474
Debt instruments			
Overseas corporate bonds	878,525	835,289	873,603
Domestic beneficiary certificates	4,912,729	2,541,921	2,484,700
Overseas beneficiary certificates	<u>100,146</u>	<u>156,778</u>	<u>422,358</u>
	<u>\$ 11,389,190</u>	<u>\$ 6,570,920</u>	<u>\$ 8,940,135</u>

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

	<u>For the three months ended March 31,</u>	
	<u>2019</u>	<u>2018</u>
Profit or loss recognised in accordance with IFRS 9	\$ 715,767	(\$ 401,381)
Less: Profit or loss that would have been recognised under IAS 39	<u>(96,863)</u>	<u>(18,056)</u>
Income (loss) from adopting the overlay approach	<u>\$ 618,904</u>	<u>(\$ 419,437)</u>
Effects on income tax	<u>(\$ 26,938)</u>	<u>\$ 28,370</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

<u>Items</u>	<u>March 31, 2019</u>	<u>December 31, 2018</u>	<u>March 31, 2018</u>
Debt instruments			
Government bonds	\$ 23,184,159	\$ 28,344,500	\$ 52,549,902
Bank debentures	43,568,989	40,004,582	42,317,821
Corporate bonds	121,104,154	123,907,258	131,816,267
Commercial paper	134,395	134,014	127,602
Others	1,057,271	770,596	733,338
Valuation adjustment	<u>985,047</u>	<u>(968,419)</u>	<u>(224,425)</u>
Subtotal	<u>190,034,015</u>	<u>192,192,531</u>	<u>227,320,505</u>
Equity instruments			
Listed stocks	6,279,005	6,471,973	6,363,427
Unlisted stocks/Emerging stocks	5,219,261	5,250,907	5,396,370
Others	583,405	208,725	436,580
Valuation adjustment	<u>12,889,039</u>	<u>12,227,200</u>	<u>10,815,965</u>
Subtotal	<u>24,970,710</u>	<u>24,158,805</u>	<u>23,012,342</u>
Statutory deposits	<u>(1,216,100)</u>	<u>(1,216,100)</u>	<u>(1,216,100)</u>
Total	<u>\$ 213,788,625</u>	<u>\$ 215,135,236</u>	<u>\$ 249,116,747</u>

- A. As of March 31, 2019, December 31, 2018 and March 31, 2018, 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.
- B. The Yuanta Group elects to classify strategic equity investments not held for trading as financial assets measured at fair value through other comprehensive income. As of March 31, 2019, December 31, 2018 and March 31, 2018, the fair value of such investments was \$24,970,710, \$24,158,805 and \$23,012,342, respectively.
- C. The Yuanta Group sold the equity shares in order to avoid systematic risk resulting from structural changes in the industry. The fair value of the equity instruments sold was \$1,116,273 and \$777,236, and the cumulative gain (loss) on disposal was \$52,833 and (\$211,558), respectively.
- D. Amounts recognised in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	For the three months ended March 31,	
	2019	2018
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	\$ 755,721	\$ 1,038,844
Cumulative (gains) losses reclassified to retained earnings due to derecognition	(\$ 50,832)	\$ 211,974
Dividend income recognised in profit or loss		
Held at end of period	\$ 106,216	\$ 92,692
Derecognised in the current period	362	-
	<u>\$ 106,578</u>	<u>\$ 92,692</u>
<u>Debt instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	\$ 1,707,095	(\$ 2,166,292)
Cumulative other comprehensive income reclassified to profit or loss		
Reclassified due to impairment recognition	(\$ 2,090)	\$ 8,233
Reclassified due to derecognition	(84,336)	(365,876)
	<u>(\$ 86,426)</u>	<u>(\$ 357,643)</u>
Interest income recognised in profit or loss	<u>\$ 1,159,022</u>	<u>\$ 1,219,178</u>

- E. Details of the Yuanta Group's financial assets at fair value through other comprehensive income pledged to others as collateral as of March 31, 2019, December 31, 2018 and March 31, 2018 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

<u>Items</u>	<u>March 31, 2019</u>	<u>December 31, 2018</u>	<u>March 31, 2018</u>
Government bonds	\$ 96,748,250	\$ 97,800,954	\$ 81,832,318
Time deposits	110,315,110	112,526,281	126,564,090
Bank debentures	64,691,295	61,316,598	47,347,648
Corporate bonds	83,160,349	82,004,732	67,727,717
Others	-	-	24,317
Subtotal	354,915,004	353,648,565	323,496,090
Less: Accumulated impairment	(142,941)	(142,478)	(128,114)
Statutory deposits	(600,000)	(600,000)	(600,000)
Total	<u>\$ 354,172,063</u>	<u>\$ 352,906,087</u>	<u>\$ 322,767,976</u>

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

	<u>For the three months ended March 31,</u>	
	<u>2019</u>	<u>2018</u>
Interest income	\$ 2,096,213	\$ 1,523,703
Impairment loss	390	(8,454)
Gains on disposal	561,004	165,465
	<u>\$ 2,657,607</u>	<u>\$ 1,680,714</u>

B. The Yuanta Group sold some of the financial assets at amortised cost in the period from January to March, due to factors such as increase of credit risk, infrequent sales or single and total amount that is non-significant. The disposal benefit was \$561,004 and \$165,465, respectively.

C. As of March 31, 2019, December 31, 2018 and March 31, 2018, 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 \$600,000 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 March 31, 2019, December 31, 2018 and March 31, 2018, are provided in Note 8.

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

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

	<u>March 31, 2019</u>	<u>December 31, 2018</u>	<u>March 31, 2018</u>
Bills and bonds purchased under resale agreement	\$ 31,693,623	\$ 33,465,734	\$ 37,144,985
Interest rate range	0.40%~3.35%	0.37%~ 14.66%	0.00%~2.70%
Contract resale amount	<u>\$ 31,729,843</u>	<u>\$ 33,533,054</u>	<u>\$ 37,237,080</u>
Bills and bonds payable under repurchase agreement	\$ 199,208,092	\$ 218,570,425	\$ 194,577,062
Interest rate range	0.30%~ 3.60%	0.25%~4.10%	-0.1%~4.30%
Contract repurchase amount	<u>\$ 204,329,144</u>	<u>\$ 223,886,291</u>	<u>\$ 200,969,263</u>

As of March 31, 2019, December 31, 2018 and March 31, 2018, the collateral obtained for retractable notes and investments in bonds are governmental bonds and corporate bonds with a combined fair

value of \$34,385,075, \$35,576,066 and \$28,082,859, respectively.

(7) Receivables - net

	<u>March 31, 2019</u>	<u>December 31, 2018</u>	<u>March 31, 2018</u>
Interest receivable	\$ 7,861,665	\$ 8,135,539	\$ 7,577,995
Refinance guaranty receivable	28,575,131	12,013,104	11,175,642
Acceptances receivable	1,782,543	503,674	1,170,445
Factoring receivable	6,459,981	6,799,757	4,523,418
Margin loans receivable	70,061,298	66,230,975	84,894,317
Spot exchange receivable	5,078,283	5,155,632	16,143,250
Credit card receivable	10,365,016	10,840,137	11,383,462
Trading securities receivable	556,494	770,218	982,002
Settlement price	5,185,499	7,264,563	6,233,565
Settlement price receivable	31,916,802	15,556,933	28,486,094
Securities sold receivable	14,558,296	5,408,108	10,890,486
Other receivables	7,127,649	6,906,588	5,691,852
Subtotal	<u>189,528,657</u>	<u>145,585,228</u>	<u>189,152,528</u>
Less: Allowance for doubtful accounts	(2,402,493)	(2,312,434)	(1,719,087)
Total	<u>\$ 187,126,164</u>	<u>\$ 143,272,794</u>	<u>\$ 187,433,441</u>

A. Details of the Group's receivables-net pledged to others as collateral as of March 31, 2019, December 31, 2018 and March 31, 2018, are provided in Note 8.

B. The Group recognised appropriate allowance for debts for receivables. For the three months ended March 31, 2019 and 2018, details are provided in Note 12(3).

C. Margin loans receivable uses the securities purchased through financing as collateral. As of March 31, 2019, December 31, 2018 and March 31, 2018, the annual interest rates of Yuanta Securities were all 6.25%; the annual interest rates range of Yuanta Securities Finance were all 6.25%; the annual interest rates range of Yuanta Securities (Korea) were all 6.65% ~ 9.55%; the annual interest rates range of Yuanta Securities (Indonesia) were all 18%; the annual interest rates range of Yuanta Securities (Hong Kong) were 1.89% ~ 13.00%, 2.38% ~ 12.88% and 1.50%~12.75%, respectively; the annual interest rates range of Yuanta Securities (Thailand) were all 5.15%~9.25%; the annual interest rates range of Yuanta Securities (Vietnam) were 9.86%~14.00%, 9.86%~14.00% and 9.86%~11.68%, respectively.

(8) Non-current assets held for sale and discontinued operations

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 \$864,320 and \$868,288, respectively, as of March 31, 2019 and December 31, 2018. 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. As of March 31, 2019, the Yuanta Group sold part of the assets held for sale, and the proceeds on disposal and gain on disposal amounted to \$4,500 and \$532, respectively.

(9) Bills discounted and loans - net

	<u>March 31, 2019</u>	<u>December 31, 2018</u>	<u>March 31, 2018</u>
Bills discounted	\$ 396,396	\$ 289,927	\$ 40,067
Overdrafts	53,547	179,762	47,133
Short-term loans	65,752,464	71,480,877	67,747,043
Short-term loans secured	76,793,888	94,558,211	91,844,300
Medium-term loans	145,983,795	151,187,753	126,525,266
Medium-term loans secured	158,551,298	148,297,715	153,669,166
Long-term loans	8,036,953	8,413,501	9,814,626
Long-term loans secured	300,136,612	298,158,828	294,462,804
Import-export negotiations	63,632	33,411	46,592
Accounts receivable factoring	623,661	586,722	772,083
Automatic policy loans	1,299,602	1,267,384	1,193,701
Policy loans	4,989,608	4,908,038	4,439,548
Loans transferred to non-performing loans	<u>4,995,746</u>	<u>5,159,157</u>	<u>5,224,562</u>
Subtotal	767,677,202	784,521,286	755,826,891
Less: Allowance for credit losses	(13,816,173)	(13,606,991)	(14,223,205)
Less: Adjustment for discount	<u>13,800</u>	<u>(8,633)</u>	<u>(8,997)</u>
Total	<u>\$ 753,874,829</u>	<u>\$ 770,905,662</u>	<u>\$ 741,594,689</u>

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 three months ended March 31, 2019 and 2018, please refer to Note 12(3).

(10) Reinsurance contract assets

	<u>March 31, 2019</u>	<u>December 31, 2018</u>	<u>March 31, 2018</u>
Claims recoverable from reinsurers	\$ 158,141	\$ 78,685	\$ 66,080
Due from reinsurers and ceding companies	124,578	105,371	122,957
Reinsurance Reserve Assets			
Ceded unearned premium reserve	355,666	366,325	281,741
Ceded claims reserve	<u>47,055</u>	<u>29,749</u>	<u>4,008</u>
Total	<u>\$ 685,440</u>	<u>\$ 580,130</u>	<u>\$ 474,786</u>

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

	<u>March 31, 2019</u>		<u>December 31, 2018</u>		<u>March 31, 2018</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Associates:						
CR Yuanta Fund Management Company Limited	\$ 94,098	49.00%	\$ 112,548	49.00%	\$ 188,217	49.00%
GC Investment Consultant (Shanghai) Co., Ltd.	22,260	100.00%	22,242	100.00%	21,029	100.00%
Yuanta Security(U.K)	62,683	100.00%	62,496	100.00%	-	-
TongYang Asset Management Corp.	721,509	27.00%	716,023	27.00%	677,165	27.00%
Polaris Ocean Private Equity Fund	39,892	3.26%	40,959	3.26%	41,029	3.26%
Yuanta SPAC II	-	-	-	-	1,283	0.37%
KoFC-TongYang Pioneer Champ 2010-5th Venture Capital Fund	21,261	16.22%	20,222	16.22%	27,722	16.22%
KoFC-KVIC Green Growth Venture Capital Fund	12,040	18.00%	12,218	18.00%	30,331	18.00%
2011 KIF-TongYang IT Venture Fund	61,969	17.20%	62,886	17.20%	69,928	17.20%
Hyundai-TongYang Agrifood Private Equity Fund	-	-	-	-	5,792	9.84%
TongYang Agri-Food Investment Fund-2nd	128,707	40.74%	131,228	40.74%	113,484	40.74%
IBKC-TongYang Growth 2013 Private Equity Fund	207,656	10.71%	225,030	10.71%	105,472	10.71%
KVIC-Yuanta 2015 Overseas Fund	337,011	44.00%	344,269	44.00%	234,183	44.00%
TongYang China Paid in Capital Private Investment Trust 1	-	-	31,045	27.57%	38,357	27.57%
2016 KIF-Yuanta ICT Venture Fund	99,718	16.67%	83,093	16.67%	28,403	16.67%
Yuanta Secoundary No.2 Fund	141,626	12.28%	149,295	12.28%	97,626	12.28%
Yuanta SPAC III	1,721	0.83%	1,836	0.83%	948	4.76%
SJ-ULTRA V 1st FUND	26,668	34.48%	26,914	34.48%	-	-
Yuanta SPAC IV	892	4.55%	687	4.55%	-	-
Yuanta-HPNT Private Equity Fund	5,417	0.09%	5,500	0.14%	-	-
	<u>\$ 1,985,128</u>		<u>\$ 2,048,491</u>		<u>\$ 1,680,969</u>	

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

	<u>For the three months ended March 31,</u>	
	<u>2019</u>	<u>2018</u>
Net gain (loss) for the period from continuing operations	\$ 15,056	(\$ 7,839)
Other comprehensive income (loss)(net of tax)	792	(3,162)

(12) Other financial assets - net

	<u>March 31, 2019</u>	<u>December 31, 2018</u>	<u>March 31, 2018</u>
Non-loans reclassified to non-accrual loans	\$ 889,197	\$ 905,206	\$ 817,767
Less: Provision for credit losses	(879,763)	(894,323)	(793,044)
	<u>9,434</u>	<u>10,883</u>	<u>24,723</u>
Purchase of claim receivable	1,885,395	1,889,910	1,937,008
Valuation adjustment on purchase of claim receivable	(22,402)	(22,502)	(49,746)
	<u>1,862,993</u>	<u>1,867,408</u>	<u>1,887,262</u>
Customer margin deposit account	61,069,472	51,732,993	44,109,113
Investment-linked product assets	1,899,304	1,787,652	1,926,076
Securities borrowing and lending refundable deposits	231,736	1,089,676	159,999
Others	3,431,008	5,536,631	101,217
Total	<u>\$ 68,503,947</u>	<u>\$ 62,025,243</u>	<u>\$ 48,208,390</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 March 31, 2019, December 31, 2018 and March 31, 2018, as well as the periods for the three months ended March 31, 2019 and 2018, details about the assets on insurance products, separated accounts were as follows:

	<u>March 31, 2019</u>	<u>December 31, 2018</u>	<u>March 31, 2018</u>
Investment-linked insurance product assets			
Cash in bank	\$ 402	\$ 564	\$ 6,326
Financial assets at fair value through profit or loss	1,898,325	1,785,110	1,914,573
Other receivables	<u>577</u>	<u>1,978</u>	<u>5,177</u>
	<u>\$ 1,899,304</u>	<u>\$ 1,787,652</u>	<u>\$ 1,926,076</u>
	<u>March 31, 2019</u>	<u>December 31, 2018</u>	<u>March 31, 2018</u>
Investment-linked insurance product liabilities			
Reserve for investment linked insurance product-insurance contract	\$ 1,889,813	\$ 1,777,818	\$ 1,914,519
Reserve for investment linked insurance product-investment contract	8,503	7,833	9,928
Other payables	<u>988</u>	<u>2,001</u>	<u>1,629</u>
	<u>\$ 1,899,304</u>	<u>\$ 1,787,652</u>	<u>\$ 1,926,076</u>

	For the three months ended March 31,	
	2019	2018
Revenue on investment-linked insurance products		
Premium income	\$ 56,320	\$ 75,583
Gain (loss) on financial assets at fair value through profit or loss	130,771	(27,593)
Exchange (loss) gain	(262)	1,661
Interest income	1,691	1,376
Other income	2,925	1,647
	<u>\$ 191,445</u>	<u>\$ 52,674</u>
Expenses on investment-linked insurance product		
Claims and policy benefit payments	\$ 54,973	\$ 59,933
Net change in reserve for investment-linked insurance product-insurance contract	111,733	(31,800)
Administrative expenses and other expenses	24,739	24,541
	<u>\$ 191,445</u>	<u>\$ 52,674</u>

(13) Investment property - net

Assets	March 31, 2019			
	Cost	Accumulated depreciation	Accumulated impairment	Book value
Land and land improvements	\$ 3,101,662	\$ -	(\$ 355,403)	\$ 2,746,259
Buildings	3,083,225	(1,052,518)	(52,573)	1,978,134
Right-of-use assets	293,354	(54,855)	-	238,499
Total	<u>\$ 6,478,241</u>	<u>(\$ 1,107,373)</u>	<u>(\$ 407,976)</u>	<u>\$ 4,962,892</u>
Assets	December 31, 2018			
	Cost	Accumulated depreciation	Accumulated impairment	Book value
Land and land improvements	\$ 3,218,216	\$ -	(\$ 411,843)	\$ 2,806,373
Buildings	3,304,070	(1,109,855)	(83,897)	2,110,318
Total	<u>\$ 6,522,286</u>	<u>(\$ 1,109,855)</u>	<u>(\$ 495,740)</u>	<u>\$ 4,916,691</u>
Assets	March 31, 2018			
	Cost	Accumulated depreciation	Accumulated impairment	Book value
Land and land improvements	\$ 4,454,770	\$ -	(\$ 410,450)	\$ 4,044,320
Buildings	3,514,678	(1,098,584)	(84,637)	2,331,457
Total	<u>\$ 7,969,448</u>	<u>(\$ 1,098,584)</u>	<u>(\$ 495,087)</u>	<u>\$ 6,375,777</u>

(14) Property and equipment - net

Change in property and equipment of the Yuanta Group:

Cost	Land and land improvements	Buildings	Machinery and computer equipment	Transportation equipment	Miscellaneous equipment	Construction in progress	Total
At January 1, 2019	\$ 14,393,687	\$ 7,187,858	\$ 3,968,969	\$ 225,145	\$ 1,851,836	\$ 452,969	\$ 28,080,464
Changes of retrospective adjustment	-	-	(33,427)	-	(6,600)	-	(40,027)
Cost after retrospective adjustment	14,393,687	7,187,858	3,935,542	225,145	1,845,236	452,969	28,040,437
Additions	-	-	7,623	14,046	18,621	140,362	180,652
Disposals	-	-	(47,813)	(11,770)	(84,301)	(326)	(144,210)
Reclassifications	148,483	38,269	6,640	1,800	(4,009)	(807)	190,376
Translation difference	(7,795)	(19,562)	(21,601)	725	4,697	85	(43,451)
At March 31, 2019	\$ 14,534,375	\$ 7,206,565	\$ 3,880,391	\$ 229,946	\$ 1,780,244	\$ 592,283	\$ 28,223,804
<u>Accumulated depreciation</u>							
At January 1, 2019	\$ -	(\$ 2,235,932)	(\$ 2,672,497)	(\$ 112,211)	(\$ 1,078,553)	\$ -	(\$ 6,099,193)
Changes of retrospective adjustment	-	-	25,432	-	550	-	25,982
Accumulated depreciation after retrospective adjustment	-	(2,235,932)	(2,647,065)	(112,211)	(1,078,003)	-	(6,073,211)
Depreciation	-	(44,394)	(131,017)	(8,143)	(72,199)	-	(255,753)
Disposals	-	-	47,813	8,834	82,477	-	139,124
Reclassifications	-	35,598	-	124	10,381	-	45,855
Translation difference	-	6,478	21,596	(221)	(1,714)	-	26,139
At March 31, 2019	\$ -	(\$ 2,238,250)	(\$ 2,708,673)	(\$ 111,865)	(\$ 1,059,058)	\$ -	(\$ 6,117,846)
<u>Accumulated impairment</u>							
At January 1, 2019	(\$ 79,043)	(\$ 30,008)	\$ -	\$ -	(\$ 298)	\$ -	(\$ 109,349)
Reclassifications	(56,440)	(31,324)	-	-	-	-	(87,764)
At March 31, 2019	(\$ 135,483)	(\$ 61,332)	\$ -	\$ -	(\$ 298)	\$ -	(\$ 197,113)
Net carrying amount	\$ 14,398,892	\$ 4,906,983	\$ 1,171,718	\$ 118,081	\$ 720,888	\$ 592,283	\$ 21,908,845

Cost	Land and land improvements	Buildings	Machinery and computer equipment	Transportation equipment	Miscellaneous equipment	Construction in progress	Total
At January 1, 2018	\$ 15,066,741	\$ 7,536,070	\$ 3,680,986	\$ 233,742	\$ 1,726,420	\$ 360,914	\$ 28,604,873
Additions	-	-	42,316	12,044	30,153	98,385	182,898
Disposals	-	-	(126,918)	(18,732)	(72,615)	(5,195)	(223,460)
Reclassifications	(189,021)	(99,365)	99,704	4,995	166,190	(110,990)	(128,487)
Translation difference	(9,743)	(30,867)	(39,192)	300	(2,854)	618	(81,738)
At March 31, 2018	\$ 14,867,977	\$ 7,405,838	\$ 3,656,896	\$ 232,349	\$ 1,847,294	\$ 343,732	\$ 28,354,086
<u>Accumulated depreciation</u>							
At January 1, 2018	\$ -	(\$ 2,219,726)	(\$ 2,507,142)	(\$ 119,413)	(\$ 1,012,913)	\$ -	(\$ 5,859,194)
Depreciation	-	(44,823)	(114,257)	(8,093)	(75,352)	-	(242,525)
Disposals	-	-	126,363	14,916	64,351	-	205,630
Reclassifications	-	32,910	(4,548)	-	(67,312)	-	(38,950)
Translation difference	-	9,341	34,332	67	4,196	-	47,936
At March 31, 2018	\$ -	(\$ 2,222,298)	(\$ 2,465,252)	(\$ 112,523)	(\$ 1,087,030)	\$ -	(\$ 5,887,103)
<u>Accumulated impairment</u>							
At January 1, 2018	(\$ 84,506)	(\$ 30,580)	\$ -	\$ -	\$ -	\$ -	(\$ 115,086)
Recovery	-	-	-	-	357	-	357
Reclassifications	-	-	-	-	(656)	-	(656)
At March 31, 2018	(\$ 84,506)	(\$ 30,580)	\$ -	\$ -	(\$ 299)	\$ -	(\$ 115,385)
Net carrying amount	\$ 14,783,471	\$ 5,152,960	\$ 1,191,644	\$ 119,826	\$ 759,965	\$ 343,732	\$ 22,351,598

Please refer to Note 8 for details of the collateral provided for 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, 2019	\$ 14,201,033	\$ 192,654	\$ 14,393,687	\$ 7,159,977	\$ 27,881	\$ 7,187,858
Reclassifications	148,483	-	148,483	38,269	-	38,269
Translation difference	(7,795)	-	(7,795)	(19,562)	-	(19,562)
At March 31, 2019	<u>\$ 14,341,721</u>	<u>\$ 192,654</u>	<u>\$ 14,534,375</u>	<u>\$ 7,178,684</u>	<u>\$ 27,881</u>	<u>\$ 7,206,565</u>
<u>Accumulated depreciation</u>						
At January 1, 2019	\$ -	\$ -	\$ -	(\$ 2,233,830)	(\$ 2,102)	(\$ 2,235,932)
Depreciation	-	-	-	(44,062)	(332)	(44,394)
Reclassifications	-	-	-	35,598	-	35,598
Translation difference	-	-	-	6,478	-	6,478
At March 31, 2019	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(\$ 2,235,816)</u>	<u>(\$ 2,434)</u>	<u>(\$ 2,238,250)</u>
<u>Accumulated impairment</u>						
At January 1, 2019	(\$ 79,043)	\$ -	(\$ 79,043)	(\$ 30,008)	\$ -	(\$ 30,008)
Reclassifications	(56,440)	-	(56,440)	(31,324)	-	(31,324)
At March 31, 2019	<u>(\$ 135,483)</u>	<u>\$ -</u>	<u>(\$ 135,483)</u>	<u>(\$ 61,332)</u>	<u>\$ -</u>	<u>(\$ 61,332)</u>
At March 31, 2019	<u>\$ 14,206,238</u>	<u>\$ 192,654</u>	<u>\$ 14,398,892</u>	<u>\$ 4,881,536</u>	<u>\$ 25,447</u>	<u>\$ 4,906,983</u>

(15) Leasing arrangements – lessee

Effective 2019

- A. The Yuanta Group leases various assets including land, buildings, machinery and equipment, business vehicles, miscellaneous equipment. Rental contracts are typically made for periods of 1 to 10 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:

	March 31, 2019	For the three months ended March 31, 2019
	<u>Carrying amount</u>	<u>Depreciation charge</u>
Land	\$ 9,133,762	\$ 5,463
Buildings	4,702,843	329,869
Machinery and equipment	44,532	13,951
Transportation equipment	19,810	3,072
Miscellaneous equipment	12,908	1,225
Other equipment	21,275	2,803
	<u>\$ 13,935,130</u>	<u>\$ 356,383</u>

- C. For the three months ended March 31, 2019, the additions to right-of-use assets amounted to \$224,815.
- D. The information on income and expense accounts relating to lease contracts is as follows:

	<u>For the three months ended March 31, 2019</u>
<u>Items affecting profit or loss</u>	
Interest expense on lease liabilities	\$ 28,018
Expense on short-term lease contracts	47,759
Expense on leases of low-value assets	2,652
Gain on sublease of right-of-use assets	3,192

- E. For the three months ended March 31, 2019, the Yuanta Group's total cash outflow for leases amounted to \$409,920.
- F. Please refer to Note 12(3) B(C) e for lessees' lease contract commitments of 2018.

(16) Leasing arrangements – lessor

Effective 2019

- 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. For the three months ended March 31, 2019, the Yuanta Group recognised rent income in the amount of \$51,914, based on the operating lease agreement, which does not include variable lease payments.

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

	<u>March 31, 2019</u>
2019	\$ 106,519
2020	74,820
2021	27,819
2022	12,290
2023	9,216
After 2024	<u>6,826</u>
	<u>\$ 237,490</u>

D. Please refer to Note 12(3) B(C) e for lessors' lease contract commitments of 2018.

(BLANK)

(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, 2019	\$ 31,812,630	\$ 385,419	\$ 4,122,530	\$ 5,585,107	\$ 2,454,872	\$ 44,360,558
Additions	-	-	40,894	-	-	40,894
Disposals	-	-	(4,977)	-	-	(4,977)
Reclassifications	-	-	3,724	-	-	3,724
Translation difference	(4,154)	11	(51,701)	-	(11,311)	(67,155)
At March 31, 2019	<u>\$ 31,808,476</u>	<u>\$ 385,430</u>	<u>\$ 4,110,470</u>	<u>\$ 5,585,107</u>	<u>\$ 2,443,561</u>	<u>\$ 44,333,044</u>
<u>Accumulated amortization</u>						
At January 1, 2019	\$ -	(\$ 368,532)	(\$ 3,453,518)	(\$ 3,664,587)	(\$ 1,407,322)	(\$ 8,893,959)
Amortization	-	(410)	(97,719)	(109,283)	(65,835)	(273,247)
Disposals	-	-	4,977	-	-	4,977
Translation difference	-	(3)	49,965	-	1,385	51,347
At March 31, 2019	<u>\$ -</u>	<u>(\$ 368,945)</u>	<u>(\$ 3,496,295)</u>	<u>(\$ 3,773,870)</u>	<u>(\$ 1,471,772)</u>	<u>(\$ 9,110,882)</u>
<u>Accumulated impairment</u>						
At January 1, 2019	(\$ 1,762,508)	\$ -	\$ -	\$ -	(\$ 34,202)	(\$ 1,796,710)
Translation difference	-	-	-	-	187	187
At March 31, 2019	<u>(\$ 1,762,508)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(\$ 34,015)</u>	<u>(\$ 1,796,523)</u>
Net carrying amount	<u>\$ 30,045,968</u>	<u>\$ 16,485</u>	<u>\$ 614,175</u>	<u>\$ 1,811,237</u>	<u>\$ 937,774</u>	<u>\$ 33,425,639</u>

<u>Cost</u>	<u>Goodwill</u>	<u>Operating rights</u>	<u>Computer software</u>	<u>Customer relationship</u>	<u>Others</u>	<u>Total</u>
At January 1, 2018	\$ 31,815,086	\$ 385,022	\$ 4,736,780	\$ 5,585,107	\$ 2,399,680	\$ 44,921,675
Additions	-	-	38,117	-	68,395	106,512
Disposals	-	-	(6,080)	-	-	(6,080)
Reclassifications	-	-	12,837	-	-	12,837
Translation difference	(9,879)	(411)	(115,150)	-	(18,881)	(144,321)
At March 31, 2018	\$ 31,805,207	\$ 384,611	\$ 4,666,504	\$ 5,585,107	\$ 2,449,194	\$ 44,890,623
<u>Accumulated amortization</u>						
At January 1, 2018	\$ -	(\$ 366,774)	(\$ 3,908,593)	(\$ 3,227,444)	(\$ 1,122,746)	(\$ 8,625,557)
Amortization	-	(410)	(111,037)	(109,273)	(72,213)	(292,933)
Disposals	-	-	6,058	-	-	6,058
Translation difference	-	121	106,513	-	1,290	107,924
At March 31, 2018	\$ -	(\$ 367,063)	(\$ 3,907,059)	(\$ 3,336,717)	(\$ 1,193,669)	(\$ 8,804,508)
<u>Accumulated impairment</u>						
At January 1, 2018	(\$ 325,199)	\$ -	(\$ 5,429)	\$ -	(\$ 29,713)	(\$ 360,341)
Disposals	-	-	22	-	-	22
Translation difference	-	-	-	-	149	149
At March 31, 2018	(\$ 325,199)	\$ -	(\$ 5,407)	\$ -	(\$ 29,564)	(\$ 360,170)
Net carrying amount	\$ 31,480,008	\$ 17,548	\$ 754,038	\$ 2,248,390	\$ 1,225,961	\$ 35,725,945

- 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 merger of Yuanta Bank and Ta Chong Bank for organizational restructuring and business integration is mainly to expand the scale of operations and enhance market competitiveness and overall profit. As the Central Bank maintains the fund easing policy and the impact of credit policy and customer group conversion, the spreads continue to shrink and the scale of lending declines, resulting in differences in consumer finance operations and expectations. The Group engaged the valuation expert to issue the asset impairment assessment report, based on the report, only the consumer finance business cash-generating unit was evaluated to have recoverable amount less than the carrying value. Therefore, goodwill impairment of \$1,437,309 was recognized in 2018; the remaining cash generating units were assessed to have recoverable amounts higher than their carrying amounts. 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
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%	16.2%~17.6%	8.30%	13.90%

Note: The Yuanta Group's Yuanta Bank is in compliance with the provisions of International Accounting Standard No. 36. The goodwill impairment test is to distribute the goodwill to the cash-generating units that are expected to benefit from the consolidation effect. The identified cash-generating units are corporate finance, international finance, consumer finance, financial management, financial markets.

(18) Other assets - net

	<u>March 31, 2019</u>	<u>December 31, 2018</u>	<u>March 31, 2018</u>
Refundable deposits	\$ 5,997,291	\$ 6,121,491	\$ 3,424,373
Refundable deposits for securities lending	24,477,237	18,838,091	21,394,114
Operating guarantee deposits and settlement fund	3,035,359	3,132,290	3,127,119
Prepaid expenses	860,946	8,957,534	962,864
Bank deposits - amounts held for settlement	11,671,704	9,882,204	8,875,794
Others	1,752,100	837,555	1,267,740
Total	<u>\$ 47,794,637</u>	<u>\$ 47,769,165</u>	<u>\$ 39,052,004</u>

Please refer to Note 8 for details of the Yuanta Group's other assets pledged to others as collateral in March 31, 2019, December 31, 2018 and March 31, 2018.

(19) Non-financial asset impairment losses

As of March 31, 2019, December 31, 2018 and March 31, 2018, accumulated impairments on various financial assets were as follows:

	<u>March 31, 2019</u>	<u>December 31, 2018</u>	<u>March 31, 2018</u>
Investment property	\$ 407,976	\$ 495,740	\$ 495,087
Property and equipment	197,113	109,349	115,385
Intangible assets - goodwill	1,762,508	1,762,508	325,199
Intangible assets - other	34,015	34,202	34,971

(20) Due to Central Bank and other banks

	<u>March 31, 2019</u>	<u>December 31, 2018</u>	<u>March 31, 2018</u>
Due to other banks	\$ 10,054	\$ 10,054	\$ 10,054
Overdrafts from other banks	2,909,718	2,470,385	886,567
Call loans from other banks	13,000,180	14,239,532	32,767,301
Redeposit from the directorate general of postal remittance	5,321,378	5,327,303	5,561,785
Total	<u>\$ 21,241,330</u>	<u>\$ 22,047,274</u>	<u>\$ 39,225,707</u>

(21) Commercial paper payable - net

	<u>March 31, 2019</u>	<u>December 31, 2018</u>	<u>March 31, 2018</u>
Commercial paper payable	\$ 56,585,801	\$ 36,349,940	\$ 53,687,425
Less: Discount on commercial paper payable	(60,216)	(80,817)	(26,651)
Net	<u>\$ 56,525,585</u>	<u>\$ 36,269,123</u>	<u>\$ 53,660,774</u>

The annual interest rate of commercial paper payable as of March 31, 2019, December 31, 2018 and March 31, 2018 were 0.608%~2.45%, 0.65%~2.45% and 0.48%~2.05%, respectively.

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

March 31, 2019	December 31, 2018	March 31, 2018
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.
Sunny Bank Ltd.	Sunny Bank Ltd.	Sunny Bank Ltd.
Hua Nan Commercial Bank Co., Ltd.	Hua Nan Commercial Bank Co., Ltd.	Hua Nan Commercial Bank Co., Ltd.
Taiwan Finance Corporation	Taiwan Finance Corporation	Taiwan Finance Corporation
Union Bank of Taiwan Co., Ltd.	Union Bank of Taiwan Co., Ltd.	Union Bank of Taiwan Co., Ltd.
Mega Bills Finance Co., Ltd.	Mega Bills Finance Co., Ltd.	Mega Bills Finance Co., Ltd.
Ta Ching Bills Finance Corporation	Ta Ching Bills Finance Corporation	International Bills Finance Corporation
Taishin International Bank Co., Ltd.	Taishin International Bank Co., Ltd.	Ta Ching Bills Finance Corporation
Dah Chung Bills Finance Corp.	Dah Chung Bills Finance Corp.	Taishin International Bank Co., Ltd.
Grand Bills Finance Corp.	Grand Bills Finance Corp.	Dah Chung Bills Finance Corp.
KGI Bank Co., Ltd.	KGI Bank Co., Ltd.	Grand Bills Finance Corp.
Cathay United Commercial Bank Co., Ltd.	Cathay United Commercial Bank Co., Ltd.	KGI Bank Co., Ltd.
Taiwan Business Bank Co., Ltd.	Taiwan Business Bank Co., Ltd.	China Bills Finance Corporation
China Bills Finance Corporation	KB Securities co.,ltd.	HI Investment & Securities
International Bills Finance Corporation	Korea Asset investment	
E.Sun Commercial Bank Co, Ltd.		

(BLANK)

(22) Payables

	<u>March 31, 2019</u>	<u>December 31, 2018</u>	<u>March 31, 2018</u>
Accounts payable	\$ 84,280,902	\$ 82,666,395	\$ 93,341,860
Demand remittance payable	5,078,144	5,150,513	16,447,466
Bankers' acceptances payable	1,782,543	503,674	1,170,445
Interests payable	2,571,645	2,316,566	2,271,857
Accrued expenses	5,941,861	9,319,402	6,670,783
Taxes payable	142,599	243,690	150,138
Collections payable for	820,631	769,254	767,559
Proceeds payable from			
underwriting	830,550	792,050	667,348
Due to reinsurers and ceding			
companies	337,877	209,340	152,654
Collateralized proceeds payable			
from securities lending	5,586,530	8,338,522	4,283,239
Consigned securities payable	3,991,199	3,784,722	6,010,485
Settled price	737,791	906,715	1,410,057
Securities purchased payable	14,532,951	3,263,268	12,495,331
Settlement payable	32,628,927	17,162,508	28,605,408
Deposits received on securities			
lending	5,142,049	7,478,545	4,020,179
Checks for clearing	1,910,782	2,582,721	738,306
SBL Refund payable	842,956	634,546	53,353
Other payables	1,233,111	1,567,604	1,245,607
Total	<u>\$ 168,393,048</u>	<u>\$ 147,690,035</u>	<u>\$ 180,502,075</u>

(23) Deposits and remittances

	<u>March 31, 2019</u>	<u>December 31, 2018</u>	<u>March 31, 2018</u>
Checking deposits	\$ 4,317,057	\$ 5,131,842	\$ 4,033,494
Demand deposits	125,184,958	126,750,942	124,562,898
Time deposits	308,443,581	306,729,865	311,109,773
Negotiable certificates of deposit	14,923,000	44,647,500	50,894,000
Savings deposits	568,688,613	537,013,130	539,838,025
Remittances	353,644	342,017	422,603
Total	<u>\$ 1,021,910,853</u>	<u>\$ 1,020,615,296</u>	<u>\$ 1,030,860,793</u>

(24) Bonds payable

	<u>March 31, 2019</u>	<u>December 31, 2018</u>	<u>March 31, 2018</u>
Financial bonds	\$ 38,000,000	\$ 38,000,000	\$ 43,500,000
Unsecured corporate bonds	28,171,437	28,253,562	19,750,000
Convertible corporate bonds	501,653	502,447	2,609,458
Total	<u>\$ 66,673,090</u>	<u>\$ 66,756,009</u>	<u>\$ 65,859,458</u>

A. The details of financial debentures as of March 31, 2019 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 2012</u>
Par value	\$1,000,000
Stated interest rate	Fixed interest rate at 2.15%
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>Second issue of subordinate financial debentures in 2012</u>
Par value	\$1,000,000
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>Third issue of subordinate financial debentures in 2012</u>
Par value	\$1,500,000
Stated interest rate	Fixed interest rate at 1.90%
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(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 March 31, 2019 were as follows:

The Company

Yuanta Financial Holdings first issue of local unsecured
normal corporate bond in 2015

Par value	\$1,300,000
Stated interest rate	Fixed interest rate at 1.67%
Period	Seven years
Interest payment date	Payable annually
Term of principal payment	Repaid on maturity
Issue price	Priced at face value on issue date

Yuanta Financial Holdings first issue of local unsecured
normal corporate bond in 2016(B)

Par value	\$4,000,000
Stated interest rate	Fixed interest rate at 0.80%
Period	Five years
Interest payment date	Payable annually
Term of principal payment	Repaid on maturity
Issue price	Priced at face value on issue date

Yuanta Financial Holdings first issue of local unsecured
normal corporate bond in 2016(C)

Par value	\$8,000,000
Stated interest rate	Fixed interest rate at 1.00%
Period	Seven years
Interest payment date	Payable annually
Term of principal payment	Repaid on maturity
Issue price	Priced at face value on issue date

Yuanta Financial Holdings second issue of local unsecured
normal corporate bond in 2016(A)

Par value	\$1,850,000
Stated interest rate	Fixed interest rate at 0.63%
Period	Three years
Interest payment date	Payable annually
Term of principal payment	Repaid on maturity
Issue price	Priced at face value on issue date

Yuanta Financial Holdings second issue of local unsecured
normal corporate bond in 2016(B)

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		
	Yuanta Securities Asia Financial Services private placement of US dollar denominated unsecured corporate bonds		
Par value	USD 50,000 thousand dollars		
Stated interest rate	Fixed interest rate at 4.1%		
Issuance date	August 2, 2018		
Maturity date	August 2, 2023		
Issuance area	Hong Kong		
C. Convertible corporate bonds			
	<u>March 31, 2019</u>	<u>December 31, 2018</u>	<u>March 31, 2018</u>
Convertible corporate bonds	\$ 433,600	\$ 440,000	\$ 2,519,439
Add: Premium (discount) on convertible bonds payable	<u>68,053</u>	<u>62,447</u>	<u>90,019</u>
Total	<u>\$ 501,653</u>	<u>\$ 502,447</u>	<u>\$ 2,609,458</u>
The details of convertible corporate bonds as of March 31, 2019 were as follows:			
	Tong Yang Securities 84th issue of unsecured subordinated convertible corporate bond		
Par value	KRW 16,000,000 thousand dollars		
Stated interest rate	Fixed interest rate at 2.0%		
Issuance date	May 31, 2013		
Maturity date	May 31, 2019		
Issuance area	Korea		

(25) Other borrowings

	<u>March 31, 2019</u>	<u>December 31, 2018</u>	<u>March 31, 2018</u>
Short-term borrowings			
Unsecured bank borrowings	\$ 13,393,553	\$ 14,441,894	\$ 22,166,236
Secured bank borrowings	2,260,225	4,463,922	3,948,204
KSFC secured borrowings	22,100,047	23,432,384	29,664,516
Issuance of short-term bond	24,164,399	17,735,049	15,902,477
Secured short-term bond	3,227,769	3,121,552	275,501
Long-term borrowings			
Unsecured bank borrowings	813,000	825,000	922,000
	<u>\$ 65,958,993</u>	<u>\$ 64,019,801</u>	<u>\$ 72,878,934</u>
Interest rate-short-term (%)	<u>0.65%~4.10%</u>	<u>0.65%~4.10%</u>	<u>0.60%~3.14%</u>

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

(26) Provisions for other liabilities

	<u>March 31, 2019</u>	<u>December 31, 2018</u>	<u>March 31, 2018</u>
Insurance liability	\$ 233,270,901	\$ 224,774,001	\$ 193,645,771
Reserve for foreign exchange fluctuation	567,371	893,568	275,342
Employee benefit liabilities reserve	5,728,391	5,750,994	5,432,381
Guaranteed policy reserve	144,107	197,579	242,088
Loan commitment reserve	56,623	53,569	76,398
Other reserves (Note)	<u>629,709</u>	<u>553,412</u>	<u>578,522</u>
Total	<u>\$ 240,397,102</u>	<u>\$ 232,223,123</u>	<u>\$ 200,250,502</u>

Note: A. 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 ₩697,000 million (approximately NT\$18.9billion); of which former TongYang Securities Inc. was liable for compensations totaling ₩67,678 million (approximately NT\$1.8 billion). Starting from the end of September 2014, other than a minority of customers who filed complaints, disagreeing with the above-mentioned mediated results by the competent authority, former TongYang Securities Inc. has commenced paying compensations.

In addition, as of March 31, 2019, there are 6 litigations filed against former TongYang Securities Inc. and its subsidiaries related to the above-mentioned dispute on sold financial products, demanding compensations totaling ₩543,138 million (approximately NT\$14.7 billion); of which 2 were class actions, demanding compensation of ₩492,565 million (approximately NT\$13.3 billion) and ₩50,000 million (approximately NT\$1.4 billion). For the ₩492,565 million class action, the Seoul Central District Court and the Seoul High Court have adjudged, on September 30, 2016, and August 4, 2017, respectively, that it does not qualify as a class action and therefore have rejected the class action. The plaintiffs have filed an appeal, and on July 5, 2018, the Supreme Court remanded the case to the

Seoul High Court for a retrial based on class action requirements. Additionally, the ₩50,000 million class action has been dismissed by the Seoul Central District Court and Seoul High Court on January 5, 2018 and October 17, 2018, respectively. The plaintiffs appealed for the third instance on October 22, 2018.

Former TongYang Securities Inc. has recognized a liability reserve of ₩93,400 million (approximately NT\$2.5 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 ₩23,484 million (approximately NT\$640 million) in liability reserves as of March 31, 2019. As of March 31, 2019, the balance of the liability reserve related to the aforementioned dispute on sales of financial products was ₩ 5,727 million (approximately NT\$160 million).

Note: B. The reserve for litigation loss of Yuanta Bank is \$201,470, please refer to Note 9(7)A.

A. The components of insurance liabilities are as follows:

	March 31, 2019	December 31, 2018	March 31, 2018
Unearned premium reserve	\$ 502,975	\$ 458,865	\$ 305,760
Claims reserve	476,890	406,408	303,625
Reserve for policy benefit	226,935,627	218,464,791	187,010,614
Premium deficiency reserve	1,291,954	1,340,561	1,771,734
Other reserves	4,063,455	4,103,376	4,254,038
Total	\$ 233,270,901	\$ 224,774,001	\$ 193,645,771

(A) Unearned premium reserve and ceded unearned premium reserve:

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

	March 31, 2019		
	Insurance contract	Financial instruments with discretionary participation features	Total
Unearned premium reserve			
Personal life insurance	\$ 1,004	\$ -	\$ 1,004
Personal accident insurance	193,902	-	193,902
Personal health insurance	190,719	-	190,719
Group insurance	114,990	-	114,990
Investment-link insurance	2,360	-	2,360
	<u>\$ 502,975</u>	<u>\$ -</u>	<u>\$ 502,975</u>
Ceded unearned premium reserve			
Personal life insurance	\$ 225,698	\$ -	\$ 225,698
Personal accident insurance	271	-	271
Personal health insurance	128,981	-	128,981
Group insurance	334	-	334
Investment-link insurance	382	-	382
	<u>\$ 355,666</u>	<u>\$ -</u>	<u>\$ 355,666</u>

December 31, 2018			
	<u>Insurance contract</u>	<u>Financial instruments with discretionary participation features</u>	<u>Total</u>
Unearned premium reserve			
Personal life insurance	\$ 781	\$ -	\$ 781
Personal accident insurance	180,581	-	180,581
Personal health insurance	164,860	-	164,860
Group insurance	110,643	-	110,643
Investment-link insurance	2,000	-	2,000
	<u>\$ 458,865</u>	<u>\$ -</u>	<u>\$ 458,865</u>
Ceded unearned premium reserve			
Personal life insurance	\$ 209,636	\$ -	\$ 209,636
Personal accident insurance	321	-	321
Personal health insurance	155,985	-	155,985
Investment-link insurance	383	-	383
	<u>\$ 366,325</u>	<u>\$ -</u>	<u>\$ 366,325</u>
March 31, 2018			
	<u>Insurance contract</u>	<u>Financial instruments with discretionary participation features</u>	<u>Total</u>
Unearned premium reserve			
Personal life insurance	\$ 288	\$ -	\$ 288
Personal accident insurance	163,319	-	163,319
Personal health insurance	138,859	-	138,859
Group insurance	802	-	802
Investment-link insurance	2,492	-	2,492
	<u>\$ 305,760</u>	<u>\$ -</u>	<u>\$ 305,760</u>
Ceded unearned premium reserve			
Personal life insurance	\$ 155,271	\$ -	\$ 155,271
Personal accident insurance	301	-	301
Personal health insurance	125,795	-	125,795
Investment-link insurance	374	-	374
	<u>\$ 281,741</u>	<u>\$ -</u>	<u>\$ 281,741</u>

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

	For the three months ended March 31,	
	<u>2019</u>	<u>2018</u>
Unearned premium reserve		
At January 1	\$ 458,865	\$ 283,691
Current net change	<u>44,110</u>	<u>22,069</u>
At March 31	<u>\$ 502,975</u>	<u>\$ 305,760</u>

	For the three months ended March 31,	
	2019	2018
Ceded unearned premium reserve		
At January 1	\$ 366,325	\$ 262,226
Current net change	(10,660)	19,530
Gain (loss) on foreign exchange	<u>1</u>	<u>(15)</u>
At March 31	<u>\$ 355,666</u>	<u>\$ 281,741</u>

(B) Claims reserve and ceded claims reserve are as follows:

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

	March 31, 2019		
	Claims reported	Claims incurred	Total
	but not paid	but not reported	
Claims reserve			
Personal life insurance	\$ 294,279	\$ 111	\$ 294,390
Personal accident insurance	10,748	25,334	36,082
Personal health insurance	95,896	38,974	134,870
Group insurance	-	11,065	11,065
Investment-link insurance	476	7	483
	<u>\$ 401,399</u>	<u>\$ 75,491</u>	<u>\$ 476,890</u>
Ceded claims reserve			
Personal life insurance	\$ 20,915	\$ -	\$ 20,915
Personal health insurance	26,140	-	26,140
	<u>\$ 47,055</u>	<u>\$ -</u>	<u>\$ 47,055</u>
	December 31, 2018		
	Claims reported	Claims incurred	Total
	but not paid	but not reported	
Claims reserve			
Personal life insurance	\$ 269,071	\$ 80	\$ 269,151
Personal accident insurance	8,158	24,197	32,355
Personal health insurance	57,849	35,229	93,078
Group insurance	-	10,317	10,317
Investment-link insurance	1,500	7	1,507
	<u>\$ 336,578</u>	<u>\$ 69,830</u>	<u>\$ 406,408</u>
Ceded claims reserve			
Personal life insurance	\$ 12,750	\$ -	\$ 12,750
Personal health insurance	16,999	-	16,999
	<u>\$ 29,749</u>	<u>\$ -</u>	<u>\$ 29,749</u>

	March 31, 2018		
	Claims reported but not paid	Claims incurred but not reported	Total
Claims reserve			
Personal life insurance	\$ 214,813	\$ 28	\$ 214,841
Personal accident insurance	3,923	26,941	30,864
Personal health insurance	24,235	33,486	57,721
Group insurance	-	195	195
Investment-link insurance	-	4	4
	<u>\$ 242,971</u>	<u>\$ 60,654</u>	<u>\$ 303,625</u>
Ceded claims reserve			
Personal life insurance	\$ 1,564	\$ -	\$ 1,564
Personal health insurance	2,444	-	2,444
	<u>\$ 4,008</u>	<u>\$ -</u>	<u>\$ 4,008</u>

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

	For the three months ended March 31,	
	2019	2018
Claims reserve		
At January 1	\$ 406,408	\$ 306,349
Current net change	70,481	(2,724)
Loss on foreign exchange	1	-
At March 31	<u>\$ 476,890</u>	<u>\$ 303,625</u>
	For the three months ended March 31,	
	2019	2018
Ceded claims reserve		
At January 1	\$ 29,749	\$ 11,293
Current net change	17,306	(7,285)
At March 31	<u>\$ 47,055</u>	<u>\$ 4,008</u>

(BLANK)

(C) Reserve for policy benefit:

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

	March 31, 2019		
	Insurance contract	Financial instruments with discretionary participation features	Total
Life insurance	\$ 205,564,092	\$ -	\$ 205,564,092
Health insurance	20,903,420	-	20,903,420
Annuity insurance	10,624	282,501	293,125
Investment-link insurance	54,132	-	54,132
	<u>\$ 226,532,268</u>	<u>\$ 282,501</u>	<u>226,814,769</u>
Recovery of catastrophe reserve			4,221
Transferred in unwritten-off balance of 3% decrease in business tax			46,062
Payables to the insured			<u>70,575</u>
Total			<u>\$ 226,935,627</u>
	December 31, 2018		
	Insurance contract	Financial instruments with discretionary participation features	Total
Life insurance	\$ 197,614,402	\$ -	\$ 197,614,402
Health insurance	20,398,052	-	20,398,052
Annuity insurance	10,558	263,022	273,580
Investment-link insurance	55,486	-	55,486
	<u>\$ 218,078,498</u>	<u>\$ 263,022</u>	<u>218,341,520</u>
Recovery of catastrophe reserve			4,221
Transferred in unwritten-off balance of 3% decrease in business tax			46,062
Payables to the insured			<u>72,988</u>
Total			<u>\$ 218,464,791</u>
	March 31, 2018		
	Insurance contract	Financial instruments with discretionary participation features	Total
Life insurance	\$ 167,897,456	\$ -	\$ 167,897,456
Health insurance	18,771,607	-	18,771,607
Annuity insurance	11,678	218,484	230,162
Investment-link insurance	57,583	-	57,583
	<u>\$ 186,738,324</u>	<u>\$ 218,484</u>	<u>186,956,808</u>
Recovery of catastrophe reserve			4,221
Transferred in unwritten-off balance of 3% decrease in business tax			46,062
Payables to the insured			<u>3,523</u>
Total			<u>\$ 187,010,614</u>

b.Changes in reserve for policy benefit:

	For the three months ended March 31,	
	2019(Note 1)	2018(Note 2)
At January 1	\$ 218,459,623	\$ 180,812,095
Current net change	8,410,957	6,500,939
Loss (gain) on foreign exchange	59,651	(305,943)
At March 31	<u>\$ 226,930,231</u>	<u>\$ 187,007,091</u>

Note 1: For the three months ended March 31, 2019, “Reserve for policy benefit-payables to the insured” is \$5,396. As of March 31, 2019, the total reserve for policy benefit amount of changes in reserve for policy benefit is \$226,935,627.

Note 2: For the three months ended March 31, 2018, “Reserve for policy benefit-payables to the insured” is \$3,523. As of March 31, 2018, the total reserve for policy benefit amount of changes in reserve for policy benefit is \$187,010,614.

For the three months ended March 31, 2019 and 2018, the interest expense, representing the cost related with delaying payments on contract liabilities over a period of time, are \$1,577,514 and \$1,359,138, respectively.

(D) Premium deficiency reserve:

a.Details of premium deficiency reserve are as follows:

	March 31, 2019		
	Financial instruments with discretionary participation features		
	Insurance contract		Total
Personal life insurance	\$ 1,284,146	\$ -	\$ 1,284,146
Personal health insurance	7,808	-	7,808
Total	<u>\$ 1,291,954</u>	<u>\$ -</u>	<u>\$ 1,291,954</u>
	December 31, 2018		
	Financial instruments with discretionary participation features		
	Insurance contract		Total
Personal life insurance	\$ 1,333,996	\$ -	\$ 1,333,996
Personal health insurance	6,565	-	6,565
Total	<u>\$ 1,340,561</u>	<u>\$ -</u>	<u>\$ 1,340,561</u>
	March 31, 2018		
	Financial instruments with discretionary participation features		
	Insurance contract		Total
Personal life insurance	\$ 1,768,009	\$ -	\$ 1,768,009
Personal health insurance	3,720	-	3,720
Group insurance	5	-	5
Total	<u>\$ 1,771,734</u>	<u>\$ -</u>	<u>\$ 1,771,734</u>

b. Change in premium deficiency reserve:

	For the three months ended March 31,	
	2019	2018
Premium deficiency reserve:		
At January 1	\$ 1,340,561	\$ 1,810,269
Current net change	(49,066)	(35,531)
Loss (gain) on foreign exchange	459	(3,004)
At March 31	\$ 1,291,954	\$ 1,771,734

(E) Other reserves

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

	For the three months ended March 31,	
	2019	2018
At January 1	\$ 4,103,376	\$ 4,297,540
Recovery	(39,921)	(43,502)
At March 31	\$ 4,063,455	\$ 4,254,038

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 three months ended March 31,	
	2019	2018
At January 1	\$ 893,568	\$ 510,241
Provision		
Compulsory provision	60,836	42,086
Subtotal	954,404	552,327
Recovery	(387,033)	(276,985)
At March 31	\$ 567,371	\$ 275,342

(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 three months ended March 31, 2019 and 2018 is as follows:

	For the three months ended March 31, 2019		
	Ineligible amount	Eligible amount	Impact
Net income	\$ 366,068	\$ 627,026	\$ 260,958
Earnings per share	0.38	0.65	0.27
Reserve for foreign exchange fluctuation	-	567,371	567,371
Total equity	13,128,145	12,658,941	(469,204)

	For the three months ended March 31, 2018		
	Ineligible amount	Eligible amount	Impact
Net income	\$ 143,106	\$ 331,025	\$ 187,919
Earnings per share	0.17	0.38	0.21
Reserve for foreign exchange fluctuation	-	275,342	275,342
Total equity	11,219,887	10,999,613	(220,274)

(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 45~55 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 Company 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 Company 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 Company 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.
- (B) For the aforementioned pension plan, the Company and its domestic subsidiaries recognised pension costs of \$20,268 and \$23,570 for the three months ended March 31, 2019 and 2018, respectively.
- (C) Expected contributions to the defined benefit pension plans of the Company and its domestic subsidiaries for the year ending December 31, 2020 amounts to \$55,986.

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) Under the defined contribution plan, the Company and its domestic subsidiaries recognised pension expense of \$109,271 and \$123,752 for the three months ended March 31, 2019 and 2018, respectively.
- (D) The pension plans for the consolidated foreign subsidiaries are as follows:
The pension plan for Yuanta Securities Asia Finance is in compliance with the regulations of each employee nationality. Yuanta HK Holdings (Cayman) Ltd., Yuanta Securities Holding (B.V.I) Ltd. and Yuanta Investment Management (Cayman) Ltd. do not have compulsory pension plans according to local regulations. Other foreign subsidiaries are in compliance with related regulations enacted by local governments. For the three months ended March 31, 2019 and 2018, the foreign subsidiaries recognised \$139,278 and \$152,219, respectively, of pension expense by complying with aforementioned regulations.

(28) Other financial liabilities

	<u>March 31, 2019</u>	<u>December 31, 2018</u>	<u>March 31, 2018</u>
Futures traders' equity	\$ 70,079,217	\$ 66,721,081	\$ 55,098,411
Structured deposit	8,721,785	10,740,531	13,473,119
Investment-linked products liabilities	1,899,304	1,787,652	1,926,076
Appropriated loan fund	4,114	21,684	45,147
Lease payables	-	5,971	679
Total	<u>\$ 80,704,420</u>	<u>\$ 79,276,919</u>	<u>\$ 70,543,432</u>

(29) Other liabilities

	<u>March 31, 2019</u>	<u>December 31, 2018</u>	<u>March 31, 2018</u>
Guarantee deposit-in and margin deposits	\$ 29,415,088	\$ 32,456,068	\$ 23,395,510
Underwriting share proceeds collected on behalf of customers	876,977	58,556	149,945
Collections in advance	1,242,124	1,285,565	1,319,926
Retention bonus payable	1,385,346	1,274,372	1,141,983
Refundable deposits	697,335	527,176	2,277,536
Refundable deposits-derivative transactions	3,066,068	5,027,308	5,388,857
Others	1,186,291	1,177,170	1,410,943
Total	<u>\$ 37,869,229</u>	<u>\$ 41,806,215</u>	<u>\$ 35,084,700</u>

(30) Share capital/Preferred stock liability

As of March 31, 2019, the Company's total authorized capital and total paid-in capital were \$125,000,000 and \$116,862,325, respectively. The aforementioned total paid-in capital includes 11,686,233 thousand shares of common stock, each with a par value of \$10 dollars per share. As of March 31, 2018, the Company's total authorized capital and total paid-in capital were \$125,000,000 and \$118,202,325, respectively. The aforementioned total paid-in capital includes 11,820,233 thousand shares of common stock, each with a par value of \$10 dollars per share.

Movements in the number of the Company's ordinary shares outstanding are as follows:

	<u>2019</u>	<u>2018</u>
January 1	\$ 11,686,233	\$ 11,889,198
Retirement of treasury share	-	(68,965)
At March 31	<u>\$ 11,686,233</u>	<u>\$ 11,820,233</u>

(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>March 31, 2019</u>	<u>December 31, 2018</u>	<u>March 31, 2018</u>
Post 1998	\$ 4,041,698	\$ 4,041,698	\$ 4,087,891
Source and details of the capital surplus of the Company are as follows:			
	<u>March 31, 2019</u>	<u>December 31, 2018</u>	<u>March 31, 2018</u>
Additional-paid-in capital	\$ 33,617,492	\$ 33,617,492	\$ 34,001,712
Treasury share transactions	3,477,403	3,477,403	3,672,185
Others	105,579	105,521	37,100
	<u>\$ 37,200,474</u>	<u>\$ 37,200,416</u>	<u>\$ 37,710,997</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 2018 of the Company resolved by the Board of Directors on March 25, 2019 and the earnings distribution for 2017 resolved by the stockholders' meeting on June 15, 2018 are as follows:

	2018 earnings		2017 earnings	
	Amount	Dividend per share (in dollars)	Amount	Dividend per share (in dollars)
Legal reserve	\$ 1,867,921	\$ -	\$ 1,620,495	\$ -
Cash dividends	10,503,550	0.90	6,492,536	0.556315

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

	Translation gain and loss on the financial statements of foreign operating entities	Financial assets at fair value through other comprehensive income	Change in fair value of financial liability attributable to change in credit risk of the liability	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	-	2,497,016	-	-	2,497,016
- Evaluation transferred to profit or loss	-	(86,426)	-	-	(86,426)
- Evaluation transferred to retained earnings	-	(50,832)	-	-	(50,832)
Other comprehensive income on reclassification under the overlay approach	-	-	-	618,904	618,904
Changes in translation difference of foreign operating entities	(153,587)	-	-	-	(153,587)
Effects on income tax	-	(79,611)	-	(26,938)	(106,549)
Evaluation of credit risk	-	-	(1,300)	-	(1,300)
Balance, March 31, 2019	(\$ 2,563,056)	\$ 10,055,865	(\$ 31,098)	\$ 261,599	\$ 7,723,310

	Translation gain and loss on the financial statements of foreign operating entities	Financial assets at fair value through other comprehensive income	Available-for-sale financial assets	Change in fair value of financial liability attributable to change in credit risk of the liability	Other comprehensive income on reclassification under the overlay approach	Total
Balance, January 1, 2018	(\$ 2,528,033)	\$ -	\$ 7,085,896	(\$ 3,478)	\$ -	\$ 4,554,385
Effects of retrospective application and retrospective restatement	71	8,821,189	(7,085,896)	62,367	389,832	2,187,563
Balance, January 1, 2018 after adjustments	(2,527,962)	8,821,189	-	58,889	389,832	6,741,948
Financial assets at fair value through other comprehensive income						
- Evaluation adjustment in the period		(1,092,063)	-	-	-	(1,092,063)
- Evaluation transferred to profit or loss		(357,643)	-	-	-	(357,643)
- Evaluation transferred to retained earnings		211,974	-	-	-	211,974
Other comprehensive income on reclassification under the overlay approach		-	-	-	(419,437)	(419,437)
Changes in translation difference of foreign operating entities	(656,676)	-	-	-	-	(656,676)
Effects on income tax		192,581	-	-	28,369	220,950
Evaluation of credit risk		-	-	(846)	-	(846)
Balance, March 31, 2018	(\$ 3,184,638)	\$ 7,776,038	\$ -	\$ 58,043	(\$ 1,236)	\$ 4,648,207

(35) Treasury shares

The changes in the Company's treasury shares held by Yuanta Group was as follows (expressed in thousands of shares):

Reason for buyback of shares	For the three months ended March 31, 2019					
	Beginning balance of amount	Beginning balance of shares	Share increase	Share decrease	Ending balance of shares	Ending balance amount
Buy-back rights of shareholders with objections (Note)	\$ 197,606	15,621	-	-	15,621	\$ 197,606

Reason for buyback of shares	For the three months ended March 31, 2018					
	Beginning balance of amount	Beginning balance of shares	Share increase	Share decrease	Ending balance of shares	Ending balance amount
Buy-back rights of shareholders with objections (Note)	\$ 197,606	15,621	-	-	15,621	\$ 197,606
Maintenance for the Company's credit	<u>939,347</u>	<u>68,965</u>	<u>-</u>	<u>(68,965)</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 1,136,953</u>	<u>84,586</u>	<u>-</u>	<u>(68,965)</u>	<u>15,621</u>	<u>\$ 197,606</u>

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 March 31,	
	2019	2018
<u>Interest income</u>		
Bills discounted and interest income on loans	\$ 4,964,445	\$ 4,669,789
Interest income from margin trade	1,045,399	1,341,573
Interest income on securities investment	3,264,791	2,771,608
Interest income from placement and call loan to other banks	501,676	389,616
Interest income on bills and bonds purchased under resale agreements	134,635	114,314
Recurring interest income from credit card	60,455	69,410
Other interest income	280,943	177,812
Subtotal	<u>10,252,344</u>	<u>9,534,122</u>
<u>Interest expense</u>		
Interest expense of deposit	(1,893,895)	(1,698,217)
Interest expense of Central Bank and other banks' deposit	(91,407)	(35,593)
Interest expense on due to the Central Bank and other banks' deposit	(391,728)	(318,289)
Interest expense on bills and bonds sold under repurchase agreements	(856,238)	(629,699)
Interest expense of structured instruments	(137,190)	(177,046)
Coupon rate of bank debenture	(220,770)	(245,293)
Coupon rate of corporate bonds	(103,231)	(84,684)
Coupon rate of commercial papers	(69,907)	(59,357)
Interest expense of margin purchase	(7,490)	(8,032)
Lease liabilities interest expense	(28,018)	-
Other interest expense	(128,552)	(84,886)
Subtotal	<u>(3,928,426)</u>	<u>(3,341,096)</u>
Total	<u>\$ 6,323,918</u>	<u>\$ 6,193,026</u>

(BLANK)

(37) Net service fee and commission income

	<u>For the three months ended March 31,</u>	
	<u>2019</u>	<u>2018</u>
<u>Service fee and commission income</u>		
Brokerage service fee income	\$ 3,599,102	\$ 5,232,419
Service fee income on insurance brokerage and stock register	370,499	699,238
Service fee on credit cards	402,159	420,627
Service fee income on trust business	729,043	712,041
Service income on credit extension	301,764	200,653
Underwriting service income	401,625	275,758
Service income on margin trade	19,912	28,564
Commission – reinsurance allowance	21,126	17,089
Service income on foreign exchange	20,585	28,637
Service fee income on consigned settlement	8,576	11,914
Deposits and remittance and other service income	243,558	202,978
Subtotal	<u>6,117,949</u>	<u>7,829,918</u>
<u>Service fee expenses and commission expense</u>		
Insurance commission expense	(635,369)	(500,761)
Service expense on trust business	(868)	(2,646)
Service expense on brokerage	(428,482)	(458,094)
Service expense on self-operation	(22,627)	(26,194)
Service charge – refinancing	(411)	(472)
Service fee expense on credit cards	(369,464)	(373,246)
Service expense on settlement	(90,904)	(129,533)
Futures commission expense	(116,840)	(99,153)
Underwriting service expense	(1,440)	(9,449)
Service expense on foreign exchange	(9,875)	(9,761)
Service expense on credit extension	(9,630)	(1,911)
Deposits and remittance and other service expense	(80,735)	(118,554)
Subtotal	<u>(1,766,645)</u>	<u>(1,729,774)</u>
Total	<u>\$ 4,351,304</u>	<u>\$ 6,100,144</u>

(38) Net income from insurance operations

	For the three months ended March 31,	
	2019	2018
<u>Income from insurance operations</u>		
Gross collected premiums	\$ 10,161,388	\$ 8,006,799
Less: Reinsurance premium ceded	(147,069)	(160,389)
Net changes of unearned premium reserve	(54,770)	(2,539)
Retention earned premium income	9,959,549	7,843,871
Investment-linked product income	191,445	52,674
Subtotal	<u>10,150,994</u>	<u>7,896,545</u>
<u>Expense from insurance operations</u>		
Claims and policy benefits	(\$ 1,641,028)	(\$ 1,414,890)
Less: Claims recovered from reinsurers	<u>83,004</u>	<u>66,041</u>
Retention claims and policy benefits payments	(1,558,024)	(1,348,849)
Underwriting expenses	(1,875)	(1,278)
Expense from guaranty fund	(19,318)	(15,224)
Investment-linked product expenses	(191,445)	(52,674)
Subtotal	<u>(1,770,662)</u>	<u>(1,418,025)</u>
Total	<u>\$ 8,380,332</u>	<u>\$ 6,478,520</u>

(BLANK)

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

	For the three months ended March 31,	
	2019	2018
<u>Realized gain or loss on financial assets and liabilities at fair value through profit or loss</u>		
Commercial papers	\$ 49,090	\$ 50,940
Bonds	1,386,739	1,854,844
Stocks	534,771	(89,782)
Beneficiary certificates	289,725	479,568
Time deposits	-	3,418
Financial bonds payables	-	(23,121)
Interest-linked instrument	(20,890)	(507,511)
Exchange rate-linked instrument	(2,091,193)	2,566,090
Other financial derivative instruments	42,089	1,416,773
Valuation losses on borrowed securities and bonds with resale agreements	(32,769)	(335,721)
Loss from issuing call (put) warrants	(1,326,827)	(3,487,358)
Issuing call (put) warrants expense	(76,499)	(63,618)
Others	1,326,119	408,057
Subtotal	<u>80,355</u>	<u>2,272,579</u>
<u>Unrealized gain or loss on financial assets and liabilities at fair value through profit or loss</u>		
Commercial papers	(\$ 3,659)	\$ 1,691
Bonds	1,679,420	(1,342,094)
Stocks	2,601,791	(249,044)
Beneficiary certificates	584,202	(2,679)
Time deposits	-	527
Financial bonds payables	-	10,982
Interest-linked instrument	(949,436)	53,622
Exchange rate-linked instrument	(155,174)	230,210
Equity-linked instrument	-	239
Other financial derivative instruments	(1,641,375)	762,442
Valuation (losses) gains on borrowed securities and	(1,537,133)	150,503
Gain on issuance of call (put) warrants	1,393,064	4,479,429
Others	331,803	310,284
Subtotal	<u>2,303,503</u>	<u>4,406,112</u>
Total	<u>\$ 2,383,858</u>	<u>\$ 6,678,691</u>

A. The realised losses on the financial assets and liabilities at fair value through profit and loss of the Yuanta Group for the three months ended March 31, 2019 and 2018, including the (loss) gain on disposal, were (\$1,343,090) and \$933,500, respectively, and the issuing call (put) warrants expense, were \$76,499 and \$63,618, respectively, and the dividends income were \$102,304 and \$43,942, respectively, and the interest income were \$1,397,640 and \$1,358,755, respectively.

- B. The Yuanta Group recognised net (loss) profit amounting to (\$4,117,617) and \$708,384, respectively, on financial liability designated as at fair value through profit or loss for the three months ended March 31, 2019 and 2018.
- 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 gain (loss)

	For the three months ended March 31,	
	2019	2018
Recovery on investments in debt instruments measured at fair value through other comprehensive income	(\$ 2,090)	(\$ 8,233)
Impairment loss on investments in debt instruments at amortised cost	390	8,454
Total	<u>(\$ 1,700)</u>	<u>\$ 221</u>

(41) Net other miscellaneous income

	For the three months ended March 31,	
	2019	2018
Borrowed stock revenue	\$ 232,885	\$ 220,408
Net change of reserve for foreign exchange fluctuation	326,197	234,898
Other net income	249,561	166,922
Total	<u>\$ 808,643</u>	<u>\$ 622,228</u>

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

	For the three months ended March 31,	
	2019	2018
Bad debt expense of accounts receivable	\$ 57,302	\$ 210,555
Bad debt expense of bills discounted and loans	397,377	319,820
Recovery of reserve for guarantee liabilities	(53,500)	(16,000)
Recognition of loan commitment reserve	899	4,679
Recovery of bad debt expense	(241,274)	(220,911)
Total	<u>\$ 160,804</u>	<u>\$ 298,143</u>

(43) Employee benefit expense

	For the three months ended March 31,	
	2019	2018
Wages and salaries	\$ 4,931,110	\$ 5,543,314
Labor and health insurance fees	246,409	229,965
Pension costs	268,817	299,541
Termination benefits	3,109	4,435
Other employee benefit expenses	320,375	336,837
Total	\$ 5,769,820	\$ 6,414,092

As of March 31, 2019 and 2018, the Yuanta Group had 13,991 and 13,803 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 ended March 31, 2019 and 2018, employees' compensation was accrued at \$4,898 and \$5,058 respectively; directors' and supervisors' remuneration was accrued at \$44,082 and \$45,523, respectively. The aforementioned amounts were recognised in salary expenses.

The employees' compensation and directors' and supervisors' remuneration of 2018 as resolved by the Board of Directors in 2018 was in agreement with those amounts recognised in the 2018 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 March 31,	
	2019	2018
Investment property depreciation	\$ 23,045	\$ 19,565
Property and equipment depreciation	255,753	242,525
Right-of-use asset depreciation	356,383	-
Intangible asset amortization	273,247	292,933
Deferred assets amortization	18,240	22,370
Total	\$ 926,668	\$ 577,393

(45) Other business and administrative expenses

	For the three months ended March 31,	
	2019	2018
Tax	\$ 727,961	\$ 843,034
Rental expense	75,098	453,296
Computer science expense	265,462	292,435
Commission expense	317,062	359,041
Professional expense	132,881	135,624
Postage and telephone costs	168,424	171,020
Miscellaneous expenses	159,286	139,096
Repairs and maintenance	105,976	100,931
Insurance	134,882	142,066
Security borrowing expenses	164,103	134,564
Advertising expenses	61,287	63,548
Others	509,629	501,822
Total	<u>\$ 2,822,051</u>	<u>\$ 3,336,477</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 March 31,	
	2019	2018
Current tax:		
Income tax from current income period	\$ 1,071,673	\$ 744,571
Adjustments in respect of prior years	98,502	53,166
Total current tax	<u>1,170,175</u>	<u>797,737</u>
Deferred tax:		
Origination and reversal of temporary differences	(141,590)	140,858
Impact of change in tax rate	-	2,715
Total deferred tax	<u>(141,590)</u>	<u>143,573</u>
Income tax expense	<u>\$ 1,028,585</u>	<u>\$ 941,310</u>

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

	<u>For the three months ended March 31,</u>	
	<u>2019</u>	<u>2018</u>
Unrealised loss from investments in debt instruments measured at fair value through other comprehensive income	\$ 84,895	(\$ 174,667)
Unrealised gain from investments in equity instruments measured at fair value through other comprehensive income	(18,373)	(51,564)
Other comprehensive income on reclassification under the overlay approach	26,938	(30,589)
Share of profit of associates and joint ventures accounted for using equity method	(144)	-
Losses on remeasurements of defined benefit plans	(41,548)	(9,681)
Impact of change in tax rate	-	(19,786)
Total	<u>\$ 51,768</u>	<u>(\$ 286,287)</u>

B. As of March 31, 2019, the information on the Yuanta Group's income tax returns that have been assessed by the Tax Authority is as follows:

	<u>Assessment Information</u>
Yuanta Financial Holdings	Assessed through 2014
Yuanta Securities	Assessed through 2014
Yuanta Bank	Assessed through 2014
Yuanta Securities Finance	Assessed through 2014
Yuanta Venture Capital	Assessed through 2014
Yuanta Asset Management	Assessed through 2014
Yuanta Securities Investment Consulting	Assessed through 2014
Yuanta Futures	Assessed through 2016
Yuanta Securities Investment Trust	Assessed through 2014
Yuanta Life	Assessed through 2014
Yuanta International Insurance Brokers	Assessed through 2017
Yuanta International Leasing	Assessed through 2017
Yuanta I Venture Capital	Assessed through 2017

C. Under the amendments to the Income Tax Act which was promulgated by the President of the Republic of China in February 7, 2018, the Company's applicable income tax rate was raised from 17% to 20% effective from January 1, 2018. The Yuanta Group has recognised the impact of the change in income tax rate.

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

(A) Yuanta Securities

a. With respect to the income tax returns of Yuanta Securities for the fiscal years from 2007 to 2014, the Tax Authority assessed to increase income tax payable by \$1,689,722. However, Yuanta Securities disagreed with the assessments and had filed for administrative litigation. For conservatism purposes, Yuanta Securities had recognized the income tax expense relating to the additional income tax payable.

b. For the income tax returns of the dissolved company, Polaris Securities Co., Ltd., for the fiscal years 2011 to 2012, the Tax Authority assessed to increase income tax payable by \$106,286. However, Polaris Securities disagreed with the assessments and had filed for administrative litigation, which is in progress. For conservatism purposes, Polaris Securities had recognized the income tax expense relating to the additional income tax payable.

(B) Yuanta Bank

For the income tax returns for the fiscal years from 2012 to 2014, Yuanta Bank disagreed with the assessments on the amortization of discounts/premiums for goodwill. Yuanta Bank, in accordance with the law, has filed for recheck and administrative remedies and accrued the related income tax effects.

(C) Yuanta Securities Investment Trust

Yuanta Securities Investment Trust's income tax returns from 2012 to 2014 have been assessed and approved by the Tax Authority which assessed additional duties amounting to \$117,248. Yuanta Securities Investment Trust disagreed with the assessment and applied for a recheck. In the second half year of 2018, the assessment was finalised with additional tax amounting to \$46,911 and the payment has been made after the reporting date.

(D) Yuanta Venture Capital

For the income tax returns for the fiscal years from 2010 to 2013, Yuanta Venture Capital disagreed with the assessments on the expense distribution for gains derived from the securities transactions. Yuanta Venture Capital, in accordance with the law, has filed for administrative remedies. The Company was assessed to supplement tax amounting to \$40,852, which has been recognised.

(47) Earnings per share

	<u>For the three months ended March 31, 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	\$ 5,432,213	11,670,611	\$ 0.47

	For the three months ended March 31, 2018		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 5,615,089	11,804,611	\$ 0.48

(48) Changes in liabilities from financing activities

	Bills and bonds payable under repurchase agreements	Commercial paper payable	Other borrowings
At January 1, 2019	\$ 218,570,425	\$ 36,269,123	\$ 64,019,801
Changes in cash flow from financing activities	(19,362,333)	20,235,861	1,951,191
Impact of changes in foreign exchange rate	-	-	(11,999)
Amortisation of a premium or a discount on interest expense	-	20,601	-
At March 31, 2019	\$ 199,208,092	\$ 56,525,585	\$ 65,958,993
	Bills and bonds payable under repurchase agreements	Commercial paper payable	Other borrowings
At January 1, 2018	\$ 197,101,189	\$ 44,704,087	\$ 71,754,771
Changes in cash flow from financing activities	(2,524,127)	8,963,100	1,066,663
Impact of changes in foreign exchange rate	-	-	57,500
Amortisation of a premium or a discount on interest expense	-	(6,413)	-
At March 31, 2018	\$ 194,577,062	\$ 53,660,774	\$ 72,878,934

(BLANK)

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
Asia Carbons & Technology Inc. (Asia Carbons)	"
Shang Trip Travel Service Co., Ltd. (Shang Trip Travel Service)	"
Antay Securities Co., Ltd. (Antay Securities)	The spouse of a director in Yuanta Group holds a key managing position in the entity.
Mercuries Life Insurance Co., Ltd. (Mercuries Life Insurance)	Major stockholders of Yuanta Group (No longer a related party since December, 2018.)
Lo Sheng Feng Co., Ltd.	"
Yuanta Cultural & Education Foundation (Yuanta Foundation)	A director of Yuanta Group holds a key managing position
Yuanta Construction Development Co., Ltd. (Yuanta Construction Development)	"
Yung Chin International Investment Co., Ltd. (Yung Chin International Investment)	"
He's Education Foundation	"
Taiwan Securities Association	"
Sintronic Technology Inc. (Sintronic Technology)	"
Reuters Ltd. (Taiwan Branch) (Reuters)	The spouse of one of Yuanta Group's management holds a key managing position in the entity. (No longer a related party since June 30, 2018)
2011KIF-TongYang IT Venture Fund	Investments accounted for using equity method of Yuanta Securities (Korea)
KoFC-TongYang Pioneer Champ 2010-5th Venture Capital Fund	"
TongYang Agri-Food Investment Fund-2nd	"
KVIC-Yuanta 2015 Overseas Fund	"
IBKC-TongYang Growth 2013 Private Equity Fund	"
Yuanta Secondary NO.2 Fund	"
Yuanta Secondary NO.3 Fund	"
	(No longer a related party since December 28, 2018.)
2016KIF-Yuanta ICT Venture Fund	"

Names of related parties	Relationship with the Group
Yuanta SPAC III	Investments accounted for using equity method of Yuanta Securities (Korea)
Yuanta SPAC IV	"
	(Has become a related party since November 23, 2018.)
Yuanta SPAC II	"
	(No longer a related party since June 8, 2018.)
Yuanta Diamond Funds SPC	Funds managed by Yuanta Securities(Hong Kong)
Other related parties	The Yuanta Group, funds managed by consolidated subsidiaries, related parties, 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

March 31, 2019			
Name	Ending balance	Percentage of deposits (%)	Interest rate (%)
All related parties	\$ 11,282,498	1.10	0.00~6.065

December 31, 2018			
Name	Ending balance	Percentage of deposits (%)	Interest rate (%)
All related parties	\$ 11,793,135	1.16	0.00~6.065

March 31, 2018			
Name	Ending balance	Percentage of deposits (%)	Interest rate (%)
All related parties	\$ 12,382,070	1.20	0.00~6.065

Apart from an interest rate limit on staff demand savings deposits both of 6.065%, for the three months ended March 31, 2019 and 2018, the range of interest rates on other related parties' demand savings deposits were 0.00% ~ 5.11% and 0.00% ~ 5.39%, respectively. The interest rates and other terms provided to the above related parties were the same as the terms offered to the general public.

For the three months ended March 31, 2019 and 2018, interest expense on the above deposits were \$31,566 and \$15,872, respectively.

(2) Loans

Yuanta Bank and its subsidiaries

March 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	206	\$ 51,246	\$ 38,778	\$ 38,778	\$ -	Credit loans, movables and deposits	None
Home mortgage loans	400	3,183,842	3,028,082	3,028,082	-	Real estate	None
Other loans	He's Education Foundation	27,000	27,000	27,000	-	Deposits	None
	Shang Trip Travel Service	1,850	1,700	1,700	-	Real estate	None
	Yung Chin International Investment	33,907	33,434	33,434	-	Real estate	None
	Lo Sheng Feng Co., Ltd.	22,000	22,000	22,000	-	Real estate	None
	69	212,343	143,905	143,905	-	Stock, deposits, policy and real estate	None
Total			3,294,899	3,294,899	-		

December 31, 2018

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	357	\$ 65,348	\$ 37,967	\$ 37,967	\$ -	Credit loans, movables and deposits	None
Home mortgage loans	460	3,998,401	3,098,014	3,098,014	-	Real estate	None
Other loans	He's Education Foundation	27,000	27,000	27,000	-	Deposits	None
	Yung Chin International Investment	35,800	33,907	33,907	-	Real estate	None
	Asia Carbons	2,083	-	-	-	Guarantee of the Small and Medium Enterprise Credit Guarantee Fund	None
	Lo Sheng Feng Co., Ltd.	22,000	22,000	22,000	-	Real estate	None
	95	339,560	172,994	172,994	-	Stock, deposits, policy and real estate	None
Total			3,391,882	3,391,882	-		

March 31, 2018

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	176	\$ 35,310	\$ 27,425	\$ 27,425	\$ -	Credit loans and movables	None
Home mortgage loans	410	3,277,866	3,054,184	3,054,184	-	Real estate	None
Other loans	Yung Chin International Investment	35,800	35,327	35,327	-	Real estate	None
	Lo Sheng Feng Co., Ltd.	22,000	22,000	22,000	-	Real estate	None
	Asia Carbons	2,083	1,833	1,833	-	Guarantee of the Small and Medium Enterprise Credit Guarantee Fund	None
	He's Education Foundation	27,000	27,000	27,000	-	Deposits	None
	67	210,921	141,134	141,134	-	Stock, deposits, policy and real estate	None
Total			3,308,903	3,308,903	-		

Loans to related parties are under the same terms as those to other customers, except for interest rates on loans to affiliated companies were 1.68% ~ 2.50% and 1.68% ~ 2.52%, the interest rates on the remaining loans both are ranging from 0.00% to 8.58% for the three months ended March 31, 2019 and 2018, respectively, which are the same with the terms of general loans.

For the three months ended March 31, 2019 and 2018, interest income resulting from the above loans amounted to \$13,437 and \$13,449, respectively.

(3) Property transactions

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

	<u>March 31, 2019</u>	<u>December 31, 2018</u>	<u>March 31, 2018</u>	
Other related parties:				
Funds managed by Yuanta Securities Investment Trust	\$ 3,796,342	\$ 2,994,640	\$ 1,899,264	
	<u>For the three months ended March 31,</u>			
	<u>2019</u>		<u>2018</u>	
	<u>Unrealized gain</u>	<u>Realized gain</u>	<u>Unrealized loss</u>	<u>Realized gain</u>
Other related parties:				
Funds managed by Yuanta Securities Investment Trust	\$ 63,351	\$ 729,034	(\$ 32,392)	\$ 186,509

(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

	<u>For the three months ended March 31, 2019</u>			
	<u>Highest balance</u>	<u>Ending balance</u>	<u>Interest rate (%)</u>	<u>Notional amount</u>
Company's directors:				
Others	\$ 280,082	\$ 250,000	0.35~0.40	
Others	6,165	6,165	2.40 (Note: USD)	USD 200
Other related parties:				
Others	1,003,035	<u>744,614</u> <u>\$ 1,000,779</u>	0.35~0.45	

For the three months ended March 31, 2018					
	Highest balance	Ending balance	Interest rate (%)	Notional amount	
Company's directors:					
Others	\$ 481,040	\$ 430,070	0.35		
Others	5,824	5,824	1.8~1.9 (Note: USD)	USD	100
Other related parties:					
Funds managed by Yuanta					
Securities Investment Trust	442,253	-	4.10 (Note: CNY)	CNY	-
Funds managed by Yuanta					
Securities Investment Trust	147,035	-	2.00~2.05 (Note: USD)	USD	-
Mercuries Life Insurance	1,330,191	243,009	0.31~0.32		
Others	745,805	736,333	0.35		
		<u>\$ 1,415,236</u>			

Note: For foreign currency repo trade.

	Interest expenses			
	For the three months ended March 31,			
	2019		2018	
Company's directors:				
Others	\$	269	\$	405
Other related parties:				
Funds managed by Yuanta				
Securities Investment Trust		-		2,156
Mercuries Life Insurance		-		63
Others		746		639
	\$	<u>1,015</u>	\$	<u>3,263</u>

b. Bonds sold and purchased:

	For the three months ended March 31,			
	2019		2018	
	Bonds purchased	Bonds sold	Bonds purchased	Bonds sold
Other related parties:				
Yuanta SPAC IV	\$ 21,003	\$ -	\$ -	\$ -
Yuanta SPAC III	18,021	-	18,221	-
Yuanta SPAC II	-	-	21,262	-
Mercuries Life Insurance	-	-	-	2,034,477
	<u>\$ 39,024</u>	<u>\$ -</u>	<u>\$ 39,483</u>	<u>\$ 2,034,477</u>

c. Bonds transactions under repurchase agreements

		For the three months ended March 31, 2019			
		Highest balance	Ending balance	Interest rate (%)	Notional amount
Company's directors:					
Others	\$	5,241	\$ 5,241	3.25 (Note: USD)	USD 170
Other related parties:					
Others	\$	9,864	<u>\$ 9,864</u>	3.15~3.20 (Note: USD)	USD 320
		<u>\$ 15,105</u>			
		For the three months ended March 31, 2018			
		Highest balance	Ending balance	Interest rate (%)	Notional amount
Company's directors:					
Others	\$	36,399	\$ 36,399	2.10~2.35 (Note: USD)	USD 780
Other related parties:					
Others	\$	9,318	<u>\$ 9,318</u>	2.10~3.20 (Note: USD)	USD 320
		<u>\$ 45,717</u>			
		Interest income			
		For the three months ended March 31,			
		2019		2018	
Company's directors:					
Others			\$	296	\$ 199
Other related parties:					
Others				79	50
			<u>\$</u>	<u>375</u>	<u>\$ 249</u>

Note: For foreign currency repo trade.

(4) Structured notes

	March 31, 2019	December 31, 2018	March 31, 2018
Company's directors:			
Others	\$ 70,468	\$ 83,294	\$ 114,062
Other related parties:			
Others	<u>9,572</u>	<u>10,353</u>	<u>9,760</u>
	<u>\$ 80,040</u>	<u>\$ 93,647</u>	<u>\$ 123,822</u>

(5) Equity of futures traders

	<u>March 31, 2019</u>	<u>December 31, 2018</u>	<u>March 31, 2018</u>
Company's directors:			
Others	\$ 31,743	\$ 874,886	\$ 860,092
Other related parties:			
Funds managed by Yuanta			
Securities Investment Trust	24,315,517	22,878,227	16,516,651
Others	<u>37,607</u>	<u>33,518</u>	<u>18,469</u>
	<u>\$ 24,384,867</u>	<u>\$ 23,786,631</u>	<u>\$ 17,395,212</u>

(6) Refundable deposits for securities lending and refundable deposits receivable lending and security borrowing expenses

	<u>Refundable deposits for securities lending</u>		
	<u>March 31, 2019</u>	<u>December 31, 2018</u>	<u>March 31, 2018</u>
Other related parties:			
Funds managed by Yuanta			
Securities Investment Trust	<u>\$ 109,320</u>	<u>\$ 69,904</u>	<u>\$ 278,609</u>
	<u>Refundable deposits receivable lending</u>		
	<u>March 31, 2019</u>	<u>December 31, 2018</u>	<u>March 31, 2018</u>
Other related parties:			
Funds managed by Yuanta			
Securities Investment Trust	<u>\$ 1,466</u>	<u>\$ -</u>	<u>\$ 21,314</u>
	<u>Security borrowing expenses</u>		
	<u>For the three months ended March 31,</u>		
	<u>2019</u>	<u>2018</u>	
Other related parties:			
Funds managed by Yuanta			
Securities Investment Trust	<u>\$ 1,984</u>	<u>\$ 2,327</u>	

As of March 31, 2019, December 31, 2018 and March 31, 2018, borrowing expenses payable were \$2,459, \$566 and \$1,104, respectively.

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

	<u>Receivables from loans to employees</u>		
	<u>March 31, 2019</u>	<u>December 31, 2018</u>	<u>March 31, 2018</u>
Company's directors:			
Others	\$ 15,394	\$ 15,791	\$ 24,426
Other related parties:			
Others	<u>221,946</u>	<u>240,153</u>	<u>233,902</u>
	<u>\$ 237,340</u>	<u>\$ 255,944</u>	<u>\$ 258,328</u>

	<u>Interest income on loans to employees</u>	
	<u>For the three months ended March 31,</u>	
	<u>2019</u>	<u>2018</u>
Company's directors:		
Others	\$ 75	\$ 246
Other related parties:		
Others	3,664	2,040
	<u>\$ 3,739</u>	<u>\$ 2,286</u>

(8) Receivables from access service fees income and access service fees income

	<u>Access service fees income</u>	
	<u>For the three months ended March 31,</u>	
	<u>2019</u>	<u>2018</u>
Other related parties:		
Funds managed by Yuanta		
Securities Investment Trust	\$ 569	\$ 27

As of March 31, 2019, December 31, 2018 and March 31, 2018, receivables from access service fees income were all \$0.

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

	<u>Agent fee income receivables</u>		
	<u>March 31, 2019</u>	<u>December 31, 2018</u>	<u>March 31, 2018</u>
Other related parties:			
Yuanta Secondary No.3 Fund	\$ 12,353	\$ 533	\$ -
Yuanta Secondary No.2 Fund	8,053	-	8,590
2016 KIF-Yuanta ICT			
Venture Fund	4,010	-	4,054
KVIC-Yuanta 2015			
Overseas Fund	3,854	8,173	5,137
IBKC-TongYang Growth			
2013 Private Equity Fund	3,029	7,483	3,566
Others	3,209	5,594	9,582
	<u>\$ 34,508</u>	<u>\$ 21,783</u>	<u>\$ 30,929</u>

	<u>Agent fee income</u>	
	<u>For the three months ended March 31,</u>	
	<u>2019</u>	<u>2018</u>
Other related parties:		
Yuanta Secondary No.3 Fund	\$ 11,954	\$ -
Yuanta Secondary No.2 Fund	8,139	8,566
2016KIF-Yuanta ICT Venture Fund	4,052	4,043
KVIC-Yuanta 2015 Overseas Fund	3,895	5,123
Others	6,671	10,468
	<u>\$ 34,711</u>	<u>\$ 28,200</u>

For the three months ended March 31, 2019 and 2018, the Yuanta Group received fund agent fee income from Yuanta Diamond Funds SPC amounting to \$14,281 and \$10,318, respectively. As of March 31, 2019, December 31, 2018 and March 31, 2017, the Yuanta Group held fund balances of \$303,748, \$336,694 and \$163,817, respectively.

(10) Receivable from stock custodian income and stock custodian income

	Receivable from stock custodian		
	March 31, 2019	December 31, 2018	March 31, 2018
Other related parties:			
Others	\$ 34	\$ 34	\$ 69
		Stock custodian income	
		For the three months ended March 31,	
		2019	2018
Other related parties:			
Others		\$ 66	\$ 171

(11) Investment refund receivable

	March 31, 2019	December 31, 2018	March 31, 2018
Other related parties:			
2011KIF-TongYang IT Venture Fund	\$ 36,399	\$ 36,617	\$ 35,794
TongYang Agri-Food Investment Fund 2nd	33,049	33,537	32,828
IBKC-TongYang Growth 2013 Private Equity Fund	54,690	25,518	-
KoFC-TongYang Pioneer Champ 2010-5th Venture Capital Fund	-	-	106,296
	<u>\$ 124,138</u>	<u>\$ 95,672</u>	<u>\$ 174,918</u>

(12) Loan receivable, interest receivable, interest income and security-based loan interest income

	Loan receivable		
	March 31, 2019	December 31, 2018	March 31, 2018
Other related parties:			
Others	\$ 31,379	\$ 37,055	\$ 29,578
		Interest receivable	
	March 31, 2019	December 31, 2018	March 31, 2018
Other related parties:			
Others	\$ 588	\$ 588	\$ 194

	Loan interest income		
	For the three months ended March 31,		
	2019	2018	
Other related parties:			
Others	\$	145	\$ 135
(13) Refundable deposits - self-regulatory organisation fund			
	March 31, 2019	December 31, 2018	March 31, 2018
Other related parties:			
Taiwan Securities Association	\$	300	\$ -
(14) Other financial liabilities and Interest expense			
Customers' deposits of Yuanta Securities recorded as other financial liabilities were as follows:			
	Other financial liabilities		
	March 31, 2019	December 31, 2018	March 31, 2018
Company's directors:			
Others	\$	4,997	\$ 5,033
Other related parties:			
Others	1	1	-
	\$	4,998	\$ 5,034
	Interest expense		
	For the three months ended March 31,		
	2019	2018	
Company's directors:			
Others	\$	1	\$ -
Other related parties:			
Others		5	14
	\$	6	\$ 14
(15) Accounts payable			
	March 31, 2019	December 31, 2018	March 31, 2018
Other related parties:			
Antay Securities	\$	162	\$ 225
(16) Other payables			
	March 31, 2019	December 31, 2018	March 31, 2018
Company's directors:			
Others	\$	7	\$ 19
			41

(17) Stocks issued by fellow subsidiary

	Ending balance		
	March 31, 2019	December 31, 2018	March 31, 2018
Other related parties			
Sintronic Technology	\$ 151,345	\$ 151,345	\$ 111,652
Others	-	-	1
	<u>\$ 151,345</u>	<u>\$ 151,345</u>	<u>\$ 111,653</u>
		For the three months ended March 31, 2019	
		Unrealized loss	Realized (loss) gain
Other related parties			
Sintronic Technology		(\$ 1,510)	\$ -
Others		-	-
		<u>(\$ 1,510)</u>	<u>\$ -</u>
		For the three months ended March 31, 2018	
		Unrealized loss	Realized loss
Other related parties			
Sintronic Technology		(\$ 8,630)	(\$ 265)
Others		(1)	(36)
		<u>(\$ 8,631)</u>	<u>(\$ 301)</u>

(18) Credit transaction between the Yuanta Group and related parties:

	March 31, 2019		
	Margin of stock loan	Balance of guaranteed price from securities borrower	Balance
Company's directors:			
Others	\$ 9,348	\$ 9,666	\$ 31,745
Other related parties:			
Others	-	158	16,972
	<u>\$ 9,348</u>	<u>\$ 9,824</u>	<u>\$ 48,717</u>
		December 31, 2018	
		Balance of guaranteed price from securities borrower	Balance
Company's directors:			
Others	\$ 8,217	\$ 36,859	\$ 30,010
Other related parties:			
Others	8,298	9,765	31,995
	<u>\$ 16,515</u>	<u>\$ 46,624</u>	<u>\$ 62,005</u>

		March 31, 2018			
		Balance of guaranteed price from			
		Margin of stock loan	securities borrower	Balance	
Company's directors:					
Others	\$	1,989	\$ 2,274	\$	66,969
Other related parties:					
Others		1,006	1,112		25,447
	\$	2,995	\$ 3,386	\$	92,416
		March 31, 2019		December 31, 2018	
		Security short-selling interest payable	Security financing interest receivable	Security short-selling interest payable	Security financing interest receivable
Company's directors:					
Others	\$	-	\$ 436	\$ -	\$ 667
Other related parties:					
Others		-	436	1	603
	\$	-	\$ 872	\$ 1	\$ 1,270
		March 31, 2018			
				Security short-selling interest payable	Security financing interest receivable
Company's directors:					
Others				\$ -	\$ 1,069
Other related parties:					
Others				-	545
				\$ -	\$ 1,614
		For the three months ended March 31,			
		2019		2018	
		Security short- selling interest expenditures	Security financing interest revenue	Security short- selling interest expenditures	Security financing interest revenue
Company's directors:					
Others	\$	-	\$ 74	\$ -	\$ 1,111
Other related parties:					
Others		1	77	-	590
	\$	1	\$ 151	\$ -	\$ 1,701

(19) Futures commission expenses – futures introducing broker business and re-consignment business

	<u>For the three months ended March 31,</u>	
	<u>2019</u>	<u>2018</u>
Other related parties:		
Antay Securities	\$ <u>442</u>	\$ <u>678</u>

(20) ETF redemption fees

	<u>For the three months ended March 31,</u>	
	<u>2019</u>	<u>2018</u>
Other related parties:		
Funds managed by Yuanta Securities Investment Trust	\$ <u>30,582</u>	\$ <u>11,298</u>

(21) Information technology expenses

	<u>For the three months ended March 31,</u>	
	<u>2019</u>	<u>2018</u>
Other related parties:		
Reuters	\$ <u>-</u>	\$ <u>3,063</u>

(22) Fund underwriting commission expenses

	<u>For the three months ended March 31,</u>	
	<u>2019</u>	<u>2018</u>
Other related parties:		
Yuanta SPAC IV	\$ <u>4,108</u>	\$ <u>-</u>

(23) Operating expenses

		<u>For the three months ended March 31,</u>	
	<u>Nature</u>	<u>2019</u>	<u>2018</u>
Other related parties:			
Yuanta Foundation	Donation expenditure	\$ 22,500	\$ 25,500
Polaris Research	Donation expenditure	<u>24,740</u>	<u>20,700</u>
		\$ <u>47,240</u>	\$ <u>46,200</u>

(24) Premium income

	<u>For the three months ended March 31,</u>	
	<u>2019</u>	<u>2018</u>
Other related parties:		
Others	\$ <u>89,342</u>	\$ <u>119,468</u>

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

	<u>For the three months ended March 31,</u>	
	<u>2019</u>	<u>2018</u>
Company's directors:		
Others	\$ 3,001	\$ 3,961
Other related parties:		
Funds managed by Yuanta Securities Investment Trust	65,076	51,144
Others	<u>2,178</u>	<u>6,536</u>
	<u>\$ 70,255</u>	<u>\$ 61,641</u>

- (26) Rental income incident to leases from related parties by Yuanta Group. The circumstances of the transaction are as follows:

	<u>For the three months ended March 31,</u>	
	<u>2019</u>	<u>2018</u>
Other related parties:		
Polaris Research	\$ 549	\$ 549
Yuanta Construction Development	142	171
Yuanta Foundation	<u>10</u>	<u>10</u>
	<u>\$ 701</u>	<u>\$ 730</u>

- (27) Deposits received incident to leases from related parties by Yuanta Group. The circumstances of the transaction are as follows:

	<u>March 31, 2019</u>	<u>December 31, 2018</u>	<u>March 31, 2018</u>
Other related parties:			
Polaris Research	\$ 547	\$ 547	\$ 547
Yuanta Foundation	<u>11</u>	<u>11</u>	<u>11</u>
	<u>\$ 558</u>	<u>\$ 558</u>	<u>\$ 558</u>

- (28) Other operating income- Dividend Income

	<u>For the three months ended March 31,</u>	
	<u>2019</u>	<u>2018</u>
Other related parties:		
Funds managed by Yuanta Securities Investment Trust	\$ 27,644	\$ 1,748

(29) Information on remunerations to the Company's key management:

	For the three months ended March 31,	
	2019	2018
Salaries and other short-term employee benefits	\$ 1,370,581	\$ 1,370,489
Termination benefits	3,234	15,564
Post-employment benefit	36,524	41,229
Total	\$ 1,410,339	\$ 1,427,282

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

(1) Yuanta Bank and its subsidiaries

(A) Deposits

March 31, 2019			
Name	Ending balance	Percentage of deposits (%)	Interest rate (%)
All related parties	\$ 54,989,492	5.15	0.00~6.065

December 31, 2018			
Name	Ending balance	Percentage of deposits (%)	Interest rate (%)
All related parties	\$ 52,541,005	4.94	0.00~6.065

March 31, 2018			
Name	Ending balance	Percentage of deposits (%)	Interest rate (%)
All related parties	\$ 45,537,873	4.28	0.00~6.065

Apart from an interest rate limit on staff demand savings deposits both of 6.065%, for the three months ended March 31, 2019 and 2018, the range of interest rates on other related parties' demand savings deposits were 0.00% ~ 5.11% and 0.00% ~ 5.39%, respectively. The interest rates and other terms provided to the above related parties were the same as the terms offered to the general public.

For the three months ended March 31, 2019 and 2018, interest expense on the above deposits was \$104,275 and \$60,559, respectively.

(BLANK)

(B)Loans

March 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	206	\$ 51,246	\$ 38,778	\$ 38,778	\$ -	Credit loans, movables and deposits	None
Home mortgage loans	400	3,183,842	3,028,082	3,028,082	-	Real estate	None
Other loans	He's Education Foundation	27,000	27,000	27,000	-	Deposits	None
	Shang Trip Travel Service	1,850	1,700	1,700	-	Real estate	None
	Yung Chin International Investment	33,907	33,434	33,434	-	Real estate	None
	Lo Sheng Feng Co., Ltd.	22,000	22,000	22,000	-	Real estate	None
	69	212,343	143,905	143,905	-	Stock, deposits, policy and real estate	None
Total			3,294,899	3,294,899	-		

December 31, 2018

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	357	\$ 65,348	\$ 37,967	\$ 37,967	\$ -	Credit loans, movables and deposits	None
Home mortgage loans	460	3,998,401	3,098,014	3,098,014	-	Real estate	None
Other loans	He's Education Foundation	27,000	27,000	27,000	-	Deposits	None
	Yung Chin International Investment	35,800	33,907	33,907	-	Real estate	None
	Asia Carbons	2,083	-	-	-	Guarantee of the Small and Medium Enterprise Credit Guarantee Fund	None
	Lo Sheng Feng Co., Ltd.	22,000	22,000	22,000	-	Real estate	None
	95	339,560	172,994	172,994	-	Stock, deposits, policy and real estate	None
Total			3,391,882	3,391,882	-		

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	176	\$ 35,310	\$ 27,425	\$ 27,425	\$ -	Credit loans and movables	None
Home mortgage loans	410	3,277,866	3,054,184	3,054,184	-	Real estate	None
Other loans	Yung Chin International Investment	35,800	35,327	35,327	-	Real estate	None
	Lo Sheng Feng Co., Ltd.	22,000	22,000	22,000	-	Real estate	None
	Asia Carbons	2,083	1,833	1,833	-	Guarantee of the Small and Medium Enterprise Credit Guarantee Fund	None
	He's Education Foundation	27,000	27,000	27,000	-	Deposits	None
	67	210,921	141,134	141,134	-	Stock, deposits, policy and real estate	None
Total			3,308,903	3,308,903	-		

Loans to related parties are under the same terms as those to other customers, except for interest rates on loans to affiliated companies were 1.68% ~ 2.50% and 1.68% ~ 2.52%, the interest rates on the remaining loans both are ranging from 0.00% ~ 8.58% for the three months ended March 31, 2019 and 2018, respectively, which are the same with the terms of general loans.

For the three months ended March 31, 2019 and 2018, interest income resulting from the above loans amounted to \$13,437 and \$13,449, respectively.

(C) Service fee income

	For the three months ended March 31,	
	2019	2018
Fellow subsidiary:		
Yuanta Life	\$ 187,542	\$ 173,464
Yuanta Securities Investment Trust	1,980	3,155
	<u>\$ 189,522</u>	<u>\$ 176,619</u>

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

	March 31, 2019	December 31, 2018	March 31, 2018
Fellow subsidiary:			
Yuanta Life	\$ 78,393	\$ 66,513	\$ 62,297
Yuanta Securities Investment Trust	398	380	460
	<u>\$ 78,791</u>	<u>\$ 66,893</u>	<u>\$ 62,757</u>

(D) Current income tax assets/liabilities

	March 31, 2019	December 31, 2018	March 31, 2018
Parent company:			
Yuanta Financial Holdings			
Consolidated income tax refundable	<u>\$ 2,275,250</u>	<u>\$ 2,275,250</u>	<u>\$ 2,276,587</u>
Consolidated income tax payable	<u>\$ 826,715</u>	<u>\$ 312,073</u>	<u>\$ 571,142</u>

(E) Property transactions
Derivative trading

March 31, 2019

					Balance sheet	
Fellow subsidiary:	Derivative contract name	Contract period	Nominal principal	Current evaluation (loss)	Subject	Balance
	Exchange contract	2018/10/17 ~2019/04/19	\$ 400,725	\$ 4,990	Financial assets at fair value through profit or loss	\$ 4,990

December 31, 2018

					Balance sheet	
Fellow subsidiary:	Derivative contract name	Contract period	Nominal principal	Current evaluation (loss)	Subject	Balance
	Exchange contract	2018/10/17 ~2019/04/19	\$ 399,529	\$ 623	Financial assets at fair value through profit or loss	\$ 623

March 31, 2018: None.

(2) Yuanta Securities and its subsidiaries

(A) Futures commission income, futures trading guarantees – self capital, commissions receivable at period end (recorded under receivables) and service expense on self – operation arising from Yuanta Securities and its subsidiaries engaging in brokerage of futures transactions with affiliates and in concurrent operation of futures proprietary business were as follows:

March 31, 2019

			Futures trading guarantees	
Fellow subsidiary:	Commissions receivable at period end	Self capital	Balance of excess futures guarantee deposits	
Yuanta Futures	\$ 15,197	\$ 1,385,037	\$ 2,252,860	

December 31, 2018

			Futures trading guarantees	
Fellow subsidiary:	Commissions receivable at period end	Self capital	Balance of excess futures guarantee deposits	
Yuanta Futures	\$ 18,768	\$ 1,240,997	\$ 2,191,639	

		March 31, 2018		
		Futures trading guarantees		
		Commissions receivable at period end	Self capital	Balance of excess futures guarantee deposits
Fellow subsidiary:				
Yuanta Futures		\$ 25,666	\$ 1,473,601	\$ 2,125,061
		Settlement and clearing service fees payable		
		March 31, 2019	December 31, 2018	March 31, 2018
Fellow subsidiary:				
Yuanta Futures		\$ 3,129	\$ 3,547	\$ 3,558
		For the three months ended March 31, 2019		
		Commission income	Service fee expenses settled	Service expense on self-operation
Fellow subsidiary:				
Yuanta Futures		\$ 41,973	\$ 7,559	\$ 30,640
		For the three months ended March 31, 2018		
		Commission income	Service fee expenses settled	Service expense on self-operation
Fellow subsidiary:				
Yuanta Futures		\$ 66,366	\$ 9,126	\$ 27,951

(B) Bank deposits, interest income and interest receivable

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

		March 31, 2019	
		Bank deposits ending balance	Other receivables – interests receivable (Note)
Fellow subsidiary:			
Yuanta Bank		\$ 7,593,899	\$ 6,268
		December 31, 2018	
		Bank deposits ending balance	Other receivables – interests receivable (Note)
Fellow subsidiary:			
Yuanta Bank		\$ 8,553,913	\$ 4,489
		March 31, 2018	
		Bank deposits ending balance	Other receivables – interests receivable (Note)
Fellow subsidiary:			
Yuanta Bank		\$ 13,088,363	\$ 1,748

	For the three months ended March 31,	
	2019	2018
	Other gains and losses – interest revenue (Note)	Other gains and losses – interest revenue (Note)

Fellow subsidiary:

Yuanta Bank	\$ 18,122	\$ 11,115
-------------	-----------	-----------

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 \$549,000, \$629,000 and \$870,000, respectively, as of March 31, 2019, December 31, 2018 and March 31, 2018.

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

	March 31, 2019	December 31, 2018	March 31, 2018
Parent company:			
Yuanta Financial Holdings			
Consolidated income tax return receivables	\$ 699,172	\$ 699,172	\$ 699,172
Consolidated income tax return payables	\$ 709,535	\$ 687,285	\$ 1,392,684

(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:

	March 31, 2019	December 31, 2018	March 31, 2018
Fellow subsidiary:			
Yuanta Bank	\$ 1,275,000	\$ 925,000	\$ 925,000

(E) Refundable deposits

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

	March 31, 2019	December 31, 2018	March 31, 2018
Fellow subsidiary:			
Yuanta Bank	\$ 100,000	\$ 100,000	\$ 100,000

(F) Security lending deposits, refundable deposits receivable lending and security borrowing expenses

		March 31, 2019		
		Security lending deposits	Refundable deposits receivable lending	Borrowing expenses payable
Other related parties: Funds managed by Yuanta Securities Investment Trust		\$ 109,320	\$ 1,466	\$ 2,459
		December 31, 2018		
		Security lending deposits	Refundable deposits receivable lending	Borrowing expenses payable
Other related parties: Funds managed by Yuanta Securities Investment Trust		\$ 69,904	\$ -	\$ 566
		March 31, 2018		
		Security lending deposits	Refundable deposits receivable lending	Borrowing expenses payable
Other related parties: Funds managed by Yuanta Securities Investment Trust		\$ 278,609	\$ 21,314	\$ 1,104
		Security borrowing expenses		
		For the three months ended March 31,		
		2019	2018	
Other related parties: Funds managed by Yuanta Securities Investment Trust		\$ 1,984	\$ 2,327	

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

(H) Commission receivables and commission income

		Commission receivables		
		March 31, 2019	December 31, 2018	March 31, 2018
Fellow subsidiary: Yuanta Life		\$ 44,403	\$ 41,893	\$ 63,292
		Commission income		
		For the three months ended March 31,		
		2019	2018	
Fellow subsidiary: Yuanta Life		\$ 107,308	\$ 131,647	

(I) Investment refund receivable

Please refer to Note 7B(11).

(J) Pending settlements

As of March 31, 2019, December 31, 2018 and March 31, 2018, Yuanta Securities had amounts held for settlement of \$1,493,032, \$1,487,493 and \$590,005 ,respectively.

(K) Property transactions

(a) Bonds transactions under repurchase agreements:

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

(b) Bonds sold and purchased:

	For the three months ended March 31,			
	2019		2018	
	Bonds Purchased	Bonds Sold	Bonds Purchased	Bonds Sold
Fellow subsidiary:				
Yuanta Bank	\$ -	\$ -	\$ -	\$ 99,876
Other related parties:				
Mercuries Life				
Insurance	-	-	-	2,034,477
Yuanta SPAC IV	21,003	-	-	-
Yuanta SPAC III	18,021	-	18,221	-
Yuanta SPAC II	-	-	21,262	-
	<u>\$ 39,024</u>	<u>\$ -</u>	<u>\$ 39,483</u>	<u>\$ 2,134,353</u>

(c) Bonds transactions under repurchase agreements

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

(L) Structured notes

Please refer to Note 7B(4).

(M) Customer margin deposit

	March 31, 2019	December 31, 2018	March 31, 2018
Fellow subsidiary:			
Yuanta Futures	<u>\$ 121,119</u>	<u>\$ 102,933</u>	<u>\$ 136,677</u>

(N) Funds and beneficiary certificates managed by fellow subsidiary

	March 31, 2019	December 31, 2018	March 31, 2018
Other related parties:			
Fund managed by			
Yuanta Securities			
Investment Trust	<u>\$ 3,418,466</u>	<u>\$ 2,696,840</u>	<u>\$ 1,481,236</u>

	For the three months ended March 31,			
	2019		2018	
	Unrealized gain	Realized gain	Unrealized loss	Realized gain
Other related parties:				
Fund managed by				
Yuanta Securities				
Investment Trust	<u>\$ 54,044</u>	<u>\$ 728,936</u>	<u>(\$ 32,241)</u>	<u>\$ 147,723</u>

(O) Securities issued by fellow subsidiary

	<u>March 31, 2019</u>	<u>December 31, 2018</u>	<u>March 31, 2018</u>
Other related parties:			
Sintronic Technology	\$ 151,345	\$ 151,345	\$ 111,652
Others	<u>-</u>	<u>-</u>	<u>1</u>
	<u>\$ 151,345</u>	<u>\$ 151,345</u>	<u>\$ 111,653</u>
	<u>For the three months ended March 31,</u>		
	<u>2019</u>		<u>2018</u>
	<u>Unrealised</u>	<u>Realised</u>	<u>Unrealised</u>
	<u>loss</u>	<u>loss</u>	<u>loss</u>
Parent company:			
Yuanta Financial			
Holdings	\$ -	(\$ 8)	\$ -
Other related parties:			
Sintronic			
Technology	(1,510)	-	(8,630)
Others	<u>-</u>	<u>-</u>	<u>(1)</u>
	<u>(\$ 1,510)</u>	<u>(\$ 8)</u>	<u>(\$ 8,631)</u>

(P) Others

- (a) As of March 31, 2019, December 31, 2018 and March 31, 2018, the lines of credit Yuanta Securities and its subsidiaries have drawn in order to acquire Yuanta Bank were all \$4,600,000. The carrying amounts of land and building amounting to \$3,632,392, \$3,642,426 and \$3,668,815, respectively, were designated as collateral.
- (b) For the three months ended March 31, 2019 and 2018, fund management fee income from fund managed by Yuanta Securities and its subsidiaries amounted to \$14,281 and \$10,318, respectively. As of March 31, 2019, December 31, 2018 and March 31, 2018, Yuanta Securities and its subsidiaries held fund balances of \$303,748, \$336,694 and \$163,817 respectively.

(3) Yuanta Futures and its subsidiaries

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

	<u>March 31, 2019</u>		
	<u>Bank deposits</u>	<u>Operating guarantee deposits</u>	<u>Customer margin deposits</u>
Fellow subsidiary:			
Yuanta Bank	<u>\$ 1,872,461</u>	<u>\$ 140,000</u>	<u>\$ 9,418,389</u>
		<u>December 31, 2018</u>	
	<u>Bank deposits</u>	<u>Operating guarantee deposits</u>	<u>Customer margin deposits</u>
Fellow subsidiary:			
Yuanta Bank	<u>\$ 1,995,376</u>	<u>\$ 140,000</u>	<u>\$ 14,675,660</u>

	March 31, 2018		
	Bank deposits	Operating guarantee deposits	Customer margin deposits
Fellow subsidiary:			
Yuanta Bank	\$ 936,817	\$ 140,000	\$ 11,334,004
(B) Customer margin account for leverage contracts			
	March 31, 2019	December 31, 2018	March 31, 2018
Fellow subsidiary:			
Yuanta Bank	\$ 142,162	\$ 126,850	\$ 135,716
(C) Equity of futures traders			
	March 31, 2019	December 31, 2018	March 31, 2018
Fellow subsidiary:			
Yuanta Securities	\$ 3,206,692	\$ 2,994,353	\$ 3,238,831
Yuanta Securities (Hong Kong)	418,300	419,049	379,677
Yuanta Securities (Korea)	156,168	149,755	140,604
Yuanta Bank	12,832	5,991	41,318
Company's directors :			
Others	31,743	874,886	860,092
Other related parties:			
Funds managed by Yuanta Securities Investment Trust	24,315,517	22,878,227	16,516,651
Others	37,607	33,518	18,469
	<u>\$ 28,178,859</u>	<u>\$ 27,355,779</u>	<u>\$ 21,195,642</u>

(4) Yuanta Securities Investment Consulting

As of March 31, 2019, December 31, 2018 and March 31, 2018, Yuanta Securities Investment Consulting respectively deposited \$181,047, \$231,676 and \$170,770 to Yuanta Bank, amongst which, the operating guarantee deposits were both \$5,000, with annual interest rates of 1.035%.

(5) Yuanta Securities Investment Trust

(A) Bank deposits

	March 31, 2019	December 31, 2018	March 31, 2018
Fellow subsidiary:			
Yuanta Bank	\$ 2,126,469	\$ 2,193,495	\$ 1,591,938

(B) Management fee receivable and agent fee income

	Management fee receivable		
	March 31, 2019	December 31, 2018	March 31, 2018
Other related parties:			
Funds managed by Yuanta Securities Investment Trust	\$ 213,528	\$ 210,114	\$ 202,990

	<u>Agent fee income</u>		
	<u>For the three months ended March 31,</u>		
	<u>2019</u>		<u>2018</u>
Other related parties:			
Funds managed by Yuanta			
Securities Investment Trust	\$	604,253	\$ 593,093
(C) Fund transactions			
Securities investment trust funds raised by the Yuanta Securities Investment Consulting which are held by Yuanta Securities Investment Consulting and its related parties are as follows:			
	<u>March 31, 2019</u>	<u>December 31, 2018</u>	<u>March 31, 2018</u>
Yuanta Securities			
Investment Trust	\$	107,555	\$ 106,662
Fellow subsidiary:			
Yuanta Securities	3,418,466	2,696,840	1,481,236
Yuanta Life	250,321	171,428	220,217
Yuanta Futures	20,000	19,710	-
	<u>\$ 3,796,342</u>	<u>\$ 2,994,640</u>	<u>\$ 1,899,264</u>
(6) Yuanta Life			
(A) Bank deposits			
	<u>March 31, 2019</u>	<u>December 31, 2018</u>	<u>March 31, 2018</u>
Fellow subsidiary:			
Yuanta Bank (Note)	\$	4,240,299	\$ 4,565,902
Note: Including other financial assets.			<u>\$ 344,076</u>
(B) Current income tax assets			
	<u>March 31, 2019</u>	<u>December 31, 2018</u>	<u>March 31, 2018</u>
Parent company:			
Yuanta Financial Holdings	\$	1,965,096	\$ 2,013,188
			<u>\$ 1,325,099</u>
The above represents consolidated income tax return receivable.			
(C) Property transactions – beneficiary certificates			
	<u>March 31, 2019</u>	<u>December 31, 2018</u>	<u>March 31, 2018</u>
Other related parties:			
Funds managed by Yuanta			
Securities Investment			
Trust	\$	250,321	\$ 171,428
			<u>\$ 220,217</u>

	<u>For three months ended March 31, 2019</u>	
	<u>Purchase price</u>	<u>Proceeds on disposal</u>
Other related parties:		
Funds managed by Yuanta Securities Investment Trust	\$ <u>120,000</u>	\$ <u>-</u>
	<u>For three months ended March 31, 2018</u>	
	<u>Purchase price</u>	<u>Proceeds on disposal</u>
Other related parties:		
Funds managed by Yuanta Securities Investment Trust	\$ <u>300,000</u>	\$ <u>338,027</u>

(D) Payables

	<u>March 31, 2019</u>	<u>December 31, 2018</u>	<u>March 31, 2018</u>
Parent company:			
Yuanta Financial Holdings	\$ 34	\$ 3,718	\$ 866
Fellow subsidiary:			
Yuanta Bank	56,103	59,918	56,462
Yuanta International Insurance Brokers	44,403	41,893	63,292
	<u>\$ 100,540</u>	<u>\$ 105,529</u>	<u>\$ 120,620</u>

(E) Premium income

Please refer to Note 7 B(24).

(F) Commission expense

	<u>For the three months ended March 31,</u>	
	<u>2019</u>	<u>2018</u>
Fellow subsidiary:		
Yuanta Bank	\$ 171,112	\$ 162,830
Yuanta International Insurance Brokers	107,309	131,647
	<u>\$ 278,421</u>	<u>\$ 294,477</u>

(7) Yuanta Ventures and subsidiary

(A) Bank deposits

	<u>March 31, 2019</u>	<u>December 31, 2018</u>	<u>March 31, 2018</u>
Fellow subsidiary:			
Yuanta Bank	\$ 722,475	\$ 718,125	\$ 357,242

(B) Current tax assets

	<u>March 31, 2019</u>	<u>December 31, 2018</u>	<u>March 31, 2018</u>
Parent company:			
Yuanta Financial Holdings	\$ 105,204	\$ 103,850	\$ 79,121

The above represents parent company's consolidated income tax receivable.

8. Pledged assets

As of March 31, 2019, December 31, 2018 and March 31, 2018, the Yuanta Group's assets pledged as collateral are as follows:

Items	March 31, 2019	December 31, 2018	March 31, 2018	Purpose of pledge
Financial assets at fair value through profit or loss	\$ 144,192,149	\$ 167,971,825	\$ 175,450,076	Bonds under repurchase agreement, bid bonds for operating guarantee deposits and futures trading margin, collateral for securities lending and OTC trading
	65,202,096	67,887,652	76,146,484	Merchant business
	52,056	51,914	50,278	Guarantee deposits for notes
Financial assets at fair value through other comprehensive income	3,094,469	2,980,099	3,261,226	Claim reserve from trust fund, collateral for securities lending business, guarantees on asset disposal and customer default fine
	1,609,185	1,615,154	1,571,144	Operating guarantee deposits
	51,045,842	32,770,168	21,077,366	Bonds under repurchase agreement, operating guarantee deposits, OTC performance bonds and guarantees on asset disposal
	4,138	31,102	519,475	Collateral for provisional seizure
	-	-	92,111	Claim reserve from trust fund
	-	-	102,346	Settlement reserves for Electronic Bond Trading System (EBTS) issued by OTC
	-	-	50,704	Deposit guarantees of bills merchants
	-	-	40,564	Guarantee deposits from security underwriters
	-	-	10,140	Guarantee deposits from security dealers
	-	-	4,572	VISA international card payment reserves
Financial assets at amortised cost	106,054	2,992	2,992	Guarantee for operating activities
	679,553	680,587	600,000	Operating guarantee deposits
	186,538	186,813	65,602	Claim reserve from trust fund
	10,549,720	11,342,500	11,023,000	Overdraft guarantee for foreign currency settlement
	110,298	110,460	-	Settlement reserves for Electronic Bond Trading System (EBTS) issued by OTC
	55,149	55,230	-	Deposit guarantees of bills merchants
	498,106	477,298	-	Collateral for provisional seizure
	5,184	5,192	-	VISA international card payment reserves
	44,119	44,184	-	Guarantee deposits from security underwriters
	11,030	11,046	-	Guarantee deposits from security dealers
	-	40,117	40,191	Stock borrowings
	-	63,248	64,088	Deposits for guarantees in the Central Bank
Accounts receivable	6,500	6,000	6,000	Collateral for provisional seizure
Restricted assets	2,124,645	2,154,999	1,937,997	Collateral for settlement limit, short-term loans, payable short-term bills and OTC derivative transactions
	339,611	380,646	994,835	Operating guarantee deposits-HKEx, structured notes, interest rate swap account and repo trade
	1,070	1,086	1,041	Overdraft guarantee
	83,553	85,980	90,898	Dividends payable arising from stock agency business
	-	-	274,000	Collateral for settlement limit and structured products
Other assets	266,740	433,871	446,386	Operating guarantee deposits
	3,245,259	2,144,672	1,241,052	Performance bond and rental deposits
	-	250,000	300,000	Stock borrowings
	-	140,000	140,000	Deposits for guarantees in the Central Bank
	1,289,968	58,648	119,851	Underwriting share proceeds collected on behalf of customers
Property and equipment and investment property	3,586,617	3,624,348	3,406,355	Collateral for settlement limit and short-term loans; collateral for mortgage loans and leases
Treasury share of Yuanta Securities (Korea)	577,799	595,815	846,044	Collateral for securities lending business

9. Significant contingent liabilities and unrecognised contract commitments

(1) As of March 31, 2019, December 31, 2018 and March 31, 2018, capital expenditure contracted for at the balance sheet date but not yet incurred was \$1,095,862, \$1,456,876 and \$779,998, respectively.

(2) Stocks entrusted to custody

As of March 31, 2019, December 31, 2018 and March 31, 2018, 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 \$77,447, \$77,070 and \$77,447, respectively.

(3) Operating leases

Please see Note 12(3)B(C)e.

(4) Transactions on behalf of customers

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

(5) As of March 31, 2019, Yuanta Securities (Korea) entered into a bond purchase contract with Pospower Co., Ltd.. Yuanta Securities (Korea) has committed an investment limit of ₩250 billion (NT\$ 6.775 billion), and has provided performance guarantee in relation to a lease fund with total limit of ₩0.1 billion (approximately NT\$2.71 million) for IGIS Professional Private Real Estate Investment Trust.

(6) 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, customers demanded Yuanta Securities, the surviving company under the merger, bear joint responsibility for compensations as the employer. Originally, on June 25, 2013, the claimed compensation was \$25,718. From then on, the claims increased to \$40,310 on June 30, 2015 and reduced to \$39,769 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 have filed an appeal, and the case is currently under review of the Taiwan High Court.

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 et al. On January 17, 2018, the plaintiff claimed that the compensation was raised to \$952,511 (of which \$950,861 was subject to joint liability). The mediation was declared failed by the Taiwan Taipei District Court. On July 11, 2018, Seventh-Day Adventist Church and Taiwan Adventist Hospital filed a separate action for the same proceeding 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 March 31, 2019, of the total 22 litigations against Yuanta Securities (Korea) and its subsidiaries, 6 litigations were related to financial products sales disputes of TongYang Securities Inc. (please refer to the explanation in Note 6(26)). The remaining 16 litigations were unrelated to financial products sales disputes with demanded compensation totaling ₩1,153,737 million (approximately NT\$31.3 billion) of which cases there is one that Anbang Group Holdings Co., Ltd. and Anbang Life Insurance Co., Ltd. (collectively, "Anbang") filed an arbitration counterclaim against Yuanta Securities (Korea) and other four sellers. The original claimed amount was ₩698,000 million (approximately NT\$18.9 billion). Thereafter, Anbang has revised its claimed amount for several times and the claimed amount appearing on its latest filing was ₩1,143,200 million (approximately NT\$31 billion). The allegations made by Anbang were denied. The arbitration will proceed and continue in accordance with the arbitration rules. As of March 31, 2019, there was ₩1,429 million (approximately NT\$39 million) of provisions recognized for

the abovementioned litigations unrelated to financial products sales disputes of TongYang Securities Inc. In addition, there were 11 litigations where Yuanta Securities (Korea) acted as a plaintiff with the claimed amount totaling ₩34,617 million (approximately NT\$940 million).

- D. Due to the fraudulent act committed by a former employee of KKTrade 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 ฿301 million (approximately NT\$290 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 Yuanta Securities (Thailand), 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 March 31, 2019, Yuanta Securities (Hong Kong)'s receivables from margin loan amounting to HK\$147,504 thousand (approximately NT\$580 million) because a listed security used to secure such loan was 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. Yuanta Securities (Hong Kong) has exercised its right of set-off under the Guarantee Agreement and has recovered HK\$68,552 thousand (approximately NT\$270 million) from the account executive's assets and the remaining loss of HK\$78,952 thousand (approximately NT\$310 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 (the claimed amount is HK\$135,191 thousand (approximately NT\$530 million) which includes the interest accrued through date of filing the lawsuit. The account executive has claimed that she has no liability for all 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.

(7) Other lawsuits- Banks

- A. Yuanta Bank and the seller (AON BGN Limited Liability Company) signed a share purchase agreement which had an indemnification clause stating that the seller must compensate Yuanta Bank to the extent that Yuanta Bank was free from any losses resulting from or related to Yuanta Savings Bank (Korea)'s litigations. Information regarding such lawsuit as of March 31, 2019 are as follows:

In March 2016, Trust Investment (a borrower) petitioned to the Financial Services Commission of the Republic of Korea that Yuanta Savings Bank (Korea) overcharged expenses for prior loan cases and thus claimed Yuanta Savings Bank (Korea) should return ₩4 billion 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 District Court to confirm that obligations 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 ₩5 billion to Yuanta Bank as a guarantee for losses related to the litigation. As of March 31, 2019, compensatory assets and contingent liabilities related to such litigations were recognized at the amount of ₩4,024,469 thousand, accounted respectively under "Other assets-net" and "liability reserves". On June 16, 2017, the aforementioned case was adjudicated in favour of Yuanta Savings Bank (Korea) by the Seoul District Court, Korea. On May 25, 2018, the Seoul High Court upheld the district court's decision. Trust Investment has appealed the case to the Supreme Court of South Korea. As of March 31, 2019, the aforementioned litigation is under

review of Supreme Court of South Korea. Thus, subsequent proceedings of the litigation have been assessed to have no material impact on the operations and stockholders' equity of Yuanta Bank.

- B. Ta Chong Bank had conducted foreign exchange derivatives transactions with Sino United International Co., Ltd. and 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 against Ta Chong Bank and alleged that Ta Chong Bank shall reimburse the loss in transactions incurred by them (preferential claim: US\$3,123 thousand and its interest; alternative claim: US\$1,445 thousand and its interest). Yuanta Bank has 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. were discontent with the ruling and filed an appeal. On March 12, 2019, the Taiwan High Court as the second instance, court was adjudicated in favour of Yuanta Bank. Sino United International Co., Ltd was discontent with the ruling and filed an appeal, and the litigation is under the judicial proceeding of the third instance Supreme Court. Plosa United International Co., Ltd. didn't file an appeal during statutory period, so the favorable decision rendered to Yuanta Bank is conclusive.
 - C. Yuanta Savings Bank (Korea) exercised its pledge right to acquire a 33.3% interest equity 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 the capital reduction on shared originally held by Yuanta Savings Bank (Korea) and another shareholder, and Pentagon City returned cash of ₩28 billion to Yuanta Savings Bank (Korea). Pentagon City claimed that Yuanta Savings Bank (Korea) breached the 10% holding limit for an unlisted company imposed by laws with respect to Savings Bank, and thus claimed Yuanta Savings Bank (Korea) should return ₩19,599,160 thousand as unjustly received benefit, which represents consideration of shares above the 10% holding limit. On November 2, 2018, Yuanta Savings Bank received the notice of court session. As of March 31, 2019, the case is still under review of the Seoul District Court. The subsequent proceedings of the litigation have been assessed to have no material impact on the operations and stockholders' equity of Yuanta Bank.
- (8) Other lawsuits- Yuanta Securities Investment Trust
- A. Yuanta Securities Investment Trust entered into an offshore fund master agent contract with BNY Mellon Asset Management International Limited (formerly known as Mellon Global Investments Limited). Based on the contract, Yuanta Securities Investment Trust is entitled to receive commission based on the number of sales units and scale. The contract will expired on June 30 of each year with an auto-renewed 1 year period unless either party terminates the contract by written notification.
 - B. Yuanta Securities Investment Trust was commissioned to handle discretionary investment businesses of domestic investment contracts on behalf of its principal—the Bureau of Labor Funds, Ministry of Labor (formerly the Labor Pension Fund Supervisory Committee of the Council of Labor Affairs, Executive Yuan, restructured on February 17, 2014, herein referred to as the “Labor Pension”). Due to the now resigned manager of Polaris Securities Investment Trust, surnamed Qu (herein referred to as “Manager Qu”), who was suspected of being involved in illegal activities from 2011 to 2012 for 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, has filed a civil action on January 28, 2014 in the relevant criminal proceedings, claiming a joint liability borne by Manager Qu and Yuanta Securities Investment as a civil action . In order to protect its interests, Yuanta Securities Investment Trust has appointed a lawyer to assist in handling the case. After the aforementioned criminal charges against manager Qu was adjudicated by the first instance of the Taipei District

Court and the civil action was transferred to the civil court, 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 the compensation claim to \$71,575 thousand after the Taiwan High Court rendered its decision for the aforementioned criminal case. Based on the appointed lawyer's assessment, the aforementioned criminal lawsuit made by the first and second instance courts was adjudicated to be a breach of trust by Manager Qu to Yuanta Securities Investment Trust, while the Labor Pension was concluded not be the principal of Manager Qu's commissioned services. Furthermore, anticipatory 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. Therefore, there is major doubt in whether the Labor Pension can claim damages, prove causation, and determine how damages are calculated; this case still requires further assessment on the court's decisions before rendering a substantive evaluation.

(9) Other lawsuits- Yuanta Life Insurance

As of March 31, 2019, Yuanta Life Insurance still has several insurance claim litigations in process under court's review. Yuanta Life Insurance has appointed lawyers to handle these cases and has provisioned an appropriate amount of claims reserve.

(10) Others

	<u>March 31, 2019</u>	<u>December 31, 2018</u>	<u>March 31, 2018</u>
Commitment of the securities under a repurchase agreement	\$ 204,329,144	\$ 223,886,291	\$ 200,969,263
Commitment of the securities under a resale agreement	31,729,843	33,533,054	37,237,080
Unused loan commitments	32,880,127	28,439,091	36,725,242
Credit commitment on credit card	121,495,379	121,759,033	120,171,862
Unused L/C balance	3,514,320	4,570,325	4,726,019
Other guarantees	13,803,519	15,773,127	23,600,003
Consignment collection for others	17,455,846	18,940,103	21,650,481
Trust assets	243,388,251	247,132,000	236,949,282
Items under custody	32,549,148	33,312,553	38,879,734

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

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

Not applicable.

10. Significant losses from disasters

(1) The Company:

None.

(2) Subsidiaries:

None.

11. Significant subsequent events

(1) The Company:

On April 24, 2019, the Board of Directors of the Company resolved that Yuanta Securities' domestic investee, Yuanta Securities Finance, acquire Global Securities Finance Corporation (Global Securities Finance)'s business. On April 24, 2019, the Board of Directors of Yuanta Securities

Finance resolved to acquire Global Securities Finance's business, and Yuanta Securities Finance entered into a business sale agreement with Global Securities Finance on April 25, 2019. This transaction is still pending for approval from the respective shareholders, and the transfer of business will be implemented after approval of the competent authority is obtained.

(2) Subsidiaries:

For the significant subsequent events of Yuanta Securities, please refer to Note 11. (1).

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".

(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 analyses changes in risky assets when necessary to evaluate if the Yuanta Group has sufficient capital for various risk and if it meets the objectives of capital management.

(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 transaction information that is not readily available in the market for fair value measurement. For example, when utilizing historical volatility to value options, historical volatility is not an observable input because historical volatility does not necessarily represent the expected value of future volatility for overall market participants or the quoted prices of counterparties. Yuanta Group utilizes this valuation method for a portion of investments in financial derivatives and financial instruments without an active market.

(BLANK)

B. Financial instruments measured at fair value

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

	March 31, 2019				December 31, 2018			
	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								
Financial assets held for trading								
Stock investments	\$ 30,263,325	\$ 27,883,682	\$ 53,229	\$ 2,326,414	\$ 24,697,765	\$ 22,168,676	\$ 34,348	\$ 2,494,741
Bond investments	303,707,007	98,338,107	205,079,189	289,711	302,653,840	88,571,370	213,785,334	297,136
Others	118,103,731	42,486,952	74,393,560	1,223,219	117,729,281	38,941,569	77,590,340	1,197,372
Fair value through other comprehensive income financial assets (Note)								
Equity Instruments	24,970,710	7,108,965	-	17,861,745	24,158,805	6,846,637	-	17,312,168
Liability Instruments	190,034,015	82,127,604	107,643,460	262,951	192,192,531	75,246,806	116,686,700	259,025
Other financial assets								
Purchase of claim receivable	1,862,993	-	-	1,862,993	1,867,408	-	-	1,867,408
Liabilities								
Financial liabilities at fair value through profit or loss								
	\$ 17,365,016	\$ 17,365,016	\$ -	\$ -	\$ 20,282,018	\$ 20,282,018	\$ -	\$ -
<u>Derivative financial instruments</u>								
Assets								
Financial assets at fair value through profit or loss								
	\$ 21,880,099	\$ 4,767,906	\$ 4,696,908	\$ 12,415,285	\$ 28,858,323	\$ 7,649,105	\$ 6,249,426	\$ 14,959,792
Liabilities								
Financial liabilities at fair value through profit or loss								
	\$ 95,256,254	\$ 1,277,888	\$ 31,902,095	\$ 62,076,271	\$ 91,700,781	\$ 1,453,763	\$ 29,650,109	\$ 60,596,909

	March 31, 2018			
	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				
Financial assets mandatorily measured at fair value through profit or loss				
Equity investments	\$ 35,667,905	\$ 33,043,592	\$ -	\$ 2,624,313
Bond investments	259,315,287	71,641,145	187,329,269	344,873
Others	91,344,770	42,906,275	47,767,445	671,050
Financial assets at fair value through other comprehensive income (Note)				
Equity investments	23,012,342	6,827,784	1,223	16,183,335
Debt investments	227,320,505	73,434,651	152,208,439	1,677,415
Other financial assets				
Purchase of claim receivable	1,887,262	-	-	1,887,262
Liabilities				
Financial liabilities at fair value through profit or loss	\$ 16,545,954	\$ 16,545,954	\$ -	\$ -
<u>Derivative financial instruments</u>				
Assets				
Financial assets at fair value through profit or loss	\$ 100,828,304	\$ 5,985,328	\$ 81,723,818	\$ 13,119,158
Liabilities				
Financial liabilities at fair value through profit or loss	\$ 94,316,239	\$ 2,796,129	\$ 25,875,735	\$ 65,644,375

Note: As of March 31, 2019, December 31, 2018 and March 31, 2018, the statutory deposits of Yuanta Life of the Yuanta Group were all \$1,216,100.

(B) Financial instruments measured at fair value

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

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

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

(C) Fair value adjustment

a. Limits and adjustments of financial valuation models

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

b. Credit risk valuation adjustment

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

(D) Transfer between Level 1 and Level 2

As of March 31, 2019, December 31, 2018 and March 31, 2018, certain foreign debt held by the Company, totaling USD 0, USD 318,564 and USD 36,163, respectively, have been transferred from level 1 to level 2, because the debt instrument either had no quoted market price from stock brokers and had to be valued using pricing from the most recent transaction, or Bloomberg Valuation Services (BVAL) was used due to less frequent or less precise price quotes from stock brokers. In addition, certain foreign debt held by the Company, totaling USD 74,582, USD 3,555 and USD 3,889 have been transferred from level 2 to level 1 since these assets now have steady sources for price information. As of March 31, 2019, a portion of government bonds denominated under NTD held by the Company was determined to be non-active bond instrument investments in accordance with the Taipei Exchange's active securities standard, \$197,763 have been transferred from Level 1 to Level 2. As of December 31, 2018 and March 31, 2018, there were no transfers between Level 1 and Level 2.

(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:

March 31, 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	Sold, disposed or settled	Transferred from Level 3	
Financial assets at fair value through profit or loss	\$ 18,949,041	(\$ 2,693,464)	(\$ 11,948)	\$ 2,879,677	\$ -	(\$ 2,829,515)	(\$ 39,162)	\$ 16,254,629
Financial assets at fair value through other comprehensive income	17,571,193	(72,368)	625,871	-	-	-	-	18,124,696
Other financial assets- purchase of claim receivable	1,867,408	100	-	-	-	(4,515)	-	1,862,993
Total	\$ 38,387,642	(\$ 2,765,732)	\$ 613,923	\$ 2,879,677	\$ -	(\$ 2,834,030)	(\$ 39,162)	\$ 36,242,318

March 31, 2018								
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	Sold, disposed or settled	Transferred from Level 3	
Financial assets at fair value through profit or loss	\$ 14,308,578	(\$ 1,133,403)	(\$ 18,437)	\$ 5,628,622	\$ 1,513,647	(\$ 3,461,992)	(\$ 77,621)	\$ 16,759,394
Financial assets at fair value through other comprehensive income	19,799,797	(348,827)	(1,355,016)	113,498	558,598	(552,487)	(354,813)	17,860,750
Other financial assets- purchase of claim receivable	1,892,299	(67)	-	-	-	(4,970)	-	1,887,262
Total	\$ 36,000,674	(\$ 1,482,297)	(\$ 1,373,453)	\$ 5,742,120	\$ 2,072,245	(\$ 4,019,449)	(\$ 432,434)	\$ 36,507,406

In relation to the above, valuation gains and losses are recognised in gain and loss in the period. As of March 31, 2019 and 2018, the losses on assets were \$2,334,545 and \$585,496, respectively.

In relation to the above, valuation gains and losses are recognised in other comprehensive income. As of March 31, 2019 and 2018, the losses on assets were \$637,109 and \$1,374,643, respectively.

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

March 31, 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	Sold, disposed or settled	Transferred from Level 3 (Note)	
Financial liabilities at fair value through profit or loss	\$ 60,596,909	(\$ 1,941,262)	(\$ 3,153)	\$ 28,552,829	\$ -	(\$ 25,129,052)	\$ -	\$ 62,076,271

March 31, 2018								
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	Sold, disposed or settled	Transferred from Level 3 (Note)	
Financial liabilities at fair value through profit or loss	\$ 72,328,786	(\$ 2,841,922)	\$ -	\$ 45,402,415	\$ -	(\$ 49,254,300)	\$ 9,496	\$ 65,644,475

Above valuation gains and losses are recognised in gain and loss in the period. As of March 31, 2019 and 2018, the gains (losses) on liabilities were \$1,359,678 and (\$2,011,705), respectively.

In relation to the above, valuation gains and losses are recognised in other comprehensive income. As of March 31, 2019 and 2018, the gains on liabilities were \$3,386 and \$0, 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
March 31, 2019				
<u>Assets</u>				
Financial assets at fair value through profit or loss	\$ 78,287	(\$ 74,072)	\$ -	\$ -
Derivative instruments	40,756	(40,754)	-	-
Financial assets at fair value through other comprehensive income	-	-	519,485	(366,019)
<u>Liabilities</u>				
Derivative instruments	\$ 43,216	(\$ 43,215)	\$ -	\$ -
December 31, 2018				
<u>Assets</u>				
Financial assets at fair value through profit or loss	\$ 78,270	(\$ 75,744)	\$ -	\$ -
Derivative instruments	265,296	(265,296)	-	-
Financial assets at fair value through other comprehensive income	-	-	519,286	(404,236)
<u>Liabilities</u>				
Derivative instruments	\$ 265,285	(\$ 265,285)	\$ -	\$ -
March 31, 2018				
<u>Assets</u>				
Financial assets at fair value through profit or loss	\$ 14,713	(\$ 15,212)	\$ -	\$ -
Derivative instruments	44,241	(44,241)	-	-
Financial assets at fair value through other comprehensive income	-	-	112,278	(112,278)
<u>Liabilities</u>				
Derivative instruments	\$ 85,780	(\$ 85,764)	\$ -	\$ -

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

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

March 31, 2019	Valuation technique	Significant unobservable input	Range
Financial assets at fair value through profit or loss			
Equity investments	\$ 2,326,414	1. Market method	Price to earnings ratio multiple 13.43 ~ 28.81
		2. Income method	Price to book ratio multiple 0.95 ~ 10.83
		3. Equity Model by L. Anderson and D. Buffum	Price-to-sales ratio multiplier 1.22
			Discount for marketability <=40%
			Discount rate 7.57% ~ 13.29%
			Stock price volatility 15.19% ~ 43.14%
			Credit Spread 1.54% ~ 5.87%
			Recovery rate 20%
Bond investments	289,711	1. Hybrid Model	Stock price volatility 8.93% ~ 43.14%
		2. Equity Model by L. Anderson and D. Buffum	Credit Spread 0.13% ~ 5.87%
		3. Monte Carlo Simulation	Recovery rate 20%
Derivative instruments (including futures and options in futures market)	12,415,285	1. Option Model	Dividend rate 1.94% ~ 3.63%
		2. Hybrid Model	Stock price volatility 2.94% ~ 23.11%
		3. FDM	Correlation coefficient 0.19 ~ 0.96
		4. Monte Carlo Simulation	Default rate 0.03% ~ 100%
			Recovery rate 55%
Other	1,223,219	Net asset value	N/A
Other financial assets			
Purchase of claim receivable	1,862,993	Recoverable amount	Contact rate 2.08% ~ 39.72%
			Payment rate 1.84% ~ 39.35%
			Discount rate 1.98% ~ 40.33%
Financial assets at fair value through other comprehensive income			
Equity investments	17,861,241	1. Market method	Price to earnings ratio multiple 12.46 ~ 29.95
		2. Residual income valuation model	Price to book ratio multiple 0.75 ~ 2.87
		3. Discounted cash flow	Discount for marketability <=40%
			Expected growth rate 2%
			Discount rate 12.07%
Bond investments	262,951	Discounted cash flow	Discount rate 0.86% ~ 8.07%
Financial liabilities at fair value through profit or loss			
Derivative instruments (including options trade in futures market)	62,076,271	1. IR Model	Dividend rate 1.94% ~ 3.63%
		2. Option Model	Stock price volatility 1.27% ~ 87.35%
		3. Hybrid Model	Correlation coefficient 0.19 ~ 0.96
		4. FDM	Default rate 0.03% ~ 100%
		5. Monte Carlo Simulation	Recovery rate 55%

December 31, 2018		Valuation technique	Significant unobservable input	Range
Financial assets at fair value through profit or loss				
Equity investments	\$ 2,494,741	1. Market method 2. Income method 3. Equity Model by L. Anderson and D. Buffum	Price to earnings ratio multiple Price to book ratio multiple Price-to-sales ratio multiplier Discount for marketability Discount rate Stock price volatility Credit Spread Recovery rate	13.52~29.36 0.9~10.88 1.26 <=40% 7.57%~13.29% 22.51%~49.10% 1.57%~5.92% 20%
Bond investments	297,136	1. Hybrid Model 2. Equity Model by L. Anderson and D. Buffum 3. Monte Carlo Simulation	Stock price volatility Credit Spread Recovery rate	12.74%~45.54% 0.27%~5.92% 20%
Derivative instruments (including futures and options in futures market)	14,959,792	1. Option Model 2. Hybrid Model 3. FDM 4. Monte Carlo Simulation	Dividend rate Stock price volatility Correlation coefficient Default rate Recovery rate	2.15%~4.18% 2.64%~22.01% 0.16~0.95 0.03%~100% 55%
Other	1,197,372	Net asset value	N/A	N/A
Other financial assets				
Purchase of claim receivable	1,867,408	Recoverable amount	Contact rate Payment rate Discount rate	2.12%~40.79% 1.82%~39.21% 1.97%~39.57%
Financial assets at fair value through other comprehensive income				
Equity investments	17,317,656	1. Market method 2. Residual income valuation model 3. Discounted cash flow	Price to earnings ratio multiple Price to book ratio multiple Discount for marketability Expected growth rate Discount rate	12.29~29.66 0.73~10.88 <=40% 2% 12.59%~15.32%
Bond investments	259,025	Discounted cash flow	Discount rate	0.87%~8.49%
Financial liabilities at fair value through profit or loss				
Derivative instruments (including options trade in futures market)	60,596,909	1. IR Model 2. Option Model 3. Hybrid Model 4. FDM 5. Monte Carlo Simulation	Dividend rate Stock price volatility Correlation coefficient Default rate Recovery rate	2.15%~4.18% 1.01%~99.68% 0.16~0.95 0.03%~100% 55%

March 31, 2018		Valuation technique	Significant unobservable input	Range
Financial assets at fair value through profit or loss				
Equity investments	\$ 2,624,313	1. Market method 2. Income method 3. Equity Model by L. Anderson and D. Buffum	Price to earnings ratio multiple Price to book ratio multiple Price-to-sales ratio multiplier Discount for marketability Discount rate Stock price volatility Credit Spread Recovery rate	11.91~39.04 0.76~16.28 1.68 0%~40% 13.02%~13.18% 23.99%~37.96% 1.74%~4.48% 20%
Bond investments	344,873	1. Hybrid Model 2. Equity Model by L. Anderson and D. Buffum 3. Monte Carlo Simulation	Stock price volatility Credit Spread Recovery rate	20.89%~37.04% 0.29%~6.37% 20%
Derivative instruments (including futures and options in futures market)	13,119,158	1. Option Model 2. Hybrid Model 3. FDM 4. Monte Carlo Simulation	Dividend rate Stock price volatility Correlation coefficient Default rate Recovery rate	0.36%~3.46% 3.23%~20.43% 0.16~0.94 0.03%~100% 20%~55%
Beneficiary certificates	97,758	Net asset value	Discount for marketability	10%
Other	573,292	Net asset value	N/A	N/A
Financial assets at fair value through other comprehensive income				
Equity investments	16,182,825	1. Market method 2. Residual income valuation model 3. Discounted cash flow	Price to earnings ratio multiple Price to book ratio multiple Discount for marketability Expected growth rate Discount rate	12.19~30.4 0.76~2.83 0%~40% 0%~2% 13.02%~17.4%
Bond investments	238,542	Discounted cash flow	Discount rate	0.48%~7.11%
Other	-	Net asset value	N/A	N/A
Financial liabilities at fair value through profit or loss				
Derivative instruments (including options trade in futures market)	65,644,375	1. IR Model 2. Option Model 3. Hybrid Model 4. FDM 5. Monte Carlo Simulation	Dividend rate Stock price volatility Correlation coefficient Credit Spread Default rate Recovery rate	0.36%~3.46% 0.73%~49.61% 0.16~0.94 0.20%~0.37% 0.03%~100% 25%~55%

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

Except for quotations by counterparties, the Yuanta Group's risk management department is responsible for verifying that the fair value is the fair value of financial instruments classified into Level 3. Risk management department assesses independency, reliability, consistency and representativeness of sources and inspects valuation model and valuation inputs for correction periodically to ensure that valuation procedure and results meet International Accounting Standards.

C. Financial instruments not measured at fair value

(A) Fair value information:

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

		March 31, 2019			
		Book value	Fair value		
		Total	Level 1	Level 2	Level 3
<u>Financial assets</u>					
Investments in debt instruments at amortised cost (Note 1 and 2)	\$ 244,456,953	\$ 253,816,185	\$ 3,126,928	\$ 250,642,702	\$ 46,555
<u>Financial liabilities</u>					
Bonds payable	66,673,090	69,498,591	-	69,498,591	-
		December 31, 2018			
		Book value	Fair value		
		Total	Level 1	Level 2	Level 3
<u>Financial assets</u>					
Investments in debt instruments at amortised cost (Note 1 and 2)	\$ 240,979,806	\$ 243,155,673	\$ 2,874,634	\$ 240,281,039	\$ -
<u>Financial liabilities</u>					
Bonds payable	66,756,009	69,575,579	-	69,575,579	-
		March 31, 2018			
		Book value	Fair value		
		Total	Level 1	Level 2	Level 3
<u>Financial assets</u>					
Investments in debt instruments at amortised cost (Note 1 and 2)	\$ 196,803,886	\$ 199,014,549	\$ 3,509,098	\$ 195,505,451	\$ -
<u>Financial liabilities</u>					
Bonds payable	65,859,458	68,164,740	-	55,542,847	12,621,893
Note 1: Including the statutory deposits of \$600,000 of Yuanta Life of the Yuanta Group as of March 31, 2019, December 31, 2018 and March 31, 2018.					
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/Held-to-maturity financial assets: 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. Other financial assets - Investments on debt instruments without active markets: when prices on recent deals, or quotes from market makers exists, the most recent deal price or quote is the basis for fair value evaluation. When no market values are able to be referenced, a valuation method is elected for estimation. The financial valuation method utilises the present value from discounted cash flows as its fair value.
- e. 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.
- f. Bonds payable/preferred stock liabilities: The coupon rate for bank debentures and preferred stock liabilities 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 involves in 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 as 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 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 by the statistic and professional judgement of expertise 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 that 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 can the overall credit risk be ensured 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 armed 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 being aware of market movement in 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.

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

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

(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 both the internal and external credit ratings of the credit reference subject are of non-investment grade and any one of the following conditions is met:

- a. The internal and external ratings of the credit reference subject have 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 bed 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 bed 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. Eliminating 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 default rate tables published by external credit rating agencies, incorporating forecastable information.

b. Loss given default: Calculated based on the collateral and liquidity preference of the debt instrument, incorporating the average recovery rate disclosed by external credit rating agencies; or set in accordance with rules of the competent authority.

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 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.

e. Hedging or mitigation of credit risk

(a) Collateral

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

(b) Credit risk limit and credit risk concentration control

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

(c) Net-settled general agreement

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

(d) Others

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

- i. Additional credit exposure limit;
- ii. Credit limits reduction;
- iii. Hedging through credit derivatives;
- iv. Credit enhancement, such as guarantee from qualifying bank or obtaining collateral.

f. 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(11) 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 afterwards, credit risk exposure off the balance sheet of the Yuanta Group can be minimized and continuously controlled. The total carrying value of the Yuanta Group's financial assets with the maximum credit risk is as follows:

Bills discounted and loans

<u>March 31, 2019</u>	<u>12-month expected credit losses (Stage 1)</u>	<u>Lifetime expected credit losses (Stage 2)</u>	<u>Lifetime expected credit losses (Stage 3)</u>	<u>Difference in impairment provided in accordance with the Regulation Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing /Non-accrual Loans</u>	<u>Total</u>
Credit ratings					
Internal ratings— excellent	\$ 413,079,044	\$ 840,629	\$ -	\$ -	\$ 413,919,673
Internal ratings— acceptable	106,217,837	2,850,282	-	-	109,068,119
Internal ratings— weak	11,807,284	780,394	-	-	12,587,678
Internal ratings— not rated	224,313,970	902,453	-	-	225,216,423
Internal ratings— bad	<u>-</u>	<u>-</u>	<u>7,926,828</u>	<u>-</u>	<u>7,926,828</u>
The total carrying amount	755,418,135	5,373,758	7,926,828	-	768,718,721
Allowance for bad debt	(1,653,723)	(976,650)	(4,075,267)	-	(6,705,640)
Impairment provided in accordance with the Regulation Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non- accrual Loans	<u>-</u>	<u>-</u>	<u>-</u>	<u>(7,137,253)</u>	<u>(7,137,253)</u>
Total (Note)	<u>\$ 753,764,412</u>	<u>\$ 4,397,108</u>	<u>\$ 3,851,561</u>	<u>(\$ 7,137,253)</u>	<u>\$ 754,875,828</u>

Note: Including interest receivable and temporary payments for others amounting to \$1,041,520. In addition, allowance for doubtful receivables was \$26,721.

Additionally, the total carrying amounts of accounts receivable, debt instruments (shown as financial assets measured at fair value through other comprehensive income and financial assets measured at amortized cost) are \$154,619,506 and \$543,963,973, 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

<u>December 31, 2018</u>	<u>12-month expected credit losses (Stage 1)</u>	<u>Lifetime expected credit losses (Stage 2)</u>	<u>Lifetime expected credit losses (Stage 3)</u>	<u>Difference in impairment provided in accordance with the Regulation Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing /Non-accrual Loans</u>	<u>Total</u>
Credit ratings					
Internal ratings— excellent	\$ 460,267,580	\$ 1,233,621	\$ -	\$ -	\$ 461,501,201
Internal ratings— acceptable	112,785,336	2,060,004	-	-	114,845,340
Internal ratings— weak	12,303,984	809,586	-	-	13,113,570
Internal ratings— not rated	187,396,458	634,456	-	-	188,030,914
Internal ratings— bad	-	-	8,124,660	-	8,124,660
The total carrying amount	<u>772,753,358</u>	<u>4,737,667</u>	<u>8,124,660</u>	-	<u>785,615,685</u>
Allowance for bad debt	(1,761,487)	(911,994)	(4,131,307)	-	(6,804,788)
Impairment provided in accordance with the Regulation Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non- accrual Loans	<u>-</u>	<u>-</u>	<u>-</u>	<u>(6,829,027)</u>	<u>(6,829,027)</u>
Total (Note)	<u>\$ 770,991,871</u>	<u>\$ 3,825,673</u>	<u>\$ 3,993,353</u>	<u>(\$ 6,829,027)</u>	<u>\$ 771,981,870</u>

Note: Including interest receivable and temporary payments for others amounting to \$1,094,399. In addition, allowance for doubtful receivables was \$26,824.

Additionally, the total carrying amounts of accounts receivable, debt instruments (shown as financial assets measured at fair value through other comprehensive income and financial assets measured at amortized cost) are \$120,748,376 and \$549,809,515, respectively, and 12-month expected credit losses (Stage 1) are recognized for the majority of these items. The internal ratings of these items are all excellent and acceptable.

Bills discounted and loans

March 31, 2018	12-month expected credit losses (Stage 1)	Lifetime expected credit losses (Stage 2)	Lifetime expected credit losses (Stage 3)	Difference in impairment provided in accordance with the Regulation Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing /Non-accrual Loans	Total
Credit ratings					
Internal ratings – excellent	\$ 530,502,656	\$ 2,718,557	\$ 619,368	\$ -	\$ 533,840,581
Internal ratings – acceptable	145,658,504	3,213,023	338,588	-	149,210,115
Internal ratings – weak	13,451,085	630,331	5,663,605	-	19,745,021
Internal ratings – not rated	<u>51,582,549</u>	<u>21,123</u>	<u>2,296,695</u>	-	<u>53,900,367</u>
The total carrying amount	741,194,794	6,583,034	8,918,256	-	756,696,084
Allowance for bad debt	(2,191,026)	(1,608,577)	(4,966,305)	-	(8,765,908)
Impairment provided in accordance with the Regulation Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans	<u>-</u>	<u>-</u>	<u>-</u>	(5,487,151)	(5,487,151)
Total (Note)	<u>\$ 739,003,768</u>	<u>\$ 4,974,457</u>	<u>\$ 3,951,951</u>	(\$ 5,487,151)	<u>\$ 742,443,025</u>

Note: Including interest receivable and temporary payments for others amounting to \$869,192. In addition, allowance for doubtful receivables was \$29,854.

Additionally, the total carrying amounts of accounts receivable, debt instruments (shown as financial assets measured at fair value through other comprehensive income and financial assets measured at amortized cost), and loan commitments and financial guarantee contracts are \$155,485,497, \$550,441,020, and \$447,770,187, respectively, and 12-month expected credit losses (Stage 1) are recognized for the majority of these items. The internal ratings of these items are all excellent and acceptable.

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

March 31, 2019	Collateral (Note)	Net-settled general agreement	Total
<u>For accounts on the balance sheet</u>			
Receivables-other	\$ 286,453	\$ -	\$ 286,453
Bills discounted and loans	542,548,988	-	542,548,988
Financial assets at fair value through profit or loss	439,355	1,125,228	1,564,583
<u>For accounts off the balance sheet</u>			
Unused loan commitments	6,760,506	-	6,760,506
Unused credit commitment	110,622	-	110,622
Guarantees (including for non-performing loans)	3,456,608	-	3,456,608

December 31, 2018	Collateral (Note)	Net-settled general agreement	Total
<u>For accounts on the balance sheet</u>			
Receivables-other	\$ 287,754	\$ -	\$ 287,754
Bills discounted and loans	533,740,626	-	533,740,626
Financial assets at fair value through profit or loss	256,413	1,515,250	1,771,663
<u>For accounts off the balance sheet</u>			
Unused loan commitments	4,092,019	-	4,092,019
Unused credit commitment	131,176	-	131,176
Guarantees (including for non-performing loans)	5,969,570	-	5,969,570

March 31, 2018	Collateral (Note)	Net-settled general agreement	Total
<u>For accounts on the balance sheet</u>			
Receivables-other	\$ 294,309	\$ -	\$ 294,309
Bills discounted and loans	537,700,341	-	537,700,341
Financial assets at fair value through profit or loss	1,202,626	1,958,390	3,161,016
<u>For accounts off the balance sheet</u>			
Unused loan commitments	3,812,085	-	3,812,085
Unused credit commitment	74,789	-	74,789
Guarantees (including for non-performing loan)	5,975,539	-	5,975,539

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

g. 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 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	March 31, 2019		December 31, 2018		March 31, 2018	
	Amount	%	Amount	%	Amount	%
Privately owned businesses	\$ 656,107,260	30.17	\$ 665,559,450	31.07	\$ 627,883,817	29.33
Natural person	521,463,864	23.98	511,277,129	23.86	529,875,660	24.75
Financial institutions	586,341,192	26.97	554,322,458	25.87	555,491,358	25.94
Governmental institutions	400,865,353	18.44	401,765,394	18.75	414,970,459	19.38
Government-owned businesses	6,560,931	0.30	6,087,029	0.28	9,187,715	0.43
Others	<u>2,984,260</u>	<u>0.14</u>	<u>3,566,900</u>	<u>0.17</u>	<u>3,625,646</u>	<u>0.17</u>
Total	<u>\$ 2,174,322,860</u>	<u>100.00</u>	<u>\$ 2,142,578,360</u>	<u>100.00</u>	<u>\$ 2,141,034,655</u>	<u>100.00</u>

(b) Geographic location:

Geography location	March 31, 2019	December 31, 2018	March 31, 2018
Taiwan	\$ 1,406,519,863	\$ 1,402,200,591	\$ 1,416,914,894
Asia	553,307,706	537,021,420	488,075,305
America	126,742,349	120,785,286	152,396,070
Europe	67,881,106	65,047,965	65,918,052
Oceania	19,686,382	17,336,638	17,076,851
Africa	<u>185,454</u>	<u>186,460</u>	<u>653,483</u>
Total	<u>\$ 2,174,322,860</u>	<u>\$ 2,142,578,360</u>	<u>\$ 2,141,034,655</u>

(BLANK)

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

(a) Credit business

For the three months ended March 31, 2019 and 2018, the reconciliation of the balance of allowance for bad debt is as follows:

Bills discounted and loans

For the three months ended March 31, 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	Difference 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	(2,209)	45,939	(43,730)	-	-	-
-Transferred to credit-impaired financial asset	(5,178)	(3,798)	8,976	-	-	-
-Transferred to 12-month expected credit losses	117,323	(55,273)	(62,050)	-	-	-
-Financial assets derecognised in the current period	(301,795)	(229,972)	(112,872)	(644,639)	-	(644,639)
Impairment allowance for purchased or originated financial assets	278,610	7,088	88,654	374,352	-	374,352
Differences in impairment of financial assets provided in accordance with the Regulations Governing the Procedures for Banking/Insurance Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans	-	-	-	-	302,896	302,896
Write-off as bad debt	(6,183)	(25,154)	(73,410)	(104,747)	-	(104,747)
Change in exchange and others	(186,631)	325,816	142,135	281,320	-	281,320
Ending balances	<u>\$ 1,651,923</u>	<u>\$ 976,318</u>	<u>\$ 4,062,985</u>	<u>\$ 6,691,226</u>	<u>\$ 7,124,947</u>	<u>\$ 13,816,173</u>

For the three months ended March 31, 2018	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	Difference 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	\$ 2,241,937	\$ 1,666,388	\$ 5,171,095	\$ 9,079,420	\$ 5,404,768	\$ 14,484,188
Changes from financial instruments recognised at the beginning:						
-Transferred to lifetime expected credit losses	(7,804)	52,568	(44,764)	-	-	-
-Transferred to credit-impaired financial asset	(23,845)	(8,118)	31,963	-	-	-
-Transferred to 12-month expected credit losses	55,406	(17,378)	(34,976)	3,052	-	3,052
-Financial assets derecognised in the current period	(327,586)	(16,730)	(372,532)	(716,848)	-	(716,848)
Impairment allowance for purchased or originated financial assets	340,529	10,308	168,499	519,336	-	519,336
Differences in impairment of financial assets provided in accordance with the Regulations Governing the Procedures for Banking/Insurance Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans	-	-	-	-	82,384	82,384
Write-off as bad debt	-	(105,635)	(296,069)	(401,704)	-	(401,704)
Change in exchange and others	(30,113)	25,510	257,400	252,797	-	252,797
Ending balances	<u>\$ 2,248,524</u>	<u>\$ 1,606,913</u>	<u>\$ 4,880,616</u>	<u>\$ 8,736,053</u>	<u>\$ 5,487,152</u>	<u>\$ 14,223,205</u>

For the three months ended March 31, 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	(1,980,898)	2,068,859	(87,961)	-
-Transferred to credit-impaired financial asset	(516,747)	(64,043)	580,790	-
-Transferred to 12-month expected credit losses	1,085,624	(795,736)	(289,888)	-
-Financial assets derecognised in the current period	(135,445,103)	(971,874)	(328,516)	(136,745,493)
Impairment allowance for purchased or originated financial assets	152,339,755	509,722	139,068	152,988,545
Write-off as bad debt	(6,183)	(25,154)	(73,410)	(104,747)
Change in exchange and others	(32,759,946)	(84,020)	(138,423)	(32,982,389)
Ending balances	<u>\$ 754,415,384</u>	<u>\$ 5,362,116</u>	<u>\$ 7,899,702</u>	<u>\$ 767,677,202</u>

For the three months ended March 31, 2018, 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	\$ 760,186,319	\$ 4,991,775	\$ 8,935,481	\$ 774,113,575
Changes from financial instruments recognised at the beginning:				
-Transferred to lifetime expected credit losses	(2,376,173)	2,446,936	(70,763)	-
-Transferred to credit-impaired financial asset	(997,996)	(387,920)	1,385,916	-
-Transferred to 12-month expected credit losses	1,321,253	(343,872)	(99,627)	877,754
-Financial assets derecognised in the current period	(130,586,307)	(968,617)	(698,838)	(132,253,762)
Impairment allowance for purchased or originated financial assets	131,893,408	1,148,917	259,316	133,301,641
Write-off as bad debt	-	(105,635)	(296,069)	(401,704)
Change in exchange and others	(19,060,030)	(218,924)	(531,659)	(19,810,613)
Ending balances	<u>\$ 740,380,474</u>	<u>\$ 6,562,660</u>	<u>\$ 8,883,757</u>	<u>\$ 755,826,891</u>

(b) Receivables and other financial assets

- i. The Yuanta Group applies the simplified approach to estimate expected credit loss for certain accounts receivable. Expected credit loss rate is determined by assessing historical information and examining whether a significant changes in past events, current conditions and future economic conditions are incurred. As of March 31, 2019, December 31, 2018 and March 31, 2018, the carrying amount of accounts receivable amounted to \$34,246,527, \$24,858,008 and \$33,078,630, respectively, and the loss allowance is \$1,898, \$10,214 and \$9,295, respectively, if taking into consideration the expected credit loss rate. For the three months ended March 31, 2019 and 2018, movements in relation to the group applying the simplified approach to provide loss allowance for accounts receivable, are as follows:

	For the three months ended March 31,	
	2019	2018
January 1_IFRS 9	(\$ 10,214)	(\$ 8,086)
Provision for impairment	8,316	(1,209)
March 31	<u>(\$ 1,898)</u>	<u>(\$ 9,295)</u>

- ii For the three months ended March 31, 2019 and 2018, movements in relation to providing loss allowance for receivables (including 'margin loans receivable', 'refinance guaranty receivable', 'notes payable', 'accounts receivable', 'other receivables' and 'other financial assets – non-performing loans'), which are not stated as above accounts receivable, are as follows:

(BLANK)

	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	Difference in impairment provided in accordance with the Regulation Governing the Procedures for Banking/Insurance Institutions to Evaluate Assets	Total
For the three months ended March 31, 2019						
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	(78)	19,709	(19,631)	-	-	-
-Transferred to credit-impaired financial asset	(48)	(3,142)	3,190	-	-	-
-Transferred to 12-month expected credit losses	32,885	(29,550)	(3,335)	-	-	-
-Financial assets derecognised in the current period	(8,446)	(2,428)	(2,307)	(13,181)	-	(13,181)
Impairment allowance for purchased or originated financial assets	10,508	1,113	10,767	22,388	-	22,388
Differences in impairment of financial assets provided in accordance with the Regulations Governing the Procedures for Banking/Insurance Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans	-	-	-	-	1,196	1,196
Write-off as bad debt	(2)	(6,040)	(23,858)	(29,900)	-	(29,900)
Change in exchange and others	53,728	47,882	96,554	198,164	-	198,164
The ending balances	\$ 259,014	\$ 147,882	\$ 2,784,869	\$ 3,191,765	\$ 100,570	\$ 3,292,335

	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	Difference in impairment provided in accordance with the Regulation Governing the Procedures for Banking/Insurance Institutions to Evaluate Assets	Total
For the three months ended March 31, 2018						
The beginning balances	\$ 229,244	\$ 85,311	\$ 1,999,498	\$ 2,314,053	\$ 73,213	\$ 2,387,266
Changes from financial instruments recognised at the beginning:						
-Transferred to lifetime expected credit losses	(262)	19,323	(19,061)	-	-	-
-Transferred to credit-impaired financial asset	(13,090)	(4,618)	17,497	-	-	-
-Transferred to 12-month expected credit losses	25,308	(16,195)	(9,810)	-	-	-
-Financial assets derecognised in the current period	(10,781)	(1,150)	(15,122)	(25,496)	-	(25,496)
Impairment allowance for purchased or originated financial assets	11,074	970	15,432	26,760	-	26,760
Differences in impairment of financial assets provided in accordance with the Regulations Governing the Procedures for Banking/Insurance Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans	-	-	-	-	5,123	5,123
Write-off as bad debt	-	(13,142)	(30,387)	(43,265)	-	(43,265)
Change in exchange and others	(4,214)	154,748	22,897	103,200	-	103,200
The ending balances	\$ 237,279	\$ 225,247	\$ 1,980,944	\$ 2,375,252	\$ 78,336	\$ 2,453,588

For the three months ended March 31, 2019 and 2018, there were no significant changes to the relate carrying amounts of allowance for bad debt for accounts receivable and other financial assets.

(c) Guarantee reserve and Loan commitment reserve

For the three months ended March 31, 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	Difference in impairment provided in accordance with the Regulation Governing the Procedures for Banking/Insurance Institutions to Evaluate Assets	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	(332)	336 (4)	-	-	-
-Transferred to credit-impaired financial asset	(1)	(31)	32	-	-	-
-Transferred to 12-month expected credit losses	13,739 (13,478) (261)	-	-	-
-Financial assets derecognised in the current period	(13,574)	(2,143)	(18,123)	(33,840)	-	(33,840)
Impairment allowance for purchased or originated financial assets	9,684	78	14,753	24,515	-	24,515
Differences in impairment of financial assets provided in accordance with the Regulations Governing the Procedures for Banking/Insurance Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans	-	-	-	-	(46,909)	(46,909)
Change in exchange and others	(14,888)	17,020	1,270	3,402	-	3,402
The ending balances	<u>\$ 50,980</u>	<u>\$ 21,284</u>	<u>\$ 53,491</u>	<u>\$ 125,755</u>	<u>\$ 78,565</u>	<u>\$ 204,320</u>

For the three months ended March 31, 2018	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	Difference in impairment provided in accordance with the Regulation Governing the Procedures for Banking/Insurance Institutions to Evaluate Assets	Total
The beginning balances	\$ 94,717	\$ 7,794	\$ 64,956	\$ 167,467	\$ 162,925	\$ 330,392
Changes from financial instruments recognised at the beginning:						
-Transferred to lifetime expected credit losses	(51)	307	(256)	-	-	-
-Transferred to credit-impaired financial asset	(3)	(75)	78	-	-	-
-Transferred to 12-month expected credit losses	17,686	(4,807)	(12,879)	-	-	-
-Financial assets derecognised in the current period	(28,488)	(2,192)	(21,077)	(51,757)	-	(51,757)
Impairment allowance for purchased or originated financial assets	22,755	254	17,160	40,169	-	40,169
Differences in impairment of financial assets provided in accordance with the Regulations Governing the Procedures for Banking/Insurance Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans	-	-	-	-	377	377
Change in exchange and others	(22,829)	18,939	3,395	(495)	-	(495)
The ending balances	<u>\$ 83,787</u>	<u>\$ 20,220</u>	<u>\$ 51,377</u>	<u>\$ 155,384</u>	<u>\$ 163,302</u>	<u>\$ 318,686</u>

For the three months ended March 31, 2019 and 2018, there were no significant changes to guarantee reserve and loan commitment reserve.

(d) Bills and bonds investments

For the three months ended March 31, 2019 and 2018, 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 \$95,767 and \$142,478; \$140,469 and \$119,664, respectively; the ending balances were \$93,509 and \$142,941; \$131,268 and \$128,114, 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. The risk management principle of Ta Chong Bank and its subsidiaries is based on their related principles of internal market risk.

c. Market risk assessment

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

VaR for a trading purpose:

Instrument type	For the three months ended March 31, 2019			
	March 31, 2019	VaR Average	VaR Minimum	VaR Maximum
Interest rate	108,988	115,402	100,421	128,163
Equity securities	282,020	254,243	222,323	282,020
Foreign exchange	340,553	353,153	303,521	402,986
Commodity	5,371	10,417	4,295	19,506
Less: diversification effects	(315,228)	(303,221)	-	-
Total VaR	421,704	429,994	387,676	474,358

Instrument type	For the three months ended March 31, 2018			
	March 31, 2018	VaR Average	VaR Minimum	VaR Maximum
Interest rate	128,375	123,223	96,855	147,818
Equity securities	225,523	232,056	192,848	273,608
Foreign exchange	373,625	370,702	328,062	403,705
Commodity	16,001	13,644	9,914	17,535
Less: diversification effects	(258,431)	(231,632)	-	-
Total VaR	485,093	507,993	453,777	554,457

- (b) Non-trading purpose

Sensitivity analysis on interest rate:

	Interest rate shift	March 31, 2019	December 31, 2018	March 31, 2018
		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	(\$ 16,165)	(\$ 17,288)	(\$ 25,554)
Yuanta Life	Increase of 1 basis point	(26,216)	(20,987)	(31,011)

d. As of March 31, 2019, December 31, 2018 and March 31, 2018, the following table summarizes USD-denominated financial instruments of the Yuanta Group and the concentration of foreign exchange risk presented by carrying amount.

	March 31, 2019		December 31, 2018		March 31, 2018	
	Carrying amount		Carrying amount		Carrying amount	
	USD position	(NTD)	USD position	(NTD)	USD position	(NTD)
Foreign currency denominated financial assets						
Cash and cash equivalents	\$ 535,597	\$ 16,503,965	\$ 623,826	\$ 19,172,103	\$ 508,682	\$ 14,787,892
Financial assets at fair value through profit or loss	922,143	28,424,287	1,016,769	31,248,366	995,446	28,987,377
Financial assets at fair value through other comprehensive income	2,241,678	69,099,712	2,290,549	70,395,438	-	-
Amortized cost financial assets	4,223,899	130,029,920	4,199,961	129,077,388	2,759,668	80,361,537
Bills discounted and loans	2,911,117	89,735,451	2,879,879	88,507,343	3,631,067	105,736,668
Foreign currency denominated financial liabilities						
Bills and bonds payable under repurchase agreements	803,987	24,782,898	1,153,667	35,455,638	924,987	26,935,635
Deposits and remittances	3,731,338	115,018,550	3,981,328	122,358,220	4,445,012	129,413,838
Other liabilities	328,527	10,126,849	570,907	17,545,695	427,973	12,462,566

Note: As of March 31, 2019, December 31, 2018 and March 31, 2018, USD to TWD exchange rates were 30.825, 30.733 and 29.120, respectively.

(BLANK)

e. As of March 31, 2019, December 31, 2018 and March 31, 2018, the following table summarizes KRW-denominated assets and liabilities of Yuanta Securities and the concentration of foreign exchange risk presented by carrying amount.

	March 31, 2019		December 31, 2018		March 31, 2018	
	Carrying amount		Carrying amount		Carrying amount	
	KRW position	(NTD)	KRW position	(NTD)	KRW position	(NTD)
Effect on profit or loss						
Financial assets						
Cash and cash equivalents	\$ 754,138,641	\$ 20,361,743	\$ 580,352,736	\$ 16,249,877	\$ 692,825,615	\$ 18,983,422
Financial assets at fair value through profit or loss	2,401,635,919	64,844,170	2,377,560,734	66,571,701	2,708,733,131	74,219,288
Financial assets at fair value through other comprehensive income	171,505,910	4,630,660	175,973,792	4,927,266	-	-
Accounts receivable	468,380,921	12,646,285	150,048,003	4,201,344	357,395,863	9,792,647
Prepayments and other receivables	51,914,074	1,401,680	49,702,448	1,391,669	48,797,666	1,337,056
Other current assets	274,145,939	7,401,940	230,343,884	6,449,629	260,010,214	7,124,280
Non-current assets	672,377,417	18,154,190	581,049,219	16,269,378	649,120,618	17,785,905
Financial liabilities						
Financial liabilities at fair value through profit or loss	1,675,923,816	45,249,943	1,283,614,306	35,941,201	1,228,499,974	33,660,899
Bonds sold under repurchase agreements	3,613,434,912	97,562,743	3,631,148,556	101,672,160	3,661,267,487	100,318,729
Guarantee deposit-in and margin deposits	2,145,934	57,940	2,542,806	71,199	-	-
Other current liabilities	204,992,842	5,534,807	259,060,857	7,253,704	283,447,618	7,766,465
Non-current liabilities	208,983,654	5,642,559	98,656,643	2,762,386	160,816,757	4,406,379
Effect on profit or loss and equity						
Financial assets						
Equity investments accounted for under the equity method	66,645,314	1,799,423	67,316,543	1,884,863	53,712,500	1,471,723

Note: As of March 31, 2019, December 31, 2018 and March 31, 2018, the KRW to TWD exchange rate were 0.027, 0.028 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. 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 liabilities at fair value through other comprehensive income and financial assets at amortised cost/held-to-maturity financial assets, etc..

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

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

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

i. Derivative financial instruments settled on a net basis

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

ii. Derivative financial instruments settled on a gross basis.

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

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

March 31, 2019

Financial assets	0~90 days	91 days~1 year	Over 1 year	Total
Non-derivative financial instruments				
Cash and cash equivalents	\$ 65,066,404	\$ 1,856,160	\$ 79,584	\$ 67,002,148
Due from Central Bank and call loans to other banks	25,369,049	9,120,459	12,284,580	46,774,088
Financial assets at fair value through profit or loss	466,234,967	4,656,497	3,062,698	473,954,162
Financial assets at fair value through other comprehensive income	11,836,853	23,402,697	178,549,075	213,788,625
Investments in bills and bonds under resale agreements	31,693,623	-	-	31,693,623
Receivables	153,589,498	25,835,705	10,103,454	189,528,657
Bills discounted and loans	148,758,884	157,055,599	461,862,719	767,677,202
Reinsurance assets	282,719	402,721	-	685,440
Financial assets at amortised cost	98,337,652	8,600,226	247,234,185	354,172,063
Restricted assets	-	-	2,548,879	2,548,879
Other financial assets	64,929,026	31,235	4,423,449	69,383,710
Other assets	19,175,097	216,004	14,118,786	33,509,887
Derivative financial instruments				
Financial assets at fair value through profit or loss				
Gross settlement				
Cash inflow	44,081,776	41,548,306	1,123,488	86,753,570
Cash outflow	(42,651,136)	(40,634,018)	(759,538)	(84,044,692)
Net settlement	286,004	522,398	2,119,486	2,927,888
Total	\$ 1,086,990,416	\$ 232,613,989	\$ 936,750,845	\$ 2,256,355,250
Financial liabilities				
Non-derivative financial instruments				
Due to Central Bank and other banks	\$ 18,916,392	\$ 2,324,938	\$ -	\$ 21,241,330
Financial liabilities at fair value through profit or loss	8,149,759	1,781,037	7,434,220	17,365,016
Bills and bonds payable under repurchase agreements	197,705,469	740,816	761,807	199,208,092
Commercial paper payable	56,239,582	286,003	-	56,525,585
Payables	133,218,239	34,789,308	385,501	168,393,048
Deposits and remittances	293,055,306	335,438,000	393,417,547	1,021,910,853
Bonds payable	2,087,764	3,452,115	61,058,742	66,598,621
Other borrowings	64,193,648	216,174	1,549,171	65,958,993
Other financial liabilities	73,357,658	1,482,676	5,864,086	80,704,420
Other liabilities	(2,061,980)	15,250,858	19,989,613	33,178,491
Lease liability	207,620	664,699	5,172,112	6,044,431
Derivative financial instruments				
Financial liabilities at fair value through profit or loss				
Gross settlement				
Cash inflow	(37,804,907)	(36,137,612)	(618,270)	(74,560,789)
Cash outflow	38,789,785	36,843,990	616,500	76,250,275
Net settlement	(780,946)	(164,361)	1,377,291	431,984
Total	\$ 845,273,389	\$ 396,968,641	\$ 497,008,320	\$ 1,739,250,350

December 31, 2018

Financial assets	0~90 days	91 days~1 year	Over 1 year	Total
Non-derivative financial instruments				
Cash and cash equivalents	\$ 60,079,458	\$ 5,339,195	\$ 116,758	\$ 65,535,411
Due from Central Bank and call loans to other banks	28,791,036	10,999,302	8,426,374	48,216,712
Financial assets at fair value through profit or loss	310,638,792	40,066,119	123,234,298	473,939,209
Financial assets at fair value through other comprehensive income	8,255,292	15,305,045	191,574,899	215,135,236
Investments in bills and bonds under resale agreements	33,465,734	-	-	33,465,734
Receivables	116,545,656	27,553,111	1,486,461	145,585,228
Bills discounted and loans	158,058,172	162,366,331	464,096,783	784,521,286
Reinsurance assets	184,055	396,075	-	580,130
Financial assets at amortised cost	100,911,421	6,702,996	245,291,670	352,906,087
Restricted assets	-	-	2,622,711	2,622,711
Other financial assets	58,763,376	29,479	4,126,711	62,919,566
Other assets	12,698,065	4,369,586	11,024,221	28,091,872
Derivative financial instruments				
Financial assets at fair value through profit or loss				
Gross settlement				
Cash inflow	71,275,342	25,901,018	-	97,176,360
Cash outflow	(69,942,555)	(25,316,917)	-	(95,259,472)
Net settlement	1,048,295	499,343	2,035,859	3,583,497
Total	\$ 890,772,139	\$ 274,210,683	\$ 1,054,036,745	\$ 2,219,019,567
Financial liabilities				
Non-derivative financial instruments				
Due to Central Bank and other banks	\$ 18,558,982	\$ 3,488,292	\$ -	\$ 22,047,274
Financial liabilities at fair value through profit or loss	6,573,598	3,038,263	10,670,157	20,282,018
Bills and bonds payable under repurchase agreements	156,047,256	30,874,616	31,648,553	218,570,425
Commercial paper payable	32,626,975	3,642,148	-	36,269,123
Payables	133,232,335	13,561,682	896,018	147,690,035
Deposits and remittances	354,668,961	394,015,142	271,931,193	1,020,615,296
Bonds payable	15,011,586	6,895,677	44,779,588	66,686,851
Other borrowings	46,137,334	5,212,094	12,670,373	64,019,801
Other financial liabilities	380,213,541	23,373,208	(324,309,830)	79,276,919
Other liabilities	34,179,110	1,449,470	2,381,972	38,010,552
Derivative financial instruments				
Financial liabilities at fair value through profit or loss				
Gross settlement				
Cash inflow	(66,987,068)	(25,621,927)	(282,334)	(92,891,329)
Cash outflow	68,531,890	26,093,239	309,479	94,934,608
Net settlement	1,863,560	1,302,019	2,940,312	6,105,891
Total	\$ 1,180,658,060	\$ 487,323,923	\$ 53,635,481	\$ 1,721,617,464

March 31, 2018

Financial assets	0~90 days	91 days~1 year	Over 1 year	Total
Non-derivative financial instruments				
Cash and cash equivalents	\$ 57,437,804	\$ 754,535	\$ 187,050	\$ 58,379,389
Due from Central Bank and call loans to other banks	26,920,024	10,688,250	9,111,008	46,719,282
Financial assets at fair value through profit or loss	370,519,877	53,876,870	62,759,519	487,156,266
Financial assets at fair value through other comprehensive income	12,184,262	12,819,570	224,112,915	249,116,747
Investments in bills and bonds under resale agreements	37,144,985	-	-	37,144,985
Receivables	154,093,550	33,347,823	1,711,155	189,152,528
Bills discounted and loans	145,465,631	153,072,219	457,289,041	755,826,891
Reinsurance assets	474,786	-	-	474,786
Financial assets at amortised cost	108,017,060	15,243,617	199,507,299	322,767,976
Restricted assets	(11,500,028)	-	14,798,798	3,298,770
Other financial assets	46,945,767	31,772	2,023,895	49,001,434
Other assets	17,127,328	4,449,498	6,368,780	27,945,606
Derivative financial instruments				
Financial assets at fair value through profit or loss				
Gross settlement				
Cash inflow	16,241,328	2,935,802	-	19,177,130
Cash outflow	(15,530,585)	(2,501,629)	-	(18,032,214)
Net settlement	623,372	473,001	540,780	1,637,153
Total	\$ 966,165,161	\$ 285,191,328	\$ 978,410,240	\$ 2,229,766,729
Financial liabilities				
Non-derivative financial instruments				
Due to Central Bank and other banks	\$ 36,684,180	\$ 2,531,527	\$ 10,000	\$ 39,225,707
Financial liabilities at fair value through profit or loss	11,247,391	3,862,746	1,435,817	16,545,954
Bills and bonds payable under repurchase agreements	117,898,491	35,316,110	41,362,461	194,577,062
Commercial paper payable	52,316,745	1,370,680	-	53,687,425
Payables	167,954,628	12,005,010	542,437	180,502,075
Deposits and remittances	380,655,494	377,883,762	272,321,537	1,030,860,793
Bonds payable	17,039,291	8,462,529	40,447,657	65,949,477
Other borrowings	71,910,037	867,756	101,141	72,878,934
Other financial liabilities	51,771,817	4,735,533	14,036,082	70,543,432
Other liabilities	26,556,924	817,885	3,687,094	31,061,903
Derivative financial instruments				
Financial liabilities at fair value through profit or loss				
Gross settlement				
Cash inflow	(56,966,752)	(39,326,936)	(596,780)	(96,890,468)
Cash outflow	58,411,167	39,688,730	617,934	98,717,831
Net settlement	153,177	198,327	1,309,017	1,660,521
Total	\$ 935,632,590	\$ 448,413,659	\$ 375,274,397	\$ 1,759,320,646

Maturity analysis for above deposits and remittances are amortised to each period based on historical experience. Given that all the deposits and remittances have to be paid in the shortest possible time, As of March 31, 2019, December 31, 2018 and March 31, 2018, expenses on period of 0-90 days will increase by \$415,485,886, \$361,186,676 and \$357,015,319, respectively.

e. Maturity analysis for items off the balance sheet, lease contract 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.

Lease commitment of the Yuanta Group include operating lease and finance lease.

Operating lease commitment is the total minimum lease payments that the Yuanta Group should make as a lessee or lessor under an operating lease term which is not cancelable.

Financial lease commitment refers to the total future rental payment and the present value that the Yuanta Group as a lessee should make according to the finance lease term, or the total lease investment and the minimum lease payment receivable at present value for a lesser according to the financial lease term.

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, lease contract commitment and capital expenditure commitment of the Yuanta Group:

	March 31, 2019			
	Less than 1 year	1 ~5 years	More than 5 years	Total
Off balance sheet				
Unused loan commitment	\$ 32,880,127	\$ -	\$ -	\$ 32,880,127
Non-revocable credit card commitments	121,495,379	-	-	121,495,379
Unused credit commitment	3,514,320	-	-	3,514,320
Guarantees	13,803,758	-	-	13,803,758
Capital expenditure commitment	686,489	408,291	1,082	1,095,862
Note: Due to the adoption of IFRS 16 in 2019, please refer to Note 6 (16) for the disclosure of lease contract commitments.				
	December 31, 2018			
	Less than 1 year	1 ~5 years	More than 5 years	Total
Off balance sheet				
Unused loan commitment	\$ 28,439,091	\$ -	\$ -	\$ 28,439,091
Non-revocable credit card commitments	121,759,033	-	-	121,759,033
Unused credit commitment	4,570,325	-	-	4,570,325
Guarantees	15,773,127	-	-	15,773,127
Lease contract commitment				
Operating lease expense (lessee)	1,541,753	3,112,402	3,601,799	8,255,954
Operating income (lessor)	145,542	153,096	7,233	305,871
Total financial lease expense (lessee)	79	-	-	79
Financial lease expense at present value (lessee)	75	-	-	75
Total financial lease income (lessor)	18,638	-	-	18,638
Financial lease income at present value (lessor)	18,613	-	-	18,613
Capital expenditure commitment	939,660	517,216	-	1,456,876

March 31, 2018

	Less than 1 year	1 ~5 years	More than 5 years	Total
Off balance sheet				
Unused loan commitment	\$ 36,725,242	\$ -	\$ -	\$ 36,725,242
Non-revocable credit card commitments	120,171,862	-	-	120,171,862
Unused credit commitment	4,726,019	-	-	4,726,019
Guarantees	23,600,003	-	-	23,600,003
Lease contract commitment				
Operating lease expense (lessee)	1,250,985	2,757,913	73,036	4,081,934
Operating income (lessor)	101,999	163,006	50,805	315,810
Total financial lease expense (lessee)	385	19	-	404
Financial lease expense at present value (lessee)	366	18	-	384
Total financial lease income (lessor)	27,547	40,197	-	67,744
Financial lease income at present value (lessor)	25,576	35,926	-	61,502
Capital expenditure commitment	649,457	130,541	-	779,998

(D) Transfer of financial assets

Transferred financial assets not fully derecognised

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

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

March 31, 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	\$ 18,518,190	\$ 17,144,318
Bond sold under repurchase agreements	202,863,325	199,208,092
December 31, 2018		
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	\$ 15,222,310	\$ 14,446,943
Bond sold under repurchase agreements	221,657,162	218,570,426
March 31, 2018		
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	\$ 12,448,466	\$ 11,342,962
Bond sold under repurchase agreements	202,553,633	194,577,062

(E) Offsetting financial assets and financial liabilities

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

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

A. Financial assets

March 31, 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)		
				Financial instruments (Note 2)	Cash collateral received	Net amount (e)=(c)-(d)
Derivative instruments	\$ 7,922,019	\$ -	\$ 7,922,019	\$ 5,752,529	\$ 428,963	\$ 1,740,527
Bonds purchased under resale agreements	31,693,623	-	31,693,623	30,593,623	1,098,645	1,355

December 31, 2018

Financial assets that are offset, or can be settled under agreements of net settled master netting arrangements or similar arrangements						
Description	Gross amounts of recognised financial assets(a)	Gross amounts of recognised financial liabilities set off in the balance sheet(b)	Net amounts of financial assets presented in the balance sheet (c)=(a)-(b)	Related amounts not set off in the balance sheet(d)(Note 1)		
				Financial instruments (Note 2)	Cash collateral received	Net amount (e)=(c)-(d)
Derivative instruments	\$ 12,224,224	\$ -	\$ 12,224,224	\$ 8,983,863	\$ 214,375	\$ 3,025,986
Bonds purchased under resale agreements	33,465,734	-	33,465,734	31,615,734	1,848,049	1,951

March 31, 2018

Financial assets that are offset, or can be settled under agreements of net settled master netting arrangements or similar arrangements						
Description	Gross amounts of recognised financial assets(a)	Gross amounts of recognised financial liabilities set off in the balance sheet(b)	Net amounts of financial assets presented in the balance sheet (c)=(a)-(b)	Related amounts not set off in the balance sheet(d)(Note 1)		
				Financial instruments (Note 2)	Cash collateral received	Net amount (e)=(c)-(d)
Derivative instruments	\$ 9,951,615	\$ -	\$ 9,951,615	\$ 6,995,357	\$ 1,417,454	\$ 1,538,804
Bonds purchased under resale agreements	37,144,985	-	37,144,985	36,614,985	530,000	-

B. Financial liabilities

March 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)		
				Financial instruments (Note 3)	Cash collateral received	Net amount (e)=(c)-(d)
Derivative instruments	\$ 12,054,223	\$ -	\$ 12,054,223	\$ 7,722,130	\$ 3,216,462	\$ 1,115,631
Bonds sold under repurchase agreements	199,208,092	-	199,208,092	199,198,093	9,999	-

December 31, 2018

Financial liabilities that are offset, or can be settled under agreements of net settled master netting arrangements or similar arrangements						
Description	Gross amounts of recognised financial liabilities(a)	Gross amounts of recognised financial assets set off in the balance sheet(b)	Net amounts of financial liabilities presented in the balance sheet (c)=(a)-(b)	Related amounts not set off in the balance sheet(d)(Note 1)		
				Financial instruments (Note 3)	Cash collateral received	Net amount (e)=(c)-(d)
Derivative instruments	\$ 17,735,046	\$ -	\$ 17,735,046	\$ 12,977,643	\$ 3,473,194	\$ 1,284,209
Bonds sold under repurchase agreements	218,570,425	-	218,570,425	218,395,439	174,986	-

March 31, 2018

Financial liabilities that are offset, or can be settled under agreements of net settled master netting arrangements or similar arrangements						
Description	Gross amounts of recognised financial liabilities(a)	Gross amounts of recognised financial assets set off in the balance sheet(b)	Net amounts of financial liabilities presented in the balance sheet (c)=(a)-(b)	Related amounts not set off in the balance sheet(d)(Note 1)		
				Financial instruments (Note 3)	Cash collateral received	Net amount (e)=(c)-(d)
Derivative instruments	\$ 13,312,941	\$ -	\$ 13,312,941	\$ 10,228,354	\$ 788,771	\$ 2,295,816
Bonds sold under repurchase agreements	194,577,062	-	194,577,062	194,483,370	93,692	-

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 March 31, 2019, December 31, 2018 and March 31, 2018, the liabilities will still be adequate on the assumption that the mortality, lapse, and expense rates all change by 10% and inflation rate changes by 1%.

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

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

(a) Credit risk

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

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

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

(b) Liquidity risk

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

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

Net cash flows used in (provided by) the insurance contracts:

	<u>March 31, 2019</u>	<u>December 31, 2018</u>	<u>March 31, 2018</u>
Less than 1 year	(\$ 26,415,123)	(\$ 27,554,212)	(\$ 25,362,743)
1 ~5 years	11,331,130	10,217,813	(12,767,016)
5 ~15 years	83,731,379	82,539,172	77,814,419
More than 15 years	<u>484,297,965</u>	<u>473,006,357</u>	<u>450,161,307</u>
Total	<u>\$ 552,945,351</u>	<u>\$ 538,209,130</u>	<u>\$ 489,845,967</u>

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

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

(c) Market risk

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

(4) Capital adequacy ratio:

Not applicable.

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

Not applicable.

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

None.

(7) Information for discontinued operations:

Please refer to Note 6(8).

(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:

Please refer to Note 6(30).

(11) Financial information by business segments

Information by business segments for the three months ended March 31, 2019 is as follows:

(Expressed In Thousands of New Taiwan Dollars)

Item	Bank business	Securities business	Futures business	Insurance business	Other businesses	Consolidated
Net interest income (loss)	\$ 3,465,865	\$ 820,444	\$ 201,504	\$ 1,914,449	(\$ 78,344)	\$ 6,323,918
Net non-interest income	2,204,088	7,553,052	375,791	7,758,783	780,100	18,671,814
Net profit	5,669,953	8,373,496	577,295	9,673,232	701,756	24,995,732
(Provision) recovery for bad debt expenses, commitment and guarantee policy reserve	(89,506)	(73,770)	1,705	767	-	(160,804)
Net change in provisions for insurance liabilities	-	-	-	(8,415,067)	31,937	(8,383,130)
Operating expenses	(2,655,940)	(5,645,075)	(287,228)	(279,877)	(650,419)	(9,518,539)
Net income from continuing operations before income tax	2,924,507	2,654,651	291,772	979,055	83,274	6,933,259
Income tax expense	(384,841)	(385,575)	(68,000)	(71,880)	(118,289)	(1,028,585)
Consolidated income (loss), net of tax	\$ 2,539,666	\$ 2,269,076	\$ 223,772	\$ 907,175	(\$ 35,015)	\$ 5,904,674

Information by business segments for the three months ended March 31, 2018 is as follows:

Item	Bank business	Securities business	Futures business	Securities finance business	Insurance business	Other businesses	Consolidated
Net interest income (loss)	\$ 3,544,266	\$ 946,420	\$ 89,873	\$ 175,122	\$ 1,515,473	(\$ 78,128)	\$ 6,193,026
Net non-interest income (loss)	1,859,413	9,108,069	521,354	(35,229)	5,731,736	729,411	17,914,754
Net profit	5,403,679	10,054,489	611,227	139,893	7,247,209	651,283	24,107,780
(Provision) recovery for bad debt expenses, commitment and guarantee policy reserve	(173,356)	(77,444)	(45,838)	(2,355)	850	-	(298,143)
Net change in provisions for insurance liabilities	-	-	-	-	(6,435,168)	-	(6,435,168)
Operating expenses	(2,745,641)	(6,192,161)	(346,899)	(39,379)	(397,206)	(606,676)	(10,327,962)
Net income from continuing operations before income tax	2,484,682	3,784,884	218,490	98,159	415,685	44,607	7,046,507
Income tax (expense) benefits	(380,882)	(535,405)	(49,032)	(14,517)	117,442	(78,916)	(941,310)
Consolidated income (loss), net of tax	\$ 2,103,800	\$ 3,249,479	\$ 169,458	\$ 83,642	\$ 533,127	(\$ 34,309)	\$ 6,105,197

(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

March 31, 2019 and 2018

(Expressed In Thousands of New Taiwan Dollars)

ASSETS	March 31, 2019	March 31, 2018	LIABILITIES AND EQUITY	March 31, 2019	March 31, 2018
Cash and cash equivalents	\$ 15,368,046	\$ 2,289,901	Commercial paper payable - net	\$ -	\$ 5,255,720
Financial assets at fair value through other comprehensive income	24,176	20,999	Payables	5,543,586	4,923,660
Securities purchased under resell agreements	153,702	-	Current income tax liabilities	3,733,182	4,102,791
Receivables - net	2,462,453	2,997,271	Bonds payable	26,750,000	19,750,000
Current income tax assets	808,655	327,604	Liabilities reserve	39,709	38,317
Equity investments accounted for under the equity method - net	244,212,208	242,070,800	Lease liability	130,788	-
Property and equipment - net	20,165	24,418	Other liabilities	11,285	9,284
Right-of-use assets	130,638	-	Total liabilities	<u>36,208,550</u>	<u>34,079,772</u>
Intangible assets - net	6,651	4,050	Equity		
Deferred income tax assets	34,145	25,066	Common stock	116,862,325	118,202,325
Other assets - net	10,020	7,277	Additional paid-in capital	37,200,474	37,710,997
			Retained earnings		
			Legal reserve	10,721,262	9,100,767
			Special reserve	6,549,234	6,549,234
			Undistributed earnings	48,163,310	37,673,690
			Other equity	7,723,310	4,648,207
			Treasury shares	(197,606)	(197,606)
			Total equity	<u>227,022,309</u>	<u>213,687,614</u>
Total assets	<u>\$ 263,230,859</u>	<u>\$ 247,767,386</u>	Total liabilities and equity	<u>\$ 263,230,859</u>	<u>\$ 247,767,386</u>

Yuanta Financial Holding Co., Ltd.
Individual Statements of Comprehensive Income
For the three months ended March 31, 2019 and 2018
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

	For the three months ended March 31,	
	2019	2018
Revenues		
Share of the profit or loss of associates and joint ventures accounted for using the equity method	\$ 5,785,527	\$ 5,893,589
Other revenues	34,568	11,874
	5,820,095	5,905,463
Expenses and losses		
Operating expenses	(288,156)	(193,928)
Other expenses and losses	(62,812)	(106,972)
	(350,968)	(300,900)
Income from continuing operations before income tax	5,469,127	5,604,563
Income tax (expense) benefit	(36,914)	10,526
Net income	5,432,213	5,615,089
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	1,997	1,733
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	724,928	1,122,701
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	1,973,400	(3,406,833)
Other comprehensive income (loss)	2,700,325	(2,282,399)
Total comprehensive income	\$ 8,132,538	\$ 3,332,690
Earnings per share (in dollars)		
Basic and diluted earnings per share	\$ 0.47	\$ 0.48

Yuanta Financial Holding Co., Ltd.
Individual Statement of Change in Equity
For the three months ended March 31, 2019 and 2018
(Expressed In Thousands of New Taiwan Dollars)

	Retained Earnings					Other equity							
	Common stock	Additional paid-in capital	Legal reserve	Special reserve	Undistributed earnings	Translation gain and loss on the financial statements of foreign operating entities	Unrealized gain (loss) on financial assets measured at fair value through other comprehensive income	Unrealized gain (loss) on available-for-sale financial assets	Gains (losses) on effective portion of cash flow hedges	Change in fair value of financial liability attributable to change in credit risk	Other comprehensive income on reclassification under the overlay approach	Treasury shares	Total equity
For the three months ended March 31, 2018													
Balance, January 1, 2018	\$ 118,891,975	\$ 37,960,694	\$ 9,100,767	\$ 6,549,234	\$ 35,275,652	(\$ 2,528,033)	\$ -	\$ 7,085,896	\$ -	(\$ 3,478)	\$ -	(\$ 1,136,953)	\$ 211,195,754
Effects of retrospective application and retrospective restatement	-	-	-	-	(3,028,393)	71	8,821,189	(7,085,896)	-	62,367	389,832	-	(840,830)
Equity at beginning of period after adjustments	118,891,975	37,960,694	9,100,767	6,549,234	32,247,259	(2,527,962)	8,821,189	-	-	58,889	389,832	(1,136,953)	210,354,924
Consolidate net income for the period	-	-	-	-	5,615,089	-	-	-	-	-	-	-	5,615,089
Other comprehensive income (loss) for the period	-	-	-	-	23,316	(656,676)	(1,257,125)	-	-	(846)	(391,068)	-	(2,282,399)
Total comprehensive income (loss) for the period	-	-	-	-	5,638,405	(656,676)	(1,257,125)	-	-	(846)	(391,068)	-	3,332,690
Retirement of treasury share	(689,650)	(249,697)	-	-	-	-	-	-	-	-	-	939,347	-
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	(211,974)	-	211,974	-	-	-	-	-	-
Balance, March 31, 2018	\$ 118,202,325	\$ 37,710,997	\$ 9,100,767	\$ 6,549,234	\$ 37,673,690	(\$ 3,184,638)	\$ 7,776,038	\$ -	\$ -	\$ 58,043	(\$ 1,236)	(\$ 197,606)	\$ 213,687,614
For the three months ended March 31, 2019													
Balance, January 1, 2018	\$ 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)
Equity at beginning of period 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
Consolidate net income for the period	-	-	-	-	5,432,213	-	-	-	-	-	-	-	5,432,213
Other comprehensive income (loss) for the period	-	-	-	-	(67,733)	(153,587)	2,330,979	-	-	(1,300)	591,966	-	2,700,325
Total comprehensive income (loss) for the period	-	-	-	-	5,364,480	(153,587)	2,330,979	-	-	(1,300)	591,966	-	8,132,538
Changes in ownership interest in subsidiaries	-	58	-	-	-	-	-	-	-	-	-	-	58
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	50,832	-	(50,832)	-	-	-	-	-	-
Balance, March 31, 2019	\$ 116,862,325	\$ 37,200,474	\$ 10,721,262	\$ 6,549,234	\$ 48,163,310	(\$ 2,563,056)	\$ 10,055,865	\$ -	\$ -	(\$ 31,098)	\$ 261,599	(\$ 197,606)	\$ 227,022,309

Yuanta Financial Holding Co., Ltd.
Individual Statement of Cash Flows
For the three months ended March 31, 2019 and 2018
(Expressed In Thousands of New Taiwan Dollars)

	For the three months ended March 31,	
	2019	2018
<u>Cash Flows From Operating Activities</u>		
Profit before tax	\$ 5,469,127	\$ 5,604,563
Adjustment items		
Adjustments to reconcile profit or loss		
Depreciation	11,028	2,185
Amortization	598	511
Interest expense	62,812	50,081
Interest income	(27,286)	(11,388)
Share of the loss of associates and joint ventures accounted for using the equity method	(5,785,527)	(5,893,589)
Gain on sale of property and equipment	-	(465)
Change in assets/liabilities relating to operating activities		
Decrease in receivables	19,527	8,920
Increase in other assets	(3,556)	(1,403)
Increase (decrease) in payables	11,691	(4,264)
Increase in liabilities reserve	101	114
Increase in other liabilities	499	488
Interest received	27,051	10,814
Cash paid for interest	-	(6,755)
Income tax paid	(2,699)	(1,080)
Net cash used in operating activities	(216,634)	(241,268)
<u>Cash Flows From Investing Activities</u>		
Decrease in equity investments accounted for under the equity method	8,818,069	-
Acquisition of property and equipment	(700)	(195)
Proceeds from disposal of property and equipment	-	465
Net cash provided by investing activities	8,817,369	270
<u>Cash Flows From Financing Activities</u>		
Increase in commercial paper payable	-	164,000
Payments of lease liabilities	(9,072)	-
Net cash (used in) provided by financing activities	(9,072)	164,000
Net increase (decrease) in cash and cash equivalents	8,591,663	(76,998)
Cash and cash equivalents at beginning of period	6,930,085	2,366,899
Cash and cash equivalents at end of period	\$ 15,521,748	\$ 2,289,901

B. Yuanta Commercial Bank

Yuanta Commercial Bank
Individual Balance Sheets
March 31, 2019 and 2018

ASSETS			LIABILITIES AND EQUITY	(Expressed In Thousands of New Taiwan Dollars)	
	March 31, 2019	March 31, 2018		March 31, 2019	March 31, 2018
Cash and cash equivalents	\$ 19,476,059	\$ 16,409,003	Due to Central Bank and other banks	\$ 21,241,330	\$ 39,225,707
Due from Central Bank and call loans to other banks	44,200,275	44,774,383	Financial liabilities at fair value through profit or loss	3,426,362	3,960,126
Financial assets at fair value through profit or loss	139,133,759	135,615,002	Bills and bonds sold under repurchase agreements	8,404,201	8,749,135
Financial assets at fair value through other comprehensive income	104,087,493	140,648,453	Payables	15,263,788	23,904,709
Investments in debt instruments at amortised cost – net	179,067,588	185,815,908	Current income tax liabilities	1,328,986	787,559
Securities purchased under resell agreements	-	9,997,900	Deposits and remittances	1,056,570,663	1,053,200,847
Receivables- net	27,391,845	36,538,021	Financial debentures payable	38,000,000	43,500,000
Current income tax assets	2,425,746	2,485,786	Other financial liabilities	8,725,899	13,518,650
Assets held for sale- net	864,321	-	Liabilities reserve	1,485,082	1,893,936
Bills discounted and loans- net	717,589,751	699,324,169	Lease reserve	2,463,616	-
Equity investments accounted for under the equity method- net	5,184,301	5,067,779	Deferred income tax liabilities	182,742	299,244
Other financial assets- net	5,955	4,100	Other liabilities	1,709,695	2,271,864
Property and equipment- net	12,283,828	12,926,800	Total liabilities	1,158,802,364	1,191,311,777
Right-of-use assets	10,593,246	-	Common stocks	73,940,390	73,940,390
Investment property- net	866,265	1,030,592	Additional paid-in capital	25,960,441	25,960,441
Intangible assets- net	10,731,718	12,393,468	Retained earnings	17,401,658	13,590,473
Deferred income tax assets	634,337	579,097	Other equity	1,542,137	1,076,309
Other assets - net	3,110,503	2,268,929	Total equity	118,844,626	114,567,613
Total assets	\$ 1,277,646,990	\$ 1,305,879,390	Total liabilities and equity	\$ 1,277,646,990	\$ 1,305,879,390

Yuanta Commercial Bank
Individual Condensed Statements of Comprehensive Income
For the three months ended March 31, 2019 and 2018
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

	For the three months ended March 31,			
	2019		2018	
	Amount	%	Amount	%
Interest income	\$ 5,584,189	98	\$ 5,434,097	100
Less: Interest expense	(2,331,852)	(41)	(2,078,697)	(38)
Net interest income	3,252,337	57	3,355,400	62
Net non-interest income	2,405,217	43	2,072,696	38
Net profit	5,657,554	100	5,428,096	100
Provision for bad debt expenses and guarantee policy reserve	(73,460)	(1)	(172,664)	(3)
Operating expenses	(2,606,034)	(46)	(2,709,458)	(50)
Income from continuing operations before income tax	2,978,060	53	2,545,974	47
Income tax expense	(385,742)	(7)	(379,304)	(7)
Net income	2,592,318	46	2,166,670	40
Other comprehensive income (loss) (net of tax)	624,612	11	(757,712)	(14)
Total comprehensive income	<u>\$ 3,216,930</u>	<u>57</u>	<u>\$ 1,408,958</u>	<u>26</u>
Basic and diluted earnings per share				
Profit attributable to the parent	<u>\$</u>	<u>0.35</u>	<u>\$</u>	<u>0.29</u>

C. Yuanta Securities

Yuanta Securities
Individual Condensed Balance Sheets
March 31, 2019 and 2018

(Expressed In Thousands of New Taiwan Dollars)

ASSETS	March 31, 2019	March 31, 2018	LIABILITIES AND EQUITY	March 31, 2019	March 31, 2018
Current assets	\$ 276,827,662	\$ 280,620,613	Current liabilities	\$ 244,026,728	\$ 241,007,068
Financial assets at fair value through profit or loss	52,056	-	Liabilities reserve- non-current	48,899	-
Financial assets at fair value through other comprehensive income	6,260,427	5,363,021	Lease reserve- non-current	295,951	-
Equity investments accounted for under the equity method	42,612,731	41,152,883	Deferred income tax liabilities	2,232,073	2,251,389
Property and equipment	4,411,776	4,581,529	Other non-current liabilities	1,900,940	1,884,419
Right-of-use assets	498,775	-	Total liabilities	<u>248,504,591</u>	<u>245,142,876</u>
Investment property	2,889,459	2,844,672	Common stocks	54,056,442	54,056,442
Intangible assets	11,580,569	12,000,876	- Additional paid-in capital	399,108	1,790,174
			Retained earnings	39,092,172	37,725,167
Deferred income tax assets	489,641	608,851	Other equity	5,634,992	(141,401)
Other non-current assets	2,064,209	1,657,690	Equity attributable to former owner of business combination under common control	-	10,256,877
Total assets	<u>\$ 347,687,305</u>	<u>\$ 348,830,135</u>	Total equity	<u>99,182,714</u>	<u>103,687,259</u>
			Total liabilities and equity	<u>\$ 347,687,305</u>	<u>\$ 348,830,135</u>

Yuanta Securities
Individual Condensed Statements of Comprehensive Income
For the three months ended March 31, 2019 and 2018
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

Item	For the three months ended March 31,			
	2019		2018	
	Amount	%	Amount	%
Revenues	\$ 4,925,466	100	\$ 6,069,561	100
Service fee expense	(154,121)	(3)	(182,353)	(3)
Employee benefit expense	(1,436,236)	(29)	(1,850,565)	(30)
Share of the profit or loss of associates and joint ventures accounted for using the equity method	507,940	10	790,112	13
Operating expenses	(1,501,553)	(30)	(1,336,596)	(22)
Income from continuing operations before income tax	2,341,496	48	3,490,159	58
Income tax expense	(232,536)	(5)	(487,328)	(8)
Net income	2,108,960	43	3,002,831	50
Other comprehensive income (loss) (net of tax)	1,037,984	21	(177,782)	(3)
Total comprehensive income	<u>\$ 3,146,944</u>	<u>64</u>	<u>\$ 2,825,049</u>	<u>47</u>
Earnings per share (in dollars)				
Profit attributable to the parent	\$	0.38	\$	0.54
Income attributable to former owner of business combination under common control		0.01		0.02
Basic and diluted earnings per share	<u>\$</u>	<u>0.39</u>	<u>\$</u>	<u>0.56</u>

D. Yuanta Futures

Yuanta Futures
Individual Condensed Balance Sheets
March 31, 2019 and 2018

(Expressed In Thousands of New Taiwan Dollars)

ASSETS	March 31, 2019	March 31, 2018	LIABILITIES AND EQUITY	March 31, 2019	March 31, 2018
Current assets	\$ 70,918,672	\$ 57,446,321	Current liabilities	\$ 66,387,020	\$ 52,824,865
Financial assets at fair value through other comprehensive income	1,426,737	1,257,885	Non-current liabilities	124,934	70,298
Equity investments accounted for under the equity method	1,289,751	704,105	Total liabilities	<u>66,511,954</u>	<u>52,895,163</u>
Property and equipment	580,065	546,286	Common stocks	2,322,763	2,322,763
Intangible assets	40,246	36,468	Additional paid-in capital	940,976	940,976
Right-of-use assets	49,106	-	Retained earnings	4,032,613	3,499,913
Deferred income tax assets	24,318	14,103	Other equity	<u>1,241,919</u>	<u>976,885</u>
Other non-current assets	721,330	630,532	Total equity	<u>8,538,271</u>	<u>7,740,537</u>
Total assets	<u>\$ 75,050,225</u>	<u>\$ 60,635,700</u>	Total liabilities and equity	<u>\$ 75,050,225</u>	<u>\$ 60,635,700</u>

Yuanta Futures
Individual Condensed Statements of Comprehensive Income
For the three months ended March 31, 2019 and 2018
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

Item	For the three months ended March 31,			
	2019		2018	
	Amount	%	Amount	%
Operating revenues	\$ 631,270	100	\$ 910,948	100
Service fee expense	(104,240)	(16)	(158,883)	(17)
Employee benefit expense	(145,201)	(23)	(170,703)	(19)
Share of the profit or loss of associates and joint ventures accounted for using the equity method	5,456	1	(6,195)	(1)
Operating expenses	(65,284)	(11)	(319,109)	(35)
Income from continuing operations before income tax	322,001	51	256,058	28
Income tax expense	(68,000)	(11)	(49,032)	(5)
Net income	254,001	40	207,026	23
Other comprehensive income (net of tax)	63,720	10	66,384	7
Total comprehensive income	<u>\$ 317,721</u>	<u>50</u>	<u>\$ 273,410</u>	<u>30</u>
Earnings per share (in dollars)				
Basic and diluted earnings per share	<u>\$</u>	<u>1.09</u>	<u>\$</u>	<u>0.89</u>

E. Yuanta Life

Yuanta Life
Individual Condensed Balance Sheets
March 31, 2019 and 2018

(Expressed In Thousands of New Taiwan Dollars)

ASSETS	March 31, 2019	March 31, 2018	LIABILITIES AND EQUITY	March 31, 2019	March 31, 2018
Cash and cash equivalents	\$ 9,950,228	\$ 5,307,364	Payables	\$ 1,310,891	\$ 3,025,304
Receivables	2,251,100	3,390,858	Current tax liabilities	10,377	-
Current income tax assets	2,284,389	1,642,731	Financial liabilities at fair value		
Financial assets at fair value			through profit or loss	2,708,117	89,989
through profit or loss	16,114,476	15,482,390	Insurance liabilities	229,207,446	189,391,733
Financial assets at fair value through			Foreign exchange reserve	567,371	275,342
other comprehensive income	25,598,061	32,520,579	Liabilities reserve	65,462	45,579
Amortized cost financial assets	168,930,404	134,135,426	Lease reserve	140,924	-
Other financial assets	7,300,000	-	Deferred income tax liabilities	40,171	405,756
Right-of-use assets	159,834	-	Other liabilities	1,628,994	2,218,432
Loans	6,318,804	5,681,349	Investment-linked insurance		
Reinsurance contract assets	685,440	474,786	products liabilities	1,899,304	1,926,076
Property and equipment	4,636,408	4,514,391	Total liabilities	<u>237,579,057</u>	<u>197,378,211</u>
Intangible assets	71,405	70,841	Common stocks	9,624,045	12,107,048
Deferred income tax assets	596,179	1,345,301	Retained earnings (accumulated		
Other assets	3,441,966	1,885,732	deficit)	1,681,600	(2,401,547)
Investment-linked insurance			Other equity	1,353,296	1,294,112
products assets	1,899,304	1,926,076	Total equity	<u>12,658,941</u>	<u>10,999,613</u>
Total assets	<u>\$ 250,237,998</u>	<u>\$ 208,377,824</u>	Total liabilities and equity	<u>\$ 250,237,998</u>	<u>\$ 208,377,824</u>

Yuanta Life
Individual Condensed Statements of Comprehensive Income
For the three months ended March 31, 2019 and 2018
(Expressed in Thousands of New Taiwan Dollars, Except for Loss Per Share)

Item	For the three months ended March 31,			
	2019		2018	
	Amount	%	Amount	%
Operating revenues	\$ 12,109,980	100	\$ 9,192,136	100
Operating costs	(11,100,288)	(92)	(8,686,711)	(95)
Operating expenses	(310,016)	(2)	(291,277)	(3)
Net operating income	699,676	6	214,148	2
Non-operating revenues and expenses	(770)	-	(564)	-
Income from continuing operations before income tax	698,906	6	213,584	2
Income tax (expense) benefit	(71,880)	(1)	117,441	1
Net income	627,026	5	331,025	3
Other comprehensive income (loss) (net of tax)	1,006,930	8	(1,398,573)	(15)
Total comprehensive income (loss)	<u>\$ 1,633,956</u>	<u>13</u>	<u>(\$ 1,067,548)</u>	<u>(12)</u>
Earnings per share (in dollars)				
Basic and diluted earnings per share	<u>\$</u>	<u>0.65</u>	<u>\$</u>	<u>0.38</u>

F. Yuanta Securities Investment Trust

Yuanta Securities Investment Trust
Individual Condensed Balance Sheets
March 31, 2019 and 2018

(Expressed In Thousands of New Taiwan Dollars)

ASSETS	March 31, 2019	March 31, 2018	LIABILITIES AND EQUITY	March 31, 2019	March 31, 2018
Current assets	\$ 3,689,741	\$ 3,430,703	Current liabilities	\$ 411,221	\$ 360,131
Financial assets at fair value through other comprehensive income	107,901	98,758	Deferred income tax liabilities	203,369	249,916
Equity investments accounted for under the equity method	94,098	188,217	Lease liability- non-current	19,463	-
Property and equipment	302,894	294,824	Other non-current liabilities	41,856	55,644
Intangible assets	768,551	768,551	Total liabilities	675,909	665,691
Prepaid pension cost	37,471	37,087	Common stocks	2,269,235	2,269,235
Deferred income tax assets	229	182	Additional paid-in capital	786	179
Other non-current assets	188,195	164,745	Retained earnings	2,148,231	1,964,536
Total assets	<u>\$ 5,189,080</u>	<u>\$ 4,983,067</u>	Other equity	94,919	83,426
			Total equity	4,513,171	4,317,376
			Total liabilities and equity	<u>\$ 5,189,080</u>	<u>\$ 4,983,067</u>

Yuanta Securities Investment Trust
Individual Condensed Statements of Comprehensive Income
For the three months ended March 31, 2019 and 2018
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

Item	For the three months ended March 31,			
	2019		2018	
	Amount	%	Amount	%
Operating revenues	\$ 660,779	100	\$ 639,909	100
Operating expenses	(289,159)	(44)	(307,072)	(48)
Operating profits	371,620	56	332,837	52
Non-operating revenues and expenses	(14,794)	(2)	(21,869)	(3)
Income from continuing operations before income tax	356,826	54	310,968	49
Income tax expense	(73,970)	(11)	(89,267)	(14)
Net income	282,856	43	221,701	35
Other comprehensive income (net of tax)	5,431	1	8,237	1
Total comprehensive income	<u>\$ 288,287</u>	<u>44</u>	<u>\$ 229,938</u>	<u>36</u>
Earnings per share (in dollars)				
Basic and diluted earnings per share	<u>\$</u>	<u>1.25</u>	<u>\$</u>	<u>0.98</u>

G. Yuanta Asset Management

Yuanta Asset Management
Individual Condensed Balance Sheets
March 31, 2019 and 2018

(Expressed In Thousands of New Taiwan Dollars)

ASSETS	March 31, 2019	March 31, 2018	LIABILITIES AND EQUITY	March 31, 2019	March 31, 2018
Current assets	\$ 1,897,943	\$ 1,927,453	Current liabilities	\$ 1,208,929	\$ 1,369,997
Financial assets at fair value through other comprehensive income	36,702	352,759	Non-current liabilities	7,956	6,435
Property and equipment	3,028	931	Total liabilities	1,216,885	1,376,432
Investment property	1,236,653	1,106,805	Common stocks	1,000,000	1,000,000
Intangible assets	181	294	Additional paid-in capital	1,047	1,047
Deferred income tax assets	3,117	2,898	Retained earnings	941,558	722,762
Other non-current assets	539	728	Other equity	18,673	291,627
Total assets	<u>\$ 3,178,163</u>	<u>\$ 3,391,868</u>	Total equity	1,961,278	2,015,436
			Total liabilities and equity	<u>\$ 3,178,163</u>	<u>\$ 3,391,868</u>

Yuanta Asset Management
Individual Condensed Statements of Comprehensive Income
For the three months ended March 31, 2019 and 2018
(Expressed in Thousands of New Taiwan Dollars)

Item	For the three months ended March 31,			
	2019		2018	
	Amount	%	Amount	%
Operating revenues	\$ 71,465	100	\$ 66,504	100
Operating expenses	(33,035)	(46)	(24,154)	(36)
Operating profits	38,430	54	42,350	64
Non-operating revenues and expenses	(2,584)	(4)	(2,676)	(4)
Income from continuing operations before income tax	35,846	50	39,674	60
Income tax expense	(7,149)	(10)	(7,948)	(12)
Net income	28,697	40	31,726	48
Other comprehensive (loss) income	(668)	-	143	-
Total comprehensive income	<u>\$ 28,029</u>	<u>40</u>	<u>\$ 31,869</u>	<u>48</u>

H. Yuanta Venture Capital

Yuanta Venture Capital
Individual Condensed Balance Sheets
March 31, 2019 and 2018

(Expressed In Thousands of New Taiwan Dollars)

ASSETS	March 31, 2019	March 31, 2018	LIABILITIES AND EQUITY	March 31, 2019	March 31, 2018
Current assets	\$ 1,735,046	\$ 1,663,090	Current liabilities	\$ 49,629	\$ 95,700
Equity investments accounted for under the equity method	869,144	979,585	Other non-current liabilities	1,800	101,580
Property and equipment	3,402	4,167	Total liabilities	51,429	197,280
Deferred income tax assets	2,832	10,222	Common stocks	2,460,000	2,460,000
Other non-current assets	635	635	Additional paid-in capital	918	918
			Retained earnings (accumulated deficit)	75,497	(58,247)
			Other equity	23,215	57,748
			Total equity	2,559,630	2,460,419
Total assets	<u>\$ 2,611,059</u>	<u>\$ 2,657,699</u>	Total liabilities and equity	<u>\$ 2,611,059</u>	<u>\$ 2,657,699</u>

Yuanta Venture Capital
Individual Condensed Statements of Comprehensive Income
For the three months ended March 31, 2019 and 2018
(Expressed in Thousands of New Taiwan Dollars)

Item	For the three months ended March 31,			
	2019		2018	
	Amount	%	Amount	%
Operating revenues	\$ 46,182	100	\$ 132,480	100
Operating expenses	(7,784)	(17)	(30,364)	(23)
Operating profits	38,398	83	102,116	77
Non-operating revenues and expenses	520	1	(114)	-
Income from continuing operations before income tax	38,918	84	102,002	77
Income tax benefit	2,261	5	7,555	5
Net income	41,179	89	109,557	82
Other comprehensive loss (net of tax)	(18,196)	(39)	(1,724)	(1)
Total comprehensive income	\$ 22,983	50	\$ 107,833	81

I. Yuanta Securities Investment Consulting

Yuanta Securities Investment Consulting
Individual Condensed Balance Sheets
March 31, 2019 and 2018

(Expressed In Thousands of New Taiwan Dollars)

ASSETS	March 31, 2019	March 31, 2018	LIABILITIES AND EQUITY	March 31, 2019	March 31, 2018
Current assets	\$ 183,942	\$ 173,756	Current liabilities	\$ 52,195	\$ 47,525
Property and equipment	2,126	3,086	Non-current liabilities	20,804	5,322
Right-of-use assets	11,203	-	Total liabilities	<u>72,999</u>	<u>52,847</u>
Intangible assets	241	734			
Deferred income tax assets	4,725	4,410	Common stocks	100,000	100,000
Other non-current assets	6,464	6,577	Additional paid-in capital	6,017	6,017
			Retained earnings	29,685	29,699
			Total equity	<u>135,702</u>	<u>135,716</u>
Total assets	<u>\$ 208,701</u>	<u>\$ 188,563</u>	Total liabilities and equity	<u>\$ 208,701</u>	<u>\$ 188,563</u>

Yuanta Securities Investment Consulting
Individual Condensed Statements of Comprehensive Income
For the three months ended March 31, 2019 and 2018
(Expressed in Thousands of New Taiwan Dollars)

Item	For the three months ended March 31,			
	2019		2018	
	Amount	%	Amount	%
Operating revenues	\$ 50,341	100	\$ 51,098	100
Operating costs	(298)	(1)	(344)	(1)
Operating expenses	(51,333)	(102)	(50,017)	(98)
Operating (loss) income	(1,290)	(3)	737	1
Non-operating revenues and expenses	401	1	352	1
(Loss) income from continuing operations before income tax	(889)	(2)	1,089	2
Income tax benefit (expense)	178	1	(228)	-
Net (loss) income	(711)	(1)	861	2
Total comprehensive (loss) income	(\$ 711)	(1)	\$ 861	2

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

A. Profitability

(A) Yuanta Financial Holdings Unit: %

		For the three months ended March 31,	
		2019	2018
Return on total assets	Before tax	2.11	2.28
	After tax	2.10	2.28
Return on equity	Before tax	2.45	2.64
	After tax	2.44	2.65
Net profit margin ratio		94.35	96.84

(B) Yuanta Financial Holdings and its subsidiaries

		For the three months ended March 31,	
		2019	2018
Return on total assets	Before tax	0.30	0.31
	After tax	0.26	0.27
Return on equity	Before tax	2.88	3.08
	After tax	2.45	2.67
Net profit margin ratio		23.62	25.32

(C) Yuanta Bank

		For the three months ended March 31,	
		2019	2018
Return on total assets	Before tax	0.23	0.20
	After tax	0.20	0.17
Return on equity	Before tax	2.54	2.24
	After tax	2.21	1.90
Net profit margin ratio		45.82	39.92

(D) Yuanta Securities

		For the three months ended March 31,	
		2019	2018
Return on total assets	Before tax	0.68	0.99
	After tax	0.61	0.85
Return on equity	Before tax	2.30	3.41
	After tax	2.07	2.94
Net profit margin ratio		39.95	44.97

(E) Yuanta Life

		For the three months ended March 31,	
		2019	2018
Return on total assets	Before tax	0.29	0.10
	After tax	0.26	0.16
Return on equity	Before tax	5.90	1.85
	After tax	5.29	2.87
Net profit margin ratio		62.15	65.57

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

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

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

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

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

B. Information of Yuanta Bank is as follows:

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

Unit: In thousands of NT Dollars

Month / Year		March 31, 2019					March 31, 2018				
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	861,105	182,218,898	0.47%	2,846,673	330.58%	530,544	186,692,662	0.28%	2,800,488	527.85%
	Unsecured loans	133,568	209,220,312	0.06%	4,716,096	3,530.86%	338,983	191,267,560	0.18%	5,139,910	1,516.27%
Consumer banking	Residential mortgage loans	322,983	190,286,656	0.17%	2,881,924	892.28%	592,862	189,910,545	0.31%	2,925,070	493.38%
	Cash card services	3	103,439	0.00%	1,985	66,166.67%	4,921	167,884	2.93%	11,135	226.28%
	Small amount of credit loans	65,510	10,047,363	0.65%	183,850	280.64%	127,640	12,402,079	1.03%	208,834	163.61%
	Others	Secured loans	185,355	146,737,226	0.13%	1,516,834	818.34%	343,382	141,004,314	0.24%	1,459,958
Unsecured loans		427	1,579,070	0.03%	16,377	3,835.36%	974	1,423,256	0.07%	15,202	1560.78%
Gross loan business		1,568,951	740,192,964	0.21%	12,163,739	775.28%	1,939,306	722,868,300	0.27%	12,560,597	647.69%

Month / Year		March 31, 2019					March 31, 2018				
		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		8,125	10,366,798	0.08%	171,229	2,107.43%	12,075	11,391,845	0.11%	220,712	1,827.84%
Without recourse factoring		-	6,459,981	-	80,753	-	-	4,523,418	-	71,443	-

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 (5) Letter No. 09850003180 dated August 24, 2009, the amount of without recourse factoring will be recognised as overdue accounts within three months after the factor or insurance company resolves not to compensate the loss.

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

Unit: In thousands of NT Dollars

	March 31, 2019		March 31, 2018	
	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)	97,177	48,500	136,538	64,801
Perform in accordance with debt liquidation program and restructuring program (Note 2)	1,151,545	358,141	1,206,115	354,633
Total	1,248,722	406,641	1,342,653	419,434

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 Letter Jin-Guan-Yin (1) 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 Letter Jin-Guan-Yin (1) No. 09700318940 of FSC dated September 15, 2008 and Jin-Guan-Yin-Fa Letter No. 10500134790 dated September 20, 2016.

(BLANK)

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

Unit: In thousands of NT Dollars, %

March 31, 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	\$ 7,697,770	6.48
2	Company B–Real Estate Leasing	4,300,000	3.62
3	Group C–Other Non-classified Financial Service	4,174,570	3.51
4	Group D–Computer Manufacturing Industry	4,141,142	3.48
5	Group E–Real Estate Development	3,461,120	2.91
6	Group F–Seasoning Manufacturing Industry	3,302,000	2.78
7	Group G–Real Estate Development	3,019,910	2.54
8	Company H–Real Estate Development	2,388,000	2.01
9	Group I–Real Estate Development	2,310,000	1.94
10	Company J–Activities of Head Offices	2,003,625	1.69

March 31, 2018			
Ranking (Note 1)	Name of Enterprise Group (Note 2)	Total outstanding loan amount (Note 3)	Total outstanding loan amount / Total equity
1	Company A–Integrated Circuits Manufacturing	\$ 6,500,000	5.72
2	Group B–Real Estate Development	5,766,484	5.08
3	Company C–Real Estate Development	4,744,660	4.18
4	Company D–Real Estate Leasing	3,500,000	3.08
5	Group E–Real Estate Development	2,898,687	2.55
6	Group F–Real Estate Development	2,705,675	2.38
7	Group G–Ocean Transportation	2,656,245	2.34
8	Group H–Seasoning Manufacturing Industry	2,557,000	2.25
9	Company I–Real Estate Development	2,436,000	2.14
10	Company J–Non-official financing business	2,329,881	2.05

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

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

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

(D) Structure analysis of time to maturity

a. Structure analysis of time to maturity (NTD)

March 31, 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	1,136,839,517	211,904,972	99,719,332	85,414,015	80,608,003	113,125,384	546,067,811
Primary funds outflow upon maturity	1,341,289,864	36,767,783	85,034,064	165,913,044	214,796,526	244,955,401	593,823,046
Gap	(204,450,347)	175,137,189	14,685,268	(80,499,029)	(134,188,523)	(131,830,017)	(47,755,235)

March 31, 2018

(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	1,150,262,428	213,407,834	104,564,516	100,414,458	70,167,824	111,292,920	550,414,876
Primary funds outflow upon maturity	1,385,984,245	66,863,133	106,333,899	222,616,979	212,132,843	314,055,784	463,981,607
Gap	(235,721,817)	146,544,701	(1,769,383)	(122,202,521)	(141,965,019)	(202,762,864)	86,433,269

b. Structure analysis of time to maturity (USD)

March 31, 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	5,471,995	1,283,509	680,524	323,658	307,053	2,877,251
Primary funds outflow upon maturity	6,395,336	2,268,501	640,614	1,530,715	896,373	1,059,133
Gap	(923,341)	(984,992)	39,910	(1,207,057)	(589,320)	1,818,118

March 31, 2018

(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	6,077,398	1,701,789	703,897	297,013	224,241	3,150,458
Primary funds outflow upon maturity	8,326,068	2,462,397	1,626,753	1,490,554	1,261,139	1,485,225
Gap	(2,248,670)	(760,608)	(922,856)	(1,193,541)	(1,036,898)	1,665,233

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

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

March 31, 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	717,320,469	36,117,767	21,451,721	210,105,106	984,995,063
Interest-rate-sensitive liabilities	296,495,079	518,041,258	89,746,366	41,340,524	945,623,227
Interest-rate-sensitive gap	420,825,390	(481,923,491)	(68,294,645)	168,764,582	39,371,836
Total equity					115,425,241
Ratio of interest-rate-sensitive assets to liabilities					104.16
Ratio of interest-rate-sensitive gap to equity					34.11

March 31, 2018

(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	729,811,114	37,640,727	14,391,420	227,026,196	1,008,869,457
Interest-rate-sensitive liabilities	337,780,143	479,856,170	87,632,835	43,756,064	949,025,212
Interest-rate-sensitive gap	392,030,971	(442,215,443)	(73,241,415)	183,270,132	59,844,245
Total equity					112,924,454
Ratio of interest-rate-sensitive assets to liabilities					106.31
Ratio of interest-rate-sensitive gap to equity					52.99

(BLANK)

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

March 31, 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	3,674,008	315,596	50,805	928,405	4,968,814
Interest-rate-sensitive liabilities	2,739,094	801,323	480,432	658,311	4,679,160
Interest-rate-sensitive gap	934,914	(485,727)	(429,627)	270,094	289,654
Total equity					109,014
Ratio of interest-rate-sensitive assets to liabilities					106.19
Ratio of interest-rate-sensitive gap to equity					265.70

March 31, 2018

(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	3,736,213	262,946	112,813	1,231,618	5,343,590
Interest-rate-sensitive liabilities	2,925,946	752,429	795,492	831,272	5,305,139
Interest-rate-sensitive gap	810,267	(489,483)	(682,679)	400,346	38,451
Total equity					55,531
Ratio of interest-rate-sensitive assets to liabilities					100.72
Ratio of interest-rate-sensitive gap to equity					69.24

Note 1: The above amounts included only USD denominated assets and liabilities of head office, domestic and foreign branches, and the OBU and the OBU branch, excluding contingent assets and contingent liabilities.

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

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

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

(14) Information with respect to the subsidiary holding the capital share of parent company:

None.

13. Other disclosure items

(1) Related information on material transaction items:

- A. Information regarding stock of long-term equity investment for which the purchase or sale amount for the period exceeded \$300 million or 10% of the Company's paid-in capital: None.
- B. Information on the acquisition and disposal of real estate for which the purchase amount exceeded \$300 million or 10% of the Company's paid-in capital: None.
- C. Information regarding discounted processing fees on transactions with related parties for which the amount exceeded \$5 million: None.
- D. Information regarding receivables from related parties exceeding \$300 million or 10% of the Company's paid-in capital:

Creditor	Counterparty	Relationship	Accounts receivable from related party as of March 31, 2019	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	\$ 654,953 (Note)	-	\$ -	-	\$ -	\$ -
Yuanta Financial Holdings	Yuanta Bank	Subsidiary of Yuanta Financial Holdings	784,930 (Note)	-	-	-	-	-

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

- E. Information regarding selling non-performing loans: None.
- F. Information on and categories of securitized assets which are approved by the authority pursuant to Financial Asset Securitization Act or the Real Estate Securitization Act: None.
- G. Other material transaction items which were significant to the users of the financial statements: None.

(2) Supplementary disclosure regarding investee companies: Not applicable.

(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: None.
- B. Information on the acquisition of real estate for which the purchase amount exceeded \$300 million or 10% of the Company's paid-in capital: None.
- C. Information on the disposal of real estate for which the purchase amount exceeded \$300 million or 10% of the Company's paid-in capital: None.
- D. Information regarding discounted processing fees on transactions with related parties for which the amount exceeded \$5 million: None.

E. Information regarding receivables from related parties for which the amount exceeding \$300 million or 10% of Company's paid-in capital:

Creditor	Counterparty	Relationship	Accounts receivable from related party as of March 31, 2019	Turnover rate	Amount overdue		Accounts receivable from related party	Amount of allowance
					Amount	Action taken		
Yuanta Bank	Yuanta Financial Holdings	Parent Company	\$ 2,275,250	-	\$ -	-	\$ -	\$ -
Yuanta Life	Yuanta Financial Holdings	Parent Company	2,013,188	-	-	-	-	-
Yuanta Securities	Yuanta Financial Holdings	Parent Company	682,431	-	-	-	-	-

F. Information regarding selling non-performing loans:

Transaction date	Counterparty	Contents of right of claim	Carrying value	Sale price	Gain or loss from disposal	Attached conditions	Relationship with the Bank	Note
30-Jan-19	LE Co., Ltd	Loans and Temporary Payments for Others	35,816	46,421	10,605	None	None	Note

Note1: The carrying amount and the sale price of the loan was KRW 1,307,692 thousand and KRW 1,694,907 thousand, using the exchange rate of 1 KRW to 0.027389 NTD.

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.

(BLANK)

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	\$ 431,550	\$ 431,550	\$ 308,250	3.60%	Short-term loans	\$ -	Operation financing	\$ -	-	\$ -	\$32,515,268 (Note1)	\$32,515,268 (Note1)
2	Yuanta Securities Asia Finance Service	Yuanta Investment Management (Cayman)	Accounts receivable-related party	Yes	924,750	924,750	-	0.00%	Short-term loans	-	Operation financing	-	-	-	32,515,268 (Note1)	32,515,268 (Note1)
3	Yuanta Securities Asia Finance Service	Yuanta Securities (Thailand)	Accounts receivable-related party	Yes	2,311,875	-	-	0.00%	Short-term loans	-	Operation financing	-	-	-	32,515,268 (Note1)	32,515,268 (Note1)
4	Yuanta Securities Asia Finance Service	Yuanta Asia Investment	Accounts receivable-related party	Yes	770,625	770,625	147,035	3.56%	Short-term loans	-	Operation financing	-	-	-	32,515,268 (Note1)	32,515,268 (Note1)
5	Yuanta Securities Asia Finance Service	Yuanta Securities (Vietnam)	Accounts receivable-related party	Yes	1,233,000	924,750	524,025	3.53% ~ 3.58%	Short-term loans	-	Operation financing	-	-	-	32,515,268 (Note1)	32,515,268 (Note1)
6	Yuanta HK Holdings (Cayman)	Yuanta Securities Asia Finance Service	Accounts receivable-related party	Yes	416,138	416,138	416,138	2.85%	Short-term loans	-	Operation financing	-	-	-	448,481 (Note2)	448,481 (Note2)
7	PT Yuanta Sekuritas Indonesia	PT Yuanta Asset Management	Accounts receivable-related party	Yes	6,498	6,498	6,498	8.00%	Short-term loans	-	Operation financing	-	-	-	852,427 (Note3)	852,427 (Note3)
8	Yuanta International Leasing	Audi Taiwan	Accounts receivable	No	197,944	197,944	197,944	4.17% ~ 5.60%	Necessary for short-term loans	-	Acquisition of assets and operation financing	19,794	Real estate	570,000	228,476	228,476

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 Yuanta Hong Kong Holdings (Cayman) should not exceed the net worth of its latest audited/reviewed financial statements.

Note 3: 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.

J. Endorsements and guarantees provided for others:

Number	Endorsing and guarantee company	Endorsed and guaranteed company		Limit for endorsement and guarantee for single enterprise	Maximum outstanding endorsements and guarantee amount during for the three months ended March 31, 2019	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	\$ 19,836,543 (Note 1)	\$ 237,848	\$ 237,848	\$ -	-	0.24%	\$ 39,673,086 (Note 1)	Yes	No	No	
2	Yuanta Securities	Yuanta Securities (Thailand)	More than 50% common stock-directly-owned subsidiary	19,836,543 (Note 1)	2,934,090	2,934,090	-	-	2.96%	39,673,086 (Note 1)	Yes	No	No	
3	Yuanta Securities Asia Financial Service	Yuanta Securities (Hong Kong)	More than 50% common stock-directly-owned subsidiary	32,515,268 (Note 2)	1,541,250	1,541,250	1,541,250	-	4.74%	32,515,268 (Note 2)	Yes	No	No	
4	Yuanta Securities Asia Financial Service	Yuanta Securities (Thailand)	More than 50% common stock-directly-owned subsidiary	32,515,268 (Note 2)	1,606,149	1,606,149	-	-	4.94%	32,515,268 (Note 2)	Yes	No	No	
5	Yuanta Securities Asia Financial Service	PT Yuanta Sekuritas Indonesia	More than 50% common stock-directly-owned subsidiary	32,515,268 (Note 2)	302,415	302,415	43,155	-	0.93%	32,515,268 (Note 2)	Yes	No	No	
6	Yuanta Securities Asia Financial Service	Yuanta Securities (Vietnam)	More than 50% common stock-directly-owned subsidiary	32,515,268 (Note 2)	462,375	462,375	453,128	-	1.42%	32,515,268 (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 and insurance industry. Not applicable for all the other subsidiaries and indirect subsidiaries.

L. Securities held at the end of period:

(Expressed in Thousands of New Taiwan Dollars)
March 31, 2019

Name of company which holds securities	Category and name of securities (or name of issuer of securities)	Relationship between issuer of securities and the company	Account	Number of shares (In thousands)	Percentage of ownership			Note
					Book value	(%)	Market value	
Yuanta Securities Investment Trust	Beneficiary certificates:							
	Yuanta US 20+ Year AAA-A Corporate Bond ETF	The managing company of the fund	Financial assets at fair value through profit or loss	9	\$ 366	-	\$ 366	
	Yuanta MSCI China A ETF	"	"	7	144	-	144	
	Yuanta/P-shares MSCI Taiwan ETF	"	"	10	384	-	384	
	Yuanta/P-shares MSCI Taiwan Financials ETF	"	"	19	321	-	321	
	Yuanta S&P500	"	"	8	202	-	202	
	Yuanta Wan Tai Money Market Fund	"	"	6,604	100,016	-	100,016	
	Yuanta S&P GSCI Gold ER Futures ETF	"	"	6	112	-	112	
	Yuanta/P-shares SSE50 ETF	"	"	19	605	-	605	
	Yuanta/P-shares Taiwan Mid-Cap 100 ETF	"	"	6	204	-	204	
	Yuanta/P-shares S&P Custom China Play 50	"	"	17	378	-	378	
	Yuanta/P-shares Taiwan Top 50 ETF	"	"	24	1,912	-	1,912	
	Yuanta Taiwan High Dividend Low Volatility ETF	"	"	5	140	-	140	
	Yuanta U.S. 20+ Year BBB Corporate Bond ETF	"	"	7	271		271	
	Yuanta U.S. Treasury 7-10 Year Bond ETF	"	"	7	294		294	
	Yuanta/P-shares Taiwan Dividend Plus ETF	"	"	20	526	-	526	
	Yuanta/P-shares Taiwan GreTai 50 ETF	"	"	18	221	-	221	
	Yuanta/P-shares Taiwan Electronics Tech ETF	"	"	23	765	-	765	
	Yuanta EURO STOXX 50 ETF	"	"	9	214	-	214	
	W.I.S.E. Yuanta/P-shares CSI 300 ETF	"	"	26	479	-	479	
					<u>\$ 107,554</u>		<u>\$ 107,554</u>	
	Stocks:							
	Taiwan Futures Exchange	-	Financial assets at fair value through other comprehensive income	1,169	\$ 99,871	-	\$ 99,871	
	FundRich Securities Co. Ltd.	-	"	819	8,030	-	8,030	
					<u>\$ 107,901</u>		<u>\$ 107,901</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	March 31, 2019				
				Number of shares (In thousands)	Book value	Percentage of ownership		Market value
						(%)		
Yuanta Securities Investment Trust	Stocks:							
	CR Yuanta Fund Management Company Limited	-	Long-term equity accounted for under the equity method	147,000	\$ 94,098	-	\$ 94,098	
Yuanta Asset Management	Stocks:							
	Taiwan Finance Corporation	-	Financial assets at fair value through other comprehensive income	828	\$ 7,009	0.16	\$ 7,009	
	Sunsino Venture Co., Ltd.	-	"	443	3,850	0.93	3,850	
	DaYeh Development Co., Ltd.	-	"	333	2,801	2.22	2,801	
	Chung Yi Development Co., Ltd.	-	"	2,278	91	6.63	91	
	Global Investment Holdings Co., LTD.	-	"	1,980	13,741	1.23	13,741	
	China Trade And Development Corporation	-	"	500	9,210	0.76	9,210	
					<u>\$ 36,702</u>		<u>\$ 36,702</u>	
Yuanta Venture Capital	Stocks:							
	Gorilla Technology Group Inc.	-	Financial assets at fair value through profit or loss	95	\$ 16,495	0.84	\$ 16,495	
	Tot Biopharm International Company Limited	-	"	2,200	48,796	1.63	48,796	
	Tot Biopharm International Company Limited	-	"	941	49,586	0.69	49,586	Preferred stock A
	Tot Biopharm International Company Limited	-	"	904	68,766	0.67	68,766	Preferred stock B
	CGK International Co., Ltd	-	"	877	15,942	2.39	15,942	
	Veden Dental Group	-	"	246	14,411	0.84	14,411	
	Throughtek Co.,Ltd	-	"	550	5,687	2.11	5,687	
	PlexBio Co., Ltd.	-	"	1,367	13,971	1.96	13,971	
	Taiwan J Pharmaceuticals Co., Ltd.	-	"	1,897	25,992	2.74	25,992	
	Phecda Technology Co. Ltd.	-	"	252	2,734	0.89	2,734	
	Long Diann Marine Bio Technology Co., Ltd.	-	"	4,300	17,458	11.78	17,458	
	MagV Co.,Ltd	-	"	2,145	10,253	12.69	10,253	

					March 31, 2019				
Name of company which holds securities	Category and name of securities (or name of issuer of securities)	Relationship between issuer of securities and the company	Account	Number of shares		Percentage of ownership			Note
				(In thousands)	Book value	(%)	Market value		
Yuanta Venture Capital	Saultech Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	1,859	\$ 93,451	9.85	\$ 93,451		
	Oriental System Technology Inc.	-	"	1,000	15,520	3.70	15,520		
	BRIM Biotechnology ,Inc.	-	"	3,500	80,010	5.95	80,010		
	Aprevent Medical, Inc.	-	"	394	3,638	2.32	3,638		
	Aprevent Medical, Inc.	-	"	1,807	41,215	10.67	41,215	Preferred stock B	
	GenePharm Biotech Corp.	-	"	2,667	26,773	10.42	26,773		
	Great Dream Pictures, Inc.	-	"	2,000	8,920	19.96	8,920		
	Li Ling Film Co., Ltd.	-	"	1,666	32,570	2.78	32,570		
	Jing-Jan Retail Business Co., Ltd.	-	"	1,408	80,355	2.35	80,355		
	Jiin Yeeh Ding Enterprise Co., Ltd.	-	"	1,014	14,899	1.05	14,899		
	United Renewable Energy Co., Ltd.	-	"	908	6,589	0.04	6,589		
	Enterex International Limited	-	"	1,953	52,145	1.97	52,145		
	Taiwan Chelic Corp. Ltd.	-	"	500	29,800	0.75	29,800		
	Jump Media International Co., Ltd.	-	"	906	12,204	3.20	12,204		
	Apollomics, Inc.	-	"	1,634	26,178	0.18	26,178		
	Ever Supreme Bio Technology Co., Ltd.	-	"	1,890	139,860	3.38	139,860		
	Asia Pacific Venture Invest II L.P.	-	"	-	771	10.00	771		
	G. Marso Electronics, Inc.	-	"	300	-	1.38	-		
	Aide Engery Holdings Co., Ltd.	-	"	336	-	0.33	-		
	GCT Semiconductor Inc.	-	"	1,402	-	1.51	-		
					<u>\$ 954,989</u>		<u>\$ 954,989</u>		
Yuanta Venture Capital	Stocks:								
	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>\$ 869,144</u>	100.00	<u>\$ 869,144</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	March 31, 2019				
				Number of shares (In thousands)	Book value	Percentage of ownership (%)	Market value	Note
Yuanta Venture Capital	Stocks:							
	Da Hwa Venture Capital Co., Ltd.	-	Financial assets at fair value through other comprehensive income	800	\$ 6,840	0.50	\$ 6,840	
	Li Ding Venture Capital Co., Ltd.	-	"	1,739	14,348	17.39	14,348	
	Prudence Capital Management	-	"	5,476	46,272	9.00	46,272	
	Ho Ding Venture Capital Co., Ltd.	-	"	695	4,469	10.00	4,469	
	Sheng Hwa Venture Capital Co., Ltd.	-	"	1,064	10,380	4.80	10,380	
	Lian Ding Venture Capital Co., Ltd.	-	"	1,680	16,850	15.00	16,850	
	HwaWei Shi Ji Venture Capital Co., Ltd.	-	"	225	4,183	10.00	4,183	
	Lian Xun San Venture Capital Co., Ltd.	-	"	10	2,480	10.00	2,480	
	Hwa Lu Venture Capital Co., Ltd.	-	"	261	18,983	8.70	18,983	
	Hwa Sheng Venture Capital Co., Ltd.	-	"	877	10,194	3.33	10,194	
	Sheng Yuan Venture Capital Co., Ltd.	-	"	1,680	17,220	9.88	17,220	
	Guan Hwa Venture Capital Co., Ltd.	-	"	1,102	2,402	5.56	2,402	
	Qi Ding Venture Capital Co., Ltd.	-	"	2,261	20,325	4.35	20,325	
	Zhong Jing He Global Venture Capital Co., Ltd.	-	"	317	3,122	5.56	3,122	
	Der Yang Biotechnology Venture Capital Co., Ltd.	-	"	455	3,518	10.00	3,518	
	Huiyang Venture Capital Co., Ltd.	-	"	67	8,940	2.46	8,940	
					<u>\$ 190,526</u>		<u>\$ 190,526</u>	
	Convertible corporate bond:							
	Alliance Developments Limited (Alliance CB1)	-	Financial assets at fair value through profit or loss - convertible corporate bonds	-	\$ 102,538	-	\$ 87,690	
	GTS Chemical Holdings Co., Ltd. (GTS Group CB1)	-	"	-	35,893	-	35,893	
					<u>\$ 138,431</u>		<u>\$ 123,583</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, 2019	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the three months ended March 31, 2019		Accumulated amount of remittance from Taiwan to Mainland China as of March 31, 2019	Net income of investee as of March 31, 2019	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the three months ended March 31, 2019 (Note 4)	Book value of investments in Mainland China as of March 31, 2019	Accumulated amount of investment income remitted back to Taiwan as of March 31, 2019
					Remitted to Mainland China	Remitted back to Taiwan						
Tot Biopharm International Company Limited	Pharmaceutical company specializes in cancer treatment	\$ 4,901,175 (USD 159,000)	(2) HONG KONG TOT BIO PHARM INTERNATIONAL COMPANY LIMITED	\$ 177,227	\$ -	\$ -	\$ 177,227	Note 5	2.99%	\$ -	\$ 177,227	\$ -
Jhong Shan Dong Yi Technology Co., Ltd.	Protection glass grinding and sales	246,600 (USD 8,000)	(2) CAYMAN ISLANDS CGK INTERNATIONAL CO., LTD.	8,258	-	-	8,258	Note 5	2.39%	-	8,258	-
Veden Dental Labs Inc	Manufacturing dental restoration	325,941 (HKD 83,000)	(2) CAYMAN ISLANDS VEDEN 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, 2019	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the three months ended March 31, 2019		Accumulated amount of remittance from Taiwan to Mainland China as of March 31, 2019	Net income of investee as of March 31, 2019	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the three months ended March 31, 2019 (Note 4)	Book value of investments in Mainland China as of March 31, 2019	Accumulated amount of investment income remitted back to Taiwan as of March 31, 2019
					Remitted to Mainland China	Remitted back to Taiwan						
Jie Qun Electronic Technology (Dong Guan) Ltd.	Transistors	\$ 2,696,680 (USD 87,484)	(2) VIRGIN ISLANDS GREAT TEAM BACKEND FOUNDRY, INC.	\$ 66,764	\$ -	\$ -	\$ 66,764	Note 5	3.15%	\$ -	\$ 66,764	\$ -
Ether Precision Inc. (Su Zhou)	Manufacturing and selling of a variety of discs	853,853 (USD 27,700)	(2) CAYMAN ISLANDS ETHER PRECISION INC.	32,220	-	-	32,220	Note 5	1.61%	-	32,220	-

Yuanta Securities

(Expressed in thousands of dollars)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2019	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the three months ended March 31, 2019		Accumulated amount of remittance from Taiwan to Mainland China as of March 31, 2019	Net income of investee as of March 31, 2019	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the three months ended March 31, 2019 (Note 4)	Book value of investments in Mainland China as of March 31, 2019	Accumulated amount of investment income remitted back to Taiwan as of March 31, 2019
					Remitted to Mainland China	Remitted back to Taiwan						
GC Investment Consultant (Shanghai)	Investment consultation	\$ 18,954 (RMB 4,138)	(3)	\$ -	\$ -	\$ -	\$ -	\$ 83	100.00%	In liquidation	\$ 22,260	\$ -

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, 2019	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the three months ended March 31, 2019		Accumulated amount of remittance from Taiwan to Mainland China as of March 31, 2019	Net income of investee as of March 31, 2019	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the three months ended March 31, 2019 (Note 4)	Book value of investments in Mainland China as of March 31, 2019	Accumulated amount of investment income remitted back to Taiwan as of March 31, 2019
					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	\$ 84,421 (RMB 18,428)	(2) Yuanta Securities Asia Financial Service	\$ -	\$ -	\$ -	\$ -	(\$ 2,390)	100.00%	(\$ 2,390) (2)b	\$ 29,956	\$ -

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, 2019	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the three months ended March 31, 2019		Accumulated amount of remittance from Taiwan to Mainland China as of March 31, 2019	Net income of investee as of March 31, 2019	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the three months ended March 31, 2019 (Note 4)	Book value of investments in Mainland China as of March 31, 2019	Accumulated amount of investment income remitted back to Taiwan as of March 31, 2019
					Remitted to Mainland China	Remitted back to Taiwan						
CR Yuanta Fund Management Company Limited	Fund raising and sale	\$ 1,374,300 (RMB 300,000)	(1)	\$ 705,666	\$ -	\$ -	\$ 705,666	(\$ 45,569)	49.00%	(\$ 22,291) (2)c	\$ 94,098	\$ -

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, 2019	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the three months ended March 31, 2019		Accumulated amount of remittance from Taiwan to Mainland China as of March 31, 2019	Net income of investee as of March 31, 2019	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the three months ended March 31, 2019 (Note 4)	Book value of investments in Mainland China as of March 31, 2019	Accumulated amount of investment income remitted back to Taiwan as of March 31, 2019
					Remitted to Mainland China	Remitted back to Taiwan						
SYF Information (Shanghai)	Computer software services	\$ 157,209 (RMB 33,080)	(2) SYF Information (Samoa)	\$ 157,209	\$ -	\$ -	\$ 157,209	(\$ 1,734)	100.00%	(\$ 1,734) (2)c	\$ 126,679	\$ -

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 December 31, 2018	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	346,105	1,535,778
GC Investment Consultant (Shanghai)	-	Note 6	Note 6
Yuanta Investment Consulting (Beijing)	-	92,475	59,509,628
Yuanta Securities Investment Trust	705,666	705,666	2,707,903
Yuanta Futures	157,209	174,000	5,122,963

Note: The abovementioned limitations on investments in Mainland China were based on 60% of Yuanta Venture Capital's consolidated net worth of \$2,559,630.

The abovementioned limitations on investments in Mainland China were based on 60% of Yuanta Securities's consolidated net worth of \$99,182,714.

The abovementioned limitations on investments in Mainland China were based on 60% of Yuanta Securities Investment Trust's consolidated net worth of \$4,513,171.

The abovementioned limitations on investments in Mainland China were based on 60% of Yuanta Futures's consolidated net worth of \$8,538,271.

Note 1: Investment methods are classified into the following three categories; fill in the number of category each case belongs to:

- (1) Directly invest in a company in Mainland China.
- (2) Through investing in an existing company in the third area, which then invested in the investee in Mainland China.
- (3) Others.

Note 2: In the 'Investment income (loss) recognised by the Company for the three months ended March 31, 2019' 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 US\$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) Related party transactions of subsidiaries amounting to at least \$100 million

Please refer to Note 7.

(9) 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 Bank	1	Cash and cash equivalents	14,741,340	No significant difference from general customers	0.63%
0	Yuanta Financial Holdings	Yuanta Securities	1	Current income tax assets	709,535	"	0.03%
0	Yuanta Financial Holdings	Yuanta Securities	1	Current income tax liabilities	699,172	"	0.03%
0	Yuanta Financial Holdings	Yuanta Bank	1	Current income tax assets	784,930	"	0.03%
0	Yuanta Financial Holdings	Yuanta Bank	1	Current income tax liabilities	2,275,250	"	0.10%
0	Yuanta Financial Holdings	Yuanta Life	1	Current income tax liabilities	1,965,096	"	0.08%
0	Yuanta Financial Holdings	Yuanta Bank	1	Interest income	26,845	"	0.11%
0	Yuanta Financial Holdings	Yuanta Securities	1	Depreciation and amortization expenses	7,212	"	0.03%
0	Yuanta Financial Holdings	Yuanta Securities	1	Other business and administrative expenses	4,299	"	0.02%
1	Yuanta Securities	Yuanta Bank	3	Cash and cash equivalents	5,630,410	"	0.24%
1	Yuanta Securities	Yuanta Bank	3	Other assets-net	2,878,064	"	0.12%
1	Yuanta Securities	Yuanta Bank	3	Restricted assets - net	134,092	"	0.01%
1	Yuanta Securities	Yuanta Futures	3	Other financial assets-net	3,206,692	"	0.14%
1	Yuanta Securities	Yuanta Financial Holdings	2	Current income tax assets	699,172	"	0.03%
1	Yuanta Securities	Yuanta Financial Holdings	2	Current income tax liabilities	709,535	"	0.03%
1	Yuanta Securities	Yuanta Bank	3	Interest income	8,949	"	0.04%
1	Yuanta Securities	Yuanta Financial Holdings	2	Net non-interest income	7,212	"	0.03%
1	Yuanta Securities	Yuanta Futures	3	Net non-interest income	5,113	"	0.02%
1	Yuanta Securities	Yuanta Bank	3	Net non-interest income	36,460	"	0.15%
1	Yuanta Securities	Yuanta Investment Trust	3	Net non-interest income	12,386	"	0.05%
1	Yuanta Securities	Yuanta Securities Investment Consulting	3	Other business and administrative expenses	42,896	"	0.17%
1	Yuanta Securities	Yuanta Financial Holdings	2	Net service fee and commission income	4,299	"	0.02%
1	Yuanta Securities	Yuanta Futures	3	Net service fee and commission income	80,034	"	0.32%
1	Yuanta Securities	Yuanta Investment Trust	3	Net service fee and commission income	1,461	"	0.01%
2	Yuanta Bank	Yuanta Financial Holdings	2	Current income tax assets	2,275,250	"	0.10%

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 Financial Holdings	2	Current income tax liabilities	784,930	"	0.03%
2	Yuanta Bank	Yuanta International Leasing	3	Deposits and remittances	280,375	"	0.01%
2	Yuanta Bank	Yuanta Securities	3	Deposits and remittances	8,642,566	"	0.37%
2	Yuanta Bank	Yuanta Financial Holdings	2	Deposits and remittances	14,741,340	"	0.63%
2	Yuanta Bank	Yuanta Securities (Hong Kong)	3	Deposits and remittances	1,493,032	"	0.06%
2	Yuanta Bank	Yuanta Futures (Hong Kong)	3	Deposits and remittances	1,238,357	"	0.05%
2	Yuanta Bank	Yuanta Investment Trust	3	Deposits and remittances	2,102,538	"	0.09%
2	Yuanta Bank	Yuanta Futures	3	Deposits and remittances	10,814,051	"	0.46%
2	Yuanta Bank	Yuanta Life	3	Deposits and remittances	4,000,000	"	0.17%
2	Yuanta Bank	Yuanta Venture Capital	3	Deposits and remittances	338,800	"	0.01%
2	Yuanta Bank	Yuanta I Venture Capital	3	Deposits and remittances	378,460	"	0.02%
2	Yuanta Bank	Yuanta International Insurance Brokers	3	Deposits and remittances	348,823	"	0.01%
2	Yuanta Bank	Yuanta Securities Asia Financial Services	3	Deposits and remittances	303,626	"	0.01%
2	Yuanta Bank	Yuanta Life	3	Interest expense	7,482	"	0.03%
2	Yuanta Bank	Yuanta Financial Holdings	2	Interest expense	26,845	"	0.11%
2	Yuanta Bank	Yuanta Securities	3	Interest expense	8,949	"	0.04%
2	Yuanta Bank	Yuanta Futures	3	Interest expense	31,362	"	0.13%
2	Yuanta Bank	Yuanta Futures (Hong Kong)	3	Interest expense	7,950	"	0.03%
2	Yuanta Bank	Yuanta Investment Trust	3	Interest expense	4,323	"	0.02%
2	Yuanta Bank	Yuanta Securities	3	Depreciation expenses	5,170	"	0.02%
2	Yuanta Bank	Yuanta Securities	3	Other business and administrative expenses	31,290	"	0.13%
2	Yuanta Bank	Yuanta Securities Investment Consulting	3	Other business and administrative expenses	3,043	"	0.01%
2	Yuanta Bank	Yuanta Life	3	Net service fee and commission income	172,674	"	0.69%

No. (Note 1)	Company	Counterparty	Relationship (Note 2)	Details of transactions			
				Account	Amount	Conditions	Percentage of total consolidated net revenues or assets (Note 3)
3	Yuanta Futures	Yuanta Bank	3	Cash and cash equivalents	1,103,600	"	0.05%
3	Yuanta Futures	Yuanta Bank	3	Other financial assets-net	9,560,551	"	0.40%
3	Yuanta Futures	Yuanta Bank	3	Other assets-net	149,900	"	0.01%
3	Yuanta Futures	Yuanta Securities (Hong Kong)	3	Other financial liability	418,300	"	0.02%
3	Yuanta Futures	Yuanta Securities	3	Other financial liability	3,206,692	"	0.14%
3	Yuanta Futures	Yuanta Securities	3	Net service fee and commission income	80,034	"	0.32%
3	Yuanta Futures	Yuanta Securities	3	Other business and administrative expenses	5,113	"	0.02%
3	Yuanta Futures	Yuanta Bank	3	Interest income	31,362	"	0.13%
4	Yuanta Life	Yuanta Financial Holdings	2	Current income tax assets	1,965,096	"	0.08%
4	Yuanta Life	Yuanta Bank	3	Interest income	7,482	"	0.03%
4	Yuanta Life	Yuanta Bank	3	Other financial assets-net	4,000,000	"	0.17%
4	Yuanta Life	Yuanta International Insurance Brokers	3	Net service fee and commission income	107,308	"	0.43%
4	Yuanta Life	Yuanta Bank	3	Net service fee and commission income	172,674	"	0.69%
5	Yuanta Securities Investment Consulting	Yuanta Securities	3	Consultation service income	42,896	"	0.17%
5	Yuanta Securities Investment Consulting	Yuanta Bank	3	Consultation service income	3,043	"	0.01%
6	Yuanta Investment Trust	Yuanta Bank	3	Cash and cash equivalents	2,102,538	"	0.09%
6	Yuanta Investment Trust	Yuanta Bank	3	Interest income	4,323	"	0.02%
6	Yuanta Investment Trust	Yuanta Securities	3	Net service fee and commission income	9,166	"	0.04%
6	Yuanta Investment Trust	Yuanta Securities	3	Other business and administrative expenses	4,681	"	0.02%
7	Yuanta Venture Capital	Yuanta Bank	3	Cash and cash equivalents	338,800	"	0.01%
8	Yuanta I Venture Capital	Yuanta Bank	3	Cash and cash equivalents	378,460	"	0.02%
9	Yuanta Securities (Hong Kong)	Yuanta Bank	3	Cash and cash equivalents	1,493,032	"	0.06%

No. (Note 1)	Company	Counterparty	Relationship (Note 2)	Details of transactions			
				Account	Amount	Conditions	Percentage of total consolidated net revenues or assets (Note 3)
9	Yuanta Securities (Hong Kong)	Yuanta Futures	3	Other financial assets-net	418,300	"	0.02%
9	Yuanta Securities (Hong Kong)	Yuanta Investment (Hong Kong)	3	Securities purchased under resell agreements	486,918	"	0.02%
9	Yuanta Securities (Hong Kong)	Yuanta Investment Management (Cayman)	3	Securities purchased under resell agreements	4,834,289	"	0.21%
11	Yuanta Securities Asia Financial Services	Yuanta Securities (Korea)	3	Financial assets at fair value through profit or loss	2,882,008	"	0.12%
11	Yuanta Securities Asia Financial Services	Yuanta Securities (Korea)	3	Receivables – net	754	"	0.00%
11	Yuanta Securities Asia Financial Services	Yuanta Securities (Korea)	3	Equity investments accounted for under the equity method – net	251,174	"	0.01%
11	Yuanta Securities Asia Financial Services	Yuanta Securities (Korea)	3	Retained earnings	14,524	"	0.00%
11	Yuanta Securities Asia Financial Services	Yuanta Investment Management (Cayman)	3	Payables	417,159	"	0.02%
11	Yuanta Securities Asia Financial Services	Yuanta Securities (Korea)	3	Net non-interest income	4,986	"	0.02%
11	Yuanta Securities Asia Financial Services	Yuanta Securities (Korea)	3	Interest income	33,906	"	0.14%
11	Yuanta Securities Asia Financial Services	Yuanta Securities (Korea)	3	Cumulative translation differences of foreign operations	6,222	"	0.02%
11	Yuanta Securities Asia Financial Services	Yuanta Securities (Korea)	3	Non-controlling interests	182,456	"	0.01%
11	Yuanta International Leasing	Yuanta Bank	3	Cash and cash equivalents	280,375	"	0.01%
12	Yuanta HK Holdings (Cayman)	Yuanta Securities Asia Financial Services	3	Receivables – net	417,159	"	0.02%
13	Yuanta Securities (Korea)	Yuanta Securities Asia Financial Services	3	Bonds payable	2,787,247	"	0.12%
13	Yuanta Securities (Korea)	Yuanta Securities Asia Financial Services	3	Payables	1,106	"	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)
13	Yuanta Securities (Korea)	Yuanta Securities Asia Financial Services	3	Capital reserve	553,770	"	0.02%
13	Yuanta Securities (Korea)	Yuanta Securities Asia Financial Services	3	Interest expense	33,906	"	0.14%
14	Yuanta Investment Management (Cayman)	Yuanta Securities (Hong Kong)	3	Securities purchased under repurchase agreements	4,834,289	"	0.21%
15	Yuanta Investment (Hong Kong)	Yuanta Securities (Hong Kong)	3	Securities purchased under repurchase agreements	486,918	"	0.02%
16	Yuanta Asia Investment	Yuanta Bank	3	Cash and cash equivalents	303,626	"	0.01%
17	Yuanta International Insurance Brokers	Yuanta Bank	3	Other assets – net	348,823	"	0.01%
17	Yuanta International Insurance Brokers	Yuanta Life	3	Net service fee and commission income	107,308	"	0.43%
18	Yuanta Futures (Hong Kong)	Yuanta Bank	3	Cash and cash equivalents	666,034	"	0.03%
18	Yuanta Futures (Hong Kong)	Yuanta Bank	3	Other financial assets-net	572,323	"	0.02%
18	Yuanta Futures (Hong Kong)	Yuanta Bank	3	Interest income	7,950	"	0.03%

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:

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.

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 three months ended March 31, 2019

	Banking	Securities	Futures	Insurance	Others	Adjustment and elimination	Consolidated
Revenue from external customers	\$ 5,669,953	\$ 8,373,496	\$ 577,295	\$ 9,673,232	\$ 701,756	\$ -	\$ 24,995,732
Revenue (loss) from transactions with other operating segments of the same entity	94,082	152,112	37,249	(249,478)	125,239	(159,204)	-
Net revenues (Note)	5,764,035	8,525,608	614,544	9,423,754	826,995	(159,204)	24,995,732
(Provision) recovery for bad debt expenses, commitment and guarantee policy reserve	(89,506)	(73,770)	1,705	767	-	-	(160,804)
Net change in provisions for insurance liabilities	-	-	-	(8,415,067)	-	31,937	(8,383,130)
Operating expenses	(2,697,371)	(5,670,284)	(294,248)	(310,548)	(650,419)	104,331	(9,518,539)
Income (loss) from continuing operations before income tax	\$ 2,977,158	\$ 2,781,554	\$ 322,001	\$ 698,906	\$ 176,576	(\$ 22,936)	\$ 6,933,259

For the three months ended March 31, 2018

	Banking	Securities	Futures	Securities finance	Insurance	Others	Adjustment and elimination	Consolidated
Revenue from external customers	\$ 5,403,679	\$ 10,054,489	\$ 611,227	\$ 139,893	\$ 7,247,209	\$ 651,283	\$ -	\$ 24,107,780
Revenue (loss) from transactions with other operating segments of the same entity	106,508	218,287	10,261	2,691	(272,582)	201,721	(266,886)	-
Net revenues (Note)	5,510,187	10,272,776	621,488	142,584	6,974,627	853,004	(266,886)	24,107,780
(Provision) recovery for bad debt expenses, commitment and guarantee policy reserve	(173,356)	(77,444)	(45,838)	(2,355)	850	-	-	(298,143)
Net change in provisions for insurance liabilities	-	-	-	-	(6,469,970)	-	34,802	(6,435,168)
Operating expenses	(2,789,279)	(6,403,358)	(319,592)	(44,390)	(291,924)	(606,676)	127,257	(10,327,962)
Income (loss) from continuing operations before income tax	\$ 2,547,552	\$ 3,791,974	\$ 256,058	\$ 95,839	\$ 213,583	\$ 246,328	(\$ 104,827)	\$ 7,046,507

Note: net revenues include gain and loss on financial assets and liabilities at fair value through profit or loss, gain and loss on financial assets at fair value through other comprehensive income, foreign exchange gains and losses, and other non-interest income.