

YUANTA FINANCIAL HOLDING CO., LTD.
AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT
FOR THE YEARS ENDED
DECEMBER 31, 2021 AND 2020

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

Independent Auditors' Report

PWCR21000281

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

Opinion

We have audited the accompanying consolidated balance sheets of Yuanta Financial Holding Co., Ltd. (the “Company”) and subsidiaries (collectively “Yuanta Group”) as at December 31, 2021 and 2020, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Yuanta Group as at December 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended 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 the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants, Jin-Guan-Yin-Fa-Zi Letter No.10802731571 and generally accepted auditing standards in the Republic of China. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of Yuanta Group in accordance with the Norm of Professional Ethics for Certified Public Accountants of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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



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

Impairment evaluation of bills discounted and loans

Description

For the accounting policy of the impairment evaluation of bills discounted and loans, please refer to Note 4(10); for critical accounting estimates and assumption uncertainty of expected credit loss on bills discounted and loans, please refer to Note 5; for the details on bills discounted and loans, please refer to Notes 6(9) and 12(3). Total bills discounted and loans (including adjustment for premium or discount) and the allowance for credit losses, arising from Yuanta Commercial Bank Co., Ltd. of Yuanta Group, as at December 31, 2021 were NTD 875,442,970 thousand and NTD 12,320,067 thousand, respectively.

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

How our audit addressed the matter

We obtained and gained an understanding of Yuanta Commercial Bank Co., Ltd.'s policies, internal controls, and operation procedures in relation to the credit risk management and the impairment evaluation of bills discounted and loans and performed sample tests. We conducted the following procedures on the impairment evaluation of bills discounted and loans as at December 31, 2021: sample examined the stage classification for expected credit losses; sample tested the calculation of the probability of default, loss given default, and exposure at default; sample examined documents regarding management's individual evaluation of future cash flows and collateral value; and evaluated whether the provision for impairment loss amount complied with the competent authority's related regulations.

Fair value valuation of unlisted stocks

Description

For the accounting policy of unlisted stocks (accounted under financial assets at fair value through other comprehensive income), please refer to Note 4(7); for critical accounting estimates and assumption uncertainty of the fair value of unlisted stocks, please refer to Note 5; for the details on unlisted stocks, please refer to Notes 6(4) and 12(2). The carrying amount of the financial assets at fair value through other comprehensive income – unlisted stocks as at December 31, 2021 was NTD 26,750,364 thousand.

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

How our audit addressed the matter

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

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

Impairment assessment of goodwill

Description

For the accounting policy of the impairment assessment of goodwill (intangible assets), please refer to Notes 4(12) and 4(19); for the critical accounting estimates and assumption uncertainty of impairment assessment of goodwill, please refer to Note 5; for the details on goodwill, please refer to Note 6(17).

Goodwill after accumulated impairment as at December 31, 2021 was NTD 28,596,635 thousand.

Yuanta Group periodically performs impairment assessments on goodwill at the end of each year. Such assessments are based on cash generating units identified through operating segments and Yuanta Group engaged specialists to assist in measuring the recoverable amounts of cash generating units based on future cash flows. Because the amount of goodwill is material and the models and parameters used in calculating recoverable amounts are made by management's professional judgments and are critical accounting estimates, such as future cash flows, estimated growth rate and discount rate, we have thus included the impairment assessment of goodwill as one of the key audit matters.

How our audit addressed the matter

Our main audit procedures included obtaining asset impairment evaluation data prepared by management, sample testing the authorization procedures for impairment testing reports, and understanding and assessing management's estimation process for future cash flows. In addition, we and our valuation specialist reviewed the management's prior year operation plan execution result; sample assessed the reasonableness of key assumptions used in impairment testing models, such as estimated growth rates and discount rates; and sample tested the parameters and calculation formulas of impairment testing models.

Reserves for policy benefit and adequacy of insurance liabilities

Description

For the accounting policy of reserve for policy benefit and adequacy of insurance liabilities, please refer to Note 4(28); for critical accounting estimates and assumption uncertainty of adequacy of insurance liabilities, please refer to Note 5; for the details on insurance liabilities, please refer to Note 6(26). Reserve for policy benefit under insurance liabilities as at December 31, 2021 was NTD 318,623,335 thousand.

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



How our audit addressed the matter

The audit procedures we performed include understanding and assessing the policies, internal controls, and procedures relevant to reserve for policy benefit; sample examining authorization documents for the configuration of new products in order to confirm the accuracy of configurations for the reserves system of new products; sample inspecting the number of effective policies in the policy system and the actuarial system in order to confirm the completeness of the calculations for reserve for policy benefit; sample examining the consistency between policy information of new products and information in the policy system in order to confirm the accuracy of policy information for calculating reserve for policy benefit. Our actuarial specialists assisted us in sample testing representative new products in the current period in order to confirm that the method and results of provisioning reserves were consistent with those of the insurance product statement submitted to the competent authority; performing trend analysis (excluding new products) on each insurance type and performed roll analysis on each product type in order to assess the reasonableness of reserve for policy benefit on the balance sheet date.

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

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Financial Holding Companies, Regulations Governing the Preparation of Financial Reports by Securities Issuers, Regulations Governing the Preparation of Financial Reports by Public Banks, Regulations Governing the Preparation of Financial Reports by Securities Firms, Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants, Regulations Governing the Preparation of Financial Reports by Insurance Companies, and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission, and for such internal control as management

determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' responsibilities for the audit of the consolidated financial statements

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

As part of an audit in accordance with the generally accepted auditing standards in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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



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disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause Yuanta Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within Yuanta Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Chou, Chien-Hung

Lo, Chiao-Sen

For and on behalf of PricewaterhouseCoopers, Taiwan

March 15, 2022

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

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

ASSETS	Notes	December 31, 2021		(Reclassified) December 31, 2020		
		AMOUNT	%	AMOUNT	%	
11000	Cash and cash equivalents	6(1)	\$ 80,735,621	3	\$ 77,497,198	3
11500	Due from Central Bank and call loans to other banks	6(2),8	80,343,357	3	54,373,556	2
12000	Financial assets at fair value through profit or loss	6(3),7,8	529,242,141	17	586,592,639	21
12150	Financial assets at fair value through other comprehensive income	6(4),8	338,490,662	11	278,391,203	10
12200	Investments in debt instruments at amortised cost	6(5),8	508,638,932	17	430,349,520	16
12500	Investments in bills and bonds under resale agreements	6(6)	46,454,964	2	58,336,318	2
13000	Receivables – net	6(7),7	263,703,360	9	242,476,446	9
13200	Current income tax assets		48,001	-	733,890	-
13300	Assets held for sale – net	6(8)	194,563	-	203,730	-
13500	Bills discounted and loans – net	6(9),7	884,291,862	29	793,812,907	29
13700	Reinsurance contract assets – net	6(10)	1,329,521	-	1,099,457	-
15000	Equity investments accounted for under the equity method – net	6(11)	3,115,594	-	2,755,402	-
15100	Restricted assets – net	8	2,472,029	-	2,961,020	-
15500	Other financial assets – net	6(12)	110,953,592	4	79,034,763	3
18000	Investment property – net	6(13),8	10,693,522	-	11,558,284	-
18500	Property and equipment – net	6(14),8	24,468,584	1	23,930,017	1
18600	Right-of-use assets – net	6(15)	12,443,951	-	13,181,478	1
19000	Intangible assets – net	6(17)	31,046,281	1	31,498,648	1
19300	Deferred income tax assets	6(45)	7,484,946	-	7,095,091	-
19500	Other assets – net	6(18),7,8	86,867,819	3	61,843,636	2
TOTAL ASSETS			\$ 3,023,019,302	100	\$ 2,757,725,203	100

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

	Notes	December 31, 2021		(Reclassified) December 31, 2020	
		AMOUNT	%	AMOUNT	%
LIABILITIES AND EQUITY					
21000 Deposits from Central Bank and other banks	6(20)	\$ 25,624,124	1	\$ 15,412,299	1
21500 Due to Central Bank and other banks		839,700	-	675,000	-
22000 Financial liabilities at fair value through profit or loss	6(3)(38)	158,685,739	5	163,457,505	6
22500 Bills and bonds payable under repurchase agreements	6(6)(47),7	183,865,849	6	216,621,187	8
22600 Commercial paper payable – net	6(21)(47)	49,983,502	2	27,417,489	1
23000 Payables	6(22),7	214,482,994	7	246,833,686	9
23200 Current income tax liabilities		7,892,094	-	6,616,387	-
23500 Deposits and remittances	6(23),7	1,375,002,383	46	1,211,020,394	44
24000 Bonds payable	6(24)(47)	82,539,085	3	78,790,127	3
24400 Other borrowings	6(25)(47)	59,998,200	2	57,796,061	2
24600 Liabilities reserve	6(26)(27)	336,342,258	11	313,071,935	11
25500 Other financial liabilities	6(28),7	126,619,428	4	88,713,584	3
26000 Lease liabilities	6(47)	5,720,785	-	6,368,836	-
29300 Deferred income tax liabilities	6(45)	3,825,466	-	4,878,682	-
29500 Other liabilities	6(29),7	102,517,990	3	46,434,585	2
TOTAL LIABILITIES		2,733,939,597	90	2,484,107,757	90
31000 Equity attributable to owners of the parent company					
31100 Share capital					
31101 Common stock	6(30)	121,374,360	4	121,374,360	4
31500 Additional paid-in capital	6(31)	37,885,949	1	37,885,949	1
32000 Retained earnings					
32001 Legal reserve	6(32)	17,040,473	-	14,633,733	1
32003 Special reserve	6(32)	6,549,234	-	6,549,234	-
32011 Undistributed earnings	6(33)	77,775,254	3	60,333,790	2
32500 Other equity					
32500 Other equity interest	6(34)	8,410,191	1	12,559,523	1
39500 Non-controlling interests		20,044,244	1	20,280,857	1
Total Equity		289,079,705	10	273,617,446	10
TOTAL LIABILITIES AND EQUITY		\$ 3,023,019,302	100	\$ 2,757,725,203	100

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)

Items	Notes	For the years ended December 31,				Changes Percentage (%)	
		2021		2020			
		AMOUNT	%	AMOUNT	%		
41000	Interest income	6(35),7	\$ 36,986,068	31	\$ 36,369,194	31	2
51000	Less: Interest expense	6(35),7	(7,012,317)	(6)	(9,450,242)	(8)	(26)
49600	Net interest income	6(35)	<u>29,973,751</u>	<u>25</u>	<u>26,918,952</u>	<u>23</u>	11
	Net non-interest income						
49800	Net service fee and commission	6(36),7					
	Income		40,606,346	34	27,210,777	23	49
49810	Net income from insurance	6(37),7					
	operations		16,021,241	14	35,509,066	31	(55)
49820	Gain on financial assets and	6(38),7					
	financial liabilities at fair value						
	through profit or loss		24,070,541	20	21,778,524	19	11
49825	Gain on investment property	7	341,280	-	228,633	-	49
49835	Realised gain on financial assets						
	at fair value through other						
	comprehensive income		4,317,926	4	4,219,371	4	2
49850	Net gain arising from	6(5)(9)					
	derecognition of financial assets						
	measured at amortised cost		1,650,331	1	1,073,825	1	54
49870	Foreign exchange losses		(5,384,950)	(4)	(6,664,689)	(6)	(19)
49880	Asset impairment loss	6(39)	(280,546)	-	(1,424,908)	(1)	(80)
49890	Share of the profit or loss of	6(11)					
	associates and joint ventures						
	accounted for using the equity						
	method		493,848	-	295,854	-	67
49898	Gain (loss) on reclassification						
	under the overlay approach		1,446,147	1	(325,009)	-	(545)
49921	Net gain on sale of non-						
	performing Loans		374,916	-	277,593	-	35
49945	Consultation service income		4,897,401	4	4,218,196	4	16
49999	Net other miscellaneous income	6(40),7	<u>712,271</u>	<u>1</u>	<u>2,312,681</u>	<u>2</u>	(69)
49700	Total net non-interest income		<u>89,266,752</u>	<u>75</u>	<u>88,709,914</u>	<u>77</u>	1
	Net profit		119,240,503	100	115,628,866	100	3
58100	Provision for bad debt expenses,	6(41)					
	commitment and guarantee						
	policy reserve		(534,256)	-	(2,152,052)	(2)	(75)
58300	Net change in provisions for	6(26)					
	insurance liabilities		(21,301,277)	(18)	(39,928,431)	(35)	(47)
	Operating expenses						
58501	Employee benefit expense	6(42),7	(33,955,070)	(28)	(26,983,562)	(23)	26
58503	Depreciation and amortization	6(43)	(3,107,200)	(3)	(3,137,501)	(3)	(1)
58599	Other business and administrative	6(44),7					
	expenses		(16,201,356)	(14)	(12,661,042)	(11)	28
58500	Total Operating Expenses		(53,263,626)	(45)	(42,782,105)	(37)	24
61000	Consolidated income from						
	continuing operations before						
	income tax		44,141,344	37	30,766,278	26	43
61003	Income tax expense	6(45)	(6,950,633)	(6)	(4,789,234)	(4)	45
69000	Consolidated net income		<u>\$ 37,190,711</u>	<u>31</u>	<u>\$ 25,977,044</u>	<u>22</u>	43

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

Items	Notes	For the years ended December 31,				Changes Percentage (%)
		2021		2020		
		AMOUNT	%	AMOUNT	%	
Other comprehensive income						
Components of other comprehensive income that will not be reclassified to profit or loss						
69561	Loss on remeasurements of defined benefit plans	(\$ 790,256)	(1)	(\$ 866,856)	(1)	(9)
69563	Share of other comprehensive loss of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	(513)	-	(2,554)	-	(80)
69565	Change in fair value of financial liability attributable to change in credit risk of liability	(5,236)	-	(16,009)	-	(67)
69567	Gain on valuation of investments in equity instruments measured at fair value through other comprehensive income	7,782,193	7	3,293,779	3	136
69569	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	73,051	-	(64,081)	-	(214)
Components of other comprehensive income that will be reclassified to profit or loss						
69571	Exchange differences on translation of foreign financial statements	(5,599,624)	(5)	(776,596)	(1)	621
69585	Revaluation (loss) gain from investments in debt instruments measured at fair value through other comprehensive income	(6,213,290)	(5)	2,924,803	3	(312)
69587	Impairment reversal gain from investments in debt instruments measured at fair value through other comprehensive income	(14,903)	-	(3,563)	-	318
69590	Other comprehensive (loss) gain on reclassification under the overlay approach	(1,446,147)	(1)	325,009	-	(545)
69579	Income tax relating to components of other comprehensive income that will be reclassified to profit or loss	72,925	-	(175,068)	-	(142)
69500	Other comprehensive (loss) income (net of tax)	<u>(\$ 6,141,800)</u>	<u>(5)</u>	<u>\$ 4,638,864</u>	<u>4</u>	<u>(232)</u>
69700	Total comprehensive income	<u>\$ 31,048,911</u>	<u>26</u>	<u>\$ 30,615,908</u>	<u>26</u>	<u>1</u>
Consolidated net income attributable to:						
69901	Parent company	\$ 34,865,957	29	\$ 24,104,576	21	45
69903	Non-controlling interests	2,324,754	2	1,872,468	1	24
		<u>\$ 37,190,711</u>	<u>31</u>	<u>\$ 25,977,044</u>	<u>22</u>	<u>43</u>
Consolidated comprehensive income attributable to:						
69951	Parent company	\$ 30,263,795	25	\$ 28,237,885	24	7
69953	Non-controlling interests	785,116	1	2,378,023	2	(67)
		<u>\$ 31,048,911</u>	<u>26</u>	<u>\$ 30,615,908</u>	<u>26</u>	<u>1</u>
70001	Earnings per share (in New Taiwan Dollars) Basic and diluted earnings per share					
			2.87		1.99	

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

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

	Equity attributable to owners of the parent										
	Retained earnings					Other equity interest					
	Common stock	Additional paid-in capital	Legal reserve	Special reserve	Undistributed earnings	Exchange differences on translation of foreign financial statements	Unrealised gain (loss) on financial assets measured at fair value through other comprehensive income	Other comprehensive income on reclassification under the overlay approach	Change in fair value of financial liability attributable to change in credit risk	Non-controlling interests	Total equity
<u>For the year ended December 31, 2020</u>											
Balance, January 1, 2020	\$ 116,706,115	\$ 37,402,480	\$ 12,589,183	\$ 6,549,234	\$ 50,565,092	(\$ 3,528,386)	\$ 11,907,186	\$ 46,959	(\$ 36,730)	\$ 18,005,247	\$ 250,206,380
Consolidated net income for the year	-	-	-	-	24,104,576	-	-	-	-	1,872,468	25,977,044
Other comprehensive income (loss) for the year	-	-	-	-	(688,708)	(938,750)	5,470,485	298,690	(8,408)	505,555	4,638,864
Total comprehensive income (loss) for the year	-	-	-	-	23,415,868	(938,750)	5,470,485	298,690	(8,408)	2,378,023	30,615,908
Appropriation of 2019 earnings:											
Legal reserve	-	-	2,044,550	-	(2,044,550)	-	-	-	-	-	-
Cash dividend	-	-	-	-	(7,585,898)	-	-	-	-	-	(7,585,898)
Stock dividend	4,668,245	-	-	-	(4,668,245)	-	-	-	-	-	-
Changes in equity of associates and joint ventures accounted for using equity method	-	483,469	-	-	-	-	-	-	-	-	483,469
Changes in non-controlling interests	-	-	-	-	-	-	-	-	(102,413)	(102,413)	(102,413)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	651,523	(651,523)	-	-	-	-	-
Balance, December 31, 2020	\$ 121,374,360	\$ 37,885,949	\$ 14,633,733	\$ 6,549,234	\$ 60,333,790	(\$ 4,467,136)	\$ 16,726,148	\$ 345,649	(\$ 45,138)	\$ 20,280,857	\$ 273,617,446
<u>For the year ended December 31, 2021</u>											
Balance, January 1, 2021	\$ 121,374,360	\$ 37,885,949	\$ 14,633,733	\$ 6,549,234	\$ 60,333,790	(\$ 4,467,136)	\$ 16,726,148	\$ 345,649	(\$ 45,138)	\$ 20,280,857	\$ 273,617,446
Consolidated net income for the year	-	-	-	-	34,865,957	-	-	-	-	2,324,754	37,190,711
Other comprehensive income (loss) for the year	-	-	-	-	(642,790)	(3,932,987)	1,394,484	(1,418,386)	(2,483)	(1,539,638)	(6,141,800)
Total comprehensive income (loss) for the year	-	-	-	-	34,223,167	(3,932,987)	1,394,484	(1,418,386)	(2,483)	785,116	31,048,911
Appropriation of 2020 earnings:											
Legal reserve	-	-	2,406,740	-	(2,406,740)	-	-	-	-	-	-
Cash dividend	-	-	-	-	(14,564,923)	-	-	-	-	-	(14,564,923)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	(1,021,729)	(1,021,729)	(1,021,729)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	189,960	(189,960)	-	-	-	-	-
Balance, December 31, 2021	\$ 121,374,360	\$ 37,885,949	\$ 17,040,473	\$ 6,549,234	\$ 77,775,254	(\$ 8,400,123)	\$ 17,930,672	(\$ 1,072,737)	(\$ 47,621)	\$ 20,044,244	\$ 289,079,705

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

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

	For the years ended December 31,	
	2021	(Reclassified) 2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	\$ 44,141,344	\$ 30,766,278
Adjustments		
Income and expense items		
Depreciation	2,569,529	2,592,592
Amortization	537,671	544,909
Provision for bad debt expenses, commitment and guarantee policy reserve	1,750,647	2,928,286
Interest expense	7,012,317	9,450,242
Interest income	(36,986,068)	(36,369,194)
Dividend income	(5,335,012)	(3,614,415)
Impairment loss on financial assets	280,546	1,424,908
(Gain) loss reclassified by applying overlay approach	(1,446,147)	325,009
Share of the profit or loss of associates and joint ventures accounted for using the equity method	(493,848)	(295,854)
Gain on disposal of assets held for sale	(4,957)	(12,765)
Gain on disposal of investment property	(128,235)	(11,152)
Gain from disposal or retirement of property and equipment	(16,470)	(200,098)
Gain on disposal of intangible assets	(1,449)	(1,405)
Loss from disposal or retirement of other assets	212	-
Loss on lease modification	1,149	789
Gain on lease concession	(11,663)	(9,736)
Net change in insurance liabilities	21,154,952	38,242,994
Changes in operating assets and liabilities		
Changes in operating assets		
Increase in due to Central Bank and call loans to other banks	(7,480,529)	(3,617,396)
Decrease (increase) in financial assets at fair value through profit or loss	57,350,498	(82,561,560)
Increase in financial assets at fair value through other comprehensive income	(58,536,977)	(42,695,392)
Increase in investments in debt instruments measured at amortised cost	(78,292,748)	(43,903,331)
Increase in receivables	(21,662,279)	(72,162,071)
Increase in bills discounted and loans	(92,053,301)	(22,965,591)
Increase in reinsurance contract assets	(252,388)	(196,572)
Decrease (increase) in restricted assets	488,991	(398,434)
Increase in other financial assets	(3,281,850)	(14,066,564)
Increase in other assets	(25,080,485)	(31,268,276)
Changes in operating liabilities		
Increase in deposits from Central Bank and other banks	10,211,825	2,305,271
(Decrease) increase in financial liabilities at fair value through profit or loss	(4,775,786)	40,104,608
(Decrease) increase in payables	(32,242,963)	89,158,087
Increase in deposits and remittances	163,981,989	115,514,123
Increase in liabilities reserve	2,571,175	100,285
Increase in other financial liabilities	9,104,657	12,655,744
Increase in other liabilities	56,036,921	8,151,035
Cash inflow (outflow) generated from operations	9,111,268	(84,646)
Interest received	36,163,236	37,110,620
Dividend received	5,515,353	3,690,074
Interest paid	(7,082,213)	(10,162,343)
Income tax paid	(4,950,047)	(4,277,495)
Net cash flows generated from operating activities	38,757,597	26,276,210

(Continued)

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

	For the years ended December 31,	
	2021	(Reclassified) 2020
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Acquisition of investments accounted for using equity method	(\$ 647,467)	(\$ 482,258)
Proceeds from liquidation of investments accounted for using equity method	274,719	380,990
Acquisition of investment property	(121,643)	(263,491)
Proceeds from disposal of investment property	488,894	62,676
Acquisition of property and equipment	(1,685,830)	(7,744,355)
Proceeds from disposal of property and equipment	109,601	359,528
Acquisition of intangible assets	(240,610)	(143,727)
Proceeds from disposal of intangible assets	3,591	17,078
Proceeds from disposal of assets held for sale	67,000	473,200
Acquisition of right-of-use assets	(205)	(186)
Net cash flows used in investing activities	(1,751,950)	(7,340,545)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Increase in due to Central Bank and other banks	164,700	675,000
(Decrease) increase in bills and bonds sold under repurchase agreements	(32,755,338)	17,955,269
Increase (decrease) in commercial paper payable	22,547,411	(11,177,948)
Proceeds from issuance of bonds	20,161,607	9,993,895
Repayments of bonds	(4,000,000)	-
Proceeds from issuance of bank debentures	5,500,000	-
Repayments of bank debentures	(17,800,000)	-
Increase (decrease) in other borrowings	2,202,139	(3,051,931)
Cash dividends paid	(14,564,923)	(7,585,898)
Principal payment for lease liabilities	(1,283,069)	(2,110,281)
Other financing activities	-	46,959
Decrease in non-controlling interests	(1,021,729)	(102,413)
Net cash flows (used in) generated from financing activities	(20,849,202)	4,642,652
Net effect of foreign exchange rate changes on cash and cash equivalents	(6,310,104)	113,730
Net Increase in cash and cash equivalents	9,846,341	23,692,047
Cash and cash equivalents at beginning of year	157,785,378	134,093,331
Cash and cash equivalents at end of year	\$ 167,631,719	\$ 157,785,378
The components of cash and cash equivalents		
Cash and cash equivalents reported in the balance sheet	\$ 80,735,621	\$ 77,497,198
Due from Central Bank and call loans to other banks qualified as cash and cash equivalents as defined by IAS 7	40,441,134	21,951,862
Investments in bills and bonds under resale agreements qualified as cash and cash equivalents as defined by IAS 7	46,454,964	58,336,318
Cash and cash equivalents at end of reporting year	\$ 167,631,719	\$ 157,785,378

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 YEARS ENDED DECEMBER 31, 2021 AND 2020
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
OTHERWISE INDICATED)

1. History and organization

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

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

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

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

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

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

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

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

These consolidated financial statements were authorized for issuance by the Board of Directors and issued on March 15, 2022.

3. Application of New Standards, Amendments and Interpretations

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

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

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

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

Except for the following, the above standards and interpretations have no significant impact to the Yuanta Group’s financial condition and financial performance based on the Yuanta Group’s assessment.

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

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

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

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

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

Item	Carrying amount	
	Assets	Liabilities
Derivative financial instruments	\$ 947,641	\$ 2,534,655
Non-derivative financial instruments	80,917,824	-

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

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

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

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

New standards, interpretations and amendments endorsed by the FSC effective from 2022 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 3, 'Reference to the conceptual framework'	January 1, 2022
Amendments to IAS 16, 'Property, plant and equipment: proceeds before intended use'	January 1, 2022
Amendments to IAS 37, 'Onerous contracts—cost of fulfilling a contract'	January 1, 2022
Annual improvements to IFRS Standards 2018–2020	January 1, 2022

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.

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2023
Amendments to IAS 1, 'Disclosure of accounting policies'	January 1, 2023
Amendments to IAS 8, 'Definition of accounting estimates'	January 1, 2023
Amendments to IAS 12, 'Deferred tax related to assets and liabilities arising from a single transaction'	January 1, 2023

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

A. IFRS 17, 'Insurance contracts'

IFRS 17 'Insurance Contracts' replaces IFRS 4 and establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts issued. The standard applies to insurance contracts (including reinsurance contracts) issued, to reinsurance contracts held and to investment contracts with discretionary participation features issued, provided the entity also issues insurance contracts. Embedded derivatives, distinct investment components and distinct performance obligations shall be separated from the insurance contracts. An entity shall, at initial recognition, disaggregate a portfolio into three groups of contracts: onerous, no significant risk of becoming onerous, and remaining contracts. IFRS 17 requires a current measurement model, where estimates are remeasured in each reporting period. The measurement is based on the building blocks of discounted, probability-weighted cash flows, a risk adjustment and a contractual service margin ('CSM') representing the unearned profit of the contract. An entity may apply a modified simplified measurement approach (the premium allocation approach) to some insurance contracts. An entity recognizes 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 recognizes the loss immediately. Entities are required to present separately insurance revenue, insurance service expenses and insurance finance income or expenses and to disclose information about amounts, judgements and risks arising from insurance contracts.

B. Amendments to IFRS 17, 'Insurance contracts'

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

C. Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'

The amendment permits an entity to apply an optional classification overlay in the comparative period(s) presented on initial application of IFRS 17. The overlay allows all financial assets, including those held in respect of activities not connected to contracts within the scope of IFRS 17, to be classified, on an instrument-by-instrument basis, in the comparative period(s) in a way that aligns with how the entity expects those assets to be classified on initial application of IFRS 9. The overlay can be applied by entities that have already applied IFRS 9 or will apply it when they apply IFRS 17.

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

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 the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations (IFRSs) as endorsed by the FSC.

(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 recognized 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 recognized 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 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 recognized for shareholding ratio are recognized as goodwill; acquisition costs that are less than fair value of identifiable assets recognized for shareholding ratio are directly recognized in the consolidated statements of comprehensive income. Changes in a parent’s ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity. Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Yuanta Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Yuanta Group. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

B. Subsidiaries included in the consolidated financial statements:

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)		Note
			December 31, 2021	December 31, 2020	
The Company	Yuanta Securities	Securities brokerage, dealing, underwriting, financing and refinancing, futures business and raising and issuing derivative instruments	100.00	100.00	
	Yuanta Bank	Commercial banking	100.00	100.00	
	Yuanta Life Insurance Co., Ltd. (“Yuanta Life”)	Life insurance business	100.00	100.00	
	Yuanta Futures Co., Ltd. (“Yuanta Futures”)	Futures, futures managers, futures consultant, securities, securities trading assistance	66.27	66.27	
	Yuanta Securities Investment Trust Co., Ltd. (“Yuanta Securities Investment Trust”)	Securities investment trust	74.71	74.71	
	Yuanta Venture Capital Co., Ltd. (“Yuanta Venture Capital”)	Venture capital investments	100.00	100.00	
	Yuanta Asset Management Co., Ltd. (“Yuanta Asset Management”)	Providing monetary debt management services for financial institutions	100.00	100.00	
	Yuanta Securities Investment Consulting Co., Ltd. (“Yuanta Securities Investment Consulting”)	Securities investment consultant	100.00	100.00	
Yuanta Securities	Yuanta Securities Asia Financial Services Limited (“Yuanta Securities Asia Financial Services”)	Investment holding	100.00	100.00	
	Yuanta International Insurance Brokers Co., Ltd. (“Yuanta International Insurance Brokers”)	Insurance agency services	100.00	100.00	
	Yuanta Securities Finance Co., Ltd. (“Yuanta Securities Finance”)	Securities financing and refinancing to securities firms and related business	100.00	100.00	
Yuanta Securities Asia Financial Services	Yuanta Securities (Hong Kong) Limited (“Yuanta Securities (Hong Kong)”)	Securities trading, futures contract trading, providing opinions on securities, futures contract and agency financing, asset management services	100.00	100.00	
	Yuanta Asia Investment (Hong Kong) Limited (“Yuanta Asia Investment (Hong Kong)”)	Securities trading, asset management services	100.00	100.00	
	Yuanta Investment Consulting (Beijing) (“Yuanta Investment Consulting Beijing”)	Investment and management consultancy, financial consultancy, enterprise management consultancy, business information consultancy, economic and trade consultancy, marketing strategy and plan, technique promotion and technique service	100.00	100.00	
	Yuanta Securities Korea Co., Ltd. (“Yuanta Securities (Korea)”)	Investment and trading business, investment intermediary business, trust business, investment consultancy, discretionary account business, in addition, concurrent operating business and auxiliary business	57.39	57.39	

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)		Note
			December 31, 2021	December 31, 2020	
Yuanta Securities Asia Financial Services	Yuanta Hong Kong Holdings (Cayman) Ltd. (“Yuanta HK Holdings (Cayman)”)	Investment holding	100.00	100.00	
	Yuanta Securities Thailand Limited (“Yuanta Securities (Thailand)”)	Securities brokerage, dealing in securities, underwriting and investment consultation, management of mutual fund, management of private fund, management venture capital fund, securities lending, brokerage and dealer of derivative instrument	99.99	99.99	
Yuanta Securities Asia Financial Services	Yuanta Securities Vietnam Limited Company (“Yuanta Securities (Vietnam)”)	Securities brokerage, dealing in securities, underwriting and investment consultation, financial derivatives	92.62	90.16	Note 1
Yuanta Securities (Korea)	Yuanta Investment Co.,Ltd.	Venture investment	57.39	57.39	
	Yuanta Financial (Hong Kong) Limited (“Yuanta Financial (Hong Kong)”)	Investment holding	57.39	57.39	
Yuanta Financial (Hong Kong)	Yuanta Securities (Cambodia) Plc.	Underwriting guidelines, financial advisory services, securities brokerage, dealing in securities and investment advisory	57.39	57.39	
Yuanta Securities (Hong Kong)	Yuanta International Investment (Hong Kong) Ltd. (“Yuanta Investment	Issue financial instruments and dealing investments	100.00	100.00	
	Yuanta Finance (Hong Kong) Ltd.	Credit loan business	100.00	100.00	
	PT Yuanta Sekuritas Indonesia (“Yuanta Securities (Indonesia)”)	Securities trading and underwriting services	99.00	99.00	
	PT Yuanta Asset Management (Indonesia)	Investment management	0.002	0.002	
	Yuanta Investment Management (Cayman)	Investment management	100.00	100.00	
	Yuanta Securities (Vietnam)	Securities brokerage, dealing in securities, underwriting and investment consultation, financial derivatives	7.38	9.84	Note 1
Yuanta Securities (Indonesia)	PT Yuanta Asset Management (Indonesia)	Investment management	99.998	99.998	
Yuanta Investment Management (Cayman)	Yuanta Diamonds Funds SPC - Yuanta Real Estate Securities Fund Segregated Portfolio	Investment in real estate investment trusts	-	19.39	Note 2
Yuanta Investment Co.,Ltd.	Yuanta Quantum Jump No.3 Fund	Investment business	24.60	-	Note 3
Yuanta Bank	Yuanta International Leasing Co., Ltd.(“Yuanta International Leasing”)	Leasing business	100.00	100.00	
	Yuanta Savings Bank (Philippines) Inc. (Yuanta Savings Bank (Philippines))	Deposits and loans of savings bank	100.00	100.00	
	Yuanta Savings Bank (Korea) Inc. (Yuanta Savings Bank (Korea))	Deposits and loans of savings bank	100.00	100.00	

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)		Note
			December 31, 2021	December 31, 2020	
Yuanta Futures	Yuanta Futures (Hong Kong) Limited ("Yuanta Futures Hong Kong")	Financial services	66.27	66.27	
	SYF Information Limited ("SYF Information")	Information service	66.27	66.27	
SYF Information	SYF Information (Shanghai) Limited ("SYF Information (Shanghai)")	Information service and data processing services	66.27	66.27	Note 4
Yuanta Venture Capital	Yuanta I Venture Capital Co., Ltd. ("Yuanta I Venture Capital")	Venture capital investments	100.00	100.00	

Note 1: In December 2019 and September 2021, the Board of Directors approved Yuanta Securities Asia Financial Services' capital increase to Yuanta Securities (Vietnam) and the process was completed in August 2020 and November 2021.

Note 2: Subscribed in the first quarter of 2020 and redeemed in the fourth quarter of 2021.

Note 3: Subscribed in the third quarter of 2021.

Note 4: On June 30, 2021, to streamline organization structure, the Board of Directors of Yuanta Futures approved to liquidate SYF Information (Shanghai) Limited. The liquidation had been approved by the competent authority on July 12, 2021. The local competent authority approved the liquidation on February 14, 2022, and the process is still ongoing.

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

December 31, 2021

Structured entities	Services
DK project the second Co., Ltd.	Asset-backing
YK Hotel the 1st. Co., Ltd.	Asset-backing
YFI Double S2 Co., Ltd.	Asset-backing
SJ beomcheon the second Co., Ltd.	Asset-backing
YK Mozart II Co., Ltd.	Asset-backing
YK Seawork Co., Ltd.	Asset-backing
YK Chile Co., Ltd.	Asset-backing
YK Star Co., Ltd.	Asset-backing
YK Hyper Co., Ltd.	Asset-backing
YK NineMall Co., Ltd.	Asset-backing
Gold Poongmu the 1st. Co., Ltd.	Asset-backing
YFI Jebu Co., Ltd.	Asset-backing
YFI Itaewon Co., Ltd.	Asset-backing
YK Woongcheon the 1st. Co., Ltd.	Asset-backing
Y.K Life the First Co., Ltd.	Asset-backing
YK Suwon7 the 1st. Co., Ltd.	Asset-backing
Wonheung the first Co., Ltd.	Asset-backing
OstiuH the fifth Co., Ltd.	Asset-backing
JY Pyeongtaek the first Co., Ltd.	Asset-backing
YK Nonhyun the first Co., Ltd.	Asset-backing
YK Kwangyang the first Co., Ltd.	Asset-backing
YK Balgok Co., Ltd.	Asset-backing
YK Napoli the 1st. Co., Ltd.	Asset-backing
YFI Sokcho Co., Ltd.	Asset-backing
YK Gaon Co., Ltd.	Asset-backing
YKAI the 1st. Co., Ltd.	Asset-backing
YK Wangji the 1st. Co., Ltd.	Asset-backing

December 31, 2021

Structured entities	Services
YK Jackjeon Co., Ltd.	Asset-backing
YK Seocho the 1st. Co., Ltd.	Asset-backing
YFI Manchon Co., Ltd.	Asset-backing
YK Songak the 1st. Co., Ltd.	Asset-backing
Walkerhill PI the 1st. Co., Ltd.	Asset-backing
YK Manhattan the 1st. Co., Ltd.	Asset-backing
YK Jije the 1st. Co., Ltd.	Asset-backing
MIL the 2nd. Co., Ltd.	Asset-backing
YK SG Co., Ltd.	Asset-backing
YK Ilchul Co., Ltd.	Asset-backing
YK Beethoven Co., Ltd.	Asset-backing
YK Icheon the 1st. Co., Ltd.	Asset-backing
JJ Woosan the 1st. Co., Ltd.	Asset-backing
YK Godeok the 2nd. Co., Ltd.	Asset-backing
YK Royal the 1st. Co., Ltd.	Asset-backing
Geumnamro PI the 1st. Co., Ltd.	Asset-backing
YOB new one Co., Ltd.	Asset-backing
YK Jugyo the 1st. Co., Ltd.	Asset-backing

December 31, 2020

Structured entities	Services
YK Indus Co., Ltd.	Asset-backing
YFI Yeosu Co., Ltd.	Asset-backing
DK project the second Co., Ltd.	Asset-backing
YK Hotel the 1st Co., Ltd.	Asset-backing
YK HD Co., Ltd.	Asset-backing
YFI Double S2 Co., Ltd.	Asset-backing
YK Dragon. Co., Ltd.	Asset-backing
Y.K.Glory the 1st.Co., Ltd.	Asset-backing
YK MEDICINE Co., Ltd.	Asset-backing
YKWork. Co., Ltd.	Asset-backing
YK MIRACLE Co., Ltd.	Asset-backing
SJ beomcheon the second Co., Ltd.	Asset-backing
YK Maritime Co., Ltd.	Asset-backing
YK Mozart II Co., Ltd.	Asset-backing
YKSEAWORK. Co., Ltd.	Asset-backing
YK Chile Co., Ltd.	Asset-backing
YK Songdo. Co., Ltd.	Asset-backing
YK Whistle Co., Ltd.	Asset-backing
BUMERSQUARE the 1st. Co., Ltd.	Asset-backing
Y.K.Blue the 5th. Co., Ltd.	Asset-backing
YK Star. Co., Ltd.	Asset-backing
YK GO. Co., Ltd.	Asset-backing

December 31, 2020

Structured entities	Services
YK Hyper Co., Ltd.	Asset-backing
YKDragonLake Co., Ltd.	Asset-backing
YkNineMall Co., Ltd.	Asset-backing
YKSEONHWA. Co., Ltd.	Asset-backing
Gold Poongmu the 1st Co., Ltd.	Asset-backing
YFI Jebu Co., Ltd.	Asset-backing
YFI Itaewon Co., Ltd.	Asset-backing
YK Woongcheon the 1st Co., Ltd.	Asset-backing
Y.K Life the First Co., Ltd.	Asset-backing
YK Suwon7 the 1st. Co., Ltd.	Asset-backing
Wonheung the first Co., Ltd.	Asset-backing
Ostihuh the fifth Co., Ltd.	Asset-backing
YK Art the 1st Co., Ltd.	Asset-backing
YK Nohyung.Corp	Asset-backing
JY Pyeongtaek the first Co., Ltd.	Asset-backing
YK Nonhyun the first Co., Ltd.	Asset-backing
YK Kwangyang the first Co., Ltd.	Asset-backing
YK Balgok Co., Ltd.	Asset-backing
Y.K Air the First Co., Ltd.	Asset-backing
YK Believe the 1st., Ltd.	Asset-backing
YK Napoli the 1st. Co., Ltd.	Asset-backing
YFI Sokcho Co., Ltd.	Asset-backing
YK Godeok Co., Ltd.	Asset-backing
YK Antwerp the 1st Co., Ltd.	Asset-backing
YK Gaon Co., Ltd.	Asset-backing
YKAI the 1st. Co., Ltd.	Asset-backing
Doublerich the sixth Co., Ltd.	Asset-backing
YK Lusia Co., Ltd.	Asset-backing
YKLT the 1st.Corp	Asset-backing

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

D. Subsidiaries not included in the consolidated financial statements:

None.

E. Adjustments for subsidiaries with different balance sheet dates:

None.

F. Significant restrictions:

None.

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

As of December 31, 2021 and 2020, the non-controlling interest amounted to \$20,044,244 and \$20,280,857, respectively. The information of non-controlling interest and respective subsidiaries is as follows:

Name of Subsidiary	Principal place of business	Non-controlling interest			
		December 31, 2021		December 31, 2020	
		Amount	Ownership(%)	Amount	Ownership(%)
Yuanta Securities (Korea)	Korea	\$ 14,613,515	42.61%	\$ 15,126,219	42.61%

The comprehensive (loss) income attributable to this non-controlling interest were (\$174,651) and \$1,576,542 for the years ended December 31, 2021 and 2020, respectively.

Summarized financial information for the aforementioned subsidiaries:

Consolidated balance sheets

	Yuanta Securities (Korea) and its subsidiaries	
	December 31, 2021	December 31, 2020
Current assets	\$ 327,228,785	\$ 375,220,873
Non-current assets	15,468,327	17,105,207
Current liabilities	(299,349,069)	(348,424,044)
Non-current liabilities	(7,826,487)	(7,491,992)
Total net assets	\$ 35,521,556	\$ 36,410,044

Consolidated statements of comprehensive income

	Yuanta Securities (Korea) and its subsidiaries	
	For the years ended December 31,	
	2021	2020
Revenue	\$ 20,951,650	\$ 15,254,410
Profit before income tax	4,893,746	3,484,751
Income tax expense	(1,202,896)	(852,412)
Net income	3,690,850	2,632,339
Other comprehensive (loss) income (net of tax)	(3,913,291)	855,543
Total comprehensive (loss) income for the year	(\$ 222,441)	\$ 3,487,882

Consolidated statements of cash flows

	Yuanta Securities (Korea) and its subsidiaries	
	For the years ended December 31,	
	2021	2020
Net cash used in operating activities	(\$ 1,226,081)	(\$ 16,648,486)
Net cash (used in) provided by investing activities	(179,436)	966,146
Net cash provided by financing activities	1,951,517	14,629,008
Effect of exchange rates on cash and cash equivalents	(4,786,132)	(205,312)
Decrease in cash and cash equivalents	(4,240,132)	(1,258,644)
Cash and cash equivalents, beginning of year	18,526,139	19,784,783
Cash and cash equivalents, end of year	\$ 14,286,007	\$ 18,526,139

(4) Foreign currency translation

Items included in the financial statements of each of the Yuanta Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in New Taiwan dollars, which is the Company's functional and the Yuanta Group's presentation currency.

A. Foreign currency transactions and balances

- (A) Foreign currency transactions denominated in a foreign currency or required to settle in a foreign currency are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.
- (B) Assets denominated in foreign currency are translated at the closing exchange rate at the balance sheet date. When several exchange rates are available, the rate used is that at which the future cash flows represented by the transaction or balance could have been settled if those cash flows had occurred at the measurement date. Any translation difference is recognised as gain and loss in the period.
- (C) Non-monetary assets and liabilities denominated in foreign currencies:
 - a. Assets and liabilities carried at cost are re-translated at the exchange rates prevailing at the original transaction date.
 - b. Assets and liabilities held at fair value through profit or loss are re-translated at the exchange rates prevailing at the date at which the fair value is determined.When the gains and losses on non-monetary assets and liabilities denominated in foreign currencies are recognised in other comprehensive income, any translation difference included in the gains and losses are also recognised in other comprehensive income. When the gains and losses on non-monetary assets and liabilities denominated in foreign currencies are recognised as gains and losses, any translation difference included in the gains and losses are also recognised as gains and losses.

B. Translation of foreign operations

If an entity has a functional currency (not in an economy with high inflation) that is different from presentation currency in the consolidated statements, its operating results and financial position is translated into presentation currency by the following procedures:

- (A) Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet.
- (B) Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period.
- (C) All resulting exchange differences are recognised in other comprehensive income.

(5) Cash and cash equivalents

“Cash and cash equivalents” within the consolidated balance sheet include cash on hand, demand deposits and short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. From the perspective of the consolidated statements of cash flows, cash and cash equivalents refer to cash and cash equivalents within the consolidated balance sheet, and cash and cash equivalents that conform to IFRS 7’s definition, as endorsed by the FSC, which are cash and cash equivalents due from Central Bank and call loans to other banks, or bills and bonds purchased under resale agreements.

(6) Bills and bonds under repurchase or resale agreements

In relation to transactions of bills and securities with a condition of repurchase agreement or resale agreement, the interest expense and interest income are recognised as incurred at the date of sale and purchase and the agreed period of sale and purchase. The repo trade liabilities, bond liabilities, reverse repo trade bills and bond investments are recognised at the date of sale or purchase.

(7) Financial assets and liabilities

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

A. Financial assets

All financial assets held by the Yuanta Group are classified into the following six categories: “bills

discounted and loans”, “receivables”, “financial assets at fair value through profit and loss”, “financial assets at fair value through other comprehensive income”, “investments in debt instruments at amortised cost”, and “other financial assets–purchase of claim receivable”.

(A) Regular way purchase or sale

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

(B) Bills discounted and loans

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

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

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

(C) Receivables

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

(D) Financial assets at fair value through profit or loss

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

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

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

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

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

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

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

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

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

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

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

(F) Investments in debt instruments at amortised cost

- a. Investments in debt instruments at amortised cost are those that meet all of the following criteria:
 - i. The objective of the Yuanta Group's business model is achieved by collecting contractual cash flows.
 - ii. The assets' contractual cash flows represent solely payments of principal and interest.
- b. At initial recognition, the Yuanta Group measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognised in profit or loss when the asset is derecognised or impaired.

(G) Other financial assets

Purchase of claim receivable—non-performing loans of financial institutions are measured by fair value of financial asset on initial recognition when being obtained by the Yuanta Group and will be subsequently measured by fair value with changes in fair value recognised as profit and loss in the period.

B. Financial liabilities

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

(A) Financial liabilities at fair value through profit or loss

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

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

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

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

(B) Financial liabilities carried at amortised cost

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

C. Derecognition of financial assets

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

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

D. Derecognition of financial liabilities

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

(8) Margin loans, short sale stock loans, securities lending and security-based loans

- A. According to the “Rules Governing Securities Finance Enterprises” (RGSFE), margin loans primarily represent pecuniary financing to investors or refinancing to securities firms. The margin loans are accounted for as “Margin loans receivable” (recognised under “Receivables-net”) as incurred and such loans are secured by the securities purchased by the investors, and the Yuanta Group records these securities at par value under the memorandum accounts “securities held for collateral” and “liability for holding collateral securities”, and is not included in the balance sheets.
- B. According to Article 10 of the RGSFE, when providing margin loans to principals, the Yuanta Group shall obtain the margin pursuant to the ratio prescribed by the competent authority.
- C. Short sale stock loans represent securities financing affected by lending securities in custody that are received from margin loans, guarantee effects or borrowed securities, to investors. When the securities are lent to investors, the Yuanta Group records the par value of the securities lent under the memorandum account “short sale stock loans”. Additionally, according to Article 10 of the RGSFE, the investors need to deposit a regulated amount equal to a certain percentage of the proceeds from short sale stock financing or equivalent collateral as guarantee with the Yuanta Group. The proceeds are accounted for as “Short sale stock deposits” (recognised under

“Payables”). The Yuanta Group deals with these securities at par value under the memorandum account “Guarantee deposits”. The proceeds from sale of securities lent, less any dealer's commission, financing commission and securities exchange tax, are held by the Yuanta Group as collateral and recorded under “Short sale proceeds payable” (recognised under “Payables”).

- D. Securities borrowed represent securities borrowed from one broker/dealer to another, who must eventually return the same security as repayment. When the securities are lent to investors, the Yuanta Group records the par value of the securities borrowed under the memorandum account “securities borrowed”. The borrower needs to deposit an amount equal to a certain percentage of the proceeds from securities borrowed or equivalent collateral as guarantee with the Yuanta Group. The proceeds are accounted for as “Refundable deposits for securities lending” (recognised under “Other assets-net”). The Yuanta Group deals with securities at par value under the memorandum account “Refundable collaterals”. When the securities are lent to investors, the Yuanta Group records the par value of the securities lent under the memorandum account “Short sale stock loans”. Additionally, a lender needs to deposit an amount equal to a certain percentage of the proceeds from securities lent or equivalent collateral as guarantee with the Yuanta Group. The proceeds are accounted for as “Deposits received for securities lent” (recognised under “Other liabilities”). The Yuanta Group deals with these securities at par value under the memorandum account “Collaterals received”.
- E. “Security-based loans” are loans provided to borrowers by Yuanta Group in accordance with “Regulations Governing Securities Finance Enterprises”. Upon the occurrence of a loan, “Security-based loans” is recorded (under “Bills discounted and loans – net”) and the borrower pledges securities from margin trading, central government bonds and treasury bills and others that are approved by the competent authority as collateral. For the collateral, Yuanta Group records it in its memorandum under “Securities in custody” and its contra account “Collateral received”, which is not recorded in the general ledger.

(9) Financial instruments offsetting

Financial assets and liabilities are offset in the net amount 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.

(10) Impairment of financial assets

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

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

(11) Non-hedging and embedded derivatives

- A. Non-hedging derivatives are initially recognised at fair value on the date a derivative contract is entered into and recorded as financial assets or financial liabilities at fair value through profit or loss. They are subsequently remeasured at fair value and the gains or losses are recognised in profit or loss.
- B. Under the financial assets, the hybrid contracts embedded with derivatives are initially recognized as financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income and financial assets at amortised cost based on the contract terms.

(12) Impairment of non-financial assets

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

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

(13) Non-current assets (or disposal groups) held for sale

Non-current assets (or disposal groups) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction rather than through continuing use, and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.

(14) Equity investments accounted for under the equity method—associates

- A. Associates are all entities over which the Yuanta Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20%~50% of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognised at cost.
- B. The Yuanta Group's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Yuanta Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Yuanta Group does not recognise further losses, unless it has incurred statutory/constructive obligations or made payments on behalf of the associate.
- C. When changes in an associate's equity that are not recognised in profit or loss or other comprehensive income of the associate and such changes not affecting the Yuanta Group's ownership percentage of the associate, the Yuanta Group recognises change in ownership interests in the associate in 'capital surplus' in proportion to its ownership.

- D. Unrealised gains on transactions between the Yuanta Group and its associates are eliminated to the extent of the Yuanta Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Yuanta Group.
- E. When overseas investments are valued under the equity method, exchange differences arising from the translation of the investee's financial statements are recognised in other comprehensive income and are cumulated under equity as "Exchange differences on translation of foreign financial statements" (and appropriately allocated to non-controlling interest).
- F. When Yuanta Group disposes its investment in an associate, if it loses significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it still retains significant influence over this associate, then the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.
- G. When Yuanta Group disposes its investment in an associate, if it loses significant influence over this associate, the amounts previously recognised as capital surplus in relation to the associate are transferred to profit or loss. If it still retains significant influence over this associate, then the amounts previously recognised as capital surplus in relation to the associate are transferred to profit or loss proportionately.

(15) 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.

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

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 Yuanta 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.

(17) Investment property

The properties held by the Yuanta Group, with an intention to obtain long-term rental profit or capital increase or both and not being used by any other enterprises of the consolidated entities, are classified as investment property. Investment property includes the office building and land rented in a form of operating lease.

Part of the property may be held by the Yuanta Group for self-use purpose and the remaining are used to generate rental income or capital appreciation. If the property held by the Yuanta Group can be sold individually, then the accounting treatment should be made respectively. If each part of the property cannot be sold individually and the self-use proportion is not material, then the property is deemed as investment property in its entirety.

When the future economic benefit related to the investment property is highly likely to flow into the Yuanta Group and the costs can be reliably measured, the investment property shall be recognised as assets. When the future economic benefit generated from subsequent costs is highly likely to flow into the entity and the costs can be reliably measured, the subsequent expenses of the assets shall be capitalized. All maintenance cost are recognised as incurred in the consolidated statement of comprehensive income.

When there is certain replacement occurring onto the investment property, the replacement cost should be recognised in the carrying amount of the investment property given that the criteria of recognition can be met. The carrying amount of the replaced account should be derecognised.

An investment property is stated initially at its cost and measured subsequently using the fair value model. Depreciated cost is used to calculate amortization expense after initial measurement. The depreciation method, remaining useful life and residual value should apply the same rules as applicable for property and equipment.

The fair value of investment property is disclosed in the financial statements at each consolidated balance sheet date. Valuation of fair value is annually provided by an external valuer. The management department of the Company determines the fair value of investment property by examining the characteristics, location and status of investment property along with the external valuation report on each consolidated balance sheet date.

However, the fair value of investment property does not reflect future capital expenditures that improve or benefit the property, nor does it reflect future benefits associated from those expenditures in the future.

(18) Property and equipment

The property and equipment of the Yuanta Group are recognised on the basis of cost less accumulated depreciation and accumulated impairment. Cost includes any cost directly attributable to the acquisition of the asset.

If the future economic benefit generated from subsequent expenses of the asset can be measured reliably and is very likely to flow into the Yuanta Group, the subsequent expenses of property and equipment may be individually recognised as an asset or included in the carrying amount of the asset. Significant renewals and improvements incurred to increase the future economic benefits of the assets are capitalized. Routine maintenance and repairs are charged to expense as incurred.

The property and equipment of the Yuanta Group were initially recognised at the original cost and subsequently measured by cost model.

Land is not affected by depreciation. Depreciation for other assets is provided on a straight-line basis over the estimated useful lives of the assets till salvage value. Useful life is as follows:

Buildings (including auxiliary equipment)	3~60 years
Machinery and computer equipment	1~10 years
Transportation equipment	2~6 years
Leasehold improvements	3~6 years
Other equipment	1~21 years

On each consolidated balance sheet date, the Yuanta Group appropriately adjusts the salvage value and useful life of the assets.

Any gain or loss on disposal is calculated by the difference between the carrying amounts and proceeds on disposal, which is recognised in “Other non-interest income” in the consolidated statement of comprehensive income.

(19) Intangible assets

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

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

(20) Customer margin deposit account and futures traders’ equity recognised (under Other financial assets/ Other financial liabilities)

Customer margin deposit account receives margins, premiums and differences from daily market closing prices in accordance with “Regulations Governing Futures Commission Merchants”, which are all included in the customer margin deposit account.

Futures traders’ equity is the margin and premium customers pay for futures trading. The differences of daily market closing prices are accounted for as current liabilities. Accounts cannot be offset except for the same type of accounts of the same customer; if borrower’s balance arises from futures traders’ equity, the balance shall be recognised as futures trading margin receivable, which shall be recovered from the traders.

(21) Bonds payable

A. Bank debentures payable

Bank debentures payable issued by the Yuanta Group is carried at amortised cost using the effective interest rate.

B. Corporate bonds payable

Ordinary corporate bonds issued by the Yuanta Group are initially recognised at fair value, net of transaction costs incurred. Ordinary corporate bonds are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is accounted for as the premium or discount on bonds payable and presented as an addition to or deduction from bonds payable, which is amortised in profit or loss as an adjustment to the 'interest expense' over the period of bond circulation using the effective interest method.

(22) Provisions, contingent liabilities and contingent assets

A. The Yuanta Group recognises liabilities when all of the following three conditions are met :

(A) Present obligation (legal or constructive) has arisen as a result of past event.

(B) The outflow of economic benefits is highly probable upon settlement.

(C) The amount is reliably measurable.

B. The Yuanta Group does not recognise provisions for the future operating losses. If there are several similar obligations, the outflow of economic benefit as a result of settlement is determined based on the overall obligation. Provisions should be recognised when the outflow of economic benefits is probable in order to settle the obligation as a whole even if the outflow of economic benefits from any one of the obligation is remote.

C. When the time value may have a significant impact on a currency, the reserve is measured by the present value of expense which is required for settling the anticipated obligation. The pre-tax discount rate is used with timely adjustment that reflects the current market assessments on the time value of money and the risks specific to the liabilities.

D. Contingent liability is a possible obligation that arises from past event, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Yuanta Group. Or it could be a present obligation as a result of past event but the payment is not probable or the amount cannot be measured reliably. The Yuanta Group did not recognise any contingent liabilities but made appropriate disclosure in compliance with relevant regulations.

E. Contingent asset is a possible obligation that arises from past event, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Yuanta Group. The Yuanta Group did not recognise any contingent assets and made appropriate disclosure in compliance with relevant regulations when the economic inflow is probable.

(23) Financial guarantee contracts and loan commitment

A. A financial guarantee contract is a contract that requires the Yuanta Group to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

B. The Yuanta Group initially recognises financial guarantee contracts at fair value on the date of issuance. The Yuanta Group charges a service fee when the contract is signed and therefore the service fee income charged is the fair value at the date that the financial guarantee contract is signed. Service fee received in advance is recognised in deferred accounts and amortised through straight-line method during the contract term.

C. The Yuanta Group measures the financial guarantee contract it issues at the greater of the following two amounts:

(A) Allowance for losses in accordance with IFRS 9 as endorsed by the FSC.

- (B) The amount initially recognised less, when appropriate, cumulative effect recognized in accordance with IFRS 15.
- D. The Yuanta Group’s assessment of provisions for losses for loan commitments and financial guarantee contracts is described in Note 4(10). “Recognizing and measuring expected credit losses”. The increase in liabilities due to financial guarantee contracts and loan commitments is recognised in “bad debt expenses, commitments and guaranty policy reserve”.
- E. In addition to the assessment of provisions for losses for financial guarantee contract described above, subsidiary Yuanta Bank also assesses provisions for losses in accordance with “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans” and other applicable laws. The greater of the two amounts is recognised and included in the guaranty policy reserve.

(24) 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 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.

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.

(25) Classification of insurance contracts

- A. Insurance products should be classified according to IFRS 4, 'Insurance contracts'. The Company has to identify whether to assume components of an insurance contract including insurance risks and other risks with respect to the insurance products issued and make judgement on whether the components of an insurance contract are unbundled and separately measurable. In addition, the Company has to make judgement on whether the insurance products issued transfer insurance risk, whether transfer of insurance risk has commercial substance, and whether the transferred insurance risk is significant when performing significant insurance risk transfer tests. Result of such judgement will affect the classification of insurance contracts. Identification and unbundling of components of an insurance contract and classification of insurance products can affect the recognition of revenue, measurement of liabilities, and presentation of financial statements.
- B. An insurance contract is a contract under which the Yuanta Group accepts significant risk transferred from the policyholder by agreeing to compensate the policyholder if a future insured event adversely affects the policyholder, including reinsurance contracts with a transferrable significant risk held by the Yuanta Group. Non-insurance contracts (also called investment contracts), denote to insurance contracts with a nature of financial instruments that are exposed to financial risks but without significant transferred insurance risks. The definition of significant transferred risks employed by the Yuanta Group here refers to any event or incident that leads to the Yuanta Group's additional significant payment.
- C. Insurance policies which meet the definition of insurance contracts on initial recognition shall be classified as insurance contracts before all rights and obligations expire or mature, even if the insurance risks have been significantly reduced during the coverage period. However, insurance contracts with a nature of financial instruments shall be reclassified as insurance contracts, if significant insurance risks have been transferred to the Yuanta Group.
- D. Insurance contracts and investment contracts will be further classified depending on the discretionary participation feature. The discretionary participation feature is a contractual right to receive additional benefits rather than guaranteed benefits, and this kind of right will need to meet the following criteria at the same time:
- (A) additional benefits that are likely to be a significant portion of the total contractual benefits;
 - (B) the amount or timing of additional benefits is contractually at the discretion of the Yuanta Group; and
 - (C) additional benefits are contractually based on the performance of specified investment portfolio of the Yuanta Group.

(26) Insurance contracts

A. Recognition and measurement

For the Yuanta Group's insurance contracts and financial instruments with discretionary participation features, premium income and commission expense are recognised when premiums are collected and the underwritings are approved for initial policies, and when premiums are

collected for renewal policies. Claim and policy benefits are recognised under profit and loss accounts as incurred. In addition, the Yuanta Group shall set aside various insurance liabilities. Please refer to recognition basis for various insurance liabilities set out. Even though certain insurance contracts of the Yuanta Group do have a participation discretion feature and guarantee element, the Yuanta Group did not separately recognise but categorize the whole contract as a liability.

B. Liability adequacy test

The Yuanta Group performs liability adequacy test in accordance with IFRS 4, 'Insurance contracts'. The liability adequacy test is performed using the gross premium valuation based on the overall contracts of the whole entity in compliance with relevant regulations of The Actuarial Institute of The Republic Of China. The test is based on the comparison between carrying amount of insurance liability and current estimate of its future cash flow on each balance sheet date. The aforementioned liability adequacy test is conducted under the best possible assumption and discount the reward of the Yuanta Group's investment portfolio. If the test result shows that the liability is inadequate, the entire deficiency is recognised in profit or loss.

C. Reinsurance

With the classification of reinsurance contracts, the Yuanta Group assesses the agreements under the deposit accounting given that the objective insurance risks of reinsurance agreements are not transferred to the reinsured. Calculation of reinsurance standards for inwards and outwards, reinsurance commissions, reinsurance payments and reinsurance premiums should be managed by reinsurance contracts signed by other reinsurance companies and stated on a monthly basis.

The Yuanta Group evaluates whether privileges of reinsured, including reinsurance assets, claims recoverable from reinsurers and due from reinsurance and ceding companies are impaired on a regular basis. When objective evidence indicates that such option being exercised after the initial recognition will possibly lead to the Yuanta Group being unable to collect all receivables on the contract, and the impact of the receivables from reinsured can be reliably measured with regard to the aforementioned event. The provision for impairment loss shall be recognised to the extent that the recovered amounts are no greater than the reinsurance reserve asset of the aforementioned rights. Also, allowance for doubtful debt should be appropriately made for the non-recoverable amounts of claims recoverable from reinsurers, due from reinsurers and ceding companies.

(27) Non-discretionary participation feature investment contracts

Except that processes for insurance contracts are applicable for "investment contracts with a discretionary participation feature", for insurance contracts classified as investment contracts due to non-transferred objective risks, IFRS 9, "Financial Instruments: Recognition and Measurement" should be applied to "investment contract with no discretionary feature" regarding any of its accrued financial assets and liabilities. The consideration received or paid accordingly should be recognised as financial assets or liabilities instead of income or expenses according to what is commonly called "deposit accounting". If no financial assets or liabilities have been created, IFRS 15, "Revenue from contracts with customers" shall be applied.

(28) Provision basis for various insurance liabilities

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

A. Unearned premium reserve

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

B. Claims reserve

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

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

C. Reserve for policy benefit

Long-term insurance contracts are recognised and calculated in conformity with related insurance regulations and based on the life chart of annuity specified within the calculation instructions when filing to competent authorities for each product, as well as the assumed interest rate for the calculation of policy reserves. The discount rate is based on the assumed interest rate for calculating policy reserves when filing to competent authorities for each insurance product.

D. Special reserve

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

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

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

E. Premium deficiency reserve

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

F. Liability adequacy reserve

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

(29) Foreign exchange reserve

In accordance with the "Regulation Governing the Setting Aside of Various Reserves by Insurance Enterprises", the Yuanta Group set aside foreign exchange reserve under liabilities (recognised as provisions) with regard to the foreign investment assets held (excluding non-investment-linked life insurance product assets denominated in foreign currency). Treatments for accumulation limit of related reserves, method for provision or writing-off, and other binding matters shall be in compliance with "Guidelines for Foreign Exchange Reserve by Life Insurance Enterprises" and relevant regulations.

(30) 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.

(31) Share capital

If the date of dividends declared is later than the consolidated balance sheet date, common stocks are disclosed in the subsequent events.

(32) Interest income and expense

Other than those classified as financial assets and liabilities at fair value through profit and loss, all the interest income and interest expense generated from interest-bearing financial assets are calculated by effective interest rate according to relevant regulations and recognised as “interest income” and “interest expense” in the consolidated statement of comprehensive income.

(33) Net service fee and commission income

Income is recognised when the economic benefits are probable to flow into the Yuanta Group and can be reliably calculated. Details are as follows:

- A. Brokerage service fee income and other related expenses are recognised at the date of securities transaction.
- B. Underwriting service fee income and expenses are recognised on an accrual basis under the agreed terms.
- C. Stock agency income is recognised monthly based on the contract terms.
- D. Futures commission income is the commission charged to the assigned futures merchants for the assistance provided during futures trading and recognised on an accrual basis during the trading period.

(34) Investment-linked products

- A. In accordance with the Insurance Law and “Regulations Governing Investment-linked Products”, premiums from these products are deposited to a separate and independent account, net of expenses, and invested as stipulated under the contracts. This separate and independent account is managed independently from other assets of the Yuanta Group.
- B. The assets and liabilities of this independent account are classified under other assets and liabilities for investment-linked products, respectively, and revenues and expenses are classified under operating revenues and costs for investment-linked products, respectively. Revenues and expenses from investment-linked product, which meet the definition of insurance contracts under IFRS 4 should be recognised.
- C. The value of this independent account’s assets is determined based on the market price at the balance sheet date.
- D. The sales commission and fee income including pre-sale charge, policy and investment related charges received from the investment from the investment-linked life products are recognised as handling fee revenue. Service income derived from relevant expenses from policy holders, which belong to investment contracts and are classified as non-discretionary participation feature products, are the consideration of services provided by the Company during the specified period. If the service is not rendered during the period the premium is received, then the service income shall be recognised as “deferred handling fee income” and amortised using the straight-line method over the period the service is provided. Relevant additional costs, such as commission expenses and sales compensation, shall also be recognised as “deferred acquisition cost” and are amortised using the straight-line method to “Other non-interest income” based on the matching principle.

(35) Business combinations

- A. The Yuanta Group uses the acquisition method to account for business combinations. The consideration transferred for an acquisition is measured as the fair value of the assets transferred, liabilities incurred or assumed and equity instruments issued at the acquisition date, plus the fair value of any assets and liabilities resulting from a contingent consideration

arrangement. All acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. For each business combination, the Yuanta Group measures at the acquisition date components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to the proportionate share of the entity's net assets in the event of liquidation at either fair value or the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other non-controlling interests should be measured at the acquisition-date fair value.

- B. The excess of the consideration transferred and the fair value of any previous equity interest in the acquiree over the fair value of the identifiable assets acquired and the liabilities assumed is recorded as goodwill at the acquisition date. If the total of consideration transferred and the fair value of previously held equity interest in the acquiree is less than the fair value of the identifiable assets acquired and the liabilities assumed, the difference is recognised directly in profit or loss on the acquisition date.

(36) Operating segment report

The Yuanta Group's operation segment reports are consistent with the internal reports provided to the chief operating decision-maker ("CODM").

Inter-segmental transactions are arm's length transactions, and gain and loss arising from such transactions are eliminated by the Yuanta Group upon the preparation of consolidated financial statements. Profit and loss directly attributable to various segments have been considered when segment performance is being evaluated.

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

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

(1) Expected credit losses of bills discounted and loans

At each reporting date, the Yuanta Group assesses expected credit losses of bills discounted and loans after taking into consideration all reasonable and verifiable information (including forecasts.) Measurement of expected credit losses involves determining whether there is significant increase in credit risk on the assets since initial recognition, or whether the asset is credit-impaired, calculating probability of default, loss given default, and exposure at default of the credit loss model, and adjusting parameters of the model after forecastable assessments of the probability of default. Please refer to Note 6(9) for the details of the total amount of discount and loans (including discount and premium adjustment) and allowance for accounts receivable as of December 31, 2021.

(2) Fair value valuation of unlisted stocks

Financial instruments with no active market or quoted price use valuation techniques to determine the fair value. Under such condition, fair value is assessed through the observable information or models of similar financial instruments. If there is no observable input available in the market, the fair value of financial instrument is assessed through appropriate assumptions. When valuation models are adopted to determine the fair value, all the models should be calibrated to ensure that the output can actually reflect actual information and market price. Models should try to use only

observable information as much as possible. Please refer to Note 12(2) for details of the carrying amount of unlisted financial assets at fair value through other comprehensive income as of December 31, 2021.

(3) Impairment assessment of goodwill

Yuanta Group assesses regularly the impairment of goodwill at the end of year. The recoverable amounts of related cash-generating units are determined based on value-in-use calculations. The calculations use estimate of expected future cash flows and discount rate. Please refer to Note 6(17) for details of the assessment of goodwill impairment as of December 31, 2021.

(4) Insurance contract liabilities

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

However, it is reasonably possible that changes in assumption from the competent authority may have an impact on gains, losses, or equity. The liability adequacy testing is conducted by discounting the Company’s overall return on investment under the best estimate on valuation date. If the test result shows that the liability is inadequate, the entire deficiency is recognised in expenses and losses in the period. If there is a change in the future best estimate assumption, incremental reserve for adverse movement in such assumption shall be made. Please refer to Note 6(26), for details of reserves of insurance liabilities as of December 31, 2021.

6. Details of significant accounts

(1) Cash and cash equivalents

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Cash	\$ 7,372,807	\$ 5,772,596
Deposits in banks	66,887,071	66,269,968
Futures excess margin and cash equivalents	4,735,560	4,843,308
Excess settlement reserve fund	-	12
Checks for clearing	1,740,183	611,314
Total	<u>\$ 80,735,621</u>	<u>\$ 77,497,198</u>

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

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Reserve for deposits - account A	\$ 15,899,701	\$ 12,431,950
Reserve for deposits - account B	39,520,433	32,177,999
Deposits by overseas branches to designated accounts of respective local central banks	2,258,756	2,631,752
Reserve for deposits	10,234,067	4,704,230
Call loans to banks	12,430,400	2,427,625
Total	<u>\$ 80,343,357</u>	<u>\$ 54,373,556</u>

A. Reserves due from Central Bank are calculated monthly at prescribed rates on the average daily balances of various deposit accounts and structured accounts and then lodged into reserve for

deposits account of Central Bank. The reserve for deposits - account A is non-interest bearing and call on demand. Reserve for deposits - account B is interest bearing and its use is restricted to monthly adjustment in the reserve for deposits only according to relevant regulations.

B. Please refer to Note 8 for details of the above due from Central Bank and call loans to other banks pledged as collateral as of December 31, 2021 and 2020

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

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

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Financial assets mandatorily measured at fair value through profit or loss		
Commercial paper	\$ 61,827,117	\$ 71,776,369
Beneficiary certificates / securities	48,402,870	67,542,853
Stocks of companies listed on TWSE or OTC	40,352,596	27,588,569
Emerging stocks	1,668,280	1,799,443
Government bonds	28,530,626	37,610,576
Bank debentures	102,569,797	116,517,856
Corporate bonds	88,225,853	91,510,940
Overseas bonds	-	295,960
Convertible corporate bonds	54,435,801	48,286,841
Derivative financial instruments	13,556,918	13,186,702
Structured products and others	1,964,315	9,225,592
Reserve for claims of customers' deposits with KSFC (Note 1)	76,340,247	88,944,601
Other marketable securities	5,641,320	7,525,152
Valuation adjustment	5,726,401	4,781,185
Total	<u>\$ 529,242,141</u>	<u>\$ 586,592,639</u>
Financial liabilities held for trading		
Derivative financial instruments	\$ 22,734,652	\$ 18,961,577
Non-derivative financial instruments	69,728,384	65,667,664
Valuation adjustment of financial liabilities held for trading – non-derivative financial instruments	5,391,115	8,301,890
Financial liabilities designated as at fair value through profit or loss		
Structured products (Note 2)	39,668,565	53,591,521
Convertible bond asset swap not qualifying for derecognition (Note 2)	18,882,930	16,468,096
Others	2,280,093	466,757
Total	<u>\$ 158,685,739</u>	<u>\$ 163,457,505</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 December 31, 2021 and 2020.

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

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Equity instruments		
Domestic stocks	\$ 5,103,414	\$ 1,566,179
Overseas stocks	450,556	574,443
	<u>5,553,970</u>	<u>2,140,622</u>
Domestic beneficiary certificates	14,176,553	20,104,429
Overseas beneficiary certificates	2,933,485	848,135
	<u>\$ 22,664,008</u>	<u>\$ 23,093,186</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 years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Profit recognised in accordance with IFRS 9	\$ 893,237	\$ 3,077,141
Less: Profit that would have been recognised under IAS 39	(2,339,384)	(2,752,132)
(Loss) profit from adopting the overlay approach	(\$ 1,446,147)	\$ 325,009
Effects on income tax	<u>\$ 27,761</u>	<u>(\$ 26,319)</u>

D. Please refer to Note 6(38) for the amounts recognized 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>December 31, 2021</u>	<u>December 31, 2020</u>
Debt instruments		
Government bonds	\$ 58,516,422	\$ 31,239,956
Bank debentures	63,650,211	52,114,254
Corporate bonds	173,353,614	161,804,262
Commercial paper	71,422	124,062
Others	1,424,392	615,373
Valuation adjustment	(1,610,813)	5,044,261
Subtotal	<u>295,405,248</u>	<u>250,942,168</u>
Equity instruments		
Listed stocks	13,421,708	6,109,711
Unlisted stocks/Emerging stocks	4,527,870	4,710,737
Others	3,315,506	1,916,102
Valuation adjustment	23,036,430	15,928,585
Subtotal	<u>44,301,514</u>	<u>28,665,135</u>
Statutory deposits	(1,216,100)	(1,216,100)
Total	<u>\$ 338,490,662</u>	<u>\$ 278,391,203</u>

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

- B. The Yuanta Group elects to classify strategic equity investments not held for trading as financial assets measured at fair value through other comprehensive income. As of December 31, 2021 and 2020, the fair value of such investments were \$44,301,514 and \$28,665,135, respectively.
- C. For the years ended December 31, 2021 and 2020, the Yuanta Group sold the equity shares due to the structural changes in the industry and market interference and increase of uncertainties, in order to avoid systematic risk, consider the asset allocation and adjust the investment portfolio. The fair value of such equity investments sold amounted to \$22,797,024 and \$24,941,062, and accumulated gains on disposal under the consideration of income tax were \$224,305 and \$634,640, respectively.
- D. Amounts recognized 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 years ended December 31,	
	2021	2020
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	\$ 7,782,193	\$ 3,293,779
Reclassified to retained earnings due to derecognition of accumulated gains under the consideration of income tax	\$ 189,960	\$ 651,523
Dividend income recognised in profit or loss		
Held at end of period	\$ 1,668,877	\$ 892,891
Derecognised in the current period	692,198	791,861
	<u>\$ 2,361,075</u>	<u>\$ 1,684,752</u>
<u>Debt instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	(\$ 4,262,861)	\$ 5,446,747
Cumulative other comprehensive income reclassified to profit or loss		
Reclassified due to impairment (recovery) recognition	(\$ 8,481)	\$ 9,112
Reclassified due to derecognition	(1,956,851)	(2,534,619)
	<u>(\$ 1,965,332)</u>	<u>(\$ 2,525,507)</u>
Interest income recognised in profit or loss	\$ 3,378,764	\$ 3,779,878

- E. Details of the Yuanta Group's financial assets at fair value through other comprehensive income pledged to others as collateral as of December 31, 2021 and 2020 are provided in Note 8.
- F. Information relating to credit risk is provided in Note 12(3).

(5) Investments in debt instruments at amortised cost

Items	December 31, 2021	December 31, 2020
Government bonds	\$ 110,721,492	\$ 101,263,694
Time deposits	198,696,885	148,667,240
Bank debentures	92,164,285	81,985,856
Corporate bonds	109,549,412	100,922,767
Subtotal	511,132,074	432,839,557
Less: Accumulated impairment	(148,842)	(145,737)
Statutory deposits	(2,344,300)	(2,344,300)
Total	\$ 508,638,932	\$ 430,349,520

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

	For the years ended December 31,	
	2021	2020
Interest income	\$ 9,452,715	\$ 8,972,481
impairment loss	(3,336)	(6,226)
Gains on disposal	1,630,526	734,770
	\$ 11,079,905	\$ 9,701,025

B. The Yuanta Group sold certain financial assets at amortized cost for the years ended December 31, 2021 and 2020, due to factors such as considering asset management purposes, pay back in advance, mandatorily redeemed by the issuer, increase in credit risk, exchange offer which was publicly purchased or individual and aggregated amount that is non-significant. The disposal gains of amortized cost of debt instrument were \$1,630,526 and \$734,770, respectively.

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

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

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

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

	December 31, 2021	December 31, 2020
Bills and bonds purchased under resale agreement	\$ 46,454,964	\$ 58,336,318
Interest rate range	0.13% ~ 4.00%	0.11% ~ 1.68%
Contract resale amount	\$ 46,501,102	\$ 58,459,272
Bills and bonds payable under repurchase agreement	\$ 183,865,849	\$ 216,621,187
Interest rate range	-0.55% ~ 3.00%	-0.30% ~ 1.60%
Contract repurchase amount	\$ 187,259,926	\$ 220,352,840

(7) Receivables - net

	<u>December 31, 2021</u>	<u>December 31, 2020</u>	<u>January 1, 2020</u>
Interest receivable	\$ 7,861,299	\$ 7,038,467	\$ 7,779,893
Refinance guaranty receivable	48,803,911	34,546,103	31,025,769
Acceptances receivable	567,264	578,620	231,477
Factoring receivable	5,463,356	4,150,504	5,704,407
Margin loans receivable	120,197,206	92,285,455	71,048,860
Spot exchange receivable (Note)	168,239	10,030,876	1,357,709
Credit card receivable	8,339,888	8,781,748	10,212,562
Trading securities receivable	2,143,192	2,277,246	818,338
Settlement price	11,619,438	16,043,185	5,590,498
Settlement price receivable	52,522,419	58,138,311	30,473,918
Securities sold receivable	3,508,149	4,707,144	4,150,335
Other receivables	4,587,611	6,035,017	5,056,901
Subtotal	265,781,972	244,612,676	173,450,667
Less: Allowance for doubtful accounts	(2,078,612)	(2,136,230)	(2,606,092)
Total	<u>\$ 263,703,360</u>	<u>\$ 242,476,446</u>	<u>\$ 170,844,575</u>

Note: To make information on financial statements more relevant, the Yuanta Group presents net receivables of spot exchange transactions or net spot exchange payable amount respectively after separately aggregated. The amount of spot exchange receivable and spot exchange payable on December 31, 2020 and January 1, 2020 should have been reduced by \$1,514,244 and \$3,395,922, respectively.

- A. The Yuanta Group recognized appropriate allowance for debts for receivables. For the years ended December 31, 2021 and 2020, details are provided in Note 12(3).
- B. Margin loans receivable uses the securities purchased through financing by client as collateral. As of December 31, 2021 and 2020, the annual interest rates of Yuanta Securities and Yuanta Securities Finance were all 6.25%; the annual interest rates range of Yuanta Securities (Korea) were all 5.95%~9.75%, respectively; the annual interest rates range of Yuanta Securities (Hong Kong) were 0.76%~12.88% and 0.72%~12.88%, respectively; the annual interest rates range of Yuanta Securities (Indonesia) were 16.00%~18.00% and 18.00%; the annual interest rates range of Yuanta Securities (Thailand) were 3.85%~4.15% and 4.15%~9.25%, respectively; the annual interest rates range of Yuanta Securities (Vietnam) were 6.00%~12.00% and 7.00%~12.00%, respectively.

(8) Assets held for sale

In order to improve the efficiency of asset utilization, Yuanta Bank approved the sale of its own real estate by the Board of Directors on November 25, 2021, November 20, 2020, 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 \$194,563 and \$203,730 as of December 31, 2021 and 2020, respectively. The fair value of the assets held for sale is based on the result of valuation by independent valuation experts, which was categorized within level 2 in the fair value hierarchy. For the years ended December 31, 2021 and 2020, the Yuanta Group sold part of the assets held for sale, and the proceeds from disposal amounted to \$67,000 and \$473,200, respectively, and gain on disposal amounted to \$4,957 and \$12,765, respectively. For the years ended December 31, 2021 and 2020, the Yuanta Group recognized (\$12,163) and \$349, respectively of related impairment (losses) reversal gains.

(9) Bills discounted and loans - net

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Bills discounted	\$ 52,595	\$ 155,817
Overdrafts	3,495	25,702
Short-term loans	76,386,151	59,749,704
Short-term loans secured	78,421,921	69,524,551
Medium-term loans	108,695,496	120,466,376
Medium-term loans secured	237,792,993	203,092,313
Long-term loans	5,846,989	7,818,832
Long-term loans secured	380,497,850	334,411,270
Import-export negotiations	42,043	63,994
Accounts receivable factoring	369,409	916,721
Automatic policy loans	1,504,292	1,452,487
Life insurance policy loans	5,798,540	5,620,591
Loans transferred to non-performing loans	2,100,281	3,703,423
Subtotal	<u>897,512,055</u>	<u>807,001,781</u>
Less: Allowance for credit losses	(13,243,398)	(13,201,740)
Less: Adjustment for premium	23,205	12,866
Total	<u>\$ 884,291,862</u>	<u>\$ 793,812,907</u>

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

B. Classified by subsidiaries as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Bills discounted and loans including adjustment for premium		
Yuanta Bank	\$ 875,442,970	\$ 782,770,760
Yuanta Securities	14,789,164	17,165,665
Yuanta Life	7,303,126	7,078,222
Subtotal	<u>897,535,260</u>	<u>807,014,647</u>
Allowance for credit losses		
Yuanta Bank	(\$ 12,320,067)	(\$ 11,730,288)
Yuanta Securities	(923,327)	(1,471,375)
Yuanta Life	(4)	(77)
Subtotal	<u>(13,243,398)</u>	<u>(13,201,740)</u>
Total	<u>\$ 884,291,862</u>	<u>\$ 793,812,907</u>

C. For the years ended December 31, 2021 and 2020, the Yuanta Group disposed credit assets measured at amortised cost and recognized a gain of \$19,805 and \$339,055, respectively.

(10) Reinsurance contract assets

	<u>December 31, 2021</u>		<u>December 31, 2020</u>	
Claims recoverable from reinsurers	\$	589,641	\$	358,339
Due from reinsurers and ceding companies		136,791		115,705
Reinsurance reserve assets				
ceded unearned premium reserve		457,017		547,152
Ceded claims reserve		146,072		78,261
Total	\$	<u>1,329,521</u>	\$	<u>1,099,457</u>

(11) Investments accounted for under the equity method

	<u>December 31, 2021</u>		<u>December 31, 2020</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Associates:				
CR Yuanta Fund Management Company Limited	\$ 337,265	24.50%	\$ 335,729	24.50%
GC Investment Consultant (Shanghai) Co., Ltd.	20,126	100.00%	20,845	100.00%
Yuanta Security (United Kingdom)	-	-	57,971	100.00%
Woori Asset Management Corp.	751,041	27.00%	790,688	27.00%
Polaris Ocean Private Equity Fund	75,719	3.26%	84,751	3.26%
2011 KIF-TONGYANG IT Venture Fund	-	-	50,457	17.20%
TONGYANG AGRI-FOOD INVESTMENT FUND II	71,155	40.74%	93,591	40.74%
IBKC-TONGYANG Growth 2013 Private Equity Fund	136,660	10.71%	149,666	10.71%
KVIC-Yuanta 2015 Overseas Advance Fund	235,341	44.00%	245,465	44.00%
2016 KIF-Yuanta ICT Venture Fund	98,532	16.67%	127,613	16.67%
Yuanta Secondary No.2 Fund	191,683	12.28%	196,947	12.28%
Yuanta Secondary No.3 Private Equity Fund	576,228	15.26%	458,903	15.26%
Yuanta SPAC III	-	-	1,662	0.83%
SJ-ULTRA V 1st FUND	28,539	34.48%	32,753	34.48%
Yuanta SPAC IV	1,092	0.54%	1,237	0.54%
Yuanta-HPNT Private Equity Fund	4,635	0.09%	5,240	0.09%
Yuanta SPAC V	677	0.25%	769	0.25%
Yuanta SPAC VI	-	-	765	0.22%
Kiwoom-Yuanta 2019 Scale-up Fund	277,222	15.20%	97,401	15.20%
Yuanta SPAC VII	2,083	0.91%	2,351	0.91%
Yuanta SPAC VIII	457	0.15%	598	4.17%
Yuanta Innovative Job Creation Fund	127,096	22.73%	-	-
Yuanta Quantum Jump No.1 Fund	76,671	12.50%	-	-
Yuanta Great Unicorn No.1 Fund	68,833	17.65%	-	-
Yuanta Innovative Growth MPE Fund	34,539	14.02%	-	-
	<u>\$3,115,594</u>		<u>\$2,755,402</u>	

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

	For the years ended December 31,	
	2021	2020
Net gain for the period from continuing operations	\$ 493,848	\$ 295,854
Other comprehensive loss (net of tax)	(754)	(27,200)
(12) Other financial assets - net		
	December 31, 2021	December 31, 2020
Non-loans reclassified to non-performing loans	\$ 922,789	\$ 973,496
Less: Allowance for credit losses	(917,159)	(938,395)
	5,630	35,101
Purchase of claim receivable	1,834,995	1,853,059
Valuation adjustment on purchase of claim receivable	(21,729)	(21,239)
	1,813,266	1,831,820
Customer margin deposit account	78,225,201	74,750,544
Investment-linked insurance product assets	30,724,969	1,923,783
Securities borrowing and lending refundable deposits	39,934	249,142
Others	144,592	244,373
Total	\$ 110,953,592	\$ 79,034,763

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

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

	December 31, 2021	December 31, 2020
Investment – linked insurance product assets		
Cash in bank	\$ 105	\$ 424
Financial assets at fair value through profit or loss	30,647,537	1,919,545
Other receivables	77,327	3,814
	\$ 30,724,969	\$ 1,923,783
	December 31, 2021	December 31, 2020
Investment – linked insurance product liabilities		
Reserve for investment linked insurance product – insurance contract	\$ 6,085,939	\$ 1,913,038
Reserve for investment linked insurance product – investment contract	24,578,809	7,998
Other payables	60,221	2,747
	\$ 30,724,969	\$ 1,923,783

	For the years ended December 31,	
	2021	2020
Revenue on investment – linked insurance products		
Premium income	\$ 4,488,703	\$ 224,048
Gain on financial assets at fair value through profit or loss	196,259	19,644
Exchange gain	706	2,188
Interest income	5,586	6,176
Other income	5,652	8,536
	<u>\$ 4,696,906</u>	<u>\$ 260,592</u>
Expenses on investment – linked insurance products		
Claims and policy benefit payments	\$ 281,736	\$ 173,417
Net change in reserve for investment-linked insurance product-insurance contract	4,173,607	(8,148)
Administrative expenses and other expenses	241,563	95,323
	<u>\$ 4,696,906</u>	<u>\$ 260,592</u>

(13) Investment property - net

Assets	December 31, 2021			
	Cost	Accumulated depreciation	Accumulated impairment	Book value
Land and land improvements	\$ 2,449,532	\$ -	(\$ 211,282)	\$ 2,238,250
Buildings	2,437,410	(959,966)	(40,370)	1,437,074
Right-of-use assets	6,661,896	(280,734)	-	6,381,162
Investment property under construction	470,967	-	-	470,967
Prepayments for land and buildings	166,069	-	-	166,069
Total	<u>\$ 12,185,874</u>	<u>(\$ 1,240,700)</u>	<u>(\$ 251,652)</u>	<u>\$ 10,693,522</u>
Assets	December 31, 2020			
Cost	Accumulated depreciation	Accumulated impairment	Book value	
Land and land improvements	\$ 3,067,011	\$ -	(\$ 217,021)	\$ 2,849,990
Buildings	2,973,293	(1,088,771)	(43,233)	1,841,289
Right-of-use assets	6,691,088	(176,872)	-	6,514,216
Investment property under construction	343,828	-	-	343,828
Prepayments for land and buildings	8,961	-	-	8,961
Total	<u>\$ 13,084,181</u>	<u>(\$ 1,265,643)</u>	<u>(\$ 260,254)</u>	<u>\$ 11,558,284</u>

Change in investment property of the Yuanta Group:

	For the years ended December 31,	
	2021	2020
Cost		
At January 1	\$ 13,084,181	\$ 6,397,620
Additions	297,016	1,702,864
Disposals	(415,297)	(71,805)
Transferred out to property and equipment	(967,166)	(112,938)
Transferred in from property and equipment	536,347	4,831,092
Others	-	318,836
Foreign exchange adjustment and others	(349,207)	18,512
At December 31	<u>\$ 12,185,874</u>	<u>\$ 13,084,181</u>
Accumulated depreciation		
At January 1	(\$ 1,265,643)	(\$ 1,154,090)
Depreciation	(93,951)	(95,431)
Disposals	53,332	18,797
Transferred out to property and equipment	178,053	36,548
Transferred in from property and equipment	(110,930)	-
Others	-	21,256
Foreign exchange adjustment and others	(1,561)	(92,723)
At December 31	<u>(\$ 1,240,700)</u>	<u>(\$ 1,265,643)</u>
Accumulated impairment		
At January 1	(\$ 260,254)	(\$ 327,558)
Recovery	19,387	6,037
Disposals	1,306	1,484
Transferred out to property and equipment	-	59,783
Transferred in from property and equipment	(12,091)	-
At December 31	<u>(\$ 251,652)</u>	<u>(\$ 260,254)</u>

- A. The fair value of the investment property held by the Yuanta Group as of December 31, 2021 and 2020 were \$12,506,439 and \$13,206,719, respectively, according to the result of valuation by an independent valuation expert using the income method, comparison method, market approach and land development analysis approach. As of December 31, 2021, the fair value included the amounts of \$3,407,887 and \$9,098,552 that was categorised within Level 2 and Level 3 in the fair value hierarchy, respectively. As of December 31, 2020, the fair value included the amounts of \$3,521,010 and \$9,685,709 that was categorised within Level 2 and Level 3 in the fair value hierarchy, respectively.
- B. For the years ended December 31, 2021 and 2020, rental income from the lease of the investment property were \$209,997 and \$217,481, respectively.

- C. In 2020, the consolidated company, Yuanta Life, acquired investment property (including right-of-use assets and investment property under construction) by entering “The contract of establishment of superficies for state-owned (non-public use)” on January 30, 2020, with National Property administration, Ministry of Finance, Northern Region Branch and acquired right of superficies of nine lands on No. 414, Sec. 3, Chang’an Rd., Zhongshan Dist., Taipei City. The total contract amount was made based on the appraisal report of real estate appraiser and acquired by auction of \$5,330,000. The payment for construction integrated with Mass Rapid Transit amounting to \$232,128 was classified as investment property under construction.
- D. The Yuanta Group has applied the practical expedient to “Covid-19-related rent concessions”, and recognized the gain from changes in lease payments arising from the rent concessions amounting to \$9,076 and \$5,579 by decreasing lease liability and investment property - investment property under construction for the years ended December 31, 2021 and 2020, respectively.
- E. Please refer to Note 8 for details of Yuanta Group’s investment property pledged to others as collateral.

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(14) Property and equipment - net

Change in property and equipment of the Yuanta Group:

2021

Cost	2021						Total
	Land and land improvements	Buildings	Machinery and computer equipment	Transportation equipment	Miscellaneous equipment	Construction in progress and prepayments for business facilities	
At January 1	\$ 14,345,304	\$ 8,482,180	\$ 4,032,553	\$ 200,392	\$ 1,625,519	\$ 2,096,887	\$ 30,782,835
Additions	-	54,229	477,414	21,578	171,233	961,376	1,685,830
Disposals	(77,976)	(77,350)	(492,414)	(27,684)	(296,107)	-	(971,531)
Transferred in from investment property	618,575	348,591	-	-	-	-	967,166
Transferred out to investment property	(331,297)	(205,050)	-	-	-	-	(536,347)
Others (Note)	583,258	(1,206,451)	259,723	16,556	278,436	(637,396)	(705,874)
Translation difference	(42,119)	(154,906)	(244,051)	(1,205)	(40,139)	(624)	(483,044)
At December 31	\$ 15,095,745	\$ 7,241,243	\$ 4,033,225	\$ 209,637	\$ 1,738,942	\$ 2,420,243	\$ 30,739,035
<u>Accumulated depreciation</u>							
At January 1	\$ -	(\$ 2,582,793)	(\$ 2,805,951)	(\$ 122,802)	(\$ 1,081,973)	\$ -	(\$ 6,593,519)
Depreciation	-	(241,002)	(574,858)	(26,071)	(255,918)	-	(1,097,849)
Disposals	-	48,084	492,034	19,809	283,481	-	843,408
Transferred in from investment property	-	(178,053)	-	-	-	-	(178,053)
Transferred out to investment property	-	110,930	-	-	-	-	110,930
Others (Note)	-	558,154	(4,928)	(111)	175	-	553,290
Translation difference	-	61,027	211,935	950	29,646	-	303,558
At December 31	\$ -	(\$ 2,223,653)	(\$ 2,681,768)	(\$ 128,225)	(\$ 1,024,589)	\$ -	(\$ 6,058,235)
<u>Accumulated impairment</u>							
At January 1	(\$ 192,614)	(\$ 66,387)	\$ -	\$ -	(\$ 298)	\$ -	(\$ 259,299)
Disposals	34,992	-	-	-	-	-	34,992
Transferred out to investment property	7,973	4,118	-	-	-	-	12,091
At December 31	(\$ 149,649)	(\$ 62,269)	\$ -	\$ -	(\$ 298)	\$ -	(\$ 212,216)
Net carrying amount	\$ 14,946,096	\$ 4,955,321	\$ 1,351,457	\$ 81,412	\$ 714,055	\$ 2,420,243	\$ 24,468,584

Note: During the current period, an old building with a book value of \$628,436 (Cost:\$1,178,016 & Accumulated depreciation:\$549,580) was adjusted as addition to book value of the land due to the city renovation. A trust in Chang Hwa Bank was set up upon the land due to the city renovation. In addition, another land with a book value of \$45,178 was transferred to assets held for sale.

2020

Cost	2020						Construction in progress and prepayments for business facilities	Total
	Land and land improvements	Buildings	Machinery and computer equipment	Transportation equipment	Miscellaneous equipment			
At January 1	\$ 14,577,211	\$ 7,152,721	\$ 3,916,823	\$ 211,086	\$ 1,739,464	\$ 1,205,145	\$ 28,802,450	
Additions	4,140,405	1,206,245	379,932	12,780	113,159	1,891,834	7,744,355	
Disposals	(141,485)	(335)	(490,413)	(27,022)	(296,135)	(131)	(955,521)	
Transferred out to investment property	3,654	112,960	-	-	-	-	116,614	
Transferred in from investment property	(4,186,917)	-	-	-	-	(644,175)	(4,831,092)	
Others	(45,267)	1,091	242,901	4,678	91,764	(354,820)	(59,653)	
Translation difference	(2,297)	9,498	(16,690)	(1,130)	(22,733)	(966)	(34,318)	
At December 31	\$ 14,345,304	\$ 8,482,180	\$ 4,032,553	\$ 200,392	\$ 1,625,519	\$ 2,096,887	\$ 30,782,835	
<u>Accumulated depreciation</u>								
At January 1	\$ -	(\$ 2,371,822)	(\$ 2,758,061)	(\$ 112,353)	(\$ 1,119,167)	\$ -	(\$ 6,361,403)	
Depreciation	-	(183,293)	(544,873)	(28,335)	(266,213)	-	(1,022,714)	
Disposals	-	187	489,236	17,699	288,969	-	796,091	
Transferred in from investment property	-	(40,224)	-	-	-	-	(40,224)	
Others	-	17,279	-	(486)	14	-	16,807	
Translation difference	-	(4,920)	7,747	673	14,424	-	17,924	
At December 31	\$ -	(\$ 2,582,793)	(\$ 2,805,951)	(\$ 122,802)	(\$ 1,081,973)	\$ -	(\$ 6,593,519)	
<u>Accumulated impairment</u>								
At January 1	(\$ 135,885)	(\$ 62,195)	\$ -	\$ -	(\$ 298)	\$ -	(\$ 198,378)	
Reversal	(1,139)	1	-	-	-	-	(1,138)	
Transferred in from investment property	(55,590)	(4,193)	-	-	-	-	(59,783)	
At December 31	(\$ 192,614)	(\$ 66,387)	\$ -	\$ -	(\$ 298)	\$ -	(\$ 259,299)	
Net carrying amount	\$ 14,152,690	\$ 5,833,000	\$ 1,226,602	\$ 77,590	\$ 543,248	\$ 2,096,887	\$ 23,930,017	

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

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

	2021					
	Land			Buildings		
	Owner-occupied	Lease	Subtotal	Owner-occupied	Lease	Subtotal
<u>Cost</u>						
At January 1	\$ 14,152,650	\$ 192,654	\$ 14,345,304	\$ 8,454,299	\$ 27,881	\$ 8,482,180
Additions	-	-	-	54,229	-	54,229
Disposals	(77,976)	-	(77,976)	(77,350)	-	(77,350)
Transferred in from investment property	618,575	-	618,575	348,591	-	348,591
Transferred out to investment property	(331,297)	-	(331,297)	(205,050)	-	(205,050)
Others (Note)	775,912	(192,654)	583,258	(1,178,570)	(27,881)	(1,206,451)
Translation difference	(42,119)	-	(42,119)	(154,906)	-	(154,906)
At December 31	<u>\$ 15,095,745</u>	<u>\$ -</u>	<u>\$ 15,095,745</u>	<u>\$ 7,241,243</u>	<u>\$ -</u>	<u>\$ 7,241,243</u>
<u>Accumulated depreciation</u>						
At January 1	\$ -	\$ -	\$ -	(\$ 2,578,035)	(\$ 4,758)	(\$ 2,582,793)
Depreciation	-	-	-	(240,971)	(31)	(241,002)
Disposals	-	-	-	48,084	-	48,084
Transferred in from investment property	-	-	-	(178,053)	-	(178,053)
Transferred out to investment property	-	-	-	110,930	-	110,930
Others (Note)	-	-	-	553,365	4,789	558,154
Translation difference	-	-	-	61,027	-	61,027
At December 31	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(\$ 2,223,653)</u>	<u>\$ -</u>	<u>(\$ 2,223,653)</u>
<u>Accumulated impairment</u>						
At January 1	(\$ 192,614)	\$ -	(\$ 192,614)	(\$ 66,387)	\$ -	(\$ 66,387)
Disposals	34,992	-	34,992	-	-	-
Transferred out to investment property	7,973	-	7,973	4,118	-	4,118
At December 31	<u>(\$ 149,649)</u>	<u>\$ -</u>	<u>(\$ 149,649)</u>	<u>(\$ 62,269)</u>	<u>\$ -</u>	<u>(\$ 62,269)</u>
Net carrying amount	<u>\$ 14,946,096</u>	<u>\$ -</u>	<u>\$ 14,946,096</u>	<u>\$ 4,955,321</u>	<u>\$ -</u>	<u>\$ 4,955,321</u>

Note: During the current period, an old building with a book value of \$628,436 (Cost:\$1,178,016 & Accumulated depreciation:\$549,580) was adjusted as addition to book value of the land due to the city renovation. A trust in Chang Hwa Bank was set up upon the land due to the city renovation. In addition, another land with a book value of \$45,178 was transferred to assets held for sale.

	2020					
	Land			Buildings		
	Owner-occupied	Lease	Subtotal	Owner-occupied	Lease	Subtotal
Cost						
At January 1	\$ 14,384,557	\$ 192,654	\$ 14,577,211	\$ 7,124,840	\$ 27,881	\$ 7,152,721
Additions	4,140,405	-	4,140,405	1,206,245	-	1,206,245
Disposals	(141,485)	-	(141,485)	(335)	-	(335)
Transferred out to investment property	3,654	-	3,654	112,960	-	112,960
Transferred in from investment property	(4,186,917)	-	(4,186,917)	-	-	-
Others	(45,267)	-	(45,267)	1,091	-	1,091
Translation difference	(2,297)	-	(2,297)	9,498	-	9,498
At December 31	<u>\$ 14,152,650</u>	<u>\$ 192,654</u>	<u>\$ 14,345,304</u>	<u>\$ 8,454,299</u>	<u>\$ 27,881</u>	<u>\$ 8,482,180</u>
Accumulated depreciation						
At January 1	\$ -	\$ -	\$ -	(\$ 2,368,392)	(\$ 3,430)	(\$ 2,371,822)
Depreciation	-	-	-	(181,965)	(1,328)	(183,293)
Disposals	-	-	-	187	-	187
Transferred in from investment property	-	-	-	(40,224)	-	(40,224)
Others	-	-	-	17,279	-	17,279
Translation difference	-	-	-	(4,920)	-	(4,920)
At December 31	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(\$ 2,578,035)</u>	<u>(\$ 4,758)</u>	<u>(\$ 2,582,793)</u>
Accumulated impairment						
At January 1	(\$ 135,885)	\$ -	(\$ 135,885)	(\$ 62,195)	\$ -	(\$ 62,195)
Impairment loss	(1,139)	-	(1,139)	1	-	1
Transferred in from investment property	(55,590)	-	(55,590)	(4,193)	-	(4,193)
At December 31	<u>(\$ 192,614)</u>	<u>\$ -</u>	<u>(\$ 192,614)</u>	<u>(\$ 66,387)</u>	<u>\$ -</u>	<u>(\$ 66,387)</u>
Net carrying amount	<u>\$ 13,960,036</u>	<u>\$ 192,654</u>	<u>\$ 14,152,690</u>	<u>\$ 5,809,877</u>	<u>\$ 23,123</u>	<u>\$ 5,833,000</u>

(15) Leasing arrangements—lessee

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

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

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>
Land	\$ 8,768,519	\$ 8,898,397
Buildings	3,493,722	4,023,721
Machinery and equipment	133,924	205,963
Transportation equipment	15,000	18,506
Others	32,786	34,891
	<u>\$ 12,443,951</u>	<u>\$ 13,181,478</u>
	<u>For the years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Land	\$ 19,642	\$ 22,998
Buildings	1,284,970	1,371,837
Machinery and equipment	50,659	53,566
Transportation equipment	13,765	15,264
Others	8,693	10,782
	<u>\$ 1,377,729</u>	<u>\$ 1,474,447</u>

C. For the years ended December 31, 2021 and 2020, the additions to right-of-use assets amounted to \$1,073,448 and \$1,586,203, respectively.

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

	<u>For the years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 79,627	\$ 99,796
Expense on short-term lease contracts	79,550	74,574
Expense on leases of low-value assets	8,805	10,331
Gain on sublease of right-of-use assets	13,010	12,973
Loss on lease modification	(1,149)	(789)

E. For the years ended December 31, 2021 and 2020, the Yuanta Group's total cash outflow for leases amounted to \$1,451,051 and \$7,592,824, respectively.

F. The Yuanta Group has applied the practical expedient to "Covid-19-related rent concessions", and recognized the gain from changes in lease payments arising from the rent concessions amounting to \$3,641 by decreasing rent expense for the year ended June 30, 2021.

G. The Yuanta Group has applied the practical expedient to “Covid-19-Related Rent Concessions beyond June 30, 2021”, and the gain from changes in lease payments arising from the rent concessions after June 30, 2021 was recognized as the deduction of rent expense by \$8,059.

(16) Leasing arrangements – lessor

A. The Yuanta Group leases various assets including buildings, equipment, parking lot and investment property under operating leasing. Rental contracts are typically made for periods of 1 and 10 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. To protect the lessor’s ownership rights on the leased assets, leased assets may not be used as security for borrowing purposes, or a residual value guarantee was required.

B. The Yuanta Group leases the equipment under a finance lease. Based on the terms of the lease contract, the ownership of the equipment will be transferred to lessees when the leases expire. Information on profit or loss in relation to lease contracts is as follows:

	<u>For the years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Finance income from the net investment in the finance lease	\$ <u>960</u>	\$ <u>1,305</u>

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

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
2021	\$ -	\$ 8,462
2022	8,463	8,463
2023	8,463	8,463
Total	\$ <u>16,926</u>	\$ <u>25,388</u>

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

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Undiscounted lease payments	\$ 16,926	\$ 25,388
Unearned finance income	(810)	(1,770)
Net investment in the lease	\$ <u>16,116</u>	\$ <u>23,618</u>

E. For the years ended December 31, 2021 and 2020, the Yuanta Group recognized rent income in the amounts of \$210,049 and \$229,572 respectively, based on the operating lease agreement, which does not include variable lease payments.

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

	<u>December 31, 2021</u>		<u>December 31, 2020</u>	
2022	\$ 124,552	2021	\$ 212,124	
2023	55,446	2022	125,208	
2024	26,750	2023	50,080	
2025	14,574	2024	24,624	
2026	2,269	2025	16,582	
After 2027	5,344	After 2026	10,817	
Total	\$ <u>228,935</u>	Total	\$ <u>439,435</u>	

(17) Intangible assets - net

Cost	2021					
	Goodwill	Operating rights	Computer software	Customer relationship	Others	Total
At January 1	\$ 31,494,708	\$ 384,488	\$ 4,683,272	\$ 3,045,314	\$ 4,413,907	\$ 44,021,689
Additions	-	-	238,906	-	1,704	240,610
Disposals	-	-	(109,313)	-	(2,146)	(111,459)
Reclassifications	-	-	206,213	-	-	206,213
Translation difference	(11,410)	(479)	(444,315)	-	(95,601)	(551,805)
At December 31	<u>\$ 31,483,298</u>	<u>\$ 384,009</u>	<u>\$ 4,574,763</u>	<u>\$ 3,045,314</u>	<u>\$ 4,317,864</u>	<u>\$ 43,805,248</u>
<u>Accumulated amortization</u>						
At January 1	\$ -	(\$ 371,541)	(\$ 4,085,009)	(\$ 3,034,376)	(\$ 2,111,719)	(\$ 9,602,645)
Amortization	-	(1,641)	(247,032)	(3,750)	(232,537)	(484,960)
Disposals	-	-	109,313	-	4	109,317
Reclassification	-	-	(180)	-	-	(180)
Translation difference	-	141	415,807	-	6,231	422,179
At December 31	<u>\$ -</u>	<u>(\$ 373,041)</u>	<u>(\$ 3,807,101)</u>	<u>(\$ 3,038,126)</u>	<u>(\$ 2,338,021)</u>	<u>(\$ 9,556,289)</u>
<u>Accumulated impairment</u>						
At January 1	(\$ 2,888,924)	\$ -	\$ -	\$ -	(\$ 31,472)	(\$ 2,920,396)
Impairments (Note)	(6,273)	-	-	-	(286,526)	(292,799)
Translation difference	8,534	-	-	-	1,983	10,517
At December 31	<u>(\$ 2,886,663)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(\$ 316,015)</u>	<u>(\$ 3,202,678)</u>
Net carrying amount	<u>\$ 28,596,635</u>	<u>\$ 10,968</u>	<u>\$ 767,662</u>	<u>\$ 7,188</u>	<u>\$ 1,663,828</u>	<u>\$ 31,046,281</u>

Note : Due to the COVID-19 pandemic and the political and economic uncertainty and risk in China, Hong Kong and Macau, the operating conditions differ from expectations. An intangible assets impairment of the Yuanta Bank and its subsidiaries - international finance department amounted to \$286,526 was recognized due to the recoverable amount was less than the carrying amount for the year ended December 31, 2021.

Cost	2020					
	Goodwill	Operating rights	Computer software	Customer relationship	Others	Total
At January 1	\$ 31,505,838	\$ 385,200	\$ 4,604,348	\$ 3,045,314	\$ 4,432,247	\$ 43,972,947
Additions	-	-	133,796	-	9,931	143,727
Disposals	-	-	(166,658)	-	(21,646)	(188,304)
Reclassifications	-	-	95,586	-	-	95,586
Translation difference	(11,130)	(712)	16,200	-	(6,625)	(2,267)
At December 31	\$ 31,494,708	\$ 384,488	\$ 4,683,272	\$ 3,045,314	\$ 4,413,907	\$ 44,021,689
<u>Accumulated amortization</u>						
At January 1	\$ -	(\$ 370,109)	(\$ 3,983,321)	(\$ 3,030,626)	(\$ 1,878,442)	(\$ 9,262,498)
Amortization	-	(1,641)	(245,284)	(3,750)	(232,703)	(483,378)
Disposals	-	-	164,807	-	-	164,807
Translation difference	-	209	(21,211)	-	(574)	(21,576)
At December 31	\$ -	(\$ 371,541)	(\$ 4,085,009)	(\$ 3,034,376)	(\$ 2,111,719)	(\$ 9,602,645)
<u>Accumulated impairment</u>						
At January 1	(\$ 1,475,943)	\$ -	\$ -	\$ -	(\$ 37,046)	(\$ 1,512,989)
Impairment loss	(1,412,591)	-	-	-	(2,227)	(1,414,818)
Disposals	-	-	-	-	7,824	7,824
Translation difference	(390)	-	-	-	(23)	(413)
At December 31	(\$ 2,888,924)	\$ -	\$ -	\$ -	(\$ 31,472)	(\$ 2,920,396)
Net carrying amount	\$ 28,605,784	\$ 12,947	\$ 598,263	\$ 10,938	\$ 2,270,716	\$ 31,498,648

- 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. Due to the COVID-19 pandemic and the political and economic uncertainty and risk in China, Hong Kong and Macau, the operating conditions differ from expectations. The Yuanta Group engaged with experts to issue a goodwill impairment test report. In 2021, the recoverable amount of the securities' subsidiary- reinvestment department's (Thailand) cash generating units were less than its book value. Therefore, they recognised an impairment loss on goodwill of \$6,273. In 2020, the recoverable amount of banking subsidiaries-international financial department, Yuanta Savings Bank (Korea) and securities subsidiary- reinvestment department (Thailand) cash generating units were less than their book value. As a result, they recognised impairment on goodwill of \$950,438, \$398,490 and \$63,663, respectively.

The main assumptions used in calculating value-in-use are as follows:

	Bank subsidiaries					
	Corporate finance	International finance	Personal finance	Financial management	Financial market	
2021						
Growth rate	2.50%	2.50%	2.50%	2.50%	2.50%	
Discount rate	7.90%	9.70%	7.90%	7.90%	7.90%	
	Securities subsidiaries					
	Brokerage Segment	Investment BankSegment	Investment Segment	Futures	Securities Investment Trust	
2021						
Growth rate	2.00%	2.00%	3.00%	2.00%	2.00%	
Discount rate	10.40%	10.30%	14.90~17.20%	8.70%	13.10%	
	Bank subsidiaries					
	Corporate finance	International finance	Personal finance	Financial management	Financial market	Yuanta Savings Bank (Korea) Inc.
2020						
Growth rate	2.00%	2.00%	2.00%	2.00%	2.00%	3.20%
Discount rate	8.50%~9.60%	10.20%~11.40%	8.50%~9.60%	8.50%~9.60%	8.50%~9.60%	10.00%~10.90%
	Securities subsidiaries					
	Brokerage Segment	Investment BankSegment	Investment Segment	Futures	Securities Investment Trust	
2020						
Growth rate	2.00%	2.00%	3.00%~3.20%	2.00%	2.00%	
Discount rate	8.70%	8.60%	14.40%~17.30%	9.00%	14.00%	

(18) Other assets - net

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Refundable deposits - net	\$ 2,951,966	\$ 4,190,962
Refundable deposits for securities lending	54,416,318	29,728,039
Operating guarantee deposits and settlement fund	5,154,440	4,936,468
Prepaid expenses	734,207	805,716
Bank deposits - amounts held for settlement	23,207,687	21,688,529
Others	403,201	493,922
Total	<u>\$ 86,867,819</u>	<u>\$ 61,843,636</u>

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

(19) Non-financial asset impairment losses

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

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Investment property	\$ 251,652	\$ 260,254
Property and equipment	212,216	259,299
Intangible assets - goodwill	2,886,663	2,888,924
Intangible assets - other	316,015	31,472

(20) Deposits from Central Bank and other banks

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Overdrafts from other banks	\$ 3,303,101	\$ 2,567,621
Call loans from other banks	17,214,445	7,738,100
Redeposit from the directorate general of postal remittance	5,106,578	5,106,578
Total	<u>\$ 25,624,124</u>	<u>\$ 15,412,299</u>

(21) Commercial paper payable - net

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Commercial paper payable	\$ 50,022,000	\$ 27,474,589
Less: Discount on commercial paper payable	(38,498)	(57,100)
Total	<u>\$ 49,983,502</u>	<u>\$ 27,417,489</u>

As of December 31, 2021 and 2020, the annual interest rate of commercial paper payable were 0.318%~2.220% and 0.288%~1.550%, respectively.

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

December 31, 2021

December 31, 2020

Dah Chung Bills Finance Corp.
CTBC Bank Co., Ltd.
China Bills Finance Corporation
Taishin International Bank Co., Ltd.
Bank Sinopac Co., Ltd.
Cathay United Commercial Bank Co., Ltd.
Hua Nan Commercial Bank Co., Ltd.
Ta Ching Bills Finance Corporation
Sunny Bank Ltd.
Grand Bills Finance Corp.
Taiwan Business Bank Co., Ltd.
Union Bank of Taiwan Co., Ltd.
Taiwan Finance Corporation
KGI Commercial Bank Co., Ltd.
Mega Bills Finance Co., Ltd.
Shinhan Bank
Meritz Securities Co., Ltd.
KB Securities Co., Ltd.
KTB Securities Co., Ltd.
Eugene Investment & Securities
BNK Securities Co., Ltd.

CTBC Bank Co., Ltd.
China Bills Finance Corporation
Taipei Fubon Commercial Bank Co., Ltd.
Taishin International Bank Co., Ltd.
Bank Sinopac Co., Ltd.
Cathay United Commercial Bank Co., Ltd.
Hua Nan Commercial Bank Co., Ltd.
Sunny Bank Ltd.
Grand Bills Finance Corp.
Taiwan Business Bank Co., Ltd.
Union Bank of Taiwan Co., Ltd.
Taiwan Finance Corporation
KGI Commercial Bank Co., Ltd.
Shinhan Bank
Meritz Securities Co., Ltd.
KB Securities Co., Ltd.
KTB Securities Co., Ltd.
Eugene Investment & Securities
KIWOOM Securities Co., Ltd.
Bookook Securities Co., Ltd.

(BLANK)

(22) Payables

	<u>December 31, 2021</u>	<u>December 31, 2020</u>	<u>January 1, 2020</u>
Accounts payable	\$ 103,993,938	\$ 115,112,359	\$ 83,601,357
Demand remittance payable (Note)	166,763	9,956,237	1,359,163
Bankers' acceptances payable	567,264	578,620	231,675
Interests payable	1,430,356	1,511,734	2,168,012
Commission payable	228,827	326,497	537,297
Accrued expenses	14,153,609	11,473,665	9,071,384
Taxes payable	351,520	287,853	259,581
Collections payable for customers	1,115,254	1,091,507	795,571
Proceeds payable from underwriting	432,170	742,337	1,033,662
Due to reinsurers and ceding companies	724,676	573,315	544,877
Collateralized proceeds payable from securities lending	9,283,971	8,253,964	9,216,987
Consigned securities payable Settled price	9,245,192	14,988,418	4,990,149
	2,117,559	2,858,884	808,597
Securities purchased payable	2,251,618	9,468,087	4,879,672
Settlement payable	55,023,049	58,683,722	28,129,520
Deposits received on securities lending	8,268,651	7,645,125	8,025,210
Checks for clearing	1,739,469	610,952	585,996
SBL refund payable	904,706	266,692	153,271
Other payables	2,484,402	2,403,718	1,539,143
Total	<u>\$ 214,482,994</u>	<u>\$ 246,833,686</u>	<u>\$ 157,931,124</u>

Note: Please refer to Note 6(7) for the details of reclassification.

(23) Deposits and remittances

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Checking deposits	\$ 6,157,430	\$ 5,236,168
Demand deposits	237,158,129	176,440,113
Time deposits	284,414,524	263,422,721
Negotiable certificates of deposit	7,834,000	13,504,500
Savings deposits	839,343,186	752,279,752
Remittances	94,770	137,140
The account for foreign exchange credit purposes	344	-
Total	<u>\$ 1,375,002,383</u>	<u>\$ 1,211,020,394</u>

(24) Bonds payable

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Bank debentures	\$ 22,200,000	\$ 34,500,000
Unsecured corporate bonds	60,339,085	44,290,127
Total	<u>\$ 82,539,085</u>	<u>\$ 78,790,127</u>

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

	<u>First issue of subordinate bank debentures in 2014(B)</u>
Par value	\$4,700,000
Stated interest rate	Fixed interest rate at 2.00%
Period	Ten years
Interest payment date	Payable annually
Term of principal payment	Repaid on maturity
Issue price	Priced at face value on issue date
	<u>Third issue of perpetual non-cumulative subordinate bank debentures in 2015</u>
Par value	\$5,550,000
Stated interest rate	Fixed interest rate at 4.10%
Period	Perpetual
Interest payment date	Payable annually
Term of principal payment	Perpetual
Issue price	Priced at face value on issue date
	<u>Fourth issue of subordinate bank debentures in 2015</u>
Par value	\$3,000,000
Stated interest rate	Fixed interest rate at 2.10%
Period	Ten years
Interest payment date	Payable annually
Term of principal payment	Repaid on maturity
Issue price	Priced at face value on issue date
	<u>Fifth issue of perpetual non-cumulative subordinate bank debentures in 2015</u>
Par value	\$1,450,000
Stated interest rate	Fixed interest rate at 4.10%
Period	Perpetual
Interest payment date	Payable annually
Term of principal payment	Perpetual
Issue price	Priced at face value on issue date
	<u>Sixth issue of subordinate bank debentures in 2015</u>
Par value	\$2,000,000
Stated interest rate	Fixed interest rate at 2.08%
Period	Seven years
Interest payment date	Payable annually
Term of principal payment	Repaid on maturity
Issue price	Priced at face value on issue date

	<u>First issue of subordinate bank debentures in 2021</u>
Par value	\$5,000,000
Stated interest rate	Fixed interest rate at 0.67%
Period	Ten years
Interest payment date	Payable annually
Term of principal payment	Repaid on maturity
Issue price	Priced at face value on issue date
	<u>Second issue of general bank debentures in 2021</u>
Par value	\$500,000
Stated interest rate	Fixed interest rate at 0.45%
Period	Five 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 December 31, 2021 were as follows:	
The Company	Yuanta Financial Holdings first issue of local unsecured normal corporate bond in 2015
	<u>Yuanta Financial Holdings first issue of local unsecured normal corporate bond in 2015</u>
Par value	\$1,300,000
Stated interest rate	Fixed interest rate at 1.67%
Period	Seven years
Interest payment date	Payable annually
Term of principal payment	Repaid on maturity
Issue price	Priced at face value on issue date
	<u>Yuanta Financial Holdings first issue of local unsecured normal corporate bond in 2016(C)</u>
Par value	\$8,000,000
Stated interest rate	Fixed interest rate at 1.00%
Period	Seven years
Interest payment date	Payable annually
Term of principal payment	Repaid on maturity
Issue price	Priced at face value on issue date
	<u>Yuanta Financial Holdings second issue of local unsecured normal corporate bond in 2016(B)</u>
Par value	\$1,600,000
Stated interest rate	Fixed interest rate at 0.85%
Period	Six years
Interest payment date	Payable annually
Term of principal payment	Repaid on maturity
Issue price	Priced at face value on issue date

	Yuanta Financial Holdings first issue of local unsecured normal corporate bond in 2018(A)
Par value	\$1,500,000
Stated interest rate	Fixed interest rate at 0.86%
Period	Five years
Interest payment date	Payable annually
Term of principal payment	Repaid on maturity
Issue price	Priced at face value on issue date
	Yuanta Financial Holdings first issue of local unsecured normal corporate bond in 2018(B)
Par value	\$8,500,000
Stated interest rate	Fixed interest rate at 0.96%
Period	Seven years
Interest payment date	Payable annually
Term of principal payment	Half of principal will be repaid in the sixth and seventh years
Issue price	Priced at face value on issue date
	Yuanta Financial Holdings first issue of local unsecured normal corporate bond in 2020
Par value	\$5,000,000
Stated interest rate	Fixed interest rate at 0.59%
Period	Ten years
Interest payment date	Payable annually
Term of principal payment	Repaid on maturity
Issue price	Priced at face value on issue date
The Yuanta Group	
	First issue of unsecured subordinate normal corporate bond in 2019(A)
Par value	\$2,200,000
Stated interest rate	Fixed interest rate at 1.25%
Issuance date	June 6, 2019
Maturity date	June 6, 2026
Issuance area	Taiwan
	First issue of unsecured subordinate normal corporate bond in 2019(B)
Par value	\$6,300,000
Stated interest rate	Fixed interest rate at 1.40%
Issuance date	June 6, 2019
Maturity date	June 6, 2029
Issuance area	Taiwan

	First issue of unsecured subordinate normal corporate bond in 2020(A)
Par value	\$1,300,000
Stated interest rate	Fixed interest rate at 0.85%
Issuance date	October 20, 2020
Maturity date	October 20, 2027
Issuance area	Taiwan
	First issue of unsecured subordinate normal corporate bond in 2020(B)
Par value	\$3,700,000
Stated interest rate	Fixed interest rate at 0.95%
Issuance date	October 20, 2020
Maturity date	October 20, 2030
Issuance area	Taiwan
	First issue of unsecured subordinate normal corporate bond in 2021(A)
Par value	\$4,800,000
Stated interest rate	Fixed interest rate at 0.82%
Issuance date	May 17, 2021
Maturity date	May 17, 2031
Issuance area	Taiwan
	First issue of unsecured subordinate normal corporate bond in 2021(B)
Par value	\$5,200,000
Stated interest rate	Fixed interest rate at 1.02%
Issuance date	May 17, 2021
Maturity date	May 17, 2036
Issuance area	Taiwan
	Yuanta Securities Asia Financial Services USD denominated unsecured privately placed bonds
Par value	USD 50,000 thousand (USD 34,560 thousand outstanding)
Stated interest rate	Fixed interest rate at 4.10%
Issuance date	August 2, 2018
Maturity date	August 2, 2023
Issuance area	Hong Kong
	Yuanta Securities Finance first issue of local unsecured normal corporate bond in 2020(A)
Par value	\$2,300,000
Stated interest rate	Fixed interest rate at 0.63%
Issuance date	May 6, 2020
Maturity date	May 6, 2025
Issuance area	Taiwan

Yuanta Securities Finance first issue of local unsecured
normal corporate bond in 2020(B)

Par value	\$2,700,000
Stated interest rate	Fixed interest rate at 0.67%
Issuance date	May 6, 2020
Maturity date	May 6, 2027
Issuance area	Taiwan

Yuanta Securities (Korea) 87th issue of unsecured
normal corporate bond

Par value	KRW 150,000,000 thousands
Stated interest rate	Fixed interest rate at 1.707%
Issuance date	April 8, 2021
Maturity date	April 8, 2024
Issuance area	Korea

First issue of unsecured subordinate normal
corporate bond in 2021

Par value	\$1,500,000
Stated interest rate	Fixed interest rate at 0.85%
Issuance date	November 12, 2021
Maturity date	November 12, 2028
Issuance area	Taiwan

(25) Other borrowings

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Short-term borrowings		
Unsecured bank borrowings	\$ 8,550,186	\$ 5,412,015
Secured bank borrowings	4,586,309	5,577,018
KSFC secured borrowings	28,472,259	27,901,800
Issuance of short-term bond	18,389,446	18,905,228
	<u>\$ 59,998,200</u>	<u>\$ 57,796,061</u>
Interest rate range	<u>0.65% ~ 7.90%</u>	<u>0.60% ~ 8.60%</u>

(26) Provisions for other liabilities

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Insurance liability	\$ 325,120,319	\$ 304,868,061
Reserve for foreign exchange fluctuation	333,427	714,669
Employee benefit liabilities reserve	6,728,135	6,629,634
Guaranteed policy reserve	133,858	151,060
Loan commitment reserve and letters of credit	39,756	44,148
Reserve for insurance with nature of financial instrument	58,139	-
Other reserves (Note)	3,928,624	664,363
Total	<u>\$ 336,342,258</u>	<u>\$ 313,071,935</u>

Note: For former TongYang Securities Inc.'s disputes with investors, incident to the sale of financial products issued by associates of the Tong Yang Group, for which investors have filed complaints with the competent authority of Korea, the competent authority of Korea, since July 31, 2014, has announced the results of the first mediation through the subsequent tenth mediation, concluding total disputed sales of KRW697,000 million (approximately NT\$16.2 billion); of which former TongYang Securities Inc. was liable for compensations totaling KRW67,678 million (approximately NT\$1.6 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 December 31, 2021, there were 2 litigations filed against former TongYang Securities Inc. and its subsidiaries related to the above-mentioned dispute on financial products selling, demanding compensations totaling KRW542,565 million (approximately NT\$12.6 billion); of all were class actions, demanding compensation of KRW492,565 million (approximately NT\$11.5 billion) and KRW50,000 million (approximately NT\$1.2 billion). For the KRW492,565 million class action, the Seoul High Court found the relevant formal conditions of the class action (such as commonality and efficiency) were already in place on October 28, 2019 and permitted the procedure application of this class action. Then the Supreme Court dismissed the appeal of Yuanta Securities (Korea), so that the case would proceed to the substantive trial and the Court would determine whether the plaintiffs' request is justified. For the KRW50,000 million class action, the Seoul Central District Court and the Seoul High Court had rejected through the adjudication procedure, the plaintiffs filed an appeal on October 22, 2018 and the class action was in the process of the third instance.

Former TongYang Securities Inc. has recognized a liability reserve of KRW93,400 million (approximately NT\$2.2 billion) on December 31, 2013 for the aforementioned sales dispute. Other than adjustments made for actual compensation payments, former TongYang Securities Inc., after comprehensively considering the status of litigations and compensations, has reversed KRW24,228 million (approximately NT\$600 million) in liability reserves as of December 31, 2021. As of December 31, 2021, the balance of the liability reserve related to the aforementioned dispute on sales of financial products was KRW4,836 million (approximately NT\$110 million).

In addition, as of December 31, 2021, Yuanta Securities (Korea) recognized provision liabilities amounting to KRW10,524 million (approximately NT\$240 million) for the delay in the redemption of certain funds sold by it after considering compensation that had been granted by the Financial Dispute Settlement Committee in cases relating to the sale of relevant funds by other financial institutions in the same industry. Also, please refer to the explanation in Note 9(6)B for Yuanta Securities (Korea)'s arbitration award.

A. The components of insurance liabilities are as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Unearned premium reserve	\$ 979,625	\$ 795,764
Claims reserve	1,177,187	802,204
Reserve for policy benefit	318,623,335	298,427,292
Premium deficiency reserve	819,935	1,129,185
Other reserves	3,520,237	3,713,616
Total	<u>\$ 325,120,319</u>	<u>\$ 304,868,061</u>

(A) Unearned premium reserve and ceded unearned premium reserve

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

December 31, 2021			
	Insurance contract	Financial instruments with discretionary participation features	Total
Unearned premium reserve			
Personal life insurance	\$ 1,895	\$ -	\$ 1,895
Personal accident insurance	285,511	-	285,511
Personal health insurance	495,278	-	495,278
Group insurance	194,471	-	194,471
Investment-linked insurance	2,470	-	2,470
	<u>\$ 979,625</u>	<u>\$ -</u>	<u>\$ 979,625</u>
Ceded unearned premium reserve			
Personal life insurance	\$ 284,483	\$ -	\$ 284,483
Personal accident insurance	766	-	766
Personal health insurance	169,141	-	169,141
Group insurance	1,764	-	1,764
Investment-linked insurance	863	-	863
	<u>\$ 457,017</u>	<u>\$ -</u>	<u>\$ 457,017</u>
December 31, 2020			
	Insurance contract	Financial instruments with discretionary participation features	Total
Unearned premium reserve			
Personal life insurance	\$ 1,927	\$ -	\$ 1,927
Personal accident insurance	254,260	-	254,260
Personal health insurance	363,940	-	363,940
Group insurance	173,290	-	173,290
Investment-linked insurance	2,347	-	2,347
	<u>\$ 795,764</u>	<u>\$ -</u>	<u>\$ 795,764</u>
Ceded unearned premium reserve			
Personal life insurance	\$ 379,447	\$ -	\$ 379,447
Personal accident insurance	702	-	702
Personal health insurance	164,367	-	164,367
Group insurance	1,790	-	1,790
Investment-linked insurance	846	-	846
	<u>\$ 547,152</u>	<u>\$ -</u>	<u>\$ 547,152</u>

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

	For the years ended December 31,	
	2021	2020
Unearned premium reserve		
At January 1	\$ 795,764	\$ 633,319
Provision	979,625	795,764
Recovery	(795,764)	(633,319)
At December 31	<u>\$ 979,625</u>	<u>\$ 795,764</u>
For the years ended December 31,		
	2021	2020
Ceded unearned premium reserve		
At January 1	\$ 547,152	\$ 505,791
Current net change	(89,732)	42,084
Loss on foreign exchange	(403)	(723)
At December 31	<u>\$ 457,017</u>	<u>\$ 547,152</u>

(B) Claims reserve and ceded claims reserve

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

	December 31, 2021		
	Claims reported but not paid	Claims incurred but not reported	Total
Claims reserve			
Personal life insurance	\$ 548,865	\$ 576	\$ 549,441
Personal accident insurance	6,630	47,491	54,121
Personal health insurance	378,540	159,488	538,028
Group insurance	3,369	20,745	24,114
Investment-linked insurance	11,460	23	11,483
	<u>\$ 948,864</u>	<u>\$ 228,323</u>	<u>\$ 1,177,187</u>
Ceded claims reserve			
Personal life insurance	\$ 56,121	\$ -	\$ 56,121
Personal accident insurance	7	-	7
Personal health insurance	89,944	-	89,944
	<u>\$ 146,072</u>	<u>\$ -</u>	<u>\$ 146,072</u>

	December 31, 2020		
	Claims reported but not paid	Claims incurred but not reported	Total
Claims reserve			
Personal life insurance	\$ 392,894	\$ 438	\$ 393,332
Personal accident insurance	3,776	40,729	44,505
Personal health insurance	231,260	108,467	339,727
Group insurance	4,399	19,322	23,721
Investment-linked insurance	902	17	919
	<u>\$ 633,231</u>	<u>\$ 168,973</u>	<u>\$ 802,204</u>
Ceded claims reserve			
Personal life insurance	\$ 28,489	\$ -	\$ 28,489
Personal health insurance	49,772	-	49,772
	<u>\$ 78,261</u>	<u>\$ -</u>	<u>\$ 78,261</u>

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

	For the years ended December 31,	
	2021	2020
Claims reserve		
At January 1	\$ 802,204	\$ 638,183
Provision (Note)	1,177,228	802,272
Recovery	(802,204)	(638,183)
Gain on foreign exchange	(41)	(68)
At December 31	<u>\$ 1,177,187</u>	<u>\$ 802,204</u>
	For the years ended December 31,	
	2021	2020
Ceded claims reserve		
At January 1	\$ 78,261	\$ 66,754
Current net change	67,811	11,507
At December 31	<u>\$ 146,072</u>	<u>\$ 78,261</u>

Note: The provision of claims incurred but not reported in 2021 and 2020 amounted to \$228,322 and \$168,973, respectively.

(C) Reserve for policy benefit

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

	December 31, 2021		
	Insurance contract	Financial instruments with discretionary participation features	Total
Life insurance	\$ 289,739,839	\$ -	\$ 289,739,839
Health insurance	28,345,518	-	28,345,518
Annuity insurance	5,642	367,957	373,599
Investment-linked insurance	55,063	-	55,063
	<u>\$ 318,146,062</u>	<u>\$ 367,957</u>	<u>318,514,019</u>
Recovery of catastrophe reserve			4,221
Transferred in unwritten-off balance of 3% decrease in business tax			46,062
Payables to the insured			59,033
Total			<u>\$ 318,623,335</u>

	December 31, 2020		
	Insurance contract	Financial instruments with discretionary participation features	Total
Life insurance	\$ 272,311,960	\$ -	\$ 272,311,960
Health insurance	25,592,354	-	25,592,354
Annuity insurance	8,517	352,808	361,325
Investment-linked insurance	49,808	-	49,808
	<u>\$ 297,962,639</u>	<u>\$ 352,808</u>	<u>298,315,447</u>
Recovery of catastrophe reserve			4,221
Transferred in unwritten-off balance of 3% decrease in business tax			46,062
Payables to the insured			61,562
Total			<u>\$ 298,427,292</u>

b. Changes in reserve for policy benefit:

	For the years ended December 31,	
	2021(Note 1)	2020(Note 2)
At January 1	\$ 298,418,335	\$ 260,675,996
Provision	38,860,051	50,506,400
Recovery	(17,476,729)	(10,860,523)
Gain on foreign exchange	(1,190,014)	(1,903,538)
At December 31	<u>\$ 318,611,643</u>	<u>\$ 298,418,335</u>

Note 1: For the year ended December 31, 2021, "Reserve for policy benefit-payables to the insured" is \$11,692. As of December 31, 2021, the total reserve for policy benefit amount of changes in reserve for policy benefit is \$318,623,335.

Note 2: For the year ended December 31, 2020, "Reserve for policy benefit-payables to the insured" is \$8,957. As of December 31, 2020, the total reserve for policy benefit amount of changes in reserve for policy benefit is \$298,427,292.

For the years ended December 31, 2021 and 2020, the interest expense, reflecting on the contract liabilities over a period of time, were \$8,011,250 and \$7,422,697, respectively.

(D) Premium deficiency reserve

a. Details of premium deficiency reserve are as follows:

	December 31, 2021			
	Insurance contract	Financial instruments with discretionary participation features		Total
Personal life insurance	\$ 801,535	\$ -	\$ 801,535	
Personal health insurance	18,400	-	18,400	
Total	<u>\$ 819,935</u>	<u>\$ -</u>	<u>\$ 819,935</u>	

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

b. Change in premium deficiency reserve:

	For the years ended December 31,	
	2021	2020
At January 1	\$ 1,129,185	\$ 865,166
Provision	(135,213)	298,739
Recovery	(157,481)	(5,158)
Gain on foreign exchange	(16,556)	(29,562)
At December 31	<u>\$ 819,935</u>	<u>\$ 1,129,185</u>

(E) Other reserves

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

	For the years ended December 31,	
	2021	2020
At January 1	\$ 3,713,616	\$ 3,918,127
Recovery	(193,379)	(204,511)
At December 31	<u>\$ 3,520,237</u>	<u>\$ 3,713,616</u>

B. Reserve for foreign exchange fluctuation

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

	For the years ended December 31,	
	2021	2020
At January 1	\$ 714,669	\$ 600,869
Provision		
Compulsory provision	267,161	255,245
Additional provision	491,344	1,072,411
Subtotal	1,473,174	1,928,525
Recovery	(1,139,747)	(1,213,856)
At December 31	\$ 333,427	\$ 714,669

The Yuanta Group provided additional reserve for changes in foreign exchange valuation amounting to \$300,000 in accordance with the Directions for the Setting Aside of Foreign Exchange Valuation Reserve by Life Insurance Enterprises as approved by the FSC, JinGuan-Bao-Sho-Zi Letter No. 1100422768 dated June 23, 2021.

The Yuanta Group provided additional reserve for changes in foreign exchange valuation amounting to \$300,000 and \$200,000 in accordance with the Directions for the Setting Aside of Foreign Exchange Valuation Reserve by Life Insurance Enterprises as approved by the FSC, JinGuan-Bao-Sho-Zi Letter No. 1090425644 and Letter No. 1090431764 dated August 4, 2020 and October 29, 2020, respectively.

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

	For the year ended December 31, 2021		
	Ineligible amount	Eligible amount	Impact
Net income	\$ 1,769,295	\$ 2,074,289	\$ 304,994
Earnings per share (in dollars)	0.75	0.87	0.12
Reserve for foreign exchange fluctuation	-	333,427	333,427
Total equity	29,516,915	29,234,866	(282,049)
	For the year ended December 31, 2020		
	Ineligible amount	Eligible amount	Impact
Net income	\$ 1,901,247	\$ 1,810,207	(\$ 91,040)
Earnings per share (in dollars)	0.92	0.88	(0.04)
Reserve for foreign exchange fluctuation	-	714,669	714,669
Total equity	30,375,063	29,788,020	(587,043)

C. Reserves for insurance contract with the nature of financial products

The Yuanta Group issued non-discretionary participation feature financial instruments. Reserve for insurance with nature of financial instrument recognized on December 31, 2021 and 2020 and the movements are listed below:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Investment-linked insurance	\$ 58,139	\$ -
	<u>For the years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
At January 1	\$ -	\$ -
Net provision of statutory reserve	58,139	-
At December 31	<u>\$ 58,139</u>	<u>\$ -</u>

(27) Employee benefit liabilities reserve

A. Defined benefit plans:

(A) The Company and its domestic subsidiaries have a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 ~ 61 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Yuanta Group also established a special retention bonus plan applicable to certain employees. Except for Yuanta Securities Finance contributing retirement fund by 8% of the employees' monthly salaries and wages, the Yuanta Group contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Yuanta Group would assess the balance in the aforementioned labor pension reserve account by the end of December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method, to the employees expected to be qualified for retirement next year, the Yuanta Group will make contributions to cover the deficit by next March. Yuanta Securities (Korea) and its subsidiary have a defined benefit plan or a defined contribution plan in accordance with the relevant laws and regulations applied by the local Korean government. Yuanta Securities Investment Trust obtained the approval letter no. 1096073370 and no. 1106083936 from Department of Labor, Taipei City government to suspend the pension contribution for the period from September 2021 to August 2022.

(B) The amounts recognised in the balance sheet are as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Present value of defined benefit obligations	\$ 8,797,853	\$ 8,601,044
Faire value of plan assets	(2,295,805)	(2,337,897)
	6,502,048	6,263,147
Prepaid pension cost	39,562	39,149
Net defined benefit laibilities	<u>\$ 6,541,610</u>	<u>\$ 6,302,296</u>

(C) Movement in net defined benefit liabilities are as follows:

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liabilities
Year ended December 31, 2021			
Balance at January 1,	\$ 8,601,044	(\$ 2,337,897)	\$ 6,263,147
Current service cost	377,832	-	377,832
Interest expense (income)	70,123	(10,499)	59,624
Settlement loss	-	1,009	1,009
	<u>9,048,999</u>	<u>(2,347,387)</u>	<u>6,701,612</u>
Remeasurement:			
Return on plan assets (excluding amounts included in interest income or expense)	-	(58,266)	(58,266)
Change in demographic assumptions	32,039	-	32,039
Change in financial assumptions	(292,836)	-	(292,836)
Experience adjustment	1,112,371	(1,027)	1,111,344
	<u>851,574</u>	<u>(59,293)</u>	<u>792,281</u>
Pension fund contribution	-	(538,951)	(538,951)
Paid pension	(770,349)	624,808	(145,541)
Translation difference	(332,371)	25,018	(307,353)
Balance at December 31,	<u>\$ 8,797,853</u>	<u>(\$ 2,295,805)</u>	<u>\$ 6,502,048</u>
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liabilities
Year ended December 31, 2020			
Balance at January 1,	\$ 7,824,898	(\$ 2,520,088)	\$ 5,304,810
Current service cost	403,790	-	403,790
Interest expense (income)	88,952	(20,645)	68,307
Past service cost	(61,347)	-	(61,347)
Settlement loss	-	1,099	1,099
	<u>8,256,293</u>	<u>(2,539,634)</u>	<u>5,716,659</u>
Remeasurement:			
Return on plan assets (excluding amounts included in interest income or expense)	137	(117,197)	(117,060)
Change in demographic assumptions	(125,548)	-	(125,548)
Change in financial assumptions	269,738	-	269,738
Experience adjustment	841,449	(606)	840,843
	<u>985,776</u>	<u>(117,803)</u>	<u>867,973</u>
Pension fund contribution	-	(58,592)	(58,592)
Paid pension	(665,831)	379,163	(286,668)
Translation difference	24,806	(1,031)	23,775
Balance at December 31,	<u>\$ 8,601,044</u>	<u>(\$ 2,337,897)</u>	<u>\$ 6,263,147</u>

(D) The Bank of Taiwan was commissioned to manage the Fund of the Company's and domestic subsidiaries' defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenue, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time

deposits with the interest rates offered by local banks. If the earnings are less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan asset fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2021 and 2020 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

The operating status of Yuanta Securities (Korea)'s defined benefit plan's assets is as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Cash and cash equivalents	\$ 2,649	\$ 19,236
Debt instruments	22,381	18,043
Beneficiary certificates	9,613	16,939
Others	165,055	165,572
	<u>\$ 199,698</u>	<u>\$ 219,790</u>

(E) The principal actuarial assumptions used were as follows:

	<u>For the years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Discount rate	<u>0.50%~2.61%</u>	<u>0.30%~2.07%</u>
Future salary increases	<u>2.00%~6.44%</u>	<u>2.00%~6.51%</u>

The assumptions for future mortality are estimated based on published statistics and experience of countries.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis of the Yuanta Group (except for Yuanta Securities (Korea)) was as follows:

	<u>Discount rate</u>		<u>Future salary increase rate</u>	
	<u>Increase 0.25%</u>	<u>Decrease 0.25%</u>	<u>Increase 0.25%</u>	<u>Decrease 0.25%</u>
December 31, 2021				
Effect on present value of defined benefit obligation	(\$ <u>126,677</u>)	<u>\$ 130,754</u>	<u>\$ 113,232</u>	(\$ <u>110,449</u>)
December 31, 2020				
Effect on present value of defined benefit obligation	(\$ <u>127,310</u>)	<u>\$ 131,586</u>	<u>\$ 114,384</u>	(\$ <u>111,440</u>)

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis of Yuanta Securities (Korea) was as follows:

	<u>Discount rate</u>		<u>Future salary increase rate</u>	
	<u>Increase 1%</u>	<u>Decrease 1%</u>	<u>Increase 1%</u>	<u>Decrease 1%</u>
December 31, 2021				
Effect on present value of defined benefit obligation	(\$ <u>227,251</u>)	<u>\$ 261,797</u>	<u>\$ 260,911</u>	(\$ <u>230,733</u>)

	Discount rate		Future salary increase rate	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
December 31, 2020				
Effect on present value of defined benefit obligation	(\$ 246,059)	\$ 284,847	\$ 282,255	(\$ 248,583)

The sensitivity analysis above is based on other conditions that are unchanged but only one assumption is changed. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same. There is no change in the assumptions used in the preparation of sensitivity analysis for 2021 and 2020.

- (F) Expected contributions to the defined benefit pension plans of the Company and its domestic subsidiaries for the year ending December 31, 2022 amounted to \$54,493.
- 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 recognizes 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. For the aforementioned pension plan, Yuanta Life recognised employee benefit liabilities (recorded as “provisions”) amounted to \$7,523 and 8,567 as of December 31, 2021 and 2020, respectively.
- (C) Termination provisions
On August 21, 2015, Ta Chong Bank entered into second amendments agreement of share conversion agreement with the Company, the agreements including secured employees’ right, the secure period was 36 months after the effective date of combination of banks. As of December 31, 2020, the termination provision which were recognized for aforementioned event amounted to \$123,575(recorded as “provision for liabilities”). As the application of aforementioned employees’ rights has been due on December 31, 2020, the provision for liabilities has been recognized as actual amount of payables and repaid the termination provision on January 29, 2021.
- (D) Under the defined contribution plan, the Company and its domestic subsidiaries recognized pension expense of \$533,008(recorded as “employees’ benefit expenses” of \$527,820 and “net income other than interest” of \$5,188) and \$479,162 (recorded as “employees’ benefit expenses” of \$471,340 and “net income other than interest” of \$7,822) for the years ended

December 31, 2021 and 2020, respectively.

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

The pension plan for Yuanta Securities Asia Finance is in compliance with the regulations of each employee nationality. Yuanta HK Holdings (Cayman) Ltd., Yuanta Securities Holding (B.V.I) Ltd. and Yuanta Investment Management (Cayman) Ltd. do not have compulsory pension plans according to local regulations. The pension plans for other foreign subsidiaries are in compliance with local regulations.

Yuanta Securities Asia Finance, Yuanta Securities (Hong Kong), Yuanta Investment Consulting Beijing and Yuanta Securities (UK) recognised pension expense of \$13,265 and \$13,755 for the years ended December 31, 2021 and 2020, respectively, based on the abovementioned pension plan and local regulations. Under the defined contribution plan, Yuanta Securities (Korea) and its subsidiaries recognised pension expense of \$57,477 and \$93,710 for the years ended December 31, 2021 and 2020, respectively.

In accordance with the local regulations, Yuanta Securities (Indonesia) and Yuanta Securities (Thailand) and its subsidiaries recognised pension liabilities of \$170,210 and \$172,701 as of December 31, 2021 and 2020, respectively. For the years ended December 31, 2021 and 2020, pension expenses were recognised amounting to \$31,059 and \$34,043, respectively. Additionally, losses on remeasurements of defined benefit plans were (\$2,116) and (\$1,940), respectively.

In accordance with the local regulations, Yuanta Savings Bank (Philippines) has recognised employee benefit liabilities of \$5,126 and \$5,226, respectively, as of December 31, 2021 and 2020, and recognised pension expense of \$1,210 and \$1,608 under other comprehensive income, respectively, for the years ended December 31, 2021 and 2020. Additionally, gains on remeasurements of defined benefit plans were \$91 and \$1,404, respectively.

In accordance with the above-mentioned pension plan, Yuanta Savings Bank (Korea) has recognised employee benefit liabilities of \$831 and \$937, respectively, as of December 31, 2021 and 2020, and recognised pension expenses of \$8,335 and \$8,313 under other comprehensive income, respectively, for the years ended December 31, 2021 and 2020. Additionally, gains (losses) on remeasurements of defined benefit plans were \$0 and \$1,653, respectively.

For the aforementioned pension plan, Yuanta Futures Hong Kong and SYF Information (Shanghai) recognised pension expenses of \$1,386 and \$1,310 for the years ended December 31, 2021 and 2020, respectively.

(28) Other financial liabilities

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Futures traders' equity	\$ 93,341,056	\$ 83,440,553
Structured deposit	2,503,403	3,349,248
Investment-linked products liabilities	30,724,969	1,923,783
Others	50,000	-
Total	<u>\$ 126,619,428</u>	<u>\$ 88,713,584</u>

(29) Other liabilities

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Guarantee deposit-in and margin deposits	\$ 51,446,763	\$ 29,366,404
Underwriting share proceeds collected on behalf of customers	38,446,456	4,699,339
Collections in advance	1,809,167	1,975,566
Retention bonus payable	1,290,051	1,252,976
Refundable deposits	2,193,165	3,947,898
Refundable deposits-derivative transactions	2,383,833	2,841,750
Others	4,948,555	2,350,652
Total	<u>\$ 102,517,990</u>	<u>\$ 46,434,585</u>

(30) Share capital

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

(31) Capital surplus

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

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

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Post 1998	\$ 4,036,443	\$ 4,036,443

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

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

(32) Legal reserve and special reserve

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

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

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

(33) Undistributed earnings

- A. According to the Company's Articles of Incorporation, the annual net income will be distributed as follows:
- (A) Pay income tax;
 - (B) Offset prior years' deficits;
 - (C) Provide legal reserve and special reserve; and
 - (D) The remaining amount and prior years' undistributed earnings shall be resolved by the stockholders during their meeting.
- B. In order to continuously expand operation scale and enhance the profitability, the Company follows its long-term financial planning and relevant Articles of Incorporation to adopt a dividend surplus policy. In principle, the dividend appropriation is based on annual earnings calculated based on the above Articles of Incorporation. After the retention of capital required according to the operation scheme, the remainder shall be distributed in the form of cash dividends. However, the cash dividends shall not be less than 40% of the annual earnings to be distributed.
- C. Details of the earnings distribution for 2020 of the Company resolved via the stockholders' meeting electronic voting system from May 8, 2021 to June 4, 2021 (the electronic voting's expiration date) by exceeding the legal threshold, and resolved by the stockholders' meeting on July 8, 2021, and the earnings distribution for 2019 resolved by the stockholders' meeting on June 9, 2020 are as follows:

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

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

D. The earnings distribution for 2021 of the Company has been resolved by the Board of Directors on March 15, 2022. Details are as follows:

	2021	
	Amount	Dividend per share (in dollars)
Cash dividends	\$ 18,206,154	\$ 1.50
Stock dividends	3,641,231	0.30

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

(34) Other equity items

	2021				
	Exchange differences on translation of foreign financial statements	Unrealised gain (loss) on financial assets measured at fair value through other comprehensive income	Change in fair value of financial liability attributable to change in credit risk	Other comprehensive income on reclassification under the overlay approach	Total
Balance, January 1	(\$ 4,467,136)	\$ 16,726,148	(\$ 45,138)	\$ 345,649	\$ 12,559,523
Financial assets at fair value through other comprehensive					
- Evaluation adjustment in the year	-	3,194,184	-	-	3,194,184
- Evaluation transferred to profit or loss	-	(1,965,332)	-	-	(1,965,332)
- Evaluation transferred to retained earnings	-	(189,960)	-	-	(189,960)
Other comprehensive income on reclassification under the overlay approach	-	-	-	(1,446,147)	(1,446,147)
Changes in translation difference of foreign operating entities	(3,764,203)	-	-	-	(3,764,203)
Effects on income tax	(168,784)	165,632	720	27,761	25,329
Evaluation of credit risk	-	-	(3,203)	-	(3,203)
Balance, December 31	(\$ 8,400,123)	\$ 17,930,672	(\$ 47,621)	(\$ 1,072,737)	\$ 8,410,191

	2020				
	Exchange differences on translation of foreign financial statements	Unrealised gain (loss) on financial assets measured at fair value through other comprehensive income	Change in fair value of financial liability attributable to change in credit risk	Other comprehensive income on reclassification under the overlay approach	Total
Balance, January 1	(\$ 3,528,386)	\$ 11,907,186	(\$ 36,730)	\$ 46,959	\$ 8,389,029
Financial assets at fair value through other comprehensive					
- Evaluation adjustment in the year	-	8,273,092	-	-	8,273,092
- Evaluation transferred to profit or loss	- (	2,525,507)	-	-	(2,525,507)
- Evaluation transferred to retained earnings	- (	651,523)	-	-	(651,523)
Other comprehensive income on reclassification under the overlay approach	-	-	-	325,009	325,009
Changes in translation difference of foreign operating entities	(938,750)	-	-	-	(938,750)
Effects on income tax	-	(277,100)	1,954	(26,319)	(301,465)
Evaluation of credit risk	-	-	(10,362)	-	(10,362)
Balance, December 31	<u>(\$ 4,467,136)</u>	<u>\$ 16,726,148</u>	<u>(\$ 45,138)</u>	<u>\$ 345,649</u>	<u>\$ 12,559,523</u>

(BLANK)

(35) Net interest income

	For the years ended December 31,	
	2021	2020
<u>Interest income</u>		
Interest income on bills discounted and loans	\$ 14,932,260	\$ 16,391,713
Financing interest income	6,826,410	4,295,543
Interest income on securities investment	12,850,017	12,785,741
Interest income from placement and call loan to other banks	731,447	1,242,492
Interest income on bills and bonds purchased under resale agreements	282,568	362,945
Recurring interest income from credit card	177,694	203,384
Other interest income	1,185,672	1,087,376
Subtotal	<u>36,986,068</u>	<u>36,369,194</u>
<u>Interest expense</u>		
Interest expense of deposit	(\$ 3,663,384)	(\$ 5,126,108)
Interest expense of Central Bank and other banks' deposit	(24,034)	(33,063)
Interest expense on due to the Central Bank and other banks	(724,443)	(936,678)
Interest expense on bills and bonds sold under repurchase agreements	(791,205)	(1,361,718)
Interest expense of structured instruments	(53,569)	(152,637)
Coupon rate of bank debenture	(685,352)	(826,128)
Coupon rate of corporate bonds	(584,962)	(416,569)
Coupon rate of commercial papers	(187,479)	(156,154)
Interest expense from short sales	(27,756)	(28,860)
Lease liabilities interest expense	(79,627)	(99,796)
Other interest expense	(190,506)	(312,531)
Subtotal	<u>(7,012,317)</u>	<u>(9,450,242)</u>
Total	<u>\$ 29,973,751</u>	<u>\$ 26,918,952</u>

(36) Net service fee and commission income

	For the years ended December 31,	
	2021	2020
<u>Service fee and commission income</u>		
Brokerage service fee income	\$ 38,102,579	\$ 26,248,798
Service fee income on insurance brokerage and stock register	1,270,624	1,364,257
Service fee on credit cards	914,308	1,090,001
Service fee income on trust business	3,572,028	3,406,923
Service income on credit extension	537,994	638,493
Underwriting service income	1,675,694	1,001,435
Service income from short sales	173,778	146,952
Commission – reinsurance allowance	138,358	110,767
Service income on foreign exchange	81,576	77,725
Service fee income on consigned settlement	38,449	37,703
Deposits and remittance and other service income	1,344,910	512,297
Subtotal	<u>47,850,298</u>	<u>34,635,351</u>
<u>Service fee expenses and commission expense</u>		
Insurance commission expense	(\$ 1,527,906)	(\$ 2,126,244)
Service expense on trust business	(2,927)	(3,214)
Service expense on brokerage	(3,154,732)	(2,663,122)
Service expense on self-operation	(181,381)	(116,751)
Service fee expense on credit cards	(842,663)	(1,023,138)
Service expense on settlement	(662,635)	(603,417)
Futures commission expense	(405,110)	(461,293)
Underwriting service expense	(11,301)	(6,326)
Service expense on foreign exchange	(38,383)	(37,894)
Service expense on credit extension	(28,287)	(30,975)
Deposits and remittance and other service expense	(388,627)	(352,200)
Subtotal	<u>(7,243,952)</u>	<u>(7,424,574)</u>
Total	<u>\$ 40,606,346</u>	<u>\$ 27,210,777</u>

(37) Net income from insurance operations

	For the years ended December 31,	
	2021	2020
<u>Income from insurance operations</u>		
Gross collected premiums	\$ 37,160,672	\$ 49,695,515
Less: Reinsurance premium ceded	(843,137)	(1,022,062)
Net changes of unearned premium reserve	(273,593)	(120,361)
Retention earned premium income	36,043,942	48,553,092
Investment-linked product income (Note)	4,696,906	260,592
Subtotal	<u>40,740,848</u>	<u>48,813,684</u>
<u>Expense from insurance operations</u>		
Claims and policy benefits	(\$ 20,628,900)	(\$ 13,540,187)
Less: Claims recovered from reinsurers	<u>676,826</u>	<u>597,621</u>
Retention claims and policy benefits payments	(19,952,074)	(12,942,566)
Underwriting expenses	(5,932)	(6,909)
Expense from guaranty fund	(64,695)	(94,551)
Investment-linked product expenses (Note)	(4,696,906)	(260,592)
Subtotal	<u>(24,719,607)</u>	<u>(13,304,618)</u>
Total	<u>\$ 16,021,241</u>	<u>\$ 35,509,066</u>

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

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

	For the years ended December 31,	
	2021	2020
<u>Realised gains or losses on financial assets and liabilities at fair value through profit or loss</u>		
Commercial papers	\$ 205,215	\$ 192,096
Bonds	8,670,581	7,643,516
Stocks	11,206,447	4,725,931
Beneficiary certificates	3,234,931	(2,361,821)
Interest-linked instrument	(1,058,800)	(1,006,352)
Exchange rate-linked instrument	4,283,999	1,711,476
Other financial derivative instruments	17,893,491	11,705,039
Loss on covering of borrowed securities and bonds with resale agreements	(17,971,233)	(7,858,997)
Loss from issuing call (put) warrants	(2,548,026)	(7,650,760)
Issuing call (put) warrants expense	(507,912)	(387,365)
Others	(177,937)	6,963,164
Subtotal	<u>23,230,756</u>	<u>13,675,927</u>

	For the years ended December 31,	
	2021	2020
<u>Unrealised gains or losses on financial assets and liabilities at fair value through profit or loss</u>		
Commercial papers	\$ 27,774	(\$ 39,031)
Bonds	(1,445,233)	2,643,789
Stocks	3,965,566	2,627,351
Beneficiary certificates	(1,285,226)	404,115
Interest-linked instrument	(2,540,521)	(3,019,309)
Exchange rate-linked instrument	(1,594,715)	2,100,150
Equity-linked instrument	(171)	(323)
Other financial derivative instruments	(3,019,757)	633,128
Valuation gain (loss) on borrowed securities and bonds with resale agreements	2,904,719	(7,285,766)
Gain on issuance of call (put) warrants	3,094,064	9,254,057
Others	733,285	784,436
Subtotal	<u>839,785</u>	<u>8,102,597</u>
Total	<u>\$ 24,070,541</u>	<u>\$ 21,778,524</u>

- A. The realised gains or losses on the financial assets and liabilities at fair value through profit and loss of the Yuanta Group for the years ended December 31, 2021 and 2020, including the gain on disposal, were \$16,993,507 and \$7,373,899, respectively, and the issuing call (put) warrants expense, were \$507,912 and \$387,365, respectively, and the dividends income were \$2,973,936 and \$1,929,663, respectively, and the interest income were \$3,771,225 and \$4,759,730, respectively.
- B. The Yuanta Group recognized net loss amounting to \$1,959,596 and \$886,071, respectively, on financial liabilities designated as at fair value through profit or loss for the years ended December 31, 2021 and 2020.
- C. Net income on the exchange rate instruments includes realised and unrealised gains and losses on forward exchange agreements, FX options, and exchange rate futures.
- D. Interest-linked instruments include interest rate swap contracts, money market instruments, interest linked-options and other interest related instruments.
- E. Any change in fair value of the derivatives together managed with the financial instruments designated at fair value through profit and loss is listed under “gain and loss of financial assets and liabilities at fair value through profit and loss”.

(39) Asset impairment loss(reversal of impairment loss)

	For the years ended December 31,	
	2021	2020
Impairment loss (reversal of impairment loss) on assets held for sale	\$ 12,163	(\$ 349)
(Reversal of impairment loss) impairment loss on investments in debt instruments measured at fair value through other comprehensive income	(8,481)	9,112
Impairment loss on investments in debt instruments at amortised cost	3,336	6,226
Impairment loss on property and equipment	-	1,138
Impairment loss on intangible assets	292,799	1,414,818
Reversal of impairment loss on investment property	(19,387)	(6,037)
Impairment loss on other assets	116	-
Total	<u>\$ 280,546</u>	<u>\$ 1,424,908</u>

(40) Net other miscellaneous income

	For the years ended December 31,	
	2021	2020
Borrowed stock revenue	\$ 2,188,261	\$ 1,289,013
Net change of reserve for foreign exchange fluctuation	381,242	(113,800)
Loss on litigation reserves	(3,416,821)	(241,627)
Loss on sales fund compensation reserves	(257,878)	-
Other net income	1,817,467	1,379,095
Total	<u>\$ 712,271</u>	<u>\$ 2,312,681</u>

(41) Provision for bad debt expense, commitment and guarantee policy reserve

	For the years ended December 31,	
	2021	2020
Bad debt expense of accounts receivable	\$ 145,586	\$ 196,586
Bad debt expense of bills discounted and loans	1,625,785	2,731,764
(Recovery) recognition of reserve for guarantee liabilities	(17,011)	4,280
Recovery of loan commitment reserve and other reserve	(3,713)	(4,344)
Recovery of bad debt expense	(1,216,391)	(776,234)
Total	<u>\$ 534,256</u>	<u>\$ 2,152,052</u>

(42) Employee benefit expense

	For the years ended December 31,	
	2021	2020
Wages and salaries	\$ 30,152,962	\$ 23,689,320
Labor and health insurance fees	1,181,048	964,146
Pension costs	1,079,017	1,035,928
Termination benefits	73,286	27,544
Other employee benefit expenses	1,468,757	1,266,624
Total	<u>\$ 33,955,070</u>	<u>\$ 26,983,562</u>

The numbers of employees of the Yuanta Group were 14,442 and 14,276 for the years ended December 31, 2021 and 2020, respectively.

- A. After covering accumulated deficit with the year-end earnings (that is income before taxes less income before employees' compensation provisions), 0.01% to 0.5% was appropriated as employees' compensation and an amount less than 0.9% was appropriated as directors' and supervisors' remuneration.
- B. For the years ended December 31, 2021 and 2020, employees' compensation was accrued at \$3,557 and \$3,692, respectively; directors' and supervisors' remuneration was accrued at \$282,414 and \$195,264, respectively. The aforementioned amounts were recognized in salary expenses. The employees' compensation and directors' and supervisors' remuneration of 2020 as resolved by the Board of Directors in 2020 was in agreement with those amounts recognized in the 2020 financial statements. Information is available at the website of the Market Observation Post System provided by the Taiwan Stock Exchange Corporation (TWSE).

(43) Depreciation and amortization

	For the years ended December 31,	
	2021	2020
Investment property depreciation	\$ 93,951	\$ 95,431
Property and equipment depreciation	1,097,849	1,022,714
Right-of-use asset depreciation	1,377,729	1,474,447
Intangible asset amortization	484,960	483,378
Deferred assets amortization	52,711	61,531
Total	<u>\$ 3,107,200</u>	<u>\$ 3,137,501</u>

(44) Other business and administrative expenses

	For the years ended December 31,	
	2021	2020
Tax	\$ 5,748,172	\$ 3,690,585
Computer science expense	1,461,204	1,307,693
Commission expense	1,105,284	877,479
Professional expense	694,592	677,099
Postage and telephone costs	750,018	714,011
Miscellaneous expenses	783,834	738,022
Security borrowing expenses	1,187,745	790,734
Others	4,470,507	3,865,419
Total	<u>\$ 16,201,356</u>	<u>\$ 12,661,042</u>

(45) Income tax

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

A. Income tax expense

(A) Components of income tax expense:

	For the years ended December 31,	
	2021	2020
Current tax:		
Income tax from current income year	\$ 7,606,782	\$ 5,042,108
Income tax on unappropriated earnings	354,787	291,578
Adjustments in respect of prior years	(377,746)	(187,610)
Total current tax	<u>7,583,823</u>	<u>5,146,076</u>
Deferred tax:		
Origination and reversal of temporary differences	(636,057)	(356,842)
Impact of change in tax rate	<u>2,867</u>	<u>-</u>
Total deferred tax	(633,190)	(356,842)
Income tax expense	<u>\$ 6,950,633</u>	<u>\$ 4,789,234</u>

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

	For the years ended December 31,	
	2021	2020
Translation gain and loss on the financial statements of foreign operating entities	\$ 168,784	\$ 15,300
Unrealised gain or loss from investments in debt instruments measured at fair value through other comprehensive income	(213,948)	133,449
Unrealised gain or loss from investments in equity instruments measured at fair value through other comprehensive income	84,642	216,326
Change in fair value of financial liability attributable to change in credit risk	(1,210)	(3,321)
Other comprehensive income or loss on reclassification under the overlay approach	(27,761)	26,319
Share of profit or loss of associates and joint ventures accounted for using equity method	241	24,646
Gain or loss on remeasurements of defined benefit plans	(156,724)	(173,570)
Total	<u>(\$ 145,976)</u>	<u>\$ 239,149</u>

B. Reconciliation between income tax expense and accounting profit:

	For the years ended December 31,	
	<u>2021</u>	<u>2020</u>
Income tax from pretax income calculated at regulated tax rate	\$ 17,427,152	\$ 12,077,096
Additional tax payment levied on undistributed earnings	354,787	291,578
Alternative minimum tax effects	101,123	1,494,155
Temporary differences not recognized under deferred tax	(714,451)	(302,246)
Adjustments in respect of prior years	(377,746)	(187,610)
Use of prior years' unrealized tax losses in the current year	(21,305)	(125,000)
Effects of items not recognized under relevant regulations, exemption and other income	(9,818,927)	(8,458,739)
Income tax expense	<u>\$ 6,950,633</u>	<u>\$ 4,789,234</u>

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C. Amounts of deferred tax assets or liabilities as a result of temporary differences, tax losses and investment tax credits are as follows:

	For the year ended December 31, 2021				
	January 1,	Recognised in profit or loss	Recognised in other comprehensive income	Others (Note)	December 31,
Temporary differences:					
-Deferred tax assets:					
Unrealised exchange loss	\$ 1,973,535	\$ 1,026,957	\$ 123	(\$ 18)	\$ 3,000,597
Allowance for doubtful accounts in excess of tax limitation	672,737	(72,377)	-	(184)	600,176
Unrealized loss on litigation loss	14,786	245	(178)	-	14,853
Unrealized losses on financial instruments	558,907	(75,282)	(341,310)	(273)	142,042
Employee benefit expense and actuarial gains and losses on defined benefit plans	1,373,477	67,842	60,940	(127)	1,502,132
Deferred income on credit card	1,948	(356)	-	-	1,592
Tax loss carryforwards	1,020,930	(585,655)	(396,026)	(2,251)	36,998
Others	1,478,771	155,843	551,942	-	2,186,556
Subtotal	<u>7,095,091</u>	<u>517,217</u>	<u>(124,509)</u>	<u>(2,853)</u>	<u>7,484,946</u>
-Deferred tax liabilities:					
Unrealised exchange gain	(\$ 231,311)	(\$ 34,631)	\$ -	\$ 22	(\$ 265,920)
Reserve for land value increment tax	(26,767)	-	-	-	(26,767)
Employee benefit expense and actuarial gains and losses on defined benefit plans	(7,255)	305	1,313	-	(5,637)
Unrealized gain on financial instruments	(2,122,467)	361,730	283,540	193	(1,477,004)
Goodwill amortization	(2,420,271)	(165,548)	-	666,522	(1,919,297)
Others	(70,611)	(45,883)	(14,368)	21	(130,841)
Subtotal	<u>(4,878,682)</u>	<u>115,973</u>	<u>270,485</u>	<u>666,758</u>	<u>(3,825,466)</u>
Total	<u>\$ 2,216,409</u>	<u>\$ 633,190</u>	<u>\$ 145,976</u>	<u>\$ 663,905</u>	<u>\$ 3,659,480</u>

Note: Impact of foreign exchange rate difference included.

For the year ended December 31, 2020

	January 1,	Recognised in profit or loss	Recognised in other comprehensive income	Others (Note)	December 31,
Temporary differences:					
-Deferred tax assets:					
Unrealised exchange loss	\$ 841,618	\$ 1,124,294	\$ 7,624	(\$ 1)	\$ 1,973,535
Allowance for doubtful accounts in excess of tax limitation	540,912	131,828	-	(3)	672,737
Unrealized loss on litigation loss	14,786	-	-	-	14,786
Unrealized losses on financial instruments	628,688	(69,781)	-	-	558,907
Employee benefit expense and actuarial gains and losses on defined benefit plans	1,171,339	26,274	175,863	1	1,373,477
Deferred income on credit card	2,597	(649)	-	-	1,948
Tax loss carryforwards	1,846,834	(826,241)	-	337	1,020,930
Others	929,841	483,170	65,764	(4)	1,478,771
Subtotal	<u>5,976,615</u>	<u>868,895</u>	<u>249,251</u>	<u>330</u>	<u>7,095,091</u>
-Deferred tax liabilities:					
Unrealised exchange gain	(\$ 43,974)	(\$ 187,337)	\$ -	\$ -	(\$ 231,311)
Reserve for land value increment tax	(32,027)	-	-	5,260	(26,767)
Employee benefit expense and actuarial gains and losses on defined benefit plans	(7,180)	236	(311)	-	(7,255)
Unrealized gain on financial instruments	(1,193,902)	(459,541)	(469,056)	32	(2,122,467)
Goodwill amortization	(2,460,862)	40,591	-	-	(2,420,271)
Others	(145,582)	93,998	(19,033)	6	(70,611)
Subtotal	<u>(3,883,527)</u>	<u>(512,053)</u>	<u>(488,400)</u>	<u>5,298</u>	<u>(4,878,682)</u>
Total	<u>\$ 2,093,088</u>	<u>\$ 356,842</u>	<u>(\$ 239,149)</u>	<u>\$ 5,628</u>	<u>\$ 2,216,409</u>

Note: Impact of foreign exchange rate difference included.

D. Expiration dates of unused tax losses and amounts of unrecognised deferred tax assets are as follows:

December 31, 2021				
Year incurred	Amount filed/assessed/ Estimated	Unused amount	Unrecognised deferred tax assets	Usable until year
2012	Assessed	\$ 107,596	\$ 107,596	2022
2014	Assessed	74,275	74,275	2024
2018	Assessed	8,736	8,736	2028
2019	Assessed	14,328	14,328	2029
2020	Filed	6,731	6,731	2030
2021	Estimated	7,058	7,058	2031

December 31, 2020

Year incurred	Amount filed/assessed/ Estimated	Unused amount	Unrecognised deferred tax assets	Usable until year
2012	Assessed	\$ 107,596	\$ 107,596	2022
2014	Assessed	74,275	74,275	2024
2018	Filed	6,569	6,569	2028
2019	Filed	14,042	14,042	2029
2020	Estimated	3,976	3,976	2030

As of December 31, 2021 and 2020, Yuanta Securities (Hong Kong)'s unused tax losses were \$93,724 and \$365,140, respectively; of which unrecognised deferred tax assets were all \$0, respectively. There were no expiration dates for the tax losses pursuant to local laws. As of December 31, 2021 and 2020, among the Yuanta Group, Yuanta Asia Investment (Hong Kong) has unused loss carryforward in the amount of \$31,334 and \$1,756, and unrecognised deferred tax assets amounted to \$31,334 and \$1,756, respectively. There were no expiration dates for the tax losses pursuant to local laws. As of December 31, 2021 and 2020, Yuanta Investment Consulting Beijing's unused tax losses were \$42,155 and \$44,677, respectively; of which unrecognised deferred tax assets were \$42,155 and \$44,677, respectively. The validity period for the tax losses pursuant to local laws was before 2026. As of December 31, 2021 and 2020, Yuanta Securities (Korea)'s unused tax losses were \$0 and \$2,446,265, respectively. The validity period for the tax losses pursuant to local laws was before 2025.

Yuanta Group has not estimated deferred tax liabilities for related taxes that may be payable due to Yuanta Securities Asia Financial Services' unrepatriated earnings, which as of December 31, 2021 and 2020, were \$5,628,417 and \$4,960,065, respectively. The above-mentioned unrepatriated earnings are expected to be used for reinvestment. As of December 31, 2021 and 2020, Yuanta Securities Asia Financial Services' unrepatriated earnings were \$28,142,085 and \$24,800,325, respectively. As of December 31, 2021, the unrecognized deferred income tax asset (liability) of Yuanta Securities (Korea) for taxable temporary differences associated with equity method were \$226,208 and (\$1,270,882), respectively. As of December 31, 2020, the unrecognized deferred income tax asset (liability) of Yuanta Securities (Korea) for taxable temporary differences associated with equity method were \$289,561 and (\$1,155,562), respectively.

As of December 31, 2021, Yuanta Savings Bank (Philippines)'s unused loss deductions was \$172,919; the validity period for the loss deductions pursuant to local laws was before 2026. As of December 31, 2021, Yuanta Savings Bank (Korea)'s unused loss deductions was \$153,334; the validity period for the loss deductions pursuant to local laws was before 2026.

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

	<u>Assessment Information</u>
Yuanta Financial Holdings	Assessed through 2016
Yuanta Securities	Assessed through 2016
Yuanta Bank	Assessed through 2016
Yuanta Securities Finance	Assessed through 2019(Note)
Yuanta Venture Capital	Assessed through 2016
Yuanta Asset Management	Assessed through 2016
Yuanta Securities Investment Consulting	Assessed through 2016
Yuanta Futures	Assessed through 2019
Yuanta Securities Investment Trust	Assessed through 2019
Yuanta Life	Assessed through 2016
Yuanta International Insurance Brokers	Assessed through 2019
Yuanta International Leasing	Assessed through 2019
Yuanta I Venture Capital	Assessed through 2019

Note: Income tax returns of Yuanta Securities Finance from 2017 to 2018 have not been assessed.

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

Yuanta Securities disagreed with the Tax Authority's assessment of income tax return for the fiscal year 2016. Yuanta Securities has filed for administrative remedies in accordance with the law. As of December 31, 2021, the amount was \$221,776.

(46) Earnings per share

	<u>For the year ended December 31, 2021</u>		
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (share in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic and diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 34,865,957	12,137,436	\$ 2.87
	<u>For the year ended December 31, 2020</u>		
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (share in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 24,104,576	12,137,436	\$ 1.99

(47) Changes in liabilities from financing activities

	2021				
	Bills and bonds payable under repurchase agreements	Commercial paper payable	Bonds payable	Other borrowings	Lease liability
At January 1	\$ 216,621,187	\$ 27,417,489	\$ 78,790,127	\$ 57,796,061	\$ 6,368,836
Changes in cash flow from financing activities	(32,755,338)	22,547,411	3,861,607	2,202,139	(1,283,069)
Impact of changes in foreign exchange rate	-	-	(185,156)	-	(263,005)
Amortisation of a premium or a discount on interest expense	-	18,602	72,507	-	-
Changes in other non-cash items	-	-	-	-	898,023
At December 31	<u>\$ 183,865,849</u>	<u>\$ 49,983,502</u>	<u>\$ 82,539,085</u>	<u>\$ 59,998,200</u>	<u>\$ 5,720,785</u>
	2020				
	Bills and bonds payable under repurchase agreements	Commercial paper payable	Bonds payable	Other borrowings	Lease liability
At January 1	\$ 198,665,918	\$ 38,621,728	\$ 68,849,634	\$ 60,847,992	\$ 5,527,660
Changes in cash flow from financing activities	17,955,269	(11,177,948)	9,993,895	(3,051,931)	(2,110,281)
Impact of changes in foreign exchange rate	-	-	(123,666)	-	(49,977)
Amortisation of a premium or a discount on interest expense	-	(26,291)	70,264	-	-
Changes in other non-cash items	-	-	-	-	3,001,434
At December 31	<u>\$ 216,621,187</u>	<u>\$ 27,417,489</u>	<u>\$ 78,790,127</u>	<u>\$ 57,796,061</u>	<u>\$ 6,368,836</u>

7. Related party transactions

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

(1) Names and relationship of related parties

Names of related parties	Relationship with the Group
Funds managed by Yuanta Securities Investment Trust	Security investment trust fund raised by the Yuanta Securities Investment Trust
Polaris Research Institute (Polaris Research)	Related party in substance
Yuanta Construction Development Co., Ltd. (Yuanta Construction Development)	"
Yuen Foong Yu Consumer Products Co., Ltd. (YFYCPG)	" (No longer a related party since December 25, 2021.)
Yuanta Cultural & Education Foundation (Yuanta Foundation)	"
Yuanta Diamond Funds SPC	" (Note)
Pyeongtaek Godeok PFV Co., Ltd.	" (Has become a related party since April 21, 2021.)
Wei Ran Co., Ltd.	A management personnel of Yuanta Group acting as its key management personnel (No longer a related party since November 20, 2020.)
He's Education Foundation	" (No longer a related party since January 1, 2021.)
Taiwan Securities Association	" (No longer a related party since January 1, 2021.)
2011 KIF-TONGYANG IT Venture Fund	Investments accounted for using the equity method of Yuanta Securities (Korea) (No longer a related party since April 5, 2021.)
TONGYANG AGRI-FOOD INVESTMENT Fund II	"
KVIC-Yuanta 2015 Overseas Advance Fund	"
IBKC-TONGYANG Growth 2013 Private Equity Fund	"
Yuanta Secondary No.2 Fund	"
Yuanta Secondary No.3 Private Equity Fund	"
2016 KIF-Yuanta ICT Venture Fund	"
Yuanta SPAC III	" (No longer a related party since March 31, 2021.)
Yuanta SPAC IV	"
Yuanta SPAC V	"
Yuanta SPAC VI	" (No longer a related party since July 27, 2021.)
Kiwoom-Yuanta 2019 Scale-up Fund	" (Has become a related party since April 29, 2020.)
Yuanta SPAC VII	" (Has become a related party since September 28, 2020.)
Yuanta SPAC VIII	" (Has become a related party since September 28, 2020.)
Yuanta Innovative Job Creation Fund	" (Has become a related party since January 12, 2021.)

Names of related parties	Relationship with the Group
Yuanta Diamond Funds SPC's Funds	Funds managed by Yuanta Securities(Hong Kong)
Global Growth Investment, L.P.	Funds managed by Yuanta Asia Investment
Yuanta Asia Growth Investment, L.P.	"
Other related parties	The Yuanta Group, funds managed by consolidated subsidiaries, related parties in substance, major stockholders of affiliated entities, key management and invested enterprise and consolidated company of its close relatives, employees' welfare committee which was established by consolidated company and key management which was related with group.

Note: Yuanta Diamond Funds SPC is a segregated portfolio company registered in the Cayman Islands, under the laws of the Cayman Islands. There can be one or multiple segregated portfolios under SPC (hereinafter called funds). Between each fund, assets and liabilities are separated. Yuanta Investment Management (Cayman) holds the management shares issued by Yuanta Diamond Funds SPC. The rights of management shares include maintaining the functions of a SPC, but excluding participating in profit sharing and asset and earnings distribution.

(2) Significant transactions and balances with related parties

A. Deposits

December 31, 2021			
Name	Ending balance	Percentage of deposits (%)	Interest rate (%)
All related parties	\$ 12,160,748	0.88	0.000~5.800
December 31, 2020			
Name	Ending balance	Percentage of deposits (%)	Interest rate (%)
All related parties	\$ 9,746,070	0.80	0.000~6.065

Apart from an interest rate limit on staff demand savings deposits of 5.800% and 5.800%~6.065%, respectively, for the years ended December 31, 2021 and 2020, the range of interest rates on other related parties' demand savings deposits were 0.00%~3.00% and 0.00%~4.60%, respectively. The interest rates and other terms provided to the above related parties were the same as the terms offered to the general public.

For the years ended December 31, 2021 and 2020, interest expense on the above deposits were \$35,782 and \$77,683, respectively.

B. Loans

Yuanta Bank and its subsidiaries

December 31, 2021

Unit: In thousands of NT dollars

Types	Number of accounts or name of related party	Highest balance	Ending balance	Loan status		Collateral	Whether terms and conditions of the related party transactions are different from those of transactions with third parties.
				Normal loans	Overdue accounts		
Consumer loans	332	\$ 118,138	\$ 60,243	\$ 60,243	\$ -	Small and medium enterprise credit guarantee fund, real estate, movables, deposits and credit loans	None
Home mortgage loans	524	4,598,237	3,628,465	3,628,465	-	Real estate	None
Other loans	91	372,879	228,404	228,404	-	Deposits, stock, real estate, beneficial rights of specific money trust and policy	None
Total			\$ 3,917,112	\$ 3,917,112	\$ -		

December 31, 2020

Unit: In thousands of NT dollars

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

Loans to related parties are under the same terms as those to other customers, except for interest rates on loans to affiliated companies were 1.20% and 0.80%~2.00% for the years ended December 31, 2021 and 2020, respectively, the interest rates on the remaining loans are ranging from 0.00%~6.42% and 0.00%~6.69% for the years ended December 31, 2021 and 2020, respectively, which are the same with the terms of general loans. For the years ended December 31, 2021 and 2020, interest income resulting from the above loans amounted to \$53,431 and \$52,995, respectively.

C. Property transactions

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

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Other related parties:		
Funds managed by Yuanta Securities Investment Trust	\$ 6,463,018	\$ 8,732,186
Global Growth Investment	12,044	30,099
Yuanta Diamond Funds SPC’s funds	-	62,403
Yuanta Asia Growth Investment, L.P.	<u>248,761</u>	<u>192,546</u>
	<u>\$ 6,723,823</u>	<u>\$ 9,017,234</u>

Proceeds on disposal

For the years ended December 31,

<u>2021</u>	<u>2020</u>
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Other related parties:		
Funds managed by Yuanta Securities Investment Trust	\$ 384,030,285	\$ 325,808,112
Yuanta Asia Growth Investment, L.P.	<u>1,946</u>	<u>-</u>
	<u>\$ 384,032,231</u>	<u>\$ 325,808,112</u>

Realised Gain

For the years ended December 31,

<u>2021</u>	<u>2020</u>
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Other related parties:		
Funds managed by Yuanta Securities Investment Trust	\$ 1,510,921	\$ 2,619,556
Yuanta Asia Growth Investment, L.P.	<u>1,172</u>	<u>-</u>
	<u>\$ 1,512,093</u>	<u>\$ 2,619,556</u>

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

December 31, 2021

	<u>Highest balance</u>	<u>Ending balance</u>	<u>Interest rate (%)</u>	<u>Notional amount</u>
Company’s directors:				
Others	\$ 250,042	\$ 50,000	0.20~0.20	
Others	5,538	5,538	0.20~0.30 (Note : USD)	USD 200 thousand
Other related parties:				
Others	1,344,324	<u>1,205,017</u>	0.20~0.25	
		<u>\$ 1,260,555</u>		

	December 31, 2020			
	Highest balance	Ending balance	Interest rate (%)	Notional amount
Company's directors:				
Others	\$ 570,000	\$ 250,042	0.25~0.40	
Others	14,778	5,702	0.30~1.65 (Note: USD)	USD 200 thousand
Other related parties:				
Others	1,398,452	973,591	0.25~0.40	
		<u>\$ 1,229,335</u>		

Note: For foreign currency repo trade.

	Interest expense	
	For the years ended December 31,	
	2021	2020
Company's directors:		
Others	\$ 238	\$ 1,688
Other related parties:		
Others	2,252	3,594
	<u>\$ 2,490</u>	<u>\$ 5,282</u>

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

	December 31, 2021	December 31, 2020
Company's directors:		
Others	\$ -	\$ 26,914
Other related parties:		
Others	-	7,531
	<u>\$ -</u>	<u>\$ 34,445</u>

E. Equity of futures traders

	December 31, 2021	December 31, 2020
Other related parties:		
Funds managed by Yuanta Securities Investment Trust	\$ 29,244,360	\$ 28,223,681
Others	88,823	73,478
	<u>\$ 29,333,183</u>	<u>\$ 28,297,159</u>

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

	<u>Refundable deposits for securities lending</u>	
	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Other related parties:		
Funds managed by Yuanta		
Securities Investment Trust	\$ <u>2,215,689</u>	\$ <u>4,142,436</u>
	<u>Refundable deposits receivable lending</u>	
	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Other related parties:		
Funds managed by Yuanta		
Securities Investment Trust	\$ <u>10,630</u>	\$ <u>38,647</u>
	<u>Borrowing expense payable</u>	
	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Other related parties:		
Funds managed by Yuanta		
Securities Investment Trust	\$ <u>12,263</u>	\$ <u>1,403</u>
	<u>Security borrowing expense</u>	
	<u>For the years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Other related parties:		
Funds managed by Yuanta		
Securities Investment Trust	\$ <u>89,608</u>	\$ <u>8,488</u>

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

	<u>Receivables from loans to employees and interest receivables</u>	
	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Company's directors:		
Others	\$ 1,304	\$ 3,970
Other related parties:		
Others	<u>159,302</u>	<u>206,629</u>
	\$ <u>160,606</u>	\$ <u>210,599</u>
	<u>Interest income on loans to employees</u>	
	<u>For the years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Company's directors:		
Others	\$ 30	\$ 96
Other related parties:		
Others	<u>6,179</u>	<u>7,507</u>
	\$ <u>6,209</u>	\$ <u>7,603</u>

H. Income from distribution fee

	For the years ended December 31,	
	2021	2020
Company's directors:		
Others	\$ 1,899	\$ -
Other related parties:		
Funds managed by Yuanta		
Securities Investment Trust	-	10,063
Others	900	-
	<u>\$ 2,799</u>	<u>\$ 10,063</u>

I. Details on the management fee receivable for fund investments accounted for under the equity method and receipts of fund management fee are as follows:

	Receivables from management fee income	
	December 31, 2021	December 31, 2020
Other related parties:		
Yuanta Secondary No.3 Private Equity Fund	\$ 10,822	\$ 11,414
Yuanta Secondary No.2 Fund	19,172	25,370
KVIC-Yuanta 2015 Overseas Advance Fund	7,115	10,409
2016 KIF-Yuanta ICT Venture Fund	7,038	8,024
Others	3,481	4,147
	<u>\$ 47,628</u>	<u>\$ 59,364</u>
	Management fee income	
	For the years ended December 31,	
	2021	2020
Other related parties:		
Yuanta Secondary No.3 Private Equity Fund	\$ 21,700	\$ 44,116
Yuanta Secondary No.2 Fund	20,168	24,227
2011 KIF-TONGYANG IT Venture Fund	26,033	-
Yuanta Innovative Job Creation Fund	23,036	-
Kiwoom-Yuanta 2019 Scale-up Fund	18,285	13,479
Others	39,247	39,704
	<u>\$ 148,469</u>	<u>\$ 121,526</u>

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

	Fund management fee income	
	For the years ended December 31,	
	2021	2020
Other related parties:		
Funds managed by Yuanta		
Securities Investment Trust	\$ 3,539,086	\$ 3,297,511
Yuanta Diamond Funds SPC’s funds	53,139	24,302
Yuanta Asia Growth Investment, L.P.	25,970	18,040
Global Growth Investment, L.P.	630	1,392
	<u>\$ 3,618,825</u>	<u>\$ 3,341,245</u>
	The balance of fund	
	December 31, 2021	December 31, 2020
Other related parties:		
Funds managed by Yuanta		
Securities Investment Trust	\$ 6,463,018	\$ 8,732,186
Yuanta Asia Growth Investment, L.P.	248,761	192,546
Yuanta Diamond Funds SPC’s funds	-	62,403
Global Growth Investment, L.P.	12,044	30,099
	<u>\$ 6,723,823</u>	<u>\$ 9,017,234</u>

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

	Receivable from transfer-agent services	
	December 31, 2021	December 31, 2020
	Other related parties:	
Others	\$ 10	\$ 10
	Income from transfer-agent services	
	For the years ended December 31,	
	2021	2020
Other related parties:		
Others	\$ 121	\$ 121

L. Investment refund receivable

	December 31, 2021	December 31, 2020
	Other related parties:	
IBKC-TONGYANG Growth 2013 Private Equity Fund TONGYANG AGRI-FOOD INVESTMENT FUND II	\$ 47,782	\$ 53,739
	21,639	42,132
	<u>\$ 69,421</u>	<u>\$ 95,871</u>

M. Other financial assets-loan , interest in advance and interest income

	<u>December 31, 2021</u>	
	<u>Other financial assets-loan</u>	<u>Interest in advance</u>
Other related parties:		
Pyeongtaek Godeok PFV Co., Ltd.	\$ 1,863,360	\$ 3,992
		<u>For the year ended December 31,2021</u>
		<u>Interest income</u>
Other related parties:		
Pyeongtaek Godeok PFV Co., Ltd.		\$ 7,304

N. Receivable of securities business money lending

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Company's directors:		
Others	\$ 23,206	\$ -
Other related parties:		
Others	410	12,925
	<u>\$ 23,616</u>	<u>\$ 12,925</u>

O. Accounts receivable

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Other related parties:		
Funds managed by Yuanta		
Securities Investment Trust	\$ 336,337	\$ 292,651
Yuanta construction development	2,938	1,173
	<u>\$ 339,275</u>	<u>\$ 293,824</u>

P. Refundable deposits

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

Q. Accounts payable - settlement

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

R. Other financial liabilities and Interest expense

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

	<u>Other financial liabilities</u>	
	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Company's directors:		
Others	\$ 20,690	\$ 35,635
Other related parties:		
Others	9	10
	<u>\$ 20,699</u>	<u>\$ 35,645</u>
	<u>Interest expense</u>	
	<u>For the years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Company's directors:		
Others	\$ 52	\$ 70
Other related parties:		
Others	1	4
	<u>\$ 53</u>	<u>\$ 74</u>

S. Other payables

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Company's directors:		
Others	\$ 22	\$ 15
Other related parties:		
Others	27	9
	<u>\$ 49</u>	<u>\$ 24</u>

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

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Other related parties:		
YFYCPG	\$ -	\$ 116,194
Yuanta SPAC III	-	17,457
Yuanta SPAC IV	18,051	20,345
Yuanta SPAC V	22,943	25,857
Yuanta SPAC VI	-	25,857
Yuanta SPAC VII	22,127	24,938
Yuanta SPAC VIII	23,059	25,989
	<u>\$ 86,180</u>	<u>\$ 256,637</u>

		Proceeds on disposal		
		For the years ended December 31,		
		2021	2020	
Other related parties:				
YFYCPG		\$ 989,923	\$ 188,754	
		Realised gains		
		For the years ended December 31,		
		2021	2020	
Other related parties:				
YFYCPG		\$ 49,376	\$ 21,370	
<u>U. Credit transaction between the Yuanta Group and related parties</u>				
December 31, 2021				
	Guarantee deposit receivable from short sales	Deposit for short sales	Margin loans	
Company's directors:				
Others	\$ 3,438	\$ 22,913	\$ 70,145	
Other related parties:				
Others	6,400	7,937	32,361	
	<u>\$ 9,838</u>	<u>\$ 30,850</u>	<u>\$ 102,506</u>	
December 31, 2020				
	Guarantee deposit receivable from short sales	Deposit for short sales	Margin loans	
Company's directors:				
Others	\$ 3,438	\$ 7,830	\$ 56,421	
Other related parties:				
Others	4,036	13,510	26,398	
	<u>\$ 7,474</u>	<u>\$ 21,340</u>	<u>\$ 82,819</u>	
December 31, 2021		December 31, 2020		
	Security short-selling interest payable	Security financing interest receivable	Security short-selling interest payable	Security financing interest receivable
Company's directors:				
Others	\$ 11	\$ 925	\$ 2	\$ 427
Other related parties:				
Others	5	814	3	389
	<u>\$ 16</u>	<u>\$ 1,739</u>	<u>\$ 5</u>	<u>\$ 816</u>

	For the years ended December 31,			
	2021		2020	
	Security short-selling interest expenditures	Security financing interest revenue	Security short-selling interest expenditures	Security financing interest revenue
Company's directors:				
Others	\$ 75	\$ 3,096	\$ 63	\$ 2,349
Other related parties:				
Others	56	1,435	47	1,421
	<u>\$ 131</u>	<u>\$ 4,531</u>	<u>\$ 110</u>	<u>\$ 3,770</u>

V. Other Operating expenses

(A) ETF redemption fees

	For the years ended December 31,	
	2021	2020
Other related parties:		
Funds managed by Yuanta Securities Investment Trust	<u>\$ 47,365</u>	<u>\$ 100,895</u>

(B) Warrants business fee paid to Securities Association

	For the years ended December 31,	
	2021	2020
Other related parties:		
Taiwan Securities Association	<u>\$ -</u>	<u>\$ 10,232</u>

W. Operating expenses

Name of related parties	Nature	For the years ended December 31,	
		2021	2020
Other related parties:			
Yuanta Foundation	Donation expenditure	\$ 80,000	\$ 50,000
Polaris Research	Donation expenditure	21,000	21,600
		<u>\$ 101,000</u>	<u>\$ 71,600</u>

X. Premium income

	For the years ended December 31,	
	2021	2020
Other related parties:		
Others	<u>\$ 342,543</u>	<u>\$ 353,317</u>

Y. The details of the service fees arising from brokerage commissions engaged by the Yuanta Group and its related parties

	For the years ended December 31,	
	2021	2020
Company's directors:		
Others	\$ 37,086	\$ 25,432
Other related parties:		
Funds managed by Yuanta		
Securities Investment Trust	237,862	265,894
Others	41,536	28,668
	<u>\$ 316,484</u>	<u>\$ 319,994</u>

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

	For the years ended December 31,	
	2021	2020
Other related parties:		
Yuanta Construction Development	\$ 8,497	\$ 1,860
Polaris Research	1,133	2,201
Yuanta Foundation	57	40
	<u>\$ 9,687</u>	<u>\$ 4,101</u>

AA. The details of the real estate management and maintenance income engaged by the Yuanta Group and its related parties

	For the years ended December 31,	
	2021	2020
Other related parties:		
Yuanta Foundation	\$ 4	\$ -

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

	December 31, 2021	December 31, 2020
Other related parties:		
Yuanta Construction Development	\$ 1,510	\$ 1,580
Polaris Research	189	189
Yuanta Foundation	10	7
	<u>\$ 1,709</u>	<u>\$ 1,776</u>

AC. Gain on investment property

(A) Imputed interest on deposits

	For the years ended December 31,	
	2021	2020
Other related parties:		
Yuanta Construction Development	\$ 12	\$ 4

(B) Other income

For the years ended December 31,		
2021	2020	
Other related parties:		
Yuanta Construction Development	\$ 1,310	\$ -

AD. Other operating income—Dividend income

For the years ended December 31,		
2021	2020	
Other related parties:		
Funds managed by Yuanta		
Securities Investment Trust	\$ 95,417	\$ 62,289
YFYCPG	963	-
	<u>\$ 96,380</u>	<u>\$ 62,289</u>

AE. Other operating income—Interest income

For the years ended December 31,		
2021	2020	
Other related parties:		
Taiwan Securities Association	\$ -	\$ 3

AF. Other operating expense—Financial costs

For the years ended December 31,		
2021	2020	
Other related parties:		
Funds managed by Yuanta		
Securities Investment Trust	\$ 1,952	\$ 11,708

AG. Other operating revenue—Underwriting business revenue

(A) Fee income from security proxy sale

For the years ended December 31,		
2021	2020	
Other related parties:		
YFYCPG	\$ 4,228	\$ 300
Others	-	1,540
	<u>\$ 4,228</u>	<u>\$ 1,840</u>

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

For the years ended December 31,		
2021	2020	
Other related parties:		
Yuanta SPAC VIII	\$ 5,360	\$ -
Yuanta SPAC VI	5,574	-
Yuanta SPAC III	3,676	-
	<u>\$ 14,610</u>	<u>\$ -</u>

(C) Financial advisory services income

	For the years ended December 31,	
	2021	2020
Other related parties:		
Pyeongtaek Godeok PFV CO.,Ltd.	\$ 29,832	\$ -
Other	147	-
	<u>\$ 29,979</u>	<u>\$ -</u>

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

	For the years ended December 31,	
	2021	2020
Salaries and other short-term employee benefits	\$ 7,360,979	\$ 5,763,136
Termination benefits	53,119	11,471
Other long-term benefits	11,242	11,607
Post-employment benefit	161,975	148,695
Total	<u>\$ 7,587,315</u>	<u>\$ 5,934,909</u>

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

A. Yuanta Bank and its subsidiaries

(A) Deposits

December 31, 2021			
Name	Ending balance	Percentage of deposits (%)	Interest rate (%)
All related parties	<u>\$ 112,068,782</u>	<u>7.62</u>	0.000~5.800

December 31, 2020			
Name	Ending balance	Percentage of deposits (%)	Interest rate (%)
All related parties	<u>\$ 45,339,692</u>	<u>3.64</u>	0.000~6.065

Apart from an interest rate limit on staff demand savings deposits of 5.80% and 5.800%~6.065%, respectively, for the years ended December 31, 2021 and 2020, the range of interest rates on other related parties' demand savings deposits were 0.00%~3.00% and 0.00%~4.60%, respectively. The interest rates and other terms provided to the above related parties were the same as the terms offered to the general public.

For the years ended December 31, 2021 and 2020, interest expense on the above deposits were \$170,988 and \$276,325, respectively.

(B) Loans

December 31, 2021

Unit: In thousands of NT dollars

Types	Number of accounts or name of related party	Highest balance	Ending balance	Loan status		Collateral	Whether terms and conditions of the related party transactions are different from those of transactions with third parties.
				Normal loans	Overdue accounts		
Consumer loans	332	\$ 118,138	\$ 60,243	\$ 60,243	\$ -	Small and medium enterprise credit guarantee fund, real estate, movables, deposits and credit loans	None
Home mortgage loans	534	4,598,237	3,628,465	3,628,465	-	Real estate	None
Other loans	Yuanta Securities	24,105	-	-	-	Real estate	None
	91	372,879	228,404	228,404	-	Deposits, stock, real estate, beneficial rights of specific money trust and policy	None
Total			\$ 3,917,112	\$ 3,917,112	\$ -		

December 31, 2020

Unit: In thousands of NT dollars

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

Loans to related parties are under the same terms as those to other customers, except for interest rates on loans to affiliated companies were 1.20% and 0.80% ~ 2.00% for the years ended December 31, 2021 and 2020, respectively, the interest rates on the remaining loans are ranging from 0.00% ~ 6.42% and 0.00% ~ 6.69% for the years ended December 31, 2021 and 2020, respectively, which are the same with the terms of general loans. For the years ended December 31, 2021 and 2020, interest income resulting from the above loans amounted to \$53,431 and \$52,995, respectively.

(C) Service fee income

	For the years ended December 31,	
	2021	2020
Fellow subsidiary:		
Yuanta Life	\$ 897,173	\$ 590,884
Yuanta Securities Investment Trust	37,163	35,468
Yuanta Securities (Hong Kong)	7,595	2,788
Yuanta Securities	10,457	1,156
	<u>\$ 952,388</u>	<u>\$ 630,296</u>

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

	December 31, 2021	December 31, 2020
	Fellow subsidiary:	
Yuanta Life	\$ 58,657	\$ 22,897
Yuanta Securities Investment Trust	3,334	2,074
	<u>\$ 61,991</u>	<u>\$ 24,971</u>

(D) Rental expense

Name of related parties	Usage	For the years ended December 31,	
		2021	2020
Fellow subsidiary:			
Yuanta Securities	Office rental/ place rental	<u>\$ 206,530</u>	<u>\$ 144,528</u>

The transaction conditions were in line with the contract based on mutual agreement, and the relevant refundable deposits were as follows:

	December 31, 2021	December 31, 2020
	Fellow subsidiary:	
Yuanta Securities	<u>\$ 5,407</u>	<u>\$ 5,494</u>

(E) Current income tax assets/liabilities

	December 31, 2021	December 31, 2020
	Parent company:	
Yuanta Financial Holdings		
Consolidated income tax return receivable	<u>\$ 99,119</u>	<u>\$ 1,395,127</u>
Consolidated income tax return payable	<u>\$ 625,763</u>	<u>\$ 11,794</u>

(F) Leasing arrangements—Lessee

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

b. Right-of-use assets — net

Name of related parties	Right-of-use assets	
	December 31, 2021	December 31, 2020
Fellow subsidiary:		
Yuanta Securities	\$ 51,179	\$ 45,925
Yuanta Life	50,323	56,412
Yuanta Securities Finance	2,501	5,001
	<u>\$ 104,003</u>	<u>\$ 107,338</u>
	Depreciation expense	
	For the years ended December 31,	
Name of related parties	2021	2020
Fellow subsidiary:		
Yuanta Securities	\$ 26,727	\$ 28,441
Yuanta Life	12,852	1,945
Yuanta Securities Finance	2,501	2,501
	<u>\$ 42,080</u>	<u>\$ 32,887</u>

- (a). Yuanta Bank and its subsidiaries acquired right-of-use assets from Yuanta Securities amounting to \$34,446 and \$32,605 for the years ended December 31, 2021 and 2020, respectively.
- (b). Yuanta Bank and its subsidiaries acquired right-of-use assets from Yuanta Securities Finance amounting to \$0 and \$7,502 for the years ended December 31, 2021 and 2020, respectively.
- (c). Yuanta Bank and its subsidiaries acquired right-of-use assets from Yuanta Life amounting to \$10,296 and \$58,357 for the years ended December 31, 2021 and 2020, respectively.
- (d). Yuanta Bank and its subsidiaries have gains arising from lease modifications with Yuanta Life in the amount of \$288 of lease contract for the years ended December 31, 2021.
- (e). Yuanta Bank and its subsidiaries have losses arising from lease modifications with Yuanta Securities in the amount of \$26 of lease contract for the years ended December 31, 2021.

c. Lease liabilities

Name of related parties	Lease liabilities	
	December 31, 2021	December 31, 2020
Fellow subsidiary:		
Yuanta Securities	\$ 50,728	\$ 46,325
Yuanta Life	54,497	58,423
Yuanta Securities Finance	2,521	5,022
	<u>\$ 107,746</u>	<u>\$ 109,770</u>

Name of related parties	Interest expense	
	For the years ended December 31,	
	2021	2020
Fellow subsidiary:		
Yuanta Securities	\$ 304	\$ 318
Yuanta Life	394	66
Yuanta Securities Finance	30	50
	<u>\$ 728</u>	<u>\$ 434</u>

(G) Bonds sold and purchased

Name of related parties	For the year ended December 31, 2021	
	Purchased	Sold
Fellow subsidiary:		
Yuanta Securities	\$ 199,208	\$ -

There were no relevant transactions for the year ended December 31, 2020.

(H) Property transactions (recorded as “Bank debentures payable”)

For the year ended December 31, 2021, Yuanta Securities purchased 2021 first subordinated bank debentures in the amount of \$4,500,000 which was issued by Yuanta Bank.

B. Yuanta Securities and its subsidiaries

(A) Futures trading

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

	December 31, 2021		
	Futures margins		
	Own funds	Excess margins	Securities
Fellow subsidiary:			
Yuanta Futures	\$ 1,484,724	\$ 3,394,382	\$ -
Others	43,407	118,207	-
	<u>\$ 1,528,131</u>	<u>\$ 3,512,589</u>	<u>\$ -</u>
	December 31, 2020		
	Futures margins		
	Own funds	Excess margins	Securities
Fellow subsidiary:			
Yuanta Futures	\$ 4,316,780	\$ 3,055,538	\$ -
	<u>Clearing and settlement service charge payable</u>		
	<u>December 31, 2021</u>	<u>December 31, 2020</u>	
Fellow subsidiary:			
Yuanta Futures	\$ 1,981	\$ 3,554	

	<u>For the year ended December 31, 2021</u>	
	<u>Service charges - clearing and settlement</u>	<u>Handing charges - proprietary trading</u>
Fellow subsidiary:		
Yuanta Futures	\$ 26,736	\$ 91,163
Others	31	3,030
	<u>\$ 26,767</u>	<u>\$ 94,193</u>

	<u>For the year ended December 31, 2020</u>	
	<u>Service charges - clearing and settlement</u>	<u>Handing charges - proprietary trading</u>
Fellow subsidiary:		
Yuanta Futures	\$ 35,487	\$ 104,062
Others	-	2,904
	<u>\$ 35,487</u>	<u>\$ 106,966</u>

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

	<u>Commission income receivable</u>	
	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Fellow subsidiary:		
Yuanta Futures	\$ 19,728	\$ 23,737
	<u>Commission income - futures</u>	
	<u>For the years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Fellow subsidiary:		
Yuanta Futures	\$ 303,403	\$ 284,601

(B) Bank deposits, interest income and interest receivable

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

	<u>December 31, 2021</u>	
	<u>Ending balance of bank deposits</u>	<u>Other receivables – interests receivable (Note)</u>
Fellow subsidiary:		
Yuanta Bank	\$ 59,176,243	\$ 5,146
	<u>December 31, 2020</u>	
	<u>Ending balance of bank deposits</u>	<u>Other receivables – interests receivable (Note)</u>
Fellow subsidiary:		
Yuanta Bank	\$ 14,488,729	\$ 2,855

	<u>Other gains and losses – interest income (Note)</u>	
	<u>For the years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Fellow subsidiary:		
Yuanta Bank	\$ <u>36,826</u>	\$ <u>76,589</u>
Note: Including the interest of demand deposits, time deposits and operating guarantee deposits.		
b. As of December 31, 2021 and 2020, the certificate of deposits that Yuanta Securities and its subsidiaries provided to Yuanta Bank (recorded as “Other current assets”) as collateral for credit facility and guarantee deposits of structured products amounted to \$6,637,400 and \$407,000, respectively.		
(C) Consolidated income tax return - receivables/ payables (recorded as “Current income tax assets/liabilities”)		
	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Parent company:		
Yuanta Financial Holdings		
Consolidated income tax return receivables	\$ <u>-</u>	\$ <u>895,230</u>
Consolidated income tax return payables	\$ <u>2,833,710</u>	\$ <u>1,628,629</u>
(D) Operating guarantee deposits		
Yuanta Securities and its subsidiaries provided time deposits to a related party as operating guarantee deposits for engaging in securities and futures business. Details were as follows:		
	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Fellow subsidiary:		
Yuanta Bank	\$ <u>1,265,000</u>	\$ <u>1,265,000</u>
(E) Refundable deposits for lending auction		
	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Fellow subsidiary:		
Yuanta Bank	\$ <u>350,000</u>	\$ <u>350,000</u>
(F) Refundable deposits for securities lending, refundable deposits receivable lending, borrowing expenses payable and security borrowing expenses		
Please refer to Note 7(2)F.		
(G) Receivables from loans to employees, interest receivables and the interest income generated		
Please refer to Note 7(2)G.		
(H) Commission receivable and commission income		
	<u>Commission receivable</u>	
	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Fellow subsidiary:		
Yuanta Life	\$ <u>85,142</u>	\$ <u>21,719</u>
	<u>Commission income</u>	
	<u>For the years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Fellow subsidiary:		
Yuanta Life	\$ <u>1,092,011</u>	\$ <u>414,437</u>

(I) Amounts held for settlement

As of December 31, 2021 and 2020, Yuanta Securities and its subsidiaries had amounts held for settlement of \$1,798,617 and \$1,450,643, respectively, which were deposited at its fellow subsidiary, Yuanta Bank.

(J) Property transactions

a. Bonds transactions under repurchase agreements (recorded as "Liabilities for bonds with repurchase agreements")

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

b. Bonds sold and purchased (recorded as "Financial assets at fair value through profit or loss")

	For the year ended December 31, 2021	
	Purchased	Sold
Parent company:		
Yuanta Financial Holdings	\$ 4,100,000	\$ -
Fellow subsidiary:		
Yuanta Bank	4,500,000	199,208
Yuanta Futures	1,100,000	-
	<u>\$ 9,700,000</u>	<u>\$ 199,208</u>

There were no bonds sold and purchased with related parties during the year ended December 31, 2020.

(K) Lease transactions—Lessee

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

b. Lease liabilities

	Lease liabilities	
	December 31, 2021	December 31, 2020
Fellow subsidiary:		
Yuanta Life	\$ 406,793	\$ 484,606
Yuanta Bank	11,823	19,182
	<u>\$ 418,616</u>	<u>\$ 503,788</u>
	Financial cost	
	For the years ended December 31,	
	2021	2020
Fellow subsidiary:		
Yuanta Life	\$ 2,846	\$ 550
Yuanta Bank	136	188
	<u>\$ 2,982</u>	<u>\$ 738</u>

(L) Customer margin accounts

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Fellow subsidiary:		
Yuanta Futures	\$ 201,455	\$ 202,484
Others	1,062	-
	<u>\$ 202,517</u>	<u>\$ 202,484</u>

(M) Other operating expense

a. Professional fee

The transaction details of Yuanta Securities and its subsidiaries' professional fee from investment strategies and recommendations provided by related parties are as follows:

	<u>For the years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Fellow subsidiary:		
Yuanta Securities Investment Consulting	<u>\$ 207,840</u>	<u>\$ 178,800</u>

Professional fees are calculated based on contractual agreements by both parties.

b. ETF redemption fees

	<u>For the years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Fellow subsidiary:		
Yuanta Securities Investment Trust	\$ 27,221	\$ 48,276
Other related parties:		
Funds managed by Yuanta		
Securities Investment Trust	47,365	100,895
	<u>\$ 74,586</u>	<u>\$ 149,171</u>

(N) Brokerage fee revenue

The transaction details of Yuanta Securities and its subsidiaries' brokerage fee revenue from securities brokerage business by related parties are as follows:

	<u>For the years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Fellow subsidiary:		
Yuanta Bank	\$ 36,675	\$ 25,316
Yuanta Life	28,529	23,334
Others	4,415	4,882
Company's directors :		
Others	37,086	25,432
Other related parties:		
Funds managed by Yuanta		
Securities Investment Trust	102,864	125,076
Others	32,874	21,945
	<u>\$ 242,443</u>	<u>\$ 225,985</u>

These securities brokerage transactions mentioned above were made in the ordinary course of business and carried out at arms-length commercial terms.

(O) Non-operating revenue

a. Rent income

Rental income from leasing Yuanta Securities and its subsidiaries own assets to related parties are as follows:

	For the years ended December 31,	
	2021	2020
Parent subsidiary:		
Yuanta Financial Holdings	\$ 31,298	\$ 29,651
Fellow subsidiary:		
Yuanta Bank	31,711	31,446
Yuanta Futures	9,387	20,916
Others	22,215	18,561
Other related parties:		
Others	1,577	2,885
	<u>\$ 96,188</u>	<u>\$ 103,459</u>

Rents consider rental rates of nearby office buildings and are calculated based on contractual agreements by both parties.

b. Rebate receivable and rebate income

The rebate income received from related parties for using Yuanta Securities and its subsidiaries' facilities (rebate income is recorded as "Other gains and losses"; rebate receivable to be collected is recorded as "Other receivables") is as follows:

	Rebate receivable	
	December 31, 2021	December 31, 2020
Fellow subsidiary:		
Yuanta Bank	<u>\$ 18,152</u>	<u>\$ 14,330</u>
	Rebate income	
	For the years ended December 31,	
	2021	2020
Fellow subsidiary:		
Yuanta Bank	<u>\$ 258,210</u>	<u>\$ 176,262</u>

(P) Funds and beneficiary certificates managed by fellow subsidiary (recorded as "Financial assets at fair value through profit or loss")

	December 31, 2021	December 31, 2020
Other related parties:		
Fund managed by Yuanta Securities Investment Trust	<u>\$ 4,777,424</u>	<u>\$ 5,325,750</u>

For the years ended December 31,			
2021		2020	
Proceeds on disposal	Realised gain	Proceeds on disposal	Realised gain
Other related parties:			
Fund managed by Yuanta Securities Investment Trust			
\$ 379,526,373	\$ 1,101,897	\$ 435,947,680	\$ 2,792,108

(Q) Securities issued by fellow subsidiary (recorded as “Financial assets at fair value through profit or loss”)

	December 31, 2021	December 31, 2020
Other related parties:		
YFYCPG	\$ -	\$ 116,194
Yuanta SPAC III	-	17,457
Yuanta SPAC IV	18,051	20,345
Yuanta SPAC V	22,943	25,857
Yuanta SPAC VI	-	25,857
Yuanta SPAC VII	22,127	24,938
Yuanta SPAC VIII	23,059	25,989
	<u>\$ 86,180</u>	<u>\$ 256,637</u>

For the years ended December 31,			
2021		2020	
Proceeds on disposal	Realised gain (loss)	Proceeds on disposal	Realised gain (loss)
Parent subsidiary:			
Yuanta Financial Holdings	\$ 788,260 (\$ 3,527)	\$ 444,089	\$ 125
Fellow subsidiary:			
Yuanta Futures	-	8,264	644
Other related parties:			
YFYCPG	989,923	188,754	21,370
	<u>\$ 1,778,183</u>	<u>\$ 641,107</u>	<u>\$ 22,139</u>

(R) Credit transaction
Please refer to Note 7(2)T.

(S) Others

a As of December 31, 2021 and 2020, the lines of credit that Yuanta Securities and its subsidiaries have drawn in order to acquire Yuanta Bank were all \$10,000,000. The carrying amounts of land and building amounting to \$ 3,496,643 and \$3,520,376, respectively, were designated as collateral.

b Details on the management fee receivable for fund investments accounted for under the equity method and receipts of fund management fee held by Yuanta Securities and its subsidiaries.

Please refer to Note 7(2)I.

- c Fund management fee income from fund managed and fund balances held by Yuanta Securities and its subsidiaries. (recorded as “Financial assets at fair value through profit or loss”)

	Fund management fee income	
	For the years ended December 31,	
	2021	2020
Other related parties:		
Yuanta Diamond Funds SPC’s funds	\$ 53,139	\$ 24,302
Yuanta Asia Growth Investment L.P.	25,970	18,040
Global Growth Investment, L.P.	630	1,392
	<u>\$ 79,739</u>	<u>\$ 43,734</u>
	The balance of fund	
	December 31, 2021	December 31, 2020
Other related parties:		
Yuanta Asia Growth Investment, L.P.	\$ 124,086	\$ 96,161
Yuanta Diamond Funds SPC’s funds	-	62,403
Global Growth Investment, L.P.	12,044	30,099
	<u>\$ 136,130</u>	<u>\$ 188,663</u>

C. Yuanta Futures and its subsidiaries

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

	December 31, 2021		
	Bank deposits ending balance	Operating guarantee deposits	Customer margin deposits
Fellow subsidiary:			
Yuanta Bank	<u>\$ 3,344,174</u>	<u>\$ 140,000</u>	<u>\$ 16,371,626</u>
	December 31, 2020		
	Bank deposits ending balance	Operating guarantee deposits	Customer margin deposits
Fellow subsidiary:			
Yuanta Bank	<u>\$ 1,338,901</u>	<u>\$ 140,000</u>	<u>\$ 12,347,144</u>

(B) Customer margin account for leverage contracts

	December 31, 2021	December 31, 2020
Fellow subsidiary:		
Yuanta Bank	<u>\$ 200,734</u>	<u>\$ 257,218</u>

(C) Equity of futures traders

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Fellow subsidiary:		
Yuanta Securities	\$ 4,904,272	\$ 7,280,656
Yuanta Securities (Korea)	210,502	200,709
Yuanta Securities (Hong Kong)	132,727	91,086
Yuanta Bank	84,459	-
Other related parties:		
Funds managed by Yuanta		
Securities Investment Trust	29,244,360	28,223,681
Others	88,823	73,478
	<u>\$ 34,665,143</u>	<u>\$ 35,869,610</u>

(D) Acquisition of right-of-use assets

Yuanta Futures and its subsidiaries lease buildings from Yuanta Bank, Yuanta Securities and Yuanta Life with a lease term from 2.5 months to 5 years and rents are paid monthly.

For the years ended December 31,

	<u>2021</u>	<u>2020</u>
Fellow subsidiary:		
Yuanta Bank	\$ 1,949	\$ -
Yuanta Securities	4,089	-
Yuanta Life	-	188,688
	<u>\$ 6,038</u>	<u>\$ 188,688</u>

(E) Lease liabilities

a. Ending balances

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Fellow subsidiary:		
Yuanta Bank	\$ 7,051	\$ 891
Yuanta Life	153,175	188,902
Yuanta Securities	-	5,636
	<u>\$ 160,226</u>	<u>\$ 195,429</u>

b. Interests expense

For the years ended December 31,

	<u>2021</u>	<u>2020</u>
Fellow subsidiary:		
Yuanta Bank	\$ 26	\$ 14
Yuanta Life	1,083	214
Yuanta Securities	8	129
	<u>\$ 1,117</u>	<u>\$ 357</u>

(F) Brokerage fee revenue

	For the years ended December 31,	
	2021	2020
Fellow subsidiary:		
Yuanta Securities	\$ 87,986	\$ 100,481
Yuanta Securities (Hong Kong)	8,768	3,980
Yuanta Securities (Korea)	2,047	4,121
Other related parties:		
Funds managed by Yuanta Securities		
Investment Trust	134,998	140,818
Others	8,662	6,723
	<u>\$ 242,461</u>	<u>\$ 256,123</u>

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

	For the years ended December 31,	
	2021	2020
Fellow subsidiary:		
Yuanta Securities	<u>\$ 303,403</u>	<u>\$ 284,601</u>

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

(H) Interests income

	For the years ended December 31,	
	2021	2020
Fellow subsidiary:		
Yuanta Bank	<u>\$ 91,939</u>	<u>\$ 125,624</u>

Interest income includes the interest from demand deposits, time deposits, margin deposits and operating guarantee deposits.

D. Yuanta Securities Investment Consulting

(A) Bank deposits

As of December 31, 2021 and 2020, Yuanta Securities Investment Consulting deposited \$241,703 and \$200,755, respectively, to Yuanta Bank, amongst which, the operating guarantee deposits were all \$5,000, and annual interest rates were all 0.770% .

(B) Operating income

	For the years ended December 31,	
	2021	2020
Fellow subsidiary:		
Yuanta Securities	\$ 201,000	\$ 172,800
Yuanta Bank	15,960	12,420
Yuanta Securities Investment Trust	10,000	4,800
Yuanta Futures	3,600	3,600
Yuanta Life	-	2,940
Yuanta Securities Finance	6,840	6,000
	<u>\$ 237,400</u>	<u>\$ 202,560</u>

The above operating income is the income of consultants, journals and speeches, which are priced according to the contract between the two parties, and the payment is settled on a monthly basis.

E. Yuanta Securities Investment Trust

(A) Sales fee

	December 31, 2021	December 31, 2020
Fellow subsidiary:		
Yuanta Securities	\$ 115,607	\$ 109,850
Yuanta Bank	32,191	31,957
	<u>\$ 147,798</u>	<u>\$ 141,807</u>

(B) Bank deposits

	December 31, 2021	December 31, 2020
Fellow subsidiary:		
Yuanta Bank	<u>\$ 3,267,493</u>	<u>\$ 2,789,237</u>

(C) Accounts receivable

	December 31, 2021	December 31, 2020
Fellow subsidiary:		
Yuanta Life	\$ 1,522	\$ -
Other related parties:		
Funds managed by Yuanta Securities Investment Trust	336,337	292,651
	<u>\$ 337,859</u>	<u>\$ 292,651</u>

(D) Management fee income

	For the years ended December 31,	
	2021	2020
Fellow subsidiary:		
Yuanta Life	\$ 10,472	\$ -
Other related parties:		
Funds managed by Yuanta Securities Investment Trust	3,539,086	3,297,511
	<u>\$ 3,549,558</u>	<u>\$ 3,297,511</u>

(E) Fund transactions (recorded as “Financial assets at fair value through profit or loss”)
 Securities investment trust funds raised by the Yuanta Securities Investment Trust which are held by Yuanta Securities Investment Trust and its related parties as of December 31, 2021 and 2020 are as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Yuanta Securities Investment Trust	\$ 165,069	\$ 489,925
Fellow subsidiary	452,295	1,763,685
	<u>\$ 617,364</u>	<u>\$ 2,253,610</u>

F. Yuanta Life

(A) Bank deposits and time deposits

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Fellow subsidiary:		
Yuanta Bank (Note)	\$ 768,267	\$ 326,453
Note: Including other financial assets.		

(B) Current income tax assets/liabilities

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Parent company:		
Yuanta Financial Holdings		
Consolidated income tax return receivable	\$ 1,751,615	\$ 2,609,424
Consolidated income tax return payable	\$ 612,649	\$ 353,690

(C) Property transactions—Beneficiary certificates(recorded as “Financial assets at fair value through profit or loss”)

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Other related parties:		
Funds managed by Yuanta Securities Investment Trust	\$ 1,520,526	\$ 2,915,162
Yuanta Asia Growth Investment, L.P.	124,675	96,385
	<u>\$ 1,645,201</u>	<u>\$ 3,011,547</u>

For the year ended December 31, 2021

	<u>Purchase price</u>	<u>Proceeds on disposal</u>	<u>Realised gain</u>
Other related parties:			
Funds managed by Yuanta Securities Investment Trust	\$ 371,364	\$ 1,855,902	\$ 392,824
Yuanta Asia Growth Investment, L.P.	32,309	1,946	1,172
	<u>\$ 403,673</u>	<u>\$ 1,857,848</u>	<u>\$ 393,996</u>

	For the year ended December 31, 2020		
	Purchase price	Proceeds on disposal	Realised gain
Other related parties:			
Funds managed by Yuanta Securities Investment Trust Yuanta Asia Growth Investment, L.P.	\$ 3,226,604	\$ 3,369,507	\$ 109,248
	73,054	-	-
	<u>\$ 3,299,658</u>	<u>\$ 3,369,507</u>	<u>\$ 109,248</u>

(D) Payables

	December 31, 2021	December 31, 2020
Parent company:		
Yuanta Financial Holdings	\$ 1,081	\$ 439
Fellow subsidiary:		
Yuanta Bank	53,609	23,158
Yuanta International Insurance Brokers	82,563	21,719
	<u>\$ 137,253</u>	<u>\$ 45,316</u>

(E) Premium income

	For the years ended December 31,	
	2021	2020
Parent company:		
Yuanta Financial Holdings	\$ 1,314	\$ 1,137
Fellow subsidiary:		
Yuanta Bank	33,936	30,456
Yuanta Futures	2,758	2,603
Yuanta Securities Investment Trust	1,841	2,093
Yuanta Securities	39,132	37,107
Other related parties:		
Others (Note)	342,543	353,317
	<u>\$ 421,524</u>	<u>\$ 426,713</u>

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

(F) Commission expense

	For the years ended December 31,	
	2021	2020
Fellow subsidiary:		
Yuanta Bank	\$ 893,768	\$ 605,514
Yuanta International Insurance Brokers	1,092,011	414,437
	<u>\$ 1,985,779</u>	<u>\$ 1,019,951</u>

(G) Information on investments entrusted to related parties

Yuanta Life entered into a discretionary investment agreement with Yuanta Securities Investment Trust to entrust Yuanta Securities Investment Trust to serve as the trustee of discretionary investment-linked insurance. The entrusted investment items are mainly funds, beneficiary certificates and ETFs. The amount of investments as of December 31, 2021 was \$28,705,318 and the trustee's compensation for the commissioned services during the years ended December 31, 2021 amounted to \$10,472. In addition, Yuanta Life entrusted Yuanta Bank to serve as the custody institution of discretionary investment-linked insurance. The custody institution's compensation for the commissioned services during the year ended December 31, 2021 amounted to \$17,729.

(H) Rental income

Yuanta Life leases buildings and parking space from Yuanta Securities Finance with a lease term 5 years. The rents are paid monthly.

	For the years ended December 31,	
	2021	2020
Parent company:		
Yuanta Financial Holdings	\$ 5,189	\$ 906
Fellow subsidiary:		
Yuanta Securities	95,069	13,193
Yuanta Futures	36,050	5,205
Yuanta Bank	13,074	1,609
Yuanta Asset Management	4,165	585
Yuanta International Insurance Brokers	1,089	152
Other related parties:		
Yuanta Construction Development	8,068	1,176
	<u>\$ 162,704</u>	<u>\$ 22,826</u>

G. Yuanta Ventures and its subsidiary

(A) Bank deposits

	December 31, 2021	December 31, 2020
Fellow subsidiary:		
Yuanta Bank	\$ 952,219	\$ 419,723
Yuanta Securities (Hong Kong)	5,073	5,254
	<u>\$ 957,292</u>	<u>\$ 424,977</u>

a. For the years ended December 31, 2021 and 2020, interest income from abovementioned bank accounts were \$2,738 and \$2,192, respectively.

b. As of December 31, 2021 and 2020, the deposits in Yuanta Securities (Hong Kong) for invested securities settlement amounted to HKD1,429 thousand, the corresponding rate used to convert the amounts were 3.5507 and 3.6775, respectively.

(B) Current tax asset/liabilities

	December 31, 2021	December 31, 2020
Parent company:		
Yuanta Financial Holdings		
Consolidated income tax return receivable	\$ 71,984	\$ 108,625
Consolidated income tax return payable	\$ 13,392	\$ -

H. Yuanta Asset Management

Bank deposits

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Fellow subsidiary:		
Yuanta Bank	\$ <u>179,926</u>	\$ <u>22,787</u>

For the years ended December 31, 2021 and 2020, interest income from abovementioned bank accounts were \$50 and \$2, respectively.

8. Pledged assets

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

<u>Items</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>	<u>Purpose of pledge</u>
Due from Central Bank and call loans to other banks	\$ 116,460	\$ 183,757	Operating guarantee deposits
Financial assets at fair value through profit or loss	125,360,233	162,244,880	Bonds under repurchase agreement, collateral for securities lending and OTC trading
	76,340,247	88,944,601	Merchant business
	51,208	52,117	Guarantee deposits for notes
Financial assets at fair value through other comprehensive income	3,904,550	3,916,503	Claim reserve from trust fund, collateral for securities lending business and guarantees on asset disposal
	1,216,100	1,216,100	Operating guarantee deposits
	64,853,914	64,401,555	Bonds under repurchase agreement, operating guarantee deposits, OTC performance bonds, claim reserve from trust fund and guarantees on asset disposal
Financial assets at amortised cost	2,407,130	2,407,519	Operating guarantee deposits
	211,874	50,987	Deposits for guarantees in the Central Bank
	183,796	195,929	Claim reserve from trust fund
	10,651,885	10,657,240	Overdraft guarantee for foreign currency settlement
	108,807	109,514	Settlement reserves for Electronic Bond Trading System (EBTS) issued by OTC
	54,404	54,757	Deposit guarantees of bills merchants
	463,301	711,844	Collateral for provisional seizure
	5,223	5,257	VISA international card payment reserves
Restricted assets	2,143,011	1,475,801	Collateral for settlement limit, short-term loans, payable short-term bills and OTC derivative transactions
	306,264	1,462,345	Operating guarantee deposits-exchange, structured notes, interest rate swap account, repo trade and money lending refundable
	920	1,037	Overdraft guarantee
	21,834	21,838	Dividends payable arising from stock agency business
Other assets	435,358	259,147	Operating guarantee deposits
	1,775,239	2,044,765	Performance bond and rental deposits
	32,594	2,120	Underwriting share proceeds collected on behalf of customers

Items	December 31, 2021	December 31, 2020	Purpose of pledge
Property and equipment and investment property	\$ 2,956,216	\$ 3,167,446	Collateral for settlement limit and short-term loans; collateral for mortgage loans and leases
Treasury share of Yuanta Securities (Korea)	646,073	553,358	Collateral for securities lending business

9. Significant contingent liabilities and unrecognized contract commitments

(1) As of December 31, 2021 and 2020, capital expenditure contracted for at the balance sheet date but not yet incurred were \$6,327,872 and \$3,229,972, respectively.

(2) As of December 31, 2021, the upper limit of remaining capital commitment for the investment agreement signed by Yuanta Life of the Yuanta Group were US 7,251 thousand dollars and \$59,003 thousand dollars.

(3) Stocks entrusted to custody

As of December 31, 2021 and 2020, the stocks entrusted to the custody of Yuanta Securities Finance of Yuanta Group by clients were all 7,483 thousand shares. The market value of these entrusted stocks was approximately \$79,180 and \$78,242, respectively.

(4) Transactions on behalf of customers

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

(5) As of December 31, 2021, Yuanta Securities (Korea) had issued a commitment letter with the total commitment amount no more than KRW 80,000 million (about \$1.9 billion) to provide its clients with acquisition financing services. On February 11, 2022, Yuanta Securities (Korea) fulfilled the commitment amounting to KRW 50,000 million (about \$1.2 billion). The commitment was expired and ended after the reporting period. Please refer to the explanation in Note 9, Significant contingent liabilities and unrecognized contract commitments.

(6) Other lawsuits- Yuanta Securities

A. With respect to the land and parking space sales dispute, Seventh-Day Adventist Church Taiwan Conference and Taiwan Adventist Hospital initiated a mediation procedure against Yuanta Securities and another party. On January 17, 2018, the claimants raised its claim to \$952,511 thousand (the amount of \$950,861 thousand of which was claimed on a jointly-liable basis). The mediation failed before the Taiwan Taipei District Court. On July 11, 2018, Seventh-Day Adventist Church Taiwan Conference and Taiwan Adventist Hospital initiated a separate suit for the same matter and claimed the same compensation. The Taiwan Taipei District Court ruled to reject all the plaintiff's claims on January 27, 2022 (i.e., Yuanta Securities and another party won the lawsuit). The plaintiffs appealed the ruling and reduced the claim amount to \$724,028 thousand (the amount of \$699,197 thousand of which was claimed on a jointly-liable basis). Yuanta Securities will defend the case in accordance with the law.

B. As of December 31, 2021, of the total 19 litigations against Yuanta Securities (Korea) and its subsidiaries, 2 litigations were related to the financial product sales disputes of former TongYang Securities Inc. (please refer to the explanation in Note 6(26)). The remaining 17 litigations were demanded compensation totaling KRW 28,713 million (approximately \$670 million). In addition, there is an arbitration award issued for a dispute where, Anbang Group Holdings Co., Ltd. and Anbang Life Insurance Co., Ltd. (now known as Dajia Life Insurance Co., Ltd., collectively, "Anbang") filed an arbitration counterclaim in Hong Kong against Yuanta Securities (Korea) and four other sellers in June 2017 based on the share purchase agreement with respect to Tong Yang Life Insurance Co., Ltd. The International Court of Arbitration of International Chamber of Commerce (ICC) made an arbitration award in August 2020, ruling that the sellers shall pay

Anbang compensation amounting to KRW 166,600 million (approximately \$3.9 billion) as well as the accrued interests at the estimated amount of KRW 37,936 million as of December 31, 2021 (approximately \$900 million). Yuanta Securities (Korea) received a correction of arbitration award in January 2021, which has no impact on the results. Anbang then applied to Seoul Central District Court for recognizing and enforcing the arbitration award. Yuanta Securities (Korea) received the court's decision on December 17, 2021 which recognized the arbitration award and allowed Anbang to enforce the arbitration award up to the amount of KRW 131,801 million (approximately \$3.1 billion) plus interests that become due as time passes. Yuanta Securities (Korea) and Anbang both appealed the court decision. Yuanta Securities (Korea) has recognized provision liabilities in the amount of approximately KRW 139,047 million (approximately \$3.2 billion). However, the actual compensation amount to be borne by Yuanta Securities (Korea) might change due to the subsequent legal actions. As of December 31, 2021, Yuanta Securities (Korea) and its subsidiaries provided provisions amounting to KRW 140,108 million (about \$3.3 billion) for the abovementioned 17 litigations that were unrelated to the financial product sales disputes and 1 arbitration for which the award was issued. Separately, Yuanta Securities (Korea) filed 17 lawsuits as the plaintiff with a total claimed amount of KRW 109,009 million (about \$2.5 billion).

- C. Due to the alleged fraudulent act committed by a former employee of KK Trade Securities Co., Ltd., the affected clients filed a civil lawsuit against Yuanta Securities (Thailand) and the former employee for a joint liability to pay the compensation of THB 301 million (approximately \$250 million). In August 2017, Yuanta Securities (Thailand) received a civil complaint of the lawsuit. As part of the claimed amount was not remitted to the account of KK Trade Securities Co., Ltd., but rather directly remitted to the former employee's private account from the plaintiffs, the liability is denied by Yuanta Securities (Thailand). The claims made by the plaintiffs were all dismissed by the court of the first instance on October 8, 2020. Both parties filed appeals against the judgment.
- D. As of December 31, 2021, Yuanta Securities (Hong Kong)'s receivables from certain margin loans amounting to HKD 147,504 thousand (approximately \$520 million) were secured by listed securities that were suspended for trading. These margin clients were served by an account executive who entered into a guarantee agreement with Yuanta Securities (Hong Kong) (the "Guarantee Agreement") under which the account executive agreed to guarantee against all losses incurred by Yuanta Securities (Hong Kong) in relation to the accounts of these margin clients. Considering that Yuanta Securities (Hong Kong) had exercised its right of set-off under the Guarantee Agreement against the account executive's assets amounting to HKD 68,552 thousand (approximately \$240 million) and received the first repayment distributed by certain clients' liquidator amounting to HKD 44 thousand (approximately \$160 thousand), the remaining loss of HKD 78,908 thousand (approximately \$280 million) has been recognized. Yuanta Securities (Hong Kong) has raised a litigation proceeding against the account executive claiming the full amount of the debt owed by those margin clients based on the Guarantee Agreement. The claim amount is HKD 135,191 thousand (approximately \$480 million) including the interest calculated as of the date of filing the lawsuit. The account executive claimed that she has no liability for losses in relation to the accounts of these margin clients. On February 22, 2021, the court of the first instance issued a summary judgment, ruling that the account executive should bear full guarantee liabilities. However, the account executive filed an appeal against such decision on March 22, 2021. As at the date of the approval of the financial statements, Yuanta Securities (Hong Kong) has considered the external legal advice, and deemed that no provision in relation to the above set-off is necessary.

(7) Other lawsuits- Banks

- A. Ta Chong Bank had conducted foreign exchange derivatives transactions with Sino United International Co., Ltd. and its related party, Plosa International Co., Ltd. As Sino United International Co., Ltd. and Plosa International Co., Ltd. disputed the loss incurred for certain Target Redemption Forward (TRF) transactions when closing positions, they filed a complaint with the Taiwan Taipei District Court against Ta Chong Bank and alleged that Ta Chong Bank shall reimburse them for the loss arising from the transactions. (preferential claim of the two plaintiffs: USD 3,123 thousand and interests accrued therefrom; alternative claim of the two plaintiffs: USD 1,445 thousand and interests accrued therefrom). Yuanta Bank assumed the lawsuit after acquiring Ta Chong Bank. On January 26, 2018, the Taiwan Taipei District Court as the court of first instance ruled in favour of Yuanta Bank. Sino United International Co., Ltd. and Plosa United International Co., Ltd. disagreed with the ruling and filed an appeal with the Taiwan High Court. On March 12, 2019, the Taiwan High Court as the court of the second instance adjudicated in favour of Yuanta Bank. Sino United International Co., Ltd. and Plosa United International Co., Ltd., again, disagreed with the ruling and filed an appeal for the review of the third instance. However, the appeal of Plosa International Co., Ltd. was dismissed due to the non-payment of the court fees. The Supreme Court as the court of the third instance ruled in favour of Yuanta bank on June 24, 2021 for the appeal of Sino United International Co., Ltd. As a result, the case was concluded to be in favor of Yuanta Bank entirely.
- B. Yuanta Savings Bank (Korea) exercised its pledge right for several times from 2006 to 2008 to acquire a 33.3% equity interest in Pentagon City under a credit loan extended by Yuanta Savings Bank (Korea) to Pentagon City. In September 2008, Pentagon City implemented a capital reduction on shares held by Yuanta Savings Bank (Korea) and another shareholder under which Pentagon City returned cash of KRW 28 billion to Yuanta Savings Bank (Korea). In 2018, Pentagon City claimed that Yuanta Savings Bank (Korea) breached the 10% holding limit for an unlisted company imposed by laws with respect to savings banks, and thus claimed Yuanta Savings Bank (Korea) should return KRW 19,599,160 thousand as unjustly received benefit, which represents consideration of shares above the 10% holding limit. On June 20, 2019, the Seoul Central District Court as the court of the first instance ruled in favour of Yuanta Savings Bank (Korea). Pentagon City disagreed with the ruling and filed an appeal on July 8, 2019. The Seoul High Court as the court of the second instance ruled in favor of Yuanta Savings Bank (Korea) on November 3, 2020. However, Pentagon City still disagreed with the ruling and filed an appeal for the review of the third instance on November 18, 2020. As of December 31, 2021, the case is still under the review of the Supreme Court of South Korea. The subsequent proceedings of the litigation have been assessed to have no material impact on the operations and shareholders' equity of Yuanta Savings Bank (Korea) and Yuanta Bank.

(8) Other lawsuits- Yuanta Securities Investment Trust

Yuanta Securities Investment Trust was commissioned under discretionary investment businesses of domestic investment contracts by the Bureau of Labor Funds, Ministry of Labor (formerly the Labor Pension Fund Supervisory Committee of the Council of Labor Affairs, Executive Yuan, restructured as the Bureau of Labor Funds, Ministry of Labor as of February 17, 2014, hereinafter referred to as the "Labor Pension"). Because the former manager of former Polaris Securities Investment Trust, surnamed Qu (hereinafter referred to as "Manager Qu") was suspected of being involved in illegal activities from 2011 to 2012 while dealing with commissioned trading of stocks for the governmental funds, the Labor Pension filed a civil complaint attached with criminal proceedings with the Taiwan Taipei District Court on January 28, 2014 based on the indictment issued by the Special Investigation Division of the Supreme Prosecutor Office, claiming Manager Qu and Yuanta Securities Investment Trust should bear a joint and several liability for its losses. In order to protect its interests, Yuanta

Securities Investment Trust appointed a lawyer to assist in handling the case. After the aforementioned criminal charges against Manager Qu were adjudicated by the Taiwan Taipei District Court for the first instance and the civil case was transferred to the civil court for review, on September 5, 2016, the Labor Pension decreased its joint and several liability claims to \$108,411 thousand. On April 28, 2017, the Labor Pension decreased such claims to \$71,575 thousand after the Taiwan High Court rendered its decision for the aforementioned criminal case as the court of the second instance. The aforementioned criminal rulings made by the first and second instance courts were based on a breach of trust by Manager Qu to Yuanta Securities Investment Trust, while the Labor Pension was concluded as not being the principal in the context of Manager Qu's provision of services. Furthermore, the relevant prior trading, which was considered a criminal breach of trust offense and insider trading actions in violation of the Securities Exchange Act and alleged to have damaged the Labor Pension as illustrated in the indictment, cannot be established as a crime. The civil case filed with the Taiwan Taipei District Court by the Labor Pension for compensation was dismissed by the Taiwan Taipei District Court on May 15, 2020 and the appeal against such decision made to the Taiwan High Court was also dismissed by the Taiwan High Court on December 8, 2021. The Courts ruled that the Labor Pension did not provide sufficient evidence to prove that it had suffered any damage caused by Manager Qu's intentional or negligent actions based on torts laws, and that there was no causation between the alleged compensation and Manager Qu's aforementioned wrongful actions. Accordingly, the Courts found that the Labor Pension has no grounds for claiming that Yuanta Securities Investment Trust shall bear the joint liability for such compensation. However, the Labor Pension appealed the case to the court of the third instance for review on January 7, 2022.

(9) Other lawsuits- Yuanta Life Insurance

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

(10) Others

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Commitment of the securities under a repurchase agreement	\$ 187,259,926	\$ 220,352,840
Commitment of the securities under a resale agreement	46,501,102	58,459,272
Unused loan commitments	22,005,017	23,460,752
Credit commitment on credit card	120,652,007	119,349,211
Unused L/C balance	2,495,253	3,332,772
Other guarantees	10,180,354	13,042,579
Consignment collection for others	15,679,854	17,916,355
Trust assets	256,989,946	266,130,081
Items under custody	68,681,307	33,887,263

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

December 31, 2021

Trust Balance Sheet			
<u>Trust assets</u>		<u>Trust liabilities</u>	
Bank deposits	\$ 5,045,722	Payable - Customers' securities under custody	\$ 38,685,338
Stocks	6,364,607	Pecuniary trust	148,762,694
Funds (Note)	113,593,865	Securities trust	849,188
Bonds	21,105,792	Real estate trust	16,949,742
Structured products	5,877,762	Net income	346,960
Real estate-Land	12,586,630	Retained earnings	945,509
-Construction in progress	3,279,716		
Customers' securities under custody	38,685,337		
Total trust assets	<u>\$ 206,539,431</u>	Total trust liabilities	<u>\$ 206,539,431</u>

December 31, 2020

Trust Balance Sheet			
<u>Trust assets</u>		<u>Trust liabilities</u>	
Bank deposits	\$ 4,929,532	Payable - Customers' securities under custody	\$ 46,264,666
Stocks	6,013,624	Pecuniary trust	150,036,281
Funds (Note)	108,822,242	Securities trust	903,394
Bonds	27,224,683	Real estate trust	15,734,340
Structured products	6,355,822	Net income	173,956
Real estate-Land	12,430,564	Retained earnings	895,143
-Construction in progress	1,966,647		
Customers' securities under custody	46,264,666		
Total trust assets	<u>\$ 214,007,780</u>	Total trust liabilities	<u>\$ 214,007,780</u>

Note : Includes mutual funds in money market.

Trust Income Statement

	For the years ended December 31,	
	2021	2020
Trust revenue		
Interest income	\$ 5,172	\$ 10,004
Investment income (Stock)	1	22,483
Investment income (Fund)	69	1,520
Dividend income	377,636	196,284
	<u>382,878</u>	<u>230,291</u>
Trust expenses		
Management fees	(13,890)	(16,357)
Tax expense	(14,616)	(37,509)
Insurance expense	(7,357)	(2,402)
	<u>(35,863)</u>	<u>(56,268)</u>
Income before income tax	347,015	174,023
Income tax expense	(55)	(67)
Net income	<u>\$ 346,960</u>	<u>\$ 173,956</u>

Trust Property List

Invested items	December 31, 2021	December 31, 2020
	Book value	Book value
Bank deposits	\$ 5,045,722	\$ 4,929,532
Bonds	21,105,792	27,224,683
Stocks	6,364,607	6,013,624
Structured products	5,877,762	6,355,822
Funds (Note)	113,593,865	108,822,242
Real estate-Land	12,586,630	12,430,564
-Construction in progress	3,279,716	1,966,647
Customers' securities under custody	38,685,337	46,264,666
	<u>\$ 206,539,431</u>	<u>\$ 214,007,780</u>

Note : Includes mutual funds in money market.

The trust balance sheet and schedule of trust property as at December 31, 2021 and 2020 include foreign currency non-discretionary money trusts and foreign currency money trusts operated by the offshore banking unit of the Yuanta Bank.

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

December 31, 2021

Trust Balance Sheet			
<u>Trust assets</u>		<u>Trust liabilities</u>	
Bank deposits	\$ 2,347,924	Payables	\$ 70,211
Stocks	4,529,695	Income tax payable	248
Funds	42,147,798	Advance receipts	18
Bonds	23,597	Trust capital-pecuniary trust	41,798,321
Structured products	914,360	Trust capital-securities trust	3,093,757
Accounts receivable	487,141	Net income	5,030,636
		Retained earnings	3,418,606
		Deferred carryforwards	(2,961,282)
Total trust assets	<u>\$ 50,450,515</u>	Total trust liabilities	<u>\$ 50,450,515</u>

December 31, 2020

Trust Balance Sheet			
<u>Trust assets</u>		<u>Trust liabilities</u>	
Bank deposits	\$ 2,362,399	Payables	\$ 107,168
Stocks	5,202,236	Income tax payable	119
Funds	42,069,347	Other liabilities	9
Bonds	26,906	Trust capital-pecuniary trust	44,753,576
Structured products	2,014,498	Trust capital-securities trust	3,826,254
Accounts receivable	446,915	Net loss	(1,365,138)
		Retained earnings	5,376,283
		Deferred carryforwards	(575,970)
Total trust assets	<u>\$ 52,122,301</u>	Total trust liabilities	<u>\$ 52,122,301</u>

Trust Income Statement

	For the years ended December 31,	
	2021	2020
Trust revenue		
Interest income	\$ 1,342,648	\$ 621,491
Realized investment income	3,988,365	-
Unrealized investment income	63,397	497,915
Rental income	26,137	24,149
Dividend revenue	98,410	143,354
	<u>5,518,957</u>	<u>1,286,909</u>
Trust expenses		
Management fees	(38,063)	(55,510)
Fees (Service charges)	(186,028)	(218,671)
Realized investment loss	-	(1,946,106)
Foreign exchange loss	(240,107)	(394,946)
Insurance expense	(1,092)	(1,628)
Others	(5)	(7)
	<u>(465,295)</u>	<u>(2,616,868)</u>
Income (loss) before income tax	5,053,662	(1,329,959)
Income tax expense	(23,026)	(35,179)
Net income (loss)	<u>\$ 5,030,636</u>	<u>(\$ 1,365,138)</u>

Trust Property List

Invested items	December 31, 2021	December 31, 2021
	Book value	Book value
Bank deposits	\$ 2,347,924	\$ 2,362,399
Stocks	4,529,695	5,202,236
Funds	42,147,798	42,069,347
Bonds	23,597	26,906
Structured products	914,360	2,014,498
Others	487,141	446,915
	<u>\$ 50,450,515</u>	<u>\$ 52,122,301</u>

(13) According to Ministry of Finance, Ruling No.1030026386, disclose the information as follows:
Offshore Securities Unit of Yuanta Securities engaged in custody and investment of funds affairs on behalf of customers. Related bank deposits under such affairs on December 31, 2021 and 2020 were USD 8,698 thousand dollars and USD 12,323 thousand dollars, respectively.

10. Significant losses from disasters

(1) The Company:

None.

(2) Subsidiaries:

None.

11. Significant subsequent events

(1) The Company:

None.

(2) Subsidiaries:

- A. SYF Information (Shanghai), the subsidiary of Yuanta Futures, conducted dissolution and liquidation procedures under the consent of the Board of Directors on June 30, 2021. The Local Authority approved these on July 12, 2021. On February 14, 2022, SYF Information (Shanghai) received the approval letter and the related procedures are still ongoing.
- B. As of December 31, 2021, Yuanta Securities (Korea) had issued a commitment letter with the total commitment amount no more than KRW 80,000 million (about \$1.9 billion) to provide its clients with acquisition financing services. On February 11, 2022, Yuanta Securities (Korea) fulfilled the commitment amounting to KRW 50,000 million (about \$1.2 billion). The commitment was expired and ended after the reporting period.

12. Others

(1) Capital risk management

- A. The objectives of capital management of the Yuanta Group:
 - (A) Meeting the minimum regulated capital adequacy ratio is the most basic objective for the qualifying self-owned capital of the financial group controlled by the Company. The calculation of qualifying self-owned capital and legal capital should be made in compliance with regulations of competent authorities.
 - (B) In order to process sufficient capital to assume various risks, the Company assesses the required capital with consideration of the risk portfolio it faces and the risk characteristic, and manages risk through capital allocation to realise utilization of capital allocation.
- B. Capital management procedure:
 - (A) The Company regularly monitors the overall capital adequacy ratio, which is maintained and reported to the competent authorities every 6 or 12 months in compliance with the regulations from both competent authorities and internal requirements.
 - (B) Calculation and control procedures related to capital adequacy of the financial group are all in compliance with “Regulations Governing the Consolidated Capital Adequacy of Financial Holding Companies” and “Regulations Governing the Capital Adequacy management for the Yuanta Financial Holding Company., Ltd.”.
 - (C) The objective of capital management of the Company shall be agreed by the Board of Directors, of which an appropriate capital projection is scheduled by the finance management according to the long-term developing strategies, operating plan and characteristics of assets and liabilities. The consolidated capital adequacy ratio of the Yuanta Group is assessed and calculated by month. The Risk Management Department regularly monitors the overall capital adequacy and analyses the impact to the capital adequacy arising from the Company’s business development and the change of regulations. The Business Departments shall consider the impact of each transaction or task on the capital adequacy when conducting such transaction or task according to the annual risk limits authorized by the Company.
 - (D) The Company also sets up a 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 recognized at fair value. For subsequent measurements, except for those measured at amortised cost, financial instruments are measured at fair value. For active markets, fair value is measured according to quoted prices. For non-active markets, Yuanta Group utilises valuation techniques or references quoted prices from Reuters, Bloomberg or counterparties to determine the fair value of financial instruments.

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

a. Level 1

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

b. Level 2

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

c. Level 3

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

B. Financial instruments measured at fair value

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

	December 31, 2021				December 31, 2020			
	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3
Recurring fair value measurements								
<u>Non-derivative financial instruments</u>								
Assets								
Financial assets at fair value through profit or loss								
Equity instruments	\$ 46,682,480	\$ 44,338,674	\$ -	\$ 2,343,806	\$ 33,740,767	\$ 31,048,635	\$ -	\$ 2,692,132
Liability instruments	340,079,459	76,358,173	263,201,601	519,685	372,759,224	88,718,027	283,450,792	590,405
Others	128,923,284	43,315,551	79,415,014	6,192,719	166,905,946	62,459,581	93,295,301	11,151,064
Financial assets at fair value through other comprehensive income (Note)								
Equity instruments	44,301,514	17,551,150	-	26,750,364	28,665,135	8,576,899	-	20,088,236
Liability instruments	295,405,248	116,970,889	178,322,333	112,026	250,942,168	94,013,795	156,725,621	202,752
Other financial assets								
Purchase of claim receivable	1,813,266	-	-	1,813,266	1,831,820	-	-	1,831,820
Liabilities								
Financial liabilities at fair value through profit or loss	\$ 133,670,994	\$ 75,119,499	\$ 20,674,852	\$ 37,876,643	\$ 144,029,171	\$ 73,969,554	\$ 18,734,672	\$ 51,324,945
<u>Derivative financial instruments</u>								
Assets								
Financial assets at fair value through profit or loss	\$ 13,556,918	\$ 6,253,670	\$ 5,597,219	\$ 1,706,029	\$ 13,186,702	\$ 3,712,219	\$ 7,348,133	\$ 2,126,350
Liabilities								
Financial liabilities at fair value through profit or loss	\$ 25,014,745	\$ 5,217,054	\$ 15,523,237	\$ 4,274,454	\$ 19,428,334	\$ 2,524,216	\$ 12,478,914	\$ 4,425,204

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

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

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

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

(C) Fair value adjustment

a. Limits and adjustments of financial valuation models

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

b. Credit risk valuation adjustment

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

(D) Transfer between Level 1 and Level 2

As of December 31, 2021 and 2020, certain foreign debt held by the Yuanta Group, totaling, USD 15,514 thousand and USD 15,437 thousand, respectively, have been transferred from level 1 to level 2, because the debt instrument either had no steady quoted market price from stockbrokers and Bloomberg Valuation Services (BVAL) was used due to wider region of price quotes from stock brokers. As of December 31, 2021 and 2020, certain foreign debt held by the Yuanta Group, totaling USD 14,690 thousand and USD 0 thousand, have been transferred from level 2 to level 1 since these assets now have steady sources for price information.

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

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

For the year ended December 31, 2021								
Items	Beginning balance	Gain and loss on valuation		Addition		Reduction		Ending balance
		Gain and loss	Other comprehensive income	Purchased or issued	Transferred to Level 3 (Note)	Sold, disposed or settled	Transferred from Level 3 (Note)	
Financial assets at fair value through profit or loss	\$ 16,559,951	\$ 1,874,614	\$ 107,006	\$ 131,075,477	\$ 91,530	(\$ 137,541,966)	(\$ 1,404,373)	\$ 10,762,239
Financial assets at fair value through other comprehensive income	20,290,988	(580,735)	7,243,123	27,731	-	(118,717)	-	26,862,390
Other financial assets- purchase of claim receivable	<u>1,831,820</u>	<u>(602)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(17,952)</u>	<u>-</u>	<u>1,813,266</u>
Total	<u>\$ 38,682,759</u>	<u>\$ 1,293,277</u>	<u>\$ 7,350,129</u>	<u>\$ 131,103,208</u>	<u>\$ 91,530</u>	<u>(\$ 137,678,635)</u>	<u>(\$ 1,404,373)</u>	<u>\$ 39,437,895</u>
For the year ended December 31, 2020								
Items	Beginning balance	Gain and loss on valuation		Addition		Reduction		Ending balance
		Gain and loss	Other comprehensive income	Purchased or issued	Transferred to Level 3 (Note)	Sold, disposed or settled	Transferred from Level 3 (Note)	
Financial assets at fair value through profit or loss	\$ 16,152,436	(\$ 1,448,743)	(\$ 43,829)	\$ 34,922,887	\$ -	(\$ 32,682,292)	(\$ 340,508)	\$ 16,559,951
Financial assets at fair value through other comprehensive income	18,682,631	409,360	1,833,258	402,534	-	(1,036,795)	-	20,290,988
Other financial assets- purchase of claim receivable	<u>1,849,460</u>	<u>56</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(17,696)</u>	<u>-</u>	<u>1,831,820</u>
Total	<u>\$ 36,684,527</u>	<u>(\$ 1,039,327)</u>	<u>\$ 1,789,429</u>	<u>\$ 35,325,421</u>	<u>\$ -</u>	<u>(\$ 33,736,783)</u>	<u>(\$ 340,508)</u>	<u>\$ 38,682,759</u>

In relation to the above, valuation gains and losses are recognized in gain and loss in the period. The net gains (losses) belonging to assets as of December 31, 2021 and 2020 were \$1,725,552 and (\$3,368,677), respectively.

In relation to the above, valuation gains and losses are recognized in other comprehensive income. The net gains belonging to assets as of December 31, 2021 and 2020 were \$7,350,129 and \$1,446,004, respectively.

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

For the year ended December 31, 2021

Items	Beginning balance	Gain and loss on valuation		Addition		Reduction		Ending balance
		Gain and loss	Other comprehensive income	Purchased or issued	Transferred to Level 3 (Note)	Sold, disposed or settled	Transferred from Level 3 (Note)	
Financial liabilities at fair value through profit or loss	\$ 55,750,149	(\$ 5,534,818)	\$ 4,589	\$63,169,956	\$ -	(\$ 71,213,082)	(\$ 25,697)	\$42,151,097

For the year ended December 31, 2020

Items	Beginning balance	Gain and loss on valuation		Addition		Reduction		Ending balance
		Gain and loss	Other comprehensive income	Purchased or issued	Transferred to Level 3 (Note)	Sold, disposed or settled	Transferred from Level 3 (Note)	
Financial liabilities at fair value through profit or loss	\$ 68,309,057	\$ 5,175,599	\$ 13,042	\$90,845,683	\$ -	(\$ 108,593,232)	\$ -	\$55,750,149

In relation to the above, valuation gains and losses are recognized in gain and loss in the period. The net gains belonging to liabilities as of December 31, 2021 and 2020 were \$1,968,546 and \$4,765,741, respectively.

In relation to the above, valuation gains and losses are recognized in other comprehensive income. The net gains belonging to liabilities as of December 31, 2021 and 2020 were \$4,176 and \$12,731, respectively.

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

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

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

Items	Change in fair value recognised in current profit and loss		Change in fair value recognised in other comprehensive income	
	Favorable movements	Unfavorable movements	Favorable movements	Unfavorable movements
December 31, 2021				
<u>Assets</u>				
Financial assets at fair value				
through profit or loss	\$ 366,343	(\$ 363,204)	\$ -	\$ -
Derivative instruments	10,854	(10,854)	-	-
Financial assets at fair value through				
other comprehensive income	-	-	439,786	(324,876)
Other financial assets- purchase of				
claim receivable	83,360	(83,360)	-	-
<u>Liabilities</u>				
Financial liabilities at fair value				
through profit or loss	(\$ 41,449)	\$ 41,449	\$ -	\$ -
Derivative instruments	(72,766)	72,829	-	-
December 31, 2020				
<u>Assets</u>				
Financial assets at fair value				
through profit or loss	\$ 95,995	(\$ 92,866)	\$ -	\$ -
Derivative instruments	46,827	(46,827)	-	-
Financial assets at fair value through				
other comprehensive income	-	-	400,275	(278,574)
Other financial assets- purchase of				
claim receivable	88,945	(88,945)	-	-
<u>Liabilities</u>				
Financial liabilities at fair value				
through profit or loss	(\$ 43,722)	\$ 43,722	\$ -	\$ -
Derivative instruments	122,107	(122,064)	-	-

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:

December 31, 2021	Valuation technique	Significant unobservable input	Range	Relationship of inputs to fair value	
Financial assets at fair value through profit or loss					
Equity instruments	\$ 2,343,806	1.Market method 2.Income method 3.Equity Model by L. Anderson and D. Buffum	Discount for marketability Discount rate Stock price volatility	<=40% 10.01%~16.80% 17.03%~125.06%	The higher the discount for marketability, the lower the fair value The higher the discount rate, the lower the fair value The relationship of volatility degree and fair value will be different with the changes of term structure and characteristic and the degree of in or out-of-money in the duration or knock out event, thus, there was no consistency between both.
Liability instruments	519,685	1.Hybrid Model 2.Equity Model by L. Anderson and D. Buffum 3.Discounted cash flow	Credit Spread	5.39%~19.28%	The higher the credit spread, the lower the fair value
			Recovery rate	20.00%~20.00%	The higher the recovery rate, the higher the fair value
			Stock price volatility	35.61%~47.90%	The relationship of volatility degree and fair value will be different with the changes of term structure and characteristic and the degree of in or out-of-money in the duration or knock out event, thus, there was no consistency between both.
			Credit Spread	54.58%~54.60%	The higher the credit spread, the lower the fair value
Derivative instruments (including futures and options trade in futures market)	1,706,029	1.Option Model 2.FDM 3.Monte Carlo Simulation	Recovery rate	20.00%~20.00%	The higher the recovery rate, the higher the fair value
			Discount rate	0.71%~5.85%	The higher the discount rate, the lower the fair value
			Stock price volatility	17.75%~21.86%	The relationship of volatility degree and fair value will be different with the changes of term structure and characteristic and the degree of in or out-of-money in the duration or knock out event, thus, there was no consistency between both.
			Correlation coefficient	0.20~0.96	The higher the correlation coefficient, the higher the fair value
Others	6,192,719	1.Net asset value 2.Option Model 3.FDM 4.Monte Carlo Simulation	Probability of Default (PD)	0.03%~100%	The higher the default rate, the lower the fair value
			Recovery rate	0.55~0.55	The higher the recovery rate, the higher the fair value
			Discount for marketability	<=10%	The higher the discount for marketability, the lower the fair value
			Stock price volatility	17.75%~21.86%	The relationship of volatility degree and fair value will be different with the changes of term structure and characteristic and the degree of in or out-of-money in the duration or knock out event, thus, there was no consistency between both.
			Correlation coefficient	0.20~0.96	The higher the correlation coefficient, the higher the fair value
			Probability of Default (PD)	0.03%~100%	The higher the default rate, the lower the fair value
			Recovery rate	0.55~0.55	The higher the recovery rate, the higher the fair value

December 31, 2021		Valuation technique	Significant	Range	Relationship of inputs to fair value
			unobservable input		
Other financial assets					
Purchase of claim receivable	\$ 1,813,266	Recoverable amount	Contact rate	7.08%~39.53%	The higher the contact rate, the higher the fair value
			Payment rate	3.88%~35.97%	The higher the payment rate, the higher the fair value
			Discount rate	5.20%~41.18%	The higher the discount rate, the lower the fair value
Financial assets at fair value through other comprehensive income					
Equity instruments	26,750,364	1.Market method 2.Residual income valuation model 3.Discounted cash flow	Discount for marketability	<=40%	The higher the discount for marketability, the lower the fair value
			Expected growth rate	0.00%~1.00%	The higher the growth rate, the higher the fair value
			Discount rate	0.1096~0.1096	The higher the discount rate, the lower the fair value
Liability instruments	112,026	Discounted cash flow	Discount rate	0.71%~5.85%	The higher the discount rate, the lower the fair value
Financial liabilities at fair value through profit or loss					
Derivative instruments (including futures and options trade in futures market)	4,274,454	1.FDM 2.Option Model 3.Monte Carlo Simulation 4.Equity Model by L.Andersen and D.Buffum	Stock price volatility	17.75%~37.61%	The relationship of volatility degree and fair value will be different with the changes of term structure and characteristic and the degree of in or out-of-money in the duration or knock out event, thus, there was no consistency between both.
			Correlation coefficient	0.20~0.96	The higher the correlation coefficient, the higher the fair value
			Probability of Default (PD)	0.03%~100%	The higher the default rate, the lower the fair value
			Recovery rate	0.55~0.55	The higher the recovery rate, the higher the fair value
Others	37,876,643	1.FDM 2.Option Model 3.IR Model 4.Hybrid Model 5.Monte Carlo Simulation 6.Equity Model by L.Andersen and D.Buffum	Stock price volatility	0.22%~86.39%	The relationship of volatility degree and fair value will be different with the changes of term structure and characteristic and the degree of in or out-of-money in the duration or knock out event, thus, there was no consistency between both.
			Correlation coefficient	0.20~0.96	The higher the correlation coefficient, the higher the fair value
			Probability of Default (PD)	0.03%~100%	The higher the default rate, the lower the fair value
			Recovery rate	0.55~0.55	The higher the recovery rate, the higher the fair value
December 31, 2020		Valuation technique	Significant	Range	Relationship of inputs to fair value
			unobservable input		
Financial assets at fair value through profit or loss					
Equity instruments	\$ 2,692,132	1.Market method 2.Income method 3.Equity Model by L. Anderson and D. Buffum	Discount for marketability	<=40%	The higher the discount for marketability, the lower the fair value
			Discount rate	7.59%~15.95%	The higher the discount rate, the lower the fair value
			Stock price volatility	11.01%~39.46%	The relationship of volatility degree and fair value will be different with the changes of term structure and characteristic and the degree of in or out-of-money in the duration or knock out event, thus, there was no consistency between both.
			Credit Spread	2.49%~5.92%	The higher the credit spread, the lower the fair value
			Recovery rate	20.00%~20.00%	The higher the recovery rate, the higher the fair value

December 31, 2020		Valuation technique	Significant unobservable input	Range	Relationship of inputs to fair value
Financial assets at fair value through profit or loss					
Liability instruments	\$ 590,405	1.Hybrid Model 2.Equity Model by L. Anderson and D. Buffum 3.Monte Carlo Simulation 4.Discounted cash flow	Stock price volatility	13.19%~51.02%	The relationship of volatility degree and fair value will be different with the changes of term structure and characteristic and the degree of in or out-of-money in the duration or knock out event, thus, there was no consistency between both.
			Credit Spread	5.58%~5.60%	The higher the credit spread, the lower the fair value
			Recovery rate	20.00%~20.00%	The higher the recovery rate, the higher the fair value
			Discount rate	0.002%~4.74%	The higher the discount rate, the lower the fair value
Derivative instruments (including futures and options trade in futures market)	2,126,350	1.Option Model 2.Hybrid Model 3.FDM 4.Monte Carlo Simulation	Stock price volatility	2.57%~22.11%	The relationship of volatility degree and fair value will be different with the changes of term structure and characteristic and the degree of in or out-of-money in the duration or knock out event, thus, there was no consistency between both.
			Correlation coefficient	0.22~0.96	The higher the correlation coefficient, the higher the fair value
			Probability of Default (PD)	0.03%~100%	The higher the default rate, the lower the fair value
			Recovery rate	55%	The higher the recovery rate, the higher the fair value
Others	11,151,064	1.Net asset value 2.Option Model 3.FDM 4.Monte Carlo Simulation	Discount for marketability	<=10%	The higher the discount for marketability, the lower the fair value
			Stock price volatility	17.93%~22.11%	The relationship of volatility degree and fair value will be different with the changes of term structure and characteristic and the degree of in or out-of-money in the duration or knock out event, thus, there was no consistency between both.
			Correlation coefficient	0.22~0.96	The higher the correlation coefficient, the higher the fair value
			Probability of Default (PD)	0.03%~100.00%	The higher the default rate, the lower the fair value
			Recovery rate	55%	The higher the recovery rate, the higher the fair value
Other financial assets					
Purchase of claim receivable	1,831,820	Recoverable amount	Contact rate	3.76%~43.20%	The higher the contact rate, the higher the fair value
			Payment rate	2.87%~39.00%	The higher the payment rate, the higher the fair value
			Discount rate	3.72%~39.93%	The higher the discount rate, the lower the fair value
Financial assets at fair value through other comprehensive income					
Equity instruments	20,088,236	1.Market method 2.Residual income valuation model 3.Discounted cash flow	Discount for marketability	<=40%	The higher the discount for marketability, the lower the fair value
			Expected growth rate	0.00%~1.00%	The higher the growth rate, the higher the fair value
			Discount rate	11%	The higher the discount rate, the lower the fair value
Liability instruments	202,752	Discounted cash flow	Discount rate	0.002%~4.74%	The higher the discount rate, the lower the fair value

December 31, 2020	Valuation technique	Significant unobservable input	Range	Relationship of inputs to fair value	
Financial liabilities at fair value through profit or loss					
Derivative instruments (including futures and options trade in futures market)	\$ 4,425,204	1.FDM 2.Option Model 3.Monte Carlo Simulation 4.Equity Model by L.Andersen and D.Buffum	Stock price volatility	17.93%~37.61%	The relationship of volatility degree and fair value will be different with the changes of term structure and characteristic and the degree of in or out-of-money in the duration or knock out event, thus, there was no consistency between both.
			Correlation coefficient	0.23~0.96	The higher the correlation coefficient, the higher the fair value
			Probability of Default (PD)	0.03%~100%	The higher the default rate, the lower the fair value
			Recovery rate	55%	The higher the recovery rate, the higher the fair value
Others	51,324,945	1.FDM 2.Option Model 3.IR Model 4.Hybrid Model 5.Monte Carlo Simulation 6.Equity Model by L.Andersen and D.Buffum	Stock price volatility	1.14%~92.20%	The relationship of volatility degree and fair value will be different with the changes of term structure and characteristic and the degree of in or out-of-money in the duration or knock out event, thus, there was no consistency between both.
			Correlation coefficient	0.23~0.96	The higher the correlation coefficient, the higher the fair value
			Probability of Default (PD)	0.03%~100.00%	The higher the default rate, the lower the fair value
			Recovery rate	55%	The higher the recovery rate, the higher the fair value

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

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

C. Financial instruments not measured at fair value

(A) Fair value information:

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

	December 31, 2021				
	Book value	Fair value			
		Total	Level 1	Level 2	Level 3
<u>Financial assets</u>					
Investments in debt instruments at amortised cost (Notes 1 and 2)	\$312,286,347	\$332,489,267	\$ 2,905,700	\$329,562,722	\$ 20,845
<u>Financial liabilities</u>					
Bonds payable	82,539,085	88,480,772	-	88,480,772	-

December 31, 2020

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

Financial liabilities

Bonds payable	78,790,127	81,283,377	-	81,283,377	-
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Note 1: Including the statutory deposits of all \$2,344,300 of Yuanta Life of the Yuanta Group as of December 31, 2021 and 2020.

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

(B) Financial valuation technique:

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

- 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 amortized cost: When there is a quoted market price available in an active market, the fair value is determined using the market price. If there is no quoted market price for reference, a valuation technique or quoted price offered by the counterparties will be adopted to measure the fair value.
- d. Deposits and remittances: The duration between the commencement date and maturity date for deposits and remittances are usually within one year. As a result, the carrying amount is a reasonable basis to estimate the fair value. The fair value of long-term fixed rate deposits should be estimated by discounting expected future cash flows; however, since the duration between the commencement date and the maturity date is within three years, it is reasonable to use the carrying amount to estimate the fair value.
- e. Bonds payable: The coupon rate for bank debentures issued by Yuanta Group is approximate to the market interest rate. Thus, the present value of its expected future cash flows for estimating fair value is approximate to 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, the Information Department and other business departments. The Board of Directors is the highest decision-making unit for risk management. Its primary responsibilities include 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 include 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 management of the Company's existing or potential risk. The Risk Management Committee should assist the Audit Committee and Board of Directors in implementing their risk management responsibilities. Its primary responsibilities include negotiating the annual risk limits, monitoring the indicator threshold, reviewing risk management reports, assisting in supervising the implementation of the risk management system, 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 all businesses and management regulations are updated in time in accordance with the relevant laws and regulations, supervise Legal Compliance Management of all units to carry out introduction, establishment and implement of related internal measurements, 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 Information Department's primary responsibilities are to implement information security risk control and assist avoiding harm of related information system and impact on information security risk of normal operating caused by external deliberate invasion or internal improper use, leakage, tampering and destruction of information assets. 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, asset liability matching risk (including capital liquidity risk and interest risk), significant amount exposure risk, insurance risk, operating risk, legal compliance risk, legal risk and other risks related with operations, laws and compliance and environment (including climate risk). Subsidiaries should establish a risk management system which matches its business portfolio, operating scale and capital scale in accordance with the Yuanta Group's risk management policy and local regulations, in order to effectively manage the risks it endures.

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

(A) Credit risk

a. Source and definition of credit risk

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

b. Principle of credit risk management

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

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

c. Methods used in credit risk management

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

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

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

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

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

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

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

(b) Debt instruments investment and derivatives

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

(c) Margin purchase and short sale

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

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

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

I. Excellent: This level shows that the counterparty or the underlying asset is equipped with strong capability of fulfilling financial commitments, even under significantly uncertain or adverse conditions.

II. Acceptable: This level shows that the counterparty's or the underlying asset's capability of fulfilling financial commitments is weak. Any adverse operation, financial or economic conditions will reduce its capability.

III. Weak: This level shows that the counterparty's or the underlying asset's capability of fulfilling financial commitments is extremely low. The counterparty is able to fulfill financial commitments only when the operating circumstances and its financial condition are favorable.

IV. Credit-impaired: This level shows that the financial asset has been impaired or there has been a significant increase in the credit risk since initial recognition. The comparison between internal credit risk ratings and external credit ratings is provided below. However, these two credit risk ratings do not have any direct relation. The comparison chart is just for disclosing approximate level of credit risk ratings.

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

(b) Expected credit losses calculation

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

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

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

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

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

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

(I) Credit business

The Yuanta Group considers reasonable and supportable information (including forecastable information) when determining whether there has

been significant increase in credit risk. The main indicators taken into account are as follows:

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

(II) Investments in debt instruments

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

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

(III) Other financial assets

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

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

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

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

(I) Credit business

- i. Principal or interest payments over 3 months (90 days) past due, or the bank has begun collection procedures or liquidation of collateral.
- ii. New payment schedule is negotiated so that loan is not classified as non-performing.
- iii. Non-performing loans in negotiation according to the rules of the Debt Negotiation Mechanism issued by the Bankers Association in 2006 (including pre-mediation).

- iv. Loans that have gone through pre-mediation and have signed agreements in accordance with the Consumer Debt Clearance Act (excluding secured loans where the original terms of the loans are enforced).
 - v. Cases where the court has initiated reorganization or liquidation proceedings.
 - vi. Declaration of bankruptcy in court.
 - vii. Reclassified as non-accrual.
 - viii. Special criterion for credit card products: credit card accounts closed by the issuer.
 - ix. Debtor's loans from other banking institutions have been recognized as non-performing, and reclassified as non-accrual or written off as bad debt.
 - x. Debtor has filed for bankruptcy, reorganization, or other debt clearance proceedings.
 - xi. Debtor renews, extends the length of, and negotiates new payment terms on the loan in accordance with the Bankers Association Self-regulatory Rules for Debt Workouts.
 - xii. Non-performing loans where a payment installment plan has been negotiated.
 - xiii. Loans classified as "in default" according to the Yuanta Group's internal credit rating model.
- (II) Investments in debt instruments
 An investment in a debt instrument by the Yuanta Group is considered credit-impaired if any of the following conditions apply:
- i. Both internal and external credit ratings of the instrument are "in default."
 - ii. Principal or interest payments are not made in accordance with the agreement.
 - iii. Bankruptcy, reorganization, or other debt clearance proceedings has been filed.
 - iv. Other breaches of contract by the debtor as assessed on a case-by-case basis.
- (III) Other financial assets
- i. Guarantee deposits: At the balance sheet date, the deposit has not been returned at maturity, and the number of past-due days is in line with the days recorded in the contract.
 - ii. Call loans to (from) banks and due from the Central Bank, banks overdrafts, bills with a reverse repo and bond, commercial paper and time deposit and its interest receivable: At the balance sheet date, the date that the Yuanta Group received the payment from counterparties is over the collection date, unless the contractual terms specify it.
 - iii. Remaining receivables: At the balance sheet date, the number of past-due days is over the days recorded in the contract, and receivables have been transferred to overdue receivables or have been provided the bad debt expense.
- (IV) Definition of default
 When assessing whether the borrower is in default, the Yuanta Group selects among the multiple loans held by the borrower the one with the lowest credit quality. The borrower is considered in default if the principal and interest payments on this selected loan is over 90 days past due or if the selected loan is reclassified as non-accrual or bad debt during the observation period.

III. Write off policy

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

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

IV. Measurement of expected credit losses

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

(I) Credit business

i. Probability of default

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

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

ii. Loss given default

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

iii. Exposure at default (EAD)

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

(II) Investments in debt instruments

- i. Probability of default: Calculated based on the internal credit ratings of the credit reference subject determined using external credit rating which has taken into consideration the forecastability, such as macroeconomics, incorporating default rates published by external credit rating agencies.
- ii. Loss given default: Calculated based on the collateral and order of compensation of the debt instrument, incorporating

the average recovery rate disclosed by external credit rating agencies.

- iii. Exposure at default: Total carrying amount, including interest receivable. Total carrying amount is the amortized cost of the financial asset before any adjustment to the loss allowance.

V. Consideration of forecastable information

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

(I) For determining significant increase in credit risk

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

(II) For measuring expected credit losses

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

(III) Other

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

e. Hedging or mitigation of credit risk

(a) Collateral

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

(b) Credit risk limit and credit risk concentration control

The Yuanta Group controls the concentration risk of various assets in order to avoid high risk concentration. The Yuanta Group has set up credit extension limits for a

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

(c) Net-settled general agreement

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

(d) Others

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

I. Additional credit exposure limit;

II. Credit limits reduction;

III. Hedging through credit derivatives;

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

f. The impact of COVID-19

The COVID-19 continued to spread globally in the beginning of 2020 and affected the macroeconomic development. With the development and roll-out of vaccines, the global economy will recover from the negative impact of the pandemic. However, as the emergence of new variants of COVID-19 still threatens the economic recovery of various countries and there are differences in the abilities in terms of pandemic prevention and practices between regions and countries, the degree of resumption of work and production varies significantly.

Since the pandemic in Taiwan has been serious since mid-May, the consolidated company has started to implement various pandemic prevention measures and continued to monitor the global pandemic's impact on the economy. In response to COVID-19, the Yuanta Group has continued to monitor and manage the sectors affected by country risk and industries (such as transportation, tourism, catering, entertainment, etc.). The review and analysis showed that the risk is still within tolerance. In addition, the government and the financial industry had already proposed countermeasures. If the pandemic is brought under control in the near future, it is not expected that the Yuanta Group's assets will be exposed to an increase in credit risk in 2021. The Yuanta Group will continually monitors the development of the pandemic, and assesses and resolves the related impact on the financial condition and operating performance of the Yuanta Group.

g. Maximum risk exposure of the Yuanta Group

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

December 31, 2021	12-month expected credit losses (Stage 1)	Lifetime expected credit losses (Stage 2)	Lifetime expected credit losses (Stage 3)	Differences in impairment provided in accordance with the Regulation Governing the Procedures for Banking/Insurance Institutions to Evaluate Assets and Deal with Non-performing /Non-accrual Loans	Total
Credit ratings					
Internal ratings — excellent	\$ 592,358,294	\$ 545,945	\$ -	\$ -	\$ 592,904,239
Internal ratings — acceptable	249,849,806	3,288,504	-	-	253,138,310
Internal ratings — weak	46,104,704	484,892	-	-	46,589,596
Internal ratings — not rated	154,602	14	-	-	154,616
Internal ratings — credit impairment	-	62,919	5,373,026	-	5,435,945
The total carrying amount	888,467,406	4,382,274	5,373,026	-	898,222,706
Allowance for bad debt	(1,654,969)	(380,386)	(2,973,774)	-	(5,009,129)
Differences in impairment provided in accordance with the Regulation Governing the Procedures for Banking/Insurance Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans	-	-	-	(8,250,923)	(8,250,923)
Total (Note)	<u>\$ 886,812,437</u>	<u>\$ 4,001,888</u>	<u>\$ 2,399,252</u>	<u>(\$ 8,250,923)</u>	<u>\$ 884,962,654</u>

Note: Including interest receivable and temporary payments for others amounting to \$710,651. In addition, allowance for doubtful receivables was \$16,654.

Additionally, the total cost amounts of accounts receivable and debt instruments (recorded as “financial assets measured at fair value through other comprehensive income” and “financial assets measured at amortized cost”) are \$208,639,501 and \$808,148,135, respectively, and 12-month expected credit losses (Stage 1) are recognized for the majority of these items. The internal ratings of these items are all excellent and acceptable.

Bills discounted and loans

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

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

Additionally, the total cost amounts of accounts receivable and debt instruments (recorded as “Financial assets measured at fair value through other comprehensive income” and “financial assets measured at amortized cost”) are \$176,568,072 and \$678,737,464, respectively, and 12-month expected credit losses (Stage 1) are recognized for the majority of these items. The internal ratings of these items are all excellent and acceptable.

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:

December 31, 2021	Collateral (Note)	Net-settled general agreement	Total
<u>For on-balance sheet accounts</u>			
Receivables-other	\$ 22,727	\$ -	\$ 22,727
Bills discounted and loans	701,837,022	-	701,837,022
Financial assets at fair value through profit or loss	190,680	820,329	1,011,009
<u>For off-balance sheet accounts</u>			
Unused loan commitments	6,048,487	-	6,048,487
Unused credit commitment	88,207	-	88,207
Guarantees (including for non-performing loans)	4,063,835	-	4,063,835
December 31, 2020	Collateral (Note)	Net-settled general agreement	Total
<u>For on-balance sheet accounts</u>			
Receivables-other	\$ 124,281	\$ -	\$ 124,281
Bills discounted and loans	611,445,986	-	611,445,986
Financial assets at fair value through profit or loss	327,988	666,445	994,433
<u>For off-balance sheet accounts</u>			
Unused loan commitments	7,744,531	-	7,744,531
Unused credit commitment	137,817	-	137,817
Guarantees (including for non-performing loans)	3,526,369	-	3,526,369

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

h. Credit risk concentration

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

The credit risks of the Yuanta Group concentrate on accounts on and off balance sheet that occurs through obligation fulfilling or implementation of transactions (either product or service), or through trans-type exposure portfolio, including cash and cash equivalents, loans, placements and call loan from the banks, securities investment, receivables and derivatives. The Yuanta Group does not significantly carry out transactions with single client or single counterparty, and the credit risk concentration by industry and location are shown as follows:

(a) Industry:

Industry	December 31, 2021		December 31, 2020	
	Amount	%	Amount	%
Privately owned businesses	\$ 717,967,191	25.59	\$ 704,467,933	27.46
Natural person	740,580,656	26.40	638,832,274	24.90
Financial institutions	750,072,096	26.74	692,709,449	27.01
Governmental institutions	544,046,612	19.39	466,629,428	18.19
Government-owned businesses	49,974,810	1.78	59,664,323	2.33
Others	2,661,691	0.10	2,890,523	0.11
Total	\$ 2,805,303,056	100.00	\$ 2,565,193,930	100.00

(b) Geographic location:

<u>Geography location</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Taiwan	\$ 2,024,766,293	\$ 1,751,171,519
Asia	486,761,330	515,138,728
America	184,156,621	192,004,909
Europe	79,497,554	73,387,575
Oceania	29,832,581	33,235,807
Africa	288,677	255,392
Total	<u>\$ 2,805,303,056</u>	<u>\$ 2,565,193,930</u>

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

(a) Credit business

For the years ended December 31, 2021 and 2020, the reconciliation of the balance of 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)	Impairment recognised in accordance with IFRS 9	Differences in impairment provided in accordance with the Regulation Governing the Procedures for Banking/Insurance Institutions to Evaluate Assets and Deal with Non- performing /Non-accrual Loans	Total
For the year ended December 31, 2021						
Beginning balances	\$ 1,477,286	\$ 237,041	\$ 4,582,056	\$ 6,296,383	\$ 6,905,357	\$ 13,201,740
Changes from financial instruments recognised at the beginning:						
-Transferred to lifetime expected credit losses	(14,347)	17,142	(2,795)	-	-	-
-Transferred to credit-impaired financial asset	(8,186)	(4,969)	13,155	-	-	-
-Transferred to 12-month expected credit losses	109,818	(16,720)	(93,098)	-	-	-
-Financial assets derecognised in the current period	(584,718)	(8,329)	(1,207,280)	(1,800,327)	-	(1,800,327)
Impairment allowance for purchased or originated financial assets	837,843	5,628	29,066	872,537	-	872,537
Differences in impairment provided in accordance with the Regulations Governing the Procedures for Banking/Insurance Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans	-	-	-	-	1,336,288	1,336,288
Write-off as bad debt	(58,567)	(17,597)	(856,546)	(932,710)	-	(932,710)
Change in exchange and others	(163,888)	168,314	561,444	565,870	-	565,870
Ending balances	\$ 1,595,241	\$ 380,510	\$ 3,026,002	\$ 5,001,753	\$ 8,241,645	\$ 13,243,398

For the year ended December 31, 2020	12-month expected credit losses (Stage 1)	Lifetime expected credit losses (Stage 2)	Lifetime expected credit losses (Stage 3)	Impairment recognised in accordance with IFRS 9	Differences in impairment provided in accordance with the Regulation Governing the Procedures for Banking/Insurance Institutions to Evaluate Assets and Deal with Non- performing /Non-accrual Loans	Total
Beginning balances	\$ 1,383,758	\$ 190,274	\$ 4,948,755	\$ 6,522,787	\$ 7,489,394	\$ 14,012,181
Changes from financial instruments recognised at the beginning:						
-Transferred to lifetime expected credit losses	(12,717)	13,891	(1,174)	-	-	-
-Transferred to credit-impaired financial asset	(8,800)	(3,950)	12,750	-	-	-
-Transferred to 12-month expected credit losses	103,869	(21,741)	(82,128)	-	-	-
-Financial assets derecognised in the current period	(503,799)	(34,201)	(1,846,622)	(2,384,622)	-	(2,384,622)
Impairment allowance for purchased or originated financial assets	797,545	12,451	55,396	865,392	-	865,392
Differences in impairment provided in accordance with the Regulations Governing the Procedures for Banking/Insurance Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans	-	-	-	-	(584,037)	(584,037)
Write-off as bad debt	(813,201)	(21,259)	(1,958,986)	(2,793,446)	-	(2,793,446)
Change in exchange and others	530,631	101,576	3,454,065	4,086,272	-	4,086,272
Ending balances	<u>\$ 1,477,286</u>	<u>\$ 237,041</u>	<u>\$ 4,582,056</u>	<u>\$ 6,296,383</u>	<u>\$ 6,905,357</u>	<u>\$ 13,201,740</u>

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

Bills discounted and loans	12-month expected credit losses (Stage 1)	Lifetime expected credit losses (Stage 2)	Lifetime expected credit losses (Stage 3)	Total
Beginning balances	\$ 794,212,653	\$ 5,598,352	\$ 7,190,776	\$ 807,001,781
Changes from financial instruments recognised at the beginning:				
-Transferred to lifetime expected credit losses	(2,905,580)	2,919,334 (	13,754)	-
-Transferred to credit-impaired financial asset	(968,822)	(537,499)	1,506,321	-
-Transferred to 12-month expected credit losses	1,045,755 (	786,796)	(258,959)	-
-Financial assets derecognised in the current period	(260,445,321)	(2,362,546)	(1,982,425)	(264,790,292)
Impairment allowance for purchased or originated financial assets	403,274,954	68,659	80,748	403,424,361
Write-off as bad debt	(58,567)	(17,597)	(856,546)	(932,710)
Change in exchange and others	(46,378,689)	(508,212)	(304,184)	(47,191,085)
Ending balances	<u>\$ 887,776,383</u>	<u>\$ 4,373,695</u>	<u>\$ 5,361,977</u>	<u>\$ 897,512,055</u>

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

Bills discounted and loans	12-month expected credit losses (Stage 1)	Lifetime expected credit losses (Stage 2)	Lifetime expected credit losses (Stage 3)	Total
Beginning balances	\$ 773,421,211	\$ 5,042,739	\$ 9,009,936	\$ 787,473,886
Changes from financial instruments recognised at the beginning:				
-Transferred to lifetime expected credit losses	(2,205,135)	2,206,731 (	1,596)	-
-Transferred to credit-impaired financial asset	(2,263,707)	(242,575)	2,506,282	-
-Transferred to 12-month expected credit losses	1,168,478 (	855,276)	(313,202)	-
-Financial assets derecognised in the current period	(274,423,919)	(1,116,242)	(3,433,252)	(278,973,413)
Impairment allowance for purchased or originated financial assets	350,705,979	805,687	112,106	351,623,772
Write-off as bad debt	(814,170)	(21,259)	(1,957,970)	(2,793,399)
Change in exchange and others	(51,376,084)	(221,453)	1,268,472	(50,329,065)
Ending balances	<u>\$ 794,212,653</u>	<u>\$ 5,598,352</u>	<u>\$ 7,190,776</u>	<u>\$ 807,001,781</u>

(b) Receivables and other financial assets

I. The Yuanta Group applies the simplified approach to estimate expected credit loss for certain accounts receivable (including trading securities receivable and settlement price). Expected credit loss rate is determined by assessing historical information and examining whether a significant changes in past events, current conditions and future economic conditions are incurred. As of December 31, 2021 and 2020, the carrying amount of accounts receivable amounted to \$57,142,471 and \$68,044,604, respectively. For the years ended December 31, 2021 and 2020, movements in relation to the Yuanta group applying the simplified approach to provide loss allowance for accounts receivable, are as follows:

	For the years ended December 31,	
	2021	2020
January 1	(\$ 871)	(\$ 1,299)
Reversal of impairment loss	327	428
December 31	<u>(\$ 544)</u>	<u>(\$ 871)</u>

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

	12-month expected credit losses (Stage 1)	Lifetime expected credit losses (Stage 2)	Lifetime expected credit losses (Stage 3)	Impairment recognised in accordance with IFRS 9	Differences in impairment provided in accordance with the Regulation Governing the Procedures for Banking/Insurance Institutions to Evaluate Assets and Deal with Non- performing /Non-accrual Loans	Total
For the year ended December 31, 2021						
The beginning balances	\$ 262,850	\$ 79,932	\$ 2,666,383	\$ 3,009,165	\$ 73,848	\$ 3,083,013
Changes from financial instruments recognised at the beginning:						
-Transferred to lifetime expected credit losses	(192)	2,250	(2,058)	-	-	-
-Transferred to credit-impaired financial asset	(4,685)	(31,204)	35,889	-	-	-
-Transferred to 12-month expected credit losses	50,033	(24,156)	(25,877)	-	-	-
-Financial assets derecognised in the current period	(7,524)	(34)	(73,497)	(81,055)	-	(81,055)
Impairment allowance for purchased or originated financial assets	7,284	4,679	10,889	22,852	-	22,852
Differences in impairment provided in accordance with the Regulations Governing the Procedures for Banking/Insurance Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans	-	-	-	-	19,113	19,113
Write-off as bad debt	(27,318)	(11,227)	(45,337)	(83,882)	-	(83,882)
Change in exchange and others	(28,889)	36,506	32,635	40,252	-	40,252
The ending balances	<u>\$ 251,559</u>	<u>\$ 56,746</u>	<u>\$ 2,599,027</u>	<u>\$ 2,907,332</u>	<u>\$ 92,961</u>	<u>\$ 3,000,293</u>

For the year ended December 31, 2020	12-month expected credit losses (Stage 1)	Lifetime expected credit losses (Stage 2)	Lifetime expected credit losses (Stage 3)	Impairment recognised in accordance with IFRS 9	Differences in impairment provided in accordance with the Regulation Governing the Procedures for Banking/Insurance Institutions to Evaluate Assets and Deal with Non- performing /Non-accrual Loans	Total
The beginning balances	\$ 299,538	\$ 159,325	\$ 2,641,649	\$ 3,100,512	\$ 92,848	\$ 3,193,360
Changes from financial instruments recognised at the beginning:						
-Transferred to lifetime expected credit losses	(186)	1,432	(1,246)	-	-	-
-Transferred to credit-impaired financial asset	(4,073)	(1,057)	5,130	-	-	-
-Transferred to 12-month expected credit losses	66,046	(36,684)	(29,362)	-	-	-
-Financial assets derecognised in the current period	(9,936)	(568)	(55,686)	(66,190)	-	(66,190)
Impairment allowance for purchased or originated financial assets	8,229	4,511	59,734	72,474	-	72,474
Differences in impairment provided in accordance with the Regulations Governing the Procedures for Banking/Insurance Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans	-	-	-	-	(19,000)	(19,000)
Write-off as bad debt	(34,811)	(12,556)	(324,496)	(371,863)	-	(371,863)
Change in exchange and others	(61,957)	(34,471)	370,660	274,232	-	274,232
The ending balances	<u>\$ 262,850</u>	<u>\$ 79,932</u>	<u>\$ 2,666,383</u>	<u>\$ 3,009,165</u>	<u>\$ 73,848</u>	<u>\$ 3,083,013</u>

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

(c) Guarantee reserve, loan commitment reserve and others

For the year ended December 31, 2021	12-month expected credit losses (Stage 1)	Lifetime expected credit losses (Stage 2)	Lifetime expected credit losses (Stage 3)	Impairment recognised in accordance with IFRS 9	Differences in impairment provided in accordance with the Regulation Governing the Procedures for Banking/Insurance Institutions to Evaluate Assets and Deal with Non- performing /Non-accrual Loans	Total
The beginning balances	\$ 53,523	\$ 10,834	\$ 56,344	\$ 120,701	\$ 74,526	\$ 195,227
Changes from financial instruments recognised at the beginning:						
-Transferred to lifetime expected credit losses	(203)	241	(38)	-	-	-
-Transferred to credit-impaired financial asset	(1)	(14)	15	-	-	-
-Transferred to 12-month expected credit losses	7,510	(7,160)	(350)	-	-	-
-Financial assets derecognised in the current period	(25,874)	(1,857)	(19,806)	(47,537)	-	(47,537)
Impairment allowance for purchased or originated financial assets	18,023	281	19,494	37,798	-	37,798
Differences in impairment provided in accordance with the Regulations Governing the Procedures for Banking/Insurance Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans	-	-	-	-	(10,512)	(10,512)
Change in exchange and others	(5,342)	9,563	2,907	7,128	-	7,128
The ending balances	<u>\$ 47,636</u>	<u>\$ 11,888</u>	<u>\$ 58,566</u>	<u>\$ 118,090</u>	<u>\$ 64,014</u>	<u>\$ 182,104</u>

For the year ended December 31, 2020	12-month expected credit losses (Stage 1)	Lifetime expected credit losses (Stage 2)	Lifetime expected credit losses (Stage 3)	Impairment recognised in accordance with IFRS 9	Differences in impairment provided in accordance with the Regulation Governing the Procedures for Banking/Insurance Institutions to Evaluate Assets and Deal with Non- performing /Non-accrual Loans	Total
The beginning balances	\$ 47,767	\$ 16,002	\$ 45,879	\$ 109,648	\$ 87,899	\$ 197,547
Changes from financial instruments recognised at the beginning:						
-Transferred to lifetime expected credit losses	(964)	1,012	(48)	-	-	-
-Transferred to credit-impaired financial asset	(1)	(14)	15	-	-	-
-Transferred to 12-month expected credit losses	11,893	(11,593)	(300)	-	-	-
-Financial assets derecognised in the current period	(19,396)	(2,211)	(16,787)	(38,394)	-	(38,394)
Impairment allowance for purchased or originated financial assets	18,944	454	19,334	38,732	-	38,732
Differences in impairment provided in accordance with the Regulations Governing the Procedures for Banking/Insurance Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans	-	-	-	-	(13,373)	(13,373)
Change in exchange and others	(4,720)	7,184	8,251	10,715	-	10,715
The ending balances	<u>\$ 53,523</u>	<u>\$ 10,834</u>	<u>\$ 56,344</u>	<u>\$ 120,701</u>	<u>\$ 74,526</u>	<u>\$ 195,227</u>

(I) For the years ended December 31, 2021 and 2020, there were no significant changes to guarantee reserve and loan commitment reserve.

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

(d) Bills and bonds investments

For the years ended December 31, 2021 and 2020, the beginning balances of the accumulative impairment of financial assets measured at fair value through other comprehensive income were \$97,219 and \$101,586; the ending balances were \$81,595 and \$97,219, respectively. For the years ended December 31, 2021 and 2020, the beginning balances of the accumulative impairment of financial assets measured at amortized cost were \$145,737 and \$139,720; the ending balances were \$148,842 and \$145,737, respectively. The changes are attributed to changes in 12-month expected credit losses and were immaterial. In addition, there were no material changes to the related total carrying amounts.

(B) Market risk

a. Source and definition of risk

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

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

b. Risk management principle

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

c. Market risk assessment

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

VaR for a trading purpose:

Instrument type	For the year ended December 31, 2021			
	December 31, 2021	VaR Average	VaR Minimum	VaR Maximum
Interest rate	138,304	150,662	115,904	213,911
Equity securities	448,977	485,050	344,096	1,639,063
Foreign exchange	229,480	241,610	202,399	281,167
Commodity	37,073	36,216	13,555	70,775
Less: diversification effects	(242,948)	(290,624)	-	-
Total VaR	610,886	622,914	494,300	1,802,244

Instrument type	For the year ended December 31, 2020			
	December 31, 2020	VaR Average	VaR Minimum	VaR Maximum
Interest rate	177,657	149,685	81,369	207,818
Equity securities	430,311	372,149	206,312	589,700
Foreign exchange	485,743	491,700	352,479	720,254
Commodity	7,185	21,787	402	241,741
Less: diversification effects	(315,888)	(301,058)	-	-
Total VaR	785,008	734,263	518,889	988,652

(b) Non-trading purpose
Sensitivity analysis on interest rate:

		<u>December 31, 2021</u>	<u>December 31, 2020</u>
	<u>Interest rate shift</u>	<u>Effect on other comprehensive income</u>	<u>Effect on other comprehensive income</u>
Financial assets at fair value through other comprehensive income-Bonds			
Yuanta Bank	Increase of 1 basis point	(\$ 47,027)	(\$ 39,181)
Yuanta Life	Increase of 1 basis point	(45,633)	(64,710)

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

	December 31, 2021		December 31, 2020	
	USD position	Carrying amount (NTD)	USD position	Carrying amount (NTD)
Foreign currency denominated financial assets				
Cash and cash equivalents	\$ 1,299,520	\$ 35,983,445	\$ 1,143,139	\$ 32,588,593
Financial assets at fair value through profit or loss	1,314,397	36,395,660	1,156,732	32,976,126
Financial assets at fair value through other comprehensive income	4,064,619	112,549,288	3,604,661	102,761,670
Financial assets at amortized cost	7,139,259	197,686,075	5,936,702	169,243,501
Bills discounted and loans	1,785,581	49,442,742	2,216,471	63,187,152
Foreign currency denominated financial liabilities				
Bills and bonds payable under repurchase agreements	1,200,712	33,247,717	1,181,705	33,688,055
Deposits and remittances	5,072,413	140,455,125	4,514,794	128,707,754
Other liabilities	2,270,117	62,859,553	873,037	24,888,539

Note: As of December 31, 2021 and 2020, USD to TWD exchange rates were 27.690 and 28.508, respectively.

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

	December 31, 2021		December 31, 2020	
	KRW position (in thousands)	Carrying amount (NTD)	KRW position (in thousands)	Carrying amount (NTD)
<u>Effect on profit or loss</u>				
Financial assets				
Cash and cash equivalents	\$ 591,751,392	\$ 13,783,073	\$ 674,411,743	\$ 17,703,983
Financial assets at fair value through profit or loss	7,907,075,459	184,171,602	8,932,727,966	234,493,042
Financial assets at fair value through other comprehensive income	207,908,591	4,842,607	195,774,229	5,139,269
Accounts receivable	383,483,014	8,932,086	691,764,747	18,159,516
Other financial assets	588,213,158	13,700,661	556,346,160	14,604,643
Other current assets	125,364,285	2,919,985	126,875,789	3,330,616
Financial liabilities				
Short-term borrowings	2,011,922,771	46,861,705	1,783,056,955	46,807,028
Financial liabilities at fair value through profit or loss	1,631,490,451	38,000,676	1,751,608,479	45,981,474
Bonds sold under repurchase agreements	3,323,342,969	77,407,304	3,871,343,939	101,626,650
Guarantee deposit-in and margin deposits	107,747,250	2,509,649	102,015,844	2,678,018
Other financial liabilities	3,352,687,235	78,090,791	3,532,004,842	92,718,659
<u>Effect on profit or loss and equity</u>				
Financial assets				
Equity investments accounted for under the equity method	118,418,469	2,758,203	89,172,093	2,340,857

Note: As of December 31, 2021 and 2020, the KRW to TWD exchange rate were 0.023 and 0.026, respectively.

(C) Liquidity risk

a. Source and definition of liquidity risk

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

b. Liquidity risk management principle

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

c. Assessment on liquidity risk

(a) Set up liquidity risk indicator and warning in order to control adverse element to the liquidity. At the same time, analysis and appropriate measures are made to mitigate the extent of effects.

(b) Assessments are regularly made to the assets and liabilities denominated in major currencies on the balance sheet and the cash inflow, cash outflow and liquidity gap off the balance sheet by different time period.

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

(a) Financial assets held for liquidity risk management

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

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

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

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

I. Derivative financial instruments settled on a net basis

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

II. Derivative financial instruments settled on a gross basis

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

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

(BLANK)

December 31, 2021					
Financial assets	0~90 days	91 days~1 year	Over 1 year	Total	
Non-derivative financial instruments					
Cash and cash equivalents	\$ 69,961,736	\$ 10,686,593	\$ 87,292	\$	80,735,621
Due from Central Bank and call loans to other banks	46,686,645	12,382,640	21,274,072		80,343,357
Financial assets at fair value through profit or loss	348,381,437	62,647,592	106,349,024		517,378,053
Financial assets at fair value through other comprehensive income	19,083,720	19,563,218	286,258,263		324,905,201
Investments in bills and bonds under resale agreements	44,125,764	2,329,200	-		46,454,964
Receivables	192,810,421	60,853,042	10,525,822		264,189,285
Bills discounted and loans	174,449,832	170,544,648	551,594,248		896,588,728
Reinsurance contract assets	469,188	860,333	-		1,329,521
Financial assets at amortised cost	110,669,178	43,916,838	353,841,886		508,427,902
Restricted assets	-	-	2,472,029		2,472,029
Other financial assets	78,432,205	25,808	32,746,739		111,204,752
Other assets	39,374,193	418,499	22,730,781		62,523,473
Derivative financial instruments					
Financial assets at fair value through profit or loss					
Gross settlement					
Cash inflow	54,809,210	18,441,184	9,130,150		82,380,544
Cash outflow	(53,979,452)	(18,295,811)	(8,982,730)		(81,257,993)
Net settlement	562,785	910,397	1,644,736		3,117,918
Total	\$ 1,125,836,862	\$ 385,284,181	\$ 1,389,672,312	\$	2,900,793,355
Financial liabilities					
Non-derivative financial instruments					
Deposits from Central Bank and other banks	\$ 22,360,631	\$ 3,263,493	-	\$	25,624,124
Due to Central Bank and other banks	19,990	819,710	-		839,700
Financial liabilities at fair value through profit or loss	68,702,426	708,255	7,988,911		77,399,592
Bills and bonds payable under repurchase agreements	128,727,504	24,785,976	30,352,369		183,865,849
Commercial paper payable	46,707,205	3,276,297	-		49,983,502
Payables	137,368,028	24,333,737	52,086,400		213,788,165
Deposits and remittances	248,061,065	439,161,368	687,779,950		1,375,002,383
Bonds payable	2,030,822	6,687,896	71,294,873		80,013,591
Other borrowings	47,239,030	3,594,770	9,164,400		59,998,200
Other financial liabilities	81,937,686	2,330,674	42,351,068		126,619,428
Other liabilities	95,329,056	8,376	2,823,575		98,161,007
Lease liabilities	274,381	1,096,086	5,813,723		7,184,190
Derivative financial instruments					
Financial liabilities at fair value through profit or loss					
Gross settlement					
Cash inflow	(45,687,854)	(15,746,435)	(11,846,207)		(73,280,496)
Cash outflow	47,003,289	15,888,814	12,126,186		75,018,289
Net settlement	312,943	207,379	792,920		1,313,242
Total	\$ 880,386,202	\$ 510,416,396	\$ 910,728,168	\$	2,301,530,766

December 31, 2020					
Financial assets	0~90 days	91 days~1 year	Over 1 year	Total	
Non-derivative financial instruments					
Cash and cash equivalents	\$ 61,982,603	\$ 15,234,266	\$ 280,329	\$	77,497,198
Due from Central Bank and call loans to other banks	27,254,595	10,092,759	17,026,202		54,373,556
Financial assets at fair value through profit or loss	393,223,577	53,031,321	122,202,953		568,457,851
Financial assets at fair value through other comprehensive income	10,234,735	14,726,206	248,062,195		273,023,136
Investments in bills and bonds under resale agreements	58,336,318	-	-		58,336,318
Receivables	186,461,632	42,663,552	13,813,943		242,939,127
Bills discounted and loans	141,666,704	158,243,571	505,620,132		805,530,407
Reinsurance contract assets	474,044	625,413	-		1,099,457
Financial assets at amortised cost	114,612,311	30,349,573	285,337,543		430,299,427
Restricted assets	-	-	2,961,020		2,961,020
Other financial assets	75,247,715	21,998	4,023,123		79,292,836
Other assets	24,989,447	696,713	13,169,310		38,855,470
Derivative financial instruments					
Financial assets at fair value through profit or loss					
Gross settlement					
Cash inflow	58,270,716	10,378,211	-		68,648,927
Cash outflow	(57,470,043)	(10,150,096)	-	(	67,620,139)
Net settlement	948,663	2,216,526	1,761,726		4,926,915
Total	\$ 1,096,233,017	\$ 328,130,013	\$ 1,214,258,476	\$	2,638,621,506
Financial liabilities					
Non-derivative financial instruments					
Deposits from Central Bank and other banks	\$ 12,148,806	\$ 3,263,493	-	\$	15,412,299
Due to Central Bank and other banks	596,000	79,000	-		675,000
Financial liabilities at fair value through profit or loss	69,292,164	2,925,332	2,143,394		74,360,890
Bills and bonds payable under repurchase agreements	147,038,875	34,368,399	35,213,913		216,621,187
Commercial paper payable	19,497,099	7,920,390	-		27,417,489
Payables	171,798,838	21,651,552	53,329,810		246,780,200
Deposits and remittances	270,274,785	372,639,773	568,105,836		1,211,020,394
Bonds payable	3,535,198	13,690,505	58,410,734		75,636,437
Other borrowings	41,908,532	3,722,598	12,164,931		57,796,061
Other financial liabilities	79,583,504	875,539	8,254,541		88,713,584
Other liabilities	38,741,761	40,879	3,125,657		41,908,297
Lease liabilities	374,691	1,065,135	6,558,187		7,998,013
Derivative financial instruments					
Financial liabilities at fair value through profit or loss					
Gross settlement					
Cash inflow	(72,766,299)	(12,395,832)	-	(	85,162,131)
Cash outflow	75,008,495	12,573,748	-		87,582,243
Net settlement	88,499	113,131	947,401		1,149,031
Total	\$ 857,120,948	\$ 462,533,642	\$ 748,254,404	\$	2,067,908,994

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 December 31, 2021 and 2020, expenses on period of 0-90 days will increase by \$729,314,251 and \$597,259,138, respectively.

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

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

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

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

	December 31, 2021			
	Less than 1 year	1 ~5 years	More than 5 years	Total
Off balance sheet				
Unused loan commitment	\$ 22,005,017	\$ -	\$ -	\$ 22,005,017
Unused credit commitment	2,495,253	-	-	2,495,253
Guarantees	10,180,354	-	-	10,180,354
Capital expenditure commitment	1,859,020	4,468,852	-	6,327,872
	December 31, 2020			
	Less than 1 year	1 ~5 years	More than 5 years	Total
Off balance sheet				
Unused loan commitment	\$ 23,460,752	\$ -	\$ -	\$ 23,460,752
Unused credit commitment	3,332,772	-	-	3,332,772
Guarantees	13,042,579	-	-	13,042,579
Capital expenditure commitment	1,730,586	1,499,386	-	3,229,972

(D) Transfer of financial assets

Transferred financial assets not fully derecognized

a. The Yuanta Group has financial assets that are fully or partially derecognized 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 derecognized. If the Yuanta Group still retains most of the risks and compensation of rights, the Yuanta Group should continue recognizes 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 recognize 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 derecognized in its entirety.

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

December 31, 2021		
Financial assets category	Carrying amount of transferred financial assets	Carrying amount of related financial liabilities
Convertible corporate bonds transferred to the trading counterparties through asset swap	\$ 23,245,037	\$ 18,882,931
Bonds sold under repurchase agreements	186,986,238	183,865,849
December 31, 2020		
Financial assets category	Carrying amount of transferred financial assets	Carrying amount of related financial liabilities
Convertible corporate bonds transferred to the trading counterparties through asset swap	\$ 18,662,717	\$ 16,468,096
Bonds sold under repurchase agreements	221,793,240	216,621,187

(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

December 31, 2021							
Financial assets that are offset, or can be settled under agreements of net settled master netting arrangements or similar arrangements							
Description	Gross amounts of recognised financial assets(a)	Gross amounts of recognised financial liabilities set off in the balance sheet(b)	Net amounts of financial assets presented in the balance sheet (c)=(a)-(b)	Related amounts not set off in the balance sheet(d)(Note 1)			Net amount (e)=(c)-(d)
				Financial instruments (Note 2)	Cash collateral received		
Derivative instruments	\$ 7,236,667	\$ -	\$ 7,236,667	\$ 4,528,788	\$ 1,725,916		\$ 981,963
Bonds purchased under resale agreements	46,454,964	-	46,454,964	41,819,387	3,742,680		892,897

December 31, 2020

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

b. Financial liabilities

December 31, 2021

Financial liabilities that are offset, or can be settled under agreements of net settled master netting arrangements or similar arrangements							
Description	Gross amounts of recognised financial liabilities(a)	Gross amounts of recognised financial assets set off in the balance sheet(b)	Net amounts of financial liabilities presented in the balance sheet (c)=(a)-(b)	Related amounts not set off in the balance sheet(d)(Note 1)			
				Financial instruments (Note 3)	Cash collateral received	Net amount (e)=(c)-(d)	
Derivative instruments	\$ 9,115,988	\$ -	\$ 9,115,988	\$ 6,586,777	\$ 918,823	\$ 1,610,388	
Bonds sold under repurchase agreements	183,865,849	-	183,865,849	183,811,212	54,637	-	

December 31, 2020

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

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

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

Note 3: Including net settled master netting arrangements.

(F) Insurance risk

a. Measurement and management of insurance risk

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

(a) Life insurance

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

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

(b) Variable life insurance

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

(c) Accident insurance and health insurance

The main risks of accident insurance and health insurance comprise of the occurrence of the accident rate and the morbidity rate. The Yuanta Group tracks loss rate of each insurance type, assesses the premium rate of main insurance products on the market, and makes related statistical measurement of occurrence of the accident rate and the morbidity rate, such as cash flow test and experience test in order to evaluate the impact toward the overall operation or the extent of negative impact arising accordingly, and to further determine whether or not to cease the sale of the product and adjust the premium rate of the new product. The Yuanta Group also arranges reinsurance ceded to mitigate overall potential risk of loss from claims in the future.

(d) Management of insurance risk

I. Risk management of policy underwriting

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

II. Risk management of payment of claims

Risk arising from payment of claims refers to the risk of unexpected losses arising from improper assessment of claims or negligence when handling policy claims. In accordance with “Regulations Governing Business Solicitation, Policy Underwriting and Claim Adjusting of Insurance Enterprises”, the Yuanta Group has established an appropriate risk management mechanism, which includes the establishment of policy underwriting systems and procedures, the establishment of policy underwriting manuals and standards, and the establishment of policy

underwriting risk management indicators, as well as their faithful implementation, in order to regulate the underwriting limit of policy underwriters and control the accuracy, timeliness, policy claim rate and rate of actual policy payments of policy claims.

III. Risk of product designing and pricing

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

b. Insurance risk concentration

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

c. Liability adequacy test

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

If the discount rate of the liability adequacy test decreases by 10 basis points, the liability recognized 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>December 31, 2021</u>	<u>December 31, 2020</u>
Less than 1 year	(\$ 3,321,539)	(\$ 7,293,976)
1 ~5 years	18,352,896	13,171,251
6 ~15 years	94,350,259	90,306,283
More than 15 years	<u>522,891,775</u>	<u>549,530,819</u>
Total	<u>\$ 632,273,391</u>	<u>\$ 645,714,377</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.

(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 recognized 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:

Expressed In Thousands of New Taiwan Dollars
December 31, 2021

Financial Holding Company	<hr/>		
	<u>Shareholding Ratio</u>	<u>Eligible capital</u>	<u>Minimum capital</u>
Financial holding company	-	\$ 268,970,625	\$ 305,806,950
Bank subsidiaries	100.00%	134,478,132	91,635,561
Securities subsidiaries	100.00%	86,322,796	31,271,253
Insurances subsidiaries	100.00%	28,304,178	10,099,034
Futures subsidiaries	66.27%	8,184,277	4,720,654
Venture capital subsidiaries	100.00%	3,759,269	1,937,030
Securities Investment Trust subsidiaries	74.71%	4,397,758	2,590,349
Other subsidiaries	100.00%	4,022,094	2,154,720
Deduction items		(316,986,360)	(301,303,505)
Subtotal		<u>\$ 221,452,769</u>	<u>\$ 148,912,046</u>
Capital adequacy ratio of the Consolidated Company			148.71%

Expressed In Thousands of New Taiwan Dollars
December 31, 2020

Financial Holding Company	<hr/>		
	<u>Shareholding Ratio</u>	<u>Eligible capital</u>	<u>Minimum capital</u>
Financial holding company	-	\$ 253,283,180	\$ 287,117,233
Bank subsidiaries	100.00%	135,484,353	83,760,534
Securities subsidiaries	100.00%	64,396,654	30,263,028
Insurances subsidiaries	100.00%	27,988,739	9,371,832
Futures subsidiaries	66.27%	7,858,669	4,185,861
Venture capital subsidiaries	100.00%	2,803,302	1,394,162
Securities Investment Trust subsidiaries	74.71%	4,072,515	2,363,749
Other subsidiaries	100.00%	3,881,090	2,059,641
Deduction items		(300,194,722)	(283,824,795)
Subtotal		<u>\$ 199,573,780</u>	<u>\$ 136,691,245</u>
Capital adequacy ratio of the Consolidated Company			146.00%

As of December 31, 2021, the financial holding's net eligible capital was as follows:

Item	Amount
Common stocks	\$ 121,374,360
Additional paid-in capital	37,885,949
Legal reserve	17,040,473
Special reserve	6,549,234
Accumulated earnings	77,775,254
Other equity	8,410,191
Less: goodwill and other intangible assets	(14,504)
Less: deferred assets	(50,332)
Total net eligible capital	<u>\$ 268,970,625</u>

As of December 31, 2020, the financial holding's net eligible capital was as follows:

Item	Amount
Common stocks	\$ 121,374,360
Additional paid-in capital	37,885,949
Legal reserve	14,633,733
Special reserve	6,549,234
Accumulated earnings	60,333,790
Other equity	12,559,523
Less: goodwill and other intangible assets	(6,156)
Less: deferred assets	(47,253)
Total net eligible capital	<u>\$ 253,283,180</u>

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

(Expressed In Millions of New Taiwan Dollars)		
December 31, 2021		
Name	Total of business credit, endorsements, or other transactions	Percentage of net value of the company (%)
Same individual:		
Central Bank, R.O.C	\$ 197,172	73.29
Central Government, R.O.C	133,072	49.46
Securities Korea_Korea_Finance and Insurance Industry	114,270	42.47
Taiwan Cement Corporation	21,981	8.17
Taiwan Semiconductor Manufacturing Co., Ltd.	18,952	7.04
CPC Corporation, Taiwan	14,078	5.23
U.S. Government	13,569	5.04
Taiwan Power Company	12,108	4.50
GlobalWafers Co., Ltd.	11,438	4.25
Taiwan Depository & Clearing Corporation	10,333	3.84
Far Eastern New Century Corporation	9,679	3.60
CTBC Financial Holding Co., Ltd.	9,404	3.50
Cathay Financial Holding Co., Ltd.	9,112	3.39
ASE Technology Holding Co., Ltd.	8,465	3.15
Nan Ya Plastics Corporation	7,836	2.91
Far Eastone Telecommunications Co., Ltd.	7,791	2.90
Uni-President Enterprises Group	7,415	2.76
Chunghwa Telecom Co., Ltd.	7,397	2.75
Taiwan Cooperative Bank	7,379	2.74
Asia Cement Corporation	7,360	2.74
China Steel Corporation	7,129	2.65
Taiwan Water Corporation	6,827	2.54
YO JI CONSTRUCTION CO., LTD.	6,802	2.53
Taiwan Mobile Co., Ltd.	6,716	2.50
TSMC Global Ltd.	6,637	2.47
Federal National Mortgage Association	6,514	2.42
Federal Home Loan Mortgage CORPORATION	6,496	2.41
Quanta Computer Inc.	6,453	2.40
Taiwan Futures Exchange	6,357	2.36
TING-SHUAI Development Co., Ltd.	6,340	2.36
Chang Chun Petrochemical Co., Ltd.	6,172	2.29
Fubon Securities Investment Trust Co., Ltd.	5,974	2.22
Taiwan Stock Exchange	5,948	2.21
JPMorgan Chase & Co.	5,923	2.20
Waverley Logistics Limited.,Taiwan Branch	5,920	2.20
National Australia Bank Ltd.	5,901	2.19
Formosa Chemicals & Fibre Corporation	5,868	2.18
First Abu Dhabi Bank PJS	5,699	2.12
Formosa Plastics Corporation	5,548	2.06
BNP Paribas	5,419	2.01
STATE OF ISRAEL	5,277	1.96
Capital Securities Investment Trust Co., Ltd.	5,228	1.94
ABU DHABI GOVT INTL	5,129	1.91

(Expressed In Millions of New Taiwan Dollars)
December 31, 2021

Name	Total of business credit, endorsements, or other transactions	Percentage of net value of the company (%)
Same individual:		
Taiwan High Speed Rail Corp.	\$ 5,104	1.90
Formosa Group (Cayman) Limited	5,024	1.87
UBS of Australia Corp.	5,020	1.87
Yuan Ding Investment Corp.	4,964	1.85
Shanghai Commercial and Savings Bank	4,683	1.74
Credit Suisse International	4,436	1.65
Commonwealth Bank of Australia	4,346	1.62
EVA Airways Corporation	4,327	1.61
TATUNG CO.	4,317	1.61
Evergreen Marine Corp.	4,243	1.58
FORMOSA HA TINH (CAYMAN) LIMITED	4,237	1.58
ASUSTEK COMPUTER INCORPORATION	4,227	1.57
CTBC Investments	4,130	1.54
Agricultural Bank of Taiwan	4,099	1.52
Sumitomo Mitsui Financial Group Inc	4,016	1.49
Highwealth Construction Corp.	4,012	1.49
BANK OF THAILAND	4,009	1.49
The Bank of Tokyo-Mitsubishi UFJ	3,994	1.49
Securities Korea_Korea_Public Administration and National Defense	3,932	1.46
The Export-Import Bank of the Republic of China	3,901	1.45
WESTPAC GROUP	3,869	1.44
Wistron Corporation	3,775	1.40
Coöperatieve Rabobank U.A.	3,750	1.39
Apple Inc.	3,715	1.38
STATE OF QATAR	3,652	1.36
Wells Fargo & Company	3,642	1.35
Pegatron Corporation	3,561	1.32
Bank Korea Branch_Korea_Real Estate Industry	3,558	1.32
ASE Technology Holding Co., Ltd.	3,514	1.31
Cheng Shin Rubber Ind., Co., Ltd.	3,448	1.28
SAUDI INTERNATIONAL BOND	3,448	1.28
Lien-Jade Construction Co., Ltd.	3,415	1.27
CTBC Securities Co., Ltd.	3,398	1.26
Visa Inc.	3,389	1.26
KKY Co., Ltd.	3,382	1.26
SUNPOWER CONSTRUCTION CO., LTD.	3,372	1.25
United Microelectronics Corporation	3,304	1.23
Shuohe Development Co., Ltd.	3,280	1.22
BANK OF AMERICA CORP	3,257	1.21
Compal Electronics, Inc.	3,234	1.20
ADCB FINANCE CAYMAN LTD	3,233	1.20
Radium Life Tech Co., Ltd.	3,232	1.20
Bank Korea Branch_Korea_Natural Person	3,231	1.20
Formosa Petrochemical Corp.	3,176	1.18
Alphabet Inc.	3,159	1.17
Hana Bank	3,140	1.17
GOVERNMENT NATIONAL MORTGAGE ASSOCIATION	3,125	1.16
Securities Korea_US_Finance and Insurance Industry	3,090	1.15
Export-Import Bank of Korea	3,068	1.14

(Expressed In Millions of New Taiwan Dollars)
December 31, 2021

Name	Total of business credit, endorsements, or other transactions	Percentage of net value of the company (%)
Same individual:		
Lefoo Development Co., Ltd.	\$ 3,050	1.13
Australia and New Zealand Banking Group	3,048	1.13
USI Corporation	3,028	1.13
Cathay Securities Investment Trust Co., Ltd.	3,006	1.12
Total	\$ 966,658	359.31
Same related party:		
Mr. Jin and its related parties	\$ 26,130	9.71
Mr. Lin and its related parties	22,310	8.29
Mr. Liao and its related parties	18,980	7.06
Mr. Wu and its related parties	9,882	3.67
Mr. Chen and its related parties	8,689	3.23
Mr. Lin and its related parties	7,503	2.79
Mr. Huang and its related parties	5,653	2.10
Mr. Chang and its related parties	5,167	1.92
Mr. Chang and its related parties	4,948	1.84
Mr. Chang and its related parties	4,394	1.63
Mr. Chang and its related parties	4,369	1.63
Mr. Chen and its related parties	4,248	1.58
Mr. Xu and its related parties	3,990	1.48
Mr. Ding and its related parties	3,950	1.47
Mr. Yang and its related parties	3,749	1.39
Mr. Li and its related parties	3,730	1.39
Mr. Yang and its related parties	3,728	1.39
Mr. Yang and its related parties	3,722	1.38
Mr. Chang and its related parties	3,191	1.19
Total	\$ 148,333	55.14
Same affiliated company:		
Formosa Plastic Group	\$ 37,402	13.90
Far Eastern Group	36,050	13.40
Taiwan Semiconductor Group	28,612	10.63
Taiwan Cement Group	22,949	8.53
CTBC Financial Holding Group	21,275	7.91
Taiwan Stock Exchange	16,290	6.05
Cathay Holdings Group	15,214	5.65
Fubon Group	13,864	5.15
Uni-President Enterprises Group	12,731	4.73
ASE Group	12,506	4.65
Taiwan Cooperative Financial Holding Co., Ltd.	12,471	4.64
Sino-American Silicon Products Inc	11,728	4.36
China Steel Corporation Group	11,518	4.28
Evergreen Group	9,016	3.35
CHANG CHUN Group	7,777	2.89
Yong Feng Yu Group	7,570	2.81
JPMorgan Chase & Co.	7,502	2.79
Chunghwa Telecom Company, Ltd.	7,452	2.77

(Expressed In Millions of New Taiwan Dollars)
December 31, 2021

Name	Total of business credit, endorsements, or other transactions	Percentage of net value of the company (%)
Same affiliated company:		
China Development Group	\$ 6,958	2.59
Foxconn Technology Group	6,690	2.49
Quanta Computer Group.	6,542	2.43
First Financial Holdings Group	6,252	2.32
Hua Nan Financial Holdings Group	6,237	2.32
BNP Paribas S.A.	6,195	2.30
Crédit Agricole Group	5,895	2.19
Yulon Group	5,848	2.17
Wistron Corporation	5,585	2.08
Credit Suisse Group AG	5,530	2.06
Shin Kong Group	5,364	1.99
New Kinpo Group	5,296	1.97
Commonwealth Bank of Australia	5,262	1.96
Mega Financial Holdings Group	4,988	1.85
Four Union Group	4,889	1.82
The Shanghai Commercial & Savings Bank, Ltd.	4,752	1.77
HIGHWEALTH Group	4,519	1.68
MiTAC-Synnex Group	4,396	1.63
Tatung Company	4,322	1.61
ASUS Group	4,278	1.59
Cheng Shin Group	4,154	1.54
Taishin Financial Holdings Group	4,115	1.53
Sumitomo Mitsui Financial Group	4,057	1.51
United Microelectronics Corporation	3,937	1.46
USI Group	3,889	1.45
Pegatron Group	3,810	1.42
Ting Hsin International Group	3,739	1.39
Vedan Group	3,724	1.38
Lealea Group	3,702	1.38
Testrite Group	3,602	1.34
LIEN JADE Construction Group	3,513	1.31
O-Bank Co., Ltd.	3,499	1.30
Radium Life Tech Co., Ltd.	3,385	1.26
E.SUN Financial Holding Co., Ltd.	3,320	1.23
Kingtown & Construction Co., Ltd.	3,291	1.22
Sinar Mas Group	3,289	1.22
IBF Financial Holdings Group	3,189	1.19
Foxlink Group	3,170	1.18
Total	467,110	173.62
	\$ 1,582,101	\$ 588.07

(Expressed In Millions of New Taiwan Dollars)
December 31, 2020

Name	Total of business credit, endorsements, or other transactions	Percentage of net value of the company (%)
Same individual:		
Central Bank, R.O.C	\$ 148,259	58.52
Securities Korea_Korea_Finance and Insurance Industry	124,597	49.18
Central Government, R.O.C	113,144	44.66
Taiwan Power Company	24,784	9.78
Securities Korea_Korea_Public Administration and National Defense	16,982	6.70
Taiwan Semiconductor Manufacturing Co., Ltd.	15,788	6.23
Taiwan Cement Corporation	12,570	4.96
Taiwan Mobile Co., Ltd.	11,707	4.62
CPC Corporation, Taiwan	11,061	4.37
Nan Ya Plastics Corporation	9,741	3.85
CTBC Financial Holding Co., Ltd.	9,303	3.67
Uni-President Enterprises Group	8,452	3.34
Chunghwa Telecom Co., Ltd.	8,438	3.33
Fubon Securities Investment Trust Co., Ltd.	8,067	3.19
Formosa Plastics Corporation	7,505	2.96
Capital Securities Investment Trust Co., Ltd.	7,459	2.95
ASE Technology Holding Co., Ltd.	7,264	2.87
Highwealth Construction Corp.	6,993	2.76
Far Eastone Telecommunications Co., Ltd.	6,914	2.73
China Steel Corporation	6,665	2.63
Far Eastern New Century Corporation	6,463	2.55
Taiwan Depository & Clearing Corporation	6,447	2.55
The Export-Import Bank of the Republic of China	6,416	2.53
Federal Home Loan Mortgage CORPORATION	6,256	2.47
GOVERNMENT NATIONAL MORTGAGE ASSOCIATION	6,246	2.47
Taiwan Cooperative Bank	6,151	2.43
Formosa Group (Cayman) Limited	6,138	2.42
Formosa Chemicals & Fibre Corporation	6,035	2.38
Asia Cement Corporation	6,020	2.38
STATE OF ISRAEL	5,643	2.23
U.S. Government	5,641	2.23
CTBC Investments	5,550	2.19
Cathay Financial Holding Co., Ltd.	5,523	2.18
Taiwan Futures Exchange	5,481	2.16
NATIONAL BK OF ABU DHABI	5,455	2.15
China Airlines Ltd.	5,435	2.15
JPMorgan Chase & Co.	5,105	2.02
EVA Airways Corporation	5,090	2.01
The Bank of Tokyo-Mitsubishi UFJ	5,022	1.98
Taiwan Water Corporation	5,003	1.98
Taiwan Railways Administration	4,946	1.95
National Australia Bank	4,942	1.95
Taishin International Bank Co., Ltd.	4,794	1.89
Securities Hong Kong_Cayman Islands_Finance and Insurance Industry	4,746	1.87

(Expressed In Millions of New Taiwan Dollars)
December 31, 2020

Name	Total of business credit, endorsements, or other transactions	Percentage of net value of the company (%)
Same individual:		
Shanghai Commercial and Savings Bank	\$ 4,640	1.83
BNP Paribas	4,594	1.81
HSBC Bank (Taiwan)	4,527	1.79
Shin Kong Financial Holding Co.,Ltd.	4,449	1.76
Yuan Ding Investment Corp.	4,400	1.74
Federal National Mortgage Association	4,367	1.72
Pegatron Corporation	4,271	1.69
Radium Life Tech Co., Ltd.	4,231	1.67
Wavely Logistics Limited., Taiwan Branch	4,180	1.65
Cheng Shin Rubber Ind., Co., Ltd.	4,114	1.62
JPMorgan Chase Bank, N.A.	4,111	1.62
Commonwealth Bank of Australia	4,053	1.60
International Bills Finance Corp	4,032	1.59
USI Corporation	3,934	1.55
Hua Nan Financial Holdings Co., Ltd.	3,853	1.52
Agricultural Bank of Taiwan	3,817	1.51
Central American Bank for Economic Integration	3,625	1.43
Westpac Banking Corporation	3,607	1.42
Apple Inc.	3,461	1.37
RABO BANK NEDERLANDS	3,450	1.36
KKY Co., Ltd.	3,415	1.35
Shang Chih Asset Development Co., Ltd.	3,400	1.34
Taishin Securities Investment Trust Co., Ltd.	3,349	1.32
China Development Financial Holding Corp.	3,327	1.31
Bank Korea Branch_Korea_Natural Person	3,316	1.31
YULON MOTOR CO., LTD	3,304	1.30
Taiwan Stock Exchange	3,296	1.30
KGI Securities Investment Trust Co., Ltd.	3,281	1.30
Wells Fargo & Company	3,271	1.29
Chang Chun Petrochemical Co., Ltd.	3,224	1.27
ADCB FINANCE CAYMAN LTD	3,215	1.27
VERIZON COMMUNICATIONS	3,196	1.26
Bank Korea Branch_Korea_Real Estate Industry	3,119	1.23
Visa Inc.	3,077	1.22
Dragon Steel Corporation	3,067	1.21
Alphabet Inc.	3,055	1.21
Shuohe Development Co., Ltd.	3,042	1.20
Lien-Jade Construction Co., Ltd.	3,029	1.20
Pou Chen Corporation	3,020	1.19
Lefoo Development Co., Ltd.	3,000	1.18
Total	845,960	333.93
Same related party:		
Mr. Jin and its related parties	\$ 17,120	6.76
Mr. Fang and its related parties	15,805	6.24
Mr. Lin and its related parties	12,850	5.07
Mr. Chen and its related parties	10,148	4.01

(Expressed In Millions of New Taiwan Dollars)
December 31, 2020

Name	Total of business credit, endorsements, or other transactions	Percentage of net value of the company (%)
Same related party:		
Mr. Cheng and its related parties	\$ 8,495	3.35
Mr. Lin and its related parties	8,368	3.30
Mr. Wu and its related parties	6,517	2.57
Mr. Ding and its related parties	6,469	2.55
Mr. Huang and its related parties	5,266	2.08
Mr. Huang and its related parties	4,970	1.96
Mr. Chang and its related parties	4,903	1.94
Mr. Chang and its related parties	4,736	1.87
Mr. Lin and its related parties	4,502	1.78
Mr. Chang and its related parties	4,044	1.60
Mr. Chang and its related parties	3,961	1.56
Mr. Yang and its related parties	3,558	1.40
Mr. Yang and its related parties	3,522	1.39
Mr. Yang and its related parties	3,517	1.39
Mr. Chang and its related parties	3,094	1.22
Total	131,845	52.04
Same affiliated company:		
Formosa Plastic Group	\$ 36,845	14.54
Far Eastern Group	26,979	10.65
CTBC Financial Holding Group	21,965	8.67
Fubon Group	20,956	8.27
Taiwan Semiconductor Group	18,028	7.12
Uni-President Enterprises Group	14,068	5.55
Taiwan Cement Group	12,906	5.09
Cathay Holdings Group	10,953	4.32
China Steel Corporation Group	10,780	4.26
ASE Group	10,460	4.13
Taishin Financial Holdings Group	10,406	4.11
Taiwan Cooperative Financial Holding Co., Ltd.	9,938	3.92
Taiwan Stock Exchange	9,751	3.85
China Development Group	9,547	3.77
JPMorgan Chase & Co.	9,411	3.71
Yong Feng Yu Group	9,250	3.65
Chunghwa Telecom Company, Ltd.	8,475	3.35
HIGHWEALTH Group	7,502	2.96
Shin Kong Group	7,257	2.86
Evergreen Group	7,071	2.79
HSBC Group	7,041	2.78
Foxconn Technology Group	6,462	2.55
First Financial Holdings Group	6,404	2.53
Yulon Group	6,362	2.51
Hua Nan Financial Holdings Group	5,999	2.37
Commonwealth Bank of Australia	5,698	2.25
China Airlines Group	5,480	2.16
BNP Paribas S.A.	5,463	2.16
IBF Financial Holdings Group	4,772	1.88

(Expressed In Millions of New Taiwan Dollars)
December 31, 2020

Name	Total of business credit, endorsements, or other transactions	Percentage of net value of the company (%)
Same affiliated company:		
CHANG CHUN Group	\$ 4,735	1.87
Cheng Shin Group	4,684	1.85
Mega Financial Holdings Group	4,682	1.85
The Shanghai Commercial & Savings Bank, Ltd.	4,645	1.83
Pegatron Group	4,560	1.80
Radium Life Tech Group	4,453	1.76
USI Group	3,975	1.57
Sinar Mas Group	3,966	1.57
Societe Generale Group	3,770	1.49
Taiwan Broadband (TBC) Group	3,762	1.49
Lealea Group	3,662	1.45
Wells Fargo & Company	3,598	1.42
Vedan Group	3,531	1.39
Wei Chuan Foods Corporation	3,491	1.38
POU CHEN Group	3,425	1.35
Tatung Company	3,405	1.34
BenQ Group	3,303	1.30
Grand River D. Limited	3,277	1.29
Kingtown & Construction Co., Ltd	3,272	1.29
Foxlink Group	3,260	1.29
Four Union Group	3,242	1.28
Union Group	3,210	1.27
Chailease Group	3,186	1.26
LIEN JADE Construction Group	3,182	1.26
Royal Golden Eagle Group	3,130	1.24
Crédit Agricole Group	3,122	1.23
E.SUN Financial Holding Co., Ltd.	3,117	1.23
Supreme Electronics Co., Ltd.	3,103	1.22
Charoen Pokphand Group	3,022	1.19
Total	431,999	170.52
	\$ 1,409,804	556.49

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

None.

(7) Information for discontinued operations:

None.

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

None.

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

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

(10) Information for private placement securities:

Please refer to Note 6(24).

(11) Financial information by business segments

Information by business segments For the year ended December 31, 2021 is as follows:

(Expressed In Thousands of New Taiwan Dollars)

Item	Bank business	Securities business	Futures business	Insurance business	Other businesses	Consolidated
Net interest income (loss)	\$ 13,213,964	\$ 7,757,704	\$ 257,929	\$ 9,038,451	(\$ 294,297)	\$ 29,973,751
Net non-interest income	7,089,296	56,894,760	2,209,879	17,732,723	5,340,094	89,266,752
Net profit	20,303,260	64,652,464	2,467,808	26,771,174	5,045,797	119,240,503
Provision for bad debt expenses, commitment and guarantee policy reserve	(532,883)	47,923	3,755	151	(53,202)	(534,256)
Net change in provisions for insurance liabilities	-	-	-	(21,301,277)	-	(21,301,277)
Operating expenses	(11,056,540)	(36,173,503)	(1,293,524)	(1,543,849)	(3,196,210)	(53,263,626)
Net income from continuing operations before income tax	8,713,837	28,526,884	1,178,039	3,926,199	1,796,385	44,141,344
Income tax (expense) benefits	(1,174,945)	(5,096,156)	(188,678)	110,601	(601,455)	(6,950,633)
Consolidated income, net of tax	\$ 7,538,892	\$ 23,430,728	\$ 989,361	\$ 4,036,800	\$ 1,194,930	\$ 37,190,711

Information by business segments For the year ended December 31, 2020 is as follows:

(Expressed In Thousands of New Taiwan Dollars)

Item	Bank business	Securities business	Futures business	Insurance business	Other businesses	Consolidated
Net interest income (loss)	\$ 12,875,087	\$ 5,136,383	\$ 593,674	\$ 8,599,699	(\$ 285,891)	\$ 26,918,952
Net non-interest income	7,011,193	40,126,690	2,061,097	35,375,247	4,135,687	88,709,914
Net profit	19,886,280	45,263,073	2,654,771	43,974,946	3,849,796	115,628,866
Provision for bad debt expenses, commitment and guarantee policy reserve	(1,942,978)	(174,808)	(34,492)	227	(1)	(2,152,052)
Net change in provisions for insurance liabilities	-	-	-	(39,928,431)	-	(39,928,431)
Operating expenses	(10,022,968)	(27,466,833)	(1,244,622)	(1,401,873)	(2,645,809)	(42,782,105)
Net income from continuing operations before income tax	7,920,334	17,621,432	1,375,657	2,644,869	1,203,986	30,766,278
Income tax (expense) benefits	(1,135,956)	(2,916,936)	(255,480)	249,055	(729,917)	(4,789,234)
Consolidated income, net of tax	\$ 6,784,378	\$ 14,704,496	\$ 1,120,177	\$ 2,893,924	\$ 474,069	\$ 25,977,044

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

A. Financial statements of the Company

Yuanta Financial Holding Co., Ltd.

Yuanta Financial Holding Co., Ltd.

Individual Balance Sheets

December 31, 2021 and 2020

(Expressed In Thousands of New Taiwan Dollars)

<u>ASSETS</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>	<u>LIABILITIES AND EQUITY</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Cash and cash equivalents	\$ 841,258	\$ 881,767	Commercial paper payable - net	\$ 2,788,125	\$ 999,866
Financial assets at fair value through other comprehensive income	45,653	28,483	Payables	3,232,641	5,668,801
Investments in bill and bonds under resale agreements	-	892,672	Current income tax liabilities	5,657,148	4,088,398
Receivables - net	4,344,257	3,110,877	Bonds payable	25,900,000	24,900,000
Current income tax assets	-	196,336	Liabilities reserve	37,629	36,903
Equity investments accounted for under the equity method - net	301,303,505	283,824,795	Lease liability	56,625	106,690
Property and equipment - net	47,060	36,224	Other liabilities	5,415	4,170
Right-of-use assets - net	54,468	104,957	Total liabilities	<u>37,677,583</u>	<u>35,804,828</u>
Intangible assets - net	14,504	6,156	Equity		
Deferred income tax assets	50,332	47,253	Common stock	121,374,360	121,374,360
Other assets - net	12,007	11,897	Additional paid-in capital	37,885,949	37,885,949
			Retained earnings		
			Legal reserve	17,040,473	14,633,733
			Special reserve	6,549,234	6,549,234
			Undistributed earnings	77,775,254	60,333,790
			Other equity	8,410,191	12,559,523
			Total equity	<u>269,035,461</u>	<u>253,336,589</u>
Total assets	<u>\$ 306,713,044</u>	<u>\$ 289,141,417</u>	Total liabilities and equity	<u>\$ 306,713,044</u>	<u>\$ 289,141,417</u>

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

	For the years ended December 31,	
	2021	2020
Revenues		
Share of the profit or loss of associates and joint ventures accounted for using the equity method	\$ 36,575,675	\$ 25,658,736
Realised gain on financial assets at fair value through other comprehensive income	1,453	1,103
Other revenues	19,817	40,201
	36,596,945	25,700,040
Expenses and losses		
Operating expenses	(1,350,334)	(941,174)
Other expenses and losses	(282,217)	(336,651)
	(1,632,551)	(1,277,825)
Income from continuing operations before income tax	34,964,394	24,422,215
Income tax expense	(98,437)	(317,639)
Net income	34,865,957	24,104,576
Other comprehensive income		
Components of other comprehensive income that will not be reclassified to profit or loss (net of tax)		
Loss on remeasurements of defined benefit plans	(649)	(594)
Gain on valuation of investments in equity instruments measured at fair value through other comprehensive income	17,170	3,993
Share of other comprehensive income of associates and joint ventures accounted for using the equity method, components of other comprehensive income that will not be reclassified to profit or loss	6,747,533	1,981,696
Components of other comprehensive income that will be reclassified to profit or loss (net of tax)		
Share of other comprehensive income of associates and joint ventures accounted for using the equity method, components of other comprehensive income that will be reclassified to profit or loss	(11,366,216)	2,148,214
Other comprehensive (loss) income	(4,602,162)	4,133,309
Total comprehensive income	\$ 30,263,795	\$ 28,237,885
Earnings per share (in dollars)		
Basic and diluted earnings per share	\$ 2.87	\$ 1.99

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

	Retained Earnings					Other equity					Total equity
	Common stock	Additional paid-in capital	Legal reserve	Special reserve	Undistributed earnings	Exchange differences on translation of foreign financial statements	Unrealised gain (loss) on financial assets measured at fair value through other comprehensive income	Change in fair value of financial liability attributable to change in credit risk	Other comprehensive income on reclassification under the overlay approach		
For the year ended December 31, 2020											
Balance, January 1, 2020	\$ 116,706,115	\$ 37,402,480	\$ 12,589,183	\$ 6,549,234	\$ 50,565,092	(\$ 3,528,386)	\$ 11,907,186	(\$ 36,730)	\$ 46,959	\$ 232,201,133	
Appropriation of 2019 earnings											
Legal reserve	-	-	2,044,550	-	(2,044,550)	-	-	-	-	-	
Cash dividend	-	-	-	-	(7,585,898)	-	-	-	-	(7,585,898)	
Stock dividend	4,668,245	-	-	-	(4,668,245)	-	-	-	-	-	
Net income for the period	-	-	-	-	24,104,576	-	-	-	-	24,104,576	
Other comprehensive income (loss) for the period	-	-	-	-	(688,708)	(938,750)	5,470,485	(8,408)	298,690	4,133,309	
Total comprehensive income (loss) for the period	-	-	-	-	23,415,868	(938,750)	5,470,485	(8,408)	298,690	28,237,885	
Changes in equity of associates and joint ventures accounted for using equity method	-	483,469	-	-	-	-	-	-	-	483,469	
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	651,523	-	(651,523)	-	-	-	
Balance, December 31, 2020	<u>\$ 121,374,360</u>	<u>\$ 37,885,949</u>	<u>\$ 14,633,733</u>	<u>\$ 6,549,234</u>	<u>\$ 60,333,790</u>	<u>(\$ 4,467,136)</u>	<u>\$ 16,726,148</u>	<u>(\$ 45,138)</u>	<u>\$ 345,649</u>	<u>\$ 253,336,589</u>	
For the year ended December 31, 2021											
Balance, January 1, 2021	\$ 121,374,360	\$ 37,885,949	\$ 14,633,733	\$ 6,549,234	\$ 60,333,790	(\$ 4,467,136)	\$ 16,726,148	(\$ 45,138)	\$ 345,649	\$ 253,336,589	
Appropriation of 2020 earnings											
Legal reserve	-	-	2,406,740	-	(2,406,740)	-	-	-	-	-	
Cash dividend	-	-	-	-	(14,564,923)	-	-	-	-	(14,564,923)	
Net income for the period	-	-	-	-	34,865,957	-	-	-	-	34,865,957	
Other comprehensive income (loss) for the period	-	-	-	-	(642,790)	(3,932,987)	1,394,484	(2,483)	(1,418,386)	(4,602,162)	
Total comprehensive income (loss) for the period	-	-	-	-	34,223,167	(3,932,987)	1,394,484	(2,483)	(1,418,386)	30,263,795	
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	189,960	-	(189,960)	-	-	-	
Balance, December 31, 2021	<u>\$ 121,374,360</u>	<u>\$ 37,885,949</u>	<u>\$ 17,040,473</u>	<u>\$ 6,549,234</u>	<u>\$ 77,775,254</u>	<u>(\$ 8,400,123)</u>	<u>\$ 17,930,672</u>	<u>(\$ 47,621)</u>	<u>(\$ 1,072,737)</u>	<u>\$ 269,035,461</u>	

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

	For the years ended December 31,	
	2021	2020
<u>Cash Flows From Operating Activities</u>		
Profit before tax	\$ 34,964,394	\$ 24,422,215
Adjustment items		
Income and expense item		
Depreciation	56,094	49,936
Amortization	2,697	1,961
Interest expense	257,623	250,702
Interest income	(5,448)	(38,803)
Share of the profit or loss of associates and joint ventures accounted for using the equity method	(36,575,675)	(25,658,736)
Gain on lease modification	(511)	-
Gain (loss) from disposal or retirement of property and equipment	(640)	3
Changes in operating assets and liabilities		
Decrease (increase) in receivables	28,104	(193,256)
Increase in other assets	(110)	(5,477)
Increase in payables	284,054	236,466
Increase in liabilities reserve	76	193
Increase in other liabilities	1,245	2,156
Interest received	5,575	40,458
Dividend received	14,478,283	13,485,784
Interest paid	(249,196)	(250,702)
Income tax paid	(2,327,423)	(509,246)
Net cash flows generated from operating activities	<u>10,919,142</u>	<u>11,833,654</u>
<u>Cash Flows From Investing Activities</u>		
Acquisition of investments accounted for using equity method	-	(15,549,708)
Acquisition of property and equipment	(25,534)	(24,578)
Proceeds from disposal of property and equipment	1,920	-
Acquisition of intangible assets	(11,045)	(3,218)
Acquisition of right-of-use assets	(27)	(24)
Net cash flows used in investing activities	<u>(34,686)</u>	<u>(15,577,528)</u>
<u>Cash Flows From Financing Activities</u>		
Increase in commercial paper payable	1,789,000	999,866
Proceeds from issuance of bonds	5,000,000	-
Repayments of bonds	(4,000,000)	-
Cash dividends paid	(14,564,923)	(7,585,898)
Principal payment for lease liabilities	(41,714)	(35,656)
Net cash flows used in financing activities	<u>(11,817,637)</u>	<u>(6,621,688)</u>
Net decrease in cash and cash equivalents	(933,181)	(10,365,562)
Cash and cash equivalents at beginning of period	1,774,439	12,140,001
Cash and cash equivalents at end of period	<u>\$ 841,258</u>	<u>\$ 1,774,439</u>
The components of cash and cash equivalents		
Cash and cash equivalents reported in the balance sheet	\$ 841,258	\$ 881,767
Investments in bills and bonds under resale agreements qualified as cash and cash equivalents as defined by IAS 7	-	892,672
Cash and cash equivalents at end of reporting period	<u>\$ 841,258</u>	<u>\$ 1,774,439</u>

B. Condensed financial statements of subsidiaries and significant components

(A) Yuanta Commercial Bank

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

(Expressed In Thousands of New Taiwan Dollars)

ASSETS	December 31, 2021	(Reclassified) December 31, 2020	LIABILITIES AND EQUITY	December 31, 2021	(Reclassified) December 31, 2020
Cash and cash equivalents	\$ 19,643,928	\$ 19,247,262	Deposits from Central Bank and other banks	\$ 25,624,124	\$ 15,412,299
Due from Central Bank and call loans to other banks	78,084,601	51,741,804	Due to Central Bank and other banks	839,700	675,000
Financial assets at fair value through profit or loss	161,867,167	166,389,485	Financial liabilities at fair value through profit or loss	2,169,051	3,014,414
Financial assets at fair value through other comprehensive income	210,637,712	152,215,988	Bills and bonds payable under repurchase agreements	2,769,734	-
Investments in debt instruments at amortised cost	266,805,420	218,122,761	Payables	8,205,358	7,585,582
Investments in bills and bonds under resale agreements	4,268,212	2,098,668	Current income tax liabilities	1,302,784	750,367
Receivables- net	18,173,257	16,927,015	Deposits and remittances	1,457,271,213	1,236,742,507
Current income tax assets	120,152	1,557,461	Bank debentures payable	22,200,000	34,500,000
Assets held for sale- net	194,563	203,730	Other financial liabilities	2,553,403	3,349,248
Bills discounted and loans- net	850,861,516	760,528,904	Liabilities reserve	1,107,679	1,246,528
Equity investments accounted for under the equity method- net	4,688,779	4,458,062	Lease reserve	2,308,934	2,539,411
Other financial assets- net	4,682	35,042	Deferred income tax liabilities	469,722	416,992
Property and equipment- net	13,705,909	13,583,396	Other liabilities	1,633,031	1,678,891
Right-of-use assets- net	10,082,232	10,437,892	Total liabilities	1,528,454,733	1,307,911,239
Investment property- net	818,751	816,689	Common stock	73,940,390	73,940,390
Intangible assets- net	9,021,529	9,423,352	Additional paid-in capital	25,960,441	25,960,441
Deferred income tax assets	1,067,740	918,957	Retained earnings	23,623,460	20,859,402
Other assets - net	1,432,761	3,147,511	Other equity	(500,113)	3,182,507
			Total equity	123,024,178	123,942,740
Total assets	<u>\$ 1,651,478,911</u>	<u>\$ 1,431,853,979</u>	Total liabilities and equity	<u>\$ 1,651,478,911</u>	<u>\$ 1,431,853,979</u>

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

	For the years ended December 31,			
	2021		2020	
	Amount	%	Amount	%
Interest income	\$ 16,957,020	82	\$ 18,278,282	92
Less: Interest expense	(4,329,781)	(21)	(6,106,605)	(31)
Net interest income	12,627,239	61	12,171,677	61
Net non-interest income	8,110,257	39	7,701,204	39
Net profit	20,737,496	100	19,872,881	100
Provision for bad debt expenses, commitment and guarantee policy reserve	(539,619)	(3)	(1,919,004)	(10)
Operating expenses	(11,023,350)	(53)	(9,936,777)	(50)
Income from continuing operations before income tax	9,174,527	44	8,017,100	40
Income tax expense	(1,152,665)	(5)	(1,121,229)	(6)
Net income	8,021,862	39	6,895,871	34
Other comprehensive (loss) income (net of tax)	(3,866,203)	(19)	1,933,224	10
Total comprehensive income	<u>\$ 4,155,659</u>	<u>20</u>	<u>\$ 8,829,095</u>	<u>44</u>
Earnings per share (in dollars)				
Basic and diluted earnings per share	<u>\$</u>	<u>1.08</u>	<u>\$</u>	<u>0.93</u>

(B) Yuanta Securities

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

(Expressed In Thousands of New Taiwan Dollars)

<u>ASSETS</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>	<u>LIABILITIES AND EQUITY</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Current assets	\$ 456,131,835	\$ 378,581,442	Current liabilities	\$ 381,658,714	\$ 323,936,526
Financial assets at fair value through profit or loss-non-current	51,208	52,117	Bonds payable	23,500,000	13,500,000
Financial assets at fair value through other comprehensive income -non-current	10,902,585	6,865,118	Liabilities reserve- non-current	63,464	63,560
Equity investments accounted for under the equity method	49,053,724	46,560,701	Lease liabilities- non-current	595,925	714,569
Property and equipment	5,286,076	4,498,641	Deferred income tax liabilities	1,471,698	2,149,830
Right-of-use assets	854,175	969,825	Other non-current liabilities	3,062,871	2,778,838
Investment property	2,145,846	2,788,000	Total liabilities	<u>410,352,672</u>	<u>343,143,323</u>
Intangible assets	11,576,055	11,577,697	Common stock	59,820,321	57,820,321
Deferred income tax assets	734,460	594,495	Additional paid-in capital	980,441	980,441
Other non-current assets	2,270,277	2,209,082	Retained earnings	58,242,887	44,976,252
Total assets	<u>\$ 539,006,241</u>	<u>\$ 454,697,118</u>	Other equity	9,609,920	7,776,781
			Total equity	<u>128,653,569</u>	<u>111,553,795</u>
			Total liabilities and equity	<u>\$ 539,006,241</u>	<u>\$ 454,697,118</u>

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

Item	For the years ended December 31,			
	2021		2020	
	Amount	%	Amount	%
Revenues	\$ 46,504,238	100	\$ 30,608,089	100
Service fee expense	(1,917,705)	(5)	(1,083,687)	(4)
Employee benefit expense	(13,071,312)	(28)	(9,081,083)	(29)
Share of the profit or loss of associates and joint ventures accounted for using the equity method	4,323,523	9	2,588,124	8
Operating expenses	(9,314,959)	(19)	(6,741,164)	(22)
Income from continuing operations before income tax	26,523,785	57	16,290,279	53
Income tax expense	(3,230,705)	(7)	(1,890,850)	(6)
Net income	23,293,080	50	14,399,429	47
Other comprehensive income (net of tax)	1,525,136	3	1,455,367	5
Total comprehensive income	<u>\$ 24,818,216</u>	<u>\$ 53</u>	<u>\$ 15,854,796</u>	<u>52</u>
Earnings per share (in dollars)				
Basic and diluted earnings per share	<u>\$</u>	<u>3.89</u>	<u>\$</u>	<u>2.41</u>

(C) Yuanta Securities (Korea)

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

(Expressed In Thousands of New Taiwan Dollars)

<u>ASSETS</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>	<u>LIABILITIES AND EQUITY</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Current assets	\$ 48,572,310	\$ 36,426,606	Current liabilities	\$ 142,316,397	\$ 159,534,919
Financial assets at fair value through profit or loss-non-current	194,030,857	240,999,343	Bonds payable	124,917,190	146,229,616
Financial assets at fair value through other comprehensive income -non-current	4,855,033	5,152,229	Liabilities reserve- non-current	3,709,044	425,230
Equity investments accounted for under the equity method	2,383,915	2,695,378	Lease liabilities- non-current	1,611,895	2,077,494
Property and equipment	1,235,722	1,364,285	Other non-current liabilities	20,849,250	31,616,319
Right-of-use assets	1,505,362	1,970,352	Total liabilities	<u>293,403,776</u>	<u>339,883,578</u>
Investment property	1,663,804	2,188,325	Common stock	24,748,773	27,892,841
Intangible assets	790,207	851,156	Additional paid-in capital	(1,312,622)	(1,479,377)
Deferred income tax assets	1,215,198	1,846,927	Retained earnings	8,436,879	6,550,796
Other non-current assets	71,665,856	81,999,607	Other equity	2,641,458	2,646,370
Total assets	<u>\$ 327,918,264</u>	<u>\$ 375,494,208</u>	Total equity	<u>34,514,488</u>	<u>35,610,630</u>
			Total liabilities and equity	<u>\$ 327,918,264</u>	<u>\$ 375,494,208</u>

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

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

Item	For the years ended December 31,			
	2021		2020	
	Amount	%	Amount	%
Revenues	\$ 56,531,729	100	\$ 67,487,733	100
Service fee expense	(483,018)	(1)	(464,596)	(1)
Employee benefit expense	(7,381,184)	(13)	(6,387,063)	(9)
Operating expenses	(44,126,672)	(78)	(57,621,607)	(85)
Income from continuing operations before income tax	4,540,855	8	3,014,467	5
Income tax expense	(1,127,570)	(2)	(717,403)	(1)
Net income	3,413,285	6	2,297,064	4
Other comprehensive income (net of tax)	301,383	1	856,625	1
Total comprehensive income	<u>\$ 3,714,668</u>	<u>\$ 7</u>	<u>\$ 3,153,689</u>	<u>5</u>
Earnings per share (in dollars)				
Basic and diluted earnings per share	<u>\$ 16.27</u>		<u>\$ 10.90</u>	

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

(D) Yuanta Futures

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

(Expressed In Thousands of New Taiwan Dollars)

<u>ASSETS</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>	<u>LIABILITIES AND EQUITY</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Current assets	\$ 90,816,473	\$ 91,215,855	Current liabilities	\$ 81,596,771	\$ 83,636,571
Financial assets at fair value through other comprehensive income			Non-current liabilities	1,706,286	241,416
-non-current	1,932,733	1,618,523	Total liabilities	<u>83,303,057</u>	<u>83,877,987</u>
Equity investments accounted for under the equity method	1,141,781	1,207,101			
Property and equipment	624,845	607,595	Common stock	2,899,763	2,899,763
Right-of-use assets	147,548	190,744	Additional paid-in capital	3,070,484	3,070,484
Intangible assets	86,979	42,137	Retained earnings	4,763,738	4,610,872
Deferred income tax assets	31,686	43,647	Other equity	1,615,913	1,277,443
Other non-current assets	870,910	810,947	Total equity	<u>12,349,898</u>	<u>11,858,562</u>
Total assets	<u>\$ 95,652,955</u>	<u>\$ 95,736,549</u>	Total liabilities and equity	<u>\$ 95,652,955</u>	<u>\$ 95,736,549</u>

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

Item	For the years ended December 31,			
	2021		2020	
	Amount	%	Amount	%
Revenues	\$ 3,782,309	100	\$ 3,721,526	100
Service fee expense	(780,550)	(21)	(751,660)	(20)
Employee benefit expense	(676,198)	(18)	(662,662)	(18)
Share of the profit or loss of associates and joint ventures accounted for using the equity method	(33,082)	(1)	(24,553)	-
Operating expenses	(1,243,519)	(32)	(957,071)	(26)
Income from continuing operations before income tax	1,048,960	28	1,325,580	36
Income tax expense	(188,678)	(5)	(255,481)	(7)
Net income	860,282	23	1,070,099	29
Other comprehensive income (net of tax)	442,988	11	25,742	-
Total comprehensive income	<u>\$ 1,303,270</u>	<u>\$ 34</u>	<u>\$ 1,095,841</u>	<u>29</u>
Earnings per share (in dollars)				
Basic and diluted earnings per share	<u>\$ 2.97</u>		<u>\$ 4.23</u>	

(E) Yuanta Life

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

(Expressed In Thousands of New Taiwan Dollars)

<u>ASSETS</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>	<u>LIABILITIES AND EQUITY</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Cash and cash equivalents	\$ 17,022,396	\$ 10,901,763	Payables	\$ 1,905,538	\$ 2,329,290
Receivables	2,472,495	2,921,226	Current tax liabilities	636,728	376,174
Current income tax assets	1,768,897	2,928,717	Financial liabilities at fair value		
Financial assets at fair value			through profit or loss	670,673	470,798
through profit or loss	41,357,010	52,772,612	Insurance liabilities	321,600,082	301,154,444
Financial assets at fair value through			Reserve for insurance contract with		
other comprehensive income	31,650,962	36,555,023	the nature of financial products	58,139	-
Financial assets at amortized cost	236,310,741	209,475,778	Foreign exchange reserve	333,427	714,669
Other financial assets	1,000,000	-	Liabilities reserve	77,764	92,559
Right-of-use assets	310,858	57,878	Lease liabilities	1,117,799	870,635
Investment property	12,491,047	12,315,628	Deferred income tax liabilities	659,937	1,116,749
Loans	7,303,121	7,078,145	Other liabilities	3,509,168	4,953,378
Reinsurance contract assets	1,329,521	1,099,457	Investment-linked insurance		
Property and equipment	48,665	52,605	products liabilities	30,724,970	1,923,783
Intangible assets	95,369	82,707	Total liabilities	<u>361,294,225</u>	<u>314,002,479</u>
Deferred income tax assets	2,779,416	1,995,200	Common stock	23,735,695	23,735,695
Other assets	3,863,624	3,629,977	Retained earnings	5,722,767	3,629,002
Investment-linked insurance			Other equity	(223,596)	2,423,323
products assets	30,724,969	1,923,783	Total equity	<u>29,234,866</u>	<u>29,788,020</u>
Total assets	<u>\$ 390,529,091</u>	<u>\$ 343,790,499</u>	Total liabilities and equity	<u>\$ 390,529,091</u>	<u>\$ 343,790,499</u>

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

Item	For the years ended December 31,			
	2021		2020	
	Amount	%	Amount	%
Operating revenues	\$ 53,250,605	100	\$ 59,644,825	100
Operating costs	(49,694,069)	(93)	(56,523,989)	(95)
Operating expenses	(1,589,338)	(3)	(1,553,206)	(2)
Net operating income	1,967,198	4	1,567,630	3
Non-operating revenues and expenses	(3,511)	-	(6,478)	-
Income from continuing operations				
before income tax	1,963,687	4	1,561,152	3
Income tax benefit	110,602	-	249,055	-
Net income	2,074,289	4	1,810,207	3
Other comprehensive (loss) income (net of tax)	(2,627,443)	(5)	761,009	1
Total comprehensive (loss) income	<u>(\$ 553,154)</u>	<u>(1)</u>	<u>\$ 2,571,216</u>	<u>4</u>
Earnings per share (in dollars)				
Basic and diluted earnings per share	<u>\$</u>	<u>0.87</u>	<u>\$</u>	<u>0.88</u>

(F) Yuanta Securities Investment Trust

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

(Expressed In Thousands of New Taiwan Dollars)

ASSETS	December 31, 2021	December 31, 2020	LIABILITIES AND EQUITY	December 31, 2021	December 31, 2020
Current assets	\$ 4,939,965	\$ 4,378,017	Current liabilities	\$ 817,453	\$ 626,869
Financial assets at fair value through other comprehensive income	327,755	274,486	Deferred income tax liabilities	159,031	160,964
Equity investments accounted for under the equity method	337,265	335,729	Lease liability- non-current	35,504	47,147
Property and equipment	324,456	294,372	Other non-current liabilities	35,962	41,703
Intangible assets	768,551	768,551	Total liabilities	1,047,950	876,683
Prepaid pension cost	31,125	39,149	Common stock	2,269,235	2,269,235
Deferred income tax assets	8,653	629	Additional paid-in capital	296,729	296,729
Right-of-use assets	48,010	58,269	Retained earnings	3,214,285	2,829,488
Other non-current assets	148,484	178,464	Other equity	106,065	55,531
Total assets	<u>\$ 6,934,264</u>	<u>\$ 6,327,666</u>	Total equity	5,886,314	5,450,983
			Total liabilities and equity	<u>\$ 6,934,264</u>	<u>\$ 6,327,666</u>

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

Item	For the years ended December 31,			
	2021		2020	
	Amount	%	Amount	%
Operating revenues	\$ 3,732,164	100	\$ 3,557,011	100
Operating expenses	(1,490,577)	(40)	(1,463,496)	(41)
Operating income	2,241,587	60	2,093,515	59
Non-operating revenues and expenses	120,261	4	46,857	1
Income from continuing operations				
before income tax	2,361,848	64	2,140,372	60
Income tax expense	(442,888)	(12)	(421,152)	(12)
Net income	1,918,960	52	1,719,220	48
Other comprehensive income (loss) (net of tax)	44,020	1	(40,204)	(1)
Total comprehensive income	\$ 1,962,980	53	\$ 1,679,016	47
Earnings per share (in dollars)				
Basic and diluted earnings per share	\$	8.46	\$	7.58

(G) Yuanta Asset Management

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

(Expressed In Thousands of New Taiwan Dollars)

ASSETS	December 31, 2021	December 31, 2020	LIABILITIES AND EQUITY	December 31, 2021	December 31, 2020
Current assets	\$ 2,746,721	\$ 2,460,598	Current liabilities	\$ 121,557	\$ 87,443
Financial assets at fair value through other comprehensive income	39,842	37,134	Non-current liabilities	20,745	25,738
Property and equipment	8,830	3,093	Total liabilities	142,302	113,181
Right-of-use assets	15,266	21,938	Common stock	3,220,649	3,111,630
Investment property	1,208,951	1,325,358	Additional paid-in capital	1,047	1,047
Deferred income tax assets	2,951	2,811	Retained earnings	637,528	607,114
Other non-current assets	777	1,145	Other equity	21,812	19,105
Total assets	<u>\$ 4,023,338</u>	<u>\$ 3,852,077</u>	Total equity	3,881,036	3,738,896
			Total liabilities and equity	<u>\$ 4,023,338</u>	<u>\$ 3,852,077</u>

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

Item	For the years ended December 31,			
	2021		2020	
	Amount	%	Amount	%
Operating revenues	\$ 383,329	100	\$ 354,533	100
Operating expenses	(222,442)	(58)	(210,088)	(59)
Operating income	160,887	42	144,445	41
Non-operating revenues and expenses	10,757	3	3,336	1
Income from continuing operations before income tax	171,644	45	147,781	42
Income tax expense	(32,211)	(9)	(26,649)	(8)
Net income	139,433	36	121,132	34
Other comprehensive income (net of tax)	2,707	1	1,318	1
Total comprehensive income	\$ 142,140	\$ 37	\$ 122,450	35

(H) Yuanta Venture Capital

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

(Expressed In Thousands of New Taiwan Dollars)

<u>ASSETS</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>	<u>LIABILITIES AND EQUITY</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Current assets	\$ 2,594,922	\$ 1,887,405	Current liabilities	\$ 182,775	\$ 87,281
Financial assets at fair value through other comprehensive income	78,012	106,416	Lease liability- non-current	-	3,165
Equity investments accounted for under the equity method	1,227,016	869,474	Other non-current liabilities	4,000	3,200
Property and equipment	2,697	3,366	Total liabilities	186,775	93,646
Right-of-use assets	3,142	6,912	Common stock	2,715,221	2,460,000
Deferred income tax assets	39,620	22,739	Additional paid-in capital	918	918
Other non-current assets	635	636	Retained earnings	968,328	332,715
Total assets	<u>\$ 3,946,044</u>	<u>\$ 2,896,948</u>	Other equity	74,802	9,669
			Total equity	3,759,269	2,803,302
			Total liabilities and equity	<u>\$ 3,946,044</u>	<u>\$ 2,896,948</u>

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

Item	For the years ended December 31,			
	2021		2020	
	Amount	%	Amount	%
Operating revenues	\$ 1,178,548	100	\$ 317,866	100
Operating expenses	(224,278)	(19)	(78,520)	(25)
Operating income	954,270	81	239,346	75
Non-operating revenues and expenses	(2,104)	-	480	-
Income from continuing operations before income tax	952,166	81	239,826	75
Income tax (expense) benefit	(12,861)	(1)	47,516	15
Net income	939,305	80	287,342	90
Other comprehensive income (loss) (net of tax)	16,663	1	(6,775)	(2)
Total comprehensive income	<u>\$ 955,968</u>	<u>81</u>	<u>\$ 280,567</u>	<u>88</u>

(I) Yuanta Securities Investment Consulting

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

(Expressed In Thousands of New Taiwan Dollars)

ASSETS	December 31, 2021	December 31, 2020	LIABILITIES AND EQUITY	December 31, 2021	December 31, 2020
Current assets	\$ 242,450	\$ 222,843	Current liabilities	\$ 125,904	\$ 100,661
Property and equipment	15,589	3,659	Non-current liabilities	33,023	41,339
Right-of-use assets	25,315	32,219	Total liabilities	158,927	142,000
Intangible assets	991	306	Common stock	100,000	100,000
Deferred income tax assets	5,621	7,332	Additional paid-in capital	6,017	6,017
Other non-current assets	10,018	17,835	Retained earnings	35,040	36,177
			Total equity	141,057	142,194
Total assets	<u>\$ 299,984</u>	<u>\$ 284,194</u>	Total liabilities and equity	<u>\$ 299,984</u>	<u>\$ 284,194</u>

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

Item	For the years ended December 31,			
	2021		2020	
	Amount	%	Amount	%
Operating revenues	\$ 238,477	100	\$ 203,391	100
Operating costs	(1,108)	-	(1,193)	(1)
Operating expenses	(237,078)	(100)	(195,790)	(96)
Operating income	291	-	6,408	3
Non-operating revenues and expenses	1,011	-	1,689	1
Income from continuing operations				
before income tax	1,302	-	8,097	4
Income tax expense	(217)	-	(1,619)	(1)
Net income	1,085	-	6,478	3
Other comprehensive income (net of tax)	4,001	2	436	-
Total comprehensive income	<u>\$ 5,086</u>	<u>2</u>	<u>\$ 6,914</u>	<u>3</u>

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

A. Profitability

(A) Yuanta Financial Holdings

Unit: %

		For the years ended December 31,	
		2021	2020
Return on total assets	Before tax	11.74	8.78
	After tax	11.70	8.66
Return on equity	Before tax	13.39	10.06
	After tax	13.35	9.93
Net profit margin ratio		96.01	95.04

(B) Yuanta Financial Holdings and its subsidiaries

		For the years ended December 31,	
		2021	2020
Return on total assets	Before tax	1.53	1.19
	After tax	1.29	1.00
Return on equity	Before tax	15.69	11.75
	After tax	13.22	9.92
Net profit margin ratio		31.19	22.47

(C) Yuanta Bank

		For the years ended December 31,	
		2021	2020
Return on total assets	Before tax	0.60	0.58
	After tax	0.52	0.50
Return on equity	Before tax	7.43	6.52
	After tax	6.50	5.61
Net profit margin ratio		38.68	34.70

(D) Yuanta Securities

		For the years ended December 31,	
		2021	2020
Return on total assets	Before tax	5.34	3.97
	After tax	4.69	3.51
Return on equity	Before tax	22.08	15.36
	After tax	19.39	13.58
Net profit margin ratio		47.62	44.84

(E) Yuanta Life

		For the years ended December 31,	
		2021	2020
Return on total assets	Before tax	0.53	0.50
	After tax	0.56	0.58
Return on equity	Before tax	6.65	7.26
	After tax	7.03	8.42
Net profit margin ratio		58.38	58.12

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

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

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

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

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

B. Information of Yuanta Bank is as follows:

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

Unit: In thousands of NT Dollars

Month / Year		December 31, 2021					December 31, 2020					
Business / Items		Amount of non-performing loans	Gross loans	Non-performing loan ratio	Allowance for doubtful accounts	Coverage ratio	Amount of non-performing loans	Gross loans	Non-performing loan ratio	Allowance for doubtful accounts	Coverage ratio	
Corporate banking	Secured loans	441,633	247,754,056	0.18%	3,298,612	746.91%	152,050	212,006,282	0.07%	2,882,450	1,895.73%	
	Unsecured loans	182,046	175,705,281	0.10%	3,123,289	1,715.66%	614,396	174,449,111	0.35%	3,717,801	605.11%	
Consumer banking	Residential mortgage	142,016	256,543,082	0.06%	3,854,972	2,714.46%	169,796	216,420,949	0.08%	3,250,643	1,914.44%	
	Cash card services	-	32,440	-	643	-	-	49,077	-	1,035	-	
	Small amount of credit loans	4,112	12,528,651	0.03%	136,289	3,314.42%	5,243	11,053,722	0.05%	127,861	2,438.70%	
	Others	Secured loans	95,825	179,590,545	0.05%	1,873,330	1,954.95%	128,942	164,536,653	0.08%	1,707,962	1,324.60%
		Unsecured loans	752	3,265,710	0.02%	32,932	4,379.26%	87	4,242,100	-	42,536	48,891.95%
Gross loan business		866,384	875,419,765	0.10%	12,320,067	1,422.01%	1,070,514	782,757,894	0.14%	11,730,288	1,095.76%	

Month / Year		December 31, 2021					December 31, 2020				
		Amount of overdue accounts	Balance of accounts receivable	Overdue account ratio	Allowance for doubtful accounts	Coverage ratio	Amount of overdue accounts	Balance of accounts receivable	Overdue account ratio	Allowance for doubtful accounts	Coverage ratio
Credit card services		6,289	8,348,643	0.08%	104,297	1,658.40%	6,697	8,789,379	0.08%	111,054	1,658.26%
Without recourse factoring		-	5,463,356	-	79,692	-	9,396	4,159,900	0.23%	74,235	790.07%

Note 1: The amount recognized as non-performing loans is in compliance with the "Regulation Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans".

The amount included in overdue accounts for credit cards is in compliance with Jin-Guan-Yin (4) Letter No. 0944000378 dated July 6, 2005.

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

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

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

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

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

Note 7: Pursuant to Jin-Guan-Yin-Wai Letter No. 09850003180 dated August 24, 2009, the amount of without recourse factoring will be recognized 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

	December 31, 2021		December 31, 2020	
	Total amount of non-performing loans exempted from reporting to the competent authority	Total amount of overdue receivables exempted from reporting to the competent authority	Total amount of non-performing loans exempted from reporting to the competent authority	Total amount of overdue receivables exempted from reporting to the competent authority
Amounts exempted from reporting to the competent authority under debt negotiation (Note 1)	32,907	20,919	49,620	28,219
Perform in accordance with debt liquidation program and restructuring program (Note 2)	766,243	313,242	905,211	338,173
Total	799,150	334,161	954,831	366,392

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

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

(BLANK)

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

Unit: In thousands of NT Dollars, %

December 31, 2021			
Ranking (Note 1)	Name of Enterprise Group (Note 2)	Total outstanding loan amount (Note 3)	Total outstanding loan amount / Total equity
1	Group A–Iron and Steel Refining	\$ 10,058,149	8.18
2	Company B–Real Estate Development	6,802,000	5.53
3	Company C–Real Estate Development	6,340,000	5.15
4	Group D–Real Estate Leasing	5,920,000	4.81
5	Group E–Computer Manufacturing	4,897,951	3.98
6	Company F–Manufacture of Power Generation, Transmission and Distribution Machinery	4,300,000	3.50
7	Company G–Real Estate Development	3,513,318	2.86
8	Group H–Chemical Materials Manufacturing	3,381,673	2.75
9	Group I–Real Estate Development	3,371,923	2.74
10	Group J–Real Estate Development	3,280,269	2.67

Unit: In thousands of NT Dollars, %

December 31, 2020			
Ranking (Note 1)	Name of Enterprise Group (Note 2)	Total outstanding loan amount (Note 3)	Total outstanding loan amount / Total equity
1	Group A–Financial Leasing	\$ 4,747,470	3.83
2	Group B–Real Estate Leasing	4,180,000	3.37
3	Group C–Air Transport	3,870,417	3.12
4	Company D–Real Estate Development	3,790,216	3.06
5	Group E–Chemical Materials Manufacturing	3,415,000	2.76
6	Group F–Real Estate Development	3,400,000	2.74
7	Company G–Real Estate Development	3,276,820	2.64
8	Group H–Manufacture of Footwear	3,267,924	2.64
9	Company I–Real Estate Development	3,181,573	2.57
10	Company J–Activities of Amusement Park and Theme Parks	3,000,000	2.42

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)

December 31, 2021

(Expressed in Thousands of New Taiwan Dollars)

	Total	0 ~ 10 days	11 ~ 30 days	31 ~ 90 days	91 ~ 180 days	181 days ~ 1 year	Over 1 year
Primary funds inflow upon maturity	1,511,508,496	238,080,640	163,197,263	113,262,211	95,730,461	137,619,905	763,618,016
Primary funds outflow upon maturity	1,745,603,433	52,420,912	77,841,952	188,841,520	223,590,580	323,592,530	879,315,939
Gap	(234,094,937)	185,659,728	85,355,311	(75,579,309)	(127,860,119)	(185,972,625)	(115,697,923)

December 31, 2020

(Expressed in Thousands of New Taiwan Dollars)

	Total	0 ~ 10 days	11 ~ 30 days	31 ~ 90 days	91 ~ 180 days	181 days ~ 1 year	Over 1 year
Primary funds inflow upon maturity	1,268,913,752	225,155,154	122,641,996	97,090,727	75,589,176	117,129,074	631,307,625
Primary funds outflow upon maturity	1,477,209,693	32,609,360	70,314,511	166,640,632	181,426,517	281,208,813	745,009,860
Gap	(208,295,941)	192,545,794	52,327,485	(69,549,905)	(105,837,341)	(164,079,739)	(113,702,235)

b. Structure analysis of time to maturity (USD)

December 31, 2021

(Expressed in Thousands of US Dollars)

	Total	0 ~ 30 days	31 ~ 90 days	91 ~ 180 days	181 days ~ 1 year	Over 1 year
Primary funds inflow upon maturity	6,118,301	1,409,964	419,331	190,148	232,803	3,866,055
Primary funds outflow upon maturity	6,975,154	1,662,546	992,608	970,649	1,374,691	1,974,660
Gap	(856,853)	(252,582)	(573,277)	(780,501)	(1,141,888)	1,891,395

December 31, 2020

(Expressed in Thousands of US Dollars)

	Total	0 ~ 30 days	31 ~ 90 days	91 ~ 180 days	181 days ~ 1 year	Over 1 year
Primary funds inflow upon maturity	5,667,952	1,316,544	539,137	272,454	511,034	3,028,783
Primary funds outflow upon maturity	6,233,430	1,528,930	846,693	859,118	1,317,774	1,680,915
Gap	(565,478)	(212,386)	(307,556)	(586,664)	(806,740)	1,347,868

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

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

December 31, 2021

(Expressed in Thousands of New Taiwan Dollars, %)

Item	1 ~ 90 days	91 ~ 180 days	181 days ~ 1 year	Over 1 year	Total
Interest-rate-sensitive assets	927,641,426	75,819,390	30,212,966	323,916,911	1,357,590,693
Interest-rate-sensitive liabilities	290,209,512	850,198,334	157,063,616	25,667,825	1,323,139,287
Interest-rate-sensitive gap	637,431,914	(774,378,944)	(126,850,650)	298,249,086	34,451,406
Total equity					122,670,383
Ratio of interest-rate-sensitive assets to liabilities					102.60
Ratio of interest-rate-sensitive gap to equity					28.08

December 31, 2020

(Expressed in Thousands of New Taiwan Dollars, %)

Item	1 ~ 90 days	91 ~ 180 days	181 days ~ 1 year	Over 1 year	Total
Interest-rate-sensitive assets	817,786,741	63,802,552	26,567,464	253,298,979	1,161,455,736
Interest-rate-sensitive liabilities	257,320,518	688,398,640	146,094,436	29,216,673	1,121,030,267
Interest-rate-sensitive gap	560,466,223	(624,596,088)	(119,526,972)	224,082,306	40,425,469
Total equity					120,703,459
Ratio of interest-rate-sensitive assets to liabilities					103.61
Ratio of interest-rate-sensitive gap to equity					33.49

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

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

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

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

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

December 31, 2021

(Expressed in Thousands of US Dollars, %)

Item	1 ~ 90 days	91 ~ 180 days	181 days ~ 1 year	Over 1 year	Total
Interest-rate-sensitive assets	2,570,972	75,992	16,842	3,145,014	5,808,820
Interest-rate-sensitive liabilities	2,077,300	599,322	1,034,920	1,663,465	5,375,007
Interest-rate-sensitive gap	493,672	(523,330)	(1,018,078)	1,481,549	433,813
Total equity					13,122
Ratio of interest-rate-sensitive assets to liabilities					108.07
Ratio of interest-rate-sensitive gap to equity					3,306.00

December 31, 2020

(Expressed in Thousands of US Dollars, %)

Item	1 ~ 90 days	91 ~ 180 days	181 days ~ 1 year	Over 1 year	Total
Interest-rate-sensitive assets	3,233,841	178,547	46,686	1,872,163	5,331,237
Interest-rate-sensitive liabilities	1,937,706	496,957	920,806	1,371,298	4,726,767
Interest-rate-sensitive gap	1,296,135	(318,410)	(874,120)	500,865	604,470
Total equity					120,447
Ratio of interest-rate-sensitive assets to liabilities					112.79
Ratio of interest-rate-sensitive gap to equity					501.86

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

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

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

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

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

None.

13. Other disclosure items

(1) Related information on material transaction items

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

Creditor	Counterparty	Relationship	Accounts receivable from related party as of December 31, 2021	Turnover rate	Amount overdue		Amount collected subsequent to the balance sheet date	Amount of credit losses
					Amount	Action taken		
Yuanta Financial Holdings	Yuanta Securities	Subsidiary of the Company	\$ 2,835,216 (Note)	-	\$ -	-	\$ 1,423	\$ -
Yuanta Financial Holdings	Yuanta Bank	Subsidiary of the Company	627,063 (Note)	-	-	-	1,168	-
Yuanta Financial Holdings	Yuanta Life	Subsidiary of the Company	613,730 (Note)	-	-	-	896	-

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:

(Expressed In Thousand of New Taiwan Dollars)

Investor	Investee	Address	Main Service	Percentage of ownership at the period end (%)	Book value	Investment income (loss) (Note 1)	Share ownerships of the Company and related parties			
							Shares (In thousands)	Pro-forma share of ownership	Total		Percentage of ownership (%)
								Shares (In thousands)		
Yuanta Financial Holdings Co., Ltd.	Yuanta Securities Co., Ltd.	R.O.C	Securities brokerage, dealing, underwriting, financing and refinancing, futures business and raising and issuing derivative instruments	100	\$ 129,074,330	\$ 23,290,206	5,982,032	-	5,982,032	100
"	Yuanta Commercial Bank Co., Ltd.	"	Banking	100	123,078,691	8,020,530	7,394,039	-	7,394,039	100
"	Yuanta Futures Co., Ltd.	"	Futures, futures managers, futures consultant, securities, securities trading assistance	66.27	8,743,301	568,772	192,167	-	192,167	66.27
"	Yuanta Life Co., Ltd.	"	Life insurance business	100	26,432,936	2,182,659	2,373,570	-	2,373,570	100
"	Yuanta Asset Management Co., Ltd.	"	Management of monetary debts of financial institutions	100	3,808,719	139,433	322,065	-	322,065	100
"	Yuanta Venture Capital Co., Ltd.	"	Venture capital business	100	3,759,269	939,305	271,522	-	271,522	100
"	Yuanta Securities Investment Consulting Co., Ltd.	"	Investment consulting on securities	100	141,057	1,085	10,000	-	10,000	100
"	Yuanta Securities Investment Trust Co., Ltd.	"	Investment trust	74.71	6,265,202	1,433,685	169,538	-	169,538	74.71
Yuanta Commercial Bank Co., Ltd.	Yuanta International Leasing Co., Ltd.	"	Lease businesses of personal property and real assets	100	105,205	-	10,000	-	10,000	100
"	Yuanta Savings Bank (Philippines)	Philippines	Deposit services	100	1,134,776	-	2,400,000	-	2,400,000	100
"	Yuanta Savings Bank (Korea)	Korea	Deposit services	100	3,448,798	-	13,516	-	13,516	100

(Expressed In Thousand of New Taiwan Dollars)
Share ownerships of the Company and related parties

Investor	Investee	Address	Main Service	Percentage of ownership at the period end (%)	Book value	Investment income (loss) (Note 1)	Shares (In thousands)	Total		Percentage of ownership (%)
								Pro-forma share of ownership	Shares (In thousands)	
Yuanta Securities Co., Ltd.	Yuanta Securities Asia Financial Services Limited	Singapore (Note3)	Investment holding	100	\$ 35,605,408	\$ -	290,909	-	290,909	100
"	Yuanta International Insurance Brokers Co., Ltd.	R.O.C	Insurance agent	100	365,302	-	500	-	500	100
"	Yuanta Securities Finance Co., Ltd.	"	Margin loans and short sales of securities	100	13,083,014	-	400,000	-	400,000	100
Yuanta Securities Asia Financial Services Limited	Yuanta Securities (Hong Kong) Limited	Hong Kong	Securities trading, futures trading, providing opinions on securities, providing opinions on futures contract, providing opinions on institutions' financing and providing assets management services	100	7,667,817	-	2,268,133	-	2,268,133	100
"	Yuanta Asia Investment (Hong Kong) Ltd.	"	Securities trading and providing assets management services	100	1,164,046	-	293,892	-	293,892	100

(Expressed In Thousand of New Taiwan Dollars)
Share ownerships of the Company and related parties

Investor	Investee	Address	Main Service	Percentage of ownership at the period end (%)	Book value	Investment income (loss) (Note 1)	Shares (In thousands)	Total		Percentage of ownership (%)
								Pro-forma share of ownership	Shares (In thousands)	
Yuanta Securities Asia Financial Services Limited	Yuanta Securities (Korea) Co., Ltd.	Korea	Investment and trading business, investment intermediary business, trust business, investment consultancy, discretionary account business, in addition, concurrent operating business and auxiliary business	57.39	\$ 20,287,654	\$ -	114,558	-	114,558	57.39
"	Yuanta Hong Kong Holdings(Cayman) Co., Ltd.	Cayman Islands	Investment holding	100	36,533	-	74	-	74	100
"	Yuanta Securities (Thailand) Co., Ltd.	Thailand	Security brokerage, proprietary trading, underwriting, and investment consulting; mutual fund management; private fund management; security borrowing; venture capital fund management; derivative product brokerage, proprietary trading,	99.99	4,783,564	-	450,000	-	450,000	99.99
"	Yuanta Securities (Vietnam) Co., Ltd.	Vietnam	Brokerage, dealing, underwriting, Securities investment consulting Derivatives product	92.62	2,834,357	-	-	-	-	100

(Expressed In Thousand of New Taiwan Dollars)
Share ownerships of the Company and related parties

Investor	Investee	Address	Main Service	Percentage of ownership at the period end (%)	Book value	Investment income (loss) (Note 1)	Shares (In thousands)	Total		Percentage of ownership (%)
								Pro-forma share of ownership	Shares (In thousands)	
Yuanta Securities Korea Co., Ltd.	Yuanta Investment Co., Ltd.	Korea	Venture investment	100	\$ 1,309,665	\$ -	6,401	-	6,401	100
"	Yuanta Financial (Hong Kong) Limited	Hong Kong	Investment holding	100	403,507	-	18,954	-	18,954	100
"	Woori Asset Management Corp.	Korea	Asset management	27	751,041	-	1,080	-	1,080	27
Yuanta Financial (Hong Kong) Limited	Yuanta Securities (Cambodia) Plc.	Cambodia	Underwriting guidelines and financial advisory services, Securities brokerage, dealing, Investment Advisory	100	345,256	-	12,500	-	12,500	100
Yuanta Securities (Hong Kong) Limited	Yuanta International Investment (Hong Kong) Ltd.	Hong Kong	Solicitation of financial products, proprietary investment	100	225,783	-	50,000	-	50,000	100
"	Yuanta Finance (Hong Kong) Ltd.	"	Credit loans	100	204,393	-	50,000	-	50,000	100
"	Yuanta Investment Management (Cayman) Ltd. (Note 4)	Cayman Islands	Investment management	100	317,810	-	12,500	-	12,500	100
"	Yuanta Securities (Vietnam) Co., Ltd.	Vietnam	Brokerage, dealing, underwriting, Securities investment consulting, Derivatives product	7.38	226,249	-	-	-	-	100

(Expressed In Thousand of New Taiwan Dollars)
Share ownerships of the Company and related parties

Investor	Investee	Address	Main Service	Percentage of ownership at the period end (%)	Book value	Investment income (loss) (Note 1)	Shares (In thousands)	Total		Percentage of ownership (%)
								Pro-forma share of ownership	Shares (In thousands)	
Yuanta Securities (Hong Kong) Limited	PT Yuanta Sekuritas Indonesia	Indonesia	Securities trading and underwriting services	99	\$ 401,916	\$ -	474	-	474	99
"	PT Yuanta Asset Management (Note 7)	"	Investment management	0.002	-	-	51	-	51	100
PT Yuanta Sekuritas Indonesia	PT Yuanta Asset Management (Note 7)	"	Investment management	99.998	26,722	-	51	-	51	100
Yuanta Venture Capital Co., Ltd.	Yuanta I Venture Capital Co., Ltd.	R.O.C	Venture capital business	100	1,227,016	-	85,000	-	85,000	100
Yuanta Futures Co., Ltd.	Yuanta Futures (Hong Kong) Limited	Hong Kong	Financial services	100	855,254	-	34,000	-	34,000	100
"	SYF Information Limited	R.O.C	Information software and data processing services	100	286,527	-	35,000	-	35,000	100

Note 1: The amounts under the column of the investment income (loss) presented as zero is for the subsidiary and second-tier subsidiary described in the consolidated financial statements.

Note 2: In July 2018, the Board of Directors approved to liquidate Yuanta Security (United Kingdom), and Yuanta Security (United Kingdom) was liquidated on June 24, 2021.

Note 3: Yuanta Securities Asia Financial Services acquired approval from Accounting and Corporate Regulatory Authority of Singapore to redomicile from Bermuda to Singapore on October 21, 2021.

Note 4: In February of 2022, the board of directors of Yuanta Investment Management(Cayman) approved a resolution of dissolution and liquidation. The reference date of liquidation is February 16, 2022.

Note 5: The case concerning Yuanta Securities applying for reinvesting established Yuanta Capital had been approved by the FSC, Jin-Guan-Cheng-Quan-Zi Letter No.1100351895 on November 4,2021. Yuanta Securities will apply for establishing company to Ministry of Economic Affairs.

Note 6: The case concerning Yuanta Securities applying for reinvesting established Yuanta Wealth Management had been approved by the FSC, Jin-Guan-Cheng-Quan-Zi Letter No.1110330161 on February 24, 2022. After applying to Investment commission, MOEA, and authorities of Singapore, the follow-up procedures will carry on.

Note 7: The equity shares of PT Yuanta Asset Management that were hold by PT Yuanta Sekuritas Indonesia and Yuanta Securities(Hong Kong) were all sold under the consent of the board of directors on August 19, 2021. However, it was approved by the FSC, Jin-Guan-Cheng-Quan-Zi Letter No.1100358373 on October 13, 2021 and the related sales procedures are still pending and waiting for the approval of Indonesian Authorities.

(3) Significant transactions regarding investee companies

- A. Information regarding stocks of equity investment for which the purchase or sale amount for the period exceeded \$300 million or 10% of the Company's paid-in capital: Disclosure may be exempt for subsidiaries in the financial industry, insurance industry and securities Industry. Not applicable for all the other subsidiaries and indirect subsidiaries.
- B. Information on the acquisition of real estate for which the purchase amount exceeded \$300 million or 10% of the Company's paid-in capital: None.
- C. Information on the disposal of real estate for which the purchase amount exceeded \$300 million or 10% of the Company's paid-in capital: None.
- D. Information regarding discounted processing fees on transactions with related parties for which the amount exceeded \$5 million: None.
- E. Information regarding receivables from related parties for which the amount exceeding \$300 million or 10% of Company's paid-in capital:

Creditor	Counterparty	Relationship	Accounts receivable from related party as of December 31, 2021	Turnover rate	Amount overdue		Amount collected subsequent to the balance sheet date	Amount of credit losses
					Amount	Action taken		
Yuanta Life	The Company	Parent Company	\$ 1,753,432	-	\$ -	-	\$ -	\$ -

F. Information regarding selling non-performing loans:

(A) Summary of selling non-performing loans:

Transaction Company	Transaction date	Counterparty	Contents of right of claim	Carrying value	Sale price	Gain or loss from disposal	Attached conditions	Relationship with the Bank	Note
Yuanta Savings Bank (Korea)	April 6, 2021	SOLLIMHELPAMC CORPORATION	Loans and Temporary Payments for Others	\$ -	\$ 4,227	\$ 4,227	None	None	Note 1
Yuanta Bank	May 18, 2021	S.C. Lowy Primary Investments, Ltd.	Medium-term Loans (International Syndicated Loan)	\$ 345,756	\$ 447,298	\$ 101,542	None	None	Note 2

Note 1: The carrying amount and the sale price of the loan was KRW0 thousand and KRW172,518 thousand, using the exchange rate of 1 KRW to 0.024503 NTD.

Note 2: The carrying amount and the sale price of the loan was USD12,452 thousand and USD16,109 thousand, using the exchange rate of 1 USD to 27.767 NTD.

(B) Sale of non-performing loans for which the amount exceeding NT \$1 billion (excluding sale to related parties): None.

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

I. Funds lent to other: Not applicable to subsidiaries in a financial or securities industries. For non-financial and non-securities subsidiaries, no fund has been lent except for the following:

Number	Lending company	Borrower	Account	Related-party	Maximum balance at current period	Ending balance	Actual used amount	Interest rate	Characteristic of fund lent to others	Amount	Reason for short-term loans	Provision for credit loss	Collateral		Limit of individual lending	Total limit of funds lent to others
													Item	Value		
1	Yuanta Securities	Yuanta Securities Asia Finance Service	Accounts receivable-related party	Yes	\$ 2,769,000	\$ 2,769,000	\$ -	-	Short-term loans	\$ -	Working capital	\$ -	-	\$ -	\$ 12,865,357 (Note 1)	\$ 51,461,428 (Note 1)
2	Yuanta Securities Asia Finance Service	PT Yuanta Sekuritas Indonesia	Accounts receivable-related party	Yes	1,246,050	830,700	553,800	2.20%	Short-term loans	-	Fulfill operating cost and working capital	-	-	-	35,625,398 (Note 3)	35,625,398 (Note 3)
3	Yuanta Securities Asia Finance Service	Yuanta Securities (Hong Kong)	Accounts receivable-related party	Yes	1,384,500	1,384,500	-	-	Short-term loans	-	Fulfill operating cost and working capital	-	-	-	35,625,398 (Note 3)	35,625,398 (Note 3)
4	Yuanta Securities Asia Finance Service	Yuanta Securities (Thailand)	Accounts receivable-related party	Yes	1,384,500	1,384,500	-	-	Short-term loans	-	Fulfill operating cost and working capital	-	-	-	35,625,398 (Note 3)	35,625,398 (Note 3)
5	Yuanta Securities Asia Finance Service	Yuanta Securities (Vietnam)	Accounts receivable-related party	Yes	830,700	830,700	-	-	Short-term loans	-	Working capital	-	-	-	35,625,398 (Note 3)	35,625,398 (Note 3)
6	PT Yuanta Sekuritas Indonesia	PT Yuanta Asset Management	Accounts receivable-related party	Yes	11,943	11,943	9,030	10.00%	Short-term loans	-	Fulfill operating cost and working capital	9,030	-	-	405,975 (Note 5)	405,975 (Note 5)

Note 1: The ceiling on total loans granted and limit to loans granted to a single party by Yuanta Securities should not exceed 40% and 10% of the net worth of its latest audited/reviewed financial statements.

Note 2: On August 19, 2021, the Board of Directors of Yuanta Securities resolved a loan limit to Yuanta Securities Asia Financial Services in the amount of USD 100 million. This has been approved through Gin-Gwen-Zheng Letter No. 1100357578 dated November 3, 2021 of the FSC in Taiwan.

Note 3: 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 4: On September 24, 2020, the Board of Directors of Yuanta Securities Asia Financial Services resolved to provide a 2-year revolving subordinated loan to Yuanta Securities (Hong Kong) Limited in the amount of USD 50 million. This has been approved through Gin-Gwen-Zheng-Quan Letter No. 1090371696 dated December 2, 2020 of the FSC in Taiwan and has obtained the approval of the Securities and Futures Commission in Hong Kong on July 27, 2021.

Note 5: The ceiling on total loans granted and limit to loans granted to a single party by PT Yuanta Sekuritas Indonesia should not exceed the net worth of its latest audited/reviewed financial statements.

Note 6: With respect to the loans granted to PT Yuanta Asset Management by PT Yuanta Sekuritas Indonesia, it was difficult to recover the loans based on the assessment due to the liquidation of PT Yuanta Asset Management. Therefore, the entire amount was recognized as an impairment loss.

J. Endorsements and guarantees provided for others:

Number	Endorsing and guarantee company	Endorsed and guaranteed company		Limit for endorsement and guarantee for single enterprise	Maximum outstanding endorsements and guarantee amount during For the year ended December 31, 2021	Ending balance of endorsement and guarantee	Actual used amount	Property-backed endorsement and guarantee	The ratio of accumulated endorsement and guarantee amount and the net value of the latest financial statement	Maximum limit	Provision of endorsements and guarantees by parent company to subsidiary	Provision of endorsements and guarantees by subsidiary to parent company	Provision of endorsements and guarantees to the party in Mainland China	Note
		Name of company	Relationship											
1	Yuanta Securities	PT Yuanta Sekuritas Indonesia	More than 50% common stock-directly-owned subsidiary	\$ 25,730,714 (Note 1)	\$ 96,915	\$ 96,915	\$ 92,300	\$ -	0.08%	\$ 51,461,428 (Note 1)	Yes	No	No	
2	Yuanta Securities	Yuanta Securities (Thailand)	More than 50% common stock-directly-owned subsidiary	25,730,714 (Note 1)	415,350	415,350	-	-	0.32%	51,461,428 (Note 1)	Yes	No	No	
3	Yuanta Securities	Yuanta International Investment (Hong Kong) (Note 2)	More than 50% common stock-directly-owned subsidiary	25,730,714 (Note 1)	1,384,500	1,384,500	-	-	1.08%	51,461,428 (Note 1)	Yes	No	No	
4	Yuanta Securities Asia Financial Service	Yuanta Securities (Thailand)	More than 50% common stock-directly-owned subsidiary	35,625,398 (Note 3)	2,888,400	2,058,400	166,000	-	5.78%	35,625,398 (Note 3)	Yes	No	No	
5	Yuanta Securities Asia Financial Service	PT Yuanta Sekuritas Indonesia	More than 50% common stock-directly-owned subsidiary	35,625,398 (Note 3)	354,580	216,130	99,684	-	0.61%	35,625,398 (Note 3)	Yes	No	No	
6	Yuanta Securities Asia Financial Service	Yuanta Securities (Vietnam)	More than 50% common stock-directly-owned subsidiary	35,625,398 (Note 3)	553,800	553,800	553,800	-	1.55%	35,625,398 (Note 3)	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: To become a local agent and guarantee institution of foreign structure instruments which are issued by the reinvested company, Yuanta Investment (Hong Kong), on September 24, 2020, Yuanta Securities' Board of Directors resolved to provide a guarantee with a limit of US 50 million. On December 16, 2020, Yuanta Securities obtained the approval from Gin-Gwen-Zheng-Quan-Zi Letter No. 1090372253 of FSC in Taiwan. On February 25, 2021, both parties finished signing the guarantee contract after the relating process has been completed.

Note 3: According to the Company's "Procedures for Provision of Endorsements and Guarantees", total endorsements and guarantees provided to others cannot exceed the net assets value in Yuanta Securities Asia Financial Services Ltd.'s latest financial statements audited or reviewed by an independent auditor.

K. Engagement in derivatives trading: Disclosure may be exempt for subsidiaries in the financial industry, insurance industry and securities industry. Not applicable for all the other subsidiaries and indirect subsidiaries.

L. Securities held at the end of period:

(Expressed in Thousands of New Taiwan Dollars)

December 31, 2021

Name of company which holds securities	Category and name of securities (or name of issuer of securities)	Relationship between issuer of securities and the company	Account	Number of shares (In thousands)	Percentage of ownership			
					Book value	(%)	Market value	Note
Yuanta Securities Investment Trust	Beneficiary certificates:							
	Yuanta/P-shares Taiwan Top 50 ETF	The managing company of the fund	Financial assets at fair value through profit or loss	255	\$ 37,065	-	\$ 37,065	
	Yuanta/P-shares Taiwan Mid-Cap 100 ETF	"	"	10	612	-	612	
	Yuanta/P-shares Taiwan Electronics Tech ETF	"	"	22	1,573	-	1,573	
	Yuanta/P-shares S&P Custom China Play 50	"	"	21	655	-	655	
	Yuanta/P-shares MSCI Taiwan Financials ETF	"	"	22	542	-	542	
	Yuanta/P-shares Taiwan Dividend Plus ETF	"	"	33	1,096	-	1,096	
	W.I.S.E. Yuanta/P-shares CSI 300 ETF	"	"	27	622	-	622	
	Yuanta S&P500	"	"	8	345	-	345	
	Yuanta/P-shares Taiwan GreTai 50 ETF	"	"	20	488	-	488	
	Yuanta/P-shares MSCI Taiwan ETF	"	"	14	963	-	963	
	Yuanta/P-shares SSE50 ETF	"	"	22	801	-	801	
	Yuanta S&P GSCI Gold ER Futures ETF	"	"	7	170	-	170	
	Yuanta S&P GSCI Crude Oil ER Futures ETF	"	"	1	11	-	11	
	Yuanta EURO STOXX 50 ETF	"	"	6	188	-	188	
	Yuanta Nikkei 225 ETF	"	"	1	34	-	34	
	Yuanta U.S. Treasury 20+ Year Bond ETF	"	"	2	63	-	63	
	Yuanta S&P US Dollar ER Futures ETF	"	"	-	8	-	8	
	Yuanta U.S. Treasury 7-10 Year Bond ETF	"	"	10	403	-	403	
	Yuanta Taiwan High Dividend LowVolatility ETF	"	"	8	328	-	328	
	Yuanta U.S. Treasury 1-3 Year Bond ETF	"	"	2	66	-	66	
	Yuanta U.S. 20+ Year BBB Corporate Bond ETF	"	"	8	362	-	362	
	Yuanta China Treasury + Policy Bank 3-5 Year Bond ETF	"	"	2	80	-	80	
	Yuanta DJCI Silver ER Futures ETF	"	"	1	33	-	33	
	Yuanta MSCI China A ETF	"	"	11	304	-	304	
	Yuanta US 20+ Year AAA-A Corporate Bond ETF	"	"	12	520	-	520	
	Yuanta STOXX Global Artificial Intelligence ETF	"	"	1	28	-	28	
	Yuanta S&P U.S. High Yield Preferred Stock ETF	"	"	1	13	-	13	
	Yuanta US 10+ Investment Grade Bank Bond ETF	"	"	5	219	-	219	
	Yuanta US 10+ Investment Grade Healthcare Bond ETF	"	"	12	506	-	506	
	Yuanta US 10+ Investment Grade Utility Electric Power Bond ETF	"	"	5	205	-	205	
	Yuanta FTSE4Good TIP Taiwan ESG ETF	"	"	7	249	-	249	

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	December 31, 2021				
				Number of shares (In thousands)	Book value	Percentage of ownership (%)	Market value	Note
Yuanta Securities Investment Trust	Beneficiary certificates:							
	Yuanta Global NextGen Communications ETF	The managing company of the fund	Financial assets at fair value through profit or loss	14	\$ 452	-	\$ 452	
	Yuanta 15+ Year Emerging Markets Sovereign Bond ETF.	"	"	1	35	-	35	
	Yuanta Global NexGen Communication Innovative Technology ETF	"	"	20	672	-	672	
	Yuanta De- Bao Money Market Fund	"	"	8,245	100,009	-	100,009	
	Yuanta Real Multi-Asset Fund TWD	"	"	1,541	15,349	-	15,349	
					<u>\$ 165,069</u>		<u>\$ 165,069</u>	
	Stocks:							
	Taiwan Futures Exchange	-	Financial assets at fair value through other comprehensive income	3,696	\$ 317,982	0.88	\$ 317,982	
	FundRich Securities Co. Ltd.	-	"	819	9,773	1.37	9,773	
					<u>\$ 327,755</u>	24.50	<u>\$ 327,755</u>	
	CR Yuanta Fund Management Company Limited	-	Long-term equity accounted for under the equity method		<u>\$ 337,265</u>		<u>\$ 337,265</u>	
Yuanta Asset Management	Beneficiary certificates:							
	Taishin 1699 Money Market Fund	-	Financial assets at fair value through profit or loss	13,943	\$ 190,718	-	\$ 190,718	
	Franklin Templeton Sinoam Money Market Fund	-	"	9,604	100,393	-	100,393	
	Jih Sun Money Market Fund	-	"	9,369	140,410	-	140,410	
					<u>\$ 431,521</u>		<u>\$ 431,521</u>	
	Stocks:							
	Taiwan Finance Corporation	-	Financial assets at fair value through other comprehensive income	828	\$ 8,018	0.16	\$ 8,018	
	Sunsino Venture Co., Ltd.	-	"	443	4,142	0.93	4,142	
	DaYeh Development Co., Ltd.	-	"	333	894	2.22	894	
	Chung Yi Development Co., Ltd.	-	"	2,278	114	6.63	114	
	Global Investment Holdings Co., LTD.	-	"	1,980	15,979	1.23	15,979	
	China Trade And Development Corporation	-	"	500	10,695	0.76	10,695	
					<u>\$ 39,842</u>		<u>\$ 39,842</u>	
Yuanta Venture Capital	Stocks:							
	United Renewable Energy Co., Ltd.	-	Financial assets at fair value through profit or loss	513	\$ 8,914	0.03	\$ 8,914	Private equity
	Taiwan Chelic Corp. Ltd.	-	"	500	26,700	0.75	26,700	
	Eurocharm Holdings Co., Ltd.	-	"	430	65,145	0.65	65,145	
	Ever Supreme Bio Technology Co., Ltd.	-	"	350	73,675	0.57	73,675	
	ALLIED SUPREME CORP.	-	"	572	166,166	0.83	166,166	

		December 31, 2021						
Name of company which holds securities	Category and name of securities (or name of issuer of securities)	Relationship between issuer of securities and the company	Account	Percentage of				
				Number of shares (In thousands)	Book value	ownership (%)	Market value	Note
Yuanta Venture Capital	Tot Biopharm International Company Limited	-	Financial assets at fair value through profit or loss	15,606	\$ 236,603	2.54	\$ 236,603	
	Taiwan J Pharmaceuticals Co.,Ltd.	-	"	1,282	12,733	1.71	12,733	
	Jing-Jan Retail Business Co., Ltd.	-	"	1,408	56,447	2.35	56,447	
	M3 Technology Inc.	-	"	1,290	424,487	3.51	424,487	
	Saultech Technology Co., Ltd.	-	"	474	86,565	1.61	86,565	
	Taiwan Microloops Co., Ltd.	-	"	855	50,086	2.28	50,086	
	Ever Fortune. AI Co. , Ltd.	-	"	1,200	99,144	1.33	99,144	
	Gorilla Technology Group Inc.	-	"	95	9,001	0.79	9,001	Preferred stock B
	CGK International Co., Ltd (Cayman)	-	"	877	6,822	2.39	6,822	
	BRIM Biotechnology ,Inc.	-	"	3,500	84,455	5.05	84,455	
	Aprevent Medical, Inc.	-	"	394	220	2.12	220	
	Aprevent Medical, Inc.	-	"	1,808	24,386	9.71	24,386	Preferred stock B
	Li Ling Film Co., Ltd.	-	"	1,666	7,614	2.78	7,614	
	Apollomics, Inc.	-	"	1,634	8,170	0.12	8,170	
	Bioflag International Corporation	-	"	3,400	120,938	2.96	120,938	
	Pharmosa Biopharm Co. , Ltd.	-	"	4,195	90,652	4.29	90,652	
	International Ocean Vessel Technical Consultant Co. Ltd	-	"	564	35,039	4.47	35,039	
	Taiwan Speciality Chemicals Corporation	-	"	235	39,429	0.17	39,429	
	Seng-An Biomedical Co., Ltd.	-	"	1,000	27,650	2.33	27,650	
	GRAID Technology, Inc.	-	"	682	33,210	2.96	33,210	Preferred stock A
	Veden Dental Group	-	"	246	-	0.64	-	
	Phecda Technology Co. Ltd.	-	"	252	-	0.89	-	
	Long Diann Marine Bio Technology Co., Ltd.	-	"	1,290	-	9.25	-	
	MagV Co.,Ltd	-	"	2,145	-	12.69	-	
	GenePharm Biotech Corp.	-	"	2,667	-	10.42	-	
	Great Dream Pictures, Inc.	-	"	200	-	19.96	-	
	Jump Media International Co., Ltd.	-	"	906	-	3.20	-	
	Asia Pacific Venture Invest II L.P.	-	"	-	671	0.02	671	
	GCT Semiconductor Inc.	-	"	1,402	-	1.62	-	Preferred stock G
						\$ 1,794,922		\$ 1,794,922
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	\$ 1,227,016	100.00	\$ 1,227,016	
Da Hwa Venture Capital Co., Ltd.	-		Financial assets at fair value through other comprehensive income	800	\$ 9,184	0.50	\$ 9,184	
Prudence Capital Management	-		"	939	25,342	9.00	25,342	
Sheng Hwa Venture Capital Co., Ltd.	-		"	1,064	7,934	4.80	7,934	
Lian Xun San Venture Capital Co., Ltd.	-		"	10	208	10.00	208	

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	December 31, 2021				
				Number of shares (In thousands)	Book value	Percentage of ownership (%)	Market value	Note
Yuanta Venture Capital	Hwa Lu Venture Capital Co., Ltd.	-	Financial assets at fair value through other comprehensive income	261	\$ 12,650	8.70	\$ 12,650	
	Hwa Sheng Venture Capital Co., Ltd.	-	"	5	521	3.33	521	
	Sheng Yuan Venture Capital Co., Ltd.	-	"	84	4,858	9.88	4,858	
	Guan Hwa Venture Capital Co., Ltd.	-	"	121	293	5.56	293	
	Qi Ding Venture Capital Co., Ltd.	-	"	670	7,310	4.35	7,310	
	Der Yang Biotechnology Venture Capital Co., Ltd.	-	"	319	3,903	10.00	3,903	
	Huiyang Venture Capital Co., Ltd.	-	"	67	5,809	2.46	5,809	
					<u>\$ 78,012</u>		<u>\$ 78,012</u>	

(4) Investments in Mainland China

A. Information of investment in Mainland China

Yuanta Venture Capital

(Expressed in thousands of dollars)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2021	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan For the year ended December 31, 2021		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2021	Net income of investee as of December 31, 2021	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company For the year ended December 31, 2021 (Note 4)	Book value of investments in Mainland China as of December 31, 2021	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2021
					Remitted to Mainland China	Remitted back to Taiwan						
Tot Biopharm International Company Limited	Pharmaceutical company specializes in cancer treatment	\$ 6,159,641 (USD 222,450)	(2) HONG KONG TOT BIOPHARM INTERNATIONAL COMPANY LIMITED	\$ 200,935	\$ -	\$ -	\$ 200,935	Note 5	2.54%	\$ -	\$ 200,935	\$ -
Jhong Shan Dong Yi Technology Co., Ltd.	Protection glass grinding and sales	221,520 (USD 8,000)	(2) CAYMAN ISLANDS CGK INTERNATIONAL CO., LTD.	8,258	-	-	8,258	Note 5	2.39%	-	8,258	-
Orient Optical Crystal Mfg. Co	Protection glass grinding and sales	17,754 (HKD 5,000)										
Veden Dental Labs Inc.	Manufacturing dental restoration	294,708 (HKD 83,000)	(2) CAYMAN ISLANDS VEDEN DENTAL GROUP	22,762	-	-	22,762	Note 5	0.64%	-	22,762	-

Yuanta I Venture Capital

(Expressed in thousands of dollars)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2021	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan For the year ended December 31, 2021		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2021	Net income of investee as of December 31, 2021	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company For the year ended December 31, 2021 (Note 4)	Book value of investments in Mainland China as of December 31, 2021	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2021
					Remitted to Mainland China	Remitted back to Taiwan						
Jie Qun Electronic Technology (Dong Guan) Ltd.	Transistors	\$ 2,439,949 (USD 88,117)	(2) VIRGIN ISLANDS GREAT TEAM BACKEND FOUNDRY, INC.	\$ 53,513	\$ -	\$ 12,778	\$ 40,735	Note 5	3.09%	\$ -	\$ 27,112	\$ 26,029

Yuanta Securities

(Expressed in thousands of dollars)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2021	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan For the year ended December 31, 2021		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2021	Net income of investee as of December 31, 2021	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company For the year ended December 31, 2021 (Note 2)	Book value of investments in Mainland China as of December 31, 2021	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2021
					Remitted to Mainland China	Remitted back to Taiwan						
GC Investment Consultant (Shanghai)	Investment consultation	\$ 17,982 (RMB 4,138)	(3)	\$ -	\$ -	\$ -	\$ -	\$ 193	100.00%	In liquidation	\$ 20,216	\$ -

Yuanta Securities

(Expressed in thousands of dollars)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2021	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan For the year ended December 31, 2021		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2021	Net income of investee as of December 31, 2021	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company For the year ended December 31, 2021 (Note 2)	Book value of investments in Mainland China as of December 31, 2021	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2021
					Remitted to Mainland China	Remitted back to Taiwan						
Yuanta Securities Investment Consultant (Beijing)	Investment management consulting service, financial consulting service, business administration consulting service, business information consulting service, economic and trade consulting service, marketing and planning, technical promotion and services	80,088 (RMB 18,428)	(2) Yuanta Securities Asia Financial Service	\$ -	\$ -	\$ -	\$ -	(\$ 6,822)	100.00%	(\$ 6,822) (2)b	\$ 11,893	\$ -

Yuanta Securities Investment Trust

(Expressed in thousands of dollars)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2021	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan For the year ended December 31, 2021		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2021	Net income of investee as of December 31, 2021	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company For the year ended December 31, 2021 (Note 2)	Book value of investments in Mainland China as of December 31, 2021	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2021
					Remitted to Mainland China	Remitted back to Taiwan						
CR Yuanta Fund Management Company Limited	Fund raising and sale	\$ 2,607,540 (RMB 600,000)	(1)	\$ 705,666	\$ -	\$ -	\$ 705,666	\$ 17,422	24.50%	\$ 4,271 (2)c	\$ 337,265	\$ -

Yuanta Futures

(Expressed in thousands of dollars)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2021	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan For the year ended December 31, 2021		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2021	Net income of investee as of December 31, 2021	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company For the year ended December 31, 2021 (Note 2)	Book value of investments in Mainland China as of December 31, 2021	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2021
					Remitted to Mainland China	Remitted back to Taiwan						
SYF Information (Shanghai)	Computer software services	\$ 157,209 (RMB 33,080)	(3)	\$ 157,209	\$ -	\$ -	\$ 157,209	(\$ 356)	100.00%	(\$ 356) (2)c	\$ 113,698	\$ -

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, 2021	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA (Note)
Yuanta Venture Capital and its subsidiaries	\$272,690	\$310,905	\$2,255,561
GC Investment Consultant (Shanghai)	-	Note 6	Note 6
Yuanta Investment Consulting Beijing	-	91,973	85,962,686
Yuanta Securities Investment Trust	705,666	705,666	3,531,788
Yuanta Futures	157,209	174,000	7,409,939

Note: The abovementioned limitations on investments in Mainland China were based on 60% of Yuanta Venture Capital's net worth of \$3,759,269.

The abovementioned limitations on investments in Mainland China were based on 60% of Yuanta Securities's net worth of \$143,271,144.

The abovementioned limitations on investments in Mainland China were based on 60% of Yuanta Securities Investment Trust's net worth of \$5,886,314.

The abovementioned limitations on investments in Mainland China were based on 60% of Yuanta Futures's net worth of \$12,349,898.

Note 1: Investment methods are classified into the following three categories; fill in the number of the 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) recognized by the Company for the years ended December 31, 2021' column:

- (1) It should be indicated if the investee was still in the incorporation arrangements and had not yet any profit during this period.
- (2) Indicate the basis for investment income (loss) recognition in the number of one of the following three categories:
 - a. The financial statements that are audited and attested by international accounting firm which has cooperative relationship with accounting firm in R.O.C.
 - b. The financial statements that are audited and attested by R.O.C. parent company's CPA.
 - c. Others.

Note 3: The numbers in this table are expressed in New Taiwan Dollars.

Note 4: The investment targets are Yuanta Venture Capital and Yuanta I Venture Capital's information of investment in Mainland China and are recognized as financial assets at fair value through profit or loss, therefore, there was no investment income (loss) recognized.

Note 5: The Company's subsidiary does not have significant influence over the investee. Thus, financial information on the investee is unattainable.

Note 6: Yuanta Securities absorbed Polaris Securities and therefore indirectly acquired USD 16 million capital of GC Investment Consultant (Shanghai) Co., Ltd., a subsidiary of GC Investment Consultant (Asian) Co., Ltd. (renamed as Polaris Capital afterwards), being reinvested by Polaris Holdings (Cayman) Ltd., the direct overseas investment of Polaris Securities. GC Investment Consultant (Shanghai) Co., Ltd. was approved to liquidate, the Yuanta Group has no significant influence over the company, therefore, the equity method was no longer applicable.

(5) Significant commitments or contingency of subsidiaries

Please refer to Note 9.

(6) Significant loss from disasters of subsidiaries

Please refer to Note 10.

(7) Significant subsequent events of subsidiaries

Please refer to Note 11.

(8) Major shareholders information

No shareholder held shares above 5% as of December 31, 2021.

(9) Related party transactions of subsidiaries amounting to at least \$100 million

Please refer to Note 7.

(10) Significant transactions between parent company and subsidiaries

No. (Note 1)	Company	Counterparty	Relationship (Note 2)	Details of transactions			Percentage of total consolidated net revenues or assets (Note 3)
				Account	Amount	Conditions	
0	Yuanta Financial Holdings	Yuanta Securities	1	Receivables – net	2,833,710	No significant difference from general customers	0.09%
0	Yuanta Financial Holdings	Yuanta Bank	1	Receivables – net	625,763	"	0.02%
0	Yuanta Financial Holdings	Yuanta Life	1	Receivables – net	612,649	"	0.02%
0	Yuanta Financial Holdings	Yuanta Life	1	Payables	1,751,615	"	0.06%
0	Yuanta Financial Holdings	Yuanta Bank	3	Cash and cash equivalents	804,395	"	0.03%
1	Yuanta Securities	Yuanta Futures	3	Cash and cash equivalents	3,278,224	"	0.11%
1	Yuanta Securities	Yuanta Futures(Hong Kong)	3	Cash and cash equivalents	118,207	"	0.00%
1	Yuanta Securities	Yuanta Futures	3	Financial assets at fair value through profit or loss	1,476,044	"	0.05%
1	Yuanta Securities	Yuanta Securities (Hong Kong)	3	Receivables – net	162,126	"	0.01%
1	Yuanta Securities	Yuanta Securities (Hong Kong)	3	Payables	216,474	"	0.01%
1	Yuanta Securities	Yuanta Life	3	Right-of-use assets – net	368,144	"	0.01%
1	Yuanta Securities	Yuanta Life	3	Lease liabilities	402,182	"	0.01%
1	Yuanta Securities	Yuanta Futures	3	Net service fee and commission income	303,403	"	0.25%
1	Yuanta Securities	Yuanta Securities Investment Consulting	3	Other business and administrative expenses	201,000	"	0.17%
1	Yuanta Securities	Yuanta Bank	3	Net other miscellaneous income	205,178	"	0.17%
1	Yuanta Securities	Yuanta International Insurance Brokers	3	Net other miscellaneous income	312,330	"	0.26%
2	Yuanta Bank	Yuanta Life	3	Deposits and remittances	563,877	"	0.02%
2	Yuanta Bank	Yuanta Securities	3	Deposits and remittances	558,499	"	0.02%
2	Yuanta Bank	Yuanta International Insurance Brokers	3	Deposits and remittances	398,759	"	0.01%
2	Yuanta Bank	Yuanta Futures	3	Deposits and remittances	160,814	"	0.01%
2	Yuanta Bank	Yuanta Life	3	Deposits and remittances	183,017	"	0.01%
2	Yuanta Bank	Yuanta Securities	3	Deposits and remittances	13,071,407	"	0.43%
2	Yuanta Bank	Yuanta Securities (Hong Kong)	3	Deposits and remittances	498,851	"	0.02%
2	Yuanta Bank	Yuanta Futures	3	Deposits and remittances	3,173,600	"	0.10%
2	Yuanta Bank	Yuanta Securities Investment Trust	3	Deposits and remittances	3,242,500	"	0.11%

No. (Note 1)	Company	Counterparty	Relationship (Note 2)	Details of transactions			Percentage of total consolidated net revenues or assets (Note 3)
				Account	Amount	Conditions	
2	Yuanta Bank	Yuanta Securities Investment Consulting	3	Deposits and remittances	234,300	No significant difference from general customers	0.01%
2	Yuanta Bank	Yuanta Venture Capital	3	Deposits and remittances	630,700	"	0.02%
2	Yuanta Bank	Yuanta I Venture Capital	3	Deposits and remittances	277,200	"	0.01%
2	Yuanta Bank	Yuanta Asset Management	3	Deposits and remittances	148,500	"	0.00%
2	Yuanta Bank	Yuanta Securities	3	Deposits and remittances	52,194,720	"	1.73%
2	Yuanta Bank	Yuanta Securities (Hong Kong)	3	Deposits and remittances	1,798,617	"	0.06%
2	Yuanta Bank	Yuanta Futures	3	Deposits and remittances	1,702,320	"	0.06%
2	Yuanta Bank	Yuanta Futures	3	Deposits and remittances	14,698,693	"	0.49%
2	Yuanta Bank	Yuanta Life	3	Net service fee and commission income	481,319	"	0.40%
2	Yuanta Bank	Yuanta Life	3	Net service fee and commission income	412,449	"	0.35%
3	Yuanta Futures	Yuanta Futures(Hong Kong)	3	Other financial assets – net	519,977	"	0.02%
3	Yuanta Futures	Yuanta Life	3	Right-of-use assets – net	139,734	"	0.00%
3	Yuanta Futures	Yuanta Futures(Hong Kong)	3	Other financial liabilities	165,748	"	0.01%
3	Yuanta Futures	Yuanta Securities (Korea)	3	Other financial liabilities	209,437	"	0.01%
3	Yuanta Futures	Yuanta Securities (Hong Kong)	3	Other financial liabilities	118,304	"	0.00%
3	Yuanta Futures	Yuanta Life	3	Lease liabilities	153,175	"	0.01%
4	Yuanta Life	Yuanta International Insurance Brokers	3	Net service fee and commission income	1,092,011	"	0.92%
5	Yuanta Securities Investment Trust	Yuanta Securities	3	Net other miscellaneous income	115,607	"	0.10%
6	Yuanta Securities Asia Financial Services	Yuanta Securities (Indonesia)	3	Receivables – net	554,065	"	0.02%
6	Yuanta Securities Asia Financial Services	Yuanta Securities (Hong Kong)	3	Bonds payable	426,324	"	0.01%
6	Yuanta Securities Asia Financial Services	Yuanta Securities (Korea)	3	Financial assets at fair value through profit or loss	2,676,831	"	0.09%
6	Yuanta Securities Asia Financial Services	Yuanta Securities (Korea)	3	Equity investments accounted for under the equity method – net	278,178	"	0.01%

No. (Note 1)	Company	Counterparty	Relationship (Note 2)	Details of transactions			
				Account	Amount	Conditions	Percentage of total consolidated net revenues or assets (Note 3)
6	Yuanta Securities Asia Financial Services	Yuanta Securities (Korea)	3	Exchange differences on translation of foreign financial statements	128,956	No significant difference from general customers	0.11%
6	Yuanta Securities Asia Financial Services	Yuanta Securities (Korea)	3	Non-controlling interests	180,411	"	0.01%
6	Yuanta Securities Asia Financial Services	Yuanta Securities (Korea)	3	Gain on financial assets and financial liabilities at fair value through profit or loss	123,319	"	0.10%
7	Yuanta Securities (Hong Kong)	Yuanta Securities (Hong Kong) Company Limited	3	Investments in bills and bonds under resale agreements	166,973	"	0.01%

Note 1: The numbers in the No. column represent as follows:

1. 0 for the parent company.
2. According to the sequential order, subsidiaries are numbered from 1.

Note 2: There are three types of relationships with the counterparties and they are labeled as follows (If transactions between parent company and subsidiaries or between subsidiaries refer to the same transaction, it is not required to disclose twice. For example, if the parent company has already disclosed its transactions with a subsidiary, then the subsidiary is not required to disclose the transactions; for transactions between two subsidiaries, if one of the subsidiaries has disclosed the transactions, then the other is not required to disclose the transactions) :

1. Parent company to subsidiary.
2. Subsidiary to parent company.
3. Subsidiary to subsidiary.

Note 3: The calculation basis of the trading amount accounting for the total consolidated net revenues or assets is that the account ending balance is divided by the total consolidated assets if it is attributed to the balance sheet accounts, and the accumulated trading amount of the interim period is divided by the total consolidated net revenues if it is attributed to the profit or loss accounts.

Note 4: The transactions disclosed are those over \$100,000.

14. Segment information

(1) General information

A. Recognition elements of reporting segment

The Yuanta Group is mainly engaged in the investment and management of its investees; therefore, the management reports are provided to the Chief Operating Decision Maker (“CODM”) to allocate resources to operating segments and evaluate their performance. The Yuanta Group’s management recognized reporting segments based on the policies adopted by the CODM.

B. The income sources and service types of each reporting segment

The management has recognized reporting segments based on the reporting information used by the CODM. The Yuanta Group has five reporting segments according to the types of income sources: banking, securities, futures, insurance and others. The products and types of service of the income sources are as follows:

(A) Banking: corporate banking, personal banking and wealth management in accordance with the Banking Act.

(B) Securities: securities dealing or consignment trading, underwriting securities, registration and transfer agency service for securities, assistance of futures trading, futures dealing, and issuing call (put) warrants, derivative financial instrument transactions including interest rate swap, asset swap and structured notes.

(C) Futures: domestic and foreign futures merchant business, self-operating business, futures consultation business, futures agency, self-operating securities business and other futures relating business as approved by authorities.

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

(E) Others: includes those not mentioned above, for example, investment trust, investment consulting, venture capital and asset management businesses.

(2) Measurement of segment information – measurement of the profit and loss of operating segments

The Yuanta Group’s measurement principles for profit and loss of operating segments is consistent with the significant accounting policies stated in Note 4, and the measurement of profit and loss performance is based on pre-tax profit and loss.

Inter-segmental transactions are arm’s-length transactions, and the gain and loss arising from such transactions are eliminated by the parent company in the consolidated financial statements. Profit and loss directly attributable to various segments have been considered when segment performance is being evaluated.

Expressed in Thousands of New Taiwan Dollars

For the year ended December 31, 2021

	<u>Banking</u>	<u>Securities</u>	<u>Futures</u>	<u>Insurance</u>	<u>Others</u>	<u>Adjustment and elimination</u>	<u>Consolidated</u>
Revenue from external customers	\$ 20,303,260	\$ 64,652,464	\$ 2,467,808	\$ 26,771,174	\$ 5,045,797	\$ -	\$ 119,240,503
Revenue (loss) from transactions with other operating segments of the same entity	<u>801,637</u>	<u>1,635,037</u>	<u>(66,983)</u>	<u>(1,762,145)</u>	<u>739,659</u>	<u>(1,347,205)</u>	<u>-</u>
Net revenues (Note)	<u>21,104,897</u>	<u>66,287,501</u>	<u>2,400,825</u>	<u>25,009,029</u>	<u>5,785,456</u>	<u>(1,347,205)</u>	<u>119,240,503</u>
Provision for bad debt expenses, commitment and guarantee policy reserve	(532,883)	47,923	3,755	151	(53,202)	-	(534,256)
Net change in provisions for insurance liabilities	-	-	-	(21,455,980)	-	154,703	(21,301,277)
Operating expenses	<u>(11,375,207)</u>	<u>(36,420,374)</u>	<u>(1,355,620)</u>	<u>(1,589,513)</u>	<u>(3,471,865)</u>	<u>948,953</u>	<u>(53,263,626)</u>
Income from continuing operations before income tax	<u>\$ 9,196,807</u>	<u>\$ 29,915,050</u>	<u>\$ 1,048,960</u>	<u>\$ 1,963,687</u>	<u>\$ 2,260,389</u>	<u>(\$ 243,549)</u>	<u>\$ 44,141,344</u>

Expressed in Thousands of New Taiwan Dollars

For the year ended December 31, 2020

	<u>Banking</u>	<u>Securities</u>	<u>Futures</u>	<u>Insurance</u>	<u>Others</u>	<u>Adjustment and elimination</u>	<u>Consolidated</u>
Revenue from external customers	\$ 19,886,280	\$ 45,263,073	\$ 2,654,771	\$ 43,974,946	\$ 3,849,796	\$ -	\$ 115,628,866
Revenue (loss) from transactions with other operating segments of the same entity	<u>378,669</u>	<u>891,434</u>	<u>(8,777)</u>	<u>(768,498)</u>	<u>366,310</u>	<u>(859,138)</u>	<u>-</u>
Net revenues (Note)	<u>20,264,949</u>	<u>46,154,507</u>	<u>2,645,994</u>	<u>43,206,448</u>	<u>4,216,106</u>	<u>(859,138)</u>	<u>115,628,866</u>
Provision for bad debt expenses, commitment and guarantee policy reserve	(1,942,978)	(174,808)	(34,492)	227	(1)	-	(2,152,052)
Net change in provisions for insurance liabilities	-	-	-	(40,092,039)	-	163,608	(39,928,431)
Operating expenses	<u>(10,290,144)</u>	<u>(27,595,713)</u>	<u>(1,285,922)</u>	<u>(1,553,484)</u>	<u>(2,889,468)</u>	<u>832,626</u>	<u>(42,782,105)</u>
Income from continuing operations before income tax	<u>\$ 8,031,827</u>	<u>\$ 18,383,986</u>	<u>\$ 1,325,580</u>	<u>\$ 1,561,152</u>	<u>\$ 1,326,637</u>	<u>\$ 137,096</u>	<u>\$ 30,766,278</u>

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

(3) Information on products and services

Information on products and services of Yuanta Group is consistent with the measurement of segment information.

(4) Geographical information

Geographical revenue information of Yuanta Group is as follows:

	For the years ended December 31,	
	2021	2020
R.O.C.	\$ 97,828,337	\$ 98,297,679
South Korea	16,527,007	13,745,580
Others	4,885,159	3,585,607
	<u>\$ 119,240,503</u>	<u>\$ 115,628,866</u>

(5) Major customer information

There is no requirement for additional disclosure because no single customer accounted for 10% or more of the Yuanta Group's operating revenues.

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