

YUANTA FINANCIAL HOLDING CO., LTD.
AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT
FOR THE SIX MONTHS ENDED
JUNE 30, 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.

PWCR21000077

Independent Auditors' Report

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

Opinion

We have audited the accompanying consolidated balance sheets of Yuanta Financial Holding Co., Ltd. (the "Company") and subsidiaries (collectively "Yuanta Group") as at June 30, 2021, December 31, 2020 and June 30, 2020, and the related consolidated statements of comprehensive income for the three months and six months ended June 30, 2021 and 2020, as well as the consolidated statements of changes in equity and of cash flows for the six months ended June 30, 2021 and 2020, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Yuanta Group as at June 30, 2021, December 31, 2020 and June 30, 2020, its consolidated financial performance for the three months and six months ended June 30, 2021 and 2020, and its consolidated cash flows for the six months ended June 30, 2021 and 2020 in accordance with with the Regulations Governing the Preparation of Financial Reports by Financial Holding Companies, Regulations Governing the Preparation of Financial Reports by Securities Issuers, Regulations Governing the Preparation of Financial Reports by Public Banks, Regulations Governing the Preparation of Financial Reports by Securities Firms, Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants, Regulations Governing the Preparation of Financial Reports by Insurance Companies, and International Accounting Standards 34, "Interim Financial Reporting", as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our 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 (ROC GAAS). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of Yuanta Group in accordance with the 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(4)B; for critical accounting estimates and assumption uncertainty of expected credit loss on bills discounted and loans, please refer to Note 5; for the details on bills discounted and loans, please refer to Notes 6(9) and 12(3). Total bills discounted and loans (including adjustment for premium or discount) and the allowance for credit losses, arising from Yuanta Commercial Bank Co., Ltd. of Yuanta Group, as at June 30, 2021, were NTD 819,908,456 thousand and NTD 11,836,074 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 June 30, 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(4)A; for critical accounting estimates and assumption uncertainty of the fair value of unlisted stocks, please refer to Note 5; for the details on unlisted stocks, please refer to Notes 6(4) and 12(2). The carrying amount of the financial assets at fair value through other comprehensive income – unlisted stocks as at June 30, 2021, was NTD 23,414.707 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(4)C and 4(4)D; for the critical accounting estimates and assumption uncertainty of impairment



assessment of goodwill, please refer to Note 5; for the details on goodwill, please refer to Note 6(17). Goodwill after accumulated impairment as at June 30, 2021, was NTD 28,596,405 thousand.

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

How our audit addressed the matter

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

Reserves for policy benefit and adequacy of insurance liabilities

Description

For the accounting policy of reserve for policy benefit and adequacy of insurance liabilities, please refer to Note 4(4)E; for critical accounting estimates and assumption uncertainty of adequacy of insurance liabilities, please refer to Note 5; for the details on insurance liabilities, please refer to Note 6(26). Reserve for policy benefit under insurance liabilities as at June 30, 2021, was NTD 311,258,981 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 International Accounting Standards 34, “Interim Financial Reporting”, as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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 ROC GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

August 23, 2021

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such 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	June 30, 2021		December 31, 2020		June 30, 2020	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
11000	Cash and cash equivalents	6(1)	\$ 69,103,373	2	\$ 77,497,198	3	\$ 74,990,379	3
11500	Due from Central Bank and call loans to other banks	6(2),8	62,135,475	2	54,373,556	2	50,969,580	2
12000	Financial assets at fair value through profit or loss	6(3),7,8	606,177,595	20	586,592,639	21	531,493,136	21
12150	Financial assets at fair value through other comprehensive income – net	6(4),8	319,498,753	11	278,391,203	10	258,105,007	10
12200	Investments in debt instruments at amortised cost – net	6(5),8	486,571,792	16	430,349,520	16	411,421,929	16
12500	Investments in bills and bonds under resale agreements	6(6)	42,426,670	2	58,336,318	2	42,141,240	2
13000	Receivables – net	6(7),7	324,375,706	11	243,990,690	9	191,408,793	7
13200	Current income tax assets		577,510	-	733,890	-	833,296	-
13300	Assets held for sale – net	6(8)	141,687	-	203,730	-	129,229	-
13500	Bills discounted and loans – net	6(9),7	826,885,700	27	793,812,907	29	785,245,676	31
13700	Reinsurance contract assets – net	6(10)	1,270,928	-	1,099,457	-	1,111,020	-
15000	Equity investments accounted for under the equity method – net	6(11)	2,930,970	-	2,755,402	-	2,303,964	-
15100	Restricted assets – net	8	3,170,804	-	2,961,020	-	3,315,629	-
15500	Other financial assets – net	6(12)	114,467,847	4	79,034,763	3	80,767,559	3
18000	Investment property – net	6(13),8	11,375,181	-	11,558,284	-	16,426,373	1
18500	Property and equipment – net	6(14),8	23,949,122	1	23,930,017	1	18,154,933	1
18600	Right-of-use assets – net	6(15)	12,631,652	1	13,181,478	1	13,222,354	1
19000	Intangible assets – net	6(17)	31,254,887	1	31,498,648	1	32,978,129	1
19300	Deferred income tax assets		6,531,092	-	7,095,091	-	6,052,374	-
19500	Other assets – net	6(18),7,8	70,913,568	2	61,843,636	2	38,419,383	1
	TOTAL ASSETS		<u>\$ 3,016,390,312</u>	<u>100</u>	<u>\$ 2,759,239,447</u>	<u>100</u>	<u>\$ 2,559,489,983</u>	<u>100</u>

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

	LIABILITIES AND EQUITY	Notes	June 30, 2021		December 31, 2020		June 30, 2020	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
21000	Deposits from Central Bank and other banks	6(20)	\$ 23,034,684	1	\$ 15,412,299	1	\$ 20,571,688	1
21500	Due to Central Bank and other banks		600,800	-	675,000	-	282,350	-
22000	Financial liabilities at fair value through profit or loss	6(3) (38)	172,671,159	6	163,457,505	6	130,994,049	5
22500	Bills and bonds payable under repurchase agreements	6(6) (47),7	190,510,847	6	216,621,187	8	214,410,003	8
22600	Commercial paper payable – net	6(21) (47)	62,250,965	2	27,417,489	1	22,132,747	1
23000	Payables	6(22),7	297,186,318	10	248,347,930	9	208,472,295	8
23200	Current income tax liabilities		7,919,238	-	6,616,387	-	5,724,417	-
23500	Deposits and remittances	6(23),7	1,319,204,294	44	1,211,020,394	44	1,147,439,743	45
24000	Bonds payable	6(24) (47)	90,466,681	3	78,790,127	3	73,826,227	3
24400	Other borrowings	6(25) (47)	72,123,627	2	57,796,061	2	54,299,392	2
24600	Liabilities reserve	6(26) (27)	325,195,965	11	313,071,935	11	288,377,654	11
25500	Other financial liabilities	6(28),7	123,101,122	4	88,713,584	3	89,968,652	4
26000	Lease liabilities	6(47)	5,859,748	-	6,368,836	-	6,310,543	-
29300	Deferred income tax liabilities		4,593,713	-	4,878,682	-	4,202,759	-
29500	Other liabilities	6(29),7	44,468,494	2	46,434,585	2	38,057,432	2
	TOTAL LIABILITIES		<u>2,739,187,655</u>	<u>91</u>	<u>2,485,622,001</u>	<u>90</u>	<u>2,305,069,951</u>	<u>90</u>
31000	Equity attributable to owners of the parent company							
31100	Share capital							
31101	Common stock	6(30)	121,374,360	4	121,374,360	4	116,706,115	5
31107	Common stock dividends distributable		-	-	-	-	4,668,245	-
31500	Additional paid-in capital	6(31)	37,885,949	1	37,885,949	1	37,782,836	1
32000	Retained earnings							
32001	Legal reserve	6(32)	17,040,473	1	14,633,733	1	14,633,733	1
32003	Special reserve	6(32)	6,549,234	-	6,549,234	-	6,549,234	-
32011	Undistributed earnings	6(33)	63,508,066	2	60,333,790	2	46,991,567	2
32500	Other equity							
32500	Other equity interest	6(34)	10,355,894	-	12,559,523	1	9,840,805	-
39500	Non-controlling interests		<u>20,488,681</u>	<u>1</u>	<u>20,280,857</u>	<u>1</u>	<u>17,247,497</u>	<u>1</u>
	TOTAL EQUITY		<u>277,202,657</u>	<u>9</u>	<u>273,617,446</u>	<u>10</u>	<u>254,420,032</u>	<u>10</u>
	TOTAL LIABILITIES AND EQUITY		<u>\$ 3,016,390,312</u>	<u>100</u>	<u>\$ 2,759,239,447</u>	<u>100</u>	<u>\$ 2,559,489,983</u>	<u>100</u>

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

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

Items	Notes	For the three months ended June 30,				For the six months ended June 30,			
		2021		2020		2021		2020	
		AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
41000 Interest income	6(35),7	\$ 9,105,367	27	\$ 8,916,599	33	\$ 18,007,343	27	\$ 18,645,877	36
51000 Less: Interest expense	6(35),7	(1,671,165)	(5)	(2,401,263)	(9)	(3,380,877)	(5)	(5,588,311)	(11)
49600 Net interest income	6(35)	<u>7,434,202</u>	<u>22</u>	<u>6,515,336</u>	<u>24</u>	<u>14,626,466</u>	<u>22</u>	<u>13,057,566</u>	<u>25</u>
Net non-interest income									
49800 Net service fee and commission income	6(36),7	11,582,995	35	6,471,163	24	20,856,270	31	11,877,834	23
49810 Net income from insurance operations	6(37),7	5,453,870	16	5,954,592	23	11,751,174	17	14,707,777	29
49820 Gain on financial assets and financial liabilities at fair value through profit or loss	6(38),7	9,625,438	29	8,594,728	32	16,967,889	25	7,486,581	15
49825 Gain on investment property	7	63,219	-	72,902	-	122,606	-	126,679	-
49835 Realised gain on financial assets at fair value through other comprehensive income		1,083,035	3	1,070,448	4	1,757,273	3	1,913,094	4
49850 Net gain arising from derecognition of financial assets measured at amortised cost	6(5)(9)	100,694	-	249,740	1	921,903	1	636,525	1
49870 Foreign exchange loss		(4,234,791)	(13)	(1,876,080)	(7)	(4,083,109)	(6)	(1,527,434)	(3)
49880 Asset impairment (loss) reversal gain	6(39)	17,486	-	(5,512)	-	10,663	-	(13,911)	-
49890 Share of the profit or loss of associates and joint ventures accounted for using the equity method	6(11)	222,475	1	(6,890)	-	374,813	1	97,764	-
49898 Gain (loss) on reclassification under the overlay approach		151,637	-	(2,762,074)	(10)	582,283	1	(630,639)	(1)
49921 Net gain on sale of non-performing loans		169,991	1	67,279	-	234,951	-	126,663	-
49945 Consultation service income		1,122,140	3	970,305	4	2,112,357	3	1,788,684	3
49999 Net other miscellaneous income	6(40),7	835,285	3	1,360,724	5	1,679,590	2	1,804,076	4
49700 Total net non-interest income		<u>25,890,200</u>	<u>78</u>	<u>20,161,325</u>	<u>76</u>	<u>53,288,663</u>	<u>78</u>	<u>38,393,693</u>	<u>75</u>
Net profit		33,324,402	100	26,676,661	100	67,915,129	100	51,451,259	100
58100 (Provision for) reversal of bad debt expenses, commitment and guarantee policy reserve	6(41)	145,704	1	(453,989)	(2)	72,242	-	(1,125,171)	(2)
58300 Net change in provisions for insurance liabilities	6(26)	(6,580,110)	(20)	(6,937,907)	(26)	(13,604,909)	(20)	(15,584,725)	(30)
Operating expenses									
58501 Employee benefit expense	6(42),7	(9,226,752)	(28)	(6,499,684)	(24)	(18,286,125)	(27)	(12,848,625)	(25)
58503 Depreciation and amortization	6(43)	(779,308)	(2)	(788,667)	(3)	(1,562,241)	(2)	(1,577,883)	(3)
58599 Other business and administrative expenses	6(44),7	(4,419,390)	(13)	(3,074,444)	(12)	(8,133,401)	(12)	(6,176,340)	(12)
58500 Total Operating Expenses		<u>(14,425,450)</u>	<u>(43)</u>	<u>(10,362,795)</u>	<u>(39)</u>	<u>(27,981,767)</u>	<u>(41)</u>	<u>(20,602,848)</u>	<u>(40)</u>
61000 Consolidated income from continuing operations before income tax		12,464,546	38	8,921,970	33	26,400,695	39	14,138,515	28
61003 Income tax expense	6(45)	(1,567,302)	(5)	(1,590,028)	(6)	(4,748,008)	(7)	(2,419,579)	(5)
69000 Consolidated net income		<u>\$ 10,897,244</u>	<u>33</u>	<u>\$ 7,331,942</u>	<u>27</u>	<u>\$ 21,652,687</u>	<u>32</u>	<u>\$ 11,718,936</u>	<u>23</u>

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

Items	Notes	For the three months ended June 30,				For the six months ended June 30,												
		2021		2020		2021		2020										
		AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%									
Other comprehensive income																		
Components of other comprehensive income that will not be reclassified to profit or loss																		
69561	Gains (losses) on remeasurements of defined benefit plans	\$	26,551	-	(\$	15,679)	-	(\$	51,876)	-	(\$	15,117)	-					
69563	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss		5	-	(	2,204)	-	(	516)	-		584	-				
69565	Change in fair value of financial liability attributable to change in credit risk of liability		(	111)	-	(	858)	-	(	165)	-	(	1,078)	-			
69567	Gain on valuation of investments in equity instruments measured at fair value through other comprehensive income		241,667	1		3,085,710	12		4,551,545	7		451,660	1					
69569	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss		(	63,868 )	-	(	7,375 )	-	(	85,922 )	-	(	100,839)	-			
Components of other comprehensive income that will be reclassified to profit or loss																		
69571	Exchange differences on translation of foreign financial statements		(1,394,449)	(4)	(300,603)	(1)	(3,137,477)	(5)	(2,465,105)	(5)
69585	Revaluation gain from investments in debt instruments measured at fair value through other comprehensive income		954,074	3		3,516,636	13	(	3,357,243 )	(	5)		2,103,712	4			
69587	Impairment (loss) reversal gain from investments in debt instruments measured at fair value through other comprehensive income		(	11,216)	-		2,940	-	(	14,714)	-		5,676	-			
69590	Other comprehensive gains on reclassification under the overlay approach		151,637	-		2,762,074	10	(	582,283 )	(	1)		630,639	1			
69579	Income tax relating to components of other comprehensive income that will be reclassified to profit or loss		(	100,598 )	(	1)	(	248,939 )	(	1)		174,434	-	(	97,794)	-	
69500	Other comprehensive income (loss) (net of tax)		(\$	196,308 )	(	1)	\$	8,791,702	33	(\$	2,504,217 )	(	4)	\$	512,338	1	
69700	Total comprehensive income		\$	10,700,936	32		\$	16,123,644	60		\$	19,148,470	28		\$	12,231,274	24	
Consolidated net income attributable to:																		
69901	Parent company		\$	10,252,273	31		\$	6,968,557	26		\$	19,659,573	29		\$	11,064,297	22	
69903	Non-controlling interests			644,971	2			363,385	1			1,993,114	3			654,639	1	
			\$	10,897,244	33		\$	7,331,942	27		\$	21,652,687	32		\$	11,718,936	23	
Consolidated comprehensive income attributable to:																		
69951	Parent company		\$	10,326,905	31		\$	15,670,989	59		\$	17,942,310	26		\$	12,176,944	24	
69953	Non-controlling interests			374,031	1			452,655	1			1,206,160	2			54,330	-	
			\$	10,700,936	32		\$	16,123,644	60		\$	19,148,470	28		\$	12,231,274	24	
Earnings per share (in New Taiwan Dollars)										6(46)								
70001	Basic and diluted earnings per share		\$		0.84		\$		0.57		\$		1.62		\$		0.91	

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

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

	Equity attributable to owners of the parent											
	Share capital		Retained earnings				Other equity interest					
	Common stock	Common stock dividends distributable	Additional paid-in capital	Legal reserve	Special reserve	Undistributed earnings	Exchange differences on translation of foreign financial statements	Unrealised gain (loss) on financial assets measured at fair value through other comprehensive income	Other comprehensive income on reclassification under the overlay approach	Change in fair value of financial liability attributable to change in credit risk	Non-controlling interests	Total equity
<u>For the six months ended June 30, 2020</u>												
Balance, January 1, 2020	\$ 116,706,115	\$ -	\$ 37,402,480	\$ 12,589,183	\$ 6,549,234	\$ 50,565,092	(\$ 3,528,386)	\$ 11,907,186	\$ 46,959	(\$ 36,730)	\$ 18,005,247	\$ 250,206,380
Consolidated net income for the period	-	-	-	-	-	11,064,297	-	-	-	-	654,639	11,718,936
Other comprehensive income (loss) for the period	-	-	-	-	-	(5,396)	(1,668,888)	2,156,936	631,073	(1,078)	(600,309)	512,338
Total comprehensive income (loss) for the period	-	-	-	-	-	11,058,901	(1,668,888)	2,156,936	631,073	(1,078)	54,330	12,231,274
Appropriation of 2019 earnings:												
Legal reserve	-	-	-	2,044,550	-	(2,044,550)	-	-	-	-	-	-
Cash dividend	-	-	-	-	-	(7,585,898)	-	-	-	-	(7,585,898)	-
Stock dividend	-	4,668,245	-	-	-	(4,668,245)	-	-	-	-	-	-
Changes in equity of associates and joint ventures accounted for using equity method	-	-	380,356	-	-	-	-	-	-	-	-	380,356
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	(812,080)	(812,080)	-
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	-	(333,733)	-	333,733	-	-	-	-
Balance, June 30, 2020	<u>\$ 116,706,115</u>	<u>\$ 4,668,245</u>	<u>\$ 37,782,836</u>	<u>\$ 14,633,733</u>	<u>\$ 6,549,234</u>	<u>\$ 46,991,567</u>	<u>(\$ 5,197,274)</u>	<u>\$ 14,397,855</u>	<u>\$ 678,032</u>	<u>(\$ 37,808)</u>	<u>\$ 17,247,497</u>	<u>\$ 254,420,032</u>
<u>For the six months ended June 30, 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 period	-	-	-	-	-	19,659,573	-	-	-	-	1,993,114	21,652,687
Other comprehensive income (loss) for the period	-	-	-	-	-	(22,659)	(2,181,801)	1,070,309	(582,947)	(165)	(786,954)	(2,504,217)
Total comprehensive income (loss) for the period	-	-	-	-	-	19,636,914	(2,181,801)	1,070,309	(582,947)	(165)	1,206,160	19,148,470
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	-	-	-	-	-	-	-	-	-	(998,336)	(998,336)	-
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	-	509,025	-	(509,025)	-	-	-	-
Balance, June 30, 2021	<u>\$ 121,374,360</u>	<u>\$ -</u>	<u>\$ 37,885,949</u>	<u>\$ 17,040,473</u>	<u>\$ 6,549,234</u>	<u>\$ 63,508,066</u>	<u>(\$ 6,648,937)</u>	<u>\$ 17,287,432</u>	<u>(\$ 237,298)</u>	<u>(\$ 45,303)</u>	<u>\$ 20,488,681</u>	<u>\$ 277,202,657</u>

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

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

	For the six months ended June 30,	
	2021	2020
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Profit before tax	\$ 26,400,695	\$ 14,138,515
Adjustments		
Income and expense items		
Depreciation	1,295,043	1,306,361
Amortization	267,198	271,522
Provision for bad debt expenses, commitment and guarantee policy reserve	772,981	1,496,312
Interest expense	3,380,877	5,588,311
Interest income	(18,007,343)	(18,645,877)
Dividend income	(1,637,720)	(1,048,124)
Impairment (reversal gain) loss on financial assets	(10,663)	13,911
(Gain) loss reclassified by applying overlay approach	(582,283)	630,639
Share of the profit or loss of associates and joint ventures accounted for using the equity method	(374,813)	(97,764)
Gain on disposal of assets held for sale	(4,957)	(11,597)
Gain on disposal of investment property	(9,986)	(19,273)
Gain from disposal or retirement of property and equipment	(9,357)	(10,743)
Gain on disposal of intangible assets	-	(250)
Intangible assets transferred to expense	36	-
Gain on lease modification	(95)	(595)
Gain on lease concession	(3,821)	(9,736)
Net change in insurance liabilities	13,435,860	14,771,953
Changes in operating assets and liabilities		
Changes in operating assets		
Increase in due to Central Bank and call loans to other banks	(3,842,858)	(1,312,119)
Increase in financial assets at fair value through profit or loss	(19,584,956)	(27,462,057)
Increase in financial assets at fair value through other comprehensive income	(39,916,611)	(26,063,262)
Increase in investments in debt instruments measured at amortised cost	(56,220,787)	(24,978,814)
Increase in receivables	(79,867,456)	(17,195,299)
Increase in bills discounted and loans	(33,765,612)	(13,021,680)
Increase in reinsurance contract assets	(171,785)	(207,603)
Increase in restricted assets	(209,784)	(753,043)
Increase in other financial assets	(11,117,169)	(15,886,312)
Increase in other assets	(9,099,015)	(7,815,069)
Changes in operating liabilities		
Increase in deposits from Central Bank and other banks	7,622,385	7,464,660
Increase in financial liabilities at fair value through profit or loss	9,213,492	7,652,753
Increase in payables	34,237,475	39,913,134
Increase in deposits and remittances	108,183,900	51,933,472
Decrease in liabilities reserve	(439,561)	(266,920)
Increase in other financial liabilities	9,976,788	14,090,248
Decrease in other liabilities	(1,990,681)	(226,161)
Cash (outflow) inflow generated from operations	(62,080,583)	4,239,493
Interest received	17,749,103	19,304,049
Dividend received	1,390,684	613,639
Interest paid	(3,288,129)	(5,921,810)
Income tax paid	(2,931,904)	(2,491,290)
Net cash flows (used in) generated from operating activities	(49,160,829)	15,744,081

(Continued)

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

	<u>For the six months ended June 30,</u>	
	<u>2021</u>	<u>2020</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Acquisition of investments accounted for using equity method	(\$ 204,442)	(\$ 188,703)
Proceeds from liquidation of investments accounted for using equity method	189,299	268,816
Acquisition of investment property	(14,329)	(5,457,338)
Proceeds from disposal of investment property	30,793	61,374
Acquisition of property and equipment	(634,205)	(1,514,666)
Proceeds from disposal of property and equipment	37,694	14,758
Acquisition of intangible assets	(65,822)	(78,439)
Proceeds from disposal of intangible assets	-	12,987
Proceeds from disposal of assets held for sale	67,000	416,000
Acquisition of right-of-use assets	(22)	(162)
Net cash flows used in investing activities	(594,034)	(6,465,373)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
(Decrease) increase in due to Central Bank and other banks	(74,200)	282,350
(Decrease) increase in bills and bonds sold under repurchase agreements	(26,110,340)	15,744,085
Increase (decrease) in commercial paper payable - net	34,814,429	(16,475,231)
Proceeds from issuance of bonds	18,771,629	4,993,895
Repayments of bonds	(4,000,000)	-
Proceeds from issuance of bank debentures	5,500,000	-
Repayments of bank debentures	(8,500,000)	-
Increase (decrease) in other borrowings	14,327,566	(6,548,600)
Principal payment for lease liabilities	(740,610)	(731,530)
Other financing activities	-	3,688
Decrease in non-controlling interests	(998,336)	(812,080)
Net cash flows generated from (used in) financing activities	32,990,138	(3,543,423)
Net effect of foreign exchange rate changes on cash and cash equivalents	(3,619,687)	(1,843,834)
Net (decrease) increase in cash and cash equivalents	(20,384,412)	3,891,451
Cash and cash equivalents at beginning of period	157,785,378	134,093,331
Cash and cash equivalents at end of period	<u>\$ 137,400,966</u>	<u>\$ 137,984,782</u>
The components of cash and cash equivalents		
Cash and cash equivalents reported in the balance sheet	\$ 69,103,373	\$ 74,990,379
Due from Central Bank and call loans to other banks qualified as cash and cash equivalents as defined by IAS 7	25,870,923	20,853,163
Investments in bills and bonds under resale agreements qualified as cash and cash equivalents as defined by IAS 7	42,426,670	42,141,240
Cash and cash equivalents at end of reporting period	<u>\$ 137,400,966</u>	<u>\$ 137,984,782</u>

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

YUANTA FINANCIAL HOLDINGS CO., LTD. AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars, Unless Otherwise Indicated)

1. History and organization

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

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

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

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

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

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

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

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

These consolidated financial statements were reported to the Board of Directors and issued on August 23, 2021.

3. Application of new standards, amendments and interpretations

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

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

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. The quantitative impact will be disclosed when the assessment is complete.

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

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

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

In order to effectively control the risk of interest rate benchmark reform, Yuanta Group has a LIBOR transition plan, including the governance framework for top-down and cross segment, internal training and continuous evaluating and identifying the effects of contract remediation, communicating with trading counterparty, risk management and valuation model, operating process and system, accounting and tax. As of June 30, 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 June 30, 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	\$ 2,171,533	\$ 21,996,154
Non-derivative	87,166,055	-

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
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 recognises the profit from a group of insurance contracts over the period the entity provides insurance coverage, and as the entity is released from risk. If a group of contracts is or becomes loss-making, an entity recognises the loss immediately. Entities are required to present separately insurance revenue, insurance service expenses and insurance finance income or expenses and to disclose information about amounts, judgements and risks arising from insurance contracts.

B. Amendments to IFRS 17, 'Insurance contracts'

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

4. Summary of significant accounting policies

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

(1) Compliance statement

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

(2) Basis of preparation

- A. Except for the following items, these consolidated financial statements have been prepared under the historical cost convention:
 - (A) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
 - (B) Financial assets at fair value through other comprehensive income.
 - (C) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.
 - (D) Various insurance liabilities, reinsurance reserve assets, and foreign exchange reserves are set aside and recognised in accordance with "Regulations Governing the Setting Aside of Various Reserves by Insurance Enterprises" and relevant regulations.

- B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the “IFRSs”) requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Yuanta Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

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

B. Subsidiaries included in the consolidated financial statements:

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)			Note
			June 30, 2021	December 31, 2020	June 30, 2020	
The Company	Yuanta Securities	Securities brokerage, dealing, underwriting, financing and refinancing, futures business and raising and issuing derivative instruments	100.00	100.00	100.00	
	Yuanta Bank	Commercial banking	100.00	100.00	100.00	
	Yuanta Life Insurance Co., Ltd. (“Yuanta Life”)	Life insurance business	100.00	100.00	100.00	
	Yuanta Futures Co., Ltd. (“Yuanta Futures”)	Futures, futures managers, futures consultant, securities, securities trading assistance	66.27	66.27	67.97	

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)			Note
			June 30, 2021	December 31, 2020	June 30, 2020	
The Company	Yuanta Securities Investment Trust Co., Ltd. (“Yuanta Securities Investment Trust”)	Securities investment trust	74.71	74.71	74.71	
	Yuanta Venture Capital Co., Ltd. (“Yuanta Venture Capital”)	Venture capital investments	100.00	100.00	100.00	
	Yuanta Asset Management Co., Ltd. (“Yuanta Asset Management”)	Providing monetary debt management services for financial institutions	100.00	100.00	100.00	
	Yuanta Securities Investment Consulting Co., Ltd. (“Yuanta Securities Investment Consulting”)	Securities investment consultant	100.00	100.00	100.00	
Yuanta Securities	Yuanta Securities Asia Financial Services Limited (“Yuanta Securities Asia Financial Services”)	Investment holding	100.00	100.00	100.00	
	Yuanta International Insurance Brokers Co., Ltd. (“Yuanta International Insurance Brokers”)	Insurance agency services	100.00	100.00	100.00	
	Yuanta Securities Finance Co., Ltd. (“Yuanta Securities Finance”)	Securities financing and refinancing to securities firms and related business	100.00	100.00	100.00	
Yuanta Securities Asia Financial Services	Yuanta Securities (Hong Kong) Limited (“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	100.00	
	Yuanta Asia Investment (Hong Kong) Limited (“Yuanta Asia Investment (Hong Kong)”)	Securities trading, asset management services	100.00	100.00	100.00	Note 1
	Yuanta Investment Consulting (Beijing) (“Yuanta Investment Consulting Beijing”)	Investment and management consultancy, financial consultancy, enterprise management consultancy, business information consultancy, economic and trade consultancy, marketing strategy and plan, technique promotion and technique service	100.00	100.00	100.00	
	Yuanta Securities Korea Co., Ltd. (“Yuanta Securities (Korea)”)	Investment and trading business, investment intermediary business, trust business, investment consultancy, discretionary account business, in addition, concurrent operating business and auxiliary business	57.39	57.39	57.09	
	Yuanta Hong Kong Holdings (Cayman) Ltd. (“Yuanta HK Holdings (Cayman)”)	Investment holding	100.00	100.00	100.00	

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)			Note
			June 30, 2021	December 31, 2020	June 30, 2020	
Yuanta Securities Asia Financial Services	Yuanta Securities Thailand Limited (“Yuanta Securities (Thailand)”)	Securities brokerage, dealing in securities, underwriting and investment consultation management of mutual fund, management of private fund, management venture capital fund, securities lending, brokerage and dealer of derivative instrument	99.99	99.99	99.99	
	Yuanta Securities Vietnam Limited Company (“Yuanta Securities (Vietnam)”)	Securities brokerage, dealing in securities, underwriting and investment consultation, financial derivatives	90.16	90.16	85.24	Note 2
Yuanta Asia Investment (Hong Kong)	Yuanta Asia Investment (B.V.I.)	Direct investment, Venture capital funds, venture capital fund raising management, and investment advisory services	-	-	100.00	Note 1 、 Note 3
Yuanta Securities (Korea)	Yuanta Investment Co.,Ltd.	Venture investment	57.39	57.39	57.09	
	Yuanta Financial (Hong Kong) Limited (“Yuanta Financial (Hong Kong)”)	Investment holding	57.39	57.39	57.09	
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	57.09	
Yuanta Securities (Hong Kong)	Yuanta International Investment (Hong Kong) Ltd. (“Yuanta Investment (Hong Kong)”)	Issue financial instruments	100.00	100.00	100.00	
	Yuanta Finance (Hong Kong) Ltd.	Credit loan business	100.00	100.00	100.00	
	PT Yuanta Sekuritas Indonesia (“Yuanta Securities (Indonesia)”)	Securities trading and underwriting services	99.00	99.00	99.00	
	PT Yuanta Asset Management (Indonesia)	Investment management	0.002	0.002	0.002	
	Yuanta Investment Management (Cayman)	Investment management	100.00	100.00	100.00	
	Yuanta Securities (Vietnam)	Securities brokerage, dealing in securities, underwriting and investment consultation, financial derivatives	9.84	9.84	14.76	Note 2
Yuanta Securities (Indonesia)	PT Yuanta Asset Management (Indonesia)	Investment management	99.998	99.998	99.998	
Yuanta Investment Management (Cayman)	Yuanta Diamonds Funds SPC - Yuanta Real Estate Securities Fund Segregated Portfolio	Investment in real estate investment trusts	23.25	19.39	53.00	Note 4
Yuanta Bank	Yuanta International Leasing Co., Ltd.(“Yuanta International Leasing”)	Leasing business	100.00	100.00	100.00	
	Yuanta Savings Bank (Philippines) Inc. (Yuanta Savings Bank (Philippines))	Deposits and loans of savings bank	100.00	100.00	100.00	
	Yuanta Savings Bank (Korea) Inc. (Yuanta Savings Bank (Korea))	Deposits and loans of savings bank	100.00	100.00	100.00	

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)			Note
			June 30, 2021	December 31, 2020	June 30, 2020	
Yuanta Futures	Yuanta Futures (Hong Kong) Limited (“Yuanta Futures Hong Kong”)	Financial services	66.27	66.27	67.97	
	SYF Information Limited (“SYF Information”)	Information service	66.27	66.27	67.97	
SYF Information	SYF Information (Shanghai) Limited (“SYF Information (Shanghai)”)	Information service	66.27	66.27	-	Note 6
	SYF Information (Samoa) Limited (“SYF Information (Samoa)”)	Investment holding	-	-	67.97	Note 5
SYF Information (Samoa)	SYF Information (Shanghai) Limited (“SYF Information (Shanghai)”)	Information service	-	-	67.97	Note 5
Yuanta Venture Capital	Yuanta I Venture Capital Co., Ltd. (“Yuanta I Venture Capital”)	Venture capital investments	100.00	100.00	100.00	

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

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

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

Note 4: Subscribed in the first quarter of 2020.

Note 5: On September 25, 2019, to streamline organization structure, the Board of Directors of Yuanta Futures approved to liquidate SYF Information (Samoa) Limited. The liquidation had been approved by the competent authority on October 25, 2019, and was completed on July 17, 2020.

Note 6: 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, and is expected to be completed in 2022.

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

June 30, 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
Y.K.Glory the 1st. 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
YK Seawork Co., Ltd.	Asset-backing
YK Chile Co., Ltd.	Asset-backing
YK Songdo Co., Ltd.	Asset-backing
Bumersquare the 1st. Co., Ltd.	Asset-backing
Y.K.Blue the 5th. Co., Ltd.	Asset-backing
YK Star Co., Ltd.	Asset-backing
YK GO Co., Ltd.	Asset-backing
YK Hyper Co., Ltd.	Asset-backing
YK DragonLake Co., Ltd.	Asset-backing
YK NineMall Co., Ltd.	Asset-backing

June 30, 2021

Structured entities	Services
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
JY Pyeongtaek the first Co., Ltd.	Asset-backing
YK Nonhyun the first Co., Ltd.	Asset-backing
YK Kwangyang the first Co., Ltd.	Asset-backing
YK Balgok Co., Ltd.	Asset-backing
YK Believe the 1st. Co., Ltd.	Asset-backing
YK Napoli the 1st. Co., Ltd.	Asset-backing
YFI Sokcho Co., Ltd.	Asset-backing
YK Godeok Co., Ltd.	Asset-backing
YK Gaon Co., Ltd.	Asset-backing
YKAI the 1st. Co., Ltd.	Asset-backing
YK Lusia Co., Ltd.	Asset-backing
YK Easy the First Co., Ltd.	Asset-backing
YK Wangji the 1st. Co., Ltd.	Asset-backing
YK Jackjeon 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

December 31, 2020

Structured entities	Services
BUMERSQUARE the 1st. Co., Ltd	Asset-backing
Y.K.Blue the 5th. Co., Ltd	Asset-backing
YK Star. Co., Ltd	Asset-backing
YK GO. Co., Ltd	Asset-backing
YK Hyper Co., Ltd	Asset-backing
YKDragonLake Co., Ltd	Asset-backing
YkNineMall Co., Ltd	Asset-backing
YKSEONHWA. Co., Ltd	Asset-backing
Gold Poongmu the 1st Co., Ltd	Asset-backing
YFI Jebu Co., Ltd	Asset-backing
YFI Itaewon Co., Ltd	Asset-backing
YK Woongcheon the 1st Co., Ltd	Asset-backing
Y.K Life the First Co., Ltd	Asset-backing
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 Lusua Co., Ltd	Asset-backing
YKLT the 1st.Corp	Asset-backing

June 30, 2020

Structured entities	Services
YK Indus Co.,Ltd.	Asset-backing
YK Monaco Co.,Ltd.	Asset-backing
YK JP the 7th Co.,Ltd.	Asset-backing
DG.southone the 1st Co., Ltd.	Asset-backing
YFI Yeosu Co., Ltd.	Asset-backing
YK Gunsun the 1st Co., Ltd.	Asset-backing
DK project the second Co., Ltd.	Asset-backing

June 30, 2020

Structured entities	Services
YK Hotel the 1st Co., Ltd.	Asset-backing
YK HD Co., Ltd.	Asset-backing
YFI Double S1 Co., Ltd.	Asset-backing
YFI Double S2 Co., Ltd.	Asset-backing
YK Dragon. Co., Ltd.	Asset-backing
Y.K.Glory the 1st.Co., Ltd.	Asset-backing
YK MEDICINE Co., Ltd.	Asset-backing
YK Work. Co., Ltd.	Asset-backing
YK MIRACLE Co., Ltd.	Asset-backing
YK CF. Co., Ltd.	Asset-backing
SJ beomcheon the second Co., Ltd.	Asset-backing
YK Maritime Co., Ltd.	Asset-backing
YK Bugae the 1st Co., Ltd.	Asset-backing
YK Mozart II Co., Ltd.	Asset-backing
YK SEAWORK. Co., Ltd.	Asset-backing
Y.K. Cherry the First Co., Ltd.	Asset-backing
YK Chile Co., Ltd.	Asset-backing
YK Songdo. Co., Ltd.	Asset-backing
YK Whistle Co., Ltd.	Asset-backing
BUMERSQUARE the 1st. Co., Ltd.	Asset-backing
Y.K.Blue the 5th. Co., Ltd.	Asset-backing
YK Star. Co., Ltd.	Asset-backing
YK GO. Co., Ltd.	Asset-backing
YK Hyper Co., Ltd.	Asset-backing
YK Dragon Lake Co., Ltd.	Asset-backing
Y.K. Spark the First Co., Ltd.	Asset-backing
YK DY Co., Ltd.	Asset-backing
Yk Nine Mall Co., Ltd.	Asset-backing
YK SEONHWA. Co., Ltd.	Asset-backing
Gold Poongmu the 1st Co., Ltd.	Asset-backing
SJ gangbuk the first Co., Ltd.	Asset-backing
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
Y.K Standard Co., Ltd.	Asset-backing
Y.K Magok Co., Ltd.	Asset-backing
Ostih 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

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 June 30, 2021, December 31, 2020 and June 30, 2020, the non-controlling interest amounted to \$20,488,681, \$20,280,857 and \$17,247,497, respectively. The information of non-controlling interest and respective subsidiaries is as follows:

Subsidiary	Principal place of business	Non-controlling interest					
		June 30, 2021		December 31, 2020		June 30, 2020	
		Amount	Ownership(%)	Amount	Ownership(%)	Amount	Ownership(%)
Yuanta Securities (Korea)	Korea	\$ 15,540,820	42.61%	\$ 15,126,219	42.61%	\$ 13,326,298	42.91%

The comprehensive income (loss) attributable to this non-controlling interest were \$187,747, \$217,911, \$728,592 and (\$303,772) for the three months and six months ended June 30, 2021 and 2020, respectively.

Summarized financial information for the aforementioned subsidiaries:

Consolidated balance sheets

	Yuanta Securities (Korea) and its subsidiaries		
	June 30, 2021	December 31, 2020	June 30, 2020
Current assets	\$ 369,281,810	\$ 375,220,873	\$ 329,853,482
Non-current assets	15,701,543	17,105,207	16,194,605
Current liabilities	(336,006,521)	(348,424,044)	(306,835,180)
Non-current liabilities	(11,045,210)	(7,491,992)	(7,248,200)
Total net assets	<u>\$ 37,931,622</u>	<u>\$ 36,410,044</u>	<u>\$ 31,964,707</u>

Consolidated statements of comprehensive income

		Yuanta Securities (Korea) and its subsidiaries	
		For the three months ended June 30,	
		2021	2020
Revenue	\$	5,199,261	\$ 3,614,096
Profit before income tax		1,726,102	581,658
Income tax expense	(	423,088)	(149,133)
Net income		1,303,014	432,525
Other comprehensive loss(net of tax)	(	568,272)	(226,540)
Total comprehensive income for the period	\$	734,742	\$ 205,985

		Yuanta Securities (Korea) and its subsidiaries	
		For the six months ended June 30,	
		2021	2020
Revenue	\$	12,711,781	\$ 6,586,944
Profit before income tax		5,438,502	818,170
Income tax expense	(	1,309,472)	(215,736)
Net income		4,129,030	602,434
Other comprehensive loss (net of tax)	(	1,941,405)	(1,559,889)
Total comprehensive income (loss) for the period	\$	2,187,625	(\$ 957,455)

Consolidated statements of cash flows

		Yuanta Securities (Korea) and its subsidiaries	
		For the six months ended June 30,	
		2021	2020
Net cash used in operating activities	(\$	493,021)	(\$ 5,518,656)
Net cash (used in) provided by investing activities	(	109,333)	879,070
Net cash provided by financing activities		1,542,794	4,137,011
Effect of exchange rates on cash and cash equivalents	(	2,697,025)	(2,214,006)
Decrease in cash and cash equivalents	(	1,756,585)	(2,716,581)
Cash and cash equivalents, beginning of period		18,526,139	19,784,783
Cash and cash equivalents, end of period	\$	16,769,554	\$ 17,068,202

(4) Other significant accounting policies

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

A. Financial assets and liabilities

All financial assets and liabilities of the Yuanta Group including derivatives are recognised in the

consolidated balance sheet and are properly classified in accordance with IFRSs as endorsed by the FSC.

(A) Financial assets

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

a. Regular way purchase or sale

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

b. Bills discounted and loans

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

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

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

c. Receivables

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

d. Financial assets at fair value through profit or loss

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

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

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

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

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

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

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

- i. Profit or loss recognized in accordance with IFRS 9; and
- ii. Profit or loss recognized in accordance with IAS 39.

e. Financial assets at fair value through other comprehensive income

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

f. Investments in debt instruments at amortised cost

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

g. Other financial assets

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

(B) Financial liabilities

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

a. Financial liabilities at fair value through profit or loss

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

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

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

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

b. Financial liabilities carried at amortised cost

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

(C) Derecognition of financial assets

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

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

(D) Derecognition of financial liabilities

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

B. Impairment of financial assets

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

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

C. Impairment of non-financial assets

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

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

D. Intangible assets

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

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

E. Provision basis for various insurance liabilities

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

(A) Unearned premium reserve

For effective contracts with a coverage period under one year, unearned premium reserve is provided based on various risk calculation for effective contracts yet to mature or covered risks yet to terminate in the coverage period; for casualty insurance with coverage period over

one year, unearned premium reserve is provided in accordance with Jin-Guan-Bao-Cai-Zi No. 09902503922 “Supplementary Information on the Calculation of Unearned Premium Reserve and Earned Premium for Casualty Insurance with Coverage Period over One Year.”

(B) Claims reserve

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

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

(C) Reserve for policy benefit

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

(D) Special reserve

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

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

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

(E) Premium deficiency reserve

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

(F) Liability adequacy reserve

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

(G) Reserves for insurance contract with the nature of financial products

Reserve for non-discretionary participation feature financial instruments is set aside in accordance with the Regulations Governing the Setting Aside of Various Reserves by Insurance Enterprises and its related interpretation letters.

F. Employee benefits

(A) Short-term employee benefits

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

(B) Pensions

a. Defined contribution plans

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

b. Defined benefit plans

(a) Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Yuanta Group in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The defined benefit net obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability; when there is no deep market in high-quality corporate bonds, the Yuanta Group uses interest rates of government bonds (at the balance sheet date) instead.

(b) Remeasurement arising on defined benefit plans are recognised immediately in other comprehensive income in the period in which they arise and are recorded as retained earnings.

(c) Past service costs are recognised immediately in profit or loss.

(d) Pension cost for the interim period is calculated on a year-to-date basis by using the pension cost rate derived from the actuarial valuation at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events. And, the related information is disclosed accordingly.

c. Deposits

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

rate is deemed as employee benefits.

d. Termination benefits

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

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

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

G. Income tax

(A) Current income tax

Income tax payable (refundable) is calculated on the basis of the tax laws enacted in the countries where a company operates and generates taxable income. Except that the transactions or other matters are directly recognised in other comprehensive income or equity, and that related income taxes in the period are recognised in other comprehensive income or directly derecognised from equity, all the others should be recognised as income or expense and recorded as gain and loss in the period. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

(B) Deferred income tax

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

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

- (D) The interim period income tax expense is recognised based on the estimated average annual effective income tax rate expected for the full financial year applied to the pretax income of the interim period, and the related information is disclosed accordingly.
- (E) If a change in tax rate is enacted or substantively enacted in an interim period, the Yuanta Group recognises the effect of the change on items recognized outside profit or loss immediately in the interim period in which the change occurs and spread the effect of the change on items recognised in profit or loss over the remainder of the annual reporting period via an adjustment to the estimated annual effective income tax rate.

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

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

(1) Expected credit losses of bills discounted and loans

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

(4) Insurance contract liabilities

The Company evaluates long-term insurance contract liabilities in compliance with "Regulations Governing the Setting Aside of Various Reserves by Insurance Enterprises". The assumptions of mortality rate, lapse rate, and discount rate are as follows: The mortality rate is based on Taiwan Standard Ordinary Experience Mortality Table. The lapse rate is based on the Company's past experience, industry experience, and experience obtained from reinsurers. The discount rate is based

on the interest rate of reserve for policy benefit from newly issued contracts and treated in compliance with calculation basis for insurance products and relevant regulations as approved by the competent authority. The above assumptions are locked-in during price setting in accordance with related regulations.

However, it is reasonably possible that changes in assumption from the competent authority may have an impact on gains, losses, or equity. The liability adequacy testing is conducted by discounting the Company's overall return on investment under the best estimate on valuation date. If the test result shows that the liability is inadequate, the entire deficiency is recognised in expenses and losses in the period. If there is a change in the future best estimate assumption, incremental reserve for adverse movement in such assumption shall be made. Please refer to Note 6(26) for details of reserves of insurance liabilities as of June 30, 2021.

6. Details of significant accounts

(1) Cash and cash equivalents

	June 30, 2021	December 31, 2020	June 30, 2020
Cash	\$ 5,939,511	\$ 5,772,596	\$ 6,153,143
Deposits in banks	60,358,347	66,269,968	65,683,979
Futures excess margin and cash equivalents	2,309,999	4,843,308	2,635,082
Excess settlement reserve fund	369	12	9,136
Checks for clearing	495,147	611,314	509,039
Total	<u>\$ 69,103,373</u>	<u>\$ 77,497,198</u>	<u>\$ 74,990,379</u>

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

	June 30, 2021	December 31, 2020	June 30, 2020
Reserve for deposits - account A	\$ 13,764,279	\$ 12,431,950	\$ 13,476,363
Reserve for deposits - account B	35,979,531	32,177,999	29,929,343
Deposits by overseas branches to designated accounts of respective local central banks	2,214,845	2,631,752	2,323,685
Reserve for deposits	10,176,820	4,704,230	4,173,605
Call loans to banks	-	2,427,625	1,066,584
Total	<u>\$ 62,135,475</u>	<u>\$ 54,373,556</u>	<u>\$ 50,969,580</u>

- A. Reserves due from Central Bank are calculated monthly at prescribed rates on the average daily balances of various deposit accounts and structured accounts and then lodged into reserve for deposits account of Central Bank. The reserve for deposits - account A is non-interest bearing and call on demand. Reserve for deposits - account B is interest bearing and its use is restricted to monthly adjustment in the reserve for deposits only according to relevant regulations.
- B. Please refer to Note 8 for details of the above due from Central Bank and call loans to other banks pledged as collateral as of June 30, 2021, December 31, 2020 and June 30, 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>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Financial assets mandatorily measured at fair value through profit or loss			
Commercial paper	\$ 81,561,843	\$ 71,776,369	\$ 45,803,703
Time deposits	-	-	245,829
Beneficiary certificates / securities	59,594,632	67,542,853	44,988,328
Stocks of companies listed on TWSE or OTC	53,882,896	27,588,569	34,964,036
Emerging stocks	2,024,870	1,799,443	943,161
Government bonds	23,647,531	37,610,576	56,619,589
Bank debentures	136,392,315	116,517,856	116,190,395
Corporate bonds	85,397,481	91,510,940	78,150,244
Overseas bonds	1,383,334	295,960	-
Convertible corporate bonds	48,360,138	48,286,841	47,618,108
Derivative financial instruments	11,014,232	13,186,702	17,134,895
Structured products and others	2,566,848	9,225,592	8,977,753
Reserve for claims of customers' deposits with KSFC (Note 1)	84,586,647	88,944,601	73,706,825
Other marketable securities	7,398,887	7,525,152	4,284,815
Valuation adjustment	8,365,941	4,781,185	1,865,455
Total	<u>\$ 606,177,595</u>	<u>\$ 586,592,639</u>	<u>\$ 531,493,136</u>
Financial liabilities held for trading			
Derivative financial instruments	\$ 22,233,270	\$ 18,961,577	\$ 17,513,248
Non-derivative financial instruments	84,262,107	65,667,664	34,984,553
Valuation adjustment of financial liabilities held for trading — non-derivative financial instruments	8,384,742	8,301,890	2,794,491
Financial liabilities designated as at fair value through profit or loss			
Structured products (Note 2)	39,126,747	53,591,521	57,070,797
Convertible bond asset swap not qualifying for derecognition (Note 2)	16,420,007	16,468,096	18,567,943
Others	2,244,286	466,757	63,017
Total	<u>\$ 172,671,159</u>	<u>\$ 163,457,505</u>	<u>\$ 130,994,049</u>

Note 1: KSFC stands for Korea Securities Finance Corporation.

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

A. Please refer to Note 8 for details of the above financial assets at fair value through profit or loss pledged as collateral as of June 30, 2021, December 31, 2020 and June 30, 2020.

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

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Equity instruments			
Domestic stocks	\$ 16,279,944	\$ 1,566,179	\$ 16,249,697
Overseas stocks	<u>1,127,044</u>	<u>574,443</u>	<u>728,532</u>
	17,406,988	2,140,622	16,978,229
Domestic beneficiary certificates	16,904,308	20,104,429	17,560,709
Overseas beneficiary certificates	<u>1,090,271</u>	<u>848,135</u>	<u>528,979</u>
	<u>\$ 35,401,567</u>	<u>\$ 23,093,186</u>	<u>\$ 35,067,917</u>

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

	<u>For the three months ended June 30,</u>	
	<u>2021</u>	<u>2020</u>
Profit recognised in accordance with IFRS 9	\$ 667,235	\$ 3,551,928
Less: Profit that would have been recognised under IAS 39	(515,598)	(789,854)
Profit from adopting the overlay approach	<u>\$ 151,637</u>	<u>\$ 2,762,074</u>
Effects on income tax	<u>(\$ 13,241)</u>	<u>(\$ 7,922)</u>
	<u>For the six months ended June 30,</u>	
	<u>2021</u>	<u>2020</u>
Profit recognised in accordance with IFRS 9	\$ 366,207	\$ 1,502,341
Less: Profit that would have been recognised under IAS 39	(948,490)	(871,702)
(Loss) profit from adopting the overlay approach	<u>(\$ 582,283)</u>	<u>\$ 630,639</u>
Effects on income tax	<u>(\$ 664)</u>	<u>\$ 434</u>

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

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

Items	June 30, 2021	December 31, 2020	June 30, 2020
Debt instruments			
Government bonds	\$ 44,037,917	\$ 31,239,956	\$ 28,747,589
Bank debentures	55,346,879	52,114,254	53,439,354
Corporate bonds	167,006,923	161,804,262	130,798,035
Commercial paper	97,131	124,062	134,423
Others	285,165	615,373	765,523
Valuation adjustment	1,281,802	5,044,261	3,500,724
Subtotal	268,055,817	250,942,168	217,385,648
Equity instruments			
Listed stocks	25,458,789	6,109,711	21,959,755
Unlisted stocks/Emerging stocks	4,655,167	4,710,737	4,412,119
Others	2,844,368	1,916,102	1,704,292
Valuation adjustment	19,700,712	15,928,585	13,859,293
Subtotal	52,659,036	28,665,135	41,935,459
Statutory deposits	(1,216,100)	(1,216,100)	(1,216,100)
Total	\$ 319,498,753	\$ 278,391,203	\$ 258,105,007

- A. As of June 30, 2021, December 31, 2020 and June 30, 2020, pursuant to Article 141 of Insurance Act, an insurance enterprise shall deposit 15% of its registered paid-in capital with the national treasury as operating guarantee deposits. Yuanta Life of the Yuanta Group has deposited government bonds with par value of \$1,216,100 in the Central Bank as statutory operating guarantee deposits, which are recognised under other assets-net.
- B. The Yuanta Group elects to classify strategic equity investments not held for trading as financial assets measured at fair value through other comprehensive income. As of June 30, 2021, December 31, 2020 and June 30, 2019 the fair value of such investments were \$52,659,036, \$28,665,135 and \$41,935,459, respectively.
- C. For the six months ended June 30, 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 \$9,750,616 and \$5,826,245, and the corresponding accumulated gains (losses) on disposal were \$552,146 and (\$343,784), respectively.

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

	For the three months ended June 30,	
	2021	2020
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	\$ 241,667	\$ 3,085,710
Cumulative gains (losses) reclassified to retained earnings due to derecognition	\$ 64,129	(\$ 333,323)
Dividend income recognised in profit or loss		
Held at end of period	\$ 256,930	\$ 332,092
Derecognised in the current period	171,756	30,235
	<u>\$ 428,686</u>	<u>\$ 362,327</u>
<u>Debt instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	\$ 1,607,112	\$ 4,224,035
Cumulative other comprehensive income reclassified to profit or loss		
Reclassified due to impairment (recovery) recognition	(\$ 9,905)	\$ 3,662
Reclassified due to derecognition	(654,349)	(708,121)
	<u>(\$ 664,254)</u>	<u>(\$ 704,459)</u>
Interest income recognised in profit or loss	<u>\$ 863,198</u>	<u>\$ 976,676</u>

		For the six months ended June 30,	
		2021	2020
<u>Equity instruments at fair value through other comprehensive income</u>			
Fair value change recognised in other comprehensive income		\$ 4,551,545	\$ 451,660
Cumulative gains (losses) reclassified to retained earnings due to derecognition		\$ 509,025	(\$ 333,733)
Dividend income recognised in profit or loss			
Held at end of period		\$ 379,249	\$ 459,617
Derecognised in the current period		174,906	33,244
		<u>\$ 554,155</u>	<u>\$ 492,861</u>
<u>Debt instruments at fair value through other comprehensive income</u>			
Fair value change recognised in other comprehensive income		(\$ 2,157,488)	\$ 3,520,415
Cumulative other comprehensive income reclassified to profit or loss			
Reclassified due to impairment (recovery) recognition		(\$ 11,351)	\$ 9,206
Reclassified due to derecognition		(1,203,118)	(1,420,233)
		<u>(\$ 1,214,469)</u>	<u>(\$ 1,411,027)</u>
Interest income recognised in profit or loss		<u>\$ 1,720,089</u>	<u>\$ 2,021,173</u>

E. Details of the Yuanta Group's financial assets at fair value through other comprehensive income pledged to others as collateral as of June 30, 2021, December 31, 2020 and June 30, 2020 are provided in Note 8.

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

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

Items	June 30, 2021	December 31, 2020	June 30, 2020
Government bonds	\$ 106,605,239	\$ 101,263,694	\$ 100,901,289
Time deposits	196,001,665	148,667,240	141,897,920
Bank debentures	87,478,466	81,985,856	82,022,297
Corporate bonds	98,974,821	100,922,767	89,093,567
Subtotal	489,060,191	432,839,557	413,915,073
Less: Accumulated impairment	(144,099)	(145,737)	(148,844)
Statutory deposits	(2,344,300)	(2,344,300)	(2,344,300)
Total	<u>\$ 486,571,792</u>	<u>\$ 430,349,520</u>	<u>\$ 411,421,929</u>

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

	For the three months ended June 30,	
	2021	2020
Interest income	\$ 2,289,257	\$ 2,190,389
Recovery gain (impairment loss)	3,053 (	6,603)
Gains on disposal	100,694	249,740
	<u>\$ 2,393,004</u>	<u>\$ 2,433,526</u>
	For the six months ended June 30,	
	2021	2020
Interest income	\$ 4,544,769	\$ 4,413,013
Recovery gain (impairment loss)	1,485 (	9,300)
Gains on disposal	921,903	297,470
	<u>\$ 5,468,157</u>	<u>\$ 4,701,183</u>

- B. The Yuanta Group sold certain financial assets at amortised cost for the six months ended June 30, 2021 and 2020, due to factors such as pay back in advance, mandatorily redeemed by the issuer, exchange offer which was publicly purchased or individual and aggregate amount that is non-significant. The disposal gains of amortized cost of debt instrument were \$921,903 and \$297,470, respectively.
- C. As of June 30, 2021, December 31, 2020 and June 30, 2020, pursuant to Article 141 of Insurance Act, an insurance enterprise shall deposit 15% of its registered paid-in capital with the national treasury as operating guarantee deposits. Yuanta Life of the Yuanta Group has deposited government bonds with par value of \$2,344,300 in the Central Bank as statutory operating guarantee deposits, which are recognised under other assets-net.
- D. Details of the Yuanta Group's financial assets at amortised cost pledged to others as collateral as of June 30, 2021, December 31, 2020 and June 30, 2020, are provided in Note 8.
- E. Information relating to credit risk is provided in Note 12(3).

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

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Bills and bonds purchased under resale agreement	<u>\$ 42,426,670</u>	<u>\$ 58,336,318</u>	<u>\$ 42,141,240</u>
Interest rate range	0.13% ~ 1.45%	0.11% ~ 1.68%	0.01% ~ 3.20%
Contract resale amount	<u>\$ 42,469,886</u>	<u>\$ 58,459,272</u>	<u>\$ 42,221,577</u>
Bills and bonds payable under repurchase agreement	<u>\$ 190,510,847</u>	<u>\$ 216,621,187</u>	<u>\$ 214,410,003</u>
Interest rate range	-0.38% ~ 1.50%	-0.30% ~ 1.60%	-0.20% ~ 3.20%
Contract repurchase amount	<u>\$ 194,547,290</u>	<u>\$ 220,352,840</u>	<u>\$ 218,502,225</u>

(7) Receivables - net

	June 30, 2021	December 31, 2020	June 30, 2020
Interest receivable	\$ 7,296,707	\$ 7,038,467	\$ 7,121,721
Refinance guaranty receivable	41,782,678	34,546,103	28,574,857
Acceptances receivable	507,483	578,620	218,866
Factoring receivable	4,765,738	4,150,504	4,906,828
Margin loans receivable	119,035,000	92,285,455	63,128,064
Spot exchange receivable	5,666,264	11,545,120	6,026,094
Credit card receivable	7,166,946	8,781,748	7,912,648
Trading securities receivable	1,895,952	2,277,246	1,270,196
Settlement price	11,894,654	16,043,185	6,835,161
Settlement price receivable	109,562,150	58,138,311	50,810,262
Securities sold receivable	8,131,138	4,707,144	9,971,930
Other receivables	8,808,331	6,035,017	6,925,596
Subtotal	326,513,041	246,126,920	193,702,223
Less: Allowance for doubtful accounts	(2,137,335)	(2,136,230)	(2,293,430)
Total	\$ 324,375,706	\$ 243,990,690	\$ 191,408,793

A. The Yuanta Group recognised appropriate allowance for debts for receivables. For the six months ended June 30, 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 June 30, 2021, December 31, 2020 and June 30, 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%; the annual interest rates range of Yuanta Securities (Hong Kong) were 0.70%~12.88%, 0.72%~12.88% and 0.94%~12.88%, respectively; the annual interest rates range of Yuanta Securities (Indonesia) were all 18.00%; the annual interest rates range of Yuanta Securities (Thailand) were 3.85%~4.15%, 4.15%~9.25% and 4.40%~9.25%, respectively; the annual interest rates range of Yuanta Securities (Vietnam) were 6.00%~12.00%, 7.00%~12.00% and 8.80%~14.00%, respectively.

(8) Assets held for sale - net

In order to improve the efficiency of asset utilization, Yuanta Bank approved the sale of its own real estate by the Board of Directors on November 20, 2020, October 25 and November 8, 2018, and the relevant assets were reclassified to “assets held for sale”. After remeasuring the fair value less costs to sell, the balance of assets held for sale is \$141,687, \$203,730 and \$129,229 as of June 30, 2021, December 31, 2020 and June 30, 2020, respectively. The fair value of the assets held for sale is based on the result of valuation by independent valuation experts, which was categorized within level 2 in the fair value hierarchy. For the three months and six months ended June 30, 2021 and 2020, the Yuanta Group sold part of the assets held for sale, and the proceeds from disposal amounted to \$67,000, \$46,000, \$67,000 and \$416,000, respectively, and gain on disposal amounted to \$4,957, \$3,636, \$4,957 and \$11,597, respectively.

(9) Bills discounted and loans - net

	June 30, 2021	December 31, 2020	June 30, 2020
Bills discounted	\$ 69,284	\$ 155,817	\$ 155,988
Overdrafts	2,240	25,702	2,137
Short-term loans	64,767,647	59,749,704	62,741,986
Short-term loans secured	71,986,418	69,524,551	69,563,679
Medium-term loans	112,213,233	120,466,376	132,927,045
Medium-term loans secured	219,959,690	203,092,313	195,399,348
Long-term loans	6,686,126	7,818,832	8,130,846
Long-term loans secured	353,411,159	334,411,270	317,924,964
Import-export negotiations	53,080	63,994	25,504
Accounts receivable factoring	207,214	916,721	549,227
Automatic policy loans	1,488,102	1,452,487	1,400,010
Life insurance policy loans	5,724,263	5,620,591	5,512,346
Loans transferred to non-performing loans	3,152,529	3,703,423	3,811,588
Subtotal	839,720,985	807,001,781	798,144,668
Less: Allowance for credit losses	(12,847,557)	(13,201,740)	(12,914,064)
Less: Adjustment for premium	12,272	12,866	15,072
Total	<u>\$ 826,885,700</u>	<u>\$ 793,812,907</u>	<u>\$ 785,245,676</u>

A. The Yuanta Group recognised appropriate allowance for bad debts for the bills discounted, loans and receivables. For the details of changes in allowance for bad debts in relation to bills discounted and loans for the six months ended June 30, 2021 and 2020, please refer to Note 12(3).

B. Classified by subsidiaries as follows:

	June 30, 2021	December 31, 2020	June 30, 2020
Bills discounted and loans including adjustment for premium			
Yuanta Bank	\$ 819,908,456	\$ 782,770,760	\$ 771,824,148
Yuanta Securities	12,611,274	17,165,665	19,412,530
Yuanta Life	7,213,527	7,078,222	6,923,062
Subtotal	<u>839,733,257</u>	<u>807,014,647</u>	<u>798,159,740</u>
Allowance for credit losses			
Yuanta Bank	(\$ 11,836,074)	(\$ 11,730,288)	(\$ 11,509,475)
Yuanta Securities	(1,011,466)	(1,471,375)	(1,404,428)
Yuanta Life	(17)	(77)	(161)
Subtotal	<u>(12,847,557)</u>	<u>(13,201,740)</u>	<u>(12,914,064)</u>
Total	<u>\$ 826,885,700</u>	<u>\$ 793,812,907</u>	<u>\$ 785,245,676</u>

C. For the three months and six months ended June 30, 2021 and the three months ended June 30, 2020, no credit assets measured at amortised cost were derecognised. For the six months ended June 30, 2020, the Yuanta Group disposed credit assets measured at amortised cost and recognised a gain of \$339,055.

(10) Reinsurance contract assets

	June 30, 2021	December 31, 2020	June 30, 2020
Claims recoverable from reinsurers	\$ 574,839	\$ 358,339	\$ 360,348
Due from reinsurers and ceding companies	168,719	115,705	173,153
Reinsurance reserve assets			
ceded unearned premium reserve	440,195	547,152	472,148
Ceded claims reserve	87,175	78,261	105,371
Total	<u>\$ 1,270,928</u>	<u>\$ 1,099,457</u>	<u>\$ 1,111,020</u>

(11) Investments accounted for under the equity method

	June 30, 2021		December 31, 2020		June 30, 2020	
	Amount	%	Amount	%	Amount	%
Associates:						
CR Yuanta Fund Management Company Limited	\$ 334,505	24.50%	\$ 335,729	24.50%	\$ 313,508	24.50%
GC Investment Consultant (Shanghai) Co., Ltd.	20,345	100.00%	20,845	100.00%	21,693	100.00%
Yuanta Security(U.K)	-	-	57,971	100.00%	60,314	100.00%
Woori Asset Management Corp.	771,626	27.00%	790,688	27.00%	721,675	27.00%
Polaris Ocean Private Equity Fund	39,551	3.26%	84,751	3.26%	72,791	3.26%
KoFC-TongYang Pioneer Champ 2010-5 Venture Capital Fund	-	-	-	-	6,895	16.22%
KoFC-KVIC Green Growth Venture Capital Fund	-	-	-	-	-	18.00%
2011 KIF-TONGYANG IT Venture Fund	-	-	50,457	17.20%	23,476	17.20%
TONGYANG AGRI-FOOD INVESTMENT FUND II	160,199	40.74%	93,591	40.74%	112,329	40.74%
IBKC-TONGYANG Growth 2013 Private Equity Fund	139,066	10.71%	149,666	10.71%	200,734	10.71%
KVIC-Yuanta 2015 Overseas Advance Fund	271,631	44.00%	245,465	44.00%	218,493	44.00%
2016 KIF-Yuanta ICT Venture Fund	149,294	16.67%	127,613	16.67%	96,793	16.67%
Yuanta Secondary No.2 Fund	222,281	12.28%	196,947	12.28%	168,659	12.28%
Yuanta Secondary No.3 Private Equity Fund	455,729	15.26%	458,903	15.26%	225,306	15.26%
Yuanta SPAC III	-	-	1,662	0.83%	1,567	0.83%
SJ-ULTRA V 1st FUND	30,311	34.48%	32,753	34.48%	30,775	34.48%
Yuanta SPAC IV	1,167	0.54%	1,237	0.54%	1,153	0.54%

	June 30, 2021		December 31, 2020		June 30, 2020	
	Amount	%	Amount	%	Amount	%
Associates:						
Yuanta-HPNT Private Equity Fund	\$ 4,922	0.09%	\$ 5,240	0.09%	\$ 4,926	0.09%
Yuanta SPAC V	721	0.25%	769	0.25%	370	0.25%
Yuanta SPAC VI	719	0.22%	765	0.22%	370	0.22%
Kiwoom-Yuanta 2019 Scale-up Fund	161,588	15.20%	97,401	15.20%	22,137	15.20%
Yuanta SPAC VII	2,205	0.91%	2,351	0.91%	-	-
Yuanta SPAC VIII	491	0.15%	598	4.17%	-	-
Yuanta Innovative Job Creation Fund	69,589	22.73%	-	-	-	-
Yuanta Quantum Jump No.1 Fund	95,030	12.50%	-	-	-	-
	<u>\$ 2,930,970</u>		<u>\$ 2,755,402</u>		<u>\$ 2,303,964</u>	

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

	For the three months ended June 30,	
	2021	2020
Net gain (loss) for the period from continuing operations	\$ 222,475	(\$ 6,890)
Other comprehensive gain (loss) (net of tax)	7	(2,760)
	For the six months ended June 30,	
	2021	2020
Net gain for the period from continuing operations	\$ 374,813	\$ 97,764
Other comprehensive loss (net of tax)	(794)	(24,615)

(12) Other financial assets - net

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Non-loans reclassified to non-performing loans	\$ 916,479	\$ 973,496	\$ 1,045,733
Less: Allowance for credit losses	(904,101)	(938,395)	(987,256)
	<u>12,378</u>	<u>35,101</u>	<u>58,477</u>
Purchase of claim receivable	1,843,550	1,853,059	1,861,428
Valuation adjustment on purchase of claim receivable	(21,062)	(21,239)	(21,571)
	<u>1,822,488</u>	<u>1,831,820</u>	<u>1,839,857</u>
Customer margin deposit account	86,045,950	74,750,544	76,734,358
Investment-linked insurance product assets	26,334,533	1,923,783	1,744,347
Securities borrowing and lending refundable deposits	87,580	249,142	216,815
Others	164,918	244,373	173,705
Total	<u>\$ 114,467,847</u>	<u>\$ 79,034,763</u>	<u>\$ 80,767,559</u>

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 June 30, 2021, December 31, 2020 and June 30, 2020, as well as for the three months and six months ended June 30, 2021 and 2020, details about the assets on insurance products, separated accounts were as follows:

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Investment – linked insurance product assets			
Cash in bank	\$ -	\$ 424	\$ 6,518
Financial assets at fair value through profit or loss	25,457,971	1,919,545	1,734,934
Other receivables	<u>876,562</u>	<u>3,814</u>	<u>2,895</u>
	<u>\$ 26,334,533</u>	<u>\$ 1,923,783</u>	<u>\$ 1,744,347</u>
	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Investment – linked insurance product liabilities			
Reserve for investment linked insurance product – insurance contract	\$ 5,366,568	\$ 1,913,038	\$ 1,733,116
Reserve for investment linked insurance product – investment contract	20,947,036	7,998	8,038
Other payables	<u>20,929</u>	<u>2,747</u>	<u>3,193</u>
	<u>\$ 26,334,533</u>	<u>\$ 1,923,783</u>	<u>\$ 1,744,347</u>

		For the three months ended June 30,	
		2021	2020
Revenue on investment – linked insurance products			
Premium income	\$	2,513,126	\$ 54,154
Gain on financial assets at fair value through profit or loss		214,211	152,305
Exchange gain		1,321	1,343
Interest income		1,490	1,567
Other income		151	777
	\$	<u>2,730,299</u>	<u>\$ 210,146</u>
Expenses on investment – linked insurance products			
Claims and policy benefit payments	\$	50,883	\$ 26,416
Net change in reserve for investment-linked insurance product-insurance contract		2,623,410	158,935
Administrative expenses and other expenses		56,006	24,795
	\$	<u>2,730,299</u>	<u>\$ 210,146</u>
		For the six months ended June 30,	
		2021	2020
Revenue on investment – linked insurance products			
Premium income	\$	3,366,477	\$ 108,251
Gain (loss) on financial assets at fair value through profit or loss		270,666	(173,460)
Exchange gain (loss)		433	(810)
Interest income		2,905	3,157
Other income		1,060	2,606
	\$	<u>3,641,541</u>	<u>(\$ 60,256)</u>
Expenses on investment – linked insurance products			
Claims and policy benefit payments	\$	109,348	\$ 80,924
Net change in reserve for investment-linked insurance product-insurance contract		3,453,963	(191,068)
Administrative expenses and other expenses		78,230	49,888
	\$	<u>3,641,541</u>	<u>(\$ 60,256)</u>

(13) Investment property - net

June 30, 2021				
Assets	Cost	Accumulated depreciation	Accumulated impairment	Book value
Land and land improvements	\$ 2,979,110	\$ -	(\$ 215,038)	\$ 2,764,072
Buildings	2,889,455	(1,099,020)	(42,781)	1,747,654
Right-of-use assets	6,675,915	(229,281)	-	6,446,634
Investment property under construction	407,860	-	-	407,860
Prepayments for land and buildings	8,961	-	-	8,961
Total	<u>\$ 12,961,301</u>	<u>(\$ 1,328,301)</u>	<u>(\$ 257,819)</u>	<u>\$ 11,375,181</u>
December 31, 2020				
Assets	Cost	Accumulated depreciation	Accumulated impairment	Book value
Land and land improvements	\$ 3,067,011	\$ -	(\$ 217,021)	\$ 2,849,990
Buildings	2,973,293	(1,088,771)	(43,233)	1,841,289
Right-of-use assets	6,691,088	(176,872)	-	6,514,216
Investment property under construction	343,828	-	-	343,828
Prepayments for land and buildings	8,961	-	-	8,961
Total	<u>\$ 13,084,181</u>	<u>(\$ 1,265,643)</u>	<u>(\$ 260,254)</u>	<u>\$ 11,558,284</u>
June 30, 2020				
Assets	Cost	Accumulated depreciation	Accumulated impairment	Book value
Land and land improvements	\$ 7,376,055	\$ -	(\$ 273,890)	\$ 7,102,165
Buildings	2,929,400	(1,071,821)	(48,159)	1,809,420
Right-of-use assets	6,675,294	(113,416)	-	6,561,878
Investment property under construction	952,910	-	-	952,910
Total	<u>\$ 17,933,659</u>	<u>(\$ 1,185,237)</u>	<u>(\$ 322,049)</u>	<u>\$ 16,426,373</u>

Change in investment property of the Yuanta Group:

	For the six months ended June 30,	
	2021	2020
Cost		
At January 1	\$ 13,084,181	\$ 6,397,620
Additions	73,815	6,336,195
Disposals	(27,739)	(61,694)
Transferred in from property and equipment	467,589	5,024,324
Transferred out to property and equipment	(443,444)	-
Transferred in from other assets	-	410,231
Foreign exchange adjustment and others	(193,101)	(173,017)
At June 30	<u>\$ 12,961,301</u>	<u>\$ 17,933,659</u>
	For the six months ended June 30,	
	2021	2020
Accumulated depreciation		
At January 1	(\$ 1,265,643)	(\$ 1,154,090)
Depreciation	(47,857)	(45,873)
Disposals	5,626	18,109
Transferred out to property and equipment	78,036	-
Transferred in from property and equipment	(99,220)	(3,825)
Foreign exchange adjustment and others	757	442
At June 30	<u>(\$ 1,328,301)</u>	<u>(\$ 1,185,237)</u>
	For the six months ended June 30,	
	2021	2020
Accumulated impairment		
At January 1	(\$ 260,254)	(\$ 327,558)
Recovery	4,483	4,025
Disposals	1,306	1,484
Transferred in from property and equipment	(3,354)	-
At June 30	<u>(\$ 257,819)</u>	<u>(\$ 322,049)</u>

- A. The fair value of the investment property held by the Yuanta Group as of June 30, 2021, December 31, 2020 and June 30, 2020 were \$13,115,808, \$13,206,719 and \$18,750,950, 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 June 30, 2021, the fair value included the amounts of \$3,571,871 and \$9,543,937 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 \$3,521,011 and \$9,685,708 that was categorised within Level 2 and Level 3 in the fair value hierarchy, respectively. As of June 30, 2020, the fair value included the amount of \$3,957,459 and \$14,793,491 that was categorised within Level 2 and Level 3 in the fair value hierarchy, respectively.
- B. For the three months and six months ended June 30, 2021 and 2020, rental income from the lease of the investment property were \$55,550, \$56,705, \$110,658 and \$107,406, respectively.

- C. In 2020, the consolidated company, Yuanta Life, acquired investment property (including right-of-use assets and investment property under construction) by entering into “The contract of establishment of superficies for state-owned (non-public use)” on January 30, 2020, with National Property administration, Ministry of Finance, Northern Region Branch and acquired right of superficies of nine lands on No. 414, Sec. 3, Chang’an Rd., Zhongshan Dist., Taipei City. The total contract amount was made based on the appraisal report of real estate appraiser and acquired by auction of \$5,330,000. The payment for construction integrated with Mass Rapid Transit amounting to \$232,128 was classified as investment property under construction.
- D. The Yuanta Group has applied the practical expedient to “Covid-19-related rent concessions”, and recognised the gain from changes in lease payments arising from the rent concessions amounting to \$9,076 by decreasing lease liability and investment property - investment property under construction for the six months ended June 30, 2021.
- E. To improve the efficiency of capital investment, the Board of Directors of Yuanta Life of the Yuanta Group resolved on May 26, 2020 to transfer the owner-occupied properties, located in Nanjing E. Rd. and Yijiang St., Zhongshan Dist., Taipei City 104, Taiwan (R.O.C.), to investment properties.
- F. Please refer to Note 8 for details of Yuanta Group’s investment property pledged to others as collateral.

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(14) Property and equipment - net

Change in property and equipment of the Yuanta Group:

	2021						
Cost	Land and land improvements	Buildings	Machinery and computer equipment	Transportation equipment	Miscellaneous equipment	Construction in progress and prepayments for business facilities	Total
At January 1	\$ 14,345,304	\$ 8,482,180	\$ 4,032,553	\$ 200,392	\$ 1,625,519	\$ 2,096,887	\$ 30,782,835
Additions	-	641	125,557	2,980	49,553	455,474	634,205
Disposals	(16,635)	(6,951)	(211,255)	(13,036)	(87,961)	-	(335,838)
Transferred in from investment property	281,175	162,269	-	-	-	-	443,444
Transferred out to investment property	(278,170)	(189,419)	-	-	-	-	(467,589)
Others	-	-	48,538	6,451	69,330	(69,437)	54,882
Translation difference	(21,892)	(79,995)	(131,504)	(973)	(26,734)	(699)	(261,797)
At June 30	<u>\$ 14,309,782</u>	<u>\$ 8,368,725</u>	<u>\$ 3,863,889</u>	<u>\$ 195,814</u>	<u>\$ 1,629,707</u>	<u>\$ 2,482,225</u>	<u>\$ 30,850,142</u>
<u>Accumulated depreciation</u>							
At January 1	\$ -	(\$ 2,582,793)	(\$ 2,805,951)	(\$ 122,802)	(\$ 1,081,973)	\$ -	(\$ 6,593,519)
Depreciation	-	(122,440)	(282,729)	(12,821)	(128,323)	-	(546,313)
Disposals	-	3,362	211,082	7,462	85,595	-	307,501
Transferred in from investment property	-	(78,036)	-	-	-	-	(78,036)
Transferred out to investment property	-	99,220	-	-	-	-	99,220
Others	-	-	22	(116)	176	-	82
Translation difference	-	30,935	114,729	764	19,562	-	165,990
At June 30	<u>\$ -</u>	<u>(\$ 2,649,752)</u>	<u>(\$ 2,762,847)</u>	<u>(\$ 127,513)</u>	<u>(\$ 1,104,963)</u>	<u>\$ -</u>	<u>(\$ 6,645,075)</u>
<u>Accumulated impairment</u>							
At January 1	(\$ 192,614)	(\$ 66,387)	\$ -	\$ -	(\$ 298)	\$ -	(\$ 259,299)
Transferred out to investment property	2,279	1,075	-	-	-	-	3,354
At June 30	<u>(\$ 190,335)</u>	<u>(\$ 65,312)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(\$ 298)</u>	<u>\$ -</u>	<u>(\$ 255,945)</u>
Net carrying amount	<u>\$ 14,119,447</u>	<u>\$ 5,653,661</u>	<u>\$ 1,101,042</u>	<u>\$ 68,301</u>	<u>\$ 524,446</u>	<u>\$ 2,482,225</u>	<u>\$ 23,949,122</u>

2020

	Land and land improvements	Buildings	Machinery and computer equipment	Transportation equipment	Miscellaneous equipment	Construction in progress and prepayments for business facilities	Total
<u>Cost</u>							
At January 1	\$ 14,577,211	\$ 7,152,721	\$ 3,916,823	\$ 211,086	\$ 1,739,464	\$ 1,205,145	\$ 28,802,450
Additions	-	-	187,289	2,390	38,308	1,286,679	1,514,666
Disposals	-	-	(137,126)	(5,613)	(101,376)	-	(244,115)
Transferred out to investment property	(4,375,925)	(4,224)	-	-	-	(644,175)	(5,024,324)
Others	-	-	136,403	-	46,257	(164,663)	17,997
Translation difference	(27,281)	(69,552)	(118,161)	(761)	(16,191)	(252)	(232,198)
At June 30	<u>\$ 10,174,005</u>	<u>\$ 7,078,945</u>	<u>\$ 3,985,228</u>	<u>\$ 207,102</u>	<u>\$ 1,706,462</u>	<u>\$ 1,682,734</u>	<u>\$ 24,834,476</u>
<u>Accumulated depreciation</u>							
At January 1	\$ -	(\$ 2,371,822)	(\$ 2,758,061)	(\$ 112,353)	(\$ 1,119,167)	\$ -	(\$ 6,361,403)
Depreciation	-	(87,068)	(261,884)	(14,572)	(134,474)	-	(497,998)
Disposals	-	-	136,357	2,923	100,820	-	240,100
Transferred out to investment property	-	3,825	-	-	-	-	3,825
Others	-	-	-	(242)	-	-	(242)
Translation difference	-	24,509	100,110	457	8,907	-	133,983
At June 30	<u>\$ -</u>	<u>(\$ 2,430,556)</u>	<u>(\$ 2,783,478)</u>	<u>(\$ 123,787)</u>	<u>(\$ 1,143,914)</u>	<u>\$ -</u>	<u>(\$ 6,481,735)</u>
<u>Accumulated impairment</u>							
At January 1	(\$ 135,885)	(\$ 62,195)	\$ -	\$ -	(\$ 298)	\$ -	(\$ 198,378)
Impairment loss	189	381	-	-	-	-	570
At June 30	<u>(\$ 135,696)</u>	<u>(\$ 61,814)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(\$ 298)</u>	<u>\$ -</u>	<u>(\$ 197,808)</u>
Net carrying amount	<u>\$ 10,038,309</u>	<u>\$ 4,586,575</u>	<u>\$ 1,201,750</u>	<u>\$ 83,315</u>	<u>\$ 562,250</u>	<u>\$ 1,682,734</u>	<u>\$ 18,154,933</u>

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	-	-	-	641	-	641
Disposals	(16,635)	-	(16,635)	(6,951)	-	(6,951)
Transferred in from investment property	281,175	-	281,175	162,269	-	162,269
Transferred out to investment property	(278,170)	-	(278,170)	(189,419)	-	(189,419)
Others	192,654	(192,654)	-	27,881	(27,881)	-
Translation difference	(21,892)	-	(21,892)	(79,995)	-	(79,995)
At June 30	<u>\$ 14,309,782</u>	<u>\$ -</u>	<u>\$ 14,309,782</u>	<u>\$ 8,368,725</u>	<u>\$ -</u>	<u>\$ 8,368,725</u>
<u>Accumulated depreciation</u>						
At January 1	\$ -	\$ -	\$ -	(\$ 2,578,035)	(\$ 4,758)	(\$ 2,582,793)
Depreciation	-	-	-	(122,440)	-	(122,440)
Disposals	-	-	-	3,362	-	3,362
Transferred in from investment property	-	-	-	(78,036)	-	(78,036)
Transferred out to investment property	-	-	-	99,220	-	99,220
Others	-	-	-	(4,758)	4,758	-
Translation difference	-	-	-	30,935	-	30,935
At June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(\$ 2,649,752)</u>	<u>\$ -</u>	<u>(\$ 2,649,752)</u>
<u>Accumulated impairment</u>						
At January 1	(\$ 192,614)	\$ -	(\$ 192,614)	(\$ 66,387)	\$ -	(\$ 66,387)
Transferred out to investment property	2,279	-	2,279	1,075	-	1,075
At June 30	<u>(\$ 190,335)</u>	<u>\$ -</u>	<u>(\$ 190,335)</u>	<u>(\$ 65,312)</u>	<u>\$ -</u>	<u>(\$ 65,312)</u>
Net carrying amount	<u>\$ 14,119,447</u>	<u>\$ -</u>	<u>\$ 14,119,447</u>	<u>\$ 5,653,661</u>	<u>\$ -</u>	<u>\$ 5,653,661</u>

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

(15) Leasing arrangements — lessee

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

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

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>	<u>Carrying amount</u>
Land	\$ 8,834,744	\$ 8,898,397	\$ 8,969,070
Buildings	3,576,035	4,023,721	3,975,451
Machinery and equipment	167,021	205,963	228,494
Transportation equipment	18,293	18,506	29,141
Others	35,559	34,891	20,198
	<u>\$ 12,631,652</u>	<u>\$ 13,181,478</u>	<u>\$ 13,222,354</u>

For the three months ended June 30,

	<u>2021</u>	<u>2020</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Land	\$ 4,915	\$ 5,830
Buildings	324,638	352,728
Machinery and equipment	12,870	13,168
Transportation equipment	3,483	3,845
Others	2,194	2,773
	<u>\$ 348,100</u>	<u>\$ 378,344</u>

For the six months ended June 30,

	<u>2021</u>	<u>2020</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Land	\$ 9,799	\$ 11,611
Buildings	653,572	710,038
Machinery and equipment	26,244	26,885
Transportation equipment	6,818	8,112
Others	4,440	5,844
	<u>\$ 700,873</u>	<u>\$ 762,490</u>

- C. For the three months and six months ended June 30, 2021 and 2020, the additions to right-of-use assets amounted to \$199,107, \$179,689, \$382,235 and \$920,394, respectively.

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

		For the three months ended June 30,	
		2021	2020
<u>Items affecting profit or loss</u>			
Interest expense on lease liabilities	\$	20,363	\$ 26,270
Expense on short-term lease contracts		18,377	22,700
Expense on leases of low-value assets		2,322	3,843
Gain on sublease of right-of-use assets		3,316	3,447
Gain on lease modification		95	727
		For the six months ended June 30,	
		2021	2020
<u>Items affecting profit or loss</u>			
Interest expense on lease liabilities	\$	41,448	\$ 52,132
Expense on short-term lease contracts		37,054	33,248
Expense on leases of low-value assets		4,915	6,417
Gain on sublease of right-of-use assets		6,640	6,990
Gain on lease modification		95	595

- E. For the six months ended June 30, 2021 and 2020, the Yuanta Group's total cash outflow for leases amounted to \$824,027 and \$6,026,015, respectively.
- F. The Yuanta Group has applied the practical expedient to "Covid-19-related rent concessions", and recognised the gain from changes in lease payments arising from the rent concessions amounting to \$3,641 by decreasing rent expense for the six months ended June 30, 2021.
- G. The Yuanta Group has applied the practical expedient to "Covid-19-Related Rent Concessions beyond 30 June 2021", and the gain from changes in lease payments arising from the rent concessions after June 30, 2021 was recognized as the deduction of rent expense by \$7,341.

(16) Leasing arrangements – lessor

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

		For the three months ended June 30,	
		2021	2020
Finance income from the net investment in the finance lease	\$	251	\$ 337
		For the six months ended June 30,	
		2021	2020
Finance income from the net investment in the finance lease	\$	524	\$ 695

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

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
2020	\$ -	\$ -	\$ 4,231
2021	4,231	8,462	8,462
2022	8,463	8,463	8,463
2023	8,463	8,463	8,463
Total	<u>\$ 21,157</u>	<u>\$ 25,388</u>	<u>\$ 29,619</u>

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

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Undiscounted lease payments	\$ 21,157	\$ 25,388	\$ 29,619
Unearned finance income	(1,246)	(1,770)	(2,380)
Net investment in the lease	<u>\$ 19,911</u>	<u>\$ 23,618</u>	<u>\$ 27,239</u>

E. For the three months and six months ended June 30, 2021 and 2020, the Yuanta Group recognized rent income in the amounts of \$55,560, \$60,298, \$110,691 and \$114,596, respectively, based on the operating lease agreement, which does not include variable lease payments.

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

	<u>June 30, 2021</u>		<u>December 31, 2020</u>		<u>June 30, 2020</u>
2021	\$ 87,965	2021	\$ 152,356	2020	\$ 88,391
2022	86,539	2022	83,445	2021	93,120
2023	22,215	2023	29,215	2022	38,088
2024	7,777	2024	12,582	2023	12,974
2025	5,503	2025	8,554	2024	2,481
After 2026	6,794	After 2026	10,817	After 2025	5,695
Total	<u>\$ 216,793</u>	Total	<u>\$ 296,969</u>	Total	<u>\$ 240,749</u>

(17) Intangible assets - net

	2021					
<u>Cost</u>	<u>Goodwill</u>	<u>Operating rights</u>	<u>Computer software</u>	<u>Customer relationship</u>	<u>Others</u>	<u>Total</u>
At January 1	\$ 31,494,708	\$ 384,488	\$ 4,683,272	\$ 3,045,314	\$ 4,413,907	\$ 44,021,689
Additions	-	-	65,822	-	-	65,822
Disposals	-	-	(24,513)	-	-	(24,513)
Reclassifications	-	-	3,677	-	-	3,677
Translation difference	(8,654)	(333)	(232,261)	-	(52,458)	(293,706)
At June 30	<u>\$ 31,486,054</u>	<u>\$ 384,155</u>	<u>\$ 4,495,997</u>	<u>\$ 3,045,314</u>	<u>\$ 4,361,449</u>	<u>\$ 43,772,969</u>
<u>Accumulated amortization</u>						
At January 1	\$ -	(\$ 371,541)	(\$ 4,085,009)	(\$ 3,034,376)	(\$ 2,111,719)	(\$ 9,602,645)
Amortization	-	(820)	(120,641)	(1,875)	(116,365)	(239,701)
Disposals	-	-	24,513	-	-	24,513
Reclassification	-	-	(198)	-	-	(198)
Translation difference	-	98	217,230	-	2,711	220,039
At June 30	<u>\$ -</u>	<u>(\$ 372,263)</u>	<u>(\$ 3,964,105)</u>	<u>(\$ 3,036,251)</u>	<u>(\$ 2,225,373)</u>	<u>(\$ 9,597,992)</u>
<u>Accumulated impairment</u>						
At January 1	(\$ 2,888,924)	\$ -	\$ -	\$ -	(\$ 31,472)	(\$ 2,920,396)
Impairments	(6,541)	-	-	-	-	(6,541)
Translation difference	5,816	-	-	-	1,031	6,847
At June 30	<u>(\$ 2,889,649)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(\$ 30,441)</u>	<u>(\$ 2,920,090)</u>
Net carrying amount	<u>\$ 28,596,405</u>	<u>\$ 11,892</u>	<u>\$ 531,892</u>	<u>\$ 9,063</u>	<u>\$ 2,105,635</u>	<u>\$ 31,254,887</u>

2020						
Cost	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	-	-	68,835	-	9,604	78,439
Disposals	-	-	(45,795)	-	(20,172)	(65,967)
Reclassifications	-	-	39,719	-	-	39,719
Translation difference	(27,279)	(147)	(200,486)	-	(47,111)	(275,023)
At June 30	\$ 31,478,559	\$ 385,053	\$ 4,466,621	\$ 3,045,314	\$ 4,374,568	\$ 43,750,115
Accumulated amortization						
At January 1	\$ -	(\$ 370,109)	(\$ 3,983,321)	(\$ 3,030,626)	(\$ 1,878,442)	(\$ 9,262,498)
Amortization	-	(821)	(121,576)	(1,875)	(116,333)	(240,605)
Disposals	-	-	45,795	-	-	45,795
Translation difference	-	44	187,748	-	2,065	189,857
At June 30	\$ -	(\$ 370,886)	(\$ 3,871,354)	(\$ 3,032,501)	(\$ 1,992,710)	(\$ 9,267,451)
Accumulated impairment						
At January 1	(\$ 1,475,943)	\$ -	\$ -	\$ -	(\$ 37,046)	(\$ 1,512,989)
Disposals	-	-	-	-	7,435	7,435
Translation difference	-	-	-	-	1,019	1,019
At June 30	(\$ 1,475,943)	\$ -	\$ -	\$ -	(\$ 28,592)	(\$ 1,504,535)
Net carrying amount	\$ 30,002,616	\$ 14,167	\$ 595,267	\$ 12,813	\$ 2,353,266	\$ 32,978,129

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

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

(18) Other assets - net

	June 30, 2021	December 31, 2020	June 30, 2020
Refundable deposits - net	\$ 3,159,406	\$ 4,190,962	\$ 4,528,479
Refundable deposits for securities lending	34,830,369	29,728,039	8,633,524
Operating guarantee deposits and settlement fund	5,072,450	4,936,468	4,849,434
Prepaid expenses	837,403	805,716	737,692
Bank deposits - amounts held for settlement	26,519,039	21,688,529	18,854,127
Others	494,901	493,922	816,127
Total	<u>\$ 70,913,568</u>	<u>\$ 61,843,636</u>	<u>\$ 38,419,383</u>

Please refer to Note 8 for details of the Yuanta Group's other assets pledged to others as collateral as of June 30, 2021, December 31, 2020 and June 30, 2020.

(19) Non-financial asset impairment losses

As of June 30, 2021, December 31, 2020 and June 30, 2020, accumulated impairment on various financial assets were as follows:

	June 30, 2021	December 31, 2020	June 30, 2020
Investment property	\$ 257,819	\$ 260,254	\$ 322,049
Property and equipment	255,945	259,299	197,808
Intangible assets - goodwill	2,889,649	2,888,924	1,475,943
Intangible assets - other	30,441	31,472	28,592

(20) Deposits from Central Bank and other banks

	June 30, 2021	December 31, 2020	June 30, 2020
Overdrafts from other banks	\$ 2,226,271	\$ 2,567,621	\$ 4,855,909
Call loans from other banks	15,701,835	7,738,100	10,609,200
Redeposit from the directorate general of postal remittance	5,106,578	5,106,578	5,106,579
Total	<u>\$ 23,034,684</u>	<u>\$ 15,412,299</u>	<u>\$ 20,571,688</u>

(21) Commercial paper payable - net

	June 30, 2021	December 31, 2020	June 30, 2020
Commercial paper payable	\$ 62,289,018	\$ 27,474,589	\$ 22,177,306
Less: Discount on commercial paper payable	(38,053)	(57,100)	(44,559)
Total	<u>\$ 62,250,965</u>	<u>\$ 27,417,489</u>	<u>\$ 22,132,747</u>

As of June 30, 2021, December 31, 2020 and June 30, 2020, the annual interest rate of commercial paper payable were 0.268%~1.260%, 0.288%~1.550% and 0.418%~1.710%, respectively.

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

June 30, 2021	December 31, 2020	June 30, 2020
CTBC Bank Co., Ltd.	CTBC Bank Co., Ltd.	CTBC Bank Co., Ltd.
China Bills Finance Corporation	China Bills Finance Corporation	Taipei Fubon Commercial Bank Co., Ltd.
Taipei Fubon Commercial Bank Co., Ltd.	Taipei Fubon Commercial Bank Co., Ltd.	Hua Nan Commercial Bank Co., Ltd.
Taishin International Bank Co., Ltd.	Taishin International Bank Co., Ltd.	Taiwan Finance Corporation
Bank Sinopac Co., Ltd.	Bank Sinopac Co., Ltd.	Union Bank of Taiwan Co., Ltd.
Cathay United Commercial Bank Co., Ltd.	Cathay United Commercial Bank Co., Ltd.	Taishin International Bank Co., Ltd.
Hua Nan Commercial Bank Co., Ltd.	Hua Nan Commercial Bank Co., Ltd.	Grand Bills Finance Corp.
Ta Ching Bills Finance Corporation	Sunny Bank Ltd.	Cathay United Commercial Bank Co., Ltd.
Grand Bills Finance Corp.	Grand Bills Finance Corp.	China Bills Finance Corporation
Taiwan Business Bank Co., Ltd.	Taiwan Business Bank Co., Ltd.	International Bills Finance Corporation
Union Bank of Taiwan Co., Ltd.	Union Bank of Taiwan Co., Ltd.	Shinhan Bank
Taiwan Finance Corporation	Taiwan Finance Corporation	Meritz Securities Co., Ltd.
KGI Commercial Bank Co., Ltd.	KGI Commercial Bank Co., Ltd.	KB Securities Co., Ltd.
E.SUN Commercial Bank, Ltd.	Shinhan Bank	KTB Securities Co., Ltd.
International Bills Finance Corporation	Meritz Securities Co., Ltd.	
Mega Bills Finance Co., Ltd.	KB Securities Co., Ltd.	
Shinhan Bank	KTB Securities Co., Ltd.	
KB Securities Co., Ltd.	Eugene Investment & Securities	
Eugene Investment & Securities	KIWOOM Securities.Co., Ltd.	
KTB Securities Co., Ltd.	Bookook Secruities Co., Ltd.	
KIWOOM Securities.Co., Ltd.	Asia Plus Securities Co., Ltd.	
BNK Securities Co., Ltd.	True Corporation Public Company Limited	
Bookook Securities Co., Ltd.	United Overseas Bank PLC	
Asia Plus Securities Co., Ltd.	Namchow (Thailand) Co. LTD	
THAI PRESIDENT FOODS PUBLIC COMPANY LIMITED	Thai President Foods Public Company Limited	
TPI Polene Power Public Co., Ltd.		
True Corporation Public Company Limited		
Komornwarn Chinthammit		
United Overseas Bank PLC		
Uni-President (Thailand) Ltd.		
Namchow (Thailand) Co. LTD		
Kiatnakin bank		

(22) Payables

	June 30, 2021	December 31, 2020	June 30, 2020
Accounts payable	\$ 116,507,615	\$ 115,112,359	\$ 98,039,227
Demand remittance payable	5,668,308	11,470,481	6,016,221
Bankers' acceptances payable	507,483	578,620	218,866
Dividends payable	14,839,937	85	7,851,751
Interests payable	1,590,971	1,511,734	1,866,512
Commission payable	265,258	326,497	387,763
Accrued expenses	12,674,703	11,473,665	7,876,518
Taxes payable	373,190	287,853	279,442
Collections payable for customers	2,042,351	1,091,507	1,722,645
Proceeds payable from underwriting	453,617	742,337	479,522
Due to reinsurers and ceding companies	645,376	573,315	723,858
Collateralized proceeds payable from securities lending	8,079,378	8,253,964	6,909,671
Consigned securities payable	9,979,120	14,988,418	6,766,550
Settled price	2,765,774	2,858,884	9,815,202
Securities purchased payable	7,001,695	9,468,087	6,827,827
Settlement payable	103,263,973	58,683,722	43,294,784
Deposits received on securities lending	7,228,970	7,645,125	6,549,887
Checks for clearing	494,945	610,952	508,781
SBL refund payable	324,925	266,692	1,095,674
Other payables	2,478,729	2,403,633	1,241,594
Total	<u>\$ 297,186,318</u>	<u>\$ 248,347,930</u>	<u>\$ 208,472,295</u>

(23) Deposits and remittances

	June 30, 2021	December 31, 2020	June 30, 2020
Checking deposits	\$ 4,148,810	\$ 5,236,168	\$ 4,027,211
Demand deposits	192,970,466	176,440,113	147,965,664
Time deposits	283,201,870	263,422,721	293,740,275
Negotiable certificates of deposit	11,876,000	13,504,500	16,294,500
Savings deposits	826,862,393	752,279,752	685,270,553
Remittances	144,755	137,140	141,540
Total	<u>\$ 1,319,204,294</u>	<u>\$ 1,211,020,394</u>	<u>\$ 1,147,439,743</u>

(24) Bonds payable

	June 30, 2021	December 31, 2020	June 30, 2020
Bank debentures	\$ 31,500,000	\$ 34,500,000	\$ 34,500,000
Unsecured corporate bonds	58,966,681	44,290,127	39,326,227
Total	<u>\$ 90,466,681</u>	<u>\$ 78,790,127</u>	<u>\$ 73,826,227</u>

A. The details of bank debentures as of June 30, 2021 were as follows:

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

	<u>Fifth issue of subordinate bank debentures in 2014</u>
Par value	\$600,000
Stated interest rate	Fixed interest rate at 2.00%
Period	Seven years
Interest payment date	Payable annually
Term of principal payment	Repaid on maturity
Issue price	Priced at face value on issue date
	<u>Third issue of 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

	First issue of subordinate bank debentures in 2021
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
	Second issue of general bank debentures in 2021
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 June 30, 2021 were as follows:	
The Company	
	Yuanta Financial Holdings first issue of local unsecured normal corporate bond in 2015
Par value	\$1,300,000
Stated interest rate	Fixed interest rate at 1.67%
Period	Seven years
Interest payment date	Payable annually
Term of principal payment	Repaid on maturity
Issue price	Priced at face value on issue date
	Yuanta Financial Holdings first issue of local unsecured normal corporate bond in 2016(C)
Par value	\$8,000,000
Stated interest rate	Fixed interest rate at 1.00%
Period	Seven years
Interest payment date	Payable annually
Term of principal payment	Repaid on maturity
Issue price	Priced at face value on issue date
	Yuanta Financial Holdings second issue of local unsecured normal corporate bond in 2016(B)
Par value	\$1,600,000
Stated interest rate	Fixed interest rate at 0.85%
Period	Six years
Interest payment date	Payable annually
Term of principal payment	Repaid on maturity
Issue price	Priced at face value on issue date

	Yuanta Financial Holdings first issue of local unsecured normal corporate bond in 2018(A)
Par value	\$1,500,000
Stated interest rate	Fixed interest rate at 0.86%
Period	Five years
Interest payment date	Payable annually
Term of principal payment	Repaid on maturity
Issue price	Priced at face value on issue date
	Yuanta Financial Holdings first issue of local unsecured normal corporate bond in 2018(B)
Par value	\$8,500,000
Stated interest rate	Fixed interest rate at 0.96%
Period	Seven years
Interest payment date	Payable annually
Term of principal payment	Repaid on maturity
Issue price	Priced at face value on issue date
	Yuanta 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 31,260 thousand outstanding)
Stated interest rate	Fixed interest rate at 4.10%
Issuance date	August 2, 2018
Maturity date	August 2, 2023
Issuance area	Hong Kong

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

Par value	\$2,300,000
Stated interest rate	Fixed interest rate at 0.63%
Issuance date	May 6, 2020
Maturity date	May 6, 2025
Issuance area	Taiwan

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

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

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

(25) Other borrowings

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Short-term borrowings			
Unsecured bank borrowings	\$ 15,497,087	\$ 5,412,015	\$ 10,615,039
Secured bank borrowings	10,998,249	5,577,018	3,289,274
KSFC secured borrowings	29,171,042	27,901,800	19,258,077
Issuance of short-term bond	16,457,249	18,905,228	20,992,957
Unsecured short-term bond	-	-	144,045
	<u>\$ 72,123,627</u>	<u>\$ 57,796,061</u>	<u>\$ 54,299,392</u>
Interest rate range	<u>0.55%~6.90%</u>	<u>0.60%~8.60%</u>	<u>0.70%~8.60%</u>

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

(26) Provisions for other liabilities

	June 30, 2021	December 31, 2020	June 30, 2020
Insurance liability	\$ 317,609,035	\$ 304,868,061	\$ 281,940,620
Reserve for foreign exchange fluctuation	457,464	714,669	171,069
Employee benefit liabilities reserve	6,035,751	6,629,634	5,575,380
Guaranteed policy reserve	133,039	151,060	143,032
Loan commitment reserve and letters of credit	40,107	44,148	48,028
Reserve for insurance with nature of financial instrument	49,708	-	-
Other reserves (Note)	870,861	664,363	499,525
Total	<u>\$ 325,195,965</u>	<u>\$ 313,071,935</u>	<u>\$ 288,377,654</u>

Note: For former TongYang Securities Inc.'s disputes with investors, incident to the sale of financial products issued by associates of the Tong Yang Group, for which investors have filed complaints with the competent authority of Korea, the competent authority of Korea, since July 31, 2014, has announced the results of the first mediation through the subsequent tenth mediation, concluding total disputed sales of KRW697,000 million (approximately NT\$17.2 billion); of which former TongYang Securities Inc. was liable for compensations totaling KRW67,678 million (approximately NT\$1.7 billion). Starting from the end of September 2014, other than a minority of customers who filed complaints, disagreeing with the above-mentioned mediated results by the competent authority, former TongYang Securities Inc. has commenced paying compensations.

In addition, as of June 30, 2021, there were 2 litigations filed against former TongYang Securities Inc. and its subsidiaries related to the above-mentioned dispute on financial products selling, demanding compensations totaling KRW542,565 million (approximately NT\$13.4 billion); of all were class actions, demanding compensation of KRW492,565 million (approximately NT\$12.2 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 recognised a liability reserve of KRW93,400 million (approximately NT\$2.3 billion) on December 31, 2013 for the aforementioned sales dispute. Other than adjustments made for actual compensation payments, former TongYang Securities Inc., after comprehensively considering the status of litigations and compensations, has reversed KRW24,151 million (approximately NT\$600 million) in liability reserves as of June 30, 2021. As of June 30, 2021, the balance of the liability reserve related to the aforementioned dispute on sales of financial products was KRW4,914 million (approximately NT\$120 million).

In addition, as of June 30, 2021, Yuanta Securities (Korea) recognized provision liabilities in an amount of KRW8,800 million (approximately NT\$218 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.

A. The components of insurance liabilities are as follows:

	June 30, 2021	December 31, 2020	June 30, 2020
Unearned premium reserve	\$ 893,626	\$ 795,764	\$ 725,756
Claims reserve	916,641	802,204	692,314
Reserve for policy benefit	311,258,981	298,427,292	275,550,672
Premium deficiency reserve	919,278	1,129,185	1,144,437
Other reserves	3,620,509	3,713,616	3,827,441
Total	<u>\$ 317,609,035</u>	<u>\$ 304,868,061</u>	<u>\$ 281,940,620</u>

(A) Unearned premium reserve and ceded unearned premium reserve

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

	June 30, 2021		
	Financial instruments with discretionary participation features		Total
	Insurance contract		
Unearned premium reserve			
Personal life insurance	\$ 1,919	\$ -	\$ 1,919
Personal accident insurance	273,069	-	273,069
Personal health insurance	419,969	-	419,969
Group insurance	196,199	-	196,199
Investment-linked insurance	2,470	-	2,470
	<u>\$ 893,626</u>	<u>\$ -</u>	<u>\$ 893,626</u>
Ceded unearned premium reserve			
Personal life insurance	\$ 314,289	\$ -	\$ 314,289
Personal accident insurance	605	-	605
Personal health insurance	123,518	-	123,518
Group insurance	937	-	937
Investment-linked insurance	846	-	846
	<u>\$ 440,195</u>	<u>\$ -</u>	<u>\$ 440,195</u>

December 31, 2020			
		Financial instruments with discretionary participation features	Total
	Insurance contract		
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>
June 30, 2020			
		Financial instruments with discretionary participation features	Total
	Insurance contract		
Unearned premium reserve			
Personal life insurance	\$ 1,735	\$ -	\$ 1,735
Personal accident insurance	238,623	-	238,623
Personal health insurance	324,417	-	324,417
Group insurance	158,511	-	158,511
Investment-linked insurance	2,470	-	2,470
	<u>\$ 725,756</u>	<u>\$ -</u>	<u>\$ 725,756</u>
Ceded unearned premium reserve			
Personal life insurance	\$ 349,697	\$ -	\$ 349,697
Personal accident insurance	510	-	510
Personal health insurance	120,153	-	120,153
Group insurance	948	-	948
Investment-linked insurance	840	-	840
	<u>\$ 472,148</u>	<u>\$ -</u>	<u>\$ 472,148</u>

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

	For the six months ended June 30,	
	2021	2020
Unearned premium reserve		
At January 1	\$ 795,764	\$ 633,319
Current net change	97,862	92,437
At June 30	<u>\$ 893,626</u>	<u>\$ 725,756</u>
	For the six months ended June 30,	
	2021	2020
Ceded unearned premium reserve		
At January 1	\$ 547,152	\$ 505,791
Current net change	(106,643)	(33,452)
Loss on foreign exchange	(314)	(191)
At June 30	<u>\$ 440,195</u>	<u>\$ 472,148</u>

(B) Claims reserve and ceded claims reserve

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

	June 30, 2021		
	Claims reported but not paid	Claims incurred but not reported	Total
Claims reserve			
Personal life insurance	\$ 489,825	\$ 425	\$ 490,250
Personal accident insurance	2,945	35,340	38,285
Personal health insurance	259,281	105,204	364,485
Group insurance	5,252	18,354	23,606
Investment-linked insurance	-	15	15
	<u>\$ 757,303</u>	<u>\$ 159,338</u>	<u>\$ 916,641</u>
Ceded claims reserve			
Personal life insurance	\$ 30,403	\$ -	\$ 30,403
Personal health insurance	56,772	-	56,772
	<u>\$ 87,175</u>	<u>\$ -</u>	<u>\$ 87,175</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>
June 30, 2020			
	Claims reported but not paid	Claims incurred but not reported	Total
Claims reserve			
Personal life insurance	\$ 380,800	\$ 316	\$ 381,116
Personal accident insurance	5,891	31,794	37,685
Personal health insurance	170,805	81,076	251,881
Group insurance	980	14,895	15,875
Investment-linked insurance	5,744	13	5,757
	<u>\$ 564,220</u>	<u>\$ 128,094</u>	<u>\$ 692,314</u>
Ceded claims reserve			
Personal life insurance	\$ 51,414	\$ -	\$ 51,414
Personal health insurance	53,957	-	53,957
	<u>\$ 105,371</u>	<u>\$ -</u>	<u>\$ 105,371</u>

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

For the six months ended June 30,			
	2021	2020	
Claims reserve			
At January 1	\$ 802,204	\$ 638,183	
Current net change	114,457	54,033	
(Gain) loss on foreign exchange	(20)	98	
At June 30	<u>\$ 916,641</u>	<u>\$ 692,314</u>	
For the six months ended June 30,			
	2021	2020	
Ceded claims reserve			
At January 1	\$ 78,261	\$ 66,754	
Current net change	8,914	38,617	
At June 30	<u>\$ 87,175</u>	<u>\$ 105,371</u>	

(C) Reserve for policy benefit

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

	June 30, 2021		
		Financial instruments with discretionary participation features	Total
	Insurance contract		
Life insurance	\$ 283,711,472	\$ -	\$ 283,711,472
Health insurance	27,011,603	-	27,011,603
Annuity insurance	8,065	362,199	370,264
Investment-linked insurance	55,480	-	55,480
	<u>\$ 310,786,620</u>	<u>\$ 362,199</u>	<u>311,148,819</u>
Recovery of catastrophe reserve			4,221
Transferred in unwritten-off balance of 3% decrease in business tax			46,062
Payables to the insured			59,879
Total			<u>\$ 311,258,981</u>

	December 31, 2020		
		Financial instruments with discretionary participation features	Total
	Insurance contract		
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>

	June 30, 2020		
		Financial instruments with discretionary participation features	Total
	Insurance contract		
Life insurance	\$ 250,780,004	\$ -	\$ 250,780,004
Health insurance	24,247,858	-	24,247,858
Annuity insurance	9,420	346,788	356,208
Investment-linked insurance	51,444	-	51,444
	<u>\$ 275,088,726</u>	<u>\$ 346,788</u>	<u>275,435,514</u>
Recovery of catastrophe reserve			4,221
Transferred in unwritten-off balance of 3% decrease in business tax			46,062
Payables to the insured			64,875
Total			<u>\$ 275,550,672</u>

b. Changes in reserve for policy benefit:

	For the six months ended June 30,	
	2021(Note 1)	2020(Note 2)
At January 1	\$ 298,418,335	\$ 260,675,996
Current net change	13,720,301	15,358,148
Gain on foreign exchange	(890,277)	(491,252)
At June 30	<u>\$ 311,248,359</u>	<u>\$ 275,542,892</u>

Note 1: For the six months ended June 30, 2021, “Reserve for policy benefit-payables to the insured” is \$10,622. As of June 30, 2021, the total reserve for policy benefit amount of changes in reserve for policy benefit is \$311,258,981.

Note 2: For the six months ended June 30, 2020, “Reserve for policy benefit-payables to the insured” is \$7,780. As of June 30, 2020, the total reserve for policy benefit amount of changes in reserve for policy benefit is \$275,550,672.

For the three months and six months ended June 30, 2021 and 2020, the interest expense, reflecting on the contract liabilities over a period of time, were \$2,017,010, \$1,824,848, \$4,021,433 and \$3,632,778, respectively.

(D) Premium deficiency reserve

a. Details of premium deficiency reserve are as follows:

June 30, 2021			
	Financial instruments with discretionary participation features		
	Insurance contract		Total
Personal life insurance	\$ 905,052	\$ -	\$ 905,052
Personal health insurance	14,226	-	14,226
Total	<u>\$ 919,278</u>	<u>\$ -</u>	<u>\$ 919,278</u>
December 31, 2020			
	Financial instruments with discretionary participation features		
	Insurance contract		Total
Personal life insurance	\$ 1,113,653	\$ -	\$ 1,113,653
Personal health insurance	15,532	-	15,532
Total	<u>\$ 1,129,185</u>	<u>\$ -</u>	<u>\$ 1,129,185</u>
June 30, 2020			
	Financial instruments with discretionary participation features		
	Insurance contract		Total
Personal life insurance	\$ 1,130,113	\$ -	\$ 1,130,113
Personal health insurance	14,324	-	14,324
Total	<u>\$ 1,144,437</u>	<u>\$ -</u>	<u>\$ 1,144,437</u>

b. Change in premium deficiency reserve:

	For the six months ended June 30,	
	2021	2020
At January 1	\$ 1,129,185	\$ 865,166
Current net change	(196,158)	283,710
Gain on foreign exchange	(13,749)	(4,439)
At June 30	<u>\$ 919,278</u>	<u>\$ 1,144,437</u>

(E) Other reserves

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

	For the six months ended June 30,	
	2021	2020
At January 1	\$ 3,713,616	\$ 3,918,127
Recovery	(93,107)	(90,686)
At June 30	<u>\$ 3,620,509</u>	<u>\$ 3,827,441</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 six months ended June 30,	
	2021	2020
At January 1	\$ 714,669	\$ 600,869
Provision		
Compulsory provision	119,021	125,890
Additional provision	325,777	275,201
Subtotal	1,159,467	1,001,960
Recovery	(702,003)	(830,891)
At June 30	<u>\$ 457,464</u>	<u>\$ 171,069</u>

- (B) Effect of accounts eligible or ineligible for the foreign exchange reserve on the consolidated financial statements of Yuanta Life of the Yuanta Group for the six months ended June 30, 2021 and 2020 are as follows:

	For the six months ended June 30, 2021		
	Ineligible amount	Eligible amount	Impact
Net income	\$ 668,043	\$ 873,808	\$ 205,765
Earnings per share (in dollars)	0.28	0.37	0.09
Reserve for foreign exchange fluctuation	-	457,464	457,464
Total equity	29,629,269	29,247,991	(381,278)
	For the six months ended June 30, 2020		
	Ineligible amount	Eligible amount	Impact
Net income	\$ 821,373	\$ 1,165,213	\$ 343,840
Earnings per share (in dollars)	0.47	0.67	0.20
Reserve for foreign exchange fluctuation	-	171,069	171,069
Total equity	29,593,209	29,441,047	(152,162)

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

Yuanta Life of the Yuanta Group issued non-discretionary participation feature financial instruments. Reserve for insurance with nature of financial instrument recognised on June 30, 2021, December 31, 2020 and June 30, 2020 and the movements are listed below:

	June 30, 2021	December 31, 2020	June 30, 2020
Investment-linked insurance	\$ 49,708	\$ -	\$ -

	For the six months ended June 30,	
	2021	2020
At January 1	\$ -	\$ -
Net provision of statutory reserve	49,708	-
At June 30	\$ 49,708	\$ -

(27) Employee benefit liabilities reserve

A. Defined benefit plans:

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

- Group would assess the balance in the aforementioned labor pension reserve account by the end of December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method, to the employees expected to be qualified for retirement next year, the Yuanta Group will make contributions to cover the deficit by next March. Yuanta Securities (Korea) and its subsidiary have a defined benefit plan or a defined contribution plan in accordance with the relevant laws and regulations applied by the local Korean government. Yuanta Securities Investment Trust obtained the approval letter no. 1086074270 and no. 1096073370 from Department of Labor, Taipei City government to suspend the pension contribution for the period from September 2019 to August 2021.
- (B) For the aforementioned pension plan, the Company and its domestic subsidiaries recognised pension costs of \$12,854, \$15,540, \$26,783 and \$32,347 for the three months and six months ended June 30, 2021 and 2020, respectively.
- (C) Expected contributions to the defined benefit pension plans of the Company and its domestic subsidiaries for the year ending December 31, 2022 amount to \$46,423.
- B. Defined contribution plans:
- (A) Effective July 1, 2005, the Company and its domestic subsidiaries have established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.
- (B) Effective July 1, 2005, a retirement plan was established by Yuanta Life, covering all its telemarketing representatives. Under the retirement plan, Yuanta Life recognises monthly an amount equal to 7% of the employees’ monthly incentive bonuses as retirement pay. The retirement plan is contributed till July 2016. Cumulated amounts will be retained until telemarketing representatives retire, after which it will be paid in lump-sum to each telemarketing representative according to their respective entitled proportions under the plan. Effective August 1, 2008, Yuanta Life established an “Incentive Award Plan”, which covered its sales agents. Under the “Incentive Award Plan”, Yuanta Life calculates monthly contributions based on the agent’s service years and a monthly commission effective for the first year. The “Incentive Award Plan” is contributed till June 2014. Cumulated amounts will be retained until sales agents retire, after which it will be paid in lump-sum to each sales agent according to their respective entitled proportions under the plan.
- (C) Termination provisions
On August 21, 2015, Ta Chong Bank entered into second amendments agreement of share conversion agreement with the Company, the agreements including secured employees’ right, the secure period was 36 months after the effective date of combination of banks. As of December 31, 2020, and June 30, 2020, the termination provision which were recognised for aforementioned event amounted to \$123,575 and \$124,199, respectively (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 recognised as actual amount of payables and repaid the termination provision on January 29, 2021.
- (D) Under the defined contribution plan, the Company and its domestic subsidiaries recognised pension expense of \$133,300 (recorded as employees’ benefit expenses of \$131,874 and net income other than interest of \$1,426), \$117,121 (recorded as employees’ benefit expenses of \$115,039 and net income other than interest of \$2,082), \$259,848 (recorded as employees’ benefit expenses of \$256,868 and net income other than interest of \$2,980) and \$232,442 (recorded as employees’ benefit expenses of \$227,979 and net income other than interest of

\$4,463) for the three months and six months ended June 30, 2021 and 2020, respectively.

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

The pension plan for Yuanta Securities Asia Finance is in compliance with the regulations of each employee nationality. Yuanta HK Holdings (Cayman) Ltd., Yuanta Securities Holding (B.V.I) Ltd. and Yuanta Investment Management (Cayman) Ltd. do not have compulsory pension plans according to local regulations. Other foreign subsidiaries are in compliance with related regulations enacted by local governments. For the three months and six months ended June 30, 2021 and 2020, the foreign subsidiaries recognised \$114,696, \$122,017, \$240,577 and \$249,552, respectively, of pension expense by complying with aforementioned regulations.

(28) Other financial liabilities

	June 30, 2021	December 31, 2020	June 30, 2020
Futures traders' equity	\$ 93,981,510	\$ 83,440,553	\$ 83,989,002
Structured deposit	2,785,079	3,349,248	4,234,731
Investment-linked products liabilities	26,334,533	1,923,783	1,744,347
Appropriated loan fund	-	-	572
Total	<u>\$ 123,101,122</u>	<u>\$ 88,713,584</u>	<u>\$ 89,968,652</u>

(29) Other liabilities

	June 30, 2021	December 31, 2020	June 30, 2020
Guarantee deposit-in and margin deposits	\$ 28,539,422	\$ 29,366,404	\$ 28,814,728
Underwriting share proceeds collected on behalf of customers	385,015	4,699,339	1,039
Collections in advance	3,666,632	1,975,566	2,148,081
Retention bonus payable	1,257,800	1,252,976	1,431,641
Refundable deposits	2,909,410	3,947,898	1,310,841
Refundable deposits-derivative transactions	2,425,750	2,841,750	2,834,573
Others	5,284,465	2,350,652	1,516,529
Total	<u>\$ 44,468,494</u>	<u>\$ 46,434,585</u>	<u>\$ 38,057,432</u>

(30) Share capital

As of June 30, 2021, December 31, 2020 and June 30, 2020, the Company's total authorized capital were all \$180,000,000 and total paid-in capital were \$121,374,360, \$121,374,360 and \$116,706,115, respectively. The aforementioned total paid-in capital includes 12,137,436, 12,137,436 and 11,670,612 thousand shares of common stock, each with a par value of \$10 dollars per share.

(31) Capital surplus

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

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

	June 30, 2021	December 31, 2020	June 30, 2020
Post 1998	\$ 4,036,443	\$ 4,036,443	\$ 4,036,443
Source and details of the capital surplus of the Company are as follows:			
	June 30, 2021	December 31, 2020	June 30, 2020
Additional paid-in capital	\$ 33,573,790	\$ 33,573,790	\$ 33,573,790
Treasury share transactions	3,479,710	3,479,710	3,479,710
Others	832,449	832,449	729,336
	<u>\$ 37,885,949</u>	<u>\$ 37,885,949</u>	<u>\$ 37,782,836</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 exceed 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. 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 income					
- Evaluation adjustment in the period	-	2,171,282	-	-	2,171,282
- Evaluation transferred to profit or loss	- (	1,214,469)	-	- (	1,214,469)
- Evaluation transferred to retained earnings	- (	509,025)	-	- (	509,025)
Other comprehensive income on reclassification under the overlay approach	-	-	- (	582,283)	(582,283)
Changes in translation difference of foreign operating entities	(2,181,801)	-	-	- (	2,181,801)
Effects on income tax	-	113,496	- (	664)	112,832
Evaluation of credit risk	-	-	(165)	- (	165)
Balance, June 30	(\$ 6,648,937)	\$ 17,287,432	(\$ 45,303)	(\$ 237,298)	\$ 10,355,894

	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 income					
- Evaluation adjustment in the period	-	3,727,858	-	-	3,727,858
- Evaluation transferred to profit or loss	- (	1,411,027)	-	- (	1,411,027)
- Evaluation transferred to retained earnings	-	333,733	-	-	333,733
Other comprehensive income on reclassification under the overlay approach	-	-	-	630,639	630,639
Changes in translation difference of foreign operating entities	(1,668,888)	-	-	- (	1,668,888)
Effects on income tax	- (	159,895)	-	434 (	159,461)
Evaluation of credit risk	-	-	(1,078)	- (	1,078)
Balance, June 30	<u>(\$ 5,197,274)</u>	<u>\$ 14,397,855</u>	<u>(\$ 37,808)</u>	<u>\$ 678,032</u>	<u>\$ 9,840,805</u>
		(BLANK)			

(35) Net interest income

	For the three months ended June 30,	
	2021	2020
<u>Interest income</u>		
Interest income on bills discounted and loans	\$ 3,686,283	\$ 4,151,072
Financing interest income	1,697,294	840,093
Interest income on securities investment	3,156,884	3,178,936
Interest income from placement and call loan to other banks	171,748	342,335
Interest income on bills and bonds purchased under resale agreements	62,377	86,618
Recurring interest income from credit card	45,412	50,901
Other interest income	285,369	266,644
Subtotal	9,105,367	8,916,599
<u>Interest expense</u>		
Interest expense of deposit	(\$ 883,582)	(\$ 1,291,984)
Interest expense of Central Bank and other banks' deposit	(4,578)	(4,863)
Interest expense on due to the Central Bank and other banks	(161,098)	(268,069)
Interest expense on bills and bonds sold under repurchase agreements	(169,852)	(340,753)
Interest expense of structured instruments	(14,520)	(48,229)
Coupon rate of bank debenture	(174,185)	(205,287)
Coupon rate of corporate bonds	(149,292)	(102,585)
Coupon rate of commercial papers	(44,482)	(33,247)
Interest expense from short sales	(5,136)	(6,696)
Lease liabilities interest expense	(20,363)	(26,270)
Other interest expense	(44,077)	(73,280)
Subtotal	(1,671,165)	(2,401,263)
Total	\$ 7,434,202	\$ 6,515,336

	For the six months ended June 30,	
	2021	2020
<u>Interest income</u>		
Interest income on bills discounted and loans	\$ 7,371,311	\$ 8,694,768
Financing interest income	3,213,242	1,843,987
Interest income on securities investment	6,274,034	6,455,250
Interest income from placement and call loan to other banks	371,797	748,753
Interest income on bills and bonds purchased under resale agreements	126,309	220,526
Recurring interest income from credit card	91,565	105,761
Other interest income	559,085	576,832
Subtotal	18,007,343	18,645,877
<u>Interest expense</u>		
Interest expense of deposit	(\$ 1,783,853)	(\$ 2,993,698)
Interest expense of Central Bank and other banks' deposit	(8,804)	(26,956)
Interest expense on due to the Central Bank and other banks	(354,551)	(548,855)
Interest expense on bills and bonds sold under repurchase agreements	(361,434)	(894,997)
Interest expense of structured instruments	(29,195)	(120,176)
Coupon rate of bank debenture	(369,771)	(410,539)
Coupon rate of corporate bonds	(263,126)	(190,679)
Coupon rate of commercial papers	(70,231)	(110,359)
Interest expense from short sales	(12,074)	(14,081)
Lease liabilities interest expense	(41,448)	(52,132)
Other interest expense	(86,390)	(225,839)
Subtotal	(3,380,877)	(5,588,311)
Total	\$ 14,626,466	\$ 13,057,566

(36) Net service fee and commission income

	For the three months ended June 30,	
	2021	2020
<u>Service fee and commission income</u>		
Brokerage service fee income	\$ 11,050,863	\$ 6,118,206
Service fee income on insurance brokerage and stock register	324,129	387,860
Service fee on credit cards	263,626	256,209
Service fee income on trust business	838,091	693,421
Service income on credit extension	141,938	174,067
Underwriting service income	397,282	221,857
Service income from short sales	45,740	36,685
Commission – reinsurance allowance	33,420	34,585
Service income on foreign exchange	18,337	18,262
Service fee income on consigned settlement	11,039	8,433
Deposits and remittance and other service income	355,264	133,604
Subtotal	13,479,729	8,083,189
<u>Service fee expenses and commission expense</u>		
Insurance commission expense	(\$ 371,490)	(\$ 455,074)
Service expense on trust business	(712)	(718)
Service expense on brokerage	(888,463)	(596,335)
Service expense on self-operation	(55,207)	(24,847)
Service fee expense on credit cards	(199,012)	(218,412)
Service expense on settlement	(171,553)	(105,978)
Futures commission expense	(105,652)	(110,100)
Underwriting service expense	(2,371)	(1,519)
Service expense on foreign exchange	(9,275)	(8,711)
Service expense on credit extension	(5,012)	(6,732)
Deposits and remittance and other service expense	(87,987)	(83,600)
Subtotal	(1,896,734)	(1,612,026)
Total	\$ 11,582,995	\$ 6,471,163

		For the six months ended June 30,	
		2021	2020
<u>Service fee and commission income</u>			
Brokerage service fee income	\$	20,039,444	\$ 11,419,743
Service fee income on insurance brokerage and stock register		674,776	815,058
Service fee on credit cards		490,317	561,920
Service fee income on trust business		1,769,796	1,628,599
Service income on credit extension		280,130	344,784
Underwriting service income		679,465	513,642
Service income from short sales		77,281	68,853
Commission – reinsurance allowance		54,195	66,708
Service income on foreign exchange		37,418	37,832
Service fee income on consigned settlement		20,840	20,829
Deposits and remittance and other service income		488,732	302,212
Subtotal		<u>24,612,394</u>	<u>15,780,180</u>
<u>Service fee expenses and commission expense</u>			
Insurance commission expense	(\$	814,900)	(\$ 1,290,898)
Service expense on trust business	(	1,702)	(1,411)
Service expense on brokerage	(	1,664,296)	(1,309,452)
Service expense on self-operation	(	95,583)	(57,218)
Service fee expense on credit cards	(	398,974)	(488,581)
Service expense on settlement	(	342,552)	(300,060)
Futures commission expense	(	216,359)	(245,727)
Underwriting service expense	(	4,050)	(2,853)
Service expense on foreign exchange	(	18,843)	(19,084)
Service expense on credit extension	(	10,533)	(16,257)
Deposits and remittance and other service expense	(	188,332)	(170,805)
Subtotal	(	<u>3,756,124</u>)	(<u>3,902,346</u>)
Total	\$	<u>20,856,270</u>	\$ <u>11,877,834</u>

(37) Net income from insurance operations

	For the three months ended June 30,	
	2021	2020
<u>Income from insurance operations</u>		
Gross collected premiums	\$ 9,383,590	\$ 9,361,205
Less: Reinsurance premium ceded	(179,375)	(196,088)
Net changes of unearned premium reserve	(92,718)	(103,878)
Retention earned premium income	9,111,497	9,061,239
Investment-linked product income (Note)	2,730,299	210,146
Subtotal	11,841,796	9,271,385
<u>Expense from insurance operations</u>		
Claims and policy benefits	(\$ 3,823,537)	(\$ 3,217,701)
Less: Claims recovered from reinsurers	185,340	130,480
Retention claims and policy benefits payments	(3,638,197)	(3,087,221)
Underwriting expenses	(1,196)	(1,631)
Expense from guaranty fund	(18,234)	(17,795)
Investment-linked product expenses (Note)	(2,730,299)	(210,146)
Subtotal	(6,387,926)	(3,316,793)
Total	\$ 5,453,870	\$ 5,954,592
	For the six months ended June 30,	
	2021	2020
<u>Income from insurance operations</u>		
Gross collected premiums	\$ 19,561,234	\$ 20,816,317
Less: Reinsurance premium ceded	(368,663)	(441,833)
Net changes of unearned premium reserve	(204,506)	(125,889)
Retention earned premium income	18,988,065	20,248,595
Investment-linked product income (Note)	3,641,541	(60,256)
Subtotal	22,629,606	20,188,339
<u>Expense from insurance operations</u>		
Claims and policy benefits	(\$ 7,541,783)	(\$ 5,744,622)
Less: Claims recovered from reinsurers	345,263	246,434
Retention claims and policy benefits payments	(7,196,520)	(5,498,188)
Underwriting expenses	(2,787)	(3,061)
Expense from guaranty fund	(37,584)	(39,569)
Investment-linked product expenses (Note)	(3,641,541)	(60,256)
Subtotal	(10,878,432)	(5,480,562)
Total	\$ 11,751,174	\$ 14,707,777

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

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

	For the three months ended June 30,	
	2021	2020
<u>Realized gains or losses on financial assets and liabilities at fair value through profit or loss</u>		
Commercial papers	\$ 45,653	\$ 45,043
Bonds	2,497,987	1,429,686
Stocks	4,571,120	1,190,595
Beneficiary certificates	1,738,407	187,069
Interest-linked instrument	(512,234)	(83,129)
Exchange rate-linked instrument	1,769,970	(921,869)
Other financial derivative instruments	4,402,941	3,313,223
Loss on covering of borrowed securities and bonds with resale agreements	(9,091,766)	(630,621)
Loss from issuing call (put) warrants	(189,561)	(249,913)
Issuing call (put) warrants expense	(105,335)	(85,538)
Others	(950,964)	1,532,582
Subtotal	<u>4,176,218</u>	<u>5,727,128</u>
<u>Unrealized gains or losses on financial assets and liabilities at fair value through profit or loss</u>		
Commercial papers	\$ 1,601	(\$ 12,275)
Bonds	(350,280)	1,792,203
Stocks	1,436,779	3,977,868
Beneficiary certificates	743,186	228,476
Interest-linked instrument	(953,521)	(1,957,617)
Exchange rate-linked instrument	1,157,304	1,225,816
Other financial derivative instruments	(587,672)	2,059,438
Valuation gain (loss) on borrowed securities and bonds with resale agreements	4,929,074	(5,147,651)
(Loss) gain on issuance of call (put) warrants	(1,048,569)	497,444
Others	121,318	203,898
Subtotal	<u>5,449,220</u>	<u>2,867,600</u>
Total	<u>\$ 9,625,438</u>	<u>\$ 8,594,728</u>

		For the six months ended June 30,	
		2021	2020
<u>Realized gains or losses on financial assets and liabilities at fair value through profit or loss</u>			
Commercial papers	\$	93,011	\$ 95,608
Bonds		5,225,530	2,822,460
Stocks		8,914,341	(895,996)
Beneficiary certificates		1,983,414	(2,680,234)
Interest-linked instrument	(	786,077)	(165,296)
Exchange rate-linked instrument		2,389,419	(356,237)
Other financial derivative instruments		14,150,730	697,817
Loss on covering of borrowed securities and bonds with resale agreements	(	11,715,601)	(285,413)
Gain (loss) from issuing call (put) warrants		233,583	(4,802,079)
Issuing call (put) warrants expense	(	226,427)	(170,085)
Others	(	93,967)	5,080,002
Subtotal		20,167,956	(659,453)
<u>Unrealized gains or losses on financial assets and liabilities at fair value through profit or loss</u>			
Commercial papers	\$	13,787	(\$ 11,669)
Bonds	(	650,096)	1,861,664
Stocks		4,887,336	640,589
Beneficiary certificates	(	598,565)	290,204
Interest-linked instrument	(	1,972,451)	582,867
Exchange rate-linked instrument	(	272,366)	408,838
Other financial derivative instruments	(	3,118,074)	(353,101)
Valuation loss on borrowed securities and bonds with resale agreements	(	92,853)	(1,746,529)
(Loss) gain on issuance of call (put) warrants	(	1,742,611)	6,024,303
Others		345,826	448,868
Subtotal	(	3,200,067)	8,146,034
Total	\$	16,967,889	\$ 7,486,581

- A. The realised gains or losses on the financial assets and liabilities at fair value through profit and loss of the Yuanta Group for the three months and six months ended June 30, 2021 and 2020, including the gain (loss) on disposal, were \$2,732,965, \$4,287,260, \$17,374,496 and (\$3,660,758), respectively, and the issuing call (put) warrants expense, were \$105,335, \$85,538, \$226,427 and \$170,085, respectively, and the dividends income were \$599,094, \$329,437, \$1,083,565 and \$555,263, respectively, and the interest income were \$949,494, \$1,195,969, \$1,936,322 and \$2,616,127, respectively.
- B. The Yuanta Group recognised net (loss) gain amounting to (\$603,492), (\$5,226,309), (\$2,066,222) and \$3,410,577, respectively, on financial liabilities designated as at fair value through profit or loss for the three months and six months ended June 30, 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 three months ended June 30,	
	2021	2020
(Reversal of impairment loss) impairment loss on investments in debt instruments measured at fair value through other comprehensive income	(\$ 9,905)	\$ 3,662
(Reversal of impairment loss) impairment loss on investments in debt instruments at amortised cost	(3,053)	6,603
Reversal of impairment loss on property and equipment	- (	728)
Reversal of impairment loss on intangible assets	(160)	-
Reversal of impairment loss on investment property	(4,483)	(4,025)
Impairment loss on other assets	115	-
Total	(\$ 17,486)	\$ 5,512

	For the six months ended June 30,	
	2021	2020
(Reversal of impairment loss) impairment loss on investments in debt instruments measured at fair value through other comprehensive income	(\$ 11,351)	\$ 9,206
(Reversal of impairment loss) impairment loss on investments in debt instruments at amortised cost	(1,485)	9,300
Reversal of impairment loss on property and equipment	- (	570)
Impairment loss on intangible assets	6,541	-
Reversal of impairment loss on investment property	(4,483)	(4,025)
Impairment loss on other assets	115	-
Total	(\$ 10,663)	\$ 13,911

(40) Net other miscellaneous income

	For the three months ended June 30,	
	2021	2020
Borrowed stock revenue	\$ 438,706	\$ 312,848
Net change of reserve for foreign exchange fluctuation	62,699	614,927
Other net income	333,880	432,949
Total	\$ 835,285	\$ 1,360,724

	For the six months ended June 30,	
	2021	2020
Borrowed stock revenue	\$ 757,723	\$ 678,422
Net change of reserve for foreign exchange fluctuation	257,206	429,800
Other net income	664,661	695,854
Total	<u>\$ 1,679,590</u>	<u>\$ 1,804,076</u>

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

	For the three months ended June 30,	
	2021	2020
Bad debt expense of accounts receivable	\$ 82,803	\$ 92,309
Bad debt expense of bills discounted and loans	385,988	523,893
Recovery of reserve for guarantee liabilities	(37,900)	(9,290)
Recovery of loan commitment reserve and other reserve	(5,497)	(253)
Recovery of bad debt expense	(571,098)	(152,670)
Total	<u>(\$ 145,704)</u>	<u>\$ 453,989</u>

	For the six months ended June 30,	
	2021	2020
Bad debt expense of accounts receivable	\$ 63,488	\$ 214,430
Bad debt expense of bills discounted and loans	731,053	1,285,863
Recovery of reserve for guarantee liabilities	(17,870)	(4,020)
(Recovery) recognition of loan commitment reserve and other reserve	(3,690)	39
Recovery of bad debt expense	(845,223)	(371,141)
Total	<u>(\$ 72,242)</u>	<u>\$ 1,125,171</u>

(42) Employee benefit expense

	For the three months ended June 30,	
	2021	2020
Wages and salaries	\$ 8,221,470	\$ 5,656,236
Labor and health insurance fees	319,364	231,687
Pension costs	259,424	252,596
Termination benefits	5,361	3,587
Other employee benefit expenses	421,133	355,578
Total	<u>\$ 9,226,752</u>	<u>\$ 6,499,684</u>

	For the six months ended June 30,	
	2021	2020
Wages and salaries	\$ 16,374,550	\$ 11,160,329
Labor and health insurance fees	595,685	476,764
Pension costs	524,228	509,878
Termination benefits	29,565	7,771
Other employee benefit expenses	762,097	693,883
Total	<u>\$ 18,286,125</u>	<u>\$ 12,848,625</u>

The numbers of employees of the Yuanta Group were 14,346 and 14,202 for the six months ended June 30, 2021 and 2020, respectively.

A. After covering accumulated deficit with the year-end earnings (that is income before taxes less income before employees' compensation provisions), 0.01% to 0.5% was appropriated as employees' compensation and an amount less than 0.9% was appropriated as directors' and supervisors' remuneration.

B. For the three months and six months ended June 30, 2021 and 2020, employees' compensation was accrued at \$9,227, \$6,114, \$17,694 and \$9,956, respectively; directors' and supervisors' remuneration was accrued at \$83,044, \$55,027, \$159,243 and \$89,607, respectively. The aforementioned amounts were recognised in salary expenses. The employees' compensation and directors' and supervisors' remuneration of 2020 as resolved by the Board of Directors in 2020 was in agreement with those amounts recognised in the 2020 financial statements. Information is available at the website of the Market Observation Post System provided by the Taiwan Stock Exchange Corporation (TWSE).

(43) Depreciation and amortization

	For the three months ended June 30,	
	2021	2020
Investment property depreciation	\$ 22,263	\$ 22,635
Property and equipment depreciation	277,183	252,137
Right-of-use asset depreciation	348,100	378,344
Intangible asset amortization	119,043	120,182
Deferred assets amortization	12,719	15,369
Total	<u>\$ 779,308</u>	<u>\$ 788,667</u>

	For the six months ended June 30,	
	2021	2020
Investment property depreciation	\$ 47,857	\$ 45,873
Property and equipment depreciation	546,313	497,998
Right-of-use asset depreciation	700,873	762,490
Intangible asset amortization	239,701	240,605
Deferred assets amortization	27,497	30,917
Total	<u>\$ 1,562,241</u>	<u>\$ 1,577,883</u>

(44) Other business and administrative expenses

	For the three months ended June 30,	
	2021	2020
Tax	\$ 1,568,419	\$ 853,638
Computer science expense	365,503	323,787
Commission expense	349,325	179,539
Professional expense	199,639	164,080
Postage and telephone costs	190,275	175,525
Miscellaneous expenses	175,098	266,215
Security borrowing expenses	286,760	210,420
Others	1,284,371	901,240
Total	<u>\$ 4,419,390</u>	<u>\$ 3,074,444</u>

	For the six months ended June 30,	
	2021	2020
Tax	\$ 2,875,173	\$ 1,790,654
Computer science expense	715,158	638,099
Commission expense	623,380	409,183
Professional expense	372,089	325,040
Postage and telephone costs	367,558	349,049
Miscellaneous expenses	361,974	458,049
Security borrowing expenses	536,428	419,132
Others	2,281,641	1,787,134
Total	<u>\$ 8,133,401</u>	<u>\$ 6,176,340</u>

(45) Income tax

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

A. Income tax expense

(A) Components of income tax expense:

	For the three months ended June 30,	
	2021	2020
Current tax:		
Income tax from current income period	\$ 1,532,708	\$ 1,599,980
Income tax on unappropriated earnings	354,787	291,578
Adjustments in respect of prior years	46,129	(35,041)
Total current tax	<u>1,933,624</u>	<u>1,856,517</u>
Deferred tax:		
Origination and reversal of temporary differences	(366,278)	(266,489)
Impact of change in tax rate	(44)	-
Total deferred tax	<u>(366,322)</u>	<u>(266,489)</u>
Income tax expense	<u>\$ 1,567,302</u>	<u>\$ 1,590,028</u>

		For the six months ended June 30,	
		2021	2020
Current tax:			
Income tax from current income period	\$	4,104,518	\$ 2,304,868
Income tax on unappropriated earnings		354,787	291,578
Adjustments in respect of prior years		30,649	(60,702)
Total current tax		<u>4,489,954</u>	<u>2,535,744</u>
Deferred tax:			
Origination and reversal of temporary differences		255,165	(116,165)
Impact of change in tax rate		2,889	-
Total deferred tax		<u>258,054</u>	<u>(116,165)</u>
Income tax expense	\$	<u>4,748,008</u>	\$ <u>2,419,579</u>

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

		For the three months ended June 30,	
		2021	2020
Unrealised gain or loss from investments in debt instruments measured at fair value through other comprehensive income	\$	87,356	\$ 241,017
Unrealised gain or loss from investments in equity instruments measured at fair value through other comprehensive income		57,579	12,310
Other comprehensive income or loss on reclassification under the overlay approach		13,242	7,922
Share of profit or loss of associates and joint ventures accounted for using equity method	(	2)	555
Gain or loss on remeasurements of defined benefit plans		6,291	(5,490)
Total	\$	<u>164,466</u>	\$ <u>256,314</u>

	For the six months ended June 30,	
	2021	2020
Unrealised gain or loss from investments in debt instruments measured at fair value through other comprehensive income	(\$ 175,098)	\$ 98,228
Unrealised gain or loss from investments in equity instruments measured at fair value through other comprehensive income	98,379	80,994
Other comprehensive income or loss on reclassification under the overlay approach	664 (	434)
Share of profit or loss of associates and joint ventures accounted for using equity method	278	25,199
Gain or loss on remeasurements of defined benefit plans	(12,735)	(5,354)
Total	(\$ 88,512)	\$ 198,633

- B. As of June 30, 2021, the information on the Yuanta Group's income tax returns that have been assessed by the Tax Authority are as follows:

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

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

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

Yuanta Securities

(A) The administrative remedies which were applied for 2007, from 2011 to 2015 income tax returns by Yuanta Securities have been denied. As of June 30, 2021, the amount was \$1,316,596.

(B) The dissolved company, Polaris Securities disagreed with the Tax Authority's assessments of income tax returns for the fiscal year 2011. Polaris Securities has filed for administrative remedies in accordance with the law, and accrued the related income tax effects. As of June 30, 2021, the amount was \$61,137.

(46) Earnings per share

For the three months ended June 30, 2021			
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
<u>Basic and diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 10,252,273	12,137,436	\$ 0.84
For the three months ended June 30, 2020			
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
<u>Basic and diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 6,968,557	12,137,436	\$ 0.57
For the six months ended June 30, 2021			
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
<u>Basic and diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 19,659,573	12,137,436	\$ 1.62
For the six months ended June 30, 2020			
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 11,064,297	12,137,436	\$ 0.91

The above weighted-average outstanding stocks have been adjusted retrospectively according to the ratio of capital increase from retained earnings of 2019 on June 9, 2020.

(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	(26,110,340)	34,814,429	11,771,629	14,327,566	(362,792)
Impact of changes in foreign exchange rate	-	-	(130,987)	-	(146,296)
Amortisation of a premium or a discount on interest expense	-	19,047	35,912	-	-
At June 30	<u>\$ 190,510,847</u>	<u>\$ 62,250,965</u>	<u>\$ 90,466,681</u>	<u>\$ 72,123,627</u>	<u>\$ 5,859,748</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	15,744,085	(16,475,231)	4,993,895	(6,548,600)	911,230
Impact of changes in foreign exchange rate	-	-	(51,185)	-	(128,347)
Amortisation of a premium or a discount on interest expense	-	(13,750)	33,883	-	-
At June 30	<u>\$ 214,410,003</u>	<u>\$ 22,132,747</u>	<u>\$ 73,826,227</u>	<u>\$ 54,299,392</u>	<u>\$ 6,310,543</u>

7. Related party transactions

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

(1) Names and relationship of related parties

Names of related parties	Relationship with the Group
Funds managed by Yuanta Securities Investment Trust	Security investment trust fund raised by the Yuanta Securities Investment Trust
Polaris Research Institute (Polaris Research)	Related party in substance
Yuanta Construction Development Co., Ltd. (Yuanta Construction Development)	"
Yuen Foong Yu Consumer Products Co., Ltd. (YFYCPG)	" (Has become a related party since June 22, 2020.)
Yuanta Cultural & Education Foundation (Yuanta Foundation)	"
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.)

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

(2) Significant transactions and balances with related parties

A. Deposits

June 30, 2021			
Name	Ending balance	Percentage of deposits (%)	Interest rate (%)
All related parties	\$ 9,264,781	0.70	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

June 30, 2020			
Name	Ending balance	Percentage of deposits (%)	Interest rate (%)
All related parties	\$ 10,592,080	0.92	0.000~6.065

Apart from an interest rate limit on staff demand savings deposits of 5.80% and 5.80% ~ 6.065%, respectively, for the six months ended June 30, 2021 and 2020, the range of interest rates on other related parties' demand savings deposits were 0.00% ~ 3.00% and 0.00% ~ 4.60%, respectively. The interest rates and other terms provided to the above related parties were the same as the terms offered to the general public.

For the three months and six months ended June 30, 2021 and 2020, interest expense on the above deposits were \$5,937, \$19,848, \$16,761 and \$48,541, respectively.

(BLANK)

B. Loans

Yuanta Bank and its subsidiaries

June 30, 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	287	\$ 94,129	\$ 65,991	\$ 65,991	\$ -	Small and medium enterprise credit guarantee fund, movables, deposits and credit loans	None
Home mortgage loans	492	4,234,083	3,712,402	3,712,402	-	Real estate	None
Other loans	79	312,718	228,753	228,753	-	Deposits, stock, real estate, beneficial rights of specific money trust and policy	None
Total			\$ 4,007,146	\$ 4,007,146	\$ -		

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	\$ -	Deposits, real estate, movables and credit loans	None
Home mortgage loans	499	4,242,226	3,682,393	3,682,393	-	Real estate	None
Other loans	Wei Ran Co., Ltd.	20,000	-	-	-	Real estate	None
	YFYCPG	254,800	-	-	-	Credit loans	None
	He's Education Foundation	27,000	-	-	-	Deposits	None
	94	412,222	211,013	211,013	-	Stock, deposits, policy and real estate	None
Total			\$ 3,959,012	\$ 3,959,012	\$ -		

June 30, 2020

Unit: In thousands of NT dollars

Types	Number of accounts or name of related party	Highest balance	Ending balance	Loan status		Collateral	Whether terms and conditions of the related party transactions are different from those of transactions with third parties.
				Normal loans	Overdue accounts		
Consumer loans	285	\$ 84,477	\$ 58,015	\$ 58,015	\$ -	Deposits, real estate, movables and credit loans	None
Home mortgage loans	459	3,619,189	3,291,474	3,291,474	-	Real estate	None
Other loans	Wei Ran Co., Ltd.	20,000	20,000	20,000	-	Real estate	None
	YFYCPG	30,400	30,400	30,400	-	Credit loans	None
	He's Education Foundation	27,000	27,000	27,000	-	Deposits	None
	83	320,572	169,381	169,381	-	Stock, deposits, policy and real estate	None
Total			\$ 3,596,270	\$ 3,596,270	\$ -		

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 1.35% ~ 2.00% for the six months ended June 30, 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 six months ended June 30, 2021 and 2020, respectively, which are the same with the terms of general loans. For the three months and six months ended June 30, 2021 and 2020, interest income resulting from the above loans amounted to \$13,439, \$13,145, \$26,574 and \$26,992, respectively.

(BLANK)

C. Property transactions

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

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Other related parties:			
Funds managed by			
Yuanta Securities			
Investment Trust	\$ 19,949,278	\$ 8,732,186	\$ 9,425,892
Global Growth			
Investment	38,539	30,099	74,000
Yuanta Diamond Funds			
SPC	55,548	62,403	94,573
Yuanta Asia Growth			
Investment, L.P.	200,459	192,546	127,504
	<u>\$ 20,243,824</u>	<u>\$ 9,017,234</u>	<u>\$ 9,721,969</u>
	<u>Proceeds on disposal</u>		
	<u>For the three months ended June 30,</u>		
	<u>2021</u>	<u>2020</u>	
Other related parties:			
Funds managed by Yuanta Securities			
Investment Trust	\$ 102,719,309	\$ 84,137,388	
	<u>Proceeds on disposal</u>		
	<u>For the six months ended June 30,</u>		
	<u>2021</u>	<u>2020</u>	
Other related parties:			
Funds managed by Yuanta Securities			
Investment Trust	\$ 188,088,655	\$ 215,617,610	
	<u>Realized gain</u>		
	<u>For the three months ended June 30,</u>		
	<u>2021</u>	<u>2020</u>	
Other related parties:			
Funds managed by Yuanta Securities			
Investment Trust	\$ 278,569	\$ 838,696	
	<u>Realized gain</u>		
	<u>For the six months ended June 30,</u>		
	<u>2021</u>	<u>2020</u>	
Other related parties:			
Funds managed by Yuanta Securities			
Investment Trust	\$ 867,373	\$ 1,658,346	

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

June 30, 2021				
	Highest balance	Ending balance	Interest rate (%)	Notional amount
Company's directors:				
Others	\$ 250,042	\$ -	0.20	USD 200 thousand
Others	5,582	5,582	0.20~0.30 (Note: USD)	
Other related parties:				
Others	1,344,280	964,385	0.20~0.25	
		<u>\$ 969,967</u>		
December 31, 2020				
	Highest balance	Ending balance	Interest rate (%)	Notional amount
Company's directors:				
Others	\$ 570,000	\$ 250,042	0.25~0.40	USD 200 thousand
Others	14,778	5,702	0.30~1.65 (Note: USD)	
Other related parties:				
Others	1,398,452	973,591	0.25~0.40	
		<u>\$ 1,229,335</u>		
June 30, 2020				
	Highest balance	Ending balance	Interest rate (%)	Notional amount
Company's directors:				
Others	\$ 560,017	\$ 520,000	0.35~0.40	USD 100 thousand
Others	12,042	2,966	0.50~1.65 (Note: USD)	
Other related parties:				
Others	1,298,436	1,246,141	0.35~0.40	
		<u>\$ 1,769,107</u>		

Note: For foreign currency repo trade.

		Interest expense	
		For the three months ended June 30,	
		2021	2020
Company's directors:			
Others	\$	54	\$ 412
Other related parties:			
Others		548	899
	\$	602	\$ 1,311
		Interest expense	
		For the six months ended June 30,	
		2021	2020
Company's directors:			
Others	\$	191	\$ 938
Other related parties:			
Others		1,117	1,892
	\$	1,308	\$ 2,830

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

	June 30, 2021	December 31, 2020	June 30, 2020
Company's directors:			
Others	\$ 6,377	\$ 26,914	\$ 65,291
Other related parties:			
Others	-	7,531	11,101
	\$ 6,377	\$ 34,445	\$ 76,392

E. Equity of futures traders

	June 30, 2021	December 31, 2020	June 30, 2020
Other related parties:			
Funds managed by Yuanta			
Securities Investment Trust	\$ 33,611,280	\$ 28,223,681	\$ 30,904,784
Others	84,087	73,478	53,808
	\$ 33,695,367	\$ 28,297,159	\$ 30,958,592

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

		Refundable deposits for securities lending		
		June 30, 2021	December 31, 2020	June 30, 2020
Other related parties:				
Funds managed by Yuanta				
Securities Investment Trust	\$	7,079,910	\$ 4,142,436	\$ 415,801

	Security borrowing expense	
	For the three months ended June 30,	
	2021	2020
Other related parties:		
Funds managed by Yuanta		
Securities Investment Trust	\$ 12,485	\$ 2,960

	Security borrowing expense	
	For the six months ended June 30,	
	2021	2020
Other related parties:		
Funds managed by Yuanta		
Securities Investment Trust	\$ 18,942	\$ 3,408

As of June 30, 2021, December 31, 2020 and June 30, 2020, borrowing expense payable were \$596, \$1,403 and \$1,574, respectively.

As of June 30, 2021, December 31, 2020 and June 30, 2020, refundable deposits receivable lending were \$1,370,431, \$38,647 and \$6,965, respectively.

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

	Receivables from loans to employees and interest receivables		
	June 30, 2021	December 31, 2020	June 30, 2020
Company's directors:			
Others	\$ 2,465	\$ 3,970	\$ 5,327
Other related parties:			
Others	173,066	206,629	198,727
	<u>\$ 175,531</u>	<u>\$ 210,599</u>	<u>\$ 204,054</u>

	Interest income on loans to employees	
	For the three months ended June 30,	
	2021	2020
Company's directors:		
Others	\$ 8	\$ 24
Other related parties:		
Others	1,571	1,947
	<u>\$ 1,579</u>	<u>\$ 1,971</u>

	Interest income on loans to employees	
	For the six months ended June 30,	
	2021	2020
Company's directors:		
Others	\$ 19	\$ 68
Other related parties:		
Others	3,252	3,893
	<u>\$ 3,271</u>	<u>\$ 3,961</u>

H. Income from distribution fee

		For the three months ended June 30,	
		2021	2020
Company's directors:			
Others	\$	-	\$ -
Other related parties:			
Others		-	-
	\$	-	\$ -
		For the six months ended June 30,	
		2021	2020
Company's directors:			
Others	\$	820	\$ -
Other related parties:			
Others		418	-
	\$	1,238	\$ -

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		
		June 30, 2021	December 31, 2020	June 30, 2020
Other related parties:				
Yuanta Secondary No.3 Private Equity Fund	\$	21,148	\$ 11,414	\$ 10,848
Yuanta Secondary No.2 Fund		10,646	25,370	12,150
KVIC-Yuanta 2015 Overseas Advance Fund		3,837	10,409	5,148
2016 KIF-Yuanta ICT Venture Fund		3,941	8,024	3,528
IBKC-TONGYANG Growth 2013 Private Equity Fund		1,797	1,924	5,157
Others		2,076	2,223	8,708
	\$	43,445	\$ 59,364	\$ 45,539

		Management fee income	
		For the three months ended June 30,	
		2021	2020
Other related parties:			
Yuanta Secondary No.3 Private Equity Fund	\$	5,323	\$ 10,800
Yuanta Secondary No.2 Fund		5,277	6,048
2011 KIF-TONGYANG IT Venture Fund		26,796	-
Yuanta Innovative Job Creation Fund		6,153	-
Kiwoom-Yuanta 2019 Scale-up Fund		5,009	3,430
Others		9,298	10,228
	\$	<u>57,856</u>	<u>\$ 30,506</u>

		Management fee income	
		For the six months ended June 30,	
		2021	2020
Other related parties:			
Yuanta Secondary No.3 Private Equity Fund	\$	10,617	\$ 21,927
Yuanta Secondary No.2 Fund		10,865	12,279
2011 KIF-TONGYANG IT Venture Fund		26,796	-
Yuanta Innovative Job Creation Fund		11,576	-
Kiwoom-Yuanta 2019 Scale-up Fund		8,732	3,430
Others		18,672	21,527
	\$	<u>87,258</u>	<u>\$ 59,163</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 three months ended June 30,	
		2021	2020
Other related parties:			
Funds managed by Yuanta			
Securities Investment Trust	\$	891,130	\$ 816,300
Yuanta Diamond Funds SPC		7,803	6,247
Yuanta Asia Growth Investment, L.P.		6,164	4,023
Global Growth Investment, L.P.		178	416
	\$	<u>905,275</u>	<u>\$ 826,986</u>

		Fund management fee income	
		For the six months ended June 30,	
		2021	2020
Other related parties:			
Funds managed by Yuanta			
Securities Investment Trust	\$	1,734,486	\$ 1,502,475
Yuanta Diamond Funds SPC		20,821	11,673
Yuanta Asia Growth Investment, L.P.		12,137	7,062
Global Growth Investment, L.P.		338	896
	\$	<u>1,767,782</u>	<u>\$ 1,522,106</u>

		The balance of fund		
		June 30, 2021	December 31, 2020	June 30, 2020
Other related parties:				
Funds managed by Yuanta				
Securities Investment Trust	\$	19,949,278	\$ 8,732,186	\$ 9,425,892
Yuanta Asia Growth Investment, L.P.		200,459	192,546	127,504
Yuanta Diamond Funds SPC		55,548	62,403	94,573
Global Growth Investment, L.P.		38,539	30,099	74,000
	\$	<u>20,243,824</u>	<u>\$ 9,017,234</u>	<u>\$ 9,721,969</u>

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

		Receivable from transfer-agent services		
		June 30, 2021	December 31, 2020	June 30, 2020
Other related parties:				
Others	\$	<u>10</u>	<u>\$ 10</u>	<u>\$ 10</u>
		Income from transfer-agent services		
		For the three months ended June 30,		
		2021	2020	
Other related parties:				
Others	\$	<u>30</u>	<u>\$ 30</u>	
		Income from transfer-agent services		
		For the six months ended June 30,		
		2021	2020	
Other related parties:				
Others	\$	<u>60</u>	<u>\$ 60</u>	

L. Investment refund receivable

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Other related parties:			
IBKC-TONGYANG Growth	\$ 50,644	\$ 53,739	\$ 50,040
2013 Private Equity Fund			
TONGYANG AGRI-FOOD			
INVESTMENT FUND II	40,183	42,132	39,281
	<u>\$ 90,827</u>	<u>\$ 95,871</u>	<u>\$ 89,321</u>

M. Receivable of securities business money lending

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Company's directors:			
Others	\$ 19,643	\$ -	\$ -
Other related parties:			
Others	305	12,925	6,366
	<u>\$ 19,948</u>	<u>\$ 12,925</u>	<u>\$ 6,366</u>

N. Accounts receivable

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Other related parties:			
Funds managed by Yuanta			
Securities Investment Trust	\$ 361,423	\$ 292,651	\$ 294,785
Yuanta construction			
development	3,283	1,173	-
	<u>\$ 364,706</u>	<u>\$ 293,824</u>	<u>\$ 294,785</u>

O. Accounts receivable – settlement

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Other related parties:			
Funds managed by Yuanta			
Securities Investment Trust	\$ 1,804	\$ -	\$ -

P. Refundable deposits

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Other related parties:			
Taiwan Securities			
Association	\$ -	\$ 300	\$ 300

Q. Accounts payable - settlement

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 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:

	Other financial liabilities		
	June 30, 2021	December 31, 2020	June 30, 2020
Company's directors:			
Others	\$ 30,628	\$ 35,635	\$ 24,413
Other related parties:			
Others	10	10	10
	<u>\$ 30,638</u>	<u>\$ 35,645</u>	<u>\$ 24,423</u>
Interest expense			
For the three months ended June 30,			
	2021	2020	
Company's directors:			
Others	\$ 9	\$ 3	
Other related parties:			
Others	1	-	
	<u>\$ 10</u>	<u>\$ 3</u>	
Interest expense			
For the six months ended June 30,			
	2021	2020	
Company's directors:			
Others	\$ 29	\$ 45	
Other related parties:			
Others	1	4	
	<u>\$ 30</u>	<u>\$ 49</u>	

S. Other payables

	June 30, 2021	December 31, 2020	June 30, 2020
Company's directors:			
Others	\$ 12	\$ 15	\$ -
Other related parties:			
Funds managed by Yuanta Securities Investment Trust	-	-	8,696
Others	117	9	93
	<u>\$ 129</u>	<u>\$ 24</u>	<u>\$ 8,789</u>

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

	June 30, 2021	December 31, 2020	June 30, 2020
Other related parties:			
YFYCPG	\$ 40,222	\$ 116,194	\$ -
Yuanta SPAC III	-	17,457	16,393
Yuanta SPAC IV	19,153	20,345	19,104
Yuanta SPAC V	24,342	25,857	24,280
Yuanta SPAC VI	24,342	25,857	24,280
Yuanta SPAC VII	23,477	24,938	-
Yuanta SPAC VIII	24,466	25,989	-
	<u>\$ 156,002</u>	<u>\$ 256,637</u>	<u>\$ 84,057</u>
		Proceeds on disposal	
		For the three months ended June 30,	
		2021	2020
Other related parties:			
YFYCPG		<u>\$ 446,442</u>	<u>\$ -</u>
		Proceeds on disposal	
		For the six months ended June 30,	
		2021	2020
Other related parties:			
YFYCPG		<u>\$ 699,029</u>	<u>\$ -</u>
		Realised gains	
		For the three months ended June 30,	
		2021	2020
Other related parties:			
YFYCPG		<u>\$ 29,214</u>	<u>\$ -</u>
		Realised gains	
		For the six months ended June 30,	
		2021	2020
Other related parties:			
YFYCPG		<u>\$ 51,369</u>	<u>\$ -</u>

U. Credit transaction between the Yuanta Group and related parties

June 30, 2021			
	Guarantee deposit receivable from short sales	Deposit for short sales	Margin loans
Company's directors:			
Others	\$ 4,712	\$ 74,386	\$ 71,672
Other related parties:			
Others	2,196	38,342	32,043
	<u>\$ 6,908</u>	<u>\$ 112,728</u>	<u>\$ 103,715</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>
June 30, 2020			
	Guarantee deposit receivable from short sales	Deposit for short sales	Margin loans
Company's directors:			
Others	\$ 1,730	\$ 1,580	\$ 37,679
Other related parties:			
Others	390	10,189	22,781
	<u>\$ 2,120</u>	<u>\$ 11,769</u>	<u>\$ 60,460</u>

	June 30, 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	\$ 811	\$ 2	\$ 427
Other related parties:				
Others	3	597	3	389
	<u>\$ 14</u>	<u>\$ 1,408</u>	<u>\$ 5</u>	<u>\$ 816</u>
June 30, 2020				
			Security short-selling interest payable	Security financing interest receivable
Company's directors:				
Others			\$ -	\$ 315
Other related parties:				
Others			-	302
			<u>\$ -</u>	<u>\$ 617</u>
For the three months ended June 30,				
	2021		2020	
	Security short-selling interest expenditures	Security financing interest revenue	Security short-selling interest expenditures	Security financing interest revenue
Company's directors:				
Others	\$ 13	\$ 818	\$ 9	\$ 399
Other related parties:				
Others	13	489	10	253
	<u>\$ 26</u>	<u>\$ 1,307</u>	<u>\$ 19</u>	<u>\$ 652</u>
For the six months ended June 30,				
	2021		2020	
	Security short-selling interest expenditures	Security financing interest revenue	Security short-selling interest expenditures	Security financing interest revenue
Company's directors:				
Others	\$ 18	\$ 1,409	\$ 28	\$ 969
Other related parties:				
Others	18	773	21	694
	<u>\$ 36</u>	<u>\$ 2,182</u>	<u>\$ 49</u>	<u>\$ 1,663</u>

V. Other Operating expenses

(A) ETF redemption fees

	<u>For the three months ended June 30,</u>	
	<u>2021</u>	<u>2020</u>
Other related parties:		
Funds managed by Yuanta		
Securities Investment Trust	\$ <u>13,939</u>	\$ <u>17,314</u>
	<u>For the six months ended June 30,</u>	
	<u>2021</u>	<u>2020</u>
Other related parties:		
Funds managed by Yuanta		
Securities Investment Trust	\$ <u>26,036</u>	\$ <u>49,029</u>

(B) Warrants business fee paid to Securities Association

	<u>For the three months ended June 30, 2020</u>
Other related parties:	
Taiwan Securities Association	\$ <u>3,381</u>
	<u>For the six months ended June 30, 2020</u>
Other related parties:	
Taiwan Securities Association	\$ <u>6,489</u>

(C) Membership fees

	<u>For the three months ended June 30, 2020</u>
Other related parties:	
Taiwan Securities Association	\$ <u>3,022</u>
	<u>For the six months ended June 30, 2020</u>
Other related parties:	
Taiwan Securities Association	\$ <u>5,571</u>

W. Operating expenses

		For the three months ended June 30,	
<u>Name of related parties</u>	<u>Nature</u>	<u>2021</u>	<u>2020</u>
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>
		For the six months ended June 30,	
<u>Name of related parties</u>	<u>Nature</u>	<u>2021</u>	<u>2020</u>
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 three months ended June 30,	
	2021	2020
Other related parties:		
Others	<u>\$ 95,647</u>	<u>\$ 92,661</u>
	For the six months ended June 30,	
	2021	2020
Other related parties:		
Others	<u>\$ 191,299</u>	<u>\$ 196,385</u>

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

	For the three months ended June 30,	
	2021	2020
Company's directors:		
Others	\$ 11,789	\$ 5,223
Other related parties:		
Funds managed by Yuanta		
Securities Investment Trust	64,814	76,787
Others	12,371	7,377
	<u>\$ 88,974</u>	<u>\$ 89,387</u>

	For the six months ended June 30,	
	2021	2020
Company's directors:		
Others	\$ 20,827	\$ 9,472
Other related parties:		
Funds managed by Yuanta		
Securities Investment Trust	111,047	137,833
Others	19,836	14,343
	<u>\$ 151,710</u>	<u>\$ 161,648</u>

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

	For the three months ended June 30,	
	2021	2020
Other related parties:		
Yuanta Construction Development	\$ 2,151	\$ 171
Polaris Research	283	548
Yuanta Foundation	15	10
	<u>\$ 2,449</u>	<u>\$ 729</u>

	For the six months ended June 30,	
	2021	2020
Other related parties:		
Yuanta Construction Development	\$ 4,449	\$ 342
Polaris Research	567	1,097
Yuanta Foundation	25	20
	<u>\$ 5,041</u>	<u>\$ 1,459</u>

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

	For the three months ended June 30,	
	2021	2020
Other related parties:		
Yuanta Foundation	\$ 1	\$ -
	<u>\$ 1</u>	<u>\$ -</u>
	For the six months ended June 30,	
	2021	2020
Other related parties:		
Yuanta Foundation	\$ 1	\$ -
	<u>\$ 1</u>	<u>\$ -</u>

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

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Other related parties:			
Yuanta Construction			
Development	\$ 1,510	\$ 1,580	\$ -
Polaris Research	188	189	547
Yuanta Foundation	11	7	7
	<u>\$ 1,709</u>	<u>\$ 1,776</u>	<u>\$ 554</u>

AC. Gain on investment property

(A) Imputed interest on deposits

	<u>For the three months ended June 30,</u>	
	<u>2021</u>	<u>2020</u>
Other related parties:		
Yuanta Construction Development	\$ 3	\$ -
	<u>\$ 3</u>	<u>\$ -</u>
	<u>For the six months ended June 30,</u>	
	<u>2021</u>	<u>2020</u>
Other related parties:		
Yuanta Construction Development	\$ 6	\$ -
	<u>\$ 6</u>	<u>\$ -</u>

(B) Other income

	<u>For the three months ended June 30,</u>	
	<u>2021</u>	<u>2020</u>
Other related parties:		
Yuanta Construction Development	\$ 284	\$ -
	<u>\$ 284</u>	<u>\$ -</u>
	<u>For the six months ended June 30,</u>	
	<u>2021</u>	<u>2020</u>
Other related parties:		
Yuanta Construction Development	\$ 284	\$ -
	<u>\$ 284</u>	<u>\$ -</u>

AD. Other operating income—Dividend income

	<u>For the three months ended June 30,</u>	
	<u>2021</u>	<u>2020</u>
Other related parties:		
Funds managed by Yuanta		
Securities Investment Trust	\$ 1,235	\$ 961
	<u>\$ 1,235</u>	<u>\$ 961</u>

		For the six months ended June 30,	
		2021	2020
Other related parties:			
Funds managed by Yuanta			
Securities Investment Trust	\$	35,117	\$ 13,238
AE. <u>Other operating income—Interest income</u>			
		For the three months ended June 30,	
		2021	2020
Other related parties:			
Taiwan Securities Association	\$	-	\$ 3
		For the six months ended June 30,	
		2021	2020
Other related parties:			
Taiwan Securities Association	\$	-	\$ 3
AF. <u>Other operating expense—Financial costs</u>			
		For the three months ended June 30,	
		2021	2020
Other related parties:			
Funds managed by Yuanta			
Securities Investment Trust	\$	539	\$ 9,766
		For the six months ended June 30,	
		2021	2020
Other related parties:			
Funds managed by Yuanta			
Securities Investment Trust	\$	539	\$ 9,766
AG. <u>Other operating revenue—Underwriting business revenue</u>			
(A) Fee income from security proxy sale			
		For the three months ended June 30,	
		2021	2020
Other related parties:			
Others	\$	300	\$ -
		For the six months ended June 30,	
		2021	2020
Other related parties:			
Others	\$	600	\$ -

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

	For the six months ended June 30,	
	2021	2020
Other related parties:		
Yuanta SPAC VIII	\$ 5,517	\$ -
Yuanta SPAC III	3,783	-
	<u>\$ 9,300</u>	<u>\$ -</u>

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

	For the three months ended June 30,	
	2021	2020
Salaries and other short-term employee benefits	\$ 1,939,075	\$ 1,297,854
Termination benefits	371	2,802
Other long-term benefits	2,738	3,885
Post-employment benefit	34,889	34,211
Total	<u>\$ 1,977,073</u>	<u>\$ 1,338,752</u>

	For the six months ended June 30,	
	2021	2020
Salaries and other short-term employee benefits	\$ 3,818,001	\$ 2,752,228
Termination benefits	40,530	4,877
Other long-term benefits	5,645	6,795
Post-employment benefit	74,502	70,910
Total	<u>\$ 3,938,678</u>	<u>\$ 2,834,810</u>

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

A. Yuanta Bank and its subsidiaries

(A) Deposits

June 30, 2021			
Name	Ending balance	Percentage of deposits (%)	Interest rate (%)
All related parties	<u>\$ 70,334,065</u>	<u>5.11</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
June 30, 2020			
Name	Ending balance	Percentage of deposits (%)	Interest rate (%)
All related parties	<u>\$ 44,891,094</u>	<u>3.80</u>	0.000~6.065

Apart from an interest rate limit on staff demand savings deposits of 5.80% and 5.80% ~ 6.065%, respectively, for the six months ended June 30, 2021 and 2020, the range of interest rates on other related parties' demand savings deposits were 0.00% ~ 3.00% and 0.00% ~ 4.60%, respectively. The interest rates and other terms provided to the above related parties were the same as the terms offered to the general public.

For the three months and six months ended June 30, 2021 and 2020, interest expense on the above deposits were \$40,644, \$63,387, \$80,425 and \$181,380, respectively.

(BLANK)

(B) Loans

June 30, 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	287	\$ 94,129	\$ 65,991	\$ 65,991	\$ -	Small and medium enterprise credit guarantee fund, movables, deposits and credit loans	None
Home mortgage loans	492	4,234,083	3,712,402	3,712,402	-	Real estate	None
Other loans	Yuanta Securities	24,105	-	-	-	Real estate	None
	79	312,718	228,753	228,753	-	Deposits, stock, real estate, beneficial rights of specific money trust and policy	None
Total			\$ 4,007,146	\$ 4,007,146	\$ -		

December 31, 2020

Unit: In thousands of NT dollars

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

June 30, 2020

Unit: In thousands of NT dollars

Types	Number of accounts or name of related party	Highest balance	Ending balance	Loan status		Collateral	Whether terms and conditions of the related party transactions are different from those of transactions with third parties.
				Normal loans	Overdue accounts		
Consumer loans	285	\$ 84,477	\$ 58,015	\$ 58,015	\$ -	Deposits, real estate, movables and credit loans	None
Home mortgage loans	459	3,619,189	3,291,474	3,291,474	-	Real estate	None
Other loans	Wei Ran Co., Ltd.	20,000	20,000	20,000	-	Real estate	None
	YFYCPG	30,400	30,400	30,400	-	Credit loans	None
	He's Education Foundation	27,000	27,000	27,000	-	Deposits	None
	83	320,572	169,381	169,381	-	Stock, deposits, policy and real estate	None
Total			\$ 3,596,270	\$ 3,596,270	\$ -		

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 1.35% ~ 2.00% for the six months ended June 30, 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 six months ended June 30, 2021 and 2020, respectively, which are the same with the terms of general loans.

For the three months and six months ended June 30, 2021 and 2020, interest income resulting from the above loans amounted to \$13,440, \$13,145, \$26,575 and \$26,992, respectively.

(BLANK)

(C) Service fee income

	For the three months ended June 30,	
	2021	2020
Fellow subsidiary:		
Yuanta Life	\$ 173,691	\$ 242,005
Yuanta Securities Investment Trust	8,411	13,030
Yuanta Securities (Hong Kong)	4,512	1,692
	<u>\$ 186,614</u>	<u>\$ 256,727</u>
	For the six months ended June 30,	
	2021	2020
Fellow subsidiary:		
Yuanta Life	\$ 512,633	\$ 435,178
Yuanta Securities Investment Trust	15,979	14,774
Yuanta Securities (Hong Kong)	4,512	1,692
	<u>\$ 533,124</u>	<u>\$ 451,644</u>

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

	June 30, 2021	December 31, 2020	June 30, 2020
Fellow subsidiary:			
Yuanta Life	\$ 69,980	\$ 22,897	\$ 118,270
Yuanta Securities Investment Trust	2,303	2,074	3,680
Yuanta Securities (Hong Kong)	1,083	-	484
	<u>\$ 73,366</u>	<u>\$ 24,971</u>	<u>\$ 122,434</u>

(D) Current income tax assets/liabilities

	June 30, 2021	December 31, 2020	June 30, 2020
Parent company:			
Yuanta Financial Holdings Consolidated income tax return receivable	<u>\$ 1,135,165</u>	<u>\$ 1,395,127</u>	<u>\$ 1,974,716</u>
Consolidated income tax return payable	<u>\$ 562,816</u>	<u>\$ 11,794</u>	<u>\$ 214,132</u>

(E) Spot exchange receivable/payable, foreign currencies

	June 30, 2021	December 31, 2020	June 30, 2020
Parent company:			
Yuanta Financial Holdings Spot exchange receivable, foreign currencies	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 296,600</u>
Spot exchange payable, foreign currencies	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 295,050</u>

(F) Payables

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Parent company:			
Yuanta Financial Holdings	\$ 966	\$ 1,449	\$ 6,762,197
Fellow subsidiary:			
Yuanta Securities	<u>44,829</u>	<u>44,423</u>	<u>11,790</u>
	<u>\$ 45,795</u>	<u>\$ 45,872</u>	<u>\$ 6,773,987</u>

(G) 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

	<u>Right-of-use assets</u>		
<u>Name of related parties</u>	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Fellow subsidiary:			
Yuanta Life	\$ 56,867	\$ 56,412	\$ -
Yuanta Securities	34,520	45,925	34,172
Yuanta Securities Finance	<u>3,751</u>	<u>5,001</u>	<u>6,252</u>
	<u>\$ 95,138</u>	<u>\$ 107,338</u>	<u>\$ 40,424</u>

	<u>Depreciation expense</u>	
	<u>For the three months ended June 30,</u>	
<u>Name of related parties</u>	<u>2021</u>	<u>2020</u>
Fellow subsidiary:		
Yuanta Securities	\$ 6,741	\$ 7,111
Yuanta Life	3,272	-
Yuanta Securities Finance	<u>625</u>	<u>625</u>
	<u>\$ 10,638</u>	<u>\$ 7,736</u>

	<u>Depreciation expense</u>	
	<u>For the six months ended June 30,</u>	
<u>Name of related parties</u>	<u>2021</u>	<u>2020</u>
Fellow subsidiary:		
Yuanta Securities	\$ 13,796	\$ 14,273
Yuanta Life	6,308	-
Yuanta Securities Finance	<u>1,250</u>	<u>1,250</u>
	<u>\$ 21,354</u>	<u>\$ 15,523</u>

i. Yuanta Bank and its subsidiaries acquired right-of-use assets from Yuanta Securities amounting to \$4,856 and \$6,685 for the six months ended June 30, 2021 and 2020, respectively.

ii. Yuanta Bank and its subsidiaries acquired right-of-use assets from Yuanta Securities Finance amounting to \$0 and \$7,502 for the six months ended June 30, 2021 and 2020, respectively.

- iii. Yuanta Bank and its subsidiaries acquired right-of-use assets from Yuanta Life amounting to \$10,296 and \$0 for the six months ended June 30, 2021 and 2020, respectively.
 - iv. Yuanta Bank and its subsidiaries have gains arising from lease modifications with Yuanta Life in the amount of \$288 of lease contract for the six months ended June 30, 2021.
 - v. Yuanta Bank and its subsidiaries have losses arising from lease modifications with Yuanta Securities in the amount of \$26 of lease contract for the six months ended June 30, 2021.
- c. Lease liabilities

Name of related parties	Lease liabilities		
	June 30, 2021	December 31, 2020	June 30, 2020
Fellow subsidiary:			
Yuanta Life	\$ 61,505	\$ 58,423	\$ -
Yuanta Securities	34,710	46,325	34,644
Yuanta Securities Finance	3,774	5,022	6,265
	<u>\$ 99,989</u>	<u>\$ 109,770</u>	<u>\$ 40,909</u>

Name of related parties	Interest expense	
	For the three months ended June 30,	
	2021	2020
Fellow subsidiary:		
Yuanta Life	\$ 103	\$ -
Yuanta Securities	66	78
Yuanta Securities Finance	9	13
	<u>\$ 178</u>	<u>\$ 91</u>

Name of related parties	Interest expense	
	For the six months ended June 30,	
	2021	2020
Fellow subsidiary:		
Yuanta Life	\$ 205	\$ -
Yuanta Securities	148	166
Yuanta Securities Finance	18	28
	<u>\$ 371</u>	<u>\$ 194</u>

(H) Bonds sold and purchased

Name of related parties	For the six months ended June 30, 2021	
	Purchased	Sold
Fellow subsidiary:		
Yuanta Securities	<u>\$ 199,208</u>	<u>\$ -</u>

There were no relevant transactions for the six months ended June 30, 2020.

(I) Property transactions (recorded as “bank debentures payable”)

For the six months ended June 30, 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:

		June 30, 2021		
		Futures margins		
		Own funds	Excess margins	Securities
Fellow subsidiary:				
Yuanta Futures	\$	4,583,180	\$ 6,522,794	\$ -
Others		40,632	70,225	-
	\$	<u>4,623,812</u>	<u>\$ 6,593,019</u>	<u>\$ -</u>
		December 31, 2020		
		Futures margins		
		Own funds	Excess margins	Securities
Fellow subsidiary:				
Yuanta Futures	\$	<u>4,316,780</u>	<u>\$ 3,055,538</u>	<u>\$ -</u>
		June 30, 2020		
		Futures margins		
		Own funds	Excess margins	Securities
Fellow subsidiary:				
Yuanta Futures	\$	<u>3,768,462</u>	<u>\$ 3,446,034</u>	<u>\$ -</u>
		Clearing and settlement service charge payable		
		June 30, 2021	December 31, 2020	June 30, 2020
Fellow subsidiary:				
Yuanta Futures	\$	4,479	\$ 3,554	\$ 3,433

	<u>For the three months ended June 30, 2021</u>	
	<u>Service charges -</u>	<u>Handing charges -</u>
	<u>clearing and settlement</u>	<u>proprietary trading</u>
Fellow subsidiary:		
Yuanta Futures	\$ 7,679	\$ 22,989
Others	-	661
	<u>\$ 7,679</u>	<u>\$ 23,650</u>
	<u>For the three months ended June 30, 2020</u>	
	<u>Service charges -</u>	<u>Handing charges -</u>
	<u>clearing and settlement</u>	<u>proprietary trading</u>
Fellow subsidiary:		
Yuanta Futures	\$ 8,136	\$ 21,824
	<u>For the six months ended June 30, 2021</u>	
	<u>Service charges -</u>	<u>Handing charges -</u>
	<u>clearing and settlement</u>	<u>proprietary trading</u>
Fellow subsidiary:		
Yuanta Futures	\$ 16,359	\$ 48,003
Others	-	685
	<u>\$ 16,359</u>	<u>\$ 48,688</u>
	<u>For the six months ended June 30, 2020</u>	
	<u>Service charges -</u>	<u>Handing charges -</u>
	<u>clearing and settlement</u>	<u>proprietary trading</u>
Fellow subsidiary:		
Yuanta Futures	\$ 18,747	\$ 56,001

(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>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Fellow subsidiary:			
Yuanta Futures	<u>\$ 27,657</u>	<u>\$ 23,737</u>	<u>\$ 21,790</u>
	<u>Commission income - futures</u>		
	<u>For the three months ended June 30,</u>		
	<u>2021</u>	<u>2020</u>	
Fellow subsidiary:			
Yuanta Futures	<u>\$ 87,842</u>	<u>\$ 73,414</u>	
	<u>Commission income - futures</u>		
	<u>For the six months ended June 30,</u>		
	<u>2021</u>	<u>2020</u>	
Fellow subsidiary:			
Yuanta Futures	<u>\$ 168,087</u>	<u>\$ 151,302</u>	

(C) Bank deposits, interest income and interest receivable

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

		June 30, 2021	
		Ending balance of bank deposits	Other receivables – interests receivable (Note)
Fellow subsidiary:			
Yuanta Bank		\$ 12,070,619	\$ 3,309
		December 31, 2020	
		Ending balance of bank deposits	Other receivables – interests receivable (Note)
Fellow subsidiary:			
Yuanta Bank		\$ 14,488,729	\$ 2,855
		June 30, 2020	
		Ending balance of bank deposits	Other receivables – interests receivable (Note)
Fellow subsidiary:			
Yuanta Bank		\$ 11,265,393	\$ 5,093
		Other gains and losses – interest income (Note)	
		For the three months ended June 30,	
		2021	2020
Fellow subsidiary:			
Yuanta Bank		\$ 8,670	\$ 22,983
		Other gains and losses – interest income (Note)	
		For the six months ended June 30,	
		2021	2020
Fellow subsidiary:			
Yuanta Bank		\$ 14,050	\$ 57,159

Note: Including the interest of demand deposits, time deposits and operating guarantee deposits.

- b. As of June 30, 2021, December 31, 2020 and June 30, 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 \$6,584,505, \$407,000 and \$457,000, respectively.

(D) Consolidated income tax return - receivables/ payables (recorded as current income tax assets/liabilities)

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Parent company:			
Yuanta Financial Holdings			
Consolidated income			
tax return receivables	<u>\$ 895,230</u>	<u>\$ 895,230</u>	<u>\$ 788,196</u>
Consolidated income			
tax return payables	<u>\$ 1,751,216</u>	<u>\$ 1,628,629</u>	<u>\$ 872,464</u>

(E) 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>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Fellow subsidiary:			
Yuanta Bank	<u>\$ 1,265,000</u>	<u>\$ 1,265,000</u>	<u>\$ 1,265,000</u>

(F) Refundable deposits for lending auction

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Fellow subsidiary:			
Yuanta Bank	<u>\$ 350,000</u>	<u>\$ 350,000</u>	<u>\$ 350,000</u>

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

Please refer to Note 7(2)F.

(H) Receivables from loans to employees, interest receivables and the interest income generated
Please refer to Note 7(2)G.

(I) Commission receivable and commission income

	<u>Commission receivable</u>		
	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Fellow subsidiary:			
Yuanta Life	<u>\$ 85,307</u>	<u>\$ 21,719</u>	<u>\$ 42,922</u>
	<u>Commission income</u>		
	<u>For the three months ended June 30,</u>		
	<u>2021</u>	<u>2020</u>	
Fellow subsidiary:			
Yuanta Life	<u>\$ 505,600</u>	<u>\$ 102,349</u>	
	<u>Commission income</u>		
	<u>For the six months ended June 30,</u>		
	<u>2021</u>	<u>2020</u>	
Fellow subsidiary:			
Yuanta Life	<u>\$ 759,438</u>	<u>\$ 280,328</u>	

(J) Amounts held for settlement

As of June 30, 2021, December 31, 2020 and June 30, 2020, Yuanta Securities and its subsidiaries had amounts held for settlement of \$577,922, \$1,450,643 and \$610,221, respectively, which were deposited at its fellow subsidiary Yuanta Bank.

(K) 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 three months ended June 30, 2021	
		Purchased	Sold
Fellow subsidiary:			
Yuanta Bank	\$	-	\$ 199,208
		For the six months ended June 30, 2021	
		Purchased	Sold
Parent company:			
Yuanta Financial Holdings	\$	4,100,000	\$ -
Fellow subsidiary:			
Yuanta Bank		4,500,000	199,208
	\$	8,600,000	\$ 199,208

There were no bonds sold and purchased with related parties during the six months ended June 30, 2020.

(L) Lease transactions—Lessee

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

		Lease liabilities		
		June 30, 2021	December 31, 2020	June 30, 2020
Fellow subsidiary:				
Yuanta Life	\$	459,155	\$ 484,606	\$ -
Yuanta Bank		15,511	19,182	19,955
	\$	474,666	\$ 503,788	\$ 19,955
		Financial cost		
		For the three months ended June 30,		
		2021	2020	
Fellow subsidiary:				
Yuanta Life	\$	713	\$	-
Yuanta Bank		37		48
	\$	750	\$	48

		Financial cost	
		For the six months ended June 30,	
		2021	2020
Fellow subsidiary:			
Yuanta Life	\$	1,538	\$ -
Yuanta Bank		77	97
	\$	<u>1,615</u>	<u>\$ 97</u>
(M) Customer margin accounts			
	June 30, 2021	December 31, 2020	June 30, 2020
Fellow subsidiary:			
Yuanta Futures	\$ 155,199	\$ 202,484	\$ 166,363
Others	1,079	-	-
	<u>\$ 156,278</u>	<u>\$ 202,484</u>	<u>\$ 166,363</u>
(N) Other operating expense—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:			
		For the three months ended June 30,	
		2021	2020
Fellow subsidiary:			
Yuanta Securities Investment Consulting	\$	<u>51,960</u>	<u>\$ 44,700</u>
		For the six months ended June 30,	
		2021	2020
Fellow subsidiary:			
Yuanta Securities Investment Consulting	\$	<u>103,920</u>	<u>\$ 89,400</u>
Professional fees are calculated based on contractual agreements by both parties.			
(O) Brokerage fee revenue			
		For the three months ended June 30,	
		2021	2020
Fellow subsidiary:			
Yuanta Bank	\$	13,598	\$ 5,800
Yuanta Life		8,381	6,454
Others		1,391	601
Company's directors :			
Others		11,789	5,223
Other related parties:			
Funds managed by Yuanta			
Securities Investment Trust		29,153	41,914
Others		10,141	5,771
	\$	<u>74,453</u>	<u>\$ 65,763</u>

	For the six months ended June 30,	
	2021	2020
Fellow subsidiary:		
Yuanta Bank	\$ 25,274	\$ 12,823
Yuanta Life	16,180	11,806
Others	3,114	1,722
Company's directors :		
Others	20,827	9,472
Other related parties:		
Funds managed by Yuanta		
Securities Investment Trust	45,165	53,863
Others	15,785	10,736
	<u>\$ 126,345</u>	<u>\$ 100,422</u>

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

(P) 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		
	June 30, 2021	December 31, 2020	June 30, 2020
Fellow subsidiary:			
Yuanta Bank	<u>\$ 17,818</u>	<u>\$ 14,330</u>	<u>\$ 11,755</u>
	Rebate income		
	For the three months ended June 30,		
	2021	2020	
Fellow subsidiary:			
Yuanta Bank	<u>\$ 51,876</u>	<u>\$ 33,857</u>	
	Rebate income		
	For the six months ended June 30,		
	2021	2020	
Fellow subsidiary:			
Yuanta Bank	<u>\$ 120,902</u>	<u>\$ 74,314</u>	

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

	June 30, 2021	December 31, 2020	June 30, 2020
Other related parties:			
Fund managed by Yuanta			
Securities Investment Trust	<u>\$ 16,387,237</u>	<u>\$ 5,325,750</u>	<u>\$ 4,835,280</u>

For the three months ended June 30,			
	2021		2020
	<u>Proceeds on disposal</u>	<u>Realized gain</u>	<u>Proceeds on disposal</u> <u>Realized gain</u>
Other related parties:			
Fund managed by			
Yuanta Securities			
Investment Trust	\$ 101,651,177	\$ 288,280	\$ 83,683,030 \$ 855,017
For the six months ended June 30,			
	2021		2020
	<u>Proceeds on disposal</u>	<u>Realized gain</u>	<u>Proceeds on disposal</u> <u>Realized gain</u>
Other related parties:			
Fund managed by			
Yuanta Securities			
Investment Trust	\$ 186,251,545	\$ 859,469	\$ 213,006,456 \$ 1,601,796
(R) Securities issued by fellow subsidiary (recorded as financial assets at fair value through profit or loss)			
	June 30, 2021	December 31, 2020	June 30, 2020
Other related parties:			
YFYCPG	\$ 40,222	\$ 116,194	\$ -
Yuanta SPAC III	-	17,457	16,393
Yuanta SPAC IV	19,153	20,345	19,104
Yuanta SPAC V	24,342	25,857	24,280
Yuanta SPAC VI	24,342	25,857	24,280
Yuanta SPAC VII	23,477	24,938	-
Yuanta SPAC VIII	24,466	25,989	-
	<u>\$ 156,002</u>	<u>\$ 256,637</u>	<u>\$ 84,057</u>
For the three months ended June 30,			
	2021		2020
	<u>Proceeds on disposal</u>	<u>Realized gain (loss)</u>	<u>Proceeds on disposal</u> <u>Realized gain (loss)</u>
Parent subsidiary:			
Yuanta Financial			
Holdings	\$ 257,064 (\$ 129)	\$ 33,048 (\$ 11)	
Other related parties:			
YFYCPG	446,442	29,214	- -
	<u>\$ 703,506</u>	<u>\$ 29,085</u>	<u>\$ 33,048 (\$ 11)</u>

For the six months ended June 30,				
2021		2020		
	Proceeds on disposal	Realized gain (loss)	Proceeds on disposal	Realized gain (loss)
Parent subsidiary:				
Yuanta Financial Holdings	\$ 273,441	(\$ 132)	\$ 47,230	(\$ 73)
Fellow subsidiary:				
Yuanta Futures	-	-	2,198	38
Other related parties:				
YFYCPG	699,029	51,369	-	-
	<u>\$ 972,470</u>	<u>\$ 51,237</u>	<u>\$ 49,428</u>	<u>(\$ 35)</u>

(S) Credit transaction

Please refer to Note 7(2)U.

(T) Others

- As of June 30, 2021, December 31, 2020 and June 30, 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 \$3,503,769, \$3,520,376 and \$3,587,989, respectively, were designated as collateral.
- 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.
- 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 three months ended June 30,			
	2021		2020
Other related parties:			
Yuanta Diamond Funds SPC	\$ 7,803	\$	6,247
Yuanta Asia Growth Investment, L.P.	6,164		4,023
Global Growth Investment, L.P.	178		416
	<u>\$ 14,145</u>	<u>\$</u>	<u>10,686</u>

Fund management fee income			
For the six months ended June 30,			
	2021		2020
Other related parties:			
Yuanta Diamond Funds SPC	\$ 20,821	\$	11,673
Yuanta Asia Growth Investment L.P.	12,137		7,062
Global Growth Investment, L.P.	338		896
	<u>\$ 33,296</u>	<u>\$</u>	<u>19,631</u>

	The balance of fund		
	June 30, 2021	December 31, 2020	June 30, 2020
Other related parties:			
Yuanta Asia Growth Investment, L.P.	\$ 99,962	\$ 96,161	\$ 63,686
Yuanta Diamond Funds SPC	55,548	62,403	94,573
Global Growth Investment, L.P.	38,539	30,099	74,000
	<u>\$ 194,049</u>	<u>\$ 188,663</u>	<u>\$ 232,259</u>

C. Yuanta Futures and its subsidiaries

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

	June 30, 2021		
	Bank deposits ending balance	Operating guarantee deposits	Customer margin deposits
Fellow subsidiary:			
Yuanta Bank	<u>\$ 1,449,754</u>	<u>\$ 140,000</u>	<u>\$ 15,518,731</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>
	June 30, 2020		
	Bank deposits ending balance	Operating guarantee deposits	Customer margin deposits
Fellow subsidiary:			
Yuanta Bank	<u>\$ 1,609,449</u>	<u>\$ 140,000</u>	<u>\$ 10,001,797</u>

(B) Customer margin account for leverage contracts

	June 30, 2021	December 31, 2020	June 30, 2020
Fellow subsidiary:			
Yuanta Bank	<u>\$ 236,730</u>	<u>\$ 257,218</u>	<u>\$ 264,070</u>

(C) Equity of futures traders

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Fellow subsidiary:			
Yuanta Securities	\$ 11,115,359	\$ 7,280,656	\$ 7,208,945
Yuanta Securities (Korea)	163,128	200,709	190,528
Yuanta Securities (Hong Kong)	92,994	91,086	135,628
Yuanta Bank	22,327	-	-
Other related parties:			
Funds managed by Yuanta Securities Investment Trust	33,611,280	28,223,681	30,904,784
Others	84,087	73,478	53,808
	<u>\$ 45,089,175</u>	<u>\$ 35,869,610</u>	<u>\$ 38,493,693</u>

(D) Lease liabilities

a. Ending balances

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Fellow subsidiary:			
Yuanta Life	\$ 172,892	\$ 188,902	\$ -
Yuanta Bank	5,126	891	1,751
Yuanta Securities	-	5,636	15,902
	<u>\$ 178,018</u>	<u>\$ 195,429</u>	<u>\$ 17,653</u>

b. Interests expense

	<u>For the three months ended June 30,</u>	
	<u>2021</u>	<u>2020</u>
Fellow subsidiary:		
Yuanta Life	\$ 274	\$ -
Yuanta Bank	7	4
Yuanta Securities	3	38
	<u>\$ 284</u>	<u>\$ 42</u>
	<u>For the six months ended June 30,</u>	
	<u>2021</u>	<u>2020</u>
Fellow subsidiary:		
Yuanta Life	\$ 581	\$ -
Yuanta Bank	9	9
Yuanta Securities	8	87
	<u>\$ 598</u>	<u>\$ 96</u>

(E) Dividend payable

	June 30, 2021	December 31, 2020	June 30, 2020
Parent company:			
Yuanta Financial Holdings	\$ <u>538,068</u>	\$ <u>-</u>	\$ <u>-</u>

(F) Brokerage fee revenue

	For the three months ended June 30,	
	2021	2020
Fellow subsidiary:		
Yuanta Securities	\$ 22,127	\$ 23,193
Yuanta Securities (Hong Kong)	2,195	622
Yuanta Securities (Korea)	557	987
Other related parties:		
Funds managed by Yuanta Securities		
Investment Trust	35,661	34,873
Others	2,229	1,606
	<u>\$ 62,769</u>	<u>\$ 61,281</u>
	For the six months ended June 30,	
	2021	2020
Fellow subsidiary:		
Yuanta Securities	\$ 45,775	\$ 56,001
Yuanta Securities (Hong Kong)	3,587	2,273
Yuanta Securities (Korea)	1,239	1,935
Other related parties:		
Funds managed by Yuanta Securities		
Investment Trust	65,882	83,970
Others	4,051	3,607
	<u>\$ 120,534</u>	<u>\$ 147,786</u>

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

	For the three months ended June 30,	
	2021	2020
Fellow subsidiary:		
Yuanta Securities	<u>\$ 87,842</u>	<u>\$ 73,414</u>
	For the six months ended June 30,	
	2021	2020
Fellow subsidiary:		
Yuanta Securities	<u>\$ 168,087</u>	<u>\$ 151,302</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) Property transactions (recorded as financial assets at fair value through profit or loss)

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Other related parties:			
Funds managed by Yuanta			
Securities Investment Trust	\$ <u>5,282</u>	\$ <u>1,349</u>	\$ <u>108,679</u>

For the three months and six months ended June 30, 2021 and 2020, gain (loss) on disposal of beneficiary certificate were \$4,303, (\$14,446), \$6,781 and (\$13,905), respectively.

D. Yuanta Securities Investment Consulting

(A) Bank deposits

As of June 30, 2021, December 31, 2020 and June 30, 2020, Yuanta Securities Investment Consulting deposited \$180,805, \$200,755 and \$199,699, respectively, to Yuanta Bank, amongst which, the operating guarantee deposits were all \$5,000, with annual interest rates of 0.770%.

(B) Operating income

	<u>For the three months ended June 30,</u>	
	<u>2021</u>	<u>2020</u>
Fellow subsidiary:		
Yuanta Securities	\$ 50,250	\$ 43,200
Yuanta Bank	3,990	3,105
Yuanta Securities Investment Trust	1,428	1,200
Yuanta Futures	900	900
Yuanta Life	-	735
Yuanta Securities Finance	1,710	1,500
	<u>\$ 58,278</u>	<u>\$ 50,640</u>
	<u>For the six months ended June 30,</u>	
	<u>2021</u>	<u>2020</u>
Fellow subsidiary:		
Yuanta Securities	\$ 100,500	\$ 86,400
Yuanta Bank	7,980	6,210
Yuanta Securities Investment Trust	1,428	2,400
Yuanta Futures	1,800	1,800
Yuanta Life	-	1,470
Yuanta Securities Finance	3,420	3,000
	<u>\$ 115,128</u>	<u>\$ 101,280</u>

E. Yuanta Securities Investment Trust

(A) Bank deposits

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Fellow subsidiary:			
Yuanta Bank	\$ <u>1,648,062</u>	\$ <u>2,789,237</u>	\$ <u>3,152,852</u>

(B) Accounts receivable

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Other related parties:			
Funds managed by			
Yuanta Securities			
Investment Trust	<u>\$ 309,361</u>	<u>\$ 292,651</u>	<u>\$ 294,785</u>

(C) Dividend payable

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Parent company:			
Yuanta Financial Holdings	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 785,300</u>

(D) Management fee income

	<u>For the three months ended June 30,</u>	
	<u>2021</u>	<u>2020</u>
Fellow subsidiary:		
Yuanta Life	\$ 1,309	\$ -
Other related parties:		
Funds managed by Yuanta		
Securities Investment Trust	<u>891,130</u>	<u>816,300</u>
	<u>\$ 892,439</u>	<u>\$ 816,300</u>
	<u>For the six months ended June 30,</u>	
	<u>2021</u>	<u>2020</u>
Fellow subsidiary:		
Yuanta Life	\$ 1,309	\$ -
Other related parties:		
Funds managed by Yuanta		
Securities Investment Trust	<u>1,734,486</u>	<u>1,502,475</u>
	<u>\$ 1,735,795</u>	<u>\$ 1,502,475</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 June 30, 2021, December 31, 2020 and June 30, 2020 are as follows:

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Yuanta Securities			
Investment Trust	\$ 873,310	\$ 489,925	\$ 610,519
Fellow subsidiary	<u>1,923,313</u>	<u>1,763,685</u>	<u>1,574,326</u>
	<u>\$ 2,796,623</u>	<u>\$ 2,253,610</u>	<u>\$ 2,184,845</u>

F. Yuanta Life

(A) Bank deposits and time deposits

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Fellow subsidiary:			
Yuanta Bank (Note)	<u>\$ 1,630,340</u>	<u>\$ 326,453</u>	<u>\$ 1,073,470</u>
Note: Including other financial assets.			

(B) Current income tax assets/liabilities

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Parent company:			
Yuanta Financial Holdings			
Consolidated income tax return receivable	<u>\$ 2,600,463</u>	<u>\$ 2,609,424</u>	<u>\$ 2,609,424</u>
Consolidated income tax return payable	<u>\$ 556,984</u>	<u>\$ 353,690</u>	<u>\$ 325,998</u>

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

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Other related parties:			
Funds managed by Yuanta			
Securities Investment	\$ 2,683,449	\$ 2,915,162	\$ 3,871,414
Yuanta Asia Growth Investment, L.P.	<u>100,497</u>	<u>96,385</u>	<u>63,818</u>
	<u>\$ 2,783,946</u>	<u>\$ 3,011,547</u>	<u>\$ 3,935,232</u>
<u>For the six months ended June 30, 2021</u>			
	<u>Purchase price</u>	<u>Proceeds on disposal</u>	<u>Realized loss</u>
Other related parties:			
Funds managed by			
Yuanta Securities Investment Trust	\$ 137,810	\$ 454,902	(\$ 8,176)
Yuanta Asia Growth Investment, L.P.	<u>6,708</u>	<u>-</u>	<u>-</u>
	<u>\$ 144,518</u>	<u>\$ 454,902</u>	<u>(\$ 8,176)</u>
<u>For the six months ended June 30, 2020</u>			
	<u>Purchase price</u>	<u>Proceeds on disposal</u>	<u>Realized gain</u>
Other related parties:			
Funds managed by			
Yuanta Securities Investment Trust	\$ 2,662,267	\$ 1,591,823	\$ 79,864
Yuanta Asia Growth Investment, L.P.	<u>33,194</u>	<u>-</u>	<u>-</u>
	<u>\$ 2,695,461</u>	<u>\$ 1,591,823</u>	<u>\$ 79,864</u>

(D) Payables

	June 30, 2021	December 31, 2020	June 30, 2020
Fellow subsidiary:			
Yuanta Bank	\$ 58,806	\$ 23,158	\$ 81,623
Yuanta International Insurance Brokers	85,307	21,719	41,583
Yuanta Asset Management	2,700	-	-
	<u>\$ 146,813</u>	<u>\$ 44,877</u>	<u>\$ 123,206</u>

(E) Premium income

	For the three months ended June 30,	
	2021	2020
Fellow subsidiary:		
Yuanta Bank	\$ -	\$ 1,392
Other related parties:		
Others (Note)	95,647	92,660
	<u>\$ 95,647</u>	<u>\$ 94,052</u>
	For the six months ended June 30,	
	2021	2020
Fellow subsidiary:		
Yuanta Bank	\$ 4,499	\$ 3,838
Other related parties:		
Others (Note)	191,299	196,385
	<u>\$ 195,798</u>	<u>\$ 200,223</u>

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

(F) Commission expense

	For the three months ended June 30,	
	2021	2020
Fellow subsidiary:		
Yuanta Bank	\$ 342,126	\$ 212,174
Yuanta International Insurance Brokers	505,600	102,349
	<u>\$ 847,726</u>	<u>\$ 314,523</u>
	For the six months ended June 30,	
	2021	2020
Fellow subsidiary:		
Yuanta Bank	\$ 504,638	\$ 400,370
Yuanta International Insurance Brokers	759,438	280,328
	<u>\$ 1,264,076</u>	<u>\$ 680,698</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 June 30, 2021 was

\$23,434,031 and the trustee's compensation for the commissioned services during the six months ended June 30, 2021 amounted to \$1,309. 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 six months ended June 30, 2021 amounted to \$3,768.

G. Yuanta Ventures and its subsidiary

(A) Bank deposits

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Fellow subsidiary:			
Yuanta Bank	\$ 797,513	\$ 419,723	\$ 588,234
Yuanta Securities (Hong Kong)	5,128	5,254	-
	<u>\$ 802,641</u>	<u>\$ 424,977</u>	<u>\$ 588,234</u>

a. For the three months and six months ended June 30, 2021 and 2020, interest income from abovementioned bank accounts were \$683, \$448, \$1,136 and \$1,185, respectively.

b. As of June 30, 2021 and December 31, 2020, the deposits in Yuanta Securities (Hong Kong) for invested securities settlement were all amounted to HKD1,429 thousand, the corresponding rate used to convert the amounts were 3.5892 and 3.6775, respectively.

(B) Current tax asset

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Parent company:			
Yuanta Financial Holdings Consolidated income tax return receivable	<u>\$ 96,729</u>	<u>\$ 108,625</u>	<u>\$ 108,203</u>

(C) Other payables

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Parent company:			
Yuanta Financial Holdings	<u>\$ 35</u>	<u>\$ 10</u>	<u>\$ 133,380</u>
Cash dividend payable to parent company.			

H. Yuanta Asset Management

Property transactions—Beneficiary certificates(recorded as financial assets at fair value through profit or loss)

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Other related parties:			
Funds managed by Yuanta Securities Investment Trust	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
		<u>For the six months ended June 30, 2021</u>	
		<u>Proceeds on disposal</u>	<u>Realized gain</u>
Other related parties:			
Funds managed by Yuanta Securities Investment Trust		<u>\$ 207,855</u>	<u>\$ 7,855</u>

8. Pledged assets

As of June 30, 2021, December 31, 2020 and June 30, 2020, the Yuanta Group's assets pledged as collateral are as follows:

Items	June 30, 2021	December 31, 2020	June 30, 2020	Purpose of pledge
Due from Central Bank and call loans to other banks	\$ 123,565	\$ 183,757	\$ 172,550	Operating guarantee deposits
Financial assets at fair value through profit or loss	166,136,302	162,244,880	164,716,001	Bonds under repurchase agreement, collateral for securities lending and OTC trading
	84,586,647	88,944,601	73,706,825	Merchant business
	51,701	52,117	52,113	Guarantee deposits for notes
Financial assets at fair value through other comprehensive income	4,043,242	3,916,503	3,441,016	Claim reserve from trust fund, collateral for securities lending business and guarantees on asset disposal
	1,216,100	1,216,100	1,216,100	Operating guarantee deposits
	54,877,440	64,401,555	63,803,775	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	2,407,328	2,407,519	2,475,232	Operating guarantee deposits
	50,422	50,987	51,552	Deposits for guarantees in the Central Bank
	184,397	195,929	196,559	Claim reserve from trust fund
	10,646,665	10,657,240	10,629,400	Overdraft guarantee for foreign currency settlement
	109,167	109,514	109,870	Settlement reserves for Electronic Bond Trading System (EBTS) issued by OTC
	54,583	54,757	54,935	Deposit guarantees of bills merchants
	652,272	711,844	505,840	Collateral for provisional seizure
	5,240	5,257	5,274	VISA international card payment reserves
Restricted assets	2,247,789	1,475,801	2,932,950	Collateral for settlement limit, short-term loans, payable short-term bills and OTC derivative transactions
	900,440	1,462,345	322,610	Operating guarantee deposits-exchange, structured notes, interest rate swap account, repo trade and money lending refundable
	976	1,037	974	Overdraft guarantee
	21,599	21,838	59,095	Dividends payable arising from stock agency business
Other assets	326,268	259,147	183,755	Operating guarantee deposits
	2,064,837	2,044,765	2,501,379	Performance bond and rental deposits
	61,125	2,120	197,664	Underwriting share proceeds collected on behalf of customers
Property and equipment and investment property	3,118,901	3,167,446	3,112,628	Collateral for settlement limit and short-term loans; collateral for mortgage loans and leases
Treasury share of Yuanta Securities (Korea)	821,905	553,358	443,922	Collateral for securities lending business

9. Significant contingent liabilities and unrecognised contract commitments

- (1) As of June 30, 2021, December 31, 2020 and June 30, 2020, capital expenditure contracted for at the balance sheet date but not yet incurred was \$3,096,496, \$3,229,972 and \$861,682, respectively.
- (2) As of June 30, 2021, the upper limit of remaining capital commitment for the investment agreement signed by Yuanta Life of the Yuanta Group were US \$7,815 thousand dollars and NT \$123,579 thousand dollars.

(3) Stocks entrusted to custody

As of June 30, 2021, December 31, 2020 and June 30, 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 \$79,937, \$78,242 and \$77,580, 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) Yuanta Securities (Korea) has submitted two letters of financing commitment to underwrite for its acquisition finance business with limitation of KRW 673,300 million (about NTD 16.6 billion) and KRW 150,000 million (about NTD 3.7 billion), respectively. For the letter of financing commitment with limitation of KRW 673,300 million (about NTD 16.6 billion), Yuanta Securities (Korea) has fulfilled the commitment by investing in KRW 60,000 million (about NTD 1.5 billion) within the scope of the commitment on July 30, 2021 and the performance obligation has been terminated after the reporting period. For the letter of financing commitment with limitation of KRW 150,000 million (about NTD 3.7 billion), it was signed on June 16, 2021 and its related financial impact will be subject to the progress of the situation.

(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 (of which \$950,861 thousand was claimed on a joint liability or joint payment basis). The mediation failed before the Taiwan Taipei District Court. On July 11, 2018, Seventh-Day Adventist Church Taiwan Conference and Taiwan Adventist Hospital initiated a separate suit for the same matter and claimed the same compensation.

The case is currently under the judicial proceedings of the Taiwan Taipei District Court. Yuanta Securities has retained lawyers to handle the case.

The plaintiffs (Seventh-Day Adventist Church Taiwan Conference and Taiwan Adventist Hospital) claimed that (1) Yuanta Securities and the other party shall collaborate with the plaintiffs to apply to the Taipei City Government for the review of the urban development design plans and a change to the usage license, and obtain an approval for the change of the usage license; (2) Yuanta Securities and the other party shall jointly pay the plaintiffs \$3.3 million and interests due to the delayed application for the change of the usage license by Yuanta Securities and the other party; (3) Yuanta Securities shall pay \$1.65 million and interests for the failure to make a transfer registration of titles to certain lots of land pursuant to the agreement after the relevant land partition; (4) Yuanta Securities and the other party shall either apply to the Taipei City Government for the review of the urban development design plans and a change to the usage license to reset the rate of subsurface excavation to a rate of lower than 70% calculated based on the relevant land area and restore the basement of the building to the status in compliance with such rate adjustment, or jointly pay \$214,202 thousand and interests to the plaintiffs; (5) Yuanta Securities and the other party shall either decreased the floor area bonus attributable to the over excavation area of the building basement and obtain supporting documents evidencing the approval of the change of the

usage license, or jointly pay NT623,859,840 dollars and interests to the plaintiffs; and (6) Yuanta Securities and the other party illegally reduced the area of the parking lots in contradiction with the urban development design plans, and thus shall pay \$109.5 million and interests to the plaintiffs. Considering the plaintiffs' claims, the lawyers retained by Yuanta Securities were of the opinion that the plaintiffs' claims have no merits based on the relevant evidence, information provided by Yuanta Securities, the relevant court precedents with the following reasons: (1) the plaintiffs refused to cooperate with Yuanta Securities to apply for the certificate of division of statutory vacant space without providing a justifiable reason in the pleadings, resulting in Yuanta Securities being unable to make the relevant filings; (2) the competent authority has not had an opportunity to review the case, leading the precondition of 'having not obtained a permit from the authority' to the application for the change of the usage license has not been satisfied. Also, the plaintiffs had not specifically elaborate on and provide evidence proving its alleged damages; (3) the obligation of the land partition had not been due; (4) there had not been any agreement on the excavation area or excavation rate between Yuanta Securities and the plaintiffs; (5) the building license and the usage license were issued for the building at issue in accordance with the laws, proving that the building was constructed in compliance with the laws; (6) the Department of Urban Development of the Taipei City Government had reviewed the excavation area of such building's basement and confirmed that the excavation was implemented in compliance with the laws, evidencing that there is no illegal over excavation or breach of the contract; (7) both parties considered and addressed the floor area bonus in the terms of land and parking lots trading contract. Also, the regulation of the floor area bonus no longer applied to the location of the building; (8) in March 2004, the plaintiffs were the co-applicants for the design change, and the plaintiffs had accepted the handover of the specific parking lots and agreed that no change should be made thereto. The plaintiffs shall not be allowed to raise claims inconsistent with such facts. However, the decision of the case are to be made by the court.

- B. As of June 30, 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 34,147 million (approximately \$0.84 billion). In addition, there is an arbitration award issued for a dispute where, Anbang Group Holdings Co., Ltd. and Anbang Life Insurance Co., Ltd. (now known as Dajia Life Insurance Co.,Ltd., collectively, "Anbang") filed an arbitration counterclaim in Hong Kong against Yuanta Securities (Korea) and four other sellers in June 2017 based on the share purchase agreement with respect to Tong Yang Life Insurance Co., Ltd. The International Court of Arbitration of International Chamber of Commerce (ICC) made an arbitration award in August 2020, ruling that the sellers shall pay compensation amounting to KRW 166,600 million (approximately \$4.1 billion) to Anbang as well as related expenses plus accrued interests at the estimated amount of KRW 56,496 million as of June 30, 2021 (approximately \$1.4 billion). Yuanta Securities (Korea) received a correction of arbitration award in January 2021, which has no impact on the above description. Anbang had applied with the Seoul Central District Court for recognizing and enforcing the arbitration award with the claim amount of KRW 101,112 million (approximately \$2.5 billion). The court is currently reviewing the case. Yuanta Securities (Korea) had recognized provision liabilities in the amount of approximate KRW 7,186 million (approximately \$0.18 billion) based on its pro rata amount of consideration of the sale of Tong Yang Life Insurance' shares. However, the actual compensation amount to be borne by Yuanta Securities (Korea) might be changed due to the subsequent legal actions.

As of June 30, 2021, Yuanta Securities (Korea) and its subsidiaries provided provisions in the amount of KRW 8,141 million (approximately \$0.2 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 15 lawsuits as the plaintiff with a total claimed amount of KRW 105,428 million (approximately \$2.6 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 \$260 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 June 30, 2021, Yuanta Securities (Hong Kong)'s receivables from certain margin loans amounting to HKD 147,504 thousand (approximately \$530 million) were secured by listed securities that were suspended for trading. These margin clients were served by an account executive who entered into a guarantee agreement with Yuanta Securities (Hong Kong) (the "Guarantee Agreement") under which the account executive agreed to guarantee against all losses incurred by Yuanta Securities (Hong Kong) in relation to the accounts of these margin clients. Considering that Yuanta Securities (Hong Kong) had exercised its right of set-off under the Guarantee Agreement against the account executive's assets amounting to HKD 68,552 thousand (approximately \$250 million) and received the first repayment distributed by certain clients' liquidator amounting to HKD 44 thousand (approximately \$160 thousand), the remaining loss of HKD 78,908 thousand (approximately \$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 \$490 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 June 30, 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 to the Taiwan Taipei District Court by the Labor Pension for compensation was dismissed by the Taiwan Taipei District Court on May 15, 2020. The court ruled that the Labor Pension did not provide sufficient evidence to prove that it had suffered any damages caused by Manager Qu's intentional or negligent actions based on torts laws, and that there was no causation between the alleged compensation and Manager Qu's aforementioned wrongful actions. Accordingly, the court found that the Labor Pension has no grounds for claiming that Yuanta

Securities Investment Trust shall bear the joint liability for such compensation. However, the Labor Pension filed an appeal pursuant to applicable laws, and the case is under review of the court of the second instance.

(9) Other lawsuits- Yuanta Life Insurance

As of June 30, 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>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Commitment of the securities			
under a repurchase agreement	\$ 194,547,290	\$ 220,352,840	\$ 218,502,225
Commitment of the securities			
under a resale agreement	42,469,886	58,459,272	42,221,577
Unused loan commitments	22,330,089	23,460,752	24,164,000
Credit commitment on credit card	120,160,847	119,349,211	120,868,175
Unused L/C balance	3,120,052	3,332,772	2,835,945
Other guarantees	10,864,893	13,042,579	13,618,958
Consignment collection for others	15,953,979	17,916,355	16,801,000
Trust assets	269,139,475	266,130,081	280,409,729
Items under custody	54,310,351	33,887,263	28,811,207

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

<u>June 30, 2021</u>			
<u>Trust Balance Sheet</u>			
<u>Trust assets</u>		<u>Trust liabilities</u>	
Bank deposits	\$ 4,591,796	Payables-Customers' securities	\$ 46,801,229
Stocks	6,150,002	Pecuniary trust	151,741,290
Funds (Note)	112,776,240	Securities trust	931,168
Bonds	26,527,151	Real estate trust	16,172,870
Structured products	4,897,259	Net loss	(8,086)
Real estate-Land	12,128,759	Retained earnings	986,816
-Construction in progress	2,752,851		
Customers' securities under custody	46,801,229		
Total trust assets	<u>\$ 216,625,287</u>	Total trust liabilities	<u>\$ 216,625,287</u>

June 30, 2020

Trust Balance Sheet

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

Note: Includes mutual funds in money market.

Trust Income Statement

<u>For the six months ended June 30, 2021</u>		<u>For the six months ended June 30, 2020</u>	
Trust revenue:		Trust revenue:	
Interest income	\$ 2,278	Interest income	\$ 5,192
Investment income (Stocks)	-	Investment income (Stocks)	22,483
Investment income (Fund)	-	Investment income (Fund)	680
	<u>2,278</u>		<u>28,355</u>
Trust expenses:		Trust expenses:	
Management fees	6,968	Management fees	8,917
Tax expense	3,393	Tax expense	25,892
	<u>10,361</u>		<u>34,809</u>
Loss before income tax	(8,083)	Loss before income tax	(6,454)
Income tax expense	(3)	Income tax expense	(23)
Net loss	<u>(\$ 8,086)</u>	Net loss	<u>(\$ 6,477)</u>

Schedule of Trust Property

June 30, 2021		June 30, 2020	
Invested items	Book values	Invested items	Book values
Bank deposits	\$ 4,591,796	Bank deposits	\$ 3,919,676
Bonds	26,527,151	Bonds	26,350,940
Stocks	6,150,002	Stocks	10,467,325
Structured products	4,897,259	Structured products	8,266,950
Funds (Note)	112,776,240	Funds (Note)	108,535,487
Real estate-land	12,128,759	Real estate-land	12,815,671
-Construction		-Construction	
in progress	2,752,851	in progress	1,798,001
Movables	-	Movables	14,372,380
Customers' securities		Customers' securities	
under custody	46,801,229	under custody	33,978,670
	<u>\$ 216,625,287</u>		<u>\$ 220,505,100</u>

Note: Includes mutual funds in money market.

The trust balance sheet and schedule of trust property as at June 30, 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 schedule of trust property as follows:

June 30, 2021			
Trust Balance Sheet			
Trust assets		Trust liabilities	
Bank deposits	\$ 2,518,207	Payables	\$ 59,494
Bonds	26,498	Income tax payable	179
Stocks	4,321,120	Collections in advance	10
Funds	43,720,738	Trust capital-pecuniary trust	44,565,682
Structured products	1,403,856	Trust capital-securities trust	2,692,615
Accounts receivable	523,769	Net income	3,432,312
		Retained earnings	3,429,898
		Deferred carryforwards	(1,666,002)
Total trust assets	<u>\$ 52,514,188</u>	Total trust liabilities	<u>\$ 52,514,188</u>

June 30, 2020

Trust Balance Sheet

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

Trust Income Statement

<u>For the six months ended June 30, 2021</u>		<u>For the six months ended June 30, 2020</u>	
Trust revenue:		Trust revenue:	
Interest income	\$ 949,109	Interest income	\$ 279,369
Realized investment income	2,547,968	Realized investment income	-
Unrealized investment income	252,524	Unrealized investment income	-
Rental income	12,509	Rental income	12,422
Dividend income	15,323	Dividend income	23,072
	<u>3,777,433</u>		<u>314,863</u>
Trust expenses:		Trust expenses:	
Administrative expenses	(18,464)	Administrative expenses	(29,400)
Fees (Service charges)	(97,551)	Fees (Service charges)	(128,446)
Loss on realized investment	-	Loss on realized investment	(3,892,256)
Loss on unrealized investment	-	Loss on unrealized investment	(526,562)
Loss on translation	(212,640)	Loss on translation	(297,431)
Insurance premium	(52)	Insurance premium	(142)
Income before income tax	3,448,726	Loss before income tax	(4,559,374)
Income tax expense	(16,414)	Income tax expense	(9,802)
Net income	<u>\$ 3,432,312</u>	Net loss	<u>(\$ 4,569,176)</u>

Schedule of Trust Property

June 30, 2021		June 30, 2020	
Invested items	Book values	Invested items	Book values
Bank deposits	\$ 2,518,207	Bank deposits	\$ 1,553,785
Bonds	26,498	Bonds	25,039
Stocks	4,321,120	Stocks	4,591,917
Funds	43,720,738	Funds	49,604,628
Structured products	1,403,856	Structured products	3,703,460
Others	523,769	Others	425,800
	<u>\$ 52,514,188</u>		<u>\$ 59,904,629</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 June 30, 2021, December 31, 2020 and June 30, 2020 were USD 12,278 thousand dollars, USD 12,323 thousand dollars and USD 6,818 thousand dollars, respectively.

10. Significant losses from disasters

(1) The Company:

None.

(2) Subsidiaries:

None.

11. Significant subsequent events

(1) The Company:

None.

(2) Subsidiaries:

- A. On August 19, 2021, the Board of Directors of Yuanta Securities resolved to grant a one-year credit facility for backup to its overseas investee, Yuanta Securities Asia Financial Services, amounting to USD 100 million. It is to support Yuanta Securities Asia Financial Services' working capital needs during its re-domiciling and rename period.
- B. On August 19, 2021, the Board of Directors of Yuanta Securities approved to dispose all of equity interest of Yuanta Asset Management (Indonesia) which held by Yuanta Securities (Indonesia) and Yuanta Securities (Hong Kong). The case is subject to the approval of the competent authority.
- C. Yuanta Securities (Korea) has summited a letter of financing commitment with limitation of KRW 673,300 million (about NTD 16.6 billion). Yuanta Securities (Korea) has fulfilled the commitment by investing in KRW 60,000 million (about NTD 1.5 billion) within the scope of the commitment on July 30, 2021 and the performance obligation has been terminated after the reporting period. Please refer to Note 9 for details.
- D. In order to carry out the loan of sustainable financial policies and sustainable development investment plans, on August 19, 2021, the Board of Directors of Yuanta Bank approved to apply for second issue of senior unsecured financial bonds in 2021 to the Banking Bureau, Financial Supervisory Commission in the amount of NTD 5 billion (or equivalent US dollars). After obtaining the approval of the FSC, it is planned to be issued in installments and revolving cycles within 5 years. The actual revolving issuance amount and period shall be based on the content approved by the FSC.

12. Others

(1) Capital risk management

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

(2) Fair value information of financial instruments

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

(A) Outline

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

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

a. Level 1

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

b. Level 2

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

c. Level 3

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

B. Financial instruments measured at fair value

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

	June 30, 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	\$ 62,079,072	\$ 60,102,384	\$ -	\$ 1,976,688	\$ 33,740,767	\$ 31,048,635	\$ -	\$ 2,692,132
Liability instruments	383,508,563	76,153,682	306,703,837	651,044	372,759,224	88,718,027	283,450,792	590,405
Others	149,575,728	54,539,597	88,065,263	6,970,868	166,905,946	62,459,581	93,295,301	11,151,064
Financial assets at fair value through other comprehensive income (Note)								
Equity instruments	52,659,036	29,244,330	-	23,414,706	28,665,135	8,576,899	-	20,088,236
Liability instruments	268,055,817	107,676,298	160,223,105	156,414	250,942,168	94,013,795	156,725,621	202,752
Other financial assets								
Purchase of claim receivable	1,822,488	-	-	1,822,488	1,831,820	-	-	1,831,820
Liabilities								
Financial liabilities at fair value through profit or loss	\$ 148,193,603	\$ 92,646,849	\$ 18,278,071	\$ 37,268,683	\$ 144,029,171	\$ 73,969,554	\$ 18,734,672	\$ 51,324,945
<u>Derivative financial instruments</u>								
Assets								
Financial assets at fair value through profit or loss	\$ 11,014,232	\$ 3,589,490	\$ 5,977,311	\$ 1,447,431	\$ 13,186,702	\$ 3,712,219	\$ 7,348,133	\$ 2,126,350
Liabilities								
Financial liabilities at fair value through profit or loss	\$ 24,477,556	\$ 6,741,966	\$ 13,906,910	\$ 3,828,680	\$ 19,428,334	\$ 2,524,216	\$ 12,478,914	\$ 4,425,204

	June 30, 2020			
	Total	Level 1	Level 2	Level 3
Recurring fair value measurements				
<u>Non-derivative financial instruments</u>				
Assets				
Financial assets at fair value through profit or loss				
Equity instruments	\$ 39,762,908	\$ 37,948,946	\$ 27,488	\$ 1,786,474
Liability instruments	346,564,344	103,798,509	242,405,096	360,739
Others	128,030,989	39,781,467	78,473,268	9,776,254
Financial assets at fair value through other comprehensive income (Note)				
Equity instruments	41,935,459	24,068,723	-	17,866,736
Liability instruments	217,385,648	74,096,805	143,035,136	253,707
Other financial assets				
Purchase of claim receivable	1,839,857	-	-	1,839,857
Liabilities				
Financial liabilities at fair value through profit or loss	\$ 113,417,784	\$ 37,779,044	\$ 21,789,631	\$ 53,849,109
<u>Derivative financial instruments</u>				
Assets				
Financial assets at fair value through profit or loss	\$ 17,134,895	\$ 8,111,306	\$ 6,112,617	\$ 2,910,972
Liabilities				
Financial liabilities at fair value through profit or loss	\$ 17,576,265	\$ 2,369,928	\$ 8,491,884	\$ 6,714,453

Note: As of June 30, 2021, December 31, 2020 and June 30, 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 June 30, 2021, December 31, 2020 and June 30, 2020, certain foreign debt held by the Yuanta Group, totaling USD 29,128 thousand, USD 15,437 thousand and USD 44,620 thousand, respectively, have been transferred from level 1 to level 2, because the debt instrument either had no steady quoted market price from stock brokers and Bloomberg Valuation Services (BVAL) was used due to wider region of price quotes from stock brokers. As of June 30, 2021, December 31, 2020 and June 30, 2020, certain foreign debt held by the Yuanta Group, totaling USD 26,329 thousand, USD 0 thousand and USD 10,329 thousand, have been transferred from level 2 to level 1 since these assets now have steady sources for price information.

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

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

For the six months ended June 30, 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	\$ 1,446,210	\$ 38,018	\$ 119,634,036	\$ -	(\$ 125,652,943)	(\$ 979,241)	\$ 11,046,031
Financial assets at fair value through other comprehensive income	20,290,988	(297,503)	3,611,229	13,559	-	(47,153)	-	23,571,120
Other financial assets- purchase of claim receivable	1,831,820	103	-	-	-	(9,435)	-	1,822,488
Total	<u>\$ 38,682,759</u>	<u>\$ 1,148,810</u>	<u>\$ 3,649,247</u>	<u>\$ 119,647,595</u>	<u>\$ -</u>	<u>(\$ 125,709,531)</u>	<u>(\$ 979,241)</u>	<u>\$ 36,439,639</u>

For the six months ended June 30, 2020								
Items	Beginning balance	Gain and loss on valuation		Addition		Reduction		Ending balance
		Gain and loss	Other comprehensive income	Purchased or issued	Transferred to Level 3 (Note)	Sold, disposed or settled	Transferred from Level 3 (Note)	
Financial assets at fair value through profit or loss	\$ 16,152,436	(\$ 1,843,988)	(\$ 27,464)	\$ 17,537,813	\$ -	(\$ 16,688,899)	(\$ 295,459)	\$ 14,834,439
Financial assets at fair value through other comprehensive income	18,682,631	86,289	227,443	91,598	-	(967,518)	-	18,120,443
Other financial assets- purchase of claim receivable	1,849,460	93	-	-	-	(9,696)	-	1,839,857
Total	<u>\$ 36,684,527</u>	<u>(\$ 1,757,606)</u>	<u>\$ 199,979</u>	<u>\$ 17,629,411</u>	<u>\$ -</u>	<u>(\$ 17,666,113)</u>	<u>(\$ 295,459)</u>	<u>\$ 34,794,739</u>

In relation to the above, valuation gains and losses are recognised in gain and loss in the period. The net gains (losses) belonging to assets as of June 30, 2021 and 2020 were \$1,080,176 and (\$2,089,210), respectively.

In relation to the above, valuation gains and losses are recognised in other comprehensive income. The net gains belonging to assets as of June 30, 2021 and 2020 were \$3,648,428 and \$290,680, respectively.

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

For the six months ended June 30, 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	<u>\$ 55,750,149</u>	<u>(\$ 3,261,106)</u>	<u>(\$ 419)</u>	<u>\$ 22,727,996</u>	<u>\$ 8,675,853</u>	<u>(\$ 42,769,221)</u>	<u>(\$ 25,889)</u>	<u>\$ 41,097,363</u>

For the six months ended June 30, 2020								
Items	Beginning balance	Gain and loss on valuation		Addition		Reduction		Ending balance
		Gain and loss	Other comprehensive income	Purchased or issued	Transferred to Level 3 (Note)	Sold, disposed or settled	Transferred from Level 3 (Note)	
Financial liabilities at fair value through profit or loss	<u>\$ 68,309,057</u>	<u>\$ 2,052,823</u>	<u>(\$ 1,883)</u>	<u>\$ 49,674,951</u>	<u>\$ -</u>	<u>(\$ 59,471,386)</u>	<u>\$ -</u>	<u>\$ 60,563,562</u>

In relation to the above, valuation gains and losses are recognised in gain and loss in the period. The net gains belonging to liabilities as of June 30, 2021 and 2020 were \$1,267,498 and \$3,508,535, respectively.

In relation to the above, valuation gains and losses are recognised in other comprehensive income. The net gains belonging to liabilities as of June 30, 2021 and 2020 were \$832 and \$2,194, respectively.

Note: For the six months ended June 30, 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
June 30, 2021				
<u>Assets</u>				
Financial assets at fair value				
through profit or loss	\$ 357,272	(\$ 350,097)	\$ -	\$ -
Derivative instruments	26,596	(26,596)	-	-
Financial assets at fair value through				
other comprehensive income	-	-	417,266	(296,319)
Other financial assets- purchase of				
claim receivable	87,444	(87,444)	-	-
<u>Liabilities</u>				
Financial liabilities at fair value				
through profit or loss	(\$ 13,445)	\$ 13,451	\$ -	\$ -
Derivative instruments	(84,834)	84,757	-	-
December 31, 2020				
<u>Assets</u>				
Financial assets at fair value				
through profit or loss	\$ 95,995	(\$ 92,866)	\$ -	\$ -
Derivative instruments	46,827	(46,827)	-	-
Financial assets at fair value through				
other comprehensive income	-	-	400,275	(278,574)
Other financial assets- purchase of				
claim receivable	88,945	(88,945)	-	-
<u>Liabilities</u>				
Financial liabilities at fair value				
through profit or loss	(\$ 43,722)	\$ 43,722	\$ -	\$ -
Derivative instruments	122,107	(122,064)	-	-

Items	Change in fair value recognised in current profit and loss		Change in fair value recognised in other comprehensive income	
	Favorable movements	Unfavorable movements	Favorable movements	Unfavorable movements
June 30, 2020				
<u>Assets</u>				
Financial assets at fair value				
through profit or loss	\$ 125,068	(\$ 121,563)	\$ -	\$ -
Derivative instruments	34,107	(34,107)	-	-
Financial assets at fair value through other comprehensive income	-	-	373,076	(258,067)
Other financial assets- purchase of claim receivable	77,208	(77,208)	-	-
<u>Liabilities</u>				
Financial liabilities at fair value				
through profit or loss	\$ 171,440	(\$ 171,440)	\$ -	\$ -
Derivative instruments	(79,585)	79,585	-	-

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

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

June 30, 2021	Valuation technique	Significant unobservable input	Range	Relationship of inputs to fair value
Financial assets at fair value through profit or loss				
Equity instruments \$ 1,976,688	1. Market method	Discount for marketability	<=40%	The higher the discount for marketability, the lower the fair value
	2. Income method			
	3. Equity Model by L. Anderson and D. Buffum	Discount rate	10.14%~15.89%	The higher the discount rate, the lower the fair value
		Stock price volatility	31.22%~56.55%	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	2.26%~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

June 30, 2021		Valuation technique	Significant unobservable input	Range	Relationship of inputs to fair value
Financial assets at fair value through profit or loss					
Liability instruments	\$ 651,044	1.Hybrid Model 2.Equity Model by L. Anderson and D. Buffum 3.Monte Carlo Simulation 4.Discouted cash flow	Stock price volatility	35.61%~48.64%	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	0.46%~5.10%	The higher the discount rate, the lower the fair value
Derivative instruments (including futures and options trade in futures market)	1,447,431	1.Option Model 2.Hybrid Model 3.FDM 4.Monte Carlo Simulation	Stock price volatility	1.96%~22.10%	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	0.21~0.95	The higher the correlation coefficient, the higher the fair value
			Default rate	0.03%~100%	The higher the default rate, the lower the fair value
			Recovery rate	0~55%	The higher the recovery rate, the higher the fair value
Others	6,970,868	1.Net asset value 2.Option Model 3.FDM 4.Monte Carlo Simulation	Discount for marketability	<=10%	The higher the discount for marketability, the lower the fair value
			Stock price volatility	18.07%~22.10%	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	0.21~0.95	The higher the correlation coefficient, the higher the fair value
			Default rate	0.03%~100%	The higher the default rate, the lower the fair value
			Recovery rate	0~55%	The higher the recovery rate, the higher the fair value
Other financial assets					
Purchase of claim receivable	1,822,488	Recoverable amount	Contact rate	5.32%~37.95%	The higher the contact rate, the higher the fair value
			Payment rate	3.36%~37.42%	The higher the payment rate, the higher the fair value
			Discount rate	5.35%~41.84%	The higher the discount rate, the lower the fair value
Financial assets at fair value through other comprehensive income					
Equity instruments	23,414,706	1.Market method 2.Residual income valuation model 3.Discouted cash flow	Discount for marketability	<=40%	The higher the discount for marketability, the lower the fair value
			Expected growth rate	0%~1%	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	156,414	Discounted cash flow	Discount rate	0.46%~5.10%	The higher the discount rate, the lower the fair value

June 30, 2021		Valuation technique	Significant unobservable input	Range	Relationship of inputs to fair value
Financial liabilities at fair value through profit or loss					
Derivative instruments (including futures and options trade in futures market)	\$ 3,828,680	1.FDM 2.Option Model 3.Monte Carlo Simulation 4.Equity Model by L.Andersen and D.Buffum	Stock price volatility	18.07%~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	0.21~0.95	The higher the correlation coefficient, the higher the fair value
			Default rate	0.03%~100%	The higher the default rate, the lower the fair value
			Recovery rate	55%	The higher the recovery rate, the higher the fair value
Others	37,268,683	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%~107.29%	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	0.21~0.95	The higher the correlation coefficient, the higher the fair value
			Default rate	0.03%~100%	The higher the default rate, the lower the fair value
			Recovery rate	55%	The higher the recovery rate, the higher the fair value
December 31, 2020		Valuation technique	Significant unobservable input	Range	Relationship of inputs to fair value
Financial assets at fair value through profit or loss					
Equity instruments	\$ 2,692,132	1.Market method 2.Income method 3.Equity Model by L. Anderson and D. Buffum	Discount for marketability	<=40%	The higher the discount for marketability, the lower the fair value
			Discount rate	7.59%~15.95%	The higher the discount rate, the lower the fair value
			Stock price volatility	11.01%~39.46%	The relationship of volatility degree and fair value will be different with the changes of term structure and characteristic and the degree of in or out-of-money in the duration or knock out event, thus, there was no consistency between both.
			Credit Spread	2.49%~5.92%	The higher the credit spread, the lower the fair value
			Recovery rate	20.00%~20.00%	The higher the recovery rate, the higher the fair value
Liability instruments	590,405	1.Hybrid Model 2.Equity Model by L. Anderson and D. Buffum 3.Monte Carlo Simulation 4.Discounted cash flow	Stock price volatility	13.19%~51.02%	The relationship of volatility degree and fair value will be different with the changes of term structure and characteristic and the degree of in or out-of-money in the duration or knock out event, thus, there was no consistency between both.
			Credit Spread	5.58%~5.60%	The higher the credit spread, the lower the fair value
			Recovery rate	20.00%~20.00%	The higher the recovery rate, the higher the fair value
			Discount rate	0.002%~4.74%	The higher the discount rate, the lower the fair value

December 31, 2020		Valuation technique	Significant unobservable input	Range	Relationship of inputs to fair value
Financial assets at fair value through profit or loss					
Derivative instruments (including futures and options trade in futures market)	\$ 2,126,350	1.Option Model 2.Hybrid Model 3.FDM 4.Monte Carlo Simulation	Stock price volatility	2.57%~22.11%	The relationship of volatility degree and fair value will be different with the changes of term structure and characteristic and the degree of in or out-of-money in the duration or knock out event, thus, there was no consistency between both.
			Correlation coefficient	0.22~0.96	The higher the correlation coefficient, the higher the fair value
			Default rate	0.03%~100%	The higher the default rate, the lower the fair value
			Recovery rate	55%	The higher the recovery rate, the higher the fair value
Others	11,151,064	1.Net asset value 2.Option Model 3.FDM 4.Monte Carlo Simulation	Discount for marketability	<=10%	The higher the discount for marketability, the lower the fair value
			Stock price volatility	17.93%~22.11%	The relationship of volatility degree and fair value will be different with the changes of term structure and characteristic and the degree of in or out-of-money in the duration or knock out event, thus, there was no consistency between both.
			Correlation coefficient	0.22~0.96	The higher the correlation coefficient, the higher the fair value
			Default rate	0.03%~100.00%	The higher the default rate, the lower the fair value
			Recovery rate	55%	The higher the recovery rate, the higher the fair value
Other financial assets					
Purchase of claim receivable	1,831,820	Recoverable amount	Contact rate	3.76%~43.20%	The higher the contact rate, the higher the fair value
			Payment rate	2.87%~39.00%	The higher the payment rate, the higher the fair value
			Discount rate	3.72%~39.93%	The higher the discount rate, the lower the fair value
Financial assets at fair value through other comprehensive income					
Equity instruments	20,088,236	1.Market method 2.Residual income valuation model 3.Discouted 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
Financial liabilities at fair value through profit or loss					
Derivative instruments (including futures and options trade in futures market)	4,425,204	1.FDM 2.Option Model 3.Monte Carlo Simulation 4.Equity Model by L.Andersen and D.Buffum	Stock price volatility	17.93%~37.61%	The relationship of volatility degree and fair value will be different with the changes of term structure and characteristic and the degree of in or out-of-money in the duration or knock out event, thus, there was no consistency between both.
			Correlation coefficient	0.23~0.96	The higher the correlation coefficient, the higher the fair value
			Default rate	0.03%~100%	The higher the default rate, the lower the fair value
			Recovery rate	55%	The higher the recovery rate, the higher the fair value

December 31, 2020		Valuation technique	Significant unobservable input	Range	Relationship of inputs to fair value
Financial liabilities at fair value through profit or loss					
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. The higher the correlation coefficient, the higher the fair value The higher the default rate, the lower the fair value The higher the recovery rate, the higher the fair value
			Correlation coefficient	0.23~0.96	
			Default rate	0.03%~100.00%	
			Recovery rate	55%	
June 30, 2020		Valuation technique	Significant unobservable input	Range	Relationship of inputs to fair value
Financial assets at fair value through profit or loss					
Equity instruments	\$ 1,786,474	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 The higher the discount rate, the lower the fair value The relationship of volatility degree and fair value will be different with the changes of term structure and characteristic and the degree of in or out-of-money in the duration or knock out event, thus, there was no consistency between both. The higher the credit spread, the lower the fair value The higher the recovery rate, the higher the fair value
			Discount rate	5.34%~15.80%	
			Stock price volatility	13.13%~61.62%	
			Credit Spread	2.49%~5.60%	
			Recovery rate	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. The higher the credit spread, the lower the fair value The higher the recovery rate, the higher the fair value The higher the discount rate, the lower the fair value
Liability instruments	360,739	1.Hybrid Model 2.Equity Model by L. Anderson and D. Buffum	Stock price volatility	11.30%~42.45%	
			Credit Spread	5.58%~25.07%	
			Recovery rate	20%	
			Discount rate	0.008%~4.75%	The relationship of volatility degree and fair value will be different with the changes of term structure and characteristic and the degree of in or out-of-money in the duration or knock out event, thus, there was no consistency between both. The higher the correlation coefficient, the higher the fair value The higher the default rate, the lower the fair value The higher the recovery rate, the higher the fair value
Derivative instruments (including futures and options trade in futures market)	2,910,972	1.Option Model 2.Hybrid Model 3.FDM 4.Monte Carlo Simulation	Stock price volatility	12.03%~22.26%	
			Correlation coefficient	0.22~0.96	
			Default rate	0.03%~100%	
			Recovery rate	55%	

June 30, 2020		Valuation technique	Significant unobservable input	Range	Relationship of inputs to fair value
Financial assets at fair value through profit or loss					
Others	\$ 9,776,254	1.Net asset value 2.Option Model 3.FDM 4.Monte Carlo Simulation	Discount for marketability Stock price volatility	<=10% 17.87%~22.26%	The higher the discount for marketability, 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.
			Correlation coefficient	0.22~0.96	The higher the correlation coefficient, the higher the fair value
			Default rate	0.03%~100%	The higher the default rate, the lower the fair value
			Recovery rate	55%	The higher the recovery rate, the higher the fair value
Other financial assets					
Purchase of claim receivable	1,839,857	Recoverable amount	Contact rate	1.26%~44.50%	The higher the contact rate, the higher the fair value
			Payment rate	1.19%~41.00%	The higher the payment rate, the higher the fair value
			Discount rate	1.20%~39.90%	The higher the discount rate, the lower the fair value
Financial assets at fair value through other comprehensive income					
Equity instruments	17,866,736	1.Market method 2.Residual income valuation model 3.Discounted cash flow	Discount for marketability Expected growth rate	<=40% 1%	The higher the discount for marketability, the lower the fair value The higher the growth rate, the higher the fair value
			Discount rate	9.70%~12.20%	The higher the discount rate, the lower the fair value
Liability instruments	253,707	Discounted cash flow	Discount rate	0.008%~4.75%	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)	6,714,453	1.FDM 2.Option Model 3.Monte Carlo Simulation	Stock price volatility	17.87%~22.26%	The relationship of volatility degree and fair value will be different with the changes of term structure and characteristic and the degree of in or out-of-money in the duration or knock out event, thus, there was no consistency between both.
			Correlation coefficient	0.22~0.96	The higher the correlation coefficient, the higher the fair value
			Default rate	0.03%~100%	The higher the default rate, the lower the fair value
			Recovery rate	55%	The higher the recovery rate, the higher the fair value
Others	53,849,109	1.IR Model 2.Option Model 3.Hybrid Model 4.FDM 5.Monte Carlo Simulation	Stock price volatility	2.44%~247.28%	The relationship of volatility degree and fair value will be different with the changes of term structure and characteristic and the degree of in or out-of-money in the duration or knock out event, thus, there was no consistency between both.
			Correlation coefficient	0.22~0.96	The higher the correlation coefficient, the higher the fair value
			Default rate	0.03%~100%	The higher the default rate, the lower the fair value
			Recovery rate	55%	The higher the recovery rate, the higher the fair value

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

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

C. Financial instruments not measured at fair value

(A) Fair value information:

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

June 30, 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)	\$ 292,914,427	\$ 316,374,732	\$ 2,994,310	\$ 313,354,644	\$ 25,778
<u>Financial liabilities</u>					
Bonds payable	90,466,681	\$ 97,058,441	-	97,058,441	-
December 31, 2020					
	Book value	Fair value			
		Total	Level 1	Level 2	Level 3
<u>Financial assets</u>					
Investments in debt instruments at amortised cost (Notes 1 and 2)	\$ 284,026,580	\$ 317,826,274	\$ 3,133,569	\$ 314,662,895	\$ 29,810
<u>Financial liabilities</u>					
Bonds payable	78,790,127	81,283,377	-	81,283,377	-
June 30, 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)	\$ 271,868,309	\$ 301,640,653	\$ 3,255,772	\$ 298,350,643	\$ 34,238
<u>Financial liabilities</u>					
Bonds payable	73,826,227	76,581,415	-	50,851,475	25,729,940

Note 1: Including the statutory deposits of all \$2,344,300 of Yuanta Life of the Yuanta Group as of June 30, 2021, December 31, 2020 and June 30, 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 amortised cost: When there is a quoted market price available in an active market, the fair value is determined using the market price. If there is no quoted market price for reference, a valuation technique or quoted price offered by the counterparties will be adopted to measure the fair value.
- d. Deposits and remittances: The duration between the commencement date and maturity date for deposits and remittances are usually within one year. As a result, the carrying amount is a reasonable basis to estimate the fair value. The fair value of long-term fixed rate deposits should be estimated by discounting expected future cash flows; however, since the duration between the commencement date and the maturity date is within three years, it is reasonable to use the carrying amount to estimate the fair value.
- e. Bonds payable: The coupon rate for bank debentures issued by Yuanta Group is approximate to the market interest rate. Thus, the present value of its expected future cash flows for estimating fair value is approximate to its carrying value.

(3) Management objective and policy for financial risk

A. Risk management policy and structural organization

(A) The Yuanta Group's risk management organization structure includes the Board of Directors, the Audit Committee, the Risk Management Committee, senior management, the Risk Management Department, the Legal Compliance Department, the Legal Department, the Information Department and other business departments. The Board of Directors is the highest decision-making unit for risk management. Its primary responsibilities includes approving the Yuanta Group's risk management policy, important risk management systems, and annual risk limits, as well as supervising the enforcement of the risk management system. The Audit Committee should assist the Board of Directors in implementing its risk management responsibilities. Its primary responsibilities includes deliberating the Yuanta Group's risk management policy, important risk management systems, and annual risk limits, as well as assisting the Board of Directors in supervising the 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 includes 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 categorised by client superiority, client profession and the rating of collateral threshold.

(b) Debt instruments investment and derivatives

The Yuanta Group manages the credit risk of debt instruments through consolidating external credit rating and internal credit rating model to establish internal credit rating system, and sets up credit limits for issuers and counterparties accordingly. Credit risk

exposure of related business is consolidated for calculation to ensure that the overall credit risks are in compliance with limits as approved by the Yuanta Group. In addition to the establishment of credit risk management and procedures, the credit risk model is also used to quantify credit risk so that credit risk can be reasonably and effectively controlled and evaluated, so the overall credit risk will be within reasonable bearable capacity of the Yuanta Group's capital.

(c) Margin purchase and short sale

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

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

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

- I. Excellent: This level shows that the counterparty or the underlying asset is equipped with strong capability of fulfilling financial commitments, even under significantly uncertain or adverse conditions.
- II. Acceptable: This level shows that the counterparty's or the underlying asset's capability of fulfilling financial commitments is weak. Any adverse operation, financial or economic conditions will reduce its capability.
- III. Weak: This level shows that the counterparty's or the underlying asset's capability of fulfilling financial commitments is extremely low. The counterparty is able to fulfill financial commitments only when the operating circumstances and its financial condition are favorable.
- IV. Credit-impaired: This level shows that the financial asset has been impaired or there has been a significant increase in the credit risk since initial recognition.

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

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

(b) Expected credit losses calculation

Impairment assessment is based on the calculation of expected credit losses, taking into account reasonable and supportable information about past events, current conditions and forecasts of future economic conditions, which is available without undue cost or

effort, including forecastable information. The Yuanta Group determines at the balance sheet date whether there has been a significant increase in credit risk since initial recognition or whether credit impairment has occurred, and recognizes expected credit losses according to which stage the asset belongs: no significant increase in credit risk or low credit risk at balance sheet date (Stage 1), significant increase in credit risk (Stage 2), and credit-impaired (Stage 3). 12-month expected credit losses are recognized for assets in Stage 1, and lifetime expected credit losses are recognized for assets in Stage 2 and Stage 3.

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

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

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

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

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

(I) Credit business

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

- I. The borrower is over 30 days past due.
- II. Significant deterioration in credit quality and placed on the Yuanta Group's warning list.
- III. Deterioration in credit rating:

Credit rating: The Yuanta Group's internal credit rating of the asset is equivalent to a non-investment grade rating by an external agency, and the rating has dropped by more than two scales since initial recognition.

- IV. Records of bad credit are confirmed after assessment.

(II) Investments in debt instruments

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

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

(III) Other financial assets

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

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

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

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

(I) Credit business

- I. Principal or interest payments over 3 months (90 days) past due, or the bank has begun collection procedures or liquidation of collateral.
- II. New payment schedule is negotiated so that loan is not classified as non-performing.
- III. Non-performing loans in negotiation according to the rules of the Debt Negotiation Mechanism issued by the Bankers Association in 2006 (including pre-mediation).
- IV. Loans that have gone through pre-mediation and have signed agreements in accordance with the Consumer Debt Clearance Act (excluding secured loans where the original terms of the loans are enforced).
- V. Cases where the court has initiated reorganization or liquidation proceedings.
- VI. Declaration of bankruptcy in court.
- VII. Reclassified as non-accrual.
- VIII. Special criterion for credit card products: credit card accounts closed by the issuer.
- IX. Debtor's loans from other banking institutions have been recognized as non-performing, and reclassified as non-accrual or written off as bad debt.
- X. Debtor has filed for bankruptcy, reorganization, or other debt clearance proceedings.

- XI. Debtor renews, extends the length of, and negotiates new payment terms on the loan in accordance with the Bankers Association Self-regulatory Rules for Debt Workouts.
- XII. Non-performing loans where a payment installment plan has been negotiated.
- XIII. Loans classified as “in default” according to the Yuanta Group’s internal credit rating model.
- (II) Investments in debt instruments
An investment in a debt instrument by the Yuanta Group is considered credit-impaired if any of the following conditions apply:
 - I. Both internal and external credit ratings of the instrument are “in default.”
 - II. Principal or interest payments are not made in accordance with the agreement.
 - III. Bankruptcy, reorganization, or other debt clearance proceedings has been filed.
 - IV. Other breaches of contract by the debtor as assessed on a case-by-case basis.
- (III) Other financial assets
 - I. Guarantee deposits: At the balance sheet date, the deposit has not been returned at maturity, and the number of past-due days is in line with the days recorded in the contract.
 - II. Call loans to (from) banks and due from the Central Bank, banks overdrafts, bills with a reverse repo and bond, commercial paper and time deposit and its interest receivable: At the balance sheet date, the date that the Yuanta Group received the payment from counterparties is over the collection date, unless the contractual terms specify it.
 - III. Remaining receivables: At the balance sheet date, the number of past-due days is over the days recorded in the contract, and receivables have been transferred to overdue receivables or have been provided the bad debt expense.
- (IV) Definition of default
When assessing whether the borrower is in default, the Yuanta Group selects among the multiple loans held by the borrower the one with the lowest credit quality. The borrower is considered in default if the principal and interest payments on this selected loan is over 90 days past due or if the selected loan is reclassified as non-accrual or bad debt during the observation period.

III. Write off policy

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

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

- (IV) The non-performing and non-accrual loans are two years past due, and could not be recovered from collection procedures.

IV. Measurement of expected credit losses

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

(I) Credit business

I. Probability of default

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

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

II. Loss given default

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

III. Exposure at default (EAD)

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

(II) Investments in debt instruments

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

V. Consideration of forecastable information

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

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

At least reflected in the forecastable adjustments of PD and LGD: In order to predict future probabilities of default, historical performances of PD, currents 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 monitor the development of the pandemic, and assess and resolve the related impact on the financial condition and operating performance of the Yuanta Group.

g. Maximum risk exposure of the Yuanta Group

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

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

Bills discounted and loans

June 30, 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	\$ 540,578,939	\$ 929,057	\$ -	\$ -	\$ 541,507,996
Internal ratings — acceptable	229,026,911	2,918,671	-	-	231,945,582
Internal ratings — weak	60,002,488	521,844	-	-	60,524,332
Internal ratings — not rated	168,080	21	-	-	168,101
Internal ratings — credit impairment	-	65,454	6,101,841	-	6,167,295
The total carrying amount	829,776,418	4,435,047	6,101,841	-	840,313,306
Allowance for bad debt	(1,689,284)	(212,230)	(3,501,452)	-	(5,402,966)
Differences in impairment provided in accordance with the Regulation Governing the Procedures for Banking/Insurance Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans	-	-	-	(7,464,348)	(7,464,348)
Total (Note)	<u>\$ 828,087,134</u>	<u>\$ 4,222,817</u>	<u>\$ 2,600,389</u>	<u>(\$ 7,464,348)</u>	<u>\$ 827,445,992</u>

Note: Including interest receivable and temporary payments for others amounting to \$592,321. In addition, allowance for doubtful receivables was \$19,757.

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 \$216,913,824 and \$755,834,206, 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

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

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

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

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

Bills discounted and loans

June 30, 2020	12-month expected credit losses (Stage 1)	Lifetime expected credit losses (Stage 2)	Lifetime expected credit losses (Stage 3)	Differences in impairment provided in accordance with the Regulation Governing the Procedures for Banking/Insurance Institutions to Evaluate Assets and Deal with Non-performing /Non-accrual Loans	Total
Credit ratings					
Internal ratings — excellent	\$ 498,863,997	\$ 534,605	\$ -	\$ -	\$ 499,398,602
Internal ratings — acceptable	236,254,225	4,330,851	-	-	240,585,076
Internal ratings — weak	51,497,326	99,130	-	-	51,596,456
Internal ratings — not rated	193,753	664	-	-	194,417
Internal ratings — credit impairment	-	225,379	6,838,763	-	7,064,142
The total carrying amount	786,809,301	5,190,629	6,838,763	-	798,838,693
Allowance for bad debt	(1,448,511)	(260,734)	(3,393,094)	-	(5,102,339)
Differences in impairment provided in accordance with the Regulation Governing the Procedures for Banking/Insurance Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans	-	-	-	(7,826,716)	(7,826,716)
Total (Note)	<u>\$ 785,360,790</u>	<u>\$ 4,929,895</u>	<u>\$ 3,445,669</u>	<u>(\$ 7,826,716)</u>	<u>\$ 785,909,638</u>

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

Additionally, the total 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 \$137,939,875 and \$627,799,997, respectively, and 12-month expected credit losses (Stage 1) are recognized for the majority of these items. The internal ratings of these items are all excellent and acceptable.

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:

June 30, 2021	Collateral (Note)	Net-settled general agreement	Total
<u>For on-balance sheet accounts</u>			
Receivables-other	\$ 17,866	\$ -	\$ 17,866
Bills discounted and loans	654,740,203	-	654,740,203
Financial assets at fair value through profit or loss	134,096	448,064	582,160
<u>For off-balance sheet accounts</u>			
Unused loan commitments	6,052,129	-	6,052,129
Unused credit commitment	91,703	-	91,703
Guarantees (including for non-performing loans)	3,437,515	-	3,437,515
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
June 30, 2020	Collateral (Note)	Net-settled general agreement	Total
<u>For on-balance sheet accounts</u>			
Receivables-other	\$ 24,850	\$ -	\$ 24,850
Bills discounted and loans	586,662,479	-	586,662,479
Financial assets at fair value through profit or loss	353,479	618,053	971,532
<u>For off-balance sheet accounts</u>			
Unused loan commitments	7,272,625	-	7,272,625
Unused credit commitment	231,996	-	231,996
Guarantees (including for non-performing loans)	3,654,899	-	3,654,899

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	June 30, 2021		December 31, 2020	
	Amount	%	Amount	%
Privately owned businesses	\$ 688,314,938	24.98	\$ 704,467,933	27.46
Natural person	738,680,760	26.81	638,832,274	24.90
Financial institutions	742,703,682	26.95	692,709,449	27.01
Governmental institutions	530,160,677	19.24	466,629,428	18.19
Government-owned businesses	53,169,083	1.93	59,664,323	2.33
Others	2,546,889	0.09	2,890,523	0.11
Total	<u>\$ 2,755,576,029</u>	<u>100.00</u>	<u>\$ 2,565,193,930</u>	<u>100.00</u>

Industry	June 30, 2020	
	Amount	%
Privately owned businesses	\$ 661,889,103	28.13
Natural person	564,289,218	23.98
Financial institutions	629,730,734	26.76
Governmental institutions	464,622,410	19.74
Government-owned businesses	30,146,973	1.28
Others	2,475,306	0.11
Total	<u>\$ 2,353,153,744</u>	<u>100.00</u>

(b) Geographic location:

Geography location	June 30, 2021	December 31, 2020	June 30, 2020
Taiwan	\$ 1,940,292,663	\$ 1,751,171,519	\$ 1,576,691,193
Asia	521,036,299	515,138,728	512,158,301
America	188,939,692	192,004,909	165,394,559
Europe	73,363,109	73,387,575	73,078,683
Oceania	31,691,559	33,235,807	25,670,252
Africa	252,707	255,392	160,756
Total	<u>\$ 2,755,576,029</u>	<u>\$ 2,565,193,930</u>	<u>\$ 2,353,153,744</u>

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

(a) Credit business

For the six months ended June 30, 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 six months ended June 30, 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	(7,112)	34,683	(27,571)	-	-	-
-Transferred to credit-impaired financial asset	(7,954)	(8,358)	16,312	-	-	-
-Transferred to 12-month expected credit losses	94,679	(21,194)	(73,485)	-	-	-
-Financial assets derecognised in the current period	(391,791)	(5,313)	(817,094)	(1,214,198)	-	(1,214,198)
Impairment allowance for purchased or originated financial assets	535,073	433	22,027	557,533	-	557,533
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	-	-	-	-	549,533	549,533
Write-off as bad debt	(23,046)	(16,312)	(501,954)	(541,312)	-	(541,312)
Change in exchange and others	(43,525)	(8,625)	346,411	294,261	-	294,261
Ending balances	<u>\$ 1,633,610</u>	<u>\$ 212,355</u>	<u>\$ 3,546,702</u>	<u>\$ 5,392,667</u>	<u>\$ 7,454,890</u>	<u>\$ 12,847,557</u>

					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	
For the six months ended June 30, 2020	12-month expected credit losses (Stage 1)	Lifetime expected credit losses (Stage 2)	Lifetime expected credit losses (Stage 3)	Impairment recognised in accordance with IFRS 9		Total
Beginning balances	\$ 1,383,758	\$ 190,274	\$ 4,948,755	\$ 6,522,787	\$ 7,489,394	\$ 14,012,181
Changes from financial instruments recognised at the beginning:						
-Transferred to lifetime expected credit losses	(7,613)	40,305	(32,692)	-	-	-
-Transferred to credit-impaired financial asset	(6,599)	(4,292)	10,891	-	-	-
-Transferred to 12-month expected credit losses	74,813	(12,962)	(61,851)	-	-	-
-Financial assets derecognised in the current period	(346,274)	(28,155)	(1,525,777)	(1,900,206)	-	(1,900,206)
Impairment allowance for purchased or originated financial assets	523,946	3,260	38,280	565,486	-	565,486
Differences in impairment provided in accordance with the Regulations Governing the Procedures for Banking/Insurance Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans	-	-	-	-	330,312	330,312
Write-off as bad debt	(413,488)	(16,616)	(1,186,306)	(1,616,410)	-	(1,616,410)
Change in exchange and others	214,591	88,775	1,219,335	1,522,701	-	1,522,701
Ending balances	<u>\$ 1,423,134</u>	<u>\$ 260,589</u>	<u>\$ 3,410,635</u>	<u>\$ 5,094,358</u>	<u>\$ 7,819,706</u>	<u>\$ 12,914,064</u>

For the six months ended June 30, 2021, significant changes in the total carrying amount that affected allowance for bad debt are as follows:

Bills discounted and loans	12-month expected credit losses (Stage 1)	Lifetime expected credit losses (Stage 2)	Lifetime expected credit losses (Stage 3)	Total
Beginning balances	\$ 794,212,653	\$ 5,598,352	\$ 7,190,776	\$ 807,001,781
Changes from financial instruments recognised at the beginning:				
-Transferred to lifetime expected credit losses	(1,969,957)	2,019,251	(49,294)	-
-Transferred to credit-impaired financial asset	(874,090)	(587,432)	1,461,522	-
-Transferred to 12-month expected credit losses	960,758	(679,083)	281,675	-
-Financial assets derecognised in the current period	(181,353,296)	(1,698,288)	(1,778,271)	(184,829,855)
Impairment allowance for purchased or originated financial assets	245,590,833	19,410	37,582	245,647,825
Write-off as bad debt	(23,046)	(16,312)	(501,954)	(541,312)
Change in exchange and others	(27,339,595)	(225,470)	7,611	(27,557,454)
Ending balances	\$ 829,204,260	\$ 4,430,428	\$ 6,086,297	\$ 839,720,985

For the six months ended June 30, 2020, significant changes in the total carrying amount that affected allowance for bad debt are as follows:

Bills discounted and loans	12-month expected credit losses (Stage 1)	Lifetime expected credit losses (Stage 2)	Lifetime expected credit losses (Stage 3)	Total
Beginning balances	\$ 773,421,211	\$ 5,042,739	\$ 9,009,936	\$ 787,473,886
Changes from financial instruments recognised at the beginning:				
-Transferred to lifetime expected credit losses	(2,190,569)	2,262,408	(71,839)	-
-Transferred to credit-impaired financial asset	(710,353)	(296,116)	1,006,469	-
-Transferred to 12-month expected credit losses	1,165,993	(821,591)	344,402	-
-Financial assets derecognised in the current period	(191,908,658)	(852,328)	(2,425,859)	(195,186,845)
Impairment allowance for purchased or originated financial assets	237,868,536	224,093	71,557	238,164,186
Write-off as bad debt	(415,424)	(16,616)	(1,186,306)	(1,618,346)
Change in exchange and others	(31,236,388)	(216,175)	764,350	(30,688,213)
Ending balances	\$ 785,994,348	\$ 5,326,414	\$ 6,823,906	\$ 798,144,668

(b) Receivables and other financial assets

- I. The Yuanta Group applies the simplified approach to estimate expected credit loss for certain accounts receivable(including trading securities receivable and settlement price). Expected credit loss rate is determined by assessing historical information and examining whether a significant changes in past events, current conditions and future economic conditions are incurred. As of June 30, 2021, December 31, 2020 and June 30, 2020, the carrying amount of accounts receivable amounted to \$109,599,217, \$68,044,604 and \$55,762,348, respectively. For the six months ended June 30, 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 six months ended June 30,	
	2021	2020
January 1	(\$ 871)	(\$ 1,299)
Reversal of impairment loss	262	489
June 30	<u>(\$ 609)</u>	<u>(\$ 810)</u>

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II. For the six months ended June 30, 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 six months ended June 30, 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	(124)	24,195	(24,071)	-	-	-
-Transferred to credit-impaired financial asset	(1,869)	(1,390)	3,259	-	-	-
-Transferred to 12-month expected credit losses	28,449	(23,762)	(4,687)	-	-	-
-Financial assets derecognised in the current period	(7,282)	(239)	(3,120)	(10,641)	-	(10,641)
Impairment allowance for purchased or originated financial assets	7,768	1,479	8,740	17,987	-	17,987
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	-	-	-	-	7,316	7,316
Write-off as bad debt	(9,515)	(8,957)	(28,525)	(46,997)	-	(46,997)
Change in exchange and others	(46,166)	91,912	(45,059)	687	-	687
The ending balances	\$ 234,111	\$ 163,170	\$ 2,572,920	\$ 2,970,201	\$ 81,164	\$ 3,051,365

					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 six months ended June 30, 2020	12-month expected credit losses (Stage 1)	Lifetime expected credit losses (Stage 2)	Lifetime expected credit losses (Stage 3)	Impairment recognised in accordance with IFRS 9		
The beginning balances	\$ 299,538	\$ 159,325	\$ 2,641,649	\$ 3,100,512	\$ 92,848	\$ 3,193,360
Changes from financial instruments recognised at the beginning:						
-Transferred to lifetime expected credit losses	(11,090)	39,702	(28,612)	-	-	-
-Transferred to credit-impaired financial asset	(4,401)	(1,690)	6,091	-	-	-
-Transferred to 12-month expected credit losses	40,463	(37,726)	(2,737)	-	-	-
-Financial assets derecognised in the current period	(9,612)	(253)	(2,178)	(12,043)	-	(12,043)
Impairment allowance for purchased or originated financial assets	9,182	2,157	9,145	20,484	-	20,484
Differences in impairment provided in accordance with the Regulations Governing the Procedures for Banking/Insurance Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans	-	-	-	-	(23,781)	(23,781)
Write-off as bad debt	(11,127)	(10,571)	(213,725)	(235,423)	-	(235,423)
Change in exchange and others	(71,978)	43,523	369,815	341,360	-	341,360
The ending balances	<u>\$ 240,975</u>	<u>\$ 194,467</u>	<u>\$ 2,779,448</u>	<u>\$ 3,214,890</u>	<u>\$ 69,067</u>	<u>\$ 3,283,957</u>

For the six months ended June 30, 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

						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	
For the six months ended June 30, 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			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	(28)	28	-	-	-	-	-
-Transferred to credit-impaired financial asset	- (17)	17	17	-	-	-	-
-Transferred to 12-month expected credit losses	7,351 (6,982)	(369)	-	-	-	-	-
-Financial assets derecognised in the current period	(20,380)	(1,171)	(19,759)	(41,310)	-	(41,310)	
Impairment allowance for purchased or originated financial assets	11,806	102	18,847	30,755	-	30,755	
Differences in impairment provided in accordance with the Regulations Governing the Procedures for Banking/Insurance Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans	-	-	-	-	(9,325)	(9,325)	
Change in exchange and others	(10,986)	7,811	974	(2,201)	-	(2,201)	
The ending balances	<u>\$ 41,286</u>	<u>\$ 10,605</u>	<u>\$ 56,054</u>	<u>\$ 107,945</u>	<u>\$ 65,201</u>	<u>\$ 173,146</u>	

						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 six months ended June 30, 2020	12-month expected credit losses (Stage 1)	Lifetime expected credit losses (Stage 2)	Lifetime expected credit losses (Stage 3)	Impairment recognised in accordance with IFRS 9			
The beginning balances	\$ 47,767	\$ 16,002	\$ 45,879	\$ 109,648	\$ 87,899	\$	197,547
Changes from financial instruments recognised at the beginning:							
-Transferred to lifetime expected credit losses	(302)	331	(29)	-	-	-	-
-Transferred to credit-impaired financial asset	(1)	(4)	5	-	-	-	-
-Transferred to 12-month expected credit losses	11,929	(11,555)	(374)	-	-	-	-
-Financial assets derecognised in the current period	(15,203)	(1,705)	(16,772)	(33,680)	-	(33,680)	
Impairment allowance for purchased or originated financial assets	15,503	102	15,633	31,238	-	31,238	
Differences in impairment provided in accordance with the Regulations Governing the Procedures for Banking/Insurance Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans	-	-	-	-	(9,077)	(9,077)	
Change in exchange and others	(5,899)	11,079	1,128	6,308	-	6,308	
The ending balances	\$ 53,794	\$ 14,250	\$ 45,470	\$ 113,514	\$ 78,822	\$	192,336

I. For the six months ended June 30, 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 six months ended June 30, 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 \$82,248 and \$106,902, respectively. For the six months ended June 30, 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 \$144,099 and \$148,844, respectively. The changes are attributed to changes in 12-month expected credit losses and were immaterial. In addition, there were no material changes to the related total carrying amounts.

(B) Market risk

a. Source and definition of risk

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

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

b. Risk management principle

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

c. Market risk assessment

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

VaR for a trading purpose:

Instrument type	For the six months ended June 30, 2021			
	June 30, 2021	VaR Average	VaR Minimum	VaR Maximum
Interest rate	124,821	155,611	115,904	213,911
Equity securities	543,487	499,401	376,175	625,974
Foreign exchange	215,648	231,214	202,399	281,167
Commodity	27,133	33,540	13,555	54,194
Less: diversification effects	(308,157)	(310,619)	-	-
Total VaR	602,932	609,147	494,300	741,514

Instrument type	For the six months ended June 30, 2020			
	June 30, 2020	VaR Average	VaR Minimum	VaR Maximum
Interest rate	124,349	142,755	81,369	207,818
Equity securities	432,042	317,455	206,312	507,093
Foreign exchange	482,133	503,111	352,479	720,254
Commodity	15,208	16,892	2,726	133,295
Less: diversification effects	(349,541)	(288,866)	-	-
Total VaR	704,191	691,347	518,889	988,652

(b) Non-trading purpose

Sensitivity analysis on interest rate:

		June 30, 2021	December 31, 2020	June 30, 2020
		Effect on other comprehensive income	Effect on other comprehensive income	Effect on other comprehensive income
Interest rate shift				
Financial assets at fair value through other comprehensive income-Bonds				
Yuanta Bank	Increase of 1 basis point	(\$ 42,721)	(\$ 39,181)	(\$ 34,103)
Yuanta Life	Increase of 1 basis point	(53,807)	(64,710)	(55,754)

d. As of June 30, 2021, December 31, 2020 and June 30, 2020, the following table summarizes USD-denominated financial instruments of the Yuanta Group and the concentration of foreign exchange risk presented by carrying amount.

	June 30, 2021		December 31, 2020		June 30, 2020	
	USD position	Carrying amount (NTD)	USD position	Carrying amount (NTD)	USD position	Carrying amount (NTD)
Foreign currency denominated financial assets						
Cash and cash equivalents	\$ 1,062,407	\$ 29,609,279	\$ 1,143,139	\$ 32,588,593	\$ 1,343,532	\$ 39,849,156
Financial assets at fair value through profit or loss	1,240,241	34,565,521	1,156,732	32,976,126	1,089,649	32,318,992
Financial assets at fair value through other comprehensive income	4,164,026	116,051,402	3,604,661	102,761,670	2,779,516	82,440,439
Financial assets at amortized cost	6,300,170	175,585,751	5,936,702	169,243,501	5,288,893	156,868,571
Bills discounted and loans	1,881,952	52,449,990	2,216,471	63,187,152	2,458,281	72,912,606
Foreign currency denominated financial liabilities						
Bills and bonds payable under repurchase agreements	1,143,204	31,861,094	1,181,705	33,688,055	1,120,325	33,228,845
Deposits and remittances	4,678,264	130,383,209	4,514,794	128,707,754	4,621,246	137,066,143
Other liabilities	813,786	22,680,205	873,037	24,888,539	212,017	6,288,410

Note: As of June 30, 2021, December 31, 2020 and June 30, 2020, USD to TWD exchange rates were 27.870, 28.508 and 29.660, respectively.

(BLANK)

e. As of June 30, 2021, December 31, 2020 and June 30, 2020, the following table summarizes KRW-denominated assets and liabilities of Yuanta Securities and the concentration of foreign exchange risk presented by carrying amount.

	June 30, 2021		December 31, 2020		June 30, 2020	
	KRW position (in thousands)	Carrying amount (NTD)	KRW position (in thousands)	Carrying amount (NTD)	KRW position (in thousands)	Carrying amount (NTD)
<u>Effect on profit or loss</u>						
Financial assets						
Cash and cash equivalents	\$ 658,240,550	\$ 16,267,099	\$ 674,411,743	\$ 17,703,983	\$ 672,756,416	\$ 16,583,446
Financial assets at fair value through profit or loss	9,390,986,949	232,079,460	8,932,727,966	234,493,042	8,740,781,104	215,460,254
Financial assets at fair value through other comprehensive income	209,049,478	5,166,240	195,774,229	5,139,269	174,100,429	4,291,576
Accounts receivable	522,827,478	12,920,635	691,764,747	18,159,516	440,719,989	10,863,748
Prepayments and other receivables	50,814,006	1,255,767	53,120,817	1,394,475	12,930,016	318,725
Other current assets	148,828,638	3,678,002	126,875,789	3,330,616	115,978,118	2,858,861
Non-current assets	16,990,983	419,898	17,317,074	454,591	17,110,515	421,774
Financial liabilities						
Financial liabilities at fair value through profit or loss	2,143,808,665	52,979,944	1,751,608,479	45,981,474	1,759,090,003	43,361,569
Bonds sold under repurchase agreements	3,689,702,387	91,183,615	3,871,343,939	101,626,650	4,132,609,935	101,868,835
Guarantee deposit-in and margin deposits	117,017,184	2,891,846	102,015,844	2,678,018	71,466,916	1,761,659
Other current liabilities	132,698,112	3,279,368	44,292,568	1,162,724	90,068,687	2,220,193
Non-current liabilities	121,966,849	3,014,167	114,693,208	3,010,811	-	-
<u>Effect on profit or loss and equity</u>						
Financial assets						
Equity investments accounted for under the equity method	104,241,494	2,576,120	89,172,093	2,340,857	806,677,950	19,884,611

Note: As of June 30, 2021, December 31, 2020 and June 30, 2020, the KRW to TWD exchange rate were 0.025, 0.026 and 0.025, respectively.

(C) Liquidity risk

a. Source and definition of liquidity risk

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

b. Liquidity risk management principle

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

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

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

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

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

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

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

June 30, 2021

Financial assets	0~90 days	91 days~1 year	Over 1 year	Total
Non-derivative financial instruments				
Cash and cash equivalents	\$ 59,126,426	\$ 9,890,458	\$ 86,489	\$ 69,103,373
Due from Central Bank and call loans to other banks	32,038,991	10,532,084	19,564,400	62,135,475
Financial assets at fair value through profit or loss	413,770,828	76,762,449	104,178,299	594,711,576
Financial assets at fair value through other comprehensive income	29,905,370	13,349,436	259,028,915	302,283,721
Investments in bills and bonds under resale agreements	42,398,800	27,870	-	42,426,670
Receivables	260,236,479	53,826,528	10,825,728	324,888,735
Bills discounted and loans	146,724,484	158,193,816	533,791,220	838,709,520
Reinsurance contract assets	515,593	755,335	-	1,270,928
Financial assets at amortised cost	126,510,673	39,965,733	320,045,810	486,522,216
Restricted assets	-	-	3,170,804	3,170,804
Other financial assets	87,156,799	22,211	27,531,374	114,710,384
Other assets	30,262,087	2,246,471	10,553,781	43,062,339
Derivative financial instruments				
Financial assets at fair value through profit or loss				
Gross settlement				
Cash inflow	33,068,919	15,619,973	-	48,688,892
Cash outflow	(32,558,620)	(15,471,922)	-	(48,030,542)
Net settlement	1,497,654	1,363,326	1,515,639	4,376,619
Total	\$ 1,230,654,483	\$ 367,083,768	\$ 1,290,292,459	\$ 2,888,030,710
Financial liabilities				
Non-derivative financial instruments				
Deposits from Central Bank and other banks	\$ 18,095,430	\$ 4,939,254	\$ -	\$ 23,034,684
Due to Central Bank and other banks	20,000	580,800	-	600,800
Financial liabilities at fair value through profit or loss	66,524,915	1,259,055	27,107,165	94,891,135
Bills and bonds payable under repurchase agreements	124,250,373	27,783,345	38,477,129	190,510,847
Commercial paper payable	55,827,488	6,423,477	-	62,250,965
Payables	216,938,896	25,325,801	54,130,323	296,395,020
Deposits and remittances	273,584,018	393,056,522	652,563,754	1,319,204,294
Bonds payable	2,532,711	12,808,999	72,768,331	88,110,041
Other borrowings	61,891,414	3,814,080	6,418,133	72,123,627
Other financial liabilities	87,295,348	1,340,220	34,465,554	123,101,122
Other liabilities	34,475,676	5,522	3,193,875	37,675,073
Lease liabilities	250,721	1,010,689	6,074,595	7,336,005
Derivative financial instruments				
Financial liabilities at fair value through profit or loss				
Gross settlement				
Cash inflow	(28,114,527)	(12,095,740)	(2,787,000)	(42,997,267)
Cash outflow	28,959,936	12,186,322	2,791,910	43,938,168
Net settlement	125,457	597,692	627,575	1,350,724
Total	\$ 942,657,856	\$ 479,036,038	\$ 895,831,344	\$ 2,317,525,238

December 31, 2020

Financial assets	0~90 days	91 days~1 year	Over 1 year	Total
Non-derivative financial instruments				
Cash and cash equivalents	\$ 61,982,603	\$ 15,234,266	\$ 280,329	\$ 77,497,198
Due from Central Bank and call loans to other banks	27,254,595	10,092,759	17,026,202	54,373,556
Financial assets at fair value through profit or loss	393,223,577	53,031,321	122,202,953	568,457,851
Financial assets at fair value through other comprehensive income	10,234,735	14,726,206	248,062,195	273,023,136
Investments in bills and bonds under resale agreements	58,336,318	-	-	58,336,318
Receivables	187,975,876	42,663,552	13,813,943	244,453,371
Bills discounted and loans	141,666,704	158,243,571	505,620,132	805,530,407
Reinsurance contract assets	474,044	625,413	-	1,099,457
Financial assets at amortised cost	114,612,311	30,349,573	285,337,543	430,299,427
Restricted assets	-	-	2,961,020	2,961,020
Other financial assets	75,247,715	21,998	4,023,123	79,292,836
Other assets	24,989,447	696,713	13,169,310	38,855,470
Derivative financial instruments				
Financial assets at fair value through profit or loss				
Gross settlement				
Cash inflow	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	<u>\$ 1,097,747,261</u>	<u>\$ 328,130,013</u>	<u>\$ 1,214,258,476</u>	<u>\$ 2,640,135,750</u>
Financial liabilities				
Non-derivative financial instruments				
Deposits from Central Bank and other banks	\$ 12,148,806	\$ 3,263,493	\$ -	\$ 15,412,299
Due to Central Bank and other banks	596,000	79,000	-	675,000
Financial liabilities at fair value through profit or loss	69,292,164	2,925,332	2,143,394	74,360,890
Bills and bonds payable under repurchase agreements	147,038,875	34,368,399	35,213,913	216,621,187
Commercial paper payable	19,497,099	7,920,390	-	27,417,489
Payables	173,313,082	21,651,552	53,329,810	248,294,444
Deposits and remittances	270,274,785	372,639,773	568,105,836	1,211,020,394
Bonds payable	3,535,198	13,690,505	58,410,734	75,636,437
Other borrowings	41,908,532	3,722,598	12,164,931	57,796,061
Other financial liabilities	79,583,504	875,539	8,254,541	88,713,584
Other liabilities	38,741,761	40,879	3,125,657	41,908,297
Lease 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	<u>\$ 858,635,192</u>	<u>\$ 462,533,642</u>	<u>\$ 748,254,404</u>	<u>\$ 2,069,423,238</u>

June 30, 2020

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

Maturity analysis for above deposits and remittances are amortised to each period based on historical experience. Given that all the deposits and remittances have to be paid in the shortest possible time, as of June 30, 2021, December 31, 2020 and June 30, 2020, expenses on period of 0-90 days will increase by \$690,190,054, \$597,259,138 and \$520,816,955, respectively.

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

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

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

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

		June 30, 2021			
		Less than 1 year	1 ~5 years	More than 5 years	Total
Off balance sheet					
Unused loan commitment	\$	22,330,089	\$ -	\$ -	\$ 22,330,089
Unused credit commitment		3,120,052	-	-	3,120,052
Guarantees		10,864,893	-	-	10,864,893
Capital expenditure commitment		1,859,834	1,236,662	-	3,096,496
		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
		June 30, 2020			
		Less than 1 year	1 ~5 years	More than 5 years	Total
Off balance sheet					
Unused loan commitment	\$	24,164,000	\$ -	\$ -	\$ 24,164,000
Unused credit commitment		2,835,945	-	-	2,835,945
Guarantees		13,618,958	-	-	13,618,958
Capital expenditure commitment		728,915	71,448	61,319	861,682

(D) Transfer of financial assets

Transferred financial assets not fully derecognised

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

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

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

June 30, 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	\$ 20,501,586	\$ 16,420,007
Bonds sold under repurchase agreements	194,424,583	190,510,847
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

June 30, 2020		
Financial assets category	Carrying amount of transferred financial assets	Carrying amount of related financial liabilities
Convertible corporate bonds transferred to the trading counterparties through asset swap	\$ 19,936,696	\$ 18,567,943
Bonds sold under repurchase agreements	219,336,679	214,410,003

(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

June 30, 2021						
Financial assets that are offset, or can be settled under agreements of net settled master netting arrangements or similar arrangements						
Description	Gross amounts of recognised financial assets(a)	Gross amounts of recognised financial liabilities set off in the balance sheet(b)	Net amounts of financial assets presented in the balance sheet (c)=(a)-(b)	Related amounts not set off in the balance sheet(d)(Note 1)		
				Financial instruments (Note 2)	Cash collateral received	Net amount (e)=(c)-(d)
Derivative instruments	\$ 7,194,744	\$ -	\$ 7,194,744	\$ 3,785,414	\$ 2,479,268	\$ 930,062
Bonds purchased under resale agreements	42,426,670	-	42,426,670	39,586,907	2,191,814	647,949

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

June 30, 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	\$ 8,783,765	\$ -	\$ 8,783,765	\$ 6,017,401	\$ 1,346,917	\$ 1,419,447
Bonds purchased under resale agreements	42,141,240	-	42,141,240	40,874,240	1,267,000	-

b. Financial liabilities

June 30, 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	\$ 7,765,453	\$ -	\$ 7,765,453	\$ 6,096,558	\$ 777,320	\$ 891,575
Bonds sold under repurchase agreements	190,510,847	-	190,510,847	190,468,496	42,351	-

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	-

June 30, 2020

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

Description				Related amounts not set off in the balance sheet(d)(Note 1)		
	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)	Financial instruments (Note 3)	Cash collateral received	Net amount (e)=(c)-(d)
Derivative instruments	\$ 11,725,347	\$ -	\$ 11,725,347	\$ 9,330,662	\$ 1,328,024	\$ 1,066,661
Bonds sold under repurchase agreements	214,410,003	-	214,410,003	214,410,003	-	-

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

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

Note 3: Including net settled master netting arrangements.

(F) Insurance risk

a. Measurement and management of insurance risk

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

(a) Life insurance

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

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

(b) Variable life insurance

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

(c) Accident insurance and health insurance

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

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

(d) Management of insurance risk

I. Risk management of policy underwriting

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

II. Risk management of payment of claims

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

III. Risk of product designing and pricing

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

b. Insurance risk concentration

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

c. Liability adequacy test

According to the relevant insurance regulation, the assumption factors adopted have been locked-in during pricing. However, the assumption may vary from the actual experience as time goes by. Pursuant to IFRS 4, 'Insurance contracts', the Yuanta Group should perform liability adequacy test accordingly to determine whether or not the recognised insurance liability is adequate. In respect of overall insurance contracts of the Yuanta Group as of June 30, 2021, December 31, 2020 and June 30, 2020, the liabilities will still be adequate on the assumption that the mortality, lapse, and expense rates all change by 10% and inflation rate changes by 1%.

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

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

(a) Credit risk

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

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

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

(b) Liquidity risk

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

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

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

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Less than 1 year	(\$ 1,942,475)	(\$ 7,293,976)	(\$ 26,071,310)
1 ~5 years	16,859,951	13,171,251	16,959,627
6 ~15 years	89,619,692	90,306,283	87,425,843
More than 15 years	519,638,224	549,530,819	544,920,310
Total	<u>\$ 624,175,392</u>	<u>\$ 645,714,377</u>	<u>\$ 623,234,470</u>

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

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

(c) Market risk

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

(4) Capital adequacy ratio:

Expressed In Thousands of NTD

June 30, 2021			
	Financial Holding Company		
	<u>Shareholding Ratio</u>	<u>Eligible capital</u>	<u>Minimum capital</u>
Financial holding company	-	\$ 256,658,304	\$ 293,145,680
Bank subsidiaries	100.00%	134,385,121	90,169,904
Securities subsidiaries	100.00%	78,017,295	38,937,071
Futures subsidiaries	66.27%	7,726,230	4,325,534
Insurances subsidiaries	100.00%	27,776,613	12,485,230
Venture capital subsidiaries	100.00%	3,420,747	1,708,518
Securities investment trust subsidiaries	74.71%	3,660,920	2,121,490
Other subsidiaries	100.00%	3,951,746	2,062,424
Deduction item		(304,378,828)	(288,475,202)
Subtotal		<u>\$ 211,218,148</u>	<u>\$ 156,480,649</u>
Capital adequacy ratio of the Consolidated Company		134.98%	

Expressed In Thousands of NTD

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

As of June 30, 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	63,508,066
Other equity	10,355,894
Less: goodwill and other intangible assets	(5,312)
Less: deferred assets	(50,360)
Total net eligible capital	<u>\$ 256,658,304</u>

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

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

(BLANK)

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

Name	(Expressed In Millions of New Taiwan Dollars)	
	June 30, 2021	
	Total of business credit, endorsements, or other transaction	Percentage of net value of the company (%)
Same individual:		
Central Bank, R.O.C	\$ 194,477	75.76
Securities Korea_Korea_Finance and Insurance Industry	146,558	57.09
Central Government, R.O.C	116,588	45.42
Taiwan Semiconductor Manufacturing Co., Ltd.	18,304	7.13
CPC Corporation, Taiwan	15,744	6.13
Taiwan Power Company	12,891	5.02
U.S. Government	11,783	4.59
Cathay Financial Holding Co., Ltd.	11,688	4.55
Far Eastern New Century Corporation	9,917	3.86
Nan Ya Plastics Corporation	9,765	3.80
China Steel Corporation	9,343	3.64
Uni-President Enterprises Group	9,149	3.56
Taiwan Cooperative Bank	8,903	3.47
Formosa Chemicals & Fibre Corporation	8,884	3.46
Securities Korea_Korea_Public Administration and National Defen	8,685	3.38
Taiwan Cement Corporation	8,568	3.34
Taiwan Depository & Clearing Corporation	8,365	3.26
Taiwan Mobile Co., Ltd.	8,177	3.19
CTBC Financial Holding Co., Ltd.	8,074	3.14
GlobalWafers Co., Ltd.	7,480	2.91
Chunghwa Telecom Co., Ltd.	7,357	2.87
Federal Home Loan Mortgage CORPORATION	7,340	2.86
Highwealth Construction Corp.	7,257	2.83
Asia Cement Corporation	7,249	2.82
Far Eastone Telecommunications Co., Ltd.	7,072	2.75
Formosa Plastics Corporation	6,929	2.70
TSMC Global Ltd.	6,640	2.59
ASE Technology Holding Co., Ltd.	6,566	2.56
YO JI CONSTRUCTION CO., LTD.	6,502	2.53
Wavely Logistics Limited., Taiwan Branch	6,150	2.40
National Australia Bank Ltd.	6,038	2.35
Taiwan Water Corporation	6,005	2.34
Formosa Group (Cayman) Limited	5,951	2.32
Fubon Securities Investment Trust Co., Ltd	5,887	2.29
JPMorgan Chase & Co.	5,848	2.28
Pegatron Corporation	5,727	2.23

(Expressed In Millions of New Taiwan Dollars)		
June 30, 2021		
Name	Total of business credit, endorsements, or other transaction	Percentage of net value of the company (%)
Same individual:		
Federal National Mortgage Association	\$ 5,710	2.22
Quanta Computer Inc.	5,670	2.21
STATE OF ISRAEL	5,636	2.20
The Export-Import Bank of the Republic of China	5,508	2.15
Taiwan Futures Exchange	5,488	2.14
Capital Securities Investment Trust Co., Ltd	5,408	2.11
Evergreen Marine Corp.	5,369	2.09
ASUSTEK COMPUTER INCORPORATION	5,294	2.06
FIRST ABU DHABI BANK PJS	5,062	1.97
BNP Paribas	4,986	1.94
China Airlines Ltd.	4,951	1.93
Taiwan Stock Exchange	4,836	1.88
Apple Inc.	4,788	1.87
EVA Airways Corporation	4,782	1.86
GOVERNMENT NATIONAL MORTGAGE ASSOCIATION	4,649	1.81
USI Corporation	4,556	1.77
Cathay Securities Investment Trust Co., LTD.	4,410	1.72
Shanghai Commercial and Savings Bank	4,331	1.69
Commonwealth Bank of Australia	4,273	1.66
First Financial Holding Co. Ltd.	4,253	1.66
Hua Nan Financial Holdings Co., Ltd.	4,238	1.65
Cheng Shin Rubber Ind., Co., Ltd.	4,181	1.63
Shin Kong Financial Holding Co.,Ltd.	4,153	1.62
TATUNG CO.	3,934	1.53
BANK OF THAILAND	3,890	1.52
Agricultural Bank of Taiwan	3,813	1.49
Taipei Financial Center Corp.	3,768	1.47
FORMOSA HA TINH (CAYMAN) LIMITED	3,762	1.47
Yuan Ding Investment Corp.	3,671	1.43
Union Bank of Switzerland	3,670	1.43
VISA INC	3,498	1.36
Sumitomo Mitsui Financial Group	3,497	1.36
Chang Chun Petrochemical Co., Ltd.	3,477	1.35
Lien-Jade Construction Co.,Ltd.	3,451	1.34
Radium Life Tech Co., Ltd.	3,448	1.34
KKY Co., Ltd.	3,417	1.33
STATE OF QATAR	3,393	1.32
SUNPOWER CONSTRUCTION CO., LTD.	3,390	1.32
International Bills Finance Corp	3,280	1.28

(Expressed In Millions of New Taiwan Dollars)		
June 30, 2021		
Name	Total of business credit, endorsements, or other transaction	Percentage of net value of the company (%)
Same individual:		
Aerospace Industrial Development Corporation	\$ 3,230	1.26
Central Nippon Expressway Company Limited	3,218	1.25
WESTPAC GROUP	3,214	1.25
Australia and New Zealand Banking Group	3,205	1.25
ADCB FINANCE CAYMAN LTD	3,198	1.25
Formosa Petrochemical Corp	3,119	1.22
Wells Fargo & Company	3,118	1.21
Shuohe Development Co., Ltd.	3,113	1.21
The Bank of Tokyo-Mitsubishi UFJ	3,106	1.21
Coöperatieve Rabobank U.A.	3,090	1.20
Crédit Agricole Corporate and Investment Bank	3,075	1.20
Leofoo Development Co.Ltd.	3,050	1.19
Credit Agricole S.A.	3,050	1.19
Total	948,538	369.49
Same related party:		
Mr. Liao and its related parties	\$ 18,332	7.14
Mr. Fang and its related parties	18,324	7.14
Mr. Jin and its related parties	13,102	5.10
Mr. Chen and its related parties	10,201	3.97
Mr. Wu and its related parties	10,101	3.94
Mr. Lin and its related parties	8,990	3.50
Mr. Lin and its related parties	7,610	2.97
Mr. Ding and its related parties	6,267	2.44
Mr. Chen and its related parties	5,411	2.11
Mr. Huang and its related parties	5,361	2.09
Mr. Chang and its related parties	5,082	1.98
Mr. Chang and its related parties	4,862	1.89
Mr. Huang and its related parties	4,315	1.68
Mr. Chang and its related parties	4,309	1.68
Mr. Chang and its related parties	4,284	1.67
Mr. Lin and its related parties	4,195	1.63
Mr. Yang and its related parties	4,015	1.57
Mr. Yang and its related parties	3,981	1.55
Mr. Yang and its related parties	3,976	1.55
Mr. Chang and its related parties	3,768	1.47
Mr. Liao and its related parties	3,751	1.46
Mr. Li and its related parties	3,737	1.46
Mr. He and its related parties	3,501	1.36
Mr. He and its related parties	3,214	1.25

(Expressed In Millions of New Taiwan Dollars)		
June 30, 2021		
Name	Total of business credit, endorsements, or other transaction	Percentage of net value of the company (%)
Same related party:		
Mr. Chang and its related parties	\$ 3,191	1.24
Mr. Yang and its related parties	3,028	1.18
Total	166,908	65.02
Same affiliated company:		
Formosa Plastic Group	\$ 41,202	16.05
Far Eastern Group	31,749	12.37
Taiwan Semiconductor Group	25,679	10.00
Cathay Holdings Group	19,294	7.52
CTBC Financial Holding Group	16,637	6.48
Fubon Group	15,766	6.14
Uni-President Enterprises Group	13,366	5.21
Taiwan Stock Exchange	13,209	5.15
Taiwan Cooperative Financial Holding Co., Ltd.	12,800	4.99
China Steel Corporation Group	12,431	4.84
Evergreen Group	10,695	4.17
Yong Feng Yu Group	9,545	3.72
Taiwan Cement Group	9,008	3.51
China Development Group	8,870	3.45
ASE Group	8,198	3.19
HIGHWEALTH Group	7,779	3.03
First Financial Holdings Group	7,751	3.02
SINO-AMERICAN SILICON PRODUCTS INC.	7,638	2.97
JPMorgan Chase & Co.	7,514	2.93
Chunghwa Telecom Company, Ltd.	7,408	2.88
Foxconn Technology Group	7,325	2.85
Hua Nan Financial Holdings Group	7,247	2.82
Shin Kong Group	7,034	2.74
Crédit Agricole Group	6,125	2.39
Commonwealth Bank of Australia	5,874	2.29
Quanta Computer Group	5,838	2.27
Pegatron Group	5,804	2.26
BNP Paribas S.A.	5,800	2.26
Yulon Group	5,592	2.18
ASUS Group	5,347	2.08
China Airlines Group	4,998	1.95
CHANG CHUN Group	4,985	1.94
Four Union Group	4,930	1.92
USI Group	4,922	1.92
BenQ Group	4,741	1.85
Cheng Shin Group	4,738	1.85

(Expressed In Millions of New Taiwan Dollars)		
June 30, 2021		
Name	Total of business credit, endorsements, or other transaction	Percentage of net value of the company (%)
Same affiliated company:		
The Shanghai Commercial & Savings Bank, Ltd.	\$ 4,357	1.70
Testrite Group	4,329	1.69
Taishin Financial Holdings Group	4,301	1.67
Wistron Corporation	4,209	1.64
Vedan Group	4,018	1.56
Tatung Company	3,939	1.53
IBF Financial Holdings Group	3,878	1.51
Sinar Mas Group	3,852	1.50
Taiwan Broadband (TBC) Group	3,734	1.45
Mega Financial Holdings Group	3,683	1.43
Lealea Group	3,671	1.43
Radium Life Tech Group	3,659	1.43
United Microelectronics Group	3,586	1.40
LIEN JADE Construction Group	3,572	1.39
E.SUN Financial Holding Co., Ltd.	3,473	1.35
Wei Chuan Foods Corporation	3,473	1.35
Wells Fargo & Company	3,436	1.34
Foxlink Group	3,403	1.33
Kingtown & Construction Co., Ltd	3,275	1.27
HSBC Group	3,204	1.25
Societe Generale Group	3,174	1.24
Total	456,065	177.65
	\$ 1,571,511	\$ 612.16

(Expressed In Millions of New Taiwan Dollars)		
June 30, 2020		
Name	Total of business credit, endorsements, or other transaction	Percentage of net value of the company (%)
Same individual:		
Central Bank, R.O.C	\$ 140,861	59.39
Central Government, R.O.C	122,070	51.47
THE KOREA DEVELOPMENT BANK	35,799	15.09
Public Capital Management Fund	29,126	12.28
Taiwan Power Company	15,566	6.56
INDUSTRIAL BANK OF KOREA	14,116	5.95
Taiwan Semiconductor Manufacturing Co., Ltd.	12,954	5.46
Taiwan Cement Corporation	11,451	4.83
CTBC Financial Holding Co., Ltd.	9,896	4.17
Taiwan Mobile Co., Ltd.	9,074	3.83

(Expressed In Millions of New Taiwan Dollars)		
June 30, 2020		
Name	Total of business credit, endorsements, or other transaction	Percentage of net value of the company (%)
Same individual:		
Export-Import Bank of Korea	\$ 8,758	3.69
CPC Corporation, Taiwan	8,070	3.40
The Export-Import Bank of the Republic of China	7,813	3.29
EVA Airways Corporation	7,688	3.24
Formosa Plastics Corporation	7,443	3.14
Uni-President Enterprises Group	7,096	2.99
Far Eastern New Century Corporation	7,065	2.98
Cathay Financial Holding Co., Ltd.	6,378	2.69
JPMorgan Chase & Co.	6,358	2.68
HSBC Bank (Taiwan)	6,309	2.66
Nan Ya Plastics Corporation	6,307	2.66
Shin Kong Financial Holding Co., Ltd.	6,269	2.64
Highwealth Construction Corp.	5,993	2.53
Asia Cement Corporation	5,930	2.50
Taiwan Depository & Clearing Corporation	5,909	2.49
Fubon Securities Investment Trust Co., Ltd	5,841	2.46
Formosa Group (Cayman) Limited	5,817	2.45
Cheng Shin Rubber Ind., Co., Ltd.	5,644	2.38
National Australia Bank	5,628	2.37
Far Eastone Telecommunications Co., Ltd.	5,604	2.36
Shuohe Development Co., Ltd.	5,540	2.34
YangMing Marine Transport Corp.	5,472	2.31
China Airlines Ltd.	5,450	2.30
Yuan Ding Investment Corp.	5,159	2.18
The Bank of Tokyo-Mitsubishi UFJ	5,042	2.13
Taiwan Futures Exchange	5,017	2.12
Capital Securities Investment Trust Co., Ltd	4,949	2.09
Commonwealth Bank of Australia	4,908	2.07
STATE OF ISRAEL	4,841	2.04
Hua Nan Financial Holdings Co., Ltd.	4,809	2.03
Pegatron Corporation	4,802	2.02
Shanghai Commercial and Savings Bank	4,608	1.94
BNP Paribas	4,518	1.91
NATIONAL BK OF ABU DHABI	4,509	1.91
Formosa Chemicals & Fibre Corporation	4,416	1.86
USI Corporation	4,344	1.83
Wavely Logistics Limited., Taiwan Branch	4,210	1.78
Federal National Mortgage Association	4,188	1.77
Westpac Banking Corporation	4,159	1.75
China Steel Corporation	4,069	1.72

(Expressed In Millions of New Taiwan Dollars)

June 30, 2020

Name	Total of business credit, endorsements, or other transaction	Percentage of net value of the company (%)
Same individual:		
SHINHAN BANK	\$ 4,067	1.71
Federal Home Loan Mortgage CORPORATION	4,025	1.70
Radium Life Tech Co., Ltd.	4,009	1.69
KKY Co., Ltd.	4,000	1.69
Taipei Financial Center Corp.	3,964	1.67
Central American Bank for Economic Integration	3,804	1.60
Shang Chih Asset Development Co., Ltd.	3,800	1.60
RABO BANK NEDERLANDS	3,595	1.52
ADCB FINANCE CAYMAN LTD	3,578	1.52
Dragon Steel Corporation	3,533	1.49
Apple Inc.	3,501	1.48
Yulon Finance Corporation	3,466	1.46
KGI Securities Investment Trust Co., Ltd.	3,451	1.46
Wells Fargo & Company	3,411	1.44
KEB HANA BANK	3,390	1.43
YULON MOTOR CO.,LTD	3,279	1.38
ASE Technology Holding Co., Ltd.	3,272	1.38
Chang Chun Petrochemical Co., Ltd.	3,228	1.36
KOREA EXCHANGE	3,208	1.35
Quanta Computer Inc.	3,163	1.33
BANK OF AMERICA CORP	3,134	1.32
CITIGROUP INC	3,090	1.30
Kaohsiung City Government	3,044	1.28
Bank of Montreal	3,022	1.27
US TREASURY N/B	3,021	1.27
Evergreen Marine Corp.	3,013	1.27
Total	717,911	302.70
Same related party:		
Mr. Jin and its related parties	\$ 15,346	6.47
Mr. Fang and its related parties	12,990	5.48
Mr. Lin and its related parties	11,917	5.02
Mr. Lin and its related parties	8,617	3.63
Mr. Huang and its related parties	7,100	2.99
Mr. Wu and its related parties	7,091	2.99
Mr. Chen and its related parties	6,719	2.83
Mr. Ding and its related parties	6,561	2.77
Mr. Lin and its related parties	6,286	2.65
Mr. Chang and its related parties	5,191	2.19
Mr. Chang and its related parties	4,843	2.04
Mr. Chang and its related parties	4,109	1.73

(Expressed In Millions of New Taiwan Dollars)		
June 30, 2020		
Name	Total of business credit, endorsements, or other transaction	Percentage of net value of the company (%)
Same related party:		
Mr. Chang and its related parties	\$ 4,093	1.73
Mr. Chang and its related parties	3,964	1.68
Mr. Yang and its related parties	3,481	1.47
Mr. Yang and its related parties	3,471	1.46
Mr. Yang and its related parties	3,451	1.46
Mr. Kuo and its related parties	3,396	1.43
Mr. Chen and its related parties	3,062	1.29
Mr. Chen and its related parties	3,013	1.27
Total	124,701	52.58
Same affiliated company:		
Formosa Plastic Group	\$ 31,923	13.46
Far Eastern Group	27,820	11.73
CTBC Financial Holding Group	18,058	7.61
Fubon Group	16,507	6.96
Industrial Bank of Korea Group	15,345	6.47
Taiwan Semiconductor Group	13,239	5.58
Taiwan Cement Group	11,934	5.03
Evergreen Group	11,351	4.79
Cathay Holdings Group	11,258	4.75
Uni-President Enterprises Group	10,767	4.54
HSBC Group	9,514	4.01
China Development Group	9,257	3.90
China Steel Corporation Group	9,140	3.85
JPMorgan Chase & Co.	8,979	3.79
Yong Feng Yu Group	8,659	3.65
Shin Kong Group	8,228	3.47
Grand River D. Limited	7,851	3.31
Yulon Group	7,187	3.03
Commonwealth Bank of Australia	7,064	2.98
ASE Group	6,909	2.91
Hana Financial Group	6,872	2.90
Hua Nan Financial Holdings Group	6,827	2.88
HIGHWEALTH Group	6,497	2.74
Cheng Shin Group	6,311	2.66
Shinhan Financial Group	6,308	2.66
KB Financial Group	5,883	2.48
Yang Ming Marine Transport Group	5,726	2.41
China Airlines Group	5,503	2.32
Chailease Group	5,485	2.31

(Expressed In Millions of New Taiwan Dollars)		
June 30, 2020		
Name	Total of business credit, endorsements, or other transaction	Percentage of net value of the company (%)
Same affiliated company:		
First Financial Holdings Group	\$ 5,285	2.23
Pegatron Group	4,983	2.10
WOOri Financial Group	4,945	2.08
Foxconn Technology Group	4,883	2.06
BNP Paribas S.A.	4,866	2.05
CHANG CHUN Group	4,739	2.00
Sinar Mas Group	4,523	1.91
Radium Life Tech Group	4,284	1.81
Societe Generale Group	4,217	1.78
Lealea Group	4,120	1.74
Mega Financial Holdings Group	3,814	1.61
Tatung Company	3,800	1.60
Taiwan Broadband (TBC) Group	3,790	1.60
Wells Fargo & Company	3,751	1.58
Sumitomo Mitsui Financial Group	3,611	1.52
Taiwan Cooperative Financial Holding Co., Ltd.	3,604	1.52
Vedan Group	3,485	1.47
BenQ Group	3,482	1.47
Royal Golden Eagle Group	3,471	1.46
Taishin Financial Holdings Group	3,425	1.44
Quanta Computer Group	3,389	1.43
United Microelectronics Group	3,338	1.41
Four Union Group	3,072	1.30
Total	399,279	168.35
	\$ 1,241,891	\$ 523.63

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

None.

(7) Information for discontinued operations:

None.

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

None.

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

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

(10) Information for private placement securities:

None.

(11) Financial information by business segments

Information by business segments for the six months ended June 30, 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)	\$ 6,454,622	\$ 3,809,393	\$ 148,157	\$ 4,362,566	(\$ 148,272)	\$ 14,626,466
Net non-interest income	3,625,577	33,703,738	1,143,753	12,019,482	2,796,113	53,288,663
Net profit	10,080,199	37,513,131	1,291,910	16,382,048	2,647,841	67,915,129
(Provision for) reversal of bad debt expenses, commitment and guarantee policy reserve	60,409	63,171	1,797	67	(53,202)	72,242
Net change in provisions for insurance liabilities	-	-	-	(13,604,909)	-	(13,604,909)
Operating expenses	(5,455,924)	(19,531,700)	(670,224)	(700,264)	(1,623,655)	(27,981,767)
Net income from continuing operations before income tax	4,684,684	18,044,602	623,483	2,076,942	970,984	26,400,695
Income tax (expense) benefits	(638,169)	(3,500,760)	(105,033)	57,436	(561,482)	(4,748,008)
Consolidated income, net of tax	<u>\$ 4,046,515</u>	<u>\$ 14,543,842</u>	<u>\$ 518,450</u>	<u>\$ 2,134,378</u>	<u>\$ 409,502</u>	<u>\$ 21,652,687</u>

Information by business segments for the six months ended June 30, 2020 is as follows:

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

(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

June 30, 2021 and 2020

(Expressed In Thousands of New Taiwan Dollars)

ASSETS	June 30, 2021	June 30, 2020	LIABILITIES AND EQUITY	June 30, 2021	June 30, 2020
Cash and cash equivalents	\$ 14,385,800	\$ 2,640,420	Payables	\$ 19,899,887	\$ 13,761,937
Financial assets at fair value through other comprehensive income	36,958	26,106	Current income tax liabilities	5,157,749	3,527,667
Receivables - net	4,502,498	10,250,853	Bonds payable	25,900,000	24,900,000
Current income tax assets	205,017	297,366	Liabilities reserve	36,941	36,210
Equity investments accounted for under the equity method - net	288,475,202	266,090,152	Lease liability	79,511	86,696
Property and equipment - net	39,108	36,670	Other liabilities	4,105	3,103
Right-of-use assets - net	76,919	86,103	Total liabilities	51,078,193	42,315,613
Intangible assets - net	5,312	3,958	Equity		
Deferred income tax assets	50,360	47,984	Common stock	121,374,360	116,706,115
Other assets - net	14,995	8,536	Common stock dividends distributable	-	4,668,245
			Additional paid-in capital	37,885,949	37,782,836
			Retained earnings		
			Legal reserve	17,040,473	14,633,733
			Special reserve	6,549,234	6,549,234
			Undistributed earnings	63,508,066	46,991,567
			Other equity	10,355,894	9,840,805
			Total equity	256,713,976	237,172,535
Total assets	<u>\$ 307,792,169</u>	<u>\$ 279,488,148</u>	Total liabilities and equity	<u>\$ 307,792,169</u>	<u>\$ 279,488,148</u>

Yuanta Financial Holding Co., Ltd.
Individual Statements of Comprehensive Income
For the six months ended June 30, 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

	For the six months ended June 30,	
	2021	2020
Revenues		
Share of the profit or loss of subsidiaries, associates and joint ventures accounted for using the equity method	\$ 20,854,430	\$ 12,059,364
Other revenues	5,055	33,217
	<u>20,859,485</u>	<u>12,092,581</u>
Expenses and losses		
Operating expenses	(734,090)	(540,584)
Other expenses and losses	(150,122)	(164,112)
	<u>(884,212)</u>	<u>(704,696)</u>
Income from continuing operations before income tax	19,975,273	11,387,885
Income tax expense	(315,700)	(323,588)
Net income	<u>19,659,573</u>	<u>11,064,297</u>
Other comprehensive income		
Components of other comprehensive income that will not be reclassified to profit or loss (net of tax)		
Evaluation gains on investments in equity instruments measured at fair value through other comprehensive income	8,475	1,616
Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using the equity method, components of other comprehensive income that will not be reclassified to profit or loss	4,236,195	137,785
Components of other comprehensive income that will be reclassified to profit or loss (net of tax)		
Share of other comprehensive income of the subsidiaries, associates and joint ventures accounted for using the equity method, components of other comprehensive income that will be reclassified to profit or loss	(5,961,933)	973,246
Other comprehensive (loss) income	<u>(1,717,263)</u>	<u>1,112,647</u>
Total comprehensive income	<u>\$ 17,942,310</u>	<u>\$ 12,176,944</u>
Earnings per share (in dollars)		
Basic and diluted earnings per share	<u>\$ 1.62</u>	<u>\$ 0.91</u>

Yuanta Financial Holding Co., Ltd.
Individual Statement of Change in Equity
For the six months ended June 30, 2021 and 2020
(Expressed In Thousands of New Taiwan Dollars)

	Share capital			Retained Earnings			Other equity				
	Common stock	Common stock dividends distributable	Additional paid-in capital	Legal reserve	Special reserve	Undistributed earnings	Translation gain and loss on the financial statements of foreign operating entities	Unrealised gain (loss) on financial assets measured at fair value through other comprehensive income	Change in fair value of financial liability attributable to change in credit risk	Other comprehensive income on reclassification under the overlay approach	Total equity
<u>For the six months ended June 30, 2020</u>											
Balance, January 1, 2020	\$ 116,706,115	\$ -	\$ 37,402,480	\$ 12,589,183	\$ 6,549,234	\$ 50,565,092	(\$ 3,528,386)	\$ 11,907,186	(\$ 36,730)	\$ 46,959	\$ 232,201,133
Appropriation of 2019 earnings											
Legal reserve	-	-	-	2,044,550	-	(2,044,550)	-	-	-	-	-
Cash dividend	-	-	-	-	-	(7,585,898)	-	-	-	-	(7,585,898)
Stock dividend	-	4,668,245	-	-	-	(4,668,245)	-	-	-	-	-
Net income for the period	-	-	-	-	-	11,064,297	-	-	-	-	11,064,297
Other comprehensive income (loss) for the period	-	-	-	-	-	(5,396)	(1,668,888)	2,156,936	(1,078)	631,073	1,112,647
Total comprehensive income (loss) for the period	-	-	-	-	-	11,058,901	(1,668,888)	2,156,936	(1,078)	631,073	12,176,944
Changes in equity of associates and joint ventures accounted for using equity method	-	-	380,356	-	-	-	-	-	-	-	380,356
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	-	(333,733)	-	333,733	-	-	-
Balance, June 30, 2020	<u>\$ 116,706,115</u>	<u>\$ 4,668,245</u>	<u>\$ 37,782,836</u>	<u>\$ 14,633,733</u>	<u>\$ 6,549,234</u>	<u>\$ 46,991,567</u>	<u>(\$ 5,197,274)</u>	<u>\$ 14,397,855</u>	<u>(\$ 37,808)</u>	<u>\$ 678,032</u>	<u>\$ 237,172,535</u>
<u>For the six months ended June 30, 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	(\$ 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	-	-	-	-	-	19,659,573	-	-	-	-	19,659,573
Other comprehensive income (loss) for the period	-	-	-	-	-	(22,659)	(2,181,801)	1,070,309	(165)	(582,947)	(1,717,263)
Total comprehensive income (loss) for the period	-	-	-	-	-	19,636,914	(2,181,801)	1,070,309	(165)	(582,947)	17,942,310
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	-	509,025	-	(509,025)	-	-	-
Balance, June 30, 2021	<u>\$ 121,374,360</u>	<u>\$ -</u>	<u>\$ 37,885,949</u>	<u>\$ 17,040,473</u>	<u>\$ 6,549,234</u>	<u>\$ 63,508,066</u>	<u>(\$ 6,648,937)</u>	<u>\$ 17,287,432</u>	<u>(\$ 45,303)</u>	<u>(\$ 237,298)</u>	<u>\$ 256,713,976</u>

Yuanta Financial Holding Co., Ltd.
Individual Statement of Cash Flows
For the six months ended June 30, 2021 and 2020
(Expressed In Thousands of New Taiwan Dollars)

	For the six months ended June 30,	
	2021	2020
<u>Cash Flows From Operating Activities</u>		
Profit before tax	\$ 19,975,273	\$ 11,387,885
Adjustment items		
Income and expense item		
Depreciation	28,301	23,757
Amortization	1,022	940
Interest expense	130,875	128,133
Interest income	(4,353)	(33,174)
Share of the gain of subsidiaries, associates and joint ventures accounted for using the equity method	(20,854,430)	(12,059,364)
Gain on lease modification	(477)	-
Gain on sale of property and equipment	(10)	-
Change in assets/liabilities relating to operating activities		
Decrease (increase) in receivables	31,572	(232,529)
Increase in other assets	(3,098)	(2,116)
(Decrease) increase in payables	(79,023)	263,685
Increase in liabilities reserve	38	94
(Decrease) increase in other liabilities	(65)	1,089
Interest received	4,152	33,337
Dividend received	13,940,216	5,806,440
Interest paid	(112,535)	(120,222)
Income tax paid	(416,213)	(125,419)
Net cash flows generated from operating activities	12,641,245	5,072,536
<u>Cash Flows From Investing Activities</u>		
Acquisition of equity investments accounted for under the equity method	-	(14,536,430)
Acquisition of property and equipment	(10,411)	(17,990)
Proceeds from disposal of property and equipment	1,100	-
Acquisition of intangible assets	(178)	-
Acquisition of right-of-use assets	(14)	-
Net cash flows used in investing activities	(9,503)	(14,554,420)
<u>Cash Flows From Financing Activities</u>		
Decrease in commercial paper payable	(999,866)	-
Proceeds from issuance of corporate bonds	5,000,000	-
Repayments of bonds	(4,000,000)	-
Principal payment for lease liabilities	(20,515)	(17,697)
Net cash flows used in financing activities	(20,381)	(17,697)
Net increase (decrease) in cash and cash equivalents	12,611,361	(9,499,581)
Cash and cash equivalents at beginning of period	1,774,439	12,140,001
Cash and cash equivalents at end of period	\$ 14,385,800	\$ 2,640,420
The components of cash and cash equivalents:		
Cash and cash equivalents reported in the balance sheet	\$ 14,385,800	\$ 2,640,420
Investments in bills and bonds under resale agreements qualified as cash and cash equivalents as defined by IAS 7	-	-
Cash and cash equivalents at end of period	\$ 14,385,800	\$ 2,640,420

B. Condensed financial statements of subsidiaries and significant components

(A) Yuanta Commercial Bank

Yuanta Commercial Bank
Individual Balance Sheets
June 30, 2021 and 2020

(Expressed In Thousands of New Taiwan Dollars)

ASSETS	June 30, 2021	June 30, 2020	LIABILITIES AND EQUITY	June 30, 2021	June 30, 2020
Cash and cash equivalents	\$ 14,803,849	\$ 16,176,059	Deposits from Central Bank and other banks	\$ 23,034,684	\$ 20,571,688
Due from Central Bank and call loans to other banks	59,920,630	48,645,895	Due to Central Bank and other banks	600,800	282,350
Financial assets at fair value through profit or loss	168,742,249	147,916,134	Financial liabilities at fair value through profit or loss	1,497,977	2,323,447
Financial assets at fair value through other comprehensive income	197,416,722	132,853,175	Bills and bonds sold under repurchase agreements	4,277,349	-
Investments in debt instruments at amortised cost	264,263,042	211,598,064	Payables	9,298,226	17,439,731
Bills and bonds purchased under resell agreements	2,445,125	4,478,780	Current income tax liabilities	1,368,876	735,499
Receivables- net	19,135,024	20,777,227	Deposits and remittances	1,365,365,013	1,172,941,383
Current income tax assets	1,167,911	2,125,212	Bank debentures payable	31,500,000	34,500,000
Available-for-sale financial assets- net	141,687	129,229	Other financial liabilities	2,785,079	4,235,302
Bills discounted and loans- net	797,513,436	750,782,868	Liabilities reserve	1,111,618	1,257,930
Equity investments accounted for under the equity method- net	4,265,435	4,557,283	Lease reserve	2,442,246	2,431,452
Other financial assets- net	10,858	60,296	Deferred income tax liabilities	401,539	570,981
Property and equipment- net	13,663,093	13,426,425	Other liabilities	1,525,536	1,661,359
Right-of-use assets- net	10,276,176	10,406,191	Total liabilities	1,445,208,943	1,258,951,122
Investment property- net	821,414	840,941	Common stocks	73,940,390	73,940,390
Intangible assets- net	9,272,517	10,476,782	Additional paid-in capital	25,960,441	25,960,441
Deferred income tax assets	1,017,558	823,142	Retained earnings	20,242,050	17,853,232
Other assets - net	2,094,800	3,190,176	Other equity	1,619,702	2,558,694
Total assets	\$ 1,566,971,526	\$ 1,379,263,879	Total equity	121,762,583	120,312,757
			Total liabilities and equity	\$ 1,566,971,526	\$ 1,379,263,879

Yuanta Commercial Bank
Individual Condensed Statements of Comprehensive Income
For the six months ended June 30, 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

	For the six months ended June 30,			
	2021		2020	
	Amount	%	Amount	%
Interest income	\$ 8,317,382	80	\$ 9,740,036	89
Less: Interest expense	(2,149,652)	(21)	(3,537,638)	(32)
Net interest income	6,167,730	59	6,202,398	57
Net non-interest income	4,207,573	41	4,688,566	43
Net profit	10,375,303	100	10,890,964	100
Reversal of (provision for) bad debt expenses, commitment and guarantee policy reserve	48,935	1	(834,366)	(7)
Operating expenses	(5,432,942)	(53)	(4,893,265)	(45)
Income from continuing operations before income tax	4,991,296	48	5,163,333	48
Income tax expense	(628,754)	(6)	(648,367)	(6)
Net income	4,362,542	42	4,514,966	42
Other comprehensive (loss) income (net of tax)	(1,468,478)	(14)	684,146	6
Total comprehensive income	<u>\$ 2,894,064</u>	<u>28</u>	<u>\$ 5,199,112</u>	<u>48</u>
Earnings per share (in dollars)				
Basic and diluted earnings per share	<u>\$ 0.59</u>		<u>\$ 0.61</u>	

(B) Yuanta Securities

Yuanta Securities
Individual Condensed Balance Sheets
June 30, 2021 and 2020

(Expressed In Thousands of New Taiwan Dollars)

ASSETS	June 30, 2021	June 30, 2020	LIABILITIES AND EQUITY	June 30, 2021	June 30, 2020
Current assets	\$ 447,958,608	\$ 317,468,685	Current liabilities	\$ 381,001,070	\$ 275,524,353
Financial assets at fair value			Bonds payable	23,500,000	8,500,000
through profit or loss-non-current	51,701	52,113	Liabilities reserve- non-current	63,492	62,950
Financial assets at fair value through			Lease liabilities- non-current	630,590	268,558
other comprehensive income			Deferred income tax liabilities	2,143,215	2,205,355
-non-current	8,992,145	6,213,119	Other non-current liabilities	2,277,293	1,946,890
Equity investments accounted for			Total liabilities	409,615,660	288,508,106
under the equity method	48,660,564	43,177,630			
Property and equipment	4,464,821	4,472,382	Common stocks	57,820,321	57,820,321
Right-of-use assets	874,895	468,561	Common stock dividends distributable	2,000,000	-
Investment property	2,722,282	2,790,936	Additional paid-in capital	980,441	920,599
Intangible assets	11,576,876	11,578,517	Retained earnings	49,447,277	36,230,855
Deferred income tax assets	567,021	545,469	Other equity	8,490,056	5,421,910
Other non-current assets	2,484,842	2,134,379	Total equity	118,738,095	100,393,685
Total assets	<u>\$ 528,353,755</u>	<u>\$ 388,901,791</u>	Total liabilities and equity	<u>\$ 528,353,755</u>	<u>\$ 388,901,791</u>

Yuanta Securities
Individual Condensed Statements of Comprehensive Income
For the six months ended June 30, 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

Item	For the six months ended June 30,			
	2021		2020	
	Amount	%	Amount	%
Revenues	\$ 24,239,883	100	\$ 12,950,046	100
Service fee expense	(964,403)	(4)	(466,748)	(4)
Employee benefit expense	(6,985,408)	(29)	(4,340,032)	(33)
Share of the profit or loss of subsidiaries, associates and joint ventures accounted for using the equity method	3,574,284	15	717,675	5
Operating expenses	(4,174,270)	(17)	(2,866,458)	(22)
Income from continuing operations before income tax	15,690,086	65	5,994,483	46
Income tax expense	(1,795,289)	(8)	(731,749)	(5)
Net income	13,894,797	57	5,262,734	41
Other comprehensive income (loss) (net of tax)	1,007,945	4	(508,206)	(4)
Total comprehensive income	<u>\$ 14,902,742</u>	<u>61</u>	<u>\$ 4,754,528</u>	<u>37</u>
Earnings per share (in dollars)				
Basic and diluted earnings per share	<u>\$ 2.32</u>		<u>\$ 0.88</u>	

(C) Yuanta Securities (Korea)

Yuanta Securities (Korea)
Individual Condensed Balance Sheets
June 30, 2021 and 2020

(Expressed In Thousands of New Taiwan Dollars)

ASSETS	June 30, 2021	June 30, 2020	LIABILITIES AND EQUITY	June 30, 2021	June 30, 2020
Current assets	\$ 39,517,763	\$ 37,525,604	Current liabilities	\$ 166,967,061	\$ 139,082,145
Financial assets at fair value			Bonds payable	140,725,936	137,113,075
through profit or loss-non-current	241,747,359	221,288,539	Liabilities reserve- non-current	627,643	263,030
Financial assets at fair value through			Lease liabilities- non-current	1,839,347	2,114,168
other comprehensive income			Other non-current liabilities	25,305,667	19,564,282
-non-current	5,183,836	4,310,709	Total liabilities	335,465,654	298,136,700
Equity investments accounted for					
under the equity method	2,536,506	2,445,308			
Property and equipment	1,267,811	1,449,100			
Right-of-use assets	1,733,378	2,026,642	Common stocks	26,258,648	26,191,708
Investment property	2,041,279	2,072,749	Additional paid-in capital	(1,392,703)	(1,389,153)
Intangible assets	810,944	809,235	Retained earnings	9,250,702	4,407,147
Deferred income tax assets	729,108	2,113,363	Other equity	2,731,230	2,118,285
Other non-current assets	76,745,547	55,423,438	Total equity	36,847,877	31,327,987
Total assets	\$ 372,313,531	\$ 329,464,687	Total liabilities and equity	\$ 372,313,531	\$ 329,464,687

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 six months ended June 30, 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

Item	For the six months ended June 30,			
	2021		2020	
	Amount	%	Amount	%
Revenues	\$ 31,995,452	100	\$ 45,774,118	100
Service fee expense	(264,145)	(1)	(284,301)	(1)
Employee benefit expense	(4,494,069)	(14)	(2,748,655)	(6)
Operating expenses	(22,206,455)	(69)	(42,142,808)	(92)
Income from continuing operations before income tax	5,030,783	16	598,354	1
Income tax expense	(1,219,695)	(4)	(140,944)	-
Net income	3,811,088	12	457,410	1
Other comprehensive income (net of tax)	244,838	1	543,402	1
Total comprehensive income	<u>\$ 4,055,926</u>	<u>13</u>	<u>\$ 1,000,812</u>	<u>2</u>
Earnings per share (in dollars)				
Basic and diluted earnings per share	<u>\$</u>	<u>18.54</u>	<u>\$</u>	<u>2.22</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
June 30, 2021 and 2020

(Expressed In Thousands of New Taiwan Dollars)

ASSETS	June 30, 2021	June 30, 2020	LIABILITIES AND EQUITY	June 30, 2021	June 30, 2020
Current assets	\$ 101,615,048	\$ 88,581,211	Current liabilities	\$ 94,258,183	\$ 83,353,898
Financial assets at fair value through other comprehensive income			Non-current liabilities	218,289	71,858
-non-current	1,665,558	1,524,024	Total liabilities	94,476,472	83,425,756
Equity investments accounted for under the equity method	1,168,851	1,245,109			
Property and equipment	595,375	587,355	Common stocks	2,899,763	2,499,763
Right-of-use assets	164,346	19,921	Additional paid-in capital	3,070,484	1,624,543
Intangible assets	37,330	38,511	Retained earnings	4,366,034	4,054,141
Deferred income tax assets	34,821	35,307	Other equity	1,322,433	1,206,723
Other non-current assets	853,857	779,488	Total equity	11,658,714	9,385,170
Total assets	<u>\$ 106,135,186</u>	<u>\$ 92,810,926</u>	Total liabilities and equity	<u>\$ 106,135,186</u>	<u>\$ 92,810,926</u>

Yuanta Futures
Individual Condensed Statements of Comprehensive Income
For the six months ended June 30, 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

Item	For the six months ended June 30,			
	2021		2020	
	Amount	%	Amount	%
Revenues	\$ 2,021,285	100	\$ 1,949,860	100
Service fee expense	(410,742)	(20)	(376,946)	(19)
Employee benefit expense	(348,813)	(17)	(350,300)	(18)
Share of the profit or loss of subsidiaries, associates and joint ventures accounted for using the equity method	(14,448)	(1)	(16,494)	(1)
Operating expenses	(703,376)	(35)	(474,419)	(25)
Income from continuing operations before income tax	543,906	27	731,701	37
Income tax expense	(105,033)	(5)	(141,577)	(7)
Net income	438,873	22	590,124	30
Other comprehensive income (loss) (net of tax)	173,213	8	(121,734)	(6)
Total comprehensive income	<u>\$ 612,086</u>	<u>30</u>	<u>\$ 468,390</u>	<u>24</u>
Earnings per share (in dollars)				
Basic and diluted earnings per share	<u>\$ 1.51</u>		<u>\$ 2.44</u>	

(E) Yuanta Life

Yuanta Life
Individual Condensed Balance Sheets
June 30, 2021 and 2020

(Expressed In Thousands of New Taiwan Dollars)

ASSETS	June 30, 2021	June 30, 2020	LIABILITIES AND EQUITY	June 30, 2021	June 30, 2020
Cash and cash equivalents	\$ 12,908,266	\$ 8,810,321	Payables	\$ 2,816,956	\$ 3,007,501
Receivables	3,848,194	4,135,469	Current tax liabilities	581,063	348,482
Current income tax assets	2,919,756	2,928,717	Financial liabilities at fair value through profit or loss	775,393	802,444
Financial assets at fair value through profit or loss	55,258,102	46,071,929	Insurance liabilities	313,988,526	278,113,178
Financial assets at fair value through other comprehensive income	33,881,715	34,485,413	Reserve for insurance contract with the nature of financial products	49,708	-
Financial assets at amortized cost	217,032,522	195,165,104	Foreign exchange reserve	457,464	171,069
Other financial assets	1,000,000	-	Liabilities reserve	87,776	88,093
Right-of-use assets	19,695	103,127	Lease liabilities	827,971	916,164
Investment property	12,297,169	11,705,056	Deferred income tax liabilities	892,705	565,061
Loans	7,213,511	6,922,901	Other liabilities	4,424,683	2,873,810
Reinsurance contract assets	1,270,928	1,111,020	Investment-linked insurance products liabilities	26,334,533	1,744,347
Property and equipment	38,133	66,305	Total liabilities	351,236,778	288,630,149
Intangible assets	80,272	92,665	Common stocks	23,735,695	23,735,695
Deferred income tax assets	2,594,125	1,078,142	Retained earnings	4,515,204	2,965,194
Other assets	3,787,848	3,650,679	Other equity	997,092	2,740,157
Investment-linked insurance products assets	26,334,533	1,744,347	Total equity	29,247,991	29,441,046
Total assets	<u>\$ 380,484,769</u>	<u>\$ 318,071,195</u>	Total liabilities and equity	<u>\$ 380,484,769</u>	<u>\$ 318,071,195</u>

Yuanta Life
Individual Condensed Statements of Comprehensive Income
For the six months ended June 30, 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

Item	For the six months ended June 30,			
	2021		2020	
	Amount	%	Amount	%
Operating revenues	\$ 28,181,951	100	\$ 25,056,619	100
Operating costs	(26,638,747)	(94)	(23,115,010)	(92)
Operating expenses	(724,756)	(3)	(702,211)	(3)
Net operating income	818,448	3	1,239,398	5
Non-operating revenues and expenses	(2,076)	-	(2,495)	-
Income from continuing operations before income tax	816,372	3	1,236,903	5
Income tax benefit (expense)	57,436	-	(71,690)	-
Net income	873,808	3	1,165,213	5
Other comprehensive (loss) income (net of tax)	(1,413,836)	(5)	1,059,030	4
Total comprehensive (loss) income	<u>(\$ 540,028)</u>	<u>(2)</u>	<u>\$ 2,224,243</u>	<u>9</u>
Earnings per share (in dollars)				
Basic and diluted earnings per share	<u>\$ 0.37</u>		<u>\$ 0.67</u>	

(F) Yuanta Securities Investment Trust

Yuanta Securities Investment Trust
Individual Condensed Balance Sheets
June 30, 2021 and 2020

(Expressed In Thousands of New Taiwan Dollars)

ASSETS	June 30, 2021	June 30, 2020	LIABILITIES AND EQUITY	June 30, 2021	June 30, 2020
Current assets	\$ 3,719,287	\$ 4,574,839	Current liabilities	\$ 540,727	\$ 1,570,218
Financial assets at fair value through other comprehensive income	280,601	159,030	Deferred income tax liabilities	160,831	179,563
Equity investments accounted for under the equity method	334,505	313,508	Lease liability- non-current	42,174	-
Property and equipment	334,111	292,404	Other non-current liabilities	35,342	40,983
Intangible assets	768,551	768,551	Total liabilities	779,074	1,790,764
Prepaid pension cost	39,208	37,466	Common stocks	2,269,235	2,269,235
Deferred income tax assets	594	527	Additional paid-in capital	296,729	296,729
Right-of-use assets	54,333	8,074	Retained earnings	2,275,034	1,866,698
Other non-current assets	147,955	139,010	Other equity	59,073	69,983
Total assets	<u>\$ 5,679,145</u>	<u>\$ 6,293,409</u>	Total equity	4,900,071	4,502,645
			Total liabilities and equity	<u>\$ 5,679,145</u>	<u>\$ 6,293,409</u>

Yuanta Securities Investment Trust
Individual Condensed Statements of Comprehensive Income
For the six months ended June 30, 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

Item	For the six months ended June 30,			
	2021		2020	
	Amount	%	Amount	%
Operating revenues	\$ 1,819,266	100	\$ 1,665,041	100
Operating expenses	(728,806)	(40)	(720,684)	(43)
Operating profits	1,090,460	60	944,357	57
Non-operating revenues and expenses	102,233	6	5,679	-
Income from continuing operations before income tax	1,192,693	66	950,036	57
Income tax expense	(219,499)	(12)	(192,364)	(11)
Net income	973,194	54	757,672	46
Other comprehensive income (loss) (net of tax)	3,542	-	(26,994)	(2)
Total comprehensive income	<u>\$ 976,736</u>	<u>54</u>	<u>\$ 730,678</u>	<u>44</u>
Earnings per share (in dollars)				
Basic and diluted earnings per share	<u>\$ 4.29</u>		<u>\$ 3.34</u>	

(G) Yuanta Asset Management

Yuanta Asset Management
Individual Condensed Balance Sheets
June 30, 2021 and 2020

(Expressed In Thousands of New Taiwan Dollars)

ASSETS	June 30, 2021	June 30, 2020	LIABILITIES AND EQUITY	June 30, 2021	June 30, 2020
Current assets	\$ 2,513,604	\$ 2,379,164	Current liabilities	\$ 64,311	\$ 39,558
Financial assets at fair value through other comprehensive income	39,290	36,663	Non-current liabilities	22,388	7,688
Property and equipment	7,715	3,823	Total liabilities	86,699	47,246
Right-of-use assets	17,615	2,500	Common stocks	3,220,649	3,111,630
Investment property	1,317,840	1,299,164	Additional paid-in capital	1,047	1,047
Intangible assets	-	40	Retained earnings	570,416	545,908
Deferred income tax assets	2,871	2,751	Other equity	21,260	18,634
Other non-current assets	1,136	360	Total equity	3,813,372	3,677,219
Total assets	<u>\$ 3,900,071</u>	<u>\$ 3,724,465</u>	Total liabilities and equity	<u>\$ 3,900,071</u>	<u>\$ 3,724,465</u>

Yuanta Asset Management
Individual Condensed Statements of Comprehensive Income
For the six months ended June 30, 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars)

Item	For the six months ended June 30,			
	2021		2020	
	Amount	%	Amount	%
Operating revenues	\$ 177,890	100	\$ 164,508	100
Operating expenses	(100,279)	(56)	(93,751)	(57)
Operating profits	77,611	44	70,757	43
Non-operating revenues and expenses	8,550	5	1,026	1
Income from continuing operations before income tax	86,161	49	71,783	44
Income tax expense	(13,841)	(8)	(11,857)	(7)
Net income	72,320	41	59,926	37
Other comprehensive income (net of tax)	2,156	1	846	-
Total comprehensive income	<u>\$ 74,476</u>	<u>42</u>	<u>\$ 60,772</u>	<u>37</u>

(H) Yuanta Venture Capital

Yuanta Venture Capital
Individual Condensed Balance Sheets
June 30, 2021 and 2020

(Expressed In Thousands of New Taiwan Dollars)

ASSETS	June 30, 2021	June 30, 2020	LIABILITIES AND EQUITY	June 30, 2021	June 30, 2020
Current assets	\$ 2,300,446	\$ 1,743,036	Current liabilities	\$ 95,635	\$ 180,736
Financial assets at fair value through other comprehensive income	131,108	113,789	Lease liability- non-current	1,269	5,053
Equity investments accounted for under the equity method	1,065,916	863,996	Other non-current liabilities	3,600	2,850
Property and equipment	3,027	3,726	Total liabilities	100,504	188,639
Right-of-use assets	5,027	8,797	Common stocks	2,715,220	2,460,000
Deferred income tax assets	15,092	4,875	Additional paid-in capital	918	918
Other non-current assets	635	635	Retained earnings	665,900	97,111
			Other equity	38,709	(7,814)
			Total equity	3,420,747	2,550,215
Total assets	\$ 3,521,251	\$ 2,738,854	Total liabilities and equity	\$ 3,521,251	\$ 2,738,854

Yuanta Venture Capital
Individual Condensed Statements of Comprehensive Income
For the six months ended June 30, 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars)

Item	For the six months ended June 30,			
	2021		2020	
	Amount	%	Amount	%
Operating revenues	\$ 723,377	100	\$ 47,079	100
Operating expenses	(131,116)	(18)	(20,647)	(44)
Operating profits	592,261	82	26,432	56
Non-operating revenues and expenses	(6,645)	(1)	315	1
Income from continuing operations before income tax	585,616	81	26,747	57
Income tax benefit	2,790	-	21,227	45
Net income	588,406	81	47,974	102
Other comprehensive income (loss) (net of tax)	29,040	4	(20,495)	(44)
Total comprehensive income	<u>\$ 617,446</u>	<u>85</u>	<u>\$ 27,479</u>	<u>58</u>

(I) Yuanta Securities Investment Consulting

Yuanta Securities Investment Consulting
Individual Condensed Balance Sheets
June 30, 2021 and 2020

(Expressed In Thousands of New Taiwan Dollars)

ASSETS	June 30, 2021	June 30, 2020	LIABILITIES AND EQUITY	June 30, 2021	June 30, 2020
Current assets	\$ 183,392	\$ 201,599	Current liabilities	\$ 68,738	\$ 73,064
Property and equipment	17,738	1,733	Non-current liabilities	34,834	10,171
Right-of-use assets	28,767	4,193	Total liabilities	103,572	83,235
Intangible assets	254	26	Common stocks	100,000	100,000
Deferred income tax assets	5,372	6,439	Additional paid-in capital	6,017	6,017
Other non-current assets	6,423	6,464	Retained earnings	32,357	31,202
			Total equity	138,374	137,219
Total assets	<u>\$ 241,946</u>	<u>\$ 220,454</u>	Total liabilities and equity	<u>\$ 241,946</u>	<u>\$ 220,454</u>

Yuanta Securities Investment Consulting
Individual Condensed Statements of Comprehensive Income
For the six months ended June 30, 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars)

Item	For the six months ended June 30,			
	2021		2020	
	Amount	%	Amount	%
Operating revenues	\$ 115,590	100	\$ 101,665	100
Operating costs	(557)	-	(605)	(1)
Operating expenses	(112,566)	(98)	(99,397)	(97)
Operating income	2,467	2	1,663	2
Non-operating revenues and expenses	482	1	761	1
Income from continuing operations				
before income tax	2,949	3	2,424	3
Income tax expense	(546)	(1)	(485)	(1)
Net income	2,403	2	1,939	2
Total comprehensive income	<u>\$ 2,403</u>	<u>2</u>	<u>\$ 1,939</u>	<u>2</u>

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

A. Profitability

(A) Yuanta Financial Holdings

Unit: %

		For the six months ended June 30,	
		2021	2020
Return on total assets	Before tax	6.69	4.16
	After tax	6.59	4.05
Return on equity	Before tax	7.83	4.85
	After tax	7.71	4.71
Net profit margin ratio		94.93	92.76

(B) Yuanta Financial Holdings and its subsidiaries

		For the six months ended June 30,	
		2021	2020
Return on total assets	Before tax	0.91	0.57
	After tax	0.75	0.47
Return on equity	Before tax	9.59	5.60
	After tax	7.86	4.64
Net profit margin ratio		31.88	22.78

(C) Yuanta Bank

		For the six months ended June 30,	
		2021	2020
Return on total assets	Before tax	0.33	0.38
	After tax	0.29	0.33
Return on equity	Before tax	4.06	4.26
	After tax	3.55	3.73
Net profit margin ratio		42.05	41.46

(D) Yuanta Securities

		For the six months ended June 30,	
		2021	2020
Return on total assets	Before tax	3.19	1.59
	After tax	2.83	1.40
Return on equity	Before tax	13.63	5.97
	After tax	12.07	5.24
Net profit margin ratio		51.75	39.87

(E) Yuanta Life

		For the six months ended June 30,	
		2021	2020
Return on total assets	Before tax	0.23	0.41
	After tax	0.24	0.39
Return on equity	Before tax	2.77	5.80
	After tax	2.96	5.46
Net profit margin ratio		56.70	60.09

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

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

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

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

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

B. Information of Yuanta Bank is as follows:

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

Unit: In thousands of NT Dollars

Month / Year			June 30, 2021					June 30, 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		440,767	231,419,882	0.19%	3,103,746	704.17%	100,656	207,654,834	0.05%	2,759,459	2,741.47%
	Unsecured loans		581,658	170,221,934	0.34%	3,284,008	564.59%	654,972	192,059,302	0.34%	3,891,166	594.10%
Consumer banking	Residential mortgage loans		183,764	233,103,297	0.08%	3,507,199	1,908.53%	226,149	202,015,384	0.11%	3,042,750	1,345.46%
	Cash card services		10	40,172	0.02%	761	7,610.00%	7	60,403	0.01%	1,077	15,385.71%
	Small amount of credit loans		7,705	11,725,983	0.07%	130,689	1,696.16%	9,254	10,467,056	0.09%	154,460	1,669.12%
	Others	Secured loans	153,393	170,827,299	0.09%	1,783,905	1,162.96%	177,597	156,953,473	0.11%	1,634,346	920.26%
		Unsecured loans	512	2,557,617	0.02%	25,766	5,032.42%	122	2,598,624	0.00%	26,217	21,489.34%
Gross loan business			1,367,809	819,896,184	0.17%	11,836,074	865.33%	1,168,757	771,809,076	0.15%	11,509,475	984.76%

Month / Year	June 30, 2021					June 30, 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	5,463	7,181,088	0.08%	100,122	1,832.73%	6,070	7,896,758	0.08%	128,183	2,111.75%
Without recourse factoring	-	4,765,738	-	68,438	-	9,422	4,916,250	0.19%	72,695	771.55%

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

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

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

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

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

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

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

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

Unit: In thousands of NT Dollars

	June 30, 2021		June 30, 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)	40,454	24,126	60,463	32,692
Perform in accordance with debt liquidation program and restructuring program (Note 2)	830,477	325,111	977,583	346,123
Total	870,931	349,237	1,038,046	378,815

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, %

June 30, 2021			
Ranking (Note 1)	Name of Enterprise Group (Note 2)	Total outstanding loan amount (Note 3)	Total outstanding loan amount / Total equity
1	Group A–Iron and Steel Refining	\$ 7,756,537	6.37
2	Company B–Real Estate Development	6,502,000	5.34
3	Company C–Real Estate Leasing	6,150,000	5.05
4	Group D–Manufacture of Power Generation, Transmission and Distribution Machinery	3,900,000	3.20
5	Group E–Air Transport	3,851,875	3.16
6	Group F–Real Estate Development	3,590,749	2.95
7	Group G–Real Estate Development	3,572,204	2.93
8	Company H–Chemical Material Manufacturing	3,417,116	2.81
9	Company I–Real Estate Development	3,390,000	2.78
10	Group J–Real Estate Development	3,112,694	2.56

June 30, 2020			
Ranking (Note 1)	Name of Enterprise Group (Note 2)	Total outstanding loan amount (Note 3)	Total outstanding loan amount / Total equity
1	Group A–Real Estate Development	\$ 7,850,854	6.53
2	Group B–Air Transport	6,338,958	5.27
3	Company C–Real Estate Leasing	4,210,000	3.50
4	Group D–Real Estate Development	4,106,047	3.41
5	Company E–Chemical Material Manufacturing	4,000,000	3.32
6	Group F–Real Estate Development	3,800,000	3.16
7	Group G–Seasoning Manufacturing Industry	3,484,000	2.90
8	Group H–Other Financial Services Not Elsewhere Classified	3,471,381	2.89
9	Company I–Real Estate Development	2,792,000	2.32
10	Company J–Activities of Amusement Parks and Theme Parks	2,704,756	2.25

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

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

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

(D) Structure analysis of time to maturity

a. Structure analysis of time to maturity (NTD)

June 30, 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	1,403,953,701	260,823,873	127,252,390	104,451,083	76,716,759	126,344,251	708,365,345
Primary funds outflow upon maturity	1,640,016,353	44,493,467	84,399,144	176,639,938	219,824,016	284,791,780	829,868,008
Gap	(236,062,652)	216,330,406	42,853,246	(72,188,855)	(143,107,257)	(158,447,529)	(121,502,663)

June 30, 2020

(Expressed in Thousands of New Taiwan Dollars)

	Total	0 ~ 10 days	11 ~ 30 days	31 ~ 90 days	91 ~ 180 days	181 days ~ 1 year	Over 1 year
Primary funds inflow upon maturity	1,203,010,536	205,532,912	112,002,903	86,746,157	74,074,959	105,738,311	618,915,294
Primary funds outflow upon maturity	1,422,303,037	44,548,171	89,251,848	154,539,433	208,437,687	247,779,463	677,746,435
Gap	(219,292,501)	160,984,741	22,751,055	(67,793,276)	(134,362,728)	(142,041,152)	(58,831,141)

b. Structure analysis of time to maturity (USD)

June 30, 2021

(Expressed in Thousands of US Dollars)

	Total	0 ~ 30 days	31 ~ 90 days	91 ~ 180 days	181 days ~ 1 year	Over 1 year
Primary funds inflow upon maturity	5,908,059	1,095,246	529,541	303,252	185,707	3,794,313
Primary funds outflow upon maturity	6,736,155	1,611,563	943,214	1,153,238	1,324,117	1,704,023
Gap	(828,096)	(516,317)	(413,673)	(849,986)	(1,138,410)	2,090,290

June 30, 2020

(Expressed in Thousands of US Dollars)

	Total	0 ~ 30 days	31 ~ 90 days	91 ~ 180 days	181 days ~ 1 year	Over 1 year
Primary funds inflow upon maturity	5,226,081	1,474,061	505,955	216,741	256,021	2,773,303
Primary funds outflow upon maturity	6,521,221	1,761,197	1,227,295	989,596	1,169,761	1,373,372
Gap	(1,295,140)	(287,136)	(721,340)	(772,855)	(913,740)	1,399,931

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

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

June 30, 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	898,129,870	50,245,816	41,861,777	287,211,326	1,277,448,789
Interest-rate-sensitive liabilities	289,350,905	814,106,485	122,068,269	27,624,366	1,253,150,025
Interest-rate-sensitive gap	608,778,965	(763,860,669)	(80,206,492)	259,586,960	24,298,764
Total equity					119,792,248
Ratio of interest-rate-sensitive assets to liabilities					101.94
Ratio of interest-rate-sensitive gap to equity					20.28

June 30, 2020

(Expressed in Thousands of New Taiwan Dollars, %)

Item	1 ~ 90 days	91 ~ 180 days	181 days ~ 1 year	Over 1 year	Total
Interest-rate-sensitive assets	771,940,769	50,022,141	29,150,589	246,546,441	1,097,659,940
Interest-rate-sensitive liabilities	286,136,122	624,654,042	102,101,758	37,136,813	1,050,028,735
Interest-rate-sensitive gap	485,804,647	(574,631,901)	(72,951,169)	209,409,628	47,631,205
Total equity					115,988,482
Ratio of interest-rate-sensitive assets to liabilities					104.54
Ratio of interest-rate-sensitive gap to equity					41.07

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

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

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

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

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

June 30, 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	2,481,186	257,465	16,292	2,816,829	5,571,772
Interest-rate-sensitive liabilities	2,009,204	728,516	964,467	1,392,633	5,094,820
Interest-rate-sensitive gap	471,982	(471,051)	(948,175)	1,424,196	476,952
Total equity					68,312
Ratio of interest-rate-sensitive assets to liabilities					109.36
Ratio of interest-rate-sensitive gap to equity					698.20

June 30, 2020

(Expressed in Thousands of US Dollars, %)

Item	1 ~ 90 days	91 ~ 180 days	181 days ~ 1 year	Over 1 year	Total
Interest-rate-sensitive assets	3,392,164	346,083	53,079	1,093,160	4,884,486
Interest-rate-sensitive liabilities	2,560,421	622,561	728,887	1,061,550	4,973,419
Interest-rate-sensitive gap	831,743	(276,478)	(675,808)	31,610	(88,933)
Total equity					144,153
Ratio of interest-rate-sensitive assets to liabilities					98.21
Ratio of interest-rate-sensitive gap to equity					(61.69)

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 June 30, 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	\$ 1,751,415 (Note 1)	-	\$ -	-	\$ -	\$ -
Yuanta Financial Holdings	Yuanta Bank	Subsidiary of the Company	563,782 (Note 1)	-	-	-	-	-
Yuanta Financial Holdings	Yuanta Life	Subsidiary of the Company	557,020 (Note 1)	-	-	-	-	-
Yuanta Financial Holdings	Yuanta Futures	Subsidiary of the Company	538,100 (Note 2)	-	-	-	538,096	-

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

Note 2 : Cash dividends receivable from Yuanta Futures which has been received on July 30, 2021.

- 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 Thousands of New Taiwan Dollars)

Share ownerships of the Company and related parties										
Investor	Investee	Address	Main Service	Percentage of ownership at the period end (%)	Book value	Investment income (loss) (Note)	Shares (In thousands)	Pro-forma share of ownership	Total	
									Shares (In thousands)	Percentage of ownership (%)
Yuanta 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	\$ 119,161,175	\$ 13,894,242	5,782,032	-	5,782,032	100
"	Yuanta Commercial Bank Co., Ltd.	"	Commercial banking	100	121,810,540	4,354,653	7,394,039	-	7,394,039	100
"	Yuanta Futures Co., Ltd.	"	Futures, futures managers, futures consultant, securities, securities trading assistance	66.27	8,285,921	290,173	192,167	-	192,167	66.27
"	Yuanta Life Co., Ltd.	"	Life insurance business	100	26,389,026	925,144	2,373,570	-	2,373,570	100
"	Yuanta Venture Capital Co., Ltd.	"	Venture capital investments	100	3,420,747	588,406	271,522	-	271,522	100
"	Yuanta Asset Management Co., Ltd.	"	Providing monetary debt management services for financial institutions	100	3,741,055	72,320	322,065	-	322,065	100
"	Yuanta Securities Investment Consulting Co., Ltd.	"	Securities investment consultant	100	138,374	2,403	10,000	-	10,000	100
"	Yuanta Securities Investment Trust Co., Ltd.	"	Securities investment trust	74.71	5,528,364	727,089	169,538	-	169,538	74.71
Yuanta Commercial Bank Co., Ltd.	Yuanta International Leasing Co., Ltd.	"	Leasing business	100	104,871	-	10,000	-	10,000	100
"	Yuanta Savings Bank (Philippines)	Philippines	Deposits and loans of savings bank	100	541,613	-	1,200,000	-	1,200,000	100
"	Yuanta Savings Bank (Korea)	Korea	Deposits and loans of savings bank	100	3,618,951	-	13,516	-	13,516	100
Yuanta Securities Co., Ltd.	Yuanta Securities Asia Financial Services Limited	Bermuda	Investment holding	100	36,895,666	-	290,909	-	290,909	100
"	Yuanta International Insurance Brokers Co., Ltd.	R.O.C	Insurance agency services	100	255,341	-	500	-	500	100

(Expressed In Thousands of New Taiwan Dollars)											
Share ownerships of the Company and related parties											
Investor	Investee	Address	Main Service	Percentage of ownership at the period end (%)	Book value	Investment income (loss) (Note)	Shares (In thousands)	Pro-forma share of ownership	Total		
									Shares (In thousands)	Percentage of ownership (%)	
Yuanta Securities Co., Ltd.	Yuanta Securities Finance Co., Ltd.	R.O.C	Securities financing and refinancing to securities firms and related business	100	\$ 11,509,557	\$ -	400,000	-	400,000	100	
Yuanta Securities Asia Financial Services Limited	Yuanta Securities (Hong Kong) Limited	Hong Kong	Securities trading, futures contract trading, providing opinions on securities, futures contract and agency financing, asset management services	100	7,747,694	-	2,268,133	-	2,268,133	100	
"	Yuanta Asia Investment (Hong Kong) Ltd.	"	Securities trading, asset management services	100	1,028,931	-	293,892	-	293,892	100	
"	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	21,467,783	-	114,558	-	114,558	57.39	
"	Yuanta Hong Kong Holdings (Cayman) Co., Ltd.	Cayman Islands	Investment holding	100	37,125	-	74	-	74	100	
"	Yuanta Securities (Thailand) Co., Ltd.	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	4,735,063	-	450,000	-	450,000	99.99	
"	Yuanta Securities (Vietnam) Co., Ltd.	Vietnam	Securities brokerage, dealing in securities, underwriting and investment consultation, financial derivatives	90.16	2,127,556	-	-	-	-	100	
Yuanta Securities (Korea) Co., Ltd.	Yuanta Investment Co., Ltd.	Korea	Venture investment	100	1,389,565	-	6,401	-	6,401	100	

(Expressed In Thousands of New Taiwan Dollars)										
Share ownerships of the Company and related parties										
Investor	Investee	Address	Main Service	Percentage of ownership at the period end (%)	Book value	Investment income (loss) (Note)	Shares (In thousands)	Pro-forma share of ownership	Total	
									Shares (In thousands)	Percentage of ownership (%)
Yuanta Securities (Korea) Co., Ltd.	Yuanta Financial (Hong Kong) Limited	Hong Kong	Investment holding	100	\$ 483,370	\$ -	18,954	-	18,954	100
"	Woori Asset Management Corp.	Korea	Asset management	27	771,626	-	1,080	-	1,080	27
Yuanta Financial (Hong Kong) Limited	Yuanta Securities (Cambodia) Plc	Cambodia	Underwriting guidelines, financial advisory services, securities brokerage, dealing in securities and investment advisory	100	350,705	-	12,500	-	12,500	100
Yuanta Securities (Hong Kong) Limited	Yuanta International Investment (Hong Kong) Ltd.	Hong Kong	Issue financial instruments	100	225,303	-	50,000	-	50,000	100
"	Yuanta Finance (Hong Kong) Ltd.	"	Credit loan business	100	203,033	-	50,000	-	50,000	100
"	Yuanta Investment Management (Cayman) Ltd.	Cayman Islands	Investment management	100	325,463	-	12,500	-	12,500	100
"	Yuanta Securities (Vietnam) Co., Ltd.	Vietnam	Securities brokerage, dealing in securities, underwriting and investment consultation, financial derivatives	9.84	232,543	-	-	-	-	100
"	PT Yuanta Sekuritas Indonesia	Indonesia	Securities trading and underwriting services	99	369,771	-	474	-	474	99
"	PT Yuanta Asset Management	"	Investment management	0.002	-	-	51	-	51	100
PT Yuanta Sekuritas Indonesia	PT Yuanta Asset Management	"	Investment management	99.998	26,461	-	51	-	51	100
Yuanta Venture Capital Co., Ltd.	Yuanta I Venture Capital Co., Ltd.	R.O.C	Venture capital investments	100	1,065,916	-	85,000	-	85,000	100
Yuanta Futures Co., Ltd.	Yuanta Futures (Hong Kong) Limited	Hong Kong	Financial services	100	881,678	-	34,000	-	34,000	100
"	SYF Information Limited	R.O.C	Information service	100	287,173	-	35,000	-	35,000	100

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

(3) Significant transactions regarding investee companies

- A. Information regarding stocks of equity investment for which the purchase or sale amount for the period exceeded \$300 million or 10% of the Company's paid-in capital: Disclosure may be exempt for subsidiaries in the financial industry, insurance industry and securities Industry. Not applicable for all the other subsidiaries and indirect subsidiaries.
- B. Information on the acquisition of real estate for which the purchase amount exceeded \$300 million or 10% of the Company's paid-in capital: 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 June 30, 2021	Turnover rate	Amount overdue		Amount collected subsequent to the balance sheet date	Amount of credit losses
					Amount	Action taken		
Yuanta Bank	The Company	Parent Company	\$ 1,135,165	-	\$ -	-	\$ -	\$ -
Yuanta Life	The Company	Parent Company	2,603,131	-	-	-	614	-
Yuanta Securities	The Company	Parent Company	880,212	-	-	-	1,723	-
Yuanta Securities	Yuanta/P-shares Taiwan Dividend Plus ETF	Fund managed by fellow subsidiary	301,761	-	-	-	301,761	-
Yuanta Securities	Yuanta/P-shares Taiwan Top 50 ETF	Fund managed by fellow subsidiary	1,064,235	-	-	-	1,064,235	-

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	\$ -	\$ 4,351	\$ 4,351	-	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	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 0.025221 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 Asia Finance Service	PT Yuanta Sekuritas Indonesia	Accounts receivable-related party	Yes	\$ 696,750	\$ 696,750	\$ 418,050	2.25%	Short-term loans	\$ -	Fulfill operating cost and working capital	\$ -	-	\$ -	\$ 36,915,655 (Note 1)	\$ 36,915,655 (Note 1)
2	Yuanta Securities Asia Finance Service	Yuanta Securities (Hong Kong)	Accounts receivable-related party	Yes	1,393,500	1,393,500	-	-	Short-term loans	-	Fulfill operating cost and working capital	-	-	-	36,915,655 (Note 1)	36,915,655 (Note 1)
3	Yuanta Securities Asia Finance Service	Yuanta Securities (Thailand)	Accounts receivable-related party	Yes	1,393,500	1,393,500	-	-	Short-term loans	-	Fulfill operating cost and working capital	-	-	-	36,915,655 (Note 1)	36,915,655 (Note 1)
4	Yuanta Securities Asia Finance Service	Yuanta Securities (Vietnam)	Accounts receivable-related party	Yes	836,100	836,100	-	-	Short-term loans	-	Working capital	-	-	-	36,915,655 (Note 1)	36,915,655 (Note 1)
5	PT Yuanta Sekuritas Indonesia	PT Yuanta Asset Management	Accounts receivable-related party	Yes	11,826	11,826	8,942	10.00%	Short-term loans	-	Fulfill operating cost and working capital	8,942	-	-	373,506 (Note 3)	373,506 (Note 3)

Note 1: The ceiling on total loans granted and limit to loans granted to a single party by Yuanta Securities Asia Financial Services should not exceed the net worth of its latest audited/reviewed financial statements.

Note 2: 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 3: The ceiling on total loans granted and limit to loans granted to a single party by PT Yuanta Sekuritas Indonesia should not exceed the net worth of its latest audited/reviewed financial statements.

Note 4: In June 2020, the Board of Directors of Yuanta Securities, Yuanta Securities Asia Financial Services, PT Yuanta Sekuritas Indonesia and Yuanta Securities (Hong Kong) approved the liquidation of PT Yuanta Asset Management. With respect to the loans granted to PT Yuanta Asset Management by PT Yuanta Sekuritas Indonesia, it was difficult to recover the loans based on the assessment due to the liquidation of PT Yuanta Asset Management. Therefore, the entire amount was recognised as an impairment loss.

J. Endorsements and guarantees provided for others:

Number	Endorsing and guarantee company	Endorsed and guaranteed company		Limit for endorsement and guarantee for single enterprise	Maximum outstanding endorsements and guarantee amount during for the six months ended June 30, 2021	Ending balance of endorsement and guarantee	Actual used amount	Property-backed endorsement and guarantee	The ratio of accumulated endorsement and guarantee amount and the net value of the latest financial statement	Maximum limit	Provision of endorsements and guarantees by parent company to subsidiary	Provision of endorsements and guarantees by subsidiary to parent company	Provision of endorsements and guarantees to the party in Mainland China	Note
		Name of company	Relationship											
1	Yuanta Securities	PT Yuanta Sekuritas Indonesia	More than 50% common stock-directly-owned subsidiary	\$ 23,747,619 (Note 1)	\$ 97,545	\$ 97,545	\$ 92,900	\$ -	0.08%	\$ 47,495,238 (Note 1)	Yes	No	No	
2	Yuanta Securities	Yuanta Securities (Thailand)	More than 50% common stock-directly-owned subsidiary	23,747,619 (Note 1)	418,050	418,050	-	-	0.35%	47,495,238 (Note 1)	Yes	No	No	
3	Yuanta Securities	Yuanta International Investment (Hong Kong)	More than 50% common stock-directly-owned subsidiary	23,747,619 (Note 1)	1,393,500	1,393,500	-	-	1.17%	47,495,238 (Note 1)	Yes	No	No	Note 3
4	Yuanta Securities Asia Financial Service	Yuanta Securities (Thailand)	More than 50% common stock-directly-owned subsidiary	36,915,655 (Note 2)	3,027,948	3,027,948	-	-	8.20%	36,915,655 (Note 2)	Yes	No	No	
5	Yuanta Securities Asia Financial Service	PT Yuanta Sekuritas Indonesia	More than 50% common stock-directly-owned subsidiary	36,915,655 (Note 2)	216,270	216,270	100,332	-	0.59%	36,915,655 (Note 2)	Yes	No	No	
6	Yuanta Securities Asia Financial Service	Yuanta Securities (Vietnam)	More than 50% common stock-directly-owned subsidiary	36,915,655 (Note 2)	557,400	557,400	362,310	-	1.51%	36,915,655 (Note 2)	Yes	No	No	

Note 1: In accordance with the Company's "Procedures for Provision of Endorsements and Guarantees", the ceiling on total loans granted and limit to loans granted to a single party by Yuanta Securities should not exceed 40% and 20% of net worth of the company's latest audited/reviewed financial statements, respectively.

Note 2: According to the Company's "Procedures for Provision of Endorsements and Guarantees", total endorsements and guarantees provided to others cannot exceed the net assets value in Yuanta Securities Asia Financial Services Ltd.'s latest financial statements audited or reviewed by an independent auditor.

Note 3: To become a local agent and guarantee institution of foreign structure instruments which are issued by the reinvested company, Yuanta Investment (Hong Kong), on September 24, 2020, Yuanta Securities' Board of Directors resolved to provide a guarantee with a limit of US\$50 million. On December 16, 2020, Yuanta Securities obtaining the approval from Gin-Gwen-Zheng-Quan-Zi Order No. 1090372253 of FSC, both parties can enter into a guarantee contract after the related process has been completed.

K. Engagement in derivatives trading: Disclosure may be exempt for subsidiaries in the financial industry, insurance industry and securities industry. Not applicable for all the other subsidiaries and indirect subsidiaries.

L. Securities held at the end of period:

					(Expressed in Thousands of New Taiwan Dollars)			
					June 30, 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)	Book value	Percentage of ownership (%)	Market value	Note
Yuanta Securities Investment Trust	Beneficiary certificates:							
	Yuanta/P-shares Taiwan Top 50 ETF	The managing company of the fund	Financial assets at fair value through profit or loss	119	\$ 16,552	-	\$ 16,552	
	Yuanta/P-shares Taiwan Mid-Cap 100 ETF	"	"	10	579	-	579	
	Yuanta/P-shares Taiwan Electronics Tech ETF	"	"	26	1,716	-	1,716	
	Yuanta/P-shares S&P Custom China Play 50	"	"	21	677	-	677	
	Yuanta/P-shares MSCI Taiwan Financials ETF	"	"	21	446	-	446	
	Yuanta/P-shares Taiwan Dividend Plus ETF	"	"	3,298	115,439	-	115,439	
	W.I.S.E. Yuanta/P-shares CSI 300 ETF	"	"	31	731	-	731	
	Yuanta S&P500	"	"	10	355	-	355	
	Yuanta/P-shares Taiwan GreTai 50 ETF	"	"	20	422	-	422	
	Yuanta/P-shares MSCI Taiwan ETF	"	"	12	786	-	786	
	Yuanta/P-shares SSE50 ETF	"	"	21	798	-	798	
	Yuanta S&P GSCI Gold ER Futures ETF	"	"	8	192	-	192	
	Yuanta S&P GSCI Crude Oil ER Futures ETF	"	"	2	23	-	23	
	Yuanta EURO STOXX 50 ETF	"	"	7	212	-	212	
	Yuanta Nikkei 225 ETF	"	"	1	36	-	36	
	Yuanta U.S. Treasury 20+ Year Bond ETF	"	"	1	47	-	47	
	Yuanta S&P US Dollar ER Futures ETF	"	"	2	30	-	30	
	Yuanta U.S. Treasury 7-10 Year Bond ETF	"	"	9	355	-	355	
	Yuanta Taiwan High Dividend Low Volatility ETF	"	"	9	387	-	387	
	Yuanta U.S. Treasury 1-3 Year Bond ETF	"	"	2	62	-	62	
	Yuanta U.S. 20+ Year BBB Corporate Bond ETF	"	"	8	354	-	354	
	Yuanta China Treasury + Policy Bank 3-5 Year Bond ETF	"	"	1	22	-	22	
	Yuanta DJCI Silver ER Futures ETF	"	"	1	24	-	24	
	Yuanta MSCI China A ETF	"	"	9	268	-	268	
	Yuanta US 20+ Year AAA-A Corporate Bond ETF	"	"	12	542	-	542	
	Yuanta STOXX Global Artificial Intelligence ETF	"	"	2	74	-	74	
	Yuanta S&P U.S. High Yield Preferred Stock ETF	"	"	2	31	-	31	
	Yuanta US 10+ Investment Grade Bank Bond ETF	"	"	6	230	-	230	
	Yuanta US 10+ Investment Grade Healthcare Bond ETF	"	"	14	579	-	579	
	Yuanta US 10+ Investment Grade Utility Electric Power Bond ETF	"	"	6	228	-	228	

				June 30, 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)	Book value	Percentage of ownership (%)	Market value	Note
Yuanta Securities Investment Trust	Beneficiary certificates:							
	Yuanta FTSE4Good TIP Taiwan ESG ETF	The managing company of the fund	Financial assets at fair value through profit or loss	3	\$ 95	-	\$ 95	
	Yuanta Global NextGen Communications ETF	"	"	9	265	-	265	
	Yuanta Global NexGen Communication Innovative Technology ETF	"	"	20	583	-	583	
	Yuanta 2001 Fund	"	"	352	41,623	-	41,623	
	Yuanta De- Bao Money Market Fund	"	"	8,252	100,007	-	100,007	
	Yuanta Excellence Equity Fund	"	"	1,988	142,420	-	142,420	
	Yuanta Hi-Tech Equity Fund	"	"	3,684	138,190	-	138,190	
	Yuanta Intenational Trading Equity Fund	"	"	742	51,471	-	51,471	
	Yuanta Taiwan High-yield Leading Company Fund A	"	"	9,628	145,669	-	145,669	
	Yuanta Taiwan High-yield Leading Company Fund B	"	"	7,999	110,790	-	110,790	
					<u>\$ 873,310</u>		<u>\$ 873,310</u>	
	Stocks:							
	Taiwan Futures Exchange	-	Financial assets at fair value through other comprehensive income	3,242	\$ 272,350	-	\$ 272,350	
	FundRich Securities Co. Ltd.	-	"	819	8,251	-	8,251	
					<u>\$ 280,601</u>		<u>\$ 280,601</u>	
	CR Yuanta Fund Management Company Limited	-	Long-term equity accounted for under the equity method	147,000	<u>\$ 334,505</u>	-	<u>\$ 334,505</u>	
Yuanta Asset Management	Beneficiary certificates:							
	Jih Sun Money Market Fund	-	Financial assets at fair value through profit or loss	6,030	\$ 90,275	-	\$ 90,275	
	Taishin 1699 Money Market Fund	-	"	13,943	190,508	-	190,508	
	Franklin Templeton Sinoam Money Market Fund	-	"	9,604	100,282	-	100,282	
					<u>\$ 381,065</u>		<u>\$ 381,065</u>	
	Stocks:							
	Taiwan Finance Corporation	-	Financial assets at fair value through other comprehensive income	828	\$ 8,093	0.16	\$ 8,093	
	Sunsino Venture Co., Ltd.	-	"	443	4,133	0.93	4,133	
	DaYeh Development Co., Ltd.	-	"	333	714	2.22	714	
	Chung Yi Development Co., Ltd.	-	"	2,278	91	6.63	91	
	Global Investment Holdings Co., LTD.	-	"	1,980	15,979	1.23	15,979	
	China Trade And Development Corporation	-	"	500	10,280	0.76	10,280	
					<u>\$ 39,290</u>		<u>\$ 39,290</u>	

				June 30, 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)	Book value	Percentage of ownership (%)	Market value	Note
Yuanta Venture Capital	Stocks:							
	Gorilla Technology Group Inc.	-	Financial assets at fair value through profit or loss	95	\$ 16,644	0.89	\$ 16,644	Preferred stock B
	Tot Biopharm International Company Limited	-	"	15,606	250,370	2.59	250,370	
	CGK International Co., Ltd. (Cayman)	-	"	877	8,594	2.39	8,594	
	Veden Dental Group	-	"	246	3,309	0.64	3,309	
	Taiwan J Pharmaceuticals Co., Ltd.	-	"	1,282	16,400	1.71	16,400	
	Phecda Technology Co. Ltd.	-	"	252	-	0.89	-	
	Long Diann Marine Bio Technology Co., Ltd.	-	"	1,290	-	9.25	-	
	Saultech Technology Co., Ltd.	-	"	442	51,774	1.63	51,774	
	MagV Co., Ltd.	-	"	2,145	772	12.69	772	
	BRIM Biotechnology ,Inc.	-	"	3,500	29,680	5.94	29,680	
	Aprevent Medical, Inc.	-	"	394	882	2.12	882	
	Aprevent Medical, Inc.	-	"	1,808	38,974	9.71	38,974	Preferred stock B
	GenePharm Biotech Corp.	-	"	2,667	5,333	10.42	5,333	
	United Renewable Energy Co., Ltd.	-	"	908	9,620	0.03	9,620	Private equity
	Great Dream Pictures, Inc.	-	"	2,000	1,460	19.96	1,460	
	Li Ling Film Co., Ltd.	-	"	1,666	8,180	2.78	8,180	
	Jing-Jan Retail Business Co., Ltd.	-	"	1,408	61,487	2.35	61,487	
	Taiwan Chelic Corp. Ltd.	-	"	500	27,650	0.75	27,650	
	Eurocharm Holdings Co., Ltd.	-	"	563	94,303	0.86	94,303	
	Jump Media International Co., Ltd.	-	"	906	100	3.20	100	
	Apollomics, Inc.	-	"	1,634	8,236	0.13	8,236	
	M3 Technology Inc.	-	"	1,531	218,749	4.17	218,749	
	Ever Supreme Bio Technology Co., Ltd.	-	"	454	188,637	0.74	188,637	
	Asia Pacific Venture Invest II L.P.	-	"	-	682	10.00	682	
	Aide Engery Holdings Co., Ltd.	-	"	336	-	0.13	-	
	GCT Semiconductor Inc.	-	"	1,402	-	1.70	-	Preferred stock G
	Bioflag International Corporation	-	"	3,400	143,786	2.96	143,786	
	ALLIED SUPREME CORP.	-	"	572	131,091	0.83	131,091	
	Taiwan Microloops Co., Ltd.	-	"	970	51,100	2.59	51,100	
	Ever Fortune. AI Co. , Ltd.	-	"	1,500	47,730	1.67	47,730	
	Pharmosa Biopharm Co. , Ltd.	-	"	3,600	57,852	4.47	57,852	
					<u>\$ 1,473,395</u>		<u>\$ 1,473,395</u>	
	Yuanta I Venture Capital Co., Ltd.	Investee company accounted for under the equity method	Long-term equity accounted for under the equity method	85,000	<u>\$ 1,065,916</u>	100.00	<u>\$ 1,065,916</u>	

				June 30, 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)	Book value	Percentage of ownership		Note
						(%)	Market value	
Yuanta Venture Capital	Stocks:							
	Da Hwa Venture Capital Co., Ltd.	-	Financial assets at fair value through other comprehensive income	800	\$ 9,336	0.50	\$ 9,336	
	Li Ding Venture Capital Co., Ltd.	-	"	1,391	1,864	17.39	1,864	
	Prudence Capital Management	-	"	2,539	39,298	9.00	39,298	
	Ho Ding Venture Capital Co., Ltd.	-	"	590	944	10.00	944	
	Sheng Hwa Venture Capital Co., Ltd.	-	"	1,064	7,955	4.80	7,955	
	Lian Ding Venture Capital Co., Ltd.	-	"	1,050	4,294	15.00	4,294	
	Lian Xun San Venture Capital Co., Ltd.	-	"	10	212	10.00	212	
	Hwa Lu Venture Capital Co., Ltd.	-	"	261	20,742	8.70	20,742	
	Hwa Sheng Venture Capital Co., Ltd.	-	"	5	748	3.33	748	
	Sheng Yuan Venture Capital Co., Ltd.	-	"	1,680	23,705	9.88	23,705	
	Guan Hwa Venture Capital Co., Ltd.	-	"	276	1,956	5.56	1,956	
	Qi Ding Venture Capital Co., Ltd.	-	"	670	8,234	4.35	8,234	
	Der Yang Biotechnology Venture Capital Co., Ltd.	-	"	319	3,352	10.00	3,352	
	Huiyang Venture Capital Co., Ltd.	-	"	67	8,468	2.46	8,468	
					<u>\$ 131,108</u>		<u>\$ 131,108</u>	

(BLANK)

(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 six months ended June 30, 2021		Accumulated amount of remittance from Taiwan to Mainland China as of June 30, 2021	Net income of investee as of June 30, 2021	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the six months ended June 30, 2021 (Note 4)	Book value of investments in Mainland China as of June 30, 2021	Accumulated amount of investment income remitted back to Taiwan as of June 30, 2021
					Remitted to Mainland China	Remitted back to Taiwan						
Tot Biopharm International Company Limited	Pharmaceutical company specializes in cancer treatment	\$ 8,105,519 (CNY 1,880,151)	(2) HONG KONG TOT BIOPHARM INTERNATIONAL COMPANY LIMITED	\$ 200,935	\$ -	\$ -	\$ 200,935	Note 5	2.59%	\$ -	\$ 200,935	\$ -
Jhong Shan Dong Yi Technology Co., Ltd.	Protection glass grinding and sales	222,960 (USD 8,000)	(2) CAYMAN ISLANDS CGK INTERNATIONAL CO., LTD.	8,258	-	-	8,258	Note 5	2.39%	-	8,258	-
Veden Dental Labs Inc.	Manufacturing dental restoration	297,904 (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 six months ended June 30, 2021		Accumulated amount of remittance from Taiwan to Mainland China as of June 30, 2021	Net income of investee as of June 30, 2021	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the six months ended June 30, 2021 (Note 4)	Book value of investments in Mainland China as of June 30, 2021	Accumulated amount of investment income remitted back to Taiwan as of June 30, 2021
					Remitted to Mainland China	Remitted back to Taiwan						
Jie Qun Electronic Technology (Dong Guan) Ltd.	Transistors	\$ 2,455,810 (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
Ether Precision Inc. (Su Zhou)	Manufacturing and selling of a variety of discs	771,999 (USD 27,700)	(2) CAYMAN ISLANDS ETHER PRECISION INC.	32,220	-	-	32,220	Note 5	1.61%	-	32,220	-

Yuanta Securities

(Expressed in thousands of dollars)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2021	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the six months ended June 30, 2021		Accumulated amount of remittance from Taiwan to Mainland China as of June 30, 2021	Net income of investee as of June 30, 2021	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the six months ended June 30, 2021 (Note 2)	Book value of investments in Mainland China as of June 30, 2021	Accumulated amount of investment income remitted back to Taiwan as of June 30, 2021
					Remitted to Mainland China	Remitted back to Taiwan						
GC Investment Consultant (Shanghai)	Investment consultation	\$ 17,838 (RMB 4,138)	(3)	\$ -	\$ -	\$ -	\$ -	\$ 165	100.00%	In liquidation	\$ 20,345	\$ -

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 six months ended June 30, 2021		Accumulated amount of remittance from Taiwan to Mainland China as of June 30, 2021	Net income of investee as of June 30, 2021	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the six months ended June 30, 2021 (Note 2)	Book value of investments in Mainland China as of June 30, 2021	Accumulated amount of investment income remitted back to Taiwan as of June 30, 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	\$ 79,447 (RMB 18,428)	(2) Yuanta Securities Asia Financial Service	\$ -	\$ -	\$ -	\$ -	(\$ 3,243)	100.00%	(\$ 3,243) (2)b	\$ 15,359	\$ -

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 six months ended June 30, 2021		Accumulated amount of remittance from Taiwan to Mainland China as of June 30, 2021	Net income of investee as of June 30, 2021	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the six months ended June 30, 2021 (Note 2)	Book value of investments in Mainland China as of June 30, 2021	Accumulated amount of investment income remitted back to Taiwan as of June 30, 2021
					Remitted to Mainland China	Remitted back to Taiwan						
CR Yuanta Fund Management Company Limited	Fund raising and sale	\$ 2,586,660 (RMB 600,000)	(1)	\$ 705,666	\$ -	\$ -	\$ 705,666	\$ 6,671	24.50%	\$ 1,350 (2)c	\$ 334,505	\$ -

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 six months ended June 30, 2021		Accumulated amount of remittance from Taiwan to Mainland China as of June 30, 2021	Net income of investee as of June 30, 2021	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the six months ended June 30, 2021 (Note 2)	Book value of investments in Mainland China as of June 30, 2021	Accumulated amount of investment income remitted back to Taiwan as of June 30, 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	\$ 182	100.00%	\$ 182 (2)c	\$ 113,321	\$ -

B. Limitation on investment in Mainland China (Expressed in thousands of dollars)

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of June 30, 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	\$304,910	\$312,926	\$2,052,448
GC Investment Consultant (Shanghai)	-	Note 6	Note 6
Yuanta Investment Consulting Beijing	-	91,973	80,569,589
Yuanta Securities Investment Trust	705,666	705,666	2,940,043
Yuanta Futures	157,209	174,000	6,995,228

Note: The abovementioned limitations on investments in Mainland China were based on 60% of Yuanta Venture Capital's net worth of \$3,420,747.

The abovementioned limitations on investments in Mainland China were based on 60% of Yuanta Securities's net worth of \$134,282,649.

The abovementioned limitations on investments in Mainland China were based on 60% of Yuanta Securities Investment Trust's net worth of \$4,900,071.

The abovementioned limitations on investments in Mainland China were based on 60% of Yuanta Futures's net worth of \$11,658,714.

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

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

Note 2: In the 'Investment income (loss) recognised by the Company for the six months ended June 30, 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 recognised as financial assets at fair value through profit or loss, therefore, there was no investment income (loss) recognised.

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 June 30, 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			
				Account	Amount	Conditions	Percentage of total consolidated net revenues or assets (Note 3)
0	Yuanta Financial Holdings	Yuanta Securities	1	Receivables – net	1,751,415	No significant difference from general customers	0.06%
0	Yuanta Financial Holdings	Yuanta Bank	1	Receivables – net	563,782	"	0.02%
0	Yuanta Financial Holdings	Yuanta Life	1	Receivables – net	557,020	"	0.02%
0	Yuanta Financial Holdings	Yuanta Futures	1	Receivables – net	538,100	"	0.02%
0	Yuanta Financial Holdings	Yuanta Securities	1	Payables	880,212	"	0.03%
0	Yuanta Financial Holdings	Yuanta Bank	1	Payables	1,135,165	"	0.04%
0	Yuanta Financial Holdings	Yuanta Venture Capital	1	Payables	104,215	"	0.00%
0	Yuanta Financial Holdings	Yuanta Life	1	Payables	2,600,961	"	0.09%
0	Yuanta Financial Holdings	Yuanta Bank	1	Cash and cash equivalents	8,746,479	"	0.29%
0	Yuanta Financial Holdings	Yuanta Bank	1	Cash and cash equivalents	4,800,000	"	0.16%
0	Yuanta Financial Holdings	Yuanta Bank	1	Cash and cash equivalents	833,313	"	0.03%
1	Yuanta Securities	Yuanta Futures	3	Cash and cash equivalents	6,461,598	"	0.21%
1	Yuanta Securities	Yuanta Futures	3	Financial assets at fair value through profit or loss	4,559,445	"	0.15%
1	Yuanta Securities	Yuanta Life	3	Right-of-use assets – net	415,141	"	0.01%
1	Yuanta Securities	Yuanta Life	3	Lease liabilities	453,951	"	0.02%
1	Yuanta Securities	Yuanta Futures	3	Net service fee and commission income	168,087	"	0.25%
1	Yuanta Securities	Yuanta Securities Investment Consulting	3	Other business and administrative expenses	100,500	"	0.15%
1	Yuanta Securities	Yuanta International Insurance Brokers	3	Receivables – net	203,083	"	0.01%
1	Yuanta Securities	Yuanta International Insurance Brokers	3	Net other miscellaneous income	212,366	"	0.31%
1	Yuanta Securities	Yuanta Securities (Hong Kong)	3	Receivables – net	106,974	"	0.00%
1	Yuanta Securities	Yuanta Securities (Hong Kong)	3	Payables	110,300	"	0.00%
2	Yuanta Bank	Yuanta Savings Bank (Philippines)	3	Other assets – net	694,229	"	0.02%
2	Yuanta Bank	Yuanta Life	3	Deposits and remittances	1,546,204	"	0.05%
2	Yuanta Bank	Yuanta Securities	3	Deposits and remittances	487,994	"	0.02%
2	Yuanta Bank	Yuanta International Insurance Brokers	3	Deposits and remittances	509,264	"	0.02%
2	Yuanta Bank	Yuanta Futures	3	Deposits and remittances	153,850	"	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)
2	Yuanta Bank	Yuanta Securities	3	Deposits and remittances	3,534,036	No significant difference from general customers	0.12%
2	Yuanta Bank	Yuanta Securities (Hong Kong)	3	Deposits and remittances	118,824	"	0.00%
2	Yuanta Bank	Yuanta Futures	3	Deposits and remittances	1,053,600	"	0.03%
2	Yuanta Bank	Yuanta Futures (Hong Kong)	3	Deposits and remittances	230,181	"	0.01%
2	Yuanta Bank	Yuanta Securities Investment Trust	3	Deposits and remittances	1,602,500	"	0.05%
2	Yuanta Bank	Yuanta Securities Investment Consulting	3	Deposits and remittances	168,600	"	0.01%
2	Yuanta Bank	Yuanta Venture Capital	3	Deposits and remittances	492,100	"	0.02%
2	Yuanta Bank	Yuanta I Venture Capital	3	Deposits and remittances	237,600	"	0.01%
2	Yuanta Bank	Yuanta Securities	3	Deposits and remittances	15,109,447	"	0.50%
2	Yuanta Bank	Yuanta Securities (Hong Kong)	3	Deposits and remittances	576,942	"	0.02%
2	Yuanta Bank	Yuanta Futures	3	Deposits and remittances	2,312,380	"	0.08%
2	Yuanta Bank	Yuanta Futures	3	Deposits and remittances	12,929,393	"	0.43%
2	Yuanta Bank	Yuanta Futures (Hong Kong)	3	Deposits and remittances	427,865	"	0.01%
2	Yuanta Bank	Yuanta Life	3	Net service fee and commission income	165,900	"	0.24%
2	Yuanta Bank	Yuanta Life	3	Net service fee and commission income	338,738	"	0.50%
3	Yuanta Futures	Yuanta Futures (Hong Kong)	3	Other financial assets – net	517,869	"	0.02%
3	Yuanta Futures	Yuanta Life	3	Right-of-use assets – net	157,960	"	0.01%
3	Yuanta Futures	Yuanta Futures (Hong Kong)	3	Other financial liabilities	150,818	"	0.00%
3	Yuanta Futures	Yuanta Securities (Korea)	3	Other financial liabilities	162,051	"	0.01%
3	Yuanta Futures	Yuanta Life	3	Lease liabilities	172,892	"	0.01%
4	Yuanta Life	Yuanta International Insurance Brokers	3	Net service fee and commission income	759,438	"	1.12%
5	Yuanta Securities Asia Financial Services	Yuanta Securities (Indonesia)	3	Receivables – net	418,163	"	0.01%
5	Yuanta Securities Asia Financial Services	Yuanta Securities (Hong Kong)	3	Bonds payable	521,303	"	0.02%
5	Yuanta Securities Asia Financial Services	Yuanta Securities (Korea)	3	Financial assets at fair value through profit or loss	2,906,677	"	0.10%
5	Yuanta Securities Asia Financial Services	Yuanta Securities (Korea)	3	Equity investments accounted for under the equity method – net	132,248	"	0.00%

No. (Note 1)	Company	Counterparty	Relationship (Note 2)	Details of transactions			
				Account	Amount	Conditions	Percentage of total consolidated net revenues or assets (Note 3)
5	Yuanta Securities Asia Financial Services	Yuanta Securities (Korea)	3	Gain and loss on financial assets and financial liabilities at fair value through profit or loss	113,933	No significant difference from general customers	0.17%
5	Yuanta Securities Asia Financial Services	Yuanta Securities (Korea)	3	Exchange differences on translation of foreign financial statements	124,805	"	0.18%
5	Yuanta Securities Asia Financial Services	Yuanta Securities (Korea)	3	Non-controlling interests	180,411	"	0.01%
6	Yuanta Securities (Hong Kong)	Yuanta Investment (Hong Kong)	3	Investments in bills and bonds under resale agreements	168,058	"	0.01%
6	Yuanta Securities (Hong Kong)	Yuanta Investment Management (Cayman)	3	Investments in bills and bonds under resale agreements	446,088	"	0.01%
6	Yuanta Securities (Hong Kong)	Yuanta Investment Management (Cayman)	3	Investments in bills and bonds under resale agreements	235,233	"	0.01%

Note 1: The numbers in the No. column represent as follows:

1. 0 for the parent company.
2. According to the sequential order, subsidiaries are numbered from 1.

Note 2: There are three types of relationships with the counterparties and they are labeled as follows (If transactions between parent company and subsidiaries or between subsidiaries refer to the same transaction, it is not required to disclose twice. For example, if the parent company has already disclosed its transaction with a subsidiary, then the subsidiary is not required to disclose the transaction; for transactions between two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction.) :

1. Parent company to subsidiary.
2. Subsidiary to parent company.
3. Subsidiary to subsidiary.

Note 3: The calculation basis of the trading amount accounting for the total consolidated net revenues or assets is that the account ending balance is divided by the total consolidated assets if it is attributed to the balance sheet accounts, and the accumulated trading amount of the interim period is divided by the total consolidated net revenues if it is attributed to the profit or loss accounts.

Note 4: The transactions disclosed are those over \$100,000.

14. Segment information

(1) General information

A. Recognition elements of reporting segment

The Yuanta Group is mainly engaged in the investment and management of its investees; therefore, the management reports are provided to the Chief Operating Decision Maker (“CODM”) to allocate resources to operating segments and evaluate their performance. The Yuanta Group’s management recognised reporting segments based on the policies adopted by the CODM.

B. The income sources and service types of each reporting segment

The management has recognised reporting segments based on the reporting information used by the CODM. The Yuanta Group has 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 six months ended June 30, 2021

	Banking	Securities	Futures	Insurance	Others	Adjustment and elimination	Consolidated
Revenue from external customers	\$ 10,080,199	\$ 37,513,131	\$ 1,291,910	\$ 16,382,048	\$ 2,647,841	\$ -	\$ 67,915,129
Revenue (loss) from transactions with other operating segments of the same entity	462,469	1,037,181	(46,193)	(1,161,515)	373,810	(665,752)	-
Net revenues (Note)	10,542,668	38,550,312	1,245,717	15,220,533	3,021,651	(665,752)	67,915,129
(Provision for) reversal of bad debt expenses, commitment and guarantee policy reserve	60,409	63,171	1,797	67	(53,202)	-	72,242
Net change in provisions for insurance liabilities	-	-	-	(13,679,394)	-	74,485	(13,604,909)
Operating expenses	(5,602,366)	(19,643,110)	(703,608)	(724,834)	(1,753,811)	445,962	(27,981,767)
Income from continuing operations before income tax	<u>\$ 5,000,711</u>	<u>\$ 18,970,373</u>	<u>\$ 543,906</u>	<u>\$ 816,372</u>	<u>\$ 1,214,638</u>	<u>(\$ 145,305)</u>	<u>\$ 26,400,695</u>

Expressed in Thousands of New Taiwan Dollars

For the six months ended June 30, 2020

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

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