Yuanta Financial Holding Co., Ltd.

2019 Annual Report

I. Name, Title, Telephone and Email of Spokesperson and Deputy Spokesperson

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	Website	Telephone
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Yuanta Bank	1F～10F, No. 66 and 1F,2F,2F-1,7F,9F, No. 68, Sec. 1, Dunhua S. Rd., Taipei City	
	http://www.yuantabank.com.tw	(02)2173-6699
Yuanta Life	17F, No.156, Sec.3, Minsheng E. Rd., Taipei City	
	http://www.yuantalife.com.tw	(02)2751-7578
Yuanta Securities Investment Trust	10F～11F, No. 219 and 6F, No. 225, Sec. 3, Nanjing E. Rd., Taipei City	
	http://www.yuantafunds.com	(02)2717-5555
Yuanta Futures	11F～12F, No. 225, Sec. 3, Nanjing E. Rd., Taipei City	
	http://www.yuantafutures.com.tw	(02)2717-6000
Yuanta Venture Capital	10F, No.66, Sec. 1, Dunhua S. Rd., Taipei City	
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Yuanta Asset Management	10F-1, No. 225, Sec. 3, Nanjing E. Rd., Taipei City	
	http://www.yuanta.com/AM/	(02)2173-6655
Yuanta Securities Investment Consulting	4F, No. 225, Sec. 3, Nanjing E. Rd., Taipei City	
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III. Name, Address, Website and Telephone of Institution for stock transfer

Institution for stock transfer	Yuanta Securities, Registrar & Transfer Department	Telephone	(02)2586-5859
Website	http://www.yuanta.com.tw	Address	B1F., No.210, Sec. 3, Chengde Rd., Taipei City

IV. Name, Address and Telephone of credit rating agencies

credit rating agencies	Address	Telephone	Companies for rating
Taiwan Ratings Corporation	49F., No.7, Sec. 5, Xinyi Rd., Taipei City (Taipei 101 Building)	(02)8722-5800	Yuanta Financial Holdings, Yuanta Securities, Yuanta Bank, Yuanta Life, Yuanta Securities Finance
Fitch Ratings Taiwan	Level 37, Taipei Nanshan Plaza, No. 100 Songren Rd., Xinyi District, Taipei City	(02)8175-7600	Yuanta Financial Holdings, Yuanta Securities, Yuanta Bank, Yuanta Securities Finance, Yuanta Securities Asia Financial Services

V. Name, Accounting Firm, Address, Website and Telephone of CPAs on the 2019 Financial Statements

Name of CPA	Chien-Hung, Chou Hsien-I, Chen	Telephone	(02) 2729-6666
Accounting Firm	PricewaterhouseCoopers Certified Public Accountants	Address	27F., No.333, Sec. 1, Keelung Rd., Taipei City
Website	http://www.pwc.com/tw/		

VI. Overseas Listings and Access to the Listing Information: None.

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Notice to readers

This English-version annual report is a summary translation of the Chinese version and is not an official document of shareholders' meeting. If there is any discrepancy between the English and Chinese versions, the Chinese version shall prevail.

One. Letter to Shareholders

I. Domestic and International Financial Environment

Looking back on 2019, given the increasingly significant effect produced by the China-US trade war, global manufacturing and trade activities have cooled down. Meanwhile, the sluggish global economic growth has become more and more apparent, taking into account the uncertain factors, such as continued economic and financial risk hike in mainland China, the impasse reached by Brexit, the trade conflict between Japan and South Korea, Hong Kong protests, and geo-political tensions. In December 2019, IHS Markit forecasted the global economic growth rate to be 2.6% for 2019, lower than 3.2% in 2018. Notwithstanding, benefitting from the effect produced by the move-back of production and order transfer, and driven by the production and consumption in the second half of the year, Taiwan's economic growth has increased quarter by quarter. Taiwan's Directorate-General of Budget, Accounting and Statistics (DGBAS) thus forecasted in February 2020 a 2.71% economic growth rate in Taiwan for 2019, adjusted upward from estimated 2.27% of February 2019 by 0.44%.

The global economy might have emerged from the haze of the financial crisis. Nonetheless, its growth is still considered low for the time being. The permanent low inflation and low interest rates constitute a huge challenge for the current economic development in various countries. Looking forward to 2020, the advanced economies' growth momentum is becoming weakened and thereby affects the emerging markets adversely, and the emerging global trading disputes could disturb the stability and economic/trading outlook of the market. In January 2020, IHS Markit forecasted the global economic growth rate to be 2.5% for 2020, lower than 3% for consecutive two years. Given the lethargic global economic growth, Taiwan's economy still needs to face critical challenges in 2020. Stimulation of outbound Taiwanese entrepreneurs to move investment back to Taiwan, the private investment momentum, and the government's promotion of major infrastructure development projects are critical to Taiwan's stable economic growth for the future year. Furthermore, in consideration of the high base-period factor for the private investment in Taiwan, and subject to the China-US trade dispute remaining unsettled and apparently weakening domestic demand of China, the economic growth will trend toward mild domestically. However, affected by the recent outbreak of COVID-19, the DGBAS has thus forecasted in February 2020 a 2.37% economic growth rate in Taiwan for 2020, adjusted downward from estimated 2.72% of November 2019 by 0.35%.

In terms of the domestic financial industry's performance in 2019, and given the slight decline of the day trading volume from 2018, the contribution by the securities industry's brokerage services decreased accordingly. Notwithstanding, due to the increase in the stock price, the income from proprietary trading business and underwriting grew significantly, and the total profit for all the securities firms was superior than that of 2018. Given the diversified

earnings, Yuanta Securities has remained the leader in the industry. In the banking industry, the interest spread for deposits and loans has continued to decrease due to the interest cut by the US Federal Reserve (Fed) and intensive market competition. As a result, the net interest income suffered pressure accordingly. Nevertheless, in consideration of the outperforming net income from financial trading and increasing net income from wealth management, the total profit of all the banks kept hitting the record. By adjusting the income structure, Yuanta Bank's annual profit broke through ten billion New Taiwan Dollars (NTD) for the first time. As for the life insurance industry, given the commodity reform driven by laws and regulations, business momentum has gradually slowed down. Notwithstanding, the pressure brought by the hedging cost generated by currency mismatch of overseas investment was mitigated slightly. And as driven by the capital market condition, the net worth increased at the same time and served as a buffer for exchange loss. Recovering from 2018, the life insurance industry's profit improved considerably. By continuing to promote protection-type and long-term paying products, Yuanta Life has maintained its stable financial structure and kept growing its business and profits.

In consideration of the uncertainty of the economic outlook, global leading countries will still tend to adopt loose monetary policies. Recently, various countries have started to consider or take up expanding fiscal policies to support the economic momentum. Meanwhile, the abundant capital in Taiwan's market should be able to support the needs of substantial economic activities. Looking forward to 2020 where the securities industry will implement the continuous trading of stock and intraday odd-lot trading, the stock market growth capacity is expected to be boosted. Meanwhile, in order to construct Taiwan as a regional wealth management center, the competent authority has scheduled to open up the services which the securities firms are allowed to undertake. Thus, it is very helpful for the securities industry's growth as well as the momentum for profit seeking. Benefited from the stable domestic economy, outbound Taiwanese entrepreneurs' movement of investment back to Taiwan and growing overseas business, the banking industry's loan size and service charge growth are expected to swell. Nevertheless, both the NTD spreads and foreign-currency spreads still suffer downward pressure. Besides, given the increase in difficulty in operation of financial trading, it is expected that the entire banking industry's profit will still grow only mildly. As for the life insurance industry, the commodity reform, interest cut by Fed, and increasing foreign exchange risk, have slowed down the speed of asset accumulation and also affected profitability. Notwithstanding, the declared interest rate cut is helpful for life insurance companies to reduce the liability cost for insurance policies and may serve as a buffer for the life insurance companies to bear the risk of the investment and re-investment. Generally speaking, there are still multiple economic and political issues that remain unsettled in 2020. In addition, a short-term impact on the economy brought by the outbreak of COVID-19 would be inevitable. Therefore, the uncertainty in the financial market remains high and operation should be carried out cautiously.

II. Changes in Company Organization

(I) The most significant changes in this Company's organization in 2019 are as follows:

1. Establishment of the Nominating Committee: In order to strengthen the functions of the board of directors and its management mechanism, this Company approved the establishment of the Nominating Committee at the 36th meeting of the seventh board of directors on January 23, 2019.
2. The board of directors of this Company resolved on March 25, 2019 to sell the whole equity of Yuanta Securities Finance to Yuanta Securities at the price of NT$8.818 billion, and the record date for settlement was March 26, 2019. Upon completion of the settlement, Yuanta Securities Finance became a subsidiary wholly owned by Yuanta Securities.

(II) The most significant changes in the Company's subsidiaries in 2018 are as follows:

1. The board of directors of Yuanta Securities resolved on April 24, 2019 that the subsidiary, Yuanta Securities Finance, should succeed to the equity and related creditor's right in the loan secured by margin trading and short sale, refinancing and marketable securities of Global Securities Finance Corporation. Upon approval via Taiwan's Financial Supervisory Commission's (FSC) Letter Jin-Guan-Zheng-Tou-Zi No. 1080360681 dated October 14, 2019, the transaction was completed on November 20, 2019. The trading value amounted to NT$15 million. Plus the collateral and related rights valued at NT$3.211 billion, they totaled NT$3.226 billion.
2. On September 17, 2019, Yuanta Securities Asia Financial Services increased the capital of Polaris Securities (Hong Kong) with 100% of the equity held by it in Yuanta Asia Investment. Upon completion of the capital increase, Yuanta Asia Investment became a subsidiary wholly owned by Polaris Securities (Hong Kong), and Polaris Securities (Hong Kong) was renamed as Yuanta Asia Investment (Hong Kong) on September 24, 2019.

In the future, this Company will continue to adjust the capital structures of its subsidiaries in line with business development needs and strengthen the entire Group's competitiveness through organizational restructuring. In order to create operational synergies, the Company has adopted a joint channel strategy, setting up offices for securities and banking operation in the same location. As of the end of December 2019, a total of 45 securities and bank branches are operating from the same location, creating maximum synergy by integrating resources of Yuanta Financial Holdings.

III. Business Achievements

Looking back on 2019, despite the rapidly changing international economic and political environment and the turmoil in the financial markets, this Company adopted a cautious and stable approach in dealing with the external changes, and adjusted its orientation adequately.

The net profit after tax was NT$20.446 billion, with an earnings per share (EPS) of NT$1.75 and return on equity (ROE) of 9.06% in 2019. The profitability of Yuanta Financial Holdings grew by 9.5% from last year.

While developing the financial business thoroughly and creating profit, this Company also values the positive development in such areas as corporate governance, customer rights and interests, employee care, environmental sustainability and social welfare. This Company has been selected by the "Dow Jones Sustainability Indices (DJSI) World Index" and "DJSI Emerging Markets Index" in 2019. In the "Diversified Financial Services and Capital Markets" ratings by industry, this Company was nominated as one of the Top 10 in the world. Said Index stocks track the performance of global large-sized enterprises in economy, environmental protection and social responsibility, as the important reference indicators about sustainable investments by global investors.

At the same time, in the MSCI Environmental, Social, and Governance (ESG) Ratings of enterprises included in the "MSCI All Country World Index (ACWI) Index" released by MSCI, this Company won the level A honor, suggesting that the Company has been recognized by the world in practicing sustainable development of the environment, society, and corporate governance as the leading group in the domestic finance industry.

Additionally, this Company also has continued to review and strengthen various issues concerning sustainable development and won recognition from multiple external organizations. For example, the Group's 316 business locations throughout Taiwan received a ISO14064-1 Greenhouse Gas Inventory System Certification, with 100% assessment coverage rate. The Company has been awarded by the Taipei City Government as a Benchmark Business for Green Purchasing for nine consecutive years, and at the same time received recognition from the Environmental Protection Administration of Taiwan's Executive Yuan for eight consecutive years. The Company values the health of its employees. Yuanta Financial Holdings, Yuanta Securities, Yuanta Bank, and Yuanta Futures were awarded the accreditation badge for a healthy workplace by Taiwan's Health Promotion Administration, Ministry of Health and Welfare, and nominated by Well-Being Business Awards respectively. In January 2020, the Company received a Leadership ranking with an A- rating (Leadership level) from the Carbon Disclosure Project (CDP) making it two consecutive years now. The Company ranked in the top 7% among 8,400 enterprises under the evaluation, supporting and devoting itself to environmentally friendly and climate change-related issues. The Company's corporate social responsibility report was certified by the British Standards Institution (BSI). The Company's ESG performance was considered outstanding and awarded the Taiwan Corproate Sustainability Awards Corporate Social Responsibility (CSR) Report - Gold Prize. Implementation of CSR verification won the BSI Excellence in Sustainability Award.

For corporate governance, the Company received the Best Chief Executive Officer, Best

Chief Financial Officer, and Best Investor Relations awards from "Corporate Governance Asia" in 2019; the "Most Outstanding Company in Taiwan - Financial Sector" from Asiamoney; and top 5% of the listed companies in the fifth annual "Corporate Governance Evaluation Award" held by the Taiwan Stock Exchange (TWSE). Further, the Company also passed the Taiwan Corporate Governance Association's "CG6011 (2017) Corporate Governance Framework Assessment Certificate with Excellence" in June 2018, becoming the first financial holdings company in Taiwan to receive this certification.

The business achievements of the Company's subsidiaries are as follows:

Yuanta Securities has 146 branches as of the end of December 2019, with a brokerage market share around 12.09%, maintaining the leading position in the industry. In recent years, Yuanta Securities has continuously developed multiple businesses domestically and overseas, driven by an enterprising culture of pursuing innovation and teamwork, and received recognition from domestic and foreign professional financial magazines, totaling 68 awards for the year, including the "Best Brokerage in Taiwan" award from *Asiamoney* for thirteen consecutive years, and securities-related awards by various foreign financial magazine agencies such as *The Asset* and *FinanceAsia*. Honors from Taiwan's competent authorities included the first place in the "Marketable Securities Award - Listed Securities Underwriter," "Economic Stimulation Award - IPO Fund-Raising," the first place in the "Economic Stimulation Award - IPO Market Value," the first place in the "Warrants Issuing," the first place in the "Warrants Market Making," "Best Contribution," the first place in the "Stable Quotation," the first place of "E Hero Award for the Second Half of Year," and the first place in the "Market-Making Hero for the Second Half of Year" from TWSE and Taipei Exchange (TPEx), in addition to the two remarkable prizes, "Outstanding Green Fund-Raising" and "Outstanding Financial Innovation," awarded by the Securities and Futures Institute (SFI) bi-annually at the SFI Award Ceremony. Meanwhile, the Company also received the "Wealth Management Award (*Wealth Magazine*)," "*Wealth Magazine* Financial Brand Award (*Wealth Magazine*)," and the first place in the "Comprehensive Securities Sector Award" from *Business Today* for twelve consecutive years, and the National Brand Yushan Award - the "Best Products: 'Mr. Yuanta' – AI Smart Stock Selection." All these awards have demonstrated that Yuanta Securities' proactive efforts in developing the business as well as fulfilling customers' rights and interests have been greatly affirmed.

In the past two years since Yuanta Bank merged with Ta Chong Bank, Yuanta Bank has continued to improve the loan structure and uphold the primary business philosophy of "balancing its business structure, dispersing its profit-making sources and increasing the efficiency of its capital utilization," in order to propel business growth and uninterruptedly pursue the target as an excellent large-sized bank. As of the end of December 2019, Yuanta Bank's asset size reached NT$1.3300 trillion. The various business and financial indicators grew more than those of the previous year. Though the interest income was affected, in part, by the US interest cuts, through the growth of net service fee income and investment income,

and saving of expenses, the net income after tax for the year is NT$10.046 billion, an increase of NT$1.439 billion as compared to 2018, with a growth rate of 17%, hitting the record again. The EPS was NT$1.36 and ROE was 8.46%. For the quality of assets, the non-performing loans (NPL) ratio, NPL coverage ratio and loan coverage ratio were 0.15%, 1,121.67% and 1.66% respectively, which were considered the excellent ones in the industry and outperforming the regulatory requirements posed by the competent authority. In terms of wealth management, Yuanta Bank has upheld the philosophy focusing on "Dedication, Care and Integrity" when providing customers with professional service, and in 2019 won the award for "Best Service, Best Wealth Value Added and Best Print Marketing" Award from the *Wealth Magazine* - Wealth Management Assessment. This is a clear indication that Yuanta Bank is highly recognized by our customers .

Yuanta Life has upheld the corporate core value, "Insurance Protection, Sustainable Business and Society's Well-being," and continued focusing on the promotion of protection-type and long-term paying products to upgrade the market share of such products from 41% to 49%. In accordance with the changes in laws and regulations (no loading loss permitted), the commission and bonus costs to the bank channels have been cut. Meanwhile, in order to ensure achievement of the business performance target, the wealth management products have been promoted mainly via the Group's own channels. It has also engaged in marketing the protection-type and long-term paying products via the traditional insurance brokers and agents channels, diversified marketing channels and direct agency channels. In 2019, the commission-calculating premium from protection-type and long-term paying products is NT$3.873 billion, a year-on-year growth of 57%, which is a clear indication that Yuanta Life is expanding its business scale for protection-type and long-term paying products at a stable pace in pursuit of the Company's long-term value and realization of insurance's spirit of "mutual assistance."

In implementing their respective 2019 business plans, our subsidiaries posted the following results:

Item		Total assets (NT$1,000)	Net income (NT$1,000)	EPS (NT$)
Yuanta Securities	2019	365,076,873	9,018,519	1.56
	2018(Note)	345,294,955	9,391,408	1.62
Yuanta Bank	2019	1,329,968,350	10,046,230	1.36
	2018	1,278,099,257	8,607,600	1.16
Yuanta Life	2019	284,651,026	909,534	0.93
	2018	239,390,357	276,802	0.31
Yuanta Securities Investment Trust	2019	5,567,382	1,188,944	5.24
	2018	4,978,302	1,005,530	4.43
Yuanta Futures	2019	73,149,665	1,135,799	4.89
	2018	72,108,776	1,000,045	4.31

Item		Total assets (NT$1,000)	Net income (NT$1,000)	EPS (NT$)
Yuanta Venture Capital	2019	2,740,721	148,187	0.60
	2018	2,611,815	220,861	0.90
Yuanta Asset Management	2019	3,680,439	124,033	1.01
	2018	3,080,779	153,915	1.54
Yuanta Securities Investment Consulting	2019	259,024	3,175	0.32
	2018	248,454	1,256	0.13

Note: Yuanta Securities acquired all the shares of Yuanta Securities Finance on the settlement date, March 26, 2019. This equity transaction was a restructuring under common control and Yuanta Securities Finance was viewed as a consolidated entity from the beginning. Therefore, Yuanta Securities retrospectively restated its prior period financial statements to reflect this in accordance with the regulations.

IV. Credit Ratings' Dates and Results

Domestic and foreign credit rating organizations have recognized this Company's stable asset quality and business achievements. Taiwan Ratings confirmed on January 16, 2020 that this Company's outlook should remain as "stable," reflecting that the Group has a strong capital level on a consolidated basis and is in a leading position in the relevant securities markets in Taiwan. Fitch Ratings confirmed on July 9, 2019 that this Company's outlook should remain as "stable." The rating reflects that the Group has expanded its domestic banking business and overseas securities business through a series of acquisition and merger of domestic banking business and overseas securities business from 2014 to 2016 to continue strengthening its market position domestically and overseas as well as creating more diversified sources of operating revenue and funds. As a result, the Group has transformed its business model from a securities-focus one to the one with balanced contribution by the securities and banking businesses, and the more diversified business model helps support the Group's development to orient toward a comprehensive regional financial service group.

This Company's most recent credit rating results are summarized below:

Rating category	Rating agency	Credit rating		Outlook	Effective date
		Long-term	Short-term		
International rating	Fitch Ratings	BBB+	F2	Stable	July 9, 2019
Domestic rating	Fitch Ratings	AA-(twn)	F1+(twn)	Stable	July 9, 2019
	Taiwan Ratings	twAA-	twA-1+	Stable	January 16, 2020

V. Future Development Strategies of the Company

The core values upheld by this Company are "Seize opportunities and create client wealth," "Enhance performance and promote employee welfare," and "Create value and increase shareholders return." While developing the financial business thoroughly and creating profit, the Company also values the positive development in such areas as corporate governance, customer rights and interests, employee care, environmental sustainability and social welfare, in hope of moving forward in achieving the objective of "Best Financial Services Provider in the Asia Pacific Region" through the concept of sustainable business operation.

Looking forward to the future, the Company will continue progressively solidifying its core competitiveness, comprehensively driving its growth, enhancing overseas business income and upgrading the performance of the Group's consolidation with its excellent asset quality and risk management ability as a backup. At the same time, when the Company develops the financial business thoroughly and creates profit, it also continues to use its best effort to improve its corporate governance, customers' interests and rights, care for employees, environmental sustainability, and social welfare.

The development strategies of the Company for 2020 are summarized as follows:

(I) Yuanta Securities: Develop innovative and diversified businesses and services, and steadily improve the operating performance

Yuanta Securities aims to "Deepen Development in Taiwan, Aim towards International Markets, Live Locally and Invest Globally" to continue cultivating its core businesses and expanding markets in overseas regions. Meanwhile, in order to secure market-leading position, it focuses on deepening the relations with customers, accurate marketing and branding, and develops more diversified and differentiated products and services which satisfy customers' rapidly-changing needs, by virtue of financial technology (Fintech), enhancement of the research and development of products and execution of customer base-focused business, as well as its existing strengths.

In terms of overseas business, the overseas subsidiaries' channels have become mature. Of all channels, Yuanta Securities (Korea) and Yuanta Securities (Hong Kong) have become Yuanta Securities' double profit-making engines for overseas markets. Yuanta Securities Vietnam, Yuanta Securities (Thailand) and Yuanta Sekuritas Indonesia will also extend and transplant the successful experience of Yuanta Securities to help them develop new business and grow momentum. Meanwhile, Yuanta Securities will continue to construct Yuanta Securities (Hong Kong) to be the major platform for "bond issuance in Asia" and the international trading platform center of Yuanta Securities and the Group to offer Asian bonds. It will also link the

business development opportunities among Yuanta Securities' overseas subsidiaries and utilize the layout strength and characteristics of the cross-border financial trading to find the chance to expand branches in the region of Asia and provide customers with more diversified financial products and financing services.

(II) Yuanta Bank: Expand the asset scale and diversified sources of revenue to maintain the stable profit growth

Yuanta Bank will continuously focus on expanding the scale of core deposit to respond to the growth of various businesses with stable sources of funds; strengthen the development of high-income loan products or loan products linked with cash flow for the corporate banking operation; through internal organizational adjustments, upgrade the efficiency of resources allocation and strengthen the development of transactions with the Group's corporate accounts in depth and width, thereby upgrading Yuanta Bank's market position and innovation of financial products and services; actively strive for the offshore banking unit (OBU) international syndicated loan and develop structured finance in the international banking operation; adjust the channels and customer group strategies in the consumer banking operation to step by step upgrade the new volumes of mortgage loan, credit loan and auto loan; for the wealth management operation, continue to expand the wealth management customer base with extensive and diversified products, convenient service platforms and professional wealth management groups, so as to increase the fee income; strengthen the allocation and management of funds to stabilize investment-related income in the financial market operation.

For overseas services, with respect to Yuanta Bank's branch in Hong Kong and subsidiaries in Philippines and Korea, Yuanta Bank will continue to develop the business model applicable locally through the Head Office's matrix management and by transplanting the expatriated personnel's relevant experience, and also enhance the cooperation between domestic and overseas business to upgrade their contributions to earnings year by year.

(III) Yuanta Life: Continue to develop and promote the "protection-type and long-term paying products" to satisfy the relevant regulatory requirements

For the products, respond to the corporate core values for "Insurance Protection, Sustainable Business and Society's Well-being," continue to develop the "protection-type and long-term" as its primary orientation of product development and form diversified product lines to satisfy the various customer groups' need for insurance and also relevant regulatory requirements. In response to an aging society and low birth rate in Taiwan, the Company will continue to develop the protection-type and long-term paying products commensurate with the retirement life, retirement medical treatment

and retirement care needs to communicate the core values extended by Yuanta Life to customers and help the Company achieve their long-term financial and business goals.

For the channels, Yuanta Life will continue to develop multiple channels in a stable and balanced way, and by developing differentiated products according to characteristics of channels and diversified requirements of different target customers and adhering to the corporate core values for "Insurance Protection, Sustainable Business and Society's Well-being," as well as promotion of the protection-type and long-term paying products as the primary marketing tool and provision of fine-quality services as the complementary tool, to generate the Company's long-term stable profits and enhance the Company's brand value.

(IV) Yuanta Securities Investment Trust: Strengthen foundations and drive innovation for product lines to satisfy the diversified needs for asset management

Yuanta Securities Investment Trust, on a customer-oriented basis, engages in the development of diversified artificial intelligence and promotion of a new exchange-trade fund (ETF), as it continues to focus on the product innovation permanently and acts as the leader of domestic public offering of funds. It releases ETF-themed products and thoroughly develops the active investment portfolio, and act as a professional consulting group for foreign funds. Yuanta Securities Investment Trust uses its best effort to become the provider of omnibus retirement wealth management planning solutions, and takes the initiative to create long-term and stable profit and expand niche to lead peers to face the new age for the asset management industry 2.0.

(V) Yuanta Futures: Deepen development in Taiwan and aim at Asia-Pacific markets with innovative products, new ideas and new services

Yuanta Futures strictly controls risks for customers, and deepen the development in Taiwan and maintain stable operation, thereby winning reliance from investors remarkably; in response to the financial digitalization development trend, it transforms and optimizes the brokerage service team, integrates tangible and virtual channels by virtue of new products and new ideas, utilizes the Fintech and integration of cross-industry resources, with the aid from futures research and expertise as a consultant, to deepen the development of brokerage and IB channels to upgrade the physical brokerage services for institutional investors; in order to develop internationally, it arranges a forward-looking layout in the international market via its overseas locations and platforms to achieve the integration of cross-border services and to become an international futures firm.

Two.Company Profile and Corporate Governance Report

I. Date of Establishment: February 4, 2002.

II. Corporate Milestones

(I) Milestones

- Fuhwa Financial Holding Company (later renamed Yuanta Financial Holding Company) was formed on February 4, 2002 through a 100% equity swap between Fuhwa Securities Finance (later renamed Yuanta Securities Finance) and Fuhwa Securities (later renamed Yuanta Securities). This created a platform to leverage resources of the two business lines to enhance profitability and provide customers with more diversified products and services.
- In May 2002, Fuhwa Futures and Fuhwa Capital Management, both subsidiaries under Fuhwa Securities Finance (later renamed Yuanta Securities Finance) were later designated as direct subsidiaries of the parent company, on the same level as Fuhwa Securities Finance (later renamed Yuanta Securities Finance) and Fuhwa Securities (later renamed Yuanta Securities). This gave Fuhwa Fiancial Holding Company (later renamed Yuanta Financial Holding Company) better control over all four of its subsidiaries, providing a platform to leverage resources and enhance profitability.
- In August 2002, Fuhwa Bank (formerly known as Asia Pacific Bank, and later renamed Yuanta Bank) was acquired through a transfer of shares and Fuhwa Securities Investment Trust (formerly known as Asia Pacific Securities Investment Trust) was acquired as another subsidiary.
- In December 2002, Fuhwa Venture Capital (later renamed Yuanta Venture Capital) was established.
- In April 2003, Fuhwa Asset Management (later renamed Yuanta Asset Management) and Fuhwa Financial Consulting (later renamed Yuanta Financial Consulting) were established.
- On April 2, 2007, The Company acquired Yuanta Core Pacific Securities via conversion of outstanding shares, launching the Company into the top tier of financial holding companies in terms of capital, net value, and business scale.
- On September 23, 2007, the Company completed the merger of Yuanta Securities (formerly known as Fuhwa Securities) and Yuanta Core Pacific Securities, and Yuanta Securities was held as the surviving company, while Yuanta Core Pacific Securities was held as the extinguishing company. Meanwhile, the Company also completed the merger of Yuanta Futures and Fuhwa Futures, and Yuanta Futures was held as the surviving company, while Fuhwa Futures was held as the dissolved company.
- On September 27, 2007, the Company was officially named “Yuanta Financial Holding Co., Ltd.”.

- On November 27, 2007, the Company's Board of Directors resolved that the Company could subscribe for common stock totaling 80,000,000 shares and private placement common stock totaling 14,000,000 shares of Yuanta Futures as held by Yuanta Securities, so as to upgrade Yuanta Futures as a subsidiary wholly owned by the Company. The Board of Directors also resolved that the Company could subscribe for the whole common stock of Yuanta Securities Investment Consulting as held by Yuanta Securities, totaling 30,000,000 shares, so as to upgrade Yuanta Securities Investment Consulting as a subsidiary wholly owned by the Company.
- On October 2008, the Company disposed of all equity in the subsidiary, Fuhwa Securities Investment Trust, and sold it to Manulife Asset Management (Hong Kong) Limited of the Manulife Group.
- On November 2008, the Company's subsidiary, Yuanta Financial Consulting, called a directors' meeting acting on behalf of a shareholders' meeting to resolve that Yuanta Financial Consulting should wind up and be dissolved.
- On October 3, 2011, the Company acquired a 100% shareholding in Polaris Securities through a share conversion.
- Yuanta Securities and Polaris Securities were merged on April 1, 2012, as were Yuanta Futures and Polaris MF Global Futures. The English names of the surviving companies are Yuanta Securities and Yuanta Futures.
- In May 2012, the Company completed the merger of Yuanta Securities Investment Trust and Polaris Securities Investment Trust, and renamed the new company as Yuanta Securities Investment Trust. Meanwhile, Yuanta Securities Investment Trust became a subsidiary in which Yuanta Securities held 72.18% shares directly.
- In June 2012, the Company's Board of Directors resolved that the Company could subscribe for 72.18% of the equity of Yuanta Securities Investment Trust as held by the subsidiary, Yuanta Securities. Yuanta Securities Investment Trust canceled the 46,231 shares repurchased from the dissenting shareholders in the merger on July 16, 2012, and the capital reduction ratio was 0.0204%. Therefore, the proportion of equity of Yuanta Securities Investment Trust held by the Company upon the settlement in September 2012 was 72.20%.
- In August 2012, the Company's Board of Directors resolved that 25.17% of the equity of Yuanta Futures as held by Yuanta Securities should be transferred to the Company. The Company and Yuanta Securities completed the transfer of 15.18% and 9.99% of the equity of Yuanta Futures respectively on the open market in October 2012. Upon completion of said transfer, the Company held 68.65% of the equity of Yuanta Futures directly.
- In May 2013, the Company's subsidiary, Yuanta Financial Consulting, completed its liquidation on May 31, 2013, and reported the same to Taiwan Taipei District Court

on June 28, 2013. The liquidation was approved by the Taiwan Taipei District Court for record on July 5, 2013.

- The Company signed the equity purchase agreement with New York Life Insurance on June 25, 2013 and acquired 100% of the equity of New York Life Insurance Taiwan Corporation at the total price of NT$100 million.
- On January 1, 2014, the Company completed the transfer of equity of New York Life Insurance, and launched into the life insurance business officially since then.
- In February 2014, the Company's subsidiary, New York Life Insurance, was renamed Yuanta Life Insurance Co., Ltd. and carried out business under the name of Yuanta Life officially on March 10, 2014.
- In June 2014, the Company's subsidiary, Yuanta Securities, completed the settlement to gain control of the equity of Tong Yang Securities. Tong Yang Securities subsequently became a subsidiary of Yuanta Securities Asia Financial officially, and was renamed as Yuanta Securities (Korea).
- In November 2014, Yuanta Securities (Korea) sold its subsidiary, TONGYANG Savings Bank, owned by it wholly, to Yuanta Bank.
- In April 2015, the Company's subsidiary, Yuanta Securities, completed the settlement of equity of PT AmCapital Indonesia and renamed he company into PT Yuanta Securities Indonesia (then renamed into PT Yuanta Sekuritas Indonesia) on July, 2015.
- On July 6, 2015, the Company's subsidiary, Yuanta Polaris Securities, was renamed "Yuanta Securities"; Yuanta Polaris Futures was renamed "Yuanta Futures"; and Yuanta Polaris Securities Investment Trust renamed "Yuanta Securities Investment Trust".
- On January 29, 2016, upon FSC's approval, the Company acquired a 100% share in Ta Chong Bank through share swap and consolidated Ta Chong Bank as a subsidiary wholly owned by the Company. The Company also set the record date of share swap at March 22, 2016.
- On April 25, 2016, the Company's subsidiary, Yuanta Bank, completed the settlement of equity of Hanshin Savings Bank, which was renamed into Yuanta Savings Bank Korea Co., Ltd. on February 13, 2017.
- On July 8, 2016, the Company's subsidiary, Yuanta Securities, completed the settlement of equity of KKTrade Securities Company Limited, which was renamed into Yuanta Securities (Thailand) Company Limited on September 1, 2016.
- On October 24, 2017, the liquidation of Shanghai Xinsheng Investment Consulting was completed.
- On December 7, 2017, Yuanta Securities' subsidiaries, Yuanta Securities Asia Financial Services and Yuanta Securities (HK), completed the acquisition of equity of First Securities Joint Stock Company in Vietnam in part. After that, the shareholdings

of Yuanta Securities Asia Financial Services was 50.76%. The shareholdings of Yuanta Securities (HK) was 49.19%. That is, both companies held a total of 99.95% shareholdings. First Securities Joint Stock Company in Vietnam was renamed Yuanta Securities Vietnam Joint Stock Company on February 13, 2018 officially.

- On January 1, 2018, the Company completed the consolidation of Yuanta Bank and Ta Chong Bank. Yuanta Bank is identified as the surviving company, while Ta Chong Bank was identified as the extinguished company.
- On July 26, 2018, the Board of Directors of Yuanta Securities passed the motion for dissolution and liquidation of Yuanta Securities (UK). On August 17, 2018, the FSC approved the wind-up and liquidation. The record date for liquidation was set on November 1, 2018, since then Yuanta Securities (UK) has not engaged in any business activities.
- On November 29, 2018, Yuanta Securities' subsidiary, Yuanta Securities Asia Financial Services, completed the acquisition of 0.01% of the remaining minority equity of Yuanta Securities Vietnam Joint Stock Company. After that, the shareholdings of Yuanta Securities Asia Financial Services and Yuanta Securities (HK) in Yuanta Securities Vietnam Joint Stock Company were 85.24% and 14.76% respectively. That is, both companies held a total of 100% shareholdings.
- The Board of Directors of the Company resolved on March 25, 2019 again to sell the whole equity of Yuanta Securities Finance to Yuanta Securities at the price of NT$8.818 billion, and the date for settlement would be March 26, 2019. Upon completion of the settlement, Yuanta Securities Finance became a subsidiary wholly owned by Yuanta Securities.
- Upon approval of the competent authority in Vietnam, the State Securities Commission (SSC), Yuanta Securities Vietnam Joint Stock Company was officially renamed Yuanta Securities Vietnam Limited Company on June 14, 2019.
- On September 17, 2019, Yuanta Securities Asia Financial Services increased the capital of Polaris Securities (Hong Kong) with 100% of the equity held by it in Yuanta Asia Investment in kind. Upon completion of the capital increase, Yuanta Asia Investment became a subsidiary wholly owned by Polaris Securities (Hong Kong), and Polaris Securities (Hong Kong) was renamed as Yuanta Asia Investment (Hong Kong) on September 24, 2019.

(II) Awards and honors won in the most three years

1. 2017
   (1) The Company also ranked among the top 5% of listed company groups in the 3rd term "Corporate Governance Evaluation Operation" held by TWSE.
   (2) Passed "ISO 14001 environment management standard system certification".
   (3) The Company and its nine (9) subsidiaries engaged in securities, banking, life

insurance, investment trust, futures, securities finance, investment consulting, venture capital and asset management passed the “ISO 14001 Environment Management Standard System Certification”, “ISO 50001 Energy Management System Certification” and “ISO 14064-1 Greenhouse Gas Investigation System Certification” altogether.

(4) In 2016, ahead of the others in the same trade, the Company’s CSR report applied the latest GRI standards promulgated by the Global Reporting Initiative (GRI) in 2016. Meanwhile, the Company also introduced the spirit of Integrated Reporting (IR) at the first time to make the contents of the report more focused and transparent, and was awarded the certification by BSI.

(5) Selected nominations by FTSE4Good Emerging Index.

(6) Awarded 8th-term Taiwan Financial Award - “CSR Excellence Award for Financial Holdings” by Wealth Magazine.

(7) Awarded the “Exercise Enterprise Certification Mark” by the Ministry of Education. (Valid from 2017 to 2018)

(8) Awarded by The Asset - Platinum Award for Excellence in Governance, CSR, Investors and Relations Benchmarking.

2. 2018

(1) The Company also ranked among the top 6%~20% of listed company groups in the 4th term “Corporate Governance Evaluation Operation” held by TWSE.

(2) Passed the Taiwan Corporate Governance Association’s “CG6011(2017) Excellence Assessment Criteria for the Corporate Governance System”. (Valid from June 12, 2018 to June 11, 2020)

(3) Awarded by The Asset - Platinum Award for Excellence in Governance, CSR, Investors and Relations Benchmarking.

(4) Awarded by Corporate Governance Asia– Best Investor Relations Company in Taiwan and Asia’s Best CEO (Investor Relations) – President Tony Shen.

(5) Awarded 9th-term Taiwan Financial Award - “CSR Excellence Award for Financial Holdings” by Wealth Magazine.

(6) The 324 business locations of Yuanta Financial Holdings and its subsidiaries throughout Taiwan have passed the “ISO 14064-1 Greenhouse Gas Investigation” in whole, with the cover rate of inspection attaining 100%. The Company and its nine (9) subsidiaries passed the “ISO 14001 Environment Management Standard System Certification” altogether. The subsidiaries engaged in banking, securities, investment trust, and securities finance implemented the “ISO 50001 Energy Management System” and were awarded certification by BSI.

(7) Selected nominations by FTSE4Good Emerging Index.

(8) Selected nominations by “FTSE4Good TIP Taiwan ESG Index”.
(9) Honored the “Sustainability Excellence Award” by BSI.

3. 2019
(1) The Company also ranked among the top 5% of listed company groups in the 5th term “Corporate Governance Evaluation Operation” held by TWSE.
(2) The Company was selected by the “DJSI World Index” - Diversified Financials.
(3) The Company was selected by the “DJSI Emerging Markets Index” - Diversified Financials.
(4) The Company was rated by the MSCI ESG Rating as Level A for Diversified Financials.
(5) Awarded by Asiamoney as the “Most Outstanding Company in Taiwan-Financials Sector”
(6) Awarded by Corporate Governance Asia– Best Investor Relations Company in Taiwan, Asia’s Best CEO (Investor Relations) – President Tony Shen, and Asia’s Best CFO (Investor Relations) - CFO Hsu Shu Mai.
(7) Selected nominations by FTSE4Good Emerging Index.
(8) Selected nominations by “FTSE4Good TIP Taiwan ESG Index”.
(9) Rated by the international NPO, CDP (Carbon Disclosure Project), as Level A- (Leadership level).
(10) Honored the “Sustainability Excellence Award” by BSI.
(11) Awarded the “Exercise Enterprise Certification Mark” by the Ministry of Education. (Valid from 2019 to 2021)

III. Organization

(I) Departmental duties and responsibilities

1. Secretariat Office: Responsible for the affairs of the Board of Directors and deliberations matters of all functional committees.
2. Internal Auditing Department: Responsible for internal audits as well as oversight and integration of matters related to subsidiaries within the scope of its responsibilities.
3. Risk Management Department: Responsible for risk control as well as oversight and evaluation of matters related to subsidiaries within the scope of its responsibilities.
4. Corporate Planning Department: Responsible for handling the Company's annual/mid- and long-term development plans, setting operating goals and executing performance evaluations for the Company and its subsidiaries, managing and integrating important domestic business activities of the subsidiaries, promoting the corporate governance affairs, planning merger and acquisition projects, and promoting other important projects, et al.
5. Institutional IR Department: Responsible for maintaining relations and strategically communicating with institutional investors, providing feedback for their suggestions, etc.
6. Compliance Affairs Department: Responsible for planning, management and execution of the compliance system; establishment of various conveyance, consultation, coordination and communication systems for laws & regulations; confirmation of timely update of various operations and management regulations subject to laws & regulations; issuance or conclusion of the opinion which meets laws & regulations and internal regulations; analysis of deficiencies of various units in compliance or the causes thereof and opinion about corrective actions; performance appraisal of various units in compliance; assurance of effective operation of the compliance system; and, supervision and performance appraisal of the relevant functions assumed by subsidiaries.
7. Legal Affairs Department: Responsible for researching and drafting Company's contracts with others; audit and management; advising and processing of legal issues and non-litigious and litigious matters; and, supervision and performance appraisal of the relevant functions assumed by subsidiaries.
8. Financial Management Department: Responsible for the Company's fiscal management, allocation of funds, investment and financial management, market research and analysis, accounting, and oversight and evaluation of matters related to subsidiaries within the scope of its responsibilities.
9. Administrative Department: Responsible for general affairs, documents,

shareholder services, security measures, and oversight and evaluation of matters related to subsidiaries within the scope of its responsibilities. Responsible for managing public relations, advertising and corporate identity system (CIS) affairs as well as oversight and evaluation of matters related to subsidiaries within the scope of its responsibilities.

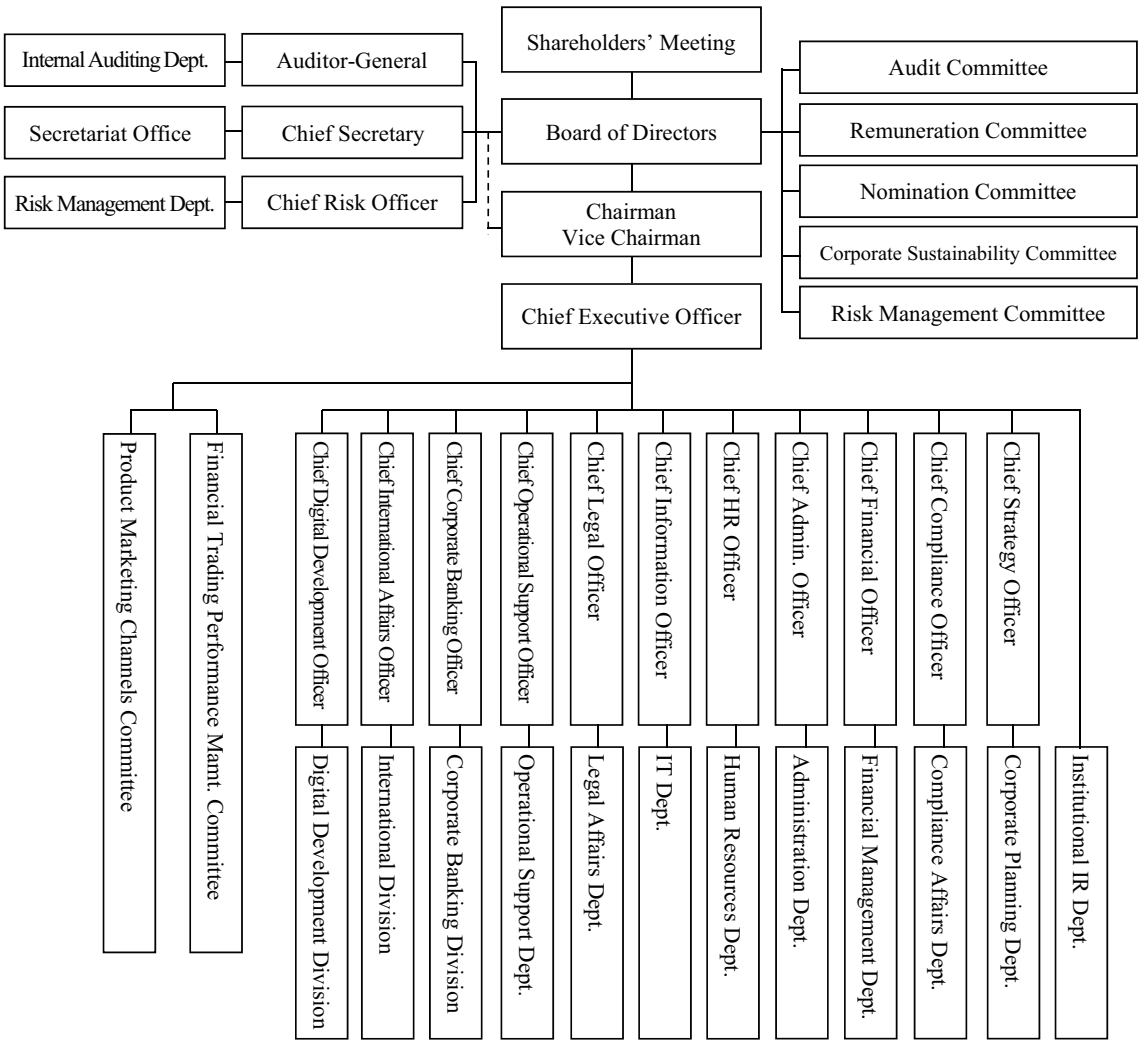
10. Human Resource Department: Responsible for planning and implementation of recruiting and hiring, education and training, employee development, remunerations, benefits, labor-management relations, drafting and amending of personnel regulations as well as oversight and evaluation of matters relating to subsidiaries within the scope of its responsibilities.
11. Information Technology Department: Responsible for the planning, design, and implementation all the Company's IT matters as well as oversight and evaluation of matters related to subsidiaries within the scope of its responsibilities.
12. Operational Support Department: Responsible for raising efficiency of the operational support unit of each subsidiary company, including related operating systems and procedures, workforce optimization and upgrading of operational efficiency.
13. Corporate Banking Division: Responsible for planning, management and execution of integrated effects of operations related to corporate banking of the Company and its subsidiaries.
14. International Division: Responsible for planning, management and execution of integrated effects of operations related to international affairs of the Company and its subsidiaries.
15. Digital Development Division: Responsible for planning, management and execution of integrated effects of operations related to Digital Development of the Company and its subsidiaries.

Chief functional officers and chief executive officers shall be appointed under supervision of the president, who are responsible for implementing various functional affairs, or executing the guidance and integration of departments Business, and vice chief functional officer and vice chief executive officers may be appointed to assist the chief functional officers and chief executive officers, if necessary.

For the functions of the chief functional officers and chief executive officers, the Chief Strategy Officer is responsible for oversight, integration, and implementation of matters within the Corporate Planning Department's sphere of responsibility. The Chief Compliance Affairs Officer is responsible for oversight, integration, and implementation of matters within the Compliance Affairs Department's sphere of responsibility. The Chief Financial Officer is responsible for oversight, integration, and implementation of matters within the Financial Management Department's sphere of responsibility. The

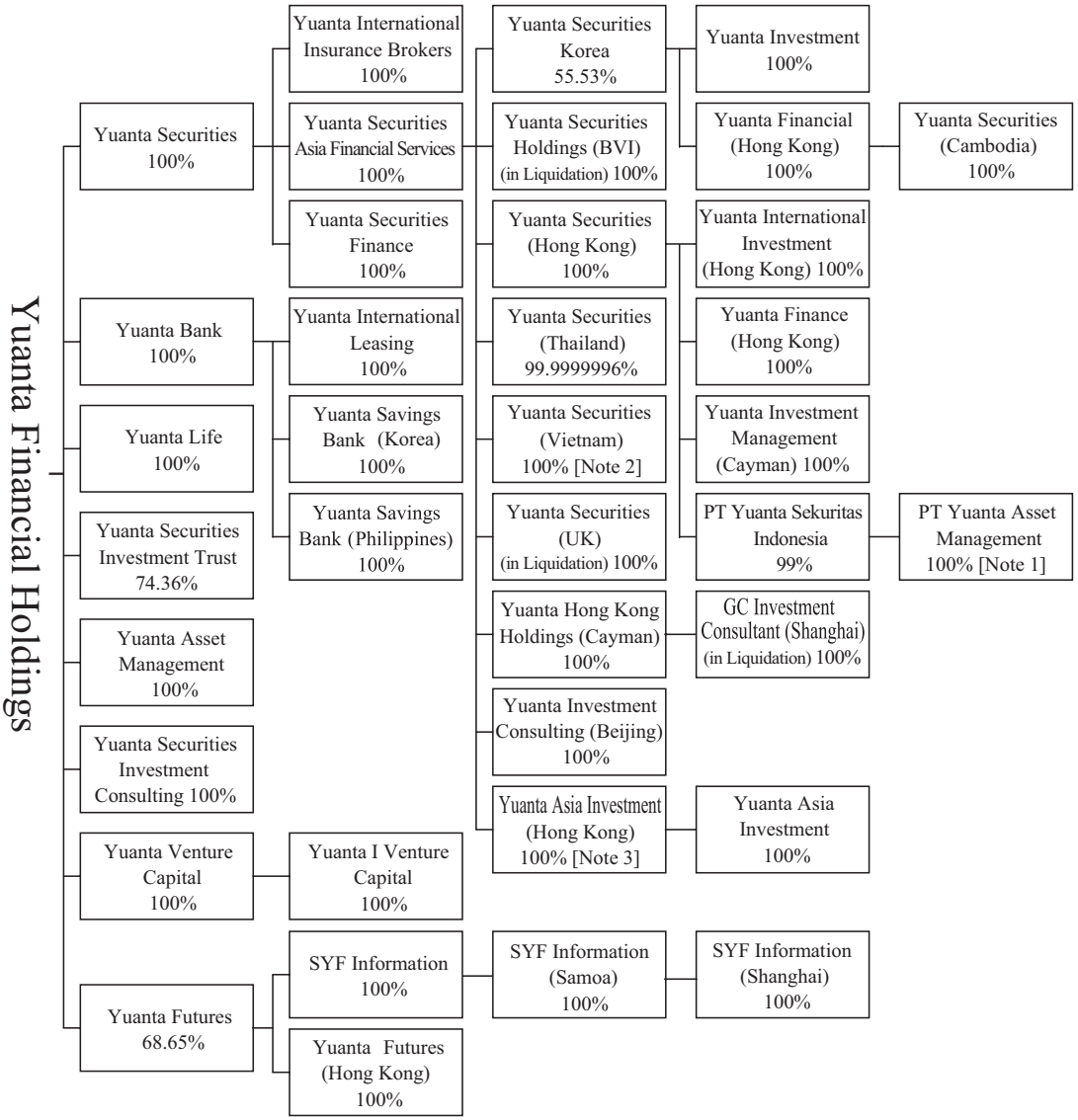
Chief Administration Officer is responsible for oversight, integration, and implementation of matters within the Administration Department's sphere of responsibility. The Chief HR Officer is responsible for oversight, integration, and implementation of matters within the Human Resources Department's sphere of responsibility. The Chief Information Officer is responsible for oversight, integration, and implementation of matters within the Information Technology Department's sphere of responsibility. The Chief Legal Officer is responsible for oversight, integration, and implementation of matters within the Legal Affairs Department's sphere of responsibility. The Chief Operational Support Officer is responsible for oversight, integration, and implementation of matters within the Operational Support Department's sphere of responsibility. The Chief of any other business divisions are responsible for oversight, integration, and implementation of matters within the various divisions' sphere of responsibility.

(II) Organizational Chart



(III) Relationship between the Company and its subsidiaries

Data baseline date: January 31, 2020



Note 1: PT Yuanta Sekuritas Indonesia is a 99.998% owner of PT Yuanta Asset Management; Yuanta Securities (HK) is a 0.002% owner of PT Yuanta Asset Management. Yuanta Securities is an indirect 100% owner of PT Yuanta Asset Management.

Note 2: Yuanta Securities Asia Financial Services holds 85.24% of shares of Yuanta Securities Vietnam Joint Stock Company. Yuanta Securities (HK) holds 14.76% of shares of Yuanta Securities Vietnam Joint Stock Company. Yuanta Securities holds 100% of shares of Yuanta Securities Vietnam Joint Stock Company indirectly. Upon approval of the competent authority in Vietnam, the State Securities Commission (SSC), Yuanta Securities Vietnam Joint Stock Company was officially renamed Yuanta Securities Vietnam Limited Company on June 14, 2019.

Note 3: Polaris Securities (Hong Kong) has been renamed Yuanta Asia Investment (Hong Kong) since September 24, 2019.

(IV) Mutual shareholding ratios, number of shares, and actual invested capital between affiliated enterprises

Data baseline date: January 31, 2020

Name of affiliated enterprise	Relationship with the Company	Invested capital (NT$ 1,000)	Investment shares (1,000)	Shareholding ratio (%)
Yuanta Securities	100%-held subsidiary	63,840,703	5,782,032	100
Yuanta Bank	100%-held subsidiary	97,071,284	7,394,039	100
Yuanta Life	100%-held subsidiary	11,165,000	973,570	100
Yuanta Securities Investment Trust	74.36%-held subsidiary	3,793,998	168,743	74.36
Yuanta Futures	68.65%-held subsidiary	3,421,065	159,467	68.65
Yuanta Venture Capital	100%-held subsidiary	2,460,000	246,000	100
Yuanta Asset Management	100%-held subsidiary	3,000,000	300,000	100
Yuanta Securities Investment Consulting	100%-held subsidiary	138,100	10,000	100
Yuanta Securities Asia Financial Services	100% held by subsidiary, Yuanta Securities	11,557,424	290,909	100
Yuanta International Insurance Brokers	100% held by subsidiary, Yuanta Securities	5,550	500	100
Yuanta Securities Finance	100% held by subsidiary, Yuanta Securities	8,818,069	400,000	100
Yuanta International Leasing	100% held by subsidiary, Yuanta Bank	100,000	10,000	100
Yuanta Savings Bank (Philippines)	100% held by subsidiary, Yuanta Bank	900,438	1,200,000	100
Yuanta Savings Bank (Korea)	100% held by subsidiary, Yuanta Bank	4,079,836	13,516	100
Yuanta Futures (Hong Kong)	100% held by subsidiary, Yuanta Futures	1,033,971	34,000	100
SYF Information	100% held by subsidiary, Yuanta Futures	350,000	35,000	100
Yuanta I Venture Capital	100% held by subsidiary, Yuanta Venture Capital	537,261	85,000	100
Yuanta Securities (HK)	100% held by subsidiary, Yuanta Securities Asia Financial Services, a subsidiary of Yuanta Securities	9,151,651	2,268,133	100
Yuanta Securities Holdings (BVI) (in liquidation) (Note 2)	100% held by subsidiary, Yuanta Securities Asia Financial Services, a subsidiary of Yuanta Securities	343	10	100
Yuanta Asia Investment (Hong Kong)	100% held by subsidiary, Yuanta Securities Asia Financial Services, a subsidiary of Yuanta Securities	1,165,143	293,892	100
Yuanta Hong Kong Holdings (Cayman)	100% held by subsidiary, Yuanta Securities Asia Financial Services, a subsidiary of Yuanta Securities	326,069	10,074	100
Yuanta Investment Consulting (Beijing)	100% held by subsidiary, Yuanta Securities Asia Financial Services, a subsidiary of Yuanta Securities	91,973	(Note 1)	100
Yuanta Asia Investment	100% held by Yuanta Asia Investment (Hong Kong), an indirect subsidiary of Yuanta Securities	1,081,050	35,000	100

Name of affiliated enterprise	Relationship with the Company	Invested capital (NT$ 1,000)	Investment shares (1,000)	Shareholding ratio (%)
Yuanta Securities Korea	55.53% held by subsidiary, Yuanta Securities Asia Financial Services, a subsidiary of Yuanta Securities	8,701,260	110,837	55.53
Yuanta Securities (UK) (in liquidation)	100% held by subsidiary, Yuanta Securities Asia Financial Services, a subsidiary of Yuanta Securities	94,096	2,000	100
Yuanta Securities (Thailand)	99.999999% held by subsidiary, Yuanta Securities Asia Financial Services, a subsidiary of Yuanta Securities	4,259,484	450,000	99.99
Yuanta Securities (Vietnam)	85.24% held by subsidiary, Yuanta Asia Financial Services, a subsidiary of Yuanta Securities, 14.76% held by Yuanta Securities (HK), an indirect subsidiary of Yuanta Securities, and a total of 100% held by both.	1,731,721	100,000	100
SYF Information (Samoa) (Note 3)	100% held by SYF Information, a subsidiary of the subsidiary Yuanta Futures	184,857	5,800	100
SYF Information (Shanghai)	100% held by SYF Information (Samoa), a subsidiary of SYF Information, which is a subsidiary of the subsidiary Yuanta Futures	157,209	(Note 1)	100
GC Investment Consultant (Shanghai) (in liquidation)	100% held by Yuanta HK Holdings (Cayman), an indirect subsidiary of subsidiary Yuanta Securities	24,806	(Note 1)	100
Yuanta Finance (Hong Kong)	100% held by Yuanta Securities (HK), an indirect subsidiary of subsidiary Yuanta Securities	204,189	50,000	100
Yuanta International Investment (Hong Kong)	100% held by Yuanta Securities (HK), an indirect subsidiary of subsidiary Yuanta Securities	204,189	50,000	100
Yuanta Investment Management (Cayman)	100% held by Yuanta Securities (HK), an indirect subsidiary of subsidiary Yuanta Securities	350,108	12,500	100
PT Yuanta Sekuritas Indonesia	99% held by Yuanta Securities (HK), an indirect subsidiary of subsidiary Yuanta Securities	1,009,676	474	99
PT Yuanta Asset Management	99.998% held by PT Yuanta Securities Indonesia, an indirect subsidiary of subsidiary Yuanta Securities, and 0.002% held by Yuanta Securities (HK), an indirect subsidiary of Yuanta Securities.	120,912	51	99
Yuanta Investment	100% held by Yuanta Securities (Korea), an indirect subsidiary of subsidiary Yuanta Securities	922,915	3,554	55.53
Yuanta Financial (Hong Kong)	100% held by Yuanta Securities (Korea), an indirect subsidiary of subsidiary Yuanta Securities	445,305	10,525	55.53
Yuanta Securities (Cambodia)	100% held by Yuanta Financial (HK), an indirect subsidiary of subsidiary Yuanta Securities	209,437	6,941	55.53

Note 1: Said company refers to a limited liability company, and thus has only equity but no shares.

Note 2: The motion for liquidation of Yuanta Securities Holdings (BVI) was passed by the board of directors' meeting in June 2019.

Note 3: The motion for liquidation of SYF Information (Samoa) was passed by the board of directors' meeting in September 2019

IV. Information on Directors, Independent Directors and Managers

(I) Directors'/Independent Director's information

Data baseline date: January 31, 2020

Title	Name	Nationality or Place of Registration	Gender	Date when first elected	Date elected	Term (years)	Shareholding when elected		Current shareholding		Shareholdings of spouse and underage children		Shareholding under another		Education and selected past positions	Other concurrent positions in the Company or in other companies	Managers, directors or supervisors who are spouses or relatives within the second degree of kinship		
							Shares	Shareholding ratio(%)	Shares	Shareholding ratio(%)	Shares	Shareholding ratio(%)	Shares	Shareholding ratio(%)			Title	Name	Relationship
Chairman	Ting Chien Shen (Tony)	Republic of China	M	2009.04.16	2019.06.14	Three Years	4,606,315	0.04%	4,812,323	0.04%	—	—	—	—	Taipei High School of Commerce Chairman, Vice Chairman, President, Executive Vice President of Yuanta Financial Holdings; Assistant Vice President, Manager, Deputy Manager and Executive Vice President. Chairman of Yuanta Securities; Vice Chairman of Yuanta Securities Asia Financial Services; Chairman of Yuanta Securities (HK)	Chairman of Yuanta Financial Holdings; Director of Yuanta Securities; Director of Yuanta Foundation	—	—	—
Director	Wei Chen Ma (Michael)	Republic of China	M	2013.06.01	2019.06.14	Three Years	—	—	—	—	—	—	—	—	Bachelor of Business, University of Southern California Vice Chairman of Yuanta Life; Executive Vice President of Yuanta Financial Holdings; Vice Chairman of Yuanta Bank; CEO of Syspower; Director of Yuanta Core Pacific Securities; Chairman of Richcorp International Limited; Special Assistant of Chairman of Yuanta Construction Development	Director of Yuanta Bank; Director of Yuanta Construction Development; Director of Yuan Hung Investment; Director of Yuan Hsiang Investment; Chairman of Yuanta Foundation; Director of Yuanta Life; Director of International Taipei Trade Building, World Trade Center Co., Ltd.; Director of TWSE; Director of Richcorp International Limited; Director of Yuanta International Investment; Director of SUNSHINE CITY GLOBAL (PTC)LIMITED	—	—	—
Director	Representative of Tsun Chueh Investment: Chung Yuan Chen	Republic of China	M	2016.06.16	2019.06.14	Three Years	Holds 413,220,950 shares with Director Daniel Y.M. Song on behalf of Tsun Chueh Investment and also individually holds 2,300,000 shares	3.54%	Holds 413,220,950 shares with Director Daniel Y.M. Song on behalf of Tsun Chueh Investment and also individually holds 2,300,000 shares	3.54%	—	—	—	—	KaiNan High School of Commerce and Industry Executive Yuan Political Adviser; Managing Director of Taiwan Power Company; Chairman of Taipei City Fire Buff Association; Supervisor of Chang Jia M&E Engineering Corp.	Director of Yuanta Bank;Director of Trilogy International Develop Co., LTD.; Responsible person of Xinyi Mansion Artwork Chung-Yuan Chen; Chairman of Taipei City Jue Xiu Temple	—	—	—
Director	Representative of Modern Investment: Chao Kuo Chiang	Republic of China	M	2019.06.14	2019.06.14	Three Years	Holds 106,685,335 shares on behalf of Modern Investment and also individually holds 2,000,000 shares and 255,515 shares	0.91%	Holds 122,543,335 shares on behalf of Modern Investment and also individually holds 343,986 shares	1.05%	—	—	—	—	Doctor of Law, University of Hamburg Vice Chairman of Yuanta Life; Member of National Pension Supervisory Committee, Ministry of Interior; Chairman of Taiwan Insurance Guaranty Fund; Dean of College of Law, National Taipei University; Chair of Department (Graduate Institute) of Law, National Taipei University; Chairman of the Institute of Financial Law and Crime Prevention; Chairman of Taiwan Insurance Institute; Director of Central Reinsurance Corporation	Chairman of Yuanta Life; Director of Yuanta Foundation; Independent Director of Wistron Information Technology& Services Corp			

Title	Name	Nationality or Place of Registration	Gender	Date when first elected	Date elected	Term (years)	Shareholding when elected		Current shareholding		Shareholdings of spouse and underage children		Shareholding under another		Education and selected past positions	Other concurrent positions in the Company or in other companies	Managers, directors or supervisors who are spouses or relatives within the second degree of kinship		
							Shares	Shareholding ratio(%)	Shares	Shareholding ratio(%)	Shares	Shareholding ratio(%)	Shares	Shareholding ratio(%)			Title	Name	Relationship
Director	Representative of Tsun Chueh Investment: Daniel Y.M. Song	Republic of China	M	2019.06.14	2019.06.14	Three Years	Holds 413,220,950 shares together with Director Chung Yuan Chen on behalf of Tsun Chueh Investment	3.54%	Holds 413,220,950 shares with Director Chung Yuan Chen on behalf of Tsun Chueh Investment and also individually holds 660 shares	3.54%	—	—	—	—	Master of Law, Columbia University Partner, Lee and Li Attorneys-at-Law; Attorney-at-Law, New York, the USA; Prosecutor, Taiwan Taichung District Prosecutors Office; Prosecutor assisting Ministry of Justice	Chairman of Yuanta Asset Management; Director of Yuanta Bank; Director of UNI AIR; Director of SUNSHINE CITY GLOBAL (PTC) LIMITED			
Independent Director	Ming Ling Hsueh	Republic of China	M	2016.06.16	2019.06.14	Three Years	—	—	—	—	—	—	—	—	Masters, Soochow University Institute of Accounting; MBA, Bloomsburg University of Pennsylvania President of PwC Taiwan; Adjunct Professor of College of Technology Management, National Tsing Hua University; Adjunct Professor of National Taiwan University of Science and Technology School of Management; Member of the Board of Examiners for Senior Professional and Technical Examination of the R.O.C.; Standing Director of Taiwan Corporate Governance Association	Independent Director of Yuanta Bank, Lite-On Technology Corporation, TTY Biopharm, Walsin Lihwa Corp.; Standing Director of Taiwan Corporate Governance Association	—	—	—
Independent Director	Kuang Si Shiu	Republic of China	M	2019.06.14	2019.06.14	Three Years	—	—	—	—	—	—	—	—	Masters, Indiana University Kelley School of Business Chairman, President and Vice President of Mega Financial Holdings; Chairman and President of Mega Bank; Chairman of Hua Nan Financial Holdings; Chairman of Hua Nan Bank; Chairman of Land Bank of Taiwan; Vice President, Manager and Assistant Manager of Bank of Communications; Section Chief of Bureau of Monetary Affairs, Ministry of Finance; Assistant Auditor of Taxation Administration, Ministry of Finance; Research Associate of Council for Economic Planning and Development, Executive Yuan	Independent Director of Yuanta Bank; Supervisor of Yu Cheng Investment Co., Ltd.; Supervisor of The Promised Land Foundation; Director of Cannan Cilai Co., Ltd.; Supervisor of Ti Mo Tai Investment Co., Ltd.	—	—	—
Independent Director	Yin Hua Yeh	Republic of China	M	2016.06.16	2019.06.14	Three Years	—	—	—	—	—	—	—	—	Doctor of Business, National Taiwan University Commissioner of Financial Supervisory Commission, Executive Yuan, R.O.C.; Committee Member of Special Committee on Corporate Governance Reform, Executive Yuan, R.O.C.; Vice-Head of The Valuation Division Financial Restructuring Fund, Executive Yuan, R.O.C.; Resident Supervisor of Taiwan Stock Exchange; Member of IPO Reviewing Committee, Taiwan Stock Exchange ; Director of Securities and Futures Investors Protection Center; Member of Central Deposit Insurance Corporation Advisory Committee; Management Member/Vice Chairman of Financial Research and Development Fund; Non-Member Director of Securities Investment Trust Association of R.O.C.; Vice Chairman of Taiwan Corporate Governance Association	Independent Director of Yuanta Bank; Independent director of Yuanta Life; Member of National Financial Stability Fund Management Commission, Executive Yuan; Member of National Development Fund Management Commission, Executive Yuan, R.O.C.; Director of Securities and Futures Institute, Supervisor of Taipei Exchange; Executive Director of Taiwan Corporate Governance Association; Professor, Institute of Finance, NCTU; Director of Taiwan Insurance Institute	—	—	—

Title	Name	Nationality or Place of Registration	Gender	Date when first elected	Date elected	Term (years)	Shareholding when elected		Current shareholding		Shareholdings of spouse and underage children		Shareholding under another		Education and selected past positions	Other concurrent positions in the Company or in other companies	Managers, directors or supervisors who are spouses or relatives within the second degree of kinship		
							Shares	Shareholding ratio (%)	Shares	Shareholding ratio (%)	Shares	Shareholding ratio (%)	Shares	Shareholding ratio (%)			Title	Name	Relationship
Independent Director	Hsing Yi Chow	Republic of China	M	2019.06.14	2019.06.14	Three Years	–	–	–	–	–	–	–	–	Doctorate, Indiana University Kelley School of Business Supervisor of Taipei Exchange; Director of Securities and Futures Institute; Independent Director of Uni-President Enterprises Corporation; Independent Director of Polaris Securities; President of National Chengchi University (NCC), Dean and Vice Dean of NCC College of Commerce, and Chair of NCC Department (Graduate Institute) of Finance; Vice Chairman of Asian Finance Association; Member of Financial Restructuring Fund Commission; Member of Research, Development and Evaluation Commission, Executive Yuan; Supervisor of Securities and Futures Investors Protection Center; Director/Supervisor of Taipei Exchange; Director of Securities and Futures Institute; Assistant Professor of Department of Finance, Santa Clara University	Independent Director of Yuanta Securities; Professor of NCC Department of Finance; Independent Director of Coretronic Corp.	–	–	–

Note 1: The contents above, including shares and shareholding ratios, were based on actual shareholdings on January 31, 2020. Shareholding ratios for institutional shareholders do not include the personal shareholdings of representatives.

Note 2: The Company's directors of of the board were re-elected in whole on June 14, 2019, and the directors shall hold the position from June 14, 2019 until June 13, 2022.

Note 3: The Company convened the Board of Directors meeting to elect Mr. Tony Shen as the Chairman of Board on June 14, 2019.

Note 4: The date first elected is the date on which directors or representative first assumed their positions.

Note 5: Yuanta Financial Holdings had a total of 11,670,611,456 shares outstanding as of January 31, 2020.

Note 6: The Chairman of the Board of Directors and President or equivalent (the chief executive officer) of the Company are not the same person, spouses or relatives within first degree of kinship.

(II) Major shareholders of institutional shareholders

Data baseline date: January 31, 2020

Institutional shareholder	Major shareholders of institutional shareholders	
Tsun Chueh Investment	Teng Ta Investment	19.69%
	Lian Ta Investment	19.84%
	Chiu Ta Investment	18.36%
	Lien Heng Investment	18.92%
	Hsing Tsai Investment	10.23%
	Victor Ma	8.27%
	Judy Tu	4.69%
Modern Investment	Lian Ta Investment	41.36%
	Lien Heng Investment	19.73%
	Teng Ta Investment	17.23%
	Judy Tu	5.01%
	Hsing Tsai Investment	16.67%

(III) Key shareholders of major institutional shareholders

Data baseline date: January 31, 2020

Major institutional shareholders of institutional shareholders	Major institutional shareholders of institutional shareholders Major Shareholders	
Teng Ta Investment	Lien Heng Investment	53.58%
	Mai Kao Venture Capital	45.87%
	Judy Tu	0.55%
Lian Ta Investment	Chiao Hua International Investment	45.79%
	Lien Heng Investment	37.14%
	Chiu Ta Investment	14.02%
	Hsing Tsai Investment	2.58%
	Judy Tu	0.47%
Chiu Ta Investment	Kai Wen Investment	46.06%
	Lian Ta Investment	33.26%
	Teng Ta Investment	14.27%
	Lien Heng Investment	4.72%
	Modern Investment	1.69%
Lien Heng Investment	Chang Lueh Investment	45.14%
	Hsing Tsai Investment	22.49%
	Teng Ta Investment	19.61%
	Lian Ta Investment	11.14%
	Modern Investment	1.25%
	Chiu Ta Investment	0.37%
Hsing Tsai Investment	Lien Heng Investment	48.93%
	Wei Teh Investment	46.19%
	Chiu Ta Investment	4.88%

(IV) Directors' independence status and has at least five years of their relevant working experience

Qualification / Name	Has at least five years of relevant working experience and the following professional qualifications			Compliance of independence (Note 1)										Number of positions as an Independent Director in other public listed companies (Note 2)
	Lecturer (or above) of commerce, law, finance, accounting, or any subject relevant to the Company's operations in a public or private tertiary institution	Certified judge, attorney, lawyer, accountant, or holder of professional qualification relevant to the Company's operations	Commercial, legal, financial, accounting or other work experience required to perform the assigned duties	1	2	3	4	5	6	7	8	9	10	
Ting Chien Shen(Tony)			✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	0
Wei Chen Ma (Michael)			✓	✓		✓			✓	✓	✓	✓	✓	0
Chao Kuo Chiang	✓		✓	✓		✓	✓	✓	✓	✓	✓	✓		1
Daniel Y.M. Song		✓	✓	✓		✓	✓	✓	✓	✓	✓	✓		0
Chung Yuan Chen			✓	✓		✓	✓	✓	✓	✓	✓	✓		0
Ming Ling Hsueh	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	3
Yin Hua Yeh	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0
Kuang Si Shiu			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0
Hsing Yi Chow	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1

Note 1: A "✓" is marked in the space beneath a condition number when a director has met that condition during the two (2) years prior to election and during his or her period of service. The conditions are as follows:

(1) Not an employee of the company or an affiliate.

(2) Not a director or a supervisor of the company or an affiliate (this restriction does not apply, however, when the person is an independent director appointed by the company, its parent company, or a subsidiary pursuant to Securities and Exchange Act or the local laws and regulations).

(3) The director, or his or her spouse or minor child, does not hold, in his or her own name or in another name, more than 1% of the Company's total outstanding shares, nor is one of the Company's ten largest natural-person shareholders.

(4) Not a spouse, relative within the second degree of kinship, or direct blood relative within the third degree of kinship of a person listed in the three foregoing paragraphs.

(5) Is not the director, supervisor, or employee of an institutional shareholder directly holding more than 5% of the Company's total outstanding shares, nor is the director, supervisor, or employee of one of the five largest institutional shareholders in terms of shareholdings.

(6) Is neither a director, supervisor, manager, nor a shareholder holding more than 5% of the outstanding shares, of a certain company or organization that has a financial or business relationship with the company.

(7) Is not a professional providing business, legal, financial, accounting, or consulting services to the company or an affiliate, nor an owner, partner, director, supervisor, or manager, or the spouse of any of the foregoing, of a sole proprietorship, partnership, company, or organization providing such services to the company or an affiliate. However, this shall not apply to the remuneration committee members who exercise their powers in accordance with the Regulations on the Establishment of Remuneration Committees in Article 7 by TWSE/TPEx Listed Companies and their Exercise of Powers.

(8) Is not the spouse or relative within the second degree of kinship of another director.

(9) Is not a person of the conditions specified in any of the sub-paragraphs of Article 30 of the Company Act.

(10) Has not been elected as a government unit, institution, or their representative as prescribed in Article 27 of the Company Act.

Note 2: The Company's Independent Directors include, Mr. Ming Ling Hsueh who is concurrently acting as the independent director of Yuanta Bank, Mr. Yin Hua Yeh concurrently acting as the independent director of Yuanta Bank and Yuanta Life, Mr. Kuang Si Shiu concurrently acting as the independent director of Yuanta Bank, and Mr. Hsing Yi Chow concurrently acting as the independent director of Yuanta Securities. According to Paragraph 2, Article 4 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" amended and promulgated by Financial Supervisory Commission, Executive Yuan on January 15, 2020, where any independent director of a financial holding company concurrently acts as an independent director of more than one subsidiary wholly owned by the company, the number of additional subsidiaries in which he concurrently acts as an independent director shall be countd as "other unrelated" public companies.

(V) The Company's fulfillment of the board member diversity policy:

1. The Company has established the "Procedure for Election of Directors", in which Article 3 expressly defines that the overall composition of the Board of Directors shall be taken into consideration in the selection of the directors. The composition of the Board of Directors shall be determined by taking diversity into consideration and formulating an appropriate policy on diversity based on the Company's business operation, business type, and development needs. It is advisable that the policy shall include, without being limited to, the following two (2) general standards:

   (1) Basic requirements and values: Gender, age, nationality, and culture, et al.

   (2) Professional knowledge and skills: A professional background (e.g., law, accounting, industry, finance, marketing or technology), professional skills, and industry experience.

   Each board member shall have the necessary knowledge, skills, and experience to perform their duties. The abilities that must be present in the board as a whole are as follows:

   (1) Ability to make judgments about operations
   (2) Accounting and financial analysis ability
   (3) Business management ability (including ability to manage subsidiaries)
   (4) Crisis management ability
   (5) Knowledge of the industry
   (6) An international market perspective
   (7) Leadership ability
   (8) Decision-making ability
   (9) Risk management knowledge and ability

2. The Company's current Board (elected in 2019) consists of 9 directors, including 4 independent directors and the 6 directors elected in the capacity of natural-person (including 4 independent directors).

   The Board members' professional backgrounds involve laws, economics, accounting, finance, business administration, and business studies, et al. The members are specialized and experienced in banking, securities, insurance futures and asset management as required by the financial holdings industry. Many of the directors are also experienced in practical management or execution of merger and acquisition, information technology and construction, therefore, make a contribution to the Company's domestic/overseas business management and risk control. Such composition completely satisfies the Company's strategy transformed from the initial three-pillar development, namely securities, banking and insurance development, to the development oriented toward "solidification of cores and driving of growth".

Among the directors of the board of the eigth term, Director Tony Shen has worked for Yuanta Securities for more than three decades, who, with plentiful experience in financial management, has gone through multiple domestic and foreign merger and acquisition projects and helped upgrade the Group's profitability to hit the record, as a director specialized in securities. Director Chao Kuo Chiang has held the position as Vice Chairman and then Chairman since Yuanta Financial Holdings acquired the right to manage Yuanta Life in 2014, who led Yuanta Life to grow stably and founded brands, as the director specialized in insurance. Independent Director Kuang Si Shiu has worked in the banking industry for more than four decades, who are experienced in dealing with international banking business, global layout and OBU management, as the director specialized in banking. Independent Director Yin Hua Yeh has held some critical job positions in financial supervisor authorities and their peripheral businesses, who are well experienced in promoting corporate governance business, as the director specialized in finance. Independent Director Ming Ling Hsueh, qualified as a CPA, is the Company's independent director specialized in accounting. Furthermore, Director Wei Chen Ma (Michael), Director Chung Yuan Chen and Independent Director Hsing Yi Chow are experienced in the information industry, technology industry, and construction industry. Director Chao Kuo Chiang and Director Daniel Y.M. Song are specialized in law. Director Wei Chen Ma (Michael) and four independent directors are specialized in finance and accounting. Director Wei Chen Ma (Michael) and Director Chung Yuan Chen are experienced in engineering and information technology (IT). Meanwhile, all of the Company's directors hold plentiful experience and expertise in mergers & acquisitions, risk management, business management, finance & banking insurance, corporate governance and sustainable business.

The average term of the Company's directors of the board is three years. One of the directors has held the position for 8-11 years, one of the directors for 5-7 years, and three of the directors and four independent directors for 0~4 years. The Company's directors are all male, including one at the age of 41~50 years old, three at the age of 51~60 years old, and five at the age of 61~70 years old.

Concerning the diversity policy on the Board of Directors, the elected independent directors of the seventh term accounted for 30% of the elected directors. The Company has planned to upgrade the proportion of independent directors to 40% as the target. Upon election of the Company's directors of the eighth term, the proportion of the Company's independent directors was increased to 44%, which has exceed the target, 40%. A total of nine (9) directors were elected at the eighth term of the Company's Board of Directors. According to the "Regulations Governing Qualification Requirements for the Founder or Responsible Persons of Financial Holding Companies and Concurrent Serving Restrictions and Matters for Compliance by the Responsible Persons of a Financial Holding Company," the Company should

appoint three (3) natural-person directors at the current (8th) term. Meanwhile, upon expiration of the current-term directors, the new requirements under Paragraphs 2~4 of Article 9 of the Regulations shall apply, and four (4) natural-person directors shall be appointed accordingly. Given this situaion, the Company has aimed to elect four (4) natural-person directors at the eighth term. Upon election of the directors of the eighth term, the Company has elected four (4) natural-person directors. As a resul, the target for natural-person directors has been reach ahead of time.

The Company's fulfillment of the board member diversity policy is summarized as following:

Diversity / Core Item / Directors	Basic composition						Term of office (years)				Industry experience							Professional knowledge/skills							
	Nationality/place of registration	Gender	Age				0~4	5~7	8~11	12~14	Financial Holding	Bank	Insurance	Securities	Futures	Asset Management	Information/Technology/ Construction Industry	Financial	Legal	Finance / Accounting	Statistics / Actuarial	Engineering/IT	Business management	Risk management	Overseas markets/M&A
			41 to 50	51 to 60	61 to 70	71 to 75																			
Ting Chien Shen(Tony)	Republic of China	M			✓				✓		✓			✓				✓					✓	✓	✓
Wei Chen Ma (Michael)	Republic of China	M	✓					✓			✓	✓	✓	✓			✓	✓		✓		✓	✓	✓	✓
Chao Kuo Chiang	Republic of China	M			✓		✓						✓					✓	✓		✓		✓	✓	✓
Daniel Y.M. Song	Republic of China	M		✓			✓									✓			✓						✓
Chung Yuan Chen	Republic of China	M			✓		✓				✓	✓					✓	✓				✓	✓	✓	
Ming Ling Hsueh	Republic of China	M			✓		✓				✓	✓						✓	✓	✓			✓	✓	✓
Yin Hua Yeh	Republic of China	M		✓			✓				✓	✓	✓	✓				✓		✓				✓	✓
Kuang Si Shiu	Republic of China	M			✓		✓				✓	✓						✓		✓			✓	✓	✓
Hsing Yi Chow	Republic of China	M		✓			✓				✓			✓			✓	✓		✓				✓	✓

(VI) Information concerning the president, vice presidents, assistant vice presidents, and department and branch managers

Data baseline date: January 31, 2020

Title (Note 1)	Nationality	Name	Gender	Date of Election (Appointment) Date	Shares held		Shareholdings of spouse and underage children		Shareholding under another		Education and selected past positions (Note 2)	Concurrent positions at other companies	Managers who are spouses or relatives within the second degree of kinship		
					Shares	Shareholding ratio (%)	Shares	Shareholding ratio (%)	Shares	Shareholding ratio (%)			Title	Name	Relationship
President	Republic of China	Chien Weng	M	2019.07.26	1,113,888	0.01%	6,433 股	0.00%	—	—	Bachelor in Law, Fu Jen Catholic University Chairman of Yuanta Venture Capital, Yuanta I Venture Capital; Executive Vice President of Yuanta Financial Holdings	Director of Yuanta Bank, Yuanta Life, Yuanta Venture Capital, Yuanta I Venture Capital; Independent Director of FamilyMart	—	—	—
Internal Auditing Dept. Auditor-General	Republic of China	Ming Hsiu Tsai	M	2016.07.01	949,381	0.01%	—	—	—	—	MBA, National Chung Hsing University President of Ta Chong Bank	None	—	—	—
Senior Vice President (Chief Strategy Officer)	Republic of China	Tsai Yu Chang	M	2019.05.01	760,650	0.01%	—	—	—	—	Master of Business Administration, National Chengchi University President of Yuanta Bank; Chairman of Yuanta Life Insurance Agent, Yuanta International Leasing, Yuanta Savings Bank (Korea)	Director of Yuanta Securities Investment Trust	—	—	—
Risk Management Dept. Senior Vice President (Chief Risk Officer)	Republic of China	Hsuan Min Kuo	M	2014.07.01	287,141	0.00%	—	—	—	—	M.A. in International Business Administration, National Taiwan University Senior Vice President of Yuanta Securities	Supervisor of Yuanta Securities Investment Consulting; Senior Vice President of Yuanta Life; Director of Yuanta Securities Asia Financial Services	—	—	—
Institutional IR Dept. Senior Vice President International Division (Chief International Operation Officer)	Republic of China	Allen Wu	M	2008.09.23 2017.01.01	555,662	0.00%	—	—	—	—	MBA, Mississippi State University Executive Vice President of Yuanta Securities; Vice Chairman of Yuanta Securities Asia Financial Services	Executive Vice President of Yuanta Bank; Director/Chairman of Yuanta Savings Bank (Philippines)	—	—	—
IT Dept. Senior Vice President (Chief Information Officer)	Republic of China	Hsiu Mei Chen	F	2014.09.01	317,576	0.00%	7,503	0.00%	—	—	MBA, National Taiwan University Senior Vice President of Yuanta Bank	None	—	—	—
Digital Development Division Senior Vice President (Chief Digital Development Officer)	Republic of China	Mei Ling Kuo	F	2019.01.02	11,482	0.00%	—	—	—	—	Master of Business Administration, National Chengchi University Executive Vice President of Capital Securities Corporation	Executive Vice President of Yuanta Securities; Director of Yuanta Futures, Yuanta Securities Finance	—	—	—
Secretariat Office Senior Vice President	Republic of China	Lawrence Lee	M	2017.09.01	109,552	0.00%	890,207	0.01%	—	—	Master in Law, Soochow University Chairman of Yuanta Asset Management, Ta Chong Securities; President of Yuanta Securities Finance, Yuanta Financial Consulting	Executive Vice President of Yuanta Securities (Chief Corporate Governance Officer)	—	—	—
Financial Management Dept. Vice President (Chief Financial Officer)	Republic of China	Hsu Shu Mai	M	2017.07.01	779,698	0.01%	—	—	—	—	Master degree in Finance, National Taiwan University Senior Vice President of Yuanta Securities	Senior Vice President of Yuanta Bank; Director of Yuanta Life, Yuanta Securities Asia Financial Services; Supervisor of Yuanta Asset Management, Yuanta Securities Finance	—	—	—
Compliance Affairs Dept. Vice President (Chief Compliance Officer)	Republic of China	Wen Ching Chiu	F	2018.02.01	318,427	0.00%	—	—	—	—	Bachelor in Law, National Chengchi University Senior Vice President of Yuanta Securities	Senior Vice President of Yuanta Bank; Supervisor of Yuanta Venture Capital, Yuanta I Venture Capital, Yuanta Securities Finance; Director of Yuanta Life	—	—	—

Title (Note 1)	Nationality	Name	Gender	Date of Election (Appointment) Date	Shares held		Shareholdings of spouse and underage children		Shareholding under another		Education and selected past positions (Note 2)	Concurrent positions at other companies	Managers who are spouses or relatives within the second degree of kinship		
					Shares	Shareholding ratio (%)	Shares	Shareholding ratio (%)	Shares	Shareholding ratio (%)			Title	Name	Relationship
Legal Affairs Dept. Vice President (Chief Legal Officer)	Republic of China	Cheng Hua Sun	F	2018.02.01	80,367	0.00%	—	—	—	—	Master of Graduate Institute of National Development, National Taiwan University Senior Vice President of Yuanta Securities	Senior Vice President of Yuanta Bank; Director of Yuanta Life, Yuanta Futures	—	—	—
Human Resources Dept. Vice President (Chief HR Officer)	Republic of China	Sophia Chang	F	2014.07.01	354,353	0.00%	—	—	—	—	Master of Professional Accounting, National Taiwan University Senior Vice President of Yuanta Life	Senior Vice President of Yuanta Bank	—	—	—
Administration Dept. Vice President (Chief Admin. Officer)	Republic of China	Robert C.S. Yang	M	2014.07.21	178,592	0.00%	—	—	—	—	Doctor of Philosophy in News & Mass Communication, Jinan University Professional Assistant Vice President of Yuanta Securities	Senior Vice President of Yuanta Bank	—	—	—
Corporate Banking Division Vice President (Chief Corporate Banking Officer)	Republic of China	Hsin Hui Tseng	F	2019.03.05	352,886	0.00%	—	—	—	—	Master degree in Finance, National Taiwan University Senior Vice President of Yuanta Securities	Executive Vice President of Yuanta Securities; Director of Kun Wei Enterprise Co., Ltd.	—	—	—
Operational Support Dept. Vice President (Chief Operational Support Officer)	Republic of China	Ming Lang Liu	M	2017.09.01	406,915	0.00%	—	—	—	—	Bachelor in Business Administration, Tamkang University Senior Vice President of Yuanta Securities	Director of Yuanta Life, Yuanta Securities Finance; Executive Vice President of Yuanta Securities	—	—	—
Internal Auditing Dept. Vice President (Vice General Auditor)	Republic of China	Chen Hsiang Wu	M	2018.09.16	217,116	0.00%	2,295	0.00%	—	—	Master of Business Administration, National Taiwan University Vice President of Yuanta Securities	Senior Vice President of Yuanta Securities	—	—	—
Corporate Banking Division Vice President (Vice Chief of Corporate Banking Officer)	Republic of China	Yi Wen Ma	F	2018.05.01	273,298	0.00%	—	—	—	—	Master of Business Administration, National Chengchi University Senior Assistant Vice President Yuanta Securities	Vice President of Yuanta Securities	—	—	—
Administration Dept. Senior Assistant Vice President (Deputy Chief Admin. Officer)	Republic of China	Po Ching Li	M	2013.07.01	310,979	0.00%	—	—	—	—	Department of Electronic Engineering, You De High School Senior Assistant Vice President Yuanta Securities	Vice President of Yuanta Securities; Manager of Chengde Building	—	—	—
Corporate Planning Dept. Assistant Vice President	Republic of China	Pei Yu Chen	M	2019.12.01	58,997	0.00%	—	—	—	—	Master degree in Finance, National Taiwan University Senior President of Yuanta Securities	None	—	—	—
IT Dept. Senior Assistant Vice President (Deputy Head of IT Dept.)	Republic of China	Fang Ming Lo	M	2019.08.01	1	0.00%	38,567	0.00%	—	—	Bachelor of Computing Engineering, Tamkang University Assistant Vice President Yuanta Securities	Senior Assistant Vice President Yuanta Securities	—	—	—
Financial Management Dept. Assistant Vice President	Republic of China	Wei Ning Chang	F	2016.06.01	—	—	—	—	—	—	Master of Business Administration, National Chengchi University Assistant Vice President Yuanta Securities	None	—	—	—

Title (Note 1)	Nationality	Name	Gender	Date of Election (Appointment) Date	Shares held		Shareholdings of spouse and underage children		Shareholding under another		Education and selected past positions (Note 2)	Concurrent positions at other companies	Managers who are spouses or relatives within the second degree of kinship		
					Shares	Shareholding ratio (%)	Shares	Shareholding ratio (%)	Shares	Shareholding ratio (%)			Title	Name	Relationship
Administration Dept. Assistant Vice President	Republic of China	Chen Chun Lin	M	2011.07.01	92,247	0.00%	147	0.00%	—	—	Business Administration Department of National Taipei College of Business Assistant Vice President Yuanta Securities	Senior Assistant Vice President of Yuanta Bank	—	—	—
Administration Dept. Assistant Vice President	Republic of China	Hsin Tang Huang	M	2012.04.16	—	—	—	—	—	—	Bachelor in Mass Communication, Fu Jen Catholic University Assistant Vice President Yuanta Securities	None	—	—	—
Administration Dept. Assistant Vice President	Republic of China	Hsien Chun Li	M	2016.06.01	53,775	0.00%	—	—	—	—	Electronic Equipment Maintenance Department, Chih-Kuang Senior Vocational High School of Business & Technology Senior President of Yuanta Securities	Assistant Vice President Yuanta Securities	—	—	—
IT Dept. Senior Assistant Vice President	Republic of China	Yung Hsien Chang	M	2010.05.01	25,245	0.00%	—	—	—	—	Bachelor in Mathematics Sciences, National Chengchi University Assistant Vice President Yuanta Securities	Senior Assistant Vice President Yuanta Securities	—	—	—
IT Dept. Assistant Vice President	Republic of China	Chun Ching Chang	F	2010.05.01	11,308	0.00%	—	—	—	—	Master of Administration, National Taiwan University of Science and Technology Assistant Vice President Yuanta Securities	Senior Assistant Vice President Yuanta Securities	—	—	—
IT Dept. Assistant Vice President	Republic of China	Po Yi Wu	M	2014.04.01	5,740	0.00%	—	—	—	—	Master of Administration, National Taiwan University of Science and Technology Assistant Vice President Yuanta Securities	None	—	—	—

Note 1: Information for all persons holding a position equivalent to president, vice president, or assistant vice president must be disclosed, regardless of title.
Note 2: The work experience of anyone above relating to their current roles, e.g. previous employment in the auditor's firm or employment in a related company, must be addressed with detailed job titles and responsibilities.
Note 3: The "Shares" and "Ratio" columns above marked with "—" denote "0"; columns under "Managers who are spouses or relatives within the second degree of kinship" marked with "—" denote "None."
Note 4: The president or equivalent (the top manager) of the Company and the chairperson of the board are not the same person, spouses of each other, or members of the same degree of kinship.

(VII) Remuneration to Directors (including Independent Directors), President, and Vice Presidents

1. Remuneration to General Directors and Independent Directors

Data baseline date: December 31, 2019

Unit: NT$; %

Title	Name	Remuneration to directors								Sum of A, B, C, and D as percentage of net income		Remuneration from concurrently servings as employees								Sum of A, B, C, D, E, F, and G as percentage of net income		Remuneration from investees other than subsidiaries, or parent company
		Wages (A)		Pension upon retirement (B)		Compensation (C)		Service Expenses (D)				Wages, bonuses, and special allowances, etc. (E)		Pension upon retirement (F)		Employee Compensation (G)						
		The Company	Companies included into the financial statement	The Company	Companies included into the financial statement	The Company	Companies included into the financial statement	The Company	Companies included into the financial statement	The Company	Companies included into the financial statement	The Company	Companies included into the financial statement	The Company	Companies included into the financial statement	The Company		Companies included into the financial statement		The Company	Companies included into the financial statement	
																Cash	Stock	Cash	Stock			
Director	Ting Chien Shen(Tony)	28,603,339	86,988,690	17,000,000	17,000,000	166,606,521	166,606,521	1,817,332	5,627,618	1.05%	1.35%	16,539,351	16,539,351	0	0	0	0	0	0	1.13%	1.43%	0
Director	Wei Chen Ma (Michael)																					
Director	Representative of Tsun Chueh Investment: Daniel Y.M. Song																					
Director	Representative of Tsun Chueh Investment: Chung Yuan Chen																					
Director	Representative of Modern Investment: Chao Kuo Chiang																					
Former Director	Representative of Modern Investment: Rong Jou Wang																					
Former Director	Representative of Modern Investment: Chich Chiang Fan (Tony)																					
Former Director	Representative of Tsun Chueh Investment: Jin Long Fang																					
Former Director	Representative of Tsun Chueh Investment: Yueh Tsang Lee																					
Former Director	Representative of Hsu Tong Investment: Hsien Tao Chiu																					
Former Director	Representative of Hsu Tong Investment: Ming Hong Ho																					
Independent Director	Kuang Si Shiu	8,640,000	15,256,000	0	0	0	0	1,120,000	3,328,098	0.05%	0.09%	0	0	0	0	0	0	0	0	0.05%	0.09%	0
Independent Director	Ming Ling Hsueh																					
Independent Director	Yin Hua Yeh																					
Independent Director	Hsing Yi Chow																					
Former Independent Director	Lai Ping Chi																					
Former Independent Director	Sou Shan Wu																					

1. Please state the remuneration policies, systems, standards and packages about independent directors, and the connection of the factors, such as responsibilities, risk and spent hours, with the amount of remuneration: The remuneration to the Company's independent directors is decided based on their experience, functions, and contribution, and expected or actual risks, and the Board of Directors is authorized to resolve the remuneration based on the typical pay levels adopted by peer companies in accordance with Article 19 of the Articles of Incorporation. In order to avoid direct or indirect conflict of interest with the Company, the remuneration is paid at fixed amount on a monthly basis, excluded from the Company's allocation of remuneration to directors.
2. Other than the remuneration disclosed in said table, the remuneration received by any of the Company's directors for providing services to any companies included in the financial statement, e.g., as an advisor other than employee in the most recent year: N/A.

2. Range of Remuneration to General Directors and Independent Directors

Data baseline date: December 31, 2019

Breakdown of remuneration to directors (NT$)	Directors			
	Sum of foregoing four items (A+B+C+D)		Sum of foregoing seven items (A+B+C+D+E+F+G)	
	The Company	Companies included into the financial statement (H)	The Company	Companies included into the financial statement (I)
Below 1,000,000	Chao Kuo Chiang, Ming Hong Ho, Daniel Y.M. Song, Chich Chiang Fan (Tony), Jin Long Fang, Hsien Tao Chiu Yueh Tsang Lee, Chung Yuan Chen	Jin Long Fang, Hsien Tao Chiu Yueh Tsang Lee, Chung Yuan Chen	Chao Kuo Chiang, Ming Hong Ho, Daniel Y.M. Song, Chich Chiang Fan (Tony), Jin Long Fang, Hsien Tao Chiu Yueh Tsang Lee, Chung Yuan Chen	Jin Long Fang, Hsien Tao Chiu Yueh Tsang Lee, Chung Yuan Chen
1,000,000 (inclusive) ~ 2,000,000 (exclusive)	Kuang Si Shiu, Hsing Yi Chow, Sou Shan Wu, Lai Ping Chi	Sou Shan Wu, Lai Ping Chi,	Kuang Si Shiu, Hsing Yi Chow, Sou Shan Wu, Lai Ping Chi	Sou Shan Wu, Lai Ping Chi,
2,000,000 (inclusive) ~ 3,500,000 (exclusive)	Ming Ling Hsueh, Yin Hua Yeh	Kuang Si Shiu, Hsing Yi Chow	Ming Ling Hsueh, Yin Hua Yeh	Kuang Si Shiu, Hsing Yi Chow
3,500,000 (inclusive) ~ 5,000,000 (exclusive)		Ming Ling Hsueh		Ming Ling Hsueh
5,000,000 (inclusive) ~ 10,000,000 (exclusive)		Yin Hua Yeh		Yin Hua Yeh
10,000,000 (inclusive) ~ 15,000,000 (exclusive)		Ming Hong Ho, Chao Kuo Chiang		Ming Hong Ho, Chao Kuo Chiang
15,000,000 (inclusive) ~ 30,000,000 (exclusive)	Rong Jou Wang, Ting Chien Shen(Tony), Wei Chen Ma (Michael) Hsu Tong Investment	Rong Jou Wang, Ting Chien Shen(Tony), Wei Chen Ma (Michael) Daniel Y.M. Song, Chich Chiang Fan (Tony) Hsu Tong Investment	Rong Jou Wang, Wei Chen Ma (Michael) Hsu Tong Investment	Rong Jou Wang, Wei Chen Ma (Michael) Daniel Y.M. Song, Chich Chiang Fan (Tony) Hsu Tong Investment
30,000,000 (inclusive) ~ 50,000,000 (exclusive)	Modern Investment	Modern Investment	Ting Chien Shen(Tony) Modern Investment	Ting Chien Shen(Tony) Modern Investment
50,000,000 (inclusive) ~ 100,000,000 (exclusive)	Tsun Chueh Investment	Tsun Chueh Investment	Tsun Chueh Investment	Tsun Chueh Investment
Over 100,000,000				
Total	20	20	20	20

Notes: (1) This table summarizes the amounts of various payments made to directors. Payments are calculated from the date the directors were appointed during the year.

(2) Directors' remuneration and their remuneration for concurrently serving as employees were passed by the directors' meeting of the Company in the most recent year.

(3) Remuneration disclosed herein is different from the term "income" as defined in the Income Tax Act; this table is for information disclosure, and not for taxation purposes.

(4) The Company's directors who were not serving throughout the year are as follows:
Chao Kuo Chiang, Daniel Y.M. Song, Kuang Si Shiu and Hsing Yi Chow held the position as of June 14, 2019. Rong Jou Wang, Jin Long Fang, Hsien Tao Chiu, Ming Hong Ho, Chich Chiang Fan (Tony), Yueh Tsang Lee, Sou Shan Wu and Lai Ping Chi held the position until June 13, 2019.

3. Remuneration to President, and Vice Presidents

Data baseline date: December 31, 2019

Unit: NT$; %

Title	Name	Wages (A)		Pension upon retirement (B)		Bonuses and special allowances (C)		Employee Compensation (D)				Sum of A, B, C, and D as percentage of net income (%)		Remuneration from investees other than subsidiaries, or parent company
		The Company	Companies included into the financial statement	The Company	Companies included into the financial statement	The Company	Companies included into the financial statement	The Company		Companies included into the financial statement		The Company	Companies included into the financial statement	
								Cash	Stock	Cash	Stock			
President	Chien Weng	35,857,619	71,341,963	0	0	87,087,787	205,964,679	764,631	0	1,284,578	0	0.61%	1.36%	None
Internal Auditing Dept. Auditor-General	Ming Hsiu Tsai													
Secretariat Office Senior Vice President	Lawrence Lee													
Senior Vice President (Chief Strategy Officer)	Tsai Yu Chang													
Risk Management Dept. Senior Vice President (Chief Risk Officer)	Hsuan Min Kuo													
IT Dept. Senior Vice President (Chief Information Officer)	Hsiu Mei Chen													
Administration Dept. Vice President (Chief Admin. Officer)	Robert C.S. Yang													
Compliance Affairs Dept. Vice President (Chief Compliance Officer)	Wen Ching Chiu													
Financial Management Dept. Vice President (Chief Financial Officer)	Hsu Shu Mai													
Human Resources Dept. Vice President (Chief HR Officer)	Sophia Chang													
Legal Affairs Dept. Vice President (Chief Legal Officer)	Cheng Hua Sun													
Operational Support Dept. Vice President (Chief Operational Support Officer)	Ming Lang Liu													
Institutional IR Dept. and International Division Senior Vice President (Chief International Operation Officer)	Allen Wu													

Title	Name	Wages (A)		Pension upon retirement (B)		Bonuses and special allowances (C)		Employee Compensation (D)				Sum of A, B, C, and D as percentage of net income (%)		Remuneration from investees other than subsidiaries, or parent company
		The Company	Companies included into the financial statement	The Company	Companies included into the financial statement	The Company	Companies included into the financial statement	The Company		Companies included into the financial statement		The Company	Companies included into the financial statement	
								Cash	Stock	Cash	Stock			
Digital Development Division Senior Vice President (Chief Digital Development Officer)	Mei Ling Kuo													
Corporate Banking Division Vice President (Chief Corporate Banking Officer)	Hsin Hui Tseng													
Corporate Banking Division Vice President (Vice Chief of Corporate Banking Officer)	Yi Wen Ma													
Internal Auditing Dept. Vice President (Vice General Auditor)	Chen Hsiang Wu													
Former President	Ting Chien Shen(Tony)													
Former Executive Vice President	Daniel Y.M. Song													
Former Executive Vice President (Former Chief Strategy Officer)	Vincent Chen													
Corporate Banking Division Former Senior Vice President (Former Chief Corporate Banking Officer)	Frank Kuo													
Corporate Planning Dept. Former Vice President	Wen Chi Chou													
Former Vice President	Tai Yung Hsiung													
Former Vice President	Chun Chao Lin													

* Information for all persons holding a position equivalent to president, vice president (e.g. president, CEO, director and etc.) must be disclosed, regardless of title.

4. Range of remuneration to president and vice presidents

Data baseline date: December 31, 2019

Breakdown of remuneration to president and vice presidents (NT$)	President and vice presidents	
	The Company	Companies included into the financial statement (E)
Below 1,000,000	Frank Kuo, Lawrence Lee, Cheng Hua Sun Sophia Chang, Ming Lang Liu, Hsin Hui Tseng, Mei Ling Kuo Tai Yung Hsiung, Yi Wen Ma, Chen Hsiang Wu	
1,000,000 (inclusive) ~ 2,000,000 (exclusive)	Daniel Y.M. Song, Allen Wu Hsiu Mei Chen, Chun Chao Lin	Chun Chao Lin
2,000,000 (inclusive) ~ 3,500,000 (exclusive)	Vincent Chen, Hsu Shu Mai	Frank Kuo
3,500,000 (inclusive) ~ 5,000,000 (exclusive)	Wen Ching Chiu	Tai Yung Hsiung
5,000,000 (inclusive) ~ 10,000,000 (exclusive)	Wen Chi Chou	Daniel Y.M. Song, Vincent Chen, Hsin Hui Tseng Lawrence Lee, Wen Chi Chou, Chen Hsiang Wu
10,000,000 (inclusive) ~ 15,000,000 (exclusive)	Ming Hsiu Tsai, Tsai Yu Chang, Robert C.S. Yang	Ming Hsiu Tsai, Tsai Yu Chang, Allen Wu, Hsiu Mei Chen, Sophia Chang Robert C.S. Yang, Ming Lang Liu, Mei Ling Kuo, Yi Wen Ma
15,000,000 (inclusive) ~ 30,000,000 (exclusive)	Ting Chien Shen(Tony), Chien Weng, Hsuan Min Kuo	Ting Chien Shen(Tony), Hsuan Min Kuo, Wen Ching Chiu, Cheng Hua Sun, Hsu Shu Mai
30,000,000 (inclusive) ~ 50,000,000 (exclusive)		Chien Weng
50,000,000 (inclusive) ~ 100,000,000 (exclusive)		
Over 100,000,000		
Total	24	24

Notes: (1) This table summarizes the amounts of various payments made to presidents and vice presidents. Payments are calculated from the date the presidents and vice presidents were appointed during the year.

(2) Employee compensation for the most recent year was passed by the Board of Directors.

(3) Remuneration disclosed herein is different from the term “income” as defined in the Income Tax Act; this table is for information disclosure, and not for taxation purposes.

(4) Remuneration to drivers was NT$684 thousand.

(5) The Company’s presidents and vice presidents who were not serving throughout the year are as follows:

Mei Ling Kuo held the position from January 2, 2019. Tsai Yu Chang held the position from February 1, 2019. Hsin Hui Tseng held the position from March 5, 2019. Chien Weng held the position from March 29, 2019.

Frank Kuo held the position until March 28, 2019. Ting Chien Shen(Tony) held the position until June 13, 2019. Vincent Chen held the position until June 13, 2019. Tai Yung Hsiung held the position until July 31, 2019.

Chun Chao Lin held the position until August 31, 2019. Wen Chi Chou held the position until December 25, 2019. Daniel Y.M. Song held the position from March 18, 2019 until June 13, 2019.

5. Managers receiving employee compensation and state of distribution

Data baseline date: December 31, 2019

Unit: NT$; %

Title		Name	Stock	Cash	Total	The sum as percentage of net income (%)
Managers	President	Chien Weng	0	819,342	819,342	0.004%
	General Auditor, Internal Auditing Dept.	Ming Hsiu Tsai				
	Senior Vice President, Secretariat Office	Lawrence Lee				
	Senior Vice President (Chief Strategy Officer)	Tsai Yu Chang				
	Senior Vice President, Risk Management Dept.(Chief Risk Officer)	Hsuan Min Kuo				
	Senior Vice President, Information Dept. (CIO)	Hsiu Mei Chen				
	Vice President, Administrative Management Dept. (CAO)	Robert C.S. Yang				
	Vice President, Compliance Affairs Dept.(CCO)	Wen Ching Chiu				
	Vice President, Financial Management Dept. (CFO)	Hsu Shu Mai				
	Vice President, Human Resources Dept. (CHRO)	Sophia Chang				
	Vice President, Legal Affairs Dept. (CLO)	Cheng Hua Sun				
	Vice President, Operational Support Dept.(Chief Operational Support Officer)	Ming Lang Liu				
	Institutional IR Dept. and International Division Senior Vice President (Chief International Operation Officer)	Allen Wu				
	Senior Vice President, Digital Development Division (Chief Digital Development Officer)	Mei Ling Kuo				
	Vice President, Corporate Banking Division (Chief Corporate Banking Officer)	Hsin Hui Tseng				
	Vice President, Corporate Banking Division (Vice Chief of Corporate Banking Officer)	Yi Wen Ma				
	Vice President, Internal Auditing Dept. (Vice General Auditor)	Chen Hsiang Wu				
	Senior Assistant Vice President, Admin. Management Dept. (Vice CAO)	Po Ching Li				
	Assistant Vice President, Corporate Planning Dept.	Pei Yu Chen				
	Assistant Vice President, Financial Management Dept.	Wei Ning Chang				
	Former Executive Vice President	Daniel Y.M. Song				
	Former Executive Vice President (Former CSO)	Vincent Chen				
	Former Senior Vice President, Corporate Banking Division (Former Chief Corporate Banking Officer)	Frank Kuo				
	Former Vice President, Corporate Planning Dept.	Wen Chi Chou				

Note: Employee compensation to be distributed to managers for the most recent year was passed by the Board of Directors.

(VIII)An explanation on remuneration paid to directors (including independent directors), president, and vice presidents in the last two years

1. Ratio of directors' (including independent directors), presidents' and vice presidents' remuneration to net income after tax of the entity or individual financial report

Unit: NT$1,000; %

Year/ Item	Net income	Directors' remuneration		Ratio of directors' remuneration to net income		Remuneration of president and vice presidents		Ratio of president and vice presidents' remuneration to net income	
		The Company	Companies included into the financial statement	The Company	Companies included into the financial statement	The Company	Companies included into the financial statement	The Company	Companies included into the financial statement
2018	18,679,208	231,879	293,075	1.24%	1.57%	106,322	263,572	0.57%	1.41%
2019	20,445,508	240,327	311,346	1.18%	1.52%	123,710	278,591	0.61%	1.36%

Note 1: The 2018 remuneration data are in actual figures. The 2019 remuneration data are in proposed figures.
Note 2: The figures in the table have been rounded.

2. Remuneration policies, standards and packages; procedures for determining remuneration and its connection with business performance and future risk exposure.
   (1) Directors (including Independent Directors)
      A. Director and Independent Director

The remuneration to directors shall be allocated in the manner referred to in Article 33 of the Company's Articles of Incorporation. That is, if the Company has profit at the year's final accounting, the remuneration to directors shall be no more than 0.9% of the remainder after the profit less accumulated loss, if any. The allocation of remuneration to directors shall follow the typical pay levels adopted by peer companies and take into consideration the reasonableness of the correlation with future risk exposure each year. The actual allocation shall be based on the self-appraisal result on the Board of Directors members and statistics of directors' attendance at meetings, continuing education and negative qualifications, and calculated on a pro rata basis subject to the number of days for which the directors hold the position. The Board of Directors is authorized to resolve the remuneration to the Company's independent directors based on the typical pay levels adopted by peer companies. In order to avoid direct or indirect conflict of interest with the Company, the remuneration is paid at fixed amount on a monthly basis, excluded from the Company's allocation of remuneration to directors. Meanwhile, according to the Company's Articles of Incorporation, the transportation allowance and fees for attending meetings payable to

directors shall be paid based on the typical pay levels adopted by peer companies.

B. Chairman and Vice Chairman

The Remuneration Committee and Board of Directors are authorized to resolve the remuneration and benefits to Chairman and Vice Chairman based on their participation in the Company's operation, contribution value and the typical pay levels adopted by peer companies. Meanwhile, the Board of Directors is authorized to resolve the severance pay/pension payable to the Chairman and Vice Chairman based on their participation in the Company's operation, contribution value and the typical pay levels adopted by peer companies, in accordance with the Company's Articles of Incorporation and Regulations Governing Severance Pay/Pension Payable to Chairman and Vice Chairman.

(2) President and managers

According to Article 29 of Chapter VI of the Company's Articles of Incorporation, the President shall take charge of all of the Company's affairs subject to resolution made by the Board of Directors, and may be authorized by the Board of Directors to carry out transactions externally. The President and Managers shall set the annual operating objectives and performance appraisal indicators based on the Company's mid-term and long-term business strategies and annual business plan on a yearly basis.

A. Target setting

The Company's President and managers set the annual operating objectives and performance appraisal standards based on the Company's business strategies and annual business plan. The operating objectives consist of the operating development strategies, annual operating highlights, operations and human resource management, group resource integration and supporting, internal control and compliance. The management team holds a meeting on a monthly basis to review, discuss and timely modify the Company's operating performance, promotion of operating highlights and effect of integration, and practices the strategies and achieves the performance under the performance management mechanism dedicated to "initial target setting, mid-term follow-up and improvement, and final review and appraisal".

B. Performance appraisal

According to the Company's Performance Management Regulations, the Company must conduct the mid-term and final performance appraisals each year to rate the performance, subject to the physical result per target, based on the operating objectives and performance appraisal

indicators for the President and managers. The performance appraisal results are categorized into 5 levels (5~1 levels). Specifically, Level 5 stands for excellent performance beyond the expected target. Level 4 stands for the performance higher than the standard and occasionally excellent performance. Level 3 stands for the performance satisfying what is expected and the operating objectives. Level 2 stands for the performance less than the expected target and to be improved. Level 1 stands for the performance far less than the expected target, namely failure. Upon weighted summing up of all objectives, the results are reported to Chairman to help the Chairman conduct the performance appraisal on the President and managers. The results about performance appraisal on the President and managers, and correspondent performance bonus, must be submitted to the Remuneration Committee and directors' meeting for review and approval.

C. Remuneration policies and business performance, and future risk exposure

70% of the operating objectives to be set by the Company's President reside in the business development objectives, including the operating profit achievement rate, ROE achievement, achievement rate of subsidiaries' core business lines and growth-driven business, and results of promotion of sustainability and corporate social responsibility of Yuanta Financial Holdings and its subsidiaries. 30% thereof reside in the internal management objectives, including supervision on the achievement rate of co-marketing objectives of the Group's subsidiaries, successors selection and cultivation, and fulfillment of compliance and internal control. Both of said operating objectives are primarily based by the performance appraisal and performance bonus about the President. The standards governing allocation of the annual remuneration to the President must follow the typical pay levels adopted by peer companies and also take into consideration the entire contribution of the President to the Group achieved by his operation of the Group and operating performance. The annual remuneration allocated to the President and all contributions he/she achieves are related to each other positively.

The Company values the managers' contribution and value to the Group. 70% of the annual operating objectives set by the Company's managers subject to their job responsibilities reside in the business development objectives, while 30% thereof reside in internal management objectives, including intra-company system integration and backup, successors selection and cultivation, and fulfillment of compliance and internal control, etc.. The policy, system, standard and structure of the salary and remuneration to the Company's managers must

be reviewed by Remuneration Committee and then submitted to the Board of Directors for resolution on the remuneration to managers. When resolving the salary and remuneration to individual managers, the Board of Directors must follow the profit earned by or typical pay levels adopted by peer companies, and take into consideration the individual performance and the managers' business performance and contribution to the Company. In order to ensure and align with the profit earned upon the risk exposure adjustment, the remuneration to the President and managers must be changed based on specific proportion to make it related to the profit earned by the Company and the Company's stock price in the form of the one-year savings-type shareholding trust. Notwithstanding, if any other significant risk events affecting the Company's goodwill adversely arise, the Company may cut or withhold the bonus to have the President and managers share the future risk exposure with the Company, so as to develop oriented toward the corporate sustainability management philosophy. The Company's remuneration system balancing business performance and risk management helps recruit and retain excellent talents and encourage the talents to develop their potentials effectively. In conclusion, the management team consisting of excellent talents would create more excellent business performance for the Company and shareholders inevitably. The Company feeds the operating results back to the managers reasonably, so that the managers' personal operating objectives may align with the Company's operating objectives and shareholders' equity permanently and closely to help create the mutual interest for the individuals, the Company and shareholders, and achieve a win-win-win situation.

(IX) Information about Chairmen and presidents rehired as consultant after retiring

Title	Nationality	Name	Gender	Job responsibility before retirement		Date when acting the advisor	Purpose of employment	Division of responsibilities and duties	Remuneration	Ratio of remuneration to net income
				Institution and Title	Date of retirement					
Supreme Advisor	Republic of China	Rong Jou Wang	M	Chairman of Yuanta Financial Holdings	2019.6.14	2019.6.15	Provide consulting services and recommendations about the Company's legal expertise, business management, finance, and corporate governance	1. The ownership of intellectual property rights remain vested in the Company. 2. Only provide consulting services and recommendations, without the authority to execute and approve documents. 3. In the case of any conflict of interest with the mission assigned to him, he shall notify the Company in writing voluntarily and settle or terminate the consulting service in a legal and proper manner.	1,306,667	0.006%

(X) Whether the Company establishes any successor cultivation planning for the Board members and key management, and the operation of such planning

1. Member of Board of Directors

The nomination system is adopted for the election of the Company's Board members. The Nomination Committee recruits and recommends competent candidates based on the quota of electees and qualifications required from the electees. Then, the directors will be elected among the candidates together with the nominees recommended by shareholders at a shareholders' meeting upon approval of the Board of Directors meeting.

The successor cultivation planning for the Company's Board members shall not only satisfy the conditions required by laws and regulations, but also recruit competent candidates based on the Company's development orientation and mid- and long-term strategic goals and by taking into account the diversified background and independence standards, such as professional knowledge, expertise, experience, and gender of the Board members. The candidates of the Company's director successors shall hold the diversified professional knowledge and skills (e.g., law, accounting, industry, finance, marketing or technology) and industry experience, and as a whole, they shall also hold the abilities including the ability to make judgments about operations, accounting and financial analysis ability, operational ability (including the management of subsidiaries), ability to manage crisis, industrial knowledge, international market perspective, leadership, decision-making ability, and risk management knowledge and ability.

Additionally, in order to balance the planning for appointment of professional directors of the financial holding Company's board of directors and the Company's strategic business development, the Board members shall hold not only said abilities but also the abilities related to the focus of the Company's operations and mid- and long-term stable growth development strategies and continued upgrading of the corporate governance, so as to practice the Board of Directors' functions to make decisions and supervise.

All of the Company's key management team and chief functional officers should attend the Board of Directors meetings and related meetings. They shall be familiar with the operation of the Board of Directors meetings and related meetings, and shall also hold specific professional knowledge and ability in adoption and development of the Company's strategies, supervision and execution of the internal control and compliance, and have control over and the response to risk management.

Basically, the directors of the Company and its subsidiaries all hold specific professional knowledge & skills and industrial experience. By acting directors in various subsidiaries, they participate in the supervision and management of development planning, internal control, compliance and risk control of the

Company and, therefore, hold the comprehensive ability to manage business.

The Company will conduct the performance appraisal on the directors and those appointed as directors of various subsidiaries on a yearly basis. Meanwhile, the Company will also conduct performance appraisal on its senior management as the reference for future selection of the director successors.

Generally, the Company's director successor planning not only recruits the professionals outside the Company, but also reserves successors by training the Company's and subsidiaries' directors and senior management, in order to balance "profession" and "transfer of experience" to set up a fair foundation for the Company's sustainability. The Company re-elected the Board of Directors in whole on June 14, 2019. The former Chairman, Rong Jou Wang, transferred the powers to the former President, Tony Shen, in order to practice the successor planning physically.

2. Successor cultivation planning for the key management, and the operation of such planning

The Company's key management include President, General Auditor, chief functional officers, chief executive officers and department heads, 93.3% of whom held the position after job transfer or internal promotion. The Company selects the successors of key management based on the expertise and experience, work performance, development potential, compatibility with the enterprise's core value and individual development willingness of the key talents. For the time being, 1~3 candidates would be nominated as the successor of each key manager. Meanwhile, the successor members have already been planned to undergo the job training and also attend the professional training courses on compliance, finance and strategic management, attend the Company's important meetings periodically, and act as the functionary substitute of the key manager, under the diversified development model, in order to have the in-depth knowledge about the Company's overall development strategies, cross-department communication and negotiation mechanism, policy-making logic and execution of policies, and train the logic and sophistication which the management shall have in thinking and execution.

The talent training and successor cultivation have been included as an important indicator for the Company's performance appraisal on the management at all levels. The Company conducts interim and final performance appraisals to measure the development results and maturity of the successor each year, adequately adjust the training and job transfer development plans for next year, and report the status of annual training development and successor cultivation to the Board of Director at the beginning of each year.

V. Status of Corporate Governance

(I) Operation of the Board of Directors

1. The board held 16(A) meetings during 2019; the attendance of directors is summarized as follows:

Title	Name	Actual attendance (B)	Attendance by proxy	Actual attendance rate (%) (B/A)	Remarks
Chairman	Ting Chien Shen (Tony)	16	0	100	Reelected; Date of reelection: June 14, 2019
Director	Wei Chen Ma (Michael)	14	2	88	
Director	Representative of Tsun Chueh Investment: Chung Yuan Chen	16	0	100	
Director	Representative of Modern Investment: Chao Kuo Chiang	10	0	100	Newly elected; Date of reelection: June 14, 2019, a total of 10 Board of Directors meetings held during the term of office
Director	Representative of Tsun Chueh Investment: Daniel Y.M. Song	9	1	90	
Independent Director	Ming Ling Hsueh	16	0	100	Reelected; Date of reelection: June 14, 2019
Independent Director	Yin Hua Yeh	16	0	100	
Independent Director	Kuang Si Shiu	10	0	100	Newly elected; Date of reelection: June 14, 2019, a total of 10 Board of Directors meetings held during the term of office
Independent Director	Hsing Yi Chow	10	0	100	
Former Chairman	Representative of Modern Investment: Rong Jou Wang	6	0	100	Former; Date of reelection: June 14, 2019, a total of 6 Board of Directors meetings held during the term of office
Former Director	Representative of Modern Investment: Chich Chiang Fan (Tony)	6	0	100	
Former Director	Representative of Tsun Chueh Investment: Jin Long Fang	6	0	100	
Former Director	Representative of Tsun Chueh Investment: Yueh Tsang Lee	6	0	100	
Former Director	Representative of Hsu Tong Investment: Hsien Tao Chiu	6	0	100	
Former Director	Representative of Hsu Tong Investment: Ming Hong Ho	5	1	83	
Former Independent Director	Sou Shan Wu	6	0	100	
Former Independent Director	Lai Ping Chi	6	0	100	

Other items to be stated:

I. Where the operation of the Board of Directors meets any of the following circumstances, the minutes concerned shall clearly state the meeting date, term, contents of motions, opinions of all independent directors, and the Company's resolution of said opinions:

(I) For resolution(s) passed pursuant to Article 14-3 of the Securities and Exchange Act: Not applicable, as the Company has established the Audit Committee and Article 14-5 of the Act shall apply.

(II) Any other resolution(s) passed but with independent directors voicing opposing or qualified opinions on the record or in writing: None.

II. In instances where a director recused himself/herself due to a conflict of interest, the minutes shall

clearly state the director's name, contents of the motion and resolution thereof, reason for not voting and actual voting counts:

(I) 36th meeting of the 7th board of directors on January 23, 2019

Propose the name list of Nomination Committee members of the Company's Board of Directors of 7th term.

Resolution: Director Wei Chen Ma (Michael), Independent Director Ming Ling Hsueh and Independent Director Yin Hua Yeh, who were interested parties recused themselves, the remaining directors present agreed to pass the motions.

(II) 36th meeting of the 7th board of directors on January 23, 2019

The motion for performance appraisal on the group performance bonus for the Company's Chairman of Board in 2018.

Resolution:

1. Chairman Rong Jou Wang, as a stakeholder, recused himself from discussion and voting, and Independent Director Ming Ling Hsueh acted as the chairperson at the time of voting.
2. Apart from the interested party, who recused himself, the remaining directors present agreed to pass the motions.

(III) 36th meeting of the 7th board of directors on January 23, 2019

The motion for performance appraisal on the group performance bonus of the Company's President, chief functional officers, Chief Executive Officer and Auditor-General in 2018.

Resolution: Director Tony Shen, who was an interested party recusing himself, the remaining directors present agreed to pass the motions.

(IV) 38th meeting of the 7th board of directors on March 25, 2019

For setting the record date for settlement and adjusting the trading price to transfer the whole equity of Yuanta Securities Finance held by the Company to Yuanta Securities.

Resolution: Director Tony Shen, Director Yueh Tsang Lee, Director Ming Hong Ho and Independent Director Sou Shan Wu who were interested parties recused themselves, the remaining directors present agreed to pass the motions.

(V) 38th meeting of the 7th board of directors on March 25, 2019

Propose the appointment of a part of the Company's responsible persons as directors of Yuanta Securities Asia Financial Services

Resolution: Director Ming Hong Ho, who was an interested party recusing himself, the remaining directors present agreed to pass the motions.

(VI) 38th meeting of the 7th board of directors on March 25, 2019

Motion for allocation of remuneration to employees 2018

Resolution: Except Director and President Tony Shen, who was interested party rescuing himself, the remaining directors present agreed to pass the motions.

(VII) 38th meeting of the 7th board of directors on March 25, 2019

Motion for allocation of remuneration to directors 2018

Resolution:

1. Apart from Chairman Rong Jou Wang, Director Tony Shen, Director Chich Chiang Fan (Tony), Director Wei Chen Ma (Michael), Director Jin Long Fang, Director Hsien Tao Chiu, Director Yueh Tsang Lee, Director Ming Hong Ho and Director Chung Yuan Chen, as the stakeholders, recusing themselves from discussion and voting, Independent Director Ming Ling Hsueh acted as the chairperson at the time of the voting.
2. Apart from the interested party, who recused himself, the remaining directors present agreed to pass the motions.

(VIII) 38th meeting of the 7th board of directors on March 25, 2019

For nomination of the candidates of the Company's directors (including independent directors) of 8th term

Resolution: The candidates recommended by the Nomination Committee were approved by all present directors unanimously at the meeting, except those recusing themselves from discussion and voting in the parts that they had interests in as stakeholders. The motion for election at the general shareholder's meeting on June 14, 2019 is submitted accordingly.

(IX) 40th meeting of the 7th board of directors on April 30, 2019

Propose the urban renewal program on the self-owned Tatung Building co-organized by the Company's five subsidiaries including Yuanta Securities, and the expenses derived from the title transfer registration and selection of real estate.

Resolution: The motion was discussed and voted individually. The voting results are stated as following:

1. For Yuanta Bank: Except Director Wei Chen Ma (Michael), Director Chich Chiang Fan (Tony), Director Jin Long Fang, Director Chung Yuan Chen, Director Hsien Tao Chiu, and Independent Director Ming Ling Hsueh and Independent Director Yin Hua Yeh, who were the stakeholders recusing themselves from discussion and voting, the remaining directors present agreed to pass the motion.
2. For Yuanta Securities: Except Director Tony Shen, Director Ming Hong Ho, Director Yueh Tsang Lee and Independent Director Sou Shan Wu, who recused themselves from discussion and voting, the remaining directors present agreed to pass the motion.
3. For Yuanta Futures: Except Director Yueh Tsang Lee and Director Hsien Tao Chiu, who recused themselves from discussion and voting, the remaining directors present agreed to pass the motion.
4. For Yuanta Securities Investment Trust and Yuanta Securities Finance: All present directors unanimously approved the motion.

(X) 1st meeting of the 8th Board of Directors on June 14, 2019

For nomination of the candidates of the Company's Remuneration Committee members of the 8th Board of Directors

Resolution: Except Independent Director Ming Ling Hsueh, Independent Director Kuang Si Shiu, Independent Director Yin Hua Yeh and Independent Director Hsing Yi Chow, who rescued themselves as the stakeholders, the motion was agreed by the remaining present directors and submitted to the Nomination Committee for review on the candidates' qualifications and potential conflict of interest.

(XI) 1st meeting of the 8th Board of Directors on June 14, 2019

For nomination of the candidates of the Company's Corporate Sustainability Committee members of 8th Board of Directors

Resolution:

1. Director Tony Shen, Independent Director Ming Ling Hsueh, Independent Director Kuang Si Shiu, Independent Director Yin Hua Yeh, and Independent Director Hsing Yi Chow recused themselves from the voting on the motion as the stakeholders, and Director Chao Kuo Chiang acted as the chairperson at the time of voting.
2. Except those who rescued themselves as the stakeholders, the motion was agreed by the remaining present directors and submitted to the Nomination Committee for review on the candidates' qualifications and potential conflict of interest.

(XII) 2nd meeting of the 8th board of directors on June 14, 2019

For appointment of the Company's Remuneration Committee members of 8th Board of Directors, and nomination of the convener.

Resolution: Except Independent Director Ming Ling Hsueh, Independent Director Kuang Si Shiu, Independent Director Yin Hua Yeh and Independent Director Hsing Yi Chow, who rescued themselves as the stakeholders, the list of the Remuneration Committee members of the 8th term was agreed by the remaining present directors, and Independent Director Kuang Si Shiu was nominated as the convener of the current Remuneration Committee.

(XIII) 2nd meeting of the 8th board of directors on June 14, 2019

For appointment of the Company's Corporate Sustainability Committee members of 8th Board of Directors, and nomination of the convener.

Resolution:

1. Chairman Tony Shen, Independent Director Ming Ling Hsueh, Independent Director Kuang Si Shiu, Independent Director Yin Hua Yeh, and Independent Director Hsing Yi Chow recused themselves from the discussion and voting on the motion as the stakeholders, and Director Chao Kuo Chiang acted as the chairperson at the time of voting.
2. Except those who rescued themselves as the stakeholders, the name list of the Corporate Sustainability Committee members of the 8th Board of Directors was agreed by the remaining present directors, and

Chairman Tony Shen was nominated as the convener of the current Corporate Sustainability Committee.

(XIV) 3rd meeting of the 8th Board of Directors on June 26, 2019

Propose the motion for the Company's plan to participate in subscription for subsidiary Yuanta Asset Management's 2019 plan to increase capital by NT$3 billion in cash through the issuance of shares.

Resolution: Except Director Daniel Y.M. Song, who recused himself as the stakeholder, the remaining directors present agreed to pass the motion.

(XV) 3rd meeting of the 8th Board of Directors on June 26, 2019

For amendments to certain articles of the Company's "Regulations Governing Bonus."

Resolution:

1. Chairman Tony Shen, as a stakeholder, recused himself from discussion and voting, and Independent Director Kuang Si Shiu acted as the chairperson at the time of voting.
2. Apart from the interested party, who recused himself, the remaining directors present agreed to pass the motions.

(XVI) 3rd meeting of the 8th Board of Directors on June 26, 2019

For determination of the salary to the Company's Chairman and President.

Resolution:

1. Chairman Tony Shen, as a stakeholder, recused himself from discussion and voting, and Independent Director Kuang Si Shiu acted as the chairperson at the time of voting.
2. Apart from the interested party, who recused himself, the remaining directors present agreed to pass the motions.

(XVII) 3rd meeting of the 8th Board of Directors on June 26, 2019

For allocation of remuneration to the directors and supervisors of invested enterprises appointed by the Company in 2018.

Resolution: Except Director Wei Chen Ma (Michael), who recused himself as the stakeholder, the remaining directors present agreed to pass the motion.

(XVIII) 3rd meeting of the 8th Board of Directors on June 26, 2019

For allocation of remuneration to the Company's directors (exclusive of independent directors) in 2018.

Resolution:

1. Chairman Tony Shen, Director Wei Chen Ma (Michael) and Director Chung Yuan Chen recused themselves from discussion and voting on the motion as the stakeholders, and Independent Director Kuang Si Shiu acted as the chairperson at the time of voting.
2. Apart from the interested party, who recused himself, the remaining directors present agreed to pass the motions.

(XIX) 4th meeting of the 8th Board of Directors on July 24, 2019

For allocation of remuneration to the Company's President, chief functional officers, chief executive officer and General Auditor in 2018.

Resolution:

1. Chairman Tony Shen, as a stakeholder, recused himself from discussion and voting, and Independent Director Kuang Si Shiu acted as the chairperson at the time of voting.
2. Apart from the interested party, who recused himself, the remaining directors present agreed to pass the motions.

(XX) 6th meeting of the 8th board of directors on September 25, 2019

Propose the motion for the Company's plan to participate in subscription for Yuanta Life's 2019 plan to increase capital by NT$14 billion in cash through the issuance of shares.

Resolution: Except Director Wei Chen Ma (Michael), Director Chao Kuo Chiang, and Independent Director Yin Hua Yeh, who were the stakeholders recusing themselves from discussion and voting, the remaining directors present agreed to pass the motion.

(XXI) 6th meeting of the 8th board of directors on September 25, 2019

For the Company's renewal of the lease of real estate with the stakeholders including Yuanta Securities and Yuanta Bank

Resolution: The motion was voted individually. The voting results are stated as following:

1. For Yuanta Securities: Chairman Tony Shen and Independent Director Hsing Yi Chow recused themselves as the stakeholders, and Independent Director Ming Ling Hsueh acted as the chairperson at the time of voting. Apart from those who recused themselves from discussion and voting as the stakeholders, the remaining directors present agreed to pass the motion.
2. For Yuanta Bank: Except Director Wei Chen Ma (Michael), Director Chung Yuan Chen, Director Daniel Y.M. Song, Independent Director Ming Ling Hsueh, Independent Director Kuang Si Shiu and Independent Director Yin Hua Yeh, who were the stakeholders recusing themselves from discussion and voting, the remaining directors present agreed to pass the motion.

(XXII)9th meeting of the 8th Board of Directors on December 5, 2019

For the plan of Yuanta Life, a subsidiary of the Company, to acquire real estate domestically.

Resolution: Except Director Chao Kuo Chiang, Director Wei Chen Ma (Michael) and Independent Director Yin Hua Yeh, who recused themselves from discussion and voting, the remaining directors present agreed to pass the motion.

(XXIII) 11th meeting of the 8th Board of Directors on January 16, 2020

For performance appraisal on the group performance bonus for the Company's Chairman of Board in 2019.

Resolution:

1. Chairman Tony Shen, as a stakeholder, recused himself from discussion and voting, and Independent Director Kuang Si Shiu acted as the chairperson at the time of voting.
2. Apart from the interested party, who recused himself, the remaining directors present agreed to pass the motions.

III. The TWSE/TPEx-listed company shall disclose the appraisal cycle and period, scope of appraisal, method and contents of appraisal about the Board of Directors' self (or peer) performance appraisal, and specify the status of appraisal in Schedule 2(2) attached hereto.

Appraisal cycle (Note 1)	Once per year
Appraisal period (Note 2)	From January 1, 2019 to December 31, 2019.
Scope of appraisal (Note 3)	The Company takes into account the Company's condition and needs when determining the scope of performance appraisal on the Board of Directors, which shall at least consist of the following five major elements: I. Degree of participation in the Company's operation; II. Upgrading the quality of the Board of Directors' decision making; III. Formation and structure of the Board of Directors; IV. Election and continuing education of directors; V. Internal control. The performance appraisal (self or peer) on the Board of Directors members shall at least consist of the following six elements: I. Alignment with the Company's goals and mission; II. Awareness toward directors' responsibilities and duties; III. Degree of participation in the Company's operation; IV. Management of internal relations and communication; V. Expertise and continuing education of directors; VI. Internal control. The performance appraisal on the Audit Committee shall at least consist of the following five elements: I. I.Degree of participation in the Company's operation; II. II.Awareness toward Audit Committee's responsibilities and duties; III. III.Upgrading the quality of the Audit Committee's decision making; IV. IV.Formation and election of Audit Committee members; V. V.Internal control.

		The performance appraisal on the Remuneration Committee shall at least consist of the following five elements: I. I.Degree of participation in the Company's operation; II. II.Awareness toward Remuneration Committee's responsibilities and duties; III. III.Upgrading the quality of the Remuneration Committee's decision making; IV. IV.Formation and election of Remuneration Committee members; V. V.Internal control. The performance appraisal on the Corporate Sustainability Committee shall at least consist of the following five elements: I. I.Degree of participation in the Company's operation; II. II.Awareness toward Corporate Sustainability Committee's responsibilities and duties; III. III.Upgrading the quality of the Corporate Sustainability Committee's decision making; IV. IV.Formation and election of the Corporate Sustainability Committee members; V. V.Internal control. The performance appraisal on the Nomination Committee shall at least consist of the following six elements: I. I.Degree of participation in the Company's operation; II. II.Awareness toward the Nomination Committee's responsibilities and duties; III. III.Nomination review and decision making; IV. IV.Upgrading the quality of the Nomination Committee's decision making; V. V.Formation and election of the Nomination Committee members; VI. VI.Internal control.
	Method of appraisal (Note 4)	The Company conducts the self-assessment in the form of questionnaire. The execution unit responsible for the performance appraisal collects the information about the Board of Directors and functional committee activities, and complete Schedule 1 hereto, "Board of Directors Self-Assessment Questionnaire," Schedule 2 hereto, "Board Members (Self or Peer) Assessment Questionnaire," Schedule 3 hereto, "Audit Committee Self-Assessment Questionnaire," Schedule 4 hereto, "Remuneration Committee Self-Assessment Questionnaire," Schedule 5 hereto "Corporate Sustainability Commission Self-Assessment Questionnaire," and Schedule 6 hereto, "Nomination Committee Self-Assessment Questionnaire," respectively. Then, the questionnaires are collected uniformly, and the unit record the assessment report based on the scores per the assessment indicators, and submit the report to the Nomination Committee and then to the Board of Directors for discussion and improvement.
	Contents of appraisal (Note 5)	The Board of Directors' and functional committees' 2019 self-assessment results were handled in accordance with "Regulations Governing Performance Appraisal on Board of Directors and Functional Committees of Yuanta Financial Holding Co., Ltd." passed at the 7th meeting of the Board of Directors of the 8th Term on October 23, 2019. The relevant assessment results were also reported at 10th meeting of the Board of Directors of the 8th Term on December 25, 2019. **1. Board of Directors** The "Board of Directors Self-Assessment Questionnaire": Consisting of 5 elements and 45 assessment items, as self-assessed by 9 directors (including independent directors). **Statistic results** (1) Degree of participation in the Company's operation (12 questions in total): Positive comments given by all directors and independent directors. (2) Upgrading the quality of the Board of Directors' decision making (12 questions in total): Positive comments given by all directors and independent directors. (3) Formation and structure of the Board of Directors (7 questions in total): Positive comments given by all directors and independent directors. (4) Election and continuing education of directors (7 questions in total): Positive comments given by all directors and independent directors.

(5) Internal control (7 questions in total): Positive comments given by all directors and independent directors.

The entire assessment results show that all of the 9 directors (including independent directors) gave positive comments on all of the elements.

Comprehensive comments

Recommendation from directors: The causes or remarks of motions proposed at a Board of Directors meeting shall be explained more specifically to avoid vagueness. Personnel Dept. has been suggested to train the senior management to improve their paperwork.

Statement by directors: 1. The formation of the Board of Directors reflected profession and diversified teamwork. 2. Directors participated in the Board of Directors meetings actively to enable the Board of Directors to practice high-quality decision-making function thoroughly.

Corrective actions recommended by directors

(1) The Company has organized the "Drafting and Proofreading of Official Documents" course series on October 19, 2018, October 29, 2019 and November 5, 2019, respectively, which were attended by 352 trainees, including 72 senior managers, i.e. 20.5% of the whole trainees.

(2) 2.The Company has created the "Concept About and Notes to Writing of Official Documents" course series on the Group's digital learning platform, which are available to the managers and workers at any time. So far, the course series have been viewed by 3,155 persons. The Company plans to offer the courses about writing and proofreading of official documents in Q3 of 2020 to improve their paperwork quality.

2. Board members

The "Board Members (Self or Peer) Assessment Questionnaire": Consisting of 6 elements and 26 assessment items, as self-assessed by 9 directors (including independent directors).

Statistic results

(1) Alignment with the Company's goals and mission (3 questions in total): Positive comments given by all directors and independent directors.

(2) Awareness toward directors' responsibilities and duties (6 questions in total): Positive comments given by all directors and independent directors.

(3) Degree of participation in the Company's operation (8 questions in total): Positive comments given by all directors and independent directors.

(4) Management of internal relations and communication (3 questions in total): Positive comments given by all directors and independent directors.

(5) Expertise and continuing education of directors (3 questions in total): Positive comments given by all directors and independent directors.

(6) Internal control (3 questions in total): Positive comments given by all directors and independent directors.

The entire assessment results show that all of the 9 directors (including independent directors) gave positive comments on all of the elements.

Comprehensive comments

Statement by directors: "Expecting to strengthen our own knowledge about the financial planning and business strategies of Yuanta Financial Holdings and its subsidiaries and ensure the compliance by Yuanta Financial Holdings and its subsidiaries based on our expertise in laws on an on-going basis." "Use our best efforts to perform the duties as independent directors and pose recommendations, hoping that we can make contribution to the Company's business and Board of Directors' performance."

3. Audit Committee

The "Audit Committee Performance Self-Assessment Questionnaire": Consisting of 5 elements and 34 assessment items, as self-assessed by 4 members.

Statistic results

(1) Degree of participation in the Company's operation (9 questions in total): Positive comments given by all members.

(2) Awareness toward Audit Committee's responsibilities and duties (5 questions in total): Positive comments given by all members.

(3) Upgrading the quality of the Audit Committee's decision making (8 questions in total): Positive comments given by all members.

(4) Formation and election of Audit Committee (5 questions in total): Positive comments given by all members.

(5) Internal control (7 questions in total): Positive comments given by all members.

The entire assessment results show that all of the 4 members gave the positive comments on all of the elements.

Comprehensive comments

Statement by directors: Thank the Audit Committee members for their active participation enabling the Audit Committee to practice its functions thoroughly.

4.Remuneration Committee

The "Remuneration Committee Performance Self-Assessment Questionnaire": Consisting of 5 elements and 26 assessment items, as self-assessed by 4 members.

Statistic results

(1) Degree of participation in the Company's operation (5 questions in total): Positive comments given by all members.

(2) Awareness toward Remuneration Committee's responsibilities and duties (7 questions in total): Positive comments given by all members.

(3) Upgrading the quality of the Remuneration Committee's decision making (8 questions in total): Positive comments given by all members.

(4) Formation and election of Remuneration Committee (4 questions in total): Positive comments given by all members.

(5) Internal control (2 questions in total): Positive comments given by all members.

The entire assessment results show that all of the 4 members gave the positive comments on all of the elements.

Comprehensive comments

Statement by directors: The Remuneration Committee operates satisfactorily and exercises the Committee's functions.

5.Corporate Sustainability Committee

The "Corporate Sustainability Committee Performance Self-Assessment Questionnaire": Consisting of 5 elements and 31 assessment items, as self-assessed by 5 members.

Statistic results

(1) Degree of participation in the Company's operation (9 questions in total): Positive comments given by all members.

(2) Corporate Sustainability Committee's responsibilities and duties (3 questions in total): Positive comments given by all members.

(3) Corporate Sustainability Committee's responsibilities and duties (3 questions in total): Positive comments given by all members.

(4) Formation and election of Corporate Sustainability Committee (4 questions in total): Positive comments given by all members.

(5) Internal control (5 questions in total): Positive comments given by all members.

The entire assessment results show that all of the 5 members gave the positive comments on all of the elements.

Comprehensive comments

Statement by directors: The Company values the corporate sustainability. "The Corporate Social Responsibility Promotion Center" and "Ethical Corporate Management Promotion Center" established under the Committee both promote various programs effectively and achieve outstanding results. This year, the Company ranked among the top 5% in the Corporate Governance Evaluation by

		the TWSE, and was also selected by the DJSI World Index and DJSI Emerging Markets Index. **6.Nomination Committee** The "Nomination Committee Performance Self-Assessment Questionnaire": Consisting of 6 elements and 31 assessment items, as self-assessed by 5 members. **Statistic results** (1) Degree of participation in the Company's operation (6 questions in total): Positive comments given by all members. (2) Awareness toward Nomination Committee's responsibilities and duties (6 questions in total): Positive comments given by all members. (3) Nomination review and decision making (5 questions in total): Positive comments given by all members. (4) Upgrading the quality of the Nomination Committee's decision making (7 questions in total): Positive comments given by all members. (5) Formation and election of Nomination Committee (3 questions in total): Positive comments given by all members. (6) Internal control (4 questions in total): Positive comments given by all members. **The entire assessment results** show that all of the 5 members gave the positive comments on all of the elements. **Comprehensive comments** Statement by directors: The Nomination Committee established by the Company in 2019 achieved fair performance, nominated candidates for directors successfully, and received support from shareholders and recognition from institutional investors and foreign investors. **Summarized results of the annual assessment:** According to the performance assessment results, all directors (including independent directors) gave positive comments on the efficiency and operation of the Board of Directors and functional committees. The Board of Directors and functional committee members have assessed the elements including "Degree of participation in the Company's operation", "Awareness toward directors' responsibilities and duties", "Quality of committing meeting decision making", "Training and professional development", "Assessment and supervision of risk management mechanism", "Supervision of legal compliance and best practice principles", and "Due diligence and duty", and all considered that the Board and committees operated satisfactorily and practice their functions thoroughly.

Note 1: To specify the cycle of appraisal on the Board of Directors, e.g. once per year.

Note 2: To specify the period for which the appraisal on the Board of Directors will persist, e.g. the performance appraisal on the Board of Directors persisting from January 1, 2019 to December 31, 2019.

Note 3: The scope of appraisal covers the performance appraisal on the Board of Directors, individual Board members, and functional committees.

Note 4: The method of appraisal includes Board of Directors self-assessment, Board members' self-assessment, peer assessment, external professional organization's assessment, and performance appraisal by experts or in any other adequate manners.

Note 5: The contents of appraisal shall consist of, at least, the following elements, subject to the scope of appraisal:

(1) Performance appraisal on Board of Directors: To cover, at least, degree of participation in the Company's operation, Quality of the Board of Directors' decision making, formation and structure of the Board of Directors, election and continuing education of directors, and internal control, et al..

(2) Performance appraisal on individual Board member: To cover, at least, alignment with the Company's goals and mission, awareness toward directors' responsibilities and duties, degree of participation in the Company's operation, management of internal relations and communication, expertise and continuing education of directors, and internal control, et al..

(3) Performance appraisal on functional committees: degree of participation in the Company's operation, awareness toward functional committees' responsibilities and duties, quality of the functional decision making, formation of the functional committees and election of members, and internal control, et al.

I. Measures undertaken during the current year and in the most recent year in order to strengthen the functions of the Board of Directors (such as the establishment of an audit committee and improvement of information transparency, etc.) and assessment on their implementation:

(I) The Company has disclosed the information relating to directors'/independent directors' continuing education and attendance to Board of Directors meetings as well as their remuneration on the MOPS.

(II) Apart from regularly participating in audit committee meetings and board of directors meetings, since taking office the Company's independent directors regularly meet with the Company's top management, department managers, and staff to review matters related to corporate governance and business development, benefiting the company at all levels. In order to fully understand the organization of the company, its operational efficiencies, business plans and decision-making processes, the independent directors visit the company several times each week, investing considerable time reviewing meeting information, understanding the Company's financial, accounting, auditing and risk control status so as to fulfill their duty to exercise the due diligence of a good administrator.

(III) In order to upgrade and improve the corporate governance system, the Company appoints the third independent organization, Taiwan Corporate Governance Association, to perform the in-depth assessment on the corporate governance system periodically. It reviews the completeness of the related system, fulfillment of the same and validity of the feedback mechanism to provide the reference information helping the Company establish the future corporate governance system development plan. The Company passed the Taiwan Corporate Governance Association's "CG6011 (2017) Corporate Governance Framework Assessment Certificate with Excellence" in 2018, becoming the first company to receive this certification effective from June 12, 2018 to June 11, 2020 in Taiwan.

(IV) In order to practice the concept of sustainable operation, implement corporate governance, strengthen the board of directors' commitment in ethical management and performing corporate social responsibility, the amendments to the relevant articles on organization and the "Sustainability Committee Charter" were approved at the 34th meeting of the 7th term board of directors on November 28, 2018, establishing the Sustainability Committee to operate under the board of directors. Meanwhile, the motion to amend the "Regulations Governing Establishment of Corporate Sustainability Committee" in part was passed at 6th meeting of the 8th term Board of Directors on September 25, 2019.

(V) The Company has appointed Taiwan Corporate Governance Association to perform the 2018 external assessment on performance of the Board of Directors in December 2018 with respect to the 8 major aspects, including A. composition of Board of Directors; B.Direction by Board of Directors; C. Authorization by Board of Directors; D. Supervision by Board of Directors; E.Communication with Board of Directors; F.Internal control and risk management; G.Self-discipline of Board of Directors; H. Others, such as directors' meetings and supporting systems, assess performance of the Board of Directors through questionnaire and on-site visit. The Company will continue to improve the Board of Directors' function based on the assessment results.

(VI) In order to strengthen the functions of the board of directors and its management mechanism, the Company approved the establishment of the Nominating Committee at the 36th meeting of the 7th term board of directors on January 23, 2019. The motion to amend the "Articles of Association for Corporate Sustainability Committee" in part was passed at 10th meeting of the 8th term Board of Directors on December 25, 2019.

(VII) The motion to amend the "Parliamentary Rules for Board of Directors' Meetings" in part was passed at 10th meeting of the 8th term Board of Directors on December 25, 2019, which expressly provide that each director's annual attendance ratio is advised to attain 80% or more, and the annual attendance ratio is included into the performance appraisal on directors as one of the indicators.

(VIII) In order to practice the corporate governance, strengthen the support to help directors exercise powers and facilitate the Board of Directors to practice its functions, the Board of Directors meeting on November 28, 2018 resolved that the corporate governance officer should be appointed, and served by the secretary-general of the Board of Directors. Then, the Board of Directors meeting on March 6, 2019 resolved to adjust the position as the "Chief Corporate Governance Officer" primarily responsible for providing directors (including independent directors) with the information required by them to perform their duties, help the directors with compliance affairs, and process the affairs related to directors' meetings and shareholders' meetings pursuant to laws to protect shareholders' equity and enhance the Board of Directors' functions. Meanwhile, according to Article 24 of the "Taiwan Stock Exchange Corporation Operation Directions for Compliance with the Establishment of Board of Directors by TWSE Listed Companies and the Board's Exercise of Powers," a newly appointed chief corporate governance officer shall complete a minimum of 18 continuing professional education hours within the year from the person's appointment and a minimum of 12 continuing professional education hours per year in each following

year. The Company's chief corporate governance officer has held the position since November 28, 2018, and fulfilled his initial term of office on September 3, 2019. 18 continuing professional education hours annually

By company	Name	Title	Course name	Organizing agency	Continuing professional education hours (hrs)	Total hours annually
Financial Holding	Lawrence Lee	Chief Corporate Governance Officer	Assessment on Board of Directors' performance	Taiwan Corporate Governance Association	3	21
			TCFD Promotion Forum	Taiwan Stock Exchange Corporation (TWSE)/Taipei Exchange (TPEx)	3	
			Financial Industry Sustainability Strategy and Way for Yuanta Financial Holdings to Enroll in Dow Jones Sustainability Index (DJSI)	Taiwan Securities Association	3	
			Money Laundering Control Requirements and Latest Development	Taiwan Securities Association	3	
			2019 TWSE-Listed and Non-TWSE/TPEx-Listed Companies' Insider Equity Trading Legal Compliance Presentation	Securities and Futures Institute	3	
			Case Study on AML and Prevention of Insider Trading	Taiwan Securities Association	3	
			Spear and Shield for Development of Digital Finance	Taiwan Securities Association	3	

Note 1: The name and representative of the institutional shareholder of any director who is a corporation, if any, shall be disclosed.

Note 2: The Company's directors (including independent directors) of the 8th term were elected on June 14, 2019.

Note 3: (1) Where a specific director may be relieved from duties before the end of the fiscal year, specify the date of discharge in the "Remark" section. Actual attendance rate (%) was calculated based on the number of board meetings held during each director's term and the number of meetings actually attended by that director.

(2) Where a reelection may be held for filling the vacancies of directors before the end of the fiscal year, list both the new and the discharged directors, and specify if they are the former directors, or newly elected, re-elected and the date of the reelection in the "Remark" section. Actual attendance rate (%) was calculated on the basis of the number of board meetings held during each director's term and the number of meetings actually attended by that director.

2. Attendance of independent directors at various Board of Directors meetings in the most recent year (2019)

◎: In person; ☆: By proxy; *: Absent; -: Not yet take office/Not attending upon dismissal

2019	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
Ming Ling Hsueh	◎	◎	◎	◎	◎	◎	◎	◎	◎	◎	◎	◎	◎	◎	◎	◎
Kuang Si Shiu	-	-	-	-	-	-	◎	◎	◎	◎	◎	◎	◎	◎	◎	◎
Yin Hua Yeh	◎	◎	◎	◎	◎	◎	◎	◎	◎	◎	◎	◎	◎	◎	◎	◎
Hsing Yi Chow	-	-	-	-	-	-	◎	◎	◎	◎	◎	◎	◎	◎	◎	◎
Sou Shan Wu	◎	◎	◎	◎	◎	◎	-	-	-	-	-	-	-	-	-	-
Lai Ping Chi	◎	◎	◎	◎	◎	◎	-	-	-	-	-	-	-	-	-	-

Note: The Company's directors (including independent directors) of the 8th term were elected on June 14, 2019. Independent Director Kuang Si Shiu and Independent Director Hsing Yi Chow attended the Board of Directors meetings since 7th meeting of the Board. Independent Director Sou Shan Wu and Independent Director Lai Ping Chi have been dismissed from the position since 7th meeting of the Board.

(II) Operation and functions of the audit committee

1. The number of persons, term of office and authority of the Company's audit committee shall be subject to Article 3, Article 4, Article 5 and Article 6 of the Articles of Association for the Company's Audit Committee. The relevant regulations are disclosed in the "Corporate Governance Best-Practice Principles and related regulations" in the section of "Corporate Social Responsibility" on the Company's website.
2. The Audit Committee held 17 (A) meetings in the most recent year (2019). The attendance of independent directors is summarized as follows:

Title	Name	Actual attendance (B)	Attendance by proxy	Actual attendance rate (%)[B/A] (Note 3)	Remarks
Independent Director	Ming Ling Hsueh	17	0	100	Reelected; Date of reelection: June 14, 2019
Independent Director	Yin Hua Yeh	17	0	100	
Independent Director	Kuang Si Shiu	10	0	100	Newly elected; Date of reelection: June 14, 2019, a total of 10 meetings of the Audit Committee held during the term of office
Independent Director	Hsing Yi Chow	10	0	100	
Former Independent Director	Sou Shan Wu	7	0	100	Former; Date of reelection: June 14, 2019, a total of 7 meetings of the Audit Committee held during the term of office
Former Independent Director	Lai Ping Chi	6	1	86	

Other items to be stated:

I. Where the operation of the Audit Committee meets any of the following circumstances, the minutes concerned shall clearly state the meeting date, term, contents of motions, Audit Committee's resolution and the Company's resolution of Audit Committee's opinions:

(I) The circumstances referred to in Article 14-5 of the Securities and Exchange Act; (The motions related to the circumstances referred to in Article 14-5 of the Securities and Exchange Act shall be specified.)

1. 42nd meeting of 7th Term Audit Committee on January 15, 2019

   The motion for evaluation on the CPA's independence according to the "Company's Corporate Governance Best-Practice Principles", explanation about replacement of the CPA, and appointment of PwC Taiwan to audit and certify the Company's 2019 financial statements and tax filings.

   Resolution made by the Audit Committee: approved by all present members unanimously.

   The Company's action against the Audit Committee's opinion: Approved by all present directors unanimously at 36th meeting of the 7th board of directors on January 23, 2019.

2. 42nd meeting of the 7th audit committee on January 15, 2019

   Amendments to certain articles of the Company's "Regulations Governing the Acquisition and Disposal of Assets".

   Resolution made by the Audit Committee: approved by all present members unanimously.

   The Company's action against the Audit Committee's opinion: Approved by all present directors unanimously at 36th meeting of the 7th board of directors on January 23, 2019.

3. 44th meeting of the 7th audit committee on March 19, 2019

   Motion for submission of the Company's 2018 Statement on Internal Control System.

   Resolution made by the Audit Committee: approved by all present members unanimously.

   The Company's action against the Audit Committee's opinion: Approved by all present directors unanimously at 38th meeting of the 7th board of directors on March 25, 2019.

4. 44th meeting of the 7th audit committee on March 19, 2019

   Motion for the Company's consolidated financial statements 2018.

   Resolution made by the Audit Committee: approved by all present members unanimously.

   The Company's action against the Audit Committee's opinion: Approved by all present directors unanimously at 38th meeting of the 7th board of directors on March 25, 2019.

5. 44th meeting of the 7th audit committee on March 19, 2019

   For setting the record date for settlement and adjusting the trading price to transfer the whole equity of Yuanta Securities Finance held by the Company to Yuanta Securities.

   Resolution made by the Audit Committee: Apart from the interested party, who recused himself, the remaining directors present agreed to pass the motions.

   The Company's action against the Audit Committee's opinion: Approved by all present directors unanimously at 38th meeting of the 7th Board of Directors on March 25, 2019. Except those recused themselves due to their conflict of interest with the motion, the remaining directors present agreed to pass the motions.

6. 44th meeting of the 7th audit committee on March 19, 2019

   For issuance of the Company's "2019 unsecured common corporate bonds".

   Resolution made by the Audit Committee: approved by all present members unanimously.

   The Company's action against the Audit Committee's opinion: Approved by all present directors unanimously at 38th meeting of the 7th board of directors on March 25, 2018.

7. 45th meeting of the 7th audit committee on March 25, 2019

   For the subscription for common stock from the specific shareholders of the subsidiary, Yuanta Securities Investment Trust.

   Resolution made by the Audit Committee: approved by all present members unanimously.

   The Company's action against the Audit Committee's opinion: Approved by all present directors unanimously at 38th meeting of the 7th board of directors on March 25, 2019.

8. 46th meeting of the 7th audit committee on April 23, 2019

   For the subscription for common stock from the specific shareholders of the subsidiary, Yuanta Securities Investment Trust, and adjustment of certain authority.

   Resolution made by the Audit Committee: approved by all present members unanimously.

   The Company's action against the Audit Committee's opinion: Approved by all present directors unanimously at 40th meeting of the 7th board of directors on April 30, 2019.

9. 46th meeting of the 7th audit committee on April 23, 2019

   Propose the urban renewal program on the self-owned Tatung Building co-organized by the Company's five subsidiaries including Yuanta Securities, and the expenses derived from the title transfer registration and selection of real estate.

   Resolution made by the Audit Committee: Apart from the interested party, who recused himself, the remaining directors present agreed to pass the motions.

   The Company's action against the Audit Committee's opinion: Approved by all present directors unanimously at 40th meeting of the 7th Board of Directors on April 30, 2019. Except those recused themselves due to their conflict of interest with the motion, the remaining directors present agreed to pass the motions.

10. 47th meeting of the 7th audit committee on April 24, 2019

    Propose the succession of Yuanta Securities' subsidiary, Yuanta Securities Finance, to the equity and related creditor's right in the loan secured by margin trading and short sale, refinancing and marketable securities of Fuhwa Securities Finance.

    Resolution made by the Audit Committee: approved by all present members unanimously.

    The Company's action against the Audit Committee's opinion: Approved by all present directors unanimously at 39th meeting of the 7th board of directors on April 24, 2019.

11. 48th meeting of the 7th audit committee on May 21, 2019

    Adoption of the Company's "Standard Operating Procedure for Handling Directors' Requirements".
    Resolution made by the Audit Committee: Passed upon amendments approved by all present members unanimously.

    The Company's action against the Audit Committee's opinion: Approved by all present directors unanimously at 41st meeting of the 7th board of directors on May 29, 2019.

12. 2nd meeting of the 8th audit committee on June 25, 2019

    Propose the motion for the Company's plan to participate in subscription for the subsidiary Yuanta Asset Management's 2019 plan to increase capital in cash through the issuance of shares.

    Resolution made by the Audit Committee: approved by all present members unanimously.

    The Company's action against the Audit Committee's opinion: Approved by all present directors unanimously at 3rd meeting of the 8th Board of Directors on June 26, 2019. Except those recused themselves due to their conflict of interest with the motion, the remaining directors present agreed to pass the motions.

13. 3rd meeting of the 8th audit committee on July 16, 2019

    For the Company's plan to cancel the shares repurchased from the dissenting shareholders in the merger of Ta Chong Bank, and the capital reduction plan.

    Resolution made by the Audit Committee: approved by all present members unanimously.

    The Company's action against the Audit Committee's opinion: Approved by all present directors unanimously at 4th meeting of the 8th board of directors on July 24, 2019.

14. 4th meeting of the 8th audit committee on August 20, 2019

    Motion for the Company's consolidated financial statements Q2 of 2019.

    Resolution made by the Audit Committee: approved by all present members unanimously.

    The Company's action against the Audit Committee's opinion: Approved by all present directors unanimously at 5th meeting of the 8th board of directors on August 28, 2019.

15. 5th meeting of the 8th audit committee on September 17, 2019

    Propose the motion for the Company's plan to participate in subscription for the subsidiary Yuanta Life's 2019 plan to increase capital by NT$14 billion in cash through the issuance of shares.

    Resolution made by the Audit Committee: Apart from the interested party, who recused himself, the remaining directors present agreed to pass the motions.

    The Company's action against the Audit Committee's opinion: Approved by all present directors unanimously at 6th meeting of the 8th Board of Directors on September 25, 2019. Except those recused themselves due to their conflict of interest with the motion, the remaining directors present agreed to pass the motions.

16. 5th meeting of the 8th audit committee on September 17, 2019

    For the Company's renewal of the lease of real estate with the stakeholders including Yuanta Securities and Yuanta Bank

Resolution made by the Audit Committee: Apart from the interested party, who recused himself, the remaining directors present agreed to pass the motions.

The Company's action against the Audit Committee's opinion: Approved by all present directors unanimously at 6th meeting of the 8th Board of Directors on September 25, 2019. Except those recused themselves due to their conflict of interest with the motion, the remaining directors present agreed to pass the motions.

17. 6th meeting of the 8th audit committee on October 15, 2019

    For the amendments to the Company's "2019 unsecured common corporate bonds" fund utilization plan.

    Resolution made by the Audit Committee: approved by all present members unanimously.

    The Company's action against the Audit Committee's opinion: Approved by all present directors unanimously at 7th meeting of the 8th board of directors on October 23, 2019.

18. 6th meeting of the 8th audit committee on October 15, 2019

    For the subscription for minority common stock from the subsidiary, Yuanta Securities Investment Trust.

    Resolution made by the Audit Committee: approved by all present members unanimously.

    The Company's action against the Audit Committee's opinion: Approved by all present directors unanimously at 7th meeting of the 8th board of directors on October 23, 2019.

19. 8th meeting of the 8th audit committee on November 26, 2019

    For the capital increase in the subsidiary, Yuanta Futures, through issuance of 17,700,000 new shares in 2019, the stock price was set as NT$50 per share (the final issue price shall apply) preliminarily. The Company plans to participate in the subscription for partial equity based on its original shareholdings and as a specific person. The subscription amount was no more than NT$713 million.

    Resolution made by the Audit Committee: approved by all present members unanimously.

    The Company's action against the Audit Committee's opinion: Approved by all present directors unanimously at 8th meeting of the 8th board of directors on November 27, 2019.

20. 9th meeting of the 8th audit committee on December 5, 2019

    For the plan of Yuanta Life, a subsidiary of the Company, to acquire real estate domestically.

    Resolution made by the Audit Committee: Apart from the interested party, who recused himself, the remaining directors present agreed to pass the motions.

    The Company's action against the Audit Committee's opinion: Approved by all present directors unanimously at 9th meeting of the 8th Board of Directors on December 5, 2019. Except those recused themselves due to their conflict of interest with the motion, the remaining directors present agreed to pass the motions.

21. 11th meeting of the 8th audit committee on January 21, 2020

    For the assessment on independence of the Company's independent auditors, and appointment of and remuneration to the independent auditors in 2020.

    Resolution made by the Audit Committee: approved by all present members unanimously.

    The Company's action against the Audit Committee's opinion: Approved by all present directors unanimously at 12th meeting of the 8th board of directors on February 5, 2020.

(II) Aside from said circumstances, resolution(s) not passed by the audit committee but receiving the consent of two thirds of the Board of Directors: None.

II. In instances where an independent director recused himself/herself due to a conflict of interest, the minutes shall clearly state the director's name, contents of the motion and resolution thereof, reason for not voting and actual voting counts:

(I) 44th meeting of the 7th audit committee on March 19, 2019

For setting the record date for settlement and adjusting the trading price to transfer the whole

equity of Yuanta Securities Finance held by the Company to Yuanta Securities.

Resolution: Except Independent Director Sou Shan Wu, who rescued himself for conflict of interest, the motion was agreed by the remaining present independent directors and submitted to the Board of Directors for resolution.

(II) 46th meeting of the 7th audit committee on April 23, 2019

Propose the urban renewal program on the self-owned Tatung Building co-organized by the Company's five subsidiaries including Yuanta Securities, and the expenses derived from the title transfer registration and selection of real estate.

Resolution: The motion was voted individually. The voting results are as follows:

1. For Yuanta Securities Investment Trust, Yuanta Futures and Yuanta Securities Finance: All present directors unanimously approved the motion, and the motion was submitted to the Board of Directors for resolution.
2. For Yuanta Securities: Except Director Sou Shan Wu, who recused himself from discussion and voting, Independent Director Ming Ling Hsueh acted as the deputy chairperson, and the remaining present directors approved the motion, and the motion was submitted to the Board of Directors for resolution.
3. For Yuanta Bank: Except Independent Director Ming Ling Hsueh and Independent Director Yin Hua Yeh, who were the stakeholders recusing themselves from discussion and voting, the remaining directors present agreed to pass the motion, and the motion was submitted to the Board of Directors for resolution.

(III) 5th meeting of the 8th audit committee on September 17, 2019

Propose the motion for the Company's plan to participate in subscription for the subsidiary Yuanta Life's 2019 plan to increase capital by NT$14 billion in cash through the issuance of shares.

Resolution: Except Independent Director Yin Hua Yeh, who recused himself from discussion and voting, the remaining directors present agreed to pass the motion, and the motion was submitted to the Board of Directors for resolution.

(IV) 5th meeting of the 8th audit committee on September 17, 2019

For the Company's renewal of the lease of real estate with the stakeholders including Yuanta Securities and Yuanta Bank

Resolution: The motion was voted individually. The voting results are as follows:

1. For Yuanta Securities: Except Independent Director Hsing Yi Chow, who recused himself from discussion and voting, the remaining directors present agreed to pass the motion, and the motion was submitted to the Board of Directors for resolution.
2. For Yuanta Bank: Except Independent Director Ming Ling Hsueh, Independent Director Kuang Si Shiu, and Independent Director Yin Hua Yeh, who recused themselves from discussion and voting, Independent Director Hsing Yi Chow acted as the deputy chairperson, and the remaining present directors approved the motion, and the motion was submitted to the Board of Directors for resolution.

(V) 9th meeting of the 8th audit committee on December 5, 2019

For the plan of Yuanta Life, a subsidiary of the Company, to acquire real estate domestically.

Resolution: Except Independent Director Yin Hua Yeh, who recused himself from discussion and voting, the remaining directors present agreed to pass the motion, and the motion was submitted to the Board of Directors for resolution.

I. Communication between independent directors and internal auditing officers as well as CPAs on company finances and business situation (such as items discussed, means of communication and results, etc.):

(I) The Company has established the "Communication Procedures for Audit Committee and Internal Auditing Department" and "Communication Procedures for Audit Committee and Certified Public Accountants" to govern all communications between the Audit Committee and internal auditors/accountants, which thus far have resulted in very good communication. At the same time, internal auditors and CPAs will be evaluated separately at the end of each year for their overall performance, and the results are reported to the Board of Directors.

1. Status of communication between independent directors and CPAs:

(1) The Company's Audit Committee members consist of the whole independent directors. In order to upgrade the efficiency and effect of operations and strengthen the interaction with independent auditors, Audit Committee adopted the "Communication Procedures for Audit Committee and Independent Auditors" to supervise the adequate expression in the Company's financial statements, as well as the independence and performance of the independent auditors.

(2) The issues to be communicated periodically under the "Communication Procedures for Audit Committee and Independent Auditors" shall be communicated when the independent auditors are planning the audit, in the process of the audit, and prior to completion of the audit report. The Company discloses the communication and results on its website. Besides, under any circumstances requiring communication, the communication may take place from time to time to maintain the fair communication between the independent auditors and Audit Committee.

(3) The 2019 communication meeting between Audit Committee and independent auditors provided the explanation about finance and income upon audit (review) per quarter. Meanwhile, the important issues are summarized as follows:

A. Discuss the way to assess various subsidiaries' goodwill.

B. Discuss the way to evaluate the Group's non-TWSE/TPEx-listed stock.

C. Discuss the regulations for dealing with non-performing loan adopted by Yuanta Bank (Five-Category Asset Classification Method) and IFRS9, as well as variance in the effect to its allowance for bad debt.

2. Status of communication between independent directors and internal audit officers:

(1) The Company sets up Internal Auditing Dept. subordinated to the Board of Directors, which is responsible for determining the organization, system and functions of the internal auditors, and also establishes the general auditor in charge of the audit affairs and reporting the operation of the audit affairs of the Company and its subsidiaries to Audit Committee and Board of Directors on a monthly basis.

(2) The Company's Internal Auditing Dept. continues to follow up the inspection comments or deficiencies mentioned in the internal auditing unit's and internal units' self-inspection report, and the improvements required in the Statement on Internal Control System, until they are corrected completely, and submit report to Audit Committee on a semi-annual basis.

(3) The Company's Internal Auditing Dept. reports the internal auditing system and self-inspection on internal control system to Audit Committee from time to time, and submits the amendments to annual audit plans, laws & regulations of the Internal Auditing Dept. ("Regulations Governing Implementation of Internal Audit" and "Directions Governing Performance Appraisal on Subsidiaries' Audit Operations") and Statement on Internal Control System to Audit Committee for review.

(4) The Audit Committee holds the communication meeting with internal auditors each year. The general auditor shall compile the status of internal controls in the Company and its subsidiaries. The meeting is intended to communicate the issues concerned by Audit Committee.

(5) When the Company or any of its subsidiaries reports any contingency, the Company's Internal Auditing Dept. will notify all directors via email or message at the same time, and then report it to the Audit Committee to help the Audit Committee control the information at the very beginning.

(II) The Company discloses the summary about the communication between independent directors and chief internal audit officers and CPAs in the "Other Committees/ Audit Committee" in the section of "Investor relations" > "Corporate Governance" on the Company's website. Website: https://www.yuanta.com/EN/IR/Governance/Committees.

III. Operation and functions of the audit committee：

(I) The Company's Audit Committee shall be responsible for "improve Yuanta FHC's internal

mechanism and assist the Board of Directors in enhancing corporate governance performance". The Committee members consist of independent directors in whole, and the Committee is the most important functional committee in the operation of the Company's Board of Directors. The Audit Committee will establish the "Annual plan for events and agenda" based on the Company's mid-term and long-term development strategies each year, as the core of the execution of annual strategic objectives by the Company's Board of Directors. The annual work focuses include review on the Company's annual business and strategic planning, corporate governance-related issues, financial reports, internal audit affairs and risk management, et al. The Audit Committee and Board of Directors will execute the same and review the results of execution each year.

(II) The Audit Committee functions primarily in order to supervise the adequate expression in the Company's financial statements, appointment (dismissal), independence and performance of independent auditors, effective implementation of the Company's internal control, compliance with related laws and rules, and control over the Company's existing or potential risks.

(III) The responsibilities and duties of the Audit Committee are as follows:

1. Adoption of or amendments to the internal control system;
2. Appraisal on effectiveness of the internal control system;
3. Adoption of or amendments to handling procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, loaning of funds to others, and endorsements or guarantees for others.
4. A matter bearing on the personal interest of a director.
5. A material asset or derivatives transaction.
6. A material monetary loan, endorsement, or provision of guarantee.
7. Offering, issuance, or private placement of equity-type securities.
8. Appointment or dismissal of the independent auditor CPA, or remuneration to the independent auditor.
9. The appointment or discharge of a financial, accounting, or internal auditing officer.
10. Annual and semi-annual financial reports
11. Any other material matter so required by the Company or the competent authority.

The Audit Committee convenes a meeting periodically each month. Within its authority, it may invite related department managers, internal auditors, CPAs, legal advisors or other personnel to attend the meeting as nonvoting participants and to provide necessary information, provided that they shall leave the meeting when deliberation or voting takes place.

(IV) The Audit Committee has convened 17 meetings in total in 2019, which primarily reviewed the following motions:

1. 2018 "Consolidated financial Statements" and "Statement on Internal Control System"
2. 2019 "Audit Plan," "Appointment of PwC Taiwan to audit and certify various financial and tax reports and statements handled by the CPA firm," "Financial Reports of Q2," and "Issuance of Unsecured Common Corporate Bonds."
3. "Transfer of the whole equity of Yuanta Securities Finance held by the Company to Yuanta Securities." "Subscription for common stock from the specific shareholders of the subsidiary, Yuanta Securities Investment Trust," "Succession of Yuanta Securities' subsidiary, Yuanta Securities Finance, to the equity and related creditor's right in the loan secured by margin trading and short sale, refinancing and marketable securities of Fuhwa Securities Finance," "Subscription for new shares issued by the subsidiary Yuanta Asset Management to increase capital in cash," "Subscription for new shares issued by the subsidiary Yuanta Life to increase capital in cash," "Cancellation of the shares repurchased from the dissenting shareholders in the merger of Ta Chong Bank and the capital reduction plan," and "Capital increase in cash in the subsidiary, Yuanta Life, through issuance of new shares, and the Company's plan to participate in the subscription for partial equity based on its original shareholdings and as a specific person."
4. "Urban renewal program on the self-owned Tatung Building co-organized by the

Company's five subsidiaries including Yuanta Securities, and the expenses derived from the title transfer registration and selection of real estate." "For the renewal of the lease of real estate with the subsidiaries, Yuanta Securities and Yuanta Bank." and "For the plan of the subsidiary, Yuanta Life, to acquire real estate domestically"

5. Adoption of the "Standard Operating Procedure for Handling Directors' Requirements"
6. Amendments to the "Regulations Governing the Acquisition and Disposal of Assets." "Tax Governance Policy." "Regulations Governing Implementation of Complaint System." "Corporate Governance Best Practice Principles." "Articles of Association for Audit Committee." "Articles of Association." "Articles of Incorporation." "Communication Procedures for Audit Committee and Risk Management Committee and Risk Management Department." and "Communication Procedures for Audit Committee and Internal Auditing Department."

(V) The information about Audit Committee is disclosed in the "Other Committees/ Audit Committee" in the section of "Investor relations" > "Corporate Governance" on the Company's official website. Website: https://www.yuanta.com/EN/IR/Governance/Committees.

Note 1: The Company's independent directors were elected on June 29, 2007, and the audit committee was set up on the same day.

Note 2: The Company's independent directors of the 8th term were elected on June 14, 2019.

Note 3: (1) Where a specific independent director may be relieved from duties before the end of the fiscal year, specify the date of discharge in the "Remark" section. Actual attendance rate (%) was calculated based on the number of board meetings held during each director's term and the number of meetings actually attended by that director.

(2) Where a reelection may be held for filling the vacancies of independent directors before the end of the fiscal year, list out both the new and the discharged independent directors, and specify if they are the former independent directors, or newly elected, re-elected and the date of the reelection in the "Remark" section. Actual attendance rate (%) was calculated based on the number of board meetings held during each director's term and the number of meetings actually attended by that director.

(III) Items disclosed in accordance with the Corporate Governance Best-Practice Principles for Financial Holding Companies

On the home page of the Company's website, the "Corporate Social Responsibility" section discloses information related to the operations of corporate governance at the company.

(https://www.yuanta.com/EN/CSR/Governance)

(IV) Status of corporate governance, departures from the Corporate Governance Best-Practice Principles for Financial Holding Companies and reasons for such departures

Scope of Assessment	Status (Note 1)			Departures from the Corporate Governance Best-Practice Principles for Financial Holding Companies and Reasons
	Yes	NO	Summary	
1. Equity structure and shareholders' rights of financial holding company				There was no departure in this respect.
(1)Whether the financial holding company has defined some internal operating procedure to deal with suggestions, questions, disputes and legal actions from shareholders, and implemented the procedure?	✓		(1)The Company has disclosed the ways to communicate with the Company in the "Investor Relations" Section of its website. Shareholders may put forward their comments via telephone, in person, in writing, or by fax or email, or via any other channels. The shareholders' suggestions, questions, disputes, and legal actions will be processed by the Company's agent of shareholder service in accordance with the "Operating Procedure for Shareholders' Service", and the unit personnel dedicated to receiving the same will judge the contents to determine whether the same shall be processed by themselves, or transferred to the responsible units to enable the units to verify the root cause, take appropriate responsive actions and provide feedback.	
(2)Whether the Company controls the name lists of the financial holding Company's major shareholders and their ultimate owners?	✓		(2)According to Article 11 of the "Regulations Governing Approvals of the Same Person's or Same Related Parties' Applications to Own More Than a Certain Percentage of the Issued Voting Shares of a Financial Holding Company", the Company will, on a monthly basis, disclose the information about any change in the major shareholders' equity on MOPS, and check the consistency with the roster of shareholders whenever the transfer registration is suspended, in order to control the information about major shareholdings. Meanwhile, the Company sets up the "Shareholder Structure" section under the "Investor Information" of the "Investor Relations" on the Company's website that provides relevant forms for download.	

Scope of Assessment	Status (Note 1)			Departures from the Corporate Governance Best-Practice Principles for Financial Holding Companies and Reasons
	Yes	NO	Summary	
(3)Whether the financial holding company establishes and implements some risk control and firewall mechanisms between the Company and its affiliates?	✓		(3)A. The company has established a "Risk Management Department" being responsible for supervising and implementing risk management measures. Each subsidiary has an independent risk management unit in place, depending on their business sizes and risk attributes, to monitor the various risks involved. B. The Company has complied with Articles 44 and 45 of the Financial Holding Company Act, regarding credit and non-credit transactions with related parties. C. The Company has established the "Regulations Governing Operations Related to Financial Transactions with Affiliated Companies", "Rules Governing Transactions with Related Parties", "SOP for the General Power of Attorney Regarding the Non-Credit Transactions Between Yuanta Financial Holdings and Stakeholders Defined in Article 45 of the Financial Holding Company Act" and "Rules Governing the Transactions Between Yuanta Financial Holdings and Self-Disciplined Counterparts" for fulfillment of risk control and firewall mechanism.	
(4)Whether the Company's internal rules are adopted and disclosed on the Company's official website, which prohibit the insiders, such as the Company's directors or employees, from seeking profit based on the information unavailable on the market?	✓		(4)A. Requirements and Announcements: Article 15 of the Company's "Procedures for Ethical Management and Guidelines for Conduct" expressly provides that insider trading is strictly prohibited, which is also disclosed on the Company's official website: Investor Relations>Corporate Governance>「Other Committees / Corporate Sustainability Committee」 (at: https://www.yuanta.com/Files/4.2.2-386c8c7e67518765-en/Procedures%20for%20Integrity%20Management%20and%20Guidelines%20for%20Conduct.pdf). Meanwhile, the Company also promotes annually the E-Learning about compliance and anti-bribery/anti-	

Scope of Assessment	Status (Note 1)			Departures from the Corporate Governance Best-Practice Principles for Financial Holding Companies and Reasons
	Yes	NO	Summary	
			corruption to the staff of the Company and its subsidiaries, including types of insider trading crimes, scope of application, legal liability, definition of important (insider) information, and compliance of M&A information disclosure. B. According to the Codes of Ethical Conduct and Implementation Guidelines for Compliance System, the Company would propagate the regulations and guiding cases about compliance by directors and employees and insider trading periodically each year, in order to enhance the employees' awareness toward the important rules of laws including the Codes of Ethical Conduct, non-disclosure obligation, and prohibition of insider trading, form correct awareness and behavior, and report the status thereof to the Board of Directors periodically each year.	
2. Composition and responsibilities of board of directors (1)Has the financial holding company established diversified policies about the members of the Board of Directors and discloses the fulfillment of such diversified policies at the Company's website?	✓		(1)The Company has established the "Procedure for Election of Directors", in which Article 3 expressly defines that the overall composition of the Board of Directors shall be taken into consideration in the selection of the directors. The composition of the Board of Directors shall be determined by taking diversity into consideration and formulating an appropriate policy on diversity based on the Company's business operation, business type, and development needs. It is advisable that the policy shall include, without being limited to, the following two (2) general standards: A. Basic requirements and values: Gender, age, nationality, and culture, et al. B. Professional knowledge and skills: A professional background (e.g., law, accounting, industry, finance, marketing or technology), professional skills, and industry experience.	There was no departure in this respect.

Scope of Assessment	Status (Note 1)			Departures from the Corporate Governance Best-Practice Principles for Financial Holding Companies and Reasons
	Yes	NO	Summary	
			Each board member shall have the necessary knowledge, skills, and experience to perform their duties. The abilities that must be present in the board as a whole are as follows: A. Ability to make judgments about operations B. Accounting and financial analysis ability C. Business management ability (including ability to manage subsidiaries) D. Crisis management ability E. Knowledge of the industry F. An international market perspective G. Leadership ability H. Decision-making ability I. Risk management knowledge and ability The information about diversified policies on the Board of Directors is disclosed in the "Board of Directors" in the section "Investor relations" > "Corporate Governance" on the Company's website at Website: https://www.yuanta.com/EN/IR/Governance/Board	
(2)Is the financial holding company, in addition to establishing the remuneration committee and audit committee, pursuant to laws, willing to voluntarily establish any other functional committees?	✓		(2)The Company has established the Remuneration Committee and Audit Committee pursuant to laws. In order to fulfill the promotion of corporate governance, strengthen the Board of Directors' governance of ethical corporate management, and fulfill the corporate social responsibility, the Company's Board of Directors passed the motion for expansion of the Ethical Management Committee to include the corporate social responsibility affairs and reformation to the Corporate Sustainability Committee subordinated to the Board of Directors on November 28, 2018. The "Corporate Sustainability Committee" governs the "Ethical Corporate Management Promotion Center" and "Corporate Social Responsibility Promotion Center" responsible for promoting and coordinating the relevant	

Scope of Assessment	Status (Note 1)			Departures from the Corporate Governance Best-Practice Principles for Financial Holding Companies and Reasons
	Yes	NO	Summary	
			routine affairs, and report work plans and execution results to the Committee and Board of Directors periodically. In order to solidify the functions of the Board of Directors and strengthen the management mechanism, the Company passed the motion for establishment of the "Nomination Committee" on January 23, 2019. Meanwhile, the nomination and election of the directors/independent directors of the 8th term have been completed in June 2019.	
(3)Has the financial holding Company's board of directors assessed the independence of the external auditor periodically (at least once per year), and also disclosed the assessment procedure honestly?	✓		(3)According to Article 46 of the Company's "Corporate Governance Best Practice Principles." it is necessary to assess the independence and competence of the independent auditor periodically (at least for once per year). Said assessment report, together with the "Statement of Independent Audit." will be submitted to the Audit Committee and Board of Directors. The motion for employment will be subject to a resolution made by the Board of Directors. The Company assessed that Chien Hung Chou, Chen Hsien-I and Chen Li-Yuan, CPAs of Pricewaterhouse Coopers Certified Public Accountants met the Company's independence assessment criteria, and acquired the Statement of Independent Audit, which was approved at 11th meeting held by the Audit Committee of 8th term on January 21, 2020 and 12th meeting of the Board of Directors of 8th term on February 5, 2020.	
(4)Have the regulations or procedures governing appraisal on performance of the Board of Directors established by the financial holding company is approved by the Board of Directors: A. Is the self-assessment conducted at least once per year and the performance appraisal result	✓		(4)The Company amended and renamed the "Regulations Governing Performance Appraisal on the Board of Directors and Functional Committee." and the same have been resolved and approved at 7th meeting of the 8th term Board of Directors on October 23, 2019. A.The Board of Directors and functional committees conduct the performance appraisal on the Board of	A. No difference from the Corporate Governance Best Practice Principles for TWSE/TPEx-Listed Companies. There was no departure in this respect.

Scope of Assessment	Status (Note 1)			Departures from the Corporate Governance Best-Practice Principles for Financial Holding Companies and Reasons
	Yes	NO	Summary	
disclosed at the Company's website as the reference for remuneration to individual directors and nomination, and is the assessment result disclosed on the Company's website or in the annual report? (Note 2)			Directors and functional committees pursuant to the appraisal procedure and indicators referred to in Article 6 and Article 8, and record the assessment report based on the scores per the assessment indicators referred to in Article 8, and submit the report to the Nomination Committee and then to the Board of Directors for discussion and improvement. The self-assessment result on performance of the Board of Directors and functional committee and the Board members (self or peer) 2019 has been reported at 3rd meeting of the 8th term Nomination Committee on December 19, 2019 and 10th of the 8th term Board of Directors on December 25, 2019. The directors (including independent directors) posed the recommendation on the self-assessment, mentioning that the causes or remarks of motions proposed at a Board of Directors meeting shall be explained more specifically to avoid vagueness. Corrective actions recommended by directors: Personnel Dept. has been suggested to train the senior management to improve their paperwork. (a) The Company has organized the "Drafting and Proofreading of Official Documents" course series on October 19, 2018, October 29, 2019 and November 5, 2019, respectively, which were attended by 352 trainees, including 72 senior managers, i.e. 20.5% of the whole trainees. (b) The Company has created the "Concept About and Notes to Writing of Official Documents" course series on the Group's digital learning platform, which are available to the managers and workers at any time. So far, the course series have been viewed by 3,155 persons. The Company plans to offer the courses about writing and proofreading of official documents in Q3 of 2020 to improve their	

Scope of Assessment	Status (Note 1)			Departures from the Corporate Governance Best-Practice Principles for Financial Holding Companies and Reasons
	Yes	NO	Summary	
B. Is it expressly stated that the external appraisal should be conducted at least once per three (3) years and within the time limit defined in the relevant regulations, and the implementation and appraisal results should be disclosed at the Company's website?			paperwork quality. B. Paragraph 2, Article 3 of the Company's Regulations Governing Performance Appraisal on Board of Directors and Functional Committees (formerly Paragraph 3, Article 5 of the "Regulations Governing Appraisal on Performance of the Board of Directors (Functional Committee)"): The assessment on the performance of the Company's Board of Directors shall be contracted to an external professional and independent organization, or external experts/scholars for once per three (3) years. The Company has appointed "Taiwan Corporate Governance Association" at the end of 2018 to appraise the performance of the Board of Directors from November 1, 2017 to October 31, 2018. The Association delegated three experts to appraise the Board of Directors' performance, in the form of questionnaire and on-site survey, in terms of 8 elements subject to 38 indicators, including 1. Composition and Board of Directors, 2. Direction by Board of Directors, 3. Authorization by Board of Directors, 4. Supervision by Board of Directors, 5. Communication with Board of Directors, 6. Internal Control and Risk Management, 7. Self-Discipline of Board of Directors, and 8. Others, Such as the Board of Directors' meetings and supporting systems. The Association and experts had no business transactions with the Company and, therefore, acted independently. The appraisal report was provided on January 16, 2019. The Company reported the appraisal results at 37th meeting of the 7th term Board of Directors on March 6, 2019, and continued to improve the Board of Directors' functions based on the appraisal results. The general comments and	

Scope of Assessment	Status (Note 1)			Departures from the Corporate Governance Best-Practice Principles for Financial Holding Companies and Reasons
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			recommendations provided by the Association, and the corrective actions taken by the Company are stated as follows: (A)General comments: "1.You (namely, Yuanta Financial Holdings), upgraded the "Ethical Management Committee" to the "Corporate Sustainability Committee" in November 2018. This demonstrates your commitment and undertaking to the corporate social responsibility and sustainability-related issues. 2.You acknowledge the independent directors' value and respect the constructive opinion given by the independent directors. The following cases reflect the Company's positive response to individual independent directors' opinion: ●Ethical Management Committee upgraded to Corporate Sustainability Committee ●Changes of the suggestion about appointment of any important subsidiary's internal audit officers 3.You establishes the Board of Directors' performance assessment system, conducts the assessment each year, and appoints an independent third party to help the assessment once per three years. This reflects the Board's accountability cultures for the stakeholders, and shall be identified as the model of the management department. 4.You value introduction of professional directors and provide considerable supports, and encourage and assist the professional directors to make contributions with their expertise." (B) Recommendations:	

Scope of Assessment	Status (Note 1)			Departures from the Corporate Governance Best-Practice Principles for Financial Holding Companies and Reasons
	Yes	NO	Summary	
			"1.The Company's current Board of Directors (elected in 2016) consists of 13 directors, including 4 independent directors and 9 juristic person directors' representatives. Suggested that the Company should consider cutting the number of juristic person directors' representatives and addition to the number of general directors or independent directors to further enhance the Board of Directors' independence. 2.The Company has established the Board of Directors' performance appraisal system, and conducted the appraisal periodically. Suggested that the Company should review and update the scope of appraisal periodically, and consider that the appraisal results should be able to clearly demonstrate the variance and change in quality and quantity to help comparison, review and improvement. (C) Corrective action: "1.The Company's general shareholders' meeting elected the directors of the 8th term on June 14, 2019, and 9 directors were elected (including 4 independent directors). Among the other things, 6 directors were elected in the capacity of natural-person, i.e. 67% of the total directors, and 4 independent directors for 44% of the total directors. 2.In October 2019, subject to the reference templates provided by TWSE and the Company's practices, the Company had the Remuneration Committee and Board of Directors review and amend the Company's Regulations Governing Performance Appraisal	

Scope of Assessment	Status (Note 1)			Departures from the Corporate Governance Best-Practice Principles for Financial Holding Companies and Reasons
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			on Board of Directors and Functional Committees, covering the individual directors and various functional committees. Meanwhile, the scale for the assessment items was amended from "Yes/No" to 5 options. The assessment results have clearly demonstrated the difference and change in quality and quantity, thereby helping improve the Board of Directors' performance and upgrade the corporate governance level. The information about the regulations or procedures governing appraisal on performance of the Board of Directors is disclosed in the "Major Internal Policies" in the section of "Corporate Social Responsibility" on the Company's website at Website: https://www.yuanta.com/EN/IR/Governance/Internal-Policies The information about the self-appraisal result on performance of the Board of Directors (functional committee) and the board members (self or peer) is disclosed in the "Board of Directors" in the section of "Investor relations" > "Corporate Governance" on the Company's official website at Website: https://www.yuanta.com/EN/IR/Governance/Board	
(5)Has the financial holding company disclosed the connection between the performance appraisal on and remuneration to directors and managers?	✓		(5)Except independent directors, the other directors of the Company refer to corporate directors. According to the Company's Articles of Incorporation, the allocation of remuneration to directors shall follow the typical pay levels adopted by peer companies and take into consideration the reasonableness of the correlation with future risk exposure each year. The actual allocation shall be based on the self-appraisal result on the Board of Directors members and statistics of directors' attendance at meetings, continuing education and negative	

Scope of Assessment	Status (Note 1)			Departures from the Corporate Governance Best-Practice Principles for Financial Holding Companies and Reasons
	Yes	NO	Summary	
			qualifications, and then the remuneration shall be allocated to the corporate directors on a pro rata basis subject to the number of days for which the directors hold the position. The Board of Directors is authorized to resolve the remuneration to the Company's independent directors based on the typical pay levels adopted by peer companies. In order to avoid direct or indirect conflict of interest with the Company, the remuneration is paid at fixed amount on a monthly basis, excluded from the Company's allocation of remuneration to directors. The policy, system, standard, and structure of the salary and remuneration to the Company's managers must be reviewed by Remuneration Committee and then submitted to the Board of Directors for authorization. When resolving the salary and remuneration to individual managers, the Board of Directors must follow the profit earned by or typical pay levels adopted by peer companies, and take into consideration the individual performance and the managers' business performance and contribution to the Company.	
(6)Has the financial holding company disclosed the information about means of communication between independent directors and related units (or executive officers) and CPAs (e.g. Means, item discussed and results of communication on the Company's financial report and business overview, et al.) at the Company's website?	✓		(6)The Company has disclosed about communication means, discussed items, resolutions and related information among Independent Directors , Risk Management Departments, Chief Internal Audit Officers and CPAs, at the its own official website which are in "Committees>Audit Committee" under the section of "Investor Relations section>Corporate Governance". The website address is: https://www.yuanta.com/EN/IR/Governance/Committees	
3. Whether the Company assigns the adequate number of competent corporate governance officers, and appoints the chief corporate governance officer responsible for the corporate governance affairs	✓		II. 3. The Company has delegated the unit and personnel dedicated to (concurrently in charge of) corporate governance: (1)The Company's Secretariat Office would be	

Scope of Assessment	Status (Note 1)			Departures from the Corporate Governance Best-Practice Principles for Financial Holding Companies and Reasons
	Yes	NO	Summary	
(including but not limited to, providing directors with the information needed to perform their duties, helping directors with compliance, organization of the Board of Directors meetings and shareholders' meetings, and preparation of board meeting and shareholders' meeting minutes, etc.), and disclosed the scope of authority, annual business focus and status of continuing education on the Company's website and in the annual report?			responsible for handling the affairs related to meetings held by the Board of Directors and Audit Committee, and designating the personnel dedicated to communicating and providing the relevant information required by directors for carrying out business and helping independent directors and the general directors draft their annual continuing education plans and arrange courses. (2)The Company's Administration Department would be responsible for organization of shareholders' meeting, production of shareholders' meeting minute, and registration of incorporation and changes. (3)In order to practice the corporate governance, strengthen the support to help directors exercise powers and facilitate the Board of Directors to practice its functions, according to the competent authority's policy planning about the new corporate governance roadmap, the Company's Board of Directors meeting on November 28, 2018 resolved that the corporate governance officer should be appointed, and served by the secretary-general of the Board of Directors. Then, the Board of Directors meeting on March 6, 2019 resolved to adjust the position as the "Chief Corporate Governance Officer." who shall have the professional qualifications for serving as the management dedicated to legal affairs, finance, shareholders service and parliamentary management, as well as corporate governance affairs, in financial institutions and public companies for more than three years. The chief corporate governance officer of Yuanta Financial Holdings is primarily responsible for providing directors (including independent directors) with the information required by them to perform their duties, help the directors with compliance affairs, and process the affairs related to directors' meetings and	

Scope of Assessment	Status (Note 1)			Departures from the Corporate Governance Best-Practice Principles for Financial Holding Companies and Reasons
	Yes	NO	Summary	
			shareholders' meetings pursuant to laws to protect shareholders' equity and enhance the Board of Directors' functions. (4)The Company's chief corporate governance officers processed the affairs related to board meetings and shareholders' meetings, and also helped the Board of Directors solidify the various commissions' mechanism pursuant to laws, and provide the directors with information required by them to perform their duties in 2019. The annual business was executed in the following manners: A.Research and draft related regulations to help the Board of Directors establish the "Nomination Committee" and construct adequate operating procedures. B. Process the affairs related to 2019 shareholders' meetings: (A) Coordinate various units to process the parliamentary operations about shareholders' meetings according to the Articles of Incorporation and Article 3-1 of the Corporate Governance Best Practice Principles for TWSE/TPEx-Listed Companies. (B) Take the chance of the reelection of the new term Board of Directors members to help shareholders' meeting solidify related operations and complete the reelection successfully. C. Supervise the research, amendment and adjustment of the Company's important regulations, including amendments to the Company's articles of association. D.Process the parliamentary operations related to the Board of Directors and related committees to strengthen the parliamentary procedure compliance	

Scope of Assessment	Status (Note 1)			Departures from the Corporate Governance Best-Practice Principles for Financial Holding Companies and Reasons
	Yes	NO	Summary	
			and avoidance of conflict of interest. E. Process the continuing education courses to be attended by directors to help directors practice the continuing education mechanism. (1)(5)The chief corporate governance officers have continued their education for a total of 21 hours from November 28, 2018 until December 31, 2019. (2)(6)The information about the chief corporate governance officers is disclosed in the "Board of Directors" > "Chief Corporate Governance Officer" in the section of "Investor relations" > "Corporate Governance" on the Company's website at Website: https://www.yuanta.com/EN/IR/Governance/Board	
4. Whether the financial holding company establishes communication channels with stakeholders (including but not limited to, shareholders, employees, and customers, et al.)?	✓		The Company establishes the well-founded spokesperson system pursuant to the "Uniform Spokesman Procedure", and appoints the spokesperson and deputy spokesperson to release any public information, policy or other related information to the public on behalf of the Company officially. The Company and all of its subsidiaries use their best efforts to provide adequate information to stakeholders such as customers, correspondent banks, vendors, employees, and shareholders, and has established the "CSR" >in the section of "Stakeholders Engagement" on its website to disclose the identification of major concerns about stakeholders, channels of communication with the stakeholders and investigation on certain concerns. Meanwhile, the Company attaches great importance to the rights and interests of stakeholders and to maintain fair channels of communication with them via mailbox or phone. The Company's Legal Affairs Department assists with and handles possible legal disputes. Where the opinion fed back by any stakeholder is considered material, the responsible unit must report the same to the Audit Committee and Board	There was no departure in this respect.

Scope of Assessment	Status (Note 1)			Departures from the Corporate Governance Best-Practice Principles for Financial Holding Companies and Reasons
	Yes	NO	Summary	
			of Directors under the Company's internal control system. Website: https://www.yuanta.com/EN/CSR/Stakeholder-Engagement The Company's website also set up the "Investor Relations" section where the information about the Group's operating performance and credit rating, and other financial information are available. (Website: https://www.yuanta.com/EN/IR) Meanwhile, the exclusive email address/department is set up to maintain effective communication with investors. (Website: https://www.yuanta.com/EN/IR/Service/Contact-Us) In order to establish the ethical and transparent enterprise culture, promote the sound management and encourage whistle-blowing against misconduct in the Company, the Company set up the "Whistle-Blowing System" in the section of "Investor relations" > "Corporate Governance" on the Company's official website to disclose the requirements about the whistle-blowing system, whistle-blowing hotline and email box . Website: https://www.yuanta.com/EN/IR/Governance/Reporting-Mechanism.	
5. Information Disclosure (1)Establishment of a corporate website to disclose information concerning financial affairs and corporate governance?	✓		(1)On the home page of the Company's website, the "About Us" section discloses corporate strategy, organizational charts and other related information. The "Corporate Social Responsibility" section discloses information related to the operations of corporate governance by the Company. The "Group" section describes the business carried out by each of the Group's subsidiaries. The "Investor Relations" section provides financial information and announcements related to shareholders and public information. The "Corporate Governance" in the section of "Investor relations" discloses the members, functions, operations and related regulations of the Board of Directors and other committees (e.g., Audit	There was no departure in this respect.

Scope of Assessment	Status (Note 1)			Departures from the Corporate Governance Best-Practice Principles for Financial Holding Companies and Reasons
	Yes	NO	Summary	
			Committee, Remuneration Committee, Sustainability Committee and Nomination Committee, etc.), the risk management policies and organizational framework, and internal audit system, summary of whistle-blowing system, and information to be reported and disclosed under Article 46 of the Financial Holding Company Act. Meanwhile, according to the "TWSE Rules Governing Information Filing by Companies with TWSE Listed Securities and Offshore Fund Institutions with TWSE Listed Offshore Exchange-Traded Funds" and "TWSE Procedures for Verification and Disclosure of Material Information of Companies with Listed Securities", the Company discloses the public information about the Company's and its subsidiaries' finance, business and corporate governance.	
(2)Other information disclosure channels (e.g. English website, assignment of specific personnel to collect and disclose corporate information, implementation of a spokesperson system, and the broadcasting of investor conferences via the company website)?	✓		(2)The Company has set up an English website, established a spokesperson and deputy spokesperson system, and delegated the personnel dedicated to collecting and disclosing the Company's important information, and releasing the information about investors' profiles and financial position in the exclusive section "Investor Relations" on the Company's website.	
(3)Whether the Company announces and reports the annual financial report within the time limit prescribed by the Financial Holding Company Act and Securities and Exchange Act at the end of each fiscal year, and the financial report for Q1, Q2, and Q3 and monthly operation overview before the prescribed time limit?	✓		(3)The Company has announced and reported the quarterly/annual financial reports and monthly operation overview for 2019 within the prescribed time limit. The financial reports for Q1, Q2, and Q3 of 2019 and the annual financial report were already announced and reported on May 30, 2019, August 30, 2019, November 29, 2019, and March 23, 2020 .	
(4)Whether the Company establishes any information security risk management structure, information security policy and concrete management program, and discloses the same on the Company's website or in its annual report?	✓		(4)A.Information security risk management structure: The Company implemented ISO 27001:2005 ISMS and also passed the certification by BSI in 2011. Thereafter, the Company would complete the continuing review once per year and the re-	

Scope of Assessment	Status (Note 1)			Departures from the Corporate Governance Best-Practice Principles for Financial Holding Companies and Reasons
	Yes	NO	Summary	
			examination once per three years. Meanwhile, the Company also completed the ISO 27001:2013 revision to keep strengthening the information security management and control via the PDCA cycle. B.Concrete management program: The Company expressly states the information security objectives and information security responsibilities in its information security policy and establishes the multi-departmental information security taskforce, which coordinate and research the handling and review on the information security policy, plan, allocation of resources, implementation, and crisis management through the taskforce's meetings and the information security management review meeting to be held at least once per year, and also report the results for execution of the information security to the Board of Directors periodically to ensure establishment and implementation of the information security management system. C. In order to control the information security management system effectively, the Company establishes the relevant policy, regulations (guidelines and enforcement rules, et al.), procedures (guidebook on the information business) and QR/FM (Quality Records/Form) to be followed by the entire information business operation, management and control.	
6.Other important information enabling a better understanding of the Company's corporate governance (including but not limited to employee rights and interests, employee care, investor relations, stakeholders' rights and interests, continuing education of directors and supervisors, implementation of risk management policies and risk measurement criteria, implementation of customer	✓		(1)Employee rights and interests: The Company's human resources management mechanisms all comply with labor laws and regulations and internal control requirements, safeguarded employees' legitimate rights and interests. The Company will call a labor and employer meeting periodically to urge the sufficient communication between both parties and gather the common consensus between both parties	There was no departure in this respect.

Scope of Assessment	Status (Note 1)			Departures from the Corporate Governance Best-Practice Principles for Financial Holding Companies and Reasons
	Yes	NO	Summary	
policy, purchase of liability insurance by the company for directors, and donations to political parties, interested parties and public welfare groups):			to make the relations between both parties more harmonious. (2)Employee care: The Company cares about the physical and mental health of its employees and undertakes education and training, group insurance, employee shareholding trusts, and health checkups. Meanwhile, it encourages employees to cultivate diversified hobbies, participate in various social clubs, and get used to having fun when working. The Company also strives to realize employees' potential, and trains and rewards excellent talents so as to enhance employees' on-the-job competitiveness and market value and create a diversified and friendly working environment by encouraging a positive attitude toward corporate sustainability. (3)Investor relations and stakeholders interests: In its "Corporate Governance Best-Practice Principles," the company has defined the contents of investor relations and stakeholders' interests. These principles are implemented in the Company's day to day business and focus on the following aspects: A. The company maintains open channels of communication with investors, and respects and protects their legal rights. B. Taking advantage of the convenience of the Internet, the company has established a website, which carries information on financial affairs and corporate governance for the reference of shareholders and stakeholders. Taking into account the needs of foreign investors, the corporate website also provides an English version of corporate governance related information. (4)Continuing education of directors: See Pages 144 ~ 146 In order to enhance the functions of the Company's directors and operation of the Board of Directors and	

Scope of Assessment	Status (Note 1)			Departures from the Corporate Governance Best-Practice Principles for Financial Holding Companies and Reasons
	Yes	NO	Summary	
			practice the promotion of corporate governance, in response to the corporate governance roadmap program, the Company organizes the continuing education courses for directors each year, in order to keep upgrading the directors' professional knowledge and legal expertise, training the directors' excellence and ability to make decision, and strengthen the exchange of experience and interaction. Further, according to the "Operating Procedures for Handling Internal Material Information." the Company organizes the educational propagation for prevention of insider trading and related laws & regulations for the existing directors at least for once per year. In order to practice the directors' continuing education mechanism, the internal training courses organized for directors in 2019 include the four forums, namely, "Financial Industry Sustainability Strategy and Way for Yuanta Financial Holdings to Enroll in Dow Jones Sustainability Index (DJSI)" on May 24, "Money Laundering Control Requirements and Latest Development" on July 11, "Case Study on AML and Prevention of Insider Trading" on August 5, and "Spear and Shield for Development of Digital Finance" on September 3. The courses cover sustainability strategies, money laundering laws & regulations, interpretation about insider trading cases, and digital financial development issues, et al.. The external training helped directors apply for enrollment into the 2019 Insider Equity Trading Legal Compliance Presentation organized by TWSE to help the directors understand the laws and regulations added and amended in the given year. (5)Implementation of risk management policy and risk measurement criteria:	

Scope of Assessment	Status (Note 1)			Departures from the Corporate Governance Best-Practice Principles for Financial Holding Companies and Reasons
	Yes	NO	Summary	
			A. In order to establish the Company's risk management standards and ensure the completeness, validity and reasonableness of the risk management, the Company has had the Board of Directors approve the risk management policy and risk management criteria. B. The risk management policy refers to the Company's ultimate guidelines governing risk management. Various management risks shall be defined based on the policy, attributes of various risks, and effect to be produced by the risks to the Company's operating stability and capital safety. C. Subsidiaries shall establish the risk management systems that meet their business portfolio, business scale and capital scale, according to the Company's risk management policy, to measure and manage effectively the various risks to be borne by them. (6)Implementation of customer policy: The company protects customer privacy based on "Confidentiality Measures on Customer Information for Yuanta Financial Holdings and Its Subsidiaries", "Personal Data Protection Policy of Yuanta Financial Holdings" and "Personal Data Management Rules of Yuanta Financial Holdings". The company uses customer information in accordance with the forgoing measures and within the scope of the law so as to fulfill its obligations in maintaining the confidentiality of customer information and protect customer privacy. (7)Purchase of liability insurance by the Company for directors and managers: The Company continues to purchase the directors/supervisors and managers liability insurance for its directors (including independent directors) and managers, in order to pass on the Company's business	

Scope of Assessment	Status (Note 1)			Departures from the Corporate Governance Best-Practice Principles for Financial Holding Companies and Reasons
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			risk and help establishment of a well-founded corporate governance mechanism. (8)Donations to political parties, interested parties, and non-profit organizations: A. Handled in accordance with the Company's guidelines governing public donations. Public donations mean those donations which comply with the following laws and regulations: (A) Donations to political parties, political groups and political candidates in accordance with Political Donations Act. (B) Donations to the public welfare groups and syndicates defined in the General Provisions of the Civil Code, or any other educational, cultural, public welfare or charity agencies or groups which are registered with the competent authorities or incorporated validly in accordance with other relevant laws and regulations. B. Where the donated subject is a related party, the donations shall be reported to the Board of Directors for resolution, regardless of the amount of the donations, and material information shall be announced in accordance with Paragraph 1.43 of Article 4 of the "Taiwan Stock Exchange Corporation's (TWSE) Procedures for Verification and Disclosure of Material Information of Companies with Listed Securities".	
7. Please specify the status of the correction based on the corporate governance assessment report released by the Corporate Governance Center of TWSE in the most recent year, and the priority corrective actions and measures against the remaining deficiencies. (1) The Company also ranked among the top 5% of listed company groups in the "Corporate Governance Evaluation Operation" of 6th term held by TWSE in 2019. The Company has won such honor for the fifth time. (2) With respect to the indicators not awarded any mark in the "Corporate Governance Evaluation Indicators" of 6th term in 2019, the Company shall take corrective actions against the deficiencies in Indicator 3.5, "Has the annual financial report disclosed in English been uploaded to the MOPS within 7 days prior to the general shareholders' meeting?" and Indicator 3.15, "Whether the Company's annual report voluntarily discloses the amount and nature of the				

Scope of Assessment	Status (Note 1)			Departures from the Corporate Governance Best-Practice Principles for Financial Holding Companies and Reasons
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non-audit fees paid to the independent auditing firms, their subordinate offices and their affiliates?". To this end, the Company will upload the annual financial report in English to the MOPS within 7 days prior to the 2020 general shareholders' meeting, and reduce the amount of non-audit fees.				

Note 1: Regardless of "Yes" or "No", the status shall be stated in the "Summary" section.
Note 2: Describe the deviations from Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, and reasons thereof.

(V) Describe the composition, duties and operations of the remuneration committee:

1. Information about members, functions and operations of Remuneration Committee

(1) Information about remuneration committee members

Position Title (Note 1)	Qualification / Name	Has at least five years of relevant working experience and the following professional qualifications			Compliance of independence (Note 2)								Number of positions as a Remuneration Committee Member in other public listed companies (Note 3)	Remarks
		Lecturer (or above) of commerce, law, finance, accounting, or any subject relevant to the Company's operations in a public or private tertiary institution	Certified judge, attorney, lawyer, accountant, or holder of professional qualification relevant to the Company's operations	Commercial, legal, financial, accounting or other work experience required to perform the assigned duties	1	2	3	4	5	6	7	8		
Independent Director	Kuang Si Shiu			✓	✓	✓	✓	✓	✓	✓	✓	✓	1	—
Independent Director	Ming Ling Hsueh	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	4	—
Independent Director	Yin Hua Yeh	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	1	—
Independent Director	Hsing Yi Chow	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	2	—

Note 1: Please specify director, independent director or others.

Note 2: "✓" is marked in the space beneath a condition number when a member has met that condition during the two years prior to election and during his or her period of service. The conditions are as follows:

(1) Not an employee of the company or an affiliate.

(2) Not a director or supervisor of the company or an affiliate. However, when the person is an independent director appointed by the company, its parent company, or a subsidiary pursuant to Securities and Exchange Act or the local laws and regulations.

(3) The director, or his or her spouse or minor child, does not hold, in his or her own name or in another name, more than 1% of the Company's total outstanding shares, nor is one of the Company's ten largest natural-person shareholders.

(4) Not a spouse, relative within the second degree of kinship, or direct blood relative within the third degree of kinship of a person listed in the three foregoing paragraphs.

(5) Is not the director, supervisor, or employee of an institutional shareholder directly holding more than 5% of the Company's total outstanding shares, nor is the director, supervisor, or employee of one of the five largest institutional shareholders in terms of shareholdings.

(6) Is neither a director, supervisor, manager, nor a shareholder holding more than 5% of the outstanding shares, of a certain company or organization that has a financial or business relationship with the company.

(7) Is not a professional providing business, legal, financial, accounting, or consulting services to the company or an affiliate, nor an owner, partner, director, supervisor, or manager, or the spouse of any of the foregoing, of a sole proprietorship, partnership, company, or organization providing such services to the company or an affiliate.

(8) Is not a person of the conditions specified in any of the sub-paragraphs of Article 30 of the Company Act.

Note 3: Information about the Company's Remuneration Committee Member acting as the remuneration committee member in other publicly listed companies concurrently:

(1) Member Kuang Si Shiu is concurrently serving as the remuneration committee member of Yuanta Bank.

(2) Member Ming Ling Hsueh of the Company's Remuneration Committee is concurrently serving as the remuneration committee member of Walsin Lihwa Corp., Lite-On Technology Corporation, TTY Biopharm Company Limited and Yuanta Bank respectively.

(3) Member Yin Hua Yeh is concurrently serving as the remuneration committee member of Yuanta Bank.

(4) Mr. Hsing Yi Chow is concurrently serving as the remuneration committee member of Coretronic Corp. and Yuanta Securities.

(2) Functions of Remuneration Committee

The Company's Remuneration Committee shall perform the following functions honestly with due diligence, and submit their motions to the Board of Directors for discussion:

A. Determine and periodically review the performance appraisal on the Company's directors and managers, and remuneration policy, system, standard and structure;

B. Periodically evaluate and determine the Company's remuneration to directors and managers

(3) Information concerning the remuneration committee

A. The Company establishes the "Annual plan for events and agenda" of Audit Committee and deliverables to be met by the Company's operation in accordance with the "Regulations on the Establishment of Remuneration Committees by TWSE/TPEx Listed Companies and their Exercise of Powers".

B. The Company's remuneration committee consists of 4 members.

C. In the most recent year (2019), the Remuneration Committee has held 8 meetings (A). The attendance of the Committee members is summarized as follows:

Title	Name	Actual attendance (B)	Attendance by proxy	Actual attendance rate (%) (B/A)	Remarks
Member	Ming Ling Hsueh	8	0	100	Reelected; Date of reelection: June 14, 2019
Member	Yin Hua Yeh	8	0	100	
Convener	Kuang Si Shiu	5	0	100	Newly elected; Date of reelection: June 14, 2019, a total of 5 meetings held during the term of office
Member	Hsing Yi Chow	5	0	100	
Former Member	Sou Shan Wu	3	0	100	Former; Date of reelection: June 14, 2019, a total of 3 meetings held during the term of office
Former Member	Lai Ping Chi	3	0	100	

Other items to be stated:

I. If the Board of Directors does not adopt or amend the remuneration committee's suggestions, please specify the meeting date, term, contents of motion, resolution of the Board of Directors, and the Company's handling of the remuneration committee's opinions (if the remuneration approved by the Board of Directors is superior than that suggested by the remuneration committee, please specify the deviation and reason): None.

II. For resolution(s) made by the remuneration committee with the committee members voicing opposing or qualified opinions on the record or in writing, please state the meeting date, term, contents of motion, opinions of all members and the Company's handling of the said opinions: None.

D. The motions discussed by the Company's Remuneration Committee in the most recent year (2019) and resolutions thereof, and the Company's handling of the members' opinion are stated as following:

Remuneration Committee	Motion and follow-up	Resolution	The Company's handling of the Remuneration Committee members' opinion
20th of 7th term January 23, 2019	1. The motion for performance appraisal on the group performance bonus of the Company's Chairman of Board in 2018. 2. The motion for performance appraisal on the group performance bonus of the Company's President, chief functional officers, Chief Executive Officer and Auditor-General in 2018.	Agreed by the members unanimously	Submitted to the Board of Directors meeting Agreed by all present directors unanimously
21st of 7th term March 19, 2019	1. Policy, system and standard for performance appraisal on the Company's managers 2. Motion for allocation of remuneration to employees 2018 3. Motion for allocation of remuneration to directors 2018	Agreed by the members unanimously	Submitted to the Board of Directors meeting Agreed by all present directors unanimously
22nd of 7th term April 30, 2019	Performance appraisal directors and supervisors of the Company's immediate companies and investees in 2018	Noted by the whole members	Submitted to the Board of Directors meeting
1st of 8th term June 14, 2019	Election of the convener of the Company's Remuneration Committee	Election upon approval by the members unanimously	Completion of the report on information about update of the Remuneration Committee members
2nd of 8th term June 25, 2019	1. Amendments to the Company's Performance Management Regulations 2. Amendments to the Company's job titles and payroll 3. Amendments to the Company's Regulations Governing Bonus 4. For authorization of the severance pay/pension to Chairman of Board 5. For determination of the salary to the Company's Chairman and President. 6. The motion for allocation of remuneration to the Company's directors (exclusive of independent directors) in 2018. 7. The Motion for allocation of remuneration to the directors and supervisors of invested enterprises appointed by the Company in 2018.	Agreed by the members unanimously	Submitted to the Board of Directors meeting Agreed by all present directors unanimously
3rd of 8th term 24 July 2019	1. Amendments to the Company's Regulations Governing Appointment and Management of Managers 2. The motion for allocation of remuneration to the Company's President, chief functional officers, chief of executive officer and Auditor-General in 2018.	Agreed by the members unanimously	Submitted to the Board of Directors meeting Agreed by all present directors unanimously
4th of 8th term October 23, 2019	Amendments to the Company's Regulations Governing Appraisal on Performance of the Board of Directors (Functional Committee)	Agreed by the members unanimously	Submitted to the Board of Directors meeting Agreed by all present directors unanimously
5th of 8th term November 19, 2019	1. Amendments to the Company's transportation allowance and fees for attending payable to directors 2. Amendments to the Company's Articles of Association for Remuneration Committee	Agreed by the members unanimously	Submitted to the Board of Directors meeting Agreed by all present directors unanimously

2. Information about members' position titles, job responsibilities and operations of Corporate Sustainability Committee

(1) Information about Corporate Sustainability Committee members' position titles

Position Title (Note 3)	Qualification / Name	Has at least five years of relevant working experience and the following professional qualifications			Compliance of independence (Note 4)								Number of positions as a Corporate Sustainability Committee Member in other public listed companies (Note 5)	Remarks
		Lecturer (or above) of commerce, law, finance, accounting, or any subject relevant to the Company's operations in a public or private tertiary institution	Certified judge, attorney, lawyer, accountant, or holder of professional qualification relevant to the Company's operations	Commercial, legal, financial, accounting or other work experience required to perform the assigned duties	1	2	3	4	5	6	7	8		
Director	Ting Chien Shen(Tony)			✓	✓		✓	✓	✓	✓	✓	✓	0	—
Independent Director	Ming Ling Hsueh	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	—
Independent Director	Yin Hua Yeh	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	0	—
Independent Director	Kuang Si Shiu			✓	✓	✓	✓	✓	✓	✓	✓	✓	0	—
Independent Director	Hsing Yi Chow	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	0	—

Note 1: The Company passed the motion for expansion of the Ethical Management Committee to include the corporate social responsibility affairs and reformation to the Corporate Sustainability Committee at 34th meeting of the Board of Directors of 7th term on November 28, 2018.

Note 2: The Company's Corporate Sustainability Committee directors (including independent directors) of the 8th term were elected on June 14, 2019.

Note 3: Please specify director, independent director or others.

Note 4: "✓" is marked in the space beneath a condition number when a member has met that condition during the two years prior to election and during his or her period of service. The conditions are as follows:

(1) Not an employee of the company or an affiliate.

(2) Not a director or supervisor of the company or an affiliate. However, when the person is an independent director appointed by the company, its parent company, or a subsidiary pursuant to Securities and Exchange Act or the local laws and regulations.

(3) The director, or his or her spouse or minor child, does not hold, in his or her own name or in another name, more than 1% of the Company's total outstanding shares, nor is one of the Company's ten largest natural-person shareholders.

(4) Not a spouse, relative within the second degree of kinship, or direct blood relative within the third degree of kinship of a person listed in the three foregoing paragraphs.

(5) Is not the director, supervisor, or employee of an institutional shareholder directly holding more than 5% of the Company's total outstanding shares, nor is the director, supervisor, or employee of one of the five largest institutional shareholders in terms of shareholdings.

(6) Is neither a director, supervisor, manager, nor a shareholder holding more than 5% of the outstanding shares, of a certain company or organization that has a financial or business relationship with the company.

(7) Is not a professional providing business, legal, financial, accounting, or consulting services to the company or an affiliate, nor an owner, partner, director, supervisor, or manager, or the spouse of any of the foregoing, of a sole proprietorship, partnership, company, or organization providing such services to the company or an affiliate.

(8) Is not a person of the conditions specified in any of the sub-paragraphs of Article 30 of the Company Act.

Note 5: None of the Company's Corporate Sustainability Committee members holds the position as a member of any other Company's corporate sustainability committee.

(2) Functions of Corporate Sustainability Committee members

The Committee is subordinated to the Board of Directors to take charge of the following operations:

A. Helping integrate the value of ethical corporate management and corporate social responsibility into the Company's business strategies;

B. Establishing the related policies ensuring ethical corporate management and fulfilling corporate social responsibility in line with laws;

C. Supervising and fulfilling the execution of ethical corporate management and corporate social responsibility policies, and assessing the results thereof;

D. Establishing any other policies concerning ethical corporate management and corporate social responsibility, and supervising the execution thereof.

(3) Information about operations of Corporate Sustainability Committee

A. According to Article 2 of the Regulations Governing Establishment of Corporate Sustainability Committee, the Committee must consist of 3~7 members, who must be served by the Company's directors, and at least a majority of the members must be served by independent directors.

B. The Corporate Sustainability Committee of the current term consists of 5 members (including 4 independent directors). Member Ming Ling Hsueh has served as the Executive Director of Taiwan Corporate Governance Association since March 2010 until now. Member Yin Hua Yeh once served as the Committee Member of Special Committee on Corporate Governance Reform, Executive Yuan and Vice Chairman/Executive Director of Taiwan Corporate Governance Association for more than 5 years. Both of them are specialized in the corporate sustainability committee affairs.

C. Term of office to be held by 8th-term members: from June 14, 2019 to June 13, 2022. The term of office to be held by the Committee member shall be identical with that held by the director, unless otherwise provided by laws, or the Company's articles of incorporation or charters.

D. In the most recent year (2019), the Corporate Sustainability Committee has held 5 meetings (A). The attendance of the committee members is summarized as follows:

Title	Name	Actual attendance (B)	Attendance by proxy	Actual attendance rate (%) (B/A)	Remarks
Convener	Ting Chien Shen(Tony)	5	0	100	Reelected; Date of reelection: June 14, 2019
Member	Ming Ling Hsueh	5	0	100	
Member	Yin Hua Yeh	5	0	100	
Member	Kuang Si Shiu	4	0	100	Newly elected; on of reelection: June 14, 2019, a total of 4 meetings of the Corporate Sustainability Committee held during the term of office
Member	Hsing Yi Chow	4	0	100	
Former Member	Lai Ping Chi	1	0	100	Former; on of reelection: June 14, 2019, a total of 1 meeting of the Corporate Sustainability Committee held during the term of office
Former Member	Sou Shan Wu	1	0	100	

Other items to be stated:

I. If the Board of Directors does not adopt or amend the Corporate Sustainability Committee's suggestions, please specify the meeting date, term, contents of motion, resolution of the Board of Directors, and the Company's handling of the Corporate Sustainability Committee's opinions: None.

II. For resolution(s) made by the Corporate Sustainability Committee with the committee members voicing opposing or qualified opinions on the record or in writing, please state the meeting date, term, contents of motion, opinions of all members and the Company's handling of the said opinions: None.

III. Other important motions and results of execution thereof:

(I) 3rd meeting of the 7th Corporate Sustainability Committee on February 26, 2019

1. Motion for report on the "2018 Results of Execution" by the Ethical Corporate Management Promotion Center
2. Motion for report on the "Results of Execution by Subsidiaries" by the Ethical Corporate Management Promotion Center.
3. Motion for report on the "2018 Results of Execution" by the Corporate Social Responsibility Promotion Center.

(II) 1st meeting of the 8th Corporate Sustainability Committee on June 14, 2019

1. Motion for election of the convener;

(III) 2nd meeting of the 8th Corporate Sustainability Committee on August 28, 2019

1. Motion for report on the "Results of Execution in the first half of 2019" by the Ethical Corporate Management Promotion Center.
2. Motion for report on the "Results of Execution in the second half of 2019" by the Corporate Social Responsibility Promotion Center.
3. Motion for report on the "Results of Execution of the Whistle-Blowing System in the first half of 2019" by the Ethical Corporate Management Promotion Center.
4. Motion for report on "Yuanta Financial Holdings 2018 CSR" by Corporate Social Responsibility Promotion Center.
5. Motion for discussion about the amendments to the "Yuanta Financial Holdings Ethical Corporate Management Best Practice Principles" and "Yuanta Financial Holdings Regulations Governing Establishment of Corporate Sustainability Committee" in part.

(IV) 3rd meeting of the 8th Corporate Sustainability Committee on October 23, 2019

1. Motion for report on the 2020 gap improvement planning under the DJSI project promoted by the Corporate Social Responsibility Promotion Center
2. Motion for discussion about the adoption of "Yuanta Financial Holdings Sustainable Finance Guidelines" by the Corporate Social Responsibility Promotion Center.

(V) 4th meeting of the 8th Corporate Sustainability Committee on November 18, 2019

1. Motion for report on the "Communication of Issues Concerned by Stakeholders in 2018 " by the Corporate Social Responsibility Promotion Center.
2. Motion for report on 2019 fulfillment of suppliers' management policy for the corporate social responsibility advocated by the Corporate Social Responsibility Promotion Center.
3. Motion for discussion about the "2020 Work Plan" by the Ethical Corporate Management Promotion Center.
4. Motion for discussion about the "2020 Work Plan" by the Corporate Social Responsibility Promotion Center.

3. Information about job responsibilities and operations of Nomination Committee

(1) Nomination Committee members

Position Title (Note 3)	Qualification / Name	Has at least five years of relevant working experience and the following professional qualifications			Compliance of independence (Note 4)								Number of positions as a Corporate Sustainability Committee Member in other public listed companies (Note 5)	Remarks
		Lecturer (or above) of commerce, law, finance, accounting, or any subject relevant to the Company's operations in a public or private tertiary institution	Certified judge, attorney, lawyer, accountant, or holder of professional qualification relevant to the Company's operations	Commercial, legal, financial, accounting or other work experience required to perform the assigned duties	1	2	3	4	5	6	7	8		
Independent Director	Ming Ling Hsueh	✓	✓	✓			✓	✓	✓	✓	✓	✓	0	—
Independent Director	Yin Hua Yeh	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	0	—
Independent Director	Kuang Si Shiu	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	0	—
Director	Ting Chien Shen(Tony)			✓	✓		✓	✓	✓	✓	✓	✓	0	—
Director	Wei Chen Ma (Michael)	✓		✓	✓		✓			✓	✓	✓	0	—

Note 1: The Company passed the motion for establishment of the Nomination Committee at 36th meeting of the Board of Directors of 7th term on January 23, 2019.

Note 2: The Company's Nomination Committee directors (including independent directors) were elected on June 14, 2019.

Note 3: Please specify director, independent director or others.

Note 4: "✓" is marked in the space beneath a condition number when a member has met that condition during the two years prior to election and during his or her period of service. The conditions are as follows:

(1) Not an employee of the company or an affiliate.

(2) Not a director or supervisor of the company or an affiliate. However, when the person is an independent director appointed by the company, its parent company, or a subsidiary pursuant to Securities and Exchange Act or the local laws and regulations.

(3) The director, or his or her spouse or minor child, does not hold, in his or her own name or in another name, more than 1% of the Company's total outstanding shares, nor is one of the Company's ten largest natural-person shareholders.

(4) Not a spouse, relative within the second degree of kinship, or direct blood relative within the third degree of kinship of a person listed in the three foregoing paragraphs.

(5) Is not the director, supervisor, or employee of an institutional shareholder directly holding more than 5% of the Company's total outstanding shares, nor is the director, supervisor, or employee of one of the five largest institutional shareholders in terms of shareholdings.

(6) Is neither a director, supervisor, manager, nor a shareholder holding more than 5% of the outstanding shares, of a certain company or organization that has a financial or business relationship with the company.

(7) Is not a professional providing business, legal, financial, accounting, or consulting services to the company or an affiliate, nor an owner, partner, director, supervisor, or manager, or the spouse of any of the foregoing, of a sole proprietorship, partnership, company, or organization providing such services to the company or an affiliate.

(8) Is not a person of the conditions specified in any of the sub-paragraphs of Article 30 of the Company Act.

Note 5: None of the Company's Nomination Committee members holds the position as a member of any other Company's nomination committee.

(2) Functions of Nomination Committee

The Committee is subordinated to the Board of Directors to take charge of the following operations:

A. Establishing the criteria governing such diversified backgrounds as professional knowledge, technology, experience and gender, and independence, required from the Board of Directors members, and searching, reviewing and nominating the candidates for director.

B. Constructing and developing the structural framework of the Board of Directors and various committees.

C. Establishing and periodically reviewing the directors' continuing education plans.

D. Researching and amending the Company's Corporate Governance Best-Practice Principles.

E. Serving as the execution unit engaged in performance appraisal on the Board of Directors and various functional committees.

(3) Status

A. According to Article 4 of the Articles of Association for Nomination Committee, the Committee must consist of no less than 3 directors elected by the directors, and a majority of the members must be served by independent directors.

B. The Nomination Committee of the current term consists of 5 members (including 3 independent directors). Member Kuang Si Shiu served as the Chairman/President of Mega Financial Holdings for about one decade, who has plentiful experience in management and practices, and is specialized in the nomination committee affairs.

C. Term of office to be held by 8th-term members: from June 14, 2019 to June 13, 2022. The term of office to be held by the Committee member shall be identical with that held by the director, unless otherwise provided by laws, or the Company's articles of incorporation or charters.

D. In the most recent year (2019), the Nomination Committee has held 6 meetings (A). The attendance of the Committee members is summarized as follows:

Title	Name	Actual attendance (B)	Attendance by proxy	Actual attendance rate (%) (B/A)	Remarks
Convener	Ming Ling Hsueh	6	0	100	Reelected; Date of reelection: June 14, 2019
Member	Yin Hua Yeh	6	0	100	
Member	Wei Chen Ma (Michael)	6	0	100	
Member	Ting Chien Shen(Tony)	3	0	100	Newly elected; on of reelection: June 14, 2019, a total of 3 meetings held during the term of office
Member	Kuang Si Shiu	3	0	100	

Other items to be stated:

I. If the Board of Directors does not adopt or amend the Nomination Committee's suggestions, please specify the meeting date, term, contents of motion, resolution of the Board of Directors, and the Company's handling of the Nomination Committee's opinions: None.

II. For resolution(s) made by the Nomination Committee with the committee members voicing opposing or qualified opinions on the record or in writing, please state the meeting date, term, contents of motion, opinions of all members and the Company's handling of said opinions: None.

III. Other important motions and results of execution thereof:

(I) 1st meeting of the 7th Corporate Sustainability Committee on February 14, 2019

1. Motion for election of the convener;
2. Motion for discussion about research and resolution of the quota of directors (including independent directors) of next term and qualifications held by the candidates

(II) 2nd meeting of the 7th Corporate Sustainability Committee on March 14, 2019

1. Motion for discussion about nomination of the candidates of the Company's directors (including independent directors) of the 8th term
2. Motion for discussion about periodic review on the directors' continuing education plans
3. Motion for discussion about construction and development of the structural framework of the Board of

Directors and various committees.

(III) 3rd meeting of the 7th Corporate Sustainability Committee on April 30, 2019

1. Motion for report on the nomination of director candidates of the 8th term by shareholders holding one percent or more of the Company's shares this year

(IV) 1st meeting of the 8th Corporate Sustainability Committee on June 14, 2019

1. Motion for election of the convener;
2. Motion for review on discussion about qualifications of the Company's Remuneration Committee members of 8th Board of Directors, and nomination of the convener.
3. Motion or review on discussion about qualifications held by the Company's Corporate Sustainability Committee members of the 8th term Board of Directors, and nomination of the convener.

(V) 2nd meeting of the 8th Corporate Sustainability Committee on June 26, 2019

1. Motion for discussion about amendments to certain articles of the "Yuanta Financial Holdings Corporate Governance Best-Practice Principles".

(VI) 3rd meeting of the 8th Corporate Sustainability Committee on December 19, 2019

1. Motion for report on the results of the Company's performance appraisal on the Board of Directors and Functional Committees in 2019
2. Motion for discussion about amendments to certain articles of the "Yuanta Financial Holdings Articles of Association for Nomination Committee".
3. Motion for discussion about recheck results and recommendation of organizational framework of the Board of Directors and various committees.
4. Motion for discussion about the directors' continuing education plan in 2020

(VI) Fulfillment of corporate social responsibility

Scope of Assessment	Status (Note 1)			Deviations from "Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies" and reasons
	Yes	NO	Summary (Note 2)	
1. Exercising Corporate Governance (1)Whether the Company establishes the full-time (part-time) functional units dedicated to promoting the corporate social responsibility that conducts the risk assessment on the environment, society and corporate governance issues related to the Company's operation and adopts related risk management policies or strategies?	✓		(1)Given the global urbanization, climate change, shortage of resources, population growth, ecocide, and enrichment, the "sustainability" issue becomes a challenge and also a chance encountered by enterprises all over the world. The Company has integrated the corporate sustainability issue into the business strategies to combine the corporate core competency and management abilities, and seek innovative development of the business, products and business models and enhance governance on CSR and sustainability. A.Yuanta Financial Holdings has included the issue about climate change into the corporate governance and business strategies as an important part, and also considered structuring with the sustainability performance and reward mechanism, to demonstrate the determination to boost the sustainability. Now we are improving the methods to identify and manage the climate-related risks and opportunities, and adopting and implementing responsive strategies to create the ability to complete the low-carbon transformation inside the Company and among customers, so as to make contributions to the development of the global green economy. Yuanta supports the Task Force on Climate-Related Financial Disclosures (TCFD) actively and discloses progress and results for this year per the framework recommended by TCFD. B.The Company assesses the impact posed to the Company by the issues about environment, society and corporate governance, and also identifies the materiality of the risks and opportunities resulting	There was no departure in this respect.

Scope of Assessment	Status (Note 1)			Deviations from "Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies" and reasons
	Yes	NO	Summary (Note 2)	
(2)Does the Company define corporate social responsibility policies, systems, framework and related management policies, review the effect of implementation thereof, and disclose the same on the Company's website?	✓		from these issues. Meanwhile, the Company sets the management policies toward the material issues as identified (including policy, commitment, goal, management and assessment mechanism), and manage the risk and opportunity about the ESG issue through identification of material issues. (2)A. The Company has established its "CSR Best Practice Principles" in accordance with the "Corporate Social Responsibility Best Practice Principles for TWSE/TPEx-Listed Companies" and current practices. These principles were passed by the Board of Directors on October 26, 2010 to serve as guidance for the Company's corporate social responsibilities principles. On December 28, 2010, the Board of Directors passed the "Corporate Social Responsibility Policy and Management Rules" to establish the Company's CSR policy and the organizational structure and functions of the units dedicated to promoting CSR. The corporate social responsibility policy adopted by the Company is stated as follows. Meanwhile, the Company promises to keep promoting the concept about practicing of corporate citizen based on the policy: (A) Enhance the corporate governance quality; (B) Value employee rights and interests, train talents, and create a healthy and safe work environment; (C) Dedicated to energy saving and carbon reduction to ensure the environmental sustainability; (D) Comply with the code of ethical conduct and ethical management requirements; (E) Expand social participation and feedback to the society; (F) Maintain customer interest and right, and win long-term reliance;	

Scope of Assessment	Status (Note 1)			Deviations from "Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies" and reasons
	Yes	NO	Summary (Note 2)	
			(G) Provide investors with the correct, timely and transparent information about the Company. B. The Company amended the Company's "Corporate Social Responsibility Best Practice Principles" in accordance with the "Corporate Social Responsibility Best Practice Principles for TWSE/TPEx-Listed Companies" in 2019. Meanwhile, in order to precisely fulfill and follow up the effect of implementation of various functions, the Company amended the "Corporate Social Responsibility Policy and Management Rules". The same were passed 36th meeting of 7th term Board of Directors on January 23, 2019. C. The Company established the "Corporate Social Responsibility Work Promotion Center" in 2011. In order to precisely fulfill and follow up the effect of implementation of various functions, the Board of Directors ratified the amendments to the "Corporate Social Responsibility Policy and Management Rules" on January 23, 2019. In November 2018, the "Corporate Sustainability Committee" subordinated to the Board of Directors was established. The Chairman of Yuanta Financial Holding served as the Committee convener, and independent directors served as the Committee members, in order to enhance the Board of Directors' ethical management and practice its corporate social responsibility. In response to the establishment of "Corporate Sustainability Committee." the "Corporate Social Responsibility Work Promotion Center" was renamed as the "Corporate Social Responsibility Promotion Center." Meanwhile, the organizational framework was adjusted at the same time to govern 7 functional teams with the functions	

Scope of Assessment	Status (Note 1)			Deviations from "Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies" and reasons
	Yes	NO	Summary (Note 2)	
			covering environment, society and corporate governance aspects. The Company also conducted the periodic risk assessment on the issues on environment, society and corporate governance issues related to the Company's operation that were accessed via the channel of communication with stakeholders, and then checked and identified the important research list and bound. The Corporate Social Responsibility Promotion Center shall meet at least for once per quarter, and submit the meeting minute to the Corporate Sustainability Committee for authorization, in order to follow up the execution of various projects and ensure the execution quality in a timely manner. D. Under the sustainability management, the Company set the goals under the "Corporate Social Responsibility Promotion Center Action Program" for 2016~2020 in 2016 to practice the strategic roadmap, and responded to support the SDGs. Yuanta Financial Holdings integrates the corporate social responsibility into its business strategies, and focuses on the thorough development of the key topics able to create sustainable value, in order to create the source of future competitiveness. We communicate with stakeholders periodically to verify their needs and continue responding to them voluntarily. Meanwhile, with the experience from the Corporate Social Responsibility Promotion Center's members, we review the key topics about environment, society and corporate governance critical to the Company's operation each year to lay the foundation for Yuanta Group to continue the research and adoption of sustainability strategies and goals. The CSR Best Practice Principles and	

Scope of Assessment	Status (Note 1)			Deviations from "Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies" and reasons
	Yes	NO	Summary (Note 2)	
			Corporate Social Responsibility Policy and Management Rules are disclosed on the following website: https://www.yuanta.com/EN/IR/Governance/Internal-Policies	
(3)Does the Company periodically organize any corporate social responsibility education and training program?	✓		(3)A. The Company engages in propagating the compliance and anti-bribery/corruption and organizes the relevant test each year, in order to strengthen the employees' ethical conduct and correct knowledge about rules of law. B. The Company organizes the general CSR courses and the professional courses for the dedicated personnel periodically each year, in order to propagate the idea about CSR and actual results to the whole employees and lead the employees to fulfill the CSR. In 2019, the Company has organized a total of 18 sessions for CSR-related courses attended by 10,519 trainees. Meanwhile, the Company also invited external exports and advisors to organize the CSR-related educational courses periodically each year. In 2019, the Company has held a total of 49 sessions for CSR and DJSI educational courses for the units and personnel dedicated to promoting CSR, lasting for more than 56.5 hours and attended by more than 418 trainees.	
(4)Has the Company established a unit dedicated to (concurrently engaged in) promoting corporate social responsibility under supervision by the high-rank management authorized by the Board of Directors who shall be responsible for reporting the status thereof to the Board of Directors and stating the operations and execution of such unit on the Company's website?	✓		(4)A. Article 4 of the Company's "Corporate Social Responsibility Policy and Management Rules" outlined the structure and duties of the Corporate Social Responsibility Promotion Center. A convener and a deputy convener were already appointed on December 30, 2010. Meanwhile, on October 26, 2016, to deal with the adjustment in the Company's organization, the Company modified the structure and duties of the Center. The related amendments to the	

Scope of Assessment	Status (Note 1)			Deviations from "Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies" and reasons
	Yes	NO	Summary (Note 2)	
			structure and duties were approved by the Board of Directors. In response to the establishment of the "Corporate Sustainability Committee" at the end of 2018, the Center was renamed into the "Corporate Social Responsibility Promotion Center." B. In order to practice the corporate sustainability management philosophy, fulfill the promotion of corporate governance, strengthen the Board of Directors' regulations about ethical management and perform the corporate social responsibility, the Company established the "Corporate Sustainability Committee" at the end of 2018. The President of Yuanta Financial Holdings serves as the convener for the time being, and the four independent directors serve as the committee members. The Corporate Sustainability Committee is subordinated to the Board of Directors, primarily responsible for establishing the related policies ensuring ethical corporate management and fulfilling corporate social responsibility, supervising and fulfilling the execution of ethical corporate management and corporate social responsibility policies, and assessing the results thereof. The Committee governs the "Ethical Corporate Management Promotion Center" and "Corporate Social Responsibility Promotion Center" consisting of related personnel from the Company and its subsidiaries responsible for promoting and coordinating the relevant routine affairs. The Corporate Social Responsibility Promotion Center is identified as the unit dedicated to promoting the corporate social responsibility, which governs 7 functional teams including the Corporate Governance Team, Customer Care Team, Green Business Team, Employee Care Team,	

Scope of Assessment	Status (Note 1)			Deviations from "Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies" and reasons
	Yes	NO	Summary (Note 2)	
			Environmental Sustainability Team, Social Participation Team and General Affairs Team. The Corporate Social Responsibility Promotion Center holds the work meeting per quarter to report the various results to the Corporate Sustainability Committee periodically each year, and to the Board of Directors for twice per year. The amendments to related rules and structure shall be subject to the approval by the Board of Directors, for the purpose of effective management and fulfillment of the Company's CSR policy. C. Operations and execution of the unit on the Company's website: https://www.yuanta.com/EN/CSR	
(5)Has the Company defined some reasonable compensation policy, integrated corporate social responsibility with employees' performance evaluation, and established some clear and effective reward/disciplinary system?	✓		(5)In order to encourage and urge employees to work with due diligence, the Company has defined the reward & punishment rules. Should an employee's conduct violate these norms, he/she will be required to correct the conduct, and the violation will be reported and punished depending on the severity of the circumstances. The reward and punishment results will be linked with the performance appraisal system and the remuneration policy. The employees are expected to comply with the relevant laws and internal control system when engaging in various operating activities, in order to fulfill the corporate social responsibility.	
(6)Has the Company defined some policy to reflect the operating performance or result on the remuneration to employees?	✓		(6)The Company's remuneration system balances business performance and risk management, values employees' contribution and value, and gives the operating results back to employees. In order to inspire employees, the Company has established the performance appraisal and remuneration policy. Therefore, the employees' personal operating objectives may align with the Company's operating objectives and be reflected to the	

Scope of Assessment	Status (Note 1)			Deviations from "Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies" and reasons
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			entire employees' remuneration adequately. In order to recruit and retain talents, the Company established the "Permanent Remuneration Policy" in December 2008. The subjects to whom the Policy is applicable may be rewarded permanent remuneration in cash or in the form of the Company' stock options, or another permanent remuneration portfolio decided by the Company. Further, according to the Company's Articles of Incorporation, if the Company has profit at the year's final accounting, the remuneration to employees shall be allocated at the range from 0.01% to 0.5% of the remainder, if any. The Company also links the employees' performance with the performance raise, in order to engage and retain talents. The information about raise in 2018 is disclosed in the "Disclosure of Employees' Benefit Policy and Interest & Right Protection Measures" on the MOPS. Website: https://mops.twse.com.tw/mops/web/t100sb12	
2. Fostering a Sustainable Environment (1)Does the Company endeavor to upgrade the efficient use of available resources, and the use of environmental-friendly materials?	✓		(1)The Company's measures to raise resource utilization efficiency and its use of renewable materials are explained below: A. We recycle and reuse energy-intensive articles. This includes advocating as well as promoting the recycling and reuse of paper products, the use of recycled paper and resource recycling as well as reporting on execution status. B. We properly dispose of waste. This includes advocating and promoting waste sorting and reduction, waste water treatment and reporting on the outcome. C. We adopt low-consumption and green OA appliances and devices. Since 2011, we have been awarded "Excellent Green Procurement Entity" by	There was no departure in this respect.

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(2)Has the Company established environmental policies suitable for the Company's industrial characteristics?	✓		Department of Environmental Protection of Taipei City Government each year. D.The Company has been honored by Department of Environmental Protection, Taipei City Government as the excellent benchmark entity for 9 years consecutively, and by Environmental Protection Administration, Executive Yuan as the excellent green procurement entity for 8 years consecutively. (2)The Company established the environmental management system exclusively applicable to the financial business based on ISO 14001 environment management standard systems, and acquired the BSI certification. Meanwhile, the Company also delivered the ISO 14064-1 Greenhouse Gas Investigation System into its nine subsidiaries extensively in three steps. The Group's 316 business locations throughout Taiwan received ISO14064-1 Greenhouse Gas Investigation System Certification, with the cover rate of inspection attaining 100%. Meanwhile, the subsidiaries dedicated to banking, securities, investment trust and securities finance have introduced the ISO 50001 energy management system, and also received the BSI certification. The on-going environmental management is stated as following: A.Environmental policies were drafted or amended per the Company's operating policies, assessment result considered in terms of important environment or the management review resolution. B.Fulfill the "Corporate Social Responsibility", and establish the Energy and Climate Transformation Management Policy in order to deal with such issues as shortage of international energy and climate transformation and include sustainable operation into the Company's management and operation.	

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			C. The Company set internal management rules for indoor air conditioning temperature in office that follow Taipei City Government's Self-Government Regulations Governing Energy Saving and Carbon Reduction of Industrial and Commercial Business. D. Review the result about consumption of such energy as water and electricity, on a year basis, in order to realize water conservation, energy conservation, and carbon and greenhouse gas reduction. E. Draft the environmental objective and action plans, set the manners in which various departments should set the objectives, and establish the plan to achieve the environmental objectives. F. Smoking is completely prohibited inside our offices. Smokers must use designated outdoor places. In order to meet regulations we regularly carry out disinfection, rodent and insect control. G. The headquarters building's management committee functions as a dedicated environmental management unit to maintain the environment. (A) Global warming results in increasing frequencies of extreme weather events and thereby creates a threat to the infrastructure of the financial market. The Company not only pays close attention to the effect caused by changes of climate to operating activities, but also applies multiple tangible safety prevention measures to protect against risks of such changes of climate, including maintenance of fire insurance and additional insurance against the Company's own assets and electronic insurance against information equipment, installation of watertight gates, and periodic maintenance of fire protection, monitoring and back-up supporting equipment, in	

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			order to control contingent climate risk and reduce the loss of the Company's operation and equipment. (B) The Company is a financial service business, instead of a manufacturer who is used to discharging massive quantities of greenhouse gas. The primary sources of the Company's emission of greenhouse gas refer to power, water and fuel of transportation means. The Company has conducted an investigation into the emission of greenhouse gases by said energies, and has had the emission of greenhouse gases certified by some external organization since 2015. (C) The Company promotes environmental protection and fulfills the energy saving/carbon reduction measures as its strategies to manage greenhouse gas: a. Promote recycling and adopt green procurement; b. Permanently encourage staff to move by stairs instead of elevators if the length of distance is no more than two floors to save power and encourage the partaking of exercise. Elevators are categorized into those exclusive for floors of odd and even numbers separately, so that the energy used by the elevators to stop and open/close the doors may be saved. c. Require that the room temperature at the office premises shall be set as no less than 26°C. d. The areas of sun exposure shall be equipped with window shades to reduce radiant heat. e. Promote that the plugs of OA equipment shall be pulled out, if the equipment will remain inactive permanently, and staff shall turn off the lights immediately before leaving the	

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			office. f. Set the PCs in the manner that the screensavers will be activated automatically once the PCs are inactive. g. Reduce water yield of faucets comprehensively, and persuade colleagues to confirm that the faucet is turned off tightly after use. h. Promote videoconferencing to save the staff from consuming the energy used in commuting. i. Plan to replace traditional lighting with LED to save power. j. The communication of official letters, internal and external, has been replaced by an online approval system to save consumption of paper and carbon powder.	
(3)Whether the Company assesses the potential risk and opportunity posed by climate changes to the enterprise, now and in the future, and takes responsive measures related to climate issues?	✓		(3)The Company supports the Task Force on Climate-Related Financial Disclosures (TCFD) actively. The Company disclosed the 2018 work progress and results in the 2018 CSR report, per the framework recommended by TCFD. By assessing and analyzing the Company's overview, international trends and industrial analysis & research report, the Company has identified 12 risks and opportunities over the climate changes critical to the Company, and the financial impact potentially posed by them. Meanwhile, the Company convened related units via the "Corporate Sustainability Committee" to research and draft responsive strategies and mitigation measures with respect to various risks and opportunities over climate changes. The subsidiaries also follow the Company's policy by including the risks and opportunities over climate	

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			changes into the business decision and actively delivering and certifying standard procedures, in line with the international trend development or assessment standards. The Company has identified the industries subject to climate risk, including the steel industry, cement industry, plastic industry and car industry. When developing and engaging in financial products and services, the Company and its subsidiaries shall carefully assess whether the trading counterparts in credit extension and investment transactions or the transactions per se carry potential ESG risk to ensure the controllability of risk. Said detailed information is disclosed in Chapter "Yuanta 2018 Sustainability Management Performance" in the CSR Report on the website at: https://www.yuanta.com/Files/43080d14-9e92-40d4-8039-2047f0ae3356/2018_CSR_en.pdf	
(4)Whether the Company discloses the annual greenhouse gas emission, water consumption and gross weight of waste for the past two years, and adopts policies for energy conservation and carbon reduction, greenhouse gas reduction, reduction of water consumption or management of exhaust gas and other waste goods?	✓		(4)The Group has physically practiced the sustainability in terms of climate transformation, energy saving and carbon reduction, and green environmental protection, by procuring the green power of 500,000 degrees in 2016, and in 2017 again. Meanwhile, the Group has also subscribed for 500 Renewable Energy Certificates in 2018 and 2019, respectively, which corresponded to the absorption of CO2 of 0.7 Daan Forest Park each year, in order to use its best efforts to care the Earth and environmental sustainability. The Group have acquired the green building planning when constructing its own buildings. Yuanta Life has also taken the green building into account, and will adopt the same standard planning when constructing any building in the future. The Group takes carbon risk very seriously. Since 2016, it has become a member of the Carbon Disclosure Project (CDP). In 2018 and	

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			2019, the Company was rated by the CDP as A- for "Leadership." hitting the best record for the Group for two consecutive years and also ranking the best among peer companies. In addition to dealing with the governmental energy saving/carbon reduction policies and promoting multiple related measures, the Company also defines the goal for energy saving in accordance with the "Regulations Governing Energy Subscribers' Identification of Goals for Energy Saving and Implementation Plan", promulgated by Ministry of Economic Affairs, in order to achieve the power saving rate more than 1% each year from 2015 to 2019 and also to achieve the average power saving rate more than 1% for the five years. The actual power consumption and power saving rate of Financial Holding Building was about 6% in 2015 and 2016. The Company also replaced all LED lighting fixtures in 2017. The actual power consumption was saved by 596,600 degrees and electricity bill saved 11.21% in 2017 from 2016. The actual power consumption was saved by 949,500 degrees and electricity bill saved by 20.10% in 2018 from 2017. The Company establishes the "Environmental Policy" dedicated to fulfilling environmental protection, environmental management and energy saving in 2016. Meanwhile, in order to deal with such issues as shortage of international energy and climate transformation, in 2017, the Company established the "Energy and Climate Transformation Management Policy" to respond to the energy saving and carbon reduction trend actively, and also defined the energy saving objectives and programs to include sustainable operation into the Company's management and	

<table>
<tr><th rowspan="2">Scope of Assessment</th><th colspan="3">Status (Note 1)</th><th rowspan="2">Deviations from “Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies” and reasons</th></tr>
<tr><th>Yes</th><th>NO</th><th>Summary (Note 2)</th></tr>
<tr><td>(5)Has the Company received the certification from ISO14001, ISO50001 or any similar environment or energy management system, and discloses the same on the Company’s website or in its CSR report?</td><td>✓</td><td></td><td>operation.
A.The Group's statistics about waste classified and recycled as supported by documentary evidence in 2019 are stated as follows:
Unit: 1000/KG
<table><tr><th>Domestic waste</th><th>Aluminum</th><th>Iron</th><th>PET bottles</th><th>Paper</th><th>Leftovers</th></tr><tr><td>107,187</td><td>1,056</td><td>411</td><td>4,778</td><td>58,403</td><td>12,699</td></tr></table>B.In 2019, the Group's decoration waste classified and disposed of at a legal sanitary landfill totaled 67.02 metric tons.
C.The Group’s paper and water disposal totaled 21 metric tons in 2019.
D.The Group’s water consumption totaled 67,860 degrees in 2019.
(5)The Group has built the ISO 14064-1 system since 2015, and also conducted the investigation into greenhouse gases of the Company and the Group’s subsidiaries. From 2015 to 2017, following the increasing expansion of the investigation boundary, the data about the Group’s greenhouse gas emissions and primary energy consumption tend to be complete increasingly day by day. In 2018, the 316 business locations of the 9 subsidiaries have completed the introduction of ISO14064-1 system, with the cover rate of 100%. This is beyond the target set initially. (Date of certification: May 10, 2016, Valid term: May 6, 2019)
The total emissions of CO_2 were 3016.77 tons-CO_2/year in 2015.
The total emissions of CO_2 were 4451.74 tons-CO_2/year in 2016.
The total emissions of CO_2 were 25741 tons-CO_2/year in 2017.
The total emissions of CO2 were 25767 tons-CO2/year</td><td></td></tr>
</table>

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			in 2018. Note 1: The range of data in 2015 extended to the fuel consumed by Yuanta Financial Holdings Building and shuttle buses and company vehicles, and the greenhouse gas emissions referred to the related emissions of energy primarily. Note 2: The range of data in 2016 extended to all subsidiaries that built the ISO 14064-1 greenhouse investigation system. Note 3: The range of data in 2017 extended to the 324 business locations including Yuanta Financial Holdings and all subsidiaries, which built the ISO 14064-1 greenhouse investigation system. Note 4: The range of data in 2018 extended to the 316 business locations including Yuanta Financial Holdings and all subsidiaries, which built the ISO 14064-1 greenhouse investigation system. The Company received the ISO 14001 certification in March 2016, and kept operating the system and passed the BSI certification in January 2017, January 2018 and April 2019 (Date of certification: March 22, 2016, Valid term: July 18, 2022). The subsidiaries dedicated to banking, securities, investment trust and securities finance have introduced the ISO 50001 energy management system successively. All of them expanded the introduction parameters and also received the BSI certification based on their annual plan. Yuanta Bank started to install the ISO 50001 system from January 2016, and passed the certification in July 2016. Yuanta Securities and Yuanta Securities Investment Trust invested in the installation of the ISO 50001 system in 2017 too, and passed the certification	

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<tr><th>Yes</th><th>NO</th><th>Summary (Note 2)</th></tr>
<tr><td></td><td></td><td></td><td>in April 2017. The buildings including Yuanta Financial Holdings building, Yuanta Securities (Taipei Tatung Building, Taipei Chengde Building, and Taipei Baoqing building), Yuanta Bank (Taipei Chengde Building, Tainan Yongkang Building and Tainan Fucheng Building), Yuanta Securities Finance (Taichung Chongde Building), and Yuanta Securities Investment Trust (Taipei Tatung Building) have successively passed the ISO 50001 certification in 2018. It is expected that all of the buildings owned by Yuanta Financial Holdings throughout Taiwan may pass the related certification in 2021, in order to keep improving the energy utilization efficiency and mitigate the environmental impact. (Date of certification/Valid term: See the attachment.)
<table>
<tr><th></th><th>Financial Holding</th><th>Securities</th><th>Bank</th><th>Securities Investment Trust</th></tr>
<tr><td>Standard version</td><td>ISO 50001:2011</td><td>ISO 50001:2018</td><td>ISO 50001:2018</td><td>ISO 50001:2011</td></tr>
<tr><td>Date of certification</td><td>2018.05.28</td><td>2017.04.24</td><td>2016.07.09</td><td>2017.04.23</td></tr>
<tr><td>Valid term</td><td>2021.05.27</td><td>2020.04.23</td><td>2022.07.18</td><td>2020.04.22</td></tr>
</table>
The Company discloses said information in the “CSR Report-Environmental Sustainability” section.
Website:
https://www.yuanta.com/EN/CSR/Environmental-Sustainability</td><td></td></tr>
<tr><td>3. Preserving Public Welfare
(1)Has the Company established any human rights protection policy in accordance with the relevant laws and international human rights conventions?</td><td>✓</td><td></td><td>(1)A.In order to maintain and protect the human rights, the Company establishes the human rights protection policy in accordance with the human rights protection spirit and basic principles disclosed in the Universal Declaration of Human Rights, United Nations Global Compact and International Labour Convention, in</td><td>There was no departure in this respect.</td></tr>
</table>

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	Yes	NO	Summary (Note 2)	
(2)Does the Company disclose the identified interested parties' identity, concerned issues, communication channels and responses on the Company's website?	✓		order to regulate the protection of human rights in workplaces, supply of healthy and safe workplaces and propagation of human rights policies, and fulfill the responsibility for respecting and protecting human rights. B. Meanwhile, in order to practice the "Human Right Policy." the Company identifies risks and adopts correspondent management policies with respect to the human right issues, assess the results periodically and adjusts the management measures based on the assessment results, in order to control and mitigate the risk and solidify the Company's human right protection policies. (2)The Company's website set up the Stakeholder Engagement section. The interested parties identified by the Company are primarily categorized into seven groups, including shareholders and investors, customers, employees, governmental entities, suppliers, communities (including NPO and NGO) and the media. The Corporate Social Responsibility Promotion Center discusses and verifies said interested party groups, lists the primary counterparts, issues, and ways and channels for reaching agreement, include the issues concerned by stakeholders into the corporate social responsibility routine operations management and annual plan, holds meetings to follow up the progress periodically, and makes amendment and adjustment if necessary. The stakeholder types, focus, channel of communication, responsive measure, and frequency were already compiled and reported at the 8th meeting of the 8th term Board of Directors of Yuanta Financial Holdings on November 27, 2019. Website: https://www.yuanta.com/EN/CSR/Stakeholder-	

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	Yes	NO	Summary (Note 2)	
			Engagement/Contacts	
(3)Whether the Company adopts and implements reasonable employee benefit policy (including remuneration, vacation and other benefits, etc.), and reflects the operating performance or results to the remuneration to employees adequately?	✓		(3)The Company adopts reasonable remuneration and benefit systems. The remuneration is paid under multiple packages, including basic pay, allowances, bonuses, employee compensation, and shareholding trust, in addition to the benefits such as vacation, insurance, cultural and recreational activities, to construct a complete salary, bonus and remuneration structure. The Company's remuneration system balances business performance and risk management, values employees' contribution and value, encourages employees to work with the Company to make the business performance hit record, and also feeds the operating results back to the employees.	
(4)Has the Company established any employee complaint mechanism and channel, and takes care of such complaints adequately?	✓		(4)A. The Company calls a labor and employer meeting periodically to establish a communication platform between laborers and employer to upgrade employees' participation and identification in the Company's policies so as to form a positive interactive model and to create a win-win situation. B. The Company has established the employee complaints system. Employees may reflect their comments and suggestions via adequate channels, and may file the complaint with the internal/external appeal entity and responsible person in charge of processing complaints according to the claim and procedure stated in the public notice for employees' complaints. Meanwhile, the Company also installed a sexual harassment complaint hotline and email box dedicated to processing complaints against sexual harassment filed by any employee in the workplace, in order to establish a safe and friendly working environment.	
(5)Whether the Company provides the existence of a	✓		(5)A. In order to provide employees and customers with a	

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safe and healthy work environment and personal safety protection measures, conducts regular health and safety training for employees, and discloses the same on the Company's website?			safe and healthy environment, we continue to promote the workplace environment safety protection, and adopts the Occupational Safety and Health Work Rules, Occupational Safety and Health Management Program, Automated Inspection Program, Implementation Directions for Operating Environment Testing, and Regulations Governing Occupational Safety and Health Training, and publishes and enforces the same, in accordance with the "Occupational Safety and Health Act" and related sub laws. B. Organize the online training courses and disaster prevention drill for the occupational safety and health training and four major programs for occupational safety and health, with respect to new and current employees, pursuant to laws each year. Organize the occupational safety management training, fireproof management personnel training, first-aid personnel training, and disaster and earthquake prevention drill with respect to the chief occupational safety and health officers, fireproof management personnel, security personnel and first-aid personnel, each year in order to mitigate the risk derived from occupational disasters and provide employees with a safety, healthy and sanitary occupational environment. C. Yuanta Financial Holdings and its subsidiaries all provide the specialist's on-site occupational health service, hire occupational safety and health management personnel, dedicated registered nurse and occupational specialist by contract to provide employees with the medical treatment and healthcare information, as well as the health consulting and health promotion services pursuant to laws, and also	

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			screen and identify the employees' occupational health risks which are more likely to derive and plan the occupational disease prevention program based on the indicators including job type, operating environment, age & gender, and health risks each year. D. In order to take care of employees' and customers' health, various units all practice the requirements about "installation of prominent non-smoking label at all entrances." and test the carbon dioxide concentration and lightness at the office premises semi-annually in accordance with the occupational safety and health laws and regulations, and also obtain the "Air Quality Self-Management Certification". Website: https://www.yuanta.com/EN/CSR/Employees/Health-and-Safety E. In 2019, Yuanta Bank and Yuanta Securities officially activated the ISO45001 occupational safety and health management system implementation project, planned the entire occupational safety and health management development, promote fair environment in workplace, and well protect employees' work environment and personal safety. The project is expected to be completed in 2020.	
(6)Has the Company established a mechanism for periodic communication with employees, and notification to employees of the circumstances that might materially affect the operation in a reasonable manner?	✓		(6)A. The Company calls the labor-management meeting periodically to establish a communication platform between the labor and management, via which the employees may provide their feedback and suggestions, to upgrade the employees' participation and identification in the Company's policies, and forms a positive interactive model by means of the various internal meetings to communicate the Company's policies and business orientations, so as	

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			to have the management and labors work with each other amicably. B. The various regulations and systems and benefit information for employees are posted in the intranet to help employees understand their own interests and rights. C. Material changes in the Company's operation will also be published via email from time to time, so that employees will have access to timely. D. The Company has made available on its website the "Important News" and also the "Important Messages" section to provide employees with the access to update information on line. E. The Company contracts the external advisor to perform the survey on employees' opinion by inviting the employees to feed back their opinion on the corporate core value, orientation, organizational communication, learning & development, salary & benefits and human resource management, et al., assessing the employees' awareness and thoughts toward the business policies, analyzing and discussing the issues discovered in the process of the survey and drafting the corrective action plans, and continues following up the correction results to respond to the employees' opinion and create the working environment achieving a win-win situation for both of the labor and management.	
(7)Has the Company established some effective career development training plan for employees?	✓		(7)The career development training plan for Yuanta Financial Holdings' employees consists of the following elements: A. Diversified development system for talents holding management function and professional function The management of Yuanta Financial Holdings find out and reserve the management and professional	

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			talents needed by the financial industry and the Group's development through talent identification, and train talents through training, assignment of missions, participation in projects, participation in meeting and work shifts. Meanwhile, the Company also encourages its employees to access various financial areas of the Group and learn the diversified functions voluntarily to help the Company and employees respond to the rapid changes in the finance industry and also hold the knowledge, technology and competency keeping up with the time. Yuanta Financial Holdings encourages employees to participate in workshops and training sessions to enhance their competence or reserve the competence needed in the future. The Company will cover the full expenses for courses that are attended upon assignment or approval by the Company. Moreover, the Company encourages employees to attend international financial professional course certification and English proficiency certification by offering incentive bonus. B. Share the digital training platform and promote self-learning Yuanta Financial Holdings communicates tactic knowledge and transfer practical experience via its self-made courses available on the digital learning platform, "Yuanta e-Learning." The digital learning courses added on a weekly basis are intended to communicate the global industrial development trend, case study on enterprises and experience, new knowledge and application of management, and strengths in workplaces, as the important knowledge treasury for the Group's employees to engage in self-	

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			learning and develop diversified functions. Based on the thought about learning curation, in line with the hit subjects in the global financial industry and the Group's business focus, Yuanta Financial Holdings releases "Yuanta e-Learning/Learning Weekly" to train employees to maintain their learning motives and habits, urge employees to engage in self-learning "anytime, anywhere, on-demand." to continue enhancing the employees' professional ability and reserve their competitiveness for their future careers. C. Provide the chance for post transfer in the Group and encourage trans-disciplinary transfer to practice Yuanta Financial Holdings makes good use of the strength in diversified financial industry of its subsidiaries to arrange the intracompany post transfer subject to the operating need periodically, and encourages employees to apply for internal post transfer, so as to boost the exchange of talents in the Group and encourage employees to develop in a diversified manner, drive the reproduction of inter-company success and spread efficiency. D. Fulfillment of the Company's internal knowledge management and experience transmission Meanwhile, in order to enable employee training to meet the Group's enterprise culture and practical management needs and to signify senior employees' professional value and contribution, the Group has engaged in promoting the in-house trainer system based on the plentiful experience of in-house staff permanently, so as to fulfill the Company's internal knowledge management and experience transmission. It is also done to help enhance colleagues' professional competency in the area of	

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(8)Has the Company established the related consumer protection policies and complaints procedures toward the R&D, procurement, production, operation and service procedures?	✓		finance. E. The Group's employee training program 2019 offered a total of 2,857 courses, attended by a total of 259,449 trainees. The total training hours were 514,265 hours. The total employee training budget was NT$37.84 million. Averagely, each employee accepted the training for 47.1 hours and attended the training for 23.8 counts, and was allocated the training budget, NT$3,468. (8)In order to fulfill the Company's responsibility to keep customer information confidential, the Company has set up the "Yuanta Financial Holding Co. Ltd. and Subsidiaries Customer Information Confidentiality Measures" and statement of privacy, and posted their contents on the Company's website. Each subsidiary settles the dispute over merchandising based on such principles as the "Consumption Dispute Resolution Regulations", "Fair Dealing Policy" and "Fair Dealing Strategies", in order to well-found its protection toward consumers' interest and right. The Company has established the channel for consumer complaints as follows: upon confirmation of a complaint, the Company immediately notifies the relevant units to attend to the matter, and maintain close contact with the complainant, the Company, and/or regulatory authorities, to ensure the effective and timely handling of the issue. Yuanta's subsidiaries also adhere to the regulations of their respective industries in setting their complaint handling procedures, so that each case is appropriately handled and each complainant has their concerns addressed with a satisfactory response. For details on the customer complaint channels of Yuanta Financial Holdings and its subsidiaries, please see the Yuanta Financial Holdings' website: Yuanta	

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(9)Whether the Company complies with the related laws and international practices with respect to customers' health and safety, customers' privacy, marketing and labeling for its products and services, and adopts related consumers protection policy and complaining procedures?	✓		Homepage > Corporate Social Responsibility > Stakeholder Engagement > Stakeholder Contacts. Website: https://www.yuanta.com/EN/CSR/Stakeholder-Engagement/Contacts (9)The Company's subsidiaries value the customers' interest and right very much, and sufficiently disclose the information to customers and competent authorities honestly per the competent authorities' requirements whenever any financial instrument hit the market, including the terms and conditions of the instrument, characteristics of the instrument, DM, and various documents to be disclosed per the competent authorities' requirements. Further, the Company establishes the internal control system and related guidelines with respect to the product design and sale, and helps customers understand the products rapidly in the form of service attendants' detailed explanation, financial courses organized by various subsidiaries from time to time, social media layout, and disclosure of the product details and simplified Q&A on the official website, in order to upgrade the customers' knowledge about financial instruments. A. Yuanta Securities: The design, advertisement, sale, contract performance, consultation about service, and customer complaints with respect to protection of customers' privacy and the products or services provided by it are all processed per the competent authorities' requirements and related laws & regulations. In order to fulfill the obligation to keep in confidence customers' or investors' personal data, the "Personal Data Management Rules" and "Enforcement Rules for Personal Data Management" are adopted in accordance with the "Personal Data	

Scope of Assessment	Status (Note 1)			Deviations from "Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies" and reasons
	Yes	NO	Summary (Note 2)	
			Protection Act" and "Financial Supervisory Commission's Regulations Governing Security Measures for Personal Information Files at Designated Non-Public Agencies." as amended from time to time in response to the changes in social environment and laws & regulations. The external website also discloses the policies and regulations related to information and communications safety and non-disclosure and statement of privacy, in order to enable customers to know about the efforts spent by Yuanta Securities and how to protect their own interests and rights. In terms of marketing and labeling, Yuanta Securities establishes the internal control system with respect to product design and sales, adopts the internal regulations including the "Fair Dealing Policy" and "Fair Dealing Strategies." and practice the "Fair Dealing Principles" in the process of business promotion. Yuanta Securities organizes finance courses, arranges social media layout, and discloses the information about products/services and simplified Q&A on the official website, in order to upgrade the customers' knowledge about financial instruments. Meanwhile, it is used to providing detailed information about products and services when selling products and providing services, so that the customers execute contracts and trade with it under the circumstance that they are fully informed. Customers may ask the business units or customer service center for the information related to products or services, in person, via phone, in writing, or via email and fax, or any other channels. Additionally, in order to protect banking consumers' interest and right, Yuanta Securities also adopts the "Consumption Dispute	

Scope of Assessment	Status (Note 1)			Deviations from "Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies" and reasons
	Yes	NO	Summary (Note 2)	
			Resolution Regulations" which detail the liability and handling procedures for consumption disputes. The customer grievance system is disclosed in the Stakeholder Engagement section on its external website to ensure that the Company may respond to customers' claims via diversified channels of communication and complaint. B. Yuanta Bank: The products and services provided by it are marketed and labeled in accordance with related laws and regulations. In order to fulfill the obligation to keep in confidence customers' personal data, the "Consumers Protection Guidelines" and "Personal Data Protection Policy" are adopted. Meanwhile, the Statement of Privacy and customers' data non-disclosure measures are disclosed on the Company's website. It also strictly implements the Group's customers data non-disclosure measures to protect customers' privacy and upgrade personal data safety.Yuanta Bank forms the fair dealing as its core enterprise culture. Board of Directors serves as the supreme unit overseeing the promotion of Fair Dealing Principles, and adopts the "Fair Dealing Policy" and "Fair Dealing Strategies" to be followed. The President serves as the convener of the "Fair Dealing Principles Promotion Taskforce" to direct the promotion of various fair dealing principles of Yuanta Bank. It convenes a meeting on a monthly basis to verify the bank-wide customers' complaints and analyze and review the same, discuss and resolve the motions about care for customers and implementation of ISO 10002 customer complaint management certification, and report the same to the Board of Directors. Meanwhile, it organizes the fair dealing training program throughout the Bank	

Scope of Assessment	Status (Note 1)			Deviations from "Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies" and reasons
	Yes	NO	Summary (Note 2)	
			periodically, and conducts the evaluation on the "Fair Dealing Principles" on a yearly basis, in order to practice the compliance with the Fair Dealing Principles, protect customers' interest and right, and provide customers with more excellent financial services. Meanwhile, it has adopted the "Consumption Dispute Resolution Regulations" and "Operating Directions for Settlement of Customers' Complaints." Any consumer's complaint will be notified to the related unit immediately to help the control over the progress of the case. After finishing the case, the processing unit will also ask the consumer for his/her comments. The multiple channels available for customers to file complaints already provided by Yuanta Bank so far are stated as follows: (A) The customer suggestion form is made available at the lobby of Yuanta Bank's business units. (B) Yuanta Bank's customer service hotline at 0800-688-168 (C) Yuanta Bank's homepage and mobile bank email: service@yuanta.com (D) Fax or mail C. Yuanta Life: In order to fulfill the customer's personal data protection, Yuanta Life adopts the personal data protection policy and related procedures to direct the workers to collect, process and utilize personal data routinely, and also reviews changes in internal and external regulations and makes correspondent adjustment to ensure that the customer's personal data are stored in the well-protected environment. Meanwhile, in order to protect customers' interest and right, it also provides the diversified channels of complaint, such as in writing, via phone, in person,	

Scope of Assessment	Status (Note 1)			Deviations from "Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies" and reasons
	Yes	NO	Summary (Note 2)	
			and leaving messages on the enterprise's website, establishes standard procedures for handling complaints, has the dedicated unit take charge of it, helps customers process any consumption dispute, responds to customers' needs and comments actively, settles complaints adequately, and reviews and makes improvement in a timely manner, so as to upgrade Yuanta Life's overall service efficiency and quality. D. Yuanta Futures: Yuanta Futures follows the laws & regulations related to futures firms and "Chinese National Futures Association Regulations Governing Members' Promotional Materials and Advertisements" to protect traders' interest and right. Further, In order to fulfill the obligation to keep in confidence customers' personal data, the "Yuanta Financial Holding Co. Ltd. and Subsidiaries Customer Information Confidentiality Measures" and "Yuanta Financial Holding Co. Ltd. and Subsidiaries Statement of Privacy," and "Consumption Dispute Resolution Regulations" and "Enforcement Rules for Handling Procedure for Customers' Complaints" of Yuanta Futures serve as the principles for handling dispute over customers' transactions. In order to solidify the protection of banking consumers' interest and right, Yuanta Futures adopts the "Fair Dealing Policy" and "Fair Dealing Strategies." and also establishes the sound customer complaint channel to process customers' complaints, controls the case progress and responds to the complainant from time to time. E. Yuanta Securities Investment Trust: In order to fulfill the Company's responsibility to keep customer information confidential, according to the "Yuanta Financial Holding Co. Ltd. and Subsidiaries	

Scope of Assessment	Status (Note 1)			Deviations from "Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies" and reasons
	Yes	NO	Summary (Note 2)	
			Customer Information Confidentiality Measures" and "Yuanta Financial Holding Co., Ltd. And Subsidiaries Statement of Privacy." the related contents were already disclosed on the website of Yuanta Securities Investment Trust. The dispute over merchandising is settled based on such principles as the "Consumption Dispute Resolution Operational Regulations." "Fair Dealing Policy" and "Fair Dealing Strategies" of Yuanta Securities Investment Trust, in order to solidify the protection of banking consumers' interest and right. Yuanta Securities Investment Trust has established the channel of complaint and adopted the rigid procedure for handing complaints. Upon verification of the consumer's complaint, Yuanta Securities Investment Trust will notify the related unit to settle it immediately, and also control the case progress and respond to the complainant or competent authority about the case progress. F. Yuanta Asset Management: Yuanta Asset Management has adopted the "Operating Directions for Settlement of Customers' Complaints" to expressly define the operating procedure and standard for settlement of customers' complaints, and the rigid procedure for handling complaints to settle and respond to various complaints adequately.	
(10)Whether the Company adopts any specific suppliers' management policy demanding that the suppliers should comply with the related regulations governing environmental protection, occupational safety and health or labors' human rights, and how the policy is implemented?	✓		(10)A.The Company asks the suppliers to comply with the Ethical Corporate Management Best Practice Principles together with the Company. For tangible product suppliers to enter into a procurement contract with the Company, as of June 2013, the Company will ensure they understand the Company's integrity and ethical principles and corporate social responsibility strategies and	

Scope of Assessment	Status (Note 1)			Deviations from "Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies" and reasons
	Yes	NO	Summary (Note 2)	
			approaches in accordance with "Ethical Management and Guidelines for Conduct". The Company will also ask them to submit a written undertaking of integrity and ethical proof showing no record of corruption and bribery, in order to comply with the integrity and ethical principles and maintain corporate social responsibility. B. The Company is dedicated to purchasing green products from suppliers to fulfill its responsibility for protecting the earth. The Company will procure their products as the priority, subject to need. Since 2011, the green procurement has been awarded a certificate of gratitude by the Environmental Protection Administration, Executive Yuan for 8 consecutive years and by Taipei City Government for 9 consecutive years. In order to fulfill the "green procurement", the Company applies the green products bearing the green mark identified in positive listing, including the three types of environment protection product which renders less impact to the environment, namely, "the product which acquires the green mark granted by Environmental Protection Administration, Executive Yuan", "the product which meets the requirements about recycling materials, low pollution, recycling and energy saving" and "the other product with identical or similar performance which may increase the social interest or reduce the social cost". C. When executing any contract with suppliers, the Company will ask the suppliers to sign the "Written Undertaking for Human Rights and Sustainable Environment" to expressly undertake that they will comply with the Labor Standard Law and respect	

Scope of Assessment	Status (Note 1)			Deviations from "Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies" and reasons
	Yes	NO	Summary (Note 2)	
			basic labors' human rights, avoid endangering labors' basic rights, comply with environment-related laws and regulations, and devote itself to sustain the environment, fulfill the enterprise culture upholding sustainable environmental development, care for the earth, cherish resources, protect the environment and save energy, and fulfill their obligations to protect society and environment, in the hope of exerting the Company's influence and urging the suppliers to fulfill the corporate social responsibility together. In order to establish a more sound "Sustainable Procurement Procedure." the Company activated the ISO 20400 Sustainable Procurement Project since 2019 to practice the concept about sustainability into the procurement department, affect up-stream suppliers' practices and deepen the enterprise's sustainable practices. The implementation of such concept is expected to be completed in 2020.	
4. Enhancing Information Disclosure Enhancing Information Disclosure Whether the Company discloses relevant and reliable information relating to corporate social responsibility on its website or Market Observation Post System?	✓		The Company's Corporate Social Responsibility Report has been disclosed on the Company's website, and the Market Observation Post System. Website: https://www.yuanta.com/EN/CSR/CSR-Report	There was no departure in this respect.
5. Whether the Company prepares the report disclosing the Company's non-financial information, such as CSR report, based on the guidelines or directions for preparation of reports applicable internationally? Whether said report has been assured or guaranteed by a third party certification unit? The Company releases the non-financial information report periodically each year. In June 2019, the Company released the "Yuanta Financial Holdings 2018 CSR Report" (hereinafter referred to as the Report), and the relevant public notice was posted in the "CSR" section on Yuanta Financial Holdings' website, in Chinese and English languages. It covers the Group's performance in economy, society and environment in 2018 (from January 1, 2018 to December 31, 2018), and management policies and responsive measures against important topics. The Report set the organization bound based on the principles of consolidated statements, covering Yuanta Financial Holdings and its nine subsidiaries. The scope of disclosure focused on the operating activities in Taiwan. The Report was prepared primarily based on the "core" requirements under the GRI, Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies, and International Integrated Reporting Framework. The financial data were prepared based on International Financial Reporting Standards and Regulations Governing the Preparation of Financial Reports by Financial Holding Companies. The ISO14001, ISO14064 and ISO50001 were				

Scope of Assessment	Status (Note 1)			Deviations from "Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies" and reasons
	Yes	NO	Summary (Note 2)	
certified by BSI. The Report was investigated by BSI, Taiwan Branch based on AA1000 AS:2008 and GRI. Upon investigation, the Report was held satisfying the "core" requirements under GRI and AA1000 Type II guarantee.				
6.If the Company has established corporate social responsibility principles based on "Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies", please describe any discrepancy between the principles and their implementation: There was no departure in this respect.				
7.Other information material to the understanding of the corporate social responsibility: Please view the "Corporate Social Responsibility" section on the home page of the Company's website (https://www.yuanta.com/EN/CSR).				
8.If the Company's corporate social responsibility reports have met the assurance standards of relevant certification institutions, they should be stated below: The Company's corporate social responsibility report 2018 passed certification by the third party organization, BSI, in May 2019. BSI has inspected the Inclusivity, Materiality and Responsiveness of the corporate social responsibility report in accordance with AA1000 AS: 2008 and GRI. The Company's corporate social responsibility report followed the "core" options under GRI and met the AA1000 Type II medium guarantee criteria and also acquired BSI's exclusive written statement. The Company's corporate social responsibility report in both Chinese and English versions are available. The corporate social responsibility report of Yuanta Financial Holdings may be downloaded from the following website: https://www.yuanta.com/EN/CSR/CSR-Report				

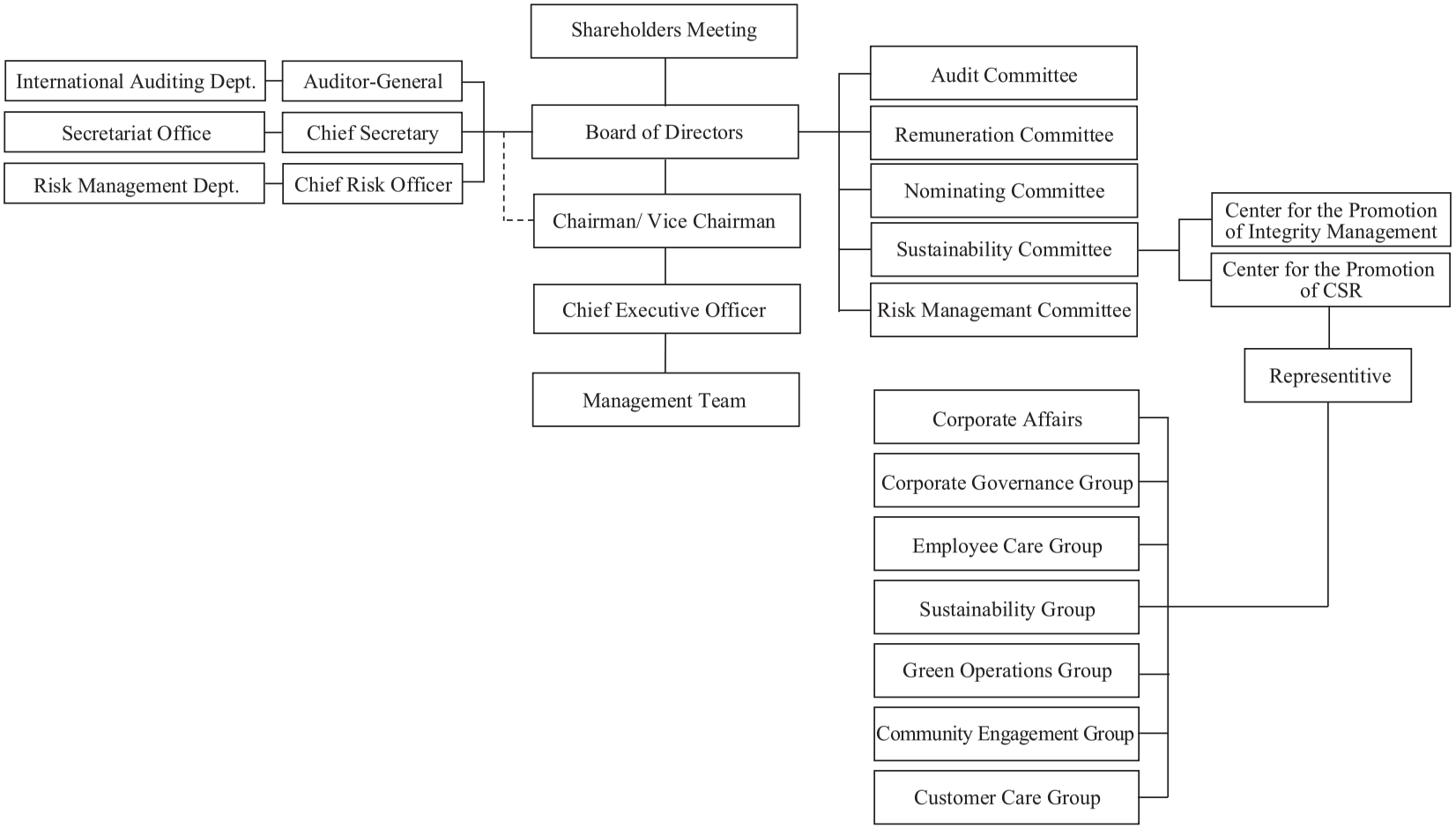
Note 1: Implementation status. If "Yes" is ticked, please specify the important policies, strategies and measures as adopted, and the implementation status thereof. If "No" is ticked, please explain the causes and specify the related policies, strategies and measures to be adopted in the future.

Note 2: Where the Company has prepared a Corporate Social Responsibility Report, the summary thereof may not be required. Only if this report specifies to refer to the Corporate Social Responsibility Report will it be needed, or may be replaced by the index page number.

Note 3:Pursuant to the materiality principle, the Company conducted the related risk assessment on major issues, and adopted the related risk management policies or strategies as following, based on the assessed risks:

Major Issue	Scope of Risk Assessment	Risk Management Policies or Strategies
Environment	Environment Governance (Including Climate Risk Management) and Sustainability Issue	According to the warning by the Adaptation Gap Report 2016, until 2030 or 2050, the increase in the global climate adjustment cost might be far beyond the current expectation and, therefore, enterprises need to take responsive actions earlier. The Company continues to promote and practice the related environmental protection policies, and implements the ISO international certification. Meanwhile, the Company has established the TCFD project to keep reviewing and assessing the impact posed by climate risk to the Company's financial position to continue enhancing the Company's management of climate risk.
Society	Digital Finance and Information Security Issue	The cyber security threats and cyber criminal attacks have posed threats to the global finance. According to the FCA's latest report, the cases about hackers' invasion fed back by the finance industry in the United Kingdom have increased by 5 times significantly in 2017. This reflected that the financial industry has become a primary target of hackers, who might cause material financial loss, impairment on the Company's goodwill and penalty by the competent authority. The Company practiced the information management system, implemented ISO 27001 information security management system (ISMS), and passed the certification by BSI, in order to enhance the monitoring and management of information security. By upgrading the employees' awareness toward information security and organizing various prevention and backup exercises to enhance the ability to respond to any contingent information security incidents. Meanwhile, the Company also enhanced the defensive framework, installed the network firewall, implemented the functions including block of malware, invasion detection, anti-spam and malicious email APT to prevent external intrusion, and enhanced the control over sent mails and transmission of data with the email audit system, Internet DLP and mobile node equipment DLP mechanism.
Governance	Compliance and Regulation Issue	Considering that the violations of anti-money laundering requirements, disclosure or unfair use of personal information, and theft of customers' trading information might cause material financial loss, infringement upon customers' privacy, impairment on the Company's goodwill and penalty by the competent authority, the Company adopted the AML/CTF mechanism and managed compliance with other related laws and regulations, including the management mechanism dedicated to identification, measurement and monitoring of ML/TF risk, implementation of the international standard certification of personal information protection including PIMS BS10012, and enhancement of the control over sent emails.
	Economic and Financial Risk	The increase in instability, potential volatility or enterprises' default rate in the financial market resulting from the changes in the global economic environment is likely to cause the increase in the loss of financial asset transactions, loans or default rate for financing, or affect the Company's capital or solvency adversely. Therefore, the Company strengthened the potential risk assessment and analysis, assessed the impact posed by core business lines to the capital adequacy ratio, and assessed and measured various potential or expected losses.

Note 4: The Corporate Social Responsibility Promotion Center is identified as the Company's unit dedicated to promoting the corporate social responsibility, which governs 7 functional teams. The organizational structure is stated as following:


Shareholders Meeting
International Auditing Dept.
Auditor-General
Secretariat Office
Chief Secretary
Risk Management Dept.
Chief Risk Officer
Board of Directors
Chairman/ Vice Chairman
Chief Executive Officer
Management Team
Audit Committee
Remuneration Committee
Nominating Committee
Sustainability Committee
Risk Managemant Committee
Center for the Promotion of Integrity Management
Center for the Promotion of CSR
Representitive
Corporate Affairs
Corporate Governance Group
Employee Care Group
Sustainability Group
Green Operations Group
Community Engagement Group
Customer Care Group

(VII) Fulfillment of ethical management

Scope of Assessment	Status (Note 1)			Deviations from "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies" and reasons
	Yes	NO	Summary	
1. Enactment of ethical management policy and program (1)Whether the Company adopts the ethical management policy approved by the Board of Directors, and expressly states the ethical corporate management policy and rules, and its fulfillment by the Board of Directors and senior management in its Articles of Incorporation and public documents, and disclosed it on the Company's website?	✓		(1)A.On October 25 and December 27, 2011, the Board of Directors passed the creation of "Yuanta Financial Holdings Ethical Management Principles(''Ethical Management Principles'')" and "Yuanta Financial Holdings Procedures for Ethical Management and Guidelines for Conduct" ("Guideline for Conduct"), respectively, based on Financial Supervisory Commission's policies, and the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies" and "Procedures for Ethical Management and Guidelines for Conduct" published by Taiwan Stock Exchange Corporation. These rules are applicable to all subsidiaries, all foundations to which the Company has directly/indirectly donated more than 50% of operating funds, and other institutions or organizations in which the company exercises controlling interests. The Company's directors and senior management have executed the "Written Undertaking of Integrity" to undertake the compliance with ethical management regulations, and help the Company promote the ethics-based policy based on the management philosophy upholding integrity, transparency and accountability. B. The Company's "Ethical Corporate Management Best Practice Principles" were published in accordance with Letter Tai-Zheng-Zhi-Li-Zi No. 1080008378 issued by Taiwan Stock Exchange Corporation on May 23, 2019. The amendments to Article 5, Article 7, Article 8, Article 17, Article	There was no departure in this respect.

Scope of Assessment	Status (Note 1)			Deviations from "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies" and reasons
	Yes	NO	Summary	
			20 and Article 27 passed by Board of Directors' meeting in September 2019, and were submitted to the shareholders' meeting 2020. C. To enforce the "Ethical Management Principles" and strengthen the Board of Directors' regulations about ethical management, the Company has established the "Corporate Sustainability Committee" subordinated to the Board of Directors to govern the "Ethical Corporate Management Promotion Center" and "Corporate Social Responsibility Promotion Center". The "Ethical Corporate Management Promotion Center" is responsible for handling the ethical corporate management-related operations and keeping the Committee informed of the relevant development. The Company will also establish good corporate governance and risk management mechanisms to create a sustainable business environment. The relevant ethical corporate management best practice principles are disclosed on the following website: https://www.yuanta.com/EN/IR/Governance/Internal-Policies The commitment to fulfill the management policy is disclosed on the following website: https://www.yuanta.com/EN/IR/Governance/Committees	
(2)Whether the Company establishes the assessment mechanism about unethical conduct to analyze and assess the operating activities with higher risk of unethical conduct in the scope of business periodically, and adopts the unethical conduct prevention program based on the mechanism, which shall at least cover the prevention	✓		(2)A. The Company has defined the requirements about prevention of unethical conduct in the "Guidelines for Conduct" and "Codes of Ethical Conduct." already undertaken measures against bribery and illegal political donation with respect to operating activities with higher risk of unethical conduct	

Scope of Assessment	Status (Note 1)			Deviations from "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies" and reasons
	Yes	NO	Summary	
measures referred to in the subparagraphs of Paragraph 2, Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx-Listed Companies"?			when adopting the unethical conduct prevention program, and reviewed whether the regulations satisfy internal and external laws and internal operations periodically. All procurement projects of the company have to be conducted in accordance with the "YFH Procedures for Ethical Management and Guidelines for Conduct". B. According to the "Ethical Corporate Management Best Practice Principles." the Company shall establish the unethical conduct risk assessment mechanism to analyze and assess the operating activities with higher risk of unethical conduct in the scope of business periodically. The mechanism will be implemented as of April 1, 2020.	
(3)Whether the Company expressly states the SOP, guidelines and reward and disciplinary & complaining systems in the unethical conduct prevention program, implements the same precisely, reviews amendments to said program and discloses it on the Company's website?	✓		(3)A."Ethical Management Principles" and "Guidelines for Conduct." outlines a list of dishonest behaviors and conflicting interests, and prohibits any bribery, illegitimate political contributions, and improper donations, sponsorships, gifts, treatments, or benefits. Regular training sessions are organized, and proper reporting systems and disciplinary policies have also been created. B. Any unethical conduct of the Company's staff, the Company will render discipline pursuant to relevant laws or the Company's regulations after verifying the same, and claim damages through legal action, if necessary, to maintain the Company's goodwill and interest. The disciplined employee who disagrees with the discipline may apply for reconsideration under the complaint system. Upon verification of the case, the relevant unit will be delegated to review the internal control system and SOP and propose the	

Scope of Assessment	Status (Note 1)			Deviations from "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies" and reasons
	Yes	NO	Summary	
			corrective action to prevent the same from occurring again and fulfill the management philosophy of ethical management. The SOPs related to ethical corporate management is disclosed on the following website: https://www.yuanta.com/EN/IR/Governance/Committees	
2. Implementation of ethical management (1)Has the Company assesse a trading counterpart's ethical management record, and expressly states the ethical management clause in the contract to be signed with the trading counterpart?	✓		(1)The Company has already drawn up the "Checklist for Singing of Procurement Contracts" and included an ethical management clause into in the contract in accordance with the "Guideline for Conduct", to help the assessment when negotiating concluding contract with external procurement supplier involving the buyout/sellout of ownership of products. The "written undertaking for ethical management" attached to the checklist shall be signed by the external procurement supplier as proof. Furthermore, when concluding the procurement contract, the Company takes into consideration the supplier's compliance with the ethical management clause and Article 20 of the "Guideline for Conduct".	There was no departure in this respect.
(2)Whether the Company establishes a unit dedicated to promoting ethical corporate management under supervision by the Board of Directors who shall be responsible for establishing and supervising the implementation of the ethical corporate management policies and prevention programs, reporting the status thereof to the Board of Directors periodically (at least for once per year), and stating the operations and execution of such unit on the Company's website?	✓		(2)A.The motion submitted for establishment of the "Corporate Sustainability Committee" subordinated to the Board of Directors was resolved and approved at 34th meeting of the 7th term Board of Directors on November 28, 2018 to strengthen the Board of Directors' regulations about ethical management. The Committee shall report to the Board of Directors after the meeting held in Q1 of each year. The operation and execution of the ethical management in 2019 was	

Scope of Assessment	Status (Note 1)			Deviations from "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies" and reasons
	Yes	NO	Summary	
			reported to the Board of Directors meeting in March 2020. B. The operations and execution in 2019 are summarized as following: (A) Education & training: In Q4 of 2019, the Company organized the "Compliance and Anti-bribery & Anti-corruption Promotion" training program for the whole employees and managers. The courses cover the issues related to ethical management, such as customers, banking consumers' data protection, transactions with stakeholders, insider trading requirements, disclosure of M&A information, financial personnel's integrity, ethics and legal liability, compliance resources and whistle-blowing system. The courses were attended by a total of 10,355 trainees in 2019, and all of the trainees passed the test. (B) Whistle-blowing system: A total of 2 whistle-blowing cases were accepted in 2019, while none of them involved unethical conduct issues. The related information is disclosed on the following website: https://www.yuanta.com/EN/IR/Governance/Committees	
(3)Has the Company defined any policy against conflict of interest, provides adequate channel thereof, and fulfills the same precisely?	✓		(3)The Company's "Code of Ethics" has expressly defined the conflict of interest policy stating that any directors shall recuse themselves from voting for any motions involving the interest of the directors or corporations represented by the directors, as submitted to a Board of Directors' meeting, or the directors shall declare any of their transactions or	

Scope of Assessment	Status (Note 1)			Deviations from "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies" and reasons
	Yes	NO	Summary	
(4)Whether the Company fulfills the ethical management by establishing an effective accounting system and internal control system, and has an internal audit unit research and adopt related audit plans based on the unethical conduct risk assessment result and conduct audits on the compliance by the unethical conduct prevention program, or appoints a CPA to conduct the audits?	✓		relations which might cause conflict of interest voluntarily, and shall deal with it or recuse themselves adequately. Meanwhile, the Company's staff shall not, in their own names or in another person's name, engage in any funding, transaction of substantial assets, offering of guarantees, or other transaction that might cause conflict of interest with the Company. The Company's staff shall perform their duties in accordance with laws and the Code. (4)A. Under the "Ethical Management Principles", the Company has linked the other relevant internal control regulations intensively to help various departments comply with the internal control and SOPs, and to prevent any staff misconduct. For example, the Code of Ethics, Parliamentary Rules for Board of Directors' Meetings, Articles of Association for Audit Committee and Guidelines Governing Donations to the Public. Meanwhile, the Audit Department has included the related operations into the general business inspection to be carried out by it each year per the Company's Ethical Management Principles, and found no material deficiencies. The audit plans will be researched and adopted based on the assessment results after the unethical conduct risk assessment mechanism is established. B. The Company's accounting system was established in accordance with IFRSs and Regulations Governing the Preparation of Financial Reports by Financial Holding Companies. Unless otherwise provided in laws, the Company's related accounting affairs are all processed in accordance with the Company's accounting system. The quarterly financial	

Scope of Assessment	Status (Note 1)			Deviations from "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies" and reasons
	Yes	NO	Summary	
(5)Has the Company organized internal/external education training program for ethical management periodically?	✓		statement would be audited (certified) by PricewaterhouseCoopers Certified Public Accountants and also reported to the Audit Committee and Board of Directors periodically. The Company will accept the internal audit, and audit by Financial Examination Bureau and the external auditor, in order to ensure that design and execution of the Company's accounting system still works. (5)A. The Company organizes the "Compliance and Anti-bribery & Anti-corruption Promotion" training program on a yearly basis. All employees and managers have to take part in the program and pass the test, to ensure that they have correct knowledge and basic judgment of relevant laws and ethical conduct, and that the corporate ethical management policy may be fulfilled. B. Meanwhile, the Company has also urged the subsidiaries to boost the "Compliance and Anti-bribery & Anti-corruption Promotion" training program as planned to continue enhancing our ethical management philosophy, and also established good corporate governance and risk management mechanisms to create a sustainable business environment.	
3. Status of the Company's complaint system (1)Has the Company defined a specific complaints and rewards system, and established some convenient complaint channel, and assigned competent dedicated personnel to deal with the situation?	✓		(1)The motion for establishment of the "Regulations Governing Implementation of Complaint System" submitted by the Company has been approved by the Board of Directors. The Company also established the convenient complaint channels, such as hotline and email box, and also assigned the units with the independent powers to accept and investigate the complaint cases. If the complaint filed by any	There was no departure in this respect.

Scope of Assessment	Status (Note 1)			Deviations from "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies" and reasons
	Yes	NO	Summary	
			employee is proven, the Company's dedicated unit will report the same to its supervisor, and the complainant will be rewarded in accordance with the Company's Guidelines Governing Reward and Punishment.	
(2)Whether the Company defines the standard operating procedure, follow-up measures to be taken upon completion of the investigation, and nondisclosure mechanism toward the investigation of complaints as accepted?	✓		(2)The Company's "Regulations Governing Implementation of Complaint System" has expressly stated the procedures for investigation and coordination in the complaint cases and the following standard operating procedures, and required that the personnel dedicated to processing complaints shall provide the written statement undertaking that they will keep the complaints' identity and contents of the complaint in confidence.	
(3)Has the Company adopted any measures to prevent the complainants from being abused after filing complaints?	✓		(3)The protection policies adopted by the Company in accordance with the "Regulations Governing Implementation of Complaint System" include the confidentiality of the complaint's ID, non-disclosure of the information sufficient to identify the complainant, prohibition from firing, dismissing or demoting the complaint or cutting the complainant's salary, damaging the interest vested in the complainant pursuant to laws, contracts or customs, or rendering any decision in disfavor of the complainant on the ground of the complaint.	
4. Enhancing Information Disclosure Has the Company has disclosed the Ethical Management Principles and effect of implementation thereof on its website and Market Observation Post System?	✓		The Company has disclosed its "Ethical Management Principles" and "Guideline for Conduct" in the "CSR" area of its website and on the Market Observation Post System. The effect of implementation thereof was also stated in the Company's annual report and CSR report disclosed on said websites.	There was no departure in this respect.
5.If the Company has established ethical management principles based on "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies", please describe any discrepancy between the principles and their implementation: None.				

Scope of Assessment	Status (Note 1)			Deviations from "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies" and reasons
	Yes	NO	Summary	
6.Other information material to the understanding of ethical management operation (e.g. discussion of an amendment to the ethical management best practice principles defined by the Company): The Company has enacted the "Checklist for the Signing of Procurement Contracts". When procuring products and before signing the contract, the Company will ask the supplier to issue a written undertaking for ethical management and will search whether the trading counterpart has any unethical management record, such as bribery or illegal political donations, and include the ethical management clauses and relevant matters into the contract.				

Note 1: Regardless of "Yes" or "No", the status shall be stated in the "Summary" section.

(VIII)Corporate Governance Best-Practice Principles and related regulations' search

Please view the "Corporate Social Responsibility" section on the home page of the Company's website (https://www.yuanta.com/EN/CSR)

(IX) Other information enabling better understanding of the Company's corporate governance:

1. For effective control of the Company's internal handling of important information and its disclosure mechanisms, the 25th meeting of the 4th Board of Directors on January 21, 2009, approved the "Procedures for the Handling of Major Internal Incidents", and uploaded the Procedures to the Company's intranet website upon the amendments thereto passed at 2nd meeting of the 5th Board of Directors on July 27, 2010. Management and all employees are required to abide by them and refrain from any insider trading activities.
2. The Company passed the Taiwan Corporate Governance Association's "CG6011 (2017) Corporate Governance Framework Assessment Certificate with Excellence" in 2018, becoming the first company to receive this certification effective from June 12, 2018 to June 11, 2020 in Taiwan.
3. Other information enabling better understanding of the Company's corporate governance: Please refer to the "Corporate Social Responsibility" section of the Company website: (https://www.yuanta.com/EN/CSR) or the official website of the Market Observation Post System (http://mops.twse.com.tw/mops/web/index; company code 2885).

(X) Directors' continuing education

Data baseline date: December 31, 2019

Title	Name	Course duration		Organizing agency	Course name	Course hours
		From	To			
Chairman	Ting Chien Shen(Tony)	2019.05.24	2019.05.24	Taiwan Securities Association	Financial Industry Sustainability Strategy and Way for Yuanta Financial Holdings to Enroll in Dow Jones Sustainability Index (DJSI)	3
Chairman	Ting Chien Shen(Tony)	2019.07.11	2019.07.11	Taiwan Securities Association	Money Laundering Control Requirements and Latest Development	3
Director	Wei Chen Ma (Michael)	2019.11.26	2019.11.26			3
Director	Wei Chen Ma (Michael)	2019.05.24	2019.05.24	Taiwan Securities Association	Financial Industry Sustainability Strategy and Way for Yuanta Financial Holdings to Enroll in Dow Jones Sustainability Index (DJSI)	3
Director	Wei Chen Ma (Michael)	2019.08.05	2019.08.05	Taiwan Securities Association	Case Study on AML and Prevention of Insider Trading	3
Director	Wei Chen Ma (Michael)	2019.07.11	2019.07.11	Taiwan Securities Association	Money Laundering Control Requirements and Latest Development	3
Director	Chao Kuo Chiang	2019.11.26	2019.11.26	Taiwan Insurance Institute	Effect of IFRS 17 to Insurance Business Strategies	3
Director	Chao Kuo Chiang	2019.10.03	2019.10.03	Taiwan Securities Association	Introduction and Response to Financial Consumer Protection Act (Fair Dealing)	3
Director	Chao Kuo Chiang	2019.05.24	2019.05.24	Taiwan Securities Association	Financial Industry Sustainability Strategy and Way for Yuanta Financial Holdings to Enroll in Dow Jones Sustainability Index (DJSI)	3
Director	Chao Kuo Chiang	2019.08.05	2019.08.05	Taiwan Securities Association	Case Study on AML and Prevention of Insider Trading	3
Director	Chao Kuo Chiang	2019.07.11	2019.07.11	Taiwan Securities Association	Money Laundering Control Requirements and Latest Development	3
Director	Daniel Y.M. Song	2019.05.24	2019.05.24	Taiwan Securities Association	Financial Industry Sustainability Strategy and Way for Yuanta Financial Holdings to Enroll in Dow Jones Sustainability Index (DJSI)	3
Director	Daniel Y.M. Song	2019.08.05	2019.08.05	Taiwan Securities Association	Case Study on AML and Prevention of Insider Trading	3
Director	Daniel Y.M. Song	2019.07.11	2019.07.11	Taiwan Securities Association	Money Laundering Control Requirements and Latest Development	3
Director	Chung Yuan Chen	2019.05.24	2019.05.24	Taiwan Securities Association	Financial Industry Sustainability Strategy and Way for Yuanta Financial Holdings to Enroll in Dow Jones Sustainability Index (DJSI)	3
Director	Chung Yuan Chen	2019.08.05	2019.08.05	Taiwan Securities Association	Case Study on AML and Prevention of Insider Trading	3
Director	Chung Yuan Chen	2019.07.11	2019.07.11	Taiwan Securities Association	Money Laundering Control Requirements and Latest Development	3
Independent Director	Ming Ling Hsueh	2019.02.19	2019.02.19	Taiwan Corporate Governance Association	2019 Global Trend Analysis - Risk and Opportunity	1
Independent Director	Ming Ling Hsueh	2019.08.05	2019.08.05	Taiwan Securities Association	Case Study on AML and Prevention of Insider Trading	3
Independent Director	Ming Ling Hsueh	2019.04.26	2019.04.26	Taiwan Corporate Governance Association	Control Over Global Economic Condition and Technological Trend_ Critical Issues for Enterprises	3
Independent Director	Ming Ling Hsueh	2019.11.01	2019.11.01	Taiwan Corporate Governance Association	Multinational Management and Sustainable Operation	3
Independent Director	Ming Ling Hsueh	2019.04.09	2019.04.09	Taiwan Corporate Governance Association	Digital Decision Making - e.g. Board Product Business Model	3
Independent Director	Ming Ling Hsueh	2019.05.08	2019.05.08	Taiwan Corporate Governance Association	Importance of Integration of Environment, Society and Corporate Governance (ESG) into Investment - From the Point of View of Aberdeen Standard Investments	1
Independent Director	Yin Hua Yeh	2019.11.26	2019.11.26	Taiwan insurance Institute	Effect of IFRS 17 to Insurance Business Strategies	3

Title	Name	Course duration		Organizing agency	Course name	Course hours
		From	To			
Independent Director	Yin Hua Yeh	2019.05.24	2019.05.24	Taiwan Securities Association	Financial Industry Sustainability Strategy and Way for Yuanta Financial Holdings to Enroll in Dow Jones Sustainability Index (DJSI)	3
Independent Director	Yin Hua Yeh	2019.08.05	2019.08.05	Taiwan Securities Association	Case Study on AML and Prevention of Insider Trading	3
Independent Director	Yin Hua Yeh	2019.07.11	2019.07.11	Taiwan Securities Association	Money Laundering Control Requirements and Latest Development	3
Independent Director	Yin Hua Yeh	2019.09.03	2019.09.03	Taiwan Securities Association	Spear and Shield for Development of Digital Finance	3
Independent Director	Kuang Si Shiu	2019.05.24	2019.05.24	Taiwan Securities Association	Financial Industry Sustainability Strategy and Way for Yuanta Financial Holdings to Enroll in Dow Jones Sustainability Index (DJSI)	3
Independent Director	Kuang Si Shiu	2019.08.05	2019.08.05	Taiwan Securities Association	Case Study on AML and Prevention of Insider Trading	3
Independent Director	Kuang Si Shiu	2019.07.11	2019.07.11	Taiwan Securities Association	Money Laundering Control Requirements and Latest Development	3
Independent Director	Kuang Si Shiu	2019.09.03	2019.09.03	Taiwan Securities Association	Spear and Shield for Development of Digital Finance	3
Independent Director	Hsing Yi Chow	2019.07.31	2019.07.31	Securities and Futures Institute	2019 TWSE-Listed and Non-TWSE/TPEx-Listed Companies' Insider Equity Trading Legal Compliance Presentation	3
Independent Director	Hsing Yi Chow	2019.7.29	2019.7.29	Taiwan Corporate Governance Association	Insider Trading Prevention	3
Independent Director	Hsing Yi Chow	2019.7.29	2019.7.29	Taiwan Corporate Governance Association	Corporate Governance Propagation	3
Independent Director	Hsing Yi Chow	2019.07.11	2019.07.11	Taiwan Securities Association	Money Laundering Control Requirements and Latest Development	3
Former Chairman	Rong Jou Wang	2019.05.24	2019.05.24	Taiwan Securities Association	Financial Industry Sustainability Strategy and Way for Yuanta Financial Holdings to Enroll in Dow Jones Sustainability Index (DJSI)	3
Former Director	Chich Chiang Fan (Tony)	2019.05.24	2019.05.24	Taiwan Securities Association	Financial Industry Sustainability Strategy and Way for Yuanta Financial Holdings to Enroll in Dow Jones Sustainability Index (DJSI)	3
Former Director	Chich Chiang Fan (Tony)	2019.07.11	2019.07.11	Taiwan Securities Association	Money Laundering Control Requirements and Latest Development	3
Former Director	Jin Long Fang	2019.07.11	2019.07.11	Taiwan Securities Association	Money Laundering Control Requirements and Latest Development	3
Former Director	Jin Long Fang	2019.09.03	2019.09.03	Taiwan Securities Association	Spear and Shield for Development of Digital Finance	3
Former Director	Hsien Tao Chiu	2019.10.03	2019.10.03	Taiwan Securities Association	Introduction and Response to Financial Consumer Protection Act (Fair Dealing)	3
Former Director	Hsien Tao Chiu	2019.08.05	2019.08.05	Taiwan Securities Association	Case Study on AML and Prevention of Insider Trading	3
Former Director	Hsien Tao Chiu	2019.07.11	2019.07.11	Taiwan Securities Association	Money Laundering Control Requirements and Latest Development	3
Former Director	Yueh Tsang Lee	2019.10.03	2019.10.03	Taiwan Securities Association	Introduction and Response to Financial Consumer Protection Act (Fair Dealing)	3
Former Director	Yueh Tsang Lee	2019.05.24	2019.05.24	Taiwan Securities Association	Financial Industry Sustainability Strategy and Way for Yuanta Financial Holdings to Enroll in Dow Jones Sustainability Index (DJSI)	3
Former Director	Yueh Tsang Lee	2019.07.11	2019.07.11	Taiwan Securities Association	Money Laundering Control Requirements and Latest Development	3
Former Director	Ming Hong Ho	2019.10.02	2019.10.02	Taiwan Securities Association	Corporate Governance - Taiwan Capital Market Development and Effect & Vision of Investment in Taiwan by Overseas Taiwanese Companies Returning Home	3

Title	Name	Course duration		Organizing agency	Course name	Course hours
		From	To			
Former Director	Ming Hong Ho	2019.08.05	2019.08.05	Taiwan Securities Association	Case Study on AML and Prevention of Insider Trading	3

(XI) Managers' participation in training and education programs related to corporate governance

Data baseline date: December 31, 2019

Title	Name	Course duration		Organizing agency	Course name	Course hours
		From	To			
President	Chien Weng	2019.05.24	2019.05.24	Taiwan Securities Association	Financial Industry Sustainability Strategy and Way for Yuanta Financial Holdings to Enroll in Dow Jones Sustainability Index (DJSI)	3
President	Chien Weng	2019.08.05	2019.08.05	Taiwan Securities Association	Case Study on AML and Prevention of Insider Trading	3
President	Chien Weng	2019.11.26	2019.11.26	Taiwan insurance Institute	Effect of IFRS 17 to Insurance Business Strategies	3
Auditor-General	Ming Hsiu Tsai	2019.05.24	2019.05.24	Taiwan Securities Association	Financial Industry Sustainability Strategy and Way for Yuanta Financial Holdings to Enroll in Dow Jones Sustainability Index (DJSI)	3
Auditor-General	Ming Hsiu Tsai	2019.07.11	2019.07.11	Taiwan Securities Association	Money Laundering Control Requirements and Latest Development	3
Auditor-General	Ming Hsiu Tsai	2019.09.03	2019.09.03	Taiwan Securities Association	Spear and Shield for Development of Digital Finance	3
Senior Vice President	Tsai Yu Chang	2019.05.24	2019.05.24	Taiwan Securities Association	Financial Industry Sustainability Strategy and Way for Yuanta Financial Holdings to Enroll in Dow Jones Sustainability Index (DJSI)	3
Senior Vice President	Tsai Yu Chang	2019.07.11	2019.07.11	Taiwan Securities Association	Money Laundering Control Requirements and Latest Development	3
Senior Vice President	Tsai Yu Chang	2019.08.05	2019.08.05	Taiwan Securities Association	Case Study on AML and Prevention of Insider Trading	3
Senior Vice President	Tsai Yu Chang	2019.09.03	2019.09.03	Taiwan Securities Association	Spear and Shield for Development of Digital Finance	3
Senior Vice President	Hsuan Min Kuo	2019.05.24	2019.05.24	Taiwan Securities Association	Financial Industry Sustainability Strategy and Way for Yuanta Financial Holdings to Enroll in Dow Jones Sustainability Index (DJSI)	3
Senior Vice President	Hsuan Min Kuo	2019.07.11	2019.07.11	Taiwan Securities Association	Money Laundering Control Requirements and Latest Development	3
Senior Vice President	Hsuan Min Kuo	2019.08.05	2019.08.05	Taiwan Securities Association	Case Study on AML and Prevention of Insider Trading	3
Senior Vice President	Hsuan Min Kuo	2019.11.26	2019.11.26	Taiwan insurance Institute	Effect of IFRS 17 to Insurance Business Strategies	3
Senior Vice President	Lawrence Lee	2019.05.15	2019.05.15	Taiwan Stock Exchange Corporation (TWSE) Corporation (TWSE)/Taipei Exchange (TPEx)	TCFD Promotion Forum	3
Senior Vice President	Lawrence Lee	2019.05.24	2019.05.24	Taiwan Securities Association	Financial Industry Sustainability Strategy and Way for Yuanta Financial Holdings to Enroll in Dow Jones Sustainability Index (DJSI)	3
Senior Vice President	Lawrence Lee	2019.07.11	2019.07.11	Taiwan Securities Association	Money Laundering Control Requirements and Latest Development	3
Senior Vice President	Lawrence Lee	2019.07.17	2019.07.17	Securities and Futures Institute	2019 TWSE-Listed and Non-TWSE/TPEx-Listed Companies' Insider Equity Trading Legal Compliance Presentation	3
Senior Vice President	Lawrence Lee	2019.08.05	2019.08.05	Taiwan Securities Association	Case Study on AML and Prevention of Insider Trading	3
Senior Vice President	Lawrence Lee	2019.09.03	2019.09.03	Taiwan Securities Association	Spear and Shield for Development of Digital Finance	3
Senior Vice President	Mei Ling Kuo	2019.05.24	2019.05.24	Taiwan Securities Association	Financial Industry Sustainability Strategy and Way for Yuanta Financial Holdings to Enroll in Dow Jones Sustainability Index (DJSI)	3

Title	Name	Course duration		Organizing agency	Course name	Course hours
		From	To			
Senior Vice President	Mei Ling Kuo	2019.07.11	2019.07.11	Taiwan Securities Association	Money Laundering Control Requirements and Latest Development	3
Senior Vice President	Mei Ling Kuo	2019.08.05	2019.08.05	Taiwan Securities Association	Case Study on AML and Prevention of Insider Trading	3
Senior Vice President	Mei Ling Kuo	2019.09.03	2019.09.03	Taiwan Securities Association	Spear and Shield for Development of Digital Finance	3
Senior Vice President	Mei Ling Kuo	2019.10.03	2019.10.03	Taiwan Securities Association	Introduction and Response to Financial Consumer Protection Act (Fair Dealing)	3
Vice President	Hsu Shu Mai	2019.05.24	2019.05.24	Taiwan Securities Association	Financial Industry Sustainability Strategy and Way for Yuanta Financial Holdings to Enroll in Dow Jones Sustainability Index (DJSI)	3
Vice President	Hsu Shu Mai	2019.07.11	2019.07.11	Taiwan Securities Association	Money Laundering Control Requirements and Latest Development	3
Vice President	Hsu Shu Mai	2019.10.03	2019.10.03	Taiwan Securities Association	Introduction and Response to Financial Consumer Protection Act (Fair Dealing)	3
Vice President	Hsu Shu Mai	2019.11.26	2019.11.26	Taiwan Insurance Institute	Effect of IFRS 17 to Insurance Business Strategies	3
Vice President	Wen Ching Chiu	2019.08.05	2019.08.05	Taiwan Securities Association	Case Study on AML and Prevention of Insider Trading	3
Vice President	Wen Ching Chiu	2019.10.03	2019.10.03	Taiwan Securities Association	Introduction and Response to Financial Consumer Protection Act (Fair Dealing)	3
Vice President	Wen Ching Chiu	2019.11.26	2019.11.26	Taiwan Insurance Institute	Effect of IFRS 17 to Insurance Business Strategies	3
Vice President	Cheng Hua Sun	2019.07.11	2019.07.11	Taiwan Securities Association	Money Laundering Control Requirements and Latest Development	3
Vice President	Cheng Hua Sun	2019.08.05	2019.08.05	Taiwan Securities Association	Case Study on AML and Prevention of Insider Trading	3
Vice President	Cheng Hua Sun	2019.10.03	2019.10.03	Taiwan Securities Association	Introduction and Response to Financial Consumer Protection Act (Fair Dealing)	3
Vice President	Cheng Hua Sun	2019.11.26	2019.11.26	Taiwan Insurance Institute	Effect of IFRS 17 to Insurance Business Strategies	3
Vice President	Ming Lang Liu	2019.07.11	2019.07.11	Taiwan Securities Association	Money Laundering Control Requirements and Latest Development	3
Vice President	Ming Lang Liu	2019.08.05	2019.08.05	Taiwan Securities Association	Case Study on AML and Prevention of Insider Trading	3
Vice President	Ming Lang Liu	2019.10.03	2019.10.03	Taiwan Securities Association	Introduction and Response to Financial Consumer Protection Act (Fair Dealing)	3
Vice President	Ming Lang Liu	2019.11.26	2019.11.26	Taiwan Insurance Institute	Effect of IFRS 17 to Insurance Business Strategies	3
Vice President	Hsin Hui Tseng	2019.05.24	2019.05.24	Taiwan Securities Association	Financial Industry Sustainability Strategy and Way for Yuanta Financial Holdings to Enroll in Dow Jones Sustainability Index (DJSI)	3
Vice General Auditor	Chen Hsiang Wu	2019.09.03	2019.09.03	Taiwan Securities Association	Spear and Shield for Development of Digital Finance	3
Assistant Vice President	Hsin Tang Huang	2019.05.24	2019.05.24	Taiwan Securities Association	Financial Industry Sustainability Strategy and Way for Yuanta Financial Holdings to Enroll in Dow Jones Sustainability Index (DJSI)	3

(XII) Implementation of the internal control system

1. Statement on Internal Control System: Please ref. to page 150
2. CPA audit report of the internal control system: None.

Statement on Internal Control System of Yuanta Financial Holdings

We hereby declare on behalf of Yuanta Financial Holding Co., Ltd. that, in accordance with "Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries", from January 1, 2019 to December 31, 2019, the Company had an internal control system, performed risk management, and was audited by an impartial and independent internal auditing department, which regularly reported to the Board of Directors and the Audit Committee. After a careful assessment, it was found that except for the matters identified in the attached schedule, all units were able to effectively implement internal control and legal compliance tasks during the year. This Statement shall be included among the chief contents of the Company's annual report and prospectus, and shall be made public. Any illegalities such as misrepresentations or concealments in the published contents mentioned above will be considered a breach of Articles 20, 32, 171, and 174 of the Securities and Exchange Act and incur legal liabilities.

To:
Financial Supervisory Commission

Stated by:
Chairman: Tony Shen

President: Chien Weng

General Auditor: Ming Hsiu Tsai

Head Office CCO: Wen Ching Chiu

Date: 03/23/2020

Issues-to-be-improved and Improvement of Internal Control System of Yuanta Financial Holdings

(Basis date: 12/31/2019)

Issues-to-be-improved	Improvement	Scheduled to Complete Improvement on
【Yuanta Financial Holdings and Yuanta Securities】 Failed to expressly require in the contract that the actual trade confirmation slip (including price) shall be attached when processing the acquisition of Yuanta Securities (Vietnam); failed to report the adjustment on the acquisition framework to the Board of Directors.	The Company has already amended the "Notes to and Standard Operating Procedures for Mergers and Acquisitions", and supervised Yuanta Securities to amend the "Notes to and Standard Operating Procedures for Mergers and Acquisitions".	Improvement completed.
【Yuanta Securities】 I. When accepting the customer's application for opening the account of futures, it failed to advise the commission for the transaction and to deliver the account opening documents and written information to the customer and, therefore, was held violating the Regulations Governing the Operation of Futures Introducing Broker Business by Securities Firms and ordered by the FSC to make corrections.	I. (I) The personnel in violation of the rules were disciplined accordingly. (II) Strengthened the propagation and training about futures management laws and internal control requirements.	Improvement completed.
II. It failed to activate the level of authority for authorization of written application forms for transactions and, therefore, failed to satisfy the internal control system when concurrently engaging in proprietary trading of futures. Further, the deficiencies in design and execution of the internal control system resulted in failure to comply with the Regulations Governing the Establishment of Internal Control Systems by Service Enterprises in Securities and Futures Markets. When engaging in the interest rate hedging transactions in response to the bond spot positions held by it securities department, the	II. (I) To define the related control measures in the "Operating Procedure for Controlling Proprietary Trading of Futures". (II) The bond-related futures transactions were carried out via the futures traders' accounts instead.	Improvement completed.

Issues-to-be-improved	Improvement	Scheduled to Complete Improvement on
futures proprietary trading department failed to carry out its business and accounting affairs independently and, therefore, was held violating Paragraph 1, Article 2 of the Regulations Governing Futures Commission Merchants, thus it was fined NT$480,000 by the FSC.		
III. It failed to report the legal action arising from the futures operations within 5 business days upon awareness of the same pursuant to the requirements, thus violating Paragraph 2, Article 9-2 of the Regulations Governing the Operation of Futures Introducing Broker Business by Securities Firms and ordered by the FSC to make corrections.	III. (I) Engage in propagation to all workers. (II) Control the timeliness of cases in the future.	Improvement completed.
IV. The subsidiary, Yuanta Securities (HK), failed to establish the re-check and assessment mechanism with respect to customers who applied for opening new accounts or whose financial position appeared not to be commensurate with the transaction value, and with respect to the statement required from the customers who invested in domestic stocks declaring that the inward funds are not remitted from the territories of Mainland China. Accordingly, Yuanta Securities was held failing to practice the supervision and management of its subsidiary and, therefore, was held violating Paragraph 2, Article 2 of the Regulations Governing Securities Firm and ordered by the FSC to make corrections.	IV. (I)Supervised the amendments to the "Operating Directions for Investment in Marketable Securities in Taiwan" and established the trading mechanism available to trading of Taiwan stocks. (II) Supervised the establishment of Taiwan stock monitoring control system and checking system.	Improvement completed.
V. The AML/CTF operations and assignment of personnel at its branch/division of the subsidiary, Yuanta Securities Finance, failed to satisfy the	V. (I)Adjusted the AML/CFT customer risk assessment operations. (II) Employed 5 workers for the	Improvement completed.

Issues-to-be-improved	Improvement	Scheduled to Complete Improvement on
requirements under laws and regulations. Therefore, it was held violating the Regulations Governing the Establishment of Internal Control Systems by Service Enterprises in Securities and Futures Markets and ordered by the FSC to make corrections.	branch company.	
VI. When processing the foreign stock trading, the subsidiary, Yuanta Securities Korea violated the customer due diligence requirements and fined by the FSC of Korea 18 million KRW (about NT$480,000)	VI. (I) Establishment of CCF (II) Enhancement of equity information confirmation procedure (III) Enhancement of stock management procedures	Improvement completed.
【Yuanta Bank】 I. When process the housing loan operations, (I) It continued to withhold the fire and earthquake insurance premiums from the account of the borrower who has repaid the housing loan in full. (II) When the customer applies for clearance of debt, it failed to advise the borrower of the amount to be repaid and thereby affected the customer's interest and right adversely. An order of rectification was issued by the FSC.	I. The Bank has established the related internal rules, and enhanced the control and review mechanism, in order to prevent the similar situation from occurring and strengthened the internal control policy and the employees' training as well.	Improvement completed.
II. It failed to keep the complete voice recording tape of the structured product customer and, therefore, shall be held have deficiencies in the information operational risk management. (I) It failed to practice the backup files management operations. (II) It failed to check the completeness of the recording tape. The FSC has imposed the fine NT$2 million.	II. The Bank has established the control mechanism, in order to prevent the similar situation from occurring again.	Improvement completed.
III. When processing the application for loans by New Site Industries Inc.,	III. Already reviewed the related procedures with respect to the deficiencies in the credit	Improvement completed.

Issues-to-be-improved	Improvement	Scheduled to Complete Improvement on
(I) it failed to conduct adequate assessment on the financial and business overview of New Site Industries Inc., and also failed to control the status of repayment and source of repayment precisely. (II) It also failed to verify the related documents precisely and thereby harmed the audit on genuineness of the transaction and control over credit risk. An order of rectification was issued by the FSC.	extension, and amended the related internal regulations to enhance the control measures.	
IV. Engagement in the proprietary trading of government bonds denominated in NTD resulted in the violation of Article 30 of the Regulations Governing Securities Firm. Therefore, it was ordered by the FSC to make corrections.	IV. Already amended the related internal regulations, increased the control mechanisms, and strengthened the employees' training to practice compliance with laws.	Improvement completed.
V. The former clerk of Neihu Branch misappropriated the credit card payment made by the customer over the counter. It was ordered by the FSC to make corrections accordingly.	V (I) Already recalled the fund in whole to protect the customer's interests and rights, (II) and amended the related operating procedures to strengthen the control, in order to prevent a similar situation from occurring again.	Improvement completed.
【Yuanta Futures】 I. Before sending the notice to high-risk accounts, it wrote off the trader's position on behalf of the trader, failed to write off on behalf of the trader when the trader's account risk indicator was less than 25%, and failed to define the backup and traffic offloading operating procedure and conduct test. Therefore, it was held violating Paragraph 2, Article 2 of the Regulations Governing Futures Commission Merchants and fined by the FSC NT$360,000.	I. (I)The risk system has added the notice record. The write-off may take place only upon verification of the service of high-risk notice. (II)Enhance the propagation of laws & regulations to the workers, and execute the write-off on behalf of the trader when the risk indicator is less than 25%. (III)The system traffic offloading and backup procedures have been included into the internal regulations. Relevant tests	Improvement completed.

Issues-to-be-improved	Improvement	Scheduled to Complete Improvement on
	and drills were already carried out.	
II. It failed to report the legal action arising from the futures operations within 5 business days upon awareness of the same pursuant to the requirements, thus violating Paragraph 2, Article 4 of the Regulations Governing Futures Commission Merchants and Paragraph 2, Article 14 of the Operating Rules of the Taiwan Futures Exchange Corporation, and ordered by the FSC and TAIFEX to make corrections.	II. Strengthened the promotion of laws and regulations to the workers, and required that the legal action arising from futures operations, if any, shall be reported within the prescribed time limit.	Improvement completed.
III. Before engaging in the business solicitation advertisement, the sales failed to report the same to the futures association and, therefore, was held violating Article 14 of the Regulations Governing Advertisement, Business Solicitation and Promotion by the Chinese National Futures Association Members and Futures Trust Fund Sales Organizations. The Futures Association sent a letter demanding that it shall make corrections.	III. (I) Strengthened the promotion of laws and regulations to the workers, and required that the business solicitation and advertisement campaigns shall take place only upon passing the internal review and being effective after they are reported to the Futures Association. (II) Reviewed the negligence of the concerned personnel and rendered punishment to them.	Improvement completed.

(XIII)Penalties imposed on the Company and its subsidiaries during the most recent two years and until the date of publication of the annual report for illegalities and major deficiencies, and improvements made.

1. Indictment of the Company's statutory responsible person or an employee by prosecutors for crimes committed on the job: None.
2. Any fine imposed by the FSC for violation of a law or regulation, any deficiency for which an official reprimand was issued by the FSC, any matters in which sanctions were imposed by the FSC pursuant to Item 1 Article 54 of the Regulations Governing Information to be Published in Annual Reports of Financial Holding Company or any disciplinary penalty by the company against its internal personnel for violation of the internal control system, where the result of such penalty could has a material effect on shareholder equity or securities prices or specified in article 2 of the Financial Supervisory Commission Regulations on the Publication of Material Penalties for Violations of Finance Laws , the annual report shall disclose the penalty, the main shortcomings, and condition of improvement.

(1) Fines imposed by the Financial Supervisory Commission for violations of laws and regulations:

A. Yuanta Bank

When promoting the business of structured notes, it failed to keep the complete voice recording tape of the customer and, therefore, should be held have deficiencies in execution of the internal control system. Its information operational risk management appears to be defective, and it should be held violating Paragraph 1 of Article 45-1 of the Banking Act. Considering that it reported the case voluntarily, it was fined NT$2 million in accordance with the subparagraph 7 of Article 129 of the Banking Act prevailing at the time when the act was committed. (Letter Jin-Guan-Yin-Kong-Zi No. 10801032310 of August 14, 2019)

Improvement: The Bank has established the control mechanism, in order to prevent the similar situation from occurring again.

B. Yuanta Securities

The Company failed to activate the level of authority for authorization of written application forms for transactions and, therefore, failed to satisfy the internal control system when concurrently engaging in proprietary trading of futures. Further, the deficiencies in design and execution of the internal control system resulted in failure to comply with the Regulations Governing the Establishment of Internal Control Systems by Service Enterprises in Securities and Futures Markets. When engaging in the interest rate hedging transactions in response to the bond spot positions held by the Company's securities department, the futures proprietary trading department failed to carry out its business and accounting affairs independently. Therefore, the Company was fined NT$480,000. (Written Decision under Jin-Guan-Zheng-Qi-Fa-Zi No. 1080306203 dated March 7, 2019)

Improvement:

(A) To define the related control measures in the "Operating Procedure for Controlling Proprietary Trading of Futures".

(B) The bond-related futures transactions were carried out via the futures traders' accounts instead.

C. Yuanta Life

(A) The CDD operations failed to review the existing transactions and maintain relevant record, upon awareness of any material changes in the information about customers' identity and background. The Company was fined NT$500,000 accordingly. (Jin-Guan-Po-Shou-Zi No. 10704546232 of September 25, 2018)

Improvement: Upon awareness of any material changes in the information about the identity and background of the customers who were assessed as high-risk instead, already recorded the review procedure in the "CDD List" in detail, and amended internal operating procedures to include said policies.

(B) Failed to establish the operating procedures dedicated to dealing with changes of laws and regulations, fulfill the review and follow up the update in laws and regulations strictly, and thereby caused it impossible for some of the Company's internal regulations to be in line with the amendments to laws and regulations, in a timely manner; the Company was fined NT$600,000 accordingly. (Jin-Guan-Po-Shou-Zi No. 10704546232 of September 25, 2018)

Improvement: Already established the relevant operating procedures, specified related control mechanism, adjusted related forms to fulfill the review and conducted periodic follow-up.

D. Yuanta Futures

Before sending the notice to high-risk accounts, the Company wrote off the trader's position on behalf of the trader, failed to write off on behalf of the trader when the trader's account risk indicator was less than 25%, and failed to define the backup and traffic offloading operating procedure and conduct test. Therefore, it was fined NT$360,000. (Letter Jin-Guan-Zheng-Qi-Fa-Zi No. 1080306233 of March 7, 2019)

Improvement:

(A) The risk system has added the notice record. The write-off may take place only upon verification of the service of high-risk notice.

(B) Enhance the propagation of laws & regulations to the workers, and execute the write-off on behalf of the trader when the risk indicator is less than 25%.

(C) The system traffic offloading and backup procedures have been included into the internal regulations. Relevant tests and drills were already carried out.

(2) Deficiencies Reprimanded by the Financial Supervisory Commission

A. Yuanta Bank

(A) When processing house loan operations, the Bank still withheld the insurance premium from the borrower when the borrower already repaid the house loan in full, re-loaned the fund to another bank upon repayment of the house loan, and failed to advise the borrower of the amount repayable clearly, thereby affecting customers' interest and right adversely and interrupting the sound business. The Bank should be ordered to make corrections. (Letter Jin-Guan-Yin-Kong-Zi No. 10702248820 of June 12, 2019)

Improvement: The Bank has established the related internal rules, and enhanced the control and review mechanism, in order to prevent the similar situation from occurring and strengthened the internal control policy and the employees' training as well.

(B) In consideration of the deficiencies in the underwriting and allocation of fund in the facility extended to New Site Industries Inc., which interrupted the sound business, the Bank should be ordered to

make corrections. (Letter Jin-Guan-Yin-Piao-Zi No. 1080273660F of October 17, 2019)

Improvement: Already reviewed the related procedures with respect to the deficiencies in the credit extension, and amended the related internal regulations to enhance the control measures.

(C) Engagement in the proprietary trading of government bonds denominated in NTD resulted in the violation of Article 30 of the Regulations Governing Securities Firm. Therefore, it was ordered to make corrections. (Letter Jin-Guan-Zheng-Jiao-Zi No. 1080334325 of December 12, 2019)

Improvement: Already amended the related internal regulations, increased the control mechanisms, and strengthened the employees' training to practice compliance with laws.

(D) The former clerk of Neihu Branch misappropriated the credit card payment made by the customer. The deficiencies in the job responsibilities and checking operation which the clerk was involved in appear to interrupt the sound business. The Bank was ordered to make corrections accordingly. (Letter Jin-Guan-Yin-Kong-Zi No. 10801317290 of December 30, 2019)

Improvement: Already recalled the fund in whole to protect the customer's interests and rights, and amended the related operating procedures to strengthen the control, in order to prevent a similar situation from occurring again

B. Yuanta Securities

(A) In terms of AML and CFT, the Company failed to establish the risk assessment mechanism appropriately before offering new services and it failed to fulfill the CDD and re-assessment on customers' risk strictly and, therefore, was held defective in the internal control system. The Company was ordered to make corrections accordingly. (Letter Jin-Guan-Zheng-Quan-Zi No. 1070301969 of March 15, 2018)

Improvement:

a. Add/amend the related internal regulations.

b. Check customers' beneficial owners or take related control policies.

c. Re-check the scope of the customer risk assessment and adjust the same.

(B) Given the inconsistency in the actual operations of the Company's overseas investee (Yuanta Finance (HK)) and the investment plan prepared when the company was set up, the Company was found defective in supervision and management of its subsidiary and was ordered to make corrections. (Letter Jin-Guan-Zheng-Quan-Zi No.

1070307285 of April 3, 2018)

Improvement:

a. Supervise the amendments to the articles of association and organizational chart by Yuanta Finance (HK); the establishment of regulations and mechanism about business and risk management; the establishment of mechanism dedicated to reporting material cases to Yuanta Securities (HK).

b. Supervise the reporting of the name list of the personnel holding positions in Yuanta Securities (HK) and Yuanta Finance (HK) concurrently to the board of directors of Yuanta Securities (HK) and Yuanta Finance (HK).

c. Report to the FSC in writing the inconsistency in the actual operations of the Company's overseas investee and the investment plan prepared when the company was set up.

(C) One former supervisor of the Company was suspected of trading securities in the name of some customer or via some customer's account. Meanwhile, the related department's staff purchased the equipment in violation of the relevant requirements. The Company was ordered to make corrections accordingly. (Letter Jin-Guan-Zheng-Quan-Zi No. 10703208861 of August 8, 2018)

Improvement:

a. Strengthen the propagation about laws and regulations to all workers of the relevant Department.

b. Compliance Affairs Dept. will strengthen propagation about laws and regulations to all workers on a quarterly basis.

c. Amend the guidebook on the information business.

(D) The Company's overseas investee (Yuanta Securities (HK)) failed to maintain the management's written approvals on the adjustment of the concentration limit on stock of a single entity, and the financing contract failed to comply with the requirements by the Securities and Futures Commission, Hong Kong. The Company was held failing to fulfilling its responsibility for supervision and audit on its subsidiary and, therefore, was ordered to make corrections. (Letter Jin-Guan-Zheng-Quan-Zi No. 1070323940 of September 5, 2018)

Improvement:

a. When supervising the adjustment and relief of the limit on any single securities financing by Yuanta Securities (HK), strictly complete and maintain the management's written approval records.

b. Supervise the amendments to the "terms and conditions on securities and/or futures and/or options accounts" by Yuanta Securities (HK) pursuant to the suggestions proposed by the Securities and Futures Commission, Hong Kong, and notify the customers immediately.

c. Supervise the amendments to the "Regulations Governing Securities Financing Risk" by Yuanta Securities (HK) pursuant to the suggestions proposed by the Securities and Futures Commission, Hong Kong.

(E) The causes of out-trades and account number corrections reported by the Company were found not matching the facts about the out-trades and corrections and in violation of Paragraph 4 of the "Directions for Reporting and Handling of Out-Trades and Account Number Corrections by Securities Brokers" and, therefore, the Company was ordered to make correction. (Letter Jin-Guan-Zheng-Quan-Zi No. 1070324930 of September 10, 2018)

Improvement:

a. Engage in propagation to all workers pursuant to relevant requirements.

b. Strengthen the related personnel's educational training.

(F) The Company's account opening operations for customers who are domestic institutional investors, offshore overseas Chinese and foreigners failed to identify the customers' beneficial owners and conduct the name screening so as to cause the risk over misidentification of the risk level, and the Company was held defective in controlling the credit facility granted to the affiliated account and implementing the internal control system dedicated to managing exceptional conditions. The Company was ordered to make corrections accordingly. (Letter Jin-Guan-Zheng-Quan-Zi No. 1070346494 of December 13, 2018)

Improvement:

a. Check customers' beneficial owners or take related control policies.

b. Identify the PEPs and their closely related parties as high-risk ones, and strengthen the verification procedure.

c. Adopt the consolidated control over the facility to an affiliated account, and conduct the enquiries and review on the facility upon verification of the affiliation.

(G) When accepting the customer's application for opening the account of futures, the Company's Dali Branch failed to advise the commission for the transaction and to deliver the accounting opening documents and written information to the customer timely. Therefore, the Company was ordered to make corrections. (Letter Jin-Guan-Zheng-Qi-Zi No. 1080302936 of March 21, 2019)

Improvement:

a. The personnel in violation of the rules were disciplined accordingly.

b. Strengthened the propagation and training about futures management laws and internal control requirements.

(H) The overseas investee of the Company (Yuanta Securities (HK))

failed to establish the re-check and assessment mechanism with respect to customers who applied for opening new accounts or whose financial position appeared not to be commensurate with the transaction value, and also failed to establish the checking mechanism with respect to the statement required from the customers who invested in domestic stocks declaring that the inward funds are not remitted from the territories of Mainland China. Accordingly, the Company should be held failing to practice the supervision and management of its subsidiary and, therefore, was ordered to make corrections. (Letter Jin-Guan-Zheng-Quan-Zi No. 1080314991 of October 5, 2019)

Improvement:

a. Supervised the amendments to the "Operating Directions for Investment in Marketable Securities in Taiwan" and established the trading mechanism available to trading of Taiwan stocks.

b. Supervised the establishment of Taiwan stock monitoring control system and checking system.

C. Yuanta Life

(A) A related party was contracted to provide the comprehensive planning and construction management services with respect to the Company's own office buildings. Notwithstanding, some of the services were held no superior than those provided by the others in the same trade based on supporting information. The Company failed to take the service quality into consideration but made decision based on quotation only. The Company was held defective and ordered to make corrections accordingly. (Jin-Guan-Po-Shou-Zi No. 10704546232 of September 25, 2018)

Improvement: Already strengthened the supplier selection operation and also added the selection guidelines to specify the qualifications and scope and weight of the selection for the suppler selection.

(B) Failed to identify the customers who were supposed to be rated as high risk when engaging in the anti-money laundering and countering of terrorism financing operations and, therefore, was ordered to make corrections. (Jin-Guan-Po-Shou-Zi No. 10704546232 of September 25, 2018)

Improvement: Already adjusted the customers' risk level as high risk in the AML system in line with the results identified in the internal assessment checklist; follow up high-risk customers periodically and record review results.

(C) Failed to assess the cost and effect of the own land development project with due diligence and, therefore, was ordered to make corrections. (Jin-Guan-Po-Shou-Zi No. 10704546232 of September 25, 2018)

Improvement: Already amended the management procedure and included the contents regulated and analyzed by

related assessment report as the basis to be followed.

(D) The telemarketing service solicited for customers with exaggerative and misleading speech and failed to disclose the important contents of insurance contract to customers. The Company was ordered to make corrections accordingly. (Jin-Guan-Po-Shou-Zi No. 10704546232 of September 25, 2018)

Improvement: Already strengthened the quality management about solicitation by telemarketing and the educational training on telemarketing specialists, and also added/amended the handbook to enhance the mechanism dedicated to controlling the skill of speech about telemarketing.

(E) The search operations in the life insurance and investment-linked operations failed to maintain the browsing history in the information system and conduct a random check on users' operation periodically pursuant to the relevant requirements. The Company was ordered to make corrections accordingly. (Jin-Guan-Po-Shou-Zi No. 10704546232 of September 25, 2018)

Improvement: Already implemented the real-time recording on the host monitor and amended the management guidelines to include the random check on the access tracking record to review the data periodically.

(F) Failed to review the adequacy of the existing operating controls and validity of the compliance management system based on the deficiencies found in the audit by the Internal Auditing Department and the suggestions about improvement proposed by the Department and, therefore, was ordered to make corrections. (Jin-Guan-Po-Shou-Zi No. 10704546232 of September 25, 2018)

Improvement: Already added and amended the operating procedures to include the mechanism dedicated to reviewing the discoveries in the audit conducted by the Internal Auditing Department.

D. Yuanta Securities Investment Trust

(A) According to the special inspection and general inspection conducted by the FSC on the Company's anti-money laundering and countering of terrorism financing in 2017, the Company failed to conduct the money-laundering and terrorism financing risk assessment before offering new services, fulfill the CDD and identification of beneficial owners, verify the new customers' risk level before entering into business relations and engage in foreign securities investment consulting service without approval by the competent authority, when engaging in the AML operations and, therefore, should be ordered to make corrections. (Letter Jin-Guan-Zheng-Tou-Zi No. 1070311683 of April 13, 2018)

Improvement:

a. Already added the management procedure, and scheduled to complete the assessment based on the procedure by the end of

February 2018.

b. Already completed the related documents and identity matching. Already included the customers who failed to correct the documents into the subjects rejected from trading.

c. Already established the risk assessment procedure to identify the customers' risk level before entering into business relations with the customers. Also already established the related trading counterparts' information section to complete the improvement.

d. Disciplined the department supervisors held derelict in performing duty. Already received the approval from the competent authority on the engagement in foreign securities investment consulting service on July 13, 2017, and practiced the business pursuant to laws.

(B) The investment analysis report prepared before purchase of the bond by the Company's target bond fund upon maturity failed to disclose the issuer's basic financial data and information. It could not help the Company verify the issuer's business overview or review the adequacy of the investment. The Company was ordered to make corrections accordingly. (Letter Jin-Guan-Zheng-Tou-Zi No. 1070347569 of December 21, 2018)

Improvement: Enhanced the investment analysis report output control procedure, which went live on October 22, 2018.

E. Yuanta Securities Finance

The Company's AML/CTF operations and assignment of personnel at its branch/division failed to satisfy the requirements under laws and regulations. Therefore, the Company was ordered to make corrections. (Letter Jin-Guan-Zheng-Tou-Zi No. 1080319517 of July 26, 2019)

Improvement:

(A) Adjusted the AML/CFT customer risk assessment operations.

(B) Employed 5 workers for the branch company.

(3) Penalties imposed by the Financial Supervisory Commission in accordance with Paragraph 1, Article 54 of the Financial Holding Company Act: None.

(4) If the Company imposes penalties on its internal personnel for violating the provisions of the internal control system, the results of such penalties may have a significant impact on shareholders' rights or securities prices or are in compliance with the provisions of Article 2 of the Procedures for Public Announcement of Significant Sanctions for Violations of Financial Laws and Regulations of the Financial Supervisory Commission of R.O.C. (Taiwan): None.

3. Disclosure of losses exceeding $50 million incurred during the year, whether individually or in total, as a result of conspiracy, material contingencies (including fraud, theft, misappropriation of assets, fictitious transactions, forgery of documents and securities, kick-backs, natural disasters, external forces, hackers' attacks, theft and leakage of confidential information, disclosure of customers' details or other major events), or accidents arising from failure to comply with

Safety and Maintenance Guidelines for Financial Institutions: None.

4. Other disclosures required by the Financial Supervisory Commission

(1) Yuanta Securities (Korea)

A. The FSC in Korea considered that the Company failed to render the notice about the status of pension fund within the prescribed time limit and, therefore, was fined 50 million won (NT$1.4 million approximately).

Improvement: Establish the "Operating Procedure for Notification of Overdue Pension Payment".

B. The Company was fined 4 million KRW (about NT$107,000) by the Financial Supervisory Commission of Korea for violating the obligation to submit the TRS report on June 20, 2019.

Improvement: Execution of the discipline on the related personnel.

C. The Company has received the notice for effective date of overseas stock bankruptcy from Korea Securities Depository from December 21, 2016 to July 25, 2018. However, the Company failed to make confirmation and stop the transactions with the customer; therefore, the Company was held violating the customer due diligence requirements and fined 18 million KRW (about NT$483,000)

Improvement:

(A) Establishment of CCF

(B) Enhancement of equity information confirmation procedure

(C) Enhancement of stock management procedures

D. For the Company's former employee's misappropriation of the stock in the customer's account, the customer filed a complaint with the FSC in Korea. As a result, said ompany was ordered to pay the customer, Samsung Electronics, the compensation for stock and accumulated stock dividends of which the market value was about 1,175,590,000 won (NT$32.38 million approximately) on April 20, 2018.

Improvement:

(A) The basic information required for the account opening must be completed by customers in person. After the original of the customers' ID cards are checked, take a picture of the cards and upload the same to the account opening operating system.

(B) Customers must complete the application form for changes of information, if any, in person, and the original of customers' ID card must be checked. After that, take a picture of the cards or record the photocopies thereof and then proceed with the changes.

(C) Traders or sales may accept the orders placed by customers, provided that customers may not order the transactions until they key in their password in person.

(D) Collect the withdrawal slip and check the ID card, and check whether the signature or seal on the withdrawal slip matches the specimen seal recorded by the customer; the withdrawal and remittance to be completed upon customers' entry of their password

in person.

(E) The customer must complete the application form for the formal "statement of balance of cash and securities" and then the Company will grant the certificate affixed with seal.

E. The 12th ABCP of Geumjeong bought by the Company suffered the potential risk about insolvency upon maturity. As a result, ○ ○ securities was default on buying back the residual positions, 1.605 billion KRW, in whole. of the only bought back the positions valuing 1 billion KRW, while was unwilling to continue performing the contract to buy back the residual positions valuing 1.505 billion KRW (NT$419 million approximately).

Improvement:

(A) Reserve the sound recording of ABCP order placed via phone or K-bond messenger messages.

(B) Add the new level of authority to have the holding of short-term overseas credit instruments subject to the approval by the department's senior management.

(C) Amend Article 29 of the risk management requirements to strengthen the risk management about overseas credit instruments.

(2) Yuanta Securities (Thailand)

From March 1 to October 31, 2017, Yuanta Securities (Thailand) failed to complete the KYC/CDD strictly and was fined THB640,000 (NT$600,000 approximately) by the SEC in Thailand accordingly on October 24, 2018.

Improvement:

A. Adjust and amend the KYC/CDD.

B. Enhance the CDD on customers who access email addresses other than their personal ones and the different customers who access the same email address.

C. Cancel the temporary credit limits from other securities firms' customers.

D. Record customers' information and keep monitoring customers' transactions in the KYC database.

E. Establish the legal compliance control system.

(3) Yuanta Securities (Vietnam)

The Company's margin trading balance for a single stock and customer exceeded the statutory limit, the Company was fined VND125 million (about NT$164,500) by SCC.

Improvement:

A. The capital increase was completed in September 2018.

B. Established the altering threshold with respect to a single stock or customer in the risk system.

(XIV)Shareholder meeting(s) and significant board resolutions during the most recent year and up to the date of publication of this annual report

1. Shareholders' meeting resolutions and their implementation:

Year	Date	Motion	Resolution	Implementation status and Discussion
2019 General Shareholders' Meeting	June 14, 2019	To recognize the Company's 2018 Business Report and Financial Statements. (Proposed by the Board of Directors)	The motion was ratified upon voting.	The related statements and records have been published pursuant to laws and reported to the competent authority for record.
		To recognize the Company's 2018 earnings distribution plan. (Proposed by the Board of Directors)	The motion was ratified upon voting.	According to the general shareholders' meeting resolution, the cash dividend distribution of NT$0.9 per share of Company's stock was completed. The record date for distribution was set on July 8, 2019, and the dividend should be distributed on July 26, 2019.
		Request for approval of proposed amendment of certain articles of the Company's Articles of Incorporation. (Proposed by the Board of Directors)	The motion was ratified upon voting.	The registration thereof has been approved by Ministry of Economic Affairs on February 20, 2020, and was already posted on the company website.
		Request for approval of amendments to certain articles of the Company's "Regulations Governing the Acquisition and Disposal of Assets." (Proposed by the Board of Directors)	The motion was ratified upon voting.	Already posted on the Company's website on June 24, 2019, and followed the procedures after the amendments.
		Issues in Election	Outcome of the election	Implementation status and Discussion
		For election of the candidates of the Company's directors (including independent directors) of the 8th term (Proposed by the Board of Directors)	Name list of elected directors Tony Shen Wei Chen Ma (Michael) Representative of Tsun Chueh Investment: Daniel Y.M. Song Representative of Tsun Chueh Investment: Chung Yuan Chen	Already take the position upon being elected at the general shareholders' meeting on June 14, 2019. The registration thereof has been approved by Ministry of Economic Affairs on July 10, 2019, and was already posted on the company website.

Year	Date	Motion	Resolution	Implementation status and Discussion
			Representative of Modern Investment: Chao Kuo Chiang Name list of elected independent directors Ming Ling Hsueh Yin Hua Yeh Kuang Si Shiu Hsing Yi Chow	

2. 36th meeting of the 7th board of directors on January 23, 2019
   (1) Approved the Company's financial plans 2019.
   (2) Approved the Company's strategic direction and 2019 business plans.
   (3) Approved the Company's mid-term and long-term business strategies.
   (4) Approved the amendments to the Company's "Articles of Association".
   (5) Approved the enactment of the Company's "Yuanta Financial Holdings Articles of Association for Nomination Committee".
   (6) Approved the name list of Nomination Committee of the Company's Board of Directors of 7th term.
3. 38th meeting of the 7th board of directors on March 25, 2019
   (1) Approved the Company's 2018 earnings appropriation.
   (2) Approved the proposed amendments to certain articles of the Company's Articles of Incorporation.
   (3) Approved organization of the general shareholders' meeting 2019 at 9:00AM on June 14, 2019 (Friday).
   (4) Approved enrollment into liability insurance (D&O) for the directors, supervisors and managers of the Company and its subsidiaries.
   (5) Approved nomination of candidates of the Company's directors (including independent directors) of the 8th term
4. 39th meeting of the 7th board of directors on April 24, 2019

   For the succession of Yuanta Securities' subsidiary, Yuanta Securities Finance, to the equity and related creditor's right in the loan secured by margin trading and short sale, refinancing and marketable securities of Fuhwa Securities Finance.
5. 40th meeting of the 7th board of directors on April 30, 2019

   Approved the urban renewal program on the self-owned Tatung Building co-organized by the Company's five subsidiaries including Yuanta Securities, and the expenses derived from the title transfer registration and selection of real estate.
6. 41th meeting of the 7th board of directors on May 29, 2019

   Approved adoption of the Company's "Standard Operating Procedure for Handling Directors' Requirements."
7. 1st meeting of the 8th board of directors on June 14, 2019

(1) Approved election of the Company's Chairman.
(2) Approved nomination of Nomination Committee of the Company's 8th term Board of Directors.

8. 2nd meeting of the 8th board of directors on June 14, 2019
(1) Approved appointment of the Company's Remuneration Committee members of the 8th term Board of Directors, and nomination of the convener.
(2) Approved appointment of the Company's Corporate Sustainability Committee members of the 8th term Board of Directors, and nomination of the convener.
(3) Approved appointment of the Company's President

9. 3rd meeting of the 8th board of directors on June 26, 2019

Approved the Company's plan to participate in subscription for the subsidiary Yuanta Asset Management's 2019 plan to increase capital by NT$3 billion in cash through the issuance of shares.

10. 4th meeting of the 8th board of directors on July 24, 2019

For the Company's plan to cancel the shares repurchased from the dissenting shareholders in the merger of Ta Chong Bank, and the capital reduction plan.

11. 5th meeting of the 8th board of directors on August 28, 2019

Approved amendments to certain articles of the "Yuanta Financial Holdings Articles of Association for Audit Committee."

12. 6th meeting of the 8th board of directors on September 25, 2019

Approved the Company's plan to participate in subscription for Yuanta Life's 2019 plan to increase capital by NT$14 billion in cash through the issuance of shares.

13. 7th meeting of the 8th board of directors on October 23, 2019
(1) Approved amendments to the title and certain articles of the Company's "Regulations Governing Appraisal on Performance of the Board of Directors (Functional Committee)."
(2) Approved subscription for residual common stock from the subsidiary, Yuanta Securities Investment Trust.

14. 8th meeting of the 8th board of directors on November 27, 2019
(1) Approved the capital increase in the subsidiary, Yuanta Life, through issuance 17,700,000 new shares in 2019, the stock price was set as NT$50 per share (the final issue price shall apply) preliminarily. The Company planned to participate in the subscription for partial equity based on its original shareholdings and as a specific person. The subscription amount was no more than NT$713 million.
(2) Approved the motion on the "Communication of Issues Concerned by Stakeholders in 2018 ".

15. 9th meeting of the 8th board of directors on December 5, 2019

Approved the plan of Yuanta Life, a subsidiary of the Company, to acquire real estate domestically.

16. 10th meeting of the 8th board of directors on December 25, 2019

Approved amendments to certain articles of the "Yuanta Financial Holdings Parliamentary Rules for Board of Directors Meetings."

(XV) The main contents of important resolutions passed by the Board of Directors regarding in which directors have voiced differing opinions on the record or in writing, during the most recent year and up to the date of publication of this annual report: None.

(XVI) Summary of resignation or dismissal of personnel (including the Chairman, president, financial manager, accounting manager and internal audit manager) who are involved with the Company's financial statements during the most recent year and up to the date of publication of this annual report:

Title	Name	Date of appointment	Date discharged	Reasons for resignation or discharge
Chairman	Rong Jou Wang	2013.11.04	2019.06.14	Resigned
President	Ting Chien Shen(Tony)	2014.07.25	2019.06.14	Resigned
Chairman	Ting Chien Shen(Tony)	2019.06.14		
President	Chien Weng	2019.07.26		

Note: Mr. Chien Weng acted as the Deputy President from June 14, 2019 to July 25, 2019, who held the position as President officially upon the competent authority's approval of his qualifications on July 26, 2019.

VI. Independent Auditor Fee Information

(I) Independent auditor fee information and fee table:

Accounting firm name	Name of accountant		Audit period	Remarks
Pricewaterhouse Coopers Certified Public Accountants	Chien Hung Chou	Hsien-I Chen	From January 2019 to December 2019	

Amount range \ Fee items		Audit Fee	Non-Audit Fees	Total
1	Less than NT$2 million		✓	
2	NT$2 million (inclusive) –NT$4 million			
3	NT$4 million (inclusive) –NT$6 million			
4	NT$6 million (inclusive) –NT$8 million	✓		
5	NT$8 million (inclusive) –NT$10 million			
6	Over NT$10 million (inclusive)			

(II) Independent auditing firms, their subordinate offices, and their affiliates to which non-audit fees paid by the company exceed one-fourth of audit fees:

The Company paid a total of NT$1,620 thousand in non-audit fees to independent auditing firms, their subordinate offices, and their affiliates in 2019. This constituted 24.18%, which attained no more than 25%. See the following table for relevant non-audit services and fees:

Unit: NT$1,000

Accounting firm name	Name of accountant	Audit Fee	Non-Audit Fees					Audit period	Remarks
			System Design	Business Registration	Human Resources	Others	Subtotal		
Pricewaterhouse Coopers Certified Public Accountants	Chien Hung Chou Hsien-I Chen	6,700	-	-	-	1,620	1,620	January 2019 to December 2019	Dow Jones Sustainability Index (DJSI World) consulting service, review on annulment of stock and capital decrease, and registration of changes, et al.

(III) Replacement of independent auditing firm and reduction in audit fees paid during the year of replacement compared with the previous year: None.

(IV) Reduction in audit fees by more than 10% compared with the previous year: None.

VII. Information about replacement of CPAs:

(I) About the former CPA

Date of replacement	Approved by the Board of Directors on January 23, 2019			
Cause and Notes	To be in line with the work shift required by the CPA firm			
To specify whether the client or CPA terminates or rejects the appointment	Counterpart / Status		Kuo, Puo-Ju, CPA,	Client
	Terminate the appointment voluntarily		✓	
	No longer accept (continue) the appointment			
Issuance of the audit report other than the audit report containing unqualified opinions in the most recent two years, and cause thereof	None			
Disagree with the Company?	Yes		Accounting principles or practices	
			Disclosure of financial report	
			Scope or steps of audit	
			Others	
	None	✓		
	Notes			
Other disclosures (To be disclosed under the subparagraphs 6.1(4)~(7) of Article 10 of the Standards.)	None			

(II) About the successor CPA

Firm name	Pricewaterhouse Coopers Certified Public Accountants
Name of accountant	Chien Hung Chou, CPA
Date of Appointment	Approved by the Board of Directors on January 23, 2019.
Consultation about the accounting treatment of or application of accounting principles to a specific transaction or the type of audit opinion that might be rendered prior to the formal engagement, and the consultation result.	None
Written opinion from the successor CPA regarding the matters disagreed by the former CPA	None

(III) The former CPA's response to the items referred to in the subparagraphs 6(1) and (2)3 of Article 10 of the Standards: N/A.

VIII. Name of Auditing Firm or Its Affiliates at Which the Company's Chairman, President, or Managers Responsible for Financial or Accounting Matters Was an Employee over the Past Year, His/Her Position and Employment Period: None.

IX. Equity Changes, Transfers, and Pledges of Directors, Managers and Major Shareholders

(I) Changes in equity of directors, managers and major shareholders

Title	Name	2019		Ending January 31, 2020	
		Increase (decrease) in shares held	Increase (decrease) in shares pledged	Increase (decrease) in shares held	Increase (decrease) in shares pledged
Chairman	Ting Chien Shen(Tony) (on board since June 14, 2019)	206,008	0	0	0
Director	Wei Chen Ma (Michael) (on board since June 14, 2019)	0	0	0	0
Director (same person or same affiliated person)	Representative of Tsun Chueh Investment: Daniel Y.M. Song (on board since June 14, 2019)	0	0	0	0
Director (same person or same affiliated person)	Representative of Tsun Chueh Investment: Chung Yuan Chen (on board since June 14, 2019)				
Director (same person or same affiliated person)	Representative of Modern Investment: Chao Kuo Chiang (on board since June 14, 2019)	15,858,000	20,000,000	0	0
Independent Director	Ming Ling Hsueh	0	0	0	0
Independent Director	Yin Hua Yeh	0	0	0	0
Independent Director	Kuang Si Shiu (on board since June 14, 2019)	0	0	0	0
Independent Director	Hsing Yi Chow (on board since June 14, 2019)	0	0	0	0
President	Chien Weng (on board since July 26, 2019)	43,138	0	0	0
Auditor-General	Ming Hsiu Tsai	54,854	0	0	0
Senior Vice President	Tsai Yu Chang (on board since February 1, 2019)	61,723	0	0	0
Senior Vice President	Allen Wu	62,299	0	0	0
Senior Vice President	Lawrence Lee	33,702	0	0	0
Senior Vice President	Hsuan Min Kuo	72,172	0	0	0
Senior Vice President	Hsiu Mei Chen	86,843	0	0	0
Senior Vice President	Mei Ling Kuo	0	0	0	0
Vice President (Financial manager)	Hsu Shu Mai	79,644	0	0	0
Vice President	Wen Ching Chiu	79,405	0	0	0
Vice President	Cheng Hua Sun	80,367	0	0	0
Vice President	Sophia Chang	43,991	0	0	0
Vice President	Robert C.S. Yang	21,679	100,000	0	0

Title	Name	2019		Ending January 31, 2020	
		Increase (decrease) in shares held	Increase (decrease) in shares pledged	Increase (decrease) in shares held	Increase (decrease) in shares pledged
Vice President	Hsin Hui Tseng (on board since March 5, 2019)	72,039	0	0	0
Vice President	Ming Lang Liu	59,890	0	0	0
Vice President	Chen Hsiang Wu	45,932	0	0	0
Vice President	Yi Wen Ma	12,597	0	0	0
Senior Assistant Vice President	Po Ching Li	53,021	0	0	0
Senior Assistant Vice President	Fang Ming Lo (on board since May 13, 2019)	0	0	0	0
Senior Assistant Vice President	Yung Hsien Chang	0	0	0	0
Professional Senior Assistant Vice President	Yi Liang Su	23,771	0	0	0
Professional Senior Assistant Vice President	Sheng Hui Yang (on board since August 16, 2019)	20,802	0	0	0
Assistant Vice President	Pei Yu Chen (on board since December 1, 2019)	28,290	0	0	0
Assistant Vice President (Chief Accountant)	Wei Ning Chang	0	0	0	0
Assistant Vice President	Chun Ching Chang	0	0	0	0
Assistant Vice President	Chen Chun Lin	12,327	0	0	0
Assistant Vice President	Hsin Tang Huang	0	0	0	0
Assistant Vice President	Hsien Chun Li	0	0	0	0
Assistant Vice President	Po Yi Wu	0	0	0	0
Professional Assistant Vice President	Li Yun Chen	19,441	0	0	0
Professional Assistant Vice President	Ho Hsing Pan	0	0	0	0
Professional Assistant Vice President	Li Hua Yang	17,750	0	0	0
Professional Assistant Vice President	Shih Chiang Li	43,023	0	0	0
Professional Assistant Vice President	Ming Ju Li (on board since May 1, 2019)	0	0	0	0
Professional Assistant Vice President	Yu-Chin Tsao (on board since June 16, 2019)	0	0	0	0
Professional Assistant Vice President	Ko Le Wei (on board since October 1, 2019)	0	0	0	0
Same person or same affiliated person	Yu Yang Investment	7,218,000	19,000,000	0	0
Same person or same affiliated person	Yuan Hung Investment	21,782,000	0	0	0
Same person or same affiliated person	Lian Ta Investment	0	0	0	0
Same person or same affiliated person	Yuan Hsiang Investment	0	0	0	0

Title	Name	2019		Ending January 31, 2020	
		Increase (decrease) in shares held	Increase (decrease) in shares pledged	Increase (decrease) in shares held	Increase (decrease) in shares pledged
Same person or same affiliated person	Teng Ta Investment	22,329,000	0	0	0
Same person or same affiliated person	Hsing Tsai Investment	0	0	0	0
Same person or same affiliated person	Lien Heng Investment	8,067,000	0	0	0
Same person or same affiliated person	Richcorp International Limited	12,124,000	0	0	0
Same person or same affiliated person	Chiu Ta Investment	17,008,000	0	0	0
Same person or same affiliated person	Yuanta Construction and Development	5,650,000	0	0	0
Same person or same affiliated person	Ta Ta Investment	0	0	0	0
Same person or same affiliated person	Zhao Yuan Investment Co., Ltd.	0	0	0	0
Same person or same affiliated person	Hui Tung Investment	0	0	0	0
Same person or same affiliated person	Judy Tu	0	0	0	0
Same person or same affiliated person	Yuanta Foundation	0	0	0	0
Same person or same affiliated person	Trust property account at Cathay United Bank commissioned by Yuanta Foundation	0	0	0	0
Same person or same affiliated person	Hsu Tong Investment	0	0	0	0
Former Chairman	Representative of Modern Investment: Rong Jou Wang (resigned on June 14, 2019)	0	0	0	0
Former Director	Representative of Modern Investment: Ting Chien Shen (Tony) (resigned on June 14, 2019)				
Former Director	Representative of Modern Investment: Chich Chiang Fan (Tony) (resigned on June 14, 2019)				
Former Director	Representative of Tsun Chueh Investment: Wei Chen Ma (Michael) (resigned on June 14, 2019)	0	0	0	0
Former Director	Representative of Tsun Chueh Investment: Jin Long Fang (resigned on June 14, 2019)				
Former Director	Representative of Tsun Chueh Investment: Yueh Tsang Lee (resigned on June 14, 2019)				

Title	Name	2019		Ending January 31, 2020	
		Increase (decrease) in shares held	Increase (decrease) in shares pledged	Increase (decrease) in shares held	Increase (decrease) in shares pledged
Former Director	Representative of Hsu Tong Investment: Ming Hong Ho (resigned on June 14, 2019)	0	0	0	0
Former Director	Representative of Hsu Tong Investment: Hsien Tao Chiu (resigned on June 14, 2019)				
Former Director	Representative of Hsu Tong Investment: Chung Yuan Chen (resigned on June 14, 2019)				
Former Independent Director	Sou Shan Wu (resigned on June 14, 2019)	0	0	0	0
Former Independent Director	Lai Ping Chi (resigned on June 14, 2019)	0	0	0	0
Former Executive Vice President	Vincent Chen (resigned on June 14, 2019)	0	0	0	0
Former Senior Vice President	Frank Kuo (resigned on March 29, 2019)	0	0	0	0
Former Vice President	Wen Chi Chou (resigned on December 26, 2019)	0	0	0	0
Former Vice President	Tai Yung Hsiung (resigned on August 1, 2019)	0	0	0	0
Former Vice President	Chun Chao Lin (resigned on September 1, 2019)	0	0	0	0
Former Professional Senior Assistant Vice President	Chun Liang Lin (resigned on April 1, 2019)	0	0	0	0
Former Professional Assistant Vice President	Shu Yen Tsai (resigned on May 1, 2019)	0	0	0	0

(II) Equity transfer information: None.

(III) Equity pledge information: None.

X. Information of the Top Ten Shareholders Being Related Parties

Data baseline date: 04/11/2020

Name	Shareholdings by oneself		Shareholdings of spouse and underage children		Shareholding using other's name		Disclosure of information on related parties or spousal relationship or relations within second degree of kinship, among top ten shareholders, including their names and Name relationships		Remarks
	Shares	Shareholding ratio	Shares	Shareholding ratio	Shares	Shareholding ratio	Name	Relationship	
Representative of Tsun Chueh Investment Chen Kuo Huang	413,220,950	3.54%	—	—	—	—	Yu Yang Investment	1. Tsun Chueh Investment and Yu Yang Investment constitute a parent company and subsidiary respectively. 2. The same person serves as chairman of both companies.	—
Representative of Yuan Hung Investment: Ming Chiu Kao	413,131,319	3.54%	—	—	—	—	—	—	—
Representative of Yuan Hsiang Investment: Yung Tsang Lin	346,228,176	2.97%	—	—	—	—	Lian Ta Investment	1. Investor that accounts the company using the equity method. 2. Company director.	—
Representative of Yu Yang Investment: Chen Kuo Huang	313,413,457	2.69%	—	—	—	—	Tsun Chueh Investment	1. Tsun Chueh Investment and Yu Yang Investment constitute a parent company and subsidiary respectively. 2. The same person serves as chairman of both companies.	—
Representative of HO JIA Investment Chen Hai Lin	259,369,000	2.22%	—	—	—	—	—	—	—
Singapore Government's investment account held in custody by Citibank (Taiwan)	251,436,710	2.15%	—	—	—	—	—	—	—
Dedicated trust property account managed by Yuanta Bank	249,225,366	2.14%	—	—	—	—	—	—	—
Representative of Bank of Taiwan: Chu Cheng Lu	242,813,206	2.08%	—	—	—	—	—	—	—
Representative of Bank Teng Ta Investment: Hung lien Chen	237,536,496	2.04%	—	—	—	—	—	—	—
Representative of Lian Ta Investment: Hsin Chen Pao	237,459,822	2.03%	—	—	—	—	Yuan Hsiang Investment	Investor appraised by the equity method.	—

Note: 1.Data relating to the top ten shareholders are based on those as of the latest book closure date (04/11/2020).
2.The Company has a total of 11,670,611,456 shares outstanding (including common stock and preferred stock) on the data baseline date (04/11/2020).

XI. Total Shareholding Ratio in Each Invested Enterprise

Units: 1000 shares; %
Data baseline date: January 31, 2020

Invested enterprise	Investment made by the company		Investment by directors and managers or by directly or indirectly controlled enterprises		Total investment	
	Shares	Shareholding ratio	Shares	Shareholding ratio	Shares	Shareholding ratio
Yuanta Securities	5,782,032	100	-	-	5,782,032	100
Yuanta Bank	7,394,039	100	-	-	7,394,039	100
Yuanta Life	973,570	100	-	-	973,570	100
Yuanta Securities Investment Trust	168,743	74.36	-	-	168,743	74.36
Yuanta Futures	159,467	68.65	-	-	159,467	68.65
Yuanta Venture Capital	246,000	100	-	-	246,000	100
Yuanta Asset Management	300,000	100	-	-	300,000	100
Yuanta Securities Investment Consulting	10,000	100	-	-	10,000	100

Three. Financing Status

I. Corporate Capital and Shares

(I) Types of share

Unit: shares
Data baseline date: January 31, 2020

Types of share	Authorized capital stock			Remarks
	Outstanding shares	Unissued shares	Total	
Common stock	11,670,611,456	829,388,544	12,500,000,000	

Note: The outstanding common stock totaled 11,670,611,456 shares on December 31, 2019.

(II) Equity Capital sources

Unit: shares, NT$

Date	Issue price	Authorized capital stock		Paid-in capital		Remarks	
		Shares	Amount	Shares	Amount	Equity Capital sources	Others
2002.02	$10	5,000,000,000	50,000,000,000	2,091,000,000	20,910,000,000	1,470,000,000 shares of Fuhwa Securities Finance (renamed Yuanta Securities Finance) common stock and 621,000,000 shares of Fuhwa Securities (renamed Yuanta Securities) common stock were converted into shares of Fuhwa Financial Holdings (renamed Yuanta Financial Holdings)	Note 1
2002.08	$10	5,000,000,000	50,000,000,000	2,964,477,742	29,644,777,420	873,477,742 new shares were issued for swapping 1,211,513,628 shares of common stock of Asia-Pacific Bank (renamed Yuanta Bank)	Note 2
2002.09	$10	5,000,000,000	50,000,000,000	2,939,829,359	29,398,293,590	Fuhwa Financial Holdings (renamed Yuanta Financial Holdings) simultaneously reduced capital by 24,648,383 shares in conjunction with the annulment by Fuhwa Securities (renamed Yuanta Securities) of shares held by dissenting shareholders	Note 3

Date	Issue price	Authorized capital stock		Paid-in capital		Remarks	
		Shares	Amount	Shares	Amount	Equity Capital sources	Others
2002.12	$10	5,000,000,000	50,000,000,000	2,826,829,359	28,268,293,590	Annulment of a total of 113,000,000 shares of treasury stock from the 3rd, 4th and 5th buybacks by Fuhwa Financial Holdings (renamed Yuanta Financial Holdings)	Note 4
2003.08	$10	5,000,000,000	50,000,000,000	2,894,444,460	28,944,444,600	Capital increase of 67,615,101 shares out of additional paid-in capital	Note 5
2004.09	$10	5,000,000,000	50,000,000,000	3,006,444,460	30,064,444,600	Capital increase of 40,000,000 shares out of additional paid-in capital and capital increase of 72,000,000 shares out of earnings	Note 6
2005.09	$10	5,000,000,000	50,000,000,000	3,161,761,593	31,617,615,930	Capital increase of 155,317,133 shares out of earnings	Note 7
2007.04	$10	10,000,000,000	100,000,000,000	8,312,114,476	83,121,144,760	Capital increase through issue of 5,150,352,883 new shares and swap with all shares of Yuanta Core Pacific Securities	Note 8
2008.01	$10	10,000,000,000	100,000,000,000	8,353,043,686	83,530,436,860	Application for conversion of overseas convertible corporate bonds to 40,929,210 shares of common stock	Note 9
2008.12	$10	10,000,000,000	100,000,000,000	8,102,105,686	81,021,056,860	Annulment of 250,938,000 shares of treasury stock from the 11th and 12th buybacks	Note 10
2011.01	$10	10,000,000,000	100,000,000,000	8,102,610,736	81,026,107,360	Application for conversion of 1st domestic unsecured convertible bonds application to 505,050 shares of common stock	Note 11
2011.08	$10	10,000,000,000	100,000,000,000	8,845,471,060	88,454,710,600	Capital increase of 742,860,324 shares out of earnings	Note 12
2011.10	$10	12,500,000,000	125,000,000,000	10,016,310,506	100,163,105,060	Capital increase through issue of 1,170,839,446 new shares and swap with all shares of Polaris Securities	Note 13
2012.03	$10	12,500,000,000	125,000,000,000	10,016,210,506	100,162,105,060	Annulment of 100,000 shares of treasury stock from 15th buyback	Note 14

Date	Issue price	Authorized capital stock		Paid-in capital		Remarks	
		Shares	Amount	Shares	Amount	Equity Capital sources	Others
2013.03	$10	12,500,000,000	125,000,000,000	9,897,335,506	98,973,335,060	Annulment of 118,875,000 shares of treasury stock from 16th buyback	Note 15
2013.04	$10	12,500,000,000	125,000,000,000	9.893,723,506	98,937,235,060	Annulment of 3,612,000 shares of treasury stock from 14th buyback	Note 16
2014.09	$10	12,500,000,000	125,000,000,000	10,141,066,594	101,410,665,940	Capital increase of 247,343,088 shares out of earnings	Note 17
2015.08	$10	12,500,000,000	125,000,000,000	10,439,151,709	104,391,517,090	Application for conversion of 1st domestic unsecured convertible bonds application to 298,085,115 shares of common stock	Note 18
2015.09	$10	12,500,000,000	125,000,000,000	10,712,960,508	107,129,605,080	Capital increase of 273,808,799 shares out of earnings	Note 19
2016.03	$10	12,500,000,000	125,000,000,000	12,098,647,753	120,986,477,530	Capital increase through issue of 1,385,687,245 new shares and swap with all shares of Ta Chong Bank (including 100,000,000 shares of Preferred stock)	Note 20
2017.11	$10	12,500,000,000	125,000,000,000	11,989,197,456	119,891,974,560	Annulment of 109,450,297 shares of treasury stock upon capital reduction	Note 21
2018.01	$10	12,500,000,000	125,000,000,000	11,889,197,456	118,891,974,560	Annulment of 100,000,000 shares of Class A preferred stock upon capital reduction	Note 22
2018.03	$10	12,500,000,000	125,000,000,000	11,820,232,456	118,202,324,560	Annulment of 68,965,000 shares from 17th buyback of treasury stock upon capital reduction	Note 23
2018.08	$10	12,500,000,000	125,000,000,000	11,686,232,456	116,862,324,560	Annulment of 134,000,000 shares from 18th buyback of treasury stock upon capital reduction	Note 24
2019.10	$10	12,500,000,000	125,000,000,000	11,670,611,456	116,706,114,560	Annulment of 15,621,000 shares of treasury stock upon capital reduction	Note 25

Note 1: (2001) Tai-Tsai-Cheng-(4)-Zi No. 175847, December 31, 2001.
Note 2: (2002) Tai-Tsai-Cheng-(4)-Zi No. 0910135271, July 2, 2002.
Note 3: (2002) Tai-Tsai-Cheng-(4)-Zi No. 0910004872, September 19, 2002.
Note 4: (2002) Tai-Tsai-Cheng-(4)-Zi No. 0910164534, December 6, 2002.
Note 5: (2003) Tai-Tsai-Cheng-(4)-Zi No. 0920129910, July 4, 2003.
Note 6: (2004) Tai-Tsai-Cheng-(4)-Zi No. 0930128919, June 30, 2004.

Note 7: (2005) Jin-Guan-Cheng-(1)-Zi No. 0940130318, August 2, 2005.
Note 8: (2007) Jin-Guan-Yin-(6)-Zi No. 09600022230, March 8, 2007.
Note 9: Jing-Shou-Shang-Zi No. 09601321150, January 3, 2008.
Note 10: Jing-Shou-Shang-Zi No. 09701313360, December 11, 2008.
Note 11: Jing-Shou-Shang-Zi No. 10001094810, May 11, 2011.
Note 12: Jing-Shou-Shang-Zi No. 10001213110, September 15, 2011.
Note 13: Jing-Shou-Shang-Zi No. 10001213120, October 3, 2011.
Note 14: Jing-Shou-Shang-Zi No. 10101064400, April 12, 2012.
Note 15: Jing-Shou-Shang-Zi No. 10201064760, April 18, 2013.
Note 16: Jing-Shou-Shang-Zi No. 10201087760, May 14, 2013.
Note 17: Jing-Shou-Shang-Zi No. 10301189720, September 11, 2014.
Note 18: Jing-Shou-Shang-Zi No. 10401171690, August 19, 2015.
Note 19: Jing-Shou-Shang-Zi No. 10401192360, September 14, 2015.
Note 20: Jing-Shou-Shang-Zi No. 10501039430, March 22, 2016.
Note 21: Jing-Shou-Shang-Zi No. 10601154740, November 13, 2017.
Note 22: Jing-Shou-Shang-Zi No. 10701001940, January 31, 2018.
Note 23: Jing-Shou-Shang-Zi No. 10701032810, March 27, 2018.
Note 24: Jing-Shou-Shang-Zi No. 10701102930, August 13, 2018.
Note 25: Jing-Shou-Shang-Zi No. 10801146050, October 25, 2019.

(III) Shareholder structure

Face value $10 per share

Data baseline date: 04/11/2020

Shareholder structure / Quantity	Government agencies	Financial institutions	Other institutions	Individuals	Foreign Institute and others	Total
Persons	13	13	827	274,974	1,481	277,308
Shares held	229,835,405	856,537,428	4,165,043,184	1,985,117,029	4,434,078,410	11,670,611,456
Shareholding ratio (%)	1.97%	7.34%	35.69%	17.01%	37.99%	100%

Note 1: The data were based on the latest book closure date (04/11/2020).
Note 2: The Company has a total of 11,670,611,456 shares of common stock outstanding on the data baseline date (04/11/2020).

(IV) Distribution of equity

Face value $10 per share

Data baseline date: 04/11/2020

Shareholding category	Number of shareholders	Shares held	Shareholding ratio (%)
1 to 999	119,591	26,713,580	0.23%
1,000 to 5,000	97,614	219,088,417	1.88%
5,001 to 10,000	25,929	183,941,339	1.58%
10,001 to 15,000	12,167	145,577,579	1.25%
15,001 to 20,000	5,259	92,624,583	0.79%
20,001 to 30,000	5,780	140,234,636	1.20%
30,001 to 50,000	4,381	168,450,071	1.44%
50,001 to 100,000	3,063	211,894,577	1.82%
100,001 to 200,000	1,576	214,602,652	1.84%
200,001 to 400,000	746	205,900,971	1.76%
400,001 to 600,000	284	139,046,337	1.19%
600,001 to 800,000	148	102,479,958	0.88%
800,001 to 1,000,000	92	81,881,603	0.70%
Over 1,000,001	678	9,738,175,153	83.44%
Total	277,308	11,670,611,456	100.00%

Note 1: The data were based on the latest book closure date (04/11/2020).
Note 2: The Company has a total of 11,670,611,456 shares of common stock outstanding on the data baseline date (04/11/2020).

(V) List of major shareholders (top ten shareholders)

Data baseline date: 04/11/2020

Shares / Major Shareholders	Shares held	Shareholding ratio (%)
Tsun Chueh Investment	413,220,950	3.54%
Yuan Hung Investment	413,131,319	3.54%
Yuan Hsiang Investment	346,228,176	2.97%
Yu Yang Investment	313,413,457	2.69%
HO JIA Investment	259,369,000	2.22%
Singapore Government's investment account held in custody by Citibank (Taiwan)	251,436,710	2.15%
Dedicated trust property account managed by Yuanta Bank	249,225,366	2.14%
Bank of Taiwan	242,813,206	2.08%
Teng Ta Investment	237,536,496	2.04%
Lian Ta Investment	237,459,822	2.03%

Note 1: Data relating to the top ten shareholders are based on those as of the latest book closure date (04/11/2020).

Note 2: The Company has a total of 11,670,611,456 shares of stock already issued on the data baseline date (04/11/2020).

Key shareholders of major institutional shareholders

Data baseline date: 04/11/2020

Institutional shareholder	Major shareholders of institutional shareholders	
Tsun Chueh Investment	Teng Ta Investment	19.69%
	Lian Ta Investment	19.84%
	Chiu Ta Investment	18.36%
	Lien Heng Investment	18.92%
	Hsing Tsai Investment	10.23%
	Victor Ma	8.27%
	Judy Tu	4.69%
Yuan Hung Investment	Mei Jia Li Investment Company Limited	45.88%
	Lien Heng Investment	33.74%
	Teng Ta Investment	15.38%
	Judy Tu	5.00%
Yuan Hsiang Investment	Lian Ta Investment	44.38%
	Lien Heng Investment	19.00%
	Teng Ta Investment	18.69%
	Chiu Ta Investment	9.96%
	Judy Tu	5.01%
	Hsing Tsai Investment	2.96%
Yu Yang Investment	Tsun Chueh Investment	100%
HO JIA Investment	Chen Hai Lin	50%
	Shu Chiung Tseng	50%
Singapore Government's investment account held in custody by Citibank (Taiwan)	Not applicable	
Dedicated trust property account managed by Yuanta Bank	Not applicable	
Bank of Taiwan	Taiwan Financial Holdings	100%
Teng Ta Investment	Lien Heng Investment	53.58%
	Mai Kao Venture Capital	45.87%
	Judy Tu	0.55%
Lian Ta Investment	Chiao Hua International Investment	45.79%
	Lien Heng Investment	37.14%
	Chiu Ta Investment	14.02%
	Hsing Tsai Investment	2.58%
	Judy Tu	0.47%

(VI) Market value, net value, earnings, and dividends per share during the most recent two years

Item \ Year			2018	2019	Ending January 31, 2020
Market price per share (Note 1)	Highest		16.40	20.45	20.75
	Lowest		12.80	15.00	19.30
	Average		14.46	17.99	20.05
Net worth per share (Note 2)	Before distribution		18.76	19.90	20.04
	After distribution		17.86	(Note 6)	(Note 7)
EPS	Weighted average number of shares (1,000 shares)		11,722,452	11,670,611	11,670,611
	EPS	Before adjustment	1.59	1.75	0.13
		After adjustment	1.61	(Note 6)	(Note 7)
Dividends per share	Cash dividend		0.90	(Note 6)	(Note 7)
	Stock dividends	Out of earnings	0.91	(Note 6)	(Note 7)
		Out of additional paid-in capital	-	-	(Note 7)
	Accumulated, unpaid dividends		-	-	(Note 7)
ROI analysis	P/E ratio (Note 3)		9.09	10.28	(Note 7)
	P/D ratio (Note 4)		16.07	(Note 6)	(Note 7)
	Cash dividend yield (Note 5)		0.06	(Note 6)	(Note 7)

※ If shares are distributed in connection with a capital increase out of earnings or capital reserve, please also disclose information on market prices and cash dividends retroactively adjusted based on the number of shares after distribution.

Note 1: Please identify the highest and lowest market price per share of common stock for each fiscal year and calculate each fiscal year's average market price.

Note 2: Please apply the number of the outstanding issued shares at year-end as the basis and specify it based on the distribution resolved by the shareholders' meeting next year.

Note 3: P/E ratio = Average closing price per share for the year/Earnings per share.

Note 4: P/D ratio = Average closing price per share during the current fiscal year/Cash dividend per share.

Note 5: Cash dividend yield = Cash dividend per share/Average closing price per share for the current year.

Note 6: Distribution of earnings in 2019 had not yet been resolved by the shareholders' meeting up to the date of publication of this annual report.

Note 7: Not applicable to 2020 reporting.

(VII) Dividend policy and implementation

1. Company dividend policy:

   If the Company has a profit at the year's final accounting, it shall first pay profit seeking-enterprise income tax and make up any losses from past years, and then make contributions to the statutory reserve and provide or reverse special reserve in accordance with law. The Board shall draft a distribution proposal for the remaining balance together with undistributed earnings from past years. The distribution of shareholder bonuses shall be implemented upon resolution of the shareholders' meeting. Where said statutory reserve amounts to the Company's total paid-in capital, it is not necessary to provide such reserves again.

   In order to continue expanding scale and increasing profitability, the Company adopted a residual dividend policy in accordance with its long-term financial planning and the relevant laws and regulations. According to the dividend allocation principle, allocable earnings are determined based on the earnings at the end of the fiscal year, if any, in the manner referred to in the preceding Article, and the working capital required by the Company's operations is reserved from the allocable earnings according to the Company's operational planning. The remainder, if any, shall be allocated as cash dividend, provided that the cash dividend shall be no less than 40% of the allocable earnings of that year.

2. Implementation: The Company's allocated earnings 2019 about 59.94% of the earnings after tax for the then year. The Company proposed a cash dividend distribution of NT$0.65 per share of Company stock. The total cash dividend allocated to shareholders was about NT$ 7.586 billion, while the total stock dividend was 466,824,458 share.The motion for allocation of earnings is pending resolution by the shareholders' meeting.

(VIII)The effects of stock grants proposed at this shareholders' meeting on business performance and EPS: N/A, as the Company did not publish 2020 financial forecast.

(IX) Employee and directors' remuneration

1. The percentages or ranges with respect to remuneration to employees and directors, as set forth in the Company's Articles of Incorporation:

   According to the Company's Articles of Incorporation, if the Company has profit at the year's final accounting (namely, the earnings before tax prior to deduction of remuneration to employees and directors), it shall reserve the amount sufficient to cover accumulated losses, if any. The remuneration to employees is allocated at the range from 0.01% to 0.5%, and the remuneration to directors no more than 0.9%, from the remainder, if any. When the remuneration to employee is distributed in the form of stock or in cash, it shall also be distributed to employees of affiliated companies that meet certain conditions.

   The certain conditions referred to in the preceding paragraph shall be decided by the Board of Directors.

2. The basis for estimating the amount of remuneration to employees and directors, for calculating the number of shares to be distributed as the remuneration to employees, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period:

   The remuneration to employees/directors was estimated based on the Company's net profit before tax in the given year (namely, the earnings before tax prior to distribution of the remuneration to employees and directors) multiplying by the allocation ratio referred to in the Company's Articles of Incorporation. If there is any discrepancy between the amount allocated actually and the estimated amount for the fiscal year, it shall be identified as a change in estimation and stated as the income for next year.

3. The motion for allocation of remuneration passed by the Board of Directors:

   (1) Remuneration to employees and directors allocated in cash or in the form of stock bonus:

   The Company's Board of Directors resolved to allocate the remuneration to employees, NT$3,322,531, and the remuneration to directors, NT$166,606,521, both in cash in 2019.

   (2) Proposed distribution of remuneration to employees in the form of stock bonus as a percentage to net profit after tax plus remuneration to employees in the entity financial statement for the current period: not applicable.

4. Actual allocation of remuneration to employees and directors in the previous year:

   The Company's allocation of earnings as the remuneration to employees and directors for 2018 as approved by the Board of Directors and reported to the shareholders' meeting did not differ from the allocation proposed by the Board of Directors. Specifically, NT$2,872,475 was allocated as the remuneration to employees and NT$151,207,792 as the remuneration to directors.

(X) Financial holding company's buyback of company shares: None.

II. Corporate Bonds

(I) Corporate bonds issued and outstanding

Data baseline date: January 31, 2020

Bond type	2015 1st unsecured bonds	2016 1st unsecured bonds	2016 2nd unsecured bonds	2018 1st unsecured bonds
Date issued	July 24, 2015	May 27, 2016	August 1, 2016	July 20, 2018
Face value	NT$1 million	NT$1 million	NT$1 million	NT$1 million
Place of issuance and exchange (Note)	Not applicable	Not applicable	Not applicable	Not applicable
Issue price	The bond is issued at full face value	The bond is issued at full face value	The bond is issued at full face value	The bond is issued at full face value
Total amount	NT$1.3 billion.	NT$15 billion. Of which: Class A bonds: NT$3 billion. Class B bonds: NT$4 billion. Class C bonds: NT$8 billion.	NT$ 3.45 billion. Of which: Class B bonds: NT$1.6 billion.	NT$10 billion. Of which: Class A bonds: NT$1.5 billion. Class B bonds: NT$8.5 billion.
Interest rate	Annual coupon rate of 1.67%.	Class A bonds: Annual coupon rate of 0.6%. Class B bonds: Annual coupon rate of 0.8%. Class C bonds: Annual coupon rate of 1.0%.	Class B bonds: Annual coupon rate of 0.85%.	Class A bonds: Annual coupon rate of 0.86%. Class B bonds: Annual coupon rate of 0.96%.
Duration	Term: seven years	Class A bonds: Term: 2 years Class B bonds: Term: 5 years Class C bonds: Term: 7 years	Class B bonds: Term: 6 years	Class A bonds: Term: 5 years Class B bonds: Term: 7 years
Priority of repayment	Not applicable	Not applicable	Not applicable	Not applicable
Guaranteeing institution	None	None	None	None
Trustee	Bank Sino Pac	Taipei Fubon Commercial Bank	Taipei Fubon Commercial Bank	Cathay United Bank Company Limited
Underwriting institution	Not applicable	Yuanta Securities is the leading underwriter.	Yuanta Securities is the leading underwriter.	Yuanta Securities is the leading underwriter.

Certifying attorney	Yi Cheng Law Firm	Yi Cheng Law Firm	Yi Cheng Law Firm	Yi Cheng Law Firm
Independent auditing firm	Pricewaterhouse Coopers Certified Public Accountants	Pricewaterhouse Coopers Certified Public Accountants	Pricewaterhouse Coopers Certified Public Accountants	Pricewaterhouse Coopers Certified Public Accountants
Repayment method	1.Method of interest computing and payment: For the corporate bonds, simple interest is calculated based on the coupon rate and paid once a year starting on the date of issuance. Interest for every NT$1 million worth of bonds is paid in a full New Taiwan Dollar amount and rounded to the nearest NT$1.0. If the date of payment for principal or interest falls on a non-business day at the place of payment, principal, or interest will be paid on the next business day, while no additional interest shall be paid. No additional interest shall be accrued either when interest or principal are collected after maturity. 2.Principal repayment method: Principal for the corporate bonds shall be repaid once at maturity.	1.Method of interest computing and payment: For the corporate bonds, simple interest is calculated based on the coupon rate and paid once a year starting on the date of issuance. Interest for every NT$1 million worth of the corporate bonds is paid in a full New Taiwan Dollar amount and rounded to the nearest NT$1.0. If the date of payment for principal or interest falls on a non-business day at the place of payment, principal, or interest will be paid on the next business day, while no additional interest shall be paid. No additional interest shall be paid either when interest or principal are collected after maturity. 2.Principal repayment method: Principal for the corporate bonds shall be repaid in full at maturity.	1.Method of interest computing and payment: For the corporate bonds, simple interest is calculated based on the coupon rate and paid once a year starting on the date of issuance. Interest for every NT$1 million worth of the corporate bonds is paid in a full New Taiwan Dollar amount and rounded to the nearest NT$1.0. If the date of payment for principal or interest falls on a non-business day at the place of payment, principal, or interest will be paid on the next business day, while no additional interest shall be paid. No additional interest shall be paid either when interest or principal are collected after maturity. 2.Principal repayment method: Principal for the corporate bonds shall be repaid in full at maturity.	1.Method of interest computing and payment: For the corporate bonds, simple interest is calculated based on the coupon rate and paid once a year starting on the date of issuance. Interest for every NT$1 million worth of the corporate bonds is paid in a full New Taiwan Dollar amount and rounded to the nearest NT$1.0. If the date of payment for principal or interest falls on a non-business day at the place of payment, principal, or interest will be paid on the next business day, while no additional interest shall be paid. No additional interest shall be paid either when interest or principal are collected after maturity. 2.Principal repayment method: Principal for the Type-A bonds shall be repaid in full at maturity since the date of issuance; principle for the Type-B bonds shall be repaid by 50% in 6th and 7th years respectively since the date of issuance.

Outstanding principal balance		NT$1.3 billion.	NT$12 billion. Which respectively are: Class B bonds: NT$4 billion. Class C bonds: NT$8 billion.	Class B bonds: NT$1.6 billion.	NT$10 billion.
Terms for redemption or early repayment		None	None	None	None
Restrictive terms		None	None	None	None
Whether included in qualifying capital		No	No	No	No
Name of credit rating organization, rating date, bond rating results		None	None	None	None
Other rights	Amount of the bonds already converted into (exchanged into or subscribed for) common shares, overseas depositary receipts, or any other securities until the date of publication of the annual report	None	None	None	None
	Issuance and conversion (traded or subscribed) regulations	None	None	None	None
Possible dilution of equity and impact on equity of existing shareholders due to issuance and conversion, trading or subscription rules, or issuance terms		None	None	None	None
Name of commissioned custodial institution for objects exchanged		None	None	None	None

Note: Not required in the case of a non-overseas corporate bond

(II) Convertible bonds: None.

(III) Exchangeable bonds: None.

(IV) Shelf registration for corporate bond issues: None.

(V) Information on corporate bonds with attached warrants: None.

III. Issuance of Preferred Shares: None.

IV. Issuance of Overseas Depository Receipts: None.

V. Issuance of Employee Stock Option Certificates: None.

VI. Information about new restricted employee shares: None.

VII. Mergers or Acquisitions

(I) CPA opinions on share exchange ratio for mergers and acquisitions or transfers to other financial institutions for the most recent year: None.

(II) Mergers and acquisitions with other financial institutions over the past five years

1. Yuanta Financial Holdings:
   (1) Ta Chong Bank

   The motion for swap of shares between the Company and Ta Chong Bank was resolved by both parties' special shareholders' meeting on October 13, 2015, and pursuant to Letter Jin-Guan-Yin-Kong-Zi No. 10500017770 dated January 29, 2016, the Company merged with Ta Chong Bank as a subsidiary wholly owned by the Company by swap of shares. The record date for swap was set on March 22, 2016.

2. Subsidiaries of Yuanta Financial Holdings:
   (1) Yuanta Securities
      A. KKTrade Securities (Thailand)

      Yuanta Securities' Board of Directors resolved on April 27, 2016 to acquire 99.99% of the equity of KKTrade Securities Company Limited in Thailand via its subsidiary, Yuanta Securities Asia Financial Services. Meanwhile, pursuant to FSC's letter under Jin-Guan-Zheng-Quan-Zi No. 1050020901 dated June 14, 2016 and upon approval of the competent authority in Thailand, SEC, via its letter No. 1118/2559 dated June 23, 2016, the settlement was completed pursuant to the agreement signed on July 8, 2016 and KKTrade's capital increase in cash by BHT1 billion was completed on August 30, 2016. The common stock as acquired therefor totaled 149,999,998 shares, i.e. 99.99% of KKTrade's common stock. The total investment amount was BHT1.691 billion, approximately equivalent to NT$1.554 billion. KKTrade was renamed

into Yuanta Securities (Thailand) Company Limited on September 1, 2016.

B. The First Securities Joint Stock Company

The Board of Directors of Yuanta Securities resolved on November 26, 2015 that the subsidiaries, Yuanta Securities Asia Financial Services and Yuanta Securities (HK), should jointly acquire the equity of First Securities Joint Stock Company in Vietnam in whole. Meanwhile, pursuant to FSC's letter under Jin-Guan-Zheng-Quan-Zi No. 1050000837 dated January 30, 2016 and upon approval of the competent authority in Vietnam, SSC, via its letter No. 7860/UBCK-PTTT dated November 20, 2017, the settlement was completed pursuant to the agreement signed on December 7, 2017. The common stock as acquired therefor totaled 16,581,900 shares. The total investment amount was about US$15 million, equivalent to NT$450 million, and Yuanta Securities held 99.95% of the equity of First Securities Joint Stock Company in Vietnam. First Securities Joint Stock Company in Vietnam was renamed Yuanta Securities Vietnam Joint Stock Company on February 13, 2018 officially. Upon approval of the competent authority in Vietnam, the State Securities Commission (SSC), Yuanta Securities Vietnam Joint Stock Company was officially renamed Yuanta Securities Vietnam Limited Company on June 14, 2019.

C. Global Securities Finance Corporation

The Board of Directors of Yuanta Securities resolved on April 24, 2019 that the subsidiary, Yuanta Securities Finance, should succeed to the equity and related creditor's right in the loan secured by margin trading and short sale, refinancing and marketable securities of Global Securities Finance Corporation. Upon approval via FSC's Letter Jin-Guan-Zheng-Tou-Zi No. 1080360681 dated October 14, 2019, the final installment payment was made and the transaction was completed on November 20, 2019. The transaction price amounted to NT$15 million and, plus the collateral and related rights valuing NT$3.211 billion, totaled NT$3.226 billion.

(2) Yuanta Bank

A. TONGYANG Savings Bank Inc.

Yuanta Bank and Yuanta Securities (Korea) signed the equity purchase agreement on December 23, 2014, under which Yuanta Bank acquired 100% of the equity of TONGYANG Savings Bank Inc. at the price of KRW$12.2 billion. Upon approval of FSC on February 2, 2015 (Jin-Guan-Yin-Kong-Zi No. 10300349460) and of the Central Bank of Philippines on July 1, 2015, the settlement was completed on August 5, 2015. Furthermore, Yuanta Bank also completed the capital increase in cash of TONGYANG Savings Bank Inc. by PHP640 million pursuant to FSC's letter under Jin-Guan-Yin-Kong-Zi No. 10400252830 dated October 26, 2015 on December 7, 2015. TONGYANG Savings Bank

Inc. was renamed Yuanta Savings Bank (Philippines) on September 26, 2016.

B. HanShin Savings Bank

With reference to the acquisition of 100% of equity of HanShin Savings Bank by Yuanta Bank from AON BGN Limited Liability Company, both parties signed the equity purchase agreement on February 3, 2016, and received approval from Taiwan's FSC (Jin-Guan-Yin-Kong-Zi No. 10500026760) and the financial supervisory commission of Korea on March 17, 2016 and April 14, 2016 respectively. The settlement was completed on April 25, 2016 at the total price of KRW$143.426 billion, equivalent to approximately NT$4.082 billion. Meanwhile, HanShin Savings Bank was renamed Yuanta Savings Bank Korea Co., Ltd., Yuanta Savings Bank (Korea) in short, on February 13, 2017.

C. Ta Chong Bank

The merger of the Bank and Ta Chong Bank was resolved by both parties' boards of directors on September 14, 2016 (exercising the duty and power of the shareholders' meeting). The existing entity upon the merger should be Yuanta Bank. Meanwhile, this merger acquired approval from FSC with Letter Jin-Kuan-Yin-Kong No, 10500320920, dated on January 17, 2017. Therefore, Yuanta Bank and Ta Chong Bank were officially consolidated on January 1, 2018 (the record date for the merger).

The share conversion proportion was, on the record date, one share of Ta Chong Bank's common stock for 0.8602 share of Yuanta Bank's common stock, and one share of Ta Chong Bank's series C registered preferred stock for 1.0625 shares of Yuanta Bank's series A registered preferred stock. Yuanta Bank and Ta Chong Bank respectively appointed Mr. William Yu of Ken Will United CPAs Firm and Ms. He-Ying Jian of Chun Yue Accounting Firm to issue the fairness opinion on share exchange ratio for merger and acquisition that the accountants have regard reasonable and fair. Furthermore, in order to deal with the expiration of Ta Chong Bank's series C preferred stock on September 30, 2017, both parties' boards of directors resolved to enter into the second amendment to the merger agreement on August 17, 2017, and canceled the conversion of preferred stock at the time of consolidation.

On the record date of merger, Yuanta Bank has issued 3,128,754,439 new shares at par value of NT$10 per share for conversion, namely each share of common stock of Ta Chong Bank for 0.8602 share of common stock of Yuanta Bank. After the merger, Yuanta Bank's paid-in capital has amounted to NT$73,940,389,820.

(III) Issuance of new shares for mergers and acquisitions with other financial institutions approved by the Board of Directors in 2019 and until January 31, 2020: None.

VIII. Implementation of Capital Utilization Plan

(I) Any negotiable securities offering or private placement that has not yet been completed up to the last quarter before the publication of this annual report: None.

(II) Plan(s) completed within the most recent three (3) years but without significant benefits as yet: None.

Four. Overview of Operations

I Operations

(I) Yuanta Financial Holding

1. Scope of business

(1) Main business services

Yuanta Financial Holdings is a financial holding company. According to Financial Holding Company Act, the business of a financial holding company is limited to investment in, and management of, the enterprises in which it has invested. A financial holding company may invest in the following businesses: financial holding companies, banking, bills finance, credit card, trust, insurance, securities, futures, venture capital, foreign financial organizations approved for investment by the competent authority, and other enterprises determined by the competent authority to be related to financial services.

(2) Revenue breakdown:

Unit: NT$1,000; %

Item \ Year	2018		2019	
	Operating revenue	Percentage (%)	Operating revenue	Percentage (%)
Investment income recognized under the equity method	19,979,027	99.25	21,974,067	99.60
Others	151,721	0.75	89,143	0.40
Total	20,130,748	100	22,063,210	100.00

2. Business plan for the year

Supported by excellent asset quality and risk management ability, the Company will continue to solidify its core competitiveness—comprehensively driving its growth, strengthening overseas business performance and improving the efficiency from integration of group resources. The business highlights of the Company for 2019 are summarized as follows:

(1) Yuanta Securities: For brokerage-related businesses, focus on the optimization of e-trading platforms, improve the order placement speed in response to the continuous trading policy, give attention to build a financial advisor model and integrate trust, and sub-brokerage operations to provide customers with more complete options for asset allocation. The proprietary trading related operations continue to follow global trends in the economy and interest rate, create the most effective investment portfolio, and provide stable warrant market-making quality. The investment banking related businesses continue to integrate the group's resources to provide cross-industry and cross-border financial services. The overseas businesses, in addition to the group’s business integration, also develop the local niche markets and take firm steps to increase their earnings contribution.

(2) Yuanta Bank: Continue to adjust the deposit structure, promote the core deposit growth, and after risk consideration, choose to underwrite high-yield loans,

contend to be the lead arranger for domestic and overseas syndicated loan projects and cultivate the customer base to increase the yield rate on loans and related revenue from commission. The main strategies for wealth management operations include the increase of new customers, improvement of wealth management specialists' capacity and profit margin on products, and through marketing collaboration and cross-selling, continue to increase the number of products held by customers. By upgrading and optimizing various platforms, the Bank seek to raise customers' satisfaction and establish a favorable brand image and reputation.

(3) Yuanta Life: In response to the new regulatory policies that competent authority has successively released (including guidance on declare rate decrease, lowering the policy liability reserve rate, imposition of the death benefit threshold, and compliance of profit indicators to be met at the time of submission) in order to solidify the insurance product structure, the Company will adjust premium or commission structure and design new products. Meanwhile, it will continue to strengthen its bank and insurance broker channels, to enhance the sales production of protection-type and long-term products and optimize the customer service procedure. Additionally, through the business model of work-site marketing, it provides the missing coverage to corporate customer employees and their dependents and stabilizes the sales volume. Notwithstanding, given the financial outlook is filled with uncertainties, assets and liabilities and investment operations shall be managed with cautious and stable approach.

(4) Yuanta Securities Investment Trust: The Company will align with the market trends, continue to offer the direction-based or theme-based ETF and feeder funds, and amplify the development of the "Yuanta ETF-AI Investment Platform," with the goal to transcend from an issuer to an "ETF solutions provider". In terms of domestic equity funds, the focus will be on three areas, including "Selection of Quality Target, Upgrading of Performance, and Mitigation of Risk," providing customers with diversified solutions by virtue of considerable stable and high-dividend yield products in a low interest rate environment. Further, in the area of fund investment, big data and AI computing ability will be fully utilized in assisting fund managers by providing related information, and as a result improving the performance and stability of fund management.

(5) Yuanta Futures: The Company will deepen the domestic/foreign futures and options brokerage business to increase its market shares and profit margin, actively develop the B2B business counterparts in the market to maintain its leadership position in the market; promote the sub-brokerage services for foreign futures as its core business momentum to expand the business scope of leverage transaction merchants; build a strategic Robot and digital consulting service which provides AI strategies—offering customer differentiation services; and develop overseas business locations actively in line with the group's global business expansion strategy to construct a complete overseas trading platform.

3. Industry overview

Although global economy has emerged from the shadow of the financial crisis, nonetheless, it is still trapped in the period of slow growth. The long period of low inflation and low interest rates has caused booming debt financing activities. As a result, it has led to an increase in non-banking corporate debt in some major economies and a fall in credit quality, thereby adding to the financial vulnerability. Besides, the continuous trade tensions led by the USA, China's sluggish economic growth, which is further encumbered by the COVID-19 outbreak, and geopolitical risks continuing to exist, all of which constitute a huge challenge for the current economic development.

In terms of the domestic financial industry's performance in 2019, given the slight decline of the day trading volume from 2018, the contribution from the securities' brokerage business decreased accordingly. Notwithstanding, due to the increase in the stock price, the income from proprietary trading business and underwriting grew significantly and the overall total profit for securities firms was superior than that of 2018. In the banking industry, the interest spread for deposits and loans has continued to drop due to the interest cut by Fed and intensive market competition. The net interest income suffered pressure accordingly. Nevertheless, in consideration of the outperforming net income from financial trading and increasing net income from wealth management, the overall total profit for banks kept hitting new records. As for the life insurance industry, given the product reform driven by laws and regulations, business momentum became sluggish gradually. Notwithstanding, the pressure brought by the hedging cost generated by currency mismatch of overseas investment was mitigated slightly, and as driven by the capital market condition, the net worth increased at the same time and served as buffer for exchange loss. Recovering from 2018, the life insurance industry showed an improvement in profits.

In consideration of the uncertainty of the economic outlook, global leading countries will still tend to adopt loose money policies. Recently, various countries have started to consider or adopt expanding fiscal policies to support economic momentum. Meanwhile, the abundant capital in Taiwan's market should be able to support the needs of substantial economic activities. Looking forward to 2020 where the securities industry will implement the continuous trading of stock and intraday odd-lot trading, the stock market growth ability is expected to be boosted. Meanwhile, in order to construct Taiwan as a regional wealth management center, the competent authority has scheduled to open up the services which the securities firms are allowed to undertake, and thus it is very helpful for the securities industry's growth and increase in the momentum for profit seeking. Benefited from the stable domestic economy, outbound Taiwanese entrepreneurs' movement of investment

back to Taiwan and growing overseas business, the banking industry's loan volume and service charge growth are expected to rise. Nevertheless, both the NTD spreads and foreign-currency spread still suffer downward pressure. Besides, given the increase in difficulty in operation of financial trading, it is expected that the entire banking industry's profit will still grow mildly. As for the life insurance industry, the product reform, interest cut by Fed and increasing foreign exchange risk have slowed down the speed of asset accumulation and also affected the profitability. Notwithstanding, the declared interest rate cut is helpful for life insurance companies to reduce the liability cost for insurance policies and may serve as buffer for them to bear the investment and re-investment risk. Generally speaking, there are still multiple economic and political issues that remained unsettled in 2020. In addition, a short-term impact to the economy brought by the outbreak of COVID-19 would be inevitable. Therefore, the uncertainty in the financial market remains high and operations should be carried out prudently.

4. Research and development
   (1) Project completed in 2019
      A. Yuanta Group
         (A) Group Financial Accounting System
            a. SAP financial accounting system database upgrade
         (B) Human Resources Information System (HRIS)
            a. Bonus platform implementation
            b. Yuanta Futures (HK) implementation
         (C) Group Infrastructure and Information Security
            a. Intrusion prevention system replacement (IPS)
            b. Laptop internet access control (NoteBook)
            c. Implementation of anti-phishing websites and anti-counterfeiting APP services
            d. Implementation of the group's information security staff professional training project
            e. Yuanta Financial Holdings, Yuanta Bank, Yuanta Securities, and Yuanta Life ISMS (ISO27001:2013) reassessment
      B. Yuanta Securities
         (A) Mr. Yuanta APP - futures/advanced stock selection/self-defined stock selection strategy
         (B) Construct foreign exchange service system
         (C) Construct new product ETN system
         (D) Securities lending source management
         (E) Digitalization of application for stock options by stock issuers' employees

(F) Yuanta Account APP 2.0

(G) Subsidiary ledger deposit/remittance system

(H) Construction of the stimulated platform for continuous trading

(I) International Finance Dept./ International Institutional Business Dept. trading platform upgrading project

(J) e-Trading and e-bill system host upgrading project

(K) New-generation e-statement system platform project

(L) HSM Cryptographic equipment procurement and installation project

(M) Information security assessment and declaration service project

(N) Data center network Infrastructure upgrading project

(O) Branch network equipment replacement and upgrading project

C. Yuanta Bank

(A) Foreign exchange system upgrading project (2nd stage)

(B) Trust System (AS/400) hardware upgrading project

(C) Wealth management system upgrading project (2nd stage)

(D) HK Branch network banking System (1st stage)

(E) OPEN API project (1st stage)

(F) BPM (cross-system operation integration platform) reroute project

(G) Foreign currency ATM project

(H) ATM cardless withdrawal/deposit project

(I) eFCS payment platform project

(J) NTD bond and bill system upgrading project

(K) Online personal loan identity verification project

(L) The new-generation security information and event management (SIEM) project

(M) The computer system information security assessment project (Class I and Class II)

(N) E-payment system security management assessment project

D. Yuanta Life

(A) Yuanta Life e-commerce system new product development - online products (accidental injury insurance contract)

(B) Business channel service platform construction

(C) Video survival investigation and video recording system construction

(D) MIS system construction

E. Yuanta Futures

(A) Mr. Yuanta APP futures trading function development project

(B) Solace notification pushing system project

(C) Knowledge management system construction project

(D) Hong Kong Exchange sub-brokerage B2B project construction

(E) Futures new official website project construction

(F) Leverage trader TWSE/TPEx Callable Bull/Bear Contracts trading platform construction

(G) Futures e-platform dual ISP entrance backup construction project

(H) TWSE four-in-one circuit brokerage/institutional business access system backup construction project

(I) Reuters Chinese news service cost saving project

F. Yuanta Securities Investment Trust

(A) Mobile online account opening project

(B) Investment trust trading website revision project

(C) ETF-AI and securities Mr. Yuanta connection project

(2) Future development plans

A. Financial Holding

(A) Security Information and Event Management (SIEM) construction project

Construct the SIEM active analysis management system to integrate the collection of information equipment logs. By setting the alarm indicators and system data correlation analysis capabilities, it can greatly reduce the probability of manual operation time and reduce the probability of event misjudgment to achieve rapid detection and response to the new state Threat of attack.

B. Yuanta Securities

(A) Customers' strategic trading platform

Increase strategic e-platforms and AI ordering function, in order to enhance the width of customer base and expand the users of strategic trading.

(B) New-generation order placement software for sale representatives - Xin Finger

Build the brand new order placement system for sale representatives to cut the labor costs and provide sale representatives with the user-friendly operating interface and fine-quality functions, in order to respond to the continuous trading system.

(C) Robotic process automation (RPA) implementation

Reduce repeated and low-efficiency routine work by means of RPA to upgrade the information system's efficiency and upgrade the entire Yuanta Securities's competitiveness.

(D) Mobile APP basic information security test

In order to strengthen APP's basic security protection ability and

comply with information security review standards Include the APPs launched by Yuanta Securities into the scope of test (WAN-SHIH-TUNG /E-WINNER/ Mr. Yuanta /Wealth Management/ Open Account APP, iOS+Android).

(E) Mobile APP obfuscation protection

Prevent speculators from spying the internal program code for the APP developed by the organization by virtue of the APP obfuscation protection mechanism, in order to stop the speculators from accessing business secrets without authorization.

(F) Security information and event management (SIEM) System

Control the activities of all systems, networks, database and APPs in a timely manner, provide required available information and integrate the same, and prioritize, and investigate threats to respond to them adequately. Continue to monitor threats and risks, use feasible analysis to guide classification and accelerate investigation, and coordinate the safety fixing work to upgrade the effectiveness

(G) AI information security response automated system

Integrate the existing information security mechanisms (SEIM, FW, IDS/IPS, AV and AD, et al.), create the machine learning function, integrate said existing information security control mechanisms, and adopt the manual or automated information security enhancement and control mechanism to help shorten the information security response time and mitigate the information security risk impact.

(H) E-trading database monitoring system construction

In order to respond to the continuous matching policy adopted by TWSE, and in consideration of the significant increase in transactions conducted via the e-trading system, such as Mr. Yuanta APP, control the intraday trading issues and process them quickly, and upgrade the monitoring and management of the SQL Server database.

C. Yuanta Bank

(A) In response to the trade volume increasing year by year, the Bank upgrades and optimizes the NTD core system to enhance the system's safety and flexibility, upgrades the system's entire operating efficiency, supports operating departments' business development, and upgrades customers' service quality.

(B) Develop digital finance and digital tools, and plan the Bank's electronic signature, mobile insurance and paperless operations for the insurance agency services, to simplify the sales burden of front-line sale representatives, and improve efficiency of the back-office administrative operations.

(C) In response to the Bank's development trend for the global allocation, the Bank conducted the 2nd-stage construction project for Hong Kong Branch network banking system and thereby upgraded the entire efficiency of services provided to Hong Kong Branch's customers, and extended the service hours, which provides customers with more convenient, quick, and sound multinational financial services.

(D) In response to the prevailing e-trading mechanism, the Bank upgrades the network banking system in Chinese and English versions by supporting diversified mobile devices and browsers, optimizing the user interface and simplifying the trading procedure, in order to provide customers with a more fluently and safer trading platform.

(E) In response to the 2nd-stage development system of OPEN API of Financial Information Service Co., Ltd., the Bank is worked with a third party platform to allow APP interfaces to share financial data, to bring more customers and product consumption needs to the bank via OPEN API, and to create good customers' experience and diversified financial services.

(F) Provide multi-model channels dedicated to accepting cases, which can be integrated into the bank's image platform rapidly to strengthen the image platform functions, and increase the flexibility and efficiency of the processing operations by providing such components as image scanning, processing, and retrieval.

(G) In order to attune to the market's trend and take the information security into consideration, the Bank built a system which integrates front-end, middle-end, and back-end operating procedures for financial instruments to control the real-time positions and income, to simplify the accounting operations, shorten the time for closing accounts at the end of a trading day, and to increase the overall efficiency.

(H) Per the regulations promulgated by BCBS, Yuanta Bank revises various risk capital requirements, introduces Basel IV to calculate the Bank's related value at risk and solve the EOS problem about the hardware and software of current system to satisfy the international standards.

(I) Construct Taiwan Pay QR Code service to implement the HCE credit card project, provide diversified payment channels, enhance customers' loyalty, and upgrade the service quality.

(J) Developed a new online personal loan system, and the .NET platform in replace of the IBM Notes system to enhance the flexibility in the system development, to cut the procurement cost for software and hardware, and thereby to upgrade the overall operating efficiency.

(K) Construct the remote control room development test environment, expand network equipment and bandwidth, and upgrade the space and operating efficiency of power in the center's control room.

(L) In order to enhance the overall performance of the network service, the

Bank constructs the new network framework for its branches to protect the bandwidth and backup settings for the trading flow as the first priority, builds the defensive framework for network segments at its branches, upgrades the network exchange bandwidth in the center's control room in response to the increase in the business transmission data, in order to satisfy the requirements about data transmission and network communications.

(M) In order to block malicious virus and attack to vulnerabilities in a timely manner to provides immediate prevention and collection of intelligence, the Bank, constructs the enhanced defensive project at the endpoints, and mitigates risks posed by introduction of malware by employees who access network, prevents internal employees from stealing data or hackers' attack, and improves the endpoint management, performance of detection on threats, and the Bank's information security protection ability, by monitoring software and analyzing users' behaviors.

(N) For enhancing the information security risk control, the Bank implements the information security scanning and testing automated tools to detect and manage vulnerabilities voluntarily, to intellectualize the management of risk over vulnerabilities, to control the fixing progress timely, and to upgrade the effect of bug fixing certification.

(O) To check the integrity and adequacy of the Bank's entire computer information security control policies, Yuanta Bank has a third-party organization to execute the computer system information security assessment project (Class I) and e-payment platform security assessment to verify the threats and weakness of information security via various information security assessment operations, and thereby upgrade the network and information systems' security defensive capabilities.

(P) In order to ensure the Bank's ATM safety protection, the Bank has a third-party organization to find out the threat and vulnerability in information security via the information security attack and defense drills for improving and upgrading the Bank's ATM safety protection and ability to respond.

(Q) Given continuously emerging hackers' attack and changeable information security attacking modes, in order to cover the loss caused by the attacks and destruction suffered by the computer system or network, and liability and loss to a third party derived therefrom, the Bank plans to take out the information security insurance to protect identified and unknown information security risks and to pass on the risk over loss caused by any information security incident.

D. Yuanta Life

(A) Continue the mobile insurance system to provide various business channels with the mobile operating platforms to deal with the digitalization and business promotion.

(B) Continue the proposal system revision and upgrading, and provide the multi-platform device and integrate back-office administrative management and development management procedures to facilitate business promotion.

(C) Continue Yuanta Life's official website revision and update to provide diversified and new thinking, and to provide customers with the experience in accessing a brand new insurance knowledge platform experience in response to the transformation of network technology application.

(D) Implement and construct the RPA system to upgrade the administrative execution efficiency in the Company's internal procedures.

(E) Implement and construct the data-network user behavior analysis platform, in order to have the business development on the Company's website driven by the data through analysis on the data from the network.

(F) Construct the security information and event management (SIEM) platform dedicated to analyzing and detecting abnormal behaviors, in order to enhance the Company's information system security protection ability and provide customers with safer and more stable financial services.

(G) Participate in the Association's Blockchain, apply the new technological services actively, and expand the service platforms available to customers.

E. Yuanta Futures

(A) SYSCOM domestic core accounting back-office replacement project

Per the policy upholding fast market with no slow order matching, and in order to improve the successful operations on the booming trading date subject to drastic fluctuation, subject to the close connection between the core system software and database items, Yuanta Futures optimizes and upgrades the core accounting system comprehensively, enhances more APP services, and provide a stable and fine-quality trading environment.

(B) TAIFEX 2020 IT project & continuous disclosure project for futures quotation

In response to the TAIFEX IT projects, the Company's modifies its internal system, completes the construction and development of various front-office trading systems and back-office accounting systems to

satisfy the functions and features needed by the new systems, and also releases more new systems. Specifically, on March 23, 2020, the futures market will be online simultaneously with the spot market to disclose the quotation continuously to make investors' trading more efficient and trading information more transparent.

(C) New-generation e-trading and AI trading platforms development and construction project

The Company will continue the planning and keep in line with the futures business development to plan and integrate the existing e-platforms' functions and develop the new-generation e-platform and e-counter services-mobile online account opening platform construction project to respond to the digital technology development, prevalence of mobile devices and emerging new financial instruments, provide modern displaying style support various mobile devices and browsers of customers, and provide the online account opening and integration platform for business development and convenient to customers.

(D) Yuanta Futures (HK) quotation center development and construction project

In order to provide the customers/institutional investors and proprietary trading in Hong Kong with faster overseas quotation service, the Company plans to construct Yuanta Futures (HK) quotation system in the control room owned by it in Hong Kong.

(E) Fine--quality customer service CRM development and construction project

Yuanta Futures upholds the main philosophy for "Market-Oriented and Customer-Based." This year, it plans to develop and construct the CRM system on its own to record data in real time, provide multi-dimensional data and record, and increase the sales unit's knowledge about customers comprehensively, in order to upgrade the customers' satisfaction and loyalty.

F. Yuanta Securities Investment Trust

(A) Continues to engage in such projects as issuance of new funds and internal data management platform to increase its market competitiveness.

(B) Yuanta Securities Investment Trust adjusts the network framework, implements the ISO-27001 management framework, and enhances the information security protection and management abilities.

(3) Expected R&D expenditures, and R&D progress

Unit: NT$1,000

R&D project	Estimated expenditure	Scheduled completion date	Expenditures spent in the most recent two years	Results generated in the most recent two years
Yuanta Financial Holdings' information security and event management (SIEM) construction project	5,000	December 2019 ~ August 2020		
Securities customers' strategic platform	11,390	June 2019 ~ April 2020		
New-generation order placement software for sale representatives of securities - Xin Finger	1,250	July 2019 ~ March 2020		
Robotic process automation (RPA) for securities	3,000	January 2020 ~ December 2020		
Mobile APP basic information security test for securities	1,000	January 2020 ~ December 2020		
APP obfuscation protection for securities	2,000	January 2020 ~ December 2020		
Security information and event management (SIEM)System for Securities	12,500	October 2019 ~ December 2020		
AI information security response automated system for securities	6,000	March 2020 ~ December 2020		
E-trading database monitoring system for securities	1,600	February 2020 ~ June 2020		
NTD core system upgrading project	23,900	June 2019 ~ December 2020	11,350	Under development
Insurance Agency system - mobile insurance project (including electronic signature)	8,790	January 2019 ~ October 2020	2,337	1. The project has two stages. 2. The 1st stage requirement and analysis have been completed, and now it's under development.
Personal network bank system revision project (including English version)	15,000	October 2019 ~ December 2020	1,250	1. The 1st stage have been completed. 2. The 2nd stage is under development.
New image system construction project	14,150	January 2019 ~ December 2020	1,590	1. The project has four stages. 2. The 1st-stage have been completed (including insurance agency wealth management functions historical data migration). 3. The 2nd stage is under development.
New financial treasury system construction implement project	149,760	March 2018 ~ January 2021	61,971	1. The project has two stages. 2. The 1st stage requirement, analysis, system integration test, and user acceptance test have been already completed. Now it's under parallel testing of 1st stage.

R&D project	Estimated expenditure	Scheduled completion date	Expenditures spent in the most recent two years	Results generated in the most recent two years
BASEL IV capital requirement system construction project	60,000	June 2019 ~ December 2020	19,161	1. The project has two stages. 2. The 1st stage requirement and analysis have been completed, and now it's under development.
Taiwan Pay QR Code service to implement the HCE credit card project	1,600	June 2019 ~ April 2020		Functions development and integrated test completed, and delivered to users for testing
New online personal loan system implement project	1,700	February 2019 ~ March 2020	329	1. The project has two stages. 2. The 1st-stage online personal loan identity verification function have been launched. 3. The 2nd-stage is under user acceptance test.
Remote control room network expansion and construction project	8,000	December 2019 ~ July 2020		
Branch network equipment replacement project	24,750	November 2019 ~ December 2020		
Yuanta Life's mobile insurance system	15,000	June 2019 ~ June 2021	7,500	
Yuanta Life's proposal system	11,000	November 2019 ~ April 2021	2,200	
Yuanta Life's official website system revision and update	4,850	March 2019 ~ December 2019	970	
Yuanta Life RPA system	1,000	May 2020 ~ December 2020		
Yuanta Life security information and event management (SIEM) platforms	5,000	March 2020 ~ December 2020		
Yuanta Life's participation in the Association's Blockchain platform	1,803	January 2020 ~ July 2020		
Yuanta Futures SYSCOM domestic core accounting back-office replacement project	124,000	January 2019 ~ June 2020	60,000	The machine and equipment are already completed, and 2nd-stage is under development
Futures continuous disclosure project for futures quotation	8,500	January 2020 ~ March 2020		
Yuanta Futures new-generation e-trading and AI trading platforms development and construction project	12,000	January 2019 ~ April 2020	8,000	1st-stage development already completed
Yuanta Futures e-counter services-mobile online account opening platform construction project	2,000	January 2020 ~ December 2020		
Yuanta Futures (HK) quotation center development and construction project	2,000	January 2020 ~ June 2020		

R&D project	Estimated expenditure	Scheduled completion date	Expenditures spent in the most recent two years	Results generated in the most recent two years
Yuanta Futures fine-quality customer service CRM development and construction project	4,000	January 2020 ~ December 2020		
Yuanta Futures ISO-27001 implementation	1,600	March 2020 ~ December 2020		
Yuanta Securities Investment Trust ISO-27001 implementation	1,600	March 2020 ~ December 2020		
Yuanta Securities Investment Trust framework adjustment and information security equipment implementation	9,000	January 2020 ~ December 2020		

5. Long and short-term business development plans

The Company's long-term and mid-term development strategy will continue to adopt the overall growth development strategy valuing "solidification of cores and driving of growth." The Company will solidify the core businesses, continue developing its competitiveness, and also focus on the distribution and management of growing businesses, markets and customers, as well as the performance growth from the Group's cross-industry or cross-border integration to stabilize and effectively improve its level of earnings , in hopes of moving forward toward the objective for the "Best Financial Services Provider in the Asia Pacific Region." The focus on the Company's future business development is stated as following:

(1) Yuanta Securities: Innovate diversified operations and services, and improve the operating performance stably.

Yuanta Securities with its goal of "expand on its roots in Taiwan, aim at international markets, livelocally and invest globally"continues to develop various core businesses and expand its regional markets overseas. Meanwhile, in order to secure market leadership, operation is focusedon deepening the relationship with customers, precise marketing strategies and improving brand image. Through the use of financial technology, enhanced product development and a focus on client management—building on its existing strengths with innovation—it developed diversified products and services with differention to satisfy customers' changing needs.

In terms of its overseas operations, the focus in mature markets like Korea and Hong Kong will be on looking into new business developments and new business development and creating business synergies on group level. In the growing markets, such as Thailand, Indonesia and Vietnam, the priority is on improving its market position and enhancing the operating efficiency, later followed by gradual expansion of investment banking and new financial product

businesses, building diversified profit engines to provide stable raise in business performance.

(2) Yuanta Bank: Focus on promotion of business growth, expansion, and enhancement of client management

Yuanta Bank will continue “balancing its business structure, dispersing its profit-making sources and increasing the efficiency of its capital utilization” as its primary business philosophy. With consideration given to risk and income, the Bank increases the overall loan scale adequately and centralizes resources to strengthen the relationship with Group's corporate customers. By continuously soliciting for core deposits and foreign currency deposits, the Bank provides sound support for growth in loan business and builds the foundation for developing the wealth management business. The Bank also strengthens the level of transaction with customers and raises customers’ loyalty through collaborative marketing efforts, cross-selling and platform optimization.

(3) Yuanta Life: Balancing the development of business with finance and gradual improvement in earnings

Yuanta Life will maintain its development strategy focusing on stable growth, financial control and balancing of business. The product strategy continues to uphold the insurance protection, retirement life planning, and heritage of assets, in order to satisfy the target customer base's demand for protection and financial planning. Further, the Company, by means of the new contract premium growth and asset allocation adjustment, cuts the policy liability cost step by step, upgrades the rate of return and control costs effectively, in order to attain the Company's financial plan year by year. The Company aims to become one of the important profit engines of Yuanta Financial Holdings in the medium term.

(4) Yuanta Securities Investment Trust: Build diversified investment platforms, and pursue stable growth of managed asset scale

Yuanta Securities Investment Trust aims to make its managed asset scale stable and profitability grow continuously. The product strategy focuses on provision of diversified investment tools to investors. The Company will continue to communicate with the competent authority to strive for admission to innovative products, and will also align with the market trends to issue products that satisfy customers’ needs. The source for growth is targeted at the asset management business opportunities—arising from an aging and low-interest-rate society—such as pension and old age fund management. Meanwhile, the Company will review the performance of funds, and by exiting weak performers and keeping strong performing funds, improve the overall investment performance.

(5) Yuanta Futures: Construct a Greater China regional trading platform of quality

Yuanta Futures will focus its management on securing market share and raising profit margin in the brokerage market. With enhancement of risk control performance as its first priority, the Company will continue to optimize the trading system and innovate products and services, use the best efforts to provide investors with the best trading platform and upgrade its proprietary trading performance. Meanwhile, establishing its Hong Kong subsidiary as the multinational, cross-market, multi-purpose and diversified international trading platform, the Company continues to apply to becaome a trading member in multiple markets globally and offer better financial services with professionalism, with the aims at becoming a regional futures firm as its mid-term and long-term goal.

For the short-term business development plan, please refer to "Four. Overview of Operations/I. Operations" for the business plans of Yuanta Financial Holdings and its subsidiaries.

(II) Business services of subsidiaries

1. Yuanta Securities

(1) Main business services

A. Brokerage of securities listed on Taiwan Stock Exchange (TWSE)
B. Proprietary trading of TWSE-listed securities
C. Brokerage of securities listed on Taipei Exchange (TPEx)
D. Proprietary trading of TPEx-listed securities
E. Margin trading and short sale for the trading of securities
F. Underwriting of securities
G. Securities transfer services
H. Introducing brokerage for futures trading
I. Proprietary trading of securities-related futures
J. Consigned trading of foreign securities
K. Short-term notes and bills
L. Trust Businesses
M. Securities investment consulting services
N. Other operations approved by the competent authority

(2) Revenue breakdown:

Unit: NT$1,000; %

Business	2018		2019	
	Operating revenue	Percentage (%)	Operating revenue	Percentage (%)
Brokerage	12,606,325	61.95	12,009,074	58.89
Proprietary	6,815,359	33.50	6,984,282	34.25
Underwriting	925,631	4.55	1,398,699	6.86
Total	20,347,315	100.00	20,392,055	100.00

(3) New financial products and services in development

Yuanta Securities will cooperate in response to the relevant business lines allowed by the competent authority and continue developing new financial and wealth management products. The Company plans to issue the new financial products, such as leverage ETN, inverse ETN, and Equity-Linked Securities (ELS), in 2020 to provide customers with more diversified products and financial services, and increase the Company's benefits at the same time. Further, the Company will continue to improve the "Mr. Yuanta" APP functions, construct the new-generation e-trading, eYuanta (AP version of Mr. Yuanta), add the strategic trading platform, and e-trading platform for OTC products, in order to provide investors with more diversified investment tools and sound investment experience.

Furthermore, Yuanta Securities will continue improving the variety and completeness of wealth management product lines and build the brand new private banking 2.0 wealth management service, so that customers are presented with wider options in asset allocation. Yuanta Securities also strives to enhance businesses including brokerage, securities borrowing and lending, securities loaning, international financial business, investment banking, proprietary trading, bonds, and financial derivatives trading practices and to connect Yuanta Securities' overseas trading platforms, in order to become a professional wealth management organization able to provide customers with the opportunities to control the global financial investment.

(4) Business plan for the year

A. Balanced business development

(A) Brokerage services:

The Company will continue to maintain its traditional core brokerage services and support the innovative development growth business, manage various channels stably and sprout the wealth management operations to create the double profit-seeking engines for the securities and brokerage services of Yuanta Securities; and identify the customer group structure subject to the customer's investment attributes to achieve the group management and practice wealth management business and commodity KYC, provide customers with the most complete investment and wealth management information, develop and guide new customers actively, and upgrade the weight and turnover rate of active transactions; and continue to sprout the development of the young and retail investors by means of the wealth management tool, such as "systematic investment plan for stock," to strengthen customer structure. It will expand the loans for indefinite purpose, optimize the loaning procedure, activate the securities position held by investors, and continue to expand the "day trade" customer scale, plan the related trading platform and strengthen internal risk control mechanisms. For the domestic/foreign corporate banking operations, the Company will expand the scale stably, offer the custodian financial service, and provide customers with a one-stop service.

In response to the policy for continuous trading which will be activated on March 23, 2020, the Company will keep updating related software and hardware and upgrading the line rate, in order to ensure that the trading information can be provided stably, timely, and correctly. Meanwhile, the Company will continue the related training and propagation about the continuous trading policy toward sale representatives and customers. Further, in response to the subsidiary ledger account trading mechanism, the Company will continue to optimize the online account opening procedure and provide uninterrupted user interface to solicit for the young customer base. Continue to strengthen the brokerage core accounting automated operation and paperless project, establish e-monthly statement of account to upgrade the percentage of subscription for e-statement, and improve the facilities at the wealth management service locations, assess the relocation of the existing old and unusable business locations and activate idle assets, continue to promote the Head Office's corporate social responsibility, and promote the environmental sustainability management policy.

(B) Wealth management services:

Use the best effort to strive for the business opportunities derived from influx of capital from Taiwanese companies based in China, conduct the comprehensive assessment per the corporate banking or consumer banking planning, and provide customers with the most adequate timing for repatriation of capital and allocation of capital. With respect to the high-asset class wealth management center's development strategy and related policy drafts proposed by FSC, Yuanta Securities will continue to assess the related business opportunities and also strive for more new securities business lines.

Continue to promote the "wealth management excellence engineering" plan, and develop generation orange/gold customer base to fulfill wealth legacy and valid cash flow allocation. Optimize the CRM system to provide the sales representatives with more complete tools to serve customers, and include various wealth management products into the wealth management product platform, and work with the other related departments to design and develop the self-made financial instruments, and combine with the stock agency operations to provide institutional customers with the omnibus financial services.

(C) International Financial Business:

Continue to integrate the original wealth management trust and

international banking sub-brokerage operations, educate the related staff about the depth and width of business development, train the FC and PM for omnibus wealth management services, and provide customers with more complete asset allocation planning and investment channels. Boost the first-line sales' promotion as customers' private bankers, continue to develop personal wealth management operations, build the brand new private banking 2.0 wealth management service, continue to seize the business opportunities for repatriation of overseas capital, and find out high-net-worth customers' offshore assets and cross-border integration.

Continue to develop domestic/foreign corporate banking operations, develop high-asset investors, professional investing institutions, banks and professional securities firms channels; and, solidify the related institutional investor customer base through integrating resources of investing and researching, and provide the customers with more complete DSU and OSU trading platforms and options of overseas products, including overseas stock, ETF, overseas bonds, preferred stock of the USA, and offshore structured notes, etc.. Meanwhile, Yuanta Securities has been held qualified as a "Qualified Intermediary (QI)" by the Internal Revenue Service in 2019 and, therefore, may be exempted from the complicated operations required to be completed by the investors reporting on tax on interest income generated from the USA. The Company is expected to upgrade its sub-brokerage trading volume in the future.

(D) Securities borrowing and lending:

Sprout the lending market for foreign institutional investors (foreign banks and investment banks), and use the best effort to develop the two-way securities lending for natural persons, in order to upgrade the proportion of lending to natural persons. Enhance the ability to collect, lend and make market of the sources of securities, and take advantage of the channels to continue activating the general investors' treasury stock attract external customers to engage in securities lending through marketing campaigns and therefore; maintain Yuanta Securities' leadership in the business.

(E) Proprietary trading:

In response to the continuous matching policy released by TWSE on March 23, 2020, the synchronization in the spot, futures and warrants markets will be improved significantly. Accordingly, the market makers will be able to practice their strength in technology, and they will

actively research various new market-making strategies to provide investors with better quotation service and increase Yuanta Securities' profit derived from market making. Meanwhile, the Company will use its best effort to research the literature related to domestic/foreign spot trading, and develop applicable trading strategies and system testing step by step, in order to drive the growth and profit of the spot trading upon the continuous matching.

Considering that the trading volume has been increasing stably upon TWSE's release of the after-hour trading policy, the Company plans to continue focusing on the investment in the after-hour trading, optimize the sources of data, trading model and system, and development of various strategic transactions about related overseas commodities, and practice the consolidated effect of the cross-market trading. Subject to the market condition, the Company will expand the scope of transactions to the other night trading sessions to increase the weight of the night trading in the Company's entire market-making earnings. TWSE schedules to release the intraday odd-lot trading policy in Q4 of 2020, and also plans to involve in the plan as a market maker.

(F) Investment banking business:

The Company, on a customer-oriented basis, focuses its core business on IPO, SPO and FA, and insists on regarding every case in a consistent manner. Meanwhile, the Company combines the resources of Yuanta Securities' overseas business locations in the territories of Asia to engage in the cross-border underwriting and international fund raising, provide institutional investors with more diversified fund-raising needs and enhance the customers' loyalty.

Meanwhile, considering that Yuanta Financial Holdings has been selected by the "DJSI World Index" in September 2019, the Company will help the other enterprises upholding the idea about ESG with IPO guidance, SPO fund raising or other financial consulting operations, while maintain the leading position in the underwriting market and the leadership for the transactions in the emerging stock market at the same time.

(G) Bond business:

Earn capital gains by seeking stable revenue from interest spread and operating the commodities that benefit from easy money. The investment position primarily consists of the bonds with high credit ratings, and the invested areas are dispersed in various developed countries. The Company will extend its business to the government

bonds and credit interest spread transactions in various emerging markets, and expand the operating scale of NTD and foreign currency bonds, participate in the foreign currency bond offering market, and also continue to launch new structured notes to satisfy the high-net-worth customers' wealth management demand. Develop the trading counterparts for bonds under repurchase and resale agreements to cut the funding cost and liquidity risk. Considering that the life insurance business has cut the investment limit in international bonds successively, the Company will use its best efforts to strive for issuance of long-term corporate bonds to satisfy the need for life insurance investment. Meanwhile, the Company will continue to engage in the cross-border business cooperation and secondary transactions of bonds with its overseas subsidiaries, and develop the foreign currency bond selling platform outside the Group.

Additionally, Yuanta Securities has offered the spot foreign exchange operations on June 21, 2019. Given the requirements imposed by the Central Bank, the scope of foreign exchange services provided by securities firms shall primarily focus on the foreign exchange demand derived based on the securities operations (namely, the principle of actual demand). The Company aims to attain the goal of even profit and loss in the first year in which it offers services. In the future, the Company will apply with the competent authority for enrollment into the interbank foreign exchange market and continue to suggest the additions to the foreign exchange settlement service lines, after attaining some specific trading scale, hoping to cut the foreign currency fund cost and enable the foreign exchange business development to create more benefits.

(H) Derivatives service:

Maintain the leadership in various market-making operations, and keep improving the evaluation models and effective hedging in futures, options, ETF, and warrant operations, and also provide the market with the best liquidity and reasonable value to solidify the leadership and brand identity in the market and balance profit and risk.

In order to solicit for different customers' recognition toward Yuanta Securities' brand, the Company will continue to invest related resources to organize various marketing activities, hoping to continue upgrading the market value and product awareness of various circulating warrants and ETN products issued by Yuanta Securities. The Company will also research and plan the financial instruments issuance program actively, including the leverage ETN, inverse ETN, and the option strategy ETN,

which might be permitted in the future, and also help the development of overseas warrants in the overseas markets including Thailand and Hong Kong, to help construct the overseas warrant database.

(I) Development of e-commerce:

By upholding the "Customers First" management philosophy, the Company develops various financial product and service innovation and brand activation, and upgrade the performance and stability of the e-trading platforms. Apply the FinTech development to create various financial APP services, including improvement of various trading and customer order placement systems; help it build various trading platforms based on different customer bases' investment experience and attributes, including the mobile order placement oriented toward the general customer base, strategic order placement for high-frequency customers and VIP customer base's order placement via programs; utilize the Big Data to provide customers with customized and value-added services.

Build a digital service ecosystem, including optimization of the online account opening mechanism combining subsidiary ledger accounts; continue to develop new biometric technologies to mitigate the risk posed by theft or decryption of customers' trading password to protect customers' account and trading soundly; and strive for the approval from the competent authority to relax the CDD requirements about online account openings to help potential customer bases to open accounts. Also, the Company will continue to sprout the promotion and cooperation projects with domestic colleges and universities, and organize various simulated trading competitions and investment seminars, etc., to help train students' professional knowledge about various financial products and make them become Yuanta Securities' potential trading customer base.

B. Promote the effect of layout in Asia

(A) Korea:

Yuanta Securities (Korea) will aim to pursue and maintain stable ROE, and continue strengthening the core business to create stable sources of revenue. For the brokerage business, the Company will upgrade the market share of the brokerage operations and enhance the sales of financial instruments within the territories of South Korea and also strengthen the overseas stock markets other than the USA, China, and Hong Kong, including the Company's plan to launch into the Southeast Asian market in 2020 to increase the sources of revenue from the retail

operations. For the corporate banking operations, the Company will aim to increase related revenue by means of the accommodation trading, major cooperative organizations' rating upgrading, and development of new institutions. Meanwhile, it will continue to enhance the bond intermediary operations. For trading-related operations, the Company will continue to introduce new talents specialized in trading, and adopt diversified investment assets and strategies to improve the volatility trading and upgrade the in-house trading abilities, and also to create more diversified revenue sources and structures. For the investment banking operations, the Company will continue to enhance the traditional IB operations to upgrade the proportion of operating revenue and strengthen the consolidated effect of cross-border business cooperation. For the Project Finance, the Company will continue to expand the scale and pursue stable income.

(B) Hong Kong:

Yuanta Securities (HK) will act as the center dedicated to issuing products, and develop the wealth management operations via the Group's channels and personal wealth management services. Meanwhile, it will develop the customers with assets of high net worth and institutional investor customer base actively in the territories of Asia, aiming at the high growth of AUM.

Meanwhile, the Company will use its best efforts to develop and build overseas bonds platform. In addition to the foreign currency bond transactions, it will also develop the business for issuance of foreign currency bonds and market making actively to expand more financial product lines. It will also connect such regional markets as Taiwan, Korea, Thailand, Indonesia, and Vietnam to utilize the strength and characteristics of the cross-border financial trading to provide customers with more diversified financial products and financing services.

(C) Thailand:

Yuanta Securities (Thailand) will develop oriented towards an omnibus securities firm, continue to expand fixed income, wealth management, warrants and stocks & futures operations, develop the general retail customer base, increase the entire commission rate, and enhance the management of institutional investor customer base. Strive to act as the leading securities firm in the investment banking operations, and offer discretionary investment management service, program trading and issuance of ELN products, in order to satisfy the investment need by the

high-net-worth customers and develop diversified operating revenue structure.

(D) Vietnam:

Yuanta Securities (Vietnam) will continue to develop the brokerage and financing operations to increase the market share. According to the laws of Vietnam, the financing by a securities firm shall be no more than double of the net worth of its equity. Following the continuous growth of the local brokerage and financing operations in Vietnam, the Company will continue to plan the capital increase, if necessary. Additionally, in response to the privatization of state-run enterprises urged by the Vietnamese government actively, the Company takes the chance to develop institutional investor operations and private placement of equity to diversify the profit structure.

(E) Indonesia:

Yuanta Securities (Indonesia) will continue to develop the core business, and also develop the general customer base by constructing the e-order placement platform, in order to expand the market shares and customer structure. Meanwhile, it will use the best efforts to develop the investment banking operations and fixed income operations, in hopes of creating the momentum for new operating revenue beside the core business, and moving forward toward the goal for diversified operating revenue.

(F) Mainland China:

Mainland China has promulgated the "Regulations Governing Foreign-Funded Securities Companies" on April 28, 2018, which provide that the shareholdings of foreign investment may be increased until 51% and such limit on investment capital may be exempted upon expiration of three years after the Regulations were promulgated and enforced. The Office of the Financial Stability and Development Committee under the State Council, China announced on July 20, 2019 that the exemption from the limit on shareholdings of foreign investment supposed to be implemented in 2021 should be implemented in 2020 instead. Notwithstanding, according to the existing "Regulations Governing Permission and Administration of Securities and Futures Business Dealings and Investment Between the Taiwan Area and the Mainland Area," the shareholdings of any Taiwanese businessman's participation in investment in Mainland China shall still be no more than 50%.

For the time being, Yuanta Securities has set up three offices in Beijing, Shanghai, and Shenzhen, respectively, and Yuanta Investment Consulting (Beijing) Co., Ltd., so far, primarily engaged in related business and collection of information. In the future, subject to the status of laws & regulations and negotiations adopted by the cross-strait competent authorities, as well as the changes in the local capital market and peer competition in the mainland China, the Company will continue to evaluate the adequate timing to launch into the local market in China.

In the future, Yuanta Securities will continue to maintain its leadership in the industry, and help its overseas subsidiaries with related business development and development of new business growth momentum. Meanwhile, it will also continue to engage in the cross-border cooperation with the overseas subsidiaries to develop competitive financial products and set the differentiated competitive positioning among its peers. It expects to achieve the successful layout in Asia and become an important international securities service institution in Asia.

(5) Industry overview

A. Industry status and development

Looking back on 2019, given the trade disputes between China and the USA, and Japan and Korea, Brexit and geopolitical risk, the global economic growth tended to be sluggish. OECD and IHS Global Insight (IHS) predicted that the global economic growth rate would be 2.9% (November 21, 2019) and 2.6% (December 16, 2019), respectively, in 2019. Domestically, in consideration of the factors, such as the phenomenon of order transfers derived from the Sino-US trade conflict, increasing investment moved back by outbound Taiwanese entrepreneurs and increase in the investment in semi-conductor equipment, driving the domestic demand growth, the economic growth rate was expected to be 2.73% (January 21, 2020) in 2019. For the stock market, since TWSE weighted index made history by reaching 10,000 points in February 11, the index has stayed above 10,000 points. The index reached 11,997.14 points at the end of the year, increasing by 2,269.73 points throughout the year, i.e. an increase of 23.33%. The daily turnover of NT$156.3 billion in 2019, a decrease by NT$9.7 billion, the decrease range 5.86%, from NT$166 billion in 2018. The averaged margin trade balance in the market serving as the private investors' indicator was decreased from NT$227.9 billion in 2018 to NT$178.5 billion in 2019, i.e. a decrease by NT$49.4 billion, the decrease range 21.69%. According to the statistics gathered by TWSE, the profit sought by the whole securities firms was NT$40.7 billion in 2019, i.e. a yearly increase rate of 38%, from NT$29.5

billion in 2018. Yuanta Securities sought the profit amounting to NT$8.964 billion, i.e. 22% of the profit sought by the whole securities industry.

Looking forward to 2020, for the international economy, the 1st-stage agreement has been reached through negotiation between China and the USA. Besides, the Brexit situation has been clearer and clearer. The uncertain international factors seem to be somewhat mitigated. This will be helpful to the global economy. OECD and IHS forecast that the global economic growth rates will be 2.9% and 2.5% in 2020, respectively. In consideration of the trading transfer and effect produced by the repatriation of investment capital, the domestic demand is expected to grow stably in Taiwan. Notwithstanding, the global economic outlook is still affected by the trade conflicts which remain unsolved. Besides, the domestic demand tends to be sluggish increasingly and the expansion momentum appears to become sluggish too in China. The Directorate-General of Budget, Accounting and Statistics thus forecast a 2.72% economic growth rate (November 29, 2019) in Taiwan for 2020. Given the adoption of related policies in the domestic securities market in 2020, the competent authority is expected to continue its previous policy to help the industrial development and successively release multiple new regulations, regulations, and policies, including the Draft of "New Wealth Management Program" released by FSC at the end of 2019, which consists of 19 permitted business lines for the three major businesses engaged in finance. In the meantime, certain parts of the Draft are expected to be promulgated and implemented prior to Q1 of this year at the earliest. Additionally, the sublaws, including the "Management, Utilization, and Taxation of Repatriated Offshore Funds Act," "Regulations Governing the Financial Investment, Management, and Utilization of Repatriated Offshore Funds" and "Regulations on Industries Investment from Repatriated Offshore Funds" officially promulgated and enforced on August 15, 2019, are expected to expire for one year prior to the middle of August this year. Considering that the preferential tax rate 8% (10% since 2nd year until expiration of two years) will be allowed to the overseas capital repatriated within one year after said laws and regulations were promulgated, it is expected that before the middle of August this year, there will be considerable capitals moved back to Taiwan for investment, so as to promote the industrial upgrading, increase the employment opportunities and drive domestic economic development in Taiwan, thereby resulting in the increase in the government's internal revenue indirectly. Besides, TWSE's continuous trading system will be implemented since March 23 this year, and the intraday odd-lot trading is expected to be released in Q4 and the Association will promote reduction of the tax imposed on hedging

transactions for warrants and clarification of the tax imposition on ETN issuers. As a result, the domestic capital market will develop in a more diversified manner and, therefore, this will help securities firms provide customers with more complete financial services.

In the future, Yuanta Securities will maintain a stable development policy. All of its brokerage channels have been transformed into wealth management channels. It will also continue to maintain traditional brokerage services, support the spirit of innovative and cross-industry development, expand domestic and overseas brokerage services, wealth management and domestic/overseas futures, and develop the private bank's wealth management services, in order to transform it from the leading domestic securities firm into a regional securities firm in the Asia Pacific Region.

B. Business development trends and competitiveness

(A) Brokerage services

Given the trade conflict between China and the USA, and the emerging variables in the international markets, the capital markets and various countries' stock markets have made significant adjustment. In the first half of the year, Taiwan's stock market was also in a state of drastic turmoil. Notwithstanding, the uncertain international factors were under mitigation in the second half of the year and, therefore, the global stock markets have been staging a rally gradually. TWSE weighted index continued to stay at above 10,000 points. The daily turnover of NT$156.3 billion in 2019, declining by 6% from 2018. Yuanta Securities continued to solidify its development of brokerage services, effectively controlled the customers engaged in TWSE stock exchange, provided customers with sufficient product details and real-time market information, activated the trading in the market, concerned the overview of transactions by accredited investors and medium-sized investors, provided adequate products and services, continued to develop external new securities accounts to inject new vigor to Taiwan stock. Meanwhile, to be in line with the extension of the day trading transaction tax cutting by the competent authority, Yuanta Securities planned the related trading platforms, developed strategic transactions, fulfilled the risk control mechanisms, and paid attention to the overview of customers' earnings.

Yuanta Securities owns the diversified customer structure and considerable managed assets in the market, which serves to be its solid base for development of various channel businesses and well-founded business development. Yuanta Securities identifies the customer group

structure subject to the customer's investment attributes to achieve the group management, and has the data analysis drive the policy for business promotion. During the period in which the annual stock dividends are distributed, the shareholdings health checkup service would analyze the dividend yield on the customers' stock and provide customers with comprehensive information. Yuanta Securities also provides the customers with tailored securities loans for indefinite purpose, wealth management trust and insurance, trust and two-way securities lending with natural persons, overseas sub-brokerage and futures & options trading, and adequate products and well-founded services. In addition to the securities brokerage, Yuanta Securities also satisfies the customers' need for wealth management to activate the customers' assets and create diversified revenues. Further, Yuanta Securities provides the professional investors with customized wealth management and allocation services to satisfy their diversified needs for wealth management, develops customers with high contribution, upgrades the product inventory and flow transactions, and finds out the growth highlights for the diversified operating revenue and business.

Meanwhile, in consideration of the increasing proportion of e-trading, Yuanta Securities continues to optimize various e-trading platforms. It not only continues to optimize the APP order placement interface and upgrade the AI stock selection, but also provide customers with sufficient market information. In October 2019, it added the futures order placement function to make one-stop service available to customers. In response to the competent authority's policy, Yuanta Securities launched the continuous trading system in March 2020 in order to provide the stimulated platform services for the continuous trading in advance and help investors familiar with the continuous trading earlier. By working with TWSE to provide the stimulated platform, the Company enhances the internal employees' training. The Company also organizes the presentations and investors seminars periodically, together with the propagation via social networks and sales' promotion, provide investors with the friendly experience and convenient services to be in line with the upcoming launch of the continuous trading system and also upgrade the dependency of e-platforms.

Yuanta Securities expands the recruitment of new generation sales representatives dedicated to wealth management service, train their competency for various businesses, optimize the entire sales representatives' structure, make the entire corporate identity younger

and more professional, and develop diversified customer bases. Meanwhile, by virtue of various projects and operation of social media, the Company also accesses the campus to solicit for the young investor groups. Integration of tangible and virtual functions to provide the value-added services and differentiated functions, deepen the development of young investor groups and strengthen Yuanta Securities' brand identity.

Yuanta Securities continues to manage the traditional brokerage operations and develops the growing and innovative businesses at the same time to practice the brokerage and wealth management double engines evenly to create diversified revenues. In the future, Yuanta Securities will integrate the Group's domestic and overseas resources and various product business activities to provide different customers with diversified wealth management planning, adopt the grouping management, continue to broaden and deepen the financial service extensively, exert the complimentary effect of brokerage and wealth management, and become a leading securities firm with the most strengths in channels.

(B) Proprietary Trading business

Without doubt, the year of 2019 is a stormy year for the global stock markets, including Taiwan stock market. Especially, the repeated Sino-US trade war, escalation of the Huawei event, and the geopolitical tensions made the global stock markets suffer significant volatility. Fortunately, Taiwan is considered as one of the countries benefited by the Sino-US trade war. As driven by the continuing inflow of foreign investment capital, TWSE stock index hit a record after 29 years.

Looking forward to 2020, as TWSE stock index still stays high, in addition to the Sino-US trade war expected to enter the second stage, the geopolitical uncertainty in the Middle East, and the sluggish economic growth in China, it is expected that TWSE stock index might suffer significant volatility this year. Therefore, we have to deal with this carefully. The 5G-related effects and phenomenon of order transfers from the mainland China are expected to persist and, therefore, drive the upstream and downstream supply chain's prosperity as the focus on TWSE stock index development.

Proprietary Trading Dept. closely works with research resources, in hopes of creating new and more excellent investment portfolio. Proprietary Trading Dept. owns the best stock investment team, insists on pursuing absolute rate of return under strict risk control, controls the investment trend and opportunity precisely, continues developing

toward diversified layout and investment in the world's markets, and constructs the investment team with forward-looking global view and excellent ability in investment.

(C) Quantitative trading services

Quantitative Trading Dept. is primarily engaged in various ETF, futures and options market making services at TWSE and TAIFEX, and dedicated to provide the market with reasonable quotations and trading liquidities.

Generally speaking, in 2019, Taiwan stock market followed the US stock market, appearing to grow, except that from May to August, the market suffered pullback and fluctuation due to the Sino-US trade war. After Q4, the index has hit the record successively, and the increase range of TWSE stock index was 23% throughout the whole year. Given the investment atmosphere keeping optimistic and the low hedging need, the daily turnover of the overall options market was only about 1.07 million lots, declining by 13.6% from the previous year. The implied volatility of TAIEX index options stayed low, only a 12.5% average throughout the year. Given the market turnover and volatility unfavorable to market makers, Quantitative Trading Dept. still takes the chance to engage in trading actively to maintain the earnings deservable from trading throughout the whole year.

On March 23, 2020, two new systems will be launched in the market, namely the continuous matching and futures quotation real-time disclosure. It is expected that the trading efficiency and information transparency in the market will be enhanced upon launch of the new systems. For this, Quantitative Trading Dept. continued to upgrade the equipment and system, modified the trading system, and researched new trading strategies in 2019, hoping to further develop the various trading scales upon launch of the new systems, secure additional market shares and upgrade earnings in 2020.

(D) Investment banking business

The investment banking business of Yuanta Securities is guided by the needs of customers and assists in providing long-term development strategies and financial consulting from the customer's perspective. Our core business includes IPO, SPO, FA and other services. We insist on regarding every case in a consistent manner and provide costumers comprehensive financial services. Also, we actively search for various financial advisory business opportunities, such as: listing (TWSE and

TPEX), mergers, splits, acquisitions, and private placement, etc., to help customers get abundant aid from the capital market.

During 2019, the IPS/SOP (including ECB/GDR) market has underwritten a total of 187 cases, in the amount totaling NT$92.7 billion. Among them, Yuanta Securities has participated in the bookrunner and joint bookrunner with a total of 47 cases, with a market share of 26.75% and a total underwriting amount of NT$24.8 billion, the 1st place in the domestic underwriting market. In 2019, Yuanta Securities Investment Banking Department has assisted with multiple IPO and SPO cases, including the leading securities firm engaged in TWSE/TPEx listing of Wiwynn (6669), Ventec-KY (6672), KINGWAY(6516), TWBM (6649), HMC (4576), PEGAVISION (6491) and TST Group-KY (4439), and the underwriter engaged in offering of CB of SYNST (6558), capital increase by TSEC (6443), HannsTouch (3049), ATC (8255) and CATHAY HOLDINGS (2882), offering of CB and capital increase by ENNOCONN (6414), SVBI (1786), YC (4306) and Enterex-KY (1592), domestic/overseas allotment of ECB and GDR of BHI (BizLink)-KY (3665), and also completed the offering of preferred stock of O-Bank (2897), CTBC HOLDING (2891) and TCC (1101).

As the leading brand in the IPO market, Yuanta Securities have led the others in the same trade with its innovative idea and hit indicative records successively. In the pre-IPO market, Yuanta Securities integrates resources such as securities channels, foreign-funded legal persons, and venture capital, plus powerful trading assistance system and trading personnel with analysis capabilities, to create Yuanta Securities as a leader in Taiwan pre-IPO market. In 2019, with 32.65% transaction market share in pre-IPO market, we continue the glory of the top ranking.

Wiwynn (6669) was listed in March 2019. Its capital stock totaled NT$1.746 billion, with the fund raised by IPO amounting to NT$5.46 billion. This listing underwriting was completed in the form of auction. Yuanta Securities gathered the Group's entire resources to solicit for investors' high recognition toward Wiwynn under the teamwork of various functional units dedicated to brokerage, institutional investors, investment banking business, wealth management business and Yuanta Securities Investment Consulting. The highest bid price in the auction amounted to NT$450. The weighted average price for the contract awarding was NT$349.32 yuan, about 1.62 times the base price for the auction, NT$215.65. Meanwhile, for the IPO, the case has attracted

more than 250,000 persons' subscription and the capital more than NT$64.3 billion, while the winning rate was only 1.54%. Apparently, it has blown up the market. On the first day of Wiwynn's listing, its highest stock price reached NT$387. In consideration of the subscription price, NT$248, it made 56% profit. According to the Institute of Information Industry MIC forecast, the global cloud service market scale will be grow from US$37.3 billion in 2015 to US$93.2 billion in 2020, i.e. a yearly compound growth rate by 20.1%. Apparently, the cloud service market still deserves room for significant growth. Given the favorable conditions, such as recovery demand by Wiwynn's key customers including such data center business as Facebook and Microsoft, involvement by the new customer, Amazon, and Taiwan's expansion of production capacity, Wiwynn's stock price has kept rising. Based on the closing price on December 31, NT$635, its market value reached NT$110.8 billion, making it become the company with the largest market value in the IPO underwriting cases in 2019.

ENNOCONN(6414) is an important member in the layout of Foxconn Industrial Internet, and also the largest ODM engaged in industrial computers in the world. In 2017, it strategically invested in S&T and Kontron to launch its own brand business. In 2018, it acquired Marketech International Corp. successfully to demonstrate its determination to engage in the smart factory operations. Accordingly, it expanded its business domain by transforming itself from a hardware manufacturer to an H/W & S/W integrator, hoping to be a solution provider ultimately. Upon activation of the diversification layout, ENNOCONN worked with its subsidiaries to provide customers with more complete smart factory solutions. In the second half of 2018, the global market and economic outlook were troubled by multiple uncertain factors, including Sino-US Trade War and Fed's unstable interest escalation policy. As a result, the stock markets were in a state of drastic turmoil and investors' willingness to invest tended to be more and more conservative. Notwithstanding, Yuanta Securities utilized its allotment channels perfectly to help ENNOCONN complete the offering of CB and capital increase totaling NT$7.332 billion. The overall subscription by institutional investors weighed 60%. The strategy balanced the stability and liquidity of chips at the same time and successfully helped the enterprise seek the capital investment from the capital market successfully, making the Company hit indicative record successively. After the pricing of the CB amounting to

NT$6.012 billion was decided, ENNOCONN's stock price increased from NT$248 to NT$300 significantly, thereby driving the opening price of the CB on the first day of listing to reach NT$110.20 and creating the win-win-win situation among the issuer, investor and securities firm. It also drove the prosperity in the domestic CB market, reflecting Yuanta Securities' ability and strength in underwriting large-scale projects.

BHI (BizLink)-KY(3665), a global connector manufacturer and also the exclusive supplier for BMS (battery management system) of the global electric vehicle leader, Tesla, is engaged in the business lines covering IT, automobiles, medical equipment, and industrial and optical communications. All of its customers are international leading manufacturers, such as Polaris, ThermoKing, HP, DELL, and Lenovo, etc. Following the completion of 2nd offering of overseas unsecured ECB, totaling US$100 million, together with Yuanta Securities (HK) in February 2018, Yuanta Securities completed 3rd offering of ECB totaling US$100 million, and offering of the GDR totaling US$80 million, for BHI (BizLink)-KY(3665) at the end of 2019. Among the other things, the pricing of ECB was set based on the conversion price at NT$245.77, i.e. the conversion premium rate by 113%. The IPO of the GDR was US$6.7 (NT$204.23) per share. In consideration of the closing price at NT$217.5 on the pricing date, namely December 6, 2019, the discount rate was 6%. Yuanta Securities helped BHI (BizLink)-KY seek the capital totaling about NT$5.5 billion to deal with various business units' rapid growth and also maintain its leadership in the global high-end cables and connectors solutions. Yuanta Securities served as the exclusive underwriter of BHI (BizLink)-KY's ECB and GDR. This allotment framework attracted multiple institutional investors and brought several times overbooking of GDR and ECB. Finally, all of them were allotted to international professional institutional investors. This reflects the consolidated effect by integration of Yuanta Securities' investment banking platforms, international channels and allotment capacity, which are comparable with international large-scale investment banks.

In financial advisory business, Yuanta Securities has accumulated the experience in the financial advisory business for cross-border mergers and acquisitions for tens of years. In 2018, Yuanta Securities assisted Chaun-Choung Technology Corp. (CCI) and its shareholders to raise the strategic investment fund, NT$4.5 billion, from the global largest micro precision motor supplier, Nidec Corporation (6594 JP),

successfully, and Nidec Corporation acquired 48% of CCI's equity. Both companies could complement with each other in the product layout and core R&D competency. In 2019, both parties formed the new management team and completed the reelection of directors. The project reflected Yuanta Securities' strength in multi-national investment banking business again. Meanwhile, in 2019, the Company assisted Yulon Group, to which the major shareholder of GATETECH, namely China Motor Corporation (CMC) (2204) is subordinated, to transfer the shares held by it to Syncmold Enterprise Group (1582). GATETECH is a company in which 72.81% of the equity are held jointly by CMC, Sino Diamond Motors Corporation and Qunyuan Investment Co., Ltd., which is a magnesium-aluminum alloy die-casting manufacturer dedicated to automotive and motorcycle spare parts, rugged PC & notebook, business SSD components and motor valve bodies. Its customers cover the brand manufacturers situated in the USA, Japan, Taiwan, and China. It owns factory premises and assets in Taicang, Suzhou and Taoyuan, Taiwan. Syncmold Enterprise Group is the leader in R&D and manufacturing of the display bearings and bases. With the assistance from Yuanta Securities, Yulon Group completed its disposition of assets and Syncmold could enhance the efficiency of vertical integration of its self-made products, and extend the Group's business domain through the application of products and complementation with customers, so as to achieve the effect of horizontal division of labor and upgrade the Group's operating scale and maintain its leadership in the industry.

For the private placement operations, Yuanta Securities provides the two service lines, namely large-sum transaction and solicitation for investment through stock release, to improve the equity structure of corporate accounts. In 2019, the Compan underwrote the large-sum transactions for JMC ELECTRONICS CO., LTD. (6552) and GATETECH (1561), and the stock release to solicit for investment for KURA SUSHI (2754). KURA SUSHI was a company wholly owned by the Japanese investment. Through Yuanta Securities' introduction to domestic catering industry and venture capital for assessment and investment, its exposure to the market is raised prior to the IPO and thereby may be very helpful to its future fund raising projects and also its own financial position.

In consideration of Yuanta Securities' innovation and diversity in investment banking business, Yuanta Securities has received multiple international professional financial and domestic competent authority's

awards and honors in 2019. Yuanta Securities was honored as the "Best Investment Bank in Taiwan" and "Best ECM in Taiwan" by FinanceAsia, and the "Best Investment Bank in Taiwan" by EUROMONEY. At the first time it attended the selection of AB&F, it won the "Best Corporate and Investment Banking Awards." Additionally, it also won the first place in the "TPEx Pre-listing Tutorship Economic Stimulation Award-Market Value" and the first place in the "Emerging Stock Market Stable Quotation Award" from TPEx, and the first place in the "Marketable Securities Award-Listed Securities Underwriter" from TWSE.

Whether Yuanta partook in IPO, SPO or FA cases, we upheld the principles of risk control, carefully selected cases, and deepened the integration of resources within as well as our competitive advantage. Through our integration platform of Taiwan, Shanghai, Beijing, Hong Kong, South Korea, Vietnam, Indonesia and Thailand investors from various locations have access and increases participation and scope of the market. By cultivating overseas markets and expanding synergies, Yuanta is providing customers with a full range of capital resources and strategic planning options. Yuanta Securities Investment Banking Dept. will maintain the leading position in the underwriting market and link the core business with cross-selling and cross-border corporate banking business, in hopes of further deepening and broadening the investment banking products. The Company expects to deepen the development in Taiwan's capital market and, therefore, extend the business overseas as a pioneer on the global investment banking product platform.

(E) Bond business

In 2019, the trade battles between China and the USA were expanded, from agricultural products to patents, technology products and semi-finished products. Therefore, the increasing uncertainty made it difficult to predict the financial market, and the US debt tended to be in the long position at the beginning of 2019. Notwithstanding, upon adoption of the various tariff policies by the USA with respect to the mainland China since May, the relationship between China and the USA has become tensed increasingly. As a result, the global economic outlook was in a lusterless state. The rise in China since Q1 of 2019 turned out to be shock after the sharp decline in Q2. Since Q4 of 2019, given the worsening situation, Fed cut the interest for once in the name of "mid-term adjustment" and acted optimistic toward the future economic development. The 1st-stage trade agreement used to be pending between China and the USA found a hope in mid December. Therefore,

the long position in the global bonds market was overwhelmed and turned to stay low instead. For the other bonds markets, in Australia, the household debt ratio kept remaining high. The central bank of Australia created the low-interest environment intentionally. As a result, Australian debt declined below 1.0% after one decade. Although QE was ended in Eurozone at the end of 2018, the Brexit and increasing trade dispute between China and the USA caused the poor global outlook in 2019. In Germany, the 10-year government bonds even declined until -0.7%, the lowest historically. In conclusion, in 2019, in response to Fed's policy adjustment, Yuanta Securities Bond Division took the measures to adjust NTD and foreign currency bond positions, disperse the investment in bonds denominated in various foreign currencies, and maintain stable profitability. In terms of offering, Yuanta Securities Bond Division continued to play the role as a leader in the domestic NTD bond market, maintained the gap between it and the underwriter ranking 2nd place in the market share by 8%, and underwrote a total of 95 cases. Yuanta Securities Bond Division was in the first place in the market in all respects. Meanwhile, it kept hitting the record in the NTD bond market. In 2019, it successfully led the offering of the first 30-year unsecured corporate bonds (THSR 1st-term corporate bonds of 2019) amounting to NT$8 billion domestically. This fully demonstrates the depth and width of Yuanta Securities Bond Division's participation in Taiwan's primary securities market. Meanwhile, to be in line with the competent authority's lifting of the laws and regulations governing the NTD-denominated green bonds issued by any foreigners. The Bond Division participated in the first case (DONG Energy A/S 1st-term corporate bonds of 2019). Meanwhile, the Bond Division also developed foreign currency bond operation, strove for the opportunity to underwrite international bonds, and also engaged in matching business for foreign currency bonds in the secondary market to deepen the development of domestic/foreign institutional investors and control the needs for investment in the market. The Bond Division has participated in 38% of the foreign currency cases in 2019. Apparently, the Bond Division acted as a leader in both of the NTD and foreign currency offering markets.

Looking forward to 2020, considering that the Sino-US becomes sluggish, Fed is expected to keep the interest rate remain unchanged. Given the improving economic fundamentals in the bond market, the long positions in 2019 are not likely to repeat again. Notwithstanding, the US presidential election in November is still considered a critical factor. Further, the increasing tension in the United States and the Middle East, the risk over unstable political condition in Central and

South America and Spain, and the wildfire in Australia have caused harm to the economy. Therefore, the demand for hedging policies still exist in the financial market. 2020 is expected to be a year difficult to manage. Yuanta Securities Bond Division will keep paying attention to the changes in the market and respond to them rapidly, and use the best effort to seek the profit opportunities.

(F) Derivatives service

Yuanta Securities is a leading securities firm in the warrant market of Taiwan. With its plentiful experience in the warrant market, it uses the best efforts to provide more diversified warrant products and better market making quality, in order to enable each customer to find his own securities issued by Yuanta Securities and practice the "Yuanta Securities Big Dream" program. It not only makes investors impressed about its brand identity but also receives various awards and honors domestically and overseas. In 2019, the Company was honored as the "Triple A Best Equity Derivatives Advisor" by the internationally renowned financial magazine, "The Asset," for the fourth year consecutively, and won the first place in the "Warrant Trading Volume Award" and "Warrant Value Excellent Award" and the third place in the "Warrant Trading Volume Sprinting Award" by TWSE, and the first place in the "Many Options Award" and "Unimpeded Options Award" by TPEx.

In 2019, there were a total of 7,827 warrants issued by Yuanta Securities accumulatively, and the issuing value attained NT$97.3 billion, ranking the first place in the market. Under the economy of scale, Yuanta Securities continues its brand value management and fair and stable market making quality standard operating procedures, top trading systems and financial innovation to solidify its competitive strength. For the investors' education, Yuanta Securities continues to organize various seminars. This year, it involves in operation of social networks and build Line@ stimulated trading platform, so that new players may accumulate their investment experience in securities and warrants via the platform, while veterans may also improve their methods to invest warrants via the platform. The Company wishes to help various investors get more familiar with the investment in warrants and upgrade the investors' recognition toward the Yuanta Securities' brand to keep Yuanta Securities' leadership in the securities market.

In 2019, under the circumstance that Yuanta Securities continued to promote the business of structured notes, the trading volume of the equity and structured notes still led that of the others in the same trade

in the whole year. In recent years, structured notes have been known by domestic investors gradually. From the wealth management platform, the investors may choose the most adequate asset allocation among the diversified financial instruments, subject to their risk tolerance. Looking forward to 2020, Yuanta Securities will continue to research and develop the new structured notes to satisfy the market condition. It is expected to bring the chance of development for the structured notes market.

Asset swap services derive from convertible bonds. In 2019, Yuanta Securities was in the first place in the market share of outstanding balance of asset swap services and far ahead of the second place. As expected, the number of domestic issued convertible bonds declined in 2019 slightly from 2018 in the market due to the increasing volatility and market trending up. Notwithstanding, the balance of the entire asset swap exchange market increased by 10% against the trend. Looking forward to 2020, under the condition that the trading volume increases in the asset swap market and the volatility in the market is expected to get drastic increasingly, the business will still be full of challenges and also opportunities. Yuanta Securities will continue to maintain its market position with its strength in brand, capital cost and capital scale, and also adopt the strategies ahead of the others in the same trade, such as offering of the trading tools helping customers trade conveniently, to develop the market, and strictly uphold the asset quality control policy to pursue growing scale and profit.

Yuanta Securities participated in the first offering of Exchange Traded Notes (ETN) in April 2019, and issued two ETNs in 2019. The market value and share of the outstanding ETNs accounted for about 40% in the market.

In 2020, Yuanta Securities will continue to manage the ETN operations actively. The Company will keep offering new products and also organize marketing and promotional activities, as well as investors' seminars. Meanwhile, the Company will provide investors with fine-quality market making services in the secondary market.

(G) Wealth management services

In order to deepen the customer services, provide complete products, Yuanta Securities sought the approval from the competent authority in March 2011 to run the wealth management business under the trust framework, and played the important role as a pioneer in the market of wealth management run by securities firms.

Yuanta Securities' wealth management business has matured after

several years of development. The customers' needs became more and more diversified, while the depth and width of services needed by the clientele were high. In order to deal with more and more special and professional customers' needs, Wealth Management Dept. continued to include various wealth management products. Meanwhile, in order to meet customers' need more and serve high-asset customers, enable different customers to enjoy financial services and cooperate with related departments, Yuanta Securities designed and developed the self-made products, and its AUM grew from NT$902 million at the end of 2016 to NT$8.9 billion at the end of 2019. FSC permitted securities firms to underwrite the employee benefit trust in December 2016. Yuanta Securities applied for the license of "Employee Benefit Trust" with the competent authority in 2017. Upon receipt of the license and reporting of the offering, Yuanta Securities will move forward toward a new age for asset management as a securities firm and will fulfill its corporate social responsibilities with due diligence.

Since Yuanta Securities offered the securities wealth management trust business, it has led the others in sale and management of funds. Therefore, since 2012, the total assets of customers under its non-discretionary money trust business has ranked 1st place in the market, far ahead of the others in the same trade. This primarily resulted from mass business locations of Yuanta Securities' subsidiaries and intensive relationship between it and customers, as well as the quality of its study report ranking 1st place in the same trade. Meanwhile, its fund platform has selected 26 domestic trust investment companies and 21 overseas fund companies so far, offered more than 2,000 products, and owned the most complete network interface and order placing system in the same trade. For customers, they may deserve such strengths as professionalism, completeness of portfolio and convenience, if they choose Yuanta Securities to manage wealth on behalf of them.

Statistics of the money trust balance managed by the wealth management department until the end of December 2019 (NT$ million)

AUM	2017	2018	2019
Yuanta	42,608	37,211	39,131
KGI	12,773	12,491	18,177
Mega	12,730	10,340	10,481
Capital Securities Corp	11,626	12,803	14,200
Sino Pac Securities	10,181	13,654	18,159
Total Amount	105,692	104,304	123,293

Source of data: Trust Association of R.O.C

Statistics of the accumulated accounts opened for money trust managed by the wealth management department until the end of December 2019

Number of opened accounts	2017	2018	2019
Yuanta	116,105	124,926	136,027
Sino Pac Securities	45,994	57,261	67,289
KGI	35,655	39,812	48,509
Capital Securities Corp	35,650	41,322	45,611
Master Link	17,226	18,664	21,648
Total	298,734	339,146	387,659

Source of data: Trust Association of R.O.C

Since Yuanta Securities offered the wealth management trust lending operations in May 2013, Yuanta Securities has built the asset pool for the stock which was most likely to be lent and pursued the efficiency of lending as its business development policy. Notwithstanding, in response to the lifting of laws and regulations, since Yuanta Securities started the retails two-way lending in February 2016, it has focused on the two-way lending operations for natural persons primarily and the trust lending operations secondarily. The asset pool for the trust lending operations was based on the customers' permanent idle stocks which were lent frequently, in order to generate the maximum income for customers and Yuanta Securities together with the two-way lending operations for natural persons.

Statistics of the securities trust balance managed by the wealth management department until the end of December 2019 (NT$ million)

AUM	2017	2018	2019
KGI	14,281	11,361	10,143
Yuanta	7,529	7,751	5,004
Fubon	6,113	5,642	5,266
Mega	3,813	3,104	2,166
Hua Nan	1,453	1,324	1,051
Total of securities	36,311	33,227	27,053

Source of data: Trust Association of R.O.C

(H) Consigned trading of foreign securities operations

To pursue extensive development and innovation of financial services, expand the scope of business and upgrade customers' service quality, given that domestic financial products cannot satisfy consumers' need for diversified investment in new products, the investment service for foreign securities demanded by the market was expanded; and, to

participate in various business seminars and open policy-making procedures organized by the competent authority.

In November 2014, the competent authority approved the Shanghai-Hong Kong Stock Connect, and approved professional investors to participate in foreign securities IPO at the beginning of 2015. Meanwhile, the competent authority schedules to research the important policies, such as allowance of foreign currency financing business. Yuanta Securities will maintain its leadership in the same trade, and continue providing customers with the services beyond the standard applicable in the same trade to comply with government policy.

Since 2017, Yuanta Securities has recruited the sale representatives with the experience in dealing with high-net-worth customers to engage in the direct marketing. It set up offices in North, Central and South Taiwan dedicated to developing the private wealth management services for exclusive clientele and planning the tailor-made service needed by the exclusive clientele, in hopes of creating a new age for itself in the securities private wealth management market.

Market share of recon signed trading in 2019	
Cathay Securities Corporation	21.70%
Sino Pac Securities	17.40%
KGI Securities	12.92%
Yuanta Securities	9.45%
Fubon Securities	8.37%

Source of data: Taiwan Securities Association

(I) Securities borrowing and lending

At the end of 2019, a total of 16 Securities & Securities Finance Companies offered products & services of Securities Borrowing & Lending (SBL), a highly competitive OTC marketplace. Lending balance from above-mentioned companies increased substantially from TWD 129 billion at the end of 2018, to TWD 180.2 billion at the end of 2019, proving a solid 39% growth of the market. With its excellent and savvy utility, Yuanta Securities concluded its SBL market share at close to more than 30%, putting a huge gap from the other followers of the industry with a huge distance. Besides, in response to the lifting of laws and regulations, Yuanta Securities started the retails two-way lending in February 2016, as well as inter-brokers lending in 2017, to efficiently guide the inventory of Yuanta Securities' customers and idle resources among peers for the purpose of securities lending operations. This not only increased customers' revenue and trading flexibility but also

enhanced the Group's income and operating flexibility to help the Company achieve its goal to improve its securities lending and market making abilities. At the very beginning, Yuanta Securities has secured more than 40% market share, ranking the first place in the same trade.

(J) International institutional business

Foreign investors accounted for 24% of the market turnover in 2019, passive and program trading flows continued to grow consistent with global trends. Yuanta Securities' international institutional business used the best effort to strengthen the differentiated services among local securities firms. It not only integrated its resources and products but also added spread transactions and high-frequency services, in order to provide customers with broader and more convenient platforms. In 2019, Yuanta Securities had a stellar year in regards to its international institutional business.

Looking forward to 2020, Yuanta Securities remains committed to providing high quality and differentiated services to our clients. We also believe that by further integrating the Group's resources with Yuanta Securities' underwriting, bond, securities borrowing/lending, investment trust, futures and custodian banking services, we can continue to enhance our business in Taiwan and further extend our reach in Asia.

(K) Shareholders service agency

Yuanta Securities will continue to expand the scale of agency to upgrade the performance, and enhance the relationship with customers, integrate customers' resources and exert the Group's consolidated effect by providing the differentiated services and financial holding resource services.

(L) International services

For the time being, Yuanta Securities is the leader in the securities market of Taiwan. Notwithstanding, it is not only satisfied with its leadership in the domestic securities market but also highly values the internationalized business development, in order to pursue the diversification of profit-making sources and structural upgrading of profit-making model while based in Taiwan and aiming at the international markets. Yuanta Securities used the best efforts to expand its overseas business locations. Its overseas layout has been extended from Korea in North East Asia to South East Asia, including Thailand, Indonesia and Vietnam, by integrating its strength in funding sources and product niche in Mainland China, Hong Kong, and Taiwan. It

deepened the local business of various subsidiaries and utilized the market characteristics and funding strengths everywhere to form characteristic products and link the synergies of various overseas subsidiaries to build a Pan-Asian trading platform. This was done in hopes of providing customers with more diversified options in investment, more complete product lines and more diversified investment visions, so as to maximize the value of Yuanta Securities, which will ultimately be rooted in Taiwan, and complete the multi-national and global layout of Yuanta Securities.

(6) Research and development

In 2019, Yuanta Securities researched and developed multiple design patents, and led the others in the same trade to adopt the AI stock selection technology and apply the big data, and released the AI stock selection and order placement APP, "Mr. Yuanta." Meanwhile, it was also dedicated to promoting such new business types as employee benefit trust (including employee shareholding trust and employee benefit savings trust), foreign exchange securities firm and ETN.

In 2020, Yuanta Securities will continue to improve the "Mr. Yuanta" APP functions, integrate various mobile trading platforms and add strategic trading platforms to provide customers with diversified investment tools. Meanwhile, Yuanta Securities will start new business lines to satisfy investors' need, according to the competent authority's policy, regulations and license to the securities industry. Meanwhile, Yuanta Securities will keep providing the competent authority with suggestions about policies to seek the approval for offering of more new securities business lines and new products and the opportunity for underwriting business.

Further, in response to the Regulatory Sandbox policy boosted by the government, Yuanta Securities will use the best efforts to boost the proposals and tests of related new financial instruments to satisfy customers' demand for innovative financial instruments and create the win-win-win situation among the government, customers and the Company.

(7) Long and short-term business development plans

A. Short-term business development plans

(A) The Company will continue to maintain its traditional core brokerage services and further develop its wealth management services to create the double profit-seeking engines for the securities and brokerage services. To implement the data AI analysis; identify the customer group structure subject to the customer's investment attributes to achieve the group management; drive the policy for business promotion to fulfill the wealth management business and commodity KYP and

satisfy customers' needs.

(B) Continue to promote the systematic investment plan for fund; organize promotional events to solicit retail investors and new customers and activate dormant accounts; integrate related business units to solidify the products available on the wealth management product platform in width; boost the "potential branches" and develop "financial merchants" to expand the customer base; seize the business opportunities derived from repatriation of overseas capital and new financial policies to promote the momentum for wealth management operations.

(C) Continue to implement the diversified marketing model integrating loaning, develop different customer structures and complement its financing activities effectively. Strengthen the ability to provide the borrowing/lending service, develop sources of securities to provide resources, strengthen and effectively utilize the source of securities obtained from the natural person, reduce the Company's borrowing/lending cost effectively, and increase the revenue from related commission. Continue to promote overseas sub-brokerage services, add the trading markets, overseas instruments and sub-brokerage financing that comply with laws and regulations.

(D) Upon implementation of the continuous matching mechanism and intraday odd-lot trading policy, tally and adjust the order-placing, market-making and hedging systems, or upgrade or develop new systems to secure its competitive strength. Expand the scope of market making, and extend participation in various instruments listed on TWSE and TAIFEX.

(E) Participate in the underwriting of related bonds, and maintain the market position; add the types of structured notes denominated in foreign currencies (e.g. Preferred stock leverage notes and bear notes) and external channels; increase the trading volume of spot foreign exchange, join Taipei Foreign Exchange Market, increase external trading counterparts, reduce the capital cost; participate in overseas subsidiaries' fixed income market, and build the Group's institutional investor platform for international cases.

(F) Continue to proceed with the R&D, design and sale of self-made structured notes and upgrade the asset management scale of Yuanta Securities; continue organizing various marketing campaigns aiming at raising customers' brand recognition toward Yuanta Securities to secure market leadership; promote the ETN development; develop the new version of the securities and warrant system.

(G) Actively develop the investment banks' overseas market and cooperation of investment banks' cross-border platforms, and upgrade the proportion of revenue from overseas operations; refer the opportunities for business cooperation to the Group and affiliates; integrate related business resources, provide customers with the Total

Solution, balance the quality of cases and business development, and conduct the business by weighing quality and quantity equivalently.

(H) Improve the functions of the order placement APP, Mr. Yuanta, integrate various mobile trading platforms, build the new-generation e-Yuanta (Mr. Yuanta AP version) and strategic trading platforms, and provide investors with better investment experience; optimize the back-office operations, upgrade online services, enhance competitiveness among peers, introduce new customer bases, solicit for retail investors and new customers and activate dormant accounts.

(I) Adjust the investees' capital and organizational framework; continue to strengthen fund liquidity, large-sum exposure to financing position, proprietary trading and product issuance risk management mechanism, early warning system for risk and mechanism for reporting material contingencies.

(J) Yuanta Securities will keep watching the environment of laws & regulations for the entire capital market and the development in the same trade in Mainland China, and following up the schedule adopted by the cross-strait securities competent authorities to lift certain policies to control the chance to access the market in Mainland China.

B. Long-term business development plans

(A) Have the channels develop wealth management services comprehensively, exert the brokerage and wealth management double engines completely, and stabilize customers' and sales representatives' revenue related to flow (trading) and inventory (AUM). Fulfill customers' position management, provide customers with premium wealth management services, and deepen customers' loyalty.

(B) Work hard to develop onshore and offshore financial instruments actively, innovate and diversify products, upgrade the omnibus mobile financial service and FinTech innovation and application, and provide customers with the one-stop trading service. Integrate resources of the Group's domestic and overseas subsidiaries, upgrade the consolidated effects of domestic and overseas operations, create diversified business cooperation models and solidify its market leadership.

(C) Train the professional talents for regional investment banks in Asia; enhance the cross-border cooperation and integration of resources, develop new markets overseas, develop multinational platforms, and provide customers with omnibus financial consulting services needed by customers at various stages of operation, in order to become the top regional international investment bank in Asia.

(D) Maintain the market leadership in futures, options and ETF market making, expand the scope of countries for overseas investment, construct the secondary trading platform in foreign currency and increase the revenue from related overseas transactions. Develop

foreign exchange derivatives, increase the trading volume of spot foreign exchange and trade in Taipei Foreign Exchange Market.

(E) Construct Yuanta Securities (HK) to be the international trading platform center to link the markets of Taiwan, Hong Kong, Korea, Thailand, Indonesia and Vietnam; utilize the strength and characteristics of the cross-border financial trading to provide customers with more diversified investment visions and professional financial services; work with overseas subsidiaries, develop the Group's foreign currency bonds marketing platform and work with overseas subsidiaries to issue and sell the bonds; participate in overseas subsidiaries' fixed income market and engage in secondary transactions of bonds with its overseas subsidiaries.

(F) All overseas subsidiaries' earnings to the whole earnings gained by Yuanta Securities attained the specific target. Utilize the business platforms effectively, line business development opportunities, and expand the operating scale. Enhance overseas subsidiaries' standard information security protection to ensure the safety of connection with multinational network systems. Keep concerning the opportunities for layout of investment in South East Asia and choose the optimal market to reproduce successful experience.

(G) Solidify the corporate banking operations, and provide the one-stop service with the strengths in business, product and teamwork after the insurance banking and financing operations are in place, to build the Company's position in the brokerage services for institutional investors in the territories of Asia.

(H) Elaborate the account management, utilize the big data analysis and AI, engage in precision marketing subject to customers' attributes to sprout the development of customer assets, fulfill the asset legacy, and continue relationship between Yuanta Securities and customers.

In conclusion, Yuanta Securities' business plans and development strategies in 2020 aim to balance domestic and overseas business development, solidify its market leadership in various business types, layout its overseas investment and connect with related business types actively. It also intends to continue to expand its business domain in Asian market, in hopes of becoming the best securities service firm in the Asia.

2. Yuanta Bank

(1) Main business services

A. Deposit and remittance services

B. Wholesale banking services

C. Retail banking services

D. Wealth management services

E. Trusts services

F. Foreign exchange services

G. Financial operation and financial trading services

H. Digital financial services

I. Overseas services

(2) Revenue breakdown

Unit: NT$1,000; %

Item \ Year	2018		2019	
	Net profit	Percentage (%)	Net profit	Percentage (%)
Net interest income	14,017,503	63.81	13,466,946	57.62
Net service fee income	5,371,303	24.45	5,679,413	24.30
Income from financial assets and liabilities at fair value through profit or loss	(581,601)	(2.65)	746,098	3.19
Realized gain or loss on financial assets at fair value through other comprehensive income	1,024,447	4.66	1,355,627	5.80
Exchange gain or loss	3,445,430	15.69	1,969,497	8.43
Gain on asset impairment (Loss)	(1,427,154)	(6.50)	(8,570)	(0.04)
Net profit or loss other than other interests	117,906	0.54	162,538	0.70
Total	21,967,834	100.00	23,371,549	100.00

(3) New financial products and services in development

A. Wealth management and trust service:

(A) Implement the remote trading function in the process of selling funds by guiding customers via message or email sending the URL to place order on network banking or mobile banking; in consideration of the wellr performance, the remote trading function on foreign exchange services, certificate deposit, order placement for overseas bonds and stocks, to improve customers' experience and trading efficiency.

(B) Develop the mobile wealth management system, and combine such functions as online account opening, electronic signatures to trust documents and online insurance to practice the paperless transactions and to upgrade the convenience and timeliness of customers' transactions.

(C) Expand the investment insurance product lines, such as GMXB, PGN and quasi-discretionary insurance policy products.

B. Digital financial services:

(A) In order to satisfy the needs of customers' need for multiple payment methods and respond to the increasingly prevailing mobile payment environment, the Bank will work with Taiwan Mobile Payment Co., Ltd. to issue the "HCE Mobile Credit Card" to convert the physical card to the mobile card. Meanwhile, with thedigital wallet APP provided by Taiwan Mobile Payment Co., Ltd., the customers' requirement for multiple payment will be satisfied when they use the mobile cards.

Then, the Bank will provide the rapid, convenient and safe payment services for customers..

(B) The Bank will work with a third party platform to allow Open API interfaces to share financial data and provide consumers with convenient access to the information about financial instruments, so as to creates fair customers' experience and diversified financial services.

C. Consumer banking services:

In order to upgrade the added value of credit card products, the Bank will work with renowned brands in various areas via the platforms dedicated to promoting bonus points, by launching diversified products on the platforms available for cardholders to exchange, so as to create market voice of share with partners and enhance the customers' loyalty at the same time.

(4) Business plan for the year

The following is a summary of its business plans:

A. Business development:

(A) For the deposit and remittance services, the Bank will analyze customers' behaviors and number of products held by customers to plan marketing activities including preferential certificate deposit projects and characteristic accounts, in order to increase core deposits, to help increase the sources of stable funds, to solidify the wealth management business development foundation. Meanwhile, the Bank will integrate cross-departmental and group-wide resources to promote payroll operations and collection & cash flow integration services to rise the Bank's current deposit base.

(B) For the wholesale banking business, Yuanta Bank will strengthen the development of high-income products, and actively participate in syndicated loan projects and strive to act as the leading bank or co-organizer to upgrade the revenue from interest and commission. Also, with the strengths in permanent business development, the Bank will continue to develop its property financing business and fishery industry chain loan. The Bank will also enhance its cross-selling ability to sell products to mid-scale and large-scale group customers, and satisfy customers' need for cross-border financing to continue expanding the customer base.

(C) For the retail banking business, the Bank will strengthen various loaning business momentum and the effectiveness of cross-sale to customers. For mortgage, it will continue to focus on the customers who purchase houses for own use and primarily underwrite the collateral situated in metropolitan areas and with excellent liquidity. For the car loan, the Bank will sprout the development of OEM new car brand channels, enhance the original car financing business, and also work hard to develop the car loans by any ones other than OEM and contracted distributors. For credit loan, it will combine the channel and

resources, launch loan products for employees of good-quality enterprises to subscribe stock options, also general personal loans for those employees with stable income. For the credit card business, the Bank will plan rights and innovative activities to maintain the competitiveness of products.

(D) For wealth management business, the Bank will implement the "inCULTURE" customer preferential treatment program, and expand the number of wealth management customers and scale of managed assets through the group management. Meanwhile, it will strengthen the availability of digital channels and platforms to provide diversified product lines to upgrade the customers' satisfaction.

B. Channel development:

(A) The domestic tangible branches were set up subject to the status of industry & commerce and wealth. The Bank fulfilled the localization of branches, and had its Head Office upgrade the business performance of branches through periodic review on performance and guidance measures.

(B) In the overseas market, with the resources invested by the Group, Yuanta Bank's branch in Hong Kong and subsidiaries in Philippines and Korea will expand the scale of its deposit/loan operations subject to the scope of business and local characteristics, and continue to evaluate and improve the operating procedures, loan review and investment procedures, to enhance the information system security, functions and performance, and fulfill compliance and risk management of the Head Office and branches with the assistance by the Head Office, so as to continue to maintain the Bank's proper management.

(C) For the digital channel development, in order to deal with the development of FinTech and change of payment habits, the Bank will boost the digital transformation, develop digital financial services, encourage and guide its existing customers to experience the digital channel's rapid and convenient services. Besides, the Bank will work with the cross-industry proxy receipts and disbursements platforms to connect the various industrial platforms to provide the digital services which meet the customers' needs more.

C. Employees' training:

Fulfill the orientation and on-the-job training programs, train talents with multiple competences via the shift system, and enhance the training of international professional talents and digital financial talents, and found the Bank's sustainable development to be in line with FinTech development and international policy.

(5) Industry overview

Looking back on 2019, the global economic environment has suffered multiple unfavorable factors, including the rising US-China trade war, the rising

trade conflict between Japan and Korea, the tightening geopolitical situation, Hong Kong's protest against extradition bill, and the turbulent impact on pending Brexit. However, with U.S. Fed's adoption of quantitative easing and Taiwan Central Bank's unchanged policy of maintaining the low interest rates, the domestic and foreign investment markets are still supported. Coupled with the business opportunities brought by the repatriation of investment capital from Taiwanese businessmen, the domestic banks have shown growth in their businesses, loans and wealth management, in 2019.

For the FinTech development, in addition to the Regulatory Sandbox policy implemented to boost the financial innovation, FSC has announced the list of three internet-only bank licenses at the end of July 2019. The internet-only banks are expected to launch into the market in mid-2020, bringing a new business model to the banking industry. It has also encouraged traditional banks to invest more resources in developing digital accounts, mobile payments, and emerging financial services. As the target customer base intended to extend to multiple civilians who never access financial services, the banking industry is expected to move forward toward inclusive financing and to practice the vision about financial ecosystem.

Looking forward to 2020, the domestic banks' overseas business will grow, and the repatriation of investment capital from Taiwanese businessmen is expected to pose a series of new business opportunities and to constitute the source to boost the growth of domestic and foreign loans and revenue from commission. Meanwhile, the rapid growth of FinTech and continued comprehensive development, in addition to the increase in public utilization and trust and the transformation of banks' business model by internet-only banks, will benefit the banking industry to explore new markets and customer bases. Notwithstanding, there are still multiple variables in the global economy, resulting in the increasing difficulty in operating investment. Besides, the USA continued to cut the interest rate, posing compression on the foreign currency interest spreads and potentially causing adverse impact to domestic banks somehow. Additionally, the outbreak of COVID 19 in Mainland China in January 2020, which is still rampant for the time being, is likely to affect the global trade, tourism business and supply chains adversely. It is also impossible to estimate how long and how it will affect. Therefore, it is expected that the domestic banks will encounter critical challenges, although their earnings are still likely to grow.

(6) Research and development

A. Business R&D:

(A) Subject to the lifting of laws and regulations and market trends, evaluate, research and develop API (application program interface) to develop Open Banking apps, so as to provide consumers with more convenient integrated banking services.

(B) With reference to the "New Wealth Management Program" under research by FSC, which will allow more diversified financial

instruments and services to be available to high-asset customers to expand the wealth management business scale in Taiwan. The Bank will assess and apply for the permitted new business lines to upgrade its competitiveness.

B. Risk management:

(A) Continue to improve and optimize the Bank's corporate/consumer banking credit rating/scoring model risk grading analysis project; continue to follow up changes of corporate/consumer banking assets; enhance the corporate/consumer banking credit risk management mechanisms.

(B) Research the compliance of the market risk management with FRTB and the new capital requirement system construction project which related to the FRTB applicable to capital requirements.

(C) Research and draft the responsible measures against Libor exit mechanism, including determination of the impact caused by the interest rate benchmark of alternative indicators on contracts and of interest rate curve applicable to the risk assessment and pricing based on the indicative interest rate.

(D) Continue to improve and optimize the Bank's stress test planning and execution per the latest stress test specifications promulgated by the competent authority and frameworks adopted by advanced countries and estimate the incomes and statutory capital effects under the stress scenario to strengthen the long-term capital adequacy assessment, planning and management.

(E) Plan to control the total exposure in Mainland China and high-risk industries systematically, and continue to optimize the total exposure system function to complete the centralized risk control better.

(F) Continue to plan the day funding from banking book, and measure the most optimal management mechanism for net interest revenue and economic value under the expected changes in market interest rate.

C. Information R&D:

In response to the business continuity and business development, and to practice the information security management, the Bank plans to execute the following:

(A) Information system R&D and upgrading: the important information projects including Bancs system core platform upgrading, insurance agent system - mobile insurance (including electronic signature), HK Branch network banking system (2nd stage), personal online banking revision project (including English version), Open API 2nd Stage, new image system construction, financial market risk management system 2nd Stage, new financial system construction, BASEL IV capital requirement system construction, Taiwan Pay QR Code service to implement the HCE credit card, new loan system development, IBM

Power6 development/test host upgrading, remote control room network expansion and construction, HK Branch relocation, branch new network framework construction, and control room backbone network bandwidth.

(B) Information security protection and information security management: The important information security projects including enhanced defensive project at the endpoints, information security scanning, computer system information security assessment (Class 1), e-payment platform security assessment, ATM information security attack and defense drill, and information security insurance, et al..

(7) Long and short-term business development plans

A. Short-term business development plans

(A) Expand various business scales stably and diversify the sources of revenue.

a. Adjust the deposit structure, continue to expand the capital of stable deposits and wealth management basis, and rise the current deposit scale by developing the payroll operations and corporate accounts' cash management service.

b. The wealth management business will continue to integrate the Group's resources and promote the concept about One Banking, working with the corporate banking and consumer banking to develop high-asset and high-consumption customer bases, and expand the scale of wealth management customers and assets by clustering the customers in groups to manage, to upgrade the number of active customers and customers' contribution.

c. In order to upgrade the wholesale banking's momentum, the Bank has set up the "Group Business Division" in March 2019 dedicated to developing working capital, syndicated loan, accounts receivable and trading financing for mid-scale and large-scale corporate accounts, and upgraded the business scale and revenue from various business lines through the allocation of customer bases and differentiated pricing.

d. The retail banking business will continue to adopt the strategies, such as market segment and differentiated product marketing, to promote the number of products held by customers and customers' contribution. For the credit card business, the Bank will continue the business model to develop the specific credit card business among the target customers to practice the segment marketing strategy.

(B) Control the market development trend to enhance the functions and application of digital financial platforms.

a. On a customer-oriented basis, continue to develop the online services and availability thereof on the platforms including mobile

banking, online banking, corporate online banking, and Yuanta e-counter, et al..

b. Add Taiwan Pay QR Code service to link the payment scenario in the customers' daily life, and also the payment life circle by integration of multiple payment tools.

c. Increase the media exposure and interaction with customers via operation of social media to achieve the effect of the word of mouth marketing.

d. Engage in horizontal cooperation via Open API to create the financial scene.

e. Implement the eFCS offered by Taiwan Clearing House to reduce the operating procedures, such as execution of contract, payment, exchange of files and service of statement and report, with agents to collect payment and collection banks, so as to cut the collection cost.

(C) Enhance consumers protection and practice Fair Dealing

a. The Board of Directors serves as the supreme unit overseeing the promotion of Fair Dealing Principles. The President serves as the convener of the "Fair Dealing Principles Promotion Taskforce" and "Product Evaluation Committee" to direct the promotion of various fair dealing principles of Yuanta Bank and review on products.

b. Build the three lines of defense under the fair dealing principles; the fair dealing will be practiced by regularly reviewing and folloing up adoption of related systems and regulations, and execute training program, care for customers, prevention of fraud and anti-money laundering, optimization of operating procedures, and upgrading of customer service satisfaction and processing of customers' complaints.

c. Plan to implement the "ISO-10002 Customer Satisfaction Certification" to build a more effective procedure to settle customers' complaints.

(D) Fulfill compliance with laws and risk management, and maintain stable asset quality.

a. Comply with external laws and regulations, and continue to strengthen the completeness of such systems or operating procedures as anti-money laundering, information security and personal information protection, et al. Conduct the case study on the sanctions in the same trade and promote the correct countermeasures against individual cases to enhance the clerks' compliance concept.

b. Collect and publish the latest update in financial laws and regulations, and amend the internal regulations in a timely manner; ensure the compliance with various laws and regulations through training, execution of compliance self-assessment and appraisal.

c. Enhance the risk control, compliance and internal audit/internal control of overseas branch and subsidiaries.

B. Long-term business development plans

(A) Upgrade the utility and become the important profit engine within the Group.

a. Expand the customer base through product design and marketing, and strengthen cross-selling to and sprout management of the existing customers.

b. Control the business opportunities posed by the industrial consolidation and repatriation of investment capital from Taiwanese businessmen; integrate the Group's resources to provide omnibus financial service and financing program, and actively solicit for transactions with excellent corporate customer base.

c. Enhance the professional consulting services provided by the wealth management team and the wealth management product and convenient trading platforms that satisfy customers' demand; maintain the competitiveness in the market and promote the growth of commission revenue.

d. Continue to integrate the tangible and digital channels to enable the tangible channels to exert the characteristics of local deepened development service, and the digital channels to provide the convenient services linked with the wealth management, deposits, loan, payment or application under various scenarios to make the banking service available everywhere.

(B) Strengthen the practical application of FinTech, and expand and optimize the scope of services.

a. Control the market trend to enhance the development of FinTech products and services, or provide the innovative financial services needed by customers via external cooperation.

b. Implement the big data analysis, and develop new financial instruments and adopt precision marketing based on customers' needs to upgrade their loyalty and contribution via customized services.

c. Comply with the government's digital finance policies, continue to work with Financial Information Service Co., Ltd. or research institutes to develop such FinTech application services as block chain, mobile payment and robo-advisor, etc.

d. With respect to highly repetitive and logical operations, evaluate the implementation of RPA (Robotic Process Automation) to upgrade the operating efficiency and reduce errors.

(C) Expand the overseas branches' deposit/loan to upgrade their contribution to earnings.

a. Hong Kong Branch aims to expand the customer base to reduce the centralization of deposits, and to enhance the business links between domestic branches and Hong Kong Branch. It also will continue to develop the syndicated and trade financing operations, and actively strive for transactions with more local enterprises and financial institutions in Hong Kong to expand the business scale.

b. The subsidiary in Korea strengthens the cooperation with Yuanta Securities (Korea) by increasing the loan product types, and evaluate the loan cases for the REITs and fund types underwritten by it to expand the corporate banking business scope and expand the loan scale in the diversified and stable manners.

c. The subsidiary in Philippines uses the best efforts to transform itself into a commercial bank, and expansion of the businesses underwritten by it will help it strive for the larger scaled corporate banking market.

3. Yuanta Life

(1) Main business services: life insurance agency underwriting life insurance, medical insurance, accident insurance and investment-linked products.

(2) Revenue breakdown

Unit: NT$1,000; %

Business	2018		2019	
	Operating revenue	Percentage (%)	Operating revenue	Percentage (%)
Life Insurance	38,484,405	80.28	45,967,170	79.12
Personal Accident insurance	161,302	0.34	167,020	0.29
Health insurance	3,265,055	6.81	4,251,470	7.32
Annuity insurance	5,288	0.01	18,979	0.03
Group insurance	119,411	0.25	135,680	0.23
Premium revenue	42,035,461	87.69	50,540,319	86.99
Less: Reinsurance premium ceded	(695,468)	-1.45	(883,544)	-1.52
Less: Net changes of premium ceded reserve	(71,084)	-0.15	(34,873)	-0.06
Commission reinsurance allowance	111,286	0.23	111,718	0.19
Revenue from service charges	24,544	0.05	22,019	0.04
Net income from investments	6,359,834	13.27	7,884,620	13.57
Other operating revenue	22,137	0.04	21,019	0.04
Separate Account on Investment-linked Insurance Products income	151,931	0.32	434,052	0.75
Total	47,938,641	100.00	58,095,330	100.00

(3) New financial products and services in development

A. In terms of products: In order to deal with an aged society and low birth rate in Taiwan, the Company will continue to develop the protection type and long-term products commensurate with the retirement life, retirement medical treatment and retirement care needs, and alternate sales channels thereof. Provide the adequate solutions subject to the customers' attributes and needs to achieve the customer segment management. The Company is

used to upholding Insurance Protection as its corporate core value. In response to the sound insurance product structure-related regulations promulgated by the competent authority, it will orient its product design toward those with higher protection and less savings elements.

B. For the channels, the Company will uphold the corporate core value for "Insurance Protection, Sustainability and Society's Well-being" to promote business, and focus on protection type and long-term products primarily, and provide fine-equality services secondarily. For the group insurance business, the Company will continue the expansion of group insurance business, establish the work-site marketing model, and apply the insurance products exclusive for the work-site marketing to provide the Company's employees with life protection and retirement planning services. For the digital banking, solidify the structure and function of e-commerce platforms to provide diversified online insurance products and customer services and expand its scope of services.

(4) Business plan for the year

Yuanta Life's entire business strategy in 2019:

A. Channel strategies: The Company will uphold the corporate core value for "Insurance Protection, Sustainability and Society's Well-being" to promote business, and focus on protection type and long-term products primarily, and provide fine-equality services secondarily to create the Company's long-term stable profit and enhance the Company's brand value. The various major channels' strategies are stated as following:

(A) Bank & Securities Insurance channels: Adopt the group management strategy; engage in marketing to specific customer base, focus on retirement and transfer, sprout the insurance protection; combine the resources of Yuanta Financial Holdings to promote the work-site marketing; help branches and wealth management specialists transform to promote the protection type and long-term products by virtue of training. Meanwhile, the Company will expand external cooperation channels to provide differentiated services to satisfy the channels' needs and upgrade the contribution to business.

(B) Agency sales channels: Apply the strategies about grading operation of agencies and grading management of sales representatives; set the target number of activities and review and follow up the same periodically; adopt the customer segment marketing, activation of insurance policy, old customers' re-purchase and development of new customers as the policy to manage customers, with the assistance from the new marketing tool, "mobile insurance," to upgrade the service efficiency, and improve the consolidated effect of resources by reproducing successful experience, cooperation of channels and work-site marketing.

(C) Diversified marketing channels: Aiming at the insurance protection and business sustainability, promote the protection type and the long-term products. Sprout the existing partners, and provide complete services

and upgrade the performance of cooperation through training, name list screening and management. Provide the periodic management training, advanced program for marketing staff, and cultural walls, strengthen the teamwork and staffing, and form the sales forces weighing quality and quantity.

(D) Brokerage channel: Uphold the Company's core value; recover the essence of insurance protection; promote the protection type and long-term products primarily, sprout the cooperative channels with production capacity and human resources through the grading management of cooperative channels; focus on the management of VIP sales representatives and develop new cooperative channels at the same time to upgrade the overall business performance and production capacity.

(E) Digital banking: Enhance the digital marketing force; utilize the advertising agency's big data grouping system to optimize the overall marketing results; visualize insurance-related information massively to enable the general public to rapidly understand the insurance products which are difficult to understand, and enhance the horizontal cooperation to upgrade the digital customer base.

B. Product strategy: In response to the corporate core values for "Insurance Protection, Sustainability and Society's Well-being", continue to develop the protection-type and long-term products as focus, and provide fine-quality, and omnibus product solutions:

(A) Focus on the quality of product innovation, shoot customers' trouble perfectly, and be customized per important partners' needs; deepen the partnership between both parties, build the alternative sale mechanism, and signify the product characteristics and competitiveness by differentiating the entire appeal for sale.

(B) Provide customized products per the target customers' need to fulfill the segment marketing strategy for high-asset customers, retirement planning customers and young customers.

(C) In response to the regulatory policy trend, the Company already planned the revision of certain products to further upgrade the protection and practice the Company's strengths in the protection type and long-term products.

(5) Industry overview

According to the statistics of the Life Insurance Association, the insurance premium revenue based on new business in the life insurance business was NT$1.27 trillion in 2019, a decline from the same period in 2018 by 7.62%.

Statistics of insurance premium under new business in the life insurance business in 2019 (insurance premium revenue + liabilities)

Unit: million dollar

Item	2018	2019	Growth rate (%)
First Year Premium	1,379,936	1,274,733	-7.62

Source of data: Life Insurance Association

According to the analysis of insurance premium under new business by type of insurance, it is NT$922.7 billion for life insurance, i.e. 72.39% of the revenue from insurance premium under new business, NT$299.9 billion for annuity insurance, i.e. 23.53% of said revenue, NT$39.8 billion for health insurance, i.e. 3.12% of said revenue, and NT$12.2 billion for accident insurance, i.e. 0.96% of said revenue.

The sales of various products show two variation values to be concerned:

A. As far as the traditional insurance products in life insurance are concerned, the revenue from the premium of the new interest rate sensitivity life insurance policies changed significantly. In consideration of the effect produced by the discontinued single premium insurance polices in the first half of the year and short-term best selling, as well as the continuing downward adjustment of the interest rate resulting in the declination of sale volume in the second half of the year, the insurance premium reduced by 9.39% from the same period in last year. As affected by the downward adjustment of the interest rate, the sales of 6-year fixed interest rate traditional insurance policy were driven accordingly. The premium for the new contracts of traditional life insurance decreased by 2.59% from the same period of last year.

B. For the investment-linked insurance products, as affected by the global capital market fluctuation and discontinued sales of the single premium insurance policy, the premium for the new contracts of the investment-linked insurance products decreased by 17.52% from the same period of last year.

Statistics of insurance premium by insurance type in the life insurance business (insurance premium + liabilities)

Unit: million dollar

Insurance type		2018	2019	Growth rate (%)
Life insurance	Traditional	772,441	752,400	-2.59
	Investment-linked	230,484	170,328	-26.10
	Subtotal	1,002,925	922,728	-8.00
Accident insurance	Traditional	11,904	12,230	2.74
Health insurance	Traditional	33,618	39,832	18.48
Annuity insurance	Traditional	58,566	55,081	-5.95
	Investment-linked	272,922	244,862	-10.28
	Subtotal	331,488	299,943	-9.52
Total	Traditional	876,530	859,543	-1.94

Insurance type		2018	2019	Growth rate (%)
Total	Investment-linked	503,406	415,190	-17.52
	Total	1,379,936	1,274,733	-7.62

Source of data: Life Insurance Association

According to the analysis of percentage of insurance premium by channel, the bank & securities insurance channel accounted for 53.57% of the insurance premium based on new business from 2019, Yuanta Life's own marketing channels 39.09% thereof, and traditional broker channel 7.34%. It appears that some changes took place in the proportions by the bank & securities Insurance channel and Yuanta Life's own marketing systems from those in the previous period. Personal life insurance and investment-linked insurance are primarily sold via the bank & securities Insurance channel. About 55.85% of the revenue from the personal life insurance premium and 56.08% of the revenue from the investment-linked insurance premium were gained from the Bancassurance channel. Traditional accident insurance and health insurance are still primarily sold via the Company's own marketing channels.

Statistics from insurance premium in the life insurance business by source in 2019 (insurance premium revenue + liabilities)

Unit: million dollar

By source	Life insurance	Bank broker	Traditional broker	Total
Insurance premium	498,332	682,825	93,576	1,274,733
Rate (%)	39.09	53.57	7.34	100
Individual life insurance	273,751	418,318	56,915	748,984
Individual annuity	21,084	30,309	3,121	54,513
Investment-linked	158,639	232,825	23,725	415,190
Personal Accident insurance/health	31,112	768	6,327	38,207

Source of data: Life Insurance Association

Looking forward to 2020, considering that the competent authority will cut the policy liability reserve rate dominated in various currencies since January 1 and implement the "Sound Insurance Product Structure-related Regulations" since July 1, which defines the "death benefit threshold" to help the life insurance recover the essence of protection. Under the condition that the "insurance policy service profit margin" cannot be negative, it is expected that the interest rate sensitivity life insurance policies and low death benefit threshold insurance policies will still be the focus in the market in the first half of the year before implementation of said regulations. However, upon implementation of the life insurance threshold regulations, the sales of new savings-type products offering higher protection might decline within a short term, but are expected to recover sluggishly after a while. Additionally, despite the uncertainty in the global capital market, when the traditional savings-type insurance policies are affected by the regulatory measures in the second half of next year, the Company may provide the investment-linked insurance policies that allow customers to can call back fixed assets and grow capital stably. Accordingly, the sales are

expected to grow next year.

(6) Research and development

A. R&D expenditure for the most recent two years

Unit: NT$1,000

Year	2018	2019
R&D expenditure	96,032	47,693

B. R&D results for the most recent two years

Yuanta Life has kept researching and developing products that meet various customers' needs, developed diversified products and satisfied the market's need for insurance. The products researched and developed by it successfully for the most recent two years included the new products, such as the USD interest rate sensitivity endowment life insurance to be repaid at specific age, NTD/USD interest rate sensitivity increasing life insurance applicable to the work-site marketing model, NTD/USD high protection multiple interest rate sensitivity life insurance, exclusive online accidental injury insurance, one-year cancer medical insurance, major illness/injury life insurance contracts/riders. A total of 41 products were developed.

C. Future R&D development plan

In order to deal with the current entire financial environment and changes in laws and regulations, and create and keep upgrading the Company's long-term value, the Company will keep developing various innovative products, enhance customers' service quality and develop business opportunities. To be in line with the population structure of aged society and low birth rate, the Company will continue to develop the insurance products commensurate with the retirement life, retirement medical treatment and retirement care needs. Yuanta Life will orient the development of products toward the "protection-type and long-term" products and form diversified product lines to satisfy the various customer groups' need for insurance and the regulatory requirements, help various channels operate successfully, and achieve the Company's financial and business targets.

(7) Long and short-term business development plans

In response to the changes in the domestic financial market and the competent authority's regulatory policies, and in order to secure a competitive advantage in the insurance market, Yuanta Life will focus on the following key services and development items in the future:

A. Short-term development plans:

(A) Closely control the market product development to help timely response; establish the product plan subject to various sale channels' characteristics and target customers' needs; for the protection-type and long-term products, focus on the diversity of elements and upgrading of the contents of benefit, and continue to develop the protection-type product market relying on the contents of product and innovation of

marketing issues, in addition to complying with the regulatory policies.

(B) Use the specific training and sales taskforce and sales and marketing taskforce to engage in providing complete supporting services, including the training on products, marketing skills, cause-related marketing and activities, and also reproduce the own channels' successful marketing model to the selected external channels to expand the quality of the cooperative channels.

(C) The Company provides the well-founded training tools to train the staff's skills and habits, focuses on recruitment of new talents, and promotes internal promotion, drives the agency force stably.

(D) Utilize the big data to establish the fine-quality name list module to upgrade the performance of execution of the name list, and continue to develop new business models to increase the performance of diversified marketing.

(E) Extend the marketing, acquire new customers, expand market shares, upgrade the brand publicity and penetration rate via the broker and agency channels.

B. Long-term development plans:

(A) Enhance the risk management and financial ability as the core objective; manage assets & liabilities and risk rigorously; maintain high standard capital adequacy ratio (RBC); diversify the asset allocation to improve investment efficiency; maintain a sound financial structure and solvency; fulfill the responsibility to manage assets as an insurance company to ensure the Company's financial security and sound operation and to safeguard the best interests of customers and shareholders.

(B) On a customer-oriented basis, the Company continues to provide diversified and differentiated product solutions, support business development and practice the customer base management philosophy, implement the customer group business philosophy, satisfy the customer base's three major needs, namely retirement life, retirement medical treatment and retirement care, to communicate the core value provided by Yuanta Life to customers and help the Company achieve the long-term financial and business goals.

(C) Continue to sell the protection type and long-term products as the focus of the business development, design competitive and differentiated products and construct complete protection type product lines to plan complete family protection for customers.

(D) Sprout the existing partners to form long-term strategic partnership, provide backup services to the sales channels actively, and continue to optimize the service operating platform to upgrade the competitiveness and efficiency.

(E) Optimize the organizational functions; focus on the training of professional talents dedicated to customer service, product actuary,

financial investment and risk control, as well as the continuing education on professional knowledge; build highly professional service teams to enhance the operating performance and upgrade the Company's competitiveness.

4. Yuanta Venture Capital

(1) Main business services

A. Provide capital directly to invested enterprises.

B. Provide corporate operation, management, and consulting services to investee enterprises.

C. Commissioned consultation on business administration.

(2) Revenue breakdown

Unit: NT$1,000; %

Item \ Year	2018		2019	
	Operating revenue	Percentage (%)	Operating revenue	Percentage (%)
Equity in investee income recognized under the equity method	54,749	20.61	396	0.20
Net gain or loss on financial assets at fair value through profit or loss	157,230	59.18	174,017	87.89
Dividends revenue	53,688	20.21	23,584	11.91
Total	265,667	100.00	197,997	100.00

(3) Business plan for the year

A. Achieve the annual budget objective

Yuanta Venture Capital has successively disposed of the investees of Yuanta Venture Capital and Yuanta I Venture Capital successively in 2020 to achieve the objective of budget.

B. Weigh core business and growing business equivalently.

The core business is related to a more familiar and matured market, which may derive more stable income but have difficulty in rendering explosive effects. The new investment in old cases also falls in the area of such business. The growing business might render explosive effects in the future, in consideration of the emerging technology and market. Yuanta Venture Capital will assess the two types of business carefully to seek balanced development.

The investment strategy in 2020 aims to upgrade the proportion of growing business year by year, in hopes of weighing core business and growing business equivalently. The investment strategies are stated as following:

Investment strategy	Selection strategy	Selected industry	2020 Percentage (%)	2021 Percentage (%)	2022 Percentage (%)
Core business (Existing technology / pre-matured market)	1. Lower P/E ratio 2. Reasonable dividend yield 3. High liquidity (in the case of open trading market) 4. Familiar with the company and the team	Internal Electronic industry (software and hardware), manufacturing, IC design, traditional manufacturing, ship and aviation industry, automotive industry, chain store industry (e.g catering, pharmacy and store, et al.), and agricultural technology Overseas Traditional industry: e.g. manufacturing (light assets primarily); Domestic demand: e.g. chain restaurant, consumer goods, recreational industry	65	60	50
Growing business (Existing technology / pre-matured market)	1. Leader in the field or scale of the technology 2. Products or services have already been authenticated by the market. 3. Lower risk	e.g. AR/VR, FINTECH (e.g. Blockchain application), e-commerce, Big Data, AI, edge computing, Internet of Vehicles, Smart Factory, Smart Family, high-rank medical devices, medical services, digital contents and management, advanced materials, and 5G etc.	35	40	50

C. Strengthen layout overseas and expand sources of profit

Given the trade war initiated by the Trump government, the global economic and trading, production and consumption centers began to relocate. Venture capital must combine the resources of Yuanta Financial Holdings to raise the entire overseas investment proportions, and prevent regional systematic risks. The area-/s planned to be invested within next three years

are spread in the markets including Taiwan, Mainland China, Korea, and South East Asia. Notwithstanding, the safety thereof will still be assessed case by case as the first priority. Please see the following:

Scope		2020(F) (Add)	2021(F) (Add)	2022(F) (Add)
Internal	Taiwan	65%	61%	59%
Oversea	Mainland China	10%	12%	13%
	Korea	10%	11%	11%
	South East Asia / others	15%	16%	17%
Total		100%	100%	100%
Projected total investment amount		NT$600 million	NT$600 million	NT$600 million

(4) Industry overview

According to the 2018 questionnaire survey performed by Taiwan Venture Capital Association on the venture capitals in 2019, the overview of venture capital market in Taiwan is discussed in terms of domestic venture capital's financing status, investment status, invested industry, investment stages and invested territories:

A. Financing Status

In terms of the venture capital's financing status, 17 new venture capitals were founded in 2018, with the total capital amounted to NT$2.013 billion. The number of new venture capitals decreased by 5 from 23 in 2017, but the total capital decreased by NT$3.129 billion from NT$5.142 billion in 2017. Apparently, the new venture capitals were declining in the number and total capitals in 2018, and still have not yet recovered as usual.

B. Investment status

In terms of investment status, there were a total of 367 investment projects by venture capital in Taiwan in 2018, decreasing by 171 cases from 583 cases in the previous year (2017). The total investment capital was NT$12.728 billion in 2018, increasing by NT$5.843 billion from the total investment capital, NT$18.571 billion, in the previous year (2017). As a whole, the number of investment projects and total investment capital in 2018 both decreased significantly from 2017.

C. Invested industry

According to the statistics, in 2018, the total invested value in the IT industry (NT$4.165 billion) became the largest, and followed by the manufacturing industry (NT$2.423 billion), bio-tech including new drug and medical device (NT$2.172 billion), green energy and environmental protection (NT$1.299 billion), service industry (NT$1.292 billion), venture capital industry (NT$621 million), culture and creative industry (NT$364 million), and national defense/aerospace industry (NT$61 million).

Compared with the invested industries in 2018 and 2019, apparently the IT industry has returned to first place by investment capital since 2014 and the investment capital thereof increased by NT$359 million (NT$3.806 billion in 2017). The manufacturing industry has been in third place for two years consecutively, but rose to second place in 2018, with the investment capital thereof decreased by NT$231 million (NT$2.654 billion in 2017). The bio-tech including new drug and medical device has been in first place for three years consecutively, but dropped to third place in 2018, with the investment capital thereof decreased by NT$2.813 billion from NT$4.985 billion in 2017 to NT$2.172 billion. The green energy and environmental protection industry has been in seventh place in 2017, but rose to fourth place in 2018, with the investment capital increasing from NT$659 million in 2017 to NT$1.299 billion in 2018. The service industry was in fourth place in last year, while it dropped to fifth place this year, with the investment capital thereof decreased significantly by NT$$1.262 billion (NT$2.554 billion in 2017). The culture and creative industry regressed by one place this year, but the investment capital thereof decreased significantly by NT$1.105 billion (NT$364 million in 2018). Obviously, Yuanta Venture Capital continued to invest in the IT industry, manufacturing industry and bio-tech including new drug and medical device primarily. Besides, the green energy and environmental protection industry, which accounted for lower proportion of investment in the past, has been valued by Yuanta Venture Capital in the recent years and the proportion of investment thereof increased year by year. The investment capital thereof amounted to NT$1.299 billion in 2018, the highest in the most recent one decade.

D. Investment stage

In terms of the number of cases at various investment stages, in 2018, the proportion of investment by the venture capital business in Taiwan at the following various stages is stated as follows: Expansion (41.05%), Foundation (33.55%), Maturity (19.71%), Seed (5.68%). The proportion of investment by the venture capital business in Taiwan at the following various stages is stated as follows: Expansion (43.32%), Foundation (26.7%), Maturity (24.52%), Seed (5.45%). In the past years, the domestic venture capitals' investments were centralized in at the middle and late stages. The total number of projects or total investment capital would attain 70% or more. In 2018, the proportion of investment by domestic venture capital business at the earlier stages (Seed and Foundation) was about 30%. Such consequence shall result from the Government's policy dedicated to promoting the industrial innovation and creativity that caused massive emerging businesses or startups to be founded and become the focus of the venture capitals.

E. Invested territories

According to said statistics, the investment behavior by territory in 2018 showed that the domestic investment was still the first priority, accounting for about 54.47%, increasing by 0.63% from the proportion of investment in

domestic business, 53.84%, in 2017. For the territories outside Taiwan, the territories of Asia (including Mainland China, Hong Kong and Macao and other territories of Asia) ranked the second place, i.e. 23.16%, increasing by 1.8% from 21.36% in 2017; the territories of Europe decreased significantly from 2018 and became 0.11% (1.29% in 2017), the lowest in the most recent three years; Silicon Valley accounted for 5.19% in 2018, increasing from 0.13% in 2017, by 5.06%, the historically highest since nine years elapsed.

(5) Research and development

A. Actively seek out and identify quality investment targets

Aside from seeking investment portfolio in Taiwan, Yuanta Venture Capital is also evaluating international opportunities.

B. Strengthen employee training

Yuanta Venture Capital will improve employee training and continue to refine its operational competence.

(6) Long and short-term business development plans

Under Yuanta Venture Capital's short-term business development plan, the Company will (1) upgrade its profitability; (2) increase the percentages of investment in Mainland China, South East Asia and Korea; (3) focus investment primarily on such industries as the electronic industry (software and hardware), manufacturing, IC design, traditional manufacturing, ship and aviation industry, automotive industry, chain store industry (e.g catering, pharmacy and store, et al.), and agricultural technology. Permanently, Yuanta Venture Capital will work hard to upgrade profit and achieve the objective for ROE more than 10%.

5. Yuanta Futures

(1) Main business services

A. Futures brokerage services

B. Futures proprietary trading

C. Futures consulting services

D. Futures Settlement and Commissioned Settlement

E. Concurrent engaging in proprietary trading of securities

F. Concurrent engaging in securities trading supporting services

G. Leverage transaction merchant trading system

H. Other relevant operations approved by the competent authority

(2) Revenue breakdown:

Unit: NT$1,000; %

Item \ Year	2018		2019	
	Operating revenue	Percentage (%)	Operating revenue	Percentage (%)
Brokerage revenue	3,527,835	97	2,808,416	96
Proprietary trading revenue	84,092	2	89,357	3
Counseling service revenue	14,259	1	11,766	1
Other revenue	12,110	0	8,786	0
Total	3,638,296	100	2,918,325	100

(3) New financial products and services in development

A. Experience in developing new digital services:

The international political and economic events, such as Sino-US Trade War and outbreak of COVID 19 in mainland China, resulted in the increasing demand for increasing hedging in the global futures market. The market continues to release diversified futures products. In order to provide the complete warrant and option services, Yuanta Futures will build the first composite information integration service APP in the world, which will cover the research report and information about the eight major futures and options in the world, introduce the innovative services such as smart malls and subscription economy to satisfy customers' diversified demands for information service. Meanwhile, in line with the smart and automated trading trend, Yuanta Futures introduces the smart dynamic strategy management system to select optima strategies via AI computing, and provides the trading cash pool risk management framework, apply the dynamic adjustment mechanism and build the smart options trading house exclusive for customers.

B. Expand international market operations:

Construct overseas cross-border business locations; build the multinational and cross-market international trading platform dedicated to offering the product lines issued by the global exchanges in America, Europe, and Asia; sprout the overseas brokerage operations; build the global futures exchanges clearance centers; develop B2B business internationally; fulfill the service entity economy; and, provide investors with diversified options and satisfy their need for hedging in the territories of Taiwan and Asia.

C. Sprout leverage transaction merchant trading system:

Develop leverage transaction merchant's foreign exchange margin trading (Forex) and derivatives operations; research and develop innovative and diversified financial instruments; introduce international financial platforms to be in line with the over-the-counter markets in the Asia-Pacific area; utilize the ability to develop innovative products to build the products and services differentiated from the peers', satisfy customers' multi-

dimensional needs for products and build the new engine for brokerage revenue.

(4) Business plan for the year

In 2019, Yuanta Futures strengthened various management aspects, including upgrading of profitability of shareholders' equity, fulfillment of risk management, execution of proprietary services and brokerage objectives, and already achieved the various business objectives. In terms of financial performance, Yuanta Futures made a profit after tax of NT$1.136 billion in 2019, ranking 1st among professional futures firms, with an EPS after tax of NT$4.89 and an ROE after tax of 13.30%。 In terms of business performance, Yuanta Futures' futures brokerage market share was 23.25% and options brokerage market share 15.51%. The market shares of said business lines all ranked 1st place in the market and leading in the same trade remarkably.

Looking forward to 2020, Yuanta Futures will aim to "Deepen Development in Taiwan, Aim at Asia-Pacific Market" as its business philosophy, in order to continue maintaining its leading position in the industry. Yuanta Futures has used the best efforts to invest resources in digital finance permanently, and continued to upgrade the e-system software and hardware, utilize the big data and AI strategies, combine the futures smart ecological chain, and sprout new digital business lines. In order to develop internationally, the Company achieves the integration of cross-border and cross-industry services in Asia-Pacific area, combines overseas brokerage operations, overseas B2B operations and overseas service entity economy and develop new international operating strategies to become an international large-sized futures firm. The business plan to be boosted by Yuanta Futures in 2020 is highlighted as follows:

A. "Deepen the domestic/foreign futures and options brokerage market shares, and upgrade profit margin"

By digitalizing the marketing channels, and via online social networks, the Company combines the online and offline omnibus fine-quality services to provide 24-hour global operating center services, and also develops domestic futures and options products, as well as foreign futures and 8 major options products, based on the professional research reports and in line with the international political, economic and current issues, in order to enhance the value-added services to customers and continue upgrading the brokerage market shares and profit margin.

B. "Development of brokerage services to domestic/foreign institutional investors"

Promote the futures and options brokerage services to domestic banking institutional investors and foreign institutional investors; combine the Group's and overseas business development to create the consolidated effect for the Group and upgrade the institutional investor brokerage market shares and AUM; deepen the services to domestic/foreign industrial institutional investors; practice the enterprise entity economic development; expand AUM scale; integrate and upgrade the capital management efficiency.

C. “Promote domestic/foreign futures IB as the core business”

In Taiwan, Yuanta Futures holds multiple advantages, including the most foreign futures exchange memberships (12), most business locations (250) and 24-hour global operation center services. It sprouts the IB operations, and also optimizes its brand identity as a futures expert on the new trading platform combining securities and futures, in order to increase the proportion of futures introducing brokerage market and develop the brokerage operations.

D. “Establish the International Futures Center in Response to Yuanta Financial Holdings’ Layout of Asian Cup”

Develop customers for overseas locations actively in response to the international layout by Yuanta Financial Holdings; with Yuanta Group’s successful experience, practice the consolidated effects for the Group; cultivate Yuanta Futures’ overseas locations as the global commodity and trading platform; establish the complete futures product lines and the differentiation affording to distinguish the Company from the other futures firms domestically, as the highlights of the futures development.

E. “Upgrade the growth of revenue from consulting service”

Develop the subscription economy for the consulting platforms and establish the membership system for customers to deepen the consulting service courses and smart digital consulting service with the omnibus professional futures analyst team and professional research resources; additionally, by means of the “Build the Method of Automatic Futures Wealth Management” publication and dynamic smart strategy management system, continue to be ahead of peers in the same trade in the smart trading area and upgrade the operating revenue from diversification of the consulting business.

F. “Diversify Leverage Business and Strengthen Risk Management”

Expand foreign currency margin and equity options product operations, guide leveraged customers to satisfy their needs for diversified products, continue to launch customized innovative products to satisfy customers’ needs for financial hedging and trading; also, strengthen the performance of trading platforms and risk management system, strengthen the internal audit and internal control standards about leverage products, establish the mechanism by weighing business and management evenly, and create a win-win situation between customers and the Company.

G. “Improve the performance of proprietary operations and construct a trading platform in Greater China”

Establish the strategic smart trading platform, develop the global trading strategies under AI framework, establish the criteria for identifying the bull and bear index trend in the market, develop the advantageous strategies centrally, and expand the overseas markets with high volatility and upgrade the trading performance; meanwhile, develop the high-frequency

trading technology and strategies, and construct the trading platform in the Great China area to build the trading strength.

H. "Optimize Customer Risk Control Mechanism and System Performance"

In response to the increase in market uncertainty and fluctuation, continue to improve the back-office information system's performance, establish the complete customer risk control mechanism, shorten the time spent in responding to extreme market conditions, improve the quality of risk control operations of the personnel dedicated to transactions and settlement to maintain customers' interest and rights, and optimize the intraday risk system, and upgrade such early warning mechanism as computing of income and performance, real-time risk value, and risk factor sensitivity analysis as introduced into the brokerage business, in order to enhance the early warning about risk and customer service.

I. "Introduction of Information Security Management System (ISO 27001)"

To upgrade the information security management quality and strength, and enhance the internal information security compliance procedure; conduct checkup on the existing information equipment security and personnel's compliance, optimize the information security protection comprehensively, and introduce the information security management system in line with the international standards (ISO 27001) to solidify the organization's internal information security framework.

J. "Fulfill Corporate Social Responsibility and Set Corporate Governance Paradigm"

Integrate the corporate social responsibility into the Company's business purposes and service management model, hoping to practice the promotion of business sustainability and goals through the ethical corporate management, customer service, green finance, feedback to the society, and healthy workplace, and the fair dealing principles to maintain customers' interest and right.

(5) Industry overview

In 2018, the frequent outbreaks of international risk events resulted in significant volatility of most futures products. Though the volatility appears to be mitigated in 2019, such issues as Sino-US Trade War and Brexit are still pending. Therefore, it is still a brilliant year for the financial futures business.

As far as the domestic market is concerned, the annualized volatility of TIFs was 10.17% in 2019, declining significant from 16.21% in 2018. The total trading volume of TAIFEX decreased slightly from 2018, although it remained about NT$261 million lots. Among other things, TAIEX options accounted for about 170 million lots, TIFs 34 million lots, MTX 29 million lots, and stock futures 20 million lots. The trading volume of the newly listed TPEx 200 Index Futures and Nasdaq-100 Index Futures were 42,000 lots and 76,000 lots. The trading volume of the GBP against the USD, AUD against USD, and BNO futures listed in 2018 also grew slightly. Meanwhile, the night trading volume was 54,800,000 lots, i.e. 29.8% of the trading. Therefore, the transactions kept

booming. The number of futures accounts opened by natural persons were 1,859,742, declining slightly, while the trading volumes for natural persons and institutional investors remained 48:52. Looking forward to 2020, the implementation of the continuous trading system on March 23 will be helpful for the combination of futures and spot goods.

As far as the performance of commodity futures is concerned, for energy, LPG became weakened due to the warm winter situation, while the crude oil futures were boomed due to OPEC+production cuts and in response to the sharp decline in exports of crude oil by Iran, Venezuela and Libya given the sanction imposed by the USA. The output of the US shale oil kept hitting new records and, therefore, the demand for crude oil was expected to be weakened due to the concern about sluggish economic growth, thereby causing the crude oil price to fluctuate in the second half of the year. For the metal futures, the metal for the people's livelihood were depressed by the sluggish economic growth generally. Notwithstanding, the precious metal was supported by the hedging demand given said risk events, and the palladium was in short supply due to the increasing awareness toward environmental protection and, therefore, became the most precious metal futures ahead of the gold, with the annual price increase range amounting to 52% in the year. Further, the agricultural futures fluctuated due to the trade wars and also weather and product characteristics. For example, as the wheat futures were affected by the drought in the origins of product, such as Australia and Argentina, the futures tend to increase sharply as a whole.

(6) Research and development

Yuanta Futures Research Dept. insisted the output and depth of diversified research reports, and also continued to work hard on the innovation of reports. Meanwhile, it combined digital finance, moved forward toward the overall visualization, and integrated the reports into life via rich menus or links. Meanwhile, it added the night hot zone push notification to deepen the connection with foreign markets. Meanwhile, it released the keynote reports in a brand new form to improve the accessibility to the reports. Also, in response to the trend to combine futures and industry, it invested more resources in the industrial institutional investor business, including the industrial institutional investors' need for strategic hedging and various forward-looking analyses.

As a leading brand in the futures industry, Yuanta Futures strictly controls customers' trading risks. In order to precisely aligned with the overview of the customers' transactions, it will optimize and develop the second-generation customer management system that may control and forecast the indicators of risk potentially to be borne by customers subsequently, immediately after the market volatility increases and thereby upgrades risks, so as to provide consulting service and advice in a timely manner, for the purpose of achieving effective risk control.

(7) Long and short-term business development plans

A. Short-term business development plans

(A) Establish a brokerage operations-oriented value chain: Promote futures, options, leverage and securities product brokerage channels, provide complete financial product services through the steering current mechanism applied to customers, develop the two-in-one business model for securities and futures, and continue to recruit and train excellent talents to provide fine-quality services and enhance the Company's differentiation in the competition with peers.

(B) Maintain the quality of charges for the brokerage operations: Combine the research reports and consulting strategic smart services, provide value-added business services, and exercise the customer risk management and care at the same time to sprout the brokerage operations and maintain the quality of charges with the fine-quality and heartwarming service quality.

(C) Optimize the domestic/overseas warrant and options operations via IB channels: In response to the trading strategies and combine the channels to promote individual stocks and futures, night trading and foreign futures, expand external partners, strive for other futures IB operations and concurrent operations of the futures sub-brokerage.

(D) Practice the consolidated effects for the Group's and subsidiaries' operations: Co-develop customers of entity economy, develop the business needs for settlement in kind and futures hedging, and sprout financial and industrial institutional investors at the same time to increase the Company's business width to achieve the consolidated effect for the Group, and continue to exercise the business momentum to expand the business domain.

(E) Continue to develop overseas business momentum: Develop overseas futures brokerage operations, expand new market business channels, build the business centers linking with exchanges directly at the overseas locations, and apply for exchange membership, and actively participate in the secondary agency business of various exchanges in the mainland China to create differentiated service lines.

(F) Extend leveraged trading operations: Based on foreign currency margin operations, continue to develop equity options products, and extend the development of spread contract products, respond to the new laws and regulations promulgated by the competent authority, upgrade the width of leverage products, and develop customized products to satisfy customers' needs for diversified operations and hedges.

(G) Upgrade the technology and performance related to proprietary trading: enhance the proprietary trading performance, maximize earnings within the controllable risk, and increase the source of proprietary trading

revenue and operating stability by means of the operations, such as spreads, high frequency and market making.

B. Long-term business development plans

(A) Transform and optimize the brokerage service team: In response to the digitalization trend, integrate virtual and physical channels by virtue of new products, new thoughts and new models; use online channel platforms and offline sales and lecturer resources to provide customers with comprehensive online and offline service experience and create the value-based services.

(B) Construct the overseas international trading platform center: Provide futures options product services, develop new overseas business lines, improve the operating system for own fund, engage in the new financial operations as stocks, asset management and insurance, exercise the overseas locations' strengths, develop services to international customers and diversified professional financial services.

(C) Continue the FinTech development: Apply innovative FinTech, extend the optimized smart ecological chain, solidify online operations, e-services, new-generation trading systems, and build the advanced system for smart trading, continue the development of smart strategic trading system, and popularize the programmatic trading.

(D) Develop the cross-border information security protection: Construct the information security cross-border protection policy, in hopes of building the cloud, online and end-integrated information security protection platform to forecast threats and engage in real-time reporting, so as to upgrade the entire information security protection ability, reduce the frequency and impact of information security incidents, become the backup for operating development and help the stable business growth.

(E) Fulfill corporate social responsibility: Feed back to the society and maintain stakeholders' interest and right to fulfill the corporate social responsibility, and upgrade the operating and management ability by transparent finance and business and rigid corporate governance, fulfill the internal control system and build the corporate identity for high-quality service.

6. Yuanta Securities Investment Trust

(1) Main business services

A. Securities investment trust services

B. Discretionary investment services

C. Securities investment consulting services

D. Futures Trust services

E. Other relevant operations approved by the competent authority

(2) Revenue breakdown:

Unit: NT$1,000; %

Item \ Year	2018		2019	
	Operating revenue	Percentage (%)	Operating revenue	Percentage (%)
Revenue from Management fees from Management fee	2,392,616	94.27	2,614,515	92.48
Revenue from service charges	5,923	0.23	10,189	0.36
Revenue from sale	121,904	4.80	181,194	6.41
Revenue from marketing reimbursement	13,996	0.55	20,106	0.71
Other operating revenue	3,839	0.15	1,264	0.04
Total	2,538,278	100.00	2,827,268	100.00

(3) New financial products and services in development

A. In response to the retirement wave, the Company provides the following solutions:

The population structure in Taiwan is aging step by step. Taiwan stepped into the aged society officially in 2018, where the population at the age more than 65 years old accounted for 14.9% increasingly. According to the National Development Council's forecast, Taiwan will step into the "super-aged society" in 2026. That is, the population over 65 years old will be over 20%. More and more investors tend to seek stable cash flows instead. Notwithstanding, under the negative interest rate environment globally, high-quality yielding products are rare and, therefore, the interest rate on the savings-type insurance policy which investors were used to invest starts to fall, and high-income bonds encounter credit risk. Yuanta Securities Investment Trust works with the entire Group to promote the business opportunities in the retirement market.

(A) Focusing on the high cash yield from Taiwan stocks more than 4%, ahead of the others in the world, the Company builds Yuanta high-dividend fine-quality leading funds in Taiwan based on the high-dividend and fine-quality leading stocks. Meanwhile, by combining the active stock selection and quasi-index operations, the returns thereof will exceed the index return market returns. The downside deviation is controlled to be equivalent to that in the market. The Company creates the monthly allocation, yearly allocation and income equalization programs for Taiwan stock funds as the first company in Taiwan to provide investors with stable cash flows as their retirement solutions.

(B) Continue to promote Yuanta index retirement platform The Company integrates the complete product lines of Yuanta Securities Investment Trust, covering stocks, bonds, commodities and foreign exchange assets,

and bull and bear index products are also made available. The platform integrates various services, including developed salary and wealth management, e-trading mechanism for funds, and ETF-AI smart investment platform, to provide investors with short-term, mid-term and long-term wealth management planning that is adapted to their whole career. Investors can refer to the packaged suggestions or prepare their investment plans on their own. For the time being, the Company plans to add more asset-type Feeder funds to the product lines and launch Yuanta Securities Investment Consulting's investment portfolio trading mechanism. Therefore, Yuanta retirement fund will be the first stop for the public to make investment and manage wealth.

B. Innovation of products and reengineering of components (overseas ETF Feeder Fund/ETF of ETFs):

(A) Overseas ETF Feeder Fund

In 2019, the Company issued three Taiwan stock Feeder funds ahead of the others in the same trade. In 2020, the Company plans to issue the second package of overseas stock and bond Feeder funds, in order to provide the bank's channels with more complete Feeder fund portfolio, so that more investors may participate in the investment in index products via bank's channels, and the Company may construct the complete investment portfolio to satisfy the needs for diversified investment.

(B) New Products in Mega Trend

In the most recent two years, the development of theme-based ETF products has become the Mega Trend in the world, including aging population/elderly industry business opportunities, ESG, and technological innovation (including AI and 5G, et al.). For ESG, in response to the increasing importance of the investment in ESG by the global retirement funds, institutional investors and millennials, the scale of ESG-related stocks and debt ETFs has been increasing year by year in Europe and the United States. In 2020, the Company schedules to issue overseas ESG ETF and also extend the successful experience in issuing 5G ETF in 2019 to re-issue 5G key technology ETF products in 2020 to satisfy the investors' needs.

(C) New futures trust ETF products

In 2020, the Company plans to issue the prototype and leverage futures ETF of MSCI EM. In the future, the development of futures trust products will be oriented toward those traded actively, which will be developed as futures trust ETF to help the Company continue to expand the development of futures trust ETF products.

C. Connect the business opportunities for e-Payment:

(A) Develop new financial channels to connect the fund trading platform

In consideration of the accelerated development of financial mobilization and e-banking, the competent authority has approved the subscription for funds denominated in NTD via e-payment. Yuanta Securities Investment Trust will use the best effort to connect the Group's subsidiaries with e-payment companies to introduce the products falling in the scope of market topics, such as Feeder funds, Taiwan stock high-quality dividend funds. Supported by the developed online account opening procedure and smart investment consulting platform, Yuanta Securities Investment Trust will have the chance to be advanced to the mobile and smart fund trading platform.

(B) Sprout Modernization of Funds

The digital and more convenient preferential rate service version 2.0 created through cooperation with Hua Nan Commercial Bank will be released soon to transform the concept of fund cash and cash fund into an innovative model that satisfies laws and regulations. The Company will continue to expand the cooperative relationship with other banks and e-payment service providers to build a brand new cash flow platform in the financial industry.

(C) Strive for patents to develop FinTech

Use the best efforts to apply for patents, and achieve business sustainability and safeguard customers' assets under the condition that compliance is satisfied to secure the leading position on the new cash flow platform.

(4) Business plan for the year

A. New fund offering planning:

(A) Yuanta Taiwan High-Dividend Sector Leader Fund

Considering that the nationals value "stable cash flows" with respect to the wealth management planning after retirement, the "Yuanta Taiwan High-Dividend Sector Leader Fund," based on Taiwan equity fund 2.0, designs the monthly allocation of dividends plus yearly allocation of dividends to help the retired people disperse their cash flows easily only with one single fund.

(B) Futures Trust Fund

The futures trust ETF is expected to be transferred from the commodity assets to equity assets. The Company will plan to invest in the futures trust funds (prototype and leverage futures trust ETF of MSCI EM) in the global emerging stock market. It will be the representative work for

Yuanta Securities Investment Trust's trust products oriented toward regional diversified development, and the Company expects to drive the development of Taiwan's futures trust ETF toward a new milestone.

(C) New theme-based products

In 2020, the Company schedules to issue overseas ESG products and also issue 5G key technology ETF products again.

B. Digital media business development (official website, APP, FB and Line@):

Establish the customer profile mechanism and database, and follow up and collect the customers' patterns and data digitally to achieve the precision marketing and also to continue sprouting the Company's digitalization area, and move forward towards the comprehensive upgrading to 2.0 as the first priority, in order to achieve the effect of budget execution and expanded precision marketing.

Meanwhile, the Company's official website and APPs will re-plan the UI and UX step by step to make the procedures more friendly and successful. In response to Line's official 2.0 version revision program, the Company makes the social networks connect with finance more closely via connection with API and Line Bot, in order to facilitate KYC and help establish groups and analyze habits and behaviors, and further raise customers' satisfaction and loyalty, and practice such inclusive financing as life-oriented wealth management and mobile wealth management.

C. Big AI operation management platform:

(A) Control customer profile/precision marketing

Different from the traditional marketing model engaged in communicating advertisements extensively, in order to elaborate the business planning and marketing strategies and upgrade the resource utilization efficiency and effect, Yuanta Securities Investment Trust provides the precision services to different targeted customer bases by analyzing and grouping the customer bases. Among the other things, specific control over customer profile and pattern will be the first priority, in order to analyze customers by age, gender, residence, investment and risk appetite, so as to capture customers' investment behaviors to help the Company release the innovative products, services and mechanisms satisfying the customers' needs.

(B) Project/customer relationship management

Yuanta Securities Investment Trust develops the smart system for project and customer management, by deepening the functions such as the information signage of the exist customer relationship management system , customer management and smart reporting system and also

connecting Yuanta Securities Investment Trust's major calendar, business schedule management and JIT real-time messaging platform to help sale representatives integrate the information from multiple sources.

Furthermore, Yuanta Securities Investment Trust engages in the system design for the project management, and follow up and manage the information about the project target amount, target customers, sale module and incentive program in a qualitative and quantitative manner to help establish the database for projects. Then, the same may be applied to case analyses and studies, and also in-depth analysis about customers' behaviors and trouble shooting for customers, and can reproduce the successful cases to hit business record again.

(C) Think outside the box and multi-skilled/multi-functional talents

Yuanta Securities Investment Trust used the best effort to achieve the dual transformation in 2019, which means combination of the repositioning of existing core business (issuance and management of products) and development of future growth engine (solutions provider) through the Company's unique value supply chain (product management, issuance and research ability, accumulation of Smart Beta technology and AI management technology). Yuanta Securities Investment Trust is used to being very clear about its future development road map, especially about the globalization, innovation and regulatory breakthrough. It is used to considering its employment policy under a teamwork operating framework from organizational reengineering to corporate transformation and then to industrial upgrading, and introducing AI into front-office, mid-office and end-office management and operations, to help the managers think outside the box suggesting that "they only know about stocks but have no idea about bonds" or "only know passive investment but know nothing about active investment." Therefore, the multi-functional and multi-skill training helps save repeated human resources. Besides, AI helps extract the managers' successful experience, and then they may be integrated into the One Team specialized in active management or passive management. Therefore, Yuanta Securities Investment Trust will invest more resources and time in training diversified talents, and never rely on experts in specific areas, in order to allow the One Team which already owns sound basic passive technology and combines the passive power to lead Taiwan to develop toward the new age for the asset management industry 2.0.

(D) Look forward to the future and release ETF smart business model

Yuanta Securities Investment Trust upholds the spirit of the asset management industry 2.0 as a customer-oriented, service-oriented and high-differentiation model. This is reflected in Yuanta Securities Investment Trust's long-term R&D, innovation and education. For example, Yuanta Securities Investment Trust took the initiative to establish the "ETF AI Investment Platform" which integrates AI functions as the first one in the industry in Taiwan, and internally organized the active/passive investment team named "ONE TEAM," and used it best efforts to build the new products dedicated to innovatively solving the market demand. In the future, the Company will further develop the ETF smart business model. With the strengths in real-time and transparent information about ETF transaction, and considering that ETF can be served as an important component of robo-advisor or AI investment to allow investors and customers to engage in the two-way interaction with the fund companies immediately via the ETF AI trading platform. The key to the smart business model resides in that the smart information may be introduced via the network to help ETF issuers study it voluntarily and even make the automated decision making, in hopes of achieving a new business model focused on management fees, consultant fees or performance fees for talent services.

(5) Industry overview

At the end of December 2019, the domestic public fund scale amounted to NT$4 trillion. Benefited from the stable financial market in 2018, when the global bonds were booming and investors' confidence recovered, thereby driving the scale growth rate by 55.7% annually. The total number of beneficial owners grew by 10.1% annually to 1,903,000 persons, near 2 million persons. The increase in the scale primarily resulted from the fixed income products recognized by the market: the multi-national investment general bond fund growing by 112.7% annually, and the multi-national investment index stock fund scale breaking through NT$1.3 trillion, accounting for 33.5% of the entire fund scale domestically. For the stock investment, the domestic investment stock fund grew by 26.0% annually, and multi-national investment fund grew by 15.0% annually, both reflecting the market recovery. However, after going through the impact rendered by the uncertainty in the Sino-US Trade Ware, investors continued to demand the dispersed allocation of assets. The multi-asset fund scale increased by 43.7% annually.

(6) Research and development

A. Upgrading of active fund performance & ESG introduction procedure:

(A) The management model integrating the four major strengths including active, index, ESG and quantitative, i.e. AIEQ in short, and oriented toward an elite, multi-functional and multi-skilled management model.

(B) Introduce ESG elements to the investment research procedure; keep following up via ESG whether the parts involving risk are improved or worsen, and poor control liquidity or portfolio of overly low market value, in order to mitigate the risk.

(C) Introduce the quantitative risk model; upgrade the quantitative analysis ability; verify the source of risk over the fund portfolio rapidly and make adjustment effectively to improve the performance.

(D) For overseas funds, make good use of products and expand options: multi-national futures, and foreign exchange products. Confirm the fund style and solicit for marketing opportunities actively.

B. Continue to promote index product innovation:

(A) ETF of ETFs: In response to more than 200 ETFs listed in Taiwan, based on the ETF development experience in the USA, the Company researches about combination of multiple ETFs into a single ETF product covering the diversified assets including stocks and bonds. At the first stage, the Company starts to develop Taiwan stock ETF and invite Nasdaq and Taiwan Index Plus Corporation to work with each other to compile the ETFs, and then expand to multiple-asset ETF combined by diversified assets including overseas stocks and bonds.

(B) School Fund Index: ETF Model Solutions, a US company, has compiled more than 800 school funds in the United States into one single school fund index. Now it is researching the feasibility for development of ETF products based on the index in Taiwan, hoping to provide the colleges/universities in Taiwan with school funds and for reference by the institutional investors or general investors who plan mid-term and long-term investment elements.

C. Investment consulting platform upgrading:

(A) Integration of e-commerce platforms: Integrate Yuanta Securities Investment Trust's existing e-service platforms, including fund trading network, online account opening service for securities and futures trust and securities investment consulting, ETF-AI smart investment platform and retirement service, and develop innovative fund trading mechanism.

(B) Open investment portfolio service: Provide the function allowing self-adjustment on investment portfolio parameters; investors allowed to generate more customized investment portfolio on their own and take the chance to align with the portfolio order placement function.

(C) Launch of portfolio trading mechanism: The Company will develop the trading mechanism that allows the investment in multiple funds

(portfolio) at the same time, including the smart order placement mechanism, such as automated rebalancing.

(7) Long and short-term business development plans

A. Short-term plans

(A) Provide the customized portfolio program

a. ETF smart investment platform develops the grading mechanism actively.

In 2017, the Company took the initiative ahead of the others in the same trade to build the first smart financial investment platform focused on the investment in ETF, providing customers with four major functions, namely, investment strategy, smart portfolio, ETF optimization data and knowledge copywriting. In 2019, the Company not only optimized the ETF smart investment platform functions and expanded the number of members to allow more ETF families or stock families to join the platform as members, but also included the ETF smart investment platform into the APP, Mr. Yuanta, hoping to raise the visibility of the platform with the unique strengths of the platform via the hot Mr. Yuanta. Eventually, the Company wished to combine the trading functions to help more investors find optimal investment solutions. In 2020, the ETF smart investment platform will actively develop the trading mechanism allowing the investment in multiple funds (portfolio) at the same time, including the smart order placement mechanism, such as automated rebalancing, to build the portfolio in line with the customers' investment needs.

b. Develop Yuanta index retirement platform

The investment via Yuanta index retirement platform covers four major elements, namely "stocks, bonds, foreign exchange and commodity," and even 8 asset types, including "domestic, overseas, stock, bond, active, passive, traditional, and alternative," It also integrates the existing service features and has them "indexed" and function in a "smart" manner to help customers enjoy happy retirement in an easy and convenient way. Meanwhile, the platform can tailor the exclusive portfolio for each investor subject to the investor's investment attributes and risk characteristics, and provide investors with short-term, mid-term and long-term wealth management planning can be tailored for each person according to the investor's investment attributes and risk characteristics. Exclusively own investment portfolio, and provide investors with short, medium and long-term financial planning that is adapted to their whole career.

(B) New hope from connection with e-payment service

Although FSC allowed e-payment accounts to subscribe for domestic

currency funds in the past. Notwithstanding, give the low income thereof, the e-payment service providers or investors became less willing to participate in the subscription. At the end of last year, FSC announced that the e-payment accounts may purchase investment trust NTD-denominated funds, in order to solve the poor income from the connection between Yuanta Securities Investment Trust and e-payment service providers. Besides, Yuanta Securities Investment Trust owns plentiful management technology and the e-payment service providers own mass crowd and stored deposits. The connected products will be focused on NTD-denominated funds with fair and stable rate of return and high dividends or market topical products, hoping to provide better return after aligning with the e-payment stored deposit to enhance the e-payment customers' willingness to invest. These customers are very likely to become Yuanta Securities Investment Trust's prospective customer. If so, the Company's number of customers is expected to raise. Meanwhile, the customized investment portfolio and programs developed by Yuanta Securities Investment Trust can help each customer find the investment portfolio suggestions applicable to him and make him become his own investment manager.

(C) Deepen ETF mutual fund product lines

The three Taiwan stock feeder funds initially offered last year, namely Yuanta Taiwan Top 50 ETF Feeder Fund A, Yuanta Taiwan Dividend+ ETF Feeder Fund A and Yuanta GreTai 50 ETF Feeder Fund A, have been well received by the banking investors and fund investors since they were offered. The scale and number of beneficial owners of the funds are increasing. In 2020, the Company will take the advantage of its strengths in the existing funds to offer the overseas feeder funds in the second half of the year, and package the mainland China stock ETF favored by Taiwanese or the indicative US stock ETF into overseas ETF feeder funds to help the banking investors and fund investors practice the ETF fundalization. Yuanta Securities Investment Trust can continuously self-produce and self-market the feeder funds to serve its customer base, and also provide feeder fund investment portfolio so as to drive the ETF growth opportunities and practice the funds' resounding effect.

B. Long-term and mid-term business development plans:

(A) Oversea layout

Yuanta Securities Investment Trust deepens the ETF asset management area by bringing excellent products into Taiwan's ETF market and also

exporting ETF consulting technology to Thailand, Hong Kong and Malaysia. In addition to deepening the export of technology to Asian countries, in consideration of the business sustainability strategy, Yuanta Securities Investment Trust will uphold the philosophy "Live Locally, Move Forward Toward Asia and Aim Towards International Markets." Therefore, it will orient its planning toward two directions:

a. Overseas listing of funds

Taiwan's ETF market and product lines have been mature. Yuanta Securities Investment Trust owns diversified products, including the representative indicators in the market, popular products or theme-based products. Considering that Taiwan's market growth is limited, the Company plans to list funds overseas to practice Yuanta's core strengths and expand the chances for overseas investors' participation, so as to practice the funds' resounding effects.

b. Prepare for overseas listing of ETF or incorporation of subsidiaries

(a) Product development strengths

In consideration of the well-founded regulatory framework and broad product development space in Singapore, if the innovative products may be offered successfully via subsidiaries, the Company may accumulate the experience in operations. Therefore, if possible, the Company will take chance to suggest Taiwan's competent authority about admission to the Company's offering of such innovative products.

(b) Exert international strengths

Singapore is one of the member countries of Asean CIS (Collective Investment Scheme). In the future, the products may be made available in Malaysia and Thailand. Besides, Singapore is researching on enrollment into Asia Region Funds Passport. If it is enrolled into the Passport, the related products may be made available in Japan, Korea, Singapore, Thailand, Australia, and New Zealand.

(B) Talent training

At the same time of business growth, Yuanta Securities Investment Trust also values the human resource training. Meanwhile, it hopes to break through the conventional standing. Therefore, in addition to product innovation, Company management, HR management and customer service, it will also find the way to innovate the operations under limited opportunities, limited resources and limited exposure of laws and regulations.

7. Yuanta Asset Management

(1) Main business services

A. Acquisition and disposition of secured NPL by financial institutions

B. Acquisition and disposition of non-secured NPL by financial institutions

C. Succession to and auction of real property

D. Other relevant operations approved by the competent authority.

(2) Revenue breakdown:

Unit: NT$1,000; %

Item \ Year	2018		2019	
	Operating revenue	Percentage (%)	Operating revenue	Percentage (%)
Disposition of NPL	254,646	85.26	241,405	86.61
Disposition and lease of real property	44,035	14.74	37,308	13.39
Total	298,681	100.00	278,713	100.00

(3) New financial products and services in development

Considering that the competent authority has approved and adjusted some business lines that may be undertaken by AMC in 2019, the Company has started to research the relevant operating model. For the time being, Yuanta Asset Management still values the acquisition and integration of creditor's right and right of things:

A. Acquisition and integration of creditor's rights

With Yuanta Asset Management's professional core competency, it will primarily proceed with the integration relying on the completeness of debt and single large debt to create the potential value of integration of credit and debit. For NPL management practical operations, debtors are frequently troubled and restricted by tremendous and complicated debts. If Yuanta Asset Management will, with its expertise and practical attitude, move in the direction of debt integration, under well-founded plan, professional negotiation, and sufficient funding.

B. Acquisition and integration of right of things

Yuanta Asset Management will start from the integration of creditors' rights secured by real estate valuable for development and make improvements on real estate where appropriate to create gains. Most of the collaterals required by financial organizations refer to real estate. However, it is frequently impossible to dispose of the same amicably subject to different banks or creditors and, therefore, the potential value cannot be exerted or the realized price depreciates drastically. Therefore, if by integrating creditor's rights and then integrating real estate, added value of the real property will be increased accordingly.

(4) Business plan for the year

A. NPL plan

(A) Sprout and refine secured cases

Improve the existing traditional method, and flexibly utilize diversified approaches to seek income, and seek the most advantageous models after reviewing each case carefully. By means of court auction, sale of creditor's rights, bid and debt clearance negotiation.

(B) Fulfill the management of non-secured cases

Given the current status of the NPL market and restrictions imposed by the competent authority on NPL released by financial organizations, there is almost no NPL bids offered in the market now. Yuanta Asset Management will move forward to delicate management to achieve the annual objective. Operate in coordination with objective management, warehousing management, performance management, and audit operation.

(C) Bidding and disposition of real estate

a. Yuanta Asset Management will decide to take part in the bidding for real property in the auction market in a timely manner subject to the rate of return and increment value of the property.

b. Yuanta Asset Management utilizes the decoration, lease income and value-added improvement.

B. Diversified business models

Yuanta Asset Management will be oriented toward multiple developments, transform the traditional one internally and turn to the model of diversified income. Externally, it will strive for offering of domestic and foreign asset management services and research the operating model for new business lines.

(5) Industry overview

Due to the fact that the competent authority requires various banks that unless in the case of NPL more than 3%, sale of NPL will be forbidden. If it is the case, AMC will reduce the sources of acquisition of NPL sharply and the room for profitability will be reduced accordingly. Given this, the competent authority has approved the amendments to business lines (e.g. Expressly define the "government entities," and expressly define the "disbursements," and "invested capital") and adjusted (the invested capital and acquisition of real estate when being allowed to act as the enforcer of urban renewal) the business lines, in part, for the future operation of AMC invested by Yuanta Financial Holdings and Yuanta Bank on May 24, 2019

For the time being, the domestic leading AMCs are primarily engaged in the bidding for real property in the auction market. To deal with the yearly shrinkage of NPL release in the financial market as a whole, AMC will move in the direction of greater diversification in terms of business development in the future.

(6) Research and development

A. Research and evaluation of court-auctioned real estate

Yuanta Asset Management shall participate in the bid for court-auctioned properties and acquire collateral secured under NPLs and real property auctioned by governmental entities in a timely manner, subject to the real property trend. It bid the court-auctioned properties with investment potential.

B. Research and evaluation of urban renewal cases

Evaluate the reconstruction or renovation required under the Urban Renewal Act and Statute for Expediting Reconstruction of Urban Unsafe and Old Buildings, or of unsafe buildings or sea-sand house; amend the relieved parts subject to the management philosophy; select the investable real property of which the owner requires integration within short time limit or reconstruction, or is willing to accept reconstruction.

C. Research and assessment on bond trading by non-financial institutions

Assess the validity, recovery rate and quality of the bonds of non-financial institutions (e.g. Telecommunication bonds and corporate receivable accounts), and select to subscribe for or submit tender for the bonds of non-financial institutions which may render return of investment.

D. Debt and collateral consolidation

Yuanta Asset Management will start from the integration of creditors' rights. It will expand into the improvement of right of thing and create potential value for creditors' rights and property rights so as to generate the best possible profits for the group.

E. Future plans

Yuanta Asset Management will continue developing bids for court-auctioned properties, public tender invited by government entities, urban renewal cases (including unsafe and old buildings) and NPL market, keep in touch and communicate with the competent authority fairly, and research any potential products and services as the Company's long-term and mid-term business development.

For the time being, it is researching extension of peripheral business based on NPL and court-auctioned properties, in hopes of enhancing the drive for new products and services with its existing experience, technology and human resource and by integrating the Group's plentiful resources.

(7) Long and short-term business development plans

A. Short-term business development plans

(A) Achieve the annual financial budget objective

(B) Deepen disposition of existing assets

(C) Fulfill management of NPLs

(D) Expand disposition of the NPL, fulfill the effective management of contract of non-secured cases and centralized warehouse management,

and increase the speed for access and number of cases executed by courts, in order to achieve the existing objective.

(E) Assessment on auctioned real property

B. Long-term business development plans

(A) Support the financial holding group's need, provide the assessment on real estate and select the best assessment report on real estate:

Yuanta Asset Management has engaged in processing secured NPLs primarily. Therefore, it is very experienced concerning assessment of real estate collateral and disposal of the collateral. With its experience in real estate, it expects to provide various subsidiaries of Yuanta Financial Holdings with a consultation platform for bidding, assessment and planning of real estate and activation and management of property, and then participate in development, improvement and addition of value of real estate together.

(B) Communicate with the competent authority to develop new business lines:

In the future, Yuanta Asset Management will continue to communicate with the competent authority to seek the new business lines, which meet AMC, so as to enable Yuanta Asset Management to manage more diversified business lines.

(C) Be in line with the Group's entire planning and help participation in new business lines:

In recent years, various financial organizations have been in line with the government's financial liberalized and internationalized policies and promotion of urban renewal, and have provided assistance to meet the need for overseas development. Yuanta Asset Management will also be in line with the Group's internal business planning, help the Group with development of new business lines overseas, innovation and sale of financial instruments, and verification of the supervision highlights, related laws & regulations and risk control of the supervision authorities in various countries, in order to upgrade Yuanta Financial Holdings' competitiveness overseas.

8. Yuanta Securities Investment Consulting

(1) Main business services

A. Securities investment consulting services

B. Other relevant operations approved by the competent authority

(2) Revenue breakdown:

Unit: NT$1,000; %

Item \ Year	2018		2019	
	Operating revenue	Percentage (%)	Operating revenue	Percentage (%)
Consulting fees revenues	204,117	100.00	205,335	100.00
Periodical revenue	8	0.00	6	0.00
Total	204,125	100.00	205,341	100.00

(3) New financial products and services in development

Yuanta Securities Investment Consulting will continue to expand consulting services to securities traded in Hong Kong, Shanghai, Shenzhen, New York, NASDAQ, and NYSE Amex markets to meet client requirements. Adhering to our goals of FinTech development and business strategy diversification, Yuanta Securities Investment Consulting will continue to provide theme-based investment portfolio advice. Going forward, investors may utilize the investment portfolio suggestions offered exclusively online by Yuanta Securities Investment Consulting.

(4) Business plan for the year

A. Providing online signing of securities investment consulting service agreements

To help financial companies keep pace with the e-commerce development trend, the FSC has allowed clients of securities investment consulting services to sign securities investment consulting service agreements online. In addition to the execution in writing adopted originally, Yuanta Securities Investment Consulting also allows customers to sign contracts in electronic form to speed up the contract-signing process, thereby enhancing business development.

B. Providing in-depth and rigorous research and analysis in both Chinese and English versions to offer domestic & foreign clients high-quality services.

Yuanta Securities Investment Consulting strives to ensure that its industry and company research meets international standards. It provides domestic & foreign clients with Chinese and English versions of company reports, industry & topic reports, overseas stock comments and macroeconomic reports covering domestic TWSE/TPEx listed companies and targets traded in overseas securities markets. In the future, to support the Group's overseas deployment, the Company will continue to expand the scope of research on individual securities and expand securities consulting services overseas .

Meanwhile, Yuanta Securities Investment Consulting has built asset allocation models and worked hard to enhance researchers' competency for

analysis in order to meet the needs of different clients. Yuanta Securities Investment Consulting fine-tunes the format and content of research reports regularly to meet business expansion needs from the Group's subsidiaries and help the Group hedge against loan/stock lending risks to enhance loan quality.

C. Strengthening services provided for and communications with clients

We seek to interact regularly with clients through organizing speeches, educational trainings, presentation conferences or industry forums, and continue to strengthen services provided for and communications with clients. We also actively host seminars for high net worth investors or high-turnover clients per the clients' need.

D. Enhancing international presence

In 2019, Yuanta Securities Investment Consulting was once again awarded "No. 1 for Best Overall Country Research in Taiwan" from the internationally renowned financial and economics magazine, Asiamoney, and won 16 research analyst awards in the territories of Taiwan. This proves our research team has received high recognition. The team's high-class research reports and quality were also well-appreciated by all related parties.

We hope to maintain such award-winning quality as we move forward. Besides further developing the Taiwan market, we also expect to work closely with the Group's overseas subsidiaries to enhance our presence internationally, helping the Group deepen its overseas market cultivation through cross-border research cooperation.

(5) Industry overview

The Securities Investment Trust & Consulting Association of the R.O.C. has a total of 84 members registered as of the end of 2019. Among them, 75 members were from the investment trust industry, trust industry, securities firms, and futures securities concurrently engaged in securities investment consulting business. Categorized by operation, there were 15 investment consulting enterprises engaged in the general agency of offshore funds, and 21 investment consulting enterprises engaged in discretionary investment business.

Following the booming development of FinTech, the investment consulting service businesses can now offer securities investment consulting services to customers with automated tools, which are more efficient and have a lower cost, without needing to apply for prior approval from the competent authority. Investment consulting service businesses are also allowed to provide FinTech consulting services critical to automated investment consulting services, enabling them to operate under different business models and accelerate the development of the industry.

As the public is now able to access financial information through diversified and convenient channels, the government has amended the regulations governing offshore funds to facilitate the development of robo-advisor business. Investment consulting service businesses which own IT equipment for accessing real-time information about offshore funds may now offer consulting services about offshore funds without first signing a cooperative agreement for information access with the general agent. This allows investment consulting service businesses to provide analysis and suggestions more professionally and objectively.

Yuanta Securities Investment Consulting will also provide the latest market information and theme-based investment portfolio advice via innovative FinTech platforms or systems to offer clients more tailored investment services.

(6) Research and development

A. Research team

Yuanta Securities Investment Consulting is staffed with teams of researchers experienced in analysis of industries and individual stocks. Apart from continuing to pass on skills to assistant researchers, we also continue strengthening the competency of the entire research team through asset allocation models. Meanwhile, Yuanta Securities Investment Consulting will continue to support the Group's related business and develop externally to seek clients outside the Group and expand securities investment consulting services.

B. Digital service

Following the mobile communication, big data and cloud technology trends, in order to increase convenience for consumers and satisfy clients' diversified needs, the Company will continue to build mobile communication software dedicated to providing the latest market information and suggestions on theme-based investment portfolios. Going forward, investors may select the investment portfolios offered by Yuanta Securities Investment Consulting exclusively online for reference.

(7) Long and short-term business development plans

In order to support the Group's FinTech transformation endeavors, Yuanta Securities Investment Consulting will implement the following development plans:

A. Continue to digitalize existing operations to raise the efficiency of services provided for domestic & overseas clients.

B. Provide audio versions of research reports to help clients better utilize the content and make research reports more accessible.

Looking forward to 2020, Yuanta Securities Investment Consulting will continue to develop FinTech business and provide clients with omnibus services. With respect to consulting services on TWSE/TPEx-listed companies, industries and professional educational training programs, the Company will uphold the utmost standards of professionalism and diligence to provide clients with real-time market information, well-founded evaluation and fund-planning, and create maximum satisfaction and value for clients. In addition to the Group's existing clientele, Yuanta Securities Investment Consulting will also work hard to cooperate with other corporations in order to expand the targets of its services, enhance the quality of services to clients, and orient itself toward a diversified client base, in hopes of becoming a securities investment consulting company that will be the first choice of domestic & foreign investment institutions.

II Cross-Selling and Joint Marketing

In order to increase the standards of management for joint marketing data in the Yuanta Financial Holdings Group, all subsidiaries must use and share information in accordance with the Confidentiality Measures for Customer Data of Yuanta Financial Holdings Group. The group relies on cross-selling between its marketing channels, sales offices, and personnel to achieve better integration, satisfy customers' varied needs, and increase the group's overall service and sales performance.

III Market and Business Overview

(I) Territories where the main products (services) of financial market are sold (provided)

Main products (services) of financial market	Territories
Banking services	Taiwan, Hong Kong, Korea, Philippines
Securities services	Taiwan, Hong Kong, Korea, Thailand, Vietnam, Indonesia, Cambodia
Securities finance services	Taiwan
Futures services	Taiwan, Hong Kong
Investment trust business	Taiwan
Life insurance business	Taiwan

(II) Future supply & demand in the market

China and the USA have executed the Economic and Trade Agreement Between the Government of the United States and the Government of the People's Republic of China in the middle of January 2020, which helps mitigate the uncertainty in the global economy. Notwithstanding, with COVID-19 pandemic continuing to spread—threatening global supply chains, consumers' demand, tourism and trade—the impact posed by it to the economy in the short term is inevitable. If the epidemic condition continues to worsen, the major economies will have to come together and negotiate a uniform policy on actions with respect to healthcare and economic stimulus. Given the sluggish global economic growth, repatriation of investment capital from Taiwanese businessmen and private investment momentum, as well as the government's promotion of major infrastructure development projects, will be the key to support Taiwan's stable economic growth in the future year. According to the forecast by the Directorate-General of Budget, Accounting and Statistics in February 2020, the yearly growth rate is 2.37%, lower than the 2.71% rate of 2019.

Regarding the supply and demand in the financial market, in terms of the securities industry, the contribution of revenue from the basic brokerage service was suppressed due to the changes of the investor structure and increasing proportion of e-trading, while the contribution of the revenue from other risk-based business lines increased

significantly. It is expected that following the competent authority's promotion of domestic financial management innovation and upgrading, the wealth management operations are expected to become the main force to drive the securities firms' sales. Securities firms have to leverage its advantage in capital market to grasp the opportunity fromwealth management transformationand rapid development of high net worth personal and corporate service businesses.

For the banking industry, although it suffers the disadvantageous factors, such as sluggish economic growth, low interest rate and intensive competition, domestic demand helps stabilize the loaning momentum. Notwithstanding, the increasing SME loaning and overseas loans are likely to enhance the credit risk. For the time being, the deposits/withdrawals still afford to cover the potential bad debt loss in the future. For the non-interest revenue, in consideration of the increasing regulatory intensity about wealth management products and sales thereof, it might be necessary to take correspondent measures in order to mitigate the adverse effect caused by it to the income.

For the life insurance industry, given the rapid growth of assets and limited improvement on the fundamental profits resulting in the permanent low-interest rate environment, the industry cannot help but upgrade the risk appetite, and is highly sensitive to the changes in investment performance. In the meantime, the interest cutting taking place in the USA lowered the possibility to increase the income. In order to help the life insurance companies implement the IFRS 17 successfully, the competent authority released a series of regulatory policy toward finance and business. The relevant reform will slow down the asset growth speed, but will also help mitigate certain capital need and risk.

(III) Yuanta Financial Holdings' business strategies and objectives

The core values upheld by the Company are "Seize opportunities and create client wealth", "Enhance performance and promote employee welfare", and "Create value and increase shareholders return". While developing the financial business thoroughly and creating profit, the Company also values the positive development in such areas as corporate governance, customer rights and interests, employee care, environmental sustainability and social welfare, in hope of moving forward in achieving the objective of "Best Financial Services Provider in the Asia Pacific Region" through the concept of sustainable business operation.

In implementation of sustainability, the Company will be dedicated to practicing the three major concepts, namely sustainable finance, environment friendly and society's mutual prosperity, into the corporate culture and business practices, by offering more diversified financial products, greener financial services, and better customer care, and urging its business partners to focus on the issue of sustainability, so as to gradually establish a sustainable business management and service model, with the goal of being continuously included by Dow Jones Sustainability Index (DJSI).

The Company's long-term and mid-term development strategy will continue to maintain the overall growth development strategy centering on "core- building and growth driven". In addition to solidifying the core businesses, and continuing to develop its competitiveness, the Company will also focus on the setting up and management of businesses, markets and customers with growth potential, as well as to leverage the Group's cross-industry or cross-border integration growth to stabilize and upgrade its profitability effectively.

(IV) Yuanta Financial Holdings' development advantages and disadvantages

1. Factors driving growth and competitive strengths:
   (1) The complete financial domain covers securities, banking, life insurance, securities finance, futures, investment trust, investment consulting, venture capital and asset management. The dense business locations and about ten thousand financial service attendants throughout the nation may provide customers with omnibus financial services.
   (2) Recognized as the benchmark in corporate governance by foreign institutional investors and professional organizations: more than 30% of this Company's shares are held by foreign institutional investors, and it has received many corporate governance honors and recognitions to become the industry benchmark in corporate governance practices.
   (3) Balanced business and income structure: Yuanta Financial Holdings adopts the business model balanced securities and banking services management. Given the balanced profit structure, Yuanta Financial Holdings would be affected less from single-industry events.
   (4) The leading securities brand: Yuanta Securities, Yuanta Securities Investment Trust and Yuanta Futures all secure the relevant market leadership and construct strong research teams capable of winning high brand awareness and recognition from customers, and extensively developing diversified and differentiated products and services to create a higher service value.
   (5) Yuanta Securities has taken the initiative to start its overseas layout among peer companies: It extends its business in China, Hong Kong, Korea, Thailand, Vietnam, Cambodia and Indonesia, etc. By integrating the financial services in the various capital markets, it may create more opportunities to promote the cross-border business.
   (6) Upon consolidation of Yuanta Bank and Ta Chong Bank, the Bank's asset scale amounted to more than one trillion NT dollars. The business carried out by the Bank also reached the economic scale. Apparently, the consolidated effects have been benefited more.
   (7) In consideration of the low liability cost, stable investment and strong capital structure for Yuanta Life, and the protection-type and long-term products as the focus of the product strategy, Yuanta Life may also become one of the important sources of profit for the Group for a middle term or long term.

2. Obstacles to development and competitive weaknesses:
   (1) Considering that the operating revenue from securities operations is subject to the fluctuation of the securities market of Taiwan and the e-trading proportion is increasing year by year, the commission from brokerage service is declining accordingly. Yuanta Securities will continue to develop the wealth management business, increase overseas business operating revenue and control the opportunities brought by the opening of new business lines to diversify the sources of operating revenue and mitigate the fluctuation in earnings.
   (2) Given the abundant capital, low interest spread for deposits and loans and competition among peer companies, the profit growth of the banking business in Taiwan is limited. Besides, the sluggish economic growth domestically and overseas brings multiple uncertainty factors for the economy, which are likely to increase the credit cost for the banking business. Yuanta Bank will continue to practice the cautious and stable loan policy to balance risk and rate of return.
   (3) Yuanta Life maintains a small asset scale achieving less economy of scale among peer companies. Given the few life insurance tied agents and telemarketing specialists, the Company's business primarily depends on the external channels (financial channels and traditional insurance brokers and agents channels). Yuanta Life solidifies traditional insurance brokers and agents channels, and actively develops and trains the financial channels to sell protection-type insurance products. Yuanta Life develops and sells its products primarily in niche markets, and develops differentiated products according to characteristics of channels and diversified requirements of different target customers.
   (4) As affected by the trade conflicts, disturbance by the epidemic condition, sluggish demand in China and tensed geopolitical condition, in addition to the increase in financial vulnerability, the uncertainty in the global economy upgraded and the international exchange and stock markets' fluctuation expanded. The Group owns the strict risk control organization and system, which help evade or reduce the loss caused by risk incidents effectively.

IV Employee Information for the Most Recent Two Years Up to the Publication of this Annual Report

(I) Information about the general employees

Data baseline date: January 31, 2020

Year		2018	2019	Ending January 31, 2020
Number of employees	Yuanta Financial Holding	122	132	130
	Yuanta Securities	4,742	4,772	4,779
	Yuanta Bank	4,575	4,432	4,363
	Yuanta Life	736	758	747
	Yuanta Futures	374	374	376
	Yuanta Securities Investment Trust	287	288	289
	Yuanta Securities Investment Consulting	72	71	70
	Yuanta Asset Management	17	17	30
	Yuanta Venture Capital	15	14	14
	Yuanta Securities Finance	46	54	55
	Total	10,986	10,912	10,853
Average age (Note 1)		42.18	42.41	42.64
Average years of service (Note 1)		8.76	8.27	8.39
Academic background (Note 1)	Doctorate	1.64%	1.51%	1.53%
	Master degree	52.46%	52.27%	51.53%
	University/college	40.98%	40.9%	41.53%
	Senior high school	4.10%	5.32%	5.41%
	Less than senior high school	0.82%	0%	0%
Professional certificate and license held by employees (Note 1)	Certified Public Accountants (CPA)	2	1	1
	Financial Risk Manager (FRM)	6	6	6
	Certified Internal Auditor (CIA)	2	4	4
	Associate of Society of Actuaries (ASA)	1	1	1
	Chartered Financial Analyst (CFA)	1	2	1
	Certified Anti-Money Laundering Specialist (CAMS)	1	3	3
	Certified Public Accountant (USA) (USCPA)	1	1	1
	Certified Information System Auditor (CISA)	1	2	2
	Internal Auditor	2	3	3
	Financial Auditor	1	1	1
	Securities investment analyst	1	2	2
	Senior securities specialist	38	40	39
	Securities specialist	21	24	22
	Futures specialist	32	34	33
	Sales representative of futures trust fund firm	1	1	-
	Sales representative of structured notes	3	4	3

Year		2018	2019	Ending January 31, 2020
Professional certificate and license held by employees (Note 1)	Securities investment trust and consulting professional	22	22	21
	Trust operations personnel	42	37	36
	Trust supervising personnel	1	2	2
	Trust management personnel	3	3	3
	Bill finance specialist	2	2	2
	Financial planner	13	14	12
	Sales representatives of wealth management	4	3	3
	Corporate internal controller	1	1	1
	Bank internal controller and internal auditor	11	16	15
	Bank internal controller	19	17	16
	Sales representative of margin trading and short sale for the trading of securities	1	1	1
	Basic proficiency test for international banking personnel	7	5	5
	Basic proficiency test for banking lending personnel	10	10	9
	Life insurance representative	35	35	34
	Property insurance representative	13	-	-
	Investment-linked insurance product representative	11	8	8
	Financial derivatives sales personnel	2	-	-
	Fellow, Life Management Institute-1 (FLMI 1)	2	3	3
	Bond specialist	2	2	2
	Contracted debt collection personnel	1	1	-
	Stock affairs personnel	2	2	2
	Cisco Certified Network Associate (CCNA)	1	1	1
	Cisco Certified Network Professional (CCNP)	1	2	2
	Certified Information Systems Security Professional (CISSP)	1	2	2
	Personal Information Management System Constructor (BS 10012)	2	1	1
	Information Security Management Systems Auditor/ Lead Auditor (ISO 27001)	5	6	6
	Microsoft Certified Solutions Associate (MCSA)	2	2	2
	Microsoft Certified Systems Engineer (MCSE)	2	2	2
	Project Management Professional (PMP)	1	1	1
	Cisco Certified Design Professional (CCDP)	-	1	1
	Certificated Ethical Hacker (CEH)	-	2	2
	Certified Information Security Manager (CISM)	-	1	1

Year		2018	2019	Ending January 31, 2020
Professional certificate and license held by employees (Note 1)	Privacy Framework Leading Auditor (ISO 29100)	-	1	1
	Attorney-at-law	-	2	2
	Foreign attorney-at-law	-	1	1
	Financial derivatives sales personnel	-	3	3
	Financial Risk Manager (FRM)	-	1	1
	Property Insurance Representative	-	12	11
	Futures Trading Analyst	-	1	1
	Staff dedicated to anti-money laundering/countering of terrorism financing	4	-	1
	Compliance officers	5	6	6
	First aid personnel	1	1	1

Note 1: Information on average age, average years of service, academic background, and professional credentials held by employees does not include data from Yuanta Financial Holdings' subsidiaries.

Note 2: In consideration of the special business attributes, the basis for calculation of the number of persons of Yuanta Life excluded the project telemarketing personnel and contracted insurance sales representatives.

(II) License/certificate acquired by the Company's personnel related to financial transparency

Data baseline date: January 31, 2020

Certificate Name	Persons	
	Financial Accounting	Auditing
Certified Public Accountants (CPA)	1	-
Financial Risk Manager (FRM)	-	1
Certified Anti-Money Laundering Specialist (CAMS)	-	1
Certified Internal Auditor (CIA)	1	1
Information Security Management Systems Auditor/ Lead Auditor (ISO 27001)	-	1
Internal Auditor	1	1
Financial Auditor	-	1
Staff dedicated to anti-money laundering/countering of terrorism financing	-	1
Compliance officers	-	1
Senior securities specialist	5	5
Securities specialist	2	1
Futures specialist	4	-
Securities investment trust and consulting professional	4	3
Trust operations personnel	4	5
Trust management personnel	-	2
Financial planner	1	4
Sales representatives of wealth management	1	4
Bank internal controller	-	5
Bank internal controller and internal auditor	2	-
Property insurance representative	1	3
Basic proficiency test for banking lending personnel	-	4
Basic proficiency test for international banking personnel	-	2
Sales representative of margin trading and short sale for the trading of securities	1	-
Life insurance representative	1	5
Investment-linked insurance product representative	1	1
Financial derivatives sales personnel	-	2

V Corporate Social Responsibilities and Ethics

Yuanta Foundation was involved in organizing 696 events in 2019, including 125 self-organized events, 325 events co-organized with others and 246 sponsored events, and honored the "Silver Award of Arts & Business Awards" by Ministry of Culture. A total of 1,737 volunteers participated in the events and the events benefited more than 260,000 participants. It worked with generous members of the community to enhance the "charity public welfare platform" by continuously investing personnel and human resources, provide opportunities, gather volunteers and call more volunteers to join the events, integrate the resources from various sectors, work together to help the people who deserve the help, and deepen and spread the power of good deeds.

Since Yuanta Foundation was founded for 17 years, it has adhered to its core philosophy about education and care, always insisted that "public welfare" should refer to continuous contribution, and devoted itself to the public welfare, upgrade the education for the disadvantaged group, and help others make their dream come true, transform life, find the truth about happiness, and create the heartwarming power for "cycles of good deeds." To educate and train youth's independence, the "Yuanta Dreams Take Flight Scholarship" Program has been running for nine years and has helped provide education to 3 graduated school students and 90 excellent university students. A total of 1,212 students have also received Yuanta scholarships. Meanwhile, the Foundation also organized the "Yuanta Excellent Talents Scholarship", which was granted to a total of 226 excellent but economically disadvantaged students from 15 senior high schools and 6 colleges/universities in the past four years, to enable many young excellent students to be concentrated on studies. These "Yuanta Children" who were awarded the scholarship also applied for participating public welfare activities voluntarily to provide volunteer service and feed back to the society and thereby exercised the heartwarming power for "cycles of good deeds".

In order to fulfill its corporate social responsibility obligations, the Foundation also integrates its extensive channels and plentiful human resources to promote volunteer services and practice it into action, e.g. participation in the "Good Neighbor in Child Protection" campaign organized by TFCF(Taiwan Fund for Children and Families), which combines the power from 264 subsidiaries' business locations to enhance the exposure of child protection, and organizes such activities as the "Yuanta Happiness Day" and "TFCF Outstanding Children Annual Award Ceremony." These events involve thousands of disadvantaged children's to visit exhibitions and experience in the programs including arts, science and music. Yuanta Public Welfare Platform not only provides economic aids but also matches adequate supplies to be donated to the units in need. For example, it donates second-hand books to schools in the rural areas, and combines its expertise in finance and researches and develops a set of teaching materials exclusive for wealth management, by means of which the children are taught about the investment concept and market information, so that the children may learn by doing and manage their own finance from childhood. The Foundation has implemented

"Dream Big Yuanta Social Welfare Plan" for four years consecutively to integrate related resources to build a public welfare platform integrating virtual and physical resources, helping 6 groups to be aided. It not only sponsored budget but also sent a large number of volunteer workers to participate in the event, and contributed funds and human resources to call on the people to feed back to the society together.

Yuanta always spares no efforts to train financial human resources and preserving talents for enterprises and the society by allowing students to intern in enterprises and receive scholarships, as partake in academic contests. "Yuanta Cup", "15th Term Corporate Governance International Summit Forum," and "NCCU FinTech Research Center" in order to boost exchange between financial studies and industries. To boost social safety and public welfare, Yuanta supports special disadvantaged groups or the after-cared through the promotion of lawful and responsible living, involvement in after-care protection and child and juvenile protection to call on the public to value and participate in the promotion of lawful and responsible living.

Given the constantly transforming social development, Yuanta Foundation will keep hard working with love and initiate physical actions of concern and care. In the spirit of "Taken from Society Give Back to Society", by feeding back to the society physically", Yuanta Foundation would like to set an example for others to follow in undertaking good deeds. This is done in the hope of soliciting more love and empowerment, encouraging everyone to embrace transformation and be brave in dealing with the future, and creating a more harmonious, equal and better society that is grounded in a concern for public welfare.

(I) Educate and Train Youth's Independence

1. Yuanta Dreams Take Flight

To fulfill our corporate social responsibility obligations, Yuanta Foundation actively participates in various cultural, educational and social welfare events. Adhering to the expectations represented by the slogan, "People-Oriented, with the Wish that My Existence Be Another Person's Blessing", Fu Jen Catholic University worked with Yuanta Foundation to activate the "Yuanta Dreams Take Flight" program to keep introducing resources into the rural areas stably. Fu Jen Catholic University has worked with Yuanta Foundation for almost nine years on "Yuanta Dreams Take Flight" initiative. Ministry of Education recognized Yuanta Foundation's long-term concern about the disadvantaged groups in remote areas and extension of the charity events and awarded the Foundation the "Enterprise-Aided Charity and Education Business Golden Prize" in 2019. A total of 6,333 persons were benefited therefor.

(1) Scholarship to Train Talents in Rural Areas

Yuanta Foundation worked with Fu Jen Catholic University to boost the "Yuanta Dreams Take Flight Scholarship" Program. A total of 217 students' applications for the scholarship of college/university students, high school/high

vocational school/5-year junior college students were approved in the second semester of the school year 2018 and the first semester of the school year 2019. The students came from 10 schools, including Taoyuan Municipal JieShou Junior High School, New Taipei Municipal Qinxian Junior High School, New Taipei Municipal Jian-shan Junior High School, Tzuchi Da-Ai Village, Shan-Lin District, Kaohsiung City, Chiayi Municipal Fu Jen Catholic High School, Keelung Fu Jen Sacred Heart Senior High School, National Jhuo-Lan Experimental Senior High School, Taoyuan Municipal Xin Wu Senior High School, Zhudong Station of Rerum Novarum Center, and Hualien Yuli Book House. Until 2019, the "Yuanta Dreams Take Flight" Program has trained 90 excellent university students and 3 graduated school students. A total of 1,212 persons have been awarded the scholarship. This year, more than 23 "Yuanta Children" applied for participating public welfare activities voluntarily to pass on the heartwarming power for "cycles of good deeds".

(2) Summer and Winter High School Class in the rural area Project Kangaroo

Yuanta Foundation and Fu Jen Catholic University have worked with each other to offer summer and winter high school classes in the rural. By upholding and respecting the core cultural value of each region, the Rural Area Education and Care Team of Fu Jen Catholic University was responsible for planning the professional and plentiful courses. The university students directed the children's lessons in the summer and winter high school class, so that the children would not ignore their work due to lack of guidance during the long vacation. The "community juvenile after-school guidance program - Project Kangroo" trained the children's identity and respect of their own life and other persons' life and also help them understand and cherish the learning resources to form their fair attitude and responsible sense, so as to ensure that the community's children are uninterrupted in their studies in the winter and summer vacation and also mitigated pressure of their parents, so that children in the rural area may enjoy the same chances to study. Until 2019, a total of 5,754 trainees have attended the High School Class in the rural area.

(3) Digital Buddy

The Ministry of Education has boosted the "Digital Buddy" program since 2006, under which computers, networks, video devices and online teaching platforms were utilized to train university students on how to direct the learning of children from remote areas and interact with the children in daily life. In 2019, a total of 362 trainees have attended the urban area disadvantaged child student education guidance program as provided by Fu Jen Catholic University.

2. Yuanta Excellent Talents Scholarship

Yuanta always spares no efforts to train human resources. In order to award the honor equivalent to the President Educational Award, Yuanta Foundation organized

the "Yuanta Excellent Talents Scholarship" to encourage diligent students to be concentrated on studies without being affected by the poor economy of their families. In 2019, a total of 54 excellent students from 15 senior high schools and 6 colleges/universities were awarded the Scholarship. A total of 226 persons have received the scholarship for the past four years. Yuanta Foundation will keep working hard to stay with the awardees when they are pursuing studies. Until 2019, 10% of these students have been returned to Yuanta and interact with Yuanta Foundation actively, and even joined the volunteers dedicated to feeding back to the society with their good deeds to follow in the "cycle of good deeds."

(II) Involvement in Volunteers Public Welfare Platform

1. Dream Big Yuanta Social Welfare Plan

In order to amplify the spirit of social welfare, Yuanta Foundation implemented the "Dream Big Yuanta Social Welfare Plan" in 2016 to help the social welfare groups which work hard for education on every corner of the society, integrate Yuanta Financial Holdings' resources through various activities and creative ideas to build a virtual reality interactive and multi-functional social welfare platform. In 2019, the Foundation also called on more than 710 volunteer workers inside and outside the Company to participate in the event to realize the dream with the education and social welfare groups to be aided. 3rd term of the event has solicited more than 420,000 followers via media reports and social network platforms such as FB to amplify the power of showing mercy and enable each corner of the society to be full of positive energy.

The 4th-term "Dream Big Yuanta Social Welfare Plan" activated officially in the second half of 2019 was intended to help realize the 6 education dreams across all topics, age and gender and cities/countries, covering cram schools, environmental education, activation of communities and multi-generation service model. The Plan was diversified and innovative. The subjects aided by the Plan included IPOWER Alliance, Against the Wind Theatre, Syin-Lu Social Welfare Foundation, Hsinchu Branch, Hondao Senior Citizen's Welfare Foundation, Yunlin County Chia-Shing Elementary School, and Changhua County Singhua Elementary School, each of which received the fund, NT$300,000. Meanwhile, the Foundation also called on volunteer workers to participate in the event to build a public welfare platform integrating virtual and physical resources.

2. Yuanta Public Welfare Platform

(1) Yuanta Wealth Management and Book Donation Volunteer Activity

Yuanta Financial Holdings and Yuanta Foundation upheld the enterprise's feedback philosophy about care for the society and share of resources and took the initiative to contribute to the society physically. It not only donated food or supplies to the social welfare groups who needed help but also collected 1,789

second-hand books donated to New Taipei City Pingxi District Pingxi Elementary School, BoYo Social Welfare Foundation, Zhudong Branch, and Kaohsiung City Shanlin Dist. Xinzhuang Elementary School. In addition to donation of the second-hand books to schools in the rural areas, it combined its expertise in finance and researched and developed a set of teaching materials exclusive for Yuanta wealth management operations. With the escort and tutorship by Yuanta volunteers specialized in wealth management, children may learn by doing, cultivate the correct concept about money and access the basic information about wealth management through understandable games, expected to enrich their life with the power of knowledge from reading.

(2) Charity cookie

Yuanta Foundation has responded to the "Bazaar for Public Charity" event for six years consecutively. NT$100 will be donated to the "Single Parent Educational Foundation, Tainan Ma Er Jia Home" per case of biscuit purchased. The money will be used to shelter single mothers and their babies and help single mothers await their delivery with ease to prevent them from being marginalized, and help them return the normal family life as early as possible. In 2019, the Foundation has subscribed for a total of 1,000 cases of biscuit and donated them to its long-term public welfare partners, such as the New Taipei City Pingxi District Pingxi Elementary School, Rural Area Education and Care Team of Fu Jen Catholic University, Kaohsiung City Shanlin District Xinzhuang Elementary School, and Taitung County Guan Shan Junior High School, and more than 200 children participating "Yuanta Happiness Day" also received a charity cookie.

(3) Sheltered Workshop Independent Activity

In order to help the physically and mentally disabled learn the self-reliance and train their occupational competency, Yuanta Foundation purchased the creative and cultural products from Yilan Autism Welfare Association and Eden Social Welfare Foundation as the public welfare promotional materials to help expand the promotional channels and fund-raising momentum.

(4) Yuanta Public Welfare Movie

Yuanta Financial Holdings have organized 4 public welfare movie shows this year, and invited the social welfare entities close to Yuanta Foundation to watch 4 movies. The shows invited a total of 2 public welfare partners to the venue for fun. The partners who seldom had chance to watch movie in cinema could enjoy themselves because of the shows, and the Company's philosophy of "what is taken from the people is used in the interests of the people" was fulfilled therefor.

(5) Yuanta Public Welfare Souvenir

In 2019, in the spirit of making the best use of resources and sharing resources, Yuanta Financial Holdings donated 3,804 pieces of "Flexible Hose

Flashlight," the shareholders' meeting souvenir paid by the Company's balance to the police affairs units for use by the policemen when performing their duty, and 6,237 pieces of "Solar Power Chargeable Lamp" to the Blood Donation Center of the Taiwan Blood Services Foundation in response to the charity blood donation.

(III) Aid for Disadvantaged Group Caring for Children and Juvenile

1. Aid for Disadvantaged Group

   (1) Yuanta Happiness Day

   "Yuanta Happiness Day" has been running since 2012 and won the passionate response from public welfare groups and volunteer workers. Three events will be organized in Northern Taiwan, Central Taiwan and Southern Taiwan each year, in order to benefit the children. More than 4,000 children have experienced the happiness day for the past 8 years, and 1,323 employees from Yuanta Group and their dependents served as volunteer workers in the events.

   The three events for "Yuanta Happiness Day" 2019 were held at the Taipei Children's Amusement Park, National Science and Technology Museum, and Asia University, respectively. A total of 26 public welfare groups and schools and 730 children have attended the events. Yuanta volunteer workers shared an unforgettable "happiness day" with children and also experienced the pleasure of devoted care.

   (2) TFCF Outstanding Children Annual Award Ceremony

   Taiwan Fund for Children and Families organized the "TFCF Outstanding Children Annual Award Ceremony" in Taipei City, and selected 23 strong, obedient, industrious and excellent children out of more than 50,000 economically disadvantaged children to accept the commendation. Yuanta Foundation exclusively sponsored the event by offering 23 children the fellowship and also the happiness gift package, as well as accommodation and meal expenses for their stay in Taipei, to give the parents and children who seldom traveled the chance to enjoy happy family hours.

2. Caring for Children and Juvenile in Rural Areas

   (1) Train Local Teachers by Kids' Bookhouse in Taitung

   "Kids' Bookhouse" has set up 9 bases in Taitung so far, in order to aid 200 children from economically disadvantaged families in Taitung and provide diversified learning services. Yuanta Foundation has sponsored "Kids' Bookhouse" in Taitung for 10 years consecutively to help it hire the local youth to act as the cram school teachers and encourage college graduates to return to their hometown to provide services. Yuanta Foundation also played the role of "public welfare platform" engaged in matching the Bookhouse with other enterprises and public welfare units for cooperation and integrating multiple

resources to provide the children with more multi-faceted aids.

(2) Musical Education Help Children Build Dreams

Yuanta Foundation has worked with Taipei Philharmonic Foundation to boost the musical educational program for four years consecutively. They provided the service to 38 schools in New Taipei City and Taoyuan, Hsinchu and Miaoli, and established 15 branches to engage in the musical education. The Foundation recruited the musicians with the sense of mission and sent them to urban fringe or rural areas to offer the violin courses in the junior high schools and elementary schools. By this chance, the new generation musicians with aspiration for education may participate the social care services. Meanwhile, it raised the second-hand musical instruments left idle in the society to call on the public to concern about the recycling of second-hand musical instruments and resources.

(IV) Financial Talent Training · Industry-academia exchange

1. Financial Talent Training

(1) Yuanta Cup EMBA Analytical Challenge

It has been 13 years since "Yuanta Cup" was founded in 2007, which has become a very important event in the academic circle in Taiwan, as it integrates case method and competition, innovates academic value, and exerts the energy from enterprises and academic circle to the utmost. In 2019, the "Yuanta Cup" was organized at National Sun Yat-Sen University. As a result, more than 20 teams consisting of the EMBA students from 10 colleges/universities participated in the school-wide competition and exchange with respect to the case study in terms of "innovative proposal," "drafting of individual case," "international group," and "Chinese group." With the experience accumulated for 13 years, "Yuanta Cup" has become a major event for the academic sector. Talents are trained through the fair competition, and the prize won by the winning team will be donated to charity groups in whole, in order to achieve the "win-win" model for academic exchange and charity. For the past 13 years, the donated funds have been amounted to more than NT$4 million, and a total of 129 groups were benefited accordingly.

2. Industry-Academic Cooperation

(1) FinTech Research Center, National Chengchi University

In order to help the finance industry in Taiwan control the FinTech development trend more thoroughly and train professional talents, Yuanta, with its specialty in finance, sponsored the 3-year research project investigated by FinTech Research Center, National Chengchi University, and also sponsored the organization of the "2019 Open API Forward-Looking policy and Innovation Application Workshop" focusing on the opportunity and challenge for Taiwan's

financial industry to boost API. Experts and scholars were invited to provide keynote speech about API framework and technology. The long-term keynote speech was also planned. 9 managerial officers and other workers from Yuanta registered to participate in the workshop. By learning and exchange, they conducted in-depth discussion about API application, opportunities and how to construct the financial ecology to help Taiwan's talents in line with the international development.

(2) Corporate Governance Summit Forum

The "15th Term Corporate Governance International Summit Forum" sponsored by Yuanta Foundation and organized by Taiwan Corporate Governance Association was held at the GIS NTU Convention Center in 2019, which invited domestic and foreign experts and scholars to share their experiences for reference by the corporate governance in Taiwan. The Forum entitled: "Enhance Corporate Governance Ecology and Practice Independent Directors' System" was held in hopes of training and passing on the awareness and concept about corporate governance, in addition to laws & regulations, from junior employees to high-rank management and thereby building the relevant culture. Among the other things, Yuanta Financial Holdings and its subsidiaries were recognized by domestic/foreign renowned organizations in their corporate governance and information transparency. Yuanta Group's independent directors were also invited to participate in it to share the importance of corporate governance.

Yuanta Financial Holdings was selected by "DJSI World Index" and "DJSI Emerging Markets Index" at the same time. In the "Comprehensive Financial Service" ratings by industry, it was the only one financial company nominated as one of the Top 10 in the world. Yuanta Financial Holdings ranked as a global benchmarking enterprise in the performance of sustainability operations including promotion of environment, society and corporate governance. In order to practice the best corporate governance model and pursue the business target for pursuing the maximum value for long-term shareholders, Taiwan Corporate Governance Association also provided the member companies with the professional database and continuing education courses about corporate governance to help companies oversee and manage their finance, internal control, compliance and potential risk controls.

(V) Healthcare, Care for the Elderly

1. Healthcare

(1) Yuanta Blood Donation Day

"Yuanta Charity Blood Donation" has been organized since 2011, at the headquarters of Yuanta Financial Holdings on Dunhua S. Road, Taipei, Tatung

Building of Yuanta Financial Holdings on Nanjing E. Road, Hongtai Building on Ming Sheng E. Road, Chengde Building on Chengde Road and Changchun Blood Donation Station at the same time. Yuanta Foundation especially invited the colleagues from all of the subsidiaries and branches throughout Taiwan to donate blood at the blood donation stations in various counties/cities. More and more employees have donated their blood or become volunteer workers. For 9 consecutive years, the Group has contributed 16,108 bags of blood, and has been honored by Taipei Blood Center, TBSF as a "Blood Donation Excellent Enterprise" for the fourth year consecutively, to help the society and save lives through blood donation.

(2) Yuanta Care for Rare Diseases

In response to the public welfare, Yuanta Foundation sponsored the Chinese Education, Culture, and Economy Promotion Association to film and promote the documentary "Script of Rare Happiness." The film is intended to call on the public to more value the rare disease issues. The documentary focuses on "cartilage dysplasia" and "glutaric aciduria." Special Education Section of Department of Education, Taipei City Government and Taipei City Parents' Groups Alliance also assist in promoting the same jointly in campus as the promotional topics to sprout the education about respect and care.

2. Care for the Aged

(1) Volunteer Workers' Stay With the Hualien Mennonite Christian Hospital Aged

Yuanta Foundation has worked with Mennonite Christian Hospital for 14 years to care the aged people residing in Hualien and Taitung, and help the permanently hospitalized patients who had no way to return home to have reunion with family members feel a heartwarming festival by providing donations of moon festival gifts and year-end parties, together with Yuanta Life's and Yuanta Securities' volunteers in Hualien. A total of 1,117 persons were benefited from the event organized by Yuanta Foundation and Mennonite in 2019.

(2) Sponsor Arts to Promote Long-Term Care Policy

The Foundation has kept concerning the children's education and medical treatment development for the aged permanently. The Foundation uses the best efforts to combine the art education with the public welfare concept and promotes various art and cultural activities to enrich the nationals' literacy in arts. Therefore, the Foundation has been honored the "Silver Award of 14th annual Arts & Business Awards" by Ministry of Culture.

(VI) Community Service & Environmental Protection

1. Community Service

(1) Protection of Children and Juvenile

Yuanta and Taiwan Fund for Children and Families are long-term public welfare partners in the area of care for children and juvenile. Both have worked

with each other for 13 years so far. Yuanta ran promotional materials and advertisements on magazines and media to enable the public to better understand the claim for protection of children in hopes of enhancing the presence of child protection promotions. In the meantime, it continued to respond to the "Good Neighbor in Child Protection" campaign. In 2019, it combined a total of 264 business locations of the Group's subsidiaries including Yuanta Securities, Yuanta Bank and Yuanta Life, 350 ATMs of banks throughout Taiwan, 75,000 copies of e-statement for bank credit cards per month, 135,073 copies of life insurance policy account statement per month, and publication of child protection EDM on the FB fan page to participate in the "Good Neighbor in Child Protection" campaign actively, in order to call on the voluntary care for children and build dense safety networks for child protection.

(2) Social Welfare Organization's Year-End Party

Due to the poor economy in recent years, the social welfare organizations which operate relying on donated charity funds receive few donated funds and, therefore, have difficulty in operation. Yuanta Foundation sponsors Huashan Social Welfare Foundation, Taitung Muh Shin Intellectual Development Centre and Zenan Homeless Social Welfare Foundation to mitigate their funding gap, so that the disadvantaged groups may enjoy the charity year-end party and feel love and care before the Lunar New Year holidays.

2. Environmental Protection

(1) Environmental Education for Children

In order to train children the correct concept about sustainability of earth and environmental protection, Yuanta Foundation works with Green Field Kindergarten to organize the "Recycling Charity" activity. Green Field Kindergarten identifies "love, respect, trust, and filial duty" as the core value of its education. In addition to environmental education including caring for the earth and recycling of resources, it teaches the children to recycle resources and reduce rubbish to cultivate their responsible attitude toward care for their homeland. In order to promote the character education, it combines the community's resources and leads children to interact with people in charity organizations, and also allow children to sell their creative works in bazaar out of the school and raises uniform invoices to be donated to Eden Social Welfare Foundation to enable the children to practice "gratitude," "sharing," and "care" in their daily life.

VI Number of full-time non-managerial employees, average and median salaries of full-time non-managerial employees, and the difference between the aforementioned three and the same numbers of the previous year

The number of full-time non-managerial employees was 9,080 in 2019, a decrease of 0.53% from 9,128 in the previous year; average salary was NT$1,090,000, an increase of 1.3%

from NT$1,076,000 in the previous year; median salary was NT$894,000, an increase of 1.59% from NT$880,000 in the previous year.

VII Information Technology and Facilities

The information facilities of the Group is mainly composed of Yuanta Securities, Yuanta Bank, Yuanta Life, Yuanta Futures, Yuanta Securities Investment Trust and other subsidiaries. The contents are described as follows:

(I) Construction and maintenance of main information system

The information systems of major subsidiaries Yuanta Securities, Yuanta Bank and Yuanta Life are constructed on system architecture efficiency and business maintenance considerations. In addition to the full-time IT staffs dedicated on system maintenance and operation, the companies also signed the maintenance contract with relevant software and hardware vendors to ensure the systems' availability. Stated as follows:

1. Yuanta Securities

   The major applications for securities, including Mr. Yuanta, Yeswin, eWinner, Clear Winner, Trading Network, interactive voice Response system for stock trading, sub-brokerage, official website, performance bonus, wealth management, GETS proprietary trading order platform, market data system, shareholders service agent, securities lending front-office/back-office, emerging stock exchange, proprietary trading-equity securities management, proprietary trading-fixed income management, OTC derivatives-related systems and brokerage back-office system, are equipped with the hosts for different operating systems, including AIX, Linux and Windows.

2. Yuanta Bank

   Yuanta Bank's application systems, including NTD deposit/loan, remittance, cross bank service, foreign exchange, trust, accounting, data warehouse, wealth management and credit card authorization, are configured in the various operating system servers, such as IBM p-Series, IBM AS/400 i-Series, Oracle T7, EMC Greenplum, Solaris, Linux, Windows x86.

3. Yuanta Life

   Yuanta Life's main information systems, including the life insurance administrative core system (including the administrative support for new contract, security, renewal, benefit claim, 080, accounting, finance, actuary and re-insurance) and business development system (including the business support for agency sales channels, Banca & Securities Insurance channels, brokerage channels, diversified channels and e-commerce), and accounting, financial and investment systems, are equipped with the security, monitoring and hardware equipment of different level and the operating system servers including IBM i (POWER SYSTEM), AIX(POWER SYSTEM) and Windows x86.

(II) Development and procurement projects in 2020

1. Yuanta Securities
   (1) Revise and optimize related trading systems in line with the continuous trading of stock adopted by TWSE
   (2) Customer assets platform
   (3) In response to the intraday odd-lot trading policy and accounting system of TWSE
   (4) New-generation rapid order management system - in response to strategic trading platform
   (5) Yuanta Securities e-Counter
   (6) Central deposits STP automated procedure
   (7) Securities exchange securities lending negotiation and trading
   (8) CTI new system implementation and customer service system integration and connection
   (9) Strategic trading platform
   (10) New-generation order placement for sale representatives - Xin Finger
   (11) E-order placement for derivatives
   (12) E-bond passbook
   (13) Amendments to and optimization of proprietary trading order placement system in response to the continuous trading policy
   (14) Amendments to and optimization of warrants and securities market making system in response to the continuous trading policy
   (15) Yuanta Know-it-All 2.0
   (16) Foreign securities financing project
   (17) Digital contract
   (18) Establishment of End Point Protection
   (19) RPA procedure automation
   (20) Data center framework upgrading project
   (21) E-trading database monitoring system construction
   (22) Data analysis tool and software implementation
2. Yuanta Bank
   (1) NTD core system upgrading project
   (2) Insurance Agency system - mobile insurance construction project (including electronic signature)
   (3) HK Branch network banking System (2nd Stage)
   (4) Personal network bank system revision project (including English version)
   (5) OPEN API 2nd stage
   (6) New image system construction project
   (7) New treasury system implement project
   (8) BASEL IV capital requirement system construction project
   (9) Taiwan Pay QR Code service to implement the HCE credit card project
   (10) New online personal loan system implement project
   (11) Remote control room network expansion and construction project

(12)Branch network equipment replacement project
(13)Computer system information security assessment (Class I)
(14)E-payment platform security assessment
(15)ATM information security attack and defense drill
(16)Information security insurance project

3. Yuanta Life
   (1) Continuous Yuanta Life e-commerce system new product development
   (2) Continuous foreign exchange financial derivatives investment system construction
   (3) Continuous mobile insurance system construction
   (4) Continuous Yuanta Life's official website system revision and update
   (5) Continuous Yuanta Life proposal system revision and update
   (6) Group insurance customer relationship web system construction
   (7) Robotic process (RPA) implementation
   (8) Security information management upgrading and establishment of security information and event management (SIEM) platforms
   (9) Data - network users' behavior analysis system construction
   (10)APP - iCare optimization and revision
   (11)E-insurance policy system construction
   (12)Participation in the Association's Blockchain platform System
4. Yuanta Futures
   (1) SYSCOM domestic core accounting back-office replacement project
   (2) TAIFEX 2020 IT project & continuous disclosure project for futures quotation
   (3) New-generation e-trading and AI trading platforms development and construction project
   (4) e-counter services-mobile online account opening platform construction project
   (5) Yuanta Futures (HK) quotation center development and construction project
   (6) Fine-quality customer service CRM development and construction project
   (7) ISO-27001 implementation Project
5. Yuanta Securities Investment Trust
   (1) Continue the WAF implementation project
   (2) Continue the new ETF website project.
   (3) Continue internal data management platform project.
   (4) ISO-27001 implementation Project

(III) Emergency Backup and Security Protection Procedure

In order to maintain the high security and availability of the information systems, Yuanta Financial Holdings and main subsidiaries planned and created the emergency backup and security protection mechanisms based on their own business needs. The mechanisms are including following items:

1. Physical environment in the data center: The standard operating procedures for access control, fire protection, power supply, network and data security, equipment installation and removal, system monitoring, personnel control, system and data

backup shall follow the guidelines and manuals of respective companies or the information security standards under ISO27001.

2. Business continuity: According to the property and the importance of the application systems, each company created their local and remote systems failover and backup procedures, perform the disaster recovery drill and stress test periodically and retain the relevant records to ensure the validity of the procedures.
3. Security protection: Establish the multi-layer defensive architecture, install systems including network firewall, web application firewall, intrusion detection system, anti-spam filtering, mail APT, employee Internet management, USB device control, anti-virus and network managemen, and perform vulnerability scanning, penetration testing social engineering and DDoS drill periodically to ensure the security of the information systems.

(IV) Information security

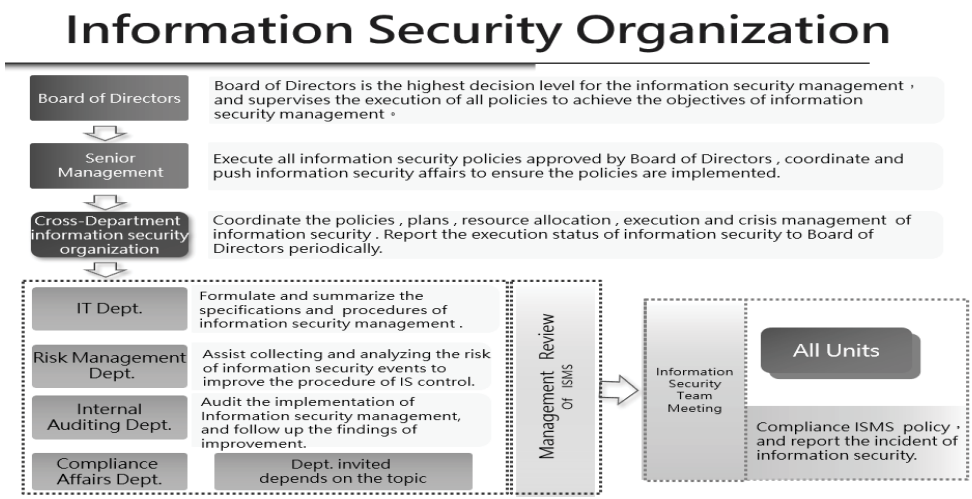
1. Information security organization

The Company implemented the ISO 27001 ISMS standard and also passed the certification by BSI in 2011. Thereafter, the Company is required to complete the annual review and the recertification every three years, and keep strengthening the information security management and control via the PDCA cycle. The permanent "Information Security Team" is delegated under the information security management framework, dedicated to coordinate and review the information security policies, plans, resource allocation, risk assessment, crisis management and other matters.

The Information Security Team is responsible for fulfilling the information security management system and supervising the operations thereof, holding the information security meetings and management review meetings periodically, researching on the status of implementation of information security management and information security-related matters, and also regularly reports the execution overview of information security to the Board of Directors.

Implementation status in 2019: The Chief Compliance Officer served as the convener of the Information Security Team, and Chief Information Officer as the vice convener. Various departments/offices delegates their information security representatives to attend the meeting convened periodically. This year, a total of 4 meetings was convened, including 3 regular meetings and 1 management review meeting. Meanwhile, the report on information security management has been reported at the 12th meeting of the 8th Board of Directors on February 5, 2020.

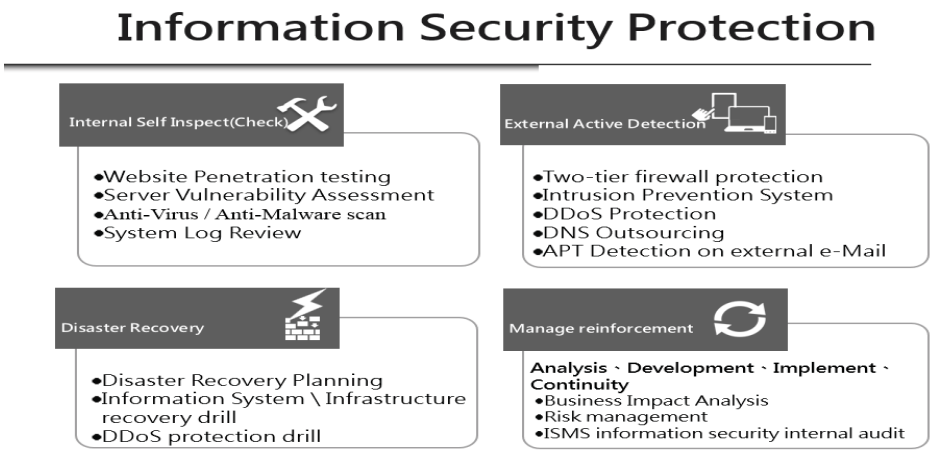
The information security organizational chart is stated as following:



2. Information security management framework

The Company's information security policy is based on the protection of shareholders' interests, and aims to "protect the information asset security" and "keep business operating to achieve the corporate sustainability". The information security management framework is implemented through the four level management documents such as information security policy and directions for information security management.

In consideration of the increasing information security threats, the information security management shall fulfill the information governance and compliance, while the risk control shall focus on the information security protection, including internal self-check, external proactive detection, disaster response drill and enhancement of the management. The Company has actively implemented various systems, such as automatic detection, behavior check and prevention of illegal activities including real-time monitoring and blocking of external threats, access control of internal data, operations and segmentation of equipment, in order to prevent any illegal or malicious activities by the strict separation and filtration mechanism. Meanwhile, in order to keep upgrading the entire information security framework and strength the enterprise's protection, the Company is evaluating the information security insurance.



The Company and its subsidiaries all participate in the Financial Information Sharing and Analysis Center (F-ISAC), and integrate the information about threats via the information security defensive system to achieve the consolidated effect of the joint defense. Yuanta Securities, Yuanta Bank and Yuanta Life have already implemented and been certified by ISO 27001 ISMS and BS 10012 PIMS to enhance its information security and personal information protection management mechanism. Yuanta Futures and Yuanta Securities Investment Trust are also planning to implement the ISO 27001 information security management system (ISMS). Each of the subsidiaries also assesses the potential risk with the aid from an independent third party unity, and periodically completes the vulnerability scanning, penetration test,

and the information security inspection or assessment as required. Further, through periodic review and update of information security management regulations to satisfy the standards required by laws and the latest information security regulations, as well as the information security threat attack, drill and educational training, the Company enhances the competency and awareness toward the crisis of the Group's employees to solidify the information security management mechanism.

VIII Relations between laborers and employer

(I) Current major labor agreements and status of implementation

1. Employee benefit measures

The Company uses its best efforts to build a friendly workplace for the employees and provide fine-quality safety and care. By virtue of the fair remuneration and performance appraisal system, diversified educational training, and sound employees' welfare and retirement system, the Company builds the professional and responsible enterprise culture, hoping to make all employees enjoy their work and practice what they are good at.

The Company pays remuneration under multiple packages, including basic pay, allowances, bonuses, employee compensation, and shareholding trust, in addition to the benefits such as vacation, insurance, cultural and recreational activities, to construct a complete salary, bonus and remuneration structure. The starting salary offered by the Company is higher than the statutory base pay. The salary is authorized per the personnel's expertise, job responsibilities and functions, based on the criteria referred to in the pay roll. The salary will not vary depending on gender. The Company uses its best efforts to build a working environment upholding equal pay for equal work, so as to practice the philosophy about the gender equality in employment.

Yuanta Financial Holdings established an Employee Benefits Committee in January 2003, and makes monthly contributions to the Employee Benefit Fund. The Employee Benefit Fund is independently managed and utilized by the Employee Benefits Committee. Various subsidies are in place to encourage employees in organizing healthy social activities. In addition, the Employee Benefits Committee has reached agreements for discount and special offer benefits with contracting merchants and often provides employees with the most up-to-date information on special offers through Yuanta Financial Holdings' internal website, thus providing employees with greater convenience and quality of life.

To encourage employees to accumulate long-term savings, Yuanta Financial Holdings established an employee shareholders' association in August 2003. When employees set aside a certain amount of money each month for stock purchases, Yuanta Financial Holdings will match the employees' contributions, encouraging employees and to be shareholders of Yuanta Financial Holdings. Employee shareholding not only helps safeguard employees' lives after retirement or leaving Yuanta Financial Holdings, but also boosts solidarity between Yuanta Financial Holdings and employees, thereby enhancing their work participation and sense of value to share Yuanta Financial Holdings' operating results. According to the statistics gathered by Yuanta Financial Holdings and each of its subsidiaries in 2019, the number of employees participating in the employee shareholders' association was

8,958 persons, representing 241,733 thousand shares, an increase 6.24% from 2018.

2. Pension system

In order to facilitate the harmonious relationship between labors and employer and to take care of the labors' retirement life, the Company established a Pension Fund Supervisory Committee in January 2003, which has already obtained the competent authority's approval. Meanwhile, the Pension Management Guidelines were also formulated. Pursuant to laws, the Company makes monthly contributions to the pension fund. Until the end of 2019, the Company's pension fund has accumulated until NT$6,110 thousand.

Following the promulgation of the Labor Pension Act on July 1, 2005, the Company has made monthly payments, equivalent to 6% of the insured value maintained by the individual employee into the employee's personal labor pension account. In 2019, the Company has contributed a total of NT$6,579 thousand to secure the employees' retirement life.

In order to enrich employees' retirement life, the Company worked with Yuanta Life to offer the group annuity insurance policy planned for the Group's employees exclusively, which should be paid by employees at their own expenses to save pension reserve for themselves and protect their life after retirement.

3. Other important agreements: None.

(II) Losses as a result of labor disputes during the latest fiscal year up to the date of the publication of this annual report

According to the written decision by Department of Labor, Taoyuan City Government under (2019) Fu-Lao-Jian-Zi No. 1080200979 and (2019) Fu-Lao-Jian-Zi No. 10802009791 dated August 16, 2019, Yuanta Bank violated Paragraph 1 of Article 24 and Paragraph 2 of Article 32 of the Labor Standard Act and, therefore, was fined NT$150,000 and NT$100,000 respectively.

According to the written decision by Department of Labor, Taipei City Government under Bei-Lao-Tung-Zi No. 10860731781 dated December 6, 2019, Yuanta Bank violated Paragraph 2, Article 22 of the Labor Standard Act and, therefore, was fined NT$20,000.

(III) Working environment and employee safety

The Company uses the best efforts to provide employees and customers with a safe and healthy environment, and continues to promote the workplace environment safety protection, and adopts the Occupational Safety and Health Work Rules, Occupational Safety and Health Management Program, Automated Inspection Program, Implementation Directions for Operating Environment Testing, and Regulations Governing Occupational Safety and Health Training, and publishes and enforces the same, in accordance with the "Occupational Safety and Health Act" and related sub-laws.

Yuanta Securities and Yuanta Bank both have established the occupational safety and health committees pursuant to laws, which consist of 7~11 members including the employer, labors' representatives and unit heads, and convene 4 meetings each year to review the prevention of occupational diseases, occupational safety and health management operations, employees' health and working environment safety-related issues, and follow up the same periodically.

Yuanta Financial Holdings and its subsidiaries all provide the specialist's on-site occupational health service, hire occupational safety and health management personnel, dedicated registered nurse and occupational specialist by contract to provide professional medical treatment consulting service to verify health condition and issues to be alerted, and provide employees with medical treatment and healthcare information and health consulting service with respect to major illness suffered by employees and top ten abnormal conditions for health checkup.

Yuanta Financial Holdings and its subsidiaries screen and identify the employees' occupational health risks which are more likely to derive and plan the prevention program based on the indicators including job type, operating environment, age & gender, and health risk each year.

The policies for health management and occupational disease prevention and care for employees are implemented in the following manners:

1. Yuanta Financial Holdings and its subsidiaries provide employees with regular health checkup superior than that prescribed by laws, and arrange their management to take health checkup at National Taiwan University Hospital each year, arrange long-term nighttime worker to take specific health checkup, and conduct health checkup for all employees once per two years, and after the health checkup, inquire about employees' health condition and notify the employees with abnormal results to complete a follow-up visit at the hospital.
2. Prevention plan for illness driven by abnormal workload: In response to the annual health checkup analysis result, conduct risk analysis in the form of questionnaire to identify the abnormal workload risk and adopt prevention policies.
3. Ergonomic hazard prevention plan: Conduct the conscious musculoskeletal symptoms survey on employees, promote the sore prevention, and improve the work environment.
4. Female employees' health protection plan: Conduct the comprehensive environmental risk assessment, and complete the "Mother's Health Risk Assessment Form" upon awareness about any employee's pregnancy, in order to assess the impact to mother's health rendered by the work and protect mother's safety and health.
5. Apart from enrolling employees in labor and health insurance and allocating/contributing pensions in accordance with the law, Yuanta Financial Holdings also protects employees' health by offering group health insurance pursuant to laws. (HR)

For the safety in the workplace, the Company follows the occupational safety and health laws and regulations. The Company conducts the test on CO2 concentration and lightness at the office premises semi-annually and receives the "Air Quality Self-Management Certification." Further, the Company prohibits smoking in offices and business places thoroughly, and defines the "Workplace Sexual Harassment Prevention Measures and Guidelines Governing Complaints and Disciplines" to strictly prohibit any sexual harassment and all other discriminating or violent, threatening and intimidating and to build a friendly workplace of gender equality.

The efforts spent by the Company and its subsidiaries in the occupational safety and employees' healthcare are well recognized by various sectors. The awards and certifications already received by the Company are stated as following:

1. The Company, Yuanta Bank, Yuanta Securities and Yuanta Life already received the "Peaceful Workplace Certification" from the Ministry of Health and Welfare.
2. The Company, Yuanta Bank, Yuanta Futures, and Yuanta Life already received the "Sport Enterprise Certification" from Sports Administration, Ministry of Education.
3. The Company, Yuanta Bank, Yuanta Securities, and Yuanta Life already received the "Health Promotion Mark" from Ministry of Health and Welfare.
4. Yuanta Bank and Yuanta Life already received the "Excellent Breastfeeding Room Certification" from Department of Health, Taipei City Government.
5. Yuanta Bank was awarded the honor for the "4th place of 2019 Taipei City Excellent Healthy Workplaces."
6. In 2019, Yuanta Bank and Yuanta Securities officially activated the ISO45001 occupational safety and health system implementation project, planned the entire occupational safety and health management development, promote fair environment in workplace, and well protect employees' work environment and personal safety.

(IV) Employee Code of Ethics

Yuanta Financial Holdings has drafted the "Guidelines on Prudent Procedures and Behaviors" and "Code of Ethics" in order to fulfill the integrity policy and prevent any unethical conduct, which are disclosed in the "CSR Section" on the Company's website. Meanwhile, Yuanta Financial Holdings has stepped up its ethics education programs and implementation in order to create a highly self-disciplined and trustworthy business climate.

Yuanta Financial Holdings has a comprehensive set of rules and regulation relating to ethics. It also emphasizes the need for professional skills and work ethic at all company's meetings and education and training programs

(V) Employee continuing education and training

Yuanta Financial Holdings upholds the philosophy of "satisfying the finance industry and group business development needs" to continue training talents specialized in finance. Yuanta Financial Holdings has established diversified development system for

talents holding management function and professional function, and offered the training courses and provided learning resources by the four major frameworks including the management school, professional school, license school and life school.

The talent training system for Yuanta Financial Holdings consists of the following elements:

1. Training and development system for diversified talents holding management function and professional function

   The management of Yuanta Financial Holdings find out and reserve the management and professional talents needed by the financial industry's and Group's development through talent identification, and train talents through training, assignment of missions, participation in projects, participation in meeting and work shifts. Meanwhile, the Company also encourages its employees to access various financial areas of the Group and learn the diversified functions voluntarily to help the Company and employees respond to the rapid changes in the finance industry and also hold the knowledge, technology and competency keeping up with the time.

2. Share the digital training platform and promote self-learning

   Since 2003, Yuanta Financia Holdings has established the digital learning platform, "Yuanta e-Learning." Yuanta Financial Holdings communicates tactic knowledge and transfer practical experience via its self-made courses available on the digital learning platform, "Yuanta e-Learning". The Group has purchased the digital contents of "Commonwealth Innovation Academy" since July 2017. The digital contents released on a weekly basis are intended to communicate the global industrial development trend, case study on enterprises and experience, and new knowledge and application of management, as the important knowledge treasury for the Group's employees to engage in self-learning and develop diversified functions.

   Based on the thought about learning curation, in line with the hit subjects in the global financial industry and the Group's business focus, Yuanta Financial Holdings releases "Yuanta e-Learning/Learning Weekly" via email in the afternoon on each Tuesday to train employees to maintain their learning motives and habits, urge employees to engage in self-learning "anytime, anywhere, on-demand", to continue enhancing the employees' professional ability and reserve their competitiveness for their future careers.

   Yuanta Financial Holdings encourages employees to participate in workshops and training sessions to enhance their competence or reserve the competence needed in the future. The Company will cover the full expenses for courses that are attended upon assignment or approval by the Company. Moreover, the Company encourages employees to attend international financial professional course certification and English proficiency certification by offering incentive bonus.

3. Provide the chance for post transfer in the Group and encourage trans-disciplinary transfer for development

Yuanta Financial Holdings makes good use of the strength in diversified financial industry of its subsidiaries to arrange the intracompany post transfer subject to the operating need periodically, and encourages employees to apply for internal post transfer, so as to boost the exchange of talents in the Group and encourage employees to develop in a diversified manner, drive the reproduction of inter-company success and spread efficiency.

Summary of the Company's implementation of 2019 education and training:

Year / Disclosure	2019
Total education & training spending	NT$37.84 million
Total Number of education & training courses	2,857 items
Total hours of education & training	514,265 hours
Number of education & training trainees	259,449 attendances

The four work focuses of the training development in 2019 are stated as following:

4. Status in Management and Successor Cultivation

The Company's key management include President, General Auditor, chief functional officers, chief executive officers mainly department heads, 93% of whom held the position after job transfer and internal promotion. Yuanta Financial Holdings values the internal promotion. 95% of the management of the Company and its subsidiaries hold the position after internal promotion.

The Company selects the successors of key management based on the expertise and experience, work performance, development potential, compatibility with the enterprise's core value and individual development willingness of the key talents. For the time being, 1~3 candidates would be nominated as the successor of each key manager. Meanwhile, the successor members have already been planned to undergo the job training and also attend the professional training courses on compliance in subsidiaries, finance and strategic management, attend the Company's important meetings periodically, and act as the functionary substitute of the key manager, under the diversified development model, in order to have the in-depth knowledge about the Company's overall development strategies, cross-department communication and negotiation mechanism, policy-making logic and execution of policies, and train the logic and sophistication which the management shall have in thinking and execution.

The management of Yuanta Financial Holdings have included the "Successor Cultivation" into the performance appraisal on managerial officers as an important indicators. The various functionary substitutes' development results and maturity for

succession will be measured at the mid-term and final performance appraisal each year.

5. Status in Professional Talents' Training

In 2019, in response to the competent authority's regulatory policies, the Company continues to enhance the promotion of anti-money laundering, compliance and internal audit/internal control-related training, which account for 15.2% of the total training hours, and the personal data protection and information security-related training, accounting for 9.1% of the total training hours.

Further, according to the business development strategy of Yuanta Financial Holdings, in response to the digital financial trend and in order to continue to fulfill the Group's development strategy, the Company continues to promote the transformation training program and diversified functional training in 2019, including financial certificate and license training, financial product workshops and product sale training, et al., accounting for 39.7% of the total training hours.

The employees holding various positions contribute their expertise and are concentrated on their performance. The Group's subsidiaries work with each other to boost the personnel's transformation and diversified functions actively, upgrade the employees' professional knowledge in finance and production capacity comprehensively, develop diversified sources of revenue for the Company, and create the win-win-win situation among the Company, employees and shareholders.

6. Status in International Business Administration Talents' Training

In response to the Group's need for overseas business development, the Company organizes the advanced courses for business English this year and sends staff to execute international business administration overseas to have in-depth knowledge about overseas markets and develop business opportunities locally. By overseeing and integrating overseas operations, the Company practices the international business administration mechanism. Meanwhile, Yuanta Financial Holdings sends its middle-office and end-office personnel to take business trip to overseas business locations or reside at the overseas business location for a short term to conduct and guide the inspection on financial and business risks, or help the overseas business locations establish their own information system and business administration mechanism to enhance the overseas business execution and regulatory mechanism, and cultivate the international business administration-related middle-office and end-office personnel's knowledge and ability to support about overseas operations. This year, the Company will arrange the management associate (MA) and International Operation Department's personnel to attend the business training on the site, in order to train the international business administration talents sustainably.

7. Industry-Academia Cooperation Implementation Status

In order to arrange the diversified channels for recruitment of talents, sprout the

new generation's willingness to engage in finance business and build the brand awareness toward Yuanta Financial Holdings, this year, the Company uses the best effort to engage n the industry-academia cooperation with schools, and sign the recruitment and internship agreement with 89 colleges/universities including National Taiwan University and National Chengchi University to admit domestic and foreign students to practice, attend institutional visit and exchange, and co-organize the financial seminars in Yuanta Financial Holdings and its affiliates. Further, the Company works with National Chiao Tung University in the keynote research program, with NCCU Department of Money and Banking to organize the "Investment Banking Practices," and with NTHU Department of Quantitative Finance to organize the "Financial Trading Practices," in order to cultivate the future financial talents sustainably.

Yuanta Financial Holdings provides the management training and professional training, guides its employees to be adapted to the financial industry's development trend, and continues to improve the expertise to keep the competitive strengths in the workplace. The Company upholds the spirit of corporate social responsibility, organizes the life school course series, combine the Company's club activities, helps employees manage the life style balanced physically and mentally, and practice the care for employees. In 2019, the life school continued to promote such health promotion courses and activities as the health seminar, sport seminar, physic fitness program, health consulting service by the medicine specialists by contract on site, and health walking activity for employees and their dependents. The four companies including Yuanta Financial Holdings, Yuanta Securities, Yuanta Bank and Yuanta Futures were awarded the "Health Workplace Certification-Health Promotion Mark" from Health Promotion Administration at the same time in 2019. The four companies including Yuanta Financial Holdings, Yuanta Bank, Yuanta Life and Yuanta Futures were awarded the "Sport Enterprise Certification" by the Sports Administration. Yuanta Financial Holdings was awarded the "Happy Enterprise Award" by 1111 Job Bank and "2019 Benchmarking Enterprise" by Common-Wealth Innovative Campus.

Yuanta Financial Holdings values the talent training and development very much. In 2019, the Company appoint some foreign management consulting company to conduct a survey to collect opinion from employees. The results show that 82% of the employees participating in the survey gave the positive remark on "Learning and Growth", growing by 5% from last year, 13% more than that in the same trade in Taiwan, and 8% more than the global high-performance norm (the earnings higher than the average earnings in the industry and employees' engagement better than the average involvement in the same industry for 3 consecutive years, the financial industry accounting for 25%); 78% gave positive remark on the "Talent Management," growing by 6% from last year, 20% more than that in the same trade in Taiwan, and 11% more than the global high-performance norm; 88% gave positive remark on the "Engagement," growing by 6% from last year,

11% more than that in the same trade in Taiwan, and 3% more than the global high-performance norm; 81% gave positive remark on the "Willingness to Retain," growing by 3% from last year, 8% more than that in the same trade in Taiwan, and 8% more than the global high-performance norm.

Yuanta Securities was awarded the "Talent Development Award" by Taiwan Institute for Sustainable Energy. Yuanta Futures was awarded the "SFI Award-Outstanding Talent Training Award" by Securities and Futures Institute. Both reflect Yuanta Financial Holdings' value about the talent training and development.

IX Important Contracts

(I) Yuanta Financial Holding

Data baseline date: January 31, 2020

Contract type	Counterpart	Contract beginning and ending date	Chief contents	Restrictive terms
Equipment room lease service contract	Data communications branch, Chunghwa Telecom Co., Ltd.	Effective from December 1, 2009 to November 30, 2017. Unless either party notifies the other party not to renew the contract by giving a written notice at least 3 months prior to expiration of the contract, the contract shall be renewed for another year automatically, and so on.	Leasing of Xinyi equipment room.	If either party to this contract fails to perform its contractual obligations due to a reason attributable to that party, and it fails to make corrections after being notified by the other party to do so within a limited time period, the non-defaulting party may notify the defaulting party terminate this contract with one month prior written notice, and may request a penalty of NT$1,000,000.

(II) Yuanta Securities

Data baseline date: January 31, 2020

Contract type	Counterpart	Contract beginning and ending date	Chief contents	Restrictive terms
Software/hard ware purchase contract	Stark Technology Inc. SYSTEX Corporation Genesis Technology ,Inc. LANTRO (TAIWAN) LTD.	September 10, 2019 ~ October 5, 2019 ~ October 14, 2019 ~ October 14, 2019 ~	Procurement project for the replacement of Yuanta Securities ‘s e-trading and accounting systems (including servers, database host/software license, network equipment and circuits, et al.)	None
Securities investment consultant appointment	Yuanta Securities Yuanta Securities Investment Consulting	Effective from January 1, 2019 to December 31, 2019.	To appoint Yuanta Securities Investment Consulting provide consulting services about the domestic and international issuer of equity securities.	None
Securities investment consultant appointment	Yuanta Securities Yuanta Securities Investment Consulting	Effective from January 1, 2020 to December 31, 2020.	To appoint Yuanta Securities Investment Consulting provide consulting services about the domestic and international issuer of equity securities.	None
Endorsement/g uarantee contract	Yuanta Securities PT Yuanta Sekuritas Indonesia	It was executed on January 3, 2017. The guarantee liability has been terminated on September 12, 2019.	Yuanta Securities provides the guarantee only with respect to the debt arising from the facility sought by PT Yuanta Sekuritas Indonesia from PT Bank UOB Indonesia within the limit of the principal, IDR60 billion. The guarantee liability has already been terminated on September 12, 2019, and reported to the Board of Directors on November 5, 2019.	None

Contract type	Counterpart	Contract beginning and ending date	Chief contents	Restrictive terms
Endorsement/guarantee contract	Yuanta Securities PT Yuanta Sekuritas Indonesia	The contract was signed on June 5, 2018 and indefinite (until PT YuantaSekuritasIndonesia pays off all debts owed to PT Bank HSBC Indonesia and all contracts concerned are terminated).	Yuanta Securities provides the guarantee only with respect to the debt arising from the facility sought by PT Yuanta Sekuritas Indonesia from PT Bank HSBC Indonesia within the limit of the principal, US$3.5 million.	None
Endorsement/guarantee contract	Yuanta Securities Yuanta Securities (Thailand)	The contract was signed on July 25, 2017 and indefinite (until Yuanta Securities (Thailand) clears all debts, as secured, owed to ANZ Bank (Thai) Public Company Limited and all contracts are terminated).	Yuanta Securities provides the corporate guarantee toward all of the obligations derived from the limit of the facility sought by Yuanta Securities (Thailand) from ANZ Bank (Thai) Public Company Limited within the limit of the principal, USD10 million.	None
Endorsement/guarantee contract	Yuanta Securities Yuanta Securities (Thailand)	The contract was signed on April 2, 2018 and indefinite (until Yuanta Securities (Thailand) clears all debts owed to Mega International Commercial Bank PCL and all contracts are terminated).	Yuanta Securities provides the corporate guarantee toward all of the obligations derived from the limit of the facility sought by Yuanta Securities (Thailand) from Mega International Commercial Bank PCL. within the limit of the principal, 550 million Baht.	None
Endorsement/guarantee contract	Yuanta Securities Yuanta Securities (Thailand)	It was executed on April 13, 2018. The guarantee liability has been terminated on November 1, 2019.	Yuanta Securities provides the corporate guarantee toward all of the obligations derived from the limit of the facility sought by Yuanta Securities (Thailand) from Land and Houses Bank Public Company Limited within the limit of the principal, 2 billion Baht. The guarantee liability has already been terminated on November 1, 2019, and reported to the Board of Directors on December 26, 2019.	None
Endorsement/guarantee contract	Yuanta Securities Yuanta Securities (Thailand)	The contract was signed on August 14, 2018 and indefinite (until Yuanta Securities (Thailand) clears all debts owed to CITI Bank, N.A. Bangkok Branch and all contracts are terminated).	Yuanta Securities provides the corporate guarantee toward all of the obligations derived from the limit of the facility sought by Yuanta Securities (Thailand) from CITI Bank, N.A. Bangkok Branch within the limit of the principal, USD5 million.	None

Contract type	Counterpart	Contract beginning and ending date	Chief contents	Restrictive terms
Real estate trading contract	Yuanta Securities Veboe Coworking Space	April 30, 2019 (date of execution)	Sale of 5F and 5 parking lots of Yuanta Securities' Kaiyuan Bulding in Tainan (5F, No. 147, Kaiyuan Rd., Tainan City)	None
Real estate lease contract	Yuanta Securities Yuanta Bank	From September 15, 2019 to September 14, 2022	Lease of Yuanta Financial Holdings Building (12F, No. 66, Sec 1, Dunhua S. Rd., Taipei City) and Tatung Building (12-3F, No. 225, Sec. 3, Nanjing E. Rd., Taipei City)	None
Real estate lease contract	Yuanta Securities Yuanta Asset Management	From September 1, 2019 to August 31, 2021	Lease of Yuanta Tatung Building (10-1F, No. 225, Sec. 3, Nanjing E. Rd., Taipei City, and 2 parking lost at B1)	None
Real estate lease contract	Yuanta Securities Yuanta Life	From September 1, 2019 to August 31, 2021	Lease of 7-1, 7-2 & 7-3F, No. 55, Zhongzhen 3rd Rd., Xinxing Dist., Kaohsiung City, and 5 mechanical parking lots at basement thereof.	None
Real estate lease contract	Yuanta Securities Yuanta Financial Holding	From November 11, 2019 to November 10, 2022	Lease of Yuanta Financial Holdings Building (10F, 12F & 13F, No. 66, Sec 1, Dunhua S. Rd., Taipei City, and 4 parking lots at B2 and 1 parking lot at B3 thereof) and Tatung Building (10F & 12-3F, No. 225, Sec. 3, Nanjing Rd., Taipei City)	None
Real estate lease contract	Yuanta Securities Yuanta Venture Capital	From November 11, 2019 to November 10, 2022	Lease of Yuanta Financial Holdings Building (10F, No. 66, Sec 1, Dunhua S. Rd., Taipei City, and 1 parking lot at B2 and 1 parking lot at B4 thereof)	None
Real estate lease contract	Yuanta Securities Yuanta Securities Finance	From November 11, 2019 to November 10, 2022	Lease of Yuanta Financial Holdings Building (10F & 12F, No. 66, Sec 1, Dunhua S. Rd., Taipei City and 3 parking lots at B2, 3 parking lots at B3 and 1 parking lot at B4)	None
Real estate lease contract	Yuanta Securities Yuanta International Leasing	From November 12, 2019 to November 11, 2020	Lease of Yuanta Baoqing Building (7F., No.69, Baoqing Rd., Taipei City)	None

Contract type	Counterpart	Contract beginning and ending date	Chief contents	Restrictive terms
Mandate contract (addendum)	Yuanta Securities Yuanta Securities Finance Yuanta Bank Yuanta Futures Yuanta Securities Investment Trust Yuanta Construction and Development Chang Hwa Commercial Bank, Ltd. China Life Insurance Co., Ltd. Yuan Ding Co., Ltd. China Real Estate Management	July 30, 2019 (date of execution)	Addendum to Mandate Contract for Tatung Building Urban Renewal Project Enforcer (about the building capacity transfer)	None
Acquisition of the whole equity of Yuanta Securities	Yuanta Securities Yuanta Financial Holding	Settled on March 26, 2019	In response to the need for reorganization of the financial holdings, acquire the whole equity of Yuanta Securities to make it be the Company's domestic investee.	None

(III) Yuanta Bank

Data baseline date: January 31, 2020

Contract type	Counterpart	Contract beginning and ending date	Chief contents	Restrictive terms
Equipment room lease service contract	Corporate Services Office, Chunghwa Telecom Co., Ltd.	From December 1, 2019 to November 30, 2020 Unless either party notifies the other party not to renew the contract by giving a written notice at least 3 months prior to expiration of the contract, the contract shall be renewed for another year automatically, and so on.	Leasing of Xinyi equipment room.	If either party to this contract fails to perform its contractual obligations due to a reason attributable to that party, and it fails to make corrections after being notified by the other party to do so within a limited time period, the non-defaulting party may notify the defaulting party in writing to terminate this contract after one month, and may request a penalty of NT$1,000,000.
Business Cooperation Agreement	Alipay (China) Network Technology Co., Ltd.	Effective from January 23, 2015 until the date when both parties agree to terminate the contract (where neither party raise an objection upon expiration of the contract, the contract shall be renewed for another year automatically based on the same terms and conditions).	Pursuant to laws, provide the buyer in Mainland China with the online multi-territorial payment services for purchase of products or services supplied by Taiwanese businessmen.	To comply with the requirements defined by both parties' competent authorities and the related laws.
Business Cooperation Agreement	Alipay (China) Network Technology Co., Ltd.	From December 1, 2015 to November 30, 2018 (where neither party raise an objection upon expiration of the contract, the contract shall be renewed for another year automatically based on the same terms and conditions).	Pursuant to laws, provide the buyer in Mainland China with the tangible payment services for purchase of products or services supplied by Taiwanese businessmen.	To comply with the requirements defined by both parties' competent authorities and the related laws.

Contract type	Counterpart	Contract beginning and ending date	Chief contents	Restrictive terms
Contract for creation of superficies of national non-public use land	The R.O.C. (Northern Region Branch, National Property Administration, MOF)	From September 12, 2018 to September 11, 2088	Superficies for the eighteen lots of land at 2th Sub section 114-1, Huai Sheng Section, Daan District, Taipei City	No superficies shall be rented or lent to another person for the purpose of construction projects. If the superficies or on-ground buildings are rented or lent to another person for non-construction purpose, the last day for the person's occupation thereof shall be never later than the last day of the valid term of the superficies.
Taipei City Public Facilities Reserved Land (Interest in Land) Trading Contract	Kuan-Pin Company Shih Yi Yu	From November 21, 2018 until the building capacity transfer permit is obtained	Apply for building capacity transfer (Head Office Building Construction Project)	To satisfy the relevant requirements under the Regulations of Urban Building Capacity Transfer and Self-Government Regulations Governing Building Capacity Transfer Review and Permit of Taipei City.
Mandate Contract	Lu Chien-Hsueh Architecture Office	Effective from December 20, 2018 and terminated after the inspection and acceptance is completed.	General coordination and integration of architecture planning and design, combination of architecture design ad other related consulting and design works, and architecture design-oriented (Head Office Building Construction Project)	The related data and information provided by either party to the other party shall be identified as the party's business secrets, which the other party shall be obligated to keep confidential. The other party shall not disclose, publicly re-state, give or re-sell the information, documents or messages, in writing, verbally or in any other manners, or engage in any other activities injuring the other party. Whether either party breaches the non-disclosure obligation and thereby causes injury to the other party, the breaching party shall bear the relevant damages.

Contract type	Counterpart	Contract beginning and ending date	Chief contents	Restrictive terms
Mandate Contract	NIKKEN Sekkei Ltd	Effective from February 27, 2019 until the construction contract is awarded successfully.	Architecture planning & design and consulting service (Head Office Building Construction Project)	The related data and information provided by either party to the other party shall be identified as the party's business secrets, which the other party shall be obligated to keep confidential. The other party shall not disclose, publicly re-state, give or re-sell the information, documents or messages, in writing, verbally or in any other manners, or engage in any other activities injuring the other party. Whether either party breaches the non-disclosure obligation and thereby causes injury to the other party, the breaching party shall bear the relevant damages.

(IV) Yuanta Life

Data baseline date: January 31, 2020

Contract type	Counterpart	Contract beginning and ending date	Chief contents	Restrictive terms
House lease agreement (Lessee)	Yuanta Life is referred to as the Lessee. Quan Yi Construction Co., Ltd. and Fu Tai Construction Co., Ltd. are referred to as the Lessor.	Both parties signed the Agreement on April 26, 2016. The lease shall be effective from September 1, 2016 until August 31, 2021 for five years.	Without the Lessor's prior consent, the premises shall not be subleased, sublet or assigned, or otherwise make available, to any third party, in whole or in part. The premises shall be used in accordance with laws and prohibited from being used for illegal purposes or storing any hazardous goods that affect the public safety.	General legal principles.
Engineering contract	Yuanta Life contracted Chung-Lu Construction, Co., Ltd. To complete the building construction project.	Both parties signed the Contract on April 2, 2018.	The total contract amount is NT$859,900,000. The usage license may be obtained within 29 months after the construction commencement date. The testing, inspection, and acceptance for the equipment will be completed within 6 months upon receipt of the usage license.	General legal principles.
Steel structure engineering contract	Yuanta Life contracted TUNG HO STEEL ENTERPRISE CORP. to complete the building's steel structure engineering project.	Both parties signed the contract on April 13, 2016, and also signed the addendum thereof on July 18, 2018.	The contract amount was adjusted from NT$114,221,100 to NT$131,222,510.	General legal principles.
Equipment lease agreement	Data communications branch, Chunghwa Telecom Co., Ltd.	July 1, 2018 ~ (with automatic renewal upon expiration)	Lease agreement for control room (including the remote backup control room) and network equipment of CHT and maintenance thereof.	None
Re-insurance contract	Central Reinsurance Corporation	October 1, 1992 ~	Life re-insurance services.	None
Re-insurance contract	Swiss Re-insurance Company	October 1, 1992 ~	Life reinsurance, health reinsurance and accident reinsurance.	None
Re-insurance contract	Reinsurance Group of America, Incorporated	September 1, 1999 ~	Life reinsurance, health reinsurance and accident reinsurance.	None
Re-insurance contract	Hannover Reinsurance Company	January 1, 2012 ~	Life reinsurance, health reinsurance, accident reinsurance and catastrophe reinsurance.	None

Contract type	Counterpart	Contract beginning and ending date	Chief contents	Restrictive terms
Re-insurance contract	Munich Reinsurance Company	March 2, 2015 ~	Life reinsurance, health reinsurance and accident reinsurance.	None
Re-insurance contract	General Reinsurance AG	May 12, 2014 ~	Life reinsurance, health reinsurance and accident reinsurance.	None
Re-insurance contract	SCOR	December 18, 2017 ~	Life reinsurance, health reinsurance and accident reinsurance.	None

Note: Unless it refers to the reinsurance policy for a catastrophe contract, it shall renew automatically each year if neither party raises any objection.

(V) Yuanta Futures

Data baseline date: January 31, 2020

Contract type	Counterpart	Contract beginning and ending date	Chief contents	Restrictive terms
Real estate lease agreement (Lessee)	Yuanta Securities	From April 1, 2018 to March 31, 2021	Lease of 11F & 12F of Tatung Building for the futures head office, Taipei Business Dept., Sole Proprietary Dept. and related departments/offices.	General legal principles.
Software purchase contract	SYSTEX Software	From January 1, 2018 to December 31, 2020	Procurement of Microsoft EA software.	None
Equipment lease agreement	Data communications branch, Chunghwa Telecom Co., Ltd.	From November 1, 2012 to October 31 2019	Lease agreement for control room and network equipment of CHT and maintenance thereof.	None
Hardware purchase contract	Omni System Integration, Inc.	From June 19, 2018 to September 5, 2023	Network equipment replacement and Banqiao data center relocation project	None

(VI) Yuanta Asset Management

Data baseline date: January 31, 2020

Contract type	Counterpart	Contract beginning and ending date	Chief contents	Restrictive terms
Document management service agreement	Iron Mountain Taiwan LTD. (Former name: Recall Taiwan Ltd.)	From December 29, 2017 to December 31, 2022	Contracted to compile, tally, maintain and access related documents.	General legal principles.

Five. Financial Status

I. Summary Five-Year Balance Sheets and Consolidated Income Statement

(I) Summary Consolidated Balance Sheet of the Company and Its Subsidiaries

Unit: NT$1,000

Item \ Year	Financial data (Note 1)					Financial information of current year ending 01/31/2020
	2015	2016	2017	2018	2019	
Cash and cash equivalents, due from the Central Bank and placement to other banks	122,544,804	200,028,956	118,398,520	113,752,123	115,294,258	(Note 2)
Financial assets at fair value through profit or loss - net	364,746,108	392,778,509	432,636,863	473,939,209	504,031,079	
Available-for-sale financial assets - net	136,286,218	277,420,469	395,516,795	-	-	
Net financial assets at fair value through other comprehensive income	-	-	-	215,135,236	229,489,904	
Investment in debt instruments measured at amortized cost - net	-	-	-	352,906,087	386,452,415	
Investment in RS bills and bonds	27,052,332	36,499,146	34,827,960	33,465,734	47,603,371	
Receivable - net	118,698,145	146,219,693	175,314,970	143,272,794	174,240,497	
Income tax assets - current period	2,071,128	1,845,929	1,330,623	1,485,363	1,224,071	
Available-for-sale assets - net	-	36,265	-	868,288	533,632	
Discount and loan - net	485,843,127	791,673,242	762,319,040	770,905,662	773,480,918	
Re-insurance contract assets - net	389,969	415,679	435,887	580,130	903,608	
Financial assets held to maturity	83,479,054	116,136,617	143,810,470	-	-	
Investments under equity method - net	2,054,034	2,052,715	1,675,124	2,048,491	2,403,248	
Restricted assets - net	2,222,031	5,546,781	2,722,678	2,622,711	2,562,586	
Other financial assets - net	127,723,229	99,416,653	93,469,307	62,025,243	65,378,346	
Investment real estate - net	6,396,805	6,153,340	6,173,646	4,916,691	4,915,972	
Real property and equipment - net	17,311,422	20,885,538	22,630,593	21,871,922	22,242,669	
Right-of-use assets - net	-	-	-	-	13,343,880	
Intangible assets - net	26,198,945	36,600,681	35,935,777	33,669,889	33,197,460	
Deferred income tax assets - net	5,868,618	6,238,885	5,642,845	5,899,187	5,976,615	
Other assets - net	22,259,233	22,296,486	40,804,112	47,769,165	31,044,577	
Total Assets	1,551,145,202	2,162,245,584	2,273,645,210	2,287,133,925	2,414,319,106	
Deposits by the Central Bank and other banks	32,744,363	28,846,322	13,520,162	22,047,274	13,107,028	
Financial liabilities at fair value through profit or loss - net	96,786,712	101,204,943	120,119,516	111,982,799	123,340,228	
Derivative Financial Liabilities for Hedging	-	220	-	-	-	
RP bill and bond liabilities	154,992,859	195,838,373	197,101,189	218,570,425	198,665,918	
Payable commercial paper-net	4,762,459	19,295,184	44,704,087	36,269,123	38,621,728	
Accounts payable	140,516,925	153,687,021	168,705,371	147,690,035	161,327,046	
Income tax liabilities - current period	3,626,180	4,732,529	5,667,788	5,327,403	6,221,759	
Deposit and remittance	625,561,930	1,050,062,790	1,056,024,289	1,020,615,296	1,095,506,271	

Item \ Year		Financial data (Note 1)					Financial information of current year ending 01/31/2020
		2015	2016	2017	2018	2019	
Bonds payable		58,044,635	78,197,495	65,890,879	66,756,009	68,849,634	(Note 2)
Other loans payable		29,166,061	45,821,349	71,754,771	64,019,801	60,847,992	
Special stock liabilities		-	3,896,505	-	-	-	
Reserve for liabilities		129,403,232	161,386,351	195,038,820	232,223,123	273,860,901	
Other financial liabilities		53,530,171	74,506,891	70,098,914	79,276,919	76,069,420	
Lease liability		-	-	-	-	5,527,660	
Deferred income tax liabilities		4,150,542	3,879,175	3,518,474	3,705,743	3,883,527	
Other liabilities		20,495,083	21,095,871	33,403,394	41,806,215	38,283,614	
Total Liabilities	Before distribution	1,353,781,152	1,942,451,019	2,045,547,654	2,050,290,165		
	After distribution	1,358,106,970	1,947,816,661	2,052,040,190	2,060,793,715		
Total equity attributable to the owner of parent company		182,110,176	201,409,875	211,195,754	218,985,562	232,201,133	
Capital stock	Before distribution	107,129,605	119,986,478	118,891,975	116,862,325		
	After distribution	107,129,605	119,986,478	118,891,975	116,862,325		
Additional paid-in capital		35,845,672	37,956,289	37,960,694	37,200,416	37,402,480	
Retained earnings	Before distribution	31,464,819	40,441,423	50,925,653	60,114,343		
	After distribution	27,139,001	35,075,781	44,433,117	49,610,793		
Other equities		7,867,686	4,524,288	4,554,385	5,006,084	8,389,029	
Treasury stock		(197,606)	(1,498,603)	(1,136,953)	(197,606)	-	
Uncontrolled equity		15,253,874	18,384,690	16,901,802	17,858,198	18,005,247	
Total equity	Before distribution	197,364,050	219,794,565	228,097,556	236,843,760		
	After distribution	193,038,232	214,428,923	221,605,020	226,340,210		

Note 1: Data from 2015 to 2019 have been audited and certified by the independent auditors.

Note 2: No financial information which has not yet been audited or reviewed by an independent external auditor before the date of publication of the annual report.

Note 3: Distribution of earnings in 2019 had not yet been resolved by the 2020 shareholders' meeting up to the date of publication of this annual report.

(II) Summary Balance Sheet of Individual Entity

Unit: NT$1,000

Item \ Year		Financial data (Note 1)					Financial information of current year ending 01/31/2020
		2015	2016	2017	2018	2019	
Cash and cash equivalents		2,513,186	2,505,320	2,366,899	6,536,303	7,499,264	(Note 2)
Financial assets at fair value through profit or loss		-	4,029,195	-	-	-	
Available-for-sale financial assets - net		17,833	16,983	19,266	-	-	
Financial assets at fair value through other comprehensive income		-	-	-	22,178	24,490	
Investment in RS bills and bonds		-	-	-	393,782	4,640,737	
Receivable - net		1,689,902	2,499,023	2,692,388	1,931,398	3,230,724	
Income tax assets - current period		1,348,765	1,138,997	327,604	808,780	319,823	
Investments under equity method - net		192,565,128	228,474,715	239,302,171	244,642,213	251,488,755	
Real property and equipment - net		26,962	29,863	26,516	21,586	24,623	
Right-of-use assets - net		-	-	-	-	103,917	
Intangible assets - net		5,883	6,066	4,453	7,249	4,898	
Deferred income tax assets - net		34,841	25,452	25,043	34,125	41,833	
Other assets - net		8,849	20,499	5,874	6,464	6,420	
Total Assets		198,211,349	238,746,113	244,770,214	254,404,078	267,385,484	
Payable commercial paper - net		1,652,861	3,951,104	5,092,029	-	-	
Accounts payable		4,888,166	5,534,940	4,833,787	5,468,073	6,225,431	
Income tax liabilities - current period		2,234,608	3,146,411	3,851,645	3,150,049	3,916,397	
Bonds payable - net		5,800,000	19,750,000	19,750,000	26,750,000	24,900,000	
Other loans payable		1,500,000	1,000,000	-	-	-	
Special stock liabilities		-	3,896,505	-	-	-	
Reserve for liabilities		5,637	35,377	38,203	39,608	36,116	
Other liabilities		19,901	21,901	8,796	10,786	104,393	
Total Liabilities	Before distribution	16,101,173	37,336,238	33,574,460	35,418,516	35,184,351	
	After distribution	20,426,991	42,701,880	40,066,996	45,922,066	(Note 3)	
Capital stock	Before distribution	107,129,605	119,986,478	118,891,975	116,862,325	116,706,115	
	After distribution	107,129,605	119,986,478	118,891,975	116,862,325	(Note 3)	
Additional paid-in capital		35,845,672	37,956,289	37,960,694	37,200,416	37,402,480	
Retained earnings	Before distribution	31,464,819	40,441,423	50,925,653	60,114,343	69,703,509	
	After distribution	27,139,001	35,075,781	44,433,117	49,610,793	(Note 3)	
Other equities		7,867,686	4,524,288	4,554,385	5,006,084	8,389,029	
Treasury stock		(197,606)	(1,498,603)	(1,136,953)	(197,606)	-	
Total equity	Before distribution	182,110,176	201,409,875	211,195,754	218,985,562	232,201,133	
	After distribution	177,784,358	196,044,233	204,703,218	208,482,012	(Note 3)	

Note 1: Data from 2015 to 2019 have been audited and certified by the independent auditors.

Note 2: No financial information which has not yet been audited or reviewed by an independent external auditor before the date of publication of the annual report.

Note 3: Distribution of earnings in 2019 had not yet been resolved by the 2020 shareholders' meeting up to the date of publication of this annual report.

(III) Summary consolidated income statement of Yuanta Financial Holdings and its subsidiaries

Unit: NT$1,000

Item \ Year	Financial data (Note 1)					Financial information of current year ending 01/31/2020
	2015	2016	2017	2018	2019	
Interest revenue	24,636,845	30,767,167	35,373,386	40,192,428	41,006,443	(Note 2)
Less: Interest expenses	8,792,501	11,146,301	12,315,107	14,256,266	14,873,524	
Net interest income	15,844,344	19,620,866	23,058,279	25,936,162	26,132,919	
Net non-interest income	53,946,804	64,819,920	70,726,639	75,343,411	81,475,158	
Net profit	69,791,148	84,440,786	93,784,918	101,279,573	107,608,077	
Bad debt expenses and guarantee liability provisions	1,094,887	1,092,988	746,771	856,563	1,352,694	
Net changes of reserve for insurance liabilities	24,874,422	30,788,509	33,895,878	36,611,780	42,443,850	
Operating expenses	30,702,170	35,705,713	38,726,825	39,611,658	38,270,636	
Continuing departments net income before tax	13,119,669	16,853,576	20,415,444	24,199,572	25,540,897	
Income tax expense	1,119,115	2,478,983	2,559,332	3,701,334	3,399,314	
Profit or loss of discontinued operations (after tax)	-	(74,370)	(352,057)	-	-	
Net profit (net loss) - current period	12,000,554	14,300,223	17,504,055	20,498,238	22,141,583	
Other consolidated income (net after tax) - current period	2,458,531	(3,998,132)	177,608	(1,970,215)	2,335,038	
Total consolidated income – current period	14,459,085	10,302,091	17,681,663	18,528,023	24,476,621	
Net profit attributable to the owner of parent	10,817,624	13,414,105	16,204,948	18,679,208	20,445,508	
Net profit attributable to uncontrolled equity	1,182,930	886,118	1,299,107	1,819,030	1,696,075	
Net profit from total consolidated income attributable to the owner of parent	13,878,005	9,959,024	15,879,969	16,973,756	23,571,510	
Total consolidated income attributable to uncontrolled equity	581,080	343,067	1,801,694	1,554,267	905,111	
EPS	1.02	1.16	1.37	1.59	1.75	

Note 1: Data from 2015 to 2019 have been audited and certified by the independent auditors.
Note 2: No financial information which has not yet been audited or reviewed by an independent external auditor before the date of publication of the annual report

(IV) Summary entity income statement of Yuanta Financial Holdings

Unit: NT$1,000

Item \ Year	Financial data (Note 1)					Financial information of current year ending 01/31/2020
	2015	2016	2017	2018	2019	
Share of the income from affiliates and joint ventures of subsidiaries recognized under equity method	11,469,459	15,610,065	17,800,029	19,979,027	21,974,067	(Note 2)
Realized gain on available-for-sale financial assets	417	428	439	-	-	
Net income (loss) from financial assets and liabilities at fair value through profit or loss	-	(799,737)	(190)	-	-	
Realized gains at fair value through other comprehensive income	-	-	-	974	1,076	
Other revenue	8,526	158,110	51,315	150,747	88,067	
Operating expenses	451,243	596,175	613,416	751,302	836,662	
Other expenses and losses	163,776	506,487	664,948	227,426	249,781	
Continuing departments net income before tax	10,863,383	13,866,204	16,573,229	19,152,020	20,976,767	
Benefit (expense) from income tax	(45,759)	(452,099)	(368,281)	(472,812)	(531,259)	
Net profit - current period	10,817,624	13,414,105	16,204,948	18,679,208	20,445,508	
Other consolidated income (net after tax) - current period	3,060,381	3,455,081	(324,979)	(1,705,452)	3,126,002	
Total consolidated income – current period	13,878,005	9,959,024	15,879,969	16,973,756	23,571,510	
EPS	1.02	1.16	1.37	1.59	1.75	

Note 1: Data from 2015 to 2019 have been audited and certified by the independent auditors.

Note 2: No financial information which has not yet been audited or reviewed by an independent external auditor before the date of publication of the annual report.

(V) Independent auditors over the past five years and their audit opinions

1. 2015: Puo-Ju Kuo, CPA, Ming-Hui Chang, CPA.
   The independent auditors issued an audit report containing unqualified opinions in the 2015 financial statements.
2. 2016: Puo-Ju Kuo, CPA, Ming-Hui Chang, CPA.

   The independent auditors issued an audit report containing unqualified opinions in the 2016 financial statements.
3. 2017: Puo-Ju Kuo, CPA, Ming-Hui Chang, CPA.

   The independent auditors issued an audit report containing unqualified opinions in the 2017 financial statements.
4. 2018: Puo-Ju Kuo, CPA, Hsien-I Chen, CPA.

   The independent auditors issued an audit report containing unqualified opinions in the 2018 financial statements.
5. 2019: Chien-Hung Chou, CPA, Hsien-I Chen CPA.

   The independent auditors issued an audit report containing unqualified opinions in the 2019 financial statements.

II. Financial analysis for the most recent five years

(I) Financial analysis

Analysis Item (Note 2) \ Year (Note 1)			Financial analysis					Financial information of current year ending 01/31/2020 (Note 3)
			2015	2016	2017	2018	2019	
Operational ability	Total asset turnover (times)		0.04	0.04	0.04	0.04	0.04	Not applicable
	Deposit to loan ratio of subsidiary bank (%)	Yuanta Bank	72.77	69.34	66.44	69.55	66.51	
		Ta Chong Bank	-	75.22	69.44	-	-	
	NPL ratio of subsidiary bank (%)	Yuanta Bank	0.20	0.21	0.23	0.23	0.16	
		Ta Chong Bank	-	0.22	0.27	-	-	
	Average revenues per employee (NT$1,000)		6,032	5,695	6,408	7,169	7,601	
	Average earnings per employee (NT$1,000)		1,037	964	1,196	1,451	1,564	
Profitability	Return on assets (%)		0.84	0.77	0.79	0.90	0.94	
	Return on shareholders' equity (%)		6.28	6.86	7.83	8.83	9.09	
	Profit margin (%)		17.19	16.94	18.66	20.24	20.58	
	Earnings per share (NT$)		1.02	1.16	1.37	1.59	1.75	
Financial structure	Ratio of liabilities to assets (%)		87.28	89.83	89.97	89.64	89.64	
	Ratio of liabilities to net value (%)		685.93	883.76	896.79	865.67	864.93	
	Double leverage ratio of financial holding companies (%)		105.75	115.45	113.32	111.73	108.32	
Leverage	Operating leverage		5.32	5.03	4.67	4.19	4.21	
	Financial leverage of financial holding companies		1.01	1.03	1.03	1.01	1.01	
Growth rate	Asset growth rate (%)		20.08	39.40	5.15	0.59	5.56	
	Profit growth rate (%)		(26.67)	27.89	19.57	18.54	5.54	
Cash flow	Cash flow ratio (%)		(Note 4)	3.05	(Note 4)	1.60	7.87	
	Cash flow adequacy (%)		(Note 4)	(Note 4)	(Note 4)	(Note 4)	(Note 4)	
	Cash flow coverage ratio (%)		(Note 4)	(1120.09)	(Note 4)	113.82	3093.60	
Operating scale	Asset market share (%)		3.41	4.50	4.33	4.11	4.01	
	Net-worth market share (%)		6.30	6.54	6.14	6.42	5.63	
	Deposit market share of bank subsidiary (%)	Yuanta Bank	1.76	1.82	1.87	2.50	2.64	
		Ta Chong Bank	-	1.05	0.94	-	-	
	Loan market share of bank subsidiary (%)	Yuanta Bank	1.72	1.72	1.61	2.32	2.32	
		Ta Chong Bank	-	1.08	0.91	-	-	
Capital adequacy	Capital adequacy of subsidiaries calculated according to capital adequacy regulations for the industry in question (%)	Yuanta Securities	416.87	360.47	300.54	344.09	330.39	
		Yuanta Bank	12.80	13.06	14.45	15.39	15.57	
		Ta Chong Bank	-	14.28	16.23	-	-	
		Yuanta Securities Finance	1163.85	871.65	980.87	874.32	-	
		Yuanta Life	410.38	292.99	313.27	366.96	300.45	
	Authorized capital of each subsidiary (NT$1,000)	Yuanta Securities	53,871,772	43,894,621	42,147,413	44,738,399	52,673,959	
		Yuanta Bank	76,966,190	79,546,520	81,546,814	131,000,585	133,957,094	
		Ta Chong Bank	-	48,275,862	45,291,675	-	-	
		Yuanta Securities Finance	11,999,616	9,831,981	10,136,339	9,669,905	-	
		Yuanta Life	7,041,803	6,269,936	9,253,636	11,534,747	11,628,575	

Analysis Item (Note 2) \ Year (Note 1)			Financial analysis					Financial information of current year ending 01/31/2020 (Note 3)
			2015	2016	2017	2018	2019	
Capital adequacy	Authorized net capital of group (NT$1,000)		140,005,776	151,440,281	155,244,193	168,043,480	178,231,116	Not applicable
	Statutory capital requirements of each subsidiary	Yuanta Securities	19,384,590	18,265,644	21,035,810	19,502,984	23,914,482	
		Yuanta Bank	48,111,621	52,541,093	52,183,505	84,066,025	90,332,625	
		Ta Chong Bank	-	29,148,619	25,811,954	-	-	
		Yuanta Securities Finance	1,546,545	1,691,969	1,550,103	1,658,990	-	
		Yuanta Life	3,431,858	4,280,014	5,907,844	6,286,674	7,740,748	
	Group's regulatory capital requirement (NT$1,000)		98,685,303	117,685,232	116,559,976	121,153,812	133,907,284	
	Group's capital adequacy ratio (%)		141.87	128.68	133.19	138.70	133.10	
Total amount (NT$1,000) of loans, endorsements, or other transactions with the same individual, same related party, or same affiliate of all subsidiaries pursuant to Article 46 of the Financial Holding Company Act.			435,216,000	670,003,000	797,373,000	865,705,000	1,018,067,000	

Please explain the reasons for changes in each financial ratio during the most recent two years. (Analysis is not required if the magnitude of increase or decrease is less than 20%).

1. The difference between the two periods of NPL ratio was primarily a result of the decrease in the NPL of the subsidiaries.
2. The difference between the two periods of asset growth rate was primarily a result of the increase in financial assets.
3. The difference between the two periods of profit growth rate was primarily a result of the decrease in amount of profit growth.
4. The difference between the two periods of cash flow ratio and cash flow coverage ratio was primarily a result of the increase in net cash flow from operating activities.

Note 1: Data from 2015 to 2019 have been audited and certified by the independent auditors.

Note 2: The following calculation formulas must be listed at the end of the foregoing table:

1. Operational ability
   (1) Total asset turnover = net profit/total assets
   (2) Deposit to loan ratio of subsidiary bank = total loans made by subsidiary bank/total deposits.
   (3) NPL ratio of subsidiary bank = total value of NPLs at subsidiary bank/total value of loans.
   (4) Average revenues per employee = net profit/total number of employees.
   (5) Average earnings per employee = net earnings after tax/total number of employees.
2. Profitability
   (1) Return on assets = [after-tax income (loss) + interest expense × (1- tax rate)]/average total assets.
   (2) Return on shareholders' equity = after-tax income (loss)/average shareholders' equity.
   (3) Net profit margin = after-tax income (loss)/net profit.
   (4) EPS = (after-tax income (loss) - preferred stock dividends)/weighted average number of outstanding shares.
3. Financial structure
   (1) Ratio of liabilities to assets = total liabilities/total assets.
   (2) Ratio of liabilities to net value = total liabilities/shareholders' equity.
   (3) Double leverage ratio of financial holding company = equity investment made in accordance with Article 36, Paragraph 2 and Article 37 of this Act/net value.
4. Leverage
   (1) Operating leverage = (net profit - variable cost losses) / pre-tax income (loss).
   (2) Financial leverage of financial holding company = pre-tax income (loss) + interest expense/pre-tax income (loss).
5. Growth rate
   (1) Asset growth rate = (total assets during the current year - total assets during the previous year)/total assets during the previous year.
   (2) Profit growth rate = (pre-tax income (loss) during the current year - pre-tax income (loss) during the previous year)/pre-tax income (loss) during the previous year.
6. Cash flow
   (1) Cash flow ratio = net cash flow from operating activities/(bank and interbank lending and overdrafts + payable commercial paper + financial liabilities stated as gain (loss) due to change in fair value + RP bill and bond liabilities + accounts payable with a maturity date within one year).
   (2) Cash flow adequacy ratio = net cash flow from operating activities during the most recent five years/(capital spending + cash dividends during the most recent five years).
   (3) Cash flow coverage ratio = net cash flow from operating activities/net cash flow from investment activities.

7. Operating scale
   (1) Asset market share = total assets/total assets of all financial holding companies.
   (2) Net-worth market share = net value/total net worth of all financial holding companies.
   (3) Market share of Bank subsidiary savings deposits = savings deposits total/the total amount of deposits for all financial institutions allowed to engage in savings deposits business.
   (4) Market share of Bank subsidiary loans = loan total/the total amount of loans for all financial institutions allowed to engage in the lending business.
8. Capital adequacy
   (1) Net authorized capital of the group = authorized capital of the financial holding company + (financial holding company shareholding ratio × authorized capital of each subsidiary) - items to be subtracted in accordance with regulations.
   (2) Total group statutory capital requirements = capital requirements specified in the Financial Holding Company Act + financial holding company shareholding ratio × each subsidiary's statutory capital requirement.
   (3) Group capital adequacy = net value of the group's authorized capital/the group's statutory capital requirement.

Note 3: No financial information which has not yet been audited or reviewed by an independent external auditor before the date of publication of the annual report.

Note 4: This ratio was not calculated because the net cash flow from operating activities was negative.

III. Audit Committee's Report on the Latest Financial Statements

Yuanta Financial Holding Co., Ltd.

Audit Report from the Audit Committee

Yuanta Financial Holdings' Financial Statements 2019, together with the business report and profit distribution statement, were submitted to the Committee for audit. The Statements were audited by independent auditors, Chien-Hung Chou and Hsien-I Chen, CPAs of PricewaterhouseCooper Certified Public Accountants, who issued the Unqualified Opinions.

The Audit Committee, after completing the audit of said reports and statements, believes that they are free of material misstatement, and thus has produced this report according to Article 219 of the *Company Act* after obtaining the consent of all Audit Committee members.

Submitted to:

2020 General Shareholders' Meeting of Yuanta Financial Holding Co., Ltd.

Audit Committee of Yuanta Financial Holding Co., Ltd.

Convener: Ming Ling Hsueh

Dated: March 23, 2020

IV. The Latest Consolidated Financial Statements of the Company and Its Subsidiaries Audited and Certified by CPAs: See Appendix.

V. Any Financing Problems Encountered by the Company or Its Affiliates Which Might Affect the Company's Financial Status: None.

Six. Discussion and Analysis of Financial Status and Financial Performance, and Risk Management

I. Comparative Analysis of Financial Conditions

(I) Consolidated Balance Sheet of the Company and Its Subsidiaries

Unit: NT$1,000

Item \ Year	December 31, 2019	December 31, 2018	Increase/Decrease	
	Amount	Amount	Amount	(%)
Cash and cash equivalents	69,259,573	65,535,411	3,724,162	6
Due from the Central Bank and placement to other banks	46,034,685	48,216,712	(2,182,027)	(5)
Financial assets	1,185,351,744	1,104,005,775	81,345,969	7
Investment in RS bills and bonds	47,603,371	33,465,734	14,137,637	42
Receivable - net	174,240,497	143,272,794	30,967,703	22
Discount and loan - net	773,480,918	770,905,662	2,575,256	0
Investments under equity method - net	2,403,248	2,048,491	354,757	17
Investment real estate - net	4,915,972	4,916,691	(719)	(0)
Real property and equipment - net	22,242,669	21,871,922	370,747	2
Right-of-use assets - net	13,343,880	-	13,343,880	-
Intangible assets - net	33,197,460	33,669,889	(472,429)	(1)
Other assets - net	42,245,089	59,224,844	(16,979,755)	(29)
Total assets	2,414,319,106	2,287,133,925	127,185,181	6
Deposits by the Central Bank and other banks	13,107,028	22,047,274	(8,940,246)	(41)
Financial liabilities	199,409,648	191,259,718	8,149,930	4
RP bill and bond liabilities	198,665,918	218,570,425	(19,904,507)	(9)
Payable commercial paper - net	38,621,728	36,269,123	2,352,605	6
Accounts payable	161,327,046	147,690,035	13,637,011	9
Deposit and remittance	1,095,506,271	1,020,615,296	74,890,975	7
Bonds payable	68,849,634	66,756,009	2,093,625	3
Other loans payable	60,847,992	64,019,801	(3,171,809)	(5)
Reserve for liabilities	273,860,901	232,223,123	41,637,778	18
Lease liability	5,527,660	-	5,527,660	-
Other liabilities	48,388,900	50,839,361	(2,450,461)	(5)
Total liabilities	2,164,112,726	2,050,290,165	113,822,561	6
Capital stock	116,706,115	116,862,325	(156,210)	(0)
Additional paid-in capital	37,402,480	37,200,416	202,064	1
Retained earnings	69,703,509	60,114,343	9,589,166	16
Other equities	8,389,029	5,006,084	3,382,945	68
Treasury stock	-	(197,606)	197,606	(100)
Uncontrolled equity	18,005,247	17,858,198	147,049	1
Total equity	250,206,380	236,843,760	13,362,620	6

Note: 1.Analysis on changes in investment in RS bills and bonds

The increase from 2018 was primarily a result of the increase in own fund and thereby caused the increase in the investment in RS bills and bonds.

2.Analysis of change in receivables - net

The increase from 2018 was primarily a result of the increase in payables for securities borrowing/lending and

settlement money receivable.

3.Analysis on changes in other assets - net

The increase from 2018 was primarily a result of the decrease in refundable deposits and margin for securities lending.

4.Analysis of changes in deposits by the Central Bank and other banks

The decreased from 2018 was primarily a result of the decreased in inter-bank lending.

5.Analysis on changes in other equity

The increase from 2018 was primarily a result of the increase in unrealized gain or loss on financial assets at fair value through other comprehensive income.

6.Analysis of changes in treasury stock

The decrease from 2018 was primarily a result of the repurchase of the stock of dissenting shareholders totaling 15,621 thousand shares in 2018. The Company completed the annulment of treasury stock totaling 15,621 thousand shares upon capital reduction in October 2019.

(II) Balance Sheet of Individual Entity

Unit: NT$1,000

Item \ Year	December 31, 2019	December 31, 2018	Increase/Decrease	
	Amount	Amount	Amount	(%)
Cash and cash equivalents	7,499,264	6,536,303	962,961	15
Financial assets at fair value through other comprehensive income	24,490	22,178	2,312	10
Investment in RS bills and bonds	4,640,737	393,782	4,246,955	1,079
Receivable - net	3,230,724	1,931,398	1,299,326	67
Income tax assets - current period	319,823	808,780	(488,957)	(60)
Investments under equity method - net	251,488,755	244,642,213	6,846,542	3
Real property and equipment - net	24,623	21,586	3,037	14
Right-of-use assets - net	103,917	-	103,917	-
Intangible assets - net	4,898	7,249	(2,351)	(32)
Deferred income tax assets - net	41,833	34,125	7,708	23
Other assets - net	6,420	6,464	(44)	(1)
Total Assets	267,385,484	254,404,078	12,981,406	5
Accounts payable	6,225,431	5,468,073	757,358	14
Income tax liabilities - current period	3,916,397	3,150,049	766,348	24
Bonds payable - net	24,900,000	26,750,000	(1,850,000)	(7)
Reserve for liabilities	36,116	39,608	(3,492)	(9)
Lease liability	104,393	-	104,393	-
Other liabilities	2,014	10,786	(8,772)	(81)
Total Liabilities	35,184,351	35,418,516	(234,165)	(1)
Capital stock	116,706,115	116,862,325	(156,210)	(0)
Additional paid-in capital	37,402,480	37,200,416	202,064	1
Retained earnings	69,703,509	60,114,343	9,589,166	16
Other equities	8,389,029	5,006,084	3,382,945	68
Treasury stock	-	(197,606)	197,606	(100)
Total equity	232,201,133	218,985,562	13,215,571	6

Note: Explanation of significant changes:

1. Analysis on changes in investment in RS bills and bonds
   The increase from 2018 was primarily a result of the resolution made by the Board of Directors on March 25, 2019 to sell the whole equity of Yuanta Securities Finance to Yuanta Securities at the price of NT$8.818 billion, thereby resulting in the increase in own fund and the increase in the investment in RS bills and bonds.
2. Analysis of change in accounts receivable
   The increase from 2018 was primarily a result of the Group's use of linked filing of business income tax returns, which resulted in the increase in receivables from affiliates.
3. Analysis of change in income tax assets
   The decrease from 2018 was primarily a result of recognition of the realized investment loss on the capital reduction by Yuanta Life to cover losses in 2018, thereby resulting in the increase in the income tax assets, while the same doesn't happen in the current period.
4. Analysis on changes in other liabilities
   The decrease from 2018 was primarily a result of the severance pay/pension to the employees who chose to apply the old system.
5. Analysis on other equity
   The increase from 2018 was primarily a result of the increase in unrealized gain or loss on financial assets at fair value through other comprehensive income.
6. Analysis of changes in treasury stock
   The decrease from 2018 was primarily a result of the repurchase of the stock of dissenting shareholders totaling 5,621 thousand shares in 2018. The Company completed the annulment of treasury stock totaling 15,621 thousand shares upon capital reduction in October 2019.

II. Analysis of Financial Performance

(I) Consolidated income statement of Yuanta Financial Holdings and its subsidiaries

Unit: NT$1,000

Item \ Year	2019	2018	Increase/Decrease	
	Amount	Amount	Amount	(%)
Net interest income	26,132,919	25,936,162	196,757	1
Net non-interest income	81,475,158	75,343,411	6,131,747	8
Net profit	107,608,077	101,279,573	6,328,504	6
Bad debt expenses and guarantee liability provisions	1,352,694	856,563	496,131	58
Net changes of reserve for insurance liabilities	42,443,850	36,611,780	5,832,070	16
Operating expenses	38,270,636	39,611,658	(1,341,022)	(3)
Continuing departments net consolidated income before tax	25,540,897	24,199,572	1,341,325	6
Income tax expense	3,399,314	3,701,334	(302,020)	(8)
Net profit - current period	22,141,583	20,498,238	1,643,345	8
Other consolidated income (net after tax) - current period	2,335,038	(1,970,215)	4,305,253	(219)
Total consolidated income – current period	24,476,621	18,528,023	5,948,598	32

Note: Explanation of significant changes:

1.Analysis on changes in bad debt expenses and guarantee liability provisions

The increase from the previous period was primarily a result of the increase in discount and bad debt for loans.

2.Analysis of change in other consolidated income (net after tax) - current period

The increase from the previous period was primarily a result of the increase in unrealized gain or loss on financial assets at fair value through other comprehensive income.

(II) Entity income statement of Yuanta Financial Holdings

Unit: NT$1,000

Item \ Year	2019	2018	Increase/Decrease	
	Amount	Amount	Amount	(%)
Revenue				
Share of the income from affiliates and joint ventures of subsidiaries recognized under equity method	21,974,067	19,979,027	1,995,040	10
Realized gains at fair value through other comprehensive income	1,076	974	102	10
Other revenue	88,067	150,747	(62,680)	(42)
Subtotal	22,063,210	20,130,748	1,932,462	10
Expenses and losses				
Operating expenses	836,662	751,302	85,360	11
Other expenses and losses	249,781	227,426	22,355	10
Subtotal	1,086,443	978,728	107,715	11
Pretax income	20,976,767	19,152,020	1,824,747	10
Income tax expense	531,259	472,812	58,447	12
Net profit - current period	20,445,508	18,679,208	1,766,300	9

Note: Explanation of significant changes: Analysis on other revenue: The decrease from the previous period was primarily as a result of the exchange loss this year.

III. Analysis of Cash Flow

(I) Analysis of liquidity in the previous two years

1. Yuanta Financial Holdings and its subsidiaries

Item \ Year	2019	2018	Increase/decrease %
Cash flow ratio (%)	7.87	1.60	391.88
Cash flow adequacy (%)	(235.89)	(431.50)	45.33
Cash reinvestment ratio (%)	6.85	0.73	838.36
Explanation of ratio changes: 1. The difference between the two periods of cash flow ratio and cash reinvestment ratio was primarily a result of the increase in net cash flow from operating activities. 2. The difference between the two periods of cash flow adequacy ratio was primarily a result of the increase in (net cash flow from operating activities in the latest 5 years).			

2. Yuanta Financial Holdings

Item \ Year	2019	2018	Increase/decrease %
Cash flow ratio (%)	108.30	115.35	(6.11)
Cash flow adequacy (%)	177.34	215.72	(17.79)
Cash reinvestment ratio (%)	0.19	2.29	(91.70)
Explanation of ratio changes: The variance in cash reinvestment ratios of the two periods was a result of the decreased (net cash flow from operating activities-cash dividend).			

(II) Analysis of liquidity in the coming year

1. Analysis of liquidity of Yuanta Financial Holdings and its subsidiaries

Unit: NT$1,000

Initial cash balance	Net cash flow from operating activities for the year	Cash flow for the year	Cash balance	Corrective measures against insufficient cash position	
				Investment plans	Financing plans
137,238,294	26,200,196	(20,288,596)	143,149,894	-	-

(1) Analysis of cash flow in the coming year:

A. Operating activities: 26,200,196

B. Investment activities: (13,886,699)

C. Financing activities: (6,401,897)

(2) Analysis of liquidity and corrective measures against projected insufficient cash position: Not applicable.

2. Analysis of liquidity of Yuanta Financial Holdings

Unit: NT$1,000

Initial cash balance	Net cash flow from operating activities for the year	Cash flow for the year	Cash balance	Corrective measures against insufficient cash position	
				Investment plans	Financing plans
6,915,162	12,925,558	(18,017,832)	1,822,888	-	-

(1) Analysis of cash flow in the coming year:

A. Operating activities: 12,925,558

B. Investment activities: (10,208,683)

C. Financing activities: (7,809,149)

3. Analysis of liquidity and corrective measures against projected insufficient cash position: Not applicable.

IV. Major capital expenditures in the most recent year: Yuanta Financial Holdings did not have any major capital expenditures in the most recent year.

V. Investment strategies, causes for investment gains and losses, and planned improvements for the most recent year and the investment plan for the coming year

(I) Investment strategies, causes for investment gains and losses, and planned improvements

Yuanta Financial Holdings will uphold the stable development policy to plan the Group's reinvestment policy. It will plan the Group's optimal investment strategies and portfolio by taking into consideration the growth potential and complementation of various business lines, as well as such financial factors as financial solidness, funding cost and rate of return on investment, insofar as it complies with related laws and regulations, in hopes of upgrading the Company's long-term profit and stability, increasing its ROE, and maximize shareholders' equity.

For the overview of operations and business plan for various subsidiaries of Yuanta Financial Holdings, please see "Four. Overview of Operations/1. Operations/(2) Business services of subsidiaries".

(II) Investment plan for the coming year

Upon completion of the acquisition and merger of Polaris Securities and Ta Chong Bank, Yuanta Securities and Yuanta Bank have attained considerable domestic business sales. In the future, the Group's investment plan will value construction and expansion of its overseas business in order to continue to move forward toward the objective for the

"Best Financial Services Provider in the Asia Pacific Region". Yuanta Life will keep expanding its scale voluntarily, in principle. Notwithstanding, if some adequate object to be acquired and merged is verified, it will also consider expanding through merger and acquisition upon evaluation. The Group will keep concerning the development of FinTech and might control new technologies and business opportunities through investment or business cooperation.

VI. Risk management

(I) Risk management structure and policy of Yuanta Financial Holdings and each of its subsidiaries

1. Risk Management structure

Yuanta Financial Holdings' entire risk management structure covers the Board of Directors, the audit committee, risk management committee, management, Chief Risk Officer, risk management department, compliance affairs department, legal affairs department and other business departments.

The Board of Directors shall be the ultimate policy-making unit for the Company's risk management, whose functions include authorization of the Company's risk management policy and important risk management system, authorization of the annual risk limit and supervision of execution of the risk management system.

Audit Committee shall help Board of Directors perform the Board's responsibilities for risk management, whose functions include review of the Company's risk management policy and important risk management system, review of annual risk limit and assistance in execution of the risk management system.

Risk Management Committee shall help the Audit Committee and Board of Directors, whose functions include review of the annual risk limit, review of risk management report, integration and coordination of common risk management issues between subsidiaries, and promotion and communication of important risk management motions, perform their responsibilities of risk management.

The management shall review all risks pertaining to operating activities and make sure that the Company's risk management system can be completely and effectively executed.

The Risk Management Department is subordinated to the Board of Directors. The Department's responsibilities include research and drafting of the risk management system, establishment of effective approaches to measure risk and the risk management system, monitoring and analysis of risk, and the provision of

timely alerts and reports.

The Compliance Affairs Department shall execute compliance risk control to ensure that various units should execute the risk management system in accordance with the relevant regulations, and to help assess the compliance risk of various business lines.

The Legal Affairs Department shall execute legal risk control and help assess the legal risks potentially pertaining to various business lines, legal instruments, and contracts.

The Business Department’s risk management functions include thorough reviewing of the management regulations governing various risks prior to carrying out various business lines, and compliance with the regulations governing various risks.

Each subsidiary has set up its own risk management organization by adequate level and scale, subject to its business portfolio, business scale and capital scale. The Company will continue to review each subsidiary’s risk management organization to ensure that it may manage the various risks to be borne by it effectively.

2. Risk management policy

In order to establish the Company’s risk management standards and ensure completeness, validity and reasonableness of the risk management, the risk management policy is defined as the Company’s ultimate guidelines governing risk management. Various risk management systems shall be defined based on the policy, attributes of various risks, and effect to be produced by the risks to the Company’s operating stability and capital safety.

The Company’s risk management systems shall cover market risk, credit risk, market liquidity risk, capital liquidity risk, interest risk, insurance risk, operational risk, compliance risk and legal risk, and any other risks related to operation. The subsidiaries shall establish the risk management system which meets their business portfolio, business scale and capital scale according to the Company's risk management policy and the local competent authority's regulations, in order to manage the various risks to be borne by them effectively.

Each subsidiary has set up its own adequate risk management policy, subject to its business portfolio, business scale and capital scale. The Company will continue to review each subsidiary’s risk management policy to ensure that it may manage the various risks to be borne by it effectively.

(II) Methods of risk evaluation and control used by the Company and each of its subsidiaries, and risk exposure information

1. General periodic disclosures

(1) The Company's and subsidiaries' risk management principles are stated as follows:

Based on the board-approved risk management policies, the Company and each of its subsidiaries defined various risk management mechanisms. The Company's and subsidiaries' risk management principles are stated as follows:

A. Market risk:

Market risk refers to the risk over the loss on the Company losing its position due to the market price, fluctuation rate or related changes. The market price includes index, stock price, interest rate, foreign exchange rate, commodity or credit spread. The Company's and subsidiaries' market risk management principles include set-up of effective early warning indicators, risk limits and value at risk (VaR) based on the Company's risk tolerance level to accurately estimate potential losses and effectively control market risk. Under our value at risk (VaR) measurement model, the possible maximum potential loss over the exposure on the next trading day should be estimated at a 99% confidence level.

B. Credit risk:

Credit risk refers to the risk over loss resulting from the following circumstances:

(A) Where the bond (bill) issuer, lender, counterparty or custodian breaches contract, goes bankruptcy or is liquidated and fails to perform its obligation pursuant to the terms and conditions as agreed and thereby causes risk.

(B) Where the bond (bill) issuer, lender, counterparty or custodian breaches contract, goes bankruptcy or is liquidated and fails to fulfill its liability of warranty pursuant to the terms and conditions as agreed and thereby causes risk.

(C) Where the strength of the financial instrument-linked is weakened, credit rating is degraded, or there is any circumstance constituting breach of the financial instrument contract.

The Company and each of its subsidiaries shall define the credit risk management systems subject to attributes of risk:

(A) Loan credit: To manage the applications for loan by grade according to the credit rating or rating model, and enhance the quantitative mechanism of credit risk so as to upgrade the quality of loan assets.

Apply an early warning mechanism integrated with the mid-term management platform to conduct the post-loan control over borrowers and take responsive measures to reduce the potential loss caused by credit risk.

(B) Financial trading credit risk: In order to effectively integrate the Company's and its subsidiaries' financial trading credit risk distribution and stay on top of changes in the Company's and its subsidiaries' financial trading credit risk exposure, the Company has established an internal credit rating system to implement a credit risk level system to evaluate and control financial trading credit risk exposure effectively. Meanwhile, a credit early warning mechanism has been established to implement reporting procedures so as to effectively improve the timeliness of our response to credit events.

C. Concentration risk:

Large risk arises when some business is concentrated on specific risk factors and the unexpected changes resulting from the specific risk factors, if any, might cause significant loss to the Company. The Company and each of its subsidiaries have set up the large risk exposure control systems to cover the risk over loan, investment and trading, and would also control the concentration of the overall risk exposure by the same person (enterprise), enterprise group, industry and country.

D. Market Liquidity risk:

Market liquidity risk arises when assets are sold or position is closed out because of consecutive shortages of trading volume in the market or disorder in the market resulting in a significant reduction of the trading volume, if any. To decrease the Company's and subsidiaries' market liquidity risk, the Company and subsidiaries have set up separate standards on limits of liquidity position and potential loss for different operations and different characteristics of financial products to ensure sufficient market liquidity for all positions.

E. Asset liability matching risk:

Asset and liability matching risk includes funding liquidity risk and interest rate risk. The funding liquidity risk means the risk arising from the inability to acquire sufficient fund by virtue of sale of assets or applying for loan with another banks and failure to repay the matured debt. The interest rate risk means the risk arising from the adverse changes of net interest income between assets and liabilities with interest caused by the fluctuation of market interest rate.

The Company and its subsidiaries have set appropriate funding liquidity risk control indicators depending on the nature of each

operational sector, and evaluate in advance the potential capital gaps for various deadlines to effectively control overall liquidity risk. To enhance the ability to manage funding liquidity risk, the Company and each of its subsidiaries have also drawn up a capital allocation plan to cope with systemic risk events or react to abnormal capital flows.

The Company's and subsidiaries' interest rate risk management includes identification and measurement of interest rate re-pricing risk, yield curve risk, basis risk and option properties risk, and evaluate the warning value set up based on quantitative control indicator, so as to control the adverse effects caused by fluctuations in interest rate to the net interest income on the Company's entire assets and liabilities with interest effectively.

F. Insurance risk:

It means the risk over claims and expenses made or provided pursuant to the contract suffering loss caused by unexpected changes after collecting the insurance premium to assume the specific risk transferred by the insured. The insurance risk management shall cover the risk over product design and pricing, underwriting, reinsurance, catastrophe, claims and reserve fund.

In order to manage the insurance risk effectively, Yuanta Life has established the standard operating procedures and management mechanisms with respect to various insurance risks to strengthen the risk control function through a monitoring mechanism.

G. Operational risk:

Operational risk refers to the risk of direct or indirect losses arising from negligence or errors in internal operations, staff or systems, or from external events. The Company and its subsidiaries' policy is to implement standard operating procedures and control points that have been set as standards in the internal control and audit systems, and to ensure the functioning and effectiveness of control points and check points through regular self-assessments of internal controls. We are also gradually building up an operational risk management mechanism that involves operational risk incident reporting, standard operating procedure review, operational risk measurement, risk control and self-assessment to strengthen operational risk management.

H. Compliance risk:

Compliance risk means the risk potentially punished by the competent authority for failure to comply with the related laws and regulations when carrying out various businesses. The Company and

subsidiaries all have the Compliance Affairs Department responsible for planning, management and execution of the compliance system; establishment of various conveyance, consultation, coordination and communication systems for laws & regulations; confirmation of timely update of various operations and management regulations subject to laws & regulations; issuance or conclusion of the opinion which meets laws & regulations and internal regulations; analysis of deficiencies of various units in compliance or the causes thereof and opinion about corrective actions; performance appraisal of various units in compliance, and assurance of effective operation of the compliance system.

I. Legal risk:

Legal risk arises when a contract has no binding effect, or the contract involves any act beyond the authority, omits some provisions, or is defective in definitions of the contract and thereby makes the contract invalid, and risk over potential loss arises. The Company has the Legal Affairs Department responsible for researching and drafting Company's contracts with others; audit and management; and advising and processing of legal issues and non-litigious and litigious matters.

(2) Information covered in risk report and frequency & procedure of risk report

A. The level, contents and frequency of the Company's and its subsidiaries' risk report shall be adjusted subject to attributes of the risk and the impact rendered by the risk against the Company's business, income and net worth.

B. The Risk Management Department shall report the following risk management affairs to the administration management, Audit Committee or other functional committees dedicated to risk management and Board of Directors periodically:

(A) Overview of market risk;

(B) Overview of market liquidity risk;

(C) Overview of credit risk;

(D) Overview of funding liquidity risk;

(E) Overview of interest rate risk;

(F) Overview of insurance risk;

(G) Overview of operational risk;

(H) Overview of large risk exposure;

(I) Overview of capital adequacy ratio;

(J) Other significant risks.

(3) The policy for hedging and mitigation of risk, strategy, and procedure for monitoring the persistent effectiveness of the risk hedging and mitigation tools

The Company and each of its subsidiaries define the risk limit, hedging tools and hedging operation mechanism based on their risk acceptance, so as to effectively limit the risk to the extent as approved, via the reasonable hedging mechanism.

To execute the hedging, the risk structure and level for the entire position shall be adjusted until the risk is acceptance, by employing adequate financial instruments, subject to the market condition, business strategies, product characteristics, and risk management regulations. The Company will also periodically continue to measure and control the validity of the hedging tools dedicated to hedging and mitigating risk.

2. Quantitative information on risk exposure

(1) Yuanta Financial Holding

A. Capital adequacy ratio

	2019/12/31	Average	Highest	Lowest
Capital adequacy ratio	133.10%	135.45%	139.08%	130.48%

B. Value at risk over trading position

Unit: NT$1,000

Risk category	2019			
	2019/12/31	Average	Highest	Lowest
Interest rate risk	83,878	95,568	67,835	128,163
Equity risk	222,829	243,305	200,832	320,318
Foreign exchange risk	360,768	296,476	226,513	410,487
Commodity risk	13,841	13,973	1,513	49,817
Less: Diversification benefit	-161,632	-212,266	-	-
Total VaR	519,684	437,056	363,454	565,607

Note: Under our value at risk (VaR) measurement model, the possible maximum potential loss over the exposure on the next trading day should be estimated at a 99% confidence level.

(2) Yuanta Securities

A. Capital adequacy ratio

	2019/12/31	Average	Highest	Lowest
Capital adequacy ratio	330%	326%	366%	288%

B. Ratio of equivalent risk amount

Data baseline date: 12/31/2019

Item	Ratio of equivalent risk amount
Market Risk	63.65%
Credit Risk	18.23%
Operational risk	18.12%
Total	100.00%

(3) Yuanta Bank

A. Capital adequacy ratio

	2019/12/31	Average	Highest	Lowest
Capital adequacy ratio	15.57%	15.63%	15.79%	15.38%

B. Exposure and accrued capital charge upon risk reduction under credit risk standardized approach

Data baseline date: 12/31/2018
Unit: NT$1,000

Type of Risk Exposure	Risk Exposure after Risk Mitigation	Accrued capital charge
Sovereigns	255,530,122	0
Non Central -Government Public Sector Entities	0	0
Banks (Multilateral Development Banks included)	71,613,013	1,973,305
Corporates(Securities firms and insurance companies included)	422,886,494	31,959,456
Retailed credit	212,264,210	14,213,590
Residential Property	206,939,371	9,001,448
Equity-securities investment	41,355	3,308
Other assets	37,228,785	2,429,719
Total	1,206,503,350	59,580,826

Note: The required capital refers to the exposure upon mitigation of risk multiplied by the statutory minimum capital adequacy ratio.

C. Market risk – accrual capital charge and risk weighted assets of market risk

Data baseline date: 12/31/2019
Unit: NT$1,000

Type of Risk	Accrued capital charge	Risk weighted assets (Note)
Interest rate risk	4,332,912	54,161,400
Equity risk	1,059,573	13,244,663
Foreign exchange risk	610,565	7,632,062
Commodity risk	0	0
Total	6,003,050	75,038,125

Note: The amount stated is the accrued capital charge multiplied by 12.5.

D. Liquidity risk – asset liability maturity analysis

Structure analysis of time to maturity(NT$)

Data baseline date: 12/31/2019
Unit: NT$1,000

	Balance until maturity					Total
	0 – 30 days	31 days – 90 days	91 days – 180 days	181 days – 1 year	Over 1 year	
Primary funds inflow upon maturity	309,263,610	111,373,738	68,851,661	98,122,374	589,756,849	1,177,368,232
Primary funds outflow upon maturity	119,400,654	175,283,414	180,788,224	261,628,984	649,592,542	1,386,693,818
Gap	189,862,956	-63,909,676	111,936,563	163,506,610	-59,835,693	-209,325,586

Note: This table only includes NT$ (not foreign currencies) held by the Head Office, domestic and overseas branches.

Structure analysis of time to maturity (US$)

Data baseline date: 12/31/2019
Units: US$1,000

	Balance until maturity					Total
	0 – 30 days	31 days – 90 days	91 days – 180 days	181 days – 1 year	Over 1 year	
Primary funds inflow upon maturity	1,366,111	553,595	260,225	118,589	2,716,235	5,014,755
Primary funds outflow upon maturity	1,883,170	1,610,167	1,039,183	1,093,044	1,182,484	6,808,048
Gap	-517,059	-1,056,572	-778,958	-974,455	1,533,751	-1,793,293

Note: The Form contains the total amount of the Head Office, domestic branches and OBU in the U.S. dollars.

(4) Yuanta Life

A. Capital adequacy ratio

	2019 first half of the year	2019
Capital adequacy ratio	327.44%	300.45%

(5) Yuanta Futures

A. Alternative net capital (ANC)

	2019/12/31	Average	Highest	Lowest
Alternative net capital (ANC)	47.9%	45.1%	51.1%	37.8%

(III) Impact on the Company's financial standing and business operations due to changes in domestic or foreign policies and laws, and corresponding countermeasures to such changes:

The relevant department staffs of the Company and its subsidiaries analyze all major changes to policies and laws at home and abroad before they occur and assess their impact on all business operations; relevant internal business strategies and operational procedures are also adjusted in a timely way to respond to such changes.

(IV) Impact on the Company's financial standing due to technological or industrial changes, and corresponding countermeasures:

Considering that the three major policies, namely Internet-only bank, open banking and financial cloud, will be implemented in 2020, the ability to control and innovate the Fintech, such as AI and big data analysis, becomes more and more important. In order to maintain the confidentiality, integrity and availability of information operation and to prevent the information security issues, such as disclosure of information and hackers' invasion from injuring the Company's finance and goodwill and customers' interest and right, the Company continues to strengthen the information security control mechanisms.

Given the increasingly extensive digitalization of financial institutions, in order to maintain the confidentiality, integrity and availability of information operations, the issue about information security is becoming increasingly important. In order to prevent such information security issues as disclosure of information and hackers' invasion from injuring the Company's finances, goodwill and customers' interest and right, the Company continues to strengthen the information security control mechanisms.

The Company and its key subsidiaries, Yuanta Securities, Yuanta Bank and Yuanta Life, have implemented ISO 27001 ISMS and also passed the certification by BSI. Thereafter, they would complete the continuing review once per year and the re-examination once per three years. Meanwhile, they also keep strengthening the information security management and control via the PDCA cycle to maintain the Company's important information assets. Further, in order to deal with the changes of technology, the Company keeps researching the introduction of new technologies and new products, in order to mitigate the effect produced by the information security risk to the Company as possible as it can.

(V) Impact of changes in the corporate identity of crisis management of the company and its subsidiaries, and corresponding countermeasures:

Yuanta Financial Holdings serves its corporate and individual customers under the banner of honesty and conducts all its business operations under the principles of "Security, Liquidity and Profitability". The company has long enjoyed the trust and support of its customers, and also looks forward to upholding these ideals in serving its customers in the future, while building a good corporate image based on sound and stable management. Should there be unfounded reports about the financial status or other related

operations of the Group that are likely to severely affect the Group's corporate identity, the company will issue a press release or post important information on the website of the Market Observation Post System to clarify the situation and let the truth be known.

(VI) Expected benefit(s), possible risk(s) and response action(s) of merger and acquisitions:

1. Yuanta Financial Holdings pursues mergers and acquisitions as part of its overall growth strategy and ultimately for achieving the following four (4) goals:
   (1) Leverage economies of scale;
   (2) Create competitive barriers;
   (3) Expand scope and territories of business;
   (4) Upgrade the operating performance.
2. Associated risks are detailed below:
   (1) Because asymmetric information, it might be difficult to control the real operating status of the merged and acquired prior to the merger & acquisition and to reflect the factors to the transaction price and thereby the company had to bear unexpected asset & liability risk;
   (2) Given that the profitability of the merged and acquired is less than the expectation or certain adverse changes arise, the value of merger & acquisition is overestimated;
   (3) The integration of enterprise culture and organizational framework results in loss of human resource and business and the declination or deferred production of merger & acquisition benefit.
   (4) The overseas merger & acquisition projects shall bear the risk over the local economic and political changes and variance in the governing laws.

Yuanta Financial Holdings has strictly followed the standard operating procedures for the decision-making process of mergers and acquisitions (Yuanta Financial Holdings' Notes to and SOP for Merger & Acquisition). During the valuation process, consultants and lawyers are retained to conduct due diligence and the knowledge and expertise of the Group is enlisted to ensure careful evaluation before the merger & acquisition. Upon merger and acquisition, the Group would reduce the potential risk and loss related to the merger & acquisition through well-founded integration plans and thorough execution to have the merger & acquisition benefit exerted fully. Therefore, the Group's control over the risk related to merger & acquisition shall be considered adequate.

(VII) Risk and response action from concentrated operations:

The Company's and each of its subsidiaries cover a wide range of activities including securities, banking, insurance, securities finance, futures, investment trust, venture capital, investment consulting, and asset management underlining our efforts to diversify business to reduce risks associated with over-concentration. Additionally, credit limits have been

established for all investment positions held by each subsidiary in accordance with relevant laws and regulations and risk management mechanisms so as to appropriately diversify risk and the potential risks arising from excessive concentration of business.

(VIII)Impact or risk associated with large transfers or changes in shareholdings by directors or major shareholders holding over 1%:

The Company and each of its subsidiaries are run by professional managers, and have established a full set of regulations on the empowerment of managers as well as the scope of powers at each level of the managerial hierarchy to expressly define the division of labor and responsibilities. Therefore, there will be no significant impact on the Company in the event of transfers or changes in shareholdings by a director or major shareholder holding a stake of more than 1%.

(IX) Effect and risk caused by the changes of the right to manage to the Company, and the countermeasures thereof:

The Company and each of its subsidiaries are run by professional managers, and have established a full set of regulations on the empowerment of managers as well as the scope of powers at each level of the managerial hierarchy to expressly define the division of labor and responsibilities. Therefore, there will be no significant impact on the Company in the event of the changes of the right to manage.

(X) Litigation and non-litigation matters:

1. Major litigation, non-litigious or administrative court cases, adjudicated or pending, involving the Company or its subsidiaries:

Unit: Dollar (NT$/KRW$/HK$/US$/THB$)

Facts	Target Amount	Commencing Date of Litigation	Important Parties involved in the litigation	Status as of the date of publication of the annual report	Remarks
Due to the dispute over transaction of stock, the customer of the extinguished company, Polaris Securities, filed a civil action against Yuanta Securities, claiming that Yuanta Securities should bear the damages jointly and severally with its employee.	NT$39,769,051	June 2013	Yuanta Securities, ○ Chih Lin and Plaintiff ○ Chiao Meng.	The claimed amount was NT$25,718,846 on June 25, 2013 at the first place, and then was increased to NT$40,310,002 on June 30, 2015 and decreased to NT$39,769,051 on August 12, 2015. The Taiwan Taipei District Court has rendered the judgment dismissing the Plaintiff's claim on October 21, 2016. The Plaintiff filed an appeal against the judgment. The Taiwan High Court rendered the judgment on May 8, 2019, holding that Yuanta Securities shall, jointly and severally, pay the damages totaling NT$25,787,434. Yuanta Securities has retained the attorney-at-law to file an appeal. The appeal is now pending trial by the Supreme Court.	Upon evaluation, no material effect would be produced to Yuanta Securities' operation or shareholders' equity.

Facts	Target Amount	Commencing Date of Litigation	Important Parties involved in the litigation	Status as of the date of publication of the annual report	Remarks
Seventy-Day Adventist Church Taiwan Conference and Taiwan Adventist Hospital claimed the damages against two (2) persons including Yuanta Securities, et al. regarding the dispute over the purchase and sale contract of land and parking lots.	NT$952,511,840	January 2018	Yuanta Securities and the other person on the one side, and Seventy-Day Adventist Church Taiwan Conference and Taiwan Adventist Hospital on the other side	The plaintiff initiated a mediation procedure against Yuanta Securities on January 9, 2018 and initially claimed $574,000,000 for compensation (of which $572,350,000 was claimed under a joint liability basis). On January 17, 2018, the claim was raised to $952,511,840 (of which $950,861,840 was claimed under a joint liability basis). The Taiwan Taipei District Court held that the mediation was not reached. The plaintiff then initiated a separate action for the same case on July 11, 2018 with the same claimed amount. The case is now pending trial by the Taiwan Taipei District Court. Yuanta Securities has retained its attorneys-at-law to defend the case pursuant to laws.	Upon evaluation, no material effect would be produced to Yuanta Securities' operation or shareholders' equity.
Anbang Group Holdings Co. Limited and Anbang Life Insurance Co., Ltd. filed a counterclaim against Yuanta Securities (Korea) and other four entities in an arbitration proceeding.	About 1,143,200 million won	June 2017	Yuanta Securities (Korea) and the other four entities as selling parties, and the petitioners who filed the counterclaim including Anbang Group Holdings Co. Limited and Anbang Life Insurance Co., Ltd.	Anbang Group Holdings Co., Limited and Anbang Life Insurance Co., Ltd. claimed 698,000 million wons initially. Thereafter they amended their claimed amount to 1,143,200 million wons in their latest filing. Yuanta Securities (Korea) denied the allegations by Anbang Group Holdings Co. Limited and Anbang Life Insurance Co., Ltd. The arbitration is processed in accordance with the arbitration rules.	Upon evaluation, no material effect would be produced to Yuanta Securities (Korea)'s operation or shareholders' equity.
Yuanta Securities (Hong Kong) raised a litigation proceeding against the account executive, claiming the guarantee liability owed by the account executive.	About HK$135 million	June 2017	Yuanta Securities (Hong Kong) and its former account executive	Yuanta Securities (Hong Kong) has incurred damages from a non-performing margin loan because the securities securing such loan was suspended for trading. These margin clients were served by an account executive who entered into a guarantee with Yuanta Securities (Hong Kong) (the "Guarantee") under which the account executive agreed to guarantee all losses of Yuanta Securities (Hong Kong) in relation to the accounts of margin clients. Yuanta Securities (Hong Kong) has raised a litigation proceeding requesting the account executive to perform the Guarantee. The account executive has denied its liability under the Guarantee. Currently, the case is pending in the court.	Upon evaluation, no material effect would be produced to Yuanta Securities (Hong Kong)'s operation or shareholders' equity.
The former employee of Yuanta Securities (Thailand) (formerly known as KKTrade Securities Co., Ltd.) was suspected of committing a fraud. The clients filed a civil lawsuit against Yuanta Securities (Thailand) and the former employee for joint liability to pay the compensation.	About THB$301 million	August 2017	Yuanta Securities (Thailand) and another person on the one side, and Plaintiff Mr. Amnaj ○○ and the other four (4) persons on the other side.	As part of the money was not remitted to the account of Yuanta Securities (Thailand), but rather directly to the account of the former employee from the plaintiffs, the liability for compensating the claimed amount is denied by Yuanta Securities (Thailand). Yuanta Securities (Thailand) has retained lawyers to proceed in subsequent proceedings for defense.	Upon evaluation, no material effect would be produced to Yuanta Securities (Thailand)'s operation or shareholders' equity.

Facts	Target Amount	Commencing Date of Litigation	Important Parties involved in the litigation	Status as of the date of publication of the annual report	Remarks
Yuanta Savings Bank (Korea), a subsidiary of Yuanta Bank, considered that the complaint filed by Trust Investment with the Korean Financial Services Commission in March 2016 claiming that Yuanta Savings Bank (Korea) overcharged it in a loan project and shall refund 4 billion won, shall be groundless. Accordingly, Yuanta Savings Bank (Korea) filed an action with the Seoul Southern District Court for a declaratory judgment of non-existence of the obligation to clarify the dispute.	Impacted amount：4,024,468,690 won (about NT$114,295,000)	September 2016	Defendant : Trust Investment	1. Yuanta Bank reached an agreement with the original shareholder of Yuanta Savings Bank (Korea) (formerly known as HanShin Savings Bank), AON BGN Limited Liability Company, upon acquisition of HanShin Savings Bank that the original shareholder should pledge 5 billion won in favor to Yuanta Bank to cover the damages to be caused by this lawsuit. As of the record date for the said merger and December 31, 2018, the Company has stated the indemnification assets and contingent liabilities totaling 4,024,469 thousand WON based on the claim amount, recorded as “other assets-net” and “liability reserve”. 2. The Seoul Southern District Court rendered the judgment in favor of the plaintiff, Yuanta Savings Bank (Korea), in the first instance on June 16, 2017. In the second instance, the Seoul High Court still rendered the judgment in favor of Yuanta Savings Bank (Korea) on May 25 2018. Trust Investment filed an appeal with the Supreme Court for the third instance. As a result, the Supreme Court of Korea rendered the judgment in favor of Yuanta Savings Bank (Korea) in third instance on March 12, 2020.	Upon evaluation, no material effect would be produced to Yuanta Bank’s operation or shareholders’ equity.
Due to the dispute arising from the foreign exchange financial derivatives transactions between SINO UNITED INTERNATIONAL CO., LTD. and PLOSA INTERNATIONAL CO., LTD. on the one side, and Ta Chong Bank, on the other side, the two (2) companies filed a civil action claiming damages against Ta Chong Bank.	Priority claim: US$3,123,399.47 plus interest Alternative claim: US$1,445,000 plus interest	June 2016	Plaintiff: SINO UNITED INTERNATIONAL CO., LTD. and PLOSA INTERNATIONAL CO., LTD. Defendant: Ta Chong Bank (Ta Chong Bank was merged with Yuanta Bank on January 1, 2018. Yuanta Bank subsequently assumed this litigation)	1. Due to losses arising from settling the foreign exchange financial derivatives transactions with Ta Chong Bank, the plaintiffs filed a legal action with the Taipei District Court, claiming that Ta Chong Bank should compensate said losses. 2. The Taiwan Taipei District Court rendered the judgment in favor of Yuanta Bank in the first instance on January 26, 2018. Then, The Taiwan High Court also rendered the judgment in favor of Yuanta Bank in the second instance on March 12, 2019. SINO and PLOSA filed an appeal with the Supreme Court for the third instance. Notwithstanding, the appeal filed by PLOSA was dismissed by the court as PLOSA failed to pay the court fees pursuant to laws, and the judgment became final. As of December 31, 2019, the appeal filed by SINO was still pending trial by the Supreme Court.	Upon evaluation, no material effect would be produced to Yuanta Bank’s operation or shareholders’ equity.

Facts	Target Amount	Commencing Date of Litigation	Important Parties involved in the litigation	Status as of the date of publication of the annual report	Remarks
Pentagon City claimed that Yuanta Savings Bank (Korea), a subsidiary of Yuanta Bank, violated the restriction on the threshold (10%) of shareholdings in unlisted companies under the Mutual Savings Bank Act (old) of the Republic of Korea and, therefore, filed the legal action claiming a refund of the unjustified enrichment with respect to the capital reduction amount in excess of the 10% threshold received by Yuanta Savings Bank (Korea) from Pentagon City (KRW$19,599,160 thousand).	KRW$19,599,160 thousand	September 2018	Plaintiff: Pentagon City Defendant: Yuanta Savings Bank (Korea)	1. Yuanta Savings Bank (Korea) (formerly known as HanShin Bank) granted the loan to Pentagon City from 2006 to 2008 and exercised the pledge at different times to acquire 33.3% of the shares in Pentagon City. Given that such case shall be deemed as an exceptional case, the threshold (10%) of shareholdings in unlisted companies held by a savings bank under the Mutual Savings Bank Act (old) of the Republic of Korea shall not apply. Besides, the relevant regulations under the Mutual Savings Bank Act (old) of the Republic of Korea serve merely as a restriction on certain actions, which will not render the relevant actions void. The related transactions shall still be held effective. Therefore, the claim raised by Pentagon City shall be groundless. 2. The Seoul Central District Court rendered the judgment in favor of Yuanta Savings Bank (Korea) in the first instance on June 20, 2019. Pentagon City filed an appeal with the Seoul High Court in the second instance. By December 31, 2019, the case is still pending trial by the Seoul High Court.	Upon evaluation, no material effect would be produced to Yuanta Bank's operation or shareholders' equity.
Due to the drastic market fluctuation on February 6, 2018, the risk indicator of the account of a customer of Yuanta Futures, ○ Hua Li, was less than 25%. Upon settlement, the account suffered the excessive loss amounting to NT$-42,435,140. Yuanta Futures reported the customer's breach of contract. Notwithstanding, the customer has not yet repaid the debt so far. Therefore, the civil action was initiated.	1st instance: NT$42,435,140	13 July 2018	Plaintiff: Yuanta Futures Defendants: Customer ○ Hua Li, and his agent, ○ Jun Kuo	1. A provisional attachment has been obtained and executed. 2. The defendants petitioned for transfer of jurisdiction. As a result, the Taiwan Taipei District Court ruled that the case should be transferred to the Taiwan Ciaotou District Court. The case is pending trial for the time being.	Upon evaluation, no material effect would be produced to the Company's operation or shareholders' equity.

2. The subsidiary, Yuanta Securities Investment Trust, handled the discretionary investment under the domestic investment contract for Bureau of Labor Funds, Ministry of Labor (formerly known as LABOR PENSION FUND SUPERVISORY COMMITTEE, reformed as of February 17, 2014, hereinafter referred to as the "Bureau"). Because the manager Chu who previously worked for the discretionary investment department of Polaris Securities Investment Trust and then resigned from Polaris Securities Investment Trust committed misconduct with respect to the trading of domestic stocks under the discretionary investment mandate by the Bureau from 2011 to 2012, the Bureau filed a civil complaint attached with criminal proceedings with the Taiwan Taipei District Court based on the indictment issued by the Special Investigation Division of the Supreme Prosecutor Office, on January 28, 2014, claiming Manager Chu and Yuanta Securities Investment Trust for a joint and several liability for compensations. In order to prevent its interests and rights

from being injured, Yuanta Securities Investment Trust has appointed its attorney-at-law to handle the case. The Taiwan Taipei District Court rendered the judgment against the case involving the manager Chu for the first instance of the criminal case, ruling that the case should be transferred to the civil court for trial. The Bureau reduced the joint and several liability claim to NT$108,410,956 on September 5, 2016. After the Taiwan High Court rendered its judgment for the second instance of the criminal case, the Bureau reduced its claim to NT$71,575 thousand on April 28, 2017. The attorney-at-law considered that Chu was held guilt for breaching the trust obligation owed to Yuanta Securities Investment Trust in the said 1st instance and 2nd instance criminal judgments and that the Bureau was not held as the principal entrusting Chou to handle the case. Besides, the breach of trust referred to in the Criminal Code and the insider's trading in violation of the Securities and Exchange Act regarding the prior transactions damaging the Bureau's right, as stated in the indictment, could not be proven. Therefore, the attorney-at-law determined that whether the Bureau may claim damages in the civil case, how to prove the cause-and-effect relation between the damages and offense and how to calculate the damages should remain questionable. The case can be evaluated more concretely only after the court renders its judgment.

(XI) Other significant risks and response actions: None.

VII. Crisis Management and Emergency Response

The company has established policy and procedural rules for crisis management within relevant risk management mechanisms. Based on the said policy and procedural rules, a crisis emergency response task force is set up with the president or a vice president appointed by the president as its convener. Departmental supervisors then form a crisis management task force depending on the extent and nature of the incident, which analyzes and evaluates proposed response measures. Keeping abreast of the latest developments, the task force proposes or submits revised response plans to meet actual needs. In line with the policy and procedural rules, each subsidiary has also established a set of disaster emergency response measures for effective management.

VIII. Other Significant Events: No

Seven. Special Items

I. Information on Affiliates

(I) Consolidated business reports of affiliated enterprises

1. Organizational chart of affiliates: See page 20
2. Basic information on affiliates

Units: $1,000 (including NT$, US$, HK$, CNY$, KRW$, PHP$, GBP$, IDR$, THB$, VND$)
Data baseline date: January 31, 2020

Company name	Date of establishment	Address	Paid-in capital	Scope of business/production
Yuanta Securities	1996.06.26	13-14F., No. 225, Sec. 3, Nanjing E. Rd., Taipei City	57,820,321	See Yuanta Securities business scope in “Four. Overview of Operations”.
Yuanta Bank	1992.01.14	1-10F., No. 66 and 1F., 2F., 2F.-1, 7F. and 9F., No. 68, Sec. 1, Dunhua S. Rd., Songshan Dist., Taipei City	73,940,390	See Yuanta Bank business scope in “Four. Overview of Operations”.
Yuanta Life	2002.03.29	17F., No.156, Sec. 3, Minsheng E. Rd., Songshan Dist., Taipei City	9,735,695	See Yuanta Life business scope in “Four. Overview of Operations”.
Yuanta Venture Capital	2002.12.13	10F., No.66, Sec. 1, Dunhua S. Rd., Taipei City	2,460,000	See Yuanta Venture Capital business scope in “Four. Overview of Operations”.
Yuanta Futures	1997.04.09	11-12F., No. 225, Sec. 3, Nanjing E. Rd., Taipei City	2,322,763	See Yuanta Futures business scope in “Four. Overview of Operations”.
Yuanta Securities Investment Trust	1992.08.14	6F., No. 225, and 10-11F., No. 219, Sec. 3, Nanking E. Rd., Taipei City	2,269,235	See Yuanta Securities Investment Trust business scope in “Four. Overview of Operations”.
Yuanta Asset Management	2003.04.16	10F.-1, No. 225, Sec. 3, Nanjing E. Rd., Taipei City	3,000,000	See Yuanta Asset Management business scope in “Four. Overview of Operations”.
Yuanta Securities Investment Consulting	1988.02.11	4F., No. 225, Sec. 3, Nanjing E. Rd., Taipei City	100,000	See Yuanta Securities Investment Consulting business scope in “Four. Overview of Operations”.
Yuanta Securities Asia Financial Services	1996.06.11	Clarendon House 2 Church Street Hamilton HM11, Bermuda	US$290,909	Investment holdings
Yuanta International Insurance Brokers	2001.07.05	2F.-1, No. 225, Sec. 3, Nanjing E. Rd., Taipei City	5,000	Insurance broker
Yuanta Securities Finance	1980.03.10	12F., No.66, Sec. 1, Dunhua S. Rd., Taipei City	4,000,000	See Yuanta Securities Finance business scope in “Four. Overview of Operations”.
Yuanta I Venture Capital	2002.12.19	10F., No.66, Sec. 1, Dunhua S. Rd., Taipei City	850,000	Venture capital services

Company name	Date of establishment	Address	Paid-in capital	Scope of business/production
Yuanta International Leasing	2012.11.15	7F., No.69, Baoqing Rd., Zhongzheng Dist., Taipei City	100,000	Leasing services
Yuanta Savings Bank (Philippines)	1997.11.05	Ground Floor, Chatham House Building, 116 Valero corner Rufino Streets, Salcedo Village, Makati City, Philippines	PHP$1,200,000	Deposit, loan and foreign exchange
Yuanta Savings Bank (Korea)	1988.06.20	542, Gangnam-daero, Gangnam-gu, Seoul, Korea	KRW$67,580,120	Deposit and loan
Yuanta Securities (HK)	1992.10.22	23F, Tower 1, Admiralty Centre, 18 Harcourt Road, Hong Kong	HK$2,268,133	Securities exchange, futures contract trading, advice on securities, advice on futures contract, advice on corporate finance, asset management
Yuanta Finance (Hong Kong)	2014.12.31	23F,Tower 1, Admiralty Centre, 18 Harcourt Road, Admiralty, HK	HK$50,000	Credit loan business
Yuanta International Investment (Hong Kong)	2015.01.12	23F,Tower 1, Admiralty Centre, 18 Harcourt Road, Admiralty, HK	HK$50,000	Offering of financial instruments
Yuanta Securities Holdings (BVI) (in liquidation)	2002.11.06	Tropic Isle Building P.O.Box 438, Road Town, Tortola, British Virgin Islands.	US$10	Investment holdings
Yuanta Hong Kong Holdings (Cayman)	1996.11.05	P.O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205 Cayman Islands	US$10,074	Investment holdings
Yuanta Asia Investment (Hong Kong)	1993.07.08	23F, Tower 1, Admiralty Centre, 18 Harcourt Road, Hong Kong	HK$293,892	Securities trading, and asset management
Yuanta Investment Management (Cayman)	1994.01.14	P.O.Box 31119 Grand Pavilion , Hibiscus Way, 802 West Bay Road, Grand Cayman KY1-1205, Cayman Islands	US$12,500	Investment management
GC Investment Consultant (Shanghai) (in liquidation)	2001.09.10	Suite A & B, 12F., No. 138, Putong Avenue, Putong New District, Shanghai City	CNY $ 4,138	Investment advisory services
Yuanta Investment Consulting (Beijing)	2013.06.17	Rm. 0706, No.113, Zhichun Str., Haidien District, Beijing 100080, P. R. China	CNY $18,428	Investment management consulting, financial consultation, business management consultation, commercial information consultation, economic and trading consultation, merchandising, technical promotion, technical service
Yuanta Asia Investment	2014.04.10	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, VIRGIN ISLANDS, BRITISH	US$35,000	Direct investment, venture investment fund, ventures investment fund raising and management, investment consulting and advice
Yuanta Securities Korea	1962.06.04	Yuanta Securities Bldg. #76, Euljiro, Jung-gu, Seoul, Korea	KRW1,062,543,940	Securities exchange, advice on securities, advice on futures contract, underwriting business, asset management, financial consulting, futures contract trading
Yuanta Investment	1989.04.22	12F, Yuanta Securities Bldg #76 Euljiro, Jung-gu, Seoul, Korea	KRW32,003,805	Investment business
Yuanta Financial (Hong Kong)	2009.04.29	Suite 22D, 24/F., Block D, Mai Luen Industrial Bldg., Kwai Chung, Hong Kong	HK$189,540	Investment holdings
Yuanta Securities (Cambodia)	2010.02.24	4th Floor, Emerald Building, No. 64 (corner St. 178), Preah Norodom Blvd, Sangkat Chey Chumneah, Khan Daun Penh, Phnom Penh, Cambodia	US$12,500	Guidance to underwriting, financial consulting
Yuanta Securities (UK) (in liquidation)	2015.04.27	18 St Swithin's Lane, London EC4N 8AD	GBP$2,000	Brokerage services for institutional investors

Company name	Date of establishment	Address	Paid-in capital	Scope of business/production
PT Yuanta Sekuritas Indonesia	1989.11.22	Equity Tower 10th Floor,Unit EFGH, SCBD Lot 9, Jl. Jendral Sudirman Kav 52-53 Jakarta 12190, Indonesia	IDR$478,816,000	Securities exchange, and underwriting
PT Yuanta Asset Management	2011.02.02	Equity Tower 10th Floor Unit B, SCBD Lot 9 ,JL. Jendral Sudirman Kav 52-53 Jakarta 12190, Indonesia.	IDR$45,200,000	Investment management
Yuanta Securities (Thailand)	1998.10.27	127 Gaysorn Tower, 14th-16th Floor, Ratchadamri Road, Lumpini, Pathumwa, BangKoK 10330	THB$4,500,000	Securities brokerage and proprietary trading, underwriting, investment advisor, mutual fund management, private fund management, securities borrowing/lending, venture capital fund management, financial derivatives brokerage and proprietary trading
Yuanta Securities (Vietnam)	1999.12.28	Level 4, Saigon Centre Tower 1, 65 Le Loi Boulevard, Ben Nghe Ward, District 1,Ho Chi Minh City, Vietnam	VND1,000,000,000	Brokerage, proprietary trading, underwriting, securities investment consulting business, and financial derivatives
Yuanta Futures (Hong Kong)	2010.12.02	Unit 1304,13th/F, Admiralty Centre, 18 Harcourt Road, Admiralty, Hong Kong	US$34,000	1st Type: Securities trading; 4th Type: Advice on securities; 2nd Type: Futures contract trading; 5th Type: Advice on futures contract
SYF Information	2012.11.09	2F., No. 895, Sec. 4, Bade Rd., Nangang Dist., Taipei City	350,000	IT management, IT software service, IT software wholesale & retail
SYF Information (Samoa) (in liquidation)	2012.11.15	Portcullis Chambers P. O. Box 1225, Apia, SAMOA	US$5,800	Investment holdings
SYF Information (Shanghai)	2013.04.02	Room A113, 1F, Building 4, No. 88 North Zhangjiabang Road, Pudong New District, Shanghai City	CNY$33,080	R&D and production of computer software, e-commerce software and financial software, sale of own products, and supply of the relevant technology consulting service; investment consulting services; wholesale, agency (other than auction) and import/export of metal materials (other than precious metals, rare metals and steel materials) and the products thereof, raw materials for chemical engineering (other than special chemicals and hazardous chemicals, etc.) and the products thereof, plastics and the products thereof, rubber products, mineral products (other than commodities under special control), wholesale of asphalt, commission agency (other than auction), and import/export. (Not involve state-run enterprise's trading management product but involve quota and products requiring license to be requested pursuant to the national requirements; for the scope approved pursuant to laws, the operating activities may be initiated upon approval of the related department.)

3. Information on shareholders presumed to have a controlling and dependent relationship: None.

4. Information on business scope of the company's affiliates and division of labor

Name of affiliated enterprise	Business scope	Business relationship	Description of business relationship (division of labor)
Yuanta Securities	Securities services	Yes	1. Yuanta Bank and Yuanta Securities have established an integrated cross-marketing relationship. 2. Yuanta Futures is appointed by Yuanta Securities to act the futures introducing broker of Yuanta Securities. 3. Yuanta Securities is appointed by Yuanta Futures to act as the securities introducing broker for Yuanta Futures. 4. Yuanta Securities sells mutual funds issued by Yuanta Securities Investment Trust. 5. Yuanta Securities sells insurance products of Yuanta International Insurance Brokers. 6. Yuanta Securities Investment Consulting provides research analysis reports and consulting services to Yuanta Securities. 7. Yuanta Securities Finance provides refinancing services for Yuanta Securities.
Yuanta Bank	Commercial Bank	Yes	1. Yuanta Bank has established a reciprocal integrated marketing relationship with Yuanta Securities, and acts as the primary bank for transaction settlement. 2. Yuanta Bank sells mutual funds issued by Yuanta Securities Investment Trust. 3. Yuanta Bank helps sell the insurance products of Yuanta Life.
Yuanta Life	Insurance Services	Yes	1. Yuanta Bank acted as the primary correspondent bank of Yuanta Life. 2. Yuanta Bank helps sell the insurance products of Yuanta Life. 3. Yuanta International Insurance Brokers helps sell the insurance products of Yuanta Life. 4. Yuanta Securities handles the domestic stock trading for Yuanta Life. 5. Yuanta Securities (HK) handles Hong Kong stock trading for Yuanta Life. 6. Yuanta Securities Investment Consulting provides securities investment research and analysis reports and information services to Yuanta Life. 7. Yuanta Securities Investment Trust manages discretionary investments in domestic stock, discretionary investments in foreign bond, and quasi-discretionary insurance policies on behalf of Yuanta Life. 8. Yuanta Life refers to the insurance company engaged in providing group insurance products and group annuity products for Yuanta Financial Holdings. 9. Yuanta Life refers to the insurance company engaged in providing group insurance products and group annuity products for Yuanta Securities. 10. Yuanta Life refers to the insurance company engaged in providing group insurance products and group annuity products for Yuanta Bank. 11. Yuanta Life refers to the insurance company engaged in providing group insurance products and group annuity products for Yuanta Securities Finance. 12. Yuanta Life refers to the insurance company engaged in providing group insurance products and group annuity products for Yuanta Securities Investment Trust. 13. Yuanta Life refers to the insurance company engaged in providing group insurance products and group annuity products for Yuanta Securities Investment Consulting. 14. Yuanta Life refers to the insurance company engaged in providing group insurance products and group annuity products for Yuanta Futures. 15. Yuanta Life refers to the insurance company engaged in providing group insurance products and group

Name of affiliated enterprise	Business scope	Business relationship	Description of business relationship (division of labor)
			annuity products for Yuanta Venture Capital. 16. Yuanta Life refers to the insurance company engaged in providing group insurance products and group annuity products for Yuanta Asset Management. 17. Yuanta Life refers to the insurance company engaged in providing group insurance products for Yuanta International Insurance Brokers. 18. Yuanta Life refers to the insurance company engaged in providing group insurance products for Yuanta Asia Investment. 19. Yuanta Life refers to the insurance company engaged in providing group insurance products for Yuanta International Leasing. 20. Yuanta Life refers to the insurance company engaged in providing group insurance products for SYF Information.
Yuanta Venture Capital	Venture capital services	Yes	Yuanta Venture Capital is a subsidiary wholly owned by the Company, which is primarily engaged in investment and disposition of domestic and foreign technology enterprises, manufacturers, service providers, the general industry, and other venture capital companies.
Yuanta Asset Management	Financial services	None	None
Yuanta Futures	Futures services	Yes	1. Yuanta Futures is appointed by Yuanta Securities to act the futures introducing broker of Yuanta Securities. 2. Yuanta Securities is appointed by Yuanta Futures to act as the securities introducing broker for Yuanta Futures. 3. Yuanta Futures is the futures commission merchant of securities exchange for Yuanta Securities Investment Trust.
Yuanta Securities Investment Trust	Securities investment trust services	Yes	1. Yuanta Securities is the fund sales agent and securities firm of fund transactions and fund trader for Yuanta Securities Investment Trust. 2. Yuanta Bank is the fund sales agent and fund trader for Yuanta Securities Investment Trust. 3. Yuanta Futures is the fund exchange futures firm and futures trust fund sales agent for Yuanta Securities Investment Trust. 4. Yuanta Securities Investment Consulting provides research analysis reports and consulting services to Yuanta Securities Investment Trust. 5. Yuanta Life provides the policyholders with fund & wealth management services for Yuanta Securities Investment Trust.
Yuanta Securities Investment Consulting	Securities investment consulting services	Yes	Yuanta Securities Investment Consulting provides securities investment research and analysis reports and information services to Yuanta Securities et al.
Yuanta Securities Asia Financial Services	Holdings	Yes	Yuanta Securities invested in Yuanta Securities Asia Financial Services in order to expand overseas operations and establish overseas branches.

Name of affiliated enterprise	Business scope	Business relationship	Description of business relationship (division of labor)
Yuanta International Insurance Brokers	Insurance broker services Property insurance broker services	Yes	1. Yuanta Securities is an insurance services sales channel for Yuanta International Insurance Brokers. 2. Yuanta International Insurance Brokers helps sell the insurance products of Yuanta Life.
Yuanta Securities Finance	Securities finance services	Yes	1. Yuanta Securities provides refinancing services for Yuanta Securities Finance. 2. Yuanta Securities Investment Consulting provides securities investment research and analysis reports and information services to Yuanta Securities Finance.
Yuanta I Venture Capital	Venture capital services	Yes	Yuanta I Venture Capital was established by Yuanta Venture Capital to handle development, assessment, investment, and disposal matters in relation to invested projects and wholly owned by Yuanta Venture Capital.
Yuanta International Leasing	Leasing services	None	None
Yuanta Savings Bank (Philippines)	Banking services	None	None
Yuanta Savings Bank (Korea)	Banking services	None	None
Yuanta Securities (HK)	Securities services	Yes	1. Yuanta Securities handles domestic stock trading for Yuanta Securities (HK). 2. Yuanta Securities (HK) is the Group's securities firm in Hong Kong.
Yuanta Finance (Hong Kong)	Financial services	None	None
Yuanta International Investment (Hong Kong)	Financial services	None	None
Yuanta Securities Holdings (BVI) (in liquidation)	Holdings	Yes	To develop its international business, Yuanta Securities invested in Yuanta Securities Holdings (B.V.I) to execute overseas investments, but is currently not operational.
Yuanta Hong Kong Holdings (Cayman)	Holdings	Yes	To develop its international business, invested in Yuanta HK Holdings (Cayman) to execute its overseas investments.
Yuanta Asia Investment (Hong Kong)	Securities services	None	None
Yuanta Investment Management (Cayman)	Financial services	None	None
GC Investment Consultant (Shanghai) (in Liquidation)	Investment advisory services	None	None

Name of affiliated enterprise	Business scope	Business relationship	Description of business relationship (division of labor)
Yuanta Investment Consulting (Beijing)	Investment advisory services	None	None
Yuanta Asia Investment	Investment management, Direct investment consulting	None	None
Yuanta Securities Korea	Securities services	Yes	1. Yuanta Securities (Korea) is the Group's securities firm engaged in trading securities in Korea. 2. Yuanta Securities handles domestic stock trading for Yuanta Securities (Korea).
Yuanta Investment	Financial services	None	None
Yuanta Financial (Hong Kong)	Securities services	None	None
Yuanta Securities (Cambodia)	Securities services	None	None
Yuanta Securities (UK) (in liquidation)	Brokerage services for institutional investors	Yes	Help develop the brokerage services for institutional investors of Yuanta Securities (HK)
PT Yuanta Sekuritas Indonesia	Securities exchange and underwriting	Yes	1. PT Yuanta Sekuritas Indonesia is the securities firm appointed by the Yuanta Securities Investment Trust. 2. PT Yuanta Sekuritas Indonesia is the securities firm appointed by the Yuanta Securities (HK).
PT Yuanta Asset Management	Investment management	Yes	None
Yuanta Securities (Thailand)	Brokerage services for institutional investors	Yes	Yuanta Securities (Thailand) is the securities firm appointed by the Yuanta Securities (HK).
Yuanta Securities (Vietnam)	Securities services	None	None
Yuanta Futures (Hong Kong)	Financial services	Yes	Futures contract trading, futures contract consultation
SYF Information	Computer & IT management	None	None
SYF Information (Samoa) (in liquidation)	Investment holdings	None	None

Name of affiliated enterprise	Business scope	Business relationship	Description of business relationship (division of labor)
SYF Information (Shanghai)	Software development, wholesale of computer, software and auxiliary equipment, wholesale of metal and metal minerals, wholesale of other chemical engineering products, trading agents, and other unspecified wholesale products	None	None

5. Information on directors, supervisors and presidents of the company's affiliates

Units: 1000 shares; %
Data baseline date: January 31, 2020

Company name	Title	Name of individual or representative(s)	Shares held		Remarks (shareholding of individual or representative(s))	
			Shares (1,000)	Shareholding ratio	Shares (1,000)	Shareholding ratio
Yuanta Securities	Chairman Vice Chairman Director Director Director Director Director Director Director Director Director Director	Representative of Yuanta Financial Holdings: Vincent Chen Ming Hong Ho Ting Chien Shen (Tony) Wei Cheng Huang Ku Pin Huang Yung Ling Ma Yueh Tsang Lee Yu Chih Huang Ching Kuang Shen Lung Fan Lin Rui Chen Ma Yung Chu Su	5,782,032	100%	-	-
	Independent Director	Ching Shan Hung			-	-
	Independent Director	Yu Chun Wu			-	-
	Independent Director	Tu Mu Kuo			-	-
	Independent Director	Kun Hong Lai			-	-
	Independent Director	Hsing Yi Chow			-	-
	President	Wei Cheng Huang			-	-
Yuanta Bank	Chairman Director Director Director Director Director Director Director Director Director Director Director	Representative of Yuanta Financial Holdings: Tony Fan Song Erh Chang Michael Ma Jin Long Fang Hsien Tao Chiu Yu De Chuang Jin Sheng Duann Chung Yuan Chen Yu Feng Ko Chien Weng Daniel Y.M. Song	7,394,039	100%	-	-
	Independent Director	Ming Ling Hsueh			-	-
	Independent Director	Yin Hua Yeh			-	-
	Independent Director	Ching Shan Hung			-	-
	Independent Director	Kuang Si Shiu			-	-
	Independent Director	Chuan Li Chang			-	-
	President	Yu De Chuang			-	-

Company name	Title	Name of individual or representative(s)	Shares held		Remarks (shareholding of individual or representative(s))	
			Shares (1,000)	Shareholding ratio	Shares (1,000)	Shareholding ratio
Yuanta Life	Chairman Director Director Director Director Director Director Director Director Director	Representative of Yuanta Financial Holdings: Chao Kuo Chiang Michael Ma Connie Lin Chieh Wu Chien Weng Hsu Shu Mai Ming Lang Liu Wen Ching Chiu Cheng Hua Sun Yuan-Chen Chen	973,569	100%	-	-
	Independent Director	Yin Hua Yeh			-	-
	Independent Director	Tu Mu Kuo			-	-
	Independent Director	Hsiao Wen Yang			-	-
	President	Connie Lin			-	-
Yuanta Securities Finance	Chairman Vice Chairman Director Director Director Supervisor Supervisor	Yuanta Securities Representative: Ting Hsien Huang Chieh Wu Rong Tin Hong Ming Lang Liu Mei Ling Kuo Wen Ching Chiu Hsu Shu Mai	400,000	100%	-	-
	President	Rong Tin Hong			-	-
Yuanta Venture Capital	Chairman Director Director Director Supervisor	Representative of Yuanta Financial Holdings: Chi Chang Chen Victor Ma Chien Weng Yu Chang Wen Ching Chiu	246,000	100%	-	-
	President	Yu Chang			-	-
Yuanta Futures	Chairman Director Director Director Director Director	Representative of Yuanta Financial Holdings: Tien Fu Lin Hsiao Ling Chou Yueh Tsang Lee Hsien Tao Chiu Cheng Hua Sun Mei Ling Kuo	159,467	68.65%	- 0 3.144 0 0 0 0	- 0% 0% 0% 0% 0% 0%
	Independent Director	Chwo Ming Yu			0	0%
	Independent Director	Nai Kuan Huang			0	0%
	President	Hsiao Ling Chou			3.144	0%

Company name	Title	Name of individual or representative(s)	Shares held		Remarks (shareholding of individual or representative(s))	
			Shares (1,000)	Shareholding ratio	Shares (1,000)	Shareholding ratio
Yuanta Securities Investment Trust		Representative of Yuanta Financial Holdings:	168,742	74.36%		
	Chairman	Tsung Sheng Liu			3	0%
	Vice Chairman	Yu Lan Cheng			0	0%
	Director	Chao Tang Huang			58	0.03%
	Director	Yueh Ching Tsao			135	0.06%
	Director	Tsai Yu Chang			0	0%
	Director	Hung Chuan Huang			0	0%
	Supervisor	Yi Ju Wei			0	0%
	Supervisor	Yi Ching Huang			0	0%
	President	Chao Tang Huang (Note 1)			58	0.03%
Yuanta Asset Management		Representative of Yuanta Financial Holdings:	300,000	100%	-	-
	Chairman	Daniel Y.M. Song				
	Director	Victor Ma				
	Director	Vincent Chen				
	Director	Sheng Hung Wang				
	Supervisor	Hsu Shu Mai				
	President	Sheng Hung Wang			-	-
Yuanta Securities Investment Consulting		Representative of Yuanta Financial Holdings:	10,000	100%	-	-
	Chairman	Yi Cheng Peng				
	Director	Li Feng Chen				
	Director	Fu Jung Tu				
	Supervisor	Hsuan Min Kuo				
	President	Li Feng Chen			-	-
Yuanta Securities Asia Financial Services	Chairman	Tien Yi Huang	-	-	-	-
	Vice Chairman	Ming Hong Ho				
	Director	Pei Shan Chen				
	Director	Vincent Chen				
	Director	Hsu Shu Mai				
	Director	Wei Cheng Huang				
	Director	Frank Kuo				
	Director	Feng Hsiang Kuo				
	Director	Hsuan Min Kuo				
	President	Pei Shan Chen			-	-
Yuanta International Insurance Brokers		Yuanta Securities Representative:	500	100%	-	-
	Chairman	Liao Chin Lin				
	Director	Yuan Shan Lin				
	Director	Lieh Hsiung Chen				
	Supervisor	Ching Jen Chen				
	President	Liao Chin Lin			-	-
Yuanta I Venture Capital		Representative of Yuanta Venture Capital:	85,000	100%	-	-
	Chairman	Chi Chang Chen				
	Director	Victor Ma				
	Director	Chien Weng				
	Director	Yu Chang				
	Supervisor	Wen Ching Chiu				
	President	Yu Chang			-	-

Company name	Title	Name of individual or representative(s)	Shares held		Remarks (shareholding of individual or representative(s))	
			Shares (1,000)	Shareholding ratio	Shares (1,000)	Shareholding ratio
Yuanta International Leasing	Chairman Director Director Supervisor	Representative of Yuanta Bank: Hui Kuo Chien Li Yun Chen Pei Wen Yang Yu Ching Su	10,000	100%	-	-
	President	Pei Wen Yang			-	-
Yuanta Savings Bank (Philippines)	Chairman Director	Representative of Yuanta Bank: Allen Wu Regina V. Saga	1,200,000	100%	-	-
	Independent Director	ARTURO E. MANUEL, JR.			-	-
	Independent Director	CELIA MOJICA ESCAREAL-SANDEJAS			-	-
	Independent Director	SENEN L. MATOTO			-	-
	President	Chun Lung Wu (proxy)			-	-
Yuanta Savings Bank (Korea)	Chairman of Board	Representative of Yuanta Bank: Yu Chun Lin	13,516	100%	-	-
	Representative director	JUNG, YOUNG-SEOK			-	-
	External director	PARK, CHANG-GYUN			-	-
	President	JUNG, YOUNG-SEOK			-	-
Yuanta Securities (HK)	Chairman Director Director Director Director Director Director Director	Yi Ming Wang Vincent Chen Wei Cheng Huang Wen Ching Hsu Miao Ju Chen Pei Shan Chen Tsung Hsien Wen Feng Hsiang Kuo	-	-	-	-
	President	Miao Ju Chen			-	-
Yuanta Finance (Hong Kong)	Director Director Director	Kuei Ling Pan Miao Ju Chen Tsung Hsien Wen	-	-	-	-
	President	Tsung Hsien Wen				
Yuanta International Investment (Hong Kong)	Director Director Director	Miao Ju Chen Che Jung Kuo Wu Kuang Yang	-	-	-	-
Yuanta Securities Holdings (BVI) (in Liquidation)	Director Director	Wen Ching Hsu Tai Yuan Tai			-	-
Yuanta Hong Kong Holdings (Cayman)	Director Director	Yi Ming Wang Tai Yuan Tai			-	-
Yuanta Asia Investment (Hong Kong)	Director Director Director	Yi Ming Wang Miao Ju Chen Hsiao Tsui Yu			-	-
Yuanta Investment Management (Cayman)	Director Director Director	Miao Ju Chen Yi Ming Wang Tai Yuan Tai			-	-

Company name	Title	Name of individual or representative(s)	Shares held		Remarks (shareholding of individual or representative(s))	
			Shares (1,000)	Shareholding ratio	Shares (1,000)	Shareholding ratio
GC Investment Consultant (Shanghai) (in Liquidation)	Executive Director	Ku Pin Huang			-	-
Yuanta Investment Consulting (Beijing)	Executive Director Supervisor	Representative of Yuanta Securities Asia Financial Services: Wen Ping Shih Ming Jen Ku	-	100%	-	-
	President	Wen Ping Shih			-	-
Yuanta Asia Investment	Director	Representative of Yuanta Securities Asia Financial Services: Vincent Chen	35,000	100%	-	-
	Director Director	Tai Yuan Tai Hsiao Tsui Yu			-	-
	President	Hsiao Tsui Yu				
Yuanta Securities Korea	Director Director Non-executive Director	Myung Suk SUH Frank Kuo Wei Cheng Huang			0 0 0	0% 0% 0%
	Independent Director	Seong Cheol GWEON			0	0%
	Independent Director	Woo Kyu PARK			0	0%
	Independent Director	Won Choon HWANG			0	0%
	Independent Director	Duk Yi KIM			0	0%
	President President	Myung Suk SUH Frank Kuo			0 0	0% 0%
Yuanta Investment	Director Director Non-executive Director	Ki Suk YANG Choong Hoon KIM Guen Woo LEE			-	-
	Supervisor	Sang Eun LEE			-	-
	President	Ki Suk YANG			-	-
Yuanta Financial (Hong Kong)	Director	Sang Eun LEE			-	-
Yuanta Securities (Cambodia)	Director Director Director Director Director	Kyung Tae HAN Yeo Cheol Yoon In Ho JUNG Guen Woo LEE Sim Dara			-	-
	President	Kyung Tae HAN			-	-
Yuanta Securities (UK) (in liquidation)	Director	Pei Shan Chen (Liquidator)			-	-

Company name	Title	Name of individual or representative(s)	Shares held		Remarks (shareholding of individual or representative(s))	
			Shares (1,000)	Shareholding ratio	Shares (1,000)	Shareholding ratio
PT Yuanta Sekuritas Indonesia	Director	Surya Widjaja			4	1%
	Director	Luki Suryanto			0	0%
	Director	Helda Gunawan			0	0%
	Director	Setiawan Darmawidjaja			0	0%
	Commissioner	Tien Yi Huang			0	0%
	Independent Commissioner	Mohamad Fiscana, Se, Mh			0	0%
	Commissioner	Tung Tai Yu			0	0%
	CEO	Surya Widjaja			4	1%
	President Director	Surya Widjaja			4	1%
PT Yuanta Asset Management	Director	James Enoch	-	-	-	-
	Director	Herdianto Budiarlo				
	Commissioner	Ai Khim Tay				
	Commissioner	Tsung Sheng Liu				
	CEO	James Enoch			-	-
	President Director	James Enoch			-	-
Yuanta Securities (Thailand)	Director	Charnsak Thanataecha			0	0%
	Director	Tien Yi Huang			0	0%
	Director	Pei Shan Chen			0	0%
	Director	Ai Khim Tay			0	0%
	Director	Wei Cheng Huang			0	0%
	Director	Chao Ching Wang			0	0%
	Director	Feng Hsiang Kuo			0	0%
	Director	Boonporn Boriboonaongsilp			0	0%
	Director	Pusit KaewmongKolsri			0	0%
	Director	Prasert Bunsumpun			0	0%
	CEO	Boonporn Boriboonaongsilp			0	0%
Yuanta Securities (Vietnam)	Chairman	Tien Yi Huang			0	0%
	Authorized representative	Tien Yi Huang			0	0%
	Authorized representative	Le Minh Tam			0	0%
	Authorized representative	Pei Shan Chen			0	0%
	Authorized representative	Feng Hsiang Kuo			0	0%
	Authorized representative	Wei Ching Chien			0	0%
	Authorized representative	Jen Kai Chao			0	0%
	Authorized representative	Wei Cheng Huang			0	0%
	Authorized representative	Yi Ming Wang			0	0%
	Controller	Ong Cheow Keng			0	0%
	Controller	Chia Hsiung Lu			0	0%
	Controller	Mac Huu Danh			0	0%
	CEO	Le Minh Tam			0	0%

Company name	Title	Name of individual or representative(s)	Shares held		Remarks (shareholding of individual or representative(s))	
			Shares (1,000)	Shareholding ratio	Shares (1,000)	Shareholding ratio
Yuanta Futures (Hong Kong)	Director Director Director Director Director	Hsiao Ling Chou Chun Chieh Wang Chun Hsing Jen Lai E,O Yen Chun Hao Chang			-	-
	President Chief Operating Officer (COO)	Chun Hsing Jen Fu Chi Hsieh			-	-
SYF Information	 Chairman Director Director Supervisor	Representative of Yuanta Futures: Chun Chieh Wang Hsiao Ling Chou Hsin Hsien Li Ching Ying Chen	35,000	100%	-	-
SYF Information (Samoa) (in liquidation)	 Director Director Director Liquidator	Representative of SYF Information: Chun Chieh Wang Hsiao Ling Chou Lai E,O Yen Terrence Betham	5,800	100%	-	-
SYF Information (Shanghai)	 Chairman Director Director	Representative of SYF Information (Samoa): Chun Hsing Jen Hsiao Ling Chou Lai E,O Yen	-	100%	-	-
	Supervisor	Ching Ying Chen			-	-

Note 1: The President of Yuanta Securities Investment Trust, Mr. Chao Tang Huang, held the position as of March 29, 2019.

6. Operating profile of affiliated companies

Unit: NT$1,000
Data baseline date: December 31, 2019

Company name	Capital	Total Assets	Total Liabilities	Net worth	Operating revenue	Operating profit	Current Profit and Losses (After-tax)	EPS (NT$) (After-tax)
Yuanta Securities	57,820,321	365,076,873	264,554,792	100,522,081	20,392,055	6,449,637	9,018,519	1.56
Yuanta Bank	73,940,390	1,329,968,350	1,208,094,031	121,874,319	22,965,184 (Note 1)	11,496,141 (Note 1)	10,046,230	1.36
Yuanta Life	9,735,695	284,651,026	271,434,223	13,216,803	58,095,330	563,688	909,534	0.93
Yuanta Securities Investment Trust	2,269,235	5,567,382	744,305	4,823,077	2,827,268	1,550,154	1,188,943	5.24
Yuanta Futures	2,322,763	73,149,665	64,293,528	8,856,137	2,738,631	187,566	1,135,799	4.89
Yuanta Venture Capital	2,460,000	2,740,721	84,617	2,656,104	197,997	148,967	148,188	0.6
Yuanta Asset Management	3,000,000	3,680,439	63,992	3,616,447	278,713	162,614	124,033	1.01
Yuanta Securities Investment Consulting	100,000	259,024	120,567	138,457	205,341	2,273	3,175	0.32
Yuanta I Venture Capital	850,000	851,681	293	851,388	(29,949)	(30,364)	396	0.01
Yuanta International Leasing	100,000	110,649	2,247	108,402	2,077	(3,814)	4,448	0.44
Yuanta Savings Bank (Korea)	1,923,330	12,388,288	8,759,808	3,628,480	423,925 (Note 1)	130,466 (Note 1)	126,768	9.38
Yuanta Savings Bank (Philippines)	785,507	2,355,876	1,747,251	608,625	62,879 (Note 1)	(32,667) (Note 1)	(40,129)	(0.03)
Yuanta Futures (Hong Kong)	1,026,826	2,771,879	1,783,156	988,723	182,034	(39,697)	15,460	0.45
SYF Information	350,000	286,753	212	286,541	-	(1,226)	(1,039)	(0.03)
SYF Information (Samoa) (Note 3)	174,615	145,028	-	145,028	-	(123)	(1,256)	(0.22)
SYF Information (Shanghai)	143,005	120,231	850	119,381	7,677	(1,878)	(1,868)	-
Yuanta Securities Asia Financial Services	8,758,110	37,293,919	3,966,523	33,327,396	142,447	(121,117)	1,482,599	5.10
Yuanta International Insurance Brokers	5,000	385,447	123,842	261,605	876,722	313,521	251,025	502.05
Yuanta Securities Finance (Note 4)	4,000,000	32,361,516	21,305,422	11,056,094	760,165	297,202	490,547	1.23
Yuanta Securities Holdings (BVI) (Note 5)	301	9,899	20	9,879	4	(179)	2,387	238.70
Yuanta Securities (HK)	8,768,600	38,769,743	30,726,724	8,043,019	2,292,014	277,890	257,793	0.11
Yuanta Asia Investment (Hong Kong) (Note 6)	1,136,185	1,079,179	2,315	1,076,864	(10)	(1,361)	(61,787)	(0.21)

Company name	Capital	Total Assets	Total Liabilities	Net worth	Operating revenue	Operating profit	Current Profit and Losses (After-tax)	EPS (NT$) (After-tax)
Yuanta Investment Consulting (Beijing)	79,666	23,805	1,364	22,441	307	(8,394)	(8,375)	-
Yuanta Asia Investment	1,053,710	1,054,618	21,051	1,033,567	62,419	10,179	16,448	0.47
Yuanta Hong Kong Holdings (Cayman)	303,275	341,350	1,150	340,200	11	(422)	10,520	1.04
Yuanta Securities (UK) (in Liquidation)	79,060	39,468	498	38,970	-	(863)	(749)	(0.37)
Yuanta Securities (Thailand)	4,540,950	19,631,766	14,830,961	4,800,805	1,873,165	62,815	55,836	0.12
Yuanta Securities (Vietnam)(Note 7)	1,300,000	2,856,431	1,472,300	1,384,131	291,748	10,674	15,969	0.16
Yuanta Securities Korea	27,679,270	321,410,906	288,488,744	32,922,162	14,059,217	1,955,757	2,158,298	10.81
Yuanta Investment	833,699	2,231,221	50,255	2,180,966	118,618	4,592	148,585	23.21
Yuanta Financial (Hong Kong)	732,762	443,547	106	443,440	1,989	615	625	0.03
Yuanta International Investment (Hong Kong)	193,300	1,330,230	1,090,688	239,542	36,658	11,035	13,538	0.27
Yuanta Finance (Hong Kong)	193,300	975,129	761,407	213,722	9,203	(18,308)	(19,373)	(0.39)
Yuanta Investment Management (Cayman)	376,325	2,144,710	1,833,321	311,389	158,818	30,685	31,534	2.52
PT Yuanta Sekuritas Indonesia	1,040,467	1,687,466	951,688	735,778	152,074	(121,329)	(122,245)	(255.31)
GC Investment Consultant (Shanghai) (in Liquidation)	17,887	24,303	475	23,828	-	186	186	-
PT Yuanta Asset Management	111,258	14,873	11,358	3,516	1,525	(20,861)	(21,869)	(427.13)
Yuanta Securities (Cambodia)	376,325	356,586	3,459	353,127	37,886	8,113	8,555	0.68

Note 1: Operating revenue for Yuanta Bank refers to net income, and operating profit refers to net profit before tax of the continuing operating departments.

Note 2: Foreign exchange rate on December 31, 2019

	(P Rate) January~December	End of December
HKD-->TWD	3.946573	3.866000
SGD-->TWD	22.669595	22.370000
USD-->TWD	30.921067	30.10600
CNY-->TWD	4.475040	4.323000
KRW-->TWD	0.026541	0.026050
PHP-->TWD	0.597198	0.594050
IDR-->TWD	0.002187	0.002173
GBP-->TWD	39.472890	39.530000

	(P Rate) January~December	End of December
VND-->TWD	0.001332	0.001300
THB-->TWD	0.996230	1.009100

Note 3: SYF Information (Samoa) was liquidated per the resolution approved by the Board of Directors in September 2019.

Note 4: Yuanta Securities acquired Yuanta Securities Finance in March 2019.

Note 5: Yuanta Securities Holdings (BVI) was dissolved and liquidated per the resolution approved by the Board of Directors in June 2019. The record date of liquidation was set as December 27, 2019, and the liquidation was completed on February 14, 2020.

Note 6: Yuanta Securities Asia Financial Services increased capital in Yuanta Asia Investment (Hong Kong) per the resolution approved by the Board of Directors in May 2019. The capital increase was completed in September 2019. Yuanta Asia Investment (Hong Kong) was formerly known as Polaris Securities (Hong Kong), and renamed as Yuanta Asia Investment (Hong Kong) in September 2019.

Note 7: 85.24% held by subsidiary, Yuanta Securities Asia Financial Services, a subsidiary of Yuanta Securities, 14.76% held by Yuanta Securities (HK), an indirect subsidiary of Yuanta Securities, and a total of 100% held by both.

(II) Consolidated financial statements of affiliates: See Appendix for details.

(III) Consolidated business reports of affiliated enterprises

1. Relationship between the subordinate company and the controlling company: N/A.
2. Information on transactions:
   (1) Purchase (sales) transactions: None
   (2) Property transaction: None.
   (3) Capital financing: None.
   (4) Assets leasing: None.
   (5) Other important transactions: None.

(IV) Endorsements and guarantees: Not applicable to financial companies.

(V) Other matters of financial or operational significance: None.

Independent Auditors' Review of the Affiliation Report

(109)Zi-Hui-Zong-Zi No. 19007439

To: Yuanta Financial Holding Co., Ltd.

You declare that the Affiliation Report for 2019 was prepared by you pursuant to the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises", and that there are no significant inconsistencies between the information given above and the supplementary information disclosed in the financial statements for the above period.

We have compared the Affiliation Report prepared by you pursuant to the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" with the notes to your financial statements 2019 and found that there were no significant inconsistencies in said declaration.

Pricewaterhouse Coopers Certified Public Accountants

Chien Hung Chou

CPA

Hsien-I Chen

Approval Letter No. (88) Tai-Cai-Zheng (6) No. 95577 from the Securities and Futures Commission (formerly named) of the Ministry of Finance

Approval Letter No. from the Securities and Futures Commission (formerly named) of the Ministry of Finance: (82) Tai-Cai-Zheng (6) No. 39230

Date: March 23, 2020

PricewaterhouseCoopers Taiwan

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II. Status of Securities in Private Placement: None.

III. Shares of the Company Held or Disposed of by Subsidiaries: None.

IV. Other Important Supplementary Information

(I) Key performance indices: capital adequacy and double leverage ratios for the past five years

Unit: NT$1,000; %

Item \ Year		2015	2016	2017	2018	2019
Capital adequacy	Group's net authorized capital	140,005,776	151,440,281	155,244,193	168,043,480	178,231,116
	Group's regulatory capital requirement	98,685,303	117,685,232	116,559,976	121,153,82	133,907,284
	Group's capital adequacy ratio (%)	141.87	128.68	133.19	138.70	133.10
Double leverage ratio (%)		105.75	115.45	113.32	111.73	108.32

(II) Financial information

1. Division (Business Unit)

2019

Unit: NT$1,000

Item \ Business Unit	Banking services	Securities services	Futures services	Insurance services	Other service	Consolidated total
Net interest income (loss)	13,919,365	3,642,355	933,759	7,936,986	(299,546)	26,132,919
Net non-interest income	9,072,853	29,790,545	1,538,493	37,925,263	3,148,004	81,475,158
Net profit	22,992,218	33,432,900	2,472,252	45,862,249	2,848,458	107,608,077
Bad debt expenses and guarantee liability provisions (reversals)	(1,066,650)	(277,015)	2,727	(11,750)	(6)	(1,352,694)
Net changes of reserve for insurance liabilities	-	-	-	(42,443,850)	-	(42,443,850)
Operating expenses	(10,630,030)	(22,741,669)	(1,163,070)	(1,353,794)	(2,382,073)	(38,270,636)
Continuing departments net income before tax	11,295,538	10,414,216	1,311,909	2,052,855	466,379	25,540,897
Income tax gains (expenses)	(1,461,071)	(1,163,151)	(274,213)	348,781	(849,660)	(3,399,314)
Consolidated net profit (loss) after tax	9,834,467	9,251,065	1,037,696	2,401,636	(383,281)	22,141,583

(III) Evaluation criteria and basis for assets and liabilities allowances

Net receivables: The Company's net receivables provision is calculated based on past collection experience and an assessment on the possibility of collection in the future. At the end of 2018, net receivables stood at approximately NT$1,931,398,000,due primarily to the Group's use of linked filing of business income tax returns, which generated approximately NT$1,010,687,000 in receivables from affiliates. Since there

are no major abnormalities in the collectability of these receivables, an allowance was not made.

(IV) Accounting for asset impairment

According to IAS 36 “Impairment of Assets” and IAS 9 “Financial Instruments: Recognition and Measurement”, the Company had no assets that required impairment testing as of December 31, 2019.

(V) Hedge accounting handling and objectives: the Company did not adopt hedge accounting, it was not applicable.

(VI) Earnings per share adjusted for employee stock bonuses (calculated based on market price):

Distribution of earnings for 2019 to be proposed in the upcoming shareholders’ meeting does not include employee stock bonuses.

(VII) Endorsements and guarantees from affiliated companies, lending funds to other parties and transaction information for financial derivative products

The said procedures have been disclosed in the appendix to the annual report, and in this year’s consolidated financial reports page 612 to 613, and page 523 to 532.

Eight. Significant Issues Which Might Affect Shareholders' Equity or Price of Shares Pursuant to Item 2, Paragraph 3, Article 36 of the Securities and Exchange Act in the Past Year and Up to the Publication of this Annual Report:

I. The directors and independent directors of 8th term, totaling 9 seats, were elected in the June 14, 2019 General Shareholders' Meeting of Yuanta Financial Holding Co., Ltd. The name list of the elected is as follows:

(I) Director

1. Ting Chien Shen (Tony) / Chairman of Yuanta Financial Holdings
2. Wei Chen Ma (Michael) / Director of Yuanta Financial Holdings
3. Representative of Tsun Chueh Investment: Chung Yuan Chen / Director of Yuanta Financial Holdings
4. Representative of Modern Investment: Chao Kuo Chiang / Chairman of Yuanta Life
5. Representative of Tsun Chueh Investment: Daniel Y.M. Song / Chairman of Yuanta Asset Management

(II) Independent Director

1. Ming Ling Hsueh / Independent Directors of Yuanta Financial Holdings
2. Kuang Si Shiu / Independent Director of Yuanta Bank
3. Yin Hua Yeh / Independent Directors of Yuanta Financial Holdings
4. Hsing Yi Chow / Independent Directors of Yuanta Financial Holdings

II. Yuanta Financial Holdings promoted Executive Vice President Chien Weng as the Deputy President on June 14, 2019, who held the position as President officially upon the competent authority's approval of his qualifications on July 26, 2019.

Appendix. The Latest Consolidated Financial Statement Audited and Certified by CPAs

Yuanta Financial Holdings and Its Subsidiaries

Consolidated Financial Report and Auditing Report

2019 and 2018

(Stock Code 2885)

Address: 6F., 10F., 12-13F., No.66, Sec. 1, Dunhua S. Rd., Songshan Dist., Taipei City

TEL: (02) 2781-1999

YUANTA FINANCIAL HOLDINGS CO., LTD.

AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND

REPORT OF INDEPENDENT ACCOUNTANTS

FOR THE YEARS ENDED

DECEMBER 31, 2019 AND 2018

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

Opinion

We have audited the accompanying consolidated balance sheets of Yuanta Financial Holding Co., Ltd. (the "Company") and subsidiaries (collectively "Yuanta Group") as at December 31, 2019 and 2018, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Yuanta Group as at December 31, 2019 and 2018, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the "Regulations Governing the Preparation of Financial Reports by Financial Holding Companies", "Regulations Governing the Preparation of Financial Reports by Securities Issuers", "Regulations Governing the Preparation of Financial Reports by Public Banks", "Regulations Governing the Preparation of Financial Reports by Securities Firms", "Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants", "Regulations Governing the Preparation of Financial Reports by Insurance Companies", and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

Basis for opinion

For the year ended December 31, 2019, we conducted our audit 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); for the year ended December 31, 2018, we conducted our audits in accordance with the "Regulations Governing Auditing and Attestation of Financial Statements of Financial Institutions by Certified Public Accountants" and ROC GAAS. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of Yuanta Group in accordance with the Code of Professional Ethics for Certified Public Accountants in the Republic of China (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our

audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

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

Impairment evaluation of bills discounted and loans

Description

For the accounting policy of the impairment evaluation of bills discounted and loans, please refer to Note 4(10); for critical accounting estimates and assumption uncertainty of expected credit loss on bills discounted and loans, please refer to Note 5; for the details on bills discounted and loans, please refer to Note 6(9) and 12(3). Total bills discounted and loans (including adjustment for discounts) and the allowance for credit losses, arising from Yuanta Commercial Bank Co., Ltd. of Yuanta Group, as at December 31, 2019, were NTD 759,762,271 thousand and NTD 12,518,507 thousand, respectively.

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

How our audit addressed the matter

We obtained and gained an understanding of Yuanta Commercial Bank Co., Ltd.s' policies, internal controls, and operation procedures in relation to the credit risk management and the impairment evaluation of bills discounted and loans and performed sample tests. We conducted the following procedures on the impairment evaluation of bills discounted and loans as at December 31, 2019: sample examined the stage classification for expected credit losses; sample tested the calculation of the probability of default, loss given default, and exposure at default; sample examined documents regarding management's individual evaluation of future cash flows and collateral value; and evaluated whether the provision for impairment loss amount complied with the competent authority's related regulations.

Fair value valuation of unlisted stocks

Description

For the accounting policy of unlisted stocks (accounted under financial assets at fair value through other comprehensive income), please refer to Note 4(7); for critical accounting estimates and assumption uncertainty of the fair value of unlisted stocks, please refer to Note 5; for the details on unlisted stocks, please refer to Note 6(4) and 12(2). The carrying amount of the financial assets at fair value through other comprehensive income – unlisted stocks as at December 31, 2019, was NTD 18,454,798 thousand.

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

How our audit addressed the matter

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

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

Impairment assessment of goodwill

Description

For the accounting policy of the impairment assessment of goodwill (intangible assets), please refer to Note 4(12) and Note 4(20); for the critical accounting estimates and assumption uncertainty of impairment assessment of goodwill, please refer to Note 5; for the details on goodwill, please refer to

Note 6(17). Goodwill after accumulated impairment as at December 31, 2019, was NTD 30,029,895 thousand.

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

How our audit addressed the matter

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

Reserves for policy benefit and adequacy of insurance liabilities

Description

For the accounting policy of reserve for policy benefit and adequacy of insurance liabilities, please refer to Note 4(29); for critical accounting estimates and assumption uncertainty of adequacy of insurance liabilities, please refer to Note 5; for the details on insurance liabilities, please refer to Note 6(26). Reserve for policy benefit under insurance liabilities as at December 31, 2019, was NTD 260,684,071 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.; and comparing the carrying amount of insurance liabilities to the current estimate of future cash flows from insurance contracts.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Chou, Chien-Hung　　Chen, Hsien-I

For and on behalf of PricewaterhouseCoopers, Taiwan

March 23, 2020

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

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

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

	ASSETS	Notes	December 31, 2019 AMOUNT	%	December 31, 2018 AMOUNT	%
11000	Cash and cash equivalents	6(1)	$ 69,259,573	3	$ 65,535,411	3
11500	Due from Central Bank and call loans to other banks	6(2)	46,034,685	2	48,216,712	2
12000	Financial assets at fair value through profit or loss	6(3)	504,031,079	21	473,939,209	21
12150	Financial assets at fair value through other comprehensive income-net	6(4)	229,489,904	10	215,135,236	9
12200	Investments in debt instruments at amortised cost-net	6(5)	386,452,415	16	352,906,087	15
12500	Investments in bills and bonds under resale agreements	6(6)	47,603,371	2	33,465,734	2
13000	Receivables – net	6(7)	174,240,497	7	143,272,794	6
13200	Current income tax assets		1,224,071	-	1,485,363	-
13300	Assets held for sale – net	6(8)	533,632	-	868,288	-
13500	Bills discounted and loans – net	6(9)	773,480,918	32	770,905,662	34
13700	Reinsurance contract assets – net	6(10)	903,608	-	580,130	-
15000	Equity investments accounted for under the equity method – net	6(11)	2,403,248	-	2,048,491	-
15100	Restricted assets – net		2,562,586	-	2,622,711	-
15500	Other financial assets – net	6(12)	65,378,346	3	62,025,243	3
18000	Investment property – net	6(13)	4,915,972	-	4,916,691	-
18500	Property and equipment – net	6(14)	22,242,669	1	21,871,922	1
18600	Right-of-use assets, net	6(15)	13,343,880	1	-	-
19000	Intangible assets – net	6(17)	33,197,460	1	33,669,889	2
19300	Deferred income tax assets	6(46)	5,976,615	-	5,899,187	-
19500	Other assets – net	6(18)	31,044,577	1	47,769,165	2
	TOTAL ASSETS		$ 2,414,319,106	100	$ 2,287,133,925	100

(Continued)

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

	LIABILITIES AND EQUITY	Notes	December 31, 2019 AMOUNT	%	December 31, 2018 AMOUNT	%
21000	Due to Central Bank and other banks	6(20)	$ 13,107,028	1	$ 22,047,274	1
22000	Financial liabilities at fair value through profit or loss	6(3)	123,340,228	5	111,982,799	5
22500	Bills and bonds payable under repurchase agreements	6(6)	198,665,918	8	218,570,425	10
22600	Commercial paper payable – net	6(21)	38,621,728	2	36,269,123	2
23000	Payables	6(22)	161,327,046	7	147,690,035	6
23200	Current income tax liabilities		6,221,759	-	5,327,403	-
23500	Deposits and remittances	6(23)	1,095,506,271	45	1,020,615,296	45
24000	Bonds payable	6(24)	68,849,634	3	66,756,009	3
24400	Other borrowings	6(25)	60,847,992	3	64,019,801	3
24600	Liabilities reserve	6(26)(27)	273,860,901	11	232,223,123	10
25500	Other financial liabilities	6(28)	76,069,420	3	79,276,919	3
26000	Lease liabilities		5,527,660	-	-	-
29300	Deferred income tax liabilities	6(46)	3,883,527	-	3,705,743	-
29500	Other liabilities	6(29)	38,283,614	2	41,806,215	2
	TOTAL LIABILITIES		2,164,112,726	90	2,050,290,165	90
31000	**Equity attributable to owners of the parent company**					
31100	Share capital					
31101	Common stock	6(30)	116,706,115	5	116,862,325	5
31500	Additional paid-in capital	6(31)	37,402,480	2	37,200,416	2
32000	Retained earnings					
32001	Legal reserve	6(32)	12,589,183	-	10,721,262	-
32003	Special reserve	6(32)	6,549,234	-	6,549,234	-
32011	Undistributed earnings	6(33)	50,565,092	2	42,843,847	2
32500	Other equity					
32500	Other equity interest	6(34)	8,389,029	-	5,006,084	-
32600	Treasury shares	6(35)	-	-	(197,606)	-
39500	**Non-controlling interests**		18,005,247	1	17,858,198	1
	Total Equity		250,206,380	10	236,843,760	10
	TOTAL LIABILITIES AND EQUITY		$ 2,414,319,106	100	$ 2,287,133,925	100

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

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

	Items	Notes	For the years ended December 31, 2019 AMOUNT	2019 %	2018 AMOUNT	2018 %	Changes Percentage (%)
41000	Interest income		$ 41,006,443	38	$ 40,192,428	40	2
51000	Less: Interest expense		(14,873,524)	(14)	(14,256,266)	(14)	4
49600	**Net interest income**	6(36)	26,132,919	24	25,936,162	26	1
	Net non-interest income						
49310	Realised gain on financial assets at fair value through other comprehensive income	6(4)	2,896,324	3	2,166,751	2	34
49450	Net gain arising from derecognition of financial assets measured at mortised cost	6(5)	759,683	1	312,178	-	143
49800	Net service fee and commission income	6(37)	17,796,223	17	22,281,465	22	(20)
49810	Net income from insurance operations	6(38)	40,738,914	38	34,675,722	34	17
49820	Gain on financial assets and financial liabilities at fair value through profit or loss	6(39)	14,042,591	13	6,204,410	6	126
49825	Gain on investment property		248,121	-	380,651	1	(35)
49870	Foreign exchange (loss) gain		(635,767)	(1)	6,109,457	6	(110)
49880	Asset impairment losses	6(40)	(20,383)	-	(1,430,109)	(1)	(99)
49890	Share of the profit or loss of associates and joint ventures accounted for using the equity method	6(11)	145,843	-	(9,700)	-	(1604)
49895	(Loss) gain on reclassification under the overlay approach	6(3)	(415,946)	-	768,967	1	(154)
49921	Net gain on sale of non-performing loans		253,046	-	264,336	-	(4)
49945	Consultation service income		3,395,057	3	2,408,773	2	41
49999	Net other miscellaneous income	6(41)	2,271,452	2	1,210,510	1	88
49700	**Total net non-interest income**		81,475,158	76	75,343,411	74	8
	Net profit		107,608,077	100	101,279,573	100	6
58100	Provision for bad debt expenses, commitment and guarantee policy reserve	6(42)	(1,352,694)	(1)	(856,563)	(1)	58
58300	Net change in provisions for insurance liabilities	6(26)	(42,443,850)	(40)	(36,611,780)	(36)	16
	Operating expenses						
58501	Employee benefit expense	6(43)	(23,276,027)	(21)	(23,666,246)	(23)	(2)
58503	Depreciation and amortization	6(15)(44)	(3,273,730)	(3)	(2,335,692)	(2)	40
58599	Other business and administrative expenses	6(45)	(11,720,879)	(11)	(13,609,720)	(14)	(14)
58500	**Total Operating Expenses**		(38,270,636)	(35)	(39,611,658)	(39)	(3)
61000	**Consolidated income from continuing operations before income tax**		25,540,897	24	24,199,572	24	6
61003	Income tax expense	6(46)	(3,399,314)	(3)	(3,701,334)	(4)	(8)
69000	**Consolidated net income**		22,141,583	21	20,498,238	20	8

(Continued)

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

	Items	Notes	For the years ended December 31, 2019 AMOUNT	2019 %	2018 AMOUNT	2018 %	Changes Percentage (%)
	Other comprehensive income						
	Components of other comprehensive income that will not be reclassified to profit or loss						
69561	Losses on remeasurements of defined benefit plans	6(27)	($ 223,162)	-	($ 203,370)	-	10
69563	Share of other comprehensie 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		7,452	-	(1,784)	-	(518)
69565	Change in fair value of financial liability attributable to change in credit risk of liability	6(34)	(13,553)	-	(214,480)	-	(94)
69567	Gain on valuation of investments in equity instruments measured at fair value through other comprehensive income	6(4)(34)	1,419,418	1	2,721,507	3	(48)
69569	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(46)	22,036	-	126,176	-	(83)
	Components of other comprehensive income that will be reclassified to profit or loss						
69571	Exchange differences on translation of foreign financial statements	6(34)	(1,812,057)	(2)	(38,056)	-	4662
69585	Gain (loss) on valuation of investments in debt instruments measured at fair value through other comprehensive income	6(4)(34)	2,891,352	3	(3,767,163)	(4)	(177)
69587	Impairment loss on investments in debt instruments measured at fair value through other comprehensive income	6(4)(34)	6,278	-	(47,093)	-	(113)
69590	Other comprehensive gains (losses) on reclassification under the overlay approach	6(3)(34)	415,946	-	(768,967)	(1)	(154)
69579	Income tax relating to components of other comprehensive income that will be reclassified to profit or loss	6(46)	(378,672)	-	223,015	-	(270)
69500	**Other comprehensive income (loss) (net of tax)**		$ 2,335,038	2	($ 1,970,215)	(2)	(219)
69700	**Total comprehensive income**		$ 24,476,621	23	$ 18,528,023	18	32
	Consolidated net income attributable to:						
69901	Parent company		$ 20,445,508	19	$ 18,679,208	18	9
69903	Non-controlling interests		1,696,075	2	1,819,030	2	(7)
			$ 22,141,583	21	$ 20,498,238	20	8
	Consolidated comprehensive income attributable to:						
69951	Parent company		$ 23,571,510	22	$ 16,973,756	17	39
69953	Non-controlling interests		905,111	1	1,554,267	1	(42)
			$ 24,476,621	23	$ 18,528,023	18	32
	Earnings per share (in New Taiwan Dollars)	6(47)					
70001	**Basic and diluted earnings per share**		$	1.75	$	1.59	

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

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

	Equity attributable to owners of the parent												
			Retained earnings			Other equity interest							
For the year ended December 31, 2018	Common stock	Additional paid-in capital	Legal reserve	Special reserve	Undistributed earnings	Exchange differences on translation of foreign financial statements	Unrealised gain (loss) on available-for-sale financial assets	Unrealised gain (loss) on financial assets measured at fair value through other comprehensive income	Other comprehensive income on reclassification under the overlay approach	Change in fair value of financial liability attributable to change in credit risk	Treasury shares	Non-controlling interests	Total equity
Balance, January 1, 2018	$ 118,891,975	$ 37,960,694	$ 9,100,767	$ 6,549,234	$ 35,275,652	($ 2,528,033)	$ 7,085,896	$ -	$ -	($ 3,478)	($ 1,136,953)	$ 16,901,802	$ 228,097,556
Effects of retrospective application and retrospective adjustment	-	-	-	-	(3,028,393)	71	(7,085,896)	8,821,188	389,832	62,367	-	(43,113)	(883,944)
Balance, January 1, 2018 after adjustments	118,891,975	37,960,694	9,100,767	6,549,234	32,247,259	(2,527,962)	-	8,821,188	389,832	58,889	(1,136,953)	16,858,689	227,213,612
Consolidated net income for the year	-	-	-	-	18,679,208	-	-	-	-	-	-	1,819,030	20,498,238
Other comprehensive income (loss) for the year	-	-	-	-	(47,168)	118,493	-	(967,891)	(720,199)	(88,687)	-	(264,763)	(1,970,215)
Total comprehensive income (loss) for the year	-	-	-	-	18,632,040	118,493	-	(967,891)	(720,199)	(88,687)	-	1,554,267	18,528,023
Appropriation of 2017 earnings													
Legal reserve	-	-	1,620,495	-	(1,620,495)	-	-	-	-	-	-	-	-
Cash dividend	-	-	-	-	(6,492,536)	-	-	-	-	-	-	-	(6,492,536)
Purchase of treasury shares	-	-	-	-	-	-	-	-	-	-	(1,919,001)	-	(1,919,001)
Retirement of treasury shares	(2,029,650)	(828,698)	-	-	-	-	-	-	-	-	2,858,348	-	-
Changes in ownership interest in subsidiaries	-	68,420	-	-	-	-	-	-	-	-	-	-	68,420
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(554,758)	(554,758)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	77,579	-	-	(77,579)	-	-	-	-	-
Balance, December 31, 2018	$ 116,862,325	$ 37,200,416	$ 10,721,262	$ 6,549,234	$ 42,843,847	($ 2,409,469)	$ -	$ 7,775,718	($ 330,367)	($ 29,798)	($ 197,606)	$ 17,858,198	$ 236,843,760
For the year ended December 31, 2019													
Balance, January 1, 2019	$ 116,862,325	$ 37,200,416	$ 10,721,262	$ 6,549,234	$ 42,843,847	($ 2,409,469)	$ -	$ 7,775,718	($ 330,367)	($ 29,798)	($ 197,606)	$ 17,858,198	$ 236,843,760
Effects of retrospective application and retrospective adjustment	-	-	-	-	(95,849)	-	-	-	-	-	-	(55,695)	(151,544)
Balance, January 1, 2019 after adjustments	116,862,325	37,200,416	10,721,262	6,549,234	42,747,998	(2,409,469)	-	7,775,718	(330,367)	(29,798)	(197,606)	17,802,503	236,692,216
Consolidated net income for the year	-	-	-	-	20,445,508	-	-	-	-	-	-	1,696,075	22,141,583
Other comprehensive income (loss) for the year	-	-	-	-	(132,001)	(1,118,917)	-	4,006,526	377,326	(6,932)	-	(790,964)	2,335,038
Total comprehensive income (loss) for the year	-	-	-	-	20,313,507	(1,118,917)	-	4,006,526	377,326	(6,932)	-	905,111	24,476,621
Appropriation of 2018 earnings													
Legal reserve	-	-	1,867,921	-	(1,867,921)	-	-	-	-	-	-	-	-
Cash dividend	-	-	-	-	(10,503,550)	-	-	-	-	-	-	(452,397)	(10,955,947)
Retirement of treasury shares	(156,210)	(41,396)	-	-	-	-	-	-	-	-	197,606	-	-
Changes in equity of associates and joint ventures accounted for using equity method	-	243,460	-	-	-	-	-	-	-	-	-	75,900	319,360
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(325,870)	(325,870)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	(124,942)	-	-	124,942	-	-	-	-	-
Balance, December 31, 2019	$ 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

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

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

	For the years ended December 31,	
	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Consolidated income from continuing operations before tax	$ 25,540,897	$ 24,199,572
Adjustments		
Income and expense items		
Depreciation	2,538,831	1,072,102
Amortization	734,899	1,263,590
Provisions for bad debt expense, commitment and guarantee policy reserve	3,009,338	1,801,185
Interest expense	14,873,524	14,256,266
Interest income	(41,006,443)	(40,192,428)
Dividend income	(3,681,058)	(2,499,000)
Impairment loss (reversal of impairment loss) on financial assets	9,190	(9,073)
Loss (profit) reclassified by applying overlay approach	415,946	(768,967)
Impairment loss on non-financial assets	11,193	1,439,182
Share of the profit or loss of associates and joint ventures accounted for using the equity method	(145,843)	9,700
Gain on disposal of assets classified as held for sale	(18,827)	-
Gain on disposal of investment property	(55,823)	(226,787)
(Gain) loss from disposal or retirement of property and equipment	(7,179)	16,222
Loss (gain) on disposal of intangible assets	133	(5,381)
Net change in insurance liabilities	41,672,167	37,644,246
Rent expense	-	35,473
Changes in assets and liabilities relating to operating activities		
Changes in assets relating to operating activities		
(Increase) decrease in due from Central Bank and call loans to other banks	(2,508,337)	1,251,296
Increase in financial assets at fair value through profit or loss	(30,091,870)	(26,991,086)
(Increase) decrease in financial assets at fair value through other comprehensive income	(10,049,776)	70,955,303
Increase in investments in debt instruments measured at amortised cost	(33,543,992)	(63,054,410)
(Increase) decrease in receivables	(31,648,490)	32,037,434
Increase in bills discounted and loans	(5,286,623)	(12,180,785)
Increase in reinsurance contract assets	(323,594)	(144,234)
Decrease in restricted assets	60,125	99,967
Increase in other financial assets	(3,048,101)	(19,153,786)
Decrease in other assets	8,416,575	1,053,526
Changes in liabilities relating to operating activities		
(Decrease) increase in due to Central Bank and other banks	(8,940,246)	8,527,112
Increase (decrease) in financial liabilities at fair value through profit or loss	11,346,686	(5,153,400)
Increase (decrease) in payables	13,890,611	(21,137,648)
Increase (decrease) in deposits and remittances	74,890,975	(35,408,993)
Decrease in liabilities reserve	(312,578)	(623,368)
(Decrease) increase in other financial assets	(3,355,210)	9,357,994
(Decrease) increase in other liabilities	(3,386,713)	8,402,820
Cash inflow (outflow) generated from operations	20,000,387	(14,126,356)
Interest received	41,362,089	39,230,119
Dividend received	3,677,371	2,480,516
Interest paid	(15,143,200)	(14,110,143)
Income tax paid	(2,494,938)	(3,665,414)
Net cash flows generated from operating activities	47,401,709	9,808,722

(Continued)

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

	For the years ended December 31,	
	2019	2018
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of investments accounted for using equity method	($ 441,415)	($ 459,868)
Proceeds from disposal, liquidation and capital reduction of investments accounted for using equity method	142,440	115,719
Acquisition of investment property	(206,126)	(44,166)
Proceeds from disposal of investment property	208,315	1,367,258
Acquisition of property and equipment	(1,339,054)	(1,136,408)
Proceeds from disposal of property and equipment	31,383	6,330
Acquisition of intangible assets	(175,554)	(279,244)
Proceeds from disposal of intangible assets	5,878	13,416
Proceeds from disposal of assets held for sale	241,880	-
Increase in other assets	-	(8,201,000)
Net cash flows used in investing activities	(1,532,253)	(8,617,963)
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in financial liabilities designated as at fair value through profit or loss on initial recognition	-	(3,153,250)
(Decrease) increase in bills and bonds sold under repurchase agreements	(19,904,507)	21,469,236
Increase (decrease) in commercial paper payable	2,302,597	(8,374,385)
Proceeds from issuance of bonds	8,500,000	8,507,908
Repayments of bonds	(2,274,656)	(2,119,067)
Repayments of bank debentures	(3,500,000)	(5,500,000)
Decrease in other borrowings	(3,171,809)	(7,688,180)
Principal payment for lease liabilities	(1,314,518)	-
Cash dividends paid	(10,503,550)	(6,492,536)
Acquisition of treasury shares	-	(1,919,001)
Other financing activities	174,537	525
Decrease in non-controlling interests	(778,267)	(486,855)
Net cash flows used in financing activities	(30,470,173)	(5,755,605)
Net effect of foreign exchange rate changes on cash and cash equivalents	(2,227,848)	(192,481)
Net increase (decrease) in cash and cash equivalents	13,171,435	(4,757,327)
Cash and cash equivalents at beginning of year	120,921,896	125,679,223
Cash and cash equivalents at end of year	$ 134,093,331	$ 120,921,896
The components of cash and cash equivalents		
Cash and cash equivalents reported in the balance sheet	$ 69,259,573	$ 65,535,411
Due from Central Bank and call loans to other banks qualified as cash and cash equivalents as defined by IAS 7	17,230,387	21,920,751
Investments in bills and bonds under resale agreements qualified as cash and cash equivalents as defined by IAS 7	47,603,371	33,465,734
Cash and cash equivalents at end of year	$ 134,093,331	$ 120,921,896

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

YUANTA FINANCIAL HOLDINGS CO., LTD. AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

1. History and organization

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

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

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

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

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

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

The Company engages in the business of a financial holding company and its operations are limited to investing and investment management. According to the Financial Holding Company Act, the businesses in which the Company can invest in are securities, banking, bills finance, credit cards, trusts, insurance, futures, venture capital, foreign financial institutions that are authorized by the government authority, and other related financial businesses that are recognised by the government authority. Additionally, the Company was accredited by the Taiwan Corporate Governance Association with Corporate Governance Assessment Advanced Certification (CG6011) on June 12, 2018.

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

These consolidated financial statements were reported to the Board of Directors and issued on March 23, 2020.

3. Application of new standards, amendments and interpretations

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

New standards, interpretations and amendments endorsed by the FSC effective from 2019 are as follows:

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

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

IFRS 16, 'Leases'

A. IFRS 16, 'Leases', replaces IAS 17, 'Leases' and related interpretations and SICs. The standard requires lessees to recognise a 'right-of-use asset' and a lease liability (except for those leases with terms of 12 months or less and leases of low-value assets). The accounting stays the same for lessors, which is to classify their leases as either finance leases or operating leases and account for those two types of leases differently. IFRS 16 only requires enhanced disclosures to be provided by lessors.

B. The Yuanta Group has elected to apply IFRS 16 by not restating the comparative information (referred herein as the 'modified retrospective approach') when applying "IFRSs" effective in 2019 as endorsed by the FSC. Accordingly, the Yuanta Group increased right-of-use asset and lease liability by $14,137,528 and $6,237,121, and retained earnings, non-controlling interests, other assets and liabilities, net, decreased by $95,849, $55,695 and $8,051,951, respectively, with respect to the lease contracts of lessees on January 1, 2019.

C. The Yuanta Group has used the following practical expedients permitted by the standard at the date of initial application of IFRS 16:
   (A) The use of a single discount rate to a portfolio of leases with reasonably similar characteristics.
   (B) The accounting for operating leases whose period will end before December 31, 2019 as short-term leases and accordingly, rent expense of $104,387 was recognised in 2019.
   (C) The exclusion of initial direct costs for the measurement of 'right-of-use asset'.
   (D) The use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

D. The Yuanta Group calculated the present value of lease liabilities by using the incremental borrowing interest rate or the interest rate implicit in the lease range from 0.78% to 8.50%.

E. The Yuanta Group recognised lease liabilities which had previously been classified as 'operating leases' under the principles of IAS 17, 'Leases'. The reconciliation between operating lease commitments under IAS 17 measured at the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application or the

interest rate implicit in the lease and lease liabilities recognised as of January 1, 2019 is as follows:

Operating lease commitments disclosed by applying IAS 17 as at December 31, 2018	$	8,255,954
Add: Lease payable recognised under finance lease by applying IAS 17 as at December 31, 2018		6,217
Less: Short-term leases	(	125,986)
Less: Low-value assets	(	16,445)
Add: Lease contracts previously identified as service agreements		89
Less: Contracts reassessed as service agreements	(	43,400)
Less: Service agreements started in 2019	(	87,338)
Total lease contracts amount recognised as lease liabilities by applying IFRS 16 on January 1, 2019		7,989,091
Incremental borrowing interest rate at the date of initial application or the interest rate implicit in the lease		0.78%~8.50%
Lease liabilities recognised as at January 1, 2019 by applying IFRS 16	$	6,237,121

(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 2020 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendment to IAS 1 and IAS 8, 'Disclosure Initiative-Definition of Material'	January 1, 2020
Amendments to IFRS 3, 'Definition of a business'	January 1, 2020
Amendments to IFRS 9, IAS 39 and IFRS 7, 'Interest rate benchmark reform'	January 1, 2020

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, 2021
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2022

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

IFRS 17, 'Insurance Contracts'

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

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

4. Summary of significant accounting policies

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

(1) Compliance statement

The consolidated financial statements of the Company and its subsidiaries (collectively referred herein as the "Yuanta Group") have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Financial Holding Companies", "Regulations Governing the Preparation of Financial Reports by Securities Issuers", "Regulations Governing the Preparation of Financial Reports by Public Banks", "Regulations Governing the Preparation of Financial Reports by Securities Firms", "Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants", "Regulations Governing the Preparation of Financial Reports by Insurance Companies", and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations (IFRSs) as endorsed by the FSC.

(2) Basis of preparation

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

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

(3) Basis of consolidation

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

B. Subsidiaries included in the consolidated financial statements:

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%) December 31, 2019	Ownership (%) December 31, 2018	Note
The Company	Yuanta Securities	Securities brokerage, dealing, underwriting, financing and refinancing, futures business and raising and issuing derivative instruments	100.00	100.00	
	Yuanta Bank	Commercial banking	100.00	100.00	
	Yuanta Securities Finance	Securities financing and refinancing to securities firms and related business	-	100.00	Note 1
	Yuanta Life Insurance Co., Ltd. ("Yuanta Life")	Life insurance business	100.00	100.00	
	Yuanta Futures Co., Ltd. ("Yuanta Futures")	Futures, futures managers, futures consultant, securities, securities trading assistance	68.65	68.65	
	Yuanta Securities Investment Trust Co., Ltd. ("Yuanta Securities Investment Trust")	Securities investment trust	74.36	72.20	

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%) December 31, 2019	Ownership (%) December 31, 2018	Note
The Company	Yuanta Venture Capital Co., Ltd. (“Yuanta Venture Capital”)	Venture capital investments	100.00	100.00	
	Yuanta Asset Management Co., Ltd.(“Yuanta Asset Management”)	Providing monetary debt management services for financial institutions	100.00	100.00	
	Yuanta Securities Investment Consulting Co., Ltd.(“Yuanta Securities Investment Consulting”)	Securities investment consultant	100.00	100.00	
Yuanta Securities	Yuanta Securities Asia Financial Services Limited (“Yuanta Securities Asia Financial Services”)	Investment holding	100.00	100.00	
	Yuanta International Insurance Brokers Co., Ltd. (“Yuanta International Insurance Brokers”)	Insurance agency services	100.00	100.00	
	Yuanta Securities Finance	Securities financing and refinancing to securities firms and related business	100.00	-	Note 1
Yuanta Securities Asia Financial Services	Yuanta Securities Holding (B.V.I.) Co., Ltd. (“B.V.I.”)	Investment holding	-	100.00	Note 2
	Yuanta Securities (Hong Kong) Limited	Securities brokerage, dealing in securities and underwriting investment consultation	100.00	100.00	
	Yuanta Asia Investment (Hong Kong) Limited(“Yuanta Asia Investment (Hong Kong)”)	Securities brokerage and dealing in securities	100.00	100.00	Note 3
	Yuanta Investment Consulting (Beijing) (“Yuanta Investment Consulting Beijing”)	Investment consultation	100.00	100.00	
	Yuanta Securities Korea Co., Ltd (“Yuanta Securities (Korea)”)	Securities trading, providing opinions on securities and futures contract, underwriting services, asset management services, financial advisory services, and futures trading	55.36	54.62	
	Yuanta Asia Investment Limited (“Yuanta Asia Investment (B.V.I.) ”)	Venture capital funds, venture capital fund raising management, and investment advisory services	-	100.00	
	Yuanta Hong Kong Holdings (Cayman) Ltd. (“Yuanta HK Holdings (Cayman)”)	Investment holding	100.00	100.00	
	Yuanta Securities Thailand Limited (“Yuanta Securities (Thailand)”)	Securities brokerage, dealing in securities, underwriting and investment consultation	99.99	99.99	
	Yuanta Securities Vietnam Limited Company(“Yuanta Securities (Vietnam)”)	Securities brokerage, dealing in securities, underwriting and investment consultation	85.24	85.24	Note 4
Yuanta Asia Investment (Hong Kong)	Yuanta Asia Investment (B.V.I.)	Venture capital funds, venture capital fund raising management, and investment advisory services	100.00	-	
Yuanta Securities (Hong Kong)	Yuanta International Investment (Hong Kong) Ltd. (“Yuanta Investment (Hong Kong)”)	Issue financial instruments	100.00	100.00	
	Yuanta Finance (Hong Kong) Ltd. (“Yuanta Finance (Hong Kong)”)	Credit loan business	100.00	100.00	

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%) December 31, 2019	Ownership (%) December 31, 2018	Note
Yuanta Securities (Hong Kong)	PT Yuanta Sekuritas Indonesia (“Yuanta Securities (Indonesia)”)	Securities trading and underwriting services	99.00	99.00	
	PT Yuanta Asset Management	Investment management	0.002	0.002	
	Yuanta Investment Management (Cayman)	Investment management	100.00	100.00	
	Yuanta Securities (Vietnam)	Securities brokerage, dealing in securities, underwriting and investment consultation	14.76	14.76	Note 4
PT Yuanta Securitas Indonesia	PT Yuanta Asset Management (Indonesia)	Investment management	99.998	99.998	
Yuanta Securities (Korea)	Yuanta Investment Co.,Ltd (“Yuanta Investment (Korea)”)	Venture investment	55.36	54.62	
	Yuanta Financial (Hong Kong) Limited (“Yuanta Financial (Hong Kong)”)	Investment holding	55.36	54.62	
Yuanta Financial (Hong Kong)	Yuanta Securities (Cambodia) Plc. (“Yuanta Securities (Cambodia)”)	Underwriting guidelines and financial advisory services	55.36	54.62	
	Heng Xin Asia Holdings Limited (“Heng Xin Asia Holdings”)	Investment holding	-	49.23	Note 5
Yuanta Asia Investment (B.V.I.)	Reksa Dana Yuanta Liquid Plus Money Market Fund	Investment debt instrument	91.20	99.90	
	Reksa Dana Yuanta Fixed Income Fund	Investment debt instrument	70.67	65.81	
	Reksa Dana Indeks Yuanta Sir-Kehati Index Fund	Investment debt instrument	99.24	98.35	Note 6
	Reksa Dana Yuanta Equity Alpha Fund	Investment debt instrument	100.00	100.00	Note 6
Yuanta Bank	Yuanta International Leasing Co., Ltd.(“Yuanta International Leasing”)	Agency and leasing business of real estate and movables	100.00	100.00	
	Yuanta Savings Bank (Philippines) Inc. (Yuanta Savings Bank (Philippines))	Deposit services, mortgage services, and foreign exchange swaps	100.00	100.00	
	Yuanta Savings Bank (Korea) Inc. (Yuanta Savings Bank (Korea))	Deposit services, mortgage services, and foreign exchange swaps	100.00	100.00	
Yuanta Futures	Yuanta Futures (Hong Kong) Limited (“Yuanta Futures Hong Kong”)	Financial services	68.65	68.65	
	SYF Information Limited (“SYF Information”)	Information service	68.65	68.65	
SYF Information	SYF Information (Samoa) Limited (“SYF Information (Samoa)”)	Investment holding	68.65	68.65	Note 7
SYF Information (Samoa)	SYF Information (Shanghai) Limited (“SYF Information (Shanghai)”)	Information service	68.65	68.65	
Yuanta Venture Capital	Yuanta I Venture Capital Co., Ltd.(“Yuanta I Venture Capital”)	Venture capital investments	100.00	100.00	

Note 1: The Company’s Board of Directors approved on November 28, 2018 to transfer all the shares of Yuanta Securities Finance to Yuanta Securities. The settlement effective date is set on March 26, 2019 under the resolution of the Board of Directors on March 25, 2019.

Note 2: In June 2019, the Board of Directors of B.V.I. resolved to dissolve and liquidate the company. The effective date was December 27, 2019, and the liquidation process was completed on February 14, 2020.

Note 3: In May 2019, the Board of Directors of Yuanta Securities Asia Financial Services approved the capital increase of Yuanta Asia Investment (Hong Kong) to be finished in September 2019. Polaris Securities (Hong Kong) Co., Ltd. was renamed “Yuanta Asia Investment (Hong Kong) in September 2019.

Note 4: In March 2018, the Board of Directors of Yuanta Securities Asia Financial Services approved the capital increase of Yuanta Securities (Vietnam) to be finished in August 2018. First Securities Joint Stock Co., Ltd. was renamed "Yuanta Securities (Vietnam) Joint Stock Co., Ltd" in February 2018 and renamed "Yuanta Securities Vietnam Limited Company" in January 2019.

Note 5: In March 2018, the Board of Directors approved the liquidation of Heng Xin Asia Holdings. The liquidation was completed in June 2019.

Note 6: Subscribed in the fourth quarter of 2018.

Note 7: On September 25, 2019, the Board of Directors of SYF Information (Samoa) resolved to dissolve and liquidate the company to simplify the organisation. On October 25, 2019, the competent authority approved the liquidation which is expected to be completed in 2020.

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

December 31, 2019

Structured entities	Services
YK Hessen Co.,Ltd.	Asset-backing
YK Indus Co.,Ltd.	Asset-backing
YK Dway 2nd Co.,Ltd.	Asset-backing
YK Biz Co.,Ltd.	Asset-backing
SJ First Co.,Ltd.	Asset-backing
YK Monaco Co.,Ltd.	Asset-backing
YK JP the 7th Co.,Ltd.	Asset-backing
DG.southone 1st Co., Ltd.	Asset-backing
YFI Yeosu Co., Ltd.	Asset-backing
UT sixth Co., Ltd.	Asset-backing
YK Gunsun 1st Co., Ltd.	Asset-backing
First M 2nd.Co.,Ltd.	Asset-backing
First M 3rd.Co.,Ltd.	Asset-backing
DK project second Co., Ltd.	Asset-backing
YK Hotel the 1st Co., Ltd.	Asset-backing
Y.K.Stone the First Co., Ltd.	Asset-backing
YK Grand. Co., Ltd.	Asset-backing
YK HD Co., Ltd.	Asset-backing
YFI Double S1 Co., Ltd.	Asset-backing
YFI Double S2 Co., Ltd.	Asset-backing
YK Dragon. Co., Ltd.	Asset-backing
Y.K.Glory the 1th.Co., Ltd.	Asset-backing
YK MEDICINE Co., Ltd.	Asset-backing
YKWork. Co., Ltd.	Asset-backing
YK BeomCheon the 1st Co., Ltd.	Asset-backing
YK MIRACLE Co., Ltd.	Asset-backing
YKCF. Co., Ltd.	Asset-backing
SJ beomcheon second Co., Ltd.	Asset-backing
YK Maritime Co., Ltd.	Asset-backing
YK Bugae the 1st Co., Ltd.	Asset-backing
YK Mozart ll Co., Ltd.	Asset-backing
YKSEAWORK. Co., Ltd.	Asset-backing
Y.K. Cherry the First Co., Ltd.	Asset-backing
YK Chile Co., Ltd.	Asset-backing

December 31, 2019

Structured entities	Services
YK Songdo. Co., Ltd.	Asset-backing
SJ bondong third Co., Ltd.	Asset-backing
YK Whistle Co., Ltd.	Asset-backing
BUMERSQUARE 1st. Co., Ltd.	Asset-backing
Y.K.Blue the 5th. Co., Ltd.	Asset-backing
YK Star. Co., Ltd.	Asset-backing
YK GO. Co., Ltd.	Asset-backing
YK Hyper Co., Ltd.	Asset-backing
YKDragonLake Co., Ltd.	Asset-backing
Y.K. Spark the First Co., Ltd.	Asset-backing
YKDY Co., Ltd.	Asset-backing
YkNineMall Co., Ltd.	Asset-backing
YKSEONHWA. Co., Ltd.	Asset-backing
Gold Poongmu the 1st Co., Ltd.	Asset-backing
SJ gangbuk first Co., Ltd.	Asset-backing

December 31, 2018

Structured entities	Services
YK Sky Co., Ltd	Asset-backing
YK APT the 1st Co., Ltd	Asset-backing
Y.K.S.W. Second Co., Ltd	Asset-backing
Y.K. New NC 1st Co., Ltd	Asset-backing
YK Halfmoon 2nd Co., Ltd	Asset-backing
Y.K. New NC Second Co., Ltd.	Asset-backing
YK Hessen Co., Ltd	Asset-backing
ELF 5th Co., Ltd	Asset-backing
YK Indus Co., Ltd	Asset-backing
YK Mozart Co., Ltd	Asset-backing
YK Dway 2nd Co., Ltd	Asset-backing
YK Biz Co., Ltd	Asset-backing
YK Blueocean the First Co., Ltd	Asset-backing
YK Stella Co., Ltd	Asset-backing
YK HIT Co., Ltd	Asset-backing
SJ First Co., Ltd	Asset-backing
YK Monaco Co., Ltd	Asset-backing
YK JP the 7th Co., Ltd	Asset-backing
Y.K.Blue the third Co., Ltd	Asset-backing
ELF 7th Co., Ltd	Asset-backing
YK KGE Co., Ltd	Asset-backing
DG.southone 1st Co., Ltd	Asset-backing
YFI Yeosu Co., Ltd	Asset-backing
UT sixth Co., Ltd	Asset-backing
YK Gunsun 1st Co., Ltd	Asset-backing
Y.K.Blue the 4th.Co., Ltd	Asset-backing

December 31, 2018	
Structured entities	Services
First M 2nd.Co., Ltd	Asset-backing
First M 3rd.Co., Ltd	Asset-backing
DK project second Co., Ltd	Asset-backing
YK SMGC Co., Ltd	Asset-backing
YK Hotel the 1st Co., Ltd	Asset-backing
Y.K.Stone the First Co., Ltd.	Asset-backing
YK Grand.Co., Ltd.	Asset-backing
YK EMC Co., Ltd.	Asset-backing
YK HD Co., Ltd.	Asset-backing

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

D. As of December 31, 2019, subsidiaries not included in the consolidated financial statements:
None.

E. Adjustments for subsidiaries with different balance sheet dates:
None.

F. Significant restrictions
None.

G. Subsidiaries that have non-controlling interests that are material to the Yuanta Group:
As of December 31, 2019 and 2018, the non-controlling interest amounted to $18,005,247 and $17,858,198, respectively. The information of non-controlling interest and respective subsidiaries is as follows:

		Non-controlling interest			
		December 31, 2019		December 31, 2018	
Name of Subsidiary	Principal place of business	Amount	Ownership(%)	Amount	Ownership(%)
Yuanta Securities (Korea)	Korea	$ 14,215,077	44.64%	$ 14,344,843	45.38%

The comprehensive income attributable to this non-controlling interest were $155,441 and $861,759 for the years ended December 31, 2019 and 2018, respectively.

Summarized financial information for the aforementioned subsidiaries:

Consolidated balance sheets

	Yuanta Securities (Korea) and its subsidiaries	
	December 31, 2019	December 31, 2018
Current assets	$ 303,666,064	$ 309,194,230
Non-current assets	17,744,841	16,545,798
Current liabilities	(281,118,694)	(287,746,946)
Non-current liabilities	(7,370,051)	(5,280,777)
Total net assets	$ 32,922,160	$ 32,712,305

Consolidated statements of comprehensive income

	Yuanta Securities (Korea) and its subsidiaries	
	For the years ended December 31,	
	2019	2018
Revenue	$ 14,059,217	$ 15,647,208
Profit before income tax	2,200,216	3,128,799
Income tax expense	(41,918)	(259,376)
Net income	2,158,298	2,869,423
Other comprehensive loss (net of tax)	(1,817,406)	(735,008)
Total comprehensive income for the period	$ 340,892	$ 2,134,415

Consolidated statements of cash flows

	Yuanta Securities (Korea) and its subsidiaries	
	For the years ended December 31,	
	2019	2018
Net cash provided by operating activities	$ 14,661,381	$ 730,035
Net cash provided by investing activities	87,559	2,340,518
Net cash used in financing activities	(11,373,642)	(5,503,591)
Effect of exchange rates on cash and cash equivalents	(382,452)	458,591
Increase (decrease) in cash and cash equivalents	2,992,846	(1,974,447)
Cash and cash equivalents, beginning of period	16,791,937	18,766,384
Cash and cash equivalents, end of period	$ 19,784,783	$ 16,791,937

(4) Foreign currency translation

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

A. Foreign currency transactions and balances

(A) Foreign currency transactions denominated in a foreign currency or required to settle in a foreign currency are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

(B) Assets denominated in foreign currency are translated at the closing exchange rate at the balance sheet date. When several exchange rates are available, the rate used is that at which the future cash flows represented by the transaction or balance could have been settled if those cash flows had occurred at the measurement date. Any translation difference is recognised as gain and loss in the period.

(C) Non-monetary assets and liabilities denominated in foreign currencies:

a. Assets and liabilities carried at cost are re-translated at the exchange rates prevailing at the original transaction date.

b. Assets and liabilities held at fair value through profit or loss are re-translated at the exchange rates prevailing at the date at which the fair value is determined.

When the gains and losses on non-monetary assets and liabilities denominated in foreign currencies are recognised in other comprehensive income, any translation difference included

in the gains and losses are also recognised in other comprehensive income. When the gains and losses on non-monetary assets and liabilities denominated in foreign currencies are recognised as gains and losses, any translation difference included in the gains and losses are also recognised as gains and losses.

B. Translation of foreign operations

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

(A) Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet.

(B) Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period.

(C) All resulting exchange differences are recognised in other comprehensive income.

(5) Cash and cash equivalents

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

(6) Bills and bonds under repurchase or resale agreements

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

(7) Financial assets and liabilities

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

A. Financial assets

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

(A) Regular way purchase or sale

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

(B) Bills discounted and loans

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

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

If a bills discounted and loans asset held by the Yuanta Group is renegotiated or modified due

to financial difficulties of the borrower, but is not required to be derecognized, or if renegotiations or modification of terms are for reasons other than financial difficulties, which rarely results in the derecognition of the asset, the carrying amount of the asset is recalculated based on the effective interest rate of original contract and the related gains or losses are recognised in profit or loss.

(C) Receivables

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

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

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

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

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

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

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

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

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

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

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

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

a. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Yuanta Group has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income and debt instruments which meet all of the following criteria:

i. The objective of the Yuanta Group's business model is achieved both by collecting contractual cash flows and selling financial assets; and

ii. The assets' contractual cash flows represent solely payments of principal and interest.

b. At initial recognition, the Yuanta Group measures the financial assets at fair value plus transaction costs. The Yuanta Group subsequently measures the financial assets at fair value:

i. The changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Yuanta Group and the amount of the

dividend can be measured reliably.

ii. Except for the recognition of impairment loss, interest income and gain or loss on foreign exchange which are recognised in profit or loss, the changes in fair value of debt instruments are taken through other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss.

(F) Investments in debt instruments at amortised cost

a. Investments in debt instruments at amortised cost are those that meet all of the following criteria:

i. The objective of the Yuanta Group's business model is achieved by collecting contractual cash flows.

ii. The assets' contractual cash flows represent solely payments of principal and interest.

b. At initial recognition, the Yuanta Group measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognised in profit or loss when the asset is derecognised or impaired.

(G) Other financial assets

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

B. Financial liabilities

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

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

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

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

a. Hybrid (combined) contracts; or

b. They eliminate or significantly reduce a measurement or recognition inconsistency; or

c. They are managed and their performance is evaluated on a fair value basis, in accordance with a documented risk management policy.

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

(B) Financial liabilities carried at amortised cost

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

derecognition.

C. Derecognition of financial assets

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

(A)The contractual rights to receive cash flows from the financial asset expire.

(B)The contractual rights to receive cash flows from the financial asset have been transferred and the Yuanta Group has transferred substantially all risks and rewards of ownership of the financial asset.

(C)Risks and rewards of ownership of the financial asset have not been substantially transferred or retained, however, the control over the financial assets have not been retained.

D. Derecognition of financial liabilities

(A)A financial liability is derecognised when the obligation under the liability specified in the contract is discharged or cancelled or expires.

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

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

A. According to the "Rules Governing Securities Finance Enterprises" (RGSFE), margin loans primarily represent pecuniary financing to investors or refinancing to securities firms. The margin loans are accounted for as "Margin loans receivable" (recognised under "Receivables-net") as incurred and such loans are secured by the securities purchased by the investors, and the Yuanta Group records these securities at par value under the memorandum accounts "securities held for collateral" and "liability for holding collateral securities", and is not included in the balance sheets.

B. According to Article 10 of the RGSFE, when providing margin loans to principals, the Yuanta Group shall obtain the margin pursuant to the ratio prescribed by the competent authority.

C. Short sale stock loans represent securities financing affected by lending securities in custody that are received from margin loans, guarantee effects or borrowed securities, to investors. When the securities are lent to investors, the Yuanta Group records the par value of the securities lent under the memorandum account "short sale stock loans". Additionally, according to Article 10 of the RGSFE, the investors need to deposit a regulated amount equal to a certain percentage of the proceeds from short sale stock financing or equivalent collateral as guarantee with the Yuanta Group. The proceeds are accounted for as "Short sale stock deposits" (recognised under "Payables"). The Yuanta Group deals with these securities at par value under the memorandum account "Guarantee deposits". The proceeds from sale of securities lent, less any dealer's commission, financing commission and securities exchange tax, are held by the Yuanta Group as collateral and recorded under "Short sale proceeds payable" (recognised under "Payables").

D. Securities borrowed represent securities borrowed from one broker/dealer to another, who must eventually return the same security as repayment. When the securities are lent to investors, the Yuanta Group records the par value of the securities borrowed under the memorandum account "securities borrowed". The borrower needs to deposit an amount equal to a certain percentage of the proceeds from securities borrowed or equivalent collateral as guarantee with the Yuanta Group. The proceeds are accounted for as "Refundable deposits for securities lending" (recognised under "Other assets-net"). The Yuanta Group deals with securities at par value under the memorandum account "Refundable collaterals". When the securities are lent to investors, the Yuanta Group records the par value of the securities lent under the memorandum account "Short sale stock loans". Additionally, a lender needs to deposit an amount equal to a certain percentage of the proceeds from securities lent or equivalent collateral as guarantee with the Yuanta Group. The proceeds are accounted for as "Deposits received for securities lent" (recognised under "Other liabilities"). The

Yuanta Group deals with these securities at par value under the memorandum account "Collaterals received".

E. "Security-based loans" are loans provided to borrowers by Yuanta Group in accordance with "Regulations Governing Securities Finance Enterprises". Upon the occurrence of a loan, "Security-based loans" is recorded (under "Bills discounted and loans – net") and the borrower pledges securities from margin trading, central government bonds and treasury bills and others that are approved by the competent authority as collateral. For the collateral, Yuanta Group records it in its memorandum under "Securities in custody" and its converse account "Collateral received", which is not recorded in the general ledger.

(9) Financial instruments offsetting

Financial assets and liabilities are offset in the net amount in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

(10) Impairment of financial assets

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

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

(11) Non-hedging and embedded derivatives

A. Non-hedging derivatives are initially recognised at fair value on the date a derivative contract is entered into and recorded as financial assets or financial liabilities at fair value through profit or loss. They are subsequently remeasured at fair value and the gains or losses are recognised in profit or loss.

B. Under the financial assets, the hybrid contracts embedded with derivatives are initially recognized as financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income and financial assets at amortised cost based on the contract terms.

(12) Impairment of non-financial assets

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

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units, or groups of cash-generating units, that is expected to benefit from

the synergies of the business combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

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

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

B. The income (loss) of the subsidiaries is excluded from the consolidated statement of comprehensive income effective the date on which the subsidiaries meets the criteria to be classified as held for sale. The assets, liabilities and equity related to the subsidiaries classified as held for sale shall be presented separately in the consolidated balance sheet. The subsidiaries classified as held for sale shall be measured at the lower of carrying amount and fair value less costs to sell on the date which the subsidiaries meet the criteria to be classified as held for sale. The carrying amounts of the liabilities shall be measured in accordance with applicable Statements of Financial Accounting Standards to determine the amounts of total assets.

C. If the subsidiaries classified as held for sale meet the definition of discontinued operations, the results of their operations before being classified to the accounts relating to non-current disposal group classified as held for sale and the impairment loss recognised when being classified to the accounts relating to non-current disposal group classified as held for sale shall be combined to the net profit or loss after tax of discontinued operations.

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

A. Associates are all entities over which the Yuanta Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20%~50% of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognised at cost.

B. The Yuanta Group's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Yuanta Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Yuanta Group does not recognise further losses, unless it has incurred statutory/constructive obligations or made payments on behalf of the associate.

C. When changes in an associate's equity that are not recognised in profit or loss or other comprehensive income of the associate and such changes not affecting the Yuanta Group's ownership percentage of the associate, the Yuanta Group recognises change in ownership interests in the associate in 'capital surplus' in proportion to its ownership.

D. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

E. When overseas investments are valued under the equity method, exchange differences arising from the translation of the investee's financial statements are recognised in other comprehensive income and are cumulated under equity as "Exchange differences on translation of foreign financial statements" (and appropriately allocated to non-controlling interest).

F. When Yuanta Group disposes its investment in an associate, if it loses significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it still retains significant influence over this associate, then

the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

G. When Yuanta Group disposes its investment in an associate, if it loses significant influence over this associate, the amounts previously recognised as capital surplus in relation to the associate are transferred to profit or loss. If it still retains significant influence over this associate, then the amounts previously recognised as capital surplus in relation to the associate are transferred to profit or loss proportionately.

(15) Leasing arrangements (lessor)－operating leases

A. Operating lease

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

B. Finance lease

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

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

Effective 2019

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

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

Lease payments are comprised of the following:

a.Fixed payments, less any lease incentives receivable;

b.Variable lease payments that depend on an index or a rate;

c.Amounts expected to be payable by the lessee under residual value guarantees;

d.The exercise price of a purchase option, if the lessee is reasonably certain to exercise that option; and

e.Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

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

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

a. The amount of the initial measurement of lease liability;

b. Any lease payments made at or before the commencement date;

c. Any initial direct costs incurred by the lessee; and

d. An estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition

required by the terms and conditions of the lease.

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

(17) Leased assets/ operating leases (lessee)

Effective 2018

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

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

(18) Investment property

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

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

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

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

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

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

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

(19) Property and equipment

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

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

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

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

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

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

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

(20) 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.

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

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

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

(22) Bonds payable/ Preferred stock liability

A. Bank debentures payable

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

B. Corporate bonds payable/ Preferred stock liability

(A)Ordinary corporate bonds issued by the Yuanta Group are initially recognised at fair value, net of transaction costs incurred. Ordinary corporate bonds are subsequently stated at amortised

cost; any difference between the proceeds (net of transaction costs) and the redemption value is accounted for as the premium or discount on bonds payable and presented as an addition to or deduction from bonds payable, which is amortised in profit or loss as an adjustment to the 'interest expense' over the period of bond circulation using the effective interest method.

(B)Convertible corporate bonds/ preferred stock liability issued by the Yuanta Group contain conversion options (that is, the bondholders have the right to convert the bonds into the Yuanta Group's common shares by exchanging a fixed amount of cash for a fixed number of common shares), call options and put options. The Yuanta Group classifies the bonds payable and derivative features embedded in convertible corporate bonds on initial recognition as a financial asset, a financial liability or an equity instrument ('capital surplus－stock warrants') in accordance with the substance of the contractual arrangement and the definitions of a financial asset, a financial liability and an equity instrument. Convertible corporate bonds/ preferred stock liability are accounted for as follows:

a. Call options and put options embedded in convertible corporate bonds/ preferred stock liability are recognised initially at net fair value as 'financial assets or financial liabilities at fair value through profit or loss'. They are subsequently remeasured and stated at fair value on each balance sheet date; the gain or loss is recognised as 'gain or loss on financial assets or financial liabilities at fair value through profit or loss.'

b. Bonds payable of convertible corporate bonds/ preferred stock liability is initially recognised at fair value and subsequently stated at amortised cost. Any difference between the proceeds and the redemption value is accounted for as the premium or discount on bonds payable/ preferred stock liability and presented as an addition to or deduction from bonds payable/ preferred stock liability, which is amortised in profit or loss as an adjustment to the 'interest expense' over the period of bond circulation using the effective interest method.

c. Conversion options embedded in convertible corporate bonds/ preferred stock liability issued by the Yuanta Group, which meet the definition of an equity instrument, are initially recognised in 'capital surplus－stock warrants' at the residual amount of total issue price less amounts of 'financial assets or financial liabilities at fair value through profit or loss' and 'bonds payable－net' as stated above. Conversion options are not subsequently remeasured.

d. Any transaction costs directly attributable to the issuance of convertible corporate bonds/ preferred stock liability are allocated to the liability and equity components in proportion to the allocation of proceeds.

e. When bondholders exercise conversion options, the liability component of the bonds (including 'bonds payable/ preferred stock liability' and 'financial assets or financial liabilities at fair value through profit or loss') shall be remeasured on the conversion date. The book value of common shares issued due to the conversion shall be based on the adjusted book value of the above-mentioned liability component plus the book value of capital surplus －stock warrants.

(23) Provisions, contingent liabilities and contingent assets

A. The Yuanta Group recognises liabilities when all of the following three conditions are met：
(A)Present obligation (legal or constructive) has arisen as a result of past event.
(B)The outflow of economic benefits is highly probable upon settlement.
(C)The amount is reliably measurable.

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

from any one of the obligation is remote.

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

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

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

(24) Financial guarantee contracts and loan commitment

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

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

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

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

(B)The amount initially recognised less, when appropriate, cumulative effect recognized in accordance with IFRS 15.

D. The Yuanta Group's assessment of provisions for losses for loan commitments and financial guarantee contracts is described in Note 4(10). "Recognizing and measuring expected credit losses". The increase in liabilities due to financial guarantee contracts and loan commitments is recognised in "bad debt expenses, commitments and guaranty policy reserve".

E. In addition to the assessment of provisions for losses for financial guarantee contract described above, subsidiary Yuanta Bank also assesses provisions for losses in accordance with "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans" and other applicable laws. The greater of the two amounts is recognised and included in the guaranty policy reserve.

(25) Employee benefits

A. Short-term employee benefits

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

B. Pensions

(A)Defined contribution plans

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

reporting period when the services are rendered, the total undiscounted short-term pension benefits which the Yuanta Group needs to pay in the future are recognised as expenses.

(B) Defined benefit plans

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

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

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

C. Deposits

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

D. Termination benefits

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

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

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

(26) Classification of insurance contracts

A. Insurance products should be classified according to IFRS 4, 'Insurance contracts'. The Company has to identify whether to assume components of an insurance contract including insurance risks and other risks with respect to the insurance products issued and make judgement on whether the components of an insurance contract are unbundled and separately measurable. In addition, the Company has to make judgement on whether the insurance products issued transfer insurance risk, whether transfer of insurance risk has commercial substance, and whether the transferred insurance risk is significant when performing significant insurance risk transfer tests. Result of such judgement will affect the classification of insurance contracts. Identification and unbundling of components of an insurance contract and classification of insurance products can affect the recognition of revenue, measurement of liabilities, and presentation of financial statements.

B. An insurance contract is a contract under which the Yuanta Group accepts significant risk transferred from the policyholder by agreeing to compensate the policyholder if a future insured event adversely affects the policyholder, including reinsurance contracts with a transferrable significant risk held by the Yuanta Group. Non-insurance contracts (also called investment contracts), denote to insurance contracts with a nature of financial instruments that are exposed to financial risks but without significant transferred insurance risks. The definition of significant transferred risks employed by the Yuanta Group here refers to any event or incident that leads to the Yuanta Group's additional significant payment.

C. Insurance policies which meet the definition of insurance contracts on initial recognition shall be classified as insurance contracts before all rights and obligations expire or mature, even if the insurance risks have been significantly reduced during the coverage period. However, insurance contracts with a nature of financial instruments shall be reclassified as insurance contracts, if significant insurance risks have been transferred to the Yuanta Group.

D. Insurance contracts and investment contracts will be further classified depending on the discretionary participation feature. The discretionary participation feature is a contractual right to receive additional benefits rather than guaranteed benefits, and this kind of right will need to meet the following criteria at the same time:
   (A) additional benefits that are likely to be a significant portion of the total contractual benefits;
   (B) the amount or timing of additional benefits is contractually at the discretion of the Yuanta Group; and
   (C) additional benefits are contractually based on the performance of specified investment portfolio of the Yuanta Group.

E. All insurance products of the Yuanta Group meet the definition of insurance contracts, except for some investment-linked products.

(27) Insurance contracts

A. Recognition and measurement
   For the Yuanta Group's insurance contracts and financial instruments with discretionary participation features, premium income and commission expense are recognised when premiums are collected and the underwritings are approved for initial policies, and when premiums are collected for renewal policies. Claim and policy benefits are recognised under profit and loss accounts as incurred. In addition, the Yuanta Group shall set aside various insurance liabilities. Please refer to valuation basis for various insurance liabilities set out. Even though certain insurance contracts of the Yuanta Group do have a participation discretion feature and guarantee element, the Yuanta Group did not separately recognise but categorize the whole contract as a liability.

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

C. Reinsurance
   With the classification of reinsurance contracts, the Yuanta Group assesses the agreements under the deposit accounting given that the objective insurance risks of reinsurance agreements are not transferred to the reinsured. Calculation of reinsurance standards for inwards and outwards, reinsurance commissions, reinsurance payments and reinsurance premiums should be

managed by reinsurance contracts signed by other reinsurance companies and stated on a monthly basis.

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

(28) Non-discretionary participation feature investment contracts

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

(29) 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.

(30) Foreign exchange reserve

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

(31) Income tax

A. Current income tax

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

the period. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

B. Deferred income tax

(A) Deferred income tax assets and liabilities are measured based on the tax rate of the anticipated period that the future assets realization or the liabilities settlement requires, which is based on the effective or existing tax rate at the consolidated balance sheet date. The carrying amounts and temporary differences of assets and liabilities included on the consolidated balance sheet are calculated using the balance sheet liability method and recognised as deferred income tax. The temporary difference of the Yuanta Group mainly occurs due to the setting aside and transferring of valuation and pension reserve of certain financial instruments (including derivatives).

(B) The land revaluation appraisal due to the revaluation assessment in compliance with relevant regulations, deemed as taxable temporary difference, is recognised as deferred income tax liabilities.

(C) If the future taxable income is probable to provide unused loss carryforwards or deferred income tax credit which can be realised in the future, the proportion of realization is deemed as deferred income tax asset.

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

(32) Share capital

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

(33) Interest income and expense

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

(34) Net service fee and commission income

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

A. Brokerage service fee income and other related expenses are recognised at the date of securities transaction.

B. Underwriting service fee income and expenses are recognised on an accrual basis under the agreed terms.

C. Stock agency income is recognised monthly based on the contract terms.

D. Futures commission income is the commission charged to the assigned futures merchants for the assistance provided during futures trading and recognised on an accrual basis during the trading period.

(35) Investment-linked products

A. In accordance with the Insurance Law and "Regulations Governing Investment-linked Products", premiums from these products are deposited to a separate and independent account, net of expenses, and invested as stipulated under the contracts. This separate and independent account

is managed independently from other assets of the Yuanta Group.

B. The assets and liabilities of this independent account are classified under other assets and liabilities for investment-linked products, respectively, and revenues and expenses are classified under operating revenues and costs for investment-linked products, respectively. Revenues and expenses from investment-linked product, which meet the definition of insurance contracts under IFRS 4 should be recognised.

C. The value of this independent account's assets is determined based on the market price at the balance sheet date.

D. The sales commission and fee income including pre-sale charge, policy and investment related charges received from the investment from the investment-linked life products are recognised as handling fee revenue. Service income derived from relevant expenses from policy holders, which belong to investment contracts and are classified as non-discretionary participation feature products, are the consideration of services provided by the Company during the specified period. If the service is not rendered during the period the premium is received, then the service income shall be recognised as "deferred handling fee income" and amortised using the straight-line method over the period the service is provided. Relevant additional costs, such as commission expenses and sales compensation, shall also be recognised as "deferred acquisition cost" and are amortised using the straight-line method to "Other non-interest income" based on the matching principle.

(36) Business combinations

A. The Yuanta Group uses the acquisition method to account for business combinations. The consideration transferred for an acquisition is measured as the fair value of the assets transferred, liabilities incurred or assumed and equity instruments issued at the acquisition date, plus the fair value of any assets and liabilities resulting from a contingent consideration arrangement. All acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. For each business combination, the Yuanta Group measures at the acquisition date components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to the proportionate share of the entity's net assets in the event of liquidation at either fair value or the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other non-controlling interests should be measured at the acquisition-date fair value.

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

(37) Operating segment report

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

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

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

The accounting policies, accounting assumptions and estimates have an impact on Yuanta Group's consolidated financial statements. Thus, when applying significant accounting policies as described in

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

(1) Expected credit losses of bills discounted and loans

At each reporting date, the Yuanta Group assesses expected credit losses of bills discounted and loans after taking into consideration all reasonable and verifiable information (including forecasts.) Measurement of expected credit losses involves determining whether there is significant increase in credit risk on the assets since initial recognition, or whether the asset is credit-impaired, calculating probability of default, loss given default, and exposure at default of the credit loss model, and adjusting parameters of the model after forecastable assessments of the probability of default. Please refer to Note 6(9) for the details of the total amount of discount and loans (including discount and premium adjustment) and allowance for accounts receivable as of December 31, 2019.

(2) Fair value valuation of unlisted stocks

Financial instruments with no active market or quoted price use valuation techniques to determine the fair value. Under such condition, fair value is assessed through the observable information or models of similar financial instruments. If there is no observable input available in the market, the fair value of financial instrument is assessed through appropriate assumptions. When valuation models are adopted to determine the fair value, all the models should be calibrated to ensure that the output can actually reflect actual information and market price. Models should try to use only observable information as much as possible. Please refer to Note 12(2) for details of the carrying amount of unlisted financial assets at fair value through other comprehensive income as of December 31, 2019.

(3) Impairment assessment of goodwill

Yuanta Group assesses regularly the impairment of goodwill at the end of year. The recoverable amounts of related cash-generating units are determined based on value-in-use calculations. The calculations use estimate of expected future cash flows and discount rate. Please refer to Note 6(17) for details of the assessment of goodwill impairment as of December 31, 2019.

(4) Insurance contract liabilities

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

However, it is reasonably possible that changes in assumption from the competent authority may have an impact on gains, losses, or equity. The liability adequacy testing is conducted by discounting the Company's overall return on investment under the best estimate on valuation date. If the test result shows that the liability is inadequate, the entire deficiency is recognised in expenses and losses in the period. If there is a change in the future best estimate assumption, incremental reserve for adverse movement in such assumption shall be made. Please refer to Note 6(26), for details of reserves of insurance liabilities as of December 31, 2019.

6. Details of significant accounts

(1) Cash and cash equivalents

	December 31, 2019	December 31, 2018
Cash	$ 7,536,848	$ 5,934,752
Deposits in banks	58,462,906	54,995,362
Futures excess margin and cash equivalents	2,670,354	2,010,528
Excess settlement reserve fund	2,575	11,554
Checks for clearing	586,890	2,583,215
Total	$ 69,259,573	$ 65,535,411

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

	December 31, 2019	December 31, 2018
Reserve for deposits - account A	$ 10,186,274	$ 15,998,321
Reserve for deposits - account B	28,589,351	26,044,008
Deposits by overseas branches to designated accounts of respective local central banks	3,164,861	1,919,157
Reserve for deposits	2,387,759	3,181,547
Call loans to banks	1,706,440	1,073,679
Total	$ 46,034,685	$ 48,216,712

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.

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

	December 31, 2019	December 31, 2018
Financial assets mandatorily measured at fair value through profit or loss		
Commercial paper	$ 35,665,553	$ 29,999,858
Beneficiary certificates / securities	58,878,065	44,913,476
Stocks of companies listed on TSE or OTC	33,247,996	21,679,437
Emerging stocks	1,338,224	1,521,690
Government bonds	39,711,043	42,438,373
Financial bonds	117,549,551	100,223,063
Corporate bonds	75,637,003	79,313,336
Overseas bonds	882,793	7,605,311
Convertible corporate bonds	45,514,594	47,991,256
Derivative financial instruments	12,534,264	19,975,081
Structured products and others	17,518,059	11,762,666
Reserve for claims of customers' deposits with KSFC (Note 1)	61,372,357	67,887,652
Other marketable securities	4,619,722	4,337,263
Valuation adjustment	(438,145)	(5,709,253)
Total	$ 504,031,079	$ 473,939,209
Financial liabilities held for trading		
Derivative financial instruments	$ 16,671,818	$ 23,695,380
Non-derivative financial instruments	22,270,873	21,377,218
Valuation adjustment of financial liabilities held for trading－non-derivative financial instruments	861,833	(1,095,200)
Financial liabilities designated as at fair value through profit or loss		
Structured products (Note 2)	67,372,332	53,558,458
Convertible bond asset swap not qualifying for derecognition (Note 2)	16,078,956	14,446,943
Others	84,416	-
Total	$ 123,340,228	$ 111,982,799

Note 1: KSFC stands for Korea Securities Finance Corporation.

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

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

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

	December 31, 2019	December 31, 2018
Equity instruments		
Domestic stocks	$ 6,570,938	$ 2,641,728
Overseas stocks	91,293	395,204
	6,662,231	3,036,932
Debt instruments		
Overseas corporate bonds	257,622	835,289
Domestic beneficiary certificates	11,285,369	2,541,921
Overseas beneficiary certificates	180,004	156,778
	$ 18,385,226	$ 6,570,920

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:

	For the years ended December 31,	
	2019	2018
Profit (loss) recognised in accordance with IFRS 9	$ 1,851,872	($ 587,513)
Less: Profit that would have been recognised under IAS 39	(1,435,926)	(181,454)
Profit (loss) from adopting the overlay approach	$ 415,946	($ 768,967)
Effects on income tax	($ 38,620)	$ 48,768

D. Please refer to Note 6(39) for the amounts recognised in profit or loss in relation to the financial assets at fair value through profit or loss.

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

Items	December 31, 2019	December 31, 2018
Debt instruments		
Government bonds	$ 30,110,729	$ 28,344,500
Bank debentures	53,200,447	40,004,582
Corporate bonds	113,033,913	123,907,258
Commercial paper	137,102	134,014
Others	723,407	770,596
Valuation adjustment	1,527,764	(968,419)
Subtotal	198,733,362	192,192,531
Equity instruments		
Listed stocks	12,391,640	6,471,973
Unlisted stocks/Emerging stocks	5,067,893	5,250,907
Others	919,946	208,725
Valuation adjustment	13,593,163	12,227,200
Subtotal	31,972,642	24,158,805
Statutory deposits	(1,216,100)	(1,216,100)
Total	$ 229,489,904	$ 215,135,236

A. As of December 31, 2019 and 2018, pursuant to Article 141 of Insurance Act, an insurance enterprise shall deposit 15% of its registered paid-in capital with the national treasury as operating guarantee deposits. Yuanta Life of the Group has deposited government bonds with par value of $1,216,100 in the Central Bank as statutory operating guarantee deposits, which are recognised under other assets-net.

B. The Yuanta Group elects to classify strategic equity investments not held for trading as financial assets measured at fair value through other comprehensive income. As of December 31, 2019 and 2018, the fair value of such investments were $31,972,642 and $24,158,805, respectively.

C. The Yuanta Group sold the equity shares in order to avoid systematic risk resulting from structural changes in the industry and taking asset allocation into consideration and adjusts the investment profolio. For the years ended December 31, 2019 and 2018, the fair value of the equity instruments sold were $15,833,860 and $3,292,458, and the cumulative (loss) gain on disposal were ($115,046) and $73,128, 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 years ended December 31,	
	2019	2018
Equity instruments at fair value through other comprehensive income		
Fair value change recognised in other comprehensive income	$ 1,419,418	$ 2,721,507
Cumulative losses (gains) reclassified to retained earnings due to derecognition	$ 124,942	($ 77,579)
Dividend income recognised in profit or loss		
Held at end of period	$ 829,386	$ 845,372
Derecognised in the current period	842,173	66,869
	$ 1,671,559	$ 912,241
Debt instruments at fair value through other comprehensive income		
Fair value change recognised in other comprehensive income (loss)	$ 4,110,239	($ 5,100,525)
Cumulative other comprehensive income reclassified to profit or loss		
Reclassified due to impairment recognition	$ 12,156	$ 31,759
Reclassified due to derecognition	(1,224,765)	1,254,510
	($ 1,212,609)	$ 1,286,269
Interest income recognised in profit or loss	$ 4,475,647	$ 4,852,049

E. Details of the Yuanta Group's financial assets at fair value through other comprehensive income pledged to others as collateral as of December 31, 2019 and 2018 are provided in Note 8.

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

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

Items	December 31, 2019	December 31, 2018
Government bonds	$ 99,186,400	$ 97,800,954
Time deposits	131,241,060	112,526,281
Bank debentures	70,135,126	61,316,598
Corporate bonds	86,629,549	82,004,732
Subtotal	387,192,135	353,648,565
Less: Accumulated impairment	(139,720)	(142,478)
Statutory deposits	(600,000)	(600,000)
Total	$ 386,452,415	$ 352,906,087

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

	For the years ended December 31,	
	2019	2018
Interest income	$ 8,632,367	$ 7,474,992
Recovery gain (impairment loss)	2,966	(22,466)
Gains on disposal	759,683	312,178
	$ 9,395,016	$ 7,764,704

B. The Yuanta Group sold some of the financial assets at amortised cost for the years ended December 31, 2019 and 2018, due to factors such as increase of credit risk, infrequent sales or single and total amount that is non-significant. The disposal benefits were $759,683 and $312,178, respectively.

C. As of December 31, 2019 and 2018, pursuant to Article 141 of Insurance Act, an insurance enterprise shall deposit 15% of its registered paid-in capital with the national treasury as operating guarantee deposits. Yuanta Life of the Group has deposited government bonds with par value of $600,000 in the Central Bank as statutory operating guarantee deposits, which are recognised under other assets.

D. Details of the Group's financial assets at amortised cost pledged to others as collateral as of December 31, 2019 and 2018, are provided in Note 8.

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

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

	December 31, 2019	December 31, 2018
Bills and bonds purchased under resale agreement	$ 47,603,371	$ 33,465,734
Interest rate range	0.45%~2.75%	0.37%~14.66%
Contract resale amount	$ 47,671,245	$ 33,533,054
Bills and bonds payable under repurchase agreement	$ 198,665,918	$ 218,570,425
Interest rate range	-0.30%~3.50%	0.25%~4.10%
Contract repurchase amount	$ 200,782,844	$ 223,886,291

(7) Receivables - net

	December 31, 2019	December 31, 2018
Interest receivable	$ 7,779,893	$ 8,135,539
Refinance guaranty receivable	31,025,769	12,013,104
Acceptances receivable	231,477	503,674
Factoring receivable	5,704,407	6,799,757
Margin loans receivable	71,048,860	66,230,975
Spot exchange receivable	4,753,631	5,155,632
Credit card receivable	10,212,562	10,840,137
Trading securities receivable	818,338	770,218
Settlement price	5,590,498	7,264,563
Settlement price receivable	30,473,918	15,556,933
Securities sold receivable	4,150,335	5,408,108
Other receivables	5,056,901	6,906,588
Subtotal	176,846,589	145,585,228
Less: Allowance for doubtful accounts	(2,606,092)	(2,312,434)
Total	$ 174,240,497	$ 143,272,794

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

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

C. Margin loans receivable uses the securities purchased through financing as collateral. As of December 31, 2019 and 2018, the annual interest rates of Yuanta Securities and Yuanta Securities Finance were all 6.25%; the annual interest rates range of Yuanta Securities (Korea) were 5.95%~9.75% and 6.65%~9.55%, respectively; the annual interest rates range of Yuanta Securities (Indonesia) were all 18%; the annual interest rates range of Yuanta Securities (Hong Kong) were 2.25%~12.88% and 2.38%~12.88%, respectively; the annual interest rates range of Yuanta Securities (Thailand) were all 5.15%~9.25%; the annual interest rates range of Yuanta Securities (Vietnam) were 9.00%~14.00% and 9.86%~14.00%.

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

In order to improve the efficiency of asset utilization, Yuanta Bank approved the sale of its own real estate by the Board of Directors on October 25 and November 8, 2018, and the relevant assets were reclassified to "assets held for sale". After remeasuring the fair value less costs to sell, the balance of assets held for sale is $533,632 and $868,288 as of December 31, 2019 and 2018. The fair value of the assets held for sale is based on the result of valuation by independent valuation experts, which was categorized within level 2 in the fair value hierarchy. As of December 31, 2019, the Yuanta Group recognized $21,518 of related impairment losses；the Yuanta Group sold part of the assets held for sale, and the proceeds on disposal and gain on disposal amounted to $241,880 and $18,827, respectively.

(9) Bills discounted and loans - net

	December 31, 2019	December 31, 2018
Bills discounted	$ 83,830	$ 289,927
Overdrafts	64,824	179,762
Short-term loans	59,844,378	71,480,877
Short-term loans secured	68,038,450	94,558,211
Medium-term loans	149,907,926	151,187,753
Medium-term loans secured	178,326,297	148,297,715
Long-term loans	8,039,848	8,413,501
Long-term loans secured	310,916,280	298,158,828
Import-export negotiations	5,007	33,411
Accounts receivable factoring	633,455	586,722
Automatic policy loans	1,375,456	1,267,384
Policy loans	5,394,014	4,908,038
Loans transferred to non-performing loans	4,844,121	5,159,157
Subtotal	787,473,886	784,521,286
Less: Allowance for credit losses	(14,012,181)	(13,606,991)
Less: Adjustment for premium (discount)	19,213	(8,633)
Total	$ 773,480,918	$ 770,905,662

A. The Yuanta Group recognised appropriate allowance for bad debts for the bills discounted, loans and receivables. As of changes in allowance for bad debts in relation to bills discounted and loans for the years ended December 31, 2019 and 2018, please refer to Note 12(3).

B. Classified by subsidiaries as follows:

	December 31, 2019	December 31, 2018
Bills discounted and loans including adjustment for premium (discount)		
Yuanta Bank	$ 759,762,271	$ 742,936,170
Yuanta Securities	20,944,188	19,158,223
Yuanta Life	6,786,640	6,209,429
Yuanta Securities Finance	-	16,208,831
Subtotal	787,493,099	784,512,653
Allowance for credit losses		
Yuanta Bank	(12,518,507)	(11,906,235)
Yuanta Securities	(1,493,415)	(1,643,893)
Yuanta Life	(259)	(511)
Yuanta Securities Finance	-	(56,352)
Subtotal	(14,012,181)	(13,606,991)
Total	$ 773,480,918	$ 770,905,662

(10) Reinsurance contract assets

	December 31, 2019	December 31, 2018
Claims recoverable from reinsurers	$ 223,005	$ 78,685
Due from reinsurers and ceding companies	108,058	105,371
Reinsurance Reserve Assets		
Ceded unearned premium reserve	505,791	366,325
Ceded claims reserve	66,754	29,749
Total	$ 903,608	$ 580,130

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

	December 31, 2019		December 31, 2018	
	Amount	%	Amount	%
Associates:				
CR Yuanta Fund Management Company Limited	$ 329,553	24.50%	$ 112,548	49.00%
GC Investment Consultant (Shanghai) Co., Ltd.	21,914	100.00%	22,242	100.00%
Yuanta Security(U.K)	61,221	100.00%	62,496	100.00%
Woori Asset Management Corp.	742,961	27.00%	716,023	27.00%
Polaris Ocean Private Equity Fund	38,347	3.26%	40,959	3.26%
KoFC-TongYang Pioneer Champ 2010-5th Venture Capital Fund	14,322	16.22%	20,222	16.22%
KoFC-KVIC Green Growth Venture Capital Fund	-	18.00%	12,218	18.00%
2011 KIF-TongYang IT Venture Fund	35,689	17.20%	62,886	17.20%
TongYang Agri-Food Investment Fund-2nd	121,985	40.74%	131,228	40.74%
IBKC-TongYang Growth 2013 Private Equity Fund	211,345	10.71%	225,030	10.71%
KVIC-Yuanta 2015 Overseas Fund	354,213	44.00%	344,269	44.00%
TongYang China Paid in Capital Private Investment Trust 1	-	-	31,045	27.57%
2016 KIF-Yuanta ICT Fund	160,911	16.67%	83,093	16.67%
Yuanta Secoundary No.2 Fund	192,295	12.28%	149,295	12.28%
Yuanta Secoundary No.3 Private Equity Fund	74,312	15.26%	-	-
Yuanta SPAC III	1,656	0.83%	1,836	0.83%
SJ-ULTRA V 1st FUND	25,443	34.48%	26,914	34.48%
Yuanta SPAC IV	1,219	0.54%	687	4.55%
Yuanta-HPNT Private Equity Fund	5,201	0.09%	5,500	0.14%
Yuanta SPAC V	391	0.25%	-	-
Yuanta Securities Holding (B.V.I.) Co., Ltd.	9,879	100.00%	-	-
Yuanta SPAC VI	391	0.22%	-	-
	$ 2,403,248		$ 2,048,491	

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

	For the years ended December 31,	
	2019	2018
Net gain (loss) for the period from continuing operations	$ 145,843	($ 9,700)
Other comprehensive income (loss) (net of tax)	7,592	(1,514)

(12) Other financial assets - net

	December 31, 2019	December 31, 2018
Non-loans reclassified to non-accrual loans	$ 660,745	$ 905,206
Less: Provision for credit losses	(578,696)	(894,323)
	82,049	10,883
Purchase of claim receivable	1,871,125	1,889,910
Valuation adjustment on purchase of claim receivable	(21,665)	(22,502)
	1,849,460	1,867,408
Customer margin deposit account	57,600,601	51,732,993
Investment-linked product assets	1,935,363	1,787,652
Securities borrowing and lending refundable deposits	126,207	1,089,676
Others	3,784,666	5,536,631
Total	$ 65,378,346	$ 62,025,243

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

B. The Group's investment-linked insurance products mainly comprise investments in products in relation to beneficiary certificate, variable universal life insurance and variable deferred annuities. As of December 31, 2019 and 2018, as well as for the years ended December 31, 2019 and 2018, details about the assets on insurance products, separated accounts were as follows:

	December 31, 2019	December 31, 2018
Investment-linked insurance product assets		
Cash in bank	$ 576	$ 564
Financial assets at fair value through profit or loss	1,931,133	1,785,110
Other receivables	3,654	1,978
	$ 1,935,363	$ 1,787,652
	December 31, 2019	December 31, 2018
Investment-linked insurance product liabilities		
Reserve for investment linked insurance product-insurance contract	$ 1,923,374	$ 1,777,818
Reserve for investment linked insurance product-investment contract	8,990	7,833
Other payables	2,999	2,001
	$ 1,935,363	$ 1,787,652

	For the years ended December 31,	
	2019	2018
Revenue on investment – linked insurance products		
Premium income	$ 232,133	$ 258,725
Gain (loss) on financial assets at fair value through profit or loss	185,115	(119,149)
Exchange gain (loss)	1,680	(2,626)
Interest income	6,762	6,935
Other income	8,362	8,046
	$ 434,052	$ 151,931
Expenses on investment – linked insurance product		
Claims and policy benefit payments	$ 192,365	$ 230,793
Net change in reserve for investment-linked insurance product-insurance contract	147,236	(172,789)
Administrative expenses and other expenses	94,451	93,927
	$ 434,052	$ 151,931

(13) Investment property - net

	December 31, 2019			
Assets	Cost	Accumulated depreciation	Accumulated impairment	Book value
Land and land improvements	$ 3,080,186	$ -	($ 277,516)	$ 2,802,670
Buildings	3,060,441	(1,087,230)	(50,042)	1,923,169
Right-of-use assets	256,993	(66,860)	-	190,133
Total	$ 6,397,620	($ 1,154,090)	($ 327,558)	$ 4,915,972

	December 31, 2018			
Assets	Cost	Accumulated depreciation	Accumulated impairment	Book value
Land and land improvements	$ 3,159,638	$ -	($ 353,265)	$ 2,806,373
Buildings	3,304,070	(1,109,855)	(83,897)	2,110,318
Total	$ 6,463,708	($ 1,109,855)	($ 437,162)	$ 4,916,691

Change in investment property of the Yuanta Group:

	For the years ended December 31,	
	2019	2018
Cost		
At January 1	$ 6,463,708	$ 7,739,095
Changes of retrospective adjustment	297,684	-
Cost after retrospective adjustment	6,761,392	7,739,095
Additions	206,126	44,166
Disposals	(177,535)	(1,194,643)
Reclassifications	(212,783)	90,745
Assets reclassified as held for sale	-	(153,100)
Foreign exchange adjustment	(179,580)	(62,555)
At December 31	$ 6,397,620	$ 6,463,708

	For the years ended December 31,	
	2019	2018
Accumulated depreciation		
At January 1	($ 1,109,855)	($ 1,070,362)
Changes of retrospective adjustment	(48,404)	-
Accumulated depreciation after retrospective adjustment	(1,158,259)	(1,070,362)
Depreciation	(90,805)	(73,001)
Disposals	18,364	54,172
Reclassifications	38,786	(34,176)
Assets reclassified as held for sale	-	3,921
Foreign exchange adjustment	37,824	9,591
At December 31	($ 1,154,090)	($ 1,109,855)

	For the years ended December 31,	
	2019	2018
Accumulated impairment		
At January 1	($ 437,162)	($ 495,087)
Reversal	13,895	5,384
Disposals	6,679	-
Reclassifications	89,030	52,541
At December 31	($ 327,558)	($ 437,162)

A. The fair value of the investment property held by the Yuanta Group as of December 31, 2019 and 2018 were $7,958,098 and $7,298,237, respectively, according to the result of valuation by an independent valuation expert using the income method, comparison method, market approach and land development analysis approach. As of December 31, 2019, the fair value included the amount of $4,918,786 and $3,039,312 that was categorised within Level 2 and Level 3 in the fair value hierarchy, respectively. As of December 31, 2018, the fair value included the amounts of $4,706,782 and $2,591,455 that was categorised within Level 2 and Level 3 in the fair value hierarchy, respectively.

B. For the years ended December 31, 2019 and 2018, rental income from the lease of the investment property was $192,298 and $153,864, respectively.

C. Please refer to Note 8 for details of the 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:

Cost	Land and land improvements	Buildings	Machinery and computer equipment	Transportation equipment	Miscellaneous equipment	Construction in progress	Total
At January 1, 2019	$ 14,393,687	$ 7,098,130	$ 3,951,882	$ 232,644	$ 1,858,921	$ 452,969	$ 27,988,233
Changes of retrospective adjustment	-	-	(33,427)	-	(6,600)	-	(40,027)
Cost after retrospective adjustment	14,393,687	7,098,130	3,918,455	232,644	1,852,321	452,969	27,948,206
Additions	-	193	262,740	35,449	104,924	935,748	1,339,054
Disposals	-	-	(313,486)	(39,175)	(247,969)	(734)	(601,364)
Reclassifications	211,779	125,092	139,704	(19,722)	21,120	(182,546)	295,427
Translation difference	(28,255)	(70,694)	(90,590)	1,890	9,068	(292)	(178,873)
At December 31, 2019	$ 14,577,211	$ 7,152,721	$ 3,916,823	$ 211,086	$ 1,739,464	$ 1,205,145	$ 28,802,450
Accumulated depreciation							
At January 1, 2019	$ -	($ 2,146,204)	($ 2,662,707)	($ 115,243)	($ 1,082,808)	$ -	($ 6,006,962)
Changes of retrospective adjustment	-	-	25,432	-	550	-	25,982
Accumulated depreciation after retrospective adjustment	-	(2,146,204)	(2,637,275)	(115,243)	(1,082,258)	-	(5,980,980)
Depreciation	-	(175,973)	(519,867)	(30,410)	(282,391)	-	(1,008,641)
Disposals	-	-	312,860	27,505	236,795	-	577,160
Reclassifications	-	(72,876)	1,343	6,444	10,844	-	(54,245)
Translation difference	-	23,231	84,878	(649)	(2,157)	-	105,303
At December 31, 2019	$ -	($ 2,371,822)	($ 2,758,061)	($ 112,353)	($ 1,119,167)	$ -	($ 6,361,403)
Accumulated impairment							
At January 1, 2019	($ 79,043)	($ 30,008)	$ -	$ -	($ 298)	$ -	($ 109,349)
Reclassifications	(56,842)	(32,187)	-	-	-	-	(89,029)
At December 31, 2019	($ 135,885)	($ 62,195)	$ -	$ -	($ 298)	$ -	($ 198,378)
Net carrying amount	$ 14,441,326	$ 4,718,704	$ 1,158,762	$ 98,733	$ 619,999	$ 1,205,145	$ 22,242,669

Cost	Land and land improvements	Buildings	Machinery and computer equipment	Transportation equipment	Miscellaneous equipment	Construction in progress	Total
At January 1, 2018	$ 15,066,741	$ 7,536,070	$ 3,665,985	$ 238,821	$ 1,736,343	$ 360,914	$ 28,604,874
Additions	-	446	297,853	35,934	183,775	618,399	1,136,407
Disposals	-	-	(306,809)	(48,841)	(325,990)	(448)	(682,088)
Reclassifications	(43,879)	(204,443)	312,879	5,975	255,040	(527,239)	(201,667)
Assets reclassified as held for sale	(621,380)	(212,407)	-	-	-	-	(833,787)
Translation difference	(7,795)	(21,536)	(18,026)	755	9,753	1,343	(35,506)
At December 31, 2018	$ 14,393,687	$ 7,098,130	$ 3,951,882	$ 232,644	$ 1,858,921	$ 452,969	$ 27,988,233
Accumulated depreciation							
At January 1, 2018	$ -	($ 2,219,726)	($ 2,500,419)	($ 120,935)	($ 1,018,114)	$ -	($ 5,859,194)
Depreciation	-	(180,790)	(478,272)	(34,005)	(306,034)	-	(999,101)
Disposals	-	-	305,873	40,629	312,677	-	659,179
Reclassifications	-	136,235	(8,346)	(802)	(66,431)	-	60,656
Assets reclassified as held for sale	-	112,013	-	-	-	-	112,013
Translation difference	-	6,064	18,457	(130)	(4,906)	-	19,485
At December 31, 2018	$ -	($ 2,146,204)	($ 2,662,707)	($ 115,243)	($ 1,082,808)	$ -	($ 6,006,962)
Accumulated impairment							
At January 1, 2018	($ 84,506)	($ 30,580)	$ -	$ -	$ -	$ -	($ 115,086)
Reversal	-	-	-	-	357	-	357
Reclassifications	5,463	572	-	-	(655)	-	5,380
At December 31, 2018	($ 79,043)	($ 30,008)	$ -	$ -	($ 298)	$ -	($ 109,349)
Net carrying amount	$ 14,314,644	$ 4,921,918	$ 1,289,175	$ 117,401	$ 775,815	$ 452,969	$ 21,871,922

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

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

	Land			Buildings		
	Owner-occupied	Lease	Subtotal	Owner-occupied	Lease	Subtotal
Cost						
At January 1, 2019	$ 14,201,033	$ 192,654	$ 14,393,687	$ 7,070,249	$ 27,881	$ 7,098,130
Additions	-	-	-	193	-	193
Reclassifications	211,779	-	211,779	125,092	-	125,092
Translation difference	(28,255)	-	(28,255)	(70,694)	-	(70,694)
At December 31, 2019	$ 14,384,557	$ 192,654	$ 14,577,211	$ 7,124,840	$ 27,881	$ 7,152,721
Accumulated depreciation						
At January 1, 2019	$ -	$ -	$ -	($ 2,144,102)	($ 2,102)	($ 2,146,204)
Depreciation	-	-	-	(174,645)	(1,328)	(175,973)
Reclassifications	-	-	-	(72,876)	-	(72,876)
Translation difference	-	-	-	23,231	-	23,231
At December 31, 2019	$ -	$ -	$ -	($ 2,368,392)	($ 3,430)	($ 2,371,822)
Accumulated impairment						
At January 1, 2019	($ 79,043)	$ -	($ 79,043)	($ 30,008)	$ -	($ 30,008)
Reclassifications	(56,842)	-	(56,842)	(32,187)	-	(32,187)
At December 31, 2019	($ 135,885)	$ -	($ 135,885)	($ 62,195)	$ -	($ 62,195)
Net carrying amount	$ 14,248,672	$ 192,654	$ 14,441,326	$ 4,694,253	$ 24,451	$ 4,718,704

(15) Leasing arrangements－lessee

Effective 2019

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:

	December 31, 2019	For the year ended December 31, 2019
	Carrying amount	Depreciation charge
Land	$ 9,034,582	$ 22,274
Buildings	4,229,162	1,341,668
Machinery and equipment	14,529	44,593
Transportation equipment	39,323	17,198
Others	26,284	13,652
	$ 13,343,880	$ 1,439,385

C. For the year ended December 31, 2019, the additions to right-of-use assets amounted to $1,073,875.

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

	For the year ended December 31, 2019
Items affecting profit or loss	
Interest expense on lease liabilities	$ 105,046
Expense on short-term lease contracts	147,444
Expense on leases of low-value assets	9,296
Gain on sublease of right-of-use assets	14,310

E. For the year ended December 31, 2019, the Yuanta Group's total cash outflow for leases amounted to $1,576,304.

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

(16) Leasing arrangements – lessor

Effective 2019

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

B. 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 year ended December 31, 2019
Finance income from the net investment in the finance lease	$ 2,092

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

	December 31, 2019
2020	$ 8,462
2021	8,462
2022	8,463
2023	8,463
Total	$ 33,850

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

	December 31, 2019	
	Current	Non-current
Undiscounted lease payments	$ 8,462	$ 25,388
Unearned finance income	(1,305)	(1,770)
Net investment in the lease	$ 7,157	$ 23,618

E. The gross investments in those leases and present value of total minimum lease payments receivable as at December 31, 2019 were as follows:

	December 31, 2019		
	Total lease payments receivable	Unearned finance income	Net lease payments receivable
Not later than one year	$ 8,462	($ 1,305)	$ 7,157
Later than one year but not later than five years	25,388	(1,770)	23,618
	$ 33,850	($ 3,075)	$ 30,775

F. For the year ended December 31, 2019, the Yuanta Group recognised rent income in the amount of $192,298, based on the operating lease agreement, which does not include variable lease payments.

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

	December 31, 2019
2020	$ 127,613
2021	47,029
2022	16,396
2023	9,699
2024	3,312
After 2025	5,120
Total	$ 209,169

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

(17) Intangible assets - net

Cost	Goodwill	Operating rights	Computer software	Customer relationship	Others	Total
At January 1, 2019	$ 31,526,065	$ 385,419	$ 4,683,786	$ 3,030,314	$ 4,474,296	$ 44,099,880
Additions	-	-	153,773	15,000	6,781	175,554
Disposals	-	-	(138,383)	-	(6,007)	(144,390)
Reclassifications	-	-	96,074	-	-	96,074
Translation difference	(20,227)	(219)	(190,902)	-	(42,823)	(254,171)
At December 31, 2019	$ 31,505,838	$ 385,200	$ 4,604,348	$ 3,045,314	$ 4,432,247	$ 43,972,947
Accumulated amortization						
At January 1, 2019	$ -	($ 368,532)	($ 4,014,774)	($ 2,911,800)	($ 1,624,740)	($ 8,919,846)
Amortization	-	(1,641)	(289,541)	(118,826)	(255,605)	(665,613)
Disposals	-	-	138,340	-	39	138,379
Reclassification	-	-	(382)	-	-	(382)
Translation difference	-	64	183,036	-	1,864	184,964
At December 31, 2019	$ -	($ 370,109)	($ 3,983,321)	($ 3,030,626)	($ 1,878,442)	($ 9,262,498)
Accumulated impairment						
At January 1, 2019	($ 1,475,943)	$ -	$ -	$ -	($ 34,202)	($ 1,510,145)
Impairments	-	-	-	-	(3,676)	(3,676)
Translation difference	-	-	-	-	832	832
At December 31, 2019	($ 1,475,943)	$ -	$ -	$ -	($ 37,046)	($ 1,512,989)
Net carrying amount	$ 30,029,895	$ 15,091	$ 621,027	$ 14,688	$ 2,516,759	$ 33,197,460

Cost	Goodwill	Operating rights	Computer software	Customer relationship	Others	Total
At January 1, 2018	$ 31,528,521	$ 385,022	$ 4,253,626	$ 3,030,314	$ 4,555,296	$ 43,752,779
Additions	-	-	213,550	-	65,694	279,244
Disposals	-	-	(768,452)	-	(10,699)	(779,151)
Reclassifications	-	-	35,774	-	(136,192)	(100,418)
Translation difference	(2,456)	397	949,288	-	197	947,426
At December 31, 2018	$ 31,526,065	$ 385,419	$ 4,683,786	$ 3,030,314	$ 4,474,296	$ 44,099,880
Accumulated amortization						
At January 1, 2018	$ -	($ 366,774)	($ 3,796,152)	($ 2,474,657)	($ 1,105,644)	($ 7,743,227)
Amortization	-	(1,641)	(446,469)	(437,143)	(288,966)	(1,174,219)
Disposals	-	-	763,023	-	2,664	765,687
Reclassifications	-	-	48,324	-	-	48,324
Translation difference	-	(117)	(583,500)	-	(232,794)	(816,411)
At December 31, 2018	$ -	($ 368,532)	($ 4,014,774)	($ 2,911,800)	($ 1,624,740)	($ 8,919,846)
Accumulated impairment						
At January 1, 2018	($ 38,634)	$ -	($ 5,429)	$ -	($ 29,713)	($ 73,776)
Impairments	(1,437,309)	-	-	-	(4,592)	(1,441,901)
Disposals	-	-	5,429	-	-	5,429
Translation difference	-	-	-	-	103	103
At December 31, 2018	($ 1,475,943)	$ -	$ -	$ -	($ 34,202)	($ 1,510,145)
Net carrying amount	$ 30,050,122	$ 16,887	$ 669,012	$ 118,514	$ 2,815,354	$ 33,669,889

A. Yuanta Group's goodwill all arose from business combination. In accordance with the accounting treatment under the Enterprise Merger and Acquisition Act, the excess of acquisition costs over the sum of the fair value of tangible and identifiable intangible assets less the liabilities assumed should be recorded as goodwill.

B. Goodwill is allocated to cash generating units as identified by operating segments. Recoverable amounts are determined according the value-in-use, which is calculated according to management's estimate of future cash flows for future periods. For cash flows that exceed the aforementioned future periods, the following estimated growth rates are used for calculations.
Goodwill of the Yuanta Group is tested annually for impairment at the end of each year. The merger of Yuanta Bank and Ta Chong Bank for organizational restructuring and business integration is mainly to expand the scale of operations and enhance market competitiveness and overall profit. As the Central Bank maintains the fund easing policy and the impact of credit policy and customer group conversion, the spreads continue to shrink and the scale of lending declines, resulting in differences in consumer finance operations and expectations. The Group engaged the valuation expert to issue the asset impairment assessment report, based on the report, only the consumer finance business cash-generating unit was evaluated to have recoverable amount less than the carrying value. Therefore, goodwill impairment of $1,437,309 was recognized in 2018; the remaining cash generating units were assessed to have recoverable amounts higher than their carrying amounts. The main assumptions used in calculating value-in-use are as follows:

	Bank subsidiaries				
	Corporate finance	International finance	Personal finance	Financial management	Financial market
2019					
Growth rate	2.00%	2.00%	2.00%	2.00%	2.00%
Discount rate	7.50%	9.30%	7.50%	9.30%	7.50%

	Securities subsidiaries				
	Brokerage Segment	Investment Bank Segment	Investment Segment	Futures	Securities Investment Trust
2019					
Growth rate	2.00%	2.00%	3.00%	2.00%	2.00%
Discount rate	8.40%	8.40%	14.00%~16.00%	8.60%	14.00%

	Bank subsidiaries				
	Corporate finance	International finance	Personal finance	Financial management	Financial market
2018					
Growth rate	2.00%	2.00%	2.00%	2.00%	2.00%
Discount rate	7.70%	9.60%	7.70%	9.60%	9.60%

	Securities subsidiaries				
	Brokerage Segment	Investment Bank Segment	Investment Segment	Futures	Securities Investment Trust
2018					
Growth rate	2.00%	2.00%	3.00%	2.00%	2.00%
Discount rate	8.90%	8.80%	16.20%~17.60%	8.30%	13.90%

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

(18) Other assets - net

	December 31, 2019	December 31, 2018
Refundable deposits	$ 3,649,586	$ 6,121,491
Refundable deposits for securities lending	6,767,161	18,838,091
Operating guarantee deposits and settlement fund	3,166,064	3,132,290
Prepaid expenses	1,186,068	8,957,534
Bank deposits - amounts held for settlement	15,334,258	9,882,204
Others	941,440	837,555
Total	$ 31,044,577	$ 47,769,165

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

(19) Non-financial asset impairment losses

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

	December 31, 2019	December 31, 2018
Investment property	$ 327,558	$ 437,162
Property and equipment	198,378	109,349
Intangible assets - goodwill	1,475,943	1,475,943
Intangible assets - other	37,046	34,202

(20) Due to Central Bank and other banks

	December 31, 2019	December 31, 2018
Due to other banks	$ -	$ 10,054
Overdrafts from other banks	2,188,789	2,470,385
Call loans from other banks	5,811,661	14,239,532
Redeposit from the directorate general of postal remittance	5,106,578	5,327,303
Total	$ 13,107,028	$ 22,047,274

(21) Commercial paper payable - net

	December 31, 2019	December 31, 2018
Commercial paper payable	$ 38,652,537	$ 36,349,940
Less: Discount on commercial paper payable	(30,809)	(80,817)
Total	$ 38,621,728	$ 36,269,123

As of December 31, 2019 and 2018, the annual interest rate of commercial paper payable were 0.648%~2.200% and 0.650%~2.450%, respectively.

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

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

(22) Payables

	December 31, 2019	December 31, 2018
Accounts payable	$ 83,601,357	$ 82,666,395
Demand remittance payable	4,755,085	5,150,513
Bankers' acceptances payable	231,675	503,674
Interests payable	2,168,012	2,316,566
Commission payable	537,297	408,819
Accrued expenses	9,071,384	9,319,402
Taxes payable	259,581	243,690
Collections payable for customers	795,571	769,254
Proceeds payable from underwriting	1,033,662	792,050
Due to reinsurers and ceding companies	544,877	209,340
Collateralized proceeds payable from securities lending	9,216,987	8,338,522
Consigned securities payable	4,990,149	3,784,722
Settled price	808,597	906,715
Securities purchased payable	4,879,672	3,263,268
Settlement payable	28,129,520	17,162,508
Deposits received on securities lending	8,025,210	7,478,545
Checks for clearing	585,996	2,582,721
SBL refund payable	153,271	634,546
Other payables	1,539,143	1,158,785
Total	$ 161,327,046	$ 147,690,035

(23) Deposits and remittances

	December 31, 2019	December 31, 2018
Checking deposits	$ 5,181,275	$ 5,131,842
Demand deposits	131,892,732	126,750,942
Time deposits	305,342,019	306,729,865
Negotiable certificates of deposit	24,423,500	44,647,500
Savings deposits	628,523,549	537,013,130
Remittances	143,196	342,017
Total	$ 1,095,506,271	$ 1,020,615,296

(24) Bonds payable

	December 31, 2019	December 31, 2018
Financial bonds	$ 34,500,000	$ 38,000,000
Unsecured corporate bonds	34,349,634	28,253,562
Convertible corporate bonds	-	502,447
Total	$ 68,849,634	$ 66,756,009

A. The details of financial debentures as of December 31, 2019 were as follows:

	Third issue of subordinate financial 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 financial 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 financial 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 financial 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
	Third issue of subordinate financial debentures in 2014
Par value	$3,500,000
Stated interest rate	Fixed interest rate at 2.05%
Period	Seven years
Interest payment date	Payable annually
Term of principal payment	Repaid on maturity
Issue price	Priced at face value on issue date
	Fourth issue of subordinate financial 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
	Fifth issue of subordinate financial debentures in 2014
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
	Third issue of non-cumulative perpetual bonds for 2015
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

	Fourth issue of subordinate financial debentures in 2015
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

	Fifth issue of non-cumulative perpetual bonds for 2015
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

	Sixth issue of subordinate financial debentures in 2015
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 financial debentures in 2016
Par value	$5,000,000
Stated interest rate	Fixed interest rate at 1.80%
Period	Ten years
Interest payment date	Payable annually
Term of principal payment	Repaid on maturity
Issue price	Priced at face value on issue date

B. The details of unsecured corporate bonds as of December 31, 2019 were as follows:

The Company

	Yuanta Financial Holdings first issue of local unsecured normal corporate bond in 2015
Par value	$1,300,000
Stated interest rate	Fixed interest rate at 1.67%
Period	Seven years
Interest payment date	Payable annually
Term of principal payment	Repaid on maturity
Issue price	Priced at face value on issue date

	Yuanta Financial Holdings first issue of local unsecured normal corporate bond in 2016(B)
Par value	$4,000,000
Stated interest rate	Fixed interest rate at 0.80%
Period	Five years
Interest payment date	Payable annually
Term of principal payment	Repaid on maturity
Issue price	Priced at face value on issue date

	Yuanta Financial Holdings first issue of local unsecured normal corporate bond in 2016(C)
Par value	$8,000,000
Stated interest rate	Fixed interest rate at 1.00%
Period	Seven years
Interest payment date	Payable annually
Term of principal payment	Repaid on maturity
Issue price	Priced at face value on issue date

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

The Yuanta Group

	First issue of unsecured subordinate normal corporate bond in 2019(A)
Par value	$2,200,000
Stated interest rate	Fixed interest rate at 1.25%
Issuance date	June 6, 2019
Maturity date	June 6, 2026
Issuance area	Taiwan

	First issue of unsecured subordinate normal corporate bond in 2019(B)
Par value	$6,300,000
Stated interest rate	Fixed interest rate at 1.40%
Issuance date	June 6, 2019
Maturity date	June 6, 2029
Issuance area	Taiwan

	Yuanta Securities Asia Financial Services USD denominated unsecured privately placed bonds
Par value	USD 50,000 thousand (USD 31,360 thousand outstanding)
Stated interest rate	Fixed interest rate at 4.10%
Issuance date	August 2, 2018
Maturity date	August 2, 2023
Issuance area	Hong Kong

C. Convertible corporate bonds

	December 31, 2019	December 31, 2018
Convertible corporate bonds	$ -	$ 440,000
Add: Premium on convertible bonds payable	-	62,447
Total	$ -	$ 502,447

(25) Other borrowings

	December 31, 2019	December 31, 2018
Short-term borrowings		
Unsecured bank borrowings	$ 11,827,493	$ 14,441,894
Secured bank borrowings	4,341,814	4,463,922
KSFC secured borrowings	19,948,508	23,432,384
Issuance of short-term bond	21,319,419	17,735,049
Secured short-term bond	3,410,758	3,121,552
Long-term borrowings		
Unsecured bank borrowings	-	825,000
	$ 60,847,992	$ 64,019,801
Interest rate-short-term (%)	0.86%～7.50%	0.65%～4.10%

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

(26) Provisions for other liabilities

	December 31, 2019	December 31, 2018
Insurance liability	$ 266,738,866	$ 224,774,001
Reserve for foreign exchange fluctuation	600,869	893,568
Employee benefit liabilities reserve	5,814,732	5,750,994
Guaranteed policy reserve	147,163	197,579
Loan commitment reserve and letters of credit	48,360	56,768
Other reserves (Note)	510,911	550,213
Total	$ 273,860,901	$ 232,223,123

Note: A. For former TongYang Securities Inc.'s disputes with investors, incident to the sale of financial products issued by associates of the Tong Yang Group, for which investors have filed complaints with the competent authority of Korea, the competent authority of Korea, since July 31, 2014, has announced the results of the first mediation through the subsequent tenth mediation, concluding total disputed sales of ₩697,000 million (approximately NT$18.2 billion); of which former TongYang Securities Inc. was liable for compensations totaling ₩67,678 million (approximately NT$1.8 billion). Starting from the end of September 2014, other than a minority of customers who filed complaints, disagreeing with the above-mentioned mediated results by the competent authority, former TongYang Securities Inc. has commenced paying compensations.

In addition, as of December 31, 2019, there were 3 litigations filed against former TongYang Securities Inc. and its subsidiaries related to the above-mentioned dispute on financial products selling, demanding compensations totaling ₩542,859 million (approximately NT$14.1 billion); of which 2 were class actions, demanding compensation of ₩492,565 million (approximately NT$12.8 billion) and ₩50,000 million (approximately NT$1.3 billion). For the ₩492,565 million class action, the Seoul Central District Court and the Seoul High Court had adjudged, that it was not qualified as a class action and rejected the action. The plaintiffs had filed an appeal, and the Supreme Court remanded the case to the Seoul High Court. Subsequently, the Seoul High Court dismissed the former Seoul Central District Court's first instance judgment on October 28, 2019, found that the formal requirements of class action (such as commonality and efficiency) had been met, and granted the procedural application of class action. After Yuanta Securities (Korea) appealed, the Supreme Court dismissed and affirmed the conviction on February 21, 2020. The judgment did not mean that Yuanta Securities (Korea) was required to compensate the investors, but only that the procedural application of the class action was granted, so that the case would proceed to the substantive proceedings and the Court would determine whether the plaintiffs' request is justified. For the ₩50,000 million class action, the Seoul Central District Court and the Seoul High Court had rejected through the adjudication procedure on January 5, 2018 and October 17, 2018 respectively, the plaintiffs filed an appeal on October 22, 2018 and the action was in the process of the third instance. Former TongYang Securities Inc. has recognized a liability reserve of ₩93,400 million (approximately NT$2.4 billion) on December 31, 2013 for the aforementioned sales dispute. Other than adjustments made for actual compensation payments, former TongYang Securities Inc., after comprehensively considering the status of litigations and compensations, has reversed ₩23,835 million (approximately NT$620 million) in liability reserves as of December 31, 2019. As of December 31, 2019, the balance of the liability reserve related to the aforementioned dispute on sales of financial products was ₩5,317 million (approximately NT$140

million).

B. The reserve for litigation loss of Yuanta Bank is $86,316, please refer to Note 9(7)A.

A. The components of insurance liabilities are as follows:

	December 31, 2019	December 31, 2018
Unearned premium reserve	$ 633,319	$ 458,865
Claims reserve	638,183	406,408
Reserve for policy benefit	260,684,071	218,464,791
Premium deficiency reserve	865,166	1,340,561
Other reserves	3,918,127	4,103,376
Total	$ 266,738,866	$ 224,774,001

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

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

	December 31, 2019		
	Insurance contract	Financial instruments with discretionary participation features	Total
Unearned premium reserve			
Personal life insurance	$ 1,320	$ -	$ 1,320
Personal accident insurance	218,920	-	218,920
Personal health insurance	250,051	-	250,051
Group insurance	160,602	-	160,602
Investment-link insurance	2,426	-	2,426
	$ 633,319	$ -	$ 633,319
Ceded unearned premium reserve			
Personal life insurance	$ 343,694	$ -	$ 343,694
Personal accident insurance	300	-	300
Personal health insurance	160,688	-	160,688
Group insurance	272	-	272
Investment-link insurance	837	-	837
	$ 505,791	$ -	$ 505,791

	December 31, 2018		
	Insurance contract	Financial instruments with discretionary participation features	Total
Unearned premium reserve			
Personal life insurance	$ 781	$ -	$ 781
Personal accident insurance	180,581	-	180,581
Personal health insurance	164,860	-	164,860
Group insurance	110,643	-	110,643
Investment-link insurance	2,000	-	2,000
	$ 458,865	$ -	$ 458,865
Ceded unearned premium reserve			
Personal life insurance	$ 209,636	$ -	$ 209,636
Personal accident insurance	321	-	321
Personal health insurance	155,985	-	155,985
Investment-link insurance	383	-	383
	$ 366,325	$ -	$ 366,325

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

	For the years ended December 31,	
	2019	2018
Unearned premium reserve		
At January 1	$ 458,865	$ 283,691
Provision	633,319	458,865
Current net change	(458,865)	(283,691)
At December 31	$ 633,319	$ 458,865

	For the years ended December 31,	
	2019	2018
Ceded unearned premium reserve		
At January 1	$ 366,325	$ 262,226
Increase	139,581	104,090
Current net change	(115)	9
At December 31	$ 505,791	$ 366,325

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

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

	December 31, 2019		
	Claims reported but not paid	Claims incurred but not reported	Total
Claims reserve			
Personal life insurance	$ 364,404	$ 270	$ 364,674
Personal accident insurance	3,560	36,074	39,634
Personal health insurance	145,420	74,800	220,220
Group insurance	-	11,644	11,644
Investment-link insurance	2,000	11	2,011
	$ 515,384	$ 122,799	$ 638,183
Ceded claims reserve			
Personal life insurance	$ 36,019	$ -	$ 36,019
Personal accident insurance	81	-	81
Personal health insurance	30,654	-	30,654
	$ 66,754	$ -	$ 66,754

	December 31, 2018		
	Claims reported but not paid	Claims incurred but not reported	Total
Claims reserve			
Personal life insurance	$ 269,071	$ 80	$ 269,151
Personal accident insurance	8,158	24,197	32,355
Personal health insurance	57,849	35,229	93,078
Group insurance	-	10,317	10,317
Investment-link insurance	1,500	7	1,507
	$ 336,578	$ 69,830	$ 406,408
Ceded claims reserve			
Personal life insurance	$ 12,750	$ -	$ 12,750
Personal health insurance	16,999	-	16,999
	$ 29,749	$ -	$ 29,749

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

	For the years ended December 31,	
	2019	2018
Claims reserve		
At January 1	$ 406,408	$ 306,349
Provision (Note)	638,575	406,302
Recovery	(406,408)	(306,349)
(Gain) loss on foreign exchange	(392)	106
At December 31	$ 638,183	$ 406,408

	For the years ended December 31,	
	2019	2018
Ceded claims reserve		
At January 1	$ 29,749	$ 11,293
Current net change	37,005	18,456
At December 31	$ 66,754	$ 29,749

Note: For the year ended December 31, 2019, the appropriated amount of the unreported and unpaid compensation reserves was $122,799.

(C) Reserve for policy benefit:

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

	December 31, 2019		
	Insurance contract	Financial instruments with discretionary participation features	Total
Life insurance	$ 237,376,061	$ -	$ 237,376,061
Health insurance	22,798,809	-	22,798,809
Annuity insurance	9,624	328,343	337,967
Investment-link insurance	52,346	-	52,346
	$ 260,236,840	$ 328,343	260,565,183
Recovery of catastrophe reserve			4,221
Transferred in unwritten-off balance of 3% decrease in business tax			46,062
Payables to the insured			68,605
Total			$ 260,684,071

	December 31, 2018		
	Insurance contract	Financial instruments with discretionary participation features	Total
Life insurance	$ 197,614,402	$ -	$ 197,614,402
Health insurance	20,398,052	-	20,398,052
Annuity insurance	10,558	263,022	273,580
Investment-link insurance	55,486	-	55,486
	$ 218,078,498	$ 263,022	218,341,520
Recovery of catastrophe reserve			4,221
Transferred in unwritten-off balance of 3% decrease in business tax			46,062
Payables to the insured			72,988
Total			$ 218,464,791

b.Changes in reserve for policy benefit:

	For the years ended December 31,	
	2019(Note 1)	2018(Note 2)
At January 1	$ 218,459,623	$ 180,812,095
Provision	49,823,274	42,156,401
Recovery	(6,953,056)	(4,996,004)
(Gain) loss on foreign exchange	(653,845)	487,131
At December 31	$ 260,675,996	$ 218,459,623

Note 1: For the year ended December 31, 2019, "Reserve for policy benefit-payables to the insured" is $8,075. As of December 31, 2019, the total reserve for policy benefit amount of changes in reserve for policy benefit is $260,684,071.

Note 2: For the year ended December 31, 2018, "Reserve for policy benefit-payables to the insured" is $5,168. As of December 31, 2018, the total reserve for policy benefit amount of changes in reserve for policy benefit is $218,464,791.

For the years ended December 31, 2019 and 2018, the interest expense, reflecting on the contract liabilities over a period of time, are $6,568,059 and $5,633,443, respectively.

(D) Premium deficiency reserve:

a.Details of premium deficiency reserve are as follows:

	December 31, 2019		
	Insurance contract	Financial instruments with discretionary participation features	Total
Personal life insurance	$ 851,667	$ -	$ 851,667
Personal health insurance	13,499	-	13,499
Total	$ 865,166	$ -	$ 865,166

	December 31, 2018		
	Insurance contract	Financial instruments with discretionary participation features	Total
Personal life insurance	$ 1,333,996	$ -	$ 1,333,996
Personal health insurance	6,565	-	6,565
Total	$ 1,340,561	$ -	$ 1,340,561

b.Change in premium deficiency reserve:

	For the years ended December 31,	
	2019	2018
At January 1	$ 1,340,561	$ 1,810,269
Provision	(468,044)	(467,052)
Recovery	(5,288)	(7,730)
(Gain) loss on foreign exchange	(2,063)	5,074
At December 31	$ 865,166	$ 1,340,561

(E) Other reserves

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

	For the years ended December 31,	
	2019	2018
At January 1	$ 4,103,376	$ 4,297,540
Recovery	(185,249)	(194,164)
At December 31	$ 3,918,127	$ 4,103,376

B. Reserve for foreign exchange fluctuation

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

	For the years ended December 31,	
	2019	2018
At January 1	$ 893,568	$ 510,241
Provision		
Compulsory provision	268,261	182,191
Additional provision	1,033,640	683,364
Subtotal	2,195,469	1,375,796
Recovery	(1,594,600)	(482,228)
At December 31	$ 600,869	$ 893,568

(B) Effect of accounts eligible or ineligible for the foreign exchange reserve on the consolidated financial statements of Yuanta Life of the Group for the years ended December 31, 2019 and 2018 are as follows:

	For the year ended December 31, 2019		
	Ineligible amount	Eligible amount	Impact
Net income	$ 675,375	$ 909,534	$ 234,159
Earnings per share (in dollars)	0.69	0.93	0.24
Reserve for foreign exchange fluctuation	-	600,869	600,869
Total equity	13,712,806	13,216,803	(496,003)

	For the year ended December 31, 2018		
	Ineligible amount	Eligible amount	Impact
Net income	$ 583,464	$ 276,802	($ 306,662)
Earnings per share (in dollars)	0.66	0.31	(0.35)
Reserve for foreign exchange fluctuation	-	893,568	893,568
Total equity	11,755,147	11,024,985	(730,162)

(27) Employee benefit liabilities reserve

A. Defined benefit plans:

(A) The Company and its domestic subsidiaries have a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45～61 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Yuanta Group also established a special retention bonus plan applicable to certain employees. Except for Yuanta Securities Finance contributing retirement fund by 8% of the employees' monthly salaries and wages, the Yuanta Group contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Yuanta Group would assess the balance in the aforementioned labor pension reserve account by the end of December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method, to the employees expected to be qualified for retirement next year, the Yuanta Group will make contributions to cover the deficit by next March. Yuanta Securities (Korea) and its subsidiary have a defined benefit plan or a defined contribution plan in accordance with the relevant laws and regulations applied by the local Korean government. Yuanta Securities Investment Trust obtained the approval letter no. 1076057939 and no. 1086074270 from Department of Labor, Taipei City government to suspend the pension contribution for the period from September 2018 to August 2020.

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

	December 31, 2019	December 31, 2018
Present value of defined benefit obligations	$ 7,824,898	$ 7,553,115
Fair value of plan assets	(2,520,088)	(2,597,392)
	5,304,810	4,955,723
Net defined benefit assets	37,335	37,377
Net defined benefit liabilities	$ 5,342,145	$ 4,993,100

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

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liabilities
Year ended December 31, 2019			
Balance at January 1	$ 7,553,115	($ 2,597,392)	$ 4,955,723
Current service cost	394,653	-	394,653
Interest expense(income)	109,872	(30,201)	79,671
	8,057,640	(2,627,593)	5,430,047
Remeasurement:			
Return on plan assets (excluding amounts included in interest income or expense)	2,013	(72,833)	(70,820)
Change in demographic assumptions	(62,653)	-	(62,653)
Change in financial assumptions	301,252	-	301,252
Experience adjustment	76,370	(570)	75,800
	316,982	(73,403)	243,579
Pension fund contribution	-	(60,940)	(60,940)
Paid pension	(410,444)	228,548	(181,896)
Translation difference	(139,280)	13,300	(125,980)
Balance at December 31	$ 7,824,898	($ 2,520,088)	$ 5,304,810

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liabilities
Year ended December 31, 2018			
Balance at January 1	$ 7,207,305	($ 2,737,639)	$ 4,469,666
Current service cost	438,671	-	438,671
Interest expense(income)	117,488	(36,792)	80,696
	7,763,464	(2,774,431)	4,989,033
Remeasurement:			
Return on plan assets (excluding amounts included in interest income or expense)	1,598	(33,203)	(31,605)
Change in demographic assumptions	(30,438)	(158)	(30,596)
Change in financial assumptions	158,338	-	158,338
Experience adjustment	100,347	(301)	100,046
	229,845	(33,662)	196,183
Pension fund contribution	-	(61,559)	(61,559)
Paid pension	(412,426)	268,621	(143,805)
Translation difference	(27,768)	3,639	(24,129)
Balance at December 31	$ 7,553,115	($ 2,597,392)	$ 4,955,723

(D) The Bank of Taiwan was commissioned to manage the Fund of the Company's and domestic subsidiaries' defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenue, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings are less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan asset fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2019 and 2018 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

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

	December 31, 2019	December 31, 2018
Cash and cash equivalents	$ 121,361	$ 122,379
Debt instruments	23,598	35,360
Beneficiary certificates	15,024	1,850
Others	75,435	93,889
	$ 235,418	$ 253,478

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

	For the years ended December 31,	
	2019	2018
Discount rate	0.70%~2.10%	0.90%~2.79%
Future salary increase rate	2.00%~6.00%	2.00%~6.00%

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

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

	Discount rate		Future salary increase rate	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2019				
Effect on present value of defined benefit obligation	($ 119,578)	$ 123,767	$ 110,446	($ 107,070)
December 31, 2018				
Effect on present value of defined benefit obligation	($ 123,250)	$ 127,672	$ 114,202	($ 110,975)

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

	Discount rate		Future salary increase rate	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
December 31, 2019				
Effect on present value of defined benefit obligation	($ 291,857)	$ 348,727	$ 346,348	($ 295,437)
December 31, 2018				
Effect on present value of defined benefit obligation	($ 278,925)	$ 335,690	$ 335,533	($ 283,864)

The sensitivity analysis above is based on other conditions that are unchanged but only one assumption is changed. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

(F) Expected contributions to the defined benefit pension plans of the Company and its domestic subsidiaries for the year ending December 31, 2020 amounts to $59,255.

B. Defined contribution plans:

(A) Effective July 1, 2005, the Company and its domestic subsidiaries have established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon

termination of employment.

(B) Effective July 1, 2005, a retirement plan was established by Yuanta Life, covering all its telemarketing representatives. Under the retirement plan, Yuanta Life recognises monthly an amount equal to 7% of the employees' monthly incentive bonuses as retirement pay. The retirement plan is contributed till July 2016. Cumulated amounts will be retained until telemarketing representatives retire, after which it will be paid in lump-sum to each telemarketing representative according to their respective entitled proportions under the plan. Effective August 1, 2008, Yuanta Life established an "Incentive Award Plan", which covered its sales agents. Under the "Incentive Award Plan", Yuanta Life calculates monthly contributions based on the agent's service years and a monthly commission effective for the first year. The "Incentive Award Plan" is contributed till June 2014. Cumulated amounts will be retained until sales agents retire, after which it will be paid in lump-sum to each sales agent according to their respective entitled proportions under the plan.

(C) Termination provisions

Ta Chong Bank's share conversion agreement with the Company on March 22, 2016 includes the relevant terms guaranteeing the rights and interests of employees. After the approval of the FSC, Ta Chong Bank has accrued termination provisions of $280,239 and $609,449, respectively in 2019 and 2018 (recorded under termination provisions). The present value of the termination provision obligation was calculated by qualified actuaries. The principal assumptions used for the purpose of the actuarial valuations were as follow:

	For the years ended December 31,	
	2019	2018
Discount rate(%)	0.70	1.10
Expected rate of salary increase(%)	2.00	2.00
Total application rate(%)	80.00	80.00

(D) Under the defined contribution plan, the Company and its domestic subsidiaries recognised pension expense of $444,924 (under the employees' benefit expenses of $435,789 and net income other than interest of $9,135) and $466,644 (under the employees' benefit expenses of $458,620 and net income other than interest of $8,024) for the years ended December 31, 2019 and 2018, respectively.

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

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

Yuanta Securities Asia Finance, Yuanta Securities (Hong Kong), Yuanta Investment Consulting Beijing and Yuanta Securities (UK) recognised pension expense of $14,262 and $17,022 for the years ended December 31, 2019 and 2018, respectively, based on the abovementioned pension plan and local regulations. Under the defined contribution plan, Yuanta Securities (Korea) and its subsidiaries recognised pension expense of $54,681 and $12,691 for the years ended December 31, 2019 and 2018, respectively.

In accordance with the local regulations, Yuanta Securities (Indonesia) and Yuanta Securities (Thailand) and its subsidiaries recognised pension liabilities of $165,758 and $121,247 as of December 31, 2019 and 2018, respectively. For the years ended December 31, 2019 and 2018, pension expense were recognised amounting to $63,521 and $34,471, respectively.

In accordance with the local regulations, Yuanta Savings Bank (Philippines) has recognised employee benefit liabilities of $5,025 and $6,036, respectively, as of December 31, 2019 and

2018, and recognised pension expenses of $1,734 and $1,662 under other comprehensive income, respectively, for the years ended December 31, 2019 and 2018.

In accordance with the above-mentioned pension plan, Yuanta Savings Bank (Korea) has recognised employee benefit liabilities of $2,971 and $3,335, respectively, as of December 31, 2019 and 2018, and recognised pension expenses of $8,853 and $7,282 under other comprehensive income, respectively, for the years ended December 31, 2019 and 2018.

(28) Other financial liabilities

	December 31, 2019	December 31, 2018
Futures traders' equity	$ 67,419,748	$ 66,721,081
Structured deposit	6,712,530	10,740,531
Investment-linked products liabilities	1,935,363	1,787,652
Appropriated loan fund	1,779	21,684
Lease payables	-	5,971
Total	$ 76,069,420	$ 79,276,919

(29) Other liabilities

	December 31, 2019	December 31, 2018
Guarantee deposit-in and margin deposits	$ 28,783,494	$ 32,456,068
Underwriting share proceeds collected on behalf of customers	241,581	58,556
Collections in advance	1,348,880	1,285,565
Retention bonus payable	1,474,522	1,274,372
Refundable deposits	1,111,072	293,003
Refundable deposits-derivative transactions	3,973,016	5,261,481
Others	1,351,049	1,177,170
Total	$ 38,283,614	$ 41,806,215

(30) Share capital

As of December 31, 2019 and 2018, the Company's total authorized capital were both $125,000,000 and total paid-in capital were $116,706,115 and $116,862,325, respectively. The aforementioned total paid-in capital includes 11,670,612 and 11,686,233 thousand shares of common stock, each with a par value of $10 dollars per share.

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

	2019	2018
January 1	11,686,233	11,889,198
Retirement of treasury share	(15,621)	(202,965)
December 31	11,670,612	11,686,233

(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.

	December 31, 2019	December 31, 2018
Post 1998	$ 4,036,443	$ 4,041,698

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

	December 31, 2019	December 31, 2018
Additional paid-in capital	$ 33,573,790	$ 33,617,492
Treasury share transactions	3,479,710	3,477,403
Others	348,980	105,521
	$ 37,402,480	$ 37,200,416

(32) Legal reserve and special reserve

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

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

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

(33) Undistributed earnings

A. According to the Company's Articles of Incorporation, the annual net income will be distributed as follows:
   (A)Pay income tax;
   (B)Offset prior years' deficits;
   (C)Provide legal reserve and special reserve; and
   (D)The remaining amount and prior years' undistributed earnings shall be resolved by the stockholders during their meeting.

B. In order to continuously expand operation scale and enhance the profitability, the Company follows its long-term financial planning and relevant Articles of Incorporation to adopt a

dividend surplus policy. In principle, the dividend appropriation is based on annual earnings calculated based on the above Articles of Incorporation. After the retention of capital required according to the operation scheme, the remainder shall be distributed in the form of cash dividends. However, the cash dividends shall not be less than 40% of the annual earnings to be distributed.

C. Details of the earnings distribution for 2018 of the Company resolved by the stockholders' meeting on June 14, 2019 and the earnings distribution for 2017 resolved by the stockholders' meeting on June 15, 2018 are as follows:

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

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

D. The earnings distribution for 2019 of the Company has been resolved by the Board of Directors on March 23, 2020. Details are as follows:

	2019 earnings	
	Amount	Dividend per share (in dollars)
Cash dividends	$ 7,585,897	$ 0.65
Stock dividends	4,668,245	0.40

E. Please refer to Note 6(43) for the details of the bonus to employees and remuneration to directors and supervisors.

(34) Other equity items

	Translation gain and loss on the financial statements of foreign operating entities	Financial assets at fair value through other comprehensive income	Change in fair value of financial liability attributable to change in credit risk of the liability	Other comprehensive income on reclassification under the overlay approach	Total
Balance, January 1, 2019	($ 2,409,469)	$ 7,775,718	($ 29,798)	($ 330,367)	$ 5,006,084
Financial assets at fair value through other comprehensive income					
- Evaluation adjustment in the period	-	5,717,498	-	-	5,717,498
- Evaluation transferred to profit or loss	-	(1,212,609)	-	-	(1,212,609)
- Evaluation transferred to retained earnings	-	(124,942)	-	-	(124,942)
Other comprehensive income on reclassification under the overlay approach	-	-	-	415,946	415,946
Changes in translation difference of foreign operating entities	(999,295)	-	-	-	(999,295)
Effects on income tax	(119,622)	(248,479)	1,595	(38,620)	(405,126)
Evaluation of credit risk	-	-	(8,527)	-	(8,527)
Balance, December 31, 2019	($ 3,528,386)	$ 11,907,186	($ 36,730)	$ 46,959	$ 8,389,029

	Translation gain and loss on the financial statements of foreign operating entities	Financial assets at fair value through other comprehensive income	Available-for-sale financial assets	Change in fair value of financial liability attributable to change in credit risk of the liability	Other comprehensive income on reclassification under the overlay approach	Total
Balance, January 1, 2018	($ 2,528,033)	$ -	$ 7,085,896	($ 3,478)	$ -	$ 4,554,385
Effects of retrospective application and retrospective restatement	71	8,821,188	(7,085,896)	62,367	389,832	2,187,562
Balance, January 1, 2018 after adjustments	(2,527,962)	8,821,188	-	58,889	389,832	6,741,947
Financial assets at fair value through other comprehensive income						
- Evaluation adjustment in the period	-	133,763	-	-	-	133,763
- Evaluation transferred to profit or loss	-	(1,286,269)	-	-	-	(1,286,269)
- Evaluation transferred to retained earnings	-	(77,579)	-	-	-	(77,579)
Other comprehensive income on reclassification under the overlay approach	-	-	-	-	(768,967)	(768,967)
Changes in translation difference of foreign operating entities	118,493	-	-	-	-	118,493
Effects on income tax	-	184,615	-	-	48,768	233,383
Evaluation of credit risk	-	-	-	(88,687)	-	(88,687)
Balance, December 31, 2018	($ 2,409,469)	$ 7,775,718	$ -	($ 29,798)	($ 330,367)	$ 5,006,084

(35) Treasury shares

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

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

	For the year ended December 31, 2018					
Reason for buyback of shares	Beginning balance of amount	Beginning balance of shares	Share increase	Share decrease	Ending balance of shares	Ending balance of amount
Buy-back rights of shareholders with objections (Note)	$ 197,606	15,621	-	-	15,621	$ 197,606
Maintenance for the Company's credit	939,347	68,965	134,000	(202,965)	-	-
Total	$ 1,136,953	84,586	134,000	(202,965)	15,621	$ 197,606

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

(36) Net interest income

	For the years ended December 31,	
	2019	2018
Interest income		
Bills discounted and interest income on loans	$ 19,321,618	$ 19,038,007
Interest income from margin trade	4,270,493	5,155,472
Interest income on securities investment	13,137,643	12,371,930
Interest income from placement and call loan to other banks	2,069,803	1,628,564
Interest income on bills and bonds purchased under resale agreements	582,870	477,509
Recurring interest income from credit card	235,672	258,402
Other interest income	1,388,344	1,262,544
Subtotal	41,006,443	40,192,428
Interest expense		
Interest expense of deposit	($ 7,390,429)	($ 7,022,903)
Interest expense of Central Bank and other banks' deposit	(214,503)	(295,976)
Interest expense on due to the Central Bank and other banks' deposit	(1,415,449)	(1,342,303)
Interest expense on bills and bonds sold under repurchase agreements	(2,977,840)	(2,799,911)
Interest expense of structured instruments	(465,003)	(648,144)
Coupon rate of bank debenture	(867,561)	(954,716)
Coupon rate of corporate bonds	(391,175)	(399,468)
Coupon rate of commercial papers	(345,295)	(317,537)
Interest expense of margin purchase	(24,959)	(27,040)
Lease liabilities interest expense	(105,046)	-
Other interest expense	(676,264)	(448,268)
Subtotal	(14,873,524)	(14,256,266)
Total	$ 26,132,919	$ 25,936,162

(37) Net service fee and commission income

	For the years ended December 31,	
	2019	2018
Service fee and commission income		
Brokerage service fee income	$ 15,638,068	$ 18,995,723
Service fee income on insurance brokerage and stock register	1,449,644	1,821,768
Service fee on credit cards	1,519,091	1,657,353
Service fee income on trust business	3,415,565	2,710,955
Service income on credit extension	879,443	1,096,165
Underwriting service income	1,312,408	826,100
Service income on margin trade	98,593	131,818
Commission – reinsurance allowance	111,718	111,286
Service income on foreign exchange	87,119	101,271
Service fee income on consigned settlement	37,976	43,099
Deposits and remittance and other service income	767,336	1,902,053
Subtotal	25,316,961	29,397,591
Service fee expenses and commission expense		
Insurance commission expense	($ 2,735,736)	($ 1,980,992)
Service expense on trust business	(2,704)	(6,774)
Service expense on brokerage	(1,992,405)	(1,862,162)
Service expense on self-operation	(94,136)	(110,333)
Service charge – refinancing	(513)	(1,403)
Service fee expense on credit cards	(1,399,957)	(1,539,371)
Service expense on settlement	(417,589)	(521,059)
Futures commission expense	(451,854)	(521,103)
Underwriting service expense	(23,833)	(16,970)
Service expense on foreign exchange	(41,642)	(41,249)
Service expense on credit extension	(33,158)	(20,182)
Deposits and remittance and other service expense	(327,211)	(494,528)
Subtotal	(7,520,738)	(7,116,126)
Total	$ 17,796,223	$ 22,281,465

(38) Net income from insurance operations

	For the years ended December 31,	
	2019	2018
Income from insurance operations		
Gross collected premiums	$ 50,516,952	$ 42,015,655
Less: Reinsurance premium ceded	(883,544)	(695,468)
Net changes of unearned premium reserve	(34,873)	(71,084)
Retention earned premium income	49,598,535	41,249,103
Investment-linked product income (Note)	434,052	151,931
Subtotal	50,032,587	41,401,034
Expense from insurance operations		
Claims and policy benefits	($ 9,173,718)	($ 6,774,606)
Less: Claims recovered from reinsurers	419,348	286,444
Retention claims and policy benefits payments	(8,754,370)	(6,488,162)
Underwriting expenses	(9,194)	(5,317)
Expense from guaranty fund	(96,057)	(79,902)
Investment-linked product expenses (Note)	(434,052)	(151,931)
Subtotal	(9,293,673)	(6,725,312)
Total	$ 40,738,914	$ 34,675,722

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

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

	For the years ended December 31,	
	2019	2018
Realized gains or losses on financial assets and liabilities at fair value through profit or loss		
Commercial papers	$ 172,212	$ 209,619
Bonds	6,224,152	5,522,431
Stocks	3,701,342	459,623
Beneficiary certificates	1,456,367	1,312,997
Time deposits	-	14,694
Financial bonds payables	-	(23,121)
Interest-linked instrument	(235,978)	(470,261)
Exchange rate-linked instrument	(4,964,529)	(2,024,584)
Equity-linked instrument	(33)	-
Other financial derivative instruments	1,544,858	4,476,425
Loss on covering on borrowed securities and bonds with resale agreements	(1,063,764)	(216,560)
Loss from issuing call (put) warrants	(7,229,932)	(12,373,255)
Issuing call (put) warrants expense	(320,059)	(320,652)
Others	2,583,278	474,376
Subtotal	1,867,914	(2,958,268)
Unrealized gains or losses on financial assets and liabilities at fair value through profit or loss		
Commercial papers	($ 5,367)	$ 5,293
Bonds	1,971,519	(4,011,500)
Stocks	3,382,704	(2,453,301)
Beneficiary certificates	279,469	(164,407)
Time deposits	-	(5,518)
Financial bonds payables	-	10,982
Interest-linked instrument	(2,211,133)	1,287,095
Exchange rate-linked instrument	2,980,973	(3,964,354)
Equity-linked instrument	323	-
Other financial derivative instruments	(1,182,428)	(252,372)
Valuation (loss) gain on borrowed securities and bonds with resale agreements	(1,956,521)	1,204,559
Gain on issuance of call (put) warrants	7,805,495	16,292,703
Others	1,109,643	1,213,498
Subtotal	12,174,677	9,162,678
Total	$ 14,042,591	$ 6,204,410

A. The realised gains or losses on the financial assets and liabilities at fair value through profit and loss of the Yuanta Group for the years ended December 31, 2019 and 2018, including the loss on disposal, were $5,482,552 and $9,571,693, respectively, and the issuing call (put) warrants expense, were $320,059 and $320,652, respectively, and the dividends income were $2,009,499 and $1,587,722, respectively, and the interest income were $5,661,026 and

$5,346,355, respectively.

B. The Yuanta Group recognized net (loss) gain amounting to ($7,969,212) and $438,843, respectively, on financial liability designated as at fair value through profit or loss for the years ended December 31, 2019 and 2018.

C. Net income on the exchange rate instruments includes realised and unrealised gains and losses on forward exchange agreements, FX options, and exchange rate futures.

D. Interest-linked instruments include interest rate swap contracts, money market instruments, interest linked-options and other interest related instruments.

E. Any change in fair value of the derivatives together managed with the financial instruments designated at fair value through profit and loss is listed under "gain and loss of financial assets and liabilities at fair value through profit and loss".

(40) Asset impairment loss

	For the years ended December 31,	
	2019	2018
(Impairment loss) reversal of impairment loss on investments in debt instruments measured at fair value through other comprehensive income	($ 12,156)	$ 31,759
Reversal of impairment loss (impairment loss) on investments in debt instruments at amortised cost	2,966	(22,466)
Reversal of impairment loss on investment property	13,895	5,384
Impairment loss on intangible assets	(3,676)	(1,441,901)
Impairment loss on other assets	(21,412)	(2,885)
Total	($ 20,383)	($ 1,430,109)

(41) Net other miscellaneous income

	For the years ended December 31,	
	2019	2018
Borrowed stock revenue	$ 1,480,324	$ 991,411
Net change of reserve for foreign exchange fluctuation	292,699	(383,327)
Other net income	498,429	602,426
Total	$ 2,271,452	$ 1,210,510

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

	For the years ended December 31,	
	2019	2018
Bad debt expense of accounts receivable	$ 305,161	$ 977,894
Bad debt expense of bills discounted and loans	2,763,203	899,410
Recovery of reserve for guarantee liabilities	(50,300)	(61,000)
Recognition of loan commitment reserve and other reserve	(8,726)	(16,783)
Recovery of bad debt expense	(1,656,644)	(942,958)
Total	$ 1,352,694	$ 856,563

(43) Employee benefit expense

	For the years ended December 31,	
	2019	2018
Wages and salaries	$ 20,094,034	$ 20,396,042
Labor and health insurance fees	937,893	919,094
Pension costs	1,053,164	1,051,115
Termination benefits	(85,405)	22,441
Other employee benefit expenses	1,276,341	1,277,554
Total	$ 23,276,027	$ 23,666,246

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

B. For the years ended December 31, 2019 and 2018, employees' compensation was accrued at $3,323 and $2,872 respectively; directors' and supervisors' remuneration was accrued at $166,607 and $151,208, respectively. The aforementioned amounts were recognised in salary expenses. The employees' compensation and directors' and supervisors' remuneration of 2018 as resolved by the Board of Directors in 2018 was in agreement with those amounts recognised in the 2018 financial statements. Information is available at the website of the Market Observation Post System provided by the Taiwan Stock Exchange Corporation (TWSE).

(44) Depreciation and amortization

	For the years ended December 31,	
	2019	2018
Investment property depreciation	$ 90,805	$ 73,001
Property and equipment depreciation	1,008,641	999,101
Right-of-use asset depreciation	1,439,385	-
Intangible asset amortization	665,613	1,174,219
Deferred assets amortization	69,286	89,371
Total	$ 3,273,730	$ 2,335,692

(45) Other business and administrative expenses

	For the years ended December 31,	
	2019	2018
Tax	$ 2,953,221	$ 3,141,852
Rental expense	269,544	1,800,303
Computer science expense	1,279,841	1,201,380
Commission expense	716,204	1,354,161
Professional expense	682,916	611,372
Postage and telephone costs	702,640	721,886
Miscellaneous expenses	814,230	651,061
Security borrowing expenses	781,087	564,980
Others	3,521,196	3,562,725
Total	$ 11,720,879	$ 13,609,720

(46) Income tax

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

A. Income tax expense

(A)Components of income tax expense:

	For the years ended December 31,	
	2019	2018
Current tax:		
Income tax from current income period	$ 3,639,583	$ 2,531,571
Income tax on unappropriated earnings	165,488	787,986
Adjustments in respect of prior years	(161,205)	(137,019)
Total current tax	3,643,866	3,182,538
Deferred tax:		
Origination and reversal of temporary differences	(244,552)	529,118
Impact of change in tax rate	-	(10,322)
Total deferred tax	(244,552)	518,796
Income tax expense	$ 3,399,314	$ 3,701,334

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

	For the years ended December 31,	
	2019	2018
Translation gain and loss on the financial statements of foreign operating entities	$ 119,622	$ 30,700
Unrealised gain (loss) from investments in debt instruments measured at fair value through other comprehensive income	220,429	(204,947)
Unrealised gain from investments in equity instruments measured at fair value through other comprehensive income	30,598	22,754
Change in fair value of financial liability attributable to change in credit risk	(2,811)	(53,047)
Other comprehensive income (loss) on reclassification under the overlay approach	38,620	(50,988)
Share of loss of associates and joint ventures accounted for using equity method	(141)	(270)
Loss on remeasurements of defined benefit plans	(49,681)	(65,457)
Impact of change in tax rate	-	(27,936)
Total	$ 356,636	($ 349,191)

B. Reconciliation between income tax expense and accounting profit:

	For the years ended December 31,	
	2019	2018
Income tax from pretax income calculated at regulated tax rate	$ 9,974,173	$ 9,477,570
Additional tax payment levied on undistributed earnings	165,488	787,986
Alternative minimum tax effects	707,983	603,422
Effects of items not recognized under relevant regulations	31,600	150,107
Temporary differences not recognized under deferred tax	(247,640)	(804,903)
Adjustments in respect of prior years	(161,205)	(137,019)
Use of prior years' unrealized tax losses in the current year	(586,086)	(26,989)
Adjusted effects on income tax exemption and other income	(6,484,999)	(6,338,518)
Impact of change in tax rate	-	(10,322)
Income tax expense	$ 3,399,314	$ 3,701,334

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

	For the year ended December 31, 2019				
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	Others (Note)	December 31
Temporary differences:					
-Deferred tax assets:					
Unrealised exchange loss	$ 228,797	$ 612,138	$ 684	($ 1)	$ 841,618
Allowance for doubtful accounts in excess of tax limitation	356,258	184,596	-	58	540,912
Unrealized loss on litigation loss	13,800	986	-	-	14,786
Unrealized losses on financial instruments	1,012,992	(442,742)	(134,358)	88	435,980
Employee benefit expense and actuarial gains and losses on defined benefit plans	1,030,571	68,272	49,599	27	1,148,469
Deferred income on credit card	2,847	(250)	-	-	2,597
Tax loss carryforwards	1,697,463	149,547	-	(176)	1,846,834
Goodwill amortization (including accumulated impairment)	48,237	(48,237)	-	-	-
Others	1,508,222	(223,637)	(142,570)	3,404	1,145,419
Subtotal	5,899,187	300,673	(226,645)	3,400	5,976,615
-Deferred tax liabilities:					
Unrealised exchange gain	($ 269,446)	$ 225,480	$ -	($ 8)	($ 43,974)
Unrealised valuation gain on derivatives	-	-	-	-	-
Reserve for land value increment tax	(40,278)	-	-	8,251	(32,027)
Employee benefit expense and actuarial gains and losses on defined benefit plans	(6,996)	(267)	83	-	(7,180)
Unrealized gain on financial instruments	(848,477)	(176,608)	(168,879)	62	(1,193,902)
Goodwill amortization	(2,403,253)	(57,609)	-	-	(2,460,862)
Others	(137,293)	(47,117)	38,805	23	(145,582)
Subtotal	(3,705,743)	(56,121)	(129,991)	8,328	(3,883,527)
Total	$ 2,193,444	$ 244,552	($ 356,636)	$ 11,728	$ 2,093,088

Note:Impact of foreign exchange rate difference and IFRS 16 adjustment included.

	For the year ended December 31, 2018				
	January 1	Recognised in profit or loss (Note 1)	Recognised in other comprehensive income (Note 1)	Others (Note2)	December 31
Temporary differences:					
-Deferred tax assets:					
Unrealised exchange loss	$ 1,000,880	($ 771,869)	($ 2,212)	$ 1,998	$ 228,797
Allowance for doubtful accounts in excess of tax limitation	146,471	(75,410)	-	285,197	356,258
Unrealized loss on litigation loss	11,730	2,070	-	-	13,800
Unrealized losses on financial instruments	12,265	724,952	142,570	133,205	1,012,992
Employee benefit expense and actuarial gains and losses on defined benefit plans	838,878	96,086	95,638	(31)	1,030,571
Deferred income on credit card	3,283	(436)	-	-	2,847
Tax loss carryforwards	2,204,949	(504,040)	-	(3,446)	1,697,463
Impairment of property	24,061	1,872	-	(13,452)	12,481
Goodwill amortization (including accumulated impairment)	-	48,237	-	-	48,237
Others	1,400,328	183,238	23,418	(111,243)	1,495,741
Subtotal	5,642,845	(295,300)	259,414	292,228	5,899,187
-Deferred tax liabilities:					
Unrealised exchange gain	($ 19,321)	($ 269,150)	$ -	$ 19,025	($ 269,446)
Unrealised valuation gain on derivatives	(22,200)	-	-	22,200	-
Reserve for land value increment tax	(20,956)	-	-	(19,322)	(40,278)
Employee benefit expense and actuarial gains and losses on defined benefit plans	(5,977)	(921)	(98)	-	(6,996)
Unrealized gain on financial instruments	(989,427)	155,405	91,749	(106,204)	(848,477)
Goodwill amortization	(2,198,758)	(235,363)	-	30,868	(2,403,253)
Others	(261,835)	126,533	(1,874)	(117)	(137,293)
Subtotal	(3,518,474)	(223,496)	89,777	(53,550)	(3,705,743)
Total	$ 2,124,371	($ 518,796)	$ 349,191	$ 238,678	$ 2,193,444

Note 1:Impact of change in tax rate included.

Note 2:Impact of foreign exchange rate difference and IFRS 9 adjustment included.

D. Yuanta Group's expiration dates of unused taxable loss and amounts of unrecognised deferred tax assets are as follows：

December 31, 2019				
Year incurred	Amount filed/assessed/ Estimated	Unused amount	Unrecognised deferred tax assets	Usable until year
2012	Assessed	$ 286,474	$ 265,173	2022
2013	Assessed	53,653	53,653	2023
2014	Assessed	74,275	74,275	2024

December 31, 2018				
Year incurred	Amount filed/assessed/ Estimated	Unused amount	Unrecognised deferred tax assets	Usable until year
2009	Assessed	$ 133,048	$ 133,048	2019
2012	Assessed	372,588	372,588	2022
2013	Assessed	53,653	53,653	2023
2014	Assessed	74,275	74,275	2024

As of December 31, 2019 and 2018, Yuanta Securities (Hong Kong)'s unused tax losses was $901,196 and $1,218,242, respectively; of which unrecognised deferred tax assets was $495,852 and $806,816, respectively. There were no expiration dates for the tax losses pursuant to local laws. As of December 31, 2019 and 2018, Yuanta Investment Consulting Beijing's unused tax losses was $52,792 and $47,354, respectively; of which unrecognised deferred tax assets was $52,792 and $47,354, respectively. The validity period for the tax losses pursuant to local laws was before 2024. As of December 31, 2019 and 2018, Yuanta Securities (Korea)'s unused tax losses was $5,968,957 and $6,896,276, respectively; of which unrecognised deferred tax assets was $0 and $1,193,940, respectively. The validity period for the tax losses pursuant to local laws was before 2025.

Yuanta Group has not estimated deferred tax liabilities for related taxes that may be payable due to Yuanta Securities Asia Financial Services' unrepatriated earnings, which as of December 31, 2019 and 2018, was $4,593,784 and $4,321,956, respectively. The above-mentioned unrepatriated earnings are expected to be used for reinvestment. As of December 31, 2019 and 2018, Yuanta Securities Asia Financial Services' unrepatriated earnings were $22,968,918 and $21,609,780, respectively. As of December 31, 2019 and 2018, the unrecognized deferred income tax assets of Yuanta Securities (Korea) on provisions were $0 and $926,391, respectively. The unrecognized deferred income tax liability of Yuanta Securities (Korea) for taxable temporary differences associated with equity method were $61,493 and $64,916, respectively.

As of December 31, 2019, Yuanta Savings Bank (Philippines)'s unused loss deductions was $107,487; the validity period for the loss deductions pursuant to local laws was before 2022. As of December 31, 2019, Yuanta Savings Bank (Korea)'s unused loss deductions was $350,496; the validity period for the loss deductions pursuant to local laws was before 2026.

E. As of December 31, 2019, 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 2015
Yuanta Venture Capital	Assessed through 2015
Yuanta Asset Management	Assessed through 2015
Yuanta Securities Investment Consulting	Assessed through 2015
Yuanta Futures	Assessed through 2017
Yuanta Securities Investment Trust	Assessed through 2017 (Note)
Yuanta Life	Assessed through 2015
Yuanta International Insurance Brokers	Assessed through 2018
Yuanta International Leasing	Assessed through 2018
Yuanta I Venture Capital	Assessed through 2017

Note: The income tax returns have not been assessed through 2015.

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

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

(A)Yuanta Securities

a. Yuanta Securities disagreed with the Tax Authority's assessments of income tax returns for the fiscal years from 2007 to 2015. Yuanta Securities has filed for administrative remedies in accordance with the law and accrued the related income tax effects. As of December 31, 2019, the amount was $1,715,874.

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 December 31, 2019, the amount was $61,137.

(B)Yuanta Bank

For the income tax returns for the fiscal years from 2014 to 2015, Yuanta Bank disagreed with the assessments on the amortization of discounts/premiums for goodwill. Yuanta Bank, in accordance with the law, has filed for recheck and administrative remedies and accrued the related income tax effects.

(C) Yuanta Securities Investment Trust

Yuanta Securities Investment Trust's income tax returns from 2012 to 2014 have been assessed and approved by the Tax Authoritory which assessed additional duties amounting to $117,248. Yuanta Securities Investment Trust disagreed with the assessment and applied for a recheck. The assessment has been completed in the second half of 2018 with the income tax payable amounting to $46,911 which has been paid in 2019.

(D) Yuanta Venture Capital

For the income tax returns for the fiscal year 2011, Yuanta Venture Capital disagreed with the assessments on the expense distribution for gains derived from the securities transactions. Yuanta Venture Capital, in accordance with the law, has filed for administrative remedies. The Company was assessed to supplement tax amounting to $11,116, which has been

recognised.

(E) Yuanta Future

For the 2017 income tax return, Yuanta Futures disagreed with the assessments on the revoked securities and futures trading income and undistributed surplus earnings. Yuanta Futures has filed for a recheck in accordance with the law.

(47) Earnings per share

	For the year ended December 31, 2019		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
Basic and diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 20,445,508	11,670,611	$ 1.75

	For the year ended December 31, 2018		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
Basic and diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 18,679,208	11,722,452	$ 1.59

(48) Changes in liabilities from financing activities

	Bills and bonds payable under repurchase agreements	Commercial paper payable	Bonds payable	Other borrowings	Lease liability
At January 1, 2019	$ 218,570,425	$ 36,269,123	$ 66,756,009	$ 64,019,801	$ 6,237,121
Changes in cash flow from financing activities	(19,904,507)	2,302,597	2,725,344	(3,171,809)	(567,678)
Impact of changes in foreign exchange rate	-	-	(565,635)	-	(141,783)
Amortisation of a premium or a discount on interest expense	-	50,008	(66,084)	-	-
At December 31, 2019	$ 198,665,918	$ 38,621,728	$ 68,849,634	$ 60,847,992	$ 5,527,660

	Bills and bonds payable under repurchase agreements	Commercial paper payable	Bonds payable	Other borrowings
At January 1, 2018	$ 197,101,189	$ 44,704,087	$ 65,890,879	$ 71,754,771
Changes in cash flow from financing activities	21,469,236	(8,374,385)	888,841	(7,688,180)
Impact of changes in foreign exchange rate	-	-	(108,101)	(46,790)
Amortisation of a premium or a discount on interest expense	-	(60,579)	84,390	-
At December 31, 2018	$ 218,570,425	$ 36,269,123	$ 66,756,009	$ 64,019,801

7. Related party transactions

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

A. Names and relationship of related parties

Names of related parties	Relationship with the Group
Funds managed by Yuanta Securities Investment Trust	Security investment trust fund raised by the Yuanta Securities Investment Trust
Polaris Research Institute (Polaris Research)	Related party in substance
Asia Carbons & Technology Inc. (Asia Carbons)	"
Shang Trip Travel Service Co., Ltd. (Shang Trip Travel Service)	"
Lo Sheng Feng Co., Ltd. (Lo Sheng Feng)	Major stockholders of Yuanta Group
Mercuries Life Insurance Co., Ltd. (Mercuries Life Insurance)	" (No longer a related party since December, 2018.)
Yuanta Cultural & Education Foundation (Yuanta Foundation)	A director of Yuanta Group holds a key managing position
Yuanta Construction Development Co., Ltd. (Yuanta Construction Development)	"
Yung Chin International Investment Co., Ltd. (Yung Chin International Investment)	"
He's Education Foundation	"
Taiwan Securities Association	"
Sintronic Technology Inc. (Sintronic Technology)	"
Antay Securities Co., Ltd. (Antay Securities)	Relative of Yuanta Group's key management personel is its related party
2011KIF-TONGYANG IT Venture Fund	Investments accounted for using equity method of Yuanta Securities (Korea)
TONGYANG AGRI-FOOD INVESTMENT Fund II	"
KVIC-Yuanta 2015 Overseas Fund	"

Names of related parties	Relationship with the Group
IBKC-TONGYANG Growth 2013 Private Equity Fund	Investments accounted for using equity method of Yuanta Securities (Korea)
Yuanta Secondary No.2 Fund	"
Yuanta Secondary No.3 Private Equity Fund	" (Has become a related party since December 28, 2018.)
2016KIF-Yuanta ICT Fund	"
Yuanta SPAC Ⅲ	"
Yuanta SPAC IV	" (Has become a related party since November 23, 2018.)
Yuanta SPAC V	" (Has become a related party since September 4, 2019.)
Yuanta SPAC VI	" (Has become a related party since October 17, 2019.)
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.	" (Has become a related party since December 28, 2018.)
Other related parties	The Yuanta Group, funds managed by consolidated subsidiaries, related parties in substance, major stockholders of affiliated entities, invested enterprises of key management and its close relatives, and the key management of the consolidated company.

B. Significant transactions and balances with related parties

(1) Deposits

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

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

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

For the years ended December 31, 2019 and 2018, interest expense on the above deposits were $126,480 and $96,805, respectively.

(2) Loans

Yuanta Bank and its subsidiaries

December 31, 2019

Unit: In thousands of NT dollars

Types	Number of accounts or name of related party	Highest balance	Ending balance	Loan status		Collateral	Whether terms and conditions of the related party transactions are different from those of transactions with third parties.
				Normal loans	Overdue accounts		
Consumer loans	382	$ 89,525	$ 45,855	$ 45,855	$ -	Credit loans, movables and deposits	None
Home mortgage loans	462	3,813,793	3,182,318	3,182,318	-	Real estate	None
Other loans	WEI RAN CO., LTD.	15,000	15,000	15,000	-	Real estate	None
	He's Education Foundation	27,000	27,000	27,000	-	Deposits	None
	Shang Trip Travel Service	1,850	-	-	-	Real estate	None
	Yung Chin International Investment	33,907	32,015	32,015	-	Real estate	None
	Lo Sheng Feng	22,000	22,000	22,000	-	Real estate	None
	95	294,295	168,871	168,871	-	Stock, deposits, policy and real estate	None
Total			$ 3,493,059	$ 3,493,059	$ -		

December 31, 2018

Unit: In thousands of NT dollars

Types	Number of accounts or name of related party	Highest balance	Ending balance	Loan status		Collateral	Whether terms and conditions of the related party transactions are different from those of transactions with third parties.
				Normal loans	Overdue accounts		
Consumer loans	357	$ 65,348	$ 37,967	$ 37,967	$ -	Credit loans, movables and deposits	None
Home mortgage loans	460	3,998,401	3,098,014	3,098,014	-	Real estate	None
Other loans	He's Education Foundation	27,000	27,000	27,000	-	Deposits	None
	Yung Chin International Investment	35,800	33,907	33,907	-	Real estate	None
	Asia Carbons	2,083	-	-	-	Guarantee of the Small and Medium Enterprise Credit Guarantee Fund	None
	Lo Sheng Feng	22,000	22,000	22,000	-	Real estate	None
	95	339,560	172,994	172,994	-	Stock, deposits, policy and real estate	None
Total			$ 3,391,882	$ 3,391,882	$ -		

Loans to related parties are under the same terms as those to other customers, except for interest rates on loans to affiliated companies were 0.00% ~ 2.50% and 0.00% ~ 2.52%, the interest rates on the remaining loans are ranging from 0.00% ~ 11.07% and 0.00% ~ 8.58% for the years ended December 31, 2019 and 2018, respectively, which are the same with the terms of general loans.

For the years ended December 31, 2019 and 2018, interest income resulting from the above loans amounted to $54,593 and $55,055, respectively.

(3) Property transactions

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

	December 31, 2019	December 31, 2018
Other related parties:		
Funds managed by Yuanta Securities Investment Trust	$ 4,670,798	$ 2,994,640

	For the years ended December 31,			
	2019		2018	
	Unrealized gain	Realized gain	Unrealized loss	Realized gain
Other related parties:				
Funds managed by Yuanta Securities Investment Trust	$ 78,373	$ 1,853,963	($ 84,817)	$ 222,736

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

a. Bonds transactions under repurchase agreements

	For the year ended December 31, 2019				
	Highest balance	Ending balance	Interest rate (%)	Notional amount	
Company's directors:					
Others	$ 450,043	$ 430,000	0.35%～0.40%		
Others	14,451	14,451	1.65%～2.40% (Note: USD)	USD	480
Other related parties:					
Others	1,744,734	896,053	0.35%～0.45%		
		$ 1,340,504			

	For the year ended December 31, 2018				
	Highest balance	Ending balance	Interest rate (%)	Notional amount	
Company's directors:					
Others	$ 481,040	$ 280,041	0.35%		
Others	6,146	6,146	1.80%～2.25% (Note: USD)	USD	200
Other related parties:					
Funds managed by Yuanta Securities Investment Trust	442,253	-	4.10% (Note: CNY)	CNY	-
Funds managed by Yuanta Securities Investment Trust	147,035	-	2.00%～2.05% (Note: USD)	USD	-
Others	806,837	746,014	0.35%		
		$ 1,032,201			

Note: For foreign currency repo trade.

	Interest expenses	
	For the years ended December 31,	
	2019	2018
Company's directors:		
Others	$ 1,661	$ 1,341
Other related parties:		
Funds managed by Yuanta Securities Investment Trust	-	2,156
Mercuries Life Insurance	-	2,063
Others	4,062	2,615
	$ 5,723	$ 8,175

b. Bonds sold and purchased:

	For the years ended December 31,			
	2019		2018	
	Bonds purchased	Bonds sold	Bonds purchased	Bonds sold
Other related parties:				
Yuanta SPAC III	$ 17,323	$ -	$ 18,287	$ -
Yuanta SPAC IV	20,189	-	21,313	-
Yuanta SPAC V	25,660	-	-	-
Yuanta SPAC VI	25,659	-	-	-
Mercuries Life Insurance	-	-	3,331,420	7,021,211
	$ 88,831	$ -	$ 3,371,020	$ 7,021,211

c. Bonds transactions under repurchase agreements

	For the year ended December 31, 2019			
	Highest balance	Ending balance	Interest rate (%)	Notional amount
Company's directors:				
Others	$ 37,633	$ 37,633	1.65%~3.25% (Note: USD)	USD 1,250
Other related parties:				
Others	9,634	9,634	2.50%~3.20% (Note: USD)	USD 320
		$ 47,267		

	For the year ended December 31, 2018			
	Highest balance	Ending balance	Interest rate (%)	Notional amount
Company's directors:				
Others	$ 47,329	$ 47,329	2.10%~3.25% (Note: USD)	USD 1,540

	Interest income	
	For the years ended December 31,	
	2019	2018
Company's directors:		
Others	$ 1,136	$ 1,160
Other related parties:		
Others	305	-
	$ 1,441	$ 1,160

Note: For foreign currency repo trade.

(4) Structured notes

	December 31, 2019	December 31, 2018
Company's directors:		
Others	$ 58,804	$ 83,294
Other related parties:		
Others	10,396	10,353
	$ 69,200	$ 93,647

(5) Equity of futures traders

	December 31, 2019	December 31, 2018
Company's directors:		
Others	$ 20,732	$ 874,886
Other related parties:		
Funds managed by Yuanta Securities Investment Trust	24,237,500	22,878,227
Others	32,856	33,518
	$ 24,291,088	$ 23,786,631

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

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

	Refundable deposits for securities lending	
	December 31, 2019	December 31, 2018
Other related parties:		
Funds managed by Yuanta Securities Investment Trust	$ -	$ 69,904

	Security borrowing expenses	
	For the years ended December 31,	
	2019	2018
Other related parties:		
Funds managed by Yuanta Securities Investment Trust	$ 5,576	$ 7,305

As of December 31, 2019 and 2018, borrowing expenses payable were $0 and $566, respectively.

As of December 31, 2019 and 2018, refundable deposits receivable lending were both $0.

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

	Receivables from loans to employees and interest receivables	
	December 31, 2019	December 31, 2018
Company's directors:		
Others	$ 12,330	$ 15,791
Other related parties:		
Others	209,653	240,153
	$ 221,983	$ 255,944

	Interest income on loans to employees	
	For the years ended December 31,	
	2019	2018
Company's directors:		
Others	$ 275	$ 720
Other related parties:		
Others	9,686	8,615
	$ 9,961	$ 9,335

(8) Access service fees income

	Access service fees income	
	For the years ended December 31,	
	2019	2018
Other related parties:		
Funds managed by Yuanta Securities Investment Trust	$ 7,206	$ 423

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

	Receivables from management fee income	
	December 31, 2019	December 31, 2018
Other related parties:		
Funds managed by Yuanta Securities Investment Trust	$ 231,394	$ 207,089
Yuanta Secondary No.3 Private Equity Fund	34,739	533
Yuanta Secondary No.2 Fund	18,162	-
KVIC-Yuanta 2015 Overseas Fund	14,030	8,173
TONGYANG AGRI-FOOD INVESTMENT FUND II	4,689	5,594
Others	5,013	7,483
	$ 308,027	$ 228,872

	Management fee income	
	For the years ended December 31,	
	2019	2018
Other related parties:		
Funds managed by Yuanta Securities Investment Trust	$ 2,552,662	$ 2,352,876
Yuanta Secondary No.3 Private Equity Fund	46,978	532
Yuanta Secondary No.2 Fund	25,799	34,363
2016 KIF-Yuanta ICT Fund	15,657	16,442
KVIC-Yuanta 2015 Overseas Fund	14,295	18,224
Others	24,976	24,722
	$ 2,680,367	$ 2,447,159

	Fund management fee income	
	For the years ended December 31,	
	2019	2018
Other related parties:		
Yuanta Diamond Funds SPC	$ 42,127	$ 24,381
Yuanta Asia Growth Investment L.P.	4,573	-
Global Growth Investment, L.P.	(15,123)	9,217
	$ 31,577	$ 33,598

	The balance of fund	
	December 31, 2019	December 31, 2018
Other related parties:		
Yuanta Diamond Funds SPC	$ 105,045	$ 336,694
Global Growth Investment, L.P.	70,954	89,063
Yuanta Asia Growth Investment, L.P.	35,904	-
	$ 211,903	$ 425,757

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

	Receivable from transfer-agent services	
	December 31, 2019	December 31, 2018
Other related parties:		
Others	$ 24	$ 34

	Income from transfer-agent services	
	For the years ended December 31,	
	2019	2018
Company's directors:		
Others	$ 1,500	$ -
Other related parties:		
Others	267	490
	$ 1,767	$ 490

(11) Investment refund receivable

	December 31, 2019	December 31, 2018
Other related parties:		
IBKC-TONGYANG Growth 2013 Private Equity Fund	$ 52,775	$ 25,518
2011KIF-TONGYANG IT Venture Fund	35,277	36,617
TONGYANG AGRI-FOOD INVESTMENT FUND II	32,459	33,537
	$ 120,511	$ 95,672

(12) Loan receivable, interest receivable and interest income

	Loan receivable	
	December 31, 2019	December 31, 2018
Other related parties:		
Others	$ 10,778	$ 37,055

	Interest receivable	
	December 31, 2019	December 31, 2018
Other related parties:		
Others	$ -	$ 588

	Loan interest income	
	For the years ended December 31,	
	2019	2018
Other related parties:		
Others	$ 696	$ 663

(13) Accounts receivable

	December 31, 2019	December 31, 2018
Other related parties:		
Funds managed by Yuanta Securities Investment Trust	$ 4,683	$ 3,025

(14) Refundable deposits

	December 31, 2019	December 31, 2018
Other related parties:		
Taiwan Securities Association	$ 300	$ 300

(15) 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	
	December 31, 2019	December 31, 2018
Company's directors:		
Others	$ 22,853	$ 5,033
Other related parties:		
Others	1,300	1
	$ 24,153	$ 5,034

	Interest expense	
	For the years ended December 31,	
	2019	2018
Company's directors:		
Others	$ 3	$ 5
Other related parties:		
Others	5	19
	$ 8	$ 24

(16) Accounts payable

	December 31, 2019	December 31, 2018
Other related parties:		
Others	$ 199	$ 225

(17) Commercial paper payables

	December 31, 2019	
	Commercial paper	Interest payable
Company's directors:		
Others	$ 10,091	$ 1

	Interest expense	
	For the years ended December 31,	
	2019	2018
Company's directors:		
Others	$ 108	$ -

(18) Settlement payable

	December 31, 2019	December 31, 2018
Other related parties:		
Antay Securities	$ 6,717	$ -

(19) Other payables

	December 31, 2019	December 31, 2018
Company's directors:		
Others	$ 58	$ 19
Other related parties:		
Taiwan Securities Association	15	-
	$ 73	$ 19

(20) Stocks issued by fellow subsidiary

	Ending balance	
	December 31, 2019	December 31, 2018
Other related parties		
Sintronic Technology	$ -	$ 151,345

	For the year ended December 31, 2019	
	Unrealized gain	Realized loss
Other related parties		
Sintronic Technology	$ 1,510	($ 98)
Mercuries Life Insurance	-	-
	$ 1,510	($ 98)

	For the year ended December 31, 2018	
	Unrealized loss	Realized (loss) gain
Other related parties		
Sintronic Technology	($ 11,349)	($ 962)
Mercuries Life Insurance	-	186
	($ 11,349)	($ 776)

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

	December 31, 2019		
	Guarantee deposit receivable from short sales	Deposit for short sales	Margin loans
Company's directors:			
Others	$ 3,811	$ 21,668	$ 37,216
Other related parties:			
Others	2,355	27,940	39,376
	$ 6,166	$ 49,608	$ 76,592

	December 31, 2018		
	Guarantee deposit receivable from short sales	Deposit for short sales	Margin loans
Company's directors:			
Others	$ 8,217	$ 36,859	$ 30,010
Other related parties:			
Others	8,298	9,765	31,995
	$ 16,515	$ 46,624	$ 62,005

	December 31, 2019		December 31, 2018	
	Security short-selling interest payable	Security financing interest receivable	Security short-selling interest payable	Security financing interest receivable
Company's directors:				
Others	$ 13	$ 426	$ -	$ 667
Other related parties:				
Others	8	509	1	603
	$ 21	$ 935	$ 1	$ 1,270

	For the years ended December 31,			
	2019		2018	
	Security short-selling interest expenditures	Security financing interest revenue	Security short-selling interest expenditures	Security financing interest revenue
Company's directors:				
Others	$ 23	$ 992	$ 1	$ 2,100
Other related parties:				
Others	21	751	2	1,246
	$ 44	$ 1,743	$ 3	$ 3,346

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

	For the years ended December 31,	
	2019	2018
Other related parties:		
Others	$ 2,100	$ 2,921

(23) ETF redemption fees

	For the years ended December 31,	
	2019	2018
Other related parties:		
Funds managed by Yuanta Securities Investment Trust	$ 91,941	$ 52,969

(24) Fund underwriting commission expenses

	For the years ended December 31,	
	2019	2018
Other related parties:		
Yuanta SPAC VI	$ 6,038	$ -
Yuanta SPAC V	5,202	-
Yuanta SPAC IV	3,981	-
Yuanta SPAC III	-	4,110
	$ 15,221	$ 4,110

(25) Operating expenses

		For the years ended December 31,	
	Nature	2019	2018
Other related parties:			
Yuanta Foundation	Donation expenditure	$ 62,000	$ 70,000
Polaris Research	Donation expenditure	27,500	23,000
		$ 89,500	$ 93,000

(26) Premium income

	For the years ended December 31,	
	2019	2018
Other related parties:		
Others	$ 377,854	$ 327,385

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

	For the years ended December 31,	
	2019	2018
Company's directors:		
Others	$ 17,083	$ 17,804
Other related parties:		
Funds managed by Yuanta Securities Investment Trust	242,878	256,319
Others	14,393	22,118
	$ 274,354	$ 296,241

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

	For the years ended December 31,	
	2019	2018
Other related parties:		
Polaris Research	$ 2,195	$ 2,195
Yuanta Construction Development	570	662
Yuanta Foundation	40	40
	$ 2,805	$ 2,897

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

	December 31, 2019	December 31, 2018
Other related parties:		
Polaris Research	$ 547	$ 547
Yuanta Foundation	7	11
	$ 554	$ 558

(30) Other operating income—Dividend income

	For the years ended December 31,	
	2019	2018
Other related parties:		
Funds managed by Yuanta Securities Investment Trust	$ 42,650	$ 12,980

(31) Other operating income—Interest income

	For the years ended December 31,	
	2019	2018
Other related parties:		
Taiwan Securities Association	$ 3	$ -

(32) Other operating expense—Interest expense

	For the years ended December 31,	
	2019	2018
Other related parties:		
Funds managed by Yuanta Securities Investment Trust	$ 36,911	$ 21,781

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

	For the years ended December 31,	
	2019	2018
Salaries and other short-term employee benefits	$ 4,801,816	$ 4,468,750
Termination benefits	12,398	36,560
Post-employment benefit	148,527	206,290
Total	$ 4,962,741	$ 4,711,600

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

(1) Yuanta Bank and its subsidiaries

(A) Deposits

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

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

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

For the years ended December 31, 2019 and 2018, interest expense on the above deposits were $429,910 and $329,480, respectively.

(B) Loans

December 31, 2019

Unit: In thousands of NT dollars

Types	Number of accounts or name of related party	Highest balance	Ending balance	Loan status		Collateral	Whether terms and conditions of the related party transactions are different from those of transactions with third parties.
				Normal loans	Overdue accounts		
Consumer loans	382	$ 89,525	$ 45,855	$ 45,855	$ -	Credit loans, movables and deposits	None
Home mortgage loans	462	3,813,793	3,182,318	3,182,318	-	Real estate	None
Other loans	WEI RAN CO., LTD.	15,000	15,000	15,000	-	Real estate	None
	He's Education Foundation	27,000	27,000	27,000	-	Deposits	None
	Shang Trip Travel Service	1,850	-	-	-	Real estate	None
	Yung Chin International Investment	33,907	32,015	32,015	-	Real estate	None
	Lo Sheng Feng	22,000	22,000	22,000	-	Real estate	None
	Yuanta Securities	183,147	-	-	-	Real estate	None
	95	294,295	168,871	168,871	-	Stock, deposits, policy and real estate	None
Total			$ 3,493,059	$ 3,493,059	$ -		

December 31, 2018

Unit: In thousands of NT dollars

Types	Number of accounts or name of related party	Highest balance	Ending balance	Loan status		Collateral	Whether terms and conditions of the related party transactions are different from those of transactions with third parties.
				Normal loans	Overdue accounts		
Consumer loans	357	$ 65,348	$ 37,967	$ 37,967	$ -	Credit loans, movables and deposits	None
Home mortgage loans	460	3,998,401	3,098,014	3,098,014	-	Real estate	None
Other loans	He's Education Foundation	27,000	27,000	27,000	-	Deposits	None
	Yung Chin International Investment	35,800	33,907	33,907	-	Real estate	None
	Asia Carbons	2,083	-	-	-	Guarantee of the Small and Medium	None
	Lo Sheng Feng	22,000	22,000	22,000	-	Real estate	None
	95	339,560	172,994	172,994	-	Stock, deposits, policy and real estate	None
Total			$ 3,391,882	$ 3,391,882	$ -		

Loans to related parties are under the same terms as those to other customers, except for interest rates on loans to affiliated companies were 0.00% ~ 2.50% and 0.00% ~ 2.52%, the interest rates on the remaining loans are ranging from 0.00% ~ 11.07% and 0.00% ~ 8.58% for the years ended December 31, 2019 and 2018, respectively, which are the same with the terms of general loans.

For the years ended December 31, 2019 and 2018, interest income resulting from the above loans amounted to $54,603 and $55,055, respectively.

(C) Service fee income

	For the years ended December 31,	
	2019	2018
Fellow subsidiary:		
Yuanta Life	$ 829,780	$ 729,150
Yuanta Securities	9,481	1,035
Yuanta Securities Investment Trust	8,081	9,254
	$ 847,342	$ 739,439

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

	December 31, 2019	December 31, 2018
Fellow subsidiary:		
Yuanta Life	$ 92,162	$ 66,513

(D) Rantal expense

		For the years ended December 31,	
	Usage	2019	2018
Fellow subsidiary:			
Yuanta Securities	office rental/place rental	$ 105,486	$ 121,178
Yuanta Securities Finance	office rental	2,537	2,537
		$ 108,023	$ 123,715

As of December 31, 2019 and 2018, the transaction conditions were in line with the contract based on mutual agreement, and the relevant refundable deposits were $6,149 and $6,710, respectively.

(E) Current income tax assets/liabilities

	December 31, 2019	December 31, 2018
Parent company:		
Yuanta Financial Holdings		
Consolidated income tax return receivables	$ 2,282,925	$ 2,275,250
Consolidated income tax return payables	$ 1,255,910	$ 312,073

(F) Property transactions

A. The details of Yuanta Bank and its subsidiaries engaging in outright purchase and sale transactions with affiliates in the open market were as follows:

There were no related transactions for the year ended December 31, 2019.

	For the year ended December 31, 2018		
	Type	Purchase price	Selling price
Fellow subsidiary:			
Yuanta Securities	Bond	$ 199,968	$ -

B. Derivative trading:

There were no related transactions on December 31, 2019.

	December 31, 2018					
					Balance sheet	
Fellow subsidiary:	Derivative contract name	Contract period	Nominal principal	Current evaluation gain	Subject	Balance
Yuanta Life	Exchange contract	2018/10/17 ~2019/04/19	$ 399,529	$ 623	Financial assets at fair value through profit or loss	$ 623

(2) Yuanta Securities and its subsidiaries

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

	December 31, 2019			
		Futures trading guarantees		
	Commissions receivable at period end	Self capital	Balance of excess futures guarantee deposits	Securities
Fellow subsidiary:				
Yuanta Futures	$ 14,505	$ 1,947,002	$ 1,632,559	$ 1,005,485

	December 31, 2018			
		Futures trading guarantees		
	Commissions receivable at period end	Self capital	Balance of excess futures guarantee deposits	Securities
Fellow subsidiary:				
Yuanta Futures	$ 18,768	$ 1,240,997	$ 2,191,639	$ -

	Settlement and clearing service fees payable	
	December 31, 2019	December 31, 2018
Fellow subsidiary:		
Yuanta Futures	$ 2,364	$ 3,547

	For the year ended December 31, 2019		
	Futures commission income	Service fee expenses settled	Service expense on self-operation
Fellow subsidiary:			
Yuanta Futures	$ 180,725	$ 29,125	$ 117,790

	For the year ended December 31, 2018		
	Futures commission income	Service fee expenses settled	Service expense on self-operation
Fellow subsidiary:			
Yuanta Futures	$ 254,622	$ 40,618	$ 101,867

(B) Bank deposits, interest income and interest receivable

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

	December 31, 2019	
	Bank deposits ending balance	Other receivables – interests receivable (Note)
Fellow subsidiary:		
Yuanta Bank	$ 13,828,513	$ 13,639

	December 31, 2018	
	Bank deposits ending balance	Other receivables – interests receivable (Note)
Fellow subsidiary:		
Yuanta Bank	$ 8,553,913	$ 4,489

	For the years ended December 31,	
	2019	2018
	Other gains and losses – interest revenue (Note)	Other gains and losses – interest revenue (Note)
Fellow subsidiary:		
Yuanta Bank	$ 127,342	$ 63,987

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

(b) Yuanta Securities and its subsidiaries provided certificates of deposit to a related party as performance bond of the lines of credit and structured notes (recognised under "Other current assets") amounting to $598,000 and $629,000, respectively, as of December 31, 2019 and 2018.

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

	December 31, 2019	December 31, 2018
Parent company:		
Yuanta Financial Holdings		
Consolidated income tax return receivables	$ 798,353	$ 699,172
Consolidated income tax return payables	$ 1,036,056	$ 687,285

(D) Operating guarantee deposits

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

	December 31, 2019	December 31, 2018
Fellow subsidiary:		
Yuanta Bank	$ 1,265,000	$ 925,000

(E) Refundable deposits

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

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

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

Please refer to Note 7B(7).

(G) Commission receivables and commission income

	Commission receivables	
	December 31, 2019	December 31, 2018
Fellow subsidiary:		
Yuanta Life	$ 86,243	$ 41,893

	For the years ended December 31,	
	2019	2018
Fellow subsidiary:		
Yuanta Life	$ 562,474	$ 438,694

(H) Investment refund receivable

Please refer to Note 7B(11).

(I) Pending settlements

As of December 31, 2019 and 2018, Yuanta Securities and its subsidiaries had amounts held for settlement of $685,668 and $1,487,493, respectively, which were deposited at its affiliate Yuanta Bank.

(J) Property transactions

(a) Bonds transactions under repurchase agreements:

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

(b) Bonds sold and purchased:

	For the years ended December 31,			
	2019		2018	
	Bonds Purchased	Bonds Sold	Bonds Purchased	Bonds Sold
Parent company:				
Yuanta Financial Holdings	$ -	$ -	$ 1,900,000	$ -
Fellow subsidiary:				
Yuanta Bank	-	-	-	199,968
Other related parties:				
Yuanta SPAC III	17,323	-	18,287	-
Yuanta SPAC IV	20,189	-	21,313	-
Yuanta SPAC V	25,660	-	-	-
Yuanta SPAC VI	25,659	-	-	-
Mercuries Life Insurance	-	-	3,331,420	7,021,211
	$ 88,831	$ -	$ 5,271,020	$ 7,221,179

(c) Bonds transactions under repurchase agreements

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

(K) Customer margin deposit

	December 31, 2019	December 31, 2018
Fellow subsidiary:		
Yuanta Futures	$ 193,327	$ 102,933

(L) Brokerage service fee income

	For the years ended December 31,	
	2019	2018
Fellow subsidiary:		
Yuanta Bank	$ 24,335	$ 10,719
Yuanta Life	13,869	10,028
Others	5,404	3,669
Company's directors:		
Others	14,136	14,419
Other related parties:		
Funds managed by Yuanta Securities Investment Trust	49,014	49,323
Others	11,630	19,535
	$ 118,388	$ 107,693

(M) Other operating fee – professional fee

(a) The professional fee generated from related parties providing investment strategies and advices for Yuanta securities and its subsidiaries.

	For the years ended December 31,	
	2019	2018
Fellow subsidiary:		
Yuanta Securities Investment Consulting	$ 185,242	$ 188,784

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

(b) ETF redemption fees

	For the years ended December 31,	
	2019	2018
Fellow subsidiary:		
Yuanta Securities Investment Trust	$ 31,467	$ 21,472
Other related parties:		
Funds managed by Yuanta Securities Investment Trust	91,941	52,969
	$ 123,408	$ 74,441

(N) Non-operating revenue

(a)Rent renvenue

	For the years ended December 31,	
	2019	2018
Parent subsidiary:		
Yuanta Financial Holdings	$ 29,432	$ 29,432
Fellow subsidiary:		
Yuanta Bank	31,512	34,990
Yuanta Futures	20,671	20,647
Others	17,020	18,241
Other related parties:		
Others	2,765	2,857
	$ 101,400	$ 106,167

(b)Rewarding income

	For the years ended December 31,	
	2019	2018
Fellow subsidiary:		
Yuanta Bank	$ 114,449	$ 105,602

(O) Funds and beneficiary certificates managed by fellow subsidiary

	December 31, 2019	December 31, 2018
Other related parties:		
Fund managed by Yuanta Securities Investment Trust	$ 3,659,259	$ 2,696,840

	For the years ended December 31,			
	2019		2018	
	Unrealized gain	Realized gain	Unrealized loss	Realized gain
Other related parties:				
Fund managed by Yuanta Securities Investment Trust	$ 50,409	$ 1,843,544	($ 79,878)	$ 243,605

(P) Securities issued by fellow subsidiary

Please refer to Note 7B (20).

(Q) Credit transaction

Please refer to Note 7B (21).

(R) Others

(a) As of December 31, 2019 and 2018, the lines of credit Yuanta Securities and its subsidiaries have drawn in order to acquire Yuanta Bank were $10,000,000 and $4,600,000, respectively. The carrying amounts of land and building amounting to $3,604,542 and $3,642,426, respectively, were designated as collateral.

(b) Fund management fee income from fund managed and fund balances held by Yuanta Securities and its subsidiaries.

Please refer to Note 7B (9).

(c) Details of Yuanta Securities and subsidiaries' management revenue receivable of fund investment using equity method and fund management revenue received.

	Management fee receivable	
	December 31, 2019	December 31, 2018
Other related parties:		
Yuanta Secondary No.3 Private Equity Fund	$ 34,739	$ 533
Yuanta Secondary No.2 Fund	18,162	-
KVIC-Yuanta 2015 Overseas Fund	14,030	8,173
TONGYANG AGRI-FOOD INVESTMENT FUND II	4,689	5,594
IBKC-TONGYANG Growth 2013 Private Equity Fund	2,801	7,483
Others	2,212	-
	$ 76,633	$ 21,783

	Management fee income	
	For the years ended December 31,	
	2019	2018
Other related parties:		
Yuanta Secondary No.3 Private Equity Fund	$ 46,978	$ 532
Yuanta Secondary No.2 Fund	25,799	34,363
2016 KIF-Yuanta ICT Fund	15,657	16,442
KVIC-Yuanta 2015 Overseas Fund	14,295	18,224
IBKC-TONGYANG Growth 2013 Private Equity Fund	11,497	7,457
Others	13,479	17,265
	$ 127,705	$ 94,283

(3) Yuanta Futures and its subsidiaries

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

	December 31, 2019		
	Bank deposits	Operating guarantee deposits	Customer margin deposits
Fellow subsidiary:			
Yuanta Bank	$ 1,563,503	$ 140,000	$ 9,428,093

	December 31, 2018		
	Bank deposits	Operating guarantee deposits	Customer margin deposits
Fellow subsidiary:			
Yuanta Bank	$ 1,995,376	$ 140,000	$ 14,675,660

(B) Customer margin account for leverage contracts

	December 31, 2019	December 31, 2018
Fellow subsidiary:		
Yuanta Bank	$ 258,250	$ 126,850

(C) Equity of futures traders

	December 31, 2019	December 31, 2018
Fellow subsidiary:		
Yuanta Securities	$ 3,464,477	$ 2,994,353
Yuanta Securities (Hong Kong)	294,013	419,049
Yuanta Securities (Korea)	203,846	149,755
Yuanta Bank	-	5,991
Company's directors :		
Others	20,732	874,886
Other related parties:		
Funds managed by Yuanta Securities Investment Trust	24,237,500	22,878,227
Others	32,856	33,518
	$ 28,253,424	$ 27,355,779

(D) Brokerage service fee income

	For the years ended December 31,	
	2019	2018
Fellow subsidiary:		
Yuanta Securities	$ 116,881	$ 101,286
Yuanta Securities (Hong Kong)	2,467	4,304
Yuanta Securities (Korea)	4,563	1,412
Company's directors :		
Others	2,947	3,385
Other related parties:		
Funds managed by Yuanta Securities Investment Trust	193,864	206,995
Others	2,763	2,584
	$ 323,485	$ 319,966

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

	For the years ended December 31,	
	2019	2018
Fellow subsidiary:		
Yuanta Securities	$ 180,726	$ 254,622
Other related parties:		
Others	2,100	2,921
	$ 182,826	$ 257,543

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.

(F) Interest income

	For the years ended December 31,	
	2019	2018
Fellow subsidiary:		
Yuanta Bank	$ 154,733	$ 156,500

(G) Property transactions

	December 31, 2019	December 31, 2018
Other related parties:		
Funds managed by Yuanta Securities Investment Trust	$ 132,205	$ 19,710

For the years ended December 31, 2019 and 2018, gain (loss) on disposal of beneficiary certificate were $8,358 and ($5,599), respectively.

(4) Yuanta Securities Investment Consulting

(A) Bank deposits

As of December 31, 2019 and 2018, Yuanta Securities Investment Consulting respectively deposited $221,823 and $231,676 to Yuanta Bank, amongst which, the operating guarantee

deposits were all $5,000, with annual interest rates were all 1.035%.

(B) Operating income

	For the years ended December 31,	
	2019	2018
Fellow subsidiary:		
Yuanta Securities	$ 174,832	$ 173,966
Yuanta Bank	12,476	12,171
Yuanta Securities Finance	5,974	5,829
Yuanta Securities Investment Trust	4,768	4,651
Yuanta Futures	3,585	3,497
Yuanta Life	2,928	2,857
	$ 204,563	$ 202,971

(5) Yuanta Securities Investment Trust

(A) Bank deposits

	December 31, 2019	December 31, 2018
Fellow subsidiary:		
Yuanta Bank	$ 2,689,204	$ 2,193,495

(B) Management fee income

	Management fee income	
	For the years ended December 31,	
	2019	2018
Other related parties:		
Funds managed by Yuanta Securities Investment Trust	$ 2,552,662	$ 2,352,876

As of December 31, 2019 and 2018, the amount of management fee receivable were $231,394 and $207,089, respectively.

(C) Fund transactions

Securities investment trust funds raised by the Yuanta Securities Investment Trust which are held by Yuanta Securities Investment Trust and its related parties as of December 31, 2019 and 2018 are as follows:

	December 31, 2019	December 31, 2018
Yuanta Securities Investment Trust	$ 392,363	$ 106,662
Fellow subsidiary:		
Yuanta Securities	3,659,259	2,696,840
Yuanta Life	486,971	171,428
Yuanta Futures	132,205	19,710
	$ 4,670,798	$ 2,994,640

(6) Yuanta Life

(A) Bank deposits and time deposits

	December 31, 2019	December 31, 2018
Fellow subsidiary:		
Yuanta Bank (Note)	$ 2,041,240	$ 4,565,902

Note: Including other financial assets.

(B) Current income tax assets

	December 31, 2019	December 31, 2018
Parent company:		
Yuanta Financial Holdings	$ 2,599,526	$ 2,013,188

The above represents consolidated income tax return receivable.

(C) Property transactions－beneficiary certificates

	December 31, 2019	December 31, 2018
Other related parties:		
Funds managed by Yuanta Securities Investment Trust	$ 486,971	$ 171,428

	For the year ended December 31, 2019	
	Purchase price	Proceeds on disposal
Other related parties:		
Funds managed by Yuanta Securities Investment Trust	$ 420,000	$ 80,244

	For the year ended December 31, 2018	
	Purchase price	Proceeds on disposal
Other related parties:		
Funds managed by Yuanta Securities Investment Trust	$ 600,000	$ 678,647

(D) Payables

	December 31, 2019	December 31, 2018
Fellow subsidiary:		
Yuanta Bank	$ 89,364	$ 59,918
Yuanta International Insurance Brokers	86,243	41,893
	$ 175,607	$ 101,811

(E) Premium income

	For the years ended December 31,	
	2019	2018
Fellow subsidiary:		
Yuanta Securities	$ 31,433	$ 26,187
Yuanta Bank	25,446	20,051
Yuanta Futures	1,953	1,569
Yuanta Securities Investment Trust	1,827	1,119
Other related parties:		
Others	377,854	327,385
	$ 438,513	$ 376,311

(F) Commission expense

	For the years ended December 31,	
	2019	2018
Fellow subsidiary:		
Yuanta Bank	$ 832,686	$ 705,991
Yuanta International Insurance Brokers	562,473	438,694
	$ 1,395,159	$ 1,144,685

(7) Yuanta Ventures and subsidiary

(A) Bank deposits

	December 31, 2019	December 31, 2018
Fellow subsidiary:		
Yuanta Bank	$ 576,025	$ 718,125

For the years ended December 31, 2019 and 2018, interest income from abovementioned bank accounts were $3,188 and $2,426, respectively.

(B) Current tax assets

	December 31, 2019	December 31, 2018
Parent company:		
Yuanta Financial Holdings	$ 107,856	$ 103,850

The above represents parent company's consolidated income tax return receivables.

8. Pledged assets

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

Items	December 31, 2019	December 31, 2018	Purpose of pledge
Financial assets at fair value through profit or loss	$ 140,715,358	$ 167,971,825	Bonds under repurchase agreement, bid bonds for operating guarantee deposits and futures trading margin, collateral for securities lending and OTC trading
	61,372,357	67,887,652	Merchant business
	51,932	51,914	Guarantee deposits for notes
Financial assets at fair value through other comprehensive income	3,260,211	2,980,099	Claim reserve from trust fund, collateral for securities lending business, guarantees on asset disposal and customer default fine
	1,646,502	1,615,154	Operating guarantee deposits
	60,033,914	32,770,168	Bonds under repurchase agreement, operating guarantee deposits, OTC performance bonds and guarantees on asset disposal
	-	31,102	Collateral for provisional seizure
Financial assets at amortised cost	79,873	83,579	Guarantee for operating activities and claim reserve from trust fund
	40,018	40,117	Stock borrowings
	62,116	63,248	Deposits for guarantees in the Central Bank
	600,000	600,000	Operating guarantee deposits
	197,169	186,813	Claim reserve from trust fund

Items	December 31, 2019	December 31, 2018	Purpose of pledge
Financial assets at amortised cost	$ 10,518,760	$ 11,342,500	Overdraft guarantee for foreign currency settlement
	110,214	110,460	Settlement reserves for Electronic Bond Trading System (EBTS) issued by OTC
	55,107	55,230	Deposit guarantees of bills merchants
	610,476	477,298	Collateral for provisional seizure
	5,290	5,192	VISA international card payment reserves
	44,086	44,184	Guarantee deposits from security underwriters
	11,021	11,046	Guarantee deposits from security dealers
Accounts receivable	-	6,000	Collateral for provisional seizure
Restricted assets	2,189,764	2,154,999	Collateral for settlement limit, short-term loans , payable short-term bills and OTC derivative transactions
	342,490	380,646	Operating guarantee deposits-HKEx, structured notes, interest rate swap account and repo trade
	1,029	1,086	Overdraft guarantee
	29,303	85,980	Dividends payable arising from stock agency business
Other assets	381,288	433,871	Operating guarantee deposits
	1,851,951	2,144,672	Performance bond and rental deposits
	271,128	58,648	Underwriting share proceeds collected on behalf of customers
	-	250,000	Stock borrowings
	-	140,000	Deposits for guarantees in the Central Bank
Property and equipment and investment property	3,215,055	3,624,348	Collateral for settlement limit and short-term loans; collateral for mortgage loans and leases
Treasury share of Yuanta Securities (Korea)	514,969	595,815	Collateral for securities lending business

9. Significant contingent liabilities and unrecognised contract commitments

(1) As of December 31, 2019 and 2018, capital expenditure contracted for at the balance sheet date but not yet incurred was $1,024,490 and $1,456,876, respectively.

(2) Stocks entrusted to custody

As of December 31, 2019 and 2018, the stocks entrusted to the custody of Yuanta Securities Finance by clients were all 7,483 thousand shares. The market value of these entrusted stocks was approximately $77,479 and $77,070, respectively.

(3) Operating leases

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

(4) Transactions on behalf of customers

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

(5) As of December 31, 2019, Yuanta Securities (Korea) entered into a bond purchase contract with Pospower Co.,Ltd.. Yuanta Securities (Korea) had committed to bond investments of up to ₩250 billion (NT$ 6.513 billion), and had provided investors with a performance guarantee in relation to lease revenues attributed to IGIS Professional Private Real Estate Investment Trust with a guarantee limit of ₩100 million (approximately NT$2.61 million).

(6) Yuanta Securities Investment Trust entered into an offshore fund master agent contract with Mellon Global Investments Limited. Based on the contract, Yuanta Securities Investment Trust is entitled to receive commission based on the number of sales units and scale of funds. Since September

2, 2019, Yuanta Securities Investment Trust has ceased to act as the master agent of the New York Mellon Global Series of Funds, and ‘‘Taiwan Cooperative Securities Investment Trust Co., Ltd’’ has acted as the new master agent.

(7) Other lawsuits- Yuanta Securities

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

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

C. As of December 31, 2019, of the total 13 litigations against Yuanta Securities (Korea) and its subsidiaries, 3 litigations were related to financial commodities sales disputes of former TongYang Securities Inc. (please refer to the explanation in Note 6(26)). The remaining 10 litigations were unrelated to such financial commodities sales disputes with demanded compensation totaling ₩1,149,270 million (approximately NT$29.9 billion) among which Anbang Group Holdings Co., Ltd. and Anbang Life Insurance Co., Ltd. (collectively, “Anbang”) filed an arbitration counterclaim against Yuanta Securities (Korea) and other four parties. The original claimed amount of the Anbang case was ₩698,000 million (approximately NT$18.1 billion). Thereafter, according to Anbang’s various allegations, the claimed amount was changed and expressed in plural claimed amounts with the latest claimed amount of ₩1,143,200 million (approximately NT$29.8 billion). The allegations made by Anbang were denied by Yuanta Securities (Korea). The arbitration will proceed and continue in accordance with the arbitration rules. As of December 31, 2019, there was a provision of ₩1,398 million (approximately NT$36 million) recognized for the abovementioned litigations unrelated to financial commodities sales disputes. Separately, there were 10 litigations where Yuanta Securities (Korea) acted as a plaintiff with the claimed amount of ₩55,485 million (approximately NT$1.45 billion).

D. Due to the fraudulent act committed by a former employee of KK Trade Securities Co., Ltd. as alleged, the affected clients filed a civil lawsuit against Yuanta Securities (Thailand) and the former employee for joint liability to pay the compensation of ฿301 million (approximately NT$304 million). In August 2017, Yuanta Securities (Thailand) received a civil complaint of the lawsuit. As part of the claimed amount was not remitted to the account of KK Trade Securities Co., Ltd., but rather directly remitted to the former employee’s private account from the plaintiffs, the liability thereof is denied by Yuanta Securities (Thailand). The legal proceedings are still ongoing.

E. As of December 31, 2019, Yuanta Securities (Hong Kong)’s receivables from margin loan amounting to HK$147,504 thousand (approximately NT$570 million), which were secured by

listed securities that were suspended for trading. These margin clients were served by an account executive who entered into a guarantee agreement with Yuanta Securities (Hong Kong) (the "Guarantee Agreement") under which the account executive agreed to guarantee all losses of Yuanta Securities (Hong Kong) in relation to the accounts of these margin clients. Considering that Yuanta Securities (Hong Kong) has exercised its right of set-off under the Guarantee Agreement against the account executive's assets amounting to HK$68,552 thousand (approximately NT$270 million) and received the first repayment distributed by clients' liquidator amounting to HK$44 thousand (approximately NT$170 thousand), the remaining loss of HK$78,908 thousand (approximately NT$310 million) has been recognized. Yuanta Securities (Hong Kong) has raised a litigation proceeding against the account executive for the full amount of the debt from those margin clients based on the Guarantee Agreement. Yet an award of compensation in the amount of HK$135,191 thousand (approximately NT$520 million) was claimed for the case including the interest calculated as of the date of filing the lawsuit. The account executive has claimed that she has no liability for losses in relation to the accounts of these margin clients. The legal proceedings are still ongoing. As at the date of the approval of the financial statements, Yuanta Securities (Hong Kong) has considered the external legal advice, and deemed that no provision in relation to the defence by the above account executive is necessary.

(8) Other lawsuits- Banks

A. Yuanta Bank and the seller (AON BGN Limited Liability Company) signed a share purchase agreement which had an indemnification clause stating that the seller must compensate and guarantee that Yuanta Bank was free from any losses resulting from or related to Yuanta Savings Bank (Korea)'s litigations. The status regarding the relevant litigations as of December 31, 2019 is as follows:

   In March 2016, Trust Investment (a borrower) petitioned to the Financial Services Commission of the Republic of Korea that Yuanta Savings Bank (Korea) overcharged fees for prior loan cases and thus claimed Yuanta Savings Bank (Korea) should return ₩4 billion unjustly received fees. Because Yuanta Savings Bank (Korea) believed that such a claim had no merit, Yuanta Savings Bank (Korea) filed a litigation with the Seoul Southern District Court to confirm that the claim at issue lacked legal merit and to clarify related disputes in the petition. Upon the acquisition date of Yuanta Savings Bank (Korea), Yuanta Bank had reached an agreement with the seller AON BGN Limited Liability Company that required AON BGN Limited Liability Company to pledge ₩5 billion to Yuanta Bank as a guarantee for losses related to the litigation. On June 16, 2017, the aforementioned case was adjudicated in favour of Yuanta Savings Bank (Korea) by the Seoul Southern District Court. On May 25, 2018, the Seoul High Court upheld the district court's decision. Trust Investment has appealed for the third instance to the Supreme Court of South Korea. On March 12, 2020, the Supreme Court of South Korea adjudicated in favour of Yuanta Savings Bank (Korea) in the third instance. Yuanta Bank adjusted the compensation assets and contingent liabilities which were recognised in accordance with the litigation before (shown as "other assets, net" and "provisions").

B. Ta Chong Bank had conducted foreign exchange derivatives transactions with Sino United International Co., Ltd. and its related party, Plosa International Co., Ltd. As Sino United International Co., Ltd. and Plosa International Co., Ltd. disputed the loss in Target Redemption Forward (TRF) when closing position, they filed a complaint with the Taiwan Taipei District Court against Ta Chong Bank and alleged that Ta Chong Bank shall reimburse the loss in transactions incurred by them (preferential claim: US$3,123 thousand and interests accrued therefrom; alternative claim: US$1,445 thousand and interests accrued therefrom). Yuanta Bank has assumed the lawsuit after acquiring Ta Chong Bank. On January 26, 2018, the first instance court has ruled in favour of Yuanta Bank. Sino United International Co., Ltd. and Plosa United International Co., Ltd. disagreed with the ruling and filed an appeal with the Taiwan High Court.

On March 12, 2019, the Taiwan High Court for the second instance adjudicated in favour of Yuanta Bank. Sino United International Co., Ltd and Plosa United International Co., Ltd., again, disagreed with the ruling and filed an appeal for the third instance. However, as of December 31, 2019, only the appeal of Sino United International Co., Ltd. is under review of the Supreme Court as the appeal of Plosa International Co., Ltd. was overruled due to the unpaid court fees. The subsequent proceedings of the litigation have been assessed to have no material impact on the operations and stockholders' equity of Yuanta Bank.

C. Yuanta Savings Bank (Korea) exercised its pledge right to acquire a 33.3% equity interest of Pentagon City under a credit loan extended by Yuanta Savings Bank (Korea) to Pentagon City from 2006 to 2008. In September 2008, Pentagon City implemented a capital reduction on shares held by Yuanta Savings Bank (Korea) and another shareholder under which Pentagon City returned cash of ₩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 ₩19,599,160 thousand as unjustly received benefit, which represents consideration of shares above the 10% holding limit. On June 20, 2019, the Seoul Central District Court as the first instance court has ruled in favour of Yuanta Savings Bank (Korea), and Pentagon City disagreed with the ruling and filed an appeal on July 8, 2019. As of December 31, 2019, the case is still under review of the Seoul High Court. The subsequent proceedings of the litigation have been assessed to have no material impact on the operations and stockholders' equity of Yuanta Bank.

(9) Other lawsuits- Yuanta Securities Investment Trust

Yuanta Securities Investment Trust was commissioned under discretionary investment businesses of domestic investment contracts by the Bureau of Labor Funds, Ministry of Labor (formerly the Labor Pension Fund Supervisory Committee of the Council of Labor Affairs, Executive Yuan, restructured as the Bureau of Labor Funds, Ministry of Labor as of February 17, 2014, herein referred to as the "Labor Pension"). Because the former manager of former Polaris Securities Investment Trust, surnamed Qu (herein referred to as "Manager Qu") was suspected of being involved in illegal activities from 2011 to 2012 for commissioned trading of stocks for government funds, the Labor Pension, in accordance with the indictment issued by the Special Investigation Division of the Supreme Prosecutor Office, has filed a civil complaint attached with criminal proceedings with the Taiwan Taipei District Court on January 28, 2014, claiming Manager Qu and Yuanta Securities Investment Trust for a joint and several liability for compensations. In order to protect its interests, Yuanta Securities Investment Trust has appointed a lawyer to assist in handling the case. After the aforementioned criminal charges against manager Qu were adjudicated by the Taiwan Taipei District Court for the first instance and the civil case was transferred to the civil court for review, on September 5, 2016, the Labor Pension decreased its joint and several liability claims to $108,411 thousand. On April 28, 2017, the Labor Pension decreased such claims to $71,575 thousand after the Taiwan High Court rendered its decision for the aforementioned criminal case as the second instance. Based on the appointed lawyer's assessment, the aforementioned criminal rulings made by the first and second instance courts were based on a breach of trust by Manager Qu to Yuanta Securities Investment Trust, while the Labor Pension was concluded as not being the principal in the context of Manager Qu's commissioned services. Furthermore, prior trading that is considered a criminal breach of trust offense and actions in violation of the Securities Exchange Act, which are alleged to have damaged the Labor Pension as illustrated in the indictment, are considered unverifiable crimes. Therefore, there is a material doubt as to whether the Labor Pension can claim damages, prove causation, and how damages should be calculated; this case still requires further review by the court before a substantive evaluation can be rendered.

(10) Other lawsuits- Yuanta Life Insurance

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

(11) Others

	December 31, 2019	December 31, 2018
Commitment of the securities under a repurchase agreement	$ 200,782,844	$ 223,886,291
Commitment of the securities under a resale agreement	47,684,551	33,533,054
Unused loan commitments	25,604,687	28,439,091
Credit commitment on credit card	119,477,639	121,759,033
Unused L/C balance	3,635,756	4,570,325
Other guarantees	13,217,092	15,773,127
Consignment collection for others	16,990,839	18,940,103
Trust assets	253,100,505	247,132,000
Items under custody	29,999,685	33,312,553

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

December 31, 2019

Trust Balance Sheet

Trust assets		Trust liabilities	
Bank deposits	$ 4,454,180	Payable - Customers' securities under custody	$ 31,522,869
Stocks	11,302,555	Pecuniary trust	141,387,733
Funds (Note)	97,452,016	Securities trust	5,491,100
Bonds	24,254,758	Real estate trust	14,464,716
Structured products	11,950,923	Movables trust	14,372,380
Real estate-land	11,952,665	Net income	680,512
-construction in progress	1,052,218	Retained earnings	395,254
Movables	14,372,380		
Customers' securities under custody	31,522,869		
Total trust assets	$ 208,314,564	Total trust liabilities	$ 208,314,564

December 31, 2018

Trust Balance Sheet

Trust assets		Trust liabilities	
Bank deposits	$ 4,975,555	Payable - Customers' securities under custody	$ 25,002,568
Stocks	11,850,920	Pecuniary trust	139,792,745
Funds (Note)	95,471,044	Securities trust	5,150,539
Bonds	21,952,306	Real estate trust	24,558,465
Structured products	13,461,657	Movables trust	7,020,000
Real estate-land	16,518,032	Money market fund	-
-construction in progress	6,505,471	Net income	236,795
Movables	7,020,000	Retained earnings	996,441
Customers' securities under custody	25,002,568		
Total trust assets	$ 202,757,553	Total trust liabilities	$ 202,757,553

Note : Includes mutual funds in money market.

Trust Income Statement

	For the years ended December 31,	
	2019	2018
Trust revenue		
Interest income	$ 12,050	$ 11,621
Investment income (Stock)	430,506	72,888
Investment income (Fund)	432	644
Dividend income	287,586	206,379
Rental income	86	-
	730,660	291,532
Trust expenses		
Management fees	(15,385)	(20,910)
Tax expense	(29,451)	(31,778)
Insurance expense	(3,734)	(1,907)
Loss on investment	(1,464)	(60)
	(50,034)	(54,655)
Income before income tax	680,626	236,877
Income tax expense	(114)	(82)
Net income	$ 680,512	$ 236,795

Trust Property Catalog

Invested items	December 31, 2019 Book value	December 31, 2018 Book value
Bank deposits	$ 4,454,180	$ 4,975,555
Bonds	24,254,758	21,952,306
Stocks	11,302,555	11,850,920
Structured products	11,950,923	13,461,657
Funds (Note)	97,452,016	95,471,044
Real estate-land	11,952,665	16,518,032
-construction in progress	1,052,218	6,505,471
Movables	14,372,380	7,020,000
Customers' securities under custody	31,522,869	25,002,568
	$ 208,314,564	$ 202,757,553

Note : Includes mutual funds in money market.

Foreign currency pecuniary trust and foreign currency trust operated by the Offshore Banking Unit (OBU) as of December 31, 2019 and 2018 were included in the trust balance sheet and schedule of trust property.

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

December 31, 2019

Trust Balance Sheet

Trust assets		Trust liabilities	
Bank deposits	$ 1,355,356	Payables	$ 48,590
Stocks	5,878,387	Income tax payable	196
Funds	27,268,981	Trust capital-pecuniary trust	34,322,313
Bonds	24,257	Trust capital-securities trust	5,003,761
Structured products	9,845,812	Net income	2,798,174
Accounts receivable	412,859	Retained earnings	3,128,184
Prepayments	289	Deferred carryforwards	(515,277)
Total trust assets	$ 44,785,941	Total trust liabilities	$ 44,785,941

December 31, 2018

Trust Balance Sheet

Trust assets		Trust liabilities	
Bank deposits	$ 1,131,786	Payables	$ 57,476
Stocks	7,215,549	Income tax payable	488
Funds	24,825,923	Trust capital-pecuniary trust	33,433,514
Bonds	-	Trust capital-securities trust	7,751,297
Structured products	10,952,805	Net income	652,928
Accounts receivable	248,096	Retained earnings	3,030,179
Prepayments	288	Deferred carryforwards	(551,435)
Total trust assets	$ 44,374,447	Total trust liabilities	$ 44,374,447

Trust Income Statement

	For the years ended December 31,	
	2019	2018
Trust revenue		
Interest income	$ 573,802	$ 532,076
Realized investment income	1,017,585	1,128,896
Unrealized investment income	1,410,374	-
Foreign exchange gain	-	293,320
Rental income	60,159	85,507
Dividend revenue	232,809	273,298
	3,294,729	2,313,097
Trust expenses		
Administrative expenses	(34,798)	(34,572)
Fees (Service charges)	(71,240)	(89,477)
Unrealized investment loss	-	(1,527,872)
Foreign exchange loss	(381,323)	-
Insurance expense	(2,670)	(2,877)
Others	(9)	(26)
	(490,040)	(1,654,824)
Income before income tax	2,804,689	658,273
Income tax expense	(6,515)	(5,345)
Net income	$ 2,798,174	$ 652,928

Trust Property Catalog

	December 31, 2019	December 31, 2018
Invested items	Book value	Book value
Bank deposits	$ 1,355,356	$ 1,131,786
Stocks	5,878,387	7,215,549
Funds	27,268,981	24,825,923
Bonds	24,257	-
Structured products	9,845,812	10,952,805
Others	413,148	248,384
	$ 44,785,941	$ 44,374,447

On December 31, 2019 and 2018, the international securities subsidiary of the consolidated company, Yuanta Securities, managed account custody business commissioned by customers. The details of custody were bank deposits of US$3,896 thousand and US$12,619, respectively.

10. Significant losses from disasters

(1) The Company:

None.

(2) Subsidiaries:

None.

11. Significant subsequent events

(1) The Company:

A. Yuanta Futures increased capital in cash by issuing 17,700 thousand common shares with an issuance price at $48 per share to fulfill working capital requirements, strengthen its financial structure and enhance the adjusted capital and net assets. On January 2, 2020, Yuanta Financial Holdings was approved by the Financial Supervisory Commission to participate in the increase of capital, and the relevant process was ongoing.

B. On October 23, 2019, the Board of Directors of Yuanta Financial Holdings approved to inquire the intention of shareholders of Yuanta Securities Investment Trust to acquire the residual common equity interest. On February 25, 2020, the case was approved by the Financial Supervisory Commission and the process was ongoing.

C. On September 27, 2019, the Board of Directors of Yuanta Financial Holdings approved to participate in the capital increase by cash of the subsidiary, Yuanta Life, in the amount of $14,000,000 thousand. On March 18, 2020, the participation of capital increase has been approved by the Financial Supervisory Commission Jin-Guan-Yin-Kong-Zi Letter No. 1090204076. The effective date of capital increase is set on March 23, 2020.

(2) Subsidiaries:

A. On January 30, 2020, the subsidiary, Yuanta Life, entered into "The contract of establishment of superficies for state-owned (non-public use)" 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.

B. On February 27, 2020, the Board of Directors of the subsidiary, Yuanta Securities, approved to disposal all of equity interest of PT Yuanta Asset Management which held by Yuanta Securities (Indonesia) and Yuanta Securities (Hong Kong). The case is awaiting for the approval of the competent authority.

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

B. Financial instruments measured at fair value

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

	December 31, 2019				December 31, 2018			
Recurring fair value measurements	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3
Non-derivative financial instruments								
Assets								
Financial assets at fair value through profit or loss								
Stock investments	$ 37,117,530	$ 34,933,923	$ 87,610	$ 2,095,997	$ 24,720,900	$ 22,096,350	$ 34,348	$ 2,590,202
Bond investments	317,808,372	91,234,085	226,212,180	362,107	302,653,840	88,571,370	213,785,334	297,136
Others	136,570,913	52,034,104	74,034,292	10,502,517	126,589,388	38,918,433	77,590,341	10,080,614
Financial assets at fair value through other comprehensive income (Note)								
Equity Instruments	31,972,642	13,517,844	-	18,454,798	24,158,805	6,846,637	-	17,312,168
Liability Instruments	198,733,362	71,642,229	126,863,300	227,833	192,192,531	75,246,806	116,686,700	259,025
Other financial assets								
Purchase of claim receivable	1,849,460	-	-	1,849,460	1,867,408	-	-	1,867,408
Liabilities								
Financial liabilities at fair value through profit or loss	$ 106,668,410	$ 23,217,121	$ 18,944,044	$ 64,507,245	$ 88,287,419	$ 20,282,017	$ 17,510,430	$ 50,494,972
Derivative financial instruments								
Assets								
Financial assets at fair value through profit or loss	$ 12,534,264	$ 3,208,756	$ 6,133,693	$ 3,191,815	$ 19,975,081	$ 7,649,105	$ 6,249,426	$ 6,076,550
Liabilities								
Financial liabilities at fair value through profit or loss	$ 16,671,818	$ 1,787,709	$ 11,082,297	$ 3,801,812	$ 23,695,380	$ 1,453,764	$ 12,139,679	$ 10,101,937

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

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

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

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

(C) Fair value adjustment

a. Limits and adjustments of financial valuation models

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

b. Credit risk valuation adjustment

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

(D) Transfer between Level 1 and Level 2

As of December 31, 2019 and 2018, certain foreign debt held by the Yuanta Group, totaling USD 19,786 thousand and USD 318,564 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. In addition, certain foreign debt held by the Yuanta Group, totaling USD 11,051 thousand and USD 3,555 thousand, have been transferred from level 2 to level 1 since these assets now have steady sources for price information.

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

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

For the year ended Decmeber 31, 2019

Items	Beginning balance	Gain and loss on valuation: Gain and loss	Gain and loss on valuation: Other comprehensive income	Addition: Purchased or issued	Addition: Transferred to Level 3 (Note)	Reduction: Sold, disposed or settled	Reduction: Transferred from Level 3 (Note)	Ending balance
Financial assets at fair value through profit or loss	$ 19,044,502	($ 3,746,760)	($ 18,237)	$ 17,052,048	$ 226,449	($ 15,531,673)	($ 873,893)	$ 16,152,436
Financial assets at fair value through other comprehensive income	17,571,193	(263,561)	1,485,327	-	-	(110,328)	-	18,682,631
Other financial assets- purchase of claim receivable	1,867,408	837	-	-	-	(18,785)	-	1,849,460
Total	$ 38,483,103	($ 4,009,484)	$ 1,467,090	$ 17,052,048	$ 226,449	($ 15,660,786)	($ 873,893)	$ 36,684,527

For the year ended Decmeber 31, 2018

Items	Beginning balance	Gain and loss on valuation: Gain and loss	Gain and loss on valuation: Other comprehensive income	Addition: Purchased or issued	Addition: Transferred to Level 3 (Note)	Reduction: Sold, disposed or settled	Reduction: Transferred from Level 3 (Note)	Ending balance
Financial assets at fair value through profit or loss	$ 15,421,663	$ 562,286	$ -	$ 22,237,528	$ 1,571,880	($ 17,986,757)	($ 2,762,098)	$ 19,044,502
Financial assets at fair value through other comprehensive income	19,570,959	(58,442)	190,118	14,925	437,405	(465,171)	(2,118,601)	17,571,193
Other financial assets- purchase of claim receivable	1,892,299	27,177	-	-	-	(52,068)	-	1,867,408
Total	$ 36,884,921	$ 531,021	$ 190,118	$ 22,252,453	$ 2,009,285	($ 18,503,996)	($ 4,880,699)	$ 38,483,103

In relation to the above, valuation gains and losses are recognised in gain and loss in the period. For the year ended December 31, 2019 and 2018, the net (losses) gains belonging to assets as of December 31, 2019 and 2018 were ($2,896,373) and $825,885, respectively.

In relation to the above, valuation gains and losses are recognised in other comprehensive income. For the year ended December 31, 2019 and 2018, the net gains belonging to assets as of December 31, 2019 and 2018 were $1,467,020 and $228,769, respectively.

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

For the year ended Decmeber 31, 2019

Items	Beginning balance	Gain and loss on valuation: Gain and loss	Gain and loss on valuation: Other comprehensive income	Addition: Purchased or issued	Addition: Transferred to Level 3 (Note)	Reduction: Sold, disposed or settled	Reduction: Transferred from Level 3 (Note)	Ending balance
Financial liabilities at fair value through profit or loss	$ 60,596,909	($ 4,853,573)	$ 8,636	$ 110,977,569	$ -	($ 98,420,484)	$ -	$ 68,309,057

For the year ended Decmeber 31, 2018

Items	Beginning balance	Gain and loss on valuation: Gain and loss	Gain and loss on valuation: Other comprehensive income	Addition: Purchased or issued	Addition: Transferred to Level 3 (Note)	Reduction: Sold, disposed or settled	Reduction: Transferred from Level 3 (Note)	Ending balance
Financial liabilities at fair value through profit or loss	$ 72,328,767	($ 3,580,363)	($ 4,488)	$ 149,035,975	$ -	($ 155,473,840)	($ 1,709,142)	$ 60,596,909

Above valuation gains and losses are recognised in gain and loss in the period. For the year ended December 31, 2019 and 2018, the net gains belonging to liabilities as of December 31, 2019 and 2018 were $2,974,651 and $3,300,669, respectively.

In relation to the above, valuation gains and losses are recognised in other comprehensive income. For the year ended December 31, 2019 and 2018, the net (losses) gains belonging to liabilities as of December 31, 2019 and 2018 were ($8,403) and $4,488, respectively.

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

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

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

	Change in fair value recognised in current profit and loss		Change in fair value recognised in other comprehensive income	
Items	Favorable movements	Unfavorable movements	Favorable movements	Unfavorable movements
December 31, 2019				
Assets				
Financial assets at fair value through profit or loss	$ 121,559	($ 103,408)	$ -	$ -
Derivative instruments	(26,358)	26,358	-	-
Financial assets at fair value through other comprehensive income	-	-	443,864	(366,507)
Other financial asset- purchase of claim receivable	85,976	(85,976)	-	-
Liabilities				
Financial liabilities at fair value through profit or loss	($ 74,870)	$ 74,870	$ -	$ -
Derivative instruments	92,991	(92,991)	-	-
December 31, 2018				
Assets				
Financial assets at fair value through profit or loss	$ 77,403	($ 74,877)	$ -	$ -
Derivative instruments	266,271	(266,271)	-	-
Financial assets at fair value through other comprehensive income	-	-	519,286	(404,236)
Other financial asset- purchase of claim receivable	80,540	(80,540)	-	-
Liabilities				
Financial Liabilities at fair value through profit or loss	$ 379,594	($ 379,594)	$ -	$ -
Derivative instruments	(114,309)	114,309	-	-

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

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

December 31, 2019		Valuation technique	Significant unobservable input	Range
Financial assets at fair value through profit or loss				
Equity investments	$ 2,095,997	1.Market method 2.Income method 3.Equity Model by L. Anderson and D. Buffum	Price to earnings ratio multiple	13.53～35.45
			Price to book ratio multiple	0.81～9.63
			Price-to-sales ratio multiplier	1.24
			Discount for marketability	<=40%
			Discount rate	5.45%～14.40%
			Stock price volatility	13.87%～36.83%
			Credit Spread	2.26%～5.92%
			Recovery rate	20%
Bond investments	362,107	1.Hybrid Model 2.Equity Model by L. Anderson and D. Buffum 3.Monte Carlo Simulation 4.Discounted cash flow	Stock price volatility	10.22%～39.25%
			Credit Spread	5.58%～18.03%
			Recovery rate	20%
			Discount rate	0.4%～7.76%
Derivative instruments (including futures and options trade in futures market)	3,191,815	1.Option Model 2.Hybrid Model 3.FDM 4.Monte Carlo Simulation	Dividend rate	1.82%～3.52%
			Stock price volatility	2.86%～22.27%
			Correlation coefficient	0.22～0.95
			Default rate	0.03%～100%
			Recovery rate	55%
Others	10,502,517	1.Net asset value 2.Option Model 3.FDM 4.Monte Carlo Simulation	Discount for marketability	<=10%
			Dividend rate	1.82%～3.52%
			Stock price volatility	13.50%～22.27%
			Correlation coefficient	0.22～0.95
			Default rate	0.03%～100%
			Recovery rate	55%
Other financial assets				
Purchase of claim receivable	1,849,460	Recoverable amount	Contact rate	1.90%～39.46%
			Payment rate	1.72%～39.85%
			Discount rate	1.87%～40.21%
Financial assets at fair value through other comprehensive income				
Equity investments	18,454,798	1.Market method 2.Residual income valuation model 3.Discounted cash flow	Price to earnings ratio multiple	13.59～29.81
			Price to book ratio multiple	0.86～2.87
			Discount for marketability	<=40%
			Expected growth rate	1%
			Discount rate	10.4%～10.6%
Bond investments	227,833	Discounted cash flow	Discount rate	0.4%～7.76%

December 31, 2019		Valuation technique	Significant unobservable input	Range
Financial liabilities at fair value through profit or loss				
Derivative instruments (including futures and options trade in futures market)	$ 3,801,812	1.IR Model 2.Option Model 3.Hybrid Model 4.FDM 5.Monte Carlo Simulation	Dividend rate Stock price volatility Correlation coefficient Default rate Recovery rate	1.82%～3.52% 13.50%～22.27% 0.22～0.95 0.03%～100% 55%
Others	64,507,245	1.IR Model 2.Option Model 3.Hybrid Model 4.FDM 5.Monte Carlo Simulation	Dividend rate Stock price volatility Correlation coefficient Default rate Recovery rate	1.82%～3.52% 0.73%～94.27% 0.22～0.95 0.03%～100% 55%

December 31, 2018		Valuation technique	Significant unobservable input	Range
Financial assets at fair value through profit or loss				
Equity investments	$ 2,590,202	1.Market method 2.Income method 3.Equity Model by L. Anderson and D. Buffum	Price to earnings ratio multiple Price to book ratio multiple Price-to-sales ratio multiplier Discount for marketability Discount rate Stock price volatility Credit Spread Recovery rate	13.52～29.36 0.73～10.88 1.26 <=40% 7.57%～13.29% 22.51%～49.10% 1.57%～5.92% 20%
Bond investments	297,136	1.Hybrid Model 2.Equity Model by L. Anderson and D. Buffum 3.Monte Carlo Simulation	Stock price volatility Credit Spread Recovery rate	12.74%～45.54% 0.27%～5.92% 20%
Derivative instruments (including futures and options trade in futures market)	6,076,550	1.Option Model 2.Hybrid Model 3.FDM 4.Monte Carlo Simulation	Dividend rate Stock price volatility Correlation coefficient Default rate Recovery rate	2.15%～4.18% 2.64%～22.01% 0.16～0.95 0.03%～100% 55%
Others	10,080,614	1.Net asset value 2.Option Model 3.FDM 4.Monte Carlo Simulation	N/A Dividend rate Stock price volatility Correlation coefficient Default rate Recovery rate	N/A 2.15%～4.18% 14.05%～22.01% 0.16～0.95 0.03%～100% 55%
Other financial assets				
Purchase of claim receivable	1,867,408	Recoverable amount	Contact rate Payment rate Discount rate	2.12%～40.79% 1.82%～39.21% 1.97%～39.57%

December 31, 2018		Valuation technique	Significant unobservable input	Range
Financial assets at fair value through other comprehensive income				
Equity investments	$ 17,312,168	1.Market method 2.Residual income valuation model 3.Discounted cash flow	Price to earnings ratio multiple	12.29～29.66
			Price to book ratio multiple	0.80～10.88
			Discount for marketability	<=40%
			Expected growth rate	2%
			Discount rate	12.59%～15.32%
Bond investments	259,025	Discounted cash flow	Discount rate	0.87%～8.49%
Financial liabilities at fair value through profit or loss				
Derivative instruments (including futures and options trade in futures market)	10,101,937	1.IR Model 2.Option Model 3.Hybrid Model 4.FDM 5.Monte Carlo Simulation	Dividend rate	2.15%～4.18%
			Stock price volatility	14.05%～22.01%
			Correlation coefficient	0.16～0.95
			Default rate	0.03%～100%
			Recovery rate	55%
Others	50,494,972	1.IR Model 2.Option Model 3.Hybrid Model 4.FDM 5.Monte Carlo Simulation	Dividend rate	2.15%～4.18%
			Stock price volatility	1.01%～99.68%
			Correlation coefficient	0.16～0.95
			Default rate	0.03%～100%
			Recovery rate	55%

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

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

C. Financial instruments not measured at fair value

(A) Fair value information:

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

	December 31, 2019				
	Book value	Fair value			
		Total	Level 1	Level 2	Level 3
Financial assets					
Investments in debt instruments at amortised cost (Notes 1 and 2)	$ 255,811,355	$ 275,638,101	$ 3,120,202	$ 272,479,661	$ 38,238
Financial liabilities					
Bonds payable	68,849,634	71,228,083	-	71,228,083	-

	December 31, 2018				
	Book value	Fair value			
		Total	Level 1	Level 2	Level 3
Financial assets					
Investments in debt instruments at amortised cost (Notes 1 and 2)	$ 240,979,806	$ 243,155,673	$ 2,874,634	$ 240,281,039	$ -
Financial liabilities					
Bonds payable	66,756,009	69,575,579	-	69,575,579	-

Note 1: Including the statutory deposits of $600,000 of Yuanta Life of the Yuanta Group as of December 31, 2019 and 2018.

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

(B) Financial valuation technique:

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

a. The financial instruments such as cash and cash equivalents, due from Central Bank and call loans to other banks, investments in bills and bonds under resale agreements, receivables- net, other financial assets - net (not including debt instruments without active market), refundable deposits, due to Central Bank and other banks, payables, short-term borrowings and deposits received. As the short maturities or future payment or receipt is close to the carrying amount, the carrying amount at the consolidated balance sheet date is used to estimate the fair value.

b. Bills discounted and loans (including non-performing loans): The effective interest rates of loans are generally based on the benchmark interest rate plus or minus certain adjustment (equivalent to floating rate) to reflect the market interest rate. As a result, it is reasonable to assume that the carrying amount, after adjustments of estimated recoverability, approximates the fair value. Fair values for long-term loans with fixed interest rates shall be estimated using their discounted values of expected future cash flows. However, as such loans account for only a small portion of all loans, book value was used to estimate the fair value.

c. Investments in debt instruments at amortised cost: When there is a quoted market price available in an active market, the fair value is determined using the market price. If there is no quoted market price for reference, a valuation technique or quoted price offered by the counterparties will be adopted to measure the fair value.

d. Deposits and remittances: The duration between the commencement date and maturity date for deposits and remittances are usually within one year. As a result, the carrying amount is a reasonable basis to estimate the fair value. The fair value of long-term fixed rate deposits should be estimated by discounting expected future cash flows; however, since the duration between the commencement date and the maturity date is within three years, it is reasonable to use the carrying amount to estimate the fair value.

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

(3) Management objective and policy for financial risk

A. Risk management policy and structural organization

(A) The Yuanta Group's risk management organization structure includes the Board of Directors, the Audit Committee, the Risk Management Committee, senior management, the

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

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

(B) Risk management policy

In order to establish the Yuanta Group's risk management standard, ensuring the completeness, effectiveness and reasonableness of risk management, the risk management policy was devised to act as the highest guiding principle for the Yuanta Group's risk management. All risk management systems should comply with the risk management policy and consider the attributes of all risk and its impact degree on the Yuanta Group's operating stability capital soundness to respectively establish appropriate risk management systems.

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

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

(A) Credit risk

a. Source and definition of credit risk

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

b. Principle of credit risk management

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

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

c. Methods used in credit risk management

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

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

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

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

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

Credit rating of corporate finance is categorized into 10 levels upon underwriting according to the risks assessment on each credit extension case. When a loan is

granted, in addition to that the credit quality of the client, fund purpose, repayment source, protection of claims and credit prediction should be considered, credit risk by credit account and facility should also be respectively assessed and rated based on the corporate or consumer risk rating referencing standards.

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

(b) Debt instruments investment and derivatives

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

(c) Margin purchase and short sale

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

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

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

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

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

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

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:

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

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

(A) Credit business

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

a. The borrower is over 30 days past due.

b. Significant deterioration in credit quality and placed on the Yuanta Group's warning list.

c. Deterioration in credit rating:

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

d. Records of bad credit are confirmed after assessment.

(B) Investments in debt instruments

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

a. The internal and external ratings of the credit reference subject have dropped by more than one scale since initial recognition.

b. The implied credit spread of the debt instrument has increased by a certain number of basis points since initial recognition.

(C) Other financial assets

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

a. Guarantee deposits: At the balance sheet date, the deposit has not been returned at maturity, and the number of past-due days is lower than the terms recorded in the contract, unless the contractual terms specify it.

b. Call loans to (from) banks and due from the Central Bank, banks overdrafts, bills with a reverse repo and bond, commercial paper and time deposit and its interest receivable: At the balance sheet date, the date that the Yuanta Group received the payment from counterparties is over the collection date, unless the contractual terms specify it.

c. Remaining receivables: At the balance sheet date, the number of past-due days is over the days recorded in the contract, receivables have been transferred to overdue receivables or have been provided the bed debt expense, or the number of past-due days is not over the days recorded in the contract but it meets the terms of default.

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

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

(A) Credit business

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

b. New payment schedule is negotiated so that loan is not classified as non-performing.

c. Non-performing loans in negotiation according to the rules of the Debt Negotiation Mechanism issued by the Bankers Association in 2006 (including pre-mediation).

d. Loans that have gone through pre-mediation and have signed agreements in accordance with the Consumer Debt Clearance Act (excluding secured loans where the original terms of the loans are enforced).

e. Cases where the court has initiated reorganization or liquidation proceedings.

f. Declaration of bankruptcy in court.

g. Reclassified as non-accrual.

h. Special criterion for credit card products: credit card accounts closed by the issuer.

i. Debtor's loans from other banking institutions have been recognized as non-performing, and reclassified as non-accrual or written off as bad debt.

j. Debtor has filed for bankruptcy, reorganization, or other debt clearance proceedings.

k. Debtor renews, extends the length of, and negotiates new payment terms on the loan in accordance with the Bankers Association Self-regulatory Rules for Debt Workouts.

l. Non-performing loans where a payment installment plan has been negotiated.

m. Loans classified as "in default" according to the Yuanta Group's internal credit rating model.

(B) Investments in debt instruments

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

a. Both internal and external credit ratings of the instrument are "in default."

b. Principal or interest payments are not made in accordance with the agreement.

c. Bankruptcy, reorganization, or other debt clearance proceedings has been filed.

d. Other breaches of contract by the debtor as assessed on a case-by-case basis.

(C) Other financial assets

a. Guarantee deposits: At the balance sheet date, the deposit has not been returned at maturity, and the number of past-due days is in line with the days recorded in the contract.

b. Call loans to (from) banks and due from the Central Bank, banks overdrafts, bills with a reverse repo and bond, commercial paper and time deposit and its interest receivable: At the balance sheet date, the date that the Yuanta Group received the payment from counterparties is over the collection date, unless the contractual terms specify it.

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

(D) Definition of default

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

C. Write off policy

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

(A) The loan cannot be fully or partially recovered due to the dissolution of, disappearance of, settlement with, or declaration of bankruptcy by the debtor.

(B) The collateral and assets of the primary and secondary debtors cannot be used to recover the loan due to low appraisal value, liquidity preference, or high administrative costs associated with seizure and liquidation.

(C) The collateral and assets of the primary and secondary debtors could not be auctioned off after multiple attempts.

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

D. Measurement of expected credit losses

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

(A) Credit business

a. Probability of default

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

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

(b) Multi-year PD: The multi-year PD is estimated using historical data on annual marginal default rates. Applying the multi-year PD to each loan requires selecting the corresponding lifetime. The lifetime of the loan is estimated based on the length of the remaining contract.

b. Loss given default

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

c. Exposure at default (EAD)

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

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

(B) Investments in debt instruments

a. Probability of default: Calculated based on default rate tables published by external credit rating agencies, incorporating forecastable information.

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

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

E. Consideration of forecastable information

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

(A) For determining significant increase in credit risk

a. The Yuanta Group's credit approval process includes evaluation of forecastable information such as business potential, financial condition, industry outlook, loan collateral, and ability to repay.

b. Identify customers with potential risk using the early warning list of the Yuanta Group. The early warning system of the Yuanta Group involves the assessment of the credit risk of the customer by reviewing the following five factors: management, financial statements, cash flows, source of repayment, and past performance.

(B) For measuring expected credit losses

At least reflected in the forecastable adjustments of PD and LGD: In order to predict future probabilities of default, historical performances of PD, 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.

(C) Other

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

F. Hedging or mitigation of credit risk

(a) Collateral

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

(b) Credit risk limit and credit risk concentration control

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

(c) Net-settled general agreement

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

(d) Others

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

i. Additional credit exposure limit;

ii. Credit limits reduction;

iii. Hedging through credit derivatives;

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

G. Maximum risk exposure of the Yuanta Group

The maximum risk exposure of assets on the consolidated balance sheet, without consideration of the collateral or other credit enhancements, is equivalent to the carrying amount. Please see Note 9(11) for the maximum credit risk exposure of the consolidated balance sheet.

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

Bills discounted and loans

December 31, 2019	12-month expected credit losses (Stage 1)	Lifetime expected credit losses (Stage 2)	Lifetime expected credit losses (Stage 3)	Difference in impairment provided in accordance with the Regulation Governing the Procedures for Banking/Insurance Institutions to Evaluate Assets and Deal with Non-performing /Non-accrual Loans	Total
Credit ratings					
Internal ratings—excellent	$ 499,332,861	$ 603,721	$ -	$ -	$ 499,936,582
Internal ratings—acceptable	226,667,970	3,704,698	-	-	230,372,668
Internal ratings—weak	48,049,256	432,472	-	-	48,481,728
Internal ratings—not rated	204,092	1,052	-	-	205,144
Internal ratings—credit impairment	-	306,526	9,046,406	-	9,352,932
The total carrying amount	774,254,179	5,048,469	9,046,406	-	788,349,054
Allowance for bad debt	(1,401,149)	(190,360)	(4,951,631)	-	(6,543,140)
Impairment provided in accordance with the Regulation Governing the Procedures for Banking/Insurance Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans	-	-	-	(7,502,396)	(7,502,396)
Total (Note)	$ 772,853,030	$ 4,858,109	$ 4,094,775	($ 7,502,396)	$ 774,303,518

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

Additionally, the total carrying amounts of accounts receivable and debt instruments (shown as financial assets measured at fair value through other comprehensive income and financial assets measured at amortized cost) are $145,125,217 and $584,397,733, respectively, and 12-month expected credit losses (Stage 1) are recognized for the majority of these items. The internal ratings of these items are all excellent and acceptable.

Bills discounted and loans

December 31, 2018	12-month expected credit losses (Stage 1)	Lifetime expected credit losses (Stage 2)	Lifetime expected credit losses (Stage 3)	Difference in impairment provided in accordance with the Regulation Governing the Procedures for Banking/Insurance Institutions to Evaluate Assets and Deal with Non-performing /Non-accrual Loans	Total
Credit ratings					
Internal ratings－excellent	$ 541,616,844	$ 1,607,152	$ -	$ -	$ 543,223,996
Internal ratings－acceptable	194,955,370	2,102,518	-	-	197,057,888
Internal ratings－weak	35,940,991	686,744	-	-	36,627,735
Internal ratings－not rated	240,153	4,513	-	-	244,666
Internal ratings－bad	-	336,741	8,124,660	-	8,461,401
The total carrying amount	772,753,358	4,737,668	8,124,660	-	785,615,686
Allowance for bad debt	(1,761,487)	(911,994)	(4,131,307)	-	(6,804,788)
Impairment provided in accordance with the Regulation Governing the Procedures for Banking/Insurance Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans	-	-	-	(6,829,027)	(6,829,027)
Total (Note)	$ 770,991,871	$ 3,825,674	$ 3,993,353	($ 6,829,027)	$ 771,981,871

Note: Including interest receivable and temporary payments for others amounting to $1,094,400. In addition, allowance for doubtful receivables was $26,824.

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

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

December 31, 2019	Collateral (Note)	Net-settled general agreement	Total
For accounts on the balance sheet			
Receivables-other	$ 65,427	$ -	$ 65,427
Bills discounted and loans	561,708,410	-	561,708,410
Financial assets at fair value through profit or loss	1,253,968	1,138,660	2,392,628
For accounts off the balance sheet			
Unused loan commitments	6,999,973	-	6,999,973
Unused credit commitment	109,415	-	109,415
Guarantees (including for non-performing loans)	4,749,347	-	4,749,347

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

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

(A) Industry:

Industry	December 31, 2019 Amount	%	December 31, 2018 Amount	%
Privately owned businesses	$ 670,861,627	30.03	$ 665,559,450	31.06
Natural person	542,092,570	24.27	511,277,129	23.86
Financial institutions	586,938,831	26.27	554,322,458	25.87
Governmental institutions	415,644,876	18.60	401,765,394	18.75
Government-owned businesses	15,952,345	0.71	6,087,029	0.29
Others	2,611,540	0.12	3,566,900	0.17
Total	$ 2,234,101,789	100.00	$ 2,142,578,360	100.00

(B) Geographic location:

Geography location	December 31, 2019	December 31, 2018
Taiwan	$ 1,479,186,296	$ 1,402,200,591
Asia	511,510,812	537,021,420
America	148,313,749	120,785,286
Europe	70,330,015	65,047,965
Oceania	24,613,557	17,336,638
Africa	147,360	186,460
Total	$ 2,234,101,789	$ 2,142,578,360

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

(a) Credit business

For the years ended December 31, 2019 and 2018, the reconciliation of the balance of allowance for bad debt are as follows:

Bills discounted and loans

For the year ended December 31, 2019	12-month expected credit losses (Stage 1)	Lifetime expected credit losses (Stage 2)	Lifetime expected credit losses (Stage 3)	Impairment recognised in accordance with IFRS 9	Difference in impairment provided in accordance with the Regulation Governing the Procedures for Banking/Insurance Institutions to Evaluate Assets and Deal with Non-performing /Non-accrual Loans	Total
Beginning balances	$ 1,757,986	$ 911,672	$ 4,115,282	$ 6,784,940	$ 6,822,051	$ 13,606,991
Changes from financial instruments recognised at the beginning:						
-Transferred to lifetime expected credit losses	(51,296)	54,766	(3,470)	-	-	-
-Transferred to credit-impaired financial asset	(17,284)	(24,733)	42,017	-	-	-
-Transferred to 12-month expected credit losses	148,931	(35,962)	(112,969)	-	-	-
-Financial assets derecognised in the current period	(594,002)	(365,966)	(500,486)	(1,460,454)	-	(1,460,454)
Impairment allowance for purchased or originated financial assets	720,073	19,799	224,781	964,653	-	964,653
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	-	-	-	-	667,343	667,343
Write-off as bad debt	(551,566)	(42,483)	(1,566,016)	(2,160,065)	-	(2,160,065)
Change in exchange and others	(29,084)	(326,819)	2,749,616	2,393,713	-	2,393,713
Ending balances	$ 1,383,758	$ 190,274	$ 4,948,755	$ 6,522,787	$ 7,489,394	$ 14,012,181

For the year ended December 31, 2018	12-month expected credit losses (Stage 1)	Lifetime expected credit losses (Stage 2)	Lifetime expected credit losses (Stage 3)	Impairment recognised in accordance with IFRS 9	Difference in impairment provided in accordance with the Regulation Governing the Procedures for Banking/Insurance Institutions to Evaluate Assets and Deal with Non-performing /Non-accrual Loans	Total
Beginning balances	$ 2,241,937	$ 1,666,388	$ 5,171,095	$ 9,079,420	$ 5,404,768	$ 14,484,188
Changes from financial instruments recognised at the beginning:						
-Transferred to lifetime expected credit losses	(5,404)	6,343	(939)	-	-	-
-Transferred to credit-impaired financial asset	(17,935)	(6,776)	24,711	-	-	-
-Transferred to 12-month expected credit losses	170,933	(32,806)	(138,127)	-	-	-
-Financial assets derecognised in the current period	(741,317)	(50,648)	(835,061)	(1,627,026)	-	(1,627,026)
Impairment allowance for purchased or originated financial assets	658,707	44,352	363,124	1,066,183	-	1,066,183
Differences in impairment provided in accordance with the Regulations Governing the Procedures for Banking/Insurance Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans	-	-	-	-	1,417,283	1,417,283
Write-off as bad debt	(295,498)	(181,729)	(1,327,689)	(1,804,916)	-	(1,804,916)
Change in exchange and others	(253,437)	(533,452)	858,168	71,279	-	71,279
Ending balances	$ 1,757,986	$ 911,672	$ 4,115,282	$ 6,784,940	$ 6,822,051	$ 13,606,991

For the year ended December 31, 2019, significant changes in the total carrying amount that affected allowance for bad debt are as follows:

Bills discounted and loans	12-month expected credit losses (Stage 1)	Lifetime expected credit losses (Stage 2)	Lifetime expected credit losses (Stage 3)	Total
Beginning balances	$ 771,698,882	$ 4,724,362	$ 8,098,042	$ 784,521,286
Changes from financial instruments recognised at the beginning:				
-Transferred to lifetime expected credit losses	(3,391,170)	3,414,982	(23,812)	-
-Transferred to credit-impaired financial asset	(3,659,396)	(349,311)	4,008,707	-
-Transferred to 12-month expected credit losses	1,277,076	(935,320)	(341,756)	-
-Financial assets derecognised in the current period	(272,481,002)	(2,128,126)	(1,624,140)	(276,233,268)
Impairment allowance for purchased or originated financial assets	344,525,610	711,403	698,251	345,935,264
Write-off as bad debt	(553,705)	(42,483)	(1,566,918)	(2,163,106)
Change in exchange and others	(63,995,084)	(352,768)	(238,438)	(64,586,290)
Ending balances	$ 773,421,211	$ 5,042,739	$ 9,009,936	$ 787,473,886

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For the year ended December 31, 2018, significant changes in the total carrying amount that affected allowance for bad debt are as follows:

Bills discounted and loans	12-month expected credit losses (Stage 1)	Lifetime expected credit losses (Stage 2)	Lifetime expected credit losses (Stage 3)	Total
Beginning balances	$ 760,186,319	$ 4,991,775	$ 8,935,481	$ 774,113,575
Changes from financial instruments recognised at the beginning:				
-Transferred to lifetime expected credit losses	(1,551,816)	1,553,281	(1,465)	-
-Transferred to credit-impaired financial asset	(2,011,420)	(405,095)	2,416,515	-
-Transferred to 12-month expected credit losses	4,191,520	(602,660)	(332,770)	3,256,090
-Financial assets derecognised in the current period	(278,391,242)	(2,669,218)	(1,571,110)	(282,631,570)
Impairment allowance for purchased or originated financial assets	331,133,277	2,246,809	612,662	333,992,748
Write-off as bad debt	(295,498)	(181,729)	(1,327,676)	(1,804,903)
Change in exchange and others	(41,562,258)	(208,801)	(633,595)	(42,404,654)
Ending balances	$ 771,698,882	$ 4,724,362	$ 8,098,042	$ 784,521,286

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(b) Receivables and other financial assets

i. The Yuanta Group applies the simplified approach to estimate expected credit loss for certain accounts receivable(including trading securities receivable and settlement price). Expected credit loss rate is determined by assessing historical information and examining whether a significant changes in past events, current conditions and future economic conditions are incurred. As of December 31, 2019 and 2018, the carrying amount of accounts receivable amounted to $31,721,372 and $24,858,008, respectively, and the loss allowance are $1,299 and $10,214, respectively, if taking into consideration the expected credit loss rate. For the years ended December 31, 2019 and 2018, movements in relation to the group applying the simplified approach to provide loss allowance for accounts receivable, are as follows:

	For the years ended December 31,	
	2019	2018
January 1	($ 10,214)	($ 8,086)
Reversal of impairment loss (provision for impairment)	8,915	(2,128)
December 31	($ 1,299)	($ 10,214)

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ii. For the years ended December 31, 2019 and 2018, movements in relation to providing loss allowance for receivables and other financial assets, which are not stated as above accounts receivable, are as follows:

For the year ended December 31, 2019	12-month expected credit losses (Stage 1)	Lifetime expected credit losses (Stage 2)	Lifetime expected credit losses (Stage 3)	Impairment recognised in accordance with IFRS 9	Difference in impairment provided in accordance with the Regulation Governing the Procedures for Banking/Insurance Institutions to Evaluate Assets and Deal with Non-performing /Non-accrual Loans	Total
The beginning balances	$ 170,467	$ 120,338	$ 2,723,489	$ 3,014,294	$ 99,374	$ 3,113,668
Changes from financial instruments recognised at the beginning:						
-Transferred to lifetime expected credit losses	(118)	1,831	(1,713)	-	-	-
-Transferred to credit-impaired financial asset	(58)	(1,018)	1,076	-	-	-
-Transferred to 12-month expected credit losses	76,766	(38,821)	(37,945)	-	-	-
-Financial assets derecognised in the current period	(10,198)	(1,436)	(4,461)	(16,095)	-	(16,095)
Impairment allowance for purchased or originated financial assets	11,173	7,001	44,718	62,892	-	62,892
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	-	-	-	-	(6,526)	(6,526)
Write-off as bad debt	(53,398)	(16,881)	(85,673)	(155,952)	-	(155,952)
Change in exchange and others	104,904	88,311	2,158	195,373	-	195,373
The ending balances	$ 299,538	$ 159,325	$ 2,641,649	$ 3,100,512	$ 92,848	$ 3,193,360

For the years ended December 31, 2018	12-month expected credit losses (Stage 1)	Lifetime expected credit losses (Stage 2)	Lifetime expected credit losses (Stage 3)	Impairment recognised in accordance with IFRS 9	Difference in impairment provided in accordance with the Regulation Governing the Procedures for Banking/Insurance Institutions to Evaluate Assets and Deal with Non-performing /Non-accrual Loans	Total
The beginning balances	$ 229,244	$ 85,311	$ 1,999,498	$ 2,314,053	$ 73,213	$ 2,387,266
Changes from financial instruments recognised at the beginning:						
-Transferred to lifetime expected credit losses	(221)	2,836	(2,615)	-	-	-
-Transferred to credit-impaired financial asset	(101)	(891)	992	-	-	-
-Transferred to 12-month expected credit losses	68,151	(24,644)	(43,507)	-	-	-
-Financial assets derecognised in the current period	(23,876)	(3,145)	(17,014)	(44,035)	-	(44,035)
Impairment allowance for purchased or originated financial assets	11,933	6,821	19,092	37,846	-	37,846
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	-	-	-	-	26,161	26,161
Write-off as bad debt	(85,332)	(27,211)	(84,217)	(196,760)	-	(196,760)
Change in exchange and others	(29,331)	81,261	851,260	903,190	-	903,190
The ending balances	$ 170,467	$ 120,338	$ 2,723,489	$ 3,014,294	$ 99,374	$ 3,113,668

For the years ended December 31, 2019 and 2018, there were no significant changes to allowance for bad debt for accounts receivable and other financial assets.

(c) Guarantee reserve, loan commitment reserve and others

For the year ended December 31, 2019	12-month expected credit losses (Stage 1)	Lifetime expected credit losses (Stage 2)	Lifetime expected credit losses (Stage 3)	Impairment recognised in accordance with IFRS 9	Difference in impairment provided in accordance with the Regulation Governing the Procedures for Banking/Insurance Institutions to Evaluate Assets and Deal with Non-performing /Non-accrual Loans	Total
The beginning balances	$ 56,352	$ 19,502	$ 55,824	$ 131,678	$ 125,474	$ 257,152
Changes from financial instruments recognised at the beginning:						
-Transferred to lifetime expected credit losses	(30)	110	(80)	-	-	-
-Transferred to credit-impaired financial asset	(1)	(22)	23	-	-	-
-Transferred to 12-month expected credit losses	14,076	(13,721)	(355)	-	-	-
-Financial assets derecognised in the current period	(24,182)	(3,286)	(29,861)	(57,329)	-	(57,329)
Impairment allowance for purchased or originated financial assets	18,898	1,050	15,991	35,939	-	35,939
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	-	-	-	-	(37,575)	(37,575)
Change in exchange and others	(17,346)	12,369	4,337	(640)	-	(640)
The ending balances	$ 47,767	$ 16,002	$ 45,879	$ 109,648	$ 87,899	$ 197,547

For the year ended December 31, 2018	12-month expected credit losses (Stage 1)	Lifetime expected credit losses (Stage 2)	Lifetime expected credit losses (Stage 3)	Impairment recognised in accordance with IFRS 9	Difference in impairment provided in accordance with the Regulation Governing the Procedures for Banking/Insurance Institutions to Evaluate Assets and Deal with Non-performing /Non-accrual Loans	Total
The beginning balances	$ 94,717	$ 7,794	$ 64,956	$ 167,467	$ 162,925	$ 330,392
Changes from financial instruments recognised at the beginning:						
-Transferred to lifetime expected credit losses	(46)	56	(10)	-	-	-
-Transferred to credit-impaired financial asset	(1)	-	1	-	-	-
-Transferred to 12-month expected credit losses	4,559	(4,139)	(420)	-	-	-
-Financial assets derecognised in the current period	(57,097)	(3,214)	(22,027)	(82,338)	-	(82,338)
Impairment allowance for purchased or originated financial assets	24,486	1,294	15,110	40,890	-	40,890
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	-	-	-	-	(37,451)	(37,451)
Change in exchange and others	(10,266)	17,711	(1,786)	5,659	-	5,659
The ending balances	$ 56,352	$ 19,502	$ 55,824	$ 131,678	$ 125,474	$ 257,152

a. For the years ended December 31, 2019 and 2018, there were no significant changes to guarantee reserve and loan commitment reserve.

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

(d) Bills and bonds investments

For the years ended December 31, 2019 and 2018, the beginning balances of the accumulative impairment of financial assets measured at fair value through other comprehensive income and financial assets measured at amortized cost were $93,376 and $140,469; $142,478 and $119,664, respectively; the ending balances were $101,586 and $93,376; $139,720 and $142,478, respectively. The changes are attributed to changes in 12-month expected credit losses and were immaterial. In addition, there were no material changes to the related total carrying amounts.

(B) Market risk

a. Source and definition of risk

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

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

b. Risk management principle

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

c. Market risk assessment

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

VaR for a trading purpose:

Instrument type	For the year ended December 31, 2019			
	December 31, 2019	VaR Average	VaR Minimum	VaR Maximum
Interest rate	83,878	95,568	67,835	128,163
Equity securities	222,829	243,305	200,832	320,318
Foreign exchange	360,768	296,476	226,513	410,487
Commodity	13,841	13,973	1,513	49,817
Less: diversification effects	(161,632)	(212,266)	-	-
Total VaR	519,684	437,056	363,454	565,607

Instrument type	For the year ended December 31, 2018			
	December 31, 2018	VaR Average	VaR Minimum	VaR Maximum
Interest rate	121,494	119,840	93,021	151,661
Equity securities	234,403	235,020	181,422	280,222
Foreign exchange	390,775	404,532	328,062	467,967
Commodity	18,483	9,439	1,614	28,980
Less: diversification effects	(332,603)	(268,384)	-	-
Total VaR	432,552	500,447	423,298	584,211

(b) Non-trading purpose

Sensitivity analysis on interest rate:

		December 31, 2019	December 31, 2018
	Interest rate shift	Effect on other comprehensive income	Effect on other comprehensive income
Financial assets at fair value through other comprehensive income-Bonds			
Yuanta Bank	Increase of 1 basis point	($ 95,298)	($ 17,288)
Yuanta Life	Increase of 1 basis point	(40,671)	(20,987)

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

	December 31, 2019		December 31, 2018	
	USD position	Carrying amount (NTD)	USD position	Carrying amount (NTD)
Foreign currency denominated financial assets				
Cash and cash equivalents	$ 914,260	$ 27,526,011	$ 623,826	$ 19,172,103
Financial assets at fair value through profit or loss	1,359,877	40,966,486	1,016,769	31,248,366
Financial assets at fair value through other comprehensive income	1,945,115	58,559,620	2,290,549	70,395,438
Amortized cost financial assets	4,634,222	139,517,897	4,199,961	129,077,388
Bills discounted and loans	2,670,980	80,412,527	2,879,879	88,507,343
Foreign currency denominated financial liabilities				
Bills and bonds payable under repurchase agreements	1,294,341	38,967,436	1,153,667	35,455,638
Deposits and remittances	4,315,710	129,930,070	3,981,328	122,358,220
Other liabilities	949,940	28,598,887	570,907	17,545,695

Note: As of December 31, 2019 and 2018, USD to TWD exchange rates were 30.106 and 30.733, respectively.

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

	December 31, 2019		December 31, 2018	
	KRW position	Carrying amount (NTD)	KRW position	Carrying amount (NTD)
Effect on profit or loss				
Financial assets				
Cash and cash equivalents	$ 672,517,427	$ 17,485,453	$ 580,352,736	$ 16,249,877
Financial assets at fair value through profit or loss	7,038,520,942	183,001,544	2,377,560,734	66,571,701
Financial assets at fair value through other comprehensive income	180,606,257	4,695,763	175,973,792	4,927,266
Accounts receivable	200,359,773	5,209,354	150,048,003	4,201,344
Prepayments and other receivables	12,297,079	319,724	49,702,448	1,391,669
Other current assets	128,982,752	3,353,552	230,343,884	6,449,629
Non-current assets	36,722,202	954,777	581,049,219	16,269,378
Financial liabilities				
Financial liabilities at fair value through profit or loss	1,896,191,866	49,300,989	1,283,614,306	35,941,201
Bonds sold under repurchase agreements	3,360,164,624	87,364,280	3,631,148,556	101,672,160
Guarantee deposit-in and margin deposits	83,168,201	2,162,373	2,542,806	71,199
Other current liabilities	129,297,805	3,361,743	259,060,857	7,253,704
Non-current liabilities	103,567,539	2,692,756	98,656,643	2,762,386
Effect on profit or loss and equity				
Financial assets				
Equity investments accounted for under the equity method	76,033,833	1,976,880	67,316,543	1,884,863

Note: As of December 31, 2019 and 2018, the KRW to TWD exchange rate were 0.026 and 0.028, respectively.

(C) Liquidity risk

a. Source and definition of liquidity risk

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

b. Risk management principle

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

c. Assessment on liquidity risk

(a) Set up liquidity risk indicator and warning in order to control adverse element to the liquidity. At the same time, analysis and appropriate measures are made to mitigate the extent of effects.

(b) Assessments are regularly made to the assets and liabilities denominated in major currencies on the balance sheet and the cash inflow, cash outflow and liquidity gap off the balance sheet by different time period.

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

(a) Financial assets held for liquidity risk management

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

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

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

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

i. Derivative financial instruments settled on a net basis

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

ii. Derivative financial instruments settled on a gross basis

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

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

	December 31, 2019			
Financial assets	0~90 days	91 days~1 year	Over 1 year	Total
Non-derivative financial instruments				
Cash and cash equivalents	$ 66,418,590	$ 2,813,332	$ 27,651	$ 69,259,573
Due from Central Bank and call loans to other banks	22,785,744	9,482,751	13,766,190	46,034,685
Financial assets at fair value through profit or loss	349,226,189	56,129,112	98,675,778	504,031,079
Financial assets at fair value through other comprehensive income	15,937,369	13,299,901	200,252,634	229,489,904
Investments in bills and bonds under resale agreements	47,603,371	-	-	47,603,371
Receivables	127,867,114	37,814,329	11,165,146	176,846,589
Bills discounted and loans	151,319,076	148,762,425	487,392,385	787,473,886
Reinsurance contract assets	331,063	572,545	-	903,608
Financial assets at amortised cost	104,824,298	17,881,417	263,746,700	386,452,415
Restricted assets	-	-	2,562,586	2,562,586
Other financial assets	62,021,711	(111,505)	4,046,836	65,957,042
Other assets	4,598,249	1,208,656	7,775,906	13,582,811
Derivative financial instruments				
Financial assets at fair value through profit or loss				
Gross settlement				
Cash inflow	433,600,202	112,807,630	215,521,440	761,929,272
Cash outflow	(414,193,538)	(95,811,643)	(159,325,388)	(669,330,569)
Net settlement	874,341	1,049,721	3,034,369	4,958,431
Total	$ 973,213,779	$ 305,898,671	$ 1,148,642,233	$ 2,427,754,683
Financial liabilities				
Non-derivative financial instruments				
Due to Central Bank and other banks	$ 9,838,535	$ 3,268,493	$ -	$ 13,107,028
Financial liabilities at fair value through profit or loss	6,983,480	5,531,835	10,617,391	23,132,706
Bills and bonds payable under repurchase agreements	139,523,039	31,047,313	28,095,566	198,665,918
Commercial paper payable	38,352,937	299,600	-	38,652,537
Payables	148,912,250	10,030,330	2,384,466	161,327,046
Deposits and remittances	312,411,759	339,209,993	443,884,519	1,095,506,271
Bonds payable	12,743,645	4,946,565	51,153,914	68,844,124
Other borrowings	40,366,161	7,161,225	13,320,606	60,847,992
Other financial liabilities	57,660,464	1,744,390	16,664,566	76,069,420
Other liabilities	15,731,920	4,636,762	13,498,900	33,867,582
Lease liability	284,279	722,338	4,521,043	5,527,660
Derivative financial instruments				
Financial liabilities at fair value through profit or loss				
Gross settlement				
Cash inflow	(55,780,179)	(12,115,180)	-	(67,895,359)
Cash outflow	57,170,912	12,290,789	-	69,461,701
Net settlement	592,563	495,179	2,154,655	3,242,397
Total	$ 784,791,765	$ 409,269,632	$ 586,295,626	$ 1,780,357,023

	December 31, 2018			
Financial assets	0~90 days	91 days~1 year	Over 1 year	Total
Non-derivative financial instruments				
Cash and cash equivalents	$ 60,079,458	$ 5,339,195	$ 116,758	$ 65,535,411
Due from Central Bank and call loans to other banks	28,791,036	10,999,302	8,426,374	48,216,712
Financial assets at fair value through profit or loss	310,638,792	40,066,119	123,234,298	473,939,209
Financial assets at fair value through other comprehensive income	8,255,292	15,305,045	191,574,899	215,135,236
Investments in bills and bonds under resale agreements	33,465,734	-	-	33,465,734
Receivables	116,545,656	27,553,111	1,486,461	145,585,228
Bills discounted and loans	158,058,172	162,366,331	464,096,783	784,521,286
Reinsurance contract assets	184,055	396,075	-	580,130
Financial assets at amortised cost	100,911,421	6,702,996	245,291,670	352,906,087
Restricted assets	-	-	2,622,711	2,622,711
Other financial assets	58,763,376	29,479	4,126,711	62,919,566
Other assets	12,698,065	4,369,586	11,024,221	28,091,872
Derivative financial instruments				
Financial assets at fair value through profit or loss				
Gross settlement				
Cash inflow	441,681,529	110,569,585	226,268,794	778,519,908
Cash outflow	(434,374,251)	(98,158,693)	(147,776,024)	(680,308,968)
Net settlement	1,048,295	499,343	2,035,859	3,583,497
Total	$ 896,746,630	$ 286,037,474	$ 1,132,529,515	$ 2,315,313,619
Financial liabilities				
Non-derivative financial instruments				
Due to Central Bank and other banks	$ 18,558,982	$ 3,488,292	$ -	$ 22,047,274
Financial liabilities at fair value through profit or loss	6,573,598	3,038,263	10,670,157	20,282,018
Bills and bonds payable under repurchase agreements	156,047,256	30,874,616	31,648,553	218,570,425
Commercial paper payable	32,699,676	3,650,264	-	36,349,940
Payables	133,232,335	13,561,682	896,018	147,690,035
Deposits and remittances	354,668,961	394,015,142	271,931,193	1,020,615,296
Bonds payable	15,011,586	6,895,677	44,779,588	66,686,851
Other borrowings	46,137,334	5,212,094	12,670,373	64,019,801
Other financial liabilities	63,739,073	3,918,289	11,619,557	79,276,919
Other liabilities	33,335,223	1,413,682	3,261,647	38,010,552
Derivative financial instruments				
Financial liabilities at fair value through profit or loss				
Gross settlement				
Cash inflow	(66,987,068)	(25,621,927)	(282,334)	(92,891,329)
Cash outflow	68,531,890	26,093,239	309,479	94,934,608
Net settlement	1,863,560	1,302,019	2,940,312	6,105,891
Total	$ 863,412,406	$ 467,841,332	$ 390,444,543	$ 1,721,698,281

Maturity analysis for above deposits and remittances are amortised to each period based on historical experience. Given that all the deposits and remittances have to be paid in the shortest possible time, as of December 31, 2019 and 2018, expenses on period of 0-90 days will increase by $469,870,268 and $361,186,676, respectively.

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

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

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

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

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

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

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

	December 31, 2019			
	Less than 1 year	1 ~5 years	More than 5 years	Total
Off balance sheet				
Unused loan commitment	$ 25,604,687	$ -	$ -	$ 25,604,687
Non-revocable credit card commitments	119,477,639	-	-	119,477,639
Unused credit commitment	3,635,756	-	-	3,635,756
Guarantees	13,217,092	-	-	13,217,092
Capital expenditure commitment	792,471	145,914	86,105	1,024,490

Note: Due to the application of IFRS 16 in 2019, please refer to Note 6 (15) and (16) for the disclosure of lease contract commitment.

	December 31, 2018			
	Less than 1 year	1 ~5 years	More than 5 years	Total
Off balance sheet				
Unused loan commitment	$ 28,439,091	$ -	$ -	$ 28,439,091
Non-revocable credit card commitments	121,759,033	-	-	121,759,033
Unused credit commitment	4,570,325	-	-	4,570,325
Guarantees	15,773,127	-	-	15,773,127
Lease contract commitment				
Operating lease expense (lessee)	1,541,753	3,112,402	3,601,799	8,255,954
Operating income (lessor)	145,542	153,096	7,233	305,871
Total financial lease expense (lessee)	79	-	-	79
Financial lease expense at present value (lessee)	75	-	-	75
Total financial lease income (lessor)	18,638	-	-	18,638
Financial lease income at present value (lessor)	18,613	-	-	18,613
Capital expenditure commitment	939,660	517,216	-	1,456,876

(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:

	December 31, 2019	
Financial assets category	Carrying amount of transferred financial assets	Carrying amount of related financial liabilities
Convertible corporate bonds transferred to the trading counterparties through asset swap	$ 17,768,247	$ 16,078,957
Bond sold under repurchase agreements	202,457,635	198,665,918

	December 31, 2018	
Financial assets category	Carrying amount of transferred financial assets	Carrying amount of related financial liabilities
Convertible corporate bonds transferred to the trading counterparties through asset swap	$ 15,222,310	$ 14,446,943
Bond sold under repurchase agreements	221,657,162	218,570,426

(E) Offsetting financial assets and financial liabilities

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

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

A. Financial assets

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

December 31, 2018						
Financial assets that are offset, or can be settled under agreements of net settled master netting arrangements or similar arrangements						
				Related amounts not set off in the balance sheet(d)(Note 1)		
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)	Financial instruments (Note 2)	Cash collateral received	Net amount (e)=(c)-(d)
Derivative instruments	$ 12,224,224	$ -	$ 12,224,224	$ 8,983,863	$ 214,375	$ 3,025,986
Bonds purchased under resale agreements	33,465,734	-	33,465,734	31,615,734	1,848,049	1,951

B. Financial liabilities

December 31, 2019

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

Description	Gross amounts of recognised financial liabilities(a)	Gross amounts of recognised financial assets set off in the balance sheet(b)	Net amounts of financial liabilities presented in the balance sheet (c)=(a)-(b)	Related amounts not set off in the balance sheet(d)(Note 1)		Net amount (e)=(c)-(d)
				Financial instruments (Note 3)	Cash collateral received	
Derivative instruments	$ 9,921,679	$ -	$ 9,921,679	$ 6,639,876	$ 1,228,772	$ 2,053,031
Bonds sold under repurchase agreements	198,665,918	-	198,665,918	198,586,154	79,764	-

December 31, 2018

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

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

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

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

Note 3: Including net settled master netting arrangements.

(F) Insurance risk

a. Measurement and management of insurance risk

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

(a) Life insurance

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

As for interest risks, the interest rates of long-term contracts were all locked-in before sales in compliance with regulation. If there is an objective gap of fluctuation between long-term interest rate and the estimated policy interest rate, and the investment income fails to reach the promised policy interest rate, the Yuanta Group will then face a

problem of negative spread. Therefore, the Yuanta Group evaluates the investment income in various committees on a regular basis to further evaluate investment portfolio. The Yuanta Group shall review investment allocation, insurance combination and (or) preset interest rates to mitigate risks of negative spread if there is obvious adverse development in the problem of negative spread.

(b) Variable life insurance

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

(c) Accident insurance and health insurance

The main risks of accident insurance and health insurance comprise of the occurrence of the accident rate and the morbidity rate. The Yuanta Group tracks loss rate of each insurance type, assesses the premium rate of main insurance products on the market, and makes related statistical measurement of occurrence of the accident rate and the morbidity rate, such as cash flow test and experience test in order to evaluate the impact toward the overall operation or the extent of negative impact arising accordingly, and to further determine whether or not to cease the sale of the product and adjust the premium rate of the new product. The Yuanta Group also arranges reinsurance ceded to mitigate overall potential risk of loss from claims in the future.

Management of insurance risk

i. Risk management of policy underwriting

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

ii. Risk management of payment of claims

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

iii. Risk of product designing and pricing

Risk of product designing and pricing refers to risks arising from the improper or inconsistent design of a product's content, stipulated terms or cited fees, or unexpected changes etc. The Yuanta Group has established related operation procedures pursuant to "Regulations Governing Business Solicitation, Policy Underwriting and Claim Adjusting of Insurance Enterprises", regulating the operation procedures in each developing phase of an insurance product and

controlling product designing and pricing by putting in place quantitative mechanisms such as probability testing.

b. Insurance risk concentration

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

c. Liability adequacy test

According to the relevant insurance regulation, the assumption factors adopted have been locked-in during pricing. However, the assumption may vary from the actual experience as time goes by. Pursuant to IFRS 4, 'Insurance contracts', the Yuanta Group should perform liability adequacy test accordingly to determine whether or not the recognised insurance liability is adequate. In respect of overall insurance contracts of the Yuanta Group As of December 31, 2019 and 2018, the liabilities will still be adequate on the assumption that the mortality, lapse, and expense rates all change by 10% and inflation rate changes by 1%.

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

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

(a) Credit risk

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

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

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

(b) Liquidity risk

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

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

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

	December 31, 2019	December 31, 2018
Less than 1 year	($ 24,163,711)	($ 27,554,212)
1 ~5 years	19,100,239	10,217,813
5 ~15 years	87,961,335	82,539,172
More than 15 years	521,268,828	473,006,357
Total	$ 604,166,691	$ 538,209,130

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 New Taiwan Dollars

	Financial Holding Company Shareholding Ratio	December 31, 2019	
		Eligible capital	Minimum capital
Financial holding company	-	$ 232,154,402	$ 254,878,929
Bank subsidiaries	100.00%	133,957,094	90,332,625
Securities subsidiaries	100.00%	52,673,959	23,914,482
Insurances subsidiaries	100.00%	11,628,575	7,740,748
Futures subsidiaries	68.65%	6,079,738	3,188,037
Venture capital subsidiaries	100.00%	2,656,104	1,316,433
Securities Investment Trust subsidiaries	74.36%	3,586,490	2,069,981
Other subsidiaries	100.00%	3,754,904	1,954,804
Deduction items		(268,260,150)	(251,488,755)
Subtotal		$ 178,231,116	$ 133,907,284
Capital adequacy ratio of the Consolidated Company		133.10%	

Expressed In Thousands of New Taiwan Dollars

	Financial Holding Company Shareholding Ratio	December 31, 2018	
		Eligible capital	Minimum capital
Financial holding company	-	$ 218,944,188	$ 246,623,839
Bank subsidiaries	100.00%	131,000,588	84,066,025
Securities and Securities Finance subsidiaries	100.00%	54,408,304	21,161,974
Insurances subsidiaries	100.00%	11,534,747	6,286,674
Futures subsidiaries	68.65%	5,643,408	2,956,409
Venture capital subsidiaries	100.00%	2,536,648	1,253,983
Securities Investment Trust subsidiaries	72.20%	3,050,115	1,797,054
Other subsidiaries	100.00%	2,069,662	1,650,067
Deduction items		(261,144,180)	(244,642,213)
Subtotal		$ 168,043,480	$ 121,153,812
Capital adequacy ratio of the Consolidated Company		138.70%	

As of December 31, 2019, the financial holding's net eligible capital was as follows:

Item	Amount
Common stocks	$ 116,706,115
Additional paid-in capital	37,402,480
Legal reserve	12,589,183
Special reserve	6,549,234
Accumulated earnings	50,565,092
Other equity	8,389,029
Less: goodwill and other intangible assets	(4,898)
Less: deferred assets	(41,833)
Less: treasury shares	-
Total net eligible capital	$ 232,154,402

As of December 31, 2018, the financial holding's net eligible capital was as follows:

Item	Amount
Common stocks	$ 116,862,325
Additional paid-in capital	37,200,416
Legal reserve	10,721,262
Special reserve	6,549,234
Accumulated earnings	42,843,847
Other equity	5,006,084
Less: goodwill and other intangible assets	(7,249)
Less: deferred assets	(34,125)
Less: treasury shares	(197,606)
Total net eligible capital	$ 218,944,188

(BLANK)

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

	(Expressed In Millions of New Taiwan Dollars) December 31, 2019	
Name	Total of business credit, endorsements, or other transactions	Percentage of net value of the company (%)
Same individual:		
Central Bank, R.O.C	$ 130,507	56.17
Central Government, R.O.C	122,035	52.52
INDUSTRIAL BANK OF KOREA	18,715	8.05
Public Capital Management Fund	13,189	5.68
CTBC Financial Holding Co., Ltd.	9,815	4.22
HSBC Bank (Taiwan) Limited	9,123	3.93
Taiwan Semiconductor Manufacturing Co., Ltd.	9,094	3.91
Taiwan Cement Corporation	8,770	3.77
Far Eastern New Century Corporation	8,608	3.71
Formosa Plastics Corporation	8,219	3.54
EVA Airways Corporation	8,092	3.48
Cathay Financial Holding Co., Ltd.	8,047	3.46
Allianz Global Investors GmbH	7,900	3.40
Highwealth Construction Corp.	7,885	3.39
Nan Ya Plastics Corporation	7,708	3.32
The Export-Import Bank of the Republic of China	6,480	2.79
China Airlines Ltd.	6,415	2.76
Shin Kong Financial Holding Co.,Ltd.	6,304	2.71
Cheng Shin Rubber Ind., Co., Ltd.	5,980	2.57
Formosa Group(Cayman)Limited	5,909	2.54
Asia Cement Corporation	5,749	2.47
Dragon Steel Corporation	5,637	2.43
Far Eastone Telecommunications Co., Ltd.	5,634	2.43
Yuan Ding Investment Corp.	5,579	2.40
Taiwan Depository & Clearing Corporation	5,543	2.39
Shuohe Development Co., Ltd.	5,540	2.38
YangMing Marine Transport Corp.	5,437	2.34
Taiwan Futures Exchange	5,181	2.23
CPC Corporation, Taiwan	5,171	2.23
Formosa Chemicals & Fibre Corporation	5,141	2.21
China Development Financial Holding Corp.	4,956	2.13
SHINHAN BANK	4,946	2.13
USI Corporation	4,882	2.10
Taipei Financial Center Corp.	4,566	1.97
JP Morgan Chase& Co	4,430	1.91
China Steel Corporation	4,417	1.90
Hua Nan Financial Holdings Co., Ltd.	4,416	1.90
Taiwan Power Company	4,341	1.87
Wavely Logistics Limited., Taiwan Branch	4,240	1.82
Kaohsiung City Government	4,118	1.77
Federal Home Loan Mortgage CORPORATION	3,952	1.70
Commonwealth Bank of Australia	3,944	1.70
Nomura Asset Management Taiwan Limited	3,931	1.69
Fubon Securities Investment Trust Co., Ltd	3,856	1.66
Taiwan Mobile Co., Ltd.	3,767	1.62
Radium Life Tech Co., Ltd.	3,704	1.59
THE BANK OF KOREA	3,647	1.57
Masterlink Securities Corp.	3,591	1.55

(Expressed In Millions of New Taiwan Dollars)

Name	December 31, 2019 Total of business credit, endorsements, or other transactions	Percentage of net value of the company (%)
Same individual:		
Capital Securities Investment Trust Co., Ltd	$ 3,484	1.50
KKY Co., Ltd.	3,375	1.45
JihSun Securities Co., Ltd.	3,344	1.44
Pegatron Corporation	3,313	1.43
Fidelity Securities Investment Trust	3,158	1.36
JIU LIAN Investment Co., Ltd	3,147	1.35
Taiwan Stock Exchange	3,109	1.34
SinoPac Securities Corporation	3,054	1.31
Evergreen Marine Corp.	3,039	1.31
ASE Technology Holding Co., Ltd.	3,033	1.31
KOREA EXCHANGE	3,007	1.29
Total	574,174	247.10
Same related party:		
Mr. Jin and its related parties	$ 9,464	4.07
Mr. Lin and its related parties	9,135	3.93
Mr. Fang and its related parties	9,117	3.92
Mr. Lin and its related parties	9,079	3.91
Mr. Wu and its related parties	8,792	3.78
Mr. Chen and its related parties	8,104	3.49
Mr. Ding and its related parties	7,541	3.25
Mr. Huang and its related parties	7,234	3.11
Mr. Lin and its related parties	6,317	2.72
Mr. Chang and its related parties	5,066	2.18
Mr. Huang and its related parties	4,818	2.07
Mr. Chang and its related parties	4,811	2.07
Mr. Chang and its related parties	4,566	1.97
Mr. Chang and its related parties	4,061	1.75
Mr. Chang and its related parties	3,984	1.71
Mr. Yang and its related parties	3,610	1.55
Mr. Yang and its related parties	3,588	1.54
Mr. Yang and its related parties	3,583	1.54
Mr. Kuo and its related parties	3,376	1.45
Mr. Chen and its related parties	3,244	1.40
Mr. Chang and its related parties	3,165	1.36
Mr. Yang and its related parties	3,080	1.33
Mr. Wang and its related parties	3,066	1.32
Mr. Chen and its related parties	3,040	1.31
Total	131,841	56.73
Same affiliated company:		
Formosa Plastic Group	$ 34,607	14.90
Far Eastern Group	28,683	12.35
CTBC Financial Holding Group	16,376	7.05
Cathay Holdings Group	14,249	6.13
Evergreen Group	11,841	5.10
China Steel Corporation Group	11,364	4.89
Shin Kong Group	10,786	4.64
China Development Group	10,611	4.57
Fubon Group	10,276	4.42
Yong Feng Yu Group	10,086	4.34

(Expressed In Millions of New Taiwan Dollars)

Name	December 31, 2019 Total of business credit, endorsements, or other transactions	Percentage of net value of the company (%)
Same affiliated company:		
Taiwan Cement Group	$ 9,348	4.02
Taiwan Semiconductor Group	9,142	3.93
HIGHWEALTH Group	7,988	3.44
Grand River D. Limited	7,647	3.29
Hua Nan Financial Holdings Group	7,323	3.15
Chailease Group	6,760	2.91
Cheng Shin Group	6,675	2.87
China Airlines Group	6,600	2.84
ASE Group	5,950	2.56
Yang Ming Marine Transport Group	5,699	2.45
Yulon Group	5,391	2.32
USI Group	5,183	2.23
Foxconn Technology Group	5,099	2.19
Mega Financial Holdings Group	4,475	1.93
Charoen Pokphand Group	4,306	1.85
CHANG CHUN Group	4,114	1.77
Lealea Group	4,104	1.77
Uni-President Enterprises Group	4,057	1.75
Taishin Financial Holdings Group	4,006	1.72
Radium Life Tech Group	3,963	1.71
Taiwan Broadband (TBC) Group	3,803	1.64
Royal Golden Eagle Group	3,715	1.60
BenQ Group	3,714	1.60
Vedan Group	3,653	1.57
LIEN JADE Construction Group	3,558	1.53
IBF Financial Holdings Group	3,550	1.53
Pegatron Group	3,465	1.49
Sinar Mas Group	3,408	1.47
First Financial Holdings Group	3,364	1.45
POU CHEN Group	3,113	1.34
Total	312,052	134.31
	$ 1,018,067	438.14

(Expressed In Millions of New Taiwan Dollars)

Name	December 31, 2018 Total of business credit, endorsements, or other transactions	Percentage of net value of the company (%)
Same individual:		
Central Government, R.O.C	$ 120,269	54.92
Central Bank, R.O.C	108,902	49.73
Hon Hai Precision Ind. Co., Ltd.	18,193	8.31
Taiwan Semiconductor Manufacturing Co., Ltd.	10,032	4.58
Chailease Finance Co., Ltd.	9,207	4.20
Taiwan Mobile Co., Ltd.	9,198	4.20
Far Eastern New Century Corporation	9,002	4.11
Cathay Financial Holding Co., Ltd.	8,940	4.08
Allianz Global Investors GmbH	8,512	3.89
HSBC Bank (Taiwan) Limited	8,068	3.68
China Steel Corporation	7,722	3.53

(Expressed In Millions of New Taiwan Dollars)

Name	December 31, 2018 Total of business credit, endorsements, or other transactions	Percentage of net value of the company (%)
Same individual:		
Highwealth Construction Corp.	$ 7,260	3.31
CTBC Financial Holding Co., Ltd.	7,205	3.29
YangMing Marine Transport Corp.	6,891	3.15
Cheng Shin Rubber Ind., Co., Ltd.	6,760	3.09
Taiwan Power Company	6,373	2.91
Yuan Ding Investment Corp.	6,186	2.82
Dragon Steel Corporation	6,177	2.82
Taiwan Cement Corporation	6,059	2.77
China Airlines Ltd.	5,857	2.67
Shin Kong Financial Holding Co.,Ltd.	5,290	2.42
Nan Ya Plastics Corporation	5,141	2.35
Fubon Financial Holding Co., Ltd.	5,137	2.35
Taiwan Depository & Clearing Corporation	5,020	2.29
Formosa Plastics Corporation	5,013	2.29
Hua Nan Financial Holdings Co., Ltd.	4,889	2.23
Formosa Group (Cayman) Limited	4,843	2.21
EVA Airways Corporation	4,767	2.18
Shuohe Development Co., Ltd.	4,745	2.17
The Goldman Sachs Group, Inc.	4,621	2.11
JPMorgan Asset Management (Taiwan) Limited	4,556	2.08
Taiwan Futures Exchange	4,555	2.08
Far Eastone Telecommunications Co., Ltd.	4,143	1.89
USI Corporation	4,024	1.84
Chang Chun Petrochemical Co., Ltd.	4,008	1.83
Taipei Financial Center Corp.	3,954	1.81
China Development Financial Holding Corp.	3,776	1.72
Nomura Asset Management Taiwan Limited	3,769	1.72
The Export-Import Bank of the Republic of China	3,700	1.69
Wavely Logistics Limited., Taiwan Branch	3,500	1.60
Asia Cement Corporation,	3,414	1.56
Fidelity Securities Investment Trust	3,354	1.53
Rich Development Inc.	3,317	1.51
JP Morgan Chase & Co	3,276	1.50
Fina Finance & Trading Co., Ltd	3,264	1.49
Radium Life Tech Co., Ltd.	3,213	1.47
Evergreen Marine Corp.	3,019	1.38
Total	489,121	223.36
Same related party:		
Mr. Fang and its related parties	$ 10,042	4.59
Mr. Wu and its related parties	9,172	4.19
Mr. Ding and its related parties	7,047	3.22
Mr. Lin and its related parties	6,194	2.83
Mr. Lin and its related parties	6,105	2.79
Mr. Lin and its related parties	6,096	2.78
Mr. Huang and its related parties	6,004	2.74
Mr. Chen and its related parties	5,524	2.52
Mr. Song and its related parties	4,806	2.19
Mr. Chen and its related parties	4,690	2.14
Mr. He and its related parties	4,597	2.10
Mr. Wei and its related parties	4,083	1.86

(Expressed In Millions of New Taiwan Dollars)

Name	December 31, 2018 Total of business credit, endorsements, or other transactions	Percentage of net value of the company (%)
Same related party:		
Mr. Chang and its related parties	$ 3,958	1.81
Mr. Chang and its related parties	3,748	1.71
Mr. Chang and its related parties	3,604	1.65
Mr. Kuo and its related parties	3,588	1.64
Mr. Lin and its related parties	3,568	1.63
Mr. Yang and its related parties	3,455	1.58
Mr. Yang and its related parties	3,429	1.57
Mr. Yang and its related parties	3,424	1.56
Mr. Zhong and its related parties	3,222	1.47
Mr. Chen and its related parties	3,020	1.38
Total	109,376	49.95
Same affiliated company:		
Far Eastern Group	$ 23,928	10.93
Foxconn Technology Group	22,706	10.37
Formosa Plastic Group	20,842	9.52
Fubon Group	17,402	7.95
China Steel Corporation Group	14,980	6.84
Cathay Holdings Group	14,608	6.67
Chailease Group	13,856	6.33
CTBC Financial Holding Group	10,271	4.69
Taiwan Semiconductor Group	10,070	4.60
Shin Kong Group	8,521	3.89
Evergreen Group	8,376	3.82
Yulon Group	7,478	3.41
Cheng Shin Group	7,375	3.37
HIGHWEALTH Group	7,370	3.37
Yang Ming Marine Transport Group	7,192	3.28
Taiwan Cement Group	7,118	3.25
Hua Nan Financial Holdings Group	6,839	3.12
China Development Group	6,267	2.86
China Airlines Group	5,974	2.73
CHANG CHUN Group	5,011	2.29
USI Group	4,525	2.07
Sinar Mas Group	4,352	1.99
Lealea Group	4,234	1.93
ASE Group	4,029	1.84
Taiwan Broadband (TBC) Group	3,777	1.72
RGE Group	3,539	1.62
Radium Life Tech Group	3,504	1.60
Vedan Group	3,482	1.59
Yong Feng Yu Group	3,396	1.55
BenQ Group	3,185	1.45
Uni-President Enterprises Group	3,001	1.37
Total	267,208	122.02
	$ 865,705	395.33

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

None.

(7) Information for discontinued operations:

None.

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

None.

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

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

(10) Information for private placement securities:

None.

(BLANK)

(11) Financial information by business segments

Information by business segments for the year ended December 31, 2019 is as follows:

(Expressed In Thousands of New Taiwan Dollars)

Item	Bank business	Securities business	Futures business	Insurance business	Other businesses	Consolidated
Net interest income (loss)	$ 13,919,365	$ 3,642,355	$ 933,759	$ 7,936,986	($ 299,546)	$ 26,132,919
Net non-interest income	9,072,853	29,790,545	1,538,493	37,925,263	3,148,004	81,475,158
Net profit	22,992,218	33,432,900	2,472,252	45,862,249	2,848,458	107,608,077
(Provision) recovery for bad debt expenses, commitment and guarantee policy reserve	(1,066,650)	(277,015)	2,727	(11,750)	(6)	(1,352,694)
Net change in provisions for insurance liabilities	-	-	-	(42,443,850)	-	(42,443,850)
Operating expenses	(10,630,030)	(22,741,669)	(1,163,070)	(1,353,794)	(2,382,073)	(38,270,636)
Net income from continuing operations before income tax	11,295,538	10,414,216	1,311,909	2,052,855	466,379	25,540,897
Income tax (expense) benefits	(1,461,071)	(1,163,151)	(274,213)	348,781	(849,660)	(3,399,314)
Consolidated income (loss), net of tax	$ 9,834,467	$ 9,251,065	$ 1,037,696	$ 2,401,636	($ 383,281)	$ 22,141,583

Information by business segments for the year ended December 31, 2018 is as follows:

Item	Bank business	Securities business	Futures business	Securities finance business	Insurance business	Other businesses	Consolidated
Net interest income (loss)	$ 14,348,275	$ 3,860,148	$ 488,305	$ 686,056	$ 6,866,080	($ 312,702)	$ 25,936,162
Net non-interest income	7,209,295	30,950,066	1,976,222	45,310	32,202,964	2,959,554	75,343,411
Net profit	21,557,570	34,810,214	2,464,527	731,366	39,069,044	2,646,852	101,279,573
(Provision) recovery for bad debt expenses, commitment and guarantee policy reserve	(666,380)	(101,023)	(89,136)	(2,004)	1,980	-	(856,563)
Net change in provisions for insurance liabilities	-	-	-	-	(36,767,111)	155,331	(36,611,780)
Operating expenses	(11,089,869)	(23,672,224)	(1,156,934)	(143,025)	(1,246,545)	(2,303,061)	(39,611,658)
Net income from continuing operations before income tax	9,801,321	11,036,967	1,218,457	586,337	1,057,368	499,122	24,199,572
Income tax (expense) benefits	(1,438,055)	(1,546,324)	(245,537)	(76,952)	361,283	(755,749)	(3,701,334)
Consolidated income (loss), net of tax	$ 8,363,266	$ 9,490,643	$ 972,920	$ 509,385	$ 1,418,651	($ 256,627)	$ 20,498,238

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

A. Yuanta Financial Holding Co., Ltd.

Yuanta Financial Holding Co., Ltd.
Individual Balance Sheets
December 31, 2019 and 2018

(Expressed In Thousands of New Taiwan Dollars)

ASSETS	December 31, 2019	December 31, 2018	LIABILITIES AND EQUITY	December 31, 2019	December 31, 2018
Cash and cash equivalents	$ 7,499,264	$ 6,536,303	Payables	$ 6,225,431	$ 5,468,073
Financial assets at fair value through other comprehensive income	24,490	22,178	Current income tax liabilities	3,916,397	3,150,049
			Bonds payable	24,900,000	26,750,000
Investment in bill and bonds under resale agreements	4,640,737	393,782	Liabilities reserve	36,116	39,608
			Lease liability	104,393	-
Receivables - net	3,230,724	1,931,398	Other liabilities	2,014	10,786
Current income tax assets	319,823	808,780	Total liabilities	35,184,351	35,418,516
Equity investments accounted for under the equity method - net	251,488,755	244,642,213	Equity		
Property and equipment - net	24,623	21,586	Common stock	116,706,115	116,862,325
Right-of-use assets - net	103,917	-	Additional paid-in capital	37,402,480	37,200,416
Intangible assets - net	4,898	7,249	Retained earnings		
Deferred income tax assets	41,833	34,125	Legal reserve	12,589,183	10,721,262
Other assets - net	6,420	6,464	Special reserve	6,549,234	6,549,234
			Undistributed earnings	50,565,092	42,843,847
			Other equity	8,389,029	5,006,084
			Treasury shares	-	(197,606)
			Total equity	232,201,133	218,985,562
Total assets	$ 267,385,484	$ 254,404,078	Total liabilities and equity	$ 267,385,484	$ 254,404,078

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

	For the years ended December 31,	
	2019	2018
Revenues		
Share of the profit or loss of subsidiaries, associates and joint ventures accounted for using the equity method	$ 21,974,067	$ 19,979,027
Gain on financial assets at fair value through profit or loss	1,076	974
Other revenues	88,067	150,747
	22,063,210	20,130,748
Expenses and losses		
Operating expenses	(836,662)	(751,302)
Other expenses and losses	(249,781)	(227,426)
	(1,086,443)	(978,728)
Income from continuing operations before income tax	20,976,767	19,152,020
Income tax expense	(531,259)	(472,812)
Net income	20,445,508	18,679,208
Other comprehensive income		
Components of other comprehensive income that will not be reclassified to profit or loss (net of tax)		
Gain (Loss) on remeasurements of defined benefit plans	3,903	(951)
Evaluation gains on investments in equity instruments measured at fair value through other comprehensive income	2,312	2,912
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	1,184,854	2,496,190
Components of other comprehensive income that will be reclassified to profit or loss (net of tax)		
Share of other comprehensive income of the subsidiaries, associates and joint ventures accounted for using the equity method, components of other comprehensive income that will be reclassified to profit or loss	1,934,933	(4,203,603)
Other comprehensive income (loss)	3,126,002	(1,705,452)
Total comprehensive income	$ 23,571,510	$ 16,973,756
Earnings per share (in dollars)		
Basic and diluted earnings per share	$ 1.75	$ 1.59

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

			Retained Earnings			Other equity						
	Common stock	Additional paid-in capital	Legal reserve	Special reserve	Undistributed earnings	Translation gain and loss on the financial statements of foreign operating entities	Unrealised gain (loss) on financial assets measured at fair value through other comprehensive income	Unrealized gain (loss) on available-for-sale financial assets	Change in fair value of financial liability attributable to change in credit risk	Other comprehensive income on reclassification under the overlay approach	Treasury shares	Total equity
For the year ended December 31, 2018												
Balance, January 1, 2018	$ 118,891,975	$ 37,960,694	$ 9,100,767	$ 6,549,234	$ 35,275,652	($ 2,528,033)	$ -	$ 7,085,896	($ 3,478)	$ -	($ 1,136,953)	$ 211,195,754
Effects of retrospective application and retrospective restatement	-	-	-	-	(3,028,393)	71	8,821,188	(7,085,896)	62,367	389,832	-	(840,831)
Balance, January 1, 2018 after adjustments	118,891,975	37,960,694	9,100,767	6,549,234	32,247,259	(2,527,962)	8,821,188	-	58,889	389,832	(1,136,953)	210,354,923
Appropriation of 2017 earnings												
Legal reserve	-	-	1,620,495	-	(1,620,495)	-	-	-	-	-	-	-
Cash dividend	-	-	-	-	(6,492,536)	-	-	-	-	-	-	(6,492,536)
Net income for the year	-	-	-	-	18,679,208	-	-	-	-	-	-	18,679,208
Other comprehensive income (loss) for the year	-	-	-	-	(47,168)	118,493	(967,891)	-	(88,687)	(720,199)	-	(1,705,452)
Total comprehensive income (loss) for the year	-	-	-	-	18,632,040	118,493	(967,891)	-	(88,687)	(720,199)	-	16,973,756
Purchase of treasury share	-	-	-	-	-	-	-	-	-	-	(1,919,001)	(1,919,001)
Retirement of treasury share	(2,029,650)	(828,698)	-	-	-	-	-	-	-	-	2,858,348	-
Changes in ownership interest in subsidiaries	-	68,420	-	-	-	-	-	-	-	-	-	68,420
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	77,579	-	(77,579)	-	-	-	-	-
Balance, December 31, 2018	$ 116,862,325	$ 37,200,416	$ 10,721,262	$ 6,549,234	$ 42,843,847	($ 2,409,469)	$ 7,775,718	$ -	($ 29,798)	($ 330,367)	($ 197,606)	$ 218,985,562
For the year ended December 31, 2019												
Balance, January 1, 2019	$ 116,862,325	$ 37,200,416	$ 10,721,262	$ 6,549,234	$ 42,843,847	($ 2,409,469)	$ 7,775,718	$ -	($ 29,798)	($ 330,367)	($ 197,606)	$ 218,985,562
Effects of retrospective application and retrospective restatement	-	-	-	-	(95,849)	-	-	-	-	-	-	(95,849)
Balance, January 1, 2019 after adjustments	116,862,325	37,200,416	10,721,262	6,549,234	42,747,998	(2,409,469)	7,775,718	-	(29,798)	(330,367)	(197,606)	218,889,713
Appropriation of 2018 earnings												
Legal reserve	-	-	1,867,921	-	(1,867,921)	-	-	-	-	-	-	-
Cash dividend	-	-	-	-	(10,503,550)	-	-	-	-	-	-	(10,503,550)
Net income for the year	-	-	-	-	20,445,508	-	-	-	-	-	-	20,445,508
Other comprehensive income (loss) for the year	-	-	-	-	(132,001)	(1,118,917)	4,006,526	-	(6,932)	377,326	-	3,126,002
Total comprehensive income (loss) for the year	-	-	-	-	20,313,507	(1,118,917)	4,006,526	-	(6,932)	377,326	-	23,571,510
Changes in equity of associates and joint ventures accounted for using equity method	-	243,460	-	-	-	-	-	-	-	-	-	243,460
Retirement of treasury share	(156,210)	(41,396)	-	-	-	-	-	-	-	-	197,606	-
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	(124,942)	-	124,942	-	-	-	-	-
Balance, December 31, 2019	$ 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

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

	For the years ended December 31,	
	2019	2018
Cash Flows From Operating Activities		
Profit before tax	$ 20,976,767	$ 19,152,020
Adjustment items		
Income and expense item		
Depreciation	43,954	8,277
Amortization	2,351	1,792
Interest expense	249,717	227,359
Interest income	(138,085)	(78,950)
Dividend income	-	(974)
Share of the gain of subsidiaries, associates and joint ventures accounted for using the equity method	(21,974,067)	(19,979,027)
Gain of property and equipment from disposal or retirement	(15)	(898)
Change in assets/liabilities relating to operating activities		
Decrease (increase) in receivables	11,299	(9,331)
Decrease (increase) in other assets	44	(590)
Increase in payables	64,286	109,717
Increase in liabilities reserve	411	454
(Decrease) increase in other liabilities	(8,772)	1,990
Interest received	141,731	75,078
Cash dividend received	11,768,509	13,159,163
Cash paid for interest	(254,603)	(338,414)
Income tax received (paid)	100,025	(252,904)
Net cash flows generated from operating activities	10,983,552	12,074,762
Cash Flows From Investing Activities		
Disposal (acquisition) of equity investments accounted for under the equity method	6,626,414	(1,000,000)
Acquisition of property and equipment	(12,917)	(7,584)
Disposal of property and equipment	1,570	1,295
Acquisition of intangible assets	-	(750)
Net cash flows generated from (used in) investing activities	6,615,067	(1,007,039)
Cash Flows From Financing Activities		
Decrease in commercial paper payable	-	(5,093,000)
(Repayment of bonds) Proceeds from issuing bonds	(1,850,000)	7,000,000
Cash dividends paid	(10,503,550)	(6,492,536)
Cost of treasury share purchase	-	(1,919,001)
Principal payment for lease liabilities	(35,153)	-
Net cash used in financing activities	(12,388,703)	(6,504,537)
Net increase in cash and cash equivalents	5,209,916	4,563,186
Cash and cash equivalents at beginning of year	6,930,085	2,366,899
Cash and cash equivalents at end of year	$ 12,140,001	$ 6,930,085
The components of cash and cash equivalents:		
Cash and cash equivalents reported in the balance sheet	$ 7,499,264	$ 6,536,303
Investments in bills and bonds under resale agreements qualified as cash and cash equivalents as defined by IAS 7	4,640,737	393,782
Cash and cash equivalents at end of year	$ 12,140,001	$ 6,930,085

B. Yuanta Commercial Bank

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

(Expressed In Thousands of New Taiwan Dollars)

ASSETS	December 31, 2019	December 31, 2018	LIABILITIES AND EQUITY	December 31, 2019	December 31, 2018
Cash and cash equivalents	$ 23,998,456	$ 19,002,609	Due to Central Bank and other banks	$ 13,107,028	$ 22,047,274
Due from Central Bank and call loans to other banks	43,646,926	46,297,555	Financial liabilities at fair value through profit or loss	3,568,060	4,823,707
Financial assets at fair value through profit or loss	148,571,375	134,709,206	Bills and bonds sold under repurchase agreements	1,550,312	16,226,824
Financial assets at fair value through other comprehensive income	100,413,010	106,222,389	Payables	12,121,114	12,815,557
			Current income tax liabilities	1,809,941	796,365
Investments in debt instruments at amortised cost- net	201,115,927	179,925,213	Deposits and remittances	1,128,024,552	1,053,292,520
Bills and bonds purchased under resell agreements	5,310,000	-	Financial debentures payable	34,500,000	38,000,000
Receivables- net	23,504,234	26,168,202	Other financial liabilities	6,714,309	10,762,290
Current income tax assets	2,433,421	2,425,746	Liabilities reserve	1,437,171	1,735,809
Available-for-sale financial assets- net	533,632	868,288	Lease reserve	2,537,997	-
Bills discounted and loans- net	737,626,205	720,651,097	Deferred income tax liabilities	313,811	390,634
Equity investments accounted for under the equity method- net	4,747,629	5,208,251	Other liabilities	2,409,736	1,557,163
			Total liabilities	1,208,094,031	1,162,448,143
Other financial assets- net	77,553	6,003			
Property and equipment- net	12,415,059	12,290,864			
Right-of-use assets- net	10,573,282	-	Common stocks	73,940,390	73,940,390
Investment property- net	843,889	867,763	Additional paid-in capital	25,960,441	25,960,441
Intangible assets- net	10,592,029	10,807,589	Retained earnings	20,392,923	14,832,758
Deferred income tax assets	827,380	600,465	Other equity	1,580,565	917,525
Other assets - net	2,738,343	12,048,017	Total equity	121,874,319	115,651,114
Total assets	$ 1,329,968,350	$ 1,278,099,257	Total liabilities and equity	$ 1,329,968,350	$ 1,278,099,257

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

	For the years ended December 31,			
	2019		2018	
	Amount	%	Amount	%
Interest income	$ 21,904,151	96	$ 22,304,036	103
Less: Interest expense	(8,904,730)	(39)	(8,786,722)	(40)
Net interest income	12,999,421	57	13,517,314	63
Net non-interest income	9,965,763	43	8,081,151	37
Net profit	22,965,184	100	21,598,465	100
Provision for bad debt expenses, commitment and guarantee policy reserve	(1,063,211)	(5)	(665,321)	(3)
Operating expenses	(10,405,832)	(45)	(10,916,495)	(51)
Income from continuing operations before income tax	11,496,141	50	10,016,649	46
Income tax expense	(1,449,911)	(6)	(1,409,049)	(6)
Net income	10,046,230	44	8,607,600	40
Other comprehensive income (loss) (net of tax)	275,488	1	(972,627)	(5)
Total comprehensive income	$ 10,321,718	45	$ 7,634,973	35
Earnings per share (in dollars)				
Basic and diluted earnings per share	$	1.36	$	1.16

C. Yuanta Securities

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

(Expressed In Thousands of New Taiwan Dollars)

ASSETS	December 31, 2019	(Restated) December 31, 2018	LIABILITIES AND EQUITY	December 31, 2019	(Restated) December 31, 2018
Current assets	$ 292,848,201	$ 276,140,162	Current liabilities	$ 251,589,187	$ 236,343,325
Financial assets at fair value through profit or loss-non-current	51,932	51,914	Bonds payable	8,500,000	-
			Liabilities reserve- non-current	57,457	-
Financial assets at fair value through other comprehensive income -non-current	6,560,055	5,762,178	Lease liabilities- non-current	281,158	-
			Deferred income tax liabilities	2,213,593	2,124,992
Equity investments accounted for under the equity method	43,601,603	42,059,752	Other non-current liabilities	1,913,397	1,900,224
			Total liabilities	264,554,792	240,368,541
Property and equipment	4,407,877	4,462,187	Common stocks	57,820,321	54,056,442
Right-of-use assets	487,129	-	Additional paid-in capital	543,931	1,858,215
Investment property	2,803,590	2,895,966	Retained earnings	36,254,140	38,352,498
Intangible assets	11,579,338	11,685,645	Other equity	5,903,689	1,169,937
Deferred income tax assets	558,400	570,631	Equity attributable to former owner of business combination under common control	-	9,489,322
Other non-current assets	2,178,748	1,666,520			
			Total equity	100,522,081	104,926,414
Total assets	$ 365,076,873	$ 345,294,955	Total liabilities and equity	$ 365,076,873	$ 345,294,955

Note: Yuanta Securities acquired all the shares of Yuanta Securities Finance on the settlement date, March 26, 2019. This equity transaction was a restructuring under common control and Yuanta Securities Finance was viewed as a consolidated entity from the beginning. Therefore, Yuanta Securities retrospectively restated its prior period financial statements to reflect this in accordance with the regulations.

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

	For the years ended December 31,			
	2019		2018	
Item	Amount	%	Amount	%
Revenues	$ 20,392,055	100	$ 20,347,315	100
Service fee expense	(711,558)	(3)	(738,592)	(4)
Employee benefit expense	(6,466,286)	(32)	(6,200,988)	(31)
Share of the profit or loss of associates and joint ventures accounted for using the equity method	2,224,174	11	2,560,116	13
Operating expenses	(5,447,126)	(27)	(5,398,523)	(26)
Income from continuing operations before income tax	9,991,259	49	10,569,328	52
Income tax expense	(972,740)	(5)	(1,177,920)	(6)
Net income	9,018,519	44	9,391,408	46
Other comprehensive income (net of tax)	1,483,822	8	1,422,165	7
Total comprehensive income	$ 10,502,341	52	$ 10,813,573	53
Earnings per share (in dollars)				
Profit attributable to owners of parent	$	1.55	$	1.54
Income attributable to former owner of business combination under common control		0.01		0.08
Basic and diluted earnings per share	$	1.56	$	1.62

Note: Yuanta Securities acquired all the shares of Yuanta Securities Finance on the settlement date, March 26, 2019. This equity transaction was a restructuring under common control and Yuanta Securities Finance was viewed as a consolidated entity from the beginning. Therefore, Yuanta Securities retrospectively restated its prior period financial statements to reflect this in accordance with the regulations.

D. Yuanta Futures

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

(Expressed In Thousands of New Taiwan Dollars)

ASSETS	December 31, 2019	December 31, 2018	LIABILITIES AND EQUITY	December 31, 2019	December 31, 2018
Current assets	$ 68,897,983	$ 68,078,674	Current liabilities	$ 64,215,319	$ 63,805,024
Financial assets at fair value through other comprehensive income -non-current	1,518,539	1,404,019	Non-current liabilities	78,209	83,202
			Total liabilities	64,293,528	63,888,226
Equity investments accounted for under the equity method	1,275,264	1,280,500			
Property and equipment	581,807	590,324	Common stocks	2,322,763	2,322,763
Right-of-use assets	31,497	-	Additional paid-in capital	940,976	940,976
Intangible assets	40,752	42,252	Retained earnings	4,296,129	3,776,318
Deferred income tax assets	25,074	23,995	Other equity	1,296,269	1,180,493
Other non-current assets	778,749	689,012	Total equity	8,856,137	8,220,550
Total assets	$ 73,149,665	$ 72,108,776	Total liabilities and equity	$ 73,149,665	$ 72,108,776

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

	For the years ended December 31,			
	2019		2018	
Item	Amount	%	Amount	%
Operating revenues	$ 2,738,631	100	$ 3,431,314	100
Service fee expense	(490,177)	(17)	(626,282)	(18)
Employee benefit expense	(622,918)	(23)	(569,369)	(17)
Share of the profit or loss of associates and joint ventures accounted for using the equity method	14,421	-	(3,783)	-
Operating expenses	(229,945)	(9)	(986,298)	(29)
Income from continuing operations before income tax	1,410,012	51	1,245,582	36
Income tax expense	(274,213)	(10)	(245,537)	(7)
Net income	1,135,799	41	1,000,045	29
Other comprehensive income (net of tax)	150,161	6	217,931	7
Total comprehensive income	$ 1,285,960	47	$ 1,217,976	36
Earnings per share (in dollars)				
Basic and diluted earnings per share	$	4.89	$	4.31

E. Yuanta Life

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

(Expressed In Thousands of New Taiwan Dollars)

ASSETS	December 31, 2019	December 31, 2018	LIABILITIES AND EQUITY	December 31, 2019	December 31, 2018
Cash and cash equivalents	$ 11,355,663	$ 7,997,359	Payables	$ 1,920,881	$ 1,130,124
Receivables	5,814,613	2,222,757	Current tax liabilities	21,553	10,377
Current income tax assets	2,918,818	2,332,481	Financial liabilities at fair value through profit or loss	758,053	2,243,400
Financial assets at fair value through profit or loss	27,015,591	10,306,961	Insurance liabilities	262,820,740	220,670,625
Financial assets at fair value through other comprehensive income	36,975,454	23,851,051	Foreign exchange reserve	600,869	893,568
Financial assets at amortized cost	178,824,118	166,554,382	Liabilities reserve	88,133	64,956
Other financial assets	3,700,000	9,400,000	Lease liabilities	101,439	-
Right-of-use assets	117,588	-	Deferred income tax liabilities	452,517	39,099
Loans	6,786,381	6,208,918	Other liabilities	2,734,675	1,525,571
Reinsurance contract assets	903,608	580,130	Investment-linked insurance products liabilities	1,935,363	1,787,652
Property and equipment	4,983,992	4,579,998	Total liabilities	271,434,223	228,365,372
Intangible assets	91,005	70,395			
Deferred income tax assets	768,845	711,848			
Other assets	2,459,987	2,786,425	Common stocks	9,735,695	9,624,045
Investment-linked insurance products assets	1,935,363	1,787,652	Retained earnings	1,796,821	1,020,297
			Other equity	1,684,287	380,643
			Total equity	13,216,803	11,024,985
Total assets	$ 284,651,026	$ 239,390,357	Total liabilities and equity	$ 284,651,026	$ 239,390,357

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

Item	For the years ended December 31, 2019 Amount	%	2018 Amount	%
Operating revenues	$ 58,095,330	100	$ 47,938,641	100
Operating costs	(55,990,576)	(96)	(46,623,111)	(97)
Operating expenses	(1,541,066)	(3)	(1,401,427)	(3)
Net operating income (loss)	563,688	1	(85,897)	-
Non-operating revenues and expenses	(2,935)	-	1,416	-
Income (loss) from continuing operations before income tax	560,753	1	(84,481)	-
Income tax benefit	348,781	1	361,283	1
Net income	909,534	2	276,802	1
Other comprehensive income (loss) (net of tax)	1,282,284	2	(2,318,978)	(5)
Total comprehensive income (loss)	$ 2,191,818	4	($ 2,042,176)	(4)
Earnings per share (in dollars)				
Basic and diluted earnings per share	$ 0.93		$ 0.31	

F. Yuanta Securities Investment Trust

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

(Expressed In Thousands of New Taiwan Dollars)

ASSETS	December 31, 2019	December 31, 2018	LIABILITIES AND EQUITY	December 31, 2019	December 31, 2018
Current assets	$ 3,864,863	$ 3,482,196	Current liabilities	$ 511,778	$ 459,579
Financial assets at fair value through other comprehensive income	113,975	106,311	Deferred income tax liabilities	179,680	249,854
			Lease liability- non-current	12,526	-
Equity investments accounted for under the equity method	329,553	112,548	Other non-current liabilities	40,321	44,066
			Total liabilities	744,305	753,499
Property and equipment	299,621	302,802			
Intangible assets	768,551	768,551	Common stocks	2,269,235	2,269,235
Prepaid pension cost	37,335	37,378	Additional paid-in capital	296,730	704
Deferred income tax assets	362	261	Retained earnings	2,160,135	1,865,376
Right-of-use assets	12,638	-	Other equity	96,977	89,488
Other non-current assets	140,484	168,255	Total equity	4,823,077	4,224,803
Total assets	$ 5,567,382	$ 4,978,302	Total liabilities and equity	$ 5,567,382	$ 4,978,302

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

	For the years ended December 31,			
	2019		2018	
Item	Amount	%	Amount	%
Operating revenues	$ 2,827,268	100	$ 2,538,278	100
Operating expenses	(1,277,114)	(45)	(1,166,702)	(46)
Operating profits	1,550,154	55	1,371,576	54
Non-operating revenues and expenses	(45,143)	(2)	(69,606)	(3)
Income from continuing operations before income tax	1,505,011	53	1,301,970	51
Income tax expense	(316,067)	(11)	(296,440)	(11)
Net income	1,188,944	42	1,005,530	40
Other comprehensive income (net of tax)	7,157	-	13,814	-
Total comprehensive income	$ 1,196,101	42	$ 1,019,344	40
Earnings per share (in dollars)				
Basic and diluted earnings per share	$	5.24	$	4.43

G. Yuanta Asset Management

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

(Expressed In Thousands of New Taiwan Dollars)

ASSETS	December 31, 2019	December 31, 2018	LIABILITIES AND EQUITY	December 31, 2019	December 31, 2018
Current assets	$ 2,315,351	$ 1,901,421	Current liabilities	$ 55,310	$ 1,139,721
Financial assets at fair value through other comprehensive income	35,817	37,370	Non-current liabilities	8,682	7,809
			Total liabilities	63,992	1,147,530
Property and equipment	2,103	625			
Right-of-use assets	3,572	-	Common stocks	3,000,000	1,000,000
Investment property	1,320,383	1,137,497	Additional paid-in capital	1,047	1,047
Intangible assets	96	209	Retained earnings	597,612	912,861
Deferred income tax assets	2,757	3,117	Other equity	17,788	19,341
Other non-current assets	360	540	Total equity	3,616,447	1,933,249
Total assets	$ 3,680,439	$ 3,080,779	Total liabilities and equity	$ 3,680,439	$ 3,080,779

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

Item	For the years ended December 31, 2019 Amount	2019 %	For the years ended December 31, 2018 Amount	2018 %
Operating revenues	$ 278,713	100	$ 298,681	100
Operating expenses	(116,099)	(42)	(116,569)	(39)
Operating profits	162,614	58	182,112	61
Non-operating revenues and expenses	(9,415)	(3)	4,632	1
Income from continuing operations before income tax	153,199	55	186,744	62
Income tax expense	(29,166)	(10)	(32,829)	(11)
Net income	124,033	45	153,915	51
Other comprehensive (loss) income	(1,554)	(1)	28,746	10
Total comprehensive income	$ 122,479	44	$ 182,661	61

H. Yuanta Venture Capital

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

(Expressed In Thousands of New Taiwan Dollars)

ASSETS	December 31, 2019	December 31, 2018	LIABILITIES AND EQUITY	December 31, 2019	December 31, 2018
Current assets	$ 1,730,749	$ 1,545,964	Current liabilities	$ 75,182	$ 73,367
Financial assets at fair value through other comprehensive income	140,749	208,723	Lease liability- non-current	6,935	-
			Other non-current liabilities	2,500	1,800
Equity investments accounted for under the equity method	851,388	850,992	Total liabilities	84,617	75,167
			Common stocks	2,460,000	2,460,000
Property and equipment	3,797	3,577	Additional paid-in capital	918	918
Right-of-use assets	10,682	-	Retained earnings	182,505	34,318
Deferred income tax assets	2,720	1,924	Other equity	12,681	41,412
Other non-current assets	636	635	Total equity	2,656,104	2,536,648
Total assets	$ 2,740,721	$ 2,611,815	Total liabilities and equity	$ 2,740,721	$ 2,611,815

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

Item	For the years ended December 31, 2019 Amount	2019 %	2018 Amount	2018 %
Operating revenues	$ 197,997	100	$ 265,667	100
Operating expenses	(49,030)	(25)	(69,652)	(26)
Operating profits	148,967	75	196,015	74
Non-operating revenues and expenses	(110)	-	865	-
Income from continuing operations before income tax	148,857	75	196,880	74
Income tax (expense) benefit	(670)	-	23,981	9
Net income	148,187	75	220,861	83
Other comprehensive loss (net of tax)	(28,731)	(15)	(26,619)	(10)
Total comprehensive income	$ 119,456	60	$ 194,242	73

I. Yuanta Securities Investment Consulting

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

(Expressed In Thousands of New Taiwan Dollars)

ASSETS	December 31, 2019	December 31, 2018	LIABILITIES AND EQUITY	December 31, 2019	December 31, 2018
Current assets	$ 238,280	$ 234,716	Current liabilities	$ 109,384	$ 86,356
Property and equipment	2,153	2,333	Non-current liabilities	11,183	25,685
Right-of-use assets	6,989	-	Total liabilities	120,567	112,041
Intangible assets	104	300	Common stocks	100,000	100,000
Deferred income tax assets	5,035	4,642	Additional paid-in capital	6,017	6,017
Other non-current assets	6,463	6,463	Retained earnings	32,440	30,396
			Total equity	138,457	136,413
Total assets	$ 259,024	$ 248,454	Total liabilities and equity	$ 259,024	$ 248,454

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

Item	For the years ended December 31, 2019 Amount	2019 %	2018 Amount	2018 %
Operating revenues	$ 205,341	100	$ 204,125	100
Operating costs	(1,192)	(1)	(1,262)	(1)
Operating expenses	(201,875)	(98)	(204,163)	(100)
Operating income (loss)	2,274	1	(1,300)	(1)
Non-operating revenues and expenses	1,695	1	1,807	1
Income from continuing operations before income tax	3,969	2	507	-
Income tax (expense) benefit	(794)	-	749	1
Net income	3,175	2	1,256	1
Other comprehensive income (net of tax)	320	-	320	-
Total comprehensive income	$ 3,495	2	$ 1,576	1

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

A. Profitability

(A) Yuanta Financial Holdings

Unit: %

		For the years ended December 31,	
		2019	2018
Return on total assets	Before tax	8.04	7.69
	After tax	7.84	7.50
Return on equity	Before tax	9.30	8.92
	After tax	9.06	8.70
Net profit margin ratio		93.73	93.85

(B) Yuanta Financial Holdings and its subsidiaries

		For the years ended December 31,	
		2019	2018
Return on total assets	Before tax	1.09	1.06
	After tax	0.94	0.90
Return on equity	Before tax	10.49	10.43
	After tax	9.09	8.83
Net profit margin ratio		20.58	20.24

(C) Yuanta Bank

		For the years ended December 31,	
		2019	2018
Return on total assets	Before tax	0.88	0.78
	After tax	0.77	0.67
Return on equity	Before tax	9.68	8.76
	After tax	8.46	7.52
Net profit margin ratio		43.75	39.85

(D) Yuanta Securities

		For the years ended December 31,	
		2019	2018 (Note 6)
Return on total assets	Before tax	2.81	3.04
	After tax	2.54	2.70
Return on equity	Before tax	9.73	10.77
	After tax	8.78	9.57
Net profit margin ratio		41.17	42.36

(E) Yuanta Life

		For the years ended December 31,	
		2019	2018
Return on total assets	Before tax	0.21	(0.04)
	After tax	0.35	0.13
Return on equity	Before tax	4.63	(0.73)
	After tax	7.50	2.40
Net profit margin ratio		43.27	21.02

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.

Note 6: Calculated from the restated amount of Yuanta Securities as of December 31, 2018.

B. Information of Yuanta Bank is as follows:

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

Unit: In thousands of NT Dollars

Month / Year			December 31, 2019					December 31, 2018				
Business / Items			Amount of non-performing loans	Gross loans	Non-performing loan ratio	Allowance for doubtful accounts	Coverage ratio	Amount of non-performing loans	Gross loans	Non-performing loan ratio	Allowance for doubtful accounts	Coverage ratio
Corporate banking	Secured loans		164,019	191,391,066	0.09%	2,584,108	1,575.49%	939,335	175,895,660	0.53%	2,665,875	283.80%
	Unsecured loans		501,986	207,447,875	0.24%	5,249,983	1,045.84%	65,918	218,889,754	0.03%	4,671,512	7,086.85%
Consumer banking	Residential mortgage loans		368,085	197,009,232	0.19%	2,971,664	807.33%	415,050	189,849,280	0.22%	2,879,961	693.88%
	Cash card services		-	75,704	-	1,232	-	45	114,471	0.04%	1,698	3,773.33%
	Small amount of credit loans		10,364	9,633,476	0.11%	118,764	1,145.93%	73,906	10,540,959	0.70%	168,060	227.40%
	Others	Secured loans	133,599	151,571,107	0.09%	1,566,316	1,172.40%	241,161	145,108,656	0.17%	1,493,450	619.28%
		Unsecured loans	374	2,614,598	0.01%	26,440	7,069.52%	144	2,546,023	0.01%	25,679	17,832.64%
Gross loan business			1,178,427	759,743,058	0.16%	12,518,507	1,062.31%	1,735,559	742,944,803	0.23%	11,906,235	686.02%

Month / Year	December 31, 2019					December 31, 2018				
	Amount of overdue accounts	Balance of accounts receivable	Overdue account ratio	Allowance for doubtful accounts	Coverage ratio	Amount of overdue accounts	Balance of accounts receivable	Overdue account ratio	Allowance for doubtful accounts	Coverage ratio
Credit card services	8,030	10,179,092	0.08%	144,648	1,801.34%	8,358	10,840,076	0.08%	171,832	2,055.90%
Without recourse factoring	9,529	5,713,936	0.17%	89,853	942.94%	-	6,799,757	-	87,253	-

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

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

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

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

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

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

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

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

Unit: In thousands of NT Dollars

	December 31, 2019		December 31, 2018	
	Total amount of non-performing loans exempted from reporting to the competent authority	Total amount of overdue receivables exempted from reporting to the competent authority	Total amount of non-performing loans exempted from reporting to the competent authority	Total amount of overdue receivables exempted from reporting to the competent authority
Amounts exempted from reporting to the competent authority under debt negotiation (Note 1)	72,658	38,457	106,237	52,718
Perform in accordance with debt liquidation program and restructuring program (Note 2)	1,048,749	351,372	1,171,921	355,916
Total	1,121,407	389,829	1,278,158	408,634

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

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

(BLANK)

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

Unit: In thousands of NT Dollars, %

December 31, 2019			
Ranking (Note 1)	Name of Enterprise Group (Note 2)	Total outstanding loan amount (Note 3)	Total outstanding loan amount / Total equity
1	Group A–Real Estate Development	$ 7,647,440	6.27
2	Group B–Air Transport	6,838,333	5.61
3	Group C–Iron and Steel Refining	4,966,679	4.08
4	Company D–Real Estate Leasing	4,240,000	3.48
5	Group E–Real Estate Development	3,788,718	3.11
6	Group F–Seasoning Manufacturing Industry	3,651,106	3.00
7	Company G–Trust, Funds and Similar Financial Entity	3,374,556	2.77
8	Group H–Footwear Manufacturing	3,096,718	2.54
9	Company I—Real Estate Development	2,792,000	2.29
10	Company J–Real Estate Development	2,352,000	1.93

December 31, 2018			
Ranking (Note 1)	Name of Enterprise Group (Note 2)	Total outstanding loan amount (Note 3)	Total outstanding loan amount / Total equity
1	Company A–Real Estate Development	$ 4,744,660	4.10
2	Company B–Real Estate Leasing	3,500,000	3.03
3	Group C–Seasoning Manufacturing Industry	3,482,500	3.01
4	Group D–Real Estate Development	3,423,370	2.96
5	Group E–Real Estate Development	3,325,750	2.88
6	Group F–Ocean Transportation	2,486,599	2.15
7	Company G–Real Estate Development	2,400,000	2.08
8	Company H–Activities of Head Offices	2,304,975	1.99
9	Company I–Non-official financing business	2,286,292	1.98
10	Company J–Other Non-classified Financial Service	2,151,310	1.86

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

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

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

(D) Structure analysis of time to maturity

a. Structure analysis of time to maturity (NTD)

December 31, 2019

(Expressed in Thousands of New Taiwan Dollars)

	Total	0 ~ 10 days	11 ~ 30 days	31 ~ 90 days	91 ~ 180 days	181 days ~ 1 year	Over 1 year
Primary funds inflow upon maturity	1,177,368,232	212,461,663	96,801,947	111,373,738	68,851,661	98,122,374	589,756,849
Primary funds outflow upon maturity	1,386,693,818	39,506,197	79,894,457	175,283,414	180,788,224	261,628,984	649,592,542
Gap	(209,325,586)	172,955,466	16,907,490	(63,909,676)	(111,936,563)	(163,506,610)	(59,835,693)

December 31, 2018

(Expressed in Thousands of New Taiwan Dollars)

	Total	0 ~ 10 days	11 ~ 30 days	31 ~ 90 days	91 ~ 180 days	181 days ~ 1 year	Over 1 year
Primary funds inflow upon maturity	1,128,952,271	215,626,744	103,410,040	100,722,266	67,907,473	108,165,393	533,120,355
Primary funds outflow upon maturity	1,329,554,314	54,274,575	106,875,212	187,721,546	202,462,798	317,793,649	460,426,534
Gap	(200,602,043)	161,352,169	(3,465,172)	(86,999,280)	(134,555,325)	(209,628,256)	72,693,821

b. Structure analysis of time to maturity (USD)

December 31, 2019

(Expressed in Thousands of US Dollars)

	Total	0 ~ 30 days	31 ~ 90 days	91 ~ 180 days	181 days ~ 1 year	Over 1 year
Primary funds inflow upon maturity	5,014,755	1,366,111	553,595	260,225	118,589	2,716,235
Primary funds outflow upon maturity	6,808,048	1,883,170	1,610,167	1,039,183	1,093,044	1,182,484
Gap	(1,793,293)	(517,059)	(1,056,572)	(778,958)	(974,455)	1,533,751

December 31, 2018

(Expressed in Thousands of US Dollars)

	Total	0 ~ 30 days	31 ~ 90 days	91 ~ 180 days	181 days ~ 1 year	Over 1 year
Primary funds inflow upon maturity	5,696,682	1,383,082	748,016	300,357	323,706	2,941,521
Primary funds outflow upon maturity	7,342,172	2,535,855	1,582,409	1,366,896	761,766	1,095,246
Gap	(1,645,490)	(1,152,773)	(834,393)	(1,066,539)	(438,060)	1,846,275

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

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

December 31, 2019

(Expressed in Thousands of New Taiwan Dollars, %)

Item	1 ~ 90 days	91 ~ 180 days	181 days ~ 1 year	Over 1 year	Total
Interest-rate-sensitive assets	757,680,494	42,519,810	20,976,127	225,721,404	1,046,897,835
Interest-rate-sensitive liabilities	297,608,065	546,615,749	115,852,297	39,182,811	999,258,922
Interest-rate-sensitive gap	460,072,429	(504,095,939)	(94,876,170)	186,538,593	47,638,913
Total equity					119,042,275
Ratio of interest-rate-sensitive assets to liabilities					104.77
Ratio of interest-rate-sensitive gap to equity					40.02

December 31, 2018

(Expressed in Thousands of New Taiwan Dollars, %)

Item	1 ~ 90 days	91 ~ 180 days	181 days ~ 1 year	Over 1 year	Total
Interest-rate-sensitive assets	706,802,883	36,334,956	15,750,226	218,549,255	977,437,320
Interest-rate-sensitive liabilities	310,786,281	478,499,885	104,944,634	39,259,391	933,490,191
Interest-rate-sensitive gap	396,016,602	(442,164,929)	(89,194,408)	179,289,864	43,947,129
Total equity					112,918,052
Ratio of interest-rate-sensitive assets to liabilities					104.71
Ratio of interest-rate-sensitive gap to equity					38.92

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

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

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

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

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

December 31, 2019

(Expressed in Thousands of US Dollars, %)

Item	1 ~ 90 days	91 ~ 180 days	181 days ~ 1 year	Over 1 year	Total
Interest-rate-sensitive assets	3,532,599	348,437	24,750	773,975	4,679,761
Interest-rate-sensitive liabilities	2,893,156	408,096	671,612	793,575	4,766,439
Interest-rate-sensitive gap	639,443	(59,659)	(646,862)	(19,600)	(86,678)
Total equity					86,290
Ratio of interest-rate-sensitive assets to liabilities					98.18
Ratio of interest-rate-sensitive gap to equity					(100.45)

December 31, 2018

(Expressed in Thousands of US Dollars, %)

Item	1 ~ 90 days	91 ~ 180 days	181 days ~ 1 year	Over 1 year	Total
Interest-rate-sensitive assets	3,750,657	319,099	67,761	1,016,588	5,154,105
Interest-rate-sensitive liabilities	3,343,297	759,624	429,176	639,412	5,171,509
Interest-rate-sensitive gap	407,360	(440,525)	(361,415)	377,176	(17,404)
Total equity					84,277
Ratio of interest-rate-sensitive assets to liabilities					99.66
Ratio of interest-rate-sensitive gap to equity					(20.65)

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

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

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

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

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

None.

13. Other disclosure items

(1) Related information on material transaction items

A. Information regarding stock of long-term equity investment for which the purchase or sale amount for the period exceeded $300 million or 10% of the Company's paid-in capital: None.

B. Information on the acquisition and disposal of real estate for which the purchase amount exceeded $300 million or 10% of the Company's paid-in capital: None.

C. Information regarding discounted processing fees on transactions with related parties for which the amount exceeded $5 million: None.

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

Creditor	Counterparty	Relationship	Accounts receivable from related party as of December 31, 2019	Turnover rate	Amount overdue		Accounts receivable from related party	Amount of allowance
					Amount	Action taken		
Yuanta Financial Holdings	Yuanta Securities	Subsidiary of Yuanta Financial Holdings	$ 1,044,897 (Note)	-	$ -	-	$ -	$ -
Yuanta Financial Holdings	Yuanta Bank	Subsidiary of Yuanta Financial Holdings	1,260,894 (Note)	-	-	-	-	-

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

E. Information regarding selling non-performing loans: None.

F. Information on and categories of securitized assets which are approved by the authority pursuant to Financial Asset Securitization Act or the Real Estate Securitization Act: None.

G. Other material transaction items which were significant to the users of the financial statements: None.

(2) Supplementary disclosure regarding investee companies:

(Expressed In Thousand of New Taiwan Dollars)

							Share ownerships of the Company and related parties			
									Total	
Investor	Investee	Address	Main Service	Percentage of ownership at the period end (%)	Book value	Investment income (loss)	Shares (In thousands)	Pro-forma share of ownership	Shares (In thousands)	Percentage of ownership (%)
Yuanta Financial Holdings Co., Ltd.	Yuanta Securities Co., Ltd.	R.O.C	Securities brokerage, dealing, underwriting, financing and refinancing, futures business and raising and issuing derivative instruments	100	$ 100,926,860	$ 8,964,734	5,782,032	-	5,782,032	100
〃	Yuanta Commercial Bank Co., Ltd	〃	Banking	100	121,930,139	10,046,351	7,394,039	-	7,394,039	100
〃	Yuanta Futures Co., Ltd.	〃	Futures, futures managers, futures consultant, securities, securities trading assistance	68.65	6,641,395	778,390	159,467	-	159,467	68.65
〃	Yuanta Life Co., Ltd.	〃	Life insurance business	100	10,195,069	984,667	973,570	-	973,570	100
〃	Yuanta Asset Management Co., Ltd.	〃	Management of monetary debts of financial institutions	100	3,544,129	124,033	300,000	-	300,000	100
〃	Yuanta Venture Capital Co., Ltd.	〃	Venture capital business	100	2,656,104	148,188	246,000	-	246,000	100
〃	Yuanta Securities Investment Consulting Co., Ltd.	〃	Investment consulting on securities	100	138,457	3,175	10,000	-	10,000	100
〃	Yuanta Securities Investment Trust Co., Ltd.	〃	Investment trust	74.36	5,456,602	869,848	168,743	-	168,743	74.36
Yuanta Commercial Bank Co., Ltd.	Yuanta International Leasing Co., Ltd.	〃	Lease businesses of personal property and real assets	100	108,402	-	10,000	-	10,000	100
〃	Yuanta Savings Bank (Philippines)	Philippines	Deposit services	100	608,624	-	1,200,000	-	1,200,000	100
〃	Yuanta Savings Bank (Korea)	Korea	Deposit services	100	4,030,603	-	13,516	-	13,516	100

(Expressed In Thousand of New Taiwan Dollars)

							Share ownerships of the Company and related parties			
									Total	
Investor	Investee	Address	Main Service	Percentage of ownership at the period end (%)	Book value	Investment income (loss)	Shares (In thousands)	Pro-forma share of ownership	Shares (In thousands)	Percentage of ownership (%)
Yuanta Securities Co., Ltd.	Yuanta Securities Asia Financial Services Limited	Bermuda	Investment holding	100	$ 33,307,407	$ -	290,909	-	290,909	100
〃	Yuanta International Insurance Brokers Co., Ltd.	R.O.C	Insurance agent	100	261,575	-	500	-	500	100
〃	Yuanta Securities Finance Co., Ltd.	R.O.C	Margin loans and short sales of securities	100	10,032,621	-	400,000	-	400,000	100
Yuanta Securities Asia Financial Services Limited	Yuanta Securities (B.V.I) Holding Co., Ltd.	British Virgin Islands	Investment holding	100	9,879	-	10	-	10	100
〃	Yuanta Securities (Hong Kong) Limited	Hong Kong	Securities trading, futures trading, providing opinions on securities, providing opinions on futures contract, providing opinions on institutions' financing and providing assets management services	100	8,042,147	-	2,268,133	-	2,268,133	100
〃	Yuanta Asia Investment (Hong Kong) Ltd.	Hong Kong	Securities trading, futures trading and providing assets management services	100	1,076,864	-	293,892	-	293,892	100
〃	Yuanta Securities (Korea) Co., Ltd.	Korea	Securities trading, providing opinions on securities, providing opinions on futures contract, underwriting services, asset management services, financial advisory services, and futures trading	55.36	17,700,624	-	110,493	-	110,493	55.36

(Expressed In Thousand of New Taiwan Dollars)

							Share ownerships of the Company and related parties			
									Total	
Investor	Investee	Address	Main Service	Percentage of ownership at the period end (%)	Book value	Investment income (loss)	Shares (In thousands)	Pro-forma share of ownership	Shares (In thousands)	Percentage of ownership (%)
Yuanta Securities Asia Financial Services Limited	Yuanta Hong Kong Holdings(Cayman) Co.,Ltd	Cayman Islands	Investment holding	100	$ 340,200	$ -	10,074	-	10,074	100
〃	Yuanta Securities (UK) Co.,Ltd	U.K.	License in application	100	61,221	-	2,000	-	2,000	100
〃	Yuanta Securities (Thailand) Co.,Ltd	Thailand	Security brokerage, proprietary trading, underwriting, and investment consulting; mutual fund management; private fund management; security borrowing; venture capital fund management; derivative product brokerage, proprietary trading, investment consulting; and derivate product fund management	99.99	4,919,871	-	450,000	-	450,000	99.99
〃	Yuanta Securities (Vietnam) Co.,Ltd	Vietnam	Brokerage, dealing, underwriting	85.24	1,467,511	-	85,242	-	85,242	85.24
Yuanta Asia Investment (Hong Kong) Ltd.	Yuanta Asia Investment Ltd.	British Virgin Islands	Direct investments, venture capital funds,venture capital fund raising and management,investment consulting	100	1,033,567	-	35,000	-	35,000	100
Yuanta Securities Korea Co., Ltd	Yuanta Investment Co., Ltd.	Korea	Venture investment	100	1,464,742	-	6,401	-	6,401	100
〃	Yuanta Financial (Hong Kong) Limited	Hong Kong	Investment holding	100	509,520	-	18,954	-	18,954	100
〃	Woori Asset Management Corp.	Korea	Asset management	27.00	742,961	-	1,080	-	1,080	27.00

(Expressed In Thousand of New Taiwan Dollars)

							Share ownerships of the Company and related parties			
									Total	
Investor	Investee	Address	Main Service	Percentage of ownership at the period end (%)	Book value	Investment income (loss)	Shares (In thousands)	Pro-forma share of ownership	Shares (In thousands)	Percentage of ownership (%)
Yuanta Financial (Hong Kong) Limited	Yuanta Securities (Cambodia) Plc	Cambodia	Underwriting guidelines and financial advisory services	100	$ 377,578	$ -	12,500	-	12,500	100
Yuanta Secutiries (Hong Kong) Limited	Yuanta International Investment (Hong Kong) Ltd.	Hong Kong	Solicitation of financial products	100	239,541	-	50,000	-	50,000	100
〃	Yuanta Finanace (Hong Kong) Ltd.	〃	Credit loans	100	213,722	-	50,000	-	50,000	100
〃	Yuanta Investment Management (Cayman) Ltd.	Cayman Islands	Investment management	100	311,389	-	12,500	-	12,500	100
〃	Yuanta Securities (Vietnam) Co.,Ltd	Vietnam	Brokerage, dealing, underwriting	14.76	254,381	-	14,758	-	14,758	14.76
〃	PT Yuanta Sekuritas Indonesia	Indonesia	Securities trading and underwriting services	99.00	728,419	-	474	-	474	99.00
〃	PT Yuanta Asset Management	〃	Investment management	0.002	-	-	-	-	-	0.002
PT Yuanta Sekuritas Indonesia	PT Yuanta Asset Management	〃	Investment management	99.998	111,255	-	51	-	51	99.998
Yuanta Venture Capital Co., Ltd.	Yuanta I Venture Capital Co.,Ltd.	R.O.C	Venture capital business	100	851,388	-	85,000	-	85,000	100
Yuanta Futures Co., Ltd.	Yuanta Futures (Hong Kong) Limited	Hong Kong	Financial services	100	988,723	-	34,000	-	34,000	100
〃	SYF Information Limited	R.O.C	Information software and data processing services	100	286,541	-	35,000	-	35,000	100
SYF Information Limited	SYF Information (Samoa)	Samoa	Investment holding	100	145,028	-	5,800	-	5,800	100

(3) Significant transactions regarding investee companies

A. Information regarding stocks of equity investment for which the purchase or sale amount for the period exceeded $300 million or 10% of the Company's paid-in capital: None.

B. Information on the acquisition of real estate for which the purchase amount exceeded $300 million or 10% of the Company's paid-in capital: None.

C. Information on the disposal of real estate for which the purchase amount exceeded $300 million or 10% of the Company's paid-in capital: None.

D. Information regarding discounted processing fees on transactions with related parties for which the amount exceeded $5 million: None.

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

Creditor	Counterparty	Relationship	Accounts receivable from related party as of December 31, 2019	Turnover rate	Amount overdue		Accounts receivable from related party	Amount of allowance
					Amount	Action taken		
Yuanta Bank	Yuanta Financial Holdings	Parent Company	$ 2,282,925	-	$ -	-	$ -	$ -
Yuanta Life	Yuanta Financial Holdings	Parent Company	2,599,526	-	-	-	-	-
Yuanta Securities	Yuanta Financial Holdings	Parent Company	781,612	-	-	-	-	-

F. Information regarding selling non-performing loans:

Transaction Company	Transaction date	Counterparty	Contents of right of claim	Carrying value	Sale price	Gain or loss from disposal	Attached conditions	Relationship with the Bank	Note
Yuanta Savings Bank (Korea)	2019/1/30	LE Co., Ltd	Loans and Temporary Payments for Others	$ 42,949	$ 44,984	$ 2,035	None	None	Note 1
Yuanta Savings Bank (Korea)	2019/5/30	JINSUNG Co., Ltd	Loans and Temporary Payments for Others	$ 26,987	$ 28,512	$ 1,525	None	None	Note 2
Yuanta Savings Bank (Korea)	2019/9/16	JUNGWON PARTNERS Co., Ltd	Loans and Temporary Payments for Others	$ 36,259	$ 36,751	$ 492	None	None	Note3
Yuanta International Leasing	2019/10/31	YU HSIN Development & Construction Co., Ltd.	Account Receivable	$ 250,272	$258,000	$ 7,728	None	None	-

Note1: The carrying amount and the sale price of the loan was KRW 1,618,222 thousand and KRW 1,694,907 thousand, using the exchange rate of 1 KRW to 0.026541 NTD.
Note2: The carrying amount and the sale price of the loan was KRW 1,016,810 thousand and KRW 1,074,243 thousand, using the exchange rate of 1 KRW to 0.026541 NTD.
Note3: The carrying amount and the sale price of the loan was KRW 1,366,154 thousand and KRW 1,384,700 thousand, using the exchange rate of 1 KRW to 0.026541 NTD.

G. Information on and categories of securitized assets which are approved by the authority pursuant to Financial Asset Securitization Act or the Real Estate Securitization Act: None.

H. Other material transaction items which were significant to the users of the financial statements: None.

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	$ 602,120	$ 301,060	$ 301,060	3.50%	Short-term loans	$ -	Operation financing	$ -	-	$ -	$ 33,327,396 (Note1)	$ 33,327,396 (Note1)
2	Yuanta Securities Asia Finance Service	Yuanta Investment Management (Cayman)	Accounts receivable–related party	Yes	903,180	-	-	0.00%	Short-term loans	-	Operation financing	-	-	-	33,327,396 (Note1)	33,327,396 (Note1)
3	Yuanta Securities Asia Finance Service	Yuanta Securities (Thailand)	Accounts receivable–related party	Yes	3,161,130	3,161,130	-	0.00%	Short-term loans	-	Operation financing	-	-	-	33,327,396 (Note1)	33,327,396 (Note1)
4	Yuanta Securities Asia Finance Service	Yuanta Asia Investment	Accounts receivable–related party	Yes	752,650	-	-	0.00%	Short-term loans	-	Operation financing	-	-	-	33,327,396 (Note1)	33,327,396 (Note1)
5	Yuanta Securities Asia Finance Service	Yuanta Securities (Vietnam)	Accounts receivable–related party	Yes	1,204,240	903,180	541,908	3.14%～3.25%	Short-term loans	-	Operation financing	-	-	-	33,327,396 (Note1)	33,327,396 (Note1)
6	Yuanta HK Holdings (Cayman)	Yuanta Securities Asia Finance Service	Accounts receivable–related party	Yes	406,431	-	-	0.00%	Short-term loans	-	Operation financing	-	-	-	340,200 (Note2)	340,200 (Note2)
7	PT Yuanta Sekuritas Indonesia	PT Yuanta Asset Management	Accounts receivable–related party	Yes	13,038	13,038	6,845	10.00%	Short-term loans	-	Operation financing	-	-	-	735,778 (Note3)	735,778 (Note3)

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

Note 2: The ceiling on total loans granted and limit to loans granted to a single party by Yuanta Hong Kong Holdings (Cayman) should not exceed the net worth of its latest audited/reviewed financial statements.

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

J. Endorsements and guarantees provided for others:

Number	Endorsing and guarantee company	Endorsed and guaranteed company		Limit for endorsement and guarantee for single enterprise	Maximum outstanding endorsements and guarantee amount during for the year ended December 31, 2019	Ending balance of endorsement and guarantee	Actual used amount	Property-backed endorsement and guarantee	The ratio of accumulated endorsement and guarantee amount and the net value of the latest financial statement	Maximum limit	Provision of endorsements and guarantees by parent company to subsidiary	Provision of endorsements and guarantees by subsidiary to parent company	Provision of endorsements and guarantees to the party in Mainland China	Note
		Name of company	Relationship											
1	Yuanta Securities	PT Yuanta Sekuritas Indonesia	More than 50% common stock-directly-owned subsidiary	$ 20,104,416 (Note 1)	$ 235,751	$ 105,371	$ -	$ -	0.10%	$ 40,208,833 (Note 1)	Yes	No	No	
2	Yuanta Securities	Yuanta Securities (Thailand)	More than 50% common stock-directly-owned subsidiary	20,104,416 (Note 1)	3,024,795	1,006,595	100,910	-	1.00%	40,208,833 (Note 1)	Yes	No	No	
3	Yuanta Securities Asia Financial Service	Yuanta Securities (Hong Kong)	More than 50% common stock-directly-owned subsidiary	33,327,396 (Note 2)	1,505,300	-	-	-	0.00%	33,327,396 (Note 2)	Yes	No	No	
4	Yuanta Securities Asia Financial Service	Yuanta Securities (Thailand)	More than 50% common stock-directly-owned subsidiary	33,327,396 (Note 2)	2,952,488	2,500,898	-	-	7.50%	33,327,396 (Note 2)	Yes	No	No	
5	Yuanta Securities Asia Financial Service	PT Yuanta Sekuritas Indonesia	More than 50% common stock-directly-owned subsidiary	33,327,396 (Note 2)	297,662	86,920	-	-	0.26%	33,327,396 (Note 2)	Yes	No	No	
6	Yuanta Securities Asia Financial Service	Yuanta Securities (Vietnam)	More than 50% common stock-directly-owned subsidiary	33,327,396 (Note 2)	761,682	611,152	90,318	-	1.83%	33,327,396 (Note 2)	Yes	No	No	

Note 1: In accordance with the Company's "Procedures for Provision of Endorsements and Guarantees", the ceiling on total loans granted and limit to loans granted to a single party by Yuanta Securities should not exceed 40% and 20% of net worth of the company's latest audited/reviewed financial statements, respectively.

Note 2: According to the Company's "Procedures for Provision of Endorsements and Guarantees", total endorsements and guarantees provided to others cannot exceed the net assets value in Yuanta Securities Asia Financial Services Ltd.'s latest financial statements audited or reviewed by an independent accountant.

K. Engagement in derivatives trading: Disclosure may be exempt for subsidiaries in the financial industry and insurance industry. Not applicable for all the other subsidiaries and indirect subsidiaries.

L. Securities held at the end of period:

(Expressed in Thousands of New Taiwan Dollars)

Name of company which holds securities	Category and name of securities (or name of issuer of securities)	Relationship between issuer of securities and the company	Account	December 31, 2019 Number of shares (In thousands)	Book value	Percentage of ownership (%)	Market value	Note
Yuanta Securities Investment Trust	Beneficiary certificates:							
	Yuanta US 20+ Year AAA-A Corporate Bond ETF	The managing company of the fund	Financial assets at fair value through profit or loss	9	$ 406	-	$ 406	
	Yuanta MSCI China A ETF	"	"	9	184	-	184	
	Yuanta/P-shares MSCI Taiwan ETF	"	"	12	566	-	566	
	Yuanta/P-shares MSCI Taiwan Financials ETF	"	"	24	452	-	452	
	Yuanta S&P500	"	"	16	474	-	474	
	Yuanta S&P GSCI Gold ER Futures ETF	"	"	8	172	-	172	
	Yuanta/P-shares SSE50 ETF	"	"	21	710	-	710	
	Yuanta/P-shares Taiwan Mid-Cap 100 ETF	"	"	7	246	-	246	
	Yuanta/P-shares S&P Custom China Play 50	"	"	19	475	-	475	
	Yuanta/P-shares Taiwan Top 50 ETF	"	"	26	2,538	-	2,538	
	Yuanta Taiwan High Dividend Low Volatility ETF	"	"	7	230	-	230	
	Yuanta U.S. 20+ Year BBB Corporate Bond ETF	"	"	9	422	-	422	
	Yuanta U.S. Treasury 7-10 Year Bond ETF	"	"	11	445	-	445	
	Yuanta U.S. Treasury 20+ Year Bond ETF	"	"	1	30	-	30	
	Yuanta U.S. Treasury 1-3 Year Bond ETF	"	"	-	6	-	6	
	Yuanta/P-shares Taiwan Dividend Plus ETF	"	"	996	28,860	-	28,860	
	Yuanta/P-shares Taiwan GreTai 50 ETF	"	"	18	257	-	257	
	Yuanta/P-shares Taiwan Electronics Tech ETF	"	"	24	1,004	-	1,004	
	Yuanta EURO STOXX 50 ETF	"	"	15	393	-	393	
	Yuanta S&P GSCI Crude Oil ER Futures ETF	"	"	1	18	-	18	
	Yuanta US 10+ Investment Grade Utility Electric Power Bond ETF	"	"	205	8,794	-	8,794	
	Yuanta US 10+ Investment Grade Bank Bond ETF	"	"	505	22,215	-	22,215	
	Yuanta US 10+ Investment Grade Healthcare Bond ETF	"	"	512	22,464	-	22,464	
	W.I.S.E. Yuanta/P-shares CSI 300 ETF	"	"	30	552	-	552	
	Yuanta De- Bao Money Market Fund	"	"	8,294	100,058	-	100,058	

Name of company which holds securities	Category and name of securities (or name of issuer of securities)	Relationship between issuer of securities and the company	Account	December 31, 2019				Note
				Number of shares (In thousands)	Book value	Percentage of ownership (%)	Market value	
Yuanta Securities Investment Trust	Beneficiary certificates:							
	Yuanta De-Li Money Market Fund	The managing company of the fund	Financial assets at fair value through profit or loss	6,115	$ 100,105	-	$ 100,105	
	Yuanta Wan Tai Money Market Fund	"	"	6,579	100,023	-	100,023	
	Yuanta China Treasury + Policy Bank 3-5 Year Bond ETF	"	"	1	26	-	26	
	Yuanta Nikkei 225 ETF	"	"	1	17	-	17	
	Yuanta S&P US Dollar ER Futures ETF	"	"	1	13	-	13	
	Yuanta DJCI Silver ER Futures ETF	"	"	1	17	-	17	
	Yuanta FTSE4Good TIP Taiwan ESG ETF	"	"	1	27	-	27	
	Yuanta Global NextGen Communications ETF	"	"	8	164	-	164	
					$ 392,363		$ 392,363	
	Stocks:							
	Taiwan Futures Exchange	-	Financial assets at fair value through other comprehensive income	1,239	$ 106,297	-	$ 106,297	
	FundRich Securities Co. Ltd.	-	"	819	7,678	-	7,678	
					$ 113,975		$ 113,975	
	CR Yuanta Fund Management Company Limited	-	Long-term equity accounted for under the equity method	147,000	$ 329,553	-	$ 329,553	
Yuanta Asset Management	Stocks:							
	Taiwan Finance Corporation	-	Financial assets at fair value through other comprehensive income	828	$ 7,299	0.16	$ 7,299	
	Sunsino Venture Co., Ltd.	-	"	443	3,837	0.93	3,837	
	DaYeh Development Co., Ltd.	-	"	333	1,674	2.22	1,674	
	Chung Yi Development Co., Ltd.	-	"	2,278	91	6.63	91	
	Global Investment Holdings Co., LTD.	-	"	1,980	13,741	1.23	13,741	
	China Trade And Development Corporation	-	"	500	9,175	0.76	9,175	
					$ 35,817		$ 35,817	

Name of company which holds securities	Category and name of securities (or name of issuer of securities)	Relationship between issuer of securities and the company	Account	December 31, 2019				
				Number of shares (In thousands)	Book value	Percentage of ownership (%)	Market value	Note
Yuanta Venture Capital	Stocks:							
	Gorilla Technology Group Inc.	-	Financial assets at fair value through profit or loss	95	$ 17,205	0.84	$ 17,205	Preferred stock B
	Tot Biopharm International Company Limited	-	"	14,127	240,295	2.48	240,295	
	CGK International Co., Ltd	-	"	877	11,654	2.39	11,654	
	Veden Dental Group	-	"	246	9,817	0.84	9,817	
	Throughtek Co.,Ltd	-	"	550	5,962	2.11	5,962	
	PlexBio Co., Ltd.	-	"	1,367	26,028	1.33	26,028	
	Taiwan J Pharmaceuticals Co., Ltd.	-	"	1,897	22,084	2.74	22,084	
	Phecda Technology Co. Ltd.	-	"	252	2,291	0.89	2,291	
	Long Diann Marine Bio Technology Co., Ltd.	-	"	4,300	13,072	11.78	13,072	
	MagV Co.,Ltd	-	"	2,145	4,891	12.69	4,891	
	Saultech Technology Co., Ltd.	-	"	899	57,471	4.51	57,471	
	Oriental System Technology Inc.	-	"	1,000	14,500	3.70	14,500	
	BRIM Biotechnology ,Inc.	-	"	3,500	34,055	5.95	34,055	
	Aprevent Medical, Inc.	-	"	394	3,091	2.32	3,091	
	Aprevent Medical, Inc.	-	"	1,808	40,944	10.67	40,944	Preferred stock B
	GenePharm Biotech Corp.	-	"	2,667	25,920	10.42	25,920	
	Great Dream Pictures, Inc.	-	"	2,000	4,740	19.96	4,740	
	Li Ling Film Co., Ltd.	-	"	1,666	20,192	2.78	20,192	
	Jing-Jan Retail Business Co., Ltd.	-	"	1,408	68,724	2.35	68,724	
	Jiin Yeeh Ding Enterprise Co., Ltd.	-	"	1,014	19,714	1.05	19,714	
	United Renewable Energy Co., Ltd.	-	"	908	5,336	0.04	5,336	private equity
	Enterex International Limited	-	"	1,953	33,494	1.76	33,494	
	Taiwan Chelic Corp. Ltd.	-	"	500	25,000	0.75	25,000	
	Jump Media International Co., Ltd.	-	"	906	6,632	3.20	6,632	
	Apollomics, Inc.	-	"	1,634	17,763	0.18	17,763	
	M3 Technology Inc.	-	"	2,687	54,143	7.32	54,143	
	Ever Supreme Bio Technology Co., Ltd.	-	"	1,755	282,959	3.13	282,959	

Name of company which holds securities	Category and name of securities (or name of issuer of securities)	Relationship between issuer of securities and the company	Account	December 31, 2019				
				Number of shares (In thousands)	Book value	Percentage of ownership (%)	Market value	Note
Yuanta Venture Capital	Stocks:							
	Asia Pacific Venture Invest II L.P.	-	Financial assets at fair value through profit or loss	-	$ 737	10.00	$ 737	
	G. Marso Electronics, Inc.	-	"	300	-	1.38	-	
	Aide Engery Holdings Co., Ltd.	-	"	336	-	0.13	-	
	GCT Semiconductor Inc.	-	"	1,402	-	1.60	-	Preferred stock G
	Genlac Biotech International Corporation	-	"	3,400	144,806	4.00	144,806	
	ALLIED SUPREME CORP.	-	"	800	86,264	1.16	86,264	
	Powerchip Semiconductor Manufacturing Corp.	-	"	4,750	47,928	0.15	47,928	
					$ 1,347,712		$ 1,347,712	
	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	$ 851,388	100.00	$ 851,388	
	Stocks:							
	Da Hwa Venture Capital Co., Ltd.	-	Financial assets at fair value through other comprehensive income	800	$ 6,920	0.50	$ 6,920	
	Li Ding Venture Capital Co., Ltd.	-	"	1,391	6,915	17.39	6,915	
	Prudence Capital Management	-	"	4,162	33,793	9.00	33,793	
	Ho Ding Venture Capital Co., Ltd.	-	"	590	1,009	10.00	1,009	
	Sheng Hwa Venture Capital Co., Ltd.	-	"	1,064	8,072	4.80	8,072	
	Lian Ding Venture Capital Co., Ltd.	-	"	1,050	8,620	15.00	8,620	
	HwaWei Shi Ji Venture Capital Co., Ltd	-	"	225	4,194	10.00	4,194	
	Lian Xun San Venture Capital Co., Ltd.	-	"	10	424	10.00	424	
	Hwa Lu Venture Capital Co., Ltd.	-	"	261	21,180	8.70	21,180	
	Hwa Sheng Venture Capital Co., Ltd.	-	"	263	4,732	3.33	4,732	
	Sheng Yuan Venture Capital Co., Ltd.	-	"	1,680	17,035	9.88	17,035	
	Guan Hwa Venture Capital Co., Ltd.	-	"	276	1,907	5.56	1,907	
	Qi Ding Venture Capital Co., Ltd.	-	"	1,435	11,923	4.35	11,923	
	Zhong Jing He Global Venture Capital Co., Ltd.	-	"	317	3,056	5.56	3,056	

Name of company which holds securities	Category and name of securities (or name of issuer of securities)	Relationship between issuer of securities and the company	Account	December 31, 2019				
				Number of shares (In thousands)	Book value	Percentage of ownership (%)	Market value	Note
Yuanta Venture Capital	Stocks:							
	Der Yang Biotechnology Venture Capital Co., Ltd.	-	Financial assets at fair value through other comprehensive income	455	$ 4,938	10.00	$ 4,938	
	Huiyang Venture Capital Co., Ltd.	-	"	67	6,031	2.46	6,031	
					$ 140,749		$ 140,749	
	Convertible corporate bond:							
	Alliance Developments Limited (Alliance CB1)	-	Financial assets at fair value through profit or loss - convertible corporate bonds		$ 101,642	-	$ 101,642	
	GTS Chemical Holdings Co., Ltd. (GTS Group CB1)	-	"		-	-	-	
					$ 101,642		$ 101,642	

(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, 2019	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the year ended December 31, 2019		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2019	Net income of investee as of December 31, 2019	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2019 (Note 4)	Book value of investments in Mainland China as of December 31, 2019	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2019
					Remitted to Mainland China	Remitted back to Taiwan						
Tot Biopharm International Company Limited	Pharmaceutical company specializes in cancer treatment	$ 4,945,854 (USD 159,000)	(2) HONG KONG TOT BIO PHARM INTERNATIONAL COMPANY LIMITED	$ 177,227	$ -	$ -	$ 177,227	Note 5	2.99%	$ -	$ 177,227	$ -
Jhong Shan Dong Yi Technology Co., Ltd.	Protection glass grinding and sales	248,848 (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	320,878 (HKD 83,000)	(2) CAYMAN ISLANDS VEDEN DENTAL GROUP	22,762	-	-	22,762	Note 5	0.84%	-	22,762	-

Yuanta I Venture Capital

(Expressed in thousands of dollars)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2019	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the year ended December 31, 2019		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2019	Net income of investee as of December 31, 2019	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2019 (Note 4)	Book value of investments in Mainland China as of December 31, 2019	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2019
					Remitted to Mainland China	Remitted back to Taiwan						
Jie Qun Electronic Technology (Dong Guan) Ltd.	Transistors	$ 2,721,263 (USD 87,484)	(2) VIRGIN ISLANDS GREAT TEAM BACKEND FOUNDRY, INC.	$ 66,764	$ -	$ -	$ 66,764	Note 5	3.15%	$ -	$ 66,764	$ -
Ether Precision Inc. (Su Zhou)	Manufacturing and selling of a variety of discs	861,636 (USD 27,700)	(2) CAYMAN ISLANDS ETHER PRECISION INC.	32,220	-	-	32,220	Note 5	1.61%	-	32,220	-

Yuanta Securities

(Expressed in thousands of dollars)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2019	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the year ended December 31, 2019		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2019	Net income of investee as of December 31, 2019	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2019 (Note 2)	Book value of investments in Mainland China as of December 31, 2019	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2019
					Remitted to Mainland China	Remitted back to Taiwan						
GC Investment Consultant (Shanghai)	Investment consultation	$ 17,887 (RMB 4,138)	(3)	$ -	$ -	$ -	$ -	$ 186	100.00%	In liquidation	$ 21,914	$ -

Yuanta Securities

(Expressed in thousands of dollars)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2019	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the year ended December 31, 2019		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2019	Net income of investee as of December 31, 2019	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2019 (Note 2)	Book value of investments in Mainland China as of December 31, 2019	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2019
					Remitted to Mainland China	Remitted back to Taiwan						
Yuanta Securities Investment Consultant (Beijing)	Investment management consulting service,financial consulting service, business administration consulting service, business information consulting service, economic and trade consulting service, marketing and planning, technical promotion and services	$ 79,666 (RMB 18,428)	(2) Yuanta Securities Asia Financial Service	$ -	$ -	$ -	$ -	($ 8,375)	100.00%	($ 8,375) (2)b	$ 22,441	$ -

Yuanta Securities Investment Trust (Expressed in thousands of dollars)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2019	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the year ended December 31, 2019		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2019	Net income of investee as of December 31, 2019	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2019 (Note 2)	Book value of investments in Mainland China as of December 31, 2019	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2019
					Remitted to Mainland China	Remitted back to Taiwan						
CR Yuanta Fund Management Company Limited	Fund raising and sale	$ 2,593,800 (RMB 600,000)	(1)	$ 705,666	$ -	$ -	$ 705,666	($ 186,879)	24.50%	($ 80,819) (2)c	$ 329,553	$ -

Yuanta Futures (Expressed in thousands of dollars)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2019	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the year ended December 31, 2019		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2019	Net income of investee as of December 31, 2019	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2019 (Note 2)	Book value of investments in Mainland China as of December 31, 2019	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2019
					Remitted to Mainland China	Remitted back to Taiwan						
SYF Information (Shanghai)	Computer software services	$ 157,209 (RMB 33,080)	(2) SYF Information (Samoa)	$ 157,209	$ -	$ -	$ 157,209	($ 1,868)	100.00%	($ 1,868) (2)c	$ 119,381	$ -

B. Limitation on investment in Mainland China (Expressed in thousands of dollars)

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2019	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA (Note)
Yuanta Venture Capital and its subsidiaries	$ 307,231	$ 349,260	$ 1,593,662
GC Investment Consultant (Shanghai)	-	Note 6	Note 6
Yuanta Investment Consulting (Beijing)	-	91,973	60,313,249
Yuanta Securities Investment Trust	705,666	705,666	2,893,846
Yuanta Futures	157,209	174,000	5,313,682

Note: The abovementioned limitations on investments in Mainland China were based on 60% of Yuanta Venture Capital's net worth of $2,656,104.

The abovementioned limitations on investments in Mainland China were based on 60% of Yuanta Securities's net worth of $100,522,081.

The abovementioned limitations on investments in Mainland China were based on 60% of Yuanta Securities Investment Trust's net worth of $4,823,077.

The abovementioned limitations on investments in Mainland China were based on 60% of Yuanta Futures's net worth of $8,856,137.

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 year ended December 31, 2019' column:

(1) It should be indicated if the investee was still in the incorporation arrangements and had not yet any profit during this period.

(2) Indicate the basis for investment income (loss) recognition in the number of one of the following three categories:

a. The financial statements that are audited and attested by international accounting firm which has cooperative relationship with accounting firm in R.O.C.

b. The financial statements that are audited and attested by R.O.C. parent company's CPA.

c. Others.

Note 3: The numbers in this table are expressed in New Taiwan Dollars.

Note 4: Financial assets at fair value through other comprehensive income were not recognised as the investees are accounted for as financial assets carried at cost.

Note 5: The Company's subsidiary does not have significant influence over the investee. Thus, financial information on the investee is unattainable.

Note 6: Yuanta Securities absorbed Polaris Securities and therefore indirectly acquired US$16 million capital of GC Investment Consultant (Shanghai) Co., Ltd., a subsidiary of GC Investment Consultant (Asian) Co., Ltd. (renamed as Polaris Capital afterwards), being reinvested by Polaris Holdings (Cayman) Ltd., the direct overseas investment of Polaris Securities.

(5) Significant commitments or contingency of subsidiaries

Please refer to Note 9.

(6) Significant loss from disasters of subsidiaries

Please refer to Note 10.

(7) Significant subsequent events of subsidiaries

Please refer to Note 11.

(8) Related party transactions of subsidiaries amounting to at least $100 million

Please refer to Note 7.

(9) Significant transactions between parent company and subsidiaries

No. (Note 1)	Company	Counterparty	Relationship (Note 2)	Details of transactions			
				Account	Amount	Conditions	Percentage of total consolidated net revenues or assets (Note 3)
0	Yuanta Financial Holdings	Yuanta Bank	1	Cash and cash equivalents	7,486,679	No significant difference from general customers	0.31%
0	Yuanta Financial Holdings	Yuanta Securities	1	Current income tax assets	1,036,056	"	0.04%
0	Yuanta Financial Holdings	Yuanta Securities	1	Current income tax liabilities	781,612	"	0.03%
0	Yuanta Financial Holdings	Yuanta Bank	1	Current income tax assets	1,255,910	"	0.05%
0	Yuanta Financial Holdings	Yuanta Bank	1	Current income tax liabilities	2,282,925	"	0.09%
0	Yuanta Financial Holdings	Yuanta Life	1	Current income tax liabilities	2,599,526	"	0.11%
0	Yuanta Financial Holdings	Yuanta Bank	1	Interest income	126,968	"	0.12%
0	Yuanta Financial Holdings	Yuanta Securities	1	Depreciation and amortization expenses	28,847	"	0.03%
0	Yuanta Financial Holdings	Yuanta Securities	1	Other business and administrative expenses	17,384	"	0.02%
1	Yuanta Securities	Yuanta Bank	3	Cash and cash equivalents	10,588,674	"	0.44%
1	Yuanta Securities	Yuanta Bank	3	Other assets-net	2,687,900	"	0.11%
1	Yuanta Securities	Yuanta Bank	3	Restricted assets - net	133,032	"	0.01%
1	Yuanta Securities	Yuanta Futures	3	Cash and cash equivalents	1,632,420	"	0.07%
1	Yuanta Securities	Yuanta Futures	3	Financial assets at fair value through profit or loss	1,832,057	"	0.07%
1	Yuanta Securities	Yuanta Financial Holdings	2	Current income tax assets	781,612	"	0.03%
1	Yuanta Securities	Yuanta Financial Holdings	2	Current income tax liabilities	1,036,056	"	0.04%
1	Yuanta Securities	Yuanta Financial Holdings	2	Gains on investment property	28,847	"	0.03%
1	Yuanta Securities	Yuanta Financial Holdings	2	Net service fee and commission income	17,384	"	0.02%
1	Yuanta Securities	Yuanta Bank	3	Interest income	84,965	"	0.08%
1	Yuanta Securities	Yuanta Bank	3	Net non-interest income	114,466	"	0.10%
1	Yuanta Securities	Yuanta Bank	3	Gains on investment property	28,987	"	0.03%
1	Yuanta Securities	Yuanta Bank	3	Net service fee and commission income	10,990	"	0.01%
1	Yuanta Securities	Yuanta Futures	3	Net service fee and commission income	326,729	"	0.30%
1	Yuanta Securities	Yuanta Futures	3	Gains on investment property	20,439	"	0.02%

No. (Note 1)	Company	Counterparty	Relationship (Note 2)	Details of transactions			
				Account	Amount	Conditions	Percentage of total consolidated net revenues or assets (Note 3)
1	Yuanta Securities	Yuanta Securities Investment Consulting	3	Other business and administrative expenses	174,832	"	0.16%
1	Yuanta Securities	Yuanta Investment Trust	3	Net non-interest income	58,750	"	0.05%
1	Yuanta Securities	Yuanta Investment Trust	3	Net service fee and commission income	7,077	"	0.01%
1	Yuanta Securities	Yuanta Life	3	Employee benefit expense	21,094	"	0.02%
1	Yuanta Securities	Yuanta International Insurance Brokers	1	Net non-interest income	220,658	"	0.21%
2	Yuanta Bank	Yuanta Financial Holdings	2	Current income tax assets	2,282,925	"	0.09%
2	Yuanta Bank	Yuanta Financial Holdings	2	Current income tax liabilities	1,255,910	"	0.05%
2	Yuanta Bank	Yuanta Savings Bank (Philippines)	1	Other assets-net	722,127	"	0.03%
2	Yuanta Bank	Yuanta Financial Holdings	2	Deposits and remittances	7,486,679	"	0.31%
2	Yuanta Bank	Yuanta Securities	3	Deposits and remittances	13,409,606	"	0.56%
2	Yuanta Bank	Yuanta Life	3	Deposits and remittances	2,040,219	"	0.08%
2	Yuanta Bank	Yuanta Securities (Hong Kong)	3	Deposits and remittances	2,307,874	"	0.10%
2	Yuanta Bank	Yuanta Investment Trust	3	Deposits and remittances	2,681,459	"	0.11%
2	Yuanta Bank	Yuanta Futures	3	Deposits and remittances	10,689,843	"	0.44%
2	Yuanta Bank	Yuanta Futures (Hong Kong)	3	Deposits and remittances	1,635,497	"	0.07%
2	Yuanta Bank	Yuanta I Venture Capital	3	Deposits and remittances	351,600	"	0.01%
2	Yuanta Bank	Yuanta HK Holdings (Cayman)	3	Deposits and remittances	313,102	"	0.01%
2	Yuanta Bank	Yuanta International Insurance Brokers	3	Deposits and remittances	287,105	"	0.01%
2	Yuanta Bank	Yuanta Financial Holdings	2	Interest expense	126,968	"	0.12%
2	Yuanta Bank	Yuanta Securities	3	Interest expense	84,965	"	0.08%
2	Yuanta Bank	Yuanta Futures	3	Interest expense	111,499	"	0.10%
2	Yuanta Bank	Yuanta Futures (Hong Kong)	3	Interest expense	41,701	"	0.04%

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 Investment Trust	3	Interest expense	17,405	"	0.02%
2	Yuanta Bank	Yuanta Life	3	Interest expense	19,429	"	0.02%
2	Yuanta Bank	Yuanta Securities (Hong Kong)	3	Interest expense	33,604	"	0.03%
2	Yuanta Bank	Yuanta Securities	3	Other business and administrative expenses	120,262	"	0.11%
2	Yuanta Bank	Yuanta Securities	3	Depreciation and amortization expenses	23,311	"	0.02%
2	Yuanta Bank	Yuanta Securities Investment Consulting	3	Other business and administrative expenses	12,476	"	0.01%
2	Yuanta Bank	Yuanta Securities	3	Net service fee and commission income	10,870	"	0.01%
2	Yuanta Bank	Yuanta Life	3	Net service fee and commission income	809,000	"	0.75%
2	Yuanta Bank	Yuanta Life	3	Employee benefit expense	19,129	"	0.02%
3	Yuanta Futures	Yuanta Securities (Hong Kong)	3	Other financial liability	184,753	"	0.01%
3	Yuanta Futures	Yuanta Securities	3	Other financial liability	3,464,477	"	0.14%
3	Yuanta Futures	Yuanta Bank	3	Cash and cash equivalents	853,600	"	0.03%
3	Yuanta Futures	Yuanta Bank	3	Other financial assets-net	9,686,343	"	0.40%
3	Yuanta Futures	Yuanta Bank	3	Other assets-net	149,900	"	0.01%
3	Yuanta Futures	Yuanta Securities	3	Net service fee and commission income	326,729	"	0.30%
3	Yuanta Futures	Yuanta Securities	3	Depreciation and amortization expenses	20,439	"	0.02%
3	Yuanta Futures	Yuanta Bank	3	Interest income	111,499	"	0.10%
4	Yuanta Life	Yuanta Financial Holdings	2	Current income tax assets	2,599,526	"	0.11%
4	Yuanta Life	Yuanta Bank	3	Cash and cash equivalents	2,040,219	"	0.08%
4	Yuanta Life	Yuanta Bank	3	Interest income	19,429	"	0.02%
4	Yuanta Life	Yuanta International Insurance Brokers	3	Net service fee and commission income	562,473	"	0.52%
4	Yuanta Life	Yuanta Bank	3	Net service fee and commission income	809,000	"	0.75%

No. (Note 1)	Company	Counterparty	Relationship (Note 2)	Details of transactions			
				Account	Amount	Conditions	Percentage of total consolidated net revenues or assets (Note 3)
4	Yuanta Life	Yuanta Bank	3	Net income from insurance operations	19,129	"	0.02%
4	Yuanta Life	Yuanta Securities	3	Net income from insurance operations	21,094	"	0.02%
5	Yuanta Securities Investment Consulting	Yuanta Securities	3	Consultation service income	174,832	"	0.16%
5	Yuanta Securities Investment Consulting	Yuanta Bank	3	Consultation service income	12,476	"	0.01%
6	Yuanta Investment Trust	Yuanta Bank	3	Cash and cash equivalents	2,681,459	"	0.11%
6	Yuanta Investment Trust	Yuanta Bank	3	Interest income	17,405	"	0.02%
6	Yuanta Investment Trust	Yuanta Securities	3	Net service fee and commission income	31,467	"	0.03%
6	Yuanta Investment Trust	Yuanta Securities	3	Other business and administrative expenses	34,360	"	0.03%
7	Yuanta I Venture Capital	Yuanta Bank	3	Cash and cash equivalents	351,600	"	0.01%
8	Yuanta Securities (Hong Kong)	Yuanta Futures	3	Financial assets at fair value through profit or loss	184,753	"	0.01%
8	Yuanta Securities (Hong Kong)	Yuanta Bank	3	Other assets-net	685,668	"	0.03%
8	Yuanta Securities (Hong Kong)	Yuanta Bank	3	Cash and cash equivalents	1,622,206	"	0.07%
8	Yuanta Securities (Hong Kong)	Yuanta Bank	3	Interest income	33,604	"	0.03%
8	Yuanta Securities (Hong Kong)	Yuanta Investment (Hong Kong)	3	Securities purchased under resell agreements	580,913	"	0.02%
8	Yuanta Securities (Hong Kong)	Yuanta Investment Management (Cayman)	3	Securities purchased under resell agreements	1,526,522	"	0.06%
8	Yuanta Securities (Hong Kong)	Yuanta Investment Management (Cayman)	3	Interest income	104,664	"	0.10%
9	Yuanta Securities Asia Financial Services	Yuanta Securities (Korea)	3	Financial assets at fair value through profit or loss	2,737,123	"	0.11%

No. (Note 1)	Company	Counterparty	Relationship (Note 2)	Details of transactions			
				Account	Amount	Conditions	Percentage of total consolidated net revenues or assets (Note 3)
9	Yuanta Securities Asia Financial Services	Yuanta Securities (Korea)	3	Receivables – net	736	"	0.00%
9	Yuanta Securities Asia Financial Services	Yuanta Securities (Korea)	3	Equity investments accounted for under the equity method – net	317,026	"	0.01%
9	Yuanta Securities Asia Financial Services	Yuanta Securities (Korea)	3	Share of the profit or loss of associates and joint ventures accounted for using the equity method	28,407	"	0.03%
9	Yuanta Securities Asia Financial Services	Yuanta Securities (Korea)	3	Net non-interest income	39,489	"	0.04%
9	Yuanta Securities Asia Financial Services	Yuanta Securities (Korea)	3	Interest income	136,053	"	0.13%
9	Yuanta Securities Asia Financial Services	Yuanta Securities (Korea)	3	Exchange differences on translation of foreign financial statements	56,267	"	0.05%
9	Yuanta Securities Asia Financial Services	Yuanta Securities (Korea)	3	Non-controlling interests	182,456	"	0.01%
9	Yuanta Securities Asia Financial Services	Yuanta Securities (Korea)	3	Non-controlling interests profit	21,658	"	0.02%
10	Yuanta Savings Bank (Philippines)	Yuanta Bank	2	Other liabilities	722,127	"	0.03%
11	Yuanta HK Holdings (Cayman)	Yuanta Bank	3	Cash and cash equivalents	313,102	"	0.01%
12	Yuanta Securities (Korea)	Yuanta Securities Asia Financial Services	3	Bonds payable	2,778,233	"	0.12%
12	Yuanta Securities (Korea)	Yuanta Securities Asia Financial Services	3	Additional paid-in capital	553,770	"	0.02%
12	Yuanta Securities (Korea)	Yuanta Securities Asia Financial Services	3	Payables	1,094	"	0.00%
12	Yuanta Securities (Korea)	Yuanta Securities Asia Financial Services	3	Interest expense	186,118	"	0.17%

No. (Note 1)	Company	Counterparty	Relationship (Note 2)	Details of transactions			
				Account	Amount	Conditions	Percentage of total consolidated net revenues or assets (Note 3)
13	Yuanta Investment Management (Cayman)	Yuanta Securities (Hong Kong)	3	Securities purchased under repurchase agreements	1,526,522	"	0.06%
13	Yuanta Investment Management (Cayman)	Yuanta Securities (Hong Kong)	3	Financial costs	104,664	"	0.10%
14	Yuanta International Insurance Brokers	Yuanta Bank	3	Cash and cash equivalents	287,105	"	0.01%
14	Yuanta International Insurance Brokers	Yuanta Life	3	Net service fee and commission income	562,473	"	0.52%
14	Yuanta International Insurance Brokers	Yuanta Securities	2	Other business and administrative expenses	220,658	"	0.21%
15	Yuanta Futures (Hong Kong)	Yuanta Bank	3	Cash and cash equivalents	552,206	"	0.02%
15	Yuanta Futures (Hong Kong)	Yuanta Bank	3	Other financial assets-net	1,083,291	"	0.05%
15	Yuanta Futures (Hong Kong)	Yuanta Bank	3	Interest income	41,701	"	0.04%
16	Yuanta Investment (Hong Kong)	Yuanta Securities (Hong Kong)	3	Securities purchased under repurchase agreements	580,913	"	0.02%

Note 1: The numbers in the No. column represent as follows:
1. 0 for the parent company.
2. According to the sequential order, subsidiaries are numbered from 1.

Note 2: There are three types of relationships with the counterparties and they are labeled as follows:
1. Parent company to subsidiary.
2. Subsidiary to parent company.
3. Subsidiary to subsidiary.

Note 3: The calculation basis of the trading amount accounting for the total consolidated net revenues or assets is that the account ending balance is divided by the total consolidated assets if it is attributed to the balance sheet accounts, and the accumulated trading amount of the interim period is divided by the total consolidated net revenues if it is attributed to the profit or loss accounts.

14. Segment information

(1) General information

A. Recognition elements of reporting segment

The Yuanta Group is mainly engaged in the investment and management of its investees; therefore, the management reports are provided to the Chief Operating Decision Maker ("CODM") to allocate resources to operating segments and evaluate their performance. The Yuanta Group's management recognised reporting segments based on the policies adopted by the CODM.

B. The income sources and service types of each reporting segment

The management has recognised reporting segments based on the reporting information used by the CODM. The Yuanta Group has six reporting segments according to the types of income sources: banking, securities, securities finance, futures, insurance and others. The products and types of service of the income sources are as follows:

(A) Banking: corporate banking, personal banking and wealth management in accordance with the Banking Act.

(B) Securities: securities dealing or consignment trading, underwriting securities, registration and transfer agency service for securities, assistance of futures trading, futures dealing, and issuing call (put) warrants, derivative financial instrument transactions including interest rate swap, asset swap and structured notes.

(C) Securities finance: margin and securities loans, refinancing for securities merchants, margin trading of securities settlement and securities lending.

(D) Futures: domestic and foreign futures merchant business, self-operating business, futures consultation business, futures agency, self-operating securities business and other futures relating business as approved by authorities.

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

(F) Others: includes those not mentioned above, for example, investment trust, investment consulting, venture capital and asset management businesses.

(2) Measurement of segment information – measurement of the profit and loss of operating segments

The Yuanta Group's measurement principles for profit and loss of operating segments is consistent with the significant accounting policies stated in Note 4, and the measurement of profit and loss performance is based on pre-tax profit and loss.

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

Expressed in Thousands of New Taiwan Dollars

	For the year ended December 31, 2019						
	Banking	Securities	Futures	Insurance	Others	Adjustment and elimination	Consolidated
Revenue from external customers	$ 22,992,218	$ 33,432,900	$ 2,472,252	$ 45,862,249	$ 2,848,458	$ -	$ 107,608,077
Revenue (loss) from transactions with other operating segments of the same entity	379,331	876,273	126,982	(1,180,899)	497,335	(699,022)	-
Net revenues (Note)	23,371,549	34,309,173	2,599,234	44,681,350	3,345,793	(699,022)	107,608,077
(Provision) recovery for bad debt expenses, commitment and guarantee policy reserve	(1,066,650)	(277,015)	2,727	(11,750)	(6)	-	(1,352,694)
Net change in provisions for insurance liabilities	-	-	-	(42,592,049)	-	148,199	(42,443,850)
Operating expenses	(10,797,597)	(22,855,745)	(1,191,949)	(1,516,798)	(2,481,189)	572,642	(38,270,636)
Income (loss) from continuing operations before income tax	$ 11,507,302	$ 11,176,413	$ 1,410,012	$ 560,753	$ 864,598	$ 21,819	$ 25,540,897

	For the year ended December 31, 2018							
	Banking	Securities	Futures	Securities finance	Insurance	Others	Adjustment and elimination	Consolidated
Revenue from external customers	$ 21,557,570	$ 34,810,214	$ 2,464,527	$ 731,366	$ 39,069,044	$ 2,646,852	$ -	$ 101,279,573
Revenue (loss) from transactions with other operating segments of the same entity	440,264	775,127	56,476	11,115	(985,012)	646,447	(944,417)	-
Net revenues (Note)	21,997,834	35,585,341	2,521,003	742,481	38,084,032	3,293,299	(944,417)	101,279,573
(Provision) recovery for bad debt expenses, commitment and guarantee policy reserve	(666,380)	(101,023)	(89,136)	(2,004)	1,980	-	-	(856,563)
Net change in provisions for insurance liabilities	-	-	-	-	(36,767,111)	-	155,331	(36,611,780)
Operating expenses	(11,285,799)	(23,851,231)	(1,186,285)	(160,448)	(1,403,382)	(2,303,061)	578,548	(39,611,658)
Income (loss) from continuing operations before income tax	$ 10,045,655	$ 11,633,087	$ 1,245,582	$ 580,029	($ 84,481)	$ 990,238	($ 210,538)	$ 24,199,572

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

(3) Information on products and services

Information on products and services of Yuanta Group is consistent with the measurement of segment information.

(4) Geographical information

Geographical revenue information of Yuanta Group is as follows:

	For the years ended December 31,	
	2019	2018
R.O.C.	$ 92,766,683	$ 84,879,962
South Korea	11,322,090	13,056,573
Others	3,519,304	3,343,038
	$ 107,608,077	$ 101,279,573

(5) Major customer information

There is no requirement for additional disclosure because no single customer accounted for 10% or more of the Yuanta Group's operating revenues.

(BLANK)

Yuanta Financial Holding Co., Ltd.

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