

YUANTA FINANCIAL HOLDING CO., LTD.
AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
REVIEW REPORT OF INDEPENDENT ACCOUNTANTS
FOR THE THREE MONTHS ENDED
MARCH 31, 2020 AND 2019

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



PWCR20000022

REPORT ON REVIEW OF FINANCIAL STATEMENTS

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

Introduction

We have reviewed the accompanying consolidated balance sheets of Yuanta Financial Holding Co., Ltd. and subsidiaries as at March 31, 2020 and 2019, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the three-month periods then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Financial Holding Companies, Regulations Governing the Preparation of Financial Reports by Securities Issuers, Regulations Governing the Preparation of Financial Reports by Public Banks, Regulations Governing the Preparation of Financial Reports by Securities Firms, Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants, Regulations Governing the Preparation of Financial Reports by Insurance Companies, and International Accounting Standard 34, “Interim Financial Reporting” as endorsed by the Financial Supervisory Commission. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

Scope of Review

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



資誠

Conclusion

Based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of Yuanta Financial Holding Co., Ltd. and subsidiaries as at March 31, 2020 and 2019, and of its consolidated financial performance and its consolidated cash flows for the three-month periods then ended in accordance with Regulations Governing the Preparation of Financial Reports by Financial Holding Companies, Regulations Governing the Preparation of Financial Reports by Securities Issuers, Regulations Governing the Preparation of Financial Reports by Public Banks, Regulations Governing the Preparation of Financial Reports by Securities Firms, Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants, Regulations Governing the Preparation of Financial Reports by Insurance Companies, and International Accounting Standard 34, “Interim Financial Reporting” as endorsed by the Financial Supervisory Commission.

Chou, Chien-Hung

Chen, Hsien-I

For and on behalf of PricewaterhouseCoopers, Taiwan

May 22, 2020

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

YUANTA FINANCIAL HOLDING CO., LTD. AND ITS SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)
(The consolidated balance sheets as of March 31, 2020 and 2019 are reviewed, not audited)

	ASSETS	Notes	March 31, 2020		December 31, 2019		March 31, 2019	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
11000	Cash and cash equivalents	6(1)	\$ 69,751,240	3	\$ 69,259,573	3	\$ 67,002,148	3
11500	Due from Central Bank and call loans to other banks	6(2)						
			46,620,956	2	46,034,685	2	46,774,088	2
12000	Financial assets at fair value through profit or loss	6(3)(39)						
			521,877,607	21	504,031,079	21	473,954,162	20
12150	Financial assets at fair value through other comprehensive income – net	6(4)						
			248,777,005	10	229,489,904	10	213,788,625	9
12200	Investments in debt instruments at amortised cost – net	6(5)						
			396,124,944	16	386,452,415	16	354,172,063	15
12500	Investments in bills and bonds under resale agreements	6(6)						
			51,537,318	2	47,603,371	2	31,693,623	2
13000	Receivables – net	6(7)						
			167,175,106	7	174,240,497	7	187,126,164	8
13200	Current income tax assets							
			1,000,489	-	1,224,071	-	1,468,726	-
13300	Assets held for sale – net	6(8)						
			171,593	-	533,632	-	864,320	-
13500	Bills discounted and loans – net	6(9)						
			777,119,332	31	773,480,918	32	753,874,829	32
13700	Reinsurance contract assets – net	6(10)						
			988,011	-	903,608	-	685,440	-
15000	Equity investments accounted for under the equity method – net	6(11)						
			2,407,393	-	2,403,248	-	1,985,128	-
15100	Restricted assets – net							
			2,801,889	-	2,562,586	-	2,548,879	-
15500	Other financial assets – net	6(12)						
			93,073,149	4	65,378,346	3	68,503,947	3
18000	Investment property – net	6(13)						
			11,432,625	-	4,915,972	-	4,962,892	-
18500	Property and equipment – net	6(14)						
			23,100,595	1	22,242,669	1	21,908,845	1
18600	Right-of-use assets, net	6(15)						
			13,514,526	1	13,343,880	1	13,935,130	1
19000	Intangible assets – net	6(17)						
			33,028,377	1	33,197,460	1	33,425,639	2
19300	Deferred income tax assets	6(46)						
			5,745,075	-	5,976,615	-	5,630,662	-
19500	Other assets – net	6(18)						
			37,954,638	1	31,044,577	1	47,794,637	2
	TOTAL ASSETS		<u>\$ 2,504,201,868</u>	<u>100</u>	<u>\$ 2,414,319,106</u>	<u>100</u>	<u>\$ 2,332,099,947</u>	<u>100</u>

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YUANTA FINANCIAL HOLDING CO., LTD. AND ITS SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)
(The consolidated balance sheets as of March 31, 2020 and 2019 are reviewed, not audited)

	Notes	March 31, 2020		December 31, 2019		March 31, 2019	
		AMOUNT	%	AMOUNT	%	AMOUNT	%
LIABILITIES AND EQUITY							
21000 Due to Central Bank and other banks	6(20)	\$ 15,879,516	1	\$ 13,107,028	1	\$ 21,241,330	1
22000 Financial liabilities at fair value through profit or loss	6(3)(39)	143,495,589	6	123,340,228	5	112,621,270	5
22500 Bills and bonds payable under repurchase agreements	6(6)	190,129,652	8	198,665,918	8	199,208,092	9
22600 Commercial paper payable – net	6(21)	49,770,189	2	38,621,728	2	56,525,585	2
23000 Payables	6(22)	185,602,556	7	161,327,046	7	168,393,048	7
23200 Current income tax liabilities		6,411,038	-	6,221,759	-	6,132,209	-
23500 Deposits and remittances	6(23)	1,120,953,751	45	1,095,506,271	45	1,021,910,853	44
24000 Bonds payable	6(24)	68,854,087	3	68,849,634	3	66,673,090	3
24400 Other borrowings	6(25)	57,866,578	2	60,847,992	3	65,958,993	3
24600 Liabilities reserve	6(26)						
	(27)	282,549,926	11	273,860,901	11	240,397,102	10
25500 Other financial liabilities	6(28)	91,699,197	4	76,069,420	3	80,704,420	3
26000 Lease liabilities		6,552,502	-	5,527,660	-	6,044,431	-
29300 Deferred income tax liabilities	6(46)	3,692,294	-	3,883,527	-	3,409,447	-
29500 Other liabilities	6(29)	34,247,318	1	38,283,614	2	37,869,229	2
TOTAL LIABILITIES		<u>2,257,704,193</u>	<u>90</u>	<u>2,164,112,726</u>	<u>90</u>	<u>2,087,089,099</u>	<u>89</u>
31000 Equity attributable to owners of the parent company							
31100 Share capital							
31101 Common stock	6(30)	116,706,115	5	116,706,115	5	116,862,325	5
31500 Additional paid-in capital	6(31)	37,682,879	1	37,402,480	2	37,200,474	2
32000 Retained earnings							
32001 Legal reserve	6(32)	12,589,183	1	12,589,183	-	10,721,262	1
32003 Special reserve	6(32)	6,549,234	-	6,549,234	-	6,549,234	-
32011 Undistributed earnings	6(33)	54,661,488	2	50,565,092	2	48,163,310	2
32500 Other equity							
32500 Other equity interest	6(34)	798,588	-	8,389,029	-	7,723,310	-
32600 Treasury shares	6(35)	-	-	-	-	(197,606)	-
39500 Non-controlling interests		17,510,188	1	18,005,247	1	17,988,539	1
Total Equity		<u>246,497,675</u>	<u>10</u>	<u>250,206,380</u>	<u>10</u>	<u>245,010,848</u>	<u>11</u>
TOTAL LIABILITIES AND EQUITY		<u>\$ 2,504,201,868</u>	<u>100</u>	<u>\$ 2,414,319,106</u>	<u>100</u>	<u>\$ 2,332,099,947</u>	<u>100</u>

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

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

Items	Notes	For the three months ended March 31,			
		2020		2019	
		AMOUNT	%	AMOUNT	%
41000	Interest income	\$ 9,729,278	39	\$ 10,252,344	41
51000	Less: Interest expense	(3,187,048)	(13)	(3,928,426)	(16)
49600	Net interest income	<u>6,542,230</u>	<u>26</u>	<u>6,323,918</u>	<u>25</u>
	Net non-interest income				
49800	Net service fee and commission income	5,406,671	22	4,351,304	17
49810	Net income from insurance operations	8,753,185	35	8,380,332	34
49820	(Loss) gain on financial assets and financial liabilities at fair value through profit or loss	(1,108,147)	(4)	2,383,858	10
49825	Gain on investment property	53,777	-	83,322	-
49835	Realised gain on financial assets at fair value through other comprehensive income	842,646	3	190,914	1
49850	Net gain arising from derecognition of financial assets measured at amortised cost	386,785	2	561,004	2
49870	Foreign exchange gain	348,646	1	1,508,308	6
49880	Asset impairment (loss) reversal of impairment loss	(8,399)	-	1,700	-
49890	Share of the profit or loss of associates and joint ventures accounted for using the equity method	104,654	1	15,056	-
49898	Gain (loss) on reclassification under the overlay approach	2,131,435	9	(618,904)	(2)
49921	Net gain on sale of non-performing loans	59,384	-	73,077	-
49945	Consultation service income	818,379	3	933,200	4
49999	Net other miscellaneous income	443,352	2	808,643	3
49700	Total net non-interest income	<u>18,232,368</u>	<u>74</u>	<u>18,671,814</u>	<u>75</u>
	Net profit	24,774,598	100	24,995,732	100
58100	Provision for bad debt expenses, commitment and guarantee policy reserve	(671,182)	(3)	(160,804)	(1)
58300	Net change in provisions for insurance liabilities	(8,646,818)	(35)	(8,383,130)	(33)
	Operating expenses				
58501	Employee benefit expense	(6,348,941)	(26)	(5,769,820)	(23)
58503	Depreciation and amortization	(789,216)	(3)	(926,668)	(4)
58599	Other business and administrative expenses	(3,101,896)	(12)	(2,822,051)	(11)
58500	Total Operating Expenses	<u>(10,240,053)</u>	<u>(41)</u>	<u>(9,518,539)</u>	<u>(38)</u>
61000	Consolidated income from continuing operations before income tax	5,216,545	21	6,933,259	28
61003	Income tax expense	(829,551)	(3)	(1,028,585)	(4)
69000	Consolidated net income	<u>\$ 4,386,994</u>	<u>18</u>	<u>\$ 5,904,674</u>	<u>24</u>

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

Items	Notes	For the three months ended March 31,			
		2020		2019	
		AMOUNT	%	AMOUNT	%
Other comprehensive income					
Components of other comprehensive income that will not be reclassified to profit or loss					
69561	Gain (loss) on remeasurements of defined benefit plans	6(27)	\$ 562	-	(\$ 172,340) (1)
69563	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	6(11)	2,788	-	647 -
69565	Change in fair value of financial liability attributable to change in credit risk of liability	6(34)	(220)	-	(1,300) -
69567	(Loss) gain on valuation of investments in equity instruments measured at fair value through other comprehensive income	6(4)(34)	(2,634,050)	(11)	755,721 3
69569	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(46)	(93,464)	-	60,065 -
Components of other comprehensive income that will be reclassified to profit or loss					
69571	Exchange differences on translation of foreign financial statements	6(34)	(2,164,502)	(9)	(370,306) (1)
69585	Revaluation (loss) gain from investments in debt instruments measured at fair value through other comprehensive income	6(4)(34)	(1,412,924)	(6)	1,623,116 6
69587	Impairment gain (loss) from investments in debt instruments measured at fair value through other comprehensive income	6(4)(34)	2,736	-	(2,447) -
69590	Other comprehensive (loss) income on reclassification under the overlay approach	6(3)(34)	(2,131,435)	(9)	618,904 2
69579	Income tax relating to components of other comprehensive income that will be reclassified to profit or loss	6(46)	151,145	1	(111,833) -
69500	Other comprehensive (loss) income (net of tax)		<u>(\$ 8,279,364)</u>	<u>(34)</u>	<u>\$ 2,400,227</u> <u>9</u>
69700	Total comprehensive (loss) income		<u>(\$ 3,892,370)</u>	<u>(16)</u>	<u>\$ 8,304,901</u> <u>33</u>
Consolidated net income attributable to:					
69901	Parent company		\$ 4,095,740	17	\$ 5,432,213 22
69903	Non-controlling interests		291,254	1	472,461 2
			<u>\$ 4,386,994</u>	<u>18</u>	<u>\$ 5,904,674</u> <u>24</u>
Consolidated comprehensive (loss) income attributable to:					
69951	Parent company		(\$ 3,494,045)	(14)	\$ 8,132,538 32
69953	Non-controlling interests		(398,325)	(2)	172,363 1
			<u>(\$ 3,892,370)</u>	<u>(16)</u>	<u>\$ 8,304,901</u> <u>33</u>
Earnings per share (in New Taiwan Dollars)					
70001	Basic and diluted earnings per share	6(47)	<u>\$ 0.35</u>		<u>\$ 0.47</u>

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

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

	Equity attributable to owners of the parent											
	Retained earnings					Other equity interest						
	Common stock	Additional paid-in capital	Legal reserve	Special reserve	Undistributed earnings	Exchange differences on translation of foreign financial statements	Unrealised gain (loss) on financial assets measured at fair value through other comprehensive income	Other comprehensive income on reclassification under the overlay approach	Change in fair value of financial liability attributable to change in credit risk	Treasury shares	Non-controlling interests	Total equity
<u>For the three months ended March 31, 2019</u>												
Balance, January 1, 2019	\$ 116,862,325	\$ 37,200,416	\$ 10,721,262	\$ 6,549,234	\$ 42,843,847	(\$ 2,409,469)	\$ 7,775,718	(\$ 330,367)	(\$ 29,798)	(\$ 197,606)	\$ 17,858,198	\$ 236,843,760
Effects of retrospective application and retrospective adjustment	-	-	-	-	(95,849)	-	-	-	-	-	(55,695)	(151,544)
Balance, January 1, 2019 after adjustments	116,862,325	37,200,416	10,721,262	6,549,234	42,747,998	(2,409,469)	7,775,718	(330,367)	(29,798)	(197,606)	17,802,503	236,692,216
Consolidated net income for the period	-	-	-	-	5,432,213	-	-	-	-	-	472,461	5,904,674
Other comprehensive income (loss) for the period	-	-	-	-	(67,733)	(153,587)	2,330,979	591,966	(1,300)	-	(300,098)	2,400,227
Total comprehensive income (loss) for the period	-	-	-	-	5,364,480	(153,587)	2,330,979	591,966	(1,300)	-	172,363	8,304,901
Changes in equity of associates and joint ventures accounted for using equity method	-	58	-	-	-	-	-	-	-	-	-	58
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	13,673	13,673
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	50,832	-	(50,832)	-	-	-	-	-
Balance, March 31, 2019	\$ 116,862,325	\$ 37,200,474	\$ 10,721,262	\$ 6,549,234	\$ 48,163,310	(\$ 2,563,056)	\$ 10,055,865	\$ 261,599	(\$ 31,098)	(\$ 197,606)	\$ 17,988,539	\$ 245,010,848
<u>For the three months ended March 31, 2020</u>												
Balance, January 1, 2020	\$ 116,706,115	\$ 37,402,480	\$ 12,589,183	\$ 6,549,234	\$ 50,565,092	(\$ 3,528,386)	\$ 11,907,186	\$ 46,959	(\$ 36,730)	\$ -	\$ 18,005,247	\$ 250,206,380
Consolidated net income for the period	-	-	-	-	4,095,740	-	-	-	-	-	291,254	4,386,994
Other comprehensive income (loss) for the period	-	-	-	-	246	(1,456,391)	(4,010,341)	(2,123,079)	(220)	-	(689,579)	(8,279,364)
Total comprehensive income (loss) for the period	-	-	-	-	4,095,986	(1,456,391)	(4,010,341)	(2,123,079)	(220)	-	(398,325)	(3,892,370)
Changes in equity of associates and joint ventures accounted for using equity method	-	280,399	-	-	-	-	-	-	-	-	-	280,399
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(96,734)	(96,734)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	410	-	(410)	-	-	-	-	-
Balance, March 31, 2020	\$ 116,706,115	\$ 37,682,879	\$ 12,589,183	\$ 6,549,234	\$ 54,661,488	(\$ 4,984,777)	\$ 7,896,435	(\$ 2,076,120)	(\$ 36,950)	\$ -	\$ 17,510,188	\$ 246,497,675

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

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

	For the three months ended March 31,	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	\$ 5,216,545	\$ 6,933,259
Adjustments		
Income and expense items		
Depreciation	653,245	635,181
Amortization	135,971	291,487
Provision for bad debt expense, commitment and guarantee policy reserve	889,653	402,549
Interest expense	3,187,048	3,956,444
Interest income	(9,729,278)	(10,252,344)
Dividend income	(356,360)	(208,882)
Impairment loss (gain) on financial assets	8,399	(1,700)
(Profit) loss reclassified by applying overlay approach	(2,131,435)	618,904
Share of the profit or loss of associates and joint ventures accounted for using the equity method	(104,654)	(15,056)
Gain on disposal of assets held for sale	(7,961)	(532)
Gain on disposal of investment property	(3,076)	(31,408)
Gain from disposal or retirement of property and equipment	(7,914)	(834)
Loss on disposal of intangible assets	263	-
Loss on lease modification	132	-
Net change in insurance liabilities	9,044,663	37,644,246
Changes in operating assets and liabilities		
Changes in operating assets		
Increase in due to Central Bank and other banks	(898,296)	(827,490)
Increase in financial assets at fair value through profit or loss	(17,846,528)	(14,953)
(Increase) decrease in financial assets at fair value through other comprehensive income	(23,336,883)	3,725,091
Increase in investments in debt instruments measured at amortised cost	(9,675,226)	(1,266,086)
Decrease (increase) in receivables	6,399,519	(43,994,404)
(Increase) decrease in bills discounted and loans	(4,410,552)	16,628,421
Increase in reinsurance contract assets	(84,332)	(105,309)
(Increase) decrease in restricted assets	(239,303)	73,832
Increase in other financial assets	(28,063,056)	(5,384,644)
Increase in other assets	(7,313,283)	(8,227,984)
Changes in operating liabilities		
Increase (decrease) in due to Central Bank and other banks	2,772,488	(805,944)
Increase in financial liabilities at fair value through profit or loss	20,155,141	637,171
Increase in payables	24,301,415	20,447,934
Increase in deposits and remittances	25,447,480	1,295,557
Decrease in liabilities reserve	(360,451)	(29,663,285)
Increase in other financial assets	15,980,454	315,850
Decrease in other liabilities	(4,036,296)	(3,904,916)
Cash inflow (outflow) generated from operations	5,587,532	(11,099,845)
Interest received	10,508,451	10,526,218
Dividend received	190,195	84,413
Interest paid	(3,208,273)	(3,660,116)
Income tax paid	(361,994)	(379,675)
Net cash flows generated from (used in) operating activities	12,715,911	(4,529,005)

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

	For the three months ended March 31,	
	2020	2019
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Acquisition of investments accounted for using equity method	(\$ 167,501)	(\$ 15,612)
Proceeds from liquidation of investments accounted for using equity method	174,079	71,989
Acquisition of investment property	(5,424,861)	(102,442)
Proceeds from disposal of investment property	17,308	140,452
Acquisition of property and equipment	(1,179,821)	(180,652)
Proceeds from disposal of property and equipment	10,912	5,920
Acquisition of intangible assets	(34,154)	(40,894)
Proceeds from disposal of intangible assets	6,101	-
Proceeds from disposal of assets held for sale	370,000	4,500
Net cash flows used in investing activities	(6,227,937)	(116,739)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Decrease in bills and bonds sold under repurchase agreements	(8,536,266)	(19,362,333)
Increase in commercial paper payable - net	11,160,838	20,235,861
(Decrease) increase in other borrowings	(2,981,414)	1,951,191
Principal payment for lease liabilities	(379,071)	(331,491)
Other financing activities	23,133	81
(Decrease) increase in non-controlling interests	(96,734)	13,650
Net cash flows (used in) generated from financing activities	(809,514)	2,506,959
Net effect of foreign exchange rate changes on cash and cash equivalents	(1,564,871)	(436,703)
Net increase (decrease) in cash and cash equivalents	4,113,589	(2,575,488)
Cash and cash equivalents at beginning of period	134,093,331	120,921,896
Cash and cash equivalents at end of period	\$ 138,206,920	\$ 118,346,408
The components of cash and cash equivalents		
Cash and cash equivalents reported in the balance sheet	\$ 69,751,240	\$ 67,002,148
Due from Central Bank and call loans to other banks qualified as cash and cash equivalents as defined by IAS 7	16,918,362	19,650,637
Investments in bills and bonds under resale agreements qualified as cash and cash equivalents as defined by IAS 7	51,537,318	31,693,623
Cash and cash equivalents at end of reporting period	\$ 138,206,920	\$ 118,346,408

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

YUANTA FINANCIAL HOLDINGS CO., LTD. AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars, Unless Otherwise Indicated)
(UNAUDITED)

1. History and organization

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

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

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

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

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

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

The Company engages in the business of a financial holding company and its operations are limited to investing and investment management. According to the Financial Holding Company Act, the businesses in which the Company can invest in are securities, banking, bills finance, credit cards, trusts, insurance, futures, venture capital, foreign financial institutions that are authorized by the government authority, and other related financial businesses that are recognised by the government authority. Additionally, the Company was accredited by the Taiwan Corporate Governance Association with Corporate Governance Assessment Advanced Certification (CG6011) on June 12, 2018.

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

These consolidated financial statements were reported to the Board of Directors and issued on May 22, 2020.

3. Application of new standards, amendments and interpretations

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
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.

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

None.

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 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

- A. The consolidated financial statements of the Company and its subsidiaries (collectively referred herein as the “Yuanta Group”) have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Financial Holding Companies, Regulations Governing the Preparation of Financial Reports by Securities Issuers, Regulations Governing the Preparation of Financial Reports by Public Banks, Regulations Governing the Preparation of Financial Reports by Securities Firms, Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants, Regulations Governing the Preparation of Financial Reports by Insurance Companies, and IAS 34, ‘Interim Financial Reporting’ as endorsed by the FSC.
- B. These consolidated financial statements should be read in conjunction with the consolidated financial statements for the year ended December 31, 2019.

(2) Basis of preparation

- A. Except for the following items, these consolidated financial statements have been prepared under the historical cost convention:
 - (A) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
 - (B) Financial assets at fair value through other comprehensive income.
 - (C) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.
 - (D) Various insurance liabilities, reinsurance reserve assets, and foreign exchange reserves are set aside and recognised in accordance with “Regulations Governing the Setting Aside of Various Reserves by Insurance Enterprises” and relevant regulations.
- B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the “IFRSs”) requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Yuanta Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

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

B. Subsidiaries included in the consolidated financial statements:

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)			Note
			March 31, 2020	December 31, 2019	March 31, 2019	
The Company	Yuanta Securities	Securities brokerage, dealing, underwriting, financing and refinancing, futures business and raising and issuing derivative instruments	100.00	100.00	100.00	
	Yuanta Bank	Commercial banking	100.00	100.00	100.00	
	Yuanta Life Insurance Co., Ltd. ("Yuanta Life")	Life insurance business	100.00	100.00	100.00	
	Yuanta Futures Co., Ltd. ("Yuanta Futures")	Futures, futures managers, futures consultant, securities, securities trading assistance	67.97	68.65	68.65	
	Yuanta Securities Investment Trust Co., Ltd. ("Yuanta Securities Investment Trust")	Securities investment trust	74.37	74.36	72.20	
	Yuanta Venture Capital Co., Ltd. ("Yuanta Venture Capital")	Venture capital investments	100.00	100.00	100.00	
	Yuanta Asset Management Co., Ltd. ("Yuanta Asset Management")	Providing monetary debt management services for financial institutions	100.00	100.00	100.00	
	Yuanta Securities Investment Consulting Co., Ltd. ("Yuanta Securities Investment Consulting")	Securities investment consultant	100.00	100.00	100.00	
	Yuanta Securities	Yuanta Securities Asia Financial Services Limited ("Yuanta Securities Asia Financial Services")	Investment holding	100.00	100.00	100.00
Yuanta International Insurance Brokers Co., Ltd. ("Yuanta International Insurance Brokers")		Insurance agency services	100.00	100.00	100.00	

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)			Note
			March 31, 2020	December 31, 2019	March 31, 2019	
Yuanta Securities	Yuanta Securities Finance	Securities financing and refinancing to securities firms and related business	100.00	100.00	100.00	Note 1
Yuanta Securities Asia Financial Services	Yuanta Securities Holding (B.V.I) Co., Ltd.	Investment holding	-	-	100.00	Note 2
	Yuanta Securities (Hong Kong) Limited	Securities and futures trading, providing opinions on securities, futures contract and agency financing and asset management services	100.00	100.00	100.00	
	Yuanta Asia Investment (Hong Kong) Limited("Yuanta Asia Investment (Hong Kong)")	Securities brokerage and dealing in securities, asset management services	100.00	100.00	100.00	Note 3
	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 Investment Consulting (Beijing) ("Yuanta Investment Consulting Beijing")	Investment consultation	100.00	100.00	100.00	
	Yuanta Securities Korea Co., Ltd ("Yuanta Securities (Korea)")	Securities and futures contract trading, providing opinions on securities and futures contract, underwriting services, asset management services and financial advisory services	56.50	55.36	54.62	
	Yuanta Hong Kong Holdings (Cayman) Ltd. ("Yuanta HK Holdings (Cayman)")	Investment holding	100.00	100.00	100.00	
	Yuanta Securities Thailand Limited ("Yuanta Securities (Thailand)")	Securities brokerage, dealing in securities, underwriting and investment consultation	99.99	99.99	99.99	
	Yuanta Securities Vietnam Limited Company("Yuanta Securities (Vietnam)")	Securities brokerage, dealing in securities, underwriting and investment consultation	85.24	85.24	85.24	
Yuanta Asia Investment (Hong Kong)	Yuanta Asia Investment (B.V.I)	Venture capital funds, venture capital fund raising management, and investment advisory services	100.00	100.00	-	
Yuanta Securities (Korea)	Yuanta Investment Co.,Ltd ("Yuanta Investment (Korea)")	Venture investment	56.50	55.36	54.62	
	Yuanta Financial (Hong Kong) Limited ("Yuanta Financial (Hong Kong)")	Investment holding	56.50	55.36	54.62	
Yuanta Financial (Hong Kong)	Yuanta Securities (Cambodia) Plc.	Underwriting guidelines and financial advisory services	56.50	55.36	54.62	
	Heng Xin Asia Holdings Limited ("Heng Xin Asia Holdings")	Investment holding	-	-	49.23	Note 4
Yuanta Securities (Hong Kong)	Yuanta International Investment (Hong Kong) Ltd.	Issue financial instruments	100.00	100.00	100.00	
	Yuanta Finance (Hong Kong) Ltd.	Credit loan business	100.00	100.00	100.00	
	PT Yuanta Sekuritas Indonesia ("Yuanta Securities (Indonesia)")	Securities trading and underwriting services	99.00	99.00	99.00	

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)			Note
			March 31, 2020	December 31, 2019	March 31, 2019	
Yuanta Securities (Hong Kong)	PT Yuanta Asset Management (Indonesia)	Investment management	0.002	0.002	0.002	
	Yuanta Investment Management (Cayman)	Investment management	100.00	100.00	100.00	
	Yuanta Securities (Vietnam)	Securities brokerage, dealing in securities, underwriting and investment consultation	14.76	14.76	14.76	
Yuanta Securities (Indonesia)	PT Yuanta Asset Management (Indonesia)	Investment management	99.998	99.998	99.998	
Yuanta Asia Investment (B.V.I.)	Reksa Dana Yuanta Liquid Plus Money Market Fund	Investment debt instrument	87.10	91.20	99.93	
	Reksa Dana Yuanta Fixed Income Fund	Investment debt instrument	66.07	70.67	67.72	
	Reksa Dana Indeks Yuanta Sri-Kehati Index Fund	Investment debt instrument	99.07	99.24	99.82	
	Reksa Dana Yuanta Equity Alpha Fund	Investment debt instrument	100.00	100.00	100.00	
Yuanta Bank	Yuanta International Leasing Co., Ltd. (“Yuanta International Leasing”)	Leasing business	100.00	100.00	100.00	
	Yuanta Savings Bank (Philippines) Inc. (Yuanta Savings Bank (Philippines))	Deposits and loans of savings bank	100.00	100.00	100.00	
	Yuanta Savings Bank (Korea) Inc. (Yuanta Savings Bank (Korea))	Deposits and loans of savings bank	100.00	100.00	100.00	
Yuanta Futures	Yuanta Futures (Hong Kong) Limited (“Yuanta Futures Hong Kong”)	Financial services	67.97	68.65	68.65	
	SYF Information Limited (“SYF Information”)	Information service	67.97	68.65	68.65	
SYF Information	SYF Information (Samoa) Limited (“SYF Information (Samoa)”)	Investment holding	67.97	68.65	68.65	Note 5
SYF Information (Samoa)	SYF Information (Shanghai) Limited (“SYF Information (Shanghai)”)	Information service	67.97	68.65	68.65	
Yuanta Venture Capital	Yuanta I Venture Capital Co., Ltd. (“Yuanta I Venture Capital”)	Venture capital investments	100.00	100.00	100.00	

Note 1: Yuanta Securities viewed as if Yuanta Securities Finance’s equity under common control had always been combined, and the comparative financial statements should be retrospectively restated.

Note 2: In June 2019, the Board of Directors of Yuanta Securities Holding (B.V.I.) Co.,Ltd. resolved to dissolve and liquidate the company. The effective date was December 27, 2019, and the liquidation process was completed on February 14, 2020.

Note 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 approved the liquidation of Heng Xin Asia Holdings. The liquidation was completed in June 2019.

Note 5: On September 25, 2019, the Board of Directors of SYF Information (Samoa) resolved to dissolve and liquidate the company to simplify the organisation. 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:

March 31, 2020

Structured entities	Services
YK Indus 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
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
YK Work. Co., Ltd.	Asset-backing
YK MIRACLE Co., Ltd.	Asset-backing
YK CF. Co., Ltd.	Asset-backing
SJ beomcheon second Co., Ltd.	Asset-backing
YK Maritime Co., Ltd.	Asset-backing
YK Bugae the 1st Co., Ltd.	Asset-backing
YK Mozart II Co., Ltd.	Asset-backing
YK SEAWORK. Co., Ltd.	Asset-backing
Y.K. Cherry the First Co., Ltd.	Asset-backing
YK Chile Co., Ltd.	Asset-backing
YK Songdo. Co., Ltd.	Asset-backing
YK Whistle Co., Ltd.	Asset-backing
BUMERSQUARE 1st. Co., Ltd.	Asset-backing
Y.K.Blue the 5th. Co., Ltd.	Asset-backing
YK Star. Co., Ltd.	Asset-backing
YK GO. Co., Ltd.	Asset-backing
YK Hyper Co., Ltd.	Asset-backing
YK Dragon Lake Co., Ltd.	Asset-backing
Y.K. Spark the First Co., Ltd.	Asset-backing
YK DY Co., Ltd.	Asset-backing
Yk Nine Mall Co., Ltd.	Asset-backing
YK SEONHWA. Co., Ltd.	Asset-backing

March 31, 2020

Structured entities	Services
Gold Poongmu the 1st Co., Ltd.	Asset-backing
SJ gangbuk first Co., Ltd.	Asset-backing
YFI Jebu Co., Ltd.	Asset-backing
YFI Itaewon Co.,Ltd.	Asset-backing
YK Woongcheon the 1st Co., Ltd.	Asset-backing
Y.K Life the First Co., Ltd.	Asset-backing

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
YK Work. Co., Ltd.	Asset-backing
YK BeomCheon the 1st Co., Ltd.	Asset-backing
YK MIRACLE Co., Ltd.	Asset-backing
YK CF. Co., Ltd.	Asset-backing
SJ beomcheon second Co., Ltd.	Asset-backing
YK Maritime Co., Ltd.	Asset-backing
YK Bugae the 1st Co., Ltd.	Asset-backing
YK Mozart II Co., Ltd.	Asset-backing
YK SEAWORK. Co., Ltd.	Asset-backing
Y.K. Cherry the First Co., Ltd.	Asset-backing
YK Chile Co., Ltd.	Asset-backing
YK Songdo. Co., Ltd.	Asset-backing

December 31, 2019

Structured entities	Services
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
YK Dragon Lake Co., Ltd.	Asset-backing
Y.K. Spark the First Co., Ltd.	Asset-backing
YK DY Co., Ltd.	Asset-backing
Yk Nine Mall Co., Ltd.	Asset-backing
YK SEONHWA. Co., Ltd.	Asset-backing
Gold Poongmu the 1st Co., Ltd.	Asset-backing
SJ gangbuk first Co., Ltd.	Asset-backing

March 31, 2019

Structured entities	Services
YK APT the 1st Co.,Ltd	Asset-backing
Y.K.S.W. Second Co., Ltd	Asset-backing
Y.K. New NC 1st Co., Ltd	Asset-backing
YK Halfmoon 2nd Co.,Ltd	Asset-backing
Y.K. New NC Second Co., Ltd	Asset-backing
YK Hessen Co.,Ltd	Asset-backing
ELF 5th Co.,Ltd	Asset-backing
YK Indus Co.,Ltd	Asset-backing
YK Mozart Co.,Ltd	Asset-backing
YK Dway 2nd Co.,Ltd	Asset-backing
YK Biz Co.,Ltd	Asset-backing
YK Stella Co.,Ltd	Asset-backing
YK HIT Co.,Ltd	Asset-backing
SJ First Co.,Ltd	Asset-backing
YK Monaco Co.,Ltd	Asset-backing
YK JP the 7th Co.,Ltd	Asset-backing
Y.K.Blue the third Co., Ltd	Asset-backing
YK KGE Co., Ltd	Asset-backing
DG.southone 1st Co., Ltd	Asset-backing
YFI Yeosu Co., Ltd	Asset-backing
UT sixth Co., Ltd	Asset-backing
YK Gunsun 1st Co., Ltd	Asset-backing
Y.K.Blue the 4th.Co., Ltd	Asset-backing
First M 2nd.Co.,Ltd	Asset-backing
First M 3rd.Co.,Ltd	Asset-backing
DK project second Co., Ltd	Asset-backing

March 31, 2019

Structured entities	Services
YK SMGC Co., Ltd	Asset-backing
YK Hotel the 1st Co., Ltd	Asset-backing
Y.K.Stone the First Co., Ltd	Asset-backing
YK Grand. Co., Ltd	Asset-backing
YK HD Co., Ltd	Asset-backing
YFI Double S1 Co., Ltd	Asset-backing
YFI Double S2 Co., Ltd	Asset-backing
YK Dragon. Co., Ltd	Asset-backing
Y.K.Glory the 1th.Co., Ltd	Asset-backing
YK S Glory Second Co., Ltd	Asset-backing
YK Janggi Haneulchae Co., Ltd	Asset-backing
YK MEDICINE Co., Ltd	Asset-backing
YKWork. Co., Ltd	Asset-backing
YK BeomCheon the 1st Co., Ltd	Asset-backing
YK MIRACLE Co., Ltd	Asset-backing

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

D. Subsidiaries not included in the consolidated financial statements:

None.

E. Adjustments for subsidiaries with different balance sheet dates:

None.

F. Significant restrictions

None.

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

As of March 31, 2020, December 31, 2019 and March 31, 2019, the non-controlling interest amounted to \$17,510,188, \$18,005,247 and \$17,988,539, respectively. The information of non-controlling interest and respective subsidiaries is as follows:

		Non-controlling interest					
		March 31, 2020		December 31, 2019		March 31, 2019	
Subsidiary	Principal place of business	Amount	Ownership(%)	Amount	Ownership(%)	Amount	Ownership(%)
Yuanta Securities (Korea)	Korea	\$ 13,286,781	43.50%	\$ 14,215,077	44.64%	\$ 14,295,055	45.38%

The comprehensive loss attributable to this non-controlling interest were (\$521,683) and (\$34,909) for the three months ended March 31, 2020 and 2019, respectively.

Summarized financial information for the aforementioned subsidiaries:

Consolidated balance sheets

	<u>Yuanta Securities (Korea) and its subsidiaries</u>		
	<u>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 2019</u>
Current assets	\$ 330,064,662	\$ 303,666,064	\$ 320,385,545
Non-current assets	16,521,548	17,744,841	18,780,491
Current liabilities	(307,547,382)	(281,118,694)	(298,843,066)
Non-current liabilities	(7,280,107)	(7,370,051)	(7,815,752)
Total net assets	<u>\$ 31,758,721</u>	<u>\$ 32,922,160</u>	<u>\$ 32,507,218</u>

Consolidated statements of comprehensive income

	<u>Yuanta Securities (Korea) and its subsidiaries</u>	
	<u>For the three months ended March 31,</u>	
	<u>2020</u>	<u>2019</u>
Revenue	\$ 2,972,848	\$ 3,971,006
Profit before income tax	236,512	753,307
Income tax expense	(66,603)	(122,330)
Net income	169,909	630,977
Other comprehensive loss (net of tax)	(1,333,349)	(705,030)
Total comprehensive loss for the period	<u>(\$ 1,163,440)</u>	<u>(\$ 74,053)</u>

Consolidated statements of cash flows

	<u>Yuanta Securities (Korea) and its subsidiaries</u>	
	<u>For the three months ended March 31,</u>	
	<u>2020</u>	<u>2019</u>
Net cash (used in) provided by operating activities	(\$ 5,908,416)	\$ 7,262,987
Net cash provided by investing activities	868,683	142,066
Net cash provided by (used in) financing activities	5,629,837	(2,221,850)
Effect of exchange rates on cash and cash equivalents	(852,247)	(129,645)
(Decrease) increase in cash and cash equivalents	(262,143)	5,053,558
Cash and cash equivalents, beginning of period	19,784,783	16,791,937
Cash and cash equivalents, end of period	<u>\$ 19,522,640</u>	<u>\$ 21,845,495</u>

(1) Other significant accounting policies

These consolidated financial statements should be read in conjunction with the consolidated financial statements for the year ended December 31, 2019. Except for the accounting policies listed below, please refer to the notes to the consolidated financial statements for the year ended December 31, 2019 for information on significant accounting policies.

A. Employee benefits

(A) Short-term employee benefits

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

(B) Pensions

a. Defined contribution plans

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

b. Defined benefit plans

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

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

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

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

c. Deposits

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

d. Termination benefits

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

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

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

B. Income tax

(A) Current income tax

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

(B) Deferred income tax

a. Deferred income tax assets and liabilities are measured based on the tax rate of the anticipated period that the future assets realization or the liabilities settlement requires, which is based on the effective or existing tax rate at the consolidated balance sheet date. The carrying amounts and temporary differences of assets and liabilities included on the consolidated balance sheet are calculated using the balance sheet liability method and recognised as deferred income tax.

b. The land revaluation appraisal due to the revaluation assessment in compliance with relevant regulations, deemed as taxable temporary difference, is recognised as deferred income tax liabilities.

c. If the future taxable income is probable to provide unused loss carryforwards or deferred income tax credit which can be realised in the future, the proportion of realization is deemed as deferred income tax asset.

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

(D) The interim period income tax expense is recognised based on the estimated average annual effective income tax rate expected for the full financial year applied to the pretax income of the interim period, and the related information is disclosed accordingly.

(E) If a change in tax rate is enacted or substantively enacted in an interim period, the Yuanta Group recognises the effect of the change on items recognized outside profit or loss immediately in the interim period in which the change occurs and spread the effect of the change on items recognised in profit or loss over the remainder of the annual reporting period via an adjustment to the estimated annual effective income tax rate.

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

There have been no significant changes as of March 31, 2020. Please refer to Note 5 in the consolidated financial statements for the year ended December 31, 2019.

6. Details of significant accounts

(1) Cash and cash equivalents

	<u>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 2019</u>
Cash	\$ 6,631,652	\$ 7,536,848	\$ 6,012,887
Deposits in banks	57,850,065	58,462,906	56,795,762
Futures excess margin and cash equivalents	4,761,854	2,670,354	2,274,176
Excess settlement reserve fund	9,235	2,575	12,417
Checks for clearing	498,434	586,890	1,906,906
Total	<u>\$ 69,751,240</u>	<u>\$ 69,259,573</u>	<u>\$ 67,002,148</u>

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

	<u>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 2019</u>
Reserve for deposits - account A	\$ 6,596,511	\$ 10,186,274	\$ 10,945,698
Reserve for deposits - account B	29,509,563	28,589,351	26,834,209
Deposits by overseas branches to designated accounts of respective local central banks	2,575,130	3,164,861	2,573,813
Reserve for deposits	4,178,787	2,387,759	3,173,498
Call loans to banks	3,760,965	1,706,440	3,246,870
Total	<u>\$ 46,620,956</u>	<u>\$ 46,034,685</u>	<u>\$ 46,774,088</u>

Reserves due from Central Bank are calculated monthly at prescribed rates on the average daily balances of various deposit accounts and structured accounts and then lodged into reserve for deposits account of Central Bank. The reserve for deposits - account A is non-interest bearing and call on demand. Reserve for deposits - account B is interest bearing and its use is restricted to monthly adjustment in the reserve for deposits only according to relevant regulations.

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

	<u>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 2019</u>
Financial assets mandatorily measured at fair value through profit or loss			
Commercial paper	\$ 30,534,891	\$ 35,665,553	\$ 30,593,599
Time deposits	737,858	-	-
Beneficiary certificates / securities	46,780,688	58,878,065	48,713,351
Stocks of companies listed on TSE or OTC	27,262,952	33,247,996	27,253,722
Emerging stocks	1,279,283	1,338,224	1,076,639
Government bonds	51,374,976	39,711,043	48,169,640
Financial bonds	120,680,119	117,549,551	101,498,687
Corporate bonds	82,216,771	75,637,003	73,467,130
Overseas bonds	306,884	882,793	1,489,331
Convertible corporate bonds	47,036,698	45,514,594	47,659,393
Derivative financial instruments	31,025,216	12,534,264	12,771,308
Structured products and others	12,391,591	17,518,059	13,970,414
Reserve for claims of customers' deposits with KSFC (Note 1)	69,864,617	61,372,357	65,202,096
Other marketable securities	4,483,681	4,619,722	3,287,893
Valuation adjustment	(4,098,618)	(438,145)	(1,199,041)
Total	<u>\$ 521,877,607</u>	<u>\$ 504,031,079</u>	<u>\$ 473,954,162</u>
Financial liabilities held for trading			
Derivative financial instruments	\$ 34,011,556	\$ 16,671,818	\$ 18,358,027
Non-derivative financial instruments	37,153,485	22,270,873	16,908,978
Valuation adjustment of financial liabilities held for trading — non-derivative financial instruments	(2,349,145)	861,833	456,038
Financial liabilities designated as at fair value through profit or loss			
Structured products (Note 2)	56,530,948	67,372,332	59,753,910
Convertible bond asset swap not qualifying for derecognition (Note 2)	18,068,788	16,078,956	17,144,317
Others	79,957	84,416	-
Total	<u>\$ 143,495,589</u>	<u>\$ 123,340,228</u>	<u>\$ 112,621,270</u>

Note 1: KSFC stands for Korea Securities Finance Corporation.

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

A. Please refer to Note 8 for details of the above financial assets at fair value through profit or loss pledged as collateral as of March 31, 2020, December 31, 2019 and March 31, 2019.

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

	<u>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 2019</u>
Equity instruments			
Domestic stocks	\$ 12,933,526	\$ 6,570,938	\$ 5,167,225
Overseas stocks	<u>525,354</u>	<u>91,293</u>	<u>330,565</u>
	13,458,880	6,662,231	5,497,790
Debt instruments			
Overseas corporate bonds	-	257,622	878,525
Domestic beneficiary certificates	13,591,595	11,285,369	4,912,729
Overseas beneficiary certificates	<u>220,986</u>	<u>180,004</u>	<u>100,146</u>
	<u>\$ 27,271,461</u>	<u>\$ 18,385,226</u>	<u>\$ 11,389,190</u>

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

	<u>For the three months ended March 31,</u>	
	<u>2020</u>	<u>2019</u>
(Loss) profit recognised in accordance with IFRS 9	(\$ 2,049,587)	\$ 715,767
Less: Profit that would have been recognised under IAS 39	<u>(81,848)</u>	<u>(96,863)</u>
(Loss) profit from adopting the overlay approach	<u>(\$ 2,131,435)</u>	<u>\$ 618,904</u>
Effects on income tax	<u>\$ 8,356</u>	<u>(\$ 26,938)</u>

D. Please refer to Note 6(39) for the amounts recognised in profit or loss in relation to the financial assets at fair value through profit or loss.

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

<u>Items</u>	<u>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 2019</u>
Debt instruments			
Government bonds	\$ 25,647,825	\$ 30,110,729	\$ 23,184,159
Bank debentures	57,757,546	53,200,447	43,568,989
Corporate bonds	126,357,262	113,033,913	121,104,154
Commercial paper	132,854	137,102	134,395
Others	737,673	723,407	1,057,271
Valuation adjustment	<u>(639,968)</u>	<u>1,527,764</u>	<u>985,047</u>
Subtotal	<u>209,993,192</u>	<u>198,733,362</u>	<u>190,034,015</u>
Equity instruments			
Listed stocks	23,536,542	12,391,640	6,279,005
Unlisted stocks/Emerging stocks	4,069,744	5,067,893	5,219,261
Others	1,596,322	919,946	583,405
Valuation adjustment	<u>10,797,305</u>	<u>13,593,163</u>	<u>12,889,039</u>
Subtotal	<u>39,999,913</u>	<u>31,972,642</u>	<u>24,970,710</u>
Statutory deposits	<u>(1,216,100)</u>	<u>(1,216,100)</u>	<u>(1,216,100)</u>
Total	<u>\$ 248,777,005</u>	<u>\$ 229,489,904</u>	<u>\$ 213,788,625</u>

- A. As of March 31, 2020, December 31, 2019 and March 31, 2019, pursuant to Article 141 of Insurance Act, an insurance enterprise shall deposit 15% of its registered paid-in capital with the national treasury as operating guarantee deposits. Yuanta Life of the Group has deposited government bonds with par value of \$1,216,100 in the Central Bank as statutory operating guarantee deposits, which are recognised under other assets-net.
- B. The Yuanta Group elects to classify strategic equity investments not held for trading as financial assets measured at fair value through other comprehensive income. As of March 31, 2020, December 31, 2019 and March 31, 2019, the fair value of such investments were \$39,999,913, \$31,972,642 and \$24,970,710, respectively.
- C. The Yuanta Group sold the equity shares in order to avoid systematic risk resulting from structural changes in the industry and taking asset allocation into consideration and adjusts the investment portfolio. For the three months ended March 31, 2020 and 2019, the fair value of the equity instruments sold were \$905,904 and \$1,116,273, and the cumulative gain on disposal were \$592 and \$52,833, 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:

- E. Details of the Yuanta Group's financial assets at fair value through other comprehensive income pledged to others as collateral as of March 31, 2020, December 31, 2019 and March 31, 2019 are provided in Note 8.
- F. Information relating to credit risk is provided in Note 12(3).

(5) ,QYHVWPHQWV LQ GHEW LQ QWVXPHQWV DW DPRUWLVHG F

A. \$PRXQWV UHFRJQLVHG LQ SURILW RU ORVV LQ UHODWL
EHORZ

B. 7KHXDQWDV*~~RURGS~~/RPH RI WKH ILQDQFLDO ~~WIKUMHHW P~~ ~~QWV~~ ~~X~~
ODUFK DQH WR IDFLW ~~RU~~ ~~ME~~ ~~WHFR~~ ~~MY~~ ~~QU~~ ~~UVN~~ ~~XHQW~~ ~~VDO~~
DQWRWDO DPRXQWLWLD ~~W~~ ~~Q~~ ~~W~~ ~~Q~~ ~~R~~ ~~S~~ ~~R~~ ~~V~~ ~~Z~~ ~~U~~ ~~E~~ ~~H~~ ~~Q~~ ~~H~~ ~~I~~ ~~D~~ ~~Q~~
UHVSHFWLYHO\

C. \$V RI ODUFK 'HFHPEHU DQG ODUFK
,QVXUDQFH \$FW DQ LQVXUDQFH HQWHUSULQ ~~FD~~ ~~SK~~ ~~LD~~ ~~W~~ ~~DOO~~ ~~G~~
QDWLRQDO WUHDJ ~~XDU~~ ~~DD~~ ~~W~~ ~~IR~~ ~~S~~ ~~H~~ ~~G~~ ~~S~~ ~~R~~ ~~L~~ ~~Q~~ ~~L~~ ~~W~~ ~~V~~ <XDQWD /LIH
JRYHUQPHQW ERQGV ZLWK SDU YDOXH RI
&HQWUDO %DQN DV VWDWXWRU\ RSHUDWLQJ JXDUDQWH

D. 'HWDLV ~~W~~ ~~K~~ ~~H~~ ~~R~~ ~~I~~ ~~U~~ ~~R~~ ~~X~~ ~~S~~ ~~I~~ ~~V~~ ILQDQFLDO DVVHWV DW DPRUWLVHG
'HFHPEHU DQ ~~W~~ ~~H~~ ~~S~~ ~~F~~ ~~U~~ ~~R~~ ~~Q~~ ~~L~~ ~~G~~ ~~H~~ ~~G~~

E. ,QIRUPDWLRQ UMOD ~~W~~ ~~L~~ ~~N~~ ~~Q~~ ~~L~~ ~~W~~ ~~S~~ ~~U~~ ~~R~~ ~~U~~ ~~H~~ ~~G~~ ~~H~~ ~~G~~ LQ 1RWH

(6) %LOOV DQG ERQB ~~S~~ ~~H~~ ~~V~~ ~~D~~ ~~I~~ ~~V~~ ~~R~~ ~~I~~ ~~G~~ ~~X~~ ~~Q~~ ~~G~~ ~~O~~ ~~V~~ DQG ERQGV VROG

(7) 5HFHLYDEOHV

- A. 'HWDROVVKH *URXS¹ QHWHFSDNDFEORWKHUV DV OFRLOFKD W
'HFHPEHU DQGDUDHUKRYLGHG LQ 1RWH
- B. 7KHURXS UHGFSJOURSEULFDZVDHQ FH IRU GHE² RWKMKW HHH PHLQVDE
0DUFK DQGDWDLOV DUH SURYLGHG LQ 1RWH
- C. 0DUJLQ ORDQV UHFHLYDEOH XVHV WKH VHF³ \$VWLDHUF⁴ X
'HFHPEHU DQG W⁵ KUF⁶ QQQXD⁷ OR IL QX⁸ D⁹ Q¹⁰ W¹¹ V¹² H¹³ F¹⁴
DQGDQWD 6HFX¹⁵ Z¹⁶ H¹⁷ M¹⁸ H¹⁹ O²⁰) W²¹ K²² D²³ Q²⁴ F²⁵ X²⁶ D²⁷ O²⁸ M²⁹ Q³⁰ D³¹ J³² H³³ R³⁴ W³⁵ < X³⁶ D³⁷ Q³⁸ W³⁹ D⁴⁰
.RUHBU⁴¹ a a DQG a UHV⁴² S⁴³ W⁴⁴ K⁴⁵ W⁴⁶ L⁴⁷ D⁴⁸ Q⁴⁹ X⁵⁰ D⁵¹ I⁵²
UDWHV UDQJH RI <XDQWD 6HFX⁵³ W⁵⁴ K⁵⁵ D⁵⁶ Q⁵⁷ L⁵⁸ X⁵⁹ M⁶⁰ D⁶¹ Q⁶² Q⁶³ L⁶⁴ Q⁶⁵ D⁶⁶ H⁶⁷ L⁶⁸ V⁶⁹ M⁷⁰ Z⁷¹ H⁷² D⁷³
6HFXU⁷⁴ L⁷⁵ R⁷⁶ Q⁷⁷ J⁷⁸ H⁷⁹ V⁸⁰ R⁸¹ Z⁸² H⁸³ U⁸⁴ H⁸⁵ a a DQG a UHV⁸⁶ S⁸⁷ H⁸⁸ F⁸⁹ W⁹⁰ L⁹¹ D⁹² Q⁹³ X⁹⁴ D⁹⁵ I⁹⁶
WKH DQQXD⁹⁷ V⁹⁸ U⁹⁹ L¹⁰⁰ Q¹⁰¹ W¹⁰² H¹⁰³ U¹⁰⁴ V¹⁰⁵ X¹⁰⁶ D¹⁰⁷ Q¹⁰⁸ W¹⁰⁹ D¹¹⁰ L¹¹¹ Q¹¹² W¹¹³ L¹¹⁴ H¹¹⁵ V¹¹⁶ a
DQG a UHV¹¹⁷ S¹¹⁸ H¹¹⁹ F¹²⁰ W¹²¹ K¹²² H¹²³ Y¹²⁴ D¹²⁵ Q¹²⁶ X¹²⁷ D¹²⁸ O¹²⁹ L¹³⁰ Q¹³¹ W¹³² H¹³³ U¹³⁴ H¹³⁵ V¹³⁶ W¹³⁷ U¹³⁸ D¹³⁹ W¹⁴⁰ H¹⁴¹ V¹⁴² U¹⁴³ D¹⁴⁴ Q¹⁴⁵ J¹⁴⁶
ZHUH a a DQG a

(8) \$VVHWV KHOG WRU VDOH

,Q RUGHU WR LPSURYH WKH HIILFLHQF\ RI DVVHW XWLOLJ
HVWDWH E\ WKH %¹ R² D³ W⁴ G⁵ R⁶ H⁷ I⁸ L⁹ R¹⁰ Y¹¹ F¹² O¹³ V¹⁴ H¹⁵ U¹⁶ V¹⁷ R¹⁸ Q¹⁹ DQG WKH UH
UHFODVVLILHG WR ³DVVHWVQKH¹W² K³ H⁴ I⁵ R⁶ D⁷ L⁸ V⁹ D¹⁰ O¹¹ X¹² S¹³ I¹⁴ W¹⁵ H¹⁶ V¹⁷ U¹⁸ F¹⁹ R²⁰ V²¹
DVVHWV KHOG IRU^{538,632} D¹ Q² L³ G⁴ V⁵ D⁶ U⁷ F⁸ K⁹ 'HFHPEHU
DQG 0DUFK 7KH IDLU YDOXH RI WKH DVVHWV KHOG IRU V
L¹ Q² H³ O⁴ S⁵ H⁶ Q⁷ W⁸ Y⁹ D¹⁰ O¹¹ X¹² D¹³ W¹⁴ L¹⁵ R¹⁶ Q¹⁷ H¹⁸ [S¹⁹ H²⁰ U²¹ V²² Z²³ K²⁴ L²⁵ F²⁶ K²⁷ Z²⁸ D²⁹ V³⁰ F³¹ D³² W³³ H³⁴ J³⁵ R³⁶ U³⁷ L³⁸]
W¹ K² H³ U⁴ H⁵ P⁶ R⁷ Q⁸ W⁹ K¹⁰ V¹¹ H¹² Q¹³ G¹⁴ M¹⁵ K¹⁶ H¹⁷ O¹⁸ D¹⁹ U²⁰ F²¹ K²² W²³ D²⁴ S²⁵ D²⁶ U²⁷ R²⁸ K²⁹ S³⁰ H³¹ I³² V³³ R³⁴ O³⁵ G³⁶ H³⁷ W³⁸ V³⁹ D⁴⁰ I⁴¹ Q⁴² H⁴³ O⁴⁴ G⁴⁵
WKH SURFHGGV RQ GLVSRVDO D³⁷⁰³⁰⁰ D¹ Q² Q³ 9⁴ 6⁵ 1⁶ Q⁷ U⁸ L⁹ W¹⁰ S¹¹ H¹² R¹³ F¹⁴ W¹⁵ D¹⁶ O¹⁷ Y¹⁸ E¹⁹ D

(9) % LOOV GLVFRX ~~QWWG~~ DQG ORDQV

A. 7KH <XDQW ~~UHFRSSURS~~ SWH DOORZDQFH IRU EDG GHEWV
DQG UHF ~~LYRHOHV~~ LQ DOORZDQFH ~~QRWR~~ ~~DEG~~ ~~COHE~~ ~~GLVLF~~ ~~ORX~~
IR ~~the~~ three months ended March 31, 2020 and 2019 HDVH UHIHU WR 1RWH
B. &ODVVLILHG E\ VXEVLGLDULHV DV IROORZV

(10) 5HLQVXUDQFH FRQWUDFW DVVHWV

(11) ,QYHVWDFHQWQWHG IRU XQGHUHWKH HTXLW\ PHWKRG

7KH <XDQWV KDUXS RI WKH RSHUDWLQJ UHVXOWV LQ DO
VXPPDGLDORZ

(12) 2WKHU ILQDO D VVHWV

A. ,QIRUPDWLRQ UHODSWLRQV IRGHHU LVN LV

B. 7KH *URXS TV OQNMVPLQW UUDQFH SURGXFWV PDLQO\ F
UHODWLRQ WR EHQHILFLDU\ FHUWLILFDWH YDDQKDWL
\$V RDUFK 'HFHPHQG ODUFKDV ZHQRWFKUHH PRQ
HQQHG ODUFK GHVQGOV DERWW RQHLQVXUHS
DFFRXQWH DWIROORZ

(13) , Q Y M P H Q S W H S W W

& K D Q J H L Q L Q Y H V W W K H I Q X D S Q V R S H W W X S R I

- A. 7KH IDLU YDOXH RI WKH LQYHVWPHQW SURSHUWULYHO\ WKH
 'HFHPEHU DQG ZOHDFK \$7,958,098 and
 UVSHFVWLYHO\ WR WKH UHVXOW RI YDOXDWL
 XVLQJ WKH LQFRPH PHWKRG FRPSDULVRQ PHWKRG PD
 DSSURDFK IDUFK WKH IDLU YDOXH LQF4983930 WKH
 9,712,71 WKDW ZDV FDWHJRULVHG ZLWKLQ /HYHO D
 KLHUDUFK\ UVSHFVWLYHO\ WKH IDLU YDOXH LQFOXGHG
 4,918,786DQ 39,312WKDW ZDV FDWHJRULVHG ZLWKLQ /HYHO
 KLHUDUFK\ UVSHFVWLYHO\ WKH IDLU YDOXH LQFOXGHG W
 DQG WKDW ZDV FDWHJRULVHG ZLWKLQ /HYHO
 KLHUDUFK\ UVSHFVWLYHO\
- B.)RU WKH PRQWKV HQGHG 0DWFKWPHU DQG WKH O
 LQYHVWPHQW SURSHUWULYHO\ ZOHDFK
- C. ,Q WKH FRQVROLGDWHG FRPSDQ\ <XDQWD /LIH DF
 RXVH DVVHWV DQG LQYHVWPHQW SURSHUWULYHO\ WKH UVSHFVWLYHO\
 HVWDEOLVKPHQW RI RZSHG SURSHUWULYHO\ WKH UVSHFVWLYHO\
 1DWLRQDO 3URSHUWULYHO\ DGPLQLVWUDWLRQ 0LQLVWU\ RI
 ULJKW RI VXSHUILFLHV RI QLQDQ 66 RQKRRJVKDQ
 7KH WRWDO FRQWUDFW DPRXQW ZDV PDGH EDVHG RQ
 DFTXLHG E\ DXFWLRQ RI 7KH SD\PHQW SD SFR
 7UDQVIRXQWLQJ WR ZDV FODVVLILHG DV LQYHVW
- D. 3OHDVH UHIHU WR 1RWH IRU GHWDLOV RI WKH <XDQW
 FROODWHUDO

(14) 3URSHUW\ DQG HTXLSPHQW

&KDQJURSHUW\ DQG HTXLSPHQW RI WKH <XDQWD *URXS

3OHDVH UHIHU WR 1RWH IRU GHWDLOV RI WKH FROODWHUDO SURYLGHG IRU DERYH

7KH <XDRXSD*HW O DQGJDZKIEKLOZHUH FODVVLILHG DV RSHUDWLQJ OHDVH DQG WKH
IROORZV

a a

(15) /H D Q U D D Q J Q M D V H V V H H

- A. 7KH <XDQWD *URXS OHDVHV FXDLQ R X Q J D V V H D W K L S Q H U W G L E X
YHKLFOPLW D H Q G O D Q H R X S H G T X D L S F R Q W U D F W R W S U H L V R G V L R D
\H D U W D G G L W L R Q V X S H U I L F L H S G P L Q L U V R P D I W W R Q Q D D Q 3 U V
P D G H I R W S H U L R G V D V H W H U P V D U H Q H J R W L D W R Q W R D L Q C
Z L G H U D Q J H R I G L I I H U H Q W W H U P V D Q G F R Q G L W L R Q V 7
O H D V H G D V V H W V P D \ Q R W E H X V H G D V V H F X U L W \ I R U E
B. 7KFDUU\LQJ DPRRXQWH DIVV H J K W D Q G W K H G H S U H F L D W L R Q

- C.)R W W K U H H P R Q W K V H Q G H G O D U W F K H D G G L W B L R Q H D W R H U
D P R X Q W H G V D R 24,815 U H V S H F W L Y H O \
- D. 7KH LQIRUR D W R R Q B Q G H [S H Q V H D F F R X Q W V U H O D W L Q J

- E.)R W W K U H H P R Q W K V H Q G H G O D U W F K H < X D Q W D Q G R X S \ V W R
O H D D W R X Q W H G V D R 49,920 U H V S H F W L Y H O \

(16) /HDVDDQUBDQOHV VVRU

A. 7KH XDQWDQ D D R X S YDULRXV EDXLOHGW Q JLQ F5HXGMSLO F F R Q WRU
IRU SHULRGV\RD UVD QVHDVPH DUH QHJRWLDWHG RQ DQ LQ
ZLGH UDQJH RI GLIIHUHQW WHUP OHDVH RUF R QGLKLSR QVJH
OHDVHG DVVHWV OHDVHG DVVHWV PD\ QRW EH XVHG
YDOXH JXDUDQWHH ZDV UHTXLUHG

B. 7KH XDQWDQ D D R X S OHDVH XLSPHQW XQG HU D ILQDQFH OHDVH
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(17) Q W D E O M H W W

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- A. ~~<XDQWD *URXS~~ 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 to the value, 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
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In addition, as oMarch 31, 2020there werelitigations filed against former TongYang

Securities Inc. and its subsidiaries related to the above-mentioned dispute on financial
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million (approximately NT\$2.2 billion).) R U W 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,
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 determine
whether the plaintiffs' request is justified. R U W K H P L O O L R Q F O D V
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. H U
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b. Change in premium deficiency reserve:

	For the three months ended March 31,	
	2020	2019
At January 1	\$ 865,166	\$ 1,340,561
Current net change	60,410 (49,066)
Loss on foreign exchange	855	459
At March 31	<u>\$ 926,431</u>	<u>\$ 1,291,954</u>

(E) Other reserves

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

	For the three months ended March 31,	
	2020	2019
At January 1	\$ 3,918,127	\$ 4,103,376
Recovery	(42,161)	(39,921)
At March 31	<u>\$ 3,875,966</u>	<u>\$ 4,063,455</u>

B. Reserve for foreign exchange fluctuation

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

	For the three months ended March 31,	
	2020	2019
At January 1	\$ 600,869	\$ 893,568
Provision		
Compulsory provision	53,916	60,836
Additional provision	275,200	-
Subtotal	929,985	954,404
Recovery	(143,989)	(387,033)
At March 31	<u>\$ 785,996</u>	<u>\$ 567,371</u>

(B) Effect of accounts eligible or ineligible for the foreign exchange reserve on the consolidated financial statements of Yuanta Life of the Group for the three months ended March 31, 2020 and 2019 are as follows:

	For the three months ended March 31, 2020		
	Ineligible amount	Eligible amount	Impact
Net income	\$ 494,312	\$ 346,210	(\$ 148,102)
Earnings per share (in dollars)	0.44	0.31	(0.13)
Reserve for foreign exchange fluctuation	-	785,996	785,996
Total equity	25,330,954	24,686,850	(644,104)

	For the three months ended March 31, 2019		
	Ineligible amount	Eligible amount	Impact
Net income	\$ 366,068	\$ 627,026	\$ 260,958
Earnings per share (in dollars)	0.38	0.64	0.26
Reserve for foreign exchange fluctuation	-	567,371	567,371
Total equity	13,128,145	12,658,941	(469,204)

(27) Employee benefit liabilities reserve

A. Defined benefit plans:

- (A) The Company and its domestic subsidiaries have a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45~61 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Yuanta Group also established a special retention bonus plan applicable to certain employees. Except for Yuanta Securities Finance contributing retirement fund by 8% of the employees' monthly salaries and wages, the Yuanta Group contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Yuanta Group would assess the balance in the aforementioned labor pension reserve account by the end of December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method, to the employees expected to be qualified for retirement next year, the Yuanta Group will make contributions to cover the deficit by next March. Yuanta Securities (Korea) and its subsidiary have a defined benefit plan or a defined contribution plan in accordance with the relevant laws and regulations applied by the local Korean government. Yuanta Securities Investment Trust obtained the approval letter no. 1076057939 and no. 1086074270 from Department of Labor, Taipei City government to suspend the pension contribution for the period from September 2018 to August 2020.
- (B) For the aforementioned pension plan, the Company and its domestic subsidiaries recognised pension costs of \$16,807 and \$20,268 for the three months ended March 31, 2020 and 2019, respectively.
- (C) Expected contributions to the defined benefit pension plans of the Company and its domestic subsidiaries for the year ending December 31, 2021 amounts to \$47,770.

B. Defined contribution plans:

- (A) Effective July 1, 2005, the Company and its domestic subsidiaries have established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

- (B) Effective July 1, 2005, a retirement plan was established by Yuanta Life, covering all its telemarketing representatives. Under the retirement plan, Yuanta Life recognises monthly an amount equal to 7% of the employees' monthly incentive bonuses as retirement pay. The retirement plan is contributed till July 2016. Cumulated amounts will be retained until telemarketing representatives retire, after which it will be paid in lump-sum to each telemarketing representative according to their respective entitled proportions under the plan. Effective August 1, 2008, Yuanta Life established an "Incentive Award Plan", which covered its sales agents. Under the "Incentive Award Plan", Yuanta Life calculates monthly contributions based on the agent's service years and a monthly commission effective for the first year. The "Incentive Award Plan" is contributed till June 2014. Cumulated amounts will be retained until sales agents retire, after which it will be paid in lump-sum to each sales agent according to their respective entitled proportions under the plan.
- (C) Termination provisions
Ta Chong Bank's share conversion agreement with the Company on March 22, 2016 includes the relevant terms guaranteeing the rights and interests of employees. After the approval of the FSC, Ta Chong Bank has accrued termination provisions of \$124,410, \$280,239 and \$412,192, respectively in March 31, 2020, December 31, 2019 and March 31, 2019 (recorded under termination provisions).
- (D) Under the defined contribution plan, the Company and its domestic subsidiaries recognised pension expense of \$115,321 (under the employees' benefit expenses of \$112,940 and net income other than interest of \$2,381) and \$111,274 (under the employees' benefit expenses of \$109,271 and net income other than interest of \$2,003) for the three months ended March 31, 2020 and 2019, respectively.
- (E) The pension plans for the consolidated foreign subsidiaries are as follows:
The pension plan for Yuanta Securities Asia Finance is in compliance with the regulations of each employee nationality. Yuanta HK Holdings (Cayman) Ltd., Yuanta Securities Holding (B.V.I) Ltd. and Yuanta Investment Management (Cayman) Ltd. do not have compulsory pension plans according to local regulations. Other foreign subsidiaries are in compliance with related regulations enacted by local governments. For the three months ended March 31, 2020 and 2019, the foreign subsidiaries recognised \$127,535 and \$139,278, respectively, of pension expense by complying with aforementioned regulations.

(28) Other financial liabilities

	<u>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 2019</u>
Futures traders' equity	\$ 84,619,208	\$ 67,419,748	\$ 70,079,217
Structured deposit	5,494,303	6,712,530	8,721,785
Investment-linked products liabilities	1,584,686	1,935,363	1,899,304
Appropriated loan fund	<u>1,000</u>	<u>1,779</u>	<u>4,114</u>
Total	<u>\$ 91,699,197</u>	<u>\$ 76,069,420</u>	<u>\$ 80,704,420</u>

(29) Other liabilities

	<u>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 2019</u>
Guarantee deposit-in and margin deposits	\$ 25,883,303	\$ 28,783,494	\$ 29,415,088
Underwriting share proceeds collected on behalf of customers	20,757	241,581	876,977
Collections in advance	1,612,222	1,348,880	1,242,124
Retention bonus payable	1,492,752	1,474,522	1,385,346
Refundable deposits	775,093	1,111,072	289,917
Refundable deposits-derivative transactions	3,225,218	3,973,016	3,473,486
Others	1,237,973	1,351,049	1,186,291
Total	<u>\$ 34,247,318</u>	<u>\$ 38,283,614</u>	<u>\$ 37,869,229</u>

(30) Share capital

As of March 31, 2020, December 31, 2019 and March 31, 2019, the Company's total authorized capital were \$180,000,000, \$125,000,000 and \$125,000,000, respectively and total paid-in capital were \$116,706,115, \$116,706,115 and \$116,862,325, respectively. The aforementioned total paid-in capital includes 11,670,612, 11,670,612 and 11,686,233 thousand shares of common stock, each with a par value of \$10 dollars per share.

(31) Capital surplus

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

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

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

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

	<u>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 2019</u>
Additional paid-in capital	\$ 33,573,790	\$ 33,573,790	\$ 33,617,492
Treasury share transactions	3,479,710	3,479,710	3,477,403
Others	629,379	348,980	105,579
	<u>\$ 37,682,879</u>	<u>\$ 37,402,480</u>	<u>\$ 37,200,474</u>

(32) Legal reserve and special reserve

As required by the Company Law, 10% of the current year's earnings, after paying all taxes and offsetting any accumulated deficit, are set aside as a legal reserve until the reserve balance equals

the total amount of capital. The legal reserve is to be used exclusively to offset any accumulated deficit or to increase capital by issuing new shares or to distribute cash to shareholders in proportion to their share ownership and is not to be used for any other purposes. For legal reserve used in issuing new shares or distributing cash dividends, the amount of the legal reserve shall not exceed 25% of paid-in capital.

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

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

(33) Undistributed earnings

A. According to the Company's Articles of Incorporation, the annual net income will be distributed as follows:

(A) Pay income tax;

(B) Offset prior years' deficits;

(C) Provide legal reserve and special reserve; and

(D) The remaining amount and prior years' undistributed earnings shall be resolved by the stockholders during their meeting.

B. In order to continuously expand operation scale and enhance the profitability, the Company follows its long-term financial planning and relevant Articles of Incorporation to adopt a dividend surplus policy. In principle, the dividend appropriation is based on annual earnings calculated based on the above Articles of Incorporation. After the retention of capital required according to the operation scheme, the remainder shall be distributed in the form of cash dividends. However, the cash dividends shall not be less than 40% of the annual earnings to be distributed.

C. Details of the earnings distribution for 2019 of the Company resolved by the Board of Directors on March 23, 2020 and the earnings distribution for 2018 resolved by the stockholders' meeting on June 14, 2019 are as follows:

	2019 earnings		2018 earnings	
	Amount	Dividend per share (in dollars)	Amount	Dividend per share (in dollars)
Legal reserve	\$ -	\$ -	\$ 1,867,921	\$ -
Cash dividends	7,585,897	0.65	10,503,550	0.90
Stock dividends	4,668,245	0.40	-	-

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

D. Please refer to Note 6(43) for the details of the bonus to employees and remuneration to directors and supervisors.

(34) Other equity items

	Exchange differences on translation of foreign financial statements	Unrealised gain (loss) on financial assets measured at fair value through other comprehensive income	Change in fair value of financial liability attributable to change in credit risk	Other comprehensive income on reclassification under the overlay approach	Total
Balance, January 1, 2020	(\$ 3,528,386)	\$ 11,907,186	(\$ 36,730)	\$ 46,959	\$ 8,389,029
Financial assets at fair value through other comprehensive income					
- Evaluation adjustment in the period	-	(3,399,180)	-	-	(3,399,180)
- Evaluation transferred to profit or loss	-	(706,568)	-	-	(706,568)
- Evaluation transferred to retained earnings	-	410	-	-	410
Other comprehensive income on reclassification under the overlay approach	-	-	-	(2,131,435)	(2,131,435)
Changes in translation difference of foreign operating entities	(1,456,391)	-	-	-	(1,456,391)
Effects on income tax	-	94,587	-	8,356	102,943
Evaluation of credit risk	-	-	(220)	-	(220)
Balance, March 31, 2020	<u>(\$ 4,984,777)</u>	<u>\$ 7,896,435</u>	<u>(\$ 36,950)</u>	<u>(\$ 2,076,120)</u>	<u>\$ 798,588</u>
	Exchange differences on translation of foreign financial statements	Unrealised gain (loss) on financial assets measured at fair value through other comprehensive income	Change in fair value of financial liability attributable to change in credit risk	Other comprehensive income on reclassification under the overlay approach	Total
Balance, January 1, 2019 after adjustments	(\$ 2,409,469)	\$ 7,775,718	(\$ 29,798)	(\$ 330,367)	\$ 5,006,084
Financial assets at fair value through other comprehensive income					
- Evaluation adjustment in the period	-	2,497,016	-	-	2,497,016
- Evaluation transferred to profit or loss	-	(86,426)	-	-	(86,426)
- Evaluation transferred to retained earnings	-	(50,832)	-	-	(50,832)
Other comprehensive income on reclassification under the overlay approach	-	-	-	618,904	618,904
Changes in translation difference of foreign operating entities	(153,587)	-	-	-	(153,587)
Effects on income tax	-	(79,611)	-	(26,938)	(106,549)
Evaluation of credit risk	-	-	(1,300)	-	(1,300)
Balance, March 31, 2019	<u>(\$ 2,563,056)</u>	<u>\$ 10,055,865</u>	<u>(\$ 31,098)</u>	<u>\$ 261,599</u>	<u>\$ 7,723,310</u>

(35) Treasury shares

The Yuanta Group has no relevant information for the three months ended March 31, 2020, and the changes in the Company's treasury shares held by Yuanta Group for the three months ended March 31, 2019 was as follows (expressed in thousands of shares):

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

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

(BLANK)

(36) Net interest income

	For the three months ended March 31,	
	2020	2019
<u>Interest income</u>		
Bills discounted and interest income on loans	\$ 4,543,696	\$ 4,964,445
Interest income from margin trade	1,003,894	1,045,399
Interest income on securities investment	3,276,314	3,264,791
Interest income from placement and call loan to other banks	406,418	501,676
Interest income on bills and bonds purchased under resale agreements	133,908	134,635
Recurring interest income from credit card	54,860	60,455
Other interest income	310,188	280,943
Subtotal	<u>9,729,278</u>	<u>10,252,344</u>
<u>Interest expense</u>		
Interest expense of deposit	(\$ 1,701,714)	(\$ 1,893,895)
Interest expense of Central Bank and other banks' deposit	(22,093)	(91,407)
Interest expense on due to the Central Bank and other banks' deposit	(280,786)	(391,728)
Interest expense on bills and bonds sold under repurchase agreements	(554,244)	(856,238)
Interest expense of structured instruments	(71,947)	(137,190)
Coupon rate of bank debenture	(205,252)	(220,770)
Coupon rate of corporate bonds	(88,094)	(103,231)
Coupon rate of commercial papers	(77,112)	(69,907)
Interest expense of margin purchase	(7,385)	(7,490)
Lease liabilities interest expense	(25,862)	(28,018)
Other interest expense	(152,559)	(128,552)
Subtotal	<u>(3,187,048)</u>	<u>(3,928,426)</u>
Total	<u>\$ 6,542,230</u>	<u>\$ 6,323,918</u>

(37) Net service fee and commission income

	For the three months ended March 31,	
	2020	2019
<u>Service fee and commission income</u>		
Brokerage service fee income	\$ 5,301,537	\$ 3,599,102
Service fee income on insurance brokerage and stock register	427,198	370,499
Service fee on credit cards	305,711	402,159
Service fee income on trust business	935,178	729,043
Service income on credit extension	170,717	301,764
Underwriting service income	291,785	401,625
Service income on margin trade	32,168	19,912
Commission – reinsurance allowance	32,123	21,126
Service income on foreign exchange	19,570	20,585
Service fee income on consigned settlement	12,396	8,576
Deposits and remittance and other service income	168,608	243,558
Subtotal	<u>7,696,991</u>	<u>6,117,949</u>
<u>Service fee expenses and commission expense</u>		
Insurance commission expense	(\$ 835,824)	(\$ 635,369)
Service expense on trust business	(693)	(868)
Service expense on brokerage	(713,117)	(428,482)
Service expense on self-operation	(32,371)	(22,627)
Service charge – refinancing	(3)	(411)
Service fee expense on credit cards	(270,169)	(369,464)
Service expense on settlement	(194,082)	(90,904)
Futures commission expense	(135,627)	(116,840)
Underwriting service expense	(1,334)	(1,440)
Service expense on foreign exchange	(10,373)	(9,875)
Service expense on credit extension	(9,525)	(9,630)
Deposits and remittance and other service expense	(87,202)	(80,735)
Subtotal	<u>(2,290,320)</u>	<u>(1,766,645)</u>
Total	<u>\$ 5,406,671</u>	<u>\$ 4,351,304</u>

(38) Net income from insurance operations

	For the three months ended March 31,	
	2020	2019
<u>Income from insurance operations</u>		
Gross collected premiums	\$ 11,455,112	\$ 10,161,388
Less: Reinsurance premium ceded	(245,745)	(147,069)
Net changes of unearned premium reserve	(22,011)	(54,770)
Retention earned premium income	11,187,356	9,959,549
Investment-linked product income (Note)	(270,402)	191,445
Subtotal	<u>10,916,954</u>	<u>10,150,994</u>
<u>Expense from insurance operations</u>		
Claims and policy benefits	(\$ 2,526,921)	(\$ 1,641,028)
Less: Claims recovered from reinsurers	<u>115,954</u>	<u>83,004</u>
Retention claims and policy benefits payments	(2,410,967)	(1,558,024)
Underwriting expenses	(1,430)	(1,875)
Expense from guaranty fund	(21,774)	(19,318)
Investment-linked product expenses (Note)	<u>270,402</u>	<u>191,445</u>
Subtotal	<u>(2,163,769)</u>	<u>(1,770,662)</u>
Total	<u>\$ 8,753,185</u>	<u>\$ 8,380,332</u>

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 three months ended March 31,	
	2020	2019
<u>Realized gains or losses on financial assets and liabilities at fair value through profit or loss</u>		
Commercial papers	\$ 50,565	\$ 49,090
Bonds	1,392,774	1,386,739
Stocks	(2,086,591)	534,771
Beneficiary certificates	(2,867,303)	289,725
Interest-linked instrument	(82,167)	(20,890)
Exchange rate-linked instrument	565,632	(2,091,193)
Other financial derivative instruments	(2,615,406)	42,089
Gain (loss) on covering on borrowed securities and bonds with resale agreements	345,208	(32,769)
Loss from issuing call (put) warrants	(4,552,166)	(1,326,827)
Issuing call (put) warrants expense	(84,547)	(76,499)
Others	3,547,420	1,326,119
Subtotal	<u>(6,386,581)</u>	<u>80,355</u>
<u>Unrealized gains or losses on financial assets and liabilities at fair value through profit or loss</u>		
Commercial papers	\$ 606	(\$ 3,659)
Bonds	69,461	1,679,420
Stocks	(3,337,279)	2,601,791
Beneficiary certificates	61,728	584,202
Interest-linked instrument	2,540,484	(949,436)
Exchange rate-linked instrument	(816,978)	(155,174)
Equity-linked instrument	89	-
Other financial derivative instruments	(2,412,539)	(1,641,375)
Valuation gain (loss) on borrowed securities and bonds with resale agreements	3,401,122	(1,537,133)
Gain on issuance of call (put) warrants	5,526,859	1,393,064
Others	244,881	331,803
Subtotal	<u>5,278,434</u>	<u>2,303,503</u>
Total	<u>(\$ 1,108,147)</u>	<u>\$ 2,383,858</u>

- A. The realised gains or losses on the financial assets and liabilities at fair value through profit and loss of the Yuanta Group for the three months ended March 31, 2020 and 2019, including the loss on disposal, were \$7,948,018 and \$1,343,090, respectively, and the issuing call (put) warrants expense, were \$84,547 and \$76,499, respectively, and the dividends income were \$225,826 and \$102,304, respectively, and the interest income were \$1,420,158 and \$1,397,640, respectively.
- B. The Yuanta Group recognized net gain (loss) amounting to \$8,636,886 and (\$4,117,617), respectively, on financial liability designated as at fair value through profit or loss for the three months ended March 31, 2020 and 2019.

- C. Net income on the exchange rate instruments includes realised and unrealised gains and losses on forward exchange agreements, FX options, and exchange rate futures.
- D. Interest-linked instruments include interest rate swap contracts, money market instruments, interest linked-options and other interest related instruments.
- E. Any change in fair value of the derivatives together managed with the financial instruments designated at fair value through profit and loss is listed under “gain and loss of financial assets and liabilities at fair value through profit and loss”.

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

	For the three months ended March 31,	
	2020	2019
Impairment loss (reversal of impairment loss) on investments in debt instruments measured at fair value through other comprehensive income	\$ 5,544	(\$ 2,090)
Impairment loss on investments in debt instruments at amortised cost	2,697	390
Impairment loss on property and equipment	158	-
Total	\$ 8,399	(\$ 1,700)

(41) Net other miscellaneous income

	For the three months ended March 31,	
	2020	2019
Borrowed stock revenue	\$ 365,574	\$ 232,885
Net change of reserve for foreign exchange fluctuation	(185,127)	326,197
Other net income	262,905	249,561
Total	\$ 443,352	\$ 808,643

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

	For the three months ended March 31,	
	2020	2019
Bad debt expense of accounts receivable	\$ 122,121	\$ 57,302
Bad debt expense of bills discounted and loans	761,970	397,377
Recognition (recovery) of reserve for guarantee liabilities	5,270	(53,500)
Recognition of loan commitment reserve and other reserve	292	899
Recovery of bad debt expense	(218,471)	(241,274)
Total	\$ 671,182	\$ 160,804

(43) Employee benefit expense

	For the three months ended March 31,	
	2020	2019
Wages and salaries	\$ 5,504,093	\$ 4,931,110
Labor and health insurance fees	245,077	246,409
Pension costs	257,282	268,817
Termination benefits	4,184	3,109
Other employee benefit expenses	338,305	320,375
Total	<u>\$ 6,348,941</u>	<u>\$ 5,769,820</u>

- A. After covering accumulated deficit with the year-end earnings (that is income before taxes less income before employees' compensation provisions), 0.01% to 0.5% was appropriated as employees' compensation and an amount less than 0.9% was appropriated as directors' and supervisors' remuneration.
- B. For the three months ended March 31, 2020 and 2019, employees' compensation was accrued at \$3,842 and \$ 4,898, respectively; directors' and supervisors' remuneration was accrued at \$34,580 and \$44,082, respectively. The aforementioned amounts were recognised in salary expenses. The employees' compensation and directors' and supervisors' remuneration of 2019 as resolved by the Board of Directors in 2019 was in agreement with those amounts recognised in the 2019 financial statements. Information is available at the website of the Market Observation Post System provided by the Taiwan Stock Exchange Corporation (TWSE).

(44) Depreciation and amortization

	For the three months ended March 31,	
	2020	2019
Investment property depreciation	\$ 23,238	\$ 23,045
Property and equipment depreciation	245,861	255,753
Right-of-use asset depreciation	384,146	356,383
Intangible asset amortization	120,423	273,247
Deferred assets amortization	15,548	18,240
Total	<u>\$ 789,216</u>	<u>\$ 926,668</u>

(45) Other business and administrative expenses

	For the three months ended March 31,	
	2020	2019
Tax	\$ 937,016	\$ 727,961
Computer science expense	314,312	265,462
Commission expense	229,644	317,062
Professional expense	160,960	132,881
Postage and telephone costs	173,524	168,424
Miscellaneous expenses	191,834	159,286
Security borrowing expenses	208,712	164,103
Others	885,894	886,872
Total	<u>\$ 3,101,896</u>	<u>\$ 2,822,051</u>

(46) Income tax

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

A. Income tax expense

(A) Components of income tax expense:

	For the three months ended March 31,	
	2020	2019
Current tax:		
Income tax from current income period	\$ 704,888	\$ 1,071,673
Adjustments in respect of prior years	(25,661)	98,502
Total current tax	<u>679,227</u>	<u>1,170,175</u>
Deferred tax:		
Origination and reversal of temporary differences	150,324	(141,590)
Total deferred tax	<u>150,324</u>	<u>(141,590)</u>
Income tax expense	<u>\$ 829,551</u>	<u>\$ 1,028,585</u>

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

	For the three months ended March 31,	
	2020	2019
Unrealised (loss) gain from investments in debt instruments measured at fair value through other comprehensive income	(\$ 142,789)	\$ 84,895
Unrealised gain (loss) from investments in equity instruments measured at fair value through other comprehensive income	68,684	(18,373)
Other comprehensive (loss) income on reclassification under the overlay approach	(8,356)	26,938
Share of profit (loss) of associates and joint ventures accounted for using equity method	24,644	(144)
Gain (loss) on remeasurements of defined benefit plans	136	(41,548)
Total	<u>(\$ 57,681)</u>	<u>\$ 51,768</u>

- B. As of March 31, 2020, the information on the Yuanta Group's income tax returns that have been assessed by the Tax Authority are as follows:

	<u>Assessment Information</u>
Yuanta Financial Holdings	Assessed through 2015
Yuanta Securities	Assessed through 2015
Yuanta Bank	Assessed through 2015
Yuanta Securities Finance	Assessed through 2015
Yuanta Venture Capital	Assessed through 2015
Yuanta Asset Management	Assessed through 2015
Yuanta Securities Investment Consulting	Assessed through 2015
Yuanta Futures	Assessed through 2017
Yuanta Securities Investment Trust	Assessed through 2018 (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.

- C. 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 2008 to 2015. Yuanta Securities has filed for administrative remedies in accordance with the law and accrued the related income tax effects. Yuanta Securities filed for an administrative remedy of the Tax Authority's assessment of income tax return for the fiscal year 2007 has been retrial decision rejected by the Supreme Administrative Court. As of March 31, 2020, the amount was \$1,421,429.
- b. The dissolved company, Polaris Securities disagreed with the Tax Authority's assessments of income tax returns for the fiscal year 2011. Polaris Securities has filed for administrative remedies in accordance with the law, and accrued the related income tax effects. As of March 31, 2020, 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 Authority which assessed additional duties amounting to \$117,248. Yuanta Securities Investment Trust disagreed with the assessment and applied for a recheck. Yuanta Securities Investment Trust was assessed for supplemental tax amounting to \$46,911, which has been paid in the first quarter of 2019.

(D) 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 three months ended March 31, 2020		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
<u>Basic and diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 4,095,740	11,670,611	\$ 0.35
	For the three months ended March 31, 2019		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
<u>Basic and diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 5,432,213	11,670,611	\$ 0.47

(48) Changes in liabilities from financing activities

	Bills and bonds payable under repurchase agreements	Commercial paper payable	Bonds payable	Other borrowings	Lease liability
At January 1, 2020	\$ 198,665,918	\$ 38,621,728	\$ 68,849,634	\$ 60,847,992	\$ 5,527,660
Changes in cash flow from financing activities	(8,536,266)	11,160,838	-	(2,981,414)	1,151,033
Impact of changes in foreign exchange rate	-	-	(12,604)	-	(126,191)
Amortisation of a premium or a discount on interest expense	-	(12,377)	17,057	-	-
At March 31, 2020	\$ 190,129,652	\$ 49,770,189	\$ 68,854,087	\$ 57,866,578	\$ 6,552,502
	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	(19,362,333)	20,235,861	-	1,951,191	(154,725)
Impact of changes in foreign exchange rate	-	-	(103,567)	(11,999)	(37,965)
Amortisation of a premium or a discount on interest expense	-	20,601	20,648	-	-
At March 31, 2019	\$ 199,208,092	\$ 56,525,585	\$ 66,673,090	\$ 65,958,993	\$ 6,044,431

7. Related party transactions

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

A. Names and relationship of related parties

Names of related parties	Relationship with the Group
Funds managed by Yuanta Securities Investment Trust	Security investment trust fund raised by the Yuanta Securities Investment Trust
Polaris Research Institute (Polaris Research)	Related party in substance
Shang Trip Travel Service Co., Ltd. (Shang Trip Travel Service)	"
Yuanta Construction Development Co., Ltd. (Yuanta Construction Development)	"
Yuanta Cultural & Education Foundation (Yuanta Foundation)	A director of Yuanta Group holds a key managing position
Wei Ran Co., Ltd.	"
He's Education Foundation	"
Taiwan Securities Association	"
2011 KIF-TONGYANG IT Venture Fund	Investments accounted for using equity method of Yuanta Securities (Korea)
TONGYANG AGRI-FOOD INVESTMENT Fund II	"
KVIC-Yuanta 2015 Overseas Advance Fund	"
IBKC-TONGYANG Growth 2013 Private Equity Fund	"
Yuanta Secondary No.2 Fund	"
Yuanta Secondary No.3 Private Equity Fund	"
2016 KIF-Yuanta ICT Fund	"
Yuanta SPAC III	"
Yuanta SPAC IV	"
Yuanta SPAC V	"
Yuanta SPAC VI	(Has become a related party since September 4, 2019.) "
Yuanta Diamond Funds SPC	(Has become a related party since October 17, 2019.) Funds managed by Yuanta Securities(Hong Kong)
Global Growth Investment, L.P.	Funds managed by Yuanta Asia Investment
Yuanta Asia Growth Investment, L.P.	"
Other related parties	The Yuanta Group, funds managed by consolidated subsidiaries, related parties in substance, major stockholders of affiliated entities, invested enterprises of key management and its close relatives, and the key management of the consolidated company.

B. Significant transactions and balances with related parties

(1) Deposits

March 31, 2020			
<u>Name</u>	<u>Ending balance</u>	<u>Percentage of deposits (%)</u>	<u>Interest rate (%)</u>
All related parties	<u>\$ 10,276,464</u>	<u>0.92</u>	0.00~6.065

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

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

Apart from an interest rate limit on staff demand savings deposits both of 6.065%, for the three months ended March 31, 2020 and 2019, the range of interest rates on other related parties' demand savings deposits were 0.00% ~ 4.60% and 0.00% ~ 5.11%, respectively. The interest rates and other terms provided to the above related parties were the same as the terms offered to the general public.

For the three months ended March 31, 2020 and 2019, interest expense on the above deposits were \$28,693 and \$31,566, respectively.

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(2) Loans

Yuanta Bank and its subsidiaries

March 31, 2020

Unit: In thousands of NT dollars

Types	Number of accounts or name of related party	Highest balance	Ending balance	Loan status		Collateral	Whether terms and conditions of the related party transactions are different from those of transactions with third parties.
				Normal loans	Overdue accounts		
Consumer loans	230	\$ 70,353	\$ 58,155	\$ 58,155	\$ -	Credit loans, movables and deposits	None
Home mortgage loans	446	3,407,311	3,251,007	3,251,007	-	Real estate	None
Other loans	Wei Ran Co., Ltd.	20,000	20,000	20,000	-	Real estate	None
	He's Education Foundation	27,000	27,000	27,000	-	Deposits	None
	76	283,110	158,362	158,362	-	Stock, deposits, policy and real estate	None
Total			\$ 3,514,524	\$ 3,514,524	\$ -		

December 31, 2019

Unit: In thousands of NT dollars

Types	Number of accounts or name of related party	Highest balance	Ending balance	Loan status		Collateral	Whether terms and conditions of the related party transactions are different from those of transactions with third parties.
				Normal loans	Overdue accounts		
Consumer loans	382	\$ 89,525	\$ 45,855	\$ 45,855	\$ -	Credit loans, movables and deposits	None
Home mortgage loans	462	3,813,793	3,182,318	3,182,318	-	Real estate	None
Other loans	Wei Ran Co., Ltd.	15,000	15,000	15,000	-	Real estate	None
	He's Education Foundation	27,000	27,000	27,000	-	Deposits	None
	Shang Trip Travel Service	1,850	-	-	-	Real estate	None
	95	294,295	168,871	168,871	-	Stock, deposits, policy and real estate	None
Total			\$ 3,439,044	\$ 3,439,044	\$ -		

March 31, 2019

Unit: In thousands of NT dollars

Types	Number of accounts or name of related party	Highest balance	Ending balance	Loan status		Collateral	Whether terms and conditions of the related party transactions are different from those of transactions with third parties.
				Normal loans	Overdue accounts		
Consumer loans	206	\$ 51,246	\$ 38,778	\$ 38,778	\$ -	Credit loans, movables and deposits	None
Home mortgage loans	400	3,183,842	3,028,082	3,028,082	-	Real estate	None
Other loans	He's Education Foundation	27,000	27,000	27,000	-	Deposits	None
	Shang Trip Travel Service	1,850	1,700	1,700	-	Real estate	None
	69	212,343	143,905	143,905	-	Stock, deposits, policy and real estate	None
Total			\$ 3,239,465	\$ 3,239,465	\$ -		

Loans to related parties are under the same terms as those to other customers, except for interest rates on loans to affiliated companies were 1.62% ~ 2.00% and 1.68% ~ 2.50%, the interest rates on the remaining loans are ranging from 0.00% ~ 6.69% and 0.00% ~ 8.58% for the three months ended March 31, 2020 and 2019, respectively, which are the same with the terms of general loans.

For the three months ended March 31, 2020 and 2019, interest income resulting from the above loans amounted to \$13,847 and \$13,437, respectively.

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(3) Property transactions

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

	<u>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 2019</u>
Other related parties:			
Funds managed by Yuanta Securities Investment Trust	\$ 10,734,911	\$ 6,926,641	\$ 4,722,122
Yuanta Asia Growth Investment, L.P.	49,271	35,825	-
	<u>\$ 10,784,182</u>	<u>\$ 6,962,466</u>	<u>\$ 4,722,122</u>

	<u>Proceeds on disposal</u>	
	<u>For the three months ended March 31,</u>	
	<u>2020</u>	<u>2019</u>
Other related parties:		
Funds managed by Yuanta Securities Investment Trust	<u>\$ 131,480,222</u>	<u>\$ 66,974,605</u>

	<u>Realized gain</u>	
	<u>For the three months ended March 31,</u>	
	<u>2020</u>	<u>2019</u>
Other related parties:		
Funds managed by Yuanta Securities Investment Trust	<u>\$ 819,650</u>	<u>\$ 730,893</u>

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

a. Bonds transactions under repurchase agreements

	<u>For the three months ended March 31, 2020</u>			
	<u>Highest balance</u>	<u>Ending balance</u>	<u>Interest rate (%)</u>	<u>Notional amount</u>
Company's directors:				
Others	\$ 560,017	\$ 370,067	0.40	
Others	12,101	12,101	1.20~1.65 (Note: USD)	USD 400
Other related parties:				
Others	1,206,606	<u>741,730</u>	0.35~0.40	
		<u>\$ 1,123,898</u>		

For the three months ended March 31, 2019					
	Highest balance	Ending balance	Interest rate (%)	Notional amount	
Company's directors:					
Others	\$ 280,082	\$ 250,000	0.35~0.40		
Others	6,165	6,165	2.40 (Note: USD)	USD	200
Other related parties:					
Others	746,035	<u>744,614</u>	0.35~0.40		
		<u>\$ 1,000,779</u>			

Note: For foreign currency repo trade.

Interest expenses			
For the three months ended March 31,			
	2020	2019	
Company's directors:			
Others	\$	526	\$ 269
Other related parties:			
Others		993	708
	<u>\$</u>	<u>1,519</u>	<u>\$ 977</u>

b. Bonds sold and purchased:

For the three months ended March 31,				
	2020		2019	
	Bonds purchased	Bonds sold	Bonds purchased	Bonds sold
Other related parties:				
Yuanta SPAC III	\$ 16,492	\$ -	\$ 18,021	\$ -
Yuanta SPAC IV	19,220	-	21,003	-
Yuanta SPAC V	24,428	-	-	-
Yuanta SPAC VI	24,428	-	-	-
	<u>\$ 84,568</u>	<u>\$ -</u>	<u>\$ 39,024</u>	<u>\$ -</u>

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

For the three months ended March 31, 2020				
	Highest balance	Ending balance	Interest rate (%)	Notional amount
Company's directors:				
Others	\$ 5,143	<u>\$ 5,143</u>	2.60 (Note: USD)	USD 170

For the three months ended March 31, 2019					
	Highest balance	Ending balance	Interest rate (%)	Notional amount	
Company's directors:					
Others	\$ 5,241	\$ 5,241	3.25 (Note: USD)	USD	170
Other related parties:					
Others	9,864	9,864	3.15~3.20 (Note: USD)	USD	320
		<u>\$ 15,105</u>			

Note: For foreign currency repo trade.

	Interest income			
	For the three months ended March 31,			
	2020		2019	
Company's directors:				
Others	\$	34	\$	296
Other related parties:				
Others		-		79
	\$	<u>34</u>	\$	<u>375</u>

(4) Structured notes

	March 31, 2020	December 31, 2019	March 31, 2019
Company's directors:			
Others	\$ 56,621	\$ 58,804	\$ 70,468
Other related parties:			
Others	10,980	10,396	9,572
	<u>\$ 67,601</u>	<u>\$ 69,200</u>	<u>\$ 80,040</u>

(5) Equity of futures traders

	March 31, 2020	December 31, 2019	March 31, 2019
Company's directors:			
Others	\$ 28,406	\$ 20,732	\$ 31,743
Other related parties:			
Funds managed by Yuanta Securities Investment Trust	28,401,319	24,237,500	24,315,517
Others	49,038	32,856	37,607
	<u>\$ 28,478,763</u>	<u>\$ 24,291,088</u>	<u>\$ 24,384,867</u>

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

Yuanta Securities and its subsidiaries draw and deposit cash for guarantees of securities borrowing of related parties and refundable deposits of securities borrowing receivables in the end of period, the details were as follows:

	<u>Refundable deposits for securities lending</u>		
	<u>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 2019</u>
Other related parties:			
Funds managed by Yuanta			
Securities Investment Trust	\$ 605,801	\$ -	\$ 109,320
		<u>Security borrowing expenses</u>	
		<u>For the three months ended March 31,</u>	
		<u>2020</u>	<u>2019</u>

Other related parties:

Funds managed by Yuanta			
Securities Investment Trust	\$ 448	\$	1,984

As of March 31, 2020, December 31, 2019 and March 31, 2019, borrowing expenses payable were \$326, \$0 and \$2,459, respectively.

As of March 31, 2020, December 31, 2019 and March 31, 2019, refundable deposits receivable lending were \$5,190, \$0 and \$1,466, respectively.

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

	<u>Receivables from loans to employees and interest receivables</u>		
	<u>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 2019</u>
Company's directors:			
Others	\$ 6,984	\$ 12,330	\$ 15,394
Other related parties:			
Others	206,076	209,653	221,946
	<u>\$ 213,060</u>	<u>\$ 221,983</u>	<u>\$ 237,340</u>
		<u>Interest income on loans to employees</u>	
		<u>For the three months ended March 31,</u>	
		<u>2020</u>	<u>2019</u>
Company's directors:			
Others	\$ 44	\$	75
Other related parties:			
Others		1,946	3,664
		<u>\$ 1,990</u>	<u>\$ 3,739</u>

(8) Access service fees income

	Access service fees income	
	For the three months ended March 31,	
	2020	2019
Other related parties:		
Funds managed by Yuanta		
Securities Investment Trust	\$ 2,523	\$ 569

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

	Receivables from management fee income		
	March 31, 2020	December 31, 2019	March 31, 2019
Other related parties:			
Funds managed by Yuanta	\$ 234,795	\$ 231,394	\$ 210,304
Securities Investment Trust			
Yuanta Secondary No.3 Private			
Equity Fund	43,986	34,739	12,353
Yuanta Secondary No.2 Fund	6,112	18,162	8,053
KVIC-Yuanta 2015 Overseas			
Advance Fund	2,590	14,030	3,854
Others	11,818	9,702	10,248
	<u>\$ 299,301</u>	<u>\$ 308,027</u>	<u>\$ 244,812</u>

	Management fee income	
	For the three months ended March 31,	
	2020	2019
Other related parties:		
Funds managed by Yuanta	\$ 686,175	\$ 604,253
Securities Investment Trust		
Yuanta Secondary No.3 Private Equity Fund	11,127	11,954
Yuanta Secondary No.2 Fund	6,231	8,139
2016 KIF-Yuanta ICT Fund	2,727	4,052
KVIC-Yuanta 2015 Overseas Advance Fund	2,640	3,895
Others	5,932	6,305
	<u>\$ 714,832</u>	<u>\$ 638,598</u>

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

	Fund management fee income	
	For the three months ended March 31,	
	2020	2019
Other related parties:		
Yuanta Diamond Funds SPC	\$ 5,426	\$ 14,281
Yuanta Asia Growth Investment L.P.	3,039	-
Global Growth Investment, L.P.	480	872
	<u>\$ 8,945</u>	<u>\$ 15,153</u>

	The balance of fund		
	March 31, 2020	December 31, 2019	March 31, 2019
Other related parties:			
Yuanta Diamond Funds SPC	\$ 125,356	\$ 105,045	\$ 303,748
Global Growth Investment, L.P.	79,975	70,954	100,307
Yuanta Asia Growth Investment, L.P.	49,544	35,904	-
	<u>\$ 254,875</u>	<u>\$ 211,903</u>	<u>\$ 404,055</u>

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

	Receivable from transfer-agent services		
	March 31, 2020	December 31, 2019	March 31, 2019
Other related parties:			
Others	<u>\$ 10</u>	<u>\$ -</u>	<u>\$ 10</u>
		Income from transfer-agent services	
		For the three months ended March 31,	
		2020	2019
Other related parties:			
Others		<u>\$ 30</u>	<u>\$ 30</u>

(12) Investment refund receivable

	March 31, 2020	December 31, 2019	March 31, 2019
Other related parties:			
IBKC-TONGYANG Growth 2013 Private Equity Fund	\$ 50,303	\$ 52,775	\$ 54,690
2011KIF-TONGYANG IT Venture Fund	33,584	35,277	36,399
TONGYANG AGRI-FOOD INVESTMENT FUND II	30,902	32,459	33,049
	<u>\$ 114,789</u>	<u>\$ 120,511</u>	<u>\$ 124,138</u>

(13) Loan receivable, interest receivable and interest income

	Loan receivable		
	March 31, 2020	December 31, 2019	March 31, 2019
Other related parties:			
Others	<u>\$ 7,331</u>	<u>\$ 10,778</u>	<u>\$ 31,379</u>
		Interest receivable	
		March 31, 2020	December 31, 2019
Other related parties:			
Others	<u>\$ 17</u>	<u>\$ -</u>	<u>\$ 588</u>

	Loan interest income	
	For the three months ended March 31,	
	2020	2019
Other related parties:		
Others	\$ 20	\$ 145

(14) Accounts receivable

	March 31, 2020	December 31, 2019	March 31, 2019
Other related parties:			
Funds managed by Yuanta Securities Investment Trust	\$ 7,997	\$ 4,683	\$ 3,224

(15) Refundable deposits

	March 31, 2020	December 31, 2019	March 31, 2019
Other related parties:			
Taiwan Securities Association	\$ 300	\$ 300	\$ 300

(16) 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		
	March 31, 2020	December 31, 2019	March 31, 2019
Company's directors:			
Others	\$ 1,982	\$ 22,853	\$ 4,997
Other related parties:			
Others	15	1,300	1
	\$ 1,997	\$ 24,153	\$ 4,998

	Interest expense	
	For the three months ended March 31,	
	2020	2019
Company's directors:		
Others	\$ 42	\$ 1
Other related parties:		
Others	4	5
	\$ 46	\$ 6

(17) Commercial paper payables

	Commercial paper		
	March 31, 2020	December 31, 2019	March 31, 2019
Company's directors:			
Others	\$ 27,681	\$ 10,091	\$ -

	Interest payable		
	March 31, 2020	December 31, 2019	March 31, 2019
Company's directors:			
Others	\$ 1	\$ 1	\$ -
	Interest expense		
	For the three months ended March 31,		
	2020	2019	
Company's directors:			
Others	\$ 45	\$ -	\$ -

(18) Other payables

	March 31, 2020	December 31, 2019	March 31, 2019
Company's directors:			
Others	\$ 1	\$ 58	\$ 7
Other related parties:			
Others	5	-	-
Taiwan Securities Association	-	15	-
	\$ 6	\$ 73	\$ 7

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

	March 31, 2020		
	Guarantee deposit receivable from short sales	Deposit for short sales	Margin loans
Company's directors:			
Others	\$ 6,803	\$ 7,453	\$ 23,121
Other related parties:			
Others	1,161	1,284	25,176
	\$ 7,964	\$ 8,737	\$ 48,297
	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

	March 31, 2019		
	Guarantee deposit receivable from short sales	Deposit for short sales	Margin loans
Company's directors:			
Others	\$ 9,348	\$ 9,666	\$ 31,745
Other related parties:			
Others	-	158	16,972
	<u>\$ 9,348</u>	<u>\$ 9,824</u>	<u>\$ 48,717</u>

	March 31, 2020		December 31, 2019	
	Security short-selling interest payable	Security financing interest receivable	Security short-selling interest payable	Security financing interest receivable
Company's directors:				
Others	\$ 1	\$ 265	\$ 13	\$ 426
Other related parties:				
Others	-	332	8	509
	<u>\$ 1</u>	<u>\$ 597</u>	<u>\$ 21</u>	<u>\$ 935</u>

	March 31, 2019	
	Security short-selling interest payable	Security financing interest receivable
Company's directors:		
Others	\$ -	\$ 436
Other related parties:		
Others	-	436
	<u>\$ -</u>	<u>\$ 872</u>

	For the three months ended March 31,			
	2020		2019	
	Security short- selling interest expenditures	Security financing interest revenue	Security short- selling interest expenditures	Security financing interest revenue
Company's directors:				
Others	\$ 19	\$ 570	\$ -	\$ 74
Other related parties:				
Others	11	441	1	77
	<u>\$ 30</u>	<u>\$ 1,011</u>	<u>\$ 1</u>	<u>\$ 151</u>

(20) ETF redemption fees

	For the three months ended March 31,	
	2020	2019
Other related parties:		
Funds managed by Yuanta Securities Investment Trust	\$ 31,715	\$ 30,582

(21) Fund underwriting commission expenses

	For the three months ended March 31,	
	2020	2019
Other related parties:		
Yuanta SPAC IV	\$ -	\$ 4,108

(22) Operating expenses

		For the three months ended March 31,	
	Nature	2020	2019
Other related parties:			
Yuanta Foundation	Donation expenditure	\$ -	\$ 22,500
Polaris Research	Donation expenditure	-	24,740
		\$ -	\$ 47,240

(23) Premium income

	For the three months ended March 31,	
	2020	2019
Other related parties:		
Others	\$ 103,724	\$ 89,342

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

	For the three months ended March 31,	
	2020	2019
Company's directors:		
Others	\$ 5,398	\$ 3,001
Other related parties:		
Funds managed by Yuanta Securities Investment Trust	61,046	65,076
Others	5,817	2,157
	\$ 72,261	\$ 70,234

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

	For the three months ended March 31,	
	2020	2019
Other related parties:		
Polaris Research	\$ 549	\$ 549
Yuanta Construction Development	171	142
Yuanta Foundation	10	10
	<u>\$ 730</u>	<u>\$ 701</u>

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

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

(27) Other operating income—Dividend income

	For the three months ended March 31,	
	2020	2019
Other related parties:		
Funds managed by Yuanta Securities Investment Trust	\$ 12,277	\$ 27,644

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

	For the three months ended March 31,	
	2020	2019
Salaries and other short-term employee benefits	\$ 1,454,374	\$ 1,367,474
Termination benefits	2,075	3,234
Other long-term benefits	2,910	3,107
Post-employment benefit	36,699	36,524
Total	<u>\$ 1,496,058</u>	<u>\$ 1,410,339</u>

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

(1) Yuanta Bank and its subsidiaries

(A) Deposits

March 31, 2020			
Name	Ending balance	Percentage of deposits (%)	Interest rate (%)
All related parties	\$ 42,474,507	3.68	0.00~6.065

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

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

Apart from an interest rate limit on staff demand savings deposits both of 6.065%, for the three months ended March 31, 2020 and 2019, the range of interest rates on other related parties' demand savings deposits were 0.00% ~ 4.60% and 0.00% ~ 5.11%, respectively. The interest rates and other terms provided to the above related parties were the same as the terms offered to the general public.

For the three months ended March 31, 2020 and 2019, interest expense on the above deposits were \$117,993 and \$104,275, respectively.

(BLANK)

(B) Loans

March 31, 2020

Unit: In thousands of NT dollars

Types	Number of accounts or name of related party	Highest balance	Ending balance	Loan status		Collateral	Whether terms and conditions of the related party transactions are different from those of transactions with third parties.
				Normal loans	Overdue accounts		
Consumer loans	230	\$ 70,353	\$ 58,155	\$ 58,155	\$ -	Credit loans, movables and deposits	None
Home mortgage loans	446	3,407,311	3,251,007	3,251,007	-	Real estate	None
Other loans	Wei Ran Co., Ltd.	20,000	20,000	20,000	-	Real estate	None
	He's Education Foundation	27,000	27,000	27,000	-	Deposits	None
	76	283,110	158,362	158,362	-	Stock, deposits, policy and real estate	None
Total			\$ 3,514,524	\$ 3,514,524	\$ -		

December 31, 2019

Unit: In thousands of NT dollars

Types	Number of accounts or name of related party	Highest balance	Ending balance	Loan status		Collateral	Whether terms and conditions of the related party transactions are different from those of transactions with third parties.
				Normal loans	Overdue accounts		
Consumer loans	382	\$ 89,525	\$ 45,855	\$ 45,855	\$ -	Credit loans, movables and deposits	None
Home mortgage loans	462	3,813,793	3,182,318	3,182,318	-	Real estate	None
Other loans	Wei Ran Co., Ltd.	15,000	15,000	15,000	-	Real estate	None
	He's Education Foundation	27,000	27,000	27,000	-	Deposits	None
	Shang Trip Travel Service	1,850	-	-	-	Real estate	None
	Yuanta Securities	183,147	-	-	-	Real estate	None
	95	294,295	168,871	168,871	-	Stock, deposits, policy and real estate	None
Total			\$ 3,439,044	\$ 3,439,044	\$ -		

March 31, 2019

Unit: In thousands of NT dollars

Types	Number of accounts or name of related party	Highest balance	Ending balance	Loan status		Collateral	Whether terms and conditions of the related party transactions are different from those of transactions with third parties.
				Normal loans	Overdue accounts		
Consumer loans	206	\$ 51,246	\$ 38,778	\$ 38,778	\$ -	Credit loans, movables and deposits	None
Home mortgage loans	400	3,183,842	3,028,082	3,028,082	-	Real estate	None
Other loans	He's Education Foundation	27,000	27,000	27,000	-	Deposits	None
	Shang Trip Travel Service	1,850	1,700	1,700	-	Real estate	None
	69	212,343	143,905	143,905	-	Stock, deposits, policy and real estate	None
Total			\$ 3,239,465	\$ 3,239,465	\$ -		

Loans to related parties are under the same terms as those to other customers, except for interest rates on loans to affiliated companies were 1.62% ~ 2.00% and 1.68% ~ 2.50%, the interest rates on the remaining loans are ranging from 0.00% ~ 6.69% and 0.00% ~ 8.58% for the three months ended March 31, 2020 and 2019, respectively, which are the same with the terms of general loans.

For the three months ended March 31, 2020 and 2019, interest income resulting from the above loans amounted to \$13,847 and \$13,437, respectively.

(BLANK)

(C) Service fee income

	For the three months ended March 31,	
	2020	2019
Fellow subsidiary:		
Yuanta Life	\$ 193,173	\$ 187,542
Yuanta Securities Investment Trust	1,744	1,980
	<u>\$ 194,917</u>	<u>\$ 189,522</u>

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

	March 31, 2020	December 31, 2019	March 31, 2019
Fellow subsidiary:			
Yuanta Life	\$ 51,020	\$ 92,162	\$ 78,393
Yuanta Securities Investment Trust	265	367	398
	<u>\$ 51,285</u>	<u>\$ 92,529</u>	<u>\$ 78,791</u>

(D) Current income tax assets/liabilities

	March 31, 2020	December 31, 2019	March 31, 2019
Parent company:			
Yuanta Financial Holdings			
Consolidated income tax return receivables	<u>\$ 1,974,716</u>	<u>\$ 2,282,925</u>	<u>\$ 2,275,250</u>
Consolidated income tax return payables	<u>\$ 1,395,108</u>	<u>\$ 1,255,910</u>	<u>\$ 826,715</u>

(E) Property transactions

Derivative trading:

There were no related transactions as of March 31, 2020 and December 31, 2019.

	March 31, 2019				Balance sheet	
	Derivative contract name	Contract period	Nominal principal	Current evaluation gain	Subject	Balance
Fellow subsidiary:					Financial assets at fair value through profit or loss	
Yuanta Life	Exchange contract	2018/10/17 ~2019/04/19	<u>\$ 400,725</u>	<u>\$ 4,990</u>		<u>\$ 4,990</u>

(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:

		March 31, 2020			
		Futures trading guarantees			
		Commissions receivable at period end	Balance of excess futures guarantee deposits	Self capital	Securities
Fellow subsidiary:					
	Yuanta Futures	\$ 43,281	\$ 8,016,301	\$ 9,773,160	\$ 4,163
		December 31, 2019			
		Futures trading guarantees			
		Commissions receivable at period end	Balance of excess futures guarantee deposits	Self capital	Securities
Fellow subsidiary:					
	Yuanta Futures	\$ 14,505	\$ 1,632,559	\$ 1,947,002	\$ 1,005,485
		March 31, 2019			
		Futures trading guarantees			
		Commissions receivable at period end	Balance of excess futures guarantee deposits	Self capital	Securities
Fellow subsidiary:					
	Yuanta Futures	\$ 15,197	\$ 2,252,860	\$ 1,385,037	\$ -
		Settlement and clearing service fees payable			
		March 31, 2020	December 31, 2019	March 31, 2019	
Fellow subsidiary:					
	Yuanta Futures	\$ 5,914	\$ 2,364	\$ 3,129	
		For the three months ended March 31, 2020			
		Futures commission income	Service fee expenses settled	Service expense on self-operation	
Fellow subsidiary:					
	Yuanta Futures	\$ 77,888	\$ 10,611	\$ 34,177	
		For the three months ended March 31, 2019			
		Futures commission income	Service fee expenses settled	Service expense on self-operation	
Fellow subsidiary:					
	Yuanta Futures	\$ 41,973	\$ 7,559	\$ 30,640	

(B) Bank deposits, interest income and interest receivable

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

	March 31, 2020	
	Bank deposits	Other receivables – interests receivable (Note)
Fellow subsidiary: Yuanta Bank	<u>\$ 8,275,153</u>	<u>\$ 5,879</u>
	December 31, 2019	
	Bank deposits	Other receivables – interests receivable (Note)
Fellow subsidiary: Yuanta Bank	<u>\$ 13,828,513</u>	<u>\$ 13,639</u>
	March 31, 2019	
	Bank deposits	Other receivables – interests receivable (Note)
Fellow subsidiary: Yuanta Bank	<u>\$ 7,593,899</u>	<u>\$ 6,268</u>
	For the three months ended March 31,	
	2020	2019
	Other gains and losses – interest revenue (Note)	Other gains and losses – interest revenue (Note)
Fellow subsidiary: Yuanta Bank	<u>\$ 34,176</u>	<u>\$ 18,122</u>

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 \$658,000, \$598,000 and \$549,000, respectively, as of March 31, 2020, December 31, 2019 and March 31, 2019.

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

	March 31, 2020	December 31, 2019	March 31, 2019
Parent company: Yuanta Financial Holdings			
Consolidated income tax return receivables	<u>\$ 788,196</u>	<u>\$ 798,353</u>	<u>\$ 699,172</u>
Consolidated income tax return payables	<u>\$ 936,691</u>	<u>\$ 1,036,056</u>	<u>\$ 709,535</u>

(D) Operating guarantee deposits

Yuanta Securities and its subsidiaries provided certificates of deposit to a related party as operating guarantee deposits for engaging in securities and futures business. Details were as follows:

	<u>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 2019</u>
Fellow subsidiary:			
Yuanta Bank	<u>\$ 1,265,000</u>	<u>\$ 1,265,000</u>	<u>\$ 1,275,000</u>

(E) Refundable deposits

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

	<u>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 2019</u>
Fellow subsidiary:			
Yuanta Bank	<u>\$ 150,000</u>	<u>\$ 100,000</u>	<u>\$ 100,000</u>

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

Please refer to Note 7B(6).

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

Please refer to Note 7B(7).

(H) Commission receivables and commission income

	<u>Commission receivables</u>		
	<u>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 2019</u>
Fellow subsidiary:			
Yuanta Life	<u>\$ 34,995</u>	<u>\$ 86,243</u>	<u>\$ 44,403</u>
	<u>Commission income</u>		
	<u>For the three months ended March 31,</u>		
	<u>2020</u>	<u>2019</u>	
Fellow subsidiary:			
Yuanta Life	<u>\$ 177,979</u>	<u>\$ 107,308</u>	

(I) Investment refund receivable

Please refer to Note 7B(12).

(J) Pending settlements

As of March 31, 2020, December 31, 2019 and March 31, 2019, Yuanta Securities and its subsidiaries had amounts held for settlement of \$619,228, \$685,668 and \$1,493,032, respectively, which were deposited at its affiliate Yuanta Bank.

(K) Property transactions

Bonds transactions under repurchase agreements:

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

(L) Customer margin deposit

	<u>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 2019</u>
Fellow subsidiary:			
Yuanta Futures	<u>\$ 306,304</u>	<u>\$ 193,327</u>	<u>\$ 121,119</u>

(M) Funds and beneficiary certificates managed by fellow subsidiary

	<u>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 2019</u>
Other related parties:			
Fund managed by Yuanta			
Securities Investment Trust	<u>\$ 7,101,553</u>	<u>\$ 3,659,259</u>	<u>\$ 3,418,466</u>
	<u>For the three months ended March 31,</u>		
	<u>2020</u>	<u>2019</u>	
	<u>Proceeds on disposal</u>	<u>Realized gain</u>	<u>Proceeds on disposal</u> <u>Realized gain</u>
Other related parties:			
Fund managed by			
Yuanta Securities			
Investment Trust	<u>\$ 129,323,426</u>	<u>\$ 746,779</u>	<u>\$ 66,562,266</u> <u>\$ 728,936</u>

(N) Others

(a) As of March 31, 2020, December 31, 2019 and March 31, 2019, the lines of credit Yuanta Securities and its subsidiaries have drawn in order to acquire Yuanta Bank were \$10,000,000, \$10,000,000 and \$4,600,000, respectively. The carrying amounts of land and building amounting to \$3,594,342, \$3,604,542 and \$3,632,392, respectively, were designated as collateral.

(b) Fund management fee income from fund managed and fund balances held by Yuanta Securities and its subsidiaries.

Please refer to Note 7B (10).

(3) Yuanta Futures and its subsidiaries

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

	<u>March 31, 2020</u>		
	<u>Bank deposits ending balance</u>	<u>Operating guarantee deposits</u>	<u>Customer margin deposits</u>
Fellow subsidiary:			
Yuanta Bank	<u>\$ 1,417,510</u>	<u>\$ 140,000</u>	<u>\$ 9,774,727</u>
	<u>December 31, 2019</u>		
	<u>Bank deposits ending balance</u>	<u>Operating guarantee deposits</u>	<u>Customer margin deposits</u>
Fellow subsidiary:			
Yuanta Bank	<u>\$ 1,563,503</u>	<u>\$ 140,000</u>	<u>\$ 9,428,093</u>
	<u>March 31, 2019</u>		
	<u>Bank deposits ending balance</u>	<u>Operating guarantee deposits</u>	<u>Customer margin deposits</u>
Fellow subsidiary:			
Yuanta Bank	<u>\$ 1,872,461</u>	<u>\$ 140,000</u>	<u>\$ 9,418,389</u>

(B) Customer margin account for leverage contracts

	<u>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 2019</u>
Fellow subsidiary:			
Yuanta Bank	<u>\$ 314,111</u>	<u>\$ 258,250</u>	<u>\$ 142,162</u>

(C) Equity of futures traders

	<u>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 2019</u>
Fellow subsidiary:			
Yuanta Securities	\$ 17,663,927	\$ 3,464,477	\$ 3,206,692
Yuanta Securities (Hong Kong)	240,153	294,013	418,300
Yuanta Securities (Korea)	212,178	203,846	156,168
Yuanta Bank	-	-	12,832
Company's directors :			
Others	28,406	20,732	31,743
Other related parties:			
Funds managed by Yuanta			
Securities Investment Trust	28,401,319	24,237,500	24,315,517
Others	49,038	32,856	37,607
	<u>\$ 46,595,021</u>	<u>\$ 28,253,424</u>	<u>\$ 28,178,859</u>

(D) Property transactions

	<u>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 2019</u>
Other related parties:			
Funds managed by Yuanta			
Securities Investment Trust	\$ 95,675	\$ 132,205	\$ 20,000

For the three months ended March 31, 2020 and 2019, gain (loss) on disposal of beneficiary certificate were \$541 and (\$367), respectively.

(4) Yuanta Securities Investment Consulting

Bank deposits

As of March 31, 2020, December 31, 2019 and March 31, 2019, Yuanta Securities Investment Consulting respectively deposited \$175,162, \$221,823 and \$181,047 to Yuanta Bank, amongst which, the operating guarantee deposits were all \$5,000, with annual interest rates were all 1.035%.

(5) Yuanta Securities Investment Trust

(A) Bank deposits

	<u>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 2019</u>
Fellow subsidiary:			
Yuanta Bank	\$ 2,812,875	\$ 2,689,204	\$ 2,126,469

(B) Management fee income

	<u>Management fee income</u>	
	<u>For the three months ended March 31,</u>	
	<u>2020</u>	<u>2019</u>
Other related parties:		
Funds managed by Yuanta		
Securities Investment Trust	\$ 686,175	\$ 604,253

As of March 31, 2020, December 31, 2019 and March 31, 2019, the amount of management fee receivable were \$234,795, \$231,394 and \$210,304, 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 March 31, 2020, December 31, 2019 and March 31, 2019 are as follows:

	<u>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 2019</u>
Yuanta Securities			
Investment Trust	\$ 448,322	\$ 392,363	\$ 107,555
Fellow subsidiary:			
Yuanta Securities	7,101,553	3,659,259	3,418,466
Yuanta Life	3,089,361	2,742,814	1,176,101
Yuanta Futures	95,675	132,205	20,000
	<u>\$ 10,734,911</u>	<u>\$ 6,926,641</u>	<u>\$ 4,722,122</u>

(6) Yuanta Life

(A) Bank deposits and time deposits

	<u>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 2019</u>
Fellow subsidiary:			
Yuanta Bank (Note)	\$ 3,114,049	\$ 2,041,240	\$ 4,240,299

Note: Including other financial assets.

(B) Current income tax assets

	<u>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 2019</u>
Parent company:			
Yuanta Financial Holdings	\$ 2,521,537	\$ 2,599,526	\$ 1,965,096

The above represents consolidated income tax return receivable.

(C) Property transactions — beneficiary certificates

	<u>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 2019</u>
Other related parties:			
Funds managed by Yuanta			
Securities Investment Trust	\$ 3,089,361	\$ 2,742,814	\$ 1,176,101
Yuanta Asia Growth			
Investment, L.P.	49,271	35,825	-
	<u>\$ 3,138,632</u>	<u>\$ 2,778,639</u>	<u>\$ 1,176,101</u>

For the three months ended March 31, 2020

	<u>Purchase price</u>	<u>Proceeds on disposal</u>	<u>Realized gain</u>
Other related parties:			
Funds managed by			
Yuanta Securities			
Investment Trust	\$ 2,162,267	\$ 1,591,823	\$ 79,864
Yuanta Asia Growth			
Investment, L.P.	15,055	-	-
	<u>\$ 2,177,322</u>	<u>\$ 1,591,823</u>	<u>\$ 79,864</u>

				For the three months ended March 31, 2019		
				<u>Purchase price</u>	<u>Proceeds on disposal</u>	<u>Realized gain</u>
Other related parties:						
Funds managed by						
Yuanta Securities						
Investment Trust				\$ <u>685,752</u>	\$ <u>51,990</u>	\$ <u>1,990</u>
(D) Payables						
				<u>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 2019</u>
Fellow subsidiary:						
Yuanta Bank				\$ 41,362	\$ 89,364	\$ 56,103
Yuanta International						
Insurance Brokers				<u>34,995</u>	<u>86,243</u>	<u>44,403</u>
				<u>\$ 76,357</u>	<u>\$ 175,607</u>	<u>\$ 100,506</u>
(E) Premium income						
				<u>For the three months ended March 31,</u>		
				<u>2020</u>	<u>2019</u>	
Fellow subsidiary:						
Yuanta Bank				\$ 2,446	\$ 1,233	
Other related parties:						
Others				<u>103,725</u>	<u>89,342</u>	
				<u>\$ 106,171</u>	<u>\$ 90,575</u>	
(F) Commission expense						
				<u>For the three months ended March 31,</u>		
				<u>2020</u>	<u>2019</u>	
Fellow subsidiary:						
Yuanta Bank				\$ 188,196	\$ 171,112	
Yuanta International Insurance Brokers				<u>177,979</u>	<u>107,309</u>	
				<u>\$ 366,175</u>	<u>\$ 278,421</u>	
(G) Derivative trading						
				<u>March 31, 2019</u>		
				<u>Carrying amount</u>	<u>Contract amount</u>	
					<u>(Nominal principal)</u>	
Fellow subsidiary:						
Yuanta Bank				(\$ <u>4,608</u>)	<u>USD 13,000</u>	
(a) As of December 31, 2019, the derivative trading between Yuanta Life and Yuanta Bank was completed with proceeds amounting to USD 13,000 and incurred loss amounting to \$6,269.						
(b) There was no derivative trading with related parties as of March 31, 2020.						

(7) Yuanta Ventures and subsidiary

(A) Bank deposits

	<u>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 2019</u>
Fellow subsidiary:			
Yuanta Bank	<u>\$ 448,967</u>	<u>\$ 576,025</u>	<u>\$ 722,475</u>

For the three months ended March 31, 2020 and 2019, interest income from abovementioned bank accounts were \$737 and \$1,079, respectively.

(B) Current tax assets

	<u>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 2019</u>
Parent company:			
Yuanta Financial Holdings			
Consolidated income tax return receivables	<u>\$ 104,157</u>	<u>\$ 107,856</u>	<u>\$ 105,084</u>
Consolidated income tax return payables	<u>\$ 6,442</u>	<u>\$ 6,442</u>	<u>\$ -</u>

8. Pledged assets

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

<u>Items</u>	<u>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 2019</u>	<u>Purpose of pledge</u>
Financial assets at fair value through profit or loss	\$ 152,354,844	\$ 140,715,358	\$ 144,192,149	Bonds under repurchase agreement, bid bonds for operating guarantee deposits and futures trading margin, collateral for securities lending and OTC trading
	69,864,617	61,372,357	65,202,096	Merchant business
	52,148	51,932	52,056	Guarantee deposits for notes
Financial assets at fair value through other comprehensive income	3,047,598	3,260,211	3,094,469	Claim reserve from trust fund, collateral for securities lending business and guarantees on asset disposal
	1,624,935	1,646,502	1,609,185	Operating guarantee deposits
	51,206,945	60,033,914	51,045,842	Bonds under repurchase agreement, operating guarantee deposits, OTC performance bonds and guarantees on asset disposal
	-	-	4,138	Collateral for provisional seizure
Financial assets at amortised cost	2,475,634	734,980	737,694	Operating guarantee deposits
	-	40,018	40,093	Stock borrowings
	51,831	62,116	62,969	Deposits for guarantees in the Central Bank
	196,863	197,169	186,538	Claim reserve from trust fund
	10,511,200	10,518,760	10,549,720	Overdraft guarantee for foreign currency settlement
	110,041	110,214	110,298	Settlement reserves for Electronic Bond Trading System (EBTS) issued by OTC
	55,021	55,107	55,149	Deposit guarantees of bills merchants
	536,122	610,476	498,106	Collateral for provisional seizure
	5,282	5,290	5,184	VISA international card payment reserves
Accounts receivable	-	-	6,500	Collateral for provisional seizure
Restricted assets	2,432,074	2,189,764	2,124,645	Collateral for settlement limit, short-term loans, payable short-term bills and OTC derivative transactions
	339,472	342,490	339,611	Operating guarantee deposits-HKEx, structured notes, interest rate swap account and repo trade

Items	March 31, 2020	December 31, 2019	March 31, 2019	Purpose of pledge
Restricted assets	\$ 980 29,363	\$ 1,029 29,303	\$ 1,070 83,553	Overdraft guarantee Dividends payable arising from stock agency business
Other assets	1,333,527 1,624,356 11,317	298,986 1,934,253 271,128	184,452 3,327,547 1,289,968	Operating guarantee deposits Performance bond and rental deposits Underwriting share proceeds collected on behalf of customers
Property and equipment and investment property	3,134,353	3,215,055	3,586,617	Collateral for settlement limit and short-term loans; collateral for mortgage loans and leases
Treasury share of Yuanta Securities (Korea)	339,673	514,969	577,799	Collateral for securities lending business

9. Significant contingent liabilities and unrecognised contract commitments

(1) As of March 31, 2020, December 31, 2019 and March 31, 2019, capital expenditure contracted for at the balance sheet date but not yet incurred was \$911,134, \$1,024,490 and \$1,095,862, respectively.

(2) Stocks entrusted to custody

As of March 31, 2020, December 31, 2019 and March 31, 2019, the stocks entrusted to the custody of Yuanta Securities Finance by clients were all 7,483 thousand shares. The market value of these entrusted stocks was approximately \$76,835, \$77,479 and \$77,447, respectively.

(3) Transactions on behalf of customers

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

(4) As of March 31, 2020, Yuanta Securities (Korea) entered into a loan commitments contract with Standard International., Ltd. with financing facilities amounting to ₩7 billion (NT\$ 174 million), 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\$2.48 million). Additionally, Yuanta Securities (Korea) entered into a bond-purchase agreement through private placement with YK Hessen, and had committed to bond investments of up to ₩7 billion (NT\$ 174 million).

(5) Other lawsuits- Yuanta Securities

A. Due to Polaris Securities Co., Ltd., the dissolved company under the merger, having disputes with customers on trading of stocks, clients demanded Yuanta Securities, the surviving company under the merger, bear joint responsibility for 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 filed an appeal, and on May 8, 2019, the Taiwan High Court adjudicated that Yuanta Securities should pay compensation amounting to \$25,787 thousand due to its joint responsibility and Yuanta Securities has appointed lawyers to appeal the case. The Supreme Court is currently reviewing the case.

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

- C. As of March 31, 2020, of the total 12 litigations against Yuanta Securities (Korea) and its subsidiaries, 3 litigations of which were related to financial commodities sales disputes of former TongYang Securities Inc. (please refer to the explanation in Note 6(26)). The remaining 9 litigations were unrelated to such financial commodities sales disputes with demanded compensation totaling ₩1,157,745 million (approximately NT\$28.7 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\$17.3 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\$28.4 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 March 31, 2020, there was a provision of ₩1,864 million (approximately NT\$46 million) recognized for the abovementioned litigations unrelated to financial commodities sales disputes of former TongYang Securities Inc.. Separately, there were 13 litigations where Yuanta Securities (Korea) acted as a plaintiff with the claimed amount of ₩55,514 million (approximately NT\$1.38 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\$278 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 March 31, 2020, Yuanta Securities (Hong Kong)’s receivables from margin loan amounting to HK\$147,504 thousand (approximately NT\$580 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 owed by those margin clients based on the Guarantee Agreement. Yet an award of compensation in the amount of HK\$135,191 thousand (approximately NT\$530 million) was claimed for the case including the interest calculated as of the date of filing the lawsuit. The account executive has claimed that she has no liability for losses in relation to the accounts of these margin clients. The legal proceedings are still ongoing. As at the date of the approval of the financial statements, Yuanta Securities (Hong Kong) has considered the external legal advice, and deemed that no provision in relation to the defence by the above account executive is necessary.
- (6) Other lawsuits- Banks
- A. Yuanta Bank and the seller (AON BGN Limited Liability Company) signed a share purchase agreement which has 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 March 31, 2020 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 March 12, 2020, the aforementioned case was adjudicated in favour of Yuanta Savings Bank (Korea) in the third instance by the Supreme Court of South Korea. Yuanta Bank adjusted the compensation assets and contingent liabilities which were recognised in accordance with the litigation and shown as “other assets, net” and “provisions”, respectively.

- 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 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 March 31, 2020, only the appeal of Sino United International Co., Ltd. is under review of the Supreme Court as the appeal of Plosa International Co., Ltd. was overruled due to the unpaid court fees. The subsequent proceedings of the litigation have been assessed to have no material impact on the operations and stockholders' equity of Yuanta Bank.
- 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 March 31, 2020, the case is still under review of the Seoul High Court. The subsequent proceedings of the litigation have been assessed to have no material impact on the operations and stockholders' equity of Yuanta Bank.

(7) Other lawsuits- Yuanta Securities Investment Trust

Yuanta Securities Investment Trust was commissioned under discretionary investment businesses of domestic investment contracts by the Bureau of Labor Funds, Ministry of Labor (formerly the Labor Pension Fund Supervisory Committee of the Council of Labor Affairs, Executive Yuan, restructured as the Bureau of Labor Funds, Ministry of Labor as of February 17, 2014, herein referred to as the “Labor Pension”). Because the former manager of former Polaris Securities Investment Trust, surnamed Qu (herein referred to as “Manager Qu”) was suspected of being involved in illegal activities from 2011 to 2012 while dealing with commissioned trading of stocks for government funds, the Labor Pension, in accordance with the indictment issued by the Special Investigation Division of the Supreme Prosecutor Office, filed a civil complaint attached with criminal proceedings with the Taiwan Taipei District Court on January 28, 2014, claiming Manager Qu and Yuanta Securities Investment Trust should bear a joint and several liability for compensations. In order to protect its interests, Yuanta Securities Investment Trust appointed a lawyer to assist in handling the case. After the aforementioned criminal charges against manager Qu were adjudicated by the Taiwan Taipei District Court for the first instance and the civil case was transferred to the civil court for review, on September 5, 2016, the Labor Pension decreased its joint and several liability claims to \$108,411 thousand. On April 28, 2017, the Labor Pension decreased such claims to \$71,575 thousand after the Taiwan High Court rendered its decision for the aforementioned criminal case as the second instance. Based on the appointed lawyer’s assessment, the aforementioned criminal rulings made by the first and second instance courts were based on a breach of trust by Manager Qu to Yuanta Securities Investment Trust, while the Labor Pension was concluded as not being the principal in the context of Manager Qu’s commissioned services. Furthermore, prior trading that is considered a criminal breach of trust offense and actions in violation of the Securities Exchange Act, which are alleged to have damaged the Labor Pension as illustrated in the indictment, are considered unverifiable crimes. Therefore, there is a material doubt as to whether the Labor Pension can claim damages, prove causation, and how damages should be calculated. On May 15, 2020, the Taiwan Taipei District Court adjudicated to dismiss Labor Pension’s claims for the first instance. However, an appeal of the case can still be filed by the Labor Pension.

(8) Other lawsuits- Yuanta Life Insurance

As of March 31, 2020, Yuanta Life Insurance still has several insurance claim litigations in process. Yuanta Life Insurance has appointed lawyers to handle these cases and has provisioned an appropriate amount of claims reserve.

(9) Others

	<u>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 2019</u>
Commitment of the securities			
under a repurchase agreement	\$ 194,728,414	\$ 200,782,844	\$ 204,329,144
Commitment of the securities			
under a resale agreement	51,622,677	47,671,245	31,729,843
Unused loan commitments	25,177,008	25,604,687	32,880,127
Credit commitment on credit card	121,216,451	119,477,639	121,495,379
Unused L/C balance	2,315,502	3,635,756	3,514,320
Other guarantees	14,912,937	13,217,092	13,803,519
Consignment collection for others	16,883,261	16,990,839	17,455,846
Trust assets	264,649,872	253,100,505	243,388,251
Items under custody	23,241,424	29,999,685	32,549,148

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

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

Not applicable.

10. Significant losses from disasters

(1) The Company:

None.

(2) Subsidiaries:

None.

11. Significant subsequent events

(1) The Company:

None.

(2) Subsidiaries:

None.

12. Others

(1) Capital risk management

A. The objectives of capital management of the Yuanta Group:

- (A) Meeting the minimum regulated capital adequacy ratio is the most basic objective for the qualifying self-owned capital of the financial group controlled by the Company. The calculation of qualifying self-owned capital and legal capital should be made in compliance with regulations of competent authorities.
- (B) In order to process sufficient capital to assume various risks, the Company assesses the required capital with consideration of the risk portfolio it faces and the risk characteristic, and manages risk through capital allocation to realise utilization of capital allocation.

B. Capital management procedure:

- (A) The Company regularly monitors the overall capital adequacy ratio, which is maintained and reported to the competent authorities every 6 or 12 months in compliance with the regulations from both competent authorities and internal requirements.
- (B) Calculation and control procedures related to capital adequacy of the financial group are all in compliance with “Regulations Governing the Consolidated Capital Adequacy of Financial Holding Companies” and “Regulations Governing the Capital Adequacy management for the Yuanta Financial Holding Company., LTD.”.
- (C) The objective of capital management of the Company shall be agreed by the Board of Directors, of which an appropriate capital projection is scheduled by the finance management according to the long-term developing strategies, operating plan and characteristics of assets and liabilities. The consolidated capital adequacy ratio of the Yuanta Group is assessed and calculated by month. The Risk Management Department regularly monitors the overall capital adequacy and analyses the impact to the capital adequacy arising from the Company’s business development and the change of regulations. The Business Departments shall consider the impact of each transaction or task on the capital adequacy when conducting such transaction or task according to the annual risk limits authorized by the Company.
- (D) The Company also sets up warning indicator in relation to above managing objectives, that is, when the capital adequacy ratio drops to the warning indicator, the risk management shall call a meeting to discuss a responding solution which is handed to the finance management for the following executive operations.

(2) Fair value information of financial instruments

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

(A) Outline

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

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

a. Level 1

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

b. Level 2

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

c. Level 3

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

B. Financial instruments measured at fair value

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

	March 31, 2020				December 31, 2019			
	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3
Recurring fair value measurements								
<u>Non-derivative financial instruments</u>								
Assets								
Financial assets at fair value through profit or loss								
Equity instruments	\$ 30,898,381	\$ 29,008,301	\$ 51,710	\$ 1,838,370	\$ 37,117,530	\$ 34,933,923	\$ 87,610	\$ 2,095,997
Liability instruments	331,793,689	95,742,845	235,687,594	363,250	317,808,372	91,234,085	226,212,180	362,107
Others	128,160,321	40,865,229	79,365,374	7,929,718	136,570,913	52,034,104	74,034,292	10,502,517
Financial assets at fair value through other comprehensive income (Note)								
Equity instruments	39,999,913	22,260,030	-	17,739,883	31,972,642	13,517,844	-	18,454,798
Liability instruments	209,993,192	71,071,198	138,700,439	221,555	198,733,362	71,642,229	126,863,300	227,833
Other financial assets								
Purchase of claim receivable	1,844,599	-	-	1,844,599	1,849,460	-	-	1,849,460
Liabilities								
Financial liabilities at fair value through profit or loss	\$ 109,484,033	\$ 34,884,297	\$ 20,767,681	\$ 53,832,055	\$ 106,668,410	\$ 23,217,121	\$ 18,944,044	\$ 64,507,245
<u>Derivative financial instruments</u>								
Assets								
Financial assets at fair value through profit or loss	\$ 31,025,216	\$ 10,016,269	\$ 9,227,681	\$ 11,781,266	\$ 12,534,264	\$ 3,208,756	\$ 6,133,693	\$ 3,191,815
Liabilities								
Financial liabilities at fair value through profit or loss	\$ 34,011,556	\$ 6,464,026	\$ 11,260,122	\$ 16,287,408	\$ 16,671,818	\$ 1,787,709	\$ 11,082,297	\$ 3,801,812

	March 31, 2019			
	Total	Level 1	Level 2	Level 3
Recurring fair value measurements				
<u>Non-derivative financial instruments</u>				
Assets				
Financial assets at fair value through profit or loss				
Equity instruments	\$ 30,263,325	\$ 27,788,421	\$ 53,229	\$ 2,421,675
Liability instruments	303,707,008	98,338,108	205,079,189	289,711
Others	127,212,521	42,486,951	74,393,560	10,332,010
Financial assets at fair value through other comprehensive income (Note)				
Equity instruments	24,970,710	7,108,965	-	17,861,745
Liability instruments	190,034,015	82,127,604	107,643,460	262,951
Other financial assets				
Purchase of claim receivable	1,862,993	-	-	1,862,993
Liabilities				
Financial liabilities at fair value through profit or loss	\$ 94,263,243	\$ 17,365,016	\$ 20,136,683	\$ 56,761,544
<u>Derivative financial instruments</u>				
Assets				
Financial assets at fair value through profit or loss	\$ 12,771,308	\$ 4,767,906	\$ 4,696,908	\$ 3,306,494
Liabilities				
Financial liabilities at fair value through profit or loss	\$ 18,358,027	\$ 1,277,888	\$ 11,765,412	\$ 5,314,727

Note: As of March 31, 2020, December 31, 2019 and March 31, 2019, the statutory deposits of Yuanta Life of the Yuanta Group were all \$1,216,100.

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

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

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

(C) Fair value adjustment

a. Limits and adjustments of financial valuation models

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

b. Credit risk valuation adjustment

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

(D) Transfer between Level 1 and Level 2

As of March 31, 2020, December 31, 2019 and March 31, 2019, certain foreign debt held by the Yuanta Group, totaling USD 38,053 thousand, USD 19,786 thousand and USD 0 thousand, respectively, have been transferred from level 1 to level 2, because the debt instrument either had no steady quoted market price from stock brokers and Bloomberg Valuation Services (BVAL) was used due to wider region of price quotes from stock brokers. As of March 31, 2019, a portion of government bonds denominated under NTD held by the Company was determined to be non-active bond instrument investments in accordance with the Taipei Exchange's active securities standard, \$197,763 have been transferred from Level 1 to Level 2. In addition, certain foreign debt held by the Yuanta Group, totaling USD 9,268 thousand, USD 11,051 thousand and USD 74,582 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 three months ended March 31, 2020								
Items	Beginning balance	Gain and loss on valuation		Addition		Reduction		Ending balance
		Gain and loss	Other comprehensive income	Purchased or issued	Transferred to Level 3 (Note)	Sold, disposed or settled	Transferred from Level 3 (Note)	
Financial assets at fair value through profit or loss	\$ 16,152,436	\$ 2,164,844	\$ 509	\$ 6,246,842	\$ -	(\$ 2,510,961)	(\$ 141,066)	\$ 21,912,604
Financial assets at fair value through other comprehensive income	18,682,631	(246,990)	429,717	62,488	-	(966,408)	-	17,961,438
Other financial assets- purchase of claim receivable	1,849,460	(6)	-	-	-	(4,855)	-	1,844,599
Total	\$ 36,684,527	\$ 1,917,848	\$ 430,226	\$ 6,309,330	\$ -	(\$ 3,482,224)	(\$ 141,066)	\$ 41,718,641

For the three months ended March 31, 2019								
Items	Beginning balance	Gain and loss on valuation		Addition		Reduction		Ending balance
		Gain and loss	Other comprehensive income	Purchased or issued	Transferred to Level 3 (Note)	Sold, disposed or settled	Transferred from Level 3 (Note)	
Financial assets at fair value through profit or loss	\$ 19,044,503	(\$ 2,693,665)	(\$ 11,948)	\$ 2,879,677	\$ -	(\$ 2,829,515)	(\$ 39,162)	\$ 16,349,890
Financial assets at fair value through other comprehensive income	17,571,193	(72,368)	625,871	-	-	-	-	18,124,696
Other financial assets- purchase of claim receivable	1,867,408	100	-	-	-	(4,515)	-	1,862,993
Total	\$ 38,483,104	(\$ 2,765,933)	\$ 613,923	\$ 2,879,677	\$ -	(\$ 2,834,030)	(\$ 39,162)	\$ 36,337,579

In relation to the above, valuation gains and losses are recognised in gain and loss in the period. For the three months ended March 31, 2020 and 2019, the net gains (losses) belonging to assets as of March 31, 2020 and 2019 were \$2,887,571 and (\$2,334,545), respectively.

In relation to the above, valuation gains and losses are recognised in other comprehensive income. For the three months ended March 31, 2020 and 2019, the net gains belonging to assets as of March 31, 2020 and 2019 were \$430,062 and \$637,109, respectively.

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

For the three months ended March 31, 2020								
Items	Beginning balance	Gain and loss on valuation		Addition		Reduction		Ending balance
		Gain and loss	Other comprehensive income	Purchased or issued	Transferred to Level 3 (Note)	Sold, disposed or settled	Transferred from Level 3 (Note)	
Financial liabilities at fair value through profit or loss	\$ 68,309,057	\$ 5,695,597	(\$ 2,732)	\$ 33,737,388	\$ -	(\$ 37,619,847)	\$ -	\$ 70,119,463

For the three months ended March 31, 2019								
Items	Beginning balance	Gain and loss on valuation		Addition		Reduction		Ending balance
		Gain and loss	Other comprehensive income	Purchased or issued	Transferred to Level 3 (Note)	Sold, disposed or settled	Transferred from Level 3 (Note)	
Financial liabilities at fair value through profit or loss	\$ 60,596,909	(\$ 1,941,262)	(\$ 3,153)	\$ 28,552,829	\$ -	(\$ 25,129,052)	\$ -	\$ 62,076,271

In relation to the above, valuation gains and losses are recognised in gain and loss in the period. For the three months ended March 31, 2020 and 2019, the net (losses) gains belonging to liabilities as of March 31, 2020 and 2019 were (\$1,312,013) and \$1,359,678, respectively.

In relation to the above, valuation gains and losses are recognised in other comprehensive income. For the three months ended March 31, 2020 and 2019, the net gains belonging to liabilities as of March 31, 2020 and 2019 were \$3,043 and \$3,386, respectively.

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

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

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

Items	Change in fair value recognised in current profit and loss		Change in fair value recognised in other comprehensive income	
	Favorable movements	Unfavorable movements	Favorable movements	Unfavorable movements
March 31, 2020				
<u>Assets</u>				
Financial assets at fair value				
through profit or loss	\$ 32,087	(\$ 15,513)	\$ -	\$ -
Derivative instruments	128,643	(128,643)	-	-
Financial assets at fair value through other comprehensive income	-	-	378,794	(304,590)
Other financial assets- purchase of claim receivable	83,882	(83,882)	-	-
<u>Liabilities</u>				
Financial liabilities at fair value				
through profit or loss	(\$ 126,154)	\$ 126,154	\$ -	\$ -
Derivative instruments	211,019	(211,019)	-	-
December 31, 2019				
<u>Assets</u>				
Financial assets at fair value				
through profit or loss	\$ 121,559	(\$ 103,408)	\$ -	\$ -
Derivative instruments	(26,358)	26,358	-	-
Financial assets at fair value through other comprehensive income	-	-	443,864	(366,507)
Other financial assets- purchase of claim receivable	85,976	(85,976)	-	-
<u>Liabilities</u>				
Financial liabilities at fair value				
through profit or loss	(\$ 74,870)	\$ 74,870	\$ -	\$ -
Derivative instruments	92,991	(92,991)	-	-
March 31, 2019				
<u>Assets</u>				
Financial assets at fair value				
through profit or loss	\$ 104,761	(\$ 100,545)	\$ -	\$ -
Derivative instruments	14,390	(14,388)	-	-
Financial assets at fair value through other comprehensive income	-	-	519,485	(366,019)
Other financial assets- purchase of claim receivable	81,929	(81,929)	-	-

Items	Change in fair value recognised in current profit and loss		Change in fair value recognised in other comprehensive income	
	Favorable movements	Unfavorable movements	Favorable movements	Unfavorable movements
March 31, 2019				
<u>Liabilities</u>				
Financial liabilities at fair value through profit or loss	\$ 125,005	(\$ 125,005)	\$ -	\$ -
Derivative instruments	(81,789)	81,790	-	-

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

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

March 31, 2020	Valuation technique	Significant unobservable input	Range
Financial assets at fair value through profit or loss			
Equity instruments \$ 1,838,370	1. Market method	Price to earnings ratio multiple	13.21 ~ 27.87
	2. Income method	Price to book ratio multiple	0.82 ~ 9.51
	3. Equity Model by L. Anderson and D. Buffum	Price-to-sales ratio multiplier	1.25
		Discount for marketability	<=40%
		Discount rate	5.45% ~ 14.40%
		Stock price volatility	19.11% ~ 49.04%
		Credit Spread	2.49% ~ 5.60%
		Recovery rate	20%
Liability instruments 363,250	1. Hybrid Model	Stock price volatility	13.64% ~ 41.03%
	2. Equity Model by L. Anderson and D. Buffum	Credit Spread	5.58% ~ 18.03%
		Recovery rate	20%
	3. Monte Carlo Simulation	Discount rate	0.009% ~ 7.55%
	4. Discounted cash flow		
Derivative instruments (including futures and options trade in futures market) 11,781,266	1. Option Model	Dividend rate	2.25% ~ 4.42%
	2. Hybrid Model	Stock price volatility	2.47% ~ 22.69%
	3. FDM	Correlation coefficient	0.23 ~ 0.96
	4. Monte Carlo Simulation	Default rate	0.03% ~ 100%
		Recovery rate	55%
Others 7,929,718	1. Net asset value	Discount for marketability	<=10%
	2. Option Model	Dividend rate	2.25% ~ 4.42%
	3. FDM	Stock price volatility	16.97% ~ 22.69%
	4. Monte Carlo Simulation	Correlation coefficient	0.23 ~ 0.96
		Default rate	0.03% ~ 100%
		Recovery rate	55%

March 31, 2020		Valuation technique	Significant unobservable input	Range
Other financial assets				
Purchase of claim receivable	\$ 1,844,599	Recoverable amount	Contact rate Payment rate Discount rate	1.26% ~ 38.39% 1.22% ~ 39.93% 1.20% ~ 40.00%
Financial assets at fair value through other comprehensive income				
Equity instruments	17,739,883	1.Market method 2.Residual income valuation model 3.Discouted cash flow	Price to earnings ratio multiple Price to book ratio multiple Discount for marketability Expected growth rate Discount rate	13.79~29.39 0.86~2.86 <=40% 1% 10.40% ~ 10.60%
Liability instruments	221,555	Discounted cash flow	Discount rate	0.009% ~ 7.55%
Financial liabilities at fair value through profit or loss				
Derivative instruments (including futures and options trade in futures market)	16,287,408	1.FDM 2.Option Model 3.Monte Carlo Simulation	Dividend rate Stock price volatility Correlation coefficient Default rate Recovery rate	2.25% ~ 4.42% 16.97% ~ 22.69% 0.23~0.96 0.03% ~ 100% 55%
Others	53,832,055	1.IR Model 2.Option Model 3.Hybrid Model 4.FDM 5.Monte Carlo Simulation	Dividend rate Stock price volatility Correlation coefficient Default rate Recovery rate	2.25% ~ 4.42% 0.94% ~ 362.46% 0.23~0.96 0.03% ~ 100% 55%
December 31, 2019		Valuation technique	Significant unobservable input	Range
Financial assets at fair value through profit or loss				
Equity instruments	\$ 2,095,997	1.Market method 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	13.53~35.45 0.81~9.63 1.24 <=40% 5.45% ~ 14.40% 13.87% ~ 36.83% 2.26% ~ 5.92% 20%
Liability instruments	362,107	1.Hybrid Model 2.Equity Model by L. Anderson and D. Buffum 3.Monte Carlo Simulation 4.Discouted cash flow	Stock price volatility Credit Spread Recovery rate Discount rate	10.22% ~ 39.25% 5.58% ~ 18.03% 20% 0.40% ~ 7.76%

December 31, 2019		Valuation technique	Significant unobservable input	Range		
Financial assets at fair value through profit or loss						
Derivative instruments (including futures and options trade in futures market)	\$ 3,191,815	1.Option Model	Dividend rate	1.82% ~ 3.52%		
		2.Hybrid Model	Stock price volatility	2.86% ~ 22.27%		
		3.FDM	Correlation coefficient	0.22 ~ 0.95		
		4.Monte Carlo Simulation	Default rate	0.03% ~ 100%		
			Recovery rate	55%		
Others	10,502,517	1.Net asset value	Discount for marketability	<=10%		
		2.Option Model	Dividend rate	1.82% ~ 3.52%		
		3.FDM	Stock price volatility	13.50% ~ 22.27%		
		4.Monte Carlo Simulation	Correlation coefficient	0.22 ~ 0.95		
			Default rate	0.03% ~ 100%		
Recovery rate	55%					
Other financial assets						
Purchase of claim receivable	1,849,460	Recoverable amount	Contact rate	1.90% ~ 39.46%		
			Payment rate	1.72% ~ 39.85%		
			Discount rate	1.87% ~ 40.21%		
Financial assets at fair value through other comprehensive income						
Equity instruments	18,454,798	1.Market method	Price to earnings ratio multiple	13.59 ~ 29.81		
			Price to book ratio multiple	0.86 ~ 2.87		
		2.Residual income valuation model	Discount for marketability	<=40%		
			3.Discounted cash flow	Expected growth rate	1%	
				Discount rate	10.40% ~ 10.60%	
Liability instruments	227,833	Discounted cash flow	Discount rate	0.40% ~ 7.76%		
Financial liabilities at fair value through profit or loss						
Derivative instruments (including futures and options trade in futures market)	3,801,812	1.FDM	Dividend rate	1.82% ~ 3.52%		
			2.Option Model	Stock price volatility	13.50% ~ 22.27%	
				3.Monte Carlo Simulation	Correlation coefficient	0.22 ~ 0.95
			Default rate		0.03% ~ 100%	
			Recovery rate		55%	
Others	64,507,245	1.IR Model	Dividend rate	1.82% ~ 3.52%		
			2.Option Model	Stock price volatility	0.73% ~ 94.27%	
				3.Hybrid Model	Correlation coefficient	0.22 ~ 0.95
			4.FDM		Default rate	0.03% ~ 100%
					5.Monte Carlo Simulation	Recovery rate
March 31, 2019		Valuation technique	Significant unobservable input	Range		
Financial assets at fair value through profit or loss						
Equity instruments	\$ 2,421,675	1.Market method 2.Income method 3.Equity Model by L. Anderson and D. Buffum	Price to earnings ratio multiple	13.43 ~ 28.81		
			Price to book ratio multiple	0.75 ~ 10.83		
			Price-to-sales ratio multiplier	1.22		
			Discount for marketability	<=40%		
			Discount rate	7.57% ~ 13.29%		
			Stock price volatility	15.19% ~ 43.14%		
			Credit Spread	1.54% ~ 5.87%		
			Recovery rate	20%		

March 31, 2019		Valuation technique	Significant unobservable input	Range
Financial assets at fair value through profit or loss				
Liability instruments	\$ 289,711	1.Hybrid Model 2.Equity Model by L. Anderson and D. Buffum 3.Monte Carlo Simulation	Stock price volatility Credit Spread Recovery rate	8.93% ~ 43.14% 0.13% ~ 5.87% 20%
Derivative instruments (including futures and options trade in futures market)	3,306,494	1.Option Model 2.Hybrid Model 3.FDM 4.Monte Carlo Simulation	Dividend rate Stock price volatility Correlation coefficient Default rate Recovery rate	1.94% ~ 3.63% 2.94% ~ 23.11% 0.19 ~ 0.96 0.03% ~ 100% 55%
Others	10,332,010	1.Option Model 2.FDM 3.Monte Carlo Simulation	Dividend rate Stock price volatility Correlation coefficient Default rate Recovery rate	1.94% ~ 3.63% 13.63% ~ 23.11% 0.19 ~ 0.96 0.03% ~ 100% 55%
Other financial assets				
Purchase of claim receivable	1,862,993	Recoverable amount	Contact rate Payment rate Discount rate	2.08% ~ 39.72% 1.84% ~ 39.35% 1.98% ~ 40.33%
Financial assets at fair value through other comprehensive income				
Equity instruments	17,861,745	1.Market method 2.Residual income valuation model 3.Discounted cash flow	Price to earnings ratio multiple Price to book ratio multiple Discount for marketability Expected growth rate Discount rate	12.46 ~ 29.95 0.82 ~ 2.87 <=40% 2% 12.07%
Liability instruments	262,951	Discounted cash flow	Discount rate	0.86% ~ 8.07%
Financial liabilities at fair value through profit or loss				
Derivative instruments (including futures and options trade in futures market)	5,314,727	1.FDM 2.Option Model 3.Monte Carlo Simulation	Dividend rate Stock price volatility Correlation coefficient Default rate Recovery rate	1.94% ~ 3.63% 13.63% ~ 23.11% 0.19 ~ 0.96 0.03% ~ 100% 55%
Others	56,761,544	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	1.94% ~ 3.63% 1.27% ~ 87.35% 0.19 ~ 0.96 0.03% ~ 100% 55%

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

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

C. Financial instruments not measured at fair value

(A) Fair value information:

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

	March 31, 2020				
	Book value	Fair value			
		Total	Level 1	Level 2	Level 3
<u>Financial assets</u>					
Investments in debt instruments at amortised cost (Notes 1 and 2)	\$ 261,525,044	\$ 280,847,697	\$ 3,219,402	\$ 277,592,640	\$ 35,655

Financial liabilities

Bonds payable	68,854,087	71,149,037	-	71,149,037	-
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	December 31, 2019				
	Book value	Fair value			
		Total	Level 1	Level 2	Level 3
<u>Financial assets</u>					
Investments in debt instruments at amortised cost (Notes 1 and 2)	\$ 255,811,355	\$ 275,638,101	\$ 3,120,202	\$ 272,479,661	\$ 38,238

Financial liabilities

Bonds payable	68,849,634	71,228,083	-	71,228,083	-
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	March 31, 2019				
	Book value	Fair value			
		Total	Level 1	Level 2	Level 3
<u>Financial assets</u>					
Investments in debt instruments at amortised cost (Notes 1 and 2)	\$ 244,456,953	\$ 253,816,185	\$ 3,126,928	\$ 250,642,702	\$ 46,555

Financial liabilities

Bonds payable	66,673,090	69,498,591	-	69,498,591	-
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Note 1: Including the statutory deposits of \$2,344,300, \$600,000 and \$600,000, respectively of Yuanta Life of the Yuanta Group as of March 31, 2020, December 31, 2019 and March 31, 2019.

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

(B) Financial valuation technique:

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

- a. The financial instruments such as cash and cash equivalents, due from Central Bank and call loans to other banks, investments in bills and bonds under resale agreements, receivables- net, other financial assets - net (not including debt instruments without active market), refundable deposits, due to Central Bank and other banks, payables, short-term borrowings and deposits received. As the short maturities or future payment or receipt is close to the carrying amount, the carrying amount at the consolidated balance sheet date is used to estimate the fair value.
- b. Bills discounted and loans (including non-performing loans): The effective interest rates of loans are generally based on the benchmark interest rate plus or minus certain adjustment (equivalent to floating rate) to reflect the market interest rate. As a result, it is reasonable to assume that the carrying amount, after adjustments of estimated recoverability, approximates the fair value. Fair values for long-term loans with fixed interest rates shall be estimated using their discounted values of expected future cash flows. However, as such loans account for only a small portion of all loans, book value was used to estimate the fair value.
- c. Investments in debt instruments at amortised cost: When there is a quoted market price available in an active market, the fair value is determined using the market price. If there is no quoted market price for reference, a valuation technique or quoted price offered by the counterparties will be adopted to measure the fair value.
- d. Deposits and remittances: The duration between the commencement date and maturity date for deposits and remittances are usually within one year. As a result, the carrying amount is a reasonable basis to estimate the fair value. The fair value of long-term fixed rate deposits should be estimated by discounting expected future cash flows; however, since the duration between the commencement date and the maturity date is within three years, it is reasonable to use the carrying amount to estimate the fair value.
- e. Bonds payable: The coupon rate for bank debentures issued by Yuanta Group is approximate to the market interest rate. Thus, the present value of its expected future cash flows for estimating fair value is approximate to its carrying value.

(3) Management objective and policy for financial risk

A. Risk management policy and structural organization

(A) The Yuanta Group's risk management organization structure includes the Board of Directors, the Audit Committee, the Risk Management Committee, senior management, the Risk Management Department, the Legal Compliance Department, the Legal Department and other business departments. The Board of Directors is the highest decision-making unit for risk management. Its primary responsibilities includes approving the Yuanta Group's risk management policy, important risk management systems, and annual risk limits, as well as supervising the enforcement of the risk management system. The Audit Committee should assist the Board of Directors in implementing its risk management responsibilities. Its primary responsibilities includes deliberating the Yuanta Group's risk management policy, important risk management systems, and annual risk limits, as well as assisting the Board of Directors in supervising the enforcement of the risk management system. The Risk Management Committee should assist the Audit Committee and Board of Directors in implementing their risk management responsibilities. Its primary responsibilities includes deliberating the annual risk limits, reviewing risk management reports, integrating and coordinating common risk management issues between subsidiaries, and promoting and communicating important risk management issues. Senior management should examine risks involved in operating activities and ensure the Yuanta Group's risk management system can

thoroughly and effectively control related risks. The Risk Management Department is an independent department subordinated under the Board of Directors. The Risk Management Department's primary responsibilities includes developing the risk management system, establishing a method to effectively measure risk, establishing the risk management system, monitoring and analyzing risk and alerting and reporting significant risks in a timely manner. The Legal Compliance department should implement legal compliance risk management. It should ensure that businesses of all units and the legal compliance risk management system comply with related regulations, as well as assist in evaluating possible legal compliance risks that all business units may be involved with. The Legal Department should implement legal risk management. It should assist in evaluating possible legal risk that business units, legal documents and contracts may be involved with.

The risk management responsibilities of business departments are to comprehensively examine all risk management regulations before conducting their respective tasks and certainly comply with all risk management regulations.

Each subsidiary has built a risk management organization with appropriate levels and scale based on its business portfolio, operating scale and capital scale. Subsequently, the Yuanta Group will examine each subsidiary's risk management organization in order to confirm that it can manage its assumed risks effectively.

(B) Risk management policy

In order to establish the Yuanta Group's risk management standard, ensuring the completeness, effectiveness and reasonableness of risk management, the risk management policy was devised to act as the highest guiding principle for the Yuanta Group's risk management. All risk management systems should comply with the risk management policy and consider the attributes of all risk and its impact degree on the Yuanta Group's operating stability capital soundness to respectively establish appropriate risk management systems.

The Yuanta Group's risk management system covers market risk, credit risk, market liquidity risk, capital liquidity risk, interest risk, insurance risk, operating risk, legal compliance risk, legal risk and other risks related with operations. Subsidiaries should establish a risk management system which matches its business portfolio, operating scale and capital scale in accordance with the Yuanta Group's risk management policy and local regulations, in order to effectively manage the risks it endures.

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

(A) Credit risk

a. Source and definition of credit risk

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

b. Principle of credit risk management

In order to effectively consolidate credit distribution and control change in credit exposure, except for establishment of internal credit rating system and implementation of credit risk rating system, the Yuanta Group also establishes credit pre-warning program, carries out escalation procedures and effectively improves the time efficiency of credit incidence. Secondly, to benefit the control of credit risk concentration, the Yuanta Group has developed information system for significant amount exposure, which covers

credit risks of credit and investment transactions, cross-analyses and cross-consolidates by issuer and trading counterparty and monitors overall credit exposure. In addition, the Yuanta Group also conducts research and development of various credit risk model to strengthen quantitative mechanism of the Yuanta Group's credit rating. As such, the credit limits of the subsidiaries can be dynamically and reasonably allocated and transferred according to different business risks and asset characteristics.

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

c. Methods used in credit risk management

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

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

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

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

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

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

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

(b) Debt instruments investment and derivatives

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

(c) Margin purchase and short sale

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

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

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

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

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

Credit quality	Corporate finance	Consumer finance	Debt instruments and others	
	Internal and external credit rating	Credit rating	Taiwan Ratings	Standard & Poor's Ratings
Excellent	Level 1~6	Excellent	twAAA ~ twBBB-	AAA ~ BBB-
Acceptable	Level 7~8	Acceptable	twBB+ ~ twBB	BB+ ~ BB
Weak	Level 9~11	Weak	twBB- ~ twC	BB- ~ C
Credit impaired	Level D	Credit impairment	Credit impairment	Credit impairment

(b) Expected credit losses calculation

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

(Stage 2), and credit-impaired (Stage 3). 12-month expected credit losses are recognized for assets in Stage 1, and lifetime expected credit losses are recognized for assets in Stage 2 and Stage 3.

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

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

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

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

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

(A) Credit business

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

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

(B) Investments in debt instruments

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

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

(C) Other financial assets

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

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

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

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

(A) Credit business

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

(B) Investments in debt instruments

An investment in a debt instrument by the Yuanta Group is considered credit-impaired if any of the following conditions apply:

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

(C) Other financial assets

- a. Guarantee deposits: At the balance sheet date, the deposit has not been returned at maturity, and the number of past-due days is in line with the days recorded in the contract.
- b. Call loans to (from) banks and due from the Central Bank, banks overdrafts, bills with a reverse repo and bond, commercial paper and time deposit and its interest receivable: At the balance sheet date, the date that the Yuanta Group received the payment from counterparties is over the collection date, unless the contractual terms specify it.
- c. Remaining receivables: At the balance sheet date, the number of past-due days is over the days recorded in the contract, and receivables have been transfer to overdue receivables or have been provided the 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 the internal credit ratings of the credit reference subject determined using external credit rating which has taken into consideration the forecastability, such as macroeconomics, incorporating default rates published by external credit rating agencies.

b. Loss given default: Calculated based on the collateral and order of compensation of the debt instrument, incorporating the average recovery rate disclosed by external credit rating agencies.

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

E. Consideration of forecastable information

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

(A) For determining significant increase in credit risk

a. The Yuanta Group’s credit approval process includes evaluation of forecastable information such as business potential, financial condition, industry outlook, loan collateral, and ability to repay.

b. Identify customers with potential risk using the early warning list of the Yuanta Group. The early warning system of the Yuanta Group involves the

assessment of the credit risk of the customer by reviewing the following five factors: management, financial statements, cash flows, source of repayment, and past performance.

(B) For measuring expected credit losses

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

(C) Other

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

F. Hedging or mitigation of credit risk

(A) Collateral

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

(B) Credit risk limit and credit risk concentration control

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

(C) Net-settled general agreement

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

(D) Others

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

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

G. 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:

(BLANK)

Bills discounted and loans

March 31, 2020	12-month expected credit losses (Stage 1)	Lifetime expected credit losses (Stage 2)	Lifetime expected credit losses (Stage 3)	Differences in impairment provided in accordance with the Regulation Governing the Procedures for Banking/Insurance Institutions to Evaluate Assets and Deal with Non-performing /Non-accrual Loans	Total
Credit ratings					
Internal ratings – excellent	\$ 495,799,293	\$ 512,668	\$ -	\$ -	\$ 496,311,961
Internal ratings – acceptable	233,855,833	4,287,194	-	-	238,143,027
Internal ratings – weak	47,953,649	370,598	-	-	48,324,247
Internal ratings – not rated	201,076	1,015	-	-	202,091
Internal ratings – credit impairment	-	302,327	7,551,082	-	7,853,409
The total carrying amount	777,809,851	5,473,802	7,551,082	-	790,834,735
Allowance for bad debt	(1,312,496)	(192,716)	(3,892,378)	-	(5,397,590)
Differences in impairment provided in accordance with the Regulation Governing the Procedures for Banking/Insurance Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans	-	-	-	(7,515,595)	(7,515,595)
Total (Note)	<u>\$ 776,497,355</u>	<u>\$ 5,281,086</u>	<u>\$ 3,658,704</u>	<u>(\$ 7,515,595)</u>	<u>\$ 777,921,550</u>

Note: Including interest receivable and temporary payments for others amounting to \$844,462. In addition, allowance for doubtful receivables was \$24,315.

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 \$123,946,569 and \$609,244,511, respectively, and 12-month expected credit losses (Stage 1) are recognized for the majority of these items. The internal ratings of these items are all excellent and acceptable.

Bills discounted and loans

December 31, 2019	12-month expected credit losses (Stage 1)	Lifetime expected credit losses (Stage 2)	Lifetime expected credit losses (Stage 3)	Differences in impairment provided in accordance with the Regulation Governing the Procedures for Banking/Insurance Institutions to Evaluate Assets and Deal with Non-performing /Non-accrual Loans	Total
Credit ratings					
Internal ratings – excellent	\$ 499,332,861	\$ 603,721	\$ -	\$ -	\$ 499,936,582
Internal ratings – acceptable	226,667,970	3,704,698	-	-	230,372,668
Internal ratings – weak	48,049,256	432,472	-	-	48,481,728
Internal ratings – not rated	204,092	1,052	-	-	205,144
Internal ratings – credit impairment	-	306,526	9,046,406	-	9,352,932
The total carrying amount	774,254,179	5,048,469	9,046,406	-	788,349,054
Allowance for bad debt	(1,401,149)	(190,360)	(4,951,631)	-	(6,543,140)
Differences in impairment provided in accordance with the Regulation Governing the Procedures for Banking/Insurance Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans	-	-	-	(7,502,396)	(7,502,396)
Total (Note)	<u>\$ 772,853,030</u>	<u>\$ 4,858,109</u>	<u>\$ 4,094,775</u>	<u>(\$ 7,502,396)</u>	<u>\$ 774,303,518</u>

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

Additionally, the total carrying amounts of accounts receivable and debt instruments (shown as financial assets measured at fair value through other comprehensive income and financial assets measured at amortized cost) are \$145,125,217 and \$584,397,733, respectively, and 12-month expected credit losses (Stage 1) are recognized for the majority of these items. The internal ratings of these items are all excellent and acceptable.

Bills discounted and loans

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

Note: Including interest receivable and temporary payments for others amounting to \$1,041,519. In addition, allowance for doubtful receivables was \$26,720.

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 \$155,282,130 and \$543,963,972, respectively, and 12-month expected credit losses (Stage 1) are recognized for the majority of these items. The internal ratings of these items are all excellent and acceptable.

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

March 31, 2020	Collateral (Note)	Net-settled general agreement	Total
<u>For accounts on the balance sheet</u>			
Receivables-other	\$ 73,060	\$ -	\$ 73,060
Bills discounted and loans	567,806,922	-	567,806,922
Financial assets at fair value through profit or loss	715,808	2,788,816	3,504,624
<u>For accounts off the balance sheet</u>			
Unused loan commitments	7,287,856	-	7,287,856
Unused credit commitment	44,793	-	44,793
Guarantees (including for non-performing loans)	4,836,155	-	4,836,155
Net-settled			
December 31, 2019	Collateral (Note)	general agreement	Total
<u>For accounts on the balance sheet</u>			
Receivables-other	\$ 65,427	\$ -	\$ 65,427
Bills discounted and loans	561,708,410	-	561,708,410
Financial assets at fair value through profit or loss	1,253,968	1,138,660	2,392,628
<u>For accounts off the balance sheet</u>			
Unused loan commitments	6,999,973	-	6,999,973
Unused credit commitment	109,415	-	109,415
Guarantees (including for non-performing loans)	4,749,347	-	4,749,347
Net-settled			
March 31, 2019	Collateral (Note)	general agreement	Total
<u>For accounts on the balance sheet</u>			
Receivables-other	\$ 286,453	\$ -	\$ 286,453
Bills discounted and loans	542,548,988	-	542,548,988
Financial assets at fair value through profit or loss	439,355	1,125,228	1,564,583
<u>For accounts off the balance sheet</u>			
Unused loan commitments	6,760,506	-	6,760,506
Unused credit commitment	110,622	-	110,622
Guarantees (including for non-performing loans)	3,456,608	-	3,456,608

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

H. Credit risk concentration

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

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

(A) Industry:

Industry	March 31, 2020		December 31, 2019	
	Amount	%	Amount	%
Privately owned businesses	\$ 655,306,373	28.32	\$ 670,861,627	30.03
Natural person	520,682,848	22.50	542,092,570	24.27
Financial institutions	674,099,278	29.13	586,938,831	26.27
Governmental institutions	441,332,063	19.07	415,644,876	18.60
Government-owned businesses	20,357,892	0.88	15,952,345	0.71
Others	2,424,251	0.10	2,611,540	0.12
Total	<u>\$ 2,314,202,705</u>	<u>100.00</u>	<u>\$ 2,234,101,789</u>	<u>100.00</u>

Industry	March 31, 2019	
	Amount	%
Privately owned businesses	\$ 656,107,260	30.17
Natural person	521,463,864	23.98
Financial institutions	586,341,192	26.97
Governmental institutions	400,865,353	18.44
Government-owned businesses	6,560,931	0.30
Others	2,984,260	0.14
Total	<u>\$ 2,174,322,860</u>	<u>100.00</u>

(B) Geographic location:

Geography location	March 31, 2020	December 31, 2019	March 31, 2019
Taiwan	\$ 1,538,416,721	\$ 1,479,186,296	\$ 1,406,519,863
Asia	522,162,645	511,510,812	553,307,706
America	158,314,172	148,313,749	126,742,349
Europe	69,291,996	70,330,015	67,881,106
Oceania	25,879,564	24,613,557	19,686,382
Africa	137,607	147,360	185,454
Total	<u>\$ 2,314,202,705</u>	<u>\$ 2,234,101,789</u>	<u>\$ 2,174,322,860</u>

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

(a) Credit business

For the three months ended March 31, 2020 and 2019, the reconciliation of the balance of allowance for bad debt are as follows:

Bills discounted and loans

For the three months ended March 31, 2020	12-month expected credit losses (Stage 1)	Lifetime expected credit losses (Stage 2)	Lifetime expected credit losses (Stage 3)	Impairment recognised in accordance with IFRS 9	Differences in impairment provided in accordance with the Regulation Governing the Procedures for Banking/Insurance Institutions to Evaluate Assets and Deal with Non-performing /Non-accrual Loans	Total
Beginning balances	\$ 1,383,758	\$ 190,274	\$ 4,948,755	\$ 6,522,787	\$ 7,489,394	\$ 14,012,181
Changes from financial instruments recognised at the beginning:						
-Transferred to lifetime expected credit losses	(9,966)	28,727	(18,761)	-	-	-
-Transferred to credit-impaired financial asset	(87,434)	(5,141)	92,575	-	-	-
-Transferred to 12-month expected credit losses	42,364	(6,687)	(35,677)	-	-	-
-Financial assets derecognised in the current period	(234,330)	(4,279)	(1,465,190)	(1,703,799)	-	(1,703,799)
Impairment allowance for purchased or originated financial assets	310,228	4,239	16,921	331,388	-	331,388
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	-	-	-	-	12,660	12,660
Write-off as bad debt	(2,716)	(11,118)	(1,155,764)	(1,169,598)	-	(1,169,598)
Change in exchange and others	(103,298)	(3,376)	1,512,712	1,406,038	-	1,406,038
Ending balances	<u>\$ 1,298,606</u>	<u>\$ 192,639</u>	<u>\$ 3,895,571</u>	<u>\$ 5,386,816</u>	<u>\$ 7,502,054</u>	<u>\$ 12,888,870</u>

For the three months ended March 31, 2019	12-month expected credit losses (Stage 1)	Lifetime expected credit losses (Stage 2)	Lifetime expected credit losses (Stage 3)	Impairment recognised in accordance with IFRS 9	Differences in impairment provided in accordance with the Regulation Governing the Procedures for Banking/Insurance Institutions to Evaluate Assets and Deal with Non-performing /Non-accrual Loans	Total
Beginning balances	\$ 1,757,986	\$ 911,672	\$ 4,115,282	\$ 6,784,940	\$ 6,822,051	\$ 13,606,991
Changes from financial instruments recognised at the beginning:						
-Transferred to lifetime expected credit losses	(2,209)	45,939	(43,730)	-	-	-
-Transferred to credit-impaired financial asset	(5,178)	(3,798)	8,976	-	-	-
-Transferred to 12-month expected credit losses	117,323	(55,273)	(62,050)	-	-	-
-Financial assets derecognised in the current period	(301,795)	(229,972)	(112,872)	(644,639)	-	(644,639)
Impairment allowance for purchased or originated financial assets	278,610	7,088	88,654	374,352	-	374,352
Differences in impairment provided in accordance with the Regulations Governing the Procedures for Banking/Insurance Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans	-	-	-	-	302,896	302,896
Write-off as bad debt	(6,183)	(25,154)	(73,410)	(104,747)	-	(104,747)
Change in exchange and others	(186,631)	325,816	142,135	281,320	-	281,320
Ending balances	<u>\$ 1,651,923</u>	<u>\$ 976,318</u>	<u>\$ 4,062,985</u>	<u>\$ 6,691,226</u>	<u>\$ 7,124,947</u>	<u>\$ 13,816,173</u>

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

Bills discounted and loans	12-month expected credit losses (Stage 1)	Lifetime expected credit losses (Stage 2)	Lifetime expected credit losses (Stage 3)	Total
Beginning balances	\$ 773,421,211	\$ 5,042,739	\$ 9,009,936	\$ 787,473,886
Changes from financial instruments recognised at the beginning:				
-Transferred to lifetime expected credit losses	(1,185,951)	1,238,495	(52,544)	-
-Transferred to credit-impaired financial asset	(851,459)	(278,992)	1,130,451	-
-Transferred to 12-month expected credit losses	521,498	(321,566)	(199,932)	-
-Financial assets derecognised in the current period	(137,345,629)	(248,393)	(2,109,571)	(139,703,593)
Impairment allowance for purchased or originated financial assets	161,666,423	258,026	29,305	161,953,754
Write-off as bad debt	(2,716)	(11,118)	(1,155,764)	(1,169,598)
Change in exchange and others	(19,231,769)	(210,079)	877,672	(18,564,176)
Ending balances	<u>\$ 776,991,608</u>	<u>\$ 5,469,112</u>	<u>\$ 7,529,553</u>	<u>\$ 789,990,273</u>

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For the three months ended March 31, 2019, significant changes in the total carrying amount that affected allowance for bad debt are as follows:

Bills discounted and loans	12-month expected credit losses (Stage 1)	Lifetime expected credit losses (Stage 2)	Lifetime expected credit losses (Stage 3)	Total
Beginning balances	\$ 771,698,882	\$ 4,724,362	\$ 8,098,042	\$ 784,521,286
Changes from financial instruments recognised at the beginning:				
-Transferred to lifetime expected credit losses	(1,980,898)	2,068,859	(87,961)	-
-Transferred to credit-impaired financial asset	(516,747)	(64,043)	580,790	-
-Transferred to 12-month expected credit losses	1,085,624	(795,736)	(289,888)	-
-Financial assets derecognised in the current period	(135,445,103)	(971,874)	(328,516)	(136,745,493)
Impairment allowance for purchased or originated financial assets	152,339,755	509,722	139,068	152,988,545
Write-off as bad debt	(6,183)	(25,154)	(73,410)	(104,747)
Change in exchange and others	(32,759,946)	(84,020)	(138,423)	(32,982,389)
Ending balances	\$ 754,415,384	\$ 5,362,116	\$ 7,899,702	\$ 767,677,202

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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 March 31, 2020, December 31, 2019 and March 31, 2019, the carrying amount of accounts receivable amounted to \$45,741,905, \$31,721,372 and \$34,246,527, respectively, and the loss allowance are \$925, \$1,299 and \$1,898, respectively, if taking into consideration the expected credit loss rate. For the three months ended March 31, 2020 and 2019, movements in relation to the group applying the simplified approach to provide loss allowance for accounts receivable, are as follows:

	For the three months ended March 31,	
	2020	2019
January 1	(\$ 1,299)	(\$ 10,214)
Reversal of impairment loss	374	8,316
March 31	<u>(\$ 925)</u>	<u>(\$ 1,898)</u>

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ii. For the three months ended March 31, 2020 and 2019, movements in relation to providing loss allowance for receivables and other financial assets, which are not stated as above accounts receivable, are as follows:

For the three months ended March 31, 2020	12-month expected credit losses (Stage 1)	Lifetime expected credit losses (Stage 2)	Lifetime expected credit losses (Stage 3)	Impairment recognised in accordance with IFRS 9	Differences in impairment provided in accordance with the Regulation Governing the Procedures for Banking/Insurance Institutions to Evaluate Assets and Deal with Non-performing /Non-accrual Loans	Total
The beginning balances	\$ 299,538	\$ 159,325	\$ 2,641,649	\$ 3,100,512	\$ 92,848	\$ 3,193,366
Changes from financial instruments recognised at the beginning:						
-Transferred to lifetime expected credit losses	(3,511)	18,859	(15,348)	-	-	-
-Transferred to credit-impaired financial asset	(19,644)	(2,704)	22,348	-	-	-
-Transferred to 12-month expected credit losses	29,606	(27,763)	(1,843)	-	-	-
-Financial assets derecognised in the current period	(8,620)	(119)	(1,743)	(10,482)	-	(10,482)
Impairment allowance for purchased or originated financial assets	10,142	664	7,550	18,356	-	18,356
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	-	-	-	-	(16,766)	(16,766)
Write-off as bad debt	(713)	(3,341)	(14,679)	(18,733)	-	(18,733)
Change in exchange and others	(86,177)	19,750	(5,400)	(71,827)	-	(71,827)
The ending balances	<u>\$ 220,621</u>	<u>\$ 164,671</u>	<u>\$ 2,632,534</u>	<u>\$ 3,017,826</u>	<u>\$ 76,082</u>	<u>\$ 3,093,908</u>

	12-month expected credit losses (Stage 1)	Lifetime expected credit losses (Stage 2)	Lifetime expected credit losses (Stage 3)	Impairment recognised in accordance with IFRS 9	Differences in impairment provided in accordance with the Regulation Governing the Procedures for Banking/Insurance Institutions to Evaluate Assets and Deal with Non-performing /Non-accrual Loans	Total
For the three months ended March 31, 2019						
The beginning balances	\$ 170,467	\$ 120,338	\$ 2,723,489	\$ 3,014,294	\$ 99,374	\$ 3,113,668
Changes from financial instruments recognised at the beginning:						
-Transferred to lifetime expected credit losses	(78)	19,709	(19,631)	-	-	-
-Transferred to credit-impaired financial asset	(48)	(3,142)	3,190	-	-	-
-Transferred to 12-month expected credit losses	32,885	(29,550)	(3,335)	-	-	-
-Financial assets derecognised in the current period	(8,446)	(2,428)	(2,307)	(13,181)	-	(13,181)
Impairment allowance for purchased or originated financial assets	10,508	1,113	10,767	22,388	-	22,388
Differences in impairment provided in accordance with the Regulations Governing the Procedures for Banking/Insurance Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans	-	-	-	-	1,196	1,196
Write-off as bad debt	(2)	(6,040)	(23,858)	(29,900)	-	(29,900)
Change in exchange and others	53,728	47,882	96,554	198,164	-	198,164
The ending balances	\$ 259,014	\$ 147,882	\$ 2,784,869	\$ 3,191,765	\$ 100,570	\$ 3,292,335

For the three months ended March 31, 2020 and 2019, there were no significant changes to allowance for bad debt for accounts receivable and other financial assets.

(c) Guarantee reserve, loan commitment reserve and others

For the three months ended March 31, 2020	12-month expected credit losses (Stage 1)	Lifetime expected credit losses (Stage 2)	Lifetime expected credit losses (Stage 3)	Impairment recognised in accordance with IFRS 9	Differences in impairment provided in accordance with the Regulation Governing the Procedures for Banking/Insurance Institutions to Evaluate Assets and Deal with Non-performing /Non-accrual Loans	Total
The beginning balances	\$ 47,767	\$ 16,002	\$ 45,879	\$ 109,648	\$ 87,899	\$ 197,547
Changes from financial instruments recognised at the beginning:						
-Transferred to lifetime expected credit losses	(806)	835	(29)	-	-	-
-Transferred to credit-impaired financial asset	(1)	(3)	4	-	-	-
-Transferred to 12-month expected credit losses	11,343	(11,230)	(113)	-	-	-
-Financial assets derecognised in the current period	(11,492)	(1,164)	(16,754)	(29,410)	-	(29,410)
Impairment allowance for purchased or originated financial assets	14,785	107	15,847	30,739	-	30,739
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	-	-	-	-	4,353	4,353
Change in exchange and others	(12,944)	11,372	460	(1,112)	-	(1,112)
The ending balances	\$ 48,652	\$ 15,919	\$ 45,294	\$ 109,865	\$ 92,252	\$ 202,117

For the three months ended March 31, 2019	12-month expected credit losses (Stage 1)	Lifetime expected credit losses (Stage 2)	Lifetime expected credit losses (Stage 3)	Impairment recognised in accordance with IFRS 9	Differences in impairment provided in accordance with the Regulation Governing the Procedures for Banking/Insurance Institutions to Evaluate Assets and Deal with Non-performing /Non-accrual Loans	Total
The beginning balances	\$ 56,352	\$ 19,502	\$ 55,824	\$ 131,678	\$ 125,474	\$ 257,152
Changes from financial instruments recognised at the beginning:						
-Transferred to lifetime expected credit losses	(332)	336 (4)	-	-	-
-Transferred to credit-impaired financial asset	(1)	(31)	32	-	-	-
-Transferred to 12-month expected credit losses	13,739 (13,478)	(261)	-	-	-
-Financial assets derecognised in the current period	(13,574)	(2,143)	(18,123)	(33,840)	-	(33,840)
Impairment allowance for purchased or originated financial assets	9,684	78	14,753	24,515	-	24,515
Differences in impairment provided in accordance with the Regulations Governing the Procedures for Banking/Insurance Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans	-	-	-	-	(46,909)	(46,909)
Change in exchange and others	(14,888)	17,020	1,270	3,402	-	3,402
The ending balances	<u>\$ 50,980</u>	<u>\$ 21,284</u>	<u>\$ 53,491</u>	<u>\$ 125,755</u>	<u>\$ 78,565</u>	<u>\$ 204,320</u>

a. For the three months ended March 31, 2020 and 2019, there were no significant changes to guarantee reserve and loan commitment reserve.

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

(d) Bills and bonds investments

For the three months ended March 31, 2020 and 2019, the beginning balances of the accumulative impairment of financial assets measured at fair value through other comprehensive income and financial assets measured at amortized cost were \$101,586 and \$93,376; \$139,720 and \$142,478, respectively; the ending balances were \$104,262 and \$93,509; \$142,107 and \$142,940, respectively. The changes are attributed to changes in 12-month expected credit losses and were immaterial. In addition, there were no material changes to the related total carrying amounts.

(B) Market risk

a. Source and definition of risk

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

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

b. Risk management principle

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

c. Market risk assessment

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

VaR for a trading purpose:

Instrument type	For the three months ended March 31, 2020			
	March 31, 2020	VaR Average	VaR Minimum	VaR Maximum
Interest rate	199,734	127,265	81,369	207,818
Equity securities	344,505	280,873	206,312	507,093
Foreign exchange	513,871	495,286	352,479	720,254
Commodity	20,989	15,294	5,052	35,509
Less: diversification effects	(312,103)	(227,831)	-	-
Total VaR	766,996	690,887	518,889	988,652

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

- (b) Non-trading purpose

Sensitivity analysis on interest rate:

	Interest rate shift	March 31, 2020	December 31, 2019	March 31, 2019
		Effect on other comprehensive income	Effect on other comprehensive income	Effect on other comprehensive income
Financial assets at fair value through other comprehensive income-Bonds				
Yuanta Bank	Increase of 1 basis point	(\$ 30,908)	(\$ 95,298)	(\$ 16,165)
Yuanta Life	Increase of 1 basis point	(49,651)	(40,671)	(26,216)

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

	<u>March 31, 2020</u>		<u>December 31, 2019</u>		<u>March 31, 2019</u>	
	Carrying amount		Carrying amount		Carrying amount	
	<u>USD position</u>	<u>(NTD)</u>	<u>USD position</u>	<u>(NTD)</u>	<u>USD position</u>	<u>(NTD)</u>
Foreign currency denominated financial assets						
Cash and cash equivalents	\$ 1,029,218	\$ 31,138,186	\$ 914,260	\$ 27,526,011	\$ 535,597	\$ 16,503,965
Financial assets at fair value through profit or loss	1,351,469	40,887,342	1,359,877	40,966,486	922,143	28,424,287
Financial assets at fair value through other comprehensive income	2,096,820	63,437,179	1,945,115	58,559,620	2,241,678	69,099,712
Financial assets at amortized cost	4,853,325	146,832,489	4,634,222	139,517,897	4,223,899	130,029,920
Bills discounted and loans	2,649,300	80,151,932	2,670,980	80,412,527	2,911,117	89,735,451
Foreign currency denominated financial liabilities						
Bills and bonds payable under repurchase agreements	990,265	29,959,488	1,294,341	38,967,436	803,987	24,782,898
Deposits and remittances	4,168,780	126,122,503	4,315,710	129,930,070	3,731,338	115,018,550
Other liabilities	840,824	25,438,292	949,940	28,598,887	328,527	10,126,849

Note: As of March 31, 2020, December 31, 2019 and March 31, 2019, USD to TWD exchange rates were 30.254, 30.106 and 30.825, respectively.

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

	<u>March 31, 2020</u>		<u>December 31, 2019</u>		<u>March 31, 2019</u>	
	Carrying amount		Carrying amount		Carrying amount	
	<u>KRW position</u>	<u>(NTD)</u>	<u>KRW position</u>	<u>(NTD)</u>	<u>KRW position</u>	<u>(NTD)</u>
<u>Effect on profit or loss</u>						
Financial assets						
Cash and cash equivalents	\$ 746,406,656	\$ 18,660,166	\$ 672,517,427	\$ 17,485,453	\$ 754,138,641	\$ 20,361,743
Financial assets at fair value through profit or loss	8,723,449,671	218,086,242	7,038,520,942	183,001,544	2,401,635,919	64,844,170
Financial assets at fair value through other comprehensive income	157,702,476	3,942,562	180,606,257	4,695,763	171,505,910	4,630,660
Accounts receivable	506,993,302	12,674,833	200,359,773	5,209,354	468,380,921	12,646,285
Prepayments and other receivables	13,505,595	337,640	12,297,079	319,724	51,914,074	1,401,680
Other current assets	80,554,879	2,013,872	128,982,752	3,353,552	274,145,939	7,401,940
Non-current assets	17,251,940	431,299	36,722,202	954,777	672,377,417	18,154,190
Financial liabilities						
Financial liabilities at fair value through profit or loss	2,058,212,290	51,455,307	1,896,191,866	49,300,989	1,675,923,816	45,249,943
Bonds sold under repurchase agreements	3,870,201,750	96,755,044	3,360,164,624	87,364,280	3,613,434,912	97,562,743
Guarantee deposit-in and margin deposits	83,086,276	2,077,157	83,168,201	2,162,373	2,145,934	57,940
Other current liabilities	101,957,075	2,548,927	129,297,805	3,361,743	204,992,842	5,534,807
Non-current liabilities	103,068,347	2,576,709	103,567,539	2,692,756	208,983,654	5,642,559
<u>Effect on profit or loss and equity</u>						
Financial assets						
Equity investments accounted for under the equity method	80,652,930	2,016,323	76,033,833	1,976,880	66,645,314	1,799,423

Effect on profit or loss and equity

Financial assets						
Equity investments accounted for under the equity method	80,652,930	2,016,323	76,033,833	1,976,880	66,645,314	1,799,423

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

(C) Liquidity risk

a. Source and definition of liquidity risk

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

b. Liquidity risk management principle

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

c. Assessment on liquidity risk

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

d. Maturity analysis for the financial assets and non-derivative liabilities held for liquidity risk management:

(a) Financial assets held for liquidity risk management

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

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

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

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

i. Derivative financial instruments settled on a net basis

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

ii. Derivative financial instruments settled on a gross basis

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

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

March 31, 2020

Financial assets	0~90 days	91 days~1 year	Over 1 year	Total
Non-derivative financial instruments				
Cash and cash equivalents	\$ 63,293,832	\$ 6,124,077	\$ 333,331	\$ 69,751,240
Due from Central Bank and call loans to other banks	22,671,411	9,938,162	14,011,383	46,620,956
Financial assets at fair value through profit or loss	354,150,735	40,694,591	127,032,281	521,877,607
Financial assets at fair value through other comprehensive income	22,447,803	11,693,311	214,635,891	248,777,005
Investments in bills and bonds under resale agreements	51,537,318	-	-	51,537,318
Receivables	131,780,333	27,299,956	10,608,185	169,688,474
Bills discounted and loans	156,187,497	141,561,589	492,241,187	789,990,273
Reinsurance contract assets	368,613	615,725	3,673	988,011
Financial assets at amortised cost	104,173,264	21,226,563	270,725,117	396,124,944
Restricted assets	-	-	2,801,889	2,801,889
Other financial assets	90,218,458	23,770	3,402,561	93,644,789
Other assets	9,024,026	2,986,656	11,075,091	23,085,773
Derivative financial instruments				
Financial assets at fair value through profit or loss				
Gross settlement				
Cash inflow	25,477,289	10,720,595	-	36,197,884
Cash outflow	(25,036,701)	(10,626,971)	-	(35,663,672)
Net settlement	3,590,328	650,017	3,022,845	7,263,190
Total	\$ 1,009,884,206	\$ 262,908,041	\$ 1,149,893,434	\$ 2,422,685,681
Financial liabilities				
Non-derivative financial instruments				
Due to Central Bank and other banks	\$ 13,396,187	\$ 2,483,329	\$ -	\$ 15,879,516
Financial liabilities at fair value through profit or loss	13,429,409	8,035,155	13,339,776	34,804,340
Bills and bonds payable under repurchase agreements	128,343,652	26,988,774	34,797,226	190,129,652
Commercial paper payable	45,033,287	4,780,088	-	49,813,375
Payables	173,333,321	11,443,951	825,284	185,602,556
Deposits and remittances	299,141,103	370,228,420	451,584,228	1,120,953,751
Bonds payable	15,095,330	6,401,669	47,351,766	68,848,765
Other borrowings	42,029,321	2,737,217	13,100,040	57,866,578
Other financial liabilities	77,240,783	2,329,915	12,128,499	91,699,197
Other liabilities	11,679,076	2,331,081	15,873,457	29,883,614
Lease liability	388,193	802,175	5,362,134	6,552,502
Derivative financial instruments				
Financial liabilities at fair value through profit or loss				
Gross settlement				
Cash inflow	(42,239,936)	(17,058,836)	-	(59,298,772)
Cash outflow	43,271,983	17,169,976	-	60,441,959
Net settlement	3,120,114	173,143	2,325,268	5,618,525
Total	\$ 823,261,823	\$ 438,846,057	\$ 596,687,678	\$ 1,858,795,558

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

March 31, 2019

Financial assets	0~90 days	91 days~1 year	Over 1 year	Total
Non-derivative financial instruments				
Cash and cash equivalents	\$ 65,066,404	\$ 1,856,160	\$ 79,584	\$ 67,002,148
Due from Central Bank and call loans to other banks	25,369,049	9,120,459	12,284,580	46,774,088
Financial assets at fair value through profit or loss	466,234,967	4,656,497	3,062,698	473,954,162
Financial assets at fair value through other comprehensive income	11,836,853	23,402,697	178,549,075	213,788,625
Investments in bills and bonds under resale agreements	31,693,623	-	-	31,693,623
Receivables	153,589,498	25,835,705	10,103,454	189,528,657
Bills discounted and loans	148,758,884	157,055,599	461,862,719	767,677,202
Reinsurance contract assets	282,719	402,721	-	685,440
Financial assets at amortised cost	98,337,652	8,600,226	247,234,185	354,172,063
Restricted assets	-	-	2,548,879	2,548,879
Other financial assets	64,929,026	31,235	4,423,449	69,383,710
Other assets	19,175,097	216,004	14,118,786	33,509,887
Derivative financial instruments				
Financial assets at fair value through profit or loss				
Gross settlement				
Cash inflow	44,081,776	41,548,306	1,123,488	86,753,570
Cash outflow	(42,651,136)	(40,634,018)	(759,538)	(84,044,692)
Net settlement	286,004	522,398	2,119,486	2,927,888
Total	\$ 1,086,990,416	\$ 232,613,989	\$ 936,750,845	\$ 2,256,355,250
Financial liabilities				
Non-derivative financial instruments				
Due to Central Bank and other banks	\$ 18,916,392	\$ 2,324,938	\$ -	\$ 21,241,330
Financial liabilities at fair value through profit or loss	8,149,759	1,781,037	7,434,220	17,365,016
Bills and bonds payable under repurchase agreements	197,705,469	740,816	761,807	199,208,092
Commercial paper payable	56,299,494	286,307	-	56,585,801
Payables	133,218,239	34,789,308	385,501	168,393,048
Deposits and remittances	293,055,306	335,438,000	393,417,547	1,021,910,853
Bonds payable	2,087,764	3,452,115	61,058,742	66,598,621
Other borrowings	64,193,648	216,174	1,549,171	65,958,993
Other financial liabilities	73,357,658	1,482,676	5,864,086	80,704,420
Other liabilities	(2,061,980)	15,250,858	19,989,613	33,178,491
Lease liability	207,620	664,699	5,172,112	6,044,431
Derivative financial instruments				
Financial liabilities at fair value through profit or loss				
Gross settlement				
Cash inflow	(37,804,907)	(36,137,612)	(618,270)	(74,560,789)
Cash outflow	38,789,785	36,843,990	616,500	76,250,275
Net settlement	(780,946)	(164,361)	1,377,291	431,984
Total	\$ 845,333,301	\$ 396,968,945	\$ 497,008,320	\$ 1,739,310,566

Maturity analysis for above deposits and remittances are amortised to each period based on historical experience. Given that all the deposits and remittances have to be paid in the shortest possible time, as of March 31, 2020, December 31, 2019 and March 31, 2019, expenses on period of 0-90 days will increase by \$486,068,404, \$469,870,268 and \$415,485,886, 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.

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

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

	March 31, 2020			
	Less than 1 year	1 ~5 years	More than 5 years	Total
Off balance sheet				
Unused loan commitment	\$ 25,177,008	\$ -	\$ -	\$ 25,177,008
Non-revocable credit card commitments	121,216,451	-	-	121,216,451
Unused credit commitment	2,315,502	-	-	2,315,502
Guarantees	14,912,937	-	-	14,912,937
Capital expenditure commitment	720,395	104,634	86,105	911,134
	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
	March 31, 2019			
	Less than 1 year	1 ~5 years	More than 5 years	Total
Off balance sheet				
Unused loan commitment	\$ 32,880,127	\$ -	\$ -	\$ 32,880,127
Non-revocable credit card commitments	121,495,379	-	-	121,495,379
Unused credit commitment	3,514,320	-	-	3,514,320
Guarantees	13,803,758	-	-	13,803,758
Capital expenditure commitment	686,489	408,291	1,082	1,095,862

(D) Transfer of financial assets

Transferred financial assets not fully derecognised

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

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

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

March 31, 2020		
Financial assets category	Carrying amount of transferred financial assets	Carrying amount of related financial liabilities
Convertible corporate bonds transferred to the trading counterparties through asset swap	\$ 18,681,459	\$ 18,068,788
Bond sold under repurchase agreements	193,890,837	190,129,652
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

March 31, 2019

Financial assets category	Carrying amount of transferred financial assets	Carrying amount of related financial liabilities
Convertible corporate bonds transferred to the trading counterparties through asset swap	\$ 18,518,190	\$ 17,144,318
Bond sold under repurchase agreements	202,863,325	199,208,092

(E) Offsetting financial assets and financial liabilities

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

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

A. Financial assets

March 31, 2020

Financial assets that are offset, or can be settled under agreements of net settled master netting arrangements or similar arrangements							
Description	Gross amounts of recognised financial assets(a)	Gross amounts of recognised financial liabilities set off in the balance sheet(b)	Net amounts of financial assets presented in the balance sheet (c)=(a)-(b)	Related amounts not set off in the balance sheet(d)(Note 1)			Net amount (e)=(c)-(d)
				Financial instruments (Note 2)	Cash collateral received		
Derivative instruments	\$ 20,791,286	\$ -	\$ 20,791,286	\$ 17,254,526	\$ 1,155,313		\$ 2,381,447
Bonds purchased under resale agreements	51,537,318	-	51,537,318	44,837,330	6,646,839		53,149

December 31, 2019

Financial assets that are offset, or can be settled under agreements of net settled master netting arrangements or similar arrangements							
Description	Gross amounts of recognised financial assets(a)	Gross amounts of recognised financial liabilities set off in the balance sheet(b)	Net amounts of financial assets presented in the balance sheet (c)=(a)-(b)	Related amounts not set off in the balance sheet(d)(Note 1)			Net amount (e)=(c)-(d)
				Financial instruments (Note 2)	Cash collateral received		
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

March 31, 2019

Financial assets that are offset, or can be settled under agreements of net settled master netting arrangements or similar arrangements							
Description	Gross amounts of recognised financial assets(a)	Gross amounts of recognised financial liabilities set off in the balance sheet(b)	Net amounts of financial assets presented in the balance sheet (c)=(a)-(b)	Related amounts not set off in the balance sheet(d)(Note 1)			Net amount (e)=(c)-(d)
				Financial instruments (Note 2)	Cash collateral received		
Derivative instruments	\$ 7,922,019	\$ -	\$ 7,922,019	\$ 5,752,529	\$ 428,963		\$ 1,740,527
Bonds purchased under resale agreements	31,693,623	-	31,693,623	30,593,623	1,098,645		1,355
B. Financial liabilities							

March 31, 2020

Financial liabilities that are offset, or can be settled under agreements of net settled master netting arrangements or similar arrangements							
Description	Gross amounts of recognised financial liabilities(a)	Gross amounts of recognised financial assets set off in the balance sheet(b)	Net amounts of financial liabilities presented in the balance sheet (c)=(a)-(b)	Related amounts not set off in the balance sheet(d)(Note 1)			Net amount (e)=(c)-(d)
				Financial instruments (Note 3)	Cash collateral received		
Derivative instruments	\$ 25,618,974	\$ -	\$ 25,618,974	\$ 21,359,382	\$ 3,299,401		\$ 960,191
Bonds sold under repurchase agreements	190,129,652	-	190,129,652	189,197,927	931,725		-

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		-

March 31, 2019

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

Description	Gross amounts of recognised financial liabilities(a)	Gross amounts of recognised financial assets set off in the balance sheet(b)	Net amounts of financial liabilities presented in the balance sheet (c)=(a)-(b)	Related amounts not set off in the balance sheet(d)(Note 1)		
				Financial instruments (Note 3)	Cash collateral received	Net amount (e)=(c)-(d)
Derivative instruments	\$ 12,054,223	\$ -	\$ 12,054,223	\$ 7,722,130	\$ 3,216,462	\$ 1,115,631
Bonds sold under repurchase agreements	199,208,092	-	199,208,092	199,198,093	9,999	-

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

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

Note 3: Including net settled master netting arrangements.

(F) Insurance risk

a. Measurement and management of insurance risk

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

(a) Life insurance

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

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

(b) Variable life insurance

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

(c) Accident insurance and health insurance

The main risks of accident insurance and health insurance comprise of the occurrence of the accident rate and the morbidity rate. The Yuanta Group tracks loss rate of each insurance type, assesses the premium rate of main insurance products on the market, and makes related statistical measurement of occurrence of the accident rate and the morbidity rate, such as cash flow test and experience test in order to evaluate

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

Management of insurance risk

i. Risk management of policy underwriting

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

ii. Risk management of payment of claims

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

iii. Risk of product designing and pricing

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

b. Insurance risk concentration

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

c. Liability adequacy test

According to the relevant insurance regulation, the assumption factors adopted have been locked-in during pricing. However, the assumption may vary from the actual experience as time goes by. Pursuant to IFRS 4, ‘Insurance contracts’, the Yuanta Group should perform

liability adequacy test accordingly to determine whether or not the recognised insurance liability is adequate. In respect of overall insurance contracts of the Yuanta Group As of March 31, 2020, December 31, 2019 and March 31, 2019, the liabilities will still be adequate on the assumption that the mortality, lapse, and expense rates all change by 10% and inflation rate changes by 1%.

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

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

(a) Credit risk

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

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

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

(b) Liquidity risk

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

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

	<u>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 2019</u>
Less than 1 year	(\$ 25,330,195)	(\$ 24,163,711)	(\$ 26,415,123)
1 ~5 years	16,574,446	19,100,239	11,331,130
5 ~15 years	86,365,038	87,961,335	83,731,379
More than 15 years	<u>541,328,573</u>	<u>521,268,828</u>	<u>484,297,965</u>
Total	<u>\$ 618,937,862</u>	<u>\$ 604,166,691</u>	<u>\$ 552,945,351</u>

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

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

(c) Market risk

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

(4) Capital adequacy ratio:

Not applicable.

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

Not applicable.

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

None.

(7) Information for discontinued operations:

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 three months ended March 31, 2020 is as follows:

(Expressed In Thousands of New Taiwan Dollars)

Item	Bank business	Securities business	Futures business	Insurance business	Other businesses	Consolidated
Net interest income (loss)	\$ 3,322,127	\$ 998,202	\$ 189,444	\$ 2,096,076	(\$ 63,619)	\$ 6,542,230
Net non-interest income	<u>1,979,169</u>	<u>7,374,384</u>	<u>540,443</u>	<u>7,717,279</u>	<u>621,093</u>	<u>18,232,368</u>
Net profit	5,301,296	8,372,586	729,887	9,813,355	557,474	24,774,598
(Provision) recovery for bad debt expenses, commitment and guarantee policy reserve	(555,104)	(116,901)	829	(6)	-	(671,182)
Net change in provisions for insurance liabilities	-	-	-	(8,646,818)	-	(8,646,818)
Operating expenses	(<u>2,478,214</u>)	(<u>6,409,174</u>)	(<u>359,234</u>)	(<u>329,201</u>)	(<u>664,230</u>)	(<u>10,240,053</u>)
Net income (loss) from continuing operations before income tax	2,267,978	1,846,511	371,482	837,330	(106,756)	5,216,545
Income tax expense	(314,403)	(272,797)	(79,120)	(90,234)	(72,997)	(829,551)
Consolidated income (loss), net of tax	<u>\$ 1,953,575</u>	<u>\$ 1,573,714</u>	<u>\$ 292,362</u>	<u>\$ 747,096</u>	<u>(\$ 179,753)</u>	<u>\$ 4,386,994</u>

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

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

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

A. Yuanta Financial Holding Co., Ltd.

Yuanta Financial Holding Co., Ltd.
Individual Balance Sheets
March 31, 2020 and 2019

(Expressed In Thousands of New Taiwan Dollars)

<u>ASSETS</u>	<u>March 31, 2020</u>	<u>March 31, 2019</u>	<u>LIABILITIES AND EQUITY</u>	<u>March 31, 2020</u>	<u>March 31, 2019</u>
Cash and cash equivalents	\$ 2,446,265	\$ 15,368,046	Commercial paper payable - net	\$ 5,505,000	\$ -
Financial assets at fair value through other comprehensive income	25,942	24,176	Payables	5,938,444	5,543,586
Investment in bill and bonds under resale agreements	159,966	153,702	Current income tax liabilities	4,002,278	3,733,182
Receivables - net	3,292,099	2,462,453	Bonds payable	24,900,000	26,750,000
Current income tax assets	297,366	808,655	Liabilities reserve	36,160	39,709
Equity investments accounted for under the equity method - net	263,063,087	244,212,208	Lease liability	95,554	130,788
Property and equipment - net	33,412	20,165	Other liabilities	2,544	11,285
Right-of-use assets - net	95,010	130,638	Total liabilities	<u>40,479,980</u>	<u>36,208,550</u>
Intangible assets - net	4,422	6,651	Equity		
Deferred income tax assets	41,842	34,145	Common stock	116,706,115	116,862,325
Other assets - net	8,056	10,020	Additional paid-in capital	37,682,879	37,200,474
			Retained earnings		
			Legal reserve	12,589,183	10,721,262
			Special reserve	6,549,234	6,549,234
			Undistributed earnings	54,661,488	48,163,310
			Other equity	798,588	7,723,310
			Treasury shares	-	(197,606)
			Total equity	<u>228,987,487</u>	<u>227,022,309</u>
Total assets	<u>\$ 269,467,467</u>	<u>\$ 263,230,859</u>	Total liabilities and equity	<u>\$ 269,467,467</u>	<u>\$ 263,230,859</u>

Yuanta Financial Holding Co., Ltd.
Individual Statements of Comprehensive Income
For the three months ended March 31, 2020 and 2019
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

	For the three months ended March 31,	
	2020	2019
Revenues		
Share of the profit or loss of subsidiaries, associates and joint ventures accounted for using the equity method	\$ 4,383,446	\$ 5,785,527
Other revenues	<u>35,376</u>	<u>34,568</u>
	<u>4,418,822</u>	<u>5,820,095</u>
Expenses and losses		
Operating expenses	(253,729)	(288,156)
Other expenses and losses	<u>(62,278)</u>	<u>(62,812)</u>
	<u>(316,007)</u>	<u>(350,968)</u>
Income from continuing operations before income tax	4,102,815	5,469,127
Income tax expense	<u>(7,075)</u>	<u>(36,914)</u>
Net income	<u>4,095,740</u>	<u>5,432,213</u>
Other comprehensive income		
Components of other comprehensive income that will not be reclassified to profit or loss (net of tax)		
Evaluation gains on investments in equity instruments measured at fair value through other comprehensive income	1,452	1,997
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	(2,744,262)	724,928
Components of other comprehensive income that will be reclassified to profit or loss (net of tax)		
Share of other comprehensive income of the subsidiaries, associates and joint ventures accounted for using the equity method, components of other comprehensive income that will be reclassified to profit or loss	<u>(4,846,975)</u>	<u>1,973,400</u>
Other comprehensive (loss) income	<u>(7,589,785)</u>	<u>2,700,325</u>
Total comprehensive (loss) income	<u>\$ 3,494,045</u>	<u>\$ 8,132,538</u>
Earnings per share (in dollars)		
Basic and diluted earnings per share	<u>\$ 0.35</u>	<u>\$ 0.47</u>

Yuanta Financial Holding Co., Ltd.
Individual Statement of Change in Equity
For the three months ended March 31, 2020 and 2019
(Expressed In Thousands of New Taiwan Dollars)

	Retained Earnings					Other equity					Total equity
	Common stock	Additional paid-in capital	Legal reserve	Special reserve	Undistributed earnings	Translation gain and loss on the financial statements of foreign operating entities	Unrealised gain (loss) on financial assets measured at fair value through other comprehensive income	Change in fair value of financial liability attributable to change in credit risk	Other comprehensive income on reclassification under the overlay approach	Treasury shares	
For the three months ended March 31, 2019											
Balance, January 1, 2019	\$ 116,862,325	\$ 37,200,416	\$ 10,721,262	\$ 6,549,234	\$ 42,843,847	(\$ 2,409,469)	\$ 7,775,718	(\$ 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
Net income for the period	-	-	-	-	5,432,213	-	-	-	-	-	5,432,213
Other comprehensive income (loss) for the period	-	-	-	-	(67,733)	(153,587)	2,330,979	(1,300)	591,966	-	2,700,325
Total comprehensive income (loss) for the period	-	-	-	-	5,364,480	(153,587)	2,330,979	(1,300)	591,966	-	8,132,538
Changes in equity of associates and joint ventures accounted for using equity method	-	58	-	-	-	-	-	-	-	-	58
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	50,832	(50,832)	-	-	-	-	-
Balance, March 31, 2019	<u>\$ 116,862,325</u>	<u>\$ 37,200,474</u>	<u>\$ 10,721,262</u>	<u>\$ 6,549,234</u>	<u>\$ 48,163,310</u>	<u>(\$ 2,563,056)</u>	<u>\$ 10,055,865</u>	<u>(\$ 31,098)</u>	<u>\$ 261,599</u>	<u>(\$ 197,606)</u>	<u>\$ 227,022,309</u>
For the three months ended March 31, 2020											
Balance, January 1, 2020	\$ 116,706,115	\$ 37,402,480	\$ 12,589,183	\$ 6,549,234	\$ 50,565,092	(\$ 3,528,386)	\$ 11,907,186	(\$ 36,730)	\$ 46,959	\$ -	\$ 232,201,133
Net income for the period	-	-	-	-	4,095,740	-	-	-	-	-	4,095,740
Other comprehensive income (loss) for the period	-	-	-	-	246	(1,456,391)	(4,010,341)	(220)	(2,123,079)	-	(7,589,785)
Total comprehensive income (loss) for the period	-	-	-	-	4,095,986	(1,456,391)	(4,010,341)	(220)	(2,123,079)	-	(3,494,045)
Changes in equity of associates and joint ventures accounted for using equity method	-	280,399	-	-	-	-	-	-	-	-	280,399
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	410	(410)	-	-	-	-	-
Balance, March 31, 2020	<u>\$ 116,706,115</u>	<u>\$ 37,682,879</u>	<u>\$ 12,589,183</u>	<u>\$ 6,549,234</u>	<u>\$ 54,661,488</u>	<u>(\$ 4,984,777)</u>	<u>\$ 7,896,435</u>	<u>(\$ 36,950)</u>	<u>(\$ 2,076,120)</u>	<u>\$ -</u>	<u>\$ 228,987,487</u>

Yuanta Financial Holding Co., Ltd.
Individual Statement of Cash Flows
For the three months ended March 31, 2020 and 2019
(Expressed In Thousands of New Taiwan Dollars)

	For the three months ended March 31,	
	2020	2019
<u>Cash Flows From Operating Activities</u>		
Profit before tax	\$ 4,102,815	\$ 5,469,127
Adjustment items		
Income and expense item		
Depreciation	11,727	11,028
Amortization	476	598
Interest expense	62,262	62,812
Interest income	(23,454)	(27,286)
Share of the gain of subsidiaries, associates and joint ventures accounted for using the equity method	(4,383,446)	(5,785,527)
Change in assets/liabilities relating to operating activities		
Decrease in receivables	60,746	19,527
Increase in other assets	(1,636)	(3,556)
(Decrease) increase in payables	(11,678)	11,691
Increase in liabilities reserve	44	101
Increase in other liabilities	530	499
Interest received	23,473	27,051
Cash paid for interest	(2,638)	-
Income tax paid	(355,819)	(2,699)
Net cash flows used in operating activities	(516,598)	(216,634)
<u>Cash Flows From Investing Activities</u>		
(Acquisition) disposal of equity investments accounted for under the equity method	(14,501,724)	8,818,069
Acquisition of property and equipment	(11,609)	(700)
Net cash flows (used in) generated from investing activities	(14,513,333)	8,817,369
<u>Cash Flows From Financing Activities</u>		
Increase in commercial paper payable	5,505,000	-
Principal payment for lease liabilities	(8,839)	(9,072)
Net cash flows generated from (used in) financing activities	5,496,161	(9,072)
Net (decrease) increase in cash and cash equivalents	(9,533,770)	8,591,663
Cash and cash equivalents at beginning of period	12,140,001	6,930,085
Cash and cash equivalents at end of period	\$ 2,606,231	\$ 15,521,748
The components of cash and cash equivalents:		
Cash and cash equivalents reported in the balance sheet	\$ 2,446,265	\$ 15,368,046
Investments in bills and bonds under resale agreements qualified as cash and cash equivalents as defined by IAS 7	159,966	153,702
Cash and cash equivalents at end of period	\$ 2,606,231	\$ 15,521,748

B. Yuanta Commercial Bank

Yuanta Commercial Bank
Individual Balance Sheets
March 31, 2020 and 2019

(Expressed In Thousands of New Taiwan Dollars)

ASSETS	March 31, 2020	March 31, 2019	LIABILITIES AND EQUITY	March 31, 2020	March 31, 2019
Cash and cash equivalents	\$ 13,753,386	\$ 19,476,059	Due to Central Bank and other banks	\$ 15,879,516	\$ 21,241,330
Due from Central Bank and call loans to other banks	44,045,826	44,200,275	Financial liabilities at fair value through profit or loss	5,978,308	3,426,362
Financial assets at fair value through profit or loss	147,380,436	139,133,759	Bills and bonds sold under repurchase agreements	304,308	8,404,201
Financial assets at fair value through other comprehensive income	119,955,425	104,087,493	Payables	15,760,953	15,263,788
Investments in debt instruments at amortised cost	206,767,567	179,067,588	Current income tax liabilities	1,875,150	1,328,986
Bills and bonds purchased under resell agreements	3,893,302	-	Deposits and remittances	1,144,679,918	1,056,570,663
Receivables- net	25,179,129	27,391,845	Financial debentures payable	34,500,000	38,000,000
Current income tax assets	2,125,212	2,425,746	Other financial liabilities	5,495,302	8,725,899
Available-for-sale financial assets- net	171,593	864,321	Liabilities reserve	1,243,943	1,485,082
Bills discounted and loans- net	743,621,766	717,589,751	Lease reserve	2,541,714	2,463,616
Equity investments accounted for under the equity method- net	4,566,705	5,184,301	Deferred income tax liabilities	407,170	182,742
Other financial assets- net	65,058	5,955	Other liabilities	1,977,486	1,709,695
Property and equipment- net	13,379,484	12,283,828	Total liabilities	<u>1,230,643,768</u>	<u>1,158,802,364</u>
Right-of-use assets- net	10,546,550	10,593,246	Common stocks	73,940,390	73,940,390
Investment property- net	842,415	866,265	Additional paid-in capital	25,960,441	25,960,441
Intangible assets- net	10,515,972	10,731,718	Retained earnings	22,392,731	17,401,658
Deferred income tax assets	889,502	634,337	Other equity	(656,212)	1,542,137
Other assets - net	4,581,790	3,110,503	Total equity	<u>121,637,350</u>	<u>118,844,626</u>
Total assets	<u>\$ 1,352,281,118</u>	<u>\$ 1,277,646,990</u>	Total liabilities and equity	<u>\$ 1,352,281,118</u>	<u>\$ 1,277,646,990</u>

Yuanta Commercial Bank
Individual Condensed Statements of Comprehensive Income
For the three months ended March 31, 2020 and 2019
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

	For the three months ended March 31,			
	2020		2019	
	Amount	%	Amount	%
Interest income	\$ 5,100,857	96	\$ 5,584,189	98
Less: Interest expense	(1,984,556)	(37)	(2,331,852)	(41)
Net interest income	3,116,301	59	3,252,337	57
Net non-interest income	2,183,253	41	2,405,217	43
Net profit	5,299,554	100	5,657,554	100
Provision for bad debt expenses, commitment and guarantee policy reserve	(539,911)	(10)	(73,460)	(1)
Operating expenses	(2,448,719)	(46)	(2,606,034)	(46)
Income from continuing operations before income tax	2,310,924	44	2,978,060	53
Income tax expense	(311,116)	(6)	(385,742)	(7)
Net income	1,999,808	38	2,592,318	46
Other comprehensive (loss) income (net of tax)	(2,236,777)	(42)	624,612	11
Total comprehensive (loss) income	(\$ 236,969)	(4)	\$ 3,216,930	57
Earnings per share (in dollars)				
Basic and diluted earnings per share	\$	0.27	\$	0.35

C. Yuanta Securities

Yuanta Securities
Individual Condensed Balance Sheets
March 31, 2020 and 2019

(Expressed In Thousands of New Taiwan Dollars)

ASSETS	March 31, 2020	March 31, 2019	LIABILITIES AND EQUITY	March 31, 2020	March 31, 2019
Current assets	\$ 304,992,658	\$ 276,827,662	Current liabilities	\$ 262,491,703	\$ 244,026,728
Financial assets at fair value			Bonds payable	8,500,000	-
through profit or loss-non-current	52,148	52,056	Liabilities reserve- non-current	62,014	48,899
Financial assets at fair value through			Lease liabilities- non-current	272,388	295,951
other comprehensive income			Deferred income tax liabilities	2,234,627	2,232,073
-non-current	6,549,639	6,260,427	Other non-current liabilities	1,937,952	1,900,940
Equity investments accounted for			Total liabilities	<u>275,498,684</u>	<u>248,504,591</u>
under the equity method	42,130,600	42,612,731			
Property and equipment	4,381,414	4,411,776	Common stocks	57,820,321	54,056,442
Right-of-use assets	482,035	498,775	Additional paid-in capital	801,197	399,108
Investment property	2,802,804	2,889,459	Retained earnings	38,008,324	39,092,172
Intangible assets	11,578,928	11,580,569	Other equity	3,605,810	5,634,992
Deferred income tax assets	556,254	489,641	Total equity	<u>100,235,652</u>	<u>99,182,714</u>
Other non-current assets	2,207,856	2,064,209	Total liabilities and equity	<u>\$ 375,734,336</u>	<u>\$ 347,687,305</u>
Total assets	<u>\$ 375,734,336</u>	<u>\$ 347,687,305</u>			

Yuanta Securities
Individual Condensed Statements of Comprehensive Income
For the three months ended March 31, 2020 and 2019
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

Item	For the three months ended March 31,			
	2020		2019	
	Amount	%	Amount	%
Revenues	\$ 5,905,808	100	\$ 4,925,466	100
Service fee expense	(220,661)	(4)	(154,121)	(3)
Employee benefit expense	(2,199,683)	(37)	(1,436,236)	(29)
Share of the profit or loss of subsidiaries, associates and joint ventures accounted for using the equity method	(130,468)	(2)	507,940	10
Operating expenses	(1,438,936)	(24)	(1,501,553)	(30)
Income from continuing operations before income tax	1,916,060	33	2,341,496	48
Income tax expense	(162,533)	(3)	(232,536)	(5)
Net income	1,753,527	30	2,108,960	43
Other comprehensive (loss) income (net of tax)	(2,297,222)	(39)	1,037,984	21
Total comprehensive (loss) income	<u>(\$ 543,695)</u>	<u>(9)</u>	<u>\$ 3,146,944</u>	<u>64</u>
Earnings per share (in dollars)				
Profit attributable to owners of parent	\$	0.30	\$	0.35
Income attributable to former owner of business combination under common control		-		0.01
Basic and diluted earnings per share	<u>\$</u>	<u>0.30</u>	<u>\$</u>	<u>0.36</u>

D. Yuanta Futures

Yuanta Futures
Individual Condensed Balance Sheets
March 31, 2020 and 2019

(Expressed In Thousands of New Taiwan Dollars)

ASSETS	March 31, 2020	March 31, 2019	LIABILITIES AND EQUITY	March 31, 2020	March 31, 2019
Current assets	\$ 100,259,789	\$ 70,938,033	Current liabilities	\$ 94,540,442	\$ 66,406,057
Financial assets at fair value through other comprehensive income -non-current	1,410,881	1,426,737	Non-current liabilities	72,492	124,934
Equity investments accounted for under the equity method	1,271,501	1,289,751	Total liabilities	94,612,934	66,530,991
Property and equipment	572,032	580,065	Common stocks	2,499,763	2,322,763
Right-of-use assets	25,709	49,106	Additional paid-in capital	1,624,543	940,976
Intangible assets	41,143	40,246	Retained earnings	4,583,576	4,032,613
Deferred income tax assets	20,754	23,994	Other equity	1,063,796	1,241,919
Other non-current assets	782,803	721,330	Total equity	9,771,678	8,538,271
Total assets	<u>\$ 104,384,612</u>	<u>\$ 75,069,262</u>	Total liabilities and equity	<u>\$ 104,384,612</u>	<u>\$ 75,069,262</u>

Yuanta Futures
Individual Condensed Statements of Comprehensive Income
For the three months ended March 31, 2020 and 2019
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

Item	For the three months ended March 31,			
	2020		2019	
	Amount	%	Amount	%
Operating revenues	\$ 1,137,047	100	\$ 631,270	100
Service fee expense	(250,000)	(22)	(104,240)	(16)
Employee benefit expense	(191,965)	(17)	(145,201)	(23)
Share of the profit or loss of subsidiaries, associates and joint ventures accounted for using the equity method	(11,314)	(1)	5,456	1
Operating expenses	(317,201)	(28)	(65,284)	(11)
Income from continuing operations before income tax	366,567	32	322,001	51
Income tax expense	(79,120)	(7)	(68,000)	(11)
Net income	287,447	25	254,001	40
Other comprehensive (loss) income (net of tax)	(232,473)	(20)	63,720	10
Total comprehensive income	<u>\$ 54,974</u>	<u>5</u>	<u>\$ 317,721</u>	<u>50</u>
Earnings per share (in dollars)				
Basic and diluted earnings per share	<u>\$</u>	<u>1.23</u>	<u>\$</u>	<u>1.09</u>

E. Yuanta Life

Yuanta Life
Individual Condensed Balance Sheets
March 31, 2020 and 2019

(Expressed In Thousands of New Taiwan Dollars)

ASSETS	March 31, 2020	March 31, 2019	LIABILITIES AND EQUITY	March 31, 2020	March 31, 2019
Cash and cash equivalents	\$ 13,241,777	\$ 9,950,228	Payables	\$ 2,046,328	\$ 1,310,891
Receivables	2,489,525	2,251,100	Current tax liabilities	21,554	10,377
Current income tax assets	2,840,830	2,284,389	Financial liabilities at fair value		
Financial assets at fair value			through profit or loss	1,022,680	2,708,117
through profit or loss	36,695,313	16,114,476	Insurance liabilities	271,722,436	229,207,446
Financial assets at fair value through			Foreign exchange reserve	785,996	567,371
other comprehensive income	41,071,159	25,598,061	Liabilities reserve	88,799	65,462
Financial assets at amortized cost	182,727,724	168,930,404	Lease liabilities	933,247	140,924
Other financial assets	-	7,300,000	Deferred income tax liabilities	176,925	40,171
Right-of-use assets	121,619	159,834	Other liabilities	2,191,340	1,628,994
Investment property	6,669,033	-	Investment-linked insurance		
Loans	6,967,501	6,318,804	products liabilities	1,584,686	1,899,304
Reinsurance contract assets	988,011	685,440	Total liabilities	<u>280,573,991</u>	<u>237,579,057</u>
Property and equipment	5,046,462	4,636,408			
Intangible assets	87,370	71,405	Common stocks	23,735,695	9,624,045
Deferred income tax assets	644,985	596,179	Retained earnings	2,143,032	1,681,600
Other assets	4,084,846	3,441,966	Other equity	(1,191,877)	1,353,296
Investment-linked insurance			Total equity	<u>24,686,850</u>	<u>12,658,941</u>
products assets	1,584,686	1,899,304	Total liabilities and equity	<u>\$ 305,260,841</u>	<u>\$ 250,237,998</u>
Total assets	<u>\$ 305,260,841</u>	<u>\$ 250,237,998</u>			

Yuanta Life
Individual Condensed Statements of Comprehensive Income
For the three months ended March 31, 2020 and 2019
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

Item	For the three months ended March 31,			
	2020		2019	
	Amount	%	Amount	%
Operating revenues	\$ 12,849,183	100	\$ 12,109,980	100
Operating costs	(12,047,322)	(93)	(11,100,288)	(92)
Operating expenses	(364,857)	(3)	(310,016)	(2)
Net operating income	437,004	4	699,676	6
Non-operating revenues and expenses	(560)	-	(770)	-
Income from continuing operations before income tax	436,444	4	698,906	6
Income tax expense	(90,234)	(1)	(71,880)	(1)
Net income	346,210	3	627,026	5
Other comprehensive (loss) income (net of tax)	(2,876,163)	(23)	1,006,930	8
Total comprehensive (loss) income	(\$ 2,529,953)	(20)	\$ 1,633,956	13
Earnings per share (in dollars)				
Basic and diluted earnings per share	\$	0.31	\$	0.64

F. Yuanta Securities Investment Trust

Yuanta Securities Investment Trust
Individual Condensed Balance Sheets
March 31, 2020 and 2019

(Expressed In Thousands of New Taiwan Dollars)

<u>ASSETS</u>	<u>March 31, 2020</u>	<u>March 31, 2019</u>	<u>LIABILITIES AND EQUITY</u>	<u>March 31, 2020</u>	<u>March 31, 2019</u>
Current assets	\$ 4,123,040	\$ 3,689,741	Current liabilities	\$ 487,020	\$ 411,221
Financial assets at fair value through other comprehensive income	157,230	107,901	Deferred income tax liabilities	179,621	203,369
Equity investments accounted for under the equity method	323,561	94,098	Lease liability- non-current	738	19,463
Property and equipment	293,424	302,894	Other non-current liabilities	40,623	41,856
Intangible assets	768,551	768,551	Total liabilities	708,002	675,909
Prepaid pension cost	37,401	37,471	Common stocks	2,269,235	2,269,235
Deferred income tax assets	362	229	Additional paid-in capital	296,729	786
Other non-current assets	151,108	188,195	Retained earnings	2,502,928	2,148,231
Total assets	<u>\$ 5,854,677</u>	<u>\$ 5,189,080</u>	Other equity	77,783	94,919
			Total equity	5,146,675	4,513,171
			Total liabilities and equity	<u>\$ 5,854,677</u>	<u>\$ 5,189,080</u>

Yuanta Securities Investment Trust
Individual Condensed Statements of Comprehensive Income
For the three months ended March 31, 2020 and 2019
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

Item	For the three months ended March 31,			
	2020		2019	
	Amount	%	Amount	%
Operating revenues	\$ 782,500	100	\$ 660,779	100
Operating expenses	(335,023)	(43)	(289,159)	(44)
Operating profits	447,477	57	371,620	56
Non-operating revenues and expenses	(13,763)	(1)	(14,794)	(2)
Income from continuing operations				
before income tax	433,714	56	356,826	54
Income tax expense	(90,922)	(12)	(73,970)	(11)
Net income	342,792	44	282,856	43
Other comprehensive (loss) income (net of tax)	(19,194)	(3)	5,431	1
Total comprehensive income	<u>\$ 323,598</u>	<u>41</u>	<u>\$ 288,287</u>	<u>44</u>
Earnings per share (in dollars)				
Basic and diluted earnings per share	<u>\$</u>	<u>1.51</u>	<u>\$</u>	<u>1.25</u>

G. Yuanta Asset Management

Yuanta Asset Management
Individual Condensed Balance Sheets
March 31, 2020 and 2019

(Expressed In Thousands of New Taiwan Dollars)

ASSETS	March 31, 2020	March 31, 2019	LIABILITIES AND EQUITY	March 31, 2020	March 31, 2019
Current assets	\$ 2,350,823	\$ 1,897,943	Current liabilities	\$ 50,748	\$ 1,208,929
Financial assets at fair value through other comprehensive income	37,190	36,702	Non-current liabilities	8,076	7,956
Property and equipment	2,490	3,028	Total liabilities	<u>58,824</u>	<u>1,216,885</u>
Right-of-use assets	3,036	-	Common stocks	3,000,000	1,000,000
Investment property	1,302,645	1,236,653	Additional paid-in capital	1,047	1,047
Intangible assets	68	181	Retained earnings	620,272	941,558
Deferred income tax assets	2,691	3,117	Other equity	<u>19,160</u>	<u>18,673</u>
Other non-current assets	<u>360</u>	<u>539</u>	Total equity	<u>3,640,479</u>	<u>1,961,278</u>
Total assets	<u>\$ 3,699,303</u>	<u>\$ 3,178,163</u>	Total liabilities and equity	<u>\$ 3,699,303</u>	<u>\$ 3,178,163</u>

Yuanta Asset Management
Individual Condensed Statements of Comprehensive Income
For the three months ended March 31, 2020 and 2019
(Expressed in Thousands of New Taiwan Dollars)

Item	For the three months ended March 31,			
	2020		2019	
	Amount	%	Amount	%
Operating revenues	\$ 80,247	100	\$ 71,465	100
Operating expenses	(53,967)	(67)	(33,035)	(46)
Operating profits	26,280	33	38,430	54
Non-operating revenues and expenses	581	-	(2,584)	(4)
Income from continuing operations before income tax	26,861	33	35,846	50
Income tax expense	(4,201)	(5)	(7,149)	(10)
Net income	22,660	28	28,697	40
Other comprehensive income (loss) (net of tax)	1,373	2	(668)	-
Total comprehensive income	<u>\$ 24,033</u>	<u>30</u>	<u>\$ 28,029</u>	<u>40</u>

H. Yuanta Venture Capital

Yuanta Venture Capital
Individual Condensed Balance Sheets
March 31, 2020 and 2019

(Expressed In Thousands of New Taiwan Dollars)

ASSETS	March 31, 2020	March 31, 2019	LIABILITIES AND EQUITY	March 31, 2020	March 31, 2019
Current assets	\$ 1,573,157	\$ 1,544,520	Current liabilities	\$ 42,837	\$ 49,629
Financial assets at fair value through other comprehensive income	132,045	190,526	Lease liability- non-current	5,995	-
Equity investments accounted for under the equity method	750,652	869,144	Other non-current liabilities	2,500	1,800
Property and equipment	3,906	3,402	Total liabilities	51,332	51,429
Right-of-use assets	9,740	-	Common stocks	2,460,000	2,460,000
Deferred income tax assets	16,917	2,832	Additional paid-in capital (Accumulated deficit)	918	918
Other non-current assets	635	635	retained earnings	(29,174)	75,497
Total assets	<u>\$ 2,487,052</u>	<u>\$ 2,611,059</u>	Other equity	3,976	23,215
			Total equity	2,435,720	2,559,630
			Total liabilities and equity	<u>\$ 2,487,052</u>	<u>\$ 2,611,059</u>

Yuanta Venture Capital
Individual Condensed Statements of Comprehensive Income
For the three months ended March 31, 2020 and 2019
(Expressed in Thousands of New Taiwan Dollars)

Item	For the three months ended March 31,			
	2020		2019	
	Amount	%	Amount	%
Operating revenues	(\$ 233,642)	(100)	\$ 46,182	100
Operating expenses	(7,915)	(3)	(7,784)	(17)
Operating (loss) profits	(241,557)	(103)	38,398	83
Non-operating revenues and expenses	185	-	520	1
(Loss) income from continuing operations before income tax	(241,372)	(103)	38,918	84
Income tax benefit	29,692	13	2,261	5
Net (loss) income	(211,680)	(90)	41,179	89
Other comprehensive loss (net of tax)	(8,704)	(4)	(18,196)	(39)
Total comprehensive (loss) income	(\$ 220,384)	(94)	\$ 22,983	50

I. Yuanta Securities Investment Consulting

Yuanta Securities Investment Consulting
Individual Condensed Balance Sheets
March 31, 2020 and 2019

(Expressed In Thousands of New Taiwan Dollars)

ASSETS	March 31, 2020	March 31, 2019	LIABILITIES AND EQUITY	March 31, 2020	March 31, 2019
Current assets	\$ 187,837	\$ 183,942	Current liabilities	\$ 57,871	\$ 57,790
Property and equipment	1,936	2,126	Non-current liabilities	9,955	15,209
Right-of-use assets	5,591	11,203	Total liabilities	67,826	72,999
Intangible assets	65	241	Common stocks	100,000	100,000
Deferred income tax assets	5,093	4,725	Additional paid-in capital	6,017	6,017
Other non-current assets	6,464	6,464	Retained earnings	33,143	29,685
			Total equity	139,160	135,702
Total assets	<u>\$ 206,986</u>	<u>\$ 208,701</u>	Total liabilities and equity	<u>\$ 206,986</u>	<u>\$ 208,701</u>

Yuanta Securities Investment Consulting
Individual Condensed Statements of Comprehensive Income
For the three months ended March 31, 2020 and 2019
(Expressed in Thousands of New Taiwan Dollars)

Item	For the three months ended March 31,			
	2020		2019	
	Amount	%	Amount	%
Operating revenues	\$ 50,821	100	\$ 50,341	100
Operating costs	(305)	(1)	(298)	(1)
Operating expenses	(50,049)	(98)	(51,333)	(102)
Operating income (loss)	467	1	(1,290)	(3)
Non-operating revenues and expenses	412	1	401	1
Income (loss) from continuing operations				
before income tax	879	2	(889)	(2)
Income tax (expense) benefit	(176)	(1)	178	1
Net income (loss)	703	1	(711)	(1)
Total comprehensive income (loss)	<u>\$ 703</u>	<u>1</u>	<u>(\$ 711)</u>	<u>(1)</u>

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

A. Profitability

(A) Yuanta Financial Holdings

Unit: %

		For the three months ended March 31,	
		2020	2019
Return on total assets	Before tax	1.53	2.11
	After tax	1.53	2.10
Return on equity	Before tax	1.78	2.45
	After tax	1.78	2.44
Net profit margin ratio		94.01	94.35

(B) Yuanta Financial Holdings and its subsidiaries

		For the three months ended March 31,	
		2020	2019
Return on total assets	Before tax	0.21	0.30
	After tax	0.18	0.26
Return on equity	Before tax	2.10	2.88
	After tax	1.77	2.45
Net profit margin ratio		17.71	23.62

(C) Yuanta Bank

		For the three months ended March 31,	
		2020	2019
Return on total assets	Before tax	0.17	0.23
	After tax	0.15	0.20
Return on equity	Before tax	1.90	2.54
	After tax	1.64	2.21
Net profit margin ratio		37.74	45.82

(D) Yuanta Securities

		For the three months ended March 31,	
		2020	2019
Return on total assets	Before tax	0.52	0.68
	After tax	0.47	0.61
Return on equity	Before tax	1.91	2.30
	After tax	1.75	2.07
Net profit margin ratio		31.57	39.95

(E) Yuanta Life

		For the three months ended March 31,	
		2020	2019
Return on total assets	Before tax	0.15	0.29
	After tax	0.12	0.26
Return on equity	Before tax	2.30	5.90
	After tax	1.83	5.29
Net profit margin ratio		43.21	62.15

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

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

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

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

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

B. Information of Yuanta Bank is as follows:

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

Unit: In thousands of NT Dollars

Month / Year		March 31, 2020					March 31, 2019					
Business / Items		Amount of non-performing loans	Gross loans	Non-performing loan ratio	Allowance for doubtful accounts	Coverage ratio	Amount of non-performing loans	Gross loans	Non-performing loan ratio	Allowance for doubtful accounts	Coverage ratio	
Corporate banking	Secured loans	94,185	195,364,332	0.05%	2,923,770	3,104.28%	861,105	182,218,898	0.47%	2,846,673	330.58%	
	Unsecured loans	642,652	204,940,991	0.31%	3,811,139	593.03%	133,568	209,220,312	0.06%	4,716,096	3,530.86%	
Consumer banking	Residential mortgage loans	282,218	199,081,731	0.14%	3,017,656	1,069.26%	322,983	190,286,656	0.17%	2,881,924	892.28%	
	Cash card services	9	68,402	0.01%	1,387	15,411.11%	3	103,439	0.00%	1,985	66,166.67%	
	Small amount of credit loans	10,683	9,983,246	0.11%	126,747	1,186.44%	65,510	10,047,363	0.65%	183,850	280.64%	
	Others	Secured loans	142,706	152,593,019	0.09%	1,585,423	1,110.97%	185,355	146,737,226	0.13%	1,516,834	818.34%
		Unsecured loans	249	2,194,524	0.01%	22,244	8,933.33%	427	1,579,070	0.03%	16,377	3,835.36%
Gross loan business		1,172,702	764,226,245	0.15%	11,488,366	979.65%	1,568,951	740,192,964	0.21%	12,163,739	775.28%	

Month / Year		March 31, 2020					March 31, 2019				
		Amount of overdue accounts	Balance of accounts receivable	Overdue account ratio	Allowance for doubtful accounts	Coverage ratio	Amount of overdue accounts	Balance of accounts receivable	Overdue account ratio	Allowance for doubtful accounts	Coverage ratio
Credit card services		6,535	8,341,782	0.08%	135,298	2,070.36%	8,125	10,366,798	0.08%	171,229	2,107.43%
Without recourse factoring		9,529	5,476,579	0.17%	75,651	793.90%	-	6,459,981	-	80,753	-

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

	March 31, 2020		March 31, 2019	
	Total amount of non-performing loans exempted from reporting to the competent authority	Total amount of overdue receivables exempted from reporting to the competent authority	Total amount of non-performing loans exempted from reporting to the competent authority	Total amount of overdue receivables exempted from reporting to the competent authority
Amounts exempted from reporting to the competent authority under debt negotiation (Note 1)	66,613	35,786	97,177	48,500
Perform in accordance with debt liquidation program and restructuring program (Note 2)	1,014,108	349,775	1,151,545	358,141
Total	1,080,721	385,561	1,248,722	406,641

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, %

March 31, 2020			
Ranking (Note 1)	Name of Enterprise Group (Note 2)	Total outstanding loan amount (Note 3)	Total outstanding loan amount / Total equity
1	Group A–Real Estate Development	\$ 7,892,434	6.49
2	Group B–Air Transport	6,639,792	5.46
3	Group C–Iron and Steel Refining	5,235,867	4.30
4	Group D–Cement Manufacturing Industry	4,874,569	4.01
5	Company E–Real Estate Leasing	4,240,000	3.49
6	Group F–Real Estate Development	4,209,715	3.46
7	Group G–Other Non-classified Financial Service	4,180,029	3.44
8	Company H–Trust, Funds and Similar Financial Entity	3,569,556	2.93
9	Group I–Seasoning Manufacturing Industry	3,554,508	2.92
10	Company J–Real Estate Development	2,792,000	2.30
March 31, 2019			
Ranking (Note 1)	Name of Enterprise Group (Note 2)	Total outstanding loan amount (Note 3)	Total outstanding loan amount / Total equity
1	Group A–Real Estate Development	\$ 7,697,770	6.48
2	Company B–Real Estate Leasing	4,300,000	3.62
3	Group C–Other Non-classified Financial Service	4,174,570	3.51
4	Group D–Computer Manufacturing Industry	4,141,142	3.48
5	Group E–Real Estate Development	3,461,120	2.91
6	Group F–Seasoning Manufacturing Industry	3,302,000	2.78
7	Group G–Real Estate Development	3,019,910	2.54
8	Company H–Real Estate Development	2,388,000	2.01
9	Group I–Real Estate Development	2,310,000	1.94
10	Company J–Activities of Head Offices	2,003,625	1.69

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

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

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

(D) Structure analysis of time to maturity

a. Structure analysis of time to maturity (NTD)

March 31, 2020

(Expressed in Thousands of New Taiwan Dollars)

	Total	0 ~ 10 days	11 ~ 30 days	31 ~ 90 days	91 ~ 180 days	181 days ~ 1 year	Over 1 year
Primary funds inflow upon maturity	1,173,319,172	205,759,942	111,251,417	93,131,843	62,473,489	101,591,743	599,110,738
Primary funds outflow upon maturity	1,392,295,504	39,541,073	91,364,043	155,777,822	185,151,338	270,083,004	650,378,224
Gap	(218,976,332)	166,218,869	19,887,374	(62,645,979)	(122,677,849)	(168,491,261)	(51,267,486)

March 31, 2019

(Expressed in Thousands of New Taiwan Dollars)

	Total	0 ~ 10 days	11 ~ 30 days	31 ~ 90 days	91 ~ 180 days	181 days ~ 1 year	Over 1 year
Primary funds inflow upon maturity	1,136,839,517	211,904,972	99,719,332	85,414,015	80,608,003	113,125,384	546,067,811
Primary funds outflow upon maturity	1,341,289,864	36,767,783	85,034,064	165,913,044	214,796,526	244,955,401	593,823,046
Gap	(204,450,347)	175,137,189	14,685,268	(80,499,029)	(134,188,523)	(131,830,017)	(47,755,235)

b. Structure analysis of time to maturity (USD)

March 31, 2020

(Expressed in Thousands of US Dollars)

	Total	0 ~ 30 days	31 ~ 90 days	91 ~ 180 days	181 days ~ 1 year	Over 1 year
Primary funds inflow upon maturity	5,289,768	1,492,139	565,365	320,437	168,802	2,743,025
Primary funds outflow upon maturity	6,724,783	1,831,864	923,003	1,404,732	1,308,540	1,256,644
Gap	(1,435,015)	(339,725)	(357,638)	(1,084,295)	(1,139,738)	1,486,381

March 31, 2019

(Expressed in Thousands of US Dollars)

	Total	0 ~ 30 days	31 ~ 90 days	91 ~ 180 days	181 days ~ 1 year	Over 1 year
Primary funds inflow upon maturity	5,471,995	1,283,509	680,524	323,658	307,053	2,877,251
Primary funds outflow upon maturity	6,395,336	2,268,501	640,614	1,530,715	896,373	1,059,133
Gap	(923,341)	(984,992)	39,910	(1,207,057)	(589,320)	1,818,118

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

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

March 31, 2020

(Expressed in Thousands of New Taiwan Dollars, %)

Item	1 ~ 90 days	91 ~ 180 days	181 days ~ 1 year	Over 1 year	Total
Interest-rate-sensitive assets	756,834,423	43,806,518	22,384,470	243,350,061	1,066,375,472
Interest-rate-sensitive liabilities	299,398,472	567,486,956	118,224,255	37,113,935	1,022,223,618
Interest-rate-sensitive gap	457,435,951	(523,680,438)	(95,839,785)	206,236,126	44,151,854
Total equity					119,355,814
Ratio of interest-rate-sensitive assets to liabilities					104.32
Ratio of interest-rate-sensitive gap to equity					36.99

March 31, 2019

(Expressed in Thousands of New Taiwan Dollars, %)

Item	1 ~ 90 days	91 ~ 180 days	181 days ~ 1 year	Over 1 year	Total
Interest-rate-sensitive assets	717,320,469	36,117,767	21,451,721	210,105,106	984,995,063
Interest-rate-sensitive liabilities	296,495,079	518,041,258	89,746,366	41,340,524	945,623,227
Interest-rate-sensitive gap	420,825,390	(481,923,491)	(68,294,645)	168,764,582	39,371,836
Total equity					115,425,241
Ratio of interest-rate-sensitive assets to liabilities					104.16
Ratio of interest-rate-sensitive gap to equity					34.11

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)

March 31, 2020

(Expressed in Thousands of US Dollars, %)

Item	1 ~ 90 days	91 ~ 180 days	181 days ~ 1 year	Over 1 year	Total
Interest-rate-sensitive assets	3,606,586	322,067	23,273	912,173	4,864,099
Interest-rate-sensitive liabilities	1,988,121	948,897	788,951	936,070	4,662,039
Interest-rate-sensitive gap	1,618,465	(626,830)	(765,678)	(23,897)	202,060
Total equity					76,115
Ratio of interest-rate-sensitive assets to liabilities					104.33
Ratio of interest-rate-sensitive gap to equity					265.47

March 31, 2019

(Expressed in Thousands of US Dollars, %)

Item	1 ~ 90 days	91 ~ 180 days	181 days ~ 1 year	Over 1 year	Total
Interest-rate-sensitive assets	3,674,008	315,596	50,805	928,405	4,968,814
Interest-rate-sensitive liabilities	2,739,094	801,323	480,432	658,311	4,679,160
Interest-rate-sensitive gap	934,914	(485,727)	(429,627)	270,094	289,654
Total equity					109,014
Ratio of interest-rate-sensitive assets to liabilities					106.19
Ratio of interest-rate-sensitive gap to equity					265.70

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

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

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

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

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

None.

13. Other disclosure items

(1) Related information on material transaction items

A. Information regarding stock of long-term equity investment for which the purchase or sale amount for the period exceeded \$300 million or 10% of the Company's paid-in capital:

Investor	Category and name of securities	Account	Counterparty	Relationship	Balance as at January 1, 2020		Addition		Disposal			Balance as at March 31, 2020		
					Number of shares (in thousands)	Amount	Number of shares (in thousands)	Amount	Number of shares (in thousands)	Price	Book value	Gain (loss) on disposal	Number of shares (in thousands)	Amount
Yuanta Financial Holdings	Stocks: Yuanta Life	Equity investments accounted for under the equity method	Yuanta Life	Subsidiary	973,570	\$ 11,165,000	1,400,000	\$ 14,000,000	-	\$ -	\$ -	\$ -	2,373,570	\$ 25,165,000
Yuanta Financial Holdings	Stocks: Yuanta Futures	Equity investments accounted for under the equity method	Yuanta Futures	Subsidiary	159,467	3,421,065	10,430	500,633	-	-	-	-	169,897	3,921,698

Note: The issuance of stock for cash.

B. Information on the acquisition and disposal of real estate for which the purchase amount exceeded \$300 million or 10% of the Company's paid-in capital: None.

C. Information regarding discounted processing fees on transactions with related parties for which the amount exceeded \$5 million: None.

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

Creditor	Counterparty	Relationship	Accounts receivable from related party as of March 31, 2020	Turnover rate	Amount overdue		Accounts receivable from related party	Amount of allowance
					Amount	Action taken		
Yuanta Financial Holdings	Yuanta Securities	Subsidiary of Yuanta Financial Holdings	\$ 937,742 (Note)	-	\$ -	-	\$ -	\$ -
Yuanta Financial Holdings	Yuanta Bank	Subsidiary of Yuanta Financial Holdings	1,397,333 (Note)	-	-	-	-	-

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

E. Information regarding selling non-performing loans: None.

F. Information on and categories of securitized assets which are approved by the authority pursuant to Financial Asset Securitization Act or the Real Estate Securitization Act: None.

G. Other material transaction items which were significant to the users of the financial statements: None.

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

(3) Significant transactions regarding investee companies

A. Information regarding stocks of equity investment for which the purchase or sale amount for the period exceeded \$300 million or 10% of the Company's paid-in capital: Disclosure may be exempt for subsidiaries in the financial industry, insurance industry and securities Industry. Not applicable for all the other subsidiaries and indirect subsidiaries.

B. Information on the acquisition of real estate for which the purchase amount exceeded \$300 million or 10% of the Company's paid-in capital:

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

C. Information on the disposal of real estate for which the purchase amount exceeded \$300 million or 10% of the Company's paid-in capital:

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

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

D. Information regarding discounted processing fees on transactions with related parties for which the amount exceeded \$5 million: None.

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

Creditor	Counterparty	Relationship	Accounts receivable from related party as of March 31, 2020	Turnover rate	Amount overdue		Accounts receivable from related party	Amount of allowance
					Amount	Action taken		
Yuanta Bank	Yuanta Financial Holdings	Parent Company	\$ 1,974,716	-	\$ -	-	\$ -	\$ -
Yuanta Life	Yuanta Financial Holdings	Parent Company	2,521,537	-	-	-	-	-
Yuanta Securities	Yuanta Financial Holdings	Parent Company	772,809	-	-	-	1,354	-

F. Information regarding selling non-performing loans:

Transaction Company	Transaction date	Counterparty	Contents of right of claim	Carrying value	Sale price	Gain or loss from disposal	Attached conditions	Relationship with the Bank	Note
Yuanta Savings Bank (Korea)	2020/2/25	JUNGWON PARTNER Co., Ltd	Loans and Temporary Payments for Others	\$ 23,421	\$ 24,767	\$ 1,346	None	None	Note

Note: The carrying amount and the sale price of the loan was KRW 926,299 thousand and KRW 979,561 thousand, using the exchange rate of 1 KRW to 0.025284 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	\$ 302,540	\$ 302,540	\$ 302,540	3.50%	Short-term loans	\$ -	Operation financing	\$ -	-	\$ -	\$ 31,757,452 (Note1)	\$ 31,757,452 (Note1)
2	Yuanta Securities Asia Finance Service	Yuanta Securities (Thailand)	Accounts receivable-related party	Yes	3,176,670	3,176,670	-	0.00%	Short-term loans	-	Operation financing	-	-	-	31,757,452 (Note1)	31,757,452 (Note1)
3	Yuanta Securities Asia Finance Service	Yuanta Securities (Vietnam)	Accounts receivable-related party	Yes	907,620	907,620	151,270	2.99%	Short-term loans	-	Operation financing	-	-	-	31,757,452 (Note1)	31,757,452 (Note1)
4	PT Yuanta Sekuritas Indonesia	PT Yuanta Asset Management	Accounts receivable-related party	Yes	11,136	11,136	5,846	10.00%	Short-term loans	-	Operation financing	-	-	-	462,735 (Note2)	462,735 (Note2)

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

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

J. Endorsements and guarantees provided for others:

Number	Endorsing and guarantee company	Endorsed and guaranteed company		Limit for endorsement and guarantee for single enterprise	Maximum outstanding endorsements and guarantee amount during for the three months ended March 31, 2020	Ending balance of endorsement and guarantee	Actual used amount	Property-backed endorsement and guarantee	The ratio of accumulated endorsement and guarantee amount and the net value of the latest financial statement	Maximum limit	Provision of endorsements and guarantees by parent company to subsidiary	Provision of endorsements and guarantees by subsidiary to parent company	Provision of endorsements and guarantees to the party in Mainland China	Note
		Name of company	Relationship											
1	Yuanta Securities	PT Yuanta Sekuritas Indonesia	More than 50% common stock-directly-owned subsidiary	\$ 20,047,130 (Note 1)	\$ 105,889	\$ 105,889	\$ -	\$ -	0.11%	\$ 40,094,261 (Note 1)	Yes	No	No	
2	Yuanta Securities	Yuanta Securities (Thailand)	More than 50% common stock-directly-owned subsidiary	20,047,130 (Note 1)	961,295	453,810	-	-	0.45%	40,094,261 (Note 1)	Yes	No	No	
3	Yuanta Securities Asia Financial Service	Yuanta Securities (Thailand)	More than 50% common stock-directly-owned subsidiary	31,757,452 (Note 2)	3,236,726	3,236,726	-	-	10.19%	31,757,452 (Note 2)	Yes	No	No	
4	Yuanta Securities Asia Financial Service	PT Yuanta Sekuritas Indonesia	More than 50% common stock-directly-owned subsidiary	31,757,452 (Note 2)	225,510	225,510	-	-	0.71%	31,757,452 (Note 2)	Yes	No	No	
5	Yuanta Securities Asia Financial Service	Yuanta Securities (Vietnam)	More than 50% common stock-directly-owned subsidiary	31,757,452 (Note 2)	916,696	916,696	453,810	-	2.89%	31,757,452 (Note 2)	Yes	No	No	

Note 1: In accordance with the Company's "Procedures for Provision of Endorsements and Guarantees", the ceiling on total loans granted and limit to loans granted to a single party by Yuanta Securities should not exceed 40% and 20% of net worth of the company's latest audited/reviewed financial statements, respectively.

Note 2: According to the Company's "Procedures for Provision of Endorsements and Guarantees", total endorsements and guarantees provided to others cannot exceed the net assets value in Yuanta Securities Asia Financial Services Ltd.'s latest financial statements audited or reviewed by an independent accountant.

K. Engagement in derivatives trading: Disclosure may be exempt for subsidiaries in the financial industry, insurance industry and securities industry. Not applicable for all the other subsidiaries and indirect subsidiaries.

L. Securities held at the end of period:

(Expressed in Thousands of New Taiwan Dollars)
March 31, 2020

Name of company which holds securities	Category and name of securities (or name of issuer of securities)	Relationship between issuer of securities and the company	Account	Number of shares (In thousands)	Percentage of ownership			Note
					Book value	(%)	Market value	
Yuanta Securities Investment Trust	Beneficiary certificates:							
	Yuanta/P-shares Taiwan Top 50 ETF	The managing company of the fund	Financial assets at fair value through profit or loss	26	\$ 1,983	-	\$ 1,983	
	Yuanta/P-shares Taiwan Mid-Cap 100 ETF	"	"	9	264	-	264	
	Yuanta/P-shares Taiwan Electronics Tech ETF	"	"	23	785	-	785	
	Yuanta/P-shares S&P Custom China Play 50	"	"	19	381	-	381	
	Yuanta/P-shares MSCI Taiwan Financials ETF	"	"	21	331	-	331	
	Yuanta/P-shares Taiwan Dividend Plus ETF	"	"	4,072	99,728	-	99,728	
	W.I.S.E. Yuanta/P-shares CSI 300 ETF	"	"	30	493	-	493	
	Yuanta S&P500	"	"	14	347	-	347	
	Yuanta/P-shares Taiwan GreTai 50 ETF	"	"	21	241	-	241	
	Yuanta/P-shares MSCI Taiwan ETF	"	"	13	446	-	446	
	Yuanta/P-shares SSE50 ETF	"	"	19	554	-	554	
	Yuanta Daily Taiwan 50 Bear -1X ETF	"	"	3,060	36,506	-	36,506	
	Yuanta S&P GSCI Gold ER Futures ETF	"	"	7	164	-	164	
	Yuanta S&P GSCI Crude Oil ER Futures ETF	"	"	1	15	-	15	
	Yuanta EURO STOXX 50 ETF	"	"	14	283	-	283	
	Yuanta Nikkei 225 ETF	"	"	-	3	-	3	
	Yuanta U.S. Treasury 20+ Year Bond ETF	"	"	1	33	-	33	
	Yuanta S&P US Dollar ER Futures ETF	"	"	1	17	-	17	
	Yuanta U.S. Treasury 7-10 Year Bond ETF	"	"	9	393	-	393	
	Yuanta Taiwan High Dividend Low Volatility ETF	"	"	6	177	-	177	
	Yuanta U.S. Treasury 1-3 Year Bond ETF	"	"	2	59	-	59	
	Yuanta U.S. 20+ Year BBB Corporate Bond ETF	"	"	8	356	-	356	
	Yuanta China Treasury + Policy Bank 3-5 Year Bond ETF	"	"	-	11	-	11	
	Yuanta DJCI Silver ER Futures ETF	"	"	1	11	-	11	
	Yuanta MSCI China A ETF	"	"	10	204	-	204	
	Yuanta US 20+ Year AAA-A Corporate Bond ETF	"	"	11	541	-	541	

					March 31, 2020				
Name of company which holds securities	Category and name of securities (or name of issuer of securities)	Relationship between issuer of securities and the company	Account	Number of shares (In thousands)	Percentage of ownership				
					Book value	(%)	Market value	Note	
Yuanta Securities Investment Trust	Beneficiary certificates:								
	Yuanta US 10+ Investment Grade Bank Bond ETF	The managing company of the fund	Financial assets at fair value through profit or loss	5	\$ 208	-	\$ 208		
	Yuanta US 10+ Investment Grade Healthcare Bond ETF	"	"	14	617	-	617		
	Yuanta US 10+ Investment Grade Utility Electric Power Bond ETF	"	"	70	2,855	-	2,855		
	Yuanta FTSE4Good TIP Taiwan ESG ETF	"	"	1	20	-	20		
	Yuanta Global NextGen Communications ETF	"	"	12	216	-	216		
	Yuanta De-Li Money Market Fund	"	"	6,105	100,062	-	100,062		
	Yuanta Wan Tai Money Market Fund	"	"	6,571	100,018	-	100,018		
	Yuanta Taiwan High-yield Leading Company Fund A	"	"	10,000	100,000	-	100,000		
					<u>\$ 448,322</u>		<u>\$ 448,322</u>		
	Stocks:								
	Taiwan Futures Exchange	-	Financial assets at fair value through other comprehensive income	1,877	\$ 149,552	-	\$ 149,552		
	FundRich Securities Co. Ltd.	-	"	819	7,678	-	7,678		
					<u>\$ 157,230</u>		<u>\$ 157,230</u>		
	CR Yuanta Fund Management Company Limited	-	Long-term equity accounted for under the equity method	147,000	\$ 323,561	-	\$ 323,561		
Yuanta Asset Management	Stocks:								
	Taiwan Finance Corporation	-	Financial assets at fair value through other comprehensive income	828	\$ 7,688	0.16	\$ 7,688		
	Sunsino Venture Co., Ltd.	-	"	443	4,058	0.93	4,058		
	DaYeh Development Co., Ltd.	-	"	333	1,694	2.22	1,694		
	Chung Yi Development Co., Ltd.	-	"	2,278	91	6.63	91		
	Global Investment Holdings Co., LTD.	-	"	1,980	14,454	1.23	14,454		
	China Trade And Development Corporation	-	"	500	9,205	0.76	9,205		
					<u>\$ 37,190</u>		<u>\$ 37,190</u>		

		March 31, 2020							
Name of company which holds securities	Category and name of securities (or name of issuer of securities)	Relationship between issuer of securities and the company	Account	Number of shares		Percentage of ownership			Note
				(In thousands)	Book value	(%)	Market value		
Yuanta Venture Capital	Stocks:								
	Gorilla Technology Group Inc.	-	Financial assets at fair value through profit or loss	95	\$ 19,456	0.84	\$ 19,456		Preferred stock B
	Tot Biopharm International Company Limited	-	"	14,127	172,487	2.48	172,487		
	CGK International Co., Ltd	-	"	877	10,637	2.39	10,637		
	Veden Dental Group	-	"	246	8,957	0.84	8,957		
	Throughtek Co.,Ltd	-	"	550	5,076	2.11	5,076		
	PlexBio Co., Ltd.	-	"	1,367	24,743	1.33	24,743		
	Taiwan J Pharmaceuticals Co., Ltd.	-	"	1,897	15,064	2.74	15,064		
	Phecda Technology Co. Ltd.	-	"	252	2,495	0.89	2,495		
	Long Diann Marine Bio Technology Co., Ltd.	-	"	4,300	11,567	11.78	11,567		
	MagV Co.,Ltd	-	"	2,145	4,569	12.69	4,569		
	Saultech Technology Co., Ltd.	-	"	899	64,331	4.51	64,331		
	Oriental System Technology Inc.	-	"	1,000	14,290	3.70	14,290		
	BRIM Biotechnology ,Inc.	-	"	3,500	29,400	5.94	29,400		
	Aprevent Medical, Inc.	-	"	394	2,150	2.32	2,150		
	Aprevent Medical, Inc.	-	"	1,808	42,192	10.67	42,192		Preferred stock B
	GenePharm Biotech Corp.	-	"	2,667	8,080	10.42	8,080		
	Great Dream Pictures, Inc.	-	"	2,000	4,380	19.96	4,380		
	Li Ling Film Co., Ltd.	-	"	1,666	17,660	2.78	17,660		
	Jing-Jan Retail Business Co., Ltd.	-	"	1,408	61,051	2.35	61,051		
	Jiin Yeeh Ding Enterprise Co., Ltd.	-	"	1,014	15,964	1.05	15,964		
	United Renewable Energy Co., Ltd.	-	"	908	3,249	0.03	3,249		Private equity
	Enterex International Limited	-	"	1,953	21,288	1.76	21,288		
	Taiwan Chelic Corp. Ltd.	-	"	500	23,375	0.75	23,375		
	Eurocharm Holdings Co., Ltd.	-	"	122	10,309	0.19	10,309		
	Jump Media International Co., Ltd.	-	"	906	5,137	3.20	5,137		
	Apollomics, Inc.	-	"	1,634	13,383	0.18	13,383		
	M3 Technology Inc.	-	"	2,687	54,519	7.32	54,519		

				March 31, 2020				
Name of company which holds securities	Category and name of securities (or name of issuer of securities)	Relationship between issuer of securities and the company	Account	Number of shares (In thousands)	Percentage of ownership			Note
					Book value	(%)	Market value	
Yuanta Venture Capital	Stocks:							
	Ever Supreme Bio Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	1,740	\$ 278,800	3.11	\$ 278,800	
	Asia Pacific Venture Invest II L.P.	-	"	-	745	10.00	745	
	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	144,296	4.00	144,296	
	ALLIED SUPREME CORP.	-	"	800	86,288	1.16	86,288	
	Powerchip Semiconductor Manufacturing Corp.	-	"	4,750	47,642	0.15	47,642	
					<u>\$ 1,223,580</u>		<u>\$ 1,223,580</u>	
	Yuanta I Venture Capital Co., Ltd.	Investee company accounted for under the equity method	Long-term equity accounted for under the equity method	85,000	<u>\$ 750,652</u>	100.00	<u>\$ 750,652</u>	
	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	2,282	17.39	2,282	
	Prudence Capital Management	-	"	4,162	31,879	9.00	31,879	
	Ho Ding Venture Capital Co., Ltd.	-	"	590	956	10.00	956	
	Sheng Hwa Venture Capital Co., Ltd.	-	"	1,064	8,019	4.80	8,019	
	Lian Ding Venture Capital Co., Ltd.	-	"	1,050	4,273	15.00	4,273	
	HwaWei Shi Ji Venture Capital Co., Ltd.	-	"	225	4,282	10.00	4,282	
	Lian Xun San Venture Capital Co., Ltd.	-	"	10	436	10.00	436	
	Hwa Lu Venture Capital Co., Ltd.	-	"	261	19,884	8.70	19,884	
	Hwa Sheng Venture Capital Co., Ltd.	-	"	263	4,584	3.33	4,584	
	Sheng Yuan Venture Capital Co., Ltd.	-	"	1,680	18,648	9.88	18,648	
	Guan Hwa Venture Capital Co., Ltd.	-	"	276	1,714	5.56	1,714	
	Qi Ding Venture Capital Co., Ltd.	-	"	1,435	12,899	4.35	12,899	
	Zhong Jing He Global Venture Capital Co., Ltd.	-	"	317	2,156	5.56	2,156	

					March 31, 2020				
Name of company which holds securities	Category and name of securities (or name of issuer of securities)	Relationship between issuer of securities and the company	Account	Number of shares (In thousands)	Percentage of ownership				Note
					Book value	(%)	Market value		
Yuanta Venture Capital	Stocks:								
	Der Yang Biotechnology Venture Capital Co., Ltd.	-	Financial assets at fair value through other comprehensive income	455	\$ 4,856	10.00	\$ 4,856		
	Huiyang Venture Capital Co., Ltd.	-	"	67	<u>8,257</u>	2.46	<u>8,257</u>		
					<u>\$ 132,045</u>		<u>\$ 132,045</u>		
	Convertible corporate bond:								
	Alliance Developments Limited (Alliance CB1)	-	Financial assets at fair value through profit or loss - convertible corporate bonds		\$ 102,662	-	\$ 102,662		
	GTS Chemical Holdings Co., Ltd. (GTS Group CB1)	-	"		<u>-</u>	-	<u>-</u>		
					<u>\$ 102,662</u>		<u>\$ 102,662</u>		

(BLANK)

(4) Investments in Mainland China

A. Information of investment in Mainland China

Yuanta Venture Capital

(Expressed in thousands of dollars)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2020	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the three months ended March 31, 2020		Accumulated amount of remittance from Taiwan to Mainland China as of March 31, 2020	Net income of investee as of March 31, 2020	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the three months ended March 31, 2020 (Note 4)	Book value of investments in Mainland China as of March 31, 2020	Accumulated amount of investment income remitted back to Taiwan as of March 31, 2020
					Remitted to Mainland China	Remitted back to Taiwan						
Tot Biopharm International Company Limited	Pharmaceutical company specializes in cancer treatment	\$ 4,810,386 (USD 159,000)	(2) HONG KONG TOT BIO PHARM INTERNATIONAL COMPANY LIMITED	\$ 177,227	\$ -	\$ -	\$ 177,227	Note 5	2.48%	\$ -	\$ 177,227	\$ -
Jhong Shan Dong Yi Technology Co., Ltd.	Protection glass grinding and sales	242,032 (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	323,866 (HKD 83,000)	(2) CAYMAN ISLANDS VEDED DENTAL GROUP	22,762	-	-	22,762	Note 5	0.84%	-	22,762	-

Yuanta I Venture Capital

(Expressed in thousands of dollars)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2020	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the three months ended March 31, 2020		Accumulated amount of remittance from Taiwan to Mainland China as of March 31, 2020	Net income of investee as of March 31, 2020	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the three months ended March 31, 2020 (Note 4)	Book value of investments in Mainland China as of March 31, 2020	Accumulated amount of investment income remitted back to Taiwan as of March 31, 2020
					Remitted to Mainland China	Remitted back to Taiwan						
Jie Qun Electronic Technology (Dong Guan) Ltd.	Transistors	\$ 2,646,727 (USD 87,484)	(2) VIRGIN ISLANDS GREAT TEAM BACKEND FOUNDRY, INC.	\$ 66,764	\$ -	\$ -	\$ 66,764	Note 5	3.09%	\$ -	\$ 66,764	\$ -
Ether Precision Inc. (Su Zhou)	Manufacturing and selling of a variety of discs	838,036 (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, 2020	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the three months ended March 31, 2020		Accumulated amount of remittance from Taiwan to Mainland China as of March 31, 2020	Net income of investee as of March 31, 2020	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the three months ended March 31, 2020 (Note 2)	Book value of investments in Mainland China as of March 31, 2020	Accumulated amount of investment income remitted back to Taiwan as of March 31, 2020
					Remitted to Mainland China	Remitted back to Taiwan						
GC Investment Consultant (Shanghai)	Investment consultation	\$ 17,626 (RMB 4,138)	(3)	\$ -	\$ -	\$ -	\$ -	\$ 81	100.00%	In liquidation	\$ 22,118	\$ -

Yuanta Securities

(Expressed in thousands of dollars)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2020	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the three months ended March 31, 2020		Accumulated amount of remittance from Taiwan to Mainland China as of March 31, 2020	Net income of investee as of March 31, 2020	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the three months ended March 31, 2020 (Note 2)	Book value of investments in Mainland China as of March 31, 2020	Accumulated amount of investment income remitted back to Taiwan as of March 31, 2020
					Remitted to Mainland China	Remitted back to Taiwan						
Yuanta Securities Investment Consultant (Beijing)	Investment management consulting service, financial consulting service, business administration consulting service, business information consulting service, economic and trade consulting service, marketing and planning, technical promotion and services	\$ 78,505 (RMB 18,428)	(2) Yuanta Securities Asia Financial Service	\$ -	\$ -	\$ -	\$ -	\$ 2,359	100.00%	\$ 2,359 (2)b	\$ 24,443	\$ -

Yuanta Securities Investment Trust

(Expressed in thousands of dollars)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2020	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the three months ended March 31, 2020		Accumulated amount of remittance from Taiwan to Mainland China as of March 31, 2020	Net income of investee as of March 31, 2020	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the three months ended March 31, 2020 (Note 2)	Book value of investments in Mainland China as of March 31, 2020	Accumulated amount of investment income remitted back to Taiwan as of March 31, 2020
					Remitted to Mainland China	Remitted back to Taiwan						
CR Yuanta Fund Management Company Limited	Fund raising and sale	\$ 2,556,000 (RMB 600,000)	(1)	\$ 705,666	\$ -	\$ -	\$ 705,666	(\$ 22,776)	24.50%	(\$ 6,031) (2)c	\$ 323,561	\$ -

Yuanta Futures

(Expressed in thousands of dollars)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2020	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the three months ended March 31, 2020		Accumulated amount of remittance from Taiwan to Mainland China as of March 31, 2020	Net income of investee as of March 31, 2020	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the three months ended March 31, 2020 (Note 2)	Book value of investments in Mainland China as of March 31, 2020	Accumulated amount of investment income remitted back to Taiwan as of March 31, 2020
					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	(\$ 1,174)	100.00%	(\$ 1,174) (2)c	\$ 116,483	\$ -

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 March 31, 2020	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA (Note)
Yuanta Venture Capital and its subsidiaries	\$ 307,231	\$ 339,694	\$ 1,461,432
GC Investment Consultant (Shanghai)	-	Note 6	Note 6
Yuanta Investment Consulting (Beijing)	-	91,973	60,141,391
Yuanta Securities Investment Trust	705,666	705,666	3,088,005
Yuanta Futures	157,209	174,000	5,863,007

Note: The abovementioned limitations on investments in Mainland China were based on 60% of Yuanta Venture Capital's net worth of \$2,435,720.

The abovementioned limitations on investments in Mainland China were based on 60% of Yuanta Securities's net worth of \$100,235,652.

The abovementioned limitations on investments in Mainland China were based on 60% of Yuanta Securities Investment Trust's net worth of \$5,146,675.

The abovementioned limitations on investments in Mainland China were based on 60% of Yuanta Futures's net worth of \$9,771,678.

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

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

Note 2: In the 'Investment income (loss) recognised by the Company for the three months ended March 31, 2020' column:

- (1) It should be indicated if the investee was still in the incorporation arrangements and had not yet any profit during this period.
- (2) Indicate the basis for investment income (loss) recognition in the number of one of the following three categories:
 - a. The financial statements that are audited and attested by international accounting firm which has cooperative relationship with accounting firm in R.O.C.
 - b. The financial statements that are audited and attested by R.O.C. parent company's CPA.
 - c. Others.

Note 3: The numbers in this table are expressed in New Taiwan Dollars.

Note 4: Financial assets at fair value through other comprehensive income were not recognised as the investees are accounted for as financial assets carried at cost.

Note 5: The Company's subsidiary does not have significant influence over the investee. Thus, financial information on the investee is unattainable.

Note 6: Yuanta Securities absorbed Polaris Securities and therefore indirectly acquired 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) Major shareholders information

No shareholder held shares above 5% as of March 31, 2020.

(9) Related party transactions of subsidiaries amounting to at least \$100 million

Please refer to Note 7.

(10) Significant transactions between parent company and subsidiaries

No. (Note 1)	Company	Counterparty	Relationship (Note 2)	Details of transactions			
				Account	Amount	Conditions	Percentage of total consolidated net revenues or assets (Note 3)
0	Yuanta Financial Holdings	Yuanta Bank	1	Cash and cash equivalents	2,426,371	No significant difference from general customers	0.10%
0	Yuanta Financial Holdings	Yuanta Securities	1	Current income tax assets	936,691	"	0.04%
0	Yuanta Financial Holdings	Yuanta Securities	1	Current income tax liabilities	771,456	"	0.03%
0	Yuanta Financial Holdings	Yuanta Bank	1	Current income tax assets	1,395,108	"	0.06%
0	Yuanta Financial Holdings	Yuanta Bank	1	Current income tax liabilities	1,974,716	"	0.08%
0	Yuanta Financial Holdings	Yuanta Life	1	Current income tax liabilities	2,521,537	"	0.10%
0	Yuanta Financial Holdings	Yuanta Bank	1	Interest income	13,397	"	0.05%
0	Yuanta Financial Holdings	Yuanta Securities	1	Depreciation and amortization expenses	7,212	"	0.03%
0	Yuanta Financial Holdings	Yuanta Securities	1	Other business and administrative expenses	4,054	"	0.02%
1	Yuanta Securities	Yuanta Bank	3	Cash and cash equivalents	4,460,148	"	0.18%
1	Yuanta Securities	Yuanta Futures	3	Cash and cash equivalents	7,926,376	"	0.32%
1	Yuanta Securities	Yuanta Futures	3	Financial assets at fair value through profit or loss	9,737,551	"	0.39%
1	Yuanta Securities	Yuanta Bank	3	Restricted assets - net	132,964	"	0.01%
1	Yuanta Securities	Yuanta Bank	3	Other assets-net	3,158,200	"	0.12%
1	Yuanta Securities	Yuanta Financial Holdings	2	Current income tax assets	771,456	"	0.03%
1	Yuanta Securities	Yuanta Financial Holdings	2	Current income tax liabilities	936,691	"	0.04%
1	Yuanta Securities	Yuanta Bank	3	Interest income	21,125	"	0.09%
1	Yuanta Securities	Yuanta Financial Holdings	2	Net service fee and commission income	4,054	"	0.02%
1	Yuanta Securities	Yuanta Futures	3	Net service fee and commission income	121,307	"	0.49%
1	Yuanta Securities	Yuanta Investment Trust	3	Net service fee and commission income	1,903	"	0.01%
1	Yuanta Securities	Yuanta Financial Holdings	2	Gains on investment property	7,212	"	0.03%
1	Yuanta Securities	Yuanta Futures	3	Gains on investment property	5,104	"	0.02%
1	Yuanta Securities	Yuanta Bank	3	Gains on investment property	7,267	"	0.03%
1	Yuanta Securities	Yuanta Bank	3	Net non-interest income	40,367	"	0.16%
1	Yuanta Securities	Yuanta Investment Trust	3	Net non-interest income	28,660	"	0.12%

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	43,200	No significant difference from general customers	0.17%
2	Yuanta Bank	Yuanta Financial Holdings	2	Current income tax assets	1,974,716	"	0.08%
2	Yuanta Bank	Yuanta Financial Holdings	2	Current income tax liabilities	1,395,108	"	0.06%
2	Yuanta Bank	Yuanta Savings Bank (Philippines)	1	Other assets-net	721,763	"	0.03%
2	Yuanta Bank	Yuanta Securities	3	Deposits and remittances	7,751,312	"	0.31%
2	Yuanta Bank	Yuanta Financial Holdings	2	Deposits and remittances	2,426,371	"	0.10%
2	Yuanta Bank	Yuanta Life	3	Deposits and remittances	2,813,622	"	0.11%
2	Yuanta Bank	Yuanta Investment Trust	3	Deposits and remittances	2,781,681	"	0.11%
2	Yuanta Bank	Yuanta Securities (Hong Kong)	3	Deposits and remittances	2,132,300	"	0.09%
2	Yuanta Bank	Yuanta Futures	3	Deposits and remittances	11,092,338	"	0.44%
2	Yuanta Bank	Yuanta Futures (Hong Kong)	3	Deposits and remittances	1,107,742	"	0.04%
2	Yuanta Bank	Yuanta I Venture Capital	3	Deposits and remittances	330,700	"	0.01%
2	Yuanta Bank	Yuanta Securities Asia Financial Services	3	Deposits and remittances	302,540	"	0.01%
2	Yuanta Bank	Yuanta International Insurance Brokers	3	Deposits and remittances	398,514	"	0.02%
2	Yuanta Bank	Yuanta Financial Holdings	2	Interest expense	13,397	"	0.05%
2	Yuanta Bank	Yuanta Securities	3	Interest expense	21,125	"	0.09%
2	Yuanta Bank	Yuanta Futures	3	Interest expense	27,366	"	0.11%
2	Yuanta Bank	Yuanta Futures (Hong Kong)	3	Interest expense	6,761	"	0.03%
2	Yuanta Bank	Yuanta Investment Trust	3	Interest expense	5,079	"	0.02%
2	Yuanta Bank	Yuanta Securities (Hong Kong)	3	Interest expense	11,275	"	0.05%
2	Yuanta Bank	Yuanta Life	3	Net service fee and commission income	189,756	"	0.77%
2	Yuanta Bank	Yuanta Life	3	Employee benefit expense	2,446	"	0.01%
2	Yuanta Bank	Yuanta Securities	3	Depreciation and amortization expenses	7,162	"	0.03%
2	Yuanta Bank	Yuanta Securities	3	Other business and administrative expenses	40,472	"	0.16%
2	Yuanta Bank	Yuanta Securities Investment Consulting	3	Other business and administrative expenses	3,105	"	0.01%

No. (Note 1)	Company	Counterparty	Relationship (Note 2)	Details of transactions			
				Account	Amount	Conditions	Percentage of total consolidated net revenues or assets (Note 3)
2	Yuanta Bank	Yuanta Asset Management	3	Other business and administrative expenses	5,681	No significant difference from general customers	0.02%
3	Yuanta Futures	Yuanta Bank	3	Cash and cash equivalents	853,600	"	0.03%
3	Yuanta Futures	Yuanta Bank	3	Other financial assets-net	10,088,838	"	0.40%
3	Yuanta Futures	Yuanta Bank	3	Other assets-net	149,900	"	0.01%
3	Yuanta Futures	Yuanta Securities	3	Other financial liability	17,663,927	"	0.71%
3	Yuanta Futures	Yuanta Bank	3	Interest income	27,366	"	0.11%
3	Yuanta Futures	Yuanta Securities	3	Net service fee and commission income	121,307	"	0.49%
3	Yuanta Futures	Yuanta Securities	3	Depreciation and amortization expenses	5,104	"	0.02%
4	Yuanta Life	Yuanta Financial Holdings	2	Current income tax assets	2,521,537	"	0.10%
4	Yuanta Life	Yuanta Bank	3	Cash and cash equivalents	2,813,622	"	0.11%
4	Yuanta Life	Yuanta International Insurance Brokers	3	Net service fee and commission income	177,979	"	0.72%
4	Yuanta Life	Yuanta Bank	3	Net service fee and commission income	189,756	"	0.77%
4	Yuanta Life	Yuanta Bank	3	Net income from insurance operations	2,446	"	0.01%
5	Yuanta Securities Investment Consulting	Yuanta Securities	3	Consultation service income	43,200	"	0.17%
5	Yuanta Securities Investment Consulting	Yuanta Bank	3	Consultation service income	3,105	"	0.01%
6	Yuanta Investment Trust	Yuanta Bank	3	Cash and cash equivalents	2,781,681	"	0.11%
6	Yuanta Investment Trust	Yuanta Bank	3	Interest income	5,079	"	0.02%
6	Yuanta Investment Trust	Yuanta Securities	3	Net service fee and commission income	16,674	"	0.07%
6	Yuanta Investment Trust	Yuanta Securities	3	Other business and administrative expenses	13,889	"	0.06%
7	Yuanta Asset Management	Yuanta Bank	3	Net non-interest income	5,681	"	0.02%
8	Yuanta I Venture Capital	Yuanta Bank	3	Cash and cash equivalents	330,700	"	0.01%
9	Yuanta Securities (Hong Kong)	Yuanta Bank	3	Cash and cash equivalents	1,513,072	"	0.06%
9	Yuanta Securities (Hong Kong)	Yuanta Bank	3	Other assets-net	619,228	"	0.03%

No. (Note 1)	Company	Counterparty	Relationship (Note 2)	Details of transactions			
				Account	Amount	Conditions	Percentage of total consolidated net revenues or assets (Note 3)
9	Yuanta Securities (Hong Kong)	Yuanta Bank	3	Interest income	11,275	No significant difference from general customers	0.05%
9	Yuanta Securities (Hong Kong)	Yuanta Investment (Hong Kong)	3	Securities purchased under resell agreements	583,762	"	0.02%
9	Yuanta Securities (Hong Kong)	Yuanta Investment Management (Cayman)	3	Securities purchased under resell agreements	1,133,452	"	0.05%
10	Yuanta Securities Asia Financial Services	Yuanta Bank	3	Cash and cash equivalents	302,540	"	0.01%
10	Yuanta Securities Asia Financial Services	Yuanta Securities (Korea)	3	Financial assets at fair value through profit or loss	2,728,513	"	0.11%
10	Yuanta Securities Asia Financial Services	Yuanta Securities (Korea)	3	Receivables – net	740	"	0.00%
10	Yuanta Securities Asia Financial Services	Yuanta Securities (Korea)	3	Equity investments accounted for under the equity method – net	341,980	"	0.01%
10	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	10,631	"	0.04%
10	Yuanta Securities Asia Financial Services	Yuanta Securities (Korea)	3	Net non-interest income	9,306	"	0.04%
10	Yuanta Securities Asia Financial Services	Yuanta Securities (Korea)	3	Interest income	33,166	"	0.13%
10	Yuanta Securities Asia Financial Services	Yuanta Securities (Korea)	3	Exchange differences on translation of foreign financial statements	63,369	"	0.26%
10	Yuanta Securities Asia Financial Services	Yuanta Securities (Korea)	3	Non-controlling interests	221,945	"	0.01%
10	Yuanta Securities Asia Financial Services	Yuanta Securities (Korea)	3	Non-controlling interests profit	7,800	"	0.03%
11	Yuanta Savings Bank (Philippines)	Yuanta Bank	2	Other liabilities	721,763	"	0.03%
12	Yuanta Securities (Korea)	Yuanta Securities Asia Financial Services	3	Bonds payable	2,810,995	"	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)
12	Yuanta Securities (Korea)	Yuanta Securities Asia Financial Services	3	Additional paid-in capital	553,770	No significant difference from general customers	0.02%
12	Yuanta Securities (Korea)	Yuanta Securities Asia Financial Services	3	Payables	1,088	"	0.00%
12	Yuanta Securities (Korea)	Yuanta Securities Asia Financial Services	3	Interest expense	51,597	"	0.21%
13	Yuanta Investment Management (Cayman)	Yuanta Securities (Hong Kong)	3	Securities purchased under repurchase agreements	1,133,452	"	0.05%
14	Yuanta International Insurance Brokers	Yuanta Bank	3	Cash and cash equivalents	398,514	"	0.02%
14	Yuanta International Insurance Brokers	Yuanta Life	3	Net service fee and commission income	177,979	"	0.72%
15	Yuanta Futures (Hong Kong)	Yuanta Bank	3	Cash and cash equivalents	389,336	"	0.01%
15	Yuanta Futures (Hong Kong)	Yuanta Bank	3	Other financial assets-net	718,406	"	0.03%
15	Yuanta Futures (Hong Kong)	Yuanta Bank	3	Interest income	6,761	"	0.03%
16	Yuanta Investment (Hong Kong)	Yuanta Securities (Hong Kong)	3	Securities purchased under repurchase agreements	583,762	"	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 three months ended March 31, 2020

	Banking	Securities	Futures	Insurance	Others	Adjustment and elimination	Consolidated
Revenue from external customers	\$ 5,301,296	\$ 8,372,586	\$ 729,887	\$ 9,813,355	\$ 557,474	\$ -	\$ 24,774,598
Revenue (loss) from transactions with other operating segments of the same entity	104,559	289,640	2,820	(331,500)	(11,657)	(53,862)	-
Net revenues (Note)	5,405,855	8,662,226	732,707	9,481,855	545,817	(53,862)	24,774,598
(Provision) recovery for bad debt expenses, commitment and guarantee policy reserve	(555,104)	(116,901)	829	(6)	-	-	(671,182)
Net change in provisions for insurance liabilities	-	-	-	(8,680,546)	-	33,728	(8,646,818)
Operating expenses	(2,536,540)	(6,431,761)	(366,969)	(364,859)	(700,755)	160,831	(10,240,053)
Income (loss) from continuing operations before income tax	\$ 2,314,211	\$ 2,113,564	\$ 366,567	\$ 436,444	(\$ 154,938)	\$ 140,697	\$ 5,216,545

For the three months ended March 31, 2019

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

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.