



2019 Annual Report

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6. Overseas Listing and Access to the Listing Information: None

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I. Letter to Shareholders

1. Business Report for 2019

Changes in the Financial Environment

The global economic environment in 2019 has suffered multiple unfavorable factors, including the rising US-China trade war, the rising trade conflict between Japan and South Korea, the tightening geopolitical situation, Hong Kong's protest against extradition bill, and the turbulent impact on Brexit pending. However, with the U.S. Fed's adoption of quantitative easing and the Central Bank's unchanged policy of maintaining low interest rates, the domestic and foreign investment markets are still supported. Coupled with the business opportunities brought by the repatriation of investment capital from Taiwanese businessmen, the domestic banks have shown growth in their businesses, including deposits, loans and wealth management businesses in 2019.

With regard to the development of FinTech, in addition to the Regulatory Sandbox to boost the financial innovation, the FSC has announced the list of three internet-only banking licenses at the end of July 2019. The internet-only banks are expected to launch into the market in mid-2020, bringing a new business model to the banking industry. It has also encouraged traditional banks to invest more resources in the developing of digital accounts, mobile payments, open banking and emerging financial services. As the target customer base intended to extend to multiple civilians who never access financial services, the banking industry is expected to move forward towards inclusive financing, and to practice the vision about the financial ecosystem.

Looking forward to 2020, the domestic banks' overseas business will grow, and the repatriation of investment capital from Taiwanese businessmen is expected to pose a series of new business opportunities. Together with the opening up of the policy for the wealth management business of high-asset customers, overseas Taiwanese businesses are expected to become the source to boost the domestic and foreign loans and the growth in fee income. At the same time, due to the rapid growth of FinTech and the continuation of more comprehensive development, coupled with the increase in people's use and trust, and a transformation of banks' business model brought by internet-only banks, they will benefit the banking industry to explore new customer base. However, domestic banks may have some impacts due to the global economic variables, including the difficulty in increasing investment operations, coupled with the continuous impacts of the U.S. interest rate cuts, which will result in the compressed interest rate spreads in foreign currencies have been compressed, which may have some impacts on domestic banks. With the spread of the COVID-19 from the mainland China to countries around the world in early 2020, the pandemic has an impact on domestic and global trade, tourism

industry, consumers' demand and supply chains. The extent and duration of its impacts cannot be accurately estimated. Domestic and foreign research institutions have downward revision of the economic growth rate forecast for the first quarter of 2020. In summary, the operation of the domestic banking industry in 2020 will face both business opportunities and economic uncertainties.

Changes in Company Organization

- (1) In January 2019, the "Anti-Money Laundering Department," formerly known as the "Anti-money Laundering Team of the Compliance Affairs Department," was established, responsible for handling the Bank's AML/CFT affairs.
- (2) In order to meet the needs of the business, the establishment of the "Wholesale Banking Group" and "Consumer Banking Group" and the addition of "Group Business Division" were approved in February 2019. Among them, the "Wholesale Banking Group" is responsible for supervising the "Wholesale Banking Division," "Group Business Division" and "International Business Division," and the "Consumer Banking Group" is responsible for supervising the "Retail Banking Division" and "Personal Financial Services Division."
- (3) In April 2019, the supervision unit of Overseas Business Department has changed from the International Business Division of the Wholesale Banking Group to the Head Office.
- (4) For the needs of credit management, the Credit Management Department and the Corporate Credit Department were merged to be re-named as the "Credit Management Department." In addition, for the professional specialization of the business and management aspects of wholesale banking business to improve work efficiency, the units under the Wholesale Banking Group are divided into the front business unit, the middle and back management units, and operation units. The proposal of the organization adjustment was passed in December 2019, and it has been officially in operation since January 2020.

Business Achievements in 2019

Since the merger between the Bank and Ta Chong Bank two years ago, the Bank has continued to improve the deposit and loan structure and move towards the goal of becoming a large, high-quality bank. Although part of interest income was affected by the interest rate cut of the US dollar in 2019, with the growth of the net fee income, investment income and expense austerity, the profit reached a new high. As of the end of December 2019, the Bank's assets reached NT\$ 1,339.7 billion, and the annual after-tax net income was NT\$ 10.046 billion, with an increase of NT\$ 1.439 billion from the previous year, a growth rate of 17%, EPS of NT\$ 1.36, and ROE of 8.46%. With the continued growth of profitability, the Bank's quality of assets still

maintains a high standard in the industry.

The changes in major services are as follows:

Item	2019	2018	Growth %
Deposit Balance	NT\$1142.4 billion	NT\$1067.9 billion	6.98%
Loan Balance	NT\$759.7 billion	NT\$742.9 billion	2.26%
Trust Asset	NT\$208.3 billion	NT\$202.8 billion	2.71%

On the other hand, the Bank's long-term efforts in customer management, product innovation and employee care have won recognition from external organizations in 2019 in the aspects of wealth management, credit business, digital finance, and creating a high-quality working environment, with the following awards :

Awarding Organization	Award
Wealth Magazine	Wealth Management Awards: Best Service, Best Wealth Value Added, and Best Print Marketing
The Asset	Best Acquisition Financing (Hong Kong) Best LBO deal (Taiwan)
Financial Information Service Co., Ltd.	Best Service Innovation Award
Joint Credit Information Center	2019 Golden Quality Award
Sports Administration, MOE	Taiwan i sports (Certificate of Corporate Wellness)
Department of Health, Taipei City Government	Taipei Healthy Workplace – Forth Place

Budget Implementation, Financial Status and Profitability

The net income in 2019 was NT\$23.372 billion, a increase of NT\$1.404 billion from the net income of NT\$21.968 billion in 2018. In which:

- (1) Net interest income was NT\$ 13.467 billion, a decrease of NT\$ 551 million from 2018, and the main reasons were that the decrease in interest income from investing in securities and the slight impact on loan interest income from an interest rate cut in the US dollar.
- (2) Net income other than interest was NT\$ 9.905 billion, an increase of NT\$ 1.955 billion from 2018, and the main reasons were the increase in net fee income, the increase in profit of financial assets, and the impairment loss of assets recognized in 2018.
- (3) The bad debts expense was NT\$ 1.067 billion, an increase of NT\$ 400 million from 2018; the operating expenses were NT\$10.798 billion, a decrease of NT\$458 million from 2018.

- (4) In summary, the Bank's net income before tax in 2019 was NT\$ 11.507 billion, and the net income after tax was NT\$ 10.046 billion, an increase of NT\$ 1.439 billion over the previous year, with a growth rate of 17% and a budget achievement rate of 100%

Research and Development

- (1) Master market trends and launch innovative financial services such as cardless inter and intra-bank withdrawals, via transfers QR code, scan code for payment, exchange rate alerts, quick fund order placing service, fingerprint and facial recognition login for mobile banking, accessibility services, etc.
- (2) Adding the service for customers to conduct online identity verification for credit loan contract signing through Yuanta e-counter, reducing the time needed for customers to conduct the matter in person at the branch.
- (3) As of the end of 2019, the Bank has twelve patents, including “Automatic Rate”, “Facial Recognition”, “Financial Examination” and “Financial Automatic Voice System and Voice Input / Output Device,” etc., approved by the Intellectual Property Office, Ministry of Economic Affairs, continuously planning the application fields of various patents and implementing them in digital financial services.
- (4) Adding the Fund + good investor and Fund+3.0 smart wealth management function in fund trading, providing customers with parent-child fund investment setup and the use of investment criteria such as asset diversification, disciplinary investment and revolving transfer, to achieve multi-advantage of stable asset growth, reducing investment risk, and time saving.
- (5) Risk management :
 - A. Credit risk : The Bank has strengthened and adjusted the use of rating models and strategic planning and evaluation in corporate and consumer banking, and advanced the control mechanism of concentration risk with improving the large exposure management system by systematically managing the total exposure and supervising the risky industries in China.
 - B. Market and liquidity risk : Continuously plan and trial-calculate the net interest income of the banking book interest rate on various tenor-funding positions and the economic value maximization management mechanism, as well as the internal liquidity stress testing process and calculation procedures.

- C. Operational risk : Plan to establish a quantitative data model of the Bank's operational risk loss data, and a construction plan of a feasible model when the operational risk capital charge is measured by the advanced method.
- (6) Cooperating with the bank-wide business strategy and business development, the main information system R&D and upgrades include: Projects such as forex system upgrade phase II, trust host hardware upgrade, wealth management system upgrade phase II, Hong Kong internet banking system phase I, Open API phase I, ATM cardless deposit and withdrawal and foreign currency withdrawal, eFCS payment platform, New Taiwan dollar bond system upgrade, online credit loan online identify verification, Microsoft Windows Server and database upgrade, etc., improving system operation's efficiency and safety.
- (7) Expand the firewall audit tool, License authority, and hardware resource, install firewall devices in front of branch ATMs, to strengthen the defense capabilities and performance of the Bank's information system, and build Security Information Event Management) (SIEM) project to strengthen monitoring information and analyze and detect abnormal behavior in real time, improving the security protection capabilities of Bank's information system and providing customers with safe and stable financial services.

2. Impacts of External Competitive, Regulatory and Overall Business Environment

Driven by the steady growth of the deposit and loan business, wealth management and investment income, the total pre-tax earnings of the domestic banks in 2019 reached NT\$360.7 billion, a record high. However, with ample capital in the market, price competition has become the norm. It is observed that the domestic banks have been actively undergoing business transformation in recent years and expanding more diversified revenue sources. It is expected that differentiated business and product innovation, efficient deployment of financial assets, and the development of intelligent financial technology will become important factors influencing future profitability breakthroughs.

In addition, the impacts of important regulatory changes on the Bank and the response measures are as follows :

(1) The Ministry of Finance enacted “The Management, Utilization, and Taxation of Repatriated Offshore Funds Act” to be implemented on August 15, 2019 :

In the face of changes in the global economy and taxation environment, the government enacts “The Management, Utilization, and Taxation of Repatriated Offshore Funds Act,” in order to guide the repatriation of the nationals' personal and profit-seeking

enterprises' funds to be invested in physical industries and financial markets in the Republic of China, to strengthen the domestic economy and increase employment opportunities, in line with international money laundering prevention and international taxation regulations. After the implementation of the Act, it is expected to promote the repatriation of overseas funds to be injected into industries and financial markets. Through the special account management mechanism, it provides long-term stable funds in the domestic financial market, and drives the growth and diversification of the financial industry in wealth management, credit, securities and insurance services. In response to the opening up of this Act, the Bank has revised the relevant operating regulation and forms, supplemented by monitoring systems such as revision of system control, etc., with the implementation of compliance with relevant laws and regulations, to develop the arising business opportunities in investment, financing, wealth management or corporate payment flow.

(2) The Bankers Association formulated the “Operational Directions for Banks’ Relevant Internal Control to Prevent Wealth Management Specialists from Embezzling Customers’ Funds” :

In order to assist banks to strengthen internal control and eliminate wealth management specialists’ embezzlement of customers’ funds, the Bankers Association has formulated the “ Operational Directions for Banks’ Relevant Internal Control to Prevent Wealth Management Specialists from Embezzling Customers’ Funds” in accordance with the aspects of the personnel management system, internal control and check principles, and internal audit system. The content includes ten major anti-fraud measures. Banks must implement the three internal defense mechanisms in accordance with the principles laid down to protect consumer rights. The Bank has revised the relevant internal regulations in accordance with the principles laid down, carried out relevant education, training and tests, and indeed implemented the three lines of defense mechanism of internal control to effectively prevent the occurrence of such cases.

(3) The Financial Supervisory Commission (hereinafter referred to as the FSC) promulgated the amendments to the “ Regulations Governing Insurance Agents” on November 18, 2019 :

In order to improve the procedures for banks to sell insurance products, to avoid improper sales and to enhance the protection of consumers’ rights and interests, the FSC announced in the letter dated on October 5, 2019 the relevant principles of strengthening internal control measures related to the credit and deposit side of the bank’s concurrently operating of insurance broker and agent business. On November 18, 2019, the FSC

announced amendments to the “Regulations Governing Insurance Agents,” mainly to strengthen the six items of “implementation of KYC procedures,” “implementation of the equitable principle of remuneration and performance,” “strengthening measures for the source of insurance premiums being loans,” “preferential waiver of deduction on interests from the termination of customers’ time deposits to purchase insurance,” “strengthen internal control and internal auditing of deficiency red flags,” and “should be included in the bank’s internal control and internal audit system regulations and related education and training is conducted,” when banks sell insurance. The Bank currently has established an enhanced management and monitoring mechanism which meets the requirements, to ensure that the sales system can effectively identify the customer’s product suitability and trading risks. In addition, a systematic inspection mechanism is expected to be completed by June 2020.

(4) The FSC opened up the “Banks to Conduct Business of Pledge on the Beneficial Rights of Specific Money Trust Where the Bank Itself Acts as the Trustee” :

In order to assist in people’s funding scheduling, the FSC increases the flexibility and liquidity of the use of funds by the trustees (and beneficiaries) of specific monetary trusts, and the convenience of pledged loans at the same trustee bank, by opening the banks to conduct business of pledge on the beneficial rights of specific money trust where the bank itself acts as the trustee. Interested banks can apply to the FSC after completing information system adjustments and related internal control mechanisms. The Bank has been approved by the FSC to handle this business, which will provide customers with more convenient fund scheduling services.

(5) The FSC enacted the “Operation Directions Governing Banks’ Applications for Pilot Programs” :

After the enactment of the “Financial Technology Development and Innovative Experimentation Act” in 2018, allowing that innovative businesses involving restrictions by laws, regulations, and orders, may apply under the Financial Regulatory Sandbox Experimental Program, the FSC promulgated the enactment of the “Operation Directions Governing Bank’s Applications for Pilot Programs” in the letter dated on June 19, 2019, in order to encourage banks to take into account risk control and target approved business scopes, if they intend to expand via different means, they may apply to the FSC in a “pilot program business” manner to enhance the momentum of the country’s financial innovation, developing financial products and services, and enhancing competitiveness and financial consumers’ rights through innovation. The Bank continues to encourage business units to

innovate and develop, and will apply to relevant application procedures in accordance with regulations, if needed.

(6) The FSC amended the “Regulations Governing the Capital Adequacy and Capital Category of Banks” and designated five domestic banks as systemically important banks in the Republic of China :

In order to strengthen the risk-bearing capacity of the domestic market-leading banks, enhancing the financial system's support to the real economy and integrate with international standards, the FSC promulgated the amendments to the “Regulations Governing the Capital Adequacy and Capital Category of Banks” in December 2019, adding the requirements that the competent authority may designate systemically important banks and require them to provide additional capital. Although the Bank is not currently a bank designated by the FSC, the relevant capital adequacy ratios have all met the requirements of the systemically important banks in the regulations.

3. Latest Credit Ratings

Rating Category	Rating Agency	Effective Date	Credit Rating		
			Long-term	Short-term	Outlook
International ratings	S&P	2020.01.16	BBB+	A-2	Stable
	Fitch	2019.07.09	BBB+	F2	Stable
Domestic Rating	Taiwan Ratings	2020.01.16	twAA	twA-1+	Stable
	Fitch	2019.07.09	AA- (twn)	F1+ (twn)	Stable

4. Business Plan in 2020 and Outlook

In 2020, the Bank shall continue to have the business scale expansion, balance business and profit structure as the main operation pillars. By strengthening product design and cross-selling, and cultivating customer relationships, implementation of risk control and legal compliance mechanisms are needed for each business execution in order to maintain stable growth in profitability. The summary of the business plan is as follows :

(1) Business Development

- A. For deposit and remittance business, the Bank will increase core deposits through planning marketing activities such as time-limited preferential deposit projects and special accounts, based on the analysis of customer transactions and product holdings. It will also help to stabilize the source of funds and build a solid foundation for the

development of the wealth management business. At the same time, the Bank will promote the direct payroll deposit business and the collection of payment flow integration services through the integration of cross-department and group resources to rise the proportion of general current deposits.

- B. In terms of the wholesale banking business, the Bank will strengthen the expansion of high-yield products, actively strive to participate as the leading bank or co-leading bank of syndicated loans, and increase interest and fee income. It will continue to expand the civil engineering financing business and fishery industry chain loans by leveraging on the advantages it has been cultivating for many years. For the operation of large and medium-sized group customers, it will strengthen the ability to cross-sell products, meet customers' overseas and cross-border financial needs, and continue to expand its customer base.
- C. For personal banking business, the Bank will strengthen capacities of various types of loan business and cross-sales effectiveness to customers. The mortgage business continues to lock in the demand for self-occupied home purchases. The focus will be on collateral in metropolitan areas and with good liquidity. In addition to deeply cultivating the new car brand channel and strengthening the auto loan refinancing business, the car loan business will also actively explore car loan business outside the original factory and non-contracted dealers. Combining with channel resources, credit loans launch stock subscriptions or general loan projects for high-quality corporate employees, targeting employees with stable income in high-quality companies to promote credit business. The credit card business will plan equity and innovation activities to maintain product competitiveness.
- D. The bank will continue to uphold the attentive in wealth management business, caring and sincere attitude and provide customers with comprehensive wealth management planning, and continue to expand and strengthen the wealth management business team through actions such as the reserve financial advisor plan, investment advice of the consulting team and the branch's sharing of practical experiences. In terms of customer management, the Bank will improve the planning of the "Fuju Family" customer courtesy plan, expand family members and business owner members, and use various marketing projects and cross-industry cooperation to achieve new customer and new fund addition and expansion of wealth management scale. At the same time, the Bank also actively develops more convenient digital trading services, such as loyalty point platform, URL quick order placing, mobile insurance, 24-hour

trading of ETF /overseas stocks, etc., to effectively improve the customer activation rate and contribution, further improving customer satisfaction and stickiness.

(2) Channel Development

- A. Domestic physical channel outlets are set up according to the commercial and wealth situations in the regions, and localized operations are implemented. The Head Office units effectively improve the performance of the channel operation through regular performance review and guidance measures.
- B. For those overseas institutions the Hong Kong branch and subsidiaries in Korea and the Philippines have expanded the customer bases and deposit and loan business scales, based on their local political and economic characteristics, with the influx of the Group's resources. At the same time, the Head Office continues to assist in the evaluation and improvement of the procedures such as process flows, loan review, investment, etc., as well as to enhance the security, function and performance of the information system, and implement the legal compliance and risk management work.
- C. For digital channel development, in response to the trend of financial technology development and changes in consumer payment patterns, the Bank continuously promotes innovative financial services centered on “customers,” and takes “actively promoting digital transformation and optimizing internal processes,” “emphasizing user experience and staying close to daily scenarios” and “combining new technologies and innovating FinTech development” as the main development strategies. Through continuous optimization of the ease of use of the channel platform, the Bank provides diverse product lines and personalized services to improve customer satisfaction.

(3) Risk Management

- A. Solidify the Bank's managerial capability in credit, market and operational risk through the deployment of risk models and databases. Build up the risk warning mechanism riding on the deeply understanding of each industry and country risk, so as to effectively reduce the risk.
- B. Comply with the external laws and regulations, and continue to strengthen the completeness of the system or operating procedures such as AML/CFT, information security, personal information protection, fair hospitality, etc. Announce and revise internal regulations in real time in response to the latest financial laws and regulations changes information. Ensure the complete compliance of various laws and regulations,

through education and training, and self-assessment and assessment operations for compliance with laws and regulations, etc. In addition, conduct case analysis and advocate the correct practices of penalized cases in the industry, enhancing employees' awareness of legal compliance.

- C. Strengthen risk control, legal compliance and internal audit and control management of overseas branches and subsidiaries.

(4) Personnel Training

Implement pre-employment and on-the-job training, and train multi-functional talents through job rotation mechanism. Execute talent development plan, and build a pool of business and management personnel in response to the needs of business development, building the foundation for the Bank's sustainable development.

II. Bank Profile and Corporate Governance

1. Introduction

Yuanta Commercial Bank (“the Bank”), formerly Asia Pacific Commercial Bank, acquired approval for establishment from the Ministry of Finance on January 14, 1992 and launched its operation on February 12, 1992. Afterwards, in conformity with the development of the financial market and Government’s financial reform, the Bank joined Fuhwa FHC on August 1, 2002 through stock transfer and became a wholly-owned subsidiary. In September 2002, Asia Pacific Commercial Bank was approved to be renamed Fuhwa Commercial Bank. On April 2, 2007, Yuanta Core Pacific Securities merged with Fuhwa FHC formally. On September 23, 2007, the Bank was renamed Yuanta Commercial Bank.

In order to broaden the Bank’s operating foundation and strengthen its competency, the Bank successively acquired Touliao Credit Cooperative, Taitung Credit Cooperative, Tainan 7th and 6th Credit Cooperative and increased its branches as many as 70. After Purchase and Assumption 18 domestic branches of Chinfon Commercial Bank in April 2010, the Bank expanded service territory to 88 branches. After merged with Ta Chong Bank on January 1, 2018, domestic branches have expanded to 148. In the future, the Bank will continue to deploy domestic locations according to the need of business development and the group’s development strategy as well as with a more balanced distribution of positions in a wider range on metropolitan areas in Taiwan. In terms of the overseas market, Hong Kong branch has been established to cultivate business opportunities in Taiwan, Hong Kong and Mainland China. Also, the Bank will provide customers with diversified cross-border financial services through strengthening the cooperation among the subsidiary banks in the Philippines and Korea as well as the branch in Hong Kong.

The Bank set up Yuanta Property Insurance Agent Company through reinvestment on October 2, 1999 with the main business at property insurance agency services and Yuanta Life insurance agency Co., Ltd. on November 20, 2001 with the main business at life insurance agency services. In addition, Yuanta International Leasing Co., Ltd. was established on November 15, 2012 with the main business at dealership, leasing and factoring management of immovable property / real property.

On August 5, 2015, the Bank acquired TongYang Savings Bank from Yuanta Securities Korea Co., Ltd, which is the Bank's first overseas subsidiary. On December 7 in the same year, a capital increase for TongYang Savings Bank was completed, making its capital to 1 billion pesos. On September 26, 2016, TongYang Savings Bank, was formally renamed Yuanta Savings Bank Philippines, Inc. Headquartered in Manila, it has two branches. In November 2019, in order to strengthen the bank’s financial structure and expand the operation scale, the bank’s capital was

increased by 1.4 billion pesos and the capital reached 2.4 billion pesos.

On April 25, 2016, the Bank acquired the subsidiary of AON Corporation in Korea, Han Shin Savings Bank, to be the Bank’s second overseas subsidiary. On February 13, 2017, Han Shin Savings Bank was renamed Yuanta Savings Bank Korea Co., Ltd., whose head office and one branch are both situated in Seoul.

January 2018	Acquired and merged “Ta Chong Bank” The Hong Kong branch was established
February 2017	“Han Shin Savings Bank” in Korea was officially renamed “Yuanta Savings Bank Korea Co., Ltd.”
September 2016	“Tong Yang Savings Bank” in the Philippines was officially renamed “Yuanta Savings Bank Philippines, Inc.”
April 2016	Acquired “Han Shin Savings Bank” in Korea, the Bank’s second overseas subsidiary
August 2015	Acquired “TongYang Savings Bank,” the Bank’s first overseas subsidiary
April 2010	Purchase and Assumption “Chin-Fon Bank” of 18 branches; Total branches increased to 88
September 2007	Renamed “Yuanta Commercial Bank”
December 2005	Acquired and merged “Tainan 6 th Credit Cooperative”; Total branches increased to 70
June 2005	Acquired and merged “Tainan 7 th Credit Cooperative”; Total branches increased to 58
June 2004	Acquired and merged “Taitung Credit Cooperative”; Total branches increased to 50
July 2003	Acquired and merged “Toulio Credit Cooperative”; Total branches increased to 42
August 2002	Joined Fuhwa FHC ; Renamed “Fuhwa Commercial Bank”; Total Branches 37
February 1992	“Asia Pacific Commercial Bank” was found; Total Branches 7

- ◆ Domestic branch : 148 branches
- ◆ Overseas branch : Hong Kong branch
- ◆ Overseas Office : Yangon Representative Office in Myanmar
- ◆ Affiliates :
Yuanta International Leasing Co., Ltd.
Yuanta Savings Bank Philippines, Inc.
Yuanta Savings Bank Korea Co., Ltd.

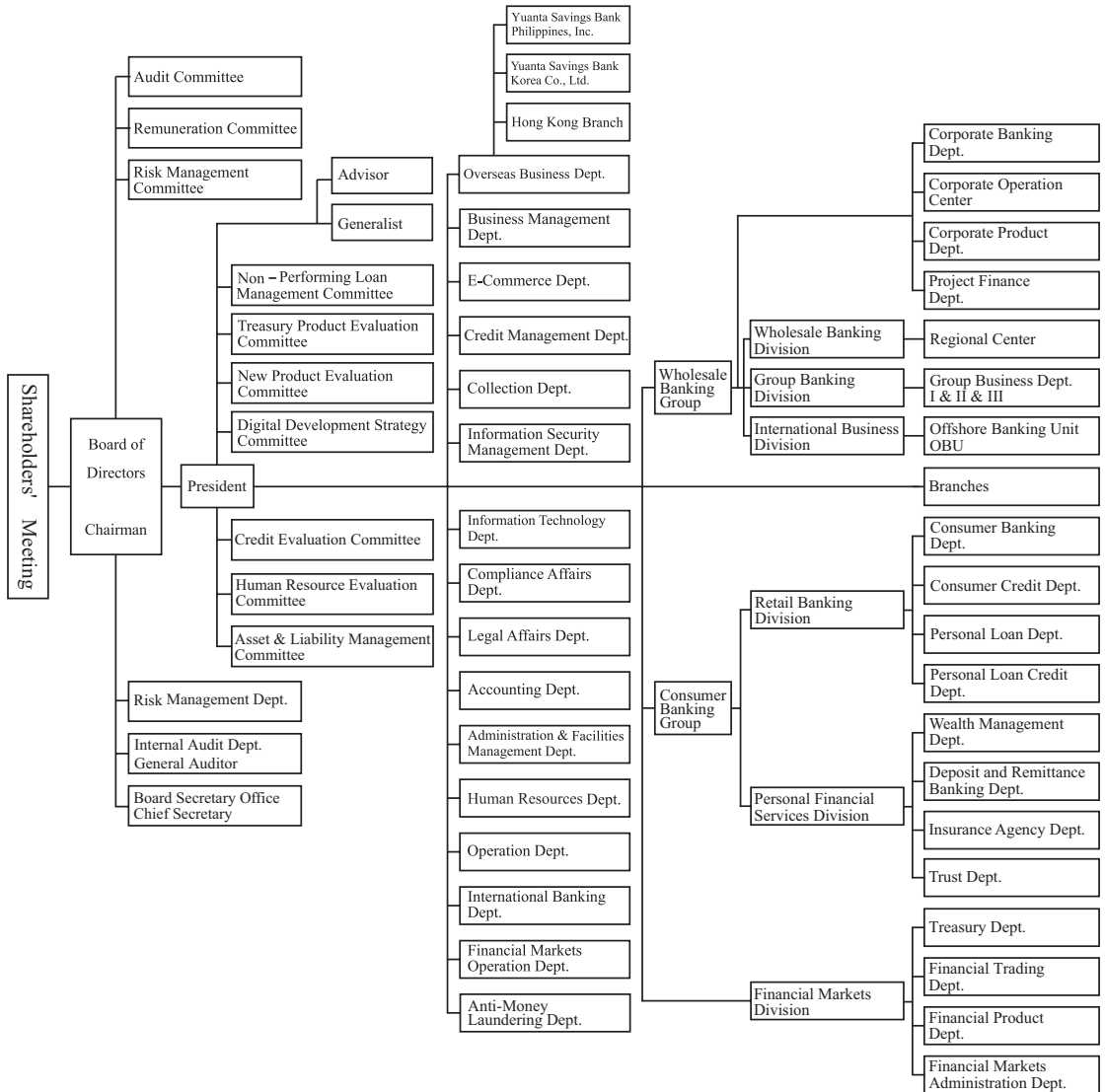
After joining YFH, the Bank has been not only carrying out a variety of important service and system reforms, but integrating the abundant resources of the security clients of YFH, which steadily uplift the Bank's asset quality and stably grow its operation scale.

In prospect of the future, the Bank will persistently observes its philosophy- Sincerity, Stability, Service, Innovation and Attentiveness and provide more professional and all-round financial services to customers through the quality management models with risk emphasis, customer orientation and objective management in order to create maximum profit for shareholders and full perform its social responsibility.

2. Organization

(1) Organization Chart

Base Date : January 31 , 2020



(2) Committee Duties

Committee	Function
Audit Committee	Supervise fair presentation of the financial reports, the hiring (and dismissal), independence, and performance of certificated public accountants, the effective implementation of the internal control system, compliance with relevant laws and regulations, management of the existing or potential risks and major matters stipulated by the competent authorities.
Remuneration Committee	Assist the Board of Directors in determining performance and compensation standards for management and the remuneration structure for directors in both fair and transparent procedures and review the strategies on overall human resources.
Risk Management Committee	Develop the Bank's risk management strategies, manage matters on credit, market and operational risks and report on critical risk management such as credit rating models, market reviews and risk indicators.
Credit Evaluation Committee	Review credit cases which shall be submitted to the Committee in conformity with internal laws.
Human Resources Evaluation Committee	Review personnel and discipline-related cases which shall be submitted to the Committee in conformity with internal laws.
Asset and Liability Management Committee	Evaluate the influence of changes in domestic and foreign capital, interest rates and exchange rates on the Bank and according countermeasures; develop the bank-wide interest rates on deposits and loans, pricing strategies on internal fund transfer, and allocation of the Bank's asset and debt positions and supervise and manage indicators on liquidity risks.
Non-Performing Loan Management Committee	Review NPL assets, collateral undertaking and disposal and loan on written-off bad debt, auction NPL assets, outsource the processing of NPL assets and review the effect of disposing NPL assets.
Treasury Product Evaluation Committee	Evaluate risks and performance of treasury products at launches and before/after undertaking, review sales policies of treasury products.
New Product Evaluation Committee	Evaluate risks and performance of new financial products at launches and before/after undertaking, review sales policies and risks of new products and evaluate appropriateness of according deed documents.
Digital Development Strategy Committee	Develop digital financial business and formulate marketing strategies, virtual and physical channel and digital customer service strategies and coordinate the integration of cross-service digital financial products.

(3) Major Departments

The Chairman represents the Bank externally and is the chairman presiding the shareholders' meeting and the Board of Directors, responsible for the Bank's overall business strategy and major policies, and supervising the management; the President upholds the authorization by and resolution of the Board of Directors to manage the Bank's businesses.

Departments	Function
Internal Audit Dept.	Have a General Auditor to be responsible for the bank-wide auditing, assisting the Board of Directors and management to check and evaluate the Bank's internal control system and implementation, and reporting to the Board of Directors and the Audit Committee regularly.
Board Secretary Office	Have a Chief Secretary to be responsible for the Board of Directors affairs.
Risk Management Dept.	Manage the Bank's affairs of risk, such as credit risk, market risk, liquidity risk, interest rate risk in Banking Book (IRRBB), operational risk and Capital Adequacy Ratio (CAR).
Wholesale Banking Group	Supervise Wholesale Banking Divison, Group Banking Division, International Business Division, Corporate Banking Department, Corporate Operation Center, Project Finance Department, Corporate Product Department.
Wholesale Banking Division	Supervise the operation policy, business strategy and channel planning of the corporate customers, with several regional centers to coordinate the business marketing, relationship maintenance and risk management of the corporate customer group.
Group Banking Division	Supervise the operation policy, business strategy and channel planning of the group corporate customers, with several Group Business Departments.
Group Business Department I, Group Business Department II, and Group Business Department III	Manage the business promotion and marketing, relationship maintenance of the Group Corporate customers, customers' credit risk status, and the implementation of budget goals.
International Business Division	Supervise the operation policy, business strategy and channel planning of the international financial customers, and coordinate the business marketing, relationship maintenance and risk management of the international financial customers, with Offshore Banking Unit (OBU), which have business, capital, trading, and accounting departments to handle business promotion and operation processing.

Departments	Function
Corporate Banking Dept.	Handle the related regulations, performance targets, education and training, customer complaints cases and comprehensive coordination of Wholesale Banking Group.
Corporate Operation Center	Manage the back office related operations of the wholesale banking business.
Project Finance Dept.	Manage the planning and promotion of accounts receivable, syndicated loan, trade financing, and other project financing of the corporate banking business, and assist business units to expand their business.
Corporate Product Dept.	Manage the research, development and integration of credit products, and the planning and execution of market research of Wholesale Banking Group.
Consumer Banking Group	Supervise Retail Banking Division, and Personal Financial Services Division.
Consumer Banking Dept.	Supervise budget objectives, business policies, execution plan and marketing activities, targeting customers and business development, product R&D and integration, planning and implementation of market research, and establish the risk pricing policies for consumer mortgage, auto loan, credit card business (including acquiring, installment and authorization) and stock-secured loan.
Consumer Credit Dept.	Manage and establish the regulations on credit delegation of consumer banking business, the regulations on credit checking of credit cards and secured products for consumer banking business, the regulations on real estate appraisal operation, and the related matters of credit approval.
Personal Loan Dept.	In charge of the achievement of budget goals for personal credit loans and cash card business, and relevant matters of formulating business strategies, implementing plans and marketing activities, determining the target customers and business directions, developing and integrating product, planning and executing market research, and formulating risk pricing policies.
Personal Loan Credit Dept.	Manage and establish the regulations on personal unsecured credit products, and the related matters of credit approval and anti-agent acting.
Personal Financial Services Division	Supervise Wealth Management Department, Deposit and Remittance Banking Department, Insurance Agency Department, and the Trust Department.

Departments	Function
Wealth Management Dept.	Supervise the achievement of budget goals in wealth management business, and relevant matters of formulating business strategies, implementing plans and marketing activities, determining target customers and business directions, and planning and executing market research.
Deposit and Remittance Banking Dept.	In charge of the achievement of the annual budget goal of the deposit business, relevant matters of formulating business strategies, implementing plans and marketing activities, determining target customers and business directions, enactment of relevant regulations on deposits and remittance, and management and training of deposit and remittance personnel.
Insurance Agency Dept.	Manage and supervise the budget achievement of insurance service, develop insurance business strategies, plan and promote insurance products and marketing activities, develop insurance service standards and manage the implementation of administration as well as plan and manage insurance consultant staffing.
Trust Dept.	In charge of the implementation of the annual budget goals of the trust business, the planning, promotion, management, and operation processing of the trust business and products, research, development and integration of financial products, analysis of the global financial market trend, and strategy and consulting business of the financial product investment.
Financial Markets Division	Supervise Treasury Department, Financial Trading Department, Financial Product Department, and Financial Markets Administration Department.
Treasury Dept.	Manage bank-wide asset and debt, fund liquidation and transactions in primary and subprime markets and derivatives of fixed-income investment products, including banking book investment, gapping, launches and pricing of financial debt, short-term notes and bonds.
Financial Trading Dept.	Manage the operation of trading book of the Bank, including foreign exchange, equities, derivatives, and other approved products.
Financial Product Dept.	Manage product design, hedge trading, marketing promotion and other related matters of financial products and related derivative financial products.
Financial Markets Administration Dept.	Manage financial transactions related business planning, legal compliance, construction and maintenance of information hardware and software equipment and other related matters.

Departments	Function
Business Management Dept.	Manage the Bank's strategy, plan the organization merger and acquisitions (M&A) and business integration, establish the key performance indicators (KPIs,) implement performance rating, analyze the performance of the Head Office's departments and branches, organize and manage the domestic branches, manage the domestic long-term equity investment, settle the strategy of service quality (including processing of customer complaints,) establish the corporate identity and marketing advertisement, research the financial markets, prepare the annual report and credit rating report, be the contact unit for the competent authority, and manage the affairs assigned by the head.
Credit Management Department	Establish the Bank's credit policy, and the guidelines of credit checking and collateral appraisal; in charge of the establishment of the regulations governing authorization of wholesale banking business and the review regulations on the general credit products of wholesale banking business; review credit customers of wholesale banking and the credit application of financial products from TMU.
Operation Dept.	Responsible for handling the centralized back office operations of deposits and loans, and matters related to the planning, management and execution of channel deposit and remittance operations and credit review, and setting up regional operation centers according to the needs of centralized processing of operations.
International Banking Dept.	Planning, management, institutionalization, and processing of foreign exchange business.
Collection Dept.	In charge of the collection and management of the Bank's unsound credit assets and other obligatory claims, as well as the summary and analysis of the Bank's unsound credit assets. It may set up regional collection centers, depending on the needs of collection operations. However, the collection operation of special products or businesses related unsound credit cases may be conducted by other units with the approval by the President.
Administration & Facilities Management Dept.	Conduct property management, including seal management, documentation, safety maintenance, construction and maintenance, procurement, and real estate rental and purchase, and other administrative affairs.; Matters relating to the reporting and registration to the competent authorities, such as the establishment, relocation and alteration of the Head Office and branch offices, the establishment, relocation, and abolition of domestic operating premises, non-operating offices, and the change of business unit managers.

Departments	Function
Human Resources Dept.	Manage human resource affairs, including recruitment, employment, promotion, transfer, appraisal, compensation, bonus, training, insurance and benefit.
Accounting Dept.	In charge of the accounting system and procedures, accounting, compilation of the budgets, periodic financial reporting and tax affairs.
E-Commerce Dept.	Supervise the plan of the Bank's digital finance and credit card acquiring services, and integrate, promote and manage the business operation.
Compliance Affairs Dept.	Plan, manage, and execute legal compliance system, establish legal communication, consultation, coordination and communication system, establish legal compliance risk management and supervision structure, confirm the timely update of various operations and management regulations in accordance with laws and regulations, issue or sign opinions that comply with laws and internal regulations, analyze the reasons for material deficiencies or drawbacks in units' legal compliance and improvement opinions, evaluate the effectiveness of units' legal compliance operations, and ensure the effective operation of the legal compliance system.
Legal Affairs Dept.	Review of the Bank's external standard and non-standard contract forms, rules and regulations, and other legal documents, as well as offer assistance and legal consultancy on non-lawsuit and lawsuit cases.
Information Technology Dept.	Manage the research, analysis, planning and implementation of information application services across the Bank, and the analysis design, development, construction and operation management of information systems.
Information Security Management Dept.	Formulate and implement the bank-wide information security policy, implement the Bank's information security plan and information security protection.
Financial Markets Operation Dept.	Manage the confirmation, settlements, accounting operations, internal controls, and other related matters of financial product transactions.
Anti-Money Laundering Dept.	It is the Bank's dedicated unit responsible for handling the Bank's AML/CFT related matters to ensure the effective operation of AML/CFT mechanisms
Overseas Business Dept.	Plan and manage foreign branch investment as well as analyze and evaluate its performance; plan and manage foreign long-term equity investment and its performance analysis.
Branches	Manage services of commercial banks approved by the competent authority, execute budgetary objectives of branches, staff deployment, administers accounting affairs, general affairs and branch safety maintenance and other tasks assigned by the headquarter.

3. Directors, Independent Directors and Managers

(1) Information of Directors

Base Date: January 31, 2020

Title	Nationality or Place of Registration	Name	Gender	Date Elected	Term (Years) (Note 1)	Date First Elected	Shareholding when Elected; Current Shareholding		Shares Held by Spouse & Minors or Others' Name		Experience & Education	Other Position	Executives, Directors, Supervisors who are spouses or within two degrees of kinship	Note
							Shares Shareholding ratio (%)	Shares Shareholding ratio (%)	Shares Shareholding ratio (%)	Shares Shareholding ratio (%)				
Chairman	Republic of China	Representative of Yuanta Financial Holdings: Chich-Chiang Fan	Male	2019.06.01	3 Years	2015.03.30		—			<ul style="list-style-type: none"> ● Ph.D., University of Cambridge, UK ● Chairman of THSR; Chairman of Taiwan Futures Exchange; Chairman of Taiwan Depository and Clearing Corporation; Chairman of TransAsia Airways; Chairman of Core Pacific Securities; Adjunct Professor, College of Management, National Taiwan University 	Supervisor of National Credit Card Center	—	—
Director	Republic of China	Representative of Yuanta Financial Holdings: Yu-De Chuang	Male	2019.06.01	3 Years	2018.02.01	100% owned by Yuanta FHC ;	—			<ul style="list-style-type: none"> ● Master in Public Finance, National Chengchi University ● Director of Yuanta Financial Holdings; Director of Ta Chong Commercial Bank; Chairman of Yuanta Securities Finance; Director, President of Yuanta Commercial Bank; Supervisor of Yuanta Life Insurance Agent 	Director of Yuanta Foundation	—	—
Director	Republic of China	Representative of Yuanta Financial Holdings: Song-Erh Chang	Male	2019.06.01	3 Years	2012.05.06		—			<ul style="list-style-type: none"> ● Bachelor of Commerce, Tamkang University ● Chairman of Yuanta Commercial Bank; Chairman of Polaris International Securities Investment Trust Company; Chairman and President of Bank of Overseas Chinese; President of Chang Hwa Commercial Bank 	—	—	—

Title	Nationality or Place of Registration	Name	Gender	Date Elected	Term (Years) (Note 1)	Date First Elected	Shareholding when Elected:		Shares Held by Spouse & Minors or in Others' Name		Experience & Education	Other Position	Executives, Directors, Supervisors who are spouses or within two degrees of kinship		Note
							Current Shareholding	Shareholding ratio (%)	Shares	Shareholding ratio (%)			Title/ Name/ Relationship		
Director	Republic of China	Representative of Yuanta Financial Holdings: Wei-Chen Ma (Michael)	Male	2019.06.01	3 Years	2013.06.01					<ul style="list-style-type: none"> ● Bachelor of Business, University of Southern California, USA ● Director of Yuanta Financial Holdings; Vice Chairman of Yuanta Commercial Bank; CEO of Syspover Corporation; Director of Yuanta Core Pacific Securities; Chairman of Tzi Fu International Corporation; Director of Yuanta Construction Development 	Director of TWSE; Chairman of Yuanta Foundation; Director of Yuanta Financial Holdings; Director of Yuanta Construction Development; Director of Yuanta Life; Director of Yuanta International Investment; Director of Yuan Hung Investment; Director of Yuan Hsiang Investment; Manager of Lien Heng Investment; Director of Tzi Fu International Corporation; Director of International Taipei Trade Building, World Trade Center Co., Ltd. ; Director of Sunshine City Global (PTC) Ltd.	—	—	
Director	Republic of China	Representative of Yuanta Financial Holdings: Jin-Long Fang	Male	2019.06.01	3 Years	2007.06.29	100% owned by Yuanta FHC ; Shareholding when Elected: 7,394,038,982 Current Shareholding: 7,394,038,982				<ul style="list-style-type: none"> ● National Chiayi Senior Vocational High School ● Director of Yuanta Financial Holdings; Director of Yuanta Core Pacific Securities; Chairman of Li Ching Industry; Chairman of Yuanta United Steel Corporation ; Chairman of Yuan Kun Development 	Director of Yuan Kun Development	—	—	
Director	Republic of China	Representative of Yuanta Financial Holdings: Jin-Sheng Duan	Male	2019.06.01	3 Years	2012.04.01					<ul style="list-style-type: none"> ● Bachelor of Public Finance, National Chengchi University ● Chairman of Taipei Foreign Exchange Market Development Foundation; Director-General of Department of Foreign Exchange, Central Bank; Director-General of Department of the Treasury, Central Bank 	—	Assistant Vice President/ Chiao-Chia Duan/ Father-daughter relationship	—	

Title	Nationality or Place of Registration	Name	Gender	Date Elected	Term (Years) (Note 1)	Date First Elected	Shareholding when Elected:		Shares Held by Spouse & Minors or in Others' Name		Experience & Education	Other Position	Executives, Directors, Supervisors who are spouses or within two degrees of kinship		Note
							Current Shareholding (%)	Shares Shareholding ratio (%)	Shares Shareholding ratio (%)	Shares Shareholding ratio (%)			Title/ Name/ Relationship		
Director	Republic of China	Representative of Yuanta Financial Holdings: Hsien-Tao Chiu	Male	2019.06.01	3 Years	2005.06.30					<ul style="list-style-type: none"> ● B.A. in Business Administration, Southwestern University, USA ● Director of Yuanta Financial Holdings; Chairman of Taichung Securities; Executive Director of Asia-Pacific Bank; Director of Asia Pacific Securities Investment Trust; Chairman of Asia Pacific Leasing; Chairman of Fu An Insurance Agent 	Director of Yuanta Futures; Chairman of Taiwan Yi-He International Corporation; Director of Feng Lung Motors; Chairman of Guan Ya Investment Corporation; Chairman of Kandlee Trading Corporation; Chairman of Yi Ho Motors; Director of Cheng Lung Motors	Executive Vice President/ Eric K. Chiu/ Father-son relationship	—	
Director	Republic of China	Representative of Yuanta Financial Holdings: Chung-Yuan Chen	Male	2019.06.01	3 Years	2016.06.01	100% owned by Yuanta FHC ; Shareholding when Elected: 7,394,038,982				<ul style="list-style-type: none"> ● KaiNan High School of Commerce & Industry ● Chairman of Taipei City Jue Xiu Temple; Director of Yanping High School; Director of Tung Hai Senior High School; Executive Yuan Political Adviser; Executive Director of Taiwan Power Company; Supervisor of Chang Jia M&E Engineering Corp 	Director of Yuanta Financial Holdings; Director of Trilogly International Develop Co., Ltd.; Chairman of Taipei City Jue Xiu Temple; Principal of Xinyi Mansion Artwork Chung-Yuan Chen	—	—	
Director	Republic of China	Representative of Yuanta Financial Holdings: Yu-Feng Ko	Male	2019.06.01	3 Years	2018.01.01	Current Shareholding: 7,394,038,982				<ul style="list-style-type: none"> ● Graduate Programs in Management Science and Engineering, Stanford University, USA ● Chairman of Duet Fashion Corporation Limited, Director of CCMedia Technology Company, and other positions 	Director of KYMCO Integrated Venture Capital Co., Ltd.; Chairman of Lei Ye Co., Ltd.; Chairman of Hopin Digttech Co., Ltd.; Director of Kwang Yang Motor Co., Ltd.; Director of CCMedia Technology Company	—	—	

Title	Nationality or Place of Registration	Name	Gender	Date Elected	Term (Years) (Note 1)	Date First Elected	Shareholding when Elected:		Shares Held by Spouse & Minors or in Others' Name	Experience & Education	Other Position	Executives, Directors, Supervisors who are spouses or within two degrees of kinship		Note
							Shares Current Shareholding (%)	Shares Shareholding ratio (%)				Title/ Name/ Relationship	Relationship	
Director	Republic of China	Representative of Yuanta Financial Holdings: Chien Weng	Male	2019.06.01	3 Years	2019.06.01		—	<ul style="list-style-type: none"> ● Bachelor of Laws, Fu Jen Catholic University ● General Auditor of Yuanta Financial Holdings; General Auditor of Yuanta Bank; Director and president of Polaris Securities; Executive Director and vice president of Bank of Overseas Chinese; Chairman of Yuanta Venture Capital 	Director of Yuanta Life; Director of Yuanta Financial Holdings; Director of Yuanta Venture Capital; Director of Yuanta 1 Venture Capital; Independent Director of FamilyMart	—	—	—	
Director	Republic of China	Representative of Yuanta Financial Holdings: Yao Ming Sung	Male	2019.06.01	3 Years	2019.06.01	100% owned by Yuanta FHC ;	—	<ul style="list-style-type: none"> ● Master of Law, Columbia University ● Attorney-at-Law, New York, the USA; Partner, Lee and Li Attorneys-at-Law; Prosecutor assisting Ministry of Justice; Prosecutor, Taiwan Taichung District Prosecutors Office 	Director of Yuanta Financial Holdings; Chairman of Yuanta Asset Management; Director of UNI AIR; Director of Sunshine City Global (PTC) Ltd.	—	—	—	
Independent Director	Republic of China	Representative of Yuanta Financial Holdings: Ming-Ling Hsueh	Male	2019.06.01	3 Years	2016.06.01	Current Shareholding: 7,394,038,982	—	<ul style="list-style-type: none"> ● Master, Soochow University Institute of Accounting; MBA, Bloomsburg University of Pennsylvania, USA ● President of PwC Taiwan; Member of the Board of Examiners for Senior Professional and Technical Examination of the R.O.C.; Executive Director of Taiwan Corporate Governance Association; Adjunct Professor of College of Technology Management, National Tsing Hua University; Adjunct Professor of National Taiwan University of Science and Technology School of Management 	Independent Director of Yuanta Financial Holdings; Independent Director of Lite-On Technology Co.; Independent Director of TTY Biopharm Co.; Independent Director of Walsin Lihwa Taiwan Corporate Governance Association	—	—	—	

Title	Nationality or Place of Registration	Name	Gender	Date Elected	Term (Years) (Note 1)	Date First Elected	Shareholding when Elected:		Experience & Education	Other Position	Executives, Directors, Supervisors who are spouses or within two degrees of kinship		Note
							Shares	Shareholding ratio (%)			Shares Held by Spouse & Minors or in Others' Name	Shares Shareholding ratio (%)		Title/ Name/ Relationship
Independent Director	Republic of China	Representative of Yuanta Financial Holdings: Yin-Hua Yeh	Male	2019.06.01	3 Years	2016.06.01	100% owned by Yuanta FHC ;	—	<ul style="list-style-type: none"> Ph.D. in Business, National Taiwan University Commissioner of Financial Supervisory Commission, Executive Yuan, R.O.C.; Committee Member of Special Committee on Corporate Governance Reform, Executive Yuan, R.O.C.; Vice-Head of The Valuation Division Financial Restructuring Fund, Executive Yuan, R.O.C.; Resident Supervisor of Taiwan Stock Exchange; Member of IPO Reviewing Committee, Director of Securities and Futures Investors Protection Center; Member of Central Deposit Insurance Corporation Advisory Committee; Vice Chairman of Financial Research and Development Fund Management Committee; Director of Finance, NCTU; Director of Taiwan Insurance Institute 	—	—	—	
Independent Director	Republic of China	Representative of Yuanta Financial Holdings: Chwo-Ming Yu (Note 3)	Male	2019.06.01	3 Years	2013.06.01	Shareholding when Elected: 7,394,038,982 Current Shareholding: 7,394,038,982	—	<ul style="list-style-type: none"> Ph.D. in Business Administration, Michigan University, USA Independent Director of Antec Co.; Consultant of Hon Hai Precision Industry Co.; Assistant Professor of Business Administration, University of Illinois at Urbana-Champaign, USA 	<ul style="list-style-type: none"> Independent Director of Advantech Co.; Independent Director of Yuanta Futures; Director of Higher Education Foundation; Director of National Chengchi University Business Administration Foundation; Professor of National Chengchi University 	—	—	—

Title	Nationality or Place of Registration	Name	Gender	Date Elected	Term (Years) (Note 1)	Date First Elected	Shareholding when Elected:		Shares Held by Spouse & Minors or in Others' Name	Experience & Education	Other Position	Executives, Directors, Supervisors who are spouses or within two degrees of kinship		Note
							Shares Current Shareholding (%)	Shares Shareholding ratio (%)				Title/ Name/ Relationship	Relationship	
Independent Director	Republic of China	Representative of Yuanta Financial Holdings: Ching-Shan Hung	Male	2019.06.01	3 Years	2017.06.01		—	—	<ul style="list-style-type: none"> ● MSc in Law and Accounting, National Chengchi University ● Independent Director of Yuanta Futures; Deputy Head of PwC Taiwan; Deputy Managing Director of Taiwan CPA Association 	Independent Director of Yuanta Securities; Director of Epoque Corporation; Chairman of Qingsheng Financial Consultant Co., Ltd.; Supervisor of STARLUX Airlines Co., Ltd.; Director of Franz Biotech Co., Ltd.	—	—	—
Independent Director	Republic of China	Representative of Yuanta Financial Holdings: Kuang-Hsi Hsu	Male	2019.06.01	3 Years	2017.07.01	100% owned by Yuanta FHC ;	—	—	<ul style="list-style-type: none"> ● Master's, Indiana University Kelley School of Business ● Section Chief of Bureau of Monetary Affairs, Ministry of Finance; Assistant Auditor of Taxation Administration, Ministry of Finance; Research Associate of Council for Economic Planning and Development, Executive Yuan; Vice President of Bank of Communications; Chairman of Land Bank of Taiwan; Chairman of Hua Nan Financial Holdings; Chairman of Hua Nan Bank; Chairman of Mega Financial Holdings; Chairman of Mega Bank 	Independent Director of Yuanta Financial Holdings; Supervisor of Yu Cheng Investment Co., Ltd.; Director of Caanan Cilai Co., Ltd.; Supervisor of The Promised Land Foundation; Supervisor of Ti Mo Tai Investment Co., Ltd.	—	—	—
Independent Director	Republic of China	Representative of Yuanta Financial Holdings: Chuang-Li Chang	Male	2019.06.01	3 Years	2019.06.01	Current Shareholding: 7,394,038,982	—	—	<ul style="list-style-type: none"> ● Bachelor of Laws, National Taiwan University ● Prosecutor, Taichung District Prosecutors Office; Judge, Taichung District Court and Taipei District Court; Division Leading Judge, Hsinchu/Taoyuan/New Taipei/Taipei District Court; Presiding Judge and Judge, Taiwan High Court 	Independent Director of Cub Eicepartis Co., Ltd.; Independent Director of Amida Technology Co., Ltd.	—	—	—

Note 1: The term of the 9th board is from June 1, 2016 to May 31, 2019. The term of the 10th board is from June 1, 2019 to May 31, 2022.

Note 2: From June 1, 2019, Yuanta Financial Holdings designated Mr. Chieh-Chiang Fan, Mr. Yu-De Chuang, Mr. Wei-Chen Ma (Michael), Mr. Song-Erh Chang, Mr. Hsien-Tao Chiu, Mr. Jin-Long Fang, Mr. Jin-Sheng Duan, Mr. Chung-Yuan Chen, Mr. Yu-Feng Ko, Mr. Chien Weng, and Mr. Yao Ming Sung as the directors of the Company; Mr. Kuang-Hsi Hsu, Mr. Chwo-Ming Yu, Mr. Ming-Ling Hsueh, Mr. Yin-Hua Yeh, Mr. Ching-Shan Hung and Mr. Chuang-Li Chang as the independent directors of the Company.

Note 3: Mr. Chwo-Ming Yu resigned as a director since December 30, 2019.

(2) Major Institutional Shareholders

Base Date : April 11 , 2020

Name of Institutional Shareholders	Major Shareholders of the Institutional Shareholders	
Yuanta Financial Holdings Co., Ltd	Tsun Chueh Investment Co., Ltd	3.54%
	Yuan Hung Investment Co., Ltd	3.54%
	Yuan Hsiang Investment Co., Ltd	2.97%
	Yu Yang Investment Co., Ltd	2.69%
	HO JIA Investment Co., Ltd	2.22%
	Singapore Government's Investment account held in custody by Citibank (Taiwan)	2.15%
	Dedicated trust property account managed by Yuanta Bank	2.14%
	Bank of Taiwan Co., Ltd	2.08%
	Teng Ta Investment Co., Ltd	2.04%
	Lian Ta Investment Co., Ltd	2.03%

Note: Data for the company's top 10 major shareholders are as of Yuanta financial Holdings' latest book closure date (04/11/2020).

(3) Key Shareholders of Major Institutional Shareholders

Base Date : April 11 , 2020

Name of Institutional Shareholders	Major Shareholders of the Institutional Shareholders	
Tsun Chueh Investment Co., Ltd	Teng Ta Investment Co., Ltd	19.69%
	Lian Ta Investment Co., Ltd	19.84%
	Chiu Ta Investment Co., Ltd	18.36%
	Lien Heng Investment Co., Ltd	18.92%
	Hsing Tsai Investment Co., Ltd	10.23%
	Victor Ma	8.27%
	Judy Tu	4.69%
Yuan Hung Investment Co., Ltd	Mei Jia Li Investment Company Limited	45.88%
	Lien Heng Investment Co., Ltd	33.74%
	Teng Ta Investment Co., Ltd	15.38%
	Judy Tu	5.00%
Yuan Hsiang Investment Co., Ltd	Lian Ta Investment Co., Ltd	44.38%
	Lien Heng Investment Co., Ltd	19.00%
	Teng Ta Investment Co., Ltd	18.69%
	Chiu Ta Investment Co., Ltd	9.96%
	Judy Tu	5.01%
	Hsing Tsai Investment Co., Ltd	2.96%
Yu Yang Investment Co., Ltd	Tsun Chueh Investment Co., Ltd	100%
HO JIA Investment Co., Ltd.	Chen Hai Lin	50%
	Shu Chiung Tseng	50%
Singapore Government's investment account held in custody by Citibank (Taiwan)	N/A	
Dedicated trust property account managed by Yuanta Bank	N/A	
Bank of Taiwan Co., Ltd	Taiwan Financial Holdings Co., Ltd	100%
Teng Ta Investment Co., Ltd	Lien Heng Investment	53.58%
	Mai Kao Venture Capital	45.87%
	Judy Tu	0.55%
Lian Ta Investment Co., Ltd	Chiao Hua International Investment Co., Ltd	45.79%
	Lieng Heng Investment Co., Ltd	37.14%
	Chiu Ta Investment Co., Ltd	14.02%
	Hsing Tsai Investment Co., Ltd	2.58%
	Judy Tu	0.47%

(4) Information of the President, Vice Presidents, Department Heads and Branch Managers

Base Date: January 31, 2020

Title	Nationality	Name	Gender	Date of Appointment	Shares Held		Shares Held by Spouse & Minors or in Others' Name		Experiences / Education	Concurrent Positions in Other Companies	Managerial Staff as Spouse or Kin within the Second Degree	
					Shares	Shareholding ratio (%)	Shares	Shareholding ratio (%)			Title/Name/Relationship	Relationship
President	Republic of China	Yu-De Chuang	Male	2018.03.12	—	—	—	—	<ul style="list-style-type: none"> ● President ● Master in Public Finance, National Chengchi University 	Director of Yuanta Foundation	—	—
General Auditor	Republic of China	Hsiao-Chuan Tseng	Female	2018.11.29	—	—	—	—	<ul style="list-style-type: none"> ● General Auditor ● Master in Management, National Taiwan University of Science and Technology 	—	—	—
Executive Vice President	Australia	Eric K. Chiu	Male	2019.03.01	—	—	—	—	<ul style="list-style-type: none"> ● Chief Executive Officer of Wholesale Banking Group ● MBA, The University of Queensland, Australia ● 28th Executives Program, Graduate School of Business Administration, National Chengchi University 	—	—	—
Executive Vice President	Republic of China	Allen Wu	Male	2019.07.01	—	—	—	—	<ul style="list-style-type: none"> ● Supervisor of Overseas Business Dept. ● MBA in Industrial and Business Management, University of Mississippi, USA 	Senior Vice President of Yuanta Financial Holdings; Chairman of Yuanta Savings Bank (Philippines); Director of Yuanta Savings Bank (Philippines)	—	—
Senior Vice President	Republic of China	Fan-Sheng Pu	Male	2018.01.01	—	—	—	—	<ul style="list-style-type: none"> ● Head of Financial Markets Division ● MBA, National Chung Hsing University 	—	—	—
Senior Vice President	Republic of China	Yuan-Chen Chen	Female	2018.10.05	—	—	—	—	<ul style="list-style-type: none"> ● Head of Personal Financial Services Division ● Bachelor of Arts in Economics, Chinese Culture University 	Director of Yuanta Life	—	—

Title	Nationality	Name	Gender	Date of Appointment	Shares Held		Shares Held by Spouse & Minors or in Others' Name		Experiences / Education	Concurrent Positions in Other Companies	Managerial Staff as Spouse or Kin within the Second Degree
					Shares	Shareholding ratio (%)	Shares	Shareholding ratio (%)			
Senior Vice President	Republic of China	Chi-Liang Hsiao	Male	2019.01.01	—	—	—	—	<ul style="list-style-type: none"> ● Head of Retail Banking Division ● MBA, California State University, San Bernardino, USA 	Supervisor of Taiwan Mobile Payments Co., Ltd.	—
Senior Vice President	Republic of China	Wen-Ching Chiu	Female	2019.01.01	—	—	—	—	<ul style="list-style-type: none"> ● Supervisor and Manager of AML Dept. ● Bachelor of Laws, National Chengchi University 	Vice President of Yuanta Financial Holdings; Supervisor of Yuanta Securities Finance; Director of Yuanta Life; Supervisor of Yuanta Venture Capital; Supervisor of Yuanta I Venture Capital	—
Senior Vice President	Republic of China	Hsu-Shu Mai	Male	2017.08.18	—	—	—	—	<ul style="list-style-type: none"> ● Supervisor of Accounting Dept. ● Master in Finance, National Taiwan University 	Vice President of Yuanta Financial Holdings; Supervisor of Yuanta Securities Finance; Director of Yuanta Life; Director of Yuanta Securities Asia Financial Services; Supervisor of Yuanta Asset Management	—
Senior Vice President	Republic of China	Kuan-Han Lin	Male	2018.01.23	—	—	—	—	<ul style="list-style-type: none"> ● Vice Head of Financial Markets Division ● Bachelor of Business Administration, National Sun Yat-sen University 	—	—
Senior Vice President	Republic of China	Hsiao-Keng Chang	Female	2017.09.01	—	—	—	—	<ul style="list-style-type: none"> ● Supervisor of Human Resources Dept. ● Master in Accounting, National Taiwan University 	Vice President of Yuanta Financial Holdings	—
Senior Vice President	Republic of China	Ching-Sun Yang	Male	2019.01.15	—	—	—	—	<ul style="list-style-type: none"> ● Supervisor and Manager of Administration & Facilities Management Dept. ● Doctor of Philosophy in News & Mass Communication, Jinan University. 	Vice President of Yuanta Financial Holdings	—

Title	Nationality	Name	Gender	Date of Appointment	Shares Held		Shares Held by Spouse & Minors or in Others' Name		Experiences / Education	Concurrent Positions in Other Companies	Managerial Staff as Spouse or Kin within the Second Degree
					Shares	Shareholding ratio (%)	Shares	Shareholding ratio (%)			
Senior Vice President	Republic of China	Jheng-Hua Sun	Female	2019.10.15	—	—	—	—	<ul style="list-style-type: none"> ● Supervisor of Legal Affairs Dept. ● Master in National Development, National Taiwan University 	Vice President of Yuanta Financial Holdings; Director of Yuanta Life; Director of Yuanta Futures	—
Senior Vice President	Republic of China	Yu-Chun Lin	Male	2019.03.04	—	—	—	—	<ul style="list-style-type: none"> ● Vice Chief Executive Officer of Wholesale Banking Group, Head of Wholesale Banking Division and Group Banking Division ● MBA, Saint John's University, USA 	Chairman of Yuanta Savings Bank (Korea); Director of Yuanta Savings Bank (Korea)	—
Vice President	Republic of China	Su-Ching Weng	Female	2019.01.01	—	—	—	—	<ul style="list-style-type: none"> ● Supervisor and Manager of Compliance Affairs Dept. ● Bachelor of Business Administration, National Cheng Kung University 	—	—
Vice President	Republic of China	Sin-Yu Lin	Female	2015.03.01	—	—	—	—	<ul style="list-style-type: none"> ● Business Supervisor ● MBA, Arizona State University, USA 	—	—
Vice President	Republic of China	Yi-Liang Su	Male	2010.09.05	—	—	—	—	<ul style="list-style-type: none"> ● Manager of Risk Management Dept. ● Ph.D. of Management, National Taiwan University of Science and Technology 	Senior Assistant Vice President of Yuanta Financial Holdings	—
Vice President	Republic of China	Chi-Jung Huang	Male	2020.01.01	—	—	—	—	<ul style="list-style-type: none"> ● Supervisor and Manager of Information Technology Dept. ● Bachelor of Information Engineering and Computer Science, Feng Chia University 	—	—
Vice President	Republic of China	Chih-Feng Yang	Male	2018.01.01	—	—	—	—	<ul style="list-style-type: none"> ● Vice Head of Personal Financial Services Division ● Bachelor of Banking and Finance, Tamkang University 	—	—
Vice President	Republic of China	Chih-Sheng Pan	Male	2019.05.01	—	—	—	—	<ul style="list-style-type: none"> ● Deputy Vice Head of Wholesale Banking Division and Business Supervisor ● MBA, Tunghai University 	—	—

Title	Nationality	Name	Gender	Date of Appointment	Shares Held		Shares Held by Spouse & Minors or in Others' Name		Experiences / Education	Concurrent Positions in Other Companies	Managerial Staff as Spouse or Kin within the Second Degree
					Shares	Shareholding ratio (%)	Shares	Shareholding ratio (%)			
Vice President	Republic of China	Chun-Huang Lu	Male	2019.12.01	—	—	—	—	<ul style="list-style-type: none"> ● Business Supervisor ● MBA, National Taipei University 	—	—
Vice President	Republic of China	Huei-Fang Wu	Female	2019.11.22	—	—	—	—	<ul style="list-style-type: none"> ● Deputy Head and Vice Head of International Business Division ● Bachelor of Laws, National Chung Hsing University 	—	—
Vice President	Republic of China	Chiu-Li Liu	Female	2020.01.01	—	—	—	—	<ul style="list-style-type: none"> ● Supervisor of Credit Management Dept. and Collection Dept. ; Manager of Credit Management Dept. ● Master in Finance, National Taiwan University of Science and Technology 	—	—
Vice President	Republic of China	Wun-Ci Jhou	Female	2019.12.26	—	—	—	—	<ul style="list-style-type: none"> ● Manager of Business Management Dept. ● MBA, National Chengchi University 	—	—
Senior Assistant Vice President	Republic of China	Kuang-Chung Liao	Male	2017.03.01	—	—	—	—	<ul style="list-style-type: none"> ● Business Supervisor ● MBA, National Sun Yat-Sen University 	—	—
Senior Assistant Vice President	Republic of China	Yu-Ching Su	Female	2010.09.05	—	—	—	—	<ul style="list-style-type: none"> ● Manager of Accounting Dept. ● Bachelor of Accounting, Tamkang University 	Supervisor of Yuanta International Leasing	—
Senior Assistant Vice President	Republic of China	Li-Yun Chen	Female	2014.07.14	—	—	—	—	<ul style="list-style-type: none"> ● Manager of Human Resource Dept. ● MBA, Hofstra University, New York, USA 	Assistant Vice President of Yuanta Financial Holdings ; Director of Yuanta International Leasing	—
Senior Assistant Vice President	Republic of China	Shun-Cheng Chang	Male	2018.01.01	—	—	—	—	<ul style="list-style-type: none"> ● Manager of Information Security Management Dept. ● Master in Information Management, National Taiwan University 	—	—

Title	Nationality	Name	Gender	Date of Appointment	Shares Held		Shares Held by Spouse & Minors or in Others' Name		Experiences / Education	Concurrent Positions in Other Companies	Managerial Staff as Spouse or Kin within the Second Degree
					Shares	Shareholding ratio (%)	Shares	Shareholding ratio (%)			
Senior Assistant Vice President	Republic of China	Tzu-I Huang	Male	2018.04.01	—	—	—	—	<ul style="list-style-type: none"> ● Manager of Financial Trading Dept. ● Master in International Business, National Taiwan University 	—	—
Senior Assistant Vice President	Republic of China	Jia-Sing Liao	Male	2019.03.04	—	—	—	—	<ul style="list-style-type: none"> ● Manager of Group Business Dept. I ● Master in Finance, National Taiwan University 	—	—
Senior Assistant Vice President	Republic of China	Jhong-Fu Siao	Male	2019.03.04	—	—	—	—	<ul style="list-style-type: none"> ● Manager of Group Business Dept. III ● Master in Management Science, National Chiao Tung University 	—	—
Senior Assistant Vice President	Republic of China	Siou-Jhen You	Female	2019.09.10	—	—	—	—	<ul style="list-style-type: none"> ● Manager of Wealth Management Dept. ● MBA, The University of Southern Queensland, Australia 	—	—
Senior Assistant Vice President	Republic of China	Jia-Jhih Lu	Female	2019.05.02	—	—	—	—	<ul style="list-style-type: none"> ● Manager of Financial Product Dept. ● Bachelor of Economics, National Chung Hsing University 	—	—
Assistant Vice President	Republic of China	Hui-Kuo Chien	Male	2013.02.22	—	—	—	—	<ul style="list-style-type: none"> ● Manager of Collection Dept. ● Bachelor of Economics, Fu Jen Catholic University 	Chairman of Yuanta International Leasing, Director of Yuanta International Leasing	—
Assistant Vice President	Republic of China	Ping-Chiu Liu	Male	2016.09.11	—	—	—	—	<ul style="list-style-type: none"> ● Manager of Insurance Agency Dept. ● Master in Insurance, Feng Chia University 	—	—
Assistant Vice President	Republic of China	Chien-Ming Tseng	Male	2017.03.01	—	—	—	—	<ul style="list-style-type: none"> ● Manager of Financial Markets Operation Dept. ● Bachelor of Finance and Banking, Aletheia University 	—	—
Assistant Vice President	Republic of China	Chia-Yu Lee	Female	2019.06.01	—	—	—	—	<ul style="list-style-type: none"> ● Manager of Personal Loan Credit Dept. ● Master in Agriculture Economics, National Taiwan University 	—	—

Title	Nationality	Name	Gender	Date of Appointment	Shares Held		Shares Held by Spouse & Minors or in Others' Name		Experiences / Education	Concurrent Positions in Other Companies	Managerial Staff as Spouse or Kin within the Second Degree
					Shares	Shareholding ratio (%)	Shares	Shareholding ratio (%)				Title/Name/Relationship
Assistant Vice President	Republic of China	Chiao-Chia Duan	Female	2018.01.01	—	—	—	—	<ul style="list-style-type: none"> ● Manager of Financial Markets Administration Dept. ● Master in Information Technology, Lawrence Technological University, USA 	—	—
Assistant Vice President	Republic of China	Chi-Ting Huang	Female	2019.01.01	—	—	—	—	<ul style="list-style-type: none"> ● Manager of Consumer Banking Dept. ● Bachelor of Laws, Chinese Culture University 	—	—
Assistant Vice President	Republic of China	Jia-Jih Jian	Male	2019.05.01	—	—	—	—	<ul style="list-style-type: none"> ● Manager of Treasury Dept. ● Master in Money and Banking, National Chengchi University 	—	—
Assistant Vice President	Republic of China	Yao-Yi Tsai	Male	2019.04.01	—	—	—	—	<ul style="list-style-type: none"> ● Manager of Project Finance Dept. ● Master in Investment Management, The University of London City, UK 	Supervisor of BFF Food Management INC.	—
Assistant Vice President	Republic of China	Yong-Ren Ke	Male	2020.01.01	—	—	—	—	<ul style="list-style-type: none"> ● Manager of Offshore Banking Branch ● MBA, National Central University 	—	—
Assistant Vice President	Republic of China	Ya-Hui Hsieh	Female	2020.01.03	—	—	—	—	<ul style="list-style-type: none"> ● Deputy Manager of Taipei Regional Center V ● Master in National Development, National Taiwan University 	—	—
Senior Manager	Republic of China	Rung-Ru Chou	Female	2018.01.01	—	—	—	—	<ul style="list-style-type: none"> ● Manager of International Banking Dept. ● Bachelor of Business Administration, Chinese Culture University 	—	—
Senior Manager	Republic of China	Shun-Ming Fan Chiang	Male	2019.04.01	—	—	—	—	<ul style="list-style-type: none"> ● Manager of Corporate Banking Dept. ● Bachelor of Economics, Soochow University 	—	—

Title	Nationality	Name	Gender	Date of Appointment	Shares Held		Shares Held by Spouse & Minors or in Others' Name		Experiences / Education	Concurrent Positions in Other Companies	Managerial Staff as Spouse or Kin within the Second Degree
					Shares	Shareholding ratio (%)	Shares	Shareholding ratio (%)				Title/Name/Relationship
Senior Manager	Republic of China	Wen-Chung Lee	Male	2020.01.01	—	—	—	—	<ul style="list-style-type: none"> ● Manager of Group Business Dept. II Dept. ● Master in Economics, Ming Chuan University 	—	—
Senior Manager	Republic of China	Cheng-Chi Lee	Male	2018.01.01	—	—	—	—	<ul style="list-style-type: none"> ● Manager of E-Commerce Dept. ● MBA, University of North Alabama, USA 	—	—
Senior Manager	Republic of China	Tzu-Chieh Ting	Male	2018.05.01	—	—	—	—	<ul style="list-style-type: none"> ● Manager of Trust Dept. ● MBA, National Chung Hsing University 	—	—
Senior Manager	Republic of China	Su-Fen Chao	Female	2018.06.01	—	—	—	—	<ul style="list-style-type: none"> ● Manager of Deposit and Remittance Banking Dept. ● Associate degree of Accounting and Statistics, Takming University of Science and Technology 	—	—
Senior Manager	Republic of China	Chiu-Yen Chen	Female	2019.09.01	—	—	—	—	<ul style="list-style-type: none"> ● Deputy Manager of Operation Dept. ● Bachelor of Political Science, National Chengchi University 	—	—
Senior Manager	Republic of China	Ming-Cheng Hung	Male	2019.11.22	—	—	—	—	<ul style="list-style-type: none"> ● Manager of Overseas Business Dept. ● Bachelor of Economics, Fu Jen Catholic University 	—	—
Senior Manager	Republic of China	Yuan-Chih Hsieh	Male	2019.12.20	—	—	—	—	<ul style="list-style-type: none"> ● Deputy Manager of Personal Loan Dept. ● Bachelor of Civil and Construction Engineering, National Taiwan University of Science and Technology 	—	—
Senior Manager	Republic of China	Hsiu-Ying Wang	Female	2020.01.01	—	—	—	—	<ul style="list-style-type: none"> ● Deputy Manager and Vice Manager of Board Secretary Office ● MBA, National Dong Hwa University 	—	—

Title	Nationality	Name	Gender	Date of Appointment	Shares Held		Shares Held by Spouse & Minors or in Others' Name		Experiences / Education	Concurrent Positions in Other Companies	Managerial Staff as Spouse or Kin within the Second Degree
					Shares	Shareholding ratio (%)	Shares	Shareholding ratio (%)				Title/Name/Relationship
Senior Manager	Republic of China	Chung-Yang Yang	Male	2020.01.03	—	—	—	—	<ul style="list-style-type: none"> ● Deputy Manager of Taipei Regional Center III ● Bachelor of Finance, Chinese Culture University 	—	—
Manager	Republic of China	I-Shuai LO	Male	2019.06.01	—	—	—	—	<ul style="list-style-type: none"> ● Deputy Manager of Personal Loan Credit Dept. ● Bachelor of Applied Business, Open College Affiliated with National Taipei University of Business 	—	—
Manager	Republic of China	Yu-Chen Shen	Female	2019.08.16	—	—	—	—	<ul style="list-style-type: none"> ● Deputy Manager of Legal Affairs Dept. ● Master in Laws, Soochow University 	Manager of Yuanta Financial Holdings	—
Senior Assistant Vice President	Republic of China	Hao-Wei Ting	Male	2018.03.13	—	—	—	—	<ul style="list-style-type: none"> ● Manager of Hong Kong Branch ● MBA, National Chengchi University 	—	—
Senior Assistant Vice President	Republic of China	Ming-Hung Chang	Male	2018.11.26	—	—	—	—	<ul style="list-style-type: none"> ● Manager of Business Dept. ● Diploma, Department of Advertisement, KaiNan Vocational High School 	—	—
Senior Assistant Vice President	Republic of China	Ching-Chi Huang	Male	2018.03.09	—	—	—	—	<ul style="list-style-type: none"> ● Manager of Bostl Branch ● Master in Finance, National Kaohsiung First University of Science and Technology 	—	—
Senior Assistant Vice President	Republic of China	Pi-Ju Liao	Female	2014.09.26	—	—	—	—	<ul style="list-style-type: none"> ● Manager of Kaohsiung Branch ● MBA, National Sun Yat-sen University 	—	—
Senior Assistant Vice President	Republic of China	Chen-Kang Yang	Male	2017.10.16	—	—	—	—	<ul style="list-style-type: none"> ● Manager of Nanjing East Road Branch ● Bachelor of Economics, Soochow University 	—	—

Title	Nationality	Name	Gender	Date of Appointment	Shares Held		Shares Held by Spouse & Minors or in Others' Name		Experiences / Education	Concurrent Positions in Other Companies	Managerial Staff as Spouse or Kin within the Second Degree
					Shares	Shareholding ratio (%)	Shares	Shareholding ratio (%)			
Senior Assistant Vice President	Republic of China	Chi-Wen Tso	Male	2018.01.05	—	—	—	—	<ul style="list-style-type: none"> ● Manager of Taiping Branch ● PhD of Business Administration, Chaoyang University of Technology 	—	—
Senior Assistant Vice President	Republic of China	Chiung-Fen Huang	Female	2020.01.01	—	—	—	—	<ul style="list-style-type: none"> ● Manager of Daan Branch ● Master in Finance, National Taiwan University 	—	—
Senior Assistant Vice President	Republic of China	Hsi-Tung Chen	Male	2019.01.01	—	—	—	—	<ul style="list-style-type: none"> ● Manager of Datong Branch ● MBAM, Yuan Ze University 	—	—
Assistant Vice President	Republic of China	Chun-Chieh Wu	Male	2019.04.01	—	—	—	—	<ul style="list-style-type: none"> ● Manager of Luodong Branch ● Bachelor of Business Administration, National Taiwan University 	—	—
Assistant Vice President	Republic of China	Shu-Yueh Lin	Female	2020.01.13	—	—	—	—	<ul style="list-style-type: none"> ● Manager of Huanung Branch and Manager of Dunhua Branch ● Bachelor of Public Finance, Aletheia University 	—	—
Assistant Vice President	Republic of China	Sheng-Wen Chien	Male	2019.04.08	—	—	—	—	<ul style="list-style-type: none"> ● Manager of Chongde Branch ● MBA, Chaoyang University of Technology 	—	—
Assistant Vice President	Republic of China	Hui-Ping Wu	Female	2015.05.01	—	—	—	—	<ul style="list-style-type: none"> ● Manager of Taosin Branch ● Associate degree of Banking and Insurance, School of Continuing Education Affiliated to National Taipei College of Business 	—	—
Assistant Vice President	Republic of China	Ming-Kuan Lu	Male	2018.01.05	—	—	—	—	<ul style="list-style-type: none"> ● Manager of Miaoli Branch ● Bachelor of Statistics, National Chengchi University 	—	—
Assistant Vice President	Republic of China	Shu-Mei Lin	Female	2018.01.01	—	—	—	—	<ul style="list-style-type: none"> ● Manager of Pingrong Branch ● Associate degree of Finance, Yung Ta Institute of Technology and Commerce 	—	—

Title	Nationality	Name	Gender	Date of Appointment	Shares Held		Shares Held by Spouse & Minors or in Others' Name		Experiences / Education	Concurrent Positions in Other Companies	Managerial Staff as Spouse or Kin within the Second Degree
					Shares	Shareholding ratio (%)	Shares	Shareholding ratio (%)			
Assistant Vice President	Republic of China	Yu-Ling Hsu	Female	2020.01.03	—	—	—	—	<ul style="list-style-type: none"> ● Manager of East Hsinchu Branch ● MBA, National Central University 	—	—
Assistant Vice President	Republic of China	Cheng-Hua Chen	Male	2016.05.01	—	—	—	—	<ul style="list-style-type: none"> ● Manager of Zhongxiao Branch ● Master in Finance, Fu Jen Catholic University 	—	—
Assistant Vice President	Republic of China	Tai-Yuan Huang	Male	2020.01.03	—	—	—	—	<ul style="list-style-type: none"> ● Manager of Yanping Branch ● MBA, University of North Alabama, USA 	—	—
Assistant Vice President	Republic of China	Pei-Ying Wang	Female	2020.01.01	—	—	—	—	<ul style="list-style-type: none"> ● Manager of Ximen Branch ● Master in Finance, St. John's University, USA 	—	—
Assistant Vice President	Republic of China	Wen-Ting Huang	Male	2018.01.05	—	—	—	—	<ul style="list-style-type: none"> ● Manager of Jhubei Branch ● MBA, National Central University 	—	—
Assistant Vice President	Republic of China	Cheng-Hui Chen	Male	2020.01.01	—	—	—	—	<ul style="list-style-type: none"> ● Manager of Yonghe Branch ● MBA, Ming Chuan University 	—	—
Assistant Vice President	Republic of China	Li-Ching Yu	Male	2020.01.01	—	—	—	—	<ul style="list-style-type: none"> ● Manager of Pingghen Branch ● Bachelor of International Business, Tunghai University 	—	—
Assistant Vice President	Republic of China	Yu-Ming Kung	Male	2018.01.01	—	—	—	—	<ul style="list-style-type: none"> ● Manager of Youchang Branch ● Bachelor of Business Administration, National Chung Hsing University 	—	—
Assistant Vice President	Republic of China	Hui-Li Pai	Female	2019.08.12	—	—	—	—	<ul style="list-style-type: none"> ● Manager of Taipei Branch ● Associate degree of International Business, Takming University of Science and Technology 	—	—
Assistant Vice President	Republic of China	Tsung-Chieh Lee	Male	2017.03.01	—	—	—	—	<ul style="list-style-type: none"> ● Manager of Taichung Branch ● Master in Accounting, National Yunlin University of Science and Technology 	—	—

Title	Nationality	Name	Gender	Date of Appointment	Shares Held		Shares Held by Spouse & Minors or in Others' Name		Experiences / Education	Concurrent Positions in Other Companies	Managerial Staff as Spouse or Kin within the Second Degree
					Shares	Shareholding ratio (%)	Shares	Shareholding ratio (%)			
Assistant Vice President	Republic of China	Chien-Pin Wu	Male	2019.01.01	—	—	—	—	<ul style="list-style-type: none"> ● Manager of North Taoyuan Branch ● Bachelor of Business Administration, National Chung Hsing University 	—	—
Assistant Vice President	Republic of China	Chien-Sheng Wang	Male	2017.03.01	—	—	—	—	<ul style="list-style-type: none"> ● Manager of Doushin Branch and Manager of Huwei Branch ● Master in Finance, National Yunlin University of Science and Technology 	—	—
Assistant Vice President	Republic of China	Lun-Chien Lin	Male	2020.01.01	—	—	—	—	<ul style="list-style-type: none"> ● Manager of Neihu Branch ● Bachelor of Banking, Tamkang University 	—	—
Senior Manager	Republic of China	Chi-Chang Yu	Male	2018.03.19	—	—	—	—	<ul style="list-style-type: none"> ● Manager of Luzhou Branch ● Bachelor of Business, National Open University 	—	—
Senior Manager	Republic of China	Hsueh-Ping Yeh	Female	2019.04.01	—	—	—	—	<ul style="list-style-type: none"> ● Manager of Hsiulang Branch and Manager of Shuanghe Branch ● Master in Finance, National Taiwan University of Science and Technology 	—	—
Senior Manager	Republic of China	Meng-Wei Lin	Male	2018.01.05	—	—	—	—	<ul style="list-style-type: none"> ● Manager of Fongyuan Branch ● EMBA, National Chung Hsing University 	—	—
Senior Manager	Republic of China	Ling-Ying Liao	Female	2019.09.01	—	—	—	—	<ul style="list-style-type: none"> ● Manager of Changhsing Branch ● Associate degree of Business Administration, Ling Tung Junior College of Accounting 	—	—
Senior Manager	Republic of China	Chung-Lin Yeh	Male	2019.12.31	—	—	—	—	<ul style="list-style-type: none"> ● Manager of Changhua Branch ● Master in Accounting, Chung Yuan Christian University 	—	—

Title	Nationality	Name	Gender	Date of Appointment	Shares Held		Shares Held by Spouse & Minors or in Others' Name		Experiences / Education	Concurrent Positions in Other Companies	Managerial Staff as Spouse or Kin within the Second Degree
					Shares	Shareholding ratio (%)	Shares	Shareholding ratio (%)			
Senior Manager	Republic of China	Shu-Hui Chen	Female	2020.01.01	—	—	—	—	<ul style="list-style-type: none"> ● Manager of Kushan Branch ● Bachelor of Political Science, Soochow University 	—	—
Senior Manager	Republic of China	Tieh-Cheng Hsieh	Male	2019.12.20	—	—	—	—	<ul style="list-style-type: none"> ● Manager of Ruiguang Branch ● Bachelor of Finance, Takming University of Science and Technology 	—	—
Senior Manager	Republic of China	Che-Chin Lin	Male	2019.07.01	—	—	—	—	<ul style="list-style-type: none"> ● Manager of Xinzhuang Branch ● Master in Finance, National Taiwan University of Science and Technology 	—	—
Senior Manager	Republic of China	Ching-Hui Chiu	Female	2018.03.19	—	—	—	—	<ul style="list-style-type: none"> ● Manager of Xindian Branch ● Bachelor of International Business, Tamkang University 	—	—
Senior Manager	Republic of China	Hsueh-Ling Wu	Female	2018.07.06	—	—	—	—	<ul style="list-style-type: none"> ● Manager of Huashan Branch ● EMBA, Soochow University 	—	—
Senior Manager	Republic of China	Yeh-Lu Lee	Male	2017.03.01	—	—	—	—	<ul style="list-style-type: none"> ● Manager of Fusing Branch ● Bachelor of Economics, Tunghai University 	—	—
Senior Manager	Republic of China	Ping-Huang Hu	Male	2019.12.31	—	—	—	—	<ul style="list-style-type: none"> ● Manager of Lugang Branch ● Bachelor of Economics, Fu Jen Catholic University 	—	—
Senior Manager	Republic of China	Chih-Ming Lee	Male	2019.01.01	—	—	—	—	<ul style="list-style-type: none"> ● Deputy Manager of Gaofeng Branch ● Master of Economics and Business Decision, National Kaohsiung University of Applied Sciences 	—	—
Senior Manager	Republic of China	Jung-Hua Huang	Male	2018.01.05	—	—	—	—	<ul style="list-style-type: none"> ● Manager of Taoyuan Branch ● Bachelor of Business, National Taiwan University 	—	—

Title	Nationality	Name	Gender	Date of Appointment	Shares Held		Shares Held by Spouse & Minors or in Others' Name		Experiences / Education	Concurrent Positions in Other Companies	Managerial Staff as Spouse or Kin within the Second Degree
					Shares	Shareholding ratio (%)	Shares	Shareholding ratio (%)			
Senior Manager	Republic of China	Miao-Ling Wu	Female	2019.04.01	—	—	—	—	<ul style="list-style-type: none"> ● Manager of East Banqiao Branch and Manager of Puqian Branch ● Master in International Finance, National Taipei University 	—	—
Senior Manager	Republic of China	Cheng-Fang Chen	Female	2019.12.31	—	—	—	—	<ul style="list-style-type: none"> ● Manager of Yuanlin Branch ● Master in Finance, National Yunlin University of Science and Technology 	—	—
Senior Manager	Republic of China	Yu-Mei Yang	Female	2018.01.01	—	—	—	—	<ul style="list-style-type: none"> ● Manager of Lingya Branch ● Bachelor of Business Administration, Daito Bunka University, Japan 	—	—
Senior Manager	Republic of China	I-Hsuan Huang	Female	2019.04.01	—	—	—	—	<ul style="list-style-type: none"> ● Manager of South Xinzhuang Branch ● Master in Management, Fu Jen Catholic University 	—	—
Senior Manager	Republic of China	Ming-Hsiung Lin	Male	2020.01.01	—	—	—	—	<ul style="list-style-type: none"> ● Manager of Nankan Branch ● Associate degree of International Business, Tamsui Institute of Business Administration 	—	—
Senior Manager	Republic of China	Pao-Lin Wang	Female	2018.01.01	—	—	—	—	<ul style="list-style-type: none"> ● ● Manager of Changgeng Branch ● Bachelor of Urban Planning, Chinese Culture University 	—	—
Senior Manager	Republic of China	Pei-Yu Wu	Female	2018.08.16	—	—	—	—	<ul style="list-style-type: none"> ● Manager of Chinhua Branch ● Associate degree of Secretarial Science, Tamsui Institute of Business Administration 	—	—
Senior Manager	Republic of China	Hui-Chen Chang	Female	2019.01.01	—	—	—	—	<ul style="list-style-type: none"> ● Manager of Songshan Branch ● MBA, Royal Roads University, Canada 	—	—

Title	Nationality	Name	Gender	Date of Appointment	Shares Held		Shares Held by Spouse & Minors or in Others' Name		Experiences / Education	Concurrent Positions in Other Companies	Managerial Staff as Spouse or Kin within the Second Degree
					Shares	Shareholding ratio (%)	Shares	Shareholding ratio (%)				Title/ Name/ Relationship
Senior Manager	Republic of China	Chiu-Hua Chou	Female	2019.01.01	—	—	—	—	<ul style="list-style-type: none"> ● Manager of Chengde Branch ● Associate degree of Information Management, Hwa Hsia College of Technology and Commerce 	—	—
Senior Manager	Republic of China	Fu-Hsiang Chen	Male	2019.09.01	—	—	—	—	<ul style="list-style-type: none"> ● Manager of Fuchen Branch ● MBA, Tainan University of Technology 	—	—
Senior Manager	Republic of China	Chung-Lin Wu	Male	2019.01.01	—	—	—	—	<ul style="list-style-type: none"> ● Manager of Jiali Branch ● Master, Institute of Interdisciplinary Studies for Social Sciences, National Sun Yat-sen University 	—	—
Senior Manager	Republic of China	Lu-Wen Tang	Male	2016.05.01	—	—	—	—	<ul style="list-style-type: none"> ● Manager of Shalu Branch ● Bachelor of Finance, Chaoyang University of Technology 	—	—
Senior Manager	Republic of China	Yu-Chien Hsu	Male	2018.01.05	—	—	—	—	<ul style="list-style-type: none"> ● Manager of Hsinchu Science Park Branch ● Bachelor of Management Science, National Chiao Tung University 	—	—
Senior Manager	Republic of China	Mei-Chen Liu	Female	2019.12.20	—	—	—	—	<ul style="list-style-type: none"> ● Manager of Shipai Branch ● Bachelor of International Business, Tamkang University 	—	—
Senior Manager	Republic of China	Wen-Pin Lu	Male	2019.09.01	—	—	—	—	<ul style="list-style-type: none"> ● Manager of Yongkang Branch ● Bachelor of Business Administration, Cheng Shiu University 	—	—
Senior Manager	Republic of China	Jo-Ti Yao	Female	2016.06.13	—	—	—	—	<ul style="list-style-type: none"> ● Manager of Zuoying Branch ● Associate degree of Radiology, Yuanpei Institute of Medical Technology 	—	—

Title	Nationality	Name	Gender	Date of Appointment	Shares Held		Shares Held by Spouse & Minors or in Others' Name		Experiences / Education	Concurrent Positions in Other Companies	Managerial Staff as Spouse or Kin within the Second Degree
					Shares	Shareholding ratio (%)	Shares	Shareholding ratio (%)			
Senior Manager	Republic of China	Chin-Hao Wang	Male	2019.01.01	—	—	—	—	<ul style="list-style-type: none"> ● Manager of Tainan Branch ● Associate degree of Business Administration, Far East Junior College of Technology 	—	—
Senior Manager	Republic of China	Jung-Yu Tu	Male	2018.05.16	—	—	—	—	<ul style="list-style-type: none"> ● Manager of Beifu Branch ● Bachelor of Laws, Chinese Culture University 	—	—
Senior Manager	Republic of China	Tsung-Hua Hsieh	Male	2017.03.01	—	—	—	—	<ul style="list-style-type: none"> ● Manager of Beidou Branch ● Associate degree of Banking, Tamsui Institute of Business Administration 	—	—
Senior Manager	Republic of China	Su-Ning Chang	Female	2019.09.01	—	—	—	—	<ul style="list-style-type: none"> ● Manager of Shuinan Branch ● Master in Management, Providence University 	—	—
Senior Manager	Republic of China	Chin-Mei Lin	Female	2017.03.01	—	—	—	—	<ul style="list-style-type: none"> ● Manager of Dounan Branch ● Associate degree of International Business, National Taichung College of Business 	—	—
Senior Manager	Republic of China	Ju-Chen Lee	Female	2015.05.01	—	—	—	—	<ul style="list-style-type: none"> ● Manager of Wende Branch ● Associate degree of International Business, Chih Lee College of Business 	—	—
Senior Manager	Republic of China	Ting-I Chu	Male	2017.03.01	—	—	—	—	<ul style="list-style-type: none"> ● Manager of Wunsin Branch and Chief Representative of Myanmar Yangon Representative Office ● Master in International Financial Market, American Graduate School of International Management, USA 	—	—
Senior Manager	Republic of China	Yung-Feng Chen	Male	2019.01.01	—	—	—	—	<ul style="list-style-type: none"> ● Manager of Zhongli Branch ● Associate degree of Electronic Engineering, Chien Hsin Industrial College 	—	—

Title	Nationality	Name	Gender	Date of Appointment	Shares Held		Shares Held by Spouse & Minors or in Others' Name		Experiences / Education	Concurrent Positions in Other Companies	Managerial Staff as Spouse or Kin within the Second Degree
					Shares	Shareholding ratio (%)	Shares	Shareholding ratio (%)			
Senior Manager	Republic of China	Chin-Tsung Huang	Male	2019.01.01	—	—	—	—	<ul style="list-style-type: none"> ● Manager of Zhongshan North Road Branch ● MBA, National Taiwan University of Science and Technology 	—	—
Senior Manager	Republic of China	Yen-Ling Ko	Female	2019.09.01	—	—	—	—	<ul style="list-style-type: none"> ● Manager of Dachang Branch ● Master in Finance, National Kaohsiung First University of Science and Technology 	—	—
Senior Manager	Republic of China	Yu-Ching Lee	Female	2018.11.16	—	—	—	—	<ul style="list-style-type: none"> ● Deputy Manager of Dali Defang Branch ● MBA, National Chung Hsing University 	—	—
Senior Manager	Republic of China	Ching-Hsing Pan	Male	2019.08.12	—	—	—	—	<ul style="list-style-type: none"> ● Manager of Sanchong Branch ● Master in Finance, National Central University 	—	—
Senior Manager	Republic of China	Ming-Chia Tsai	Male	2017.06.26	—	—	—	—	<ul style="list-style-type: none"> ● Manager of Sanduo Branch ● Master in Economics, National Sun Yat-sen University 	—	—
Senior Manager	Republic of China	Shu-Ling Wang	Female	2018.03.09	—	—	—	—	<ul style="list-style-type: none"> ● Manager of Sanmin Branch ● MBA, National Kaohsiung University of Applied and Sciences 	—	—
Senior Manager	Republic of China	Chen-Hsiang Lan	Male	2019.06.10	—	—	—	—	<ul style="list-style-type: none"> ● Manager of Da Heping Branch ● Bachelor of Economics, Soochow University 	—	—
Senior Manager	Republic of China	Yu-Xiu Lin	Female	2020.01.03	—	—	—	—	<ul style="list-style-type: none"> ● Deputy Manager of Hsinchu Branch ● Bachelor of Management Science, National Chiao Tung University 	—	—
Senior Manager	Republic of China	Zi-Yi Lin	Male	2019.04.01	—	—	—	—	<ul style="list-style-type: none"> ● Deputy Manager of Nantun Branch ● Bachelor of Statistics, Feng Chia University 	—	—

Title	Nationality	Name	Gender	Date of Appointment	Shares Held		Shares Held by Spouse & Minors or in Others' Name		Experiences / Education	Concurrent Positions in Other Companies	Managerial Staff as Spouse or Kin within the Second Degree
					Shares	Shareholding ratio (%)	Shares	Shareholding ratio (%)				Title/Name/Relationship
Senior Manager	Republic of China	Ying-Fen Tsai	Female	2019.05.02	—	—	—	—	<ul style="list-style-type: none"> ● Manager of Fudong Branch ● Bachelor of Business Administration, National Cheng Kung University 	—	—
Senior Manager	Republic of China	Jun-Hong Chen	Male	2019.04.01	—	—	—	—	<ul style="list-style-type: none"> ● Manager of Shihlin Branch ● Bachelor of Civil and Construction Engineering, National Yunlin University of Science and Technology 	—	—
Manager	Republic of China	Hsiao-Pei Chang	Female	2019.05.24	—	—	—	—	<ul style="list-style-type: none"> ● Manager of Chengzhong Branch ● Bachelor of Accounting, Soochow University 	—	—
Manager	Republic of China	Li-Fen Chang	Female	2017.03.01	—	—	—	—	<ul style="list-style-type: none"> ● Manager of Caotun Branch ● Bachelor of Business Administration, Ling Tung University 	—	—
Manager	Republic of China	Hou-Jen Yang	Male	2017.03.01	—	—	—	—	<ul style="list-style-type: none"> ● Manager of Nangang Branch ● Bachelor of Economics, Feng Chia University 	—	—
Manager	Republic of China	Shih-Cheng Lin	Male	2017.06.01	—	—	—	—	<ul style="list-style-type: none"> ● Manager of Chingmei Branch ● Bachelor of International Business, School of Continuing Education Affiliated to Chih Lee College of Business 	—	—
Manager	Republic of China	Wei-Chih Lin	Male	2018.01.01	—	—	—	—	<ul style="list-style-type: none"> ● Manager of Zhongzheng Branch ● Associate degree of Business Administration, Hsing Wu Jr. College of Commerce 	—	—
Manager	Republic of China	Chia-Lin Liu	Male	2018.01.01	—	—	—	—	<ul style="list-style-type: none"> ● Manager of Wujiu Branch ● Bachelor of Public Finance, Feng Chia University 	—	—

Title	Nationality	Name	Gender	Date of Appointment	Shares Held		Shares Held by Spouse & Minors or in Others' Name		Experiences / Education	Concurrent Positions in Other Companies	Managerial Staff as Spouse or Kin within the Second Degree
					Shares	Shareholding ratio (%)	Shares	Shareholding ratio (%)			
Manager	Republic of China	Yu-Te Lin	Male	2019.09.01	—	—	—	—	<ul style="list-style-type: none"> ● Manager of Chunggang Branch ● Bachelor of Banking, National Chengchi University 	—	—
Manager	Republic of China	Ya-Hui Chen	Female	2018.01.01	—	—	—	—	<ul style="list-style-type: none"> ● Manager of Jianguai Branch ● Master in Finance, University of York, UK 	—	—
Manager	Republic of China	Hsiao-Ying Kuo	Female	2019.08.12	—	—	—	—	<ul style="list-style-type: none"> ● Manager of Zhongshan Branch ● Bachelor of Business Administration, Soochow University 	—	—
Manager	Republic of China	Yu-Te Su	Male	2019.04.01	—	—	—	—	<ul style="list-style-type: none"> ● Manager of Gongguan Branch ● Bachelor of Finance, JinWen University of Science & Technology 	—	—
Manager	Republic of China	Chi-Hui Chang	Female	2019.09.01	—	—	—	—	<ul style="list-style-type: none"> ● Manager of North Taichung Branch ● MBA, National Chung Hsing University 	—	—
Manager	Republic of China	Han-Chi Wu	Male	2018.01.01	—	—	—	—	<ul style="list-style-type: none"> ● Manager of Beixin Branch ● Bachelor of Finance, Lughwa University of Science and Technology 	—	—
Manager	Republic of China	Chih-Chun Wen	Male	2018.01.01	—	—	—	—	<ul style="list-style-type: none"> ● Manager of Liancheng Branch ● Associate degree of Accounting and Statistics, Takming University of Science and Technology 	—	—
Manager	Republic of China	Sheng-Min Huang	Male	2018.01.01	—	—	—	—	<ul style="list-style-type: none"> ● Manager of Dongmen Branch ● Bachelor of Business Administration, Vanung University 	—	—
Manager	Republic of China	Chen-Chieh Wu	Male	2018.01.01	—	—	—	—	<ul style="list-style-type: none"> ● Manager of Yungchun Branch ● Bachelor of Economics, Fu Jen Catholic University 	—	—

Title	Nationality	Name	Gender	Date of Appointment	Shares Held		Shares Held by Spouse & Minors or in Others' Name		Experiences / Education	Concurrent Positions in Other Companies	Managerial Staff as Spouse or Kin within the Second Degree
					Shares	Shareholding ratio (%)	Shares	Shareholding ratio (%)			
Manager	Republic of China	I-Chun Wan	Female	2018.01.01	—	—	—	—	<ul style="list-style-type: none"> ● Manager of Chengqing Branch ● Bachelor of Business Administration, Louisiana State University, USA 	—	—
Manager	Republic of China	Min-Tsung Chuang	Male	2018.01.01	—	—	—	—	<ul style="list-style-type: none"> ● Manager of Qijin Branch ● Bachelor of Transportation and Communication Management Science, Feng Chia University 	—	—
Manager	Republic of China	Jo-Ching Lin	Female	2018.01.01	—	—	—	—	<ul style="list-style-type: none"> ● Manager of Xinying Branch ● Bachelor of Finance, Southern Taiwan University of Technology 	—	—
Manager	Republic of China	Shih-Jung Tseng	Female	2018.01.01	—	—	—	—	<ul style="list-style-type: none"> ● Manager of Shihmao Branch ● Associate degree of International Business, Lughwa college of Technology & Commerce 	—	—
Manager	Republic of China	Hao-En Hsu	Female	2018.01.01	—	—	—	—	<ul style="list-style-type: none"> ● Manager of Xinli Branch ● Bachelor of Applied Languages, Nanya Institute of Technology 	—	—
Manager	Republic of China	Cheng-Chan Chiang	Male	2018.01.01	—	—	—	—	<ul style="list-style-type: none"> ● Manager of Wanli Branch ● Bachelor of Business Administration, Southern Taiwan University of Technology 	—	—
Manager	Republic of China	Yu-Ling Wu	Female	2018.01.01	—	—	—	—	<ul style="list-style-type: none"> ● Manager of Fengren Branch ● Master in Finance, Chaoyang University of Technology 	—	—
Manager	Republic of China	Ying-Chou Ho	Male	2018.01.05	—	—	—	—	<ul style="list-style-type: none"> ● Manager of Shangxinzhuan Branch ● Master in Mainland China Studies, Chinese Culture University 	—	—

Title	Nationality	Name	Gender	Date of Appointment	Shares Held		Shares Held by Spouse & Minors or in Others' Name		Experiences / Education	Concurrent Positions in Other Companies	Managerial Staff as Spouse or Kin within the Second Degree
					Shares	Shareholding ratio (%)	Shares	Shareholding ratio (%)				Title/Name/Relationship
Manager	Republic of China	Sheng-Feng Chen	Male	2018.01.05	—	—	—	—	<ul style="list-style-type: none"> ● Manager of Datong Branch ● Master in Economics, Feng Chia University 	—	—
Manager	Republic of China	Yueh-Chung Wu	Male	2018.01.29	—	—	—	—	<ul style="list-style-type: none"> ● Manager of Yanji Branch ● MBA, Soochow University 	—	—
Manager	Republic of China	Cheng-Che Lee	Male	2018.02.02	—	—	—	—	<ul style="list-style-type: none"> ● Manager of Pingtung Branch ● Master in Money and Banking, National Kaohsiung First University of Science and Technology 	—	—
Manager	Republic of China	Chung-Hsuan Lee	Male	2018.03.05	—	—	—	—	<ul style="list-style-type: none"> ● Manager of Qianjin Branch ● Bachelor of Finance, Shih Chien University 	Director of Financial Literacy & Education Association (FINLEA)	—
Manager	Republic of China	Chih-Yun Chiang	Female	2018.03.19	—	—	—	—	<ul style="list-style-type: none"> ● Manager of Chengong Branch ● Bachelor of Tourism & Hospitality Management, Royal Melbourne Institute of Technology, Australia 	—	—
Manager	Republic of China	Yao-Hsien Yang	Male	2018.03.19	—	—	—	—	<ul style="list-style-type: none"> ● Manager of Zhongcheng Branch and Manager of Beitou Branch ● Associate degree of Business Administration, Chinese Junior College of Industrial and Commercial Management 	—	—
Manager	Republic of China	Chieh-Ping Wu	Male	2018.06.08	—	—	—	—	<ul style="list-style-type: none"> ● Manager of Dajia Branch ● Master in Business Education, National Changhua University of Education 	—	—
Manager	Republic of China	Shih-Hsun Chen	Male	2019.09.01	—	—	—	—	<ul style="list-style-type: none"> ● Manager of Shalu Zhongshan Branch ● Bachelor of International Business, Shih Chien University 	—	—

Title	Nationality	Name	Gender	Date of Appointment	Shares Held		Shares Held by Spouse & Minors or in Others' Name		Experiences / Education	Concurrent Positions in Other Companies	Managerial Staff as Spouse or Kin within the Second Degree
					Shares	Shareholding ratio (%)	Shares	Shareholding ratio (%)			
Manager	Republic of China	Ching-Chuan Chang	Male	2018.09.10	—	—	—	—	<ul style="list-style-type: none"> ● Manager of Toufen Branch ● Bachelor of Finance, Chung Hua University 	—	—
Manager	Republic of China	Te-Yu Yuan	Male	2018.11.16	—	—	—	—	<ul style="list-style-type: none"> ● Manager of Guting Branch ● Bachelor of Insurance, Tamkang University 	—	—
Manager	Republic of China	Wen-Hsin Kao	Male	2019.12.20	—	—	—	—	<ul style="list-style-type: none"> ● Manager of Songjiang Branch ● MBA, Tamkang University 	—	—
Manager	Republic of China	Chin-Hui Tseng	Female	2018.11.23	—	—	—	—	<ul style="list-style-type: none"> ● Manager of Sinban Branch ● Bachelor of Shipping and Transportation Management, National Taiwan Ocean University 	—	—
Manager	Republic of China	San-Kuei Huang	Male	2019.04.01	—	—	—	—	<ul style="list-style-type: none"> ● Manager of Tungshin Branch ● Bachelor of Accounting, Chinese Culture University 	—	—
Manager	Republic of China	Ya-Lun Chen	Female	2019.01.01	—	—	—	—	<ul style="list-style-type: none"> ● Manager of Kaiyuan Branch ● Bachelor of Business Administration, New York Institute of Technology, USA 	—	—
Manager	Republic of China	Yu-Ta Lin	Male	2019.01.01	—	—	—	—	<ul style="list-style-type: none"> ● Manager of Jhonghe Branch ● Bachelor of Finance, National Chengchi University 	—	—
Manager	Republic of China	Yen-Shan Lee	Male	2019.01.01	—	—	—	—	<ul style="list-style-type: none"> ● Manager of Tianmu Branch ● Bachelor of Statistics, National Chung Hsing University 	—	—
Manager	Republic of China	Cheng-Jung Tsai	Male	2019.12.20	—	—	—	—	<ul style="list-style-type: none"> ● Manager of Sinyi Branch ● MBA, Saint Leo University, USA 	—	—

Title	Nationality	Name	Gender	Date of Appointment	Shares Held		Shares Held by Spouse & Minors or in Others' Name		Experiences / Education	Concurrent Positions in Other Companies	Managerial Staff as Spouse or Kin within the Second Degree
					Shares	Shareholding ratio (%)	Shares	Shareholding ratio (%)			
Manager	Republic of China	Yung-Hui Yang	Male	2019.01.01	—	—	—	—	<ul style="list-style-type: none"> ● Manager of Xiaogang Branch ● Master in Management, Chung Yuan Christian University 	—	—
Manager	Republic of China	Tsai-Ti Hung	Female	2020.01.01	—	—	—	—	<ul style="list-style-type: none"> ● Manager of Shiquan Branch ● Bachelor of Business Administration, Cheng Shiu University 	—	—
Manager	Republic of China	Mei-Wen Chang	Female	2018.05.16	—	—	—	—	<ul style="list-style-type: none"> ● Manager of South Chiayi Branch ● Bachelor of applied economics, National Chiayi University 	—	—
Manager	Republic of China	Ming-Yuan Shih	Male	2018.06.08	—	—	—	—	<ul style="list-style-type: none"> ● Manager of Kinmen Branch ● Master in land management, Feng Chia University 	—	—
Manager	Republic of China	Wen-Chiung Tsai	Female	2018.08.03	—	—	—	—	<ul style="list-style-type: none"> ● Manager of Minzu Branch ● MBA, Southern Taiwan University of Technology 	—	—
Manager	Republic of China	I-Hsiang Chen	Male	2018.01.01	—	—	—	—	<ul style="list-style-type: none"> ● Manager of Nannmen Branch ● Bachelor of Business Administration, National Taiwan University of Science and Technology 	—	—
Manager	Republic of China	Chung-Hsiang Yang	Male	2018.01.01	—	—	—	—	<ul style="list-style-type: none"> ● Manager of Yuanshan Branch ● Bachelor of International Business, JinWen University of Science & Technology 	—	—
Manager	Republic of China	Chia-Jung Lee	Female	2018.08.01	—	—	—	—	<ul style="list-style-type: none"> ● Manager of Hualien Branch ● Bachelor of Applied Business, School of Continuing Education Affiliated to National Taipei College of Business 	—	—

Title	Nationality	Name	Gender	Date of Appointment	Shares Held		Shares Held by Spouse & Minors or in Others' Name		Experiences / Education	Concurrent Positions in Other Companies	Managerial Staff as Spouse or Kin within the Second Degree
					Shares	Shareholding ratio (%)	Shares	Shareholding ratio (%)			
Manager	Republic of China	Jin-Sheng Liu	Male	2019.04.08	—	—	—	—	<ul style="list-style-type: none"> ● Manager of Dall Branch ● Bachelor of International Business, Feng Chia University 	—	—
Manager	Republic of China	Che-kang Chuang	Male	2019.11.22	—	—	—	—	<ul style="list-style-type: none"> ● Deputy Manager of Tucheng Branch ● EMBA, National Chengchi University 	—	—
Manager	Republic of China	Jing-Hsiang Liu	Male	2019.09.16	—	—	—	—	<ul style="list-style-type: none"> ● Manager of Shulin Branch ● Master in Finance, Shih Hsin University 	—	—
Manager	Republic of China	Tzu-Ching Chen	Female	2019.12.23	—	—	—	—	<ul style="list-style-type: none"> ● Deputy Manager of Dunan Branch ● Bachelor of Laws, National Taipei University 	—	—
Manager	Republic of China	Hsiu-Ling Tsai	Female	2019.05.13	—	—	—	—	<ul style="list-style-type: none"> ● Deputy Manager of Chiayi Branch ● Bachelor of Business, National Open University 	—	—
Manager	Republic of China	Ming-Hua Huang	Male	2019.11.22	—	—	—	—	<ul style="list-style-type: none"> ● Deputy Manager of Jincheng Branch ● Bachelor of Industrial Management, Southern Taiwan University of Technology 	—	—
Manager	Republic of China	Ling-Ya Tseng	Female	2019.03.04	—	—	—	—	<ul style="list-style-type: none"> ● Manager of Xindian Zhongzheng Branch ● Bachelor of Finance, Hsing Wu University 	—	—
Manager	Republic of China	I-Chun Chen	Female	2019.04.01	—	—	—	—	<ul style="list-style-type: none"> ● Manager of Linkou Branch ● Bachelor of Business Administration, Overseas Chinese University 	—	—
Manager	Republic of China	Chih-Min Chuang	Male	2019.09.02	—	—	—	—	<ul style="list-style-type: none"> ● Deputy Manager of Mingcheng Branch ● Master in Money and Banking, National Kaohsiung First University of Science and Technology 	—	—

Title	Nationality	Name	Gender	Date of Appointment	Shares Held		Shares Held by Spouse & Minors or in Others' Name		Experiences / Education	Concurrent Positions in Other Companies	Managerial Staff as Spouse or Kin within the Second Degree
					Shares	Shareholding ratio (%)	Shares	Shareholding ratio (%)			
Manager	Republic of China	Pei-Chun Tsai	Female	2019.03.19	—	—	—	—	<ul style="list-style-type: none"> ● Manager of Anhe Branch ● Master in Technology Management, National University of Tainan 	—	—
Senior Deputy Manager	Republic of China	Hui-Ling Huang	Female	2019.09.01	—	—	—	—	<ul style="list-style-type: none"> ● Deputy Manager of Qianzhen Zhongshan Branch ● Bachelor of International Trade, Cheng Shiu University 	—	—
Senior Deputy Manager	Republic of China	I-Tzu Su	Female	2019.07.05	—	—	—	—	<ul style="list-style-type: none"> ● Deputy Manager of Banqiao Branch ● Bachelor of French, Tamkang University 	Supervisor of FMMedia Technology	—
Senior Deputy Manager	Republic of China	Shu-Yin Huang	Female	2019.08.12	—	—	—	—	<ul style="list-style-type: none"> ● Deputy Manager of East Taipei Branch ● Bachelor of Cooperative Economics, Feng Chia University 	—	—
Senior Deputy Manager	Republic of China	Chiu-Lien Tsai	Female	2019.09.01	—	—	—	—	<ul style="list-style-type: none"> ● Deputy Manager of Xizhi Branch ● Bachelor of International Trade, National Kaohsiung University of Science and Technology 	—	—
Senior Deputy Manager	Republic of China	Hui-Chun Lin	Male	2019.07.16	—	—	—	—	<ul style="list-style-type: none"> ● Deputy Manager of Guangfu Branch ● Bachelor of Mechanical Engineering, Chung Hua University 	—	—
Senior Deputy Manager	Republic of China	Wen-Hsiang Chien	Male	2019.09.01	—	—	—	—	<ul style="list-style-type: none"> ● Deputy Manager of North Sanchong Branch ● Bachelor of Industrial and Systems Engineering, Chung Yuan Christian University 	—	—
Deputy Manager	Republic of China	Chao-I Wu	Female	2019.01.01	—	—	—	—	<ul style="list-style-type: none"> ● Deputy Manager of Annan Branch ● Bachelor of Finance, Southern Taiwan University of Technology 	—	—

Title	Nationality	Name	Gender	Date of Appointment	Shares Held		Shares Held by Spouse & Minors or in Others' Name		Experiences / Education	Concurrent Positions in Other Companies	Managerial Staff as Spouse or Kin within the Second Degree
					Shares	Shareholding ratio (%)	Shares	Shareholding ratio (%)			
Deputy Manager	Republic of China	Wen-Ting Tu	Female	2019.11.11	—	—	—	—	<ul style="list-style-type: none"> ● Deputy Manager of Wanhua Branch ● Bachelor of Business Administration, Tamkang University 	—	—
Deputy Manager	Republic of China	Chih-Hao Chen	Male	2019.04.01	—	—	—	—	<ul style="list-style-type: none"> ● Deputy Manager of Qianzhen Branch ● Bachelor of Finance, Fortune Institute of Technology 	—	—
Deputy Manager	Republic of China	Yu-Shan Lee	Male	2019.07.05	—	—	—	—	<ul style="list-style-type: none"> ● Deputy Manager of Minsheng Branch ● Bachelor of Business Administration, Fu Jen Catholic University 	—	—
Senior Assistant Vice President	Republic of China	Chen-Chun Lin	Male	2019.01.15	—	—	—	—	<ul style="list-style-type: none"> ● Vice Manager of Administration & Facilities Management Dept. ● Associate Degree of Management, National Taipei College of Business 	—	—
Assistant Vice President	Hong Kong	Yu-Lin Shao	Male	2018.10.23	—	—	—	—	<ul style="list-style-type: none"> ● Vice Manager of Hong Kong Branch ● Master in Laws, The Chinese University of Hong Kong 	—	—
Assistant Vice President	Republic of China	Pi-Yun Chen	Female	2019.10.11	—	—	—	—	<ul style="list-style-type: none"> ● Operation Manager of Hong Kong Branch ● Bachelor of International Trade, Soochow University 	—	—
Assistant Vice President	Republic of China	Yun-Ting Chuang	Female	2019.10.24	—	—	—	—	<ul style="list-style-type: none"> ● Leader of Financial Markets Group, Hong Kong Branch ● Master in Finance, National Taiwan University 	—	—
Assistant Vice President	Republic of China	Hsi-Chung Wang	Male	2010.09.05	—	—	—	—	<ul style="list-style-type: none"> ● Vice Manager of Risk Management Dept. ● Master in Information Engineering, Feng Chia University 	—	—

Title	Nationality	Name	Gender	Date of Appointment	Shares Held		Shares Held by Spouse & Minors or in Others' Name		Experiences / Education	Concurrent Positions in Other Companies	Managerial Staff as Spouse or Kin within the Second Degree
					Shares	Shareholding ratio (%)	Shares	Shareholding ratio (%)			
Assistant Vice President	Republic of China	Yung-Fu Lin	Male	2017.08.01	—	—	—	—	<ul style="list-style-type: none"> ● Vice Manager of Information Security Management Dept. ● Bachelor of Information Management, Fu Jen Catholic University 	—	—
Assistant Vice President	Republic of China	Mei-Chu Yeh	Female	2020.01.01	—	—	—	—	<ul style="list-style-type: none"> ● Vice Manager of Personal Loan Credit Dept. ● Diploma, Department of Commerce, Shixin Vocational High School 	—	—
Assistant Vice President	Republic of China	Yen-Liang Lin	Male	2018.07.01	—	—	—	—	<ul style="list-style-type: none"> ● Vice Manager of Information Technology Development Dept. ● Master in Information and Electrical Engineering, Feng Chia University 	—	—
Assistant Vice President	Republic of China	Tsung-Yao Chen	Male	2020.01.01	—	—	—	—	<ul style="list-style-type: none"> ● Leader of Corporate Banking Group, Taipei Regional Center III ● Bachelor of Finance, Aletheia University 	—	—
Assistant Vice President	Republic of China	Hsiu-Yun Tsao	Female	2015.01.01	—	—	—	—	<ul style="list-style-type: none"> ● Leader of Public Relations Group, Business Management Dept. ● Bachelor of History, Chinese Culture University 	—	—
Assistant Vice President	Republic of China	Hsiu-Mei Lee	Female	2018.12.16	—	—	—	—	<ul style="list-style-type: none"> ● Leader of Business Management Group, Personal Loan Dept. ● Bachelor of Land Economics, National Chung Hsing University 	—	—
Assistant Vice President	Republic of China	Chao-Yen Chen	Male	2020.01.13	—	—	—	—	<ul style="list-style-type: none"> ● Vice Manager of Personal Loan Dept. ● Bachelor of Textile Technology, National Taipei University of Technology 	—	—

4. Corporate Governance

(1) Disclosures made in accordance with Corporate Governance Best-Practice Principles for Banks and related regulations

Disclosed in “Corporate Governance” on the Bank’s website: <http://www.yuantabank.com.tw/bank/>

(2) Status of corporate governance, departures from the Corporate Governance Best-Practice Principles for Banks and reasons for such departures

Item	Implementation		The Differences between the Corporate Governance Practice of the Bank and “Guideline for Bank Corporate Governance” and Causes
	Yes	No	
<p>1. Equity structure and shareholders’ rights of the Bank:</p> <p>(1) Did the Bank set up methods to handle shareholders suggestions, questions, complaints and legal actions from shareholders, and implemented the procedure?</p> <p>(2) Did the Bank maintain list of its major shareholders and the ultimate controllers of these major shareholders?</p> <p>(3) Did the Bank establish and execute risk control and firewall mechanism between the Bank and its affiliates?</p>	<p>✓</p> <p>✓</p> <p>✓</p>	<p></p> <p></p> <p></p>	<p>There was no departure in this respect.</p> <p>(1) The Bank is a wholly-owned subsidiary of Yuanta Financial Holdings(YFH), and the communication channel between the Bank and YFH is smooth.</p> <p>(2) YFH is the Bank’s sole and actual controlling shareholder. Also, the Bank is also fully aware of YFH’s ultimate owner list.</p> <p>(3) The Bank and its related party have been processing their finance independently, and the performance and division of responsibilities between both parties have been defined clearly, and also audited by CPA periodically. Additionally, the Bank has also established the stakeholder query system and developed according operation procedures and the controlling mechanism all according to Article 44 and Article 45 of Financial Holdings Company Act and relevant policies of the parent company. In addition, the Bank has stipulated the</p>

Item	Implementation		The Differences between the Corporate Governance Practice of the Bank and "Guideline for Bank Corporate Governance" and Causes
	Yes	No		Summary
			<p>"Rules Governing Financial and Financial and Business Matters Between this Corporation and its Affiliated Enterprises," "Regulations Governing Collective Authorization for other than Credit Trading with Interested Parties of Article 45 of the Financial Holding Company Act," "Trading Rules with Self-Regulatory Counterparties," to implement risk control and firewall mechanisms.</p>
<p>2. Composition and responsibilities of the Board of Directors:</p> <p>(1) Did the Bank's voluntary establishment of other functional committees in addition to Remuneration Committee and Audit Committee?</p> <p>(2) Does the TWSE/GTSM listed bank establish regulations governing the Board's performance and the evaluation method, conduct performance evaluation annually and regularly and report the results to the Board of Directors, and apply them as reference for individual directors' remuneration and nomination for reappointment?</p> <p>(3) Did the Bank assess the independence of the CPA periodically?</p>	<p>✓</p> <p>✓</p> <p>✓</p>	<p>(1) In addition to Remuneration Committee and Audit Committee, Set up the "Risk Management Committee" to ensure the effective operation of the Bank's risk management.</p> <p>(2) In accordance with the Bank's "Board and Functional Committees Evaluation Procedures," the performance evaluation results of the Board of Directors and Functional Committees shall be sent to the Board of Directors for reporting, review and improvement before the end of the first quarter of the following year. In addition, the performance evaluation results of the Bank's Directors shall be provided to the Remuneration Committee as a reference for the determination of Directors' remuneration.</p> <p>(3) The evaluation report on the independence of certified accountants and their appointment are reported to the Audit Committee and Board of Directors for approval.</p>	<p>There was no departure in this respect.</p>

Item	Implementation		The Differences between the Corporate Governance Practice of the Bank and “Guideline for Bank Corporate Governance” and Causes
	Yes	No	
3. Has the Bank been equipped with an adequate number of corporate governance personnel with appropriate qualifications, and appointed a chief corporate governance officer in charge of corporate governance affairs (including but not limited to furnishing information required for business execution by Directors and Supervisors, assisting the Directors and Supervisors with legal compliance, handling matters relating to board meetings and shareholders meetings according to laws, and producing minutes of board meetings and shareholders meetings)?	✓		The Bank is a public company with Yuanta Financial Holdings as the sole shareholder. The Bank sets up chief corporate governance officer and corporate governance personnel in accordance with regulations to be responsible for corporate governance affairs.
4. Did the Bank establish communication channel with stakeholders (including but not limited to shareholders, employees and customers etc.), set up a stakeholders section on the Bank’s website, and properly respond to important corporate social responsibility issues that stakeholders are concerned about.	✓		<p>(1) The Bank’s stakeholders such as customers, vendors, etc., may file a complaint and grievance or express opinions to the Bank through business premises, telephone, email, fax, or written correspondence, etc.</p> <p>(2) In order to facilitate labor-management communication, the Bank set up employee suggestion boxes as a platform for the labor-management dialogue and employee complaint and grievance.</p> <p>(3) The Bank is a wholly owned subsidiary of Yuanta Financial Holdings, and the communication channel between the Bank and Yuanta Financial Holdings is maintained.</p>
5. Information Disclosure: (1) Did the Bank establish website to disclose	✓		There was no departure in this respect.

Item	Implementation		The Differences between the Corporate Governance Practice of the Bank and “Guideline for Bank Corporate Governance” and Causes
	Yes	No		Summary
<p>information concerning financial affairs and corporate governance?</p> <p>(2) Did the Bank have other information-disclosing approaches? (e.g. English website, assignment of specific personnel to collect and disclose the Bank’s information, implementation of a spokesperson system, broadcasting of investor conferences via the bank website and etc.)</p> <p>(3) Does the Bank announce and register the annual financial report within the time limit in accordance with the relevant provisions of the Banking Act of Republic of China and Securities and Exchange Act after the end of the fiscal year, and announce and register the first, second, and third quarter financial reports and the monthly operating status before the prescribed time limit?</p>	<p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p>	<p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p>	<p>public the important financial information and corporate governance information, including annual financial reports.</p> <p>(2) The Bank established the spokesperson and deputy spokesperson system to unify and integrate financial and business information and advance the timeliness of public announcement.</p> <p>(3) A. The Bank’s monthly operation status in 2019 were announced within the prescribed period.</p> <p>B. The Bank’s first, second, and third quarter financial reports in 2019 were announced and registered within the time limit prescribed by the law on May 15th, 2019, August 30th, 2019, and November 14th, 2019, respectively.</p> <p>C. The Bank’s 2019 annual financial report was expected to be announced and registered on March 23, 2020.</p> <p>(Note: The statutory reporting period of the first quarter and third quarter financial reports is within 45 days after the end of each quarter; the statutory reporting period of the second quarter financial report is within two months after the end of the semi-year; the statutory reporting period of the annual financial report is within three months after the end of the fiscal year.)</p>
<p>6. Did the Bank have other important information enabling better understanding of the Bank’s corporate governance status? (including but not</p>	<p>✓</p>		<p>Other important information enabling better understanding of the Bank’s corporate governance status:</p> <p>(1) Staff Right and Employee Care:</p> <p>There was no departure in this respect.</p>

Item	Implementation		The Differences between the Corporate Governance Practice of the Bank and “Guideline for Bank Corporate Governance” and Causes
	Yes	No	
<p>limited to staff interests and employee care, investors relations and stakeholder’s rights, director’s and supervisor’s further training, the implementation of risk management policies and risk evaluation criteria, the implementation of customers’ policies, Bank’s purchase of liabilities insurance for directors and supervisors and the donation to political parties, stakeholders and charities)</p>		<p>The Bank established Employees’ Welfare Committee and, on the corporate website, set up Employee’s Recommendation area as a communicative medium between employees and employers.</p> <p>(2) Investors Relations and Stakeholder’s Rights:</p> <p>The Bank’s sole investor is Yuanta Financial Holdings Co., Ltd., which is the only shareholder and has smooth relationship with the Bank.</p> <p>(3) Director’s Further Education:</p> <p>The Bank has developed “Director Further Education Procedures” and implemented director’s continuing education courses according to the procedures.</p> <p>(4) The Implementation of Risk Management Policies and Risk Evaluation Criteria:</p> <p>The Bank has developed superior risk management policy approved by Board of Director, and constituted a well-structured risk management system in order to ensure various risk evaluation criteria. Meanwhile, the Bank also set up Risk Management Committee to integrate the deliberation, supervision and coordination of the Bank’s risk management.</p> <p>(5) The Implementation of Customers’ Policies:</p> <p>To guard customer’s rights, the Bank has developed Guidelines on Consumer Protection and regulations of personal information protection. Furthermore, the Bank acquired ISO 27001, a certificate of the Information Security Management Standard (ISMS), and BS 10012, a certificate of Personal Information Management System to shield customers’ privacy and advance the security of personal information.</p>	

Item	Implementation		The Differences between the Corporate Governance Practice of the Bank and “Guideline for Bank Corporate Governance” and Causes
	Yes	No	
		<p>(6) Bank's Purchase of Liabilities Insurance for Directors and Supervisors: The Bank has purchased liability insurance from Union Insurance Company for directors and supervisors.</p> <p>(7) The donation to political parties, stakeholders and charities: A. In March 2019, the Bank donated NT\$ 12.37 million to Polaris Research Institute as the research fund for macro-economy, finance and commodities of Taiwan and major countries. B. In May and October 2019, a donation of NT\$ 27.9 million to Yuanta Foundation for talent development as well as arts and charity events. C. In May 2019, the Bank donated NT\$ 750 thousand to Taiwan Financial Services Roundtable for Education Charity Fund of Financial services.</p>	
7.	<p>In response to the result on Corporate Governance Evaluation issued by Corporate Governance Center of Taiwan Stock Exchange for the latest year, please describe issues which have been improved. For those which have not been improved, please propose issues to be improved in the higher priority and the according measures (companies not listed in evaluation are not required for completion).</p> <p>The Bank is a public and non-TWSE/GTSM-listed company so it is not listed as a company by Taiwan Stock Exchange Corporation to be evaluated on corporate governance. < Remark > The Bank participated in CG6011 (2017) Corporate Governance System Assessment, conducted by Taiwan Corporate Governance Association, in 2018 and, on June 12, 2018, was honorably certified as Excellence (valid for two years).</p>		

(3) Implementation of Social Responsibility

Item	Implementation	
	Yes	No
1. Does the Bank conduct risk assessments on the environment, society and corporate governance related to the company's operations and formulate relevant risk management policies or strategies based on the materiality principle? (Note 4)	✓	
2. Did the Bank establish exclusively (or concurrently) dedicated units to be in charge of proposing and enforcing the corporate social responsibility policies and Board of Directors authorizes top management to address such issue and report progress to the Board?	✓	
3. Environmental issues (1) Does the Bank establish appropriate environmental management system based on its industrial characteristics?	✓	
		<p>The Bank's parent company, Yuanta Financial Holdings, has formulated the "Corporate Social Responsibility Guidelines" to manage environmental and social risks and impacts. In order to implement and promote corporate social responsibility, the Bank has set up "CSR Policy and Management Measures" and established the Center for the Promotion of CSR with functional teams covering aspects of corporate governance, environmental sustainability, and social participation. The promotion center shall regularly report the implementation effectiveness of various works to the Sustainability Committee.</p> <p>The Bank cooperates with the overall specifications and work objectives set by the parent company, Yuanta Financial Holdings. At the end of 2018, Yuanta Financial Holdings established the "Corporate Sustainability Committee" to supervise and implement the formulation and execution of corporate social responsibility policies, and to evaluate the effectiveness of the Corporate Social Responsibility Promotion Center, in order to implement the corporate sustainability philosophy.</p> <p>(1) Regarding the establishment of environmental management systems (including relevant environmental protection management measures such as water conservation, energy conservation, carbon reduction, greenhouse gas reduction, etc.):</p> <p>A. In response to Taipei City's policies on air-conditioning temperature of office buildings, the Bank has formulated the internal managerial standards and the air-conditioning testing methods for all business sites to implement temperature control.</p> <p>B. The Bank implements the Group's environmental protection policies such as water conservation, energy conservation, carbon reduction, and greenhouse gas reduction, etc.</p> <p>C. Smoking is completely prohibited inside offices, and smokers must use designated outdoor</p>

Item	Implementation	
	Yes	No
(2) Is the Bank committed to improving various resource use efficiency and using recycled materials with low impact on the environmental load?	✓	<p>locations to comply with the regulations. In addition, the Bank regularly conducts disinfection, rodent and pest control.</p> <p>D. The use of official vehicles complied with energy saving and avoid unnecessary carbon emissions.</p> <p>(2) The Bank has implemented in accordance with the relevant policies and regulations of its parent company, Yuanta Financial Holdings. The improvement of various resource use efficiency and the use of recycled materials are as follows :</p> <p>A. Recycle and reuse energy-intensive products, including promoting and advocating paper recycling and reusing, and recycling.</p> <p>B. Properly dispose waste, including promoting and advocating garbage sorting and reduction and waste water treatment.</p> <p>C. Use low-consumption, green energy office supplies and equipment, and has been recognized by the Taipei City Government and the Environmental Protection Administration as a green procurement excellent unit every year since 2011.</p> <p>D. In terms of office furniture, resource utilization is implemented to avoid waste, and the scrapping process is also handled by means of resource recycling.</p>
(3) Does the Bank assess the potential risks and opportunities of climate change for the company now and in the future, and take response measures to address climate-related issues?	✓	<p>(3) The Bank continues to work on environmental sustainability and climate change issues. Although it is not in the manufacturing industry, the Bank still focuses on energy saving and carbon reduction, hoping to help in the fight against climate change. It introduces the ISO50001 Energy Management System in its own buildings and the ISO14064-1 Greenhouse gas Part1: Specification with guidance. In 2018 and 2019, the Bank purchased 200,000 kilowatts of Renewable Energy Certification (RECs), and worked together to protect the Earth and the sustainability of the environment.</p>
(4) Does the Bank calculate the greenhouse gas emissions, water consumption and total weight of waste in the past two years, and formulate policies for energy saving, carbon reduction, greenhouse gas	✓	<p>(4) The Bank is in the financial services industry, not like the manufacturing industry which produces a lot of greenhouse gas emissions. The Bank's sources of greenhouse gas emissions are mainly electricity and water consumption and transportation oil. In order to pay attention to the changes of greenhouse gases, the Bank started to apply for various ISO environmental management systems in 2017, as follows:</p>

Item	Implementation																	
	Yes	No																
reduction, water use reduction or other waste management?		<p>Summary</p> <p>A. ISO 14064-1 Greenhouse gas Part 1: Specification with guidance (Certification date: May 10th, 2016 and Expiration date: May 6th, 2019) The Bank started to implement ISO14061-1 in 2017 to conduct GHG inventory and monitor its greenhouse gas emissions. The 2018 certified outlets covered 145 domestic branches, and the 2019 continuous certified outlets covered 147 domestic branches, with 100% coverage. It also obtained the certification from the British Standards Institution (BSI). The Bank's greenhouse gas emissions inventory data are as follows: Total CO2 emissions in 2017 were 11,844 ton-CO2e / year. Total CO2 emissions in 2018 were 11,216 ton-CO2e / year.</p> <p>B. ISO 5001:2018 Energy Management Systems (Certification date : July 9th, 2016 and Expiration date : July 18th, 2022) The application for ISO 50001 Energy Management certification (Chengde Building) began in 2016, and the certified outlets continued to increase in 2017 (Financial Holdings Building), 2018 (Yongkang Building and Fucheng Building), and 2019 (Kaohsiung Building and Mingsheng Building). The Bank conducts comprehensive review of electricity consumption, and implements the following energy saving and carbon reduction strategies: (a) T5 lamps, LEDs, cold cathode tubes and other low-energy lamps are used in those newly branches to reduce electricity costs and energy consumption. (b) Energy-saving lamps and water-saving faucets were installed in self-owned buildings in 2019 (Taichung Building, Yongkang Building, Fucheng Building, Kaiyuan Building, Kaohsiung Building, and Mingsheng Building) (c) The lamps used in the 24-hour ATM areas were completely replaced by LED lamps in 2019.</p> <p>C. In 2019, the Bank conducted waste sorting, recycling and reuse obtaining certification documents, with the following statistics:</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th colspan="4" style="text-align: right;">Unit: 1000/KG</th> </tr> <tr> <th>Domestic waste</th> <th>Aluminum</th> <th>Iron</th> <th>PET bottles</th> <th>Paper</th> <th>Leftovers</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">-</td> <td style="text-align: center;">372</td> <td style="text-align: center;">336</td> <td style="text-align: center;">4,293</td> <td style="text-align: center;">53,554</td> <td style="text-align: center;">11,892</td> </tr> </tbody> </table>	Unit: 1000/KG				Domestic waste	Aluminum	Iron	PET bottles	Paper	Leftovers	-	372	336	4,293	53,554	11,892
Unit: 1000/KG																		
Domestic waste	Aluminum	Iron	PET bottles	Paper	Leftovers													
-	372	336	4,293	53,554	11,892													

Item	Implementation														
	Yes	No	Summary												
			<p>Total renovation waste in 2019: 67.02 metric tons Total water consumption in 2019: 7.36 metric tons The annual water consumption and expenses are detailed in the following table:</p> <table border="1"> <thead> <tr> <th colspan="2">2019</th> <th colspan="2">2018</th> </tr> <tr> <th>Expenses (NT\$1,000)</th> <th>consumption (m³)</th> <th>Expenses (NT\$1,000)</th> <th>Consumption (m³)</th> </tr> </thead> <tbody> <tr> <td>1,190</td> <td>80,937</td> <td>1,202</td> <td>75,527</td> </tr> </tbody> </table>	2019		2018		Expenses (NT\$1,000)	consumption (m ³)	Expenses (NT\$1,000)	Consumption (m ³)	1,190	80,937	1,202	75,527
2019		2018													
Expenses (NT\$1,000)	consumption (m ³)	Expenses (NT\$1,000)	Consumption (m ³)												
1,190	80,937	1,202	75,527												
<p>4. Social issues</p> <p>(1) Did the Bank develop management policies and procedures according to regulations and International Bill of Human Rights?</p> <p>(2) Does the Bank establish and implement reasonable employee welfare measures (including compensation, leaves and other benefits etc.), and appropriately reflect the operating performance or results in employee compensation?</p> <p>(3) Did the Bank offer employees the safe and healthy workplace and conduct safety and health education for employees</p>	<p>✓</p> <p>✓</p> <p>✓</p>		<p>(1) The Bank has complied with labor regulations and codes of its parent company YFH and developed codes of work and according personnel management rules for job seekers or employees, which specify no discrimination on ethnicity, thoughts, religions, political parties, household registry, birthplace registry, sex, sexual orientation, age and marriage, in order to construct an equal employment environment and shield employee's legal rights. In addition, the labor management meeting is convened periodically to guard employee rights, expedite labor-management harmony and construct a mutually-benefiting and win-win prospect.</p> <p>(2) The Bank formulate regulations on performance and reward to encourage employees, and the company's operating results and personal performance will be reflected in the overall salary of employees. In addition, according to the Bank's Article of Incorporation, , if there is any profit in the Bank's final accounts of the year, 0.01% to 5% of the balance after deducting accumulated losses will be appropriated to employee compensation.</p> <p>Information on employee compensation is disclosed in the "Corporate Governance - Articles of Incorporation" of the "About Yuanta" section on the Bank's official website.</p> <p>(3) To provide employees and customers with a safe and healthy environment, the Bank continues to promote workplace environmental safety protection, and in accordance with the "Occupational Safety and Health Act" and related sub-laws, formulates Occupational Safety and Health Work</p>												

Item	Implementation	
	Yes	No
periodically?		<p>Guidelines, Occupational Safety and Health Management Plan, Automatic Inspection Plan, Directions for Working Environment Monitoring, and Occupational Safety and Health Education and Training Rules, and they have been announced for implementation. In addition, the "Operation Unit Safety Maintenance Procedures" is formulated to establish a safe maintenance mechanism for the premises:</p> <ul style="list-style-type: none"> A. Strict entrance guard and security check measures to fully protect the safety of our employees at work and in everyday life. B. Regular safety inspections of drinking water, carbon dioxide and illumination brightness. C. Regular report and inspected fire and public safety equipments. D. Regular maintained and inspect the generator, uninterruptible power supply and the elevators. E. Regular disinfection and sanitation of the environment. F. Confirming that office surveillance systems at all business locations function normally. G. For general employees, according to the law, the new and in-service employees' occupational safety and health education and training, online training courses for the four major prevention plans for occupational safety and health, and disaster prevention drills will be conducted every year. H. For occupational safety and health business supervisors, fire management personnel, security personnel, first aid personnel and other specific business employees, annual occupational safety business management training, fire management education and training, first aid personnel education and training, disaster prevention and earthquake drills and other training are conducted to reduce occupational disaster risk, providing employees with a safe, healthy and hygienic workplace environment. I. Provide on-site health services by professional specialist doctors according to law, employ occupational safety and health managing personnel, dedicated nurses and contracted professional specialist doctors to provide employees with medical information and health consulting services for major diseases suffered by employees and the top ten abnormalities of health check-ups. J. Actively promote health promotion activities, occupational disease prevention measures (such as

Item	Implementation	
	Yes	No
<p>(4) Did the Bank develop training programs on effective career and capability development for employees?</p>	✓	
		<p>Summary</p> <p>soreness improvement, etc.), management of high blood pressure, blood sugar, and cholesterol, maternal health protection, and hold health seminars, scientific fitness tests, sports protection and other activities.</p> <p>K. Test the carbon dioxide concentration and light intensity of the office premises every six months, and obtain the “Air Quality Autonomy Management Mark.”</p> <p>L. The Bank’s efforts on occupational safety have been well-recognized, awarded with “2019 Taipei Healthy Workplace – Fourth Place,” “Safe Workplace Certification” by the Ministry of Health and Welfare, “Taiwan i sports – Certificate of Corporate Wellness” by the Sports Administration, MOE, and “Excellent Lactation Room Certification” by the Department of Health, Taipei City Government.</p> <p>(4) In response to the rapid changes in the financial environment, the Bank encourages employees to actively learn to strengthen their work functions, and provides a variety of courses covering new personnel training, financial professional competence training, management competence training, reserve manager training, legal compliance training, general competence training, healthy life lectures and training courses by specialized institutions, making employees’ learning an inseparable part of the company growth.</p>

Type	Total Course	Total Hours (Note 1)	Total number of persons	Avg. training hours per person (Note 2)	Avg. training per person (Note 3)
Internal	871	34,213	131,338	7.7	29.5
External	321	111,549	95,433	25.1	21.5
Total	1,192	145,762	226,770	32.8	51.0

Note 1: Total Hours = $\sum(\text{Total course hours} \times \text{number of participants})$
Note 2: Avg. training hours per person = Total hours / Total employees
Note 3: Avg. training per person = Total number of persons / Total employees

Item	Implementation	
	Yes	No
(5) Does the Bank comply with relevant regulations and international standards for customers' health, safety, and privacy, as well as marketing and labeling of products and services, and formulate relevant consumer protection policies and grievance procedures?	✓	(5) <p>A. The Bank has conducted the marketing and labeling of various products and services in accordance with relevant laws and regulations.</p> <p>B. To fully serve the Bank duty in the confidentiality of customers' personal information, the Bank developed "Guidelines on Consumer Protection," "Personal Information Protection Policies," "Personal Information Management Rules" and related regulations. Meanwhile, the Bank has not only disclosed Privacy Protection Statement and the measures for the confidentiality of customer data on its website, but also executed all the group's confidentiality measures for the personal information to shield customers' privacy and advance personal information security.</p> <p>C. The Bank has shaped the principle of "fair dealing" as its core corporate culture, and the Board of Directors is the highest supervisory unit to promote fair dealing. The "Fair Dealing Policy," "Fair Dealing Strategy" and relevant regulations are formulated to promote compliance. The President serves as the convener of the "Fair Dealing Principle Promotion Team," to lead the Bank's promotion of fair dealing principles, and to hold monthly meetings for discussion and resolution on issues related to the Bank's customer complaint situation, customer complaint case analysis and review, customer care and implementation of ISO 10002 (Quality Management – Customer Satisfaction – Guidelines for Complaints Handling in Organizations). The team will also submit reports to the Board of Directors and regularly organize the Bank's education and training on the principle of fair dealing. The evaluation operation of the "fair dealing principle" in the financial services industry every year to implement the compliance with the principle of fair dealing, protect customers' rights, and provide customers with better quality financial services.</p> <p>D. The Bank has formulated regulations such as the "Regulations Governing Handling of Consumer Disputes," "Guidelines for Handling of Consumer Grievances," etc. For consumer complaints, in addition to immediately notifying the relevant units to ensure that they have grasped the processing progress, the Bank will also inquire consumers' opinions.</p> <p>The Bank currently provides multiple channels to handle consumer complaint as follows :</p>

Item	Implementation	
	Yes	No
(6) Does the Bank formulate supplier management policies that require suppliers to comply with relevant regulations on environmental protection, occupational safety and health or labor human rights, and their implementation?	✓	<p>a. Customer Feedback Forms are placed in the business hall of business units.</p> <p>b. The Bank's Hotline: 0800-688-168.</p> <p>c. E-mail: service@yuanta.com</p> <p>d. Fax or mail letter</p> <p>(6) Yuanta Financial Holdings has established Yuanta Financial Holdings and Subsidiaries Guidelines for Supplier Management in 2019. The Guidelines have required suppliers to comply with specifications on human rights and environmental issues, and the supplier evaluation shall be completed in accordance with the Guidelines.</p>
5. Does the Bank take reference to international reporting standards or guidelines to prepare reports such as CSR report, etc., that disclose the Bank's non-financial information? Has the aforementioned report obtained the confirmation or assurance opinion of a third-party certification unit?	✓	<p>Yuanta Financial Holdings regularly issues annual non-financial information reports. In June 2019, it issued the "Yuanta Financial Holdings 2018 Corporate Social Responsibility Report". The Chinese and English versions of the Report were announced in the section of Corporate Social Responsibility on the official website of Yuanta Financial Holdings. It covers YFH's performance in the economic, social and environmental aspects, as well as management methods and response actions in 2018 (January 1, 2018 to December 31, 2018). This Report sets the organizational boundary according to the principle of consolidated statements, covering Yuanta Financial Holdings and its 9 subsidiaries, and taking the operating activities in Taiwan as the scope of this disclosure. The main compilation principles of this Report comply with the "core" options of GRI Standards, Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies, and the integrated reporting structure; in the financial aspects, it refers to International Financial Reporting Standards, and Regulations Governing the Preparation of Financial Reports by Financial Holdings Companies; in the environmental aspects, it received the ISO 14001, ISO 14064, and ISO 50001 certified by the British Standards Institution. This report is verified by the Taiwan Branch of the British Standards Institution in accordance with AA1000 AS: 2008 Assurance Standards and GRI Standards. After verification, it is confirmed that this Report meets the "core" options of GRI Standards and AA1000 Type II moderate level of assurance.</p>

Item	Implementation	
	Yes	No
6. If the Bank has established corporate social responsibility principles based on “Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies”, please describe any discrepancy between the principles and their implementation: The Bank is a member of the Yuanta Financial Holdings, complying with the regulations of the Yuanta Financial Holdings’ “Corporate Social Responsibility Guidelines” and “CSR Policy and Management Measures,” and there is no difference from the regulations in the Bank’s operation situation.		Summary
7. Other important information to facilitate better understanding of the Company’s corporate social responsibility Practices: For further details, please view our corporate and parent company Yuanta Financial Holdings website.		

Note 1 : If “Yes,” please explain the important policies, strategies, measures adopted and the implementation; if “No,” please explain the reasons and the plans of the relevant policies, strategies, and measures to be adopted in the future.

Note 2 : If the Bank has prepared a CSR report, the reference to the CSR report and the index page may be used in lieu of stating the operation status.

Note 3 : For non-listed banks, there is no need to fill in “the difference from the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and reasons.”

Note 4 : The principle of materiality refers to those have material impacts on the company’s investors and other stakeholders in relation to environmental, social and corporate governance issues.

(4) The Bank's Implementation of Ethical Corporate Management

Item	Implementation		
	Yes	No	Summary
<p>1. Develop ethical corporate management policies and solutions:</p> <p>(1) Does the Bank formulate the integrity management policies approved by the Board of Directors, and state the policies and practices of ethical corporate management, as well as the commitment of the Board of Directors and senior management personnel to implementing actively of the policies in the rules and external documents?</p> <p>(2) Does the Bank establish a risk assessment mechanism against unethical conduct, analyze and assess on a regular basis business activities within the business scope which are at a higher risk of being involved in unethical conduct, and establish prevention programs accordingly which at least covers the prevention measures for the acts specified in Paragraph 2, Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies?"</p>	<p>✓</p>	<p>No</p>	<p>(1)</p> <p>A. In compliance with "Ethical Corporate Management Best Practice Principles for Yuanta Financial Holdings" and "Operational Procedures of Ethical Corporate Management and Code of Conduct for Yuanta Financing Holding", specify that all companies in the Group, including Yuanta Financial Holdings, shall comply. The Bank has established good corporate governance, risk management mechanism and complete internal regulations to prevent unethical conduct and create an operational environment for sustainable development.</p> <p>B. The Bank's Board of Directors and senior management personnel have signed the "Integrity Statement" to actively implement the commitment of the integrity management policies.</p> <p>(2)</p> <p>A. The Bank complies with "Integrity Management Guidelines" and "Procedures for Ethical Management and Guidelines for Conduct," which include regular risk analysis and assessment against unethical conduct in the business scope. Based on it, the Bank formulates plans to prevent unethical conduct, as well as standard operating procedures and codes of conduct for work operations within each plan. The labor contract that the Bank and all of its staff signed includes the agreement of confidentiality, which stipulates that employees shall shoulder full obligation for confidentiality of the authorized services, tasks, documents and customers' data. Unless stipulated or approved, no disclosure is permitted. The same procedure shall be followed after employees left jobs. No browse or summarization of reports and documents unrelated to according duties are permitted.</p> <p>B. The Bank, in conformity with "Code of Conduct", adopt the following preventive measures against business activities with relatively high unethical risks, such as procurement:</p>

Item	Implementation	
	Yes	No
<p>(3) Did the Bank develop programs against unethical conduct, including the detailed operating procedures, conduct guidance, penalty against violation and the dispute system, and also fully execute these programs, regularly review and revise the aforementioned plans?</p>	✓	<p>(3)</p> <p>A. The Bank has developed “Code of Work” 、 “Standards on Ethical Conduct” and “Implementation Regulations Governing Whistleblowing System” in order that the employees and the employer are both devoted to the establishment of business ethics and business morality. Directors and managers are also required to set good examples of fully compliance with ethical principles in order to nurture the ethical and sincere corporate culture.</p> <p>B. The labor contract that the Bank and all of its staff signed includes the agreement of confidentiality, which stipulates that employees shall shoulder full obligation for confidentiality of the authorized services, tasks, documents and customers’ data. Unless stipulated or approved, no disclosure is permitted. The same procedure shall be followed after employees left jobs. No browse or summarization of reports and documents unrelated to according duties are permitted.</p> <p>C. The Bank developed reward and penalty policies stipulating that any employee of material violation against ethical conduct shall be discharged or dismissed.</p> <p>D. The Bank set up Human Resource Evaluation Committee for reviewing employee reward and penalty cases and disputes.</p> <p>E. The Yuanta Financial Holdings revised “Integrity Management Guidelines” on September 25th, 2019 and “Procedures for Ethical Management and Guidelines for Conduct” on January 23th, 2019. The Bank revised “Professional Code of Ethics” on October 24th, 2019.</p>
		<p>Summary</p> <p>a. The Bank regulates that all employees shall not exploit their authority to seek illegal interest and receive preferential treatment, endowment, rebates, peculation of public money and any other illegal interest.</p> <p>b. The Bank developed “External Donation Procedures” to be the provision of political donations, charity donation or sponsorship. All donation and sponsorship requires approval from the authorized executives, which complies with the corresponding laws and the internal procedure.</p>

Item	Implementation		
	Yes	No	Summary
<p>2. Fully execute ethical corporate management:</p> <p>(1) Did the Bank evaluate ethics records of its clients and sign any agreement stipulating ethical conduct?</p> <p>(2) Does the Bank regularly (at least once a year) report to the Board of Directors on its ethical corporate management policies, plans to prevent unethical conduct, and the implementation of supervision?</p> <p>(3) Did the Bank develop policies against conflicts of interest, provides proper declaration channels and fully execute these policies?</p> <p>(4) Has the Bank, to fully execute ethical management, established effective accounting and internal audit systems</p>	<p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p>	<p>No</p>	<p>(1) The Company has already drawn up the "Inspection Sheet of Purchase Contract Signing Procedures" to require every supplier to present Declaration Letter of Ethics Promise for product or equipment procurement and contract signing. Also, articles on ethical management are included in the contract. During contract reviewing, Legal Affairs Dept. always scrutinize whether the procurement contract contains the Bank's standard integrity articles.</p> <p>(2) The Bank designated Compliance Affairs Dept. as the exclusive unit for ethical-management related affairs. Internal Audit Dept., Business Management Dept., Human Resource Dept., Administration and Facilities Management Dept., Legal Affairs Dept. and Compliance Affairs Dept. of the Bank are responsible for ethical management procedures. In addition, the Business Management Department summarizes the Bank's performance of integrity management and reports to Yuanta Financial Holdings and the Bank's Board of Directors every year.</p> <p>(3)</p> <p>A. The Bank's "Professional Code of Ethics" have specified a policy to prevent conflicts of interest. The Bank's personnel shall not engage in any loan of funds, major asset transactions, provision of guarantees, or other transactions that conflict with the company's interests in their own names or in the names of others. When a proposal at a board of directors meeting concerns the interests of the Directors or of the juristic person they represent, or a related transaction or relationship may give rise to a conflict of interest, the Directors shall deal with it in a lawful and appropriate manner or avoid dealing with it.</p> <p>B. It is regulated that critical financial transaction involving stakeholders shall be approved by Board of Directors. The stakeholder query system has also been established to fully ensure that transactions involving stakeholders shall not be more preferable to counterparts.</p> <p>(4)</p> <p>A. In accordance with The Banking Act of The Republic of China, Securities and Exchange Act, Company Act., Business Entity Account Act, Regulations Governing the Preparation of Financial</p>

Item	Implementation		
	Yes	No	Summary
<p>and conduct periodical auditing by the internal audit unit based on the results of assessment of the risk of involvement in unethical conduct, devise relevant audit plans, and examine accordingly the compliance with the prevention programs or appoint accountants to conduct such audit?</p> <p>(5) Did the Bank periodically host internal and external training on ethical management?</p>	✓		<p>Reports by Public Ban, International Financial Reporting Standards (IFRS) endorsed by FSC, International Accounting Standards (IAS), and Interpretations developed by the International Financial Reporting Interpretations Committee (IFRIC) or the former Standing Interpretations Committee (SIC) and in reference to Accounting System Models for the Banking Industry and Practical Banking and Accounting Procedures made by Bankers' Association of R.O.C., the Bank has developed the corresponding accounting system.</p> <p>B. The Internal Audit Department of Bank has incorporated the relevant operating standards of the accounting system and internal control system into the inspection items of each unit in 2019 to evaluate the implementation and effectiveness of the internal control system. During 2019, no violation against "Code of Conduct" was found in the result of internal audit evaluation.</p> <p>(5) Each year, the Bank arranges directors to attend professional courses in corporate governance, and holds bank-wide statutory training courses and training for new employees. The trainings include the principle of bona fides, the principle of fiduciary duty, personal data protection, and self-inspection, etc. It is to enhance employees' professional knowledge and judgment ability regarding relevant laws and integrity so that they can apply and implement them in daily operations, and ensure the implementation of the integrity management policy. The Bank is devoted to deepen "integrity" in the daily operations.</p>
<p>3. Operation of the whistle-blowing mechanism:</p> <p>(1) Did the Bank develop a clear whistle-blowing and reward mechanism, establish convenient channels for the reporters and designate appropriate dedicated personnel for persons being reported?</p>	✓		<p>(1) In order to establish an ethical and transparent corporate culture and promote sound management, the Bank has set up employee feedback mailboxes as the labor-management dialogue and employee complaint and grievance platforms. To maintain the Bank's diversified whistleblowing and reporting mechanism, the Bank formulates the "Implementation Regulations Governing Whistleblowing System," specifying that anyone who finds a crime, a fraud or a violation of the law can report via writing, telephone, or email or by any means. The Legal Compliance Department is appointed as the</p>

Item	Implementation		
	Yes	No	Summary
(2) Did the Bank develop standards of procedures, subsequent measures to be taken after the investigation is completed and confidentiality mechanism on the investigation of reported cases?	✓		accepting unit to transfer the case to the investigation unit (Internal Audit Dept) in accordance with the standard operating procedures for investigation and subsequent processing.
(3) Did the Bank execute measures to protect reporters from improper treatment arising from whistle-blowing?	✓		(2) The "Implementation Regulations Governing Whistleblowing System" set by the Bank specifies the investigation principles and procedures, the follow-up handling mechanism, and that the personnel handling the whistleblowing case shall have a written statement to declare that the identity of the whistleblower and the contents of the report shall be kept confidential. (3) The Bank takes the following protective measures for whistleblowers : A. Whistleblowers shall not be fired, dismissed, and demoted, and receive a pay cut or other unfavorable treatment; whistleblowers' dueful rights and interests in accordance with laws, regulations, contracts or the custom shall not be harmed, unless it is not directed against the whistleblower, but due to the reorganization, merge or abolishment necessary in response to the Bank's business or operations, or unless the whistleblower is punished according to relevant regulations for other illegal or improper acts verified by the Bank. B. If the whistleblower is threatened, intimidated or otherwise disadvantaged by others, the Bank shall assist the whistleblower in reporting to the police.
4. Enhance information disclosure: Did the Bank disclose the content of principles of ethical management and its performance on website and Market Observation Post System?	✓		Information in respect of ethical management is disclosed in the Annual, and Report on the Bank's website and posted on the Bank's official website and Market Observation Post System.
5. If the Bank has developed its practice principles of ethical management in accordance with Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies, please explicate its implementation and any deviation from the principles: The Bank fully complies with regulation and conducts management according to "Ethical Management Principles" and "Code of Conduct".			

Item	Implementation	
	Yes	No
6. Other important information enabling better understanding to the Bank's implementation of ethical corporate management (such as the Bank reviews and amends its practice principles of ethical corporate management.): The Bank has developed The Inspection Sheet of Purchase Contract Signing Procedures to require suppliers present the Declaration Letter of Ethics Promise for the contract signing. Check the supporting documents on the website of the Judicial Yuan for whether the subject has bribery records in the Judicial Yuan in the most recent year or illegal political donation for any involving supplier.		Summary

III. Financing Status and Operation Overview

1. Capital and Shares

(1) Sources of Capital

Unit: NT\$1,000, thousand shares; Base Date: January 31, 2020

Date of Issue	Issue price	Authorized Capital		Paid-in Capital		Remarks
		Shares	Amount	Shares	Amount	Source of Capital
December 2002	\$10	1,211,514	12,115,136	1,211,514	12,115,136	
December 2003	\$10	1,050,000	10,500,000	1,050,000	10,500,000	Capital decrease to make up for loss of 161,514 thousand shares
February 2004	\$10	1,350,000	13,500,000	1,350,000	13,500,000	Private placement of 300,000 thousand shares
July 2004	\$10	1,400,000	14,000,000	1,400,000	14,000,000	Capitalization of earnings, 50,000 thousand shares
July 2005	\$10	1,800,000	18,000,000	1,800,000	18,000,000	Capitalization of earnings, 100,000 thousand shares, and private placement of 300,000 thousand shares
October 2007	\$10	2,400,000	24,000,000	2,400,000	24,000,000	Capital decrease to make up for loss of 400,000 thousand shares, and private placement of 1,000,000 thousand shares
March 2008	\$10	2,200,000	22,000,000	2,200,000	22,000,000	Capital decrease to make up for loss of 200,000 thousand shares
March 2009	\$10	2,200,000	22,000,000	1,874,509	18,745,089	Capital decrease to make up for loss of 325,491 thousand shares
March 2009	\$15	2,200,000	22,000,000	2,150,000	21,500,000	Private placement of 275,491 thousand shares
June 2010	\$10	2,200,000	22,000,000	2,181,134	21,811,335	Capitalization of earnings, 31,134 thousand shares
June 2011	\$10	2,500,000	25,000,000	2,273,313	22,733,131	Capitalization of earnings, 92,179 thousand shares
November 2011	\$16	2,700,000	27,000,000	2,510,813	25,108,131	Private placement of 237,500 thousand shares
June 2012	\$10	2,700,000	27,000,000	2,622,983	26,229,835	Capitalization of earnings, 112,170 thousand shares
September 2012	\$13.74	3,500,000	35,000,000	3,496,331	34,963,315	Private placement of 873,348 thousand shares
June 2013	\$10	3,650,000	36,500,000	3,649,693	36,496,931	Capitalization of earnings, 153,362 thousand shares
June 2014	\$10	3,800,000	38,000,000	3,769,049	37,690,490	Capitalization of earnings, 119,356 thousand shares
June 2015	\$10	3,950,000	39,500,000	3,918,362	39,183,617	Capitalization of earnings, 149,313 thousand shares
June 2016	\$10	4,200,000	42,000,000	4,152,182	41,521,815	Capitalization of earnings, 233,820 thousand shares
August 2017	\$10	8,000,000	80,000,000	4,265,285	42,652,845	Capitalization of earnings, 113,103 thousand shares
January 2018	\$10	8,000,000	80,000,000	7,394,039	73,940,390	The Bank's capital increased by 3,128,754 thousand shares due to the merger with Ta Chong Commercial Bank Co., Ltd.

Unit: thousand shares; Base Date: January 31, 2020

Types of Shares	Authorized Capital			Remark
	Outstanding Shares	Unissued Shares	Total	
Common Shares	7,394,039	605,961	8,000,000	Public offering

(2) Shareholder Structure

Unit: thousand shares; Base Date: January 31, 2020

Quantity \ Shareholder Structure	Government Agencies	Financial Institutions	Other Institutions	Individuals	Foreign Institutions and Others	Total
Persons	0	1	0	0	0	1
Shares Held (shares)	0	7,394,039	0	0	0	7,394,039
Shareholding Ratio (%)	0	100%	0	0	0	100%

(3) Dispersion of Ownership

Unit: thousand shares; Base Date: January 31, 2020; Face value \$10 per share

Shareholding Category	Number of Shareholders	Shares Held	Shareholding Ratio (%)
1,000,001 and above	1	7,394,039	100%
Total	1	7,394,039	100%

(4) List of Principal Shareholders

Unit: thousand shares; Base Date: January 31, 2020

Major Shareholders \ Shares	Shares Held	Shareholding Ratio (%)
Yuanta Financial Holdings	7,394,039	100%

(5) Market Price, Book Value, Earnings and Dividends Per Share, and the Relevant Information Over the Most Recent Two Years

Item		Year	2018	2019	January 31, 2020 (Note 2)
Market Price/Share	Highest		Not applicable	Not applicable	Not applicable
	Lowest		Not applicable	Not applicable	Not applicable
	Average		Not applicable	Not applicable	Not applicable
Book Value/Share	Before Distribution		NT\$15.64	NT\$16.48	NT\$16.59
	After Distribution		NT\$15.09	Note 1	Not applicable
EPS	Weighted Average Shares (thousand shares)		7,394,039	7,394,039	7,394,039
	EPS	Before Adjustment	NT\$1.16	NT\$1.36	NT\$0.12
		After Adjustment	NT\$1.16	Note 1	Not applicable
Dividend/Share (NT\$/Share)	Cash Dividends		NT\$0.55	Note 1	Not applicable
	Stock Dividends	By Earnings	—	Note 1	Not applicable
		By Capital Surplus	—	Note 1	Not applicable
	Accumulated Unpaid Dividends		—	Note 1	Not applicable
Return on Investment	P/E ratio		Not applicable	Not applicable	Not applicable
	Dividend Yield		Not applicable	Not applicable	Not applicable
	Cash Dividend Yield		Not applicable	Not applicable	Not applicable

Note 1: The appropriation of the Bank's 2019 earnings is pending until the resolution of 2020 shareholders' meeting (the Board of Directors on behalf of shareholders)

Note 2: The preliminary financial data ending January 31, 2020 were prepared by the Bank.

2. Financial Debentures and Capital Utilization Plan

(1) Issuance of Financial Debentures

Type of financial debentures	3 rd term financial debentures B 2011	1 st term financial debentures A 2014	1 st term financial debentures B 2014
Date of approval & approval document No.	Jin-Kuan-Yin-Kong-10000110840 Dated April 25, 2011	Jin-Kuan-Yin-Kong-10300180640 Dated June 27, 2014	Jin-Kuan-Yin-Kong-10300180640 Dated June 27, 2014
Date of issuance	October 27, 2011	September 4, 2014	September 4, 2014
Par value	NT\$10,000,000	NT\$10,000,000	NT\$10,000,000
Issue and trading venue	Taipei City	Taipei City	Taipei City
Currency	NT\$	NT\$	NT\$
Issuing price	Issued at par value	Issued at par value	Issued at par value
Total amount	NT\$4.5 billion	NT\$1.6 billion	NT\$4.7 billion
Interest rate	1.95%	1.80%	2.00%
Duration	Duration: 10 years Maturity: October 27, 2021	Duration: 7 years Maturity: September 4, 2021	Duration: 10 years Maturity: September 4, 2024
Priority	Unsecured subordinated financial debentures	Unsecured subordinated financial debentures	Unsecured subordinated financial debentures
Guarantor	None	None	None
Trustee	None	None	None
Underwriter	None	None	None
Certification attorney	None	None	None
Certification CPA	None	None	None
Certification financial Institution	None	None	None
Repayment	Repayment in a lump sum upon maturity	Repayment in a lump sum upon maturity	Repayment in a lump sum upon maturity
Outstanding balance	NT\$4.5 billion	NT\$1.6 billion	NT\$4.7 billion
Paid-in capital for previous year	NT\$21,811,335 thousand	NT\$36,496,931 thousand	NT\$36,496,931 thousand
Net value upon final account in the previous year	NT\$24,812,541 thousand	NT\$46,245,949 thousand	NT\$46,245,949 thousand
Performance	None	None	None
Terms of redemption or early repayment	None	None	None
Terms and conditions of conversion and exchange	None	None	None
Restrictions	None	None	None
Capital utilization plan	To increase capital adequacy ratio and enrich working capital	To increase capital adequacy ratio and enrich working capital	To increase capital adequacy ratio and enrich working capital
Ratio of reported issuing debt and balance of outstanding debt to the net book value in the previous fiscal year (%)	80.39% (Note1,2)	46.06%	46.06%
Eligible entity capital and type	Yes, Tier II	Yes, Tier II	Yes, Tier II
Credit rating organization, date of rating and rating score	December 12, 2014 Taiwan Ratings: twAA - (Debentures rating)	December 12, 2014 Taiwan Ratings: twA + (Debentures rating)	December 12, 2014 Taiwan Ratings: twA + (Debentures rating)

Note 1: Before the issuance, the Bank had an unsecured subordinated financial debentures (95-2-1) outstanding at NT\$1.8 billion. The debentures matured on December 22, 2011 and have been repaid in full.

Note 2: Before the issuance, the Bank had an unsecured subordinated financial debentures (95-2-2) outstanding at NT\$3 billion. The debentures matured on December 27, 2011 and have been repaid in full.

Type of financial debentures	2 nd term financial debentures 2014	3 rd term financial debentures 2014 (Note 3)	4 th term financial debentures 2014 (Note 3)
Date of approval & approval document No.	Jin-Kuan-Yin-Kong-10300180640 Dated June 27, 2014	Jin-Kuan-Yin-Kong-10200364540 Dated January 3, 2014	Jin-Kuan-Yin-Kong-10200364540 Dated January 3, 2014
Date of issuance	October 29, 2014	March 21, 2014	September 26, 2014
Par value	NT\$10,000,000	NT\$1,000,000	NT\$10,000,000
Issue and trading venue	Taipei City	Taipei City	Taipei City
Currency	NT\$	NT\$	NT\$
Issuing price	Issued at par value	Issued at par value	Issued at par value
Total amount	NT\$1.7 billion	NT\$3.5 billion	NT\$0.9 billion
Interest rate	1.85%	2.05%	2.00%
Duration	Duration: 7 years Maturity: October 29, 2021	Duration: 7 years Maturity: March 21, 2021	Duration: 7 years Maturity: September 26, 2021
Priority	Unsecured subordinated financial debentures	Unsecured subordinated financial debentures	Unsecured subordinated financial debentures
Guarantor	None	None	None
Trustee	None	None	None
Underwriter	None	None	None
Certification attorney	None	None	None
Certification CPA	None	None	None
Certification financial Institution	None	None	None
Repayment	Repayment in a lump sum upon maturity	Repayment in a lump sum upon maturity	Repayment in a lump sum upon maturity
Outstanding balance	NT\$1.7 billion	NT\$3.5 billion	NT\$0.9 billion
Paid-in capital for previous year	NT\$36,496,931 thousand	NT\$23,897,922 thousand	NT\$23,897,922 thousand
Net value upon final account in the previous year	NT\$46,245,949 thousand	NT\$29,521,574 thousand	NT\$29,521,574 thousand
Performance	None	None	None
Terms of redemption or early repayment	None	None	None
Terms and conditions of conversion and exchange	None	None	None
Restrictions	None	None	None
Capital utilization plan	To increase capital adequacy ratio and enrich working capital	To increase capital adequacy ratio and enrich working capital	To increase capital adequacy ratio and enrich working capital
Ratio of reported issuing debt and balance of outstanding debt to the net book value in the previous fiscal year (%)	49.73%	87.9%	95.2%
Eligible entity capital and type	Yes, Tier II	Yes, Tier II	Yes, Tier II
Credit rating organization, date of rating and rating score	December 12, 2014 Taiwan Ratings: twA+ (Debentures rating)	January 30, 2018 Taiwan Ratings: twA+ (Debentures rating)	January 30, 2018 Taiwan Ratings: twA+ (Debentures rating)

Note 3: 3rd term financial debentures 2014, 4th term financial debentures 2014, 5th term financial debentures 2014 and 6th term financial debentures 2015 were issued by the former Ta Chong Commercial Bank.

Type of financial debentures	5 th term financial debentures 2014 (Note 3)	3 rd term financial debentures 2015	4 th term financial debentures 2015
Date of approval & approval document No.	Jin-Kuan-Yin-Kong-10200364540 Dated January 3, 2014	Jin-Kuan-Yin-Kong-10400130410 Dated June 12, 2015	Jin-Kuan-Yin-Kong-10400130410 Dated June 12, 2015
Date of issuance	November 19, 2014	August 27, 2015	August 27, 2015
Par value	NT\$10,000,000	NT\$10,000,000	NT\$10,000,000
Issue and trading venue	Taipei City	Taipei City	Taipei City
Currency	NT\$	NT\$	NT\$
Issuing price	Issued at par value	Issued at par value	Issued at par value
Total amount	NT\$0.6 billion	NT\$5.55 billion	NT\$3 billion
Interest rate	2.00%	4.1%	2.1%
Duration	Duration: 7 years Maturity: November 19, 2021	Duration: Perpetual Maturity: N/A	Duration: 10 years Maturity: August 27, 2025
Priority	Unsecured subordinated financial debentures	Unsecured subordinated financial debentures	Unsecured subordinated financial debentures
Guarantor	None	None	None
Trustee	None	None	None
Underwriter	None	None	None
Certification attorney	None	None	None
Certification CPA	None	None	None
Certification financial Institution	None	None	None
Repayment	Repayment in a lump sum upon maturity	Early redemption or buy-back from the market upon 10 years after issuance is subject to the approval by the competent authority	Repayment in a lump sum upon maturity
Outstanding balance	NT\$0.6 billion	NT\$5.55 billion	NT\$3 billion
Paid-in capital for previous year	NT\$23,897,922 thousand	NT\$37,690,491 thousand	NT\$37,690,491 thousand
Net value upon final account in the previous year	NT\$29,521,574 thousand	NT\$51,073,449 thousand	NT\$51,073,449 thousand
Performance	None	None	None
Terms of redemption or early repayment	None	This debenture has no maturity date or specified redemption date. The Bank may early redeem or buy back this debenture from the market upon 10 years after issuance of this debenture where one of the following requirements is met and the prior approval by the competent authority is acquired. (1). The ratio of regulatory capital to risk-weighted assets after being redeemed shall meet the minimum rate stated in Paragraph 1 of Article 5 in Regulations Governing the Capital Adequacy and Capital Category of Banks. (2). Replace the original capital instrument with a capital instrument of equivalent or higher quality. The Bank, if planning to early redeem the debenture, will announce so 30 days prior to the call date and call the debentures in face value along with accrued interest payable. Where the Bank exercises its call option, this debenture matures on the call date	None
Terms and conditions of conversion and exchange	None	None	None
Restrictions	None	None	None

Type of financial debentures	5 th term financial debentures 2014 (Note 3)	3 rd term financial debentures 2015	4 th term financial debentures 2015
Capital utilization plan	To increase capital adequacy ratio and enrich working capital	To increase capital adequacy ratio and enrich working capital	To increase capital adequacy ratio and enrich working capital
Ratio of reported issuing debt and balance of outstanding debt to the net book value in the previous fiscal year (%)	97.9%	67.36%	73.85%
Eligible entity capital and type	Yes, Tier II	Yes, Tier I	Yes, Tier II
Credit rating organization, date of rating and rating score	January 30, 2018 Taiwan Ratings: twA+ (Debentures rating)	January 16, 2020 Taiwan Ratings: twAA	January 16, 2020 Taiwan Ratings: twAA

Type of financial debentures	5 th term financial debentures 2015	6 th term financial debentures 2015 (Note 3)	1 st term financial debentures 2016
Date of approval & approval document No.	Jin-Kuan-Yin-Kong-10400130410 Dated June 12, 2015	Jin-Kuan-Yin-Kong-10400027100 Dated February 16, 2015	Jin-Kuan-Yin-Kong-10400296320 Dated December 24, 2015
Date of issuance	September 29, 2015	March 30, 2015	February 23, 2016
Par value	NT\$10,000,000	NT\$10,000,000	NT\$10,000,000
Issue and trading venue	Taipei City	Taipei City	Taipei City
Currency	NT\$	NT\$	NT\$
Issuing price	Issued at par value	Issued at par value	Issued at par value
Total amount	NT\$1.45 billion	NT\$2 billion	NT\$5 billion
Interest rate	4.1%	2.08%	1.8%
Duration	Duration: Perpetual Maturity: N/A	Duration: 7 years Maturity: March 30, 2022	Duration: 10 years Maturity: February 23, 2026
Priority	Unsecured subordinated financial debentures	Unsecured subordinated financial debentures	Unsecured subordinated financial debentures
Guarantor	None	None	None
Trustee	None	None	None
Underwriter	None	None	None
Certification attorney	None	None	None
Certification CPA	None	None	None
Certification financial Institution	None	None	None
Repayment	Early redemption or buy-back from the market upon 10 years after issuance is subject to the approval by the competent authority	Repayment in a lump sum upon maturity	Repayment in a lump sum upon maturity or early redemption or buy-back from the market upon 5 years after issuance is subject to the approval by the competent authority
Outstanding balance	NT\$1.45 billion	NT\$2 billion	NT\$5 billion
Paid-in capital for previous year	NT\$37,690,491 thousand	NT\$27,890,766 thousand	NT\$37,690,491 thousand
Net value upon final account in the previous year	NT\$51,073,449 thousand	NT\$32,603,788 thousand	NT\$51,345,873 thousand
Performance	None	None	None
Terms of redemption or early repayment	This debenture has no maturity date or specified redemption date. The Bank may early redeem or buy back this debenture from the market upon 10 years after issuance of this debenture where one of the following requirements is met and the prior approval by the competent authority is acquired. (1). The ratio of regulatory capital to risk-weighted assets after being redeemed shall meet the minimum rate stated in Paragraph 1 of Article 5 in Regulations Governing the Capital Adequacy and Capital Category of Banks. (2). Replace the original capital instrument with a capital instrument of equivalent or higher quality. The Bank, if planning to early redeem the debenture, will announce so 30 days prior to the call date and call the debentures in face value along with accrued interest payable. Where the Bank exercises its call option, this debenture matures on the call date	None	The Bank may early redeem or buy back this debenture from the market upon 5 years after issuance of this debenture where one of the following requirements is met and the prior approval by the competent authority is acquired. (1). The ratio of regulatory capital to risk-weighted assets after being redeemed shall meet the minimum rate stated in Paragraph 1 of Article 5 in Regulations Governing the Capital Adequacy and Capital Category of Banks. (2). Replace the original capital instrument with a capital instrument of equivalent or higher quality. The Bank, if planning to early redeem the debenture, will announce so 30 days prior to the call date and call the debentures in face value along with accrued interest payable. Where the Bank exercises its call option, this debenture matures on the call date
Terms and conditions of conversion and exchange	None	None	None

Type of financial debentures	5 th term financial debentures 2015	6 th term financial debentures 2015 (Note 3)	1 st term financial debentures 2016
Restrictions	None	None	None
Capital utilization plan	To increase capital adequacy ratio and enrich working capital	To increase capital adequacy ratio and enrich working capital	To increase capital adequacy ratio and enrich working capital
Ratio of reported issuing debt and balance of outstanding debt to the net book value in the previous fiscal year (%)	76.98%	97.6%	79.08%
Eligible entity capital and type	Yes, Tier I	Yes, Tier II	Yes, Tier II
Credit rating organization, date of rating and rating score	January 16, 2020 Taiwan Ratings: twAA	January 30, 2018 Taiwan Ratings: twA+ (Debentures rating)	January 16, 2020 Taiwan Ratings: twAA

(2) Acquisitions or Assignment of Other Financial Institutes

- A. CPA's opinions on share exchange ratio for mergers and acquisitions or assignment of other financial institutions for the most recent year:

None.

- B. Upon the resolution of the Board of Directors on any merger or acquisition of other financial institution through new share issuance in the recent year and until the date of publication of the annual report (January 31, 2020), the enforcement thereof and basic information of the merged or acquired financial institutions shall be disclosed:

None.

(3) Implementation Capital Utilization Plan

- A. With approval from the authority, the Bank issued subordinated debentures of NT\$10 billion on April 25, 2011, issued subordinated debentures of NT\$5 billion on January 3, 2014, issued subordinated debentures of NT\$8 billion on June 27, 2014, issued subordinated debentures of NT\$6 billion on February 16, 2015, issued subordinated debentures of NT\$10 billion(or equivalent to foreign currency) on June 12, 2015 and issued subordinated debentures of NT\$10 billion (or equivalent to foreign currency) on December 24, 2015.

The Bank issues financial debentures in order to enhance capital adequacy ratio, fulfill capital demand for loans and financial operation, and reduce liquidity risk.

B. As of January 31, 2020, the Bank has issued debentures of NT\$34.5billion. Applying amount and the according execution are itemized as follows:

Date of Approval & Approval Document No.	Total Amount	Execution
Jin-Kuan-Yin-Kong-10000110840 dated April 25, 2011	The subordinated financial debentures of NT\$10 billion	<ul style="list-style-type: none"> The 3rd term (2011) subordinated financial debentures B of NT\$4.5 billion were issued on October 27, 2011.
Jin-Kuan-Yin-Kong-10200364540 dated January 3, 2014	The subordinated financial debentures of NT\$5 billion	<ul style="list-style-type: none"> The 3rd term (2014) subordinated financial debentures of NT\$3.5 billion were issued on March 21, 2014. The 4th term (2014) subordinated financial debentures of NT\$0.9 billion were issued on September 26, 2014. The 5th term (2014) subordinated financial debentures of NT\$0.6 billion were issued on November 19, 2014.
Jin-Kuan-Yin-Kong-10300180640 dated June 27, 2014	The financial debentures of NT\$8 billion	<ul style="list-style-type: none"> The 1st term (2014) subordinated financial debentures A of NT\$1.6 billion were issued on September 4, 2014. The 1st term (2014) subordinated financial debentures B of NT\$4.7 billion were issued on September 4, 2014. The 2nd term (2014) subordinated financial debentures of NT\$1.7 billion were issued on October 29, 2014.
Jin-Kuan-Yin-Kong-10400027100 dated February 16, 2015	The financial debentures of NT\$6 billion	<ul style="list-style-type: none"> The 6th term (2015) subordinated financial debentures of NT\$2 billion were issued on March 30, 2015.
Jin-Kuan-Yin-Kong-10400130410 Dated June 12, 2015	The subordinated financial debentures of NT\$10 billion (or equivalent to foreign currency)	<ul style="list-style-type: none"> The 3rd term (2015) perpetual non-cumulative subordinated financial debentures of NT\$5.55 billion were issued on August 27, 2015. The 4th term (2015) subordinated financial debentures of NT\$3 billion were issued on August 27, 2015. The 5th term (2015) perpetual non-cumulative subordinated financial debentures of NT\$1.45 billion were issued on September 29, 2015.
Jin-Kuan-Yin-Kong-10400296320 dated December 24, 2015	The subordinated financial debentures of NT\$10 billion (or equivalent to foreign currency)	<ul style="list-style-type: none"> The 1st term (2016) subordinated financial debentures of NT\$5 billion were issued on February 23, 2016.

3. Business Overview

(1) Business Performance for 2018~2019

A. Revenue Breakdown

Unit: NT\$1,000; %

Item \ Year	2019		2018	
	Amount	Proportion (%)	Amount	Proportion (%)
Net interest income	13,466,946	57.62	14,017,503	63.81
Net service fee and Commission Income	5,679,413	24.30	5,371,303	24.45
Gain (loss) on financial assets and financial liabilities at fair value through profit or loss	746,098	3.19	(581,601)	(2.65)
Realized gain on financial assets at fair value through other comprehensive income	1,355,627	5.80	1,024,447	4.66
Foreign exchange gain	1,969,497	8.43	3,445,430	15.69
Impairment loss on asset	(8,570)	(0.04)	(1,427,154)	(6.50)
Other non-interest income	162,538	0.70	117,906	0.54
Net Revenue	23,371,549	100.00	21,967,834	100.00

B. Deposit

Unit: NT\$ in million; %

Item \ Year	2019		2018		Comparison with 2018	
	Amount	Proportion (%)	Amount	Proportion (%)	Amount Increase (Decrease)	Increase (Decrease) Proportion (%)
Checking Deposits	5,184	0.46	5,163	0.49	21	0.41
Demand Deposits	146,193	12.85	134,447	12.65	11,746	8.74
Demand Saving Deposits	405,124	35.62	328,278	30.89	76,846	23.41
Time Deposits	357,347	31.42	385,939	36.32	(28,592)	(7.41)
Time Saving Deposits	223,399	19.64	208,735	19.65	14,664	7.03
Total	1,137,247	100.00	1,062,562	100.00	74,686	7.03

Note: The deposits include NTD and foreign currency deposits but not the deposits from the Central Bank and Other Banks.

C. Loan

Unit: NT\$ in million; %

Item \ Year	2019		2018		Comparison with 2018	
	Amount	Proportion (%)	Amount	Proportion (%)	Amount Increase (Decrease)	Increase (Decrease) Proportion (%)
Corporate Loans	392,484	51.66	387,916	52.21	4,568	1.18
General Corporate Loans	245,653	32.33	247,975	33.38	(2,322)	(0.94)
Small-and-medium Business Loans	145,472	19.15	139,118	18.73	6,354	4.57
Government Loans	—	—	—	—	—	—
Delinquent	1,359	0.18	823	0.11	536	65.13
Consumer Loans	357,566	47.06	344,504	46.37	13,062	3.79
Mortgage	308,984	40.67	297,128	39.99	11,856	3.99
Auto Loans	36,950	4.86	34,553	4.65	2,397	6.94
Consumer Unsecured Loans	9,684	1.27	10,586	1.42	(902)	(8.52)
Stock-secured Loan	1,362	0.18	1,486	0.20	(124)	(8.34)
Delinquent	433	0.06	549	0.07	(116)	(21.13)
Other (Note)	153	0.02	202	0.03	(49)	(24.26)
Overseas Subsidiaries	9,693	1.28	10,525	1.42	(832)	(7.91)
Total	759,743	100.00	742,945	100.00	16,798	2.26

Note: Including certificate of deposit loan and composite overdraft.

D. Foreign Exchange

Unit: US\$1,000; %

Item \ Year	2019		2018		Comparison with 2018	
	Amount	Proportion (%)	Amount	Proportion (%)	Amount Increase (Decrease)	Increase (Decrease) Proportion (%)
Import Business	1,178,530	2.59	1,803,619	3.06	(625,089)	(34.66)
Export Business	316,766	0.70	1,076,446	1.83	(759,680)	(70.57)
Outward Remittance	21,106,727	46.42	28,039,389	47.66	(6,932,662)	(24.72)
Inward Remittance	22,867,657	50.29	27,917,192	47.45	(5,049,535)	(18.09)
Total	45,469,680	100.00	58,836,646	100.00	(13,366,966)	(22.72)

E. Trust Business

Unit: NT\$1,000; %

Item \ Year	2019	2018	Comparison with 2018		
			Amount Increase (Decrease)	Increase (Decrease) Proportion (%)	
Total Balance of Trust Assets	208,314,564 (Note 1)	202,757,553 (Note 2)	5,557,011	2.74	
Other Consigned Items	3,770,703	3,815,975	(45,272)	(1.19)	
Total Revenue of Trust Business Service Fee	2,861,711	2,286,882	574,829	25.14%	
Scale of Assets under Custody of Investment Insurance Policy	9,055	7,066	1,989	28.15%	
The Custody Asset in Discretionary Investment Account	2,079,897	4,687,309	(2,607,412)	(55.63)	
Scale of Assets under Custody of Foreign Investment	24,803,149	25,260,939	(457,790)	(1.81)	
The Custody of Other Property	0	0	0	0.00%	
Scale of Assets under Custody of Business Guarantee Bond	2,255,000	2,350,000	(95,000)	(4.04)	
Custodian Service Fee Income	21,308	25,002	(3,694)	(14.77)	
Certification of Securities	Amount of Certification	32,872,927	51,232,238	(18,359,311)	(35.84)
	Revenue of Certification Service Charges	4,759	3,848	911	23.67%

Note 1: Including OBU trust property in the amount of NT\$2,126,702 thousands.

Note 2: Including OBU trust property in the amount of NT\$2,430,092 thousands.

F. Insurance

Unit: NT\$ in million; %

Commission income \ Year	2019	2018	Comparison with 2018	
			Amount Increase (Decrease)	Increase (Decrease) Proportion (%)
Non-investment insurance	1,292	1,235	57	4.62
Investment insurance	368	520	(152)	(29.23)
Property insurance	20	20	0	0

G. Credit Card

Unit: NT\$ in million; %

Item \ Year	2019	2018	Comparison with 2018	
			Amount Increase (Decrease)	Increase (Decrease) Proportion (%)
Cards in Circulation (Card)	1,171,979	1,334,410	(162,431)	(12.17)
Valid number of cards	692,028	764,864	(72,836)	(9.52)
Transaction Amount (NT\$ million)	72,963	77,370	(4,406)	(5.70)
Revolving Balance (NT\$ million)	1,542	1,623	(81)	(4.96)

H. Investment

Unit: NT\$ in million; %

Item \ Year	2019	2018	Comparison with 2018	
			Amount Increase (Decrease)	Increase (Decrease) Proportion (%)
Bond Trading Volume	233,157	390,607	(157,450)	(40.31)
Bill Trading Volume	3,176,371	3,161,377	14,994	0.47

Unit: US\$ in million; %

Item \ Year	2019	2018	Comparison with 2018	
			Amount Increase (Decrease)	Increase (Decrease) Proportion (%)
Spot Transaction	8,872	18,529	(9,657)	(52.12)
Forward Exchange Transaction	3,567	2,239	1,328	59.31
Foreign Exchange SWAP	35,857	42,534	(6,677)	(15.70)
Option Transaction	809	5,547	(4,738)	(85.42)

I. E-Banking

Unit: in thousands

Item \ Year	2019	2018	Comparison with 2018	
			Amount Increase (Decrease)	Increase (Decrease) Proportion (%)
Total Internet Banking Transactions	22,156	23,171	(1,015)	(4.38)
Total Mobile Banking Transactions	40,878	25,690	15,188	59.12
Total Online Corporate Banking Transactions	4,656	3,891	765	19.66
Total Cross-border Payment Transactions	511	414	97	23.43

(2) 2018 Operating Plan

In 2019, the Bank shall continue to expand its business scale, balance its business and profit structure, and implement various risk control and compliance mechanisms as its main development goals. The summary of the business plan is as follows:

A. Business Development

- a. In terms of deposit and remittance business, the Bank shall use project products and featured accounts to develop new customers and deepen customer relationships, steadily increase core deposits, and build a foundation for the development of wealth management business. At the same time, the Bank shall

strengthen the promotion of payroll transfer business, agency collection and payment business, and acquiring business. In addition to providing customers with more diversified payment gateway integration services, it can increase the proportion of general demand deposits.

- b. For the corporate financial business, the Bank shall strengthen the expansion of high-yield products, actively seek opportunities to be the leading or co-leading bank of syndicated loans, and increase interest and fee income. In addition, by increasing the proportion of transaction financing such as trade finance and accounts receivable, etc., the Bank can develop supply chain financing to reduce the credit risk, and increase demand deposits and fee revenues.
- c. The Bank shall strengthen offshore banking business through the cooperation with international investment banks and privately offered funds, continue to expand the scale of international syndicated loans business, and strengthen the deposit and loan business of Hong Kong branch and subsidiaries in Korea and Philippines, increasing the contribution to profit.
- d. For the personal finance business, the Bank plans the main operating pillars for various products. The mortgage business shall be targeted to the demand for self-occupied residential property, mainly focused on the collaterals with good liquidity and located in urban areas, and strengthen the cross-selling of products and the batch program. The auto loan business continues to be focused on deepening the automotive brand channel for new vehicles and strengthening the automotive brand auto refinancing business. The credit loan business is focused on using database to analyze and develop existing cardholders or loan customers. The credit card business continues to be focused on the business model of niche marketing to enhance customer loyalty.
- e. Wealth management business is focused on bringing new customers and new funds, through the adjustment of customer classification system and rights, expanding to family members and business owner members, and using various marketing projects and cross-industry cooperation, in order to expand the scale of wealth management business by deepening customer base. The Bank shall also enhance the convenience of the digital channel platform and provide a diversified product line to enhance customer satisfaction.

B. Channel Development

- a. Domestic physical channel outlets are set up according to the commercial and wealth situations in the regions, and localized operations are implemented. The head office effectively improve the performance of the channel operation through regular performance review and guidance measures. In response to the trend of financial technology development and changes in consumer payment patterns, the Bank promotes the Bank's digital transformation, develops digital financial services, and encourages our existing customers to apply for digital accounts. The Bank guides customers to experience the fast and convenient service of digital channels, and cooperates with cross-industry payment gateway platforms to connect various industry platforms, providing digitalized services close to customer needs.
- b. For those overseas institutions the Hong Kong branch and subsidiaries in Korea and the Philippines have expanded the deposit and loan business based on their business items and local characteristics, with the influx of the Group's resources. At the same time, the head office continue to assist in the evaluation and improvement of the procedures such as process flows, loan review, investment, etc., as well as to enhance the security, function and performance of the information system, and implement the legal compliance and risk management work of the Bank, branches and subsidiaries to maintain the Bank's sound management.

C. Risk Management

- a. Solidify the Bank's managerial capability in credit, market and operational risk through the deployment of risk models and databases. Build up the risk warning mechanism riding on the deeply understanding of each industry and country risk, so as to effectively reduce the risk.
- b. Implement the execution of AML/CFT tasks, and revise the Bank's relevant regulations in accordance with changes in external laws and regulations and practical operational needs. Continuously adjust the system functions, construct indicator data analysis and management mechanism, and improve the professional quality and execution capability of all employees through education and training.
- c. Fortify the Bank's risk control, legal compliance, management of internal audit

and internal control of overseas branches and subsidiaries.

D. Personnel Training:

Implement pre-employment and on-the-job training, and train multi-functional talents through job rotation mechanism. In response to the development of financial technology and internationalization policies, strengthen the training of internationalized professionals and digital financial talents to build the foundation for the Bank's sustainable development.

(3) Overview of financial product research and business development

A. The size and profit and loss of major financial products and added business units in the most recent two years and as of the printing date of the annual report:

The main financial products in the past two years are various TWD and foreign currency deposits, consumer loans, corporate loans, import and export foreign exchange, foreign exchange, wealth management, trust, and credit cards. In response to the needs of business development, the Group Banking Division was added in the Head Office in the past two years, and the Group Business Department I, Group Business Department II, Group Business Department III, and Corporate Product Department were newly established.

For the business development scale and the profit and loss situation, please refer to the overview of 2018-2019 consolidated business development in Section 3 of this chapter.

B. R&D expenditures and results in the most recent two years, and outline of future R&D plans :

a. R&D expenditures :

Unit: NT\$ in thousands

Year	2019	2018
Amount	87,161	16,216

b. R&D results :

- i. Foreign exchange system upgrading project(2nd stage)
- ii. Trust System (AS/400) hardware upgrading project
- iii. Wealth management system upgrading project (2nd stage)
- iv. Hong Kong branch network banking System (1st stage)
- v. OPEN API project (1st stage)
- vi. BPM (cross-system operation integration platform) reroute project
- vii. Foreign currency ATM project

- viii. ATM cardless withdrawal/deposit project
 - ix. eFCS payment platform project
 - x. NTD bond and bill system upgrading project
 - xi. Online personal loan identity verification project
 - xii. Microsoft Windows Server Upgrade and Database Upgrade Project
 - xiii. The computer system information security assessment project (Class I and Class II)
 - xiv. Evaluation of information system standards and security control operations of e-payment institutions
 - xv. Information security management system (ISMS, ISO27001: 2013) certification renewal
 - xvi. Expansion of the firewall audit tool License authority and hardware resource project
 - xvii. Establishment project of install firewall devices in front of branch ATMs.
 - xviii. Establishment project of Security Information Event Management (SIEM)
- c. IT Research and Development Projects
- i. Important information projects: such as upgrading project of NTD core system, insurance agency system-mobile insurance project (including electronic signature), Hong Kong network banking system (2nd stage), personal network bank system revision project (including English version), OPEN API project (2nd stage), new image system construction project, new treasury system implement project, BASEL IV capital requirement system construction project, Taiwan Pay QR Code service to implement the HCE credit card project, new online personal loan system implement project, IBM POWER 6 development/test host upgrade project, remote control room network expansion and construction project, branch network equipment replacement project, bandwidth upgrade project of Xinyi computer room, etc.
 - ii. Important security projects: such as the endpoint defense enhancement project, information security scan detection project, computer system information security assessment project(Class I), electronic payment institution information system standards and security control operation assessment, ATM information security attack and defense drills, information security insurance, etc.

(4) The Long-Term and Short-Term Business Plans

A. Short-Term Business Development Plans

- a. Expand various business scales stably and diversify the sources of revenue.
 - i. Adjust the deposit structure, continue to expand the capital of stable deposit and wealth management basis, and upgrade the demand deposit scale by developing the payroll operations and corporate accounts' cash services.
 - ii. The wealth management business will continue to integrate the Group's resources and promote the concept about One Banking, working with the corporate banking and consumer banking to develop high-asset and high-consumption customer bases, and expand the scale of wealth management customers and assets by clustering the custo
 - iii. In order to upgrade the wholesale banking's momentum, the Bank has set up the "Group Business Division" in March 2019 dedicated to developing working capital, syndicated loan, accounts receivable and trading financing for mid-scale and large-scale corporate accounts, and upgraded the business scale and revenue from various business lines through the allocation of customer bases and differentiated pricing.
 - iv. The retail banking business will continue to adopt the strategies, such as market segment and differentiated product marketing, to promote the number of products held by customers and customers' contribution. For the credit card business, the Bank will continue the business model to develop the specific credit card business among the target customers to practice the segment marketing strategy.
- b. Control the market development trend to enhance the functions and application of digital financial platforms
 - i. On a customer-oriented basis, continue to develop the online services and availability thereof on the platforms including mobile banking, online banking, corporate online banking, and Yuanta e-counter, et al..
 - ii. Add Taiwan Pay QR Code service to link the payment scenario in the customers' daily life, and also the payment life circle by integration of multiple payment tools.

- iii. Increase the media exposure and interaction with customers via operation of social media to achieve the effect of the word of mouth marketing.
 - iv. Engage in horizontal cooperation via Open API to create the financial scene.
 - v. Implement the eFCS offered by Taiwan Clearing House to reduce the operating procedures, such as execution of contract, payment, exchange of files and service of statement and report, with agents to collect payment and collection banks, so as to cut the collection cost.
- c. Enhance consumers protection and practice Fair Dealing
- i. The Board of Directors serves as the supreme unit overseeing the promotion of Fair Dealing Principles. The President serves as the convener of the “Fair Dealing Principles Promotion Taskforce” and “Product Evaluation Committee” to direct the promotion of various fair dealing principles of Yuanta Bank and review on products.
 - ii. Build the three lines of defense under the fair dealing principles; the fair dealing will be practiced by regularly reviewing and following up adoption of related systems and regulations, and execute training program, care for customers, prevention of fraud and anti-money laundering, optimization of operating procedures, and upgrading of customer service satisfaction and processing of customers’ complaints.
 - iii. Plan to implement the “ISO-10002 Customer Satisfaction Certification” to build a more effective procedure to settle customers’ complaints.
- d. Fulfill compliance with laws and risk management, and maintain stable asset quality
- i. Comply with external laws and regulations, and continue to strengthen the completeness of such systems or operating procedures as anti-money laundering, information security and personal information protection, et al. Conduct the case study on the sanctions in the same trade and promote the correct countermeasures against individual cases to enhance the clerks’ compliance concept.
 - ii. Collect and publish the latest update in financial laws and regulations, and amend the internal regulations in a timely manner; ensure the compliance with various laws and regulations through training, execution of

compliance self-assessment and appraisal.

- iii. Enhance the risk control, compliance and internal audit/internal control of overseas branch and subsidiaries.

B. Long-Term Business Development Plans

- a. Upgrade the utility and become the important profit engine within the Group
 - i. Expand the customer base through product design and marketing, and strengthen cross-selling to and sprout management of the existing customers.
 - ii. Control the business opportunities posed by the industrial consolidation and repatriation of investment capital from Taiwanese businessmen; integrate the Group's resources to provide omnibus financial service and financing program, and actively solicit for transactions with excellent corporate customer base.
 - iii. Enhance the professional consulting services provided by the wealth management team and the wealth management product and convenient trading platforms that satisfy customers' demand; maintain the competitiveness in the market and promote the growth of commission revenue.
 - iv. Continue to integrate the tangible and digital channels to enable the tangible channels to exert the characteristics of local deepened development service, and the digital channels to provide the convenient services linked with the wealth management, deposits, loan, payment or application under various scenarios to make the banking service available everywhere.
- b. Strengthen the practical application of FinTech, and expand and optimize the scope of services
 - i. Control the market trend to enhance the development of FinTech products and services, or provide the innovative financial services needed by customers via external cooperation.
 - ii. Implement the big data analysis, and develop new financial instruments and adopt precision marketing based on customers' needs to upgrade their loyalty and contribution via customized services.

- iii. Comply with the government's digital finance policies, continue to work with Financial Information Service Co., Ltd. or research institutes to develop such FinTech application services as block chain, mobile payment and robo-advisor, etc.
 - iv. With respect to highly repetitive and logical operations, evaluate the implementation of RPA (Robotic Process Automation) to upgrade the operating efficiency and reduce errors.
- c. Expand the overseas institutions' deposit/loan to upgrade their contribution to earnings
- i. Hong Kong Branch aims to expand the customer base to decentralize deposit taking and to enhance the business links between domestic branches and Hong Kong Branch. It also will continue to focus on the syndicated loans and trade financing products business and actively strive for transactions with more local enterprises and financial institutions in Hong Kong to expand the business scale.
 - ii. The subsidiary in Korea strengthens the cooperation with Yuanta Securities (Korea) by increasing the loan product types, and evaluate the loan cases for the REITs and fund types underwritten by it to expand the corporate banking business scope and expand the loan scale in the diversified and stable manners.
 - iii. The subsidiary in Philippines uses the best efforts to transform itself into a commercial bank, and expansion of the businesses underwritten by it will help it strive for the larger scaled corporate banking market.

(5) Employee Composition

Year		2018	2019	January 31, 2020
Number of Staff		4,575	4,432	4,363
Average Age		40.69	41.11	41.10
Average Seniority		9.26	9.54	9.53
Education Level Ratio	PhD	0.13%	0.11%	0.11%
	Master Degree	13.42%	14.12%	14.23%
	University/ College	81.48%	81.00%	80.92%
	Senior High School	4.91%	4.71%	4.68%
	Lower than Senior High School	0.06%	0.06%	0.06%
Certificates and Licenses Held by Yuanta Commercial Bank Employees	Certificates/Licenses	Number of Staff	Certificates/Licenses	Number of Staff
	Internal Control	2,776	Investment Insurance Salesperson	1,413
	Trust Salesperson	2,666	Financial Knowledge and Ethics	2,279
	Life Insurance Salesperson	2,505	Financial Planning Specialist	583
	Property Insurance Salesperson	2,057	Other Financial Certificates/Licenses	9,558
	Life Insurance Salesperson to Sell Foreign Currency Receipts and Disbursements Non-investment Insured Goods			1,599

Note: On January 31, 2020, number of staff of Yuanta Savings Bank (Philippines) is 73.

Note: On January 31, 2020, number of staff of Yuanta Savings Bank (Korea) is 64.

(6) Corporate Social Responsibilities and Ethics

The Bank has been making donations to Yuanta Foundation for social services in cultural and education fields. Yuanta Foundation centers on caring for public welfare with initiatives on education in four educational approaches: (1) social welfare and education; (2) fostering of young talent through scholarships and other forms of academic sponsorship and professional training; (3) promotion of the arts and cultural education; (4) social security and law education. The Foundation upholds the spirit of “what is taken from the society is used in the interests of the society.” Through action and practice, it sets an example for others to follow, hoping to create a more caring, harmonious, equal and beautiful charitable society. The Foundation upholds the spirit of “what is taken from the society is used in the interests of the society.”

Yuanta Foundation was involved in organizing 696 events in 2019, including 125 self-organized events, 325 events co-organized with others and 246 sponsored events. Recognized by the Ministry of Culture as "Silver Medal of Arts & Business Awards." More than 1,737 volunteers participated in the events and the events benefited more than 260,000 participants. It worked with generous members of the community to enhance the “charity public welfare platform” by continuously investing personnel and human resources, and to call more volunteers to join the events, integrate the resources from various sectors, help

those who need help, and deepen and disperse the power of goodness.

Since Yuanta Foundation was founded for 17 years, it has always upheld the philosophy about “public welfare” and “fulfillment” to help others make their dream come true, transform life, find the truth about happiness, and create the heartwarming power for “cycles of good deeds”. To “Educate and Train Youth’s Independence”, the “Yuanta Dreams Take Flight Program” is dedicated to helping disadvantaged children to learn. The Program has been running for 9 years and has helped provide education to 90 excellent university students and 3 graduated school students. A total of 1,212 students have also received Yuanta scholarships. Meanwhile, the Foundation also organized the “Yuanta Excellent Talents Scholarship”, which was granted to a total of 226 excellent but economically disadvantaged students from 15 senior high schools and 6 colleges/universities in the past four years, to enable many young excellent students to be concentrated on studies. These “Yuanta Children” who were awarded the scholarship also applied for participating public welfare activities voluntarily to provide volunteer service and feed back to the society and thereby exercised the heartwarming power for “cycles of good deeds”.

In order to fulfill its corporate social responsibility obligations, the Foundation also integrates its extensive channels and plentiful human resources to promote volunteer services and practice it into action, e.g. participation in the “Good Neighbor in Child Protection” campaign organized by CCF/Taiwan, which combines the power from 264 subsidiaries’ business locations to enhance the exposure of child protection, and organizes such activities as the “Yuanta Happiness Day” and “National Commendation for Orphans.” These events involve thousands of disadvantaged children’s to visit exhibitions and experience in the programs including arts, science and music. Yuanta Public Welfare Platform not only provides economic aids but also matches adequate supplies to be donated to the units in need. For example, it donates second-hand books to schools in the rural areas, and combines its expertise in finance and researches and develops a set of teaching materials exclusive for wealth management, by means of which the children are taught about the investment concept and market information, so that the children may learn by doing and manage their own finance from childhood. The Foundation has implemented “Dream Big Yuanta Social Welfare Plan” for four years consecutively to integrate related resources to build a public welfare platform integrating virtual and physical resources, helping 6 groups to be aided. It not only sponsored budget but also sent a large number of volunteer workers to participate in the event, and contributed funds and human resources to call on the people to feed back to the society together.

Yuanta always spares no efforts to train financial human resources and preserving talents for enterprises and the society by allowing students to intern in enterprises and receive scholarships, as partake in academic contests. “Yuanta Cup”, “15th Term Corporate Governance International Summit Forum,” and “NCCU FinTech Research Center” in order to boost exchange between financial studies and industries. To boost social safety and public welfare, Yuanta supports special disadvantaged groups or the after-cared through the promotion of lawful and responsible living, involvement in after-care protection and child and juvenile protection to call on the public to value and participate in the promotion of lawful and responsible living.

The Bank also cooperated with charity groups to issue co-brander cards for charitable donation. For example, for Changhua Fellow Townsmen Association Co-brander Card, the Bank appropriates 0.2% of the consumption amount to Changhua Fellow Townsmen Association for charity use; for Sung Shan TsuHuei Temple Charity Card, the Bank appropriated 0.2% of the consumption amount to Sung Shan TsuHuei Temple for charity use. It is hoped to feedback the society and fully carry out the Bank’s corporate social responsibilities.

(7) The Number of Full-Time Non-supervisor Employees, Annual Average and Median Salary of Full-Time Non-supervisor Employees and the Differences from the Previous Year

Year \ Item	2019	2018	Comparison with 2018
The Number of Full-Time Non-supervisor Employees	3,973	4,060	(87)
Annual Average Salary of Full-Time Non-supervisor Employees	1,158,467	1,134,767	23,700
Annual Median Salary of Full-Time Non-supervisor Employees	980,031	953,599	26,432

(8) IT Development Projects

A. Hardware and Software Configuration of Major Information Systems

The configuration of major information system, including NTD deposit/loan, remittance, cross-bank service, foreign exchange, trust, accounting, data warehouse, wealth management and credit card authorization etc., are equipped with the hardware and operation systems of IBM p-Series, IBM AS/400 i-Series, Oracle T7, EMC Greenplum , Solaris 、Linux and Windows x86.

B. Future Development and Purchasing Plans

In conjunction with continuous operations and business development and implementation of information security management, the important projects expected to be launched include: such as the endpoint defense enhancement project, information security scan detection project, computer system information security assessment project(Class I), electronic payment institution information system standards and security control operation assessment, ATM information security attack and defense drills, information security insurance, upgrading project of NTD core system, insurance agency system-mobile insurance construction project (including electronic signature), personal network bank system revision project (including English version), new image system construction project, new treasury system implement project, BASEL IV capital requirement system construction project, Taiwan Pay QR Code service to implement the HCE credit card project, new online personal loan system implement project, IBM POWER 6 development/test host upgrade project, remote control room network expansion and construction project, branch network equipment replacement project, bandwidth upgrade project of Xinyi computer room, etc.

C. Emergency Recovery and Security Measures

In order to safeguard the smoothness of major system operation, local backup and remote backup mechanisms are devised for the host of each connectivity system according to the service features and conduct corresponding fail-over maneuvers to the system levels. It is not only the responding capability of the trainers, but also the effectiveness of the backup recovery procedures reviewed. In order to safeguard the equipment of the system and data storage, the Bank plans the following safety preventive measures:

a. Computer Room Security

The computer facilities of the Bank are installed with equipment against earthquake, fire, thunder and disasters. The access control system and the monitoring system are also well executed to tightly control entry and exit. Vital computers and equipments are maintained and tested periodically to safeguard the equipment operation.

b. System and Network Security

i. Firewall

Critical gateways in the internal network are shielded with Back To Back dual layer firewall to achieve double defense with different brands of

hardware and software firewalls. Major external websites are setup on the N-tier structure. While the web server is placed in the DMZ area behind the layer 1 firewall, major application servers and database servers are placed behind the layer 2 firewall.

ii. IP Address Protection

The user terminal of the Bank adopted MAC and IP address blocking system to protect the internal IP addresses of the Bank from being mistakenly or falsely used.

iii. Weakness Scanning and Flaw Repair

Scanned the weakness of servers and automatically fix the system flaws of personal computers to improve system security.

iv. External Service Website Penetration Testing

Proactively conducted the penetration testing on external e-commerce websites, in order to identify security issues proactively for protection.

v. Anti-virus Mechanism

All of personal computers, servers and emails are devised with anti-virus and anti-spam mail mechanism.

vi. The Intrusion Detection System

Establish an intrusion detection system on critical gateways of external websites. Actively detect hacker's invasion and attack and have operators instantly supervise and report such matter 24 hours a day.

vii. The Application Firewall

Establish the application firewall on critical gateways of the external website. Actively analyze and filter OSI L4-L7 Internet behavior. For illegal programming or any penetration and attack against the flaws of the system or programs, the application firewall will actively quarantine, block and report such matter to fortify the Internet defense and system security.

viii. Source Code Security

Established the inspection mechanism of source code security which automatically executes the analysis to find hidden flaws and malicious programs during the development phase of the electronic trading programs in order to avoid the poor quality programs cause any security concern, such as the attack from hackers to intensify the program quality and safety.

ix. Software scanning and detection :

Build an open source software scanning and detection mechanism to identify the weaknesses of third-party components, version updates and validity of License through regular scanning, to enhance program quality and security.

x. Monitor the Changes of Files

Launch the file changed monitoring system on the e-commerce website to avoid malicious damages or false information implantation.

xi. Mobile Device Management Mechanism

Strengthen enterprise' internal management of mobile devices to ensure the data security through the establishment of Mobile Device Management Mechanism, including managing mobile device components, enhancing content security for mobile devices and establishing Internet security mechanisms for mobile devices.

xii. Protection against Distributed Denial of Service (DDoS) Attack

Subscribe to the service of protection against Distributed Denial of Service (DDoS) Attack with the Internet Service Provider for the external network, accompanied by ISP's sandbox protection, in order to avoid DDoS attack and ensure financial services of e-banking.

xiii. ATM Application Whitelisting

Establish the managerial system for ATM application whitelisting in order to advance recognition of executable applications at ATM lest any malicious software should be planted or activated in ATMs.

xiv. External DNS protection :

Implement cloud DNS protection mechanism to avoid DNS blocking attacks.

xv. Security Information Event Management (SIEM)

Build an information security event management system (SIEM) to strengthen the monitoring of information, analysis capabilities of event management, and detection of abnormal behavior, improving the information system security protection capability.

c. Information Security and Personal Data Protection

In order to advance the quality of financial service, information security management and personal Data protection, the Bank utterly implements every

procedure in “ISO 27001:2013 Information Security Management Systems” and “BS 10012:2009 Personal Information Management Systems” and engages in semi-annual review and triennial re-assessment by BSI. In addition, in order to comply with the requirements of the competent authorities and adapted to the management of digital financial information security, the Bank regularly conducted “Computer System Information Security Assessment”, “E-payment System Security Management Assessment”, “Automatic Teller Machine (ATM) Information Security Attack and Defense Drill”, “DDos Attack and Defense Drill”, “Security Detection of Mobile App” and “Cyber and System Penetration Testing”, the Bank is persistently devoted to the enhancement of managerial mechanism of information security and personal Data protection and risk management and to stronger awareness of security across the Bank in order to safeguard the confidentiality, integrity and availability of information asset so that our clientele can enjoy financial services of stronger security and higher quality.

(9) Employee Welfare

- A. In addition to enrolling employees in labor insurance and national health insurance in accordance with Government’s laws and regulations, the Bank also enrolled employees in group insurance, including term life insurance, injury insurance, critical illness insurance, accidental medical insurance, cancer insurance and occupational disaster insurance, etc.
- B. Established Employees Welfare Committee and stipulated the relevant reimbursement procedures, such as providing subsidies to marriage, maternity, disease, injury, death, emergency, children scholarship.
- C. Provided employees meal reimbursement.
- D. Provided preferential interest rates for savings accounts of employees, mortgages, property remodeling loans and consumer loans.
- E. Provided employees with Employee Stock Ownership Trust.

IV. Financial Information and Risk Management

1. Financial Review 2015~2019

(1) Condensed Consolidated Balance Sheet for 2015~2019

Unit: NT\$1,000

Item	Financial Information (Note 1)				
	2019	2018	2017 (Note 3)	2016	2015
Cash and cash equivalents, Due from Central Bank and call loans to other banks	71,241,820	67,745,895	80,563,892	111,051,887	91,084,244
Financial assets at fair value through profit or loss	148,571,375	134,709,206	114,446,191	75,856,017	85,539,654
Financial assets at fair value through other comprehensive income	101,295,739	107,072,776	—	—	—
Investments in debt instruments at amortised cost	201,309,106	180,208,887	—	—	—
Bills and bonds purchased under resale agreements	5,310,000	—	9,180,000	6,249,307	1,937,969
Receivables – net	23,575,197	26,471,731	25,822,208	18,768,134	16,747,814
Current income tax assets	2,434,100	2,426,227	2,486,626	2,852,044	2,848,594
Assets (or disposal groups) classified as held for sale	533,632	910,934	—	—	—
Bills discounted and loans – net	747,243,764	731,029,935	729,645,514	490,845,954	478,156,273
Available-for-sale financial assets – net	—	—	260,594,686	84,420,516	41,794,256
Held-to-maturity financial assets – net	—	—	26,743,729	14,741,656	14,665,264
Other financial assets – net	165,899	136,630	34,780,031	49,570,202	70,157,273
Property and equipment – net	12,510,636	12,390,152	12,775,897	6,079,960	5,015,333
Right of use assets – net	10,687,982	—	—	—	—
Investment property- net	843,889	867,763	1,159,501	1,083,277	1,876,961
Intangible assets – net	11,038,196	11,285,222	12,908,241	2,545,091	2,133,271
Deferred income tax assets	838,639	611,830	383,565	437,751	615,950
Other assets – net	2,082,050	12,233,100	3,387,081	2,409,515	5,396,994
Total Assets	1,339,682,024	1,288,100,288	1,314,877,162	866,911,311	817,969,850
Due to Central Bank and other banks	13,107,028	22,047,274	13,520,162	25,624,867	31,901,180
Financial liabilities at fair value through profit or loss	3,568,060	4,823,707	7,107,229	5,332,985	9,714,271
Bills and bonds sold under repurchase agreements	1,550,312	16,226,824	11,240,704	7,786,562	10,578,602
Payables	12,317,900	13,008,154	13,565,951	13,277,873	11,668,104
Current income tax liabilities	1,810,146	801,009	688,059	918,818	608,110
Liabilities of assets (or disposal groups) classified as held for sale	—	2,115	—	—	—
Deposits and remittances	1,137,390,287	1,062,903,982	1,089,415,938	713,029,940	661,165,107
Financial debentures payable	34,500,000	38,000,000	43,500,000	38,000,000	33,000,000
Other financial liabilities	6,714,309	10,762,290	16,261,911	2,234,695	2,895,043
Provisions	1,451,149	1,860,508	2,788,530	1,197,338	1,253,653
Lease liabilities	2,658,761	—	—	—	—

Item	Year	Financial Information (Note 1)				
		2019	2018	2017 (Note 3)	2016	2015
Deferred income tax liabilities		315,443	392,512	198,927	194,232	364,716
Other liabilities		2,424,310	1,620,799	2,410,521	1,060,123	1,041,664
Total Liabilities	Before distribution	1,217,807,705	1,172,449,174	1,200,697,932	808,657,433	764,190,450
	After distribution	Note 2	1,176,524,269	1,205,840,446	811,296,504	765,192,534
Equity attributable to owners of the parent company		121,874,319	115,651,114	114,179,230	58,253,878	53,779,400
Share capital	Before distribution	73,940,390	73,940,390	42,652,845	41,521,815	39,183,618
	After distribution	Note 2	73,940,390	42,652,845	42,652,845	41,521,815
Capital surplus		25,960,441	25,960,441	6,038,882	6,038,882	6,038,882
Retained earnings	Before distribution	20,392,923	14,832,758	14,111,826	11,172,970	8,813,539
	After distribution	Note 2	10,757,663	8,969,312	7,402,869	5,473,258
Other equity interest		1,580,565	917,525	9,603	(479,789)	(256,639)
The equity of attributable to former owner of business combination under common control		—	—	51,366,074	—	—
Total equity	Before distribution	121,874,319	115,651,114	114,179,230	58,253,878	53,779,400
	After distribution	Note 2	111,576,019	109,036,716	55,614,807	52,777,316

Note 1: The above financial information was audited by accountants.

Note 2: The appropriation of the Bank's 2019 earnings is pending until the confirmation from the Board of Directors on behalf of stockholders.

Note 3: The Company merged with the Ta Chong Bank on January 1, 2018, and the merger is an organizational restructuring of entities under common control. Thus, when preparing the financial statements in the previous periods, it is deemed in accordance with the regulations that the merger has been occurred at the beginning of the periods to re-prepare the financial statements in the previous periods. The Ta Chong Bank was incorporated into the subsidiary of Yuanta Financial Holdings on March 22, 2016. Therefore, March 22, 2016 was the beginning merger date.

Note 4: As of the printing date of the annual report, 2020 financial information has not been attested, audited or reviewed by an independent external auditor.

(2) Condensed Consolidated Statements of Comprehensive Income for 2015~2019

Unit: NT\$1,000

Item	Year	Financial Information (Note 1)				
		2019	2018	2017 (Note 2)	2016	2015
Interest income		22,611,119	23,039,102	22,844,096	13,777,724	13,050,370
Less: Interest expense		9,144,173	9,021,599	8,212,759	5,180,125	5,304,799
Net interest income		13,466,946	14,017,503	14,631,337	8,597,599	7,745,571
Net non-interest income		9,904,603	7,950,331	8,593,115	5,404,309	5,187,193
Net revenue		23,371,549	21,967,834	23,224,452	14,001,908	12,932,764
Provision for bad debt expenses, commitment and guarantee reserve		1,066,650	666,380	525,154	1,006,950	886,889
Operating expenses		10,797,597	11,255,799	12,963,750	6,642,951	6,405,803
Income from continuing operations before income tax		11,507,302	10,045,655	9,735,548	6,352,007	5,640,072
Income tax expense		(1,461,072)	(1,438,055)	(1,486,972)	(757,052)	(696,099)
Net income from continuing operations		10,046,230	8,607,600	8,248,576	5,594,955	4,943,973
Gain (loss) on discontinued operations		—	—	(350,195)	—	—
Net income		10,046,230	8,607,600	7,898,381	5,594,955	4,943,973
Other comprehensive (loss) income (net of tax)		275,488	(972,627)	955,776	(118,393)	(177,526)
Total comprehensive income		10,321,718	7,634,973	8,854,157	5,476,562	4,766,447
Net income attributable to: Parent company		10,046,230	8,607,600	6,743,007	5,594,955	4,949,974
Net income (loss) attributable to: Prior interests under common control		—	—	1,255,627	—	(3,304)
Net income (loss) attributable to: Uncontrolled equity		—	—	(100,253)	—	(2,697)
Comprehensive income attributable to: Parent company		10,321,718	7,634,973	7,198,349	5,476,562	4,782,113
Comprehensive income (loss) attributable to: Prior interests under common control		—	—	1,756,061	—	(7,901)
Comprehensive income (loss) attributable to: Uncontrolled equity		—	—	(100,253)	—	(7,765)
EPS(NT\$)		1.36	1.16	1.08	1.31	1.19

Note 1: The above financial information was audited by accountants.

Note 2: The Company merged with the Ta Chong Bank on January 1, 2018, and the merger is an organizational restructuring of entities under common control. Thus, when preparing the financial statements in the previous periods, it is deemed in accordance with the regulations that the merger has been occurred at the beginning of the periods to re-prepare the financial statements in the previous periods. The Ta Chong Bank was incorporated into the subsidiary of Yuanta Financial Holdings on March 22, 2016. Therefore, March 22, 2016 was the beginning merger date.

Note 3: As of the printing date of the annual report, 2020 financial information has not been or reviewed by an independent external auditor.

(3) Condensed Separate Balance Sheet for 2015~2019

Unit: NT\$1,000

Item	Financial Information (Note 1)				
	2019	2018	2017 (Note 4)	2016	2015 (Note 3)
Cash and cash equivalents, Due from Central Bank and call loans to other banks	67,645,382	65,300,164	78,344,761	106,013,194	90,082,158
Financial assets at fair value through profit or loss	148,571,375	134,709,206	114,446,191	75,856,017	85,539,308
Financial assets at fair value through other comprehensive income	100,413,010	106,222,389	—	—	—
Investments in debt instruments at amortised cost	201,115,927	179,925,213	—	—	—
Bills and bonds purchased under resale agreements	5,310,000	—	9,180,000	6,249,307	1,937,969
Receivables – net	23,504,234	26,168,202	25,461,410	18,319,774	16,319,285
Current income tax assets	2,433,421	2,425,746	2,485,786	2,848,594	2,848,594
Assets (or disposal groups) classified as held for sale	533,632	868,288	—	—	—
Bills discounted and loans – net	737,626,205	720,651,097	718,574,889	490,029,141	477,989,325
Available-for-sale financial assets – net	—	—	259,716,476	83,750,635	41,793,681
Held-to-maturity financial assets – net	—	—	26,533,847	14,513,341	14,494,870
Equity investments accounted for under the equity method– net	4,747,629	5,208,251	5,180,010	4,983,889	1,315,587
Other financial assets – net	77,553	6,003	34,591,086	49,478,502	70,138,491
Property and equipment – net	12,415,059	12,290,864	12,679,330	5,818,750	4,947,906
Right of use assets – net	10,573,282	—	—	—	—
Investment property- net	843,889	867,763	1,159,501	1,083,277	1,876,961
Intangible assets – net	10,592,029	10,807,589	12,459,121	2,125,491	2,132,733
Deferred income tax assets	827,380	600,465	363,868	406,092	583,384
Other assets – net	2,738,343	12,048,017	3,135,894	2,174,629	5,276,578
Total Assets	1,329,968,350	1,278,099,257	1,304,312,170	863,650,633	817,276,830
Due to Central Bank and other banks	13,107,028	22,047,274	13,520,162	25,624,867	31,901,180
Financial liabilities at fair value through profit or loss	3,568,060	4,823,707	7,107,229	5,332,985	9,714,271
Bills and bonds sold under repurchase agreements	1,550,312	16,226,824	11,240,704	7,786,562	10,578,602
Payables	12,121,114	12,815,557	13,420,429	13,212,014	11,604,913
Current income tax liabilities	1,809,941	796,365	686,854	918,499	606,906
Deposits and remittances	1,128,024,552	1,053,292,520	1,079,154,520	709,988,729	660,554,776
Financial debentures payable	34,500,000	38,000,000	43,500,000	38,000,000	33,000,000
Other financial liabilities	6,714,309	10,762,290	16,261,911	2,234,695	2,895,043
Provisions	1,437,171	1,735,809	2,664,341	1,076,576	1,249,615
Lease liabilities	2,537,997	—	—	—	—
Deferred income tax liabilities	313,811	390,634	198,449	182,081	364,705

Item	Year	Financial Information (Note 1)				
		2019	2018	2017 (Note 4)	2016	2015 (Note 3)
Other liabilities		2,409,736	1,557,163	2,378,341	1,039,747	1,027,419
Total Liabilities	Before distribution	1,208,094,031	1,162,448,143	1,190,132,940	805,396,755	763,497,430
	After distribution	Note 2	1,166,523,238	1,195,275,454	808,035,826	764,499,514
Equity attributable to owners of the parent company		121,874,319	115,651,114	114,179,230	58,253,878	53,779,400
Share capital	Before distribution	73,940,390	73,940,390	42,652,845	41,521,815	39,183,618
	After distribution	Note 2	73,940,390	42,652,845	42,652,845	41,521,815
Capital surplus		25,960,441	25,960,441	6,038,882	6,038,882	6,038,882
Retained earnings	Before distribution	20,392,923	14,832,758	14,111,826	11,172,970	8,813,539
	After distribution	Note 2	10,757,663	8,969,312	7,402,869	5,473,258
Other equity interest		1,580,565	917,525	9,603	(479,789)	(256,639)
The equity of attributable to former owner of business combination under common control		—	—	51,366,074	—	—
Total equity	Before distribution	121,874,319	115,651,114	114,179,230	58,253,878	53,779,400
	After distribution	Note 2	111,576,019	109,036,716	55,614,807	52,777,316

Note 1: The above financial information was audited by accountants.

Note 2: The appropriation of the Bank's 2019 earnings is pending until the confirmation from the Board of Directors on behalf of stockholders.

Note 3: The Company merged Yuanta International Life Insurance Agent Co., Ltd. and Yuanta Properties Insurance Agent Co., Ltd. on September 11, 2016. This merger is an organizational restructuring of entities under common control. Therefore, when preparing the financial statements in the previous periods, it is deemed in accordance with the regulations that the merger has been occurred at the beginning of the periods to re-prepare the financial statements in the previous periods.

Note 4: The Company merged with the Ta Chong Bank on January 1, 2018, and the merger is an organizational restructuring of entities under common control. Thus, when preparing the financial statements in the previous periods, it is deemed in accordance with the regulations that the merger has been occurred at the beginning of the periods to re-prepare the financial statements in the previous periods. The Ta Chong Bank was incorporated into the subsidiary of Yuanta Financial Holdings on March 22, 2016. Therefore, March 22, 2016 was the beginning merger date.

Note 5: As of the printing date of the annual report, 2020 financial information has not been audited or reviewed by an independent external auditor.

(4) Condensed Separate Statements of Comprehensive Income for 2015~2019

Unit: NT\$1,000

Item	Year	Financial Information (Note 1)				
		2019	2018	2017 (Note 3)	2016	2015 (Note 2)
Interest income		21,904,151	22,304,036	22,419,362	13,618,315	12,974,127
Less: Interest expense		8,904,730	8,786,722	8,105,762	5,141,414	5,299,901
Net interest income		12,999,421	13,517,314	14,313,600	8,476,901	7,674,226
Net non-interest income		9,965,763	8,081,151	8,524,688	5,295,425	5,160,646
Net revenue		22,965,184	21,598,465	22,838,288	13,772,326	12,834,872
Provision for bad debt expenses, commitment and guarantee reserve		1,063,211	665,321	439,374	1,002,168	869,105
Operating expenses		10,405,832	10,916,495	12,722,465	6,427,822	6,330,031
Income from continuing operations before income tax		11,496,141	10,016,649	9,676,449	6,342,336	5,635,736
Income tax expense		(1,449,911)	(1,409,049)	(1,478,034)	(747,381)	(689,066)
Net income from continuing operations		10,046,230	8,607,600	8,198,415	5,594,955	4,946,670
Gain (loss) on discontinued operations		—	—	(199,781)	—	—
Net income		10,046,230	8,607,600	7,998,634	5,594,955	4,946,670
Other comprehensive (loss) income (net of tax)		275,488	(972,627)	955,776	(118,393)	(172,458)
Total comprehensive income		10,321,718	7,634,973	8,954,410	5,476,562	4,774,212
Net income attributable to: Parent company		10,046,230	8,607,600	6,743,007	5,594,955	4,949,974
Net income (loss) attributable to: Prior interests under common control		—	—	1,255,627	—	(3,304)
Total comprehensive income attributable to: Parent company		10,321,718	7,634,973	7,198,349	5,476,562	4,782,113
Total comprehensive income (loss) attributable to: Prior interests under common control		—	—	1,756,061	—	(7,901)
EPS(NT\$)		1.36	1.16	1.08	1.31	1.19

Note 1: The above financial information was audited by accountants.

Note 2: The Company merged Yuanta International Life Insurance Agent Co., Ltd. and Yuanta Properties Insurance Agent Co., Ltd. on September 11, 2016. This merger is an organizational restructuring of entities under common control. Therefore, when preparing the financial statements in the previous periods, it is deemed in accordance with the regulations that the merger has been occurred at the beginning of the periods to re-prepare the financial statements in the previous periods.

Note 3: The Company merged with the Ta Chong Bank on January 1, 2018, and the merger is an organizational restructuring of entities under common control. Thus, when preparing the financial statements in the previous periods, it is deemed in accordance with the regulations that the merger has been occurred at the beginning of the periods to re-prepare the financial statements in the previous periods. The Ta Chong Bank was incorporated into the subsidiary of Yuanta Financial Holdings on March 22, 2016. Therefore, March 22, 2016 was the beginning merger date.

Note 4: As of the printing date of the annual report, 2020 financial information has not been audited or reviewed by an independent external auditor.

(5) Independent Auditors Over the Past Five Years and their Audit Opinions

Year	Independent Auditing Firm	CPA	Consolidated Financial Report Auditor's Opinion
2015	PricewaterhouseCoopers, Taiwan	Ellen Kuo & Maria Chen	Modified unqualified opinion
2016	PricewaterhouseCoopers, Taiwan	Ellen Kuo & Maria Chen	Unqualified opinion
2017	PricewaterhouseCoopers, Taiwan	Ellen Kuo & Maria Chen	Unqualified opinion
2018	PricewaterhouseCoopers, Taiwan	Ellen Kuo & Maria Chen	Unqualified opinion with emphasis of matter and other matter
2019	PricewaterhouseCoopers, Taiwan	Jason Lo & Maria Chen	Unqualified opinion with other matter

(6) Consolidated Financial Analysis for 2015~2019

Item (Note 7)		Financial Analysis (Note 1)				
		2019 (Note 4)	2018 (Note 3)	2017 (Note 2)	2016	2015
Operating Performance	Ratio of deposits to loans (%)	66.51	69.55	67.56	69.34	72.15
	NPL ratio (%)	0.16	0.23	0.24	0.21	0.20
	Ratio of interest cost to annual average deposits (%)	0.68	0.64	0.61	0.59	0.70
	Ratio of interest income to annual average loans outstanding (%)	2.44	2.49	2.37	2.19	2.20
	Total assets turnover (times)	0.02	0.02	0.02	0.02	0.02
	Average operation revenue per employee (thousand NTS)	5,077	4,638	4,370	4,892	4,547
	Average profit per employee (thousand NTS)	2,183	1,817	1,486	1,955	1,738
Profitability	Return on tier I capital (%)	10.30	11.52	11.74	10.70	10.72
	Return on assets (%)	0.76	0.66	0.59	0.66	0.65
	Return on equity (%)	8.46	7.52	6.99	9.99	9.41
	Net income ratio (%)	42.98	39.18	34.01	39.96	38.23
	EPS (NT\$)	1.36	1.16	1.08	1.35	1.19
Financial Structure	Ratio of liabilities to assets (%)	90.89	91.00	91.30	93.24	93.38
	Ratio of property and equipment to equity (%)	10.27	10.71	11.19	10.44	9.33
Growth rate	Rate of assets growth (%)	3.80	-2.00	-3.14	5.98	17.04
	Rate of earnings growth (%)	14.55	3.19	53.27	12.62	12.56
Cash flow	Cash flow ratio (%)	110.82	Note 5	Note 5	41.43	Note 5
	Cash flow adequacy ratio (%)	152.19	70.84	205.42	296.59	116.44
	Cash flow coverage ratio (%)	(27,091.21)	Note 5	Note 5	1,335.73	Note 5
Ratio of liquidity reserve (%)		34.00	35.00	36.00	33.00	33.00
Total balance of secured loans of related parties (thousand NTS)		6,378,105	6,207,805	4,608,871	4,885,495	5,330,601
Ratio of total balance of secured loans of related parties to total balance of credit extension (%)		0.83	0.82	0.91	0.93	1.03
Scale of operations (Note 6)	Asset market share (%)	2.29	2.25	1.60	1.65	1.61
	Net-worth market share (%)	2.83	2.89	1.67	1.61	1.57
	Deposits market share (%)	2.64	2.50	1.87	1.82	1.76
	Loans market share (%)	2.36	2.32	1.61	1.72	1.72
<p>The specified reasons of changes in financial ratios for the latest two years: (If the variation does not reach 20%, the analysis can be omitted)</p> <ol style="list-style-type: none"> 1. With the maintenance of asset quality as the premise, in 2019, the Bank continuously expanded each business and raised the net income which resulted in the higher profitability and growth than 2018. 2. The decrease in NPL ratio is due to the decrease in NPL loans 3. The increase in the average profit per employee is due to the increase in the 2019 after-tax net income. 4. The increase in asset growth rate is due to the increase in the size of total assets. 5. The increase in earnings growth rate is due to the increase in profit and loss before tax this year compared to last year. 6. The 2019 cash flow adequacy ratio was higher than that in 2018, which was mainly due to the increase in operating activities cash flow in the last five years. 						

Note 1: The above financial information was audited by accountants.

Note 2: The Bank merged with the Ta Chong Bank on January 1, 2018, and it was deemed that the 2017 financial statements shall be re-prepared as the merger occurred at the beginning of the period in accordance with the regulations (the value of the return on tier I capital in 2017 was not retroactively recalculated)

Note 3: The average assets and net worth are calculated after the reorganization of the organization and the retroactive application of IFRS 9 to the balance of January 1, 2018.

Note 4: The average assets and net worth are calculated based on the retroactive application of IFRS 16 to the balance of January 1, 2019.

Note 5: Because cash flows from operating activities in statement of cash flows are cash outflow in 2015, 2017 and 2018, it is not included for the calculation of cash flow ratio and cash flow coverage ratio.

Note 6: Because of inaccessibility to information, market share of operating scale is calculated according to separate financial

statements.

Note 7: The formulas of various ratios are as follows:

1. Operating Performance

- (1) Ratio of deposits to loans = Annual average loans outstanding / Annual average deposit (Including postal savings re-deposits)
- (2) NPL ratio = Total NPL / Total loans outstanding
- (3) Ratio of interest cost to annual average deposits = Total interest cost from deposits / Annual average deposits
- (4) Ratio of interest income to annual average loans outstanding = Total interest income from loans / Annual average amount of loans outstanding
- (5) Total assets turnover (times) = Operating income / Average total assets
- (6) Average operation revenue per employee (Note 11) = Operating Revenues / Annual average total number of employees
- (7) Average profit per employee = Net income after tax / total employees

2. Profitability

- (1) Return on tier I capital = Before-tax profit or loss / Total amount of tier I capital
- (2) Return on assets = Net income / Average total assets
- (3) Return on Equity = Net income / Average total equity
- (4) Net income ratio = Net income / Total operating revenues
- (5) EPS = (Net profit attributable to parent company-preferred stock dividend) / Weighted average number of shares issued (Note 9)

3. Financial structure

- (1) Ratio of Liabilities to Assets = Liabilities / Total assets
- (2) Ratio of Property and Equipment to Equity = Property and equipment assets / Total equity

4. Growth rate

- (1) Rate of Assets growth = (Total assets for current year - Total assets for previous year) / Total assets for previous year
- (2) Rate of earnings growth = (Before-tax profit or loss for current year - Before-tax profit or loss for previous year) / Before-tax profit for previous year

5. Cash flow (Note 8)

- (1) Cash flow ratio = Net cash flow from operating activities / (interbank lending and overdraft + payable commercial paper + Financial liabilities at fair value through profit or loss + RP + Payable accounts-current portion)
- (2) Net cash flow adequacy ratio = Net cash flow from operating activities for the latest five years / (Capital expenditure + cash dividends for the latest five years)
- (3) Cash flow coverage ratio = Net cash flow from operating activities / net cash flow from investing activities

6. Ratio of liquidity reserve = Liquidity assets defined by Central Bank / Accrual liquidity reserve liabilities

7. Scale of operations

- (1) Asset market share = total assets / total assets of all financial institutions able to engage in deposit and loan business (Note 10)
- (2) Net-worth market share = net worth / total net worth of all financial institutions able to engage in deposit and loan business
- (3) Deposit market share = total value of deposits / total value of deposits at all financial institutions able to engage in deposit and loan business
- (4) Loan market share = total value of loans / total value of loans at all financial institutions able to engage in deposits and loan business

Note 8: The total liabilities have deducted allowance for guarantee liability and allowance for accidental loss.

Note 9: The following shall be noted in the equations of EPS of the preceding paragraph:

1. It is based on weighted average common stock shares instead of the issued stock shares at the end of year.
2. For cash capitalization or Treasury stock trade, the circulation period is to be considered for the calculation of weighted average stock shares.
3. For capitalized retained earnings or additional paid-in, for the calculation of earnings per share of previous years and semi-annual, it is to be adjusted retroactively and proportionally to the ratio of capitalization but not the issuance period of the capitalization.
4. If the preferred stock is non-convertible cumulative preferred stock, the dividend (distributed or not distributed) is to be deducted from Net Income or is to be added to Net Loss.
5. If the preferred stock is non-cumulative preferred stock; also, if there is Net income generated, preferred stock dividend is to be deducted from Net income; however, if there is net loss resulted, no adjustment is required.

Note 10: The financial institutions which could do the deposit and loan business include domestic banks, local branches of foreign and Mainland Chinese banks, credit co-operative associations and credit departments of farmers and fishermen's associations.

Note 11: The income means the total interest income and non-interest income.

Note 12: The following shall be considered in measuring of cash flow analysis:

1. Net cash flow from operating activities means the net cash inflow from operating activities in the cash flow statement.
2. Capital expenditure means the cash outflow from capital investment per year.
3. Cash dividends include of common and preferred stocks.
4. Gross for fixed assets means the total fixed assets before deduction of accumulated depreciation.

(7) Separate Financial Analysis for 2015~2019

Item		Year	Financial Analysis (Note 1)				
			2019 (Note 5)	2018 (Note 4)	2017 (Note 3)	2016	2015 (Note 2)
Operating performance	Ratio of deposits to loans (%)	66.20	69.19	67.17	69.51	72.80	
	NPL ratio (%)	0.15	0.21	0.24	0.19	0.18	
	Ratio of interest cost to annual average deposits (%)	0.67	0.63	0.60	0.59	0.70	
	Ratio of interest income to annual average loans outstanding (%)	2.39	2.44	2.35	2.18	2.19	
	Total assets turnover (times)	0.02	0.02	0.02	0.02	0.02	
	Average operation revenue per employee (thousand NT\$)	5,149	4,709	4,415	5,049	4,637	
	Average profit per employee (thousand NT\$)	2,253	1,877	1,546	2,051	1,787	
Profitability	Return on tier I capital (%)	10.48	11.77	12.12	10.94	10.81	
	Return on assets (%)	0.77	0.67	0.60	0.67	0.65	
	Return on equity (%)	8.46	7.52	7.18	9.99	9.42	
	Net income ratio (%)	43.75	39.58	35.02	40.62	38.54	
	EPS (NT\$)	1.36	1.16	1.08	1.35	1.19	
Financial Structure	Ratio of liabilities to assets (%)	90.82	90.93	91.22	93.22	93.37	
	Ratio of property and equipment to equity (%)	10.19	10.63	11.10	9.99	9.20	
Growth rate	Rate of assets growth (%)	3.86	-1.97	-3.11	5.67	17.02	
	Rate of earnings growth (%)	14.77	3.52	52.57	12.54	12.72	
Cash flow	Cash flow ratio (%)	104.82	Note 6	Note 6	44.94	Note 6	
	Cash flow adequacy ratio (%)	152.39	76.96	217.37	313.69	116.24	
	Cash flow coverage ratio (%)	10,847.22	Note 6	Note 6	(493.57)	Note 6	
Ratio of liquidity reserve (%)		34.00	35.00	36.00	33.00	33.00	
Total balance of secured loans of related parties (thousand NT\$)		6,378,105	6,207,805	4,608,871	4,885,495	5,330,601	
Ratio of total balance of secured loans of related parties to total balance of credit extension (%)		0.83	0.82	0.91	0.93	1.03	
Scale of operations	Asset market share (%)	2.29	2.25	1.60	1.65	1.61	
	Net-worth market share (%)	2.83	2.89	1.67	1.61	1.57	
	Deposits market share (%)	2.64	2.50	1.87	1.82	1.76	
	Loans market share (%)	2.36	2.32	1.61	1.72	1.72	
The specified reasons of changes in financial ratios for the latest two years: (If the variation does not reach 20%, the analysis can be omitted)							
<ol style="list-style-type: none"> 1. With the maintenance of asset quality as the premise, in 2019, the Bank continuously expanded each business and raised the net income which resulted in the higher profitability and growth than 2018. 2. The decrease in NPL ratio is due to the decrease in NPL loans 3. The increase in the average profit per employee is due to the increase in the 2019 after-tax net income. 4. The increase in asset growth rate is due to the increase in the size of total assets. 5. The increase in earnings growth rate is due to the increase in profit and loss before tax this year compared to last year. 6. The 2019 cash flow adequacy ratio was higher than that in 2018, which was mainly due to the increase in operating activities cash flow in the last five years. 							

Note 1: The above financial information was audited by accountants.

Note 2: The Company merged Yuanta International Life Insurance Agent Co., Ltd. and Yuanta Properties Insurance Agent Co., Ltd. on September 11, 2016. 2015 financial reports have been restated.

Note 3: The Bank merged with the Ta Chong Bank on January 1, 2018, and it was deemed that the 2017 financial statements shall be re-prepared as the merger occurred at the beginning of the period in accordance with the regulations (the value of the return on tier I capital in 2017 was not retroactively recalculated)

Note 4: The average assets and net worth are calculated after the reorganization of the organization and the retroactive application of IFRS 9 to the balance of January 1, 2018.

Note 5: The average assets and net worth are calculated based on the retroactive application of IFRS 16 to the balance of January 1, 2019.

Note 6: Because cash flows from operating activities in statement of cash flows are cash outflow in 2015, 2017 and 2018, it is not included for the calculation of cash flow ratio and cash flow coverage ratio.

Note 7: Because of inaccessibility to information, market share of operating scale is calculated according to separate financial statements.

(8) Consolidated Capital Adequacy for 2015~2019

Unit: NT\$1,000

Item		Year	Consolidated Capital Adequacy Ratio					
			2019	2018	2017	2016	2015	
Regulatory Capital	Common Equity Tier 1 Capital		108,234,328	102,190,820	58,769,676	54,546,613	50,454,350	
	Additional Tier 1 Capital		6,549,768	6,552,514	6,913,076	6,912,792	6,841,515	
	Tier 2 Capital		23,596,563	27,131,454	20,594,951	22,651,404	21,080,944	
	Regulatory Capital		138,380,659	135,874,788	86,277,703	84,110,809	78,376,809	
Risk-weighted Assets	Credit Risk	Standardized Approach	755,272,256	759,426,981	502,593,162	552,690,922	529,595,884	
		Internal ratings-based Approach	—	—	—	—	—	
		Securitization	—	—	—	—	—	
	Operational Risk	Basic Indicator Approach	—	—	—	—	—	
		Standardized Approach	40,682,988	41,023,677	24,185,623	22,704,950	20,887,182	
		Advanced Measurement Approaches	—	—	—	—	—	
	Market Risk	Standardized Approach	75,038,125	62,686,325	50,058,350	37,699,975	53,212,313	
		Internal Models Approach	—	—	—	—	—	
	Total Amount of Risk-weighted Assets			870,993,369	863,136,983	576,837,135	613,095,847	603,695,379
	Capital Adequacy Ratio (%)			15.89	15.74	14.96	13.72	12.98
Tier 1 Capital Ratio (%)			13.18	12.60	11.39	10.02	9.49	
Common Equity Tier 1 Ratio (%)			12.43	11.84	10.19	8.90	8.36	
Leverage Ratio (%)			8.34	8.22	7.08	6.60	6.40	
Please specify the reasons for the changes of capital adequacy ratios for the past two years: (If the variation does not reach 20%, the analysis can be omitted)								
The changes of capital adequacy ratios for the past two years are less than 20% and waived from explanation.								

Note 1: The regulatory capital, risk-weighted assets and Exposure Measurement in the table above should be filled in accordance with “Regulations Governing the Capital Adequacy and Capital Category of Banks” and “calculation method and table of self-owned capital and risk-weighted assets”.

Note 2: The relevant formulas are as follows:

1. Regulatory capital = Common equity Tier1 capital + Additional Tier 1 capital + Tier 2 capital
2. Total amount of risk-weighted assets = credit risk-weighted assets + (operational risk + market risk) * 12.5
3. Capital adequacy ratio = Regulatory capital / Total amount of risk-weighted assets
4. Tier 1 capital ratio = (Common equity Tier 1 capital + additional Tier 1 capital) / Total amount of risk-weighted assets
5. Common equity Tier 1 ratio = Common equity Tier 1 capital / Total amount of risk-weighted assets
6. Leverage Ratio = Tier 1 capital / Exposure measurement

Note 3: The above financial information was audited by accountants.

(9) Separate Capital Adequacy for 2015~2019

Unit: NT\$1,000

Item		Year	Capital Adequacy Ratio					
			2019	2018	2017	2016	2015	
Regulatory Capital	Common equity Tier 1 Capital		107,500,816	101,366,390	57,923,794	53,720,241	50,102,099	
	Additional Tier 1 Capital		5,362,861	5,250,451	5,618,074	5,666,820	6,488,726	
	Tier 2 Capital		21,093,417	24,383,747	18,004,946	20,159,459	20,375,365	
	Regulatory Capital		133,957,094	131,000,588	81,546,814	79,546,520	76,966,190	
Risk-weighted Assets	Credit Risk	Standardized Approach	745,186,037	747,940,387	490,386,975	549,276,054	527,772,726	
		Internal Ratings- based Approach	—	—	—	—	—	
		Securitization	—	—	—	—	—	
	Operational Risk	Basic Indicator Approach	—	—	—	—	—	
		Standardized Approach	40,086,554	40,674,805	23,700,674	22,196,068	20,410,221	
		Advanced Measurement Approaches	—	—	—	—	—	
	Market risk	Standardized Approach	75,038,125	62,686,325	50,058,350	37,699,975	53,212,313	
		Internal Models Approach	—	—	—	—	—	
	Total Amount of Risk-weighted Assets			860,310,716	851,301,517	564,145,999	609,172,097	601,395,260
	Capital Adequacy Ratio (%)			15.57	15.39	14.45	13.06	12.80
Tier 1 Capital Ratio (%)			13.12	12.52	11.26	9.75	9.41	
Common Equity Tier 1 Ratio (%)			12.50	11.91	10.27	8.82	8.33	
Leverage Ratio (%)			8.27	8.13	6.95	6.41	6.33	

Note 1: The regulatory capital, risk-weighted assets and Exposure Measurement in the table above should be filled in accordance with “Regulations Governing the Capital Adequacy and Capital Category of Banks” and “calculation method and table of self-owned capital and risk-weighted assets”.

Note 2: The relevant formulas are as follows:

1. Regulatory capital = Common equity Tier1 capital + Additional Tier 1 capital + Tier 2 capital
2. Total amount of risk-weighted assets = credit risk-weighted assets + (operational risk + market risk) * 12.5
3. Capital adequacy ratio = Regulatory capital / Total amount of risk-weighted assets
4. Tier 1 capital ratio = (Common equity Tier 1 capital + additional Tier 1 capital) / Total amount of risk-weighted assets
5. Common equity Tier 1 ratio = Common equity Tier 1 capital / Total amount of risk-weighted assets
6. Leverage Ratio = Tier 1 capital / Exposure measurement

Note 3: The above financial information was audited by accountants.

2. Consolidated Financial Report for 2019

Please refer to “Appendix Consolidated Financial Report for 2019” in this annual report.

3. Risk Management and Other Significant Events

(1) Information of Credit Risk Management

A. Credit Risk Management System in 2019

Item	Contents
1. Strategies, objectives, policies and procedure of credit risk	<p>1. Strategies and Objectives:</p> <ul style="list-style-type: none"> (1) Comply with Basel III requirements. Uplift the capability of risk management and unify worldwide. (2) Set appropriate risk management framework and control process, and ensure its deployment in practice. (3) Strengthen the integration of management information, risk analytics and effectiveness of early warning mechanism, build the aggressive risk management culture and value. <p>2. Credit Risk Policies:</p> <ul style="list-style-type: none"> (1) Establish the culture to value the importance of credit risk management. Develop the business strategies riding on the well quantitative and qualitative assessment from management perspective. (2) Establish the comprehensive risk management framework, control the credit risk within the acceptable risk appetite and achieve the business goal in risk reward balance. (3) Delegate the appropriate authorities to personnel within the risk management functions; ensure the corresponding duties and responsibilities of assisting Board of directors and management to oversee the implementation of credit risk policies. (4) Establish effective methods and monitoring procedures to ensure the adequacy of capital, and express business performance in a proper manner through the risk adjustment, and maximize shareholders’ value. <p>3. Management Procedure: Credit risk identification, measurement, monitoring and management, credit risk report and credit risk performance management.</p>
2. Structure and organization of credit risk management	<p>1. Board of Directors:</p> <ul style="list-style-type: none"> (1) The Board of Directors is the Bank’s supreme policy-making entity for risk management, responsible for authorizing the Bank’s risk management policies and guidelines and supervising fulfillment of the various systems to achieve the Bank’s entire credit risk management objectives. (2) Audit Committee to review the risk-related proposal before proposing to the Board of Directors and communicate with the risk implementation entities. <p>2. Senior Management: Risk Management Committee is subordinated to the Chairman, and Asset & Liability Management Committee, Non-Performing Loan Management Committee and Credit Evaluation Committee are subordinated to the President.</p> <p>3. Risk Management Department:</p> <ul style="list-style-type: none"> (1) Responsible for researching or suggesting the amendments of the Bank’s credit risk management policies and guidelines to be proposed to the Board of Directors for approval. (2) Establish the Bank’s entire structure of measuring, controlling and evaluating quantitative risk. (3) Responsible for enforcing and controlling the Bank’s credit risk management and credit risk management regulations for the various businesses to ensure all businesses apply strictly with the Bank’s credit

Item	Contents
	<p>risk management policies and guidelines.</p> <p>4. Credit Management Units and Other Business Units: Manage credit risks of crediting cases according to stratified empowerment, including credit review, credit management and post-loan management.</p> <p>5. Internal Audit: The independent internal audit entities review the enforcement of the Bank's credit risk management systems periodically and disclose it in the audit report truly, and ensure that the relevant entities have taken the corrective actions in a timely manner.</p>
<p>3. Scope and characteristics of credit risk report and measurement systems</p>	<p>1. Scope and characteristics of credit risk report:</p> <p>(1) Report to Board of Directors. (Regularly)/(Integrated risk report)</p> <p>(2) Report to Audit Committee. (Regularly)/(Integrated risk report)</p> <p>(3) Monthly report to Asset & Liability Management Committee. (Integrated risk report)</p> <p>(4) Monthly report to Risk Management Committee. (Integrated risk report)</p> <p>(5) Monthly corporate and consumer banking asset quality report.</p> <p>(6) Monthly monitoring and disclosing the large exposure-related information such as the usage rate of the country, industry, group, single person(natural & juristic), real estate and China Exposure.</p> <p>(7) Daily monitor the loan concentration ratio and early warning notification incidents stipulated in Article 72(2) of the Banking Act.</p> <p>2. Credit risk measurement systems include:</p> <p>(1) Capital charge calculation platform information system.</p> <p>(2) The credit information and investigation system: Credit rating.</p> <p>(3) The collection system: Asset appraisal.</p> <p>(4) The Bank's credit risk alarming system: The credit risk alarming mechanism.</p> <p>(5) Mid-term crediting management platform. (Including post loan management and the review platform)</p> <p>(6) Scorecards of consumer banking and credit rating models of corporate banking.</p> <p>(7) Large exposure system.</p>
<p>4. Credit risk hedging or risk reduction policies, and strategies and procedures for controlling the ongoing effectiveness of hedging and risk reduction tools</p>	<p>1. Credit risk hedging or risk reduction policies:</p> <p>(1) Review the credit risk hedging plan and execution of the centralized risk or higher risk businesses.</p> <p>(2) Plan to amend the Bank's regulations of risk reduction and controlling system to follow the risk reduction regulations in the Basel III.</p> <p>(3) Regularly review financial products' risk weights.</p> <p>2. Strategies and procedures for controlling effectiveness of hedging and risk reduction: Establish the collateral management system in accordance with Basel III risk reduction regulations, and ensure the ongoing effective mess of risk reduction of collaterals through periodical revaluation of collaterals, loan-to-value ratio alert, analysis of centralization and stress testing.</p>
<p>5. Approach for regulatory capital charge</p>	<p>Standardized Approach.</p>

**B. Exposure and Accrued Capital Charge upon Risk Reduction under Credit Risk
Standardized Approach**

Unit: NT\$1,000 ; Base Date: December 31, 2019

Type of Risk Exposure	Risk Exposure after Risk Mitigation	Capital Charge
Sovereigns	255,530,122	0
Non-central Government Public Sector Entities	0	0
Banks (Multilateral Development Banks Included)	71,613,013	1,973,305
Corporations (Securities Firms and Insurance Companies Included)	422,886,494	31,959,456
Retailed Credit	212,264,210	14,213,590
Residential Property	206,939,371	9,001,448
Equity-securities Investment	41,355	3,308
Other Assets	37,228,785	2,429,719
Total	1,206,503,350	59,580,826

Note: Capital charge is equal to the risk exposure after risk mitigation multiplied by legal minimum capital adequacy ratio.

(2) Information of Securitization Management

A. Securitization Management System in 2019

Item	Contents
1. The strategies and procedure of securitization risk management	In terms of asset securitization, at present, The bank engages only in securities investments. The bank currently does not serve as originating bank. The procedure of securitized product investment: Investment in securitized products should be authorized by the delegation of approval authority. Before the business department invests in securitized products within the scope of authorization, it should first conduct investment analysis according to the credit worthiness, liquidity and profitability of the product, and submits to the supervisor for approval.
2. The organization and structure of securitization management	For the risk of investment in asset securitization, the Board of Directors is on the top level of management, the Treasury Department is the business execution unit, the Risk Management Department is the risk monitoring and control unit, and the Financial Markets Operation Department is the operation settlement unit of this bank.
3. Scope and characteristics of securitization risk report and measurement systems	<ol style="list-style-type: none"> 1. The use of asset securitization investment positions and risk limits for other financial product positions should be monthly/quarterly disclosed to the Risk Management Committee/ Board of Directors. When the loss on valuation exceeds the specific proportion of cost, the business execution unit should make reviews in a timely manner and propose corresponding solutions to be approved by authorized level. 2. Asset securitization products with a quotation on the public market should be marked to market according to that quotation every day. If there is no quotation on the public market, products should be marked to market according to the quotation of provided by counterparty.
4. The hedge of securitization or risk mitigation policies, and strategies and procedures for controlling the on-going effectiveness of hedging and risk mitigation tools	When there is a larger risk exposure risk, assessments will be conducted to reduce risk exposure; or the approved risk mitigation methods will be implemented to reduce risk to a controllable range.
5. Approach for regulatory capital charge	Standardized Approach.
6. Requirement on comprehensive qualitative disclosure, including: (1) Objectives for securitization activities, risk types undertaken and retained from the Bank's re-securitization activities. (2) Other risks involved in securitized asset (such as liquidity risk). (3) Various roles that the Bank plays during the securitization process and the level in which the bank is involved in each process. (4) The description on the procedures monitoring the changes in credit and market risk involved in securitization risk exposure. (5) The Bank's management policies regarding the credit risk mitigation taken against	The Bank has never served as an originator of asset securitization so no information shall be disclosed in this item.

Item	Contents
the risk retained in securitization and re-securitization.	
7. Description on the Bank's accounting policies on securitization	
8. The names in terms of ECAI used in banking books for securitization and their usage in each type of asset securitization exposure	
9. Explanation on any significant changes in any quantitative information from last reported period (such as any transfer of asset between banking books and trading books)	

B. Engagement in Securitization

As of December 2019, the Bank has never been the originator for securitization.

C. Risk Exposure and Capital Charge required for Securitization

As of December 2019, the Bank didn't hold any investments in securitized product.

D. Information of Investment in Securitization Products

As of December 2019, the Bank didn't hold any investments in securitized product.

(3) Information of Operational Risk Management

A. Operational Risk Management System in 2019

Item	Contents
1. The strategies and procedure of operational risk management	<ol style="list-style-type: none"> 1. Formed a risk-oriented operational model and straightened business development to achieve its operation goals and maximize shareholder value. The Bank developed risk management policies, operational risk management principles, defined the scope and duties of operational risk management, and executed risk identification, risk evaluation and reporting processes including operational risk assessment and process analysis. 2. In response to existing or potential operational risks, all divisions in the Bank take effective improvement practices and persistently track the according implementation. Before the undertaking or during the planning of new services, all related operational risks must be identified and the controls of the process marked. The Bank additionally constructed contingency plans and conducted necessary simulation to assure incessant operation amid possible severe accidents.
2. The organization and structure of operational risk management	<ol style="list-style-type: none"> 1. Board of Directors: The supreme authority in the Bank, in charge of approving risk management policies and according principles and monitoring execution of all systems in order to achieve the goals of operational risk management. 2. Risk Management Committee In order to facilitate the integration and implementation of the Bank's risk management policies and systems, the Risk Management Committee is established under the Board of Directors. The Chairman serves as the Committee Chair to regularly convene meetings. In addition to assisting the Audit Committee and the Board of Directors to perform risk management duties, the main tasks of the committee are as follows: <ol style="list-style-type: none"> (1) Reviewing annual risk limits (2) Reviewing Risk Management Report (3) Integrating and coordinating common risk management issues among subsidiaries (4) Declaring and communicating important risk management issues 3. Senior Management: <ol style="list-style-type: none"> (1) According to the risk management policies approved by the Board of Directors, the Bank establishes its risk management guidelines and regulation, to ensure it has clear authorities and responsibilities for risk management, effective risk management procedures and appropriate risk management systems. (2) Authorize appropriate employees to implement risk management operations, and confirm that they have sufficient capabilities and expertise to perform risk management operations and comply with relevant policies and procedures. 4. Risk Management Department: <ol style="list-style-type: none"> (1) Responsible for the development of the operational risk management framework of the Bank and the review of the implementation status, and proposing necessary adjustment plans. (2) Develop the operational risk management guidelines and related policies of the Bank.

Item	Contents
	<p>(3) Supervise the Bank’s major operational risks and loss exposure.</p> <p>(4) Regularly collate the operational risk events notified by each departments and business units.</p> <p>(5) Coordinate operational risk management with all divisions and branches.</p> <p>5. Compliance Affairs Department: Plan, manage, appraise and execute the legal compliance system of the Bank; establish the legal conveyance, consultancy, coordination and communication system; confirm instant update of all procedures and managerial rules according to the regulations; present and sign opinions conforming to the laws and bylaws; and analyze reasons and corrective opinions for major drawbacks or abuses of all division in legal compliance.</p> <p>6. All departments in Head Office, supervising divisions and branches: According to operational risk management regulations, all departments and supervising divisions developed according business regulations as standards for execution of all business divisions.</p> <p>7. Internal Audit Department: Incorporate the operational risk management of each department and business unit into the review items.</p>
3. Scope and characteristics of operational risk report and measurement systems	<p>The Bank identify measure and monitor operational risk with various risk management instruments, such as operational risk loss data collection, operational risk control self-assessment (RCSA), and operational risk indicators. All divisions in the Bank conduct online risk event reporting and self-assessment through the operational risk report system and the RCSA system. Risk Management Department conducts operation process examination, compiled analysis and improvement practice tracking with the trend of risk indicator changes, internal and external losses, and the RCSA of all divisions. The result of risk identification, measurement and monitoring are periodically reported to the executives.</p>
4. Operational risk hedging or risk mitigation policies, and strategies procedures for controlling the continuously effectiveness of hedging and risk mitigation tools	<p>The Bank has developed regulations on operational risk hedging and risk mitigation. In response to possibilities and severity of risk, the Bank will adopt the following risk measures and procedures for risk bearing, risk averse, risk transfer, risk reduction, according indicators, risk warning, control mechanism, and corrective plans of every major products:</p> <ol style="list-style-type: none"> 1. Risk bearing and tighter operation control shall be conducted for smaller loss amounts and lower frequencies. 2. Risk reduction or risk control, more intense personnel training, operating procedure improvement or system control advancement shall be conducted for smaller loss amounts and higher frequencies. 3. Risk transfer or risk mitigation shall be conducted for larger loss amounts and lower frequencies. Proper insurance and outsourcing should be undertaken after cautious evaluation. 4. Risk averse shall be conducted for large loss amounts and higher frequencies while the according business or service should not be launched or shall be stopped. <p>Outsourcing or insurance shall require periodical evaluation on its risk, effect or the claim payment ability of the insurance company in order to ensure the risk mitigation tools will be effective constantly.</p>
5. Approach for regulatory capital charge	Standardized Approach.

B. Required Capital Charge for Operational Risk

Unit: NT\$1,000 ; Base Date: December 31, 2019

Year	Gross Income	Capital Charge
2017	22,000,542	
2018	22,394,394	
2019	22,258,831	
Total	66,653,767	3,206,924

(4) Information of Market Risk Management

A. Market Risk Management System in 2019

Item	Content
1. Market risk management strategies and processes	<ol style="list-style-type: none"> 1. In order to establish the sound risk management system and well found the development of business to boost the proper risk management-oriented business model and achieve the operation objectives and increase shareholders' value, the Bank's Board of Directors approves the risk management policies to fulfill the well-founded risk management system and create stable and high-quality profitability for shareholders. 2. Based on the existing risk management policies and guidelines, fulfill the quantification of market risk step by step and establish the management and appraisal mechanism for value at risk and optimal allocation of capital. 3. Scope of business and trading products: enact the market risk management guidelines, define the scope of market risk management; the scope of businesses may include transactions in foreign exchange market, money market and capital market, and transactions of financial derivatives. 4. Define the risk management procedure and application of measurement methods (e.g. sensitivity analysis, value at risk calculation, scenario simulation and stress testing, etc.); require the relevant units to set the limits of the various financial product, e.g. the limit of risk exposure, loss limit, value at risk limit and also the approving authority and guidelines to process the excess in the limit. In order to enhance the transparency of the information about market risk, the risk management entities shall inspect and submit the risk management report on a daily basis, and shall continue supervising and following up on extraordinary circumstances in the transactions, if any.
2. Market risk management organization and structure	<ol style="list-style-type: none"> 1. Board of Directors: <ol style="list-style-type: none"> (1) The Board of Directors is the Bank's supreme policy-making unit of risk management, responsible for authorizing the Bank's risk management policies and guidelines and supervising fulfillment of the various systems to achieve the Bank's entire market risk management objectives. (2) Audit Committee to review the risk-related proposal before being proposed to the Board of Directors and communicate with the risk implementation entities. 2. Senior Management: <p>Risk Management Committee is subordinated to the Chairman while Asset & Liability Management Committee is subordinated to the President.</p> <ol style="list-style-type: none"> (1) Develop the Bank's market risk management guidelines and rules according to the market risk management policies approved by Board of Directors, and ensure that the Bank has the express functions and operations for market risk management, effective market risk management procedure and proper market risk management system. (2) Authorize competent employees to execute the market risk management operation and ensure that they have the ability and expertise affordable to execute the market risk management business and comply with the relevant policies and procedures. 3. Risk Management Department: <ol style="list-style-type: none"> (1) Responsible for researching and drafting or amending the Bank's risk management policies and market risk management guidelines to be proposed to Board of Directors for approval. (2) Work with proprietary trading entities to research and draft or amend the various financial products business control rules, and propose them to the Chairman or President for approval. (3) Plan and establish the Bank's framework of identifying, measuring and controlling market risk, execute the limit management report and inspection to alert excess in limit, in order to ensure that the various financial products businesses may strictly comply with the Bank's risk management policies and regulations.

Item	Content
	<p>4. Business Unit: In charge of foreign exchange, securities and financial derivatives trading, and cross-Bank capital management, as well as executing transactions within limit according to the Bank's risk-control standard.</p> <p>5. Internal Audit: An independent internal audit unit reporting to the Board of Directors reviews the Market of this bank's risk management system at planned intervals, discloses the related information in the audit report, and ensures that appropriate improvement actions have been taken by related units.</p>
3. Scope and characteristics of market risk report and measurement systems	<p>1. To provide the market risk daily management reports to disclose the positions, sensitivity analysis, value at risk, profit and loss of the various financial products.</p> <p>2. The Bank measures and supervises market risks according to related risk management guidelines and employs the VaR model for quantitative integrated management of market risks. Through daily presentation of the market risk report and position analysis, the Bank is fully aware of any changes in risks.</p>
4. The hedge of market risk or risk mitigation policies, and strategies and procedures for controlling the on-going effectiveness of hedging and risk mitigation tools	When the market risk exposure is getting higher, the Bank will take some approaches such as risk exposure reduction or approved hedge to lower the market risk to the controllable level.
5. Approach for regulatory capital charge	Standardized Approach.

B. Capital Charge required for Market Risk

Unit: NT\$1,000; Base Date: December 31, 2019

Type of Risk	Capital Charge
Interest Rate Risk	4,332,912
Equity Risk	1,059,573
Foreign Exchange Risk	610,565
Commodity Risk	0
Total	6,003,050

C. Value at Risk for Trading Position (99%, one day)

Unit: NT\$1,000

Item	2019			
	December 31, 2019	Average VaR	Minimum VaR	Maximum VaR
Interest Rate	33,331	29,231	24,582	33,331
Equity	6,828	9,368	4,099	16,889
Foreign Exchange	9,982	17,120	3,128	34,620
Commodity	0	0	0	0
Subtotal	50,141	55,719	31,809	84,840
Diversified Effect	-16,955	-19,269	-	-
Total Value at Risk	33,186	36,450	22,985	49,307

(5) Information of Liquidity Risk Management

A. Structure Analysis of Time to Maturity (NT\$)

Unit: NT\$1,000; Base Date: December 31, 2019

	Total	0-10 days	11-30 days	31-90days	91-180 days	181-365 days	Over 365 days
Primary Funds Inflow upon Maturity	1,177,368,232	212,461,663	96,801,947	111,373,738	68,851,661	98,122,374	589,756,849
Primary Funds Outflow upon Maturity	1,386,693,818	39,506,197	79,894,457	175,283,414	180,788,224	261,628,984	649,592,542
Gap	(209,325,586)	172,955,466	16,907,490	(63,909,676)	(111,936,563)	(163,506,610)	(59,835,693)

Note: The table represents NT\$ amount of the whole bank.

B. Structure Analysis of Time to Maturity (US\$)

Unit: US\$1,000; Base Date: December 31, 2019

	Total	0-30 days	31-90days	91-180 days	181-365days	Over 365 days
Primary Funds Inflow upon Maturity	5,014,755	1,366,111	553,595	260,225	118,589	2,716,235
Primary Funds Outflow upon Maturity	6,808,048	1,883,170	1,610,167	1,039,183	1,093,044	1,182,484
Gap	(1,793,293)	(517,059)	(1,056,572)	(778,958)	(974,455)	1,533,751

Note: The table represents US\$ amount of the whole bank.

C. Liquidity Management of the Bank's Asset and Funding Gap

The Bank's primary principles of liquidity management lie in the diverse, stable and reliable source of fund, diversified use of fund, and conservative and moderate funding flexibility. Market liquidity risks involve the concerns of the centralization of holding position and market volume, especially if the massive positions are impacted by market prices movement, so that quantitative and qualitative management of market liquidity risk can be conducted.

Funding liquidity risks concern on-balance-sheet items and off-balance-sheet transactions. The Bank measures possible liquidity risks and, according to different periods, periodically evaluates fund inflow, outflow and gap. According to the result of cost-benefit analysis, assets and liabilities are appropriately allocated for effective liquidity management.

The Bank manages its quantitative and qualitative liquidity risk tolerance after periodical reviewed and approved by Board of Directors every year. Meanwhile, indicators on various liquidity risks, such as Liquidity Coverage Ratio, are set with warning values for indicators set up, which are periodically reported to ALCO and

Board of Directors. Periodical simulation and stress tests are conducted to manage factors against liquidity. Analysis and proper responsive measures will be adopted to minimize its impact.

(6) Effect of Changes in Foreign/Domestic Important Policies and Regulations on the Bank's Financial Business, and Responsive Action Thereof

See page 5~8

(7) The Effect of Changes in the Bank's Image on the Bank's Financial Business , and Responsive Action Thereof

The Bank always conform to the philosophy “Sincerity, Stability, Service, Innovation and Attentiveness” and to the obedience with regulations and competent authority's requirements to supply clients with more diverse, more complete and more comprehensive professional financial services and strive toward its ultimate goal-“provide ideal services to clients, create the most interest for shareholders and supply the feedback to the society wholeheartedly.”

(8) Predicted Benefit, Possible Risks and Countermeasures on Consolidation and Expansion of Business Locations

The expected benefits which results from the Bank's acquisition include expanding its service network to provide more convenient financial services, broadening the Bank's client base to acquire business opportunities. Additionally, through the acquisition, asset of the Bank can be rapidly accumulated and economy of scale and scope can be achieved to advance profitability and competence. Nevertheless, in the course of this acquisition, the integration of organization culture, personnel, workforce, systems, policies and management styles will be the toughest challenges after acquisition. The Bank plans to counteract these risks through its expertise and experiences in acquisition. The Bank will cautiously conduct preceding evaluation to minimize the asymmetric information risk before acquisition. Further, after the acquisition, the likelihood of integration failure will be minimized through deliberate integration plans to maximize the acquisition synergy.

(9) Risks and Reponses for Service Centralization

A. Group Centralization Risk

The Bank has developed regulations and set up the limits for different groups and companies. These limits are adjusted timely to decentralize risk exposure the Bank undertakes.

B. Industry Centralization Risk

The Bank has developed regulations and set up the industry limits for different industries. Extra limits and guidelines have been set for China's high risk industries. These will be reviewed and amended timely in order to lest risks be excessively concentrated and to diversify risk exposure of the Bank's credit, investment and financial trading business.

C. Country Centralization Risk

Guidelines and limits to risky countries in trade have been set accordingly. The Bank's also set limit on the capital flow to China country. In order to diversify the Bank's risk exposure of its credit, investment and financial trading business, these guidelines and limits will be timely reviewed and adjusted.

D. Concentration risk of real estate lending :

In addition to daily monitoring of the ratio of residential mortgage and corporate construction loans to the balance of deposits and bank debentures sold in accordance with Article 72-2 of the Banking Act, other concentration control indicators of real estate lending, including purchasing residential mortgage plus renovation loans as a ratio of total lending, construction loans as a ratio of total lending, land financing as a ratio of total lending, residential mortgage and corporate construction loan exclusion items as a ratio of total lending, etc., are added. The warning thresholds and limitations are set to be approved and monitored by the Board of Directors. When the ratio is up to 90%, there will be a yellow light warning to be used for early warning and notification; and when the ratio is over the limitation, there will be a red light warning, the new transactions should be suspended, and Risk Management Dept. should negotiate the corresponding measures with the relevant departments.

(10) The Effect, Risks and Responsive Actions of Changes in the Management Rights

The Bank is a subsidiary 100% held by Yuanta Financial Holdings. Management rights did not change.

(11) Litigation and Non-Litigation

Unit:Dollar (NT\$/KRW\$/US\$)

Event	Subject-Matter Amounts of Money	Starting Date	Principal Interested Parties	Status as of the Annual Report Publication Date	Remark
<p>Yuanta Savings Bank (Korea), a subsidiary of Yuanta Bank, considered that the complaint filed by Defendant Trust Investment with Korean Financial Services Commission in March 2016 claiming that Yuanta Savings Bank (Korea) overcharged the Defendant in a loan project and shall refund the Defendant 4 billion shall be groundless. Accordingly, it filed an action with the Seoul Southern District Court for a declaratory judgment of non-existence of the obligation to clarify the dispute.</p>	<p>Impacted amount : 4,024,468,690 won (about NT\$114,295,000)</p>	September 2016	Defendant : Trust Investment	<p>1. Yuanta Bank reached an agreement with the original shareholder of Yuanta Savings Bank (Korea) (formerly known as HanShin Savings Bank), AON BGN Limited Liability Company, in this regard, upon merger and acquisition of HanShin Savings Bank, agreeing that the original shareholder should pledge 5 billion won to Yuanta Bank to cover the damages to be caused by lawsuit. As of the record date for the said merger and December 23, 2018, the Company has stated the indemnification assets and contingent liabilities totaling 4,024,469 thousand WON based on the claim amount, recorded as "other assets-net" and "liability reserve".</p> <p>2. The Seoul Southern District Court rendered the judgment in favor of the plaintiff, Yuanta Savings Bank (Korea), in the first instance on June 16, 2017. In the second instance, the Seoul High Court still rendered the judgment in favor of Yuanta Savings Bank (Korea) on May 25 2018. For disagreement with the judgment, the defendant, Trust Investment, filed an appeal with the Seoul Supreme Court in the third instance. As a result, the Seoul Supreme Court rendered the judgment in favor of Yuanta Savings Bank (Korea) in third instance on March 12, 2020.</p>	<p>Upon evaluation, no material effect would be produced to Yuanta Bank's operation or shareholders' equity.</p>
<p>Due to the dispute arising from the foreign exchange financial derivatives transactions between SINO UNITED INTERNATIONAL CO., LTD. and PLOSA INTERNATIONAL CO., LTD. on the one side, and Ta Chong Bank, on the other side, the two (2) companies filed a civil action claiming damages against Ta Chong Bank.</p>	<p>First claim: US\$3,123,399.47 plus interest Alternative claim: US\$1,445,000 plus interest</p>	June 2016	<p>Plaintiff: SINO UNITED INTERNATIONAL CO., LTD. and PLOSA INTERNATIONAL CO., LTD.</p> <p>Defendant: Ta Chong Bank (Ta Chong Bank was merged with Yuanta Bank on January 1, 2018. Yuanta Bank subsequently assumed this litigation)</p>	<p>1. Due to losses arising from settling the foreign exchange financial derivatives transactions with Ta Chong Bank, the plaintiffs filed a legal action with the Taipei District Court, claiming that Ta Chong Bank should compensate said losses.</p> <p>2. Taiwan Taipei District Court rendered the judgment in favor of Yuanta Bank in the first instance on January 26, 2018. Then, Taiwan High Court also rendered the judgment in favor of Yuanta Bank in the second instance on March 12, 2019. For disagreement with the judgment, SINO and PLOSA filed an appeal with the Supreme Court in the third instance. Notwithstanding, the appeal filed by PLOSA was revoked by the court as PLOSA failed to pay the court fees pursuant to laws, and the judgment became final and irrevocable. By December 31, 2019, the appeal filed by SINO has been still pending trial by the Supreme Court.</p>	<p>Upon evaluation, no material effect would be produced to Yuanta Bank's operation or shareholders' equity.</p>
<p>Pentagon City claimed that Yuanta Savings Bank (Korea), a subsidiary of Yuanta Bank, violated the</p>	<p>KRW\$19,599,160 thousand</p>	September 2018	<p>Plaintiff: Pentagon City</p> <p>Defendant: Yuanta Savings Bank (Korea)</p>	<p>1. Considering that Yuanta Savings Bank (Korea) (formerly known as HanShin Bank) granted the loan to Pentagon City from 2006 to 2008, it has exercised the pledge at different times to acquire 33.3% of the shares</p>	<p>Upon evaluation, no material effect would be produced to Yuanta Bank's operation or</p>

Event	Subject-Matter Amounts of Money	Starting Date	Principal Interested Parties	Status as of the Annual Report Publication Date	Remark
requirements on the threshold (10%) of shareholdings in unlisted companies under the Mutual Savings Bank Act (old) of the Republic of Korea and, therefore, filed the legal action claiming refund of the unjustified enrichment with respect to the capital reduction amount in excess of the threshold 10% as received by Yuanta Savings Bank (Korea) from Pentagon City (KRW\$19,599,160 thousand).				in Pentagon City. Such case shall be held as an exceptional case and, therefore, the threshold (10%) of shareholdings in unlisted companies held by a savings bank under the Mutual Savings Bank Act (old) of the Republic of Korea shall not apply. Besides, what was defined under the Mutual Savings Bank Act (old) of the Republic of Korea refers to a banning norms, not a rule of effectiveness. The related transactions shall still be held effective. Therefore, the claim raised by Pentagon City shall be groundless. 2. The Seoul Central District Court rendered the judgment in favor of Yuanta Savings Bank (Korea) in the first instance on June 20, 2019. For disagreement with the judgment, Pentagon City filed an appeal with the Seoul High Court in the second instance. By December 31, 2019, the case is still pending trial by the Seoul High Court.	shareholders' equity.

(12) Information of Crisis Management

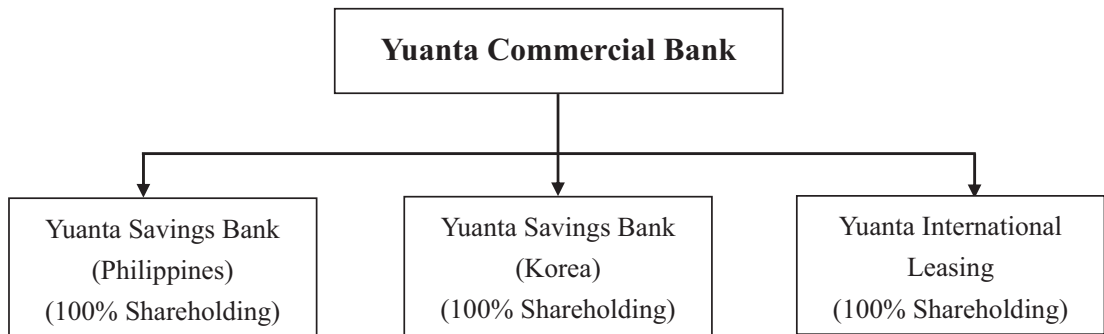
In order to perfect the Bank's crisis prevention and response mechanism, the Bank has defined the "Crisis Management Policies and Procedures" and "Manual for Crisis Management Response", so that supervisors of related units may report the emergency via the various channels and research and draft responsive practices in the case of any risk or likelihood of risk, so as to restore the operation of the Bank's businesses expeditiously and effectively to minimize the damage.

V. Special Items

1. Information of Affiliates

(1) Organization Chart

Base Date: January 31, 2020



Unit: NT\$1,000; PHP\$1,000; KRW\$1,000

Name of Corporation	Date of Establishment	Address	Paid-in Capital	Scope of Business
Yuanta International Leasing Co., Ltd	November 15, 2012	7F., No.69, Baoqing Rd., Zhongzheng Dist., Taipei City	NT\$100,000	Leasing
Yuanta Savings Bank Philippines, Inc.	November 5, 1997	Ground Floor, Chatham House Building, 116 Valero corner Rufino Streets, Salcedo Village, Makati City, Philippines	PHP\$1,200,000	Deposits, Lending and Foreign Exchange
Yuanta Savings Bank Korea Co., Ltd.	June 20, 1988	542, Gangnam-daero, Gangnam-gu, Seoul, Korea	KRW\$67,580,120	Deposits and Lending

(2) Directors, Supervisors and Managers

Base Date: January 31, 2020

Name of Corporation	Position	Name of Individual or Representative(s)	Shareholdings (to the nearest 1000 shares)
Yuanta International Leasing	Chairman Director Supervisor President	Yuanta Commercial Bank Statutory Representatives: Hui-Kuo Chien Li-Yun Chen 、 Pei- Wen Yang Yu-Ching Su Pei- Wen Yang	10,000 100.00%
Yuanta Savings Bank Philippines, Inc.	Chairman Director Independent Director Independent Director President	Yuanta Commercial Bank Statutory Representatives: Allen Wu Regina V. Saga Arturo E. Manuel, Jr. Celia Mojica Escareal-Sandejas Senen L. Matoto Chun-Lung Wu (proxy)	1,200,000 100%
Yuanta Savings Bank Korea Co., Ltd.	Chairman of Board Representative Director External Director President	Yuanta Commercial Bank Statutory Representatives: Yu Chun Lin Jung ,Young-Seok Park, Chang-Gyun Jung ,Young-Seok	13,516 100%

(3) Business Overview

Unit: NT\$1,000; Base Date: December 31, 2019

Name of Corporation	Capital	Total Assets	Total Liabilities	Book Value	Operating Revenue	Operating Income	Income (after tax)	EPS (NT\$) (after tax)
Yuanta International Leasing	100,000	110,649	2,247	108,402	2,077	(3,814)	4,448	0.44
Yuanta Savings Bank Philippines, Inc.	785,507	2,355,876	1,747,251	608,625	62,879	(32,667)	(40,129)	(0.03)
Yuanta Savings Bank Korea Co., Ltd.	1,923,330	12,388,288	8,759,808	3,628,480	423,925	130,466	126,768	9.38

2. Branches and Overseas Offices

Base Date: March 31, 2020

Name	Tel	Fax	Address
Huashan Branch	(02) 2321-6600	(02) 2341-8217	1F., No.88, Sec. 2, Zhongxiao E. Rd., Zhongzheng Dist., Taipei City 100, Taiwan
Daan Branch	(02) 2395-8199	(02) 2395-6619	No.148-1, Sec. 1, Xinsheng S. Rd., Taipei City 100, Taiwan
Zhongzheng Branch	(02) 2311-3166	(02) 2375-9911	1F., No.45, Sec. 1, Hankou St., Zhongzheng Dist., Taipei City 100, Taiwan
Chengjhong Branch	(02) 2382-2888	(02) 2381-8399	No.42, Hengyang Rd., Taipei City 100, Taiwan
Nanmen Branch	(02) 2321-3300	(02) 2341-5222	1F., No.99, Sec. 1, Roosevelt Rd., Zhongzheng Dist., Taipei City 100, Taiwan
Ximen Branch	(02) 2388-2768	(02) 2388-1928	No.69, Baoqing Rd., Taipei City 100, Taiwan
Yanping Branch	(02) 2558-9222	(02) 2558-1700	No.57, Sec. 2, Yanping N. Rd., Taipei City 103, Taiwan
Chengde Branch	(02) 2592-0000	(02) 2592-1209	No.210, Sec. 3, Chengde Rd., Taipei City 103, Taiwan
Datong Branch	(02) 2558-5869	(02) 2550-0879	No.66, Nanjing W. Rd., Taipei City 103, Taiwan
Zhongshan Branch	(02) 2563-0900	(02) 2563-1886	1F., No.59, Sec. 1, Zhongshan N. Rd., Zhongshan Dist., Taipei City 104, Taiwan
Zhongshan North Road Branch	(02) 2521-7888	(02) 2521-0678	No.135, Sec. 2, Zhongshan N. Rd., Taipei City 104, Taiwan
Yuanshan Branch	(02) 2598-6598	(02) 2598-6799	1F., No.47, Sec. 3, Zhongshan N. Rd., Zhongshan Dist., Taipei City 104, Taiwan
Songjiang Branch	(02) 2516-8608	(02) 2516-1078	No.109, Songjiang Rd., Taipei City 104, Taiwan
Nanjing East Road Branch	(02) 2545-8777	(02) 2545-8118	No.221, Sec. 3, Nanjing E. Rd., Taipei City 104, Taiwan
Minsheng Branch	(02) 8712-9666	(02) 8712-7077	No.52-1, Sec. 4, Minsheng E. Rd., Taipei City 105, Taiwan
East Taipei Branch	(02) 2577-1015	(02) 2578-4922	1F., No.112, Guangfu N. Rd., Songshan Dist., Taipei City 105, Taiwan
Dunhua Branch	(02) 2545-5569	(02) 2712-0196	1F., No.201, Dunhua N. Rd., Songshan Dist., Taipei City 105, Taiwan
Business Department	(02) 2173-6680	(02) 2772-1909	No.66, Sec. 1, Dunhua S. Rd., Taipei City 105, Taiwan
Yanji Branch	(02) 2778-6398	(02) 2778-1538	1F., No.387, Sec. 4, Ren'ai Rd., Da'an Dist., Taipei City 106, Taiwan
Da Heping Branch	(02) 2343-2233	(02) 2392-3131	1F., No.197-1, Sec. 1, Heping E. Rd., Da'an Dist., Taipei City 106, Taiwan
Guangfu Branch	(02) 8773-6667	(02) 8773-5068	3F.-1, No.300, Sec. 4, Zhongxiao E. Rd., Taipei City 106, Taiwan
Dongmen Branch	(02) 2321-8833	(02) 2391-0202	1F., No.33, Sec. 2, Jinshan S. Rd., Da'an Dist., Taipei City 106, Taiwan

Name	Tel	Fax	Address
Sinyi Branch	(02) 2703-2569	(02) 2701-2259	No.236-1, Sec. 4, Sinyi Rd., Taipei City 106, Taiwan
Taipei Branch	(02) 2705-7888	(02) 2755-3751	No.56, Sec. 2, Dunhua S. Rd., Taipei City 106, Taiwan
Gongguan Branch	(02) 2369-3955	(02) 2369-3983	No.275, Sec. 3, Roosevelt Rd., Taipei City 106, Taiwan
Guting Branch	(02) 2365-4567	(02) 2368-5959	No.37, Sec. 3, Roosevelt Rd., Taipei City 106, Taiwan
Dunan Branch	(02) 2775-3668	(02) 2775-5288	No. 97, Sec. 1, Da an Rd., Da an Dist., Taipei City 106, Taiwan
Wanhua Branch	(02) 2308-6558	(02) 2308-6500	No. 123, Sec. 1, Xiyuan Rd., Wanhua Dist., Taipei City 108, Taiwan
Zhongxiao Branch	(02) 8786-7778	(02) 8786-7758	No.400, Sec. 5, Zhongxiao E. Rd., Taipei City 110, Taiwan
Yungchun Branch	(02) 2723-0688	(02) 2723-0716	1F., No.478, Sec. 5, Zhongxiao E. Rd., Xinyi Dist., Taipei City 110, Taiwan
Songshan Branch	(02) 8785-7618	(02) 8785-9711	No.675, Sec. 5, Zhongxiao E. Rd., Taipei City 110, Taiwan
Shihmao Branch	(02) 2377-8568	(02) 2736-3866	1F., No.123, Sec. 2, Keelung Rd., Xinyi Dist., Taipei City 110, Taiwan
Shihlin Branch	(02) 2837-6638	(02) 2835-5886	No.314, Zhongzheng Rd. , Taipei City 111, Taiwan
Tianmu Branch	(02) 2871-2558	(02) 2871-1117	No.14, Tianmu W. Rd., Taipei City 111, Taiwan
Zhongcheng Branch	(02) 2838-5959	(02) 2838-0101	1F., No.27, Sec. 1, Zhongcheng Rd., Shilin Dist., Taipei City 111, Taiwan
Beitou Branch	(02) 2898-2121	(02) 2897-9667	No.35, Sec. 2, Beitou Rd., Taipei City 112, Taiwan
Shipai Branch	(02) 2823-0857	(02) 2823-0758	1F., No.120, Sec. 2, Shipai Rd., Beitou Dist., Taipei City 112, Taiwan
Wende Branch	(02) 2797-7988	(02) 2797-0858	No.68, Wende Rd., Taipei City 114, Taiwan
Neihu Branch	(02) 8751-8759	(02) 8751-9858	No.189, Gangqian Rd., Taipei City 114, Taiwan
Ruiguang Branch	(02) 2627-1000	(02) 2627-1919	1F., No.21, Ln. 583, Ruiguang Rd., Neihu Dist., Taipei City 114, Taiwan
Nuandong Branch	(02) 2793-7708	(02) 2793-7606	2F., No. 386, Sec. 6, Nanjing E. Rd., Neihu Dist., Taipei City 114, Taiwan
Nangang Branch	(02) 2783-2600	(02) 2783-1556	No.28, Park St., Taipei City 115, Taiwan
Chingmei Branch	(02) 8663-6766	(02) 8663-3139	No.3, Jingwun St., Taipei City 116, Taiwan
Sinban Branch	(02) 2953-6677	(02) 2953-8866	1F., No.156-3, Sec. 1, Zhongshan Rd., Banqiao Dist., New Taipei City 220, Taiwan
Banqiao Branch	(02) 2953-6789	(02) 2953-3386	No.69, Sec. 1, Zhongshan Rd., New Taipei City 220, Taiwan
Puqian Branch	(02) 8952-0788	(02) 8952-0828	No.125, Sec. 2, Zhongshan Rd., New Taipei City 220, Taiwan

Name	Tel	Fax	Address
East Banqiao Branch	(02) 2955-9966	(02) 8953-3033	1F., No.443, Sec. 2, Zhongshan Rd., Banqiao Dist., New Taipei City 220, Taiwan
Jiangcui Branch	(02) 2258-1188	(02) 2258-2298	1F., No.321, Sec. 2, Wenhua Rd., Banqiao Dist., New Taipei City 220, Taiwan
Xizhi Branch	(02) 2641-7266	(02) 2641-7822	1F., No.285, Zhongxiao E. Rd., Xizhi Dist., New Taipei City 221, Taiwan
Xindian Zhongzheng Branch	(02) 2911-0058	(02) 2911-7858	No.225, Zhongzheng Rd., New Taipei City 231, Taiwan
Xindian Branch	(02) 2912-5799	(02) 2914-1255	No.252, Sec. 2, Beixin Rd., New Taipei City 231, Taiwan
Beixin Branch	(02) 2218-1399	(02) 2218-1655	1F., No.91, Minquan Rd., Xindian Dist., New Taipei City 231, Taiwan
Xiulang Branch	(02) 8921-9218	(02) 8921-9238	1F., No.253, Zhongzheng Rd., Yonghe Dist., New Taipei City 234, Taiwan
Yonghe Branch	(02) 8231-1288	(02) 8231-1277	No.657, Zhongzheng Rd., New Taipei City 234, Taiwan
Shuanghe Branch	(02) 2245-7198	(02) 2245-0698	2F.-1, No.232, Zhonghe Rd., New Taipei City 235, Taiwan
Jhonghe Branch	(02) 2245-6789	(02) 2245-5676	No.1 & No.3, Taihe St., New Taipei City 235, Taiwan
Liancheng Branch	(02) 2240-5100	(02) 2240-2830	1F., No.87, Liancheng Rd., Zhonghe Dist., New Taipei City 235, Taiwan
Tucheng Branch	(02) 2270-3030	(02) 2260-5151	No.255, Sec. 1, Zhongyang Rd., New Taipei City 236, Taiwan
Jincheng Branch	(02) 2273-2899	(02) 2273-5559	1F., No.46, Sec. 3, Jincheng Rd., Tucheng Dist., New Taipei City 236, Taiwan
Shulin Branch	(02) 2675-7268	(02) 2675-7255	No.99, Sec. 1, Zhongshan Rd., New Taipei City 238, Taiwan
Beisanhong Branch	(02) 2982-9192	(02) 2989-3060	No.195, Jhengyi N. Rd., New Taipei City 241, Taiwan
Sanchong Branch	(02) 2983-2255	(02) 2988-5810	No.111, Sec.3, Chongsin Rd., New Taipei City 241, Taiwan
South Xinzhuang Branch	(02) 2203-7676	(02) 2202-6017	1F., No.107, Siwei Rd., Xinzhuang Dist., New Taipei City 242, Taiwan
Shangxinzhuang Branch	(02) 2990-0999	(02) 2993-3222	No.173, Siyuan Rd., New Taipei City 242, Taiwan
Xinzhuang Branch	(02) 2996-7999	(02) 8992-6322	No.246, Xintai Rd., New Taipei City 242, Taiwan
Luzhou Branch	(02) 2281-8958	(02) 2281-0266	No.10, Zhongshan 1st Rd., New Taipei City 247, Taiwan
Luodong Branch	(03) 956-8966	(03) 956-2333	No.38, Zhongzheng N. Rd., Yilan County 265, Taiwan
Hsinchu Branch	(03) 545-6688	(03) 545-6008	No.276, Minsheng Rd., Hsinchu City 300, Taiwan
Hsinchu Science Park Branch	(03) 666-7888	(03) 666-7688	No.267, Sec. 1, Guangfu Rd., Hsinchu City 300, Taiwan
Datong Branch	(03)523-6600	(03) 525-7700	No.196, Linsen Rd., Hsinchu City 300, Taiwan

Name	Tel	Fax	Address
East Hsinchu Branch	(03) 564-3500	(03) 564-1873	1F., No.23, No.25, Guanxin Rd., East Dist., Hsinchu City 300, Taiwan
Jhubei Branch	(03) 555-9199	(03) 555-7200	No.85, Guangming 6th Rd., Hsinchu County 302, Taiwan
Xinli Branch	(03) 494-3000	(03) 494-3648	1F., No.152, Sec. 2, Zhongyang W. Rd., Zhongli Dist., Taoyuan City 320, Taiwan
Zhongli Branch	(03) 426-6007	(03) 426-6017	No.7, Zhongyang E. Rd., Taoyuan City 320, Taiwan
Pingjhen Branch	(03) 494-2690	(03) 494-3061	No.18, Huannan Rd., Taoyuan City 324, Taiwan
North Taoyuan Branch	(03) 326-1234	(03) 326-0707	1F., No.194, Sec. 1, Daxing W. Rd., Taoyuan Dist., Taoyuan City 330, Taiwan
Chenggong Branch	(03) 337-8588	(03) 336-6666	11F., No.32, Sec. 1, Chenggong Rd., Taoyuan Dist., Taoyuan City 330, Taiwan
Taoyuan Branch	(03) 356-5000	(03) 356-5001	No.375, Sec. 1, Zhuangjing Rd., Taoyuan City 330, Taiwan
Taosin Branch	(03) 338-5518	(03) 338-5618	No.51-2, Fusing Rd., Taoyuan City 330, Taiwan
Linkou Branch	(03) 328-8999	(03) 328-8668	No.118, Wenhua 3rd Rd., Taoyuan City 333, Taiwan
Changgeng Branch	(03) 397-5678	(03) 397-4567	1F., No.5, Fuxing St., Guishan Dist., Taoyuan City 333, Taiwan
Nankan Branch	(03) 312-9550	(03) 312-9551	No.309, Zhongzheng Rd., Taoyuan City 338, Taiwan
Toufen Branch	(037) 663-763	(037) 663-761	No. 79, Heping Rd., Toufen City, Miaoli County 351, Taiwan
Miaoli Branch	(037) 336-678	(037) 336-718	No.460, Zhongzheng Rd., Miaoli County 360, Taiwan
Taichung Branch	(04) 2227-1799	(04) 2220-7499	No.8, Sec. 2, Ziyou Rd., Taichung City 400, Taiwan
Fusing Branch	(04) 2261-6889	(04) 2262-1060	No.269, Sec. 1, Fusing Rd., Taichung City 402, Taiwan
North Taichung Branch	(04) 2226-8800	(04) 2226-8700	1F., No.213, Sec. 3, Sanmin Rd., North Dist., Taichung City 404, Taiwan
Chongde Branch	(04) 2232-9961	(04) 2233-1818	No.46, Sec. 2, Chongde Rd., Taichung City 406, Taiwan
Shuinan Branch	(04) 2293-8998	(04) 2296-2702	1F., No.239, Sec. 3, Wenxin Rd., Xitun Dist., Taichung City 407, Taiwan
Wunsin Branch	(04) 2297-0068	(04) 2296-5966	No.337, Sec. 3, Wunsin Rd., Taichung City 407, Taiwan
Chunggang Branch	(04) 2465-0889	(04) 2465-0989	No.900, Sec. 4, Taiwan Blvd., Taichung City 407, Taiwan
Nantun Branch	(04) 2471-6066	(04) 2471-6266	1F., No.271, Sec. 2, Wuquan W. Rd., Nantun Dist., Taichung City 408, Taiwan
Taiping Branch	(04) 2270-2688	(04) 2273-6000	No. 62, Zhongxing E. Rd., Taiping Dist., Taichung City 411, Taiwan
Dali Branch	(04) 2492-2288	(04) 2496-9422	No.724, Tucheng Rd., Taichung City 412, Taiwan

Name	Tel	Fax	Address
Dali Defang Branch	(04) 2418-0538	(04) 2418-0738	1F., No.113, Sec. 2, Defang Rd., Dali Dist., Taichung City 412, Taiwan
Fengren Branch	(04) 2515-6777	(04) 2515-9299	1F., No.6, Ren'ai St., Fengyuan Dist., Taichung City 420, Taiwan
Fongyuan Branch	(04) 2529-3366	(04) 2524-0028	No.23, Yuanhuan W. Rd., Taichung City 420, Taiwan
Shalu Zhongshan Branch	(04) 2662-1999	(04) 2662-2050	1F., No.428, Zhongshan Rd., Shalu Dist., Taichung City 433, Taiwan
Shalu Branch	(04) 2665-6656	(04) 2663-3852	No.535, Zhongshan Rd., Taichung City 433, Taiwan
Dajia Branch	(04) 2688-6088	(04) 2688-6366	No.833, Sec. 1, Zhongshan Rd., Taichung City 437, Taiwan
Changhua Branch	(04) 726-7001	(04) 726-6992	No.898, Sec. 2, Zhongshan Rd., Changhua County 500, Taiwan
Changxing Branch	(04) 729-1688	(04) 729-2199	1F., No.140, Zhongxingzhuang, Changhua City, Changhua County 500, Taiwan
Lugang Branch	(04) 778-5799	(04) 777-9779	No.321, Zhongshan Rd., Changhua County 505, Taiwan
Yuanlin Branch	(04) 835-6403	(04) 835-2653	No.283, Sec. 2, Datong Rd., Changhua County 510, Taiwan
Beidou Branch	(04) 887-3881	(04) 887-3886	No.166, Guangfu Rd., Changhua County 521, Taiwan
Caotun Branch	(049) 232-1661	(049) 232-1800	No.88, Zhongxing Rd., Nantou County 542, Taiwan
Chiayi Branch	(05) 232-7469	(05) 232-6415	No.185, Zhongxing Rd., Chiayi City 600, Taiwan
South Chiayi Branch	(05) 229-0666	(05) 223-9630	1F., No.198, Xinrong Rd., West Dist., Chiayi City 600, Taiwan
Dounan Branch	(05) 597-1138	(05) 597-1139	No.67, Zhongshan Rd., Yunlin County 630, Taiwan
Huwei Branch	(05) 633-9169	(05) 633-9423	No.1, Heping Rd., Yunlin County 632, Taiwan
Doushin Branch	(05) 535-1799	(05) 535-1313	No.29, Wunhua Rd., Yunlin County 640, Taiwan
Fuchen Branch	(06) 228-1281	(06) 222-2415	No.165, Sec. 1, Minsheng Rd., Tainan City 700, Taiwan
Tainan Branch	(06) 293-8688	(06) 293-8699	No.348, Sec. 1, Yonghua Rd., Tainan City 700, Taiwan
Chinhua Branch	(06) 223-0006	(06) 228-6651	No. 230, Sec. 3, Jinhua Rd., West Central Dist., Tainan City 700, Taiwan
Fudong Branch	(06) 268-7815	(06) 267-3371	No.348, Sec. 2, Dongmen Rd., Tainan City 701, Taiwan
Wanli Branch	(06) 262-3260	(06) 262-5069	1F., No.12-6, Aly. 88, Ln. 211, Wanli Rd., South Dist., Tainan City 702, Taiwan
Beifu Branch	(06) 226-6120	(06) 226-7357	1F., No.157, Sec. 3, Ximen Rd., North Dist., Tainan City 704, Taiwan
Kaiyuan Branch	(06) 238-3125	(06) 236-3661	No.461, Shengli Rd., Tainan City 704, Taiwan

Name	Tel	Fax	Address
Anhe Branch	(06) 255-1236	(06) 256-9941	No.226, Sec. 1, Anhe Rd., Tainan City 709, Taiwan
Annan Branch	(06) 355-9083	(06) 356-2440	1F., No.279, Sec. 5, Anhe Rd., Annan Dist., Tainan City 709, Taiwan
Yongkang Branch	(06) 312-6789	(06) 312-1528	No.511, Siaodong Rd., Tainan City 710, Taiwan
Jiali Branch	(06) 721-4888	(06) 721-0249	No.278, Wunhua Rd., Tainan City722, Taiwan
Xinying Branch	(06) 633-3300	(06) 633-7033	1F., No.117, Zhongshan Rd., Xinying Dist., Tainan City 730, Taiwan
Kaohsiung Branch	(07) 282-2101	(07) 282-2168	No.143, Zhongzheng 4th Rd., Kaohsiung City 801, Taiwan
Qianjin Branch	(07) 272-2766	(07) 272-6595	1F., No.217, Zhonghua 3rd Rd., Qianjin Dist., Kaohsiung City 801, Taiwan
Lingya Branch	(07) 223-5550	(07) 2247-638	1F., No.58, Zhongzheng 2nd Rd., Lingya Dist., Kaohsiung City 802, Taiwan
Gushan Branch	(07) 550-5378	(07) 550-5376	No. 15, Mingcheng 4th Rd., Gushan Dist., Kaohsiung City 804, Taiwan
Qijin Branch	(07) 571-5898	(07) 571-0704	1F., No.106, Miaoqian Rd., Qijin Dist., Kaohsiung City 805, Taiwan
Sanduo Branch	(07) 332-2726	(07) 332-2662	No.83, Sanduo 3rd Rd., Qianzhen Dist., Kaohsiung City 806, Taiwan
Qianzhen Zhongshan Branch	(07) 336-2020	(07) 335-6673	1F., No.2, Zhongshan 2nd Rd., Qianzhen Dist., Kaohsiung City 806, Taiwan
Qianzhen Branch	(07) 821-4581	(07) 815-1607	1F., No.517, Caoya 2nd Rd., Qianzhen Dist., Kaohsiung City 806, Taiwan
Sanmin Branch	(07) 395-1588	(07) 395-3288	No.462, Minzu 1st Rd, Sanmin Dist., Kaohsiung City 807, Taiwan
Shiquan Branch	(07) 316-0699	(07) 323-5290	1F., No.218, Bo'ai 1st Rd., Sanmin Dist., Kaohsiung City 807, Taiwan
Dachang Branch	(07) 381-4488	(07) 385-8095	1F., No.501, Juemin Rd., Sanmin Dist., Kaohsiung City 807, Taiwan
Minzu Branch	(07) 341-3587	(07) 341-2517	No. 569-1, Minzu 1st Rd., Sanmin Dist., Kaohsiung City 807, Taiwan
Youchang Branch	(07) 364-9911	(07) 365-6634	1F., No.803-1, Houchang Rd., Nanzi Dist., Kaohsiung City 811, Taiwan
Xiaogang Branch	(07) 806-3799	(07) 807-0399	1F., No.678, Hanmin Rd., Xiaogang Dist., Kaohsiung City 812, Taiwan
Zuoying Branch	(07) 581-0898	(07) 581-0798	No.158, Zuoying Avenue, Kaohsiung City 813, Taiwan
Mingcheng Branch	(07) 556-7188	(07) 556-7371	1F., No.359, Mingcheng 2nd Rd., Zuoying Dist., Kaohsiung City 813, Taiwan
Boai Branch	(07) 558-6088	(07) 558-3699	No.491, Mingcheng 2nd Rd., Kaohsiung City 813, Taiwan
Gaofeng Branch	(07) 740-3699	(07) 710-6619	1F., No.342, Zhongshan W. Rd., Fengshan Dist., Kaohsiung City 830, Taiwan
Wujia Branch	(07) 831-9900	(07) 822-8863	1F., No.490, Wujia 2nd Rd., Fengshan Dist., Kaohsiung City 830, Taiwan

Name	Tel	Fax	Address
Chengqing Branch	(07) 732-6501	(07) 732-6758	1F., No.123, Dapi Rd., Niasong Dist., Kaohsiung City 833, Taiwan
Kinmen Branch	(082) 322-566	(082) 373-102	No.188-1 Mincyuan Rd., Kinmen County 893, Taiwan
Pingrong Branch	(08) 722-6060	(08) 722-6039	1F., No.115, Guangdong Rd., Pingtung City, Pingtung County 900, Taiwan
Pingtung Branch	(08) 735-0426	(08) 737-0121	No.690, Guangdong Rd., Pingtung County 900, Taiwan
Tungshin Branch	(089) 324-351	(089) 324-734	No.427, Sec. 1, Zhonghua Rd., Taitung County 950, Taiwan
Hualien Branch	(03) 831-1708	(03) 832-1169	No.167, Guolian 1st Rd., Hualien County 970, Taiwan
Offshore Banking Unit(OBU)	(02) 2173-6699	(02) 2772-2513	3F., No.66 , Sec. 1, Dunhua S. Rd., Taipei City 105, Taiwan
Hong Kong Branch	(852) 2511-1719	(852) 2511-1897	Room 2508, 25/F, Tower 1, Admiralty Centre, No.18 Harcourt Road, Hong Kong

Overseas Subsidiary	Tel	Fax	Address
Yuanta Savings Bank Philippines, Inc.	(63) 2 8845 3838	(63) 2 8845 3839	Ground Floor, Chatham House Building, 116 Valero Cor. V.A. Rufino Streets, Salcedo Village, Makati City, Philippines
Yuanta Savings Bank Philippines, Inc. Alabang Branch	(63) 2 8804 3628	(63) 2 8804 3629	Unit G3, Park Trade Center, Investment Drive, Madrigal Business Park, Alabang, Muntinlupa City, Philippines
Yuanta Savings Bank Philippines, Inc. Ortigas Branch	(63) 2 8477 7474	(63) 2 8655 5690	Commercial Unit 4, East of Galleria Bldg., Topaz St., Ortigas Center, Pasig City, Philippines
Yuanta Savings Bank Korea Co., Ltd.	(82)2 6022 3700	(82) 2 519 2753	542, Gangnam-daero, Gangnam-gu, Seoul, Korea
Yuanta Savings Bank Korea Co., Ltd. Euljiro Branch	(82)2 6022 3700 (Dial No.3)	(82) 2 915 1196	International Building 13F, 109, Namdaemun-ro, Jung-gu, Seoul, Korea

Overseas Office	Tel	Fax	Address
Yangon Representative Office	(95) 01 230 4405 ext. 8533	(95) 01 230 5657	Suite 607, Level 6, 611 Hledan Centre, Corner of Pyay Road and Hledan Road, Kamayut Township, Yangon, Myanmar.

Affiliate	Tel	Fax	Address
Yuanta International Leasing Co., Ltd.	(02) 2173-6039	(02) 2772-5825	7F., No.69, Baoqing Rd., Taipei City 100, Taiwan

**YUANTA COMMERCIAL BANK CO., LTD.
AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
REPORT OF INDEPENDENT ACCOUNTANTS
FOR THE YEARS ENDED
DECEMBER 31 2019 AND 2018**

REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors and Shareholders of Yuanta Commercial Bank Co., Ltd.

Opinion

We have audited the accompanying consolidated balance sheets of Yuanta Commercial Bank Co., Ltd. and its subsidiaries as at December 31, 2019 and 2018, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Yuanta Commercial Bank Co., Ltd. and its subsidiaries as at December 31, 2019 and 2018, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the “Regulations Governing the Preparation of Financial Reports by Public Banks” and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

Basis for opinion

For the year ended December 31, 2019, we conducted our audit in accordance with the “Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants”, Jin-Guan-Yin-Fa-Zi Letter No.10802731571 and generally accepted auditing standards in the Republic of China (ROC GAAS); for the year ended December 31, 2018, we conducted our audits in accordance with the “Regulations Governing Auditing and Attestation of Financial Statements of Financial Institutions by Certified Public Accountants” and ROC GAAS. Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of Yuanta Commercial Bank Co., Ltd. and its subsidiaries in accordance with the Code of Professional Ethics for Certified Public Accountants in the Republic of China (the “Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

The key audit matters of Yuanta Commercial Bank Co., Ltd. and its subsidiaries are as follow:

Impairment evaluation of bills discounted and loans

Description

For the accounting policy for the impairment evaluation of bills discounted and loans, please refer to Note 4(9); for critical accounting estimates and assumption uncertainty of impairment of bills discounted and loans, please refer to Note 5; for the details on bills discounted and loans, please refer to Note 6(8) and Note 12(4). Total bills discounted and loans (including adjustment for discount and premium) and their allowance for credit losses as at December 31, 2019, were NTD 759,762,271 thousand and NTD 12,518,507 thousand, respectively.

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

How our audit addressed the matter

We obtained and gained an understanding of Yuanta Commercial Bank Co., Ltd.’s policies, internal controls, and operation procedures in relation to the credit risk management and the impairment evaluation of bills discounted and loans and performed sample tests. We conducted the following procedures on the impairment evaluation of bills discounted and loans as at December 31, 2019: sample examined the classifications of each stage for expected credit losses recognized; sample tested the parameters calculation of the probability of default, loss given default, and exposure at default; sample examined documents regarding management’s individual evaluation of future cash flows and collateral value; and evaluated whether the provision for impairment loss complied with the competent authority’s related regulations.

Impairment evaluation of goodwill

Description

For the accounting policy of the impairment assessment of goodwill (intangible assets), please refer to Note 4(16) and 4(17); for the critical accounting estimates and assumption uncertainty of impairment assessment of goodwill, please refer to Note 5; for the details on goodwill, please refer to Note 6(14). The book value of goodwill and accumulated impairment loss as at December 31, 2019, were NTD 10,600,575 thousand and NTD 1,437,309 thousand.

Management of Yuanta Commercial Bank Co., Ltd. periodically performs impairment assessments on goodwill at the end of each year. Such assessments are based on cash generating units identified through operating segments and the experts are engaged to assist in measuring the recoverable amounts of cash generating units based on future cash flows. Since the amount of goodwill is material and the parameters used to determine the recoverable amount are subject to the management's professional judgement, which is classified as critical accounting estimates, we have thus included the impairment assessment of goodwill as one of the key audit matters.

How our audit addressed the matter

Our main audit procedures included obtaining asset impairment evaluation data prepared by management and impairment testing reports; inspecting the authorization procedures for impairment testing reports, and assessing management's identification of cash generating units and estimation process for future cash flows. In addition, we and our valuation specialist reviewed the management's prior year operation plan execution result; sample assessed the reasonableness of key assumptions used in impairment testing models, and examined the calculation formulas of impairment testing models.

Other matter – Parent company only financial reports

We have audited and expressed an unqualified opinion on the parent company only financial statements of Yuanta Commercial Bank Co., Ltd. as at and for the years ended December 31, 2019 and 2018.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the "Regulations Governing the Preparation of Financial Reports by Public Banks" and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including audit committee, are responsible for overseeing Yuanta Commercial Bank Co., Ltd.'s financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

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

As part of an audit in accordance with ROC GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

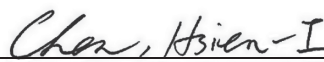
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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



LO, CHIAO-SEN



CHEN, HSIEN-I

For and on behalf of PricewaterhouseCoopers, Taiwan

March 19, 2020

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such 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 COMMERCIAL BANK CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2019 AND 2018

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

	ASSETS	Notes	December 31, 2019		December 31, 2018	
			AMOUNT	%	AMOUNT	%
11000	Cash and cash equivalents	6(1)	\$ 25,207,135	2	\$ 19,529,183	2
11500	Due from Central Bank and call loans to other bank	6(2)	46,034,685	3	48,216,712	4
12000	Financial assets at fair value through profit or loss	6(3)	148,571,375	11	134,709,206	10
12100	Financial assets at fair value through other comprehensive income	6(4)	101,295,739	8	107,072,776	8
12200	Investments in debt instruments at amortised cost	6(5)	201,309,106	15	180,208,887	14
12500	Bills and bonds purchased under resale agreements	6(6)	5,310,000	-	-	-
13000	Receivables – net	6(7)	23,575,197	2	26,471,731	2
13200	Current income tax assets		2,434,100	-	2,426,227	-
13300	Assets (or disposal group) classified as held for sale	6(16)	533,632	-	910,934	-
13500	Bills discounted and loans – net	6(8)	747,243,764	56	731,029,935	57
15500	Other financial assets – net	6(9)	165,899	-	136,630	-
18500	Property and equipment – net	6(10)	12,510,636	1	12,390,152	1
18600	Right-of-use assets - net	6(11)	10,687,982	1	-	-
18700	Investment property- net	6(13)	843,889	-	867,763	-
19000	Intangible assets – net	6(14)	11,038,196	1	11,285,222	1
19300	Deferred income tax assets	6(38)	838,639	-	611,830	-
19500	Other assets – net	6(15)	2,082,050	-	12,233,100	1
	Total Assets		<u>\$ 1,339,682,024</u>	<u>100</u>	<u>\$ 1,288,100,288</u>	<u>100</u>

(Continued)

YUANTA COMMERCIAL BANK CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2019 AND 2018
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

	LIABILITIES AND EQUITY	Notes	December 31, 2019		December 31, 2018	
			AMOUNT	%	AMOUNT	%
LIABILITIES						
21000	Due to Central Bank and other banks	6(17)	\$ 13,107,028	1	\$ 22,047,274	2
22000	Financial liabilities at fair value through profit or loss	6(18)	3,568,060	-	4,823,707	-
22500	Bills and bonds sold under repurchase agreements	6(6)	1,550,312	-	16,226,824	1
23000	Payables	6(19)	12,317,900	1	13,008,154	1
23200	Current income tax liabilities		1,810,146	-	801,009	-
23300	Liabilities of assets (or disposal group) classified as held for sale	6(16)	-	-	2,115	-
23500	Deposits and remittances	6(20)	1,137,390,287	85	1,062,903,982	83
24000	Financial debentures payable	6(21)	34,500,000	3	38,000,000	3
25500	Other financial liabilities	6(22)	6,714,309	1	10,762,290	1
25600	Provisions	6(23)and(24)	1,451,149	-	1,860,508	-
26000	Lease liabilities		2,658,761	-	-	-
29300	Deferred income tax liabilities	6(38)	315,443	-	392,512	-
29500	Other liabilities	6(25)	2,424,310	-	1,620,799	-
	Total Liabilities		<u>1,217,807,705</u>	<u>91</u>	<u>1,172,449,174</u>	<u>91</u>
EQUITY						
31000	Equity attributable to owners of the parent company					
31100	Share capital					
31101	Common stock	6(26)	73,940,390	5	73,940,390	6
31500	Capital surplus	6(27)	25,960,441	2	25,960,441	2
32000	Retained earnings	6(28)				
32001	Legal reserve		10,666,805	1	8,907,771	1
32003	Special reserve		90,858	-	61,541	-
32011	Unappropriated earnings		9,635,260	1	5,863,446	-
32500	Other equity interest	6(29)	1,580,565	-	917,525	-
	Total Equities		<u>121,874,319</u>	<u>9</u>	<u>115,651,114</u>	<u>9</u>
TOTAL LIABILITIES AND EQUITY						
			<u>\$ 1,339,682,024</u>	<u>100</u>	<u>\$ 1,288,100,288</u>	<u>100</u>

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

YUANTA COMMERCIAL BANK CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Items	Notes	For the years ended December 31				Changes Percentage (%)
		2019		2018		
		AMOUNT	%	AMOUNT	%	
41000	Interest income	\$ 22,611,119	97	\$ 23,039,102	105	(2)
51000	Less: Interest expense	(9,144,173)	(39)	(9,021,599)	(41)	1
	Net interest income	<u>13,466,946</u>	<u>58</u>	<u>14,017,503</u>	<u>64</u>	(4)
	Net non-interest income					
49100	Net service fee and commission income	5,679,413	24	5,371,303	24	6
49200	Gain (loss) on financial assets and financial liabilities at fair value through profit or loss	746,098	3	(581,601)	(3)	(228)
49310	Realized gain on financial assets at fair value through other comprehensive income	1,355,627	6	1,024,447	5	32
49600	Foreign exchange gain	1,969,497	8	3,445,430	16	(43)
49700	Impairment loss on assets	6(4),(5),(13), (8,570)	-	(1,427,154)	(7)	(99)
		(14),(16) and (33)				
49800	Other non-interest income	<u>162,538</u>	<u>1</u>	<u>117,906</u>	<u>1</u>	38
	Net revenue	<u>23,371,549</u>	<u>100</u>	<u>21,967,834</u>	<u>100</u>	6
58200	Provision for bad debt expenses, commitment and guarantee reserve	(1,066,650)	(5)	(666,380)	(3)	60
	Operating expenses					
58500	Employee benefit expense	(6,392,006)	(27)	(6,645,643)	(30)	(4)
59000	Depreciation and amortization expenses	(1,326,254)	(6)	(754,259)	(3)	76
59500	Other general and administrative expenses	(3,079,337)	(13)	(3,855,897)	(18)	(20)
61001	Income from continuing operations before income tax	<u>11,507,302</u>	<u>49</u>	<u>10,045,655</u>	<u>46</u>	15
61003	Income tax expense	(1,461,072)	(6)	(1,438,055)	(7)	2
64000	Net income	<u>\$ 10,046,230</u>	<u>43</u>	<u>\$ 8,607,600</u>	<u>39</u>	17

(Continued)

YUANTA COMMERCIAL BANK CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Items	Notes	For the years ended December 31				Changes Percentage (%)	
		2019		2018			
		AMOUNT	%	AMOUNT	%		
Other comprehensive income							
Components of other comprehensive income that will not be reclassified to profit or loss							
65201	Losses on remeasurements of defined benefit plans	6(24)	(\$ 83,875)	-	(\$ 3,551)	-	2262
65204	Unrealized gain on investments in equity instruments at fair value through other comprehensive income	6(4) and (29)	135,926	-	438,743	2 (	69)
65205	Change in fair value of financial liability attributable to change in credit risk of liability	6(29)	-	-	(846)	-	(100)
65220	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(29) and (38)	(8,785)	-	(3,124)	-	181
Components of other comprehensive income that will be reclassified to profit or loss							
65301	Translation gain and loss on the financial statements of foreign operating entities	6(29)	(309,261)	(1)	(84,406)	-	266
65309	Unrealized gain(loss) on investments in debt instruments at fair value through other comprehensive income	6(4) and (29)	551,417	2 (	1,296,127)	(6)	(143)
65310	Reversal of impairment loss for debt instruments at fair value through other comprehensive income	6(4) and (29)	(5,796)	-	(25,772)	-	(78)
65320	Income tax relating to components of other comprehensive income that will be reclassified to profit or loss	6(29) and (38)	(4,138)	-	2,456	-	(268)
65000	Other comprehensive income (loss), net of tax		<u>\$ 275,488</u>	<u>1</u>	<u>(\$ 972,627)</u>	<u>(4)</u>	<u>(128)</u>
66000	Total comprehensive income		<u>\$ 10,321,718</u>	<u>44</u>	<u>\$ 7,634,973</u>	<u>35</u>	<u>35</u>
Net income attributable to:							
67101	Profit attributable to the parent		<u>\$ 10,046,230</u>	<u>43</u>	<u>\$ 8,607,600</u>	<u>39</u>	<u>17</u>
			<u>\$ 10,046,230</u>	<u>43</u>	<u>\$ 8,607,600</u>	<u>39</u>	<u>17</u>
Comprehensive income attributable to							
67301	Profit attributable to the parent		<u>\$ 10,321,718</u>	<u>44</u>	<u>\$ 7,634,973</u>	<u>35</u>	<u>35</u>
			<u>\$ 10,321,718</u>	<u>44</u>	<u>\$ 7,634,973</u>	<u>35</u>	<u>35</u>
Earnings per share							
	Basic and Diluted earnings per share	6(39)	<u>\$ 1.36</u>		<u>\$ 1.16</u>		

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

YUANTA BANK AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

	Equity attributable to owners of the parent							The equity of owner of business combination under common control	Total equity
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Translation gain and loss on the financial statements of foreign operating entities	Other equity interest		
For the year ended December 31, 2018									
Balance, January 1, 2018	\$ 42,652,845	\$ 6,038,882	\$ 6,895,084	\$ 507,785	\$ 6,708,957	\$ 227,082	\$ 236,685	\$ -	\$ 114,179,230
Effects of retrospective application and restatement	-	-	-	-	(2,471,313)	-	(411,826)	-	(1,020,575)
Balance, January 1, 2018 after adjustments	42,652,845	6,038,882	6,895,084	507,785	4,237,644	(227,082)	(175,141)	-	113,158,655
Appropriation and distribution of 2017 earnings	-	-	2,012,687	-	(2,012,687)	-	-	-	-
Legal reserve appropriated	-	-	(446,244)	(446,244)	(446,244)	-	-	-	-
Residual of special reserve	-	-	-	-	(5,142,514)	-	-	-	(5,142,514)
Cash dividends of ordinary shares	-	-	-	-	(8,607,600)	-	-	-	(8,607,600)
Net income for the year	-	-	-	-	5,080	(84,406)	-	(846)	(972,627)
Other comprehensive income (loss) for the year	-	-	-	-	(8,612,680)	(84,406)	-	(846)	(9,510,512)
Total comprehensive income (loss) for the year	-	-	-	-	(277,921)	-	-	(277,921)	(7,634,973)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	-	(19,017)	175,141	846	(51,366,074)
Effects of Reorganization	31,287,545	19,921,559	8,907,771	61,541	5,863,446	(330,505)	\$ 1,248,030	\$ -	\$ 115,651,114
Balance, December 31, 2018	73,940,390	25,960,441	8,907,771	61,541	5,863,446	(330,505)	\$ 1,248,030	\$ -	115,651,114
For the year ended December 31, 2019									
Balance, January 1, 2019	73,940,390	25,960,441	8,907,771	61,541	(23,418)	(330,505)	-	-	(23,418)
Effects of retrospective application and restatement	-	-	-	-	5,840,028	(330,505)	-	-	(115,027,696)
Appropriation and distribution of 2018 earnings	-	-	1,759,034	29,317	(1,759,034)	-	-	-	-
Legal reserve appropriated	-	-	-	29,317	(29,317)	-	-	-	-
Special reserve appropriated	-	-	-	-	(4,075,095)	-	-	-	(4,075,095)
Cash dividends of ordinary shares	-	-	-	-	10,046,230	-	-	-	10,046,230
Net income for the year	-	-	-	-	(67,267)	(309,261)	-	652,016	275,488
Other comprehensive income (loss) for the year	-	-	-	-	9,978,963	(309,261)	-	652,016	10,321,718
Total comprehensive income (loss) for the year	-	-	-	-	(320,285)	-	-	320,285	-
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	-	(639,766)	\$ 2,220,331	\$ -	\$ 121,874,319
Balance, December 31, 2019	73,940,390	25,960,441	10,666,805	90,858	9,635,260	(939,766)	\$ 2,220,331	\$ -	\$ 121,874,319

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

YUANTA BANK AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

	For the years ended December 31	
	2019	2018
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Profit before tax	\$ 11,507,302	\$ 10,045,655
Adjustments		
Income and expenses having no effect on cash flows		
Depreciation	921,692	340,634
Amortization	404,562	413,625
Provision for bad debt expense, commitment and guarantee reserve	2,723,293	1,609,372
Interest expense	9,144,173	9,021,599
Interest income	(22,611,119)	(23,039,102)
Dividend income	(741,169)	(313,147)
Loss from disposal or retirement of property and equipment	86	16,849
Gain on disposal of investment property	-	(3,283)
Gain on disposal of other assets	(2,959)	-
Gain on disposal of assets classified as held for sale	(18,827)	-
Reversal of impairment loss on financial assets	(181)	(13,014)
Impairment loss on non-financial assets	8,751	1,440,168
Loss from lease modification	680	-
Rental expense	-	35,473
Changes in assets/liabilities relating to operating activities		
Changes in operating assets		
(Increase) decrease in due from Central Bank and call loans to other banks	(2,508,338)	1,251,296
Increase in financial assets at fair value through profit or loss	(13,862,169)	(20,263,015)
Decrease in financial asset at fair value through other comprehensive income	6,458,762	46,094,609
Increase in investment in debt instruments at amortised cost	(21,100,216)	(10,977,807)
Decrease (increase) in receivables	2,479,216	(643,864)
Increase in bills discounted and loans	(18,994,573)	(4,919,903)
Decrease (increase) in other financial assets	141,229	(145,575)
Decrease (increase) in other assets	1,916,249	(903,091)
Changes in operating liabilities		
(Decrease) increase in due to Central Bank and other banks	(8,940,246)	8,527,112
(Decrease) increase in financial liabilities at fair value through profit or loss	(1,255,647)	860,382
Decrease in payables	(508,907)	(674,583)
Increase (decrease) in Deposits and remittances	74,486,305	(26,511,956)
Decrease in other financial liabilities	(4,047,906)	(5,499,172)
Decrease in provisions	(449,150)	(910,253)
Increase (decrease) in other liabilities	803,511	(789,722)
Cash inflow (outflow) generated from operations	15,954,404	(15,950,713)
Interest received	22,974,239	22,348,100
Dividend received	734,706	313,147
Interest paid	(9,324,506)	(8,904,813)
Income tax paid	(773,117)	(1,014,143)
Net cash flows generated from (used in) operating activities	<u>29,565,726</u>	<u>(3,208,422)</u>

(Continued)

YUANTA BANK AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

	For the years ended December 31	
	2019	2018
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Proceeds from disposal of assets classified as held for sale	\$ 241,880	\$ -
Acquisition of property and equipment	(328,052)	(486,473)
Proceeds from disposal of property and equipment	4,267	1,010
Acquisition of intangible assets	(26,739)	(102,670)
Acquisition of right-of-use assets	(490)	-
Proceeds from disposal of investment properties	-	28,119
Increase in other assets	-	(8,201,000)
Net cash flows used in investing activities	(109,134)	(8,761,014)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Repayments of financial debentures payable	(3,500,000)	(5,500,000)
(Decrease) increase in bills and bonds sold under repurchase agreements	(14,676,512)	4,986,120
Decrease in financial liabilities designated as at fair value through profit or loss on initial recognition	-	(3,153,250)
Decrease in lease payables	-	(449)
Principal of lease liabilities	(548,160)	-
Cash dividends paid	(4,075,095)	(5,142,514)
Net cash flows used in financing activities	(22,799,767)	(8,810,093)
Net effect of foreign exchange rate changes on cash and cash equivalents	(359,238)	32,828
Net increase (decrease) in cash and cash equivalents	6,297,587	(20,746,701)
Cash and cash equivalents at beginning of year	41,449,935	62,196,636
Cash and cash equivalents at end of year	\$ 47,747,522	\$ 41,449,935
The components of cash and cash equivalents		
Cash and cash equivalents as per consolidated balance sheet	\$ 25,207,135	\$ 19,529,183
Due from central bank and call loans to other banks qualified as cash and cash equivalents as defined by IAS 7	17,230,387	21,920,752
Investments in bills and bonds under resale agreements qualified as cash and cash equivalents as defined by IAS 7	5,310,000	-
Cash and cash equivalents at end of reporting period	\$ 47,747,522	\$ 41,449,935

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

YUANTA COMMERCIAL BANK CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Indicated)

1. History and organization

- (1) Yuanta Commercial Bank Co., Ltd. (the “Bank”) was incorporated as a public company limited by shares under the provisions of the Company Law of the Republic of China (R.O.C.). The Bank formerly Asia Pacific Commercial Bank, acquired approval for establishment from the Ministry of Finance on January 14, 1992 and launched its operations on February 12, 1992. The Bank is principally engaged in commercial banking activities allowed by the Banking Laws of the Republic of China (R.O.C.) and in business activities authorized by the supervising authority of the central government. In accordance with the Financial Holding Company Act, the Bank joined Fuhwa Financial Holdings on August 1, 2002 through stock transfer and became a wholly-owned subsidiary. In September 2002, Asia Pacific Commercial Bank was approved to be renamed Fuhwa Commercial Bank.
- (2) On April 2, 2007, Yuanta Core Pacific Securities merged with Fuhwa Financial Holdings through stock transfer and became a wholly-owned subsidiary. With the approval of the shareholders’ meeting in June 2007, Fuhwa Financial Holdings was renamed Yuanta Financial Holdings and the Bank was also renamed Yuanta Commercial Bank on September 23, 2007.
- (3) In order to expand economic scale, enhance marketing integration, reduce operating costs, and develop operating performance, the merger of the Bank, Yuanta Life Insurance Agency Co., Ltd. and Yuanta Property Insurance Agency Co., Ltd. was resolved at the meeting of the Board of Directors on January 21, 2016. The effective date was set for September 11, 2016. The surviving company in the merger was the Bank and the dissolved companies in the merger were Yuanta Life Insurance Agency Co., Ltd. and Yuanta Property Insurance Agency Co., Ltd.
- (4) The merger with Ta Chong Commercial Bank Co., Ltd. (hereon referred to as “Ta Chong Bank”) was resolved at the meeting of the Board of Directors on September 14, 2016. The merger was approved by the Financial Supervisory Commission of R.O.C. (Jin-Guan-Yin-Kong-Zi Order No. 10500320920) on January 17, 2017. The effective merger date was set for January 1, 2018. The surviving company in the merger was the Bank and the dissolved company in the merger was Ta Chong Bank.
- (5) The head office directs company-wide operations and opened domestic as well as overseas branches to promote business. As of December 31, 2019, the Bank has a trust department, an international banking department, an insurance agency department, an offshore banking unit, Hong Kong branch and 147 branches including the business department and 1 overseas representative office.

(6) As of December 31, 2019, the number of the Bank’s and subsidiaries’ (collectively referred herein as the “Consolidated Company”) employees was 4,603.

(7) Yuanta Financial Holdings Co., Ltd. (the “Yuanta Financial Holdings”) is the parent company and ultimate parent company which holds 100% equity interest in the Consolidated Company.

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

These consolidated financial statements were authorized for issuance by the Board of Directors on March 19, 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 FSC effective from 2019 are as follows:

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

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

IFRS 16 ‘Leases’

A. IFRS 16, ‘Leases’, replaces IAS 17, ‘Leases’ and related interpretations and SICs. The standard requires lessees to recognize a ‘right-of-use asset’ and a lease liability (except for those leases with terms of 12 months or less and leases of low-value assets). The accounting stays the same for lessors, which is to classify their leases as either finance leases or operating leases and account for those two types of leases differently. IFRS 16 only requires enhanced disclosures to be provided by lessors.

B. The Consolidated Company has elected to apply IFRS 16 by not restating the comparative information (referred herein as the ‘modified retrospective approach’) when applying “IFRSs”

effective in 2019 as endorsed by the FSC. Accordingly, the Consolidated Company increased 'right-of-use asset and lease liability' by \$10,667,472 and \$2,512,002, and retained earnings, other assets and liabilities, net, decreased by \$23,418 and \$8,178,888, respectively, with respect to the lease contracts of lessees on January 1, 2019.

- C. The Consolidated Company has used the following practical expedients permitted by the standard at the date of initial application of IFRS 16:
- (a) Reassessment as to whether a contract is, or contains, a lease is not required, instead, the application of IFRS 16 depends on whether or not the contracts were previously identified as leases applying IAS 17 and IFRIC 4.
 - (b) The use of a single discount rate to a portfolio of leases with reasonably similar characteristics.
 - (c) The accounting for operating leases whose period will end before December 31, 2019 as short-term leases and accordingly, rent expense of \$46,494 was recognised in 2019.
 - (d) The exclusion of initial direct costs for the measurement of 'right-of-use asset'.
 - (e) The use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.
- D. The Consolidated Company calculated the present value of lease liabilities by using the incremental borrowing interest rate range from 0.780% to 7.115%.
- E. The Consolidated Company recognised lease liabilities which had previously been classified as 'operating leases' under the principles of IAS 17, 'Leases'. The reconciliation between operating lease commitments under IAS 17 measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate and lease liabilities recognised as of January 1, 2019 is as follows:

Operating lease commitments disclosed by applying IAS 17 as at December 31, 2018	\$	4,227,658
Add: Lease payable recognised under finance lease by applying IAS 17 as at December 31, 2018		75
Less: Short-term leases	(	90,351)
Less: Low-value assets	(	1,493)
Less: Contracts reassessed as service agreements	(	24,479)
Less: Service agreements started in 2019	(	87,338)
Total lease contracts amount recognised as lease liabilities by applying IFRS 16 on January 1, 2019		4,024,072
Incremental borrowing interest rate at the date of initial application		<u>0.780%~7.115%</u>
Lease liabilities recognised as at January 1, 2019 by applying IFRS 16	\$	<u>2,512,002</u>

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

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 IFRS7, ‘Interest rate benchmark reform’	January 1, 2020

The above standards and interpretations have no significant impact to the Consolidated Company’s financial condition and financial performance based on the Consolidated Company’s assessment.

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 1, ‘Classification of liabilities as current or non-current’	January 1, 2022
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

The above standards and interpretations have no significant impact to the Consolidated Company’s financial condition and financial performance based on the Consolidated Company’s assessment.

4. Summary of significant accounting policies

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

(1) Compliance statement

The consolidated financial statements of the Consolidated Company have been prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Public Banks”, International Financial Reporting Standards, International Accounting Standards, IFRIC

Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the “IFRSs”).

(2) Basis of preparation

- A. Except for the following items, the 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 and liabilities at fair value through other comprehensive income.
 - (C) Defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligation.
- B. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Consolidated Company’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.
- C. The Consolidated Company’s analysis of expense is classified based on the nature of expenses.
- D. The Consolidated Company classifies the economic activities as operating activities, investment activities and financing activities based on the judgment of the management. Consolidated statements of cash flows report the changes in cash and cash equivalents in the period based on operating, investing and financing activities. Cash and cash equivalents include highly liquid investments. Components of cash and cash equivalents are disclosed in Note 4(5).

(3) Basis of consolidation

- A. Basis for preparation of consolidated financial statements
 - (A) All subsidiaries are included in the Consolidated Company’s consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Consolidated Company. The Consolidated Company controls an entity when the Consolidated 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. Consolidation of subsidiaries begins from the date the Consolidated Company obtains control of the subsidiaries and ceases when the Consolidated Company loses control of the subsidiaries.
 - (B) Inter-company transactions, balances and unrealized gains or losses on transactions between companies within the Consolidated Company are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Consolidated Company.

- (C) 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.
- (D) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity.
- (E) When the Consolidated Company loses control of a subsidiary, the Consolidated Company remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognized in profit or loss. All amounts previously recognized in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Consolidated Company loses control of a subsidiary, all gains or losses previously recognized in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B. Subsidiaries included in the consolidated financial statements:

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)	
			December 31, 2019	December 31, 2018
The Bank	Yuanta International Leasing Co., Ltd. ("Yuanta International Leasing")	Leasing business	100.00	100.00
"	Yuanta Savings Bank (Philippines) Inc. ("Yuanta Savings Bank (Philippines)")	Deposits and loans of savings bank	100.00	100.00
"	Yuanta Savings Bank (Korea) Inc. ("Yuanta Savings Bank (Korea)")	Deposits and loans of savings bank	100.00	100.00

C. Subsidiaries not included in the consolidated financial statements:

None.

D. Adjustments for subsidiaries with different balance sheet dates:

None.

E. Nature of the restrictions on fund remittance from subsidiaries to the parent company:

None.

F. Subsidiaries that have non-controlling interests that are material to the Consolidated Company:

None.

(4) Foreign currency translation

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

A. Foreign currency transactions and balances

(A) Foreign currency transactions denominated in a foreign currency or required to settle in a foreign currency are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

(B) Assets denominated in foreign currency are translated by the closing exchange rate at the date of balance sheet that is consolidated. When several exchange rates are available, the rate used is that at which the future cash flows represented by the transaction or balance could have been settled if those cash flows had occurred at the measurement date. Any translation difference is recognized as gain and loss in the period.

(C) Non-monetary assets and liabilities denominated in foreign currencies:

a. Assets and liabilities carried at cost are re-translated at the exchange rates prevailing at the original transaction date.

b. Assets and liabilities held at fair value through profit or loss are re-translated at the exchange rates prevailing at the date at which the fair value is determined.

When the gains and losses on non-monetary assets and liabilities denominated in foreign currencies are recognized in other comprehensive income, any translation difference included in the gains and losses are also recognized in other comprehensive income. When the gains and losses on non-monetary assets and liabilities denominated in foreign currencies are recognized as gains and losses, any translation difference included in the gains and losses are also recognized as gains and losses.

B. Translation of foreign operations

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

(A) All presented assets and liabilities are re-translated by the closing exchange rate prevailing at the date of the consolidated balance sheet.

(B) The presented gains and losses of Offshore Banking Unit and HK Branch is re-translated by the exchange rate of the trading date, and the presented gains and losses of overseas subsidiaries are re-translated by the average exchange rate of that period.

(C) All gains and losses arising from translation are recognized in other comprehensive income.

(5) Cash and cash equivalents

In the consolidated balance sheet, cash and cash equivalents includes cash on hand, demand deposits and short-term highly liquid investments that is readily convertible to known amount of cash and subject to an insignificant risk of changes in value. For the consolidated statement of cash flows, cash and cash equivalents includes cash and cash equivalents, due from central bank and call loans to other banks, investments in notes and bonds under resale agreements qualified as cash and cash equivalents as defined by IAS 7.

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

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

(7) Financial assets and liabilities

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

A. Financial assets

All financial assets held by the Consolidated Company are classified into the following categories: “bills discounted and loans”, “receivables”, “financial assets at fair value through profit or loss”, “financial assets at fair value through other comprehensive income”, and “investments in debt instruments at amortised cost”.

(A) Regular way purchase or sale

Financial assets held by the Consolidated Company are all accounted for using trade date accounting.

(B) Bills discounted and loans

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

If a bills discounted and loans asset held by the Consolidated Company is renegotiated or modified due to financial difficulties of the borrower so that it is required to be derecognized,

entirely or partially, in accordance with IFRS 9, the old financial asset is derecognized, and a new financial asset and related gains or losses are recognized.

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

(C) Receivables

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

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

- a. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income. Financial assets at amortised cost or fair value through other comprehensive income are designated as at fair value through profit or loss at initial recognition when they eliminate or significantly reduce a measurement or recognition inconsistency.
- b. At initial recognition and subsequent measurement, the Consolidated Company measures the financial assets at fair value and recognizes the gain or loss in profit or loss.
- c. The Consolidated Company recognizes the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Consolidated Company and the amount of the dividend can be measured reliably.

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

- a. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Consolidated Company has made an irrevocable election at initial recognition to recognize changes in fair value in other comprehensive income and debt instruments which meet all of the following criteria:
 - (a) The objective of the Consolidated Company's business model is achieved both by collecting contractual cash flows and selling financial assets; and
 - (b) The assets' contractual cash flows represent solely payments of principal and interest.
- b. At initial recognition, the Consolidated Company measures the financial assets at fair value plus transaction costs. The Consolidated Company subsequently measures the financial assets at fair value:
 - (a) The changes in fair value of equity investments that recognized in other comprehensive

income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognized as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Consolidated Company and the amount of the dividend can be measured reliably.

- (b) Except for the recognition of impairment loss, interest income and gain or loss on foreign exchange which are recognized in profit or loss, the changes in fair value of debt instruments are taken through other comprehensive income. When the financial asset is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss.

(F) Investments in debt instruments at amortised cost

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

B. Financial liabilities

Financial liabilities held by the Consolidated Company include financial liabilities at fair value through profit and loss and financial liabilities carried at amortised cost.

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

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

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

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

At initial recognition, the Consolidated Company measures the financial liabilities at fair value. The Consolidated Company subsequently measures these financial liabilities at fair value and recognized in profit or loss.

Except for the circumstances to avoid inappropriate accounting appropriation or except that

lending commitments and financial guarantee contracts must be recognized in profit or loss, fair value movements arising from credit risk for financial liabilities designated as at fair value through profit or loss should be recognized in other comprehensive income.

(B) Financial liabilities carried at amortised cost

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

C. Derecognition of financial assets

The Consolidated Company derecognizes a financial asset when one of the following conditions is met:

(A) The contractual rights to receive cash flows from the financial asset expire.

(B) The contractual rights to receive cash flows from the financial asset have been transferred and the Consolidated Company has transferred substantially all risks and rewards of ownership of the financial asset.

(C) The contractual rights to receive cash flows of the financial asset have been transferred; however, the Consolidated Company has not retained control of the financial asset.

D. Derecognition of financial liabilities

(A) A financial liability is derecognized when the obligation under the liability specified in the contract is discharged or cancelled or expires.

(B) The Consolidated Company derecognizes an original financial liability and recognizes a new financial liability if the terms of an existing financial liability have substantial modifications and such modifications make significant differences to the original terms. The difference between the carrying amount of the financial liability derecognized and the consideration paid is recognized in profit or loss.

(8) Offsetting Financial instruments

Financial assets and liabilities are offset and reported in the net amount in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

(9) Impairment of financial assets

For debt instruments measured at fair value through other comprehensive income and financial assets at amortised cost (including bills discounted and loans and receivables), loan commitments, letters of credit and financial guarantee contracts at each reporting date, the Consolidated Company recognizes the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognizes the impairment provision for the lifetime ECLs if such credit risk has increased since initial recognition or if asset is already credit impaired

after taking into consideration all reasonable and verifiable information that includes forecasts.

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

(10) Leasing arrangements (lessor)—lease receivables/ operating leases

A. Operating lease

Payments that the Consolidated Company receives under the operating lease are recognized as gain and loss on a straight-line basis during the contract term, which are recognised under “other net non-interest income”.

B. Finance lease

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

(11) Non-hedging and embedded derivatives

A. Non-hedging derivatives are initially recognized at fair value on the date a derivative contract is entered into and recorded as financial assets or financial liabilities at fair value through profit or loss. They are subsequently remeasured at fair value and the gains or losses are recognized in profit or loss.

B. Under the financial assets, the hybrid contracts embedded with derivatives are initially recognized as financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income and financial assets at amortised cost based on the contract terms.

(12) Assets (or disposal groups) classified as held for sale

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

B. The income (loss) of assets (or disposal groups) classified as held for sale is excluded from the consolidated statement of comprehensive income effective the date on which assets (or disposal groups) classified as held for sale meets the criteria to be classified as held for sale. The assets,

liabilities and equity related to the assets (or disposal groups) classified as held for sale shall be presented separately in the consolidated balance sheet. Assets (or disposal groups) classified as held for sale shall be measured at the lower of carrying amount and fair value less costs to sell on the date which meet the criteria to be classified as held for sale. The carrying amounts of the liabilities shall be measured in accordance with applicable Statements of Financial Accounting Standards to determine the amounts of total assets.

- C. If the assets (or disposal groups) classified as held for sale meet the definition of discontinued operations, the results of their operations before being classified to the accounts relating to assets (or disposal groups) classified as held for sale and the impairment loss recognized when being classified to the accounts relating to disposal groups classified as held for sale shall be combined to the net profit or loss after tax of discontinued operations.

(13) Property and equipment

- A. Property and equipment are stated at cost, less recognized accumulated depreciation and accumulated impairment loss. Property and equipment are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each financial year-end. Useful life of each asset is as follows:

Buildings and structures	5~60 years
Office equipment	3~10 years
Transportation equipment	3~6 years
Miscellaneous equipment	3~21 years
Leasehold improvements	3~5 years

- B. The cost of repair or maintenance of property and equipment is recorded as current expenses, significant improvements or overhaul costs are classified as capital expenditures.
- C. When property and equipment are sold or disposed, the cost and accumulated depreciation are reversed from the related account, and any gain or loss on disposal is recognized in "Other non-interest income" in the consolidated statement of comprehensive income.

(14) Leasing arrangements (Lessee) — right-of-use asset/lease liabilities

Effective 2019

- A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Consolidated Company. For short-term leases or leases of low-value assets, lease payments are reconised as an expense on a straight-line basis over the lease term.
- B. Lease liabilities include the net present value of the remaining lease payments at the commencement

date, discounted using the incremental borrowing interest rate.

Lease payments are comprised of the following:

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

The Consolidated Company subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term.

C. At the commencement date, the right-of-use asset is stated at cost comprising the following:

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

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

Prior to 2018

A. Operating lease

Payments that the Consolidated Company charges under the operating lease are recognized as gain and loss on a straight-line basis during the contract term, which are recognised under "other business and administrative expenses".

B. Finance lease

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

(15) Investment property

A. The properties held by the Consolidated Company, with an intention to obtain long-term rental

profit or capital increase or both and not being used by any other enterprises of the consolidated entities, are classified as investment property. Investment property includes the office building and land rented in a form of operating lease.

- B. Part of the property may be held by the Consolidated Company for self-use purpose and the remaining are used to generate rental income or capital appreciation. If the property held by the Consolidated Company can be sold individually, then the accounting treatment should be made respectively.
- C. When the future economic benefit related to the investment property is highly likely to flow into the Consolidated Company and the costs can be reliably measured, the investment property shall be recognized as assets. When the future economic benefit generated from subsequent costs is highly likely to flow into the entity and the costs can be reliably measured, the subsequent expenses of the assets shall be capitalized. All maintenance cost are recognized as incurred in the consolidated statement of comprehensive income.
- D. When there is certain replacement occurring onto the investment property, the replacement cost should be recognized in the carrying amount of the investment property given that the criteria of recognition can be met. The carrying amount of the replaced account should be derecognized.
- E. Investment property is subsequently measured using the cost model. Depreciated cost is used to calculate amortization expense after initial measurement. The depreciation method, remaining useful life and residual value should apply the same rules as applicable for property and equipment.
- F. The fair value of investment property is disclosed in the financial statements at each consolidated balance sheet date. Each year, the appraisal of fair value is conducted by external appraisal contractor and managing segments of the Consolidated Company review the characteristics, location and status of the investment property to determine its fair value accordingly. However, the fair value of investment property does not reflect that the future capital expense can be improved or benefited from, nor the future benefit related to future expense is reflected.

(16) Intangible assets

A. Goodwill

Pursuant to IFRS 3, 'Business Combinations' as endorsed by the FSC, the excess of the consideration transferred in business combination over the net identifiable assets acquired and the net fair value of liabilities assumed shall be recognized as goodwill.

The Consolidated Company is required to perform impairment testing on its goodwill on a timely basis. Furthermore, any impairment loss is required to be recognized when impairment occurs and the carrying amount is also needed to be accounted for. Impairment loss of goodwill that has been recognized shall not be reversed.

B. Computer software

Acquired computer software is capitalized on the basis of the costs incurred to acquire and bring

to use the specific software. The cost is amortised over its estimated useful life. The computer software's estimated useful life is three to five years.

(17) Impairment of non-financial assets

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

(18) Financial bonds payable

Financial bonds payable issued by the Consolidated Company is carried at amortised cost using the effective interest method.

(19) Liabilities reserve, contingent liabilities and assets

A. The Consolidated Company recognizes liabilities when all of the following three conditions are met:

- (A) present obligation (legal or constructive) has arisen as a result of past event;
- (B) the outflow of economic benefits is highly probable upon settlement; and
- (C) the amount is reliably measurable.

B. The Consolidated Company does not recognize liability reserve for the future operating losses. If there are several similar obligations, the outflow of economic benefit as a result of settlement is determined based on the overall obligation. Liability reserve should be recognized when the outflow of economic benefits is probable in order to settle the obligation as a whole even if the outflow of economic benefits from any one of the obligations is remote.

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

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

E. Contingent asset is a possible obligation that arises from past event, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not

wholly within the control of the Consolidated Company. The Consolidated Company did not recognize any contingent assets and made appropriate disclosure in compliance with relevant regulations when the economic inflow is probable.

(20) Financial guarantee contract and loan commitment

- A. Financial guarantee contract is a contract that requires the Consolidated Company to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.
- B. The Consolidated Company initially recognizes financial guarantee contracts at fair value on the date of issuance. The Consolidated Company charges a service fee when the contract is signed and therefore the service fee income charged is the fair value at the date that the financial guarantee contract is signed. Service fee received in advance is recognized in deferred accounts and amortised through straight-line method during the contract term.
- C. Subsequently, the Consolidated Company measures the financial guarantee contract issued at the greater of the following two accounts:
 - (A) Allowance for losses in accordance with IFRS 9 as endorsed by the FSC.
 - (B) The amount initially recognized less, when appropriate, cumulative effect recognized in accordance with IFRS 15.
- D. The Consolidated Company's assessment of provisions for losses for loan commitments and financial guarantee contracts is described in Note 4(9). The increase in liabilities due to financial guarantee contracts and loan commitments is recognized in "bad debt expenses, commitments and guaranty policy reserve".
- E. In addition to the assessment of provisions for losses for financial guarantee contract described above, the Consolidated Company also assesses provisions for losses in accordance with "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans" and other applicable laws. The greater of the two amounts is recognized and included in the guaranty policy reserve.

(21) 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 recognized as expenses in that period when the employees render service.
- B. Pensions
 - (A) Defined contribution plans

For defined contribution plans, the contributions are recognized as pension expenses when they are due on an accrual basis. Prepaid contributions are recognized 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 Consolidated Company needs to pay in the future are recognized 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 Consolidated Company in current period or prior periods. The liability recognized 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 Consolidated Company uses interest rates of government bonds (at the balance sheet date) instead.
- b. Remeasurement arising on defined benefit plans are recognized in other comprehensive income in the period in which they arise and are recorded as retained earnings.

C. Deposits

The Bank 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 Consolidated Company'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 Consolidated Company recognizes expense as it can no longer withdraw an offer of termination benefits or it recognizes 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' compensation bonus

Employees' compensation is recognized 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' are different from the actual distributed amounts as resolved by the stockholders at their stockholders' meeting subsequently, the differences should be recognized based on the accounting for changes in estimates.

(22) 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 recognized in other comprehensive income or equity, and that related income taxes in the period are recognized in other comprehensive income or directly derecognized from equity, all the others should be recognized 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 recognized as deferred income tax.

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

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

(C) If the future taxable income is probable to provide unused loss carry forwards or deferred income tax credit which can be realized 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 recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred income 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 realize the asset and settle the liability simultaneously. The Consolidated Company does not offset deferred income tax assets against liabilities taxed by different tax authorities.

(23) Interest income and expense

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

(24) Net service fee and commission income

Handling fees and expenses are recognized when cash is received, or the earning process is substantially completed; service fee earned from performing significant items shall be recognized upon the completion of the service, such as syndication loan service fee received from sponsor, handling fees and expenses of subsequent services of loans are amortised or included in the calculation of effective interest rate of loans and receivables during the service period.

(25) Business combinations

- A. The Consolidated Company uses the acquisition method to account for business combinations. The consideration transferred for an acquisition is measured as the fair value of the assets transferred, liabilities incurred or assumed and equity instruments issued at the acquisition date, plus the fair value of any assets and liabilities resulting from a contingent consideration arrangement. All acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. For each business combination, the Consolidated Company measures at the acquisition date components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to the proportionate share of the entity’s net assets in the event of liquidation at either fair value or the present ownership instruments’ proportionate share in the recognized amounts of the acquiree’s identifiable net assets. All other non-controlling interests should be measured at the acquisition-date fair value.
- B. The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of any previous equity interest in the acquiree over the fair value of the identifiable assets acquired and the liabilities assumed is recorded as goodwill at the acquisition date. If the total of consideration transferred, non-controlling interest in the acquiree recognized and the fair value of previously held equity interest in the acquiree is less than the fair value of the identifiable assets acquired and the liabilities assumed, the difference is recognized directly in profit or loss on the acquisition date.

(26) Operating segment report

- A. The Consolidated Company’s operation segment reports are consistent with the internal reports provided to the chief operating decision-maker (“CODM”).
- B. Inter-segmental transactions are arm’s length transactions, and gain and loss arising from such transactions are eliminated by the Consolidated Company upon the preparation of consolidated

financial statements. Profit and loss directly attributable to various segments have been considered when segment performance is being evaluated.

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

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

(1) Expected credit losses of bills discounted and loans

At each reporting date, the Consolidated Company assesses expected credit losses of bills discounted and loans after taking into consideration all reasonable and verifiable information, including forecasts. Measurement of expected credit losses involves determining whether there is significant increase in credit risk on the assets since initial recognition, or whether the asset is credit-impaired, calculating probability of default, loss given default, and exposure at default of the credit loss model, and adjusting parameters of the model after forecastable assessments of the probability of default.

For a description and measurement of expected credit losses, please refer to Note 12(4)2.

(2) Fair value of unlisted stocks

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

(3) Impairment assessment of goodwill

The assessment process of goodwill impairment relies on the subjective judgment of the Consolidated Company, including identifying cash-generating units, allocating assets and liabilities to related cash-generating units, and determining the recoverable amounts of related cash-generating units. Please refer to Note 6(14) for the information of goodwill impairment.

6. Details of significant accounts

(1) Cash and cash equivalents

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Cash on hand	\$ 7,529,987	\$ 5,927,123
Due from other banks	17,090,280	11,013,190
Checks for clearing	586,868	2,582,879
Futures trading guarantees	-	5,991
Total	<u>\$ 25,207,135</u>	<u>\$ 19,529,183</u>

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

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Reserve for deposits - account A	\$ 10,186,274	\$ 15,998,321
Reserve for deposits - account B	28,589,351	26,044,008
Due from Central Bank	3,164,861	3,181,547
Deposits by foreign subsidiary to designated accounts of respective local central banks	2,387,759	1,919,157
Call loans to other banks	<u>1,706,440</u>	<u>1,073,679</u>
Total	<u>\$ 46,034,685</u>	<u>\$ 48,216,712</u>

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

B. Information relating to credit risk is provided in Note 12(4).

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

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
<u>Financial assets mandatorily measured</u>		
<u>at fair value through profit or loss</u>		
Corporate bonds	\$ 47,016,715	\$ 50,402,625
Financial bonds	28,822,251	19,694,356
Commercial paper	33,303,879	28,666,087
Government bonds	22,305,840	18,927,069
Interest rate structured products	5,500,000	2,000,000
Convertible corporate bonds	3,469,799	6,530,089
Stocks of companies listed on TSE or OTC	2,367,695	3,999,711
Equity structured products	2,300,000	-
Beneficiary securities	24,057	5,289
Valuation adjustment	593,799	(109,271)
Derivative financial instruments	2,867,340	4,593,251
Total	<u>\$ 148,571,375</u>	<u>\$ 134,709,206</u>

A. As of December 31, 2019 and 2018, the Consolidated Company has no financial assets at fair value through profit or loss undertaken for pledged as collaterals.

B. Please refer to Note 6(32) for the amounts recognized in profit or loss in relation to the financial assets at fair value through profit or loss.

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

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
<u>Debt instruments</u>		
Bonds (including government bonds, corporate bonds and financial bonds)	\$ 89,028,485	\$ 101,288,285
Short-term transactions instruments	723,407	770,596
Valuation adjustment	469,434	(62,302)
Subtotal	<u>90,221,326</u>	<u>101,996,579</u>
<u>Equity instruments</u>		
Stocks of companies listed on TSE or OTC	6,593,991	1,920,600
Unlisted stocks	1,903,390	1,904,951
Beneficiary securities	870,190	-
Valuation adjustment	1,706,842	1,250,646
Subtotal	<u>11,074,413</u>	<u>5,076,197</u>
Total	<u>\$ 101,295,739</u>	<u>\$ 107,072,776</u>

A. The Consolidated Company elects to classify strategic equity investments not held for trading as financial assets at fair value through other comprehensive income. As of December 31, 2019 and 2018, the fair value of such investments were \$11,074,413 and \$5,076,197, respectively.

B. The Consolidated Company sold the equity shares in order to avoid systematic risk resulting from structural changes in the industry during 2019 and 2018. As of December 31, 2019 and 2018, the fair value of the equity instruments sold were \$9,058,405 and \$1,517,467, and the cumulative loss on disposal were \$320,382 and \$227,921, respectively. In addition, the allocation on the disposed amount arising from disposing investment “future assets” in 2018 was completed in 2019 and the cumulative gain on disposal amounted to \$97.

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

	<u>For the years ended December 31,</u>	
	<u>2019</u>	<u>2018</u>
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognized in other comprehensive income	\$ 135,926	\$ 438,743
Cumulative losses reclassified to retained earnings due to derecognition	\$ 320,285	\$ 277,921
Dividend income recognized in profit or loss		
Held at end of period	\$ 158,924	\$ 216,547
Derecognized during the period	495,764	34,983
Liquidation distribution of investment	362	-
	<u>\$ 655,050</u>	<u>\$ 251,530</u>
<u>Debt instruments at fair value through other comprehensive income</u>		
Fair value change recognized in other comprehensive income (loss)	\$ 1,246,376	(\$ 536,156)
Cumulative other comprehensive income reclassified to profit or loss		
Reclassified due to impairment recovery	(\$ 178)	(\$ 12,826)
Reclassified due to derecognition	(700,577)	(772,917)
	<u>(\$ 700,755)</u>	<u>(\$ 785,743)</u>
Interest income recognized in profit or loss	<u>\$ 2,157,688</u>	<u>\$ 2,592,303</u>

D. Details of the Consolidated Company’s financial assets at fair value through other comprehensive income pledged to others as collateral as of December 31, 2019 and 2018 are provided in Note 8.

E. Information relating to credit risk is provided in Note 12(4).

(5) Investments in debt instruments at amortised cost

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Government bonds	\$ 67,140,165	\$ 64,669,523
Corporate bonds	2,927,976	3,013,181
Time deposits	<u>131,241,060</u>	<u>112,526,281</u>
Subtotal	201,309,201	180,208,985
Less: Accumulated impairment	(95)	(98)
Total	<u>\$ 201,309,106</u>	<u>\$ 180,208,887</u>

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

	<u>For the years ended December 31,</u>	
	<u>2019</u>	<u>2018</u>
Interest income	\$ 1,691,307	\$ 1,634,629
Reversal of impairment loss	<u>3</u>	<u>188</u>
	<u>\$ 1,691,310</u>	<u>\$ 1,634,817</u>

B. Details of the Consolidated Company's investments in debt instruments at amortised cost pledged to others as collateral as of December 31, 2019 and 2018, are provided in Note 8.

C. Information relating to credit risk is provided in Note 12(4).

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

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Bills and bonds purchased under resale agreement	\$ <u>5,310,000</u>	\$ -
Interest rate range	0.60%~0.62%	-
Contract resale amount	\$ <u>5,315,823</u>	\$ -
	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Bills and bonds sold under repurchase agreement	\$ <u>1,550,312</u>	\$ <u>16,226,824</u>
Interest rate range	2.00%~2.05%	2.25%~3.15%
Contract repurchase amount	\$ <u>1,582,270</u>	\$ <u>16,385,401</u>

(7) Receivables - net

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Credit card receivables	\$ 10,212,562	\$ 10,840,137
Factoring receivables	5,704,407	6,799,757
Spot exchange receivables	3,403,257	2,583,784
Interest receivable	3,058,190	3,421,310
Accounts receivable	1,002,472	1,134,086
Acceptances receivables	231,477	503,674
Securities sold receivables	47,149	1,408,182
Other receivables	<u>1,025,800</u>	<u>833,965</u>
Subtotal	24,685,314	27,524,895
Less: Allowance for bad debts	(1,107,042)	(1,053,139)
Adjustment for discount	<u>(3,075)</u>	<u>(25)</u>
Total	<u>\$ 23,575,197</u>	<u>\$ 26,471,731</u>

A. As of December 31, 2019, the Consolidated Company has no receivables undertaken for pledged as collaterals. Details of the Consolidated Company's receivables pledged to others as collateral as of December 31, 2018 are provided in Note 8.

B. Information relating to credit risk is provided in Note 12(4).

C. The Consolidated Company recognized appropriate allowance for bad debts for the receivables. The movement of allowance for bad debts in relation to receivables for the years ended December 31, 2019 and 2018, please refer to Note 12(4).

(8) Bills discounted and loans – net

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Bills discounted	\$ 83,830	\$ 289,927
Overdrafts	64,824	179,762
Short-term loans	59,844,023	71,480,504
Short-term loans secured	68,038,450	65,691,366
Medium-term loans	149,907,926	151,187,753
Medium-term loans secured	160,362,532	143,610,419
Long-term loans	8,039,848	8,413,501
Long-term loans secured	310,899,110	299,904,533
Import- export negotiations	5,007	33,411
Accounts receivable factoring	633,455	586,722
Loans transferred to non-performing loans	<u>1,864,053</u>	<u>1,566,905</u>
Subtotal	759,743,058	742,944,803
Less: Allowance for bad debts	(12,518,507)	(11,906,235)
Adjustment for (discount) and premium	<u>19,213</u>	<u>(8,633)</u>
Total	<u>\$ 747,243,764</u>	<u>\$ 731,029,935</u>

The Consolidated Company recognized appropriate allowance for bad debts for the bills discounted and loans. The movement of allowance for bad debts in relation to bills discounted and loans for the years ended December 31, 2019 and 2018, please refer to Note 12(4).

(9) Other financial assets – net

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Advance	\$ 11,697	\$ 18,308
Non-loans reclassified to non-performing loans	327,239	539,339
Others	<u>88,049</u>	<u>130,350</u>
Subtotal	426,985	687,997
Less: Allowance for bad debts	(<u>261,086</u>)	(<u>551,367</u>)
Total	<u>\$ 165,899</u>	<u>\$ 136,630</u>

The Consolidated Company recognized appropriate allowance for bad debts for the other financial assets. The movement of allowance for bad debts in relation to other financial assets for the years ended December 31, 2019 and 2018, please refer to Note 12(4).

(Blank below)

(10) Property and equipment - net

Change in property and equipment of the Consolidated Company is as follows :

Cost	Land	Buildings and structures	Office equipment	Transportation equipment	Miscellaneous equipment	Leasehold improvements	Construction in progress and prepayments for business facilities	Total
At January 1, 2019	\$ 9,534,115	\$ 2,490,011	\$ 698,409	\$ 71,301	\$ 143,329	\$ 485,472	\$ 273,511	\$ 13,696,148
Transferred to right-of-use assets - cost (Note)	-	-	-	-	(1,382)	-	-	(1,382)
Prepaid expenses transferred to construction in progress (Note)	-	-	-	-	-	-	3,580	3,580
Additions	-	-	25,711	8,744	19,960	21,477	252,160	328,052
Disposals	-	-	(109,460)	(13,178)	(6,554)	(81,994)	(750)	(211,936)
Reclassifications	110,037	45,045	80,062	-	7,000	20,750	(92,106)	170,788
Translation difference	-	1,468	141	2	(2,437)	36	(344)	(1,134)
At December 31, 2019	\$ 9,644,152	\$ 2,536,524	\$ 694,863	\$ 66,869	\$ 159,916	\$ 445,741	\$ 436,051	\$ 13,984,116
Accumulated depreciation								
At January 1, 2019	\$ -	\$ 667,313	\$ 306,645	\$ 36,751	\$ 60,511	\$ 234,478	\$ -	\$ 1,305,698
Transferred to right-of-use asset - accumulated depreciation (Note)	-	-	-	-	1,330	-	-	1,330
Depreciation	-	(59,260)	(155,240)	(9,704)	(26,282)	(91,987)	-	(342,473)
Disposals	-	-	109,460	9,787	6,525	81,811	-	207,583
Reclassifications	-	(34,419)	-	-	-	-	-	(34,419)
Translation difference	-	(536)	32	-	(1,034)	(35)	-	(495)
At December 31, 2019	\$ -	\$ 761,528	\$ 352,393	\$ 36,668	\$ 77,904	\$ 244,689	\$ -	\$ 1,473,182
Accumulated impairment								
At January 1, 2019	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 298	\$ -	\$ 298
At December 31, 2019	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 298	\$ -	\$ 298
Net carrying amount	\$ 9,644,152	\$ 1,774,996	\$ 342,470	\$ 30,201	\$ 82,012	\$ 200,754	\$ 436,051	\$ 12,510,636

Note : Applied to the adjustments for IFRS16.

Cost	Land	Buildings and structures	Office equipment	Transportation equipment	Miscellaneous equipment	Leasehold improvements	Construction in progress and prepayments for business facilities	Total
At January 1, 2018	\$ 10,028,460	\$ 2,677,313	\$ 625,210	\$ 81,438	\$ 148,454	\$ 286,351	\$ 160,723	\$ 14,007,949
Additions	-	-	58,353	9,774	30,794	41,048	346,504	486,473
Disposals	-	-	(86,726)	(19,766)	(31,035)	(94,855)	(448)	(232,830)
Reclassifications	127,035	26,869	102,314	-	(4,320)	252,971	233,891	270,978
Transferred to assets reclassified as held for sale	(621,380)	(212,407)	-	-	-	-	-	(833,787)
Translation difference	-	(1,764)	(742)	(145)	(564)	(43)	623	(2,635)
At December 31, 2018	\$ 9,534,115	\$ 2,490,011	\$ 698,409	\$ 71,301	\$ 143,329	\$ 483,472	\$ 273,511	\$ 13,696,148
Accumulated depreciation								
At January 1, 2018	\$ -	\$ 723,828	\$ 248,030	\$ 41,268	\$ 68,460	\$ 150,466	\$ -	\$ 1,232,052
Depreciation	-	(61,927)	(141,238)	(10,563)	(24,828)	(95,803)	-	(334,359)
Disposals	-	-	86,708	14,936	27,979	84,991	-	214,614
Reclassifications	-	5,848	(4,567)	-	4,567	(73,241)	-	(67,393)
Transferred to assets reclassified as held for sale	-	112,013	-	-	-	-	-	112,013
Translation difference	-	581	482	144	231	41	-	1,479
At December 31, 2018	\$ -	\$ 667,313	\$ 306,645	\$ 36,751	\$ 60,511	\$ 234,478	\$ -	\$ 1,305,698
Accumulated impairment								
At January 1, 2018	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Disposals	-	-	-	-	-	357	-	357
Reclassifications	-	-	-	-	-	(655)	-	(655)
At December 31, 2018	\$ -	\$ -	\$ -	\$ -	\$ -	(298)	\$ -	\$ (298)
Net carrying amount	\$ 9,534,115	\$ 1,822,698	\$ 391,764	\$ 34,550	\$ 82,818	\$ 250,696	\$ 273,511	\$ 12,390,152

(11) Leasing arrangements – lessee

Effective 2019

- A. The Consolidated Company leases various assets including land, buildings, machinery and equipment and transportation equipment. Rental contracts are typically made for periods of 1 to 10 years. In addition, bids for superficies right from the National Property Administration, Ministry of Finance are made for periods of 70 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.
- B. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	<u>December 31, 2019</u>	<u>For the year ended December 31, 2019</u>
	<u>Carrying amount</u>	<u>Depreciation charge</u>
Land	\$ 9,028,958	\$ 18,208
Buildings	1,630,526	542,142
Machinery and equipment	10,129	3,141
Transportation equipment	1,264	438
Other equipment	<u>17,105</u>	<u>9,332</u>
	<u>\$ 10,687,982</u>	<u>\$ 573,261</u>

- C. For the year ended December 31, 2019, the additions to right-of-use assets was \$702,906.
- D. The information on income and expense accounts relating to lease contracts is as follows:

	<u>For the year ended December 31, 2019</u>
<u>Items affecting profit or loss</u>	
Interest expense on lease liabilities	\$ 55,724
Expense on short-term lease contracts	61,778
Expense on leases of low-value assets	1,459

- E. For the year ended December 31, 2019, the Consolidated Company's total cash outflow for leases was \$667,121.
- F. Please refer to Note 12(4) C(C) for lessees' lease contract commitments of 2018.

(12) Leasing arrangements – lessor

Effective 2019

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

		<u>For the year ended December 31, 2019</u>	
Finance income from the net investment in the finance lease		\$	<u>2,092</u>

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

		<u>December 31, 2019</u>	
Year 2020		\$	8,462
Year 2021			8,462
Year 2022			8,463
Year 2023			<u>8,463</u>
Total		\$	<u>33,850</u>

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

		<u>December 31, 2019</u>	
		<u>Current</u>	<u>Non-current</u>
Undiscounted lease payments	\$	8,462	\$ 25,388
Unearned finance income	(	1,305)	(1,770)
Net investment in the lease	\$	<u>7,157</u>	<u>\$ 23,618</u>

E. For the year ended December 31, 2019, the Consolidated Company's total investment in the lease and the minimum present value of lease payments receivable is provided as follows:

		<u>December 31, 2019</u>		
		<u>Total lease payments receivable</u>	<u>Unearned finance income</u>	<u>Net lease payments receivable</u>
Less than 1 year	\$	8,462	(\$ 1,305)	\$ 7,157
Over 1 year but less than 5 years		<u>25,388</u>	<u>(1,770)</u>	<u>23,618</u>
		<u>\$ 33,850</u>	<u>(\$ 3,075)</u>	<u>\$ 30,775</u>

F. For the year ended December 31, 2019, the Consolidated Company recognised rent income in amount of \$52,459, based on the operating lease agreement, which does not include variable lease payments.

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

		<u>December 31, 2019</u>	
2020		\$	41,872
2021			24,712
2022			20,308
2023			11,151
2024			1,706
After 2025			<u>5,120</u>
Total		\$	<u>104,869</u>

H. Please refer to Note 12(4) C(C) for lessors' lease contract commitments of 2018.

(13) Investment property - net

Change in investment property of the Consolidated Company is as follows:

<u>Cost</u>	<u>Land and land improvements</u>	<u>Buildings</u>	<u>Total</u>
At January 1, 2019	\$ 788,115	\$ 234,333	\$ 1,022,448
Reclassifications	(26,022)	(4,879)	(30,901)
At December 31, 2019	<u>762,093</u>	<u>229,454</u>	<u>991,547</u>
<u>Accumulated depreciation</u>			
At January 1, 2019	-	(49,367)	(49,367)
Depreciation	-	(5,958)	(5,958)
Reclassifications	-	324	324
At December 31, 2019	<u>-</u>	<u>(55,001)</u>	<u>(55,001)</u>
<u>Accumulated impairment</u>			
At January 1, 2019	(105,318)	-	(105,318)
Recovery	12,661	-	12,661
At December 31, 2019	<u>(92,657)</u>	<u>-</u>	<u>(92,657)</u>
Net carrying amount	<u>\$ 669,436</u>	<u>\$ 174,453</u>	<u>\$ 843,889</u>

<u>Cost</u>	<u>Land and land improvements</u>	<u>Buildings</u>	<u>Total</u>
At January 1, 2018	\$ 1,053,148	\$ 250,657	\$ 1,303,805
Disposals	(24,836)	-	(24,836)
Reclassifications	(99,979)	(3,442)	(103,421)
Transferred to assets reclassified as held for sale	(140,218)	(12,882)	(153,100)
At December 31, 2018	<u>788,115</u>	<u>234,333</u>	<u>1,022,448</u>
<u>Accumulated depreciation</u>			
At January 1, 2018	-	(38,961)	(38,961)
Depreciation	-	(6,275)	(6,275)
Reclassifications	-	(8,052)	(8,052)
Transferred to assets reclassified as held for sale	-	3,921	3,921
At December 31, 2018	<u>-</u>	<u>(49,367)</u>	<u>(49,367)</u>
<u>Accumulated impairment</u>			
At January 1, 2018	(105,343)	-	(105,343)
Recovery	25	-	25
At December 31, 2018	<u>(105,318)</u>	<u>-</u>	<u>(105,318)</u>
Net carrying amount	<u>\$ 682,797</u>	<u>\$ 184,966</u>	<u>\$ 867,763</u>

A. The fair value of the investment property held by the Consolidated Company as of December 31, 2019 and 2018 were \$953,767 and \$963,693, respectively. The investment property was determined by the valuation results of independent valuation experts who used the direct capitalization method of the income approach, market comparison approach, cost approach, land

development analysis approach and other valuation approaches. These fair values are classified as Level 2 within the fair value hierarchy.

B. For the years ended December 31, 2019 and 2018, rent income from the investment property were \$52,043 and \$33,648, respectively. For the years ended December 31, 2019 and 2018, direct operating expenses arising from the investment property amounted to \$2,919 and \$3,018, respectively. And direct operating expenses arising from the investment property that did not generate rent income amounted to \$503 for both years.

(14) Intangible assets - net

Change in intangible assets of the Consolidated Company is as follows:

Cost	Other			
	Goodwill	Computer software	intangible asset	Total
At January 1, 2019	\$ 10,622,771	\$ 573,046	\$ 2,438,774	\$ 13,634,591
Additions	-	26,739	-	26,739
Disposals	- (	108,442)	- (	108,442)
Reclassifications	-	86,607	-	86,607
Translation difference	(22,196)	(2,838)	(257)	(25,291)
At December 31, 2019	10,600,575	575,112	2,438,517	13,614,204
<u>Accumulated amortization</u>				
At January 1, 2019	- (	284,364)	(627,696)	(912,060)
Amortization	- (	110,635)	(226,043)	(336,678)
Disposals	-	108,442	-	108,442
Translation difference	-	1,545	52	1,597
At December 31, 2019	- (	285,012)	(853,687)	(1,138,699)
<u>Accumulated impairment</u>				
At January 1, 2019	(1,437,309)	-	-	(1,437,309)
At December 31, 2019	(1,437,309)	-	-	(1,437,309)
Net carrying amount	\$ 9,163,266	\$ 290,100	\$ 1,584,830	\$ 11,038,196
Cost	Other			
	Goodwill	Computer software	intangible asset	Total
At January 1, 2018	\$ 10,628,894	\$ 1,187,468	\$ 2,438,845	\$ 14,255,207
Additions	-	102,670	-	102,670
Disposals	- (	761,588)	- (	761,588)
Reclassifications	-	42,953	-	42,953
Translation difference	(6,123)	1,543	(71)	(4,651)
At December 31, 2018	10,622,771	573,046	2,438,774	13,634,591
<u>Accumulated amortization</u>				
At January 1, 2018	- (	939,887)	(401,650)	(1,341,537)
Amortization	- (	99,602)	(226,054)	(325,656)
Disposals	-	756,159	-	756,159
Translation difference	- (	1,034)	8	(1,026)
At December 31, 2018	- (	284,364)	(627,696)	(912,060)
<u>Accumulated impairment</u>				
At January 1, 2018	- (	5,429)	- (	5,429)
Impairments	(1,437,309)	-	- (	1,437,309)
Reversal of impairments	-	5,429	-	5,429
At December 31, 2018	(1,437,309)	-	- (	1,437,309)
Net carrying amount	\$ 9,185,462	\$ 288,682	\$ 1,811,078	\$ 11,285,222

A. Test of impairment for goodwill of the Bank:

The Consolidated Company merged 18 branches of Chin Fon Bank and Ta Chong Bank in 2010 and 2018, respectively, which arose goodwill amounting to \$10,201,810, in order to expand the scale of operation and enhance market competitiveness and overall profitability. The Consolidated Company shall test annually for impairment of goodwill acquired from business combination in accordance with IAS 36. For the purpose of impairment testing, goodwill is allocated to each of the cash-generating units that are expected to benefit from the synergies of the business combination. Whether or not to provide impairment losses is determined by calculating value-in-use and carrying amount of net assets of each cash-generating unit which are Corporate Finance, Offshore Banking, Consumer Finance, Wealth Management and Financial Trading.

(A) The basis of determining the recoverable amount of cash generating unit:

Recoverable amount of the five aforementioned cash generating units is assessed based on value-in-use, which is calculated by estimating 5-year pre-tax cash flows. Cash flow exceeded 5 years is calculated using the following estimated growth rate.

(B) For the years ended December 31, 2019 and 2018, the growth rate of key assumptions used in calculating value-in-use of every cash generating unit were both 2.0%.

For the year ended December 31, 2019, the discount rate of key assumptions used in calculating value-in-use of Corporate Finance, Consumer Finance, and Financial Trading was 7.50%, and of Offshore Banking and Wealth Management was 9.30%.

For the year ended December 31, 2018, the discount rate of key assumptions used in calculating value-in-use of Corporate Finance and Consumer Finance was 7.70%, and of Offshore Banking, Wealth Management and Financial Trading were 9.60%.

(C) The Consolidated Company proceeded to organization restructure and business integration following the merge with Ta Chong Bank. Operating results on Consumer Finance did not meet the expectation due to the continued easy monetary policy from the Central Bank, changes on the credit policy and customer group of the Consolidated Company, and decline on loan scale. The Consolidated Company engaged an external expert to issue the asset impairment evaluation report, and based on the report, goodwill impairment loss of \$1,437,309 was recognized for the year ended December 31, 2018, due to the recoverable amount was less than the carrying amount, which was presented as 'Impairment loss on asset' in the statements of comprehensive income. Please refer to Note 6(33) for the details.

(D) No impairment was recognized for the year ended December 31, 2019.

B. Test of impairment for goodwill of Yuanta Savings Bank (Korea):

(A) The basis of determining the recoverable amount of the cash generating unit:

Recoverable amount of cash generating unit as identified by the operating segments is assessed by the value-in-use, which is calculated by pre-tax cash flow of the five-year financial budget as granted by the management.

(B) The key assumptions used in calculating value-in-use are as follows:

Calculations of discount rate are based on the weighted average cost of capital (WACC), taking into account risks that are specific to the cash generating units tested for impairment, and calculations of growth rate are based on OECD Korea GDP growth rate for the past three years.

(C) For the years ended December 31, 2019 and 2018, the discount rate and growth rate of key assumptions used in calculating value-in-use of Yuanta Savings Bank (Korea) were 9.10%, 3.00% and 8.60%, 3.00%, respectively.

(15) Other assets - net

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Refundable deposits - out	\$ 1,698,516	\$ 3,477,843
Other deferred expenses	156,484	218,904
Prepaid expenses	104,578	95,155
Prepaid rental	142	8,167,893
Indemnification assets	-	110,673
Others	122,330	162,632
Total	<u>\$ 2,082,050</u>	<u>\$ 12,233,100</u>

A. The Consolidated Company won a bid of superficies right, amounting to \$8,201,000, recognized in prepaid rental, from the National Property Administration, Ministry of Finance on September 3, 2018. The estimation of total contract price was referred to the use value and the appraisal report issued by the real estate appraiser. However, the prepaid rents were reclassified to right-of-use assets amounting to \$8,165,527 due to the adoption of IFRS 16 effective from January 1, 2019.

B. Details of indemnification assets are provided in Note 9(2) (A).

(16) Assets classified as held for sale/Liabilities of assets classified as held for sale

A. In order to improve the efficiency of assets utilization, the Consolidated Company approved the sale of its own real estate by the Board of Directors on October 25, 2018 and November 8, 2018, and the relevant assets were reclassified to “assets held for sale”. After remeasuring the original assets at the lower of its carrying amount or fair value less costs to sell, the balance of assets held for sale were \$533,632 and \$868,288, respectively, as of December 31, 2019 and 2018. The fair value of the assets held for sale is based on the result of valuation by independent valuation experts, which was categorized within Level 2 in the fair value hierarchy. As of December 31, 2019, the Consolidated Company recognized related impairment loss amounting to \$21,518, and sold part of the assets held for sale. The proceeds on disposal and gain on disposal amounted to \$241,880 and \$18,827, respectively.

B. The Board of Directors of Yuanta International Leasing resolved on November 8, 2018 on behalf of stockholders to spin off the operating business relating to “Medical Devices and Supplies Wholesale and Retail Industries”, including operating assets and liabilities, to Yuanta Asset Management Co., Ltd. The aforementioned assets and liabilities amounting to \$42,646 and \$2,115, respectively, have been reclassified as disposal group held for sale and presented as discontinued operations as it has met the definition of discontinued operations. However, the Board of Directors of Yuanta International Leasing resolved on October 24, 2019 on behalf of stockholders to cease spinning off the aforementioned operating business due to difficulty.

(17) Due to Central Bank and other banks

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Due to other banks	\$ -	\$ 10,054
Overdrafts from other banks	2,188,789	2,470,385
Call loans from other banks	5,811,661	14,239,532
Redeposit from the directorate general of postal remittance	5,106,578	5,327,303
Total	<u>\$ 13,107,028</u>	<u>\$ 22,047,274</u>

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

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
<u>Financial liabilities held for trading</u>		
Derivative financial instruments	<u>\$ 3,568,060</u>	<u>\$ 4,823,707</u>

Please refer to Note 6(32) for the amounts recognized in profit or loss in relation to the financial liabilities at fair value through profit or loss.

(19) Payables

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Demand remittance payables	\$ 3,401,792	\$ 2,582,520
Bonus payable	2,564,742	2,597,281
Interest payable	1,581,632	1,762,311
Factoring payables	1,033,662	792,050
Accounts payable	686,708	687,770
Checks for clearing	585,996	2,582,721
Securities purchased payable	556,522	27,372
Accrued expenses	546,593	600,916
Collections payable for customers	264,182	252,135
Bankers' acceptances payables	231,675	503,674
Other payables	864,396	619,404
Total	<u>\$ 12,317,900</u>	<u>\$ 13,008,154</u>

(20) Deposits and remittances

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Checking deposits	\$ 5,183,794	\$ 5,162,797
Demand deposits	146,192,568	134,446,708
Time deposits	332,923,680	341,291,830
Negotiable certificates of deposit	24,423,500	44,647,500
Savings deposits	628,523,549	537,013,130
Remittances	143,196	342,017
Total	<u>\$ 1,137,390,287</u>	<u>\$ 1,062,903,982</u>

(21) Financial debentures payable

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Subordinate financial debentures	<u>\$ 34,500,000</u>	<u>\$ 38,000,000</u>

The details of financial debentures as of December 31, 2019 were as follows:

Third series of subordinate financial debentures in 2011 (debenture B)

Par value	\$4,500,000
Stated interest rate	Fixed interest rate at 1.95%
Period	Ten years
Interest payment date	Payable annually
Term of principal payment	Repaid on maturity
Issue price	Priced at face value on issue date

First series of subordinate financial debentures in 2014 (debenture A)

Par value	\$1,600,000
Stated interest rate	Fixed interest rate at 1.80%
Period	Seven years
Interest payment date	Payable annually
Term of principal payment	Repaid on maturity
Issue price	Priced at face value on issue date

First series of subordinate financial debentures in 2014 (debenture B)

Par value	\$4,700,000
Stated interest rate	Fixed interest rate at 2.00%
Period	Ten years
Interest payment date	Payable annually
Term of principal payment	Repaid on maturity
Issue price	Priced at face value on issue date

Second series of subordinate financial debentures in 2014

Par value	\$1,700,000
Stated interest rate	Fixed interest rate at 1.85%
Period	Seven years
Interest payment date	Payable annually
Term of principal payment	Repaid on maturity
Issue price	Priced at face value on issue date

Third series of subordinate financial debentures in 2014

Par value	\$3,500,000
Stated interest rate	Fixed interest rate at 2.05%
Period	Seven years
Interest payment date	Payable annually
Term of principal payment	Repaid on maturity
Issue price	Priced at face value on issue date

Fourth series of subordinate financial debentures in 2014

Par value	\$900,000
Stated interest rate	Fixed interest rate at 2.00%
Period	Seven years
Interest payment date	Payable annually
Term of principal payment	Repaid on maturity
Issue price	Priced at face value on issue date

Fifth series of subordinate financial debentures in 2014

Par value	\$600,000
Stated interest rate	Fixed interest rate at 2.00%
Period	Seven years
Interest payment date	Payable annually
Term of principal payment	Repaid on maturity
Issue price	Priced at face value on issue date

Third series of perpetual non-cumulative subordinate financial debentures in 2015

Par value	\$5,550,000
Stated interest rate	Fixed interest rate at 4.10%
Period	Perpetual
Interest payment date	Payable annually
Term of principal payment	Perpetual
Issue price	Priced at face value on issue date

Fourth series of subordinate financial debentures in 2015

Par value	\$3,000,000
Stated interest rate	Fixed interest rate at 2.10%
Period	Ten years
Interest payment date	Payable annually
Term of principal payment	Repaid on maturity
Issue price	Priced at face value on issue date

Fifth series of perpetual non-cumulative subordinate financial debentures in 2015

Par value	\$1,450,000
Stated interest rate	Fixed interest rate at 4.10%
Period	Perpetual
Interest payment date	Payable annually
Term of principal payment	Perpetual
Issue price	Priced at face value on issue date

Sixth series of subordinate financial debentures in 2015

Par value	\$2,000,000
Stated interest rate	Fixed interest rate at 2.08%
Period	Seven years
Interest payment date	Payable annually
Term of principal payment	Repaid on maturity
Issue price	Priced at face value on issue date

First series of subordinate financial debentures in 2016

Par value	\$5,000,000
Stated interest rate	Fixed interest rate at 1.80%
Period	Ten years
Interest payment date	Payable annually
Term of principal payment	Repaid on maturity
Issue price	Priced at face value on issue date

(22) Other financial liabilities

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Principal of structured products	\$ 6,712,530	\$ 10,740,531
Appropriated loan fund	1,779	21,684
Lease payables	-	75
Total	<u>\$ 6,714,309</u>	<u>\$ 10,762,290</u>

(23) Provisions

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Provisions for employee benefits	\$ 1,089,614	\$ 1,338,037
Provisions for guarantee liabilities	147,163	197,579
Provisions for loan commitments and letters of credit	48,360	56,768
Provisions for litigation losses	86,316	203,080
Other provision	79,696	65,044
Total	<u>\$ 1,451,149</u>	<u>\$ 1,860,508</u>

A. Information relating to credit risk of provisions for guarantee liability and loan commitments is provided in Note 12(4).

B. The details of provisions for litigation losses are provided in Note 9(2) (A).

(24) Provisions for employee benefits

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Post-employment benefit plans	\$ 809,375	\$ 728,588
Termination benefits	280,239	609,449
Total	<u>\$ 1,089,614</u>	<u>\$ 1,338,037</u>

A. Defined benefit plans of the Bank

(A) The Bank has a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45~55 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Bank 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 Bank and its domestic subsidiaries 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 Bank and its domestic subsidiaries will make contributions to cover the deficit by next March.

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

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Present value of defined benefit obligations	\$ 1,727,510	\$ 1,714,236
Fair value of plan assets	(926,131)	(995,019)
Net defined benefit liability	<u>\$ 801,379</u>	<u>\$ 719,217</u>

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

	<u>Present value of defined benefit obligations</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit liability</u>
<u>2019</u>			
Balance at January 1	\$ 1,714,236	(\$ 995,019)	\$ 719,217
Current service cost	24,661	-	24,661
Interest expense (income)	18,857	(10,945)	7,912
	<u>1,757,754</u>	<u>(1,005,964)</u>	<u>751,790</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	(34,898)	(34,898)
Change in demographic assumptions	(36,492)	-	(36,492)
Change in financial assumptions	74,004	-	74,004
Experience adjustments	80,427	-	80,427
	117,939	(34,898)	83,041
Pension fund contribution	-	(17,078)	(17,078)
Pension paid	(148,183)	131,809	(16,374)
Balance at December 31	<u>\$ 1,727,510</u>	<u>(\$ 926,131)</u>	<u>\$ 801,379</u>

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
<u>2018</u>			
Balance at January 1	\$ 1,884,567	(\$ 1,174,844)	\$ 709,723
Current service cost	29,914	-	29,914
Interest expense (income)	24,145	(15,249)	8,896
	<u>1,938,626</u>	<u>(1,190,093)</u>	<u>748,533</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	(3,935)	(3,935)
Change in demographic assumptions	(34,474)	-	(34,474)
Change in financial assumptions	(21,012)	-	(21,012)
Experience adjustments	61,165	-	61,165
	5,679	(3,935)	1,744
Pension fund contribution	-	(19,706)	(19,706)
Pension paid	(230,069)	218,715	(11,354)
Balance at December 31	<u>\$ 1,714,236</u>	<u>(\$ 995,019)</u>	<u>\$ 719,217</u>

(D) The Bank recognized pension costs amounting to \$32,573 and \$38,810 in consolidated statements of comprehensive income for the years ended December 31, 2019 and 2018, respectively.

(E) The Bank of Taiwan was commissioned to manage the Fund of the Bank and its domestic subsidiaries' defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization instruments, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Bank and its domestic subsidiaries have no right to participate in managing and operating that fund and hence the Bank and its domestic subsidiaries is unable to disclose the classification of plan asset fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2019 and 2018 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

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

	<u>For the years ended December 31,</u>	
	<u>2019</u>	<u>2018</u>
Discount rate	0.70%	1.10%
Future salary increase rate	2.00%	2.00%

For the years ended December 31, 2019 and 2018, assumptions regarding future mortality

rate are set based on the 5th Chart of Life Span Estimate, used by the Taiwan Life Insurance Enterprises.

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

	<u>Discount rate</u>		<u>Future salary increase rate</u>	
	Increase	Decrease	Increase	Decrease
	<u>0.25%</u>	<u>0.25%</u>	<u>0.25%</u>	<u>0.25%</u>
<u>December 31, 2019</u>				
Effect on present value of defined benefit obligation	<u>(\$ 46,006)</u>	<u>\$ 47,722</u>	<u>\$ 43,718</u>	<u>(\$ 42,419)</u>
<u>December 31, 2018</u>				
Effect on present value of defined benefit obligation	<u>(\$ 46,780)</u>	<u>\$ 48,563</u>	<u>\$ 44,717</u>	<u>(\$ 43,349)</u>

The sensitivity analysis above is based on other conditions that are unchanged but only one assumption is changed. In practice, more than one assumption may change all at once. The method of analyzing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

(G) Expected contributions to the defined benefit pension plans of the Bank and its domestic subsidiaries for the year ending December 31, 2020 amounts to \$16,577.

(H) As of December 31, 2019, the weighted average duration of that retirement plan is 10.9 ~ 11 years.

B. Pension plans of foreign subsidiaries:

(A) The pension plan for Yuanta Savings Bank (Philippines) is in compliance with the above-mentioned pension plan. As of December 31, 2019 and 2018, the pension liability were \$5,025 and \$6,036, respectively, while pension expenses recognized in comprehensive income for the years ended December 31, 2019 and 2018 were \$1,734 and \$1,662, respectively, the actuarial gains and losses on defined benefit plans were \$0 and \$227, respectively.

(B) The pension plan for Yuanta Savings Bank (Korea) is in compliance with the above-mentioned pension plan. As of December 31, 2019 and 2018, the pension liability were \$2,971 and \$3,335, respectively, while pension expenses recognized in comprehensive income (loss) for the years ended December 31, 2019 and 2018 were \$8,853 and \$7,282, respectively, the actuarial gains and losses on defined benefit plans were (\$834) and (\$2,034), respectively.

C. Defined contribution plans of the Bank and its domestic subsidiaries:

(A) Effective July 1, 2005, the Bank 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 Bank 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. Besides, the Hong Kong branch contributes pension expense in compliance with local laws of Hong Kong.

(B) The pension costs under defined contribution pension plans of the Consolidated Company for the years ended December 31, 2019 and 2018 were \$193,412 and \$211,123, respectively.

D. Termination benefits

Ta Chong Bank's share conversion agreement with the Company on March 22, 2016 includes the relevant terms guaranteeing the rights and interests of employees. After the approval of the FSC, Ta Chong Bank has accrued termination provisions of \$280,239 and \$609,449, respectively as of December 31, 2019 and 2018 (recognized in termination provisions). Termination provisions for Ta Chong Bank was calculated by qualified actuaries. The significant assumptions used for the purpose of the actuarial valuations were as follow:

	For the year ended December 31, 2019	For the year ended December 31, 2018
Discount rate (%)	0.70	1.10
Long-term average salary rate (%)	2.00	2.00
Rate of application (%)	80.00	80.00

(25) Other liabilities

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Collections in advance	\$ 1,088,664	\$ 1,210,840
Refundable deposits - in	1,277,520	288,361
Others	58,126	121,598
Total	<u>\$ 2,424,310</u>	<u>\$ 1,620,799</u>

(26) Share capital

As of December 31, 2019 and 2018, authorized capital and paid-in capital were \$80,000,000 and \$73,940,390, respectively, equivalent to 8,000,000 thousand shares and 7,394,039 thousand shares, respectively, with a par value of \$10 dollars per share. On January 1, 2018, the Bank issued 3,128,754 thousand common shares with a par value of \$10 as part of a share swap transaction to acquire Ta Chong Bank. According to the merger agreement approved by the Board of Directors, the swap ratio was one common share of Ta Chong Bank for 0.8602 shares of the Bank. The share premium, amounting to \$19,921,559, was the difference between the total issuance amount and the net assets of Ta Chong Bank as of December 31, 2017.

(27) Capital surplus

As of December 31, 2019 and 2018, additional paid-in capital is composed of the following:

<u>Share premium</u>	<u>Employee stock options</u>	<u>Change in equity of investee company accounted for under equity method</u>	<u>Total</u>
\$ 25,912,534	\$ 47,783	\$ 124	<u>\$ 25,960,441</u>

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.

(28) Retained earnings

A. Legal reserve

The Bank's Articles of Incorporation states that 30% of the current year's earnings after paying all taxes and offsetting any accumulated deficit, should be set aside as the legal reserve. Until the legal reserve balance equals the total amount of capital, the maximum cash earnings distribution shall not exceed 15% of total amount of capital. Provided that the legal reserve equals the total amount of capital or the criteria of sound financial structure outlined by the competent authorities is met, the above rule may be exemptible. 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 shareholder in proportion to their share ownership when the reserve has exceeded capital by 25%.

B. Special reserve

(A) Upon the first-time adoption of IFRSs, Financial-Supervisory-Securities-Corporate No. 1010012865 dated April 6, 2012 requires the Bank to reverse special earnings reserve in the proportion of the original recognition when the Bank subsequently uses, disposes or reclassifies related assets and the reversed portion may be distributed thereon. After adopting IFRSs, upon the distribution of earnings, the bank shall set aside the equal amount of special reserve based on the profit of current year and undistributed earnings, for the decrease in other stockholders' equity of this year. If there is any reversal of the decrease in other stockholders' equity, the earnings may be distributed based on the reversal proportion.

(B) Because the "trading loss reserve" and "default loss reserve" have been abolished in "Regulations Governing Securities Firms", the "trading loss reserve" and "default loss reserve" set aside before the end of December 2010 should be transferred to "special earnings reserve" according to Financial-Supervisory-Banking-Corporate No. 10010000440 dated March 23, 2011. The special reserve, after the transfer, shall not be used for purposes other than covering the losses of the company or, when the special reserve reaches 50 percent of the amount of paid-in capital, half of it may be used for capitalization.

(C) In accordance with Jin-Guan-Yin-Fa-Zi Letter No. 10510001510 dated May 25, 2016, the Bank shall, upon appropriating the earnings of 2016 to 2018, provide provision 0.5% to 1% of income after taxes as special reserve. Starting from 2017 accounting year, public banks may reverse an amount of the aforementioned special reserve commensurate to employee transfer or arrangement expenditures resulting from the developments in financial technology. However, in accordance with Jin-Guan-Yin-Fa-Zi Letter No. 10802714560 dated May 15, 2019, public banks are no longer required to set aside special reserve starting from 2019 accounting year. In addition, public banks may reverse an amount of the aforementioned prior year's special reserve commensurate to the abovementioned expenditures.

C. Unappropriated earnings distribution and dividend policy

(A) According to the Bank's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes, to offset prior years' operating losses, and then to set aside as legal reserve and special reserve in accordance with provisions under the applicable laws and regulations. The remaining earnings are subject to the Board of Directors' decision to propose a distribution plan and to be submitted to the Ordinary Stockholders' Meeting for approval.

In order to continuously expand operation scale and enhance the profitability and capital adequacy ratio, the Bank adopts a dividend surplus policy which regulates that retained earning distribution in cash dividends shall not be less than 30% of the annual earnings to be distributed. Additionally, cash dividends distribution shall be resolved at the stockholders' meeting whereas share dividends distribution shall be approved by the Financial Supervisory

Commission. Furthermore, any matter relating to distribution policy shall be raised at the Board of Directors' meeting and resolved at the stockholders' meeting.

(B) After the Bank became a subsidiary of Yuanta Financial Holding Company, the rights of the stockholders were exercised by the Board of Directors.

(C) The Board of Directors has approved the distribution of earnings on behalf of stockholders for the year 2018 on May 23, 2019 and the distribution of earnings for the year 2017 on May 24, 2018. Details are shown as follows:

	2018 earnings		2017 earnings	
	Amount	Stock dividends per Share (in dollars)	Amount	Stock dividends per Share (in dollars)
Legal reserve	\$ 1,759,034		\$ 2,012,687	
Special reserve	29,317		(446,244)	
Cash dividends	<u>4,075,095</u>	\$ 0.5511	<u>5,142,514</u>	\$ 0.6955
Total	<u>\$ 5,863,446</u>		<u>\$ 6,708,957</u>	

(D) Earnings distribution for the year 2019 with the approval the Board of Directors on March 19, 2020 is as follows:

	2019 earnings	
	Amount	Stock dividends per Share (in dollars)
Legal reserve	\$ 2,890,578	
Special reserve	(15,992)	
Cash dividends	<u>6,760,674</u>	\$ 0.9143
Total	<u>\$ 9,635,260</u>	

The appropriation of the Bank's 2019 earnings is pending until the confirmation from the Board of Directors on behalf of stockholders.

(E) Information about appropriation of earnings as resolved by the Board of Directors (on behalf of the stockholders' meeting) will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(29) Other equity items

	Translation gain and loss on the financial statements of foreign operating entities	Unrealized gain (loss) on financial assets at fair value through other comprehensive income	Total		
Balance, January 1, 2019	(\$ 330,505)	\$ 1,248,030	\$ 917,525		
Financial assets at fair value through other comprehensive income					
- Evaluation adjustment in the period	-	1,382,302	1,382,302		
- Evaluation transferred to profit or loss	-	(700,577)	(700,577)		
- Changes in accumulated impairment in the period	-	(178)	(178)		
- Evaluation transferred to retained earnings	-	320,285	320,285		
Changes in translation difference of foreign operating entities	(309,261)	-	(309,261)		
Effects on income tax	-	(29,531)	(29,531)		
Balance, December 31, 2019	(\$ 639,766)	\$ 2,220,331	\$ 1,580,565		
	Translation gain and loss on the financial statements of foreign operating entities	Unrealized gain (loss) on financial assets at fair value through other comprehensive income	Unrealized gain (loss) on valuation of available-for- -sale financial	Change in fair value of financial liability attributable to change in credit risk of the liability	Total
Balance, January 1, 2018	(\$ 227,082)	\$ -	\$ 236,685	\$ -	\$ 9,603
Effects of retrospective application and retrospective restatement	-	1,862,564	(411,826)	-	1,450,738
Balance, January 1, 2018 after adjustment	(227,082)	1,862,564	(175,141)	-	1,460,341
Financial assets at fair value through other comprehensive income					
- Evaluation adjustment in the period	-	(97,413)	-	-	(97,413)
- Realized gain and loss in the period	-	(772,917)	-	-	(772,917)
- Changes in accumulated impairment in the period	-	(12,826)	-	-	(12,826)
- Evaluation transferred to retained earnings	-	277,921	-	-	277,921
Changes in translation difference of foreign operating entities	(84,406)	-	-	-	(84,406)
Evaluation of credit risk	-	-	-	(846)	(846)
Effects on income tax	-	(9,299)	-	-	(9,299)
Reorganization	(19,017)	-	175,141	846	156,970
Balance, December 31, 2018	(\$ 330,505)	\$ 1,248,030	\$ -	\$ -	\$ 917,525

(30) Net interest income

	For the years ended December 31,	
	2019	2018
<u>Interest income</u>		
Interest income on bills discounted and loans	\$ 18,024,184	\$ 18,085,699
Interest income on securities investment	3,861,808	4,256,248
Interest income from placement and call loans to other banks	257,139	238,840
Recurring interest income from credit cards	235,672	258,402
Interest income of factoring receivables	149,162	116,982
Other interest income	83,154	82,931
Subtotal	<u>22,611,119</u>	<u>23,039,102</u>
<u>Interest expense</u>		
Interest expense of deposits	(7,397,261)	(6,874,857)
Coupon of financial debentures	(867,561)	(954,716)
Interest expense of structured instruments	(465,003)	(648,144)
Interest expense of Central Bank and other banks' deposits	(214,504)	(295,976)
Interest expense on bills and bonds sold under repurchase agreements	(137,731)	(237,598)
Lease liabilities interest expense	(55,724)	-
Other interest expense	(6,389)	(10,308)
Subtotal	<u>(9,144,173)</u>	<u>(9,021,599)</u>
Total	<u>\$ 13,466,946</u>	<u>\$ 14,017,503</u>

(Blank below)

(31) Net service income

	For the years ended December 31,	
	2019	2018
<u>Service fee and commission income</u>		
Service fee income on trust business	\$ 2,845,925	\$ 2,261,526
Service fee income on insurance brokerage	1,680,715	1,775,289
Service fee income on credit cards	1,519,292	1,657,621
Service fee income on credit extension	879,443	1,096,165
Service fee income on foreign exchange	87,119	101,270
Deposits and remittance and other service fee income (Note)	325,925	276,773
Subtotal	<u>7,338,419</u>	<u>7,168,644</u>
<u>Service fee expenses and commission expense</u>		
Service fee expense on trust business	(2,704)	(6,774)
Service fee expense on credit cards	(1,251,571)	(1,417,591)
Service fee expense on credit extension	(33,158)	(20,181)
Service fee expense on foreign exchange	(41,642)	(41,249)
Deposits and remittance and other service fee expense	(329,931)	(311,546)
Subtotal	<u>(1,659,006)</u>	<u>(1,797,341)</u>
Total	<u>\$ 5,679,413</u>	<u>\$ 5,371,303</u>

Note 1: For the years ended December 31, 2019 and 2018, the service fee income arising from engaging in electronic payment business amounted to \$10,499 and \$6,995, respectively.

Note 2: Due to the Bank concurrently engaging in electronic payment business, for the years ended December 31, 2019 and 2018, the interest earned from utilising funds received from users, which was calculated according to Article 4 of “Regulations Governing the Organization and Administration of Sinking Fund Established by Electronic Payment Institutions”, were \$4.3 and \$8.1, respectively.

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

	<u>For the years ended December 31,</u>	
	<u>2019</u>	<u>2018</u>
<u>Realized gain or loss on financial assets and liabilities at fair value through profit or loss</u>		
Bonds	\$ 1,750,498	\$ 1,655,677
Commercial papers	172,212	209,619
Stocks	141,887	66,879
Beneficiary securities	777	-
Securities borrowed	541	-
Time deposits	-	14,694
Financial debentures payable	-	(23,121)
Beneficiary certificates	(5,566)	(4,515)
Equity-linked instruments	42,200	49,752
Interest rate-linked instruments	(54,577)	(351,440)
Exchange rate-linked instruments	(1,442,311)	(1,371,852)
Subtotal	<u>605,661</u>	<u>245,693</u>
<u>Unrealized gain or loss on financial assets and liabilities at fair value through profit or loss</u>		
Bonds	620,896	(675,999)
Commercial papers	(5,367)	5,292
Stocks	73,543	90,341
Beneficiary securities	2,523	51
Time deposits	-	(5,518)
Financial debentures payable	-	10,982
Beneficiary certificates	-	(6)
Equity-linked instruments	(37,964)	38,297
Interest rate-linked instruments	(445,666)	551,769
Exchange rate-linked instruments	(67,528)	(842,503)
Subtotal	<u>140,437</u>	<u>(827,294)</u>
Total	<u>\$ 746,098</u>	<u>(\$ 581,601)</u>

A. The realized gains (losses) on the financial assets and liabilities at fair value through profit and loss of the Consolidated Company for the years ended December 31, 2019 and 2018, including net interest income, the gain (loss) on disposal and dividend income, are as follows:

	<u>For the years ended December 31,</u>	
	<u>2019</u>	<u>2018</u>
Net interest income	\$ 1,649,218	\$ 1,593,737
Losses on disposal	(1,129,676)	(1,409,661)
Dividend income	86,119	61,617
Total	<u>\$ 605,661</u>	<u>\$ 245,693</u>

B. Exchange rate-linked instruments include forward exchange contracts, foreign exchange swap contracts, cross currency swap contracts, non-delivery forwards contracts, foreign exchange options and other exchange rate-related instruments.

- C. Interest-linked instruments include interest rate swap contracts, structured interest rate instruments, interest rate options, interest rate futures and other interest-related instruments.
- D. Equity-linked instruments include structural equity instruments and embedded structural equity instruments.
- E. Any changes in fair value of the derivatives together managed with the financial instruments designated at fair value through profit or loss are listed under “gain or loss on financial assets at fair value through profit or loss”.

(33) Impairment losses of assets

	For the years ended December 31,	
	2019	2018
Reversal of impairment loss on investments in debt instruments at fair value through other comprehensive income	\$ 178	\$ 12,826
Reversal of impairment loss on investments in debt instruments at amortised cost	3	188
Impairment loss on assets classified as held for sale	(21,518)	(2,665)
Reversal of impairment loss on investment property	12,661	25
Impairment loss on intangible assets	-	(1,437,309)
Reversal of impairment loss (impairment loss) on other assets	106	(219)
Total	<u>(\$ 8,570)</u>	<u>(\$ 1,427,154)</u>

(34) Other non-interest income

	For the years ended December 31,	
	2019	2018
Gains on default fine of loans	\$ 77,867	\$ 109,012
Rental income	52,459	34,077
Gains on disposal of investment property	-	3,283
Gains on disposal of non-performing loans	11,780	9,460
Gain (loss) on trade/disposal of property	21,700	(16,849)
Reversal of (provision for) indeterminate indemnity reserve	-	(13,322)
Other net gains or losses	(1,268)	(7,755)
Total	<u>\$ 162,538</u>	<u>\$ 117,906</u>

(35) Employee benefit expense

	For the years ended December 31,	
	2019	2018
Wages and salaries	\$ 5,571,291	\$ 5,655,944
Labor and health insurance fees	373,828	380,198
Pension costs	236,572	258,877
Termination benefits expenses	(116,715)	-
Other personnel expenses	327,030	350,624
Total	<u>\$ 6,392,006</u>	<u>\$ 6,645,643</u>

A. According to the Articles of Incorporation of the Bank, if the Bank has earnings upon the year-end, after covering accumulated deficits with current year earnings (that is, income before taxes minus income before appropriation of employees' compensation), the remainder, if any, shall provision 0.01% to 5% as employees' compensation.

B. For the years ended December 31, 2019 and 2018, employees' compensation were accrued at \$49,806 and \$46,638, respectively. The amounts were recognized in salary expenses. For the year ended December 31, 2019, after considering accumulated deficits, the most appropriate estimate was accrued based on the period-end (the current year) earnings and the multiplier interval stipulated in the Articles of Incorporation; subsequently, where the accrued amounts are different from the actual distributed amounts as resolved by the Board of Directors on behalf of the stockholders' meeting, the differences are accounted for as changes in accounting estimates.

C. Employees' compensation of 2018 as resolved at the meeting of the Board of Directors was in agreement with the amount recognized in the 2018 financial statements amounting to \$46,638.

(36) Depreciation and amortization

	For the years ended December 31,	
	2019	2018
Property and equipment depreciation	\$ 342,473	\$ 334,359
Investment property depreciation	5,958	6,275
Right-of-use asset depreciation	573,261	-
Intangible assets amortization	336,678	325,656
Deferred assets amortization	67,884	87,969
Total	<u>\$ 1,326,254</u>	<u>\$ 754,259</u>

(37) Other general and administrative expenses

	For the years ended December 31,	
	2019	2018
Tax	\$ 976,690	\$ 1,006,406
Rental expense	267,956	893,661
Insurance expense	332,669	327,575
Repairs and maintenance	263,333	252,638
Postage expense	162,095	193,146
Professional expense	188,943	180,768
Others	887,651	1,001,703
Total	<u>\$ 3,079,337</u>	<u>\$ 3,855,897</u>

(38) Income tax

A. Income tax expense

(A) Components of income tax expense:

	For the years ended December 31,	
	2019	2018
Current tax:		
Income tax from current income	\$ 1,770,684	\$ 1,184,640
Prior year income tax overestimation	(4,538)	(27,929)
Total current tax	<u>1,766,146</u>	<u>1,156,711</u>
Deferred tax:		
Origination and reversal of temporary differences	(305,074)	370,627
Impact of change in tax rate	-	(89,283)
Total deferred tax	<u>(305,074)</u>	<u>281,344</u>
Income tax expense	<u>\$ 1,461,072</u>	<u>\$ 1,438,055</u>

(B) The income tax related to components of other comprehensive income is as follows:

	For the years ended December 31,	
	2019	2018
Income tax related to components of other comprehensive income that will not be reclassified to profit or loss		
Change in fair value of equity instruments at fair value through other comprehensive income	\$ 25,393	\$ 6,367
Losses on remeasurements of defined benefit plans	(16,608)	(280)
Effect of tax rate changes	-	(2,963)
Income tax related to components of other comprehensive income that will be reclassified to profit or loss		
Change in fair value of debt instruments at fair value through other comprehensive income	4,138	(2,456)

B. Reconciliation between income tax expense and accounting profit:

	For the years ended December 31,	
	2019	2018
Income tax from pretax income calculated at regulated tax rate	\$ 2,316,782	\$ 2,045,362
Temporary differences not recognized as deferred tax assets	(8,660)	4,199
Taxable loss not recognized as deferred tax assets	13,814	10,515
Prior year income tax overestimation	(4,538)	(27,929)
Net operating loss carryforwards deducted from the current year's use	(15,210)	(26,989)
Alternative Minimum Tax effects	(75)	218,318
Effect from changes in tax regulation	-	(89,283)
Effects of items not recognized under relevant regulations, exemption and other income	(841,041)	(696,138)
Income tax expense	<u>\$ 1,461,072</u>	<u>\$ 1,438,055</u>

C. Amounts of deferred tax assets or liabilities as a result of temporary difference are as follows:

	2019				
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	Others (Note)	December 31
Temporary differences:					
- Deferred tax asset:					
Allowance for credit losses in excess of tax limitation	\$ 356,258	\$ 184,596	\$ -	\$ 58	\$ 540,912
Employee benefit liabilities reserve	165,066	344	16,608	27	182,045
Ta Chong Bank amortization of goodwill (accumulated impairment included)	48,237	(48,237)	-	-	-
Unrealized loss on financial assets at fair value through profit or loss	13,025	16,764	-	-	29,789
Estimated non-leaving bonus	10,980	1,002	-	-	11,982
Unrealized loss on financial assets at fair value through other comprehensive income	3,982	-	(4,069)	87	-
Deferred revenue of credit cards	2,847	(250)	-	-	2,597
Valuation gain or loss on foreign taxable	1,855	(1,855)	-	-	-
Net operating loss carryforward	1,834	5,412	-	(176)	7,070
Unrealized exchange loss	-	45,099	-	(1)	45,098
Other	7,746	7,993	-	3,407	19,146
Subtotal	<u>611,830</u>	<u>210,868</u>	<u>12,539</u>	<u>3,402</u>	<u>838,639</u>
- Deferred tax liability:					
Unrealized exchange gain	(\$ 227,581)	\$ 227,589	\$ -	(\$ 8)	\$ -
Chin Fon Bank amortization of goodwill (accumulated impairment included)	(74,903)	(127,966)	-	-	(202,869)
Unrealized gain on financial assets at fair value through other comprehensive income	(43,242)	-	(25,717)	62	(68,897)
Reserve for land value increment tax	(40,278)	-	-	8,251	(32,027)
Amortization of other intangible asset	(5,730)	(5,731)	-	-	(11,461)
Unrealized gain on financial assets at fair value through profit or loss	(314)	314	-	-	-
Other	(464)	-	255	20	(189)
Subtotal	<u>(392,512)</u>	<u>94,206</u>	<u>(25,462)</u>	<u>8,325</u>	<u>(315,443)</u>
Total	<u>\$ 219,318</u>	<u>\$ 305,074</u>	<u>(\$ 12,923)</u>	<u>\$ 11,727</u>	<u>\$ 523,196</u>

Note : Including the impact of exchange rate and an adjustment in IFRS 16.

	2018				
	January 1	Recognized in profit or loss (Note 1)	Recognized in other comprehensive income (Note 1)	Others (Note 2)	December 31
Temporary differences:					
- Deferred tax asset:					
Allowance for credit losses in excess of tax limitation	\$ 146,471	(\$ 75,410)	\$ -	\$ 285,197	\$ 356,258
Employee benefit liabilities reserve	138,200	18,253	8,631	(18)	165,066
Unrealized exchange loss	78,814	(78,814)	-	-	-
Estimated non-leaving bonus	8,706	2,274	-	-	10,980
Deferred revenue of credit cards	3,283	(436)	-	-	2,847
Net operating loss carryforward	936	777	-	121	1,834
Unrealized loss on available-for-sale financial assets	406	-	-	(406)	-
Unrealized loss on financial assets at fair value through profit or loss	240	12,785	-	-	13,025
Valuation gain or loss on foreign taxable products	86	1,769	-	-	1,855
Unrealized loss on financial assets at fair value through other comprehensive income	-	-	3,293	689	3,982
Ta Chong Bank amortization of goodwill (accumulated impairment included)	-	48,237	-	-	48,237
Other	6,423	947	86	290	7,746
Subtotal	383,565	(69,618)	12,010	285,873	611,830
- Deferred tax liability:					
Chin Fon Bank amortization of goodwill (accumulated impairment included)	(\$ 103,050)	(\$ 2,721)	\$ -	\$ 30,868	(\$ 74,903)
Reserve for land value increment tax	(40,278)	-	-	-	(40,278)
Unrealized gain on available-for-sale financial assets	(30,985)	-	-	30,985	-
Unrealized gain on financial assets at fair value through profit or loss	(22,200)	21,886	-	-	(314)
Unrealized exchange gain	(23)	(227,552)	-	(6)	(227,581)
Unrealized gain on financial assets at fair value through other comprehensive income	-	-	(12,354)	(30,888)	(43,242)
Amortization of other intangible asset	-	(5,730)	-	-	(5,730)
Other	(2,391)	2,391	(324)	(140)	(464)
Subtotal	(198,927)	(211,726)	(12,678)	30,819	(392,512)
Total	\$ 184,638	(\$ 281,344)	\$ 668	\$ 316,692	\$ 219,318

Note 1: Including the impact of change in the tax rate.

Note 2: Including the impact of exchange rate and an adjustment in IFRS 9.

- D. As of December 31, 2019, the Yuanta Savings Bank (Philippines)'s unused loss deduction was \$107,487. The validity period for the loss deduction pursuant to local regulations was before 2022.
- E. As of December 31, 2019, Yuanta Savings Bank (Korea)'s unused loss carry forward was \$350,496. The validity period for the loss carry forward pursuant to local regulations was before 2026.

F. The company's income tax returns through 2015 has been assessed and approved by Tax Authority.

The Bank's annual income tax returns for 2014 to 2015 were assessed by the Tax Authority and received assessment reports. The Tax Authority disallowed the amortization of goodwill. In accordance with the law, the Bank has claimed for administrative remedy to recognize the income tax expense relating to the additional income tax payable.

The subsidiary of the company, Yuanta International Leasing's income tax returns through 2018 has been assessed and approved by the Tax Authority.

G. Under the amendments to the Income Tax Act which were promulgated by the President of the Republic of China on February 7, 2018, the applicable income tax rate will be raised from 17% to 20% effective from January 1, 2018. The Consolidated Company has recognized the impact of the change in income tax rate.

(39) Earnings per share

A. Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to ordinary shareholders of the Bank by the weighted average number of ordinary shares in issue during the period.

	<u>For the year ended December 31, 2019</u>		
	<u>Amount after tax</u>	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 the parent	\$ 10,046,230	7,394,039	\$ 1.36
	<u>For the year ended December 31, 2018</u>		
	<u>Amount after tax</u>	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 the parent	\$ 8,607,600	7,394,039	\$ 1.16

7. Related party transactions

(1) Parent and ultimate controlling party

Yuanta Financial Holdings is the parent company and ultimate controlling party of the Consolidated Company.

(2) Names and relationship of related parties

<u>Names of related parties</u>	<u>Relationship with the Bank</u>
Yuanta Securities Finance Co., Ltd. ("Yuanta Securities Finance")	Affiliated company in the same group
Yuanta Securities Investment Consulting Co., Ltd. ("Yuanta Securities Investment Consulting")	Affiliated company in the same group
Yuanta Securities Co., Ltd. ("Yuanta Securities")	Affiliated company in the same group
Yuanta Securities Investment Trust Co., Ltd. ("Yuanta Securities Investment Trust")	Affiliated company in the same group
Yuanta Futures Co., Ltd. ("Yuanta Future")	Affiliated company in the same group
Yuanta Life Insurance Co., Ltd. ("Yuanta Life Insurance")	Affiliated company in the same group
Yuanta Venture Capital Co., Ltd. ("Yuanta Venture")	Affiliated company in the same group
Yuanta Asset Management Co., Ltd. ("Yuanta Asset Management")	Affiliated company in the same group
Yuanta Asia Investment Limited ("Yuanta Asia Investment")	Affiliated company in the same group
Yuanta Securities Korea Co., Ltd. ("Yuanta Securities (Korea)")	Affiliated company in the same group
Funds managed by Yuanta Securities Investment Trust	Funds managed by the same group
Yuanta Construction Development Co., Ltd. ("Yuanta Construction Development")	A director of Yuanta Group holds a key managing position
Yung Chin International Investment Co., Ltd. ("Yung Chin International Investment")	A director of Yuanta Group holds a key managing position
Asia Carbons & Technology Inc. ("Asia Carbons")	Related party in substance
Shang Trip Travel Service Co., Ltd. ("Shang Trip Travel Service")	Related party in substance
Lo Sheng Feng Co., Ltd. ("Lo Sheng Feng")	Major shareholder of Yuanta Group
Yuanta Cultural & Education Foundation	A director of Yuanta Group holds a key managing position
Polaris Research Institute	Related party in substance

Names of related parties	Relationship with the Bank
He's Education Foundation	A director of Yuanta Group holds a key managing position
Others	The Consolidated Company's affiliated companies and directors, supervisors and managers, and their relatives

(3) Significant transactions and balances with related parties

A. Deposit

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

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

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

For the years ended December 31, 2019 and 2018, interest expense on the above deposits were \$429,910 and \$329,480, respectively.

(Blank below)

B. Loans

December 31, 2019

Unit Thousands of New Taiwan 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
	WEIRAN 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
Other loans	Yungchin International Investment	33,907	32,015	32,015	-	Real estate	None
	Lo Sheng Feng	22,000	22,000	22,000	-	Real estate	None
	Yuanta Securities	183,147	-	-	-	Real estate	None
	95	294,295	168,871	168,871	-	Stock, deposits, policy and real estate	None
Total			\$ 3,493,059	\$ 3,493,059	\$ -		

December 31, 2018

Unit Thousands of New Taiwan Dollars							
Types	Number of accounts or name of related party	Highest balance	Ending balance	Loan status		Collateral	Whether terms and conditions of the related party transactions are different from those of transactions with third parties.
				Normal loans	Overdue accounts		
Consumer loans	357	\$ 65,348	\$ 37,967	\$ 37,967	\$ -	Credit loans, movables and deposits	None
Home mortgage loans	460	3,998,401	3,098,014	3,098,014	-	Real estate	None
	He's Education Foundation	27,000	27,000	27,000	-	Deposits	None
	Yung Chin International Investment	35,800	33,907	33,907	-	Real estate	None
Other loans	Asia Carbons	2,083	-	-	-	Guarantee of the Small and Medium Enterprise Credit Guarantee Fund	None
	Lo Sheng Feng	22,000	22,000	22,000	-	Real estate	None
	95	339,560	172,994	172,994	-	Stock, deposits, policy and real estate	None
Total			\$ 3,391,882	\$ 3,391,882	\$ -		

Loans to related parties are under the same terms as those to other customers, except for interest rates on loans to affiliated companies were 0.00% to 2.50% and 0.00% to 2.52%, the interest rates on the remaining loans are ranging from 0.00% to 11.07% and 0.00% to 8.58% for the years ended December 31, 2019 and 2018, respectively, which are the same with the terms of general loans.

For the years ended December 31, 2019 and 2018, interest income resulting from the above loans amounted to \$54,603 and \$55,055, respectively.

C. Service fee and commission

Names of related parties	For the years ended December 31,	
	2019	2018
Parent company:		
Yuanta Financial Holdings	\$ 203	\$ 171
Fellow subsidiary:		
Yuanta Life Insurance	829,780	729,150
Yuanta Securities	9,481	1,035
Yuanta Securities Investment Trust	8,081	9,254
Yuanta Asia Investment	239	125
Yuanta Futures	230	281
Yuanta Construction Development	33	201
Yuanta Securities Investment Consulting	1	-
Total	<u>\$ 848,048</u>	<u>\$ 740,217</u>

The following income was mainly from commissions from sales of mutual funds and insurance and fiduciary affiliated services, the related receivables were as follows:

Names of related parties	December 31, 2019	December 31, 2018
Fellow subsidiary:		
Yuanta Life Insurance	\$ 92,162	\$ 66,513
Yuanta Securities Investment Trust	367	380
Total	<u>\$ 92,529</u>	<u>\$ 66,893</u>

D. Rental revenue

Names of related parties	Purpose	For the years ended December 31,	
		2019	2018
Parent company:			
Yuanta Financial Holdings	Office rental/ Parking lot rental	\$ 6,919	\$ 6,714
Fellow subsidiary:			
Yuanta Securities	Office rental/ Venue rental	7,440	7,606
Yuanta Futures	Venue rental	1,732	1,733
Yuanta Life Insurance	Office rental/ Parking lot rental	668	961
Total		<u>\$ 16,759</u>	<u>\$ 17,014</u>

Above-mentioned terms are settled according to the contracts signed between parties, the related refundable deposits-in were as follows:

Names of related parties	December 31, 2019	December 31, 2018
Parent company:		
Yuanta Financial Holdings	\$ 1,151	\$ 1,151
Fellow subsidiary:		
Yuanta Securities	1,268	1,390
Yuanta Futures	288	288
Yuanta Life Insurance	24	160
Total	\$ 2,731	\$ 2,989

E. Rent expense

Names of related parties	Purpose	For the years ended December 31,	
		2019	2018
Fellow subsidiary:			
Yuanta Securities	Office rental/ Venue rental	\$ 105,486	\$ 121,178
Yuanta Securities Finance	Office rental	2,537	2,537
Total		\$ 108,023	\$ 123,715

Above-mentioned terms are settled according to the contracts signed between parties, the related refundable deposits-out were as follows:

Names of related parties	December 31, 2019	December 31, 2018
Fellow subsidiary:		
Yuanta Securities	\$ 5,516	\$ 6,077
Yuanta Securities Finance	633	633
Total	\$ 6,149	\$ 6,710

F. Donations

Names of related parties	For the years ended December 31,	
	2019	2018
Fellow subsidiary:		
Yuanta Cultural & Education Foundation	\$ 27,900	\$ 28,300
Polaris Research Institute	12,370	8,970
Total	\$ 40,270	\$ 37,270

G. Consulting fee

Names of related parties	For the years ended December 31,	
	2019	2018
Fellow subsidiary:		
Yuanta Securities Investment Consulting	\$ 12,780	\$ 12,780

H. Commission expense

<u>Names of related parties</u>	<u>For the years ended December 31,</u>	
	<u>2019</u>	<u>2018</u>
Fellow subsidiary:		
Yuanta Securities	\$ 25,785	\$ 27,137
Yuanta Securities (Korea)	185	893
Yuanta Futures	-	1
Total	<u>\$ 25,970</u>	<u>\$ 28,031</u>

I. Current income tax assets/ liabilities

<u>Names of related parties</u>	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Parent company:		
Yuanta Financial Holdings		
Consolidated income tax receivables	<u>\$ 2,282,925</u>	<u>\$ 2,275,250</u>
Consolidated income tax payables	<u>\$ 1,255,910</u>	<u>\$ 312,073</u>

J. Leasing arrangements – lessee

(A) The Consolidated Company leased buildings from Yuanta Securities. With 3 years period of lease, rents are paid every month.

(B) Acquisition of right-of-use assets:

<u>Names of related parties</u>	<u>Year ended December 31, 2019</u>
Fellow subsidiary	
Yuanta Securities	<u>\$ 23,667</u>

On 1 January 2019 (the date of initial application of IFRS 16), the Consolidated Company increased right-of-use asset by \$42,016.

(C) Lease liabilities

<u>Names of related parties</u>	<u>For the year ended</u>	
	<u>December 31, 2019</u>	<u>December 31, 2019</u>
	<u>Lease liabilities</u>	<u>Interest expense</u>
Fellow subsidiary:		
Yuanta Securities	<u>\$ 42,866</u>	<u>\$ 320</u>

K. Property transactions

(A) The details of the Consolidated Company's outright purchase and sale transactions with affiliates in the open market were as follows:

There were no related transactions for the year ended December 31, 2019.

	For the year ended December 31, 2018		
	Type	Purchase Price	Selling Price
Fellow subsidiary:			
Yuanta Securities	Bonds	\$ 199,968	\$ -

(B) Transactions of derivative financial instruments

There were no related transactions for the year ended December 31, 2019.

December 31, 2018						
Names of related parties	Derivative Instrument Contract	Period	Notional	Gain (Loss)	Balance Sheet	
			Amount	on Valuation	Account	Balance
Yuanta Life Insurance	Exchange contracts	Maturing between 2018.10.7-2019.04.19	\$ 399,529	\$ 623	Financial assets at fair value through profit or loss	\$ 623

(C) The details of the Consolidated Company's futures transactions with affiliates in the open market were as follows:

	December 31, 2019	December 31, 2018
Fellow subsidiary:		
Yuanta Futures		
Futures trading guarantees	\$ -	\$ 5,991

Service charges for trading of futures are as follows:

Fellow subsidiary:	For the years ended December 31,	
	2019	2018
Yuanta Futures		
Interest income	\$ 12	\$ 21
Service fee expense	\$ 21	\$ 318

(D) As of December 31, 2019, the Consolidated Company sold transportation equipment to Yuanta Securities, the disposal price was \$1,380, and the losses on disposal was \$173.

(E) As of December 31, 2019, the Consolidated Company sold transportation equipment to Yuanta Financial Holding, the disposal price was \$2,220, and the gains on disposal was \$761.

(F) As of December 31, 2019, the Consolidated Company purchased transportation equipment from Yuanta Securities Investment Trust for \$500, and was presented as transportation equipment.

(G) As of December 31, 2019, the Consolidated Company purchased transportation equipment from Yuanta Securities Investment Trust for \$1,250, and was presented as transportation equipment.

(H) As of December 31, 2018, the Consolidated Company entered foreign exchange swap transaction with Yuanta Life Insurance, the principal was USD 13,000, and the contract matured on April 19, 2019, with related gains of \$5,629.

(I) As of December 31, 2018, the Consolidated Company sold transportation equipment to Yuanta Life Insurance, the disposal price was \$450, and the losses on disposal was \$95.

L. Others

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Receivables - Yuanta Securities	\$ 38	\$ 44
Receivables - Yuanta Life Insurance	-	10
Other assets - Yuanta Life Insurance	8,874	7,127
Other assets - Yuanta Securities (Korea)	5,210	-
Payables - Yuanta Financial Holdings	3,653	10,729
Payables - Yuanta Securities	9,483	7,331
Payables - Yuanta Asset Management	-	2,015
Payables - Yuanta Life Insurance	450	510
	<u>For the years ended December 31,</u>	
	<u>2019</u>	<u>2018</u>
Interest revenues - Yuanta Securities (Korea)	\$ 16	\$ -
Miscellaneous revenues - Yuanta Securities	164	164
Miscellaneous revenues - Yuanta Futures	164	164
Operating expenses - Yuanta Life Insurance	19,145	9,138
Operating expenses - Yuanta Securities	120	120

(4) Information on remunerations to the key management

	<u>For the years ended December 31,</u>	
	<u>2019</u>	<u>2018</u>
Salaries and other short-term employee benefits	\$ 851,055	\$ 926,608
Post-employment benefits	24,119	34,993
Termination benefits	976	1,007
Total	<u>\$ 876,150</u>	<u>\$ 962,608</u>

8. Pledged assets

As of December 31, 2019 and 2018, the Consolidated Company's assets pledged as collateral are as follows:

Items	December 31, 2019	Purpose of pledge
<u>Investments in debt</u>		
<u>instruments at amortised cost</u>		
- Negotiable certificates of deposit of Central Bank	\$ 10,000,000	Foreign currency clearing overdraft guarantee
- Time deposits	518,760	Foreign currency clearing overdraft guarantee
- Government bonds	610,476	Collateral for provisional seizure
- Government bonds	197,169	Trust fund reserve
- Government bonds	110,214	OTC EBTS for bond settlement reserves
- Government bonds	76,881	Operating guarantee deposits and trust fund reserves
- Government bonds	55,107	Deposit guarantees of bills merchants
- Government bonds	44,086	Operating guarantee deposits for securities underwriting
- Government bonds	11,021	Operating guarantee deposits for securities dealing
- Government bonds	5,290	VISA International card payment reserves
<u>Financial assets at fair value</u>		
<u>through other comprehensive income</u>		
- Corporate bonds	430,402	Operating guarantee deposits
Items	December 31, 2018	Purpose of pledge
<u>Investments in debt</u>		
<u>instruments at amortised cost</u>		
- Negotiable certificates of deposit of Central Bank	\$ 10,000,000	Foreign currency clearing overdraft guarantee
- Time deposits	1,342,500	Foreign currency clearing overdraft guarantee
- Government bonds	477,298	Collateral for provisional seizure
- Government bonds	186,813	Trust fund reserve
- Government bonds	110,460	OTC EBTS for bond settlement reserves
- Government bonds	80,587	Operating guarantee deposits and trust fund reserves
- Government bonds	55,230	Deposit guarantees of bills merchants
- Government bonds	44,184	Operating guarantee deposits for securities underwriting
- Government bonds	11,046	Operating guarantee deposits for securities dealing
- Government bonds	5,192	VISA International card payment reserves

Items	December 31, 2018	Purpose of pledge
<u>Financial assets at fair value</u>		
<u>through other comprehensive</u>		
<u>income</u>		
- Government bonds	31,102	Collateral for provisional seizure
- Corporate bonds	399,054	Operating guarantee deposits
<u>Receivables</u>	6,000	Collateral for provisional seizure

9. Significant contingent liabilities and unrecognized contract commitments

(1) Commitments

A. For details on operating leases, please refer to Note 12(4)C(C).

B. As of December 31, 2019 and 2018, capital expenditures contracted for at the balance sheet date but not yet incurred were \$252,223 and \$170,010, respectively.

(2) Litigation case

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

In March 2016, Trust Investment (a borrower) petitioned to the Financial Services Commission of the Republic of Korea that Yuanta Savings Bank (Korea) overcharged expenses for prior loan cases and thus claimed Yuanta Savings Bank (Korea) should return ₩4 billion unjustly received fees. Because Yuanta Savings Bank (Korea) believed that such a claim had no merit, Yuanta Savings Bank (Korea) filed a litigation with the Seoul District Court to confirm that obligations at issue lacked legal merit and to clarify related disputes in the petition. Upon the acquisition date of Yuanta Savings Bank (Korea), the Bank had reached an agreement with AON BGN Limited Liability Company that required AON BGN Limited Liability Company to pledge ₩5 billion to the Bank as a guarantee for losses related to the litigation. On June 16, 2017, the aforementioned case was adjudicated in favour of Yuanta Savings Bank (Korea) by the Seoul Southern District Court. On May 25, 2018, the Seoul High Court upheld the district court's decision. Trust Investment has appealed for the third instance to the Supreme Court of South Korea. On March 12, 2020, the Supreme Court of South Korea adjudicated in favour of Yuanta Savings Bank (Korea) in the third instance. Yuanta Bank adjusted the compensation assets and contingent liabilities which were recognised in accordance with the litigation before (shown as "other assets, net" and "provisions").

B. Ta Chong Bank had conducted foreign exchange derivatives transactions with Sino United International Co., Ltd. and Plosa International Co., Ltd (collectively referred herein as "the SINO and PLOSA companies"). As the SINO and PLOSA companies 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 interest accrued therefrom). The Bank has assumed the lawsuit after acquiring Ta Chong Bank. On January 26, 2018, the first instance court has ruled in favour of the Bank. The SINO and PLOSA companies 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 the Bank. The SINO and PLOSA companies disagreed with the ruling and filed an appeal for the third instance. However, currently only the appeal of

SINO is under review of the Supreme Court as the appeal of PLOSA was overruled due to the unpaid court costs. The subsequent proceedings of the litigation have been assessed to have no material impact on the operations and stockholders' equity of the Bank as of December 31, 2019.

C. Yuanta Savings Bank (Korea) exercised its pledge right to acquire a 33.3% interest equity of Pentagon City under a credit loan extended by Yuanta Savings Bank (Korea) to Pentagon City from 2006 to 2008. In September 2008, Pentagon City implemented a capital reduction on shares originally held by Yuanta Savings Bank (Korea) and another shareholder under which Pentagon City returned cash of ₩28 billion to Yuanta Savings Bank (Korea). Pentagon City claimed that Yuanta Savings Bank (Korea) breached the 10% holding limit for an unlisted company imposed by law 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 share above the 10% holding limit. On June 20, 2019, the Seoul District Court as the first instance court has ruled in favour of the Yuanta Savings Bank (Korea), and Pentagon City disagreed with the ruling and filed an appeal on July 8, 2019. The case is still under review of the Seoul High Court. The subsequent proceedings of the litigation have been assessed to have no material impact on the operations and stockholders' equity of Yuanta Bank as of December 31, 2019.

(3) Others

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Irrevocable loan commitments	\$ 25,604,687	\$ 28,439,091
Unused credit commitments on credit cards	119,477,639	121,759,033
Unused letters of credit balance	3,635,756	4,570,325
Other guarantees	13,217,092	15,773,127
Consignment collection for others	16,990,839	18,940,103
Trust assets	208,314,564	202,757,553
Items under custody	29,999,685	33,312,553
Commitment of securities under repurchase agreements	1,582,270	16,385,401
Commitment of securities under resale agreements	5,315,823	-

10. Significant losses from disasters

None.

11. Significant subsequent events

None.

12. Others

(1) Fair value information of financial instruments

A. Outline

Fair value is the amount for which an asset could be exchanged or a liability can be settled between market participants in an orderly transaction.

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

(A) Level 1

Inputs that are quoted prices in active markets for identical financial instruments. An active market has to satisfy all the following conditions: A 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 Consolidated Company, 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

Inputs other than quoted prices in active markets, are those observable price, either directly (that is, as prices) or indirectly (that is, derived from prices) in active market. Investment of the Consolidated Company such as non-popular government bonds, corporate bonds, financial bonds, convertible corporate bonds and most derivatives are all classified within Level 2.

(C) Level 3

Inputs used to measure fair values that are not data obtainable in the market or counterparty quotes. A portion of the Consolidated Company's investments in negotiable time deposits, derivatives, financial assets at fair value through other comprehensive income, as well as the Consolidated Company's financial liabilities measured at fair value through profit or loss are considered as such.

(2) Financial instruments measured at fair value

A. Hierarchy of fair value estimation of financial instruments:

<u>Recurring fair value measurements</u>	December 31, 2019			
	Total	Level 1	Level 2	Level 3
<u>Non-derivative financial instruments</u>				
Assets				
Financial assets at fair value through profit or loss				
Financial assets mandatorily measured at fair value through profit or loss				
Stock investments	\$ 2,543,806	\$ 2,543,806	\$ -	\$ -
Bond investments	102,032,204	27,167,528	74,864,676	-
Short-term notes and bills	33,300,082	-	33,300,082	-
Others	7,827,943	26,631	7,801,312	-
Financial assets at fair value through other comprehensive income				
Stock investments	10,168,254	6,617,645	-	3,550,609
Bond investments	89,496,751	30,514,147	58,982,604	-
Short-term notes and bills	724,575	570,902	153,673	-
Others	906,159	906,159	-	-
<u>Derivative financial instruments</u>				
Assets				
Financial assets at fair value through profit or loss	\$ 2,867,340	\$ -	\$ 2,867,340	\$ -
Liabilities				
Financial liabilities at fair value through profit or loss	\$ 3,568,060	\$ -	\$ 3,568,060	\$ -

Recurring fair value measurements	December 31, 2018			
	Total	Level 1	Level 2	Level 3
Non-derivative financial instruments				
Assets				
Financial assets at fair value through profit or loss				
Financial assets mandatorily measured at fair value through profit or loss				
Stock investments	\$ 4,102,279	\$ 4,102,279	\$ -	\$ -
Bond investments	95,340,260	20,534,945	74,805,315	-
Short-term notes and bills	28,667,657	-	28,667,657	-
Others	2,005,759	5,340	2,000,419	-
Financial assets at fair value through other comprehensive income				
Stock investments	5,076,197	1,960,085	-	3,116,112
Bond investments	101,225,869	40,280,454	60,945,415	-
Short-term notes and bills	770,710	-	770,710	-
Derivative financial instruments				
Assets				
Financial assets at fair value through profit or loss	\$ 4,593,251	\$ -	\$ 4,593,251	\$ -
Liabilities				
Financial liabilities at fair value through profit or loss	\$ 4,823,707	\$ -	\$ 4,823,707	\$ -

B. Valuation technique of fair value

- (A) If the quoted market price of a financial instrument is available in an active market, the quoted price is the fair value. Market prices bulletined by major SEC and OTC, where high volume of central government bonds are traded, are the foundation of debt instruments' fair value of quoted market price in an active market and listed equity instruments.
- (B) If the market quotation from Stock Exchange Corporation, Reuters, Bloomberg information, commission merchants, or competent authorities can be frequently obtained on time, and the price represents the actual and frequent transactions at arm's length, then a financial instrument is deemed to have an active market. If the above condition cannot be met, the market is deemed inactive. In general, significant price variance between the purchase price and selling price, significantly increasing price variance or extremely low trading volume are all indicators of an inactive market.
- (C) If the financial instruments held by the Consolidated Company have an active market, the fair values by classification and nature are as follows:
- NTD Central Government Bond: the yield rates across different contract length bulletined by Over-The-Counter (hereinafter OTC) are used.
 - NTD government bonds, corporate bonds, financial bonds and beneficiary securities: the yield rates across different contract length bulletined by OTC are adopted.
 - Foreign government bonds, financial bonds, corporate bonds and securitized instruments: the quotations from Bloomberg information or OTC are adopted.
 - Listed stocks (TSE and OTC) and ETF: The closing price on the date that the stock or ETF being listed in TSE or OTC for the first-time or the prior transaction price is adopted.

- e. Domestic convertible corporate bonds: reference prices for the next day bulletined by the TSE are adopted as valuation standard.
 - f. Domestic and overseas funds: the net fund values announced by the investment trust are adopted.
 - g. Overseas convertible bond: quotations from Bloomberg are adopted.
- (D) If the financial instruments held by the Consolidated Company have no active market, the fair values by classification and nature are as follows:
- a. NTD Central Government Bond: Bonds with lower trading volume adopt the theory price of fair value bulletined by OTC.
 - b. NTD local government bonds, corporate bonds, financial debentures and beneficiary securities: For bonds with lower trading volume, theoretical price retrieved from referencing interest rate bulletined by OTC using the linear interpolation method is adopted.
 - c. NTD negotiable certificates of deposit, short-term commercial papers and treasury bills: TAIBIRO2 rate provided by Taiwan Depository Clearing Corporation is referenced to discount future cash flow and calculate the present value of valuation.
 - d. Foreign financial debentures, corporate bonds, negotiable certificates of deposit and securitized instruments: When public quotes are not obtainable through the market, appropriate interest models are elected to measure value or quotes provided by counterparties are adopted as the valuation basis.
 - e. Interest rate structured instruments and equity structured instruments: Interest valuation techniques elect valuation models for options to obtain reasonable theoretical prices.
 - f. Derivatives trading:
 - (a) Foreign exchange forward contract, currency swaps, interest rate swaps and cross currency swaps: quoted priced of Reuters on Bloomberg information is referenced and used to discount future cash flow.
 - (b) Options: Black-Scholes, Vanna-Volga, Local Volatility or stochastic volatility models are mainly adopted for valuation, and the quoted prices of Reuters are referenced.
 - (c) Foreign structured instruments: The quoted prices of Reuters are mainly referenced. Multi-factor models are adopted for valuation and the quoted prices from counterparties are also used.
 - g. Unlisted stocks: The fair values of the company's held unlisted stocks without an active market are measured by electing the market approach, income approach or replacement cost method.

C. Fair value adjustment

(A) Valuation model limit and uncertain inputs

The outputs of the valuation model are estimates and the valuation techniques may not reflect all relevant factors of the Consolidated Company's financial instruments. Thus, the estimates of the valuation model are adjusted in accordance with extra inputs, i.e. model risk or liquidity risks. Under management policy for fair value valuation model and related control procedures, management believes valuation adjustment is necessary in order to present the fair value of financial instruments in the consolidated balance sheets fairly. The price information and inputs used in the valuation are carefully assessed and adjusted based on current market conditions.

(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 Consolidated Company's credit quality.

D. Transfer between Level 1 and Level 2

As of December 31, 2019 and 2018, there were no transfers from Level 1 to Level 2.

(Blank below)

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:

Items	For the year ended December 31, 2019						
	Gain and loss on valuation			Addition		Reduction	
	Beginning balance	Gain and loss	Other comprehensive income	Purchased or issued	Transferred to Level 3 (Note)	Sold, disposed or settled	
Financial assets at fair value	\$ 3,116,112	\$ -	\$ 434,594	\$ -	\$ -	\$ 97	
through other comprehensive income						\$ -	
Total	<u>\$ 3,116,112</u>	<u>\$ -</u>	<u>\$ 434,594</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 97</u>	<u>\$ -</u>
							<u>\$ 3,550,609</u>

Items	For the year ended December 31, 2018						
	Gain and loss on valuation			Addition		Reduction	
	Beginning balance	Gain and loss	Other comprehensive income	Purchased or issued	Transferred to Level 3 (Note)	Sold, disposed or settled	
Financial assets at fair value	\$ 1,709,851	\$ -	\$ -	\$ -	\$ -	\$ -	
through profit or loss						\$ -	
Financial assets at fair value	3,945,813	(7)	379,270	14,925	-	24,929	
through other comprehensive income						1,198,960	
Total	<u>\$ 5,655,664</u>	<u>\$ (7)</u>	<u>\$ 379,270</u>	<u>\$ 14,925</u>	<u>\$ -</u>	<u>\$ 24,929</u>	<u>\$ 2,908,811</u>
							<u>\$ 3,116,112</u>

In relation to the above, valuation gains and losses are recognized in gain and loss in the period. The gains and losses on assets held as of December 31, 2019 and 2018 were \$0 for both years.

In relation to the above, valuation gains and losses are recognized in other comprehensive income. The gains and losses on assets held as of December 31, 2019 and 2018 were \$434,524 and \$378,926, respectively.

Note: Transferred out / in of Level 3 due to obtained/ lack of observable market data and offsetting of Level 3 financial assets and financial liabilities.

(B) Movements of financial liabilities classified into Level 3 of fair value are as follows:

There were no financial liabilities classified into Level 3 of fair value for the year ended December 31, 2019.

Items	Gain and loss on valuation		Addition		Reduction		Ending balance
	Beginning balance	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	\$ 2,855,482	\$ 15,660	\$ -	\$ -	\$ 1,162,000	\$ 1,709,142	\$ -

For the year ended December 31, 2018

In relation to the above, valuation gains and losses are recognized in gain and loss in the period. The gains and losses on liabilities held as of December 31, 2018 were \$0.

Note: Transferred out / in of Level 3 due to obtained/ lack of observable market data and offsetting of Level 3 financial assets and financial liabilities.

(Blank below)

F. Fair value measurement to Level 3, and the sensitivity analysis of the substitutable appropriate assumption made on fair value. (Quotes provided by counterparties are excluded)

The fair value measurement that the Consolidated Company made onto the financial instruments is deemed reasonable; however, different valuation model or input could result in different valuation result. Specifically, if the valuation input discount for marketability of financial instrument classified in Level 3 moves upward or downward by 1%, the effects on gain and loss in the period or the effects on other comprehensive income are as follow:

	Change in fair value recognized in other comprehensive income	
	Favorable movements	Unfavorable movements
December 31, 2019		
<u>Assets</u>		
Financial assets at fair value through other comprehensive income	\$ 10,228	(\$ 10,228)
December 31, 2018		
<u>Assets</u>		
Financial assets at fair value through other comprehensive income	\$ 9,015	(\$ 9,015)

Favorable and unfavorable movements of the Consolidated Company refer to the fluctuation of fair value, and the fair value is calculated through the valuation technique according to the non-observable inputs to different extent.

G. Quantitative information on the fair value measurement of significant unobservable inputs (Level 3)

The Consolidated Company's fair value measurements that are classified as Level 3 primarily include financial assets at fair value through other comprehensive income - stock investments. Most of the Consolidated Company's fair values that are classified as Level 3 have recurring significant unobservable inputs. Quantitative information on significant unobservable inputs is as follows:

Recurring fair value measurements	Fair value on December 31, 2019	Valuation technique	Significant unobservable input	Range (Weight average)
Financial assets at fair value through other comprehensive income				
Stock investments	\$ 3,550,124	Market method	Price to earnings ratio multiple	13.59~29.81
			Price to book ratio multiple	0.86~2.87
			Discount for marketability	≤40%
Recurring fair value measurements	Fair value on December 31, 2018	Valuation technique	Significant unobservable input	Range (Weight average)
Financial assets at fair value through other comprehensive income				
Stock investments	\$ 3,115,600	Market method	Price to earnings ratio multiple	12.29~29.66
			Price to book ratio multiple	0.80~2.86
			Discount for marketability	≤35%

H. Valuation procedure of financial instruments classified into Level 3

Other than quotes provided by counterparties, the parent company's risk management department is responsible for verifying the fair value of financial instruments that are classified as Level 3. The risk management department assesses the independency, reliability, consistency and representativeness of sources and periodically inspects valuation models and valuation inputs for verification to ensure that valuation procedure and results adhere to IAS requirements.

(3) Financial instruments not measured at fair value

A. Fair value information:

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

Items	December 31, 2019	
	Book value	Fair value
<u>Financial assets</u>		
Investments in debt instruments at amortised cost (Note)	\$ 70,068,046	\$ 73,922,177
<u>Financial liabilities</u>		
Financial debentures payable	34,500,000	35,985,883

Items	December 31, 2018	
	Book value	Fair value
<u>Financial assets</u>		
Investments in debt instruments at amortised cost (Note)	\$ 67,682,606	\$ 69,330,951
<u>Financial liabilities</u>		
Financial debentures payable	38,000,000	39,831,563

Note: The government bonds, corporate bonds, and financial bonds which are classified as investments in debt instruments at amortised cost.

B. Hierarchy of fair value estimation of financial instruments:

Items	Total	December 31, 2019		
		Level 1	Level 2	Level 3
<u>Financial assets</u>				
Investments in debt instruments at amortised cost (Note)	\$ 73,922,177	\$ 3,120,202	\$ 70,763,737	\$ 38,238
<u>Financial liabilities</u>				
Financial debentures payable	35,985,883	-	35,985,883	-
Item	Total	December 31, 2018		
		Level 1	Level 2	Level 3
<u>Financial assets</u>				
Investments in debt instruments at amortised cost (Note)	\$ 69,330,951	\$ 3,003,444	\$ 66,327,507	\$ -
<u>Financial liabilities</u>				
Financial debentures payable	39,831,563	-	39,831,563	-

Note: The government bonds, corporate bonds, and financial bonds which are classified as investments in debt instruments at amortised cost.

C. 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, refundable deposits, due to Central Bank and other banks, payables, 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: 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: NTD Central Government bonds elect bond yields or theoretical prices bulletined by the Taipei Exchange; government bonds, corporate bonds and financial debentures primarily elect quotes from Bloomberg. If there are no market prices available for reference, then estimates from valuation methods are elected.
- (D) Deposits and remittances: Considering the nature of the banking industry, the fair value is determined by the market rate (market price) while the deposit transactions usually mature within one year. As a result, the carrying amount is a reasonable basis to estimate the fair value. Fair values of the long-term fixed rate deposits shall be estimated using discounted expected future cash flows. Additionally, as the maturities are less than three years to date, it is reasonable to use the carrying amount to estimate the fair value.
- (E) Bonds payable: Theoretical price retrieved from referencing interest rate bulletined by OTC using the linear interpolation method is adopted.

(4) Management objective and policy for financial risk

The Consolidated Company engages in risk management under the principles of not only serving customers but also conforming to the Consolidated Company's operational goals, overall risk tolerance limits, and legal compliance to achieve risk diversification, risk transfer, and risk avoidance, and to create a trilateral win for all customers, shareholders, and employees. The Consolidated Company is mainly exposed to credit risk, market risk (including the interest rate, foreign exchange rate, equity securities, and commodity risks), operational risk, and liquidity risk on or off balance sheets.

The Consolidated Company has established written risk management policies and guidelines which have been approved by the Board of Directors or senior management in order to identify, measure, monitor and control credit risk, market risk, and liquidity risk.

A. Risk Management Framework:

Ultimate responsibility for the effective management of risk rests with the Board. In order to achieve the Consolidated Company's overall risk management goals, the Board of Directors is in charge of reviewing risk management policies and related procedures, as well as monitoring the effectiveness of risk management systems. The Board delegates authority for monitoring the control of risks to the Audit Committee. The Risk Management Committee is responsible for risk

management reporting, discussion of issues and the integration and execution of policies. The chief executive officer delegates authority to the Credit Evaluation Committee, the Human Resource Evaluation Committee, the Assets and Liabilities Management Committee, the Risk Management Committee, the Non-Performing Loan Management Committee, the Financial Product Evaluation Committee, and the New Product Evaluation Committee. The President holds regular or ad hoc meetings with relevant committees to discuss issues regarding risk management; moreover, an emergency response team has been established, so that the Bank, when faced with crises or extraordinary events, is able to take timely and effective actions to prevent further damage, to mitigate risks, and to stay functional.

B. Credit risk

(A) Source and definition of credit risk

Credit risk is the potential loss due to a failure of a counterparty to meet its obligations to pay the Consolidated Company in accordance with the agreed terms. Credit risk may happen due to accounts on and off the balance sheet. For accounts on the balance sheet, credit risk exposure of the Consolidated Company mainly comprises of bills discounted, loans, credit card business, debt instruments, derivatives and call loans from banks, etc. Off balance sheet accounts include financial guarantees, acceptance bills, letters of credit and loan commitments that could give rise to credit risk exposure to the Consolidated Company.

(B) Principle of credit risk management

The Bank has stipulated credit risk management guidelines where the framework of credit risk management is set out, and through the building and implementation of the management system, potential credit risk relating to businesses can be carefully assessed and signaled. The Bank has divided its services into consumer finance services and corporate finance services according to the nature of services. With an emphasis on segregation of duties whereby the credit investigation is performed independently from the credit review, risk management is effective. Detailed risk management information of corporate finance services, personal finance services, and cross-services integration is set out as follows:

- a. Credit Risk Management for Corporate Finance Services: The Bank develops a credit rating model and a risk grading mechanism for loan applications, strengthens quantitative mechanisms for credit risk management, and effectively assesses the quality of credit assets and its fluctuation to secure credit assets. A credit client early warning system is established aimed at credit risk exposures from significantly unusual cases. And an information integration and communication mechanism are set to monitor the financial and operational positions of these clients, providing a timely knowledge of these clients' operations and credit status.
- b. Credit Risk Management for Consumer Finance Services: The Bank controls the credit risks through credit grading mechanisms, credit investigation, credit review and overdue management systems. With these systems in place, the Bank is able to strengthen controls over consumer finance, raise the bar on credit reviewing, strengthen controls over credit limits, enhance the quality of credit assets, and cut losses arising from credit risk.
- c. Cross-Services Integration of Risk Management: The Bank-wide and cross-services credit risk early warning system serves as a platform for operating units to check on the financial and operational positions of clients with lower credit ratings, and it is used as a reference for loan management. To effectively manage concentration risk, a Bank-wide large risk exposures guideline is set up.

(C) Credit Risk Mitigation Policies

To keep credit risk within the tolerable range, the Bank has set out a rule in its credit risk management guidelines that for the products provided and businesses conducted which includes all transactions arising from both banking and trading books, either on-balance or off-balance sheet, a detailed analysis should be carried out to identify any existing and potential credit risk; Before the introduction of new products or businesses, accompanying credit risk should be identified and examined in accordance with relevant guidelines. As for the more complex credit services, e.g. factoring, credit-linked derivatives, etc., tailored risk management mechanisms are incorporated into the relevant operating guidelines.

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

a. Credit business (including loan commitment and guarantees)

Details of credit assets classification and credit quality rating are set out as follows:

(a) Credit Assets Classification

Credit assets are classified into five types. Other than normal credit assets, which are 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 whose recovery is doubtful. Category Five for assets which are not recoverable.

(b) Credit Quality Rating

In response to the characteristics and scale of business, the Consolidated Company 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) and puts it into practice for risk management.

The Consolidated Company, using statistical methods and expert professional judgment, as well as the 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 of various inputs is calibrated to optimize the calculation result.

Credit rating of corporate finance is categorized into 11 levels 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, and repayment source, the protection of claims and credit prediction should be considered, and 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 consumer finance is categorized by client category, client profession, the rating of collateral threshold and credit loss.

The credit quality of borrowers can be divided into four grades as follows:

	Corporate finance	Consumer finance
Credit risk rating	Internal/External	Credit risk rating
Excellent	Level 1~6	Excellent
Acceptable	Level 7~8	Acceptable
Weak	Level 9~11	Weak
Credit Loss	D	Credit Loss

The Bank reassesses ratings for each client at least once a year. Moreover, to ensure the reasonableness of the design and the process of credit rating system, and that of the estimates of related risk factors, the Bank takes actual defaults into account and performs inspections and back testing on the credit rating model annually.

b. Due from and call loans to other banks

The Bank assesses the credit status of each counterparty before any transaction, and ratings assigned by domestic and foreign external ratings agencies are used in determining internal credit grades on which various credit risk exposure limits are set and then granted to different counterparties.

c. Debt instruments investment and derivatives

The risk management of the Bank's debt instruments is based on credit rating of external institutions, credit quality of bonds, condition by geographical location and counterparty risk to identify the credit risk.

Financial institutions with which the Bank conducts derivative transactions are mostly above investment grade and each year counterparty credit risk limits at different levels are submitted to the Board for approval. The limits are the basis for credit risk control. If the counterparties are general clients, controlling is implemented through risk limits and conditions of derivatives approved by general credit procedures to manage credit exposure of counterparties.

The Consolidated Company divides the credit quality of debt instruments investment and derivatives into three grades as follows:

- (a) Excellent: Exposure to instrument with a result of internal/ external credit rating level between 1 and 6.
- (b) Acceptable: Exposure to instrument with a result of internal/ external credit rating level between 7 and 8.
- (c) Weak: Exposure to instrument with a result of internal/ external credit rating level between 9 and 11.

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

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

(b) Investments in debt instruments

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

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

(c) Other financial assets

At the balance sheet date, other financial assets is determined to have significant increase in credit risk when the following condition is met:

- i. Refundable deposits: At the balance sheet date, the deposit has not been returned at maturity.
- ii. Call loans to (from) banks and due from the Central Bank, banks overdrafts, bills and bonds with a reverse repo and bond, commercial paper and time deposit and its interest receivable: At the balance sheet date, the date that the Consolidated Company received the payment from counterparties is over the collection date, unless the contractual terms specify it.
- iii. Remaining receivables: At the balance sheet date the number of past-due days is over 30 days, or the number of past-due days is not over 30 days, 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

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

(b) Investments in debt instruments

An investment in a debt instrument by the Consolidated Company is considered credit-impaired if any of the following conditions apply.

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

(c) Other financial assets

- i. Refundable deposits: At the balance sheet date, the deposit has not been returned at maturity for over 30 days.
- ii. Call loans to (from) banks and due from the Central Bank, banks overdrafts, bills and bonds with a reverse repo, commercial paper and time deposit and its interest receivable: At the balance sheet date, the date that the Consolidated Company received the payment from counterparties is 30 days overdue from the collection date, unless the contractual terms specify it.
- iii. Remaining receivables: At the balance sheet date, the number of past-due days is over 90 days.

(d) Definition of default

When assessing whether the borrower is in default, the Consolidated Company selects among the multiple loans held by the borrower the one with the lowest credit quality. The borrower is considered in default if the principal and interest payments on this selected loan is over 90 days past due or if the selected loan is reclassified as non-accrual or bad debt during the observation period.

c. Eliminating policy

If any of the following conditions apply, the Consolidated Company 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

- i. Probability of default

The estimation of PD is based on the product type and internal credit ratings of the

Consolidated Company, with the one-year PD and multi-year PD estimated separately.

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

ii. Loss given default

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

iii. Exposure at default (EAD)

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

(b) Investments in debt instruments

- i. Probability of default: Calculated based on default rate tables published by external credit rating agencies, incorporating forecastable information.
- ii. Loss given default: Calculated based on the collateral and liquidity preference of the debt instrument, incorporating the average recovery rate disclosed by external credit rating agencies; or set in accordance with rules of the competent authority.
- iii. Exposure at default: Total carrying amount, including interest receivable. Total carrying amount is the amortised cost of the financial asset before any adjustment to the loss allowance.

(c) Other financial assets

- i. Probability of loss: Categorize the ending account balances of each year according to the stages they are in, then divide the impairment already recognized at the end of the period by the beginning balance.
- ii. Individual assessments for special cases with large balances may be considered.

e. Consideration of forecastable information

The Consolidated Company incorporates forecastable information when determining whether there has been a significant increase in credit risk since initial recognition and measuring expected credit losses.

(a) For determining significant increase in credit risk

- i. The Consolidated Company’s credit approval process includes evaluation of forecastable information such as business potential, financial condition, industry outlook, loan collateral, and ability to repay.

- ii. Identify customers with potential risk using the early warning list of the Consolidated Company. The early warning system of the Consolidated Company 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: In order to predict future probabilities of default, historical performances of PD, current trends in PD, the correlation between PD and macroeconomic factors, and other relevant information is considered by experts to give an overall assessment of forecastable scenarios of PD. The PD parameters are then adjusted accordingly to produce the forecastable PD parameters.

(c) Other

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

(E) Hedging and mitigation of credit risk

a. Collateral

The Consolidated Company 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 Consolidated Company 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. Besides, 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.

Collateral for other non-credit extension business depends on the nature of financial asset.

b. Credit risk limit and credit risk concentration control

In avoidance of high risk concentration, the Bank has 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, industry, ultimate risk and various credit risk concentration can be monitored.

c. Net-settled general agreement

The transactions of the Consolidated Company 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.

(F) Management procedures of overseas branches and subsidiary

Plan and establish all credit risk management processes of overseas subsidiaries, including formulating credit authorization procedures, establishing appropriate credit management, and periodically examining, reporting and improving asset quality etc., as well as establishing credit risk limits and managing the status of credit risk concentration in accordance with requirements of local governing authorities, operating scale, business characteristics etc., in order to establish a credit risk management culture for overseas subsidiaries and to facilitate the improvement of asset quality to adhere to the Bank's management requirements.

(G) Maximum risk exposure of the Consolidated Company

- a. As of December 31, 2019 and 2018, the maximum risk exposure of assets in the consolidated balance sheet, without consideration of the collateral or other credit strengthening instruments, is equivalent to the carrying amount. Please see Note 9(3) for the maximum credit risk exposure of the consolidated balance sheet.
- b. The management of the Consolidated Company believes that through a series of stringent evaluation procedures and follow-up reviews afterwards, credit risk exposure off the balance sheet of the Consolidated Company can be minimized and continuously controlled. The total carrying value of the Consolidated Company's financial assets with the maximum credit risk is as follows:

(Blank below)

Bills discounted and loans (Note 1)

December 31, 2019	Stage 1	Stage 2	Stage 3	Difference in impairment provided in accordance with the Regulation Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans	Total
	12-month expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses		
Credit ratings					
Internal ratings - excellent	\$ 491,595,920	\$ 603,721	\$ -	\$ -	\$ 492,199,641
Internal ratings - acceptable	211,182,998	1,116,466	-	-	212,299,464
Internal ratings - weak	48,049,256	432,472	-	-	48,481,728
Internal ratings - credit-loss	-	306,526	7,330,867	-	7,637,393
Total carrying amount	750,828,174	2,459,185	7,330,867	-	760,618,226
Allowance for bad debts	(1,271,335)	(144,464)	(3,633,911)	-	(5,049,710)
Differences in impairment of financial assets provided in accordance with the Regulation Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans	-	-	-	7,502,152	(7,502,152)
Total	\$ 749,556,839	\$ 2,314,721	\$ 3,696,956	\$ 7,502,152	\$ 748,066,364
December 31, 2018	Stage 1	Stage 2	Stage 3	Difference in impairment provided in accordance with the Regulation Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans	Total
	12-month expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses		
Credit ratings					
Internal ratings - excellent	\$ 518,549,115	\$ 1,607,152	\$ -	\$ -	\$ 520,156,267
Internal ratings - acceptable	178,949,329	2,044,493	-	-	180,993,822
Internal ratings - weak	35,940,991	686,743	-	-	36,627,734
Internal ratings - credit-loss	-	336,741	5,924,638	-	6,261,379
Total carrying amount	733,439,435	4,675,129	5,924,638	-	744,039,202
Allowance for bad debts	(1,587,172)	(907,633)	(2,609,700)	-	(5,104,505)
Differences in impairment of financial assets provided in accordance with the Regulation Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans	-	-	-	6,828,554	(6,828,554)
Total	\$ 731,852,263	\$ 3,767,496	\$ 3,314,938	\$ 6,828,554	\$ 732,106,143

Receivables and Other financial assets (Note 1)

December 31, 2019	Stage 1	Stage 2	Stage 3	Difference in impairment provided in accordance with the Regulation Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans	Total
	12-month expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses		
Credit ratings					
Internal ratings- excellent	\$ 15,152,759	\$ 21,665	\$ -	\$ -	\$ 15,174,424
Internal ratings- acceptable	1,177,967	35,426	-	-	1,213,393
Internal ratings- weak	1,235,022	158,846	-	-	1,393,868
Internal ratings- no rated	5,208,443	9	-	-	5,208,452
Internal ratings - credit-loss	-	-	1,246,994	-	1,246,994
Total carrying amount	22,774,191	215,946	1,246,994	-	24,237,131
Allowance for bad debts	(22,027)	(74,785)	(1,158,116)	-	(1,254,928)
Differences in impairment of financial assets provided in accordance with the Regulation Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans	-	-	-	(79,845)	(79,845)
Total	\$ 22,752,164	\$ 141,161	\$ 88,878	(\$ 79,845)	\$ 22,902,358
December 31, 2018	Stage 1	Stage 2	Stage 3	Difference in impairment provided in accordance with the Regulation Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans	Total
	12-month expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses		
Credit ratings					
Internal ratings- excellent	\$ 15,658,273	\$ 20,622	\$ -	\$ -	\$ 15,678,895
Internal ratings- acceptable	1,120,442	44,013	-	-	1,164,455
Internal ratings- weak	1,237,232	153,843	-	-	1,391,075
Internal ratings- no rated	7,240,011	-	-	-	7,240,011
Internal ratings - credit-loss	-	-	1,644,057	-	1,644,057
Total carrying amount	25,255,958	218,478	1,644,057	-	27,118,493
Allowance for bad debts	(21,829)	(82,067)	(1,381,389)	-	(1,485,285)
Differences in impairment of financial assets provided in accordance with the Regulation Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans	-	-	-	(92,397)	(92,397)
Total	\$ 25,234,129	\$ 136,411	\$ 262,668	(\$ 92,397)	\$ 25,540,811

Note 1: On December 31, 2019 and 2018, amount of bills discounted and loans include interest receivables and advance were \$875,168 and \$1,094,399, respectively, and following bad debt allowance were \$33,355 and \$26,824, respectively.

Financial assets at fair value through other comprehensive income

December 31, 2019	Stage 1	Stage 2	Stage 3	Total
	12-month expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses	
Credit ratings				
Internal ratings - excellent	\$ 89,511,453	\$ 200,000	\$ -	\$ 89,711,453
Internal ratings - acceptable	40,439	-	-	40,439
Total carrying amount	89,551,892	200,000	-	89,751,892
Valuation adjustment	467,403	2,031	-	469,434
Total	\$ 90,019,295	\$ 202,031	\$ -	\$ 90,221,326

December 31, 2018	Stage 1	Stage 2	Stage 3	Total
	12-month expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses	
Credit ratings				
Internal ratings - excellent	\$ 101,819,086	\$ 200,000	\$ -	\$ 102,019,086
Internal ratings - acceptable	39,795	-	-	39,795
Total carrying amount	101,858,881	200,000	-	102,058,881
Valuation adjustment	(63,962)	1,660	-	(62,302)
Total	\$ 101,794,919	\$ 201,660	\$ -	\$ 101,996,579

Investments in debt instruments at amortised cost

December 31, 2019	Stage 1	Stage 2	Stage 3	Total
	12-month expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses	
Credit ratings				
Internal ratings - excellent	\$ 201,279,043	\$ -	\$ -	\$ 201,279,043
Internal ratings - acceptable	30,158	-	-	30,158
Total carrying amount	201,309,201	-	-	201,309,201
Allowance for bad debts	(95)	-	-	(95)
Total	\$ 201,309,106	\$ -	\$ -	\$ 201,309,106

December 31, 2018	Stage 1	Stage 2	Stage 3	Total
	12-month expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses	
Credit ratings				
Internal ratings - excellent	\$ 180,157,633	\$ -	\$ -	\$ 180,157,633
Internal ratings - acceptable	51,352	-	-	51,352
Total carrying amount	180,208,985	-	-	180,208,985
Allowance for bad debts	(98)	-	-	(98)
Total	\$ 180,208,887	\$ -	\$ -	\$ 180,208,887

The exposure at default of the Consolidated Company's off-balance sheet items (Please refer to Note 12(4)B for the calculation of the exposure at default) are as follows:

Off-balance sheet items

	Stage 1	Stage 2	Stage 3	Difference in impairment provided in accordance with the Regulation Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans	Total
	12-month expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses		
December 31, 2019					
Credit ratings					
Internal ratings - excellent	\$ 28,570,654	\$ 14,179	\$ -	\$ -	\$ 28,584,833
Internal ratings - acceptable	8,608,791	5,360	-	-	8,614,151
Internal ratings - weak	954,392	33,494	-	-	987,886
Internal ratings - credit-loss	-	-	76,806	-	76,806
Total carrying amount	<u>\$ 38,133,837</u>	<u>\$ 53,033</u>	<u>\$ 76,806</u>	<u>\$ -</u>	<u>\$ 38,263,676</u>
Provisions for loss (Note 2)	(\$ 45,742)	(\$ 16,003)	(\$ 45,879)	\$ -	(\$ 107,624)
Impairment provided in accordance with the Regulation Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans	-	-	-	(87,899)	(87,899)
Total	<u>(\$ 45,742)</u>	<u>(\$ 16,003)</u>	<u>(\$ 45,879)</u>	<u>(\$ 87,899)</u>	<u>(\$ 195,523)</u>

	Stage 1	Stage 2	Stage 3	Difference in impairment provided in accordance with the Regulation Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans	Total
	12-month expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses		
December 31, 2018					
Credit ratings					
Internal ratings - excellent	\$ 33,436,143	\$ 15,060	\$ -	\$ -	\$ 33,451,203
Internal ratings - acceptable	8,083,619	8,294	-	-	8,091,913
Internal ratings - weak	1,097,657	39,956	-	-	1,137,613
Internal ratings - credit loss	5,596	-	98,758	-	104,354
Total carrying amount	<u>\$ 42,623,015</u>	<u>\$ 63,310</u>	<u>\$ 98,758</u>	<u>\$ -</u>	<u>\$ 42,785,083</u>
Provisions for loss (Note 2)	(\$ 53,547)	(\$ 19,502)	(\$ 55,824)	\$ -	(\$ 128,873)
Impairment provided in accordance with the Regulation Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans	-	-	-	(125,474)	(125,474)
Total	<u>(\$ 53,547)</u>	<u>(\$ 19,502)</u>	<u>(\$ 55,824)</u>	<u>(\$ 125,474)</u>	<u>(\$ 254,347)</u>

Note 2: Including provisions for guarantee liabilities, loan commitments and letters of credit.

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

December 31, 2019	Collateral (Note)	Net-settled 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>			
Irrevocable loan commitments	6,999,973	-	6,999,973
Unused letters of credit balance	109,415	-	109,415
Guarantees (including for non-performing loans)	4,749,347	-	4,749,347

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

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

(H) Credit risk concentration

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

The credit risks of the Consolidated Company concentrate on accounts and off balance sheet that occurs through obligation fulfilling or implementation of transactions (either product or service), or through trans-type exposure portfolio, including loans, placements and call loan from the banks, securities investment, receivables and derivatives. The Consolidated Company does not significantly carry out transactions with single client or single counterparty and the gross amount does not exceed 5% of balance of each component item. Information regarding bills discounted, loans and overdue accounts, and the credit risk concentration by industry, location and collateral are shown as follows:

a. Industry

Industry	December 31, 2019		December 31, 2018	
	Amount	%	Amount	%
Privately owned businesses	\$ 355,995,694	46.86	\$ 349,029,932	46.98
Government-owned businesses	-	-	194,965	0.03
Non-profit organizations	1,077,343	0.14	1,654,138	0.22
Private individuals	400,216,102	52.68	389,567,286	52.44
Financial institutions	1,216,163	0.16	839,840	0.11
Others	1,237,756	0.16	1,658,642	0.22
Total	<u>\$ 759,743,058</u>	<u>100.00</u>	<u>\$ 742,944,803</u>	<u>100.00</u>

b. Geography location

Geography location	December 31, 2019		December 31, 2018	
	Amount	%	Amount	%
Republic of China	\$ 659,839,737	86.85	\$ 641,956,588	86.41
Asia	88,157,687	11.60	89,584,018	12.06
Others	11,745,634	1.55	11,404,197	1.53
Total	<u>\$ 759,743,058</u>	<u>100.00</u>	<u>\$ 742,944,803</u>	<u>100.00</u>

c. Collateral

Collateral	December 31, 2019		December 31, 2018	
	Amount	%	Amount	%
Non-guaranteed	\$ 198,034,648	26.07	\$ 209,204,177	28.16
Guaranteed				
- Stock collateral	21,003,600	2.76	21,391,143	2.88
- Bond collateral	5,695,667	0.75	7,549,402	1.02
- Real estate collateral	481,239,317	63.34	455,885,745	61.36
- Moveable collateral	48,441,441	6.38	42,588,642	5.73
- Notes receivable	-	-	51,717	0.01
- Guarantee	2,481,903	0.33	4,014,078	0.54
- Others	2,846,482	0.37	2,259,899	0.30
Total	<u>\$ 759,743,058</u>	<u>100.00</u>	<u>\$ 742,944,803</u>	<u>100.00</u>

(Blank below)

(I) Changes in the Consolidated Company's allowance for bad debts and accumulative impairment

a. Credit business

For the years ended December 31, 2019 and 2018, the reconciliation of the balance of allowance for bad debts is as follows:

(a) Bills discounted and loans

	For the year ended December 31, 2019	12-month expected credit losses (Stage 1)	Lifetime expected credit losses (Stage 2)	Lifetime expected credit losses (Stage 3)	Impairment recognized in accordance with IFRS9	Difference in impairment provided in accordance with the Regulation Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans	Total
Beginning balances	\$ 1,583,670	\$ -	\$ 907,311	\$ 2,593,676	\$ 5,084,657	\$ 6,821,578	\$ 11,906,235
Changes from financial instruments recognized at the beginning							
- Transferred to lifetime expected credit losses	(4,019)		7,489	3,470	-	-	-
- Transferred to credit-impaired financial asset	(11,714)		24,733	36,447	-	-	-
- Transferred to 12-month expected credit losses	148,917		35,948	112,969	-	-	-
- Financial assets derecognized in the current period	(593,982)		365,965	500,486	1,460,433	-	(1,460,433)
Impairment allowance for purchased or originated financial asset	611,779		19,798	224,780	856,357	-	856,357
Differences in impairment of financial assets provided in accordance with the Regulation Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans	-		-	-	-	667,572	667,572
Write-off as bad debt	(553,705)		42,483	1,566,918	(2,163,106)	-	(2,163,106)
Change in exchange and others	72,998		3,21,091	2,959,975	2,711,882	-	2,711,882
Ending balances	\$ 1,253,944	\$ 144,378	\$ 3,631,035	\$ 5,029,357	\$ 7,489,150	\$ 12,518,507	\$ 12,518,507

	12-month expected credit losses (Stage 1)	Lifetime expected credit losses (Stage 2)	Lifetime expected credit losses (Stage 3)	Impairment recognized in accordance with IFRS9	Difference in impairment provided in accordance with the Regulation Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans	Total
For the year ended December 31, 2018	\$ 2,134,945	\$ 1,660,034	\$ 3,570,605	\$ 7,365,584	\$ 5,403,989	\$ 12,769,573
Beginning balances						
Changes from financial instruments recognized at the beginning						
- Transferred to lifetime expected credit losses	(5,402)	6,341 (939)		-	-	-
- Transferred to credit-impaired financial asset	(17,935)	(6,776)	24,711	-	-	-
- Transferred to 12-month expected credit losses	170,927	32,800	(138,127)	-	-	-
- Financial assets derecognized in the current period	(741,293)	(50,643)	(835,061)	(1,626,997)	- (1,626,997)	
Impairment allowance for purchased or originated financial asset	564,385	44,352	363,108	971,845	-	971,845
Differences in impairment of financial assets provided in accordance with the Regulation Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans					1,417,589	1,417,589
Write-off as bad debt	(295,498)	(181,729)	(1,324,160)	(1,801,387)	-	(1,801,387)
Change in exchange and others	(226,459)	(531,468)	933,539	175,612	-	175,612
Ending balances	\$ 1,583,670	\$ 907,311	\$ 2,593,676	\$ 5,084,657	\$ 6,821,578	\$ 11,906,235

For the years ended December 31, 2019 and 2018, significant changes in the total carrying amount that affected allowance for bad debts are as follows:

	12-month expected credit losses (stage 1)	Lifetime expected credit losses (Stage 2)	Lifetime expected credit losses (Stage 3)	Total
For the year ended December 31, 2019				
Beginning balances	\$ 732,384,958	\$ 4,661,825	\$ 5,898,020	\$ 742,944,803
Changes from financial instruments recognized at the beginning				
- Transferred to lifetime expected credit losses	(795,224)	819,036	(23,812)	-
- Transferred to credit-impaired financial asset	(3,653,721)	349,311	4,003,032	-
- Transferred to 12-month expected credit losses	1,272,894	(931,138)	(341,756)	-
- Financial assets derecognized in the current period	(264,322,998)	(2,113,916)	(1,243,038)	(267,679,952)
Purchased or originated financial asset	332,571,836	711,404	698,251	333,981,491
Write-off as bad debt	(553,705)	(42,483)	(1,566,918)	(2,163,106)
Change in exchange and others	(46,908,834)	(301,963)	(129,381)	(47,340,178)
Ending balances	\$ 749,995,206	\$ 2,453,454	\$ 7,294,398	\$ 759,743,058
For the year ended December 31, 2018				
Beginning balances	\$ 728,230,691	\$ 4,927,682	\$ 6,676,706	\$ 739,835,079
Changes from financial instruments recognized at the beginning				
- Transferred to lifetime expected credit losses	(1,549,121)	1,550,586	(1,465)	-
- Transferred to credit-impaired financial asset	(2,011,420)	(405,095)	2,416,515	-
- Transferred to 12-month expected credit losses	933,645	(600,875)	(332,770)	-
- Financial assets derecognized in the current period	(269,692,153)	(2,667,596)	(1,548,334)	(273,908,083)
Purchased or originated financial asset	318,211,066	2,246,809	612,646	321,070,521
Write-off as bad debt	(295,498)	(181,729)	(1,324,160)	(1,801,387)
Change in exchange and others	(41,442,252)	(207,957)	(601,118)	(42,251,327)
Ending balances	\$ 732,384,958	\$ 4,661,825	\$ 5,898,020	\$ 742,944,803

(b) Receivables and other financial assets

	12-month expected credit losses (Stage 1)	Lifetime expected credit losses (Stage 2)	Lifetime expected credit losses (Stage 3)	Impairment recognized in accordance with IFRS9	Difference in impairment provided in accordance with the Regulation Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans	Total
For the year ended December 31, 2019						
Beginning balances	\$ 25,331	\$ 82,389	\$ 1,397,413	\$ 1,505,133	\$ 99,373	\$ 1,604,506
Changes from financial instruments recognized at the beginning						
- Transferred to lifetime expected credit losses	(118)	1,832	1,714	-	-	-
- Transferred to credit-impaired financial asset	(54)	1,006	1,060	-	-	-
- Transferred to 12-month expected credit losses	76,766	38,820	37,946	-	-	-
- Financial assets derecognized in the current period	(10,038)	(117)	(3,791)	13,946	-	(13,946)
Impairment allowance for purchased or originated financial asset	11,041	6,476	31,568	49,085	-	49,085
Differences in impairment of financial assets provided in accordance with the Regulation Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans	-	-	-	-	6,526	(6,526)
Write-off as bad debt	(53,398)	(16,881)	(54,917)	(125,196)	-	(125,196)
Change in exchange and others	(10,112)	(40,998)	(170,681)	(139,795)	-	(139,795)
Ending balances	\$ 39,418	\$ 74,871	\$ 1,160,992	\$ 1,275,281	\$ 92,847	\$ 1,368,128

	12-month expected credit losses (Stage 1)	Lifetime expected credit losses (Stage 2)	Lifetime expected credit losses (Stage 3)	Impairment recognized in accordance with IFRS9	Difference in impairment provided in accordance with the Regulation Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans	Total
For the year ended December 31, 2018						
Beginning balances	\$ 31,583	\$ 43,181	\$ 796,929	\$ 871,693	\$ 73,212	\$ 944,905
Changes from financial instruments recognized at the beginning						
- Transferred to lifetime expected credit losses	(221)	2,836	2,615	-	-	-
- Transferred to credit-impaired financial asset	(93)	(865)	958	-	-	-
- Transferred to 12-month expected credit losses	68,151	24,644	43,507	-	-	-
- Financial assets derecognized in the current period	(13,132)	(398)	(16,041)	29,571	-	(29,571)
Impairment allowance for purchased or originated financial asset	11,545	5,905	18,193	35,643	-	35,643
Differences in impairment of financial assets provided in accordance with the Regulation Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans	-	-	-	-	26,161	26,161
Write-off as bad debt	(85,332)	(27,211)	(65,327)	(177,870)	-	(177,870)
Change in exchange and others	12,830	83,585	708,823	805,238	-	805,238
Ending balances	\$ 25,331	\$ 82,389	\$ 1,397,413	\$ 1,505,133	\$ 99,373	\$ 1,604,506

For the years ended December 31, 2019 and 2018, there were no significant changes to allowance for bad debts for accounts receivable and other financial assets.

(c) Provisions for off-balance sheet items(Note)

	12-month expected credit losses (Stage 1)	Lifetime expected credit losses (Stage 2)	Lifetime expected credit losses (Stage 3)	Impairment recognized in accordance with IFRS9	Difference in impairment provided in accordance with the Regulation Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans	Total
For the year ended December 31, 2019						
Beginning balances	\$ 53,547	\$ 19,502	\$ 55,824	\$ 128,873	\$ 125,474	\$ 254,347
Changes from financial instruments recognized at the beginning						
- Transferred to lifetime expected credit losses	(30)	110	(80)	-	-	-
- Transferred to credit-impaired financial asset	(1)	22	23	-	-	-
- Transferred to 12-month expected credit losses	14,076	(13,721)	(355)	-	-	-
- Financial assets derecognized in the current period	(24,182)	(3,286)	(29,861)	(57,329)	(-)	(57,329)
Impairment allowance for purchased or originated financial asset	18,898	1,050	15,991	35,939	-	35,939
Differences in impairment of financial assets provided in accordance with the Regulation Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans	-	-	-	-	(37,575)	(37,575)
Change in exchange and others	(16,566)	12,370	4,337	141	-	141
Ending balances	\$ 45,742	\$ 16,003	\$ 45,879	\$ 107,624	\$ 87,899	\$ 195,523

	12-month expected credit losses (Stage 1)	Lifetime expected credit losses (Stage 2)	Lifetime expected credit losses (Stage 3)	Impairment recognized in accordance with IFRS9	Difference in impairment provided in accordance with the Regulation Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans	Total
For the year ended December 31, 2018	\$	\$	\$	\$	\$	\$
Beginning balances	94,392	7,794	64,956	167,142	162,925	330,067
Changes from financial instruments recognized at the beginning						
- Transferred to lifetime expected credit losses	(46)	56	(10)	-	-	-
- Transferred to credit-impaired financial asset	(1)	-	1	-	-	-
- Transferred to 12-month expected credit losses	4,559	(4,139)	(420)	-	-	-
- Financial assets derecognized in the current period	(56,826)	(3,214)	(22,027)	(82,067)	(82,067)	(82,067)
Impairment allowance for purchased or originated financial asset	24,486	1,294	15,110	40,890	-	40,890
Differences in impairment of financial assets provided in accordance with the Regulation Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans	-	-	-	-	(37,451)	(37,451)
Change in exchange and others	(13,017)	17,711	(1,786)	2,908	-	2,908
Ending balances	\$ 53,547	\$ 19,502	\$ 55,824	\$ 128,873	\$ 125,474	\$ 254,347

Note: Including provisions for guarantee liabilities, loan commitments and letters of credit.

For the years ended December 31, 2019 and 2018, there were no significant changes to provisions for guarantee liabilities, loan commitments and letters of credit.

b. Bills and bonds investments

For the years ended December 31, 2019 and 2018, the reconciliation of the balance of accumulative impairment are as follow:

(a) Financial assets measured at fair value through other comprehensive income

	12-month expected credit losses (Stage 1)	Lifetime expected credit losses (Stage 2)	Lifetime expected credit losses (Stage 3)	Total
For the year ended December 31, 2019	\$ 23,494	\$ 10,383	\$ -	\$ 33,877
Beginning balances				
Changes from financial instruments recognized at the beginning				
- Financial assets derecognized in the current period	(8,916)	-	-	(8,916)
Impairment allowance for purchased or originated financial asset	5,783	-	-	5,783
Change in exchange and others	(1,117)	(1,546)	-	(2,663)
Ending balances	\$ 19,244	\$ 8,837	\$ -	\$ 28,081
	12-month expected credit losses (Stage 1)	Lifetime expected credit losses (Stage 2)	Lifetime expected credit losses (Stage 3)	Total
For the year ended December 31, 2018	\$ 59,649	\$ -	\$ -	\$ 59,649
Beginning balances				
Changes from financial instruments recognized at the beginning				
- Transferred to credit-impaired financial asset	(2,770)	2,770	-	-
- Financial assets derecognized in the current period	(26,448)	-	-	(26,448)
Impairment allowance for purchased or originated financial asset	3,423	-	-	3,423
Change in exchange and others	(10,360)	7,613	-	(2,747)
Ending balances	\$ 23,494	\$ 10,383	\$ -	\$ 33,877

(b) Investments in debt instruments at amortised cost

	12-month expected credit losses (Stage 1)	Lifetime expected credit losses (Stage 2)	Lifetime expected credit losses (Stage 3)	Total
For the year ended December 31, 2019				
Beginning balances	\$ 98	\$ -	\$ -	\$ 98
Change in exchange and others	(3)	-	-	(3)
Ending balances	\$ 95	\$ -	\$ -	\$ 95
For the year ended December 31, 2018				
Beginning balances	\$ 298	\$ -	\$ -	\$ 298
Impairment allowance for purchased or originated financial asset	98	-	-	98
Change in exchange and others	(298)	-	-	(298)
Ending balances	\$ 98	\$ -	\$ -	\$ 98

For the years ended December 31, 2019 and 2018, there were no significant changes to bills and bonds investments.

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(J) Disclosures made in accordance with the Regulations Governing the Preparation of Financial Reports by Public banks

a. Non-performing loans and non-performing loan asset quality

Month / Year	December 31, 2019						December 31, 2018					
	Business / Items	Amount of non-performing loans	Gross loans	Non-performing loan ratio	Allowance for bad debts	Coverage ratio	Amount of non-performing loans	Gross loans	Non-performing loan ratio	Allowance for bad debts	Coverage ratio	
Corporate banking	Secured loans	164,019	191,391,066	0.09%	2,584,108	1,575.49%	939,335	175,895,660	0.53%	2,665,875	283.80%	
	Unsecured loans	501,986	207,447,875	0.24%	5,249,983	1,045.84%	65,918	218,889,754	0.03%	4,671,512	7,086.85%	
Residential mortgage loans	Cash card services	368,085	197,009,232	0.19%	2,971,664	807.33%	415,050	189,849,280	0.22%	2,879,961	693.88%	
	Small amount of credit loans	-	75,704	-	1,232	-	45	114,471	0.04%	1,698	3,773.33%	
Consumer banking	Guaranteed	10,364	9,633,476	0.11%	118,764	1,145.93%	73,906	10,540,959	0.70%	168,060	227.40%	
	Non-guaranteed	133,599	151,571,107	0.09%	1,566,316	1,172.40%	241,161	145,108,656	0.17%	1,493,450	619.28%	
Gross loan business	Others	374	2,614,598	0.01%	26,440	7,069.52%	144	2,546,023	0.01%	25,679	17,832.64%	
		1,178,427	759,743,058	0.16%	12,518,507	1,062.31%	1,735,559	742,944,803	0.23%	11,906,235	686.02%	
		Amount of overdue accounts	Balance of accounts receivable	Overdue account ratio	Allowance for doubtful accounts	Coverage ratio	Amount of overdue accounts	Balance of accounts receivable	Overdue account ratio	Allowance for doubtful accounts	Coverage ratio	
Credit card services		8,030	10,179,092	0.08%	144,648	1,801.34%	8,358	10,840,076	0.08%	171,832	2,055.90%	
Without recourse factoring		9,529	5,713,936	0.17%	89,853	942.94%	-	6,799,757	-	87,253	-	

Note 1: The amount recognized as non-performing loans is in compliance with the "Regulation Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans". The amount included in overdue accounts for credit cards is in compliance with 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 recognized as overdue accounts within three months after the factor or insurance company resolves not to compensate the loss.

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

	December 31, 2019		December 31, 2018	
	Total amount of non-performing loans exempted from reporting to the competent authority	Total amount of overdue receivables exempted from reporting to the competent authority	Total amount of non-performing loans exempted from reporting to the competent authority	Total amount of overdue receivables exempted from reporting to the competent authority
Amounts exempted from reporting to the competent authority under debt negotiation (Note 1)	72,658	38,457	106,237	52,718
Perform in accordance with debt liquidation program and restructuring program (Note 2)	1,048,749	351,372	1,171,921	355,916
Total	1,121,407	389,829	1,278,158	408,634

Note 1: The additional disclosure requirement pertaining to way and information disclosure of the total amount of non-performing loan is in accordance with the Explanatory the Banking Bureau (1) Letter No. 09510001270 of FSC dated April 25, 2006.

Note 2: The additional disclosure requirement pertaining to the way and information disclosure of loan in the process of debt liquidation and restructuring program is in accordance with the Explanatory the Banking Bureau (1) Letter No. 09700318940 of FSC dated September 15, 2008 and Banking Bureau (Fa) Letter No. 10500134790 of FSC dated September 20, 2016.

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b. Contract amounts of significant credit risk concentration are as follows:

(Expressed in Thousands of New Taiwan Dollars, %)

December 31, 2019			
Ranking (Note 1)	Name of Enterprise Group (Note 2)	Total Amounts of Outstanding Loans (Note 3)	Total Amounts of Outstanding Loans / Total Stockholders' Equity
1	Group A – Real Estate Development	7,647,440	6.27
2	Group B – Air Transportation	6,838,333	5.61
3	Group C – Iron and Steel Smelting	4,966,679	4.08
4	Company D – Real Estate Leasing	4,240,000	3.48
5	Group E – Real Estate Development	3,788,718	3.11
6	Group F – Seasoning Manufacturing Industry	3,651,106	3.00
7	Company G – Investment Trust, Funds and kindred financial entities	3,374,556	2.77
8	Group H – Shoe Manufacturing Industry	3,096,718	2.54
9	Company I – Real Estate Development	2,792,000	2.29
10	Company J – Real Estate Development	2,352,000	1.93

(Expressed in Thousands of New Taiwan Dollars, %)

December 31, 2018			
Ranking (Note 1)	Name of Enterprise Group (Note 2)	Total Amounts of Outstanding Loans (Note 3)	Total Amounts of Outstanding Loans / Total Stockholders' Equity
1	Company A – Real Estate Development	4,744,660	4.10
2	Company B – Real Estate Leasing	3,500,000	3.03
3	Group C – Seasoning Manufacturing Industry	3,482,500	3.01
4	Group D – Real Estate Development	3,423,370	2.96
5	Group E – Real Estate Development	3,325,750	2.88
6	Group F – Ocean Water Transportation	2,486,599	2.15
7	Company G – Real Estate Development	2,400,000	2.08
8	Company H – Activities of Head Offices	2,304,975	1.99
9	Company I – Non-governmental Financing	2,286,292	1.98
10	Company J – Other Uncategorised Financial Industry	2,151,310	1.86

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

Directorate-General of Budget, Accounting and Statistics, Executive Yuan.

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

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

C. Liquidity risk

Liquidity risks include fund liquidity risk and market liquidity risk. Fund liquidity risk happens when the fund supply cannot be sufficiently obtained in an expected period of time leading to a failure of fulfilling the capital need as maturity comes due. Market liquidity risk arises due to the insufficiency in market depth or the disorder which lead to the disposed or written off position held cannot be traded in a reasonable period of time and reasonable price resulting in a significant bid price or significantly discounted put price.

(A) Risk management principle, procedure and assessment

a. Principle

- (a) In accordance with cost benefit analysis, the Bank achieves effective liquidity management through appropriate allocation of assets and liabilities on and off the balance sheet.
- (b) As to large deposits, large loans, and block trading position of financial instruments, the Bank shall avoid excessive transaction with single client and have appropriate control over such deposits, loans, and block trading position.
- (c) The Bank shall maintain smooth financing channels and consider diversity and dispersion of funding resource to ensure the disposal of various assets. For the use of limit, the Bank shall maintain appropriate available balance.

b. Procedure

- (a) The liquidity risk management units includes decision-making units, supervisory units (asset and liability committee), and executive unit (departments in charge of deposit and loan products and fund management units under the finance department in the Bank) for liquidity risk management. The supervisory unit appoints the general affairs division and risk management unit, regularly supervises the implementation processes of the executive unit, and conducts timely supervision of liquidity management indicators. The risk monitoring unit submits quarterly reports to the Board of Directors and the asset and liability committee to facilitate review and supervision of the state of liquidity management.
- (b) The finance department works with the risk management department to establish applicable ratios and limits on liquidity risk indicators, which will be reported to the asset and liability committee and then assessed by the chairman with the authorization of the Board of Directors.
- (c) When liquidity risk exposure exceeds the ratio supervised by liquidity risk indicators, the risk management unit draws up a response plan, which will be delivered to the relevant unit for implementation upon reporting to the asset and liability committee for

resolution. The asset and liability committee will keep track of enforcement of the plan regularly.

c. Assessment

- (a) Set up liquidity risk indicator and warning in order to control elements adverse to liquidity. At the same time, analysis and appropriate measures are made to mitigate the extent of effects.
- (b) Use information about the Bank's non-performing credit assets and changes in external ratings addressing asset quality and external indicators as leading indicators for liquidity management to identify the Bank's liquidity risk management.
- (c) Assessments are regularly made to the assets and liabilities denominated in major currencies in the balance sheet and the cash inflow, cash outflow and liquidity gap off the balance sheet by different time period.

d. Management procedures of overseas branches and subsidiaries

Plan and establish capital liquidity risk measurements and precautionary indicators for overseas branches and subsidiaries in order to control factors adverse to liquidity, decrease the degree of influence of the adverse factors, and implement cascading reporting procedures in accordance with requirements. In a timely manner establish an emergency response mechanism to act as a guideline for the Bank when liquidity emergencies occur.

(B) 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 fulfill 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 Consolidated Company, 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 investments in debt instruments 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 Consolidated Company 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 corresponding accounts in the balance sheet.

c. Maturity analysis on derivative financial assets and financial liabilities by date

(a) Derivative financial instruments settled on a net basis

Derivative financial instruments of the Consolidated Company settled on a net basis include: non-delivery forwards, interest rate swaps, commodity options, hybrid embedded derivative instruments and other futures contracts.

(b) Derivative financial instruments settled on a gross basis

Derivative financial instruments of the Consolidated Company settled on a gross basis include: FX options, foreign exchange forward contracts, cross currency swaps, foreign exchange swaps, asset swaps, fixed-rate commercial paper contracts and equity options.

The following table illustrates the maturity analysis on derivative financial instruments settled on a gross and net amount basis of the Consolidated Company by the remaining maturity from the consolidated balance sheet date to the contract expiration date. According to the assessment, the maturities on the contract are the most fundamental element to understand all the derivatives on the consolidated balance sheet. The amounts disclosed in the table are made on the basis of contractual cash flow, therefore, certain disclosed amounts may not be consistent with the corresponding accounts in the consolidated balance sheet.

(Blank below)

December 31, 2019

	0-30 days	31-90 days	91-180 days	181 days-1year	Over 1 year	Total
Financial assets						
Non-derivative financial instruments						
Cash and cash equivalents	\$ 25,040,364	\$ 66,708	\$ 70,063	\$ -	\$ 30,000	\$ 25,207,135
Due from Central Bank and call loans to other banks	19,518,003	3,267,741	3,277,816	6,204,935	13,766,190	46,034,685
Financial assets at fair value through profit or loss	145,704,035	-	-	-	-	145,704,035
Financial assets at fair value through other comprehensive income	7,823,830	2,354,021	2,397,526	3,468,935	85,251,427	101,295,739
Investments in debt instruments at amortised cost	95,702,157	3,433,133	4,991,597	9,678,062	87,504,252	201,309,201
Bills and bonds purchased under resale agreements	1,500,000	3,810,000	-	-	-	5,310,000
Receivables	14,912,133	5,011,254	2,298,574	2,136,385	326,968	24,685,314
Bills discounted and loans	55,092,402	92,202,089	60,805,714	83,999,391	467,643,462	759,743,058
Other financial assets	88,165	-	107	-	338,713	426,985
Other capital inflow upon maturity	1,173,702	-	-	1,042	523,772	1,698,516
Derivative financial instruments						
Financial assets at fair value through profit or loss						
Gross settlement						
Cash inflow	19,604,032	25,959,244	7,639,979	2,526,771	-	55,730,026
Cash outflow	(19,278,630)	(25,542,767)	(7,529,905)	(2,513,459)	-	(54,864,761)
Net settlement	121,534	299,347	10,338	16,854	1,453,468	1,901,541
Total	\$ 367,001,727	\$ 110,860,770	\$ 73,961,809	\$ 105,518,916	\$ 656,838,252	\$ 1,314,181,474
Financial liabilities						
Non-derivative financial instruments						
Due to Central Bank and other banks	\$ 8,616,657	\$ 1,221,878	\$ 2,628,250	\$ 640,243	\$ -	\$ 13,107,028
Bills and bonds sold under repurchase agreements	1,550,312	-	-	-	-	1,550,312
Payables	9,959,824	1,061,643	551,689	447,678	297,066	12,317,900
Deposits and remittances	173,280,327	151,075,735	121,906,688	230,272,174	460,855,363	1,137,390,287
Financial debentures payable	-	-	-	-	34,500,000	34,500,000
Lease liabilities	64,660	103,314	154,492	278,986	3,622,038	4,223,490
Other financial liabilities	31,918	282,998	139,552	203,887	6,055,954	6,714,309
Other capital outflow upon maturity	1,229,627	-	-	-	47,893	1,277,520
Derivative financial instruments						
Financial liabilities at fair value through profit or loss						
Gross settlement						
Cash inflow	(28,332,296)	(27,447,882)	(9,656,852)	(2,458,328)	-	(67,895,358)
Cash outflow	29,209,127	27,961,785	9,820,079	2,470,710	-	69,461,701
Net settlement	113,269	295,756	10,134	14,317	1,457,026	1,890,502
Total	\$ 195,723,425	\$ 154,555,227	\$ 125,554,032	\$ 231,869,667	\$ 506,835,340	\$ 1,214,537,691

December 31, 2018

	0-30 days	31-90 days	91-180 days	181 days ~ 1 year	Over 1 year	Total
Financial assets						
Non-derivative financial instruments						
Cash and cash equivalents	\$ 19,246,738	\$ 85,138	\$ 52,604	\$ 21,905	\$ 122,798	\$ 19,529,183
Due from Central Bank and call loans to other banks	24,958,689	4,047,120	4,161,834	6,715,858	8,333,211	48,216,712
Financial assets at fair value through profit or loss	130,115,955	-	-	-	-	130,115,955
Financial assets at fair value through other comprehensive income	2,882,383	690,311	1,412,078	9,730,875	92,357,129	107,072,776
Investments in debt instruments at amortised cost	95,705,617	2,256,060	2,546,522	562,387	79,138,399	180,208,985
Receivables	17,341,259	5,665,243	3,088,465	893,475	536,453	27,524,895
Bills discounted and loans	63,962,281	86,946,180	60,645,182	90,727,325	440,663,835	742,944,803
Other financial assets	130,635	-	-	-	557,362	687,997
Other capital inflow upon maturity	2,913,389	866	-	1,100	562,488	3,477,843
Derivative financial instruments						
Financial assets at fair value through profit or loss						
Gross settlement						
Cash inflow	40,337,081	30,938,261	11,001,892	14,899,126	-	97,176,360
Cash outflow	(39,504,311)	(30,438,243)	(10,792,037)	(14,524,881)	-	(95,259,472)
Net settlement	16,402	933,474	163,521	36,071	1,754,867	2,904,335
Total	\$ 358,106,118	\$ 101,124,410	\$ 72,280,061	\$ 109,063,241	\$ 624,026,542	\$ 1,264,600,372
Financial liabilities						
Non-derivative financial instruments						
Due to Central Bank and other banks	\$ 17,326,180	\$ 1,232,802	\$ 2,838,050	\$ 650,242	\$ -	\$ 22,047,274
Bills and bonds sold under repurchase agreements	16,226,824	-	-	-	-	16,226,824
Payables	10,350,317	1,158,076	777,310	404,189	318,262	13,008,154
Deposits and remittances	202,779,283	166,585,210	165,715,258	244,625,705	283,198,526	1,062,903,982
Financial debentures payable	-	1,000,000	1,000,000	1,500,000	34,500,000	38,000,000
Other financial liabilities	1,095	6,031	2,340,643	981,005	7,433,516	10,762,290
Other capital outflow upon maturity	234,173	-	-	-	54,188	288,361
Derivative financial instruments						
Financial liabilities at fair value through profit or loss						
Gross settlement						
Cash inflow	(37,862,906)	(29,124,163)	(12,755,048)	(12,866,879)	(282,334)	(92,891,330)
Cash outflow	38,949,161	29,582,729	12,873,779	13,219,460	309,479	94,934,608
Net settlement	16,751	928,234	164,027	32,514	1,761,951	2,903,477
Total	\$ 248,020,878	\$ 171,368,919	\$ 172,954,019	\$ 248,546,236	\$ 327,293,588	\$ 1,168,183,640

Maturity analysis for the above deposits and remittances are amortised to each period based on historical experience. Given that all the deposits and remittances have to be paid in the shortest possible time, as of December 31, 2019 and 2018, expenses during the period of 0~30 days will increase by \$480,061,961 and \$388,481,437, respectively.

(C) Maturity analysis for items off the balance sheet, lease contract and capital expense commitment

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

Lease commitments of the Consolidated Company include operating lease and finance lease.

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

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

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

Please refer to the below table for maturity analysis on off-balance sheet items, lease contract commitment and capital expenditure commitment of the Consolidated Company:

(Blank below)

	December 31, 2019 (Note)			Total
	Less than 1 year	1 ~5 years	More than 5 years	
Off-balance sheet				
Irrevocable loan commitments	\$ 25,604,687	\$ -	\$ -	\$ 25,604,687
Unused letters of credit balance	3,635,756	-	-	3,635,756
Guarantees	13,217,092	-	-	13,217,092
Capital expenditure commitment	240,295	11,928	-	252,223
Note : Because of the application of IFRS 16 in 2019, the related disclosure for lease contract commitment, please refer to Note 6(12).				
	December 31, 2018			Total
	Less than 1 year	1 ~5 years	More than 5 years	
Off-balance sheet				
Irrevocable loan commitments	\$ 28,439,091	\$ -	\$ -	\$ 28,439,091
Unused letters of credit balance	4,570,325	-	-	4,570,325
Guarantees	15,773,127	-	-	15,773,127
Lease contract commitment				
Operating lease expense (lessee)	662,754	1,153,743	2,411,161	4,227,658
Operating income (lessor)	50,183	79,694	7,233	137,110
Total financial lease expense (lessee)	79	-	-	79
Present value of finance lease expense (lessee)	75	-	-	75
Total financial lease income (lessor)	18,638	-	-	18,638
Present value of finance lease income (lessor)	18,613	-	-	18,613
Capital expenditure commitment	68,258	101,752	-	170,010

(D)Disclosures made in accordance with the Regulations Governing the Preparation of Financial Reports by Public banks

a. Structure analysis of time to maturity (NTD)

		December 31, 2019						
		(Expressed in Thousands of New Taiwan Dollars)						
	Total	0 ~ 10 days	11 ~ 30 days	31 ~ 90 days	91 ~ 180 days	181 days ~ 1 year	Over 1 year	
Primary funds inflow upon maturity	1,177,368,232	212,461,663	96,801,947	111,373,738	68,851,661	98,122,374	589,756,849	
Primary funds outflow upon maturity	1,386,693,818	39,506,197	79,894,457	175,283,414	180,788,224	261,628,984	649,592,542	
Gap	(209,325,586)	172,955,466	16,907,490	(63,909,676)	(111,936,563)	(163,506,610)	(59,835,693)	

		December 31, 2018						
		(Expressed in Thousands of New Taiwan Dollars)						
	Total	0 ~ 10 days	11 ~ 30 days	31 ~ 90 days	91 ~ 180 days	181 days ~ 1 year	Over 1 year	
Primary funds inflow upon maturity	1,128,952,271	215,626,744	103,410,040	100,722,266	67,907,473	108,165,393	533,120,355	
Primary funds outflow upon maturity	1,329,554,314	54,274,575	106,875,212	187,721,546	202,462,798	317,793,649	460,426,534	
Gap	(200,602,043)	161,352,169	(3,465,172)	(86,999,280)	(134,555,325)	(209,628,256)	(72,693,821)	

b. Structure analysis of time to maturity (USD)

		December 31, 2019						
		(Expressed in Thousands of US Dollars)						
	Total	0 ~ 30 days	31 ~ 90 days	91 ~ 180 days	181 days ~ 1 year	Over 1 year		
Primary funds inflow upon maturity	5,014,755	1,366,111	553,595	260,225	118,589	2,716,235		
Primary funds outflow upon maturity	6,808,048	1,883,170	1,610,167	1,039,183	1,093,044	1,182,484		
Gap	(1,793,293)	(517,059)	(1,056,572)	(778,958)	(974,455)	(1,533,751)		

		December 31, 2018						
		(Expressed in Thousands of US Dollars)						
	Total	0 ~ 30 days	31 ~ 90 days	91 ~ 180 days	181 days ~ 1 year	Over 1 year		
Primary funds inflow upon maturity	5,696,682	1,383,082	748,016	300,357	323,706	2,941,521		
Primary funds outflow upon maturity	7,342,172	2,535,855	1,582,409	1,366,896	761,766	1,095,246		
Gap	(1,645,490)	(1,152,773)	(834,393)	(1,066,539)	(438,060)	(1,846,275)		

D. Market 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 commodity price. Market risk management is there to identify, evaluate, monitor and report risks for the purpose of ensuring that market risk of all kinds can be controlled within an acceptable level.

(A) Risk management principle

a. Principle

- (a) In order to establish a well-functioning risk management system and sound business development, promote an appropriate risk management-oriented business model, achieve business objectives and enhance shareholder value, the Bank takes the Board-approved risk management policy to completely carry out the risk management system and further create stable and high-quality earnings for shareholders.
- (b) The Bank has gradually implemented market risk quantification based on the criteria laid down in the established risk management policy and standards. The Bank has also set up mechanisms to evaluate and manage value at risk to optimize capital allocation.
- (c) Market risk management is implemented in accordance with “Market Risk Management Standards” and other relevant regulations of the Bank in order to meet operational targets and maintain sound capital adequacy ratio.
- (d) The Bank established a market risk information system to effectively monitor different limit controls, profit and loss assessments, analysis of sensitivity factors, implementation of stress testing and calculation of value at risk with respect to the positions of financial instruments held by the Bank. The relevant information is presented at risk control meetings and Board meetings for senior management’s reference in their strategic decision-making.

b. Policies and procedures

- (a) The Bank has established a clear market risk management system based on the risk management policies of its parent company, Yuanta Financial Holdings. This system includes risk management guidelines, risk management procedures and reasonable risk measurement methods. By implementing the market risk management mechanism, the Bank can accurately identify, measure and monitor market risk changes and trends.
- (b) Business domain and scope of financial instruments: the Bank established market risk management standards and has defined the scope of market risk management covering the business domain to include foreign exchange trading, money market trading, capital market trading and derivative financial instrument transactions.
- (c) The Bank established risk management procedures and took advantage of measurement methods (such as sensitivity analysis, VaR calculation, scenario simulation and stress testing) to require relevant units to set not only trading limits on various financial instruments including position limit, nominal principal limit, and stop-loss limit but also limits of authorization and limit exceeding handling procedures applicable to various limits. To increase transparency of market risk information, the risk management unit reviews and submits statements of risk management on a daily basis and performs continuous monitoring and tracking in case of abnormal transactions.

(B) Procedure of market risk management

a. Recognition and measurement

- (a) By establishing value at risk (VaR) measurement systems that are tailored to each financial product, the Bank continually strengthens potential loss estimation models and methods, gradually integrates them into a comprehensive risk management system that thoroughly discloses information, effectively strengthens early warning capabilities, and meets the requirements of the New Basel Capital Accord with regard to risk management quality.
- (b) Both the business unit and risk management unit have market risk factors for identifying exposed positions so that market risk can be measured accordingly. For interest rate instruments, except for measurement of VaR above, the impact of an interest rate shift on profit and loss is measured using price value of a basis point (DV01). Risk of holding equity securities is monitored by limits on market value and liquidity. The impact of options on the Bank is measured using Delta and Gamma. The Bank also arranges scenario and performs regular stress testing for market risk.

b. Supervision and reporting

According to different business characteristics, the Bank sets up policies governing risks of various financial instruments to cover procedures of identification, measurement, supervision and reporting. Risk management segment is assigned to keep track of the business unit's compliance.

- (a) Daily transactions: the Bank's front office business and risk control of middle office belong to different units and are independent from each other. The risk management department supervises trading positions of the business unit on a daily basis to produce supervision reports recording the utilization of limits, market value assessment and income statements, exposed positions, and the utilization of risk limits for the approval of senior management. The Bank's risk management unit also submits monthly/quarterly reports recording information about enforcement of risk management objectives, control over positions and profit or loss, sensitivity analysis, and state of VaR to the audit committee and the Board of Directors to ensure that they are sufficiently informed on the Bank's market risk control status.
- (b) Exception management: The Bank established explicit early-warning and limit exceeding handling procedures, which have been set to stop losses if transactions overrun market risk limits or individual limits due to market changes. Those filing exception management applications due to business reasons shall state the reasons and handling plans clearly and report to senior management for approval.

(C) Risk management policies for trading book

The so-called trading book refers to financial instruments and physical instruments held for trading or for hedging trading book position. The so-called positions held for trading mainly refer to positions are held with an intention to earn profit from actual or expected price variance between the purchase price and selling price. Positions not classified as trading book above are banking book positions.

a. Strategy

Various assessments and controls are implemented to effectively control market risk and ensure the mobility and adaptability of the trading strategy implemented by the business unit. In addition, risk limits on each portfolio of the trading book are set up according to

the trading strategy, types of trading instruments and annual profit objective for better management.

b. Policies and procedures

The Bank established “Market Risk Management Standards” as a significant control regulation to be followed when holding trading book positions.

c. Evaluation policy

If valuations on various financial instruments of the trading book have market values, assessment shall be performed based on independent sources and accessible information at least once a day. For those evaluated by models, the Bank shall carefully adopt mathematical models to perform valuation and regularly review assumptions and inputs used in the evaluation models.

d. Measurement methods

(a) Please refer to Note 12(4)D(F) for assumptions and calculation methods for VaR.

(b) The Bank performs stress testing quarterly on the assumptions of the change in interest rate, equity securities, and foreign exchange rate and reports to the senior management.

(D) Risk management for foreign exchange, equity securities, and interest rates is set out below:

a. Interest rate risk management of trading book

(a) Definition of interest rate risk

“Interest rate risk” refers to risk of loss on earnings or change in fair value of trading book position as a result of interest rate movement. Major instruments include interest-rate securities and derivatives.

The Bank’s interest rate risk mainly arises from interest rate swaps, cross currency swaps, foreign exchange swaps, fixed income transactions, and interest rate futures.

(b) Interest rate risk management procedures for trading book

The Bank carefully chooses underlying investment targets through studies of the issuer’s credit rating and financial position, state of country risk, and interest rate trends. According to business strategy and market conditions, the Bank sets up trading limits and stop-loss limits on the trading book (including limits on trading room, trading representatives, and trading instruments), and reports to the senior management or the Board of Directors for approval.

(c) Measurement methods

i. Please refer to Note 12(4)D(F) for assumptions and calculation methods for VaR.

ii. The Bank measures the impact of interest rate risk on investment portfolios by DV01 on a daily basis.

b. Interest rate risk management of banking book

“Interest rate risk of banking book” refers to interest rate risk from the banking book position and interest rate risk faced by off-balance sheet transactions which are not classified into the trading book.

(a) Strategy

The Bank’s interest rate risk management strategy of the banking book is used to reduce the negative impact of interest rate movement on future net interest income and net economic value of balance sheet accounts in the banking book.

(b) Management process

i. Recognition and measurement

Recognition and measurement of interest rate risk in the banking book shall take account of sources of repricing risk, yield curve risk, basis risk, and characteristics of options, and measure possible impact of interest rate movement on the Bank's earnings and economic value.

ii. Supervision and reporting

The risk management department is responsible for supervision and presenting reports on various interest rate risk management objectives set by the Bank, including relevant risk data in view of earnings, economic value, stability, and concentration at monthly meeting of the Asset and Liability Management Committee. In case of exceeding risk management objectives or other special circumstances that may significantly affect the Bank's earnings or economic value, the Bank will report to the senior management in advance, adopt appropriate interest rate risk mitigation method, and track the effectiveness of improvement measures.

iii. Measurement methods

The Bank estimates the effects on profit or loss / equity on the assumption that the interest rates have parallel shift of +/-200 bps.

(c) Interest-rate-sensitive analysis (Bonds Quoted in New Taiwan Dollars)

		December 31, 2019	December 31, 2018
	Variation of Interest-rate	Effects on other comprehensive (loss) income	Effects on other comprehensive (loss) income
Financial assets at fair value through other comprehensive income - Bond	Major yield- curve rises one basis point	(\$ 95,298)	(\$ 17,288)

c. Foreign exchange risk management

Foreign exchange risk refers to profit or loss resulting from conversion between two different currencies at different periods. The Bank's foreign exchange risk mainly arises from foreign exchange spot, forward, foreign exchange options and other derivatives business.

(a) Policies, procedures, and measurement methods of foreign exchange risk management

To control foreign exchange risk, the Bank sets operating limits and stop-loss limits on the trading room and trading representatives. The Bank also established annual maximum loss limits to control losses within an acceptable level.

(b) Measurement methods

i. Please refer to Note 12(4)D(F) for assumptions and calculation methods for VaR.

ii. Delta and Vega are used to measure the effect of foreign exchange risk on investment portfolios on a daily basis

For the Bank's foreign exchange risk, the Bank performs a stress testing on the assumptions of change in the exchange rates of major currencies on a quarterly basis at least, and reports the results to senior management.

d. Price risk management of equity securities

The Bank's market risk of holding equity securities includes unique risk arising from market price change of unique equity security and general market risk arising from overall market price change.

The Bank's equity security risk mainly arises from stocks, ETF, funds, and convertible corporate bonds transactions.

(a) The purpose of price risk management of equity securities

The purpose of price risk management of equity securities is to avoid material fluctuation that may worsen the Bank's financial position or cause loss on earnings and to promote sound business operation and improved effectiveness of capital utilization.

(b) Procedures for price risk management of equity securities

Procedures are used to control equity security risk and set annual maximum loss limit in order to control losses within an acceptable level. Additionally, for the stop-loss point set for individual shares, the Bank is required to handle individual shares that have met the stop-loss point in accordance with limit exceeding handling procedures for market risk.

(c) Measurement methods

- i. Price risk of equity securities is mainly controlled based on VaR
- ii. Delta is used to measure the impact of equity security risk on investment portfolios on a daily basis.

(E) Management procedures of overseas branches and subsidiaries

When planning and establishing all financial transactions, transactions should be classified as Banking Book positions or Trading Book positions according to their held purpose. Appropriate and effective market risk limits should be elected for each business according to their product portfolio, strategy attributes, and trading purpose and risk attributes.

(F) Valuation techniques of market risk

a. Value at Risk (VaR)

A VaR model is used to measure the possible maximum potential losses in investment portfolios as a result of movement in market risk factor in a specified period and confidence level. In terms of trading positions, the VaR model is used as a major tool to control market risk. The Bank currently uses "confidence level of 99%" for estimating maximum possible losses on trading positions on a single day (that is VaR (99%, one day)) as a standard to measure market risk.

The Bank performs back testing of the VaR model on an ongoing basis to ensure that the model can continuously, reasonably, effectively measure maximum potential losses that may arise from investment portfolios.

	December 31, 2019			December 31, 2018		
	Average	Maximum	Minimum	Average	Maximum	Minimum
Foreign exchange	17,120	34,620	3,128	35,657	49,057	6,729
Interest rate	29,231	33,331	24,582	40,489	64,133	29,368
Equity securities	9,368	16,889	4,099	9,466	15,971	2,756
Total VaR	36,450	49,307	22,985	46,264	67,511	33,922

b. Stress testing

In addition to the VaR model, the Bank regularly measures stress losses the Bank may incur in extremely abnormal stress scenarios. For setting such stress scenarios, the Bank comprehensively considers the rationality and possibility of standard scenarios, historical scenarios and hypothetical scenarios to completely assess possible stress losses on positions.

When stress testing exceeds risk tolerance, the Bank shall carry out market risk analysis and risk warnings, then execute a counter strategy to contain risk within a reasonable scope.

(G)As of December 31, 2019 and 2018, the Consolidated Company's foreign currency denominated financial instruments whose balances are greater than 5% of the balance of total assets or liabilities are presented based on foreign exchange risk concentration by the carrying amount below.

	December 31, 2019		December 31, 2018	
	USD position	Carrying amount (NTD)	USD position	Carrying amount (NTD)
Foreign currency denominated financial assets				
Bills discounted and loans - Net	<u>\$ 2,670,980</u>	<u>\$ 80,412,527</u>	<u>\$ 2,879,880</u>	<u>\$ 88,507,343</u>
Foreign currency denominated financial liabilities				
Deposits and remittances	<u>\$ 4,441,669</u>	<u>\$ 133,720,883</u>	<u>\$ 4,098,959</u>	<u>\$ 125,973,295</u>

Note: As of December 31, 2019 and 2018, USD to TWD exchange rates were 30.106 and 30.733, respectively.

(Blank below)

(H)Disclosures made in accordance with the Regulations Governing the Preparation of Financial Reports by Public banks

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

December 31, 2019

Item	(Expressed in Thousands of New Taiwan Dollars, %)					Total
	1 ~ 90 days	91 ~ 180 days	181 days ~ 1 year	Over 1 year		
Interest-rate-sensitive assets	757,680,494	42,519,810	20,976,127	225,721,404		1,046,897,835
Interest-rate-sensitive liabilities	297,608,065	546,615,749	115,852,297	39,182,811		999,258,922
Interest-rate-sensitive gap	460,072,429 (	504,095,939)	(94,876,170)	186,538,593		47,638,913
Total equity						119,042,275
Ratio of interest-rate-sensitive assets to liabilities (%)						104.77
Ratio of interest-rate-sensitive gap to equity (%)						40.02

December 31, 2018

Item	(Expressed in Thousands of New Taiwan Dollars, %)					Total
	1 ~ 90 days	91 ~ 180 days	181 days ~ 1 year	Over 1 year		
Interest-rate-sensitive assets	706,802,883	36,334,956	15,750,226	218,549,255		977,437,320
Interest-rate-sensitive liabilities	310,786,281	478,499,885	104,944,634	39,259,391		933,490,191
Interest-rate-sensitive gap	396,016,602 (	442,164,929)	(89,194,408)	179,289,864		43,947,129
Total equity						112,918,052
Ratio of interest-rate-sensitive assets to liabilities (%)						104.71
Ratio of interest-rate-sensitive gap to equity (%)						38.92

Note 1: The above amounts include only New Taiwan Dollars held by the Bank, excluding contingent assets and contingent liabilities.

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

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

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

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

December 31, 2019

Item	(Expressed in Thousands of US Dollars, %)				
	1 ~ 90 days	91 ~ 180 days	181 days ~ 1 year	Over 1 year	Total
Interest-rate-sensitive assets	3,532,599	348,437	24,750	773,975	4,679,761
Interest-rate-sensitive liabilities	2,893,156	408,096	671,612	793,575	4,766,439
Interest-rate-sensitive gap	639,443 (	59,659) (	646,862) (	19,600) (	86,678) (
Total equity					86,290
Ratio of interest-rate-sensitive assets to liabilities (%)					98.18
Ratio of interest-rate-sensitive gap to equity (%)					(100.45)

December 31, 2018

Item	(Expressed in Thousands of US Dollars, %)				
	1 ~ 90 days	91 ~ 180 days	181 days ~ 1 year	Over 1 year	Total
Interest-rate-sensitive assets	3,750,657	319,099	67,761	1,016,588	5,154,105
Interest-rate-sensitive liabilities	3,343,297	759,624	429,176	639,412	5,171,509
Interest-rate-sensitive gap	407,360 (	440,525) (	361,415) (	377,176 (	17,404) (
Total equity					84,277
Ratio of interest-rate-sensitive assets to liabilities (%)					99.66
Ratio of interest-rate-sensitive gap to equity (%)					(20.65)

Note 1: The above amounts include only US Dollars amounts held by the Bank, 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).

(I) Transfer of financial assets

Transferred financial assets that did not meet the requirements of derecognition in their entirety conducted in the Consolidated Company's ordinary course of business were primary incident to repurchase agreements of debt instruments. Because such transactions in respect to the agreements, had transferred their receivable contractual cash flows to other parties, and are reflected in the Consolidated Company's related liabilities, which indicate the obligation to repurchase transferred financial assets in a specified future period within a fixed price, the Consolidated Company, within the effective period of the transaction, cannot use, sell or pledge the already transferred financial asset, but must still bear interest risk and credit risk. Thus, such financial assets were not derecognized in their entirety.

The information in the table below analyzes financial assets and their relevant financial liabilities that do not meet the requirements of derecognition in their entirety:

Financial assets category	December 31, 2019	
	Carrying amount of transferred financial assets	Carrying amount of related financial liabilities
Financial assets at fair value through profit or loss		
Bond sold under repurchase agreements	\$ 1,645,032	\$ 1,550,312
Financial assets category	December 31, 2018	
Financial assets at fair value through profit or loss		
Bond sold under repurchase agreements	\$ 11,884,917	\$ 11,070,139
Financial assets at fair value through other comprehensive income		
Bond sold under repurchase agreements	5,288,678	5,156,685

(J) Offsetting financial assets and financial liabilities

The Consolidated Company has transactions that are or are similar to net settled master netting arrangements but do not meet the offsetting criteria. For example: global master repurchase agreements or similar agreements that are repurchase transactions or reverse repurchase transactions. 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 below:

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 recognized financial assets (a)	Gross amounts of recognized financial liabilities offset in the balance sheet (b)	Net amounts of financial assets presented in the balance sheet (c)=(a)-(b)	Related amounts not offset in the balance sheet (d) (Note 1)			Net amount (e)=(c)-(d)
				Financial instruments (Note 2)	Cash collateral received		
Derivative instruments	\$ 2,860,992	\$ -	\$ 2,860,992	\$ 1,138,660	\$ 1,147,176		\$ 575,156
Bonds purchased under resale agreements	5,310,000	-	\$ 5,310,000	5,310,000	-		-
Financial liabilities that are offset, or can be settled under agreements of net settled master netting arrangements or similar arrangements							
Description	Gross amounts of recognized financial liabilities (a)	Gross amounts of recognized financial assets offset in the balance sheet (b)	Net amounts of financial liabilities presented in the balance sheet (c)=(a)-(b)	Related amounts not offset in the balance sheet (d) (Note 1)			Net amount (e)=(c)-(d)
				Financial instruments (Note 3)	Cash collateral received		
Derivative instruments	\$ 3,568,060	\$ -	\$ 3,568,060	\$ 1,138,660	\$ 1,060,613		\$ 1,368,787
Bonds sold under repurchase agreements	1,550,312	-	1,550,312	1,550,312	-		-
December 31, 2018							
Financial assets that are offset, or can be settled under agreements of net settled master netting arrangements or similar arrangements							
Description	Gross amounts of recognized financial assets (a)	Gross amounts of recognized financial liabilities offset in the balance sheet (b)	Net amounts of financial assets presented in the balance sheet (c)=(a)-(b)	Related amounts not offset in the balance sheet (d) (Note 1)			Net amount (e)=(c)-(d)
				Financial instruments (Note 2)	Cash collateral received		
Derivative instruments	\$ 4,593,008	\$ -	\$ 4,593,008	\$ 1,515,250	\$ 174,352		\$ 2,903,406
Financial liabilities that are offset, or can be settled under agreements of net settled master netting arrangements or similar arrangements							
Description	Gross amounts of recognized financial liabilities (a)	Gross amounts of recognized financial assets offset in the balance sheet (b)	Net amounts of financial liabilities presented in the balance sheet (c)=(a)-(b)	Related amounts not offset in the balance sheet (d) (Note 1)			Net amount (e)=(c)-(d)
				Financial instruments (Note 3)	Cash collateral received		
Derivative instruments	\$ 4,823,707	\$ -	\$ 4,823,707	\$ 1,515,250	\$ 2,604,732		\$ 703,725
Bonds sold under repurchase agreements	16,226,824	-	16,226,824	16,226,824	-		-

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

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

Note 3: Including net settled master netting arrangements.

(5) Capital risk management

A. The objectives of capital management of the Consolidated Company:

- (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 Consolidated 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 Consolidated Company assesses the required capital with consideration of the risk portfolio it faces and the risk characteristic, and manages risk through capital allocation to realize utilization of capital allocation.
- (C) Stress testing is performed on a regular basis in compliance with regulations of competent authorities to ensure that the Consolidated Company's capital is sufficient to cover the potential losses from significant adverse events.

B. Capital management procedure

- (A) The Consolidated Company maintains the overall capital adequacy ratio and reports to the competent authorities quarterly in compliance with the regulations from competent authorities' requirements.
- (B) Each risk responsible segment, in accordance with the Consolidated Company's risk management framework in the areas of credit risk, market risk, operational risk, interest rate risk of the banking book, liquidity risk, legal compliance risk and the regulations of competent authorities, is to identify, measure, monitor and report the discovery of major risks. In this way, the capital plans of the Consolidated Company can reflect its current financial status, and its capital profile shall be applicable to its services and the scope of business.
- (C) The Bank's capital management objectives shall be agreed to by the Board of Directors, based on the quarterly reports of the Bank's risk management status. The risk management department shall report to be Board of Directors summaries of the Bank's risk exposure and capital adequacy ratio, and shall evaluate whether the Bank's capital can sufficiently respond to various types of risk and meet the Bank's capital management objectives.
- (D) In accordance with the "Regulations Governing the Capital Adequacy and Capital Category of Banks", the Regulatory Capital of the Consolidated Company are classified as Tier 1 Capital and the Tier 2 Capital:
 - a. The Tier 1 Capital includes common equity Tier 1 and additional Tier 1 capital.
 - (a) The common equity Tier 1 capital consists of the common equity that deducts intangible assets, the deferred tax assets due to losses from the previous year, the insufficiency of operation reserves and loan loss provisions, the revaluation surplus of real estate,

unamortised losses on sales of non-performing loans, and the statutory adjustment items calculated in accordance with other rules for calculation methods.

- (b) The additional Tier 1 capital consists of the total amount of the non-cumulative perpetual preferred stock and its capital stock premium, non-cumulative perpetual subordinated debts and the non-cumulative perpetual preferred stock and its capital stock premium, and the non-cumulative perpetual subordinated debts which are issued by subsidiaries, and are not directly or indirectly held by the Bank minus the total amount of deductible items in accordance with the rules for calculation guideline.
- b. The range of Tier 2 capital shall include the total amount of the following items minus the total amount of deductible items in accordance with the rules for calculation guideline:
 - (a) The total amount of cumulative perpetual preferred stock and its capital stock premium, cumulative perpetual subordinated debts, convertible subordinated debts, long-term subordinated debts and non-perpetual preferred stock and its capital stock premium.
 - (b) When the real estate was recognized under International Financial Reporting Standards for the first time and used the fair value or the re-estimated value as the deemed cost, the difference in amount between the deemed cost and the book value was recognized in retained earnings, the 45% of unrealized gain on financial assets at fair value through other comprehensive income, as well as operational reserves and loan-loss provisions.
 - (c) The cumulative perpetual preferred stock and its capital stock premium, cumulative perpetual subordinated debts, convertible subordinated debts, long-term subordinated debts, and the non-perpetual preferred stock and its capital stock premiums, which are issued by subsidiaries, and are not directly or indirectly held by the Bank.

The loan-loss provisions included in Tier 2 capital refer to the amount of the provisions that the bank provided in excess of the expected loss assessed according to historical loss experience.

C. Capital adequacy ratio

		December 31, 2019	December 31, 2018	
Eligible Capital	Common Equity Tier 1	108,234,328	102,190,820	
	Additional Tier 1 Capital	6,549,768	6,552,514	
	Tier 2 Capital	23,596,563	27,131,454	
	Eligible Capital	138,380,659	135,874,788	
Total risk-weighted assets	Credit risk	Standardized Approach	755,272,256	759,426,981
		Internal Ratings- Based Approach	-	-
		Securitization	-	-
	Operational risk	Basic Indicator Approach	-	-
		Standardized Approach / Alternative Standardized Approach	40,682,988	41,023,677
		Advanced Measurement Approach	-	-
	Market risk	Standardized Approach	75,038,125	62,686,325
		Internal Models Approach	-	-
	Total risk-weighted assets		870,993,369	863,136,983
	Capital adequacy ratio		15.89%	15.74%
Common Equity Tier 1 Ratio		12.43%	11.84%	
Tier 1 Risk-based Capital Ratio		13.18%	12.60%	
Leverage Ratio		8.34%	8.22%	

Note 1: The eligible capital, risk-weighted assets and Exposure Measurement in the table above should be filled in accordance with “Regulations Governing the Capital Adequacy and Capital Category of Banks” and “calculation method and table of self-owned capital and risk-weighted assets”.

Note 2: The relevant formulas are as follows:

1. Eligible capital = Common Equity + Additional Tier 1 Capital + Tier 2 Capital
2. Total risk-weighted assets = credit risk-weighted assets + (operational risk + market risk) * 12.5
3. Capital adequacy ratio = Eligible capital / Total risk-weighted assets
4. Common Equity Tier 1 Ratio = Common Equity Tier 1 / Total risk-weighted assets
5. Tier 1 Risk-based Capital Ratio = (Common Equity Tier 1 + additional Tier 1 Capital) / Total risk weighted assets
6. Leverage Ratio = Tier 1 Capital / Exposure Measurement

(6) Content and amount of investment trust business in accordance with Trust Enterprise Act

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

December 31, 2019			
Trust Balance Sheet			
<u>Trust assets</u>		<u>Trust liabilities</u>	
Bank deposits	\$ 4,454,180	Payable - Customers' securities under custody	\$ 31,522,869
Stocks	11,302,555	Pecuniary trust	141,387,733
Funds (Note)	97,452,016	Securities trust	5,491,100
Bonds	24,254,758	Real estate trust	14,464,716
Structured product	11,950,923	Movables trust	14,372,380
Real estate - land	11,952,665	Net income	680,512
Real estate - construction in process	1,052,218	Accumulated earnings	395,254
Movables	14,372,380		
Customers' securities under custody	31,522,869		
Total trust assets	<u>\$ 208,314,564</u>	Total trust liabilities	<u>\$ 208,314,564</u>
December 31, 2018			
Trust Balance Sheet			
<u>Trust assets</u>		<u>Trust liabilities</u>	
Bank deposits	\$ 4,975,555	Payable - Customers' securities under custody	\$ 25,002,568
Stocks	11,850,920	Pecuniary trust	139,792,745
Funds (Note)	95,471,044	Securities trust	5,150,539
Bonds	21,952,306	Real estate trust	24,558,465
Structured product	13,461,657	Movables trust	7,020,000
Real estate - land	16,518,032	Mutual funds in monetary market	-
Real estate - construction in process	6,505,471	Net income	236,795
Movables	7,020,000	Accumulated earnings	996,441
Customers' securities under custody	25,002,568		
Total trust assets	<u>\$ 202,757,553</u>	Total trust liabilities	<u>\$ 202,757,553</u>

Note: Includes mutual funds in the monetary market.

Trust Income Statement

	For the years ended December 31,	
	2019	2018
Trust revenue		
Interest income	\$ 12,050	\$ 11,621
Investment income (stock)	430,506	72,888
Investment income (fund)	432	644
Dividend Income	287,586	206,379
Rental income	86	-
	<u>730,660</u>	<u>291,532</u>
Trust expenses		
Management fees	(15,385)	(20,910)
Tax expenses	(29,451)	(31,778)
Insurance expense	(3,734)	(1,907)
Profit on investment	(1,464)	(60)
	<u>(50,034)</u>	<u>(54,655)</u>
Income before income tax	680,626	236,877
Income tax expense	(114)	(82)
Net income	<u>\$ 680,512</u>	<u>\$ 236,795</u>

Trust Property List

Invested items	December 31, 2019	December 31, 2018
	Book value	Book value
Bank deposits	\$ 4,454,180	\$ 4,975,555
Bonds	24,254,758	21,952,306
Stocks	11,302,555	11,850,920
Structured products	11,950,923	13,461,657
Funds (Note)	97,452,016	95,471,044
Real estate - land	11,952,665	16,518,032
- construction in process	1,052,218	6,505,471
Movables	14,372,380	7,020,000
Customers' securities under custody	31,522,869	25,002,568
	<u>\$ 208,314,564</u>	<u>\$ 202,757,553</u>

Note: Includes mutual funds in monetary market.

The trust balance sheet and trust schedule of property as at December 31, 2019 and 2018 include foreign currency non-discretionary money trusts and foreign currency money trusts operated by the offshore banking unit of the Bank.

(7) Cross-selling marketing strategies implemented between the Consolidated Company, the Yuanta Financial Holdings and its subsidiaries

A. In order to achieve integrated benefits for the financial holding company, the Consolidated Company adopts the cross-selling marketing approach to take advantage of the operation

channels, branches and staff to satisfy various needs of the clients, to increase the Consolidated Company's sales performance and to enhance cost-saving efficiency. The cross-selling marketing approach was conducted in conformance with the "Yuanta Financial Holdings Company Group Cross-selling Marketing Rules" to regulate the Consolidated Company, Yuanta Financial Holdings Co. and its subsidiaries, to ensure clients' rights.

B. Information exchange

Article 11 of "Yuanta Financial Holdings Company Group Cross-selling Marketing Rules" allows the Consolidated Company, Yuanta Financial Holding Co. and its subsidiaries (excluding foreign subsidiaries) to share clients' information internally, yet other than clients' name and address, information should be restricted in accordance with the "Personal Information Protection Act" for any gathering, processing and using purposes.

C. Mutual use of operation facilities or place

As the Consolidated Company, the Yuanta Financial Holdings Co. and its subsidiaries or other third parties adopted cross-selling marketing approach, such entities should comply with Article 3 of "Yuanta Financial Holdings Company Group Cross-selling Marketing Rules" to apply for approval from the Financial Supervisory Commission of the Executive Yuan and should comply with Articles 6 and 8 of the Rules for the scope and method in adopting cross-selling business. The Consolidated Company and Yuanta Securities started cross-selling marketing business: NTD deposit account application on November 1, 2019.

(8) Profitability

Items		For the years ended December 31,	
		2019	2018
Return on total assets (%)	Before tax	0.87	0.77
	After tax	0.76	0.66
Return on equity (%)	Before tax	9.69	8.78
	After tax	8.46	7.52
Net profit margin ratio (%)		42.98	39.18

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

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

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

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

Note 5: Average total assets and average equity are calculated based on the amount on January 1, 2019 of the application of IFRS 16 and IFRS 9, and the amount on January 1, 2018 after reorganization.

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

Expressed in Thousands of New Taiwan Dollars

Creditor	Counterparty	Relationship	Accounts receivable from related party	Turnover rate	Amount overdue		Accounts receivable from related party	Amount of allowance
					Amount	Action taken		
Yuanta Bank	Yuanta Financial Holdings	Parent Company	\$2,282,925 (Note)	-	\$ -	-	\$ -	-

Note: Income tax refundable arising from filing consolidated income tax returns was recognized under current income tax assets.

F. Information regarding selling non-performing loans:

(A) Summary of selling non-performing loans:

Expressed in Thousands of New Taiwan Dollars

Company	Transaction date	Counterparty	Contents of right of claim	Carrying value	Sale price	Gain or loss from disposal	Attached conditions	Relationship with the Bank	Note
Yuanta Savings Bank (Korea)	2019/1/30	LE Co., Ltd	Loans and Prepayments for Collect	\$ 42,949	\$ 44,984	\$ 2,035	-	None	Note1
Yuanta Savings Bank (Korea)	2019/5/30	JINSUNG Co., Ltd	Loans and Prepayments for Collect	\$ 26,987	\$ 28,512	\$ 1,525	-	None	Note2
Yuanta Savings Bank (Korea)	2019/9/16	JUNGWON PARTNERS Co., Ltd	Loans and Prepayments for Collect	\$ 36,259	\$ 36,751	\$ 492	-	None	Note3
Yuanta International Leasing	2019/10/31	YU HSIN DEVELOPMENT & CONSTRUCTION Co., Ltd.	Accounts Receivable	\$ 250,272	\$ 258,000	\$ 7,728	-	None	-

Note 1: The carrying amount and the sale price of the loan was KRW 1,618,222 thousand and KRW 1,694,907 thousand, using the exchange rate of 1 KRW to 0.026541 NTD.

Note 2: The carrying amount and the sale price of the loan was KRW 1,016,810 thousand and KRW 1,074,243 thousand, using the exchange rate of 1 KRW to 0.026541 NTD.

Note3: The carrying amount and the sale price of the loan was KRW 1,366,154 thousand and KRW 1,384,700 thousand, using the exchange rate of 1 KRW to 0.026541 NTD.

(B) Sale of non-performing loans for which the amount exceeding NT \$1 billion (excluding sale to related parties): None.

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

H. Significant transactions between parent company and subsidiaries

Information for the year ended December 31, 2019:

No. (Note 1)	Company	Counterparty	Relationship (Note 2)	Details of transactions			Percentage (%) of total consolidated net revenues or assets
				Account	Amount	Conditions	
0	Yuanta Bank	Yuanta International Leasing	1	Accounts payable	4	No significant difference from general customers.	0.00%
0	Yuanta Bank	Yuanta International Leasing	1	Deposits and remittances	73,502	No significant difference from general customers.	0.01%
0	Yuanta Bank	Yuanta International Leasing	1	Service fee and commission income	22	No significant difference from general customers.	0.00%
0	Yuanta Bank	Yuanta International Leasing	1	Interest expense	98	No significant difference from general customers.	0.00%
0	Yuanta Bank	Yuanta Savings Bank (Philippines)	1	Other assets	722,127	No significant difference from general customers.	0.05%
1	Yuanta International Leasing	Yuanta Bank	2	Bank deposits	73,502	No significant difference from general customers.	0.01%
1	Yuanta International Leasing	Yuanta Bank	2	Accounts receivable	4	No significant difference from general customers.	0.00%
1	Yuanta International Leasing	Yuanta Bank	2	Interest income	98	No significant difference from general customers.	0.00%
1	Yuanta International Leasing	Yuanta Bank	2	Other general and administrative expenses	3	No significant difference from general customers.	0.00%
1	Yuanta International Leasing	Yuanta Bank	2	Other service fee expenses	19	No significant difference from general customers.	0.00%
2	Yuanta Savings Bank (Philippines)	Yuanta Bank	2	Other liabilities	722,127	No significant difference from general customers.	0.05%

Note 1: The numbers in the No. column refer to the following:

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.

I. Other significant transactions that may affect the decisions made by financial statement users: None

(2) Information on the subsidiaries regarding funds lent to others, endorsements or guarantees provided, securities held at the end of the period, accumulative transaction amount on the same securities for more than \$300 million, a transaction or engagement in derivative instruments which is equivalent to 10% of paid-in capital:

A. Funds lent to others:

None.

B. Endorsements and guarantees provided for others:

None.

C. Securities held at the end of the period:

None.

D. Information regarding stocks of equity investment for which the purchase or sale amount for the period exceeded \$300 million or 10% of the Bank's paid-in capital:

None.

E. Information on derivative instrument transactions:

None.

(3) Information regarding reinvested business and consolidated stock holdings

Expressed in Thousands of New Taiwan Dollars/ Thousands of shares

Name of the Investee	Investee Location	Investee's main operations	Percentage of ownership (%) at the end of current period	Carrying value of investments	Investment income recognized by the Bank for current period	The combined ownership of the investee company's common shares held by the Bank and its related parties			Note
						Number of ready shares	Number of pro-forma shares	Total Number of shares	
Yuanta International Leasing	7F, No.69, Baoqing Rd., Taipei, Taiwan	Leasing business	100	\$ 108,402	\$ 4,448	10,000	-	10,000	100
Yuanta Savings Bank (Philippines)	Chatham House 116, Valero cor. V.A. Rufino St., Salcedo Village, Makati City, Philippines	Deposits and loans of saving bank	100	608,624	(40,129)	1,200,000	-	1,200,000	100
Yuanta Savings Bank (Korea)	542, Gangnam-daero, Gangnam-gu, Seoul, Korea	Deposits and loans of saving bank	100	4,030,603	126,454	13,516	-	13,516	100

(4) Investments in People's Republic of China:

None.

14. Segment information

(1) General information

In accordance with IFRS 8 as endorsed by the FSC, the overall performance of the operating segments is reviewed by the Board of Directors on a regular basis to determine the distribution of resources and to assess the results. All reportable segments determined by the Consolidated Company meet the disclosure requirements of IFRS 8 as endorsed by the FSC.

The Consolidated Company has a global market, comprising five major business segments below:

- A. Corporate finance: General corporate loans, policy finance, guarantees and acceptances, receivables finance and small and medium enterprise loans, etc.
- B. Offshore Banking: International syndicated loans and management of the overseas branches and subsidiaries.
- C. Consumer finance: Mortgage loans, auto loans, consumer loans, credit cards, etc.
- D. Wealth management: This segment consolidates deposits, wealth management, trust business and various financial instruments, and provides clients with tailor-made recommendations and advice according to their asset portfolio and financial position.
- E. Financial trading: Investing in and handling of foreign exchange and fixed income instruments, securities and other derivatives.

(2) The income sources and service types of each reporting segment

A. Measurement of the profit and loss of operating segments

The Consolidated Company's measurement principles of profit and loss of operating segments are consistent with significant accounting policies stated in Note 4, and the measurement of profit and loss performance is based on pre-tax profit and loss.

In order to create a fair and reasonable evaluation system, the funding among segments is regarded as lending to a third party and interest incomes and expenses should be calculated according to internal funding rates which refer to market conditions. Incomes and expenses among internal segments shall be offset in the financial reports published.

Incomes and expenses attributable to each operating segments shall be classified as profits or losses of the segment; the indirect expenses that are not attributable to any segment and back office expenses should be reasonably allocated to operating segments. Expenses that cannot be reasonably allocated should be listed under "other segments".

B. Recognition element for reporting segment

The performance appraisal for the Consolidated Company's reporting segments, which is based on specific performance indicators which are reviewed and evaluated by the management on a regular basis, is a reference for resource allocation.

(3) Information about segment profit or loss

	For the year ended December 31, 2019						
	Segment Information						
	Corporate finance	Offshore banking	Consumer finance	Wealth management	Financial trading	Other segments	Consolidated
Net interest income (loss)	\$ 4,255,250	\$ 2,219,191	\$ 4,422,175	\$ 2,150,905	\$ 651,898	\$ 232,473	\$ 13,466,946
Net service fee and commission income (loss)	471,051	292,567	446,334	4,471,448	4,736	(6,723)	5,679,413
Other operating income (loss) (Note)	(29,185)	78,641	106,227	169,548	3,811,315	97,214	4,233,760
Operating expenses	1,711,190	858,992	2,806,087	4,488,002	627,281	306,045	10,797,597
Other significant non-cash accounts: (Impairment losses) reversal of impairment losses on assets	-	728	-	-	(441)	(8,857)	(8,570)
(Provision) recovery for bad debt expenses, commitment and guarantee reserve	45,249	(1,287,892)	177,476	(396)	36	(1,123)	(1,066,650)
Segmental profit (loss) before tax	\$ 3,031,175	\$ 444,243	\$ 2,346,125	\$ 2,303,503	\$ 3,840,263	\$ 458,007	\$ 11,507,302
	For the year ended December 31, 2018						

	For the year ended December 31, 2018						
	Segment Information						
	Corporate finance	Offshore banking	Consumer finance	Wealth management	Financial trading	Other segments	Consolidated
Net interest income (loss)	\$ 4,016,607	\$ 2,071,357	\$ 4,636,697	\$ 3,561,728	\$ 617,740	\$ 886,626	\$ 14,017,503
Net service fee and commission income (loss)	524,124	466,001	371,645	4,026,177	(11,609)	(5,035)	5,371,303
Other operating income (loss) (Note)	(12,270)	43,500	111,472	288,961	3,059,025	515,494	4,006,182
Operating expenses	1,688,440	773,622	2,637,507	5,766,581	725,324	(335,675)	11,255,799
Other significant non-cash accounts: (Impairment losses) reversal of impairment losses on assets	-	(1,524)	-	-	14,319	(1,439,949)	(1,427,154)
(Provision) recovery for bad debt expenses, commitment and guarantee reserve	(595,047)	(35,755)	(33,438)	-	122	(2,262)	(666,380)
Segmental profit (loss) before tax	\$ 2,244,974	\$ 1,769,957	\$ 2,448,869	\$ 2,110,285	\$ 2,954,273	\$ 1,482,703	\$ 10,045,655

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

(4) Major customer information

The Consolidated Company has diverse income sources and has no significant trade occurred to single client or transaction.

(5) Product information

The Consolidated Company's product information is identical with the segment information.

(6) Geographical information

The Consolidated Company is categorized according to the geographic location of operating segments. There were no revenues from a single foreign external customer that was material. Therefore, no disclosures have been made.

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