

YUANTA FINANCIAL HOLDING CO., LTD.
AND ITS SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT
FOR THE YEARS ENDED
DECEMBER 31, 2022 AND 2021

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

Independent Auditors' Report

PWCR22000282

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

Opinion

We have audited the accompanying consolidated balance sheets of Yuanta Financial Holding Co., Ltd. (the "Company") and its subsidiaries (collectively "Yuanta Group") as at December 31, 2022 and 2021, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Yuanta Group as at December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Financial Holding Companies, Regulations Governing the Preparation of Financial Reports by Securities Issuers, Regulations Governing the Preparation of Financial Reports by Public Banks, Regulations Governing the Preparation of Financial Reports by Securities Firms, Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants, Regulations Governing the Preparation of Financial Reports by Insurance Enterprises, and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission.

Basis for opinion

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

Key audit matters

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

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

Impairment evaluation of bills discounted and loans

Description

For the accounting policy of the impairment evaluation of bills discounted and loans, please refer to Note 4(10); for critical accounting estimates and assumption uncertainty of expected credit loss on bills discounted and loans, please refer to Note 5; for the details on bills discounted and loans, please refer to Notes 6(9) and 12(3). Total bills discounted and loans (including adjustment for premium or discount) and the allowance for credit losses, arising from Yuanta Commercial Bank Co., Ltd. of Yuanta Group, as at December 31, 2022 were NTD 990,145,956 thousand and NTD 13,400,050 thousand, respectively.

The impairment evaluation of bills discounted and loans arising from Yuanta Commercial Bank Co., Ltd. is conducted in accordance with IFRS 9, 'Financial Instruments', "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans" and relevant regulations. The management's considerations on bills discounted and loans impairment appropriation are primarily based on reasonable and supportable information about past events, current conditions, and forecasts of future economics. At each financial reporting date, bills discounted and loans are categorised 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 arising from Yuanta Commercial Bank Co., Ltd. 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, 2022: sample examined the stage classification for expected credit losses; sample tested the calculation of the probability of default, loss given default, and exposure at default; sample examined documents regarding management's individual evaluation of future cash flows and collateral value; and evaluated whether the provision for impairment loss amount complied with the competent authority's related regulations.

Fair value valuation of unlisted stocks

Description

For the accounting policy of unlisted stocks (accounted under financial assets at fair value through other comprehensive income), please refer to Note 4(7); for critical accounting estimates and assumption uncertainty of the fair value of unlisted stocks, please refer to Note 5; for the details on unlisted stocks, please refer to Notes 6(4) and 12(2). The carrying amount of the financial assets at fair value through other comprehensive income – unlisted stocks as at December 31, 2022 was NTD 35,448,366 thousand.

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

How our audit addressed the matter

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

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

Impairment assessment of goodwill

Description

For the accounting policy of the impairment assessment of goodwill (intangible assets), please refer to Notes 4(12) and 4(19); for the critical accounting estimates and assumption uncertainty of impairment assessment of goodwill, please refer to Note 5; for the details on goodwill, please refer to Note 6(17). Goodwill after accumulated impairment as at December 31, 2022 was NTD 28,540,164 thousand.

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

How our audit addressed the matter

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

Reserve for policy benefit and adequacy of insurance liabilities

Description

For the accounting policy of reserve for policy benefit and adequacy of insurance liabilities, please refer to Note 4(28); for critical accounting estimates and assumption uncertainty of adequacy of insurance liabilities, please refer to Note 5; for the details on insurance liabilities, please refer to Note 6(26). Reserve for policy benefit under insurance liabilities as at December 31, 2022 was NTD 343,632,568 thousand.

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

How our audit addressed the matter

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

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

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

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

into effect as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' responsibilities for the audit of the consolidated financial statements

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

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

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

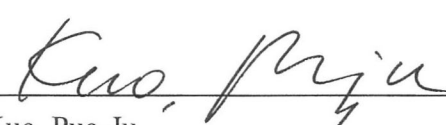
auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause Yuanta Group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

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

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

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

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


Kuo, Puo-Ju
Chou, Chien-Hung

For and on behalf of PricewaterhouseCoopers, Taiwan

March 15, 2023

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

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

ASSETS		Notes	December 31, 2022		December 31, 2021	
			AMOUNT	%	AMOUNT	%
11000	Cash and cash equivalents	6(1)	\$ 76,338,164	3	\$ 80,735,621	3
11500	Due from Central Bank and call loans to other banks	6(2),8	79,690,160	3	80,343,357	3
12000	Financial assets at fair value through profit or loss	6(3),7,8	420,057,382	14	529,242,141	17
12150	Financial assets at fair value through other comprehensive income	6(4),8	339,711,553	11	338,490,662	11
12200	Investments in debt instruments at amortised cost	6(5),8	540,529,315	18	508,638,932	17
12500	Investments in bills and bonds under resale agreements	6(6)	94,073,224	3	46,454,964	2
13000	Receivables – net	6(7),7	202,341,992	7	263,703,360	9
13200	Current income tax assets		3,026,971	-	48,001	-
13300	Assets held for sale – net	6(8)	81,469	-	194,563	-
13500	Bills discounted and loans – net	6(9),7	995,199,165	33	884,291,862	29
13700	Reinsurance contract assets – net	6(10)	1,368,195	-	1,329,521	-
15000	Equity investments accounted for under the equity method – net	6(11)	3,431,913	-	3,115,594	-
15100	Restricted assets – net	8	2,726,292	-	2,472,029	-
15500	Other financial assets – net	6(12)	114,480,773	4	110,953,592	4
18000	Investment property – net	6(13),8	10,487,451	-	10,693,522	-
18500	Property and equipment – net	6(14),8	25,503,491	1	24,468,584	1
18600	Right-of-use assets – net	6(15)	11,515,532	-	12,443,951	-
19000	Intangible assets – net	6(17)	30,959,908	1	31,046,281	1
19300	Deferred income tax assets	6(45)	5,552,131	-	7,484,946	-
19500	Other assets – net	6(18),7,8	59,043,456	2	86,867,819	3
TOTAL ASSETS			\$ 3,016,118,537	100	\$ 3,023,019,302	100

(Continued)

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

LIABILITIES AND EQUITY			December 31, 2022		December 31, 2021	
			AMOUNT	%	AMOUNT	%
21000	Deposits from Central Bank and other banks	6(20)	\$ 38,607,095	1	\$ 25,624,124	1
21500	Due to Central Bank and other banks		-	-	839,700	-
22000	Financial liabilities at fair value through profit or loss	6(3)(38)	134,822,676	5	158,685,739	5
22500	Bills and bonds payable under repurchase agreements	6(6)(47),7	224,137,491	7	183,865,849	6
22600	Commercial paper payable – net	6(21)(47)	47,836,070	2	49,983,502	2
23000	Payables	6(22),7	154,026,563	5	214,482,994	7
23200	Current income tax liabilities		4,052,157	-	7,892,094	-
23500	Deposits and remittances	6(23),7	1,407,441,499	47	1,375,002,383	46
24000	Bonds payable	6(24)(47)	102,487,542	3	82,539,085	3
24400	Other borrowings	6(25)(47)	48,460,199	2	59,998,200	2
24600	Liabilities reserve	6(26)(27)	363,676,625	12	336,342,258	11
25500	Other financial liabilities	6(28),7	140,319,398	5	126,619,428	4
26000	Lease liabilities	6(47)	4,712,163	-	5,720,785	-
29300	Deferred income tax liabilities	6(45)	4,914,735	-	3,825,466	-
29500	Other liabilities	6(29),7	63,241,416	2	102,517,990	3
	TOTAL LIABILITIES		<u>2,738,735,629</u>	<u>91</u>	<u>2,733,939,597</u>	<u>90</u>
31000	Equity attributable to owners of the parent company					
31100	Share capital					
31101	Common stock	6(30)	125,015,590	4	121,374,360	4
31500	Additional paid-in capital	6(31)	38,010,564	1	37,885,949	1
32000	Retained earnings					
32001	Legal reserve	6(32)	20,481,785	1	17,040,473	-
32003	Special reserve	6(32)	6,549,234	-	6,549,234	-
32011	Undistributed earnings	6(33)	73,279,144	2	77,775,254	3
32500	Other equity					
32500	Other equity interest	6(34)	(6,968,170)	-	8,410,191	1
39500	Non-controlling interests		<u>21,014,761</u>	<u>1</u>	<u>20,044,244</u>	<u>1</u>
	Total Equity		<u>277,382,908</u>	<u>9</u>	<u>289,079,705</u>	<u>10</u>
	TOTAL LIABILITIES AND EQUITY		<u>\$ 3,016,118,537</u>	<u>100</u>	<u>\$ 3,023,019,302</u>	<u>100</u>

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

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

		For the years ended December 31,					Changes Percentage (%)
		2022		2021			
Items	Notes	AMOUNT	%	AMOUNT	%		
41000	Interest income	6(35),7	\$ 45,232,088	50	\$ 36,986,068	31	22
51000	Less: Interest expense	6(35),7	(14,530,723)	(16)	(7,012,317)	(6)	107
49600	Net interest income	6(35)	<u>30,701,365</u>	<u>34</u>	<u>29,973,751</u>	<u>25</u>	2
Net non-interest income							
49800	Net service fee and commission	6(36),7					
	Income		25,120,057	27	40,606,346	34	(38)
49810	Net income from insurance	6(37),7					
	operations		13,377,691	15	16,021,241	14	(17)
49820	Gain (loss) on financial assets and	6(38),7					
	financial liabilities at fair value						
	through profit or loss		(8,318,689)	(9)	24,070,541	20	(135)
49825	Gain on investment property	7	418,705	-	341,280	-	23
49835	Realised gain on financial assets						
	at fair value through other						
	comprehensive income		1,831,509	2	4,317,926	4	(58)
49850	Net gain arising from	6(5)(9)					
	derecognition of financial assets						
	measured at amortised cost		83,436	-	1,650,331	1	(95)
49870	Foreign exchange gains (losses)		19,127,589	21	(5,384,950)	(4)	(455)
49880	Asset impairment loss	6(39)	(51,498)	-	(280,546)	-	(82)
49890	Share of the profit or loss of	6(11)					
	associates and joint ventures						
	accounted for using the equity						
	method		191,645	-	493,848	-	(61)
49898	Gain on reclassification under the						
	overlay approach		4,151,363	5	1,446,147	1	187
49921	Net gain on sale of non-						
	performing Loans		281,525	-	374,916	-	(25)
49945	Consultation service income		4,316,318	5	4,897,401	4	(12)
49999	Net other miscellaneous income	6(40),7	<u>270,866</u>	<u>-</u>	<u>712,271</u>	<u>1</u>	(62)
49700	Total net non-interest income		<u>60,800,517</u>	<u>66</u>	<u>89,266,752</u>	<u>75</u>	(32)
	Net profit		91,501,882	100	119,240,503	100	(23)
58100	Provision for bad debt expenses,	6(41)					
	commitment and guarantee						
	policy reserve		(318,190)	(1)	(534,256)	-	(40)
58300	Net change in provisions for	6(26)					
	insurance liabilities		(19,533,972)	(21)	(21,301,277)	(18)	(8)
Operating expenses							
58501	Employee benefit expense	6(42),7	(25,428,255)	(28)	(33,955,070)	(28)	(25)
58503	Depreciation and amortization	6(43)	(3,162,099)	(3)	(3,107,200)	(3)	2
58599	Other business and administrative	6(44),7					
	expenses		(14,645,553)	(16)	(16,201,356)	(14)	(10)
58500	Total Operating Expenses		(43,235,907)	(47)	(53,263,626)	(45)	(19)
61000	Consolidated income from						
	continuing operations before						
	income tax		28,413,813	31	44,141,344	37	(36)
61003	Income tax expense	6(45)	(5,703,400)	(6)	(6,950,633)	(6)	(18)
69000	Consolidated net income		\$ 22,710,413	25	\$ 37,190,711	31	(39)

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

		For the years ended December 31,				Changes Percentage (%)			
		2022		2021					
Items	Notes	AMOUNT	%	AMOUNT	%				
Other comprehensive income									
Components of other comprehensive income that will not be reclassified to profit or loss									
69561	Remeasurements of defined benefit plans	\$	1,388,890	1	(\$	790,256) (	1) (	276)	
69563	Share of other comprehensive loss of associates and joint ventures accounted for using equity method, items that will not be reclassified to profit or loss	(	352)	-	(	513)	-	(	31)
69565	Change in fair value of financial liability attributable to change in credit risk of liability	(	7,848)	-	(	5,236)	-		50
69567	Change in fair value of investments in equity instruments measured at fair value through other comprehensive income		3,454,906	4		7,782,193	7	(	56)
69569	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	(	336,820)	-		73,051	-	(	561)
Components of other comprehensive income that will be reclassified to profit or loss									
69571	Exchange differences on translation of foreign financial statements		3,014,310	3	(	5,599,624) (	5) (		154)
69585	Change in fair value of investments in debt instruments measured at fair value through other comprehensive income	(	19,199,889) (	21) (		6,213,290) (	5)		209
69587	Impairment reversal gain from investments in debt instruments measured at fair value through other comprehensive income	(	17,759)	-	(	14,903)	-		19
69590	Other comprehensive loss on reclassification under the overlay approach	(	4,151,363) (	5) (		1,446,147) (	1)		187
69579	Income tax related to components of other comprehensive income that will be reclassified to profit or loss		790,210	1		72,925	-		984
69500	Other comprehensive (loss) income (net of tax)	(\$	15,065,715)	(	17)	(\$	6,141,800) (	5)	145
69700	Total comprehensive income	\$	7,644,698	8	\$	31,048,911	26	(	75)
Consolidated net income attributable to:									
69901	Parent company	\$	21,456,327	24	\$	34,865,957	29	(	38)
69903	Non-controlling interests		1,254,086	1		2,324,754	2	(	46)
		\$	22,710,413	25	\$	37,190,711	31	(	39)
Consolidated comprehensive income attributable to:									
69951	Parent company	\$	5,414,225	6	\$	30,263,795	25	(	82)
69953	Non-controlling interests		2,230,473	2		785,116	1		184
		\$	7,644,698	8	\$	31,048,911	26	(	75)
70001	Earnings per share (in New Taiwan Dollars)	6(46)							
	Basic and diluted earnings per share		\$	1.72	\$	2.79			

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

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

	Equity attributable to owners of the parent										
	Retained earnings					Other equity interest					
	Common stock	Additional paid-in capital	Legal reserve	Special reserve	Undistributed earnings	Exchange differences on translation of foreign financial statements	Unrealised gain (loss) on financial assets measured at fair value through other comprehensive income	Other comprehensive income on reclassification under the overlay approach	Change in fair value of financial liability attributable to change in credit risk	Non-controlling interests	Total equity
<u>For the year ended December 31, 2021</u>											
Balance, January 1, 2021	\$ 121,374,360	\$ 37,885,949	\$ 14,633,733	\$ 6,549,234	\$ 60,333,790	(\$ 4,467,136)	\$ 16,726,148	\$ 345,649	(\$ 45,138)	\$ 20,280,857	\$ 273,617,446
Consolidated net income for the year	-	-	-	-	34,865,957	-	-	-	-	2,324,754	37,190,711
Other comprehensive income (loss) for the year	-	-	-	-	(642,790)	(3,932,987)	1,394,484	(1,418,386)	(2,483)	(1,539,638)	(6,141,800)
Total comprehensive income (loss) for the year	-	-	-	-	34,223,167	(3,932,987)	1,394,484	(1,418,386)	(2,483)	785,116	31,048,911
Appropriation of 2020 earnings:											
Legal reserve	-	-	2,406,740	-	(2,406,740)	-	-	-	-	-	-
Cash dividend	-	-	-	-	(14,564,923)	-	-	-	-	(14,564,923)	-
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	(1,021,729)	(1,021,729)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	189,960	-	(189,960)	-	-	-	-
Balance, December 31, 2021	\$ 121,374,360	\$ 37,885,949	\$ 17,040,473	\$ 6,549,234	\$ 77,775,254	(\$ 8,400,123)	\$ 17,930,672	(\$ 1,072,737)	(\$ 47,621)	\$ 20,044,244	\$ 289,079,705
<u>For the year ended December 31, 2022</u>											
Balance, January 1, 2022	\$ 121,374,360	\$ 37,885,949	\$ 17,040,473	\$ 6,549,234	\$ 77,775,254	(\$ 8,400,123)	\$ 17,930,672	(\$ 1,072,737)	(\$ 47,621)	\$ 20,044,244	\$ 289,079,705
Consolidated net income for the year	-	-	-	-	21,456,327	-	-	-	-	1,254,086	22,710,413
Other comprehensive income (loss) for the year	-	-	-	-	1,034,054	2,280,219	(15,182,928)	(4,169,850)	(3,597)	976,387	(15,065,715)
Total comprehensive income (loss) for the year	-	-	-	-	22,490,381	2,280,219	(15,182,928)	(4,169,850)	(3,597)	2,230,473	7,644,698
Appropriation of 2021 earnings:											
Legal reserve	-	-	3,441,312	-	(3,441,312)	-	-	-	-	-	-
Cash dividend	-	-	-	-	(18,206,154)	-	-	-	-	(18,206,154)	-
Stock dividend	3,641,230	-	-	-	(3,641,230)	-	-	-	-	-	-
Changes in equity of associates and joint ventures accounted for using equity method	-	124,615	-	-	-	-	-	-	-	-	124,615
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	(1,259,956)	(1,259,956)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	(1,697,795)	-	1,697,795	-	-	-	-
Balance, December 31, 2022	\$ 125,015,590	\$ 38,010,564	\$ 20,481,785	\$ 6,549,234	\$ 73,279,144	(\$ 6,119,904)	\$ 4,445,539	(\$ 5,242,587)	(\$ 51,218)	\$ 21,014,761	\$ 277,382,908

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

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

	For the years ended December 31,	
	2022	2021
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Profit before tax	\$ 28,413,813	\$ 44,141,344
Adjustments		
Income and expense items		
Depreciation	2,581,439	2,569,529
Amortisation	580,660	537,671
Provision for bad debt expense, commitment and guarantee policy reserve	1,098,159	1,750,647
Interest expense	14,530,723	7,012,317
Interest income	(45,232,088)	(36,986,068)
Dividend income	(5,760,370)	(5,335,012)
Impairment loss on asset impairment	51,498	280,546
Gain reclassified by applying overlay approach	(4,151,363)	(1,446,147)
Share of the profit or loss of associates and joint ventures accounted for under the equity method	(191,645)	(493,848)
Gain on disposal of assets held for sale	(12,330)	(4,957)
Gain on disposal of investment property	(247,533)	(128,235)
Gain on disposal or retirement of property and equipment	(51,093)	(16,470)
Gain on disposal of intangible assets	(1,139)	(1,449)
Loss from disposal or retirement of other assets	-	212
Intangible assets transferred to expense	126	-
(Gain) loss on lease modification	(133,135)	1,149
Gain on lease concession	(97)	(11,663)
Net change in insurance liabilities	23,246,367	21,154,952
Changes in operating assets and liabilities		
Changes in operating assets		
Increase in due from Central Bank and call loans to other banks	(3,269,962)	(7,480,529)
Decrease in financial assets at fair value through profit or loss	109,184,759	57,350,498
Increase in financial assets at fair value through other comprehensive income	(16,962,992)	(58,536,977)
Increase in investments in debt instruments at amortised cost	(31,904,780)	(78,292,748)
Decrease (increase) in receivables	63,531,901	(21,662,279)
Increase in bills discounted and loans	(112,163,076)	(92,053,301)
(Increase) decrease in reinsurance contract assets	(81,454)	(252,388)
Increase (decrease) in restricted assets	(254,263)	488,991
Increase in other financial assets	(3,740,673)	(3,281,850)
Decrease (increase) in other assets	27,780,028	(25,080,485)
Changes in operating liabilities		
Increase in deposits from Central Bank and other banks	12,982,971	10,211,825
Decrease in financial liabilities at fair value through profit or loss	(23,869,157)	(4,775,786)
Decrease in payables	(61,703,803)	(32,242,963)
Increase in deposits and remittances	32,439,116	163,981,989
(Decrease) increase in liabilities reserve	(358,595)	2,571,175
Increase in other financial liabilities	14,071,927	9,104,657
(Decrease) increase in other liabilities	(39,285,671)	56,036,921
Cash (outflow) inflow generated from operations	(18,881,732)	9,111,268
Interest received	43,400,966	36,163,236
Dividend received	5,876,298	5,515,353
Interest paid	(13,365,746)	(7,082,213)
Income tax paid	(9,102,438)	(4,950,047)
Net cash flows generated from operating activities	7,927,348	38,757,597

(Continued)

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

	<u>For the years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Acquisition of investments accounted for under the equity method	(\$ 267,647)	(\$ 647,467)
Proceeds from liquidation of investments accounted for under the equity method	174,506	274,719
Acquisition of investment property	(596,869)	(121,643)
Proceeds from disposal of investment property	1,034,355	488,894
Acquisition of property and equipment	(2,339,082)	(1,685,830)
Proceeds from disposal of property and equipment	300,566	109,601
Acquisition of intangible assets	(336,865)	(240,610)
Proceeds from disposal of intangible assets	3,156	3,591
Proceeds from disposal of assets held for sale	120,880	67,000
Acquisition of right-of-use assets	(548)	(205)
Net cash flows used in investing activities	(1,907,548)	(1,751,950)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
(Decrease) increase in due to Central Bank and other banks	(839,700)	164,700
Increase (decrease) in bills and bonds payable under repurchase agreements	40,271,642	(32,755,338)
(Decrease) increase in commercial paper payable	(2,058,788)	22,547,411
Proceeds from issuance of bonds	16,953,184	20,161,607
Repayments of bonds	(4,389,618)	(4,000,000)
Proceeds from issuance of bank debentures	8,500,000	5,500,000
Repayments of bank debentures	(2,000,000)	(17,800,000)
(Decrease) increase in other borrowings	(11,538,001)	2,202,139
Principal payment for lease liabilities	(1,545,661)	(1,283,069)
Cash dividends paid	(18,206,154)	(14,564,923)
Decrease in non-controlling interests	(1,259,956)	(1,021,729)
Net cash flows generated from (used in) financing activities	23,886,948	(20,849,202)
Effects of exchange rate changes	9,390,896	(6,310,104)
Net increase in cash and cash equivalents	39,297,644	9,846,341
Cash and cash equivalents at beginning of year	167,631,719	157,785,378
Cash and cash equivalents at end of year	<u>\$ 206,929,363</u>	<u>\$ 167,631,719</u>
The components of cash and cash equivalents		
Cash and cash equivalents reported in the balance sheet	\$ 76,338,164	\$ 80,735,621
Due from Central Bank and call loans to other banks qualified as cash and cash equivalents as defined by IAS 7	36,517,975	40,441,134
Investments in bills and bonds under resale agreements qualified as cash and cash equivalents as defined by IAS 7	94,073,224	46,454,964
Cash and cash equivalents at end of reporting year	<u>\$ 206,929,363</u>	<u>\$ 167,631,719</u>

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

YUANTA FINANCIAL HOLDINGS CO., LTD. AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, Unless Otherwise Indicated)

1. History and organization

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

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

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

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

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

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

The Company engages in the business of a financial holding company and its operations are limited to investing and investment management. According to the Financial Holding Company Act, the businesses in which the Company can invest in are securities, banking, bills finance, credit cards, trusts, insurance, futures, venture capital, foreign financial institutions that are authorized by the government authority, and other related financial businesses that are recognised by the government authority. Additionally, the Company was accredited by the Taiwan Corporate Governance Association with Corporate Governance Assessment Advanced Certification (CG6013) on December 29, 2022.

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

These consolidated financial statements were authorised for issuance by the Board of Directors on March 15, 2023.

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”) that came into effect as endorsed by the Financial Supervisory Commission (“FSC”)

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

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

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

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

New standards, interpretations and amendments endorsed by the FSC effective from 2023 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 1, ‘Disclosure of accounting policies’	January 1, 2023
Amendments to IAS 8, ‘Definition of accounting estimates’	January 1, 2023
Amendments to IAS 12, ‘Deferred tax related to assets and liabilities arising from a single transaction’	January 1, 2023

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

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 10 and IAS 28, ‘Sale or contribution of assets between an investor and its associate or joint venture’	To be determined by International Accounting Standards Board
Amendments to IFRS 16, ‘Lease liability in a sale and leaseback’	January 1, 2024
IFRS 17, ‘Insurance contracts’	January 1, 2023
Amendments to IFRS 17, ‘Insurance contracts’	January 1, 2023

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2024
Amendments to IAS 1, 'Non-current liabilities with covenants'	January 1, 2024

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

A. IFRS 17, 'Insurance contracts'

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

B. Amendments to IFRS 17, 'Insurance contracts'

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

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

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

4. Summary of significant accounting policies

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

(1) Compliance statement

The consolidated financial statements of the Company and its subsidiaries (collectively referred herein as the “Yuanta Group”) have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Financial Holding Companies, Regulations Governing the Preparation of Financial Reports by Securities Issuers, Regulations Governing the Preparation of Financial Reports by Public Banks, Regulations Governing the Preparation of Financial Reports by Securities Firms, Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants, Regulations Governing the Preparation of Financial Reports by Insurance Companies, and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the “IFRSs”).

(2) Basis of preparation

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

(3) Basis of consolidation

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

policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Yuanta Group. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

B. Subsidiaries included in the consolidated financial statements:

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)		Note
			December 31, 2022	December 31, 2021	
The Company	Yuanta Securities	Securities brokerage, dealing, underwriting, financing and refinancing, futures business and raising and issuing derivative instruments	100.00	100.00	
	Yuanta Bank	Commercial banking	100.00	100.00	
	Yuanta Life Insurance Co., Ltd. ("Yuanta Life")	Life insurance business	100.00	100.00	
	Yuanta Futures Co., Ltd. ("Yuanta Futures")	Futures, futures managers, futures consultant, securities, securities trading assistance	66.27	66.27	
	Yuanta Securities Investment Trust Co., Ltd. ("Yuanta Securities Investment Trust")	Securities investment trust	74.71	74.71	
	Yuanta Venture Capital Co., Ltd. ("Yuanta Venture Capital")	Venture capital investments	100.00	100.00	
	Yuanta Asset Management Co., Ltd. ("Yuanta Asset Management")	Providing monetary debt management services for financial institutions	100.00	100.00	
	Yuanta Securities Investment Consulting Co., Ltd. ("Yuanta Securities Investment Consulting")	Securities investment consultant	100.00	100.00	
Yuanta Securities	Yuanta Securities Asia Financial Services Private Limited ("Yuanta Securities Asia Financial Services")	Investment holding	100.00	100.00	Note 1
	Yuanta International Insurance Brokers Co., Ltd. ("Yuanta International Insurance Brokers")	Insurance brokerage services	100.00	100.00	
	Yuanta Securities Finance Co., Ltd. ("Yuanta Securities Finance")	Securities financing and refinancing to securities firms and related business	100.00	100.00	
	Yuanta Wealth Management (Singapore) Pte. Ltd. ("Yuanta Wealth Management (Singapore)")	Note 2	100.00	-	Note 2
Yuanta Securities Asia Financial Services	Yuanta Securities (Hong Kong) Co., Ltd. ("Yuanta Securities (Hong Kong)")	Securities trading, futures contract trading, providing opinions on securities, futures contract and institutions' financing, asset management services	100.00	100.00	
	Yuanta Asia Investment (Hong Kong) Ltd. ("Yuanta Asia Investment (Hong Kong)")	Securities trading, asset management services	100.00	100.00	

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)		Note
			December 31, 2022	December 31, 2021	
	Yuanta Investment Consulting (Beijing) Co., Ltd. (“Yuanta Investment Consulting Beijing”)	Investment and management consultancy, financial consultancy, enterprise management consultancy, business information consultancy, economic and trade consultancy, marketing strategy and plan, technique promotion and technique service	100.00	100.00	
Yuanta Securities Asia Financial Services	Yuanta Securities Korea Co., Ltd. (“Yuanta Securities (Korea)”)	Investment and trading business, investment intermediary business, trust business, investment consultancy, discretionary account business, in addition, concurrent operating business and auxiliary business	57.89	57.39	
	Yuanta Hong Kong Holdings (Cayman) Ltd. (“Yuanta HK Holdings (Cayman)”)	Investment holding	100.00	100.00	
	Yuanta Securities Thailand Co., Ltd. (“Yuanta Securities (Thailand)”)	Securities brokerage, dealing in securities, underwriting and investment consultation, management of mutual fund, management of private fund, management venture capital fund, securities lending, brokerage and dealer of derivative instrument	99.99	99.99	
	Yuanta Securities Vietnam Limited Company (“Yuanta Securities (Vietnam)”)	Securities brokerage, dealing in securities, underwriting and investment consultation, financial derivatives	92.62	92.62	
Yuanta Securities (Korea)	Yuanta Investment Co., Ltd.	Venture investment	57.89	57.39	
	Yuanta Financial (Hong Kong) Limited (“Yuanta Financial (Hong Kong)”)	Investment holding	57.89	57.39	
Yuanta Financial (Hong Kong)	Yuanta Securities (Cambodia) Plc.	Underwriting guidelines, financial advisory services, securities brokerage, dealing in securities and investment advisory	57.89	57.39	
Yuanta Securities (Hong Kong)	Yuanta International Investment (Hong Kong) Ltd. (“Yuanta Investment (Hong Kong)”)	Issuance of financial instruments and dealing investments	100.00	100.00	
	Yuanta Finance (Hong Kong) Ltd.	Credit loan business	100.00	100.00	
	PT Yuanta Sekuritas Indonesia (“Yuanta Securities (Indonesia)”)	Securities trading and underwriting services	99.00	99.00	
	PT Yuanta Asset Management (Indonesia)	Investment management	-	0.002	Note 3
	Yuanta Investment Management (Cayman) Ltd.	Investment management	-	100.00	Note 4
	Yuanta Securities (Vietnam)	Securities brokerage, dealing in securities, underwriting and investment consultation, financial derivatives	7.38	7.38	

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)		Note
			December 31, 2022	December 31, 2021	
Yuanta Securities (Indonesia)	PT Yuanta Asset Management (Indonesia)	Investment management	-	99.998	Note 3
Yuanta Investment Co., Ltd.	Yuanta Quantum Jump No.3 Fund	Investment business	24.81	24.60	
Yuanta Bank	Yuanta International Leasing Co., Ltd. ("Yuanta International Leasing")	Leasing business	100.00	100.00	
	Yuanta Savings Bank (Philippines) Inc. (Yuanta Savings Bank (Philippines))	Deposits and loans of savings bank	100.00	100.00	
	Yuanta Savings Bank (Korea) Inc. (Yuanta Savings Bank (Korea))	Deposits and loans of savings bank	100.00	100.00	
Yuanta Futures	Yuanta Futures (Hong Kong) Limited ("Yuanta Futures Hong Kong")	Financial services	66.27	66.27	
	SYF Information Limited ("SYF Information")	Information service	66.27	66.27	
	Yuanta Global (Singapore) Pte. Ltd.	Note 5	66.27	-	Note 5
SYF Information	SYF Information (Shanghai) Limited ("SYF Information (Shanghai)")	Information service	-	66.27	Note 6
Yuanta Venture Capital	Yuanta I Venture Capital Co., Ltd. ("Yuanta I Venture Capital")	Venture capital investments	100.00	100.00	

Note 1: In March 2022, the Board of Directors approved Yuanta Securities' capital increase to Yuanta Securities Asia Financial Services and the process was completed in September, 2022.

Note 2: On April 29, 2022, Yuanta Wealth Management (Singapore) was established by Yuanta Securities through reinvestment, and its main business activities are currently under approval by Singapore authorities.

Note 3: The disposal of PT Yuanta Asset Management (Indonesia) shares that were held by Yuanta Securities (Hong Kong) and Yuanta Securities (Indonesia) was completed on September 16, 2022.

Note 4: In February 2022, the Board of Directors approved the dissolution and liquidation of Yuanta Investment Management (Cayman). The record date for the liquidation was February 16, 2022 and the process was completed on November 24, 2022.

Note 5: On November 23, 2022, Yuanta Global (Singapore) Pte. Ltd. was established by Yuanta Futures through reinvestment, and its main business activities are currently under approval by Singapore authorities.

Note 6: On June 30, 2022, the Board of Directors of SYF Information approved to set the record date for the liquidation of SYF Information (Shanghai) as June 30, 2022.

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

December 31, 2022

Structured entities	Main Business Activities
DK project the second Co., Ltd.	Asset-backing
YK Hotel the 1st. Co., Ltd.	Asset-backing
YK Hyper Co., Ltd.	Asset-backing
Gold Poongmu the 1st. Co., Ltd.	Asset-backing
Y.K Life the First Co., Ltd.	Asset-backing
YK Nonhyun the first Co., Ltd.	Asset-backing
YK Kwangyang the first Co., Ltd.	Asset-backing
YK Gaon Co., Ltd.	Asset-backing
YK Wangji the 1st. Co., Ltd.	Asset-backing
YK Seocho the 1st. Co., Ltd.	Asset-backing

December 31, 2022

Structured entities	Main Business Activities
YFI Manchon Co., Ltd.	Asset-backing
YK Songak the 1st. Co., Ltd.	Asset-backing
Walkerhill PI the 1st. Co., Ltd.	Asset-backing
YK Manhattan the 1st. Co., Ltd.	Asset-backing
MIL the 2nd. Co., Ltd.	Asset-backing
YK SG Co., Ltd.	Asset-backing
YK Ilchul Co., Ltd.	Asset-backing
YK Icheon the 1st. Co., Ltd.	Asset-backing
JJ Woosan the 1st. Co., Ltd.	Asset-backing
YK Royal the 1st. Co., Ltd.	Asset-backing
Geumnamro PI the 1st. Co., Ltd.	Asset-backing
YOB new one Co., Ltd.	Asset-backing
YK Jugyo the 1st. Co., Ltd.	Asset-backing
YK Merchant Co., Ltd.	Asset-backing
YFI Namsan Co., Ltd.	Asset-backing
YK Jincheon Samduk the 1st. Co., Ltd.	Asset-backing
YK Pyeongdong the 1st. Co., Ltd.	Asset-backing
YK Lhour Co., Ltd.	Asset-backing
YK Daejeonyongdu the 1st. Co., Ltd.	Asset-backing
Pacific Leo the 1st. Co., Ltd.	Asset-backing
YFI Manchon 2 Co., Ltd.	Asset-backing
YK Gijang the 1st. Co., Ltd.	Asset-backing
YK Greenfood the 1st. Co., Ltd.	Asset-backing
YK Saetbyul Co., Ltd.	Asset-backing
YK Mars the 1st. Co., Ltd.	Asset-backing
Luxia PI the 1st. Co., Ltd.	Asset-backing
Jayonloyal Co., Ltd.	Asset-backing
Mountain Quad the 1st. Co., Ltd.	Asset-backing
Perfect-dream the 5th. Co., Ltd.	Asset-backing
YFI yangsan Co., Ltd.	Asset-backing

December 31, 2021

Structured entities	Main Business Activities
DK project the second Co., Ltd.	Asset-backing
YK Hotel the 1st. Co., Ltd.	Asset-backing
YFI Double S2 Co., Ltd.	Asset-backing
SJ beomcheon the second Co., Ltd.	Asset-backing
YK Mozart II Co., Ltd.	Asset-backing
YK Seawork Co., Ltd.	Asset-backing
YK Chile Co., Ltd.	Asset-backing
YK Star Co., Ltd.	Asset-backing
YK Hyper Co., Ltd.	Asset-backing
YK NineMall Co., Ltd.	Asset-backing

December 31, 2021

Structured entities	Main Business Activities
Gold Poongmu the 1st. Co., Ltd.	Asset-backing
YFI Jebu Co., Ltd.	Asset-backing
YFI Itaewon Co., Ltd.	Asset-backing
YK Woongcheon the 1st. Co., Ltd.	Asset-backing
Y.K Life the First Co., Ltd.	Asset-backing
YK Suwon7 the 1st. Co., Ltd.	Asset-backing
Wonheung the first Co., Ltd.	Asset-backing
Ostihuh the fifth Co., Ltd.	Asset-backing
JY Pyeongtaek the first Co., Ltd.	Asset-backing
YK Nonhyun the first Co., Ltd.	Asset-backing
YK Kwangyang the first Co., Ltd.	Asset-backing
YK Balgok Co., Ltd.	Asset-backing
YK Napoli the 1st. Co., Ltd.	Asset-backing
YFI Sokcho Co., Ltd.	Asset-backing
YK Gaon Co., Ltd.	Asset-backing
YKAI the 1st. Co., Ltd.	Asset-backing
YK Wangji the 1st. Co., Ltd.	Asset-backing
YK Jackjeon Co., Ltd.	Asset-backing
YK Seocho the 1st. Co., Ltd.	Asset-backing
YFI Manchon Co., Ltd.	Asset-backing
YK Songak the 1st. Co., Ltd.	Asset-backing
Walkerhill PI the 1st. Co., Ltd.	Asset-backing
YK Manhattan the 1st. Co., Ltd.	Asset-backing
YK Jije the 1st. Co., Ltd.	Asset-backing
MIL the 2nd. Co., Ltd.	Asset-backing
YK SG Co., Ltd.	Asset-backing
YK Ilchul Co., Ltd.	Asset-backing
YK Beethoven Co., Ltd.	Asset-backing
YK Icheon the 1st. Co., Ltd.	Asset-backing
JJ Woosan the 1st. Co., Ltd.	Asset-backing
YK Godeok the 2nd. Co., Ltd.	Asset-backing
YK Royal the 1st. Co., Ltd.	Asset-backing
Geumnamro PI the 1st. Co., Ltd.	Asset-backing
YOB new one Co., Ltd.	Asset-backing
YK Jugyo the 1st. Co., Ltd.	Asset-backing

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

D. Subsidiaries not included in the consolidated financial statements:

None.

E. Adjustments for subsidiaries with different balance sheet dates:

None.

F. Significant restrictions:

None.

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

As of December 31, 2022 and 2021, the non-controlling interests amounted to \$21,014,761 and \$20,044,244, respectively. The information of non-controlling interests and respective subsidiaries is as follows:

Name of Subsidiary	Principal place of business	Non-controlling interests			
		December 31, 2022		December 31, 2021	
		Amount	Ownership(%)	Amount	Ownership(%)
Yuanta Securities (Korea)	Korea	\$ 15,362,015	42.11%	\$ 14,613,515	42.61%

The comprehensive income (loss) attributable to this non-controlling interests were \$1,332,555 and (\$174,651) for the years ended December 31, 2022 and 2021, respectively.

Summarized financial information for the aforementioned subsidiaries:

Consolidated balance sheets

	Yuanta Securities (Korea) and its subsidiaries	
	December 31, 2022	December 31, 2021
Current assets	\$ 311,610,272	\$ 327,228,785
Non-current assets	15,166,768	15,468,327
Current liabilities	(278,270,851)	(299,349,069)
Non-current liabilities	(10,669,569)	(7,826,487)
Total net assets	\$ 37,836,620	\$ 35,521,556

Consolidated statements of comprehensive income

	Yuanta Securities (Korea) and its subsidiaries	
	For the years ended December 31,	
	2022	2021
Revenue	\$ 13,375,905	\$ 20,951,650
Profit before income tax	1,351,980	4,893,746
Income tax expense	(392,480)	(1,202,896)
Net income	959,500	3,690,850
Other comprehensive income (loss) (net of tax)	2,244,605	(3,913,291)
Total comprehensive income (loss) for the year	\$ 3,204,105	(\$ 222,441)

Consolidated statements of cash flows

	Yuanta Securities (Korea) and its subsidiaries	
	For the years ended December 31,	
	2022	2021
Net cash provide by (used in) operating activities	\$ 11,959,317	(\$ 1,226,081)
Net cash provided by (used in) investing activities	671,035	(179,436)
Net cash (used in) provided by financing activities	(13,829,526)	1,951,517
Effects of exchange rate changes	1,600,725	(4,786,132)
Increase (decrease) in cash and cash equivalents	401,551	(4,240,132)
Cash and cash equivalents, beginning of year	14,286,007	18,526,139
Cash and cash equivalents, end of year	\$ 14,687,558	\$ 14,286,007

(4) Foreign currency translation

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

A. Foreign currency transactions and balances

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

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

B. Translation of foreign operations

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

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

(5) Cash and cash equivalents

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

(6) Bills and bonds under repurchase or resale agreements

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

(7) Financial assets and liabilities

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

A. Financial assets

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

(A) Regular way purchase or sale

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

(B) Bills discounted and loans

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

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

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

(C) Receivables

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

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

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

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

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

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

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

- ii. The financial asset is not held for activities unrelated to contracts in the scope of IFRS 4.

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

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

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

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

(F) Investments in debt instruments at amortised cost

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

(G) Other financial assets

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

B. Financial liabilities

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

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

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

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

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

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

(B) Financial liabilities carried at amortised cost

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

C. Derecognition of financial assets

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

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

D. Derecognition of financial liabilities

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

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

- A. According to the “Rules Governing Securities Finance Enterprises” (RGSFE), margin loans primarily represent pecuniary financing to investors or refinancing to securities firms. The margin loans are accounted for as “Margin loans receivable” (recognised under “Receivables-net”) as incurred and such loans are secured by the securities purchased by the investors, and the Yuanta Group records these securities at par value under the memorandum accounts “securities held for collateral” and “liability for holding collateral securities”, and is not included in the balance sheets.

- B. According to Article 10 of the RGSFE, when providing margin loans to principals, the Yuanta Group shall obtain the margin pursuant to the ratio prescribed by the competent authority.
- C. Short sale stock loans represent securities financing affected by lending securities in custody that are received from margin loans, guarantee effects or borrowed securities, to investors. When the securities are lent to investors, the Yuanta Group records the par value of the securities lent under the memorandum account “short sale stock loans”. Additionally, according to Article 10 of the RGSFE, the investors need to deposit a regulated amount equal to a certain percentage of the proceeds from short sale stock financing or equivalent collateral as guarantee with the Yuanta Group. The proceeds are accounted for as “Short sale stock deposits” (recognised under “Payables”). The Yuanta Group deals with these securities at par value under the memorandum account “Guarantee deposits”. The proceeds from sale of securities lent, less any dealer's commission, financing commission and securities exchange tax, are held by the Yuanta Group as collateral and recorded under “Short sale proceeds payable” (recognised under “Payables”).
- D. Securities borrowed represent securities borrowed from one broker/dealer to another, who must eventually return the same security as repayment. When the securities are lent to investors, the Yuanta Group records the par value of the securities borrowed under the memorandum account “securities borrowed”. The borrower needs to deposit an amount equal to a certain percentage of the proceeds from securities borrowed or equivalent collateral as guarantee with the Yuanta Group. The proceeds are accounted for as “Refundable deposits for securities lending” (recognised under “Other assets-net”). The Yuanta Group deals with securities at par value under the memorandum account “Refundable collaterals”. When the securities are lent to investors, the Yuanta Group records the par value of the securities lent under the memorandum account “Short sale stock loans”. Additionally, a lender needs to deposit an amount equal to a certain percentage of the proceeds from securities lent or equivalent collateral as guarantee with the Yuanta Group. The proceeds are accounted for as “Deposits received for securities lent” (recognised under “Other liabilities”). The Yuanta Group deals with these securities at par value under the memorandum account “Collaterals received”.
- E. “Security-based loans” are loans provided to borrowers by Yuanta Group in accordance with “Regulations Governing Securities Finance Enterprises”. Upon the occurrence of a loan, “Security-based loans” is recorded (under “Bills discounted and loans – net”) and the borrower pledges securities from margin trading, central government bonds and treasury bills and others that are approved by the competent authority as collateral. For the collateral, Yuanta Group records it in its memorandum under “Securities in custody” and its contra account “Collateral received”, which is not recorded in the general ledger.

(9) Financial instruments offsetting

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

(10) Impairment of financial assets

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

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

(11) Non-hedging and embedded derivatives

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

(12) Impairment of non-financial assets

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

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

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

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

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

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

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

(15) Leasing arrangements (lessor) — operating leases

- A. Operating lease
Payments that the Yuanta Group receives or charges under the operating lease are recognised as gain and loss on a straight-line basis during the contract term, which are recognised under "other business and administrative expenses" and "other net non-interest income", respectively.
- B. Finance lease
The asset is derecognised when the finance leasing contract is signed by the Yuanta Group and the finance lease shall be recorded in the balance sheet as lease receivables at an amount equal to the net investment in the lease (including initial direct costs). The difference between gross lease receivable and the present value of the receivable is recognised as unrealised interest income, which is calculated based on remaining lease receivables over the lease term and recognised as current gain and loss at the end of the period using the embedded interest rate or incremental borrowing interest rate.

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

- A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Yuanta Group. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.
- B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate or the interest rate implicit in the lease.
Lease payments are comprised of the following:
 - a. Fixed payments, less any lease incentives receivable;
 - b. Variable lease payments that depend on an index or a rate;
 - c. Amounts expected to be payable by the lessee under residual value guarantees;
 - d. The exercise price of a purchase option, if the lessee is reasonably certain to exercise that option; and

- e. Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The Yuanta Group subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

C. Leasing arrangements (lessee)—right-of-use assets/ lease liabilities

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

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

(17) Investment property

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

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

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

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

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

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

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

(18) Property and equipment

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

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

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

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

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

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

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

(19) Intangible assets

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

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

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

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

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

(21) Bonds payable

A. Bank debentures payable

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

B. Corporate bonds payable

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

(22) Provisions, contingent liabilities and contingent assets

- A. The Yuanta Group recognises liabilities when all of the following three conditions are met :
- (A) Present obligation (legal or constructive) has arisen as a result of past event.
 - (B) The outflow of economic benefits is highly probable upon settlement.
 - (C) The amount is reliably measurable.
- B. The Yuanta Group does not recognise provisions for the future operating losses. If there are several similar obligations, the outflow of economic benefit as a result of settlement is determined based on the overall obligation. Provisions should be recognised when the outflow of economic benefits is probable in order to settle the obligation as a whole even if the outflow of economic benefits from any one of the obligation is remote.
- C. When the time value may have a significant impact on a currency, the reserve is measured by the present value of expense which is required for settling the anticipated obligation. The pre-tax discount rate is used with timely adjustment that reflects the current market assessments on the time value of money and the risks specific to the liabilities.
- D. Contingent liability is a possible obligation that arises from past event, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Yuanta Group. Or it could be a present obligation as a result of past event but the payment is not probable or the amount cannot be measured reliably. The Yuanta Group did not recognise any contingent liabilities but made appropriate disclosure in compliance with relevant regulations.
- E. Contingent asset is a possible obligation that arises from past event, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Yuanta Group. The Yuanta Group did not recognise any contingent assets and made appropriate disclosure in compliance with relevant regulations when the economic inflow is probable.

(23) Financial guarantee contracts and loan commitment

- A. A financial guarantee contract is a contract that requires the Yuanta Group to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.
- B. The Yuanta Group initially recognises financial guarantee contracts at fair value on the date of issuance. The Yuanta Group charges a service fee when the contract is signed and therefore the service fee income charged is the fair value at the date that the financial guarantee contract is signed. Service fee received in advance is recognised in deferred accounts and amortised through straight-line method during the contract term.
- C. The Yuanta Group measures the financial guarantee contract it issues at the greater of the following two amounts:
- (A) Allowance for losses in accordance with IFRS 9 that came into effect as endorsed by the FSC.
 - (B) The amount initially recognised less, when appropriate, cumulative effect recognized in accordance with IFRS 15.

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

(24) Employee benefits

A. Short-term employee benefits

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

B. Pensions

(A) Defined contribution plans

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

(B) Defined benefit plans

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

C. Deposits

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

D. Termination benefits

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

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

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

(25) Classification of insurance contracts

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

(26) Insurance contracts

A. Recognition and measurement

For the Yuanta Group's insurance contracts and financial instruments with discretionary participation features, premium income and commission expense are recognised when premiums are collected and the underwritings are approved for initial policies, and when premiums are collected for renewal policies. Claim and policy benefits are recognised under profit and loss accounts as incurred. In addition, the Yuanta Group shall set aside various insurance liabilities.

Please refer to recognition basis for various insurance liabilities set out. Even though certain insurance contracts of the Yuanta Group do have a participation discretion feature and guarantee element, the Yuanta Group did not separately recognise but categorize the whole contract as a liability.

B. Liability adequacy test

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

C. Reinsurance

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

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

(27) Non-discretionary participation feature investment contracts

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

(28) Provision basis for various insurance liabilities

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

A. Unearned premium reserve

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

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

B. Claims reserve

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

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

C. Reserve for policy benefit

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

D. Special reserve

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

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

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

E. Premium deficiency reserve

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

F. Liability adequacy reserve

In accordance with IFRS 4, ‘Insurance Contracts’ and the regulations of The Actuarial Institute Of The Republic Of China, liability adequacy test is performed using the gross premium valuation based on all contracts of the Company. At each balance sheet date, liability adequacy

reserve is provided for all deficiency in net carrying amount and recognised in profit or loss, through comparison between the net carrying amounts of insurance liabilities less deferred acquisition cost and related intangible assets and the present value of estimated future cash flows of insurance contracts.

(29) Foreign exchange reserve

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

(30) Income tax

A. Current income tax

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

B. Deferred income tax

(A) Deferred income tax assets and liabilities are measured based on the tax rate of the anticipated period that the future assets realization or the liabilities settlement requires, which is based on the effective or existing tax rate at the consolidated balance sheet date. The carrying amounts and temporary differences of assets and liabilities included on the consolidated balance sheet are calculated using the balance sheet liability method and recognised as deferred income tax. The temporary difference of the Yuanta Group mainly occurs due to the setting aside and transferring of valuation and pension reserve of certain financial instruments (including derivatives).

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

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

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

(31) Share capital

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

(32) Interest income and expense

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

(33) Net service fee and commission income

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

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

(34) Investment-linked products

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

(35) Business combinations

- A. The Yuanta Group uses the acquisition method to account for business combinations. The consideration transferred for an acquisition is measured as the fair value of the assets transferred, liabilities incurred or assumed and equity instruments issued at the acquisition date, plus the fair value of any assets and liabilities resulting from a contingent consideration arrangement. All acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. For each business combination, the Yuanta Group measures at the acquisition date components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to the proportionate share of the entity’s net

assets in the event of liquidation at either fair value or the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other non-controlling interests should be measured at the acquisition-date fair value.

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

(36) Operating segment report

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

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

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

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

(1) Expected credit losses of bills discounted and loans

At each reporting date, the Yuanta Group assesses expected credit losses of bills discounted and loans after taking into consideration all reasonable and verifiable information (including forecasts.) Measurement of expected credit losses involves determining whether there is significant increase in credit risk on the assets since initial recognition, or whether the asset is credit-impaired, calculating probability of default, loss given default, and exposure at default of the credit loss model, and adjusting parameters of the model after forecastable assessments of the probability of default. Please refer to Note 6(9) for the details of the total amount of discount and loans (including discount and premium adjustment) and allowance for accounts receivable as of December 31, 2022.

(2) Fair value valuation of unlisted stocks

Financial instruments with no active market or quoted price use valuation techniques to determine the fair value. Under such condition, fair value is assessed through the observable information or models of similar financial instruments. If there is no observable input available in the market, the fair value of financial instrument is assessed through appropriate assumptions. When valuation models are adopted to determine the fair value, all the models should be calibrated to ensure that the output can actually reflect actual information and market price. Models should try to use only observable information as much as possible. Please refer to Note 12(2) for details of the carrying amount of unlisted financial assets at fair value through other comprehensive income as of December 31, 2022.

(3) Impairment assessment of goodwill

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

for details of the assessment of goodwill impairment as of December 31, 2022.

(4) Insurance contract liabilities

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

However, it is reasonably possible that changes in assumption from the competent authority may have an impact on gains, losses, or equity. The liability adequacy testing is conducted by discounting the Company’s overall return on investment under the best estimate on valuation date. If the test result shows that the liability is inadequate, the entire deficiency is recognised in expenses and losses in the period. If there is a change in the future best estimate assumption, incremental reserve for adverse movement in such assumption shall be made. Please refer to Note 6(26), for details of reserves of insurance liabilities as of December 31, 2022.

6. Details of significant accounts

(1) Cash and cash equivalents

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Cash on hand	\$ 8,717,834	\$ 7,372,807
Deposits in banks	63,687,758	66,887,071
Futures excess margin and cash equivalents	2,403,832	4,735,560
Checks for clearing	1,528,740	1,740,183
Total	<u>\$ 76,338,164</u>	<u>\$ 80,735,621</u>

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Reserve for deposits - account A	\$ 10,967,640	\$ 15,899,701
Reserve for deposits - account B	42,591,672	39,520,433
Deposits by foreign subsidiary to designated accounts of respective local central banks	3,192,805	2,258,756
Reserve for deposits	10,224,932	10,234,067
Call loans to banks	12,713,111	12,430,400
Total	<u>\$ 79,690,160</u>	<u>\$ 80,343,357</u>

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

B. Please refer to Note 8 for details of the above due from Central Bank and call loans to other banks pledged as collateral as of December 31, 2022 and 2021.

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

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Financial assets mandatorily measured at fair value through profit or loss		
Commercial paper	\$ 46,433,021	\$ 61,827,117
Beneficiary certificates / securities	41,201,887	48,402,870
Listed stocks	29,243,102	40,352,596
Emerging stocks	1,206,148	1,668,280
Government bonds	24,965,814	28,530,626
Bank debentures	88,580,934	102,569,797
Corporate bonds	37,739,641	88,225,853
Convertible corporate bonds	63,351,719	54,435,801
Derivative financial instruments	19,629,863	13,556,918
Structured products	10,662,464	1,964,315
Reserve for claims of customers' deposits with KSFC (Note 1)	52,617,228	76,340,247
Other marketable securities	17,674,966	5,641,320
Valuation adjustment	(13,249,405)	5,726,401
Total	<u>\$ 420,057,382</u>	<u>\$ 529,242,141</u>
Financial liabilities held for trading		
Derivative financial instruments	\$ 27,683,180	\$ 22,734,652
Non-derivative financial instruments	34,600,597	69,728,384
Valuation adjustment of financial liabilities held for trading — non- derivative financial instruments	(1,233,298)	5,391,115
Liabilities for issuance of ETNs	1,648,324	2,280,093
Financial liabilities designated as at fair value through profit or loss		
Structured products (Note 2)	48,482,434	39,668,565
Convertible bond asset swap not qualifying for derecognition (Note 2)	23,641,439	18,882,930
Total	<u>\$ 134,822,676</u>	<u>\$ 158,685,739</u>

Note 1: KSFC stands for Korea Securities Finance Corporation.

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

A. Please refer to Note 8 for details of the above financial assets at fair value through profit or loss pledged to others as collateral as of December 31, 2022 and 2021.

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Equity instruments		
Domestic stocks	\$ 8,857,480	\$ 5,103,414
Overseas stocks	-	450,556
	<u>8,857,480</u>	<u>5,553,970</u>
Domestic beneficiary certificates	12,405,800	14,176,553
Overseas beneficiary certificates	1,069,798	2,933,485
	<u>\$ 22,333,078</u>	<u>\$ 22,664,008</u>

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

	<u>For the years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
(Loss) profit recognised in accordance with IFRS 9	(\$ 3,854,480)	\$ 893,237
Less: Profit that would have been recognised under IAS 39	(296,883)	(2,339,384)
Loss from adopting the overlay approach	(\$ 4,151,363)	(\$ 1,446,147)
Effects on income tax	(\$ 18,487)	\$ 27,761

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

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

<u>Items</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Debt instruments		
Government bonds	\$ 66,141,036	\$ 58,516,422
Bank debentures	69,146,868	63,650,211
Corporate bonds	169,249,746	173,353,614
Commercial paper	27,282	71,422
Others	1,507,887	1,424,392
Valuation adjustment	(20,358,290)	(1,610,813)
Subtotal	<u>285,714,529</u>	<u>295,405,248</u>
Equity instruments		
Listed stocks	\$ 18,307,697	\$ 13,421,708
Unlisted stocks/Emerging stocks	4,614,049	4,527,870
Others	2,659,126	3,315,506
Valuation adjustment	28,416,152	23,036,430
Subtotal	<u>53,997,024</u>	<u>44,301,514</u>
Statutory deposits	-	(1,216,100)
Total	<u>\$ 339,711,553</u>	<u>\$ 338,490,662</u>

A. As of December 31, 2022 and 2021, pursuant to Article 141 of Insurance Act, an insurance enterprise shall deposit 15% of its registered paid-in capital with the national treasury as operating guarantee deposits. Yuanta Life of the Yuanta Group has deposited government bonds with par value of \$0 and \$1,216,100, respectively in the Central Bank as statutory operating guarantee deposits, which are recognised under other assets-net.

- B. The Yuanta Group has elected to classify strategic equity investments not held for trading as financial assets at fair value through other comprehensive income. As of December 31, 2022 and 2021, the fair value of such investments were \$53,997,024 and \$44,301,514, respectively.
- C. For the years ended December 31, 2022 and 2021, the Yuanta Group sold the equity shares due to the structural changes in the industry and market interference and increase of uncertainties, in order to diversify risk, consider the asset allocation and adjust the investment portfolios. The fair value of such equity investments sold amounted to \$11,938,177 and \$22,797,024, and accumulated (losses) gains on disposal were (\$1,737,950) and \$224,355, respectively.
- D. Amounts recognised in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	For the years ended December 31,	
	2022	2021
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	\$ 3,454,906	\$ 7,782,193
Reclassified to retained earnings due to derecognition of accumulated gains or losses under the consideration of income tax	(\$ 1,697,795)	\$ 189,960
Dividend income recognised in profit or loss		
Held at end of period	\$ 2,184,882	\$ 1,668,877
Derecognised in the current period	522,203	692,198
	<u>\$ 2,707,085</u>	<u>\$ 2,361,075</u>
<u>Debt instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	(\$ 20,072,583)	(\$ 4,262,861)
Cumulative other comprehensive income reclassified to profit or loss		
Reclassified due to impairment recognition	(\$ 20,641)	(\$ 8,481)
Reclassified due to derecognition	875,576	(1,956,851)
	<u>\$ 854,935</u>	<u>(\$ 1,965,332)</u>
Interest income recognised in profit or loss	<u>\$ 3,820,155</u>	<u>\$ 3,378,764</u>

- E. Details of the Yuanta Group's financial assets at fair value through other comprehensive income pledged to others as collateral as of December 31, 2022 and 2021 are provided in Note 8.
- F. Information relating to credit risk is provided in Note 12(3).

(5) Investments in debt instruments at amortised cost

Items	December 31, 2022	December 31, 2021
Government bonds	\$ 118,653,300	\$ 110,721,492
Time deposits	173,075,000	198,696,885
Bank debentures	108,753,511	92,164,285
Corporate bonds	<u>143,771,283</u>	<u>109,549,412</u>
Subtotal	544,253,094	511,132,074
Less: Accumulated impairment	(163,379)	(148,842)
Statutory deposits	(3,560,400)	(2,344,300)
Total	<u>\$ 540,529,315</u>	<u>\$ 508,638,932</u>

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

	For the years ended December 31,	
	2022	2021
Interest income	\$ 11,551,810	\$ 9,452,715
Impairment loss	(14,397)	(3,336)
Gains on disposal	<u>77,451</u>	<u>1,630,526</u>
	<u>\$ 11,614,864</u>	<u>\$ 11,079,905</u>

B. The Yuanta Group sold certain financial assets at amortised cost for the years ended December 31, 2022 and 2021, due to factors such as considering pay back in advance, mandatorily redeemed by the issuer, increase in credit risk, exchange offer which was publicly purchased or individual and aggregated amount that is non-significant. The gain on disposal of investments in debt instruments at amortised cost were \$77,451 and \$1,630,526, respectively.

C. As of December 31, 2022 and 2021, pursuant to Article 141 of Insurance Act, an insurance enterprise shall deposit 15% of its registered paid-in capital with the national treasury as operating guarantee deposits. Yuanta Life of the Yuanta Group has deposited government bonds with par value of \$3,560,400 and \$2,344,300, respectively in the Central Bank as statutory operating guarantee deposits, which are recognised under other assets-net.

D. Details of the Yuanta Group's financial assets at amortised cost pledged to others as collateral as of December 31, 2022 and 2021, are provided in Note 8.

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

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

	December 31, 2022	December 31, 2021
Bills and bonds purchased under resale agreement	<u>\$ 94,073,224</u>	<u>\$ 46,454,964</u>
Interest rate range	0.56%~5.90%	0.13%~4.00%
Contract resale amount	<u>\$ 94,442,928</u>	<u>\$ 46,501,102</u>
Bills and bonds payable under repurchase agreement	<u>\$ 224,137,491</u>	<u>\$ 183,865,849</u>
Interest rate range	0.45%~4.85%	-0.55%~3.00%
Contract repurchase amount	<u>\$ 229,074,828</u>	<u>\$ 187,259,926</u>

(7) Receivables – net

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Interest receivable	\$ 9,692,421	\$ 7,861,299
Receivable of securities		
business money lending	50,876,971	48,803,911
Factoring receivable	6,749,712	5,463,356
Margin loans receivable	84,058,674	120,197,206
Spot exchange receivable	2,006,360	168,239
Credit card receivable	8,883,926	8,339,888
Net exchange clearing		
receivable	6,110,052	11,619,438
Settlement price		
receivable	25,014,002	52,522,419
Securities sold receivable	4,511,972	3,508,149
Other receivables	6,447,984	7,298,067
Subtotal	204,352,074	265,781,972
Less: Allowance for		
credit losses	(2,010,082)	(2,078,612)
Total	<u>\$ 202,341,992</u>	<u>\$ 263,703,360</u>

- A. The Yuanta Group recognised appropriate allowance for credit losses for receivables. For the years ended December 31, 2022 and 2021, details are provided in Note 12(3).
- B. Margin loans receivable uses the securities purchased through financing by client as collateral. As of December 31, 2022 and 2021, the annual interest rates of Yuanta Securities and Yuanta Securities Finance were all 6.25%; the annual interest rates range of Yuanta Securities (Korea) were 7.00%~10.40% and 5.95%~9.75%; the annual interest rates range of Yuanta Securities (Hong Kong) were 0.25%~13.50% and 0.76%~12.88%, respectively; the annual interest rates range of Yuanta Securities (Indonesia) were all 16.00%~18.00%; the annual interest rates range of Yuanta Securities (Thailand) were 4.13%~4.50% and 3.85%~4.15%, respectively; the annual interest rates range of Yuanta Securities (Vietnam) were 6.79%~15.51% and 6.00%~12.00%, respectively.

(8) Assets held for sale

In order to improve the efficiency of asset utilization, Yuanta Bank approved the sale of its own real estate by the Board of Directors, and the relevant assets were reclassified to “assets held for sale”. After remeasuring the fair value less costs to sell, the balance of assets held for sale is \$81,469 and \$194,563 as of December 31, 2022 and 2021, respectively. The fair value of the assets held for sale is based on the result of valuation by independent valuation experts, which was categorised within level 2 in the fair value hierarchy. For the years ended December 31, 2022 and 2021, the Yuanta Group sold part of the assets held for sale, and the proceeds from disposal amounted to \$120,880 and \$67,000, respectively, and gain on disposal amounted to \$12,331 and \$4,957, respectively, and the reversal losses on asset impairment amounted to \$4,545 and \$12,163, respectively.

(9) Bills discounted and loans - net

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Bills discounted	\$ 10,663	\$ 52,595
Overdrafts	3,634	3,495
Short-term loans	130,844,368	76,386,151
Short-term loans secured	90,689,357	78,421,921
Medium-term loans	141,328,962	108,695,496
Medium-term loans secured	228,098,646	237,792,993
Long-term loans	4,823,525	5,846,989
Long-term loans secured	404,064,697	380,497,850
Import-export negotiations	37,855	42,043
Accounts receivable financing	489,648	369,409
Automatic policy loans	1,601,933	1,504,292
Life insurance policy loans	6,049,114	5,798,540
Loans transferred to non-performing loans	<u>1,513,972</u>	<u>2,100,281</u>
Subtotal	1,009,556,374	897,512,055
Less: Allowance for credit losses	(14,367,092)	(13,243,398)
Less: Adjustment for premium	<u>9,883</u>	<u>23,205</u>
Total	<u>\$ 995,199,165</u>	<u>\$ 884,291,862</u>

A. The Yuanta Group recognised the appropriate allowance for credit losses for the bills discounted and loans. For the details of changes in allowance for credit losses in relation to bills discounted and loans for the years ended December 31, 2022 and 2021, please refer to Note 12(3).

B. Classified by subsidiaries as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Bills discounted and loans including adjustment for premium		
Yuanta Bank	\$ 990,145,956	\$ 875,442,970
Yuanta Securities	11,769,254	14,789,164
Yuanta Life	<u>7,651,047</u>	<u>7,303,126</u>
Subtotal	<u>1,009,566,257</u>	<u>897,535,260</u>
Allowance for credit losses		
Yuanta Bank	(\$ 13,400,050)	(\$ 12,320,067)
Yuanta Securities	(967,042)	(923,327)
Yuanta Life	<u>-</u>	<u>(4)</u>
Subtotal	<u>(14,367,092)</u>	<u>(13,243,398)</u>
Total	<u>\$ 995,199,165</u>	<u>\$ 884,291,862</u>

C. For the years ended December 31, 2022 and 2021, the Consolidated Company has recognised gain of \$5,985 and \$19,805, respectively, when derecognizing credit assets measured at amortised cost.

(10) Reinsurance contract assets

	December 31, 2022	December 31, 2021
Claims recoverable from reinsurers	\$ 640,013	\$ 589,641
Due from reinsurers and ceding companies	153,324	136,791
Reinsurance reserve assets		
ceded unearned premium reserve	436,945	457,017
ceded claims reserve	123,363	146,072
Overdue receivables	14,550	-
Total	<u>\$ 1,368,195</u>	<u>\$ 1,329,521</u>

(11) Investments accounted for under the equity method

	December 31, 2022		December 31, 2021	
	Amount	%	Amount	%
Associates:				
CR Yuanta Fund Management Company Limited	\$ 346,416	24.50%	\$ 337,265	24.50%
GC Investment Consultant (Shanghai) Co., Ltd.	22,324	100.00%	20,126	100.00%
Woori Asset Management Corp.	793,797	27.00%	751,041	27.00%
Polaris Ocean Private Equity Fund	-	-	75,719	3.26%
TONGYANG AGRI-FOOD INVESTMENT FUND II	72,028	40.74%	71,155	40.74%
IBKC-TONGYANG Growth 2013 Private Equity Fund	67,762	10.71%	136,660	10.71%
KVIC-Yuanta 2015 Overseas Advance Fund	162,026	44.00%	235,341	44.00%
2016 KIF-Yuanta ICT Venture Fund	74,120	16.67%	98,532	16.67%
Yuanta Secondary No.2 Fund	212,851	12.28%	191,683	12.28%
Yuanta Secondary No.3 Private Equity Fund	810,130	15.26%	576,228	15.26%
SJ-ULTRA V 1st FUND	29,014	34.48%	28,539	34.48%
Yuanta SPAC IV	-	-	1,092	0.54%
Yuanta-HPNT Private Equity Fund	4,838	0.09%	4,635	0.09%
Yuanta SPAC V	-	-	677	0.25%
Kiwoom-Yuanta 2019 Scale-up Fund	410,896	15.20%	277,222	15.20%
Yuanta SPAC VII	-	-	2,083	0.91%
Yuanta SPAC VIII	480	0.15%	457	0.15%

	December 31, 2022		December 31, 2021	
	Amount	%	Amount	%
Yuanta Innovative Job Creation Fund	\$ 189,764	22.73%	\$ 127,096	22.73%
Yuanta Quantum Jump No.1 Fund	86,292	12.50%	76,671	12.50%
Yuanta Great Unicorn No.1 Fund	116,684	17.65%	68,833	17.65%
Yuanta Innovative Growth MPE Fund	30,950	14.02%	34,539	14.02%
Yuanta SPAC IX	480	0.19%	-	-
Yuanta SPAC X	528	0.17%	-	-
Yuanta SPAC XI	24	4.17%	-	-
Yuanta SPAC XII	21	3.70%	-	-
Yuanta SPAC XIII	244	0.81%	-	-
Yuanta SPAC XIV	244	1.85%	-	-
	<u>\$ 3,431,913</u>		<u>\$ 3,115,594</u>	

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

	For the years ended December 31,	
	2022	2021
Net gain for the period from continuing operations	\$ 191,645	\$ 493,848
Other comprehensive loss (net of tax)	(681)	(754)
(12) <u>Other financial assets - net</u>		
	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Non-loans reclassified to non-performing loans	\$ 899,922	\$ 922,789
Less: Allowance for credit losses	(898,458)	(917,159)
	<u>1,464</u>	<u>5,630</u>
Purchase of claim receivable	1,814,911	1,834,995
Valuation adjustment on purchase of claim receivable	(22,158)	(21,729)
	<u>1,792,753</u>	<u>1,813,266</u>
Customer margin account	81,222,971	78,225,201
Investment-linked insurance product assets	30,353,012	30,724,969
Receivables from security lending	846,335	39,934
Others	264,238	144,592
Total	<u>\$ 114,480,773</u>	<u>\$ 110,953,592</u>

- A. Information relating to credit risk is provided in Note 12(3).
- B. The Yuanta Life of the Yuanta Group's investment-linked insurance products mainly comprise investments in products in relation to beneficiary certificate, variable universal life insurance and variable deferred annuities. As of December 31, 2022 and 2021, as well as for the years ended December 31, 2022 and 2021, details about the investment insurance products - separate accounts were as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Investment – linked insurance product assets		
Cash in bank	\$ -	\$ 105
Financial assets at fair value through profit or loss	30,324,039	30,647,537
Other receivables	28,973	77,327
	<u>\$ 30,353,012</u>	<u>\$ 30,724,969</u>
	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Investment – linked insurance product liabilities		
Reserve for investment linked insurance product		
– insurance contract	\$ 6,694,344	\$ 6,085,939
– investment contract	23,636,016	24,578,809
Other payables	22,652	60,221
	<u>\$ 30,353,012</u>	<u>\$ 30,724,969</u>
	<u>For the years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Revenue on investment – linked insurance products		
Premium income	\$ 2,245,009	\$ 4,488,703
(Loss) gain on financial assets at fair value through profit or loss	(1,063,657)	196,259
Exchange (loss) gain	(3,902)	706
Interest income	5,177	5,586
Other income	4,706	5,652
	<u>\$ 1,187,333</u>	<u>\$ 4,696,906</u>
Expenses on investment – linked insurance products		
Claims and policy benefit payments	\$ 256,216	\$ 281,736
Net change in reserve for investment-linked insurance product-insurance contract	604,504	4,173,607
Administrative expenses and other expenses	326,613	241,563
	<u>\$ 1,187,333</u>	<u>\$ 4,696,906</u>

(13) Investment property - net

December 31, 2022				
Assets	Cost	Accumulated depreciation	Accumulated impairment	Book value
Land and land improvements	\$ 2,113,291	\$ -	(\$ 201,558)	\$ 1,911,733
Buildings	1,926,328	(814,205)	(37,574)	1,074,549
Right-of-use assets	6,472,693	(278,194)	-	6,194,499
Investment property under construction	1,306,670	-	-	1,306,670
Total	<u>\$ 11,818,982</u>	<u>(\$ 1,092,399)</u>	<u>(\$ 239,132)</u>	<u>\$ 10,487,451</u>

December 31, 2021				
Assets	Cost	Accumulated depreciation	Accumulated impairment	Book value
Land and land improvements	\$ 2,449,532	\$ -	(\$ 211,282)	\$ 2,238,250
Buildings	2,437,410	(959,966)	(40,370)	1,437,074
Right-of-use assets	6,661,896	(280,734)	-	6,381,162
Investment property under construction	470,967	-	-	470,967
Prepayments for land and buildings	166,069	-	-	166,069
Total	<u>\$ 12,185,874</u>	<u>(\$ 1,240,700)</u>	<u>(\$ 251,652)</u>	<u>\$ 10,693,522</u>

Change in investment property of the Yuanta Group:

For the years ended December 31,		
	2022	2021
Cost		
At January 1	\$ 12,185,874	\$ 13,084,181
Additions	729,114	297,016
Disposals	(1,107,928)	(415,297)
Transferred out to property and equipment	(244,192)	(967,166)
Transferred in from property and equipment	213,183	536,347
Others	(16,799)	-
Foreign exchange adjustment and others	59,730	(349,207)
At December 31	<u>\$ 11,818,982</u>	<u>\$ 12,185,874</u>

	For the years ended December 31,	
	2022	2021
Accumulated depreciation		
At January 1	(\$ 1,240,700)	(\$ 1,265,643)
Depreciation	(68,848)	(93,951)
Disposals	318,005	53,332
Transferred out to property and equipment	21,735	178,053
Transferred in from property and equipment	(13,336)	(110,930)
Others	2,687	-
Foreign exchange adjustment and others	(111,942)	(1,561)
At December 31	(\$ 1,092,399)	(\$ 1,240,700)
	For the years ended December 31,	
	2022	2021
Accumulated impairment		
At January 1	(\$ 251,652)	(\$ 260,254)
Reversal of impairment loss	10,901	19,387
Disposals	3,101	1,306
Transferred in from property and equipment	(1,482)	(12,091)
At December 31	(\$ 239,132)	(\$ 251,652)
A. The fair value of the investment property held by the Yuanta Group as of December 31, 2022 and 2021 were \$12,524,213 and \$12,506,439, respectively, according to the result of valuation by an independent valuation expert using the income approach, comparison approach, cost approach and land development analysis approach. As of December 31, 2022, the fair value included the amounts of \$3,252,372 and \$9,271,841 ; that was categorised within Level 2 and Level 3 in the fair value hierarchy, respectively. As of December 31, 2021, the fair value included the amounts of \$3,407,887 and \$9,098,552 that was categorised within Level 2 and Level 3 in the fair value hierarchy, respectively.		
B. For the years ended December 31, 2022 and 2021, rental income from the lease of the investment property were \$169,032 and \$209,997, respectively.		
C. The Yuanta Group has applied the practical expedient to “Covid-19-related rent concessions”, and recognised the gain from changes in lease payments arising from the rent concessions amounting to \$3,120 and \$9,076 by decreasing lease liability and investment property - investment property under construction for the years ended December 31, 2022 and 2021, respectively.		
D. Please refer to Note 8 for details of the Yuanta Group’s investment property pledged to others as collateral.		

(14) Property and equipment - net

Change in property and equipment of the Yuanta Group:

2022

Cost	Land and land improvements (Note)	Buildings	Machinery and computer equipment	Transportation equipment	Miscellaneous equipment	Construction in progress and prepayments for business facilities	Total
At January 1	\$ 15,095,745	\$ 7,241,243	\$ 4,033,225	\$ 209,637	\$ 1,738,942	\$ 2,420,243	\$ 30,739,035
Additions	-	462	553,427	9,898	176,964	1,598,331	2,339,082
Disposals	(127,000)	(228,253)	(527,235)	(13,973)	(274,209)	(19,941)	(1,190,611)
Transferred in from investment property	196,614	47,578	-	-	-	-	244,192
Transferred out to investment property	(180,708)	(32,475)	-	-	-	-	(213,183)
Others	-	-	108,045	1,449	132,015	(235,413)	6,096
Translation difference	11,535	41,627	114,867	547	33,217	1,255	203,048
At December 31	\$ 14,996,186	\$ 7,070,182	\$ 4,282,329	\$ 207,558	\$ 1,806,929	\$ 3,764,475	\$ 32,127,659
<u>Accumulated depreciation</u>							
At January 1	\$ -	(\$ 2,223,653)	(\$ 2,681,768)	(\$ 128,225)	(\$ 1,024,589)	\$ -	(\$ 6,058,235)
Depreciation	-	(203,589)	(607,332)	(26,099)	(311,447)	-	(1,148,467)
Disposals	-	115,296	525,609	10,954	267,893	-	919,752
Transferred in from investment property	-	(21,735)	-	-	-	-	(21,735)
Transferred out to investment property	-	13,336	-	-	-	-	13,336
Others	-	-	3,491	-	1,403	-	4,894
Translation difference	-	(17,955)	(96,635)	(457)	(29,318)	-	(144,365)
At December 31	\$ -	(\$ 2,338,300)	(\$ 2,856,635)	(\$ 143,827)	(\$ 1,096,058)	\$ -	(\$ 6,434,820)
<u>Accumulated impairment</u>							
At January 1	(\$ 149,649)	(\$ 62,269)	\$ -	\$ -	(\$ 298)	\$ -	(\$ 212,216)
Disposals	18,919	2,467	-	-	-	-	21,386
Transferred out to investment property	(10)	1,492	-	-	-	-	1,482
At December 31	(\$ 130,740)	(\$ 58,310)	\$ -	\$ -	(\$ 298)	\$ -	(\$ 189,348)
Net carrying amount	\$ 14,865,446	\$ 4,673,572	\$ 1,425,694	\$ 63,731	\$ 710,573	\$ 3,764,475	\$ 25,503,491

Note: A trust in Chang Hwa Bank was set up in relation to the land, with a book value of \$3,447,759, due to the city renovation.

2021

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

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

In addition, another land with a book value of \$45,178 was transferred to assets held for sale.

Please refer to Note 8 for details of property and equipment pledged to others as collateral.

The Yuanta Group set land and buildings which were classified as operating lease, and the assets belonging and not belonging to operating lease are as follows:
For the years ended December 31, 2022, no land or building was classified as operating lease.

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

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

(15) Leasing arrangements — lessee

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>
Land	\$ 8,642,912	\$ 8,768,519
Buildings	2,701,303	3,493,722
Machinery and equipment	92,732	133,924
Transportation equipment	33,979	15,000
Others	44,606	32,786
	<u>\$ 11,515,532</u>	<u>\$ 12,443,951</u>
	<u>For the years ended December 31,</u>	<u>For the years ended December 31,</u>
	<u>2022</u>	<u>2021</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Land	\$ 19,925	\$ 19,642
Buildings	1,277,386	1,284,970
Machinery and equipment	45,334	50,659
Transportation equipment	13,539	13,765
Others	7,940	8,693
	<u>\$ 1,364,124</u>	<u>\$ 1,377,729</u>

- C. For the years ended December 31, 2022 and 2021, the additions to right-of-use assets amounted to \$1,617,259 and \$1,073,448, respectively.
- D. The information on income and expense accounts relating to lease contracts is as follows:

	<u>For the years ended December 31,</u>	<u>For the years ended December 31,</u>
	<u>2022</u>	<u>2021</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 62,313	\$ 79,627
Expense on short-term lease contracts	86,575	79,550
Expense on leases of low-value assets	6,070	8,805
Gain on sublease of right-of-use assets	11,891	13,010
Gain (loss) on lease modification	133,135	(1,149)

- E. For the years ended December 31, 2022 and 2021, the Yuanta Group's total cash outflow for leases amounted to \$1,700,619 and \$1,451,051, respectively.

(16) Leasing arrangements – lessor

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

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

	For the years ended December 31,	
	2022	2021
Finance income from the net investment in the finance lease	\$ 596	\$ 960

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

	December 31, 2022	December 31, 2021
2022	\$ -	\$ 8,463
2023	8,463	8,463
Total	\$ 8,463	\$ 16,926

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

	December 31, 2022	December 31, 2021
Undiscounted lease payments	\$ 8,463	\$ 16,926
Unearned finance income	(214)	(810)
Net investment in the lease	\$ 8,249	\$ 16,116

- E. For the years ended December 31, 2022 and 2021, the Yuanta Group recognised rent income in the amounts of \$169,073 and \$210,049, respectively, based on the operating lease agreement, which does not include variable lease payments.

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

	December 31, 2022		December 31, 2021
2022	\$ 107,402	2022	\$ 124,552
2023	63,395	2023	55,446
2024	35,402	2024	26,750
2025	7,555	2025	14,574
2026	5,113	2026	2,269
After 2027	3,917	After 2027	5,344
Total	\$ 222,784	Total	\$ 228,935

(17) Intangible assets - net

	2022					
Cost	Goodwill (Note)	Operating rights	Computer software	Customer relationship	Others	Total
At January 1	\$ 31,483,298	\$ 384,009	\$ 4,574,763	\$ 3,045,314	\$ 4,317,864	\$ 43,805,248
Additions	-	-	332,568	-	4,297	336,865
Disposals	-	-	(120,707)	-	(1,276)	(121,983)
Reclassifications	-	-	105,663	-	-	105,663
Translation difference	13,515	1,463	187,428	-	46,921	249,327
At December 31	<u>\$ 31,496,813</u>	<u>\$ 385,472</u>	<u>\$ 5,079,715</u>	<u>\$ 3,045,314</u>	<u>\$ 4,367,806</u>	<u>\$ 44,375,120</u>
<u>Accumulated amortisation</u>						
At January 1	\$ -	(\$ 373,041)	(\$ 3,807,101)	(\$ 3,038,126)	(\$ 2,338,021)	(\$ 9,556,289)
Amortisation	-	(1,504)	(298,183)	(3,750)	(232,175)	(535,612)
Disposals	-	-	119,960	-	6	119,966
Reclassification	-	-	334	-	-	334
Translation difference	-	(430)	(167,355)	-	(2,450)	(170,235)
At December 31	<u>\$ -</u>	<u>(\$ 374,975)</u>	<u>(\$ 4,152,345)</u>	<u>(\$ 3,041,876)</u>	<u>(\$ 2,572,640)</u>	<u>(\$ 10,141,836)</u>
<u>Accumulated impairment</u>						
At January 1	(\$ 2,886,663)	\$ -	\$ -	\$ -	(\$ 316,015)	(\$ 3,202,678)
Impairments (Note)	(64,077)	-	-	-	-	(64,077)
Translation difference	(5,909)	-	-	-	(712)	(6,621)
At December 31	<u>(\$ 2,956,649)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(\$ 316,727)</u>	<u>(\$ 3,273,376)</u>
Net carrying amount	<u>\$ 28,540,164</u>	<u>\$ 10,497</u>	<u>\$ 927,370</u>	<u>\$ 3,438</u>	<u>\$ 1,478,439</u>	<u>\$ 30,959,908</u>

Note : Goodwill impairment loss of the Yuanta Securities's subsidiary - reinvestment department (Vietnam) amounting to \$64,077 was recognized due to its recoverable amount being less than its carrying amount after assessment.

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

Note 1: Goodwill impairment loss of the Yuanta Securities's subsidiary - reinvestment department (Thailand) amounting to \$6,273 was recognized due to its recoverable amount being less than its carrying amount after assessment.

Note 2: Due to the COVID-19 pandemic and the political and economic uncertainty and risk in China, Hong Kong and Macau, the operating conditions differed from expectations. An intangible asset impairment of the Yuanta Bank's and its subsidiaries' - international finance department amounting to \$286,526 was recognized due to its recoverable amount being less than its carrying amount.

(18) Other assets - net

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Refundable deposits - net	\$ 6,313,415	\$ 2,951,966
Deposits on securities borrowed	25,663,435	54,416,318
Operating guarantee deposits and settlement and clearing fund	5,188,796	5,154,440
Prepayments	1,013,577	734,207
Bank deposits - amounts held for settlement	20,495,962	23,207,687
Others	368,271	403,201
Total	<u>\$ 59,043,456</u>	<u>\$ 86,867,819</u>

Please refer to Note 8 for details of the Yuanta Group's other assets pledged to others as collateral.

(19) Impairment of non-financial assets

As of December 31, 2022 and 2021, accumulated impairment on various non-financial assets were as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Investment property	\$ 239,132	\$ 251,652
Property and equipment	189,348	212,216
Intangible assets - goodwill	2,956,649	2,886,663
Intangible assets - other	316,727	316,015

(20) Deposits from Central Bank and other banks

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Overdrafts with other banks	\$ 1,923,082	\$ 3,303,101
Call loans from other banks	36,684,013	17,214,445
Redeposit from the directorate general of postal remittance	-	5,106,578
Total	<u>\$ 38,607,095</u>	<u>\$ 25,624,124</u>

(21) Commercial paper payable - net

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Commercial paper payable	\$ 47,963,211	\$ 50,022,000
Less: Discount on commercial paper payable	(127,141)	(38,498)
Total	<u>\$ 47,836,070</u>	<u>\$ 49,983,502</u>

As of December 31, 2022 and 2021, the annual interest rate of commercial paper payable were 0.950%~5.990% and 0.318%~2.220%, respectively.

The commercial promissory notes mentioned above are all underwritten and issued by bill finance companies or banks.

(22) Payables

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Accounts payable	\$ 76,475,038	\$ 103,993,938
Spot exchange payable	2,009,705	166,763
Accrued expenses	10,136,916	14,153,609
Deposit payable for short sales	10,153,978	9,283,971
Consigned securities payable	4,493,450	9,245,192
Net exchange clearing payable	3,335,104	2,117,559
Securities purchased payable	3,133,408	2,251,618
Settlement payable	23,618,346	55,023,049
Guarantee deposit received from short sales	11,091,743	8,268,651
Other payables	9,578,875	9,978,644
Total	<u>\$ 154,026,563</u>	<u>\$ 214,482,994</u>

(23) Deposits and remittances

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Checking deposits	\$ 6,041,755	\$ 6,157,430
Demand deposits	180,320,808	237,158,129
Time deposits	380,133,262	284,414,524
Negotiable certificates of deposit	4,694,000	7,834,000
Savings deposits	836,179,477	839,343,186
Remittances	72,197	94,770
The account for foreign exchange credit purposes	-	344
Total	<u>\$ 1,407,441,499</u>	<u>\$ 1,375,002,383</u>

(24) Bonds payable

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Bank debentures	\$ 28,700,000	\$ 22,200,000
Unsecured corporate bonds	73,787,542	60,339,085
Total	<u>\$ 102,487,542</u>	<u>\$ 82,539,085</u>

A. The details of bank debentures as of December 31, 2022 were as follows:

	<u>First issue of subordinate bank debentures in 2014(B)</u>
Par value	\$4,700,000
Stated interest rate	Fixed interest rate at 2.00%
Period	Ten years
Interest payment date	Payable annually
Term of principal payment	Repaid on maturity
Issue price	Priced at face value on issue date

	Third issue of perpetual non-cumulative subordinate bank 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 issue of subordinate bank debentures in 2015
Par value	\$3,000,000
Stated interest rate	Fixed interest rate at 2.10%
Period	Ten years
Interest payment date	Payable annually
Term of principal payment	Repaid on maturity
Issue price	Priced at face value on issue date
	Fifth issue of perpetual non-cumulative subordinate bank 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
	First issue of subordinate bank debentures in 2021
Par value	\$5,000,000
Stated interest rate	Fixed interest rate at 0.67%
Period	Ten years
Interest payment date	Payable annually
Term of principal payment	Repaid on maturity
Issue price	Priced at face value on issue date
	Second issue of general bank debentures in 2021
Par value	\$500,000
Stated interest rate	Fixed interest rate at 0.45%
Period	Five years
Interest payment date	Payable annually
Term of principal payment	Repaid on maturity
Issue price	Priced at face value on issue date

	First issue of general bank debentures in 2022
Par value	\$2,000,000
Stated interest rate	Fixed interest rate at 0.77%
Period	Five years
Interest payment date	Payable annually
Term of principal payment	Repaid on maturity
Issue price	Priced at face value on issue date
	Second issue of subordinate bank debentures in 2022
Par value	\$3,700,000
Stated interest rate	Fixed interest rate at 2.40%
Period	Seven years
Interest payment date	Payable annually
Term of principal payment	Repaid on maturity
Issue price	Priced at face value on issue date
	Third issue of subordinate bank debentures in 2022(A)
Par value	\$900,000
Stated interest rate	Fixed interest rate at 2.40%
Period	Eight years
Interest payment date	Payable annually
Term of principal payment	Repaid on maturity
Issue price	Priced at face value on issue date
	Third issue of subordinate bank debentures in 2022(B)
Par value	\$1,900,000
Stated interest rate	Fixed interest rate at 2.55%
Period	Ten years
Interest payment date	Payable annually
Term of principal payment	Repaid on maturity
Issue price	Priced at face value on issue date
B. The details of unsecured corporate bonds as of December 31, 2022 were as follows:	
The Company	
	Yuanta Financial Holdings first issue of local unsecured normal corporate bond in 2016(C)
Par value	\$8,000,000
Stated interest rate	Fixed interest rate at 1.00%
Period	Seven years
Interest payment date	Payable annually
Term of principal payment	Repaid on maturity
Issue price	Priced at face value on issue date

	Yuanta Financial Holdings first issue of local unsecured normal corporate bond in 2018(A)
Par value	\$1,500,000
Stated interest rate	Fixed interest rate at 0.86%
Period	Five years
Interest payment date	Payable annually
Term of principal payment	Repaid on maturity
Issue price	Priced at face value on issue date
	Yuanta Financial Holdings first issue of local unsecured normal corporate bond in 2018(B)
Par value	\$8,500,000
Stated interest rate	Fixed interest rate at 0.96%
Period	Seven years
Interest payment date	Payable annually
Term of principal payment	Half of principal will be repaid in the sixth and seventh years
Issue price	Priced at face value on issue date
	Yuanta Financial Holdings first issue of local unsecured normal corporate bond in 2020
Par value	\$5,000,000
Stated interest rate	Fixed interest rate at 0.59%
Period	Ten years
Interest payment date	Payable annually
Term of principal payment	Repaid on maturity
Issue price	Priced at face value on issue date
	Yuanta Financial Holdings first issue of local unsecured normal corporate bond in 2022
Par value	\$5,300,000
Stated interest rate	Fixed interest rate at 0.85%
Period	Five years
Interest payment date	Payable annually
Term of principal payment	Repaid on maturity
Issue price	Priced at face value on issue date
	Yuanta Financial Holdings second issue of local unsecured normal corporate bond in 2022
Par value	\$8,200,000
Stated interest rate	Fixed interest rate at 1.55%
Period	Five years
Interest payment date	Payable annually
Term of principal payment	Half of principal will be repaid in the forth and fifth years
Issue price	Priced at face value on issue date

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	Yuanta Securities first issue of unsecured subordinate normal corporate bond in 2019(A)
Par value	\$2,200,000
Stated interest rate	Fixed interest rate at 1.25%
Issuance date	June 6, 2019
Maturity date	June 6, 2026
Issuance area	Taiwan
	Yuanta Securities first issue of unsecured subordinate normal corporate bond in 2019(B)
Par value	\$6,300,000
Stated interest rate	Fixed interest rate at 1.40%
Issuance date	June 6, 2019
Maturity date	June 6, 2029
Issuance area	Taiwan
	Yuanta Securities first issue of unsecured subordinate normal corporate bond in 2020(A)
Par value	\$1,300,000
Stated interest rate	Fixed interest rate at 0.85%
Issuance date	October 20, 2020
Maturity date	October 20, 2027
Issuance area	Taiwan
	Yuanta Securities first issue of unsecured subordinate normal corporate bond in 2020(B)
Par value	\$3,700,000
Stated interest rate	Fixed interest rate at 0.95%
Issuance date	October 20, 2020
Maturity date	October 20, 2030
Issuance area	Taiwan
	Yuanta Securities first issue of unsecured subordinate normal corporate bond in 2021(A)
Par value	\$4,800,000
Stated interest rate	Fixed interest rate at 0.82%
Issuance date	May 17, 2021
Maturity date	May 17, 2031
Issuance area	Taiwan
	Yuanta Securities first issue of unsecured subordinate normal corporate bond in 2021(B)
Par value	\$5,200,000
Stated interest rate	Fixed interest rate at 1.02%
Issuance date	May 17, 2021
Maturity date	May 17, 2036
Issuance area	Taiwan

	Yuanta Securities Finance first issue of local unsecured normal corporate bond in 2020(A)
Par value	\$2,300,000
Stated interest rate	Fixed interest rate at 0.63%
Issuance date	May 6, 2020
Maturity date	May 6, 2025
Issuance area	Taiwan
	Yuanta Securities Finance first issue of local unsecured normal corporate bond in 2020(B)
Par value	\$2,700,000
Stated interest rate	Fixed interest rate at 0.67%
Issuance date	May 6, 2020
Maturity date	May 6, 2027
Issuance area	Taiwan
	Yuanta Securities (Korea) 87th issue of unsecured normal corporate bond
Par value	KRW 150,000,000 thousands
Stated interest rate	Fixed interest rate at 1.707%
Issuance date	April 8, 2021
Maturity date	April 8, 2024
Issuance area	Korea
	Yuanta Securities (Korea) 88th issue of unsecured normal corporate bond
Par value	KRW 150,000,000 thousands
Stated interest rate	Fixed interest rate at 4.215%
Issuance date	April 12, 2022
Maturity date	April 11, 2025
Issuance area	Korea
	Yuanta Futures first issue of unsecured subordinate normal corporate bond in 2021
Par value	\$1,500,000
Stated interest rate	Fixed interest rate at 0.85%
Issuance date	November 12, 2021
Maturity date	November 12, 2028
Issuance area	Taiwan

(25) Other borrowings

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Short-term borrowings		
Unsecured bank borrowings	\$ 8,457,322	\$ 8,550,186
Secured bank borrowings	4,930,967	4,586,309
KSFC secured borrowings	22,144,885	28,472,259
Asset-backed short-term bonds	12,927,025	18,389,446
	<u>\$ 48,460,199</u>	<u>\$ 59,998,200</u>
Interest rate range	<u>1.69%~10.40%</u>	<u>0.65%~7.90%</u>

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

(26) Liabilities reserve

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Insurance liabilities	\$ 350,428,059	\$ 325,120,319
Reserve for foreign exchange fluctuation	3,988,784	333,427
Employee benefit liabilities reserve	4,553,279	6,728,135
Guaranteed policy reserve	177,637	133,858
Loan commitment reserve and letters of credit	37,202	39,756
Reserve for insurance with nature of financial instrument	130,855	58,139
Other reserves (Note)	4,360,809	3,928,624
Total	<u>\$ 363,676,625</u>	<u>\$ 336,342,258</u>

Note: In relation to the complaints filed by investors with the competent authority of Korea for disputes arising from the sale of financial products issued by affiliates of the Tong Yang Group by former TongYang Securities Inc. (currently Yuanta Securities (Korea)), the competent authority of Korea has since July 31, 2014 announced the results of the first mediation through the tenth mediation, concluding that the amount of improper sale was KRW697,000 million (approximately \$17 billion); of which former TongYang Securities Inc. was liable for compensations totaling KRW67,678 million (approximately \$1.6 billion). From the end of September 2014, TongYang Securities Inc. has commenced paying compensations to clients other than a few clients who disagreed with the above-mentioned mediated results and filed the complaints. In addition, as of December 31, 2022, there were 2 litigations filed against former TongYang Securities Inc. and its subsidiaries related to the above-mentioned financial product selling disputes, with the claim amount of KRW492,565 million (approximately \$12 billion) (which claim amount was reduced to KRW113,007 million (approximately \$2.8 billion) by the plaintiffs) and KRW50,000 million (approximately \$1.2 billion), respectively, demanding compensations totaling KRW163,007 million (approximately \$4 billion); both litigations were class actions. For the class action with the claim amount of KRW492,565 million, the Seoul High Court ruled on October 28, 2019 that the relevant formal requirements of the class action (such as commonality and efficiency) were met and thus the procedural application for this class action should be permitted. Then the Supreme Court dismissed the appeal of Yuanta Securities (Korea), so that the case would be reviewed in substance. The plaintiffs reduced the claim amount to KRW113,516 million (approximately \$2.8 billion) on November 16, 2022. The Seoul Central District Court dismissed the plaintiffs' claim on January 19, 2023. The plaintiffs appealed the case on February 9, 2023 with the claim amount of KRW113,007 million. For the class action with the claim amount of KRW50,000 million, the Seoul Central District Court and the Seoul High Court had dismissed the case based on procedural reasons and the plaintiffs filed an appeal on October 22, 2018 for the review of the third instance.

Former TongYang Securities Inc. has recognised a liability reserve of KRW93,400 million (approximately \$2.3 billion) on December 31, 2013 for the aforementioned sales dispute. Other than adjustments made for actual compensation payments, former TongYang Securities Inc., after comprehensively considering the status of litigations and compensations, has reversed KRW 24,358 million (approximately \$0.6 billion) in liability reserves as of December 31, 2022. As of December 31, 2022, the balance of the liability reserve related to the aforementioned financial product selling disputes was KRW9,833 million (approximately

\$0.2 billion).

In addition, there is an arbitration award issued for a dispute where, Anbang Group Holdings Co., Ltd. and Anbang Life Insurance Co., Ltd. (now known as Dajia Life Insurance Co., Ltd., collectively, “Anbang”) filed an arbitration counterclaim in Hong Kong against Yuanta Securities (Korea) and four other sellers in June 2017 based on the share purchase agreement with respect to Tong Yang Life Insurance Co., Ltd. The International Court of Arbitration of International Chamber of Commerce (ICC) made an arbitration award in August 2020, ruling that the sellers shall pay Anbang compensation amounting to KRW 166,600 million (approximately \$4.1 billion) as well as relevant expenses and the accrued interests at the estimated amount of KRW 46,025 million as of December 31, 2022 (approximately \$1.1 billion). Yuanta Securities (Korea) received a correction of arbitration award in January 2021, which has no impact on the above results. Anbang then applied to Seoul Central District Court for recognizing and enforcing the arbitration award. Yuanta Securities (Korea) received the court’s decision on December 17, 2021 which recognised the arbitration award and allowed Anbang to enforce the arbitration award up to the amount of KRW 131,801 million (approximately \$3.2 billion) plus subsequent interests payable. Yuanta Securities (Korea) and Anbang both appealed the court decision. The appellate court is now reviewing the appeals. Yuanta Securities (Korea) has recognised provision liabilities in the amount of approximately KRW 147,136 million (approximately \$3.6 billion). However, the actual compensation amount to be borne by Yuanta Securities (Korea) might change due to the subsequent legal actions.

In addition, as of December 31, 2022, Yuanta Securities (Korea) recognised provision liabilities amounting to KRW 10,452 million (approximately \$0.3 billion) for the delay in the redemption of certain funds sold by it after considering compensation that had been granted by the Financial Dispute Settlement Committee in cases relating to the sale of relevant funds by other financial institutions in the same industry.

A. The components of insurance liabilities are as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Unearned premium reserve	\$ 1,053,928	\$ 979,625
Claims reserve	1,489,530	1,177,187
Reserve for policy benefit	343,632,568	318,623,335
Special reserve	235,057	-
Premium deficiency reserve	691,773	819,935
Other reserves	3,325,203	3,520,237
Total	<u>\$ 350,428,059</u>	<u>\$ 325,120,319</u>

(A) Unearned premium reserve and ceded unearned premium reserve

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

December 31, 2022			
	Insurance contract	Financial instruments with discretionary participation features	Total
Unearned premium reserve			
Personal life insurance	\$ 1,581	\$ -	\$ 1,581
Personal accident insurance	308,611	-	308,611
Personal health insurance	544,039	-	544,039
Group insurance	196,716	-	196,716
Investment-linked insurance	2,981	-	2,981
	<u>\$ 1,053,928</u>	<u>\$ -</u>	<u>\$ 1,053,928</u>
Ceded unearned premium reserve			
Personal life insurance	\$ 260,583	\$ -	\$ 260,583
Personal accident insurance	392	-	392
Personal health insurance	174,198	-	174,198
Group insurance	1,127	-	1,127
Investment-linked insurance	645	-	645
	<u>\$ 436,945</u>	<u>\$ -</u>	<u>\$ 436,945</u>
December 31, 2021			
	Insurance contract	Financial instruments with discretionary participation features	Total
Unearned premium reserve			
Personal life insurance	\$ 1,895	\$ -	\$ 1,895
Personal accident insurance	285,511	-	285,511
Personal health insurance	495,278	-	495,278
Group insurance	194,471	-	194,471
Investment-linked insurance	2,470	-	2,470
	<u>\$ 979,625</u>	<u>\$ -</u>	<u>\$ 979,625</u>
Ceded unearned premium reserve			
Personal life insurance	\$ 284,483	\$ -	\$ 284,483
Personal accident insurance	766	-	766
Personal health insurance	169,141	-	169,141
Group insurance	1,764	-	1,764
Investment-linked insurance	863	-	863
	<u>\$ 457,017</u>	<u>\$ -</u>	<u>\$ 457,017</u>

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

		For the years ended December 31,	
		2022	2021
Unearned premium reserve			
At January 1	\$	979,625	\$ 795,764
Provision		1,053,928	979,625
Recovery	(	979,625)	(795,764)
At December 31	\$	<u>1,053,928</u>	\$ <u>979,625</u>
		For the years ended December 31,	
		2022	2021
Ceded unearned premium reserve			
At January 1	\$	457,017	\$ 547,152
Current net change	(	21,744)	(89,732)
Gain (loss) on foreign exchange		1,672	(403)
At December 31	\$	<u>436,945</u>	\$ <u>457,017</u>

(B) Claims reserve and ceded claims reserve

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

		December 31, 2022		
		Claims reported but not paid	Claims incurred but not reported	Total
Claims reserve				
Personal life insurance	\$	634,012	\$ 976	\$ 634,988
Personal accident insurance		7,400	22,259	29,659
Personal health insurance		515,668	206,599	722,267
Group insurance		2,844	94,305	97,149
Investment-linked insurance		5,467	-	5,467
	\$	<u>1,165,391</u>	\$ <u>324,139</u>	\$ <u>1,489,530</u>
Ceded claims reserve				
Personal life insurance	\$	43,135	\$ -	\$ 43,135
Personal accident insurance		3	-	3
Personal health insurance		80,225	-	80,225
	\$	<u>123,363</u>	\$ <u>-</u>	\$ <u>123,363</u>

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

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

For the years ended December 31,			
	2022	2021	
Claims reserve			
At January 1	\$ 1,177,187	\$ 802,204	
Provision (Note)	1,487,914	1,177,228	
Recovery	(1,177,187)	(802,204)	
Gain (loss) on foreign exchange	1,616	(41)	
At December 31	<u>\$ 1,489,530</u>	<u>\$ 1,177,187</u>	
For the years ended December 31,			
	2022	2021	
Ceded claims reserve			
At January 1	\$ 146,072	\$ 78,261	
Current net change	(22,924)	67,811	
Gain on foreign exchange	215	-	
At December 31	<u>\$ 123,363</u>	<u>\$ 146,072</u>	

Note: The provision of claims incurred but not reported in 2022 and 2021 amounted to \$324,139 and \$228,322, respectively.

(C) Reserve for policy benefit

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

December 31, 2022			
	Insurance contract	Financial instruments with discretionary participation features	Total
Life insurance	\$ 312,022,943	\$ -	\$ 312,022,943
Health insurance	31,050,423	-	31,050,423
Annuity insurance	4,377	384,754	389,131
Investment-linked insurance	66,116	-	66,116
	<u>\$ 343,143,859</u>	<u>\$ 384,754</u>	<u>343,528,613</u>
Recovery of catastrophe reserve			4,221
Transferred in unwritten-off balance of 3% decrease in business tax			46,062
Payables to the insured			53,672
Total			<u>\$ 343,632,568</u>

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

b. Changes in reserve for policy benefit:

	For the years ended December 31,	
	2022(Note 1)	2021(Note 2)
At January 1	\$ 318,611,643	\$ 298,418,335
Provision	39,802,038	38,860,051
Recovery	(20,577,862)	(17,476,729)
Gain or loss on foreign exchange	5,782,832	(1,190,014)
At December 31	<u>\$ 343,618,651</u>	<u>\$ 318,611,643</u>

Note 1: For the year ended December 31, 2022, "Reserve for policy benefit-payables to the insured" is \$13,917. As of December 31, 2022, the total reserve for policy benefit amount of changes in reserve for policy benefit is \$343,632,568.

Note 2: For the year ended December 31, 2021, "Reserve for policy benefit-payables to the insured" is \$11,692. As of December 31, 2021, the total reserve for policy benefit amount of changes in reserve for policy benefit is \$318,623,335.

For the years ended December 31, 2022 and 2021, the interest expense, reflecting on the contract liabilities over a period of time, were \$8,398,948 and \$8,011,250, respectively.

(D) Special Reserve

a. Details of special reserve are as follows:

	December 31, 2022	December 31, 2021
Dividend payment reserve	\$ 235,057	\$ -

b. Change in special reserve:

	December 31, 2022	December 31, 2021
At January 1	\$ -	\$ -
Provision	235,057	-
At December 31	\$ 235,057	\$ -

(E) Premium deficiency reserve

a. Details of premium deficiency reserve are as follows:

December 31, 2022			
	Insurance contract	Financial instruments with discretionary participation features	Total
Personal life insurance	\$ 671,073	\$ -	\$ 671,073
Personal health insurance	20,700	-	20,700
Total	\$ 691,773	\$ -	\$ 691,773
December 31, 2021			
	Insurance contract	Financial instruments with discretionary participation features	Total
Personal life insurance	\$ 801,535	\$ -	\$ 801,535
Personal health insurance	18,400	-	18,400
Total	\$ 819,935	\$ -	\$ 819,935

b. Change in premium deficiency reserve:

For the years ended December 31,			
	2022	2021	
At January 1	\$ 819,935	\$ 1,129,185	
Provision	(37,676)	(135,213)	
Recovery	(137,925)	(157,481)	
Gain or loss on foreign exchange	47,439	(16,556)	
At December 31	\$ 691,773	\$ 819,935	

(F) Other reserves

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

For the years ended December 31,			
	2022	2021	
At January 1	\$ 3,520,237	\$ 3,713,616	
Recovery	(195,034)	(193,379)	
At December 31	\$ 3,325,203	\$ 3,520,237	

B. Reserve for foreign exchange fluctuation

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

	For the years ended December 31,	
	2022	2021
At January 1	\$ 333,427	\$ 714,669
Provision		
Compulsory provision	323,370	267,161
Additional provision	5,653,869	491,344
Subtotal	6,310,666	1,473,174
Recovery	(2,321,882)	(1,139,747)
At December 31	<u>\$ 3,988,784</u>	<u>\$ 333,427</u>

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

- (B) Effect of accounts eligible or ineligible for the foreign exchange reserve on the consolidated financial statements of the Yuanta Group for the years ended December 31, 2022 and 2021 are as follows:

	For the year ended December 31, 2022		
	Ineligible amount	Eligible amount	Impact
Net income	\$ 4,300,802	\$ 1,376,517	(\$ 2,924,285)
Earnings per share (in dollars)	1.81	0.58	(1.23)
Reserve for foreign exchange fluctuation	-	3,988,784	3,988,784
Total equity	26,059,838	22,853,504	(3,206,334)

	For the year ended December 31, 2021		
	Ineligible amount	Eligible amount	Impact
Net income	\$ 1,769,295	\$ 2,074,289	\$ 304,994
Earnings per share (in dollars)	0.75	0.87	0.12
Reserve for foreign exchange fluctuation	-	333,427	333,427
Total equity	29,516,915	29,234,866	(282,049)

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

The Yuanta Group issued non-discretionary participation feature financial instruments. Reserve for insurance contract with the nature of financial products recognised on December 31, 2022 and 2021 and the movements are listed below:

	December 31, 2022	December 31, 2021
Investment-linked insurance	<u>\$ 130,855</u>	<u>\$ 58,139</u>

	For the years ended December 31,	
	2022	2021
At January 1	\$ 58,139	\$ -
Net provision of statutory reserve	72,716	58,139
At December 31	<u>\$ 130,855</u>	<u>\$ 58,139</u>

(27) Employee benefit liabilities reserve

A. Defined benefit plans:

(A) The Company and its domestic subsidiaries have a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45~61 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Yuanta Group also established a special retention compensation plan applicable to certain employees. Except for Yuanta Securities Finance contributing retirement fund by 8% of the employees' monthly salaries and wages, the Yuanta Group contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Yuanta Group would assess the balance in the aforementioned labor pension reserve account by the end of December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method, to the employees expected to be qualified for retirement next year, the Yuanta Group will make contributions to cover the deficit by next March. Yuanta Securities (Korea) and its subsidiary have a defined benefit plan or a defined contribution plan in accordance with the relevant laws and regulations applied by the local Korean government. Yuanta Securities Investment Trust obtained the approval letter no. 1106083936 and no. 1116069917 from Department of Labor, Taipei City government to suspend the pension contribution for the period from September 2021 to August 2023.

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

	December 31, 2022	December 31, 2021
Present value of defined benefit obligations	\$ 7,547,604	\$ 8,797,853
Faire value of plan assets	(3,247,439)	(2,295,805)
	4,300,165	6,502,048
Prepaid pension cost	59,486	39,562
Net defined benefit laibilities	<u>\$ 4,359,651</u>	<u>\$ 6,541,610</u>

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

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liabilities
Year ended December 31, 2022			
Balance at January 1,	\$ 8,797,853	(\$ 2,295,805)	\$ 6,502,048
Current service cost	353,722	-	353,722
Interest expense (income)	103,001	(16,885)	86,116
Settlement loss	-	905	905
	<u>9,254,576</u>	<u>(2,311,785)</u>	<u>6,942,791</u>
Remeasurement:			
Return on plan assets (excluding amounts included in interest income or expense)	4,788	(143,597)	(138,809)
Change in demographic assumptions	41,897	-	41,897
Change in financial assumptions	(411,226)	-	(411,226)
Experience adjustment	(852,997)	(1,379)	(854,376)
	<u>(1,217,538)</u>	<u>(144,976)</u>	<u>(1,362,514)</u>
Pension fund contribution	-	(1,215,696)	(1,215,696)
Paid pension	(614,013)	434,009	(180,004)
Translation difference	124,579	(8,991)	115,588
Balance at December 31,	<u>\$ 7,547,604</u>	<u>(\$ 3,247,439)</u>	<u>\$ 4,300,165</u>
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liabilities
Year ended December 31, 2021			
Balance at January 1,	\$ 8,601,044	(\$ 2,337,897)	\$ 6,263,147
Current service cost	377,832	-	377,832
Interest expense (income)	70,123	(10,499)	59,624
Settlement loss	-	1,009	1,009
	<u>9,048,999</u>	<u>(2,347,387)</u>	<u>6,701,612</u>
Remeasurement:			
Return on plan assets (excluding amounts included in interest income or expense)	-	(58,266)	(58,266)
Change in demographic assumptions	32,039	-	32,039
Change in financial assumptions	(292,836)	-	(292,836)
Experience adjustment	1,112,371	(1,027)	1,111,344
	<u>851,574</u>	<u>(59,293)</u>	<u>792,281</u>
Pension fund contribution	-	(538,951)	(538,951)
Paid pension	(770,349)	624,808	(145,541)
Translation difference	(332,371)	25,018	(307,353)
Balance at December 31,	<u>\$ 8,797,853</u>	<u>(\$ 2,295,805)</u>	<u>\$ 6,502,048</u>

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

authorized by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan asset fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2022 and 2021 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

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

	December 31, 2022	December 31, 2021
Cash and cash equivalents	\$ 13,352	\$ 2,649
Debt instruments	43,139	22,381
Beneficiary certificates	2,325	9,613
Others	147,786	165,055
	<u>\$ 206,602</u>	<u>\$ 199,698</u>

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

	For the years ended December 31,	
	2022	2021
Discount rate	<u>1.20%~5.18%</u>	<u>0.50%~2.61%</u>
Future salary increases	<u>2.00%~5.29%</u>	<u>2.00%~4.30%</u>

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

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

	Discount rate		Future salary increase rate	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2022				
Effect on present value of defined benefit obligation	<u>(\$ 90,131)</u>	<u>\$ 92,870</u>	<u>\$ 79,628</u>	<u>(\$ 77,795)</u>
December 31, 2021				
Effect on present value of defined benefit obligation	<u>(\$ 126,677)</u>	<u>\$ 130,754</u>	<u>\$ 113,232</u>	<u>(\$ 110,449)</u>

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

	Discount rate		Future salary increase rate	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
December 31, 2022				
Effect on present value of defined benefit obligation	<u>(\$ 218,672)</u>	<u>\$ 250,095</u>	<u>\$ 253,616</u>	<u>(\$ 225,372)</u>

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

The sensitivity analysis above is based on other conditions that are unchanged but only one assumption is changed. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same. There is no change in the assumptions used in the preparation of sensitivity analysis for 2022 and 2021.

- (F) Expected contributions to the defined benefit pension plans of the Company and its domestic subsidiaries for the year ending December 31, 2023 amounted to \$47,766.
- B. Defined contribution plans:
- (A) Effective July 1, 2005, the Company and its domestic subsidiaries have established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.
- (B) Effective July 1, 2005, a retirement plan was established by Yuanta Life, covering all its telemarketing representatives. Under the retirement plan, Yuanta Life recognizes monthly an amount equal to 7% of the employees’ monthly incentive bonuses as retirement pay. The retirement plan is contributed till July 2016. Cumulated amounts will be retained until telemarketing representatives retire, after which it will be paid in lump-sum to each telemarketing representative according to their respective entitled proportions under the plan. Effective August 1, 2008, Yuanta Life established an “Incentive Award Plan”, which covered its sales agents. Under the “Incentive Award Plan”, Yuanta Life calculates monthly contributions based on the agent’s service years and a monthly commission effective for the first year. The “Incentive Award Plan” is contributed till June 2014. Cumulated amounts will be retained until sales agents retire, after which it will be paid in lump-sum to each sales agent according to their respective entitled proportions under the plan. For the aforementioned pension plan, Yuanta Life recognised employee benefit liabilities (recorded as “provisions”) amounted to \$ 1,653 and \$7,523 as of December 31, 2022 and 2021, respectively.
- (C) Termination provisions
- On August 21, 2015, Ta Chong Bank entered into second amendments agreement of share conversion agreement with the Company, the agreements including secured employees’ right, the secure period was 36 months after the effective date of combination of banks. As of December 31, 2020, the termination provision which were recognized for aforementioned event amounted to \$123,575(recorded as “provision for liabilities”). As the application of aforementioned employees’ rights has been due on December 31, 2020, the provision for liabilities has been recognized as actual amount of payables and repaid the termination provision on January 29, 2021.
- (D) Under the defined contribution plan, the Company and its domestic subsidiaries recognized pension expense of \$547,577 (recorded as “employees’ benefit expenses” of \$544,360 and “net income other than interest” of \$ 3,217) and \$533,008 (recorded as “employees’ benefit expenses” of \$527,820 and “net income other than interest” of \$5,188) for the years ended December 31, 2022 and 2021, respectively.

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

The pension plan for Yuanta Securities Asia Finance is in compliance with the regulations of each employee nationality. Yuanta HK Holdings (Cayman) Ltd. does not have compulsory pension plans according to local regulations. The pension plans for other foreign subsidiaries are in compliance with local regulations.

Yuanta Securities Asia Finance, Yuanta Securities (Hong Kong), Yuanta Investment Consulting Beijing and Yuanta Securities (UK) recognised pension expense of \$12,262 and \$13,265 for the years ended December 31, 2022 and 2021, respectively, based on the abovementioned pension plan and local regulations. Under the defined contribution plan, Yuanta Securities (Korea) and its subsidiaries recognised pension expense of \$35,230 and \$57,477 for the years ended December 31, 2022 and 2021, respectively.

In accordance with the local regulations, Yuanta Securities (Indonesia) and Yuanta Securities (Thailand) and its subsidiaries recognised pension liabilities of \$184,570 and \$170,210 as of December 31, 2022 and 2021, respectively. For the years ended December 31, 2022 and 2021, pension expenses were recognised amounting to \$29,446 and \$31,059, respectively. Additionally, losses on remeasurements of defined benefit plans were (\$19,538) and (\$2,116), respectively.

In accordance with the local regulations, Yuanta Savings Bank (Philippines) has recognised employee benefit liabilities of \$4,570 and \$5,126, respectively, as of December 31, 2022 and 2021, and recognised pension expense of \$1,091 and \$1,210 under other comprehensive income, respectively, for the years ended December 31, 2022 and 2021. Additionally, gains (losses) on remeasurements of defined benefit plans were \$1,110 and (\$91), respectively.

In accordance with the above-mentioned pension plan, Yuanta Savings Bank (Korea) has recognised employee benefit liabilities of \$0 and \$831, respectively, as of December 31, 2022 and 2021, and recognised pension expenses of \$8,578 and \$8,335 under other comprehensive income, respectively, for the years ended December 31, 2022 and 2021. Additionally, gains on remeasurements of defined benefit plans were \$5,728 and \$0, respectively.

For the aforementioned pension plan, Yuanta Futures Hong Kong and SYF Information (Shanghai) recognised pension expenses of \$1,354 and \$1,386 for the years ended December 31, 2022 and 2021, respectively.

(28) Other financial liabilities

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Futures traders' equity	\$ 107,388,229	\$ 93,341,056
Structured deposit	2,578,157	2,503,403
Investment-linked products		
liabilities	30,353,012	30,724,969
Others	-	50,000
Total	<u>\$ 140,319,398</u>	<u>\$ 126,619,428</u>

(29) Other liabilities

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Guarantee deposit received on security lent	\$ 47,820,314	\$ 51,446,763
Underwriting share proceeds collected on behalf of customers	1,922,946	38,446,456
Collections in advance	1,778,009	1,809,167
Retention compensation payable	1,562,058	1,290,051
Refundable deposits	981,795	2,193,165
Refundable deposits-derivative transactions	3,595,746	2,383,833
Others	5,580,548	4,948,555
Total	<u>\$ 63,241,416</u>	<u>\$ 102,517,990</u>

(30) Share capital

As of December 31, 2022 and 2021, the Company's total authorised capital were all \$180,000,000 and total paid-in capital were \$125,015,590 and \$121,374,360, respectively. The aforementioned total paid-in capital were 12,501,559 and 12,137,436 thousand shares of common stock, each with a par value of \$10 dollars per share.

(31) Capital surplus

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

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Post 1998	\$ 4,036,443	\$ 4,036,443
Source and details of the capital surplus of the Company are as follows:		
	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Additional paid-in capital	\$ 33,573,790	\$ 33,573,790
Treasury share transactions	3,479,710	3,479,710
Others	957,064	832,449
	<u>\$ 38,010,564</u>	<u>\$ 37,885,949</u>

(32) Legal reserve and special reserve

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

issuing new shares or distributing cash dividends, the amount of the legal reserve shall not exceed 25% of paid-in capital.

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

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

(33) Undistributed earnings

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

(A) Pay income tax;

(B) Offset prior years' deficits;

(C) Provide legal reserve and special reserve; and

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

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

C. The appropriation of 2021 earnings has been resolved at the shareholders' meeting on June 10, 2022. The appropriation of 2020 earnings has been resolved at the shareholders' meeting on July 8, 2021. The details are as follows:

	2021		2020	
	Amount	Dividend per share (in dollars)	Amount	Dividend per share (in dollars)
Cash dividends	\$ 18,206,154	\$ 1.50	\$ 14,564,923	\$ 1.20
Stock dividends	3,641,230	0.30	-	-

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

D. The earnings distribution for 2022 of the Company has been resolved by the Board of Directors on March 15, 2023. Details are as follows:

	2022	
	Amount	Dividend per share (in dollars)
Cash dividends	\$ 10,001,247	\$ 0.80
Stock dividends	1,875,234	0.15

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

(34) Other equity items

	2022				
	Exchange differences on translation of foreign financial statements	Unrealised gain (loss) on financial assets measured at fair value through other comprehensive income	Change in fair value of financial liability attributable to change in credit risk	Other comprehensive income on reclassification under the overlay approach	Total
Balance, January 1	(\$ 8,400,123)	\$ 17,930,672	(\$ 47,621)	(\$ 1,072,737)	\$ 8,410,191
Financial assets at fair value through other comprehensive income					
- Evaluation adjustment in the period	-	(16,795,154)	-	-	(16,795,154)
- Evaluation transferred to profit or loss	-	854,934	-	-	854,934
- Evaluation transferred to retained earnings	-	1,697,795	-	-	1,697,795
Other comprehensive income on reclassification under the overlay approach	-	-	-	(4,151,363)	(4,151,363)
Changes in translation difference of foreign operating entities	2,251,891	-	-	-	2,251,891
Effects on income tax	28,328	757,292	1,045	(18,487)	768,178
Evaluation of credit risk	-	-	(4,642)	-	(4,642)
Balance, December 31	(\$ 6,119,904)	\$ 4,445,539	(\$ 51,218)	(\$ 5,242,587)	(\$ 6,968,170)

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

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(35) Net interest income

	For the years ended December 31,	
	2022	2021
Interest income		
Interest income on bills discounted and loans	\$ 18,355,887	\$ 14,932,260
Financing interest income	6,134,506	6,826,410
Interest income on securities investment	15,403,992	12,850,017
Interest income from placement and call loan to other banks	2,056,473	731,447
Interest income on bills and bonds purchased under resale agreements	1,076,350	282,568
Credit cards revolving interest	171,764	177,694
Other interest income	2,033,116	1,185,672
Subtotal	45,232,088	36,986,068
Interest expense		
Interest expense of deposit	(\$ 6,897,711)	(\$ 3,663,384)
Interest expense of Central Bank and other banks' deposit	(188,189)	(24,034)
Interest expense on due to the Central Bank and other banks	(1,632,428)	(724,443)
Interest expense on bills and bonds sold under repurchase agreements	(2,956,889)	(791,205)
Interest expense of structured instruments	(84,972)	(53,569)
Coupon rate of bank debenture	(511,667)	(685,352)
Coupon rate of corporate bonds	(765,007)	(584,962)
Coupon rate of commercial papers	(467,868)	(187,479)
Interest expense from short sales	(31,199)	(27,756)
Lease liabilities interest expense	(62,313)	(79,627)
Other interest expense	(932,480)	(190,506)
Subtotal	(14,530,723)	(7,012,317)
Total	\$ 30,701,365	\$ 29,973,751

(36) Net service fee and commission income

	For the years ended December 31,	
	2022	2021
<u>Service fee and commission income</u>		
Brokerage service fee income	\$ 23,686,914	\$ 38,102,579
Service fee income on insurance brokerage and transfer-agent	991,147	1,270,624
Service fee on credit cards	888,465	914,308
Service fee income on trust business	2,808,112	3,572,028
Service income on credit extension	438,560	537,994
Underwriting service income	959,341	1,675,694
Service income from short sales	165,851	173,778
Commission – reinsurance allowance	137,298	138,358
Service income on foreign exchange	85,995	81,576
Service fee income on consigned settlement	37,221	38,449
Deposits and remittance and other service income	1,343,312	1,344,910
Subtotal	31,542,216	47,850,298
<u>Service fee expenses and commission expense</u>		
Insurance commission expense	(\$ 1,213,314)	(\$ 1,527,906)
Service expense on trust business	(1,391)	(2,927)
Service expense on brokerage	(2,480,497)	(3,154,732)
Service expense on proprietary trading	(143,185)	(181,381)
Service fee expense on credit cards	(905,327)	(842,663)
Service expense on clearing and settlement	(673,581)	(662,635)
Futures commission expense	(446,383)	(405,110)
Underwriting service expense	(7,992)	(11,301)
Service expense on foreign exchange	(43,186)	(38,383)
Service expense on credit extension	(34,231)	(28,287)
Deposits and remittance and other service expense	(473,072)	(388,627)
Subtotal	(6,422,159)	(7,243,952)
Total	\$ 25,120,057	\$ 40,606,346

(37) Net income from insurance operations

	For the years ended December 31,	
	2022	2021
<u>Income from insurance operations</u>		
Gross collected premiums	\$ 38,591,694	\$ 37,160,672
Less: Reinsurance premium ceded	(822,461)	(843,137)
Net changes of unearned premium reserve	(96,047)	(273,593)
Retention earned premium income	37,673,186	36,043,942
Investment-linked product income (Note)	1,187,333	4,696,906
Subtotal	<u>38,860,519</u>	<u>40,740,848</u>
<u>Expense from insurance operations</u>		
Claims and policy benefits	(\$ 24,991,863)	(\$ 20,628,900)
Less: Claims recovered from reinsurers	<u>757,013</u>	<u>676,826</u>
Retention claims and policy benefits payments	(24,234,850)	(19,952,074)
Underwriting expenses	(4,033)	(5,932)
Expense from guaranty fund	(56,612)	(64,695)
Investment-linked product expenses (Note)	(1,187,333)	(4,696,906)
Subtotal	<u>(25,482,828)</u>	<u>(24,719,607)</u>
Total	<u>\$ 13,377,691</u>	<u>\$ 16,021,241</u>

Note: Details about the investment insurance products - separate accounts are provided in Note 6(12).

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

	For the years ended December 31,	
	2022	2021
Realised gains or losses on financial assets and liabilities at fair value through profit or loss		
Commercial papers	\$ 456,396	\$ 205,215
Bonds	2,467,195	8,670,581
Stocks	224,583	11,206,447
Beneficiary certificates	(111,931)	3,234,931
Interest-linked instrument	(89,300)	(1,058,800)
Exchange rate-linked instrument	(8,153,639)	4,283,999
Other financial derivative instruments	(8,806,517)	17,893,491
Gain (loss) on covering of borrowed securities and bonds with resale agreements	6,964,880	(17,971,233)
Loss from issuing call (put) warrants	(22,662,201)	(2,548,026)
Issuing call (put) warrants expense	(564,223)	(507,912)
Others	383,728	(177,937)
Subtotal	(29,891,029)	23,230,756
Unrealised gains or losses on financial assets and liabilities at fair value through profit or loss		
Commercial papers	\$ 19,505	\$ 27,774
Bonds	(1,988,856)	(1,445,233)
Stocks	(13,689,236)	3,965,566
Beneficiary certificates	(2,436,360)	(1,285,226)
Interest-linked instrument	7,928,442	(2,540,521)
Exchange rate-linked instrument	(4,446,640)	(1,594,715)
Other financial derivative instruments	1,506,222	(3,019,757)
Valuation gain on borrowed securities and bonds with resale agreements	6,699,901	2,904,719
Gain on changes in fair value of liabilities for issuance of call (put) warrants	26,936,174	3,094,064
Others	1,043,188	733,114
Subtotal	21,572,340	839,785
Total	(\$ 8,318,689)	\$ 24,070,541

- A. The realised gains or losses on the financial assets and liabilities at fair value through profit and loss of the Yuanta Group for the years ended December 31, 2022 and 2021, including the (loss) gain on disposal, were \$ (\$36,044,734) and \$16,993,507, respectively, and the issuing call (put) warrants expense, were \$ 564,223 and \$507,912, respectively, and the dividends income were \$ 3,053,286 and \$2,973,936, respectively, and the interest income were \$3,664,642 and \$3,771,225, respectively.
- B. The Yuanta Group recognised net gain (loss) amounting to \$1,979,009 and (\$1,959,596), respectively, on financial liabilities designated as at fair value through profit or loss for the years ended December 31, 2022 and 2021.

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

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

	For the years ended December 31,	
	2022	2021
Reversal of impairment loss on investments in debt instruments measured at fair value through other comprehensive income	\$ 20,641	\$ 8,481
Impairment loss on investments in debt instruments at amortised cost	(14,397)	(3,336)
Impairment loss on intangible assets	(64,077)	(292,799)
Reversal of impairment loss on investment property	10,901	19,387
Impairment loss on assets held for sale	(4,545)	(12,163)
Impairment loss on other assets	(21)	(116)
Total	<u>(\$ 51,498)</u>	<u>(\$ 280,546)</u>

(40) Net other miscellaneous (loss) income

	For the years ended December 31,	
	2022	2021
Borrowed stock revenue	\$ 2,549,595	\$ 2,188,261
Net change of reserve for foreign exchange fluctuation	(3,655,357)	381,242
Loss on litigation reserves	(312,382)	(3,421,101)
Loss on sales fund compensation reserves	(163)	(257,878)
Other net income	1,689,173	1,821,747
Total	<u>\$ 270,866</u>	<u>\$ 712,271</u>

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

	For the years ended December 31,	
	2022	2021
(Reversal of) bad debt expense for accounts receivable	(\$ 56,840)	\$ 145,586
Bad debt expense of bills discounted and loans	1,114,524	1,625,785
Provision for (reversal of) guarantee reserve	43,100	(17,011)
Reversal of commitments and other reserve	(2,625)	(3,713)
Recovery of bad debt expense	(779,969)	(1,216,391)
Total	<u>\$ 318,190</u>	<u>\$ 534,256</u>

(42) Employee benefit expense

	For the years ended December 31,	
	2022	2021
Wages and salaries	\$ 21,564,553	\$ 30,152,962
Labor and health insurance fees	1,296,806	1,181,048
Pension costs	1,073,064	1,079,017
Termination benefits	49,978	73,286
Other employee benefit expenses	1,443,854	1,468,757
Total	<u>\$ 25,428,255</u>	<u>\$ 33,955,070</u>

The numbers of employees of the Yuanta Group were 14,753 and 14,442 for the years ended December 31, 2022 and 2021, respectively.

- A. After covering accumulated deficit with the year-end earnings (that is income before taxes less income before employees' compensation provisions), 0.01% to 0.5% was appropriated as employees' compensation and an amount less than 0.9% was appropriated as directors' and supervisors' remuneration.
- B. For the years ended December 31, 2022 and 2021, employees' compensation was accrued at \$4,261 and \$3,557, respectively; directors' and supervisors' remuneration was accrued at \$173,796 and \$282,414, respectively. The aforementioned amounts were recognised in salary expenses. The employees' compensation and directors' and supervisors' remuneration of 2021 as resolved by the Board of Directors in 2021 was in agreement with those amounts recognised in the 2021 financial statements. Information is available at the website of the Market Observation Post System provided by the Taiwan Stock Exchange Corporation (TWSE).

(43) Depreciation and amortisation

	For the years ended December 31,	
	2022	2021
Investment property depreciation	\$ 68,848	\$ 93,951
Property and equipment depreciation	1,148,467	1,097,849
Right-of-use asset depreciation	1,364,124	1,377,729
Intangible asset amortisation	535,612	484,960
Deferred asset amortisation	45,048	52,711
Total	<u>\$ 3,162,099</u>	<u>\$ 3,107,200</u>

(44) Other business and administrative expenses

	For the years ended December 31,	
	2022	2021
Tax	\$ 4,594,757	\$ 5,748,172
Computer science expense	1,550,938	1,461,204
Security borrowing expenses	1,224,933	1,187,745
Commission expense	891,072	1,105,284
Miscellaneous expenses	850,943	783,834
Postage and telephone costs	769,560	750,018
Professional expense	631,106	694,592
Others	4,132,244	4,470,507
Total	<u>\$ 14,645,553</u>	<u>\$ 16,201,356</u>

(45) Income tax

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

A. Income tax expense

(A) Components of income tax expense:

	For the years ended December 31,	
	2022	2021
Current tax:		
Income tax from current income period	\$ 1,998,846	\$ 7,606,782
Income tax on unappropriated earnings	456,642	354,787
Adjustments in respect of prior years	(298,771)	(377,746)
Total current tax	2,156,717	7,583,823
Deferred tax:		
Origination and reversal of temporary differences	3,468,146	(636,057)
Impact of change in tax rate	78,537	2,867
Total deferred tax	3,546,683	(633,190)
Income tax expense	\$ 5,703,400	\$ 6,950,633

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

	For the years ended December 31,	
	2022	2021
Unrealised gain or loss from investments in debt instruments measured at fair value through other comprehensive income	(\$ 780,369)	(\$ 213,948)
Unrealised gain or loss from investments in equity instruments measured at fair value through other comprehensive income	52,367	84,642
Other comprehensive income or loss on reclassification under the overlay approach	18,487	(27,761)
Share of profit or loss of associates and joint ventures accounted for under the equity method	(1,033)	241
Gain or loss on remeasurements of defined benefit plans	287,240	(156,724)
Change in fair value of financial liability attributable to change in credit risk	(1,754)	(1,210)
Translation gain and loss on the financial statements of foreign operating entities	(28,328)	168,784
Total	(\$ 453,390)	(\$ 145,976)

B. Reconciliation between income tax expense and accounting profit:

	For the years ended December 31,	
	2022	2021
Income tax from pretax income calculated at regulated tax rate	\$ 10,768,994	\$ 17,427,152
Additional tax payment levied on undistributed earnings	456,642	354,787
Alternative minimum tax effects	91,470	101,123
Temporary differences not recognized under deferred tax	(309,182)	(714,451)
Adjustments in respect of prior years	(298,771)	(377,746)
Use of prior years' unrealized tax losses in the current year	(39,566)	(21,305)
Effects of items not recognized under relevant regulations, exemption and other income	(4,966,187)	(9,818,927)
Income tax expense	<u>\$ 5,703,400</u>	<u>\$ 6,950,633</u>

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

For the year ended December 31, 2022					
	January 1,	Recognised in profit or loss	Recognised in other comprehensive income	Others (Note)	December 31,
Temporary differences:					
-Deferred tax assets:					
Unrealised exchange loss	\$ 3,000,597	(\$ 2,810,992)	\$ -	\$ -	\$ 189,605
Allowance for doubtful accounts in excess of tax limitation	600,176	(9,189)	-	25	591,012
Unrealized loss on litigation loss	14,853	55	78	-	14,986
Unrealized losses on financial instruments	142,042	619,802	694,497	64,056	1,520,397
Employee benefit expense and actuarial gains and losses on defined benefit plans	1,504,772	(16,903)	(258,122)	20	1,229,767
Deferred income on credit card	1,592	(67)	-	-	1,525
Tax loss carryforwards	36,998	267,343	17,858	535	322,734
Others	2,183,916	(568,467)	75,331	(8,675)	1,682,105
Subtotal	7,484,946	(2,518,418)	529,642	55,961	5,552,131
-Deferred tax liabilities:					
Unrealised exchange gain	(\$ 265,920)	(\$ 1,096,153)	(\$ 15,579)	(\$ 10)	(\$ 1,377,662)
Reserve for land value increment tax	(26,767)	-	-	-	(26,767)
Employee benefit expense and actuarial gains and losses on defined benefit plans	(5,637)	(174)	(128)	-	(5,939)
Unrealized gain on financial instruments	(1,477,004)	366,405	(56,771)	(27,181)	(1,194,551)
Goodwill amortization	(1,919,297)	(165,549)	-	42,454	(2,042,392)
Others	(130,841)	(132,794)	(3,774)	(15)	(267,424)
Subtotal	(3,825,466)	(1,028,265)	(76,252)	15,248	(4,914,735)
Total	\$ 3,659,480	(\$ 3,546,683)	\$ 453,390	\$ 71,209	\$ 637,396

Note: Impact of foreign exchange rate difference included.

For the year ended December 31, 2021

			Recognised in other comprehensive		
	January 1,	Recognised in profit or loss	income	Others (Note)	December 31,
Temporary differences:					
-Deferred tax assets:					
Unrealised exchange loss	\$ 1,973,535	\$ 1,026,957	\$ 123	(\$ 18)	\$ 3,000,597
Allowance for doubtful accounts in excess of tax limitation	672,737	(72,377)	-	(184)	600,176
Unrealized loss on litigation loss	14,786	245	(178)	-	14,853
Unrealized losses on financial instruments	558,907	(75,282)	(341,310)	(273)	142,042
Employee benefit expense and actuarial gains and losses on defined benefit plans	1,375,110	68,849	60,940	(127)	1,504,772
Deferred income on credit card	1,948	(356)	-	-	1,592
Tax loss carryforwards	1,020,930	(585,655)	(396,026)	(2,251)	36,998
Others	1,477,138	154,836	551,942	-	2,183,916
Subtotal	7,095,091	517,217	(124,509)	(2,853)	7,484,946
-Deferred tax liabilities:					
Unrealised exchange gain	(\$ 231,311)	(\$ 34,631)	\$ -	\$ 22	(\$ 265,920)
Reserve for land value increment tax	(26,767)	-	-	-	(26,767)
Employee benefit expense and actuarial gains and losses on defined benefit plans	(7,255)	305	1,313	-	(5,637)
Unrealized gain on financial instruments	(2,122,467)	361,730	283,540	193	(1,477,004)
Goodwill amortization	(2,420,271)	(165,548)	-	666,522	(1,919,297)
Others	(70,611)	(45,883)	(14,368)	21	(130,841)
Subtotal	(4,878,682)	115,973	270,485	666,758	(3,825,466)
Total	\$ 2,216,409	\$ 633,190	\$ 145,976	\$ 663,905	\$ 3,659,480

Note: Impact of foreign exchange rate difference included.

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

December 31, 2022				
Year incurred	Amount filed/assessed/ Estimated	Unused amount	Unrecognised deferred tax assets	Usable until year
2012	Assessed	\$ 107,596	\$ 107,596	2022
2014	Assessed	74,275	74,275	2024
2018	Assessed	8,736	8,736	2028
2019	Assessed	14,328	14,328	2029
2020	Assessed	6,731	6,731	2030
2021	Filed	9,418	9,418	2031
December 31, 2021				
Year incurred	Amount filed/assessed/ Estimated	Unused amount	Unrecognised deferred tax assets	Usable until year
2012	Assessed	\$ 107,596	\$ 107,596	2022
2014	Assessed	74,275	74,275	2024
2018	Assessed	8,736	8,736	2028
2019	Assessed	14,328	14,328	2029
2020	Filed	6,731	6,731	2030
2021	Estimated	7,058	7,058	2031

As of December 31, 2022 and 2021, Yuanta Securities (Hong Kong)'s unused tax losses were \$0 and \$93,724, respectively; of which unrecognised deferred tax assets were all \$0. There were no expiration dates for the tax losses pursuant to local laws. As of December 31, 2022 and 2021, among the Yuanta Group, Yuanta Asia Investment (Hong Kong)'s unused tax losses were \$0 and \$31,334, respectively; of which unrecognised deferred tax assets were \$0 and \$31,334, respectively. There were no expiration dates for the tax losses pursuant to local laws. As of December 31, 2022 and 2021, Yuanta Investment Consulting Beijing's unused tax losses were \$28,264 and \$42,155, respectively; of which unrecognised deferred tax assets were \$28,264 and \$42,155, respectively. The validity period for the tax losses pursuant to local laws was before 2026. As of December 31, 2022 and 2021, Yuanta Securities (Korea)'s unused tax losses were \$1,323,621 and \$0, respectively; of which unrecognised deferred tax assets were all \$0. The validity period for the tax losses pursuant to local laws was before 2037.

Yuanta Group has not estimated deferred tax liabilities for related taxes that may be payable due to Yuanta Securities Asia Financial Services' unrepatriated earnings, which as of December 31, 2022 and 2021, were \$5,875,618 and \$5,628,417, respectively. The above-mentioned unrepatriated earnings are expected to be used for reinvestment. As of December 31, 2022 and 2021, Yuanta Securities Asia Financial Services' unrepatriated earnings were \$29,378,089 and \$28,142,085, respectively. As of December 31, 2022, the unrecognized deferred income tax asset (liability) of Yuanta Securities (Korea) for taxable temporary differences associated with equity method were \$207,589 and (\$1,410,607), respectively. As of December 31, 2021, the unrecognized deferred income tax asset (liability) of Yuanta Securities (Korea) for taxable temporary differences associated with equity method were \$226,208 and (\$1,270,882), respectively.

As of December 31, 2022, Yuanta Savings Bank (Philippines)'s unused loss deductions was \$145,952; the validity period for the loss deductions pursuant to local laws was before 2026. As

of December 31, 2022, Yuanta Savings Bank (Korea)'s unused loss deductions was \$61,020; the validity period for the loss deductions pursuant to local laws was before 2026.

- E. As of December 31, 2022, the information on the Yuanta Group's income tax returns that have been assessed by the Tax Authority are as follows:

	Assessment Information
Yuanta Financial Holdings	Assessed through 2017
Yuanta Securities	Assessed through 2017
Yuanta Bank	Assessed through 2017
Yuanta Securities Finance	Assessed through 2020(Note)
Yuanta Venture Capital	Assessed through 2017
Yuanta Asset Management	Assessed through 2017
Yuanta Securities Investment Consulting	Assessed through 2017
Yuanta Futures	Assessed through 2019
Yuanta Securities Investment Trust	Assessed through 2020
Yuanta Life	Assessed through 2017
Yuanta International Insurance Brokers	Assessed through 2020
Yuanta International Leasing	Assessed through 2020
Yuanta I Venture Capital	Assessed through 2020

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

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

Yuanta Securities disagreed with the Tax Authority's assessment of income tax return for the fiscal year 2016. Yuanta Securities has filed for administrative remedies in accordance with the law. As of December 31, 2022, the amount was \$221,776.

(46) Earnings per share

	For the year ended December 31, 2022		
		Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
	Amount after tax		
<u>Basic and diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 21,456,327	12,501,559	\$ 1.72
	For the year ended December 31, 2021		
		Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
	Amount after tax		
<u>Basic and diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 34,865,957	12,501,559	\$ 2.79

The above weighted-average outstanding stocks have been adjusted retrospectively according to the ratio of capital increase from retained earnings on August 20, 2022 (the effective date of stock grants). Basic earnings per share and diluted earnings per share before the adjustment was 2.87 for the year ended December 31, 2021.

(47) Changes in liabilities from financing activities

	2022				
	Bills and bonds payable under repurchase agreements	Commercial paper payable	Bonds payable	Other borrowings	Lease liability
At January 1	\$ 183,865,849	\$ 49,983,502	\$ 82,539,085	\$ 59,998,200	\$ 5,720,785
Changes in cash flow from financing activities	40,271,642	(2,058,788)	19,063,566	(11,538,001)	(927,250)
Impact of changes in foreign exchange rate	-	-	880,052	-	(50,761)
Amortisation of a premium or a discount on interest expense	-	(88,644)	4,839	-	-
Changes in other non-cash items	-	-	-	-	(30,611)
At December 31	<u>\$ 224,137,491</u>	<u>\$ 47,836,070</u>	<u>\$102,487,542</u>	<u>\$ 48,460,199</u>	<u>\$ 4,712,163</u>
	2021				
	Bills and bonds payable under repurchase agreements	Commercial paper payable	Bonds payable	Other borrowings	Lease liability
At January 1	\$ 216,621,187	\$ 27,417,489	\$ 78,790,127	\$ 57,796,061	\$ 6,368,836
Changes in cash flow from financing activities	(32,755,338)	22,547,411	3,861,607	2,202,139	(1,283,069)
Impact of changes in foreign exchange rate	-	-	(185,156)	-	(263,005)
Amortisation of a premium or a discount on interest expense	-	18,602	72,507	-	-
Changes in other non-cash items	-	-	-	-	898,023
At December 31	<u>\$ 183,865,849</u>	<u>\$ 49,983,502</u>	<u>\$ 82,539,085</u>	<u>\$ 59,998,200</u>	<u>\$ 5,720,785</u>

7. Related party transactions

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

(1) Names and relationship of related parties

<u>Names of related parties</u>	<u>Relationship with the Group</u>
Funds managed by Yuanta Securities Investment Trust	Security investment trust fund raised by the Yuanta Securities Investment Trust
SYF Information (Shanghai)	Associate of Yuanta Futures
Yuanta-Polaris Research Institute (Yuanta-Polaris Research)	Related party in substance
Yuanta Construction Development Co., Ltd. (Yuanta Construction Development)	"
Greatness Trading Co., Ltd.	"
Yuen Foong Yu Consumer Products Co., Ltd. (YFYCPG)	" (No longer a related party since December 25, 2021.)
Yuanta Cultural & Education Foundation (Yuanta Foundation)	"
Yuanta Diamond Funds SPC	" (Note)
Pyeongtaek Godeok PFV Co., Ltd.	" (Has become a related party since April 21, 2021.)
TONGYANG AGRI-FOOD INVESTMENT Fund II	Investments accounted for under the equity method of Yuanta Securities (Korea)
KVIC-Yuanta 2015 Overseas Advance Fund	"
IBKC-TONGYANG Growth 2013 Private Equity Fund	"
Yuanta Secondary No.2 Fund	"
Yuanta Secondary No.3 Private Equity Fund	"
2016 KIF-Yuanta ICT Venture Fund	"
Yuanta SPAC III	" (No longer a related party since March 31, 2021.)
Yuanta SPAC IV	" (No longer a related party since March 23, 2022.)
Yuanta SPAC V	" (No longer a related party since March 30, 2022.)
Yuanta SPAC VI	" (No longer a related party since July 27, 2021.)
Kiwoom-Yuanta 2019 Scale-up Fund	"
Yuanta SPAC VII	" (No longer a related party since November 23, 2022.)
Yuanta SPAC VIII	"

Names of related parties	Relationship with the Group
2011 KIF-TONGYANG IT Venture Fund	Investments accounted for under the equity method of Yuanta Securities (Korea) (No longer a related party since April 5, 2021.)
Yuanta Innovative Growth MPE Fund	" (Has become a related party since December 3, 2021.)
Yuanta SPAC X	" (Has become a related party since June 8, 2022.)
Yuanta SPAC IX	" (Has become a related party since May 4, 2022.)
Polaris Ocean Private Equity Fund	" (No longer a related party since July 22, 2022.)
Yuanta SPAC XI	" (Has become a related party since September 14, 2022.)
Yuanta SPAC XII	" (Has become a related party since September 23, 2022.)
Yuanta SPAC XIII	" (Has become a related party since November 4, 2022.)
Yuanta SPAC XIV	" (Has become a related party since December 9, 2022.)
Yuanta Innovative Job Creation Fund	" (Has become a related party since January 12, 2021.)
Yuanta Diamond Funds SPC's Funds	Funds managed by Yuanta Securities (Hong Kong)
Global Growth Investment, L.P.	Funds managed by Yuanta Asia Investment
Yuanta Asia Growth Investment, L.P.	"
Other related parties	The Yuanta Group, funds managed by consolidated subsidiaries, related parties in substance, major stockholders of affiliated entities, key management and invested enterprise and consolidated company of its close relatives, employees' welfare committee which was established by consolidated company and key management which was related with group.

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

(2) Significant transactions and balances with related parties

A. Deposits

December 31, 2022			
Name	Ending balance	Percentage of deposits (%)	Interest rate (%)
All related parties	\$ 14,767,836	1.05	0.00~6.44
December 31, 2021			
Name	Ending balance	Percentage of deposits (%)	Interest rate (%)
All related parties	\$ 12,160,748	0.88	0.00~5.80

Apart from an interest rate limit on staff demand savings deposits of 5.80%~6.44% and 5.80%, respectively, for the years ended December 31, 2022 and 2021, the range of interest rates on other related parties' demand savings deposits were 0.00%~5.82% and 0.00%~3.00%, respectively. The interest rates and other terms provided to the above related parties were the same as the terms offered to the general public.

For the years ended December 31, 2022 and 2021, interest expense on the above deposits were \$85,416 and \$35,782, respectively.

(BLANK)

B. Loans

Yuanta Bank and its subsidiaries

December 31, 2022

Unit: In thousands of NT dollars

Types	Number of accounts or name of related party	Highest balance	Ending balance	Loan status		Collateral	Whether terms and conditions of the related party transactions are different from those of transactions with third parties.
				Normal loans	Overdue accounts		
Consumer loans	352	\$ 139,870	\$ 65,334	\$ 65,334	\$ -	Small and medium enterprise credit guarantee fund, movables, deposits and credit loans	None
Residential mortgage loans	525	4,852,383	3,913,037	3,913,037	-	Real estate	None
Other loans	Greatness Trading Co., Ltd.	20,000	20,000	20,000	-	Real estate	None
	98	412,338	267,757	267,757	-	Deposits, stock, real estate and policy	None
Total			\$ 4,266,128	\$ 4,266,128	\$ -		

December 31, 2021

Unit: In thousands of NT dollars

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

Loans to related parties are under the same terms as those to other customers, except for interest rates on loans to affiliated companies were 1.89%~1.90% and 1.20% for the years ended December 31, 2022 and 2021, respectively, the interest rates on the remaining loans are ranging from 0.00%~6.97% and 0.00%~6.42% for the years ended December 31, 2022 and 2021, respectively, which are the same with the terms of general loans. For the years ended December 31, 2022 and 2021, interest income resulting from the above loans amounted to \$64,188 and \$53,431, respectively.

C. Property transactions

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Other related parties:		
Funds managed by Yuanta	\$ 7,843,409	\$ 6,463,018
Securities Investment Trust		
Global Growth Investment, L.P.	19,176	12,044
Yuanta Asia Growth		
Investment, L.P.	266,127	248,761
	<u>\$ 8,128,712</u>	<u>\$ 6,723,823</u>
	<u>Proceeds on disposal</u>	
	<u>For the years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>

Other related parties:		
Funds managed by Yuanta Securities		
Investment Trust	\$ 392,905,701	\$ 384,030,285
Yuanta Asia Growth Investment, L.P.	7,391	1,946
	<u>\$ 392,913,092</u>	<u>\$ 384,032,231</u>
	<u>Realised Gain or Loss</u>	
	<u>For the years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>

Other related parties:		
Funds managed by Yuanta Securities		
Investment Trust	(\$ 4,808)	\$ 1,510,921
Yuanta Asia Growth Investment, L.P.	3,731	1,172
	<u>(\$ 1,077)</u>	<u>\$ 1,512,093</u>

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

	<u>December 31, 2022</u>			
	<u>Highest balance</u>	<u>Ending balance</u>	<u>Interest rate (%)</u>	<u>Foreign currency ending balance</u>
Key management personnel:				
Others	\$ 50,000	\$ -	0.20	
Others	29,783	10,441	0.20~3.60 (Note : USD)	USD 340
Other related parties:				
Others	1,475,275	947,905	0.20~0.50	
		<u>\$ 958,346</u>		

		December 31, 2021			
		Highest balance	Ending balance	Interest rate (%)	Foreign currency ending balance
Key management personnel:					
Others	\$	250,042	\$ 50,000	0.20	USD 200
Others		5,538	5,538	0.20~0.30 (Note : USD)	
Other related parties:					
Others		1,344,324	<u>1,205,017</u>	0.20~0.25	
			\$ 1,260,555		

Note: For foreign currency repo trade.

D. Futures traders' equity

	December 31, 2022	December 31, 2021
Other related parties:		
Funds managed by Yuanta	\$ 37,679,405	\$ 29,244,360
Securities Investment Trust		
Others	89,347	88,823
	<u>\$ 37,768,752</u>	<u>\$ 29,333,183</u>

E. Deposits on securities borrowed, receivables from deposits on securities borrowed, security borrowing expenses payable and security borrowing expenses

		Deposits on securities borrowed	
		December 31, 2022	December 31, 2021
Other related parties:			
Funds managed by Yuanta			
Securities Investment Trust	\$	133,346	\$ 2,215,689
Receivables from deposits on securities borrowed			
		December 31, 2022	December 31, 2021
Other related parties:			
Funds managed by Yuanta			
Securities Investment Trust	\$	590,054	\$ 10,630
Security borrowing expenses payable			
		December 31, 2022	December 31, 2021
Other related parties:			
Funds managed by Yuanta			
Securities Investment Trust	\$	7,385	\$ 12,263
Security borrowing expenses			
		For the years ended December 31,	
		2022	2021
Other related parties:			
Funds managed by Yuanta			
Securities Investment Trust	\$	116,770	\$ 89,608

F. Receivables from loans to employees

	Receivables from loans to employees	
	December 31, 2022	December 31, 2021
Key management personnel:		
Others	\$ 1,283	\$ 1,304
Other related parties:		
Others	158,265	159,302
	<u>\$ 159,548</u>	<u>\$ 160,606</u>

G. Income from distribution fee

	For the years ended December 31,	
	2022	2021
Key management personnel:		
Others	\$ 918	\$ 1,899
Other related parties:		
Others	322	900
	<u>\$ 1,240</u>	<u>\$ 2,799</u>

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

	Receivables from performance fee and management fee income	
	December 31, 2022	December 31, 2021
Other related parties:		
Yuanta Secondary No.2 Fund	\$ 18,311	\$ 19,172
Yuanta Secondary No.3		
Private Equity Fund	7,638	10,822
KVIC-Yuanta 2015 Overseas		
Advance Fund	5,451	7,115
2016 KIF-Yuanta ICT Venture Fund	6,200	7,038
Yuanta Innovative Growth MPE Fund	9,778	-
Others	15,964	3,481
	<u>\$ 63,342</u>	<u>\$ 47,628</u>
	Performance fee and management fee income	
	For the years ended December 31,	
	2022	2021
Other related parties:		
Yuanta Innovative Growth MPE Fund	\$ 37,081	\$ 3,127
Yuanta Secondary No.3 Private Equity Fund	27,103	21,700
Yuanta Innovative Job Creation Fund	21,718	23,036
Kiwoom-Yuanta 2019 Scale-up Fund	18,250	18,285
Polaris Ocean Private Equity Fund	136,864	-
Others	53,179	82,321
	<u>\$ 294,195</u>	<u>\$ 148,469</u>

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

	Fund management fee income	
	For the years ended December 31,	
	2022	2021
Other related parties:		
Funds managed by Yuanta		
Securities Investment Trust	\$ 3,784,559	\$ 3,539,086
Yuanta Asia Growth Investment, L.P.	33,685	25,970
Yuanta Diamond Funds SPC's funds	24,459	53,139
Global Growth Investment, L.P.	560	630
	<u>\$ 3,843,263</u>	<u>\$ 3,618,825</u>

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

	Income from transfer-agent services	
	For the years ended December 31,	
	2022	2021
Other related parties:		
Others	<u>\$ 124</u>	<u>\$ 121</u>

K. Investment refund receivable

	December 31, 2022	December 31, 2021
Other related parties:		
IBKC-TONGYANG Growth		
2013 Private Equity Fund	\$ 50,066	\$ 47,782
TONGYANG AGRI-FOOD		
INVESTMENT FUND II	1,544	21,639
Kiwoom-Yuanta 2019		
Scale-up Fund	12,031	-
SYF Information (Shanghai)	118,159	-
	<u>\$ 181,800</u>	<u>\$ 69,421</u>

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

	December 31, 2021
	<u>Other financial assets-loan</u>
Other related parties:	
Pyeongtaek Godeok PFV Co., Ltd.	<u>\$ 1,863,360</u>

There were no other financial assets-loan to related parties as of December 31, 2022.

M. Receivable of securities business money lending

	December 31, 2022	December 31, 2021
Key management personnel:		
Others	\$ 231	\$ 23,206
Other related parties:		
Others	25,579	410
	<u>\$ 25,810</u>	<u>\$ 23,616</u>

N. Accounts receivable

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Other related parties:		
Funds managed by Yuanta		
Securities Investment Trust	\$ 384,218	\$ 336,337
Yuanta Construction		
Development	2,038	2,938
	<u>\$ 386,256</u>	<u>\$ 339,275</u>

O. Other financial liabilities

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Key management personnel:		
Others	\$ 4,772	\$ 20,690
Other related parties:		
Others	11	9
	<u>\$ 4,783</u>	<u>\$ 20,699</u>

P. Other payables

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Key management personnel:		
Others	\$ 11	\$ 22
Other related parties:		
Others	144	27
	<u>\$ 155</u>	<u>\$ 49</u>

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Other related parties:		
Yuanta SPAC IV	\$ -	\$ 18,051
Yuanta SPAC V	-	22,943
Yuanta SPAC VII	-	22,127
Yuanta SPAC VIII	24,110	23,059
Yuanta SPAC IX	24,110	-
Yuanta SPAC X	24,110	-
Yuanta SPAC XI	24,110	-
Yuanta SPAC XII	19,240	-
Yuanta SPAC XIII	24,111	-
Yuanta SPAC XIV	24,111	-
	<u>\$ 163,902</u>	<u>\$ 86,180</u>

		Proceeds on disposal	
		For the years ended December 31,	
		2022	2021
Other related parties:			
Yuanta SPAC IV	\$	15,423	\$ -
YFYCPG		-	989,923
	\$	<u>15,423</u>	<u>\$ 989,923</u>
		Realised gains or losses	
		For the years ended December 31,	
		2022	2021
Other related parties:			
Yuanta SPAC IV	(\$	3,272)	\$ -
YFYCPG		-	49,376
	(\$	<u>3,272</u>)	<u>\$ 49,376</u>

R. Credit transaction between the Yuanta Group and related parties

		December 31, 2022		
		Guarantee deposit receivable from short sales	Deposit for short sales	Margin loans
Key management personnel:				
Others	\$	11,459	\$ 81,828	\$ 82,757
Other related parties:				
Others		1,048	57,506	22,206
	\$	<u>12,507</u>	<u>\$ 139,334</u>	<u>\$ 104,963</u>
		December 31, 2021		
		Guarantee deposit receivable from short sales	Deposit for short sales	Margin loans
Key management personnel:				
Others	\$	3,438	\$ 22,913	\$ 70,145
Other related parties:				
Others		6,400	7,937	32,361
	\$	<u>9,838</u>	<u>\$ 30,850</u>	<u>\$ 102,506</u>

S. Other Operating expenses

(A) ETF redemption fees

		For the years ended December 31,	
		2022	2021
Other related parties:			
Funds managed by Yuanta			
Securities Investment Trust	\$	<u>41,250</u>	<u>\$ 47,365</u>

(B) Financial costs

		For the years ended December 31,	
		2022	2021
Other related parties:			
Funds managed by Yuanta			
Securities Investment Trust		\$ 38,027	\$ 1,952

T. Operating expenses

		For the years ended December 31,	
		2022	2021
<u>Name of related parties</u>	<u>Nature</u>		
Other related parties:			
Yuanta Foundation	Donation expenditure	\$ 80,000	\$ 80,000
Yuanta-Polaris Research	Donation expenditure	31,600	21,000
		<u>\$ 111,600</u>	<u>\$ 101,000</u>

U. Premium income

		For the years ended December 31,	
		2022	2021
Other related parties:			
Others		\$ 359,468	\$ 342,543

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

		For the years ended December 31,	
		2022	2021
Key management personnel:			
Others		\$ 24,617	\$ 37,086
Other related parties:			
Funds managed by Yuanta			
Securities Investment Trust		315,011	237,862
Others		30,619	41,536
		<u>\$ 370,247</u>	<u>\$ 316,484</u>

W. Rental income from leasing the Yuanta Group's own assets to related parties

		For the years ended December 31,	
		2022	2021
Other related parties:			
Yuanta Construction Development		\$ 8,044	\$ 8,497
Yuanta-Polaris Research		846	1,133
Yuanta Foundation		64	57
		<u>\$ 8,954</u>	<u>\$ 9,687</u>

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

	For the years ended December 31,	
	2022	2021
Other related parties:		
Yuanta Foundation	\$ 6	\$ 4

Y. Refundable deposits - rental deposit from leasing the Yuanta Group's own assets to related parties

	December 31, 2022	December 31, 2021
Other related parties:		
Yuanta Construction Development	\$ 1,510	\$ 1,510
Yuanta-Polaris Research	17	189
Yuanta Foundation	10	10
	<u>\$ 1,537</u>	<u>\$ 1,709</u>

Z. Gain on investment property

(A) Imputed interest on deposits

	For the years ended December 31,	
	2022	2021
Other related parties:		
Yuanta Construction Development	\$ 12	\$ 12

(B) Other income

	For the years ended December 31,	
	2022	2021
Other related parties:		
Yuanta Construction Development	\$ 2,072	\$ 1,310

AA. Revenue from funds managed by related parties of the Yuanta Group

	For the years ended December 31,	
	2022	2021
Other related parties:		
Funds managed by Yuanta Securities Investment Trust	\$ 160,497	\$ 249,201

AB. Other operating revenue—Underwriting service income

(A) Underwriting service income

a. Fee income from security proxy sale

	For the years ended December 31,	
	2022	2021
Other related parties:		
Others	\$ -	\$ 4,228

b. Revenue from underwriting securities on a firm commitment basis

		For the years ended December 31,	
		2022	2021
Other related parties:			
Yuanta SPAC V	\$	4,526	\$ -
Yuanta SPAC VII		3,515	-
Yuanta SPAC IX		3,463	-
Yuanta SPAC X		3,810	-
Yuanta SPAC VI		-	5,574
Yuanta SPAC VIII		-	5,360
Yuanta SPAC III		-	3,676
	\$	<u>15,314</u>	<u>\$ 14,610</u>

(B)Financial advisory services income

		For the years ended December 31,	
		2022	2021
Other related parties:			
Pyeongtaek Godeok PFV Co., Ltd.	\$	1,155	\$ 29,832
Others		554	147
	\$	<u>1,709</u>	<u>\$ 29,979</u>

(C)Borrowed stock revenue

		For the years ended December 31,	
		2022	2021
Other related parties:			
Funds managed by Yuanta			
Securities Investment Trust	\$	<u>11,204</u>	<u>\$ 7,451</u>

AC. Information on remunerations to the Yuanta Group's key management

		For the years ended December 31,	
		2022	2021
Salaries and other short-term employee benefits	\$	5,004,027	\$ 7,360,979
Termination benefits		20,511	53,119
Other long-term benefits		11,170	11,242
Post-employment benefit		159,471	161,975
Total	\$	<u>5,195,179</u>	<u>\$ 7,587,315</u>

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

A. Yuanta Bank and its subsidiaries

(A) Deposits

December 31, 2022			
Name	Ending balance	Percentage of deposits (%)	Interest rate (%)
All related parties	\$ 98,990,338	6.65	0.00 ~ 6.44
December 31, 2021			
Name	Ending balance	Percentage of deposits (%)	Interest rate (%)
All related parties	\$ 112,068,782	7.62	0.00 ~ 5.80

Apart from an interest rate limit on staff demand savings deposits of 5.80% ~ 6.44% and 5.80%, respectively, for the years ended December 31, 2022 and 2021, the range of interest rates on other related parties' demand savings deposits were 0.00% ~ 5.82% and 0.00% ~ 3.00%, respectively. The interest rates and other terms provided to the above related parties were the same as the terms offered to the general public.

For the years ended December 31, 2022 and 2021, interest expense on the above deposits were \$657,174 and \$170,988, respectively.

(BLANK)

(B) Loans

December 31, 2022

Unit: In thousands of NT dollars

Types	Number of accounts or name of related party	Highest balance	Ending balance	Loan status		Collateral	Whether terms and conditions of the related party transactions are different from those of transactions with third parties.
				Normal loans	Overdue accounts		
Consumer loans	352	\$ 139,870	\$ 65,334	\$ 65,334	\$ -	Small and medium enterprise credit guarantee fund, movables and credit loans	None
Residential mortgage loans	525	4,852,383	3,913,037	3,913,037	-	Real estate	None
Other loans	Yuanta Securities	1,450,000	-	-	-	Real estate	None
	Greatness Trading Co., Ltd.	20,000	20,000	20,000	-	Real estate	None
	98	412,338	267,757	267,757	-	Deposits, stock, real estate and policy	None
Total			\$ 4,266,128	\$ 4,266,128	\$ -		

December 31, 2021

Unit: In thousands of NT dollars

Types	Number of accounts or name of related party	Highest balance	Ending balance	Loan status		Collateral	Whether terms and conditions of the related party transactions are different from those of transactions with third parties.
				Normal loans	Overdue accounts		
Consumer loans	332	\$ 118,138	\$ 60,243	\$ 60,243	\$ -	Small and medium enterprise credit guarantee fund, real estate, movables, deposits and credit loans	None
Residential mortgage loans	524	4,598,237	3,628,465	3,628,465	-	Real estate	None
Other loans	Yuanta Securities	24,105	-	-	-	Real estate	None
	91	372,879	228,404	228,404	-	Deposits, stock, real estate, beneficial rights of specific money trust and policy	None
Total			\$ 3,917,112	\$ 3,917,112	\$ -		

Loans to related parties are under the same terms as those to other customers, except for interest rates on loans to affiliated companies which were 1.89%~1.90% and 1.20% for the years ended December 31, 2022 and 2021, respectively, the interest rates on the remaining loans are ranging from 0.00%~6.97% and 0.00%~6.42% for the years ended December 31, 2022 and 2021, respectively, which are the same with the terms of general loans. For the years ended December 31, 2022 and 2021, interest income resulting from the above loans amounted to \$64,246 and \$53,431, respectively.

(C) Service fee income

	For the years ended December 31,	
	2022	2021
Fellow subsidiary:		
Yuanta Life	\$ 1,093,739	\$ 897,173
Yuanta Securities Investment Trust	64,768	37,163
Yuanta Securities (Hong Kong)	50,165	7,595
Yuanta Securities	21,517	10,457
	<u>\$ 1,230,189</u>	<u>\$ 952,388</u>

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

	December 31, 2022	December 31, 2021
Fellow subsidiary:		
Yuanta Life	\$ 56,052	\$ 58,657
Yuanta Securities Investment Trust	8,510	3,334
Yuanta Securities (Hong Kong)	1,592	82
	<u>\$ 66,154</u>	<u>\$ 62,073</u>

(D) Rent expense

Name of related parties	Purpose	For the years ended December 31,	
		2022	2021
Fellow subsidiary:			
	Office rental/		
Yuanta Securities	Venue rental	<u>\$ 197,117</u>	<u>\$ 206,530</u>

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

Name of related parties	December 31, 2022	December 31, 2021
Fellow subsidiary:		
Yuanta Securities	<u>\$ 5,001</u>	<u>\$ 5,407</u>

(E) Current income tax assets/liabilities

	December 31, 2022	December 31, 2021
Parent company:		
Yuanta Financial Holdings		
Consolidated income tax return receivable	<u>\$ 99,119</u>	<u>\$ 99,119</u>
Consolidated income tax return payable	<u>\$ 351,059</u>	<u>\$ 625,763</u>

(F) Leasing arrangements—Lessee

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

b. Right-of-use assets — net

Name of related parties	Right-of-use assets	
	December 31, 2022	December 31, 2021
Fellow subsidiary:		
Yuanta Life	\$ 37,236	\$ 50,323
Yuanta Securities	42,550	51,179
Yuanta Securities Finance	-	2,501
	<u>\$ 79,786</u>	<u>\$ 104,003</u>
	Depreciation expense	
	For the years ended December 31,	
Name of related parties	2022	2021
Fellow subsidiary:		
Yuanta Securities	\$ 27,049	\$ 26,727
Yuanta Life	13,087	12,852
Yuanta Securities Finance	2,501	2,501
	<u>\$ 42,637</u>	<u>\$ 42,080</u>

- i. Yuanta Bank and its subsidiaries acquired right-of-use assets from Yuanta Securities amounting to \$18,420 and \$34,446 for the years ended December 31, 2022 and 2021, respectively.
- ii. Yuanta Bank and its subsidiaries acquired right-of-use assets from Yuanta Life amounting to \$0 and \$10,296 for the years ended December 31, 2022 and 2021, respectively.
- iii. Yuanta Bank and its subsidiaries have gains arising from lease modifications with Yuanta Life in the amounts of \$0 and \$288 of lease contract for the years ended December 31, 2022 and 2021, respectively.
- iv. Yuanta Bank and its subsidiaries have losses arising from lease modifications with Yuanta Securities in the amounts of \$0 and \$26 of lease contract for the years ended December 31, 2022 and 2021, respectively.

c. Lease liabilities

Name of related parties	Lease liabilities	
	December 31, 2022	December 31, 2021
Fellow subsidiary:		
Yuanta Life	\$ 40,413	\$ 54,497
Yuanta Securities	41,480	50,728
Yuanta Securities Finance	-	2,521
	<u>\$ 81,893</u>	<u>\$ 107,746</u>
	Interest expense	
	For the years ended December 31,	
Name of related parties	2022	2021
Fellow subsidiary:		
Yuanta Life	\$ 309	\$ 394
Yuanta Securities	299	304
Yuanta Securities Finance	9	30
	<u>\$ 617</u>	<u>\$ 728</u>

(G) Property transactions

a. Bonds sold and purchased

Name of related parties	For the year ended December 31, 2021		
	Type	Purchase Price	Selling Price
Fellow subsidiary:			
Yuanta Securities	Bonds	\$ 199,208	\$ -

There were no bonds sold and purchased with related parties during the year ended December 31, 2022.

b. Futures trading with related parties of Yuanta Bank and its subsidiaries are as follows:

Name of related parties	December 31, 2022	December 31, 2021
Fellow subsidiary:		
Yuanta Futures		
Futures Margin	\$ 105,310	\$ 84,468

Interest revenue and service charges for trading of futures are as follows:

Name of related parties	For the years ended December 31,	
	2022	2021
Fellow subsidiary:		
Yuanta Futures		
Interest income	\$ 100	\$ 2
Service fee expense	\$ 725	\$ 535

(H) Others (recorded as “Bank debentures payable”)

For the year ended December 31, 2022, Yuanta Securities purchased 2022 first general bank debentures in the amount of \$1,400,000 which was issued by Yuanta Bank.

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

B. Yuanta Securities and its subsidiaries

(A) Futures trading

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

		December 31, 2022	
		Futures margins	
		Own funds	Excess margins
Fellow subsidiary:			
Yuanta Futures	\$	717,219	\$ 2,232,615
Yuanta Futures Hong Kong		24,089	128,210
	\$	<u>741,308</u>	<u>\$ 2,360,825</u>
		December 31, 2021	
		Futures margins	
		Own funds	Excess margins
Fellow subsidiary:			
Yuanta Futures	\$	1,484,724	\$ 3,394,382
Yuanta Futures Hong Kong		43,407	118,207
	\$	<u>1,528,131</u>	<u>\$ 3,512,589</u>
		For the year ended December 31, 2022	
		Service charges - clearing and settlement	Handling charges - proprietary trading
Fellow subsidiary:			
Yuanta Futures	\$	-	\$ 115,485
Yuanta Futures Hong Kong		555	2,816
	\$	<u>555</u>	<u>\$ 118,301</u>
		For the year ended December 31, 2021	
		Service charges - clearing and settlement	Handling charges - proprietary trading
Fellow subsidiary:			
Yuanta Futures	\$	26,736	\$ 91,163
Yuanta Futures Hong Kong		31	3,030
	\$	<u>26,767</u>	<u>\$ 94,193</u>

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

		Commission income receivable	
		December 31, 2022	December 31, 2021
Fellow subsidiary:			
Yuanta Futures	\$	<u>22,020</u>	<u>\$ 19,728</u>
		Commission income - futures	
		For the years ended December 31,	
		2022	2021
Fellow subsidiary:			
Yuanta Futures	\$	<u>292,413</u>	<u>\$ 303,403</u>

(B) Bank deposits, interest income and interest receivable

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

	December 31, 2022	
	Ending balance of bank deposits	Other receivables – interests receivable (Note)
Fellow subsidiary: Yuanta Bank	\$ 34,431,718	\$ 72,479
	December 31, 2021	
	Ending balance of bank deposits	Other receivables – interests receivable (Note)
Fellow subsidiary: Yuanta Bank	\$ 59,176,243	\$ 5,146
	Other gains and losses – interest income (Note)	
	For the years ended December 31,	
	2022	2021
Fellow subsidiary: Yuanta Bank	\$ 318,684	\$ 36,826
Note: Including the interest of demand deposits, time deposits and operating guarantee deposits.		
b. As of December 31, 2022 and 2021, the certificate of deposits that Yuanta Securities and its subsidiaries provided to Yuanta Bank (recorded as “Other current assets”) as collateral for credit facility and guarantee deposits of structured products amounted to \$521,408 and \$6,637,400, respectively.		
(C) Consolidated income tax return - receivables/ payables (recorded as “Current income tax assets/liabilities”)		
	December 31, 2022	December 31, 2021
Parent company: Yuanta Financial Holdings Consolidated income tax return payables	\$ 377,277	\$ 2,833,710
(D) Operating guarantee deposits		
Yuanta Securities and its subsidiaries provided time deposits to a related party as operating guarantee deposits for engaging in securities and futures business. Details were as follows:		
	December 31, 2022	December 31, 2021
Fellow subsidiary: Yuanta Bank	\$ 1,275,000	\$ 1,265,000
(E) Refundable deposits for lending auction		
	December 31, 2022	December 31, 2021
Fellow subsidiary: Yuanta Bank	\$ 204,000	\$ 350,000
(F) Deposits on securities borrowed, receivables from deposits on securities borrowed, security borrowing expenses payable and security borrowing expenses Please refer to Note 7(2)E.		
(G) Receivables from loans to employees, interest receivables and the interest income generated Please refer to Note 7(2)F.		

(H) Commission receivable and commission income

	Commission receivable	
	December 31, 2022	December 31, 2021
Fellow subsidiary:		
Yuanta Life	\$ 20,813	\$ 85,142
	Commission income	
	For the years ended December 31,	
	2022	2021
Fellow subsidiary:		
Yuanta Life	\$ 595,267	\$ 1,092,011

(I) Trust income receivable and trust income

	Trust income receivable	
	December 31, 2022	December 31, 2021
Fellow subsidiary:		
Yuanta Securities Investment Trust	\$ 13,394	\$ 6,479
	Trust income	
	For the years ended December 31,	
	2022	2021
Fellow subsidiary:		
Yuanta Securities Investment Trust	\$ 104,411	\$ 66,342

(J) Other financial assets-loan and interest in advance
Please refer to Note 7(2)L.

(K) Amounts held for settlement

As of December 31, 2022 and 2021, Yuanta Securities and its subsidiaries had amounts held for settlement of \$831,936 and \$1,798,617, respectively, which were deposited at its fellow subsidiary, Yuanta Bank.

(L) Property transactions

- a. Bonds transactions under repurchase agreements (recorded as "Liabilities for bonds with repurchase agreements")
Please refer to Note 7(2)C(B).
- b. Bonds sold and purchased (recorded as "Financial assets at fair value through profit or loss")

	For the year ended December 31, 2022	
	Purchased	Sold
Parent company:		
Yuanta Financial Holdings	\$ 7,900,000	\$ -
Fellow subsidiary:		
Yuanta Bank	1,400,000	-
	\$ 9,300,000	\$ -

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

(M) Lease transactions—Lessee

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

b. Lease liabilities

	December 31, 2022	December 31, 2021
Fellow subsidiary:		
Yuanta Life	\$ 301,588	\$ 406,793
Others	16,391	11,823
	<u>\$ 317,979</u>	<u>\$ 418,616</u>

(N) Customer margin accounts

	December 31, 2022	December 31, 2021
Fellow subsidiary:		
Yuanta Futures	\$ 282,877	\$ 201,455
Others	1,188	1,062
	<u>\$ 284,065</u>	<u>\$ 202,517</u>

(O) Other operating expense—Professional fee

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

		For the years ended December 31,	
		2022	2021
Fellow subsidiary:			
Yuanta Securities Investment Consulting	\$	<u>208,057</u>	<u>\$ 207,840</u>

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

(P) Brokerage fee revenue

		For the years ended December 31,	
		2022	2021
Fellow subsidiary:			
Yuanta Bank	\$	22,203	\$ 36,675
Yuanta Life		17,487	28,529
Others		3,711	4,415
Key management personnel:			
Others		24,617	37,086
Other related parties:			
Funds managed by Yuanta			
Securities Investment Trust		179,427	102,864
Others		20,799	32,874
	\$	<u>268,244</u>	<u>\$ 242,443</u>

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

(Q) Rebate receivable and rebate income

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

		Rebate receivable	
		December 31, 2022	December 31, 2021
Fellow subsidiary:			
Yuanta Bank	\$	<u>15,728</u>	<u>\$ 18,152</u>
Rebate income			
		For the years ended December 31,	
		2022	2021
Fellow subsidiary:			
Yuanta Bank	\$	<u>230,122</u>	<u>\$ 258,210</u>

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

	<u>December 31, 2022</u>		<u>December 31, 2021</u>	
Other related parties:				
Fund managed by				
Yuanta Securities				
Investment Trust		<u>\$ 4,753,291</u>		<u>\$ 4,777,424</u>
	<u>For the years ended December 31,</u>			
	<u>2022</u>		<u>2021</u>	
	<u>Proceeds on</u>	<u>Realised gain</u>	<u>Proceeds on</u>	<u>Realised gain</u>
	<u>disposal</u>		<u>disposal</u>	
Other related parties:				
Fund managed by				
Yuanta Securities				
Investment Trust	\$ 390,576,896	\$ 120,904	\$ 379,526,373	\$ 1,101,897

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

	December 31, 2022	December 31, 2021
Other related parties:		
Yuanta SPAC IV	\$ -	\$ 18,051
Yuanta SPAC V	-	22,943
Yuanta SPAC VII	-	22,127
Yuanta SPAC VIII	24,110	23,059
Yuanta SPAC IX	24,110	-
Yuanta SPAC X	24,110	-
Yuanta SPAC XI	24,110	-
Yuanta SPAC XII	19,240	-
Yuanta SPAC XIII	24,111	-
Yuanta SPAC XIV	24,111	-
	<u>\$ 163,902</u>	<u>\$ 86,180</u>

For the years ended December 31,

	2022		2021	
	Proceeds on disposal	Realised gain (loss)	Proceeds on disposal	Realised gain (loss)
Parent subsidiary:				
Yuanta Financial Holdings	\$ 334,941	\$ 192	\$ 788,260	(\$ 3,527)
Other related parties:				
Yuanta SPAC IV	15,423	(3,272)	-	-
YFYCPG	-	-	989,923	49,376
	<u>\$ 350,364</u>	<u>(\$ 3,080)</u>	<u>\$ 1,778,183</u>	<u>\$ 45,849</u>

(T) Credit transaction

Please refer to Note 7(2)R.

(U) Others

- As of December 31, 2022 and 2021, the lines of credit that Yuanta Securities and its subsidiaries have drawn in order to acquire Yuanta Bank were \$11,500,000 and \$10,000,000, respectively. The carrying amounts of land and building amounting to \$3,426,627 and \$3,496,643, respectively, were designated as collateral.
- Fund management fee income from fund managed and fund balances held by Yuanta Securities and its subsidiaries. (recorded as “Financial assets at fair value through profit or loss”)

	Fund management fee income	
	For the years ended December 31,	
	2022	2021
Other related parties:		
Yuanta Asia Growth Investment, L.P.	\$ 33,685	\$ 25,970
Yuanta Diamond Funds SPC’s funds	24,459	53,139
	<u>\$ 58,144</u>	<u>\$ 79,109</u>

	The balance of fund	
	December 31, 2022	December 31, 2021
Other related parties:		
Global Growth Investment, L.P.	\$ 19,176	\$ 12,044
Yuanta Asia Growth Investment, L.P.	133,063	124,086
	<u>\$ 152,239</u>	<u>\$ 136,130</u>

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

Please refer to Note 7(2)H.

C. Yuanta Futures and its subsidiaries

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

	December 31, 2022			
	Bank deposits ending balance	Operating guarantee deposits	Customer margin deposits	Balance of excess futures guarantee deposits
Fellow subsidiary:				
Yuanta Bank	\$ 6,098,095	\$ 140,000	\$ 25,549,016	\$ -
Yuanta Securities (Korea)	-	-	4,501	99
Yuanta Securities (Vietnam)	-	-	279,988	-
	<u>\$ 6,098,095</u>	<u>\$ 140,000</u>	<u>\$ 25,833,505</u>	<u>\$ 99</u>
	December 31, 2021			
	Bank deposits ending balance	Operating guarantee deposits	Customer margin deposits	Balance of excess futures guarantee deposits
Fellow subsidiary:				
Yuanta Bank	\$ 3,344,174	\$ 140,000	\$ 16,371,626	\$ -

(B) Customer margin account for leverage contracts

	December 31, 2022	December 31, 2021
Fellow subsidiary:		
Yuanta Bank	<u>\$ 123,367</u>	<u>\$ 200,734</u>

(C) Equity of futures traders

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Fellow subsidiary:		
Yuanta Securities	\$ 2,989,090	\$ 4,904,272
Yuanta Securities (Korea)	290,990	210,502
Yuanta Securities (Hong Kong)	101,689	132,727
Yuanta Bank	105,315	84,459
Other related parties:		
Funds managed by Yuanta Securities Investment Trust	37,679,405	29,244,360
Others	89,347	88,823
	<u>\$ 41,255,836</u>	<u>\$ 34,665,143</u>

(D) Lease liabilities

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Fellow subsidiary:		
Yuanta Bank	\$ 4,663	\$ 7,051
Yuanta Life	113,561	153,175
Yuanta Securities (Hong Kong)	13,013	-
	<u>\$ 131,237</u>	<u>\$ 160,226</u>

(E) Investment refund receivable

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Other related parties:		
SYF Information (Shanghai)	<u>\$ 118,159</u>	<u>\$ -</u>

(F) Brokerage fee revenue

	<u>For the years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Fellow subsidiary:		
Yuanta Securities	\$ 100,975	\$ 87,986
Yuanta Securities (Hong Kong)	19,275	8,768
Yuanta Securities (Korea)	1,929	2,047
Other related parties:		
Funds managed by Yuanta Securities Investment Trust	135,584	134,998
Others	9,820	8,662
	<u>\$ 267,583</u>	<u>\$ 242,461</u>

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

	<u>For the years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Fellow subsidiary:		
Yuanta Securities	<u>\$ 292,413</u>	<u>\$ 303,403</u>

(H) Interest income

	For the years ended December 31,	
	2022	2021
Fellow subsidiary:		
Yuanta Bank	\$ 254,472	\$ 91,939
Interest income includes the interest from demand deposits, time deposits, customer margin deposits, and operating guarantee deposits.		

(I) Property transactions

	December 31, 2022	December 31, 2021
Other related parties:		
Funds managed by Yuanta Securities Investment Trust	\$ 159,540	\$ -
The (losses) gains on disposal of funds managed by fellow subsidiary were (\$2,727) and \$6,964 for the years ended December 31, 2022 and 2021, respectively.		

D. Yuanta Securities Investment Consulting

(A) Bank deposits

As of December 31, 2022 and 2021, Yuanta Securities Investment Consulting deposited \$246,731 and \$241,703, respectively, to Yuanta Bank, amongst which, the operating guarantee deposits were all \$5,000, and annual interest rates were 1.03% and 0.77%, respectively.

(B) Operating income

	For the years ended December 31,	
	2022	2021
Fellow subsidiary:		
Yuanta Securities	\$ 201,217	\$ 201,000
Yuanta Bank	30,000	15,960
Yuanta Securities Investment Trust	18,000	10,000
Yuanta Futures	3,600	3,600
Yuanta Securities Finance	6,840	6,840
	\$ 259,657	\$ 237,400

E. Yuanta Securities Investment Trust

(A) Sales fee

	For the years ended December 31,	
	2022	2021
Fellow subsidiary:		
Yuanta Securities	\$ 147,710	\$ 115,607
Yuanta Bank	60,272	32,191
	\$ 207,982	\$ 147,798

(B) Bank deposits

	December 31, 2022	December 31, 2021
Fellow subsidiary:		
Yuanta Bank	\$ 4,254,024	\$ 3,267,493

(C) Accounts receivable

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Fellow subsidiary:		
Yuanta Life	\$ 1,543	\$ 1,522
Other related parties:		
Funds managed by Yuanta		
Securities Investment Trust	384,218	336,337
	<u>\$ 385,761</u>	<u>\$ 337,859</u>

(D) Management fee income

	<u>For the years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Fellow subsidiary:		
Yuanta Life	\$ 16,262	\$ 10,472
Other related parties:		
Funds managed by Yuanta		
Securities Investment Trust	3,784,559	3,539,086
	<u>\$ 3,800,821</u>	<u>\$ 3,549,558</u>

(E) Fund transactions (recorded as “Financial assets at fair value through profit or loss”)

Securities investment trust funds raised by the Yuanta Securities Investment Trust which are held by Yuanta Securities Investment Trust and its related parties as of December 31, 2022 and 2021 are as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Yuanta Securities		
Investment Trust	\$ 229,318	\$ 165,069
Fellow subsidiary	1,324,882	452,295
	<u>\$ 1,554,200</u>	<u>\$ 617,364</u>

F. Yuanta Life

(A) Bank deposits and time deposits

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Fellow subsidiary:		
Yuanta Bank (Note)	\$ 1,245,595	\$ 768,267
Note: Including other financial assets.		

(B) Current income tax assets/liabilities

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Parent company:		
Yuanta Financial Holdings		
Consolidated income		
tax return receivable	\$ 4,962,290	\$ 1,751,615
Consolidated income		
tax return payable	\$ -	\$ 612,649

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Other related parties:		
Funds managed by Yuanta		
Securities Investment Trust	\$ 2,570,829	\$ 1,520,526
Yuanta Asia Growth		
Investment, L.P.	<u>133,064</u>	<u>124,675</u>
	<u>\$ 2,703,893</u>	<u>\$ 1,645,201</u>

For the year ended December 31, 2022

	<u>Purchase price</u>	<u>Proceeds on disposal</u>	<u>Realised gain</u>
Other related parties:			
Funds managed by			
Yuanta Securities			
Investment Trust	\$ 1,446,000	\$ -	\$ -
Yuanta Asia Growth			
Investment, L.P.	<u>8,980</u>	<u>7,391</u>	<u>3,731</u>
	<u>\$ 1,454,980</u>	<u>\$ 7,391</u>	<u>\$ 3,731</u>

For the year ended December 31, 2021

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

Dividends income from investments in open-end funds were as follows (recorded as “Profit or loss on financial assets at fair value through profit or loss”):

For the years ended December 31,

	<u>2022</u>	<u>2021</u>
Other related parties:		
Funds managed by		
Yuanta Securities Investment Trust	<u>\$ 67,647</u>	<u>\$ 150,255</u>

(D) Payables

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Parent company:		
Yuanta Financial Holdings	\$ 4,098	\$ 1,081
Fellow subsidiary:		
Yuanta Bank	57,406	53,609
Yuanta International		
Insurance Brokers	<u>20,813</u>	<u>82,563</u>
	<u>\$ 82,317</u>	<u>\$ 137,253</u>

(E) Premium income

	For the years ended December 31,	
	2022	2021
Parent company:		
Yuanta Financial Holdings	\$ 1,560	\$ 1,314
Fellow subsidiary:		
Yuanta Bank	30,001	33,936
Yuanta Futures	2,825	2,758
Yuanta Securities Investment Trust	1,880	1,841
Yuanta Securities	40,365	39,132
Other related parties:		
Others (Note)	359,468	342,543
	<u>\$ 436,099</u>	<u>\$ 421,524</u>

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

(F) Commission expense

	For the years ended December 31,	
	2022	2021
Fellow subsidiary:		
Yuanta Bank	\$ 1,093,258	\$ 893,768
Yuanta International Insurance Brokers	595,267	1,092,011
	<u>\$ 1,688,525</u>	<u>\$ 1,985,779</u>

(G) Information on investments entrusted to related parties

Yuanta Life entered into a discretionary investment agreement with Yuanta Securities Investment Trust to entrust Yuanta Securities Investment Trust to serve as the trustee of discretionary investment-linked insurance. The entrusted investment items are mainly funds, beneficiary certificates and ETFs. The amount of investments as of December 31, 2022 and 2021 were \$28,486,717 and \$28,705,318, respectively; the trustee's compensation for the commissioned services during the years ended December 31, 2022 and 2021 amounted to \$16,262 and \$10,472, respectively. In addition, Yuanta Life entrusted Yuanta Bank to serve as the custody institution of discretionary investment-linked insurance. The custody institution's compensation for the commissioned services during the years ended December 31, 2022 and 2021 amounted to \$29,582 and \$17,729, respectively.

(H) Rental income

Yuanta Life leases buildings and parking spaces to related parties. Rental contracts are typically made for periods of 5 years. Rents are collected monthly according to the contracts.

	For the years ended December 31,	
	2022	2021
Parent company:		
Yuanta Financial Holdings	\$ 5,223	\$ 5,189
Fellow subsidiary:		
Yuanta Securities	92,777	95,069
Yuanta Futures	35,353	36,050
Yuanta Bank	12,583	13,074
Yuanta Asset Management	4,070	4,165
Yuanta International Insurance Brokers	1,064	1,089
Other related parties:		
Yunta Development	7,922	8,068
	<u>\$ 158,992</u>	<u>\$ 162,704</u>

G. Yuanta Ventures and its subsidiary

(A) Bank deposits

	December 31, 2022	December 31, 2021
Fellow subsidiary:		
Yuanta Bank	\$ 739,988	\$ 952,219
Yuanta Securities (Hong Kong)	5,627	5,073
	<u>\$ 745,615</u>	<u>\$ 957,292</u>

a. For the years ended December 31, 2022 and 2021, interest income from abovementioned bank accounts were \$5,444 and \$2,738, respectively.

b. As of December 31, 2022 and 2021, the deposits in Yuanta Securities (Hong Kong) for invested securities settlement amounted to HKD1,429 thousand, the corresponding rate used to convert the amounts were 3.9383 and 3.5507, respectively.

H. Yuanta Asset Management

(A) Bank deposits

	December 31, 2022	December 31, 2021
Fellow subsidiary:		
Yuanta Bank	\$ 446,218	\$ 179,926

For the years ended December 31, 2022 and 2021, interest income from abovementioned bank accounts were \$3,943 and \$50, respectively.

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Fellow subsidiary:		
Funds managed by Yuanta		
Securities Investment Trust	<u>\$ 130,431</u>	<u>\$ -</u>
	<u>For the year ended December 31, 2022</u>	
	<u>Proceeds on disposal</u>	<u>Realised gain</u>
Other related parties:		
Funds managed by Yuanta		
Securities Investment Trust	<u>\$ 151,945</u>	<u>(\$ 28,055)</u>
	<u>For the year ended December 31, 2021</u>	
	<u>Proceeds on disposal</u>	<u>Realised gain</u>
Other related parties:		
Funds managed by Yuanta		
Securities Investment Trust	<u>\$ 207,855</u>	<u>\$ 7,855</u>

(BLANK)

8. Pledged assets

As of December 31, 2022 and 2021, the Yuanta Group's assets pledged as collateral are as follows:

Items	December 31, 2022	December 31, 2021	Purpose of pledge
Due from Central Bank and call loans to other banks	\$ 121,770	\$ 116,460	Operating guarantee deposits
Financial assets at fair value through profit or loss	133,457,339	125,360,233	Bonds under repurchase agreement, collateral for securities lending and OTC trading
	52,617,228	76,340,247	Merchant business
	50,260	51,208	Guarantee deposits for notes
Financial assets at fair value through other comprehensive income	4,441,970	3,904,550	Claim reserve from trust fund, collateral for securities lending business and guarantees on asset disposal
	-	1,216,100	Operating guarantee deposits
	70,950,144	64,853,914	Bonds under repurchase agreement, operating guarantee deposits, OTC performance bonds, claim reserve from trust fund and guarantees on asset disposal
Financial assets at amortised cost	3,622,836	2,407,130	Operating guarantee deposits
	209,857	211,874	Deposits for guarantees in the Central Bank
	182,600	183,796	Claim reserve from trust fund
	10,000,000	10,651,885	Overdraft guarantee for foreign currency settlement
	108,092	108,807	Settlement reserves for Electronic Bond Trading System (EBTS) issued by OTC
	54,046	54,404	Deposit guarantees of bills merchants
	286,767	463,301	Collateral for provisional seizure
	5,837	5,223	VISA international card payment reserves
	54,046	-	Settlement reserves for Taiwan Futures Exchange
Restricted assets	2,004,543	2,143,011	Collateral for settlement limit, short-term loans, payable short-term bills and OTC derivative transactions
	696,307	306,264	Operating guarantee deposits-exchange, structured notes, interest rate swap account, repo trade and money lending refundable liquidation and settlement
	962	920	Overdraft guarantee
	24,480	21,834	Dividends payable arising from stock agency business
Other assets	569,146	435,358	Operating guarantee deposits
	4,228,069	1,775,239	Performance bond and rental deposits
	12,551	32,594	Underwriting share proceeds collected on behalf of customers
Property and equipment and investment property	2,506,252	2,956,216	Collateral for settlement limit and short-term loans; collateral for mortgage loans and leases
Treasury share of Yuanta Securities (Korea)	402,462	646,073	Collateral for securities lending business

9. Significant contingent liabilities and unrecognized contract commitments

- (1) As of December 31, 2022 and 2021, capital expenditure contracted for at the balance sheet date but not yet incurred were \$8,634,777 and \$6,327,872, respectively.
- (2) As of December 31, 2022, the upper limit of remaining capital commitment for the investment agreement signed by Yuanta Life of the Yuanta Group was US \$5,054 thousand dollars.
- (3) Stocks entrusted to custody
As of December 31, 2022 and 2021, the stocks entrusted to the custody of Yuanta Securities Finance of the Yuanta Group by clients were all 7,483 thousand shares. The market value of these entrusted stocks was approximately \$78,133 and \$79,180, respectively.
- (4) Transactions on behalf of customers
Yuanta Securities had several proxy delivery agreements with certain securities companies. In accordance with these agreements, these securities companies have agreed to be Yuanta Securities' first and second proxy. If Yuanta Securities is unable to fulfil its settlement obligations to the TWSE, the proxies must then act pursuant to said obligations and responsibilities.
- (5) As of December 31, 2022, Yuanta Securities (Korea) had issued a commitment letter for convertible bond private placements with the total commitment amount no more than KRW 1,000 million (about \$24 million) for an investment bank business. The commitment has expired and ended on February 6, 2023 due to conditions are not fulfilled.
- (6) Other lawsuits- Yuanta Securities
 - A. With respect to the land and parking space sales dispute, Seventh-Day Adventist Church Taiwan Conference and Taiwan Adventist Hospital initiated a mediation procedure against Yuanta Securities and another party. On January 17, 2018, the claimants raised its claim to \$952,511 thousand (the amount of \$950,861 thousand of which was claimed on a jointly-liable basis). The mediation failed before the Taiwan Taipei District Court. On July 11, 2018, Seventh-Day Adventist Church Taiwan Conference and Taiwan Adventist Hospital initiated a separate suit for the same matter and claimed the same compensation. The Taiwan Taipei District Court ruled to reject all the plaintiffs' claims on January 27, 2022 (i.e., Yuanta Securities and another party won the lawsuit). The plaintiffs appealed and reduced the claim amount to \$722,378 thousand (the amount of \$512,454 thousand of which is claimed by Seventh-Day Adventist Church Taiwan Conference and the amount of \$209,924 thousand of which is claimed by Taiwan Adventist Hospital). Yuanta Securities will defend the case in accordance with the law.
 - B. As of December 31, 2022, of the total 13 litigations against Yuanta Securities (Korea) and its subsidiaries, 2 litigations were related to the financial product selling disputes of former TongYang Securities Inc. (please refer to the explanation in Note 6(26)). The remaining 11 litigations were compensation claims totaling KRW 19,542 million (approximately \$500 million). Also, please refer to the explanation in Note 6(26) for an arbitration award to which Yuanta Securities (Korea) is subject to.
As of December 31, 2022, Yuanta Securities (Korea) and its subsidiaries provided provisions amounting to KRW 454 million (about \$11 million) for the abovementioned 11 litigations that were unrelated to the financial product selling disputes. Separately, Yuanta Securities (Korea) filed 10 lawsuits as the plaintiff with a total claimed amount of KRW 82,900 million (about \$2 billion).
 - C. Due to the alleged fraudulent act committed by a former employee of KK Trade Securities Co., Ltd., the affected clients filed a civil lawsuit against Yuanta Securities (Thailand) and the former employee for a joint liability to pay the compensation of THB 301 million (approximately \$300 million). In August 2017, Yuanta Securities (Thailand) received a civil complaint of the lawsuit. As part of the claimed amount was not remitted to the account of KK Trade Securities Co., Ltd., but rather directly remitted to the former employee's private account from the plaintiffs, the liability is denied by Yuanta Securities (Thailand). The claims made by the plaintiffs were all

dismissed by the court of the first instance on October 8, 2020. The court of the second instance also dismissed all the plaintiffs' claims on April 7, 2022. The plaintiffs appealed the case to the court of the third instance for review and reduced the claim amount from THB 301 million to THB 149 million (approximately \$100 million).

- D. As of December 31, 2022, Yuanta Securities (Hong Kong)'s receivables from certain margin loans amounting to HKD 147,504 thousand (approximately \$600 million) were secured by listed securities that were suspended for trading. These margin clients were served by an account executive who entered into a guarantee agreement with Yuanta Securities (Hong Kong) (the "Guarantee Agreement") under which the account executive agreed to guarantee against all losses incurred by Yuanta Securities (Hong Kong) in relation to the accounts of these margin clients. Considering that Yuanta Securities (Hong Kong) had exercised its right of set-off under the Guarantee Agreement against the account executive's assets amounting to HKD 68,552 thousand (approximately \$300 million) and received the first repayment distributed by certain clients' liquidator amounting to HKD 44 thousand (approximately \$170 thousand), the remaining loss of HKD 78,908 thousand (approximately \$300 million) has been recognised. Yuanta Securities (Hong Kong) has raised a litigation proceeding against the account executive claiming the full amount of the debt owed by those margin clients based on the Guarantee Agreement. The claim amount is HKD 135,191 thousand (approximately \$500 million) including the interest calculated as of the date of filing the lawsuit. The account executive claimed that she has no liability for losses in relation to the accounts of these margin clients. On February 22, 2021, the court of the first instance issued a summary judgment, ruling that the account executive should bear full guarantee liabilities. However, the account executive filed an appeal against such decision on March 22, 2021. As at the date of the approval of the financial statements, Yuanta Securities (Hong Kong) has considered the external legal advice, and deemed that no provision in relation to the above set-off is necessary.

(7) Other lawsuits- Banks

Yuanta Savings Bank (Korea) exercised its pledge right for several times from 2006 to 2008 to acquire a 33.3% equity interest in Pentagon City under a credit loan extended by Yuanta Savings Bank (Korea) to Pentagon City. In September 2008, Pentagon City implemented a capital reduction on shares held by Yuanta Savings Bank (Korea) and another shareholder under which Pentagon City returned cash of KRW 28 billion to Yuanta Savings Bank (Korea). In 2018, Pentagon City claimed that Yuanta Savings Bank (Korea) breached the 10% holding limit for an unlisted company imposed by laws with respect to savings banks, and thus claimed Yuanta Savings Bank (Korea) should return KRW 19,599,160 thousand as unjustly received benefit, which represents consideration of shares above the 10% holding limit. On June 20, 2019, the Seoul Central District Court as the court of the first instance ruled in favour of Yuanta Savings Bank (Korea). Pentagon City disagreed with the ruling and filed an appeal on July 8, 2019. The Seoul High Court as the court of the second instance ruled in favor of Yuanta Savings Bank (Korea) on November 3, 2020. However, Pentagon City still disagreed with the ruling and filed an appeal for the review of the third instance on November 18, 2020. As of December 31, 2022, the case is still under the review of the Supreme Court of South Korea. The subsequent proceedings of the litigation have been assessed to have no material impact on the operations and shareholders' equity of Yuanta Savings Bank (Korea) and Yuanta Bank.

(8) Other lawsuits- Yuanta Securities Investment Trust

Yuanta Securities Investment Trust was commissioned under discretionary investment businesses of domestic investment contracts by the Bureau of Labor Funds, Ministry of Labor (formerly the Labor Pension Fund Supervisory Committee of the Council of Labor Affairs, Executive Yuan, restructured as the Bureau of Labor Funds, Ministry of Labor as of February 17, 2014, hereinafter referred to as the "Labor Pension"). Because the former manager of former Polaris Securities Investment Trust, surnamed Qu (hereinafter referred to as "Manager Qu") was suspected of being involved in illegal

activities from 2011 to 2012 while dealing with commissioned trading of stocks for the governmental funds, the Labor Pension filed a civil complaint attached with criminal proceedings with the Taiwan Taipei District Court on January 28, 2014 based on the indictment issued by the Special Investigation Division of the Supreme Prosecutor Office, claiming Manager Qu and Yuanta Securities Investment Trust should bear a joint and several liability for its losses. In order to protect its interests, Yuanta Securities Investment Trust appointed a lawyer to assist in handling the case. After the aforementioned criminal charges against Manager Qu were adjudicated by the Taiwan Taipei District Court for the first instance and the civil case was transferred to the civil court for review, on September 5, 2016, the Labor Pension decreased its joint and several liability claims to \$108,411 thousand. On April 28, 2017, the Labor Pension decreased such claims to \$71,575 thousand after the Taiwan High Court rendered its decision for the aforementioned criminal case as the court of the second instance. The aforementioned criminal rulings made by the first and second instance courts were based on a breach of trust by Manager Qu to Yuanta Securities Investment Trust, while the Labor Pension was concluded as not being the principal in the context of Manager Qu's provision of services. Furthermore, the relevant prior trading, which was considered a criminal breach of trust offense and insider trading actions in violation of the Securities Exchange Act and alleged to have damaged the Labor Pension as illustrated in the indictment, cannot be established as a crime. The civil case filed with the Taiwan Taipei District Court by the Labor Pension for compensation was dismissed by the Taiwan Taipei District Court on May 15, 2020 and the appeal against such decision made to the Taiwan High Court was also dismissed by the Taiwan High Court on December 8, 2021. The Courts ruled that the Labor Pension did not provide sufficient evidence to prove that it had suffered any damage caused by Manager Qu's intentional or negligent actions based on torts laws, and that there was no causation between the alleged compensation and Manager Qu's aforementioned wrongful actions. Accordingly, the Courts found that the Labor Pension has no grounds for claiming that Yuanta Securities Investment Trust shall bear the joint liability for such compensation. However, the Labor Pension appealed the case to the court of the third instance for review on January 7, 2022. Yuanta Securities Investment Trust and the Labor Pension settled the case and the Labor Pension made a motion to the Supreme Court to voluntarily withdraw the case on March 30, 2022. As a result, this case was closed.

(9) Other lawsuits- Yuanta Life Insurance

As of December 31, 2022, Yuanta Life Insurance still has several insurance claim litigations in process. Yuanta Life Insurance handled these cases by itself or with assistance of legal counsels and has provisioned an appropriate amount of claim reserves.

(10) Others

	December 31, 2022	December 31, 2021
Commitment of the securities under a repurchase agreement	\$ 229,074,828	\$ 187,259,926
Commitment of the securities under a resale agreement	94,442,928	46,501,102
Unused loan commitments	17,517,117	22,005,017
Credit commitment on credit card	121,431,714	120,652,007
Unused L/C balance	2,378,257	2,495,253
Other guarantees	9,236,552	10,180,354
Consignment collection for others	14,667,670	15,679,854
Trust assets	308,923,240	256,989,946
Items under custody	61,309,258	68,681,307
Book-Entry Central Government Securities	117,452,000	113,609,500

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

December 31, 2022

Trust Balance Sheet			
<u>Trust assets</u>		<u>Trust liabilities</u>	
Bank deposits	\$ 6,171,056	Payable - Customers' securities under custody	\$ 37,104,555
Stocks	7,737,858	Pecuniary trust	180,916,214
Funds (Note)	128,043,073	Securities trust	1,281,753
Bonds	36,926,891	Real estate trust	19,768,603
Structured products	6,510,700	Net income	457,205
Real estate-Land	12,606,605	Retained earnings	1,326,390
-Construction in progress	5,753,982		
Customers' securities under custody	37,104,555		
Total trust assets	<u>\$ 240,854,720</u>	Total trust liabilities	<u>\$ 240,854,720</u>

December 31, 2021

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

Trust Income Statement

	For the years ended December 31,	
	2022	2021
Trust revenue		
Interest income	\$ 17,665	\$ 5,172
Investment income (Stock)	-	1
Investment income (Fund)	14	69
Dividend income	468,150	377,636
	<u>485,829</u>	<u>382,878</u>
Trust expenses		
Management fees	(15,395)	(13,890)
Tax expense	(3,134)	(14,616)
Insurance expense	(9,231)	(7,357)
Investment loss (Stock)	(43)	-
Investment loss (Fund)	(326)	-
	<u>(28,129)</u>	<u>(35,863)</u>
Income before income tax	457,700	347,015
Income tax expense	(495)	(55)
Net income	<u>\$ 457,205</u>	<u>\$ 346,960</u>

Trust Property List

Invested items	December 31, 2022	December 31, 2021
	Book value	Book value
Bank deposits	\$ 6,171,056	\$ 5,045,722
Bonds	36,926,891	21,105,792
Stocks	7,737,858	6,364,607
Structured products	6,510,700	5,877,762
Funds (Note)	128,043,073	113,593,865
Real estate-Land	12,606,605	12,586,630
-Construction in progress	5,753,982	3,279,716
Customers' securities under custody	37,104,555	38,685,337
	<u>\$ 240,854,720</u>	<u>\$ 206,539,431</u>

Note : Includes mutual funds in money market.

The trust balance sheet and schedule of trust property as at December 31, 2022 and 2021 include foreign currency non-discretionary money trusts and foreign currency money trusts operated by the offshore banking unit of the Yuanta Bank.

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

December 31, 2022

Trust Balance Sheet			
<u>Trust assets</u>		<u>Trust liabilities</u>	
Bank deposits	\$ 1,434,976	Payables	\$ 29,015
Stocks	3,520,211	Income tax payable	264
Funds	62,196,327	Advance receipts	-
Bonds	26,169	Trust capital-pecuniary trust	58,373,206
Structured products	714,085	Trust capital-securities trust	3,260,292
Accounts receivable	176,752	Net income	1,370,845
		Retained earnings	5,480,745
		Deferred carryforwards	(445,847)
Total trust assets	<u>\$ 68,068,520</u>	Total trust liabilities	<u>\$ 68,068,520</u>

December 31, 2021

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

Trust Income Statement

	For the years ended December 31,	
	2022	2021
Trust revenue		
Interest income	\$ 1,657,736	\$ 1,342,648
Realized investment income	-	3,988,365
Unrealized investment income	-	63,397
Foreign exchange gain	1,488,378	-
Rental income	30,878	26,137
Dividend revenue	171,035	98,410
	<u>3,348,027</u>	<u>5,518,957</u>
Trust expenses		
Management fees	(23,371)	(38,063)
Fees (Service charges)	(157,095)	(186,028)
Realized investment loss	(614,529)	-
Unrealized investment loss	(1,176,020)	-
Foreign exchange loss	-	(240,107)
Insurance expense	(2,355)	(1,092)
Others	(5)	(5)
	<u>(1,973,375)</u>	<u>(465,295)</u>
Income before income tax	1,374,652	5,053,662
Income tax expense	(3,807)	(23,026)
Net income	<u>\$ 1,370,845</u>	<u>\$ 5,030,636</u>

Trust Property List

Invested items	December 31, 2022	December 31, 2022
	Book value	Book value
Bank deposits	\$ 1,434,976	\$ 2,347,924
Stocks	3,520,211	4,529,695
Funds	62,196,327	42,147,798
Bonds	26,169	23,597
Structured products	714,085	914,360
Others	176,752	487,141
	<u>\$ 68,068,520</u>	<u>\$ 50,450,515</u>

- (13) According to Ministry of Finance, Ruling No.1030026386, disclose the information as follows:
Offshore Securities Unit of Yuanta Securities engaged in custody and investment of funds affairs on behalf of customers. Related bank deposits under such affairs on December 31, 2022 and 2021 were USD 5,996 thousand dollars and USD 8,698 thousand dollars, respectively.

10. Significant losses from disasters

(1) The Company:

None.

(2) Subsidiaries:

None.

11. Significant subsequent events

(1) The Company:

None.

(2) Subsidiaries:

None.

12. Others

(1) Capital risk management

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

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

B. Capital management procedure:

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

(2) Fair value information of financial instruments

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

(A) Outline

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

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

a. Level 1

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

b. Level 2

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

c. Level 3

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

B. Financial instruments measured at fair value

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

Recurring fair value measurements	December 31, 2022				December 31, 2021			
	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3
<u>Non-derivative financial instruments</u>								
Assets								
Financial assets at fair value through profit or loss								
Equity instruments	\$ 30,704,236	\$ 28,301,431	\$ -	\$ 2,402,805	\$ 46,682,480	\$ 44,338,674	\$ -	\$ 2,343,806
Liability instruments	256,124,753	69,349,109	185,999,107	776,537	340,079,459	76,358,173	263,201,601	519,685
Others	113,598,530	32,818,232	76,129,285	4,651,013	128,923,284	43,315,551	79,415,014	6,192,719
Financial assets at fair value through other comprehensive income (Note)								
Equity instruments	53,997,024	18,548,658	-	35,448,366	44,301,514	17,551,150	-	26,750,364
Liability instruments	285,714,529	128,391,252	157,282,929	40,348	295,405,248	116,970,889	178,322,333	112,026
Other financial assets								
Purchase of claim receivable	1,792,753	-	-	1,792,753	1,813,266	-	-	1,813,266
Liabilities								
Financial liabilities at fair value through profit or loss	\$ 105,491,172	\$ 33,370,409	\$ 26,075,197	\$ 46,045,566	\$ 133,670,994	\$ 75,119,499	\$ 20,674,852	\$ 37,876,643
<u>Derivative financial instruments</u>								
Assets								
Financial assets at fair value through profit or loss	\$ 19,629,863	\$ 7,344,343	\$ 9,869,773	\$ 2,415,747	\$ 13,556,918	\$ 6,253,670	\$ 5,597,219	\$ 1,706,029
Liabilities								
Financial liabilities at fair value through profit or loss	\$ 29,331,504	\$ 3,843,329	\$ 16,016,341	\$ 9,471,834	\$ 25,014,745	\$ 5,217,054	\$ 15,523,237	\$ 4,274,454

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

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

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

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

- (C) Fair value adjustment

- a. Limits and adjustments of financial valuation models

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

- b. Credit risk valuation adjustment

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

- (D) Transfer between Level 1 and Level 2

As of December 31, 2022 and 2021, certain foreign debt held by the Yuanta Group, totaling, USD 1,744 thousand and USD 15,514 thousand, respectively, have been transferred from level 1 to level 2, because the debt instrument either had no steady quoted market price from stockbrokers and Bloomberg Valuation Services (BVAL) was used due to wider region of price quotes from stock brokers. As of December 31, 2022 and 2021, certain foreign debt held by the Yuanta Group, totaling USD 8,467 thousand and USD 14,690 thousand, have been transferred from level 2 to level 1 since these assets now have steady sources for price information.

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

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

For the year ended December 31, 2022								
Items	Beginning balance	Gain and loss on valuation		Addition		Reduction		Ending balance
		Gain and loss	Other comprehensive income	Purchased or issued	Transferred to Level 3 (Note)	Sold, disposed or settled	Transferred from Level 3 (Note)	
Financial assets at fair value through profit or loss	\$ 10,762,239	(\$ 2,588,825)	(\$ 113,475)	\$ 18,274,750	\$ -	(\$ 15,564,028)	(\$ 524,559)	\$ 10,246,102
Financial assets at fair value through other comprehensive income	26,862,390	239,289	8,435,645	57,722	-	(106,332)	-	35,488,714
Other financial assets- purchase of claim receivable	1,813,266	(570)	-	-	-	(19,943)	-	1,792,753
Total	<u>\$ 39,437,895</u>	<u>(\$ 2,350,106)</u>	<u>\$ 8,322,170</u>	<u>\$ 18,332,472</u>	<u>\$ -</u>	<u>(\$ 15,690,303)</u>	<u>(\$ 524,559)</u>	<u>\$ 47,527,569</u>
For the year ended December 31, 2021								
Items	Beginning balance	Gain and loss on valuation		Addition		Reduction		Ending balance
		Gain and loss	Other comprehensive income	Purchased or issued	Transferred to Level 3 (Note)	Sold, disposed or settled	Transferred from Level 3 (Note)	
Financial assets at fair value through profit or loss	\$ 16,559,951	\$ 1,874,614	\$ 107,006	\$ 131,075,477	\$ 91,530	(\$ 137,541,966)	(\$ 1,404,373)	\$ 10,762,239
Financial assets at fair value through other comprehensive income	20,290,988	(580,735)	7,243,123	27,731	-	(118,717)	-	26,862,390
Other financial assets- purchase of claim receivable	1,831,820	(602)	-	-	-	(17,952)	-	1,813,266
Total	<u>\$ 38,682,759</u>	<u>\$ 1,293,277</u>	<u>\$ 7,350,129</u>	<u>\$ 131,103,208</u>	<u>\$ 91,530</u>	<u>(\$ 137,678,635)</u>	<u>(\$ 1,404,373)</u>	<u>\$ 39,437,895</u>

In relation to the above, valuation gains and losses are recognised in gain and loss in the period. The net (losses) gains belonging to assets as of December 31, 2022 and 2021 were (\$3,128,968) and \$1,725,552, respectively.

In relation to the above, valuation gains and losses are recognised in other comprehensive income. The net gains belonging to assets as of December 31, 2022 and 2021 were \$8,318,571 and \$7,350,129, respectively.

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

For the year ended December 31, 2022								
Items	Beginning balance	Gain and loss on valuation		Addition		Reduction		Ending balance
		Gain and loss	Other comprehensive income	Purchased or issued	Transferred to Level 3 (Note)	Sold, disposed or settled	Transferred from Level 3 (Note)	
Financial liabilities at fair value through profit or loss	\$ 42,151,097	\$ 611,430	\$ 7,996	\$ 50,637,512	\$ 1,641,488	(\$ 39,398,438)	(\$ 133,685)	\$ 55,517,400

For the year ended December 31, 2021								
Items	Beginning balance	Gain and loss on valuation		Addition		Reduction		Ending balance
		Gain and loss	Other comprehensive income	Purchased or issued	Transferred to Level 3 (Note)	Sold, disposed or settled	Transferred from Level 3 (Note)	
Financial liabilities at fair value through profit or loss	\$ 55,750,149	(\$ 5,534,818)	\$ 4,589	\$ 63,169,956	\$ -	(\$ 71,213,082)	(\$ 25,697)	\$ 42,151,097

In relation to the above, valuation gains and losses are recognised in gain and loss in the period. The net gains belonging to liabilities as of December 31, 2022 and 2021 were \$3,183,588 and \$1,968,546, respectively.

In relation to the above, valuation gains and losses are recognised in other comprehensive income. The net losses belonging to liabilities as of December 31, 2022 and 2021 were \$7,355 and \$4,176, respectively.

Note: For the years ended December 31, 2022 and 2021, the fair value transferred from Level 1 to Level 3 initially was for emerging stocks whose trading volumes were active but were reclassified due to inactive trading volumes subsequently. Also, the fair value of certain investments were transferred into Level 3 because there was no observable information obtained from the public market; the fair value transferred from Level 3 to Level 1 initially was emerging stocks whose trading volumes were inactive but were reclassified due to active trading volumes or becoming listing stocks subsequently.

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

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

Items	Change in fair value recognised in current profit and loss		Change in fair value recognised in other comprehensive income	
	Favorable movements	Unfavorable movements	Favorable movements	Unfavorable movements
December 31, 2022				
<u>Assets</u>				
Financial assets at fair value				
through profit or loss	\$ 155,334	(\$ 151,467)	\$ -	\$ -
Derivative instruments	25,035	(25,035)	-	-
Financial assets at fair value through				
other comprehensive income	-	-	488,359	(378,093)
<u>Liabilities</u>				
Financial liabilities at fair value				
through profit or loss	(\$ 98,600)	\$ 98,600	\$ -	\$ -
Derivative instruments	(158,284)	158,266	-	-
December 31, 2021				
<u>Assets</u>				
Financial assets at fair value				
through profit or loss	\$ 366,343	(\$ 363,204)	\$ -	\$ -
Derivative instruments	10,854	(10,854)	-	-
Financial assets at fair value through				
other comprehensive income	-	-	439,786	(324,876)
Other financial assets- purchase of				
claim receivable	83,360	(83,360)	-	-
<u>Liabilities</u>				
Financial liabilities at fair value				
through profit or loss	(\$ 41,449)	\$ 41,449	\$ -	\$ -
Derivative instruments	(72,766)	72,829	-	-

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

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

December 31, 2022		Valuation technique	Significant unobservable input	Range	Relationship of inputs to fair value
Financial assets at fair value through profit or loss					
Equity instruments	\$ 2,402,805	1.Market method	Discount for marketability	<=40%	The higher the discount for marketability, the lower the fair value
		2.Income method			
		3.Equity Model by L. Anderson and D. Buffum	Discount rate	11.85%~15.54%	The higher the discount rate, the lower the fair value
		4.Discounted Cash Flow	Stock price volatility	19.25%~97.79%	The relationship of volatility degree and fair value will be different with the changes of term structure and characteristic and the degree of in or out-of-money in the duration or knock out event, thus, there was no consistency between both.
			Credit Spread	5.39%~26.50%	The higher the credit spread, the lower the fair value
Liability instruments	776,537		Recovery rate	20.00%~20.00%	The higher the recovery rate, the higher the fair value
		1.Hybrid Model	Stock price volatility	35.61%~40.59%	The relationship of volatility degree and fair value will be different with the changes of term structure and characteristic and the degree of in or out-of-money in the duration or knock out event, thus, there was no consistency between both.
		2.Equity Model by L. Anderson and D. Buffum			
		3.Discounted cash flow	Credit Spread	77.67%~77.69%	The higher the credit spread, the lower the fair value
			Recovery rate	20.00%~20.00%	The higher the recovery rate, the higher the fair value
Derivative instruments (including futures and options trade in futures market)	2,415,747		Discount rate	3.05%~8.44%	The higher the discount rate, the lower the fair value
		1.Option Model	Stock price volatility	18.08%~25.14%	The relationship of volatility degree and fair value will be different with the changes of term structure and characteristic and the degree of in or out-of-money in the duration or knock out event, thus, there was no consistency between both.
		2.FDM			
		3.Monte Carlo Simulation	Correlation coefficient	0.15~0.97	The higher the correlation coefficient, the higher the fair value
			Probability of Default (PD)	0.03%~100%	The higher the default rate, the lower the fair value
Others	4,651,013		Recovery rate	0.55~0.55	The higher the recovery rate, the higher the fair value
		1.Net asset value	Discount for marketability	<=10%	The higher the discount for marketability, the lower the fair value
		2.Option Model	Stock price volatility	18.08%~25.14%	The relationship of volatility degree and fair value will be different with the changes of term structure and characteristic and the degree of in or out-of-money in the duration or knock out event, thus, there was no consistency between both.
		3.FDM			
		4.Monte Carlo Simulation	Correlation coefficient	0.15~0.97	The higher the correlation coefficient, the higher the fair value
Other financial assets	1,792,753		Probability of Default (PD)	0.03%~100%	The higher the default rate, the lower the fair value
			Recovery rate	0.55~0.55	The higher the recovery rate, the higher the fair value
		Recoverable amount	Contact rate	6.61%~43.20%	The higher the contact rate, the higher the fair value
			Payment rate	4.99%~38.00%	The higher the payment rate, the higher the fair value
			Discount rate	4.90%~39.94%	The higher the discount rate, the lower the fair value

December 31, 2022		Valuation technique	Significant unobservable input	Range	Relationship of inputs to fair value
Financial assets at fair value through other comprehensive income					
Equity instruments	\$ 35,448,366	1.Market method	Discount for marketability	<=40%	The higher the discount for marketability, the lower the fair value
		2.Residual income valuation model	Expected growth rate	0.00%~1.00%	The higher the growth rate, the higher the fair value
		3.Discounted cash flow	Discount rate	0.1126~0.1126	The higher the discount rate, the lower the fair value
Liability instruments	40,348	Discounted cash flow	Discount rate	3.05%-8.44%	The higher the discount rate, the lower the fair value
Derivative instruments (including futures and options trade in futures market)	9,471,834	1.FDM	Stock price volatility	18.08%~37.61%	The relationship of volatility degree and fair value will be different with the changes of term structure and characteristic and the degree of in or out-of-money in the duration or knock out event, thus, there was no consistency between both.
		2.Option Model			
		3.Monte Carlo Simulation			
		4.Equity Model by L.Andersen and D.Buffum			
			Correlation coefficient	0.15~0.97	The higher the correlation coefficient, the
			Probability of Default (PD)	0.03%~100%	The higher the default rate, the lower the fair value
			Recovery rate	0.55~0.55	The higher the recovery rate, the higher the fair value
Others	46,045,566	1.FDM	Stock price volatility	0.46%~85.87%	The relationship of volatility degree and fair value will be different with the changes of term structure and characteristic and the degree of in or out-of-money in the duration or knock out event, thus, there was no consistency between both.
		2.Option Model			
		3.IR Model			
		4.Hybrid Model			
		5.Monte Carlo Simulation			
		6.Equity Model by L.Andersen and D.Buffum			
			Correlation coefficient	0.15~0.97	The higher the correlation coefficient, the higher the fair value
			Probability of Default (PD)	0.03%~100%	The higher the default rate, the lower the fair value
			Recovery rate	0.55~0.55	The higher the recovery rate, the higher the fair value
December 31, 2021		Valuation technique	Significant unobservable input	Range	Relationship of inputs to fair value
Financial assets at fair value through profit or loss					
Equity instruments	\$ 2,343,806	1.Market method	Discount for marketability	<=40%	The higher the discount for marketability, the lower the fair value
		2.Income method			
		3.Equity Model by L. Anderson and D. Buffum	Discount rate	10.01%~16.80%	The higher the discount rate, the lower the fair value
			Stock price volatility	17.03%~125.06%	The relationship of volatility degree and fair value will be different with the changes of term structure and characteristic and the degree of in or out-of-money in the duration or knock out event, thus, there was no consistency between both.
			Credit Spread	5.39%~19.28%	The higher the credit spread, the lower the fair value
			Recovery rate	20.00%~20.00%	The higher the recovery rate, the higher the fair value

December 31, 2021		Valuation technique	Significant unobservable input	Range	Relationship of inputs to fair value
Financial assets at fair value through profit or loss					
Liability instruments	\$ 519,685	1.Hybrid Model 2.Equity Model by L. Anderson and D. Buffum 3.Discounted cash flow	Stock price volatility	35.61%~47.90%	The relationship of volatility degree and fair value will be different with the changes of term structure and characteristic and the degree of in or out-of-money in the duration or knock out event, thus, there was no consistency between both.
			Credit Spread	54.58%~54.60%	The higher the credit spread, the lower the fair value
			Recovery rate	20.00%~20.00%	The higher the recovery rate, the higher the fair value
			Discount rate	0.71%~5.85%	The higher the discount rate, the lower the fair value
Derivative instruments (including futures and options trade in futures market)	1,706,029	1.Option Model 2.FDM 3.Monte Carlo Simulation	Stock price volatility	17.75%~21.86%	The relationship of volatility degree and fair value will be different with the changes of term structure and characteristic and the degree of in or out-of-money in the duration or knock out event, thus, there was no consistency between both.
			Correlation coefficient	0.20~0.96	The higher the correlation coefficient, the higher the fair value
			Probability of Default (PD)	0.03%~100%	The higher the default rate, the lower the fair value
			Recovery rate	0.55~0.55	The higher the recovery rate, the higher the fair value
Others	6,192,719	1.Net asset value 2.Option Model 3.FDM 4.Monte Carlo Simulation	Discount for marketability	<=10%	The higher the discount for marketability, the lower the fair value
			Stock price volatility	17.75%~21.86%	The relationship of volatility degree and fair value will be different with the changes of term structure and characteristic and the degree of in or out-of-money in the duration or knock out event, thus, there was no consistency between both.
			Correlation coefficient	0.20~0.96	The higher the correlation coefficient, the higher the fair value
			Probability of Default (PD)	0.03%~100%	The higher the default rate, the lower the fair value
			Recovery rate	0.55~0.55	The higher the recovery rate, the higher the fair value
Other financial assets					
Purchase of claim receivable	1,813,266	Recoverable amount	Contact rate	7.08%~39.53%	The higher the contact rate, the higher the fair value
			Payment rate	3.88%~35.97%	The higher the payment rate, the higher the fair value
			Discount rate	5.20%~41.18%	The higher the discount rate, the lower the fair value
Financial assets at fair value through other comprehensive income					
Equity instruments	26,750,364	1.Market method 2.Residual income valuation model 3.Discounted cash flow	Discount for marketability	<=40%	The higher the discount for marketability, the lower the fair value
			Expected growth rate	0.00%~1.00%	The higher the growth rate, the higher the fair value
			Discount rate	0.1096~0.1096	The higher the discount rate, the lower the fair value
Liability instruments	112,026	Discounted cash flow	Discount rate	0.71%~5.85%	The higher the discount rate, the lower the fair value

December 31, 2021		Valuation technique	Significant unobservable input	Range	Relationship of inputs to fair value
Financial liabilities at fair value through profit or loss					
Derivative instruments (including futures and options trade in futures market)	\$ 4,274,454	1.FDM 2.Option Model 3.Monte Carlo Simulation 4.Equity Model by L.Andersen and D.Buffum	Stock price volatility	17.75%~37.61%	The relationship of volatility degree and fair value will be different with the changes of term structure and characteristic and the degree of in or out-of-money in the duration or knock out event, thus, there was no consistency between both.
			Correlation coefficient	0.20~0.96	The higher the correlation coefficient, the higher the fair value
			Probability of Default (PD)	0.03%~100%	The higher the default rate, the lower the fair value
			Recovery rate	0.55~0.55	The higher the recovery rate, the higher the fair value
Others	37,876,643	1.FDM 2.Option Model 3.IR Model 4.Hybrid Model 5.Monte Carlo Simulation 6.Equity Model by L.Andersen and D.Buffum	Stock price volatility	0.22%~86.39%	The relationship of volatility degree and fair value will be different with the changes of term structure and characteristic and the degree of in or out-of-money in the duration or knock out event, thus, there was no consistency between both.
			Correlation coefficient	0.20~0.96	The higher the correlation coefficient, the higher the fair value
			Probability of Default (PD)	0.03%~100%	The higher the default rate, the lower the fair value
			Recovery rate	0.55~0.55	The higher the recovery rate, the higher the fair value

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

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

C. Financial instruments not measured at fair value

(A) Fair value information:

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

December 31, 2022					
	Book value	Fair value			
		Total	Level 1	Level 2	Level 3
<u>Financial assets</u>					
Investments in debt instruments at amortised cost (Notes 1 and 2)	\$ 371,014,715	\$ 313,929,993	\$ 6,383,759	\$ 307,531,304	\$ 14,930
<u>Financial liabilities</u>					
Bonds payable	102,487,542	95,557,208	-	95,557,208	-

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

Financial liabilities

Bonds payable	82,539,085	88,480,772	-	88,480,772	-
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Note 1: Including the statutory deposits of \$3,560,400 and \$2,344,300, respectively of Yuanta Life of the Yuanta Group as of December 31, 2022 and 2021.

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

(B) Financial valuation technique:

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

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

(3) Management objective and policy for financial risk

A. Risk management policy and structural organization

(A) The Yuanta Group's risk management organization structure includes the Board of Directors, the Audit Committee, the Risk Management Committee, senior management, other business departments, the Risk Management Department, the Legal Compliance Department, other Risk Management departments and Internal Auditing Department. The Board of Directors is the highest decision-making unit for risk management. Its primary responsibilities include approving the Yuanta Group's risk management policy, important risk management systems, and annual risk limits, monitoring the indicator threshold, as well as supervising the enforcement of the risk management system. The Audit Committee should assist the Board of Directors in implementing its risk management responsibilities. Its primary responsibilities include deliberating the Yuanta Group's risk management policy, important risk management systems, and annual risk limits, monitoring the indicator threshold, as well as assisting the Board of Directors in supervising the management of the Company's existing or potential risk. The Risk Management Committee should assist the Audit Committee and Board of Directors in implementing their risk management responsibilities. Its primary responsibilities include negotiating the annual risk limits, monitoring the indicator threshold, reviewing risk monitor execution reports, coordinating common risk management issues between subsidiaries, and promoting important risk management issues. Senior management should examine risks involved in operating activities and ensure the Yuanta Group's risk management system can thoroughly and effectively control related risks. The Risk Management Department is an independent department subordinated under the Board of Directors. The Risk Management Department's primary responsibilities includes developing the risk management system, establishing a method to effectively measure risk, establishing the risk management system, monitoring and analyzing risk and alerting and reporting significant risks in a timely manner. The Legal Compliance department should implement legal compliance risk management. It should ensure that all businesses and management regulations are updated in time in accordance with the relevant laws and regulations, supervise Legal Compliance Management of all units to carry out introduction, establishment and implement of related internal measurements, as well as assist in evaluating possible legal compliance risks that all business units may be involved with. The Legal Department should implement legal risk management. It should assist in evaluating possible legal risk that business units, legal documents and contracts may be involved with. The Information Department's primary responsibilities are to implement information security risk control and assist in preventing damage to the related information system and impact on information security risk of normal operations caused by external deliberate cyber attack or internal improper use, leakage, tampering and destruction of information assets.

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

Each subsidiary has built a risk management organization with appropriate levels and scale based on its business portfolio, operating scale and capital scale. The Yuanta Group constantly examines each subsidiary's risk management structure to ensure that it can manage its assumed risks effectively.

(B) Risk management policy

In order to establish the Yuanta Group's risk management standard, ensuring the completeness, effectiveness and reasonableness of risk management, the risk management policy was devised to act as the highest guiding principle for the Yuanta Group's risk

management. All risk management systems should comply with the risk management policy and consider the attributes of all risk and its impact degree on the Yuanta Group's operating stability capital soundness to respectively establish appropriate risk management systems.

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

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

(A) Credit risk

a. Source and definition of credit risk

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

b. Principle of credit risk management

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

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

c. Methods used in credit risk management

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

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

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

In response to the characteristics and scale of business, the Yuanta Group sets up credit quality rating for risk management purposes (such as implementing internal evaluation

model of credit risk, setting up credit rating table or other relevant regulations).

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

Credit rating of corporate finance is categorised into 11 levels upon underwriting according to the risks assessment on each credit extension case. When a loan is granted, in addition to the credit quality of the client, fund purpose, repayment source, protection of claims and credit prediction should be considered, credit risk by credit account and facility should also be respectively assessed and rated based on the corporate or consumer risk rating referencing standards.

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

(b) Debt instruments investment and derivatives

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

(c) Margin purchase and short sale

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

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

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

- I. Excellent: This level shows that the counterparty or the underlying asset is equipped with strong capability of fulfilling financial commitments, even under significantly uncertain or adverse conditions.
- II. Acceptable: This level shows that the counterparty's or the underlying asset's capability of fulfilling financial commitments is weak. Any adverse operation, financial or economic conditions will reduce its capability.
- III. Weak: This level shows that the counterparty's or the underlying asset's capability of fulfilling financial commitments is extremely low. The counterparty is able to fulfill financial commitments only when the operating circumstances and its financial condition are favorable.

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

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

(b) Expected credit losses calculation

Impairment assessment is based on the calculation of expected credit losses, taking into account reasonable and supportable information about past events, current conditions and forecasts of future economic conditions, which is available without undue cost or effort, including forecastable information. The Yuanta Group determines at the balance sheet date whether there has been a significant increase in credit risk since initial recognition or whether credit impairment has occurred, and recognises 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 recognised for assets in Stage 1, and lifetime expected credit losses are recognised for assets in Stage 2 and Stage 3.

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

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

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

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

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

(I) Credit business

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

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

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

(II) Investments in debt instruments

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

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

(III) Other financial assets

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

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

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

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

(I) Credit business

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

- iv. Loans that have gone through pre-mediation and have signed agreements in accordance with the Consumer Debt Clearance Act (excluding secured loans where the original terms of the loans are enforced).
- v. Cases where the court has initiated reorganization or liquidation proceedings.
- vi. Declaration of bankruptcy in court.
- vii. Reclassified as non-accrual.
- viii. Special criterion for credit card products: credit card accounts closed by the issuer.
- ix. Debtor's loans from other banking institutions have been recognised as non-performing, and reclassified as non-accrual or written off as bad debt.
- x. Debtor has filed for bankruptcy, reorganization, or other debt clearance proceedings.
- xi. Debtor renews, extends the length of, and negotiates new payment terms on the loan in accordance with the Bankers Association Self-regulatory Rules for Debt Workouts.
- xii. Non-performing loans where a payment installment plan has been negotiated.
- xiii. Loans classified as "in default" according to the Yuanta Group's internal credit rating model.

(II) Investments in debt instruments

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

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

(III) Other financial assets

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

(IV) Definition of default

When assessing whether the borrower is in default, the Yuanta Group selects among the multiple loans held by the borrower the one with the lowest credit quality. The borrower is considered in default if the principal and interest payments on this selected loan is over 90 days past due or if the selected loan is reclassified as non-accrual or bad debt during the observation period.

III. Write off policy

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

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

IV. Measurement of expected credit losses

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

(I) Credit business

i. Probability of default

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

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

ii. Loss given default

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

iii. Exposure at default (EAD)

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

(II) Investments in debt instruments

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

rating agencies.

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

V. Consideration of forecastable information

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

(I) For determining significant increase in credit risk

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

(II) For measuring expected credit losses

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

(III) Other

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

e. Hedging or mitigation of credit risk

(a) Collateral

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

(b) Credit risk limit and credit risk concentration control

The Yuanta Group controls the concentration risk of various assets in order to avoid high risk concentration. The Yuanta Group has set up credit extension limits for a single counterparty or a single group, and set up investment standards and risk

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

(c) Net-settled general agreement

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

(d) Others

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

- I. Additional credit exposure limit;
- II. Credit limits reduction;
- III. Hedging through credit derivatives;
- IV. Credit enhancement, such as guarantee from qualifying bank or obtaining collateral.

f. Climate-related Risk Management:

The Yuanta Group has established three lines of defense for risk management and an Enterprise Risk Management (ERM) mechanism. Each line of defense has clear organization, responsibilities, and functions to ensure the effective operation of the risk management mechanism. The assessment and management of transition risk or physical risk related to climate risk are integrated into the existing risk management framework, including qualitative and quantitative analysis.

The climate risk and opportunity management process of our group mainly consists of four steps, from risk and opportunity identification, measurement, monitoring to reporting, and the responsibilities and management actions of each step are described as follows:

(a) Risk and opportunity identification:

- I. Each subsidiary conducts climate risk and opportunity identification annually based on its business characteristics.
- II. The Risk Management Department of the Yuanta Financial Holdings integrates overall risk and opportunity identification.
- III. Refers to international organizations' climate risk reports.

(b) Risk and opportunity measurement:

- I. Each subsidiary evaluates the impact and influence of each risk and opportunity based on its business characteristics.
- II. The scope of measurement includes impact pathways, impact time and geographical scope, the position of the impact value chain, and financial impact.
- III. The Risk Management Department of the Yuanta Financial Holdings establishes a climate risk value measurement model to enhance quantitative management of climate risk.

(c) Risk and opportunity monitoring:

- I. Include environmental and social risk factors of each industry in the industry risk level assessment mechanism.

- II. Establish quantifiable indicators and limits for climate risk, and conduct analysis, monitoring, and reporting monthly.

(d) Risk and Opportunity Reporting:

- I. Develop response strategies for each risk and opportunity and report to the Sustainability Committee and the Board of Directors.
- II. Regularly report on the use of various risk indicators or limits at the Risk Management Committee and the Board of Directors.
- III. Report climate risk-related information to the Risk Management Committee and the Board of Directors on an irregular basis.

g. The impact of COVID-19

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

The pandemic in Taiwan escalated since the beginning of the current year; the consolidated company started to implement various pandemic prevention measures and continued to monitor the global pandemic's impact on the economy. In response to COVID-19, the Yuanta Group continues to monitor and manage the risk of the countries and industries affected the most. The review and analysis showed that the risk is still within tolerance. In addition, the government and the financial industry had already proposed countermeasures. Therefore, it is not expected that the Yuanta Group's assets will be exposed to an increase in credit risk in 2022. The Yuanta Group will continually monitor the development of the pandemic, and assess the related impact on the financial condition and operating performance of the Yuanta Group.

h. Maximum risk exposure of the Yuanta Group

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

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

(BLANK)

Bills discounted and loans

				Differences in impairment provided in accordance with the Regulation Governing the Procedures for Banking/Insurance Institutions to Evaluate Assets and Deal with Non-performing /Non-accrual Loans	
December 31, 2022	12-month expected credit losses (Stage 1)	Lifetime expected credit losses (Stage 2)	Lifetime expected credit losses (Stage 3)		Total
Credit ratings					
Internal ratings— excellent	\$ 710,921,062	\$ 1,192,067	\$ -	\$ -	\$ 712,113,129
Internal ratings— acceptable	243,423,036	4,269,264	-	-	247,692,300
Internal ratings— weak	45,050,252	1,400,174	-	-	46,450,426
Internal ratings— not rated	153,369	-	-	-	153,369
Internal ratings— credit impairment	-	62,936	4,308,988	-	4,371,924
The total carrying amount	999,547,719	6,924,441	4,308,988	-	1,010,781,148
Allowance for credit losses	(1,682,978)	(453,410)	(2,370,871)	-	(4,507,259)
Differences in impairment provided in accordance with the Regulation Governing the Procedures for Banking/Insurance Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans	-	-	-	(9,878,100)	(9,878,100)
Total (Note)	<u>\$ 997,864,741</u>	<u>\$ 6,471,031</u>	<u>\$ 1,938,117</u>	<u>(\$ 9,878,100)</u>	<u>\$ 996,395,789</u>

Note: Including interest receivable and temporary payments for others amounting to \$1,224,774. In addition, allowance for doubtful receivables was \$18,267.

Additionally, the total cost amounts of accounts receivable and debt instruments (recorded as “financial assets at fair value through other comprehensive income” and “financial assets measured at amortised cost”) are \$174,010,115 and \$850,325,913, respectively, and 12-month expected credit losses (Stage 1) are recognised for the majority of these items. The internal ratings of these items are all excellent and acceptable.

Bills discounted and loans

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

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

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

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

arrangements. The table summarizes the relevant information:

December 31, 2022	Collateral (Note)	Net-settled general agreement	Total
<u>For on-balance sheet accounts</u>			
Receivables-other	\$ 18,166	\$ -	\$ 18,166
Bills discounted and loans	731,753,219	-	731,753,219
Financial assets at fair value through profit or loss	1,122,407	1,863,544	2,985,951
<u>For off-balance sheet accounts</u>			
Unused loan commitments	5,091,118	-	5,091,118
Unused credit commitment	102,140	-	102,140
Guarantees (including for non-performing loans)	2,848,121	-	2,848,121
December 31, 2021	Collateral (Note)	Net-settled general agreement	Total
<u>For on-balance sheet accounts</u>			
Receivables-other	\$ 22,727	\$ -	\$ 22,727
Bills discounted and loans	701,837,022	-	701,837,022
Financial assets at fair value through profit or loss	190,680	820,329	1,011,009
<u>For off-balance sheet accounts</u>			
Unused loan commitments	6,048,487	-	6,048,487
Unused credit commitment	88,207	-	88,207
Guarantees (including for non-performing loans)	4,063,835	-	4,063,835

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

h. Credit risk concentration

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

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

(a) Industry:

Industry	December 31, 2022		December 31, 2021	
	Amount	%	Amount	%
Privately owned businesses	\$ 782,691,868	27.95	\$ 717,967,191	25.59
Natural person	704,215,983	25.15	740,580,656	26.40
Financial institutions	777,788,781	27.78	750,072,096	26.74
Governmental institutions	493,309,142	17.62	544,046,612	19.39
Government-owned businesses	39,010,527	1.39	49,974,810	1.78
Others	3,061,140	0.11	2,661,691	0.10
Total	<u>\$ 2,800,077,441</u>	<u>100.00</u>	<u>\$ 2,805,303,056</u>	<u>100.00</u>

(b) Geographic location:

Geography location	December 31, 2022	December 31, 2021
Taiwan	\$ 1,990,532,604	\$ 2,024,766,293
Asia	467,593,310	486,761,330
America	219,048,787	184,156,621
Europe	79,246,441	79,497,554
Oceania	43,449,731	29,832,581
Africa	206,568	288,677
Total	<u>\$ 2,800,077,441</u>	<u>\$ 2,805,303,056</u>

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i. Changes in the Yuanta Group's allowance for credit losses and accumulative impairment

(a) Credit business

For the years ended December 31, 2022 and 2021, the reconciliation of the balance of allowance for bad debt are as follows:

Bills discounted and loans

	12-month expected credit losses (Stage 1)	Lifetime expected credit losses (Stage 2)	Lifetime expected credit losses (Stage 3)	Impairment recognised in accordance with IFRS 9	Differences in impairment provided in accordance with the Regulation Governing the Procedures for Banking/Insurance Institutions to Evaluate Assets and Deal with Non- performing /Non-accrual Loans	Total
For the year ended December 31, 2022						
Beginning balances	\$ 1,595,241	\$ 380,510	\$ 3,026,002	\$ 5,001,753	\$ 8,241,645	\$ 13,243,398
Changes from financial instruments recognised at the beginning:						
-Transferred to lifetime expected credit losses	(19,292)	21,343	(2,051)	-	-	-
-Transferred to credit-impaired financial asset	(5,758)	(463)	6,221	-	-	-
-Transferred to 12-month expected credit losses	57,079	(4,087)	(52,992)	-	-	-
-Financial assets derecognised in the current period	(599,067)	(1,591)	(398,734)	(999,392)	-	(999,392)
Impairment allowance for purchased or originated financial assets	755,228	2,148	49,982	807,358	-	807,358
Differences in impairment provided in accordance with the Regulations Governing the Procedures for Banking/Insurance Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans	-	-	-	-	1,630,244	1,630,244
Write-off as bad debt	(28,239)	(6,585)	(131,353)	(166,177)	-	(166,177)
Change in exchange and others	(75,474)	62,046	(134,911)	(148,339)	-	(148,339)
Ending balances	<u>\$ 1,679,718</u>	<u>\$ 453,321</u>	<u>\$ 2,362,164</u>	<u>\$ 4,495,203</u>	<u>\$ 9,871,889</u>	<u>\$ 14,367,092</u>

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

For the year ended December 31, 2022, significant changes in the total carrying amount that affected allowance for credit losses are as follows:

Bills discounted and loans	12-month expected credit losses (Stage 1)	Lifetime expected credit losses (Stage 2)	Lifetime expected credit losses (Stage 3)	Total
Beginning balances	\$ 887,776,383	\$ 4,373,695	\$ 5,361,977	\$ 897,512,055
Changes from financial instruments recognised at the beginning:				
-Transferred to lifetime expected credit losses	(3,306,543)	3,319,846	(13,303)	-
-Transferred to credit-impaired financial asset	(487,895)	(24,546)	512,441	-
-Transferred to 12-month expected credit losses	522,166	(368,009)	154,157	-
-Financial assets derecognised in the current period	(292,815,957)	(1,175,113)	(1,184,465)	(295,175,535)
Impairment allowance for purchased or originated financial assets	454,151,336	469,165	116,837	454,737,338
Write-off as bad debt	(28,239)	(6,586)	(131,353)	(166,178)
Change in exchange and others	(47,457,136)	320,970	(215,140)	(47,351,306)
Ending balances	<u>\$ 998,354,115</u>	<u>\$ 6,909,422</u>	<u>\$ 4,292,837</u>	<u>\$ 1,009,556,374</u>

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

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

(b) Receivables and other financial assets

I. The Yuanta Group applies the simplified approach to estimate expected credit loss for certain accounts receivable (including trading securities receivable and settlement price). Expected credit loss rate is determined by assessing historical information and examining whether a significant changes in past events, current conditions and future economic conditions are incurred. As of December 31, 2022 and 2021, the carrying amount of accounts receivable amounted to \$30,341,959 and \$57,142,471, respectively. For the years ended December 31, 2022 and 2021, movements in relation to the Yuanta group applying the simplified approach to provide loss allowance for accounts receivable, are as follows:

	For the years ended December 31,	
	2022	2021
January 1	(\$ 544)	(\$ 871)
Reversal of impairment loss	351	327
December 31	<u>(\$ 193)</u>	<u>(\$ 544)</u>

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II. For the years ended December 31, 2022 and 2021, movements in relation to providing loss allowance for receivables and other financial assets, which are not stated as above accounts receivable, are as follows:

	12-month expected credit losses (Stage 1)	Lifetime expected credit losses (Stage 2)	Lifetime expected credit losses (Stage 3)	Impairment recognised in accordance with IFRS 9	Differences in impairment provided in accordance with the Regulation Governing the Procedures for Banking/Insurance Institutions to Evaluate Assets and Deal with Non- performing /Non-accrual Loans	Total
For the year ended December 31, 2022						
The beginning balances	\$ 251,559	\$ 56,746	\$ 2,599,027	\$ 2,907,332	\$ 92,961	\$ 3,000,293
Changes from financial instruments recognised at the beginning:						
-Transferred to lifetime expected credit losses	(223)	2,623	(2,400)	-	-	-
-Transferred to credit-impaired financial asset	(47,247)	(733)	47,980	-	-	-
-Transferred to 12-month expected credit losses	43,131	(26,555)	(16,576)	-	-	-
-Financial assets derecognised in the current period	(9,473)	(603)	(1,125)	(11,201)	-	(11,201)
Impairment allowance for purchased or originated financial assets	15,755	6,410	13,140	35,305	-	35,305
Differences in impairment provided in accordance with the Regulations Governing the Procedures for Banking/Insurance Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans	-	-	-	-	(17,872)	(17,872)
Write-off as bad debt	(21,329)	(6,924)	(149,870)	(178,123)	-	(178,123)
Change in exchange and others	(121,735)	29,351	179,513	87,129	-	87,129
The ending balances	<u>\$ 110,438</u>	<u>\$ 60,315</u>	<u>\$ 2,669,689</u>	<u>\$ 2,840,442</u>	<u>\$ 75,089</u>	<u>\$ 2,915,531</u>

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

For the years ended December 31, 2022 and 2021, there were no significant changes to allowance for credit losses for accounts receivable and other financial assets.

(c) Guarantee reserve, loan commitment reserve and others

	12-month expected credit losses (Stage 1)	Lifetime expected credit losses (Stage 2)	Lifetime expected credit losses (Stage 3)	Impairment recognised in accordance with IFRS 9	Differences in impairment provided in accordance with the Regulation Governing the Procedures for Banking/Insurance Institutions to Evaluate Assets and Deal with Non- performing /Non-accrual Loans	Total
For the year ended December 31, 2022						
The beginning balances	\$ 47,636	\$ 11,888	\$ 58,566	\$ 118,090	\$ 64,014	\$ 182,104
Changes from financial instruments recognised at the beginning:						
-Transferred to lifetime expected credit losses	(769)	805 (	36)	-	-	-
-Transferred to credit-impaired financial asset	(115)	(73)	188	-	-	-
-Transferred to 12-month expected credit losses	8,159 (	7,893)	(266)	-	-	-
-Financial assets derecognised in the current period	(15,315)	(1,725)	(19,860)	(36,900)	-	(36,900)
Impairment allowance for purchased or originated financial assets	10,213	487	18,905	29,605	-	29,605
Differences in impairment provided in accordance with the Regulations Governing the Procedures for Banking/Insurance Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans	-	-	-	-	24,023	24,023
Change in exchange and others	(20,545)	8,786	27,766	16,007	-	16,007
The ending balances	<u>\$ 29,264</u>	<u>\$ 12,275</u>	<u>\$ 85,263</u>	<u>\$ 126,802</u>	<u>\$ 88,037</u>	<u>\$ 214,839</u>

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

(I) For the years ended December 31, 2022 and 2021, there were no significant changes to guarantee reserve and loan commitment reserve.

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

(d) Bills and bonds investments

For the years ended December 31, 2022 and 2021, the beginning balances of the accumulative impairment of financial assets measured at fair value through other comprehensive income were \$81,595 and \$97,219; the ending balances were \$62,053 and \$81,595, respectively. For the years ended December 31, 2022 and 2021, the beginning balances of the accumulative impairment of financial assets measured at amortised cost were \$148,842 and \$145,737; the ending balances were \$163,379 and \$148,842, respectively. The changes are attributed to changes in 12-month expected credit losses and were immaterial. In addition, there were no material changes to the related total carrying amounts.

(B) Market risk

a. Source and definition of risk

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

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

b. Risk management principle

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

c. Market risk assessment

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

VaR for a trading purpose:

Instrument type	For the year ended December 31, 2022			
	December 31, 2022	VaR Average	VaR Minimum	VaR Maximum
Interest rate	137,036	150,662	103,874	211,805
Equity securities	213,011	284,584	122,786	501,653
Foreign exchange	676,012	433,725	219,145	762,623
Commodity	12,846	73,561	9,256	204,720
Less: diversification effects	(420,766)	(406,849)	-	-
Total VaR	618,139	535,683	442,301	701,826

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

(b) Non-trading purpose

Sensitivity analysis on interest rate:

		December 31, 2022	December 31, 2021
		Effect on other comprehensive income	Effect on other comprehensive income
		Interest rate shift	
Financial assets at fair value through other comprehensive income-Bonds			
Yuanta Bank	Increase of 1 basis point	(\$ 37,488)	(\$ 47,027)
Yuanta Life	Increase of 1 basis point	(28,240)	(45,633)

- d. As of December 31, 2022 and 2021, the following table summarizes USD-denominated financial instruments of the Yuanta Group and the concentration of foreign exchange risk presented by carrying amount.

	December 31, 2022		December 31, 2021	
	USD position	Carrying amount (NTD)	USD position	Carrying amount (NTD)
Foreign currency denominated financial assets				
Cash and cash equivalents	\$ 1,360,789	\$ 41,787,094	\$ 1,299,520	\$ 35,983,445
Financial assets at fair value through profit or loss	670,049	20,575,871	1,314,397	36,395,660
Financial assets at fair value through other comprehensive income	3,853,642	118,337,628	4,064,619	112,549,288
Financial assets at amortised cost	8,057,761	247,437,727	7,139,259	197,686,075
Bills discounted and loans	1,501,188	46,098,466	1,785,581	49,442,742
Bills and bonds payable under repurchase agreements	1,902,413	58,419,305	1,200,712	33,247,717
Deposits and remittances	5,589,245	171,634,525	5,072,413	140,455,125
Other liabilities	1,830,527	56,211,838	2,270,117	62,859,553

Note: As of December 31, 2022 and 2021, USD to TWD exchange rates were 30.708 and 27.690, respectively.

- e. As of December 31, 2022 and 2021, the following table summarizes KRW-denominated assets and liabilities of Yuanta Securities and the concentration of foreign exchange risk presented by carrying amount.

	December 31, 2022		December 31, 2021	
	KRW position (in thousands)	Carrying amount (NTD)	KRW position (in thousands)	Carrying amount (NTD)
<u>Effect on profit or loss</u>				
Financial assets				
Cash and cash equivalents	\$ 570,912,905	\$ 13,904,013	\$ 591,751,392	\$ 13,783,073
Financial assets at fair value through profit or loss	7,303,285,224	177,864,208	7,907,075,459	184,171,602
Financial assets at fair value through other comprehensive income	226,325,293	5,511,926	207,908,591	4,842,607
Accounts receivable	194,579,155	4,738,781	383,483,014	8,932,086
Other financial assets	436,282,547	10,625,225	588,213,158	13,700,661
Other current assets	117,390,736	2,858,934	125,364,285	2,919,985
Financial liabilities				
Short-term borrowings	1,470,088,286	35,802,530	2,011,922,771	46,861,705
Financial liabilities at fair value through profit or loss	1,904,511,237	46,382,467	1,631,490,451	38,000,676
Bonds sold under repurchase agreements	3,771,448,650	91,849,860	3,323,342,969	77,407,304
Guarantee deposit-in and margin deposits	51,359,250	1,250,803	107,747,250	2,509,649
Other financial liabilities	2,211,438,271	53,857,368	3,352,687,235	78,090,791

Effect on profit or loss and equity

Financial assets				
Equity investments accounted for under the equity method	125,777,011	3,063,173	118,418,469	2,758,203

Note: As of December 31, 2022 and 2021, the KRW to TWD exchange rate were 0.024 and 0.023, respectively.

(C) Liquidity risk

a. Source and definition of liquidity risk

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

b. Liquidity risk management principle

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

c. Assessment on liquidity risk

(a) Set up liquidity risk indicator and warning in order to control adverse element to the liquidity. At the same time, analysis and appropriate measures are made to mitigate the extent of effects.

(b) Assessments are regularly made to the assets and liabilities denominated in major currencies on the balance sheet and the cash inflow, cash outflow and liquidity gap off the balance sheet by different time period.

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

(a) Financial assets held for liquidity risk management

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

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

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

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

I. Derivative financial instruments settled on a net basis

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

II. Derivative financial instruments settled on a gross basis

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

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

(BLANK)

December 31, 2022						
Financial assets	0~90 days		91 days~1 year		Over 1 year	Total
Non-derivative financial instruments						
Cash and cash equivalents	\$	72,897,831	\$	3,390,333	\$ 50,000	\$ 76,338,164
Due from Central Bank and call loans to other banks		45,699,051		14,887,498	19,103,611	79,690,160
Financial assets at fair value through profit or loss		320,444,256		51,875,782	79,986,427	452,306,465
Financial assets at fair value through other comprehensive income		40,211,587		23,954,186	274,166,635	338,332,408
Investments in bills and bonds under resale agreements		94,073,224		-	-	94,073,224
Receivables		140,085,745		50,292,288	12,333,095	202,711,128
Bills discounted and loans		241,491,698		198,684,721	568,412,913	1,008,589,332
Reinsurance contract assets		492,061		876,134	-	1,368,195
Financial assets at amortised cost		65,504,307		107,386,915	367,429,035	540,320,257
Restricted assets		-		-	2,726,292	2,726,292
Other financial assets		82,346,688		26,558	32,449,072	114,822,318
Other assets		15,151,595		541,570	21,472,623	37,165,788
Derivative financial instruments						
Financial assets at fair value through profit or loss						
Gross settlement						
Cash inflow		63,961,180		19,324,561	6,643,934	89,929,675
Cash outflow	(	62,550,991)	(	17,669,486)	(5,440,950)	(85,661,427)
Net settlement		654,834		1,429,610	1,051,014	3,135,458
Total	\$	1,120,463,066	\$	455,000,670	\$ 1,380,383,701	\$ 2,955,847,437
Financial liabilities						
Non-derivative financial instruments						
Deposits from Central Bank and other banks	\$	38,607,095	\$	-	\$ -	\$ 38,607,095
Due to Central Bank and other banks		-		-	-	-
Financial liabilities at fair value through profit or loss		32,758,909		-	2,256,712	35,015,621
Bills and bonds payable under repurchase agreements		165,145,273		32,733,638	26,258,580	224,137,491
Commercial paper payable		43,276,548		4,559,522	-	47,836,070
Payables		108,362,439		16,100,155	29,191,749	153,654,343
Deposits and remittances		352,297,313		492,555,499	562,588,687	1,407,441,499
Bonds payable		28,668		18,095,935	82,606,350	100,730,953
Other borrowings		36,461,503		517,003	11,481,693	48,460,199
Other financial liabilities		99,360,116		1,841,150	39,118,132	140,319,398
Other liabilities		58,025,844		32,679	1,489,032	59,547,555
Lease liabilities		257,627		1,036,334	4,847,745	6,141,706
Derivative financial instruments						
Financial liabilities at fair value through profit or loss						
Gross settlement						
Cash inflow	(	74,784,126)	(	17,836,384)	(8,612,554)	(101,233,064)
Cash outflow		75,988,914		18,746,111	9,826,560	104,561,585
Net settlement		1,809,664		2,197,142	1,533,288	5,540,094
Total	\$	937,595,787	\$	570,578,784	\$ 762,585,974	\$ 2,270,760,545

December 31, 2021						
Financial assets	0~90 days		91 days~1 year		Over 1 year	Total
Non-derivative financial instruments						
Cash and cash equivalents	\$	69,961,736	\$	10,686,593	\$ 87,292	\$ 80,735,621
Due from Central Bank and call loans to other banks		46,686,645		12,382,640	21,274,072	80,343,357
Financial assets at fair value through profit or loss		348,381,437		62,647,592	106,349,024	517,378,053
Financial assets at fair value through other comprehensive income		19,083,720		19,563,218	286,258,263	324,905,201
Investments in bills and bonds under resale agreements		44,125,764		2,329,200	-	46,454,964
Receivables		192,810,421		60,853,042	10,525,822	264,189,285
Bills discounted and loans		174,449,832		170,544,648	551,594,248	896,588,728
Reinsurance contract assets		469,188		860,333	-	1,329,521
Financial assets at amortised cost		110,669,178		43,916,838	353,841,886	508,427,902
Restricted assets		-		-	2,472,029	2,472,029
Other financial assets		78,432,205		25,808	32,746,739	111,204,752
Other assets		39,374,193		418,499	22,730,781	62,523,473
Derivative financial instruments						
Financial assets at fair value through profit or loss						
Gross settlement						
Cash inflow		54,809,210		18,441,184	9,130,150	82,380,544
Cash outflow	(	53,979,452)	(	18,295,811)	(8,982,730)	(81,257,993)
Net settlement		562,785		910,397	1,644,736	3,117,918
Total	\$	1,125,836,862	\$	385,284,181	\$ 1,389,672,312	\$ 2,900,793,355
Financial liabilities						
Non-derivative financial instruments						
Deposits from Central Bank and other banks	\$	22,360,631	\$	3,263,493	\$ -	\$ 25,624,124
Due to Central Bank and other banks		19,990		819,710	-	839,700
Financial liabilities at fair value through profit or loss		68,702,426		708,255	7,988,911	77,399,592
Bills and bonds payable under repurchase agreements		128,727,504		24,785,976	30,352,369	183,865,849
Commercial paper payable		46,707,205		3,276,297	-	49,983,502
Payables		137,368,028		24,333,737	52,086,400	213,788,165
Deposits and remittances		248,061,065		439,161,368	687,779,950	1,375,002,383
Bonds payable		2,030,822		6,687,896	71,294,873	80,013,591
Other borrowings		47,239,030		3,594,770	9,164,400	59,998,200
Other financial liabilities		81,937,686		2,330,674	42,351,068	126,619,428
Other liabilities		95,329,056		8,376	2,823,575	98,161,007
Lease liabilities		274,381		1,096,086	5,813,723	7,184,190
Derivative financial instruments						
Financial liabilities at fair value through profit or loss						
Gross settlement						
Cash inflow	(	45,687,854)	(	15,746,435)	(11,846,207)	(73,280,496)
Cash outflow		47,003,289		15,888,814	12,126,186	75,018,289
Net settlement		312,943		207,379	792,920	1,313,242
Total	\$	880,386,202	\$	510,416,396	\$ 910,728,168	\$ 2,301,530,766

Maturity analysis for above deposits and remittances are amortised to each period based on historical experience. Given that all the deposits and remittances have to be paid in the shortest possible time, as of December 31, 2022 and 2021, expenses on period of 0-90 days will increase by \$ 658,355,590 and \$729,314,251, respectively.

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

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

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

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

		December 31, 2022			
		Less than 1 year	1 ~5 years	More than 5 years	Total
Off balance sheet					
Unused loan commitment	\$	17,517,117	\$ -	\$ -	\$ 17,517,117
Unused credit commitment		2,378,257	-	-	2,378,257
Guarantees		9,236,552	-	-	9,236,552
Capital expenditure commitment		3,449,360	5,185,417	-	8,634,777
		December 31, 2021			
		Less than 1 year	1 ~5 years	More than 5 years	Total
Off balance sheet					
Unused loan commitment	\$	22,005,017	\$ -	\$ -	\$ 22,005,017
Unused credit commitment		2,495,253	-	-	2,495,253
Guarantees		10,180,354	-	-	10,180,354
Capital expenditure commitment		1,859,020	4,468,852	-	6,327,872

(D) Transfer of financial assets

Transferred financial assets not fully derecognized

- The Yuanta Group has financial assets that are fully or partially derecognized through transactions of transfer of financial assets to others. When the Yuanta Group receives the contract right of cash flow from the financial assets, or retains the above rights but bears obligation to pay the cash flow to one or more recipients and the risks and compensation of rights are mostly transferred, the assets should be derecognized. If the Yuanta Group still retains most of the risks and compensation of rights, the Yuanta Group should continue recognises the financial assets. If the Yuanta Group does not transfer or retains most of the risks and compensation of rights and maintains control over the assets, the Yuanta Group should continue recognize the part of financial assets that are involved.
- Financial assets that do not meet the derecognition conditions are mainly: (1) convertible bonds transferred to counterparties during transactions of exchanging assets and (2) bonds sold under repurchase agreements. The targeted assets exchanged in the transactions are either acquired through public subscription, book building, auctions or others by the Yuanta Group or owned by the Yuanta Group for proprietary trading, and are sold to counterparties in order to receive consideration. During the contract period, the contracted interest compensation is exchanged for bond interest and interest refund arising from the convertible bonds held by the counterparties. The Yuanta Group obtains rights to repurchase the convertible bonds before the end of contract expiration date. As the options are neither deep-in-the-money nor deep-out-of-the-money at transactions, the Yuanta Group must further assess whether to retain the control over the convertible bonds. Since the convertible bonds cannot be easily obtained in markets, the Yuanta Group still keeps its control over the assets and continuing involvement. Because transactions in respect to the repurchase agreements of debt instruments and bills had transferred their receivable

contractual cash flows to other parties, and are reflected in the Consolidated Company's related liabilities, which indicate the obligation to repurchase transferred financial assets in a specified future period within a fixed price, the Consolidated Company, within the effective period of the transaction, cannot use, sell or pledge the already transferred financial asset, but must still bear interest risk and credit risk. Thus, such financial assets were not derecognized in its entirety.

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

December 31, 2022		
<u>Financial assets category</u>	<u>Carrying amount of transferred financial assets</u>	<u>Carrying amount of related financial liabilities</u>
Convertible corporate bonds transferred to the trading counterparties through asset swap	\$ 25,532,094	\$ 23,641,439
Bonds sold under repurchase agreements	214,155,002	212,822,398
Bills sold under repurchase agreements	11,294,413	11,315,093
December 31, 2021		
<u>Financial assets category</u>	<u>Carrying amount of transferred financial assets</u>	<u>Carrying amount of related financial liabilities</u>
Convertible corporate bonds transferred to the trading counterparties through asset swap	\$ 23,245,037	\$ 18,882,931
Bonds sold under repurchase agreements	186,986,238	183,865,849

(E) Offsetting financial assets and financial liabilities

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

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

a. Financial assets

December 31, 2022

Financial assets that are offset, or can be settled under agreements of net settled master netting arrangements or similar arrangements							
Description	Gross amounts of recognised financial assets(a)	Gross amounts of recognised financial liabilities set off in the balance sheet(b)	Net amounts of financial assets presented in the balance sheet (c)=(a)-(b)	Related amounts not set off in the balance sheet(d)(Note 1)			
				Financial instruments (Note 2)	Cash collateral received	Net amount (e)=(c)-(d)	
Derivative instruments	\$ 12,444,763	\$ -	\$ 12,444,763	\$ 8,984,759	\$ 1,467,786	\$ 1,992,218	
Bonds purchased under resale agreements	72,876,818	-	72,876,818	69,671,818	3,153,146	51,854	
Bills under resale agreements	21,196,406	-	21,196,406	20,946,600	-	249,806	

December 31, 2021

Financial assets that are offset, or can be settled under agreements of net settled master netting arrangements or similar arrangements							
Description	Gross amounts of recognised financial assets(a)	Gross amounts of recognised financial liabilities set off in the balance sheet(b)	Net amounts of financial assets presented in the balance sheet (c)=(a)-(b)	Related amounts not set off in the balance sheet(d)(Note 1)			
				Financial instruments (Note 2)	Cash collateral received	Net amount (e)=(c)-(d)	
Derivative instruments	\$ 7,236,667	\$ -	\$ 7,236,667	\$ 4,528,788	\$ 1,725,916	\$ 981,963	
Bonds purchased under resale agreements	46,454,964	-	46,454,964	41,819,387	3,742,680	892,897	

b. Financial liabilities

December 31, 2022

December 31, 2021						
Financial liabilities that are offset, or can be settled under agreements of net settled master netting arrangements or similar arrangements				Related amounts not set off in the balance sheet(d)(Note 1)		
Description	Gross amounts of recognised financial liabilities(a)	Gross amounts of recognised financial assets set off in the balance sheet(b)	Net amounts of financial liabilities presented in the balance sheet (c)=(a)-(b)	Financial instruments	Cash collateral received	Net amount (e)=(c)-(d)
				(Note 3)		
Derivative instruments	\$ 20,624,935	\$ -	\$ 20,624,935	\$ 14,631,689	\$ 4,011,072	\$ 1,982,174
Bonds sold under repurchase agreements	212,822,398	-	212,822,398	212,485,262	337,136	-
Bills sold under repurchase agreements	11,315,093	-	11,315,093	11,294,413	-	20,680
December 31, 2021						

December 31, 2021						
Financial liabilities that are offset, or can be settled under agreements of net settled master netting arrangements or similar arrangements						
				Related amounts not set off in the		
				balance sheet(d)(Note 1)		
		Gross amounts of	Net amounts of			
	Gross amounts of	recognised financial	financial liabilities	Financial	Cash collateral	Net amount
Description	recognised financial	assets set off in the	presented in the	instruments	received	(e)=(c)-(d)
	liabilities(a)	balance sheet(b)	balance sheet	(Note 3)		
			(c)=(a)-(b)			
Derivative instruments	\$ 9,115,988	\$ -	\$ 9,115,988	\$ 6,586,777	\$ 918,823	\$ 1,610,388
Bonds sold under repurchase agreements	183,865,849	-	183,865,849	183,811,212	54,637	

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

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

Note 3: Including net settled master netting arrangements.

(F) Interest Rate Benchmark Reform

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

In order to effectively control the risk of interest rate benchmark reform, Yuanta Group has a LIBOR transition plan, including the governance framework for top-down and cross segment, internal training and continuous evaluating and identifying the effects of contract remediation, communicating with trading counterparty, risk management and valuation model, operating process and system, accounting and tax. As of December 31, 2022, the Yuanta Group completed confirming the affected transactions, risk and system and was expected to be completed before the exit of LIBOR. As of December 31, 2022, the Yuanta Group's financial instruments which were affected by the interest rate benchmark reform were as follows.

Item	Carrying amount	
	Assets	Liabilities
Derivative financial instruments	\$ 1,475,693	\$ 3,444,249
Non-derivative financial instruments	29,873,833	-

(G) Insurance risk

a. Measurement and management of insurance risk

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

(a) Life insurance

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

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

(b) Variable life insurance

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

(c) Accident insurance and health insurance

The main risks of accident insurance and health insurance comprise of the occurrence of the accident rate and the morbidity rate. The Yuanta Group tracks loss rate of each insurance type, assesses the premium rate of main insurance products on the market, and makes related statistical measurement of occurrence of the accident rate and the morbidity rate, such as cash flow test and experience test in order to evaluate the impact toward the overall operation or the extent of negative impact arising accordingly, and to further determine whether or not to cease the sale of the product and adjust the premium rate of the new product. The Yuanta Group also arranges reinsurance ceded to mitigate overall potential risk of loss from claims in the future.

(d) Management of insurance risk

I. Risk management of policy underwriting

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

accuracy and timeliness of policy underwritings.

II. Risk management of payment of claims

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

III. Risk of product designing and pricing

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

b. Insurance risk concentration

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

c. Liability adequacy test

According to the relevant insurance regulation, the assumption factors adopted have been locked-in during pricing. However, the assumption may vary from the actual experience as time goes by. Pursuant to IFRS 4, ‘Insurance contracts’, the Yuanta Group should perform liability adequacy test accordingly to determine whether or not the recognised insurance liability is adequate. In respect of overall insurance contracts of the Yuanta Group as of December 31, 2022 and 2021, the liabilities will still be adequate on the assumption that the mortality, lapse, and expense rates all change by 10% and inflation rate changes by 1%.

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

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

(a) Credit risk

Credit risks primarily refer to the risk of a reinsurer’s failure to fulfil its obligations on the ceded business, which leads to its inability to share its stake of the premiums, claims and other expenses. To manage this risk, the Yuanta Group will, all conditions being equal, foremost consider the distribution to different reinsurers to mitigate the concentration risk. The reinsurers will be selected prudently in accordance with the reinsurance risk management plan as set by the Yuanta Group. To mitigate

the credit risk, the reinsurance agreement will require that reinsurance fees shall be paid on a net basis by deducting any receivables or share of payments recoverable from the reinsurer. In addition, the Yuanta Group will demand the inclusion of a special termination clause in the reinsurance agreement, allowing the Yuanta Group to terminate the agreement in the circumstances that the reinsurer defaults on its obligations to limit further credit risk.

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

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

(b) Liquidity risk

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

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

Net cash flows used in (provided by) the insurance contracts:

	December 31, 2022	December 31, 2021
Less than 1 year	(\$ 2,003,722)	(\$ 3,321,539)
1 ~5 years	23,126,077	18,352,896
6 ~15 years	105,179,714	94,350,259
More than 15 years	570,041,728	522,891,775
Total	<u>\$ 696,343,797</u>	<u>\$ 632,273,391</u>

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

(c) Market risk

Pursuant to the “Regulations Governing the Setting Aside of Various Reserves by Insurance Enterprises” and relevant regulations, the Yuanta Group calculates and sets aside statutory reserves in accordance with assumed interest rate and incidence rate regulated by the supervisors. As the assumed interest rate is pre-determined as at policy issuance, the statutory reserves will not change with market interest rate fluctuations. The regulator will regularly review the discount rate assumption, which however may not necessarily correspond to the market risk factors (e.g. market interest rate) in terms of time, amount, or direction, and it is only applicable to the new policies. Therefore, the impact of probable changes in market risks on the statutory reserves of

the Yuanta Group's in-force insurance policies is negligible. In case the regulator changes the discount rate assumption, its impact on profit/loss or equity will vary depending on the range of the change and the Yuanta Group's overall product mix. Furthermore, reasonable and probable variations in market risks may affect the liability adequacy test, which requires the future cash flows for insurance contracts and financial instruments with discretionary participation features to be estimated based on the current information as at the balance sheet date to assess whether recognised insurance liabilities are adequate. Please refer to the liability adequacy test for the impact of market risk variables on the current liability adequacy of the Yuanta Group.

(4) Capital adequacy ratio:

Expressed In Thousands of New Taiwan Dollars December 31, 2022			
	Financial Holding Company		
	Shareholding Ratio	Eligible capital	Minimum capital
Financial holding company	-	\$ 256,272,433	\$ 292,041,702
Bank subsidiaries	100.00%	134,758,411	96,564,581
Securities subsidiaries	100.00%	85,003,269	26,507,976
Insurances subsidiaries	100.00%	30,521,303	12,147,468
Futures subsidiaries	66.27%	8,529,512	4,892,338
Venture capital subsidiaries	100.00%	2,747,844	1,420,846
Securities Investment Trust subsidiaries	74.71%	4,531,441	2,673,586
Other subsidiaries	100.00%	4,164,175	2,207,354
Deduction items		(308,833,954)	(290,751,677)
Subtotal		\$ 217,694,434	\$ 147,704,174
Capital adequacy ratio of the Consolidated Company			147.39%

Expressed In Thousands of New Taiwan Dollars December 31, 2021			
	Financial Holding Company		
	Shareholding Ratio	Eligible capital	Minimum capital
Financial holding company	-	\$ 268,970,625	\$ 305,806,950
Bank subsidiaries	100.00%	134,478,132	91,635,561
Securities subsidiaries	100.00%	86,322,796	31,271,253
Insurances subsidiaries	100.00%	28,304,178	10,099,034
Futures subsidiaries	66.27%	8,184,277	4,720,654
Venture capital subsidiaries	100.00%	3,759,269	1,937,030
Securities Investment Trust subsidiaries	74.71%	4,397,758	2,590,349
Other subsidiaries	100.00%	4,022,094	2,154,720
Deduction items		(316,986,360)	(301,303,505)
Subtotal		\$ 221,452,769	\$ 148,912,046
Capital adequacy ratio of the Consolidated Company			148.71%

As of December 31, 2022, the financial holding's net eligible capital was as follows:

Item	Amount
Common stocks	\$ 125,015,590
Additional paid-in capital	38,010,564
Legal reserve	20,481,785
Special reserve	6,549,234
Accumulated earnings	73,279,144
Other equity	(6,968,170)
Less: goodwill and other intangible assets	(17,102)
Less: deferred assets	(78,612)
Total net eligible capital	<u>\$ 256,272,433</u>

As of December 31, 2021, the financial holding's net eligible capital was as follows:

Item	Amount
Common stocks	\$ 121,374,360
Additional paid-in capital	37,885,949
Legal reserve	17,040,473
Special reserve	6,549,234
Accumulated earnings	77,775,254
Other equity	8,410,191
Less: goodwill and other intangible assets	(14,504)
Less: deferred assets	(50,332)
Total net eligible capital	<u>\$ 268,970,625</u>

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

(Expressed In Millions of New Taiwan Dollars)		
December 31, 2022		
Name	Total of business credit, endorsements, or other transactions	Percentage of net value of the company (%)
Same individual:		
Central Bank, R.O.C	\$ 172,775	67.39
Securities Korea_Korea_Finance and Insurance Industry	118,672	46.29
Central Government, R.O.C	116,162	45.31
Agricultural Bank of Taiwan	34,729	13.55
Taiwan Cement Corporation	19,540	7.62
U.S. Government	19,533	7.62
Taiwan Semiconductor Manufacturing Co., Ltd.	16,671	6.50
Taiwan Depository & Clearing Corporation	15,011	5.86
Securities Korea_Korea_Public Administration and National Defense	11,797	4.60
ASE Technology Holding Co., Ltd.	10,875	4.24
CPC Corporation, Taiwan	10,771	4.20
Nan Ya Plastics Corporation	10,022	3.91
Chunghwa Telecom Co., Ltd.	9,610	3.75
Uni-President Enterprises Group	9,505	3.71
China Steel Corporation	8,790	3.43
Cathay Financial Holding Co., Ltd.	8,756	3.42
Quanta Computer Inc.	8,416	3.28
GlobalWafers Co., Ltd.	8,333	3.25
Taiwan Cooperative Bank	8,150	3.18
Taiwan Stock Exchange	8,079	3.15
Taiwan Water Corporation	7,949	3.10
National Australia Bank Ltd.	7,719	3.01
Far Eastern New Century Corporation	7,320	2.86
Taiwan Futures Exchange	7,220	2.82
First Financial Holding Co. Ltd.	6,806	2.65
TSMC Global Ltd.	6,451	2.52
JPMorgan Chase & Co.	6,373	2.49
Federal National Mortgage Association	6,343	2.47
SinoPac Securities Corporation	6,330	2.47
China Bills Finance Corporation	6,303	2.46
DING SHUAI Development Co., Ltd.	6,294	2.45
Federal Home Loan Mortgage CORPORATION	6,209	2.42
ASUSTEK COMPUTER INCORPORATION	6,143	2.40
CTBC Financial Holding Co., Ltd.	5,964	2.33
Asia Cement Corporation	5,778	2.25
Commonwealth Bank of Australia	5,773	2.25
YO JI CONSTRUCTION CO., LTD.	5,700	2.22
WESTPAC GROUP	5,644	2.20
Formosa Chemicals & Fibre Corporation	5,642	2.20
STATE OF ISRAEL	5,431	2.12
BNP Paribas	5,320	2.08
Far Eastone Telecommunications Co., Ltd.	5,316	2.07
Fubon Securities Investment Trust Co., Ltd	5,260	2.05
ABU DHABI GOVT INTL	5,122	2.00
Mega Financial Holding Company Ltd.	5,041	1.97
Taiwan Mobile Co., Ltd.	4,985	1.94
Taiwan Power Company	4,949	1.93
Capital Securities Investment Trust Co., Ltd	4,808	1.88
Aerospace Industrial Development Corporation	4,773	1.86

(Expressed In Millions of New Taiwan Dollars)			
December 31, 2022			
Name	Total of business credit,		Percentage of net value of the company (%)
	endorsements, or other transactions		
Same individual:			
ASE Technology Holding Co., Ltd.	\$	4,699	1.83
Bank Korea Branch_Korea_Real Estate Industry		4,676	1.82
Apple Inc.		4,612	1.80
Shanghai Commercial and Savings Bank		4,517	1.76
Formosa Plastics Corporation		4,486	1.75
Chang Chun Petrochemical Co., Ltd.		4,472	1.74
Formosa Group (Cayman) Limited		4,458	1.74
Yuan Ding Investment Corp.		4,393	1.71
Formosa Petrochemical Corp		4,364	1.70
TATUNG CO.		4,301	1.68
CTBC Bank Co., Ltd.		4,301	1.68
Wan Hai Lines Limited		4,212	1.64
BANK OF THAILAND		4,197	1.64
Taiwan High Speed Rail Corporation		4,118	1.61
Taishin International Bank Co., Ltd.		4,041	1.58
Synnex Technology International Corporation		4,009	1.56
STATE OF QATAR		3,927	1.53
Bank Korea Branch_Korea_Finance and Insurance Industry		3,926	1.53
The Bank of Tokyo-Mitsubishi UFJ		3,851	1.50
Taiwan Railways Administration		3,824	1.49
ADCB Finance Cayman Ltd		3,711	1.45
FIRST ABU DHABI BANK PJS		3,705	1.45
BANK OF AMERICA CORP		3,648	1.42
RABO BANK NEDERL-ANDS(New York)		3,523	1.37
SUNPOWER CONSTRUCTION CO., LTD.		3,523	1.37
Lien-Jade Construction Co.,Ltd.		3,494	1.36
Shuohe Development Co., Ltd.		3,484	1.36
UNITED OVERSEAS BANK LTD.		3,421	1.33
GOLDMAN SACHS GROUP INC		3,417	1.33
Wells Fargo & Company		3,400	1.33
RUN LONG CONSTRUCTION CO., LTD.		3,390	1.32
Compal Electronics, Inc		3,386	1.32
FORMOSA HA TINH (CAYMAN) LIMITED		3,378	1.32
AUSTRALIAN GOVERNMENT		3,368	1.31
VISA INC		3,358	1.31
Sumitomo Mitsui Financial Group Inc		3,337	1.30
Bank Korea Branch_Korea_Natural Person		3,320	1.30
IBF Securities Co., Ltd.		3,316	1.29
CITIGROUP INC		3,308	1.29
IBM		3,304	1.29
Securities Korea_U.S._Public Administration and National Defense		3,262	1.27
KEB Hana Bank		3,212	1.25
UBS Taiwan		3,201	1.25
Crédit Agricole Corporate and Investment Bank		3,195	1.25
Leofoo Development Co.Ltd.		3,150	1.23
Hua Nan Commercial Bank, Ltd.		3,143	1.23
Alphabet Inc.		3,134	1.22
VEDAN Enterprise Corporation		3,133	1.22
FORMOSA HA TINH STEE		3,132	1.22
The Export-Import Bank of the Republic of China		3,131	1.22
BARCLAYS BANK PLC		3,091	1.21
SAUDI ARABIAN OIL CO		3,088	1.20
Wistron Corporation		3,087	1.20

(Expressed In Millions of New Taiwan Dollars) December 31, 2022		
Name	Total of business credit, endorsements, or other transactions	Percentage of net value of the company (%)
Same individual:		
Australia and New Zealand Banking Group	\$ 3,073	1.20
COMCAST CORP	3,027	1.18
Total	1,000,397	390.19
Same related party:		
Mr. Jin and its related parties	\$ 25,427	9.92
Mr. Lin and its related parties	19,902	7.76
Mr. Liao and its related parties	16,688	6.51
Mr. Chen and its related parties	11,326	4.42
Mr. Wu and its related parties	7,452	2.91
Mr. Hsu and its related parties	6,535	2.55
Mr. Wang and its related parties	6,340	2.47
Mr. Huang and its related parties	5,917	2.31
Mr. Chang and its related parties	4,349	1.70
Mr. Yang and its related parties	4,188	1.63
Mr. Yang and its related parties	4,181	1.63
Mr. Hsu and its related parties	4,155	1.62
Mr. Li and its related parties	3,851	1.50
Mr. Chang and its related parties	3,667	1.43
Mr. Chang and its related parties	3,615	1.41
Mr. Yang and its related parties	3,461	1.35
Mr. Kuo and its related parties	3,351	1.31
Mr. Chang and its related parties	3,279	1.28
Mr. Yang and its related parties	3,237	1.26
Mr. Yen and its related parties	3,144	1.23
Mr. Ding and its related parties	3,074	1.20
Mr. Lin and its related parties	3,063	1.19
Mr. Chen and its related parties	3,032	1.18
Total	153,234	59.77
Same affiliated company:		
Formosa Plastic Group	\$ 38,772	15.12
Far Eastern Group	30,485	11.89
Taiwan Semiconductor Group	27,634	10.78
Taiwan Stock Exchange	23,106	9.01
Taiwan Cement Group	21,464	8.37
CTBC Financial Holding Group	16,967	6.62
ASE Group	15,575	6.08
Uni-President Enterprises Group	15,397	6.01
China Steel Corporation Group	15,226	5.94
Taiwan Cooperative Financial Holding Co., Ltd.	13,229	5.16
Cathay Holdings Group	13,182	5.14
Yong Feng Yu Group	13,010	5.07
First Financial Holdings Group	12,390	4.83
Fubon Group	11,309	4.41
Chunghwa Telecom Company, Ltd.	9,701	3.78
Quanta Computer Group	9,351	3.65
MAW DER Property Development Group	9,074	3.54
SINO-AMERICAN SILICON PRODUCTS INC.	8,461	3.30
Mega Financial Holdings Group	8,167	3.19
KINPO Group	7,907	3.08
MiTAC-SYNNEX Group	7,726	3.01
China Development Group	7,515	2.93
JPMorgan Chase & Co.	6,979	2.72

(Expressed In Millions of New Taiwan Dollars)		
December 31, 2022		
Name	Total of business credit,	Percentage of net value
	endorsements, or other transactions	of the company (%)
O-Bank Group	\$ 6,803	2.65
Commonwealth Bank of Australia	6,676	2.60
Wistron Corporation	6,433	2.51
Taishin Financial Holdings Group	6,254	2.44
Crédit Agricole Group	6,183	2.41
ASUS Group	6,157	2.40
Hua Nan Financial Holdings Group	5,981	2.33
BNP Paribas S.A.	5,883	2.29
Foxconn Technology Group	5,829	2.27
Evergreen Group	5,420	2.11
IBF Financial Holdings Group	5,342	2.08
ADCB Group	5,334	2.08
Shin Kong Group	5,320	2.08
Four Union Group	5,262	2.05
Macquarie Taiwan	4,900	1.91
Mitsubishi UFJ Financial Group	4,786	1.87
Kingtown & Construction Co., Ltd	4,680	1.83
Union Group	4,638	1.81
Tatung Company	4,303	1.68
Wan Hai & Shihlin Paper Group	4,292	1.67
Vedan Group	4,183	1.63
Berkshire Hathaway Group	4,176	1.63
LIEN JADE Construction Group	4,130	1.61
Lealea Group	4,074	1.59
Australia and New Zealand Banking Group	3,891	1.52
Yulon Group	3,843	1.50
Tung Ho Steel Group	3,800	1.48
HIGHWEALTH Group	3,706	1.45
Hotai Motor Group	3,702	1.44
Foxlink Group	3,650	1.42
Sumitomo Mitsui Financial Group	3,625	1.41
Fu Yu Construction Group	3,581	1.40
United Overseas Bank Group	3,574	1.39
Wintech Microelectronics Group	3,531	1.38
AURORA Group	3,412	1.33
BenQ Group	3,389	1.32
USI Group	3,322	1.30
Total	516,692	201.50
	\$ 1,670,323	651.46
(Expressed In Millions of New Taiwan Dollars)		
December 31, 2021		
Name	Total of business credit,	Percentage of net value
	endorsements, or other transactions	of the company (%)
Same individual:		
Central Bank, R.O.C	\$ 197,172	73.29
Central Government, R.O.C	133,072	49.46
Securities Korea_Korea_Finance and Insurance Industry	114,270	42.47
Taiwan Cement Corporation	21,981	8.17
Taiwan Semiconductor Manufacturing Co., Ltd.	18,952	7.04
CPC Corporation, Taiwan	14,078	5.23
U.S. Government	13,569	5.04

(Expressed In Millions of New Taiwan Dollars)		
December 31, 2021		
Name	Total of business credit, endorsements, or other transactions	Percentage of net value of the company (%)
Same individual:		
Taiwan Power Company	\$ 12,108	4.50
GlobalWafers Co., Ltd.	11,438	4.25
Taiwan Depository & Clearing Corporation	10,333	3.84
Far Eastern New Century Corporation	9,679	3.60
CTBC Financial Holding Co., Ltd.	9,404	3.50
Cathay Financial Holding Co., Ltd.	9,112	3.39
ASE Technology Holding Co., Ltd.	8,465	3.15
Nan Ya Plastics Corporation	7,836	2.91
Far Eastone Telecommunications Co., Ltd.	7,791	2.90
Uni-President Enterprises Group	7,415	2.76
Chunghwa Telecom Co., Ltd.	7,397	2.75
Taiwan Cooperative Bank	7,379	2.74
Asia Cement Corporation	7,360	2.74
China Steel Corporation	7,129	2.65
Taiwan Water Corporation	6,827	2.54
YO JI CONSTRUCTION CO., LTD.	6,802	2.53
Taiwan Mobile Co., Ltd.	6,716	2.50
TSMC Global Ltd.	6,637	2.47
Federal National Mortgage Association	6,514	2.42
Federal Home Loan Mortgage CORPORATION	6,496	2.41
Quanta Computer Inc.	6,453	2.40
Taiwan Futures Exchange	6,357	2.36
TING-SHUAI Development Co., Ltd.	6,340	2.36
Chang Chun Petrochemical Co., Ltd.	6,172	2.29
Fubon Securities Investment Trust Co., Ltd.	5,974	2.22
Taiwan Stock Exchange	5,948	2.21
JPMorgan Chase & Co.	5,923	2.20
Waverley Logistics Limited.,Taiwan Branch	5,920	2.20
National Australia Bank Ltd.	5,901	2.19
Formosa Chemicals & Fibre Corporation	5,868	2.18
First Abu Dhabi Bank PJS	5,699	2.12
Formosa Plastics Corporation	5,548	2.06
BNP Paribas	5,419	2.01
STATE OF ISRAEL	5,277	1.96
Capital Securities Investment Trust Co., Ltd.	5,228	1.94
ABU DHABI GOVT INTL	5,129	1.91
Taiwan High Speed Rail Corp.	5,104	1.90
Formosa Group (Cayman) Limited	5,024	1.87
UBS of Australia Corp.	5,020	1.87
Yuan Ding Investment Corp.	4,964	1.85
Shanghai Commercial and Savings Bank	4,683	1.74
Credit Suisse International	4,436	1.65
Commonwealth Bank of Australia	4,346	1.62
EVA Airways Corporation	4,327	1.61
TATUNG CO.	4,317	1.61
Evergreen Marine Corp.	4,243	1.58
FORMOSA HA TINH (CAYMAN) LIMITED	4,237	1.58
ASUSTEK COMPUTER INCORPORATION	4,227	1.57
CTBC Investments	4,130	1.54
Agricultural Bank of Taiwan	4,099	1.52
Sumitomo Mitsui Financial Group Inc	4,016	1.49
Highwealth Construction Corp.	4,012	1.49
BANK OF THAILAND	4,009	1.49

(Expressed In Millions of New Taiwan Dollars)		
December 31, 2021		
Name	Total of business credit, endorsements, or other transactions	Percentage of net value of the company (%)
Same individual:		
The Bank of Tokyo-Mitsubishi UFJ	\$ 3,994	1.49
Securities Korea_Korea_Public Administration and National Defense	3,932	1.46
The Export-Import Bank of the Republic of China	3,901	1.45
WESTPAC GROUP	3,869	1.44
Wistron Corporation	3,775	1.40
Coöperatieve Rabobank U.A.	3,750	1.39
Apple Inc.	3,715	1.38
STATE OF QATAR	3,652	1.36
Wells Fargo & Company	3,642	1.35
Pegatron Corporation	3,561	1.32
Bank Korea Branch_Korea_Real Estate Industry	3,558	1.32
ASE Technology Holding Co., Ltd.	3,514	1.31
Cheng Shin Rubber Ind., Co., Ltd.	3,448	1.28
SAUDI INTERNATIONAL BOND	3,448	1.28
Lien-Jade Construction Co., Ltd.	3,415	1.27
CTBC Securities Co., Ltd.	3,398	1.26
Visa Inc.	3,389	1.26
KKY Co., Ltd.	3,382	1.26
SUNPOWER CONSTRUCTION CO., LTD.	3,372	1.25
United Microelectronics Corporation	3,304	1.23
Shuohe Development Co., Ltd.	3,280	1.22
BANK OF AMERICA CORP	3,257	1.21
Compal Electronics, Inc.	3,234	1.20
ADCB FINANCE CAYMAN LTD	3,233	1.20
Radium Life Tech Co., Ltd.	3,232	1.20
Bank Korea Branch_Korea_Natural Person	3,231	1.20
Formosa Petrochemical Corp.	3,176	1.18
Alphabet Inc.	3,159	1.17
Hana Bank	3,140	1.17
GOVERNMENT NATIONAL MORTGAGE ASSOCIATION	3,125	1.16
Securities Korea_US_Finance and Insurance Industry	3,090	1.15
Export-Import Bank of Korea	3,068	1.14
Leofoo Development Co., Ltd.	3,050	1.13
Australia and New Zealand Banking Group	3,048	1.13
USI Corporation	3,028	1.13
Cathay Securities Investment Trust Co., Ltd.	3,006	1.12
Total	966,658	359.31
Same related party:		
Mr. Jin and its related parties	\$ 26,130	9.71
Mr. Lin and its related parties	22,310	8.29
Mr. Liao and its related parties	18,980	7.06
Mr. Wu and its related parties	9,882	3.67
Mr. Chen and its related parties	8,689	3.23
Mr. Lin and its related parties	7,503	2.79
Mr. Huang and its related parties	5,653	2.10
Mr. Chang and its related parties	5,167	1.92
Mr. Chang and its related parties	4,948	1.84
Mr. Chang and its related parties	4,394	1.63
Mr. Chang and its related parties	4,369	1.63
Mr. Chen and its related parties	4,248	1.58
Mr. Xu and its related parties	3,990	1.48
Mr. Ding and its related parties	3,950	1.47
Mr. Yang and its related parties	3,749	1.39

(Expressed In Millions of New Taiwan Dollars)		
December 31, 2021		
Name	Total of business credit, endorsements, or other transactions	Percentage of net value of the company (%)
Same related party:		
Mr. Li and its related parties	\$ 3,730	1.39
Mr. Yang and its related parties	3,728	1.39
Mr. Yang and its related parties	3,722	1.38
Mr. Chang and its related parties	3,191	1.19
Total	148,333	55.14
Same affiliated company:		
Formosa Plastic Group	\$ 37,402	13.90
Far Eastern Group	36,050	13.40
Taiwan Semiconductor Group	28,612	10.63
Taiwan Cement Group	22,949	8.53
CTBC Financial Holding Group	21,275	7.91
Taiwan Stock Exchange	16,290	6.05
Cathay Holdings Group	15,214	5.65
Fubon Group	13,864	5.15
Uni-President Enterprises Group	12,731	4.73
ASE Group	12,506	4.65
Taiwan Cooperative Financial Holding Co., Ltd.	12,471	4.64
Sino-American Silicon Products Inc	11,728	4.36
China Steel Corporation Group	11,518	4.28
Evergreen Group	9,016	3.35
CHANG CHUN Group	7,777	2.89
Yong Feng Yu Group	7,570	2.81
JPMorgan Chase & Co.	7,502	2.79
Chunghwa Telecom Company, Ltd.	7,452	2.77
China Development Group	6,958	2.59
Foxconn Technology Group	6,690	2.49
Quanta Computer Group.	6,542	2.43
First Financial Holdings Group	6,252	2.32
Hua Nan Financial Holdings Group	6,237	2.32
BNP Paribas S.A.	6,195	2.30
Crédit Agricole Group	5,895	2.19
Yulon Group	5,848	2.17
Wistron Corporation	5,585	2.08
Credit Suisse Group AG	5,530	2.06
Shin Kong Group	5,364	1.99
New Kinpo Group	5,296	1.97
Commonwealth Bank of Australia	5,262	1.96
Mega Financial Holdings Group	4,988	1.85
Four Union Group	4,889	1.82
The Shanghai Commercial & Savings Bank, Ltd.	4,752	1.77
HIGHWEALTH Group	4,519	1.68
MiTAC-Synnex Group	4,396	1.63
Tatung Company	4,322	1.61
ASUS Group	4,278	1.59
Cheng Shin Group	4,154	1.54
Taishin Financial Holdings Group	4,115	1.53
Sumitomo Mitsui Financial Group	4,057	1.51
United Microelectronics Corporation	3,937	1.46
USI Group	3,889	1.45
Pegatron Group	3,810	1.42
Ting Hsin International Group	3,739	1.39

(Expressed In Millions of New Taiwan Dollars) December 31, 2021		
Name	Total of business credit, endorsements, or other transactions	Percentage of net value of the company (%)
Same affiliated company:		
Vedan Group	\$ 3,724	1.38
Lealea Group	3,702	1.38
Testrite Group	3,602	1.34
LIEN JADE Construction Group	3,513	1.31
O-Bank Co., Ltd.	3,499	1.30
Radium Life Tech Co., Ltd.	3,385	1.26
E.SUN Financial Holding Co., Ltd.	3,320	1.23
Kingtown & Construction Co., Ltd.	3,291	1.22
Sinar Mas Group	3,289	1.22
IBF Financial Holdings Group	3,189	1.19
Foxlink Group	3,170	1.18
Total	467,110	173.62
	\$ 1,582,101	588.07

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

None.

(7) Information for discontinued operations:

None.

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

None.

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

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

(10) Information for private placement securities:

None.

(11) Financial information by business segments

Information by business segments for the year ended December 31, 2022 is as follows:

(Expressed In Thousands of New Taiwan Dollars)

Item	Bank business	Securities business	Futures business	Insurance business	Other businesses	Consolidated
Net interest income (loss)	\$ 14,940,545	\$ 4,962,464	\$ 671,191	\$ 10,464,790	(\$ 337,625)	\$ 30,701,365
Net non-interest income	<u>5,284,415</u>	<u>35,225,968</u>	<u>2,172,494</u>	<u>13,970,301</u>	<u>4,147,339</u>	<u>60,800,517</u>
Net profit	20,224,960	40,188,432	2,843,685	24,435,091	3,809,714	91,501,882
Provision for bad debt expenses, commitment and guarantee policy reserve	(361,604)	40,861	2,795	(242)	-	(318,190)
Net change in provisions for insurance liabilities	-	-	-	(19,533,972)	-	(19,533,972)
Operating expenses	(11,227,465)	(26,289,744)	(1,462,433)	(1,568,172)	(2,688,093)	(43,235,907)
Net income from continuing operations before income tax	8,635,891	13,939,549	1,384,047	3,332,705	1,121,621	28,413,813
Income tax expense	(1,574,463)	(2,662,434)	(277,117)	(289,553)	(899,833)	(5,703,400)
Consolidated income, net of tax	<u>\$ 7,061,428</u>	<u>\$ 11,277,115</u>	<u>\$ 1,106,930</u>	<u>\$ 3,043,152</u>	<u>\$ 221,788</u>	<u>\$ 22,710,413</u>

Information by business segments for the year ended December 31, 2021 is as follows:

(Expressed In Thousands of New Taiwan Dollars)

Item	Bank business	Securities business	Futures business	Insurance business	Other businesses	Consolidated
Net interest income (loss)	\$ 13,213,964	\$ 7,757,704	\$ 257,929	\$ 9,038,451	(\$ 294,297)	\$ 29,973,751
Net non-interest income	<u>7,089,296</u>	<u>56,894,760</u>	<u>2,209,879</u>	<u>17,732,723</u>	<u>5,340,094</u>	<u>89,266,752</u>
Net profit	20,303,260	64,652,464	2,467,808	26,771,174	5,045,797	119,240,503
(Provision for) reversal of bad debt expenses, commitment and guarantee policy reserve	(532,883)	47,923	3,755	151	(53,202)	(534,256)
Net change in provisions for insurance liabilities	-	-	-	(21,301,277)	-	(21,301,277)
Operating expenses	(11,056,540)	(36,173,503)	(1,293,524)	(1,543,849)	(3,196,210)	(53,263,626)
Net income from continuing operations before income tax	8,713,837	28,526,884	1,178,039	3,926,199	1,796,385	44,141,344
Income tax (expense) benefits	(1,174,945)	(5,096,156)	(188,678)	110,601	(601,455)	(6,950,633)
Consolidated income, net of tax	<u>\$ 7,538,892</u>	<u>\$ 23,430,728</u>	<u>\$ 989,361</u>	<u>\$ 4,036,800</u>	<u>\$ 1,194,930</u>	<u>\$ 37,190,711</u>

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

A. Financial statements of the Company

Yuanta Financial Holding Co., Ltd.

Yuanta Financial Holding Co., Ltd.

Individual Balance Sheets

December 31, 2022 and 2021

(Expressed In Thousands of New Taiwan Dollars)

ASSETS	December 31, 2022	December 31, 2021	LIABILITIES AND EQUITY	December 31, 2022	December 31, 2021
Cash and cash equivalents	\$ 6,508,655	\$ 841,258	Commercial paper payable - net	\$ -	\$ 2,788,125
Financial assets at fair value through other comprehensive income	66,320	45,653	Payables	6,139,991	3,232,641
Receivables - net	1,040,134	4,344,257	Current income tax liabilities	2,132,045	5,657,148
Current income tax assets	2,670,949	-	Bonds payable	36,500,000	25,900,000
Equity investments accounted for under the equity method - net	290,751,677	301,303,505	Liabilities reserve	35,069	37,629
Property and equipment - net	45,973	47,060	Lease liability	131,618	56,625
Right-of-use assets - net	127,440	54,468	Other liabilities	10,150	5,415
Intangible assets - net	17,102	14,504	Total liabilities	44,948,873	37,677,583
Deferred income tax assets	78,612	50,332	Equity		
Other assets - net	10,158	12,007	Common stock	125,015,590	121,374,360
			Additional paid-in capital	38,010,564	37,885,949
			Retained earnings		
			Legal reserve	20,481,785	17,040,473
			Special reserve	6,549,234	6,549,234
			Undistributed earnings	73,279,144	77,775,254
			Other equity	(6,968,170)	8,410,191
			Total equity	256,368,147	269,035,461
Total assets	\$ 301,317,020	\$ 306,713,044	Total liabilities and equity	\$ 301,317,020	\$ 306,713,044

Yuanta Financial Holding Co., Ltd.
Individual Statements of Comprehensive Income
For the years ended December 31, 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

	For the years ended December 31,	
	2022	2021
Revenues		
Share of the profit or loss of associates and joint ventures accounted for under the equity method	\$ 22,907,800	\$ 36,575,675
Realised gain on financial assets at fair value through other comprehensive income	1,518	1,453
Other revenues	126,782	19,817
	<u>23,036,100</u>	<u>36,596,945</u>
Expenses and losses		
Operating expenses	(974,686)	(1,350,334)
Other expenses and losses	(299,464)	(282,217)
	<u>(1,274,150)</u>	<u>(1,632,551)</u>
Income from continuing operations before income tax	21,761,950	34,964,394
Income tax expense	(305,623)	(98,437)
Net income	<u>21,456,327</u>	<u>34,865,957</u>
Other comprehensive income		
Components of other comprehensive income that will not be reclassified to profit or loss (net of tax)		
Loss on remeasurements of defined benefit plans	2,707	(649)
Gain on valuation of investments in equity instruments measured at fair value through other comprehensive income	20,667	17,170
Share of other comprehensive income of associates and joint ventures accounted for under the equity method, components of other comprehensive income that will not be reclassified to profit or loss	4,263,944	6,747,533
Components of other comprehensive income that will be reclassified to profit or loss (net of tax)		
Share of other comprehensive income of associates and joint ventures accounted for under the equity method, components of other comprehensive income that will be reclassified to profit or loss	(20,329,420)	(11,366,216)
Other comprehensive loss	(16,042,102)	(4,602,162)
Total comprehensive (loss) income	<u>\$ 5,414,225</u>	<u>\$ 30,263,795</u>
Earnings per share (in dollars)		
Basic and diluted earnings per share	<u>\$ 1.72</u>	<u>\$ 2.79</u>

Yuanta Financial Holding Co., Ltd.
Individual Statement of Change in Equity
For the years ended December 31, 2022 and 2021
(Expressed In Thousands of New Taiwan Dollars)

	Retained Earnings					Other equity					
	Common stock	Additional paid-in capital	Legal reserve	Special reserve	Undistributed earnings	Exchange differences on translation of foreign financial statements	Unrealised gain (loss) on financial assets measured at fair value through other comprehensive income	Change in fair value of financial liability attributable to change in credit risk	Other comprehensive income (loss) on reclassification under the overlay approach	Total equity	
<u>For the year ended December 31, 2021</u>											
Balance, January 1, 2021	\$ 121,374,360	\$ 37,885,949	\$ 14,633,733	\$ 6,549,234	\$ 60,333,790	(\$ 4,467,136)	\$ 16,726,148	(\$ 45,138)	\$ 345,649	\$ 253,336,589	
Appropriation of 2020 earnings											
Legal reserve	-	-	2,406,740	-	(2,406,740)	-	-	-	-	-	
Cash dividend	-	-	-	-	(14,564,923)	-	-	-	-	(14,564,923)	
Net income for the year	-	-	-	-	34,865,957	-	-	-	-	34,865,957	
Other comprehensive income (loss) for the year	-	-	-	-	(642,790)	(3,932,987)	1,394,484	(2,483)	(1,418,386)	(4,602,162)	
Total comprehensive income (loss) for the year	-	-	-	-	34,223,167	(3,932,987)	1,394,484	(2,483)	(1,418,386)	30,263,795	
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	189,960	-	(189,960)	-	-	-	
Balance, December 31, 2021	<u>\$ 121,374,360</u>	<u>\$ 37,885,949</u>	<u>\$ 17,040,473</u>	<u>\$ 6,549,234</u>	<u>\$ 77,775,254</u>	<u>(\$ 8,400,123)</u>	<u>\$ 17,930,672</u>	<u>(\$ 47,621)</u>	<u>(\$ 1,072,737)</u>	<u>\$ 269,035,461</u>	
<u>For the year ended December 31, 2022</u>											
Balance, January 1, 2022	\$ 121,374,360	\$ 37,885,949	\$ 17,040,473	\$ 6,549,234	\$ 77,775,254	(\$ 8,400,123)	\$ 17,930,672	(\$ 47,621)	(\$ 1,072,737)	\$ 269,035,461	
Appropriation of 2021 earnings											
Legal reserve	-	-	3,441,312	-	(3,441,312)	-	-	-	-	-	
Cash dividend	-	-	-	-	(18,206,154)	-	-	-	-	(18,206,154)	
Stock dividend	3,641,230	-	-	-	(3,641,230)	-	-	-	-	-	
Net income for the year	-	-	-	-	21,456,327	-	-	-	-	21,456,327	
Other comprehensive income (loss) for the year	-	-	-	-	1,034,054	2,280,219	(15,182,928)	(3,597)	(4,169,850)	(16,042,102)	
Total comprehensive income (loss) for the year	-	-	-	-	22,490,381	2,280,219	(15,182,928)	(3,597)	(4,169,850)	5,414,225	
Changes in equity of associates and joint ventures accounted for under equity method	-	124,615	-	-	-	-	-	-	-	124,615	
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	(1,697,795)	-	1,697,795	-	-	-	
Balance, December 31, 2022	<u>\$ 125,015,590</u>	<u>\$ 38,010,564</u>	<u>\$ 20,481,785</u>	<u>\$ 6,549,234</u>	<u>\$ 73,279,144</u>	<u>(\$ 6,119,904)</u>	<u>\$ 4,445,539</u>	<u>(\$ 51,218)</u>	<u>(\$ 5,242,587)</u>	<u>\$ 256,368,147</u>	

Yuanta Financial Holding Co., Ltd.
Individual Statement of Cash Flows
For the years ended December 31, 2022 and 2021
(Expressed In Thousands of New Taiwan Dollars)

	For the years ended December 31,	
	2022	2021
<u>Cash Flows From Operating Activities</u>		
Profit before tax	\$ 21,761,950	\$ 34,964,394
Adjustment items		
Income and expense item		
Depreciation	64,158	56,094
Amortisation	4,164	2,697
Interest expense	299,288	257,623
Interest income	(38,623)	(5,448)
accounted for under the equity method	(22,907,800)	(36,575,675)
Gain on lease modification	(2)	(511)
Gain from disposal or retirement of property and equipment	(200)	(640)
Intangible assets transferred to expense	126	-
Changes in operating assets and liabilities		
(Increase) decrease in receivables	(30,244)	28,104
Decrease (increase) in other assets	1,850	(110)
(Decrease) increase in payables	(351,896)	284,054
Increase in liabilities reserve	148	76
Increase in other liabilities	4,735	1,245
Interest received	33,689	5,575
Dividend received	17,518,766	14,478,283
Interest paid	(251,675)	(249,196)
Income tax refunded (paid)	21,853	(2,327,423)
Net cash flows generated from operating activities	16,130,287	10,919,142
<u>Cash Flows From Investing Activities</u>		
Acquisition of property and equipment	(18,888)	(25,534)
Proceeds from disposal of property and equipment	510	1,920
Acquisition of intangible assets	(4,313)	(11,045)
Acquisition of right-of-use assets	(71)	(27)
Net cash flows used in investing activities	(22,762)	(34,686)
<u>Cash Flows From Financing Activities</u>		
(Decrease) increase in commercial paper payable	(2,789,000)	1,789,000
Proceeds from issuance of bonds	13,500,000	5,000,000
Repayments of bonds	(2,900,000)	(4,000,000)
Cash dividends paid	(18,206,154)	(14,564,923)
Principal payment for lease liabilities	(44,974)	(41,714)
Net cash flows used in financing activities	(10,440,128)	(11,817,637)
Net increase (decrease) in cash and cash equivalents	5,667,397	(933,181)
Cash and cash equivalents at beginning of year	841,258	1,774,439
Cash and cash equivalents at end of year	\$ 6,508,655	\$ 841,258
The components of cash and cash equivalents		
Cash and cash equivalents reported in the balance sheet	\$ 6,508,655	\$ 841,258
Investments in bills and bonds under resale agreements qualified as cash and cash equivalents as defined by IAS 7	-	-
Cash and cash equivalents at end of reporting year	\$ 6,508,655	\$ 841,258

B. Condensed financial statements of subsidiaries and significant components

(A) Yuanta Commercial Bank

Yuanta Commercial Bank
Individual Balance Sheets
December 31, 2022 and 2021

(Expressed In Thousands of New Taiwan Dollars)

ASSETS	December 31, 2022	December 31, 2021	LIABILITIES AND EQUITY	December 31, 2022	December 31, 2021
Cash and cash equivalents	\$ 20,068,692	\$ 19,643,928	Deposits from Central Bank and other banks	\$ 38,607,095	\$ 25,624,124
Due from Central Bank and call loans to other banks	76,497,355	78,084,601	Due to Central Bank and other banks	-	839,700
Financial assets at fair value through profit or loss	89,187,683	161,867,167	Financial liabilities at fair value through profit or loss	3,811,451	2,169,051
Financial assets at fair value through other comprehensive income	212,621,110	210,637,712	Bills and bonds payable under repurchase agreements	36,546,046	2,769,734
Investments in debt instruments at amortised cost	254,722,768	266,805,420	Payables	8,849,401	8,205,358
Investments in bills and bonds under resale agreements	33,014,468	4,268,212	Current income tax liabilities	1,098,841	1,302,784
Receivables- net	20,635,484	18,173,257	Deposits and remittances	1,473,530,937	1,457,271,213
Current income tax assets	99,119	120,152	Bank debentures payable	28,700,000	22,200,000
Assets held for sale- net	81,469	194,563	Other financial liabilities	2,578,157	2,553,403
Bills discounted and loans- net	962,259,898	850,861,516	Liabilities reserve	859,981	1,107,679
Equity investments accounted for under the equity method- net	4,931,796	4,688,779	Lease reserve	2,331,706	2,308,934
Other financial assets- net	2,582	4,682	Deferred income tax liabilities	634,313	469,722
Property and equipment- net	14,823,963	13,705,909	Other liabilities	2,707,920	1,633,031
Right-of-use assets- net	9,976,030	10,082,232	Total liabilities	1,600,255,848	1,528,454,733
Investment property- net	946,386	818,751			
Intangible assets- net	8,799,242	9,021,529	Common stock	73,940,390	73,940,390
Deferred income tax assets	1,120,560	1,067,740	Additional paid-in capital	25,960,441	25,960,441
Other assets - net	2,347,200	1,432,761	Retained earnings	24,990,852	23,623,460
Total assets	\$ 1,712,135,805	\$ 1,651,478,911	Other equity	(13,011,726)	(500,113)
			Total equity	111,879,957	123,024,178
			Total liabilities and equity	\$ 1,712,135,805	\$ 1,651,478,911

Yuanta Commercial Bank
Individual Condensed Statements of Comprehensive Income
For the years ended December 31, 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

	For the years ended December 31,			
	2022		2021	
	Amount	%	Amount	%
Interest income	\$ 21,860,546	108	\$ 16,957,020	82
Less: Interest expense	(8,093,263)	(40)	(4,329,781)	(21)
Net interest income	13,767,283	68	12,627,239	61
Net non-interest income	6,597,156	32	8,110,257	39
Net profit	20,364,439	100	20,737,496	100
Provision for bad debt expenses, commitment and guarantee policy reserve	(346,441)	(2)	(539,619)	(3)
Operating expenses	(11,177,383)	(54)	(11,023,350)	(53)
Income from continuing operations before income tax	8,840,615	44	9,174,527	44
Income tax expense	(1,552,227)	(8)	(1,152,665)	(5)
Net income	7,288,388	36	8,021,862	39
Other comprehensive loss (net of tax)	(13,428,946)	(66)	(3,866,203)	(19)
Total comprehensive (loss) income	<u>(\$ 6,140,558)</u>	<u>(30)</u>	<u>\$ 4,155,659</u>	<u>20</u>
Earnings per share (in dollars)				
Basic and diluted earnings per share	<u>\$ 0.99</u>		<u>\$ 1.08</u>	

(B) Yuanta Securities

Yuanta Securities
Individual Condensed Balance Sheets
December 31, 2022 and 2021

(Expressed In Thousands of New Taiwan Dollars)

ASSETS	December 31, 2022	December 31, 2021	LIABILITIES AND EQUITY	December 31, 2022	December 31, 2021
Current assets	\$ 334,793,432	\$ 456,131,835	Current liabilities	\$ 267,543,455	\$ 381,658,714
Financial assets at fair value through profit or loss-non-current	50,260	51,208	Bonds payable	23,500,000	23,500,000
Financial assets at fair value through other comprehensive income-non-current	14,538,468	10,902,585	Liabilities reserve- non-current	65,326	63,464
Equity investments accounted for under the equity method	58,014,091	49,053,724	Lease liabilities- non-current	468,953	595,925
Property and equipment	5,327,266	5,286,076	Deferred income tax liabilities	1,501,202	1,471,698
Right-of-use assets	724,514	854,175	Other non-current liabilities	1,105,551	3,062,871
Investment property	2,012,153	2,145,846	Total liabilities	294,184,487	410,352,672
Intangible assets	11,574,551	11,576,055	Common stock	65,924,526	59,820,321
Deferred income tax assets	671,887	734,460	Additional paid-in capital	1,105,055	980,441
Other non-current assets	2,363,429	2,270,277	Retained earnings	54,459,661	58,242,887
Total assets	<u>\$ 430,070,051</u>	<u>\$ 539,006,241</u>	Other equity	14,396,322	9,609,920
			Total equity	135,885,564	128,653,569
			Total liabilities and equity	<u>\$ 430,070,051</u>	<u>\$ 539,006,241</u>

Yuanta Securities
Individual Condensed Statements of Comprehensive Income
For the years ended December 31, 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

Item	For the years ended December 31,			
	2022		2021	
	Amount	%	Amount	%
Revenues	\$ 29,976,467	100	\$ 46,504,238	100
Service fee expense	(1,207,414)	(4)	(1,917,705)	(5)
Employee benefit expense	(7,884,256)	(26)	(13,071,312)	(28)
Share of the profit or loss of associates and joint ventures accounted for under the equity method	2,240,943	8	4,323,523	9
Operating expenses	(9,094,414)	(31)	(9,314,959)	(19)
Income from continuing operations before income tax	14,031,326	47	26,523,785	57
Income tax expense	(1,979,822)	(7)	(3,230,705)	(7)
Net income	12,051,504	40	23,293,080	50
Other comprehensive income (net of tax)	5,055,877	17	1,525,136	3
Total comprehensive income	<u>\$ 17,107,381</u>	<u>57</u>	<u>\$ 24,818,216</u>	<u>53</u>
Earnings per share (in dollars)				
Basic and diluted earnings per share	<u>\$</u>	<u>1.83</u>	<u>\$</u>	<u>3.53</u>

(C) Yuanta Securities (Korea)

Yuanta Securities (Korea)
Individual Condensed Balance Sheets
December 31, 2022 and 2021

(Expressed In Thousands of New Taiwan Dollars)

ASSETS	December 31, 2022	December 31, 2021	LIABILITIES AND EQUITY	December 31, 2022	December 31, 2021
Current assets	\$ 48,401,970	\$ 48,572,310	Current liabilities	\$ 126,691,235	\$ 142,316,397
Financial assets at fair value			Bonds payable	132,090,107	124,917,190
through profit or loss-non-current	187,300,865	194,030,857	Liabilities reserve- non-current	4,018,548	3,709,044
Financial assets at fair value through			Lease liabilities- non-current	592,197	1,611,895
other comprehensive income			Other non-current liabilities	14,086,310	20,849,250
-non-current	5,540,954	4,855,033	Total liabilities	277,478,397	293,403,776
Equity investments accounted for					
under the equity method	2,475,720	2,383,915			
Property and equipment	1,149,159	1,235,722			
Right-of-use assets	616,592	1,505,362	Common stock	25,877,195	24,748,773
Investment property	1,110,270	1,663,804	Additional paid-in capital	(1,378,562)	(1,312,622)
Intangible assets	948,228	790,207	Retained earnings	8,846,113	8,436,879
Deferred income tax assets	718,865	1,215,198	Other equity	3,344,077	2,641,458
Other non-current assets	65,904,597	71,665,856	Total equity	36,688,823	34,514,488
Total assets	\$ 314,167,220	\$ 327,918,264	Total liabilities and equity	\$ 314,167,220	\$ 327,918,264

Note: Individual condensed financial statements of Yuanta Securities (Korea) have been prepared in accordance with Korea IFRS.

Yuanta Securities (Korea)
Individual Condensed Statements of Comprehensive Income
For the years ended December 31, 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

Item	For the years ended December 31,			
	2022		2021	
	Amount	%	Amount	%
Revenues	\$ 57,090,838	100	\$ 56,531,729	100
Service fee expense	(381,972)	(1)	(483,018)	(1)
Employee benefit expense	(4,905,809)	(9)	(7,381,184)	(13)
Operating expenses	(50,384,809)	(88)	(44,126,672)	(78)
Income from continuing operations before income tax	1,418,248	2	4,540,855	8
Income tax expense	(525,676)	(1)	(1,127,570)	(2)
Net income	892,572	1	3,413,285	6
Other comprehensive income (net of tax)	551,465	1	301,383	1
Total comprehensive income	<u>\$ 1,444,037</u>	<u>2</u>	<u>\$ 3,714,668</u>	<u>7</u>
Earnings per share (in dollars)				
Basic earnings per share - ordinary share	<u>\$</u>	<u>4.11</u>	<u>\$</u>	<u>16.27</u>
Diluted earnings per share - ordinary share	<u>\$</u>	<u>4.11</u>	<u>\$</u>	<u>15.29</u>
Basic earnings per share - preferred share	<u>\$</u>	<u>7.80</u>	<u>\$</u>	<u>21.91</u>
Diluted earnings per share - preferred share	<u>\$</u>	<u>7.80</u>	<u>\$</u>	<u>21.91</u>

Note: Individual condensed financial statements of Yuanta Securities (Korea) have been prepared in accordance with Korea IFRS.

(D) Yuanta Futures

Yuanta Futures
Individual Condensed Balance Sheets
December 31, 2022 and 2021

(Expressed In Thousands of New Taiwan Dollars)

ASSETS	December 31, 2022	December 31, 2021	LIABILITIES AND EQUITY	December 31, 2022	December 31, 2021
Current assets	\$ 104,902,918	\$ 90,816,473	Current liabilities	\$ 95,316,184	\$ 81,596,771
Financial assets at fair value through other comprehensive income			Non-current liabilities	1,691,647	1,706,286
-non-current	2,155,715	1,932,733	Total liabilities	97,007,831	83,303,057
Equity investments accounted for under the equity method	1,218,760	1,141,781			
Property and equipment	649,159	624,845	Common stock	2,899,763	2,899,763
Right-of-use assets	113,172	147,548	Additional paid-in capital	3,070,484	3,070,484
Intangible assets	74,012	86,979	Retained earnings	5,209,388	4,763,738
Deferred income tax assets	27,643	31,686	Other equity	1,691,214	1,615,913
Other non-current assets	737,301	870,910	Total equity	12,870,849	12,349,898
Total assets	<u>\$ 109,878,680</u>	<u>\$ 95,652,955</u>	Total liabilities and equity	<u>\$ 109,878,680</u>	<u>\$ 95,652,955</u>

Yuanta Futures
Individual Condensed Statements of Comprehensive Income
For the years ended December 31, 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

Item	For the years ended December 31,			
	2022		2021	
	Amount	%	Amount	%
Revenues	\$ 3,921,823	100	\$ 3,782,309	100
Service fee expense	(801,046)	(20)	(780,550)	(21)
Employee benefit expense	(799,901)	(20)	(676,529)	(18)
Share of the profit or loss of associates and joint ventures accounted for under the equity method	(27,264)	(1)	(33,082)	(1)
Operating expenses	(871,745)	(23)	(1,243,188)	(32)
Income from continuing operations before income tax	1,421,867	36	1,048,960	28
Income tax expense	(276,519)	(7)	(188,678)	(5)
Net income	1,145,348	29	860,282	23
Other comprehensive income (net of tax)	42,548	1	442,988	11
Total comprehensive income	<u>\$ 1,187,896</u>	<u>30</u>	<u>\$ 1,303,270</u>	<u>34</u>
Earnings per share (in dollars)				
Basic and diluted earnings per share	<u>\$ 3.95</u>		<u>\$ 2.97</u>	

(E) Yuanta Life

Yuanta Life
Individual Condensed Balance Sheets
December 31, 2022 and 2021

(Expressed In Thousands of New Taiwan Dollars)

ASSETS	December 31, 2022	December 31, 2021	LIABILITIES AND EQUITY	December 31, 2022	December 31, 2021
Cash and cash equivalents	\$ 9,876,325	\$ 17,022,396	Payables	\$ 1,387,264	\$ 1,905,538
Receivables	2,802,445	2,472,495	Current income tax liabilities	30,829	636,728
Current income tax assets	4,979,572	1,768,897	Financial liabilities at fair value		
Financial assets at fair value			through profit or loss	4,454,436	670,673
through profit or loss	35,530,502	41,357,010	Insurance liabilities	347,102,856	321,600,082
Financial assets at fair value through			Reserve for insurance contract with		
other comprehensive income	20,608,078	31,650,962	the nature of financial products	130,855	58,139
Financial assets at amortised cost	280,777,815	236,310,741	Foreign exchange reserve	3,988,784	333,427
Other financial assets	300,000	1,000,000	Liabilities reserve	54,877	77,764
Right-of-use assets	257,082	310,858	Lease liabilities	1,076,693	1,117,799
Investment property	13,004,627	12,491,047	Deferred income tax liabilities	1,383,398	659,937
Loans	7,651,046	7,303,121	Other liabilities	2,238,152	3,509,168
Reinsurance contract assets	1,368,195	1,329,521	Investment-linked insurance		
Property and equipment	54,819	48,665	products liabilities	30,353,012	30,724,970
Intangible assets	142,655	95,369	Total liabilities	392,201,156	361,294,225
Deferred income tax assets	1,067,637	2,779,416	Common stock	23,735,695	23,735,695
Other assets	6,280,850	3,863,624	Retained earnings	7,105,328	5,722,767
Investment-linked insurance			Other equity	(7,987,519)	(223,596)
products assets	30,353,012	30,724,969	Total equity	22,853,504	29,234,866
Total assets	<u>\$ 415,054,660</u>	<u>\$ 390,529,091</u>	Total liabilities and equity	<u>\$ 415,054,660</u>	<u>\$ 390,529,091</u>

Yuanta Life
Individual Condensed Statements of Comprehensive Income
For the years ended December 31, 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

Item	For the years ended December 31,			
	2022		2021	
	Amount	%	Amount	%
Operating revenues	\$ 51,389,606	100	\$ 53,250,605	100
Operating costs	(48,078,814)	(94)	(49,694,069)	(93)
Operating expenses	(1,638,101)	(3)	(1,589,338)	(3)
Net operating income	1,672,691	3	1,967,198	4
Non-operating revenues and expenses	(6,621)	-	(3,511)	-
Income from continuing operations before income tax	1,666,070	3	1,963,687	4
Income tax (expense) benefit	(289,553)	-	(110,602)	-
Net income	1,376,517	3	2,074,289	4
Other comprehensive loss (net of tax)	(7,757,879)	(15)	(2,627,443)	(5)
Total comprehensive loss	(\$ 6,381,362)	(12)	(\$ 553,154)	(1)
Earnings per share (in dollars)				
Basic and diluted earnings per share	\$ 0.58		\$ 0.87	

(F) Yuanta Securities Investment Trust

Yuanta Securities Investment Trust
Individual Condensed Balance Sheets
December 31, 2022 and 2021

(Expressed In Thousands of New Taiwan Dollars)

ASSETS	December 31, 2022	December 31, 2021	LIABILITIES AND EQUITY	December 31, 2022	December 31, 2021
Current assets	\$ 5,218,988	\$ 4,939,965	Current liabilities	\$ 878,111	\$ 817,453
Financial assets at fair value through other comprehensive income	377,739	327,755	Deferred income tax liabilities	159,026	159,031
Equity investments accounted for under the equity method	346,416	337,265	Lease liability- non-current	21,643	35,504
Property and equipment	295,882	324,456	Other non-current liabilities	33,059	35,962
Intangible assets	768,551	768,551	Total liabilities	1,091,839	1,047,950
Prepaid pension cost	30,193	31,125	Common stock	2,269,235	2,269,235
Deferred income tax assets	675	8,653	Additional paid-in capital	296,729	296,729
Right-of-use assets	34,626	48,010	Retained earnings	3,338,452	3,214,285
Other non-current assets	84,015	148,484	Other equity	160,830	106,065
Total assets	<u>\$ 7,157,085</u>	<u>\$ 6,934,264</u>	Total equity	6,065,246	5,886,314
			Total liabilities and equity	<u>\$ 7,157,085</u>	<u>\$ 6,934,264</u>

Yuanta Securities Investment Trust
Individual Condensed Statements of Comprehensive Income
For the years ended December 31, 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

Item	For the years ended December 31,			
	2022		2021	
	Amount	%	Amount	%
Operating revenues	\$ 3,995,132	100	\$ 3,732,164	100
Operating expenses	(1,558,058)	(39)	(1,490,577)	(40)
Operating income	2,437,074	61	2,241,587	60
Non-operating revenues and expenses	(125,766)	(3)	120,261	4
Income from continuing operations before income tax	2,311,308	58	2,361,848	64
Income tax expense	(490,674)	(12)	(442,888)	(12)
Net income	1,820,634	46	1,918,960	52
Other comprehensive income (net of tax)	53,870	1	44,020	1
Total comprehensive income	<u>\$ 1,874,504</u>	<u>47</u>	<u>\$ 1,962,980</u>	<u>53</u>
Earnings per share (in dollars)				
Basic and diluted earnings per share	<u>\$</u>	<u>8.02</u>	<u>\$</u>	<u>8.46</u>

(G) Yuanta Asset Management

Yuanta Asset Management
Individual Condensed Balance Sheets
December 31, 2022 and 2021

(Expressed In Thousands of New Taiwan Dollars)

ASSETS	December 31, 2022	December 31, 2021	LIABILITIES AND EQUITY	December 31, 2022	December 31, 2021
Current assets	\$ 2,930,335	\$ 2,746,721	Current liabilities	\$ 88,554	\$ 121,557
Financial assets at fair value through other comprehensive income	47,865	39,842	Non-current liabilities	17,631	20,745
Property and equipment	7,303	8,830	Total liabilities	106,185	142,302
Right-of-use assets	11,284	15,266	Common stock	3,346,138	3,220,649
Investment property	1,120,879	1,208,951	Additional paid-in capital	1,047	1,047
Deferred income tax assets	3,116	2,951	Retained earnings	638,418	637,528
Other non-current assets	842	777	Other equity	29,836	21,812
Total assets	<u>\$ 4,121,624</u>	<u>\$ 4,023,338</u>	Total equity	<u>4,015,439</u>	<u>3,881,036</u>
			Total liabilities and equity	<u>\$ 4,121,624</u>	<u>\$ 4,023,338</u>

Yuanta Asset Management
Individual Condensed Statements of Comprehensive Income
For the years ended December 31, 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars)

Item	For the years ended December 31,			
	2022		2021	
	Amount	%	Amount	%
Operating revenues	\$ 399,953	100	\$ 383,329	100
Operating expenses	(219,369)	(55)	(222,442)	(58)
Operating income	180,584	45	160,887	42
Non-operating revenues and expenses	(18,936)	(5)	10,757	3
Income from continuing operations before income tax	161,648	40	171,644	45
Income tax expense	(35,269)	(8)	(32,211)	(9)
Net income	126,379	32	139,433	36
Other comprehensive income (net of tax)	8,023	2	2,707	1
Total comprehensive income	<u>\$ 134,402</u>	<u>34</u>	<u>\$ 142,140</u>	<u>37</u>

(H) Yuanta Venture Capital

Yuanta Venture Capital
Individual Condensed Balance Sheets
December 31, 2022 and 2021

(Expressed In Thousands of New Taiwan Dollars)

ASSETS	December 31, 2022	December 31, 2021	LIABILITIES AND EQUITY	December 31, 2022	December 31, 2021
Current assets	\$ 1,829,803	\$ 2,594,922	Current liabilities	\$ 153,344	\$ 182,775
Financial assets at fair value through other comprehensive income	60,604	78,012	Lease liability- non-current	7,087	-
Equity investments accounted for under the equity method	948,689	1,227,016	Other non-current liabilities	5,400	4,000
Property and equipment	2,038	2,697	Total liabilities	165,831	186,775
Right-of-use assets	10,823	3,142	Common stock	2,715,221	2,715,221
Deferred income tax assets	61,073	39,620	Additional paid-in capital	918	918
Other non-current assets	645	635	(Accumulated deficit)		
Total assets	<u>\$ 2,913,675</u>	<u>\$ 3,946,044</u>	retained earnings	(34,360)	968,328
			Other equity	66,065	74,802
			Total equity	2,747,844	3,759,269
			Total liabilities and equity	<u>\$ 2,913,675</u>	<u>\$ 3,946,044</u>

Yuanta Venture Capital
Individual Condensed Statements of Comprehensive Income
For the years ended December 31, 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars)

Item	For the years ended December 31,			
	2022		2021	
	Amount	%	Amount	%
Operating revenues	(\$ 126,293)	(100)	\$ 1,178,548	100
Operating expenses	(40,793)	(32)	(224,278)	(19)
Operating (loss) income	(167,086)	(132)	954,270	81
Non-operating revenues and expenses	3,518	3	(2,104)	-
(Loss) income from continuing operations before income tax	(163,568)	(129)	952,166	81
Income tax expense	(33,704)	(27)	(12,861)	(1)
Net (loss) income	(197,272)	(156)	939,305	80
Other comprehensive (loss) income (net of tax)	(12,402)	(10)	16,663	1
Total comprehensive (loss) income	<u>(\$ 209,674)</u>	<u>(166)</u>	<u>\$ 955,968</u>	<u>81</u>

(I) Yuanta Securities Investment Consulting

Yuanta Securities Investment Consulting
Individual Condensed Balance Sheets
December 31, 2022 and 2021

(Expressed In Thousands of New Taiwan Dollars)

ASSETS	December 31, 2022	December 31, 2021	LIABILITIES AND EQUITY	December 31, 2022	December 31, 2021
Current assets	\$ 248,925	\$ 242,450	Current liabilities	\$ 135,695	\$ 125,904
Property and equipment	13,721	15,589	Non-current liabilities	23,441	33,023
Right-of-use assets	21,703	25,315	Total liabilities	159,136	158,927
Intangible assets	586	991	Common stock	100,000	100,000
Deferred income tax assets	2,894	5,621	Additional paid-in capital	6,017	6,017
Other non-current assets	20,043	10,018	Retained earnings	42,719	35,040
			Total equity	148,736	141,057
Total assets	<u>\$ 307,872</u>	<u>\$ 299,984</u>	Total liabilities and equity	<u>\$ 307,872</u>	<u>\$ 299,984</u>

Yuanta Securities Investment Consulting
Individual Condensed Statements of Comprehensive Income
For the years ended December 31, 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars)

Item	For the years ended December 31,			
	2022		2021	
	Amount	%	Amount	%
Operating revenues	\$ 261,384	100	\$ 238,477	100
Operating costs	(1,133)	-	(1,108)	-
Operating expenses	(248,212)	(95)	(237,078)	(100)
Operating income	12,039	5	291	-
Non-operating revenues and expenses	1,406	-	1,011	-
Income from continuing operations				
before income tax	13,445	5	1,302	-
Income tax expense	(2,595)	(1)	(217)	-
Net income	10,850	4	1,085	-
Other comprehensive income (net of tax)	1,406	1	4,001	2
Total comprehensive income	<u>\$ 12,256</u>	<u>5</u>	<u>\$ 5,086</u>	<u>2</u>

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

A. Profitability

(A) Yuanta Financial Holdings

Unit: %

		For the years ended December 31,	
		2022	2021
Return on total assets	Before tax	7.16	11.74
	After tax	7.06	11.70
Return on equity	Before tax	8.28	13.39
	After tax	8.17	13.35
Net profit margin ratio		94.37	96.01

(B) Yuanta Financial Holdings and its subsidiaries

		For the years ended December 31,	
		2022	2021
Return on total assets	Before tax	0.94	1.53
	After tax	0.75	1.29
Return on equity	Before tax	10.03	15.69
	After tax	8.02	13.22
Net profit margin ratio		24.82	31.19

(C) Yuanta Bank

		For the years ended December 31,	
		2022	2021
Return on total assets	Before tax	0.53	0.60
	After tax	0.43	0.52
Return on equity	Before tax	7.53	7.43
	After tax	6.21	6.50
Net profit margin ratio		35.79	38.68

(D) Yuanta Securities

		For the years ended December 31,	
		2022	2021
Return on total assets	Before tax	2.90	5.34
	After tax	2.49	4.69
Return on equity	Before tax	10.61	22.08
	After tax	9.11	19.39
Net profit margin ratio		38.86	47.62

(E) Yuanta Life

		For the years ended December 31,	
		2022	2021
Return on total assets	Before tax	0.41	0.53
	After tax	0.34	0.56
Return on equity	Before tax	6.40	6.65
	After tax	5.29	7.03
Net profit margin ratio		41.66	58.38

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

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

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

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

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

B. Information of Yuanta Bank is as follows:

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

Unit: In thousands of NT Dollars

Month / Year			December 31, 2022					December 31, 2021				
Business / Items			Amount of non-performing loans	Gross loans	Non-performing loan ratio	Allowance for doubtful accounts	Coverage ratio	Amount of non-performing loans	Gross loans	Non-performing loan ratio	Allowance for doubtful accounts	Coverage ratio
Corporate banking	Secured loans		44,240	249,381,318	0.02%	3,348,360	7,568.63%	441,633	247,754,056	0.18%	3,298,612	746.91%
	Unsecured loans		69,642	257,327,057	0.03%	3,783,660	5,433.01%	182,046	175,705,281	0.10%	3,123,289	1,715.66%
Consumer banking	Residential mortgage loans		32,894	267,848,793	0.01%	4,016,169	12,209.43%	142,016	256,543,082	0.06%	3,854,972	2,714.46%
	Cash card services		-	20,979	-	465	-	-	32,440	-	643	-
	Small amount of credit loans		8,335	16,138,446	0.05%	179,089	2,148.64%	4,112	12,528,651	0.03%	136,289	3,314.42%
	Others	Secured loans	63,644	195,324,184	0.03%	2,030,509	3,190.42%	95,825	179,590,545	0.05%	1,873,330	1,954.95%
		Unsecured loans	1,217	4,095,296	0.03%	41,798	3,434.51%	752	3,265,710	0.02%	32,932	4,379.26%
Gross loan business			219,972	990,136,073	0.02%	13,400,050	6,091.71%	866,384	875,419,765	0.10%	12,320,067	1,422.01%

Month / Year	December 31, 2022					December 31, 2021				
	Amount of overdue accounts	Balance of accounts receivable	Overdue account ratio	Allowance for doubtful accounts	Coverage ratio	Amount of overdue accounts	Balance of accounts receivable	Overdue account ratio	Allowance for doubtful accounts	Coverage ratio
Credit card services	6,915	8,906,268	0.08%	109,709	1,586.54%	6,289	8,348,643	0.08%	104,297	1,658.40%
Without recourse factoring	-	6,749,712	-	79,350	-	-	5,463,356	-	79,692	-

Note 1: The amount recognised as non-performing loans is in compliance with the "Regulation Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans".

The amount included in overdue accounts for credit cards is in compliance with Jin-Guan-Yin (4) Letter No. 0944000378 dated July 6, 2005.

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

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

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

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

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

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

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

Unit: In thousands of NT Dollars

	December 31, 2022		December 31, 2021	
	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)	19,451	15,438	32,907	20,919
Perform in accordance with debt liquidation program and restructuring program (Note 2)	627,342	281,906	766,243	313,242
Total	646,793	297,344	799,150	334,161

Note 1: The additional disclosure requirement pertaining to way and information disclosure of the total amount of non-performing loan is in accordance with the Explanatory Jin-Guan-Yin (1) Letter No. 09510001270 of FSC dated April 25, 2006.

Note 2: The additional disclosure requirement pertaining to the way and information disclosure of loan in the process of debt liquidation and restructuring program is in accordance with the Explanatory Jin-Guan-Yin (1) Letter No. 09700318940 of FSC dated September 15, 2008 and Jin-Guan-Yin-Fa Letter No. 10500134790 of FSC dated September 20, 2016.

(BLANK)

(C) Contract amounts of significant credit risk concentration are as follows:

Unit: In thousands of NT Dollars, %

December 31, 2022			
Ranking (Note 1)	Name of Enterprise Group (Note 2)	Total outstanding loan amount (Note 3)	Total outstanding loan amount / Total equity
1	Group A–Real Estate Development	\$ 9,074,350	8.11
2	Group B–Retail Sale of Computers, Computer Peripheral Equipment and Software in Specialized Stores	7,707,500	6.89
3	Group C–Packaging and Testing of Semi-conductors	7,280,000	6.51
4	Group D–Financial Holding Companies	6,800,000	6.08
5	Group E–Quarrying of Stone and Sand and Other Mining	6,299,790	5.63
6	Group F–Financial Holding Companies	5,800,000	5.18
7	Company G–Real Estate Development	5,700,000	5.09
8	Group H–Manufacture of Other Computer Peripheral Equipment	5,000,000	4.47
9	Group I–Financial Holding Companies	4,550,000	4.07
10	Group J–Manufacture of Power Generation, Transmission and Distribution Machinery	4,300,000	3.84

Unit: In thousands of NT Dollars, %

December 31, 2021			
Ranking (Note 1)	Name of Enterprise Group (Note 2)	Total outstanding loan amount (Note 3)	Total outstanding loan amount / Total equity
1	Group A–Iron and Steel Refining	\$ 10,058,149	8.18
2	Company B–Real Estate Development	6,802,000	5.53
3	Company C–Real Estate Development	6,340,000	5.15
4	Group D–Real Estate Leasing	5,920,000	4.81
5	Group E–Computer Manufacturing	4,897,951	3.98
6	Group F–Manufacture of Power Generation, Transmission and Distribution Machinery	4,300,000	3.50
7	Group G–Real Estate Development	3,513,318	2.86
8	Group H–Chemical Materials Manufacturing	3,381,673	2.75
9	Company I–Real Estate Development	3,371,923	2.74
10	Group J–Real Estate Development	3,280,269	2.67

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 categorised and listed in total, and disclosed by “code” plus “industry type” (for example, company (or group) A – Liquid Crystal Panel and Components Manufacturing). If it is an enterprise group, industry type of maximum exposure of the enterprise group should be disclosed. Industry type should be filled in accordance with “Standard Industrial Classification System” of Directorate-General of Budget, Accounting and Statistics, Executive Yuan.

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

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

(D) Structure analysis of time to maturity

a. Structure analysis of time to maturity (NTD)

December 31, 2022

(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	1,538,163,531	192,484,952	88,943,571	179,819,096	159,284,501	173,261,491	744,369,920
Primary funds outflow upon maturity	1,796,483,109	73,518,921	112,929,281	267,798,728	240,447,609	350,410,602	751,377,968
Gap	(258,319,578)	118,966,031	(23,985,710)	(87,979,632)	(81,163,108)	(177,149,111)	(7,008,048)

December 31, 2021

(Expressed in Thousands of New Taiwan Dollars)

	Total	0 ~ 10 days	11 ~ 30 days	31 ~ 90 days	91 ~ 180 days	181 days ~ 1 year	Over 1 year
Primary funds inflow upon maturity	1,511,508,496	238,080,640	163,197,263	113,262,211	95,730,461	137,619,905	763,618,016
Primary funds outflow upon maturity	1,745,603,433	52,420,912	77,841,952	188,841,520	223,590,580	323,592,530	879,315,939
Gap	(234,094,937)	185,659,728	85,355,311	(75,579,309)	(127,860,119)	(185,972,625)	(115,697,923)

b. Structure analysis of time to maturity (USD)

December 31, 2022

(Expressed in Thousands of US Dollars)

	Total	0 ~ 30 days	31 ~ 90 days	91 ~ 180 days	181 days ~ 1 year	Over 1 year
Primary funds inflow upon maturity	6,539,868	1,643,965	908,961	180,233	305,433	3,501,276
Primary funds outflow upon maturity	8,413,008	2,780,634	1,892,420	1,134,298	1,596,003	1,009,653
Gap	(1,873,140)	(1,136,669)	(983,459)	(954,065)	(1,290,570)	2,491,623

December 31, 2021

(Expressed in Thousands of US Dollars)

	Total	0 ~ 30 days	31 ~ 90 days	91 ~ 180 days	181 days ~ 1 year	Over 1 year
Primary funds inflow upon maturity	6,118,301	1,409,964	419,331	190,148	232,803	3,866,055
Primary funds outflow upon maturity	6,975,154	1,662,546	992,608	970,649	1,374,691	1,974,660
Gap	(856,853)	(252,582)	(573,277)	(780,501)	(1,141,888)	1,891,395

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

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

December 31, 2022

(Expressed in Thousands of New Taiwan Dollars, %)

Item	1 ~ 90 days	91 ~ 180 days	181 days ~ 1 year	Over 1 year	Total
Interest-rate-sensitive assets	963,146,182	128,437,641	62,485,337	236,034,078	1,390,103,238
Interest-rate-sensitive liabilities	421,883,323	759,456,536	107,445,638	32,616,705	1,321,402,202
Interest-rate-sensitive gap	541,262,859	(631,018,895)	(44,960,301)	203,417,373	68,701,036
Total equity					121,626,066
Ratio of interest-rate-sensitive assets to liabilities					105.20
Ratio of interest-rate-sensitive gap to equity					56.49

December 31, 2021

(Expressed in Thousands of New Taiwan Dollars, %)

Item	1 ~ 90 days	91 ~ 180 days	181 days ~ 1 year	Over 1 year	Total
Interest-rate-sensitive assets	927,641,426	75,819,390	30,212,966	323,916,911	1,357,590,693
Interest-rate-sensitive liabilities	290,209,512	850,198,334	157,063,616	25,667,825	1,323,139,287
Interest-rate-sensitive gap	637,431,914	(774,378,944)	(126,850,650)	298,249,086	34,451,406
Total equity					122,670,383
Ratio of interest-rate-sensitive assets to liabilities					102.60
Ratio of interest-rate-sensitive gap to equity					28.08

Note 1: The above amounts include only New Taiwan Dollars held by Yuanta 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, 2022

(Expressed in Thousands of US Dollars, %)

Item	1 ~ 90 days	91 ~ 180 days	181 days ~ 1 year	Over 1 year	Total
Interest-rate-sensitive assets	2,925,595	133,863	135,506	2,589,367	5,784,331
Interest-rate-sensitive liabilities	3,753,148	728,751	1,173,959	1,074,852	6,730,710
Interest-rate-sensitive gap	(827,553)	(594,888)	(1,038,453)	1,514,515	(946,379)
Total equity					(287,743)
Ratio of interest-rate-sensitive assets to liabilities					85.94
Ratio of interest-rate-sensitive gap to equity					328.90

December 31, 2021

(Expressed in Thousands of US Dollars, %)

Item	1 ~ 90 days	91 ~ 180 days	181 days ~ 1 year	Over 1 year	Total
Interest-rate-sensitive assets	2,570,972	75,992	16,842	3,145,014	5,808,820
Interest-rate-sensitive liabilities	2,077,300	599,322	1,034,920	1,663,465	5,375,007
Interest-rate-sensitive gap	493,672	(523,330)	(1,018,078)	1,481,549	433,813
Total equity					13,122
Ratio of interest-rate-sensitive assets to liabilities					108.07
Ratio of interest-rate-sensitive gap to equity					3,306.00

Note 1: The above amounts include only US Dollars amounts held by Yuanta 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).

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

None.

13. Other disclosure items

(1) Related information on material transaction items

- A. Information regarding stock of long-term equity investment for which the purchase or sale amount for the period exceeded \$300 million or 10% of the Company's paid-in capital: None.
- B. Information on the acquisition and disposal of real estate for which the purchase amount exceeded \$300 million or 10% of the Company's paid-in capital: None.
- C. Information regarding discounted processing fees on transactions with related parties for which the amount exceeded \$5 million: None.
- D. Information regarding receivables from related parties exceeding \$300 million or 10% of the Company's paid-in capital:

Creditor	Counterparty	Relationship	Accounts receivable from related party as of December 31, 2022		Turnover rate	Amount overdue		Amount collected subsequent to the balance sheet date	Amount of credit losses
						Amount	Action taken		
Yuanta Financial Holdings	Yuanta Securities	Subsidiary of the Company	\$ 387,480	(Note)	-	\$ -	-	\$ -	\$ -
Yuanta Financial Holdings	Yuanta Bank	Subsidiary of the Company	361,049	(Note)	-	-	-	-	-

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

- E. Information regarding selling non-performing loans: None.
- F. Information on and categories of securitized assets which are approved by the authority pursuant to Financial Asset Securitization Act or the Real Estate Securitization Act: None.
- G. Other material transaction items which were significant to the users of the financial statements: None.

(2) Supplementary disclosure regarding investee companies:

(Expressed In Thousand of New Taiwan Dollars)										
Share ownerships of the Company and related parties										
Total										
Investor	Investee	Address	Main Service	Percentage of ownership at the period end (%)	Book value	Investment income (loss) (Note 1)	Shares (In thousands)	Pro-forma share of ownership	Shares (In thousands)	Percentage of ownership (%)
Yuanta Financial Holdings Co., Ltd.	Yuanta Securities Co., Ltd.	R.O.C	Securities brokerage, dealing, underwriting, financing and refinancing, futures business and raising and issuing derivative instruments	100	\$ 136,309,873	\$ 12,055,052	6,592,453	-	6,592,453	100
"	Yuanta Commercial Bank Co., Ltd.	"	Banking	100	111,937,433	7,291,352	7,394,039	-	7,394,039	100
"	Yuanta Futures Co., Ltd.	"	Futures, futures managers, futures consultant, securities, securities trading assistance	66.27	9,087,200	757,686	192,167	-	192,167	66.27
"	Yuanta Life Co., Ltd.	"	Life insurance business	100	20,178,585	1,503,529	2,373,570	-	2,373,570	100
"	Yuanta Asset Management Co., Ltd.	"	Venture capital business	100	3,943,121	126,379	334,614	-	334,614	100
"	Yuanta Venture Capital Co., Ltd.	"	Management of monetary debts of financial institutions	100	2,747,844	(197,272)	271,522	-	271,522	100
"	Yuanta Securities Investment Consulting Co., Ltd.	"	Investment consulting on securities	100	148,736	10,850	10,000	-	10,000	100
"	Yuanta Securities Investment Trust Co., Ltd.	"	Investment trust	74.71	6,398,885	1,360,224	169,538	-	169,538	74.71
Yuanta Commercial Bank Co., Ltd.	Yuanta International Leasing Co., Ltd.	"	Lease businesses of personal property and real assets	100	104,718	-	10,000	-	10,000	100
"	Yuanta Savings Bank (Philippines)	Philippines	Deposit services	100	1,099,754	-	2,400,000	-	2,400,000	100
"	Yuanta Savings Bank (Korea)	Korea	Deposit services	100	3,727,324	-	13,516	-	13,516	100

(Expressed In Thousand of New Taiwan Dollars)										
Share ownerships of the Company and related parties										
Investor	Investee	Address	Main Service	Percentage of ownership at the period end (%)	Book value	Investment income (loss) (Note 1)	Shares (In thousands)	Total		
								Pro-forma share of ownership	Shares (In thousands)	Percentage of ownership (%)
Yuanta Commercial Bank Co., Ltd.	Yuanta Securities Asia Financial Services Limited	Singapore	Investment holding	100	42,289,150	-	390,909	-	390,909	100
Yuanta Securities Co., Ltd.	Yuanta International Insurance Brokers Co., Ltd.	R.O.C	Insurance agent	100	\$ 220,932	-	500	-	500	100
"	Yuanta Securities Finance Co., Ltd.	"	Margin loans and short sales of securities	100	15,506,698	-	400,000	-	400,000	100
"	Yuanta Asset Management (Singapore)	Singapore	-	100	(2,689)	-	-	-	-	100
Yuanta Securities Asia Financial Services Limited	Yuanta Securities (Hong Kong) Limited	Hong Kong	Securities trading, futures trading, providing opinions on securities, providing opinions on futures contract, providing opinions on institutions' financing and providing assets management services	100	7,976,492	-	2,268,133	-	2,268,133	100
"	Yuanta Asia Investment (Hong Kong) Ltd.	"	Securities trading and providing assets management services	100	1,355,752	-	293,892	-	293,892	100
"	Yuanta Securities (Korea) Co., Ltd.	Korea	Investment and trading business, investment intermediary business, trust business, investment consultancy, discretionary account business, in addition, concurrent operating business and auxiliary business	57.89	21,882,321	-	115,550	-	115,550	57.89

(Expressed In Thousand of New Taiwan Dollars)										
Share ownerships of the Company and related parties										
Investor	Investee	Address	Main Service	Percentage of ownership at the period end (%)	Book value	Investment income (loss) (Note 1)	Shares (In thousands)	Total		
								Pro-forma share of ownership	Shares (In thousands)	Percentage of ownership (%)
Yuanta Securities Asia Financial Services Limited	Yuanta Hong Kong Holdings(Cayman) Co., Ltd.	Cayman Islands	Investment holding	100	39,895	-	74	-	74	100
Yuanta Securities Asia Financial Services Limited	Yuanta Securities (Thailand) Co., Ltd.	Thailand	Security brokerage, proprietary trading, underwriting, and investment consulting; mutual fund management; private fund management; security borrowing; venture capital fund management; derivative product brokerage, proprietary trading	99.99	\$ 5,634,548	\$ -	450,000	-	450,000	99.99
"	Yuanta Securities (Vietnam) Co., Ltd.	Vietnam	Brokerage, dealing, underwriting, Securities investment consulting Derivatives product	92.62	3,127,606	-	-	-	-	100
Yuanta Securities Korea Co., Ltd.	Yuanta Investment Co., Ltd.	Korea	Venture investment	100	1,369,379	-	6,401	-	6,401	100
"	Yuanta Financial (Hong Kong) Limited	Hong Kong	Investment holding	100	421,905	-	18,954	-	18,954	100
"	Woori Asset Management Corp.	Korea	Asset management	27	793,797	-	1,080	-	1,080	27
Yuanta Financial (Hong Kong) Limited	Yuanta Securities (Cambodia) Plc.	Cambodia	Underwriting guidelines and financial advisory services, Securities brokerage, dealing, Investment Advisory	100	385,977	-	12,500	-	12,500	100
"	Yuanta International Investment (Hong Kong) Ltd.	Hong Kong	Solicitation of financial products, proprietary investment	100	229,763	-	50,000	-	50,000	100

(Expressed In Thousand of New Taiwan Dollars)										
Share ownerships of the Company and related parties										
Total										
Investor	Investee	Address	Main Service	Percentage of ownership at the period end (%)	Book value	Investment income (loss) (Note 1)	Shares (In thousands)	Pro-forma share of ownership	Shares (In thousands)	Percentage of ownership (%)
Yuanta Financial (Hong Kong) Limited	Yuanta Finance (Hong Kong) Ltd.	"	Credit loans	100	230,597	-	50,000	-	50,000	100
Yuanta Securities (Hong Kong) Limited	Yuanta Securities (Vietnam) Co., Ltd.	Vietnam	Brokerage, dealing, underwriting, Securities investment consulting, Derivatives product	7.38	\$ 254,869	-	-	-	-	100
"	PT Yuanta Sekuritas Indonesia	Indonesia	Securities trading and underwriting services	99	506,004	-	474	-	474	99
Yuanta Venture Capital Co., Ltd.	Yuanta I Venture Capital Co., Ltd.	R.O.C	Venture capital business	100	948,689	-	85,000	-	85,000	100
Yuanta Futures Co., Ltd.	Yuanta Futures (Hong Kong) Limited	Hong Kong	Financial services	100	927,751	-	34,000	-	34,000	100
"	SYF Information Limited	R.O.C	Information software and data processing services	100	291,157	-	35,000	-	35,000	100
"	Yuanta Global (Singapore) Pte. Ltd. (Note 2)	Singapore	Under approval	100	(148)	-	-	-	-	100

Note 1: The amounts under the column of the investment income (loss) presented as zero is for the subsidiary and second-tier subsidiary described in the consolidated financial statements.

Note 2: Yuanta Future's investment in incorporating Yuanta Global (Singapore) Pte. Ltd. has been approved by the FSC through Gin-Gwen-Zheng-Qi Letter No.1110357536 on October 20, 2022, as well as approved by the Investment Commission of the Ministry of Economic Affairs (MOEA) through Jing-Shen-Er-Zi Letter No.11100198340 on December 26, 2022. The case was approved by the Singapore Accounting and Corporate Regulatory Authority (ACRA) on November 23, 2022, and the incorporation registration has been completed.

Note 3: The case concerning Yuanta Securities applying for reinvesting established Yuanta Capital had been approved by the FSC, Jin-Guan-Cheng-Quan-Zi Letter No.1100351895 on November 4, 2021. Due to changes in the enterprise environment and strategy adjustments, the case has been suspended.

(3) Significant transactions regarding investee companies

- A. Information regarding stocks of equity investment for which the purchase or sale amount for the period exceeded \$300 million or 10% of the Company's paid-in capital: Disclosure may be exempt for subsidiaries in the financial industry, insurance industry and securities Industry. Not applicable for all the other subsidiaries and indirect subsidiaries.
- B. Information on the acquisition of real estate for which the purchase amount exceeded \$300 million or 10% of the Company's paid-in capital: None.
- C. Information on the disposal of real estate for which the purchase amount exceeded \$300 million or 10% of the Company's paid-in capital:

Transaction Company	Real estate disposed	Transaction date	Acquisition date	Carrying value	Sale price	Status of collection of proceeds	Gain or loss from disposal	Counterparty	Related-party	Reason for disposal	Basis or reference used in setting the price	Note
Yuanta Securities (Korea)	Ulsan Building	March 28, 2022	December 1, 2001	\$ 408,512	\$590,550	All payments have been received	\$ 182,038	Deokyang Holdings	None	Activate and fully use of assets	Referring to appraisal-report and Korea's Full Disclosure of the Information of Actual Price Registration of Real Estate Transactions of Ministry of Land, Infrastructure and Transport, appraiser: Sang-hoon Park	-
Yuanta Securities (Korea)	Hannam-dong LATERRAS SE Courtyard#3 、Vista#3 、Courtyard#2	May 20, 2022 、 May 30, 2022 、 August 01, 2022	December 31, 2012	\$ 340,138	\$376,379	All payments have been received	\$ 36,241	Natural persons	None	Activate and fully use of assets	Referring to appraisal-report and Korea's Full Disclosure of the Information of Actual Price Registration of Real Estate Transactions of Ministry of Land, Infrastructure and Transport, appraiser: Sang-hoon Park	-

- D. Information regarding discounted processing fees on transactions with related parties for which the amount exceeded \$5 million: None.
- E. Information regarding receivables from related parties for which the amount exceeding \$300 million or 10% of Company's paid-in capital:

Creditor	Counterparty	Relationship	Accounts receivable from related party as of December 31, 2022		Turnover rate	Amount overdue		Amount collected subsequent to the balance sheet date	Amount of credit losses
						Amount	Action taken		
Yuanta Life	The Company	Parent Company	\$ 4,963,924	(Note)	-	\$ -	-	\$ 291	\$ -
Yuanta Securities	Yuanta/P-shares Taiwan Top 50 ETF	Fund managed by fellow subsidiary	590,054		-	-	-	590,054	-

Note: Income tax refundable arising from filing consolidated income tax returns.

- F. Information regarding selling non-performing loans:

(A) Summary of selling non-performing loans:

Transaction Company	Transaction date	Counterparty	Contents of right of claim	Carrying value	Sale price	Gain or loss from disposal	Attached conditions	Relationship with the Bank	Note
Yuanta Savings Bank (Korea)	March 25, 2022	Daesung Investment Management Loan	Loans and Temporary Payments for Others	\$ -	\$ 3,048	\$ 3,048	None	None	Note1
Yuanta Savings Bank (Korea)	December 7, 2022	KACMO	Loans and Temporary Payments for Others	-	16	16	None	None	Note2

Note1: The carrying amount and the sale price of the loan was KRW0 thousand and KRW132,000 thousand, using the exchange rate of 1 KRW to 0.023089 NTD.

Note2: The carrying amount and the sale price of the loan was KRW0 thousand and KRW714 thousand, using the exchange rate of 1 KRW to 0.023089 NTD.

(B) Sale of non-performing loans for which the amount exceeding NT \$1 billion (excluding sale to related parties): None.

- G. Information on and categories of securitized assets which are approved by the authority pursuant to Financial Asset Securitization Act or the Real Estate Securitization Act: None.
- H. Other material transaction items which were significant to the users of the financial statements: None.

I. Funds lent to other: Not applicable to subsidiaries in a financial or securities industries. For non-financial and non-securities subsidiaries, no fund has been lent except for the following:

Number	Lending company	Borrower	Account	Related-party	Maximum balance at current period	Ending balance	Actual used amount	Interest rate	Characteristic of fund lent to others	Amount	Reason for short-term loans	Provision for credit loss	Collateral		Limit of individual lending	Total limit of funds lent to others
													Item	Value		
1	Yuanta Securities	Yuanta Securities Asia Finance Service	Accounts receivable--related party	Yes	\$ 3,070,800	\$ -	\$ -	-	Short-term loans	\$ -	Working capital	\$ -	-	\$ -	\$ 13,588,556 (Note1)	\$ 54,354,226 (Note1)
2	Yuanta Securities Asia Finance Service	PT Yuanta Sekuritas Indonesia	Accounts receivable--related party	Yes	1,535,400	921,240	690,930	4.00%~5.41%	Short-term loans	-	Fulfill operating cost and working capital	-	-	-	42,309,140 (Note 3)	42,309,140 (Note 3)
3	Yuanta Securities Asia Finance Service	Yuanta Securities (Hong Kong)	Accounts receivable--related party	Yes	1,535,400	1,535,400	-	-	Short-term loans	-	Fulfill operating cost and working capital	-	-	-	42,309,140 (Note 3)	42,309,140 (Note 3)
4	Yuanta Securities Asia Finance Service	Yuanta Securities (Thailand)	Accounts receivable--related party	Yes	3,070,800	1,535,400	-	-	Short-term loans	-	Fulfill operating cost and working capital	-	-	-	42,309,140 (Note 3)	42,309,140 (Note 3)
5	Yuanta Securities Asia Finance Service	Yuanta Securities (Vietnam)	Accounts receivable--related party	Yes	921,240	921,240	-	-	Short-term loans	-	Working capital	-	-	-	42,309,140 (Note 3)	42,309,140 (Note 3)
6	Yuanta Securities Asia Finance Service	Yuanta Savings Bank (Korea)	Accounts receivable--related party	Yes	2,149,560	2,149,560	-	-	Short-term loans	-	Working capital	-	-	-	42,309,140 (Note 3)	42,309,140 (Note 3)

Note 1: The ceiling on total loans granted and limit to loans granted to a single party by Yuanta Securities should not exceed 40% and 10% of the net worth of its latest audited/reviewed financial statements.

Note 2: On August 19, 2021, the Board of Directors of Yuanta Securities resolved a loan limit to Yuanta Securities Asia Financial Services in the amount of USD 100 million. This has been approved through Gin-Gwen-Zheng Letter No. 1100357578 dated November 3, 2021 of the FSC in Taiwan. The case was expired on November 8, 2022.

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

Note 4: On September 24, 2020, the Board of Directors of Yuanta Securities Asia Financial Services resolved to provide a 2-year revolving subordinated loan to Yuanta Securities (Hong Kong) Limited in the amount of USD 50 million. This has been approved through Gin-Gwen-Zheng-Quan Letter No. 1090371696 dated December 2, 2020 of the FSC in Taiwan and has obtained the approval of the Securities and Futures Commission in Hong Kong on July 27, 2021.

J. Endorsements and guarantees provided for others:

Number	Endorsing and guarantee company	Endorsed and guaranteed company		Limit for endorsement and guarantee for single enterprise	Maximum outstanding endorsements and guarantee amount during for the year ended December 31, 2022	Ending balance of endorsement and guarantee	Actual used amount	Property-backed endorsement and guarantee	The ratio of accumulated endorsement and guarantee amount and the net value of the latest financial statement	Maximum limit	Provision of endorsements and guarantees by parent company to subsidiary	Provision of endorsements and guarantees by subsidiary to parent company	Provision of endorsements and guarantees to the party in Mainland China	Note
		Name of company	Relationship											
1	Yuanta Securities	PT Yuanta Sekuritas Indonesia	More than 50% common stock-directly-owned subsidiary	\$ 27,177,113 (Note 1)	\$ 107,478	\$ 107,478	\$ 102,360	\$ -	0.08%	\$ 54,354,226 (Note 1)	Yes	No	No	
2	Yuanta Securities	Yuanta Securities (Thailand)	More than 50% common stock-directly-owned subsidiary	27,177,113 (Note 1)	460,620	-	-	-	-	54,354,226 (Note 1)	Yes	No	No	
3	Yuanta Securities	Yuanta International Investment (Hong Kong) (Note 2)	More than 50% common stock-directly-owned subsidiary	27,177,113 (Note 1)	1,535,400	1,535,400	-	-	1.13%	54,354,226 (Note 1)	Yes	No	No	
4	Yuanta Securities Asia Financial Service	Yuanta Securities (Thailand)	More than 50% common stock-directly-owned subsidiary	42,309,140 (Note 3)	2,204,968	1,315,868	-	-	3.11%	42,309,140 (Note 3)	Yes	No	No	
5	Yuanta Securities Asia Financial Service	PT Yuanta Sekuritas Indonesia	More than 50% common stock-directly-owned subsidiary	42,309,140 (Note 3)	447,456	447,456	153,540	-	1.06%	42,309,140 (Note 3)	Yes	No	No	
6	Yuanta Securities Asia Financial Service	Yuanta Securities (Vietnam)	More than 50% common stock-directly-owned subsidiary	42,309,140 (Note 3)	874,960	874,960	-	-	2.07%	42,309,140 (Note 3)	Yes	No	No	

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

Note 2: To become a local agent and guarantee institution of foreign structure instruments which are issued by the reinvested company, Yuanta Investment (Hong Kong), on September 24, 2020, Yuanta Securities' Board of Directors resolved to provide a guarantee with a limit of US 50 million. On December 16, 2020, Yuanta Securities obtained the approval from Gin-Gwen-Zheng-Quan-Zi Letter No. 1090372253 of FSC in Taiwan. On February 25, 2021, both parties finished signing the guarantee contract after the relating process has been completed.

Note 3: According to the Company's "Procedures for Provision of Endorsements and Guarantees", total endorsements and guarantees provided to others cannot exceed the net assets value in Yuanta Securities Asia Financial Services Ltd.'s latest financial statements audited or reviewed by an independent auditor.

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

L. Securities held at the end of period:

(Expressed in Thousands of New Taiwan Dollars)								
December 31, 2022								
Name of company which holds securities	Category and name of securities (or name of issuer of securities)	Relationship between issuer of securities and the company	Account	Number of shares (In thousands)	Book value	Percentage of ownership (%)	Market value	Note
Yuanta Securities Investment Trust	Beneficiary certificates:							
	Yuanta/P-shares Taiwan Top 50 ETF	The managing company of the fund	Financial assets at fair value through profit or loss	35	\$ 3,807	-	\$ 3,807	
	Yuanta/P-shares Taiwan Mid-Cap 100 ETF	"	"	10	492	-	492	
	Yuanta/P-shares Taiwan Electronics Tech ETF	"	"	21	1,101	-	1,101	
	Yuanta/P-shares MSCI Taiwan Financials ETF	"	"	19	418	-	418	
	Yuanta/P-shares Taiwan Dividend Plus ETF	"	"	42	1,078	-	1,078	
	W.I.S.E. Yuanta/P-shares CSI 300 ETF	"	"	27	500	-	500	
	Yuanta S&P500	"	"	8	294	-	294	
	Yuanta/P-shares Taiwan GreTai 50 ETF	"	"	21	315	-	315	
	Yuanta/P-shares MSCI Taiwan ETF	"	"	15	774	-	774	
	Yuanta/P-shares SSE50 ETF	"	"	19	581	-	581	
	Yuanta S&P GSCI Gold ER Futures ETF	"	"	10	226	-	226	
	Yuanta S&P GSCI Crude Oil ER Futures ETF	"	"	2	29	-	29	
	Yuanta EURO STOXX 50 ETF	"	"	7	207	-	207	
	Yuanta Nikkei 225 ETF	"	"	1	50	-	50	
	Yuanta U.S. Treasury 20+ Year Bond ETF	"	"	2	52	-	52	
	Yuanta S&P US Dollar ER Futures ETF	"	"	1	20	-	20	
	Yuanta U.S. Treasury 7-10 Year Bond ETF	"	"	9	335	-	335	
	Yuanta Taiwan High Dividend Low Volatility ETF	"	"	10	365	-	365	
	Yuanta U.S. Treasury 1-3 Year Bond ETF	"	"	1	41	-	41	
	Yuanta U.S. 20+ Year BBB Corporate Bond ETF	"	"	10	367	-	367	
	Yuanta China Treasury + Policy Bank 3-5 Year Bond ETF	"	"	1	50	-	50	
	Yuanta DJCI Silver ER Futures ETF	"	"	1	33	-	33	
	Yuanta MSCI China A ETF	"	"	9	210	-	210	

				December 31, 2022				
Name of company which holds securities	Category and name of securities (or name of issuer of securities)	Relationship between issuer of securities and the company	Account	Number of shares (In thousands)	Book value	Percentage of ownership (%)	Market value	Note
Yuanta Securities Investment Trust	Beneficiary certificates:							
	Yuanta US 20+ Year AAA-A Corporate Bond ETF	The managing company of the fund	Financial assets at fair value through profit or loss	14	\$ 478	-	\$ 478	
	Yuanta STOXX Global Artificial Intelligence ETF	"	"	8	235	-	235	
	Yuanta S&P U.S. High Yield Preferred Stock ETF	"	"	2	26	-	26	
	Yuanta US 10+ Investment Grade Bank Bond ETF	"	"	6	181	-	181	
	Yuanta US 10+ Investment Grade Healthcare Bond ETF	"	"	13	429	-	429	
	Yuanta US 10+ Investment Grade Utility Electric Power Bond ETF	"	"	7	218	-	218	
	Yuanta FTSE4Good TIP Taiwan ESG ETF	"	"	14	396	-	396	
	Yuanta Global NextGen Communications ETF	"	"	21	533	-	533	
	Yuanta 15+ Year Emerging Markets Sovereign Bond ETF	"	"	1	37	-	37	
	Yuanta Global 5G & NexGen Telecommunication Components ETF	"	"	27	642	-	642	
	Yuanta De- Bao Money Market Fund	"	"	8,199	100,039	-	100,039	
	Yuanta Real Multi-Asset Fund TWD	"	"	1,541	15,210	-	15,210	
	Yuanta 2-10 Year Investment Grade Corporate Bond Fund	"	"	10,092	99,549	-	99,549	
					<u>\$ 229,318</u>		<u>\$ 229,318</u>	
	Stocks:							
	Taiwan Futures Exchange	-	Financial assets at fair value through other comprehensive income	4,213	\$ 361,319	0.88	\$ 361,319	
	FundRich Securities Co. Ltd.	-	"	819	<u>16,420</u>	1.37	<u>16,420</u>	
					<u>\$ 377,739</u>		<u>\$ 377,739</u>	
	CR Yuanta Fund Management Company Limited	-	Long-term equity accounted for under the equity method	147,000	<u>\$ 346,416</u>	24.50	<u>\$ 346,416</u>	
Yuanta Asset Management	Beneficiary certificates:							
	Yuanta De-Li Money Market Fund	-	Financial assets at fair value through profit or loss	6,061	\$ 100,421	-	\$ 100,421	
	Allianz Global Investors Taiwan Money Market Fund	-	"	7,871	100,245	-	100,245	
	Yuanta De- Bao Money Market Fund	-	"	2,460	30,010	-	30,010	
	Taishin 1699 Money Market Fund	-	"	13,943	<u>191,925</u>	-	<u>191,925</u>	
					<u>\$ 422,601</u>		<u>\$ 422,601</u>	
	Stocks:							
	Taiwan Finance Corporation	-	Financial assets at fair value through other comprehensive income	828	\$ 6,463	0.16	\$ 6,463	
	Sunsino Development Associate Inc.	-	"	443	5,005	0.93	5,005	

Name of company which holds securities	Category and name of securities (or name of issuer of securities)	Relationship between issuer of securities and the company	Account	December 31, 2022				
				Number of shares (In thousands)	Percentage of ownership			
					Book value	(%)	Market value	Note
Yuanta Asset Management	Stocks:							
	DaYeh Development Co., Ltd.	-	Financial assets at fair value through other comprehensive income	333	\$ 620	2.22	\$ 620	
	Chung Yi Development Co., Ltd.	-	"	2,278	91	6.63	91	
	Global Investment Holdings Co., LTD.	-	"	1,980	22,711	1.23	22,711	
	China Trade And Development Corporation	-	"	500	12,975	0.76	12,975	
					<u>\$ 47,865</u>		<u>\$ 47,865</u>	
Yuanta Venture Capital	Stocks:							
	United Renewable Energy Co., Ltd.	-	Financial assets at fair value through profit or loss	513	\$ 8,380	0.03	\$ 8,380	Private equity
	Taiwan Chelic Corp. Ltd.	-	"	500	24,850	0.73	24,850	
	Eurocharm Holdings Co., Ltd.	-	"	624	102,336	0.95	102,336	
	Ever Supreme Bio Technology Co., Ltd.	-	"	100	22,050	0.15	22,050	
	Tot Biopharm International Company Limited	-	"	15,606	147,502	2.02	147,502	
	Taiwan J Pharmaceuticals Co., Ltd.	-	"	1,282	13,451	1.71	13,451	
	Jing-Jan Retail Business Co., Ltd.	-	"	1,408	54,109	2.35	54,109	
	M3 Technology Inc.	-	"	800	74,480	1.96	74,480	
	Saultech Technology Co., Ltd.	-	"	438	18,001	1.45	18,001	
	Taiwan Microloops Co., Ltd.	-	"	855	40,091	1.97	40,091	
	Ever Fortune. AI Co., Ltd.	-	"	1,200	85,260	1.33	85,260	
	Gorilla Technology Group Inc.	-	"	399	99,336	0.55	99,336	
	CGK International Co., Ltd (Cayman)	-	"	877	11,847	2.00	11,847	
	Aprevent Medical, Inc.	-	"	394	122	2.12	122	
	Aprevent Medical, Inc.	-	"	1,808	24,657	9.71	24,657	Preferred stock B
	Li Ling Film Co., Ltd.	-	"	1,666	3,399	2.78	3,399	
	Apollomics, Inc.	-	"	1,634	13,546	0.13	13,546	
	Bioflag International Corporation	-	"	3,400	107,542	3.12	107,542	
	Pharmosa Biopharm Co., Ltd.	-	"	3,475	157,657	3.13	157,657	
	International Ocean Vessel Technical Consultant Co. Ltd	-	"	645	25,287	4.47	25,287	
	Seng-An Biomedical Co., Ltd.	-	"	300	14,521	0.60	14,521	
	GRAID Technology, Inc.	-	"	682	28,038	2.96	28,038	Preferred stock A
	Veden Dental Group	-	"	246	-	0.50	-	

Name of company which holds securities	Category and name of securities (or name of issuer of securities)	Relationship between issuer of securities and the company	Account	December 31, 2022				
				Number of shares (In thousands)	Percentage of ownership			
					Book value	(%)	Market value	Note
Yuanta Venture Capital	Stocks:							
	Long Diann Marine Bio Technology Co., Ltd.	-	"	1,290	\$ -	6.47	\$ -	
	GenePharm Biotech Corp.	-	"	2,667	-	10.03	-	
	Great Dream Pictures, Inc.	-	"	200	-	19.96	-	
	MEGA UNION TECHNOLOGY INC.	-	"	1,390	101,313	2.31	101,313	
	YU-CHEN SYSTEM TECHNOLOGY CORP.	-	"	1,200	72,204	8.60	72,204	
	SKY TECH INC.	-	"	1,148	81,166	1.89	81,166	
	Asia Pacific Venture Invest II L.P.	-	Financial assets at fair value through profit or loss	-	713	10.00	713	
	Taiwan Speciality Chemicals Corporation	-	"	235	23,228	0.17	23,228	
	Certain Micro Application Technology Inc.	-	"	1,200	32,088	7.45	32,088	
Yuanta Venture Capital	GCT Semiconductor Inc.	-	"	1,402	-	1.10	-	Preferred stock G
					<u>\$ 1,387,174</u>		<u>\$ 1,387,174</u>	
	Yuanta I Venture Capital Co., Ltd.	Investee company accounted for under the equity method	Long-term equity accounted for under the equity method	85,000	\$ 948,689	100.00	\$ 948,689	
	Stocks:							
	Da Hwa Venture Capital Co., Ltd.	-	Financial assets at fair value through other comprehensive income	800	\$ 8,408	0.50	\$ 8,408	
	Prudence Capital Management	-	"	939	17,217	9.00	17,217	
	Sheng Hwa Venture Capital Co., Ltd.	-	"	1,064	5,658	4.80	5,658	
	Lian Xun San Venture Capital Co., Ltd.	-	"	10	222	10.00	222	
	Hwa Lu Venture Capital Co., Ltd.	-	"	261	16,604	8.70	16,604	
	Sheng Yuan Venture Capital Co., Ltd.	-	"	84	3,213	9.88	3,213	
	Qi Ding Venture Capital Co., Ltd.	-	"	335	2,757	4.35	2,757	
	Der Yang Biotechnology Venture Capital Co., Ltd.	-	"	207	2,500	10.00	2,500	
	Huiyang Venture Capital Co., Ltd.	-	"	67	4,025	2.46	4,025	
					<u>\$ 60,604</u>		<u>\$ 60,604</u>	

(4) Investments in Mainland China

A. Information of investment in Mainland China

Yuanta Venture Capital

(Expressed in thousands of dollars)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2022	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the year ended December 31, 2022		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2022	Net income of investee as of December 31, 2022	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2022 (Note 4)	Book value of investments in Mainland China as of December 31, 2022	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2022
					Remitted to Mainland China	Remitted back to Taiwan						
Tot Biopharm International Company Limited	Pharmaceutical company specializes in cancer treatment	\$ 8,524,541 (USD 277,600)	(2) HONG KONG TOT BIOPHARM INTERNATIONAL COMPANY LIMITED	\$ 164,620	\$ -	\$ -	\$ 164,620	Note 5	2.02%	\$ -	\$ 164,620	\$ -
Jhong Shan Dong Yi Technology Co., Ltd.	Protection glass grinding and sales	245,664 (USD 8,000)	(2) CAYMAN ISLANDS CGK INTERNATIONAL CO., LTD.	5,599	-	-	5,599	Note 5	2.00%	-	5,599	-
Orient Optical Crystal Mfg. Co	Protection glass grinding and sales	19,692 (HKD 5,000)	(2) CAYMAN ISLANDS CGK INTERNATIONAL CO., LTD.	452	-	-	452	Note 5	2.00%	-	452	-
Veden Dental Labs Inc.	Manufacturing dental restoration	326,879 (HKD 83,000)	(2) CAYMAN ISLANDS VEDEN DENTAL GROUP	22,762	-	-	22,762	Note 5	0.50%	-	22,762	-

Yuanta I Venture Capital

(Expressed in thousands of dollars)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2022	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the year ended December 31, 2022		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2022	Net income of investee as of December 31, 2022	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2022 (Note 4)	Book value of investments in Mainland China as of December 31, 2022	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2022
					Remitted to Mainland China	Remitted back to Taiwan						
Jie Qun Electronic Technology (Dong Guan) Ltd.	Transistors	\$ 2,705,885 (USD 88,117)	(2) VIRGIN ISLANDS GREAT TEAM BACKEND FOUNDRY,	\$ 40,735	\$ -	\$ -	\$ 40,735	Note 5	3.18%	\$ -	\$ 27,112	\$ 26,029

Yuanta Securities

(Expressed in thousands of dollars)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2022	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the year ended December 31, 2022		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2022	Net income of investee as of December 31, 2022	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2022 (Note 2)	Book value of investments in Mainland China as of December 31, 2022	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2022
					Remitted to Mainland China	Remitted back to Taiwan						
GC Investment Consultant (Shanghai)	Investment consultation	\$ 18,237 (RMB 4,138)	(3)	\$ -	\$ -	\$ -	\$ -	\$ 219	100.00%	In liquidation	\$ 22,324	\$ -
Yuanta Securities Investment Consultant (Beijing)	Investment management consulting service, financial consulting service, business administration consulting service, business information consulting service, economic and trade consulting service, marketing and planning, technical promotion and services	81,227 (RMB 18,428)	(2) Yuanta Securities Asia Financial Service	-	-	-	-	3,013	100.00%	3,013 (2)B	15,065	-

Yuanta Securities Investment Trust

(Expressed in thousands of dollars)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2022	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the year ended December 31, 2022		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2022	Net income of investee as of December 31, 2022	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2022 (Note 2)	Book value of investments in Mainland China as of December 31, 2022	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2022
					Remitted to Mainland China	Remitted back to Taiwan						
CR Yuanta Fund Management Company Limited	Fund raising and sale	\$ 2,644,420 (RMB 600,000)	(1)	\$ 705,666	\$ -	\$ -	\$ 705,666	\$ 17,805	24.50%	\$ 4,370	\$ 346,416	\$ -

Yuanta Futures

(Expressed in thousands of dollars)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2022	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the year ended December 31, 2022		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2022	Net income of investee as of December 31, 2022	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2022 (Note 2)	Book value of investments in Mainland China as of December 31, 2022	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2022
					Remitted to Mainland China	Remitted back to Taiwan						
SYF Information (Shanghai)	Computer software services	\$ 157,209 (RMB 33,080)	(3)	\$ 157,209	\$ -	\$ -	\$ 157,209	\$ 3,514	100.00%	\$ 1,991 (2)C	\$ 118,159	\$ -

B. Limitation on investment in Mainland China (Expressed in thousands of dollars)

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2022	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA (Note)
Yuanta Venture Capital and its subsidiaries	\$ 234,168	\$ 234,021	\$ 1,648,706
GC Investment Consultant (Shanghai)	-	Note 6	Note 6
Yuanta Investment Consulting Beijing	-	91,973	90,751,614
Yuanta Securities Investment Trust	705,666	705,666	3,639,148
Yuanta Futures	157,209	174,000	7,722,509

Note: The abovementioned limitations on investments in Mainland China were based on 60% of Yuanta Venture Capital's net worth of \$2,747,844.

The abovementioned limitations on investments in Mainland China were based on 60% of Yuanta Securities's net worth of \$151,252,690.

The abovementioned limitations on investments in Mainland China were based on 60% of Yuanta Securities Investment Trust's net worth of \$6,065,246.

The abovementioned limitations on investments in Mainland China were based on 60% of Yuanta Futures's net worth of \$12,870,849.

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

(1) Directly invest in a company in Mainland China.

(2) Through investing in an existing company in the third area, which then invested in the investee in Mainland China.

(3) Others.

Note 2: In the 'Investment income (loss) recognised by the Company for the year ended December 31, 2022' column:

(1) It should be indicated if the investee was still in the incorporation arrangements and had not yet any profit during this period.

(2) Indicate the basis for investment income (loss) recognition in the number of one of the following three categories:

a. The financial statements that are audited and attested by international accounting firm which has cooperative relationship with accounting firm in R.O.C.

b. The financial statements that are audited and attested by R.O.C. parent company's CPA.

c. Others.

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

Note 4: The investment targets are Yuanta Venture Capital and Yuanta I Venture Capital's information of investment in Mainland China and are recognised as financial assets at fair value through profit or loss, therefore, there was no investment income (loss) recognised.

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

Note 6: Yuanta Securities absorbed Polaris Securities and therefore indirectly acquired USD 16 million capital of GC Investment Consultant (Shanghai) Co., Ltd., a subsidiary of GC Investment Consultant (Asian) Co., Ltd. (renamed as Polaris Capital afterwards), being reinvested by Polaris Holdings (Cayman) Ltd., the direct overseas investment of Polaris Securities. GC Investment Consultant (Shanghai) Co., Ltd. was approved to liquidate, the Yuanta Group has no significant influence over the company, therefore, the equity method was no longer applicable.

(5) Significant commitments or contingency of subsidiaries

Please refer to Note 9.

(6) Significant loss from disasters of subsidiaries

Please refer to Note 10.

(7) Significant subsequent events of subsidiaries

Please refer to Note 11.

(8) Major shareholders information

No shareholder held shares above 5% as of December 31, 2022.

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

Please refer to Note 7.

(10) Significant transactions between parent company and subsidiaries

No. (Note 1)	Company	Counterparty	Relationship (Note 2)	Details of transactions			
				Account	Amount	Conditions	Percentage of total consolidated net revenues or assets (Note 3)
0	Yuanta Financial Holdings	Yuanta Securities	1	Receivables – net	377,277	No significant difference from general customers	0.01%
0	Yuanta Financial Holdings	Yuanta Bank	1	Receivables – net	351,059	"	0.01%
0	Yuanta Financial Holdings	Yuanta Life	1	Payables	4,962,290	"	0.16%
1	Yuanta Securities	Yuanta Life	3	Right-of-use assets – net	274,150	"	0.01%
1	Yuanta Securities	Yuanta Securities (Hong Kong)	3	Payables	155,658	"	0.01%
1	Yuanta Securities	Yuanta Life	3	Lease liabilities	298,170	"	0.01%
1	Yuanta Securities	Yuanta Securities Investment Trust	3	Net service fee and commission income	104,411	"	0.11%
1	Yuanta Securities	Yuanta Futures	3	Net service fee and commission income	292,413	"	0.32%
1	Yuanta Securities	Yuanta Securities Investment Consulting	3	Other business and administrative expenses	201,217	"	0.22%
1	Yuanta Securities	Yuanta International Insurance Brokers	3	Net other miscellaneous income	176,181	"	0.19%
1	Yuanta Securities	Yuanta Futures	3	Cash and cash equivalents	2,158,396	"	0.07%
1	Yuanta Securities	Yuanta Futures(Hong Kong)	3	Cash and cash equivalents	113,948	"	0.00%
1	Yuanta Securities	Yuanta Futures	3	Financial assets at fair value through profit or loss	703,509	"	0.02%
2	Yuanta Bank	Yuanta Futures	3	Cash and cash equivalents	103,410	"	0.00%
2	Yuanta Bank	Yuanta Life	3	Deposits and remittances	1,086,509	"	0.04%
2	Yuanta Bank	Yuanta Securities	3	Deposits and remittances	3,631,093	"	0.12%
2	Yuanta Bank	Yuanta International Insurance Brokers	3	Deposits and remittances	224,713	"	0.01%
2	Yuanta Bank	Yuanta Futures	3	Deposits and remittances	171,237	"	0.01%
2	Yuanta Bank	Yuanta Financial Holdings	3	Deposits and remittances	173,639	"	0.01%
2	Yuanta Bank	Yuanta Life	3	Deposits and remittances	132,201	"	0.00%
2	Yuanta Bank	Yuanta Securities	3	Deposits and remittances	4,348,802	"	0.14%
2	Yuanta Bank	Yuanta Securities Asia Financial Services	3	Deposits and remittances	3,108,122	"	0.10%
2	Yuanta Bank	Yuanta Securities (Hong Kong)	3	Deposits and remittances	146,274	"	0.00%
2	Yuanta Bank	Yuanta Futures	3	Deposits and remittances	5,923,600	"	0.20%

No. (Note 1)	Company	Counterparty	Relationship (Note 2)	Details of transactions			
				Account	Amount	Conditions	Percentage of total consolidated net revenues or assets (Note 3)
2	Yuanta Bank	SYF Information (Shanghai)	3	Deposits and remittances	167,000	No significant difference from general customers	0.01%
2	Yuanta Bank	Yuanta Securities Investment Trust	3	Deposits and remittances	4,246,500	"	0.14%
2	Yuanta Bank	Yuanta Securities Investment Consulting	3	Deposits and remittances	225,200	"	0.01%
2	Yuanta Bank	Yuanta Securities Finance	3	Deposits and remittances	100,000	"	0.00%
2	Yuanta Bank	Yuanta Venture Capital	3	Deposits and remittances	327,700	"	0.01%
2	Yuanta Bank	Yuanta I Venture Capital	3	Deposits and remittances	398,000	"	0.01%
2	Yuanta Bank	Yuanta Asset Management	3	Deposits and remittances	427,700	"	0.01%
2	Yuanta Bank	Yuanta Securities	3	Deposits and remittances	14,215,256	"	0.47%
2	Yuanta Bank	Yuanta Securities Asia Financial Services	3	Deposits and remittances	915,098	"	0.03%
2	Yuanta Bank	Yuanta Securities (Hong Kong)	3	Deposits and remittances	4,595,377	"	0.15%
2	Yuanta Bank	Yuanta Futures	3	Deposits and remittances	4,104,699	"	0.14%
2	Yuanta Bank	Yuanta Financial Holdings	3	Deposits and remittances	5,450,000	"	0.18%
2	Yuanta Bank	Yuanta Securities	3	Deposits and remittances	5,220,360	"	0.17%
2	Yuanta Bank	Yuanta Financial Holdings	3	Deposits and remittances	847,541	"	0.03%
2	Yuanta Bank	Yuanta Futures	3	Deposits and remittances	21,506,985	"	0.71%
2	Yuanta Bank	Yuanta Life	3	Net service fee and commission income	913,750	"	1.00%
2	Yuanta Bank	Yuanta Life	3	Net service fee and commission income	176,867	"	0.19%
2	Yuanta Bank	Yuanta Futures	3	Interest expense	252,949	"	0.28%
2	Yuanta Bank	Yuanta Securities	3	Interest expense	210,888	"	0.23%
2	Yuanta Bank	Yuanta Securities	3	Other business and administrative expenses	197,047	"	0.22%
3	Yuanta Futures	Yuanta Futures(Hong Kong)	3	Other financial assets – net	504,076	"	0.02%
3	Yuanta Futures	Yuanta Life	3	Right-of-use assets – net	103,281	"	0.00%
3	Yuanta Futures	Yuanta Life	3	Lease liabilities	113,561	"	0.00%
3	Yuanta Futures	Yuanta Futures(Hong Kong)	3	Other financial liabilities	404,304	"	0.01%
3	Yuanta Futures	Yuanta Securities (Korea)	3	Other financial liabilities	289,808	"	0.01%
3	Yuanta Futures	Yuanta Securities	3	Net service fee and commission income	292,413	"	0.32%

No. (Note 1)	Company	Counterparty	Relationship (Note 2)	Details of transactions			
				Account	Amount	Conditions	Percentage of total consolidated net revenues or assets (Note 3)
4	Yuanta Life	Yuanta International Insurance Brokers	3	Net service fee and commission income	595,267	No significant difference from general customers	0.65%
5	Yuanta Securities Asia Financial Services	Yuanta Securities (Indonesia)	3	Receivables – net	691,354	"	0.02%
5	Yuanta Securities Asia Financial Services	Yuanta Securities (Korea)	3	Interest income	130,358	"	0.14%
5	Yuanta Securities Asia Financial Services	Yuanta Securities (Korea)	3	Non-controlling interests	153,770	"	0.01%
6	Yuanta Futures (Hong Kong)	Yuanta Securities (Vietnam)	3	Other financial assets – net	279,988	"	0.01%

Note 1: The numbers in the No. column represent as follows:

1. 0 for the parent company.
2. According to the sequential order, subsidiaries are numbered from 1.

Note 2: There are three types of relationships with the counterparties and they are labeled as follows (If transactions between parent company and subsidiaries or between subsidiaries refer to the same transaction, it is not required to disclose twice. For example, if the parent company has already disclosed its transactions with a subsidiary, then the subsidiary is not required to disclose the transactions; for transactions between two subsidiaries, if one of the subsidiaries has disclosed the transactions, then the other is not required to disclose the transactions) :

1. Parent company to subsidiary.
2. Subsidiary to parent company.
3. Subsidiary to subsidiary.

Note 3: The calculation basis of the trading amount accounting for the total consolidated net revenues or assets is that the account ending balance is divided by the total consolidated assets if it is attributed to the balance sheet accounts, and the accumulated trading amount of the interim period is divided by the total consolidated net revenues if it is attributed to the profit or loss accounts.

Note 4: The transactions disclosed are those over \$100,000.

14. Segment information

(1) General information

A. Recognition elements of reporting segment

The Yuanta Group is mainly engaged in the investment and management of its investees; therefore, the management reports are provided to the Chief Operating Decision-Maker (“CODM”) to allocate resources to operating segments and evaluate their performance. The Yuanta Group’s management recognised reporting segments based on the policies adopted by the CODM.

B. The income sources and service types of each reporting segment

The management has recognised reporting segments based on the reporting information used by the CODM. The Yuanta Group has five reporting segments according to the types of income sources: banking, securities, futures, insurance and others. The products and types of service of the income sources are as follows:

- (A) Banking: corporate banking, personal banking and wealth management in accordance with the Banking Act.
- (B) Securities: securities dealing or consignment trading, underwriting securities, registration and transfer agency service for securities, assistance of futures trading, futures dealing, and issuing call (put) warrants, derivative financial instrument transactions including interest rate swap, asset swap and structured notes.
- (C) Futures: domestic and foreign futures merchant business, self-operating business, futures consultation business, futures agency, self-operating securities business and other futures relating business as approved by authorities.
- (D) Insurance: the main activities comprise life insurance enterprises and provision of life, medical, accident injury and investment-oriented insurance products.
- (E) Others: includes those not mentioned above, for example, investment trust, investment consulting, venture capital and asset management businesses.

(2) Measurement of segment information – measurement of the profit and loss of operating segments

The Yuanta Group’s measurement principles for profit and loss of operating segments is consistent with the significant accounting policies stated in Note 4, and the measurement of profit and loss performance is based on pre-tax profit and loss.

Inter-segmental transactions are arm’s-length transactions, and the gain and loss arising from such transactions are eliminated by the parent company in the consolidated financial statements. Profit and loss directly attributable to various segments have been considered when segment performance is being evaluated.

Expressed in Thousands of New Taiwan Dollars

For the year ended December 31, 2022

	Banking	Securities	Futures	Insurance	Others	Adjustment and elimination	Consolidated
Revenue from external customers	\$ 20,224,960	\$ 40,188,432	\$ 2,843,685	\$ 24,435,091	\$ 3,809,714	\$ -	\$ 91,501,882
Revenue (loss) from transactions with other operating segments of the same entity	525,513	1,454,938	92,316	(1,440,917)	494,744	(1,126,594)	-
Net revenues (Note)	20,750,473	41,643,370	2,936,001	22,994,174	4,304,458	(1,126,594)	91,501,882
Provision for bad debt expenses, commitment and guarantee policy reserve	(361,604)	40,861	2,795	(242)	-	-	(318,190)
Net change in provisions for insurance liabilities	-	-	-	(19,689,999)	-	156,027	(19,533,972)
Operating expenses	(11,526,017)	(26,585,099)	(1,516,331)	(1,637,863)	(3,041,478)	1,070,881	(43,235,907)
Income from continuing operations before income tax	<u>\$ 8,862,852</u>	<u>\$ 15,099,132</u>	<u>\$ 1,422,465</u>	<u>\$ 1,666,070</u>	<u>\$ 1,262,980</u>	<u>\$ 100,314</u>	<u>\$ 28,413,813</u>

For the year ended December 31, 2021

	Banking	Securities	Futures	Insurance	Others	Adjustment and elimination	Consolidated
Revenue from external customers	\$ 20,303,260	\$ 64,652,464	\$ 2,467,808	\$ 26,771,174	\$ 5,045,797	\$ -	\$ 119,240,503
Revenue (loss) from transactions with other operating segments of the same entity	801,637	1,635,037	(66,983)	(1,762,145)	739,659	(1,347,205)	-
Net revenues (Note)	21,104,897	66,287,501	2,400,825	25,009,029	5,785,456	(1,347,205)	119,240,503
Provision for bad debt expenses, commitment and guarantee policy reserve	(532,883)	47,923	3,755	151	(53,202)	-	(534,256)
Net change in provisions for insurance liabilities	-	-	-	(21,455,980)	-	154,703	(21,301,277)
Operating expenses	(11,375,207)	(36,420,374)	(1,355,620)	(1,589,513)	(3,471,865)	948,953	(53,263,626)
Income from continuing operations before income tax	<u>\$ 9,196,807</u>	<u>\$ 29,915,050</u>	<u>\$ 1,048,960</u>	<u>\$ 1,963,687</u>	<u>\$ 2,260,389</u>	<u>(\$ 243,549)</u>	<u>\$ 44,141,344</u>

Note: Net revenues include gain and loss on financial assets and liabilities at fair value through profit or loss, realised gain and loss on financial assets at fair value through other comprehensive income, foreign exchange gains and losses, and other non-interest income.

(3) Information on products and services

Information on products and services of Yuanta Group is consistent with the measurement of segment information.

(4) Geographical information

Geographical revenue information of Yuanta Group is as follows:

	For the years ended December 31,	
	2022	2021
R.O.C.	\$ 77,385,770	\$ 97,828,337
South Korea	10,267,024	16,527,007
Others	3,849,088	4,885,159
	<u>\$ 91,501,882</u>	<u>\$ 119,240,503</u>

(5) Major customer information

There is no requirement for additional disclosure because no single customer accounted for 10% or more of the Yuanta Group's operating revenues.

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