China Development Financial Holding Corporation and Subsidiaries

Consolidated Financial Statements for the Three Months Ended March 31, 2021 and 2020 and Independent Auditors' Review Report

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INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Shareholders
China Development Financial Holding Corporation

Introduction

We have reviewed the accompanying consolidated balance sheets of China Development Financial Holding Corporation (the "Corporation") and its subsidiaries as of March 31, 2021 and 2020, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the three-month periods then ended, and related notes, including a summary of significant accounting policies. 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 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 Securities Issuers, Regulations Governing the Preparation of Financial Reports by Insurance Enterprises, the guidelines issued by the authority and International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

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

Conclusion

Based on our reviews, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Corporation and its subsidiaries as at March 31, 2021 and 2020, and of its consolidated financial performance and its consolidated cash flows for the three-month periods 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 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 Securities Issuers, Regulations Governing the Preparation of Financial Reports by Insurance Enterprises, the guidelines issued by the authority and International Accounting Standard 34 "Interim Financial Reporting".

The engagement partners on the reviews resulting in this independent auditors' review report are Yi-Chun Wu and Jr-Shian Ke.

Yi-Chun Wu Jr-Shian Ke

Deloitte & Touche
Taipei, Taiwan
Republic of China

May 21, 2021

<u>*Notice to Readers*</u>

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to review such consolidated financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' review report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' review report and consolidated financial statements shall prevail.

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

	March 31, 2021 (Reviewed)		December 31, 2020 (Audited)		March 31, 2020 (Reviewed)	
ASSETS	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
CASH AND CASH EQUIVALENTS (Note 6)	$ 110,561,010	3	$ 116,029,168	3	$ 94,123,171	3
DUE FROM THE CENTRAL BANK AND CALL LOANS TO FINANCIAL INSTITUTIONS (Notes 7 and 49)	31,792,157	1	31,864,661	1	35,412,446	1
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 8, 9, 18, 48 and 49)	548,444,225	16	543,495,816	16	530,787,595	17
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (Notes 10, 49 and 54)	631,722,572	18	712,962,077	21	535,406,837	17
DEBT INVESTMENTS MEASURED AT AMORTIZED COST (Notes 11, 18, 48 and 54)	1,132,929,229	33	1,064,332,087	31	1,041,795,869	33
FINANCIAL ASSETS FOR HEDGING (Note 12)	220,795	-	102,479	-	2,663	-
SECURITIES PURCHASED UNDER RESELL AGREEMENTS (Note 13)	32,989,548	1	50,409,959	2	53,104,017	2
RECEIVABLES, NET (Notes 14, 48, 49 and 54)	153,681,256	5	138,709,584	4	118,071,805	4
CURRENT TAX ASSETS	701,499	-	705,864	-	769,484	-
DISCOUNTS AND LOANS, NET (Notes 15, 48 and 54)	408,733,410	12	408,444,192	12	390,920,929	13
REINSURANCE ASSETS, NET (Note 16)	863,787	-	740,256	-	794,404	-
INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD, NET (Notes 17 and 18)	16,203,827	1	15,175,924	-	14,663,097	-
OTHER FINANCIAL ASSETS (Notes 19, 48 and 49)	146,380,876	4	146,096,553	4	114,183,773	4
INVESTMENT PROPERTY, NET (Notes 20 and 49)	30,285,628	1	29,953,756	1	25,281,666	1
PROPERTY AND EQUIPMENT, NET (Notes 21 and 49)	34,853,794	1	35,343,870	1	36,185,120	1
RIGHT-OF-USE ASSETS, NET (Note 22)	13,942,436	-	14,049,764	-	17,832,313	1
INTANGIBLE ASSETS, NET (Note 23)	19,307,056	1	19,537,371	1	20,155,550	1
DEFERRED TAX ASSETS (Note 44)	11,935,103	-	12,399,965	-	9,990,529	-
OTHER ASSETS, NET (Notes 24 and 48)	100,569,581	3	94,265,129	3	74,687,034	2
TOTAL	$ 3,426,117,789	100	$ 3,434,618,475	100	$ 3,114,168,302	100
LIABILITIES AND EQUITY						
LIABILITIES						
Deposits from the Central Bank and financial institutions (Notes 25 and 48)	$ 23,238,409	1	$ 12,110,930	-	$ 22,116,450	1
Funds from the Central Bank and financial institutions	91,080	-	76,030	-	-	-
Financial liabilities at fair value through profit or loss (Notes 8 and 48)	102,724,790	3	116,142,567	3	130,299,886	4
Financial liabilities for hedging (Note 12)	153,036	-	641,307	-	824,087	-
Notes and bonds issued under repurchase agreements (Notes 8, 10, 11 and 26)	132,598,134	4	134,864,245	4	116,298,535	4
Commercial paper payable, net (Notes 27 and 49)	18,284,269	1	11,564,804	-	12,983,936	1
Payables (Notes 28 and 48)	120,221,498	3	103,096,646	3	99,628,034	3
Current tax liabilities	5,942,981	-	4,143,209	-	1,431,146	-
Deposits and remittances (Notes 29 and 48)	479,588,765	14	486,707,951	14	439,845,904	14
Bonds payable (Note 30)	71,554,882	2	62,981,293	2	42,442,639	1
Other borrowings (Notes 31 and 49)	21,586,076	1	24,793,519	1	28,750,816	1
Provisions (Notes 4 and 32)	1,929,483,077	56	1,902,468,183	55	1,785,092,531	57
Other financial liabilities (Note 34)	163,093,555	5	163,252,229	5	138,969,973	5
Lease liabilities (Note 22)	4,389,446	-	4,454,005	-	4,970,630	-
Deferred tax liabilities (Note 44)	8,158,364	-	15,311,370	1	7,143,634	-
Other liabilities (Note 48)	50,756,971	1	59,384,100	2	41,340,238	1
Total liabilities	3,131,865,333	91	3,101,992,388	90	2,872,138,439	92
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT (Notes 35, 36 and 37)						
Capital						
Common stock	149,736,024	5	149,729,414	4	149,684,380	5
Advance receipts for capital stock	60,615	-	3,298	-	26,146	-
Capital surplus	11,821,316	-	1,627,728	-	1,115,029	-
Retained earnings						
Legal reserve	8,816,167	-	8,816,167	-	7,561,404	-
Special reserve	565,041	-	565,041	-	10,797,899	-
Unappropriated earnings	35,311,330	1	24,809,292	1	11,987,265	1
Other						
Others	8,998,834	-	18,363,815	1	(13,420,745)	(1)
Treasury shares	(698,576)	-	(1,178,647)	-	(3,071,470)	-
Total equity attributable to owners of the parent	214,610,751	6	202,736,108	6	164,679,908	5
NON-CONTROLLING INTERESTS (Notes 35 and 36)	79,641,705	3	129,889,979	4	77,349,955	3
Total equity	294,252,456	9	332,626,087	10	242,029,863	8
TOTAL	$ 3,426,117,789	100	$ 3,434,618,475	100	$ 3,114,168,302	100

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

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings (Losses) Per Share)
(Reviewed, Not Audited)

	For the Three Months Ended March 31			
	2021		2020	
	Amount	%	Amount	%
INTEREST REVENUE (Notes 38 and 48)	$ 17,787,370	34	$ 18,341,824	36
INTEREST EXPENSE (Notes 38 and 48)	(974,348)	(2)	(1,976,835)	(4)
INTEREST PROFIT, NET	16,813,022	32	16,364,989	32
NONINTEREST PROFITS AND GAINS, NET				
Service fee and commission, net (Notes 19, 39 and 48)	1,824,102	3	361,381	1
Net income from insurance operations (Notes 40 and 48)	19,248,333	36	33,264,261	64
Gain (loss) on financial assets and liabilities measured at fair value through profit or loss, net (Notes 8, 41 and 48)	6,432,603	12	(31,228,500)	(60)
Realized gain (loss) on financial assets measured at fair value through other comprehensive income (Note 42)	5,317,873	10	1,737,857	3
Gain (loss) on disposal of financial assets measured at amortized cost	(214,117)	-	(217,673)	(1)
Foreign exchange gain (loss), net	(251,113)	-	(3,501,704)	(7)
Impairment loss on assets, net	(5,378)	-	(36,123)	-
Share of the profit (loss) of associates and joint ventures	359,998	1	(1,464,763)	(3)
Gain (loss) on reclassification using the overlay approach (Note 8)	1,280,164	2	35,581,020	69
Others (Notes 48 and 50)	2,402,205	4	939,550	2
Total noninterest profits and gains, net	36,394,670	68	35,435,306	68
TOTAL NET REVENUE	53,207,692	100	51,800,295	100
REVERSAL OF ALLOWANCE FOR BAD DEBTS AND LOSSES ON COMMITMENTS AND GUARANTEES	56,715	-	4,806	-
NET CHANGE IN RESERVE FOR INSURANCE LIABILITIES	(27,532,500)	(52)	-	-

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CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings (Losses) Per Share)
(Reviewed, Not Audited)

	For the Three Months Ended March 31			
	2021		2020	
	Amount	%	Amount	%
OPERATING EXPENSES (Notes 22, 33, 43 and 48)				
Employee benefits	$ (6,031,859)	(11)	$ (3,835,216)	(7)
Depreciation and amortization	(918,110)	(2)	(828,235)	(2)
Other general and administrative expenses	(2,285,398)	(4)	(1,490,255)	(3)
Total operating expenses	(9,235,367)	(17)	(6,153,706)	(12)
NET PROFIT BEFORE INCOME TAX	16,496,540	31	45,651,395	88
INCOME TAX EXPENSE (Note 44)	(1,680,827)	(3)	(770,358)	(1)
NET PROFIT FOR THE PERIOD	14,815,713	28	44,881,037	87
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss, net of income tax				
Share of the other comprehensive income (loss) of associates and joint ventures	117,528	-	(977,243)	(2)
Gain (loss) on equity instruments measured at fair value through other comprehensive income	1,277,955	2	(5,652,802)	(11)
Income tax relating to the items that will not be reclassified subsequently to profit or loss (Note 44)	426,252	1	761,898	2
Items that will be reclassified subsequently to profit or loss, net of income tax				
Exchange differences on translation of financial statements of foreign operations	1,911	-	(45,807)	-
Share of the other comprehensive income (loss) of associates and joint ventures	4,914	-	30,101	-
Income tax relating to items that may be reclassified subsequently to profit or loss (Note 44)	5,961,318	11	5,398,746	10
Gain (loss) on debt instruments measured at fair value through other comprehensive income	(38,303,609)	(72)	(17,278,021)	(33)
Other comprehensive income (loss) on reclassification using the overlay approach (Note 8)	(1,280,164)	(2)	(35,581,020)	(69)
Other comprehensive income (loss) for the period, net of income tax	(31,793,895)	(60)	(53,344,148)	(103)
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	$ (16,978,182)	(32)	$ (8,463,111)	(16)

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CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings (Losses) Per Share)
(Reviewed, Not Audited)

	For the Three Months Ended March 31			
	2021		2020	
	Amount	%	Amount	%
NET PROFIT (LOSS) ATTRIBUTABLE TO:				
Owners of parent	$ 9,839,868	19	$ (488,110)	(1)
Non-controlling interests	4,975,845	9	2,250,336	4
	$ 14,815,713	28	$ 1,762,226	3
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Owners of parent	$ (6,494,470)	(12)	$ (22,954,043)	(45)
Non-controlling interests	(10,483,712)	(20)	(28,627,879)	(55)
	$ (16,978,182)	(32)	$ (51,581,922)	(100)
EARNINGS PER SHARE (Note 45)				
Basic	$ 0.66		$ (0.03)	
Diluted	$ 0.66		$ (0.03)	

The accompanying notes are an integral part of the consolidated financial statements. (Concluded)

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars, Except Per Share Amount)
(Reviewed, Not Audited)

	Equity Attributable to Owners of the Parent												
	Capital			Retained Earnings			Other Equity						
	Common Stock	Advance Receipts for Capital Stock	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of Foreign Financial Statements	Unrealized Gains (Losses) on Financial Assets at Fair Value through Other Comprehensive Income	Other Comprehensive Income on Reclassification Using the Overlay Approach	Treasury Shares	Total Equity Attributable to Owners of the Parent	Non-controlling Interests	Total Equity
BALANCE AT JANUARY 1, 2020	$ 149,663,721	$ 20,359	$ 1,093,745	$ 7,561,404	$ 10,797,899	$ 12,617,375	$ (1,790,483)	$ 9,350,629	$ 1,347,757	$ (3,137,278)	$ 187,525,128	$ 108,940,026	$ 296,465,154
Net profit for the three months ended March 31, 2020	-	-	-	-	-	(488,110)	-	-	-	-	(488,110)	2,250,336	1,762,226
Other comprehensive income (loss) for the three months ended March 31, 2020, net of income tax	-	-	-	-	-	-	(16,698)	(10,892,369)	(11,556,866)	-	(22,465,933)	(30,878,215)	(53,344,148)
Total comprehensive income (loss) for the three months ended March 31, 2020	-	-	-	-	-	(488,110)	(16,698)	(10,892,369)	(11,556,866)	-	(22,954,043)	(28,627,879)	(51,581,922)
Disposal of the Corporation shares, as treasury shares	-	-	24,118	-	-	-	-	-	-	65,808	89,926	-	89,926
Share-based payments	20,659	5,787	(2,834)	-	-	(4,279)	-	-	-	-	19,333	-	19,333
Changes in non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	(2,961,375)	(2,961,375)
Disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	-	(137,285)	-	137,285	-	-	-	-	-
Changes in special reserve of subsidiaries	-	-	-	-	-	(436)	-	-	-	-	(436)	(817)	(1,253)
BALANCE AT MARCH 31, 2020	$ 149,684,380	$ 26,146	$ 1,115,029	$ 7,561,404	$ 10,797,899	$ 11,987,265	$ (1,807,181)	$ (1,404,455)	$ (10,209,109)	$ (3,071,470)	$ 164,679,908	$ 77,349,955	$ 242,029,863
BALANCE AT JANUARY 1, 2021	$ 149,729,414	$ 3,298	$ 1,627,728	$ 8,816,167	$ 565,041	$ 24,809,292	$ (3,814,286)	$ 21,020,859	$ 1,157,242	$ (1,178,647)	$ 202,736,108	$ 129,889,979	$ 332,626,087
Net profit for the three months ended March 31, 2021	-	-	-	-	-	9,839,868	-	-	-	-	9,839,868	4,975,845	14,815,713
Other comprehensive income (loss) for the three months ended March 31, 2021, net of income tax	-	-	-	-	-	-	8,099	(16,343,364)	927	-	(16,334,338)	(15,459,557)	(31,793,895)
Total comprehensive income (loss) for the three months ended March 31, 2021	-	-	-	-	-	9,839,868	8,099	(16,343,364)	927	-	(6,494,470)	(10,483,712)	(16,978,182)
Disposal of the Corporation shares, as treasury shares	-	-	20,821	-	-	-	-	-	-	956,908	977,729	1,194,084	2,171,813
Changes in ownership interests in subsidiaries	-	-	10,181,427	-	-	-	(12,101)	7,661,553	(1,363)	(476,837)	17,352,679	(40,952,679)	(23,600,000)
Share-based payments	6,610	57,317	(8,660)	-	-	(10,414)	-	-	-	-	44,853	-	44,853
Disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	-	678,732	-	(678,732)	-	-	-	-	-
Changes in special reserve of subsidiaries	-	-	-	-	-	(6,148)	-	-	-	-	(6,148)	(5,967)	(12,115)
BALANCE AT MARCH 31, 2021	$ 149,736,024	$ 60,615	$ 11,821,316	$ 8,816,167	$ 565,041	$ 35,311,330	$ (3,818,288)	$ 11,660,316	$ 1,156,806	$ (698,576)	$ 214,610,751	$ 79,641,705	$ 294,252,456

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

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	For the Three Months Ended March 31	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit before income tax	$ 16,496,540	$ 2,532,584
Adjustments for reconciliation with net profit		
Depreciation expense	592,091	505,514
Amortization expense	326,675	322,721
Reversal for bad debts and losses on commitments and guarantees, net	(56,715)	(4,806)
Loss (gain) on financial assets and liabilities measured at fair value through profit or loss, net	(4,806,803)	32,574,868
Interest expense	974,372	1,976,835
Interest revenue	(17,787,370)	(18,341,824)
Dividend income	(1,720,853)	(1,378,508)
Net changes in insurance liabilities	27,206,772	41,518,440
Net changes in reserve for changes in foreign exchange valuation	(129,232)	1,440,999
Share of loss (profit) of associates and joint ventures	(359,683)	1,465,105
Gain on reclassification using the overlay approach	(1,280,164)	(35,581,020)
Gain on disposal of investments	(4,754,249)	(1,153,991)
Unrealized loss on foreign currency exchange	970,022	4,140,263
Others	32,739	34,456
Changes in operating assets and liabilities		
Due from the Central Bank and call loans to financial institutions	(1,766,636)	(1,862,403)
Financial assets at fair value through profit or loss	(11,256,715)	(10,775,626)
Financial assets at fair value through other comprehensive income	(3,956,003)	(15,843,226)
Debt investments measured at amortized cost	(1,181,655)	(902,829)
Financial assets for hedging	(118,316)	(2,663)
Receivables	(14,803,528)	(15,001,072)
Discounts and loans	(221,139)	(14,416,000)
Other financial assets	2,772,484	(3,777,234)
Other assets	(5,756,252)	(17,631,254)
Deposits from the Central Bank and financial institutions	11,127,479	(2,444,428)
Financial liabilities at fair value through profit or loss	(2,724,301)	(24,574,865)
Financial liabilities for hedging	(488,271)	824,087
Notes and bonds issued under repurchase agreements	(2,266,111)	20,161,204
Payables	15,584,032	12,227,059
Deposits and remittances	(7,119,186)	43,984,902
Other financial liabilities	(3,146,625)	2,160,865
Other liabilities	(8,055,667)	(513,645)
Cash generated (used in) from operations	(17,672,268)	1,664,508
Interest received	20,793,353	20,800,948
Dividends received	1,260,021	1,231,227

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CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	For the Three Months Ended March 31	
	2021	**2020**
Interest paid	$ (687,659)	$ (3,210,558)
Income tax paid	(95,986)	(356,858)
Net cash generated from operating activities	3,597,461	20,129,267
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at fair value through other comprehensive income	(7,860,543)	(30,657,714)
Proceeds from sale of financial assets at fair value through other comprehensive income	59,969,445	25,273,243
Acquisition of financial assets measured at amortized cost	(112,465,323)	(79,539,759)
Proceeds from sale of financial assets measured at amortized cost	34,428,355	58,364,767
Principal from financial assets measured at amortized cost	7,729,733	7,162,832
Acquisition of equity-method investments	(865,127)	(14,227)
Acquisition of property and equipment	(127,438)	(1,454,440)
Others	304,172	96,451
Net cash used in investing activities	(18,886,726)	(20,768,847)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in short-term borrowings	(3,127,177)	7,482,872
Increase in funds borrowed from the Central Bank and financial institutions	15,050	-
Increase in commercial paper payable	6,719,465	349,252
Proceeds from corporate bonds	4,370,000	-
Repayments of corporate bonds	-	(6,000,000)
Proceeds from bank debentures	4,300,000	6,000,000
Proceeds from long-term borrowings	-	299,937
Repayments of bank debentures	(80,266)	-
Repayments of the principal portion of lease liabilities	(230,192)	(258,472)
Sale of treasury shares	2,171,813	89,925
Acquisition of ownership interests in subsidiaries	(23,600,000)	-
Net changes in non-controlling interests	-	(2,961,375)
Others	45,123	19,330
Net cash (used in) generated from financing activities	(9,416,184)	5,021,469
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(22,260)	161,252

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CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	For the Three Months Ended March 31	
	2021	**2020**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	$ (24,727,709)	$ 4,543,141
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	185,202,488	165,132,047
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	$ 160,474,779	$ 169,675,188

Reconciliation of the amounts in the consolidated statements of cash flows with the equivalent items reported in the consolidated balance sheets as of March 31, 2021 and 2020:

	March 31	
	2021	**2020**
Cash and cash equivalents in consolidated balance sheets	$ 110,561,010	$ 94,123,171
Due from the Central Bank and call loans to banks which qualify as cash and cash equivalents as defined of in IAS 7	16,924,221	22,448,000
Securities purchased under agreements to resell which qualify as cash and cash equivalents as defined of in IAS 7	32,989,548	53,104,017
Cash and cash equivalents in consolidated statements of cash flows	$ 160,474,779	$ 169,675,188

The accompanying notes are an integral part of the consolidated financial statements. (Concluded)

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)
(Reviewed, Not Audited)

1. GENERAL INFORMATION

China Development Financial Holding Corporation (the Corporation) was established by CDIB Capital Group (formerly China Development Industrial Bank) through a share swap on December 28, 2001 made under the Financial Holding Company Act and related regulations. CDIB Capital Group became a wholly owned subsidiary of the Corporation after the share swap.

The Corporation acquired First Taiwan Securities Corporation (First Taiwan) and Grand Cathay Securities Corporation (Grand Cathay) through a share swap on November 8, 2002. The effective date of the merger between Grand Cathay and First Taiwan was December 31, 2003. Grand Cathay was the survivor company after the merger.

On April 30, 2012, the Corporation's board of the directors approved the acquisition of 100% shares of KGI Securities Co., Ltd. (KGI Securities) through a tender offer. The Corporation acquired 81.73% of KGI Securities' shares during the public tender offer period. The Corporation acquired KGI Securities' remaining shares through a share swap and completed on January 18, 2013. Thus, KGI Securities is a 100% subsidiary of the Corporation. The effective date of the merger between KGI Securities and Grand Cathay was June 22, 2013. KGI Securities was the survivor company after the merger.

On September 15, 2014, the Corporation acquired KGI Bank Co., Ltd. (KGI Bank) through a share swap. Thus, KGI Bank became the Corporation's wholly owned subsidiary.

On March 13, 2017, the Corporation held 100% equity interests of China Development Asset Management Corporation, which was previously held by CDIB Capital Group. China Development Asset Management Corporation has merged with its subsidiaries, including Development Industrial Bank Asset Management Corp., Chung Hwa Growth 3 Asset Management Corp. and Chung Hwa Growth 4 Asset Management Corp. on July 1, 2019. Chung Hwa Growth 3 Asset Management Corp. was the surviving company after the merger and was renamed as China Development Asset Management Corporation on the same day.

On August 15, 2017, the Corporation's board of directors approved the acquisition of 25.33% shares of China Life Insurance. After the Corporation acquired ordinary shares through public tender offer, China Life Insurance became a subsidiary of the Corporation as defined by the Financial Holding Company Act. On March 25, 2019, the Corporation's board of directors approved to apply for the participation of capital increase by cash of China Life. After the Corporation acquired ordinary shares, the Corporation held 26.17% of the ordinary shares of China Life Insurance. On November 27, 2020, the Corporation's board of directors approved the acquisition of 21.13% shares of China Life Insurance through public tender offer from January 8, 2021 to February 2, 2021. After the Corporation acquired ordinary shares through public tender offer, the acquired shares plus 8.65% shares of China Life Insurance held by a subsidiary, KGI Securities, are equivalent to 55.95% shares of China Life Insurance.

The Corporation invests in and manages the businesses of finance-related institutions and investees.

The Corporation's shares have been listed on the Taiwan Stock Exchange (TSE).

CDIB Capital Group was incorporated under the Company Act and relevant regulations and started operations on May 14, 1959. Effective January 1999, CDIB Capital Group was converted from a trust corporation into an industrial bank under government approval.

On May 1, 2015, CDIB Capital Group's board of the directors approved the transfer to KGI Bank of (a) all assets and liabilities associated with the commercial banking business of CDIB Capital Group and (b) CDIB Capital Group's holdings of shares in the CDIB Capital Group's leasing subsidiaries and in the Taiwan Financial Asset Service Corporation.

On January 19, 2017, under the approval of the board of directors who had been authorized to exercise the rights on behalf of the shareholders' meeting, China Development Industrial Bank was converted and the name became CDIB Capital Group. The date of conversion was March 15, 2017, and CDIB Capital Group will continue to expand its assets management business. The Financial Supervisory Commission (FSC) approved the conversion on March 10, 2017 with Official Letter No. 10600025880.

CDIB Capital Group's main operations included securities investment, investment financial related business, venture capital and other activities approved by the authorities.

KGI Securities was established on September 14, 1988. It merged with Taishin Securities Co., Ltd. in 2009 and with Grand Cathay in 2013. The survivor entity in all these mergers was KGI Securities. As of March 31, 2021, KGI Securities had 74 branches, which included head office.

KGI Securities operates as a securities underwriter, dealer, broker, future trading, future dealer, trust, wealth management, offshore securities and other related business as approved by authorities.

KGI Bank was established on January 14, 1992. As of March 31, 2021, KGI Bank had a main office, international banking department, a trust department, various business departments, an offshore banking unit (OBU), and 52 domestic branches.

KGI Bank engages in banking operations are regulated under the Banking Act.

China Development Asset Management Corporation (formerly Chung Hwa Growth 3 Asset Management Corp.) was established on November 5, 2003, and its operation includes acquiring, valuation, auction and management of debts from financial institution, acquiring of accounts receivable, management of overdue accounts receivable, and leasing and investment of real estate.

China Life Insurance was incorporated in Taiwan on April 25, 1963. In 2009, China Life Insurance completed the acquisition of major assets and liabilities of Prudential Corporation Asia Life Taiwan. As of March 31, 2021, China Life Insurance had a head office, an offshore insurance unit, and 8 domestic branches.

On October 19, 2017, China Life Insurance's board of directors approved the acquisition of the following from Allianz Taiwan Life Insurance Co., Ltd.: A portion of the traditional insurance policies and additional attachments valued at NT$1 dollar. This acquisition has been approved by the FSC on February 27, 2018, and then the delivery was completed on May 18, 2018.

China Life Insurance is mainly engaged in the business of life insurance, offshore life insurance paid and received for foreign currency and other insurance-related businesses approved by competent authorities.

For more information on the organization and business of the Corporation and its subsidiaries, please refer to Table 6 (attached).

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were reported to the board of directors and authorized for issue on May 21, 2021.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

a. Initial application of the Amendments to the Regulations Governing the Preparation of Financial Reports by Financial Holding Companies and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) endorsed by the FSC

The related amendments to the Regulations Governing the Preparation of Financial Reports by Financial Holding Companies and the International Financial Reporting Standards (IFRSs) did not have any material impact on the Group's accounting policies, except for the following:

1) Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reform - Phase 2"

The company and its subsidiaries elected to apply the practical expedient provided in the amendments to deal with the changes in the basis for determining contractual cash flows of financial assets, financial liabilities resulting from the interest rate benchmark reform. The changes are accounted for by updating the effective interest rate at the time the basis is changed, provided the changes are necessary as a direct consequence of the reform and the new basis is economically equivalent to the previous basis.

For the hedging relationships that are subject to the reform, the company and its subsidiaries adopted the following temporary exceptions:

a) The changes to the hedging relationship that are needed to reflect the changes required by the reform are treated as a continuation of the existing hedging relationship.

b) If an alternative benchmark rate that is reasonably expected to be separately identifiable within a period of 24 months, the Group designates the rate as a non-contractually specified risk component.

c) The Company and its subsidiaries allocates the hedged items of a group hedge that is subject to the reform to subgroups based on whether the hedged items have been changed to reference an alternative benchmark rate, and designates the hedged benchmark rate separately.

The related amendments to the Regulations Governing the Preparation of Financial Reports by Financial Holding Companies and the International Financial Reporting Standards (IFRSs) would not have any material impact on the company and it's subsidiaries' assets, liabilities and equity. For other explanations related to the interest rate benchmark reform, please refer to Note 54.

2) Amendments to IFRS 16 "Covid-19 - Related Rent Concessions" and "Covid-19 - Related Rent Concessions beyond June 30, 2021"

The company and its subsidiaries elected to apply the practical expedient provided in the amendments to IFRS 16 with respect to rent concessions negotiated with the lessor as a direct consequence of the COVID-19. The related accounting policies are stated in Note 4 to the consolidated financial statements for the years ended December 31, 2020.

b. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

New IFRSs	Effective Date Announced by IASB (Note 1)
"Annual Improvements to IFRS Standards 2018-2020"	January 1, 2022 (Note 2)
Amendments to IFRS 3 "Reference to the Conceptual Framework"	January 1, 2022 (Note 3)
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 IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2023
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 4)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 5)
Amendments to IAS 16 "Property, Plant and Equipment - Proceeds before Intended Use"	January 1, 2022 (Note 6)
Amendments to IAS 37 "Onerous Contracts - Cost of Fulfilling a Contract"	January 1, 2022 (Note 7)

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: The amendments to IFRS 9 will be applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022.

Note 3: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the annual reporting period beginning on or after January 1, 2022.

Note 4: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 5: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 6: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

Note 7: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

1) Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"

The amendments stipulated that, when the Group sells or contributes assets that constitute a business (as defined in IFRS 3) to an associate, the gain or loss resulting from the transaction is recognized in full. Also, when the Group loses control of a subsidiary that contains a business but retains significant influence or joint control, the gain or loss resulting from the transaction is recognized in full.

Conversely, when the Group sells or contributes assets that do not constitute a business to an associate, the gain or loss resulting from the transaction is recognized only to the extent of the Group's interest as an unrelated investor in the associate, i.e. the Group's share of the gain or loss is eliminated. Also, when the Group loses control of a subsidiary that does not contain a business but retains significant influence control in an associate, the gain or loss resulting from the transaction is recognized only to the extent of the Group's interest as an unrelated investor in the associate, i.e. the Group's share of the gain or loss is eliminated.

2) IFRS 17 "Insurance Contract" and its amendments

IFRS 17 establishes the principle for the accounting treatment of insurance contracts and supersedes IFRS 4 "Insurance Contract". The principle is as follows:

<u>Level of aggregation</u>

An entity shall identify portfolios of insurance contracts. A portfolio comprises contracts that are subject to similar risks and managed together. Contracts within a particular product line, such as motor policies, are expected to have similar risks, and if they are managed together would be in the same portfolio. For all issued insurance contracts in a portfolio, any entity shall divide it into:

a) A group of contracts that are onerous at initial recognition, if any;

b) A group of contracts that at initial recognition have no significant risk of becoming onerous, if any, and

c) A group of the remaining contracts in the portfolio, if any.

An entity is permitted to divide portfolios into more groups than required above. However, groups cannot include contracts issued more than one year apart.

<u>Recognition</u>

An entity shall recognize a group of insurance contracts it issues from the earliest of:

a) The beginning of the coverage period of a group of insurance contracts;

b) The date when the first payment from a policyholder of the group becomes due; and

c) When the Group becomes onerous.

<u>Measurement</u>

On initial recognition, an entity shall measure a group of contracts at the total of the amount of fulfilment cash flows ("FCF") and the contractual service margin ("CSM"). FCF comprises the estimate of future cash flow, an adjustment to reflect the time value of money and the financial risks associated with the future cash flows and risk adjustment for non-financial risk. The CSM represents the unearned profit the entity will recognize as it provides services in the future. This is measured on initial recognition of a group of insurance contracts at an amount that, unless the Group of contracts is onerous, results in no income or expenses arising from:

a) The initial recognition of an amount for the FCF;

b) The cash inflows and outflows arising from the contracts in the Group at that date; and

c) The derecognition at that date of below items for acquisition cash flows:

   i. Any asset recognized for acquisition cash flows; and

   ii. Any other asset or liability related to a group of contracts which had been recognized for cash flows before.

Subsequent measurement

At the end of each subsequent reporting period, the carrying amount of a group of insurance contracts is remeasured to be the sum of the liability for remaining coverage and the liability for incurred claims, both determined as at that date. The liability for remaining coverage comprises the fulfilment cash flows related to the allocated future service and the contractual service margin; the liability for incurred claims comprises the fulfilment cash flows related to the allocated past service. If a group of insurance contracts becomes onerous (or more onerous) on subsequent measurement, the Group recognizes loss immediately.

Onerous contracts

An insurance contract is onerous at initial recognition if the total of the FCF, any preciously recognized acquisition cash flows and any cash flows arising from the contract at that date is a net outflow. An entity shall recognize a loss in profit or loss for the net outflow, resulting in the carrying amount of the liability for the Group being equal to the FCF and the CSM of the Group being zero. The CSM cannot increase and no revenue can be recognized, until the onerous amount previously recognized has been reversed in profit or loss as part of a service expense.

Premium allocation approach

An entity may simplify the measurement of the liability for remaining coverage of a group of insurance contracts using the premium allocation approach (PAA) on the condition that:

a) The entity reasonably expects the that this will be an approximation of General Model; or

b) The coverage period of each contract in the group is one year or less.

If at the inception of the Group, an entity expects significant variance in the FCF during the period before a claim is incurred, such contracts are not eligible to condition (a).

Using the PAA, the liability for remaining coverage shall be:

a) Initially recognized at the premiums

b) Received at initial recognition, minus any insurance acquisition cash flows if any; and

c) The derecognition at that date of below items for acquisition cash flows:

   i. Any asset recognized for acquisition cash flows; and

   ii. Any other asset or liability related to a group of contracts which had been recognized for cash flows before

Investment contracts with a discretionary participation feature

An investment contract with a discretionary participation feature (DPF) is a financial instrument and it does not include a transfer of significant insurance risk. It is in the scope of IFRS 17 only if the issuer also issues insurance contracts.

Modification and derecognition

If the terms of an insurance contract are modified, an entity shall derecognize the original contract and recognize the modified contract as a new contract if there is a substantive modification, based on meeting any of the specified criteria.

An entity shall de-recognize an insurance contract when it is extinguished or substantially modified.

Transition

An entity shall apply IFRS 17 retrospectively unless impracticable, in which case entities have the option of using either the modified retrospective approach or the fair value approach.

Under the modified retrospective approach, an entity shall utilize reasonable and supportable information and maximize the use of information that would have been used to apply a full retrospective approach, but need only use information available without undue cost or effort. Fair value approach shall be used if the information is not reasonable and supportable information.

Under the fair value approach, an entity determines the CSM at the transition date as the difference between the fair value of a group of insurance contracts at that date and the FCF measured at that date.

IFRS 17 was issued in May 2017, and then amended in June 2020. Despite of postponing the effective date for 2 years (from annual reporting periods beginning on or after 1 January 2021 to 1 January 2023), the amendments also include immunities. The amendments are aimed at helping companies implement the standard and making it easier for them to explain their financial performance.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of other standards and interpretations will have on the Group’s financial position and financial performance, and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

The accompanying consolidated financial statements have been prepared in conformity with Regulations Governing the Preparation of Financial Reports by Financial Holding Companies, 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 Reporting by Futures Commission Merchants, Regulations Governing the Preparation of Financial Reports by Securities Issuers, Regulations Governing the Preparation of Financial Reports by Insurance Enterprises and IAS 34 “Interim Financial Reporting” endorsed by the FSC. Disclosure information included in the interim financial report is less than disclosures required in a full set of annual financial report.

Basis of Preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair value and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

All the consolidated accounts in the financial statements were categorized according to the nature of each account and sequenced by their liquidity rather than classified as current or noncurrent assets/liabilities.

Principles for Preparing Consolidated Financial Statements

The entities incorporated in the consolidated financial statements includes the Corporation and its subsidiaries. All significant intra-group transactions, balances, and unrealized income and expenses are eliminated in full upon consolidation.

The accounting policies of the subsidiary are applied consistently with the Corporation.

The functional currency of the Corporation is the New Taiwan dollar, and the consolidated financial statements are presented in New Taiwan dollars.

As of March 31, 2021, December 31, 2020 and March 31, 2020, the consolidated entities included in the consolidated financial statements included 56, 57 and 61 companies, respectively (please refer to the attached Table 6).

Except for the following description, the accounting policies of the consolidated financial statements are applied consistently with the consolidated financial statements for the year ended December 31, 2020.

Retirement Benefit Costs

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant plan amendments, settlements, or other significant one-off events.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated by applying to an interim period's pre-tax income the tax rate that would be applicable to expected total annual earnings. The effect of a change in tax rate resulting from a change in tax law is recognized consistent with the accounting for the transaction itself which gives rise to the tax consequence, and is recognized in profit or loss, other comprehensive income or directly in equity in full in the period in which the change in tax rate occurs.

Modification of Financial Instruments

When a financial instrument is modified, the Corporation and its subsidiaries assess whether the modification will result in derecognition. If modification of a financial instrument results in derecognition, it is accounted for as derecognition of financial assets or liabilities. If the modification does not result in derecognition, the Corporation and its subsidiaries recalculate the gross carrying amount of the financial assets or the amortized cost of the financial liabilities based on the modified cash flows discounted at the original effective interest rate with any modification gain or loss recognized in profit or loss. The cost incurred is adjusted to the carrying amount of the modified financial assets or financial liabilities and amortized over the modified remaining period.

For the changes in the basis for determining contractual cash flows of financial assets or financial liabilities resulting from the interest rate benchmark reform, the Corporation and its subsidiaries elect to apply the practical expedient in which the changes are accounted for by updating the effective interest rate at the time the basis is changed, provided the changes are necessary as a direct consequence of the reform and the new basis is economically equivalent to the previous basis. When multiple changes are made to a financial asset or a financial liability, the Corporation and its subsidiaries first apply the practical expedient to those changes required by interest rate benchmark reform, and then applies the requirements of modification of financial instruments to the other changes that cannot apply the practical expedient.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

It refers to the consolidated statement for the year ended December 31, 2020.

6. CASH AND CASH EQUIVALENTS

	March 31, 2021	December 31, 2020	March 31, 2020
Cash in banks	$ 100,992,614	$ 102,030,714	$ 77,301,280
Due from banks	3,318,504	7,868,405	6,511,294
Short-term notes	2,263,759	2,015,557	5,209,825
Others	3,986,133	4,114,492	5,100,772
	$ 110,561,010	$ 116,029,168	$ 94,123,171

Cash and cash equivalents as of December 31, 2020 as shown in the consolidated statement of cash flows can be reconciled to the related items in the balance sheets as follows; please refer to the consolidated statement of cash flows for the reconciliation information as of March 31, 2021 and 2020:

	December 31, 2020
Cash and cash equivalents in consolidated balance sheet	$ 116,029,168
Due from the Central Bank and call loans to banks which qualify as cash and cash equivalents as defined of in IAS 7	18,763,361
Securities purchased under agreements to resell which qualify as cash and cash equivalents as defined of in IAS 7	50,409,959
Cash and cash equivalents in consolidated statement of cash flow	$ 185,202,488

7. DUE FROM THE CENTRAL BANK AND CALL LOANS TO FINANCIAL INSTITUTIONS

	March 31, 2021	December 31, 2020	March 31, 2020
Deposit reserve - demand accounts	$ 11,519,168	$ 10,886,761	$ 9,833,419
Call loans to financial institutions	11,168,418	10,982,290	13,596,990
Deposit reserve - checking accounts	5,949,807	7,835,775	10,514,980
Due from the Central Bank - interbank settlement funds	3,000,697	2,005,892	1,303,685
Deposit reserve - foreign currencies	154,067	153,943	163,372
	$ 31,792,157	$ 31,864,661	$ 35,412,446

Under a directive issued by the Central Bank of the ROC, New Taiwan dollar (NTD) - denominated deposit reserve is determined monthly at prescribed rates based on average balance of the Bank’s deposits. Deposit reserve - demand account should not be used, except for adjusting the deposit reserve account monthly.

In addition, separate foreign-currency deposit reserves are determined at prescribed rates based on balances of foreign-currency deposits. These reserves may be withdrawn anytime at no interest.

For the certificates deposit issued by the Central Bank of the ROC pledged as collaterals for the Group, please refer to Note 49.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	March 31, 2021	December 31, 2020	March 31, 2020
Financial assets mandatorily classified as at FVTPL			
Derivative financial instrument			
Interest rate swap contracts	$ 18,780,798	$ 34,364,342	$ 61,993,494
Currency swap and forward exchange contracts	14,240,546	20,811,834	8,837,755
Options and futures contracts	12,067,343	12,559,095	11,395,047
Others	902,187	4,689,745	3,329,124
Non-derivative financial assets			
Shares	189,812,248	164,336,478	129,528,068
Mutual funds	151,901,804	157,902,410	152,198,627
Operating securities (Note 9)	73,657,375	71,245,478	59,123,043
Bank debentures	41,273,284	31,757,722	35,151,291
Corporate bonds	15,823,024	15,558,816	13,261,117
Commercial papers	10,413,599	11,935,774	9,369,043
Others	17,285,386	16,101,646	13,163,828
	546,157,594	541,263,340	497,350,437
Financial assets designated as at FVTPL			
Government bonds	204,509	206,349	11,133,035
Others	2,082,122	2.026,127	22,304,123
	2,286,631	2,232,476	33,437,158
Financial assets at FVTPL	$ 548,444,225	$ 543,495,816	$ 530,787,595
Financial liabilities held for trading			
Derivative financial instrument			
Interest rate swap contracts	$ 22,989,224	$ 35,608,849	$ 56,940,641
Currency swap and forward exchange contracts	15,795,573	19,591,009	9,056,271
Options and futures contracts	9,457,158	14,452,997	29,611,813
Others	11,344,031	8,314,244	5,276,862
Non-derivative financial liabilities			
Borrowed securities payable	22,672,967	18,701,768	3,129,767
Others	1,904,530	1,012,055	250,090
	84,163,483	97,680,922	104,265,444
Financial liabilities designated as at FVTPL			
Bank debentures payable	10,970,273	11,077,401	21,087,643
Structured products	7,541,106	7,383,477	3,065,847
Others	49,928	767	1,880,952
	18,561,307	18,461,645	26,034,442
Financial liabilities at FVTPL	$ 102,724,790	$ 116,142,567	$ 130,299,886

As of March 31, 2021, December 31, 2020 and March 31, 2020, bank debentures issued by the Group designated as at FVTPL were as follows:

Bank Debenture Number	**March 31, 2021**	**December 31, 2020**	**March 31, 2020**	**Issuance Period**	**Method of Paying Principles and Interests**	**Interest Rate**
P16KGIB1	$ -	$ -	$ 3,327,940	May 3, 2016 - May 3, 2046 (Note 2)	Principal due on maturity	0%
P16KGIB2	-	-	3,327,940	May 27, 2016 - May 27, 2046 (Note 2)	Principal due on maturity	0%
P16KGIB3	-	-	2,420,320	November 8, 2016 - November 8, 2046 (Note 1)	Principal due on maturity	0%
P18KGIB1	5,706,200	5,701,600	6,050,800	January 30, 2018 - January 30, 2048 (Note 3)	Principal due on maturity	0%
P18KGIB2	4,564,960	4,561,280	4,840,640	February 27, 2018 - February 27, 2048 (Note 3)	Principal due on maturity	0%
	10,271,160	10,262,880	19,967,640			
Valuation adjustments	699,113	814,521	1,120,003			
	$ 10,970,273	$ 11,077,401	$ 21,087,643			

Note 1: Based on 100% of the carrying value of each bond principal plus the interest; the Bank may redeem all the debentures after two years from the issue date (inclusive).

Note 2: Based on 100% of the carrying value of each bond principal plus the interest; the Bank may redeem all the debentures after one year from the issue date (inclusive).

Note 3: Based on 100% of the carrying value of each bond principal plus the interest; the Bank may redeem all the debentures after five years from the issue date (inclusive).

China Life Insurance elected to adopt the overlay approach in expressing financial assets designated as at FVTPL under IFRS 4 "Insurance Contracts" starting from application of IFRS 9. Investment of financial assets relating insurance contracts issued by China Life Insurance designated as at adoption of the overlay approach financial assets were as follows:

Financial assets mandatorily classified as at FVTPL

	March 31, 2021	**December 31, 2020**	**March 31, 2020**
Shares	$ 176,859,709	$ 151,560,864	$ 117,818,250
Mutual funds	150,331,011	156,345,531	150,488,100
Bank debentures	39,777,602	31,232,773	32,264,433
Corporate bonds	13,924,484	14,648,671	12,645,702
Others	9,928,647	8,573,890	4,694,307
	$ 390,821,453	$ 362,361,729	$ 317,910,792

For the three months ended March 31, 2021 and 2020, reclassification amount under profit or loss and other comprehensive income of designated as at adoption of the overlay approach financial assets is described as follows:

	For the Three Months Ended March 31	
	2021	**2020**
Gain (loss) on application of IFRS 9	$ 8,060,898	$ (31,262,673)
Loss (gain) on application of IAS 39	(9,341,062)	(4,318,347)
Gain (loss) on reclassification using the overlay approach	$ (1,280,164)	$ (35,581,020)

Due to the adjustment of the overlay approach, gain on financial assets measured at FVTPL increased from $6,432,603 thousand to gain of $7,712,767 thousand for the three months ended March 31, 2021; and loss on financial assets measured at FVTPL increased from $31,228,500 thousand to gain of $4,352,520 thousand for the three months ended March 31, 2020.

The contract (nominal) amounts of the Group's outstanding derivative financial instruments as of March 31, 2021, December 31, 2020 and March 31, 2020 are summarized as follows:

	March 31, 2021	December 31, 2020	March 31, 2020
Currency swap and forward exchange contracts	$ 1,933,552,119	$ 1,956,133,999	$ 1,952,870,329
Interest rate swap contracts	948,932,103	920,537,191	1,255,419,556
Options and futures contracts	759,559,833	666,062,367	682,245,796
Non-deliverable forward contracts	310,603,313	328,712,408	314,944,984
Cross-currency swap contracts	12,063,746	18,017,594	25,055,030
Assets swap contracts	22,332,464	21,112,907	22,606,384
Structured products contracts	14,348,397	14,987,302	13,192,413
Credit default swap contracts	2,285,608	2,030,625	3,039,984
Commodity swap contracts	9,471	69,665	119,382
Equity derivative financial contracts	5,967	109,682	15,097

As of March 31, 2021, December 31, 2020 and March 31, 2020, financial assets at fair value through profit or loss with aggregate carrying values of $35,679,739 thousand, $34,510,392 thousand and $39,417,062 thousand, respectively, had been sold under repurchase agreements (recognized as notes and bonds issued under repurchase agreements).

For the information on financial instruments at fair value through profit or loss pledged as collateral for the Group, please refer to Note 49.

9. OPERATING SECURITIES

	March 31, 2021	December 31, 2020	March 31, 2020
Dealing			
Overseas securities	$ 20,267,258	$ 21,096,025	$ 20,566,573
Corporate bonds	13,691,229	15,608,053	9,738,226
Listed, OTC and emerging market stock	7,577,969	5,937,060	2,560,906
Government bonds	1,625,274	2,033,169	6,038,813
Others	3,176,145	2,627,943	4,864,572
	46,337,875	47,302,250	43,769,090
Underwriting			
Corporate bonds	397,857	703,837	1,174,037
Listed, OTC and emerging market stock	280,568	192,131	268,193
Others	90,000	46,800	20,163
	768,425	942,768	1,462,393
Hedge positions			
Corporate bonds	8,983,593	8,216,644	3,754,443
Overseas securities	7,089,880	5,442,253	3,448,770
Listed, OTC and emerging market stock	5,162,678	3,528,009	773,944
Mutual funds	4,630,238	5,475,471	5,449,742
Others	684,686	338,083	464,661
	26,551,075	23,000,460	13,891,560
	$ 73,657,375	$ 71,245,478	$ 59,123,043

10. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	March 31, 2021	December 31, 2020	March 31, 2020
Investments in debt instruments at FVTOCI			
Corporate bonds	$ 192,924,104	$ 227,059,644	$ 160,109,656
Government bonds	179,607,861	205,871,829	159,698,093
Bank debentures	135,274,877	152,930,431	118,086,707
Negotiable certificates of deposit	60,142,037	64,927,048	63,579,425
Treasury bills	498,425	499,021	-
Less: Security deposit	-	-	(9,842)
	568,447,304	651,287,973	501,464,039
Investments in equity instruments at FVTOCI			
Common stocks	50,946,019	49,317,068	22,410,779
Preferred stocks	12,329,249	12,357,036	11,532,019
	63,275,268	61,674,104	33,942,798
	$ 631,722,572	$ 712,962,077	$ 535,406,837

a. Investments in debt instruments at FVTOCI

As of March 31, 2021, December 31, 2020 and March 31, 2020, investments in debt instruments at FVTOCI, with aggregate carrying values of $88,819,902 thousand, $87,318,772 thousand and $58,228,327 thousand had been sold under repurchase agreements (recognized as notes and bonds issued under repurchase agreements).

For the information on investments in debt instruments at FVTOCI pledged as collateral for the Group, please refer to Note 49.

For the information regarding credit risk analysis and assessment of impairment on investments in debt instruments at FVTOCI, please refer to Note 54.

b. Investments in equity instruments at FVTOCI

For the three months ended March 31, 2021 and 2020, the Group sold its shares in order to manage its investment portfolio. The sold shares had a fair value of $2,086,900 thousand and $865,529 thousand, respectively. The Group transferred a gain of $678,732 thousand and a loss of $137,285 thousand from other equity related-unrealized gain on financial assets at fair value through other comprehensive income to retained earnings.

For the three months ended March 31, 2021 and 2020, dividend income for $90,620 thousand and $32,371 thousand, respectively, which were both related to investments held at the end of the reporting period.

There are no any investments in equity instruments at FVTOCI pledged as collateral for the Group.

11. FINANCIAL ASSETS AT AMORTIZED COST

	March 31, 2021	December 31, 2020	March 31, 2020
Bank debentures	$ 588,522,981	$ 575,615,412	$ 609,658,562
Corporate bonds	409,286,650	367,482,396	285,679,645
Government bonds	120,508,115	104,377,621	102,828,905
Others	14,611,483	16,856,658	43,628,757
	$ 1,132,929,229	$ 1,064,332,087	$ 1,041,795,869

As of March 31, 2021, December 31, 2020 and March 31, 2020, investments in debt instruments at amortized cost, with aggregate carrying values of $271,044 thousand, $270,826 thousand and $271,741 thousand had been sold under repurchase agreements (recognized as notes and bonds issued under repurchase agreements).

There are no any investments in debt instruments at amortized cost that are pledged as collateral for the Group.

For the information regarding credit risk analysis and assessment of impairment on investments in debt instruments at amortized cost, please refer to Note 54.

12. FINANCIAL INSTRUMENTS FOR HEDGING

	March 31, 2021	December 31, 2020	March 31, 2020
Financial assets for hedging			
Fair value hedge - interest rate swap	$ 220,795	$ 102,479	$ 2,663
Financial liabilities for hedging			
Fair value hedge - interest rate swap	$ 153,036	$ 641,307	$ 824,087

Fair Value Hedges

The Group is exposed to the risk of adverse fair value fluctuations due to changes in interest rates for the debt instruments and bank debentures issued. Since the risk is considered material, the Group enters into interest rate swap contracts to hedge against this risk.

The following tables summarize the information relating to the hedges for interest rate risk.

March 31, 2021

Hedging Instrument	Notional Amount	Maturity	Line Item in Balance Sheet	Carrying Amount Asset	Carrying Amount Liability
Fair value hedge					
Interest rate swap contracts	$ 30,957,530	2022.05.03-2031.06.01	Financial assets and liabilities for hedging	$ 220,795	$ 153,036

Hedged Items	Carrying Amount		Accumulated Amount of Fair Value Adjustments	
	Asset	Liability	Asset	Liability
Fair value hedge				
Financial assets at fair value through other comprehensive income	$ 17,041,385	$ -	$ (62,871)	$ -
Bank debentures	-	15,100,000	-	4,882

December 31, 2020

Hedging Instrument	Notional Amount	Maturity	Line Item in Balance Sheet	Carrying Amount	
				Asset	Liability
Fair value hedge					
Interest rate swap contracts	$ 23,993,502	2022.05.03-2030.08.07	Financial assets and liabilities for hedging	$ 102,479	$ 641,307

Hedged Items	Carrying Amount		Accumulated Amount of Fair Value Adjustments	
	Asset	Liability	Asset	Liability
Fair value hedge				
Financial assets at fair value through other comprehensive income	$ 14,720,977	$ -	$ 640,119	$ -
Bank debentures	-	10,800,000	-	101,293

March 31, 2020

Hedging Instrument	Notional Amount	Maturity	Line Item in Balance Sheet	Carrying Amount	
				Asset	Liability
Fair value hedge					
Interest rate swap contracts	$ 20,863,790	2022.05.03-2030.03.06	Financial assets and liabilities for hedging	$ 2,663	$ 824,087

Hedged Items	Carrying Amount		Accumulated Amount of Fair Value Adjustments	
	Asset	Liability	Asset	Liability
Fair value hedge				
Financial assets at fair value through other comprehensive income	$ 14,963,157	$ -	$ 814,063	$ -
Bank debentures	-	6,000,000	-	(7,361)

13. SECURITIES PURCHASED UNDER RESELL AGREEMENTS

	March 31, 2021	December 31, 2020	March 31, 2020
Corporate bonds	$ 11,312,295	$ 16,044,250	$ 18,804,633
Government bonds	8,720,351	7,655,039	9,347,731
Commercial papers	7,456,849	19,304,690	18,096,230
Negotiable certificates of deposit	3,615,089	4,791,205	2,000,880
Bank debentures	1,884,964	2,614,775	4,854,543
	$ 32,989,548	$ 50,409,959	$ 53,104,017
Resold amounts	$ 32,993,733	$ 50,417,337	$ 53,130,252
Last maturity date	August 2021	February 2021	May 2020

14. RECEIVABLES, NET

	March 31, 2021	December 31, 2020	March 31, 2020
Receivable accounts for settlement	$ 51,105,328	$ 39,313,255	$ 52,529,962
Margin loans receivable, securities financing refundable deposits and deposits payable for securities financing	41,171,469	37,068,689	16,849,358
Interest receivable	18,491,354	18,045,666	16,689,027
Accounts receivable - forfeiting	10,584,251	11,629,327	4,525,574
Accounts receivable factoring without recourse	7,747,872	7,566,727	6,897,506
Trading securities receivable	7,471,669	8,302,502	4,442,793
Others	18,976,911	18,658,189	17,891,960
	155,548,854	140,584,355	119,826,180
Less: Allowance for bad debts	(1,623,739)	(1,637,556)	(1,542,381)
Unrealized interest revenue	(243,859)	(237,215)	(211,994)
	$ 153,681,256	$ 138,709,584	$ 118,071,805

For the amount of receivables pledged as collateral for the Group, please refer to Note 49.

For the information on credit risk management and impairment loss analysis of receivables, please refer to Note 54.

15. DISCOUNTS AND LOANS, NET

	March 31, 2021	December 31, 2020	March 31, 2020
Short-term loans	$ 78,614,200	$ 76,925,133	$ 79,619,702
Medium-term loans	215,314,865	218,311,143	206,763,868
Long-term loans	86,362,880	84,822,252	75,229,665
Loans reclassified to nonperforming loans	415,846	465,508	447,654
Export negotiations	164,481	14,513	74,239
Policy loans	27,065,470	27,137,356	27,678,458
Automatic premium loans	5,848,752	5,845,356	5,814,041
	413,786,494	413,521,261	395,627,627
Less: Allowance for bad debts	(4,996,731)	(5,005,037)	(4,607,960)
Discounts on loans	(56,353)	(72,032)	(98,738)
	$ 408,733,410	$ 408,444,192	$ 390,920,929

For the information on credit risk management and impairment loss analysis of discounts and loans, please refer to Note 55.

16. REINSURANCE ASSETS, NET

	March 31, 2021	December 31, 2020	March 31, 2020
Claims recoverable from reinsurers	$ 760,347	$ 649,949	$ 641,696
Due from reinsurers and ceding companies	2,434	10,718	82,953
Reinsurance reserve assets			
Ceded unearned premium reserve	64,998	61,774	55,471
Ceded reserve for claims	36,008	20,815	14,284
	101,006	82,589	69,755
	$ 863,787	$ 740,256	$ 794,404

No impairment loss was recognized for reinsurance assets.

17. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD, NET

Associates that are not individually material:

	March 31, 2021	December 31, 2020	March 31, 2020
CDIB & Partners Investment Holding Corporation	$ 6,096,382	$ 5,871,970	$ 5,148,467
CDIB Capital Asia Partners L.P.	3,073,395	3,037,253	2,966,970
KGI Securities (Thailand) Public Company Limited	2,562,759	2,422,459	2,254,891
CDIB Yida Private Equity (Kunshan) Enterprise (Limited Partnership)	1,110,902	1,199,488	1,310,468
Suyin KGI Consumer Finance Co., Ltd.	870,270	-	-
CDIB Private Equity (Fujian) Enterprise (Limited Partnership)	836,653	844,123	1,497,388
CDIB Capital Health Ventures Limited	605,378	811,644	613,050
CDIB Capital Creative Industries Limited	449,193	447,197	502,105
Others	598,895	51,790	369,758
	$ 16,203,827	$ 15,175,924	$ 14,663,097

As of March 31, 2021, December 31, 2020 and March 31, 2020, financial assets designated as at FVTPL of associates that are not individually material were $1,910,967 thousand, $1,854,964 thousand and $1,531,215 thousand, respectively

Investments accounted for using the equity method and the Group's share of earnings and other comprehensive income of CDIB & Partners Investment Holding Corporation and KGI Securities (Thailand) Public Company Limited are calculated based on reviewed financial statements; those of other affiliates are calculated based on unreviewed financial statements. Management believes that the financial statements of these investees had not been reviewed, there would have been no significant effect on the consolidated financial statements.

There are no any investments under equity method was pledged as collateral for the Group.

18. INVOLVEMENT WITH UNCONSOLIDATED STRUCTURED ENTITIES

a. Investment in structured entities

The Corporation's subsidiaries have equities of structured entities which the Corporation's subsidiaries do not have significant influence but rights and obligations in accordance with the contract.

March 31, 2021

	Partnership Fund	Asset Securitization	Total
Financial assets at fair value through profit or loss	$ 13,694,621	$ 5,804,024	$ 19,498,645
Financial assets at fair value through other comprehensive income	-	286,011	286,011
Debt instruments measured at amortized cost	-	10,719,671	10,719,671
Maximum exposure	13,694,621	16,809,706	30,504,327

December 31, 2020

	Partnership Fund	Asset Securitization	Total
Financial assets at fair value through profit or loss	$ 12,274,019	$ 4,641,441	$ 16,915,460
Financial assets at fair value through other comprehensive income	-	284,284	284,284
Debt instruments measured at amortized cost	-	14,507,834	14,507,834
Maximum exposure	12,274,019	19,433,559	31,707,578

March 31, 2020

	Partnership Fund	Asset Securitization	Total
Financial assets at fair value through profit or loss	$ 9,957,196	$ 4,923,028	$ 14,880,224
Financial assets at fair value through other comprehensive income	-	304,027	304,027
Debt instruments measured at amortized cost	-	44,909,185	44,909,185
Maximum exposure	9,957,196	50,136,240	60,093,436

b. Management on structured entities

The Corporation's subsidiaries have the equities of structured entities as well as the obligations to their investment and management. The Corporation's subsidiaries have significant influence over the above investments.

The funds of unconsolidated structured entities are from the Corporation's subsidiaries and external third parties.

	March 31, 2021	December 31, 2020	March 31, 2020
Management on partnership equity fund			
Total assets	$ 22,492,984	$ 21,556,752	$ 25,104,081
Total liabilities	14,367	18,052	80,003
Investments accounted for using the equity method	5,428,102	5,469,661	6,057,022
Financial assets designated as at FVTPL	1,609,569	1,551,906	1,205,032
Maximum exposure	7,037,671	7,021,567	7,262,054

19. OTHER FINANCIAL ASSETS

	March 31, 2021	December 31, 2020	March 31, 2020
Separate-account insurance products	$ 88,203,699	$ 84,564,106	$ 64,963,511
Customer margin accounts	52,067,641	53,677,381	42,659,077
Others	6,109,536	7,855,066	6,561,185
	$ 146,380,876	$ 146,096,553	$ 114,183,773

Separate Account Insurance Products

a. Separate account insurance products - assets and liabilities

	Assets		
	March 31, 2021	December 31, 2020	March 31, 2020
Cash in banks	$ 1,021,245	$ 2,886,939	$ 507,770
Financial assets at fair value through profit or loss	87,122,715	81,612,016	64,344,637
Other receivables	59,739	65,151	111,104
	$ 88,203,699	$ 84,564,106	$ 64,963,511

	Liabilities		
	March 31, 2021	December 31, 2020	March 31, 2020
Reserve for separate account	$ 88,072,031	$ 84,401,006	$ 64,845,059
Other payables	131,668	163,100	118,452
	$ 88,203,699	$ 84,564,106	$ 64,963,511

b. Separate account insurance products - revenues and expenses

	Revenues For the Three Months Ended March 31	
	2021	2020
Premium income	$ 1,408,703	$ 1,287,752
Gain (loss) from financial assets and liabilities at fair value through profit or loss	1,891,393	(6,925,086)
Interest income	46	26
Other revenues	42,635	43,362
Foreign exchange gains	171,909	39,629
	$ 3,514,686	$ (5,554,317)

	Expenses For the Three Months Ended March 31	
	2021	2020
Insurance claim payments	$ 1,466,841	$ 1,329,135
Net change in separate-account reserve	(1,518,069)	(7,388,878)
Custodian fee	529,776	505,426
	$ 3,514,686	$ (5,554,317)

c. The rebate from counterparties in the investment-linked insurance business, which recognized as service fee revenue, for the three months ended March 31, 2021 and 2020 was $73,668 thousand and $122,949 thousand, respectively.

For the information on other financial assets pledged as collateral for the Group, please refer to Note 49.

20. INVESTMENT PROPERTY, NET

	March 31, 2021	December 31, 2020	March 31, 2020
Land	$ 20,643,136	$ 20,339,730	$ 20,128,665
Buildings and facilities	6,560,462	6,511,336	5,153,001
Right-of-use assets - superficies of royalties	2,758,682	2,777,176	-
Right-of-use assets - land	323,348	325,514	-
	$ 30,285,628	$ 29,953,756	$ 25,281,666

Except for depreciation recognized, the Group had no significant addition, disposal and impairment of investment properties during the three months ended March 31, 2021 and 2020.

The above items of investment property were depreciated on a straight-line basis at estimated economic lives as follows:

Buildings and facilities	
Main building and parking spaces	30-60 years
Lifting equipment	15 years
Air-conditioning and electrical equipment	5-10 years
Fire and monitoring equipment	5 years
Right-of-use assets - superficies of royalties	70 years
Right-of-use assets - land	70 years

The fair values of the Group's investment property as of March 31, 2021, December 31, 2020 and March 31, 2020 were $29,957,910 thousand, $29,659,155 thousand and $24,960,900 thousand, respectively. Investment property was categorized into Level 3.

The Corporation's subsidiaries had development of the vacant land and prepayments for buildings without construction license, and the carrying amount was $2,519,944 thousand, $2,519,944 thousand and $2,521,063 thousand, respectively, at March 31, 2021, December 31, 2020 and March 31, 2020. Because its fair value cannot be reliably determined, it was excluded from the amount of fair value above mentioned.

Valuation of fair values above mentioned, except the fair values of partial investment properties held by CDIB Capital Group for the year ended December 31, 2020, and the fair values of investment properties held by CDIB Capital Group, KGI Securities and subsidiaries of KGI Securities for the years ended December 31, 2019 were arrived at without appraisal from independent appraisers, but instead were arrived at by reference to available external appraisal reports for the previous period and valuation models commonly used by market participants. All the other subsidiaries of the Group engaged independent appraisers for the valuation of their investment properties. The sales comparison approach and income approach were used in the valuation, whereby the sales comparison approach compares a subject property's characteristics with those of comparable properties which have been recently sold in similar transaction, and income approach takes the net operating income of the rent collected and divides it by the capitalization rate.

The Group's investment property is mainly based on leased building with lease terms of 1 to 14 years and some lessees have priority to rent the leased building. The lease contracts contain market review clauses in the event that the lessees exercise their options to extend.

The maturity analysis of lease payments receivable under operating leases of investment properties was as follows:

	March 31, 2021	**December 31, 2020**	**March 31, 2020**
Year 1	$ 464,549	$ 470,842	$ 457,404
Year 2	375,629	371,490	388,840
Year 3	307,483	292,014	227,548
Year 4	254,017	245,226	178,487
Year 5	237,097	212,312	155,296
Year 5 onwards	613,085	565,604	273,054
	$ 2,251,860	$ 2,157,488	$ 1,680,629

The investment property leased by the Group for operating leases is depreciated on a straight-line basis over their estimated useful lives as follows:

	Estimated Useful Lives
Buildings and facilities	30-60 years

All of the Group's investment property were held under freehold interests. The carrying amount of the investment properties that had been pledged for the Group to secure borrowings were reflected in Note 49.

21. PROPERTY AND EQUIPMENT, NET

	March 31, 2021	December 31, 2020	March 31, 2020
Land	$ 19,997,263	$ 20,265,436	$ 20,175,921
Buildings and facilities	12,545,356	12,719,584	5,834,386
Machinery and computer equipment	1,353,295	1,383,010	1,318,453
Other equipment	292,065	308,412	287,199
Leasehold improvements	261,121	283,067	302,073
Transportation equipment	141,248	169,170	270,975
	34,590,348	35,128,679	28,189,007
Prepayments for acquisition of properties	263,446	215,191	7,996,113
	$ 34,853,794	$ 35,343,870	$ 36,185,120
Assets used by the Group	$ 34,380,610	$ 34,852,725	$ 35,575,680
Assets leased under operating leases	473,184	491,145	609,440
	$ 34,853,794	$ 35,343,870	$ 36,185,120

Except for depreciation recognized, the Group had no significant addition, disposal and impairment of property and equipment during the three months ended March 31, 2021 and 2020.

The subsidiary CDIB Capital Group completed the open bidding of its building on January 12, 2021. The building is located at No. 125 and No. 127, Section 5, Nanjing East Road, Songshan District, Taipei City. Shin Kong Life Insurance Co., Ltd. (SKLI) has been awarded the bid for NT$9.288 billion. The estimated gain on disposal profit is about $8 billion, which will be recognized upon completion of the official title transfer procedures.

The construction project with respect to the superficies, which was awarded to China Life Insurance, on the land owned by Taipei Academy had been completed in the third quarter of 2020 and was reclassified from the construction in progress to the buildings and facilities. Part of the buildings and right-of-use assets were subsequently recognized as investment properties depending on its nature. These had been respectively recognized as "investment property", "property, plant and equipment" and "right-of-use asset" by the Groups' holding purpose, please refer to Notes 20 and 22.

The above items of self-use property and equipment are depreciated on a straight-line basis over the estimated economic lives as follows:

Buildings and facilities	3-60 years
Machinery and computer equipment	3-15 years
Transportation equipment	4-10 years
Other equipment	3-12 years
Leasehold improvements	Depend on the age or the durable life of lease, whichever is shorter

The operating lease of the Group's subsidiaries are mainly leases of light passenger vehicle with lease terms of 1 to 5 years without an option to extend for any additional years.

The maturity analysis of lease payments receivable was as follows:

	March 31, 2021	**December 31, 2020**	**March 31, 2020**
Year 1	$ 53,810	$ 64,168	$ 95,833
Year 2	15,150	22,580	54,535
Year 3	896	2,475	16,039
Year 4	-	174	1,538
Year 5	-	-	-
	$ 69,856	$ 89,397	$ 167,945

The investment property leased by the Group for operating leases is depreciated on a straight-line basis based over their estimated useful lives as follows:

	Estimated Useful Lives
Machinery equipment	4-20 years
Transportation equipment	2-5 years

For the information on property and equipment pledged as collateral for the Group, please refer to Note 49.

22. LEASE ARRANGEMENTS

a. Right-of-use assets, net

	March 31, 2021	**December 31, 2020**	**March 31, 2020**
Carrying amounts			
Royalty-surface rights	$ 9,957,598	$ 9,997,238	$ 12,926,367
Buildings and facilities	2,571,055	2,622,125	3,244,615
Land	1,167,255	1,171,915	1,515,282
Computer equipment	172,204	183,014	97,682
Transportation equipment	41,628	38,495	36,620
Other equipment	32,696	36,977	11,747
	$ 13,942,436	$ 14,049,764	$ 17,832,313

	For the Three Months Ended March 31	
	2021	2020
Additions to right-of-use assets	$ 393,371	$ 161,043
Depreciation of right-of-use assets		
Royalty-surface rights	$ 39,639	$ 50,651
Buildings and facilities	199,234	208,707
Land	4,661	6,886
Computer equipment	10,793	17,279
Transportation equipment	4,804	4,823
Other equipment	4,362	3,487
	$ 263,493	$ 291,833

The depreciation expense of the right-of-use asset recognized in profit or loss for the three months ended March 31, 2021 and 2020 were $262,838 thousand and $233,421 thousand, respectively.

b. Lease liabilities

	March 31, 2021	December 31, 2020	March 31, 2020
Carrying amounts	$ 4,389,446	$ 4,454,005	$ 4,970,630

The interest expense of the lease liabilities recognized in profit or loss for the years ended March 31, 2021 and 2020 were $24,857 thousand and $13,878 thousand, respectively.

Range of discount rate for lease liabilities were as follows:

	March 31, 2021	December 31, 2020	March 31, 2020
Buildings and facilities	0.43%-9.79%	0.65%-9.79%	0.72%-9.79%
Land	0.77%-3.50%	0.77%-3.50%	0.77%-3.50%
Computer equipment	0.77%-1.07%	0.77%-1.07%	0.82%-1.07%
Transportation equipment	0.52%-1.44%	0.55%-1.44%	0.67%-1.44%
Other equipment	0.53%-1.20%	0.53%-1.20%	0.65% -1.44%

The maturity analysis of lease liabilities were as follows:

	March 31, 2021	December 31, 2020	March 31, 2020
Not later than 1 year	$ 845,275	$ 889,224	$ 926,786
Later than 1 year and not later than 5 years	1,798,660	1,790,637	2,040,747
Later than 5 years	4,101,927	4,149,278	4,471,178
	$ 6,745,862	$ 6,829,139	$ 7,438,711

c. Material lease-in activities and terms

The Group leases land, building, computer equipment, transportation equipment and other equipment with lease terms of 1 to 10 years. In the contract, the Group has options to lease the building at the end of the lease terms. The lease contract for the right of superficies has been established indicates that China Life Insurance also leases land with lease terms of 70 years.

d. Other lease information

Lease arrangements under operating leases for the leasing out of investment properties and freehold property, plant and equipment for the Group, please refer Notes 20 and 21, respectively.

	For the Three Months Ended March 31	
	2021	**2020**
Expenses relating to short-term leases	$ 4,923	$ 13,246
Expenses relating to low-value asset leases	$ 670	$ 926
Total cash outflow for leases	$ 249,206	$ 286,328

The Group leases certain assets which qualify as short-term leases and certain assets which qualify as low-value asset leases. The Group has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

23. INTANGIBLE ASSETS

	March 31, 2021	December 31, 2020	March 31, 2020
Purchase policy value	$ 11,970,637	$ 12,053,755	$ 12,314,985
Goodwill	3,124,939	3,135,653	3,153,437
Operation rights	2,835,313	2,974,042	3,409,310
Computer software	1,373,159	1,370,913	1,241,422
Others	3,008	3,008	36,396
	$ 19,307,056	$ 19,537,371	$ 20,155,550

Except for amortization recognized, the Group’s had no significant addition, disposal, and impairment of other intangible assets during the three months ended March 31, 2021 and 2020.

Apart from the purchase policy value is amortized on present value of annuity of expected remaining policies over effective period of policies, the other items of intangible assets above are amortized on a straight-line basis over the estimated economic lives as follows:

Operation rights	7-20 years
Computer software	3-6 years

24. OTHER ASSETS

	March 31, 2021	December 31, 2020	March 31, 2020
Security borrowing margins	$ 41,601,139	$ 42,151,143	$ 21,179,945
Overseas custodian accounts	30,691,314	26,684,588	25,890,076
Guarantee deposits paid	15,362,640	8,529,704	17,052,105
Operating guarantee deposits	8,275,509	8,275,495	7,931,628
Others	4,638,979	8,624,199	2,633,280
	$ 100,569,581	$ 94,265,129	$ 74,687,034

The fund deposited in foreign securities is mainly for foreign subsidiaries transaction.

25. DEPOSITS FROM THE CENTRAL BANK AND FINANCIAL INSTITUTIONS

	March 31, 2021	December 31, 2020	March 31, 2020
Call loans from financial institutions	$ 23,048,263	$ 11,920,784	$ 21,926,304
Deposits from Chunghwa Post Co., Ltd.	190,146	190,146	190,146
	$ 23,238,409	$ 12,110,930	$ 22,116,450

26. NOTES AND BONDS ISSUED UNDER REPURCHASE AGREEMENTS

	March 31, 2021	December 31, 2020	March 31, 2020
Corporate bonds	$ 81,616,216	$ 79,091,959	$ 61,983,186
Bank debentures	25,538,732	27,655,313	28,786,504
Government bonds	25,443,186	27,867,001	24,280,344
Commercial paper	-	249,972	1,248,501
	$ 132,598,134	$ 134,864,245	$ 116,298,535
Repurchased amounts	$ 132,642,679	$ 134,922,573	$ 116,432,219
Last maturity date	March 2022	March 2021	July 2020

27. COMMERCIAL PAPER PAYABLE, NET

	March 31, 2021	December 31, 2020	March 31, 2020
Commercial paper payable	$ 18,287,000	$ 11,566,577	$ 12,985,000
Less: Unamortized discount	(2,731)	(1,773)	(1,064)
	$ 18,284,269	$ 11,564,804	$ 12,983,936
Range of rate	0.19%-1.31%	0.20%-1.31%	0.45%-1.22%

As of March 31, 2021, Mega Bills Finance Corporation, China Bills Finance Corporation, Taiwan Finance Corporation, Ta Ching Finance Corporation, Grand Bills Finance Corporation, Union Bank of Taiwan, Taiwan Cooperative Bills Finance Corporation, Bank SinoPac, International Bills Finance Corporation and Taishin International Bank guaranteed the above commercial paper. However, some commercial paper which amounted to $11,439,257 thousand, had no guarantee.

As of December 31, 2020, Dah Chung Bills Finance Corporation, Mega Bills Finance Corporation, Ta Ching Finance Corporation, International Bills Finance Corporation, Taiwan Cooperative Bills Finance Corporation, Taiwan Finance Corporation, China Bills Finance Corporation guaranteed the above commercial paper. However, some commercial paper which amounted to $10,989,967 thousand, had no guarantee.

As of March 31, 2020, Mega Bills Finance Corporation, China Bills Finance Corporation, Taiwan Finance Corporation, Ta Ching Finance Corporation, Grand Bills Finance Corporation, Union Bank of Taiwan, Taiwan Cooperative Bills Finance Corporation and Taishin International Bank guaranteed the above commercial paper. However, some commercial paper which amounted to $11,644,258 thousand, had no guarantee.

28. PAYABLES

	March 31, 2021	December 31, 2020	March 31, 2020
Accounts payable for settlement	$ 72,167,752	$ 55,348,420	$ 63,855,735
Accrued expenses and payable on insurance policies	12,462,885	15,087,228	9,970,496
Deposits payable for securities financing	11,944,838	10,281,198	9,210,366
Exchange clearing payable	6,384,809	4,076,453	4,600,017
Others	17,261,214	18,303,347	11,991,420
	$ 120,221,498	$ 103,096,646	$ 99,628,034

29. DEPOSITS AND REMITTANCES

	March 31, 2021	December 31, 2020	March 31, 2020
Time deposits	$ 238,126,997	$ 245,828,422	$ 231,669,900
Saving deposits	137,370,033	131,860,446	127,177,663
Demand deposits	96,413,201	101,562,258	63,707,796
Negotiable CDs	6,563,700	5,956,700	14,430,300
Checking deposits	1,077,215	1,457,609	2,789,632
Inward remittance	37,619	42,516	70,613
	$ 479,588,765	$ 486,707,951	$ 439,845,904

30. BONDS PAYABLE

	March 31, 2021	December 31, 2020	March 31, 2020
Corporate bonds payable	$ 47,000,000	$ 42,630,000	$ 26,000,000
Bank debentures payable	24,554,882	20,351,293	16,442,639
	$ 71,554,882	$ 62,981,293	$ 42,442,639

Corporate Bonds Payable

Name	March 31, 2021	December 31, 2020	March 31, 2020	Issuance Period	Method of Paying Principle and Interests	Interest Rate
1st corporate bonds in 2015 - the Corporation	$ -	$ -	$ 2,000,000	2015.09.15-2020.09.15	Interest payable annually; principal due on maturity	1.37%
1st corporate bonds in 2017 - the Corporation	10,000,000	10,000,000	10,000,000	Bond A 2017.09.08-2024.09.08 Bond B 2017.09.08-2027.09.08 Bond C 2017.09.08-2032.09.08	Interest payable annually; principal due on maturity	Bond A 1.75% Bond B 1.90% Bond C 2.10%
1st corporate bonds in 2019 - the Corporation	5,000,000	5,000,000	5,000,000	Bond A 2019.08.08-2026.08.08 Bond B 2019.08.08-2029.08.08	Interest payable annually; principal due on maturity	Bond A 0.88% Bond B 1.00%
1st corporate bonds in 2020 - the Corporation	8,000,000	8,000,000	-	Bond A 2020.05.20-2025.05.20 Bond B 2020.05.20-2035.05.20	Interest payable annually; Principal due on maturity	Bond A 0.75% Bond B 0.95%
2nd corporate bonds in 2020 - the Corporation	6,000,000	6,000,000	-	Bond A 2020.11.30-2030.11.30 Bond B 2020.11.30-2035.11.30	Interest payable annually; Principal due on maturity	Bond A 1.25% Bond B 1.50%
3rd corporate bonds in 2020 - the Corporation	3,800,000	-	-	Bond A 2021.01.14-2028.01.14 Bond B 2021.01.14-2031.01.14	Interest payable annually; Principal due on maturity	Bond A 0.50% Bond B 0.59%
1st corporate bonds in 2015 - KGI Securities	-	-	4,800,000	Bond A 2015.06.08-2018.06.08 Bond B 2015.06.08-2020.06.08	Interest payable annually; principal due on maturity	Bond A 1.20% Bond B 1.42%
1st corporate bonds in 2019 - KGI Securities	4,200,000	4,200,000	4,200,000	Bond A 2019.11.22-2022.11.22 Bond B 2019.11.22-2024.11.22 Bond C 2019.11.22-2026.11.22	Interest payable annually; principal due on maturity	Bond A 0.73% Bond B 0.78% Bond C 0.83%
1st corporate bonds in 2020 - China Life Insurance	10,000,000	9,430,000	-	2020.12.28, no maturity date	Interest payable annually (Note)	2.70%
Net amount	$ 47,000,000	$ 42,630,000	$ 26,000,000			
Fair value	$ 48,129,169	$ 43,949,621	$ 26,732,177			

Note: China Life Insurance has the right to redeem the bonds after 10 years from the issue date if its self-owned capital adequacy ratio is twice as higher as the required risk based capital ratio set by the competent authority. China Life Insurance is allowed to redeem the bonds based on the carrying value of each bond plus interest after being approved by the competent authority.

Bank Debentures Payable

Name	March 31, 2021	December 31, 2020	March 31, 2020	Issuance Period	Method of Paying Principle and Interests	Interest Rate
P06 KGIB 1	$ -	$ -	$ 1,000,000	2017.05.19-2020.05.19	Interest payable annually; principal due on maturity	0.90%
P07 KGIB 1	3,000,000	3,000,000	3,000,000	2018.12.27, no maturity date	Interest payable annually (Note)	2.35%
P07 KGIB 2	3,350,000	3,350,000	3,350,000	2018.12.27-2033.12.27	Interest payable annually; principal due on maturity	1.68%
P08 KGIB 1	3,100,000	3,100,000	3,100,000	2019.06.26-2034.06.26	Interest payable annually; principal due on maturity	1.40%
P09 KGIB 1	1,200,000	1,200,000	1,200,000	2020.03.05-2027.03.05	Interest payable annually; principal due on maturity	0.75%
P09 KGIB 2	4,800,000	4,800,000	4,800,000	2020.03.05-2030.03.05	Interest payable annually; principal due on maturity	0.80%
P09 KGIB 3	4,800,000	4,800,000	-	2020.08.07-2030.08.07	Interest payable annually; principal due on maturity	0.71%
P10 KGIB 1	4,300,000	-	-	2021.02.04-2031.02.04	Interest payable annually; principal due on maturity	0.57%
	24,550,000	20,250,000	16,450,000			
Unamortized discount	4,882	101,293	(7,361)			
Net amount	$ 24,554,882	$ 20,351,293	$ 16,442,639			
Fair value	$ 24,693,559	$ 20,408,787	$ 16,655,224			

Note: KGI Bank has the right to redeem the bonds after 5 years and 1 month from the issue date if its self-owned capital adequacy ratio is still in accordance with the requirements set by the competent authority. KGI Bank is allowed to redeem the bonds based on the carrying value of each bond plus interest after approved by the competent authority.

31. OTHER BORROWINGS

	March 31, 2021	December 31, 2020	March 31, 2020
Short-term credit borrowings	$ 10,920,237	$ 13,737,182	$ 19,876,246
Short-term secured borrowings	6,007,056	6,317,288	4,075,038
Note issuance facility	4,658,783	4,739,049	4,799,532
	$ 21,586,076	$ 24,793,519	$ 28,750,816
Range of rate	0.20%-6.15%	0.23%-5.65%	0.52%-3.55%
Last maturity date	October 2023	October 2023	January 2023

For the information on collateral of other borrowings listed, please refer to Note 49.

32. PROVISIONS

	March 31, 2021	December 31, 2020	March 31, 2020
Insurance liabilities	$ 1,923,921,558	$ 1,896,680,430	$ 1,779,782,017
Foreign exchange valuation reserve	3,893,775	4,023,007	3,808,037
Provisions for employee benefits	1,119,704	1,235,579	1,004,187
Others	584,040	529,167	498,290
	$ 1,929,483,077	$ 1,902,468,183	$ 1,785,092,531

Insurance Contracts and Provision for Financial Instruments with Discretionary Participation Feature

As at March 31, 2021, December 31, 2020 and March 31, 2020, China Life Insurance's movement in reserves of insurance contracts and financial instruments with discretionary participation feature is as follows:

	March 31, 2021	December 31, 2020	March 31, 2020
Reserve for life insurance liabilities	$ 1,886,864,894	$ 1,859,860,159	$ 1,741,019,073
Unearned premium reserve	4,175,365	4,509,133	3,901,876
Reserve for claims	2,541,283	2,463,643	2,346,776
Special reserve	7,466,974	6,633,515	7,314,356
Premium deficiency reserve	3,884,342	4,139,991	5,830,970
Other reserve	18,988,700	19,073,989	19,368,966
	$ 1,923,921,588	$ 1,896,680,430	$ 1,779,782,017

a. Reserve for life insurance liabilities:

	March 31, 2021		
	Insurance Contract	**Financial Instruments with Discretionary Participation Feature**	**Total**
Life insurance	$ 1,526,369,114	$ 56,751,711	$ 1,583,120,825
Health insurance	146,742,539	-	146,742,539
Annuity insurance	650,789	154,440,600	155,091,389
Investment-linked insurance	1,768,158	-	1,768,158
	$ 1,675,530,600	$ 211,192,311	$ 1,886,722,911

Note: The total amount of liability reserve is $1,886,864,894 thousand on March 31, 2021 after reserve for life insurance-accrued paid is added.

	December 31, 2020		
	Insurance Contract	**Financial Instruments with Discretionary Participation Feature**	**Total**
Life insurance	$ 1,499,223,671	$ 57,268,258	$ 1,556,491,929
Health insurance	144,514,146	-	144,514,146
Annuity insurance	641,776	156,307,556	156,949,332
Investment-linked insurance	1,763,565	-	1,763,565
	$ 1,646,143,158	$ 213,575,814	$ 1,859,718,972

Note: The total amount of liability reserve is $1,859,860,159 thousand on December 31, 2020 after reserve for life insurance-accrued paid is added.

	March 31, 2020		
	Insurance Contract	**Financial Instruments with Discretionary Participation Feature**	**Total**
Life insurance	$ 1,382,322,473	$ 57,499,086	$ 1,439,821,559
Health insurance	135,847,160	-	135,847,160
Annuity insurance	670,878	162,747,910	163,418,788
Investment-linked insurance	1,786,724	-	1,786,724
	$ 1,520,627,235	$ 220,246,996	$ 1,740,874,231

Note: The total amount of liability reserve is $1,741,019,073 thousand on March 31, 2020 after reserve for life insurance-accrued paid is added.

There is no ceded liability reserve for the above insurance contracts.

Movement in reserve for life insurance liabilities is summarized below:

	For the Three Months Ended March 31, 2021		
	Insurance Contract	Financial Instruments with Discretionary Participation Feature	Total
Beginning balance	$ 1,646,143,158	$ 213,575,814	$ 1,859,718,972
Reserve	53,997,796	1,757,554	55,755,350
Recover	(24,608,949)	(4,156,458)	(28,765,407)
Foreign exchange gains	(1,405)	15,401	13,996
Ending balance (Note)	$ 1,675,530,600	$ 211,192,311	$ 1,886,722,911

Note: The total amount of liability reserve is $1,886,864,894 thousand on March 31, 2020 after reserve for life insurance-accrued paid is added.

	For the Three Months Ended March 31, 2020		
	Insurance Contract	Financial Instruments with Discretionary Participation Feature	Total
Beginning balance	$ 1,476,881,001	$ 221,716,576	$ 1,698,597,577
Reserve	61,846,779	2,326,575	64,173,354
Recover	(16,852,475)	(3,879,357)	(20,731,832)
Foreign exchange gains	(1,248,070)	83,202	(1,164,868)
Ending balance (Note)	$ 1,520,627,235	$ 220,246,996	$ 1,740,874,231

Note: The total amount of liability reserve is $1,741,019,073 thousand on March 31, 2020 after reserve for life insurance-accrued paid is added.

b. Unearned premium reserve

	March 31, 2021		
	Insurance Contract	Financial Instruments with Discretionary Participation Feature	Total
Individual life insurance	$ 934	$ -	$ 934
Individual injury insurance	1,457,735	-	1,457,735
Individual health insurance	2,192,278	-	2,192,278
Group insurance	461,100	-	461,100
Investment-linked insurance	63,292	-	63,292
Annuity insurance	-	26	26
	4,175,339	26	4,175,365

(Continued)

	March 31, 2021		
	Insurance Contract	Financial Instruments with Discretionary Participation Feature	Total
Less ceded unearned premium reserve			
Individual life insurance	$ 17,105	$ -	$ 17,105
Individual injury insurance	1,203	-	1,203
Individual health insurance	34,052	-	34,052
Group insurance	7,591	-	7,591
Investment-linked insurance	5,047	-	5,047
	64,998	-	64,998
Net amount	$ 4,110,341	$ 26	$ 4,110,367

(Concluded)

	December 31, 2020		
	Insurance Contract	Financial Instruments with Discretionary Participation Feature	Total
Individual life insurance	$ 1,003	$ -	$ 1,003
Individual injury insurance	1,518,042	-	1,518,042
Individual health insurance	2,355,619	-	2,355,619
Group insurance	571,942	-	571,942
Investment-linked insurance	62,500	-	62,500
Annuity insurance	-	27	27
	4,509,106	27	4,509,133
Less ceded unearned premium reserve			
Individual life insurance	16,630	-	16,630
Individual injury insurance	1,778	-	1,778
Individual health insurance	33,812	-	33,812
Group insurance	4,596	-	4,596
Investment-linked insurance	4,958	-	4,958
	61,774	-	61,774
Net amount	$ 4,447,332	$ 27	$ 4,447,359

	March 31, 2020		
	Insurance Contract	Financial Instruments with Discretionary Participation Feature	Total
Individual life insurance	$ 1,022	$ -	$ 1,022
Individual injury insurance	1,351,229	-	1,351,229
Individual health insurance	2,078,048	-	2,078,048
Group insurance	412,489	-	412,489
Investment-linked insurance	59,045	-	59,045
Annuity insurance	-	43	43
	3,901,833	43	3,901,876
Less ceded unearned premium reserve			
Individual life insurance	15,970	-	15,970
Individual injury insurance	921	-	921
Individual health insurance	30,341	-	30,341
Group insurance	2,992	-	2,992
Investment-linked insurance	5,247	-	5,247
	55,471	-	55,471
Net amount	$ 3,846,362	$ 43	$ 3,846,405

Movement in unearned premium reserve is summarized below:

	For the Three Months Ended March 31, 2021		
	Insurance Contract	Financial Instruments with Discretionary Participation Feature	Total
Beginning balance	$ 4,509,106	$ 27	$ 4,509,133
Reserve	793,509	26	793,535
Recover	(1,127,276)	(27)	(1,127,303)
Ending balance	4,175,339	26	4,175,365
Less ceded unearned premium reserve			
Beginning balance	61,774		61,774
Increase	22,281		22,281
Decrease	(19,058)		(19,058)
Losses (gains) on foreign exchange	1		1
Ending balance	64,998		64,998
Net amount	$ 4,110,341	$ 26	$ 4,110,367

	For the Three Months Ended March 31, 2020		
	Insurance Contract	Financial Instruments with Discretionary Participation Feature	Total
Beginning balance	$ 4,291,354	$ 75	$ 4,291,429
Reserve	683,317	43	683,360
Recover	(1,072,838)	(75)	(1,072,913)
Ending balance	3,901,833	43	3,901,876
Less ceded unearned premium reserve			
Beginning balance	55,487	-	55,487
Increase	14,351	-	14,351
Decrease	(14,367)	-	(14,367)
Ending balance	55,471	-	55,471
Net amount	$ 3,846,362	$ 43	$ 3,846,405

c. Reserve for claims

	March 31, 2021		
	Insurance Contract	Financial Instruments with Discretionary Participation Feature	Total
Individual life insurance			
Reported but not paid claim	$ 166,844	$ 4,377	$ 171,221
Unreported claim	2,175	-	2,175
Individual injury insurance			
Reported but not paid claim	37,338	-	37,338
Unreported claim	593,815	-	593,815
Individual health insurance			
Reported but not paid claim	124,210	-	124,210
Unreported claim	1,010,185	-	1,010,185
Group insurance			
Reported but not paid claim	135,031	-	135,031
Unreported claim	414,336	-	414,336
Investment-linked insurance			
Reported but not paid claim	17,371	-	17,371
Unreported claim	-	-	-
Annuity insurance			
Reported but not paid claim	30	35,525	35,555
Unreported claim	-	46	46
	2,501,335	39,948	2,541,283
Less ceded reserve for claims			
Individual life insurance	7,903	-	7,903
Individual injury insurance	490	-	490
Individual health insurance	14,867	-	14,867
Group insurance	12,748	-	12,748
	36,008	-	36,008
Net amount	$ 2,465,327	$ 39,948	$ 2,505,275

	December 31, 2020		
	Insurance Contract	Financial Instruments with Discretionary Participation Feature	Total
Individual life insurance			
Reported but not paid claim	$ 173,157	$ 3,935	$ 177,092
Unreported claim	2,260	-	2,260
Individual injury insurance			
Reported but not paid claim	42,446	-	42,446
Unreported claim	532,065	-	532,065
Individual health insurance			
Reported but not paid claim	114,688	-	114,688
Unreported claim	988,920	-	988,920
Group insurance			
Reported but not paid claim	98,924	-	98,924
Unreported claim	446,078	-	446,078
Investment-linked insurance			
Reported but not paid claim	19,724	-	19,724
Unreported claim	-	-	-
Annuity insurance			
Reported but not paid claim	-	41,382	41,382
Unreported claim	-	64	64
	2,418,262	45,381	2,463,643
Less ceded reserve for claims			
Individual life insurance	2,274	-	2,274
Individual injury insurance	2,237	-	2,237
Individual health insurance	10,304	-	10,304
Group insurance	6000	-	6000
	20,815	-	20,815
Net amount	$ 2,397,447	$ 45,381	$ 2,442,828

	March 31, 2020		
	Insurance Contract	Financial Instruments with Discretionary Participation Feature	Total
Individual life insurance			
Reported but not paid claim	$ 209,179	$ 82,494	$ 291,673
Unreported claim	1,910	-	1,910
Individual injury insurance			
Reported but not paid claim	35,056	-	35,056
Unreported claim	479,064	-	479,064
Individual health insurance			
Reported but not paid claim	85,119	-	85,119
Unreported claim	864,887	-	864,887

(Continued)

	March 31, 2020		
	Insurance Contract	**Financial Instruments with Discretionary Participation Feature**	**Total**
Group insurance			
Reported but not paid claim	$ 102,416	$ -	$ 102,416
Unreported claim	429,529	-	429,529
Investment-linked insurance			
Reported but not paid claim	12,753	-	12,753
Unreported claim	-	-	-
Annuity insurance			
Reported but not paid claim	-	44,247	44,247
Unreported claim	-	122	122
	2,219,913	126,863	2,346,776
Less ceded reserve for claims			
Individual life insurance	1,393	-	1,393
Individual injury insurance	-	-	-
Individual health insurance	8,771	-	8,771
Group insurance	3,800	-	3,800
Investment-linked insurance	320	-	320
	14,284	-	14,284
Net amount	$ 2,205,629	$ 126,863	$ 2,332,492

(Concluded)

Movement in reserve for claims is summarized below:

	For the Three Months Ended March 31, 2021		
	Insurance Contract	**Financial Instruments with Discretionary Participation Feature**	**Total**
Beginning balance	$ 2,418,262	$ 45,381	$ 2,463,643
Reserve	2,501,400	39,947	2,541,347
Recover	(2,418,262)	(45,381)	(2,463,643)
Gain (loss) on foreign exchange	(65)	1	(64)
Ending balance	2,501,335	39,948	2,541,283
Less ceded unearned premium reserve			
Beginning balance	20,815	-	20,815
Increase	36,011	-	36,011
Decrease	(20,815)	-	(20,815)
Losses (gains) on foreign exchange	(3)	-	(3)
Ending balance	36,008	-	36,008
Net amount	$ 2,465,327	$ 39,948	$ 2,505,275

	For the Three Months Ended March 31, 2020		
	Insurance Contract	Financial Instruments with Discretionary Participation Feature	Total
Beginning balance	$ 2,061,831	$ 163,516	$ 2,225,347
Reserve	2,220,739	126,667	2,347,406
Recover	(2,061,831)	(163,516)	(2,225,347)
Gain (loss) on foreign exchange	(826)	196	(630)
Ending balance	2,219,913	126,863	2,346,776
Less ceded unearned premium reserve			
Beginning balance	13,755	-	13,755
Increase	14,284	-	14,284
Decrease	(13,755)	-	(13,755)
Ending balance	14,284	-	14,284
Net amount	$ 2,205,629	$ 126,863	$ 2,332,492

China Life Insurance's reported but not paid claims are reserved according to insurance type and claims department's estimates based on each individual case's related information without exceeding promised insurance amount for covered accidents. Those reported but not paid reserve is reasonably assessed, sufficient to reflect actual claims paid. In addition, some types of claims are not expected to close shortly because these claims usually depend on court judgments before the closure. The legal department tracks the development of these claims and reasonably estimates claims reserve. The actuarial department assesses final unreported claims based on past claims experience with consideration of claims development trends for past closed cases, and then develop the final claims based on homogeneous features of each insurance through Bornhuetter-Ferguson Method. Reserve for unreported and unclosed claims changes according to external environment, such as, actual loss rate will lead to fluctuations of claims. The actuarial department will evaluate periodically to make reasonable estimate of claims reserve.

d. Special reserve

	March 31, 2021		
	Insurance Contract	Financial Instruments with Discretionary Participation Feature	Total
Participating policies dividend reserve	$ 7,466,974	$ -	$ 7,466,974
Dividend risk reserve	-	-	-
	$ 7,466,974	$ -	$ 7,466,974

	December 31, 2020		
	Insurance Contract	Financial Instruments with Discretionary Participation Feature	Total
Participating policies dividend reserve	$ 6,633,515	$ -	$ 6,633,515
Dividend risk reserve	-	-	-
	$ 6,633,515	$ -	$ 6,633,515

	March 31, 2020		
	Insurance Contract	Financial Instruments with Discretionary Participation Feature	Total
Participating policies dividend reserve	$ 7,314,356	$ -	$ 7,314,356
Dividend risk reserve	-	-	-
	$ 7,314,356	$ -	$ 7,314,356

Movement in special reserve is summarized below:

	For the Three Months Ended March 31	
	2021	2020
	Insurance Contract	Insurance Contract
Beginning balance	$ 6,633,515	$ 6,907,466
Reserve for participating policy dividend revenue	818,315	405,325
Recover for participating policy dividend revenue	-	-
Gain (loss) on equity instruments from participating dividend policy measured at FVTOCI	15,144	1,565
Ending balance	$ 7,466,974	$ 7,314,356

e. Special capital reserve for major incidents and fluctuation of risks

	March 31, 2021		
	Insurance Contract	Financial Instruments with Discretionary Participation Feature	Total
Individual life insurance	$ 2,028	$ -	$ 2,028
Individual injury insurance	884,209	-	884,209
Individual health insurance	2,673,733	-	2,673,733
Group insurance	3,360,666	-	3,360,666
Annuity insurance	-	476	476
	$ 6,920,636	$ 476	$ 6,921,112

	December 31, 2020		
	Insurance Contract	Financial Instruments with Discretionary Participation Feature	Total
Individual life insurance	$ 2,028	$ -	$ 2,028
Individual injury insurance	884,209	-	884,209
Individual health insurance	2,673,733	-	2,673,733
Group insurance	3,360,666	-	3,360,666
Annuity insurance	-	476	476
	$ 6,920,636	$ 476	$ 6,921,112

	March 31, 2020		
	Insurance Contract	Financial Instruments with Discretionary Participation Feature	Total
Individual life insurance	$ 1,743	$ -	$ 1,743
Individual injury insurance	875,865	-	875,865
Individual health insurance	2,536,247	-	2,536,247
Group insurance	3,212,019	-	3,212,019
Annuity insurance	-	759	759
	$ 6,625,874	$ 759	$ 6,626,633

f. Premium deficiency reserve

	March 31, 2021		
	Insurance Contract	Financial Instruments with Discretionary Participation Feature	Total
Individual life insurance	$ 3,770,066	$ -	$ 3,770,066
Individual health insurance	114,276	-	114,276
	$ 3,884,342	$ -	$ 3,884,342

	December 31, 2020		
	Insurance Contract	Financial Instruments with Discretionary Participation Feature	Total
Individual life insurance	$ 4,023,859	$ -	$ 4,023,859
Individual health insurance	116,132	-	116,132
	$ 4,139,991	$ -	$ 4,139,991

	March 31, 2020		
	Insurance Contract	Financial Instruments with Discretionary Participation Feature	Total
Individual life insurance	$ 5,708,259	$ -	$ 5,708,259
Individual health insurance	122,711	-	122,711
	$ 5,830,970	$ -	$ 5,830,970

Note: Premium deficiency reserve was not ceded in the above insurance contracts.

Movement in premium deficiency reserve is summarized as below:

	For the Three Months Ended March 31, 2021		
	Insurance Contract	Financial Instruments with Discretionary Participation Feature	Total
Beginning balance	$ 4,139,991	$ -	$ 4,139,991
Reserve	150,322	-	150,322
Recover	(403,299)	-	(403,299)
Gain (loss) on foreign exchange	(2,672)	-	(2,672)
Ending balance	$ 3,884,342	$ -	$ 3,884,342

	For the Three Months Ended March 31, 2020		
	Insurance Contract	Financial Instruments with Discretionary Participation Feature	Total
Beginning balance	$ 6,627,546	$ -	$ 6,627,546
Reserve	507,291	-	507,291
Recover	(1,258,531)	-	(1,258,531)
Gain (loss) on foreign exchange	(45,336)	-	(45,336)
Ending balance	$ 5,830,970	$ -	$ 5,830,970

g. Other reserve

	March 31, 2021		
	Insurance Contract	Financial Instruments with Discretionary Participation Feature	Total
Others	$ 18,988,700	$ -	$ 18,988,700

	December 31, 2020		
	Insurance Contract	Financial Instruments with Discretionary Participation Feature	Total
Others	$ 19,073,989	$ -	$ 19,073,989

	March 31, 2020		
	Insurance Contract	**Financial Instruments with Discretionary Participation Feature**	**Total**
Others	$ 19,368,966	$ -	$ 19,368,966

Movement in other reserve is summarized as below:

	For the Three Months Ended March 31, 2021		
	Insurance Contract	**Financial Instruments with Discretionary Participation Feature**	**Total**
Beginning balance	$ 19,073,989	$ -	$ 19,073,989
Recover	(85,289)	-	(85,289)
Ending balance	$ 18,988,700	$ -	$ 18,988,700

	For the Three Months Ended March 31, 2020		
	Insurance Contract	**Financial Instruments with Discretionary Participation Feature**	**Total**
Beginning balance	$ 19,467,292	$ -	$ 19,467,292
Recover	(98,326)	-	(98,326)
Ending balance	$ 19,368,966	$ -	$ 19,368,966

Note: The amount is transferred from the acquisition of a partial traditional insurance policies of Allianz Life Insurance on May 18, 2018.

h. Liability adequacy reserve

	Insurance Contract and Financial Instruments with Discretionary Participation Feature		
	March 31, 2021	December 31, 2020	March 31, 2020
Reserve for life insurance liabilities	$ 1,886,722,911	$ 1,859,718,972	$ 1,740,874,231
Unearned premium reserve	4,175,365	4,509,133	3,901,876
Premium deficiency reserve	3,884,342	4,139,991	5,830,970
Special reserve	7,466,974	6,633,515	7,314,356
Other reserve	18,988,700	19,073,989	19,368,966
Book value of insurance liabilities	$ 1,921,238,292	$ 1,894,075,600	$ 1,777,290,399
Estimated present value of cash flows	$ 1,523,499,192	$ 1,465,210,122	$ 1,383,761,141
Balance of liability adequacy reserve	$ -	$ -	$ -

China Life Insurance's liability adequacy testing methodology is listed as follows:

	March 31, 2021
Test method	Gross Premium Valuation Method (GPV)
Groups	Integrated testing
Assumptions	Adopt the bestestimated scenario investment return on the most recent actuary report (the actuary report of 2020)

	March 31, 2020
Test method	Gross Premium Valuation Method (GPV)
Groups	Integrated testing
Assumptions	Adopt the best-estimated scenario investment return on the most recent actuary report (the actuary report of 2019)

i. Foreign exchange valuation reserve

1) The hedge strategy and risk exposure

China Life Insurance Co., Ltd. consistently adjusts the hedge ratios to establish an adequate risk exposure planning based on the new foreign exchange valuation exposure principle by integrating the exchange rate and interest rate trends of domestic and foreign financial markets. However, changes in the hedge and risk exposure ratios should follow the internal risk control to alert and adjust hedge strategy in advance to meet the optimal hedge considerations.

2) Adjustment in foreign exchange valuation reserve

	For the Three Months Ended March 31	
	2021	2020
Beginning balance	$ 4,023,007	$ 2,367,039
Reserve		
Compulsory reserve	503,802	506,694
Extra reserve	415,058	1,049,471
	918,860	1,556,165
Recover	(1,048,092)	(115,167)
Ending balance	$ 3,893,775	$ 3,808,037

3) Effects due to foreign exchange valuation reserve

Item	For the Three Months Ended March 31, 2021 Inapplicable Amount	Applicable Amount	Effects
Net income	$ 9,738,381	$ 9,841,767	$ 103,386
Earnings per share (dollar)	2.06	2.08	0.02
Foreign exchange valuation reserve	-	3,893,775	3,893,775
Equity	160,977,479	159,205,522	(1,771,957)

Item	For the Three Months Ended March 31, 2020 Inapplicable Amount	Applicable Amount	Effects
Net income	$ 5,611,657	$ 4,458,858	$ (1,152,799)
Earnings per share (dollar)	1.19	0.94	(0.25)
Foreign exchange valuation reserve	-	3,808,037	3,808,037
Equity	99,622,739	97,919,371	(1,703,368)

33. RETIREMENT BENEFIT PLANS

The Group’s retirement benefit plans include defined contribution and defined benefit plans. For defined benefit plans, employee benefit expenses were calculated using the actuarially determined pension cost discount rate as of December 31, 2020 and 2019, and recognized respectively for the three months ended March 31, 2021 and 2020.

The Group recognized its contributions under defined benefit plans as pension expenses (recognized as employee benefits) amounting to $6,938 thousand and $7,081 thousand, respectively and recognized pension expenses (recognized as employee benefits) under defined contribution plans amounting to $156,198 thousand and $160,010 thousand, respectively for the three months ended March 31, 2021 and 2020.

34. OTHER FINANCIAL LIABILITIES

	March 31, 2021	December 31, 2020	March 31, 2020
Separate-account product liabilities	$ 88,203,699	$ 84,564,106	$ 64,963,511
Customers' equity accounts - futures	50,890,101	52,541,011	42,291,390
Principal received on structured products	23,999,755	25,792,877	31,270,898
Others	-	354,235	444,174
	$ 163,093,555	$ 163,252,229	$ 138,969,973

35. EQUITY

a. Capital

Common stock

	March 31, 2021	December 31, 2020	March 31, 2020
Number of shares authorized (in thousands)	20,000,000	20,000,000	20,000,000
Shares authorized	$ 200,000,000	$ 200,000,000	$ 200,000,000
Number of shares issued and fully paid (in thousands)	14,979,664	14,973,271	14,971,053
Shares issued	$ 149,796,639	$ 149,732,712	$ 149,710,526

b. Capital surplus

	March 31, 2021	December 31, 2020	March 31, 2020
Difference between consideration and carrying amounts adjusted arising from changes in percentage of ownership in subsidiaries	$ 10,262,421	$ 80,994	$ 80,994
Arising from treasury stock transactions	1,488,968	1,468,147	952,026
Share-based payments awards	69,898	78,558	81,980
Others	29	29	29
	$ 11,821,316	$ 1,627,728	$ 1,115,029

The premium from shares issued in excess of par (share premium from issuance of common shares, treasury share transactions and excess of consideration received over the carrying amount of the subsidiaries' net assets during disposal or acquisition) and donations may be used to offset a deficit; in addition, when the Corporation has no deficit, such capital surplus may be distributed as cash dividends or transferred to capital limited to a certain percentage of the Corporation's capital surplus and once a year.

The capital surplus from long-term investments may not be used for any purpose.

Under Order No. 10200017220 issued by the Financial Supervisory Commission (FSC), if the capital surplus obtained by a financial holding company through a stock conversion comes from its subsidiaries' unappropriated earnings net of legal reserve and special reserve, the surplus may be distributed as cash dividends or transferred to capital in the period of conversion, and the distribution is exempted from the appropriation restrictions of Article 41 of the Securities and Exchange Act and Article 8 of the Securities and Exchange Act Enforcement Rules.

c. Special revenue

According to Rule No. 09900738571 issued by FSC and Rule No. 10000002891 issued under Regulations Governing Securities Firms, Grand Cathay and GCFC reclassified the default reserve and the trading loss reserve that had been set up until December 31, 2010 to special reserve. The Group also recognizes special revenue according to the percentage of holdings by the Group to subsidiaries directly and indirectly.

This special reserve should be used only to offset a deficit or when the legal reserve has reached 50% of the Corporation's paid-in capital, up to 50% thereof may be transferred to paid-in capital or according to Rule No. 09900738571 issued by FSC, the Corporation reclassified the legal reserve which exceed paid-in capital, then reversed the surpass part to retained earnings in line with the approval of FSC.

Under a directive issued by the SFB, whenever the components of shareholders' equity which includes unrealized gains or losses on financial instruments and cumulative translation adjustment but not treasury stock have debit balances, a special reserve equal to the total debit balance should be appropriated from the current year's earnings and unappropriated earnings generated in the prior years. Any special reserve appropriated may be reversed to the extent of the decrease in the net debit balance.

When transitioning to IFRSs, the Group recognizes or reserves special revenue, under Rule No. 1010012865 issued by the FSC on April 6, 2012 and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs".

d. Appropriation of earnings

To continually expand the Corporation's operations and increase its profitability as well as comply with the Corporation Act and relevant regulations, the Corporation adopts the residual dividend policy. The Corporation decides the conditions for time and amount of dividend allocation based on regulations and the Company's Articles of Incorporation. Taking the Corporation's business plan into account, the Corporation would pay dividends in the form of stock. In any case the cash dividends should not be less than 10% of total dividends distributed.

The board of director revised the proposal of the remaining net income and unappropriated accumulated earnings can cover previous years' accumulated losses and related taxes, if any, are sequenced as follows legal reserve on the current year's net income, followed by a special reserve or reversal defined by laws and plus the earnings as dividends to shareholders. After the distribution of priority preferred share dividends in accordance with the regulations, the final remainder of distribution for bonus with 30% to 100% of distribution given the unappropriated earnings at the beginning of the period, as proposed by the board of directors and approved in the shareholders' meeting.

The appropriation of earnings should be resolved by the shareholders in the following year and given effect to in the financial statements of that year.

On April 26, 2021, the board of the directors proposed the earnings appropriation. On June 12, 2020, shareholders' meeting approved the resolution on the appropriations from the earnings of 2019 and capital surplus cash payment of 2019, including bonus to employees and remuneration to directors and supervisors, as follows:

	Earnings Appropriation		Dividends Per Share (NT$)	
	2020	**2019**	**2020**	**2019**
Earnings appropriation				
Legal reserve	$ 1,219,648	$ 1,254,763		
Appropriation (reversal) of special reserve	3,790	(10,232,858)		
Cash dividends	8,244,420	8,982,659	$0.55	$0.6

The earnings appropriation of 2020 expect to be resolved on the shareholders meeting in 2021.

Related information can be accessed at the Market Observation Post System on website of the Taiwan Stock Exchange.

e. Non-controlling interests

	For the Three Months Ended March 31	
	2021	**2020**
Beginning balance	$ 129,889,979	$ 108,940,026
Attributable to non-controlling interests		
Share of profit for the period	4,975,845	2,250,336
Exchange differences on translation of financial statements of foreign operations	(1,277)	993
Gain (loss) on equity instruments measured at FVTOCI	652,665	(2,815,175)
Gain (loss) on debt instrument measured at FVTOCI	(14,853,850)	(6,429,921)
Other comprehensive income (loss) reclassified using the overlay approach	(1,257,095)	(21,634,112)
Reduction of cash capital by subsidiaries	-	(2,961,375)
Changes in percentage of ownership interests in subsidiaries	(40,952,679)	-
Disposal of the Corporation shares	1,194,084	-
Others	(5,967)	(817)
Ending balance	$ 79,641,705	$ 77,349,955

36. SUBSIDIARY INFORMATION OF NON-CONTROLLING INTERESTS

Subsidiaries	**The Main Place of Business**	**Non-controlling Interests Held by the Proportion of Equity** March 31, 2021	December 31, 2020	March 31, 2020
China Life Insurance Company Limited	Taipei	44.05%	65.18%	65.18%

	Net Income Attributed to Non-controlling Interests For the Three Months Ended March 31	
	2021	2020
China Life Insurance Company Limited	$ 4,971,784	$ 2,243,109

	Non-controlling Interests		
	March 31, 2021	December 31, 2020	March 31, 2020
China Life Insurance Company Limited	$ 79,322,131	$ 129,573,647	$ 76,693,539

The following aggregated financial information was prepared based on the amount before the intercompany transaction sales, and it has reflected the impact of the purchase method when the company acquired China Life Insurance Company Limited.

China Life Insurance Company Limited

	March 31, 2021	December 31, 2020	March 31, 2020
Total assets	$ 2,250,718,210	$ 2,241,243,129	$ 2,009,155,430
Total liabilities	2,071,630,261	2,043,455,904	1,892,496,682
Equity	$ 179,087,949	$ 197,787,225	$ 116,658,748
Equity attributable to:			
Owners of parent	$ 99,765,818	$ 68,213,578	$ 39,965,209
Non-controlling interest	79,322,131	129,573,647	76,693,539
	$ 179,087,949	$ 197,787,225	$ 116,658,748

	For the Three Months Ended March 31	
	2021	2020
Revenue	$ 78,363,481	$ 69,859,868
Net profit for the period	$ 9,401,515	$ 3,441,370
Other comprehensive income	(30,260,490)	(47,370,627)
Total comprehensive income	$ (20,858,975)	$ (43,929,257)
Net profit attributable to:		
Owners of parent	$ 4,429,731	$ 1,198,261
Non-controlling interest	4,971,784	2,243,109
	$ 9,401,515	$ 3,441,370

(Continued)

	For the Three Months Ended March 31	
	2021	2020
Comprehensive income attributable to:		
Owners of parent	$ (5,310,236)	$ (15,295,859)
Non-controlling interest	(15,548,739)	(28,633,398)
	$ (20,858,975)	$ (43,929,257)
Cash flows		
From operating activities	$ 6,660,545	$ 1,222,764
From investing activities	(15,875,416)	(21,028,291)
From financing activities	(21,147)	(33,188)
Net decrease in cash	$ (9,236,018)	$ (19,838,715)

(Concluded)

37. TREASURY SHARES

Reason for Repurchase	Shares at Beginning of the Period (In Thousands)	Share Increase During the Period (In Thousands)	Share Decrease During the Period (In Thousands)	Shares at End of the Period (In Thousands)
For the three months ended March 31, 2021				
Reclassification of the Corporation's stock held by subsidiaries and recognized as long-term investment	126,329	-	51,455	74,874
For the three months ended March 31, 2020				
Reclassification of the Corporation's stock held by subsidiaries and recognized as long-term investment	378,493	-	9,175	369,318

The Corporation's shares held by subsidiaries are regarded as treasury stock. The Corporation's shares held by KGI Securities, calculated at the Corporation's stockholding percentage of book value on the completion day of acquisition were treated as treasury stock. KGI Securities entered into a trust contract with China Trust Commercial Bank (CTBC) in September 2018, and entrusted shares of Capital Securities Corporation to them. During the contract period, the trustee, CTBC, would deal with the shares in accordance with the contract. CTBC had finished the deal in December 2020. The market price of the shares was $1,287,153 thousand on March 31, 2020. The Corporation's shares held by China Life Insurance are also treated as treasury stock and recognized book value by the proportion of shares acquired on the purchase date of acquisition. The market prices of the shares were $786,180 thousand, $1,174,857 thousand and $1,453,189 thousand on March 31, 2021, December 31, 2020 and March 31, 2020, respectively.

Under the Securities and Exchange Act, the Corporation should not acquire treasury stock in excess of 10% of its total shares outstanding. In addition, the Corporation should not spend more than the aggregate amount of the retained earnings, paid-in capital in excess of par value, and realized capital surplus arising from gains on disposal of properties and donated capital. The Corporation should not use treasury shares to secure any of its obligations and should not exercise any shareholders' rights on those shares.

38. INTEREST PROFIT, NET

	For the Three Months Ended March 31	
	2021	2020
Interest revenues		
Securities	$ 14,367,980	$ 14,466,936
Discounts and loans	2,512,238	2,854,315
Others	907,152	1,020,573
	17,787,370	18,341,824
Interest expenses		
Deposits	474,037	1,021,195
Corporate bonds	173,341	112,792
Notes and bonds issued under repurchase agreements	108,174	415,128
Borrowing interest expense	101,489	118,906
Others	117,307	308,814
	974,348	1,976,835
Interest profit, net	$ 16,813,022	$ 16,364,989

39. SERVICE FEE AND COMMISSION, NET

	For the Three Months Ended March 31	
	2021	2020
Service fee revenue and commission income		
Brokerage	$ 3,864,625	$ 2,743,582
Trust	283,592	153,217
Security lending	237,459	183,866
Commission income - insurance	166,860	118,984
Others	681,420	676,982
	5,233,956	3,876,631
Service fee expense and commission expense		
Commission expense - insurance	2,393,635	2,225,808
Brokerage	578,318	443,154
Others	437,901	846,288
	3,409,854	3,515,250
Service fee and commission, net	$ 1,824,102	$ 361,381

40. INSURANCE BUSINESS, NET

	For the Three Months Ended March 31	
	2021	2020
Insurance business income		
Premium income	$ 51,398,175	$ 58,821,546
Reinsurance premium expense	(376,221)	(339,803)
Changes in unearned premium reserve	336,991	389,537
Retained earned premium	51,358,945	58,871,280
Separate-account insurance products revenues	3,514,686	(5,554,317)
	54,873,631	53,316,963
Insurance business expense		
Insurance claim payments	(32,358,324)	(24,294,171)
Claims recovered from reinsures	198,083	241,074
Retained claim payments	(32,160,241)	(24,053,097)
Brokerage expense	(2,485)	(1,141)
Disbursements toward industry stability fund	(77,118)	(111,782)
Changes in foreign exchange valuation reserve	129,232	(1,440,999)
Separate-account insurance products expenses	(3,514,686)	5,554,317
	(35,625,298)	(20,052,702)
Insurance business, net	$ 19,248,333	$ 33,264,261

41. GAIN (LOSS) ON FINANCIAL ASSETS OR LIABILITIES MEASURED AT FVTPL

	For the Three Months Ended March 31	
	2021	2020
Stocks	$ 14,782,322	$ (25,539,206)
Mutual funds	(4,380,766)	(5,498,526)
Derivatives	(3,297,092)	(1,849,595)
Bonds	(2,375,441)	(114,493)
Operating securities	1,725,486	591,315
Others	(21,906)	1,182,005
	$ 6,432,603	$ (31,228,500)

For the three months ended March 31, 2021 and 2020, the Group’s financial assets and liabilities at fair value through profit or loss included interest revenue of $693,666 thousand and $988,239 thousand, respectively, dividend income of $1,630,233 thousand and $1,346,137 thousand, respectively and interest expense of $121,192 thousand and $287,082 thousand, respectively.

42. REALIZED GAIN (LOSS) ON FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	For the Three Months Ended March 31	
	2021	2020
Gain on bond disposal	$ 5,225,437	$ 1,703,111
Dividend income	90,620	32,371
Others	1,816	2,375
	$ 5,317,873	$ 1,737,857

43. EMPLOYEE BENEFITS, DEPRECIATION AND AMORTIZATION EXPENSES

	For the Three Months Ended March 31	
	2021	2020
Employee benefit expense		
Salaries and wages	$ 4,923,749	$ 3,136,112
Employee insurance	325,994	318,884
Pension	163,136	167,091
Others	618,980	213,129
	$ 6,031,859	$ 3,835,216
Depreciation and amortization expenses	$ 918,110	$ 828,235

The Company’s Articles of Incorporation stipulate to distribute employees’ compensation and remuneration to directors and supervisors at the rates no less than 1% and no higher than 1%, respectively, of net profit before income tax, employees’ compensation, and remuneration to directors and supervisors. For the three months ended March 31, 2021 and 2020, the employees’ compensation were $99,000 thousand and $0 thousand and the remuneration of directors and supervisors were $98,000 thousand and $0 thousand.

The employees’ compensation bonus of employees and remuneration to directors and supervisors for 2020 and 2019 which have been approved by the board of directors on March 22, 2021 and March 30, 2020, respectively, were as follows. The employees’ compensation bonus and remuneration of directors and supervisors for 2019 were reported on the shareholders meeting on June 12, 2020.

	For the Year Ended December 31	
	2020	2019
	Cash	Cash
Employees’ compensation to employees	$ 134,000	$ 127,000
Remuneration of directors and supervisors	133,000	126,000

If there is a change in the proposed amounts after the annual consolidated financial statements were authorized for issue, the differences are recorded as a change in accounting estimate.

There was no difference between the amounts recognized in the financial statements for the years ended December 31, 2020 and 2019.

The information on the proposed and approved compensation to employees and directors and supervisor is available on the Market Observation Post System (M.O.P.S.) website of the Taiwan Stock Exchange.

44. INCOME TAX

Under Rule No. 910458039 issued by the Ministry of Finance on February 12, 2003, a financial holding company and its domestic subsidiaries holding over 90% of shares issued by the financial holding company for 12 months within the same tax year may choose to adopt the linked-tax system for income tax filings in accordance with Article 49 of Financial Holding Company Act and Article 40 of Business Mergers and Acquisitions Act. Thus, the Corporation adopted the linked-tax system for income tax filing with its eligible subsidiaries, income tax and unappropriated earnings tax filings.

The principle adopted by the Group under the linked-tax system is to reduce the income tax liabilities of the Group and to consider the fairness of the tax borne by all the companies in order to maximize the synergy of the Group. The Group adopt the linked-tax system for tax filings. The different amounts between tax expense and deferred tax liabilities and assets based on consolidation with its qualified subsidiaries are allocated and adjusted to income tax expense/benefit on the Corporation and each subsidiary pro rata; related amounts are recognized as receivables from parent or payable on parent.

a. Income tax expense recognized in profit or loss

The major components of tax expense (benefit) were as follows:

	For the Three Months Ended March 31	
	2021	**2020**
Current income tax		
Current period	$ 1,997,426	$ 387,528
Prior years	95,411	(2,273)
Others	455	-
	1,902,470	385,255
Deferred income tax	(221,643)	385,103
Income tax expense recognized in profit or loss	$ 1,680,827	$ 770,358

b. Income tax expense (benefit) recognized in other comprehensive income were as follows:

	For the Three Months Ended March 31	
	2021	**2020**
Current income tax		
(Gain) loss on equity instruments at fair value through other comprehensive income	$ 71,116	$ -
Deferred income tax		
(Gain) loss on equity instruments at fair value through other comprehensive income	(497,368)	(761,898)
(Gain) loss on debt instruments at fair value through other comprehensive income	(5,937,322)	(3,008,704)
(Gain) loss on reclassification using the overlay approach	(23,996)	(2,390,042)
Income tax benefit	$ (6,387,570)	$ (6,160,644)

c. Income tax expense (benefit) recognized in equity were as follows:

	For the Three Months Ended March 31	
	2021	**2020**
Current income tax (benefit)		
Disposal of equity instruments at fair value through other comprehensive income	$ (95,918)	$ 57
Deferred income tax (benefit)		
Gain (loss) on equity instruments at fair value through other comprehensive income	95,918	(57)
Deferred income tax related to tax losses and reversals	(3,029)	(313)
Income tax benefit	$ (3,029)	$ (313)

d. Income tax assessments

The Corporation's income tax returns through 2015 had been examined by the tax authorities. The Corporation did not agree with the assessment of the taxes in 2015, and was in the process of administrative remedy.

The income tax returns of CDIB Management Consulting Corporation through 2019 had been examined by the tax authorities. The income tax returns of CDC Finance & Leasing Corp. through 2018 had been examined by the tax authorities. The income tax returns of KGI bank through 2015 had been examined by the tax authorities. The income tax returns of formerly Wanyin Insurance Broker through 2014 had been examined by the tax authorities.

The income tax returns of KGI Securities for the years through 2015 had been examined by the tax authorities. KGI Securities did not agree with the assessment of the taxes in 2015, and was in the process of administrative remedy.

KGI Securities Investment Trust Co., Ltd. and KGI Futures Co., Ltd. through 2018 had been examined by the tax authorities. The income tax returns of KGI Insurance Brokers Co., Ltd., KGI Venture Capital Co., Ltd., KGI Securities Investment Advisory Co., Ltd., and KGI Information Technology Co. through 2019 had been examined by the tax authorities.

CDIB Capital Group's income tax returns through 2015 had been examined by the tax authorities.

Income tax returns of CDIB Capital Management Inc., through 2019 had been examined by the tax authorities. Income tax returns of CDIB Venture Capital Corp. through 2018 had been examined by the tax authorities. CDIB Venture Capital Corp did not agree with the assessment of the taxes in 2017, and was in the process of administrative remedy.

Income tax returns of formerly CHG3 through 2019 had been examined by the tax authorities. Income tax returns of CHG4 and Development Industrial Bank Asset Management Corp. through 2018 had been examined by the tax authorities. Formerly China Development Asset Management Corp. through 2017 and 2019 had been examined by the tax authorities.

Capital Life Insurance's income tax returns through 2018 had been examined by the tax authorities.

45. EARNINGS (LOSSES) PER SHARE

(New Taiwan Dollars)

	For the Three Months Ended March 31	
	2021	**2020**
Basic EPS (LPS)	$ (0.66)	$ (0.03)
Diluted EPS (LPS)	$ (0.66)	$ (0.03)

The earnings (losses) and weighted average number of common shares outstanding in the computation of EPS (LPS) were as follows:

Net Profit (Losses) for the Period

	For the Three Months Ended March 31	
	2021	**2020**
Earnings (Losses) used in the computation of EPS	$ 9,839,868	$ (488,110)

Weighted Average Number of Common Shares Outstanding (In Thousand Shares)

	For the Three Months Ended March 31	
	2021	**2020**
Weighted average number of common shares outstanding in computation of basic EPS	14,866,865	14,598,832
Effect of dilutive potentially common shares:	,	
Employee share options	10,015	7,445
Restricted shares	-	126
Weighted average number of common shares outstanding in computation of diluted EPS	14,876,880	14,606,403

46. SHARE-BASED PAYMENT ARRANGEMENTS

a. Employee share option plan of the Corporation

The Corporation acquired 100% of KGI Bank share through a share swap. In accordance with this contract, the Corporation granted options to replace KGI Bank's options granted in May and August 2011. Qualified employees of KGI Bank were granted 30,862 and 11,088 thousand options on conversion date. Each option entitles the holder to subscribe for one common share of the Company. The options granted are valid for 6.64 and 6.96 years and exercisable at certain percentages from now.

Besides, the Corporation granted 44,850 thousand employee stock options in October 2014. Each option entitles the holder to subscribe for one common share of the Company. The options granted are valid for 7 years and exercisable 2 years after the issuance date.

For any subsequent changes in the Corporation's capital surplus, the exercise price is adjusted accordingly.

Information on employee share options was as follows:

	For the Three Months Ended March 31			
	2021		2020	
	Number of Options (In Thousands)	Weighted-average Exercise Price (NT$)	Number of Options (In Thousands)	Weighted-average Exercise Price (NT$)
Balance at January 1	44,109	$ 6.92	50,514	$ 7.33
Options exercised	(6,392)	7.02	(2,645)	7.31
Options invalid	(220)	6.82	-	-
Balance at March 31	37,497	6.91	47,869	7.34
Options exercisable, end of period	37,497	6.91	47,784	7.34
Weighted-average remaining contractual life (years)	0.34		1.33	

The weighted-average share price at the date of exercise of share options from January 1 to March 31, 2021 and 2020 were $9.88 and $8.97, respectively.

Options granted on conversion date were priced using the trinomial trees model and the inputs to the model were as follows:

Grant-date share price	$9.54-$10
Exercise price	$7.68-$9.99
Expected volatility	14.94%-15.45%
Expected life	6.64-7 years
Expected dividend yield	1.50%
Risk-free interest rate	1.5647%-1.6283%
Early exercise of the multiplier	1.63

Expected volatility was based on the historical share price volatility over the past 1 year.

Compensation costs for the three months ended March 31, 2021 and 2020 were $0 and $4 thousand.

b. Issue restricted share plan

The board of directors of the Corporation has decided to issue restricted shares plan which is $13,216 thousand in total, and $10 per face value totaled 1,322 thousand shares with issue price of $0 (free issuance) at January 19, 2017. Further, the board of directors made January 25, 2017 as the base-date for capital increase. Fair value on the payment day of the stock was $7.98.

The vesting portion of shares is summarized and managed year by year, and the vesting rate of the shares is 40%, 30% and 30% for 1-year, 2-year and 3-year respectively. Employees who have not met the vesting conditions cannot sell, pledge, transfer, donate, asking the Corporation to buy them back or in any other way dispose of these shares except inheritance. Besides, employees don’t have preemptive rights when capital increase but do share the same rights of issued common stock (which includes but not confined to cash dividend, stock dividend, capital decrease, capital surplus cash (stock) or any rights that was originated from legal subject such as consolidation, split or stock-exchange which we called “allocated rights” thereafter). Allocated rights have to be in the trust before meeting the vesting conditions.

After the restricted shares are allocated to employees, the Corporation will retrieve and cancel the stocks with no reimbursement if the vesting conditions are not met. The Corporation will also retrieve the allocated rights at the rate of shares of vesting conditions not met divided by shares allocated, with no reimbursement. If it is stocks that are retrieved, they shall be cancelled in each year of the vesting period.

For the three months ended March 31, 2021 and 2020, the Corporation recognized $0 thousand as compensation cost.

47. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

In February 2021, the Corporation acquired 1,000,000 thousand ordinary shares of China Life Insurance Co., Ltd. through public tender offer, resulting in an increase of its equity interests in China Life Insurance from 34.82% to 55.95%.

The above transactions were accounted for as equity transactions, since there is no change of the Group's control over China Life Insurance.

	China Life Insurance
Cash consideration received	$ (23,600,000)
Changes in non-controlling interests	40,952,679
Reattribution of other equity to (from) non-controlling interests	
- exchange differences on translation of financial statements of foreign operations	12,101
- unrealized gain (loss) on financial assets at FVTOCI	(7,661,553)
- other comprehensive income reclassified using the overlay approach	1,363
Treasury shares	476,837
Differences recognized from equity transactions	$ 10,181,427
Line items adjusted for equity transactions	
Capital surplus - changes in percentage of ownership interests in subsidiaries	$ 10,181,427

48. RELATED-PARTY TRANSACTIONS

The significant transactions and relationship with related parties (in addition to those disclosed in other notes) are summarized below:

a. Related parties

Related Party	**Relationship with the Group**
Others	Other related parties

b. Significant transactions with related-parties

1) Purchase funds managed by related parties (recognized as financial assets at fair value through profit or loss)

	Amount	%
March 31, 2021	$ 8,486,817	2
December 31, 2020	10,851,339	2
March 31, 2020	10,773,677	2

2) Revenue receivable (recognized as receivables, net)

	Amount	%
March 31, 2021	$ 706,868	-
December 31, 2020	572,760	-
March 31, 2020	72,158	-

3) Receivable on margin loans (recognized as receivables, net)

	Amount	%
March 31, 2021	$ 27,924	-
December 31, 2020	36,243	-
March 31, 2020	21,643	-

4) Credit card receivable (recognized as receivables, net)

	Amount	%
March 31, 2021	$ 10,649	-
December 31, 2020	16,218	-
March 31, 2020	7,748	-

5) Other receivables (recognized as receivables, net)

	Amount	%
March 31, 2021	$ 12,786	-
December 31, 2020	9,757	-
March 31, 2020	25,635	-

6) Discounts and loans, net

KGI Bank

	Amount	%	Interest Rate (%)
March 31, 2021	$ 923,013	-	0.00-5.99
December 31, 2020	1,029,731	-	0.00-15.00
March 31, 2020	1,099,371	-	1.54-15.00

For the three months ended March 31, 2021 and 2020, the interest revenues from discounts and loans were $3,115 thousand and $4,392 thousand, respectively.

For the Three Months Ended March 31, 2021

(In Thousands of New Taiwan Dollars)

Category	Account Volume or Name of Related Party	Highest Balance	Ending Balance	Normal	Overdue	Type of Collateral	Is the Transaction at Arm's Length Commercial Term
Consumer loans	26	$ 21,616	$ 17,207	$ 17,207	$ -	None	Yes
Residential mortgage loans	71	1,041,132	896,166	896,166	-	Real estate	Yes
Others	6	12,033	9,640	9,640	-	Real estate	Yes

For the Year Ended December 31, 2020

(In Thousands of New Taiwan Dollars)

Category	Account Volume or Name of Related Party	Highest Balance	Ending Balance	Normal	Overdue	Type of Collateral	Is the Transaction at Arm's Length Commercial Term
Consumer loans	44	$ 38,964	$ 16,992	$ 16,992	$ -	None	Yes
Residential mortgage loans	86	1,324,357	1,002,832	1,002,832	-	Real estate	Yes
Others	8	16,259	9,907	9,907	-	Real estate	Yes

For the Three Months Ended March 31, 2020

(In Thousands of New Taiwan Dollars)

Category	Account Volume or Name of Related Party	Highest Balance	Ending Balance	Normal	Overdue	Type of Collateral	Is the Transaction at Arm's Length Commercial Term
Consumer loans	30	$ 23,119	$ 17,505	$ 17,505	$ -	None	Yes
Residential mortgage loans	77	1,123,100	1,070,326	1,070,326	-	Real estate	Yes
Others	5	13,132	11,540	11,540	-	Real estate	Yes

China Life Insurance

	Amount	%
March 31, 2021	$ 10,385	-
December 31, 2020	22,602	-
March 31, 2020	11,099	-

7) Guarantee deposits received in futures contracts (recognized as other financial assets)

	March 31, 2021		December 31, 2020		March 31, 2020	
	Amount	**%**	**Amount**	**%**	**Amount**	**%**
Other related parties	$ 14,370	-	$ 13,996	-	$ 8,289	-

8) Other payables (recognized as payables)

	Amount	%
March 31, 2021	$ 774,330	1
December 31, 2020	703,049	1
March 31, 2020	154,760	-

9) Deposits and remittances

	Amount	%	Interest Rate (%)
March 31, 2021	$ 1,772,444	-	0-5.35
December 31, 2020	1,374,476	-	0-5.58
March 31, 2020	1,485,779	-	0-5.58

For the three months ended March 31, 2021 and 2020, the interest expenses from deposits and remittances were $1,909 thousand and $3,131 thousand, respectively.

10) Unearned receipt (recognized as other liabilities)

	Amount	%
March 31, 2021	$ 41,405	-
December 31, 2020	112,459	-
March 31, 2020	41,836	-

11) Premium income (recognized as insurance business, net)

	For the Three Months Ended March 31			
	2021		2020	
	Amount	%	Amount	%
Other related parties	$ 37,008	-	$ 37,207	-

12) Consulting service revenue (recognized as other noninterest profits and gains, net)

	For the Three Months Ended March 31			
	2021		2020	
	Amount	%	Amount	%
Other related parties	$ 139,909	6	$ 136,062	14

13) Donation (recognized as other general and administrative expense)

	Amount	%
For the three months ended March 31, 2020		
Other related parties	$ 32,500	2

14) Gain (loss) on financial assets or liabilities measured at FVTPL-dividend income

	For the Three Months Ended March 31			
	2021		2020	
	Amount	%	Amount	%
Other related parties	$ 76,715	1	$ 84,872	-

15) Outstanding derivative financial instruments

KGI Securities

	March 31, 2021	December 31, 2020	March 31, 2020
Structured products liabilities			
Other related parties	$ 42,132	$ 40,133	$ 30,133

16) Compensation of key management personnel

	For the Three Months Ended March 31	
	2021	2020
Salary and short-term benefits	$ 301,488	$ 54,892
Post-employment benefits	1,212	603
	$ 302,700	$ 55,495

The terms of the transactions with related parties were similar to those for third parties, except for certain preferential interest rates for employees' savings in and borrowings from KGI Bank.

Based on the Banking Act 32 and 33, except for consumer loans and government loans, credits extended by KGI Bank to any related party were fully secured, and the other terms of these credits were similar to those for third parties.

c. Related-party transactions were at costs or prices of at least NT$100 million

The significant transactions and relationship of the Corporation's subsidiaries with related parties were summarized below:

KGI Bank and subsidiaries

Related Party	Relationship with the KGI Bank and Subsidiaries
China Development Financial Holding Corporation	Parent company
CDIB Capital Group and subsidiaries	Subsidiary of the parent company
KGI Securities and subsidiaries	Subsidiary of the parent company
China Development Asset Management Corp.	Subsidiary of the parent company
China Life Insurance	Subsidiary of the parent company
Others	Other related parties

1) Futures contract (recognized as cash and cash equivalents)

	March 31, 2021		December 31, 2020		March 31, 2020	
	Amount	%	Amount	%	Amount	%
Subsidiary of the parent company	$ 193,271	4	$ 120,667	1	$ 306,424	3

2) Receivables from securities sale (recognized as receivables, net)

	March 31, 2021	
	Amount	%
Subsidiary of the parent company	$ 262,075	1

3) Purchase and sale of bonds

	Purchase of Bonds	Sale of Bonds
For the three months ended March 31, 2021		
Subsidiary of the parent company	$ 300,000	$ 33,000
For the three months ended March 31, 2020		
Subsidiary of the parent company	300,000	101,400

4) Leasing agreement

	March 31, 2021
	Amount
Acquisition of right-of-use assets	
Subsidiary of the parent company	$ 1,586,404

	March 31, 2021
	Amount
Lease liabilities	
Subsidiary of the parent company	$ 1,614,534

Determination of rental price above is similar with market price, and payment of rental fee is on a monthly/quarterly basis.

5) Payable on parent (recognized as current tax liabilities)

	March 31, 2021		December 31, 2020		March 31, 2020	
	Amount	%	Amount	%	Amount	%
Parent company	$ 760,170	99	$ 644,352	100	$ 627,754	100

The payables resulted from CDFH and its eligible subsidiaries' adopting the linked-tax system in the filing of tax returns.

6) Sale of securities payables (recognized as payables)

	March 31, 2021	
	Amount	%
Subsidiary of the parent company	$ 107,886	2

7) Deposits and remittances

	Amount	%	Interest Rate (%)
March 31, 2021			
Parent company	$ 510,771	-	0-0.42
Subsidiary of the parent company	9,053,086	2	0-1.00
Other related parties	250,000	-	0.38
December 31, 2020			
Parent company	14,837,864	3	0-0.65
Subsidiary of the parent company	11,341,397	2	0-2.28
Other related parties	250,000	-	0.38
March 31, 2020			
Parent company	2,463,453	1	0-0.65
Subsidiary of the parent company	14,373,931	3	0-2.28

8) Temporary receipts (recognized as other liabilities)

	March 31, 2021		December 31, 2020		March 31, 2020	
	Amount	%	Amount	%	Amount	%
Subsidiary of the parent company	$ 1,121,628	22	$ 2,045,386	33	$ 1,296,283	16

The above account is temporary receipts of Automated Clearing House (ACH).

9) Outstanding derivative financial instrument

March 31, 2021

(In Thousands of New Taiwan Dollars)

Related Party	Contract Type	Contract Period	Contract Amount	Valuation Gain (Loss)	Balance Sheet	
					Account	Balance
Subsidiaries of the parent company	Currency swap contracts	April 9, 2020 - June 28, 2021	$ 21,033,053	$ 321,541	Financial assets at FVTPL	$ 322,080
					Financial liabilities at FVTPL	52,987
	Cross-currency swap contracts	March 12, 2020 - May 26, 2023	567,455	(10,605)	Financial assets at FVTPL	37,394

December 31, 2020

(In Thousands of New Taiwan Dollars)

Related Party	Contract Type	Contract Period	Contract Amount	Valuation Gain (Loss)	Balance Sheet	
					Account	Balance
Subsidiaries of the parent company	Currency swap contracts	February 6, 2020- April 13, 2021	$ 14,174,178	$ (115,520)	Financial assets at FVTPL	$ 2,294
					Financial liabilities at FVTPL	117,814
	Cross-currency swap contracts	March 12, 2020- May 26, 2022	590,470	47,999	Financial assets at FVTPL	47,999

(In Thousands of New Taiwan Dollars)

March 31, 2020

Related Party	Contract Type	Contract Period	Contract Amount	Valuation Gain (Loss)	Balance Sheet Account	Balance Sheet Balance
Subsidiaries of the parent company	Currency swap contracts	October 3, 2019 - January 13, 2021	$ 13,713,973	$ 102,697	Financial assets at FVTPL	$ 19,657
					Financial liabilities at FVTPL	46,667
	Cross-currency swap contracts	March 12, 2020 - May 26, 2022	558,006	(6,561)	Financial liabilities at FVTPL	6,561

KGI Securities and subsidiaries

Related Party	Relationship with the KGI Securities and Subsidiaries
China Development Financial Holding Corporation	Parent company
CDIB Capital Group and subsidiaries	Subsidiary of the parent company
KGI Bank and subsidiaries	Subsidiary of the parent company
China Development Asset Management Corp.	Subsidiary of the parent company
China Life Insurance	Subsidiary of the parent company
Others	Other related parties

1) Cash in banks (recognized as cash and cash equivalents)

	March 31, 2021 Amount	%	December 31, 2020 Amount	%	March 31, 2020 Amount	%
Subsidiary of the parent company	$ 337,822	3	$ 836,736	8	$ 3,184,531	12

2) Financial assets at fair value through profit and loss - current

	March 31, 2021 Amount	%	December 31, 2020 Amount	%	March 31, 2020 Amount	%
Open ended fund, money market instruments and other securities						
Other related parties	$ 581,322	1	$ 580,998	1	$ 579,366	1
Operating securities						
Parent company	195,489	-	-	-	-	-
Subsidiary of the parent company	4,849,670	6	4,849,985	6	-	-
Other related parties	1,252,378	2	1,737,214	2	-	-

3) Financial assets at fair value through other comprehensive income - current

	March 31, 2020		
	Amount		%
Stocks			
Parent company	$	1,287,153	7

4) Purchase and sale of bonds

	Purchase of Bonds		Sale of Bonds	
For the three months ended March 31, 2021				
Subsidiary of the parent company	$	33,000	$	300,000
For the three months ended March 31, 2020				
Subsidiary of the parent company		101,400		300,000

5) Guarantee deposits received in futures contracts

	March 31, 2021			December 31, 2020			March 31, 2020		
	Amount		%	Amount		%	Amount		%
Subsidiary of the parent company	$	759,468	1	$	710,692	1	$	225,135	1

6) Accounts receivables

	March 31, 2021			December 31, 2020		
	Amount		%	Amount		%
Subsidiary of the parent company	$	107,891	-	$	5	-
Other related parties		626,600	1		546,996	1

7) Amounts held for settlement (recognized as other current assets)

	March 31, 2021			December 31, 2020		
	Amount		%	Amount		%
Subsidiary of the parent company	$	207,998	1	$	343,145	1

8) Restricted assets (recognized as other current assets)

	March 31, 2021			December 31, 2020			March 31, 2020		
	Amount		%	Amount		%	Amount		%
Subsidiary of the parent company	$	1,900,005	5	$	1,916,446	5	$	2,509,864	8

9) Customers' equity accounts - futures

	March 31, 2021		December 31, 2020		March 31, 2020	
	Amount	%	Amount	%	Amount	%
Subsidiary of the parent company	$ 215,966	-	$ 122,324	-	$ 307,913	1

10) Payables

	March 31, 2021		December 31, 2020		March 31, 2020	
	Amount	%	Amount	%	Amount	%
Subsidiary of the parent company	$ 424,003	1	$ -	-	$ 262,075	1
Other related parties	611,963	9	547,761	1	-	-

11) Current tax liabilities

	March 31, 2021		December 31, 2020		March 31, 2020	
	Amount	%	Amount	%	Amount	%
Parent company	$ 1,659,911	86	$ 1,199,385	76	$ 790,419	79

12) Outstanding derivative financial instruments

a) Currency swap contracts

	March 31, 2021	March 31, 2020
	Contract Amount (Principal)	Contract Amount (Principal)
Subsidiary of the parent company	$ 1,205,776	$ 249,061

CDIB Capital Group and subsidiaries

Related Party	Relationship with CDIB Capital Group and Subsidiaries
China Development Financial Holding Corporation	Parent company
KGI Securities and subsidiaries	Subsidiary of the parent company
KGI Bank and subsidiaries	Subsidiary of the parent company
China Development Asset Management Corp.	Subsidiary of the parent company
China Life Insurance	Subsidiary of the parent company
Others	Other related parties

1) Cash in banks (recognized as cash and cash equivalents)

	March 31, 2021		December 31, 2020		March 31, 2020	
	Amount	%	Amount	%	Amount	%
Subsidiary of the parent company	$ 4,478,898	47	$ 5,857,551	64	$ 7,168,481	60

2) Purchase funds managed by related parties (recognized as financial assets at fair value through profit or loss-current)

	March 31, 2020	
	Amount	**%**
Other related parties	$ 201,428	71

3) Receivables from parent (recognized as current tax assets)

	March 31, 2021		December 31, 2020		March 31, 2020	
	Amount	**%**	**Amount**	**%**	**Amount**	**%**
Parent company	$ 240,257	98	$ 240,257	97	$ 212,094	78

The receivables resulted from CDFH and its eligible subsidiaries' adopting the linked-tax system in the filing of tax returns since 2003.

4) Leasing agreement

	March 31, 2021
	Amount
Acquisition of right-of-use assets	
Subsidiary of the parent company	$ 537,026

	March 31, 2021
	Amount
Lease liabilities	
Subsidiary of the parent company	$ 538,250

Determination of rental price above is similar with market price, and payment of rental fee is on a monthly/quarterly basis.

5) Payables to parent (recognized as current tax liabilities)

	March 31, 2021		December 31, 2020		March 31, 2020	
	Amount	**%**	**Amount**	**%**	**Amount**	**%**
Parent company	$ 690,064	92	$ 519,807	90	$ 515,983	77

The payables resulted from CDFH and its eligible subsidiaries' adopting the linked-tax system in the filing of tax returns since 2003.

6) Outstanding derivative financial instrument

March 31, 2021

(In Thousands of New Taiwan Dollars)

Related Party	Contract Type	Contract Period	Contract Amount	Valuation Gain (Loss)	Balance Sheet	
					Account	**Balance**
Subsidiaries of the parent company	Cross-currency swap contracts	March 12, 2020 - May 26, 2022	$ 540,214	$ 10,591	Financial liabilities at FVTPL	$ 37,395

December 31, 2020

(In Thousands of New Taiwan Dollars)

Related Party	Contract Type	Contract Period	Contract Amount	Valuation Gain (Loss)	Balance Sheet Account	Balance Sheet Balance
Subsidiaries of the parent company	Cross-currency swap contracts	March 12, 2020 - May 26, 2022	$ 537,118	$ (49,784)	Financial liabilities at FVTPL	$ 48,000

March 31, 2020

(In Thousands of New Taiwan Dollars)

Related Party	Contract Type	Contract Period	Contract Amount	Valuation Gain (Loss)	Balance Sheet Account	Balance Sheet Balance
Subsidiaries of the parent company	Cross-currency swap contracts	March 12, 2020 - May 26, 2022	$ 573,137	$ 6,539	Financial assets at FVTPL	$ 6,539

China Life Insurance

Related Party	Relationship with the China Life Insurance
China Development Financial Holding Corporation	Parent company
KGI Securities and subsidiaries	Subsidiary of the parent company
KGI Bank and subsidiaries	Subsidiary of the parent company
CDIB Capital Group	Subsidiary of the parent company
China Development Asset Management Corp.	Subsidiary of the parent company
Others	Other related parties

1) Cash in banks (recognized as cash and cash equivalents)

	March 31, 2021 Amount	%	December 31, 2020 Amount	%	March 31, 2020 Amount	%
Subsidiary of the parent company	$ 1,372,895	1	$ 1,503,444	1	$ 1,254,090	2

2) Receivables

	March 31, 2021 Amount	%	December 31, 2020 Amount	%	March 31, 2020 Amount	%
Subsidiary of the parent company	$ 1,587,465	6	$ 2,045,386	10	$ 1,296,283	4

3) Purchase funds managed by related parties (recognized as financial assets at fair value through profit or loss)

	March 31, 2021 Amount	%	December 31, 2020 Amount	%	March 31, 2020 Amount	%
Other related parties	$ 6,572,180	2	$ 8,452,235	2	$ 8,248,075	3

4) Financial assets at fair value through other comprehensive income

	March 31, 2021 Amount	%	December 31, 2020 Amount	%	March 31, 2020 Amount	%
Stocks						
Parent company	$ 1,405,029	-	$ 3,374,154	1	$ 4,173,514	1

5) Bonds payable

	March 31, 2021 Amount	%	December 31, 2020 Amount	%
Other related parties	$ 4,850,000	49	$ 4,850,000	49

6) Investment balances appointed to related parties' discretionary investment

	March 31, 2021 Amount	December 31, 2020 Amount	March 31, 2020 Amount
Subsidiary of the parent company	$2,089,150	$1,737,861	$917,213

7) Outstanding derivative financial instrument

March 31, 2021

(In Thousands of United States Dollars/US Dollars)

Related Party	Contract Type	Contract Period	Contract Amount	Balance Sheet Account	Balance Sheet Balance
Subsidiaries of the parent company	Currency swap contracts	April 9, 2020 - April 13, 2021	US$ 40,000	Financial assets at FVTPL	$ 51,313
		January 11, 2021 - June 28, 2021	US$ 655,000	Financial liabilities at FVTPL	320,851

December 31, 2020

(In Thousands of United States Dollars/US Dollars)

Related Party	Contract Type	Contract Period	Contract Amount	Balance Sheet Account	Balance Sheet Balance
Subsidiaries of the parent company	Currency swap contracts	February 6, 2020 - April 13, 2021	US$ 375,000	Financial assets at FVTPL	$ 118,238
	Currency swap contracts	November 25, 2020 - February 26, 2021	US$ 120,000	Financial liabilities at FVTPL	1,278

March 31, 2020

(In Thousands of United States Dollars/US Dollars)

Related Party	Contract Type	Contract Period	Contract Amount	Balance Sheet Account	Balance Sheet Balance
Subsidiaries of the parent company	Currency swap contracts	October 3, 2019 - August 26, 2020	US$ 300,000	Financial assets at FVTPL	$ 49,699
		November 7, 2019 - January 13, 2021	US$ 145,000	Financial liabilities at FVTPL	16,400

49. PLEDGED ASSETS

The following assets and partial guarantee recognized as other current assets have been (a) pledged to various financial institutions as guarantees and collaterals for short-term loans, commercial papers payable, long-term loans, and overdraft, (b) pledged with Taipei Exchange Securities Market for settlement reserve, (c) required by the Central Bank for day-term overdraft, (d) required by government for bidding of government bonds, (e) pledged as part of the requirements for filing a petition for tax reassessment, (f) pledged as operating guarantee, compensation reserve and wealth management compensation, (g) pledged as guarantee deposit for oversees bonds sold with repurchase agreement, and (h) derivative transactions security deposit.

	March 31, 2021	December 31, 2020	March 31, 2020
Financial assets at fair value through other comprehensive income - negotiable certificate of deposit	$ 17,801,907	$ 16,502,418	$ 18,902,326
Property and equipment, net	4,592,341	4,601,044	4,480,378
Accounts receivable - installment accounts receivables and lease receivables	2,388,999	2,394,205	2,497,036
Other financial assets - pledged time deposits	2,306,426	2,278,271	2,787,321
Financial assets at fair value through profit or loss	696,602	596,231	752,568
Due from the Central Bank and call loans to financial institutions	500,000	500,000	-
Financial assets at fair value through other comprehensive income	172,542	173,300	1,020,345
Investment property, net	121,653	122,196	270,600

Note: 88,500 thousand of China Life Insurance shares held by KGI Securities on March 31, 2021, December 31, 2020 and March 31, 2020 have been pledged.

50. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACTUAL COMMITMENTS

Commitments and contingencies of the Group, except for those disclosed in Notes 52 and 54 were summarized as follows:

a. In April 2007, the Corporation and Morgan Stanley entered into a credit default swap (CDS) contract that was tied to a synthetic collateralized debt obligation on residential mortgage-backed securities. The representations made to the Corporation by Morgan Stanley during the solicitation process were materially false and misleading and therefore caused significant losses to the Corporation. On July 15, 2010, the Corporation initiated action ("Litigation") against Morgan Stanley & Co. International PLC ("Morgan Stanley") et al. to recover losses the Corporation suffered as a result of its investment in a Morgan Stanley's CDS product that had been tied to a synthetic collateralized debt obligation on residential mortgage-backed securities. In March 2021, the Corporation reached an agreement to settle the Litigation with Morgan Stanley, and the parties have agreed to discontinue all claims and to release each other from associated claims and liabilities.

b. Securities and Futures Investors Protection Center sued Grand Cathay (KGI Securities as the survivor company after merging on June 22, 2013) and claimed that due to the fact that KGI Securities was the lead underwriter of Taiwan Kolin Co., Ltd. 2nd convertible bonds which issued on November 7, 2007, KGI Securities must have but not performed sufficient audits on the contents disclosed in the prospectus of Taiwan Kolin Co., Ltd. 2nd convertible corporate bonds, which against the Article 20 and 32 of Securities and Exchange Act and the Article 184 and 185 of Civil Code. On June 14, 2010, the plaintiffs sued KGI Securities, Taiwan Kolin Co., Ltd., the principal of formerly management team, Moore

Stephens and the auditor with jointly liability amounted to $133,308 thousand plus 5% interest. The Taipei District Court judged that KGI Securities won favorable decisions in the first instance on January 29, 2021.After an appeal by the Securities and Futures Investors Protection Center, the case is currently being heard by the Taiwan High Court.

c. Plaintiffs, Digital Imaging Solution Global Ltd. (“Digital”) and Minda Consulting Ltd. (“Minda”), advocated that GT based on stock pledge generated from loans of HK$10,000 thousand with Minda and Minda transferred its pledge right on Digital to GT, GT transferred a pledge right of 35,000 thousand shares of eCyberChina to Minda in exchange. However, GT and its fund managers, including KGI Limited, disposed the 2,000 thousand shares of eCyberChina without Minda’s approval and thus violated the pledge agreement. Therefore, Digital and Minda filed a lawsuit to the GT in November 2007 and requested for compensation of HK$119,130 thousand and related expenses and interest. In February 2008, Digital and Minda added KGI Limited as a defendant. On July 21, 2008, the appeal was dismissed by courts of Hong Kong and the plaintiffs appealed to a higher court. In December 2008, the courts of appeals dismissed the appeal by Digital while the appeal by Minda is still pending in the courts of appeals.

d. Securities and Futures Investors Protection Center sued CDIB Capital Management Corporation and claimed that due to the fact that CDIB Capital Management Corporation is the corporate director of Powercom Ltd., CDIB Capital Management Corporation have but not performed sufficient audits on the contents disclosed in the financial statements which failed to comply the obligation of being a good administrator. Therefore, the plaintiff demanded compensation of $592,648 thousand and related interests from CDIB Capital Management Corporation and Powercom Ltd. On November 29, 2019, the Taipei District Court judged that CDIB Capital Management Corporation partially lost the lawsuit, and should pay $31,010 thousand plus 5% interest (from November 13, 2013 till the date of payment). CDIB Capital Management Corporation and Powercom Ltd. has appealed on January 9, 2020, and could not estimate the related possible loss because the case was currently pending with the Taiwan High Court and the final outcome of the court is uncertain.

e. The case KGI Bank acted vigorously in regards to Prince Motors’ overdue debt. In December 2012, a third party regards revoked a lawsuit claiming that KGI Bank fraudulently infringed upon the property rights of creditors on Dun Nan building. On February 14, 2014, the Taipei District Court judged that KGI Bank lost the lawsuit and has to return the amount of $1,786,318 thousand for re-allocation. KGI Bank has appealed on March 10, 2014, and the original adjudication in favor of the third party was revoked by the court, which indicated KGI Bank on the second trial. The third party filed an appeal but the court rejected the third party’s appeal on July 26, 2017. Third party then filed appeal for third trial and the case was currently pending with the Supreme Court. On November 9, 2018, the lawsuit is currently proceeded by The Supreme Court as of the day the Corporation’s board of the directors approve the consolidated financial statements.

f. In response to the rapid business development and IT demands for innovative products, KGI Bank plans to outsource its IT operations to improve IT service levels and to rapidly respond to the business development and changes in external regulations. The board of directors’ meeting held on October 30, 2012 approved the plan for outsourcing the IT operations to International Business Machines Corp., Taiwan (IBM Taiwan) for the next 10 years, starting from October 31, 2012. Except for extra services will be charged by professional rates, the basic framework, support service, IT application service, integration and transformation of server and so on are charged by the contract. In response to information age and to improve quality of service, KGI Bank keeps replacing its core system and other related systems. After that, KGI Bank will reduce its demand on the basic framework and IT application services mentioned before. The contract about related service scope, which was approved by the board of directors on August 21, 2018, came into effect on January 1, 2019. As of March 31, 2021, KGI Bank has to pay a total of $123,230 thousand in the future contract periods.

g. On December 16, 2016, the Company signed the contract with CHUNG-LU Construction Co., Ltd. for the construction of Taipei Academy, and on March 1, 2017 signed the first contract change protocol, modify the total amount of the contract is $5,623,913 thousand. As of March 31, 2021, the actual total amount of construction expenditure (after deduction of 5% construction retainage) is $5,121,788 thousand and unpaid amount is $502,125 thousand.

51. INDIVIDUAL PROFITABILITY AND CONSOLIDATED PROFIT ABILITIES OF CDFH, KGI BANK, KGI SECURITIES AND CHINA LIFE INSURANCE

Consolidated Profitability

(%)

Items		March 31, 2021	March 31, 2020
Return on total assets	Before income tax	1.92	0.33
	After income tax	1.73	0.23
Return on net worth	Before income tax	21.05	3.76
	After income tax	18.91	2.62
Profit margin		27.85	3.40

Profitability of CDFH

(%)

Items		March 31, 2021	March 31, 2020
Return on total assets	Before income tax	15.45	(0.85)
	After income tax	15.64	(0.79)
Return on net worth	Before income tax	18.60	(1.23)
	After income tax	18.86	(1.11)
Profit margin		95.18	Note

Note: It is not calculated because of the net loss of the period.

Profitability of KGI Bank

(%)

Items		March 31, 2021	March 31, 2020
Return on total assets	Before income tax	0.67	0.39
	After income tax	0.57	0.32
Return on net worth	Before income tax	7.63	4.40
	After income tax	6.49	3.63
Profit margin		39.42	26.18

Profitability of KGI Securities

(%)

Items		March 31, 2021	March 31, 2020
Return on total assets	Before income tax	6.59	0.18
	After income tax	6.08	0.12
Return on net worth	Before income tax	25.14	0.63
	After income tax	23.18	0.44
Profit margin		75.37	4.23

Profitability of China Life Insurance

(%)

Items		**March 31, 2021**	**March 31, 2020**
Return on total assets	Before income tax	1.98	1.06
	After income tax	1.78	0.90
Return on net worth	Before income tax	25.80	17.48
	After income tax	23.23	14.83
Profit margin		12.50	6.29

52. FINANCIAL INSTRUMENTS

a. The definitions of each hierarchy are as follows:

1) Level 1 fair values are quoted prices in active markets for financial instruments.

2) Level 2 fair values refer to directly or indirectly observable inputs other than Level 1 quoted prices, such as the quoted prices of similar financial instruments in active markets; in less active markets, fair values are quoted prices of the same or similar financial instruments or financial instruments that can be generated by using pricing models that use inputs such as interest rates and volatility rates, which are derived from or can be corroborated with observable market data.

3) Level 3 refers to inputs that are not based on observable market data.

b. Fair value

1) The fair value hierarchy of financial instruments were as follows:

March 31, 2021

(In Thousands of New Taiwan Dollars)

	Level 1	**Level 2**	**Level 3**	**Total**
Non-derivative financial instruments				
Assets				
Financial assets at FVTPL				
Financial assets mandatorily classified as at FVTPL				
Stock investments	$ 195,157,562	$ 99,478	$ 8,680,913	$ 203,937,953
Bond investments	48,791,733	61,117,211	1,258,106	111,167,050
Others	159,415,605	11,951,491	13,694,621	185,061,717
Financial assets designated as at FVTPL	-	375,664	1,910,967	2,286,631
Financial assets at FVTOCI				
Stock investments	41,787,030	21,988	21,466,250	63,275,268
Bond investments	321,942,889	185,863,953	-	507,806,842
Others	-	60,640,462	-	60,640,462
Liabilities				
Financial liabilities at FVTPL				
Financial liabilities held for trading	22,447,207	2,130,290	-	24,577,497
Financial liabilities designated as at FVTPL	-	11,019,342	-	11,019,342

(Continued)

	Level 1	Level 2	Level 3	Total
Derivative financial instruments				
Assets				
Financial assets at FVTPL	$ 1,765,273	$ 44,099,504	$ 126,097	$ 45,990,874
Financial assets for hedging	-	220,795	-	220,795
Liabilities				
Financial liabilities at FVTPL				
Financial liabilities held for trading	1,694,782	54,351,316	3,539,888	59,585,986
Financial liabilities designated as at FVTPL	859	7,541,106	-	7,541,965
Financial liabilities for hedging	-	153,036	-	153,036

(Concluded)

December 31, 2020

(In Thousands of New Taiwan Dollars)

Non-derivative financial instruments	Level 1	Level 2	Level 3	Total
Assets				
Financial assets at FVTPL				
Financial assets mandatorily classified as at FVTPL				
Stock investments	$ 165,849,610	$ 95,240	$ 8,816,035	$ 174,760,885
Bond investments	43,953,448	58,395,516	706,688	103,055,652
Others	165,148,529	13,599,239	12,274,019	191,021,787
Financial assets designated as at FVTPL	-	377,512	1,854,964	2,232,476
Financial assets at FVTOCI				
Stock investments	38,518,348	11,136	23,144,621	61,674,105
Bond investments	375,819,230	210,042,673	-	585,861,903
Others	-	65,426,069	-	65,426,069
Liabilities				
Financial liabilities at FVTPL				
Financial liabilities held for trading	18,913,947	799,876	-	19,713,823
Financial liabilities designated as at FVTPL	-	11,077,401	-	11,077,401
Derivative financial instruments				
Assets				
Financial assets at FVTPL	1,420,211	70,895,029	109,776	72,425,016
Financial assets for hedging	-	102,479	-	102,479
Liabilities				
Financial liabilities at FVTPL				
Financial liabilities held for trading	975,223	73,285,045	3,706,831	77,967,099
Financial liabilities designated as at FVTPL	767	7,383,477	-	7,384,244
Financial liabilities for hedging	-	641,307	-	641,307

March 31, 2020

(In Thousands of New Taiwan Dollars)

	Level 1	Level 2	Level 3	Total
Non-derivative financial instruments				
Assets				
Financial assets at FVTPL				
Financial assets mandatorily classified as at FVTPL				
Stock investments	$ 125,865,532	$ 64,797	$ 8,981,587	$ 134,911,916
Bond investments	36,203,209	58,110,693	803,158	95,117,060
Others	161,590,734	10,218,111	9,957,196	181,766,041
Financial assets designated as at FVTPL	4,928,412	26,977,531	1,531,215	33,437,158
Financial assets at FVTOCI				
Stock investments	19,616,440	77,182	14,249,176	33,942,798
Bond investments	270,005,983	167,878,631	-	437,884,614
Others	-	63,579,425	-	63,579,425
Liabilities				
Financial liabilities at FVTPL				
Financial liabilities held for trading	3,129,767	250,090	-	3,379,857
Financial liabilities designated as at FVTPL	-	22,967,642	-	22,967,642
Derivative financial instruments				
Assets				
Financial assets at FVTPL	4,104,737	81,056,733	393,950	85,555,420
Financial assets for hedging	-	2,663	-	2,663
Liabilities				
Financial liabilities at FVTPL				
Financial liabilities held for trading	3,085,187	95,168,202	2,632,198	100,885,587
Financial liabilities designated as at FVTPL	953	3,065,847	-	3,066,800
Financial liabilities for hedging	-	824,087	-	824,087

2) Evaluation technology at fair value

For financial assets and liabilities at fair value through profit or loss and financial assets at fair value through other comprehensive income, fair value is determined at quoted market prices. When market prices of the Group’s various financial instruments are not readily available, fair values are estimated by using appropriate valuation models or other banks’ transaction prices. The information the Group uses for fair value estimation is consistent with that generally used in the market; the basis of the theory are commonly recognized by the industry. The type of relevant methodology can roughly divided into analytical solution model (for example: Black-school model) and numerical method model (for example Monet Carlo simulation).

3) Reconciliation of fair value

a) The limitation of valuation techniques and uncertain inputs

Valuation techniques incorporate assumptions are dependent on the instrument type and available market data. However, certain model inputs may be less readily determinable from valuation techniques. In these circumstances, valuation model would adopt additional parameters and/or model assumptions such as model risk or Liquidity Risk and so on, to make fair value adjustment. According to our policies of Valuation management and relevant control procedure, the Corporation’s management considers that Valuation adjustments are necessary and appropriate. To accept approaches and principles for the making the appropriate adjustments, all parameters and price information should be evaluated thoroughly and make reference from market situation.

b) Credit risk valuation adjustments

Credit risk valuation adjustments are classified into Credit value adjustments and Debit value adjustments, and definitions are the following:

- The credit valuation adjustment is an adjustment to the valuation of OTC derivative contracts to reflect within fair value the possibility that the counterparty may default and that the Corporation may not receive the full market value of the transactions.

- The debit valuation adjustment is an adjustment to the valuation of OTC derivative contracts to reflect within fair value the possibility that the Corporation may default, and that the Corporation may not pay full market value of the transactions.

The Group calculates their debit valuation adjustment on the basis of their international credit assessment and model and international accounting standard of a counterparty's probability of default (PD), which is subject to standard supervisory parameters, take loss given default (LGD) into consideration and multiplied by their estimates of the counterparty's exposure at default (EAD).

The Group calculates the counterparty's EAD with OTC derivative's market to market value and the counterparty's LGD, which is 60 percent of EAD based on Taiwan Stock Exchange (TWSE) guidance.

The Group takes Credit risk valuation adjustments for determining the fair value of financial instruments and reflect counterparty's credit risk and the Corporation's credit quality.

4) Transfer between the Level 1 and Level 2

	For the Three Months Ended March 31, 2021		For the Three Months Ended March 31, 2020	
	Level One Converted Into Level Two	**Level Two Converted Into Level One**	**Level One Converted Into Level Two**	**Level Two Converted Into Level One**
Financial assets at FVTPL - bond investments	$ -	$ 5,970,110	$ -	$ -
Financial assets at FVOCI - bond investments	5,590,991	10,436,625	28,662,326	1,011,769

Because of changes in market liquidity, evaluation sources applied by some bond investments will change. It makes the applicable level of bond's fair value change from level one into level two or level two into level one.

5) Reconciliation of Level 3 items of financial instruments

The movements of financial assets with Level 3 fair value were as follows:

For the Three Months Ended March 31, 2021

(In Thousands of New Taiwan Dollars)

Items	Beginning Balance	Valuation Gain (Loss) Recognized as Current Income (Loss) or Other Comprehensive Income	Amount of Increase		Amount of Decrease		Ending Balance
			Purchase or Issue	Transfer to Level 3	Sale, Disposal or Settlement	Transfer from Level 3	
Financial assets at FVTPL							
Financial assets mandatorily classified as at FVTPL	$21,906,518	$ 330,117	$ 2,030,842	$ -	$ (448,547)	$ (59,193)	$23,759,737
Financial assets designated as at FVTPL	1,854,964	40,339	20,208	-	(4,544)	-	1,910,967
Financial assets at FVTOCI	23,144,621	(1,512,801)	-	-	(165,570)	-	21,466,250

For the Three Months Ended March 31, 2020

(In Thousands of New Taiwan Dollars)

Items	Beginning Balance	Valuation Gain (Loss) Recognized as Current Income (Loss) or Other Comprehensive Income	Amount of Increase		Amount of Decrease		Ending Balance
			Purchase or Issue	Transfer to Level 3	Sale, Disposal or Settlement	Transfer from Level 3	
Financial assets at FVTPL							
Financial assets mandatorily classified as at FVTPL	$18,978,607	$ 144,326	$ 1,855,652	$ -	$ (809,811)	$ (32,883)	$20,135,891
Financial assets designated as at FVTPL	1,580,146	(62,944)	14,013	-	-	-	1,531,215
Financial assets at FVTOCI	17,330,430	(3,768,187)	700,000	-	(13,067)	-	14,249,176

Note: For parts of stock investments, the Corporation's subsidiaries acquired their observable market material, causing the applicable level of stock investment transfer from level 3.

The movements of financial liabilities with Level 3 fair value were as follows:

For the Three Months Ended March 31, 2021

(In Thousands of New Taiwan Dollars)

Items	Beginning Balance	Valuation Gain (Loss) Recognized as Current Income (Loss) or Other Comprehensive Income	Amount of Increase		Amount of Decrease		Ending Balance
			Purchase or Issue	Transfer to Level 3	Sale, Disposal or Settlement	Transfer from Level 3	
Financial liabilities at FVTPL							
Financial liabilities held for trading	$ 3,706,831	$ (25,140)	$ 238,612	$ -	$ (380,415)	$ -	$ 3,539,888

For the Three Months Ended March 31, 2020

(In Thousands of New Taiwan Dollars)

Items	Beginning Balance	Valuation Gain (Loss) Recognized as Current Income (Loss) or Other Comprehensive Income	Amount of Increase		Amount of Decrease		Ending Balance
			Purchase or Issue	Transfer to Level 3	Sale, Disposal or Settlement	Transfer from Level 3	
Financial liabilities at FVTPL							
Financial liabilities held for trading	$ 2,646,181	$ (274,455)	$ 657,493	$ -	$ (397,021)	$ -	$ 2,632,198

The total gains or losses for the three months ended March 31, 2021 and 2020 included a gain of $608,802 thousand and $242,623 thousand relating to assets and liabilities measured at fair value on Level 3 fair value measurement and held at the end of reporting date.

6) Quantitative information about significant unobservable inputs (Level 3)

KGI Bank and subsidiaries

The table below lists quantitative unobservable inputs of Level 3 financial instruments:

	Fair Value at March 31, 2021	Valuation Technique(s)	Significant Unobservable Inputs	Range	The Relationship Between Inputs and Fair Value
Repetitive basis to fair value measurement items					
Non-derivative financial instruments					
Financial assets at FVTOCI	$ 1,095,539	Market approach	P/E, Discount for lack of liquidity	15.04 27.2%	Multiplier is proportional to fair value; fair value is inversely proportional to discount for lack of liquidity and control.
		Net asset method	Discount for lack of liquidity and control	11%	Fair value is inversely proportional to discount for lack of liquidity and control.
		Recent strike price	-	-	-
Derivative financial instruments					
Financial assets at FVTPL	163,356	HullWhite, Libor Market Model, discounted cash flow	Quality/Factor/ FREQ/Simulate Method	Inapplicable	Inputs of parameters do not contain linear relation, which analyzed by comparing correctness, stability, rationality, efficiency of performance and other different aspects of the outcome.
Financial liabilities at FVTPL	163,407	HullWhite, Libor Market Model, discounted cash flow	Quality/Factor/ FREQ/Simulate Method	Inapplicable	Inputs of parameters do not contain linear relation, which analyzed by comparing correctness, stability, rationality, efficiency of performance and other different aspects of the outcome.

	Fair Value at December 31, 2020	Valuation Technique(s)	Significant Unobservable Inputs	Range	The Relationship Between Inputs and Fair Value
Repetitive basis to fair value measurement items					
Non-derivative financial instruments					
Financial assets at FVTOCI	$ 1,089,139	Market approach	P/E, Discount for lack of liquidity	13.34 27.2%	Multiplier is proportional to fair value; fair value is inversely proportional to discount for lack of liquidity and control.
		Net asset method	Discount for lack of liquidity and control	11%	Fair value is inversely proportional to discount for lack of liquidity and control.
		Recent strike price	-	-	-
Derivative financial instruments					
Financial assets at FVTPL	157,737	HullWhite, Libor Market Model, discounted cash flow	Quality/Factor/ FREQ/Simulate Method	Inapplicable	Inputs of parameters do not contain linear relation, which analyzed by comparing correctness, stability, rationality, efficiency of performance and other different aspects of the outcome.
Financial liabilities at FVTPL	157,804	HullWhite, Libor Market Model, discounted cash flow	Quality/Factor/ FREQ/Simulate Method	Inapplicable	Inputs of parameters do not contain linear relation, which analyzed by comparing correctness, stability, rationality, efficiency of performance and other different aspects of the outcome.

	Fair Value at March 31, 2020	Valuation Technique(s)	Significant Unobservable Inputs	Range	The Relationship Between Inputs and Fair Value
Repetitive basis to fair value measurement items					
Non-derivative financial instruments					
Financial assets at FVTOCI	$ 1,080,417	Market approach	P/B, P/E, Discount for lack of liquidity	0.89-8.30, 26%-27.2%	Multiplier is proportional to fair value; fair value is inversely proportional to discount for lack of liquidity and control.
		Net asset method	Discount for lack of liquidity and control	11%	Fair value is inversely proportional to discount for lack of liquidity and control.
		Recent strike price	-	-	-
Derivative financial instruments					
Financial assets at FVTPL	374,830	HullWhite, Libor Market Model, discounted cash flow	Quality/Factor/ FREQ/Simulate Method	Inapplicable	Inputs of parameters do not contain linear relation, which analyzed by comparing correctness, stability, rationality, efficiency of performance and other different aspects of the outcome.
Financial liabilities at FVTPL	374,722	HullWhite, Libor Market Model, discounted cash flow	Quality/Factor/ FREQ/Simulate Method	Inapplicable	Inputs of parameters do not contain linear relation, which analyzed by comparing correctness, stability, rationality, efficiency of performance and other different aspects of the outcome.

KGI Securities and subsidiaries

The explanation of quantitative information about significant unobservable inputs in fair value measurement and sensitivity analysis significant unobservable inputs used by repetitive basis to fair value Level 3 financial asset of KGI Securities and subsidiaries were as follows:

March 31, 2021

	Valuation Techniques	Significant Unobservable Inputs	Quantification Information	The Relationship Between Inputs and Fair Value
Financial assets				
Non-derivative financial assets				
Financial assets at FVTPL - equity instruments	Fair value from counter-party, recently strike price or measured by using asset-based approach.	Not applicable	Not applicable	Not applicable
Financial assets at FVTPL - equity instruments	Market approach	Discount for lack of liquidity	23%-29%	Assets at fair value is inversely proportional to discount for lack of liquidity.
Financial assets at FVTPL - equity instruments	Discounted cash flow approach	Discount for lack of liquidity	29%	Assets at fair value is inversely proportional to discount for lack of liquidity.
		WACC	6.85%	Assets at fair value is inversely proportional to WACC
		Growth rate	2.20%	Assets at fair value is proportional to growth rate

(Continued)

	Valuation Techniques	Significant Unobservable Inputs	Quantification Information	The Relationship Between Inputs and Fair Value
Financial assets at FVTOCI - equity instruments	Fair value from counter-party, recently strike price or measured by using asset-based approach.	Not applicable	Not applicable	Not applicable
Derivative instruments				
Structured products - options	Martingale pricing technique	History volatility	26.44%-51.87%	According to condition of contract, fair value of asset may be higher or lower.
Financial liabilities				
Derivative instruments				
Structured products - options	Martingale pricing technique	History volatility	0.00%-16.71%	According to condition of contract, fair value of liabilities may be higher or lower.
Equity derivatives - premium - equity options (put option)	Martingale pricing technique	History volatility	59.46%-59.46%	According to condition of contract, fair value of liabilities may be higher or lower.

(Concluded)

December 31, 2020

	Valuation Techniques	Significant Unobservable Inputs	Quantification Information	The Relationship Between Inputs and Fair Value
Financial assets				
Non-derivative financial assets				
Financial assets at FVTPL - equity instruments	Fair value from counter-party, recently strike price or measured by using asset-based approach.	Not applicable	Not applicable	Not applicable
Financial assets at FVTPL - equity instruments	Market approach	Discount for lack of liquidity	23%-29%	Assets at fair value is inversely proportional to discount for lack of liquidity.
Financial assets at FVTPL - equity instruments	Discounted cash flow approach	Discount for lack of liquidity	29%	Assets at fair value is inversely proportional to discount for lack of liquidity.
		WACC	7.10%	Assets at fair value is inversely proportional to WACC
		Growth rate	2.20%	Assets at fair value is proportional to growth rate
Financial assets at FVTOCI - equity instruments	Fair value from counter-party, recently strike price or measured by using asset-based approach.	Not applicable	Not applicable	Not applicable
Derivative instruments				
Structured products - options	Martingale pricing technique	History volatility	26.8%-45.09%	According to condition of contract, fair value of asset may be higher or lower.
Financial liabilities				
Derivative instruments				
Structured products - options	Martingale pricing technique	History volatility	0.00%-13.10%	According to condition of contract, fair value of liabilities may be higher or lower.
Equity derivatives - premium - equity options (put option)	Martingale pricing technique	History volatility	20.66%-60.84%	According to condition of contract, fair value of liabilities may be higher or lower.

March 31, 2020

	Valuation Techniques	Significant Unobservable Inputs	Quantification Information	The Relationship Between Inputs and Fair Value
Financial assets				
Non-derivative financial assets				
Financial assets at FVTPL - equity instruments	Fair value from counter-party, recently strike price or measured by using asset-based approach.	Not applicable	Not applicable	Not applicable
Financial assets at FVTPL - equity instruments	Market approach	Discount for lack of liquidity	23%-26%	Assets at fair value is inversely proportional to discount for lack of liquidity.
Financial assets at FVTOCI - equity instruments	Fair value from counter-party, recently strike price or measured by using asset-based approach.	Not applicable	Not applicable	Not applicable
Derivative instruments				
Structured products - options	Martingale pricing technique	History volatility	23.37%-64.75%	According to condition of contract, fair value of asset may be higher or lower.
Credit derivatives instruments - CDS	ISDA Standard Upfront Model	Recovery rate	0.4	According to ISDA Standard Upfront Model, recovery rate is set from the category of targets' debts.
Financial liabilities				
Derivative instruments				
Structured products - options	Martingale pricing technique	History volatility	2.19%-27.25%	According to condition of contract, fair value of liabilities may be higher or lower.
Equity derivatives - premium - equity options (put option)	Martingale pricing technique	History volatility	38.67%-56.10%	According to condition of contract, fair value of liabilities may be higher or lower.

History volatility used by Martingale Pricing Technique in KGI Securities depends on moving weighted average method, and sampling period refer to maturity in initial contract; if maturity is less than 6 months, sampling period is between 20 to 180 days; if maturity is between 6 months to 12 months, sampling period is between 20 to 360 days; if maturity is more than 12 months, sampling period is between 20 to initial maturity days.

The recovery rate adopted by KGI Securities in the ISDA CDS Standard Model is set based on the ISDA Standard CDS Converter Specification. If the underlying debt is senior unsecured debt, the recovery rate is set to be 0.4. If the underlying debt is subordinated debt, the recovery rate is set to be 0.2. If the debt is from emerging markets (including senior and subordinated debt), the recovery rate is set to be 0.25. KGI Securities set the recovery rate base on the types of the debts. Therefore, the recovery rate is not changed.

KGI Securities and subsidiaries adopts pricing model and pricing parameters cautiously, producing reasonable fair value measurement, however, different pricing model or parameters may lead to different outcome. To those financial assets and liabilities categorized into Level 3, effects of current period net income or loss affected by changes in pricing parameters were as follows:

March 31, 2021

	Sensitivity Analysis of Relationship Between Inputs and Fair Value		Recognized to Profit or Loss	
	Inputs	Positive/Negative Change	Positive Impact	Negative Impact
Financial assets				
Non-derivative instruments				
Financial assets at FVTPL				
Equity instruments (counter-party/recent strike price/assets approach)	Not applicable	Not applicable	Not applicable	Not applicable
Equity instruments (market approach)	Discount for lack of liquidity	-1%/+1%	$ 204	$ 195
Equity instruments (discounted cash flow approach)	Discount for lack of liquidity	-1%/+1%	92	92
	WACC	-1%/+1%	464	451
	Growth rate	+1%/-1%	136	134
Financial assets at FVTOCI				
Equity instruments (assets approach)	Not applicable	Not applicable	Not applicable	Not applicable
Derivative instruments				
Structured products - options	Historical volatility	+ 25%/-25%	82	70
Financial liabilities				
Derivative instruments				
Structured products - options	Historical volatility	- 25%/+25%	-	-
Equity derivative instruments - premium - options (put option)	Historical volatility	- 25%/+25%	229	230

December 31, 2020

	Sensitivity Analysis of Relationship Between Inputs and Fair Value		Recognized to Profit or Loss	
	Inputs	Positive/Negative Change	Positive Impact	Negative Impact
Financial assets				
Non-derivative instruments				
Financial assets at FVTPL				
Equity instruments (counter-party/recent strike price/assets approach)	Not applicable	Not applicable	Not applicable	Not applicable
Equity instruments (market approach)	Discount for lack of liquidity	-1%/+1%	$ 213	$ 221
Equity instruments (discounted cash flow approach)	Discount for lack of liquidity	-1%/+1%	86	86
	WACC	-1%/+1%	434	421
	Growth rate	+1%/-1%	122	121
Financial assets at FVTOCI				
Equity instruments (assets approach)	Not applicable	Not applicable	Not applicable	Not applicable
Derivative instruments				
Structured products - options	Historical volatility	+ 25%/-25%	13	13
Financial liabilities				
Derivative instruments				
Structured products - options	Historical volatility	- 25%/+25%	-	-
Equity derivative instruments - premium - options (put option)	Historical volatility	- 25%/+25%	161	168

March 31, 2020

	Sensitivity Analysis of Relationship Between Inputs and Fair Value		Recognized to Profit or Loss	
	Inputs	**Positive/Negative Change**	**Positive Impact**	**Negative Impact**
Financial assets				
Non-derivative instruments				
Financial assets at FVTPL				
Equity instruments (counter-party/recent strike price/assets approach)	Not applicable	Not applicable	Not applicable	Not applicable
Equity instruments (market approach)	Discount for lack of liquidity	-1%/+1%	$ 92	$ 92
Financial assets at FVTOCI				
Equity instruments (assets approach)	Not applicable	Not applicable	Not applicable	Not applicable
Derivative instruments				
Structured products - options	Historical volatility	+ 25%/-25%	565	478
Financial liabilities				
Derivative instruments				
Structured products - options	Historical volatility	- 25%/+25%	-	-
Equity derivative instruments - premium - options (put option)	Historical volatility	- 25%/+25%	-	(1)

CDIB Capital Group and subsidiaries

Equity securities are classified fair value Level 3 financial asset by CDIB Capital Group and subsidiaries. Quantitative information about the significant unobservable inputs is set out below:

	Fair Value at March 31, 2021	Valuation Techniques	Significant Unobservable Inputs	Range (Average Weighted)	The Relationship Between Inputs and Fair Value
Repetitive basic to fair value measurement items					
Non-derivative financial assets					
Financial assets at FVTPL	$ 13,674,982	Market approach	P/B P/S Discount for lack of liquidity	0.98-2.51 0.89-2.81 26%-29%	When the higher income multiplier, the higher of fair value; when the higher the discount for lack of liquidity, the lower of fair value.
		Discounted cash-flow method	Discount for lack of liquidity WACC Growth rate	26%-29% 5.23%-12.26% 0.50%-5.10%	When the higher the discount for lack of liquidity, the lower of fair value; when the higher WACC, the lower of fair value; when the higher growth rate, the higher of fair value.
		Net asset adjustment method	Discount for lack of liquidity	29%	When the higher the discount for lack of liquidity, the lower of fair value.
		Recent strike price	-	-	-

	Fair Value at December 31, 2020	Valuation Techniques	Significant Unobservable Inputs	Range (Average Weighted)	The Relationship Between Inputs and Fair Value
Repetitive basic to fair value measurement items					
Non-derivative financial assets					
Financial assets at FVTPL	$ 13,512,947	Market approach	P/B P/S Discount for lack of liquidity	0.93-3.86 0.78-2.76 23%-29%	When the higher income multiplier, the higher of fair value; when the higher the discount for lack of liquidity, the lower of fair value.
		Discounted cash-flow method	Discount for lack of liquidity WACC Growth rate	23%-29% 4.92%-12.32% 0.50%-5.00%	When the higher the discount for lack of liquidity, the lower of fair value; when the higher WACC, the lower of fair value; when the higher growth rate, the higher of fair value.
		Net asset adjustment method	Discount for lack of liquidity	11%-29%	When the higher the discount for lack of liquidity, the lower of fair value.
		Recent strike price	-	-	-

	Fair Value at March 31, 2020	Valuation Techniques	Significant Unobservable Inputs	Range (Average Weighted)	The Relationship Between Inputs and Fair Value
Repetitive basic to fair value measurement items					
Non-derivative financial assets					
Financial assets at FVTPL	$ 14,142,480	Market approach	P/B P/S Discount for lack of liquidity	0.49-8.13 0.33-4.77 23%-29%	When the higher income multiplier, the higher of fair value; when the higher the discount for lack of liquidity, the lower of fair value.
		Discounted cash-flow method	Discount for lack of liquidity WACC Growth rate	23%-29% 5.41%-13.33% 0.50%-7.00%	When the higher the discount for lack of liquidity, the lower of fair value; when the higher WACC, the lower of fair value; when the higher growth rate, the higher of fair value.
		Net asset adjustment method	Discount for lack of liquidity	11%-29%	When the higher the discount for lack of liquidity, the lower of fair value.
		Binomial tree model	Returns on stock value volatility	31.01%-35.14%	When the higher returns on stock value volatility, the higher of fair value.
		Recent strike price	-	-	-

China Life Insurance

Equity securities are classified into fair value Level 3 financial asset by China Life Insurance. Quantitative information about the significant unobservable input was set out below:

	March 31, 2021			
	Valuation Techniques	Significant Unobservable Inputs	Quantification Information	Relationship Between Inputs and Fair Value
Financial assets				
Financial assets at fair value through profit or loss	Asset approach	Discount for liquidity and minor interests	0%-10%	The higher the discount for liquidity and minor interests the lower the estimated fair value
Financial assets at fair value through other comprehensive income	Market approach	Discount for liquidity	10%-30%	The higher the discount for liquidity the lower the estimated fair value
		Control premium	0%-10%	The higher the control premium the higher the estimated fair value
	Income approach	Cost of capital rate	6.17%	The higher the cost of capital rate the lower the estimated fair value
		Discount for liquidity	0%-10%	The higher the discount for liquidity the lower the estimated fair value
	Asset approach	Discount for liquidity and minor interests	0%-30%	The higher the discount for liquidity and minor interests the lower the estimated fair value

	December 31, 2020			
	Valuation Techniques	**Significant Unobservable Inputs**	**Quantification Information**	**Relationship Between Inputs and Fair Value**
Financial assets				
Financial assets at fair value through profit or loss	Asset approach	Discount for liquidity and minor interests	0%-10%	The higher the discount for liquidity and minor interests, the lower the estimated fair value.
Financial assets at fair value through other comprehensive income	Market approach	Discount for liquidity	10%-30%	The higher the discount for liquidity, the lower the estimated fair value.
		Control premium	0%-10%	The higher the control premium, the higher the estimated fair value.
	Income approach	Cost of capital rate	6.02%	The higher the cost of capital rate, the lower the estimated fair value.
		Discount for liquidity	0%-10%	The higher the discount for liquidity, the lower the estimated fair value.
	Asset approach	Discount for liquidity and minor interests	0%-30%	The higher the discount for liquidity and minor interests, the lower the estimated fair value.

	March 31, 2020			
	Valuation Techniques	**Significant Unobservable Inputs**	**Quantification Information**	**Relationship Between Inputs and Fair Value**
Financial assets				
Financial assets at fair value through profit or loss	Asset approach	Discount for liquidity and minor interests	0%-10%	The higher the discount for liquidity and minor interests, the lower the estimated fair value.
Financial assets at fair value through other comprehensive income	Market approach	Discount for liquidity	10%-30%	The higher the discount for liquidity, the lower the estimated fair value.
		Control premium	0%-10%	The higher the control premium, the higher the estimated fair value.
	Income approach	Cost of capital rate	5.94%	The higher the cost of capital rate, the lower the estimated fair value.
		Discount for liquidity	0%-10%	The higher the discount for liquidity, the lower the estimated fair value.
	Asset approach	Discount for liquidity and minor interests	0%-30%	The higher the discount for liquidity and minor interests, the lower the estimated fair value.

7) Pricing process of Level 3 fair value

KGI Bank and subsidiaries

KGI Bank’s risk management department is responsible for the pricing process of Level 3 fair value. The pricing models and conditions assumed are conform to market practice; the basis of the theory are commonly recognized by the industry as a basis of valuation in conducting measurement of fair value. Further, the department confirms whether the sources of the information are independent or not, reasonably reflecting the prices in normal circumstances, and examines and adjusts fair value periodically to insure results of the valuation is reasonable.

KGI Securities and subsidiaries

When KGI Securities has those derivatives that their fair value are hard to reach or they are categorized as derivative financial assets with no active market, reasonability of fair value of those financial assets are assessed by related department according to the Guidelines of Asset Valuation Operation set by KGI Securities, and the outcomes of the valuation will be recorded in the book by treasury department.

CDIB Capital Group and subsidiaries

The valuation method and parameters adopted by CDIB Capital Group and subsidiaries conform to the general market practice which the theoretical basis is generally identified by the industry. Besides, the department exams and adjusts inputs that pricing model needed periodically to insure outcomes are reasonable.

The valuation method and parameters adopted by CDIB Capital Group and subsidiaries have considered the influence of Covid-19, including future operating conditions, which decrease the forecast numbers of revenue and profit.

China Life Insurance

China Life Insurance is responsible for validating the fair value measurements and ensuring that the results of the valuation are in line with market conditions and the sources are independent, reliable, based on independent and reliable inputs which are consistent with other information, and represent exercisable prices. China Life Insurance analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed according to China Life Insurance's accounting policies at each reporting date.

c. Fair value of financial instruments not carried at fair value

1) Fair value information

Assets and liabilities measured at cost, excluding debt investments measured at amortized cost, guarantee deposits paid, bonds payable, have carrying amounts that are reasonably close to their fair value; thus, their fair values are not disclosed.

Fair values of bonds payable with quoted price in an active market are evaluated using the market price; bonds payable with no quoted prices in an active market are estimated by valuation methods or the opponent's price.

2) The fair value hierarchy of financial instruments were as follows:

March 31, 2021

(In Thousands of New Taiwan Dollars)

	Level I	**Level 2**	**Level 3**	**Total**
Financial assets				
Debt instruments measured at amortized cost	$ 400,355,425	$ 758,712,337	$ -	$1,159,067,762
Non-financial assets				
Guarantee deposits paid - bonds	-	8,757,585	-	8,757,585
Financial liabilities				
Bank debentures payable	-	24,693,559	-	24,693,559
Corporate bonds payable	48,129,169	-	-	48,129,169

December 31, 2020

(In Thousands of New Taiwan Dollars)

	Level I	Level 2	Level 3	Total
Financial assets				
Debt instruments measured at amortized cost	$ 350,050,491	$ 815,965,243	$ -	$1,166,015,734
Non-financial assets				
Guarantee deposits paid - bonds	-	9,150,548	-	9,150,548
Financial liabilities				
Bank debentures payable	-	20,408,787	-	20,408,787
Corporate bonds payable	43,949,621	-	-	43,949,621

March 31, 2020

(In Thousands of New Taiwan Dollars)

	Level I	Level 2	Level 3	Total
Financial assets				
Debt instruments measured at amortized cost	$ 216,739,523	$ 890,354,743	$ -	$1,107,094,266
Non-financial assets				
Guarantee deposits paid - bonds	-	8,284,730	-	8,284,730
Financial liabilities				
Bank debentures payable	-	16,655,224	-	16,655,224
Corporate bonds payable	26,732,177	-	-	26,732,177

3) Measurement technique

a) The carrying amounts of financial instruments such as cash and cash equivalents, due from the Central Bank and call loans to other banks, securities purchased under resell agreements, receivables, other financial assets, guarantee deposits paid, due to the Central Bank and other banks, securities sold under repurchase agreements, payables, deposits and remittances, other financial liabilities and guarantee deposits received and remittances approximate their fair values because of the short maturities of these instruments.

b) The base rate (floating rate) is usually adopted as the loan rate because it can reflect the market rate. Thus, using the carrying amount for considering the probability of repossession and estimating the fair value is reasonable.

c) The fair value of debt investments measured at amortized cost is estimated by

i. Referring to the quoted price from electronic bond trading system of Taipei Exchange and Bloomberg.

ii. Referring to the discounted expected cash flow, of which the discount rate is referenced to interest rates with similar maturity date.

d) The fair values of bonds payable are determined by the present values of future cash flows, with the values discounted at the interest rates of other bonds payable with similar maturity date.

53. INFORMATION OF INSURANCE CONTRACTS

a. Objectives, policies, procedures and methods of insurance contracts risk management

1) Framework of risk management, organization structure and responsibilities:

The board of directors should ensure the effectiveness of risk management and bear the ultimate responsibility for risk management, responsible for formulating China Life Insurance's overall risk appetite and risk tolerance, review and approve China Life Insurance's risk management objectives and strategies. "Risk Management Committee" is set under the board of directors. Various risk management report and related issues are first report to risk management committee and made the final approval by the board of directors. Besides the risk management committee, China Life Insurance set up an assets and liabilities risk management team to strengthen the risk management organization and structure.

In addition, China Life Insurance establishes the risk management department independent to the business units, which is responsible for the implementation of various risk management measures and the fulfillment of each risk management system, including monitoring the daily risks, measuring and evaluating related issues, assisting the board to develop Company's risk appetite, executing the risk management policies approved by the board of directors. Moreover, the business units should be responsible for the risks identification, report the risk exposure, measure the impact of risks, review the various risks and limits regularly, and make sure that the internal control procedures of each unit are implemented effectively in accordance with related regulations and China Life Insurance's risk management policy.

2) Risk management policies, procedures and methods:

According to risk management policies, China Life Insurance sets an effective mechanism to proceed identification, measurement, monitoring, reporting and response to risk, establishes clear objectives for risk management, controls approaches and attribution of responsibility to make sure that each operational risk is controlled under the tolerable range, making the largest surplus and profits for shareholders.

Pursuant to "China Life Insurance Risk Management Policy", approved by the board of directors, China Life Insurance follows the principle of centralized management and specialization, and assigns responsible risk management department to manage various risks, including market, credit, operation, liquidity, underwriting, claim resew, insurance product development and pricing, asset-liability management, reinsurance and catastrophe risk based on the sources of risk. In addition, China Life Insurance develops management guidelines for various types of risk, standardizes measurement and evaluation methods, and regularly issues risk reports to monitor the various risks.

3) Risk management policies, procedures and methods related to reserves:

Reserve-related risks refer to risks that various reserves are unable to deal with future obligations due to understatement of liability for premium business. China Life Insurance sets and implements the appropriate risk management system for the insurance business reserves and related risks.

4) Risk management policies, procedures and methods related to matching assets and liabilities:

Risks related to matching assets and liabilities indicate risks arising from inconsistent movement of assets and liabilities. China Life Insurance sets appropriate asset-liability management system based on the attributes and complexity of insurance liability risks. The system allows China Life Insurance to form, implement, monitor and correct related strategies within the tolerable range and achieves China Life Insurance's predetermined financial goals. The contents include the following items:

a) Risk identification related to matching of assets and liabilities.
b) Risk measurement related to matching of assets and liabilities.
c) Risk responses related to matching of assets and liabilities.

b. Information of insurance risks

1) Sensitivity of insurance risks - insurance contracts and financial instruments with discretionary participation features:

Insurance companies set aside various reserves according to the legal requirements and regularly conduct adequacy test of liability to assess the adequacy of insurance liabilities of China Life Insurance as a whole.

For the insurance contracts and financial instruments with discretionary participation features underwritten by China Life Insurance, the main risks include mortality, morbidity, surrender, expense and investment returns rate. When doing the liability adequacy test, various actuarial assumptions are made based on available information at assessment point for all insurance contracts and financial instruments with discretionary participation feature, to assess whether the insurance liability of China Life Insurance is adequate. If the test result indicates the insurance liability is not adequate, then set aside the insufficient amount as liability adequacy reserve according to the provision. The reserve will affect current profit and loss.

As at March 31, 2021, assuming a 5% change in mortality, morbidity, surrender and expenses, and a decrease in investment return of 0.1%, all insurance contracts and financial instruments with discretionary participation feature will not cause China Life Insurance's insurance liability inadequate.

2) Interpretation for concentration of insurance risks

a) China Life Insurance's insurance business is mainly in Taiwan, Republic of China and there is no significant difference in insurance risk between each region. China Life Insurance had set tolerable cumulative risk limits for each risk unit and incident. Insurance risks that exceed the limits will be transferred through reinsurance. Please refer to Note 32 for concentration of risk before and after the reinsurance for China Life Insurance.

b) Furthermore, according to "Regulations Governing the Setting Aside of Various Reserves by Insurance Enterprises", the annual increased special capital reserve, excluding taxes, for major incidents and fluctuation of risks for abnormal changes in loss ratio and claims of each type of insurance needs to be recognized in special capital reserve under equity in accordance with IAS 12.

3) Claim development trend

a) Direct business loss development trend

Accident Year	Development Year														Reserve for Claims
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	
2008	$ 2,170,100	$ 2,736,556	$ 2,776,542	$ 2,781,989	$ 2,786,399	$ 2,792,187	$ 2,798,032	$ 2,798,807	$ 2,799,546	$ 2,800,435	$ 2,802,449	$ 2,803,020	$ 2,803,856	$ 2,803,939	
2009	2,243,111	2,870,648	2,924,110	2,934,461	2,936,046	2,939,451	2,940,095	2,940,209	2,940,748	2,941,322	2,941,824	2,941,957	2,941,957	-	
2010	2,574,879	3,071,401	3,132,443	3,137,874	3,143,299	3,143,963	3,144,299	3,144,902	3,145,167	3,145,541	3,145,762	3,145,919	-	-	
2011	2,610,108	3,276,928	3,328,279	3,342,075	3,346,106	3,350,438	3,351,824	3,354,243	3,354,835	3,355,901	3,356,583	-	-	-	
2012	2,345,575	2,953,776	3,029,335	3,045,381	3,048,828	3,051,256	3,054,748	3,056,337	3,057,879	3,057,944	-	-	-	-	
2013	2,267,213	2,964,954	3,028,400	3,040,442	3,045,355	3,053,040	3,054,855	3,055,997	3,056,018	-	-	-	-	-	
2014	3,448,229	4,203,186	4,284,682	4,298,217	4,303,753	4,317,090	4,321,020	4,321,652	-	-	-	-	-	-	
2015	3,530,488	4,420,482	4,498,438	4,510,113	4,516,573	4,518,832	4,519,590	-	-	-	-	-	-	-	
2016	3,721,820	4,648,280	4,743,133	4,757,525	4,763,372	4,763,706	-	-	-	-	-	-	-	-	
2017	4,320,234	5,400,952	5,537,543	5,552,592	5,554,675	-	-	-	-	-	-	-	-	-	
2018	4,775,948	5,950,536	6,060,673	6,065,507	-	-	-	-	-	-	-	-	-	-	
2019	5,257,484	6,776,954	6,832,417	-	-	-	-	-	-	-	-	-	-	-	
2020	5,208,589	6,094,125	-	-	-	-	-	-	-	-	-	-	-	-	
2021	810,902	-	-	-	-	-	-	-	-	-	-	-	-	-	$ 2,118,376

Note: This table does not include long-term life insurance.

Add: Long-term insurance claims	299,650
Claim reserve for discount on no claim	123,257
Reserve for claims balance	$ 2,541,283

b) Retained business loss development trend

Accident Year	Development Year														Reserve for Claims
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	
2008	$ 2,128,556	$ 2,682,784	$ 2,721,905	$ 2,719,002	$ 2,723,312	$ 2,728,970	$ 2,734,682	$ 2,735,440	$ 2,736,162	$ 2,737,031	$ 2,739,000	$ 2,739,557	$ 2,740,394	$ 2,740,476	
2009	2,204,858	2,820,114	2,862,350	2,868,022	2,869,572	2,872,900	2,873,529	2,873,640	2,874,167	2,874,728	2,875,219	2,875,351	2,875,351	-	
2010	2,535,358	3,010,157	3,068,543	3,066,830	3,072,133	3,072,782	3,073,109	3,073,699	3,073,958	3,074,324	3,074,544	3,074,701	-	-	
2011	2,561,841	3,214,455	3,260,383	3,266,408	3,270,348	3,274,581	3,275,936	3,278,301	3,278,879	3,279,945	3,280,627	-	-	-	
2012	2,304,504	2,897,464	2,967,538	2,976,431	2,979,800	2,982,173	2,985,586	2,987,140	2,988,681	2,988,746	-	-	-	-	
2013	2,227,515	2,908,429	2,966,622	2,971,604	2,976,405	2,983,916	2,985,691	2,986,833	2,986,854	-	-	-	-	-	
2014	3,387,852	4,123,055	4,197,276	4,200,902	4,206,313	4,219,348	4,223,278	4,223,909	-	-	-	-	-	-	
2015	3,468,881	4,336,525	4,407,051	4,408,435	4,414,314	4,416,573	4,417,331	-	-	-	-	-	-	-	
2016	3,657,093	4,560,257	4,647,033	4,649,868	4,655,715	4,656,049	-	-	-	-	-	-	-	-	
2017	4,244,930	5,298,470	5,424,716	5,439,766	5,441,848	-	-	-	-	-	-	-	-	-	
2018	4,692,869	5,837,265	5,946,601	5,951,435	-	-	-	-	-	-	-	-	-	-	
2019	5,165,606	6,658,675	6,714,138	-	-	-	-	-	-	-	-	-	-	-	
2020	5,136,641	5,992,866	-	-	-	-	-	-	-	-	-	-	-	-	
2021	810,902	-	-	-	-	-	-	-	-	-	-	-	-	-	$ 2,105,138

Note: This table does not include long-term life insurance.

Add: Long-term insurance claims	276,880
Claim reserve for discount on no claim	123,257
Reserve for claims balance	$ 2,505,275

China Life Insurance recognizes claim reserve for reported claims (reported but not paid) and unreported claims (incurred but not reported). Due to uncertainty, estimation, and judgment involved in recognition, there is a high degree of complexity in claim reserves. Any changes of the estimation or judgment are treated as the changes of the accounting estimates and can be recognized as profit and loss in current year. China Life Insurance was not notified of some claims in time. Also, the expected payment for unreported claims involves major subjective judgment and estimation on the past experience. Thus, it is uncertain that the estimated claim reserve on the balance sheet date will be equal to the final settled amount of claim payments. The claim reserve recorded on the book is estimated based on the current available information. However, the final amount probably will differ from the original estimates because of the follow-up development of the claim events.

The charts above show the development trend of claim payments (not including cases whose payment and time will be confirmed within a year). The accident year is the actual year for the occurrence of the insurance claim events; the x-axis is the year of the development for the settlement cases. Each slash represents the cumulative amount of compensation for each accident event at the end of the year. The occurred claims include decided and undecided claims which represent the accumulated estimated dollar amounts need to be paid for each accident year as time passes. It is possible that the circumstances and trends affecting dollar amount of recognition for claim reserve in the current year will be different from those in the future. Thus, the expected future payment amount for the settlement cases cannot be determined by the charts above.

4) Credit risk:

For insurance contracts undertaken by China Life Insurance, the credit risk comes from reinsurers who fail to fulfill their obligation of reinsurance contracts, causing China Life Insurance to be exposed to the risk of financial loss. If China Life Insurance disputes with the reinsurers, then it may lead to impairment of reinsurance assets. In addition, the account receivables of insurance brokers and agents also have credit risk.

China Life Insurance's highest risk exposure for the reinsurance contracts are the carrying amount of reinsurance assets. In order to manage that risk and avoid credit losses, China Life Insurance decides to deal with reinsurance companies that have good credits. China Life Insurance sets related selection standard, makes regular assessment and monitors the reinsurers' financial business condition, credit status and rating. Also, it will adjust the business scope and scale based on the circumstances to prevent from over concentration of credit risk.

5) Liquidity risk:

As at March 31, 2021, December 31, 2020 and March 31, 2020, the maturity analysis of liquidity risk for insurance contract liabilities are as follow:

	Within 1 Year	1 to 3 Years	3 to 5 Years	5 to 15 Years	Over 15 Years
March 31, 2021					
Insurance liabilities of investment contracts with discretionary participation features	$ 5,444,827	$ 122,012,273	$ 154,235,681	$ 589,341,177	$ 3,753,046,319
Reserve for insurance contracts with feature of financial instruments	-	-	-	-	-
December 31, 2020					
Insurance liabilities of investment contracts with discretionary participation features	11,973,656	115,270,732	157,083,549	618,787,499	3,450,010,853
Reserve for insurance contracts with feature of financial instruments	-	-	-	-	-
March 31, 2020					
Insurance liabilities of investment contracts with discretionary participation features	(15,459,748)	82,383,000	154,998,444	604,909,132	3,448,539,894
Reserve for insurance contracts with feature of financial instruments	-	-	-	-	-

Note 1: This table estimates net cash flow of all related insurance liabilities at it starting point.

Note 2: The actual maturity date will change according to the exercise of termination right by the policyholders.

Note 3: The table cannot match with the liabilities of balance sheet because the above contracts use the undiscounted contractual cash flow analysis. In addition, it includes the cash inflows of future renewal premiums.

6) Market risk:

Pursuant to the "Regulations Governing the Setting Aside of Various Reserves by Insurance Enterprises", when China Life Insurance measures insurance liabilities, it sets aside the reserve by using the discount rate required by the authorities. Since the discount rate assumption does not move in the same direction with the interest rate, changes in market risks have no significant influence on China Life Insurance's profit or loss and equity for insurance contracts. However, changes in market risks may have influence on liability adequacy test evaluated based on available information. But, it has little influence on the adequacy of current recognized insurance liabilities.

54. FINANCIAL RISK MANAGEMENT

a. Risk management policies and framework

The Corporation

The Corporation has established its risk management policies, which combine business management and risk management to form a corporate culture and business strategies that place a fundamental importance on risk management. The results of quantified and qualified risk management measures serve as a reference for formulating business strategies. The board of directors has approved the documentation of both overall and specific risk management policies, including business, operational and liquidity risks.

The Corporation has established a risk management committee supervising the implementation of risk management policies, inspecting risk control reports and dealing with related issues. The Corporation also has a risk management department to plan and manage the risk management system, supervise the implementation of risk management of subsidiaries and provide related information to the management and the board of directors.

KGI Bank and subsidiaries

KGI Bank has planned a proper risk management system regarding market risk, credit risk, and operating risk related to the operation of company as a basis of following risk management procedures.

KGI Bank also planned the mechanism of analysis, monitoring, and report related to overall risk management. Further, it reports to senior management, and committee or board of directors with risk management function; KGI Bank keeps related information updated in response to the actual risks encountering significant changes in macroeconomics or financial market to monitor and response effectively.

KGI Bank’s risk management not only focuses on individual department but consider the comprehensive effects from an overall corporation perspective.

KGI Bank undertakes risk identification with consistent asset portfolio classification as well as correlation between each other, and establishes a consistent measure according to the different types of exposure.

KGI Bank’s risk management divisions are as follows:

1) Board of directors

   The KGI Bank’s board of director supervise the establishment of risk management structure and culture, ensures efficiency of operation in risk management, reviews important risk control report and bear the ultimate responsibility of risk management.

2) Risk management committee

   KGI Bank has established a risk management committee supervising the implementation of risk management policies, inspecting risk control reports and dealing with related issues.

3) Business and management departments

   The department is responsible for ensuring compliance of risk management regulations while conducting the operations to practice the control of daily risk.

4) Risk management department

KGI Bank establishes a risk management department which is independent from operating departments to take charge of planning and managing of risk management system and to provide overall risk management information to senior management and the board of directors.

5) Internal audit department

The department takes charge of establishment of all risk mechanisms and audit the compliance and implementation of mechanism.

Risk management is a joint duty to all KGI Bank's department including business, legal, compliance of law, finance, accounting, administration, operating, audit departments and so on, should all practice it actively, and through coordination of intra-departments to carry out the overall risk management.

<u>KGI Securities and subsidiaries</u>

1) Financial risk management objectives

The KGI Securities' Board of Director and senior management attach great importance to risk management, and continuously to raise risk management mechanism and aimed to strengthen the competitiveness of KGI Securities and subsidiaries. To reach the goal of risk management, controlling the expected or unexpected loss in operating is a passive way and in a positive way is to raise Risk Adjusted Return on Capital. In order to use the capital more efficiently, KGI Securities uses risk appetite as a base according to venture capital allocation. While setting risk appetite, KGI Securities takes the amount of liquid capital and financial and operational goal into consideration.

2) Risk management organization

KGI Securities' risk management organization framework, which monitors, plans, and executes related risk management affairs, includes board of directors, risk management department, business department and other related departments. KGI Securities' business departments and back offices should comply with risk management regulations and reports all anomalies and their effects to Risk Management Committee (RMC) and Investment Review Committee (IRC) in time. Risk management organizations' functions and responsibilities are as follows:

The board of directors is the highest decisive department in KGI Securities, and it also bears ultimate responsibility while monitoring the execution of overall risk management system.

Functions and responsibilities of committees: RMS executes risk management decisions made by board of directors, which include reviewing KGI Securities' every department's risk appetite, risk-based limit and their management system, reviewing guidelines regarding risk management, and inspecting related countermeasures according to risk reports submitted by departments; IRC examines underwriting of securities, assisting of business projects and non-subsidiary investments; and Merchandise Review Committee (MRC) sets up the reviewing system of KGI Securities' for sale of commodities, trusted investment and management of new business and financial instruments.

Business department is responsible for setting risk management systems, managing and reporting daily risks which belong to its department and executing internal controls effectively which correspond to the government regulations and risk management policies.

Risk management department's functions and responsibilities are ensuring the execution of policies approved by board of directors, making risk management rules and guidelines, controlling the measuring, monitoring and evaluating of daily risk, producing periodic (daily, weekly or monthly) risk management reports and submitting them to management, and developing or assisting the exploitation and maintenance of risk management information system.

Legal affair department's functions and responsibilities are providing legal consultations, drafting, reviewing and taking custody of major contracts and monitoring litigation and non-litigation cases.

Legal compliance department's functions and responsibilities are conveying laws, providing legal consultation, negotiating and facilitating communications. It is also responsible to make sure that all operations and management guidelines are updated accordingly as related regulations are amended. It also supervises as all units conduct an overview of the feasibility of legal compliance.

Fund dispatching department is responsible for KGI Securities' dispatching and usage of capital, setting up and maintaining finance credits with financial institution, lowering capital costs and managing liquidity risks.

Internal audit department's function and responsibilities are auditing execution of regulations and business operations, proposing amendments in time, and tracing improving progresses after reporting defects and anomalies to the board of directors.

Finance department, settlement department, information department and other related department should understand the risk facing in its industry thoroughly on the basis of risk management related regulations, take necessary risk control measures into consideration while setting up operating management guidelines to assist in completing the whole cooperation's various risk management tasks, and monitor transaction processes regarding valuation, confirmation of price information, preparation of income statement, processing and confirming of transaction, settling, verifying of accounts, asset control, information safety and maintenance of information.

3) Risk management system

KGI Securities has planned proper risk management system regarding market risk, credit risk, operating risk, liquidity risk, legal risk and other risks related to the operation of company as a basis of following risk management procedures.

The risk management policies, various risk management standards and operation of merchandise guidelines are established by competent unit. The competent unit makes a draft and asks the related department for advices and opinions, and it will be conducted following the Corporation's established guidelines and related standards.

4) Risk management mechanism

The process of various risk managements include risk identification, risk measurement, risk monitoring and control and risk reports. The evaluation and strategies of important risk are explained as follows:

a) Market risk

KGI Securities restricts the risk level to which it is exposed to an acceptable level through structuring risk management system, enacting market risk management policies, and formulating merchandise operation guidelines. It also restraint risk through allocating venture capital, subject to management strategies and risk appetite, setting various risk-based limits, and conducting risk monitoring on a daily basis.

KGI Securities implemented the MSCI Risk Manager, a market risk management system, as a quantitative management instrument. The system integrates all holding positions and provides in a daily basis various analyzing metrics and comprehensive computation results, including equity risk, interest rate risk, exchange rate risk, etc., as well as adjustment and application of diverse derivatives models. Also, the risk management department controls risk-based limits by business units on a daily basis to enforce risk appetite management.

To establish efficacy of estimation at risk (VaR) model, risk management department conducts back testing periodically. Additionally, it builds various scenarios for stress testing and scenario analysis, to help the management understand the risk tolerance level of KGI Securities.

b) Credit risk

KGI Securities sets proper credit limits by considering KGI Securities' net value, risk measurement and concentration of risk, and by taking into account the credit rating of issuers or counterparties, the features of transactions, and the characters of instruments, etc. KGI Securities would periodically inspect the credit records of counterparties, holding positions, and collaterals, then report the use of various credit risk limits to key management as well as related departments.

The risk management department applies for credit risk capital toward Board of Directors annually. Establish proper credit risk expected loss limitation amount relating to the firms. Also, set different pre-settlement risk (PSR) limitation amount base on countries, same groups, high-risk industries/groups, etc. Also, routinely examine KGI Securities' credit risk exposure, credit risk change of issuers or counterparties, and the use of various credit risk limitation amount to enforce management of capital allocation.

c) Liquidity risk

The liquidity risk could be divided into two categories: Market liquidity risk and fund liquidity risk. The measurement of market liquidity risk is the trading volume of holding position of KGI Securities and serves as the basis of information disclosure. The fund liquidity risk management has established independent fund transfer unit, considering the timing and net cash flow of need by various departments, to effectively control the fund liquidity risk.

The fund transfer unit routinely examines relative financial ratio to ensure the liquidity of assets and liabilities. Also, KGI Securities established fund-flow simulation analysis mechanism according to the anticipation of the future cash need and the fund transferring ability of KGI Securities made by fund transfer unit. The unit would also set proper fund safety inventory and emergency response measure to fulfill the future probable fund need.

d) Operating risk and other risks

All units conduct operation risk management respectively by their own business. This management contains authorization related to operation risk, process, operation content, plan following the division of front and back desk operation and principle of segregation of duties. Operation risk controls include information security and maintenance, clearing, trade confirmation, statements preparation, segregation of duties, relating party trade control as well as the internal control, etc.

Each business unit is responsible for examining and controlling its own operation risk. In addition to the compliance of law and regulation, the internal audit department would implement examination by the regulation and procedure of internal control system to ensure the effectiveness of risk management.

5) Risk hedge and mitigation strategy

KGI Securities had decided regulations to manage to engage in hedging and risk mitigation measures in all operations based on KGI Securities' capital scale and risk tolerance. Such measures include: Risk acceptance, risk adverse, risk transfer and risk control. Reasonable risk avoidance mechanisms can effectively limit a company's risk within a pre-approved range. The actual execution of hedge, depending on the market dynamics, business strategies, product characteristics and risk management regulations, utilizes previously approved financial instruments to adjust the risk structure and risk level of the total exposure to an acceptable level.

<u>CDIB Capital Group and subsidiaries</u>

CDIB Capital Group has established its risk management policies, which combine business management and risk management to form a corporate culture and business strategies that place a fundamental importance on risk management. The results of quantified and qualified risk management measures serve as a reference for formulating business strategies. The board of directors has approved the documentation of both overall and specific risk management policies.

CDIB Capital Group has established the risk management committee and unit supervising the implementation of risk management policies, inspecting risk control reports and dealing with related issues. CDIB Capital Group also has an operating risk committee and a risk management department to plan and manage the risk management system and provide related information to the management and the board of directors.

<u>China Life Insurance</u>

China Life Insurance's financial risk management objectives are primarily managing risks arising from holding financial assets. According to China Life Insurance's risk management policies, the main financial risks is market risk, credit risk and liquidity risk. China Life Insurance has established guidelines related to the management of the financial risk. The following is the definition, source, management procedures of the risk and methods used to measure the risk.

b. Credit risk

<u>KGI Bank and subsidiaries</u>

1) Definition and source of credit risk

Credit risk is the risk of financial loss to KGI Bank if a creditor or counterparty fails to meet its contractual obligations or has negative changes in its credit quality. Credit risk management covers all operating activities that involve credit risk, including loans, call loans to banks, banking book securities investment, financial derivatives, repurchase agreement transactions and other operating activities.

2) Credit risk management policy

KGI Bank has standard control procedures for credit risk identification, measurement, and generation of disclosures and reports to be used for a rational identification, measurement, disclosure, and effective control of credit risk. These procedures include applying standard screening criteria for target clients, credit investigations for credit approval or rejection, careful deliberation of applications for certain exceptions, credit review, management of non-performing loans and requests, and control over all related documents and information. KGI Bank also adjusts the credit risk structure accordingly so that credit portfolios are within KGI Bank's risk appetite. Further, KGI Bank assesses the changes in the economy to adjust risk structure and develops strategies in response to these changes to alleviate shareholders' value and ensure the risk is bearable.

Based on the risk management policies, the management process is carried out as follows:

a) Credit investigation

In screening target clients, KGI Bank asks for all the necessary documents from the clients in order to get an accurate understanding of their backgrounds accurately and control credit portfolios within the acceptable range.

b) Credit approval

Cases that have passed the credit investigation are reviewed by the credit authority of each level. The credit authorities approve credits in accordance with KGI Bank's credit limit structure and authorization policies. KGI Bank's credit approval structure and policies are based not only on the Banking Act and other government rules for credit extended to the same person or affiliated enterprises/groups, industry and country, but also on the professionalism of KGI Bank's credit authorities and the quality of asset control. The amounts of credit authorized are reviewed by the credit authorities occasionally.

c) Post-lending loan review

The corporate banking segment of KGI Bank tracks the borrowers' financial and business conditions, generates risk assessment reports on credit asset portfolios regularly, operates a risk warning system and adjusts business development strategies as needed to cope with economic conditions and changes in asset quality through the use of an account management scheme and a regular-reassessment system. For delinquent loans, KGI Bank uses the concentration management method, together with information systems and analysis models, to conduct regular loan reviews for the enhanced management of overdue loans and expedite the collection of nonperforming loans.

d) Risk report and information disclosures

The risk management department is responsible for measuring risk, preparing quarterly risk report, including all risk management index and risk capital requirement assessment and reporting to risk management committee and board of directors.

3) Mitigation of risks or hedging of credit risk

Considering the asset hedge market and liquidity, KGI Bank takes the necessary risk reduction strategies, mainly on loan objects and hedge transactions involving assets with doubtful collectability or a long period of duration, including methods for increasing appropriate collaterals with good liquidity, or transferring to credit guarantee institutions such as the Small and Medium Credit Guarantee Fund to maximize the collateral. For determining the value of foreclosed collaterals, liquid securities will be evaluated at their market value; other collaterals will be subject to field surveys by appraisal firms for their fair value assessment, which will be used as a basis for demanding additional collaterals or adjusting the credit amount to ensure that risks are within KGI Bank's tolerance range.

If clients are found to have bad credit features, KGI Bank will strengthen the monitoring of the credit of borrower and guarantor and take measures, such as demanding an early repayment or additional collateral in mitigating KGI Bank's credit risk. In addition, KGI Bank sets different credit limits for counterparties involved in derivative transactions and enters into collateral support agreements with counterparties to ensure that risks are under control.

4) Maximum exposure to credit risk

Without taking into account irrevocable collateral or other credit enhancements and maximum exposure of unused amount for unused revolving credit without credit card and cash card, the maximum exposure to credit risk from on-balance sheet financial assets was equal to their carrying values; the maximum exposure of credit risk from off-balance sheet financial instruments was as follows:

	March 31, 2021	December 31, 2020	March 31, 2020
Irrevocable loan commitments, guarantees and letters of credit	$ 54,144,009	$ 47,779,337	$ 45,426,160

KGI Bank believes that stringent selection processes and conducting regular review afterwards are the reasons why they can continuously control and minimize the credit risk exposure from their off-balance sheet items.

KGI Bank and subsidiaries' book values of maximum exposure credit risk for major credit assets were as follows:

	Discounts and Loans					
	March 31, 2021					
			Stage 3			
	Stage 1 12-month Expected Credit Losses	Stage 2 Lifetime Expected Credit Losses	Lifetime Expected Credit Losses	Purchased or Originated Credit-impaired Financial Asset	The Adjustment under the Recognition/ Discount	Total
Short-term loans	$ 52,812,048	$ 768,194	$ 703,874	$ -		$ 54,284,116
Short-term secured loans	24,330,084	-	-	-		24,330,084
Medium-term loans	136,562,713	118,840	202,340	-		136,883,893
Medium-term secured loans	78,290,719	98,543	41,481	-		78,430,743
Long-term loans	3,191,187	406,216	688,233	-		4,285,636
Long-term secured loans	81,300,781	108,952	139,870	-		81,549,603
Loans reclassified to nonperforming loans	-	-	415,846	-		415,846
Export negotiations	164,481	-	-	-		164,481
Total book values	376,652,013	1,500,745	2,191,644	-		380,344,402
Impairment allowance	(837,015)	(108,796)	(476,909)	-		(1,422,720)
Impairment recognized in accordance with Regulation Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans					$ (3,564,863)	(3,564,863)
Adjusting for discounts and loans premium					(56,353)	(56,353)
	$ 375,814,998	$ 1,391,949	$ 1,714,735	$ -	$ (3,621,216)	$ 375,300,466

	Receivables					
	March 31, 2021					
			Stage 3			
	Stage 1 12-month Expected Credit Losses	Stage 2 Lifetime Expected Credit Losses	Lifetime Expected Credit Losses	Purchased or Originated Credit-impaired Financial Asset	The Adjustment under the Regulation	Total
Credit card business	$ 2,705,795	$ 195,114	$ 113,697	$ -		$ 3,014,606
Accounts receivable - forfaiting	10,584,251	-	-	-		10,584,251
Accounts receivable factoring without recourse	7,747,727	58	126	-		7,747,911
Acceptances	29,487	-	-	-		29,487
Installment accounts and lease receivables	4,292,863	37,231	43,886	-		4,373,980
Total book value	25,360,123	232,403	157,709	-		25,750,235
Impairment allowance	(41,543)	(35,028)	(36,700)	-		(113,271)
Impairment recognized in accordance with Regulation Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans					$ (240,076)	(240,076)
	$ 25,318,580	$ 197,375	$ 121,009	$ -	$ (240,076)	$ 25,396,888

	Discounts and Loans					
	December 31, 2020					
			Stage 3			
	Stage 1 12-month Expected Credit Losses	Stage 2 Lifetime Expected Credit Losses	Lifetime Expected Credit Losses	Purchased or Originated Credit-impaired Financial Asset	The Adjustment under the Recognition/ Discount	Total
Short-term loans	$ 51,110,442	$ 775,661	$ 729,271	$ -		$ 52,615,374
Short-term secured loans	24,309,759	-	-	-		24,309,759
Medium-term loans	138,150,895	80,341	232,144	-		138,463,380
Medium-term secured loans	79,714,804	93,173	39,506	-		79,847,483
Long-term loans	3,179,546	376,312	693,444	-		4,249,302
Long-term secured loans	79,745,643	100,710	143,392	-		79,989,745
Loans reclassified to nonperforming loans	-	-	465,508	-		465,508
Export negotiations	14,513	-	-	-		14,513
Total book values	376,225,602	1,426,197	2,303,265	-		379,955,064
Impairment allowance	(1,213,597)	(89,205)	(557,519)	-		(1,860,321)
Impairment recognized in accordance with Regulation Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans					$ (3,135,568)	(3,135,568)
Adjusting for discounts and loans premium					(72,032)	(72,032)
	$ 375,012,005	$ 1,336,992	$ 1,745,746	$ -	$ (3,207,600)	$ 374,887,143

	Receivables					
	December 31, 2020					
			Stage 3			
	Stage 1 12-month Expected Credit Losses	Stage 2 Lifetime Expected Credit Losses	Lifetime Expected Credit Losses	Purchased or Originated Credit-impaired Financial Asset	The Adjustment under the Regulation	Total
Credit card business	$ 2,848,800	$ 188,513	$ 116,043	$ -		$ 3,153,356
Accounts receivable - forfaiting	11,629,327	-	-	-		11,629,327
Accounts receivable factoring without recourse	7,566,529	84	156	-		7,566,769
Acceptances	40,566	-	-	-		40,566
Installment accounts and lease receivables	4,145,805	45,259	50,064	-		4,241,128
Total book value	26,231,027	233,856	166,263	-		26,631,146
Impairment allowance	(51,520)	(38,707)	(38,459)	-		(128,686)
Impairment recognized in accordance with Regulation Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans					$ (238,935)	(238,935)
	$ 26,179,507	$ 195,149	$ 127,804	$ -	$ (238,935)	$ 26,263,525

	Discounts and Loans					
	March 31, 2020					
			Stage 3			
	Stage 1 12-month Expected Credit Losses	Stage 2 Lifetime Expected Credit Losses	Lifetime Expected Credit Losses	Purchased or Originated Credit-impaired Financial Asset	The Adjustment under the Recognition/ Discount	Total
Short-term loans	$ 55,538,746	$ 830,528	$ 722,843	$ -		$ 57,092,117
Short-term secured loans	22,527,561	24	-	-		22,527,585
Medium-term loans	139,531,973	118,925	268,714	-		139,919,612
Medium-term secured loans	66,699,861	98,987	44,887	-		66,843,735
Long-term loans	1,707,995	307,751	629,285	-		2,645,031
Long-term secured loans	71,398,369	233,330	170,310	-		71,802,009
Loans reclassified to nonperforming loans	-	-	447,479	-		447,479
Export negotiations	74,239	-	-	-		74,239
Total book values	357,478,744	1,589,545	2,283,518	-		361,351,807
Impairment allowance	(990,456)	(86,615)	(581,859)	-		(1,658,930)
Impairment recognized in accordance with Regulation Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans					$ (2,935,971)	(2,935,971)
Adjusting for discounts and loans premium					(98,738)	(98,738)
	$ 356,488,288	$ 1,502,930	$ 1,701,659	$ -	$ (3,034,709)	$ 356,658,168

	Receivables					
	March 31, 2020					
			Stage 3			
	Stage 1 12-month Expected Credit Losses	Stage 2 Lifetime Expected Credit Losses	Lifetime Expected Credit Losses	Purchased or Originated Credit-impaired Financial Asset	The Adjustment under the Regulation	Total
Credit card business	$ 2,503,299	$ 195,446	$ 105,125	$ -		$ 2,803,870
Accounts receivable - forfaiting	4,525,574	-	-	-		4,525,574
Accounts receivable factoring without recourse	6,897,257	103	202	-		6,897,562
Acceptances	15,635	-	-	-		15,635
Installment accounts and lease receivables	3,709,986	57,472	59,269	-		3,826,727
Total book value	17,651,751	253,021	164,596	-		18,069,368
Impairment allowance	(42,126)	(39,768)	(53,246)	-		(135,140)
Impairment recognized in accordance with Regulation Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans					$ (133,627)	(133,627)
	$ 17,609,625	$ 213,253	$ 111,350	$ -	$ (133,627)	$ 17,800,601

Maximum exposures to credit risk of financial instrument not applicable to impairment were as follows:

	March 31, 2021	December 31, 2020	March 31, 2020
Financial assets at FVTPL			
Debt instrument	$ 15,060,733	$ 15,455,943	$ 30,931,762
Derivatives instruments	37,181,472	55,505,884	73,417,277

5) Collaterals and credit enhancement

KGI Bank and its subsidiaries' pledged collaterals associated with credit include discounts, loans and receivables which contain real estate, properties (e.g.: Machinery), rights certificates and securities (e.g.: Certificates of deposit, stocks), notes receivable arose from borrowing of business transactions, deposits guaranteed by authorities of treasury department of government, banks or guarantee institutions authorized by government (e.g.: SME credit guarantee fund and letter of credit guaranteed) and mortgages set in accordance with the laws including registration of land rights. Financial assets held by KGI Bank are part of corporate bonds guaranteed by financial institutions as credit enhancement.

KGI Bank and its subsidiaries observe collateral's value of financial instrument closely, and consider recognizing impairment for financial assets with credit impairment. KGI Bank and its subsidiaries' financial assets with impairment, and collateral's values for mitigation of potential losses were as follows:

March 31, 2021

	Total Book Value	Credit Impairment	Amount of Risk Exposure (Amortized Cost)	Collaterals Value
Impaired asset:				
Accounts receivable				
Credit card business	$ 113,697	$ 24,574	$ 89,123	$ -
Accounts receivable factoring	126	11	115	-
Installment receivables and lease receivables	43,886	12,115	31,771	-
Discounts and loans	2,191,644	476,909	1,714,735	250,420
Total amount of impaired asset	$ 2,349,353	$ 513,609	$ 1,835,744	$ 250,420

December 31, 2020

	Total Book Value	Credit Impairment	Amount of Risk Exposure (Amortized Cost)	Collaterals Value
Impaired asset:				
Accounts receivable				
Credit card business	$ 116,043	$ 23,915	$ 92,128	$ -
Accounts receivable factoring	156	19	137	-
Installment receivables and lease receivables	50,064	14,525	35,539	-
Discounts and loans	2,303,265	557,519	1,745,746	294,447
Total amount of impaired asset	$ 2,469,528	$ 595,978	$ 1,873,550	$ 294,447

March 31, 2020

	Total Book Value	Credit Impairment	Amount of Risk Exposure (Amortized Cost)	Collaterals Value
Impaired asset:				
Accounts receivable				
Credit card business	$ 105,125	$ 26,447	$ 78,678	$ -
Accounts receivable factoring	202	18	184	-
Installment receivables and lease receivables	59,269	26,781	32,488	-
Discounts and loans	2,283,518	581,859	1,701,659	336,736
Total amount of impaired asset	$ 2,448,114	$ 635,105	$ 1,813,009	$ 336,736

The amount the of KGI Bank and its subsidiaries' financial assets which has been written off and still has recourse activities of outstanding contract amount is $124,004 thousand and $134,177 thousand for the three months ended March 31, 2021 and 2020.

6) Concentrations of credit risk

Concentrations of credit risk arise when there is only one counterparty, or when there is a number of more than one counterparties or exposure but they have comparable economic characteristics, or when such counterparties are engaged in similar activities, or operate in the same geographical areas or industry sectors, so that their collective ability to meet contractual obligations is uniformly affected by changes in economic or other conditions.

Credit risk concentration can arise in a bank's assets, liabilities, or off-balance sheet items through the execution or processing of transactions (either product or service), or through a combination of exposures across these broad categories. It includes credits, due from and call loans to banks, investments, receivables and derivatives. To manage credit risk concentration, KGI Bank maintains a diversified portfolio and monitors its exposure continually. KGI Bank's most significant concentrations of credit risk are summarized as follows:

a) By object

Object	March 31, 2021		December 31, 2020		March 31, 2020	
	Amount	%	Amount	%	Amount	%
Public and private enterprise	$ 239,846,722	63.06	$ 241,786,303	63.63	$ 234,739,526	64.96
Natural person	140,309,680	36.89	137,870,761	36.29	126,284,809	34.95
Non-profit organization	188,000	0.05	298,000	0.08	327,472	0.09
Total	$ 380,344,402	100.00	$ 379,955,064	100.00	$ 361,351,807	100.00

b) By region

Region	March 31, 2021		December 31, 2020		March 31, 2020	
	Amount	%	Amount	%	Amount	%
Domestic	$ 289,330,910	76.07	$ 286,780,864	75.48	$ 268,901,971	74.42
Overseas	91,013,492	23.93	93,174,200	24.52	92,449,836	25.58
Total	$ 380,344,402	100.00	$ 379,955,064	100.00	$ 361,351,807	100.00

c) By collateral

Collateral	March 31, 2021		December 31, 2020		March 31, 2020	
	Amount	%	Amount	%	Amount	%
Non-collateral	$ 195,966,483	51.52	$ 195,700,835	51.51	$ 200,066,591	55.37
Collateral						
Property	152,737,882	40.16	152,150,748	40.04	129,890,791	35.94
Guarantee	17,521,461	4.61	17,858,658	4.70	16,218,650	4.49
Financial collateral	7,104,813	1.87	7,558,580	1.99	7,392,518	2.05
Other	7,013,763	1.84	6,686,243	1.76	7,783,257	2.15
Total	$ 380,344,402	100.00	$ 379,955,064	100.00	$ 361,351,807	100.00

7) Management of foreclosed collateral

Foreclosed collaterals are recorded at cost, using lower-at-cost or market approach as of the balance sheet date. If collaterals were not disposed of within the statutory period, KGI Bank should apply for an extension of the disposal period and increase its provision for possible losses, if necessary.

	March 31, 2021	December 31, 2020	March 31, 2020
Management of foreclosed collateral	$ 588,985	$ 588,985	$ 588,985
Accumulated impairment	(588,985)	(588,985)	(588,985)
	$ -	$ -	$ -

Foreclosed collateral will be sold when it is actually available for sale. The foreclosed collateral is classified as other assets in balance sheet. The difference amount between the disposition price and the book value is recognized as net other noninterest profit and gain.

8) Disclosures required in the Regulations Governing the Preparation of Financial Reports by Public Banks

a) Asset quality of nonperforming loan and overdue credits

Item			March 31, 2021				
			Nonperforming Loan (NPL) (Note 1)	Total Loans	NPL Ratio (Note 2)	Loan Loss Reserves (LLR)	Coverage Ratio (Note 3)
Corporate loan	Secured		$ 53,193	$ 91,366,873	0.06%	$ 1,161,561	2,183.66%
	Unsecured		162,851	158,637,508	0.10%	1,878,962	1,153.80%
Consumer loan	Mortgage (Note 4)		12,515	66,171,873	0.02%	993,697	7,940.32%
	Cash card		89,861	12,099,539	0.74%	271,116	301.71%
	Micro credit (Note 5)		233,423	25,151,054	0.93%	394,687	169.09%
	Other (Note 6)	Secured	17,193	26,839,173	0.06%	286,752	1,667.80%
		Unsecured	-	78,382	-	808	-
Total			569,036	380,344,402	0.15%	4,987,583	876.50%
			Overdue Receivable	Account Receivable	Delinquency Ratio	Allowance for Credit Losses	Coverage Ratio
Credit card			21,016	3,014,606	0.70%	58,282	277.32%
Account receivable - factored without recourse (Note 7)			38	7,747,911	0.00%	94,434	247,313.09%

Item			March 31, 2020				
			Nonperforming Loan (NPL) (Note 1)	Total Loans	NPL Ratio (Note 2)	Loan Loss Reserves (LLR)	Coverage Ratio (Note 3)
Corporate loan	Secured		$ 101,264	$ 78,863,071	0.13%	$ 961,091	949.09%
	Unsecured		140,692	162,338,323	0.09%	1,838,189	1,306.53%
Consumer loan	Mortgage (Note 4)		23,299	56,471,940	0.04%	849,105	3,644.39%
	Cash card		122,889	13,133,646	0.94%	305,855	248.89%
	Micro credit (Note 5)		216,716	24,573,715	0.88%	365,042	168.44%
	Other (Note 6)	Secured	13,934	25,950,205	0.05%	275,372	1,976.20%
		Unsecured	-	20,907	-	247	-
Total			618,794	361,351,807	0.17%	4,594,901	742.56%
			Overdue Receivable	Account Receivable	Delinquency Ratio	Allowance for Credit Losses	Coverage Ratio
Credit card			23,328	2,803,870	0.83%	61,296	262.76%
Account receivable - factored without recourse (Note 7)			56	6,897,562	0.00%	87,167	156,114.45%

Note 1: Non-performing loans are reported in accordance with the “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans” issued by Ministry of Finance. Overdue credit card receivables are regulated by Order No. 0944000378 announced by the FSC on July 6, 2005.

Note 2: NPL ratio = NPL/Total loans. For credit card business: Delinquency ratio = Overdue credit card receivables/Credit card receivables balance.

Note 3: Coverage ratio = LLR/NPL. Coverage ratio of credit receivables: Allowance for credit losses/Overdue credit card receivables.

Note 4: Household mortgage refers to financing obtained to buy, build, or fix houses owned by the borrower or the borrower’s spouse or children, with the house used as loan collateral.

Note 5: Micro credit is covered by a Banking Bureau pronouncement dated December 19, 2005 (Order No. 09440010950) and is excluded from credit card and cash card loans.

Note 6: “Others” under consumer loans refers to secured or unsecured loans other than mortgage loans, cash cards, micro credit, and it does not include credit cards.

Note 7: As required by the Banking Bureau in its letter dated July 19, 2005 (Order No. 0945000494), allowance for bad debt is recognized once no compensation is made by a factor or insurance company within three months for accounts receivable - factoring without recourse.

b) Exemption of KGI Bank’s nonperforming loans and overdue receivables

Items	March 31, 2021		March 31, 2020	
	Discounts and Loans	Accounts Receivable	Discounts and Loans	Accounts Receivable
Amounts of executed contracts on negotiated debts not reported (Note 1)	$ 5,407	$ 80	$ 7,866	$ 94
Amounts of executed debt settlement program and rehabilitation program not reported (Note 2)	58,229	6,368	52,985	6,331
Total	$ 63,636	$ 6,448	$ 60,851	$ 6,425

Note 1: The disclosure of excluded NPLs and excluded overdue receivables resulting from debt negotiations and loan agreements is based on the Banking Bureau letter dated April 25, 2006 (Order No. 09510001270).

Note 2: The disclosure of excluded NPLs and excluded overdue receivables resulting from consumer debt clearance is based on the Banking Bureau letters dated September 15, 2008 (Order No. 09700318940) and dated September 20, 2016 (Order No. 10500134790).

c) Concentration of KGI Bank's credit extensions

March 31, 2021

(In Thousands of New Taiwan Dollars, %)

Top 10 Ranking	Group (Industry Category)	Total Credit	Percentage of Net Worth
1	A Group - Real estate development activities	$ 6,925,000	10.35
2	B Group - Activities of other holding companies	6,049,317	9.04
3	C Group - Renting and leasing other machinery and equipment	5,761,731	8.61
4	D Group - Activities of other holding companies	5,518,950	8.25
5	E Group - Manufacture of liquid crystal panel and components	5,240,092	7.83
6	F Group - Manufacture of electronic passive devices	5,155,980	7.71
7	G Group - Real estate activities for sale and rental	4,464,618	6.67
8	H Group - Air transport	3,838,558	5.74
9	I Group - Iron and steel smelting	3,825,464	5.72
10	J Group - Department Stores	3,741,177	5.59

March 31, 2020

(In Thousands of New Taiwan Dollars, %)

Top 10 Ranking	Group (Industry Category)	Total Credit	Percentage of Net Worth
1	K Group - Real estate activities for sale and rental	$ 8,079,714	13.39
2	B Group - Activities of other holding companies	6,890,396	11.42
3	J Group - Manmade fiber manufacturing	6,719,924	11.13
4	E Group - Manufacture of liquid crystal panel and components	4,961,489	8.22
5	A Group - Real estate development activities	4,920,000	8.15
6	F Group - Electric wires and cables manufacturing	4,710,002	7.80
7	G Group - Real estate activities for sale and rental	4,672,590	7.74
8	I Group - Iron and steel smelting	4,343,257	7.20
9	D Group - Packaging and testing of semi-conductors	3,982,302	6.60
10	L Group - Manufacture of monitors and terminals	3,647,397	6.04

9) Judgements of a significant increase in credit risk since initial recognition

Credit business

KGI Bank assesses changes in credit quality during the expected lifetime of various types of credit assets on each reporting date to determine if there has been a significant increase in credit risk since the initial recognition, primarily consideration of indicators and supporting information (including prospective information) were as the follows:

a) Quantitative index

When the contractual payments are overdue for more than 30 days, the credit risk of the credit assets are considered to be significantly increased since the initial recognition.

b) Qualitative index

i. Changes in the current or predicted operating, financial, or economic conditions that are expected to cause a significant change in the ability of the borrower to perform its obligations.

ii. Actual or expected significant changes in borrower's operating results.

iii. The credit risk of other credit contracts of the same borrower has increased significantly.

iv. Individual credit assets, if the client did not suffer from financial difficulties at the time of the agreement can be included after assessment.

For the various types of credit assets of KGI Bank which are not be regarded as low credit risk, it can be assumed that the credit risk of such assets has not increased significantly since the initial recognition.

10) Definition of default and impaired credit of financial assets

The definition of default of the financial assets of the KGI Bank is the same as that of the impaired credit assets. If one or more of the following conditions are met, KGI Bank determines that the credit asset has defaulted and the credit is impaired:

a) Quantitative index

i. When the borrower's overdue payment of the contract is more than 90 days.

ii. Changes in external rating of guarantor or issuer of the notes or bonds.

b) Qualitative index

If there is evidence that the borrower will be unable to settle the loan, or has significant financial difficulties, such as:

i. Borrower has been bankrupt or may file a petition for bankruptcy or financial restructuring.

ii. Borrower's loan contract has been reclassified to nonperforming loans or has been written off as bad debts by the KGI Bank.

iii. Due to financial or contractual reasons related to the financial difficulties of the borrower, the creditor of the borrower gives the borrower concessions that would not have been considered or agreed (agreements).

iv. For cases involving the sale of non-performing loans and suits.

v. Payment by the bank to fulfill off-balance sheet financial contracts (e.g., guarantee advances).

The aforementioned definition of default and credit impairment applied to the credit assets held by KGI Bank is consistent with the definition of credit assets used for internal credit risk management purposes, and the relevant impairment assessment model is used.

The credit asset will be restore to the state of compliance and is not considered a credit impaired credit assets in default if it no longer meets the definition of default and credit impairment.

A debt instrument investor may also be deemed to have a credit impairment on the financial asset if the rating of the bond guarantor or issuer's rating deteriorates significantly, for example, from an investment grade to a junk bond rating, or if one or more of the following conditions are met:

i. The guarantor or issuer cannot repay the principal or interest on the maturity date of the bond.

ii. Before the maturity of the note or bond, it can be objectively determined that the bond guarantor or issuer may not be able to repay the principal and interest of the bond on time.

iii. Before the maturity of the note or bond, the bond guarantor or issuer is in bankruptcy or in reorganization or taken over due to financial difficulties.

iv. Before the maturity of the note or bond, the bond guarantor or issuer closes down or is in the process of perform other financial restructuring.

11) Write-off policy

The KGI Bank shall write off bad debts for non-performing loans and overdue receivables that meet one of the following requirements:

a) When reaching the criteria of write-off of the regulation.

b) There is a need to expedite the reduction of non-performing loans or for certain businesses that needs to comply with the requirements of the governing authorities.

c) Written off by the governing authorities or the financial inspection authorities.

d) If it is difficult to dispose of the collateral or it may take a long time to recover the loan, the creditor’s balance shall be written of within the period which specified in a).

e) Obtaining the documentary evidence or supporting documents with the assessments that it is not possible to recover the loan.

12) Amendment of contract cash flows of financial assets

KGI Bank may amend the contract cash flows of financial assets as a result of financial difficulties of borrowers, improvement of problematic debtors’ recovery rate or maintenance customer relationships. The contract amendments to cash flows amendment include the extension of the contract period, interest payment time modification, contract interest modification, or exemption of part of the debts.

13) Measurement of expected credit losses

For the purpose of measuring expected credit losses, KGI Bank divides credit assets into the following groups; for corporate banking, they are grouped according to scale, while for consumer banking, they are grouped according to product characteristics.

Business	Combination	Definition
Corporate banking	Large enterprises + Stage 1	Credit risk has not increased significantly.
	Small and medium enterprises + Stage 1	
	Large enterprises + Stage 2	Credit risk has increased significantly.
	Small and medium enterprises + Stage 2	
	Large enterprises + Stage 3	Credit impaired.
	Small and medium enterprises + Stage 3	
Consumer banking	Product + Stage 1	Credit risk has not increased significantly.
	Product + Stage 2	Credit risk has increased significantly.
	Product + Stage 3	Credit impaired.

KGI Bank measures the allowance loss for financial instruments that did not have a significant increase in credit risk since initial recognition based on the 12-month expected credit loss model l for financial instruments that had a significant increase in credit risk or are credit impaired since initial recognition, lifetime expected credit losses are applied.

To measure the expected credit losses, KGI Bank takes into account the borrower's probability of default ("PD") for the next 12 months and the period of existence, and include the loss given default ("LGD"). Multiply by the Exposure at default ("EAD") and taking into account the impact of the time value of money, the expected credit losses for 12 months and duration are calculated.

Probability of default is the probability of default of a borrower or counterparty over a period of time; the loss given default refers to the probability of loss of the borrower or counterparty due to inability to recover the debt at the end of the reminder procedures. The probability of default and loss given default are used in the impairment assessment of KGI Bank credit business are based on internal historical information (such as credit loss experience, etc.) of each group, and adjust the history data based on the current observable data and forward-looking general economic information (such as GDP and employment rate, etc.) which are used to calculate the probability of default on expected losses.

The exposure at default mean that KGI Bank can claim compensation for the book value held by borrowers (or the counterparty) after borrowers have defaulted. KGI Bank's exposure at default has taken into account the amount of credits that have been used and the amounts that may be used in the future for the exposure at default amount. The amount of credits is used as an assessment of exposure at default of on balance sheet credits or part of credits that were already used; off-balance sheet or committed credits that are not yet used are based on the corresponding credit conversion factor (CCF) which considered the credits that are expected to be used within 12 months after the reporting date or expected lifetime to calculate exposure at default of expected credit loss.

14) Considerations of forward-looking information

KGI Bank incorporates forward-looking information when measuring expected credit losses on loans and receivables. Based on the business characteristics, KGI Bank selected the overall indicators that are highly relevant to lending as an adjustment parameter for default probability of lending. Based on the type of business, KGI Bank used different overall indicator. The Corporate banking business takes the economic growth rate (GDP) as an adjustment parameter; the consumer banking business takes employment rate variation as adjustment parameter. KGI Bank will make reference to external information (predicted value of internationally renowned economic forecasting institutions) or group expert assessments to provide forecasting information on economic factors (basic economic conditions) quarterly; it contains the best estimate of the economic situation in the next five years, and for more than five years until the duration of the relevant financial instruments, it assumes a forecast that is equal to the fifth year.

While adjusting credit risk parameter of credit assets, the overall indicators mentioned above, such as GDP, changes of employment rate and basic economic conditions, have been adjusted due to COVID-19.

The measurement of expected credit loss of the Bank’s debt instruments is based an external credit migration matrix method to calculate the Probability of default (PD), which is incorporated in the information of forward-looking factors.

15) Changes of provisions for off-balance-sheet guarantees and commitments

The off-balance-sheet guarantees and commitments provisions for the three months ended March 31, 2021 and 2020 are adjusted as follows:

	Stage 1	Stage 2		Stage 3				
		Lifetime ECL		Lifetime ECL				
	12 Months ECL	Lifetime ECL (Collectively Assessed)	Lifetime ECL (Individually Assessed)	Non-purchased or Originated Credit-impaired Financial Assets	Purchased or Originated Credit-impaired Financial Assets	Impairment in Accordance With IFRS 9	The Adjustments Under Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Nonperforming/ Nonaccrual Loans	Total
Balance at January 1	$ 112,463	$ 371	$ -	$ 874	$ -	$ 113,708	$ 197,565	$ 311,273
Changes due to financial instruments that have been identified at the beginning of the period:								
To lifetime ECL	(15)	15	-	-	-	-		-
From conversion to credit-impaired financial assets	(3)	(3)	-	6	-	-		-
To 12-month ECL	367	(101)	-	(266)	-	-		-
Derecognizing financial assets during the current period	(2,239)	(257)	-	(549)	-	(3,045)		(3,045)
Purchased or originated new financial assets	7,330	5	-	56	-	7,391		7,391
The adjustments under regulations governing the procedures for banking institutions to evaluate assets and deal with nonperforming/nonaccrual loans							39,712	39,712
Write-off	-	-	-	-	-	-		-
Recovery of written-off	-	-	-	-	-	-		-
Effect of exchange rate changes and others	(27,364)	472	-	574	-	(26,318)	-	(26,318)
Balance at March 31, 2021	$ 90,539	$ 502	$ -	$ 695	$ -	$ 91,736	$ 237,727	$ 329,013

KGI Bank and its subsidiaries had no significant change in off-balance-sheet guarantees, and expected credit loss during the duration of the financing commitment for the three months ended March 31, 2021. Net increase of $17,740 thousand change in total book value.

	Stage 1	Stage 2		Stage 3				
		Lifetime ECL		Lifetime ECL				
	12 Months ECL	Lifetime ECL (Collectively Assessed)	Lifetime ECL (Individually Assessed)	Non-purchased or Originated Credit-impaired Financial Assets	Purchased or Originated Credit-impaired Financial Assets	Impairment in Accordance With IFRS 9	The Adjustments Under Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Nonperforming/ Nonaccrual Loans	Total
Balance at January 1	$ 108,889	$ 727	$ -	$ 1,757	$ -	$ 111,373	$ 192,447	$ 303,820
Changes due to financial instruments that have been identified at the beginning of the period:								
To lifetime ECL	(18)	18	-	-	-	-		-
From conversion to credit-impaired financial assets	(5)	(2)	-	7	-	-		-
To 12-month ECL	336	(136)	-	(200)	-	-		-
Derecognizing financial assets during the current period	(4,754)	(169)	-	-	-	(4,923)		(4,923)
Purchased or originated new financial assets	3,399	-	-	193	-	3,592		3,592
The adjustments under regulations governing the procedures for banking institutions to evaluate assets and deal with nonperforming/nonaccrual loans							(16,508)	(16,508)
Write-off	-	-	-	-	-	-		-
Recovery of written-off	-	-	-	-	-	-		-
Effect of exchange rate changes and others	(11,665)	128	-	165	-	(11,372)		(11,372)
Balance at March 31, 2020	$ 96,182	$ 566	$ -	$ 1,922	$ -	$ 98,670	$ 175,939	$ 274,609

KGI Bank and its subsidiaries had no significant change in off-balance-sheet guarantees, and expected credit loss during the duration of the financing commitment for the three months ended March 31, 2020. Net decrease of $29,211 thousand change in total book value.

16) A loss allowance for financial assets measured at amortized cost

As of March 31, 2021, December 31, 2020 and March 31, 2020, there was no significant increase in the credit risk of debt instruments measured at amortized cost of KGI Bank and subsidiaries; therefore, the 12-month expected credit losses were used to assess allowance for loss. As of March 31, 2021, December 31, 2020 and March 31, 2020, loss allowance for debt instruments measured at amortized cost due to the slight adjustment of the portfolio were $41,052 thousand, $36,865 thousand and $30,515 thousand, respectively.

17) Loss allowance for receivables

The reconciliation statement of loss allowance for receivables for the three months ended March 31, 2021 and 2020 of the KGI Bank and subsidiaries were as follows:

	Stage 1	Stage 2		Stage 3				
		Lifetime ECL		Lifetime ECL				
	12 Months ECL	Lifetime ECL (Collectively Assessed)	Lifetime E ECL (Individually Assessed)	Non-purchased or Originated Credit-impaired Financial Assets	Purchased or Originated Credit-impaired Financial Assets	Impairment in Accordance With IFRS 9	The Adjustments Under Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Nonperforming/ Nonaccrual Loans	Total
Balance at January 1	$ 54,052	$ 39,244	$ -	$ 1,098,055	$ -	$ 1,191,351	$ 237,123	$ 1,428,474
Changes due to financial instruments that have been identified at the beginning of the period:								
To lifetime ECL	(83)	2,365	-	(2,282)	-	-		-
From conversion to credit-impaired financial assets	(113)	(1,234)	-	1,347	-	-		-
To 12-month ECL	388	(290)	-	(98)	-	-		-
Derecognizing financial assets during the current period	(11,975)	(3,509)	-	(4,735)	-	(20,219)		(20,219)
Purchased or originated new financial assets	5,968	85	-	20	-	6,073		6,073
The adjustments under regulations governing the procedures for banking institutions to evaluate assets and deal with nonperforming/nonaccrual loans							1,374	1,374
Write-off	-	-	-	(189)	-	(189)		(189)
Recovery of written-off	-	-	-	3,372	-	3,372		3,372
Effect of exchange rate changes and others	(4,673)	(1,036)	-	4,719	-	(990)		(990)
Balance at March 31, 2021	$ 43,564	$ 35,625	$ -	$ 1,100,209	$ -	$ 1,179,398	$ 238,497	$ 1,417,895

	Stage 1	Stage 2		Stage 3				
		Lifetime ECL		Lifetime ECL				
	12 Months ECL	Lifetime ECL (Collectively Assessed)	Lifetime E ECL (Individually Assessed)	Non-purchased or Originated Credit-impaired Financial Assets	Purchased or Originated Credit-impaired Financial Assets	Impairment in Accordance With IFRS 9	The Adjustments Under Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Nonperforming/ Nonaccrual Loans	Total
Balance at January 1	$ 46,283	$ 32,925	$ 1	$ 1,137,187	$ -	$ 1,216,396	$ 151,182	$ 1,367,578
Changes due to financial instruments that have been identified at the beginning of the period:								
To lifetime ECL	(4,187)	5,772	-	(1,585)	-	-		-
From conversion to credit-impaired financial assets	(95)	(1,205)	-	1,300	-	-		-
To 12-month ECL	452	(293)	-	(159)	-	-		-
Derecognizing financial assets during the current period	(4,453)	(208)	-	(1,084)	-	(5,745)		(5,745)
Purchased or originated new financial assets	7,285	97	-	951	-	8,333		8,333
The adjustments under regulations governing the procedures for banking institutions to evaluate assets and deal with nonperforming/nonaccrual loans							(1,236)	(1,236)
Write-off	-	-	-	(5,883)	-	(5,883)		(5,883)
Recovery of written-off	-	-	-	9,729	-	9,729		9,729
Effect of exchange rate changes and others	(675)	3,241	-	(2,323)	-	243		243
Balance at March 31, 2020	$ 44,610	$ 40,329	$ 1	$ 1,138,133	$ -	$ 1,223,073	$ 149,946	$ 1,373,019

Changes in total book values of receivables for the three months ended March 31, 2021 and 2020 of KGI Bank and subsidiaries:

	Stage 1	Stage 2		Stage 3		Total
		Lifetime ECL		Lifetime ECL		
	12 Months ECL	Lifetime ECL (Collectively Assessed)	Lifetime E ECL (Individually Assessed)	Non-purchased or Originated Credit-impaired Financial Assets	Purchased or Originated Credit-impaired Financial Assets	
Balance at January 1	$ 29,977,874	$ 239,811	$ -	$ 1,686,563	$ -	$ 31,094,248
Conversion from individual financial instruments to lifetime ECL	-	-	-	-	-	-
Conversion from individual financial instruments to credit-impaired financial assets	-	-	-	-	-	-
Roll-out individual financial instruments from credit-impaired financial assets	-	-	-	-	-	-
Receivables based on collective assessment	(33,147)	23,147	-	10,000	-	-
Purchased or originated new receivables	3,361,599	905	-	127	-	3,362,631
Write-off	-	-	-	(189)	-	(189)
Derecognition	(2,526,870)	(25,209)	-	(20,703)	-	(2,572,782)
Effect of exchange rate changes and others	(2,715)	-	-	558	-	(2,157)
Balance at March 31, 2021	$ 30,776,741	$ 238,654	$ -	$ 1,676,356	$ -	$ 32,691,751

	Stage 1	Stage 2		Stage 3		Total
		Lifetime ECL		Lifetime ECL		
	12 Months ECL	Lifetime ECL (Collectively Assessed)	Lifetime E ECL (Individually Assessed)	Non-purchased or Originated Credit-impaired Financial Assets	Purchased or Originated Credit-impaired Financial Assets	
Balance at January 1	$ 20,525,328	$ 246,885	$ 6	$ 1,758,759	$ -	$ 22,530,978
Conversion from individual financial instruments to lifetime ECL	-	-	-	-	-	-
Conversion from individual financial instruments to credit-impaired financial assets	-	-	-	-	-	-
Roll-out individual financial instruments from credit-impaired financial assets	-	-	-	-	-	-
Receivables based on collective assessment	(46,840)	30,238	-	16,602	-	-
Purchased or originated new receivables	5,211,509	1,120	-	2,379	-	5,215,008
Write-off	-	-	-	(5,883)	-	(5,883)
Derecognition	(2,626,152)	(18,732)	-	(18,415)	-	(2,663,299)
Effect of exchange rate changes and others	43,029	-	-	8,873	-	51,902
Balance at March 31, 2020	$ 23,106,874	$ 259,511	$ 6	$ 1,762,315	$ -	$ 25,128,706

18) Loss allowance for discounts and loans

The reconciliation statement of allowance for bad debts of discounts and loans for the three months ended March 31, 2021 and 2020 of the KGI Bank and subsidiaries were as follows:

	Stage 1	Stage 2		Stage 3				
		Lifetime ECL		Lifetime ECL				
	12 Months ECL	**Lifetime ECL (Collectively Assessed)**	**Lifetime E ECL (Individually Assessed)**	**Non-purchased or Originated Credit-impaired Financial Assets**	**Purchased or Originated Credit-impaired Financial Assets**	**Impairment in Accordance With IFRS 9**	**The Adjustments Under Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Nonperforming/ Nonaccrual Loans**	**Total**
Balance at January 1	$ 1,213,597	$ 89,205	$ -	$ 557,519	$ -	$ 1,860,321	$ 3,135,568	$ 4,995,889
Changes due to financial instruments that have been identified at the beginning of the period:								
To lifetime ECL	(1,364)	38,949	-	(37,585)	-	-		-
From conversion to credit-impaired financial assets	(1,798)	(13,136)	-	14,934	-	-		-
To 12-month ECL	7,899	(2,307)	-	(5,592)	-	-		-
Derecognizing financial assets during the current period	(161,622)	(3,410)	-	(23,901)	-	(188,933)		(188,933)
Purchased or originated new financial assets	310,233	-	-	5	-	310,328		310,328
The adjustments under regulations governing the procedures for banking institutions to evaluate assets and deal with nonperforming/nonaccrual loans							429,295	429,295
Write-off	-	-	-	(111,664)	-	(111,664)		(111,664)
Recovery of written-off	-	-	-	171,389	-	171,389		171,389
Effect of exchange rate changes and others	(529,930)	(505)	-	(88,196)	-	(618,631)		(618,631)
Balance at March 31, 2021	$ 837,015	$ 108,796	$ -	$ 476,909	$ -	$ 1,422,720	$ 3,564,863	$ 4,987,583

	Stage 1	Stage 2		Stage 3				
		Lifetime ECL		Lifetime ECL				
	12 Months ECL	**Lifetime ECL (Collectively Assessed)**	**Lifetime E ECL (Individually Assessed)**	**Non-purchased or Originated Credit-impaired Financial Assets**	**Purchased or Originated Credit-impaired Financial Assets**	**Impairment in Accordance With IFRS 9**	**The Adjustments Under Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Nonperforming/ Nonaccrual Loans**	**Total**
Balance at January 1	$ 1,450,530	$ 80,266	$ 1,479	$ 597,543	$ -	$ 2,129,818	$ 2,334,800	$ 4,464,618
Changes due to financial instruments that have been identified at the beginning of the period:								
To lifetime ECL	(1,806)	14,263	-	(12,457)	-	-		-
From conversion to credit-impaired financial assets	(1,701)	(14,062)	-	15,763	-	-		-
To 12-month ECL	4,043	(3,208)	-	(835)	-	-		-
Derecognizing financial assets during the current period	(162,175)	(2,906)	-	(11,329)	-	(176,410)		(176,410)
Purchased or originated new financial assets	317,439	78	-	79	-	317,596		317,596
The adjustments under regulations governing the procedures for banking institutions to evaluate assets and deal with nonperforming/nonaccrual loans							601,171	601,171
Write-off	-	-	-	(109,148)	-	(109,148)		(109,148)
Recovery of written-off	-	-	-	206,480	-	206,480		206,480
Effect of exchange rate changes and others	(615,874)	10,685	20	(104,237)	-	(709,406)		(709,406)
Balance at March 31, 2020	$ 990,456	$ 85,116	$ 1,499	$ 581,859	$ -	$ 1,658,930	$ 2,935,971	$ 4,594,901

Changes in total book values of discounts and loans for the three months ended March 31, 2021 and 2020 of the KGI Bank and subsidiaries were as follows:

	Stage 1	Stage 2		Stage 3		Total
		Lifetime ECL		Lifetime ECL		
	12 Months ECL	Lifetime ECL (Collectively Assessed)	Lifetime E ECL (Individually Assessed)	Non-purchased or Originated Credit-impaired Financial Assets	Purchased or Originated Credit-impaired Financial Assets	
Balance at January 1	$ 376,225,602	$ 1,426,197	$ -	$ 2,303,526	$ -	$ 379,955,064
Conversion from individual financial instruments to lifetime ECL	-	-	-	-	-	-
Conversion from individual financial instruments to credit-impaired financial assets	-	-	-	-	-	-
Roll-out individual financial instruments from credit-impaired financial assets	-	-	-	-	-	-
Discounts and loans based on collective assessment	(240,253)	138,588	-	101,665	-	-
Purchased or originated new discounts and loans	139,074,445	-	-	42	-	139,074,487
Write-off	-	-	-	(111,664)	-	(111,664)
Derecognition	(137,701,442)	(64,242)	-	(101,520)	-	(137,867,204)
Effect of exchange rate changes and others	(706,339)	202	-	(144)	-	(706,281)
Balance at March 31, 2021	$ 376,652,013	$ 1,500,745	$ -	$ 2,191,644	$ -	$ 380,344,402

	Stage 1	Stage 2		Stage 3		Total
		Lifetime ECL		Lifetime ECL		
	12 Months ECL	Lifetime ECL (Collectively Assessed)	Lifetime E ECL (Individually Assessed)	Non-purchased or Originated Credit-impaired Financial Assets	Purchased or Originated Credit-impaired Financial Assets	
Balance at January 1	$ 343,057,023	$ 1,350,348	$ 7,225	$ 2,591,502	$ 69,951	$ 347,076,049
Conversion from individual financial instruments to lifetime ECL	-	-	-	-	-	-
Conversion from individual financial instruments to credit-impaired financial assets	-	-	-	-	-	-
Roll-out individual financial instruments from credit-impaired financial assets	-	-	-	-	-	-
Discounts and loans based on collective assessment	(547,631)	349,629	-	198,002	-	-
Purchased or originated new discounts and loans	148,050,082	571	-	429	-	148,051,082
Write-off	-	-	-	(109,148)	-	(109,148)
Derecognition	(133,216,911)	(118,264)	-	(397,891)	(69,951)	(133,803,017)
Effect of exchange rate changes and others	136,181	-	36	624	-	136,841
Balance at March 31, 2020	$ 357,478,744	$ 1,582,284	$ 7,261	$ 2,283,518	$ -	$ 361,351,807

KGI Securities and subsidiaries

Credit risk analysis

1) Source of credit risk

   The credit risks that KGI Securities and subsidiaries are exposed to during financial transactions include issuer's credit risk, and counterparty credit risk.

   a) Issuer's credit risk refers to the risk of financial loss that KGI Securities and subsidiaries face while possessing financial debt instruments when an issuer (or guarantor) or a bank defaults, files for bankruptcy or liquidates assets and in turn cannot honor the stipulations and fulfill the obligation of paying back (or fulfilling a guarantee).

   b) Counterparty credit risk refers to the risk of financial loss that KGI Securities and subsidiaries face when a counterparty in derivative financial instrument transactions or other counterparties do not complete a transaction or fulfill a payment obligation on the appointed date.

2) Credit risk management

   The investment, acquisition of fixed-income securities, other financial assets, and credit risk management of current counterparties are handled in accordance with KGI Securities and subsidiaries' internal control procedures and related regulations, and most of them have reached an external credit rating investment grade or above, so credit risk is very low.

3) Default and credit derogation definition of financial assets

   a) The definition of the credit assets default of the KGI Securities and subsidiaries are the same as that of the impaired credit assets. If there is evidence that the issuer or counterparty will be unable to pay, or has significant financial difficulties, such as:

      i. The issuer or counterparty has been bankrupt or may file a petition for bankruptcy or financial restructuring.

      ii. The contract of the other financial instrument of the issuer or counterparty has been breached.

      iii. The active market for the financial asset disappeared due to the financial difficulties of the issuer or counterparty.

      iv. Purchase or initiate financial assets at a substantial discount that reflects credit losses that have occurred.

   b) The aforementioned definition of default and credit impairment applies to the credit assets held by KGI Securities and subsidiaries is consistent with the definition of credit assets used for internal credit risk management purposes, and is used in the relevant impairment assessment model.

   c) If a credit asset is assessed to no longer meet the definition of default and credit impairment, it should return to the state of compliance, and is no longer considered a credit asset for default and credit impairment.

   d) KGI securities and subsidiaries' financial assets are written-off if they are unable to reasonably expect that financial assets will be recovered (e.g., significant financial difficulties for the issuer or the debtor, or bankrupt).

4) Credit risk statement for financial assets

a) Cash and cash equivalents, other financial assets

KGI Securities and subsidiaries deposits in creditworthy financial institutions and deposits a certain amount of securities in a specific accounts of the financial institution (Custodian Bank) designated by the futures companies. KGI Securities and subsidiaries regularly evaluates the financial, operating and credit risk status of financial institutions and futures companies. The credit risk is under KGI Securities and subsidiaries' control.

b) Financial assets measured at fair value through profit or loss - current

KGI Securities holds the unsecured corporate bonds, convertible (exchangeable) corporate bonds and part of the CB Asset Swap. Issuers of unsecured corporate bonds are listed/OTC companies or financial institutions. Issuers of convertible (exchangeable) corporate bonds are listed/OTC companies in Taiwan and partial of them are secured by bank. In most other holdings, KGI Securities conducts CB asset swap and issues credit linked note to transfer risk and lower the credit risk exposure of it. Therefore, the credit risk of the issuer has been effective control.

c) Financial assets measured at fair value through other comprehensive income (excluding equity instrument investments)

KGI Securities holds mainly the medium and long-term bond investment position. KGI Securities pays attention to the credit rating of each investment and the financial status of the issuer (or guarantee institution) in order to minimize credit risk.

d) Bonds purchased under resell agreements

The counterparties with bonds purchased under resell agreements are mainly creditworthy financial institutions and companies. Because KGI Securities holds bonds purchased under resell agreements as collateral, it can effectively reduce underlying exposure the counterparty's credit risk.

e) Receivables

Receivables mainly include margin loans receivable, trading securities receivable, futures trading margin receivable and accounts receivable, etc. The main credit risk is receivable on margin loans and trading securities receivable of credit trading customers. KGI Securities and subsidiaries closely monitor market fluctuations and counterparties credit history, and enforce related control measures to minimize the credit risk.

f) Customer margin accounts

The exclusive account for depositing customer margin accounts is mainly opened in creditworthy banks, financial institutions and companies with investment grades, so there is no significant credit risk.

g) Stock borrowing collateral price and guarantee deposits - borrowed securities

When KGI Securities and subsidiaries borrow securities from outside, they must deposit the guaranty fund into the financial institution designated by the other parties. Because KGI Securities and subsidiaries holds the foregoing borrowed securities simultaneously, it can effectively reduce the risk of the counterparty's credit risk.

h) Others noncurrent assets

Others noncurrent assets are mainly operating guarantee deposits, clearing and settlement funds and guarantee deposits-out. KGI Securities carefully evaluates the counterparty in accordance with the amount of deposit. The counterparties are a large number and the amount of each deposit is not high. The credit risk has been effectively dispersed, so the credit risk is very low.

5) Assessment of expected credit losses

a) Consideration of forward-looking information

KGI Securities and subsidiaries take forward-looking information into consideration when assessing whether there has been a significant increase in financial assets' credit risk after initial recognition and when measuring of expected credit losses.

Probability of default of debt instrument investment (except for at fair value through profit or loss) used by KGI Securities and subsidiaries is based on the probability of default contained forward-looking general economic information and regularly announced by international credit rating agencies.

Except for debt instrument investments, financial assets of KGI Securities and subsidiaries are analyzed using historical data to determine the economic factors that affect the expected credit losses of each asset portfolios, and supplemented by the best expectation announced by the government-affiliated institutions and academic research units. The best estimate of expected credit losses are reevaluate and revised on each financial reporting date.

b) Receivables and other financial assets

<u>KGI Securities and domestic subsidiaries</u>

KGI Securities and its domestic subsidiaries use simplified approach of IFRS 9 to measure the allowance losses by lifetime expected credit losses. The lifetime expected credit losses are based on historical records, current information, and forward-looking information calculated by a regression model. For the fact that KGI Securities and domestic subsidiaries' historical records of credit losses indicate that there is no significant difference in the loss patterns of different customer groups, it is not measured in groups.

<u>Overseas subsidiaries</u>

The financial assets of overseas subsidiaries whose credit risk do not increase significantly after initial recognition are measured as 12-month expected credit losses. For financial assets whose credit risk has increased significantly after initial recognition, they are measured as lifetime expected credit losses. Customers' past default records, counterparty credit ratings, current information and relevant forward-looking information are take into consideration when assessing expected credit losses. For the fact that there is no significant difference in the loss patterns of different customer groups of overseas subsidiaries, it is not measured in groups.

c) Debt instrument investment (except at fair value through profit or loss)

The original purchase is based on the premise that the credit risk is low, it is assessed whether the credit risk is significantly increased after the initial recognition on each balance sheet date to determine the method of measuring the allowance loss and its loss rate.

In order to measure expected credit losses, KGI Securities and subsidiaries consider the probability of default (PD) of financial assets or the issuer or counterparty for the next 12 months, which collectively consider the loss given default (LGD), and is multiplied by exposure at default (EAD). KGI Securities and subsidiaries assess financial assets measured at amortized cost with exposure at default and consider the impact of time value of money to calculate the expected credit losses for 12 months and lifetime, respectively.

Probability of default is the probability that the issuer or the counterparty will default, and loss given default is the rate of loss caused by default by the issuer or counterparty. The probability of default and loss given default used by KGI Securities and subsidiaries in related assessment of impairment are mainly relied on the probability of default and loss given default that are regularly announced by international credit rating agencies.

The aforementioned impairment assessment method and related indicators of debt instrument investment are described as follows:

Degree of Credit Risk	Indicators	Measurement of Expected Credit Loss
Low credit risk	Ratings above BBB-/counterparty with good credit	12 months expected credit loss
Credit risk significantly increase	Ratings between BB+-C (Note)	Lifetime expected credit loss
Impaired/default	Ratings below D and impaired	Lifetime expected credit loss

Note: KGI Securities and subsidiaries consider information which indicates significant and evidential increase in credit risk (including forward-looking information) since the initial recognition. The main considerations including:

i. External credit ratings, overdue status information, credit spreads, other market information related to borrowers, issuers or counterparties, and the same borrowers' credit risk of other financial instruments increases significantly.

ii. Low credit risk: If it is determined that the credit risk of a financial instrument at the reporting date is low, it can be assumed that the credit risk of the financial instrument has not increased significantly since the date of initial recognition.

6) The estimation techniques or material assumptions used by KGI Securities and subsidiaries to assess expected credit losses did not change significantly for the three months ended March 31, 2021 and 2020.

Disclosure of total book value and allowance loss for financial assets' expected credit loss

1) Summary of KGI Securities and subsidiaries' total book value and allowance loss as of March 31, 2021, December 31, 2020 and March 31, 2020 are listed as follows:

Financial assets at fair value through other comprehensive income

Total book value and allowance loss for financial assets at debt instruments at fair value through other comprehensive income were $29,412,191 thousand, $31,250,234 thousand and $22,487,040 thousand, respectively, and allowance loss for financial assets at fair value through other comprehensive income were $14,010 thousand, $15,736 thousand and $9,381 thousand, respectively.

Accounts receivable and others

March 31, 2021

	Total Book Value	Less: Allowance Loss	Total
Cash and cash equivalents	$ 12,268,577	$ (91)	$ 12,268,486
Bonds purchased under resell agreement	13,955,723	-	13,955,723
Margin loans receivables	41,038,450	(1,589)	41,036,861
Trading securities receivables	4,874,146	(277)	4,873,869
Customer’s margin accounts	53,043,865	(1,390)	53,042,475
Futures commission merchant receivable	136,301	(136,235)	66
Accounts receivable	50,145,115	(2,023)	50,143,092
Other current assets	36,766,804	(8,446)	36,758,358
Other non-current assets	4,095,335	(1,459,089)	2,636,246
	$ 216,324,316	$ (1,609,140)	$ 214,715,176

December 31, 2020

	Total Book Value	Less: Allowance Loss	Total
Cash and cash equivalents	$ 10,587,278	$ (115)	$ 10,587,163
Bonds purchased under resell agreement	13,610,026	-	13,610,026
Margin loans receivables	37,027,504	(1,367)	37,026,137
Trading securities receivables	4,361,551	(248)	4,361,303
Customer’s margin accounts	54,511,969	(1,572)	54,510,397
Futures commission merchant receivable	168,217	(166,781)	1,436
Accounts receivable	47,619,101	(1,502)	47,617,599
Other current assets	34,940,421	(7,844)	34,932,577
Other non-current assets	4,377,625	(1,468,867)	2,908,758
	$ 207,203,692	$ (1,648,296)	$ 205,555,396

March 31, 2020

	Total Book Value	Less: Allowance Loss	Total
Cash and cash equivalents	$ 27,633,333	$ (1,911)	$ 27,631,422
Bonds purchased under resell agreement	18,911,249	-	18,911,249
Margin loans receivables	16,846,033	(1,211)	16,844,822
Trading securities receivables	4,234,680	(354)	4,234,326
Customer’s margin accounts	43,193,452	(1,327)	43,192,125
Futures commission merchant receivable	166,056	(160,476)	5,580
Accounts receivable	35,667,299	(2,878)	35,664,421
Other current assets	31,154,826	(6,541)	31,148,285
Other non-current assets	5,722,678	(1,734,357)	3,988,321
	$ 183,529,606	$ (1,909,055)	$ 181,620,551

2) Changes in allowance losses of KGI Securities and subsidiaries for the three months ended March 31, 2021 and 2020 are as follows:

a) Financial assets at fair value through other comprehensive income

	12 Months Expected Credit Loss
January 1, 2021	$ 15,736
Reversal	(1,719)
Change in exchange rate	(7)
March 31, 2021	$ 14,010
January 1, 2020	$ 10,992
Reversal	(1,616)
Change in exchange rate	5
March 31, 2020	$ 9,381

Investments in debt instruments at FVTOCI decreased, and the allowance loss decreased accordingly for the three months ended March 31, 2021 and 2020.

b) Receivables and others

	12 Months Expected Credit Loss	Lifetime Expected Credit Loss (Collective)	Credit Impaired Financial Assets (Lifetime Expected Credit Loss)	Lifetime Expected Credit Loss (Simplify)	Total
January 1, 2021	$ 7,888	$ 73	$ 1,637,566	$ 2,769	$ 1,648,296
Addition (reversal)	(180)	139	(1,540)	632	(949)
Derecognizing financial assets during the current period	-	-	(31,002)	-	(31,002)
Change in exchange rate	(20)	-	(7,185)	-	(7,205)
March 31, 2021	$ 7,688	$ 212	$ 1,597,839	$ 3,401	$ 1,609,140
January 1, 2020	$ 5,263	$ 402	$ 1,914,235	$ 3,339	$ 1,923,239
Addition (reversal)	4,271	1,252	1,225	(857)	5,891
Derecognizing financial assets during the current period	-	-	(529)	-	(529)
Change in exchange rate	2	5	(19,553)	-	(19,546)
March 31, 2020	$ 9,536	$ 1,659	$ 1,895,378	$ 2,482	$ 1,909,055

The aforementioned total book value of receivables and other financial assets does not have a significant change.

CDIB Capital Group and subsidiaries

CDIB Capital Group and subsidiaries is exposed to credit risk due to default on contracts by borrowers, debtors or counter-parties and changes in credit quality. The maximum exposure to credit risk is equal to the book value as of March 31, 2021.

As of the balance sheet date, the maximum exposure to credit risk held by CDIB Capital Group and subsidiaries of the financial instruments is equal to the book value.

China Life Insurance

- Credit risk analysis

  1) Credit risk refers to the counterparties fail to fulfill obligations, resulting in the risk of loss of value. Credit risks of China Life Insurance result from operating and financing activities, which mainly include lending, investing in financial instruments and receivables.

     The departments of China Life Insurance follow credit risk policies, procedures and controls to manage credit risks. The credit risk assessment of all issuers or counterparties is based on comprehensive consideration of their financial status, credit ratings, historical transaction records, current economic environment, China Life Insurance's internal rating indicators, and etc. Also, China Life Insurance uses certain credit enhancement tools in due course to reduce the credit risk of a particular issuer or counterparty.

     For investments of financial instruments, its original purchase is based on the premise that the credit risk is low, and on each balance sheet date, it is assessed whether the conditions of low credit risk are still met to determine the method of measuring the allowance. Also, China Life Insurance dispose those investments to reduce credit losses in appropriate time, such as there is a significant increase in credit risk. In addition, China Life Insurance has established credit VaR model to assess the maximum loss of the credit positions due to changes of credit rating or default. Besides, China Life Insurance also evaluates credit risk and concentration risk based on issuer's region, industry and credit rating within portfolios.

     Lending of China Life Insurance is determined by the factors that affect the risk based on the 5P principle which gives different weights according to the impact of the risk so as to calculate the credit score of each borrower. The credit score comprehensively measures the rationality of the purpose of the loan, the collateral area, value and number, the customer's credit report, historical interest payment record, financial status, debt repayment ability, and etc. According to the scores, the decision will be stratified in order to control the loan risk. Once a delay occurs, it is promptly collected in accordance with the procedures to avoid financial losses.

     China Life Insurance assesses expected credit losses in accordance with IFRS 9, except for some of receivables, which allowance are measured by lifetime expected credit losses. The original purchase of the rest, which do not belong to debt instruments measured at fair value through profit or loss, is based on the premise of low credit risk and uses credit risk as the basis of the differentiation group. On each balance sheet date, assessing whether the credit risk is significantly increased after the initial recognition to determine the method of measuring the allowance loss and its loss rate. The main considerations for determining whether the credit risk has increased significantly include objective evidence such as the external credit rating and its degree of change, overdue status, occurrence of major financial difficulties or liquidation and reorganization. Expected credit losses will be measured by the probability of default (PD) of the issuer or the counterparty over the next 12 months and the lifetime, multiplied by the loss given default (LGD) and the exposure at default (EAD), and is considered by the impact of the time value of money. The expected credit losses for 12 months and duration is calculated, respectively.

Probability of default is the probability that the issuer or the counterparty will default, and the loss given default is the rate of loss caused by default by the issuer or counterparty. China Life Insurance employs information on the default probability and default loss rate published by external credit rating agencies and adjusts it based on forward-looking general economic information.

China Life employs amortized cost of financial assets plus accrued interest and receivables as a measure of exposure at default, while loans are calculated as the sum of the principal balance of the debtor at the time of calculation, interest, and payable as a measure of exposure at default.

Some of the allowance losses of part of receivables are measured by its expected credit losses for its lifetime. The expected credit losses during the existence period is considered by the past default records and current information, and the expected credit loss rate is set based on the overdue days of receivables.

2) Financial assets credit risk concentration analysis

a) The largest credit risk exposure of the financial debt instrument investments held by China Life Insurance or deposit in the bank is listed in accordance with the regional distribution as follows:

March 31, 2021

Financial Assets	Taiwan	Asia	Europe	America	Global	Total
Cash and cash equivalents	$ 64,437,790	$ 18,039,902	$ 9,661,021	$ -	$ -	$ 92,138,713
Financial assets at fair value through profit or loss	24,916,048	6,452,986	17,933,814	5,396,758	-	54,699,606
Financial assets at fair value through other comprehensive income	67,573,497	111,854,896	74,996,248	87,513,389	-	341,938,030
Financial assets at amortized cost	152,227,764	307,475,671	250,287,363	397,834,988	6,207,070	1,114,032,856
Refundable deposits - bonds	7,092,199	-	-	-	-	7,092,199
	$ 316,247,298	$ 443,823,455	$ 346,319,306	$ 490,745,135	$ 6,207,070	$ 1,609,901,404
Proportion	19.64%	27.57%	21.92%	30.48%	0.39%	100.00%

December 31, 2020

Financial Assets	Taiwan	Asia	Europe	America	Global	Total
Cash and cash equivalents	$ 84,093,524	$ 6,884,611	$ 10,396,658	$ -	$ -	$ 101,374,793
Financial assets at fair value through profit or loss	25,959,157	6,815,077	12,949,791	1,154,779	-	46,878,804
Financial assets at fair value through other comprehensive income	79,525,371	145,013,479	88,243,469	112,558,723	-	425,341,042
Financial assets at amortized cost	150,155,870	280,982,045	233,038,226	376,078,307	6,141,153	1,046,395,601
Refundable deposits - bonds	7,092,185	-	-	-	-	7,092,185
	$ 346,826,107	$ 439,695,212	$ 344,628,144	$ 489,791,809	$ 6,141,153	$ 1,627,082,425
Proportion	21.32%	27.02%	21.18%	30.10%	0.38%	100.00%

March 31, 2020

Financial Assets	Taiwan	Asia	Europe	America	Global	Total
Cash and cash equivalents	$ 49,968,804	$ 7,441,553	$ 8,676,657	$ -	$ -	$ 66,087,014
Financial assets at fair value through profit or loss	26,874,102	5,427,763	11,603,837	1,004,433	-	44,910,135
Financial assets at fair value through other comprehensive income	73,756,988	105,044,451	75,612,927	76,775,462	-	331,189,828
Financial assets at amortized cost	132,098,278	252,676,629	250,425,885	369,566,276	18,508,746	1,023,275,814
Refundable deposits - bonds	6,708,160	-	-	-	-	6,708,160
	$ 289,406,332	$ 370,590,396	$ 346,319,306	$ 447,346,171	$ 18,508,746	$ 1,472,170,951
Proportion	19.66%	25.17%	23.52%	30.39%	1.26%	100.00%

b) China Life Insurance's regional distribution of credit risk exposure for secured loans and overdue receivables (excluding policy loans and automatic premium loans) is as follows:

March 31, 2021

Location	Northern Areas: Taipei and Eastern Counties	Central Area: Taichung to Changhua and Nantou	Southern Area: Counties Below Tainan	Total
Secured loans	$ 256,379	$ 128,578	$ 133,765	$ 518,722
Overdue receivables	-	-	-	-
	$ 256,379	$ 128,578	$ 133,765	$ 518,722
Proportion	49.42%	24.79%	25.79%	100.00%

December 31, 2020

Location	Northern Areas: Taipei and Eastern Counties	Central Area: Taichung to Changhua and Nantou	Southern Area: Counties Below Tainan	Total
Secured loans	$ 289,438	$ 138,635	$ 146,264	$ 574,337
Overdue receivables	-	-	-	-
	$ 289,438	$ 138,635	$ 146,264	$ 574,337
Proportion	50.39%	24.14%	25.47%	100.00%

March 31, 2020

Location	Northern Areas: Taipei and Eastern Counties	Central Area: Taichung to Changhua and Nantou	Southern Area: Counties Below Tainan	Total
Secured loans	$ 388,298	$ 197,439	$ 184,353	$ 770,090
Overdue receivables	-	-	172	172
	$ 388,298	$ 197,439	$ 184,525	$ 770,262
Proportion	50.41%	25.63%	23.96%	100.00%

3) Grading of financial instrument credit risk quality

China Life Insurance's internal credit risk is classified into investment grade and non-investment grade mainly based on rating of the credit rating agencies:

a) Investment grade means credit rating reaches at least BBB-granted by a credit rating agency.

b) Non-investment grade means no credit rating or credit rating lower than BBB-granted by a credit rating agency.

Grading of credit risk quality is as follows:

March 31, 2021

Financial Assets	Investment Grade	Non-investment Grade
Cash and cash equivalents	$ 92,138,713	$ -
Financial assets at fair value through profit or loss	54,699,606	-
Financial assets at fair value through other comprehensive income	336,305,735	5,632,295
Financial assets at amortized cost	1,111,292,346	2,740,510
Refundable deposits	7,092,199	-
	$ 1,601,528,599	$ 8,372,805
Proportion	99.48%	0.52%

December 31, 2020

Financial Assets	Investment Grade	Non-investment Grade
Cash and cash equivalents	$ 101,374,793	$ -
Financial assets at fair value through profit or loss	46,878,804	-
Financial assets at fair value through other comprehensive income	416,658,705	8,682,337
Financial assets at amortized cost	1,043,645,769	2,749,832
Refundable deposits	7,092,185	-
	$ 1,615,650,256	$ 11,432,169
Proportion	99.30%	0.70%

March 31, 2020

Financial Assets	Investment Grade	Non-investment Grade
Cash and cash equivalents	$ 66,087,014	$ -
Financial assets at fair value through profit or loss	44,910,135	-
Financial assets at fair value through other comprehensive income	324,203,722	6,986,106
Financial assets at amortized cost	1,020,452,306	2,823,508
Refundable deposits	6,708,160	-
	$ 1,462,361,337	$ 9,809,614
Proportion	99.33%	0.67%

4) Disclosure of total book value and allowance loss for financial assets' expected credit loss

China Life Insurance assesses its debt investments at fair value through other comprehensive income, debt investments measured at amortized cost and other receivables on March 31, 2021, December 31, 2020 and March 31, 2020. The assessment indicates those investments belongs to lower credit risk. Therefore, the 12-month expected credit loss (loss rate 0.00%-0.04%, 0.00%-0.04% and 0.00%-0.09%, respectively) is used to measure the amount of allowance loss.

The total book value of China Life Insurance debt investments measured at fair value through other comprehensive income and amortized cost and related other receivables on March 31, 2021, December 31, 2020 and March 31, 2020 are as follows:

	Measured Fair Value Through Other Comprehensive Income	Measured at Amortized Cost	Other Receivables
Total book value on March 31, 2021 (Note)	$ 327,229,039	$ 1,121,189,413	$ 12,401,450
Total book value on December 31, 2020 (Note)	$ 374,506,422	$ 1,053,544,703	$ 12,120,952
Total book value on March 31, 2020 (Note)	$ 312,792,847	$ 1,030,084,320	$ 13,245,563

Note: Including securities serving as collateral deposits.

Changes in allowance losses of financial asset at fair value through other comprehensive income, and debt investment measured at cost and other related receivables for the three months ended March 31, 2021 and 2020 are as follows:

	Measured Fair Value Through Other Comprehensive Income	Measured at Amortized Cost	Other Receivables
January 1, 2021	$ 24,319	$ 56,917	$ 805
Disposal	(3,933)	(2,143)	(398)
Addition	183	7,273	368
Change in model/risk factors	124	2,307	12
Change in exchange rate and others	(17)	4	-
March 31, 2021	$ 20,676	$ 64,358	$ 787
January 1, 2020	$ 39,460	$ 102,968	$ 1,362
Disposal	(1,946)	(7,046)	(648)
Addition	3,471	11,122	847
Change in model/risk factors	1,235	3,159	24
Change in exchange rate and others	(329)	(15)	(8)
March 31, 2020	$ 41,891	$ 110,188	$ 1,577

For the three months ended March 31, 2021 and 2020, the changes in debt investments allowance loss measured at amortized cost and at fair value through other comprehensive income result from the variation of allowance loss parameter which is affected by recent financial environment, and forward-looking factors, follow as disposals and new additions.

The total book value of China Life Insurance guarantee loan and related other receivables is listed as follows based on credit risk ratings:

March 31, 2021

Credit Risk Ratings	Measurement of Expected Credit Loss	Guarantee Loans	Other Receivables
Low credit risk	12 months expected credit loss	$ 519,901	$ 436
Credit risk significantly increase	Lifetime expected credit loss	1,919	8
Impairment	Lifetime expected credit loss	6,050	6
Total book value		$ 527,870	$ 450

December 31, 2020

Credit Risk Ratings	Measurement of Expected Credit Loss	Guarantee Loans	Other Receivables
Low credit risk	12 months expected credit loss	$ 575,133	$ 488
Credit risk significantly increase	Lifetime expected credit loss	2,002	9
Impairment	Lifetime expected credit loss	6,350	6
Total book value		$ 583,485	$ 503

March 31, 2020

Credit Risk Ratings	Measurement of Expected Credit Loss	Guarantee Loans	Other Receivables
Low credit risk	12 months expected credit loss	$ 771,606	$ 772
Credit risk significantly increase	Lifetime expected credit loss	3,203	17
Impairment	Lifetime expected credit loss	8,512	19
Total book value		$ 783,321	$ 808

Changes in allowance losses for the three months ended March 31, 2021 and 2020 are as follows:

	12 Months Expected Credit Loss	Lifetime Expected Credit Loss - Collective	Lifetime Expected Credit Loss - Individual	Impairment Recognized In Accordance with IFRS 9	Impairment Recognized In Accordance with Guidelines for Handling Assessment of Assets, Loans Overdue, Receivable on Demand and Bad Debts By Insurance Enterprises	Total
January 1, 2021	$ 8	$ 384	$ 444	$ 836	$ 8,312	$ 9,148
Change due to financial assets recognized at the beginning of the period						
Change to duration expected credit loss	-	-	-	-	-	-
Change to 12 months expected credit loss	-	-	-	-	-	-
Disposal	-	-	-	-	-	-
Impairment recognized in accordance with Guidelines for Handling Assessment of Assets, Loans Overdue, Receivable on Demand and Bad Debts by Insurance Enterprises	-	-	-	-	(813)	(813)
Change in exchange rate and others	(1)	835	(21)	813	-	813
March 31, 2021	$ 7	$ 1,219	$ 423	$ 1,649	$ 7,499	$ 9,148

(Continued)

	12 Months Expected Credit Loss	Lifetime Expected Credit Loss - Collective	Lifetime Expected Credit Loss - Individual	Impairment Recognized In Accordance with IFRS 9	Impairment Recognized In Accordance with Guidelines for Handling Assessment of Assets, Loans Overdue, Receivable on Demand and Bad Debts By Insurance Enterprises	Total
January 1, 2020	$ 53	$ 347	$ 709	$ 1,109	$ 11,951	$ 13,060
Change due to financial assets recognized at the beginning of the period						
Change to duration expected credit loss	-	-	-	-	-	-
Change to 12 months expected credit loss	26	-	(26)	-	-	-
Disposal	(2)	-	-	(2)	-	(2)
Impairment recognized in accordance with Guidelines for Handling Assessment of Assets, Loans Overdue, Receivable on Demand and Bad Debts by Insurance Enterprises	-	-	-	-	(889)	(889)
Change in exchange rate and others	(29)	944	(25)	890	-	890
March 31, 2020	$ 48	$ 1,291	$ 658	$ 1,997	$ 11,062	$ 13,059

(Concluded)

The allowance loss of China Life Insurance's accounts receivables arising from other transactions are measured by lifetime expected credit loss. Changes in allowance losses of receivables for the three months ended March 31, 2021 and 2020 are as follows:

	Receivables	
	2021	2020
January 1	$ 6,874	$ 7,845
Addition (reversal)	(2,277)	(22)
Written-off due to uncollectable	-	-
March 31	$ 4,597	$ 7,823

c. Liquidity risk

KGI Bank and subsidiaries

1) The source and definition of liquidity risk

Liquidity risk of KGI Bank refers to the risks of bearing financial loss because of the inability to liquidate assets or obtain financing to provide funds to meet the financial obligation, such as early termination of deposits, deteriorating of the source and condition of financing from banks influenced by specific market, abnormal recover of funds due to default from borrowers, inability to liquidate financial instruments and early exertion of rights of rescission of interest sensitive product by the assured. The aforementioned situation may reduce cash source of loan, transactions and investment. In some extreme cases, the lack of liquidity may result in a decrease in the overall position of the balance sheet, sale of assets and failure to perform loan commitments.

2) Management policy of liquidity risk

KGI Bank's liquidity risk management gap limit management strategy, which is the cumulative inflows and outflows (net cumulative mismatch), the KGI Bank calculates the maximum cumulative cash outflow (MCO) to monitor the daily funding gap by each major currency. The KGI Bank also actively deconcentrates funding sources, due dates of funding settlement, and the counterparties to the due from other banks and call loans to other banks, as well as maintains an adequate amount of corporate cash in banks to enhance its liquidity position.

3) Maturity gap analysis of financial assets and non-derivative financial liabilities held for liquidity purposes

a) Financial assets held for liquidity management

The KGI Bank holds cash and highly liquid and high-grade assets to pay off obligations and meet any potential emergency funding needs. The assets held for liquidity management include cash and cash equivalents, due from the Central Bank and call loans to banks, financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income, securities purchased under resell agreement, accounts receivable, and discounts and loans.

b) Non-derivative financial liabilities

The following tables show the cash outflows on the KGI Bank's non-derivative financial liabilities based on contract maturities. However, because the amounts disclosed were based on contractual cash flows, some of them will not match the amounts shown in the balance sheets.

(In Thousands of New Taiwan Dollars)

March 31, 2021	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Deposits from the Central Bank and banks	$ 4,500,000	$ 2,200,000	$ 9,590	$ 180,556	$ -	$ 6,890,146
Notes and bonds issued under repurchase agreement	8,950,034	-	-	-	-	8,950,034
Deposits and remittances	60,126,976	103,956,041	63,560,254	96,864,242	19,918,515	344,426,028
Bank debentures payable	-	-	-	91,080	24,550,000	24,641,080
Other capital outflow on maturity	1,756,798	242,951	254,705	1,129,587	3,532,890	6,916,931
Total	$ 75,333,808	$ 106,398,992	$ 63,824,549	$ 98,265,465	$ 48,001,405	$ 391,824,219

(In Thousands of New Taiwan Dollars)

December 31, 2020	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Deposits from the Central Bank and banks	$ 2,023,296	$ -	$ -	$ 166,850	$ -	$ 2,190,146
Notes and bonds issued under repurchase agreement	9,150,478	2,100,000	-	-	-	11,250,478
Deposits and remittances	63,787,029	107,339,743	66,310,454	93,565,302	23,962,425	354,964,953
Bank debentures payable	-	76,030	-	-	20,250,000	20,326,030
Other capital outflow on maturity	5,325,202	819,304	243,406	689,627	1,989,673	9,067,212
Total	$ 80,286,005	$ 110,335,077	$ 66,553,860	$ 94,421,779	$ 46,202,098	$ 397,798,819

(In Thousands of New Taiwan Dollars)

March 31, 2020	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Deposits from the Central Bank and banks	$ 2,500,000	$ 2,000,000	$ 9,590	$ 180,556	$ -	$ 4,690,146
Notes and bonds issued under repurchase agreement	6,935,980	-	-	-	-	6,935,980
Deposits and remittances	47,998,490	99,051,676	57,592,314	74,990,440	18,015,477	297,648,397
Bank debentures payable	-	1,000,000	-	-	15,450,000	16,450,000
Other capital outflow on maturity	2,032,999	318,906	248,371	878,425	2,502,877	5,981,578
Total	$ 59,467,469	$ 102,370,582	$ 57,850,275	$ 76,049,421	$ 35,968,354	$ 331,706,101

(In Thousands of U.S. Dollars)

March 31, 2021	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Deposits from the Central Bank and banks	$ 162,000	$ 309,000	$ 50,000	$ -	$ -	$ 521,000
Notes and bonds issued under repurchase agreement	479,140	798,254	271,441	-	-	1,548,835
Deposits and remittances	2,126,687	1,188,200	346,119	751,873	372	4,413,251
Bank debentures payable	-	-	-	-	384,504	384,504
Other capital outflow on maturity	103,849	26,283	5,505	69	170,185	305,891
Total	$ 2,871,676	$ 2,321,737	$ 673,065	$ 751,942	$ 555,061	$ 7,173,481

(In Thousands of U.S. Dollars)

December 31, 2020	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Deposits from the Central Bank and banks	$ 25,000	$ 279,000	$ 20,000	$ -	$ -	$ 324,000
Notes and bonds issued under repurchase agreement	493,350	839,948	-	-	-	1,333,298
Deposits and remittances	1,916,605	1,028,415	766,298	1,036,791	633	4,748,742
Bank debentures payable	-	-	-	-	388,571	388,571
Other capital outflow on maturity	22,909	24,816	3,841	69	173,673	225,308
Total	$ 2,457,864	$ 2,172,179	$ 790,139	$ 1,036,860	$ 562,877	$ 7,019,919

(In Thousands of U.S. Dollars)

March 31, 2020	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Deposits from the Central Bank and banks	$ 424,000	$ 140,000	$ -	$ -	$ -	$ 564,000
Notes and bonds issued under repurchase agreement	462,478	344,493	36,076	-	-	843,047
Deposits and remittances	1,847,481	1,188,320	632,987	845,672	10,414	4,524,874
Bank debentures payable	-	-	-	-	731,196	731,196
Other capital outflow on maturity	76,926	38,727	4,725	681	280,006	401,065
Total	$ 2,810,885	$ 1,711,540	$ 673,788	$ 846,353	$ 1,021,616	$ 7,064,182

4) Maturity analysis of derivative financial instruments

The valuation of the maturity of the contracts is essential for presenting the financial instruments on the balance sheet. The amount disclosed in the balance sheet is prepared based on the cash flows of the contract. Thus, a part of the amount disclosed deviates from the balance sheet.

(In Thousands of New Taiwan Dollars)

March 31, 2021	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Derivative financial instruments at fair value through profit or loss						
Foreign exchange derivatives instruments						
Cash outflow	$ (171,649,622)	$ (215,603,167)	$ (136,658,873)	$ (128,928,987)	$ (7,476,609)	$ (660,317,258)
Cash inflow	162,527,793	206,120,174	149,137,684	123,375,053	2,977,350	644,138,054
Interest rate derivatives instruments						
Cash outflow	(1,154,684)	(233,266)	(17,805)	(701)	(16,082,212)	(17,488,668)
Cash inflow	148,352	238,348	17,758	-	-	404,458
Financial instruments for hedging						
Interest rate derivatives instruments						
Cash outflow	-	(17,996)	-	-	-	(17,996)
Cash inflow	-	-	39,576	81,142	-	120,718
Cash outflow subtotal	(172,804,306)	(215,854,429)	(136,676,678)	(128,929,688)	(23,558,821)	(677,823,922)
Cash inflow subtotal	162,676,145	206,358,522	149,195,018	123,456,195	2,977,350	644,663,230
Net cash flow	$ (10,128,161)	$ (9,495,907)	$ 12,518,340	$ (5,473,493)	$ (20,581,471)	$ (33,160,692)

(In Thousands of New Taiwan Dollars)

December 31, 2020	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Derivative financial instruments at fair value through profit or loss						
Foreign exchange derivatives instruments						
Cash outflow	$ (206,824,985)	$ (196,789,956)	$ (140,803,366)	$ (137,735,779)	$ (4,361,229)	$ (686,515,315)
Cash inflow	194,310,806	181,563,454	146,455,432	139,386,098	1,427,600	663,143,390
Interest rate derivatives instruments						
Cash outflow	(164,442)	(262,309)	-	-	(16,501,198)	(16,927,949)
Cash inflow	157,617	258,900	-	-	-	416,517
Financial instruments for hedging						
Interest rate derivatives instruments						
Cash outflow	-	(12,682)	-	-	-	(12,682)
Cash inflow	-	47,952	-	39,576	-	87,528
Cash outflow subtotal	(206,989,427)	(197,064,947)	(140,803,366)	(137,735,779)	(20,862,427)	(703,455,946)
Cash inflow subtotal	194,468,423	181,870,306	146,455,432	139,425,674	1,427,600	663,647,435
Net cash flow	$ (12,521,004)	$ (15,194,641)	$ 5,652,066	$ 1,689,895	$ (19,434,827)	$ (39,808,511)

(In Thousands of New Taiwan Dollars)

March 31, 2020	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Derivative financial instruments at fair value through profit or loss						
Foreign exchange derivatives instruments						
Cash outflow	$ (209,755,295)	$ (217,500,874)	$ (152,783,385)	$ (90,941,680)	$ (2,042,985)	$ (673,024,219)
Cash inflow	190,766,939	205,037,002	143,005,789	83,156,876	298,300	622,264,906
Interest rate derivatives instruments						
Cash outflow	(199,247)	(378,608)	(18,880)	-	(16,501,916)	(17,098,651)
Cash inflow	176,519	361,861	24,381	-	-	562,761
Financial instruments for hedging						
Interest rate derivatives instruments						
Cash outflow	-	(9,088)	-	-	-	(9,088)
Cash inflow	-	-	-	47,952	-	47,952
Cash outflow subtotal	(209,954,542)	(217,888,570)	(152,802,265)	(90,941,680)	(18,544,901)	(690,131,958)
Cash inflow subtotal	190,943,458	205,398,863	143,030,170	83,204,828	298,300	622,875,619
Net cash flow	$ (19,011,084)	$ (12,489,707)	$ (9,772,095)	$ (7,736,852)	$ (18,246,601)	$ (67,256,339)

(In Thousands of U.S. Dollars)

March 31, 2021	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Derivative financial instruments at fair value through profit or loss						
Foreign exchange derivatives instruments						
Cash outflow	$ (6,997,520)	$ (7,741,272)	$ (5,576,805)	$ (4,912,828)	$ (135,019)	$ (25,363,444)
Cash inflow	7,677,717	8,204,097	5,238,051	5,256,677	304,019	26,680,561
Interest rate derivatives instruments						
Cash outflow	(22,240)	(25,494)	(55,641)	(47,992)	(9,555)	(160,922)
Cash inflow	19,282	29,896	55,457	1,257	-	105,892
Others						
Cash outflow	(134)	-	-	-	-	(134)
Cash inflow	550	-	-	-	-	550
Financial instruments for hedging						
Interest rate derivatives instruments						
Cash outflow	(766)	(653)	(1,848)	(126)	-	(3,393)
Cash inflow	129	128	3	-	-	260
Cash outflow subtotal	(7,020,660)	(7,767,419)	(5,634,294)	(4,960,946)	(144,574)	(25,527,893)
Cash inflow subtotal	7,697,678	8,234,121	5,293,511	5,257,934	304,019	26,787,263
Net cash flow	$ 677,018	$ 466,702	$ (340,783)	$ 296,988	$ 159,445	$ 1,259,370

(In Thousands of U.S. Dollars)

December 31, 2020	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Derivative financial instruments at fair value through profit or loss						
Foreign exchange derivatives instruments						
Cash outflow	$ (7,969,556)	$ (7,382,985)	$ (5,365,240)	$ (5,101,049)	$ (68,362)	$ (25,887,192)
Cash inflow	8,882,167	7,921,998	5,233,584	5,049,456	167,364	27,254,569
Interest rate derivatives instruments						
Cash outflow	(99,212)	(55,360)	(36,213)	(6,217)	(12,355)	(209,357)
Cash inflow	19,520	44,758	39,476	770	-	104,524
Others						
Cash outflow	(102)	-	-	-	-	(102)
Cash inflow	22	-	-	-	-	22
Financial instruments for hedging						
Interest rate derivatives instruments						
Cash outflow	(732)	(949)	(1,441)	-	-	(3,122)
Cash inflow	131	130	-	-	-	261
Cash outflow subtotal	(8,069,602)	(7,439,294)	(5,402,894)	(5,107,266)	(80,717)	(26,099,773)
Cash inflow subtotal	8,901,840	7,966,886	5,273,060	5,050,226	167,364	27,359,376
Net cash flow	$ 832,238	$ 527,592	$ (129,834)	$ (57,040)	$ 86,647	$ 1,259,603

(In Thousands of U.S. Dollars)

March 31, 2020	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Derivative financial instruments at fair value through profit or loss						
Foreign exchange derivatives instruments						
Cash outflow	$ (7,518,728)	$ (7,610,443)	$ (5,266,452)	$ (3,262,048)	$ (26,668)	$ (23,684,339)
Cash inflow	8,684,718	7,978,877	5,650,969	3,290,643	83,668	25,688,875
Interest rate derivatives instruments						
Cash outflow	(53,765)	(61,468)	(67,409)	(49,563)	(55,153)	(287,358)
Cash inflow	37,207	60,653	78,832	2,013	-	178,705
Others						
Cash outflow	(67)	-	-	-	-	(67)
Cash inflow	4,439	-	-	-	-	4,439
Financial instruments for hedging						
Interest rate derivatives instruments						
Cash outflow	(286)	(319)	(1,616)	(126)	-	(2,347)
Cash inflow	658	768	18	-	-	1,444
Cash outflow subtotal	(7,572,846)	(7,672,230)	(5,335,477)	(3,311,737)	(81,821)	(23,974,111)
Cash inflow subtotal	8,727,022	8,040,298	5,729,819	3,292,656	83,668	25,873,463
Net cash flow	$ 1,154,176	$ 368,068	$ 394,342	$ (19,081)	$ 1,847	$ 1,899,352

5) Maturity analysis of off-balance sheet items

The table below shows KGI Bank’s maturity analysis of the off-balance sheet items based on the remaining time between the reporting date and the contractual period. For the issued financial guarantee contracts, the maximum guaranteed amount included in the guarantee may be required to be fulfilled in the earliest period.

March 31, 2021	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Irrevocable loan commitments, guarantees and letters of credit	$ 14,030,006	$ 9,867,172	$ 4,929,009	$ 9,464,024	$ 15,853,798	$ 54,144,009

December 31, 2020	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Irrevocable loan commitments, guarantees and letters of credit	$ 15,124,722	$ 5,848,748	$ 3,537,160	$ 8,468,668	$ 14,800,039	$ 47,779,337

March 31, 2020	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Irrevocable loan commitments, guarantees and letters of credit	$ 13,172,845	$ 3,870,734	$ 3,795,225	$ 11,722,624	$ 12,864,732	$ 45,426,160

6) Disclosures required by the Regulations Governing the Preparation of Financial Reports by Public Banks

a) Maturity analysis of KGI Bank's assets and liabilities in New Taiwan dollars

(In Thousands of New Taiwan Dollars)

March 31, 2021	0-10 Days	11-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Main capital inflow on maturity	$ 113,122,229	$ 181,968,501	$ 258,903,093	$ 188,326,005	$ 177,521,041	$ 212,716,084	$ 1,132,556,953
Main capital outflow on maturity	94,784,559	169,947,480	354,261,363	233,190,531	287,476,089	243,389,449	1,383,049,471
Gap	18,337,670	12,021,021	(95,358,270)	(44,864,526)	(109,955,048)	(30,673,365)	(250,492,518)

(In Thousands of New Taiwan Dollars)

March 31, 2020	0-10 Days	11-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Main capital inflow on maturity	$ 163,270,083	$ 174,294,055	$ 254,126,316	$ 181,660,267	$ 141,641,861	$ 170,794,622	$ 1,085,787,204
Main capital outflow on maturity	127,372,048	157,828,984	350,898,427	235,299,375	218,946,373	212,026,029	1,302,371,236
Gap	35,898,035	16,465,071	(96,772,111)	(53,639,108)	(77,304,512)	(41,231,407)	(216,584,032)

b) Maturity analysis of KGI Bank's assets and liabilities in U.S. dollars

(In Thousands of U.S. Dollars)

March 31, 2021	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Main capital inflow on maturity	$ 8,744,827	$ 8,960,695	$ 5,516,776	$ 5,699,491	$ 4,071,479	$ 32,993,268
Main capital outflow on maturity	10,199,458	10,703,400	7,113,977	7,239,423	3,690,892	38,947,150
Gap	(1,454,631)	(1,742,705)	(1,597,201)	(1,539,932)	380,587	(5,953,882)

(In Thousands of U.S. Dollars)

March 31, 2020	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Main capital inflow on maturity	$ 9,639,908	$ 8,641,681	$ 6,017,618	$ 3,498,497	$ 3,776,869	$ 31,574,573
Main capital outflow on maturity	10,522,755	9,661,628	6,258,232	4,630,711	1,976,711	33,050,037
Gap	(882,847)	(1,019,947)	(240,614)	(1,132,214)	1,800,158	(1,475,464)

KGI Securities and subsidiaries

1) Cash flow analysis

Statement of Cash Flow Analysis for Financial Assets

(In Thousands of New Taiwan Dollars)

March 31, 2021	Collection Period					Total
	Spot	In 3 Months	3 Months-12 Months	Over 1 Year-5 Years	Over 5 Years	
Cash and cash equivalents	$ 7,523,466	$ 4,745,020	$ -	$ -	$ -	$ 12,268,486
Financial assets measured at FVTPL - current	56,990,933	9,999,942	11,037,217	3,744,155	17,526	81,789,773
Financial assets measured at FVTOCI - current	16,668,116	4,704,859	363,839	-	-	21,736,814
Securities purchased under resell agreement	-	13,957,815	-	-	-	13,957,815
Receivables	64,824,844	5,992,621	25,369,645	2	-	96,187,112
Customer margin accounts	53,042,475	-	-	-	-	53,042,475
Stock borrowing collateral price and security lending deposits	9,983,098	4,437,749	27,250,803	-	-	41,671,650
Other financial assets - current	-	-	4,034,269	-	-	4,034,269
Current tax assets	-	104	2,404	9,611	-	12,119
Other current assets	35,209,346	354,118	1,194,894	-	-	36,758,358
Financial assets measured at FVTPL - non-current	-	-	-	833,913	2,580,411	3,414,324
Financial assets measured at FVTOCI - non-current	-	-	-	-	7,910,959	7,910,959
Investments accounted for using the equity method	-	-	-	-	17,594,490	17,594,490
Other non-current assets	-	-	6,962	4,769	2,579,743	2,591,474
Total	$ 244,242,278	$ 44,192,228	$ 69,260,033	$ 4,592,450	$ 30,683,129	$ 392,970,118
Percentage	62.15%	11.25%	17.62%	1.17%	7.81%	100.00%

Statement of Cash Flow Analysis for Financial Liabilities

(In Thousands of New Taiwan Dollars)

March 31, 2021	Payment Period					Total
	Spot	In 3 Months	3 Months-12 Months	Over 1 Year-5 Years	Over 5 Years	
Short-term borrowings	$ -	$ 18,348,546	$ -	$ -	$ -	$ 18,348,546
Commercial papers payable	-	5,719,629	-	-	-	5,719,629
Financial liabilities measured at FVTPL - current	24,642,986	1,804,766	2,809,348	11,603,566	2,203,838	43,064,504
Bonds issued under repurchase agreements	-	66,704,896	3,206,647	-	-	69,911,543
Payables	80,538,609	1,951,420	2,844,145	-	-	85,334,174
Guarantee deposits received from security lending	-	5,029,172	36,792,197	-	-	41,821,369
Futures customers' equity	51,105,406	-	-	-	-	51,105,406
Amounts collected for others/other payables/other current liabilities	790,021	1,451,488	4,057,678	1,072	43	6,300,302
Other financial liabilities - current	-	3,019,782	395,261	1,311	1,866	3,418,220
Lease liabilities-current	-	127,943	303,061	-	-	431,004
Current tax liabilities	-	12,061	372,634	29,897	1,510,266	1,924,858
Bonds payable	-	-	-	2,900,000	1,300,000	4,200,000
Liabilities reserve - non-current	-	-	-	24,643	185,512	210,155
Lease liabilities - non-current	-	-	-	590,566	-	590,566
Other non-current liabilities	-	-	-	740,199	61,656	801,855
Total	$ 157,077,022	$ 104,169,703	$ 50,780,971	$ 15,891,254	$ 5,263,181	$ 333,182,131
Percentage	47.14%	31.27%	15.24%	4.77%	1.58%	100.00%

Statement of Capital Liquidation Gap

(In Thousands of New Taiwan Dollars)

March 31, 2021	Collection and Payment Period					Total
	Spot	In 3 Months	3 Months-12 Months	Over 1 Year-5 Years	Over 5 Years	
Cash inflow	$ 244,242,278	$ 44,192,228	$ 69,260,033	$ 4,592,450	$ 30,683,129	$ 392,970,118
Cash outflow	157,077,022	104,169,703	50,780,971	15,891,254	5,263,181	333,182,131
Amount of cash flow gap	$ 87,165,256	($ 59,977,475)	$ 18,479,062	($ 11,298,804)	$ 25,419,948	$ 59,787,987

Statement of Cash Flow Analysis for Financial Assets

(In Thousands of New Taiwan Dollars)

December 31, 2020	Collection Period					Total
	Spot	In 3 Months	3 Months-12 Months	Over 1 Year-5 Years	Over 5 Years	
Cash and cash equivalents	$ 6,935,304	$ 3,651,859	$ -	$ -	$ -	$ 10,587,163
Financial assets measured at FVTPL - current	56,815,841	9,670,818	710,972	11,523,068	7,750	78,728,449
Financial assets measured at FVTOCI - current	20,401,895	4,088,596	365,734	-	-	24,856,225
Securities purchased under resell agreement	-	13,612,920	-	-	-	13,612,920
Receivables	62,857,158	4,352,481	21,824,794	13,323	-	89,047,756
Customer margin accounts	54,510,397	-	-	-	-	54,510,397
Stock borrowing collateral price and security lending deposits	7,983,545	21,444,531	13,041,029	-	-	42,469,105
Other financial assets - current	-	-	5,431,740	-	-	5,431,740
Current tax assets	-	-	6,515	10,061	-	16,576
Other current assets	32,879,769	1,640,660	412,148	-	-	34,932,577
Financial assets measured at FVTPL - non-current	-	-	-	585,801	2,428,662	3,014,463
Financial assets measured at FVTOCI - non-current	-	-	-	-	6,887,144	6,887,144
Investments accounted for using the equity method	-	-	-	-	19,251,480	19,251,480
Other non-current assets	-	-	90	1,907	2,859,626	2,861,623
Total	$ 242,383,909	$ 58,461,865	$ 41,793,022	$ 12,134,160	$ 31,434,662	$ 386,207,618
Percentage	62.76%	15.14%	10.82%	3.14%	8.14%	100.00%

Statement of Cash Flow Analysis for Financial Liabilities

(In Thousands of New Taiwan Dollars)

December 31, 2020	Payment Period					Total
	Spot	In 3 Months	3 Months-12 Months	Over 1 Year-5 Years	Over 5 Years	
Short-term borrowings	$ -	$ 20,632,053	$ -	$ -	$ -	$ 20,632,053
Commercial paper payable	-	3,661,296	-	-	-	3,661,296
Financial liabilities measured at FVTPL - current	20,792,004	2,480,421	2,147,320	9,760,280	2,379,082	37,559,107
Bonds issued under repurchase agreements	-	75,608,138	-	-	-	75,608,138
Payables	67,979,094	1,982,879	5,106,503	-	-	75,068,476
Guarantee deposits received from security lending	-	12,730,327	28,080,025	-	-	40,810,352
Futures customers’ equity	52,663,335	-	-	-	-	52,663,335
Amounts collected for others/other payables/other current liabilities	3,155,106	1,804,672	4,702,357	58,490	43	9,720,668
Other financial liabilities - current	-	4,150,226	133	1,164	2,137	4,153,660
Lease liabilities - current	-	124,556	341,432	-	-	465,988
Current tax liabilities	-	-	298,916	-	1,272,453	1,571,369
Bonds payable	-	-	-	2,900,000	1,300,000	4,200,000
Liabilities reserve - non-current	-	-	-	24,643	188,069	212,712
Lease liabilities - non-current	-	-	-	573,570	-	573,570
Other non-current liabilities	-	-	20	815,886	85,192	901,098
Total	$ 144,589,539	$ 123,174,568	$ 40,676,706	$ 14,134,033	$ 5,226,976	$ 327,801,822
Percentage	44.11%	37.58%	12.41%	4.31%	1.59%	100.00%

Statement of Capital Liquidation Gap

(In Thousands of New Taiwan Dollars)

December 31, 2020	Collection and Payment Period					Total
	Spot	In 3 Months	3 Months-12 Months	Over 1 Year-5 Years	Over 5 Years	
Cash inflow	$ 242,383,909	$ 58,461,865	$ 41,793,022	$ 12,134,160	$ 31,434,662	$ 386,207,618
Cash outflow	144,589,539	123,174,568	40,676,706	14,134,033	5,226,976	327,801,822
Amount of cash flow gap	$ 97,794,370	$ (64,712,703)	$ 1,116,316	$ (1,999,873)	$ 26,207,686	$ 58,405,796

Statement of Cash Flow Analysis for Financial Assets

(In Thousands of New Taiwan Dollars)

March 31, 2020	Collection Period					Total
	Spot	In 3 Months	3 Months-12 Months	Over 1 Year-5 Years	Over 5 Years	
Cash and cash equivalents	$ 17,319,034	$ 10,312,388	$ -	$ -	$ -	$ 27,631,422
Financial assets measured at FVTPL - current	49,435,340	7,378,098	3,419,814	7,139,773	16,882	67,389,907
Financial assets measured at FVTOCI - current	15,744,901	2,692,065	-	-	-	18,436,966
Securities purchased under resell agreement	-	18,929,680	-	-	-	18,929,680
Receivables	41,579,882	3,341,246	11,831,764	-	-	56,752,892
Customer margin accounts	43,192,125	-	-	-	-	43,192,125
Stock borrowing collateral price and security lending deposits	643,617	4,452,009	16,157,492	-	-	21,253,118
Other financial assets - current	-	-	3,525,550	-	-	3,525,550
Current tax assets	-	2,060	19,244	3,111	-	24,415
Other current assets	29,243,471	1,092,930	811,884	-	-	31,148,285
Financial assets measured at FVTPL - non-current	-	-	-	505,241	2,358,794	2,864,035
Financial assets measured at FVTOCI - non-current	-	-	-	-	5,304,278	5,304,278
Investments accounted for using the equity method	-	-	-	-	12,140,369	12,140,369
Other non-current assets	-	-	-	310	3,924,427	3,924,737
Total	$ 197,158,370	$ 48,200,476	$ 35,765,748	$ 7,648,435	$ 23,744,750	$ 312,517,779
Percentage	63.09%	15.42%	11.44%	2.45%	7.60%	100.00%

Statement of Cash Flow Analysis for Financial Liabilities

(In Thousands of New Taiwan Dollars)

March 31, 2020	Payment Period					Total
	Spot	In 3 Months	3 Months-12 Months	Over 1 Year-5 Years	Over 5 Years	
Short-term borrowings	$ -	$ 24,103,332	$ -	$ -	$ -	$ 24,103,332
Commercial papers payable	-	500,000	-	-	-	500,000
Financial liabilities measured at FVTPL - current	5,453,850	1,830,014	2,386,721	4,092,103	1,413,216	15,175,904
Bonds issued under repurchase agreements	-	69,339,153	10,563	-	-	69,349,716
Payables	55,915,694	1,469,484	2,591,159	-	-	59,976,337
Guarantee deposits received from security lending	-	6,899,265	19,998,036	-	-	26,897,301
Futures customers' equity	42,599,303	-	-	-	-	42,599,303
Amounts collected for others/other payables/other current liabilities	446,343	1,053,904	3,671,568	37	43	5,171,895
Other financial liabilities - current	-	5,581,423	2,000,022	1,283	1,231	7,583,959
Lease liabilities-current	-	128,644	352,388	-	-	481,032
Current tax liabilities	-	22,307	173,409	1,095	801,423	998,234
Long-term liabilities - current portion	-	4,800,000	-	-	-	4,800,000
Bonds payable	-	-	-	2,900,000	1,300,000	4,200,000
Liabilities reserve - non-current	-	-	-	24,753	196,052	220,805
Lease liabilities - non-current	-	-	-	718,040	-	718,040
Other non-current liabilities	-	-	1,725	637,596	774,944	1,414,265
Total	$ 104,415,190	$ 115,727,526	$ 31,185,591	$ 8,374,907	$ 4,486,909	$ 264,190,123
Percentage	39.52%	43.81%	11.80%	3.17%	1.70%	100.00%

Statement of Capital Liquidation Gap

(In Thousands of New Taiwan Dollars)

March 31, 2020	Collection and Payment Period					Total
	Spot	In 3 Months	3 Months-12 Months	Over 1 Year-5 Years	Over 5 Years	
Cash inflow	$ 197,158,370	$ 48,200,476	$ 35,765,748	$ 7,648,435	$ 23,744,750	$ 312,517,779
Cash outflow	104,415,190	115,727,526	31,185,591	8,374,907	4,486,909	264,190,123
Amount of cash flow gap	$ 92,743,180	$ (67,527,050)	$ 4,580,157	$ (726,472)	$ 19,257,841	$ 48,327,656

KGI Securities has established statement of capital liquidation gap to estimate how all financial assets and liabilities in future cash flows can affect KGI Securities and subsidiaries when it comes to fund dispatching. Cash flow gap statement from March 31, 2021, December 31, 2020 and March 31, 2020, show that the sums from deducting cash outflow from cash inflow are $59,787,987 thousand, $58,405,796 thousand and $48,327,656 thousand, respectively, all indicating sufficient fund liquidity.

Although an analysis of funds gap shows that the cash outflow during partial periods. Net cash inflow calculated from net spot financial assets are sufficient to cover the net cash outflows generated from subsequent periods, an indicator of sufficient fund liquidity.

2) Control mechanism of capital liquidity risk

The independent fund-dispatching department established by KGI Securities takes into consideration the needs of net cash flow and their timings from various departments and predicts future cash flows based on the requests submitted by departments with a need for funds. The department has also established a simulation analysis mechanism for capital flows after considering short-term capital dispatching in Taiwan as well as international or cross-market transactions in order to better predict futures needs of funds and set up contingency measures.

KGI Securities also offers suggestions over a secure amount of reserve fund and reports it to the RMC. The department reviews the standard amount of reserve capital and will take the following action if available capitals are below 120% of the safe reserve amount:

a) Except all due payments and those whose use of capital cannot be restricted due to the nature of their business, all the requests for capitals from all business departments need to be approved by the fund-dispatching department in order to maintain a safe amount of reserve capital.

b) Fund-dispatching department will propose contingency measures to the RMC, which includes disposal of low yield or unnecessary assets, expanding repurchase agreements with the Central Bank of Taiwan, financing from securities finance corporations or exploring other fund-raising methods that will increase available funds to KGI Securities.

<u>CDIB Capital Group and subsidiaries</u>

The management of liquidity risk is aimed to deal with financing CDIB Capital Group’s operations and mitigate the effects of fluctuations in cash flows by monitoring and maintaining a level of cash and cash equivalents.

CDIB Capital Group’s Management policies of liquidity risk are as follows:

1) Dispose of surplus capital should consider possible future capital requirements, deconcentration of capital sources and reasonable liquidity of liability Structure.

2) Pursuant to liquidity risk control, CDIB Capital Group uses performance index of financial structure and dispatching of funds to set up a system to monitor daily funding gap.

As of March 31, 2021, December 31, 2020 and March 31, 2020, CDIB Capital Group and subsidiaries’ other financial liabilities are $0 thousand, $354,235 thousand and $375,045 thousand, respectively, and will be paid by financial assets and the rest of non-derivative financial liabilities are $2,642,396 thousand, $3,726,157 thousand and $559,966 thousand, respectively, and are mainly all current liabilities.

<u>China Life Insurance</u>

1) Liquidity risks are classified to “funding liquidity risk” and “market liquidity risk.” “Funding liquidity risk” represents that China Life Insurance is not able to obtain sufficient funds at a reasonable funding cost to meet the demands within reasonable time. “Market liquidity risk” represents the risk that China Life Insurance sells at loss to meet the demand for cash.

China Life Insurance assesses the characteristics of business, monitors short-term cash flows, and constructs the completed mechanism of liquidity risk management. Furthermore, China Life Insurance manages market liquidity risk cautiously by considering market trading volumes and adequacy of holding positions with symmetric. To decentralize market risk when investment and to maintain investment each aspect (such as asset category, maturity, region, currency and tools) diversification. Planning emergency financing plan in order to assess how China Life Insurance in the long term illiquid environment still regularly operate to pay emergency and major funding requirements.

China Life Insurance regularly monitors market liquidity and formulates plans to use the funds depending on market conditions and funding demand arrangements for liquidity assets portfolio. To deal with possible liquidity risk early, China Life Insurance reports duration of assets and liabilities quarterly, creates cash flow model and reviews cash flow status regularly.

2) Financial assets held for managing liquidity risk and maturity analysis of non-derivative financial liabilities

a) Financial assets held for managing liquidity risk

China Life Insurance holds cash, highly liquid and superior assets to deal with payment obligation and the potential urgent funds needs to dispatch in the market environment. Financial assets for managing liquidity risk are cash and cash equivalents, financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income, financial assets at amortized cost, etc.

b) Maturity analysis of non-derivative financial liabilities

The analysis of cash outflows to China Life Insurance is listed below and based on the residual term from the date of balance sheet to the maturity. The disclosed amount is in accordance with cash flows on contracts, so the partial disclosed items are not the same as related items in the balance sheet.

Non-derivative financial instruments

	March 31, 2021			
	In 1 Year	**1-5 Years**	**Over 5 Years**	**Total**
Payables	$ 21,269,104	$ 37,933	$ -	$ 21,307,037
Bonds payable	-	-	10,000,000	10,000,000
Lease liabilities	131,446	357,067	3,502,365	3,990,878

	December 31, 2020			
	In 1 Year	**1-5 Years**	**Over 5 Years**	**Total**
Payables	$ 13,226,534	$ 37,902	$ -	$ 13,264,436
Bonds payable	-	-	10,000,000	10,000,000
Lease liabilities	142,264	370,750	3,517,832	4,030,846

	March 31, 2020			
	In 1 Year	**1-5 Years**	**Over 5 Years**	**Total**
Payables	$ 28,307,072	$ 38,261	$ -	$ 28,345,333
Lease liabilities	138,740	276,336	3,562,496	3,977,572

c) Maturity analysis of derivative financial liabilities

China Life Insurance operates derivatives including foreign exchange derivative instruments (such as currency forward contracts, foreign exchange forward).

China Life Insurance has enough operating capital, including cash and cash equivalents, and highly liquid securities, such as government bonds to pay the investment and liabilities at maturity. Therefore, the risk of liquidity is extremely low. China Life Insurance enters into forward contracts and cross currency swaps derivative financial instruments, whose currencies are highly liquid, so the possibility of selling out and the risk of market liquidity are low. The forward contracts and cross currency swaps will be operated continually and the capital is enough to pay for settlement, so the risk of capital liquidity is low.

China Life Insurance's maturity structure of derivative financial liabilities is as follows:

	March 31, 2021				
	In 90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Financial liabilities at fair value through profit or loss	$ 6,169,893	$ 712,980	$ 3,299,124	$ -	$ 10,181,997

	December 31, 2020				
	In 90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Financial liabilities at fair value through profit or loss	$ 7,535,594	$ 255,285	$ 83,149	$ 57,331	$ 7,931,359

	March 31, 2020				
	In 90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Financial liabilities at fair value through profit or loss	$ 2,768,024	$ 336,379	$ 774,832	$ 147	$ 3,879,382

d. Market risk

KGI Bank and subsidiaries

1) Source and definition of market risk

Market risk is defined as an unfavorable change in macroeconomic and financial market variables, (such as interest rates, exchange rates, stock prices and commodity prices) which may cause a potential loss on financial assets held for trading.

2) Risk management policies

In order to have a common-language of market risk management, definition, communication and measurement, the KGI Bank has developed "Market Risk Policy" based on Regulations Governing the Capital Adequacy Ratio of Banks and on market risk calculation tables announced by FSC, international standards, and CDFH's market risk management policy framework.

The "Market Risk Policy" is applicable to "Trading Book" positions defined by the Regulations Governing the Capital Adequacy Ratio of the KGI Bank related market risk calculation tables and the KGI Bank's book management approach to financial instrument handling.

Following the "Market Risk Policy", the KGI Bank sets up the "Market Risk Management Procedure to Trading Activities" to manage market risk throughout the Firm. This procedure includes risk identification and assessment, risk measurement, risk monitoring and response, risk reporting and contingency management processes.

3) The procedure of market risk measuring, monitoring, and reporting

The KGI Bank's market risk limits include position sensitivities, stop-loss limits, Value-at-Risk (VaR).

Risk factors analyzed through the KGI Bank's risk measurement systems are sufficient to determine all market risks of trading positions on balance sheet, including interest rates risk, foreign exchange risk, equity risk and commodity risk, as well as volatility risks which arise out of the option transactions.

The KGI Bank's market risk report includes profit or loss on trading positions, limits usage, stress testing, trading portfolio risk assessment, as well as significant exception if any.

The risk management unit of the KGI Bank independently performs daily market risk limit controls, and monthly reports to both the Risk Management Committee and CDFH's Risk Management Committee. Besides, the above reports are regularly presented to the Board for reference.

4) Mitigation of risks or hedging of market risk

The KGI Bank's market risk positions or hedging positions are marked to market on a daily base through techniques such as model evaluation. All market parameters are updated at least daily in accordance with changes in market conditions to conduct value assessment of products. Market Risk Limits are reviewed and controlled based on the revaluation results of traders' position risk value, position sensitivity and profit and loss figure on the daily basis.

5) Valuation techniques of market risk

The KGI Bank uses the VaR model and stress testing to evaluate the potential and extreme risk of trading portfolios. Through variations of the assumptions on market conditions, these techniques can be used to assess the market risk of positions held and the maximum expected loss.

VaR is calculated using a one-day time horizon with a 95% confidence level.

(In Thousands of New Taiwan Dollars)

	For the Three Months Ended March 31, 2021			For the Year Ended December 31, 2020			For the Three Months Ended March 31, 2020		
	Average	Highest	Lowest	Average	Highest	Lowest	Average	Highest	Lowest
Interest rate risk	$ 36,896	$ 70,433	$ 13,163	$ 48,287	$ 195,476	$ 9,098	$ 98,876	$ 195,476	$ 58,956
Equity risk	13,191	18,980	4,101	3,844	20,852	-	1,413	20,852	-
Exchange rate risk	3,844	6,605	2,021	7,653	148,483	1,201	14,200	148,483	2,163

6) Interest rate risk in banking book

The scope of interest rate risk in banking book includes interest rate sensitivity of assets and liabilities, but do not include risk management of trading book. Interest rate risk in banking book measures the adverse effects on net interest income of assets, liabilities and off-balance sheet as a result of adverse fluctuations in interest. Risk assessment not only builds the sensitivity gap between assets and liabilities, but also quantifies through the dimension of retained earnings and economic value perspectives.

7) Interest rate risk management of the banking book

The interest rate risk management strategy involving the Bank's banking book is to minimize the negative impact of changes in interest rates on net interest income and the net economic value of equity. The asset-liability management committee (ALMCO) approves the annual banking book interest rate risk limits and monitors the Bank's interest rate risk exposures every day. The interest rate risk management processes involving the banking book include risk identification, risk measurement, risk control, risk monitor and others. The unit monitoring the banking book interest rate risk reports interest rate risk exposures regularly to ALMCO, and adjust the structure of assets and liabilities according to the report, lowering the amount of exposure. For risk monitoring, the asset and liability management system outputs an analysis report, which is provided to the interest rate risk execution unit and top management. If risk missing or excess of limit occurred from monitor, written notices will be passed to interest rate risk implementation units to adjust and improve the program reported to ALMCO.

8) The effect of interest rate benchmark reform

KGI Bank is exposed to USD LIBOR which is subject to interest rate benchmark reform. The exposures arise on derivatives and non-derivative financial assets and liabilities. SOFR (Secured Overnight Financing Rate) is expected to replace USD LIBOR. There are key differences between USD LIBOR and SOFR. USD LIBOR is "forward looking", which implies market expectation over future interest rates, and includes a credit spread over the risk-free rate. SOFR is currently a "backward-looking" rate, based on interest rates from actual transactions, and excludes a credit spread. To transition existing contracts and agreements that reference USD LIBOR to SOFR, adjustments for these differences might need to be applied to SOFR to enable the two benchmark rates to be economically equivalent.

KGI Bank has established a LIBOR conversion task force, is responsible for promoting cross-departmental conversion work, drafting conversion plans and time schedule planning, conducting impact assessments. This task force also focuses on product conversion business strategy adjustments, customer communication, system, operating process changes, evaluation, risk models, financial reports and tax implications. This task force reports to the Risk Management Committee and the Board of Directors on the implementation situation quarterly, completes the identification of the information system and internal processes that affect the risk, and take inventory and analysis of the affected areas of risk. Before the cessation of LIBOR, the task force will be based on the regulations of the standard setter, market participants and the competent authority, and continue to adjust related systems, methods and procedures to meet the requirements of the new benchmark interest rate.

Risks arising from the transition relate principally to the potential impact of interest rate basis risk. If the bilateral negotiations with the Group's counterparties are not successfully concluded before the cessation of LIBOR, there are significant uncertainties with regard to the interest rate that would apply. This gives rise to additional interest rate risk that was not anticipated when the contracts were entered into.

The following table contains details of all of the financial instruments held by KGI Bank at March 31, 2021 which are subject to the reform and have not transitioned to an alternative benchmark interest rate:

Non-derivative Financial Instrument	**Financial Assets**
USD LIBOR	$ 72,659,179
Others LIBOR	10,246,198
	$ 82,905,377

Derivative Financial Instrument	Nominal Principal
USD LIBOR	$ 1,131,717,367
Others LIBOR	1,556,862
	$ 1,133,274,229

9) Concentration of currency risk information

The financial assets and liabilities denominated in foreign currency and with material influence on KGI Bank and subsidiaries were as follows:

(In Thousands of Foreign Currencies/New Taiwan Dollars)

	March 31, 2021		
	Foreign Currency	Exchange Rate (Dollar)	New Taiwan Dollar
Financial assets			
Monetary items			
USD	$ 7,372,286	28.53	$ 210,338,702
EUR	725,428	33.47	24,280,079
HKD	2,715,459	3.67	9,965,733
ZAR	3,597,555	1.92	6,907,305
CNY	1,290,350	4.34	5,604,505
JPY	8,947,828	0.26	2,305,855
GBP	28,161	39.20	1,103,914
AUD	49,669	21.71	1,078,314
SGD	17,043	21.20	361,307
CAD	6,024	22.64	136,373
Investments accounted for using the equity method			
CNY	200,366	4.34	870,270
Financial liabilities			
Monetary items			
USD	8,501,910	28.53	242,568,002
CNY	2,872,129	4.34	12,474,803
EUR	359,762	33.47	12,041,242
ZAR	2,348,435	1.92	4,508,996
JPY	5,997,830	0.26	1,545,641
AUD	70,276	21.71	1,525,683
HKD	119,738	3.67	439,439
GBP	4,968	39.20	194,727
NZD	7,544	19.94	150,430
SGD	6,230	21.20	132,068

(In Thousands of Foreign Currencies/New Taiwan Dollars)

	December 31, 2020		
	Foreign Currency	Exchange Rate (Dollar)	New Taiwan Dollar
Financial assets			
Monetary items			
USD	$ 7,790,521	28.51	$ 222,092,171
EUR	738,730	35.05	25,892,503
HKD	3,969,555	3.68	14,596,055
ZAR	2,386,737	1.95	4,656,523
CNY	1,039,054	4.38	4,553,033
JPY	6,254,069	0.28	1,729,250
AUD	51,070	21.97	1,122,009
GBP	28,201	38.92	1,097,573
CAD	34,936	22.36	781,161
SGD	19,091	21.58	411,982
Nonmonetary items			
CNY	200,400	4.38	878,133
Financial liabilities			
Monetary items			
USD	9,118,815	28.51	259,959,188
CNY	3,416,084	4.38	14,968,940
EUR	385,929	35.05	13,526,828
ZAR	2,562,025	1.95	4,998,510
AUD	81,382	21.97	1,787,954
JPY	6,181,514	0.28	1,709,189
HKD	106,490	3.68	391,563
GBP	7,510	38.92	292,284
NZD	7,416	20.59	152,697

(In Thousands of New Foreign Currencies/Taiwan Dollars)

	March 31, 2020		
	Foreign Currency	Exchange Rate (Dollar)	New Taiwan Dollar
Financial assets			
Monetary items			
USD	$ 7,987,212	30.25	$ 241,645,111
EUR	774,532	33.27	25,768,674
HKD	4,116,908	3.90	16,064,176
CNY	940,008	4.26	4,004,058
ZAR	2,288,897	1.69	3,859,080
JPY	6,506,770	0.28	1,815,389
GBP	41,904	37.27	1,561,759
AUD	50,951	18.65	950,243
SGD	18,229	21.24	387,182

(Continued)

	March 31, 2020		
	Foreign Currency	Exchange Rate (Dollar)	New Taiwan Dollar
Financial liabilities			
Monetary items			
USD	$ 10,006,602	30.25	$ 302,739,751
EUR	497,785	33.27	16,561,310
CNY	3,821,352	4.26	16,277,432
ZAR	3,373,734	1.69	5,688,116
AUD	164,559	18.65	3,069,021
JPY	4,180,697	0.28	1,166,414
NZD	42,372	18.12	767,787
HKD	125,107	3.90	488,166
GBP	8,305	37.27	309,531

(Concluded)

10) Disclosure required by the Regulations Governing the Preparation of Financial Reports by Public Banks.

a) Analysis of KGI Bank's interest rate-sensitive assets and liabilities (New Taiwan dollars)

March 31, 2021

Item	1 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year	Total
Interest rate-sensitive assets	$ 329,843,203	$ 31,324,100	$ 22,154,438	$ 72,644,464	$ 455,966,205
Interest rate-sensitive liabilities	179,141,365	159,609,914	32,540,643	27,597,847	398,889,769
Interest rate sensitivity gap	150,701,838	(128,285,814)	(10,386,205)	45,046,617	57,076,436
Net worth					66,453,346
Ratio of interest rate-sensitive assets to liabilities (%)					114.31
Ratio of interest rate-sensitive gap to net worth (%)					85.89

March 31, 2020

Item	1 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year	Total
Interest rate-sensitive assets	$ 320,980,991	$ 27,576,884	$ 31,639,513	$ 50,789,214	$ 430,986,602
Interest rate-sensitive liabilities	144,130,588	126,226,837	32,787,064	17,799,661	320,944,150
Interest rate sensitivity gap	176,850,403	(98,649,953)	(1,147,551)	32,989,553	110,042,452
Net worth					63,075,197
Ratio of interest rate-sensitive assets to liabilities (%)					134.29
Ratio of interest rate-sensitive gap to net worth (%)					174.46

Note 1: The above amounts included only New Taiwan dollar amounts held by KGI Bank excluded contingent assets and contingent liabilities.

Note 2: Interest rate-sensitive assets and liabilities are interest-earning assets and interest-bearing liabilities with revenues or costs affected by interest rate changes.

Note 3: Interest rate sensitivity gap = Interest rate-sensitive assets - Interest rate-sensitive liabilities.

Note 4: Ratio of interest rate-sensitive assets to liabilities = Interest rate-sensitive assets ÷ Interest rate-sensitive liabilities (interest rate-sensitive assets and interest rate-sensitive liabilities in New Taiwan dollars).

b) Analysis of KGI Bank's interest rate-sensitive assets and liabilities (U.S. dollars)

March 31, 2021

(In Thousands of U.S. Dollars, %)

Item	1 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year	Total
Interest rate-sensitive assets	$ 3,172,803	$ 183,626	$ 81,646	$ 2,265,052	$ 5,703,127
Interest rate-sensitive liabilities	5,673,539	621,695	201,350	384,875	6,881,459
Interest rate sensitivity gap	(2,500,736)	(438,069)	(119,704)	1,880,177	(1,178,332)
Net worth					15,358
Ratio of interest rate-sensitive assets to liabilities (%)					82.88
Ratio of interest rate-sensitive gap to net worth (%)					(7,672.43)

March 31, 2020

(In Thousands of U.S. Dollars, %)

Item	1 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year	Total
Interest rate-sensitive assets	$ 2,964,700	$ 174,468	$ 24,673	$ 1,372,436	$ 4,536,277
Interest rate-sensitive liabilities	5,025,703	514,330	381,474	707,434	6,628,941
Interest rate sensitivity gap	(2,061,003)	(339,862)	(356,801)	665,002	(2,092,664)
Net worth					(89,682)
Ratio of interest rate-sensitive assets to liabilities (%)					68.43
Ratio of interest rate-sensitive gap to net worth (%)					-

Note 1: The above amounts included only U.S. dollars amounts held by KGI Bank, excluded contingent assets and contingent liabilities.

Note 2: Interest rate-sensitive assets and liabilities are interest-earning assets and interest-bearing liabilities with revenues or costs affected by interest rate changes.

Note 3: Interest rate sensitivity gap = Interest rate-sensitive assets - Interest rate-sensitive liabilities.

Note 4: Ratio of interest rate-sensitive assets to liabilities = Interest rate-sensitive assets/Interest rate-sensitive liabilities (interest rate-sensitive assets and interest rate-sensitive liabilities in U.S. dollars).

KGI Securities and subsidiaries

Market risk is the risk of potential loss or change in valuation for securities or financial products that KGI Securities and subsidiaries hold due to the fluctuations of the market risk factors. Such factors include interest rates (including credit spread) and risk of equity securities and exchange rates and commodity risk.

KGI Securities utilize risk factor sensitivity and value at risk to measure and contain market risks. KGI Securities also holds regular stress test to help the management understand the estimated influence on the income of investment portfolio under potential extreme events or circumstances.

1) Risk factor sensitivity

Using product identification and analysis procedure held by KGI Securities, the corresponding market risk factor can be determined. Individual risk factor's entire exposure can be measured by observing how the value of a financial instrument changes as each risk factor changes. KGI Securities and subsidiaries monitor the following risk factor sensitivities:

a) Interest rate risk sensitivity: Measured by the change of present value of future cash flows of the measured holding with each yield curve or credit spread moved 0.01% horizontally.

b) Equity securities risk sensitivity: Measured by the change of the value of investment portfolio with the price of the underlying assets linked to the equity securities, which could divided into two types by distribution of financial instrument:

i. Equity delta: Measured by the change of present value of stock with the price of the underlying assets linked to the equity securities. (As the potential loss amount given that the TAIEX and stock of respective companies drop 1%).

ii. Debt delta: Measured by the change of present value of bond with the price of the underlying assets linked to the debt securities. (As the potential loss amount given that the beneficiary certificates and funds, included preferred stocks and bond ETF drop 1%).

c) Exchange rate risk sensitivity: Measured by the change of present values of corresponding holdings of currencies with exchange rate for each currency (as the potential loss amount given that the foreign currencies depreciate 1% against NTD).

d) Commodity risk sensitivity: Measured by the change of present values of corresponding holdings of currencies with commodity for each currency (as the potential loss amount given that commodity currencies depreciate 1% against NTD).

The risk sensitivities in the portfolio held by KGI Securities and subsidiaries are as follows:

Comparisons of Risk Sensitive Factors

(In Thousands of New Taiwan Dollars)

Risk Sensitivity	March 31, 2021	December 31, 2020	March 31, 2020
Interest rate risk	$ 4,203	$ 8,513	$ 6,058
Equity securities risk			
Equity delta	8,825,946	7,087,900	2,388,097
Debt delta	1,673,154	1,800,339	2,027,046
Exchange rate risk	4,777,315	4,463,211	4,001,969
Commodity risk	(22,080)	60,720	181,990

2) Value at risk

Value at risk ("VAR") is a statistical measurement used to measure the maximum potential loss of a portfolio in a certain future time horizon and confidence level. KGI Securities and subsidiaries uses parametric in estimating a value at risk at 99% of confidence interval at duration of 1 day. This means that among 100 trading days, 1 trading day might see the loss of the positions exceeding the value at risk estimated the day before. KGI Securities and subsidiaries continue to conduct back testing daily to ensure the effectiveness of the estimations made by the risk value model.

The comparison of risk value in the trading portfolio held by KGI Securities and subsidiaries were as follows:

	For the Three Months Ended March 31, 2021			March 31, 2021
	Average VAR	**Minimum VAR**	**Maximum VAR**	**Ending VAR**
Equity securities	$ 183,849	$ 134,668	$ 246,530	$ 227,878
Interest rate	180,234	123,656	265,975	129,025
Exchange rate	42,805	19,330	62,408	53,249
Commodity	69,364	24,071	139,868	133,956

	For the Three Months Ended March 31, 2020			March 31, 2020
	Average VAR	**Minimum VAR**	**Maximum VAR**	**Ending VAR**
Equity securities	$ 231,959	$ 63,595	$ 446,166	$ 270,521
Interest rate	132,767	83,281	218,647	202,475
Exchange rate	31,691	20,803	42,591	38,063
Commodity	42,994	564	144,496	12,167

3) Stress test

Stress test is one of the tools for risk management. It mainly evaluates the effects extreme changes in market risk factors in an investment portfolio to help a company's board of directors and management understand how potential extreme incidents can affect the market risk sensitivity and the profit/loss of an investment portfolio.

The main methods of stress test are historic analysis and hypothetical scenarios analysis. The results will be regularly reported to the risk management committee and the board of directors of KGI Securities.

4) The effect of interest rate benchmark reform

KGI Securities and subsidiaries assessed that when the interest rate index does not exist, updating the effective interest rate to reflect the change in the alternative index interest rate. The interest rate change does not have a significant impact on KGI Securities and subsidiaries. KGI Securities and subsidiaries will continue to evaluate the effect and development of interest rate benchmark reform.

The following table contains details of all of the financial instruments held by KGI Securities and subsidiaries at March 31, 2021 which are subject to the reform and have not transitioned to an alternative benchmark interest rate:

	Carrying Amount	
	Financial Assets	**Financial Liabilities**
Non-derivative financial instrument		
USD LIBOR	$ 11,229,783	$ 2,353,808
CNY HIBOR	-	2,663,033
Others LIBOR	89,046	1,131,348
Derivative financial instrument		
USD LIBOR	46,879	1,189,587
SGD SOR	1,630	13,477
Others LIBOR	1,095	26,280
	$ 11,368,433	$ 7,377,533

	Nominal Principal	
	Financial Assets	Financial Liabilities
Derivative instrument		
USD LIBOR	$ 2,887,455	$ 10,794,774
SGD SOR	1,209,930	1,061,342
Others LIBOR	367,015	660,627
	$ 4,464,400	$ 12,516,743

5) The financial assets and liabilities denominated in foreign currency and with material influence on KGI Securities and subsidiaries were as follows:

(In Thousands of Foreign Currencies/New Taiwan Dollars)

	March 31, 2021		
	Foreign Currency	Exchange Rate (Dollar)	New Taiwan Dollar
Financial assets			
Monetary items			
USD	$ 3,106,087	28.53	$ 88,621,973
EUR	621,094	33.47	20,788,022
HKD	214,452	3.67	787,038
CNY	105,850	4.34	459,750
JPY	1,370,447	0.26	353,169
AUD	7,764	21.71	168,566
Nonmonetary items			
USD	2,001,651	28.53	57,109,118
CNY	654,204	4.34	2,841,468
Investments accounted for using the equity method			
USD	89,824	28.53	2,562,759
Financial liabilities			
Monetary items			
USD	5,512,514	28.53	157,279,682
EUR	619,727	33.47	20,742,264
CNY	208,072	4.34	903,740
HKD	149,149	3.67	547,376
JPY	1,190,622	0.26	306,823
AUD	12,378	21.71	268,727
Nonmonetary items			
USD	440,456	28.53	12,566,646

(In Thousands of Foreign Currencies/New Taiwan Dollars)

	December 31, 2020		
	Foreign Currency	Exchange Rate (Dollar)	New Taiwan Dollar
Financial assets			
Monetary items			
USD	$ 3,088,229	28.50	$ 88,025,500
EUR	637,881	35.05	22,357,681
CNY	392,281	4.38	1,718,934
JPY	1,724,707	0.28	476,661
HKD	112,418	3.68	413,144
AUD	2,365	21.97	51,960
Nonmonetary items			
USD	2,230,286	28.51	63,580,981
CNY	910,648	4.38	3,990,370
Investments accounted for using the equity method			
USD	84,975	28.51	2,422,459
Financial liabilities			
Monetary items			
USD	5,614,807	28.51	160,053,538
EUR	636,629	35.05	22,313,802
CNY	390,736	4.38	1,712,162
JPY	1,577,505	0.28	435,959
HKD	67,455	3.67	247,883
Nonmonetary items			
USD	409,738	28.51	11,680,810

(In Thousands of Foreign Currencies/New Taiwan Dollars)

	March 31, 2020		
	Foreign Currency	Exchange Rate (Dollar)	New Taiwan Dollar
Financial assets			
Monetary items			
USD	$ 3,008,356	30.25	$ 91,002,835
EUR	406,578	33.27	13,526,602
JPY	3,504,161	0.28	977,019
CNY	157,698	4.26	671,728
HKD	107,168	3.90	417,918
AUD	6,370	18.65	118,802
Nonmonetary items			
USD	1,519,593	30.25	45,973,779
CNY	333,434	4.26	1,420,294
AUD	14,475	18.65	296,967
Investments accounted for using the equity method			
USD	74,483	30.25	2,253,395

(Continued)

	March 31, 2020		
	Foreign Currency	**Exchange Rate (Dollar)**	**New Taiwan Dollar**
Financial liabilities			
Monetary items			
USD	$ 5,011,743	30.25	$ 151,614,056
EUR	400,655	33.27	13,329,540
CNY	246,142	4.26	1,048,462
JPY	3,300,379	0.28	920,166
HKD	61,971	3.90	241,639
AUD	8,740	18.65	162,994
Nonmonetary items			
USD	159,912	30.25	4,837,990
AUD	10,557	18.65	196,884
CNY	26,950	4.26	114,795

(Concluded)

CDIB Capital Group and subsidiaries

Market risk is defined as an unfavorable change in financial market variables, (such as interest rates, exchange rates, stock prices and commodity prices) which may cause a potential loss on financial assets held for trading. Market risk as explained as follows:

1) Foreign currency rate risk information

The financial assets and liabilities denominated in foreign currency and with material influence on CDIB Capital Group and subsidiaries were as follows:

(In Thousands of Foreign Currencies/New Taiwan Dollars)

	March 31, 2021		
	Foreign Currency	**Exchange Rate (Dollar)**	**New Taiwan Dollar**
Financial assets			
Monetary items			
USD	$ 184,333	28.53	$ 5,259,199
CNY	585,228	4.34	2,541,879
KRW	21,571,717	0.03	544,103
HKD	31,972	3.67	117,336
Nonmonetary items			
USD	317,073	28.53	9,046,403
CNY	5,127,585	0.03	129,333
THB	131,892	0.91	120,022
Investment accounted for using the equity method			
CNY	448,435	4.34	1,947,555
USD	81,876	28.53	2,336,007
Financial liabilities			
Monetary items			
CNY	313,349	4.34	1,360,998

(In Thousands of Foreign Currencies/New Taiwan Dollars)

	December 31, 2020		
	Foreign Currency	**Exchange Rate (Dollar)**	**New Taiwan Dollar**
Financial assets			
Monetary items			
USD	$ 153,631	28.508	$ 4,465,227
CNY	527,880	4.382	2,313,117
KRW	23,418,623	0.026	614,645
HKD	44,698	3.677	164,354
JPY	424,929	0.277	117,493
Nonmonetary items			
USD	331,105	28.508	9,439,148
CNY	84,335	4.382	369,546
THB	132,171	0.952	125,827
KRW	4,566,850	0.026	119,862
Investment accounted for using the equity method			
USD	83,239	28.508	2,372,982
CNY	466,365	4.382	2,043,611
Financial liabilities			
Monetary items			
CNY	269,663	4.382	1,181,638
USD	16,470	28.508	469,529

(In Thousands of Foreign Currencies/New Taiwan Dollars)

	March 31, 2020		
	Foreign Currency	**Exchange Rate (Dollar)**	**New Taiwan Dollar**
Financial assets			
Monetary items			
USD	$ 137,954	30.254	$ 4,173,673
CNY	214,916	4.260	915,456
KRW	24,166,871	0.025	599,411
HKD	49,362	3.902	192,612
JPY	414,683	0.279	115,697
Nonmonetary items			
USD	196,604	30.254	5,948,068
CNY	89,560	4.260	381,492
THB	159,099	0.923	146,849
Investment accounted for using the equity method			
CNY	659,183	4.260	2,807,856
USD	75,313	30.254	2,278,505
Financial liabilities			
Monetary items			
USD	15,332	30.254	463,860

Sensitivity analysis

The following table details CDIB Capital Group and subsidiaries' sensitivity to a 1% increase and decrease in New Taiwan dollars (the functional currency) against the relevant foreign currencies. The sensitivity analysis included only outstanding foreign currency denominated monetary items, and adjusts their translation at the end of the reporting period for a 1% change in foreign currency rates. A positive number below indicates a decrease (increase) in pre-tax profit (loss) associated with the New Taiwan dollar strengthening 1% against the relevant currency. For a 1% weakening of the New Taiwan dollar against the relevant currency, there would be an equal and opposite impact on pre-tax profit (loss), and the balances below would be negative.

	Impact on Profit or Loss For the Three Months Ended March 31	
	2021	**2020**
Monetary items		
USD	$ 52,222	$ 37,098
CNY	11,809	8,911
KRW	5,441	5,988
HKD	1,039	1,714
JPY	26	1,157

2) Interest rate risk

The primary financial assets of CDIB Capital Group and subsidiaries with exposure to interest rates as of March 31, 2021, December 31, 2020 and March 31, 2020 were cash in banks. Management believes that interest rate changes would have been no significant effect on CDIB Capital Group and subsidiaries.

3) Other price risk

CDIB Capital Group and subsidiaries were exposed to equity price risk through its investments in principal investment business. CDIB Capital Group manages this exposure by setting risk acceptance limitation concerning industry, country, affiliated groups, and the same group.

If equity prices had been 1% higher/lower, the post-tax income for the three months ended March 31, 2021 and 2020 would increase/decrease by $148,602 thousand and $155,490 thousand, respectively as a result of the changes in fair value of financial assets at fair value through profit or loss.

China Life Insurance

1) Market risk refers to financial assets and liabilities due to market risk factors volatility, making the change of the value to cause the risk of loss.

China Life Insurance has built value at risk (VaR) model. All financial assets involve market risks regularly monitor by risk management system and calculate the VaR. Risk control indices are notional amount and VaR. It will issue risk management reports and execute routine control and process when over limit. We also report VaR, the use of risk limits and the results of backtesting regularly to the board of directors or risk management committee.

2) Exchange rate risk

China Life Insurance continues to exercise swaps and forward exchange derivative transactions to hedge the value change risk of holding foreign currencies because of changes in exchange rates in accordance with relevant laws and internal control requirements to use the control mechanism to control this risk.

China Life Insurance's exchange rate risk is primarily related to operating activities (the currencies the income or expense used are not the same as the functional currency of China Life Insurance).

Some of China Life Insurance's accounts receivable and accounts payable are denoted in the same foreign currency. Under such circumstances, the similar positions will naturally generate the hedging effect. Some foreign currency positions use forward exchange contracts to manage foreign exchange risk. As the foregoing natural hedge and foreign exchange forward do not meet the requirements of hedge accounting in terms of managing exchange rate risk, hedge accounting is not adopted.

3) Interest rate risk

Interest rate risk refers to the risk resulting from changes in market interest rates which causes fluctuations in the fair value of financial instruments. China Life Insurance manages interest rate risk by combinations of fixed and floating interest rate products. Because they do not meet the requirements for hedge accounting, hedge accounting is not adopted.

4) Equity price risk

China Life Insurance holds equity securities of listed and unlisted companies, and OTC-traded and non-OTC traded companies. The price of such equity securities will be affected by uncertainties about the future value of the underlying investment. Equity securities of non-listed and non-OTC traded companies fall into available-for-sale category. China Life Insurance diversified its investment and set investment limits for a single equity security to manage price risk of equity securities. Portfolio information of equity securities is required to be regularly reported to senior executives of China Life Insurance. The Board of Directors should authorize the senior executives to review and approve the equity securities of all investment decisions.

5) Value at risk

Value-at-risk is the maximum loss on the portfolio with a given probability defined as the confidence level, over a given period of time. China Life Insurance uses 99% VaR to measure the market risk over the next ten days.

VaR model must be able to reasonably and appropriately measure the maximum potential risk of financial instruments and investment portfolio. VaR model used to manage risk must perform model validation and backtesting to show that the model can reasonably and effectively measure the maximum potential risks of the financial instruments or investment portfolio.

6) Stress testing

China Life Insurance measures and evaluates potential risks of the occurrence of extreme and abnormal events regularly in addition to Value at Risk models. Stress testing measures the potential impact on the value of the investment portfolio when extreme fluctuations of financial variables occur.

China Life Insurance performs stress testing regularly by using "Simple Sensitivity" and "Scenario Analysis" methods. The test is capable of representing the position loss resulted from the movement of a specific risk factor under different kinds of historical scenarios:

a) Simple sensitivity

Simple Sensitivity measures the dollar amount change for the portfolio value from the movement of specific risk factors.

b) Scenario analysis

Scenario Analysis measures the dollar amount changes for the total value of investment positions if stress scenarios occur. The types of scenario include:

i. Historical scenario:

Adding fluctuating risk factors to a specific historical event, China Life Insurance simulates what the dollar amount of losses for the current investment portfolio would be in the same period of time.

ii. Hypothetical scenario:

China Life Insurance makes hypothesis with rational expectations from the extreme market movements to assess the dollar amount of losses for the investment position by taking into consideration the movement of relevant risk factors.

Risk management department performs the stress testing with historical and hypothetical scenarios regularly. China Life Insurance's risk analysis, early warning, and business management are in accordance with the stress testing report.

Summary of Factor Sensitivity Analysis
March 31, 2021

Risk Factors	Changes (+/-)	Changes in Income	Changes in Equity
Equity risk (stock index)	+1%	$ -	$ 3,006,006
Interest rate risk (yield curve)	+1BP	-	(583,694)
Exchange risk (foreign exchange rate)	+1% (NTD for each currency appreciates 1%)	(2,523,495)	(941,634)

Summary of Factor Sensitivity Analysis
December 31, 2020

Risk Factors	Changes (+/-)	Changes in Income	Changes in Equity
Equity risk (stock index)	+1%	$ -	$ 2,757,465
Interest rate risk (yield curve)	+1BP	-	(735,342)
Exchange risk (foreign exchange rate)	+1% (NTD for each currency appreciates 1%)	(2,613,715)	(930,369)

March 31, 2020

Risk Factors	Changes (+/-)	Changes in Income	Changes in Equity
Equity risk (stock index)	+1%	$ -	$ 2,127,708
Interest rate risk (yield curve)	+1BP	-	(552,240)
Exchange risk (foreign exchange rate)	+1% (NTD for each currency appreciates 1%)	(2,313,089)	(714,500)

7) China Life evaluated the impact on the company's exposure positions based on the content of changes in international interest rate indicators. As of the end of March 2021, the book value of China Life's affected bonds was 33,949,544 thousand, and there are backups in the prospectus of these bonds. Terms, so when the interest rate indicator does not exist, there are still alternative ways to continue to accrue interest. The interest rate changes have not had a significant impact on China Life. China Life will continue to pay attention to the changes and development of international interest rate indicators.

8) China Life Insurance's foreign currency financial assets and liabilities with significant influence as of March 31, 2021, December 31, 2020 and March 31, 2020 are as follows:

(In Thousands of Foreign Currencies/New Taiwan Dollars)

	March 31, 2021		
	Foreign Currency	**Exchange Rate (Dollar)**	**New Taiwan Dollar**
Financial assets			
Monetary items			
USD	$ 42,165,217	28.5310	$ 1,203,015,820
AUD	4,571,331	21.7092	99,239,941
Non-monetary items			
USD	2,582,151	28.5310	73,671,339
Financial labilities			
Monetary items			
USD	206,803	28.5310	5,900,295

(In Thousands of Foreign Currencies/New Taiwan Dollars)

	December 31, 2020		
	Foreign Currency	**Exchange Rate (Dollar)**	**New Taiwan Dollar**
Financial assets			
Monetary items			
USD	$ 41,864,113	28.5080	$ 1,193,462,138
AUD	4,515,182	21.9711	99,203,515
Non-monetary items			
USD	2,401,796	28.5080	68,470,412
Financial labilities			
Monetary items			
USD	233,970	28.5080	6,670,007

(In Thousands of Foreign Currencies/New Taiwan Dollars)

	March 31, 2020		
	Foreign Currency	**Exchange Rate (Dollar)**	**New Taiwan Dollar**
<u>Financial assets</u>			
Monetary items			
USD	$ 37,130,496	30.2540	$ 1,123,342,196
AUD	3,970,367	18.6425	74,017,573
Non-monetary items			
USD	1,647,989	30.2540	49,858,252
<u>Financial labilities</u>			
Monetary items			
USD	368,481	30.2540	11,148,024

The above information is disclosed based on the carrying amount of the foreign currencies, which has been translated to functional currency.

e. Transfers of financial assets

<u>KGI Bank and subsidiaries</u>

<u>Transferred financial assets not qualifying for full derecognition</u>

Among daily operations of KGI Bank, most of the transactions of transferred financial assets not qualifying for full derecognition are debt securities under repurchase agreements. As KGI Bank's right to receive cash flows of the financial assets transferred to the counterparties, and reflecting the obligation to repurchase the transferred financial assets for a fixed price at a future date, the transferred financial assets cannot be used, sold or pledged in the duration of the transaction. KGI Bank does not derecognize it entirely because KGI Bank remains exposed to interest rate risk and credit risk on these pledged instruments.

Related information of financial assets and liabilities not qualifying for full derecognition was listed below:

March 31, 2021					
Category	**Carrying Amount of Transferred Financial Assets**	**Carrying Amount of Related Financial Liabilities**	**Fair Value of Transferred Financial Assets**	**Fair Value of Related Financial Liabilities**	**Fair Value of Net Position**
Notes and bonds issued under repurchase agreements					
Financial assets at amortized cost	$ 285,238	$ 271,044	$ 285,310	$ 271,044	$ 14,266
Financial assets at FVTPL	159,544	155,377	159,544	155,377	4,167
Financial assets at FVTOCI	64,395,626	62,279,233	64,395,626	62,279,233	2,116,393

December 31, 2020					
Category	Carrying Amount of Transferred Financial Assets	Carrying Amount of Related Financial Liabilities	Fair Value of Transferred Financial Assets	Fair Value of Related Financial Liabilities	Fair Value of Net Position
Notes and bonds issued under repurchase agreements					
Financial assets at amortized cost	$ 285,008	$ 270,826	$ 285,080	$ 270,826	$ 14,254
Financial assets at FVTPL	797,110	767,528	797,110	767,528	29,582
Financial assets at FVTOCI	62,050,850	58,248,403	62,050,850	58,248,403	3,802,447

March 31, 2020					
Category	Carrying Amount of Transferred Financial Assets	Carrying Amount of Related Financial Liabilities	Fair Value of Transferred Financial Assets	Fair Value of Related Financial Liabilities	Fair Value of Net Position
Notes and bonds issued under repurchase agreements					
Financial assets at amortized cost	$ 302,463	$ 271,741	$ 302,540	$ 271,741	$ 30,799
Financial assets at FVTPL	7,892,150	7,704,155	7,892,150	7,704,155	187,995
Financial assets at FVTOCI	40,356,207	38,859,127	40,356,207	38,859,127	1,497,080
Securities purchased under resell agreements	164,307	164,307	164,307	164,307	-

KGI Securities and subsidiaries

1) Transferred financial assets not qualifying for full derecognition

Among daily operations of KGI Securities and subsidiaries, most of the transactions of transferred financial assets not qualifying for full derecognition are debt securities held by counterparties as collateral under repurchase agreements or equity securities lent under securities lending agreements. As the substance of these transactions is secured borrowing, securities that has transferred to counterparties during the transaction causes KGI Securities' right to receive cash flows of the financial assets transferred to the counterparties; KGI Securities only recognized related liabilities reflecting the obligation to repurchase the transferred financial assets at a fixed price in the future, and the transferred financial assets cannot be used, sold or pledged in the duration of the transaction. KGI Securities does not derecognize it entirely because KGI Securities remains exposed to interest rate risk, credit risk and market risk on these pledged instruments.

Related information of financial assets and liabilities not qualifying for full derecognition was listed below:

March 31, 2021					
Category	Carrying Amount of Transferred Financial Assets	Carrying Amount of Related Financial Liabilities	Fair Value of Transferred Financial Assets	Fair Value of Related Financial Liabilities	Net Position of Fair Value
Financial assets at FVTPL					
Transactions with agreements	$ 54,588,123	$ 52,132,941	$ 54,588,123	$ 52,132,941	$ 2,455,182

December 31, 2020					
Category	**Carrying Amount of Transferred Financial Assets**	**Carrying Amount of Related Financial Liabilities**	**Fair Value of Transferred Financial Assets**	**Fair Value of Related Financial Liabilities**	**Net Position of Fair Value**
Financial assets at FVTPL					
Transactions with agreements	$ 57,660,617	$ 54,435,527	$ 57,660,617	$ 54,435,527	$ 3,225,090
Transaction - borrowed securities	244,854	342,796	244,854	342,796	(97,942)

March 31, 2020					
Category	**Carrying Amount of Transferred Financial Assets**	**Carrying Amount of Related Financial Liabilities**	**Fair Value of Transferred Financial Assets**	**Fair Value of Related Financial Liabilities**	**Net Position of Fair Value**
Financial assets at FVTPL					
Transactions with agreements	$ 59,865,479	$ 56,336,185	$ 59,865,479	$ 56,336,185	$ 3,529,294
Transaction - borrowed securities	396,407	554,970	396,407	554,970	(158,563)

2) Transferred financial assets qualifying for full derecognition

KGI Securities uses convertible bonds acquired by an underwriter or dealer as the trading object of the asset swap transaction, then KGI Securities receives consideration by selling it, and exchange interests arise from convertible bonds for compensation interests according to the contracts, and has the right to redeem the bonds at any time before the maturity date. KGI Securities does not retain the control over the transferred assets and derecognizes them since counterparties have the ability to sell financial assets to third party and no restrictions will be made to counterparties. KGI Securities still retain the call option of the object, and the maximum exposure of the loss is the book value of the pledged instruments.

Related information of transferred financial assets and liabilities qualifying for full derecognition are as follows:

Period	**Types of Continuing Involvement**	**Outflows of Repurchased Transferred (Derecognized) Financial Assets**	**Book Value of Continuing Involvement in the Balance Sheet**	**Fair Value of Continuing Involvement**		**Maximum of Loss Exposure**
			Financial Assets at FVTPL	**Assets**	**Liabilities**	
March 31, 2021	Call option	$ 9,306,500	$ 1,723,511	$ 1,723,511	$ -	$ 1,723,511
December 31, 2020	Call option	10,332,500	1,522,083	1,522,083	-	1,522,083
March 31, 2020	Call option	12,042,100	429,509	429,509	-	429,509

The following table is repurchased transferred financial assets' undiscounted cash flow maturity analysis. Information of cash flow is disclosed according to the circumstances of every balance sheet day.

Period	**Types of Continuing Involvement**	**Spot**	**3 Months**	**3-12 Months**	**1-5 Years**	**Over 5 Years**	**Total**
March 31, 2021	Call option	$ -	$ 419,000	$ 2,079,900	$ 6,807,600	$ -	$ 9,306,500
December 31, 2020	Call option	-	850,900	2,064,900	7,416,700	-	10,332,500
March 31, 2020	Call option	-	696,900	3,891,600	7,453,600	-	12,042,100

The following table shows gains or losses recognized from continuing involvement - call option at the assets transferred day, continuing involvement of derecognized financial assets until balance sheet day and revenues and expenses recognized during the period.

Period	Types of Continuing Involvement	Gains or Losses Recognized at Balance Sheet Day	Revenues or Expenses Recognized from Continuing Involvement of Derecognized Financial Assets Until Balance Sheet Day	Revenues or Expenses Recognized During the Period
March 31, 2020	Call option	$ 53,847	$ 451,061	$ 504,908
December 31, 2019	Call option	19,004	393,637	412,641
March 31, 2019	Call option	(17,121)	(659,439)	(676,560)

f. Offsetting financial assets and financial liabilities

KGI Bank and subsidiaries

KGI Bank and subsidiaries have enforceable master netting arrangements or similar agreements signed with counterparty, and the financial assets and financial liabilities can be offset when both sides of the transaction have decided to, but gross settlements if have not. One can choose net settlement if the other side of the transaction is in the breach of contract.

Related information of offsetting financial assets and financial liabilities were as follows:

March 31, 2021						
Financial Assets Subject to Offsetting, Enforceable Master Netting Arrangements or Similar Agreements						
Types of Financial Instruments	Gross Amounts of Recognized Financial Assets (a)	Gross Amounts of Recognized Financial Liabilities Offset in the Balance Sheet (b)	Net Amounts of Financial Assets Presented in the Balance Sheet (c)=(a)-(b)	Amounts not Offset in the Balance Sheet (d)		Net Amount (e)=(c)-(d)
				Financial Instruments (Note 1)	Cash Collateral Received	
Securities purchased under resell agreements	$ 16,703,083	$ -	$ 16,703,083	$ 16,674,552	$ 28,531	$ -
Derivative instruments (Note 2)	37,402,267	-	37,402,267	10,239,194	3,282,142	23,880,931
Total	$ 54,105,350	$ -	$ 54,105,350	$ 26,913,746	$ 3,310,673	$ 23,880,931

March 31, 2021						
Financial Liabilities Subject to Offsetting, Enforceable Master Netting Arrangements or Similar Agreements						
Types of Financial Instruments	**Gross Amounts of Recognized Financial Liabilities (a)**	**Gross Amounts of Recognized Financial Assets Offset in the Balance Sheet (b)**	**Net Amounts of Financial Liabilities Presented in the Balance Sheet (c)=(a)-(b)**	**Amounts not Offset in the Balance Sheet (d)**		**Net Amount (e)=(c)-(d)**
				Financial Instruments (Note 1)	**Cash Collateral Received**	
Notes and bonds issued under repurchase agreements	$ 62,705,654	$ -	$ 62,705,654	$ 61,990,588	$ 715,066	$ -
Derivative instruments (Note 2)	39,245,627	-	39,245,627	10,239,194	7,244,376	21,762,057
Total	$ 101,951,281	$ -	$ 101,951,281	$ 72,229,782	$ 7,959,442	$ 21,762,057

December 31, 2020						
Financial Assets Subject to Offsetting, Enforceable Master Netting Arrangements or Similar Agreements						
Types of Financial Instruments	**Gross Amounts of Recognized Financial Assets (a)**	**Gross Amounts of Recognized Financial Liabilities Offset in the Balance Sheet (b)**	**Net Amounts of Financial Assets Presented in the Balance Sheet (c)=(a)-(b)**	**Amounts not Offset in the Balance Sheet (d)**		**Net Amount (e)=(c)-(d)**
				Financial Instruments (Note 1)	**Cash Collateral Received**	
Securities purchased under resell agreements	$ 30,168,313	$ -	$ 30,168,313	$ 29,606,736	$ 561,577	$ -
Derivative instruments (Note 2)	55,608,363	-	55,608,363	15,138,811	2,986,498	37,483,054
Total	$ 85,776,676	$ -	$ 85,776,676	$ 44,745,547	$ 3,548,075	$ 37,483,054

December 31, 2020						
Financial Liabilities Subject to Offsetting, Enforceable Master Netting Arrangements or Similar Agreements						
Types of Financial Instruments	**Gross Amounts of Recognized Financial Liabilities (a)**	**Gross Amounts of Recognized Financial Assets Offset in the Balance Sheet (b)**	**Net Amounts of Financial Liabilities Presented in the Balance Sheet (c)=(a)-(b)**	**Amounts not Offset in the Balance Sheet (d)**		**Net Amount (e)=(c)-(d)**
				Financial Instruments (Note 1)	**Cash Collateral Received**	
Notes and bonds issued under repurchase agreements	$ 59,286,757	$ -	$ 59,286,757	$ 59,286,757	$ -	$ -
Derivative instruments (Note 2)	60,597,555	-	60,597,555	15,138,811	6,928,963	38,529,781
Total	$ 119,884,312	$ -	$ 119,884,312	$ 74,425,568	$ 6,928,963	$ 38,529,781

March 31, 2020						
Financial Assets Subject to Offsetting, Enforceable Master Netting Arrangements or Similar Agreements						
Types of Financial Instruments	**Gross Amounts of Recognized Financial Assets (a)**	**Gross Amounts of Recognized Financial Liabilities Offset in the Balance Sheet (b)**	**Net Amounts of Financial Assets Presented in the Balance Sheet (c)=(a)-(b)**	**Amounts not Offset in the Balance Sheet (d)**		**Net Amount (e)=(c)-(d)**
				Financial Instruments (Note 1)	**Cash Collateral Received**	
Securities purchased under resell agreements	$ 25,952,054	$ -	$ 25,952,054	$ 25,921,800	$ 30,254	$ -
Derivative instruments (Note 2)	73,419,940	-	73,419,940	13,613,215	5,884,043	53,922,682
Total	$ 99,371,994	$ -	$ 99,371,994	$ 39,535,015	$ 5,914,297	$ 53,922,682

March 31, 2020						
Financial Liabilities Subject to Offsetting, Enforceable Master Netting Arrangements or Similar Agreements						
Types of Financial Instruments	**Gross Amounts of Recognized Financial Liabilities (a)**	**Gross Amounts of Recognized Financial Assets Offset in the Balance Sheet (b)**	**Net Amounts of Financial Liabilities Presented in the Balance Sheet (c)=(a)-(b)**	**Amounts not Offset in the Balance Sheet (d)**		**Net Amount (e)=(c)-(d)**
				Financial Instruments (Note 1)	**Cash Collateral Received**	
Notes and bonds issued under repurchase agreements	$ 46,999,330	$ -	$ 46,999,330	$ 44,457,865	$ 2,541,465	$ -
Derivative instruments (Note 2)	90,180,086	-	90,180,086	13,613,215	10,481,897	66,084,974
Total	$ 137,179,416	$ -	$ 137,179,416	$ 58,071,080	$ 13,023,362	$ 66,084,974

Note 1: Financial instruments include master netting arrangements and non-cash collateral.

Note 2: Derivative instruments include hedging derivative financial.

KGI Securities and subsidiaries

KGI Securities and subsidiaries' transactions of derivative assets and liabilities do not correspond to the provisions of IAS, only in the circumstances of default, insolvency or bankruptcy will KGI Securities have the rights to offset derivative assets and liabilities.

KGI Securities has signed securities repurchase contracts with counterparties, and the agreements stating that KGI Securities to provide securities as collateral, meanwhile KGI Securities signed securities resell contracts with counterparties and receive securities as collateral which do not recognized in the balance sheet. Such contracts do not correspond to the provisions of IAS and bear the right to offset only in the circumstances of default, insolvency or bankruptcy, therefore, related securities sell with repurchase agreements and securities purchased with resell agreement are presented in the balance sheet respectively.

Related information of offsetting financial assets and financial liabilities were as follows:

March 31, 2021						
Financial Assets Subject to Offsetting, Enforceable Master Netting Arrangements or Similar Agreements						
Types of Financial Instruments	**Gross Amounts of Recognized Financial Assets (a)**	**Gross Amounts of Recognized Financial Liabilities Offset in the Balance Sheet (b)**	**Net Amounts of Financial Assets Presented in the Balance Sheet (c)=(a)-(b)**	**Amounts not Offset in the Balance Sheet (d)**		**Net Amount (e)=(c)-(d)**
				Financial Instruments (Note)	**Cash Collateral Received**	
Derivative instruments	$ 4,217,489	$ -	$ 4,217,489	$ -	$ 982,748	$ 3,234,741
Securities purchased under resell agreements	13,955,723	-	13,955,723	13,955,723	-	-
Total	$ 18,173,212	$ -	$ 18,173,212	$ 13,955,723	$ 982,748	$ 3,234,741

March 31, 2021						
Financial Liabilities Subject to Offsetting, Enforceable Master Netting Arrangements or Similar Agreements						
Types of Financial Instruments	**Gross Amounts of Recognized Financial Liabilities (a)**	**Gross Amounts of Recognized Financial Assets Offset in the Balance Sheet (b)**	**Net Amounts of Financial Liabilities Presented in the Balance Sheet (c)=(a)-(b)**	**Amounts not Offset in the Balance Sheet (d)**		**Net Amount (e)=(c)-(d)**
				Financial Instruments (Note)	**Cash Collateral Received**	
Derivative instruments	$ 8,996,407	$ -	$ 8,996,407	$ -	$ 1,196,652	$ 7,799,755
Notes and bonds issued under repurchase agreements	69,892,480	-	69,892,480	69,892,480	-	-
Total	$ 78,888,887	$ -	$ 78,888,887	$ 69,892,480	$ 1,196,652	$ 7,799,755

December 31, 2020						
Financial Assets Subject to Offsetting, Enforceable Master Netting Arrangements or Similar Agreements						
Types of Financial Instruments	**Gross Amounts of Recognized Financial Assets (a)**	**Gross Amounts of Recognized Financial Liabilities Offset in the Balance Sheet (b)**	**Net Amounts of Financial Assets Presented in the Balance Sheet (c)=(a)-(b)**	**Amounts not Offset in the Balance Sheet (d)**		**Net Amount (e)=(c)-(d)**
				Financial Instruments (Note)	**Cash Collateral Received**	
Derivative instruments	$ 3,571,037	$ -	$ 3,571,037	$ -	$ 851,194	$ 2,719,843
Securities purchased under resell agreements	13,610,026	-	13,610,026	13,610,026	-	-
Total	$ 17,181,063	$ -	$ 17,181,063	$ 13,610,026	$ 851,194	$ 2,719,843

December 31, 2020						
Financial Liabilities Subject to Offsetting, Enforceable Master Netting Arrangements or Similar Agreements						
Types of Financial Instruments	Gross Amounts of Recognized Financial Liabilities (a)	Gross Amounts of Recognized Financial Assets Offset in the Balance Sheet (b)	Net Amounts of Financial Liabilities Presented in the Balance Sheet (c)=(a)-(b)	Amounts not Offset in the Balance Sheet (d)		Net Amount (e)=(c)-(d)
				Financial Instruments (Note)	Cash Collateral Received	
Derivative instruments	$ 9,234,243	$ -	$ 9,234,243	$ -	$ 3,740,088	$ 5,494,155
Notes and bonds issued under repurchase agreements	75,577,488	-	75,577,488	75,577,488	-	-
Total	$ 84,811,731	$ -	$ 84,811,731	$ 75,577,488	$ 3,740,088	$ 5,494,155

March 31, 2020						
Financial Assets Subject to Offsetting, Enforceable Master Netting Arrangements or Similar Agreements						
Types of Financial Instruments	Gross Amounts of Recognized Financial Assets (a)	Gross Amounts of Recognized Financial Liabilities Offset in the Balance Sheet (b)	Net Amounts of Financial Assets Presented in the Balance Sheet (c)=(a)-(b)	Amounts not Offset in the Balance Sheet (d)		Net Amount (e)=(c)-(d)
				Financial Instruments (Note)	Cash Collateral Received	
Derivative instruments	$ 2,273,863	$ -	$ 2,273,863	$ -	$ 541,854	$ 1,732,009
Securities purchased under resell agreements	18,911,249	-	18,911,249	18,911,249	-	-
Total	$ 21,185,112	$ -	$ 21,185,112	$ 18,911,249	$ 541,854	$ 1,732,009

March 31, 2020						
Financial Liabilities Subject to Offsetting, Enforceable Master Netting Arrangements or Similar Agreements						
Types of Financial Instruments	Gross Amounts of Recognized Financial Liabilities (a)	Gross Amounts of Recognized Financial Assets Offset in the Balance Sheet (b)	Net Amounts of Financial Liabilities Presented in the Balance Sheet (c)=(a)-(b)	Amounts not Offset in the Balance Sheet (d)		Net Amount (e)=(c)-(d)
				Financial Instruments (Note)	Cash Collateral Received	
Derivative instruments	$ 4,639,289	$ -	$ 4,639,289	$ -	$ 830,795	$ 3,808,494
Notes and bonds issued under repurchase agreements	69,299,205	-	69,299,205	69,299,205	-	-
Total	$ 73,938,494	$ -	$ 73,938,494	$ 69,299,205	$ 830,795	$ 3,808,494

Note: Financial instruments include master netting arrangements and non-cash collateral.

China Life Insurance

China Life Insurance holds financial instruments in accordance with paragraph 42 of IAS 32 recognized by the FSC and the related assets and liabilities are offset on the balance sheet.

China Life Insurance may perform transactions not meeting the requirements of offsetting, but has enforceable master netting arrangement or other similar agreements with the counterparties. When both parties agree to settle in net amount, financial assets and financial liabilities could be offset and settled in net amount, and if not, in total amount. However, if any party in the transaction defaults, the other party can choose net settlement.

Related information about above offsetting financial assets and financial liabilities are as follows:

March 31, 2021						
Financial Assets Subject to Offsetting, Enforceable Master Netting Arrangements or Similar Agreements						
Types of Financial Instruments	**Gross Amounts of Recognized Financial Assets (a)**	**Gross Amounts of Recognized Financial Liabilities Offset in the Balance Sheet (b)**	**Net Amounts of Financial Assets Presented in the Balance Sheet (c)=(a)-(b)**	**Amounts not Offset in the Balance Sheet (d)**		**Net Amount (e)=(c)-(d)**
				Financial Instruments	**Cash Collateral Received**	
Derivative financial instruments	$ 3,267,256	$ -	$ 3,267,256	$ 2,958,130	$ -	$ 309,126

March 31, 2021						
Financial Liabilities Subject to Offsetting, Enforceable Master Netting Arrangements or Similar Agreements						
Types of Financial Instruments	**Gross Amounts of Recognized Financial Liabilities (a)**	**Gross Amounts of Recognized Financial Assets Offset in the Balance Sheet (b)**	**Net Amounts of Financial Liabilities Presented in the Balance Sheet (c)=(a)-(b)**	**Amounts not Offset in the Balance Sheet (d)**		**Net Amount (e)=(c)-(d)**
				Financial Instruments	**Cash Collateral Received**	
Derivative financial instruments	$ 10,181,997	$ -	$ 10,181,997	$ 2,958,130	$ 5,770,965	$ 1,452,902

December 31, 2020						
Financial Assets Subject to Offsetting, Enforceable Master Netting Arrangements or Similar Agreements						
Types of Financial Instruments	**Gross Amounts of Recognized Financial Assets (a)**	**Gross Amounts of Recognized Financial Liabilities Offset in the Balance Sheet (b)**	**Net Amounts of Financial Assets Presented in the Balance Sheet (c)=(a)-(b)**	**Amounts not Offset in the Balance Sheet (d)**		**Net Amount (Note) (e)=(c)-(d)**
				Financial Instruments	**Cash Collateral Received**	
Derivative financial instruments	$ 12,108,158	$ -	$ 12,108,158	$ 6,447,658	$ 6,590,479	$ -

Note: The reported net financial assets are negative after offsetting the cash collateral received, so it is represented “-”.

December 31, 2020						
Financial Liabilities Subject to Offsetting, Enforceable Master Netting Arrangements or Similar Agreements						
Types of Financial Instruments	**Gross Amounts of Recognized Financial Liabilities (a)**	**Gross Amounts of Recognized Financial Assets Offset in the Balance Sheet (b)**	**Net Amounts of Financial Liabilities Presented in the Balance Sheet (c)=(a)-(b)**	**Amounts not Offset in the Balance Sheet (d)**		**Net Amount (e)=(c)-(d)**
				Financial Instruments	**Cash Collateral Received**	
Derivative financial instruments	$ 7,931,359	$ -	$ 7,931,359	$ 6,447,658	$ -	$ 1,483,701

March 31, 2020						
Financial Assets Subject to Offsetting, Enforceable Master Netting Arrangements or Similar Agreements						
Types of Financial Instruments	Gross Amounts of Recognized Financial Assets (a)	Gross Amounts of Recognized Financial Liabilities Offset in the Balance Sheet (b)	Net Amounts of Financial Assets Presented in the Balance Sheet (c)=(a)-(b)	Amounts not Offset in the Balance Sheet (d)		Net Amount (e)=(c)-(d)
				Financial Instruments	Cash Collateral Received	
Derivative financial instruments	$ 5,833,924	$ -	$ 5,833,924	$ 3,047,340	$ 2,056,364	$ 730,220

March 31, 2020						
Financial Liabilities Subject to Offsetting, Enforceable Master Netting Arrangements or Similar Agreements						
Types of Financial Instruments	Gross Amounts of Recognized Financial Liabilities (a)	Gross Amounts of Recognized Financial Assets Offset in the Balance Sheet (b)	Net Amounts of Financial Liabilities Presented in the Balance Sheet (c)=(a)-(b)	Amounts not Offset in the Balance Sheet (d)		Net Amount (e)=(c)-(d)
				Financial Instruments	Cash Collateral Received	
Derivative financial instruments	$ 3,879,382	$ -	$ 3,879,382	$ 3,047,340	$ 18,455	$ 813,587

55. CAPITAL MANAGEMENT

a. Objective

The basic management objective includes eligible capital to meet the requirements of the regulation and achieve the minimum capital adequacy ratio so as to control all risks within the risk appetite. In order to undertake all kinds of risk, the Group conducts risk management based on the risk portfolio and the assessment of risk characteristics to design the best capital allocation.

b. Capital management procedures

The Group had met the authorities' minimum requirements for capital adequacy ratio and reported to the authority quarterly. Eligible capital and legal capital were calculated according to the "Regulations Governing the Capital Adequacy and Capital Category of Banks".

56. TRUST BUSINESS OPERATIONS UNDER THE TRUST ENTERPRISES ACT

a. The balance sheets and income statements of the trust accounts and trust property accounts of KGI Bank were as follows:

Balance Sheets of Trust Accounts

(In Thousands of New Taiwan Dollars)

Trust Assets	March 31, 2021	December 31, 2020	March 31, 2020	Trust Liabilities	March 31, 2021	December 31, 2020	March 31, 2020
Bank deposits	$ 3,654,991	$ 2,447,500	$ 1,654,015	Payables	$ 174,064	$ 147,211	$ 167,058
Short-term investments				Payables on securities under custody	4,455,041	4,447,636	5,337,293
Funds	27,631,142	26,344,609	24,192,923				
Bonds	2,914,297	2,737,180	2,005,952	Other liabilities	100,196	47,887	68,220
Common shares	77,985	77,985	81,085	Trust capital	51,060,823	49,512,740	42,520,531
Structured notes	-	-	93,766	Accumulated earnings	(315,094)	(275,293)	(158,454)
Receivables	53,659	277	19,514				
Real estate							
Lands	15,404,788	15,144,104	11,864,352				
Buildings and facilities	257,337	1,656,251	1,657,823				
Intangible assets - surface right	984,534	984,534	984,534				
Securities under custody	4,455,041	4,447,636	5,337,293				
Other assets	41,256	40,105	43,391				
Total	$ 55,475,030	$ 53,880,181	$ 47,934,648	Total	$ 55,475,030	$ 53,880,181	$ 47,934,648

Income Statements of Trust Accounts

(In Thousands of New Taiwan Dollars)

	For the Three Months Ended March 31	
	2021	**2020**
Trust income and gains		
Dividend income	$ 1,965	$ 980
Interest income	325,593	278,959
Rental income	6,662	6,787
Other income	1,823	3,985
Total trust income and gains	336,043	290,711
Trust expenses		
Properties transaction losses	(562,202)	(518,502)
Administrative expenses	(131)	(13,734)
Other expenses	(40,888)	(199,011)
Total trust expenses	(603,221)	(731,247)
Net income	$ (267,178)	$ (440,536)

The above income from trust operations were excluded from KGI Bank's income.

Trust Property Accounts

(In Thousands of New Taiwan Dollars)

Investment Portfolio	March 31, 2021	December 31, 2020	March 31, 2020
Bank deposits	$ 3,654,991	$ 2,447,500	$ 1,654,015
Short-term investments			
Funds	27,631,142	26,344,609	24,192,923
Bonds	2,914,297	2,737,180	2,005,952
Common shares	77,985	77,985	81,085
Structured notes	-	-	93,766
Real estate			
Lands	15,404,788	15,144,104	11,864,352
Buildings and facilities	257,337	1,656,251	1,657,823
Intangible assets - surface right	984,534	984,534	984,534
Securities under custody	4,455,041	4,447,636	5,337,293
Other assets	94,915	40,382	62,905
Total	$ 55,475,030	$ 53,880,181	$ 47,934,648

b. The balance sheets and income statements of the trust accounts and trust property accounts of KGI Securities were as follows:

Balance Sheets of Trust Accounts

(In Thousands of New Taiwan Dollars)

Trust Assets	March 31, 2021	December 31, 2020	March 31, 2020	Trust Liabilities	March 31, 2021	December 31, 2020	March 31, 2020
Bank deposits	$ 1,732,383	$ 1,798,748	$ 1,244,627	Payables	$ 49,930	$ 40,006	$ 20,457
Financial assets				Taxes payable	643	197	274
Bonds	703,815	759,223	479,409	Trust capital	33,516,805	33,374,578	24,619,294
Common shares	15,657,873	16,652,820	8,397,149	Net Income	3,367,310	2,697,043	(3,435,400)
Funds	17,154,208	15,253,348	11,585,463	Accumulated earnings	2,377,372	2,603,988	2,607,390
Structured notes	3,750,427	3,178,855	1,841,361	Deferred carry-over	(12)	445	-
Receivables	140,828	295,830	106,108	Other	(172,514)	(777,433)	(157,898)
Total	$ 39,139,534	$ 37,938,824	$ 23,654,117	Total	$ 39,139,534	$ 37,938,824	$ 23,654,117

Income Statements of Trust Accounts

(In Thousands of New Taiwan Dollars)

	For the Three Months Ended March 31	
	2021	2020
Trust income		
Interest income	$ 8,516	$ 7,006
Rent income	6,666	5,270
Dividend income	101,426	120,068
Realized investment profit	322,104	108,398
Unrealized investment profit	5,201,113	1,247,356
Other income	307,712	233,676
	5,947,537	1,721,774

(Continued)

	For the Three Months Ended March 31	
	2021	2020
Trust expenses		
Administrative expense	$ 1,258	$ 952
Tax Collection	3,417	754
Fee expense	23,156	7,675
Realized investment loss	70,151	460,180
Unrealized investment loss	1,569,369	4,059,342
Other expense	912,876	628,271
	2,580,227	5,157,174
Income before income tax	3,367,310	(3,435,400)
Income tax expenses	-	-
Net income	$ 3,367,310	$ (3,435,400)

(Concluded)

The above income from trust operations were excluded from KGI Securities' income.

Trust Property Accounts

(In Thousands of New Taiwan Dollars)

Investment Portfolio	**March 31, 2021**	**December 31, 2020**	**March 31, 2020**
Bank deposits	$ 1,732,383	$ 1,798,748	$ 1,244,627
Financial assets			
Bonds	703,815	759,223	479,409
Common shares	15,657,873	16,652,820	8,397,149
Funds	17,154,208	15,253,348	11,585,463
Structured notes	3,750,427	3,178,855	1,841,361
Total	$ 38,998,706	$ 37,642,994	$ 23,548,009

57. DISCLOSURE REQUIRED UNDER ARTICLE 46 OF THE FINANCIAL HOLDING COMPANY ACT

The Corporation do not need to disclosure anything in this period.

58. CONDENSED INDIVIDUAL BALANCE SHEETS AND STATEMENTS OF COMPREHENSIVE INCOME OF GROUP

Please refer to Table 7 (attached).

59. ALLOCATION OF REVENUE, COST AND EXPENSE RESULTING FROM COOPERATION AND RESOURCES SHARING IN THE GROUP

a. Business or trading behaviors

   Please refer to Note 48 for related-party transactions.

b. Integrate business activities

   The Corporation has become a full-functioning financial platform for its customers by improving the overall business performance of the company through integrating the insurance, investment, trust custody and channel of banking, securities and life insurance.

c. Cross utilization of information or locations and business utilities

   In compliance with Article 43 of “Financial Holding Companies Act”, “Financial Holding Subsidiaries Cross-selling Activities Acts”, “Self-disciplinary Standards” and other related regulations from FSC, the Corporation has advocated cross-selling activities among China development Financial Holdings and its Subsidiaries. In addition, the Corporation and its subsidiaries which joined the cross selling business disclosure protection measures of customer information on official website to limit the use of the data, secure the customer information and related rights when handling cross-selling activities.

d. Allocation of revenues, costs, expenses, profits and losses

   Revenue, costs, expenses, profits or losses arising from integrated business activities among subsidiaries are allocated to each subsidiary based on the related business features or other reasonable allocation methods.

60. CONTINGENCIES AND COMMITMENTS, DISASTER DAMAGES AND SUBSEQUENT EVENTS OF SUBSIDIARIES

Please refer to Note 50 to the consolidated financial statements. Information on disaster damages: None.

61. SUBSIDIARIES’ ASSET QUALITY, MANAGEMENT, PROFITABILITY, LIQUIDITY AND SENSITIVITY TO MARKET RISK

Please refer to Notes 51 and 54 to the consolidated financial statements.

62. SPECIFIC RISK FROM FUTURES DEALING

The futures dealer needs to maintain adequate liquidity in case of its clients fail to fulfill the contracts in the futures transactions with the features of low financial leverage nature and unpredictable market fluctuation. If the dealing business fails to maintain the amount of margin, the open contracts may be closed. Thus, the margin may be lost entirely and may require further payment of deficiency.

63. FINANCIAL RATIOS OF FUTURES-DEALING SUBSIDIARIES

The following financial ratios of KGI Securities' futures department and KGI Futures Corp. are in compliance with the requirements of the Rules Governing Futures Commission Merchants.

a. KGI Securities' futures department

Rule No.	Formula	March 31, 2021 Formula	March 31, 2021 %	December 31, 2020 Formula	December 31, 2020 %	March 31, 2020 Formula	March 31, 2020 %	Standard	Meet Standard
17	Equities / Total liabilities minus customers' equity accounts	2,063,994 / 477,064	=4.33	1,978,857 / 555,428	=3.56	1,696,077 / 843,686	=2.01	≧1	Yes
17	Current assets / Current liabilities	3,856,619 / 476,645	=8.09	3,265,839 / 555,112	=5.88	3,344,980 / 843,298	=3.97	≧1	Yes
22	Equities / Capital stock	2,063,994 / 400,000	=516.00%	1,978,857 / 400,000	=494.71%	1,696,077 / 400,000	=424.02%	≧60% ≧40%	Yes
22	Adjusted net capital / Client and proprietary account	1,454,882 / 930,320	=156.39%	974,269 / 603,590	=161.41%	979,480 / 1,178,594	=83.11%	≧20% ≧15%	Yes

b. KGI Futures Corp.

Rule No.	Formula	March 31, 2021 Formula	March 31, 2021 %	December 31, 2020 Formula	December 31, 2020 %	March 31, 2020 Formula	March 31, 2020 %	Standard	Meet Standard
17	Equities / Total liabilities minus customers' equity accounts	4,230,197 / 779,990	=5.42	4,045,179 / 538,351	=7.51	3,698,465 / 648,198	=5.71	≧1	Yes
17	Current assets / Current liabilities	37,724,040 / 34,926,672	=1.08	37,397,552 / 34,726,811	=1.08	31,745,475 / 29,384,011	=1.08	≧1	Yes
22	Equities / Capital stock	4,230,197 / 760,000	=556.61%	4,045,179 / 760,000	=532.26%	3,698,465 / 760,000	=486.64%	≧60% ≧40%	Yes
22	Adjusted net capital / Client and proprietary account	3,636,153 / 8,038,891	=45.23%	3,609,974 / 8,461,679	=42.66%	3,098,329 / 7,272,476	=42.60%	≧20% ≧15%	Yes

64. ADDITIONAL DISCLOSURES

a. and b. following are the additional disclosures required for the Group:

1) Financing provided: Not applicable to the Corporation, KGI Bank and China Life Insurance. For other subsidiaries' information: Please refer to Table 1 (attached).

2) Collaterals/guarantees provided: Not applicable to the Corporation, KGI Bank and China Life Insurance. For other subsidiaries' information: Please refer to Table 2 (attached).

3) Marketable securities held: Not applicable to the Corporation, KGI Bank, KGI Securities and partial subsidiaries and China Life Insurance. For other subsidiaries' information: Please refer to Table 3 (attached).

4) Marketable securities were acquired and disposed of, at cost or prices of at least NT$300 million or 10% of the issued capital (subsidiaries acquired and disposed of marketable securities, at cost or price of at least NT$300 million or 10% of the issued capital): For the Corporation, CDIB Capital Group and KGI Bank and subsidiaries' information: None. Not applicable to KGI Securities and subsidiaries and China Life Insurance. The company, KGI Bank and subsidiaries' of CDIB Capital Group information please refer to Table 4 (attached).

5) Acquisition of individual real estate at cost of at least NT$300 million or 10% of the paid-in capital: For the Group's information: None.

6) Disposal of individual real estate at price of at least NT$300 million or 10% of the issued capital: For the Group’s information: None.

7) Discount on service fees received from related parties amounting to NT$5 million: For the Group’s information: None.

8) Receivables from related parties amounting to NT$300 million or 10% of the issued capital: Please refer to Note 48 and Table 5 (attached).

9) Sale of nonperforming loans: None.

10) For related information on the subsidiaries’ securitization products approved under the Regulation on Financial Asset Securitization: None.

11) Other significant transactions which may affect the decisions of financial statement users: None.

12) The information of investees: The Corporation do not need to disclosure anything in this period.

13) Derivative transactions of the Group: Please refer to Notes 8, 52 and 54 of the consolidated financial statements.

c. Investments in mainland China: Please refer to Table 8 (attached).

d. Business relationships and significant transactions among the Group: Please refer to Table 9 (attached).

e. Information of major shareholders: None.

65. SEGMENT INFORMATION

The reportable segments of the Corporation are Commercial banking, Securities, Venture Capital and Insurance. Under the Banking Act of the Republic of China and relevant regulations, Commercial banking engaged in consumer banking, corporate banking and global market and financial institution. Under the Securities and Exchange Act and relevant regulations, Securities engaged in wealth management business, trading business and investment banking business. Venture Capital engaged in investment business directly. Insurance department operates life insurance business based on the provisions of the insurance law.

The accounting policies of the operating segments are the same as the Corporation’s accounting policies described in Note 4. The Corporation uses income after tax as the measurement for segment profit and the basis of performance assessment. The net profit and income before income tax are composed of revenues and expenses directly attributable to an operating segment.

Segment Revenues and Results

Following were analysis of the Group's operating revenue and results by reportable segments:

	Commercial Banking	Securities	Venture Capital	Insurance	Other	Total
For the three months ended March 31, 2021						
Interest profit (loss), net	$ 2,275,727	$ 728,208	$ 26,976	$ 13,894,876	$ (112,765)	$ 16,813,022
Noninterest profit (loss), net	488,542	6,816,052	2,960,642	26,457,183	(327,749)	36,394,670
Net revenue	2,764,269	7,544,260	2,987,618	40,352,059	(440,514)	53,207,692
Reversal of allowance (allowance) for bad debts and losses on commitments and guarantees, net	79,464	768	(25,794)	2,277	-	56,715
Net change in reserve for insurance liabilities	-	-	-	(27,532,500)	-	(27,532,500)
Operating expenses	(1,490,599)	(3,737,880)	(1,187,107)	(1,910,676)	(909,105)	(9,235,367)
Net profit (loss) before income tax	1,353,134	3,807,148	1,774,717	10,911,160	(1,349,619)	16,496,540
Income tax benefit (expense)	(194,245)	(486,468)	(172,520)	(1,084,824)	257,230	(1,680,827)
Net profit (loss) for the period	$ 1,158,889	$ 3,320,680	$ 1,602,197	$ 9,826,336	$ (1,092,389)	$ 14,815,713
For the three months ended March 31, 2020						
Interest profit (loss), net	$ 1,896,946	$ 505,967	$ 19,668	$ 14,049,354	$ (106,946)	$ 16,364,989
Noninterest profit (loss), net	267,739	2,003,319	(1,511,557)	35,658,333	(982,528)	35,435,306
Net revenue	2,164,685	2,509,286	(1,491,889)	49,707,687	(1,089,474)	51,800,295
Reversal of allowance (allowance) for bad debts and losses on commitments and guarantees, net	10,675	(5,892)	-	23	-	4,806
Net change in reserve for insurance liabilities	-	-	-	(43,118,811)	-	(43,118,811)
Operating expenses	(1,456,479)	(2,696,627)	(299,543)	(1,317,973)	(383,084)	(6,153,706)
Net profit (loss) before income tax	718,881	193,233)	(1,791,432)	5,270,926	(1,472,558)	2,532,584
Income tax benefit (expense)	(124,283)	(52,547)	32,934	(798,635)	172,173	(770,358)
Net profit (loss) for the period	$ 594,598	$ (245,780)	$ (1,758,498)	$ 4,472,291	$ (1,300,385)	$ 1,762,226

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

FINANCINGS PROVIDED
FOR THE THREE MONTHS ENDED MARCH 31, 2021
(In Thousands of New Taiwan Dollars)

No.	Financier	Counter-party	Financial Statement Account	Related-party	Maximum Balance for the Period	Ending Balance	Actual Amount Drawn Down	Interest Rate	Nature of Financing Provided	Transaction Amount	Financing Reasons	Allowance for Bad Debt	Collateral		Financial Limit for Each Borrowing Company	Limit on Financier's Total Financing
													Item	Value		
1	Richpoint Company Limited	KG Investments Holdings Limited	Receivables, net	Yes	$ 3,709,030	$ -	$ -	Floating	Short-term financing	$ -	Working capital	$ -	-	$ -	$ 15,720,577 (Note 1)	$ 15,720,577 (Note 1)
		KGI International (Hong Kong) Limited	Receivables, net	Yes	3,423,720	-	-	Floating	Short-term financing	-	Working capital	-	-	-	15,720,577	
2	KGI International Holdings Limited	KGI Asia Limited	Receivables, net	Yes	1,426,550	1,426,550	-	Floating	Short-term financing	-	Working capital	-	-	-	15,812,993 (Note 2)	15,812,993 (Note 2)
3	KGI International (Hong Kong) Limited	PT KGI Sekuritas Indonesia	Receivables, net	Yes	456,496	-	-	Floating	Short-term financing	-	Working capital	-	-	-	6,388,519 (Note 3)	6,388,519 (Note 3)
4	KGI Asia Limited	KGI Limited	Receivables, net	Yes	2,567,790	2,567,790	-	Floating	Short-term financing	-	Working capital	-	-	-	9,244,073 (Note 4)	9,244,073 (Note 4)
		KGI Finance Limited	Receivables, net	Yes	427,965	427,965	-	Floating	Short-term financing	-	Working capital	-	-	-	9,244,073	
		KGI Hong Kong Limited	Receivables, net	Yes	427,965	427,965	-	Floating	Short-term financing	-	Working capital	-	-	-	9,244,073	
		PT KGI Sekuritas Indonesia	Receivables, net	Yes	456,496	456,496	456,496	Floating	Short-term financing	-	Working capital	-	-	-	9,244,073	

Note 1: Richpoint Company Limited's financing limit is based on the "Loan of Funds Making Guideline". The guideline states that, for each and for all of the borrowing companies, the total amount available for financing should not exceed the net worth of the financing company.

Note 2: KGI International Holdings Limited's financing limit is based on the "Loan of Funds Making Guideline". The guideline states that, for each and for all of the borrowing companies, the total amount available for financing should not exceed the net worth of the financing company.

Note 3: KGI International (Hong Kong) Limited's financing limit is based on the "Loan of Funds Making Guideline". The guideline states that, for each and for all of the borrowing companies, the total amount available for financing should not exceed the net worth of the financing company.

Note 4: KGI Asia Limited's financing limit is based on the "Loan of Funds Making Guideline". The guideline states that, for each and for all of the borrowing companies, the total amount available for financing should not exceed the net worth of the financing company.

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

COLLATERALS/GUARANTEE PROVIDED
FOR THE THREE MONTHS ENDED MARCH 31, 2021
(In Thousands of New Taiwan Dollars)

No.	Collaterals/Guarantee Provider	Counter-party		Limits on Each Counter-party's Collateral/ Guarantee Amounts	Maximum Balance for the Period	Ending Balance	Actual Amount Drawn Down	Carrying Value (as of Balance Sheet Date) of Properties Guaranteed by Collateral	Ratio of Accumulated Amount of Collateral to Net Asset Value of the Latest Financial Statement	Maximum Collateral/ Guarantee Amounts Allowable	Provision of Endorsements by Parent Company to Subsidiary	Provision of Endorsements by Subsidiary to Parent Company	Provision of Endorsements to the Company in Mainland China
		Name	Nature of Relationship										
1	KGI Securities	KGI Securities (Singapore) Pte. Ltd.	Note 1	$ 7,921,428	$ 648,102	$ 636,000	$ 636,600	$ -	0.87%	$ 29,165,712 (Note 2)	No	No	No
2	KGI International Holdings Limited	KGI Asia Limited	Note 1	15,812,993	1,455,081	1,455,081	40,709	-	9.20%	15,812,993 (Note 3)	No	No	No
		KGI International Finance Limited	Note 1	15,812,993	3,537,844	2,681,914	-	-	16.96%		No	No	No
		KGI Futures (Hong Kong) Limited	Note 1	15,812,993	185,452	185,452	-	-	1.17%		No	No	No
		KGI Finance Limited	Note 1	15,812,993	122,683	122,683	-	-	0.78%		No	No	No
		KGI International (Hong Kong) Limited	Note 1	15,812,993	2,706,892	2,706,543	-	-	17.12%		No	No	No
		KGI Securities (Singapore) Pte. Ltd.	Note 1	15,812,993	855,930	855,930	-	-	5.41%		No	No	No
		KGI Asia (Holdings) Pte. Ltd.	Note 1	15,812,993	3,841,607	3,791,244	2,825,964	-	23.98%		No	No	No

Note 1: The Group owns directly or indirectly over 50% ownership of the investee company.

Note 2: The limit of maximum guarantee provided by KGI Securities is based on "Corporate Endorsement, Guarantee Making Guideline". For each company, the amount of guarantee should not exceed 10% of the guarantee provider's net asset value. The total amount available for collaterals or guarantee should not exceed 40% of the guarantee provider's net worth.

Note 3: The limit of maximum guarantee provided by KGI International Holdings Limited is based on the "Corporate Endorsement, Guarantee Making Guideline". For each and all company, the amount of guarantee provided should not exceed the guarantee provider's net worth.

TABLE 3

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
MARCH 31, 2021
(In Thousands of New Taiwan Dollars/Foreign Currencies)

Holding Company	Marketable Securities Type and Issuer	Relationship with the Holding Company	Financial Statement Account	March 31, 2021				Note
				Shares/Face Value/Units	Carrying Value	Percentage of Ownership (Note 1)	Fair Value	
CDIB Capital Group	Stocks							
	Logicom Inc.	-	Financial assets at fair value through profit or loss	3,261,773	$ 26,827	10.69	$ 26,827	
	Solar Fine Chemical Co., Ltd.	-	Financial assets at fair value through profit or loss	241,403	2,249	10.83	2,249	
	Dee Van Enterprise Co., Ltd.	-	Financial assets at fair value through profit or loss	4,225,979	85,618	6.04	85,618	
	Hair O’right International Corp.	-	Financial assets at fair value through profit or loss	1,735,837	118,037	8.53	118,037	
	DaBomb Protein Corp.	-	Financial assets at fair value through profit or loss	2,005,568	44,524	6.66	44,524	
	Yenyo Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	4,000,000	32,197	9.91	32,197	
	HealthStream Taiwan Inc.	-	Financial assets at fair value through profit or loss	4,774,523	70,273	13.96	70,273	
	Subtron Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	12,316,000	265,040	4.22	265,040	
	Orgchem Technologies, Inc.	-	Financial assets at fair value through profit or loss	1,067,220	15,248	1.95	15,248	
	General Life Biotechnology Co., Ltd.	-	Financial assets at fair value through profit or loss	2,520,000	49,561	8.40	49,561	
	Yieh United Steel Corp.	-	Financial assets at fair value through profit or loss	4,247,622	25,868	0.16	25,868	
	Hua-jie (Taiwan) Corp.	-	Financial assets at fair value through profit or loss	1,300,403	19,002	6.45	19,002	
	AMIA Co.	-	Financial assets at fair value through profit or loss	6,000,000	192,000	9.54	192,000	
	Up Scientech Materials Corp.	-	Financial assets at fair value through profit or loss	4,651,344	81,688	6.97	81,688	
	ARCOA Communication Co., Ltd.	-	Financial assets at fair value through profit or loss	7,567,424	97,289	5.64	97,289	
	Eastern Electronic Co., Ltd.	-	Financial assets at fair value through profit or loss	4,348,680	27,385	6.47	27,385	
	Foresee Pharmaceuticals Co., Ltd.	-	Financial assets at fair value through profit or loss	203,107	20,920	0.17	20,920	
	Jochu Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	4,746,720	145,250	5.32	145,250	
	Kaohsiung Rapid Transit Corporation.	-	Financial assets at fair value through profit or loss	3,845,330	23,283	1.38	23,283	
	STL Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	2,743,026	61,992	4.38	61,992	
	DragonJet Corporation	-	Financial assets at fair value through profit or loss	3,534,481	43,678	4.77	43,678	
	Vactronics Technologies Inc.	-	Financial assets at fair value through profit or loss	2,633,241	28,439	5.28	28,439	
	Terawins, Inc.	-	Financial assets at fair value through profit or loss	1,913,996	18,192	6.30	18,192	
	EVA Technologies Co., Ltd.	-	Financial assets at fair value through profit or loss	2,150,536	23,101	10.43	23,101	
	Microprogram Co., Ltd.	-	Financial assets at fair value through profit or loss	2,550,000	35,679	7.95	35,679	
	Excelsior Medical Co., Ltd.	-	Financial assets at fair value through profit or loss	33,000	84,490	4.81	84,490	
	Eden Biotech, Inc.	-	Financial assets at fair value through profit or loss	8,382,844	102,970	3.55	102,970	
	Easten Power and Electric Company Limited	-	Financial assets at fair value through profit or loss	3,201,019	120,022	12.00	120,022	
	Chime Biologicis Limited	-	Financial assets at fair value through profit or loss	8,382,844	129,152	3.55	129,152	
	Beauty Essentials International Ltd.	-	Financial assets at fair value through profit or loss	86,503,067	154,152	8.04	154,152	
	Neo Solar Power Corp.	-	Financial assets at fair value through profit or loss	3,675,000	41,636	0.14	41,636	
	Lightel Technologies, Inc. - Preferred stock	-	Financial assets at fair value through profit or loss	3,000,000	75,406	43.44	75,406	
	Apexigen, Inc. - Preferred stock	-	Financial assets at fair value through profit or loss	4,970,588	224,634	12.68	224,634	
	CDIB Capital Innovation Accelerator Ltd.	Associate	Financial assets at fair value through profit or loss	30,000,000	301,398	35.71	301,398	
	CDIB & Partners Investment Holding Corporation	Associate	Investments accounted for using the equity method	313,200,000	5,199,779	28.71	5,199,779	
	CDIB Capital Creative Industries Limited	Associate	Investments accounted for using the equity method	42,680,000	375,164	38.80	375,164	
	CDIB Capital Healthcare Ventures Limited	Associate	Investments accounted for using the equity method	40,775,000	469,994	33.29	469,994	
	CDIB Bio Science Ventures I, Inc.	Associate	Investments accounted for using the equity method	4,431,405	33,187	20.00	33,187	
	CDIB Capital Management Corporation	Subsidiary	Investments accounted for using the equity method	23,093,889	511,248	100.00	511,248	
	CDIB Venture Capital Corporation	Subsidiary	Investments accounted for using the equity method	476,213,353	4,413,030	100.00	4,413,030	
	CDIB Venture Capital (Hong Kong) Corporation Limited	Subsidiary	Investments accounted for using the equity method	1,010,000,000	3,534,127	100.00	3,534,127	
	CDIB Capital Investment II Limited	Subsidiary	Investments accounted for using the equity method	45,000,000	1,723,669	100.00	1,723,669	
	CDIB Global Markets Limited	Subsidiary	Investments accounted for using the equity method	339,392	5,823,949	100.00	5,823,949	
	CDIB Capital Investment I Limited	Subsidiary	Investments accounted for using the equity method	132,800,000	7,377,875	100.00	7,377,875	
	CDIB Capital International Corporation	Subsidiary	Investments accounted for using the equity method	4,700,000	207,519	100.00	207,519	
	Fund							
	SAMARA CAPITAL PARTNERS FUND I LIMITED	-	Financial assets at fair value through profit or loss	-	16,683	-	16,683	

(Continued)

Holding Company	Marketable Securities Type and Issuer	Relationship with the Holding Company	Financial Statement Account	March 31, 2021				Note
				Shares/Face Value/Units	Carrying Value	Percentage of Ownership (Note 1)	Fair Value	
CDIB Capital Group	Government bonds							
	A00109	-	Financial assets at fair value through other comprehensive income	7,000,000	$ 7,037	-	$ 7,037	
	A01105	-	Financial assets at fair value through other comprehensive income	100,000,000	101,007	-	101,007	
CDIB Capital Management Inc.	Stocks							
	ARCOA Communication Co., Ltd.	-	Financial assets at fair value through profit or loss	783,000	10,066	0.58	10,066	
	EVA Technologies Co., Ltd.	-	Financial assets at fair value through profit or loss	297,623	3,197	1.44	3,197	
	CDIB Capital Innovation Advisors Limited	Subsidiary	Investments accounted for using the equity method	1,200,000	15,811	60.00	15,811	
	CDIB Capital Creative Industries Limited	Associate	Investments accounted for using the equity method	1,100,002	9,669	1.00	9,669	
	CDIB Capital Healthcare Ventures Limited	Associate	Investments accounted for using the equity method	1,225,000	19,370	1.00	19,370	
	CDIB Private Equity (Hong Kong) Corporation Limited	Subsidiary	Investments accounted for using the equity method	51,900,000	334,241	100.00	334,241	
	Funds							
	CDIB Capital Growth Partners L.P.	Associate	Financial assets at fair value through profit or loss	-	35,515	-	35,515	
	CDIB Capital Healthcare Ventures II Limited Partnership	Associate	Financial assets at fair value through profit or loss	-	4,962	-	4,962	
	KGI Victory Money Market Securities Investment Trust Fund	Managed by KGI Securities Investment Trust Co., Ltd.	Financial assets at fair value through profit or loss	-	80,937	-	80,937	
CDIB Private Equity (Hong Kong) Corporation Limited	Stocks							
	CDIB Private Equity (China) Corporation	Subsidiary	Investments accounted for using the equity method	-	HK$ 75,610	100.00	HK$ 75,610	
	CDIB Private Equity Management (Fujian) Enterprise (Limited Partnership)	Subsidiary	Investments accounted for using the equity method	-	HK$ 7,488	56.00	HK$ 7,488	
	CDIB Yida Private Equity Management (Kunshan) Enterprise (Limited Partnership)	Subsidiary	Investments accounted for using the equity method	-	HK$ 3,783	27.08	HK$ 3,783	
CDIB Private Equity (China) Corporation	Stocks							
	CDIB Private Equity (Fujian) Co., Ltd.	Subsidiary	Investments accounted for using the equity method	-	CNY 14,579	70.00	CNY 14,579	
	CDIB Yida Private Equity (Kunshan) Co., Ltd.	Subsidiary	Investments accounted for using the equity method	-	CNY 14,982	65.00	CNY 14,982	
CDIB Private Equity (Fujian) Co., Ltd.	Stocks							
	CDIB Private Equity Management (Fujian) Enterprise (Limited Partnership)	Subsidiary	Investments accounted for using the equity method	-	CNY 2,260	20.00	CNY 2,260	
CDIB Yida Private Equity (Kunshan) Co., Ltd.	Stocks							
	CDIB Yida Private Equity Management (Kunshan) Enterprise (Limited Partnership)	Subsidiary	Investments accounted for using the equity method	-	CNY 6,885	58.33	CNY 6,885	
	Funds							
	Kunshan Yida Healthcare Private Equity Enterprise (Limited Partnership)	Associate	Financial assets at fair value through profit or loss	-	CNY 2,748	-	CNY 2,748	
CDIB Yida Private Equity Management (Kunshan) Enterprise (Limited Partnership)	Funds							
	CDIB Yida Private Equity (Kunshan) Enterprise (Limited Partnership)	Associate	Investments accounted for using the equity method	-	CNY 10,142	-	CNY 10,142	
CDIB Private Equity Management (Fujian) Enterprise (Limited Partnership)	Funds							
	CDIB Private Equity (Fujian) Enterprise (Limited Partnership)	Associate	Investments accounted for using the equity method	-	CNY 5,457	-	CNY 5,457	
CDIB Venture Capital Corporation	Stocks							
	Azotek Co., Ltd.	-	Financial assets at fair value through profit or loss	989,400	13,059	1.64	13,059	
	Yenyo Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	500,000	4,025	1.24	4,025	
	Hotai Finance Corporation	-	Financial assets at fair value through profit or loss	1,297,000	113,617	0.25	113,617	
	Fukuta Co., Ltd.	-	Financial assets at fair value through profit or loss	1,872,753	167,988	4.68	167,988	
	Handa Pharmaceuticals Inc.	-	Financial assets at fair value through profit or loss	2,809,000	80,337	2.43	80,337	
	Sustainable Development Co., Ltd.	-	Financial assets at fair value through profit or loss	500,000	54,722	1.51	54,722	
	Regal Holding Co., Ltd.	-	Financial assets at fair value through profit or loss	1,101,000	27,690	2.87	27,690	
	Happyfan7 Co., Ltd.		Financial assets at fair value through profit or loss	4,883,316	224,191	13.20	224,191	
	Sino-American Silicon Products Inc.	-	Financial assets at fair value through profit or loss	3,114,000	526,266	0.53	526,266	
	Fusheng Precision Co., Ltd.	-	Financial assets at fair value through profit or loss	216,000	48,924	0.16	48,924	
	M2Communication, Inc.	-	Financial assets at fair value through profit or loss	647,752	6,478	7.22	6,478	

(Continued)

Holding Company	Marketable Securities Type and Issuer	Relationship with the Holding Company	Financial Statement Account	March 31, 2021				Note
				Shares/Face Value/Units	Carrying Value	Percentage of Ownership (Note 1)	Fair Value	
CDIB Venture Capital Corporation	Stock							
	GSD Technologies Co., Ltd.	-	Financial assets at fair value through profit or loss	2,650,702	$ 185,019	7.80	$ 185,019	
	Jochu Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	3,725,007	113,985	4.17	113,985	
	STL Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	5,528,901	124,953	8.82	124,953	
	Taiwan Microloops Corp.	-	Financial assets at fair value through profit or loss	1,000,000	45,000	2.67	45,000	
	Greatland Electronics Taiwan Ltd.	-	Financial assets at fair value through profit or loss	1,920,000	24,822	5.50	24,822	
	Excelsior Medical Co., Ltd.	-	Financial assets at fair value through profit or loss	33,000	84,490	4.81	84,490	
	Cvie Therapeutics Company Limited	-	Financial assets at fair value through profit or loss	560,000	5,240	4.15	5,240	
	Viscovery (Cayman) Holding Company Limited	-	Financial assets at fair value through profit or loss	195,317	5,573	1.85	5,573	
	Kkday.com International Company Limited	-	Financial assets at fair value through profit or loss	3,000,000	27,452	0.93	27,452	
	I-Serve Holding Ltd.	-	Financial assets at fair value through profit or loss	2,232,219	134,864	4.17	134,864	
	Hartec Asia Pte. Ltd.	-	Financial assets at fair value through profit or loss	2,800,000	89,689	10.23	89,689	
	Windtree Therapeutic, Inc.	-	Financial assets at fair value through profit or loss	198,184	13,853	0.75	13,853	
	Neo Solar Power Corp.	-	Financial assets at fair value through profit or loss	5,105,377	57,842	0.19	57,842	
	Happyfan7 Co., Ltd. - Preferred stock	-	Financial assets at fair value through profit or loss	833,348	38,259	75.00	38,259	
	iCHEF Co., Ltd. - Preferred stock	-	Financial assets at fair value through profit or loss	11,167,513	83,894	40.74	83,894	
	4Gamers Entertainment Inc. - Preferred stock	-	Financial assets at fair value through profit or loss	24,000	15,064	20.00	15,064	
	Viscovery (Cayman) Holding Company Limited - Preferred stock	-	Financial assets at fair value through profit or loss	304,878	8,698	8.20	8,698	
	Citiesocial Holding Cayman Co., Ltd. - Preferred stock	-	Financial assets at fair value through profit or loss	479,635	14,266	18.18	14,266	
	Uimbo CV Inc. - Preferred stock	-	Financial assets at fair value through profit or loss	1,394,145	14,979	10.29	14,979	
	CCMODA Corp. - Preferred stock	-	Financial assets at fair value through profit or loss	666,666	6,652	20.00	6,652	
	Asia Parents Holdings Limited	-	Financial assets at fair value through profit or loss	248,889	15,977	14.74	15,977	
	Kneron Holding Corporation - Preferred stock	-	Financial assets at fair value through profit or loss	1,391,752	189,010	9.00	189,010	
	Elixiron Immunotherapeutics (Cayman) Limited - Preferred stock	-	Financial assets at fair value through profit or loss	4,559,686	85,593	26.09	85,593	
	Cloud Mile Inc. - Preferred stock	-	Financial assets at fair value through profit or loss	502,934	26,474	10.00	26,474	
	Zentera Systems, Inc. - Preferred stock	-	Financial assets at fair value through profit or loss	1,324,503	58,775	39.35	58,775	
	FUNP Co., Ltd. - Preferred stock	-	Financial assets at fair value through profit or loss	400,000	41,085	20.00	41,085	
	Achieve Made International Limited - Preferred stock	-	Financial assets at fair value through profit or loss	168,138	12,554	6.67	12,554	
	Viscovery (Cayman) Holding Company Limited - Preferred stock A	-	Financial assets at fair value through profit or loss	200,000	5,706	10.96	5,706	
	FunNow Ltd. - Preferred stock A	-	Financial assets at fair value through profit or loss	185,184	31,847	20.00	31,847	
	4Gamers Entertainment Inc. - Preferred stock B	-	Financial assets at fair value through profit or loss	8,727	5,478	4.80	5,478	
	Kkday.com International Company Limited - Preferred stock B	-	Financial assets at fair value through profit or loss	5,654,616	51,744	8.66	51,744	
	Cloud Mile Inc. - Preferred stock B	-	Financial assets at fair value through profit or loss	162,602	8,559	3.06	8,559	
	Traveler Co., Ltd. - Preferred stock B	-	Financial assets at fair value through profit or loss	32,077	22,825	10.85	22,825	
	Kkday.com International Company Limited - Preferred stock C	-	Financial assets at fair value through profit or loss	5,708,170	52,234	2.47	52,234	
	Fractyl Laboratories, Inc. - Preferred stock E	-	Financial assets at fair value through profit or loss	1,305,574	159,774	10.26	159,774	
	Achieve Made International Limited - Preferred stock E	-	Financial assets at fair value through profit or loss	336,276	25,107	10.00	25,107	
	Kuo Heng Investment Holding Corp.	Associate	Investments accounted for using the equity method	5,000,000	47,616	38.46	47,616	
	Funds							
	CDIB Capital Growth Partners L.P.	Associate	Financial assets at fair value through profit or loss	-	872,941	-	872,941	
	CDIB Capital Healthcare Ventures II Limited Partnership	Associate	Financial assets at fair value through profit or loss	-	112,570	-	112,570	
	Corporate bond							
	Capital Excel Investment Limited	-	Financial assets at fair value through profit or loss	2,000	19,503	-	19,503	
	Convertible (exchange) corporate bond							
	Viscovery (Cayman) Holding Company Limited	-	Financial assets at fair value through profit or loss	300,000	8,559	-	8,559	
	CCMODA Corp.	-	Financial assets at fair value through profit or loss	200,000	5,706	-	5,706	
	FunNow Ltd.	-	Financial assets at fair value through profit or loss	400,000	11,412	-	11,412	
CDIB Venture Capital (Hong Kong) Corporation Limited	Fund							
	CDIB Private Equity (Fujian) Enterprise (Limited Partnership)	Associate	Investments accounted for using the equity method	-	HK$ 221,512	-	HK$ 221,512	
	CDIB Yida Private Equity (Kunshan) Enterprise (Limited Partnership)	Associate	Investments accounted for using the equity method	-	HK$ 292,664	-	HK$ 292,664	
	Kunshan Yida Healthcare Private Equity Enterprise (Limited Partnership)	Associate	Financial assets at fair value through profit or loss	-	HK$ 95,462	-	HK$ 95,462	
CDIB Capital Investment I Limited	Stocks							
	Best Inc.	-	Financial assets at fair value through profit or loss	1,500,000	US$ 2,820	0.39	US$ 2,820	
	Casper Sleep, Inc.	-	Financial assets at fair value through profit or loss	266,690	US$ 1,931	2.63	US$ 1,931	
	K Health, Inc.	-	Financial assets at fair value through profit or loss	4,834	US$ 141	0.03	US$ 141	

(Continued)

Holding Company	Marketable Securities Type and Issuer	Relationship with the Holding Company	Financial Statement Account	March 31, 2021						Note
				Shares/Face Value/Units	Carrying Value		Percentage of Ownership (Note 1)	Fair Value		
CDIB Capital Investment I Limited	Stocks									
	CCAP Best Logistics Holdings Limited	-	Financial assets at fair value through profit or loss	1,000	US$	1,043	11.11	US$	1,043	
	Mestay Cayman Islands Limited - Preferred stock	-	Financial assets at fair value through profit or loss	13,722,047	US$	1,137	3.40	US$	1,137	
	Viking 3 Holdings Corporation - Preferred stock	-	Financial assets at fair value through profit or loss	18,000,000	US$	2,531	100.00	US$	2,531	
	Giddy Inc. - Preferred stock	-	Financial assets at fair value through profit or loss	666,755	US$	7,287	6.26	US$	7,287	
	Great Team Backend Foundry Inc. - Preferred stock	-	Financial assets at fair value through profit or loss	664,687	US$	332	1.95	US$	332	
	Rokid Corporation Ltd. - Preferred stock	-	Financial assets at fair value through profit or loss	615,642	US$	5,000	1.51	US$	5,000	
	K Health, Inc. - Preferred stock C	-	Financial assets at fair value through profit or loss	496,376	US$	14,451	1.70	US$	14,451	
	CDIB X Finance I Holding Limited	Subsidiary	Investments accounted for using the equity method	500	US$	448	100.00	US$	448	
	SCBS 1 Holding Corporation	Subsidiary	Investments accounted for using the equity method	3,578	US$	2,964	100.00	US$	2,964	
	Fund									
	Carlyle Asia Partners II, L. P.	-	Financial assets at fair value through profit or loss	-	US$	90	-	US$	90	
	KKR Talk Co-invest L.P.	-	Financial assets at fair value through profit or loss	-	US$	19,938	-	US$	19,938	
	CC KDC CO-INVEST L.P.	-	Financial assets at fair value through profit or loss	-	US$	32,283	-	US$	32,283	
	MSD Sports Partners, L.P.	-	Financial assets at fair value through profit or loss	-	US$	901	-	US$	901	
	BCP QualTek Investor Holdings, L.P.	-	Financial assets at fair value through profit or loss	-	US$	10,062	-	US$	10,062	
	CDIB Capital Global Opportunities Fund L.P.	Associate	Financial assets at fair value through profit or loss	-	US$	7,756	-	US$	7,756	
	CDIB Capital Asia Partners L.P.	Associate	Investments accounted for using the equity method	-	US$	81,876	-	US$	81,876	
	Corporate bond									
	Garden Fresh (HK) Fruit & Vegetable Beverage Co., Ltd.	-	Financial assets at fair value through profit or loss	41,875,000	US$	1,805	-	US$	1,805	
	Konew Capital International Limited	-	Financial assets at fair value through profit or loss	18,686,821	US$	19,239	-	US$	19,239	
	Weave Co-Living Real Estate Limited	-	Financial assets at fair value through profit or loss	20,000,000	US$	20,469	-	US$	20,469	
	Convertible (exchange) corporate bond									
	Mestay Cayman Islands Limited	-	Financial assets at fair value through profit or loss	7,013,490	US$	1,000	-	US$	1,000	
SCBS 1 Holding Corporation	Stocks									
	Simplify Compliance Holdings, LLC	-	Financial assets at fair value through profit or loss	2,833,333	US$	2,869	2.91	US$	2,869	
CDIB Capital Investment II Limited	Stocks									
	Great Rich Technologies Limited	-	Financial assets at fair value through profit or loss	1,660,000	US$	1,256	2.46	US$	1,256	
	Techmate Korea Daebu Co., Ltd.	-	Financial assets at fair value through profit or loss	45,600	US$	3,277	10.00	US$	3,277	
	Indostar Capital	-	Financial assets at fair value through profit or loss	631,701	US$	8,646	2.88	US$	8,646	
	NY 4 Holdings Corporation - Preferred stock	-	Financial assets at fair value through profit or loss	8,080,000	US$	8,072	100.00	US$	8,072	
	Indostar Everstone - Preferred stock	-	Financial assets at fair value through profit or loss	860,332	US$	11,719	8.12	US$	11,719	
	Corporate bond									
	Techmate Korea Daebu Co., Ltd.	-	Debt investments measured at amortized cost	22,497,515,793	US$	19,071	-	US$	21,319	
CDIB Global Markets Limited	Stocks									
	BigCommerce Holdings, Inc.	-	Financial assets at fair value through profit or loss	30,361	US$	1,755	0.04	US$	1,755	
	Health Catalyst, Inc.	-	Financial assets at fair value through profit or loss	9,094	US$	425	0.02	US$	425	
	Eventbrite, Inc.	-	Financial assets at fair value through profit or loss	39,404	US$	1,066	0.04	US$	1,066	
	Flemingo International (BVI) Ltd. - Preferred stock	-	Financial assets at fair value through profit or loss	1,048	US$	9,990	50.19	US$	9,990	
	Osaro, Inc. - Preferred stock B	-	Financial assets at fair value through profit or loss	510,958	US$	3,000	100.00	US$	3,000	
	Fund									
	Huaxing Capital Partners II LP	-	Financial assets at fair value through profit or loss	-	US$	10,635	-	US$	10,635	
	CX Partners Fund Alpha Limited	-	Financial assets at fair value through profit or loss	-	US$	2,577	-	US$	2,577	
	Carlyle Asia Partners III, L.P.	-	Financial assets at fair value through profit or loss	-	US$	963	-	US$	963	
	Riverwood Capital Partners L.P.	-	Financial assets at fair value through profit or loss	-	US$	3,882	-	US$	3,882	
	ECP II (Cayman) Ltd. A	-	Financial assets at fair value through profit or loss	-	US$	5,937	-	US$	5,937	
	KKR Asian Fund II L.P.	-	Financial assets at fair value through profit or loss	-	US$	6,182	-	US$	6,182	
	Carlyle Asia Partners IV, L.P.	-	Financial assets at fair value through profit or loss	-	US$	17,259	-	US$	17,259	
	Carlyle Giovanna Partners, L.P.	-	Financial assets at fair value through profit or loss	-	US$	91	-	US$	91	
	Tenaya Capital V, L.P.	-	Financial assets at fair value through profit or loss	-	US$	1,414	-	US$	1,414	
	Platinum Equity Capital Partners II, L.P.	-	Financial assets at fair value through profit or loss	-	US$	1,190	-	US$	1,190	
	Industry Ventures Fund VI, L.P.	-	Financial assets at fair value through profit or loss	-	US$	1,011	-	US$	1,011	
	Platinum Equity Capital Partners III, L.P.	-	Financial assets at fair value through profit or loss	-	US$	3,149	-	US$	3,149	

(Continued)

Holding Company	Marketable Securities Type and Issuer	Relationship with the Holding Company	Financial Statement Account	March 31, 2021				Note
				Shares/Face Value/Units	Carrying Value	Percentage of Ownership (Note 1)	Fair Value	
CDIB Global Markets Limited	Fund							
	Tenaya Capital VI, LP	-	Financial assets at fair value through profit or loss	-	US$ 6,297	-	US$ 6,297	
	Formation8 Partners Fund I, L.P.	-	Financial assets at fair value through profit or loss	-	US$ 9,473	-	US$ 9,473	
	Blue Point Capital Partners III, L.P.	-	Financial assets at fair value through profit or loss	-	US$ 5,339	-	US$ 5,339	
	Riverwood Capital Partners II L.P.	-	Financial assets at fair value through profit or loss	-	US$ 27,701	-	US$ 27,701	
CDIB Capital International Corporation	Stocks							
	CDIB Capital International (Hong Kong) Corporation Limited	Subsidiary	Investments accounted for using the equity method	15,400,000	US$ 5,650	100.00	US$ 5,650	
	CDIB Capital International (Korea) Corporation	Subsidiary	Investments accounted for using the equity method	557,678	US$ 1,375	100.00	US$ 1,375	
	CDIB Capital International (USA) Corporation	Subsidiary	Investments accounted for using the equity method	8,000,000	US$ 2,997	100.00	US$ 2,997	
	CDIB Capital Asia Partners Limited	Subsidiary	Investments accounted for using the equity method	100	US$ 39	100.00	US$ 39	
	CDIB Intelligence Partners Limited	Subsidiary	Investments accounted for using the equity method	-	US$ -	100.00	US$ -	(Note 5)
	CDIB Buyout Partners Limited	Subsidiary	Investments accounted for using the equity method	-	US$ -	100.00	US$ -	(Note 6)
China Development Asset Management Corp.	Stocks							
	Waterland Securities Co., Ltd.	-	Financial assets at fair value through profit or loss	8,570,388	99,622	1.07	99,622	
	Victor Taichung Machinery Works Co., Ltd.	-	Financial assets at fair value through profit or loss	94,266	236	0.05	236	
	Chinfon Commercial Bank	-	Financial assets at fair value through profit or loss	5,026,269	-	0.86	-	
	Pine Street Asset Management Corp.	-	Financial assets at fair value through other comprehensive income	3,886,190	6,344	12.25	6,344	
CDIB Management Consulting Corp.	Stocks							
	CDC Finance & Leasing Corp.	Subsidiary	Investments accounted for using the equity method	58,328,460	660,666	76.04	660,666	
	CDIB International Leasing Corp.	Subsidiary	Investments accounted for using the equity method	-	114,407	100.00	114,407	
CDC Finance & Leasing Corp.	Stocks							
	Hwahong Corporation	Associate	Investments accounted for using the equity method	23,750	61	19.00	61	
	Pacific Electric Wire and Cable Co., Ltd.	-	Financial assets at fair value through other comprehensive income	546,231	133	0.07	133	
Richpoint Company Limited	Stocks							
	KG Investments Holdings Limited	Subsidiary	Investments accounted for using the equity method	156,864,163	US$ 564,748	100.00	US$ 564,748	
	KGI Investment Advisory (Shanghai) Co., Ltd.	Subsidiary	Investments accounted for using the equity method	-	US$ 788	100.00	US$ 788	
KGI Venture Capital Co., Ltd.	Stocks							
	Young Shine Electric Co., Ltd.	-	Financial assets at fair value through profit or loss	1,109,000	81,290	5.55	81,290	
	Drewloong Precision, Inc.	-	Financial assets at fair value through profit or loss	10,000	994	0.03	994	
	Allied Supreme Corporation	-	Financial assets at fair value through profit or loss	430,000	75,917	0.63	75,917	
	Mutual-Tek Industries Co., Ltd.	-	Financial assets at fair value through profit or loss	800,000	9,720	0.97	9,720	
	Yield Microelectronics Corp.	-	Financial assets at fair value through profit or loss	475,000	25,793	1.77	25,793	
	WinWay Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	170,000	65,110	0.51	65,110	
	AMPAK Technology Inc.	-	Financial assets at fair value through profit or loss	1,000,000	88,500	1.66	88,500	
	Asia Metal Industries, Inc.	-	Financial assets at fair value through profit or loss	650,000	38,610	3.10	38,610	
	Wiltrom Co., Ltd.	-	Financial assets at fair value through profit or loss	210,000	7,949	0.72	7,949	
	Taiwan Advanced Nanotech Inc.	-	Financial assets at fair value through profit or loss	600,000	182,400	2.84	182,400	
	Gingy Technology Inc.	-	Financial assets at fair value through profit or loss	419,865	2,124	2.49	2,124	
	Sustainable Development Co., Ltd.	-	Financial assets at fair value through profit or loss	206,335	22,582	0.62	22,582	
	Yongda Food Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	1,100,000	17,072	4.02	17,072	
	Chen Feng Optronics Corporation	-	Financial assets at fair value through profit or loss	1,637,171	31,574	2.56	31,574	
	Welltech Energy Inc.	-	Financial assets at fair value through profit or loss	2,222,000	29,997	5.86	29,997	
	Formosa Pharmaceutical, Inc.	-	Financial assets at fair value through profit or loss	950,000	22,800	1.30	22,800	
	Deluxe Technology Group.	-	Financial assets at fair value through profit or loss	632,307	19,444	0.85	19,444	
	UPI Semiconductor Corp.	-	Financial assets at fair value through profit or loss	180,665	41,446	0.26	41,446	
	VisEra Technologies Company Ltd.	-	Financial assets at fair value through profit or loss	580,000	139,200	0.20	139,200	
KGI Information Technology Co., Ltd.	Fund							
	KGI Victory Money Market Securities Investment Trust Fund	Managed by KGI Securities Investment Trust Co., Ltd.	Financial assets at fair value through profit or loss	-	20,245	-	20,245	

(Continued)

Note 1: The Group recognized the related income or loss of investees as required by regulations.

Note 2: The preferred shares held divided by the number of preferred shares outstanding is the percentage of ownership.

Note 3: No securities were treated as collaterals or warrants.

Note 4: The above companies which are the subsidiaries of the Corporation were eliminated from the consolidated financial statements.

Note 5: CDIB Intelligence Partners Limited conducted registration establishment on February 28, 2020, however, CDIB Intelligence Partners Limited had not invested any capital as of March 31, 2021.

Note 6: CDIB Buyout Partners Limited conducted registration establishment on November 10, 2020, however, CDIB Buyout Partners Limited had not invested any capital as of March 31, 2021.

(Concluded)

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT$300 MILLION OR 10% OF THE PAID-IN CAPITAL
(THE BANK'S SUBSIDIARIES AMOUNTING TO NT$300 MILLION OR 10% OF THE PAID-IN CAPITAL)
FOR THE THREE MONTHS ENDED MARCH 31, 2021
(In Thousands of New Taiwan Dollars/Foreign Currencies)

Company Name	Marketable Securities Type and Name	Financial Statement Account	Counter-party	Nature of Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Shares/Face Value/Units	Amount	Shares/Face Value/Units	Amount	Shares/Face Value/Units	Amount	Carrying Value	Gain (Loss) on Disposal	Shares/Face Value/Units	Amount
The Corporation	Stocks													
	China Life Insurance Co., Ltd.	Investment accounted for using the equity method	Public tender offer	Subsidiary	1,237,925,697	$ 51,681,255	1,000,000,000	$ 33,170,701 (Note 2)	-	$ -	$ -	$ -	2,237,925,697	$ 84,851,956 (Note 2)
KGI Bank	Stocks													
	Suyin KGI Consumer Finance Co., Ltd.	Investment accounted for using the equity method	-	-	-	-	-	870,270 (Note 3)	-	-	-	-	-	870,270 (Note 3)
CDIB Capital Investment I Limited	Corporate bonds													
	Konew Capital International Limited	Financial assets at fair value through profit or loss	-	-	-	US$ -	18,686,821	US$ 18,687 (Note 1)	-	-	-	-	18,686,821	US$ 18,687 (Note 1)

Note 1: Initial acquisition cost.

Note 2: Consists of cost of purchase $23,600,000 thousand, investment gain $3,616,011 thousand, increase of treasury stocks $295,145 thousand, increase of paid-in capital $10,199,199 thousand, increase of retained earnings $55,804 thousand, loss on exchange differences on translation of financial statements of foreign operations $11,386 thousand, gain on equity instruments measured at FVTOCI $1,268,337 thousand, loss on debt instruments measured at FVTOCI $5,960,697 thousand and increase of other comprehensive income reclassified using the overlay approach $108,288 thousand.

Note 3: Consists of increase of cash capital $865,177 thousand, investment loss $148 thousand and gain on exchange differences on translation of financial statements of foreign operations $5,291 thousand

TABLE 5

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO NT$300 MILLION OR 10% OF THE PAID-IN CAPITAL
MARCH 31, 2021
(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Year	Allowance for Bad Debts
					Amount	Action Taken		
The Corporation	CDIB Capital Group	Subsidiary	$ 690,064 (Note 1)	-	$ -	-	$ -	$ -
	KGI Bank	Subsidiary	760,170 (Note 1)	-	-	-	-	-
	KGI Securities Co., Ltd.	Subsidiary	1,659,911 (Note 1)	-	-	-	-	-
China Life Insurance	KGI Bank	Subsidiary of the parent company	1,159,791	-	-	-	1,121,628	-
	KGI Securities Co., Ltd.	Subsidiary of the parent company	427,674	-	-	-	427,674	-
KGI Securities Co., Ltd.	KGI Asia Limited	Subsidiary	340,921	-	-	-	340,921	-
KGI Asia Limited	PT KGI Sekuritas Indonesia	Subsidiary of the parent company	457,123	-	-	-	457,123	-
	KGI International (Hong Kong) Limited	Subsidiary of the parent company	811,707	-	-	-	811,707	-
KGI International (Hong Kong) Limited	KGI Asia Limited	Subsidiary of the parent company	347,099	-	-	-	347,099	-
KGI Securities (Singapore) Pte. Ltd.	KGI Securities (Thailand) Public Company Limited	Other related parties	622,379	-	-	-	50,660	-
	KGI Asia Limited	Subsidiary of the parent company	404,898	-	-	-	404,898	-

Note 1: Tax receivable result from linked-tax system.

Note 2: The above companies which are the subsidiaries of the Corporation were eliminated from the consolidated financial statements.

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

SUBSIDIARIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2021

Consolidated entities

Investor Company	Subsidiaries	Main Business and Products	Percentage of Ownership			Note
			March 31, 2021	December 31, 2020	March 31, 2020	
The Corporation	CDIB Capital Group	Venture fund	100.00	100.00	100.00	
	KGI Securities Co., Ltd.	Financial service	100.00	100.00	100.00	
	KGI Bank	Commercial bank	100.00	100.00	100.00	
	China Development Asset Management Corp.	Trading and management of nonperforming loans of financial institutions	100.00	100.00	100.00	
	China Life Insurance Co., Ltd.	Life insurance	47.30	26.17	26.17	(Note 1)
CDIB Capital Group	CDIB Capital Management Corporation	Management and consulting	100.00	100.00	100.00	
	CDIB Venture Capital Corporation	Venture fund	100.00	100.00	100.00	
	CDIB Venture Capital (Hong Kong) Corporation Limited	Venture fund	100.00	100.00	-	(Note 2)
	CDIB Global Markets Limited	Investment	100.00	100.00	100.00	
	CDIB Capital Investment I Limited	Investment	100.00	100.00	100.00	
	CDIB Capital Investment II Limited	Investment	100.00	100.00	100.00	
	CDIB Capital International Corporation	Private equity advisory service	100.00	100.00	100.00	
CDIB Capital International Corporation	CDIB Capital International (Hong Kong) Corporation Limited	Private equity advisory service	100.00	100.00	100.00	
	CDIB Capital International (USA) Corporation	Private equity advisory service	100.00	100.00	100.00	
	CDIB Capital Asia Partners Limited	Private equity advisory service	100.00	100.00	100.00	
	CDIB Intelligence Partners Limited	Private equity advisory service	100.00	100.00	100.00	(Note 3)
	CDIB Buyout Partners Limited	Private equity advisory service	100.00	100.00	-	(Note 4)
CDIB Capital Investment I Limited	SCBS 1 Holding Corporation	Investment holdings	100.00	100.00	100.00	
	CDIB X Finance I Holding Limited	Private equity advisory service	100.00	100.00	-	(Note 5)
CDIB Venture Capital Corporation	CDIB Venture Capital (Hong Kong) Corporation Limited	Venture fund	-	-	100.00	(Note 2)
CDIB Capital Management Corporation	CDIB Private Equity (Hong Kong) Corporation Limited	Management and consulting	100.00	100.00	100.00	
	CDIB Capital Innovation Advisors Corporation	Management and consulting	60.00	60.00	60.00	
CDIB Private Equity (Hong Kong) Corporation Limited	CDIB Yida Private Equity Management (Kunshan) Enterprise (Limited Partnership)	Fund management	27.08	27.08	27.08	
	CDIB Private Equity (China) Corporation	Management and consulting	100.00	100.00	100.00	
	CDIB Private Equity Management (Fujian) Enterprise (Limited Partnership)	Fund management	56.00	56.00	56.00	

(Continued)

Investor Company	Subsidiaries	Main Business and Products	Percentage of Ownership			Note
			March 31, 2021	December 31, 2020	March 31, 2020	
CDIB Private Equity (China) Corporation	CDIB Yida Private Equity (Kunshan) Co., Ltd.	Fund management	65.00	65.00	65.00	
	CDIB Private Equity (Fujian) Co., Ltd.	Fund management	70.00	70.00	70.00	
CDIB Private Equity (Fujian) Co., Ltd.	CDIB Private Equity Management (Fujian) Enterprise (Limited Partnership)	Fund management	20.00	20.00	20.00	
CDIB Yida Private Equity (Kunshan) Co., Ltd.	CDIB Yida Private Equity Management (Kunshan) Enterprise (Limited Partnership)	Fund management	58.34	58.34	58.34	
KGI Securities Co., Ltd.	Richpoint Company Limited	Investment holdings	100.00	100.00	100.00	
	KGI Securities Investment Advisory Co., Ltd.	Security investment consulting	100.00	100.00	100.00	
	KGI Insurance Brokers Co., Ltd.	Life/property insurance brokers	100.00	100.00	100.00	
	KGI Venture Capital Co., Ltd.	Venture fund	100.00	100.00	100.00	
	KGI Securities Investment Trust Co., Ltd.	Nominee services, discretionary investment services	100.00	100.00	100.00	
	KGI Futures Co., Ltd.	Futures investment services	99.61	99.61	99.61	
	Global Corporation	Investment consulting, management consulting	-	-	22.07	(Notes 6 and 7)
KGI Futures Co., Ltd.	KGI Information Technology Co., Ltd.	Management and consulting software services, data processing digital information supply services	100.00	100.00	100.00	
Richpoint Company Limited	KG Investments Holdings Limited	Investment holdings	100.00	100.00	100.00	
	KGI Investment Advisory (Shanghai) Co., Ltd.	Investment and consulting service	100.00	100.00	100.00	
KG Investments Holdings Limited	KGI International Holdings Limited	Investment holdings	100.00	100.00	100.00	
KGI International Holdings Limited	KGI Limited	Investment holdings	100.00	100.00	100.00	
	Supersonic Services Inc.	Investment holdings	-	-	100.00	
	KGI International Limited	Investment holdings	100.00	100.00	100.00	
	Bauhinia 88 Ltd.	Investment holdings	-	-	100.00	
KGI Limited	KGI Futures (Hong Kong) Limited	Futures brokerage and settlement services	100.00	100.00	100.00	
	Global Treasure Investments Limited	Investment services	100.00	100.00	100.00	
	KGI Investments Management Limited	Insurance brokerage	100.00	100.00	100.00	
	KGI International Finance Limited	Investment and financing services	100.00	100.00	100.00	
	KGI Hong Kong Limited	Management and consulting	100.00	100.00	100.00	
	KGI Asia Limited	Securities investment	100.00	100.00	100.00	
	KGI Capital Asia Limited	Securities investment	100.00	100.00	100.00	
	KGI Asset Management Limited	Asset management	100.00	100.00	100.00	
	KGI Nominees (Hong Kong) Limited	Trust agent	100.00	100.00	100.00	
Supersonic Services Inc.	KGI Korea Limited	Investment holdings	-	-	100.00	
KGI International Limited	KGI Asia (Holdings) Pte. Ltd.	Investment holdings	100.00	100.00	100.00	
	KGI Capital (Singapore) Pte. Ltd.	Futures investment services	-	-	100.00	

(Continued)

Investor Company	Subsidiaries	Main Business and Products	Percentage of Ownership			Note
			March 31, 2021	December 31, 2020	March 31, 2020	
KGI Capital Asia Limited	KGI Alliance Corporation	Investment services	-	-	100.00	
	KGI International (Hong Kong) Limited	Derivative product services	100.00	100.00	100.00	
	KGI Finance Limited	Investment and financing services	100.00	100.00	100.00	
	PT KGI Sekuritas Indonesia	Securities investment	99.00	99.00	99.00	
KGI Asia (Holdings) Pte. Ltd.	KGI Securities (Singapore) Pte. Ltd.	Securities and futures investment services	100.00	100.00	100.00	
KGI Bank	CDIB Management Consulting Corporation	Management and consulting	100.00	100.00	100.00	
CDIB Management Consulting Corporation	CDC Finance & Leasing Corp.	Leasing	76.04	76.04	76.04	
	CDIB International Leasing Corp.	Leasing	100.00	100.00	100.00	

Note 1: The Corporation acquired 1,000,000 thousand ordinary shares of China Life Insurance Co., Ltd. through public tender offer in February 2021. The Corporation and the subsidiary KGI Securities Co., Ltd., jointly held 55.95% of shares of China Life Insurance Co., Ltd. on March 31, 2021.

Note 2: CDIB Venture Capital Corporation’s board of the shareholders meeting on July 20, 2020, that 100% of the CDIB Venture Capital (Hong Kong) Corporation Limited holdings were transferred to CDIB Capital Group through physical capital reduction, and July 27, 2020 was set as the reference date for physical capital reduction

Note 3: CDIB Intelligence Partners Limited conducted registration of establishment on February 28, 2020, however, CDIB Intelligence Partners Limited had not invested any capital as of March 31, 2021.

Note 4: CDIB Buyout Partners Limited conducted registration of establishment on November 10, 2020, however, CDIB Buyout Partners Limited had not invested any capital as of March 31, 2021.

Note 5: CDIB X Finance I Holding Limited conducted registration of establishment on September 2, 2020.

Note 6: KGI Securities Co., Ltd. obtained more than half of the seats in the board of director, therefore, Global Corporation Ltd. should be included in the consolidated financial statements.

Note 7: The former Global Securities Finance Corporation held the shareholder’s meeting on November 29, 2019 to resolve termination of being securities finance enterprises, ceasing its status as a public company and changed its name to Global Corporation Ltd. It was approved by the authorities on the December 13, 2019 and the change of company registration was completed on December 25, 2019. On June 5, 2020, the shareholder’s meeting resolved to institute a process of liquidation on July 1, 2020. KGI Securities Co., Ltd loss control of Global Corporation Ltd from the liquidation date.

(Continued)

Unconsolidated subsidiaries

Investor Company	Subsidiaries	Main Business and Products	Percentage of Ownership			Note
			March 31, 2021	December 31, 2020	March 31, 2020	
CDIB Capital International Corporation	CDIB Capital International (Korea) Corporation	Private equity advisory service	100.00	100.00	100.00	CDIB Capital International (Korea) Corporation was approbated to liquidate by the Board of Director on December 31, 2020. Therefore, CDIB Capital International (Korea) Corporation has been excluded in the consolidated financial statement since January 2021.

(Concluded)

TABLE 7

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

CONDENSED BALANCE SHEETS AND STATEMENTS OF COMPREHENSIVE INCOME

The Corporation

1. Balance sheets

(In Thousands of New Taiwan Dollars)

Assets	**March 31, 2021**	**December 31, 2020**	**March 31, 2020**
Cash and cash equivalents	$ 546,901	$ 14,873,993	$ 2,508,830
Receivables, net	66,497	1,568,478	52,619
Current tax assets	3,359,970	2,612,264	2,097,292
Investments accounted for using the equity method, net	259,935,092	223,898,679	191,809,391
Other financial assets	300	300	300
Right-of-use assets, net	777,499	22,160	21,215
Property and equipment, net	60,406	57,526	44,165
Other assets, net	67,572	70,357	44,023
Total	$ 264,814,237	$ 243,103,757	$ 196,577,835
Liabilities and Equity			
Liabilities			
Commercial paper payable, net	$ 9,649,326	$ 5,449,715	$ 9,849,367
Payables	1,405,696	1,167,545	653,284
Current tax liabilities	2,021,432	1,411,995	449,650
Bonds payable	33,000,000	29,000,000	17,000,000
Other borrowings	3,299,096	3,299,531	3,899,790
Provisions	28,763	14,440	12,020
Lease liabilities	783,306	21,770	20,859
Other liabilities	15,867	2,653	12,957
Total liabilities	50,203,486	40,367,649	31,897,927
Equity			
Capital			
Common stock	149,736,024	149,729,414	149,684,380
Advance receipts for capital stock	60,615	3,298	26,146
Capital surplus	11,821,316	1,627,728	1,115,029
Retained earnings			
Legal reserve	8,816,167	8,816,167	7,561,404
Special reserve	565,041	565,041	10,797,899
Unappropriated earnings	35,311,330	24,809,292	11,987,265
Other	8,998,834	18,363,815	(13,420,745)
Treasury shares	(698,576)	(1,178,647)	(3,071,470)
Total equity	214,610,751	202,736,108	164,679,908
Total	$ 264,814,237	$ 243,103,757	$ 196,577,835

(Continued)

2. Statements of comprehensive income

(In Thousands of New Taiwan Dollars, Except Earnings (Losses) Per Share)

	For the Three Months Ended March 31	
	2021	**2020**
REVENUES		
Share of profit of subsidiaries, associates and joint ventures	$ 10,446,491	$ -
Others	7,507	7,575
Total revenues	10,453,998	7,575
EXPENSES AND LOSSES		
Share of loss of subsidiaries, associates and joint ventures	-	(299,454)
Operating expenses	(635,959)	(146,157)
Others	(115,525)	(102,184)
Total expenses and losses	(751,484)	(547,795)
NET PROFIT (LOSS) BEFORE INCOME TAX	9,702,514	(540,220)
INCOME TAX BENEFIT	137,354	52,110
NET PROFIT (LOSS) FOR THE PERIOD	9,839,868	(488,110)
OTHER COMPREHENSIVE INCOME (LOSS)		
Items that will not be reclassified subsequently to profit or loss, net of income tax		
Share of the other comprehensive income (loss) of subsidiaries, associates and joint ventures	1,009,490	(3,318,259)
Income tax relating to the items that will not be reclassified subsequently to profit or loss	159,580	265,288
Items that will be reclassified subsequently to profit or loss, net of income tax		
Share of other comprehensive income (loss) of subsidiaries, associates and joint ventures	(20,512,570)	(21,323,013)
Income tax relating to the items that may be reclassified subsequently to profit or loss	3,009,162	1,910,051
Other comprehensive income (loss) for the period, net of income tax	(16,334,338)	(22,465,933)
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	$ (6,494,470)	$ (22,954,043)
BASIC EARNINGS (LOSSES) PER SHARE	$(0.66)	$(0.03)
DILUTED EARNINGS (LOSSES) PER SHARE	$(0.66)	$(0.03)

(Continued)

3. Statements of changes in equity

(In Thousands of New Taiwan Dollars, Except Per Share Amount)

	Capital			Retained Earnings			Other Equity				
	Common Stock	Advance Receipts for Capital Stock	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of Foreign Financial Statements	Unrealized Gains (Losses) on Financial Assets at Fair Value through Other Comprehensive Income	Other Comprehensive Income on Reclassification Using the Overlay Approach	Treasury Shares	Total Equity
BALANCE AT JANUARY 1, 2020	$ 149,663,721	$ 20,359	$ 1,093,745	$ 7,561,404	$ 10,797,899	$ 12,617,375	$ (1,790,483)	$ 9,350,629	$ 1,347,757	$ (3,137,278)	$ 187,525,128
Net profit for the three months ended March 31, 2020	-	-	-	-	-	(488,110)	-	-	-	-	(488,110)
Other comprehensive income (loss) for the three months ended March 31, 2020, net of income tax	-	-	-	-	-	-	(16,698)	(10,892,369)	(11,556,866)	-	(22,465,933)
Total comprehensive income (loss) for the three months ended March 31, 2020	-	-	-	-	-	(488,110)	(16,698)	(10,892,369)	(11,556,866)	-	(22,954,043)
Disposal of the Corporation shares, as treasury shares	-	-	24,118	-	-	-	-	-	-	65,808	89,926
Share-based payments	20,659	5,787	(2,834)	-	-	(4,279)	-	-	-	-	19,333
Disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	-	(137,285)	-	137,285	-	-	-
Net change in special reserve of subsidiaries	-	-	-	-	-	(436)	-	-	-	-	(436)
BALANCE AT MARCH 31, 2020	$ 149,684,380	$ 26,146	$ 1,115,029	$ 7,561,404	$ 10,797,899	$ 11,987,265	$ (1,807,181)	$ (1,404,455)	$ (10,209,109)	$ (3,071,470)	$ 164,679,908
BALANCE AT JANUARY 1, 2021	$ 149,729,414	$ 3,298	$ 1,627,728	$ 8,816,167	$ 565,041	$ 24,809,292	$ (3,814,286)	$ 21,020,859	$ 1,157,242	$ (1,178,647)	$ 202,736,108
Net loss for the three months ended March 31, 2021	-	-	-	-	-	9,839,868	-	-	-	-	9,839,868
Other comprehensive income (loss) for the three months ended March 31, 2021, net of income tax	-	-	-	-	-	-	8,099	(16,343,364)	927	-	(16,334,338)
Total comprehensive income (loss) for the three months ended March 31, 2021	-	-	-	-	-	9,839,868	8,099	(16,343,364)	927	-	(6,494,470)
Disposal of the Corporation shares, as treasury shares	-	-	20,821	-	-	-	-	-	-	956,908	977,729
Changes in ownership interests in subsidiaries	-	-	10,181,427	-	-	-	(12,101)	7,661,553	(1,363)	(476,837)	17,352,679
Share-based payments	6,610	57,317	(8,660)	-	-	(10,414)	-	-	-	-	44,853
Disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	-	678,732	-	(678,732)	-	-	-
Net change in special reserve of subsidiaries	-	-	-	-	-	(6,148)	-	-	-	-	(6,148)
BALANCE AT MARCH 31, 2021	$ 149,736,024	$ 60,615	$ 11,821,316	$ 8,816,167	$ 565,041	$ 35,311,330	$ (3,818,288)	$ 11,660,316	$ 1,156,806	$ (698,576)	$ 214,610,751

(Continued)

4. Statements of cash flows

(In Thousands of New Taiwan Dollars)

	For the Three Months Ended March 31	
	2021	**2020**
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit (loss) before income tax	$ 9,702,514	$ (540,220)
Adjustments for:		
Depreciation and amortization expenses	24,907	3,672
Interest expense	109,750	99,232
Interest income	(2,718)	(3,202)
Share of profit (loss) of subsidiaries, associates and joint ventures	(10,446,491)	299,724
Others	24	-
Changes in operating assets and liabilities		
Receivables	1,495,505	(3,887)
Other assets	2,499	(4,720)
Payables	136,726	(286,285)
Other liabilities	13,254	9,565
Interest paid	(7,807)	(99,093)
Interest received	9,194	3,686
Income tax paid	(914)	(365)
Net cash generated from (used in) operating activities	1,036,443	(521,893)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	(6,109)	(549)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in commercial paper payable	4,199,611	5,999,626
Proceeds from (repayments of) corporate bonds	4,000,000	(6,000,000)
Proceeds from (repayments of) other borrowings	(435)	99,994
Purchase of subsidiaries investment under equity method	(23,600,000)	-
Others	43,398	17,172
Net cash generated from (used in) financing activities	(15,357,426)	116,792
NET DECREASE IN CASH AND CASH EQUIVALENTS	(14,327,092)	(405,650)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	14,873,993	2,914,480
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	$ 546,901	$ 2,508,830

(Continued)

KGI Bank

1. Condensed balance sheets

(In Thousands of New Taiwan Dollars)

	March 31, 2021	December 31, 2020	March 31, 2020
Cash and cash equivalents, due from the Central Bank and call loans to banks	$ 36,963,655	$ 41,562,162	$ 44,179,056
Financial assets at fair value through profit or loss	53,466,816	71,917,709	120,193,535
Financial assets at fair value through other comprehensive income	206,131,859	201,829,447	150,947,175
Debt instruments measured at amortized cost	12,731,611	11,526,785	11,488,592
Financial assets for hedging	220,795	102,479	2,663
Securities purchased under resell agreements	16,703,083	30,168,313	25,952,054
Receivables, net	26,981,223	26,314,761	20,002,898
Discounts and loans, net	375,300,466	374,887,143	356,658,168
Investments accounted for using the equity method, net	2,639,467	1,729,629	1,548,171
Other financial assets, net	1,085,850	1,095,475	1,064,900
Property and equipment, net	4,851,162	5,103,634	5,268,730
Right-of-use assets, net	3,270,191	1,746,314	2,152,237
Investment property, net	1,494,930	1,279,682	1,114,449
Deferred tax assets	1,060,232	1,041,969	1,392,157
Other assets, net	10,229,725	10,192,276	16,088,725
Total assets	$ 753,131,065	$ 780,497,778	$ 758,053,510
Deposits from the Central Bank and banks	$ 21,754,797	$ 11,426,738	$ 21,753,402
Funds from the Central Bank and financial institutions	91,080	76,030	-
Financial liabilities at fair value through profit or loss	50,111,933	71,033,649	111,477,609
Financial liabilities for hedging	153,036	641,307	824,087
Notes and bonds issued under repurchase agreements	62,705,654	59,286,757	46,999,330
Payables	6,921,817	6,630,935	8,163,300
Current tax liabilities	760,170	644,352	627,754
Deposits and remittances	489,884,845	513,426,427	457,302,333
Bank debentures payable	24,554,882	20,351,293	16,442,639
Principal received on structured notes	20,583,403	21,640,763	23,693,970
Other financial liabilities	-	-	66,667
Provisions	483,253	443,360	399,911
Lease liabilities	3,304,450	1,764,739	2,158,380
Deferred tax liabilities	19,831	19,831	54,976
Other liabilities	4,910,403	6,124,853	7,727,177
Total liabilities	686,239,554	713,511,034	697,691,535
Common stock	46,061,623	46,061,623	46,061,623
Capital surplus	7,251,306	7,251,306	7,251,306
Retained earnings	11,717,190	10,110,204	10,430,315
Others	1,861,392	3,563,611	(3,381,269)
Total equity	66,891,511	66,986,744	60,361,975
Total liabilities and equity	$ 753,131,065	$ 780,497,778	$ 758,053,510

(Continued)

2. Condensed statements of comprehensive income

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Three Months Ended March 31	
	2021	**2020**
Interest revenue	$ 2,831,148	$ 3,187,684
Interest expense	(596,170)	(1,334,362)
Interest profit, net	2,234,978	1,853,322
Noninterest profits and gains, net	518,307	302,734
Total net revenues	2,753,285	2,156,056
Reversal of allowance for bad debts and losses on commitment and guarantees, net	77,133	5,873
Operating expenses	(1,553,393)	(1,476,766)
Net profit before income tax	1,277,025	685,163
Income tax expense	(191,552)	(120,604)
Net profit for the period	1,085,473	564,559
Other comprehensive income (loss) for the period net of income tax	(1,180,706)	(4,374,214)
Total comprehensive income (loss) for the period	$ (95,233)	$ (3,809,655)
Basic earnings per share	$0.24	$0.12

(Continued)

KGI Securities

1. Condensed balance sheets

(In Thousands of New Taiwan Dollars)

	March 31, 2021	December 31, 2020	March 31, 2020
Current assets	$ 226,054,711	$ 220,428,636	$ 180,578,616
Noncurrent assets	52,225,780	53,603,610	46,155,495
Total assets	$ 278,280,491	$ 274,032,246	$ 226,734,111
Current liabilities	$ 198,876,824	$ 195,621,321	$ 157,555,959
Noncurrent liabilities	6,489,388	6,550,817	7,149,368
Total liabilities	205,366,212	202,172,138	164,705,327
Common stock	34,363,397	34,363,397	32,418,432
Capital surplus	8,648,583	8,648,583	8,648,571
Retained earnings	30,169,803	25,958,900	25,472,185
Others	(267,504)	2,889,228	(4,510,404)
Total equity	72,914,279	71,860,108	62,028,784
Total liabilities and equity	$ 278,280,491	$ 274,032,246	$ 226,734,111

2. Condensed statements of comprehensive income

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Three Months Ended March 31	
	2021	2020
Revenues	$ 5,566,157	$ 1,678,917
Costs and expenses	(3,096,591)	(2,226,315)
Profit (loss) from operations	2,469,566	(547,398)
Share of profit (loss) of subsidiaries, associates and joint ventures	1,870,968	475,711
Other income and loss	208,926	173,477
Total non-operating income or loss	2,079,894	649,188
Net profit before income tax	4,549,460	101,790
Income tax expense	(354,087)	(30,727)
Net profit for the period	4,195,373	71,063
Other comprehensive income (loss)	(3,140,153)	(5,442,165)
Total comprehensive income (loss) for the period	$ 1,055,220	$ (5,371,102)
Basic earnings per share	$1.22	$0.02

(Continued)

CDIB Capital Group

1. Condensed balance sheets

(In Thousands of New Taiwan Dollars)

	March 31, 2021	December 31, 2020	March 31, 2020
Current assets	$ 3,962,996	$ 4,550,941	$ 5,368,777
Noncurrent assets	34,595,921	33,474,784	36,458,751
Total assets	$ 38,558,917	$ 38,025,725	$ 41,827,528
Current liabilities	$ 1,218,534	$ 2,442,635	$ 813,931
Noncurrent liabilities	849,424	813,805	827,296
Total liabilities	2,067,958	3,256,440	1,641,227
Common stock	20,411,159	20,411,159	20,411,159
Capital surplus	590,409	590,409	590,409
Retained earnings	16,201,780	14,577,712	19,430,298
Others	(712,389)	(809,995)	(245,565)
Total equity	36,490,959	34,769,285	40,186,301
Total liabilities and equity	$ 38,558,917	$ 38,025,725	$ 41,827,528

2. Condensed statements of comprehensive income

(In Thousands of New Taiwan Dollars, Except Earnings (Losses) Per Share)

	For the Three Months Ended March 31	
	2021	2020
Operating revenues	$ 1,157,471	$ (1,659,157)
Operating expenses	(923,061)	(106,335)
Profit (loss) from operations	234,410	(1,765,492)
Non-operating income and expenses	1,560,847	37,719
Net profit (loss) before income tax	1,795,257	(1,727,773)
Income tax benefit (expense)	(171,188)	10,807
Net profit (loss) for the period	1,624,069	(1,716,966)
Other comprehensive income (loss) for the period, net of income tax	97,606	(769,075)
Total comprehensive income (loss) for the period	$ 1,721,675	$ (2,486,041)
Basic earnings (loss) per share	$0.80	$(0.84)

(Continued)

China Development Asset Management Corp.

1. Condensed balance sheets

(In Thousands of New Taiwan Dollars)

	March 31, 2021	December 31, 2020	March 31, 2020
Current assets	$ 55,881	$ 56,362	$ 36,940
Noncurrent assets	1,766,292	1,629,220	2,756,777
Total assets	$ 1,822,173	$ 1,685,582	$ 2,793,717
Current liabilities	$ 258,164	$ 224,794	$ 115,663
Noncurrent liabilities	79,700	3,348	71,548
Total liabilities	337,864	228,142	187,211
Common stock	1,133,600	1,133,600	2,133,600
Capital surplus	139,538	139,538	139,538
Retained earnings	252,204	225,335	356,912
Others	(41,033)	(41,033)	(23,544)
Total equity	1,484,309	1,457,440	2,606,506
Total liabilities and equity	$ 1,822,173	$ 1,685,582	$ 2,793,717

2. Condensed statements of comprehensive income

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Three Months Ended March 31	
	2021	2020
Revenues and gains	$ 44,697	$ 44,122
Expenses and losses	(16,714)	(31,195)
Net profit before income tax	27,983	12,927
Income tax expense	(1,114)	(4,402)
Net profit for the period	26,869	8,525
Other comprehensive income (loss) for the period, net of income tax	-	-
Total comprehensive income (loss) for the period	$ 26,869	$ 8,525
Basic earnings per share	$0.24	$0.04

(Concluded)

China Life Insurance Co., Ltd.

1. Condensed balance sheets

(In Thousands of New Taiwan Dollars)

	March 31, 2021	December 31, 2020	March 31, 2020
Cash and cash equivalents	$ 92,140,497	$ 101,376,515	$ 66,089,008
Receivables	26,407,784	19,920,386	37,062,869
Current tax assets	526,131	526,131	526,131
Financial assets at fair value through profit or loss	395,174,281	375,555,929	324,855,481
Financial assets at fair value through other comprehensive income	397,411,820	482,873,124	366,258,863
Financial assets measured at amortized cost	1,114,032,856	1,046,395,601	1,023,275,814
Investments accounted for using the equity method, net	69,652	69,863	-
Investment property	36,837,475	36,838,917	23,126,967
Loans	33,432,944	33,557,049	34,262,761
Reinsurance assets	863,787	740,256	794,404
Property and equipment	12,403,728	12,414,988	15,544,503
Right-of-use assets	6,013,101	6,058,770	14,556,935
Intangible assets	261,780	234,530	184,029
Deferred tax assets	10,520,109	10,861,287	8,203,119
Other assets	13,224,075	7,724,396	6,945,111
Separate account product assets	88,203,699	84,564,106	64,963,511
Total assets	$ 2,227,523,719	$ 2,219,711,848	$ 1,986,649,506
Payables	$ 21,307,037	$ 13,264,436	$ 28,345,333
Current tax liabilities	3,988,388	2,591,206	912,991
Financial liabilities at fair value through profit or loss	10,181,997	7,931,359	3,879,382
Bonds Payables	10,000,000	10,000,000	-
Lease liabilities	1,733,395	1,751,214	1,657,649
Insurance liabilities	1,923,921,558	1,896,680,430	1,779,782,017
Foreign exchange valuation reserve	3,893,775	4,023,007	3,808,037
Provisions	193,993	212,754	161,315
Deferred tax liabilities	3,047,264	10,126,831	1,517,077
Other liabilities	1,847,091	8,909,300	3,702,823
Separate account product liabilities	88,203,699	84,564,106	64,963,511
Total liabilities	2,068,318,197	2,040,054,643	1,888,730,135
Common stock	47,313,972	47,313,972	44,635,823
Capital surplus	7,214,523	7,214,523	7,214,523
Retained earnings	80,114,611	70,988,356	65,698,662
Others	24,562,416	54,140,354	(19,629,637)
Total equity	159,205,522	179,657,205	97,919,371
Total liabilities and equity	$ 2,227,523,719	$ 2,219,711,848	$ 1,986,649,506

(Continued)

2. Condensed statements of comprehensive income

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Three Months Ended March 31	
	2021	**2020**
Operating revenues	$ 78,724,357	$ 70,861,463
Operating costs	(65,761,010)	(64,039,886)
Operating expenses	(2,040,933)	(1,566,296)
Profit from operations	10,922,414	5,255,281
Non-operating income and expenses	4,177	2,212
Income from continuing operations before income tax	10,926,591	5,257,493
Income tax expense	(1,084,824)	(798,635)
Net income	9,841,767	4,458,858
Other comprehensive income (loss) for the period, net of income tax	(30,281,335)	(49,207,795)
Total comprehensive income (loss) for the period	$ (20,439,568)	$ (44,748,937)
Basic earnings per share	$2.08	$0.94

(Concluded)

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
MARCH 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company Name	Main Businesses and Products	Total Paid-in Capital	Investment Type	Accumulated Outflow of Investment from Taiwan as of January 1, 2021	Investment Flows		Accumulated Outflow of Investment from Taiwan as of March 31, 2021	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Note 2)	Carrying Value as of March 31, 2021	Accumulated Inward Remittance of Earnings as of March 31, 2021
					Outflow	Inflow						
Beauty Essential International (Shanghai) Ltd.	Sale and R&D of the cosmetics.	US$ 2,000 thousand	Note 1,b,1)	US$ 2,262 thousand	$ -	$ -	US$ 2,262 thousand	(Note 3)	8.86	$ -	$ 67,521	$ -
Beauteek (Shanghai) Co., Ltd.	Cosmetics and skin care products sales.	US$ 1,700 thousand	Note 1,b,1)	US$ 53 thousand	-	-	US$ 53 thousand	(Note 3)	-	-	1,633	-
Triplex International Biosciences (Fujian)	Manufacture, sale and R&D medical diagnostic reagents and instruments.	US$ 35,200 thousand	Note 1,b,3)	US$ 1,400 thousand	-	-	US$ 1,400 thousand	(Note 3)	1.66	-	45,003	-
Hartec Technology (Kunshan) Co., Ltd.	NB EMI sputtering.	US$ 17,130 thousand	Note 1,b,4)	US$ 3,000 thousand	-	-	US$ 3,000 thousand	(Note 3)	10.23	-	99,603	-
Great Team Backend Foundry (Dongguan) Ltd.	Analog IC testing and packaging.	US$ 87,070 thousand	Note 1,b,5),19)	US$ 228 thousand	US$ 13 thousand	-	US$ 241 thousand	(Note 3)	1.83	-	6,519	-
MCM (Beijing) Commercial Co., Ltd.	Apparel, jewelry, watches, perfumes, cosmetics, glasses, bags, leather goods wholesale and retail; import and export of goods.	EUR 4,460 thousand	Note 1,b,6),20)	US$ 182 thousand	-	-	US$ 182 thousand	(Note 3)	5.00	-	6,095	-
Chengdu Le Me Shi Jia Trading Co., Ltd.	Furniture wholesale, metal building materials wholesale and transport service.	US$ 28,000 thousand	Note 1,b,5),18)	US$ 948 thousand	-	-	US$ 948 thousand	(Note 3)	2.36	-	6,650	-
Chengdu Le Me Shi Jia Information Technology Co., Ltd.	Furniture wholesale, metal building materials wholesale and transport service.	US$ 3,000 thousand	Note 1,b,5),18)	US$ 33 thousand	-	-	US$ 33 thousand	(Note 3)	2.36	-	234	-
Tianjin Mei Wei Information Technology Co., Ltd.	Computer IT consulting and technical services; computer hardware and software development; furniture, building materials, daily commodities, hardware wholesale.	CNY 171,574 thousand	Note 1,b,5),18)	US$ 297 thousand	-	-	US$ 297 thousand	(Note 3)	2.36	-	2,091	-
Tianjin Mu Yuan Household Trading Co., Ltd.	Household items; furniture, building materials, daily commodities, hardware wholesale.	US$ 500 thousand	Note 1,b,5),18)	US$ 42 thousand	-	-	US$ 42 thousand	(Note 3)	2.36	-	293	-
Jiangyin Suda Huicheng Composite Material Co., Ltd.	Lithium battery with extruded composite film.	CNY 19,812 thousand	Note 1,b,18)	US$ 5,051 thousand	-	-	US$ 5,051 thousand	(Note 3)	3.89	-	35,583	-
CDIB Private Equity (China) Corporation	Management and consulting.	US$ 7,000 thousand	Note 1,b,8)	US$ 7,000 thousand	-	-	US$ 7,000 thousand	1,749	100.00	1,223	277,503	-
CDIB Private Equity (Fujian) Co., Ltd.	Fund Management.	CNY 10,000 thousand	Note 9	-	-	-	-	1,747	70.00	1,223	63,321	-
CDIB Private Equity Management (Fujian) Enterprise (Limited Partnership)	Fund Management.	CNY 12,000 thousand	Note 1,b,8)	CNY 6,686 thousand	-	-	CNY 6,686 thousand	31	70.00	22	34,354	-

(Continued)

Investee Company Name	Main Businesses and Products	Total Paid-in Capital	Investment Type	Accumulated Outflow of Investment from Taiwan as of January 1, 2021	Investment Flows		Accumulated Outflow of Investment from Taiwan as of March 31, 2021	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Note 2)	Carrying Value as of March 31, 2021	Accumulated Inward Remittance of Earnings as of March 31, 2021
					Outflow	Inflow						
CDIB Private Equity (Fujian) Enterprise (Limited Partnership)	Equity investment.	CNY 600,000 thousand	Note 1,b,7),8)	CNY 350,000 thousand	$ -	$ -	CNY 350,000 thousand	$ (305)	-	$ (108)	$ 836,653	$ -
CDIB Yida Private Equity (Kunshan) Co., Ltd.	Fund Management.	CNY 7,000 thousand	Note 10	-	-	-	-	(1,400)	65.00	(910)	65,073	-
CDIB Yida Private Equity Management (Kushan) Enterprise (Limited Partnership)	Fund Management.	CNY 12,000 thousand	Note 1,b,8)	CNY 3,250 thousand	-	-	CNY 3,250 thousand	(312)	65.00	203	33,322	-
CDIB Yida Private Equity (Kushan) Enterprise (Limited Partnership)	Equity investment.	CNY 828,367 thousand	Note 1,b,7),8)	CNY 300,000 thousand	-	-	CNY 300,000 thousand	37,067	-	11,250	1,110,902	-
Kunshan Yida Healthcare Private Equity Enterprise (Limited Partnership)	Equity investment	CNY 292,000 thousand	Note 1,b,7), 8)	CNY 89,224 thousand	-	-	CNY 89,224 thousand	(12,457)	-	(4,031)	362,283	-
Beijing Shengzhuang Co., Ltd.	Cosmetics sales.	CNY 54,300 thousand	Note 1,b,10)	US$ 5,000 thousand	-	-	US$ 5,000 thousand	(Note 3)	5.44	-	151,150	-
Lightel Technologies (Shenzhen) Inc.	Fiber optic components, fiber optic equipment and instruments and LED lamps.	US$ 4,100 thousand	Note 1,b,11)	US$ 337 thousand	-	-	US$ 337 thousand	(Note 3)	11.58	-	10,076	-
Guohui (China) Co., Ltd.	Manufacturing and sale sport apparel, footwear and accessories.	HK$ 313,432 thousand	Note 1,b,6),12)	US$ 2,311 thousand	-	-	US$ 2,311 thousand	(Note 3)	7.74	-	65,938	-
Fujian Guohui Footwear Co., Ltd.	Manufacturing and sale sport apparel, footwear and accessories.	HK$ 195,686 thousand	Note 1,b,6),12)	US$ 1,678 thousand	-	-	US$ 1,678 thousand	(Note 3)	7.74	-	47,884	-
Jiangsu Stonehenge Industrial Holding Ltd.	Business in research, development and manufacture of electro optic technology, process on TFT-LCD optical, functional film material, and production and marketing of other plastic product.	HK$ 761,576 thousand	Note 1,b, 6),21)	US$ 9,248 thousand	-	-	US$ 9,248 thousand	(Note 3)	5.46	-	52,211	-
Tutwo (Xiamen) Outdoor Co., Ltd.	Business in wholesale and retail of outdoor sports products, sporting goods, clothing, shoes and hats, wholesale, retail and manufacture of textile and hosiery, leather garments, leather manufacturing, retail of kitchenware and daily groceries.	CNY 350,379 thousand	Note 1,b, 13)	US$ 7,417 thousand	-	-	US$ 7,417 thousand	(Note 3)	2.67	-	52,252	-
Best Logistics Technology (China) Co., Ltd.	Business in research, development, technical services, computer information, network logistics technology and wholesale and retail of general labor supplies, household appliances and building materials.	US$ 183,000 thousand	Note 1,b, 14)	US$ 211 thousand	-	-	US$ 211 thousand	(Note 3)	-	-	2,432	-
Viscovery	Business in software development	US$ 2,860 thousand	Note 1,b, 15)	US$ 36 thousand	-	-	US$ 36 thousand	(Note 3)	1.80	-	1,027	-
CDIB International Leasing Corporation	Financial Leasing and management business consulting.	CNY 187,750 thousand	Note 1,a	US$ 30,000 thousand	-	-	US$ 30,000 thousand	89	100.00	89	114,407	-
KGI Investment advisory (Shanghai) Co., Ltd.	Investment consultancy.	US$ 4,000 thousand	Note 1,b,16)	US$ 4,000 thousand	-	-	US$ 4,000 thousand	(98)	100.00	(98)	22,471	-
CCB Life Insurance Company Limited	Life insurance.	CNY 7,120,461 thousand	Note 1,a	12,880,969	-	-	12,880,969	4,001,825	19.90	-	16,828,868	148,983

(Continued)

Investee Company Name	Main Businesses and Products	Total Paid-in Capital	Investment Type	Accumulated Outflow of Investment from Taiwan as of January 1, 2021	Investment Flows		Accumulated Outflow of Investment from Taiwan as of March 31, 2021	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Note 2)	Carrying Value as of March 31, 2021	Accumulated Inward Remittance of Earnings as of March 31, 2021
					Outflow	Inflow						
Changzhou Cheng Xing Environmental Protection Technology Co., Ltd.	Business in packaging technology development, and related transfer services consulting.	US$ 13,380 thousand	Note 1,b,17)	US$ 396 thousand	$ -	$ -	US$ 396 thousand	(Note 3)	0.88	$ -	$ 4,606	$ -
Cheng Zong Environmental Protection Technology (Shanghai) Co., Ltd.	Business in Packaging materials, plastic products, machinery and equipment, providing molds and related products wholesale, commission agents.	US$ 5,000 thousand	Note 1,b,17)	US$ 120 thousand	-	-	US$ 120 thousand	(Note 3)	0.88	-	1,393	-
Taro Technology (Hangzhou) Co., Ltd.	Business in software; network engineering; intelligent robot; development of hi-tech product; technical services; transfer of technological achievements	US$ 30,000 thousand	Note 1,b,22)	US$ 2,000 thousand	-	-	US$ 2,000 thousand	(Note 3)	1.01	-	57,062	-
Rokid Business (Hangzhou) Co., Ltd.	Business in software; network engineering; intelligent robot; development of hi-tech product; technical services; transfer of technological achievements	US$ 15,000 thousand	Note 1,b,22)	US$ 3,000 thousand	-	-	US$ 3,000 thousand	(Note 3)	1.01	(Note 2,a)	85,593	-
Suyin KGI Consumer Finance Co., Ltd.	Consumer financial business	CNY 600,000 thousand	Note 1,a	-	CNY 200,400 thousand	-	CNY 200,400 thousand	(444)	33.40	(148) (Note 2,b,3)	870,270	-

Accumulated Investment in Mainland China as of March 31, 2021	Investment Amounts Authorized by Investment Commission, MOEA	Limit on Investment
$20,400,523	US$867,795 thousand	$216,437,628

Note 1: The investment types are as follows:

a. Direct investments.

b. Reinvested through a third area by:

1) Beauty Essentials International Ltd.
2) Derbysoft Holdings Limited.
3) Capital Excel Investments Limited.
4) Hartec Asia Pte Ltd.
5) CDIB Capital Investment I Limited.
6) CDIB Capital Investment II Limited
7) CDIB Venture Capital (Hong Kong) Corporation Limited. (Note 11)
8) CDIB Private Equity (Hong Kong) Corporation Limited.
9) GSD Technologies Co., Ltd.
10) Shengzhuang Holdings Limited.
11) Lightel Technologies, Inc.
12) CBA Sport Internation Limited.
13) CCAP Tutwo Holdings (Hong Kong) Limited.
14) Best Logistics.
15) Viscovery (Cayman) Holding Company Limited.
16) Richpoint Company Limited.
17) Deluxe Technology Group Co., Ltd.
18) CDIB Capital Asia Partners L.P.
19) Great Team Backend Foundry, Inc.
20) Sungjoo Design Tech & Distribution Inc.
21) Great Rich Technologies Limited.
22) Rokid Corporation Limited.

c. Other.

(Continued)

Note 2: In the column "Investment Gain"

a. If it is in preparation and there is no investment gain, it should state clearly.

b. Investment Gain recognition was based on the following and should state clearly.

1) Financial statements audited by an international CPA firm having a cooperative relation with CPA firms in the Republic of China;
2) Financial statements audited by the CPA firm of the parent company in Taiwan;
3) Other.

c. If the current profit and loss information of the investee company cannot be obtained, it should state clearly.

Note 3: Investee Company was not significantly influenced by the Company; therefore the Group cannot acquire the related financial information.

Note 4: Subsidiary of the Corporation formerly indirectly invested in Focal Tech (Shenzhen) System Co., Ltd. through its subsidiary's investment in Focal Tech (Shenzhen) Corporation Ltd. has been listed on the Taiwan Stock Exchange on November 8, 2013, refer to its financial report for the information.

Note 5: Subsidiary of the Corporation formerly indirectly invested in Kunshan Xinkuangtai Photoelectric Technology Co., Ltd. and Taizhou Kuangli Photoelectric Technology Co., Ltd. through its subsidiary's investment in Kuangli Photoelectric Technology Co., Ltd. has been listed on the Taiwan Stock Exchange on October 31, 2014, refer to its financial report for the information.

Note 6: Subsidiary of the Corporation formerly indirectly invested in Yangzhou Enteres Auto Parts Manufacturing Co., Ltd., Yanghou Enteres Industrial Co., Ltd., Yangzhou Enterex Automotive Air-Conditioning Industrial Co., Ltd. and Yangzhou Enterex Auto Parts Distribution Co., Ltd. through its subsidiary investment in Enteres International Limited has been listed on the Taiwan Stock Exchange on October 16, 2014, refer to its financial report for the information.

Note 7: Subsidiary of the Corporation formerly indirectly invested in China Peptides (Wuhan) Co., Ltd. through its subsidiary's investment in JHL Biotech, Inc. has been listed on the Taipei Exchange on September 17, 2015, refer to its financial report for the information.

Note 8: Subsidiary of the Corporation formerly indirectly invested in Power Logic Tech (DongGuan) Inc., Dongguan TaiYi Electronics Co., Ltd., Dongguan Yi Quan Electronics Co., Ltd. through Sun Max Tech Limited, has been listed on the Taipei Exchange on December 28, 2017, refer to its financial report for the information.

Note 9: In 2017, CDIB Private Equity (Fujian) Co., Ltd. was transferred and invested by CDIB Private Equity (China) Corporation.

Note 10: In 2017, CDIB Yida Private Equity (Kunshan) Co., Ltd. was transferred and invested by CDIB Private Equity (China) Corporation.

Note 11: China Development Venture Capital Co., Ltd. passed a resolution of the board of directors acting on behalf of the shareholders meeting on July 20, 2020, and its 100% holding of CDIB Venture Capital (Hong Kong) Corporation Limited was transferred to China Development Capital Co., Ltd. by way of capital reduction in kind., And set July 27, 2020 as the reference date for the material reduction.

Note 12: Subsidiary of the Corporation formerly indirectly invested in Gio Van Gogh (International) Jewelry Limited through its subsidiary's investment in Regal Holding Co., Ltd. has been listed on the Taiwan Stock Exchange on June 26, 2017, refer to its financial report for the information.

Note 13: Subsidiary of the Corporation formerly indirectly invested in San Neng Bakeware (Wuxi) Co., Ltd. through its subsidiary's investment in San Neng Group Holdings Co., Ltd. has been listed on the Taiwan Stock Exchange on June 25, 2018, refer to its financial report for the information.

Note 14: Subsidiary of the Corporation formerly indirectly invested in Hangzhou Huatong Industries Inc. and Hangzhou Rilong Leather Co., Ltd. through its subsidiary's investment in Shane Global Holding Inc. has been listed on the Taiwan Stock Exchange on August 15, 2018, refer to its financial report for the information.

Note 15: CCB Life Insurance Company Limited raised CNY6 billion in cash capital in 2019. The payments of the capital raising plan have been fully collected and the capital verification was completed in April 2019. The paid-in capital following the capital increase was approved by the China Insurance Regulatory Commission on July 21, 2020 and has been approved by the Shanghai Administration for Industry and Commerce as of October, 28, 2020.

Note 16: Subsidiary of the Corporation formerly indirectly invested in GSD Industrial (China) Co., Ltd. through its subsidiary's investment in GSD Technologies Co., Ltd. has been listed on the Taiwan Stock Exchange on September 21, 2018, refer to its financial report for the information.

(Concluded)

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

BUSINESS RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE THREE MONTHS ENDED MARCH 31, 2021
(In Thousands of New Taiwan Dollars)

No. (Note 1)	Trader Company	Related Party	Flow of Transactions (Note 2)	Financial Statement Accounts	Amounts	Trading Terms	Transaction Amount/Total Consolidated Revenue or Total Consolidated Assets (Note 3)
0	The Corporation	CDIB Capital Group	1	Current tax assets	$ 690,064	Note 4	0.02%
1	CDIB Capital Group	The Corporation	2	Current tax liabilities	690,064	Note 4	0.02%
0	The Corporation	CDIB Capital Group	1	Current tax liabilities	240,257	Note 4	0.01%
1	CDIB Capital Group	The Corporation	2	Current tax assets	240,257	Note 4	0.01%
0	The Corporation	KGI Bank	1	Current tax assets	760,170	Note 4	0.02%
2	KGI Bank	The Corporation	2	Current tax liabilities	760,170	Note 4	0.02%
0	The Corporation	KGI Securities Co., Ltd.	1	Current tax assets	1,659,911	Note 4	0.05%
3	KGI Securities Co., Ltd.	The Corporation	2	Current tax liabilities	1,659,911	Note 4	0.05%
0	The Corporation	KGI Bank	1	Cash and cash equivalents	510,771	Note 4	0.01%
2	KGI Bank	The Corporation	2	Deposits and remittances	510,771	Note 4	0.01%
1	CDIB Capital Group	KGI Bank	3	Cash and cash equivalents	2,930,529	Note 4	0.09%
2	KGI Bank	CDIB Capital Group	3	Deposits and remittances	2,930,529	Note 4	0.09%
3	KGI Securities Co., Ltd.	KGI Bank	3	Cash and cash equivalents	337,822	Note 4	0.01%
3	KGI Securities Co., Ltd.	KGI Bank	3	Other financial assets	207,998	Note 4	0.01%
2	KGI Bank	KGI Securities Co., Ltd.	3	Deposits and remittances	545,820	Note 4	0.02%
3	KGI Securities Co., Ltd.	KGI Bank	3	Other financial assets	759,468	Note 4	0.02%
2	KGI Bank	KGI Securities Co., Ltd.	3	Deposits and remittances	759,468	Note 4	0.02%
3	KGI Securities Co., Ltd.	KGI Bank	3	Other assets	1,900,005	Note 4	0.06%

(Continued)

No. (Note 1)	Trader Company	Related Party	Flow of Transactions (Note 2)	Financial Statement Accounts	Amounts	Trading Terms	Transaction Amount/Total Consolidated Revenue or Total Consolidated Assets (Note 3)
2	KGI Bank	KGI Securities Co., Ltd.	3	Deposits and remittances	$ 1,900,005	Note 4	0.06%
4	China Life Insurance Co., Ltd.	KGI Bank	3	Cash and cash equivalents	1,372,895	Note 4	0.04%
2	KGI Bank	China Life Insurance Co., Ltd.	3	Deposits and remittances	1,372,895	Note 4	0.04%
6	CDIB Venture Capital (Hong Kong) Corporation Limited	KGI Bank	3	Cash and cash equivalents	1,302,739	Note 4	0.04%
2	KGI Bank	CDIB Venture Capital (Hong Kong) Corporation Limited	3	Deposits and remittances	1,302,739	Note 4	0.04%
7	CDIB Venture Capital Corporation	KGI Bank	3	Cash and cash equivalents	241,630	Note 4	0.01%
2	KGI Bank	CDIB Venture Capital Corporation	3	Deposits and remittances	241,630	Note 4	0.01%
3	KGI Securities Co., Ltd.	KGI Bank	3	Other financial liabilities	193,271	Note 4	0.01%
2	KGI Bank	KGI Securities Co., Ltd.	3	Cash and cash equivalents	193,271	Note 4	0.01%
4	China Life Insurance Co., Ltd.	KGI Bank	3	Receivables, net	1,121,628	Note 4	0.03%
2	KGI Bank	China Life Insurance Co., Ltd.	3	Other liabilities	1,121,628	Note 4	0.03%
4	China Life Insurance Co., Ltd.	KGI Securities Co., Ltd.	3	Receivables, net	424,003	Note 4	0.01%
3	KGI Securities Co., Ltd.	China Life Insurance Co., Ltd.	3	Payables	424,003	Note 4	0.01%
8	CDIB Management Consulting Corporation	KGI Bank	3	Cash and cash equivalents	101,627	Note 4	0.00%
2	KGI Bank	CDIB Management Consulting Corporation	3	Deposits and remittances	101,627	Note 4	0.00%
3	KGI Securities Co., Ltd.	KGI Bank	3	Receivables, net	107,886	Note 4	0.00%
2	KGI Bank	KGI Securities Co., Ltd.	3	Payables	107,886	Note 4	0.00%
4	China Life Insurance Co., Ltd.	KGI Bank	3	Financial liabilities at fair value through profit or loss	320,851	Note 4	0.01%
2	KGI Bank	China Life Insurance Co., Ltd.	3	Other financial assets	320,851	Note 4	0.01%
3	KGI Securities Co., Ltd.	KGI Futures Co., Ltd.	3	Cash and cash equivalents	639,612	Note 4	0.02%
9	KGI Futures Co., Ltd.	KGI Securities Co., Ltd.	3	Other financial liabilities	639,612	Note 4	0.02%
3	KGI Securities Co., Ltd.	KGI Futures Co., Ltd.	3	Financial assets at fair value through profit or loss	283,672	Note 4	0.01%

(Continued)

No. (Note 1)	Trader Company	Related Party	Flow of Transactions (Note 2)	Financial Statement Accounts	Amounts	Trading Terms	Transaction Amount/Total Consolidated Revenue or Total Consolidated Assets (Note 3)
9	KGI Futures Co., Ltd.	KGI Securities Co., Ltd.	3	Other financial liabilities	$ 283,672	Note 4	0.01%
3	KGI Securities Co., Ltd.	KGI Asia Limited	3	Receivables, net	340,921	Note 4	0.01%
10	KGI Asia Limited	KGI Securities Co., Ltd.	3	Payables	340,921	Note 4	0.01%
3	KGI Securities Co., Ltd.	KGI Asia Limited	3	Payables	184,108	Note 4	0.01%
10	KGI Asia Limited	KGI Securities Co., Ltd.	3	Receivables, net	184,108	Note 4	0.01%
11	Richpoint Company Limited	KGI International (Hong Kong) Limited	3	Cash and cash equivalents	570,296	Note 4	0.02%
12	KGI International (Hong Kong) Limited	Richpoint Company Limited	3	Other financial liabilities	570,296	Note 4	0.02%
9	KGI Futures Co., Ltd.	KGI Securities (Singapore) Pte. Ltd.	3	Cash and cash equivalents	182,744	Note 4	0.01%
13	KGI Securities (Singapore) Pte. Ltd.	KGI Futures Co., Ltd.	3	Other financial liabilities	182,744	Note 4	0.01%
9	KGI Futures Co., Ltd.	KGI Securities (Singapore) Pte. Ltd.	3	Other financial assets	1,040,236	Note 4	0.03%
13	KGI Securities (Singapore) Pte. Ltd.	KGI Futures Co., Ltd.	3	Other financial liabilities	1,040,236	Note 4	0.03%
9	KGI Futures Co., Ltd.	KGI Futures (Hong Kong) Limited	3	Other financial assets	136,499	Note 4	0.00%
14	KGI Futures (Hong Kong) Limited	KGI Futures Co., Ltd.	3	Other financial liabilities	136,499	Note 4	0.00%
10	KGI Asia Limited	KGI International (Hong Kong) Limited	3	Financial liabilities at fair value through profit or loss	784,917	Note 4	0.02%
12	KGI International (Hong Kong) Limited	KGI Asia Limited	3	Other financial assets	784,917	Note 4	0.02%
10	KGI Asia Limited	KGI Securities (Singapore) Pte. Ltd.	3	Other liabilities	385,575	Note 4	0.01%
13	KGI Securities (Singapore) Pte. Ltd.	KGI Asia Limited	3	Other assets	385,575	Note 4	0.01%
10	KGI Asia Limited	KGI International (Hong Kong) Limited	3	Other liabilities	203,701	Note 4	0.01%
12	KGI International (Hong Kong) Limited	KGI Asia Limited	3	Other assets	203,701	Note 4	0.01%
10	KGI Asia Limited	KGI International (Hong Kong) Limited	3	Payables	115,210	Note 4	0.00%
12	KGI International (Hong Kong) Limited	KGI Asia Limited	3	Receivables, net	115,210	Note 4	0.00%
10	KGI Asia Limited	KGI International (Hong Kong) Limited	3	Receivables, net	811,707	Note 4	0.02%
12	KGI International (Hong Kong) Limited	KGI Asia Limited	3	Payables	811,707	Note 4	0.02%

(Continued)

No. (Note 1)	Trader Company	Related Party	Flow of Transactions (Note 2)	Financial Statement Accounts	Amounts	Trading Terms	Transaction Amount/Total Consolidated Revenue or Total Consolidated Assets (Note 3)
10	KGI Asia Limited	PT KGI Sekuritas Indonesia	3	Receivables, net	$ 457,123	Note 4	0.01%
15	PT KGI Sekuritas Indonesia	KGI Asia Limited	3	Other borrowings	457,123	Note 4	0.01%
16	KGI Futures (Hong Kong) Limited	KGI International (Hong Kong) Limited	3	Other financial liabilities	219,830	Note 4	0.01%
12	KGI International (Hong Kong) Limited	KGI Futures (Hong Kong) Limited	3	Other financial assets	219,830	Note 4	0.01%
16	KGI Futures (Hong Kong) Limited	KGI International Holdings Limited	3	Cash and cash equivalents	1,426,398	Note 4	0.04%
17	KGI International Holdings Limited	KGI Futures (Hong Kong) Limited	3	Other financial liabilities	1,426,398	Note 4	0.04%
16	KGI Futures (Hong Kong) Limited	KGI Securities (Singapore) Pte. Ltd.	3	Other financial assets	274,703	Note 4	0.01%
13	KGI Securities (Singapore) Pte. Ltd.	KGI Futures (Hong Kong) Limited	3	Other financial liabilities	274,703	Note 4	0.01%
16	KGI Futures (Hong Kong) Limited	KGI Securities (Singapore) Pte. Ltd.	3	Other financial liabilities	495,068	Note 4	0.01%
13	KGI Securities (Singapore) Pte. Ltd.	KGI Futures (Hong Kong) Limited	3	Other financial assets	495,068	Note 4	0.01%
18	KGI Hong Kong Limited	KGI Asia Limited	3	Other noninterest profit and gains, net	537,853	Note 4	1.01%
10	KGI Asia Limited	KGI Hong Kong Limited	3	Other noninterest profit and gains, net	537,853	Note 4	1.01%
18	KGI Hong Kong Limited	KGI International (Hong Kong) Limited	3	Other noninterest profit and gains, net	166,417	Note 4	0.31%
12	KGI International (Hong Kong) Limited	KGI Hong Kong Limited	3	Other noninterest profit and gains, net	166,417	Note 4	0.31%
19	KGI International Finance Limited	KGI International Holdings Limited	3	Cash and cash equivalents	1,055,534	Note 4	0.03%
17	KGI International Holdings Limited	KGI International Finance Limited	3	Other financial liabilities	1,055,534	Note 4	0.03%
12	KGI International (Hong Kong) Limited	KGI International Holdings Limited	3	Cash and cash equivalents	3,109,547	Note 4	0.09%
17	KGI International Holdings Limited	KGI International (Hong Kong) Limited	3	Other financial liabilities	3,109,547	Note 4	0.09%

Note 1: The consolidated entities are identified in the No. column as follows: Parent company - 0; subsidiaries - numbered from 1 by company.

Note 2: Transaction flows are as follows: (1) from parent to subsidiary; (2) from subsidiary to parent; and (3) between subsidiaries.

Note 3: The ratio is calculated as follows: For asset and liability accounts - Transaction amount in the ending period/Total consolidated assets; for income and expense accounts - Transaction amount in the midterm/Total consolidated net profit.

Note 4: The transaction criteria for related parties are similar to those for third parties.

Note 5: Transactions each amounted to at least NT$100 million.

(Concluded)