China Development Financial Holding Corporation and Subsidiaries

Consolidated Financial Statements for the Three Months Ended March 31, 2020 and 2019 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, 2020 and 2019, 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 financial position of China Development Financial Holding Corporation as at March 31, 2020 and 2019, and of its consolidated financial performance and its consolidated cash flows for the three-month periods then ended in accordance with 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 Mei-Hui Wu and Kwan-Chung Lai.

Wu Mei Hui   Kwan-Chung Lai

Deloitte & Touche
Taipei, Taiwan
Republic of China

May 25, 2020

<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, 2020 (Reviewed)		December 31, 2019 (Audited)		March 31, 2019 (Reviewed)	
ASSETS	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
CASH AND CASH EQUIVALENTS (Notes 6 and 49)	$ 94,123,171	3	$ 101,141,145	3	$ 62,890,782	2
DUE FROM THE CENTRAL BANK AND CALL LOANS TO FINANCIAL INSTITUTIONS (Notes 7 and 49)	35,412,446	1	28,303,064	1	29,742,696	1
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 8, 9, 18, 49 and 50)	530,787,595	17	492,082,632	16	434,322,499	15
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (Notes 10, 49 ,50 and 55)	535,406,837	17	539,623,924	18	498,860,769	17
DEBT INVESTMENTS MEASURED AT AMORTIZED COST (Notes 11, 17, 49 and 55)	1,041,795,869	33	1,028,887,835	34	997,330,569	35
FINANCIAL ASSETS FOR HEDGING (Note 12)	2,663	-	-	-	-	-
SECURITIES PURCHASED UNDER RESELL AGREEMENTS (Note 13)	53,104,017	2	46,789,881	2	54,581,522	2
RECEIVABLES, NET (Notes 14, 49, 50 and 55)	118,071,805	4	104,305,699	3	119,127,916	4
CURRENT TAX ASSETS	769,484	-	759,762	-	1,215,175	-
DISCOUNTS AND LOANS, NET (Notes 15, 49 and 55)	390,920,929	12	376,535,852	12	375,190,810	13
REINSURANCE ASSETS, NET (Note 16)	794,404	-	533,134	-	548,576	-
INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD, NET (Notes 17 and 18)	14,663,097	-	17,403,840	1	17,747,427	1
RESTRICTED ASSETS (Note 19)	26,088,276	1	24,970,721	1	27,729,622	1
OTHER FINANCIAL ASSETS (Notes 20, 49 and 50)	114,064,009	4	121,067,495	4	111,245,564	4
INVESTMENT PROPERTY, NET (Notes 21 and 50)	25,281,666	1	25,341,556	1	25,381,770	1
PROPERTY AND EQUIPMENT, NET (Notes 22 and 50)	36,185,120	1	34,904,312	1	32,156,576	1
RIGHT-OF-USE ASSETS, NET (Note 23)	17,832,313	1	18,548,919	1	19,001,883	1
INTANGIBLE ASSETS, NET (Note 24)	20,155,550	1	20,441,634	1	20,906,308	1
DEFERRED TAX ASSETS	9,990,529	-	9,888,920	-	8,914,653	-
OTHER ASSETS, NET (Notes 25 and 49)	48,718,522	2	35,757,679	1	30,304,206	1
TOTAL	$ 3,114,168,302	100	$ 3,027,288,004	100	$ 2,867,199,323	100
LIABILITIES AND EQUITY						
LIABILITIES						
Deposits from the Central Bank and financial institutions (Notes 26 and 49)	$ 22,116,450	1	$ 24,560,878	1	$ 21,518,501	1
Financial liabilities at fair value through profit or loss (Notes 8 and 49)	130,299,886	4	94,068,987	3	85,973,482	3
Financial liabilities for hedging (Note 12)	824,087	-	-	-	-	-
Notes and bonds issued under repurchase agreements (Notes 8, 10, 11, 27 and 49)	116,298,535	4	96,137,331	3	128,961,131	4
Commercial paper payable, net (Notes 28 and 50)	12,983,936	1	12,634,684	-	16,689,202	1
Payables (Notes 29 and 49)	99,628,034	3	86,839,670	3	95,567,702	3
Current tax liabilities	1,431,146	-	1,168,811	-	1,201,508	-
Deposits and remittances (Notes 30 and 49)	439,845,904	14	395,861,002	13	417,018,749	15
Bonds payable (Note 31)	42,442,639	1	42,450,000	1	30,150,000	1
Other borrowings (Notes 32, 49 and 50)	28,750,816	1	20,968,007	1	21,271,965	1
Provisions (Note 33)	1,785,092,531	57	1,742,247,176	58	1,614,789,847	56
Other financial liabilities (Notes 35, 49 and 50)	138,969,973	5	149,722,533	5	132,358,283	5
Lease liabilities (Note 23)	4,970,630	-	5,615,681	-	5,858,399	-
Deferred tax liabilities	7,143,634	-	12,933,858	-	8,054,471	-
Other liabilities	41,340,238	1	45,614,232	2	30,324,941	1
Total liabilities	2,872,138,439	92	2,730,822,850	90	2,609,738,181	91
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT (Notes 36, 37 and 38)						
Capital						
Common stock	149,684,380	5	149,663,721	5	149,633,809	5
Advance receipts for capital stock	26,146	-	20,359	-	22,912	-
Capital surplus	1,115,029	-	1,093,745	-	1,676,843	-
Retained earnings						
Legal reserve	7,561,404	-	7,561,404	-	6,776,135	-
Special reserve	10,797,899	-	10,797,899	-	565,041	-
Unappropriated earnings	11,987,265	1	12,617,375	1	18,488,662	1
Other						
Exchange differences on translation of financial statements of foreign operations	(1,807,181)	-	(1,790,483)	-	(723,909)	-
Unrealized gain (loss) on equity instruments at fair value through other comprehensive income	(1,359,270)	-	1,556,416	-	1,311,031	-
Unrealized gain (loss) on debt instruments at fair value through other comprehensive income	(45,185)	-	7,794,213	-	635,123	-
Other comprehensive income (loss) reclassified using the overlay approach	(10,209,109)	(1)	1,347,757	-	36,662	-
Others	-	-	-	-	(791)	-
Treasury shares	(3,071,470)	-	(3,137,278)	-	(3,494,328)	-
Total equity attributable to owners of the parent	164,679,908	5	187,525,128	6	174,927,190	6
NON-CONTROLLING INTERESTS (Notes 36 and 37)	77,349,955	3	108,940,026	4	82,533,952	3
Total equity	242,029,863	8	296,465,154	10	257,461,142	9
TOTAL	$ 3,114,168,302	100	$ 3,027,288,004	100	$ 2,867,199,323	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			
	2020		2019	
	Amount	%	Amount	%
INTEREST REVENUE (Notes 39 and 49)	$ 18,341,824	35	$ 17,501,772	26
INTEREST EXPENSE (Notes 39 and 49)	(1,976,835)	(4)	(2,434,610)	(4)
INTEREST PROFIT, NET	16,364,989	31	15,067,162	22
NONINTEREST PROFITS AND GAINS, NET				
Service fee and commission, net (Notes 20, 40 and 49)	653,907	1	(1,467,446)	(2)
Net income from insurance operations (Notes 41 and 49)	33,264,261	64	48,712,019	72
Gain (loss) on financial assets and liabilities measured at fair value through profit or loss, net (Notes 8, 42 and 49)	(31,228,500)	(60)	12,133,492	18
Realized gain (loss) on financial assets measured at fair value through other comprehensive income (Note 43)	1,737,857	4	2,001,658	3
Gain (loss) on disposal of financial assets measured at amortized cost	(217,673)	-	(2,610)	-
Foreign exchange gain (loss), net	(3,501,704)	(7)	3,664,143	6
Impairment loss on assets, net	(36,123)	-	(6,122)	-
Share of the profit (loss) of associates and joint ventures	(1,464,763)	(3)	856,921	1
Gain (loss) on reclassification using the overlay approach (Note 8)	35,581,020	68	(13,960,101)	(21)
Others (Note 49)	939,550	2	675,910	1
Total noninterest profits and gains, net	35,727,832	69	52,607,864	78
TOTAL NET REVENUE	52,092,821	100	67,675,026	100
REVERSAL OF ALLOWANCE FOR BAD DEBTS AND LOSSES ON COMMITMENTS AND GUARANTEES	4,806	-	5,743	-
NET CHANGE IN RESERVE FOR INSURANCE LIABILITIES	(43,118,811)	(83)	(55,899,318)	(83)

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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			
	2020		2019	
	Amount	%	Amount	%
OPERATING EXPENSES (Notes 23, 34, 44 and 49)				
Employee benefits	$ (4,127,742)	(8)	$ (4,120,922)	(6)
Depreciation and amortization	(828,235)	(1)	(803,415)	(1)
Other general and administrative expenses	(1,490,255)	(3)	(1,388,130)	(2)
Total operating expenses	(6,446,232)	(12)	(6,312,467)	(9)
NET PROFIT BEFORE INCOME TAX	2,532,584	5	5,468,984	8
INCOME TAX EXPENSE (Note 45)	(770,358)	(2)	(532,923)	(1)
NET PROFIT FOR THE PERIOD	1,762,226	3	4,936,061	7
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	(977,243)	(2)	299,830	1
Gain (loss) on equity instruments measured at fair value through other comprehensive income	(5,652,802)	(11)	3,508,695	5
Income tax relating to the items that will not be reclassified subsequently to profit or loss (Note 45)	761,898	2	(532,027)	(1)
Items that will be reclassified subsequently to profit or loss, net of income tax				
Exchange differences on translation of financial statements of foreign operations	(45,807)	-	197,174	-
Share of the other comprehensive income (loss) of associates and joint ventures	30,101	-	12,828	-
Income tax relating to items that may be reclassified subsequently to profit or loss (Note 45)	5,398,746	10	(3,871,325)	(6)

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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			
	2020		2019	
	Amount	%	Amount	%
Gain (loss) on debt instruments measured at fair value through other comprehensive income	$ (17,278,021)	(33)	$ 15,226,573	23
Other comprehensive income (loss) on reclassification using the overlay approach (Note 8)	(35,581,020)	(68)	13,960,101	21
Other comprehensive income (loss) for the period, net of income tax	(53,344,148)	(102)	28,801,849	43
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	$ (51,581,922)	(99)	$ 33,737,910	50
NET PROFIT (LOSS) ATTRIBUTABLE TO:				
Owners of parent	$ (488,110)	(1)	$ 3,609,693	5
Non-controlling interests	2,250,336	4	1,326,368	2
	$ 1,762,226	3	$ 4,936,061	7
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Owners of parent	$ (22,954,043)	(44)	$ 15,525,145	23
Non-controlling interests	(28,627,879)	(55)	18,212,765	27
	$ (51,581,922)	(99)	$ 33,737,910	50
EARNINGS PER SHARE (Note 46)				
Basic	$ (0.03)		$ 0.25	
Diluted	$ (0.03)		$ 0.25	

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	Others	Treasury Shares	Total Equity Attributable to Owners of the Parent	Non-controlling Interests	Total Equity
BALANCE AT JANUARY 1, 2019	$ 149,622,812	$ 10,748	$ 1,630,992	$ 6,776,135	$ 565,041	$ 14,754,530	$ (930,286)	$ (5,138,562)	$ (4,451,944)	$ (1,339)	$ (3,605,444)	$ 159,232,683	$ 64,330,223	$ 223,562,906
Net profit for the three months ended March 31, 2019	-	-	-	-	-	3,609,693	-	-	-	-	-	3,609,693	1,326,368	4,936,061
Other comprehensive income (loss) for the three months ended March 31, 2019, net of income tax	-	-	-	-	-	-	206,377	7,220,469	4,488,606	-	-	11,915,452	16,886,397	28,801,849
Total comprehensive income (loss) for the three months ended March 31, 2019	-	-	-	-	-	3,609,693	206,377	7,220,469	4,488,606	-	-	15,525,145	18,212,765	33,737,910
Disposal of the Corporation shares, as treasury shares	-	-	44,785	-	-	-	-	-	-	-	111,116	155,901	-	155,901
Share-based payments	10,997	12,164	1,066	-	-	(6,457)	-	-	-	548	-	18,318	-	18,318
Disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	-	135,753	-	(135,753)	-	-	-	-	-	-
Disposal of dividend policy through equity instruments measured at FVTOCI recognized as special reserve	-	-	-	-	-	(4,857)	-	-	-	-	-	(4,857)	(9,036)	(13,893)
BALANCE AT MARCH 31, 2019	$ 149,633,809	$ 22,912	$ 1,676,843	$ 6,776,135	$ 565,041	$ 18,488,662	$ (723,909)	$ 1,946,154	$ 36,662	$ (791)	$ (3,494,328)	$ 174,927,190	$ 82,533,952	$ 257,461,142
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	-	-	-	-	-	-
Disposal of dividend policy through equity instruments measured at FVTOCI recognized as special reserve	-	-	-	-	-	(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

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	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit before income tax	$ 2,532,584	$ 5,468,984
Adjustments for reconciliation with net profit		
Depreciation expenses	505,514	476,282
Amortization expenses	322,721	327,133
Reversal for bad debts and losses on commitments and guarantees, net	(4,806)	(5,743)
Loss (gain) on financial assets and liabilities measured at fair value through profit or loss, net	32,574,868	(11,792,847)
Interest expense	1,976,835	2,434,610
Interest revenue	(18,341,824)	(17,501,772)
Dividend income	(1,378,508)	(350,395)
Net changes in insurance liabilities	41,518,440	56,459,750
Net changes in reserve for changes in foreign exchange valuation	1,440,999	1,040,809
Share of loss (profit) of associates and joint ventures	1,465,105	(856,579)
Loss (gain) on reclassification using the overlay approach	(35,581,020)	13,960,101
Gain on disposal of investments	(1,153,991)	(1,927,889)
Unrealized loss (gain) on foreign currency exchange	4,140,263	(4,455,332)
Others	34,456	(39,684)
Changes in operating assets and liabilities		
Due from the Central Bank and call loans to financial institutions	(1,862,403)	(1,019,730)
Financial assets at fair value through profit or loss	(10,775,626)	(31,638,715)
Financial assets at fair value through other comprehensive income	(15,843,226)	(4,266,310)
Debt investments measured at amortized cost	(902,829)	(34,562)
Securities purchased under resell agreements	-	(965,801)
Receivables	(15,001,072)	(17,597,670)
Discounts and loans	(14,416,000)	(6,049,232)
Other financial assets	(3,777,234)	6,285,561
Other assets	(17,633,917)	(7,988,703)
Deposits from the Central Bank and financial institutions	(2,444,428)	(916,413)
Financial liabilities at fair value through profit or loss	(24,574,865)	(18,274,888)
Notes and bonds issued under repurchase agreements	20,161,204	3,482,231
Payables	12,227,059	22,825,645
Deposits and remittances	43,984,902	18,732,739
Other financial liabilities	2,160,865	6,468,956
Other liabilities	310,442	(794,177)
Cash generated from operations	1,664,508	11,486,359
Interest received	20,800,948	16,132,702
Dividends received	1,231,227	272,710

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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	
	2020	2019
Interest paid	$ (3,210,558)	$ (1,872,514)
Income tax paid	(356,858)	(380,614)
Net cash generated from operating activities	20,129,267	25,638,643
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at fair value through other comprehensive income	(30,657,714)	(37,346,119)
Proceeds from sale of financial assets at fair value through other comprehensive income	25,273,243	49,483,562
Acquisition of financial assets measured at amortized cost	(79,539,759)	(38,108,985)
Proceeds from sale of financial assets measured at amortized cost	58,364,767	14,823,842
Principal from financial assets measured at amortized cost	7,162,832	2,835,395
Acquisition of equity-method investments	(14,227)	(252,522)
Acquisition of property and equipment	(1,454,440)	(657,622)
Others	96,451	(144,133)
Net cash used in investing activities	(20,768,847)	(9,366,582)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	7,482,872	414,114
Increase in commercial paper payable	349,252	1,703,300
Repayments of corporate bonds	(6,000,000)	(1,000,000)
Proceeds from bank debentures	6,000,000	-
Proceeds from long-term borrowings	299,937	2,039,790
Repayments of the principal portion of lease liabilities	(258,472)	(253,559)
Sale of treasury shares	89,925	155,901
Net changes in non-controlling interests	(2,961,375)	-
Others	19,330	17,392
Net cash generated from financing activities	5,021,469	3,076,938
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	161,252	71,129
NET INCREASE IN CASH AND CASH EQUIVALENTS	4,543,141	19,420,128
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	165,132,047	114,495,133
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	$ 169,675,188	$ 133,915,261

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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)

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, 2020 and 2019:

	March 31	
	2020	2019
Cash and cash equivalents in consolidated balance sheets	$ 94,123,171	$ 62,890,782
Due from the Central Bank and call loans to banks which qualify as cash and cash equivalents as defined of in IAS 7	22,448,000	17,408,759
Securities purchased under agreements to resell which qualify as cash and cash equivalents as defined of in IAS 7	53,104,017	53,615,720
Cash and cash equivalents in consolidated statements of cash flows	$ 169,675,188	$ 133,915,261

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

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 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 through a share swap. Thus, KGI Bank became the Corporation's wholly owned subsidiary.

On March 13, 2017, the Corporation hold 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 through public tender offer from August 17, 2017 to September 6, 2017. 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 holds 26.16% of the ordinary shares of China Life Insurance. The acquired shares plus 8.66% shares of China Life Insurance held by a subsidiary, KGI Securities (excluding KGI Securities' hedging accounts of derivative products) are equivalent to 34.82% 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 Jen-Hsin Securities Co., Ltd., Ta Ya Securities Co., Ltd., and Feng Yuan Securities Co., Ltd. in 2002; with Tai-Yu Securities Co., Ltd. in 2003, 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, 2020, KGI Securities had a head office and 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, 2020, 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, 2020, 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 consolidated entities, 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 25, 2020.

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 for application starting

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 Group's accounting policies, except for the following:

Amendments to IFRS 9, IAS 39 and IFRS 7 "Interest Rate Benchmark Reform"

Upon retrospective application of the amendments, the Group complied with the hedge accounting requirements under the assumption that the interest rate benchmark (such as the London Interbank Offered Rate or LIBOR) on which the hedged cash flows and cash flows from the hedging instrument are based will not be altered as a result of interest rate benchmark reform.

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

New IFRSs	Effective Date Announced by IASB (Note)
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, 2021
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2022

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

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”

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

Level of aggregation

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.

Recognition

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

a) The beginning of the coverage period;

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

c) When the Group becomes onerous.

Measurement

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 derecognition at that date of any asset or liability recognized for acquisition cash flows; and

c) The cash inflows and outflows arising from the contracts in the Group at that date.

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) Contracts with a coverage period of one year or less are eligible for PAA.

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 initially recognized at the premiums, if any, received at initial recognition, minus any insurance acquisition cash flows. This is subsequently adjusted for change in the composition of the Group and amortization of acquisition cash flows and reduced over the coverage period with the reduction recorded as revenue, excluding any investment component paid or transferred to the liability for incurred claims.

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.

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 compiling entity of the consolidated financial report includes the Group. 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, 2020, December 31, 2019 and March 31, 2019, the consolidated entities included in the consolidated financial statements included 61, 60 and 64 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 statement for the year ended December 31, 2019.

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.

Hedge Accounting

The Group designate certain hedging instruments as fair value hedges.

At the start of a hedge relationship, the Bank and its subsidiaries document the relationship between the hedging instrument and the hedged item, along with their risk management objectives and their strategy for undertaking various hedge transactions. Further, at the start of the hedge and on an ongoing basis, the Group document whether the hedging instrument is highly effective in offsetting the exposure to adverse changes in fair value or cash flows of the hedged item. Note 12 sets out the details of the fair value of the derivative instruments used for hedging purposes.

Fair value hedges

The change in the fair value of the hedging instrument (e.g., derivative) and the change in the hedged item attributable to the hedged risk are recognized in profit or loss in the line item relating to the hedged item.

The Bank and its subsidiaries discontinue hedge accounting only when the hedging relationship ceases to meet the qualifying criteria; for instance, when the hedging instrument expires or is sold, terminated or exercised.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

It refers to the consolidated statement for the year ended December 31, 2019.

6. CASH AND CASH EQUIVALENTS

	March 31, 2020	December 31, 2019	March 31, 2019
Cash in banks	$ 77,301,280	$ 88,688,236	$ 51,778,346
Due from banks	6,511,294	5,835,189	3,900,818
Short-term notes	5,209,825	3,513,936	4,181,795
Others	5,100,772	3,103,784	3,029,823
	$ 94,123,171	$ 101,141,145	$ 62,890,782

Cash and cash equivalents as of December 31, 2019 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, 2020 and 2019:

	December 31, 2019
Cash and cash equivalents in consolidated balance sheet	$ 101,141,145
Due from the Central Bank and call loans to banks which qualify as cash and cash equivalents as defined of in IAS 7	17,201,021
Securities purchased under agreements to resell which qualify as cash and cash equivalents as defined of in IAS 7	46,789,881
Cash and cash equivalents in consolidated statement of cash flow	$ 165,132,047

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

	March 31, 2020	December 31, 2019	March 31, 2019
Call loans to financial institutions	$ 13,596,990	$ 10,171,730	$ 15,751,778
Deposit reserve - demand accounts	10,514,980	7,029,291	3,213,016
Deposit reserve - checking accounts	9,833,419	9,638,736	9,310,952
Due from the Central Bank - interbank settlement funds	1,303,685	1,300,735	1,300,495
Deposit reserve - foreign currencies	163,372	162,572	166,455
	$ 35,412,446	$ 28,303,064	$ 29,742,696

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.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	March 31, 2020	December 31, 2019	March 31, 2019
Financial assets mandatorily classified as at FVTPL			
Derivative financial instrument			
Interest rate swap contracts	$ 61,993,494	$ 18,721,948	$ 15,637,102
Options and futures contracts	11,395,047	5,519,664	4,107,473
Currency swap and forward exchange contracts	8,837,755	14,804,506	6,717,984
Others	3,329,124	5,134,107	895,567

(Continued)

	March 31, 2020	December 31, 2019	March 31, 2019
Non-derivative financial assets			
Mutual funds	$ 152,198,627	$ 131,559,176	$ 70,074,993
Shares	129,528,068	129,406,800	144,436,877
Operating securities (Note 9)	59,123,043	74,477,290	52,577,761
Bank debentures	35,151,291	39,401,337	54,601,674
Corporate bonds	13,261,117	14,455,908	16,172,728
Commercial papers	9,369,043	10,882,423	12,279,747
Others	13,163,828	13,618,761	9,744,518
	497,350,437	457,981,920	387,246,424
Financial assets designated as at FVTPL			
Government bonds	11,133,035	11,683,340	20,748,981
Others	22,304,123	22,417,372	26,327,094
	33,437,158	34,100,712	47,076,075
Financial assets at FVTPL	$ 530,787,595	$ 492,082,632	$ 434,322,499
Financial liabilities held for trading			
Derivative financial instrument			
Interest rate swap contracts	$ 56,940,641	$ 21,486,645	$ 16,367,330
Options and futures contracts	29,611,813	17,278,382	19,407,466
Currency swap and forward exchange contracts	9,056,271	11,511,583	8,129,603
Others	5,276,862	4,031,962	3,080,390
Non-derivative financial liabilities			
Borrowed securities payable	3,129,767	2,535,693	3,643,804
Others	250,090	156,947	1,346,510
	104,265,444	57,001,212	51,975,103
Financial liabilities designated as at FVTPL			
Bank debentures payable	21,087,643	29,558,877	29,030,149
Structured products	3,065,847	5,715,467	3,987,755
Others	1,880,952	1,793,431	980,475
	26,034,442	37,067,775	33,998,379
Financial liabilities at FVTPL	$ 130,299,886	$ 94,068,987	$ 85,973,482

(Concluded)

As of March 31, 2020, December 31, 2019 and March 31, 2019, bank debentures issued by the Group designated as at FVTPL were as follows:

Bank Debenture Number	March 31, 2020	December 31, 2019	March 31, 2019	Issuance Period	Method of Paying Principles and Interests	Interest Rate
15KGIB1	$ -	$ 3,191,236	$ 3,267,450	March 24, 2015 - March 24, 2045 (Note 1)	Principal due on maturity	0%
P16KGIB1	3,327,940	3,311,660	3,390,750	May 3, 2016 - May 3, 2046 (Note 2)	Principal due on maturity	0%
P16KGIB2	3,327,940	3,311,660	3,390,750	May 27, 2016 - May 27, 2046 (Note 2)	Principal due on maturity	0%
P16KGIB3	2,420,320	2,408,480	2,466,000	November 8, 2016 - November 8, 2046 (Note 1)	Principal due on maturity	0%
P17KGIB1	-	6,021,200	6,165,000	January 23, 2017 - January 23, 2047 (Note 1)	Principal due on maturity	0%
P18KGIB1	6,050,800	6,021,200	6,165,000	January 30, 2018 - January 30, 2048 (Note 3)	Principal due on maturity	0%
P18KGIB2	4,840,640	4,816,960	4,932,000	February 27, 2018 - February 27, 2048 (Note 3)	Principal due on maturity	0%
	19,967,640	29,082,396	29,776,950			
Valuation adjustments	1,120,003	476,481	(746,801)			
	$ 21,087,643	$ 29,558,877	$ 29,030,149			

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, 2020	December 31, 2019	March 31, 2019
Mutual funds	$ 150,488,100	$ 129,374,894	$ 67,895,604
Shares	117,818,250	116,849,773	129,319,431
Bank debentures	32,264,433	38,265,166	54,441,770
Corporate bonds	12,645,702	14,049,557	15,583,526
Others	4,694,307	3,578,757	1,210,987
	$ 317,910,792	$ 302,118,147	$ 268,451,318

For the three months ended March 31, 2020 and 2019, 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	
	2020	2019
Gain (loss) on application of IFRS 9	$ (31,262,673)	$ 16,290,076
Loss (gain) on application of IAS 39	(4,318,347)	(2,329,975)
Gain (loss) on reclassification using the overlay approach	$ (35,581,020)	$ 13,960,101

Due to the adjustment of the overlay approach, 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; and gain on financial assets measured at FVTPL decreased from $12,133,492 thousand to loss of $1,826,609 thousand for the three months ended March 31, 2019.

The contract (nominal) amounts of the Group's outstanding derivative financial instruments as of March 31, 2020, December 31, 2019 and March 31, 2019 are summarized as follows:

	March 31, 2020	December 31, 2019	March 31, 2019
Currency swap and forward exchange contracts	$ 1,952,870,329	$ 1,903,307,612	$ 1,980,296,838
Interest rate swap contracts	1,255,419,556	1,164,621,830	1,408,193,563
Options and futures contracts	682,245,796	649,967,598	635,175,411
Non-deliverable forward contracts	314,944,984	340,390,515	301,035,726
Cross-currency swap contracts	25,055,030	23,246,594	24,759,629
Assets swap contracts	22,606,384	22,712,148	22,595,266
Structured products contracts	13,192,413	13,104,718	7,891,291
Credit default swap contracts	3,039,984	2,509,323	2,713,114
Commodity swap contracts	119,382	197,412	660,048
Equity derivative financial contracts	15,097	34,023	52,358

As of March 31, 2020, December 31, 2019 and March 31, 2019, financial assets at fair value through profit or loss with aggregate carrying values of $39,417,062 thousand, $41,750,306 thousand and $42,767,915 thousand, respectively, had been sold under repurchase agreements (recognized as notes and bonds issued under repurchase agreements).

The Group signed a trust contract with China Trust Commercial Bank (CTBC) in August 2015, entrusting shares of Capital Securities Corporation to them. The trustee deals with the shares in accordance with the contract during the contract period. The shares of Capital Securities Corporation held by CDIB Capital Group have been fully disposed of by August 2019.

For the information on financial instruments at fair value through profit or loss pledged as collateral for the Group, please refer to Note 50.

9. OPERATING SECURITIES

	March 31, 2020	December 31, 2019	March 31, 2019
Dealing			
Overseas securities	$ 24,011,070	$ 33,466,901	$ 25,008,059
Corporate bonds	9,738,226	8,613,938	7,943,719
Government bonds	6,038,813	8,608,122	7,898,177
Listed, OTC and emerging market stock	2,560,906	5,063,093	2,973,632
Others	4,864,572	4,256,382	2,604,078
	47,213,587	60,008,436	46,427,665
Underwriting			
Corporate bonds	1,174,037	868,699	435,900
Listed and OTC stock	268,193	299,007	534,579
Others	20,163	151,425	-
	1,462,393	1,319,131	970,479
Hedge positions			
Mutual funds	5,449,742	5,274,380	2,280,917
Corporate bonds	3,754,443	3,629,153	-
Listed and OTC stock	773,944	3,913,309	2,828,016
Others	468,934	332,881	70,684
	10,447,063	13,149,723	5,179,617
	$ 59,123,043	$ 74,477,290	$ 52,577,761

10. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	March 31, 2020	December 31, 2019	March 31, 2019
Investments in debt instruments at FVTOCI			
Corporate bonds	$ 160,109,656	$ 148,038,886	$ 117,900,179
Government bonds	159,698,093	175,950,289	177,370,759
Bank debentures	118,086,707	116,466,661	120,738,675
Negotiable certificates of deposit	63,579,425	62,617,894	50,715,612
Less: Security deposit	(9,842)	(9,804)	(9,889)
	501,464,039	503,063,926	466,715,336
Investments in equity instruments at FVTOCI			
Common stocks	22,410,779	24,487,082	20,385,340
Preferred stocks	11,532,019	12,072,916	11,760,093
	33,942,798	36,559,998	32,145,433
	$ 535,406,837	$ 539,623,924	$ 498,860,769

a. Investments in debt instruments at FVTOCI

As of March 31, 2020, December 31, 2019 and March 31, 2019, investments in debt instruments at FVTOCI, with aggregate carrying values of $58,228,327 thousand, $42,222,421 thousand and $63,429,831 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 50.

For the information regarding credit risk analysis and assessment of impairment on investments in debt instruments at FVTOCI, please refer to Note 55.

b. Investments in equity instruments at FVTOCI

For the three months ended March 31, 2020 and 2019, the Group sold its shares in order to manage its investment portfolio. The sold shares had a fair value of $865,529 thousand and $1,741,144 thousand, respectively. The Group transferred a loss of $137,285 thousand and a gain of $135,753 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, 2020 and 2019, dividend income for $32,371 thousand and $10,352 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, 2020	December 31, 2019	March 31, 2019
Bank debentures	$ 609,658,562	$ 602,974,328	$ 566,213,338
Corporate bonds	285,679,645	285,933,203	274,938,459
Government bonds	102,828,905	90,300,863	95,914,963
Others	43,628,757	49,679,441	60,263,809
	$ 1,041,795,869	$ 1,028,887,835	$ 997,330,569

As of March 31, 2020, December 31, 2019 and March 31, 2019, investments in debt instruments at amortized cost, with aggregate carrying values of $271,741 thousand, $0 thousand and $277,425 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 55.

12. FINANCIAL INSTRUMENTS FOR HEDGING

	March 31, 2020
Financial assets for hedging	
Fair value hedge - interest rate swap	$ 2,663
Financial liabilities for hedging	
Fair value hedge - interest rate swap	$ 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, 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 Asset	Carrying Amount Liability	Accumulated Amount of Fair Value Adjustments Asset	Accumulated Amount of Fair Value Adjustments 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, 2020	December 31, 2019	March 31, 2019
Corporate bonds	$ 18,804,633	$ 21,288,455	$ 16,980,100
Commercial papers	18,096,230	11,121,028	20,778,655
Government bonds	9,347,731	7,282,924	8,756,944
Bank debentures	4,854,543	6,697,474	7,965,730
Negotiable certificates of deposit	2,000,880	400,000	100,093
	$ 53,104,017	$ 46,789,881	$ 54,581,522
Resold amounts	$ 53,130,252	$ 46,829,845	$ 54,614,806
Last maturity date	May 2020	March 2020	June 2019

14. RECEIVABLES, NET

	March 31, 2020	December 31, 2019	March 31, 2019
Receivable accounts for settlement	$ 52,529,962	$ 32,299,471	$ 39,570,208
Margin loans receivable, securities financing refundable deposits and deposits payable for securities financing	16,849,358	24,160,899	22,639,792
Interest receivable	16,689,027	16,871,726	16,048,639
Accounts receivable factoring without recourse	6,897,506	6,572,390	7,926,039
Accounts receivable - forfeiting	4,525,574	3,947,653	6,394,030
Trading securities receivable	4,246,414	5,381,773	7,480,525
Others	18,088,339	16,825,713	20,934,820
	119,826,180	106,059,625	120,994,053
Less: Allowance for bad debts	(1,542,381)	(1,537,825)	(1,669,747)
Unrealized interest revenue	(211,994)	(216,101)	(196,390)
	$ 118,071,805	$ 104,305,699	$ 119,127,916

For the amount of receivables pledged as collateral for the Group, please refer to Note 50.

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

15. DISCOUNTS AND LOANS, NET

	March 31, 2020	December 31, 2019	March 31, 2019
Short-term loans	$ 79,619,702	$ 76,377,723	$ 79,269,705
Medium-term loans	206,763,868	195,726,309	198,055,748
Long-term loans	75,229,665	75,411,830	69,774,062
Loans reclassified to nonperforming loans	447,654	376,103	366,332
Export negotiations	74,239	30,866	57,269
Policy loans	27,678,458	27,350,483	26,362,338
Automatic premium loans	5,814,041	5,849,666	5,815,165
	395,627,627	381,122,980	379,700,619
Less: Allowance for bad debts	(4,607,960)	(4,477,678)	(4,383,959)
Discounts on loans	(98,738)	(109,450)	(125,850)
	$ 390,920,929	$ 376,535,852	$ 375,190,810

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, 2020	December 31, 2019	March 31, 2019
Claims recoverable from reinsurers	$ 641,696	$ 415,320	$ 390,725
Due from reinsurers and ceding companies	82,953	48,572	84,707
Reinsurance reserve assets			
Ceded unearned premium reserve	55,471	55,487	53,279
Ceded reserve for claims	14,284	13,755	19,865
	69,755	69,242	73,144
	$ 794,404	$ 533,134	$ 548,576

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, 2020	December 31, 2019	March 31, 2019
CDIB & Partners Investment Holding Corporation	$ 5,148,467	$ 6,548,806	$ 6,140,775
CDIB Capital Asia Partners L.P.	2,966,970	3,688,253	4,139,275
KGI Securities (Thailand) Public Company Limited	2,254,891	2,602,334	2,569,361
CDIB Private Equity (Fujian) Enterprise (Limited Partnership)	1,497,388	1,525,410	1,682,007

(Continued)

	March 31, 2020	December 31, 2019	March 31, 2019
CDIB Yida Private Equity (Kunshan) Enterprise (Limited Partnership)	$ 1,310,468	$ 1,331,616	$ 1,445,668
CDIB Capital Health Ventures Limited	613,050	704,247	831,495
CDIB Capital Creative Industries Limited	502,105	620,994	694,962
Others	369,758	382,180	243,884
	$ 14,663,097	$ 17,403,840	$ 17,747,427

(Concluded)

As of March 31, 2020, December 31, 2019 and March 31, 2019, financial assets designated as at FVTPL of associates that are not individually material were $1,531,215 thousand, $1,580,146 thousand and $808,928 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, 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

December 31, 2019

	Partnership Fund	Asset Securitization	Total
Financial assets at fair value through profit or loss	$ 8,888,639	$ 3,635,108	$ 12,523,747
Debt instruments measured at amortized cost	-	51,003,028	51,003,028
Maximum exposure	8,888,639	54,638,136	63,526,775

March 31, 2019

	Partnership Fund	Asset Securitization	Total
Financial assets at fair value through profit or loss	$ 7,030,091	$ 3,217,822	$ 10,247,913
Debt instruments measured at amortized cost	-	61,716,877	61,716,877
Maximum exposure	7,030,091	64,934,699	71,964,790

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, 2020	December 31, 2019	March 31, 2019
Management on partnership equity fund			
Total assets	$ 25,104,081	$ 24,475,759	$ 25,282,461
Total liabilities	80,003	173,055	155,680
Investments accounted for using the equity method	6,057,022	6,839,970	7,465,968
Financial assets designated as at FVTPL	1,205,032	1,258,060	510,923
Maximum exposure	7,262,054	8,098,030	7,976,891

19. RESTRICTED ASSETS

	March 31, 2020	December 31, 2019	March 31, 2019
Restricted demand deposits	$ 25,902,743	$ 24,784,579	$ 27,532,957
Others	185,533	186,142	196,665
	$ 26,088,276	$ 24,970,721	$ 27,729,622

The above restricted demand deposits refer to amounts received from clients for business.

After the filing of certain civil action against Morgan Stanley & Co. International PLC (Morgan Stanley) (Note 51), CDIB Capital Group could not access the following funds in connection with transactions made with Morgan Stanley because of its unauthorized disposition: Accounts receivable, deposits, cash security on CDS contracts, stock investments and the related accrued revenue. Because of the inaccessibility of these funds, these financial assets reclassified as "restricted assets".

20. OTHER FINANCIAL ASSETS

	March 31, 2020	December 31, 2019	March 31, 2019
Separate-account insurance products	$ 64,963,511	$ 77,922,118	$ 67,618,257
Customer margin accounts	42,659,077	37,144,902	39,024,052
Others	6,441,421	6,000,475	4,603,255
	$ 114,064,009	$ 121,067,495	$ 111,245,564

Separate Account Insurance Products

a. Separate account insurance products - assets and liabilities

	Assets		
	March 31, 2020	December 31, 2019	March 31, 2019
Cash in banks	$ 507,770	$ 512,650	$ 445,319
Financial assets at fair value through profit or loss	64,344,637	77,315,680	67,106,210
Other receivables	111,104	93,788	66,728
	$ 64,963,511	$ 77,922,118	$ 67,618,257

	Liabilities		
	March 31, 2020	December 31, 2019	March 31, 2019
Reserve for separate account	$ 64,845,059	$ 77,833,832	$ 67,559,802
Other payables	118,452	88,286	58,455
	$ 64,963,511	$ 77,922,118	$ 67,618,257

b. Separate account insurance products - revenues and expenses

	Revenues For the Three Months Ended March 31	
	2020	2019
Premium income	$ 1,287,752	$ 1,251,506
Gain (loss) from financial assets and liabilities at fair value through profit or loss	(6,925,086)	2,812,865
Interest income	26	25
Other revenues	43,362	44,771
Foreign exchange gains	39,629	96,396
	$ (5,554,317)	$ 4,205,563

	Expenses For the Three Months Ended March 31	
	2020	2019
Insurance claim payments	$ 1,329,135	$ 1,134,860
Net change in separate-account reserve	(7,388,878)	2,743,563
Custodian fee	505,426	327,140
	$ (5,554,317)	$ 4,205,563

c. The rebate from counterparties in the investment-linked insurance business, which recognized as service fee revenue, for the three months ended March 31, 2020 and 2019 was $122,949 thousand and $108,031 thousand, respectively.

For the information on other financial assets pledged as collateral for the Group, please refer to Note 50.

21. INVESTMENT PROPERTY, NET

	March 31, 2020	December 31, 2019	March 31, 2019
Land	$ 20,128,665	$ 20,180,044	$ 19,978,546
Buildings and facilities	5,153,001	5,161,512	5,403,224
	$ 25,281,666	$ 25,341,556	$ 25,381,770

Except for depreciation recognized, the Group had no significant addition, disposal and impairment of investment properties during the three months ended March 31, 2020 and 2019.

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

The fair values of the Group’s investment property as of March 31, 2020, December 31, 2019 and March 31, 2019 were $24,960,900 thousand, $25,108,005 thousand and $25,103,162 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 $2,521,063 thousand, $2,521,063 thousand and $2,520,610 thousand, respectively, at March 31, 2020, December 31, 2019 and March 31, 2019. Because its fair value cannot be reliably determined, it was excluded from the amount of fair value above mentioned.

The fair value of their investment property of the Group, besides the effectiveness of the evaluation of December 31, 2019 and 2018 based on the real estate appraisers of China life insurance Co., Ltd. The Group examined the effectiveness of fair value of 2019 and 2018 by the Group, respectively. After evaluating, the group agree that the fair value on March 31, 2020 and 2019 are effective.

Valuation of fair values above mentioned, except the fair values of investment properties held by CDIB Capital Group and KGI Securities for the year ended December 31, 2019, and the fair values of investment properties held by subsidiaries of KGI Securities for the year ended December 31, 2019 and 2018 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 10 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, 2020	December 31, 2019	March 31, 2019
Year 1	$ 457,404	$ 443,999	$ 442,847
Year 2	388,840	398,185	393,145
Year 3	227,548	234,419	281,581
Year 4	178,487	164,062	153,822
Year 5	155,296	146,828	120,930
Year 5 onwards	273,054	198,314	216,404
	$ 1,680,629	$ 1,585,807	$ 1,608,729

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 50.

22. PROPERTY AND EQUIPMENT, NET

	March 31, 2020	December 31, 2019	March 31, 2019
Land	$ 20,175,921	$ 20,175,361	$ 20,194,894
Buildings and facilities	5,834,386	5,896,237	6,066,365
Machinery and computer equipment	1,318,453	1,352,168	1,120,788
Leasehold improvements	302,073	324,519	296,438
Other equipment	287,199	312,856	303,154
Transportation equipment	270,975	288,467	321,306
	28,189,007	28,349,608	28,302,945
Prepayments for acquisition of properties	7,996,113	6,554,704	3,853,631
	$ 36,185,120	$ 34,904,312	$ 32,156,576

	March 31, 2020	December 31, 2019	March 31, 2019
Assets used by the Group	$ 35,575,680	$ 34,258,809	$ 31,464,502
Assets leased under operating leases	609,440	645,503	692,074
	$ 36,185,120	$ 34,904,312	$ 32,156,576

Except for depreciation recognized, the Group had no significant addition, disposal and impairment of property and equipment during the three months ended March 31, 2020 and 2019.

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 based on leased 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, 2020	December 31, 2019	March 31, 2019
Year 1	$ 95,833	$ 100,367	$ 112,826
Year 2	54,535	58,458	69,109
Year 3	16,039	17,886	31,137
Year 4	1,538	2,844	7,758
Year 5	-	335	452
	$ 167,945	$ 179,890	$ 221,282

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 50.

23. LEASE ARRANGEMENTS

a. Right-of-use assets, net

	March 31, 2020	December 31, 2019	March 31, 2019
Carrying amounts			
Royalty-surface rights	$ 12,926,367	$ 12,977,018	$ 13,128,972
Buildings and facilities	3,244,615	3,343,302	3,576,712
Land	1,515,282	2,066,274	2,090,456
Computer equipment	97,682	114,978	136,609
Transportation equipment	36,620	32,434	57,568
Other equipment	11,747	14,913	11,566
	$ 17,832,313	$ 18,548,919	$ 19,001,883

	For the Three Months Ended March 31	
	2020	2019
Additions to right-of-use assets	$ 161,043	$ 154,085
Depreciation of right-of-use assets		
Royalty-surface rights	$ 50,651	$ 50,651
Buildings and facilities	208,707	193,908
Land	6,886	8,061
Computer equipment	17,279	16,216
Transportation equipment	4,823	4,523
Other equipment	3,487	2,338
	$ 291,833	$ 275,697

The depreciation expense of the right-of-use asset recognized in profit or loss for the three months ended March 31, 2020 and 2019 were $233,421 thousand and $216,985 thousand, respectively.

b. Lease liabilities

	March 31, 2020	December 31, 2019	March 31, 2019
Carrying amounts	$ 4,970,630	$ 5,615,681	$ 5,858,399

Range of discount rate for lease liabilities were as follows:

	March 31, 2020	December 31, 2019	March 31, 2019
Buildings and facilities	0.72%-9.79%	0.72%-9.79%	0.73%-9.79%
Land	0.77%-3.50%	3.50%	3.50%
Computer equipment	0.82%-1.07%	0.82%-1.07%	0.86%-0.92%
Transportation equipment	0.67%-1.44%	0.73%-1.44%	0.73%-1.40%
Other equipment	0.65%-1.44%	0.65%-1.44%	0.75%-1.40%

The maturity analysis of lease liabilities were as follows:

	March 31, 2020	December 31, 2019	March 31, 2019
Not later than 1 year	$ 926,786	$ 960,612	$ 963,841
Later than 1 year and not later than 5 years	2,040,747	2,183,641	2,464,837
Later than 5 years	4,471,178	5,796,179	5,861,373
	$ 7,438,711	$ 8,940,432	$ 9,290,051

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 21 and 22, respectively.

	For the Three Months Ended March 31	
	2020	2019
Expenses relating to short-term leases	$ 13,246	$ 29,908
Expenses relating to low-value asset leases	$ 926	$ 737
Total cash outflow for leases	$ 286,328	$ 284,204

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.

24. INTANGIBLE ASSETS

	March 31, 2020	December 31, 2019	March 31, 2019
Purchase policy value	$ 12,314,985	$ 12,402,062	$ 12,676,155
Operation rights	3,409,310	3,554,400	4,032,531
Goodwill	3,153,437	3,190,820	3,378,136
Computer software	1,241,422	1,257,956	783,090
Others	36,396	36,396	36,396
	$ 20,155,550	$ 20,441,634	$ 20,906,308

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, 2020 and 2019.

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

25. OTHER ASSETS

	March 31, 2020	December 31, 2019	March 31, 2019
Security borrowing margins	$ 21,179,945	$ 16,655,194	$ 9,884,211
Guarantee deposits paid	17,052,105	7,921,332	9,537,544
Operating guarantee deposits	7,931,628	7,931,702	7,389,047
Prepaid expense	764,905	1,406,399	1,264,909
Others	1,789,939	1,843,052	2,228,495
	$ 48,718,522	$ 35,757,679	$ 30,304,206

26. DEPOSITS FROM THE CENTRAL BANK AND FINANCIAL INSTITUTIONS

	March 31, 2020	December 31, 2019	March 31, 2019
Call loans from financial institutions	$ 21,926,304	$ 24,370,732	$ 21,328,355
Deposits from Chunghwa Post Co., Ltd.	190,146	190,146	190,146
	$ 22,116,450	$ 24,560,878	$ 21,518,501

27. NOTES AND BONDS ISSUED UNDER REPURCHASE AGREEMENTS

	March 31, 2020	December 31, 2019	March 31, 2019
Corporate bonds	$ 61,983,186	$ 43,378,844	$ 58,844,644
Bank debentures	28,786,504	29,609,111	40,660,967
Government bonds	24,280,344	22,794,538	28,956,306
Commercial paper	1,248,501	354,838	499,214
	$ 116,298,535	$ 96,137,331	$ 128,961,131
Repurchased amounts	$ 116,432,219	$ 96,297,724	$ 129,393,473
Last maturity date	July 2020	March 2020	July 2019

28. COMMERCIAL PAPER PAYABLE, NET

	March 31, 2020	December 31, 2019	March 31, 2019
Commercial paper payable	$ 12,985,000	$ 12,636,085	$ 16,692,615
Less: Unamortized discount	(1,064)	(1,401)	(3,413)
	$ 12,983,936	$ 12,634,684	$ 16,689,202
Range of rate	0.45%-1.22%	0.54%-1.78%	0.43%-2.63%

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.

As of December 31, 2019, Mega Bills Finance Corporation, Dah Chung Bills Finance Corporation, International Bills Finance Corporation, China Bills Finance Corporation, Taiwan Cooperative Bills Finance Corporation, and Ta Ching Finance Corporation guaranteed the above commercial paper. However, some commercial paper which amounted to $12,072,794 thousand, had no guarantee.

As of March 31, 2019, Ta Ching Finance Corporation, China Bills Finance Corporation, Grand Bills Finance Corporation, Mega Bills Finance Corporation, Taiwan Finance Corporation, International Bills Finance Corporation, Union Bank of Taiwan, Taishin Bills Finance Corporation, Shanghai Commercial Bank, Sunny Bank and Taiwan Business Bank guaranteed the above commercial paper. However, some commercial paper which amounted to $11,875,515 thousand, had no guarantee.

29. PAYABLES

	March 31, 2020	December 31, 2019	March 31, 2019
Accounts payable for settlement	$ 63,855,735	$ 43,834,058	$ 57,865,730
Accrued expenses and payable on insurance policies	9,970,496	12,997,313	8,993,702
Deposits payable for securities financing	9,210,366	11,351,628	10,544,511
Exchange clearing payable	4,600,017	4,354,972	3,393,787
Interest payable	3,785,495	5,011,466	4,192,751
Others	8,205,925	9,290,233	10,577,221
	$ 99,628,034	$ 86,839,670	$ 95,567,702

30. DEPOSITS AND REMITTANCES

	March 31, 2020	December 31, 2019	March 31, 2019
Time deposits	$ 231,669,900	$ 211,308,116	$ 234,085,393
Saving deposits	127,177,663	117,915,084	111,944,144
Demand deposits	63,707,796	53,009,869	55,103,188
Negotiable CDs	14,430,300	10,380,300	13,491,100
Checking deposits	2,789,632	3,065,960	2,359,326
Inward remittance	70,613	181,673	35,598
	$ 439,845,904	$ 395,861,002	$ 417,018,749

31. BONDS PAYABLE

	March 31, 2020	December 31, 2019	March 31, 2019
Corporate bonds payable	$ 26,000,000	$ 32,000,000	$ 22,800,000
Bank debentures payable	16,442,639	10,450,000	7,350,000
	$ 42,442,639	$ 42,450,000	$ 30,150,000

Corporate Bonds Payable

Name	March 31, 2020	December 31, 2019	March 31, 2019	Issuance Period	Method of Paying Principle and Interests	Interest Rate
1st corporate bonds in 2014 - the Corporation	$ -	$ 6,000,000	$ 6,000,000	2015.03.30-2020.03.30	Interest payable annually; principal due on maturity	1.42%
1st corporate bonds in 2015 - the Corporation	2,000,000	2,000,000	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	-	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 2015 - KGI Securities	4,800,000	4,800,000	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	-	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%
Net amount	$ 26,000,000	$ 32,000,000	$ 22,800,000			
Fair value	$ 26,732,177	$ 32,230,073	$ 23,159,660			

Bank Debentures Payable

Name	March 31, 2020	December 31, 2019	March 31, 2019	Issuance Period	Method of Paying Principle and Interests	Interest Rate
P06 KGIB 1	$ 1,000,000	$ 1,000,000	$ 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	-	2019.06.26-2034.06.26	Interest payable annually; principal due on maturity	1.40%
P09 KGIB 1	1,200,000	-	-	2020.03.05-2027.03.05	Interest payable annually; principal due on maturity	0.75%
P09 KGIB 2	4,800,000	-	-	2020.03.05-2030.03.05	Interest payable annually; principal due on maturity	0.80%
	16,450,000	10,450,000	7,350,000			
Unamortized discount	(7,361)	-	-			
Net amount	$ 16,442,639	$ 10,450,000	$ 7,350,000			
Fair value	$ 16,655,224	$ 10,641,460	$ 7,432,092			

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.

32. OTHER BORROWINGS

	March 31, 2020	December 31, 2019	March 31, 2019
Short-term credit borrowings	$ 19,876,246	$ 12,029,866	$ 9,313,436
Note issuance facility	4,799,532	4,499,595	6,409,436
Short-term secured borrowings	4,075,038	4,438,546	5,452,283
Long-term credit borrowings	-	-	96,810
	$ 28,750,816	$ 20,968,007	$ 21,271,965
Range of rate	0.52%-3.55%	0.61%-5.95%	0.57%-8.40%
Last maturity date	January 2023	December 2022	July 2021

33. PROVISIONS

	March 31, 2020	December 31, 2019	March 31, 2019
Insurance liabilities	$ 1,779,782,017	$ 1,738,260,215	$ 1,609,001,157
Foreign exchange valuation reserve	3,808,037	2,367,039	4,210,140
Provisions for employee benefits	1,004,187	1,093,389	952,031
Others	498,290	526,533	626,519
	$ 1,785,092,531	$ 1,742,247,176	$ 1,614,789,847

Insurance Contracts and Provision for Financial Instruments with Discretionary Participation Feature

As at March 31, 2020, December 31, 2019 and March 31, 2019, China Life Insurance's movement in reserves of insurance contracts and financial instruments with discretionary participation feature is as follows:

	March 31, 2020	December 31, 2019	March 31, 2019
Reserve for life insurance liabilities	$ 1,741,019,073	$ 1,698,741,135	$ 1,568,979,976
Unearned premium reserve	3,901,876	4,291,429	3,537,504
Reserve for claims	2,346,776	2,225,347	1,861,467
Special reserve	7,314,356	6,907,466	6,911,492
Premium deficiency reserve	5,830,970	6,627,546	7,842,115
Other reserve	19,368,966	19,467,292	19,868,603
	$ 1,779,782,017	$ 1,738,260,215	$ 1,609,001,157

a. Reserve for life insurance liabilities:

	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.

	December 31, 2019		
	Insurance Contract	Financial Instruments with Discretionary Participation Feature	Total
Life insurance	$ 1,340,799,216	$ 57,182,189	$ 1,397,981,405
Health insurance	133,612,862	-	133,612,862
Annuity insurance	676,207	164,534,387	165,210,594
Investment-linked insurance	1,792,716	-	1,792,716
	$ 1,476,881,001	$ 221,716,576	$ 1,698,597,577

Note: The total amount of liability reserve is $1,698,741,135 thousand on December 31, 2019 after reserve for life insurance-accrued paid is added.

	March 31, 2019		
	Insurance Contract	Financial Instruments with Discretionary Participation Feature	Total
Life insurance	$ 1,225,605,330	$ 56,013,481	$ 1,281,618,811
Health insurance	124,827,883	-	124,827,883
Annuity insurance	687,390	159,874,944	160,562,334
Investment-linked insurance	1,811,250	-	1,811,250
	$ 1,352,931,853	$ 215,888,425	$ 1,568,820,278

Note: The total amount of liability reserve is $1,568,979,976 thousand on March 31, 2019 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, 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.

	For the Three Months Ended March 31, 2019		
	Insurance Contract	Financial Instruments with Discretionary Participation Feature	Total
Beginning balance	$ 1,298,519,953	$ 214,435,924	$ 1,512,955,877
Reserve	69,965,611	5,893,461	75,859,072
Recover	(16,350,062)	(4,517,562)	(20,867,624)
Foreign exchange gains	796,351	76,602	872,953
Ending balance (Note)	$ 1,352,931,853	$ 215,888,425	$ 1,568,820,278

Note: The total amount of liability reserve is $1,568,979,976 thousand on March 31, 2019 after reserve for life insurance-accrued paid is added.

b. Unearned premium reserve

	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

(Continued)

	March 31, 2020		
	Insurance Contract	Financial Instruments with Discretionary Participation Feature	Total
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

(Concluded)

	December 31, 2019		
	Insurance Contract	Financial Instruments with Discretionary Participation Feature	Total
Individual life insurance	$ 1,072	$ -	$ 1,072
Individual injury insurance	1,414,617	-	1,414,617
Individual health insurance	2,249,115	-	2,249,115
Group insurance	568,302	-	568,302
Investment-linked insurance	58,248	-	58,248
Annuity insurance	-	75	75
	4,291,354	75	4,291,429
Less ceded unearned premium reserve			
Individual life insurance	15,728	-	15,728
Individual injury insurance	1,324	-	1,324
Individual health insurance	30,079	-	30,079
Group insurance	3,145	-	3,145
Investment-linked insurance	5,211	-	5,211
	55,487	-	55,487
Net amount	$ 4,235,867	$ 75	$ 4,235,942

	March 31, 2019		
	Insurance Contract	Financial Instruments with Discretionary Participation Feature	Total
Individual life insurance	$ 1,119	$ 1	$ 1,120
Individual injury insurance	1,189,517	-	1,189,517
Individual health insurance	1,849,506	-	1,849,506
Group insurance	440,766	-	440,766
Investment-linked insurance	56,525	-	56,525
Annuity insurance	-	70	70
	3,537,433	71	3,537,504
Less ceded unearned premium reserve			
Individual life insurance	15,257	-	15,257
Individual injury insurance	924	-	924
Individual health insurance	28,790	-	28,790
Group insurance	3,133	-	3,133
Investment-linked insurance	5,175	-	5,175
	53,279	-	53,279
Net amount	$ 3,484,154	$ 71	$ 3,484,225

Movement in unearned premium reserve is summarized below:

	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

	For the Three Months Ended March 31, 2019		
	Insurance Contract	Financial Instruments with Discretionary Participation Feature	Total
Beginning balance	$ 3,854,738	$ 53	$ 3,854,791
Reserve	646,379	71	646,450
Recover	(963,684)	(53)	(963,737)
Ending balance	3,537,433	71	3,537,504
Less ceded unearned premium reserve			
Beginning balance	50,125	-	50,125
Increase	21,029	-	21,029
Decrease	(17,875)	-	(17,875)
Ending balance	53,279	-	53,279
Net amount	$ 3,484,154	$ 71	$ 3,484,225

c. Reserve for claims

	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
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

	December 31, 2019		
	Insurance Contract	Financial Instruments with Discretionary Participation Feature	Total
Individual life insurance			
Reported but not paid claim	$ 210,684	$ 93,692	$ 304,376
Unreported claim	2,073	-	2,073
Individual injury insurance			
Reported but not paid claim	28,821	-	28,821
Unreported claim	433,328	-	433,328
Individual health insurance			
Reported but not paid claim	98,979	-	98,979
Unreported claim	750,813	-	750,813
Group insurance			
Reported but not paid claim	121,051	-	121,051
Unreported claim	405,053	-	405,053
Investment-linked insurance			
Reported but not paid claim	11,029	-	11,029
Unreported claim	-	-	-
Annuity insurance			
Reported but not paid claim	-	69,705	69,705
Unreported claim	-	119	119
	2,061,831	163,516	2,225,347
Less ceded reserve for claims			
Individual life insurance	3,925	-	3,925
Individual injury insurance	-	-	-
Individual health insurance	5,030	-	5,030
Group insurance	4,800	-	4,800
	13,755	-	13,755
Net amount	$ 2,048,076	$ 163,516	$ 2,211,592

	March 31, 2019		
	Insurance Contract	Financial Instruments with Discretionary Participation Feature	Total
Individual life insurance			
Reported but not paid claim	$ 221,240	$ 116,725	$ 337,965
Unreported claim	1,471	-	1,471
Individual injury insurance			
Reported but not paid claim	41,533	-	41,533
Unreported claim	259,902	-	259,902

(Continued)

	March 31, 2019		
	Insurance Contract	Financial Instruments with Discretionary Participation Feature	Total
Individual health insurance			
Reported but not paid claim	$ 103,278	$ -	$ 103,278
Unreported claim	572,020	-	572,020
Group insurance			
Reported but not paid claim	113,724	-	113,724
Unreported claim	370,366	-	370,366
Investment-linked insurance			
Reported but not paid claim	17,375	-	17,375
Unreported claim	-	-	-
Annuity insurance			
Reported but not paid claim	-	43,752	43,752
Unreported claim	-	81	81
	1,700,909	160,558	1,861,467
Less ceded reserve for claims			
Individual life insurance	786	-	786
Individual injury insurance	8,105	-	8,105
Individual health insurance	5,474	-	5,474
Group insurance	5,500	-	5,500
	19,865	-	19,865
Net amount	$ 1,681,044	$ 160,558	$ 1,841,602

(Concluded)

Movement in reserve for claims is summarized below:

	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

	For the Three Months Ended March 31, 2019		
	Insurance Contract	Financial Instruments with Discretionary Participation Feature	Total
Beginning balance	$ 1,589,965	$ 96,777	$ 1,686,742
Reserve	1,700,820	160,548	1,861,368
Recover	(1,589,965)	(96,777)	(1,686,742)
Gain (loss) on foreign exchange	89	10	99
Ending balance	1,700,909	160,558	1,861,467
Less ceded unearned premium reserve			
Beginning balance	27,204	-	27,204
Increase	19,865	-	19,865
Decrease	(27,204)	-	(27,204)
Ending balance	19,865	-	19,865
Net amount	$ 1,681,044	$ 160,558	$ 1,841,602

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, 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

	December 31, 2019		
	Insurance Contract	Financial Instruments with Discretionary Participation Feature	Total
Participating policies dividend reserve	$ 6,907,466	$ -	$ 6,907,466
Dividend risk reserve	-	-	-
	$ 6,907,466	$ -	$ 6,907,466

	March 31, 2019		
	Insurance Contract	Financial Instruments with Discretionary Participation Feature	Total
Participating policies dividend reserve	$ 6,911,492	$ -	$ 6,911,492
Dividend risk reserve	-	-	-
	$ 6,911,492	$ -	$ 6,911,492

Movement in special reserve is summarized below:

	For the Three Months Ended March 31	
	2020	2019
	Insurance Contract	Insurance Contract
Beginning balance	$ 6,907,466	$ 6,364,597
Reserve for participating policy dividend revenue	405,325	531,722
Recover for participating policy dividend revenue	-	(2,194)
Gain (loss) on equity instruments from participating dividend policy measured at FVTOCI	1,565	17,367
Ending balance	$ 7,314,356	$ 6,911,492

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

	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

	December 31, 2019		
	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

	March 31, 2019		
	Insurance Contract	Financial Instruments with Discretionary Participation Feature	Total
Individual life insurance	$ 1,578	$ -	$ 1,578
Individual injury insurance	871,147	-	871,147
Individual health insurance	2,435,161	-	2,435,161
Group insurance	3,090,678	-	3,090,678
Annuity insurance	-	539	539
	$ 6,398,564	$ 539	$ 6,399,103

f. Premium deficiency reserve

	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

	December 31, 2019		
	Insurance Contract	Financial Instruments with Discretionary Participation Feature	Total
Individual life insurance	$ 6,503,281	$ -	$ 6,503,281
Individual health insurance	124,265	-	124,265
	$ 6,627,546	$ -	$ 6,627,546

	March 31, 2019		
	Insurance Contract	Financial Instruments with Discretionary Participation Feature	Total
Individual life insurance	$ 7,715,231	$ -	$ 7,715,231
Individual health insurance	126,884	-	126,884
	$ 7,842,115	$ -	$ 7,842,115

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, 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

	For the Three Months Ended March 31, 2019		
	Insurance Contract	Financial Instruments with Discretionary Participation Feature	Total
Beginning balance	$ 7,504,145	$ -	$ 7,504,145
Reserve	888,806	-	888,806
Recover	(558,658)	-	(558,658)
Gain (loss) on foreign exchange	7,822	-	7,822
Ending balance	$ 7,842,115	$ -	$ 7,842,115

g. Other reserve

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

	December 31, 2019		
	Insurance Contract	Financial Instruments with Discretionary Participation Feature	Total
Others	$ 19,467,292	$ -	$ 19,467,292

	March 31, 2019		
	Insurance Contract	Financial Instruments with Discretionary Participation Feature	Total
Others	$ 19,868,603	$ -	$ 19,868,603

Movement in other reserve is summarized as below:

	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

	For the Three Months Ended March 31, 2019		
	Insurance Contract	Financial Instruments with Discretionary Participation Feature	Total
Beginning balance	$ 20,002,374	$ -	$ 20,002,374
Recover	(133,771)	-	(133,771)
Ending balance	$ 19,868,603	$ -	$ 19,868,603

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, 2020	December 31, 2019	March 31, 2019
Reserve for life insurance liabilities	$ 1,740,874,231	$ 1,698,597,577	$ 1,568,820,278
Unearned premium reserve	3,901,876	4,291,429	3,537,504
Premium deficiency reserve	5,830,970	6,627,546	7,842,115
Special reserve	7,314,356	6,907,466	6,911,492
Other reserve	19,368,966	19,467,292	19,868,603
Book value of insurance liabilities	$ 1,777,290,399	$ 1,735,891,310	$ 1,606,979,992
Estimated present value of cash flows	$ 1,383,761,141	$ 1,299,369,920	$ 1,211,730,744
Balance of liability adequacy reserve	$ -	$ -	$ -

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

	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)

	December 31, 2019
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 2018), and discount rates on December 31, 2019 were evaluated with consideration of current information

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	
	2020	2019
Beginning balance	$ 2,367,039	$ 3,169,331
Reserve		
Compulsory reserve	506,694	377,116
Extra reserve	1,049,471	663,693
	1,556,165	1,040,809
Recover	(115,167)	-
Ending balance	$ 3,808,037	$ 4,210,140

3) Effects due to foreign exchange valuation reserve

	For the Three Months Ended March 31, 2020		
Item	Inapplicable Amount	Applicable Amount	Effects
Net income	$ 5,611,657	$ 4,458,858	$ (1,152,799)
Earnings per share (dollar)	1.26	1.00	(0.26)
Foreign exchange valuation reserve	-	3,808,037	3,808,037
Equity	99,622,739	97,919,371	(1,703,368)

	For the Three Months Ended March 31, 2019		
Item	Inapplicable Amount	Applicable Amount	Effects
Net income	$ 3,638,212	$ 2,805,565	$ (832,647)
Earnings per share (dollar)	0.91	0.70	(0.21)
Foreign exchange valuation reserve	-	4,210,140	4,210,140
Equity	103,612,696	101,587,646	(2,025,050)

34. 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, 2019 and 2018, and recognized respectively for the three months ended March 31, 2020 and 2019.

The Group recognized its contributions under defined benefit plans as pension expenses (recognized as employee benefits) amounting to $7,081 thousand and $7,711 thousand, respectively and recognized pension expenses (recognized as employee benefits) under defined contribution plans amounting to $160,010 thousand and $152,412 thousand, respectively for the three months ended March 31, 2020 and 2019.

35. OTHER FINANCIAL LIABILITIES

	March 31, 2020	December 31, 2019	March 31, 2019
Separate-account product liabilities	$ 64,963,511	$ 77,922,118	$ 67,618,257
Customers' equity accounts - futures	42,291,390	36,222,720	37,960,073
Principal received on structured products	31,270,898	35,134,804	26,396,455
Others	444,174	442,891	383,498
	$ 138,969,973	$ 149,722,533	$ 132,358,283

36. EQUITY

a. Capital

Common stock

	March 31, 2020	December 31, 2019	March 31, 2019
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)	14,971,053	14,968,408	14,965,672
Shares issued	$ 149,710,526	$ 149,684,080	$ 149,656,721

b. Capital surplus

	March 31, 2020	December 31, 2019	March 31, 2019
Arising from treasury stock transactions	$ 952,026	$ 927,908	$ 1,494,257
Share-based payments awards	81,980	84,814	87,864
Difference between consideration and carrying amounts adjusted arising from changes in percentage of ownership in subsidiaries	80,994	80,994	80,994
Others	29	29	13,728
	$ 1,115,029	$ 1,093,745	$ 1,676,843

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 10, 2020, the board of the directors proposed the earnings appropriation. On June 14, 2019, shareholders' meeting approved the resolution on the appropriations from the earnings of 2018 and capital surplus cash payment of 2018, including bonus to employees and remuneration to directors and supervisors, as follows:

	Earnings Appropriation		Dividends Per Share (NT$)	
	2019	2018	2019	2018
Earnings appropriation				
Legal reserve	$ 1,254,763	$ 785,269		
Appropriation (reversal) of special reserve	(10,232,858)	10,232,858		
Cash dividends	8,982,659	3,666,666	$0.6	$0.245
Capital surplus cash payment				
Capital surplus	-	823,129	-	0.055

The earnings appropriation of 2019 expect to be resolved on the shareholders meeting on June 12, 2020.

Related information can be accessed at the Market Observation Post System on website of the Taiwan Stock Exchange (http://emops.tse.com.tw).

e. Non-controlling interests

	For the Three Months Ended March 31	
	2020	2019
Beginning balance	$ 108,940,026	$ 64,330,223
Attributable to non-controlling interests		
Share of profit for the period	2,250,336	1,326,368
Exchange differences on translation of financial statements of foreign operations	993	3,627
Gain (loss) on equity instruments measured at FVTOCI	(2,815,175)	1,763,099
Gain (loss) on debt instrument measured at FVTOCI	(6,429,921)	6,768,428
Other comprehensive income (loss) reclassified using the overlay approach	(21,634,112)	8,351,243
Reduction of cash capital by subsidiaries	(2,961,375)	-
Others	(817)	(9,036)
Ending balance	$ 77,349,955	$ 82,533,952

37. SUBSIDIARY INFORMATION OF NON-CONTROLLING INTERESTS

Subsidiaries	The Main Place of Business	Non-controlling Interests Held by the Proportion of Equity		
		March 31, 2020	December 31, 2019	March 31, 2019
China Life Insurance Company Limited	Taipei	65.18%	65.18%	65.04%

	Net Income Attributed to Non-controlling Interests For the Three Months Ended March 31	
	2020	2019
China Life Insurance Company Limited	$ 2,243,109	$ 1,307,809

	Non-controlling Interests		
	March 31, 2020	December 31, 2019	March 31, 2019
China Life Insurance Company Limited	$ 76,693,539	$ 105,327,753	$ 78,844,419

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, 2020	December 31, 2019	March 31, 2019
Total assets	$ 2,009,155,430	$ 2,021,995,862	$ 1,840,015,885
Total liabilities	1,892,496,682	1,861,406,605	1,719,798,570
Equity	$ 116,658,748	$ 160,589,257	$ 120,217,315
Equity attributable to:			
Owners of parent	$ 39,965,209	$ 55,261,504	$ 41,372,896
Non-controlling interest	76,693,539	105,327,753	78,844,419
	$ 116,658,748	$ 160,589,257	$ 120,217,315

	For the Three Months Ended March 31	
	2020	2019
Revenue	$ 69,859,868	$ 91,591,505
Net profit for the period	$ 3,441,370	$ 2,010,726
Other comprehensive income	(47,370,627)	25,959,608
Total comprehensive income	$ (43,929,257)	$ 27,970,334
Net profit attributable to:		
Owners of parent	$ 1,198,261	$ 702,917
Non-controlling interest	2,243,109	1,307,809
	$ 3,441,370	$ 2,010,726

(Continued)

	For the Three Months Ended March 31	
	2020	2019
Comprehensive income attributable to:		
Owners of parent	$ (15,295,859)	$ 9,777,981
Non-controlling interest	(28,633,398)	18,192,353
	$ (43,929,257)	$ 27,970,334
Cash flows		
From operating activities	$ 1,222,764	$ 11,418,934
From investing activities	(21,028,291)	(8,735,312)
From financing activities	(33,188)	(27,063)
Net increase (decrease) in cash	$ (19,838,715)	$ 2,656,559

(Concluded)

38. 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, 2020				
Reclassification of the Corporation's stock held by subsidiaries and recognized as long-term investment	378,493	-	9,175	369,318
For the three months ended March 31, 2019				
Reclassification of the Corporation's stock held by subsidiaries and recognized as long-term investment	443,531	-	15,492	428,039

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. The market prices of the shares were $1,287,153 thousand, $1,777,144 thousand and $2,383,511 thousand on March 31, 2020, December 31, 2019 and March 31, 2019, respectively. 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. 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 $1,453,189 thousand, $1,905,596 thousand and $2,025,288 thousand on March 31, 2020, December 31, 2019 and March 31, 2019, 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.

39. INTEREST PROFIT, NET

	For the Three Months Ended March 31	
	2020	**2019**
Interest revenues		
Securities	$ 14,466,936	$ 13,362,197
Discounts and loans	2,854,315	2,940,922
Others	1,020,573	1,198,653
	18,341,824	17,501,772
Interest expenses		
Deposits	1,021,195	1,363,191
Notes and bonds issued under repurchase agreements	415,128	576,240
Borrowing interest expense	118,906	109,963
Corporate bonds	112,792	94,592
Others	308,814	290,624
	1,976,835	2,434,610
Interest profit, net	$ 16,364,989	$ 15,067,162

40. SERVICE FEE AND COMMISSION, NET

	For the Three Months Ended March 31	
	2020	**2019**
Service fee revenue and commission income		
Brokerage	$ 2,743,582	$ 1,783,721
Security lending	183,866	171,447
Trust	153,217	107,108
Commission income - insurance	118,984	112,672
Others	676,982	564,351
	3,876,631	2,739,299
Service fee expense and commission expense		
Commission expense - insurance	2,225,808	3,457,918
Brokerage	443,154	297,459
Others	553,762	451,368
	3,222,724	4,206,745
Service fee and commission, net	$ 653,907	$ (1,467,446)

41. INSURANCE BUSINESS, NET

	For the Three Months Ended March 31	
	2020	2019
Insurance business income		
Premium income	$ 58,821,546	$ 73,833,181
Reinsurance premium expense	(339,803)	(337,113)
Changes in unearned premium reserve	389,537	320,441
Retained earned premium	58,871,280	73,816,509
Separate-account insurance products revenues	(5,554,317)	4,205,563
	53,316,963	78,022,072
Insurance business expense		
Insurance claim payments	(24,294,171)	(24,107,080)
Claims recovered from reinsures	241,074	155,617
Retained claim payments	(24,053,097)	(23,951,463)
Brokerage expense	(1,141)	(1,454)
Disbursements toward industry stability fund	(111,782)	(110,764)
Changes in foreign exchange valuation reserve	(1,440,999)	(1,040,809)
Separate-account insurance products expenses	5,554,317	(4,205,563)
	(20,052,702)	(29,310,053)
Insurance business, net	$ 33,264,261	$ 48,712,019

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

	For the Three Months Ended March 31	
	2020	2019
Stocks	$ (25,539,206)	$ 10,007,429
Mutual funds	(5,498,526)	4,360,263
Derivatives	(1,849,595)	(6,897,883)
Operating securities	591,315	1,915,026
Bonds	(114,493)	980,965
Others	1,182,005	1,767,692
	$ (31,228,500)	$ 12,133,492

For the three months ended March 31, 2020 and 2019, the Group’s financial assets and liabilities at fair value through profit or loss included interest revenue of $988,239 thousand and $1,429,129 thousand, respectively, dividend income of $1,346,137 thousand and $340,043 thousand, respectively and interest expense of $287,082 thousand and $345,007 thousand, respectively.

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

	For the Three Months Ended March 31	
	2020	2019
Gain on bond disposal	$ 1,703,111	$ 1,991,306
Dividend income	32,371	10,352
Others	2,375	-
	$ 1,737,857	$ 2,001,658

44. EMPLOYEE BENEFITS, DEPRECIATION AND AMORTIZATION EXPENSES

	For the Three Months Ended March 31	
	2020	2019
Employee benefit expense		
Salaries and wages	$ 3,428,638	$ 3,370,479
Employee insurance	318,884	301,937
Pension	167,091	160,123
Others	213,129	288,383
	$ 4,127,742	$ 4,120,922
Depreciation and amortization expenses	$ 828,235	$ 803,415

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, 2020 and 2019, the employees' compensation and the remuneration of directors and supervisors both were $0 thousand and $36,461 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 30, 2020 and March 25, 2019, respectively, were as follows. The employees' compensation bonus and remuneration of directors and supervisors for 2018 were reported on the shareholders meeting on June 14, 2019.

	For the Year Ended December 31	
	2019	2018
Employees' compensation to employees	$ 127,000	$ 80,000
Remuneration of directors and supervisors	126,000	79,000

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, 2019 and 2018.

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 (http://emops.tse.com.tw).

45. 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 accounting treatment applied to linked-tax system for income tax filings is to adjust the difference between the consolidated current/deferred taxes and the individual current/deferred taxes of the Group, and allocate income tax expense/benefit to the Corporation and each subsidiary's pro rata; related amounts are recognized as current tax assets or current tax liabilities.

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	
	2020	2019
Current income tax		
Current period	$ 387,528	$ 291,760
Prior years	(2,273)	1,253
	385,255	293,013
Deferred income tax	385,103	239,910
Income tax expense recognized in profit or loss	$ 770,358	$ 532,923

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

	For the Three Months Ended March 31	
	2020	2019
Current income tax	$ -	$ 1,011
Deferred income tax		
(Gain) loss on equity instruments at fair value through other comprehensive income	(761,898)	531,016
(Gain) loss on debt instruments at fair value through other comprehensive income	(3,008,704)	2,751,073
(Gain) loss on reclassification using the overlay approach	(2,390,042)	1,120,252
Income tax expense (benefit)	$ (6,160,644)	$ 4,403,352

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

	For the Three Months Ended March 31	
	2020	2019
Current income tax (benefit)		
Disposal of equity instruments at fair value through other comprehensive income	$ 57	$ -
Deferred income tax (benefit)		
Gain (loss) on equity instruments at fair value through other comprehensive income	(57)	-
Deferred income tax related to tax losses and reversals	(313)	(3,473)
	$ (313)	$ (3,473)

d. Income tax assessments

The Corporation's income tax returns through 2014 had been examined by the tax authorities.

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

The income tax returns of KGI Securities for the years through 2014 had been examined by the tax authorities.

The income tax returns of KGI Insurance Brokers Co., Ltd., KGI Venture Capital Co., Ltd., Global Corporation and KGI Information Technology Co., Ltd. through 2017 had been examined by the tax authorities. KGI Securities Investment Advisory Co., Ltd., KGI Securities Investment Trust Co., Ltd. and KGI Futures Co., Ltd., though 2017 had been examined by the tax authorities.

CDIB Capital Group's income tax returns through 2014 had been examined by the tax authorities.

Income tax returns of CDIB Capital Management Inc., through 2018 had been examined by the tax authorities. Income tax returns of CDIB Venture Capital Corp. through 2016, 2018 and as of 2014 had been examined by the tax authorities.

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

Capital Life Insurance's income tax returns through 2017 had been examined by the tax authorities.

46. EARNINGS (LOSSES) PER SHARE

(New Taiwan Dollars)

	For the Three Months Ended March 31	
	2020	2019
Basic EPS (LPS)	$ (0.03)	$ 0.25
Diluted EPS (LPS)	$ (0.03)	$ 0.25

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	
	2020	**2019**
Earnings (Losses) used in the computation of EPS	$ (488,110)	$ 3,609,693

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

	For the Three Months Ended March 31	
	2020	**2019**
Weighted average number of common shares outstanding in computation of basic EPS	14,598,832	14,523,109
Effect of dilutive potentially common shares:		
Employee share options	7,445	13,326
Restricted shares	126	1,084
Weighted average number of common shares outstanding in computation of diluted EPS	14,606,403	14,537,519

47. 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			
	2020		2019	
	Number of Options (In Thousands)	Weighted-average Exercise Price (NT$)	Number of Options (In Thousands)	Weighted-average Exercise Price (NT$)
Balance at January 1	50,514	$ 7.33	56,166	$ 7.54
Options exercised	(2,645)	7.31	(2,316)	7.48
Options invalid	-	-	(90)	7.53
Balance at March 31	47,869	7.34	53,760	7.55
Options exercisable, end of period	47,784	7.34	45,982	7.55
Weighted-average remaining contractual life (years)	1.33		2.35	

The weighted-average share price at the date of exercise of share options from January 1 to March 31, 2020 and 2019 were $8.97 and $9.98, 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, 2020 and 2019 were $4 thousand and $455 thousand.

b. Issue restricted share plan

The board of directors of the Corporation has decided to issue restricted shares plan which is $44,780 thousand in total, and $10 per face value totaled 4,478 thousand shares with issue price of $0 (free issuance) at February 1, 2016. Further, the board of directors made February 4, 2016 as the base-date for capital increase. Fair value on the payment day of the stock was $7.61.

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, 2020 and 2019, the Corporation recognized $0 thousand and $548 thousand as compensation cost.

48. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

On June 25, 2019, the Group subscribed for the additional new shares issued by of China Life Insurance at a percentage different from its existing ownership percentage, resulting in a reduction of its equity interests in China Life Insurance from 34.96% to 34.82%.

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	$ 6,157,290
Changes in non-controlling interests	(6,235,645)
Reattribution of other equity to (from) non-controlling interests	
- exchange differences on translation of financial statements of foreign operations	23
- unrealized gain (loss) on financial assets at FVTOCI	11,727
- other comprehensive income reclassified using the overlay approach	5,322
Treasury shares	(7,299)
Capital surplus	216
Differences recognized from equity transactions	$ (68,366)
Line items adjusted for equity transactions	
Capital surplus - changes in percentage of ownership interests in subsidiaries	$ (67,394)
Retained earnings	(972)
	$ (68,366)

49. 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) Cash in banks (recognized as cash and cash equivalents)

	Amount	%
March 31, 2019	$ 48,364	-

For the three months ended March 31, 2019, the interest revenues from cash in bank was $13 thousand.

2) Due from banks (recognized as cash and cash equivalents)

	Amount	%
March 31, 2019	$ 319,276	1

For the three months ended March 31, 2019, the interest revenues from due from banks was $0 thousand.

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

	Amount	%
March 31, 2020	$ 10,773,677	2
December 31, 2019	12,062,866	2
March 31, 2019	7,287,297	2

4) Bank debentures (recognized as debt instruments measured at amortized cost)

	Amount	%
March 31, 2019	$ 2,596,478	-

For the three months ended March 31, 2019, the interest revenues from bank debentures was $26,821 thousand.

5) Purchase and sale of bonds

		Purchase of Bonds		Sale of Bonds
For the three months ended March 31, 2019				
Other related parties	$	49,636	$	-

6) Revenue receivable (recognized as receivables, net)

		Amount	%
March 31, 2020	$	72,158	-
December 31, 2019		103,463	-
March 31, 2019		187,837	-

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

		Amount	%
March 31, 2020	$	21,643	-
December 31, 2019		28,999	-
March 31, 2019		14,672	-

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

		Amount	%
March 31, 2020	$	7,748	-
December 31, 2019		23,300	-
March 31, 2019		15,933	-

9) Other receivables (recognized as receivables, net)

		Amount	%
March 31, 2020	$	25,635	-
December 31, 2019		28,412	-
March 31, 2019		35,482	-

10) Discounts and loans, net

KGI Bank

		Amount	%	Interest Rate (%)
March 31, 2020	$	1,099,371	-	1.54-15.00
December 31, 2019		1,140,878	-	1.54-15.00
March 31, 2019		1,117,768	-	1.54-5.99

For the three months ended March 31, 2020 and 2019, the interest revenues from discounts and loans were $4,392 thousand and $4,437 thousand, respectively.

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

For the Year Ended December 31, 2019

(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	40	$ 38,362	$ 18,667	$ 18,667	$ -	None	Yes
Residential mortgage loans	90	1,437,353	1,110,300	1,110,300	-	Real estate	Yes
Others	7	17,070	11,911	11,911	-	Real estate	Yes

For the Three Months Ended March 31, 2019

(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	33	$ 29,039	$ 23,250	$ 23,250	$ -	None	Yes
Residential mortgage loans	76	1,160,323	1,087,907	1,087,907	-	Real estate	Yes
Others	6	8,031	6,611	6,611	-	Real estate	Yes

China Life Insurance

	Amount	%
March 31, 2020	$ 11,099	-
December 31, 2019	15,714	-
March 31, 2019	5,438	-

11) Temporary payments (recognized as other assets, net)

	December 31, 2019	
	Amount	%
Other related parties	$ 140,000	-

12) Call loans from banks (recognized as deposits from the Central Bank and financial institutions)

	March 31, 2019	
	Amount	%
Other related parties	$ 951,320	4

For the three months ended March 31, 2019, the interest expenses from call loans from banks was $9,570 thousand.

13) Other payables (recognized as payables)

	Amount	%
March 31, 2020	$ 154,760	-
December 31, 2019	55,337	-
March 31, 2019	28,018	-

14) Deposits and remittances

	Amount	%	Interest Rate (%)
March 31, 2020	$ 1,485,779	-	0-5.58
December 31, 2019	1,885,195	-	0-5.58
March 31, 2019	1,456,713	-	0-5.58

For the three months ended March 31, 2020 and 2019, the interest expenses from deposits and remittances were $3,131 thousand and $2,964 thousand, respectively.

15) Short-term borrowings (recognized as other borrowings)

	Amount	%
March 31, 2019	$ 369,900	1

For the three months ended March 31, 2019, the interest expenses from short-term borrowings was $2,353 thousand.

16) Premium income (recognized as net income from insurance operations)

	For the Three Months Ended March 31			
	2020		2019	
	Amount	%	Amount	%
Other related parties	$ 37,207	-	$ 51,180	-

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

	For the Three Months Ended March 31			
	2020		2019	
	Amount	%	Amount	%
Other related parties	$ 136,062	14	$ 155,667	27

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

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

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

	For the Three Months Ended March 31			
	2020		2019	
	Amount	%	Amount	%
Other related parties	$ 84,872	-	$ 14,850	-

20) Outstanding derivative financial instruments

KGI Bank

March 31, 2019

(In Thousands of New Taiwan Dollars)

Related Party	Contract Type	Contract Period	Contract Amount	Valuation Gain (Loss)	Balance Sheet	
					Account	Balance
Other related parties	Interest rate swap contracts	March 17, 2017 - April 07, 2047	$ 12,357,249	$ (646,584)	Financial assets at FVTPL	$ 1,525
					Financial liabilities at FVTPL	499,547

China Life Insurance

March 31, 2019

(In Thousands of New Taiwan Dollars/US Dollars)

Related Party	Contract Type	Contract Period	Contract Amount	Balance Sheet	
				Account	Balance
Other related parties	Currency swap contracts	March 11, 2019 - April 15, 2019	US$ 50,000	Financial assets at FVTPL	$ 1,579
		January 23, 2019 - May 14, 2019	US$ 444,000	Financial liabilities at FVTPL	40,147

KGI Securities

	March 31, 2020	December 31, 2019
Structured products		
Other related parties	$ 30,133	$ 30,133

21) Compensation of key management personnel

	For the Three Months Ended March 31	
	2020	2019
Salary and short-term benefits	$ 54,892	$ 148,372
Share-based payment	-	448
Post-employment benefits	603	720
	$ 55,495	$ 149,540

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) Due from banks (recognized as cash and cash equivalents)

	March 31, 2019	
	Amount	%
Other related parties	$ 319,276	5

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

	March 31			
	2020		2019	
	Amount	%	Amount	%
Subsidiary of the parent company	$ 306,424	3	$ 178,856	2

3) Bank debentures

	March 31, 2019	
	Amount	%
Other related parties	$ 924,504	8

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

	March 31, 2020	
	Amount	%
Subsidiary of the parent company	$ 262,075	1

5) Purchase and sale of bonds

	Purchase of Bonds	Sale of Bonds
For the three months ended March 31, 2020		
Subsidiary of the parent company	$ 300,000	$ 101,400
For the three months ended March 31, 2019		
Subsidiary of the parent company	110,700	-

6) Call loans from securities company (recognized as other financial assets)

	December 31, 2019	
	Amount	%
Subsidiary of the parent company	$ 903,180	46

7) Call loans from other banks (recognized as deposits from the Central Bank and banks)

	March 31, 2019	
	Amount	%
Other related parties	$ 951,320	5

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

	March 31, 2020		December 31, 2019		March 31, 2019	
	Amount	%	Amount	%	Amount	%
Parent company	$ 627,754	100	$ 600,802	100	$ 530,563	100

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

9) Deposits and remittances

	Amount	%	Interest Rate (%)
March 31, 2020			
Parent company	$ 2,463,453	1	0-0.65
Subsidiary of the parent company	14,373,931	3	0-2.28
December 31, 2019			
Parent company	2,871,141	1	0-0.73
Subsidiary of the parent company	21,943,622	5	0-1.03
March 31, 2019			
Parent company	5,015,042	1	0-0.73
Subsidiary of the parent company	21,978,049	5	0-1.03

10) Temporary receipts (recognized as other liabilities)

	March 31, 2020		December 31, 2019	
	Amount	%	Amount	%
Subsidiary of the parent company	$ 1,296,283	16	$ 2,188,412	36

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

11) Outstanding derivative financial instrument

March 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	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, 2019 - May 26, 2022	558,006	(6,561)	Financial liabilities at FVTPL	6,561

December 31, 2019

(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	Asset swap - interest rate swap contracts	March 12, 2019 - September 30, 2022	$ 190,000	$ 5,980	Financial assets at FVTPL	$ 5,980
	Asset swap - options	March 12, 2019 - September 16, 2022	190,000	(20,442)	Financial liabilities at FVTPL	20,442
	Currency swap contracts	October 3, 2019 - August 26, 2020	14,015,287	(165,646)	Financial assets at FVTPL	4,303
					Financial liabilities at FVTPL	169,949

March 31, 2019

(In Thousands of New Taiwan Dollars)

Related Party	Contract Type	Contract Period	Contract Amount	Valuation Gain (Loss)	Balance Sheet	
					Account	Balance
Other related parties	Interest rate swap contracts	March 17, 2017 - April 07, 2047	$ 12,357,249	$ (646,584)	Financial assets at FVTPL	$ 1,525
					Financial liabilities at FVTPL	499,547
Subsidiaries of the parent company	Asset swap - interest rate swap contracts	March 12, 2019 - February 26, 2022	110,700	4,846	Financial assets at FVTPL	4,846
	Asset swap - options	March 12, 2019 - February 11, 2022	110,700	(11,890)	Financial liabilities at FVTPL	11,890
	Interest rate swap contracts	November 04, 2016 - November 06, 2020	437,715	1,408	Financial assets at FVTPL	167
					Financial liabilities at FVTPL	3,010
	Currency swap contracts	January 19, 2018 - October 9, 2019	15,566,625	56,729	Financial assets at FVTPL	57,828
					Financial liabilities at FVTPL	1,099

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, 2020		December 31, 2019		March 31, 2019	
	Amount	**%**	**Amount**	**%**	**Amount**	**%**
Subsidiary of the parent company	$ 3,184,531	12	$ 1,992,881	12	$ 334,615	3

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

	March 31, 2020		December 31, 2019		March 31, 2019	
	Amount	**%**	**Amount**	**%**	**Amount**	**%**
Open ended fund, money market instruments and other securities						
Other related parties	$ 579,366	1	$ 578,634	1	$ 466,570	1

	March 31, 2020		December 31, 2019	
	Amount	**%**	**Amount**	**%**
Operating securities				
Other related parties	$ 1,664,143	2	$ 1,089,190	1

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

	March 31, 2020		December 31, 2019		March 31, 2019	
	Amount	**%**	**Amount**	**%**	**Amount**	**%**
Stocks						
Parent company	$ 1,287,153	7	$ 1,777,144	8	$ 2,383,511	12

4) Purchase and sale of bonds

	Purchase of Bonds	Sale of Bonds
For the three months ended March 31, 2020		
Subsidiary of the parent company	$ 101,400	$ 300,000
For the three months ended March 31, 2019		
Subsidiary of the parent company	389,978	12,961,691

5) Guarantee deposits received in futures contracts

	March 31, 2020		December 31, 2019		March 31, 2019	
	Amount	%	Amount	%	Amount	%
Subsidiary of the parent company	$ 225,135	1	$ 208,032	1	$ 904,438	2

6) Accounts receivables

	March 31, 2019	
	Amount	%
Subsidiary of the parent company	$ 537,391	2

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

	December 31, 2019	
	Amount	%
Subsidiary of the parent company	$ 306,467	1

8) Restricted assets (recognized as other current assets)

	March 31, 2020		December 31, 2019		March 31, 2019	
	Amount	%	Amount	%	Amount	%
Subsidiary of the parent company	$ 2,509,864	8	$ 9,775,316	26	$ 4,969,268	14

9) Temporary payments (recognized as other current assets)

	December 31, 2019	
	Amount	%
Other related parties	$ 140,000	-

10) Short-term borrowings

	December 31, 2019		March 31, 2019	
	Amount	%	Amount	%
Subsidiary of the parent company	$ 903,180	5	$ -	-
Other related parties	-	-	369,900	2

11) Customers' equity accounts - futures

	March 31, 2020		December 31, 2019	
	Amount	%	Amount	%
Subsidiary of the parent company	$ 307,913	1	$ 182,705	1

12) Payables

	March 31, 2020		December 31, 2019	
	Amount	%	Amount	%
Subsidiary of the parent company	$ 262,075	1	$ 644,738	1

13) Current tax liabilities

	March 31, 2020		December 31, 2019		March 31, 2019	
	Amount	%	Amount	%	Amount	%
Parent company	$ 790,419	79	$ 737,608	82	$ 746,448	81

14) Other operating revenue

	For the Three Months Ended March 31, 2019	
	Amount	%
Subsidiary of the parent company	$ 100,488	29

15) Outstanding derivative financial instruments

a) Currency swap contracts

	March 31, 2020	December 31, 2019
	Contract Amount (Principal)	Contract Amount (Principal)
Subsidiary of the parent company	$ 249,061	$ 620,424

b) Asset swap IRS contracts value

	December 31, 2019	March 31, 2019
	Contract Amount (Principal)	**Contract Amount (Principal)**
Subsidiary of the parent company	$ 190,000	$ 110,700

c) Asset swap options contracts

	December 31, 2019	March 31, 2019
	Contract Amount (Principal)	**Contract Amount (Principal)**
Subsidiary of the parent company	$ 190,000	$ 110,700

d) Interest rate swap contracts

	March 31, 2019
	Contract Amount (Principal)
Subsidiary of the parent company	$ 437,715

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

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 and other current assets)

	March 31, 2020		December 31, 2019		March 31, 2019	
	Amount	**%**	**Amount**	**%**	**Amount**	**%**
Subsidiary of the parent company	$ 7,168,481	60	$ 5,786,872	47	$ 5,790,192	35

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

	March 31, 2020		December 31, 2019		March 31, 2019	
	Amount	**%**	**Amount**	**%**	**Amount**	**%**
Other related parties	$ 201,428	71	$ 201,174	71	$ 150,413	65

3) Sale of securities receivable (recognized as other receivables)

	March 31, 2019	
	Amount	**%**
Other related parties	$ 122,992	16

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

	March 31, 2020		December 31, 2019		March 31, 2019	
	Amount	**%**	**Amount**	**%**	**Amount**	**%**
Parent company	$ 212,094	78	$ 211,214	79	$ 317,267	98

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

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

	March 31, 2020		December 31, 2019		March 31, 2019	
	Amount	**%**	**Amount**	**%**	**Amount**	**%**
Parent company	$ 515,983	77	$ 515,983	77	$ 527,703	94

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, 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	Interest rate swap contracts	March 12, 2020 - May 26, 2022	$ 573,137	$ 6,539	Financial assets at FVTPL	$ 6,539

China Development Asset Management Corp.

Related Party	Relationship with the China Development Asset Management Corp. 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
CDIB Capital Group and subsidiaries	Subsidiary of the parent company
China Life Insurance	Subsidiary of the parent company
Others	Other related parties

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

	Amount	%
March 31, 2019	$ 150,384	76

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, 2020		December 31, 2019		March 31, 2019	
	Amount	%	Amount	%	Amount	%
Subsidiary of the parent company	$ 1,254,090	2	$ 3,996,654	5	$ 9,850,262	23

2) Receivables

	March 31, 2020		December 31, 2019	
	Amount	%	Amount	%
Subsidiary of the parent company	$ 1,296,283	4	$ 2,832,529	11

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

	March 31, 2020		December 31, 2019		March 31, 2019	
	Amount	%	Amount	%	Amount	%
Other related parties	$ 8,248,075	3	$ 10,113,305	3	$ 6,407,100	2

4) Financial assets at fair value through other comprehensive income

	March 31, 2020		December 31, 2019		March 31, 2019	
	Amount	**%**	**Amount**	**%**	**Amount**	**%**
<u>Stocks</u>						
Parent company	$ 4,173,514	1	$ 5,472,816	1	$ 5,793,423	2

5) Financial assets measured at amortized cost

	March 31, 2019	
	Amount	**%**
Other related parties	$ 1,671,974	-

6) Investment balances appointed to related parties' discretionary investment

	March 31, 2020	December 31, 2019
Subsidiary of the parent company	$ 917,213	$ 1,867,336

7) Purchase and sale of bonds

	Purchase of Bonds	Sale of Bonds
<u>For the three months ended March 31, 2019</u>		
Subsidiary of the parent company	$ 12,850,481	$ 389,977

8)Payables from sale of securities (recognized as payables)

	March 31, 2019	
	Amount	**%**
Subsidiary of the parent company	$ 536,612	2

9) Outstanding derivative financial instrument

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

December 31, 2019

(In Thousands of United States Dollars/US Dollars)

Related Party	Contract Type	Contract Period	Contract Amount	Balance Sheet	
				Account	Balance
Subsidiaries of the parent company	Currency swap contracts	October 3, 2019 - August 26, 2020	US$ 445,000	Financial assets at FVTPL	$ 169,924

March 31, 2019

(In Thousands of United States Dollars/US Dollars)

Related Party	Contract Type	Contract Period	Contract Amount	Balance Sheet	
				Account	Balance
Subsidiaries of the parent company	Currency swap contracts	March 11, 2019 - October 09, 2019	US$ 100,000	Financial assets at FVTPL	$ 2,840
		January 02, 2019 - June 05, 2019	US$ 405,000	Financial liabilities at FVTPL	53,443
Other related parties	Currency swap contracts	March 11, 2019 - April 15, 2019	US$ 50,000	Financial assets at FVTPL	1,579
		January 23, 2019 - May 14, 2019	US$ 444,000	Financial liabilities at FVTPL	40,147

50. 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, 2020	December 31, 2019	March 31, 2019
Financial assets at fair value through other comprehensive income - negotiable certificate of deposit	$ 18,902,326	$ 18,198,972	$ 17,298,919
Property and equipment, net	4,480,378	4,488,821	4,783,617
Other financial assets - pledged time deposits	2,787,321	2,635,869	1,164,425
Accounts receivable - installment accounts receivables and lease receivables	2,497,036	2,506,872	2,320,976
Financial assets at fair value through other comprehensive income	1,020,345	1,065,864	181,437
Financial assets at fair value through profit or loss	752,568	704,580	445,552
Investment property, net	270,600	271,404	342,814

Note: 88,500 thousand of China Life Insurance shares held by KGI Securities on March 31, 2020, December 31, 2019 and March 31, 2019 have been pledged.

51. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACTUAL COMMITMENTS

Commitments and contingencies of the Group, except for those disclosed in Notes 53 and 55 were summarized as follows:

a. In April 2007, CDIB Capital Group and Morgan Stanley entered into a CDS contract that was tied to a synthetic collateralized debt obligation on residential mortgage-backed securities. The representations made to CDIB Capital Group by Morgan Stanley during the solicitation process were materially false and misleading and therefore caused significant losses to CDIB Capital Group. On July 15, 2010, CDIB Capital Group initiated action against Morgan Stanley & Co. International PLC ("Morgan Stanley") et al. to recover losses CDIB Capital Group suffered as a result of its investment in a Morgan Stanley's credit default swap (CDS) product that had been tied to a synthetic collateralized debt obligation on residential mortgage-backed securities; the representations made to CDIB Capital Group by Morgan Stanley during the solicitation process were materially false and misleading and therefore caused significant financial losses to CDIB Capital Group. As of December 31, 2010, the underlying asset pools on the CDS had been liquidated, and CDIB Capital Group had recognized all gains and losses from the transaction. The balance of US$11,978 thousand (NT$375,045 thousand based on the exchange rate of March 31, 2020) was reclassified to "other financial liabilities". The litigation had not yet been concluded as of March 31, 2020. In addition, Morgan Stanley overlooked CDIB Capital Group's efforts and terminated interest rate swap (IRS) contracts (nominal principal amount: KRW24,000,000 thousand) and CDS contracts (nominal principal amount: JPY586,510 thousand), CDIB Capital Group reserves the right of legal proceedings in August 2010.

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 lawsuit is currently proceeded by the Taipei District 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 Supreme 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, 2020, KGI Bank has to pay a total of $201,059 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, 2020, the actual total amount of construction expenditure (after deduction of 5% construction retainage) is $4,835,720 thousand and unpaid amount is $788,193 thousand.

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

Consolidated Profitability

(%)

Items		March 31, 2020	March 31, 2019
Return on total assets	Before income tax	0.33	0.78
	After income tax	0.23	0.71
Return on net worth	Before income tax	3.76	9.10
	After income tax	2.62	8.21
Profit margin		3.38	7.29

Profitability of CDFH

(%)

Items		March 31, 2020	March 31, 2019
Return on total assets	Before income tax	(0.85)	7.30
	After income tax	(0.79)	7.33
Return on net worth	Before income tax	(1.23)	8.55
	After income tax	(1.11)	8.64
Profit margin		Note	93.20

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

Profitability of KGI Bank

(%)

Items		March 31, 2020	March 31, 2019
Return on total assets	Before income tax	0.39	0.64
	After income tax	0.32	0.53
Return on net worth	Before income tax	4.40	7.34
	After income tax	3.63	6.04
Profit margin		26.18	35.02

Profitability of KGI Securities

(%)

Items		March 31, 2020	March 31, 2019
Return on total assets	Before income tax	0.18	3.04
	After income tax	0.12	2.96
Return on net worth	Before income tax	0.63	9.52
	After income tax	0.44	9.28
Profit margin		4.23	54.35

Profitability of China Life Insurance

(%)

Items		March 31, 2020	March 31, 2019
Return on total assets	Before income tax	1.05	0.73
	After income tax	0.89	0.64
Return on net worth	Before income tax	17.48	14.68
	After income tax	14.83	12.85
Profit margin		6.29	3.04

53. 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, 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

December 31, 2019

(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	$ 131,402,365	$ 52,410	$ 9,110,674	$ 140,565,449
Bond investments	45,927,020	66,830,638	-	112,757,658
Others	138,489,917	12,301,713	9,686,958	160,478,588
Financial assets designated as at FVTPL	6,338,783	26,181,783	1,580,146	34,100,712
Financial assets at FVTOCI				
Stock investments	19,148,474	81,094	17,330,430	36,559,998
Bond investments	285,144,217	155,301,815	-	440,446,032
Others	-	62,617,894	-	62,617,894
Liabilities				
Financial liabilities at FVTPL				
Financial liabilities held for trading	2,692,640	-	-	2,692,640
Financial liabilities designated as at FVTPL	-	31,350,997	-	31,350,997
Derivative financial instruments				
Assets				
Financial assets at FVTPL	925,372	43,073,878	180,975	44,180,225
Liabilities				
Financial liabilities at FVTPL				
Financial liabilities held for trading	588,862	51,073,529	2,646,181	54,308,572
Financial liabilities designated as at FVTPL	1,311	5,715,467	-	5,716,778

March 31, 2019

(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	$ 141,081,004	$ 91,999	$ 10,931,290	$ 152,104,293
Bond investments	41,380,216	71,330,614	938,704	113,649,534
Others	73,492,855	13,611,525	7,030,091	94,134,471
Financial assets designated as at FVTPL	6,420,629	39,846,518	808,928	47,076,075
Financial assets at FVTOCI				
Stock investments	18,437,816	13,080	13,694,537	32,145,433
Bond investments	247,192,164	168,807,560	-	415,999,724
Others	-	50,715,612	-	50,715,612
Liabilities				
Financial liabilities at FVTPL				
Financial liabilities held for trading	3,632,567	1,357,747	-	4,990,314
Financial liabilities designated as at FVTPL	-	30,010,624	-	30,010,624
Derivative financial instruments				
Assets				
Financial assets at FVTPL				
Financial assets mandatorily classified as at FVTPL	931,282	26,312,086	114,758	27,358,126
Liabilities				
Financial liabilities at FVTPL				
Financial liabilities held for trading	664,968	45,469,546	850,275	46,984,789
Financial liabilities designated as at FVTPL	-	3,987,755	-	3,987,755

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, 2020		For the Three Months Ended March 31, 2019	
	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 FVOCI - bond investments	$ 28,662,326	$ 1,011,769	$ 9,353,331	$ 2,360,366

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, 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

For the Three Months Ended March 31, 2019

(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	$ 18,312,006	$ (491,141)	$ 1,550,498	$ -	$ (356,520)	$ -	$ 19,014,843
Financial assets designated as at FVTPL	574,064	9,168	225,696	-	-	-	808,928
Financial assets at FVTOCI	11,111,094	2,583,443	-	-	-	-	13,694,537

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, 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

For the Three Months Ended March 31, 2019

(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	$ 771,524	$ 54,997	$ 54,680	$ -	$ (30,926)	$ -	$ 850,275

The total gains or losses for the three months ended March 31, 2020 and 2019 included a gain of $242,623 thousand and loss of $199,212 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, 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. Then KGI Bank and subsidiaries select the applicable one according to the analysis.
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. Then KGI Bank and subsidiaries select the applicable one according to the analysis.

	Fair Value at December 31, 2019	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	$ 380,744	Market approach	P/B, P/E, Discount for lack of liquidity	1.06-13.10, 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.
Derivative financial instruments					
Financial assets at FVTPL	180,629	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. Then KGI Bank and subsidiaries select the applicable one according to the analysis.
Financial liabilities at FVTPL	180,444	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. Then KGI Bank and subsidiaries select the applicable one according to the analysis.

	Fair Value at March 31, 2019	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	$ 381,446	Market approach	P/B, P/E, Discount for lack of liquidity	1.18-9.12, 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.
Derivative financial instruments					
Financial assets at FVTPL	112,559	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. Then KGI Bank and subsidiaries select the applicable one according to the analysis.
Financial liabilities at FVTPL	111,769	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. Then KGI Bank and subsidiaries select the applicable one according to the analysis.

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, 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.

(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	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.

(Concluded)

December 31, 2019

	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	17.09%-45.71%	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	0.07%-17.16%	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	15.12%-45.34%	According to condition of contract, fair value of liabilities 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.

March 31, 2019

	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	27.26%-69.36%	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	2.27%-14.67%	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	19.61%-33.34%	According to condition of contract, fair value of liabilities 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.

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, 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)	Reduction proportion	-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)

December 31, 2019

	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)	Reduction proportion	-1%/+1%	$ 104	$ 104
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%	249	193
Financial liabilities				
Derivative instruments				
Structured products - options	Historical volatility	- 25%/+25%	-	-
Equity derivative instruments - premium - options (put option)	Historical volatility	- 25%/+25%	15	17

March 31, 2019

	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)	Reduction proportion	-1%/+1%	$ 438	$ 438
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%	776	777
Financial liabilities				
Derivative instruments				
Structured products - options	Historical volatility	- 25%/+25%	-	-
Equity derivative instruments - premium - options (put option)	Historical volatility	- 25%/+25%	(2)	(3)

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, 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	-	-	-

	Fair Value at December 31, 2019	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	$ 14,340,132	Market approach	P/B	0.68-2.61	When the higher income multiplier, the higher of fair value; when the higher the discount for lack of liquidity, the lower of fair value.
			P/S	0.43-5.56	
			Discount for lack of liquidity	23%-29%	
		Discounted cash-flow method	Discount for lack of liquidity	23%-29%	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.
			WACC	9.97%-13.58%	
			Growth rate	4.50%-7.00%	
		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	32.21%-33.65%	When the higher returns on stock value volatility, the higher of fair value.
		Recent strike price	-	-	-

	Fair Value at March 31, 2019	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	$ 15,887,960	Market approach	P/B	0.8-2.58	When the higher income multiplier, the higher of fair value; when the higher the discount for lack of liquidity, the lower of fair value.
			P/S	0.97-10.91	
			Discount for lack of liquidity	23%-29%	
		Discounted cash-flow method	Discount for lack of liquidity	23%-29%	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.
			WACC	10.11%-17.22%	
			Growth rate	3%-7%	
		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	38.66%-39.58%	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, 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.

	December 31, 2019			
	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	6.10%	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, 2019			
	Valuation Techniques	Significant Unobservable Inputs	Quantification Information	Relationship Between Inputs and Fair Value
Financial assets				
Financial assets at fair value through profit or loss	Options	Volatility in stock price for the 90-day period	20.390%	The higher the volatility in stock price for the 90-day period, the higher the estimated fair value.
	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	6.16%	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%-10%	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.

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

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

Fair value 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.

54. 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, 2020, 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 33 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	
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	$ 2,803,057	
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	2,941,902	-	
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	3,145,541	-	-	
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	3,355,255	-	-	-	
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	3,056,688	-	-	-	-	
2013	2,267,213	2,964,954	3,028,400	3,040,442	3,045,355	3,053,040	3,054,855	3,055,104	-	-	-	-	-	
2014	3,448,229	4,203,186	4,284,682	4,298,217	4,303,753	4,317,090	4,317,539	-	-	-	-	-	-	
2015	3,530,448	4,420,482	4,498,438	4,510,113	4,516,573	4,517,223	-	-	-	-	-	-	-	
2016	3,721,820	4,648,280	4,743,133	4,757,525	4,758,204	-	-	-	-	-	-	-	-	
2017	4,320,234	5,400,952	5,537,543	5,543,477	-	-	-	-	-	-	-	-	-	
2018	4,775,948	5,950,536	5,988,611	-	-	-	-	-	-	-	-	-	-	
2019	5,257,484	6,075,109	-	-	-	-	-	-	-	-	-	-	-	
20120	732,758	-	-	-	-	-	-	-	-	-	-	-	-	$ 1,822,491

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

Add: Long-term insurance claims	398,302
Claim reserve for discount on no claim	125,983
Reserve for claims balance	$ 2,346,776

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	
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	$ 2,803,057	
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	2,941,902	-	
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	3,145,541	-	-	
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	3,355,255	-	-	-	
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	3,056,688	-	-	-	-	
2013	2,227,515	2,908,429	2,966,622	2,971,604	2,976,405	2,983,916	2,985,691	3,055,104	-	-	-	-	-	
2014	3,387,852	4,123,055	4,197,276	4,200,902	4,206,313	4,219,348	4,317,539	-	-	-	-	-	-	
2015	3,468,881	4,336,525	4,407,051	4,408,435	4,414,314	4,517,223	-	-	-	-	-	-	-	
2016	3,657,093	4,560,257	4,647,033	4,649,868	4,758,204	-	-	-	-	-	-	-	-	
2017	4,244,930	5,298,470	5,424,716	5,543,477	-	-	-	-	-	-	-	-	-	
2018	4,692,869	5,837,265	5,987,811	-	-	-	-	-	-	-	-	-	-	
2019	5,165,606	6,057,209	-	-	-	-	-	-	-	-	-	-	-	
20120	728,471	-	-	-	-	-	-	-	-	-	-	-	-	$ 1,818,692

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

Add: Long-term insurance claims	387,817
Claim reserve for discount on no claim	125,983
Reserve for claims balance	$ 2,332,492

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, 2020, December 31, 2019 and March 31, 2019, 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, 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	-	-	-	-	-
December 31, 2019					
Insurance liabilities of investment contracts with discretionary participation features	(34,198,799)	55,226,404	143,257,385	623,765,357	3,612,295,531
Reserve for insurance contracts with feature of financial instruments	-	-	-	-	-
March 31, 2019					
Insurance liabilities of investment contracts with discretionary participation features	(48,456,404)	45,858,926	143,092,268	595,813,773	3,434,028,433
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.

55. 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.

CDIB Capital Group and subsidiaries

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.

China Life Insurance

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

KGI Bank and subsidiaries

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, 2020	**December 31, 2019**	**March 31, 2019**
Irrevocable loan commitments, guarantees and letters of credit	$ 45,426,160	$ 48,223,480	$ 45,175,834

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, 2020					
			Stage 3			
	Stage 1	Stage 2				
	12-month Expected Credit Losses	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	Stage 2				
	12-month Expected Credit Losses	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

	Discounts and Loans					
	December 31, 2019					
			Stage 3			
	Stage 1	Stage 2				
	12-month Expected Credit Losses	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	$ 50,171,454	$ 842,330	$ 723,169	$ -		$ 51,736,953
Short-term secured loans	24,640,770	-	-	-		24,640,770
Medium-term loans	128,966,552	106,882	456,700	-		129,530,134
Medium-term secured loans	66,098,880	50,705	45,100	-		66,194,685
Long-term loans	1,675,199	272,462	465,350	-		2,413,011
Long-term secured loans	71,473,302	85,194	525,080	69,951		72,153,527
Loans reclassified to nonperforming loans	-	-	376,103	-		376,103
Export negotiations	30,866	-	-	-		30,866
Total book values	343,057,023	1,357,573	2,591,502	69,951		347,076,049
Impairment allowance	(1,450,530)	(81,745)	(597,543)	-		(2,129,818)
Impairment recognized in accordance with Regulation Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans					$ (2,334,800)	(2,334,800)
Adjusting for discounts and loans premium					(109,450)	(109,450)
	$ 341,606,493	$ 1,275,828	$ 1,993,959	$ 69,951	$ (2,444,250)	$ 342,501,981

	Receivables December 31, 2019					
	Stage 1	Stage 2	Stage 3			
	12-month Expected Credit Losses	Lifetime Expected Credit Losses	Lifetime Expected Credit Losses	Purchased or Originated Credit-impaired Financial Asset	The Adjustment under the Regulation	Total
Credit card business	$ 2,816,692	$ 191,782	$ 104,575	$ -		$ 3,113,049
Accounts receivable - forfaiting	3,947,653	-	-	-		3,947,653
Accounts receivable factoring without recourse	6,572,098	111	214	-		6,572,423
Acceptances	281,925	-	-	-		281,925
Installment accounts and lease receivables	3,668,294	48,705	63,687	-		3,780,686
Total book value	17,286,662	240,598	168,476	-		17,695,736
Impairment allowance	(43,103)	(32,391)	(57,586)	-		(133,080)
Impairment recognized in accordance with Regulation Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans					$ (135,321)	(135,321)
	$ 17,243,559	$ 208,207	$ 110,890	$ -	$ (135,321)	$ 17,427,335

	Discounts and Loans March 31, 2019					
	Stage 1	Stage 2	Stage 3			
	12-month Expected Credit Losses	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	$ 55,889,212	$ 1,054,400	$ 683,516	$ -		$ 57,627,128
Short-term secured loans	21,639,977	-	2,600	-		21,642,577
Medium-term loans	140,828,539	217,025	316,092	-		141,361,656
Medium-term secured loans	56,540,259	138,025	12,890	-		56,691,174
Long-term loans	947,213	290,922	397,536	-		1,635,671
Long-term secured loans	65,671,218	439,913	961,028	-		67,072,159
Loans reclassified to nonperforming loans	-	-	363,758	-		363,758
Export negotiations	57,269	-	-	-		57,269
Total book values	341,573,687	2,140,285	2,737,420	-		346,451,392
Impairment allowance	(1,475,690)	(158,151)	(436,051)	-		(2,069,892)
Impairment recognized in accordance with Regulation Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans					$ (2,296,064)	(2,296,064)
Adjusting for discounts and loans premium					(125,850)	(125,850)
	$ 340,097,997	$ 1,982,134	$ 2,301,369	$ -	$ (2,421,914)	$ 341,959,586

	Receivables March 31, 2019					
	Stage 1	Stage 2	Stage 3			
	12-month Expected Credit Losses	Lifetime Expected Credit Losses	Lifetime Expected Credit Losses	Purchased or Originated Credit-impaired Financial Asset	The Adjustment under the Regulation	Total
Credit card business	$ 2,337,242	$ 194,756	$ 95,611	$ -		$ 2,627,609
Accounts receivable - forfaiting	6,394,030	-	-	-		6,394,030
Accounts receivable factoring without recourse	7,925,661	160	253	-		7,926,074
Acceptances	78,245	-	-	-		78,245
Installment accounts and lease receivables	3,381,345	47,504	86,915	-		3,515,764
Total book value	20,116,523	242,420	182,779	-		20,541,722
Impairment allowance	(56,539)	(27,732)	(58,818)	-		(143,089)
Impairment recognized in accordance with Regulation Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans					$ (168,022)	(168,022)
	$ 20,059,984	$ 214,688	$ 123,961	$ -	$ (168,022)	$ 20,230,611

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

	March 31, 2020	December 31, 2019	March 31, 2019
Financial assets at FVTPL			
Debt instrument	$ 30,931,762	$ 33,078,636	$ 40,782,828
Derivatives instruments	73,417,277	30,493,327	23,049,713

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, 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

December 31, 2019

	Total Book Value	Credit Impairment	Amount of Risk Exposure (Amortized Cost)	Collaterals Value
Impaired asset:				
Accounts receivable				
Credit card business	$ 104,575	$ 27,085	$ 77,490	$ -
Accounts receivable factoring	214	13	201	-
Installment receivables and lease receivables	63,687	30,488	33,199	-
Discounts and loans	2,661,453	597,543	2,063,910	745,375
Total amount of impaired asset	$ 2,829,929	$ 655,129	$ 2,174,800	$ 745,375

March 31, 2019

	Total Book Value	Credit Impairment	Amount of Risk Exposure (Amortized Cost)	Collaterals Value
Impaired asset:				
Accounts receivable				
Credit card business	$ 95,611	$ 22,879	$ 72,732	$ -
Accounts receivable factoring	253	13	240	-
Installment receivables and lease receivables	86,915	35,926	50,989	-
Discounts and loans	2,737,420	436,051	2,301,369	1,109,778
Total amount of impaired asset	$ 2,920,199	$ 494,869	$ 2,425,330	$ 1,109,778

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 $134,177 thousand and $152,865 thousand for the three months ended March 31, 2020 and 2019.

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, 2020		December 31, 2019		March 31, 2019	
	Amount	%	Amount	%	Amount	%
Public and private enterprise	$ 234,739,526	64.96	$ 220,692,107	63.59	$ 228,367,703	65.91
Natural person	126,284,809	34.95	126,046,099	36.31	117,716,741	33.98
Non-profit organization	327,472	0.09	337,843	0.10	366,948	0.11
Total	$ 361,351,807	100.00	$ 347,076,049	100.00	$ 346,451,392	100.00

b) By region

Region	March 31, 2020		December 31, 2019		March 31, 2019	
	Amount	%	Amount	%	Amount	%
Domestic	$ 268,901,971	74.42	$ 259,269,771	74.70	$ 255,519,257	73.75
Overseas	92,449,836	25.58	87,806,278	25.30	90,932,135	26.25
Total	$ 361,351,807	100.00	$ 347,076,049	100.00	$ 346,451,392	100.00

c) By collateral

Collateral	March 31, 2020		December 31, 2019		March 31, 2019	
	Amount	%	Amount	%	Amount	%
Non-collateral	$ 200,066,591	55.37	$ 183,987,284	53.01	$ 201,006,479	58.02
Collateral						
Property	129,890,791	35.94	130,830,276	37.69	116,953,799	33.76
Guarantee	16,218,650	4.49	16,624,750	4.79	14,563,315	4.20
Financial collateral	7,392,518	2.05	8,251,419	2.38	7,790,974	2.25
Other	7,783,257	2.15	7,382,320	2.13	6,136,825	1.77
Total	$ 361,351,807	100.00	$ 347,076,049	100.00	$ 346,451,392	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, 2020	December 31, 2019	March 31, 2019
Management of foreclosed collateral	$ 588,985	$ 588,985	$ 606,487
Accumulated impairment	(588,985)	(588,985)	(606,487)
	$ -	$ -	$ -

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, 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%

Item			March 31, 2019				
			Nonperforming Loan (NPL) (Note 1)	Total Loans	NPL Ratio (Note 2)	Loan Loss Reserves (LLR)	Coverage Ratio (Note 3)
Corporate loan	Secured		$ 93,567	$ 69,575,652	0.13%	$ 928,314	992.14%
	Unsecured		80,680	163,728,778	0.05%	1,835,973	2,275.63%
Consumer loan	Mortgage (Note 4)		32,202	50,547,166	0.06%	759,945	2,359.92%
	Cash card		132,608	13,489,934	0.98%	286,647	216.16%
	Micro credit (Note 5)		159,404	23,688,611	0.67%	325,293	204.07%
	Other (Note 6)	Secured	22,730	25,396,953	0.09%	229,491	1,009.64%
		Unsecured	110	24,298	0.45%	293	267.47%
Total			521,301	346,451,392	0.15%	4,365,956	837.51%
			Overdue Receivable	Account Receivable	Delinquency Ratio	Allowance for Credit Losses	Coverage Ratio
Credit card			18,239	2,627,609	0.69%	53,622	293.99%
Account receivable - factored without recourse (Note 7)			36	7,926,074	0.00%	107,255	301,125.67%

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, 2020		March 31, 2019	
	Discounts and Loans	Accounts Receivable	Discounts and Loans	Accounts Receivable
Amounts of executed contracts on negotiated debts not reported (Note 1)	$ 7,866	$ 94	$ 10,155	$ 120
Amounts of executed debt settlement program and rehabilitation program not reported (Note 2)	52,985	6,331	47,770	5,822
Total	$ 60,851	$ 6,425	$ 57,925	$ 5,942

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, 2020

(In Thousands of New Taiwan Dollars, %)

Top 10 Ranking	Group (Industry Category)	Total Credit	Percentage of Net Worth
1	A Group - 016811 Real estate activities for sale and rental	$ 8,079,714	13.39
2	B Group - 016429 Activities of other holding companies	6,890,396	11.42
3	C Group - 011850 Manmade fiber manufacturing	6,719,924	11.13
4	D Group - 012641 Manufacture of liquid crystal panel and components	4,961,489	8.22
5	E Group - 016700 Real estate development activities	4,920,000	8.15
6	F Group - 012831 Electric wires and cables manufacturing	4,710,002	7.80
7	G Group - 016811 Real estate activities for sale and rental	4,672,590	7.74
8	H Group - 012411 Iron and steel smelting	4,343,257	7.20
9	I Group - 012613 Packaging and testing of semi-conductors	3,982,302	6.60
10	J Group - 012712 Manufacture of monitors and terminals	3,647,397	6.04

March 31, 2019

(In Thousands of New Taiwan Dollars, %)

Top 10 Ranking	Group (Industry Category)	Total Credit	Percentage of Net Worth
1	C Group - 012331 Manufacture of cement	$ 8,626,391	14.09
2	B Group - 016429 Activities of other holding companies	5,446,000	8.90
3	I Group - 012613 Packaging and testing of semi-conductors	5,317,921	8.69
4	G Group - 016811 Real estate activities for sale and rental	4,985,864	8.14
5	D Group - 012641 Manufacture of liquid crystal panel and components	4,730,969	7.73
6	A Group - 016811 Real estate activities for sale and rental	4,551,870	7.43
7	K Group - 015100 Civil aviation transportation	4,346,864	7.10
8	H Group - 012411 Iron and steel smelting	3,873,317	6.33
9	J Group - 012712 Manufacture of monitors and terminals	3,405,522	5.56
10	L Group - 012711 Computer manufacturing	3,228,711	5.27

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, its 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.

<table>
<tr><th>Business</th><th>Combination</th><th>Definition</th></tr>
<tr><td rowspan="6">Corporate banking</td><td>Large enterprises + Stage 1</td><td rowspan="2">Credit risk has not increased significantly.</td></tr>
<tr><td>Small and medium enterprises + Stage 1</td></tr>
<tr><td>Large enterprises + Stage 2</td><td rowspan="2">Credit risk has increased significantly.</td></tr>
<tr><td>Small and medium enterprises + Stage 2</td></tr>
<tr><td>Large enterprises + Stage 3</td><td rowspan="2">Credit impaired.</td></tr>
<tr><td>Small and medium enterprises + Stage 3</td></tr>
<tr><td rowspan="3">Consumer banking</td><td>Product + Stage 1</td><td>Credit risk has not increased significantly.</td></tr>
<tr><td>Product + Stage 2</td><td>Credit risk has increased significantly.</td></tr>
<tr><td>Product + Stage 3</td><td>Credit impaired.</td></tr>
</table>

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.

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, 2020 and 2019 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	$ 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 increase 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 $45,003,001 thousand change in total book value resulted in abovementioned provisions decreased by $29,211 thousand in comparison to the prior period.

	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	$ 150,970	$ 896	$ -	$ 1,670	$ -	$ 153,536	$ 62,440	$ 215,976
Changes due to financial instruments that have been identified at the beginning of the period:								
To lifetime ECL	(37)	37	-	-	-	-		-
From conversion to credit-impaired financial assets	(10)	(4)	-	14	-	-		-
To 12-month ECL	565	(321)	-	(244)	-	-		-
Derecognizing financial assets during the current period	(10,396)	-	-	-	-	(10,396)		(10,396)
Purchased or originated new financial assets	38,265	80	-	853	-	39,198		39,198
The adjustments under regulations governing the procedures for banking institutions to evaluate assets and deal with nonperforming/nonaccrual loans							57,335	57,335
Write-off	-	-	-	-	-	-		-
Recovery of written-off	-	-	-	-	-	-		-
Effect of exchange rate changes and others	(21,109)	539	-	308	-	(20,262)		(20,262)
Balance at March 31, 2019	$ 158,248	$ 1,227	$ -	$ 2,601	$ -	$ 162,076	$ 119,775	$ 281,851

KGI Bank and its subsidiaries had no significant increase in off-balance-sheet guarantees, and expected credit loss during the duration of the financing commitment unused amount for the three months ended March 31, 2019. Net increase of $27,593,978 thousand change in total book value resulted in abovementioned provisions increased by $65,875 thousand in comparison to the prior period.

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

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, 2020, December 31, 2019 and March 31, 2019, loss allowance for debt instruments measured at amortized cost due to the slight adjustment of the portfolio were $3,170 thousand, $3,198 thousand and $3,592 thousand, respectively.

17) Loss allowance for receivables

The reconciliation statement of loss allowance for receivables for the three months ended March 31, 2020 and 2019 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	$ 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

	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	$ 69,740	$ 28,458	$ 5	$ 1,183,155	$ -	$ 1,281,358	$ 237,888	$ 1,519,246
Changes due to financial instruments that have been identified at the beginning of the period:								
To lifetime ECL	(393)	3,089	-	(2,696)	-	-		-
From conversion to credit-impaired financial assets	(143)	(1,498)	-	1,641	-	-		-
To 12-month ECL	464	(227)	-	(237)	-	-		-
Derecognizing financial assets during the current period	(6,861)	(1,482)	-	(2,209)	-	(10,552)		(10,552)
Purchased or originated new financial assets	4,243	-	-	470	-	4,713		4,713
The adjustments under regulations governing the procedures for banking institutions to evaluate assets and deal with nonperforming/nonaccrual loans							(18,640)	(18,640)
Write-off	-	-	-	(980)	-	(980)		(980)
Recovery of written-off	-	-	-	4,124	-	4,124		4,124
Effect of exchange rate changes and others	(6,686)	(44)	-	(7,971)	-	(14,701)		(14,701)
Balance at March 31, 2019	$ 60,364	$ 28,296	$ 5	$ 1,175,297	$ -	$ 1,263,962	$ 219,248	$ 1,483,210

Changes in total book values of receivables for the three months ended March 31, 2020 and 2019 of KGI Bank and subsidiaries:

	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	Total
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

	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	$ 27,184,310	$ 251,010	$ 17	$ 1,891,476	$ -	$ 29,326,813
Conversion from individual financial instruments to lifetime ECL	-	-	2	(2)	-	-
Conversion from individual financial instruments to credit-impaired financial assets	-	-	(2)	2	-	-
Roll-out individual financial instruments from credit-impaired financial assets	-	-	-	-	-	-
Receivables based on collective assessment	(35,518)	16,111	-	19,407	-	-
Purchased or originated new receivables	1,374,500	-	-	3,112	-	1,377,612
Write-off	-	-	-	(1,831)	-	(1,831)
Derecognition	(2,855,378)	(18,726)	-	(72,038)	-	(2,946,142)
Effect of exchange rate changes and others	10,725	995	(1)	2,732	-	14,451
Balance at March 31, 2019	$ 25,678,639	$ 249,390	$ 16	$ 1,842,858	$ -	$ 27,770,903

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, 2020 and 2019 of the KGI Bank and subsidiaries were as follows:

	Stage 1	Stage 2		Stage 3		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
		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	$ 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

	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	$ 1,415,427	$ 95,618	$ 7,085	$ 495,451	$ -	$ 2,013,581	$ 2,320,761	$ 4,334,342
Changes due to financial instruments that have been identified at the beginning of the period:								
To lifetime ECL	(530)	7,621	4,050	(11,141)	-	-		-
From conversion to credit-impaired financial assets	(532)	(7,143)	(2,106)	9,781	-	-		-
To 12-month ECL	32,525	(831)	-	(31,694)	-	-		-
Derecognizing financial assets during the current period	(107,324)	(4,721)	(65)	(32,828)	-	(144,938)		(144,938)
Purchased or originated new financial assets	335,049	25	-	2,094	-	337,168		337,168
The adjustments under regulations governing the procedures for banking institutions to evaluate assets and deal with nonperforming/nonaccrual loans							(24,697)	(24,697)
Write-off	-	-	-	(137,456)	-	(137,456)		(137,456)
Recovery of written-off	-	-	-	175,503	-	175,503		175,503
Effect of exchange rate changes and others	(198,925)	58,526	92	(33,659)	-	(173,966)		(173,966)
Balance at March 31, 2019	$ 1,475,690	$ 149,095	$ 9,056	$ 436,051	$ -	$ 2,069,892	$ 2,296,064	$ 4,365,956

Changes in total book values of discounts and loans for the three months ended March 31, 2020 and 2019 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	Total
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

	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	$ 335,634,535	$ 1,729,750	$ 23,616	$ 2,826,173	$ -	$ 340,214,074
Conversion from individual financial instruments to lifetime ECL	-	-	13,502	(13,502)	-	-
Conversion from individual financial instruments to credit-impaired financial assets	-	-	(7,020)	7,020	-	-
Roll-out individual financial instruments from credit-impaired financial assets	-	-	-	-	-	-
Discounts and loans based on collective assessment	(629,151)	480,932	-	148,219	-	-
Purchased or originated new discounts and loans	130,034,901	120	-	44,943	-	130,079,964
Write-off	-	-	-	(137,456)	-	(137,456)
Derecognition	(123,654,860)	(101,645)	(217)	(138,102)	-	(123,894,824)
Effect of exchange rate changes and others	188,262	941	306	125	-	189,634
Balance at March 31, 2019	$ 341,573,687	$ 2,110,098	$ 30,187	$ 2,737,420	$ -	$ 346,451,392

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 and underlying assets 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 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 meets 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 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 regularly evaluates the financial, operating and credit risk status of financial institutions and futures companies. The credit risk is under KGI Securities' 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) Financial assets measured at amortized cost

On March 31, 2019, subsidiaries of KGI Securities held the principal of unsecured subordinated bonds and discounted value of coupon interests issued by Sunny Bank, Hwatai Bank and Panhsin Bank. Subsidiaries of KGI Securities Control the credit risk by evaluating the credit risk status of each financial institution.

i) 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

KGI Securities and domestic subsidiaries

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.

Overseas subsidiaries

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, 2020 and 2019.

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, 2020, December 31, 2019 and March 31, 2019 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 $22,487,040 thousand, $26,859,655 thousand and $24,596,560 thousand, respectively, and allowance loss for financial assets at fair value through other comprehensive income were $9,381 thousand, $10,992 thousand and $7,910 thousand, respectively.

Accounts receivable and others

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

December 31, 2019

	Total Book Value	Less: Allowance Loss	Total
Cash and cash equivalents	$ 16,650,481	$ (54)	$ 16,650,427
Bonds purchased under resell agreement	18,188,175	-	18,188,175
Margin loans receivables	24,157,751	(1,887)	24,155,864
Trading securities receivables	5,365,585	(519)	5,365,066
Customer's margin accounts	37,536,624	(984)	37,535,640
Futures commission merchant receivable	167,493	(160,587)	6,906
Accounts receivable	27,581,035	(1,561)	27,579,474
Other current assets	37,511,895	(4,718)	37,507,177
Other non-current assets	4,374,460	(1,752,929)	2,621,531
	$ 171,533,499	$ (1,923,239)	$ 169,610,260

March 31, 2019

	Total Book Value	Less: Allowance Loss	Total
Cash and cash equivalents	$ 12,565,606	$ (3,122)	$ 12,562,484
Bonds purchased under resell agreement	25,944,025	(16)	25,944,009
Margin loans receivables	22,639,792	(1,776)	22,638,016
Trading securities receivables	7,480,525	(1,082)	7,479,443
Customer's margin accounts	40,014,005	(616)	40,013,389
Futures commission merchant receivable	187,519	(176,333)	11,186
Accounts receivable	32,927,523	(1,319)	32,926,204
Other current assets	35,324,168	(8,499)	35,315,669
Financial assets measured at amortized cost - non-current	500,000	(3,210)	496,790
Other non-current assets	4,948,618	(1,790,530)	3,158,088
	$ 182,531,781	$ (1,986,503)	$ 180,545,278

2) Changes in allowance losses of KGI Securities and subsidiaries for the three months ended March 31, 2020 and 2019 are as follows:

a) Financial assets at fair value through other comprehensive income

	12 Months Expected Credit Loss
January 1, 2020	$ (10,992)
Reversal (increase)	1,616
Change in exchange rate	(5)
March 31, 2020	$ (9,381)
January 1, 2019	$ (5,447)
Reversal (increase)	(3,128)
Change in exchange rate	665
March 31, 2019	$ (7,910)

Investments in debt instruments at FVTOCI increased, and the allowance loss increased accordingly for the three months ended March 31, 2020 and 2019.

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, 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)
January 1, 2019	$ (15,875)	$ (217)	$ (1,975,004)	$ (3,580)	$ (1,994,676)
Addition (reversal)	1,160	(280)	5,760	(81)	6,559
Derecognizing financial assets during the current period	-	-	6,841	-	6,841
Change in exchange rate	(39)	(1)	(5,187)	-	(5,227)
March 31, 2019	$ (14,754)	$ (498)	$ (1,967,590)	$ (3,661)	$ (1,986,503)

c) 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 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.

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, 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%

December 31, 2019

Financial Assets	Taiwan	Asia	Europe	America	Global	Total
Cash and cash equivalents	$ 59,222,242	$ 18,687,554	$ 8,016,222	$ -	$ -	$ 85,926,018
Financial assets at fair value through profit or loss	25,533,331	8,950,753	16,606,529	1,224,110	-	52,314,723
Financial assets at fair value through other comprehensive income	74,743,643	110,640,035	77,612,643	80,575,074	-	343,571,395
Financial assets at amortized cost	133,360,531	238,509,983	248,102,345	372,806,878	18,256,497	1,011,036,234
Refundable deposits - bonds	6,708,195	-	-	-	-	6,708,195
	$ 299,567,942	$ 376,788,325	$ 350,337,739	$ 454,606,062	$ 18,256,497	$ 1,499,556,565
Proportion	19.98%	25.13%	23.36%	30.31%	1.22%	100.00%

March 31, 2019

Financial Assets	Taiwan	Asia	Europe	America	Global	Total
Cash and cash equivalents	$ 29,494,588	$ 11,950,553	$ 4,156,444	$ -	$ -	$ 45,601,585
Financial assets at fair value through profit or loss	24,085,485	11,874,855	30,433,324	3,820,654	-	70,214,318
Financial assets at fair value through other comprehensive income	82,013,808	75,616,708	70,623,259	66,791,124	-	295,044,899
Financial assets at amortized cost	141,698,646	218,703,187	218,900,303	379,957,380	18,201,365	977,460,881
Refundable deposits - bonds	5,966,344	-	-	-	-	5,966,344
	$ 283,258,871	$ 318,145,303	$ 324,113,330	$ 450,569,158	$ 18,201,365	$ 1,394,288,027
Proportion	20.32%	22.82%	23.25%	32.31%	1.30%	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, 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%

December 31, 2019

Location	Northern Areas: Taipei and Eastern Counties	Central Area: Taichung to Changhua and Nantou	Southern Area: Counties Below Tainan	Total
Secured loans	$ 414,446	$ 211,086	$ 208,190	$ 833,722
Overdue receivables	-	-	-	-
	$ 414,446	$ 211,086	$ 208,190	$ 833,722
Proportion	49.71%	25.32%	24.97%	100.00%

March 31, 2019

Location	Northern Areas: Taipei and Eastern Counties	Central Area: Taichung to Changhua and Nantou	Southern Area: Counties Below Tainan	Total
Secured loans	$ 501,284	$ 268,623	$ 281,332	$ 1,051,239
Overdue receivables	-	2,032	450	2,482
	$ 501,284	$ 270,655	$ 281,782	$ 1,053,721
Proportion	47.57%	25.69%	26.74%	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, 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%

December 31, 2019

Financial Assets	Investment Grade	Non-investment Grade
Cash and cash equivalents	$ 85,926,018	$ -
Financial assets at fair value through profit or loss	52,314,723	-
Financial assets at fair value through other comprehensive income	336,578,279	6,993,116
Financial assets at amortized cost	1,011,036,234	-
Refundable deposits	6,708,195	-
	$ 1,492,563,449	$ 6,993,116
Proportion	99.53%	0.47%

March 31, 2019

Financial Assets	Investment Grade	Non-investment Grade
Cash and cash equivalents	$ 45,601,585	$ -
Financial assets at fair value through profit or loss	70,214,318	-
Financial assets at fair value through other comprehensive income	295,044,899	-
Financial assets at amortized cost	977,460,881	-
Refundable deposits	5,966,344	-
	$ 1,394,288,027	$ -
Proportion	100.00%	-

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, 2020, December 31, 2019 and March 31, 2019. The assessment indicates those investments belongs to lower credit risk. Therefore, the 12-month expected credit loss (loss rate 0.00%-0.09%, 0.00%-0.18% and 0.00%-0.19%, 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 on March 31, 2020, December 31, 2019 and March 31, 2019 are as follows:

	Measured Fair Value Through Other Comprehensive Income	Measured at Amortized Cost	Other Receivables
Total book value on March 31, 2020 (Note)	$ 312,792,847	$ 1,030,084,320	$ 13,245,563
Total book value on December 31, 2019 (Note)	$ 311,747,682	$ 1,017,837,593	$ 10,760,410
Total book value on March 31, 2019 (Note)	$ 285,868,081	$ 983,510,251	$ 9,599,357

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, 2020 and 2019 are as follows:

	Measured Fair Value Through Other Comprehensive Income	**Measured at Amortized Cost**	**Other Receivables**
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
January 1, 2019	$ 27,070	$ 86,642	$ 1,044
Disposal	(2,634)	(1,759)	(510)
Addition	3,225	4,123	489
Change in model/risk factors	1,033	3,590	23
Change in exchange rate and others	87	319	2
March 31, 2019	$ 28,781	$ 92,915	$ 1,048

For the three months ended March 31, 2020 and 2019, the increase in debt investments measured at amortized cost and at fair value through other comprehensive income correspond with the increase in the allowance loss measured on the basis of 12 months.

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, 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

December 31, 2019

Credit Risk Ratings	Measurement of Expected Credit Loss	Guarantee Loans	Other Receivables
Low credit risk	12 months expected credit loss	$ 835,898	$ 847
Credit risk significantly increase	Lifetime expected credit loss	1,685	9
Impairment	Lifetime expected credit loss	9,199	14
Total book value		$ 846,782	$ 870

March 31, 2019

Credit Risk Ratings	Measurement of Expected Credit Loss	Guarantee Loans	Other Receivables
Low credit risk	12 months expected credit loss	$ 1,050,481	$ 1,032
Credit risk significantly increase	Lifetime expected credit loss	5,530	29
Impairment	Lifetime expected credit loss	15,713	79
Total book value		$ 1,071,724	$ 1,140

Changes in allowance losses for the three months ended March 31, 2020 and 2019 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, 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

(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, 2019	$ 73	$ 342	$ 1,256	$ 1,671	$ 16,332	$ 18,003
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	(3)	-	-	(3)	-	(3)
Impairment recognized in accordance with Guidelines for Handling Assessment of Assets, Loans Overdue, Receivable on Demand and Bad Debts by Insurance Enterprises	-	-	-	-	(1,444)	(1,444)
Change in exchange rate and others	(3)	1,496	(46)	1,447	-	1,447
March 31, 2019	$ 67	$ 1,838	$ 1,210	$ 3,115	$ 14,888	$ 18,003

(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, 2020 and 2019 are as follows:

	Receivables	
	2019	2018
January 1, 2020	$ 7,845	$ 7,915
Addition (reversal)	(22)	(66)
Written-off due to uncollectable	-	-
March 31, 2020	$ 7,823	$ 7,849

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, 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 New Taiwan Dollars)

December 31, 2019	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Deposits from the Central Bank and banks	$ 10,123,296	$ -	$ -	$ 166,850	$ -	$ 10,290,146
Notes and bonds issued under repurchase agreement	5,791,571	-	-	-	-	5,791,571
Deposits and remittances	56,190,343	73,918,182	63,886,282	71,397,928	17,967,649	283,360,384
Bank debentures payable	-	-	1,000,000	-	9,450,000	10,450,000
Other capital outflow on maturity	3,174,240	977,602	610,172	632,082	2,508,531	7,902,627
Total	$ 75,279,450	$ 74,895,784	$ 65,496,454	$ 72,196,860	$ 29,926,180	$ 317,794,728

(In Thousands of New Taiwan Dollars)

March 31, 2019	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Deposits from the Central Bank and banks	$ 10,550,000	$ -	$ 9,590	$ 180,556	$ -	$ 10,740,146
Notes and bonds issued under repurchase agreement	9,912,222	343,070	-	-	-	10,255,292
Deposits and remittances	41,616,798	86,467,541	75,429,517	60,056,722	31,245,000	294,815,578
Bank debentures payable	-	-	-	-	7,350,000	7,350,000
Other capital outflow on maturity	1,943,474	1,127,349	1,470,282	764,405	246,940	5,552,450
Total	$ 64,022,494	$ 87,937,960	$ 76,909,389	$ 61,001,683	$ 38,841,940	$ 328,713,466

(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

(In Thousands of U.S. Dollars)

December 31, 2019	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Deposits from the Central Bank and banks	$ 196,000	$ 185,000	$ 30,000	$ -	$ -	$ 411,000
Notes and bonds issued under repurchase agreement	34,308	129,787	-	-	-	164,095
Deposits and remittances	1,475,688	1,040,336	497,607	710,207	16,677	3,740,515
Bank debentures payable	-	-	-	-	1,014,758	1,014,758
Other capital outflow on maturity	23,118	31,544	7,225	460	235,970	298,317
Total	$ 1,729,114	$ 1,386,667	$ 534,832	$ 710,667	$ 1,267,405	$ 5,628,685

(In Thousands of U.S. Dollars)

March 31, 2019	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Deposits from the Central Bank and banks	$ 106,000	$ 120,000	$ 30,000	$ 10,000	$ -	$ 266,000
Notes and bonds issued under repurchase agreement	150,444	452,496	434,185	-	-	1,037,125
Deposits and remittances	1,369,473	1,068,645	599,820	1,029,844	35,744	4,103,526
Bank debentures payable	-	-	-	-	973,581	973,581
Other capital outflow on maturity	26,229	31,868	7,193	1,747	199,877	266,914
Total	$ 1,652,146	$ 1,673,009	$ 1,071,198	$ 1,041,591	$ 1,209,202	$ 6,647,146

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, 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 New Taiwan Dollars)

December 31, 2019	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	$ (164,347,333)	$ (268,369,855)	$ (133,746,346)	$ (83,336,388)	$ (981,280)	$ (650,781,202)
Cash inflow	151,878,212	246,852,094	130,914,798	78,914,741	-	608,559,845
Interest rate derivatives instruments						
Cash outflow	(191,930)	(404,974)	(11,308)	-	(23,503,490)	(24,111,702)
Cash inflow	166,765	379,890	11,010	-	-	557,665
Cash outflow subtotal	(164,539,263)	(268,774,829)	(133,757,654)	(83,336,388)	(24,484,770)	(674,892,904)
Cash inflow subtotal	152,044,977	247,231,984	130,925,808	78,914,741	-	609,117,510
Net cash flow	$ (12,494,286)	$ (21,542,845)	$ (2,831,846)	$ (4,421,647)	$ (24,484,770)	$ (65,775,394)

(In Thousands of New Taiwan Dollars)

March 31, 2019	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	$ (221,200,131)	$ (261,059,443)	$ (135,079,722)	$ (65,152,621)	$ (8,842,300)	$ (691,334,217)
Cash inflow	204,508,063	239,601,001	128,536,835	62,046,954	7,947,910	642,640,763
Interest rate derivatives instruments						
Cash outflow	(2,662,104)	(369,026)	(42,428)	(300,401)	(13,901,751)	(17,275,710)
Cash inflow	123,725	363,477	42,996	-	-	530,198
Cash outflow subtotal	(223,862,235)	(261,428,469)	(135,122,150)	(65,453,022)	(22,744,051)	(708,609,927)
Cash inflow subtotal	204,631,788	239,964,478	128,579,831	62,046,954	7,947,910	643,170,961
Net cash flow	$ (19,230,447)	$ (21,463,991)	$ (6,542,319)	$ (3,406,068)	$ (14,796,141)	$ (65,438,966)

(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

(In Thousands of U.S. Dollars)

December 31, 2019	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	$ (5,750,775)	$ (9,001,291)	$ (4,941,888)	$ (3,195,125)	$ (39,760)	$ (22,928,839)
Cash inflow	6,494,421	9,827,038	4,757,470	3,276,983	71,760	24,427,672
Interest rate derivatives instruments						
Cash outflow	(64,773)	(104,723)	(61,874)	(7,424)	(59,508)	(298,302)
Cash inflow	42,890	93,676	46,775	2,148	-	185,489
Others						
Cash outflow	(42)	-	-	-	-	(42)
Cash inflow	301	-	-	-	-	301
Cash outflow subtotal	(5,815,590)	(9,106,014)	(5,003,762)	(3,202,549)	(99,268)	(23,227,183)
Cash inflow subtotal	6,537,612	9,920,714	4,804,245	3,279,131	71,760	24,613,462
Net cash flow	$ 722,022	$ 814,700	$ (199,517)	$ 76,582	$ (27,508)	$ 1,386,279

(In Thousands of U.S. Dollars)

March 31, 2019	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	$ (7,684,460)	$ (8,468,686)	$ (4,613,101)	$ (2,411,554)	$ (536,973)	$ (23,714,774)
Cash inflow	8,369,149	9,403,150	4,704,013	2,293,638	567,972	25,337,922
Interest rate derivatives instruments						
Cash outflow	(73,288)	(117,506)	(82,144)	(52,125)	(71,965)	(397,028)
Cash inflow	60,701	111,067	102,831	3,926	71	278,596
Others						
Cash outflow	(429)	-	-	-	-	(429)
Cash inflow	606	-	-	-	-	606
Cash outflow subtotal	(7,758,177)	(8,586,192)	(4,695,245)	(2,463,679)	(608,938)	(24,112,231)
Cash inflow subtotal	8,430,456	9,514,217	4,806,844	2,297,564	568,043	25,617,124
Net cash flow	$ 672,279	$ 928,025	$ 111,599	$ (166,115)	$ (40,895)	$ 1,504,893

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, 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

December 31, 2019	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	$ 15,435,073	$ 4,342,895	$ 3,866,860	$ 11,583,264	$ 12,995,388	$ 48,223,480

March 31, 2019	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	$ 11,041,709	$ 6,540,572	$ 3,883,256	$ 9,625,525	$ 14,084,772	$ 45,175,834

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, 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)

(In Thousands of New Taiwan Dollars)

March 31, 2019	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	$ 147,735,646	$ 250,201,973	$ 287,048,737	$ 151,764,773	$ 101,625,695	$ 156,752,012	$ 1,095,128,836
Main capital outflow on maturity	93,168,728	209,309,221	378,108,476	237,249,094	179,890,336	220,224,201	1,317,950,056
Gap	54,566,918	40,892,752	(91,059,739)	(85,484,321)	(78,264,641)	(63,472,189)	(222,821,220)

b) Maturity analysis of KGI Bank's assets and liabilities in U.S. dollars

(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)

(In Thousands of U.S. Dollars)

March 31, 2019	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Main capital inflow on maturity	$ 9,704,434	$ 10,418,859	$ 5,149,223	$ 2,619,514	$ 3,597,640	$ 31,489,670
Main capital outflow on maturity	9,595,133	10,628,630	6,165,502	4,133,474	3,139,851	33,662,590
Gap	109,301	(209,771)	(1,016,279)	(1,513,960)	457,789	(2,172,920)

KGI Securities and subsidiaries

1) Cash flow analysis

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

Statement of Cash Flow Analysis for Financial Assets

(In Thousands of New Taiwan Dollars)

December 31, 2019	Collection Period					Total
	Spot	In 3 Months	3 Months-12 Months	Over 1 Year-5 Years	Over 5 Years	
Cash and cash equivalents	$ 5,696,868	$ 10,953,559	$ -	$ -	$ -	$ 16,650,427
Financial assets measured at FVTPL - current	63,269,847	5,028,733	3,976,634	9,531,757	20,357	81,827,328
Financial assets measured at FVTOCI - current	17,490,965	2,763,329	727,176	-	-	20,981,470
Securities purchased under resell agreement	-	18,221,682	-	-	-	18,221,682
Receivables	36,369,508	2,953,477	17,790,823	-	-	57,113,808
Customer margin accounts	37,535,640	-	-	-	-	37,535,640
Stock borrowing collateral price and security lending deposits	1,023,538	10,110,005	5,647,820	-	-	16,781,363
Other financial assets - current	-	-	3,126,037	-	-	3,126,037
Current tax assets	-	-	12,683	4,259	286	17,228
Other current assets	35,613,718	509,440	1,384,019	-	-	37,507,117
Financial assets measured at FVTPL - non-current	-	-	-	716,206	2,375,584	3,091,790
Financial assets measured at FVTOCI - non-current	-	-	-	-	8,058,407	8,058,407
Investments accounted for using the equity method	-	-	-	-	16,385,894	16,385,894
Other non-current assets	-	-	-	329	2,578,969	2,579,298
Total	$ 197,000,084	$ 50,540,225	$ 32,665,192	$ 10,252,551	$ 29,419,497	$ 319,877,549
Percentage	61.59%	15.80%	10.21%	3.20%	9.20%	100.00%

Statement of Cash Flow Analysis for Financial Liabilities

(In Thousands of New Taiwan Dollars)

December 31, 2019	Payment Period					Total
	Spot	In 3 Months	3 Months-12 Months	Over 1 Year-5 Years	Over 5 Years	
Short-term borrowings	$ -	$ 18,789,210	$ -	$ -	$ -	$ 18,789,210
Commercial papers payable	-	6,043,308	-	-	-	6,043,308
Financial liabilities measured at FVTPL - current	3,882,975	1,334,940	4,227,440	5,771,703	1,057,325	16,274,383
Bonds issued under repurchase agreements	-	77,526,773	-	-	-	77,526,773
Payables	48,220,935	2,258,885	4,164,112	-	-	54,643,932
Guarantee deposits received from security lending	-	8,145,992	15,072,197	-	-	23,218,189
Futures customers' equity	36,405,424	-	-	-	-	36,405,424
Amounts collected for others/other payables/other current liabilities	565,630	1,241,103	11,667,891	37	-	13,474,661
Other financial liabilities - current	-	4,888,051	187	1,457	860	4,890,555
Lease liabilities-current	-	130,877	361,339	-	-	492,216
Current tax liabilities	-	-	160,908	-	739,950	900,858
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	195,457	220,210
Lease liabilities - non-current	-	-	-	752,538	-	752,538
Other non-current liabilities	-	-	609	685,100	68,013	753,722
Total	$ 89,074,964	$ 120,359,139	$ 40,454,683	$ 10,135,588	$ 3,361,605	$ 263,385,979
Percentage	33.82%	45.70%	15.36%	3.85%	1.27%	100.00%

Statement of Capital Liquidation Gap

(In Thousands of New Taiwan Dollars)

December 31, 2019	Collection and Payment Period					Total
	Spot	In 3 Months	3 Months-12 Months	Over 1 Year-5 Years	Over 5 Years	
Cash inflow	$ 197,000,084	$ 50,540,225	$ 32,665,192	$ 10,252,551	$ 29,419,497	$ 319,877,549
Cash outflow	89,074,964	120,359,139	40,454,683	10,135,588	3,361,605	263,385,979
Amount of cash flow gap	$ 107,925,120	$ (69,818,914)	$ (7,789,491)	$ 116,963	$ 26,057,892	$ 56,491,570

Statement of Cash Flow Analysis for Financial Assets

(In Thousands of New Taiwan Dollars)

March 31, 2019	Collection Period					Total
	Spot	In 3 Months	3 Months-12 Months	Over 1 Year-5 Years	Over 5 Years	
Cash and cash equivalents	$ 6,946,190	$ 5,616,294	$ -	$ -	$ -	$ 12,562,484
Financial assets measured at FVTPL - current	46,324,805	1,600,346	1,006,303	10,320,120	59,330	59,310,904
Financial assets measured at FVTOCI - current	12,568,896	6,670,947	720,747	-	-	19,960,590
Securities purchased under resell agreement	-	25,974,649	-	-	-	25,974,649
Receivables	41,142,679	3,501,679	17,198,098	1,213,456	-	63,055,912
Customer margin accounts	40,013,389	-	-	-	-	40,013,389
Stock borrowing collateral price and security lending deposits	1,374,912	3,492,215	5,509,992	-	-	10,377,119
Other financial assets - current	-	-	1,713,840	-	-	1,713,840
Current tax assets	-	-	8,365	2,515	569,624	580,504
Other current assets	33,292,473	1,077,922	945,274	-	-	35,315,669
Financial assets measured at FVTPL - non-current	-	-	-	636,002	2,287,308	2,923,310
Financial assets measured at FVTOCI - non-current	-	-	-	-	7,504,619	7,504,619
Financial assets at amortized cost - non-current	-	-	-	298,693	198,097	496,790
Investments accounted for using the equity method	-	-	-	-	14,038,612	14,038,612
Other non-current assets	50,000	-	100,000	259,760	2,713,960	3,123,720
Total	$ 181,713,344	$ 47,934,052	$ 27,202,619	$ 12,730,546	$ 27,371,550	$ 296,952,111
Percentage	61.19%	16.14%	9.16%	4.29%	9.22%	100.00%

Statement of Cash Flow Analysis for Financial Liabilities

(In Thousands of New Taiwan Dollars)

March 31, 2019	Payment Period					Total
	Spot	In 3 Months	3 Months-12 Months	Over 1 Year-5 Years	Over 5 Years	
Short-term borrowings	$ -	$ 15,879,229	$ -	$ -	$ -	$ 15,879,229
Commercial papers payable	-	4,755,958	-	-	-	4,755,958
Financial liabilities measured at FVTPL - current	4,583,235	830,427	1,424,484	6,811,766	62,521	13,712,433
Bonds issued under repurchase agreements	-	77,386,248	-	-	-	77,386,248
Payables	55,891,732	1,617,815	2,815,231	48,404	-	60,373,182
Guarantee deposits - borrowed securities	-	6,657,242	10,321,215	-	-	16,978,457
Futures customers' equity	38,044,972	-	-	-	-	38,044,972
Collections/other payables/other current liabilities	613,630	970,386	5,820,126	35	-	7,404,177
Other financial liabilities - current	-	2,718,851	-	777	-	2,719,628
Lease liabilities-current	-	132,921	379,172	-	-	512,093
Current tax liabilities	-	11,133	159,712	1,375	743,888	916,108
Bonds payable	-	-	-	4,800,000	-	4,800,000
Provisions - noncurrent	-	-	-	21,239	199,501	220,740
Lease provision-noncurrent	-	-	-	1,012,929	-	1,012,929
Other noncurrent liabilities	-	-	-	627,970	78,940	706,910
Total	$ 99,133,569	$ 110,960,210	$ 20,919,940	$ 13,324,495	$ 1,084,850	$ 245,423,064
Percentage	40.39%	45.21%	8.53%	5.43%	0.44%	100.00%

Statement of Capital Liquidation Gap

(In Thousands of New Taiwan Dollars)

March 31, 2019	Collection and Payment Period					Total
	Spot	In 3 Months	3 Months-12 Months	Over 1 Year-5 Years	Over 5 Years	
Cash inflow	$ 181,713,344	$ 47,934,052	$ 27,202,619	$ 12,730,546	$ 27,371,550	$ 296,952,111
Cash outflow	99,133,569	110,960,210	20,919,940	13,324,495	1,084,850	245,423,064
Amount of cash flow gap	$ 82,579,775	$ (63,026,158)	$ 6,282,679	$ (593,949)	$ 26,286,700	$ 51,529,047

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, 2020, December 31, 2019 and March 31, 2019, show that the sums from deducting cash outflow from cash inflow are $48,327,656 thousand, $56,491,570 thousand and $51,529,047 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.

CDIB Capital Group and subsidiaries

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, 2020, December 31, 2019 and March 31, 2019, CDIB Capital Group and subsidiaries' other financial liabilities are $375,045 thousand, $373,788 thousand and $382,733 thousand, respectively, and will be paid by financial assets and the rest of non-derivative financial liabilities are $559,966 thousand, $985,757 thousand and $756,935 thousand, respectively, and are mainly all current liabilities.

China Life Insurance

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, 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

	December 31, 2019			
	In 1 Year	**1-5 Years**	**Over 5 Years**	**Total**
Payables	$ 19,381,881	$ 35,415	$ -	$ 19,417,296
Lease liabilities	165,162	370,132	4,835,373	5,370,667

	March 31, 2019			
	In 1 Year	**1-5 Years**	**Over 5 Years**	**Total**
Payables	$ 24,205,516	$ 24,560	$ -	$ 24,230,076
Lease liabilities	159,150	403,484	4,814,412	5,377,046

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, 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

	December 31, 2019				
	In 90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Financial liabilities at fair value through profit or loss	$ 1,357,762	$ 43,560	$ 24,748	$ -	$ 1,426,070

	March 31, 2019				
	In 90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Financial liabilities at fair value through profit or loss	$ 1,469,862	$ 490,637	$ 1,168,282	$ -	$ 3,128,781

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, 2020			For the Year Ended December 31, 2019			For the Three Months Ended March 31, 2019		
	Average	Highest	Lowest				Average	Highest	Lowest
Interest rate risk	$ 98,876	$ 195,476	$ 58,956	$ 139,196	$ 226,896	$ 66,552	$ 165,670	$ 226,896	$ 115,956
Equity risk	1,413	20,852	-	1,145	10,137	-	540	3,764	127
Exchange rate risk	14,200	148,483	2,163	5,129	12,638	1,458	5,125	10,628	3,164

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) 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, 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
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

(In Thousands of Foreign Currencies/New Taiwan Dollars)

	December 31, 2019		
	Foreign Currency	Exchange Rate (Dollar)	New Taiwan Dollar
Financial assets			
Monetary items			
USD	$ 5,748,558	30.11	$ 173,066,073
EUR	459,981	33.76	15,528,947
HKD	3,767,759	3.87	14,566,157
CNY	1,005,243	4.32	4,345,667
ZAR	1,003,988	2.14	2,149,539
JPY	7,580,733	0.28	2,100,621
GBP	42,533	39.55	1,682,188
CAD	60,132	23.08	1,387,854
AUD	26,957	21.10	568,800
SGD	18,231	22.37	407,817
NZD	19,918	20.27	403,736
Financial liabilities			
Monetary items			
USD	7,193,801	30.11	216,576,559
CNY	4,143,416	4.32	17,911,985
EUR	290,357	33.76	9,802,438
ZAR	3,007,386	2.14	6,438,814
AUD	111,802	21.10	2,359,021
JPY	5,261,286	0.28	1,457,902
HKD	252,039	3.87	974,382
GBP	8,083	39.55	319,679
NZD	5,250	20.27	106,419

(In Thousands of New Foreign Currencies/Taiwan Dollars)

	March 31, 2019		
	Foreign Currency	**Exchange Rate (Dollar)**	**New Taiwan Dollar**
<u>Financial assets</u>			
Monetary items			
USD	$ 6,522,256	30.83	$ 201,048,527
EUR	509,592	34.61	17,636,990
HKD	3,280,779	3.93	12,883,619
CNY	981,767	4.58	4,497,672
GBP	41,734	40.12	1,674,356
JPY	5,036,444	0.28	1,401,642
ZAR	510,077	2.11	1,076,262
AUD	38,892	21.85	849,789
SGD	19,490	22.75	443,395
<u>Financial liabilities</u>			
Monetary items			
USD	7,978,259	30.83	245,929,847
CNY	3,978,412	4.58	18,225,900
EUR	335,210	34.61	11,601,612
ZAR	2,294,571	2.11	4,841,546
AUD	103,600	21.85	2,263,661
JPY	4,853,243	0.28	1,350,658
HKD	143,250	3.93	562,541
GBP	3,963	40.12	159,012
NZD	4,859	20.95	101,802

9) 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, 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

March 31, 2019

Item	1 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year	Total
Interest rate-sensitive assets	$ 299,240,843	$ 15,501,347	$ 18,591,593	$ 93,744,484	$ 427,078,267
Interest rate-sensitive liabilities	139,940,728	136,924,439	18,680,096	24,007,062	319,552,325
Interest rate sensitivity gap	159,300,115	(121,423,092)	(88,503)	69,737,422	107,525,942
Net worth					60,524,692
Ratio of interest rate-sensitive assets to liabilities (%)					133.65
Ratio of interest rate-sensitive gap to net worth (%)					177.66

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, 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 (%)					-

March 31, 2019

(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	$ 3,282,110	$ 108,173	$ 39,132	$ 1,471,684	$ 4,901,099
Interest rate-sensitive liabilities	3,787,097	933,995	649,815	977,517	6,348,424
Interest rate sensitivity gap	(504,987)	(825,822)	(610,683)	494,167	(1,447,325)
Net worth					22,641
Ratio of interest rate-sensitive assets to liabilities (%)					77.20
Ratio of interest rate-sensitive gap to net worth (%)					(6,392.50)

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 (as the potential loss amount given that the TAIEX and stock of respective companies 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, 2020	December 31, 2019	March 31, 2019
Interest rate risk	$ 6,058	$ 6,516	$ 6,514
Equity securities risk	4,415,143	7,025,663	3,858,223
Equity delta	2,388,097	4,417,188	2,810,728
Debt delta	2,027,046	2,608,475	1,047,495
Exchange rate risk	4,001,969	4,587,344	4,930,709
Commodity risk	181,990	2,694	13,968

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, 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

	For the Three Months Ended March 31, 2019			March 31, 2019
	Average VAR	Minimum VAR	Maximum VAR	Ending VAR
Equity securities	$ 108,063	$ 73,808	$ 176,623	$ 115,451
Interest rate	109,402	73,166	163,078	124,713
Exchange rate	17,328	6,875	28,029	23,331
Commodity	9,660	2,032	18,115	7,725

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) Foreign currency exchange rate of financial assets and liabilities information

(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)

(In Thousands of Foreign Currencies/New Taiwan Dollars)

	December 31, 2019		
	Foreign Currency	Exchange Rate (Dollar)	New Taiwan Dollar
Financial assets			
Monetary items			
USD	$ 2,526,736	30.09	$ 76,026,980
EUR	309,281	33.76	10,440,653
HKD	113,315	3.86	436,901
CNY	66,949	4.32	289,403
JPY	998,477	0.28	275,883
Nonmonetary items			
USD	1,862,991	30.11	56,087,221
CNY	1,333,592	4.32	5,765,119
AUD	36,172	21.10	763,236
EUR	10,783	33.76	364,023
Investments accounted for using the equity method			
USD	86,389	30.11	2,600,838
Financial liabilities			
Monetary items			
USD	4,887,513	30.10	147,101,061
EUR	311,723	33.76	10,523,105
AUD	26,646	21.10	562,228
HKD	73,636	3.85	283,827
CNY	51,765	4.32	223,764
JPY	732,425	0.28	202,163
Nonmonetary items			
USD	279,293	30.11	8,408,404
AUD	8,594	21.10	181,324
CNY	26,862	4.32	116,126

(In Thousands of Foreign Currencies/New Taiwan Dollars)

	March 31, 2019		
	Foreign Currency	Exchange Rate (Dollar)	New Taiwan Dollar
Financial assets			
Monetary items			
USD	$ 2,090,217	30.86	$ 64,497,748
EUR	165,592	34.61	5,731,127
JPY	17,894,266	0.28	4,979,974
CNY	260,377	4.58	1,192,837
HKD	261,182	3.93	1,025,553
Nonmonetary items			
USD	1,263,062	30.83	38,933,883
CNY	736,389	4.58	3,373,543
AUD	22,806	21.85	498,316
EUR	5,068	34.61	175,407
Investments accounted for using the equity method			
USD	83,305	30.82	2,567,865
Financial liabilities			
Monetary items			
USD	4,690,236	30.82	144,573,867
EUR	167,057	34.61	5,781,838
JPY	17,620,742	0.28	4,903,853
CNY	252,833	4.58	1,158,279
HKD	220,450	3.93	865,615
AUD	18,209	21.85	397,874
Nonmonetary items			
USD	219,070	30.82	6,752,847
AUD	6,721	21.85	146,850
CNY	26,685	4.58	122,250

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, 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

(In Thousands of Foreign Currencies/New Taiwan Dollars)

	December 31, 2019		
	Foreign Currency	**Exchange Rate (Dollar)**	**New Taiwan Dollar**
Financial assets			
Monetary items			
USD	$ 151,924	30.106	$ 4,573,833
CNY	218,454	4.323	944,375
HKD	81,115	3.866	313,592
JPY	414,683	0.277	114,909
Nonmonetary items			
USD	179,269	30.106	5,397,072
CNY	89,591	4.323	387,301
THB	159,162	1.010	160,753
KRW	3,851,200	0.026	100,393
Investment accounted for using the equity method			
CNY	660,890	4.323	2,857,026
USD	94,240	30.106	2,837,176
Financial liabilities			
Monetary items			
USD	15,869	30.106	477,763

(In Thousands of Foreign Currencies/New Taiwan Dollars)

	March 31, 2019		
	Foreign Currency	**Exchange Rate (Dollar)**	**New Taiwan Dollar**
Financial assets			
Monetary items			
USD	$ 223,117	30.825	$ 6,877,590
CNY	183,302	4.581	839,742
HKD	128,776	3.927	505,704
KRW	7,205,208	0.027	195,535
JPY	414,683	0.278	115,406
Nonmonetary items			
USD	336,849	30.825	10,383,384
THB	201,615	0.969	195,365
KRW	4,108,500	0.027	111,496
SGD	4,779	22.750	108,730
Investment accounted for using the equity method			
USD	102,570	30.825	3,161,705
CNY	682,720	4.581	3,127,675
Financial liabilities			
Monetary items			
USD	14,393	30.825	443,679

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 an increase in pre-tax profit 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, and the balances below would be negative.

	Impact on Profit or Loss	
	For the Three Months Ended March 31	
	2020	**2019**
Monetary items		
USD	$ 37,098	$ 64,339
CNY	8,911	8,248
KRW	5,988	1,933
HKD	1,714	5,056
JPY	1,157	1,154

2) Interest rate risk

The primary financial assets of CDIB Capital Group and subsidiaries with exposure to interest rates as of March 31, 2020, December 31, 2019 and March 31, 2019 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, 2020 and 2019 would increase/decrease by $155,490 thousand and $183,473 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 analysis

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, 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)

Summary of Factor Sensitivity Analysis
December 31, 2019

Risk Factors	Changes (+/-)	Changes in Income	Changes in Equity
Equity risk (stock index)	+1%	$ -	$ 1,669,270
Interest rate risk (yield curve)	+1BP	-	(583,242)
Exchange risk (foreign exchange rate)	+1% (NTD for each currency appreciates 1%)	(2,118,730)	(632,610)

March 31, 2019

Risk Factors	Changes (+/-)	Changes in Income	Changes in Equity
Equity risk (stock index)	+1%	$ 1,658	$ 1,639,168
Interest rate risk (yield curve)	+1BP	-	(495,366)
Exchange risk (foreign exchange rate)	+1% (NTD for each currency appreciates 1%)	(1,802,307)	(598,585)

7) China Life Insurance's foreign currency financial assets and liabilities with significant influence as of March 31, 2020, December 31, 2019 and March 31, 2019 are as follows:

(In Thousands of Foreign Currencies/New Taiwan Dollars)

	March 31, 2020		
	Foreign Currency	**Exchange Rate (Dollar)**	**New Taiwan Dollar**
Financial assets			
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
Financial labilities			
Monetary items			
USD	368,481	30.2540	11,148,024

(In Thousands of Foreign Currencies/New Taiwan Dollars)

	December 31, 2019		
	Foreign Currency	**Exchange Rate (Dollar)**	**New Taiwan Dollar**
Financial assets			
Monetary items			
USD	$ 37,169,001	30.1060	$ 1,119,007,204
AUD	3,964,377	21.0983	83,641,608
Non-monetary items			
USD	987,605	30.1060	29,732,838
Financial labilities			
Monetary items			
USD	290,758	30.1060	8,753,554

(In Thousands of Foreign Currencies/New Taiwan Dollars)

	March 31, 2019		
	Foreign Currency	Exchange Rate (Dollar)	New Taiwan Dollar
Financial assets			
Monetary items			
USD	$ 34,173,706	30.8250	$ 1,053,404,490
AUD	2,189,022	21.8518	47,834,070
Non-monetary items			
USD	612,329	30.8250	18,875,043
Financial labilities			
Monetary items			
USD	249,770	30.8250	7,699,172
CNY	1,221,498	4.5811	5,595,803

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

KGI Bank and subsidiaries

Transferred financial assets not qualifying for full derecognition

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, 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	-

December 31, 2019					
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 FVTPL	$ 3,210,485	$ 3,046,369	$ 3,210,485	$ 3,046,369	$ 164,116
Financial assets at FVTOCI	16,624,605	15,703,472	16,624,605	15,703,472	921,133

March 31, 2019					
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	$ 308,250	$ 277,425	$ 308,250	$ 277,425	$ 30,825
Financial assets at FVTPL	9,737,828	9,022,695	9,737,828	9,022,695	715,133
Financial assets at FVTOCI	43,532,131	40,457,167	43,532,131	40,457,167	3,074,964
Securities purchased under resell agreements	1,646,555	1,932,635	1,646,555	1,932,635	(286,080)

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, 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)

December 31, 2019					
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	$ 67,060,739	$ 64,889,744	$ 67,060,739	$ 64,889,744	$ 2,170,995
Transaction - borrowed securities	1,291,917	1,808,684	1,291,917	1,808,684	(516,767)

March 31, 2019					
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	$ 66,874,432	$ 64,558,068	$ 66,874,432	$ 64,558,068	$ 2,316,364
Transaction - borrowed securities	1,191,358	1,667,902	1,191,358	1,667,902	(476,544)

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, 2020	Call option	$ 12,042,100	$ 429,509	$ 429,509	$ -	$ 429,509
December 31, 2019	Call option	11,705,100	1,115,752	1,115,752	-	1,115,752
March 31, 2019	Call option	11,771,400	857,634	857,634	-	857,634

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, 2020	Call option	$ -	$ 696,900	$ 3,891,600	$ 7,453,600	$ -	$ 12,042,100
December 31, 2019	Call option	-	318,000	4,362,400	7,024,700	-	11,705,100
March 31, 2019	Call option	-	324,500	1,936,100	9,510,800	-	11,771,400

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	$ (17,121)	$ (659,439)	$ (676,560)
December 31, 2019	Call option	2,970	(54,734)	(51,764)
March 31, 2019	Call option	(14,104)	(214,309)	(228,413)

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, 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	
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)	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

December 31, 2019						
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	
Securities purchased under resell agreements	$ 18,686,598	$ -	$ 18,686,598	$ 18,655,848	$ 30,750	$ -
Derivative instruments	30,493,327	-	30,493,327	5,239,990	3,229,772	22,023,565
Total	$ 49,179,925	$ -	$ 49,179,925	$ 23,895,838	$ 3,260,522	$ 22,023,565

December 31, 2019						
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**	
Notes and bonds issued under repurchase agreements	$ 18,749,841	$ -	$ 18,749,841	$ 18,745,805	$ 4,036	$ -
Derivative instruments	46,196,967	-	46,196,967	5,239,990	6,207,146	34,749,831
Total	$ 64,946,808	$ -	$ 64,946,808	$ 23,985,795	$ 6,211,182	$ 34,749,831

March 31, 2019						
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**	
Securities purchased under resell agreements	$ 25,754,171	$ -	$ 25,754,171	$ 25,754,171	$ -	$ -
Derivative financial instruments	23,049,713	-	23,049,713	5,368,522	2,984,761	14,696,430
Total	$ 48,803,884	$ -	$ 48,803,884	$ 31,122,693	$ 2,984,761	$ 14,696,430

March 31, 2019						
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**	
Notes and bonds issued under repurchase agreements	$ 51,689,922	$ -	$ 51,689,922	$ 51,661,528	$ 28,394	$ -
Derivative instruments	39,317,297	-	39,317,297	5,368,522	6,478,345	27,470,430
Total	$ 91,007,219	$ -	$ 91,007,219	$ 57,030,050	$ 6,506,739	$ 27,470,430

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, 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

December 31, 2019						
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	$ 3,206,002	$ -	$ 3,206,002	$ -	$ 462,937	$ 2,743,065
Securities purchased under resell agreements	18,188,175	-	18,188,175	18,188,175	-	-
Total	$ 21,394,177	$ -	$ 21,394,177	$ 18,188,175	$ 462,937	$ 2,743,065

December 31, 2019						
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	$ 6,297,339	$ -	$ 6,297,339	$ -	$ 1,579,943	$ 4,717,396
Notes and bonds issued under repurchase agreements	77,387,490	-	77,387,490	77,387,490	-	-
Total	$ 83,684,829	$ -	$ 83,684,829	$ 77,387,490	$ 1,579,973	$ 4,717,396

March 31, 2019						
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	$ 2,621,813	$ -	$ 2,621,813	$ -	$ 540,357	$ 2,081,456
Securities purchased under resell agreements	25,944,009	-	25,944,009	25,944,009	-	-
Total	$ 28,565,822	$ -	$ 28,565,822	$ 25,944,009	$ 540,357	$ 2,081,456

March 31, 2019						
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	$ 3,954,631	$ -	$ 3,954,631	$ -	$ 1,128,112	$ 2,826,519
Notes and bonds issued under repurchase agreements	77,271,209	-	77,271,209	77,271,209	-	-
Total	$ 81,225,840	$ -	$ 81,225,840	$ 77,271,209	$ 1,128,112	$ 2,826,519

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, 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

December 31, 2019						
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	$ 9,761,846	$ -	$ 9,761,846	$ 1,363,504	$ 5,495,549	$ 2,902,793

December 31, 2019						
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	$ 1,426,070	$ -	$ 1,426,070	$ 1,363,504	$ -	$ 62,566

March 31, 2019						
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	$ 842,886	$ -	$ 842,886	$ 705,423	$ 11,713	$ 125,750

March 31, 2019						
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	$ 3,128,781	$ -	$ 3,128,781	$ 705,423	$ 1,178,748	$ 1,244,610

56. 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".

57. 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, 2020**	**December 31, 2019**	**March 31, 2019**	**Trust Liabilities**	**March 31, 2020**	**December 31, 2019**	**March 31, 2019**
Bank deposits	$ 1,654,015	$ 1,838,862	$ 596,724	Payables	$ 167,058	$ 149,274	$ 180,028
Short-term investments	26,346,741	27,804,068	28,170,602	Payables on securities under custody	5,337,293	5,664,385	4,430,945
Financial assets at FVTPL	10,440	10,440	11,640	Other liabilities	68,220	74,328	102,111
Receivables	19,514	25,931	44,379	Donated assets received	1,906	1,906	1,811
Other financial assets	16,545	16,545	16,450	Trust capital	42,518,625	43,984,697	29,471,215
Real estate, net	13,522,175	13,522,176	568,572	Accumulated earnings	(158,454)	33,505	681,213
Intangible assets - surface right	984,534	984,534	984,534				
Securities under custody	5,337,293	5,664,385	4,430,945				
Other assets	43,391	41,154	43,477				
Total	$ 47,934,648	$ 49,908,095	$ 34,867,323	Total	$ 47,934,648	$ 49,908,095	$ 34,867,323

Income Statements of Trust Accounts

(In Thousands of New Taiwan Dollars)

	For the Three Months Ended March 31 2020	For the Three Months Ended March 31 2019
Trust income and gains		
Dividend income	$ 980	$ 1,331
Interest income	278,959	343,002
Rental income	6,787	7,119
Other income	3,985	1,816
Total trust income and gains	290,711	353,268
Trust expenses		
Properties transaction losses	(518,502)	(150,958)
Administrative expenses	(13,734)	(6,647)
Other expenses	(199,011)	(2,549)
Total trust expenses	(731,247)	(160,154)
Net income	$ (440,536)	$ 193,114

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, 2020	December 31, 2019	March 31, 2019
Bank deposits	$ 1,654,015	$ 1,838,862	$ 596,724
Short-term investments			
Funds	24,077,850	25,711,359	26,379,248
Bonds	2,005,952	1,824,642	1,471,832
Common shares	54,100	70,200	73,200
Structured notes	93,766	93,766	93,766
ETF	115,073	104,101	152,556
Financial assets at FVTPL	10,440	10,440	11,640
Other financial assets	36,059	42,476	60,829
Real estate, net	13,522,175	13,522,176	568,572
Intangible assets - surface right	984,534	984,534	984,534
Securities under custody	5,337,293	5,664,385	4,430,945
Other assets	43,391	41,154	43,477
Total	$ 47,934,648	$ 49,908,095	$ 34,867,323

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, 2020	December 31, 2019	March 31, 2019	Trust Liabilities	March 31, 2020	December 31, 2019	March 31, 2019
Bank deposits	$ 1,244,627	$ 1,030,073	$ 1,175,992	Payables	$ 20,731	$ 24,674	$ 50,530
Financial assets	22,303,382	28,466,294	22,059,817	Trust capital	24,619,294	26,212,975	21,446,038
Receivables	106,108	402,789	46,026	Reserves and retained earnings	(985,908)	3,661,507	1,785,267
Total	$ 23,654,117	$ 29,899,156	$ 23,281,835	Total	$ 23,654,117	$ 29,899,156	$ 23,281,835

Income Statements of Trust Accounts

(In Thousands of New Taiwan Dollars)

	For the Three Months Ended March 31	
	2020	**2019**
Trust income	$ 1,721,774	$ 1,921,712
Trust expenses	(5,157,174)	(2,248,324)
Income before income tax	(3,435,400)	(326,612)
Income tax expenses	-	-
Income after income tax	$ (3,435,400)	$ (326,612)

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, 2020	December 31, 2019	March 31, 2019
Bank deposits	$ 1,244,627	$ 1,030,073	$ 1,175,992
Stocks	8,397,149	11,891,410	10,280,587
Funds	11,585,463	14,146,389	10,377,680
Structured notes	1,841,361	1,979,707	1,270,656
Bonds	479,409	448,788	130,894
Total	$ 23,548,009	$ 29,496,367	$ 23,235,809

58. DISCLOSURE REQUIRED UNDER ARTICLE 46 OF THE FINANCIAL HOLDING COMPANY ACT

The Corporation do not need to disclosure anything in this period.

59. CONDENSED INDIVIDUAL BALANCE SHEETS AND STATEMENTS OF COMPREHENSIVE INCOME OF GROUP

Please refer to Table 7 (attached).

60. ALLOCATION OF REVENUE, COST AND EXPENSE RESULTING FROM COOPERATION AND RESOURCES SHARING IN THE GROUP

a. Business or trading behaviors

Please refer to Note 49 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 (http://www.cdibh.com/chhtml/content/1513) 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.

61. CONTINGENCIES AND COMMITMENTS, DISASTER DAMAGES AND SUBSEQUENT EVENTS OF SUBSIDIARIES

Please refer to Note 51 to the consolidated financial statements. Information on disaster damages: None.

62. SUBSIDIARIES' ASSET QUALITY, MANAGEMENT, PROFITABILITY, LIQUIDITY AND SENSITIVITY TO MARKET RISK

Please refer to Notes 52 and 55 to the consolidated financial statements.

63. 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.

64. 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, 2020 Formula	March 31, 2020 %	December 31, 2019 Formula	December 31, 2019 %	March 31, 2019 Formula	March 31, 2019 %	Standard	Meet Standard
17	Equities / Total liabilities minus customers' equity accounts	$1,696,077 / $843,686	=2.01	$1,600,505 / $61,353	=26.09	$1,729,057 / $223,909	=7.72	≧1	Yes
17	Current assets / Current liabilities	$3,344,980 / $843,298	=3.97	$1,898,585 / $60,759	=31.25	$2,050,829 / $223,390	=9.18	≧1	Yes
22	Equities / Capital stock	$1,696,077 / $400,000	=424.02%	$1,600,505 / $400,000	=400.13%	$1,729,057 / $400,000	=432.26%	≧60% ≧40%	Yes
22	Adjusted net capital / Client and proprietary account	$979,480 / $1,178,594	=83.11%	$1,373,156 / $240,585	=570.76%	$1,271,435 / $264,550	=480.60%	≧20% ≧15%	Yes

b. KGI Futures Corp.

Rule No.	Formula	March 31, 2020 Formula	March 31, 2020 %	December 31, 2019 Formula	December 31, 2019 %	March 31, 2019 Formula	March 31, 2019 %	Standard	Meet Standard
17	Equities / Total liabilities minus customers' equity accounts	$3,698,465 / $648,198	=5.71	$3,476,758 / $481,786	=7.22	$3,558,944 / $393,542	=9.12	≧1	Yes
17	Current assets / Current liabilities	$31,745,475 / $29,384,011	=1.08	$24,648,866 / $22,526,171	=1.09	$31,146,960 / $28,885,710	=1.08	≧1	Yes
22	Equities / Capital stock	$3,698,465 / $60,000	=486.64%	$3,476,758 / $760,000	=457.47%	$3,558,944 / $760,000	=468.28%	≧60% ≧40%	Yes
22	Adjusted net capital / Client and proprietary account	$3,098,329 / $7,272,476	=42.60%	$2,916,462 / $5,418,240	=53.83%	$3,077,792 / $8,091,974	=38.04%	≧20% ≧15%	Yes

65. 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. KGI Bank and other subsidiaries' 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 49 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, 53 and 55 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.

66. 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, 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	2,295,845	(1,511,557)	35,658,333	(982,528)	35,727,832
Net revenue	2,164,685	2,801,812	(1,491,889)	49,707,687	(1,089,474)	52,092,821
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)	(2,989,153)	(299,543)	(1,317,973)	(383,084)	(6,446,232)
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
For the three months ended March 31, 2019						
Interest profit (loss), net	$ 1,676,102	$ 306,906	$ 57,962	$ 13,139,438	$ (113,246)	$ 15,067,162
Noninterest profit (loss), net	914,871	3,681,561	1,528,048	47,221,347	(737,963)	52,607,864
Net revenue	2,590,973	3,988,467	1,586,010	60,360,785	(851,209)	67,675,026
Reversal of allowance for bad debts and losses on commitments and guarantees, net	1,571	3,431	-	66	675	5,743
Net change in reserve for insurance liabilities	-	-	-	(55,899,318)	-	(55,899,318)
Operating expenses	(1,474,179)	(2,764,333)	(362,317)	(1,155,821)	(555,817)	(6,312,467)
Net profit (loss) before income tax	1,118,365	1,227,565	1,223,693	3,305,712	(1,406,351)	5,468,984
Income tax benefit (expense)	(205,276)	(58,417)	(29,142)	(400,901)	160,813	(532,923)
Net profit (loss) for the period	$ 913,089	$ 1,169,148	$ 1,194,551	$ 2,904,811	$ (1,245,538)	$ 4,936,061

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

FINANCINGS PROVIDED
FOR THE THREE MONTHS ENDED MARCH 31, 2020
(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	$ 3,630,480	$ -	$ -	Floating	Short-term financing	$ -	Working capital	$ -	-	$ -	$ 13,975,632 (Note 1)	$ 13,975,632 (Note 1)
		KGI International Holdings Limited	Receivables, net	Yes	4,235,560	4,235,560	-	Floating	Short-term financing	-	Working capital	-	-	-	13,975,632	
		KGI International (Hong Kong) Limited	Receivables, net	Yes	3,630,480	3,630,480	605,080	Floating	Short-term financing	-	Working capital	-	-	-	13,975,632	
2	KGI International Holdings Limited	KGI Asia Limited	Receivables, net	Yes	1,512,700	1,512,700	-	Floating	Short-term financing	-	Working capital	-	-	-	17,549,801 (Note 2)	17,549,801 (Note 2)
		PT KGI Sekuritas Indonesia	Receivables, net	Yes	801,731	317,667	-	Floating	Short-term financing	-	Working capital	-	-	-	17,549,801	
3	KGI International (Hong Kong) Limited	PT KGI Sekuritas Indonesia	Receivables, net	Yes	484,064	484,064	484,064	Floating	Short-term financing	-	Working capital	-	-	-	5,586,885 (Note 3)	5,586,885 (Note 3)

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.

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

COLLATERALS/GUARANTEE PROVIDED
FOR THE THREE MONTHS ENDED MARCH 31, 2020
(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	$ 6,202,878	$ 710,494	$ 679,680	$ 679,680	$ -	1.10%	$ 24,811,514 (Note 2)	No	No	No
2	KGI International Holdings Limited	KGI Asia Limited	Note 1	17,549,801	937,874	937,874	90,762	-	5.34%	17,549,801 (Note 3)	No	No	No
		KGI International Finance Limited	Note 1	17,549,801	3,751,496	3,751,496	1,179,906	-	21.38%		No	No	No
		KGI Futures (Hong Kong) Limited	Note 1	17,549,801	196,651	196,651	-	-	1.12%		No	No	No
		KGI Finance Limited	Note 1	17,549,801	130,092	130,092	-	-	0.74%		No	No	No
		KGI International (Hong Kong) Limited	Note 1	17,549,801	2,265,946	2,265,946	-	-	12.91%		No	No	No
		KGI Securities (Singapore) Pte. Ltd.	Note 1	17,549,801	907,620	907,620	-	-	5.17%		No	No	No
		KGI Asia (Holdings) Pte. Ltd.	Note 1	17,549,801	3,985,553	3,865,138	1,805,385	-	22.02%		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 asset value.

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 asset value.

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
MARCH 31, 2020
(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, 2020				Note
				Shares/Face Value/Units	Carrying Value	Percentage of Ownership (Note 2)	Fair Value	
CDIB Capital Group	Stocks							
	Logitech Inc.	-	Financial assets at fair value through profit or loss	3,261,773	$ 25,658	10.69	$ 25,658	
	Solar Fine Chemical Co., Ltd.	-	Financial assets at fair value through profit or loss	241,403	9,804	10.83	9,804	
	Dee Van Enterprise Co., Ltd.	-	Financial assets at fair value through profit or loss	4,225,979	63,263	6.04	63,263	
	National Glory Development Corp.	-	Financial assets at fair value through profit or loss	646,884	4,709	6.47	4,709	
	Hair O'right International Corp.	-	Financial assets at fair value through profit or loss	1,735,837	130,188	8.53	130,188	
	DaBomb Protein Corp.	-	Financial assets at fair value through profit or loss	2,400,568	45,611	8.18	45,611	
	Power Venture Co.	-	Financial assets at fair value through profit or loss	677,245	5,318	5.68	5,318	
	Ori Vita Bio Application Inc.	-	Financial assets at fair value through profit or loss	858,690	4,975	0.42	4,975	
	Yenyo Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	4,000,000	26,369	9.91	26,369	
	HealthStream Taiwan Inc.	-	Financial assets at fair value through profit or loss	4,774,523	31,463	13.96	31,463	
	Subtron Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	12,316,000	129,318	4.25	129,318	
	Orgchem Technologies, Inc.	-	Financial assets at fair value through profit or loss	1,067,220	11,562	1.95	11,562	
	General Life Biotechnology Co., Ltd.	-	Financial assets at fair value through profit or loss	2,520,000	45,737	8.4	45,737	
	Mec Imex Inc.	-	Financial assets at fair value through profit or loss	4,802,000	45,010	10.52	45,010	
	Yieh United Steel Corp.	-	Financial assets at fair value through profit or loss	5,991,622	30,917	0.23	30,917	
	Hua-jie (Taiwan) Corp.	-	Financial assets at fair value through profit or loss	1,300,403	8,462	6.45	8,462	
	AMIA Co.	-	Financial assets at fair value through profit or loss	6,000,000	118,500	9.54	118,500	
	Up Scientech Materials Corp.	-	Financial assets at fair value through profit or loss	4,651,344	50,878	6.85	50,878	
	PlexBio Co., Ltd.	-	Financial assets at fair value through profit or loss	3,526,000	60,330	3.43	60,330	
	Riselink Restructuring Fund Corporation	-	Financial assets at fair value through profit or loss	986,905	15,795	12.50	15,795	
	Orient Pharma Co., Ltd.	-	Financial assets at fair value through profit or loss	2,857,800	36,723	1.83	36,723	
	ARCOA Communication Co., Ltd.	-	Financial assets at fair value through profit or loss	7,567,424	94,631	5.64	94,631	
	Eastern Electronic Co., Ltd.	-	Financial assets at fair value through profit or loss	4,348,680	26,554	6.47	26,554	
	Foresee Pharmaceuticals Co., Ltd.	-	Financial assets at fair value through profit or loss	2,083,107	78,950	2.08	78,950	
	Jochu Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	4,746,720	94,697	5.98	94,697	
	Kaohsiung Rapid Transit Corporation.	-	Financial assets at fair value through profit or loss	3,845,330	27,785	1.38	27,785	
	STL Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	2,743,026	65,833	4.43	65,833	
	DragonJet Corporation	-	Financial assets at fair value through profit or loss	3,534,481	11,696	4.77	11,696	
	Vactronics Technologies Inc.	-	Financial assets at fair value through profit or loss	2,544,195	30,235	5.28	30,235	
	Terawins, Inc.	-	Financial assets at fair value through profit or loss	1,913,996	6,180	6.30	6,180	
	Feature Integration Technology Inc.	-	Financial assets at fair value through profit or loss	477,822	7,707	1.59	7,707	
	Mosart Semiconductor Corp.	-	Financial assets at fair value through profit or loss	2,731,098	17,456	10.57	17,456	
	EVA Technologies Co., Ltd.	-	Financial assets at fair value through profit or loss	2,150,536	7,754	10.43	7,754	
	Overseas Investment & Development Corp.	-	Financial assets at fair value through profit or loss	2,600,000	9,172	2.89	9,172	
	Microprogram Co., Ltd.	-	Financial assets at fair value through profit or loss	2,550,000	35,121	7.95	35,121	
	TAK Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	2,467,706	1,104	4.14	1,104	
	Engineering & IP Advanced Technologies Ltd.	-	Financial assets at fair value through profit or loss	4,216	1	0.00	1	
	Excelsior Medical Co., Ltd.	-	Financial assets at fair value through profit or loss	33,000	116,199	4.81	116,199	
	JHL. Biotech, Inc.	-	Financial assets at fair value through profit or loss	8,382,844	126,317	3.94	126,317	
	Easten Power and Electric Company Limited	-	Financial assets at fair value through profit or loss	3,201,019	146,849	12.00	146,849	
	Chime Biologicis Limited	-	Financial assets at fair value through profit or loss	8,382,844	156,528	3.94	156,528	
	Beauty Essentials International Ltd.	-	Financial assets at fair value through profit or loss	86,503,067	196,814	8.02	196,814	
	Neo Solar Power Corp.	-	Financial assets at fair value through profit or loss	3,675,000	13,356	0.14	13,356	
	Engineering & IP Advanced Technologies Ltd. - preferred stock	-	Financial assets at fair value through profit or loss	6,392,765	1,406	0.35	1,406	
	Lightel Technologies, Inc. - preferred stock	-	Financial assets at fair value through profit or loss	3,000,000	77,593	43.44	77,593	
	Apexigen, Inc. - preferred stock	-	Financial assets at fair value through profit or loss	4,970,588	233,050	12.68	233,050	
	CDIB Capital Management Corporation	Subsidiary	Investments accounted for using the equity method	33,093,889	632,353	100.00	632,353	
	CDIB & Partners Investment Holding Corporation	Associate	Investments accounted for using the equity method	313,200,000	4,391,275	28.71	4,391,275	
	CDIB Capital Creative Industries Limited	Associate	Investments accounted for using the equity method	42,680,000	419,474	38.80	419,474	

(Continued)

Holding Company	Marketable Securities Type and Issuer	Relationship with the Holding Company	Financial Statement Account	March 31, 2020				Note
				Shares/Face Value/Units	Carrying Value	Percentage of Ownership (Note 2)	Fair Value	
CDIB Capital Group	CDIB Capital Healthcare Ventures Limited	Associate	Investments accounted for using the equity method	58,250,000	$ 475,952	33.29	$ 475,952	
	CDIB Venture Capital Corporation	Subsidiary	Investments accounted for using the equity method	1,022,790,915	9,612,963	100.00	9,612,963	
	CDIB Bio Science Ventures I, Inc.	Associate	Investments accounted for using the equity method	4,431,405	32,107	20.00	32,107	
	CDIB Bioscience Venture Management (BVI), Inc.	Associate	Investments accounted for using the equity method	112,500	3,875	30.00	3,875	
	CDIB Capital Innovation Accelerator Ltd.	Associate	Financial assets at fair value through profit or loss	30,000,000	326,183	35.71	326,183	
	CDIB Capital Investment II Limited	Subsidiary	Investments accounted for using the equity method	45,000,000	1,192,969	100.00	1,192,969	
	CDIB Global Markets Limited	Subsidiary	Investments accounted for using the equity method	339,392	6,743,756	100.00	6,743,756	
	CDIB Capital Investment I Limited	Subsidiary	Investments accounted for using the equity method	132,800,000	7,347,292	100.00	7,347,292	
	CDIB Capital International Corporation	Subsidiary	Investments accounted for using the equity method	4,700,000	693,175	100.00	693,175	
	Fund							
	Samara Capital Partners Fund I Limited	-	Financial assets at fair value through profit or loss	-	61,944	-	61,944	
	THL Equity Fund VI Investors (Ceridian), L.P.	-	Financial assets at fair value through profit or loss	-	206,882	-	206,882	
	Corporate bond							
	Belta (Cayman) Holding Limited	-	Financial assets at fair value through profit or loss	11,959,916	7,795	-	7,795	
	Government bonds							
	A00109	-	Financial assets at fair value through other comprehensive income	7,000,000	7,089	-	7,089	
	A01105	-	Financial assets at fair value through other comprehensive income	100,000,000	101,659	-	101,659	
CDIB Capital Management Inc.	Stocks							
	ATEN International Co., Ltd.	-	Financial assets at fair value through profit or loss	65,660	5,141	0.05	5,141	
	Kwan's International Co., Ltd.	-	Financial assets at fair value through profit or loss	101,240	2,379	0.09	2,379	
	MCM Stamping Co., Ltd.	-	Financial assets at fair value through profit or loss	70,000	149	0.22	149	
	ARCOA Communication Co., Ltd.	-	Financial assets at fair value through profit or loss	783,000	9,791	0.58	9,791	
	EVA Technologies Co., Ltd.	-	Financial assets at fair value through profit or loss	297,623	1,073	1.44	1,073	
	CDIB Capital Innovation Advisors Corporation	Subsidiary	Investments accounted for using the equity method	1,200,000	15,548	60.00	15,548	
	CDIB Capital Creative Industries Limited	Associate	Investments accounted for using the equity method	1,100,002	10,811	1.00	10,811	
	CDIB Capital Healthcare Ventures Limited	Associate	Investments accounted for using the equity method	1,750,000	14,299	1.00	14,299	
	CDIB Private Equity (Hong Kong) Corporation Limited	Subsidiary	Investments accounted for using the equity method	51,900,000	317,101	100.00	317,101	
	Funds							
	CDIB Capital Growth Partners L.P.	Associate	Financial assets at fair value through profit or loss	-	22,975	-	22,975	
	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	-	80,665	-	80,665	
CDIB Private Equity (Hong Kong) Corporation Limited	Stocks							
	CDIB Private Equity (China) Corporation	Subsidiary	Investments accounted for using the equity method	-	HK$ 64,688	100.00	HK$ 64,688	
	CDIB Private Equity Management (Fujian) Enterprise (Limited Partnership)	Subsidiary	Investments accounted for using the equity method	-	HK$ 7,260	56.00	HK$ 7,260	
	CDIB Yida Private Equity Management (Kunshan) Enterprise (Limited Partnership)	Subsidiary	Investments accounted for using the equity method	-	HK$ 3,536	27.08	HK$ 3,536	
CDIB Private Equity (China) Corporation	Stocks							
	CDIB Private Equity (Fujian) Co., Ltd.	Subsidiary	Investments accounted for using the equity method	-	CNY 19,691	70.00	CNY 19,691	
	CDIB Yida Private Equity (Kunshan) Co., Ltd.	Subsidiary	Investments accounted for using the equity method	-	CNY 13,935	65.00	CNY 13,935	
CDIB Private Equity (Fujian) Co., Ltd.	Stocks							
	CDIB Private Equity Management (Fujian) Enterprise (Limited Partnership)	Subsidiary	Investments accounted for using the equity method	-	CNY 2,375	20.00	CNY 2,375	
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 6,976	58.33	CNY 6,976	
	Funds							
	Kunshan Yida Healthcare Private Equity Enterprise (Limited Partnership)	Associate	Financial assets at fair value through profit or loss	-	CNY 2,921	-	CNY 2,921	

(Continued)

Holding Company	Marketable Securities Type and Issuer	Relationship with the Holding Company	Financial Statement Account	March 31, 2020				Note
				Shares/Face Value/Units	Carrying Value	Percentage of Ownership (Note 2)	Fair Value	
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 10,252	-	CNY 10,252	
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 9,969	-	CNY 9,969	
CDIB Venture Capital Corporation	Stocks							
	Dee Van Enterprise Co., Ltd.	-	Financial assets at fair value through profit or loss	561,659	8,408	0.80	8,408	
	Azotek Co., Ltd.	-	Financial assets at fair value through profit or loss	989,400	20,095	0.00	20,095	
	Yenyo Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	500,000	3,296	1.24	3,296	
	Hotai Finance Corporation	-	Financial assets at fair value through profit or loss	1,297,000	83,008	0.25	83,008	
	Fukuta Co., Ltd.	-	Financial assets at fair value through profit or loss	1,872,753	147,959	4.68	147,959	
	Kwan's International Co., Ltd.	-	Financial assets at fair value through profit or loss	14,480	340	0.01	340	
	Handa Pharmaceuticals Inc.	-	Financial assets at fair value through profit or loss	2,809,000	46,264	2.43	46,264	
	Sustainable Development Co., Ltd.	-	Financial assets at fair value through profit or loss	500,000	75,000	1.55	75,000	
	Regal Holding Co., Ltd.	-	Financial assets at fair value through profit or loss	1,101,000	22,405	2.86	22,405	
	Sino-American Silicon Products Inc.	-	Financial assets at fair value through profit or loss	3,114,000	243,515	0.53	243,515	
	Fusheng Precision Co., Ltd.	-	Financial assets at fair value through profit or loss	788,000	122,534	0.60	122,534	
	M2Communication, Inc.	-	Financial assets at fair value through profit or loss	3,238,763	11,598	12.78	11,598	
	GSD Technologies Co., Ltd.	-	Financial assets at fair value through profit or loss	5,482,702	328,962	16.13	328,962	
	Jochu Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	3,725,007	74,314	4.69	74,314	
	STL Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	5,528,901	132,694	8.92	132,694	
	Greatland Electronics Taiwan Ltd.	-	Financial assets at fair value through profit or loss	1,920,000	7,728	5.50	7,728	
	Shengzhuang Holdings Limited	-	Financial assets at fair value through profit or loss	610,590	2,685	6.11	2,685	
	Excelsior Medical Co., Ltd.	-	Financial assets at fair value through profit or loss	33,000	116,199	4.81	116,199	
	CBA Sports International Ltd.	-	Financial assets at fair value through profit or loss	514,821	2,167	0.00	2,167	
	Cvie Therapeutics Company Limited	-	Financial assets at fair value through profit or loss	560,000	19,896	4.15	19,896	
	Viscovery (Cayman) Holding Company Limited	-	Financial assets at fair value through profit or loss	195,317	5,909	1.85	5,909	
	Kkday.com International Company Limited	-	Financial assets at fair value through profit or loss	3,000,000	31,530	1.03	31,530	
	I-Serve Holding Ltd.	-	Financial assets at fair value through profit or loss	2,232,219	117,442	4.17	117,442	
	Hartec Asia Pte. Ltd.	-	Financial assets at fair value through profit or loss	2,800,000	54,458	10.23	54,458	
	Windtree Therapeutic, Inc.	-	Financial assets at fair value through profit or loss	594,552	56,661	1.45	56,661	
	United Renewable Energy Co., Ltd.	-	Financial assets at fair value through profit or loss	5,105,377	18,554	0.20	18,554	
	iCHEF Co., Ltd. - Preferred stock	-	Financial assets at fair value through profit or loss	11,167,513	92,650	40.74	92,650	
	4Gamers Entertainment Inc. - Preferred stock	-	Financial assets at fair value through profit or loss	24,000	15,974	20.00	15,974	
	Viscovery (Cayman) Holding Company Limited - Preferred stock	-	Financial assets at fair value through profit or loss	304,878	9,224	8.20	9,224	
	Citiesocial Holding Cayman Co., Ltd. - Preferred stock	-	Financial assets at fair value through profit or loss	479,635	15,127	18.18	15,127	
	Uimbo CV Inc. - Preferred stock	-	Financial assets at fair value through profit or loss	1,394,145	21,178	10.29	21,178	
	CCMODA Corp. - Preferred stock	-	Financial assets at fair value through profit or loss	1,250,000	16,262	20.00	16,262	
	Asia Parents Holdings Limited	-	Financial assets at fair value through profit or loss	248,889	16,942	14.74	16,942	
	Kneron Holding Corporation - Preferred stock	-	Financial assets at fair value through profit or loss	1,391,752	188,635	9.00	188,635	
	Elixiron Immunotherapeutics (Cayman) Limited - Preferred stock	-	Financial assets at fair value through profit or loss	4,559,686	90,762	26.09	90,762	
	Cloud Mile Inc. -Preferred stock	-	Financial assets at fair value through profit or loss	502,934	18,152	10.00	18,152	
	Zentera Systems, Inc. - Preferred stock	-	Financial assets at fair value through profit or loss	1,324,503	93,775	39.35	93,775	
	FUNP Co., Ltd. - Preferred stock	-	Financial assets at fair value through profit or loss	400,000	43,566	20.00	43,566	
	Achieve Made International Limited - Preferred stock	-	Financial assets at fair value through profit or loss	168,138	12,102	6.67	12,102	
	CBA Sports International Ltd.- Preferred stock	-	Financial assets at fair value through profit or loss	2,402,500	3,380	13.73	3,380	
	Viscovery (Cayman) Holding Company Limited - Preferred stock A	-	Financial assets at fair value through profit or loss	200,000	6,051	10.96	6,051	
	CCMODA Corp. - Preferred stock A	-	Financial assets at fair value through profit or loss	465,116	6,051	9.40	6,051	
	FunNow Ltd. - Preferred stock A	-	Financial assets at fair value through profit or loss	185,184	33,771	20.00	33,771	
	4Gamers Entertainment Inc. - Preferred stock B	-	Financial assets at fair value through profit or loss	8,727	5,809	4.80	5,809	
	Kkday.com International Company Limited - Preferred stock B	-	Financial assets at fair value through profit or loss	5,654,616	59,431	8.66	59,431	
	Traveler Co., Ltd. - Preferred stock B	-	Financial assets at fair value through profit or loss	32,077	24,203	10.85	24,203	
	Fractyl Laboratories, Inc. - Preferred stock E	-	Financial assets at fair value through profit or loss	1,305,574	169,422	12.51	169,422	
	Achieve Made International Limited - Preferred stock E	-	Financial assets at fair value through profit or loss	336,276	24,203	10.00	24,203	
	Kuo Heng Investment Holding Corp.	Associate	Investments accounted for using the equity method	5,000,000	49,592	38.46	49,592	
	CDIB Venture Capital (Hong Kong) Corporation Limited	Subsidiary	Investments accounted for using the equity method	1,010,000,000	3,599,442	100.00	3,599,442	

(Continued)

Holding Company	Marketable Securities Type and Issuer	Relationship with the Holding Company	Financial Statement Account	March 31, 2020				Note
				Shares/Face Value/Units	Carrying Value	Percentage of Ownership (Note 2)	Fair Value	
CDIB Venture Capital Corporation	Fund							
	CDIB Capital Growth Partners L.P.	Associate	Financial assets at fair value through profit or loss	-	$ 564,702	-	$ 564,702	
	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	-	201,428	-	201,428	
	Corporate bond							
	Capital Excel Investment Limited	-	Financial assets at fair value through profit or loss	-	41,448	-	41,448	
	Convertible (exchange) corporate bond							
	Viscovery (Cayman) Holding Company Limited	-	Financial assets at fair value through profit or loss	-	9,076	-	9,076	
	Kkday.com International Company Limited	-	Financial assets at fair value through profit or loss	-	48,406	-	48,406	
	FunNow Ltd.	-	Financial assets at fair value through profit or loss	-	12,102	-	12,102	
CDIB Venture Capital (Hong Kong) Corporation Limited	Fund							
	CDIB Private Equity (Fujian) Enterprise (Limited Partnership)	Associate	Investments accounted for using the equity method	-	HK$ 372,867	-	HK$ 372,867	
	CDIB Yida Private Equity (Kunshan) Enterprise (Limited Partnership)	Associate	Investments accounted for using the equity method	-	HK$ 328,477	-	HK$ 328,477	
	Kunshan Yida Healthcare Private Equity Enterprise (Limited Partnership)	Associate	Financial assets at fair value through profit or loss	-	HK$ 93,605	-	HK$ 93,605	
CDIB Capital Investment I Limited	Stocks							
	Best Inc.	-	Financial assets at fair value through profit or loss	1,500,000	US$ 8,025	0.38	US$ 8,025	
	Casper Sleep, Inc.	-	Financial assets at fair value through profit or loss	266,690	US$ 1,087	20.05	US$ 1,087	
	CCAP Best Logistics Holdings Limited	-	Financial assets at fair value through profit or loss	1,000	US$ 2,956	11.11	US$ 2,956	
	Mestay Cayman Islands Limited - Preferred stock	-	Financial assets at fair value through profit or loss	13,722,047	US$ 3,600	3.40	US$ 3,600	
	Viking 3 Holdings Corporation - Preferred stock	-	Financial assets at fair value through profit or loss	18,000,000	US$ 18,262	100.00	US$ 18,262	
	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	1,636,800	US$ 806	1.81	US$ 806	
	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$ 5,000	1.84	US$ 5,000	
	SCBS 1 Holding Corporation	Subsidiary	Investments accounted for using the equity method	3,578	US$ 2,949	100.00	US$ 2,949	
	Fund							
	Carlyle Asia Partners II, L. P.	-	Financial assets at fair value through profit or loss	-	US$ 127	-	US$ 127	
	KKR Talk Co-invest L.P.	-	Financial assets at fair value through profit or loss	-	US$ 10,239	-	US$ 10,239	
	CC KDC CO-INVEST L.P.	-	Financial assets at fair value through profit or loss	-	US$ 29,001	-	US$ 29,001	
	Ripley Cable Holdings I, L.P.	-	Financial assets at fair value through profit or loss	-	US$ 887	-	US$ 887	
	MSD Sports Partners, L.P.	-	Financial assets at fair value through profit or loss	-	US$ 335	-	US$ 335	
	BCP QualTek Investor Holdings, L.P.	-	Financial assets at fair value through profit or loss	-	US$ 11,773	-	US$ 11,773	
	CDIB Capital Global Opportunities Fund L.P.	Associate	Financial assets at fair value through profit or loss	-	US$ 7,922	-	US$ 7,922	
	CDIB Capital Asia Partners L.P.	Associate	Investments accounted for using the equity method	-	US$ 75,186	-	US$ 75,186	
	Corporate bond							
	Garden Fresh (HK) Fruit & Vegetable Beverage Co., Ltd.	-	Financial assets at fair value through profit or loss	41,875,000	US$ 6,847	-	US$ 6,847	
	Convertible (exchange) corporate bond							
	Garden Fresh (HK) Fruit & Vegetable Beverage Co., Ltd.	-	Financial assets at fair value through profit or loss	28,094,510	US$ 12,173	-	US$ 12,173	
	Mestay Cayman Islands Limited	-	Financial assets at fair value through profit or loss	7,013,490	US$ 3,600	-	US$ 3,600	
SCBS 1 Holding Corporation	Stocks							
	Simplify Compliance Holdings, LLC - Preferred stock	-	Financial assets at fair value through profit or loss	2,833,333	US$ 2,789	2.91	US$ 2,789	
CDIB Capital Investment II Limited	Stocks							
	Great Rich Technologies Limited	-	Financial assets at fair value through profit or loss	1,660,000	US$ 1,660	2.46	US$ 1,660	
	Techmate Korea Daebu Co., Ltd.	-	Financial assets at fair value through profit or loss	45,600	US$ 1,469	10.00	US$ 1,469	
	CBA Sports International Ltd.	-	Financial assets at fair value through profit or loss	508,929	US$ 71	0.89	US$ 71	
	Indostar Capital	-	Financial assets at fair value through profit or loss	631,701	US$ 6,696	2.88	US$ 6,696	
	Indostar Everstone - Preferred stock	-	Financial assets at fair value through profit or loss	860,332	US$ 9,077	8.12	US$ 9,077	
	CBA Sports International Ltd. - Preferred stock A	-	Financial assets at fair value through profit or loss	2,375,000	US$ 111	13.57	US$ 111	

(Continued)

Holding Company	Marketable Securities Type and Issuer	Relationship with the Holding Company	Financial Statement Account	March 31, 2020				Note
				Shares/Face Value/Units	Carrying Value	Percentage of Ownership (Note 2)	Fair Value	
CDIB Capital Investment II Limited	Corporate bond							
	Techmate Korea Daebu Co., Ltd.	-	Debt investments measured at amortized cost	22,497,515,793	US$ 17,679	-	US$ 17,679	
CDIB Global Markets Limited	Stocks							
	Flemingo International (BVI) Ltd. - Preferred stock	-	Financial assets at fair value through profit or loss	1,048	US$ 42,868	50.19	US$ 42,868	
	Fund							
	Huaxing Capital Partners II LP	-	Financial assets at fair value through profit or loss	-	US$ 8,186	-	US$ 8,186	
	GS TDN Investors Offshore, L.P.	-	Financial assets at fair value through profit or loss	-	US$ 180	-	US$ 180	
	CX Partners Fund Alpha Limited	-	Financial assets at fair value through profit or loss	-	US$ 5,757	-	US$ 5,757	
	Carlyle Asia Partners III, L.P.	-	Financial assets at fair value through profit or loss	-	US$ 1,272	-	US$ 1,272	
	Riverwood Capital Partners L.P.	-	Financial assets at fair value through profit or loss	-	US$ 5,058	-	US$ 5,058	
	ECP II (Cayman) Ltd. A	-	Financial assets at fair value through profit or loss	-	US$ 7,177	-	US$ 7,177	
	Sino-Century China Private Equity II L. P.	-	Financial assets at fair value through profit or loss	-	US$ 384	-	US$ 384	
	KKR Asian Fund II L.P.	-	Financial assets at fair value through profit or loss	-	US$ 7,717	-	US$ 7,717	
	Carlyle Asia Partners IV, L.P.	-	Financial assets at fair value through profit or loss	-	US$ 13,826	-	US$ 13,826	
	Carlyle Giovanna Partners, L.P.	-	Financial assets at fair value through profit or loss	-	US$ 85	-	US$ 85	
	Tenaya Capital V, L.P.	-	Financial assets at fair value through profit or loss	-	US$ 2,679	-	US$ 2,679	
	THL Equity Fund VI Investors (Ceridian), L.P.	-	Financial assets at fair value through profit or loss	-	US$ 3,419	-	US$ 3,419	
	Platinum Equity Capital Partners II, L.P.	-	Financial assets at fair value through profit or loss	-	US$ 1,078	-	US$ 1,078	
	Industry Ventures Fund VI, L.P.	-	Financial assets at fair value through profit or loss	-	US$ 1,601	-	US$ 1,601	
	Platinum Equity Capital Partners III, L.P.	-	Financial assets at fair value through profit or loss	-	US$ 5,338	-	US$ 5,338	
	Tenaya Capital VI, LP	-	Financial assets at fair value through profit or loss	-	US$ 7,285	-	US$ 7,285	
	Formation8 Partners Fund I, L.P.	-	Financial assets at fair value through profit or loss	-	US$ 8,233	-	US$ 8,233	
	Blue Point Capital Partners III, L.P.	-	Financial assets at fair value through profit or loss	-	US$ 5,879	-	US$ 5,879	
	Riverwood Capital Partners II L.P.	-	Financial assets at fair value through profit or loss	-	US$ 22,503	-	US$ 22,503	
	THL Equity Fund VI Investors (Ceridian) VI, L.P.	-	Financial assets at fair value through profit or loss	-	US$ 5,053	-	US$ 5,053	
CDIB Capital International Corporation	Stocks							
	CDIB Capital International (Hong Kong) Corporation Limited	Subsidiary	Investments accounted for using the equity method	15,400,000	US$ 6,545	100.00	US$ 6,545	
	CDIB Capital International (Korea) Corporation	Subsidiary	Investments accounted for using the equity method	557,678	US$ 1,977	100.00	US$ 1,977	
	CDIB Capital International (USA) Corporation	Subsidiary	Investments accounted for using the equity method	8,000,000	US$ 2,269	100.00	US$ 2,269	
	CDIB Capital Asia Partners Limited	Subsidiary	Investments accounted for using the equity method	100	US$ 56	100.00	US$ 56	
China Development Asset Management Corp.	Stocks							
	Waterland Securities Co., Ltd.	-	Financial assets at fair value through profit or loss	8,302,564	43,707	1.07	43,707	
	Victor Taichung Machinery Works Co., Ltd.	-	Financial assets at fair value through profit or loss	94,266	534	0.05	534	
	Pine Street Asset Management Corp.	-	Financial assets at fair value through other comprehensive income	3,886,190	23,834	12.25	23,834	
CDIB Management Consulting Corp.	Stocks							
	CDC Finance & Leasing Corp.	Subsidiary	Investments accounted for using the equity method	58,328,460	656,374	76.04	656,374	
	CDIB International Leasing Corp.	Subsidiary	Investments accounted for using the equity method	-	64,211	100.00	64,211	
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	-	0.07	-	
Richpoint Company Limited	Stocks							
	Dragon Investment Fund I Co., Ltd.	-	Financial assets at fair value through profit or loss	612,519	US$ 106	6.48	US$ 106	
	He Ding Venture Capital Investment Corporation	-	Financial assets at fair value through profit or loss	295,000	US$ 14	5.00	US$ 14	
	Lien Ding Venture Capital Investment Corporation	-	Financial assets at fair value through profit or loss	210,000	US$ 26	3.00	US$ 26	
	KG Investments Holdings Limited	Subsidiary	Investments accounted for using the equity method	156,864,163	US$ 475,414	100.00	US$ 475,414	
	KGI Investment Advisory (Shanghai) Co., Ltd.	Subsidiary	Investments accounted for using the equity method	-	US$ 866	100.00	US$ 866	

(Continued)

Holding Company	Marketable Securities Type and Issuer	Relationship with the Holding Company	Financial Statement Account	March 31, 2020				Note
				Shares/Face Value/Units	Carrying Value	Percentage of Ownership (Note 2)	Fair Value	
KGI Venture Capital Co., Ltd.	Stocks							
	PharmaEssentia Corp.	-	Financial assets at fair value through profit or loss	127,373	$ 8,572	0.06	$ 8,572	
	WinWay Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	386,051	101,338	1.27	101,338	
	Jmc Electronics Co., Ltd.	-	Financial assets at fair value through profit or loss	416,000	19,573	0.42	19,573	
	Global Tek Fabrication Co., Ltd.	-	Financial assets at fair value through profit or loss	149,000	4,843	0.22	4,843	
	Top Bright Holding Co., Ltd.	-	Financial assets at fair value through profit or loss	381,000	27,699	0.74	27,699	
	Drewloong Precision, Inc.	-	Financial assets at fair value through profit or loss	370,614	30,168	1.04	30,168	
	Yield Microelectronics Corp.	-	Financial assets at fair value through profit or loss	443,000	15,128	1.66	15,128	
	Deluxe Technology Group.	-	Financial assets at fair value through profit or loss	542,149	5,252	0.88	5,252	
	San Neng Group Holdings Co., Ltd.	-	Financial assets at fair value through profit or loss	700,000	24,080	1.15	24,080	
	Sustainable Development Co., Ltd.	-	Financial assets at fair value through profit or loss	203,490	30,524	0.63	30,524	
	Gingy Technology Inc.	-	Financial assets at fair value through profit or loss	1,148,837	5,868	4.25	5,868	
	Fittech Co., Ltd.	-	Financial assets at fair value through profit or loss	489,000	32,274	0.75	32,274	
	JG Environmental Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	56,000	1,621	0.27	1,621	
	UPI Semiconductor Corp.	-	Financial assets at fair value through profit or loss	190,665	6,446	0.27	6,446	
	Wiltrom Co., Ltd.	-	Financial assets at fair value through profit or loss	399,000	9,776	1.51	9,776	
	Yongda Food Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	1,100,000	6,484	4.02	6,484	
	Asia Metal Industries, Inc.	-	Financial assets at fair value through profit or loss	650,000	32,812	3.60	32,812	
	Allied Supreme Corporation	-	Financial assets at fair value through profit or loss	430,000	48,203	0.63	48,203	
	Chen Feng Optronics Corporation	-	Financial assets at fair value through profit or loss	1,601,752	41,646	2.62	41,646	
	Young Shine Electric Co., Ltd.	-	Financial assets at fair value through profit or loss	899,000	40,734	4.50	40,734	
	Mutual-Tek Industries Co., Ltd.	-	Financial assets at fair value through profit or loss	1,000,000	20,500	1.22	20,500	
	Convertible (exchange) corporate bond							
	Taiwan Chinsan Electronic Industrial Co., Ltd.	-	Financial assets at fair value through profit or loss	-	8,068	-	8,068	
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	-	20,177	-	20,177	

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.

(Concluded)

TABLE 4

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, 2020
(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
KGI Bank	Stocks													
	Next Bank	Financial assets at fair value through other comprehensive income	-	-	-	$ -	70,000,000	$ 700,000 (Note 1)	-	$ -	$ -	$ -	70,000,000	$ 700,000 (Note 1)
CDIB Capital Investment II Limited	Corporate bonds													
	Techmate Korea Daebu Co., Ltd.	Debt investment measured at amortized cost	-	-	-	US$ -	22,497,515,793	US$ 17,679 (Note 2)	-	-	-	-	22,497,515,793	US$ 17,679

Note 1: Initial acquisition cost.

Note 2: Consists of cost of purchase US$18,618 thousand, interests of pre-owner of initial acquisition (US$140 thousand), amortization of discount US$16 thousand, net value (the decrease of investment cost) US$124 thousand, exchange loss US$360 thousand and accumulated impairment loss US$455 thousand.

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, 2020
(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	$ 515,983 (Note 1)	-	$ -	-	$ -	$ -
	KGI Bank	Subsidiary	627,754 (Note 1)	-	-	-	-	-
	KGI Securities Co., Ltd.	Subsidiary	790,419 (Note 1)	-	-	-	-	-
China Life Insurance	KGI Bank	Subsidiary of the parent company	1,296,283	-	-	-	1,296,283	-
Richpoint Company Limited	KGI International (Hong Kong) Limited	Subsidiary	605,369	-	-	-	289	-
	PT KGI Sekuritas Indonesia	Subsidiary of the parent company	484,064	-	-	-	-	-
KGI International (Hong Kong) Limited	KGI Asia Limited	Subsidiary of the parent company	1,066,918	-	-	-	1,066,918	-
KGI Asia Limited	KGI International (Hong Kong) Limited	Subsidiary of the parent company	610,358	-	-	-	610,358	-

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.

TABLE 6

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

SUBSIDIARIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2020

Consolidated entities

Investor Company	Subsidiaries	Main Business and Products	Percentage of Ownership			Note
			March 31, 2020	December 31, 2019	March 31, 2019	
The Corporation	CDIB Capital Group	Venture fund	100.00	100.00	100.00	
	KGI Securities	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	(Note 1)
	China Life Insurance Co., Ltd.	Life insurance	26.16	26.16	25.33	(Note 2)
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 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 International (Korea) 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 Capital Intelligence Partners Limited	Private equity advisory service	100.00	-	-	(Note 3)
CDIB Capital Investment I Limited	SCBS 1 Holding Corporation	Investment holdings	100.00	100.00	100.00	
CDIB Venture Capital Corporation	CDIB Venture Capital (Hong Kong) Corporation Limited	Venture fund	100.00	100.00	100.00	
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	
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	

(Continued)

Investor Company	Subsidiaries	Main Business and Products	Percentage of Ownership			Note
			March 31, 2020	December 31, 2019	March 31, 2019	
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	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 capital	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	22.07	21.99	(Notes 4 and 5)
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	100.00	100.00	(Note 6)
	KGI International Limited	Investment holdings	100.00	100.00	100.00	
	Bauhinia 88 Ltd.	Investment holdings	100.00	100.00	100.00	(Note 6)
KGI Limited	KGI Futures (Hong Kong) Limited	Futures and options investment 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	
	TG Holborn (HK) Limited	Other	-	-	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	100.00	100.00	(Note 7)
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	100.00	100.00	(Notes 7 and 8)

(Continued)

Investor Company	Subsidiaries	Main Business and Products	Percentage of Ownership			Note
			March 31, 2020	December 31, 2019	March 31, 2019	
KGI Capital Asia Limited	KGI Alliance Corporation	Investment services	100.00	100.00	100.00	(Note 7)
	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	
China Development Asset Management Corp.	Development Industrial Bank Asset Management Corp.	Trading and management of nonperforming loans of financial institutions	-	-	100.00	(Note 1)
	Chung Hwa Growth 3 Asset Management Corp.	Trading and management of nonperforming loans of financial institutions	-	-	100.00	(Note 1)
	Chung Hwa Growth 4 Asset Management Corp.	Trading and management of nonperforming loans of financial institutions	-	-	100.00	(Note 1)

Note 1: China Development Asset Management Corp., Development Industrial Bank Asset Management Corp., and Chung Hwa Growth 4 Asset Management Corp. was acquired by Chung Hwa Growth 3 Asset Management Corp. on July 1, 2019. Also, Chung Hwa Growth 3 Asset Management Corp. was renamed as “China Development Asset Management Corp.” on the same day.

Note 2: The Corporation and the subsidiary, KGI securities, jointly held 34.82% and 34.96% of shares of China Life Insurance Co., Ltd. on March 31, 2020 and 2019, respectively.

Note 3: CDIB Capital Intelligence Partners Limited conducted registration of establishment on February 28, 2020, however, CDIB Capital Intelligence Partners Limited had not invested any capital as of March 31, 2020.

Note 4: KGI Securities obtained more than half of the seats in the board of director, therefore, Global Securities Finance Corporation (GSFC) should be included in the consolidated financial statements.

Note 5: 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.

Note 6: Supersonic Services Inc. and Bauhinia 88 Ltd. submitted application for going out of business, and had been approved by the competent authority in Taiwan on January 20, 2020. The application will subject to the approval of the competent authority of local governments.

Note 7: KGI Korea Limited、KGI Capital (Singapore) Pte. Ltd. and KGI Alliance Corporation. submitted application for going out of business, and had been approved by the Competent Authority in Taiwan on January 20, 2020. The application will subject to the approval of the competent authority of local governments.

Note 8: KGI Capital (Singapore) Pte. Ltd. has been discontinued.

(Concluded)

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, 2020	December 31, 2019	March 31, 2019
Cash and cash equivalents	$ 2,508,830	$ 2,914,480	$ 5,051,674
Financial assets at fair value through profit or loss	-	-	310,082
Receivables, net	52,619	49,216	60,946
Current tax assets	2,097,292	2,013,945	1,930,243
Investments accounted for using the equity method, net	191,809,391	214,485,554	201,760,344
Other financial assets	300	300	300
Right-of-use assets, net	21,215	6,285	5,291
Property and equipment, net	44,165	45,078	28,116
Other assets, net	44,023	37,747	110,097
Total	$ 196,577,835	$ 219,552,605	$ 209,257,093
Liabilities and Equity			
Liabilities			
Commercial paper payable, net	$ 9,849,367	$ 3,849,741	$ 8,999,105
Payables	653,284	937,194	662,405
Current tax liabilities	449,650	418,779	1,140,947
Bonds payable	17,000,000	23,000,000	18,000,000
Other borrowings	3,899,790	3,799,796	5,499,621
Provisions	12,020	12,807	6,684
Lease liabilities	20,859	6,555	5,443
Other liabilities	12,957	2,605	15,698
Total liabilities	31,897,927	32,027,477	34,329,903
Equity			
Capital			
Common stock	149,684,380	149,663,721	149,633,809
Advance receipts for capital stock	26,146	20,359	22,912
Capital surplus	1,115,029	1,093,745	1,676,843
Retained earnings			
Legal reserve	7,561,404	7,561,404	6,776,135
Special reserve	10,797,899	10,797,899	565,041
Unappropriated earnings	11,987,265	12,617,375	18,488,662
Other			
Exchange differences on translation of financial statements of foreign operations	(1,807,181)	(1,790,483)	(723,909)
Unrealized gain (loss) on equity instruments at fair value through other comprehensive income	(1,359,270)	1,556,416	1,311,031
Unrealized gain (loss) on debt instruments at fair value through other comprehensive income	(45,185)	7,794,213	635,123
Other comprehensive income (loss) reclassified using the overlay approach	(10,209,109)	1,347,757	36,662
Others	-	-	(791)
Treasury shares	(3,071,470)	(3,137,278)	(3,494,328)
Total equity	164,679,908	187,525,128	174,927,190
Total	$ 196,577,835	$ 219,552,605	$ 209,257,093

(Continued)

2. Statements of comprehensive income

(In Thousands of New Taiwan Dollars, Except Earnings (Losses) Per Share)

	For the Three Months Ended March 31	
	2020	**2019**
REVENUES		
Share of profit of subsidiaries, associates and joint ventures	$ -	$ 3,936,876
Others	7,575	39,474
Total revenues	7,575	3,976,350
EXPENSES AND LOSSES		
Share of loss of subsidiaries, associates and joint ventures	(299,454)	-
Operating expenses	(146,157)	(299,688)
Others	(102,184)	(103,460)
Total expenses and losses	(547,795)	(403,148)
NET PROFIT (LOSS) BEFORE INCOME TAX	(540,220)	3,573,202
INCOME TAX BENEFIT	52,110	36,491
NET PROFIT (LOSS) FOR THE PERIOD	(488,110)	3,609,693
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	(3,318,259)	1,699,387
Income tax relating to the items that will not be reclassified subsequently to profit or loss	265,288	(185,988)
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	(21,323,013)	11,755,406
Income tax relating to the items that may be reclassified subsequently to profit or loss	1,910,051	(1,353,353)
Other comprehensive income (loss) for the period, net of income tax	(22,465,933)	11,915,452
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	$ (22,954,043)	$ 15,525,145
BASIC EARNINGS (LOSSES) PER SHARE	$(0.03)	$0.25
DILUTED EARNINGS (LOSSES) PER SHARE	$(0.03)	$0.25

(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	Others	Treasury Shares	Total Equity
BALANCE AT JANUARY 1, 2019	$ 149,622,812	$ 10,748	$ 1,630,992	$ 6,776,135	$ 565,041	$ 14,754,530	$ (930,286)	$ (5,138,562)	$ (4,451,944)	$ (1,339)	$ (3,605,444)	$ 159,232,683
Net profit for the three months ended March 31, 2019	-	-	-	-	-	3,609,693	-	-	-	-	-	3,609,693
Other comprehensive income (loss) for the three months ended March 31, 2019, net of income tax	-	-	-	-	-	-	206,377	7,220,469	4,488,606	-	-	11,915,452
Total comprehensive income (loss) for the three months ended March 31, 2019	-	-	-	-	-	3,609,693	206,377	7,220,469	4,488,606	-	-	15,525,145
Disposal of the Corporation shares, as treasury shares	-	-	44,785	-	-	-	-	-	-	-	111,116	155,901
Share-based payments	10,997	12,164	1,066	-	-	(6,457)	-	-	-	548	-	18,318
Disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	-	135,753	-	(135,753)	-	-	-	-
Net change in special reserve of subsidiaries	-	-	-	-	-	(4,857)	-	-	-	-	-	(4,857)
BALANCE AT MARCH 31, 2019	$ 149,633,809	$ 22,912	$ 1,676,843	$ 6,776,135	$ 565,041	$ 18,488,662	$ (723,909)	$ 1,946,154	$ 36,662	$ (791)	$ (3,494,328)	$ 174,927,190
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 loss 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

(Continued)

4. Statements of cash flows

(In Thousands of New Taiwan Dollars)

	For the Three Months Ended March 31	
	2020	**2019**
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit (loss) before income tax	$ (540,220)	$ 3,573,202
Adjustments for:		
Depreciation and amortization expenses	3,672	1,861
Gain on financial assets at fair value through profit or loss, net	-	(31,504)
Interest expense	99,232	99,774
Interest income	(3,202)	(7,631)
Share-based payment compensation cost	-	579
Share of profit (loss) of subsidiaries, associates and joint ventures	299,724	(3,936,605)
Changes in operating assets and liabilities		
Financial assets at fair value through profit or loss	-	193,187
Receivables	(3,887)	(10,632)
Other financial assets	-	500,000
Other assets	(4,720)	(60,394)
Payables	(286,285)	(142,841)
Other liabilities	9,565	12,570
Interest paid	(99,093)	(33,345)
Interest received	3,686	7,884
Income tax paid	(365)	(788)
Net cash generated from (used in) operating activities	(521,893)	165,317
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	(549)	(935)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in commercial paper payable	5,999,626	(899,870)
Repayments of corporate bonds	(6,000,000)	(1,000,000)
Proceeds from other borrowings	99,994	2,199,670
Others	17,172	17,066
Net cash generated from financing activities	116,792	316,866
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(405,650)	481,248
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	2,914,480	4,570,426
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	$ 2,508,830	$ 5,051,674

(Continued)

KGI Bank

1. Condensed balance sheets

(In Thousands of New Taiwan Dollars)

	March 31, 2020	December 31, 2019	March 31, 2019
Cash and cash equivalents, due from the Central Bank and call loans to banks	$ 44,179,056	$ 36,394,030	$ 35,960,296
Financial assets at fair value through profit or loss	120,193,535	78,108,576	82,930,078
Financial assets at fair value through other comprehensive income	150,947,175	135,245,604	149,373,906
Debt instruments measured at amortized cost	11,488,592	11,136,022	12,000,358
Financial assets for hedging	2,663	-	-
Securities purchased under resell agreements	25,952,054	18,686,598	25,754,171
Receivables, net	20,002,898	17,457,148	22,833,572
Current tax assets	-	-	11,629
Discounts and loans, net	356,658,168	342,501,981	341,959,586
Investments accounted for using the equity method, net	1,548,171	1,744,809	1,768,108
Other financial assets, net	1,064,900	1,983,930	1,145,300
Property and equipment, net	5,268,730	5,334,376	5,329,704
Right-of-use assets, net	2,152,237	2,194,830	2,222,038
Investment property, net	1,114,449	1,102,245	1,107,244
Deferred tax assets	1,392,157	1,348,260	2,358,759
Other assets, net	16,088,725	9,142,730	8,413,026
Total assets	$ 758,053,510	$ 662,381,139	$ 693,167,775
Deposits from the Central Bank and banks	$ 21,753,402	$ 22,965,260	$ 19,823,126
Financial liabilities at fair value through profit or loss	111,477,609	76,747,276	69,327,921
Financial liabilities for hedging	824,087	-	-
Notes and bonds issued under repurchase agreements	46,999,330	18,749,841	51,689,922
Payables	8,163,300	8,441,522	8,314,471
Current tax liabilities	627,754	600,802	530,563
Deposits and remittances	457,302,333	421,415,142	444,170,186
Bank debentures payable	16,442,639	10,450,000	7,350,000
Principal received on structured notes	23,693,970	30,248,517	23,678,587
Other financial liabilities	66,667	66,667	-
Provisions	399,911	428,589	397,499
Lease liabilities	2,158,380	2,196,166	2,209,653
Deferred tax liabilities	54,976	24,660	335,704
Other liabilities	7,727,177	5,875,067	4,117,532
Total liabilities	697,691,535	598,209,509	631,945,164
Common stock	46,061,623	46,061,623	46,061,623
Capital surplus	7,251,306	7,251,306	7,251,237
Retained earnings	10,430,315	10,004,687	7,469,499
Others	(3,381,269)	854,014	440,252
Total equity	60,361,975	64,171,630	61,222,611
Total liabilities and equity	$ 758,053,510	$ 662,381,139	$ 693,167,775

(Continued)

2. Condensed statements of comprehensive income

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Three Months Ended March 31	
	2020	**2019**
Interest revenue	$ 3,186,006	$ 3,468,851
Interest expense	(1,336,262)	(1,853,928)
Interest profit, net	1,849,744	1,614,923
Noninterest profits and gains, net	306,312	961,476
Total net revenues	2,156,056	2,576,399
Reversal of allowance (allowance) for bad debts and losses on commitment and guarantees, net	5,873	729
Operating expenses	(1,476,766)	(1,480,354)
Net profit before income tax	685,163	1,096,774
Income tax (expense) benefit	(120,604)	(194,458)
Net profit for the period	564,559	902,316
Other comprehensive income (loss) for the period net of income tax	(4,374,214)	1,945,756
Total comprehensive income for the period	$ (3,809,655)	$ 2,848,072
Basic earnings per share	$0.12	$0.20

(Continued)

KGI Securities

1. Condensed balance sheets

(In Thousands of New Taiwan Dollars)

	March 31, 2020	December 31, 2019	March 31, 2019
Current assets	$ 180,578,616	$ 180,711,551	$ 152,900,952
Noncurrent assets	46,155,495	49,800,020	47,127,303
Total assets	$ 226,734,111	$ 230,511,571	$ 200,028,255
Current liabilities	$ 157,555,959	$ 156,714,996	$ 129,939,735
Noncurrent liabilities	7,149,368	6,396,585	7,097,284
Total liabilities	164,705,327	163,111,581	137,037,019
Common stock	32,418,432	32,418,432	32,418,432
Capital surplus	8,648,571	8,648,567	8,648,234
Retained earnings	25,472,185	25,428,702	22,645,100
Others	(4,510,404)	904,289	(720,530)
Total equity	62,028,784	67,399,990	62,991,236
Total liabilities and equity	$ 226,734,111	$ 230,511,571	$ 200,028,255

2. Condensed statements of comprehensive income

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Three Months Ended March 31	
	2020	2019
Revenues	$ 1,678,917	$ 2,590,870
Costs and expenses	(2,226,315)	(2,153,415)
Profit (loss) from operations	(547,398)	437,455
Share of profit (loss) of subsidiaries, associates and joint ventures	475,711	816,089
Other income and loss	173,477	190,938
Total non-operating income or loss	649,188	1,007,027
Net profit before income tax	101,790	1,444,482
Income tax expense	(30,727)	(36,398)
Net profit for the period	71,063	1,408,084
Other comprehensive income (loss)	(5,442,165)	3,165,677
Total comprehensive income (loss) for the period	$ (5,371,102)	$ 4,573,761
Basic earnings per share	$0.02	$0.43

(Continued)

CDIB Capital Group

1. Condensed balance sheets

(In Thousands of New Taiwan Dollars)

	March 31, 2020	December 31, 2019	March 31, 2019
Current assets	$ 5,368,777	$ 5,333,409	$ 6,840,152
Noncurrent assets	36,458,751	39,121,770	44,407,041
Total assets	$ 41,827,528	$ 44,455,179	$ 51,247,193
Current liabilities	$ 813,931	$ 944,851	$ 979,134
Noncurrent liabilities	827,296	837,985	948,282
Total liabilities	1,641,227	1,782,836	1,927,416
Common stock	20,411,159	20,411,159	20,411,159
Capital surplus	590,409	590,409	590,151
Retained earnings	19,430,298	21,147,266	27,470,656
Others	(245,565)	523,509	847,811
Total equity	40,186,301	42,672,343	49,319,777
Total liabilities and equity	$ 41,827,528	$ 44,455,179	$ 51,247,193

2. Condensed statements of comprehensive income

(In Thousands of New Taiwan Dollars, Except Earnings (Losses) Per Share)

	For the Three Months Ended March 31	
	2020	2019
Operating revenues	$ 6,188	$ 1,371,080
Operating costs	(1,665,345)	-
Gross profit (loss)	(1,659,157)	1,371,080
Operating expenses	(106,335)	(186,577)
Profit (loss) from operations	(1,765,492)	1,184,503
Non-operating income and expenses	37,719	40,948
Net profit (loss) before income tax	(1,727,773)	1,225,451
Income tax benefit	10,807	10,739
Net profit (loss) for the period	(1,716,966)	1,236,190
Other comprehensive income (loss) for the period, net of income tax	(769,075)	397,211
Total comprehensive income (loss) for the period	$ (2,486,041)	$ 1,633,401
Basic earnings (loss) per share	$(0.84)	$0.61

(Continued)

China Development Asset Management Corp.

1. Condensed balance sheets

(In Thousands of New Taiwan Dollars)

	March 31, 2020	December 31, 2019	March 31, 2019
Current assets	$ 36,940	$ 34,475	$ 869,526
Noncurrent assets	2,756,777	2,772,137	2,422,879
Total assets	$ 2,793,717	$ 2,806,612	$ 3,292,405
Current liabilities	$ 115,663	$ 137,331	$ 916,405
Noncurrent liabilities	71,548	71,300	1,699
Total liabilities	187,211	208,631	918,104
Common stock	2,133,600	2,133,600	2,260,000
Capital surplus	139,538	139,538	129,957
Retained earnings	356,912	348,387	118,402
Others	(23,544)	(23,544)	-
Prior interest under common control	-	-	(134,058)
Total equity	2,606,506	2,597,981	2,374,301
Total liabilities and equity	$ 2,793,717	$ 2,806,612	$ 3,292,405

(Continued)

2. Condensed statements of comprehensive income

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Three Months Ended March 31	
	2020	**2019 (After Restated)**
Revenues and gains	$ 44,122	$ 32,355
Expenses and losses	(31,195)	(14,567)
Net profit before income tax	12,927	17,788
Income tax expense	(4,402)	(2,405)
Net profit for the period	8,525	15,383
Other comprehensive income (loss) for the period, net of income tax	-	-
Total comprehensive income (loss) for the period	$ 8,525	$ 15,383
Net profit attributable to:		
Owners of parent	$ 8,525	$ 9,638
Prior interest under common control	-	5,745
	$ 8,525	$ 15,383
Total comprehensive income attributable to:		
Owners of parent	$ 8,525	$ 9,638
Prior interest under common control	-	5,745
	$ 8,525	$ 15,383
Basic earnings per share	$0.04	$0.07

(Concluded)

China Life Insurance Co., Ltd.

1. Condensed balance sheets

(In Thousands of New Taiwan Dollars)

	March 31, 2020	December 31, 2019	March 31, 2019
Cash and cash equivalents	$ 66,089,008	$ 85,927,723	$ 45,603,985
Receivables	37,062,869	26,826,102	27,859,037
Current tax assets	526,131	526,131	499,407
Financial assets at fair value through profit or loss	324,855,481	312,985,212	270,587,444
Financial assets at fair value through other comprehensive income	366,258,863	382,691,543	330,268,025
Financial assets measured at amortized cost	1,023,275,814	1,011,036,234	977,460,881
Investment property	23,126,967	23,136,905	23,143,854
Loans	34,262,761	34,033,871	33,231,224
Reinsurance assets	794,404	533,134	548,576
Property and equipment	15,544,503	14,113,541	11,254,900
Right-of-use assets	14,556,935	15,174,273	15,371,498
Intangible assets	184,029	190,409	200,975
Deferred tax assets	8,203,119	8,264,170	6,110,389
Other assets	6,945,111	6,876,554	7,681,279
Separate account product assets	64,963,511	77,922,118	67,618,257
Total assets	$ 1,986,649,506	$ 2,000,237,920	$ 1,817,439,731
Payables	$ 28,345,333	$ 19,417,296	$ 24,230,076
Current tax liabilities	912,991	714,434	234,539
Financial liabilities at fair value through profit or loss	3,879,382	1,426,070	3,128,781
Lease liabilities	1,657,649	2,206,846	2,222,261
Insurance liabilities	1,779,782,017	1,738,260,215	1,609,001,157
Foreign exchange valuation reserve	3,808,037	2,367,039	4,210,140
Provisions	161,315	209,328	115,923
Deferred tax liabilities	1,517,077	7,286,894	1,903,387
Other liabilities	3,702,823	7,758,119	3,187,564
Separate account product liabilities	64,963,511	77,922,118	67,618,257
Total liabilities	1,888,730,135	1,857,568,359	1,715,852,085
Common stock	44,635,823	44,635,823	40,135,823
Capital surplus	7,214,523	7,214,523	2,289,273
Retained earnings	65,698,662	61,240,158	51,059,671
Others	(19,629,637)	29,579,057	8,102,879
Total equity	97,919,371	142,669,561	101,587,646
Total liabilities and equity	$ 1,986,649,506	$ 2,000,237,920	$ 1,817,439,731

(Continued)

2. Condensed statements of comprehensive income

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Three Months Ended March 31	
	2020	**2019**
Operating revenues	$ 70,861,463	$ 92,368,356
Operating costs	(64,039,886)	(87,783,614)
Operating expenses	(1,566,296)	(1,381,544)
Profit from operations	5,255,281	3,203,198
Non-operating income and expenses	2,212	3,268
Income from continuing operations before income tax	5,257,493	3,206,466
Income tax expense	(798,635)	(400,901)
Net income	4,458,858	2,805,565
Other comprehensive income (loss) for the period, net of income tax	(49,207,795)	25,701,590
Total comprehensive income (loss) for the period	$ (44,748,937)	$ 28,507,155
Basic earnings per share	$1.00	$0.70

(Concluded)

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
MARCH 31, 2020
(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, 2020	Investment Flows		Accumulated Outflow of Investment from Taiwan as of March 31, 2020	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Note 2)	Carrying Value as of March 31, 2020	Accumulated Inward Remittance of Earnings as of March 31, 2020
					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	-
Shanghai Derby Software Co., Ltd.	The next-generation electronic distribution channel operator serving China's hotel industry.	US$ 10,000 thousand	Note 1,b,2)	US$ 3,267 thousand	-	US$ 3,267 thousand	-	(Note 3)	-	-	-	-
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$ 228 thousand	(Note 3)	1.79	-	6,898	-
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	-	6,058	-
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	-	7,083	-
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	-	249	-
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)	CNY 297 thousand	-	-	US$ 297 thousand	(Note 3)	2.36	-	2,217	-
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	-	311	-
Jiangyin Suda Huicheng Composite Material Co., Ltd.	Lithium battery with extruded composite film.	CNY 19,812 thousand	Note 1,b,18)	US$ 4,938 thousand	-	-	US$ 4,938 thousand	(Note 3)	3.89	-	36,887	-
CDIB Private Equity (China) Corporation	Management and consulting.	US$ 7,000 thousand	Note 1,b,8)	US$ 7,000 thousand	-	-	US$ 7,000 thousand	10,634	100.00	10,634	252,415	-
CDIB Private Equity (Fujian) Co., Ltd.	Fund Management.	CNY 10,000 thousand	Note 9	-	-	-	-	5,691	70.00	3,984	83,881	-

(Continued)

Investee Company Name	Main Businesses and Products	Total Paid-in Capital	Investment Type	Accumulated Outflow of Investment from Taiwan as of January 1, 2020	Investment Flows		Accumulated Outflow of Investment from Taiwan as of March 31, 2020	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Note 2)	Carrying Value as of March 31, 2020	Accumulated Inward Remittance of Earnings as of March 31, 2020
					Outflow	Inflow						
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	$ (165)	70.00	$ (116)	$ 35,410	$ -
CDIB Private Equity (Fujian) Enterprise (Limited Partnership)	Equity investment.	CNY 1,000,000 thousand	Note 1,b,7),8)	CNY 350,000 thousand	-	-	CNY 350,000 thousand	(11,807)	-	(4,132)	1,497,388	-
CDIB Yida Private Equity (Kunshan) Co., Ltd.	Fund Management.	CNY 7,000 thousand	Note 10	-	-	-	-	6,686	65.00	4,346	59,356	-
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	(102)	65.00	(66)	33,110	-
CDIB Yida Private Equity (Kushan) Enterprise (Limited Partnership)	Equity investment.	CNY 1,000,000 thousand	Note 1,b,7),8)	CNY 300,000 thousand	-	-	CNY 300,000 thousand	(4,571)	-	(1,371)	1,310,468	-
GSD Industrial (China) Co., Ltd.	Pumps manufacture and sale.	CNY 50,000 thousand	Note 1,b,9)	US$ 2,235 thousand	-	-	US$ 2,235 thousand	(Note 3)	19.86	-	68,353	-
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)	7.7	-	69,920	-
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)	7.7	-	50,776	-
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	-	55,364	-
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	-	55,407	-
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)	-	-	2,579	-
Viscovery	Business in software development	US$ 2,860 thousand	Note 1,b, 15)	US$ 36 thousand	-	-	US$ 36 thousand	(Note 3)	1.80	-	1,089	-
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	4,133	100.00	4,133	64,211	-

(Continued)

Investee Company Name	Main Businesses and Products	Total Paid-in Capital	Investment Type	Accumulated Outflow of Investment from Taiwan as of January 1, 2020	Investment Flows		Accumulated Outflow of Investment from Taiwan as of March 31, 2020	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Note 2)	Carrying Value as of March 31, 2020	Accumulated Inward Remittance of Earnings as of March 31, 2020
					Outflow	Inflow						
KGI Investment advisory (Shanghai) Co., Ltd.	Investment consultancy.	US$ 4,000 thousand	Note 1,b,16)	US$ 4,000 thousand	$ -	$ -	US$ 4,000 thousand	$ (1,679)	100.00	$ (1,679)	$ 26,211	$ -
CCB Life Insurance Company Limited	Life insurance.	CNY 7,120,461 thousand	Note 1,a	12,880,969	-	-	12,880,969	1,071,394	19.90	-	10,770,069	71,756
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$ 381 thousand	-	-	US$ 381 thousand	(Note 3)	0.88	-	1,228	-
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$ 107 thousand	-	-	US$ 107 thousand	(Note 3)	0.88	-	343	-
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	-	60,508	-
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	-	90,762	-
Kunshan Yida Healthcare Private Equity Enterprise (Limited Partnership)	Equity investment	CNY 285,000 thousand	Note 1,b,7), 8)	CNY 89,224 thousand	-	-	CNY 89,224 thousand	(12,281)	-	(3,977)	377,690	-

Accumulated Investment in Mainland China as of March 31, 2020	Investment Amounts Authorized by Investment Commission, MOEA	Limit on Investment
$19,948,943	US$825,427 thousand	$136,359,516

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.
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.

(Continued)

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.

Note 2: The financial statements were reviewed by international CPA firms having a corporative relation with CPA firms in the Republic of China.

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: 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 12: 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 13: 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 14: CCB Life Insurance Company Limited raised CNY6,000,000 thousand on 2019. The seasoned equity offering had already collected full proceeds and completed capital verification on April 2019. The total paid-in capital after right offering is subject to approval of China Banking and Insurance Regulatory Commission as of May 25, 2020.

(Concluded)

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

BUSINESS RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE THREE MONTHS ENDED MARCH 31, 2020
(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	$ 515,983	Note 4	0.02%
1	CDIB Capital Group	The Corporation	2	Current tax liabilities	515,983	Note 4	0.02%
0	The Corporation	CDIB Capital Group	1	Current tax liabilities	212,094	Note 4	0.01%
1	CDIB Capital Group	The Corporation	2	Current tax assets	212,094	Note 4	0.01%
0	The Corporation	KGI Bank	1	Current tax assets	627,754	Note 4	0.02%
2	KGI Bank	The Corporation	2	Current tax liabilities	627,754	Note 4	0.02%
0	The Corporation	KGI Securities	1	Current tax assets	790,419	Note 4	0.03%
3	KGI Securities	The Corporation	2	Current tax liabilities	790,419	Note 4	0.03%
0	The Corporation	KGI Bank	1	Cash and cash equivalents	2,463,453	Note 4	0.08%
2	KGI Bank	The Corporation	2	Deposits and remittances	2,463,453	Note 4	0.08%
1	CDIB Capital Group	KGI Bank	3	Cash and cash equivalents	4,990,733	Note 4	0.16%
2	KGI Bank	CDIB Capital Group	3	Deposits and remittances	4,990,733	Note 4	0.16%
3	KGI Securities	KGI Bank	3	Cash and cash equivalents	3,184,531	Note 4	0.10%
3	KGI Securities	KGI Bank	3	Other financial assets	31,830	Note 4	0.00%
2	KGI Bank	KGI Securities	3	Deposits and remittances	3,216,361	Note 4	0.10%
3	KGI Securities	KGI Bank	3	Other financial assets	225,135	Note 4	0.01%
2	KGI Bank	KGI Securities	3	Deposits and remittances	225,135	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)
3	KGI Securities	KGI Bank	3	Restricted assets	$ 2,509,864	Note 4	0.08%
2	KGI Bank	KGI Securities	3	Deposits and remittances	2,509,864	Note 4	0.08%
4	China Life Insurance	KGI Bank	3	Cash and cash equivalents	1,254,090	Note 4	0.04%
2	KGI Bank	China Life Insurance	3	Deposits and remittances	1,254,090	Note 4	0.04%
5	CDIB Capital Management Corporation	KGI Bank	3	Cash and cash equivalents	112,318	Note 4	0.00%
5	CDIB Capital Management Corporation	KGI Bank	3	Other financial assets	106,810	Note 4	0.00%
2	KGI Bank	CDIB Capital Management Corporation	3	Deposits and remittances	219,128	Note 4	0.01%
6	CDIB Venture Capital (Hong Kong) Corporation Limited	KGI Bank	3	Cash and cash equivalents	505,301	Note 4	0.02%
2	KGI Bank	CDIB Venture Capital (Hong Kong) Corporation Limited	3	Deposits and remittances	505,301	Note 4	0.02%
7	CDIB Venture Capital Corporation	KGI Bank	3	Cash and cash equivalents	1,453,319	Note 4	0.05%
2	KGI Bank	CDIB Venture Capital Corporation	3	Deposits and remittances	1,453,319	Note 4	0.05%
3	KGI Securities	KGI Bank	3	Other financial liabilities	306,424	Note 4	0.01%
2	KGI Bank	KGI Securities	3	Other financial assets	306,424	Note 4	0.01%
2	KGI Bank	KGI Securities	3	Receivables, net	262,075	Note 4	0.01%
3	KGI Securities	KGI Bank	3	Payables	262,075	Note 4	0.01%
4	China Life Insurance	KGI Bank	3	Receivables, net	1,296,283	Note 4	0.04%
2	KGI Bank	China Life Insurance	3	Other liabilities	1,296,283	Note 4	0.04%
3	KGI Securities	KGI Futures Co., Ltd.	3	Cash and cash equivalents	1,394,784	Note 4	0.04%
8	KGI Futures Co., Ltd.	KGI Securities	3	Futures customers’ equity	1,394,784	Note 4	0.04%
3	KGI Securities	KGI Futures Co., Ltd.	3	Financial assets at fair value through profit or loss	2,099,757	Note 4	0.07%
8	KGI Futures Co., Ltd.	KGI Securities	3	Other financial liabilities	2,099,757	Note 4	0.07%

(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)
3	KGI Securities	KGI Securities (Singapore) Pte. Ltd.	3	Cash and cash equivalents	$ 201,918	Note 4	0.01%
9	KGI Securities (Singapore) Pte. Ltd.	KGI Securities	3	Futures customers' equity	201,918	Note 4	0.01%
10	Richpoint Company Limited	KGI International (Hong Kong) Limited	3	Receivables, net	605,369	Note 4	0.02%
11	KGI International (Hong Kong) Limited	Richpoint Company Limited	3	Other borrowings	605,369	Note 4	0.02%
8	KGI Futures Co., Ltd.	KGI Securities (Singapore) Pte. Ltd.	3	Cash and cash equivalents	243,169	Note 4	0.01%
9	KGI Securities (Singapore) Pte. Ltd.	KGI Futures Co., Ltd.	3	Futures customers' equity	243,169	Note 4	0.01%
8	KGI Futures Co., Ltd.	KGI Securities (Singapore) Pte. Ltd.	3	Other financial assets	1,216,547	Note 4	0.04%
9	KGI Securities (Singapore) Pte. Ltd.	KGI Futures Co., Ltd.	3	Other financial liabilities	1,216,547	Note 4	0.04%
12	KGI Asia Limited	KGI International (Hong Kong) Limited	3	Receivables, net	610,358	Note 4	0.02%
11	KGI International (Hong Kong) Limited	KGI Asia Limited	3	Payables	610,358	Note 4	0.02%
12	KGI Asia Limited	KGI International (Hong Kong) Limited	3	Financial liabilities at fair value through profit or loss	153,857	Note 4	0.00%
11	KGI International (Hong Kong) Limited	KGI Asia Limited	3	Other financial assets	153,857	Note 4	0.00%
12	KGI Asia Limited	KGI International (Hong Kong) Limited	3	Payables	1,066,918	Note 4	0.03%
11	KGI International (Hong Kong) Limited	KGI Asia Limited	3	Receivables, net	1,066,918	Note 4	0.03%
12	KGI Asia Limited	KGI Securities (Singapore) Pte. Ltd.	3	Payables	227,403	Note 4	0.01%
9	KGI Securities (Singapore) Pte. Ltd.	KGI Asia Limited	3	Receivables, net	227,403	Note 4	0.01%
13	KGI Futures (Hong Kong) Limited	KGI Finance Limited	3	Futures customers' equity	409,501	Note 4	0.01%
14	KGI Finance Limited	KGI Futures (Hong Kong) Limited	3	Other financial assets	409,501	Note 4	0.01%
13	KGI Futures (Hong Kong) Limited	KGI Securities (Singapore) Pte. Ltd.	3	Other financial assets	420,404	Note 4	0.01%
9	KGI Securities (Singapore) Pte. Ltd.	KGI Futures (Hong Kong) Limited	3	Other financial liabilities	420,404	Note 4	0.01%
13	KGI Futures (Hong Kong) Limited	KGI Securities (Singapore) Pte. Ltd.	3	Futures customers' equity	221,448	Note 4	0.01%
9	KGI Securities (Singapore) Pte. Ltd.	KGI Futures (Hong Kong) Limited	3	Other financial assets	221,448	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)
15	KGI Hong Kong Limited	KGI Asia Limited	3	Other noninterest profits and gains, net	$ 496,226	Note 4	0.95%
12	KGI Asia Limited	KGI Hong Kong Limited	3	Other noninterest profits and gains, net	496,226	Note 4	0.95%
15	KGI Hong Kong Limited	KGI International (Hong Kong) Limited	3	Other noninterest profits and gains, net	116,001	Note 4	0.22%
11	KGI International (Hong Kong) Limited	KGI Hong Kong Limited	3	Other noninterest profits and gains, net	116,001	Note 4	0.22%
11	KGI International (Hong Kong) Limited	PT KGI Sekuritas Indonesia	3	Receivables, net	484,064	Note 4	0.02%
16	PT KGI Sekuritas Indonesia	KGI International (Hong Kong) Limited	3	Other borrowings	484,064	Note 4	0.02%

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.

(Concluded)