China Development Financial Holding Corporation and Subsidiaries

Consolidated Financial Statements for the Nine Months Ended September 30, 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 September 30, 2020 and 2019, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the nine-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 September 30, 2020 and 2019, and of its consolidated financial performance and its consolidated cash flows for the nine-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

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Taipei, Taiwan
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November 23, 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)

	September 30, 2020 (Reviewed)		December 31, 2019 (Audited)		September 30, 2019 (Reviewed)	
ASSETS	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
CASH AND CASH EQUIVALENTS (Notes 6)	$ 78,686,321	2	$ 101,141,145	3	$ 61,301,519	2
DUE FROM THE CENTRAL BANK AND CALL LOANS TO FINANCIAL INSTITUTIONS (Notes 7 and 49)	30,047,113	1	28,303,064	1	22,083,931	1
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 8, 9, 18, 48 and 49)	549,389,731	17	492,082,632	16	517,351,421	17
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (Notes 10, 49 and 54)	673,168,572	21	539,623,924	18	544,476,443	18
DEBT INVESTMENTS MEASURED AT AMORTIZED COST (Notes 11, 18, 48 and 54)	1,033,718,741	31	1,028,887,835	34	1,030,726,625	34
FINANCIAL ASSETS FOR HEDGING (Note 12)	79,433	-	-	-	-	-
SECURITIES PURCHASED UNDER RESELL AGREEMENTS (Note 13)	39,697,297	1	46,789,881	2	52,810,850	2
RECEIVABLES, NET (Notes 14, 48, 49 and 54)	141,047,152	4	104,305,699	3	113,511,958	4
CURRENT TAX ASSETS	723,584	-	759,762	-	781,192	-
DISCOUNTS AND LOANS, NET (Notes 15, 48 and 54)	401,622,888	12	376,535,852	12	387,046,461	13
REINSURANCE ASSETS, NET (Note 16)	658,920	-	533,134	-	657,324	-
INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD, NET (Notes 17 and 18)	14,674,474	1	17,403,840	1	17,722,132	-
OTHER FINANCIAL ASSETS (Notes 19, 48 and 49)	130,536,267	4	121,187,047	4	122,759,908	4
INVESTMENT PROPERTY, NET (Notes 20 and 49)	29,914,749	1	25,341,556	1	25,282,953	1
PROPERTY AND EQUIPMENT, NET (Notes 21 and 49)	35,750,317	1	34,904,312	1	33,790,134	1
RIGHT-OF-USE ASSETS, NET (Note 22)	14,195,251	-	18,548,919	1	18,726,933	-
INTANGIBLE ASSETS, NET (Note 23)	19,689,841	1	20,441,634	1	20,746,672	1
DEFERRED TAX ASSETS	10,761,501	-	9,888,920	-	7,195,740	-
OTHER ASSETS, NET (Notes 24 and 48)	88,408,228	3	60,608,848	2	74,044,486	2
TOTAL	$ 3,292,770,380	100	$ 3,027,288,004	100	$ 3,051,016,682	100
LIABILITIES AND EQUITY						
LIABILITIES						
Deposits from the Central Bank and financial institutions (Notes 25 and 48)	$ 17,491,012	1	$ 24,560,878	1	$ 25,687,730	1
Funds from the Central Bank and financial institutions	52,010	-	-	-	-	-
Financial liabilities at fair value through profit or loss (Notes 8 and 48)	102,075,657	3	94,068,987	3	109,009,121	4
Financial liabilities for hedging (Note 12)	889,177	-	-	-	-	-
Notes and bonds issued under repurchase agreements (Notes 8, 10, 11 and 26)	131,653,554	4	96,137,331	3	128,384,064	4
Commercial paper payable, net (Notes 27 and 49)	14,432,735	-	12,634,684	-	14,547,032	-
Payables (Notes 28 and 48)	89,153,203	3	86,839,670	3	101,929,686	3
Current tax liabilities	2,415,588	-	1,168,811	-	464,834	-
Deposits and remittances (Notes 29 and 48)	454,523,800	14	395,861,002	13	412,572,356	14
Bonds payable (Note 30)	47,529,436	1	42,450,000	1	38,250,000	1
Other borrowings (Notes 31 and 49)	38,640,596	1	20,968,007	1	18,839,090	1
Provisions (Note 32)	1,862,920,223	57	1,742,247,176	58	1,710,274,679	56
Other financial liabilities (Notes 34)	148,379,774	5	149,722,533	5	145,460,425	5
Lease liabilities (Note 22)	4,572,598	-	5,615,681	-	5,720,770	-
Deferred tax liabilities	14,559,142	-	12,933,858	-	11,655,646	-
Other liabilities (Note 48)	66,977,169	2	45,614,232	2	37,808,714	1
Total liabilities	2,996,265,674	91	2,730,822,850	90	2,760,604,147	90
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT (Notes 35, 36 and 37)						
Capital						
Common stock	149,710,976	5	149,663,721	5	149,659,821	5
Advance receipts for capital stock	17,891	-	20,359	-	3,400	-
Capital surplus	1,333,784	-	1,093,745	-	1,006,817	-
Retained earnings						
Legal reserve	8,816,167	-	7,561,404	-	7,561,404	-
Special reserve	565,041	-	10,797,899	-	10,797,899	1
Unappropriated earnings	21,074,903	1	12,617,375	1	10,672,622	-
Other						
Exchange differences on translation of financial statements of foreign operations	(3,152,108)	-	(1,790,483)	-	(577,640)	-
Unrealized gain (loss) on equity instruments at fair value through other comprehensive income	3,061,514	-	1,556,416	-	972,553	-
Unrealized gain (loss) on debt instruments at fair value through other comprehensive income	11,929,285	-	7,794,213	-	8,537,963	-
Other comprehensive income (loss) reclassified using the overlay approach	(4,926,101)	-	1,347,757	-	(327,872)	-
Others	-	-	-	-	(263)	-
Treasury shares	(3,071,470)	-	(3,137,278)	-	(3,379,234)	-
Total equity attributable to owners of the parent	185,359,882	6	187,525,128	6	184,927,470	6
NON-CONTROLLING INTERESTS (Notes 35 and 36)	111,144,824	3	108,940,026	4	105,485,065	4
Total equity	296,504,706	9	296,465,154	10	290,412,535	10
TOTAL	$ 3,292,770,380	100	$ 3,027,288,004	100	$ 3,051,016,682	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 Per Share)
(Reviewed, Not Audited)

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2020		2019		2020		2019	
	Amount	%	Amount	%	Amount	%	Amount	%
INTEREST REVENUE (Notes 38 and 48)	$ 17,901,469	27	$ 18,447,655	30	$ 54,075,508	32	$ 54,143,283	29
INTEREST EXPENSE (Notes 38 and 48)	(1,204,531)	(2)	(2,490,709)	(4)	(4,612,921)	(3)	(7,353,006)	(4)
INTEREST PROFIT, NET	16,696,938	25	15,956,946	26	49,462,587	29	46,790,277	25
NONINTEREST PROFITS AND GAINS, NET								
Service fee and commission, net (Notes 19, 39 and 48)	1,364,214	2	(499,110)	(1)	2,840,876	2	(2,358,211)	(1)
Net income from insurance operations (Notes 40 and 48)	38,090,346	56	37,812,712	61	102,556,104	60	121,019,894	64
Gain (loss) on financial assets and liabilities measured at fair value through profit or loss, net (Notes 8, 41 and 48)	16,966,866	25	6,639,009	11	17,792,550	10	23,209,624	12
Realized gain (loss) on financial assets measured at fair value through other comprehensive income (Note 42)	2,240,351	3	1,925,106	3	7,111,356	4	5,440,599	3
Gain (loss) on disposal of financial assets measured at amortized cost	336,510	-	(141,526)	-	(98,257)	-	(14,441)	-
Foreign exchange gain (loss), net	(13,031,830)	(19)	(5,018,172)	(8)	(28,568,158)	(17)	4,301,577	2
Impairment loss on assets, net	(3,870)	-	18,819	-	(91,100)	-	6,898	-
Share of the profit (loss) of associates and joint ventures	373,295	1	(361,958)	(1)	(446,032)	-	619,664	1
Gain (loss) on reclassification using the overlay approach (Note 8)	3,834,056	6	5,206,612	8	19,341,765	11	(12,602,359)	(7)
Others (Note 48)	845,904	1	628,893	1	2,369,071	1	2,014,638	1
Total noninterest profits and gains, net	51,015,842	75	46,210,385	74	122,808,175	71	141,637,883	75
TOTAL NET REVENUE	67,712,780	100	62,167,331	100	172,270,762	100	188,428,160	100
ALLOWANCE (REVERSAL) FOR BAD DEBTS AND LOSSES ON COMMITMENTS AND GUARANTEES	(62,947)	-	86,021	-	(239,554)	-	8,439	-
NET CHANGE IN RESERVE FOR INSURANCE LIABILITIES	(50,038,234)	(74)	(48,293,995)	(78)	(131,479,848)	(77)	(148,789,486)	(79)
OPERATING EXPENSES (Notes 22, 33, 43 and 48)								
Employee benefits	(4,960,325)	(7)	(4,402,762)	(7)	(13,779,671)	(8)	(12,816,258)	(7)
Depreciation and amortization	(867,666)	(1)	(831,032)	(1)	(2,524,182)	(1)	(2,450,477)	(1)
Other general and administrative expenses	(1,702,438)	(3)	(1,630,062)	(3)	(4,886,578)	(3)	(4,638,359)	(3)
Total operating expenses	(7,530,429)	(11)	(6,863,856)	(11)	(21,190,431)	(12)	(19,905,094)	(11)

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CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

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

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2020		2019		2020		2019	
	Amount	%	Amount	%	Amount	%	Amount	%
NET PROFIT BEFORE INCOME TAX	$ 10,081,170	15	$ 7,095,501	11	$ 19,360,929	11	$ 19,742,019	10
INCOME TAX EXPENSE (Note 44)	(437,313)	(1)	(1,244,130)	(2)	(2,523,225)	(1)	(2,294,312)	(1)
NET PROFIT FOR THE PERIOD	9,643,857	14	5,851,371	9	16,837,704	10	17,447,707	9
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	(173,096)	-	264,071	-	(1,039,340)	(1)	790,446	1
Gain (loss) on equity instruments measured at fair value through other comprehensive income	7,147,563	11	(2,763,514)	(4)	7,689,810	5	548,279	-
Income tax relating to the items that will not be reclassified subsequently to profit or loss (Note 44)	(1,116,659)	(2)	469,583	1	(1,238,930)	(1)	(20,034)	-
Items that will be reclassified subsequently to profit or loss, net of income tax								
Exchange differences on translation of financial statements of foreign operations	(630,418)	(1)	(188,291)	-	(1,180,422)	(1)	313,554	-
Share of the other comprehensive income (loss) of associates and joint ventures	(114,952)	-	(110,343)	-	(200,857)	-	(59,246)	-
Income tax relating to items that may be reclassified subsequently to profit or loss (Note 44)	(450,626)	(1)	(1,799,110)	(3)	128,013	-	(8,202,104)	(5)
Gain (loss) on debt instruments measured at fair value through other comprehensive income	4,630,631	7	11,102,282	18	11,880,445	7	41,129,140	22
Other comprehensive income (loss) on reclassification using the overlay approach (Note 8)	(3,834,056)	(6)	(5,206,612)	(9)	(19,341,765)	(11)	12,602,359	7
Other comprehensive income (loss) for the period, net of income tax	5,458,387	8	1,768,066	3	(3,303,046)	(2)	47,102,394	25
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	$ 15,102,244	22	$ 7,619,437	12	$ 13,534,658	8	$ 64,550,101	34

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CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

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

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2020		2019		2020		2019	
	Amount	%	Amount	%	Amount	%	Amount	%
NET PROFIT ATTRIBUTABLE TO:								
Owners of parent	$ 5,764,335	8	$ 2,817,458	4	$ 8,791,258	5	$ 10,618,901	6
Non-controlling interests	3,879,522	6	3,033,913	5	8,046,446	5	6,828,806	3
	$ 9,643,857	14	$ 5,851,371	9	$ 16,837,704	10	$ 17,447,707	9
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:								
Owners of parent	$ 7,890,275	12	$ 3,398,203	5	$ 6,472,367	4	$ 29,757,887	16
Non-controlling interests	7,211,969	10	4,221,234	7	7,062,291	4	34,792,214	18
	$ 15,102,244	22	$ 7,619,437	12	$ 13,534,658	8	$ 64,550,101	34
EARNINGS PER SHARE (Note 45)								
Basic	$ 0.39		$ 0.19		$ 0.60		$ 0.73	
Diluted	$ 0.39		$ 0.19		$ 0.60		$ 0.73	

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
Appropriation of the 2018 earnings														
Legal reserve	-	-	-	785,269	-	(785,269)	-	-	-	-	-	-	-	-
Special reserve	-	-	-	-	10,232,858	(10,232,858)	-	-	-	-	-	-	-	-
Cash dividends - NT$0.245 per share	-	-	-	-	-	(3,666,666)	-	-	-	-	-	(3,666,666)	-	(3,666,666)
	-	-	-	785,269	10,232,858	(14,684,793)	-	-	-	-	-	(3,666,666)	-	(3,666,666)
Changes in capital surplus from investments in associates and joint ventures accounted for using the equity method	-	-	(391)	-	-	-	-	-	-	-	-	(391)	-	(391)
Issuances of cash dividends from capital surplus	-	-	(823,129)	-	-	-	-	-	-	-	-	(823,129)	-	(823,129)
Other changes in capital surplus	-	-	54,273	-	-	-	-	-	-	-	-	54,273	-	54,273
Net profit for the nine months ended September 30, 2019	-	-	-	-	-	10,618,901	-	-	-	-	-	10,618,901	6,828,806	17,447,707
Other comprehensive income (loss) for the nine months ended September 30, 2019, net of income tax	-	-	-	-	-	232	352,669	14,656,691	4,129,394	-	-	19,138,986	27,963,408	47,102,394
Total comprehensive income (loss) for the nine months ended September 30, 2019	-	-	-	-	-	10,619,133	352,669	14,656,691	4,129,394	-	-	29,757,887	34,792,214	64,550,101
Disposal of the Corporation shares, as treasury shares	-	-	87,765	-	-	-	-	-	-	-	218,911	306,676	-	306,676
Adjustment to capital surplus due to distribution of dividends to subsidiary	-	-	123,668	-	-	-	-	-	-	-	-	123,668	-	123,668
Changes in percentage of ownership interests in subsidiaries	-	-	(67,610)	-	-	(1,043)	(23)	(11,727)	(5,322)	-	7,299	(78,426)	6,220,092	6,141,666
Share-based payments	37,009	(7,348)	1,249	-	-	(7,240)	-	-	-	1,076	-	24,746	-	24,746
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	149,706	149,706
Disposal of equity investments at fair values through other comprehensive income	-	-	-	-	-	(4,114)	-	4,114	-	-	-	-	-	-
Net changes in special reserve of subsidiaries	-	-	-	-	-	(3,851)	-	-	-	-	-	(3,851)	(7,170)	(11,021)
BALANCE AT SEPTEMBER 30, 2019	$ 149,659,821	$ 3,400	$ 1,006,817	$ 7,561,404	$ 10,797,899	$ 10,672,622	$ (577,640)	$ 9,510,516	$ (327,872)	$ (263)	$ (3,379,234)	$ 184,927,470	$ 105,485,065	$ 290,412,535
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
Appropriation of the 2019 earnings														
Legal reserve	-	-	-	1,254,763	-	(1,254,763)	-	-	-	-	-	-	-	-
Special reserve reserved	-	-	-	-	(10,232,858)	10,232,858	-	-	-	-	-	-	-	-
Cash dividends - NT$0.6 per share	-	-	-	-	-	(8,982,659)	-	-	-	-	-	(8,982,659)	-	(8,982,659)
	-	-	-	1,254,763	(10,232,858)	(4,564)	-	-	-	-	-	(8,982,659)	-	(8,982,659)
Net profit for the nine months ended September 30, 2020	-	-	-	-	-	8,791,258	-	-	-	-	-	8,791,258	8,046,446	16,837,704
Other comprehensive income (loss) for the nine months ended September 30, 2020, net of income tax	-	-	-	-	-	1,235	(1,361,625)	5,315,357	(6,273,858)	-	-	(2,318,891)	(984,155)	(3,303,046)
Total comprehensive income (loss) for the nine months ended September 30, 2020	-	-	-	-	-	8,792,493	(1,361,625)	5,315,357	(6,273,858)	-	-	6,472,367	7,062,291	13,534,658
Disposal of the Corporation shares, as treasury shares	-	-	24,118	-	-	-	-	-	-	-	65,808	89,926	-	89,926
Adjustment to capital surplus due to distribution of dividends to subsidiary	-	-	221,591	-	-	-	-	-	-	-	-	221,591	-	221,591
Share-based payments	47,255	(2,468)	(5,670)	-	-	(7,148)	-	-	-	-	-	31,969	-	31,969
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(4,860,414)	(4,860,414)
Disposal of equity investments at fair values through other comprehensive income	-	-	-	-	-	(324,813)	-	324,813	-	-	-	-	-	-
Net changes in special reserve of subsidiaries	-	-	-	-	-	1,560	-	-	-	-	-	1,560	2,921	4,481
BALANCE AT SEPTEMBER 30, 2020	$ 149,710,976	$ 17,891	$ 1,333,784	$ 8,816,167	$ 565,041	$ 21,074,903	$ (3,152,108)	$ 14,990,799	$ (4,926,101)	$ -	$ (3,071,470)	$ 185,359,882	$ 111,144,824	$ 296,504,706

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 Nine Months Ended September 30	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit before income tax	$ 19,360,929	$ 19,742,019
Adjustments for reconciliation with net profit		
Depreciation expenses	1,524,410	1,455,890
Amortization expenses	1,002,064	994,587
Allowance (reversal) for bad debts and losses on commitments and guarantees, net	239,554	(8,439)
Gain on financial assets and liabilities measured at fair value through profit or loss, net	(8,104,743)	(14,998,604)
Interest expense	4,612,994	7,353,006
Interest revenue	(54,075,508)	(54,143,283)
Dividend income	(10,715,785)	(9,006,012)
Net changes in insurance liabilities	120,851,335	150,584,750
Net changes in reserve for changes in foreign exchange valuation	(81,547)	2,371,418
Share of loss (profit) of associates and joint ventures	453,192	(608,337)
Loss (gain) on reclassification using the overlay approach	(19,341,765)	12,602,359
Gain on disposal of investments	(4,540,886)	(3,413,288)
Unrealized loss (gain) on foreign currency exchange	29,489,676	(8,284,010)
Others	41,923	13,982
Changes in operating assets and liabilities		
Due from the Central Bank and call loans to financial institutions	(1,349,950)	76,111
Financial assets at fair value through profit or loss	10,381,183	(66,795,784)
Financial assets at fair value through other comprehensive income	(51,987,831)	8,009,837
Debt investments measured at amortized cost	(307,748)	(22,598)
Financial assets for hedging	(79,433)	-
Receivables	(37,076,879)	(13,019,771)
Discounts and loans	(25,288,315)	(17,942,578)
Other financial assets	(12,632,119)	(19,140,849)
Other assets	(27,422,974)	(414,628)
Deposits from the Central Bank and financial institutions	(7,069,866)	3,252,816
Financial liabilities at fair value through profit or loss	(53,003,130)	(41,509,857)
Financial liabilities for hedging	889,177	-
Notes and bonds issued under repurchase agreements	35,516,223	2,905,164
Payables	8,469,269	36,995,827
Deposits and remittances	58,662,798	14,286,346
Other financial liabilities	69,755	10,184,142
Other liabilities	17,665,541	(2,361,474)
Cash generated from (used in) operations	(3,848,456)	19,158,742
Interest received	65,561,007	48,113,321
Dividends received	11,279,927	9,348,756

(Continued)

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

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

	For the Nine Months Ended September 30	
	2020	**2019**
Interest paid	$ (7,291,487)	$ (6,542,831)
Income tax paid	(1,752,721)	(766,930)
Net cash generated from operating activities	63,948,270	69,311,058
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at fair value through other comprehensive income	(140,865,165)	(130,851,098)
Proceeds from sale of financial assets at fair value through other comprehensive income	76,867,269	110,460,726
Acquisition of financial assets measured at amortized cost	(237,203,329)	(114,151,668)
Proceeds from sale of financial assets measured at amortized cost	167,121,741	47,925,179
Principal from financial assets measured at amortized cost	33,061,903	22,540,753
Acquisition of equity-method investments	(51,352)	(475,982)
Acquisition of property and equipment	(3,085,058)	(2,610,496)
Others	766,166	166,529
Net cash used in investing activities	(103,387,825)	(66,996,057)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	17,423,284	148,110
Increase in funds from the central bank and financial institutions	52,010	-
Increase (decrease) in commercial paper payable	1,798,051	(438,870)
Proceeds from corporate bonds	8,000,000	5,000,000
Repayments of corporate bonds	(12,800,000)	(1,000,000)
Proceeds from bank debentures	10,800,000	3,100,000
Repayments of bank debentures	(1,000,000)	-
Proceeds from long-term borrowings	299,915	400,000
Repayments of long-term borrowings	(50,610)	(527,080)
Repayments of the principal portion of lease liabilities	(735,517)	(731,547)
Cash dividends paid	(8,761,068)	(4,366,127)
Sale of treasury shares	89,926	306,676
Net changes in non-controlling interests	(4,767,406)	6,142,176
Others	31,961	23,242
Net cash generated from financing activities	10,380,546	8,056,580
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(94,300)	91,489

(Continued)

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

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

	For the Nine Months Ended September 30	
	2020	**2019**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	$ (29,153,309)	$ 10,463,070
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	$ 135,978,738	$ 124,958,203

Reconciliation of the amounts in the consolidated statements of cash flows with the equivalent items reported in the consolidated balance sheets as of September 30, 2020 and 2019:

	September 30	
	2020	**2019**
Cash and cash equivalents in consolidated balance sheets	$ 78,686,321	$ 61,301,519
Due from the Central Bank and call loans to banks which qualify as cash and cash equivalents as defined of in IAS 7	17,595,120	10,845,834
Securities purchased under agreements to resell which qualify as cash and cash equivalents as defined of in IAS 7	39,697,297	52,810,850
Cash and cash equivalents in consolidated statements of cash flows	$ 135,978,738	$ 124,958,203

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

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020 AND 2019
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)
(Reviewed, Not Audited)

1. GENERAL INFORMATION

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

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

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

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

On March 13, 2017, the Corporation 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 September 30, 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 September 30, 2020, KGI Bank had a main office, international banking department, a trust department, insurance 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 September 30, 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 November 23, 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:

<u>Amendments to IFRS 9, IAS 39 and IFRS 7 "Interest Rate Benchmark Reform"</u>

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.

<u>Amendments to IFRS 16 "Covid-19-Related Rent Concessions"</u>

The Group elected to apply the practical expedient provided in the amendment to IFRS 16 with respect to rent concessions negotiated with the lessor as a direct consequence of the COVID-19. Related accounting policies are stated in Note 4. Before the application of the amendment, the Group was required to determine whether the abovementioned rent concessions are lease modifications and thus have to be accounted for as lease modifications.

The Group applied the amendment from January 1, 2020. Retrospective application of the amendment has no impact on the retained earnings as of January 1, 2020.

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

New IFRSs	Effective Date Announced by IASB (Note 1)
"Annual Improvements to IFRS Standards 2018-2020"	January 1, 2022 (Note 2)
Amendments to IFRS 3 "Reference to the Conceptual Framework"	January 1, 2022 (Note 3)
Amendments to IFRS 4 "Extension of the Temporary Exemption from Applying IFRS 9"	Effective immediately upon promulgation by the IASB
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reform - Phase 2"	January 1, 2021
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2023
Amendments to IAS 16 "Property, Plant and Equipment - Proceeds before Intended Use"	January 1, 2022 (Note 4)
Amendments to IAS 37 "Onerous Contracts - Cost of Fulfilling a Contract"	January 1, 2022 (Note 5)

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

Note 2: The amendments to IFRS 9 are applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IAS 41 “Agriculture” are applied prospectively to the fair value measurements on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 “First-time Adoptions of IFRSs” are applied retrospectively for annual reporting periods beginning on or after January 1, 2022.

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

Note 4: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

Note 5: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

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

   Several standards were amended in the amendments. The amendments to IFRS 9 and IFRS 16 provide specific practical expedient that the modification of financial assets, financial liabilities and lease liabilities as a result of interest rate benchmark reform shall be applied by revising the effective interest rate. Besides, the amendments to IFRS 9 introduce additional temporary exceptions for hedging relationships subject to interest rate benchmark reform.

   The Group may not restate prior reporting periods when applying the aforementioned amendments, and recognize the cumulative effect in the retained earnings or other component of equity at the date of the initial application instead.

2) 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.

3) IFRS 17 “Insurance Contract” and its amendments

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

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 of a group of insurance contracts;

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

c) When the Group becomes onerous.

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

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

    i. Any asset recognized for acquisition cash flows; and

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

Subsequent measurement

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

Onerous contracts

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

Premium allocation approach

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

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

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

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

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

a) Initially recognized at the premiums

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

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

    i. Any asset recognized for acquisition cash flows; and

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

Investment contracts with a discretionary participation feature

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

Modification and derecognition

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

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

Transition

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

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

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

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

Basis of Preparation

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

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

Principles for Preparing Consolidated Financial Statements

The consolidated financial statements include the financial statements of the Group. All significant intra-group transactions, balances, income and expenses have been 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 September 30, 2020, December 31, 2019 and September 30, 2019, the consolidated entities included in the consolidated financial statements included 57, 60 and 60 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 Group 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 Group 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.

Leases

At the inception of a contract, the Group assesses whether the contract is (or contains) a lease.

For a contract that contains a lease component and non-lease components, the Group allocates the consideration in the contract to each component on the basis of the relative stand-alone price and accounts for each component separately.

a. The Group as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Under finance leases, the net investment in a lease is measured at (a) the present value of the sum of the lease payments receivable by a lessor and any unguaranteed residual value accrued to the lessor plus (b) initial direct costs and is presented as a finance lease receivable. Finance lease income is allocated to the relevant accounting periods so as to reflect a constant, periodic rate of return on the Group's net investment outstanding in respect of leases.

Lease payments less any lease incentives payable from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases.

b. The Group as lessee

The Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms. However, if leases transfer ownership of the underlying assets to the Group by the end of the lease terms or if the costs of right-of-use assets reflect that the Group will exercise a purchase option, the Group depreciates the right-of-use assets from the commencement dates to the end of the useful lives of the underlying assets.

Lease liabilities are initially measured at the present value of the lease payments. If interest rate implicit in lease can be readily determined, the Group uses the rate. Otherwise, the Group uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, a change in the assessment of an option to purchase an underlying asset, or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

The Group negotiates with the lessor for rent concessions as a direct consequence of the Covid-19 to change the lease payments originally due by June 30, 2021, that results in the revised consideration for the lease less than, the consideration for the lease immediately preceding the change. There is no substantive change to other terms and conditions. The Group elects to apply the practical expedient to all of these rent concessions, and therefore, does not assess whether the rent concessions are lease modifications. Instead, the Group recognizes the reduction in lease payment in profit or loss in the period in which the events or conditions that trigger the concession occurs, and makes a corresponding adjustment to the lease liability.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

Except for the following description, It refers to the consolidated statement for the years ended December 31, 2019.

The Group took the consideration of the economic impact of COVID-19. The estimates and underlying assumptions are reviewed by management on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

6. CASH AND CASH EQUIVALENTS

	September 30, 2020	December 31, 2019	September 30, 2019
Cash in banks	$ 67,971,747	$ 88,688,236	$ 50,793,112
Due from banks	5,076,682	5,835,189	3,025,140
Others	5,637,892	6,617,720	7,483,267
	$ 78,686,321	$ 101,141,145	$ 61,301,519

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 September 30, 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

	September 30, 2020	December 31, 2019	September 30, 2019
Deposit reserve - demand accounts	$ 10,494,016	$ 9,638,736	$ 9,414,331
Call loans to financial institutions	10,290,458	10,171,730	6,864,381
Deposit reserve - checking accounts	7,304,662	7,029,291	4,332,314
Due from the Central Bank - interbank settlement funds	1,800,697	1,300,735	1,305,278
Deposit reserve - foreign currencies	157,280	162,572	167,627
	$ 30,047,113	$ 28,303,064	$ 22,083,931

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

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

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

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	September 30, 2020	December 31, 2019	September 30, 2019
Financial assets mandatorily classified as at FVTPL			
Derivative financial instrument			
Interest rate swap contracts	$ 47,839,143	$ 18,721,948	$ 33,124,341
Currency swap and forward exchange contracts	17,586,860	14,804,506	10,170,855
Options and futures contracts	13,733,637	5,519,664	6,472,242
Others	5,011,355	5,134,107	2,521,063
Non-derivative financial assets			
Mutual funds	175,405,380	131,559,176	131,700,241
Shares	153,698,567	129,406,800	136,896,293
Operating securities (Note 9)	58,341,905	74,477,290	70,605,213
Bank debentures	33,798,670	39,401,337	41,424,420
Corporate bonds	15,405,240	14,455,908	18,388,747
Commercial paper	10,397,766	10,882,423	11,703,080
Others	16,210,026	13,618,761	11,898,773
	547,428,549	457,981,920	474,905,268
Financial assets designated as at FVTPL			
Government bonds	208,213	11,683,340	14,188,113
Others	1,752,969	22,417,372	28,258,040
	1,961,182	34,100,712	42,446,153
Financial assets at FVTPL	$ 549,389,731	$ 492,082,632	$ 517,351,421

(Continued)

	September 30, 2020	December 31, 2019	September 30, 2019
Financial liabilities held for trading			
Derivative financial instrument			
Interest rate swap contracts	$ 44,370,320	$ 21,486,645	$ 33,785,951
Options and futures contracts	16,956,952	17,278,382	20,501,641
Currency swap and forward exchange contracts	10,838,630	11,511,583	8,672,972
Others	4,503,868	4,031,962	4,700,680
Non-derivative financial liabilities			
Borrowed securities payable	6,183,166	2,535,693	2,399,913
Others	567,311	156,947	1,393,373
	83,420,247	57,001,212	71,454,530
Financial liabilities designated as at FVTPL			
Bank debentures payable	13,747,277	29,558,877	30,784,107
Structured products	4,907,432	5,715,467	4,858,391
Others	701	1,793,431	1,912,093
	18,655,410	37,067,775	37,554,591
Financial liabilities at FVTPL	$ 102,075,657	$ 94,068,987	$ 109,009,121

(Concluded)

As of September 30, 2020, December 31, 2019 and September 30, 2019, bank debentures issued by the Group designated as at FVTPL were as follows:

Bank Debenture Number	September 30, 2020	December 31, 2019	September 30, 2019	Issuance Period	Method of Paying Principles and Interests	Interest Rate
15KGIB1	$ -	$ 3,191,236	$ 3,290,452	March 24, 2015 - March 24, 2045 (Note 1)	Principal due on maturity	0%
P16KGIB1	-	3,311,660	3,414,620	May 3, 2016 - May 3, 2046 (Note 2)	Principal due on maturity	0%
P16KGIB2	-	3,311,660	3,414,620	May 27, 2016 - May 27, 2046 (Note 2)	Principal due on maturity	0%
P16KGIB3	2,330,080	2,408,480	2,483,360	November 8, 2016 - November 8, 2046 (Note 1)	Principal due on maturity	0%
P17KGIB1	-	6,021,200	6,208,400	January 23, 2017 - January 23, 2047 (Note 1)	Principal due on maturity	0%
P18KGIB1	5,825,200	6,021,200	6,208,400	January 30, 2018 - January 30, 2048 (Note 3)	Principal due on maturity	0%
P18KGIB2	4,660,160	4,816,960	4,966,720	February 27, 2018 - February 27, 2048 (Note 3)	Principal due on maturity	0%
	12,815,440	29,082,396	29,986,572			
Valuation adjustments	931,837	476,481	797,535			
	$ 13,747,277	$ 29,558,877	$ 30,784,107			

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

	September 30, 2020	December 31, 2019	September 30, 2019
Mutual funds	$ 173,711,362	$ 129,374,894	$ 129,493,279
Shares	141,544,076	116,849,773	123,453,672
Bank debentures	31,614,885	38,265,166	39,979,136
Corporate bonds	14,784,201	14,049,557	17,709,355
Others	7,322,337	3,578,757	2,349,632
	$ 368,976,861	$ 302,118,147	$ 312,985,074

For the three and nine months ended September 30, 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 September 30		For the Nine Months Ended September 30	
	2020	2019	2020	2019
Gain (loss) on application of IFRS 9	$ 7,610,721	$ 3,690,985	$ 2,174,387	$ 29,886,776
Loss (gain) on application of IAS 39	(11,444,777)	(8,897,597)	(21,516,152)	(17,284,417)
Gain (loss) on reclassification using the overlay approach	$ (3,834,056)	$ (5,206,612)	$ (19,341,765)	$ 12,602,359

Due to the adjustment of the overlay approach, gain on financial assets measured at FVTPL increased from $16,966,866 thousand to gain of $20,800,922 thousand for the three months ended September 30, 2020; and gain on financial assets measured at FVTPL increased from $6,639,009 thousand to gain of $11,845,621 thousand for the three months ended September 30, 2019. Gain on financial assets measured at FVTPL increased from $17,792,550 thousand to gain of $37,134,315 thousand for the nine months ended September 30, 2020; and gain on financial assets measured at FVTPL decreased from $23,209,624 thousand to gain of $10,607,265 thousand for the nine months ended September 30, 2019.

The contract (nominal) amounts of the Group’s outstanding derivative financial instruments as of September 30, 2020, December 31, 2019 and September 30, 2019 are summarized as follows:

	September 30, 2020	December 31, 2019	September 30, 2019
Currency swap and forward exchange contracts	$ 1,988,818,911	$ 1,903,307,612	$ 1,969,646,628
Interest rate swap contracts	1,031,158,538	1,164,621,830	1,358,834,568
Options and futures contracts	777,897,897	647,885,303	671,254,296
Non-deliverable forward contracts	369,412,215	340,390,515	329,080,226
Assets swap contracts	24,261,188	24,794,444	25,171,578

(Continued)

	September 30, 2020	December 31, 2019	September 30, 2019
Cross-currency swap contracts	$ 12,821,140	$ 23,246,594	$ 25,106,891
Structured products contracts	12,286,161	13,104,718	12,381,889
Credit default swap contracts	6,521,627	2,509,323	2,471,782
Equity derivative financial contracts	126,835	34,023	68,127
Commodity swap contracts	60,219	197,412	590,097

(Concluded)

As of September 30, 2020, December 31, 2019 and September 30, 2019, financial assets at fair value through profit or loss with aggregate carrying values of $32,637,994 thousand, $41,750,306 thousand and $53,752,354 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 49.

9. OPERATING SECURITIES

	September 30, 2020	December 31, 2019	September 30, 2019
Dealing			
Overseas securities	$ 20,997,747	$ 28,285,308	$ 28,590,275
Corporate bonds	10,758,554	8,613,938	10,781,929
Government bonds	4,359,345	8,608,122	8,616,000
Listed, OTC and emerging market stock	3,574,813	5,063,093	2,964,136
Others	2,420,780	4,256,382	2,998,000
	42,111,239	54,826,843	53,950,340
Underwriting			
Corporate bonds	274,147	868,699	816,176
Listed, OTC and emerging market stock	300,976	299,007	304,521
Others	7,500	151,425	117,550
	582,623	1,319,131	1,238,247
Hedge positions			
Mutual funds	5,437,348	5,274,380	4,002,277
Corporate bonds	3,884,629	3,629,153	3,550,980
Overseas securities	4,189,481	5,185,892	4,541,014
Listed, OTC and emerging market stock	1,802,517	3,913,309	3,075,995
Others	334,068	328,582	246,360
	15,648,043	18,331,316	15,416,626
	$ 58,341,905	$ 74,477,290	$ 70,605,213

10. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	September 30, 2020	December 31, 2019	September 30, 2019
Investments in debt instruments at FVTOCI			
Corporate bonds	$ 217,186,486	$ 148,038,886	$ 136,083,565
Government bonds	198,089,294	175,950,289	171,794,182
Bank debentures	143,902,963	116,466,661	136,554,410
Negotiable certificates of deposit	61,100,459	62,617,894	64,561,878
Less: Security deposit	-	(9,804)	(9,833)
	620,279,202	503,063,926	508,984,202
Investments in equity instruments at FVTOCI			
Common stocks	40,532,513	24,487,082	23,514,543
Preferred stocks	12,356,857	12,072,916	11,977,698
	52,889,370	36,559,998	35,492,241
	$ 673,168,572	$ 539,623,924	$ 544,476,443

a. Investments in debt instruments at FVTOCI

As of September 30, 2020, December 31, 2019 and September 30, 2019, investments in debt instruments at FVTOCI, with aggregate carrying values of $84,112,260 thousand, $42,222,421 thousand and $23,787,983 thousand had been sold under repurchase agreements (recognized as notes and bonds issued under repurchase agreements).

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

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

b. Investments in equity instruments at FVTOCI

For the nine months ended September 30, 2020 and 2019, the Group sold its shares in order to manage its investment portfolio. The sold shares had a fair value of $4,296,017 thousand and $4,466,243 thousand, respectively. The Group transferred a loss of $324,813 thousand and $4,114 thousand from other equity related-unrealized gain on financial assets at fair value through other comprehensive income to retained earnings.

For the three and nine months ended September 30, 2020 and 2019, dividend income for $952,548 thousand, $681,505 thousand, $1,032,387 thousand and $805,683 thousand, respectively, and those related to investment held as of September 30, 2020 and 2019 were $977,128 thousand and $695,669 thousand, respectively, and those related to investment derecognized for the nine months ended September 30, 2020 and 2019 were $55,259 thousand and $110,014 thousand, respectively.

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

11. FINANCIAL ASSETS AT AMORTIZED COST

	September 30, 2020	December 31, 2019	September 30, 2019
Bank debentures	$ 560,351,568	$ 602,974,328	$ 584,024,737
Corporate bonds	344,002,234	285,933,203	294,139,256
Government bonds	105,007,560	90,300,863	95,292,816
Others	24,357,379	49,679,441	57,269,816
	$ 1,033,718,741	$ 1,028,887,835	$ 1,030,726,625

As of September 30, 2020, December 31, 2019 and September 30, 2019, investments in debt instruments at amortized cost, with aggregate carrying values of $276,697 thousand, $0 thousand and $279,378 thousand had been sold under repurchase agreements (recognized as notes and bonds issued under repurchase agreements).

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

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

12. FINANCIAL INSTRUMENTS FOR HEDGING

	September 30, 2020
Financial assets for hedging	
Fair value hedge - interest rate swap	$ 79,433
Financial liabilities for hedging	
Fair value hedge - interest rate swap	$ 889,177

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.

September 30, 2020

Hedging Instrument	Notional Amount	Maturity	Line Item in Balance Sheet	Carrying Amount Asset	Carrying Amount Liability
Fair value hedge					
Interest rate swap contracts	$ 25,415,427	2022.05.03-2030.08.07	Financial assets and liabilities for hedging	$ 79,433	$ 889,177

Hedged Items	Carrying Amount		Accumulated Amount of Fair Value Adjustments	
	Asset	Liability	Asset	Liability
Fair value hedge				
Financial assets at fair value through other comprehensive income	$ 16,140,236	$ -	$ 889,177	$ -
Bank debentures	-	10,800,000	-	79,436

13. SECURITIES PURCHASED UNDER RESELL AGREEMENTS

	September 30, 2020	December 31, 2019	September 30, 2019
Commercial paper	$ 12,874,913	$ 11,121,028	$ 13,204,676
Corporate bonds	12,258,663	21,288,455	19,827,811
Government bonds	10,701,176	7,282,924	11,337,626
Bank debentures	2,652,098	6,697,474	7,940,737
Negotiable certificates of deposit	1,210,447	400,000	500,000
	$ 39,697,297	$ 46,789,881	$ 52,810,850
Resold amounts	$ 39,705,408	$ 46,829,845	$ 52,846,257
Last maturity date	November 2020	March 2020	October 2019

14. RECEIVABLES, NET

	September 30, 2020	December 31, 2019	September 30, 2019
Margin loans receivable, securities financing refundable deposits and deposits payable for securities financing	$ 51,649,637	$ 24,160,899	$ 21,602,638
Receivable accounts for settlement	34,692,334	32,299,471	35,314,853
Interest receivable	16,860,924	16,871,726	15,949,229
Accounts receivable - forfeiting	10,709,079	3,947,653	5,387,601
Accounts receivable factoring without recourse	6,844,990	6,572,390	7,456,668
Exchange clearing receivable	4,686,408	3,045,497	8,091,266
Trading securities receivable	4,212,457	5,381,773	7,175,397
Others	13,210,916	13,780,216	14,392,735
	142,866,745	106,059,625	115,370,387
Less: Allowance for bad debts	(1,590,166)	(1,537,825)	(1,642,991)
Unrealized interest revenue	(229,427)	(216,101)	(215,438)
	$ 141,047,152	$ 104,305,699	$ 113,511,958

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

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

15. DISCOUNTS AND LOANS, NET

	September 30, 2020	December 31, 2019	September 30, 2019
Short-term loans	$ 81,489,066	$ 76,377,723	$ 79,249,096
Medium-term loans	210,710,440	195,726,309	205,296,201
Long-term loans	81,278,906	75,411,830	74,314,422
Loans reclassified to nonperforming loans	433,868	376,103	360,273
Export negotiations	44,780	30,866	96,130
Policy loans	26,766,672	27,350,483	26,598,214
Automatic premium loans	5,808,841	5,849,666	5,828,190
	406,532,573	381,122,980	391,742,526
Less: Allowance for bad debts	(4,829,064)	(4,477,678)	(4,572,038)
Discounts on loans	(80,621)	(109,450)	(124,027)
	$ 401,622,888	$ 376,535,852	$ 387,046,461

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

16. REINSURANCE ASSETS, NET

	September 30, 2020	December 31, 2019	September 30, 2019
Claims recoverable from reinsurers	$ 576,552	$ 415,320	$ 554,662
Due from reinsurers and ceding companies	3,092	48,572	17,694
Reinsurance reserve assets			
Ceded unearned premium reserve	60,916	55,487	55,015
Ceded reserve for claims	18,360	13,755	29,953
	79,276	69,242	84,968
	$ 658,920	$ 533,134	$ 657,324

No impairment loss was recognized for reinsurance assets.

17. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD, NET

Associates that are not individually material:

	September 30, 2020	December 31, 2019	September 30, 2019
Non-public entities			
CDIB & Partners Investment Holding Corporation	$ 5,144,475	$ 6,548,806	$ 6,645,510
CDIB Capital Asia Partners L.P.	3,057,027	3,688,253	3,945,873
KGI Securities (Thailand) Public Company Limited	2,233,120	2,602,334	2,548,131
CDIB Private Equity (Fujian) Enterprise (Limited Partnership)	1,435,566	1,525,410	1,534,553

(Continued)

	September 30, 2020	December 31, 2019	September 30, 2019
CDIB Yida Private Equity (Kunshan) Enterprise (Limited Partnership)	$ 1,180,466	$ 1,331,616	$ 1,342,729
CDIB Capital Health Ventures Limited	792,883	704,247	740,045
CDIB Capital Creative Industries Limited	457,290	620,994	627,274
Others	373,647	382,180	339,017
	$ 14,674,474	$ 17,403,840	$ 17,722,132

(Concluded)

As of September 30, 2020, December 31, 2019 and September 30, 2019, financial assets designated as at FVTPL of associates that are not individually material were $1,578,278 thousand, $1,580,146 thousand and $1,033,257 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 audited financial statements; those of other affiliates are calculated based on unaudited financial statements. Management believes that the financial statements of these investees had not been audited, 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.

September 30, 2020

	Partnership Fund	Asset Securitization	Total
Financial assets at fair value through profit or loss	$ 10,884,307	$ 4,629,158	$ 15,513,465
Financial assets at fair value through other comprehensive income	-	292,703	292,703
Debt instruments measured at amortized cost	-	23,551,743	23,551,743
Maximum exposure	10,884,307	28,473,604	39,357,911

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

September 30, 2019

	Partnership Fund	Asset Securitization	Total
Financial assets at fair value through profit or loss	$ 8,521,988	$ 2,824,686	$ 11,346,674
Debt instruments measured at amortized cost	-	58,639,055	58,639,055
Maximum exposure	8,521,988	61,463,741	69,985,729

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.

Management on partnership equity fund	September 30, 2020	December 31, 2019	September 30, 2019
Total assets	$ 22,682,264	$ 24,475,759	$ 23,873,207
Total liabilities	182,579	173,055	132,831
Investments accounted for using the equity method	5,961,152	6,839,970	7,117,445
Financial assets designated as at FVTPL	1,270,012	1,258,060	716,253
Maximum exposure	7,231,164	8,098,030	7,833,698

19. OTHER FINANCIAL ASSETS

	September 30, 2020	December 31, 2019	September 30, 2019
Separate-account insurance products	$ 76,547,742	$ 77,922,118	$ 77,020,488
Customer margin accounts	46,882,836	37,144,902	39,612,563
Others	7,105,689	6,120,027	6,126,857
	$ 130,536,267	$ 121,187,047	$ 122,759,908

Separate Account Insurance Products

a. Separate account insurance products - assets and liabilities

	Assets		
	September 30, 2020	December 31, 2019	September 30, 2019
Cash in banks	$ 746,279	$ 512,650	$ 6,480,375
Financial assets at fair value through profit or loss	75,751,581	77,315,680	70,496,557
Other receivables	49,882	93,788	43,556
	$ 76,547,742	$ 77,922,118	$ 77,020,488

	Liabilities		
	September 30, 2020	December 31, 2019	September 30, 2019
Reserve for separate account	$ 76,410,748	$ 77,833,832	$ 76,962,818
Other payables	136,994	88,286	57,670
	$ 76,547,742	$ 77,922,118	$ 77,020,488

b. Separate account insurance products - revenues and expenses

	Revenues			
	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2020	2019	2020	2019
Premium income	$ 1,389,652	$ 1,457,861	$ 4,243,655	$ 4,081,270
Gain (loss) from financial assets and liabilities at fair value through profit or loss	2,132,250	(225,670)	(236,091)	3,104,849
Interest income	17	380	71	582
Other revenues	44,613	43,987	131,272	132,964
Foreign exchange gains (losses)	(309,948)	(63,142)	(560,072)	188,510
	$ 3,256,584	$ 1,213,416	$ 3,578,835	$ 7,508,175

	Expenses			
	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2020	2019	2020	2019
Insurance claim payments	$ 1,128,181	$ 1,162,704	$ 3,336,573	$ 3,596,009
Net change in separate - account reserve	1,614,396	(504,628)	(1,272,013)	2,457,167
Custodian fee	514,007	555,340	1,514,275	1,454,999
	$ 3,256,584	$ 1,213,416	$ 3,578,835	$ 7,508,175

c. The rebate from counterparties in the investment-linked insurance business, which recognized as service fee revenue, for the three and nine months ended September 30, 2020 and 2019 was $101,266 thousand, $108,106 thousand, $325,677 thousand and $325,433 thousand, respectively.

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

20. INVESTMENT PROPERTY, NET

	September 30, 2020	December 31, 2019	September 30, 2019
Land	$ 20,241,592	$ 20,180,044	$ 20,085,441
Buildings and facilities	6,558,165	5,161,512	5,197,512
Right-of-use assets - royalty surface rights	2,788,188	-	-
Right-of-use assets - land	326,804	-	-
	$ 29,914,749	$ 25,341,556	$ 25,282,953

Except for depreciation recognized, the Group had no significant addition, disposal and impairment of investment properties during the three and nine months ended September 30, 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 September 30, 2020, December 31, 2019 and September 30, 2019 were $35,407,322 thousand, $25,108,005 thousand and $25,089,322 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, on September 30, 2020, December 31, 2019 and September 30, 2019. Because its fair value cannot be reliably determined, it was excluded from the amount of fair value above mentioned.

Besides the effectiveness of the evaluation of China life insurance Co., Ltd was based on the independent appraisers' reports on June 30, 2020 and 2019, others examined the effectiveness of fair value of 2019 and 2018 by the Group, respectively. After evaluating, the group agree that the fair value on September 30, 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 14 years and some lessees have priority to rent the leased building. The lease contracts contain market review clauses in the event that the lessees exercise their options to extend.

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

	September 30, 2020	December 31, 2019	September 30, 2019
Year 1	$ 448,827	$ 443,999	$ 444,700
Year 2	315,267	398,185	416,461
Year 3	212,859	234,419	257,130
Year 4	177,499	164,062	164,888
Year 5	187,835	146,828	140,968
Year 5 onwards	234,716	198,314	226,545
	$ 1,577,003	$ 1,585,807	$ 1,650,692

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

	Estimated Useful Lives
Buildings and facilities	30-60 years

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

21. PROPERTY AND EQUIPMENT, NET

	September 30, 2020	December 31, 2019	September 30, 2019
Land	$ 20,363,839	$ 20,175,361	$ 20,187,307
Buildings and facilities	12,981,218	5,896,237	5,960,280
Machinery and computer equipment	1,363,059	1,352,168	1,182,195
Other equipment	319,594	312,856	370,806
Leasehold improvements	305,398	324,519	307,110
Transportation equipment	206,268	288,467	307,021
	35,539,376	28,349,608	28,314,719
Prepayments for acquisition of properties	210,941	6,554,704	5,475,415
	$ 35,750,317	$ 34,904,312	$ 33,790,134
Assets used by the Group	$ 35,217,201	$ 34,258,809	$ 33,120,841
Assets leased under operating leases	533,116	645,503	669,293
	$ 35,750,317	$ 34,904,312	$ 33,790,134

The construction project with respect to the superficies, which was awarded to China Life Insurance in September 2013, on the land owned by Taipei Academy had been completed in the third quarter of 2020 and was reclassified from the construction in progress to the buildings and facilities. Part of the buildings and right-of-use assets were subsequently recognized as investment properties depending on its nature. These had been respectively recognized as "investment property", "property, plant and equipment" and "right-of-use asset" by the Groups' holding purpose, please refer to Note 20 and 22.

Except for reclassification and depreciation recognized, the Group had no significant addition, disposal and impairment of property and equipment during the three and nine months ended September 30, 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:

	September 30, 2020	December 31, 2019	September 30, 2019
Year 1	$ 73,626	$ 100,367	$ 107,064
Year 2	31,497	58,458	63,340
Year 3	5,623	17,886	22,589
Year 4	348	2,844	4,380
Year 5	-	335	669
	$ 111,094	$ 179,890	$ 198,042

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

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

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

22. LEASE ARRANGEMENTS

a. Right-of-use assets, net

	September 30, 2020	December 31, 2019	September 30, 2019
Carrying amounts			
Royalty-surface rights	$ 10,036,877	$ 12,977,018	$ 13,027,670
Buildings and facilities	2,837,436	3,343,302	3,445,448
Land	1,176,576	2,066,274	2,074,334
Computer equipment	69,063	114,978	130,048
Transportation equipment	34,221	32,434	30,605
Other equipment	41,078	14,913	18,828
	$ 14,195,251	$ 18,548,919	$ 18,726,933

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2020	**2019**	**2020**	**2019**
Additions to right-of-use assets	$ 100,581	$ 61,943	$ 546,956	$ 480,240
Depreciation of right-of-use assets				
Royalty-surface rights	$ 50,651	$ 50,651	$ 151,953	$ 151,953
Buildings and facilities	204,645	204,104	621,186	599,616
Land	5,950	8,061	18,787	24,183
Computer equipment	17,765	17,079	52,446	50,372
Transportation equipment	4,067	4,971	13,992	14,254
Other equipment	4,281	3,778	11,254	8,481
	$ 287,359	$ 288,644	$ 869,618	$ 848,859

The depreciation expense of the right-of-use asset recognized in profit or loss for the three and nine months ended September 30, 2020 and 2019 were $248,968 thousand, $229,932 thousand, $715,499 thousand and $672,723 thousand, respectively.

b. Lease liabilities

	September 30, 2020	**December 31, 2019**	**September 30, 2019**
Carrying amounts	$ 4,572,598	$ 5,615,681	$ 5,720,770

Range of discount rate for lease liabilities were as follows:

	September 30, 2020	**December 31, 2019**	**September 30, 2019**
Buildings and facilities	0.65%-9.79%	0.72%-9.79%	0.75%-9.79%
Land	0.77%-3.50%	3.50%	3.50%
Computer equipment	0.77%-1.07%	0.82%-1.07%	0.86%-0.92%
Transportation equipment	0.60%-1.44%	0.73%-1.44%	0.66%-1.07%
Other equipment	0.65%-1.20%	0.65%-1.44%	0.75%-1.44%

The maturity analysis of lease liabilities were as follows:

	September 30, 2020	**December 31, 2019**	**September 30, 2019**
Not later than 1 year	$ 926,747	$ 960,612	$ 925,660
Later than 1 year and not later than 5 years	1,856,693	2,183,641	2,215,856
Later than 5 years	4,206,319	5,796,179	5,849,457
	$ 6,989,759	$ 8,940,432	$ 8,990,973

c. Material lease-in activities and terms

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

d. Other lease information

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

	For the Three Months Ended September 30		**For the Nine Months Ended September 30**	
	2020	**2019**	**2020**	**2019**
Expenses relating to short-term leases	$ 18,596	$ 22,602	$ 54,396	$ 77,718
Expenses relating to low-value asset leases	$ 762	$ 1,667	$ 2,515	$ 3,418
Total cash outflow for leases			$ 809,249	$ 812,156

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

23. INTANGIBLE ASSETS

	September 30, 2020	**December 31, 2019**	**September 30, 2019**
Purchase policy value	$ 12,140,832	$ 12,402,062	$ 12,493,426
Goodwill	3,136,692	3,190,820	3,373,026
Operation rights	3,119,131	3,554,400	3,713,778
Computer software	1,290,177	1,257,956	1,130,046
Others	3,009	36,396	36,396
	$ 19,689,841	$ 20,441,634	$ 20,746,672

Except for amortization recognized, the Group’s had no significant addition, disposal, and impairment of other intangible assets during the three and nine months ended September 30, 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

24. OTHER ASSETS

	September 30, 2020	December 31, 2019	September 30, 2019
Security borrowing margins	$ 32,036,945	$ 16,655,194	$ 27,091,794
Overseas custodian accounts	24,957,399	24,767,815	28,206,496
Collected for underwriting payment of share	10,962,548	337	15,397
Guarantee deposits paid	8,921,333	7,921,332	7,527,642
Operating guarantee deposits	7,906,440	7,931,702	8,131,780
Others	3,623,563	3,332,468	3,071,377
	$ 88,408,228	$ 60,608,848	$ 74,044,486

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

25. DEPOSITS FROM THE CENTRAL BANK AND FINANCIAL INSTITUTIONS

	September 30, 2020	December 31, 2019	September 30, 2019
Call loans from financial institutions	$ 17,300,866	$ 24,370,732	$ 25,497,584
Deposits from Chunghwa Post Co., Ltd.	190,146	190,146	190,146
	$ 17,491,012	$ 24,560,878	$ 25,687,730

26. NOTES AND BONDS ISSUED UNDER REPURCHASE AGREEMENTS

	September 30, 2020	December 31, 2019	September 30, 2019
Corporate bonds	$ 73,898,597	$ 43,378,844	$ 53,097,830
Bank debentures	31,911,810	29,609,111	44,448,542
Government bonds	25,843,147	22,794,538	29,339,025
Commercial paper	-	354,838	1,498,667
	$ 131,653,554	$ 96,137,331	$ 128,384,064
Repurchased amounts	$ 131,711,341	$ 96,297,724	$ 128,553,017
Last maturity date	February 2021	March 2020	December 2019

27. COMMERCIAL PAPER PAYABLE, NET

	September 30, 2020	December 31, 2019	September 30, 2019
Commercial paper payable	$ 14,435,000	$ 12,636,085	$ 14,549,002
Less: Unamortized discount	(2,265)	(1,401)	(1,970)
	$ 14,432,735	$ 12,634,684	$ 14,547,032
Range of rate	0.25%-1.31%	0.54%-1.78%	0.48%-2.19%

As of September 30, 2020, Grand Bills Finance Corporation, Mega Bills Finance Corporation, Ta Ching Finance Corporation, Union Bank of Taiwan, Taiwan Cooperative Bills Finance Corporation, Taiwan Finance Corporation, Taishin International Bank and China Bills Finance Corporation guaranteed the above commercial paper. However, some commercial paper which amounted to $13,433,476 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 September 30, 2019, Ta Ching Bills Finance Corporation, China Bills Finance Corporation, Grand Bills Finance Corporation, Mega Bills Finance Corporation, Union bank of Taiwan, Taiwan Finance Corporation, International Bills Finance Corporation, Taiwan Cooperative Bills Finance Corporation, Sunny Bank and Taiwan Business Bank guaranteed the above commercial paper. However, some commercial paper, which amounted to $13,248,103 thousand, had no guarantee.

28. PAYABLES

	September 30, 2020	December 31, 2019	September 30, 2019
Accounts payable for settlement	$ 48,413,211	$ 43,834,058	$ 58,959,608
Accrued expenses and payable on insurance policies	13,753,981	12,997,313	12,738,226
Deposits payable for securities financing	8,554,710	11,351,628	11,832,857
Exchange clearing payable	3,750,342	4,354,972	2,487,390
Interest payable	2,349,440	5,011,466	4,578,817
Others	12,331,519	9,290,233	11,332,788
	$ 89,153,203	$ 86,839,670	$ 101,929,686

29. DEPOSITS AND REMITTANCES

	September 30, 2020	December 31, 2019	September 30, 2019
Time deposits	$ 239,527,011	$ 211,308,116	$ 229,855,671
Saving deposits	125,631,188	117,915,084	117,726,378
Demand deposits	80,490,884	53,009,869	53,449,874
Negotiable CDs	7,456,600	10,380,300	9,769,700
Checking deposits	1,393,906	3,065,960	1,465,286
Inward remittance	24,211	181,673	305,447
	$ 454,523,800	$ 395,861,002	$ 412,572,356

30. BONDS PAYABLE

	September 30, 2020	December 31, 2019	September 30, 2019
Corporate bonds payable	$ 27,200,000	$ 32,000,000	$ 27,800,000
Bank debentures payable	20,329,436	10,450,000	10,450,000
	$ 47,529,436	$ 42,450,000	$ 38,250,000

Corporate Bonds Payable

Name	September 30, 2020	December 31, 2019	September 30, 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	2015.09.15-2020.09.15	Interest payable annually; principal due on maturity	1.37%
1st corporate bonds in 2017 - the Corporation	10,000,000	10,000,000	10,000,000	Bond A 2017.09.08-2024.09.08 Bond B 2017.09.08-2027.09.08 Bond C 2017.09.08-2032.09.08	Interest payable annually; principal due on maturity	Bond A 1.75% Bond B 1.90% Bond C 2.10%
1st corporate bonds in 2019 - the Corporation	5,000,000	5,000,000	5,000,000	Bond A 2019.08.08-2026.08.08 Bond B 2019.08.08-2029.08.08	Interest payable annually; principal due on maturity	Bond A 0.88% Bond B 1.00%
1st corporate bonds in 2020 - the Corporation	8,000,000	-	-	Bond A 2020.05.20-2025.05.20 Bond B 2020.05.20-2035.05.20	Interest payable annually; principal due on maturity	Bond A 0.75% Bond B 0.95%
1st corporate bonds in 2015 - KGI Securities	-	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	$ 27,200,000	$ 32,000,000	$ 27,800,000			
Fair value	$ 28,120,447	$ 32,230,073	$ 28,171,424			

Bank Debentures Payable

Name	September 30, 2020	December 31, 2019	September 30, 2019	Issuance Period	Method of Paying Principle and Interests	Interest Rate
P06 KGIB 1	$ -	$ 1,000,000	$ 1,000,000	2017.05.19-2020.05.19	Interest payable annually; principal due on maturity	0.9%
P07 KGIB 1	3,000,000	3,000,000	3,000,000	2018.12.27, no maturity date	Interest payable annually (Note)	2.35%
P07 KGIB 2	3,350,000	3,350,000	3,350,000	2018.12.27-2033.12.27	Interest payable annually; principal due on maturity	1.68%
P08 KGIB 1	3,100,000	3,100,000	3,100,000	2019.06.26-2034.06.26	Interest payable annually; principal due on maturity	1.4%
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	0.8%
P09 KGIB 3	4,800,000	-	-	2020.08.07-2030.08.07	Interest payable annually; principal due on maturity	0.71%
	20,250,000	10,450,000	10,450,000			
Valuation adjustment	79,436	-	-			
Net amount	$ 20,329,436	$ 10,450,000	$ 10,450,000			
Fair value	$ 20,426,310	$ 10,641,460	$ 10,655,737			

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

31. OTHER BORROWINGS

	September 30, 2020	December 31, 2019	September 30, 2019
Short-term secured borrowings	$ 26,911,030	$ 4,438,546	$ 4,458,578
Short-term credit borrowings	6,980,666	12,029,866	10,041,135
Note issuance facility	4,748,900	4,499,595	4,309,795
Long-term credit borrowings	-	-	29,582
	$ 38,640,596	$ 20,968,007	$ 18,839,090
Range of rate	0.28%-7.15%	0.61%-5.95%	0.61%-8.38%
Last maturity date	June 2023	December 2022	July 2021

32. PROVISIONS

	September 30, 2020	December 31, 2019	September 30, 2019
Insurance liabilities	$ 1,859,115,263	$ 1,738,260,215	$ 1,703,127,101
Foreign exchange valuation reserve	2,285,492	2,367,039	5,540,748
Provisions for employee benefits	994,198	1,093,389	945,987
Others	525,270	526,533	660,843
	$ 1,862,920,223	$ 1,742,247,176	$ 1,710,274,679

Insurance Contracts and Provision for Financial Instruments with Discretionary Participation Feature

As at September 30, 2020, December 31, 2019 and September 30, 2019, China Life Insurance’s movement in reserves of insurance contracts and financial instruments with discretionary participation feature is as follows:

	September 30, 2020	December 31, 2019	September 30, 2019
Reserve for life insurance liabilities	$ 1,821,542,157	$ 1,698,741,135	$ 1,663,479,991
Unearned premium reserve	4,310,405	4,291,429	3,970,416
Reserve for claims	2,592,077	2,225,347	2,047,840
Special reserve	6,573,364	6,907,466	6,958,064
Premium deficiency reserve	4,924,945	6,627,546	7,069,728
Other reserve	19,172,315	19,467,292	19,601,062
	$ 1,859,115,263	$ 1,738,260,215	$ 1,703,127,101

a. Reserve for life insurance liabilities:

	September 30, 2020		
	Insurance Contract	Financial Instruments with Discretionary Participation Feature	Total
Life insurance	$ 1,460,987,542	$ 57,889,479	$ 1,518,877,021
Health insurance	141,032,783	-	141,032,783
Annuity insurance	656,863	159,074,203	159,731,066
Investment-linked insurance	1,758,449	-	1,758,449
	$ 1,604,435,637	$ 216,963,682	$ 1,821,399,319

Note: The total amount of liability reserve is $1,821,542,157 thousand on September 30, 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.

	September 30, 2019		
	Insurance Contract	Financial Instruments with Discretionary Participation Feature	Total
Life insurance	$ 1,307,042,411	$ 56,347,579	$ 1,363,389,990
Health insurance	130,049,150	-	130,049,150
Annuity insurance	686,390	167,417,178	168,103,568
Investment-linked insurance	1,783,621	-	1,783,621
	$ 1,439,561,572	$ 223,764,757	$ 1,663,326,329

Note: The total amount of liability reserve is $1,663,479,991 thousand on September 30, 2019 after reserve for life insurance-accrued paid is added.

There is no ceded liability reserve for the above insurance contracts of China Life Insurance.

Movement in reserve for life insurance liabilities is summarized below:

	For the Nine Months Ended September 30, 2020		
	Insurance Contract	Financial Instruments with Discretionary Participation Feature	Total
Beginning balance	$ 1,476,881,001	$ 221,716,576	$ 1,698,597,577
Reserve	188,409,086	6,739,693	195,148,779
Recover	(51,153,311)	(10,618,581)	(61,771,892)
Losses (gains) on foreign exchange	(9,701,139)	(874,006)	(10,575,145)
Ending balance (Note)	$ 1,604,435,637	$ 216,963,682	$ 1,821,399,319

Note: Reserve for life insurance liabilities were $1,821,542,157 thousand at September 30, 2020 after adding the payment of reserve for life insurance-accrued.

	For the Nine Months Ended September 30, 2019		
	Insurance Contract	Financial Instruments with Discretionary Participation Feature	Total
Beginning balance	$ 1,298,519,952	$ 214,435,925	$ 1,512,955,877
Reserve	189,968,705	22,395,951	212,364,656
Recover	(50,347,109)	(13,322,753)	(63,669,862)
Losses (gains) on foreign exchange	1,418,780	255,634	1,674,414
Others (Note 1)	1,244	-	1,244
Ending balance (Note 2)	$ 1,439,561,572	$ 223,764,757	$ 1,663,326,329

Note 1: The reserve amount with respect to the acquisition of a partial of traditional insurance policies of Allianz Life Insurance Company is provided to cover the deficiency during the replenishment period according to the contract.

Note 2: Reserve for life insurance liabilities were $1,663,479,991 thousand at September 30, 2019 after adding the payment of reserve for life insurance-accrued.

b. Unearned premium reserve

	September 30, 2020		
	Insurance Contract	Financial Instruments with Discretionary Participation Feature	Total
Individual life insurance	$ 931	$ -	$ 931
Individual injury insurance	1,378,919	-	1,378,919
Individual health insurance	2,057,839	-	2,057,839
Group insurance	810,247	-	810,247
Investment - linked insurance	62,443	-	62,443
Annuity insurance	-	26	26
	4,310,379	26	4,310,405
Less ceded unearned premium reserve			
Individual life insurance	16,460	-	16,460
Individual injury insurance	867	-	867
Individual health insurance	35,780	-	35,780
Group insurance	2,867	-	2,867
Investment - linked insurance	4,942	-	4,942
	60,916	-	60,916
Net amount	$ 4,249,463	$ 26	$ 4,249,489

	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

	September 30, 2019		
	Insurance Contract	Financial Instruments with Discretionary Participation Feature	Total
Individual life insurance	$ 980	$ -	$ 980
Individual injury insurance	1,230,180	-	1,230,180
Individual health insurance	1,854,726	-	1,854,726
Group insurance	824,221	-	824,221
Investment - linked insurance	60,195	-	60,195
Annuity insurance	-	114	114
	3,970,302	114	3,970,416
Less ceded unearned premium reserve			
Individual life insurance	15,724	-	15,724
Individual injury insurance	1,034	-	1,034
Individual health insurance	29,985	-	29,985
Group insurance	3,134	-	3,134
Investment - linked insurance	5,138	-	5,138
	55,015	-	55,015
Net amount	$ 3,915,287	$ 114	$ 3,915,401

Movement in unearned premium reserve is summarized below:

	For the Nine Months Ended September 30, 2020		
	Insurance Contract	Financial Instruments with Discretionary Participation Feature	Total
Beginning balance	$ 4,291,354	$ 75	$ 4,291,429
Reserve	3,237,542	26	3,237,568
Recover	(3,218,515)	(75)	(3,218,590)
Losses (gains) on foreign exchange	(2)	-	(2)
Ending balance	4,310,379	26	4,310,405
Less ceded unearned premium reserve			
Beginning balance	55,487	-	55,487
Increase	47,050	-	47,050
Decrease	(41,615)	-	(41,615)
Losses (gains) on foreign exchange	(6)	-	(6)
Ending balance	60,916	-	60,916
Net amount	$ 4,249,463	$ 26	$ 4,249,489

	For the Nine Months Ended September 30, 2019		
	Insurance Contract	Financial Instruments with Discretionary Participation Feature	Total
Beginning balance	$ 3,854,738	$ 53	$ 3,854,791
Reserve	3,006,618	114	3,006,732
Recover	(2,891,054)	(53)	(2,891,107)
Ending balance	3,970,302	114	3,970,416
Less ceded unearned premium reserve			
Beginning balance	50,125	-	50,125
Increase	43,259	-	43,259
Decrease	(38,369)	-	(38,369)
Ending balance	55,015	-	55,015
Net amount	$ 3,915,287	$ 114	$ 3,915,401

c. Reserve for claims

	September 30, 2020		
	Insurance Contract	Financial Instruments with Discretionary Participation Feature	Total
Individual life insurance			
Reported but not paid claim	$ 275,115	$ 82,187	$ 357,302
Unreported claim	1,783	-	1,783
Individual injury insurance			
Reported but not paid claim	41,670	-	41,670
Unreported claim	534,541	-	534,541
Individual health insurance			
Reported but not paid claim	119,329	-	119,329
Unreported claim	971,231	-	971,231
Group insurance			
Reported but not paid claim	102,982	-	102,982
Unreported claim	439,058	-	439,058
Investment - linked insurance			
Reported but not paid claim	5,383	-	5,383
Unreported claim	-	-	-
Annuity insurance			
Reported but not paid claim	-	18,715	18,715
Unreported claim	-	83	83
	2,491,092	100,985	2,592,077

(Continued)

	September 30, 2020		
	Insurance Contract	Financial Instruments with Discretionary Participation Feature	Total
Less ceded reserve for claims			
Individual life insurance	$ 10,433	$ -	$ 10,433
Individual injury insurance	-	-	-
Individual health insurance	4,927	-	4,927
Group insurance	3,000	-	3,000
	18,360	-	18,360
Net amount	$ 2,472,732	$ 100,985	$ 2,573,717

(Concluded)

	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

	September 30, 2019		
	Insurance Contract	Financial Instruments with Discretionary Participation Feature	Total
Individual life insurance			
Reported but not paid claim	$ 222,575	$ 91,673	$ 314,248
Unreported claim	1,852	-	1,852
Individual injury insurance			
Reported but not paid claim	35,909	-	35,909
Unreported claim	371,963	-	371,963
Individual health insurance			
Reported but not paid claim	53,303	-	53,303
Unreported claim	663,814	-	663,814
Group insurance			
Reported but not paid claim	98,752	-	98,752
Unreported claim	426,406	-	426,406
Investment - linked insurance			
Reported but not paid claim	32,498	-	32,498
Unreported claim	-	-	-
Annuity insurance			
Reported but not paid claim	-	48,964	48,964
Unreported claim	-	131	131
	1,907,072	140,768	2,047,840
Less ceded reserve for claims			
Individual life insurance	19,250	-	19,250
Individual injury insurance	-	-	-
Individual health insurance	2,903	-	2,903
Group insurance	7,800	-	7,800
	29,953	-	29,953
Net amount	$ 1,877,119	$ 140,768	$ 2,017,887

Movement in reserve for claims is summarized below:

	For the Nine Months Ended September 30, 2020		
	Insurance Contract	Financial Instruments with Discretionary Participation Feature	Total
Beginning balance	$ 2,061,831	$ 163,516	$ 2,225,347
Reserve	2,491,591	101,106	2,592,697
Recover	(2,061,831)	(163,516)	(2,225,347)
Losses (gains) on foreign exchange	(499)	(121)	(620)
Ending balance	2,491,092	100,985	2,592,077
Less ceded unearned premium reserve			
Beginning balance	13,755	-	13,755
Increase	18,360	-	18,360
Decrease	(13,755)	-	(13,755)
Ending balance	18,360	-	18,360
Net amount	$ 2,472,732	$ 100,985	$ 2,573,717

	For the Nine Months Ended September 30, 2019		
	Insurance Contract	Financial Instruments with Discretionary Participation Feature	Total
Beginning balance	$ 1,589,965	$ 96,777	$ 1,686,742
Reserve	1,906,658	140,603	2,047,261
Recover	(1,589,965)	(96,777)	(1,686,742)
Losses (gains) on foreign exchange	414	165	579
Ending balance	1,907,072	140,768	2,047,840
Less ceded unearned premium reserve			
Beginning balance	27,204	-	27,204
Increase	29,953	-	29,953
Decrease	(27,204)	-	(27,204)
Ending balance	29,953	-	29,953
Net amount	$ 1,877,119	$ 140,768	$ 2,017,887

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. China Life Insurance's 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

	September 30, 2020		
	Insurance Contract	Financial Instruments with Discretionary Participation Feature	Total
Participating policies dividend reserve	$ 6,573,364	$ -	$ 6,573,364
Dividend risk reserve	-	-	-
	$ 6,573,364	$ -	$ 6,573,364

	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

	September 30, 2019		
	Insurance Contract	Financial Instruments with Discretionary Participation Feature	Total
Participating policies dividend reserve	$ 6,958,064	$ -	$ 6,958,064
Dividend risk reserve	-	-	-
	$ 6,958,064	$ -	$ 6,958,064

Movement in special reserve is summarized below:

	For the Nine Months Ended September 30	
	2020	2019
	Insurance Contract	Insurance Contract
Beginning balance	$ 6,907,466	$ 6,364,597
Reserve for participating policy dividend revenue	1,573,699	2,314,329
Recover for participating policy dividend revenue	(1,902,200)	(1,733,386)
Gain (loss) on equity instruments from participating dividend policy measured at FVTOCI	(5,601)	12,524
Ending balance	$ 6,573,364	$ 6,958,064

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

	September 30, 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

	September 30, 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

	September 30, 2020		
	Insurance Contract	Financial Instruments with Discretionary Participation Feature	Total
Individual life insurance	$ 4,806,495	$ -	$ 4,806,495
Individual health insurance	118,450	-	118,450
	$ 4,924,945	$ -	$ 4,924,945

	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

	September 30, 2019		
	Insurance Contract	Financial Instruments with Discretionary Participation Feature	Total
Individual life insurance	$ 6,944,312	$ -	$ 6,944,312
Individual health insurance	125,416	-	125,416
	$ 7,069,728	$ -	$ 7,069,728

Note: Premium deficiency reserve was not ceded in the above insurance contracts of China Life Insurance.

Movement in premium deficiency reserve is summarized as below:

	For the Nine Months Ended September 30, 2020		
	Insurance Contract	Financial Instruments with Discretionary Participation Feature	Total
Beginning balance	$ 6,627,546	$ -	$ 6,627,546
Reserve	1,100,732	-	1,100,732
Recover	(2,737,038)	-	(2,737,038)
Losses (gains) on foreign exchange	(66,295)	-	(66,295)
Ending balance	$ 4,924,945	$ -	$ 4,924,945

	For the Nine Months Ended September 30, 2019		
	Insurance Contract	Financial Instruments with Discretionary Participation Feature	Total
Beginning balance	$ 7,504,145	$ -	$ 7,504,145
Reserve	1,828,915	-	1,828,915
Recover	(2,271,624)	-	(2,271,624)
Losses (gains) on foreign exchange	8,292	-	8,292
Ending balance	$ 7,069,728	$ -	$ 7,069,728

g. Other reserve

	September 30, 2020		
	Insurance Contract	Financial Instruments with Discretionary Participation Feature	Total
Others	$ 19,172,315	$ -	$ 19,172,315

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

	September 30, 2019		
	Insurance Contract	**Financial Instruments with Discretionary Participation Feature**	**Total**
Others	$ 19,601,062	$ -	$ 19,601,062

Movement in other reserve is summarized as below:

	For the Nine Months Ended September 30, 2020		
	Insurance Contract	**Financial Instruments with Discretionary Participation Feature**	**Total**
Beginning balance	$ 19,467,292	$ -	$ 19,467,292
Recover	(294,977)	-	(294,977)
Ending balance	$ 19,172,315	$ -	$ 19,172,315

	For the Nine Months Ended September 30, 2019		
	Insurance Contract	**Financial Instruments with Discretionary Participation Feature**	**Total**
Beginning balance	$ 20,002,374	$ -	$ 20,002,374
Recover	(401,312)	-	(401,312)
Ending balance	$ 19,601,062	$ -	$ 19,601,062

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		
	September 30, 2020	December 31, 2019	September 30, 2019
Reserve for life insurance liabilities	$ 1,821,399,319	$ 1,698,597,577	$ 1,663,326,329
Unearned premium reserve	4,310,405	4,291,429	3,970,416
Premium deficiency reserve	4,924,945	6,627,546	7,069,728
Special reserve	6,573,364	6,907,466	6,958,064
Other reserve	19,172,315	19,467,292	19,601,062
Book value of insurance liabilities	$ 1,856,380,348	$ 1,735,891,310	$ 1,700,925,599
Estimated present value of cash flows	$ 1,423,539,443	$ 1,299,369,920	$ 1,273,389,849
Balance of liability adequacy reserve	$ -	$ -	$ -

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

	September 30, 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), and discount rates were evaluated with consideration of current information.

	December 31, 2019 and September 30, 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 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 Nine Months Ended September 30	
	2020	**2019**
Beginning balance	$ 2,367,039	$ 3,169,331
Reserve		
Compulsory reserve	1,698,161	1,330,311
Extra reserve	3,107,512	3,568,202
	4,805,673	4,898,513
Recover	(4,887,220)	(2,527,096)
Ending balance	$ 2,285,492	$ 5,540,748

In August 2020, China Life Insurance applied to the FSC for approval of the foreign exchange valuation reserve, totaling $2,000,000 thousand, which were then approved by FSC, in an official letter Jin Shou Bao No. 1090427334, dated August,28, 2020.

3) Effects due to foreign exchange valuation reserve of China Life Insurance

	For the Nine Months Ended September 30, 2020		
Item	**Inapplicable Amount**	**Applicable Amount**	**Effects**
Net income	$ 14,775,298	$ 14,840,536	$ 65,238
Earnings per share (dollar)	3.31	3.32	0.01
Foreign exchange valuation reserve	-	2,285,492	2,285,492
Equity	152,263,444	151,778,113	(485,331)

	For the Nine Months Ended September 30, 2019		
Item	**Inapplicable Amount**	**Applicable Amount**	**Effects**
Net income	$ 14,847,321	$ 12,950,187	$ (1,897,134)
Earnings per share (dollar)	3.56	3.10	(0.46)
Foreign exchange valuation reserve	-	5,540,748	5,540,748
Equity	139,910,591	136,821,055	(3,089,536)

33. RETIREMENT BENEFIT PLANS

The Group's retirement benefit plans include defined contribution and defined benefit plans. For defined benefit plans, employee benefit expenses were calculated using the actuarially determined pension cost discount rate as of December 31, 2019 and 2018, and recognized respectively for the period.

The Group recognized its contributions under defined benefit plans as pension expenses (recognized as employee benefits) amounting to $10,258 thousand, $7,000 thousand, $23,736 thousand and $21,018 thousand, respectively and recognized pension expenses (recognized as employee benefits) under defined contribution plans amounting to $151,062 thousand, $153,171 thousand, $464,912 thousand and $458,732 thousand, respectively for the three and nine months ended September 30, 2020 and 2019.

34. OTHER FINANCIAL LIABILITIES

	September 30, 2020	December 31, 2019	September 30, 2019
Separate-account product liabilities	$ 76,547,742	$ 77,922,118	$ 77,020,488
Customers' equity accounts - futures	45,965,155	36,222,720	39,172,051
Principal received on structured products	25,505,388	35,134,804	28,881,447
Others	361,489	442,891	386,439
	$ 148,379,774	$ 149,722,533	$ 145,460,425

35. EQUITY

a. Capital

Common stock

	September 30, 2020	December 31, 2019	September 30, 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)	14,972,887	14,968,408	14,966,322
Shares issued	$ 149,728,867	$ 149,684,080	$ 149,663,221

b. Capital surplus

	September 30, 2020	December 31, 2019	September 30, 2019
Arising from treasury stock transactions	$ 1,173,617	$ 927,908	$ 837,776
Share-based payments awards	79,144	84,814	88,047
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	-
	$ 1,333,784	$ 1,093,745	$ 1,006,817

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 and a special reserve or reversal defined by laws, then 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 June 12, 2020, the shareholders' meeting approved the earnings appropriation of 2019. On June 14, 2019, the 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

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

e. Non-controlling interests

	For the Nine Months Ended September 30	
	2020	2019
Beginning balance	$ 108,940,026	$ 64,330,223
Attributable to non-controlling interests		
Share of profit for the period	8,046,446	6,828,806
Exchange differences on translation of financial statements of foreign operations	(19,654)	4,317
Gain (loss) on equity instruments measured at FVTOCI	4,230,020	286,398
Gain (loss) on debt instrument measured at FVTOCI	6,549,956	20,008,749
Other comprehensive income (loss) reclassified using the overlay approach	(11,744,477)	7,663,944
Effect of changes on consolidated subsidiary	(312,981)	-
Reduction of cash capital by subsidiaries	(2,961,375)	-
Payment of cash dividends by subsidiaries	(1,806,031)	(61,257)
Changes in percentage of ownership interests in subsidiaries	-	6,220,092
Changes in non-controlling interests arising from paying dividends to subsidiaries	219,973	109,986
Others	2,921	93,807
Ending balance	$ 111,144,824	$ 105,485,065

36. SUBSIDIARY INFORMATION OF NON-CONTROLLING INTERESTS

Subsidiaries	The Main Place of Business	Non-controlling Interests Held by the Proportion of Equity		
		September 30, 2020	December 31, 2019	September 30, 2019
China Life Insurance Company Limited	Taipei	65.18%	65.18%	65.18%

	Net Income Attributed to Non-controlling Interests			
	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2020	2019	2020	2019
China Life Insurance Company Limited	$ 3,874,573	$ 3,019,886	$ 8,014,242	$ 6,784,048

	Non-controlling Interests		
	September 30, 2020	December 31, 2019	September 30, 2019
China Life Insurance Company Limited	$ 110,836,378	$ 105,327,753	$ 101,850,196

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

	September 30, 2020	December 31, 2019	September 30, 2019
Total assets	$ 2,151,841,232	$ 2,021,995,862	$ 1,984,504,498
Total liabilities	1,982,800,659	1,861,406,605	1,829,250,496
Equity	$ 169,040,573	$ 160,589,257	$ 155,254,002
Equity attributable to:			
Owners of parent	$ 58,204,195	$ 55,261,504	$ 53,403,806
Non-controlling interest	110,836,378	105,327,753	101,850,196
	$ 169,040,573	$ 160,589,257	$ 155,254,002

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2020	2019	2020	2019
Revenue	$ 86,776,028	$ 82,918,560	$ 234,188,182	$ 258,334,017
Net profit for the period	$ 5,944,356	$ 4,633,098	$ 12,295,422	$ 10,419,954
Other comprehensive income	5,110,418	1,826,244	(1,507,919)	42,990,205
Total comprehensive income	$ 11,054,774	$ 6,459,342	$ 10,787,503	$ 53,410,159
Net profit attributable to:				
Owners of parent	$ 2,069,783	$ 1,613,212	$ 4,281,180	$ 3,635,906
Non-controlling interest	3,874,573	3,019,886	8,014,242	6,784,048
	$ 5,944,356	$ 4,633,098	$ 12,295,422	$ 10,419,954
Comprehensive income attributable to:				
Owners of parent	$ 3,849,195	$ 2,249,097	$ 3,756,133	$ 18,660,503
Non-controlling interest	7,205,579	4,210,245	7,031,370	34,749,656
	$ 11,054,774	$ 6,459,342	$ 10,787,503	$ 53,410,159
Cash flows				
From operating activities			$ 79,296,050	$ 59,281,671
From investing activities			(102,324,254)	(66,237,435)
From financing activities			(2,780,111)	9,159,534
Net (decrease) increase in cash			$ (25,808,315)	$ 2,203,770

37. TREASURY SHARES

Reason for Repurchase	Shares at Beginning of the Period (In Thousands)	Share Increase During the Period (In Thousands)	Share Decrease During the Period (In Thousands)	Shares at End of the Period (In Thousands)
For the nine months ended September 30, 2020				
Reclassification of the Corporation's stock held by subsidiaries and recognized as long-term investment	378,493	-	9,175	369,318
For the nine months ended September 30, 2019				
Reclassification of the Corporation's stock held by subsidiaries and recognized as long-term investment	443,531	-	31,304	412,227

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 $1,476,236 thousand, $1,777,144 thousand and $1,999,349 thousand on September 30, 2020, December 31, 2019 and September 30, 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 $1,666,662 thousand, $1,905,596 thousand and $1,809,631 thousand on September 30, 2020, December 31, 2019 and September 30, 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.

38. INTEREST PROFIT, NET

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2020	2019	2020	2019
Interest revenues				
Securities	$ 14,608,698	$ 14,284,508	$ 43,442,242	$ 41,587,746
Discounts and loans	2,458,344	2,975,919	7,906,728	8,918,860
Others	834,427	1,187,228	2,726,538	3,636,677
	17,901,469	18,447,655	54,075,508	54,143,283
Interest expenses				
Deposits	661,334	1,234,943	2,550,861	3,940,573
Notes and bonds issued under repurchase agreements	207,387	667,823	805,832	1,862,673
Corporate bonds	91,141	101,378	299,180	289,923
Borrowing interest expense	85,401	125,864	290,737	352,657
Others	159,268	360,701	666,311	907,180
	1,204,531	2,490,709	4,612,921	7,353,006
Interest profit, net	$ 16,696,938	$ 15,956,946	$ 49,462,587	$ 46,790,277

39. SERVICE FEE AND COMMISSION, NET

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2020	2019	2020	2019
Service fee revenue and commission income				
Brokerage	$ 3,481,990	$ 2,078,123	$ 9,016,933	$ 5,912,642
Security lending	218,487	239,968	602,311	605,303
Trust	208,777	147,977	514,047	390,140
Commission income - insurance	138,182	110,233	342,525	360,473
Others	612,949	488,216	1,846,007	1,630,159
	4,660,385	3,064,517	12,321,823	8,898,717
Service fee expense and commission expense				
Commission expense - insurance	2,342,075	2,747,386	6,671,040	8,931,280
Brokerage	490,463	331,073	1,375,676	981,600
Others	463,633	485,168	1,434,231	1,344,048
	3,296,171	3,563,627	9,480,947	11,256,928
Service fee and commission, net	$ 1,364,214	$ (499,110)	$ 2,840,876	$ (2,358,211)

40. NET INCOME FROM INSURANCE OPERATIONS

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2020	2019	2020	2019
Insurance business income				
Premium income	$ 62,707,649	$ 61,589,646	$ 177,487,117	$ 199,991,759
Reinsurance premium expense	(347,107)	(326,869)	(1,020,849)	(987,899)
Changes in unearned premium reserve	293,172	125,154	(13,543)	(110,735)
Retained earned premium	62,653,714	61,387,931	176,452,725	198,893,125
Separate-account insurance products revenues	3,256,584	1,213,416	3,578,835	7,508,175
	65,910,298	62,601,347	180,031,560	206,401,300
Insurance business expense				
Insurance claim payments	(23,529,947)	(23,286,564)	(74,194,847)	(75,703,707)
Claims recovered from reinsures	187,922	181,025	534,065	535,136
Retained claim payments	(23,342,025)	(23,105,539)	(73,660,782)	(75,168,571)
Brokerage expense	(2,049)	(3,770)	(5,175)	(8,569)
Disbursements toward industry stability fund	(94,081)	(117,041)	(312,211)	(324,673)
Changes in foreign exchange valuation reserve	(1,125,213)	(348,869)	81,547	(2,371,418)
Separate-account insurance products expenses	(3,256,584)	(1,213,416)	(3,578,835)	(7,508,175)
	(27,819,952)	(24,788,635)	(77,475,456)	(85,381,406)
Insurance business, net	$ 38,090,346	$ 37,812,712	$ 102,556,104	$ 121,019,894

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

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2020	2019	2020	2019
Derivatives	$ 7,109,888	$ 1,526,533	$ 8,228,256	$ (13,599,623)
Stocks	6,336,694	(755,728)	(2,361,295)	14,630,745
Operating securities	1,249,696	(90,628)	2,575,390	1,611,867
Mutual funds	1,047,450	3,402,369	2,478,051	12,216,592
Bonds	894,553	1,815,542	3,751,674	3,784,345
Others	328,585	740,921	3,120,474	4,565,698
	$ 16,966,866	$ 6,639,009	$ 17,792,550	$ 23,209,624

For the three and nine months ended September 30, 2020 and 2019, the Group's financial assets and liabilities at fair value through profit or loss included interest revenue of $706,790 thousand, $1,603,952 thousand, $2,512,875 thousand and $4,583,113 thousand, respectively, dividend income of $6,297,032 thousand, $5,733,379 thousand, $9,683,398 thousand and $8,200,329 thousand, respectively and interest expense of $149,570 thousand, $355,436 thousand, $626,076 thousand and $1,054,475 thousand, respectively.

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

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2020	2019	2020	2019
Gain on bond disposal	$ 1,284,995	$ 1,243,601	$ 6,070,113	$ 4,635,018
Dividend income	952,548	681,505	1,032,387	805,683
Others	2,808	-	8,856	(102)
	$ 2,240,351	$ 1,925,106	$ 7,111,356	$ 5,440,599

43. EMPLOYEE BENEFITS, DEPRECIATION AND AMORTIZATION EXPENSES

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2020	2019	2020	2019
Employee benefit expense				
Salaries and wages	$ 4,001,912	$ 3,748,690	$ 11,473,566	$ 10,714,663
Employee insurance	256,816	258,040	817,388	821,422
Pension	161,320	160,171	488,648	479,750
Others	540,277	235,861	1,000,069	800,423
	$ 4,960,325	$ 4,402,762	$ 13,779,671	$ 12,816,258
Depreciation and amortization expenses	$ 867,666	$ 831,032	$ 2,524,182	$ 2,450,477

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 nine months ended September 30, 2020 and 2019, the employees' compensation and the remuneration of directors and supervisors both were $94,748 thousand and $107,713 thousand.

The employees' compensation bonus of employees and remuneration to directors and supervisors for 2019 and 2018 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 2019 and 2018 were reported in the shareholders meeting on June 12, 2020 and 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.

44. INCOME TAX

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

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

a. Income tax expense recognized in profit or loss

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

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2020	**2019**	**2020**	**2019**
Current income tax				
Current period	$ 1,238,155	$ 208,454	$ 2,850,680	$ 772,472
Prior years	(131,844)	(107,282)	(129,152)	(340,840)
	1,106,311	101,172	2,721,168	431,632
Deferred income tax	(668,998)	1,142,958	(197,943)	1,862,680
Income tax expense recognized in profit or loss	$ 437,313	$ 1,244,130	$ 2,523,225	$ 2,294,312

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

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2020	**2019**	**2020**	**2019**
Deferred income tax				
(Gain) loss on equity instruments at fair value through other comprehensive income	$ 1,116,659	$ (469,583)	$ 1,238,930	$ 20,034
(Gain) loss on debt instruments at fair value through other comprehensive income	457,573	2,097,873	1,195,416	7,393,084
(Gain) loss on reclassification using the overlay approach	(6,947)	(298,763)	(1,323,429)	809,020
Income tax expense	$ 1,567,285	$ 1,329,527	$ 1,110,917	$ 8,222,138

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

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2020	2019	2020	2019
Current income tax				
Disposal of equity instruments at fair value through other comprehensive income	$ (14,745)	$ (10,364)	$ (15,141)	$ (8,608)
Income tax recognized in equity dividend policy	-	(1,503)	-	(1,503)
Deferred income tax (benefit)				
Gain (loss) on equity instruments at fair value through other comprehensive income	14,745	10,364	15,141	8,608
Deferred income tax related to tax losses and reversals	(15,402)	2,505	(14,349)	-
Income tax expense (benefit)	$ (15,402)	$ 1,002	$ (14,349)	$ (1,503)

d. Income tax assessments

The Corporation's income tax returns through 2015 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 return of KGI bank through 2015 had been examined by the tax authorities. Income tax returns of formerly Wanyin Insurance Broker through 2014 had been examined by the tax authorities.

The income tax returns of KGI Securities for the years through 2015 had been examined by the tax authorities.

The income tax returns of KGI Insurance Brokers Co., Ltd., KGI Venture Capital Co., Ltd. and KGI Information Technology Co., Ltd. through 2018 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 2015 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. 2018 and through 2016 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 and 2019 had been examined by the tax authorities.

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

45. EARNINGS PER SHARE

(New Taiwan Dollars)

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2020	**2019**	**2020**	**2019**
Basic EPS	$ 0.39	$ 0.19	$ 0.60	$ 0.73
Diluted EPS	$ 0.39	$ 0.19	$ 0.60	$ 0.73

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

Net Profit for the Period

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2020	**2019**	**2020**	**2019**
Earnings used in the computation of EPS	$ 5,764,335	$ 2,817,458	$ 8,791,258	$ 10,618,901

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

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2020	**2019**	**2020**	**2019**
Weighted average number of common shares outstanding in computation of basic EPS	14,602,936	14,553,542	14,601,188	14,542,540
Effect of dilutive potentially common shares:				
Employee share options	7,298	12,348	7,707	12,586
Restricted shares	-	388	42	624
Weighted average number of common shares outstanding in computation of diluted EPS	14,610,234	14,566,278	14,608,937	14,555,750

46. SHARE-BASED PAYMENT ARRANGEMENTS

a. Employee share option plan of the Corporation

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

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

For any subsequent changes in the Corporation's issued common stocks, the exercise price is adjusted accordingly.

Information on employee share options was as follows:

	For the Nine Months Ended September 30			
	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	(4,479)	7.14	(2,966)	7.46
Options invalid	(1,541)	7.11	(600)	7.48
Balance at September 30	44,494	6.92	52,600	7.33
Options exercisable, end of period	44,446	6.92	44,822	7.34
Weighted-average remaining contractual life (years)	0.83		1.84	

The weighted-average share price at the date of exercise of share options from January 1 to September 30, 2020 and 2019 were $8.86 and $9.90, 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 and nine months ended September 30, 2020 and 2019 were $4 thousand, $543 thousand, $12 thousand and $1,542 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 do not 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 and nine months ended September 30, 2020 and 2019, the Corporation recognized $0 thousand, $263 thousand, $0 thousand and $1,075 thousand as compensation cost.

47. 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)

48. RELATED-PARTY TRANSACTIONS

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

a. Related parties

Related Party	Relationship with the Group
Others	Other related parties

b. Significant transactions with related-parties

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

	Amount	%
September 30, 2020	$ 11,068,015	2
December 31, 2019	12,062,866	2
September 30, 2019	11,949,541	2

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

For the three and nine months ended September 30, 2019, the interest revenues from bank debentures was $0 thousand and $49,257 thousand.

3) Purchase and sale of bonds

	Purchase of Bonds	Sale of Bonds
For the nine months ended September 30, 2019		
Other related parties	$ 49,636	$ 739,213

4) Revenue receivable (recognized as receivables, net)

	Amount	%
September 30, 2020	$ 351,462	-
December 31, 2019	103,463	-
September 30, 2019	146,295	-

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

	Amount	%
September 30, 2020	$ 29,581	-
December 31, 2019	28,999	-
September 30, 2019	12,078	-

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

	Amount	%
September 30, 2020	$ 13,850	-
December 31, 2019	23,300	-
September 30, 2019	19,184	-

7) Other receivables (recognized as receivables, net)

	Amount	%
September 30, 2020	$ 16,966	-
December 31, 2019	28,412	-
September 30, 2019	34,498	-

8) Discounts and loans, net

KGI Bank

	Amount	%	Interest Rate (%)
September 30, 2020	$ 1,036,731	-	0.00-15.00
December 31, 2019	1,140,878	-	1.54-15.00
September 30, 2019	1,083,757	-	1.54-5.99

For the three and nine months ended September 30, 2020 and 2019, the interest revenues from discounts and loans were $3,311 thousand, $4,344 thousand, $11,378 thousand and $13,063 thousand, respectively.

For the Nine Months Ended September 30, 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	43	$ 35,951	$ 20,745	$ 20,745	$ -	None/credit guarantee fund	Yes
Residential mortgage loans	82	1,263,265	1,005,626	1,005,626	-	Real estate	Yes
Others	7	15,692	10,360	10,360	-	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 Nine Months Ended September 30, 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	36	$ 33,565	$ 18,290	$ 18,290	$ -	None	Yes
Residential mortgage loans	84	1,313,225	1,050,934	1,050,934	-	Real estate	Yes
Others	7	15,419	14,533	14,533	-	Real estate	Yes

China Life Insurance

	Amount	%
September 30, 2020	$ 21,529	-
December 31, 2019	15,714	-
September 30, 2019	12,672	-

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

	September 30, 2020		December 31, 2019	
	Amount	%	Amount	%
Other related parties	$ 10,467	-	$ 920	-

10) Increase of cash capital by China Life Insurance

	For the Nine Months Ended September 30, 2020
	Amount
Other related parties	$ 139,531

11) Prepaid subscriptions (recognized as other assets, net)

	Amount	%
September 30, 2019	$ 388,990	-

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

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

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

For the three and nine months ended September 30, 2019, the interest expenses from call loans from banks was $0 thousand and $14,477 thousand.

14) Notes and bonds issued under repurchase agreement

	Amount	%
September 30, 2019	$ 150,037	-

15) Other payables (recognized as payables)

	Amount	%
September 30, 2020	$ 469,701	-
December 31, 2019	55,337	-
September 30, 2019	30,205	-

16) Deposits and remittances

	Amount	%	Interest Rate (%)
September 30, 2020	$ 1,285,275	-	0-5.58
December 31, 2019	1,885,195	-	0-5.58
September 30, 2019	1,173,202	-	0-5.58

For the three and nine months ended September 30, 2020 and 2019, the interest expenses from deposits and remittances were $1,923 thousand, $2,615 thousand, $7,326 thousand and $8,773 thousand, respectively.

17) Unearned receipt (recognized as other liabilities)

	Amount	%
September 30, 2020	$ 113,900	-
December 31, 2019	83,199	-
September 30, 2019	104,452	-

18) Brokerage handling fee revenue (recognized as service fee and commission, net)

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	Amount	%	Amount	%
2020				
Other related parties	$ 3,436	-	$ 14,738	-
2019				
Other related parties	1,397	-	7,559	-

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

	For the Three Months Ended September 30			For the Nine Months Ended September 30	
	Amount	%		Amount	%
2020					
Other related parties	$ 22,374	-		$ 92,444	-
2019					
Other related parties	57,414	-		191,386	-

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

	For the Three Months Ended September 30			For the Nine Months Ended September 30	
	Amount	%		Amount	%
2020					
Other related parties	$ 132,735	16		$ 407,950	17
2019					
Other related parties	141,126	29		441,595	27

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

	For the Three Months Ended September 30			For the Nine Months Ended September 30	
	Amount	%		Amount	%
2020					
Other related parties	$ -	-		$ 88,750	2
2019					
Other related parties	10,000	1		40,000	1

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

	For the Three Months Ended September 30			For the Nine Months Ended September 30	
	Amount	%		Amount	%
2020					
Other related parties	$ 78,829	-		$ 194,462	1
2019					
Other related parties	54,023	1		108,179	1

23) Outstanding derivative financial instruments

KGI Securities

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

24) Compensation of key management personnel

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2020	2019	2020	2019
Salary and short-term benefits	$ 166,316	$ 141,706	$ 352,349	$ 444,484
Share-based payment	-	264	-	1,708
Post-employment benefits	473	804	1,540	2,219
	$ 166,789	$ 142,774	$ 353,889	$ 448,411

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

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

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

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

KGI Bank and subsidiaries

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

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

	September 30, 2020		December 31, 2019		September 30, 2019	
	Amount	%	Amount	%	Amount	%
Subsidiary of the parent company	$ 333,687	5	$ 178,856	2	$ 152,971	2

2) Discount and loans

	December 31, 2020	
	Amount	%
Others	$ 118,980	-

3) Purchase and sale of bonds

	Purchase of Bonds	Sale of Bonds
For the nine months ended September 30, 2020		
Subsidiary of the parent company	$ 1,500,000	$ 129,000
For the nine months ended September 30, 2019		
Subsidiary of the parent company	396,477	712,331

4) Call loans from securities company (recognized as other financial assets, net)

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

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

	September 30, 2020		December 31, 2019		September 30, 2019	
	Amount	%	Amount	%	Amount	%
Parent company	$ 714,190	99	$ 600,802	100	$ 572,729	100

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

6) Deposits and remittances

	Amount	%	Interest Rate (%)
September 30, 2020			
Parent company	$ 7,555,342	2	0-0.65
Subsidiary of the parent company	12,781,295	2	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
September 30, 2019			
Parent company	3,357,071	1	0-0.73
Subsidiary of the parent company	7,910,222	2	0-1.03

7) Temporary receipts (recognized as other liabilities)

	September 30, 2020		December 31, 2019	
	Amount	%	Amount	%
Subsidiary of the parent company	$ 969,134	14	$ 2,188,412	36

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

8) Service fee revenue

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	Amount	%	Amount	%
2020				
Subsidiary of the parent company	$ 21,609	4	$ 139,359	9
2019				
Subsidiary of the parent company	84,970	18	263,526	16

9) Outstanding derivative financial instrument

September 30, 2020

(In Thousands of New Taiwan Dollars)

Related Party	Contract Type	Contract Period	Contract Amount	Valuation Gain (Loss)	Balance Sheet Account	Balance Sheet Balance
Subsidiaries of the parent company	Currency swap contracts	February 6, 2020-April 13, 2021	$ 15,063,967	$ (159,799)	Financial assets at FVTPL	$ 246
					Financial liabilities at FVTPL	160,045
	Cross-currency swap contracts	March 12, 2020-May 26, 2022	559,693	17,510	Financial assets at FVTPL	17,510

December 31, 2019

(In Thousands of New Taiwan Dollars)

Related Party	Contract Type	Contract Period	Contract Amount	Valuation Gain (Loss)	Balance Sheet Account	Balance Sheet Balance
Subsidiaries of the parent company	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

September 30, 2019

(In Thousands of New Taiwan Dollars)

Related Party	Contract Type	Contract Period	Contract Amount	Valuation Gain (Loss)	Balance Sheet Account	Balance Sheet Balance
Subsidiaries of the parent company	Asset swap - interest rate swap contracts	March 12, 2019- February 26, 2022	$ 180,000	$ 6,278	Financial assets at FVTPL	$ 6,278
	Asset swap - options	March 12, 2019- February 11, 2022	180,000	(13,481)	Financial liabilities at FVTPL	13,481
	Interest rate swap contracts	November 4, 2016- January 24, 2020	372,504	4,181	Financial assets at FVTPL	105
					Financial liabilities at FVTPL	468
	Currency swap contracts	March 27, 2019- November 29, 2019	11,951,170	21,967	Financial assets at FVTPL	55,937
					Financial liabilities at FVTPL	33,970

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)

	September 30, 2020		December 31, 2019	
	Amount	%	Amount	%
Subsidiary of the parent company	$ 820,516	7	$ 1,992,881	12

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

	September 30, 2020		December 31, 2019		September 30, 2019	
	Amount	%	Amount	%	Amount	%
Open ended fund, money market instruments and other securities						
Other related parties	$ 580,525	1	$ 578,634	1	$ 577,862	1
Operating securities						
Other related parties	1,775,784	3	1,089,190	1	644,363	-

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

	September 30, 2020		December 31, 2019		September 30, 2019	
	Amount	%	Amount	%	Amount	%
Stocks						
Parent company	$ 1,476,237	6	$ 1,777,144	8	$ 1,999,349	9

4) Purchase and sale of bonds

	Purchase of Bonds	Sale of Bonds
For the nine months ended September 30, 2020		
Subsidiary of the parent company	$ 129,000	$ 9,740,400
For the nine months ended September 30, 2019		
Subsidiary of the parent company	3,164,523	13,247,468
Other related parties	-	739,213

5) Guarantee deposits received in futures contracts

	September 30, 2020		December 31, 2019		September 30, 2019	
	Amount	%	Amount	%	Amount	%
Subsidiary of the parent company	$ 714,179	1	$ 208,032	1	$ 501,153	2

6) Accounts receivables

	September 30, 2020	
	Amount	%
Other related parties	$ 335,959	1

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

	September 30, 2020		December 31, 2019		September 30, 2019	
	Amount	%	Amount	%	Amount	%
Subsidiary of the parent company	$ 826,405	2	$ 306,467	1	$ 132,235	-

8) Restricted assets (recognized as other current assets)

	September 30, 2020		December 31, 2019		September 30, 2019	
	Amount	%	Amount	%	Amount	%
Subsidiary of the parent company	$ 1,938,955	5	$ 9,775,316	26	$ 1,643,767	3

9) Temporary payments (recognized as other current assets)

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

10) Short-term borrowings

	December 31, 2019	
	Amount	%
Subsidiary of the parent company	$ 903,180	5

11) Notes and bonds issued under repurchase agreement

	December 31, 2019	
	Amount	%
Other related parties	$ 150,037	-

12) Customer's equity accounts - futures

	September 30, 2020		December 31, 2019		September 30, 2019	
	Amount	%	Amount	%	Amount	%
Subsidiary of the parent company	$ 341,131	1	$ 182,705	1	$ 155,741	1

13) Payables

	September 30, 2020		December 31, 2019	
	Amount	%	Amount	%
Subsidiary of the parent company	$ -	-	$ 644,738	1
Other related parties	333,646	7	-	-

14) Current tax liabilities

	September 30, 2020		December 31, 2019		September 30, 2019	
	Amount	%	Amount	%	Amount	%
Parent company	$ 980,581	76	$ 737,608	82	$ 701,499	81

15) Other operating revenue

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	Amount	%	Amount	%
2019				
Subsidiary of the parent company	$ 141,575	26	$ 380,602	29

16) Other operating expense

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	Amount	%	Amount	%
2020				
Subsidiary of the parent company	$ 39,670	4	$ 146,838	5
2019				
Subsidiary of the parent company	44,358	5	136,410	5

17) Dividend income (recognized as realized gain on financial assets measured at fair value through other comprehensive income)

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	Amount	%	Amount	%
2020				
Parent company	$ 104,083	24	$ 104,083	10

18) Outstanding derivative financial instruments

a) Currency swap contracts

	September 30, 2020	December 31, 2019
	Contract Amount (Principal)	Contract Amount (Principal)
Subsidiary of the parent company	$ 648,551	$ 620,424

b) Asset swap IRS contracts value

	December 31, 2019	September 30, 2019
	Contract Amount (Principal)	Contract Amount (Principal)
Subsidiary of the parent company	$ 190,000	$ 180,000

c) Asset swap options contracts

	December 31, 2019	September 30, 2019
	Contract Amount (Principal)	Contract Amount (Principal)
Subsidiary of the parent company	$ 190,000	$ 180,000

d) Interest rate swap contracts

	September 30, 2019
	Contract Amount (Principal)
Subsidiary of the parent company	$ 372,504

CDIB Capital Group and subsidiaries

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

1) Cash in banks (recognized as cash and cash equivalents and other current assets)

	September 30, 2020		December 31, 2019		September 30, 2019	
	Amount	%	Amount	%	Amount	%
Subsidiary of the parent company	$ 5,659,109	62	$ 5,786,872	47	$ 5,236,560	46

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

	September 30, 2020		December 31, 2019		September 30, 2019	
	Amount	%	Amount	%	Amount	%
Other related parties	$ 161,810	67	$ 201,174	71	$ 200,906	71

3) Revenue receivable (recognized as other receivables)

	September 30, 2019	
	Amount	%
Other related parties	$ 101,660	13

4) Prepaid subscription (recognized as other asset)

	September 30, 2019	
	Amount	%
Other related parties	$ 388,990	81

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

	September 30, 2020		December 31, 2019		September 30, 2019	
	Amount	%	Amount	%	Amount	%
Parent company	$ 233,901	97	$ 211,214	79	$ 211,214	93

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

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

	September 30, 2020		December 31, 2019		September 30, 2019	
	Amount	%	Amount	%	Amount	%
Parent company	$ 519,807	85	$ 515,983	77	$ 544,001	78

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

7) Consulting service revenue

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	Amount	%	Amount	%
2020				
Other related parties	$ 41,576	28	$ 118,307	26
2019				
Other related parties	50,502	32	162,685	33

8) Outstanding derivative financial instrument

September 30, 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	$ 548,762	$ (17,940)	Financial liabilities at FVTPL	$ 17,511

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

Cash in banks

	Amount	%
September 30, 2020	$1,165,062	100

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 and subsidiaries	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)

	September 30, 2020		December 31, 2019		September 30, 2019	
	Amount	%	Amount	%	Amount	%
Subsidiary of the parent company	$ 1,173,880	2	$ 3,996,654	5	$ 374,600	1

2) Receivables

	September 30, 2020		December 31, 2019	
	Amount	%	Amount	%
Subsidiary of the parent company	$ 969,134	4	$ 2,832,529	11

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

	September 30, 2020		December 31, 2019		September 30, 2019	
	Amount	%	Amount	%	Amount	%
Other related parties	$ 8,469,070	2	$ 10,113,305	3	$ 10,445,955	3

4) Financial assets at fair value through other comprehensive income

	September 30, 2020		December 31, 2019		September 30, 2019	
	Amount	%	Amount	%	Amount	%
Stocks						
Parent company	$ 4,786,605	1	$ 5,472,816	1	$ 5,197,207	1

5) Investment balances appointed to related parties' discretionary investment

	September 30, 2020	December 31, 2019	September 30, 2019
Subsidiary of the parent company	$ 1,294,532	$ 1,867,336	$ 1,732,716

6) Purchase and sale of bonds

	Purchase of Bonds	Sale of Bonds
For the nine months ended September 30, 2020		
Subsidiary of the parent company	$ 8,231,600	$ -
For the nine months ended September 30, 2019		
Subsidiary of the parent company	12,850,481	2,452,192

7) Service fee revenue

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	Amount	%	Amount	%
2020				
Subsidiary of the parent company	$ 40,621	15	$ 149,276	18
2019				
Subsidiary of the parent company	45,347	16	138,967	17

8) Dividend income (recognized as realized gain on financial assets measured at fair value through other comprehensive income)

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	Amount	%	Amount	%
2020				
Parent company	$ 337,481	14	$ 337,481	4
2019				
Parent company	168,740	9	168,740	3

9) Commission expense

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	Amount	%	Amount	%
2020				
Subsidiary of the parent company	$ 22,049	1	$ 147,328	2
2019				
Subsidiary of the parent company	242,122	8	643,099	7

10) Outstanding derivative financial instrument

September 30, 2020

(In Thousands of New Taiwan Dollars/U.S. Dollars)

Related Party	Contract Type	Contract Period	Contract Amount	Balance Sheet	
				Account	Balance
Subsidiary of the parent company	Currency swap contracts	February 6, 2020 - April 13, 2021	US$ 495,000	Financial assets at FVTPL	$ 159,161

December 31, 2019

(In Thousands of New Taiwan Dollars/U.S. Dollars)

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

September 30, 2019

(In Thousands of New Taiwan Dollars/U.S. Dollars)

Related Party	Contract Type	Contract Period	Contract Amount	Balance Sheet	
				Account	Balance
Subsidiary of the parent company	Currency swap contracts	August 7, 2019- November 29, 2019	US$ 110,000	Financial assets at FVTPL	$ 34,187
		March 27, 2019- November 15, 2019	US$ 275,000	Financial liabilities at FVTPL	55,712

49. PLEDGED ASSETS

The following assets and partial guarantee recognized as other current assets have been (a) pledged to various financial institutions as guarantees and collaterals for short-term loans, commercial paper 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.

	September 30, 2020	December 31, 2019	September 30, 2019
Financial assets at fair value through other comprehensive income - negotiable certificate of deposit	$ 17,399,208	$ 18,198,972	$ 17,699,104
Property and equipment, net	4,609,746	4,488,821	4,531,605
Accounts receivable - installment accounts receivables and lease receivables	2,408,940	2,506,872	2,451,589
Other financial assets - pledged time deposits	2,212,563	2,635,869	2,474,266
Financial assets at fair value through other comprehensive income	646,828	704,580	564,984
Due from the Central Bank and call loans to financial institutions	500,000	-	-
Financial assets at fair value through profit or loss	173,895	1,065,864	1,380,134
Investment property, net	122,740	271,404	272,207

Note: 88,500 thousand of China Life Insurance shares held by KGI Securities on September 30, 2020, December 31, 2019 and September 30, 2019 have been pledged.

50. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACTUAL COMMITMENTS

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

a. In April 2007, 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$361,489 thousand based on the exchange rate of September 30, 2020) was reclassified to "other financial liabilities". The litigation had not yet been concluded as of September 30, 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 Taiwan High Court and the final outcome of the court is uncertain.

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

f. In response to the rapid business development and IT demands for innovative products, KGI Bank plans to outsource its IT operations to improve IT service levels and to rapidly respond to the business development and changes in external regulations. The board of directors' meeting held on October 30, 2012 approved the plan for outsourcing the IT operations to International Business Machines Corp., Taiwan (IBM Taiwan) for the next 10 years, starting from October 31, 2012. Except for extra services will be charged by professional rates, the basic framework, support service, IT application service, integration and transformation of server and so on are charged by the contract. In response to information age and to improve quality of service, KGI Bank keeps replacing its core system and other related systems. After that, KGI Bank will reduce its demand on the basic framework and IT application services mentioned before. The contract about related service scope, which was approved by the board of directors on August 21, 2018, came into effect on January 1, 2019. As of September 30, 2020, KGI Bank has to pay a total of $162,144 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 September 30, 2020, the actual total amount of construction expenditure (after deduction of 5% construction retainage) is $5,121,788 thousand and unpaid amount is $502,125 thousand.

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

Consolidated Profitability

(%)

Items		September 30, 2020	September 30, 2019
Return on total assets	Before income tax	0.82	0.91
	After income tax	0.71	0.81
Return on net worth	Before income tax	8.71	10.24
	After income tax	7.57	9.05
Profit margin		9.77	9.26

Profitability of CDFH

(%)

Items		September 30, 2020	September 30, 2019
Return on total assets	Before income tax	5.82	7.01
	After income tax	5.48	7.05
Return on net worth	Before income tax	6.64	8.13
	After income tax	6.29	8.23
Profit margin		86.06	93.03

Profitability of KGI Bank

(%)

Items		September 30, 2020	September 30, 2019
Return on total assets	Before income tax	0.66	0.72
	After income tax	0.55	0.56
Return on net worth	Before income tax	7.26	8.13
	After income tax	6.07	6.26
Profit margin		35.15	34.89

Profitability of KGI Securities

(%)

Items		September 30, 2020	September 30, 2019
Return on total assets	Before income tax	3.35	2.87
	After income tax	3.16	2.94
Return on net worth	Before income tax	11.81	9.51
	After income tax	11.14	9.75
Profit margin		54.97	58.73

Profitability of China Life Insurance

(%)

Items		**September 30, 2020**	**September 30, 2019**
Return on total assets	Before income tax	1.04	1.07
	After income tax	0.96	0.94
Return on net worth	Before income tax	14.60	18.72
	After income tax	13.44	16.45
Profit margin		6.27	4.97

52. FINANCIAL INSTRUMENTS

a. The definitions of each hierarchy are as follows:

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

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

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

b. Fair value

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

September 30, 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	$ 150,251,040	$ 77,110	$ 9,415,359	$ 159,743,509
Bond investments	43,984,041	54,366,102	585,188	98,935,331
Others	182,425,785	11,268,622	10,884,307	204,578,714
Financial assets designated as at FVTPL	-	382,904	1,578,278	1,961,182
Financial assets at FVTOCI				
Stock investments	28,267,960	76,074	25,545,336	52,889,370
Bond investments	356,587,417	202,591,326	-	559,178,743
Others	-	61,100,459	-	61,100,459
Liabilities				
Financial liabilities at FVTPL				
Financial liabilities held for trading	5,226,465	1,524,012	-	6,750,477
Financial liabilities designated as at FVTPL	-	13,747,277	-	13,747,277

(Continued)

	Level 1	Level 2	Level 3	Total
Derivative financial instruments				
Assets				
Financial assets at FVTPL	$ 828,916	$ 83,168,038	$ 174,041	$ 84,170,995
Financial assets for hedging	-	79,433	-	79,433
Liabilities				
Financial liabilities at FVTPL				
Financial liabilities held for trading	610,200	73,264,156	2,795,414	76,669,770
Financial liabilities designated as at FVTPL	701	4,907,432	-	4,908,133
Financial liabilities for hedging	-	889,177	-	889,177

(Concluded)

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

September 30, 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	$ 134,615,605	$ 139,522	$ 9,938,402	$ 144,693,529
Bond investments	49,697,811	68,783,476	-	118,481,287
Others	137,203,354	13,050,819	9,187,778	159,441,951
Financial assets designated as at FVTPL	11,880,336	29,532,559	1,033,258	42,446,153
Financial assets at FVTOCI				
Stock investments	18,609,740	83,177	16,799,324	35,492,241
Bond investments	284,525,701	159,896,623	-	444,422,324
Others	-	64,561,878	-	64,561,878
Liabilities				
Financial liabilities at FVTPL				
Financial liabilities held for trading	3,756,346	36,940	-	3,793,286
Financial liabilities designated as at FVTPL	-	31,805,609	-	31,805,609
Derivative financial instruments				
Assets				
Financial assets at FVTPL				
Financial assets mandatorily classified as at FVTPL	1,033,735	51,081,783	172,983	52,288,501
Liabilities				
Financial liabilities at FVTPL				
Financial liabilities held for trading	609,016	64,829,585	2,222,643	67,661,244
Financial liabilities designated as at FVTPL	-	5,748,982	-	5,748,982

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-Scholes model) and numerical method model (for example Monte 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 Nine Months Ended September 30, 2020		**For the Nine Months Ended September 30, 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	$ 22,863,830	$ 2,333,890	$ 9,667,084	$ 5,263,626

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 Nine Months Ended September 30, 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	$ (663,151)	$ 4,430,633	$ -	$ (1,570,572)	$ (116,622)	$ 21,058,895
Financial assets designated as at FVTPL	1,580,146	(30,045)	28,177	-	-	-	1,578,278
Financial assets at FVTOCI	17,330,430	6,597,464	700,000	-	(82,558)	-	24,545,336

For the Nine Months Ended September 30, 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	$ 1,391,560	$ 4,015,325	$ -	$ (4,323,770)	$ (95,958)	$ 19,229,163
Financial assets designated as at FVTPL	574,064	92,095	367,464	-	(365)	-	1,033,258
Financial assets at FVTOCI	11,111,094	371,396	5,379,349	-	(62,515)	-	16,799,324

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 Nine Months Ended September 30, 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	$ (168,353)	$ 1,056,792	$ -	$ (739,206)	$ -	$ 2,795,414

For the Nine Months Ended September 30, 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	$ 138,364	$ 1,528,246	$ -	$ (215,491)	$ -	$ 2,222,643

The total gains or losses for the nine months ended September 30, 2020 and 2019 included a gain of $345,994 thousand and $438,258 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 September 30, 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	$ 1,074,621	Market approach	P/B, P/E, Discount for lack of liquidity	0.80-11.93, 26%-27.2%	Multiplier is proportional to fair value; fair value is inversely proportional to discount for lack of liquidity.
		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	191,363	HullWhite, Libor Market Model, discounted cash flow	Quality/Factor/ FREQ/Simulate Method	Inapplicable	Inputs of parameters do not contain linear relation, which analyzed by comparing correctness, stability, rationality, efficiency of performance and other different aspects of the outcome.
Financial liabilities at FVTPL	191,386	HullWhite, Libor Market Model, discounted cash flow	Quality/Factor/ FREQ/Simulate Method	Inapplicable	Inputs of parameters do not contain linear relation, which analyzed by comparing correctness, stability, rationality, efficiency of performance and other different aspects of the outcome.

	Fair Value at December 31, 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.
		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.
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.

	Fair Value at September 30, 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	$ 357,200	Market approach	P/B, P/E Discount for lack of liquidity	1.26-7.17 26%-27.2%	Multiplier is proportional to fair value; fair value is inversely proportional to discount for lack of liquidity.
		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	171,237	HullWhite, Libor Market Model, discounted cash flow	Quality/Factor/ FREQ/Simulate Method	Inapplicable	Inputs of parameters do not contain linear relation, which analyzed by comparing correctness, stability, rationality, efficiency of performance and other different aspects of the outcome.
Financial liabilities at FVTPL	170,812	HullWhite, Libor Market Model, discounted cash flow	Quality/Factor/ FREQ/Simulate Method	Inapplicable	Inputs of parameters do not contain linear relation, which analyzed by comparing correctness, stability, rationality, efficiency of performance and other different aspects of the outcome.

KGI Securities and subsidiaries

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

September 30, 2020

	Valuation Techniques	Significant Unobservable Inputs	Quantification Information	The Relationship Between Inputs and Fair Value
Financial assets				
Non-derivative financial assets				
Financial assets at FVTPL - equity instruments	Fair value from counter-party, recently strike price or measured by using asset-based approach.	Not applicable	Not applicable	Not applicable
Financial assets at FVTPL - equity instruments	Market approach	Discount for lack of liquidity	23%-26%	Assets at fair value is inversely proportional to discount for lack of liquidity.
Financial assets at FVTOCI - equity instruments	Fair value from counter-party, recently strike price or measured by using asset-based approach.	Not applicable	Not applicable	Not applicable
Derivative instruments				
Structured products - options	Martingale pricing technique	History volatility	28.73%-46.78%	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	0.89%-9.17%	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	22.1%-61.3%	According to condition of contract, fair value of liabilities may be higher or lower.

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.

September 30, 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	12.48%-47.15%	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	0.57%-40.59%	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	12.44%-55.37%	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:

September 30, 2020

	Sensitivity Analysis of Relationship Between Inputs and Fair Value		Recognized to Profit or Loss	
	Inputs	**Positive/Negative Change**	**Positive Impact**	**Negative Impact**
Financial assets				
Non-derivative instruments				
Financial assets at FVTPL				
Equity instruments (counter-party/recent strike price/assets approach)	Not applicable	Not applicable	Not applicable	Not applicable
Equity instruments (market approach)	Discount for lack of liquidity	-1%/+1%	$ 90	$ 90
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%	72	66
Financial liabilities				
Derivative instruments				
Structured products - options	Historical volatility	-25%/+25%	-	-
Equity derivative instruments - premium - options (put option)	Historical volatility	-25%/+25%	91	65

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)	Discount for lack of liquidity	-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

September 30, 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)	Discount for lack of liquidity	-1%/+1%	$ 263	$ 250
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%	540	535
Financial liabilities				
Derivative instruments				
Structured products - options	Historical volatility	-25%/+25%	-	-
Equity derivative instruments - premium - options (put option)	Historical volatility	-25%/+25%	(1)	(1)

CDIB Capital Group and subsidiaries

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

	Fair Value at September 30, 2020	Valuation Techniques	Significant Unobservable Inputs	Range (Average Weighted)	The Relationship Between Inputs and Fair Value
Repetitive basic to fair value measurement items					
Non-derivative financial assets					
Financial assets at FVTPL	$ 13,492,277	Market approach	P/B P/S Discount for lack of liquidity	0.71-5.54 0.41-10.53 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% 5.82%-14.10% 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	36.98%	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 P/S Discount for lack of liquidity	0.68-2.61 0.43-5.56 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% 9.97%-13.58% 4.50%-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	32.21%-33.65%	When the higher returns on stock value volatility, the higher of fair value.
		Recent strike price	-	-	-

	Fair Value at September 30, 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	$ 14,670,236	Market approach	P/B P/S Discount for lack of liquidity	0.76-2.44 0.44-5.40 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% 10.06%-15.39% 3.25%-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	23%-29% 11%	When the higher the discount for lack of liquidity, the lower of fair value.
		Binomial tree model	Returns on stock value volatility	34.29%-34.69%	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:

	September 30, 2020			
	Valuation Techniques	Significant Unobservable Inputs	Quantification Information	Relationship Between Inputs and Fair Value
Financial assets				
Financial assets at fair value through profit or loss	Asset approach	Discount for liquidity and minor interests	0%-10%	The higher the discount for liquidity and minor interests, the lower the estimated fair value.
Financial assets at fair value through other comprehensive income	Market approach	Discount for liquidity	10%-30%	The higher the discount for liquidity, the lower the estimated fair value.
		Control premium	0%-10%	The higher the control premium, the higher the estimated fair value.
	Income approach	Cost of capital rate	6.01%	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.

	September 30, 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	6.03%	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 accounting department.

CDIB Capital Group and subsidiaries

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

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

China Life Insurance

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

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

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

Fair 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.

53. INFORMATION OF INSURANCE CONTRACTS

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

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

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

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

2) Risk management policies, procedures and methods:

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

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

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

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

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

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

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

b. Information of insurance risks

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

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

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

As at September 30, 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 32 for concentration of risk before and after the reinsurance for China Life Insurance.

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

3) Claim development trend:

a) Direct business loss development trend

Accident Year	Development Year													Reserve for Claims
	1	2	3	4	5	6	7	8	9	10	11	12	13	
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	$ 2,803,710	
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	2,941,947	-	
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	3,145,646	-	-	
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	3,355,505	-	-	-	
2012	2,345,575	2,953,776	3,029,335	3,045,381	3,048,828	3,051,256	3,054,748	3,056,337	3,057,506	-	-	-	-	
2013	2,267,213	2,964,954	3,028,400	3,040,442	3,045,355	3,053,040	3,054,855	3,055,769	-	-	-	-	-	
2014	3,448,229	4,203,186	4,284,682	4,298,217	4,303,753	4,317,090	4,319,564	-	-	-	-	-	-	
2015	3,530,488	4,420,482	4,498,438	4,510,113	4,516,573	4,518,498	-	-	-	-	-	-	-	
2016	3,721,820	4,648,280	4,743,133	4,757,525	4,761,904	-	-	-	-	-	-	-	-	
2017	4,320,234	5,400,952	5,537,543	5,550,086	-	-	-	-	-	-	-	-	-	
2018	4,775,948	5,950,536	6,045,432	-	-	-	-	-	-	-	-	-	-	
2019	5,257,484	6,639,708	-	-	-	-	-	-	-	-	-	-	-	
2020	3,495,468	-	-	-	-	-	-	-	-	-	-	-	-	$ 2,007,068

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

Add: Long-term insurance claims	453,209
Claim reserve for discount on no claim	131,800
Reserve for claims balance	$ 2,592,077

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	$ 2,740,247	
2009	2,204,858	2,820,114	2,862,350	2,868,022	2,869,572	2,872,900	2,873,529	2,873,640	2,874,167	2,874,728	2,875,219	2,875,342	-	
2010	2,535,358	3,010,157	3,068,543	3,066,830	3,072,133	3,072,782	3,073,109	3,073,699	3,073,958	3,074,324	3,074,429	-	-	
2011	2,561,841	3,214,455	3,260,383	3,266,408	3,270,348	3,274,581	3,275,936	3,278,301	3,278,879	3,279,549	-	-	-	
2012	2,304,504	2,897,464	2,967,538	2,976,431	2,979,800	2,982,173	2,985,586	2,987,140	2,988,309	-	-	-	-	
2013	2,227,515	2,908,429	2,966,622	2,971,604	2,976,405	2,983,916	2,985,691	2,986,604	-	-	-	-	-	
2014	3,387,852	4,123,055	4,197,276	4,200,902	4,206,313	4,219,348	4,221,822	-	-	-	-	-	-	
2015	3,468,881	4,336,525	4,407,051	4,408,435	4,414,314	4,416,240	-	-	-	-	-	-	-	
2016	3,657,093	4,560,257	4,647,033	4,649,868	4,654,247	-	-	-	-	-	-	-	-	
2017	4,244,930	5,298,470	5,424,716	5,437,260	-	-	-	-	-	-	-	-	-	
2018	4,692,869	5,837,265	5,931,360	-	-	-	-	-	-	-	-	-	-	
2019	5,165,606	6,522,429	-	-	-	-	-	-	-	-	-	-	-	
2020	3,440,330	-	-	-	-	-	-	-	-	-	-	-	-	$ 2,004,068

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

Add: Long-term insurance claims	437,849
Claim reserve for discount on no claim	131,800
Reserve for claims balance	$ 2,573,717

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 September 30, 2020, December 31, 2019 and September 30, 2019, the maturity analysis of liquidity risk for insurance contract liabilities of China Life Insurance are as follow:

	Within 1 Year	1 to 3 Years	3 to 5 Years	5 to 15 Years	Over 15 Years
September 30, 2020					
Insurance liabilities of investment contracts with discretionary participation features	$ 12,430,559	$ 94,036,204	$ 153,007,836	$ 608,225,155	$ 3,405,651,001
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	-	-	-	-	-
September 30, 2019					
Insurance liabilities of investment contracts with discretionary participation features	(52,955,977)	67,592,280	151,387,797	621,362,500	3,553,624,308
Reserve for insurance contracts with feature of financial instruments	-	-	-	-	-

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

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

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

6) Market risk:

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

54. FINANCIAL RISK MANAGEMENT

a. Risk management policies and framework

The Corporation

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

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

KGI Bank and subsidiaries

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

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

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

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

KGI Bank's risk management divisions are as follows:

1) Board of directors

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

2) Risk management committee

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

3) Business and management departments

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

4) Risk management department

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

5) Internal audit department

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

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

<u>KGI Securities and subsidiaries</u>

1) Financial risk management objectives

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

2) Risk management organization

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

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

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

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

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

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

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

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

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

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

3) Risk management system

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

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

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 backtesting periodically. Additionally, it builds various scenarios for stress testing and scenario analysis, to help the management understand the risk tolerance level of KGI Securities.

b) Credit risk

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

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

c) Liquidity risk

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

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

d) Operating risk and other risks

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

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

5) Risk hedge and mitigation strategy

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

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

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

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

<u>China Life Insurance</u>

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

b. Credit risk

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:

	September 30, 2020	**December 31, 2019**	**September 30, 2019**
Irrevocable loan commitments, guarantees and letters of credit	$ 51,155,972	$ 48,223,480	$ 48,230,666

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					
	September 30, 2020					
	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	$ 54,795,901	$ 746,146	$ 744,158	$ -		$ 56,286,205
Short-term secured loans	25,197,343	268	5,250	-		25,202,861
Medium-term loans	139,117,327	77,668	265,142	-		139,460,137
Medium-term secured loans	71,151,181	65,054	33,725	-		71,249,960
Long-term loans	3,205,037	354,575	647,864	-		4,207,476
Long-term secured loans	76,176,852	100,027	147,716	-		76,424,595
Loans reclassified to nonperforming loans	-	-	433,868	-		433,868
Export negotiations	44,780	-	-	-		44,780
Total book values	369,688,421	1,343,738	2,277,723			373,309,882
Impairment allowance	(1,266,308)	(87,942)	(541,859)	-		(1,896,109)
Impairment recognized in accordance with Regulation Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans					$ (2,919,896)	(2,919,896)
Adjusting for discounts and loans premium					(80,621)	(80,621)
	$ 368,422,113	$ 1,255,796	$ 1,735,864	$ -	$ (3,000,517)	$ 368,413,256

	Receivables					
	September 30, 2020					
	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	$ 2,739,639	$ 177,383	$ 119,408	$ -		$ 3,036,430
Accounts receivable - forfaiting	10,709,079	-	-	-		10,709,079
Accounts receivable factoring without recourse	6,844,773	87	185	-		6,845,045
Acceptances	259,587	-	-	-		259,587
Installment accounts and lease receivables	3,980,907	49,768	45,402	-		4,076,077
Total book value	24,533,985	227,238	164,995	-		24,926,218
Impairment allowance	(55,640)	(37,366)	(36,816)	-		(129,822)
Impairment recognized in accordance with Regulation Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans					$ (211,917)	(211,917)
	$ 24,478,345	$ 189,872	$ 128,179	$ -	$ (211,917)	$ 24,584,479

	Discounts and Loans					
	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 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 3			
	Stage 1 12-month Expected Credit Losses	Stage 2 Lifetime Expected Credit Losses	Lifetime Expected Credit Losses	Purchased or Originated Credit-impaired Financial Asset	The Adjustment under the Regulation	Total
Credit card business	$ 2,816,692	$ 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					
	September 30, 2019					
			Stage 3			
	Stage 1 12-month Expected Credit Losses	Stage 2 Lifetime Expected Credit Losses	Lifetime Expected Credit Losses	Purchased or Originated Credit-impaired Financial Asset	The Adjustment under the Recognition/ Discount	Total
Short-term loans	$ 57,324,549	$ 896,555	$ 754,461	$ -		$ 58,975,565
Short-term secured loans	20,259,744	324	13,463	-		20,273,531
Medium-term loans	136,941,911	159,055	344,635	-		137,445,601
Medium-term secured loans	67,720,508	93,602	34,534	-		67,848,644
Long-term loans	1,461,056	243,803	469,230	-		2,174,089
Long-term secured loans	69,788,233	112,484	990,103	338,284		71,229,104
Loans reclassified to nonperforming loans	-	-	360,273	-		360,273
Export negotiations	96,130	-	-	-		96,130
Total book values	353,592,131	1,505,823	2,966,699	338,284		358,402,937
Impairment allowance	(1,550,124)	(152,133)	(485,598)	-		(2,187,855)
Impairment recognized in accordance with Regulation Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans					$ (2,366,178)	(2,366,178)
Adjusting for discounts and loans premium					(124,027)	(124,027)
	$ 352,042,007	$ 1,353,690	$ 2,481,101	$ 338,284	$ (2,490,205)	$ 353,724,877

	Receivables					
	September 30, 2019					
			Stage 3			
	Stage 1 12-month Expected Credit Losses	Stage 2 Lifetime Expected Credit Losses	Lifetime Expected Credit Losses	Purchased or Originated Credit-impaired Financial Asset	The Adjustment under the Regulation	Total
Credit card business	$ 2,825,153	$ 188,912	$ 102,407	$ -		$ 3,116,472
Accounts receivable - forfaiting	5,387,601	-	-	-		5,387,601
Accounts receivable factoring without recourse	7,456,342	44	316	-		7,456,702
Acceptances	236,717	-	-	-		236,717
Installment accounts and lease receivables	3,639,694	62,089	67,864	-		3,769,647
Total book value	19,545,507	251,045	170,587	-		19,967,139
Impairment allowance	(51,801)	(35,889)	(52,557)	-		(140,247)
Impairment recognized in accordance with Regulation Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans					$ (155,230)	(155,230)
	$ 19,493,706	$ 215,156	$ 118,030	$ -	$ (155,230)	$ 19,671,662

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

	September 30, 2020	December 31, 2019	September 30, 2019
Financial assets at FVTPL			
Debt instruments	$ 15,589,651	$ 33,078,636	$ 41,504,772
Derivatives instruments	67,627,906	30,493,327	42,881,483

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:

September 30, 2020

	Total Book Value	Credit Impairment	Amount of Risk Exposure (Amortized Cost)	Collaterals Value
Impaired asset:				
Accounts receivable				
Credit card business	$ 119,408	$ 24,415	$ 94,993	$ -
Accounts receivable factoring	185	22	163	-
Installment receivables and lease receivables	45,402	12,379	33,023	-
Discounts and loans	2,277,723	541,859	1,735,864	310,039
Total amount of impaired asset	$ 2,442,718	$ 578,675	$ 1,864,043	$ 310,039

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

September 30, 2019

	Total Book Value	Credit Impairment	Amount of Risk Exposure (Amortized Cost)	Collaterals Value
Impaired asset:				
Accounts receivable				
Credit card business	$ 102,407	$ 25,302	$ 77,105	$ -
Accounts receivable factoring	316	19	297	-
Installment receivables and lease receivables	67,864	27,236	40,628	-
Discounts and loans	3,304,983	485,598	2,819,385	1,487,947
Total amount of impaired asset	$ 3,475,570	$ 538,155	$ 2,937,415	$ 1,487,947

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 $400,703 thousand and $390,117 thousand for the nine months ended September 30, 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 from 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, etc. KGI Bank maintained a diversified loan portfolio to mitigate the credit risk concentration to same customers; total transaction of same customers in discounts and loans are not material. 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	September 30, 2020		December 31, 2019		September 30, 2019	
	Amount	%	Amount	%	Amount	%
Public and private enterprise	$ 240,044,154	64.30	$ 220,692,107	63.59	$ 234,384,837	65.40
Natural person	132,957,728	35.62	126,046,099	36.31	123,669,887	34.50
Non-profit organization	308,000	0.08	337,843	0.10	348,213	0.10
Total	$ 373,309,882	100.00	$ 347,076,049	100.00	$ 358,402,937	100.00

b) By region

Region	September 30, 2020		December 31, 2019		September 30, 2019	
	Amount	%	Amount	%	Amount	%
Domestic	$ 286,568,450	76.76	$ 259,269,771	74.70	$ 263,373,869	73.49
Overseas	86,741,432	23.24	87,806,278	25.30	95,029,068	26.51
Total	$ 373,309,882	100.00	$ 347,076,049	100.00	$ 358,402,937	100.00

c) By collateral

Collateral	September 30, 2020		December 31, 2019		September 30, 2019	
	Amount	%	Amount	%	Amount	%
Non-collateral	$ 200,315,357	53.66	$ 183,987,284	53.01	$ 198,939,916	55.51
Collateral						
Property	143,042,944	38.32	130,830,276	37.69	126,015,895	35.16
Guarantee	14,644,202	3.92	16,624,750	4.79	16,246,615	4.53
Financial collateral	8,063,373	2.16	8,251,419	2.38	9,332,226	2.60
Other	7,244,006	1.94	7,382,320	2.13	7,868,285	2.20
Total	$ 373,309,882	100.00	$ 347,076,049	100.00	$ 358,402,937	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.

	September 30, 2020	December 31, 2019	September 30, 2019
Management of foreclosed collateral	$ 588,985	$ 588,985	$ 588,985
Accumulated impairment	(588,985)	(588,985)	(588,985)
	$ -	$ -	$ -

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

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

a) Asset quality of nonperforming loan and overdue credits of KGI Bank

Item			September 30, 2020				
			Nonperforming Loan (NPL) (Note 1)	Total Loans	NPL Ratio (Note 2)	Loan Loss Reserves (LLR)	Coverage Ratio (Note 3)
Corporate loan	Secured		$ 94,003	$ 84,343,662	0.11%	$ 1,031,230	1,097.01%
	Unsecured		140,559	162,686,518	0.09%	1,853,318	1,318.54%
Consumer loan	Mortgage (Note 4)		22,811	61,887,646	0.04%	930,359	4,078.52%
	Cash card		108,201	12,563,663	0.86%	331,124	306.03%
	Micro credit (Note 5)		210,299	24,996,982	0.84%	385,148	183.14%
	Other (Note 6)	Secured	13,830	26,763,217	0.05%	284,116	2,054.28%
		Unsecured	-	68,194	-	710	-
Total			589,703	373,309,882	0.16%	4,816,005	816.68%
			Overdue Receivable	Account Receivable	Delinquency Ratio	Allowance for Credit Losses	Coverage Ratio
Credit card			19,496	3,036,430	0.64%	62,468	320.41%
Account receivable - factored without recourse (Note 7)			55	6,845,045	0.00%	86,466	158,274.97%

Item			September 30, 2019				
			Nonperforming Loan (NPL) (Note 1)	Total Loans	NPL Ratio (Note 2)	Loan Loss Reserves (LLR)	Coverage Ratio (Note 3)
Corporate loan	Secured		$ 91,332	$ 79,132,348	0.12%	$ 973,260	1,065.63%
	Unsecured		78,173	161,471,510	0.05%	1,818,575	2,326.34%
Consumer loan	Mortgage (Note 4)		19,917	54,722,693	0.04%	822,213	4,128.26%
	Cash card		126,396	13,169,962	0.96%	315,109	249.30%
	Micro credit (Note 5)		184,121	24,276,953	0.76%	346,056	187.95%
	Other (Note 6)	Secured	19,254	25,607,980	0.08%	278,559	1,446.71%
		Unsecured	16	21,491	0.07%	261	1,655.87%
Total			519,209	358,402,937	0.14%	4,554,033	877.11%
			Overdue Receivable	Account Receivable	Delinquency Ratio	Allowance for Credit Losses	Coverage Ratio
Credit card			20,985	3,116,472	0.67%	59,925	285.56%
Account receivable - factored without recourse (Note 7)			34	7,456,702	0.00%	102,776	301,740.10%

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	September 30, 2020		September 30, 2019	
	Discounts and Loans	Accounts Receivable	Discounts and Loans	Accounts Receivable
Amounts of executed contracts on negotiated debts not reported (Note 1)	$ 6,672	$ 66	$ 8,603	$ 117
Amounts of executed debt settlement program and rehabilitation program not reported (Note 2)	55,306	6,302	50,452	6,567
Total	$ 61,978	$ 6,368	$ 59,055	$ 6,684

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

September 30, 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	$ 7,789,846	12.20
2	B Group - 016429 Activities of other holding companies	6,179,001	9.68
3	C Group - 012331 Manufacture of cement	5,982,559	9.37
4	D Group - 014719 Other retail sale in non-specialized stores	5,395,000	8.45
5	E Group - 012620 Manufacture of electronic passive devices	5,310,570	8.32
6	F Group - 017719 Renting and leasing of other machinery and equipment	4,602,659	7.21
7	G Group - 016811 Real estate activities for sale and rental	4,599,024	7.20
8	H Group - 012611 Manufacture of integrated circuit	4,410,643	6.91
9	I Group - 012641 Manufacture of liquid crystal panel and components	4,110,441	6.44
10	J Group - 012411 Iron and steel smelting	3,798,700	5.95

September 30, 2019

(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	$ 8,191,717	12.85
2	I Group - 012699 Manufacture of other electronic parts and components not elsewhere classified	6,414,353	10.06
3	C Group - 011850 Manmade fiber manufacturing	5,753,613	9.02
4	K Group - 012711 Computer manufacturing	5,242,235	8.22
5	B Group - 016429 Activities of other holding companies	5,073,000	7.96
6	G Group - 016811 Real estate activities for sale and rental	5,019,596	7.87
7	L Group - 012613 Packaging and testing of semi-conductors	4,776,858	7.49
8	D Group - 016700 Real estate development activities	4,520,000	7.09
9	J Group - 012411 Iron and steel smelting	4,218,954	6.62
10	E Group - 012831 Electric wires and cables manufacturing	3,885,078	6.09

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

Credit business

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

a) Quantitative index

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

b) Qualitative index

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

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

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

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

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

10) Definition of default and impaired credit of financial assets

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

a) Quantitative index

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

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

b) Qualitative index

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

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

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

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

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

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

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

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

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

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

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

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

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

11) Write-off policy

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

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

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

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

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

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

12) Amendment of contract cash flows of financial assets

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

13) Measurement of expected credit losses

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

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

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

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

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

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

14) Considerations of forward-looking information

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

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

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

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

The off-balance-sheet guarantees and commitments provisions for the nine months ended September 30, 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	(11)	11	-	-	-	-		-
From conversion to credit-impaired financial assets	(5)	-	-	5	-	-		-
To 12-month ECL	394	(125)	-	(269)	-	-		-
Derecognizing financial assets during the current period	(7,977)	(396)	-	(918)	-	(9,291)		(9,291)
Purchased or originated new financial assets	13,366	-	-	193	-	13,559		13,559
The adjustments under regulations governing the procedures for banking institutions to evaluate assets and deal with nonperforming/nonaccrual loans							(6,620)	(6,620)
Write-off	-	-	-	-	-	-		-
Recovery of written-off	-	-	-	-	-	-		-
Effect of exchange rate changes and others	8,556	175	-	183	-	8,914		8,914
Balance at September 30, 2020	$ 123,212	$ 392	$ -	$ 951	$ -	$ 124,555	$ 185,827	$ 310,382

KGI Bank and its subsidiaries had no significant change in off-balance-sheet guarantees, and expected credit loss during the duration of the financing commitment for the nine months ended September 30, 2020. Net decrease of $6,562 thousand change in total book value.

	Stage 1	Stage 2		Stage 3				
		Lifetime ECL		Lifetime ECL				
	12 Months ECL	Lifetime ECL (Collectively Assessed)	Lifetime ECL (Individually Assessed)	Non-purchased or Originated Credit-impaired Financial Assets	Purchased or Originated Credit-impaired Financial Assets	Impairment in Accordance With IFRS 9	The Adjustments Under Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Nonperforming/ Nonaccrual Loans	Total
Balance at January 1	$ 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	(16)	16	-	-	-	-		-
From conversion to credit-impaired financial assets	(5)	(2)	-	7	-	-		-
To 12-month ECL	606	(342)	-	(264)	-	-		-
Derecognizing financial assets during the current period	(51,660)	(464)	-	(430)	-	(52,554)		(52,554)
Purchased or originated new financial assets	39,571	-	-	-	-	39,571		39,571
The adjustments under regulations governing the procedures for banking institutions to evaluate assets and deal with nonperforming/nonaccrual loans							90,718	90,718
Write-off	-	-	-	-	-	-		-
Recovery of written-off	-	-	-	-	-	-		-
Effect of exchange rate changes and others	8,445	550	-	417	-	9,412		9,412
Balance at September 30, 2019	$ 147,911	$ 654	$ -	$ 1,400	$ -	$ 149,965	$ 153,158	$ 303,123

KGI Bank and its subsidiaries had no significant change in off-balance-sheet guarantees, and expected credit loss during the duration of the financing commitment unused amount for the nine months ended September 30, 2019. The increase of guarantees and irrevocable loan commitments in reporting period resulted in abovementioned provisions increased by $87,147 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 September 30, 2020, December 31, 2019 and September 30, 2019, loss allowance for debt instruments measured at amortized cost due to the slight adjustment of the portfolio were $2,999 thousand, $3,198 thousand and $3,412 thousand, respectively.

17) Loss allowance for receivables

The reconciliation statement of loss allowance for receivables for the nine months ended September 30, 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	(2,492)	3,939	-	(1,447)	-	-		-
From conversion to credit-impaired financial assets	(2,656)	(1,912)	-	4,568	-	-		-
To 12-month ECL	552	(296)	-	(256)	-	-		-
Derecognizing financial assets during the current period	(14,229)	(498)	(1)	(3,475)	-	(18,203)		(18,203)
Purchased or originated new financial assets	24,763	65	-	1,022	-	25,850		25,850
The adjustments under regulations governing the procedures for banking institutions to evaluate assets and deal with nonperforming/nonaccrual loans							57,530	57,530
Write-off	-	-	-	(54,712)	-	(54,712)		(54,712)
Recovery of written-off	-	-	-	72,124	-	72,124		72,124
Effect of exchange rate changes and others	6,029	3,593	-	(46,235)	-	(36,613)		(36,613)
Balance at September 30, 2020	$ 58,250	$ 37,816	$ -	$ 1,108,776	$ -	$ 1,204,842	$ 208,712	$ 1,413,554

	Stage 1	Stage 2		Stage 3			The Adjustments Under Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Nonperforming/ Nonaccrual Loans	
		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		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	(187)	7,208	-	(7,021)	-	-		-
From conversion to credit-impaired financial assets	(105)	(1,201)	-	1,306	-	-		-
To 12-month ECL	596	(261)	-	(335)	-	-		-
Derecognizing financial assets during the current period	(24,458)	(1,228)	(5)	(9,344)	-	(35,035)		(35,035)
Purchased or originated new financial assets	24,976	-	-	-	-	24,976		24,976
The adjustments under regulations governing the procedures for banking institutions to evaluate assets and deal with nonperforming/nonaccrual loans							(32,134)	(32,134)
Write-off	-	-	-	(2,261)	-	(2,261)		(2,261)
Recovery of written-off	-	-	-	13,376	-	13,376		13,376
Effect of exchange rate changes and others	(14,509)	4,018	2	(5,437)	-	(15,926)		(15,926)
Balance at September 30, 2019	$ 56,053	$ 36,994	$ 2	$ 1,173,439	$ -	$ 1,266,488	$ 205,754	$ 1,472,242

Changes in total book values of receivables for the nine months ended September 30, 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	(61,537)	18,852	-	42,685	-	-
Purchased or originated new receivables	14,279,178	647	-	2,758	-	14,282,583
Write-off	-	-	-	(54,712)	-	(54,712)
Derecognition	(5,493,861)	(34,264)	(6)	(29,501)	-	(5,557,632)
Effect of exchange rate changes and others	(405,693)	(32)	-	(27,124)	-	(432,849)
Balance at September 30, 2020	$ 28,843,415	$ 232,088	$ -	$ 1,692,865	$ -	$ 30,768,368

	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	$ 27,184,310	$ 251,010	$ 17	$ 1,891,476	$ -	$ 29,326,813
Conversion from individual financial instruments to lifetime ECL	-	-	-	-	-	-
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	(57,650)	38,309	-	19,341	-	-
Purchased or originated new receivables	6,899,930	-	-	2,197	-	6,902,127
Write-off	-	-	-	(3,112)	-	(3,112)
Derecognition	(7,844,145)	(31,519)	(10)	(70,048)	-	(7,945,722)
Effect of exchange rate changes and others	82,510	33	-	11,009	-	93,552
Balance at September 30, 2019	$ 26,264,955	$ 257,833	$ 5	$ 1,850,865	$ -	$ 28,373,658

18) Loss allowance for discounts and loans

The reconciliation statement of allowance for bad debts of discounts and loans for the nine months ended September 30, 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	$ 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	(2,470)	16,843	-	(14,373)	-	-		-
From conversion to credit-impaired financial assets	(4,468)	(14,277)	-	18,745	-	-		-
To 12-month ECL	4,941	(2,926)	-	(2,015)	-	-		-
Derecognizing financial assets during the current period	(425,090)	(8,133)	(1,450)	(33,563)	-	(468,236)		(468,236)
Purchased or originated new financial assets	1,044,057	362	-	184	-	1,044,603		1,044,603
The adjustments under regulations governing the procedures for banking institutions to evaluate assets and deal with nonperforming/nonaccrual loans							585,096	585,096
Write-off	-	-	-	(325,739)	-	(325,739)		(325,739)
Recovery of written-off	-	-	-	513,492	-	513,492		513,492
Effect of exchange rate changes and others	(801,192)	15,807	(29)	(212,415)	-	(997,829)		(997,829)
Balance at September 30, 2020	$ 1,266,308	$ 87,942	$ -	$ 541,859	$ -	$ 1,896,109	$ 2,919,896	$ 4,816,005

	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	(1,497)	11,103	-	(9,606)	-	-		-
From conversion to credit-impaired financial assets	(3,215)	(19,138)	(2,106)	24,459	-	-		-
To 12-month ECL	3,211	(2,533)	-	(678)	-	-		-
Derecognizing financial assets during the current period	(423,341)	(25,806)	(3,011)	(89,081)	-	(541,239)		(541,239)
Purchased or originated new financial assets	757,155	-	-	-	-	757,155		757,155
The adjustments under regulations governing the procedures for banking institutions to evaluate assets and deal with nonperforming/nonaccrual loans							45,417	45,417
Write-off	-	-	-	(347,314)	-	(347,314)		(347,314)
Recovery of written-off	-	-	-	531,312	-	531,312		531,312
Effect of exchange rate changes and others	(197,616)	90,635	286	(118,945)	-	(225,640)		(225,640)
Balance at September 30, 2019	$ 1,550,124	$ 149,879	$ 2,254	$ 485,598	$ -	$ 2,187,855	$ 2,366,178	$ 4,554,033

Changes in total book values of discounts and loans for the nine months ended September 30, 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	(774,126)	307,940	-	466,186	-	-
Purchased or originated new discounts and loans	507,950,572	2,953	-	1,282	-	507,954,807
Write-off	-	-	-	(325,739)	-	(325,739)
Derecognition	(478,699,335)	(308,259)	(7,086)	(451,758)	(69,951)	(479,536,389)
Effect of exchange rate changes and others	(1,845,713)	(9,244)	(139)	(3,750)	-	(1,858,846)
Balance at September 30, 2020	$ 369,688,421	$ 1,343,738	$ -	$ 2,277,723	$ -	$ 373,309,882

	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	-	-	-	-	-	-
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	(698,075)	13,426	-	684,649	-	-
Purchased or originated new discounts and loans	311,303,920	-	-	-	338,284	311,642,204
Write-off	-	-	-	(347,314)	-	(347,314)
Derecognition	(293,004,589)	(246,078)	(10,036)	(204,098)	-	(293,464,801)
Effect of exchange rate changes and others	356,340	1,275	890	269	-	358,774
Balance at September 30, 2019	$ 353,592,131	$ 1,498,373	$ 7,450	$ 2,966,699	$ 338,284	$ 358,402,937

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

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

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

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

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

d) Bonds purchased under resell agreements

The counterparties with bonds purchased under resell agreements are mainly creditworthy financial institutions and companies. Because KGI Securities and subsidiaries 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 borrows securities from outside, they must deposit the guaranty fund into the financial institution designated by the other parties. Because KGI Securities 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 September 30, 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) Other non-current assets

Other non-current assets are mainly operating guarantee deposits, clearing and settlement funds and guarantee deposits-out. KGI Securities and subsidiaries 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 nine months ended September 30, 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 September 30, 2020, December 31, 2019 and September 30, 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 $31,813,035 thousand, $26,859,655 thousand and $28,441,787 thousand, respectively, and allowance loss for financial assets at fair value through other comprehensive income were $11,714 thousand, $10,992 thousand and $11,207 thousand, respectively.

Accounts receivable and others

September 30, 2020

	Total Book Value	Less: Allowance Loss	Total
Cash and cash equivalents	$ 11,703,442	$ (66)	$ 11,703,376
Bonds purchased under resell agreement	17,378,698	-	17,378,698
Margin loans receivables	51,550,437	(2,215)	51,548,222
Trading securities receivables	4,204,823	(351)	4,204,472
Customer's margin accounts	47,939,093	(946)	47,938,147
Futures commission merchant receivable	169,174	(166,782)	2,392
Accounts receivable	30,914,530	(2,237)	30,912,293
Other current assets	41,089,864	(8,002)	41,081,862
Other non-current assets	4,228,820	(1,473,675)	2,755,145
	$ 209,178,881	$ (1,654,274)	$ 207,524,607

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

September 30, 2019

	Total Book Value	Less: Allowance Loss	Total
Cash and cash equivalents	$ 10,227,676	$ (1,963)	$ 10,225,713
Bonds purchased under resell agreement	27,371,731	-	27,371,731
Margin loans receivables	21,600,723	(2,017)	21,598,706
Trading securities receivables	7,175,397	(964)	7,174,433
Customer's margin accounts	40,270,354	(897)	40,269,457
Futures commission merchant receivable	169,244	(160,698)	8,546
Accounts receivable	31,772,393	(1,206)	31,771,187
Other current assets	32,087,459	(4,975)	32,082,484
Financial assets measured at amortized cost - non-current	799,833	(3,423)	796,410
Other non-current assets	4,848,547	(1,780,669)	3,067,878
	$ 176,323,357	$ (1,956,812)	$ 174,366,545

2) Changes in allowance losses of KGI Securities and subsidiaries for the nine months ended September 30, 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
Increase	832
Change in exchange rate and others	(110)
September 30, 2020	$ 11,714
January 1, 2019	$ 5,447
Increase	5,730
Change in exchange rate and others	30
September 30, 2019	$ 11,207

Due to the increasing in financial assets measured at fair value through other comprehensive income-debt instrument investments during the nine months ended September 30, 2020 and 2019, the related 12-month expected credit losses increase.

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)	3,136	1,375	10,950	(675)	14,786
Derecognizing financial assets during the current period	-	-	(2,268)	-	(2,268)
Changes in consolidated entities	-	-	(254,781)	-	(254,781)
Change in exchange rate and others	(254)	(34)	(26,412)	(2)	(26,702)
September 30, 2020	$ 8,145	$ 1,743	$ 1,641,724	$ 2,662	$ 1,654,274
January 1, 2019	$ 15,875	$ 217	$ 1,975,004	$ 3,580	$ 1,994,676
Addition (reversal)	(5,441)	184	(6,746)	(132)	(12,135)
Derecognizing financial assets during the current period	-	-	(19,188)	-	(19,188)
Write-off	-	-	(6,808)	-	(6,808)
Change in exchange rate and others	16	99	152	-	267
September 30, 2019	$ 10,450	$ 500	$ 1,942,414	$ 3,448	$ 1,956,812

The aforementioned total book value of receivables and other financial assets does not have a significant change.

CDIB Capital Group and subsidiaries

CDIB Capital Group and subsidiaries are 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:

September 30, 2020

Financial Assets	Taiwan	Asia	Europe	America	Global	Total
Cash and cash equivalents	$ 41,839,715	$ 3,818,607	$ 14,459,018	$ -	$ -	$ 60,117,340
Financial assets at fair value through profit or loss	26,426,385	6,814,245	13,006,146	2,581,019	-	48,827,795
Financial assets at fair value through other comprehensive income	74,426,503	144,227,709	83,396,669	107,869,606	-	409,920,487
Financial assets at amortized cost	140,070,089	267,761,210	235,159,940	366,384,565	6,297,113	1,015,672,917
Refundable deposits - bonds	6,698,131	-	-	-	-	6,698,131
	$ 289,460,823	$ 422,621,771	$ 346,021,773	$ 476,835,190	$ 6,297,113	$ 1,541,236,670
Proportion	18.78%	27.42%	22.45%	30.94%	0.41%	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%

September 30, 2019

Financial Assets	Taiwan	Asia	Europe	America	Global	Total
Cash and cash equivalents	$ 34,726,965	$ 5,654,772	$ 4,767,544	$ -	$ -	$ 45,149,281
Financial assets at fair value through profit or loss	24,422,493	12,451,615	16,921,111	3,893,272	-	57,688,491
Financial assets at fair value through other comprehensive income	75,041,669	110,979,313	82,887,956	78,376,273	-	347,285,211
Financial assets at amortized cost	135,568,870	230,658,106	235,477,905	390,648,790	18,653,403	1,011,007,074
Refundable deposits - bonds	6,708,303	-	-	-	-	6,708,303
	$ 276,468,300	$ 359,743,806	$ 340,054,516	$ 472,918,335	$ 18,653,403	$ 1,467,838,360
Proportion	18.83%	24.51%	23.17%	32.22%	1.27%	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:

September 30, 2020

Location	Northern Areas: Taipei and Eastern Counties	Central Area: Taichung to Changhua and Nantou	Southern Area: Counties Below Tainan	Total
Secured loans	$ 329,189	$ 149,052	$ 155,878	$ 634,119
Overdue receivables	-	-	-	-
	$ 329,189	$ 149,052	$ 155,878	$ 634,119
Proportion	51.91%	23.51%	24.58%	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%

September 30, 2019

Location	Northern Areas: Taipei and Eastern Counties	Central Area: Taichung to Changhua and Nantou	Southern Area: Counties Below Tainan	Total
Secured loans	$ 443,325	$ 230,608	$ 221,247	$ 895,180
Overdue receivables	-	-	-	-
	$ 443,325	$ 230,608	$ 221,247	$ 895,180
Proportion	49.52%	25.76%	24.72%	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:

September 30, 2020

Financial Assets	Investment Grade	Non-investment Grade
Cash and cash equivalents	$ 60,117,340	$ -
Financial assets at fair value through profit or loss	48,827,795	-
Financial assets at fair value through other comprehensive income	400,688,101	9,232,386
Financial assets at amortized cost	1,012,914,157	2,758,760
Refundable deposits	6,698,131	-
	$ 1,529,245,524	$ 11,991,146
Proportion	99.22%	0.78%

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%

September 30, 2019

Financial Assets	Investment Grade	Non-investment Grade
Cash and cash equivalents	$ 45,149,281	$ -
Financial assets at fair value through profit or loss	57,688,491	-
Financial assets at fair value through other comprehensive income	339,935,152	7,350,059
Financial assets at amortized cost	1,011,007,074	-
Refundable deposits	6,708,303	-
	$ 1,460,488,301	$ 7,350,059
Proportion	99.50%	0.50%

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 September 30, 2020, December 31, 2019 and September 30, 2019. The assessment indicates those investments do not have significant increase in credit risk. Therefore, the 12-month expected credit loss, loss rate 0.00%-0.10%, 0.00%-0.18% and 0.00%-0.17%, 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 September 30, 2020, December 31, 2019 and September 30, 2019 are as follows:

	Measured Fair Value Through Other Comprehensive Income	**Measured at Amortized Cost**	**Other Receivables**
Total book value on September 30, 2020 (Note)	$ 368,695,844	$ 1,022,507,241	$ 15,050,506
Total book value on December 31, 2019 (Note)	$ 311,747,682	$ 1,017,837,593	$ 10,760,410
Total book value on September 30, 2019 (Note)	$ 314,391,511	$ 1,017,802,040	$ 9,725,494

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 nine months ended September 30, 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	(4,581)	(20,323)	(727)
Addition	17,565	36,639	1,413
Change in model/risk factors	9,255	19,759	168
Change in exchange rate and others	(1,247)	(2,850)	(21)
September 30, 2020	$ 60,452	$ 136,193	$ 2,195
January 1, 2019	$ 27,070	$ 86,642	$ 1,044
Disposal	(7,319)	(5,952)	(582)
Addition	17,994	13,502	627
Change in model/risk factors	609	1,761	12
Change in exchange rate and others	84	543	1
September 30, 2019	$ 38,438	$ 96,496	$ 1,102

For the nine months ended September 30, 2020 and 2019, the changes in debt investments allowance loss measured at amortized cost and at fair value through other comprehensive income result from the variation of allowance loss parameter which is affected by recent financial environment, and forward - looking factors, follow as disposals and new additions.

The total book value of China Life Insurance guarantee loan and related other receivables is listed as follows based on credit risk ratings:

September 30, 2020

Credit Risk Ratings	Measurement of Expected Credit Loss	Guarantee Loans	Other Receivables
Low credit risk	12 months expected credit loss	$ 639,035	$ 507
Credit risk significantly increase	Lifetime expected credit loss	1,494	6
Impairment	Lifetime expected credit loss	6,650	6
Total book value		$ 647,179	$ 519

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

September 30, 2019

Credit Risk Ratings	Measurement of Expected Credit Loss	Guarantee Loans	Other Receivables
Low credit risk	12 months expected credit loss	$ 899,849	$ 857
Credit risk significantly increase	Lifetime expected credit loss	2,794	18
Impairment	Lifetime expected credit loss	10,542	11
Total book value		$ 913,185	$ 886

Changes in allowance losses for the nine months ended September 30, 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	114	-	(114)	-	-	-
Disposal	7	-	(14)	(7)	-	(7)
Impairment recognized in accordance with Guidelines for Handling Assessment of Assets, Loans Overdue, Receivable on Demand and Bad Debts by Insurance Enterprises	-	-	-	-	(2,708)	(2,708)
Change in exchange rate and others	(165)	2,996	(117)	2,714	-	2,714
September 30, 2020	$ 9	$ 3,343	$ 464	$ 3,816	$ 9,243	$ 13,059
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	2	-	(2)	-	-	-
Disposal	(8)	-	(332)	(340)	-	(340)
Impairment recognized in accordance with Guidelines for Handling Assessment of Assets, Loans Overdue, Receivable on Demand and Bad Debts by Insurance Enterprises	-	-	-	-	(3,488)	(3,488)
Change in exchange rate and others	(10)	3,951	(111)	3,830	-	3,830
September 30, 2019	$ 57	$ 4,293	$ 811	$ 5,161	$ 12,844	$ 18,005

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 nine months ended September 30, 2020 and 2019 are as follows:

	Receivables	
	For the Nine Months Ended September 30	
	2020	2019
January 1	$ 7,845	$ 7,915
Addition (reversal)	331	(69)
Written-off due to uncollectable	-	-
September 30	$ 8,176	$ 7,846

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)

September 30, 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	$ 1,500,000	$ 1,657,260	$ 23,296	$ 9,590	$ -	$ 3,190,146
Notes and bonds issued under repurchase agreement	3,650,178	850,000	-	-	-	4,500,178
Deposits and remittances	62,485,850	89,958,890	68,361,913	86,589,831	21,566,870	328,963,354
Loans payable	-	-	52,010	-	20,250,000	20,302,010
Other capital outflow on maturity	2,217,270	352,630	1,566,788	754,681	2,051,007	6,942,376
Total	$ 69,853,298	$ 92,818,780	$ 70,004,007	$ 87,354,102	$ 43,867,877	$ 363,898,064

(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
Loans 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)

September 30, 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	$ 1,500,000	$ 157,260	$ 23,296	$ 9,590	$ -	$ 1,690,146
Notes and bonds issued under repurchase agreement	10,398,986	335,288	-	-	-	10,734,274
Deposits and remittances	56,628,116	90,653,397	40,713,677	85,027,507	17,068,326	290,091,023
Loans payable	-	-	-	1,000,000	9,450,000	10,450,000
Other capital outflow on maturity	3,568,374	736,261	1,336,649	629,597	2,475,156	8,746,037
Total	$ 72,095,476	$ 91,882,206	$ 42,073,622	$ 86,666,694	$ 28,993,482	$ 321,711,480

(In Thousands of U.S. Dollars)

September 30, 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	$ 20,000	$ 382,000	$ 10,000	$ -	$ -	$ 412,000
Notes and bonds issued under repurchase agreement	415,761	798,017	82,457	-	-	1,296,235
Deposits and remittances	1,617,985	1,167,350	696,774	805,194	10,790	4,298,093
Loans payable	-	-	-	-	471,993	471,993
Other capital outflow on maturity	69,830	26,514	10,718	70	234,475	341,607
Total	$ 2,123,576	$ 2,373,881	$ 799,949	$ 805,264	$ 717,258	$ 6,819,928

(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
Loans 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)

September 30, 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	$ 282,000	$ 386,000	$ -	$ -	$ -	$ 668,000
Notes and bonds issued under repurchase agreement	193,855	464,921	-	-	-	658,776
Deposits and remittances	1,510,105	588,089	664,705	771,822	10,489	3,545,210
Loans payable	-	-	-	-	1,024,599	1,024,599
Other capital outflow on maturity	115,947	30,343	8,022	1,476	137,783	293,571
Total	$ 2,101,907	$ 1,469,353	$ 672,727	$ 773,298	$ 1,172,871	$ 6,190,156

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)

September 30, 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	$ (177,147,369)	$ (226,856,030)	$ (138,379,151)	$ (140,064,442)	$ (1,974,628)	$ (684,421,620)
Cash inflow	159,912,299	208,900,698	133,221,020	145,842,309	592,904	648,469,230
Interest rate derivatives instruments						
Cash outflow	(150,445)	(246,908)	(17,930)	-	(15,501,198)	(15,916,481)
Cash inflow	150,167	244,999	22,313	-	-	417,479
Financial instruments for hedging						
Interest rate derivatives instruments						
Cash outflow	-	(12,810)	-	-	-	(12,810)
Cash inflow	-	-	47,951	39,576	-	87,527
Cash outflow subtotal	(177,297,814)	(227,115,748)	(138,397,081)	(140,064,442)	(17,475,826)	(700,350,911)
Cash inflow subtotal	160,062,466	209,145,697	133,291,284	145,881,885	592,904	648,974,236
Net cash flow	$ (17,235,348)	$ (17,970,051)	$ (5,105,797)	$ 5,817,443	$ (16,882,922)	$ (51,376,675)

(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)

September 30, 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	$ (256,859,582)	$ (242,251,030)	$ (122,777,536)	$ (51,780,226)	$ (5,297,280)	$ (678,965,654)
Cash inflow	238,641,811	218,837,341	112,678,590	47,186,843	5,069,100	622,413,685
Interest rate derivatives instruments						
Cash outflow	(189,659)	(700,505)	(10,637)	-	(14,003,635)	(14,904,436)
Cash inflow	170,710	390,300	10,629	-	-	571,639
Cash outflow subtotal	(257,049,241)	(242,951,535)	(122,788,173)	(51,780,226)	(19,300,915)	(693,870,090)
Cash inflow subtotal	238,812,521	219,227,641	112,689,219	47,186,843	5,069,100	622,985,324
Net cash flow	$ (18,236,720)	$ (23,723,894)	$ (10,098,954)	$ (4,593,383)	$ (14,231,815)	$ (70,884,766)

(In Thousands of U.S. Dollars)

September 30, 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	$ (6,692,337)	$ (8,224,259)	$ (4,902,109)	$ (5,213,044)	$ (31,382)	$ (25,063,131)
Cash inflow	7,808,895	8,683,831	5,061,641	5,079,661	86,882	26,720,910
Interest rate derivatives instruments						
Cash outflow	(30,942)	(30,605)	(98,581)	(910)	(28,505)	(189,543)
Cash inflow	22,280	35,619	61,241	861	-	120,001
Others						
Cash outflow	(182)	-	-	-	-	(182)
Cash inflow	1,176	-	-	-	-	1,176
Financial instruments for hedging						
Interest rate derivatives instruments						
Cash outflow	(913)	(625)	(1,762)	(45)	-	(3,345)
Cash inflow	168	161	3	-	-	332
Cash outflow subtotal	(6,724,374)	(8,255,489)	(5,002,452)	(5,213,999)	(59,887)	(25,256,201)
Cash inflow subtotal	7,832,519	8,719,611	5,122,885	5,080,522	86,882	26,842,419
Net cash flow	$ 1,108,145	$ 464,122	$ 120,433	$ (133,477)	$ 26,995	$ 1,586,218

(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)

September 30, 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	$ (8,843,541)	$ (7,567,367)	$ (4,123,823)	$ (2,426,445)	$ (217,832)	$ (23,179,008)
Cash inflow	9,764,233	8,408,094	4,298,818	2,323,675	224,832	25,019,652
Interest rate derivatives instruments						
Cash outflow	(49,985)	(111,422)	(114,221)	(18,973)	(67,606)	(362,207)
Cash inflow	49,266	99,111	91,114	312	-	239,803
Others						
Cash outflow	(462)	-	-	-	-	(462)
Cash inflow	591	-	-	-	-	591
Cash outflow subtotal	(8,893,988)	(7,678,789)	(4,238,044)	(2,445,418)	(285,438)	(23,541,677)
Cash inflow subtotal	9,814,090	8,507,205	4,389,932	2,323,987	224,832	25,260,046
Net cash flow	$ 920,102	$ 828,416	$ 151,888	$ (121,431)	$ (60,606)	$ 1,718,369

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.

September 30, 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	$ 12,979,560	$ 9,612,955	$ 3,791,219	$ 9,246,732	$ 15,525,506	$ 51,155,972

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

September 30, 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	$ 12,740,943	$ 6,628,067	$ 3,616,674	$ 9,112,850	$ 16,132,132	$ 48,230,666

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)

September 30, 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	$ 120,265,582	$ 184,500,054	$ 263,616,890	$ 168,510,122	$ 198,360,317	$ 188,878,558	$ 1,124,131,523
Main capital outflow on maturity	97,206,098	165,877,561	350,772,181	233,059,494	279,391,431	217,846,105	1,344,152,870
Gap	23,059,484	18,622,493	(87,155,291)	(64,549,372)	(81,031,114)	(28,967,547)	(220,021,347)

(In Thousands of New Taiwan Dollars)

September 30, 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	$ 204,701,944	$ 214,342,080	$ 277,279,990	$ 142,412,936	$ 94,286,655	$ 145,888,227	$ 1,078,911,832
Main capital outflow on maturity	158,968,422	185,452,156	364,599,207	190,446,048	192,411,222	208,039,294	1,299,916,349
Gap	45,733,522	28,889,924	(87,319,217)	(48,033,112)	(98,124,567)	(62,151,067)	(221,004,517)

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

(In Thousands of U.S. Dollars)

September 30, 2020	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Main capital inflow on maturity	$ 8,764,466	$ 9,196,225	$ 5,375,091	$ 5,621,954	$ 3,312,511	$ 32,270,247
Main capital outflow on maturity	8,977,976	10,889,212	6,067,126	6,529,850	1,943,795	34,407,959
Gap	(213,510)	(1,692,987)	(692,035)	(907,896)	1,368,716	(2,137,712)

(In Thousands of U.S. Dollars)

September 30, 2019	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Main capital inflow on maturity	$ 10,809,215	$ 9,598,077	$ 4,632,375	$ 2,793,984	$ 2,511,626	$ 30,345,277
Main capital outflow on maturity	11,215,112	9,586,274	5,305,268	3,968,085	3,107,921	33,182,660
Gap	(405,897)	11,803	(672,893)	(1,174,101)	(596,295)	(2,837,383)

KGI Securities and subsidiaries

1) Cash flow analysis

Statement of Cash Flow Analysis for Financial Assets

(In Thousands of New Taiwan Dollars)

September 30, 2020	Collection Period					Total
	Spot	In 3 Months	3 Months-12 Months	Over 1 Year-5 Years	Over 5 Years	
Cash and cash equivalents	$ 5,841,801	$ 5,861,575	$ -	$ -	$ -	$ 11,703,376
Financial assets measured at FVTPL - current	48,234,515	5,873,804	1,159,250	8,641,777	(1,692)	63,907,654
Financial assets measured at FVTOCI - current	19,881,889	6,503,042	368,843	-	-	26,753,774
Securities purchased under resell agreement	-	17,383,504	-	-	-	17,383,504
Receivables	64,779,299	4,057,382	17,931,587	66	-	86,768,334
Customer margin accounts	47,938,147	-	-	-	-	47,938,147
Stock borrowing collateral price and security lending deposits	1,390,660	928,602	29,819,091	-	-	32,138,353
Other financial assets - current	-	-	5,411,824	-	-	5,411,824
Current tax assets	-	-	18,535	579	-	19,114
Other current assets	39,518,330	620,533	942,999	-	-	41,081,862
Financial assets measured at FVTPL - non-current	-	-	-	594,930	2,426,143	3,021,073
Financial assets measured at FVTOCI - non-current	-	-	-	-	6,913,889	6,913,889
Investments accounted for using the equity method	-	-	-	-	16,695,907	16,695,907
Other non-current assets	-	-	-	90	2,718,924	2,719,014
Total	$ 227,584,641	$ 41,228,442	$ 55,652,129	$ 9,237,442	$ 28,753,171	$ 362,455,825
Percentage	62.79%	11.37%	15.35%	2.55%	7.94%	100.00%

Statement of Cash Flow Analysis for Financial Liabilities

(In Thousands of New Taiwan Dollars)

September 30, 2020	Payment Period					Total
	Spot	In 3 Months	3 Months- 12 Months	Over 1 Year- 5 Years	Over 5 Years	
Short-term borrowings	$ -	$ 35,884,650	$ -	$ -	$ -	$ 35,884,650
Commercial paper payable	-	7,199,444	-	-	-	7,199,444
Financial liabilities measured at FVTPL - current	6,414,262	2,229,081	1,630,149	7,017,504	1,415,842	18,706,838
Bonds issued under repurchase agreements	-	75,607,206	1,753,122	-	-	77,360,328
Payables	49,020,161	1,624,999	4,794,917	-	-	55,440,077
Guarantee deposits received from security lending	-	1,835,838	36,477,773	-	-	38,313,611
Futures customers' equity	46,306,286	-	-	-	-	46,306,286
Amounts collected for others/other payables/other current liabilities	12,240,418	1,385,215	4,259,705	43	43	17,885,424
Other financial liabilities - current	-	4,781,416	53	1,276	1,263	4,784,008
Lease liabilities - current	-	170,883	358,541	-	-	529,424
Current tax liabilities	-	-	275,264	-	1,011,586	1,286,850
Bonds payable	-	-	-	2,900,000	1,300,000	4,200,000
Liabilities reserve - non-current	-	-	-	24,643	187,125	211,768
Lease liabilities - non-current	-	-	-	713,275	-	713,275
Other non-current liabilities	-	-	20	644,959	73,223	718,202
Total	$ 113,981,127	$ 130,718,732	$ 49,549,544	$ 11,301,700	$ 3,989,082	$ 309,540,185
Percentage	36.83%	42.23%	16.01%	3.65%	1.29%	100.00%

Statement of Capital Liquidation Gap

(In Thousands of New Taiwan Dollars)

September 30, 2020	Collection and Payment Period					Total
	Spot	In 3 Months	3 Months- 12 Months	Over 1 Year- 5 Years	Over 5 Years	
Cash inflow	$ 227,584,641	$ 41,228,442	$ 55,652,129	$ 9,237,442	$ 28,753,171	$ 362,455,825
Cash outflow	113,981,127	130,718,732	49,549,544	11,301,700	3,989,082	309,540,185
Amount of cash flow gap	$ 113,603,514	$ (89,490,290)	$ 6,102,585	$ (2,064,258)	$ 24,764,089	$ 52,915,640

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	-	-	37,507,177
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 paper 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)

September 30, 2019	Collection Period					Total
	Spot	In 3 Months	3 Months-12 Months	Over 1 Year-5 Years	Over 5 Years	
Cash and cash equivalents	$ 5,995,134	$ 4,230,579	$ -	$ -	$ -	$ 10,225,713
Financial assets measured at FVTPL - current	57,743,676	5,711,437	470,051	13,714,309	42,045	77,681,518
Financial assets measured at FVTOCI - current	16,745,084	4,720,487	1,522,828	-	-	22,988,399
Securities purchased under resell agreement	-	27,402,022	-	-	-	27,402,022
Receivables	38,927,954	3,845,790	16,497,711	1,284,124	-	60,555,579
Customer margin accounts	40,269,457	-	-	-	-	40,269,457
Stock borrowing collateral price and security lending deposits	674,015	1,588,277	25,115,629	-	-	27,377,921
Other financial assets - current	-	-	2,671,245	-	-	2,671,245
Current tax assets	-	-	12,880	2,631	237	15,748
Other current assets	30,468,028	467,647	1,146,809	-	-	32,082,484
Financial assets measured at FVTPL - non-current	-	-	-	701,407	2,405,464	3,106,871
Financial assets measured at FVTOCI - non-current	-	-	-	-	7,996,223	7,996,223
Financial assets at amortized cost - non-current	-	-	-	448,494	347,916	796,410
Investments accounted for using the equity method	-	-	-	-	15,853,549	15,853,549
Other non-current assets	200,000	-	-	100,063	2,723,171	3,023,774
Total	$ 191,023,348	$ 47,966,239	$ 47,437,153	$ 16,251,028	$ 29,369,145	$ 332,046,913
Percentage	57.53%	14.45%	14.29%	4.89%	8.84%	100.00%

Statement of Cash Flow Analysis for Financial Liabilities

(In Thousands of New Taiwan Dollars)

September 30, 2019	Payment Period					Total
	Spot	In 3 Months	3 Months-12 Months	Over 1 Year-5 Years	Over 5 Years	
Short-term borrowings	$ -	$ 16,674,701	$ -	$ -	$ -	$ 16,674,701
Commercial paper payable	-	7,367,819	-	-	-	7,367,819
Financial liabilities measured at FVTPL - current	4,044,472	2,103,445	2,109,527	6,393,004	873,352	15,523,800
Bonds issued under repurchase agreements	-	91,463,734	-	-	-	91,463,734
Payables	54,096,447	1,109,970	4,065,634	48,758	-	59,320,809
Guarantee deposits - borrowed securities	-	2,168,244	27,434,459	-	-	29,602,703
Futures customers’ equity	39,327,791	-	-	-	-	39,327,791
Collections/other payables/other current liabilities	369,471	1,211,581	3,217,873	39	-	4,798,964
Other financial liabilities - current	-	5,309,871	22	1,328	707	5,311,928
Lease liabilities - current	-	127,900	360,668	-	-	488,568
Current tax liabilities	-	-	157,603	-	703,841	861,444
Long-term liabilities - current portion	-	-	4,800,000	-	-	4,800,000
Provisions - noncurrent	-	-	-	24,953	196,782	221,735
Lease liabilities-noncurrent	-	-	-	831,438	-	831,438
Other noncurrent liabilities	-	-	570	640,297	64,630	705,497
Total	$ 97,838,181	$ 127,537,265	$ 42,146,356	$ 7,939,817	$ 1,839,312	$ 277,300,931
Percentage	35.28%	45.99%	15.20%	2.86%	0.67%	100.00%

Statement of Capital Liquidation Gap

(In Thousands of New Taiwan Dollars)

September 30, 2019	Collection and Payment Period					Total
	Spot	In 3 Months	3 Months-12 Months	Over 1 Year-5 Years	Over 5 Years	
Cash inflow	$ 191,023,348	$ 47,966,239	$ 47,437,153	$ 16,251,028	$ 29,369,145	$ 332,046,913
Cash outflow	97,838,181	127,537,265	42,146,356	7,939,817	1,839,312	277,300,931
Amount of cash flow gap	$ 93,185,167	$ (79,571,026)	$ 5,290,797	$ 8,311,211	$ 27,529,833	$ 54,745,982

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 September 30, 2020, December 31, 2019 and September 30, 2019, show that the sums from deducting cash outflow from cash inflow are $52,915,640 thousand, $56,491,570 thousand and $54,745,982 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 September 30, 2020, December 31, 2019 and September 30, 2019, CDIB Capital Group and subsidiaries' other financial liabilities are $361,489 thousand, $373,788 thousand and $385,111 thousand, respectively, and will be paid by financial assets and the rest of non-derivative financial liabilities are $872,322 thousand, $985,757 thousand and $899,300 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

	September 30, 2020			
	In 1 Year	**1-5 Years**	**Over 5 Years**	**Total**
Payables	$ 20,038,141	$ 36,875	$ -	$ 20,075,016
Lease liabilities	118,788	280,699	3,532,791	3,932,278

	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

	September 30, 2019			
	In 1 Year	**1-5 Years**	**Over 5 Years**	**Total**
Payables	$ 23,685,597	$ 28,912	$ -	$ 23,714,509
Lease liabilities	165,470	379,982	4,855,350	5,400,802

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:

	September 30, 2020				
	In 90 Days	**91-180 Days**	**181 Days - 1 Year**	**Over 1 Year**	**Total**
Financial liabilities at fair value through profit or loss	$ 523,367	$ 543,485	$ 107,439	$ 19,660	$ 1,193,951

	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

	September 30, 2019				
	In 90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Financial liabilities at fair value through profit or loss	$ 2,302,102	$ 814,483	$ 3,455	$ -	$ 3,120,040

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, then comply with the requirements of the governing authorities, KGI Bank has developed "Market Risk Management Standard" based on Regulations Governing the Capital Adequacy Ratio of Banks (the CAR Regulations) related market risk calculation tables announced by the 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 Risk Management Committee of parent company, CDFH. 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 Nine Months Ended September 30, 2020			For the Year Ended December 31, 2019			For the Nine Months Ended September 30, 2019		
	Average	Highest	Lowest	Average	Highest	Lowest	Average	Highest	Lowest
Interest rate risk	$ 58,219	$ 195,476	$ 17,186	$ 139,196	$ 226,896	$ 66,552	$ 151,510	$ 226,896	$ 87,711
Equity risk	2,076	20,852	-	1,145	10,137	-	262	3,764	68
Exchange rate risk	9,271	148,483	1,201	5,129	12,638	1,458	5,532	12,638	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)

	September 30, 2020		
	Foreign Currency	**Exchange Rate (Dollar)**	**New Taiwan Dollar**
Financial assets			
Monetary items			
USD	$ 7,613,445	29.13	$ 221,749,204
EUR	720,213	34.08	24,544,868
HKD	3,534,717	3.76	13,283,468
CNY	1,059,660	4.27	4,526,443
ZAR	2,505,157	1.72	4,303,859
JPY	10,089,856	0.28	2,780,764
GBP	38,492	37.32	1,436,536
AUD	51,852	20.70	1,073,331
SGD	18,347	21.25	389,883
Financial liabilities			
Monetary items			
USD	9,168,340	29.13	267,037,083
CNY	3,421,170	4.27	14,613,871
EUR	400,603	34.08	13,652,562
ZAR	2,823,375	1.72	4,850,558
JPY	7,953,377	0.28	2,191,951
AUD	92,694	20.70	1,918,771
HKD	130,300	3.76	489,667
GBP	8,085	37.32	301,727
NZD	7,431	19.14	142,222

(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

(Continued)

	December 31, 2019		
	Foreign Currency	Exchange Rate (Dollar)	New Taiwan Dollar
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

(Concluded)

(In Thousands of New Foreign Currencies/Taiwan Dollars)

	September 30, 2019		
	Foreign Currency	Exchange Rate (Dollar)	New Taiwan Dollar
Financial assets			
Monetary items			
USD	$ 6,355,610	31.04	$ 197,290,855
HKD	3,857,370	3.96	15,271,328
EUR	388,889	33.89	13,179,444
CNY	1,037,823	4.36	4,524,910
ZAR	1,000,657	2.06	2,059,352
GBP	52,444	38.12	1,999,150
AUD	59,386	20.98	1,245,916
JPY	4,076,646	0.29	1,173,666
SGD	18,751	22.46	421,139
Financial liabilities			
Monetary items			
USD	8,111,157	31.04	251,786,529
CNY	4,387,172	4.36	19,128,072
EUR	210,784	33.89	7,143,480
ZAR	2,691,031	2.06	5,538,142
AUD	180,666	20.98	3,790,376
JPY	4,281,443	0.29	1,232,628
HKD	195,392	3.96	773,558
NZD	36,286	19.53	708,668
GBP	11,344	38.12	432,426

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)

September 30, 2020

Item	1 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year	Total
Interest rate-sensitive assets	$ 333,577,487	$ 24,373,966	$ 26,479,686	$ 63,511,271	$ 447,942,410
Interest rate-sensitive liabilities	162,226,821	143,668,853	39,233,241	23,927,327	369,056,242
Interest rate sensitivity gap	171,350,666	(119,294,887)	(12,753,555)	39,583,944	78,886,168
Net worth					60,919,771
Ratio of interest rate-sensitive assets to liabilities (%)					121.38
Ratio of interest rate-sensitive gap to net worth (%)					129.49

September 30, 2019

Item	1 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year	Total
Interest rate-sensitive assets	$ 311,102,703	$ 18,131,880	$ 23,374,318	$ 75,205,167	$ 427,814,068
Interest rate-sensitive liabilities	148,651,411	103,986,045	45,453,904	11,730,199	309,821,559
Interest rate sensitivity gap	162,451,292	(85,854,165)	(22,079,586)	63,474,968	117,992,509
Net worth					60,509,821
Ratio of interest rate-sensitive assets to liabilities (%)					138.08
Ratio of interest rate-sensitive gap to net worth (%)					195.00

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)

September 30, 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	$ 3,099,508	$ 108,367	$ 46,158	$ 1,747,358	$ 5,001,391
Interest rate-sensitive liabilities	5,350,797	562,109	117,852	482,783	6,513,541
Interest rate sensitivity gap	(2,251,289)	(453,742)	(71,694)	1,264,575	(1,512,150)
Net worth					100,386
Ratio of interest rate-sensitive assets to liabilities (%)					76.78
Ratio of interest rate-sensitive gap to net worth (%)					(1,506.34)

September 30, 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	$ 2,891,863	$ 80,870	$ 44,609	$ 1,217,779	$ 4,235,121
Interest rate-sensitive liabilities	3,851,817	557,993	451,686	1,002,181	5,863,677
Interest rate sensitivity gap	(959,954)	(477,123)	(407,077)	215,598	(1,628,556)
Net worth					104,767
Ratio of interest rate-sensitive assets to liabilities (%)					72.23
Ratio of interest rate-sensitive gap to net worth (%)					(1,554.46)

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 and subsidiaries utilize risk factor sensitivity and value at risk to measure and contain market risks. KGI Securities and subsidiaries also holds regular stress test to help the management understand the estimated influence on the income of investment portfolio under potential extreme events or circumstances.

1) Risk factor sensitivity

   Using product identification and analysis procedure held by KGI Securities, the corresponding market risk factor can be determined. Individual risk factor's entire exposure can be measured by observing how the value of a financial instrument changes as each risk factor changes. KGI Securities and subsidiaries monitor the following risk factor sensitivities:

   a) Interest rate risk sensitivity: Measured by the change of present value of future cash flows of the measured holding with each yield curve or credit spread moved 0.01% horizontally.

   b) Equity securities risk sensitivity: Measured by the change of the value of investment portfolio with the price of the underlying assets linked to the equity securities, which could divided into two types by distribution of financial instrument:

      i. Equity delta: Measured by the change of present value of stock with the price of the underlying assets linked to the equity securities. (As the potential loss amount given that the TAIEX and stock of respective companies drop 1%).

ii. Debt delta: Measured by the change of present value of bond with the price of the underlying assets linked to the debt securities. (As the potential loss amount given that the beneficiary certificates and funds, included preferred stocks and bond ETF drop 1%).

c) Exchange rate risk sensitivity: Measured by the change of present values of corresponding holdings of currencies with exchange rate for each currency (as the potential loss amount given that the foreign currencies depreciate 1% against NTD).

d) Commodity risk sensitivity: Measured by the change of present values of corresponding holdings of currencies with commodity for each currency (as the potential loss amount given that commodity currencies depreciate 1% against NTD).

The risk sensitivities in the portfolio held by KGI Securities and subsidiaries are as follows:

Comparisons of Risk Sensitive Factors

(In Thousands of New Taiwan Dollars)

Risk Sensitivity	September 30, 2020	December 31, 2019	September 30, 2019
Interest rate risk	$ 7,535	$ 6,516	$ 7,257
Equity securities risk			
Equity delta	2,503,576	4,417,188	2,848,919
Debt delta	2,124,638	2,608,475	1,748,964
Exchange rate risk	4,271,775	4,587,344	4,954,935
Commodity risk	34,209	2,694	227,303

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 backtesting 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 Nine Months Ended September 30, 2020			September 30, 2020
	Average VAR	Minimum VAR	Maximum VAR	Ending VAR
Equity securities	$ 195,516	$ 63,249	$ 463,311	$ 125,166
Interest rate	154,677	82,584	217,515	122,370
Exchange rate	29,293	16,668	47,109	31,979
Commodity	19,280	564	144,496	5,975

	For the Nine Months Ended September 30, 2019			September 30, 2019
	Average VAR	**Minimum VAR**	**Maximum VAR**	**Ending VAR**
Equity securities	$ 103,458	$ 61,083	$ 178,370	$ 72,604
Interest rate	97,158	63,920	163,414	74,754
Exchange rate	24,258	6,912	42,383	28,443
Commodity	9,795	729	49,086	2,665

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)

	September 30, 2020		
	Foreign Currency	**Exchange Rate (Dollar)**	**New Taiwan Dollar**
Financial assets			
Monetary items			
USD	$ 3,517,910	29.12	$ 102,449,529
EUR	640,698	34.08	21,835,235
CNY	114,849	4.27	490,588
JPY	1,575,276	0.28	434,147
HKD	104,445	3.76	392,347
Nonmonetary items			
USD	2,122,106	29.13	61,808,467
CNY	1,030,448	4.27	4,401,662
Investments accounted for using the equity method			
USD	76,671	29.13	2,233,120
Financial liabilities			
Monetary items			
USD	5,906,397	29.12	172,016,755
EUR	639,004	34.08	21,777,509
CNY	198,153	4.27	846,427
JPY	1,446,032	0.28	398,526
HKD	38,974	3.76	146,373
AUD	5,230	20.70	108,259
Nonmonetary items			
USD	292,764	29.13	8,527,044

(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)

	September 30, 2019		
	Foreign Currency	**Exchange Rate (Dollar)**	**New Taiwan Dollar**
Financial assets			
Monetary items			
USD	$ 2,271,606	31.09	$ 70,613,464
EUR	487,753	33.89	16,530,223
CNY	187,949	4.36	819,448
HKD	120,262	3.96	476,032
JPY	1,249,147	0.29	359,533

(Continued)

	September 30, 2019		
	Foreign Currency	Exchange Rate (Dollar)	New Taiwan Dollar
Nonmonetary items			
USD	$ 1,980,847	31.04	$ 61,489,451
CNY	584,982	4.36	2,550,522
AUD	35,455	20.98	743,838
EUR	10,312	33.89	349,466
Investments accounted for using the equity method			
USD	82,038	31.04	2,546,635
Financial liabilities			
Monetary items			
USD	5,182,924	31.04	160,887,558
EUR	493,371	33.89	16,720,605
CNY	500,342	4,36	2,181,482
AUD	24,736	20.98	518,968
HKD	83,195	3.96	329,305
JPY	974,780	0.29	280,543
Nonmonetary items			
USD	233,178	31.04	7,238,318
AUD	9,959	20.98	208,933
CNY	27,254	4.36	118,828

(Concluded)

CDIB Capital Group and subsidiaries

Market risk is defined as an unfavorable change in financial market variables, (such as interest rates, exchange rates, stock prices and commodity prices) which may cause a potential loss on financial assets held for trading. Market risk as explained as follows:

1) Exchange rate risk

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)

	September 30, 2020		
	Foreign Currency	Exchange Rate (Dollar)	New Taiwan Dollar
Financial assets			
Monetary items			
USD	$ 154,173	29.126	$ 4,490,440
CNY	243,577	4.272	1,040,464
KRW	23,595,465	0.025	587,008
HKD	37,088	3.758	139,377
JPY	414,683	0.276	114,287

(Continued)

	September 30, 2020			
	Foreign Currency		Exchange Rate (Dollar)	New Taiwan Dollar
Nonmonetary items				
USD	$	339,414	29.126	$ 9,885,777
CNY		86,199	4.272	368,206
KRW		5,478,356	0.025	136,291
THB		128,810	0.920	118,505
Investment accounted for using the equity method				
CNY		610,607	4.272	2,608,513
USD		81,075	29.126	2,361,397
Financial liabilities				
Monetary items				
USD		14,840	29.126	432,229

(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	$	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		354,215	30.106	10,664,003
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)

	September 30, 2019		
	Foreign Currency	**Exchange Rate (Dollar)**	**New Taiwan Dollar**
<u>Financial assets</u>			
Monetary items			
USD	$ 171,485	31.042	$ 5,323,238
CNY	217,228	4.360	947,115
HKD	119,337	3.959	472,454
KRW	7,231,646	0.026	187,314
JPY	414,683	0.288	119,387
Nonmonetary items			
USD	359,064	31.042	11,146,073
CNY	92,264	4.360	402,271
THB	176,794	1.013	179,093
Investment accounted for using the equity method			
USD	99,079	31.042	3,075,615
CNY	659,927	4.360	2,877,282
<u>Financial liabilities</u>			
Monetary items			
USD	13,980	31.042	433,982
KRW	4,132,027	0.0259	107,028

<u>Sensitivity analysis</u>

The following table details CDIB Capital Group and subsidiaries' sensitivity to a 1% increase and decrease in New Taiwan dollars (the functional currency) against the relevant foreign currencies. The sensitivity analysis included only outstanding foreign currency denominated monetary items, and adjusts their translation at the end of the reporting period for a 1% change in foreign currency rates. A positive number below indicates a decrease (increase) in pre-tax profit (loss) associated with the New Taiwan dollar strengthening 1% against the relevant currency. For a 1% weakening of the New Taiwan dollar against the relevant currency, there would be an equal and opposite impact on pre-tax profit (loss), and the balances below would be negative.

	Impact on Profit or Loss	
	For the Nine Months Ended September 30	
	2020	**2019**
Monetary items		
USD	$ 40,582	$ 48,893
CNY	10,040	9,271
KRW	5,870	803
JPY	1,143	1,194
HKD	754	4,327

2) Interest rate risk

The primary financial assets of CDIB Capital Group and subsidiaries with exposure to interest rates as of September 30, 2020, December 31, 2019 and September 30, 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 nine months ended September 30, 2020 and 2019 would increase/decrease by $149,442 thousand and $175,344 thousand, respectively as a result of the changes in fair value of financial assets at fair value through profit or loss.

<u>China Life Insurance</u>

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
September 30, 2020

Risk Factors	Changes (+/-)	Changes in Income	Changes in Equity
Equity risk (stock index)	+1%	$ -	$ 2,687,063
Interest rate risk (yield curve)	+1BP	(3,444)	(709,274)
Exchange risk (foreign exchange rate)	+1% (NTD for each currency appreciates 1%)	(2,456,163)	(901,510)

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)

September 30, 2019

Risk Factors	Changes (+/-)	Changes in Income	Changes in Equity
Equity risk (stock index)	+1%	$ -	$ 1,750,373
Interest rate risk (yield curve)	+1BP	-	(586,077)
Exchange risk (foreign exchange rate)	+1% (NTD for each currency appreciates 1%)	(2,275,119)	(599,934)

7) China Life Insurance's foreign currency financial assets and liabilities with significant influence as of September 30, 2020, December 31, 2019 and September 30, 2019 are as follows:

(In Thousands of Foreign Currencies/New Taiwan Dollars)

	September 30, 2020		
	Foreign Currency	**Exchange Rate (Dollar)**	**New Taiwan Dollar**
Financial assets			
Monetary items			
USD	$ 40,105,389	29.1260	$ 1,168,109,553
AUD	4,311,087	20.7319	89,377,015
Non-monetary items			
USD	2,294,414	29.1260	66,827,088
Financial labilities			
Monetary items			
USD	409,950	29.1260	11,940,192

(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)

	September 30, 2019		
	Foreign Currency	Exchange Rate (Dollar)	New Taiwan Dollar
Financial assets			
Monetary items			
USD	$ 36,266,068	31.0420	$ 1,125,769,450
AUD	3,331,729	20.9751	69,883,342
Non-monetary items			
USD	906,768	31.0420	28,147,892
Financial labilities			
Monetary items			
USD	236,817	31.0420	7,351,040

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:

September 30, 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	$ 291,187	$ 276,697	$ 291,260	$ 276,697	$ 14,563
Financial assets at FVTPL	765,267	726,694	765,267	726,694	38,573
Financial assets at FVTOCI	56,571,574	53,321,264	56,571,574	53,321,264	3,250,310

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

September 30, 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	$ 310,341	$ 279,378	$ 310,420	$ 279,378	$ 31,042
Financial assets at FVTPL	13,495,685	12,939,507	13,495,685	12,939,507	556,178
Financial assets at FVTOCI	25,170,814	23,761,157	25,170,814	23,761,157	1,409,657

<u>KGI Securities and subsidiaries</u>

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:

September 30, 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	$ 64,101,068	$ 61,064,462	$ 64,101,068	$ 61,064,462	$ 3,036,606
Transaction - borrowed securities	124,658	174,521	124,658	174,521	(49,863)

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)

September 30, 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	$ 81,167,447	$ 78,619,109	$ 81,167,447	$ 78,619,109	$ 2,548,338
Transaction - borrowed securities	1,102,428	1,543,399	1,102,428	1,543,399	(440,971)

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	
September 30, 2020	Call option	$ 11,712,600	$ 997,913	$ 997,913	$ -	$ 997,913
December 31, 2019	Call option	11,705,100	1,115,752	1,115,752	-	1,115,752
September 30, 2019	Call option	11,641,000	908,784	908,784	-	908,784

The following table is repurchased transferred (derecognized) 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
September 30, 2020	Call option	$ -	$ 1,644,100	$ 3,032,900	$ 7,035,600	$ -	$ 11,712,600
December 31, 2019	Call option	-	318,000	4,362,400	7,024,700	-	11,705,100
September 30, 2019	Call option	-	597,900	3,400,100	7,643,000	-	11,641,000

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
September 30, 2020	Call option	$ 4,101	$ 38,863	$ 42,964
December 31, 2019	Call option	2,970	(54,734)	(51,764)
September 30, 2019	Call option	(3,683)	(227,943)	(231,626)

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:

September 30, 2020						
Financial Assets Subject to Offsetting, Enforceable Master Netting Arrangements or Similar Agreements						
Types of Financial Instruments	**Gross Amounts of Recognized Financial Assets (a)**	**Gross Amounts of Recognized Financial Liabilities Offset in the Balance Sheet (b)**	**Net Amounts of Financial Assets Presented in the Balance Sheet (c)=(a)-(b)**	**Amounts not Offset in the Balance Sheet (d)**		**Net Amount (e)=(c)-(d)**
				Financial Instruments (Note 1)	**Cash Collateral Received**	
Securities purchased under resell agreements	$ 19,945,842	$ -	$ 19,945,842	$ 19,759,185	$ 186,657	$ -
Derivative instruments (Note 2)	67,707,339	-	67,707,339	17,357,896	4,965,622	45,383,821
Total	$ 87,653,181	$ -	$ 87,653,181	$ 37,117,081	$ 5,152,279	$ 45,383,821

September 30, 2020						
Financial Liabilities Subject to Offsetting, Enforceable Master Netting Arrangements or Similar Agreements						
Types of Financial Instruments	**Gross Amounts of Recognized Financial Liabilities (a)**	**Gross Amounts of Recognized Financial Assets Offset in the Balance Sheet (b)**	**Net Amounts of Financial Liabilities Presented in the Balance Sheet (c)=(a)-(b)**	**Amounts not Offset in the Balance Sheet (d)**		**Net Amount (e)=(c)-(d)**
				Financial Instruments (Note 1)	**Cash Collateral Pledged**	
Notes and bonds issued under repurchase agreements	$ 54,324,655	$ -	$ 54,324,655	$ 54,324,655	$ -	$ -
Derivative instruments (Note 2)	69,652,151	-	69,652,151	17,357,896	6,643,349	45,650,906
Total	$ 123,976,806	$ -	$ 123,976,806	$ 71,682,551	$ 6,643,349	$ 45,650,906

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 1)	**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 1)	**Cash Collateral Pledged**	
Notes and bonds issued under repurchase agreements	$ 18,749,841	$ -	$ 18,749,841	$ 18,745,805	$ 4,036	$ -
Derivative financial 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

September 30, 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 1)	**Cash Collateral Received**	
Securities purchased under resell agreements	$ 18,471,503	$ -	$ 18,471,503	$ 18,471,503	$ -	$ -
Derivative financial instruments	42,881,483	-	42,881,483	7,590,705	606,871	34,683,907
Total	$ 61,352,986	$ -	$ 61,352,986	$ 26,062,208	$ 606,871	$ 34,683,907

September 30, 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 1)	**Cash Collateral Pledged**	
Notes and bonds issued under repurchase agreements	$ 36,980,042	$ -	$ 36,980,042	$ 36,962,946	$ 17,096	$ -
Derivative financial instruments	58,815,344	-	58,815,344	7,590,705	5,298,015	45,926,624
Total	$ 95,795,386	$ -	$ 95,795,386	$ 44,553,651	$ 5,315,111	$ 45,926,624

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:

September 30, 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 financial instruments	$ 3,097,362	$ -	$ 3,097,362	$ -	$ 1,032,922	$ 2,064,440
Securities purchased under resell agreements	17,378,698	-	17,378,698	17,378,698	-	-
Total	$ 20,476,060	$ -	$ 20,476,060	$ 17,378,698	$ 1,032,922	$ 2,064,440

September 30, 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 Pledged**	
Derivative financial instruments	$ 6,271,131	$ -	$ 6,271,131	$ -	$ 1,379,646	$ 4,891,485
Notes and bonds issued under repurchase agreements	77,328,899	-	77,328,899	77,328,899	-	-
Total	$ 83,600,030	$ -	$ 83,600,030	$ 77,328,899	$ 1,379,646	$ 4,891,485

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 financial 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 Pledged**	
Derivative financial 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	$ 1,579,943	$ 4,717,396

September 30, 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 financial instruments	$ 2,877,563	$ -	$ 2,877,563	$ -	$ 597,454	$ 2,280,109
Securities purchased under resell agreements	27,371,731	-	27,371,731	27,371,731	-	-
Total	$ 30,249,294	$ -	$ 30,249,294	$ 27,371,731	$ 597,454	$ 2,280,109

September 30, 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 Pledged**	
Derivative financial instruments	$ 5,228,858	$ -	$ 5,228,858	$ -	$ 967,680	$ 4,261,178
Notes and bonds issued under repurchase agreements	91,404,022	-	91,404,022	91,404,022	-	-
Total	$ 96,632,880	$ -	$ 96,632,880	$ 91,404,022	$ 967,680	$ 4,261,178

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:

September 30, 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	$ 12,826,762	$ -	$ 12,826,762	$ 1,022,586	$ 5,745,395	$ 6,058,781

September 30, 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 Pledged**	
Derivative financial instruments	$ 1,193,951	$ -	$ 1,193,951	$ 1,022,586	$ -	$ 171,365

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 Pledged**	
Derivative financial instruments	$ 1,426,070	$ -	$ 1,426,070	$ 1,363,504	$ -	$ 62,566

September 30, 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	$ 5,609,149	$ -	$ 5,609,149	$ 2,349,053	$ 1,657,953	$ 1,602,143

September 30, 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 Pledged**	
Derivative financial instruments	$ 3,120,040	$ -	$ 3,120,040	$ 2,349,053	$ 608,423	$ 162,564

55. CAPITAL MANAGEMENT

a. Capital management objective

The basic management objective includes eligible capital to meet the requirements of the regulation and achieve the minimum capital adequacy ratio so as to control all risks within the risk appetite. In order to undertake all kinds of risk, the Group conducts risk management based on the risk portfolio and the assessment of risk characteristics to design the best capital allocation.

b. Capital management procedures

The Group had met the authorities' minimum requirements for capital adequacy ratio and reported to the authority quarterly. Eligible capital and legal capital were calculated according to the "Regulations Governing the Capital Adequacy and Capital Category of Banks".

56. TRUST BUSINESS OPERATIONS UNDER THE TRUST ENTERPRISES ACT

a. The balance sheets and income statements of the trust accounts and trust property accounts of KGI Bank were as follows:

Balance Sheets of Trust Accounts

(In Thousands of New Taiwan Dollars)

Trust Assets	**September 30, 2020**	**December 31, 2019**	**September 30, 2019**	**Trust Liabilities**	**September 30, 2020**	**December 31, 2019**	**September 30, 2019**
Bank deposits	$ 2,490,603	$ 1,838,862	$ 1,207,188	Payables	$ 146,631	$ 149,274	$ 154,844
Short-term investments							
Funds	26,408,334	25,815,460	26,434,180	Payables on securities under custody	4,613,250	5,664,385	3,307,892
Bonds	2,334,745	1,824,642	1,306,987	Other liabilities	54,595	74,328	81,060
Common shares	79,985	97,185	98,185	Trust capital	47,544,119	43,986,603	30,385,467
Structured notes	-	93,766	93,766	Accumulated earnings	(148,811)	33,505	671,948
Receivables	6,718	25,931	32,331				
Real estate							
Lands	13,594,430	11,864,353	1,092,617				
Buildings and facilities	1,656,251	1,657,823	1,571				
Intangible assets – surface right	984,534	984,534	984,534				
Securities under custody	4,613,250	5,664,385	3,307,892				
Other assets	40,934	41,154	41,960				
Total	$ 52,209,784	$ 49,908,095	$ 34,601,211	Total	$ 52,209,784	$ 49,908,095	$ 34,601,211

Income Statements of Trust Accounts

(In Thousands of New Taiwan Dollars)

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2020	**2019**	**2020**	**2019**
Trust income and gains				
Dividend income	$ 5,691	$ 4,356	$ 7,560	$ 6,301
Interest income	348,692	372,491	948,057	1,078,934
Rental income	6,817	6,706	20,430	20,811
Other income	1,851	2,109	6,796	6,031
Total trust income and gains	363,051	385,662	982,843	1,112,077
Trust expenses				
Properties transaction losses	(226,766)	489,906	(1,132,124)	(981,304)
Administrative expenses	(9,511)	(16,537)	(27,908)	(38,331)
Other expenses	(6,602)	(14,725)	(208,760)	(19,486)
Total trust expenses	(242,879)	458,644	(1,368,792)	(1,039,121)
Net income	$ 120,172	$ 844,306	$ (385,949)	$ 72,956

The above income from trust operations were excluded from KGI Bank's income.

Trust Property Accounts

(In Thousands of New Taiwan Dollars)

Investment Portfolio	**September 30, 2020**	**December 31, 2019**	**September 30, 2019**
Bank deposits	$ 2,490,603	$ 1,838,862	$ 1,207,188
Short-term investments			
Funds	26,408,334	25,815,460	26,434,180
Bonds	2,334,745	1,824,642	1,306,987
Common shares	79,985	97,185	98,185
Structured notes	-	93,766	93,766
Real estate			
Lands	13,594,430	11,864,353	1,092,617
Buildings and facilities	1,656,251	1,657,823	1,571
Intangible assets - surface right	984,534	984,534	984,534
Securities under custody	4,613,250	5,664,385	3,307,892
Other assets	47,652	67,085	74,291
Total	$ 52,209,784	$ 49,908,095	$ 34,601,211

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	September 30, 2020	December 31, 2019	September 30, 2019	Trust Liabilities	September 30, 2020	December 31, 2019	September 30, 2019
Bank deposits	$ 1,532,059	$ 1,030,073	$ 1,285,404	Payables	$ 93,512	$ 24,674	$ 49,656
Financial assets	27,610,034	28,466,294	22,589,282	Trust capital	28,048,263	26,212,975	21,866,081
Receivables	227,092	402,789	332,794	Reserves and retained earnings	1,227,410	3,661,507	2,291,743
Total	$ 29,369,185	$ 29,899,156	$ 24,207,480	Total	$ 29,369,185	$ 29,899,156	$ 24,207,480

Income Statements of Trust Accounts

(In Thousands of New Taiwan Dollars)

Investment Portfolio	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2020	2019	2020	2019
Trust income	$ (227,043)	$ 708,941	$ 2,868,007	$ 2,895,123
Trust expenses	(203,150)	(409,359)	(3,582,703)	(2,520,144)
Income before income tax	(430,193)	299,582	(714,696)	374,979
Income tax expenses	-	-	-	-
Income after income tax	$ (430,193)	$ 299,582	$ (714,696)	$ 374,979

The above income from trust operations were excluded from KGI Securities' income.

Trust Property Accounts

(In Thousands of New Taiwan Dollars)

Investment Portfolio	September 30, 2020	December 31, 2019	September 30, 2019
Bank deposits	$ 1,532,059	$ 1,030,073	$ 1,285,404
Stocks	10,990,765	11,891,410	9,898,342
Funds	13,565,158	14,146,389	10,705,076
Structured notes	2,335,755	1,979,707	1,689,105
Bonds	718,356	448,788	296,759
Total	$ 29,142,093	$ 29,496,367	$ 23,874,686

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

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

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

Please refer to Table 7 (attached).

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

a. Business or trading behaviors

Please refer to Note 48 for related-party transactions.

b. Integrate business activities

The Corporation has become a full-functioning financial platform for its customers by improving the overall business performance of the company through integrating the insurance, investment, trust custody and channel of banking, securities and life insurance.

c. Cross utilization of information or locations and business utilities

In compliance with Article 43 of "Financial Holding Companies Act", "Financial Holding Subsidiaries Cross-selling Activities Acts", "Self-disciplinary Standards" and other related regulations from FSC, the Corporation has advocated cross-selling activities among China development Financial Holdings and its Subsidiaries. In addition, the Corporation and its subsidiaries, which joined the cross selling business disclosure protection measures of customer information on official website (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.

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

Please refer to Note 50 to the consolidated financial statements. Information on disaster damages: None.

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

Please refer to Notes 51 and 54 to the consolidated financial statements.

62. SPECIFIC RISK FROM FUTURES DEALING

The futures dealer needs to maintain adequate liquidity in case of its clients fail to fulfill the contracts in the futures transactions with the features of low financial leverage nature and unpredictable market fluctuation. If the dealing business fails to maintain the amount of margin, the open contracts may be closed. Thus, the margin may be lost entirely and may require further payment of deficiency.

63. FINANCIAL RATIOS OF FUTURES-DEALING SUBSIDIARIES

The following financial ratios of KGI Securities' futures department and KGI Futures Corp. are in compliance with the requirements of the Rules Governing Futures Commission Merchants.

a. KGI Securities' futures department

Rule No.	Formula	September 30, 2020 Formula	September 30, 2020 %	December 31, 2019 Formula	December 31, 2019 %	September 30, 2019 Formula	September 30, 2019 %	Standard	Meet Standard
17	Equities / Total liabilities minus customers' equity accounts	$1,772,235 / $65,225	=27.17	$1,600,505 / $61,353	=26.09	$1,675,260 / $53,628	=31.24	≧1	Yes
17	Current assets / Current liabilities	$2,006,890 / $65,225	=30.77	$1,898,585 / $60,759	=31.25	$1,936,729 / $53,628	=36.11	≧1	Yes
22	Equities / Capital stock	$1,772,235 / $400,000	=443.06%	$1,600,505 / $400,000	=400.13%	$1,675,260 / $400,000	=418.82%	≧60% ≧40%	Yes
22	Adjusted net capital / Client and proprietary account	$1,545,918 / $165,487	=934.16%	$1,373,156 / $240,585	=570.76%	$1,330,999 / $290,110	=458.79%	≧20% ≧15%	Yes

b. KGI Futures Corp.

Rule No.	Formula	September 30, 2020 Formula	September 30, 2020 %	December 31, 2019 Formula	December 31, 2019 %	September 30, 2019 Formula	September 30, 2019 %	Standard	Meet Standard
17	Equities / Total liabilities minus customers' equity accounts	$3,956,847 / $537,261	=7.36	$3,476,758 / $481,786	=7.22	$3,488,382 / $381,923	=9.13	≧1	Yes
17	Current assets / Current liabilities	$33,598,273 / $31,013,779	=1.08	$24,648,866 / $22,526,171	=1.09	$26,242,040 / $24,116,555	=1.09	≧1	Yes
22	Equities / Capital stock	$3,956,847 / $760,000	=520.64%	$3,476,758 / $760,000	=457.47%	$3,488,382 / $760,000	=459.00%	≧60% ≧40%	Yes
22	Adjusted net capital / Client and proprietary account	$3,477,916 / $7,731,226	=44.99%	$2,916,462 / $5,418,240	=53.83%	$2,938,175 / $6,412,488	=45.82%	≧20% ≧15%	Yes

64. ADDITIONAL DISCLOSURES

a. and b. following are the additional disclosures required for the Group:

1) Financing provided: Not applicable to the Corporation, KGI Bank and China Life Insurance. For other subsidiaries' information: Please refer to Table 1 (attached).

2) Collaterals/guarantees provided: Not applicable to the Corporation, KGI Bank and China Life Insurance. For other subsidiaries' information: Please refer to Table 2 (attached).

3) Marketable securities held: Not applicable to the Corporation, KGI Bank, KGI Securities and partial subsidiaries and China Life Insurance. For other subsidiaries' information: Please refer to Table 3 (attached).

4) Marketable securities were acquired and disposed of, at cost or prices of at least NT$300 million or 10% of the issued capital (subsidiaries acquired and disposed of marketable securities, at cost or price of at least NT$300 million or 10% of the issued capital): For the Corporation, CDIB Capital Group and KGI Bank and subsidiaries' information: None. Not applicable to KGI Securities and subsidiaries and China Life Insurance. KGI Bank and CDIB Capital Group 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 48 and Table 5 (attached).

9) Sale of nonperforming loans: None.

10) For related information on the subsidiaries’ securitization products approved under the Regulation on Financial Asset Securitization: None.

11) Other significant transactions which may affect the decisions of financial statement users: None.

12) The information of investees: The Corporation do not need to disclosure anything in this period.

13) Derivative transactions of the Group: Please refer to Notes 8, 52 and 54 of the consolidated financial statements.

c. Investments in mainland China: Please refer to Table 8 (attached).

d. Business relationships and significant transactions among the Group: Please refer to Table 9 (attached).

e. Information of major shareholders: None.

65. SEGMENT INFORMATION

The reportable segments of the Corporation are Commercial banking, Securities, Venture Capital and Insurance. Under the Banking Act of the Republic of China and relevant regulations, Commercial banking engaged in consumer banking, corporate banking and global market and financial institution. Under the Securities and Exchange Act and relevant regulations, Securities engaged in wealth management business, trading business and investment banking business. Venture Capital engaged in investment business directly. Insurance department operates life insurance business based on the provisions of the insurance law.

The accounting policies of the operating segments are the same as the Corporation’s accounting policies described in Note 4. The Corporation uses income after tax as the measurement for segment profit and the basis of performance assessment. The net profit and income before income tax are composed of revenues and expenses directly attributable to an operating segment.

Segment Revenues and Results

Following were analysis of the Group's operating revenue and results by reportable segments:

	Commercial Banking	Securities	Venture Capital	Insurance	Other	Total
For the three months ended September 30, 2020						
Interest profit (loss), net	$ 1,953,553	$ 685,014	$ 20,545	$ 14,136,311	$ (98,485)	$ 16,696,938
Noninterest profit (loss), net	1,052,216	5,624,729	897,012	43,839,816	(397,931)	51,015,842
Net revenue (loss)	3,005,769	6,309,743	917,557	57,976,127	(496,416)	67,712,780
Reversal of allowance (allowance) for bad debts and losses on commitments and guarantees, net	(59,577)	(3,469)	-	99	-	(62,947)
Net change in reserve for insurance liabilities	-	-	-	(50,038,234)	-	(50,038,234)
Operating expenses	(1,513,162)	(3,603,648)	(439,111)	(1,316,615)	(657,893)	(7,530,429)
Net profit (loss) before income tax	1,433,030	2,702,626	478,446	6,621,377	(1,154,309)	10,081,170
Income tax benefit (expense)	(244,060)	(224,163)	(5,910)	(83,291)	120,111	(437,313)
Net profit (loss) for the period	$ 1,188,970	$ 2,478,463	$ 472,536	$ 6,538,086	$ (1,034,198)	$ 9,643,857
For the three months ended September 30, 2019						
Interest profit (loss), net	$ 1,710,519	$ 202,052	$ 29,580	$ 14,126,506	$ (111,711)	$ 15,956,946
Noninterest profit (loss), net	1,192,739	3,882,115	(248,036)	41,981,934	(598,367)	46,210,385
Net revenue (loss)	2,903,258	4,084,167	(218,456)	56,108,440	(710,078)	62,167,331
Reversal of allowance (allowance) for bad debts and losses on commitments and guarantees, net	83,475	2,552	-	(6)	-	86,021
Net change in reserve for insurance liabilities	-	-	-	(48,293,995)	-	(48,293,995)
Operating expenses	(1,504,152)	(3,116,849)	(286,441)	(1,398,955)	(557,459)	(6,863,856)
Net profit (loss) before income tax	1,482,581	969,870	(504,897)	6,415,484	(1,267,537)	7,095,501
Income tax benefit (expense)	(476,788)	(64,963)	46,826	(892,630)	143,425	(1,244,130)
Net profit (loss) for the period	$ 1,005,793	$ 904,907	$ (458,071)	$ 5,522,854	$ (1,124,112)	$ 5,851,371
For the nine months ended September 30, 2020						
Interest profit (loss), net	$ 5,661,313	$ 1,774,118	$ 94,159	$ 42,233,754	$ (300,757)	$ 49,462,587
Noninterest profit (loss), net	2,609,630	13,089,597	28,314	109,079,223	(1,998,589)	122,808,175
Net revenue (loss)	8,270,943	14,863,715	122,473	151,312,977	(2,299,346)	172,270,762
Reversal of allowance (allowance) for bad debts and losses on commitments and guarantees, net	(227,376)	(11,847)	-	(331)	-	(239,554)
Net change in reserve for insurance liabilities	-	-	-	(131,479,848)	-	(131,479,848)
Operating expenses	(4,457,084)	(9,994,182)	(1,232,042)	(3,875,386)	(1,631,737)	(21,190,431)
Net profit (loss) before income tax	3,586,483	4,857,686	(1,109,569)	15,957,412	(3,931,083)	19,360,929
Income tax benefit (expense)	(578,194)	(548,863)	42,335	(1,281,759)	(156,744)	(2,523,225)
Net profit (loss) for the period	$ 3,008,289	$ 4,308,823	$ (1,067,234)	$ 14,675,653	$ (4,087,827)	$ 16,837,704
For the nine months ended September 30, 2019						
Interest profit (loss), net	$ 5,088,584	$ 846,061	$ 135,572	$ 41,055,386	$ (335,326)	$ 46,790,277
Noninterest profit (loss), net	3,139,377	10,828,015	2,978,897	126,797,447	(2,105,853)	141,637,883
Net revenue (loss)	8,227,961	11,674,076	3,114,469	167,852,833	(2,441,179)	188,428,160
Reversal of allowance (allowance) for bad debts and losses on commitments and guarantees, net	1,293	6,405	-	66	675	8,439
Net change in reserve for insurance liabilities	-	-	-	(148,789,486)	-	(148,789,486)
Operating expenses	(4,461,269)	(8,701,598)	(1,090,184)	(3,959,483)	(1,692,560)	(19,905,094)
Net profit (loss) before income tax	3,767,985	2,978,883	2,024,285	15,103,930	(4,133,064)	19,742,019
Income tax benefit (expense)	(895,665)	33,973	(44,262)	(1,787,895)	399,537	(2,294,312)
Net profit (loss) for the period	$ 2,872,320	$ 3,012,856	$ 1,980,023	$ 13,316,035	$ (3,733,527)	$ 17,447,707

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

FINANCINGS PROVIDED
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 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 International Holdings Limited	Receivables, net	Yes	$ 4,077,640	$ -	$ -	Floating	Short-term financing	$ -	Working capital	$ -	-	$ -	$ 14,591,714 (Note 1)	$ 14,591,714 (Note 1)
		KGI Investments Holdings Limited	Receivables, net	Yes	3,786,380	3,786,380	-	Floating	Short-term financing	-	Working capital	-	-	-	14,591,714	
		KGI International (Hong Kong) Limited	Receivables, net	Yes	3,495,120	3,495,120	873,780	Floating	Short-term financing	-	Working capital	-	-	-	14,591,714	
2	KGI International Holdings Limited	KGI Asia Limited	Receivables, net	Yes	1,456,300	1,456,300	-	Floating	Short-term financing	-	Working capital	-	-	-	18,066,363 (Note 2)	18,066,363 (Note 2)
		PT KGI Sekuritas Indonesia	Receivables, net	Yes	771,839	-	-	Floating	Short-term financing	-	Working capital	-	-	-	18,066,363	
3	KGI International (Hong Kong) Limited	PT KGI Sekuritas Indonesia	Receivables, net	Yes	466,016	466,016	466,016	Floating	Short-term financing	-	Working capital	-	-	-	6,036,800 (Note 3)	6,036,800 (Note 3)
4	KGI Asia Limited	KGI Finance Limited	Receivables, net	Yes	436,890	436,890	-	Floating	Short-term financing	-	Working capital	-	-	-	9,292,621 (Note 4)	9,292,621 (Note 4)
		KGI Hong Kong Limited	Receivables, net	Yes	436,890	436,890	-	Floating	Short-term financing	-	Working capital	-	-	-	9,292,621	
		KGI Limited	Receivables, net	Yes	2,621,340	2,621,340	-	Floating	Short-term financing	-	Working capital	-	-	-	9,292,621	

Note 1: Richpoint Company Limited's financing limit is based on the "Loan of Funds Making Guideline". The guideline states that, for each and for all of the borrowing companies, the total amount available for financing should not exceed the net worth of the financing company.

Note 2: KGI International Holdings Limited's financing limit is based on the "Loan of Funds Making Guideline". The guideline states that, for each and for all of the borrowing companies, the total amount available for financing should not exceed the net worth of the financing company.

Note 3: KGI International (Hong Kong) Limited's financing limit is based on the "Loan of Funds Making Guideline". The guideline states that, for each and for all of the borrowing companies, the total amount available for financing should not exceed the net worth of the financing company.

Note 4: KGI Asia Limited's financing limit is based on the "Loan of Funds Making Guideline". The guideline states that, for each and for all of the borrowing companies, the total amount available for financing should not exceed the net worth of the financing company.

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

COLLATERALS/GUARANTEE PROVIDED
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 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 Co., Ltd	KGI Securities (Singapore) Pte. Ltd.	Note 1	$ 6,637,205	$ 684,004	$ 637,500	$ 637,500	$ -	0.96%	$ 26,548,821 (Note 2)	No	No	No
2	KGI International Holdings Limited	KGI Asia Limited	Note 1	18,066,363	902,906	902,906	44,514	-	5.00%	18,066,363 (Note 3)	No	No	No
		KGI International Finance Limited	Note 1	18,066,363	3,611,624	3,611,624	-	-	19.99%		No	No	No
		KGI Futures (Hong Kong) Limited	Note 1	18,066,363	189,319	189,319	-	-	1.05%		No	No	No
		KGI Finance Limited	Note 1	18,066,363	125,242	125,242	-	-	0.69%		No	No	No
		KGI International (Hong Kong) Limited	Note 1	18,066,363	2,181,660	2,181,612	-	-	12.08%		No	No	No
		KGI Securities (Singapore) Pte. Ltd.	Note 1	18,066,363	873,780	873,780	-	-	4.84%		No	No	No
		KGI Asia (Holdings) Pte. Ltd.	Note 1	18,066,363	3,840,882	3,821,358	1,806,297	-	21.15%		No	No	No

Note 1: The Group has directly or indirectly over 50% voting right of the company.

Note 2: The limit of maximum guarantee provided by KGI Securities Co., Ltd 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.

TABLE 3

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
SEPTEMBER 30, 2020
(In Thousands of New Taiwan Dollars/Foreign Currencies)

Holding Company	Marketable Securities Type and Issuer	Relationship with the Holding Company	Financial Statement Account	September 30, 2020				Note
				Shares/Face Value/Units	Carrying Value	Percentage of Ownership (Note 2)	Fair Value	
CDIB Capital Group	Stocks							
	Logicom Inc.	-	Financial assets at fair value through profit or loss	3,261,773	$ 28,627	10.69	$ 28,627	
	Solar Fine Chemical Co., Ltd.	-	Financial assets at fair value through profit or loss	241,403	10,111	10.83	10,111	
	Dee Van Enterprise Co., Ltd.	-	Financial assets at fair value through profit or loss	4,225,979	73,278	6.04	73,278	
	Hair O'right International Corp.	-	Financial assets at fair value through profit or loss	1,735,837	121,509	8.53	121,509	
	DaBomb Protein Corp.	-	Financial assets at fair value through profit or loss	2,400,568	44,411	7.97	44,411	
	Power Venture Co.	-	Financial assets at fair value through profit or loss	677,245	5,295	5.68	5,295	
	Ori Vita Bio Application Inc.	-	Financial assets at fair value through profit or loss	858,690	5,755	0.42	5,755	
	Yenyo Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	4,000,000	30,515	9.91	30,515	
	HealthStream Taiwan Inc.	-	Financial assets at fair value through profit or loss	4,774,523	57,598	13.96	57,598	
	Subtron Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	12,316,000	145,575	4.24	145,575	
	Orgchem Technologies, Inc.	-	Financial assets at fair value through profit or loss	1,067,220	13,360	1.95	13,360	
	General Life Biotechnology Co., Ltd.	-	Financial assets at fair value through profit or loss	2,520,000	42,676	8.40	42,676	
	Mec Imex Inc.	-	Financial assets at fair value through profit or loss	4,802,000	52,788	10.52	57,788	
	Yieh United Steel Corp.	-	Financial assets at fair value through profit or loss	5,864,622	29,264	0.22	29,264	
	Hua-jie (Taiwan) Corp.	-	Financial assets at fair value through profit or loss	1,300,403	13,371	6.45	13,371	
	AMIA Co.	-	Financial assets at fair value through profit or loss	6,000,000	114,000	9.54	114,000	
	Up Scientech Materials Corp.	-	Financial assets at fair value through profit or loss	4,651,344	59,271	6.85	59,271	
	Riselink Restructuring Fund Corporation	-	Financial assets at fair value through profit or loss	19,738	273	12.50	273	
	ARCOA Communication Co., Ltd.	-	Financial assets at fair value through profit or loss	7,567,424	95,723	5.64	95,723	
	Eastern Electronic Co., Ltd.	-	Financial assets at fair value through profit or loss	4,348,680	26,366	6.47	26,366	
	Foresee Pharmaceuticals Co., Ltd.	-	Financial assets at fair value through profit or loss	1,465,107	127,611	1.44	127,611	
	Jochu Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	4,746,720	91,374	5.27	91,374	
	Kaohsiung Rapid Transit Corporation.	-	Financial assets at fair value through profit or loss	3,845,330	12,282	1.38	12,282	
	STL Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	2,743,026	59,661	4.43	59,661	
	DragonJet Corporation	-	Financial assets at fair value through profit or loss	3,534,481	26,288	4.77	26,288	
	Vactronics Technologies Inc.	-	Financial assets at fair value through profit or loss	2,633,241	30,582	5.28	30,582	
	Terawins, Inc.	-	Financial assets at fair value through profit or loss	1,913,996	7,279	6.30	7,279	
	Mosart Semiconductor Corp.	-	Financial assets at fair value through profit or loss	2,731,098	24,979	10.57	24,979	
	EVA Technologies Co., Ltd.	-	Financial assets at fair value through profit or loss	2,150,536	12,633	10.43	12,633	
	Overseas Investment & Development Corp.	-	Financial assets at fair value through profit or loss	2,600,000	9,102	2.89	9,102	
	Microprogram Co., Ltd.	-	Financial assets at fair value through profit or loss	2,550,000	32,135	7.95	32,135	
	Excelsior Medical Co., Ltd.	-	Financial assets at fair value through profit or loss	33,000	103,165	4.81	103,165	
	JHL. Biotech, Inc.	-	Financial assets at fair value through profit or loss	8,382,844	168,341	3.55	168,341	
	Easten Power and Electric Company Limited	-	Financial assets at fair value through profit or loss	3,201,019	118,505	12.00	118,505	
	Chime Biologicis Limited	-	Financial assets at fair value through profit or loss	8,382,844	150,692	3.55	150,692	
	Beauty Essentials International Ltd.	-	Financial assets at fair value through profit or loss	86,503,067	166,110	8.02	166,110	
	Neo Solar Power Corp.	-	Financial assets at fair value through profit or loss	3,675,000	32,274	0.14	32,274	
	Lightel Technologies, Inc. - preferred stock	-	Financial assets at fair value through profit or loss	3,000,000	75,063	43.44	75,063	
	Apexigen, Inc. - preferred stock	-	Financial assets at fair value through profit or loss	4,970,588	224,351	12.68	224,351	
	CDIB Capital Management Corporation	Subsidiary	Investments accounted for using the equity method	33,093,889	590,343	100.00	590,343	
	CDIB & Partners Investment Holding Corporation	Associate	Investments accounted for using the equity method	313,200,000	4,387,870	28.71	4,387,870	
	CDIB Capital Creative Industries Limited	Associate	Investments accounted for using the equity method	42,680,000	381,945	38.80	381,945	
	CDIB Capital Healthcare Ventures Limited	Associate	Investments accounted for using the equity method	58,250,000	615,622	33.29	615,622	
	CDIB Venture Capital Corporation	Subsidiary	Investments accounted for using the equity method	476,213,353	4,031,331	100.00	4,031,331	
	CDIB Bio Science Ventures I, Inc.	Associate	Investments accounted for using the equity method	4,431,405	31,976	20.00	31,976	
	CDIB Venture Capital (Hong Kong) Corporation Limited	Subsidiary	Investments accounted for using the equity method	1,010,000,000	3,511,582	100.00	3,511,582	
	CDIB Bioscience Venture Management (BVI), Inc.	Associate	Investments accounted for using the equity method	112,500	3,650	30.00	3,650	
	CDIB Capital Innovation Accelerator Ltd.	Associate	Financial assets at fair value through profit or loss	30,000,000	308,266	35.71	308,266	
	CDIB Capital Investment II Limited	Subsidiary	Investments accounted for using the equity method	45,000,000	1,354,880	100.00	1,354,880	
	CDIB Global Markets Limited	Subsidiary	Investments accounted for using the equity method	339,392	6,233,820	100.00	6,233,820	

(Continued)

Holding Company	Marketable Securities Type and Issuer	Relationship with the Holding Company	Financial Statement Account	September 30, 2020				Note
				Shares/Face Value/Units	Carrying Value	Percentage of Ownership (Note 2)	Fair Value	
CDIB Capital Group	CDIB Capital Investment I Limited	Subsidiary	Investments accounted for using the equity method	132,800,000	$ 7,177,546	100.00	$ 7,177,546	
	CDIB Capital International Corporation	Subsidiary	Investments accounted for using the equity method	4,700,000	622,854	100.00	622,854	
	Fund							
	Samara Capital Partners Fund I Limited	-	Financial assets at fair value through profit or loss	-	42,286	-	42,286	
	THL Equity Fund VI Investors (Ceridian), L.P.	-	Financial assets at fair value through profit or loss	-	12,525	-	12,525	
	Government bonds							
	A00109	-	Financial assets at fair value through other comprehensive income	7,000,000	7,074	-	7,074	
	A01105	-	Financial assets at fair value through other comprehensive income	100,000,000	101,562	-	101,562	
CDIB Capital Management Inc.	Stocks							
	ARCOA Communication Co., Ltd.	-	Financial assets at fair value through profit or loss	783,000	9,904	0.58	9,904	
	EVA Technologies Co., Ltd.	-	Financial assets at fair value through profit or loss	297,623	1,748	1.44	1,748	
	CDIB Capital Innovation Advisors Corporation	Subsidiary	Investments accounted for using the equity method	1,200,000	14,931	60.00	14,931	
	CDIB Capital Creative Industries Limited	Associate	Investments accounted for using the equity method	1,100,002	9,844	1.00	9,844	
	CDIB Capital Healthcare Ventures Limited	Associate	Investments accounted for using the equity method	1,750,000	18,495	1.00	18,495	
	CDIB Private Equity (Hong Kong) Corporation Limited	Subsidiary	Investments accounted for using the equity method	51,900,000	326,363	100.00	326,363	
	Funds							
	CDIB Capital Growth Partners L.P.	Associate	Financial assets at fair value through profit or loss	-	26,251	-	26,251	
	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	-	80,826	-	80,826	
CDIB Private Equity (Hong Kong) Corporation Limited	Stocks							
	CDIB Private Equity (China) Corporation	Subsidiary	Investments accounted for using the equity method	-	HK$ 70,213	100.00	HK$ 70,213	
	CDIB Private Equity Management (Fujian) Enterprise (Limited Partnership)	Subsidiary	Investments accounted for using the equity method	-	HK$ 7,232	56.00	HK$ 7,232	
	CDIB Yida Private Equity Management (Kunshan) Enterprise (Limited Partnership)	Subsidiary	Investments accounted for using the equity method	-	HK$ 3,643	27.08	HK$ 3,643	
CDIB Private Equity (China) Corporation	Stocks							
	CDIB Private Equity (Fujian) Co., Ltd.	Subsidiary	Investments accounted for using the equity method	-	CNY 13,745	70.00	CNY 13,745	
	CDIB Yida Private Equity (Kunshan) Co., Ltd.	Subsidiary	Investments accounted for using the equity method	-	CNY 14,459	65.00	CNY 14,459	
CDIB Private Equity (Fujian) Co., Ltd.	Stocks							
	CDIB Private Equity Management (Fujian) Enterprise (Limited Partnership)	Subsidiary	Investments accounted for using the equity method	-	CNY 2,273	20.00	CNY 2,273	
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 6,904	58.33	CNY 6,904	
	Funds							
	Kunshan Yida Healthcare Private Equity Enterprise (Limited Partnership)	Associate	Financial assets at fair value through profit or loss	-	CNY 2,840	-	CNY 2,840	
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 10,146	-	CNY 10,146	
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 9,521	-	CNY 9,521	
CDIB Venture Capital Corporation	Stocks							
	Azotek Co., Ltd.	-	Financial assets at fair value through profit or loss	989,400	16,578	0.00	16,578	
	Yenyo Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	500,000	3,814	1.24	3,814	
	Hotai Finance Corporation	-	Financial assets at fair value through profit or loss	1,297,000	105,965	0.25	105,965	
	Fukuta Co., Ltd.	-	Financial assets at fair value through profit or loss	1,872,753	178,338	4.68	178,338	

(Continued)

Holding Company	Marketable Securities Type and Issuer	Relationship with the Holding Company	Financial Statement Account	September 30, 2020				Note
				Shares/Face Value/Units	Carrying Value	Percentage of Ownership (Note 2)	Fair Value	
CDIB Venture Capital Corporation	Handa Pharmaceuticals Inc.	-	Financial assets at fair value through profit or loss	2,809,000	$ 60,646	2.43	$ 60,646	
	Sustainable Development Co., Ltd.	-	Financial assets at fair value through profit or loss	500,000	50,000	1.51	50,000	
	Regal Holding Co., Ltd.	-	Financial assets at fair value through profit or loss	1,101,000	31,819	2.87	31,819	
	Happyfan7 Co., Ltd.	-	Financial assets at fair value through profit or loss	4,833,316	224,191	13.20	224,191	
	Sino-American Silicon Products Inc.	-	Financial assets at fair value through profit or loss	3,114,000	301,435	0.53	301,435	
	Fusheng Precision Co., Ltd.	-	Financial assets at fair value through profit or loss	788,000	138,294	0.60	138,294	
	M2Communication, Inc.	-	Financial assets at fair value through profit or loss	3,238,763	9,842	12.78	9,842	
	GSD Technologies Co., Ltd.	-	Financial assets at fair value through profit or loss	2,650,702	168,055	7.80	168,055	
	Jochu Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	3,725,007	71,706	4.14	71,706	
	STL Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	5,528,901	120,254	8.92	120,254	
	Taiwan Microloops Corp.	-	Financial assets at fair value through profit or loss	1,000,000	45,000	2.67	45,000	
	Greatland Electronics Taiwan Ltd.	-	Financial assets at fair value through profit or loss	1,920,000	12,284	5.50	12,284	
	Excelsior Medical Co., Ltd.	-	Financial assets at fair value through profit or loss	33,000	103,165	4.81	103,165	
	Cvie Therapeutics Company Limited	-	Financial assets at fair value through profit or loss	560,000	18,645	4.15	18,645	
	Viscovery (Cayman) Holding Company Limited	-	Financial assets at fair value through profit or loss	195,317	5,689	1.85	5,689	
	Kkday.com International Company Limited	-	Financial assets at fair value through profit or loss	3,000,000	28,025	0.93	28,025	
	I-Serve Holding Ltd.	-	Financial assets at fair value through profit or loss	2,232,219	117,852	4.17	117,852	
	Hartec Asia Pte. Ltd.	-	Financial assets at fair value through profit or loss	2,800,000	83,099	10.23	83,099	
	Windtree Therapeutic, Inc.	-	Financial assets at fair value through profit or loss	198,184	31,748	11.74	31,748	
	United Renewable Energy Co., Ltd.	-	Financial assets at fair value through profit or loss	5,105,377	44,836	0.19	44,836	
	Happyfan7 Co., Ltd. - preferred stock	-	Financial assets at fair value through profit or loss	833,348	38,259	75.00	38,259	
	iCHEF Co., Ltd. - preferred stock	-	Financial assets at fair value through profit or loss	11,167,513	85,644	40.74	85,644	
	4Gamers Entertainment Inc. - Preferred stock	-	Financial assets at fair value through profit or loss	24,000	15,379	20.00	15,379	
	Viscovery (Cayman) Holding Company Limited - Preferred stock	-	Financial assets at fair value through profit or loss	304,878	8,880	8.20	8,880	
	Citiesocial Holding Cayman Co., Ltd. - Preferred stock	-	Financial assets at fair value through profit or loss	479,635	14,563	18.18	14,563	
	Uimbo CV Inc. - Preferred stock	-	Financial assets at fair value through profit or loss	1,394,145	20,388	10.29	20,388	
	CCMODA Corp. - Preferred stock	-	Financial assets at fair value through profit or loss	666,666	7,431	20.00	7,431	
	Asia Parents Holdings Limited	-	Financial assets at fair value through profit or loss	248,889	16,311	14.74	16,311	
	Kneron Holding Corporation - Preferred stock	-	Financial assets at fair value through profit or loss	1,391,752	181,602	9.00	181,602	
	Elixiron Immunotherapeutics (Cayman) Limited - Preferred stock	-	Financial assets at fair value through profit or loss	4,559,686	87,378	26.09	87,378	
	Cloud Mile Inc. -Preferred stock	-	Financial assets at fair value through profit or loss	502,934	17,476	10.00	17,476	
	Zentera Systems, Inc. - Preferred stock	-	Financial assets at fair value through profit or loss	1,324,503	75,348	39.35	75,348	
	FUNP Co., Ltd. - Preferred stock	-	Financial assets at fair value through profit or loss	400,000	41,941	20.00	41,941	
	Achieve Made International Limited - Preferred stock	-	Financial assets at fair value through profit or loss	168,138	12,815	6.67	12,815	
	Viscovery (Cayman) Holding Company Limited - Preferred stock A	-	Financial assets at fair value through profit or loss	200,000	5,825	10.96	5,825	
	CCMODA Corp. - Preferred stock A	-	Financial assets at fair value through profit or loss	465,116	5,184	9.06	5,184	
	FunNow Ltd. - Preferred stock A	-	Financial assets at fair value through profit or loss	185,184	32,511	20.00	32,511	
	4Gamers Entertainment Inc. - Preferred stock B	-	Financial assets at fair value through profit or loss	8,727	5,592	4.80	5,592	
	Kkday.com International Company Limited - Preferred stock B	-	Financial assets at fair value through profit or loss	5,654,616	52,823	8.66	52,823	
	Traveler Co., Ltd. - Preferred stock B	-	Financial assets at fair value through profit or loss	32,077	23,301	10.85	23,301	
	Kkday.com International Company Limited - Preferred stock C	-	Financial assets at fair value through profit or loss	5,708,170	53,324	2.47	53,324	
	Fractyl Laboratories, Inc. - Preferred stock E	-	Financial assets at fair value through profit or loss	1,305,574	163,106	10.26	163,106	
	Achieve Made International Limited - Preferred stock E	-	Financial assets at fair value through profit or loss	336,276	25,631	10.00	25,631	
	Kuo Heng Investment Holding Corp.	Associate	Investments accounted for using the equity method	5,000,000	47,940	38.46	47,940	
	Funds							
	CDIB Capital Growth Partners L.P.	Associate	Financial assets at fair value through profit or loss	-	645,222	-	645,222	
	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	-	161,810	-	161,810	
	Corporate bond							
	Capital Excel Investment Limited	-	Financial assets at fair value through profit or loss	-	40,103	-	40,103	
	Convertible (exchange) corporate bond							
	Viscovery (Cayman) Holding Company Limited	-	Financial assets at fair value through profit or loss	-	8,738	-	8,738	
	FunNow Ltd.	-	Financial assets at fair value through profit or loss	-	11,650	-	11,650	

(Continued)

Holding Company	Marketable Securities Type and Issuer	Relationship with the Holding Company	Financial Statement Account	September 30, 2020				Note
				Shares/Face Value/Units	Carrying Value	Percentage of Ownership (Note 2)	Fair Value	
CDIB Venture Capital (Hong Kong) Corporation Limited	Fund							
	CDIB Private Equity (Fujian) Enterprise (Limited Partnership)	Associate	Investments accounted for using the equity method	-	HK$ 371,180	-	HK$ 371,180	
	CDIB Yida Private Equity (Kunshan) Enterprise (Limited Partnership)	Associate	Investments accounted for using the equity method	-	HK$ 304,558	-	HK$ 304,558	
	Kunshan Yida Healthcare Private Equity Enterprise (Limited Partnership)	Associate	Financial assets at fair value through profit or loss	-	HK$ 94,745	-	HK$ 94,745	
CDIB Capital Investment I Limited	Stocks							
	Best Inc.	-	Financial assets at fair value through profit or loss	1,500,000	US$ 4,500	0.38	US$ 4,500	
	Casper Sleep, Inc.	-	Financial assets at fair value through profit or loss	266,690	US$ 1,918	2.63	US$ 1,918	
	K Health, Inc.	-	Financial assets at fair value through profit or loss	4,834	US$ 80	0.03	US$ 80	
	CCAP Best Logistics Holdings Limited	-	Financial assets at fair value through profit or loss	1,000	US$ 1,656	11.11	US$ 1,656	
	Mestay Cayman Islands Limited - Preferred stock	-	Financial assets at fair value through profit or loss	13,722,047	US$ 1,137	3.40	US$ 1,137	
	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	1,107,165	US$ 554	1.31	US$ 554	
	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$ 8,235	1.70	US$ 8,235	
	Viking 3 Holdings Corporation - Preferred stock	-	Financial assets at fair value through profit or loss	18,000,000	US$ 21,645	100.00	US$ 21,645	
	SCBS 1 Holding Corporation	Subsidiary	Investments accounted for using the equity method	3,578	US$ 2,828	100.00	US$ 2,828	
	CDIB X Finance I Holding Limited	Subsidiary	Investments accounted for using the equity method	500	US$ 500	100.00	US$ 500	(Note 5)
	Fund							
	Carlyle Asia Partners II, L. P.	-	Financial assets at fair value through profit or loss	-	US$ 132	-	US$ 132	
	KKR Talk Co-invest L.P.	-	Financial assets at fair value through profit or loss	-	US$ 12,505	-	US$ 12,505	
	CC KDC CO-INVEST L.P.	-	Financial assets at fair value through profit or loss	-	US$ 30,816	-	US$ 30,816	
	Ripley Cable Holdings I, L.P.	-	Financial assets at fair value through profit or loss	-	US$ 961	-	US$ 961	
	MSD Sports Partners, L.P.	-	Financial assets at fair value through profit or loss	-	US$ 340	-	US$ 340	
	BCP QualTek Investor Holdings, L.P.	-	Financial assets at fair value through profit or loss	-	US$ 10,409	-	US$ 10,409	
	CDIB Capital Global Opportunities Fund L.P.	Associate	Financial assets at fair value through profit or loss	-	US$ 7,909	-	US$ 7,909	
	CDIB Capital Asia Partners L.P.	Associate	Investments accounted for using the equity method	-	US$ 81,529	-	US$ 81,529	
	Corporate bond							
	Garden Fresh (HK) Fruit & Vegetable Beverage Co., Ltd.	-	Financial assets at fair value through profit or loss	41,875,000	US$ 7,021	-	US$ 7,021	
	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$ 9,994	-	US$ 9,994	
	Mestay Cayman Islands Limited	-	Financial assets at fair value through profit or loss	7,013,490	US$ 1,000	-	US$ 1,000	
SCBS 1 Holding Corporation	Stocks							
	Simplify Compliance Holdings, LLC	-	Financial assets at fair value through profit or loss	2,833,333	US$ 2,681	2.91	US$ 2,681	
CDIB Capital Investment II Limited	Stocks							
	Great Rich Technologies Limited	-	Financial assets at fair value through profit or loss	1,660,000	US$ 1,992	2.46	US$ 1,992	
	Techmate Korea Daebu Co., Ltd.	-	Financial assets at fair value through profit or loss	45,600	US$ 2,687	10.00	US$ 2,687	
	Indostar Capital	-	Financial assets at fair value through profit or loss	631,701	US$ 7,717	2.88	US$ 7,717	
	Indostar Everstone - Preferred stock	-	Financial assets at fair value through profit or loss	860,332	US$ 10,461	8.12	US$ 10,461	
	Corporate bond							
	Techmate Korea Daebu Co., Ltd.	-	Debt investments measured at amortized cost	22,497,515,793	US$ 18,474	-	US$ 18,474	
CDIB Global Markets Limited	Stocks							
	Flemingo International (BVI) Ltd. - Preferred stock	-	Financial assets at fair value through profit or loss	1,048	US$ 35,740	50.19	US$ 35,740	
	Osaro, Inc. - Preferred stock B	-	Financial assets at fair value through profit or loss	510,958	US$ 3,000	100.00	US$ 3,000	

(Continued)

Holding Company	Marketable Securities Type and Issuer	Relationship with the Holding Company	Financial Statement Account	September 30, 2020				Note
				Shares/Face Value/Units	Carrying Value	Percentage of Ownership (Note 2)	Fair Value	
CDIB Global Markets Limited	<u>Fund</u>							
	Huaxing Capital Partners II LP	-	Financial assets at fair value through profit or loss	-	US$ 9,026	-	US$ 9,026	
	CX Partners Fund Alpha Limited	-	Financial assets at fair value through profit or loss	-	US$ 2,896	-	US$ 2,896	
	Carlyle Asia Partners III, L.P.	-	Financial assets at fair value through profit or loss	-	US$ 991	-	US$ 991	
	Riverwood Capital Partners L.P.	-	Financial assets at fair value through profit or loss	-	US$ 4,024	-	US$ 4,024	
	ECP II (Cayman) Ltd. A	-	Financial assets at fair value through profit or loss	-	US$ 3,978	-	US$ 3,978	
	Sino-Century China Private Equity II L. P.	-	Financial assets at fair value through profit or loss	-	US$ 139	-	US$ 139	
	KKR Asian Fund II L.P.	-	Financial assets at fair value through profit or loss	-	US$ 6,449	-	US$ 6,449	
	Carlyle Asia Partners IV, L.P.	-	Financial assets at fair value through profit or loss	-	US$ 17,782	-	US$ 17,782	
	Carlyle Giovanna Partners, L.P.	-	Financial assets at fair value through profit or loss	-	US$ 80	-	US$ 80	
	Tenaya Capital V, L.P.	-	Financial assets at fair value through profit or loss	-	US$ 1,974	-	US$ 1,974	
	THL Equity Fund VI Investors (Ceridian), L.P.	-	Financial assets at fair value through profit or loss	-	US$ 215	-	US$ 215	
	Platinum Equity Capital Partners II, L.P.	-	Financial assets at fair value through profit or loss	-	US$ 578	-	US$ 578	
	Industry Ventures Fund VI, L.P.	-	Financial assets at fair value through profit or loss	-	US$ 1,659	-	US$ 1,659	
	Platinum Equity Capital Partners III, L.P.	-	Financial assets at fair value through profit or loss	-	US$ 4,972	-	US$ 4,972	
	Tenaya Capital VI, LP	-	Financial assets at fair value through profit or loss	-	US$ 7,138	-	US$ 7,138	
	Formation8 Partners Fund I, L.P.	-	Financial assets at fair value through profit or loss	-	US$ 7,978	-	US$ 7,978	
	Blue Point Capital Partners III, L.P.	-	Financial assets at fair value through profit or loss	-	US$ 5,324	-	US$ 5,324	
	Riverwood Capital Partners II L.P.	-	Financial assets at fair value through profit or loss	-	US$ 24,099	-	US$ 24,099	
	THL Equity Fund VI Investors (Ceridian) VI, L.P.	-	Financial assets at fair value through profit or loss	-	US$ 319	-	US$ 319	
CDIB Capital International Corporation	<u>Stocks</u>							
	CDIB Capital International (Hong Kong) Corporation Limited	Subsidiary	Investments accounted for using the equity method	15,400,000	US$ 5,278	100.00	US$ 5,278	
	CDIB Capital International (Korea) Corporation	Subsidiary	Investments accounted for using the equity method	557,678	US$ 1,683	100.00	US$ 1.683	
	CDIB Capital International (USA) Corporation	Subsidiary	Investments accounted for using the equity method	8,000,000	US$ 2,748	100.00	US$ 2,748	
	CDIB Capital Asia Partners Limited	Subsidiary	Investments accounted for using the equity method	100	US$ 48	100.00	US$ 48	
	CDIB Intelligence Partners Limited	Subsidiary	Investments accounted for using the equity method	-	US$ -	100.00	US$ -	(Note 6)
China Development Asset Management Corp.	<u>Stocks</u>							
	Waterland Securities Co., Ltd.	-	Financial assets at fair value through profit or loss	8,570,388	55,442	1.07	55,442	
	Victor Taichung Machinery Works Co., Ltd.	-	Financial assets at fair value through profit or loss	94,266	173	0.05	173	
	Pine Street Asset Management Corp.	-	Financial assets at fair value through other comprehensive income	3,886,190	16,263	12.25	16,263	
CDIB Management Consulting Corp.	<u>Stocks</u>							
	CDC Finance & Leasing Corp.	Subsidiary	Investments accounted for using the equity method	58,328,460	643,989	76.04	643,989	
	CDIB International Leasing Corp.	Subsidiary	Investments accounted for using the equity method	-	114,819	100.00	114,819	
CDC Finance & Leasing Corp.	<u>Stocks</u>							
	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	<u>Stocks</u>							
	Dragon Investment Fund I Co., Ltd.	-	Financial assets at fair value through profit or loss	612,519	US$ 57	6.48	US$ 57	
	KG Investments Holdings Limited	Subsidiary	Investments accounted for using the equity method	156,864,163	US$ 514,639	100.00	US$ 514,639	
	KGI Investment Advisory (Shanghai) Co., Ltd.	Subsidiary	Investments accounted for using the equity method	-	US$ 802	100.00	US$ 802	
KGI Venture Capital Co., Ltd.	<u>Stocks</u>							
	WinWay Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	240,000	102,600	0.79	102,600	
	Jmc Electronics Co., Ltd.	-	Financial assets at fair value through profit or loss	230,000	10,960	0.28	10,960	
	Top Bright Holding Co., Ltd.	-	Financial assets at fair value through profit or loss	185,000	24,698	0.36	24,698	
	Drewloong Precision, Inc.	-	Financial assets at fair value through profit or loss	100,614	7,828	0.28	7,828	
	Yield Microelectronics Corp.	-	Financial assets at fair value through profit or loss	200,000	8,460	0.75	8,460	
	Deluxe Technology Group.	-	Financial assets at fair value through profit or loss	542,149	5,260	0.88	5,260	
	San Neng Group Holdings Co., Ltd.	-	Financial assets at fair value through profit or loss	209,000	7,858	0.34	7,858	
	Sustainable Development Co., Ltd.	-	Financial assets at fair value through profit or loss	206,335	20,634	0.62	20,634	
	Gingy Technology Inc.	-	Financial assets at fair value through profit or loss	419,865	3,736	2.49	3,736	
	UPI Semiconductor Corp.	-	Financial assets at fair value through profit or loss	190,665	9,002	0.27	9,002	

(Continued)

Holding Company	Marketable Securities Type and Issuer	Relationship with the Holding Company	Financial Statement Account	September 30, 2020				Note
				Shares/Face Value/Units	Carrying Value	Percentage of Ownership (Note 2)	Fair Value	
KGI Venture Capital Co., Ltd.	Wiltrom Co., Ltd.	-	Financial assets at fair value through profit or loss	374,000	$ 18,326	1.42	$ 18,326	
	Yongda Food Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	1,100,000	7,845	4.02	7,845	
	Asia Metal Industries, Inc.	-	Financial assets at fair value through profit or loss	650,000	51,935	3.60	51,935	
	Allied Supreme Corporation	-	Financial assets at fair value through profit or loss	430,000	45,399	0.63	45,399	
	Chen Feng Optronics Corporation	-	Financial assets at fair value through profit or loss	1,637,171	36,018	2.56	36,018	
	Young Shine Electric Co., Ltd.	-	Financial assets at fair value through profit or loss	899,000	48,546	4.50	48,546	
	Mutual-Tek Industries Co., Ltd.	-	Financial assets at fair value through profit or loss	1,000,000	10,600	1.22	10,600	
	Welltech Energy Inc.	-	Financial assets at fair value through profit or loss	2,222,000	29,997	5.86	29,997	
	AMPAK Technology Inc.	-	Financial assets at fair value through profit or loss	2,000,000	104,000	3.32	104,000	
	Taiwan Advanced Nanotech Inc.	-	Financial assets at fair value through profit or loss	549,713	41,228	2.60	41,228	
	Convertible (exchange) corporate bond							
	Taiwan Chinsan Electronic Industrial Co., Ltd.	-	Financial assets at fair value through profit or loss	-	8,316	-	8,316	
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	-	20,217	-	20,217	

Note 1: The Group recognized the related income or loss of investees as required by regulations.

Note 2: The preferred shares held divided by the number of preferred shares outstanding is the percentage of ownership.

Note 3: No securities were treated as collaterals or warrants.

Note 4: The above companies which are the subsidiaries of the Corporation were eliminated from the consolidated financial statements.

Note 5: CDIB X Finance I Holding Limited conducted registration establishment on September 2, 2020.

Note 6: CDIB Intelligence Partners Limited conducted registration establishment on February 28, 2020, however, CDIB Intelligence Partners Limited had not invested any capital as of September 30, 2020.

(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 NINE MONTHS ENDED SEPTEMBER 30, 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 Group	Funds THL Equity Fund VI Investors (Ceridian), L.P.	Financial assets at fair value through profit or loss	-	-	-	60,650 (Note 1)	-	-	-	357,900	60,650 (Note 1)	297,250	-	- (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$ 18,474 (Note 2)	-	-	-	-	22,497,515,793	US$ 18,474

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), adjustment of amortization of discount US$391 thousand, exchange gain US$87 thousand and accumulated impairment loss US$469 thousand.

TABLE 5

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO NT$300 MILLION OR 10% OF THE PAID-IN CAPITAL
SEPTEMBER 30, 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	$ 519,807 (Note 1)	-	$ -	-	$ -	$ -
	KGI Bank	Subsidiary	714,190 (Note 1)	-	-	-	-	-
	KGI Securities Co., Ltd.	Subsidiary	980,581 (Note 1)	-	-	-	-	-
China Life Insurance Co., Ltd.	KGI Bank	Subsidiary of the parent company	969,134	-	-	-	969,134	-
Richpoint Company Limited	KGI International (Hong Kong) Limited	Subsidiary	874,181	-	-	-	291,661	-
KGI International (Hong Kong) Limited	PT KGI Sekuritas Indonesia	Subsidiary of the parent company	466,834	-	-	-	818	-
	KGI Asia Limited	Subsidiary of the parent company	984,342	-	-	-	984,342	-
KGI Securities (Singapore) Pte. Ltd	KGI Asia Limited	Subsidiary of the parent company	390,604	-	-	-	390,604	-
	KGI Securities (Thailand) Public Company Limited	Associate	335,959	-	-	-	335,959	-
KGI Asia Limited	KGI International (Hong Kong) Limited	Subsidiary of the parent company	562,423	-	-	-	562,423	-

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
SEPTEMBER 30, 2020

Consolidated entities

Investor Company	Subsidiaries	Main Business and Products	Percentage of Ownership			Note
			September 30, 2020	December 31, 2019	September 30, 2019	
The Corporation	CDIB Capital Group	Venture fund	100.00	100.00	100.00	
	KGI Securities Co., Ltd.	Financial service	100.00	100.00	100.00	
	KGI Bank	Commercial bank	100.00	100.00	100.00	
	China Development Asset Management Corp.	Trading and management of nonperforming loans of financial institutions	100.00	100.00	100.00	
	China Life Insurance Co., Ltd.	Life insurance	26.16	26.16	26.16	(Note 1)
CDIB Capital Group	CDIB Capital Management Corporation	Management and consulting	100.00	100.00	100.00	
	CDIB Venture Capital Corporation	Venture fund	100.00	100.00	100.00	
	CDIB Venture Capital (Hong Kong) Corporation Limited	Investment	100.00	-	-	(Note 2)
	CDIB Global Markets Limited	Investment	100.00	100.00	100.00	
	CDIB Capital Investment I Limited	Investment	100.00	100.00	100.00	
	CDIB Capital Investment II Limited	Investment	100.00	100.00	100.00	
	CDIB Capital International Corporation	Private equity advisory service	100.00	100.00	100.00	
CDIB Capital International Corporation	CDIB Capital International (Hong Kong) Corporation Limited	Private equity advisory service	100.00	100.00	100.00	
	CDIB Capital International (USA) Corporation	Private equity advisory service	100.00	100.00	100.00	
	CDIB Capital 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 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 X Finance I Holding Limited	Private equity advisory service	100.00	-	-	
CDIB Venture Capital Corporation	CDIB Venture Capital (Hong Kong) Corporation Limited	Venture fund	-	100.00	100.00	(Note 2)
CDIB Capital Management Corporation	CDIB Private Equity (Hong Kong) Corporation Limited	Management and consulting	100.00	100.00	100.00	
	CDIB Capital Innovation Advisors Corporation	Management and consulting	60.00	60.00	60.00	
CDIB Private Equity (Hong Kong) Corporation Limited	CDIB Yida Private Equity Management (Kunshan) Enterprise (Limited Partnership)	Fund management	27.08	27.08	27.08	
	CDIB Private Equity (China) Corporation	Management and consulting	100.00	100.00	100.00	
	CDIB Private Equity Management (Fujian) Enterprise (Limited Partnership)	Fund management	56.00	56.00	56.00	

(Continued)

Investor Company	Subsidiaries	Main Business and Products	Percentage of Ownership September 30, 2020	Percentage of Ownership December 31, 2019	Percentage of Ownership September 30, 2019	Note
CDIB Private Equity (China) Corporation	CDIB Yida Private Equity (Kunshan) Co., Ltd.	Fund management	65.00	65.00	65.00	
	CDIB Private Equity (Fujian) Co., Ltd.	Fund management	70.00	70.00	70.00	
CDIB Private Equity (Fujian) Co., Ltd.	CDIB Private Equity Management (Fujian) Enterprise (Limited Partnership)	Fund management	20.00	20.00	20.00	
CDIB Yida Private Equity (Kunshan) Co., Ltd.	CDIB Yida Private Equity Management (Kunshan) Enterprise (Limited Partnership)	Fund management	58.34	58.34	58.34	
KGI Securities Co., Ltd.	Richpoint Company Limited	Investment holdings	100.00	100.00	100.00	
	KGI Securities Investment Advisory Co., Ltd.	Security investment consulting	100.00	100.00	100.00	
	KGI Insurance Brokers Co., Ltd.	Life/property insurance brokers	100.00	100.00	100.00	
	KGI Venture Capital Co., Ltd.	Venture fund	100.00	100.00	100.00	
	KGI Securities Investment Trust Co., Ltd.	Nominee services, discretionary investment services	100.00	100.00	100.00	
	KGI Futures Co., Ltd.	Futures investment services	99.61	99.61	99.61	
	Global Corporation	Investment consulting, management consulting	-	22.07	22.07	(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	
	KGI International Limited	Investment holdings	100.00	100.00	100.00	
	Bauhinia 88 Ltd.	Investment holdings	-	100.00	100.00	
	KGI Korea Limited	Investment holdings	100.00	-	-	(Note 6)
KGI Limited	KGI Futures (Hong Kong) Limited	Futures brokerage and settlement services	100.00	100.00	100.00	
	Global Treasure Investments Limited	Investment services	100.00	100.00	100.00	
	KGI Investments Management Limited	Insurance brokerage	100.00	100.00	100.00	
	KGI International Finance Limited	Investment and financing services	100.00	100.00	100.00	
	KGI Hong Kong Limited	Management and consulting	100.00	100.00	100.00	
	KGI Asia Limited	Securities investment	100.00	100.00	100.00	
	KGI Capital Asia Limited	Securities investment	100.00	100.00	100.00	
	KGI Asset Management Limited	Asset management	100.00	100.00	100.00	
	KGI Nominees (Hong Kong) Limited	Trust agent	100.00	100.00	100.00	
Supersonic Services Inc.	KGI Korea Limited	Investment holdings	-	100.00	100.00	(Note 6)
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	

(Continued)

Investor Company	Subsidiaries	Main Business and Products	Percentage of Ownership			Note
			September 30, 2020	December 31, 2019	September 30, 2019	
KGI Capital Asia Limited	KGI Alliance Corporation	Investment services	-	100.00	100.00	
	KGI International (Hong Kong) Limited	Derivative product services	100.00	100.00	100.00	
	KGI Finance Limited	Investment and financing services	100.00	100.00	100.00	
	PT KGI Sekuritas Indonesia	Securities investment	99.00	99.00	99.00	
KGI Asia (Holdings) Pte. Ltd.	KGI Securities (Singapore) Pte. Ltd.	Securities and futures investment services	100.00	100.00	100.00	
KGI Bank	CDIB Management Consulting Corporation	Management and consulting	100.00	100.00	100.00	
CDIB Management Consulting Corporation	CDC Finance & Leasing Corp.	Leasing	76.04	76.04	76.04	
	CDIB International Leasing Corp.	Leasing	100.00	100.00	100.00	

Note 1: The Corporation and the subsidiary, KGI securities Co., Ltd., jointly held 34.82% of shares of China Life Insurance Co., Ltd. on September 30, 2020, December 31, 2019 and September 30, 2019, respectively.

Note 2: CDIB Venture Capital Corporation's board of the shareholders meeting on July 20, 2020, that 100% of the CDIB Venture Capital (Hong Kong) Corporation Limited holdings were transferred to CDIB Capital Group through physical capital reduction, and July 27, 2020 was set as the reference date for physical capital reduction

Note 3: CDIB Intelligence Partners Limited conducted registration of establishment on February 28, 2020, however, CDIB Intelligence Partners Limited had not invested any capital as of September 30, 2020.

Note 4: KGI Securities Co., Ltd. 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. On June 5, 2020, the shareholder's meeting resolved to institute a process of liquidation on July 1, 2020. KGI Securities Co., Ltd loss control of Global Corporation Ltd from the shareholder's meeting resolved date.

Note 6: KGI Korea Limited 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.

(Concluded)

TABLE 7

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

CONDENSED BALANCE SHEETS AND STATEMENTS OF COMPREHENSIVE INCOME

The Corporation

1. Balance sheets

(In Thousands of New Taiwan Dollars)

Assets	**September 30, 2020**	**December 31, 2019**	**September 30, 2019**
Cash and cash equivalents	$ 7,596,234	$ 2,914,480	$ 3,415,689
Receivables, net	59,610	49,216	53,286
Current tax assets	2,462,082	2,013,945	1,972,375
Investments accounted for using the equity method, net	208,632,730	214,485,554	211,567,725
Other financial assets	300	300	300
Right-of-use assets, net	22,445	6,285	5,132
Property and equipment, net	48,310	45,078	30,517
Other assets, net	34,203	37,747	53,152
Total	$ 218,855,914	$ 219,552,605	$ 217,098,176
Liabilities and Equity			
Liabilities			
Commercial paper payable, net	$ 4,499,804	$ 3,849,741	$ 4,299,809
Payables	856,739	937,194	728,909
Current tax liabilities	1,353,434	418,779	426,254
Bonds payable	23,000,000	23,000,000	23,000,000
Other borrowings	3,749,186	3,799,796	3,699,951
Provisions	12,070	12,807	5,436
Lease liabilities	22,131	6,555	5,456
Other liabilities	2,668	2,605	4,891
Total liabilities	33,496,032	32,027,477	32,170,706
Equity			
Capital			
Common stock	149,710,976	149,663,721	149,659,821
Advance receipts for capital stock	17,891	20,359	3,400
Capital surplus	1,333,784	1,093,745	1,006,817
Retained earnings			
Legal reserve	8,816,167	7,561,404	7,561,404
Special reserve	565,041	10,797,899	10,797,899
Unappropriated earnings	21,074,903	12,617,375	10,672,622
Other			
Exchange differences on translation of financial statements of foreign operations	(3,152,108)	(1,790,483)	(577,640)
Unrealized gain (loss) on equity instruments at fair value through other comprehensive income	3,061,514	1,556,416	972,553
Unrealized gain (loss) on debt instruments at fair value through other comprehensive income	11,929,285	7,794,213	8,537,963
Other comprehensive income (loss) reclassified using the overlay approach	(4,926,101)	1,347,757	(327,872)
Others	-	-	(263)
Treasury shares	(3,071,470)	(3,137,278)	(3,379,234)
Total equity	185,359,882	187,525,128	184,927,470
Total	$ 218,855,914	$ 219,552,605	$ 217,098,176

(Continued)

2. Statements of comprehensive income

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

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2020	**2019**	**2020**	**2019**
REVENUES				
Share of profit of subsidiaries, associates and joint ventures	$ 6,212,601	$ 3,147,436	$ 10,469,136	$ 11,671,589
Others	13,943	7,925	34,193	49,657
Total revenues	6,226,544	3,155,361	10,503,329	11,721,246
EXPENSES AND LOSSES				
Operating expenses	(419,766)	(305,526)	(929,982)	(927,567)
Others	(94,156)	(102,222)	(288,057)	(307,302)
Total expenses and losses	(513,922)	(407,748)	(1,218,039)	(1,234,869)
NET PROFIT BEFORE INCOME TAX	5,712,622	2,747,613	9,285,290	10,486,377
INCOME TAX BENEFIT (EXPENSE)	51,713	69,845	(494,032)	132,524
NET PROFIT FOR THE PERIOD	5,764,335	2,817,458	8,791,258	10,618,901
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	2,505,327	(778,696)	1,612,908	1,039,919
Income tax relating to the items that will not be reclassified subsequently to profit or loss	(388,813)	163,505	(431,387)	(7,625)
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	171,018	1,825,173	(3,518,504)	21,008,272
Income tax relating to the items that may be reclassified subsequently to profit or loss	(161,592)	(629,237)	18,092	(2,901,580)
Other comprehensive income (loss) for the period, net of income tax	2,125,940	580,745	(2,318,891)	19,138,986
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	$ 7,890,275	$ 3,398,203	$ 6,472,367	$ 29,757,887
BASIC EARNINGS PER SHARE	$0.39	$0.19	$0.60	$0.73
DILUTED EARNINGS PER SHARE	$0.39	$0.19	$0.60	$0.73

(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
Appropriation of 2018 earnings												
Legal reserve	-	-	-	785,269	-	(785,269)	-	-	-	-	-	-
Special reserve	-	-	-	-	10,232,858	(10,232,858)	-	-	-	-	-	-
Cash dividends - NT$0.245 per share	-	-	-	-	-	(3,666,666)	-	-	-	-	-	(3,666,666)
	-	-	-	785,269	10,232,858	(14,684,793)	-	-	-	-	-	(3,666,666)
Changes in capital surplus from investments in associates and joint ventures accounted for using the equity method	-	-	(391)	-	-	-	-	-	-	-	-	(391)
Issuance of cash dividends from capital surplus	-	-	(823,129)	-	-	-	-	-	-	-	-	(823,129)
Other change in capital surplus	-	-	54,273	-	-	-	-	-	-	-	-	54,273
Net profit for the nine months ended September 30, 2019	-	-	-	-	-	10,618,901	-	-	-	-	-	10,618,901
Other comprehensive income (loss) for the nine months ended September 30, 2019, net of income tax	-	-	-	-	-	232	352,669	14,656,691	4,129,394	-	-	19,138,986
Total comprehensive income (loss) for the nine months ended September 30, 2019	-	-	-	-	-	10,619,133	352,669	14,656,691	4,129,394	-	-	29,757,887
Disposal of the Corporation shares, as treasury shares	-	-	87,765	-	-	-	-	-	-	-	218,911	306,676
Adjustment to capital surplus due to distribution of dividends to subsidiary	-	-	123,668	-	-	-	-	-	-	-	-	123,668
Changes in percentage of ownership interests in subsidiaries	-	-	(67,610)	-	-	(1,043)	(23)	(11,727)	(5,322)	-	7,299	(78,426)
Share-based payments	37,009	(7,348)	1,249	-	-	(7,240)	-	-	-	1,076	-	24,746
Disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	-	(4,114)	-	4,114	-	-	-	-
Changes in special reserve of subsidiaries	-	-	-	-	-	(3,851)	-	-	-	-	-	(3,851)
BALANCE AT SEPTEMBER 30, 2019	$ 149,659,821	$ 3,400	$ 1,006,817	$ 7,561,404	$ 10,797,899	$ 10,672,622	$ (577,640)	$ 9,510,516	$ (327,872)	$ (263)	$ (3,379,234)	$ 184,927,470
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
Appropriation of 2019 earnings												
Legal reserve	-	-	-	1,254,763	-	(1,254,763)	-	-	-	-	-	-
Reversal of special reserve	-	-	-	-	(10,232,858)	10,232,858	-	-	-	-	-	-
Cash dividends - NT$0.6 per share	-	-	-	-	-	(8,982,659)	-	-	-	-	-	(8,982,659)
	-	-	-	1,254,763	(10,232,858)	(4,564)	-	-	-	-	-	(8,982,659)
Net profit for the nine months ended September 30, 2020	-	-	-	-	-	8,791,258	-	-	-	-	-	8,791,258
Other comprehensive income (loss) for the nine months ended September 30, 2020, net of income tax	-	-	-	-	-	1,235	(1,361,625)	5,315,357	(6,273,858)	-	-	(2,318,891)
Total comprehensive income (loss) for the nine months ended September 30, 2020	-	-	-	-	-	8,792,493	(1,361,625)	5,315,357	(6,273,858)	-	-	6,472,367
Disposal of the Corporation shares, as treasury shares	-	-	24,118	-	-	-	-	-	-	-	65,808	89,926
Adjustment to capital surplus due to distribution of dividends to subsidiary	-	-	221,591	-	-	-	-	-	-	-	-	221,591
Share-based payments	47,255	(2,468)	(5,670)	-	-	(7,148)	-	-	-	-	-	31,969
Disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	-	(324,813)	-	324,813	-	-	-	-
Changes in special reserve of subsidiaries	-	-	-	-	-	1,560	-	-	-	-	-	1,560
BALANCE AT SEPTEMBER 30, 2020	$ 149,710,976	$ 17,891	$ 1,333,784	$ 8,816,167	$ 565,041	$ 21,074,903	$ (3,152,108)	$ 14,990,799	$ (4,926,101)	$ -	$ (3,071,470)	$ 185,359,882

(Continued)

4. Statements of cash flows

(In Thousands of New Taiwan Dollars)

	For the Nine Months Ended September 30	
	2020	**2019**
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit before income tax	$ 9,285,290	$ 10,486,377
Adjustments for:		
Depreciation and amortization expenses	12,814	5,601
Gain on financial assets at fair value through profit or loss, net	-	(23,588)
Interest expense	276,614	295,416
Interest income	(27,381)	(20,808)
Share-based payment compensation cost	-	1,170
Share of loss of subsidiaries, associates and joint ventures	(10,405,325)	(11,622,779)
Changes in operating assets and liabilities		
Financial assets at fair value through profit or loss	-	495,353
Receivables	(7,427)	108,884
Other financial assets	-	500,000
Other assets	12,118	(27,502)
Payables	28,975	(20,113)
Other liabilities	(674)	525
Interest paid	(384,760)	(369,948)
Interest received	24,414	19,777
Dividend received	12,252,346	5,466,966
Income tax paid	(7,513)	(663,359)
Net cash generated from operating activities	11,059,491	4,631,972
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of equity investment under equity method	-	(3,112,710)
Acquisition of property and equipment	(15,551)	(5,271)
Legal reserve be distributable as dividend shares by cash on investments accounted for using the equity method	2,000,000	3,000,000
Others	(5,629)	(700)
Net cash generated from (used in) investing activities	1,978,820	(118,681)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in commercial paper payable	650,063	(5,599,166)
Issuance of corporate bonds	8,000,000	5,000,000
Repayments of corporate bonds	(8,000,000)	(1,000,000)
Proceeds from (repayments of) other borrowings	(50,610)	400,000
Cash dividend paid	(8,982,659)	(4,489,795)
Others	26,649	20,933
Net cash used in financing activities	(8,356,557)	(5,668,028)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	4,681,754	(1,154,737)
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	$ 7,596,234	$ 3,415,689

(Continued)

KGI Bank

1. Condensed balance sheets

(In Thousands of New Taiwan Dollars)

	September 30, 2020	December 31, 2019	September 30, 2019
Cash and cash equivalents, due from the Central Bank and call loans to banks	$ 37,286,944	$ 36,394,030	$ 29,214,906
Financial assets at fair value through profit or loss	83,592,561	78,108,576	99,730,701
Financial assets at fair value through other comprehensive income	182,778,320	135,245,604	134,645,348
Debt instruments measured at amortized cost	11,449,119	11,136,022	11,988,574
Financial assets for hedging	79,433	-	-
Securities purchased under resell agreements	19,945,842	18,686,598	18,471,503
Receivables, net	25,346,685	17,457,148	23,171,300
Discounts and loans, net	368,413,256	342,501,981	353,724,877
Investments accounted for using the equity method, net	1,614,114	1,744,809	1,792,815
Other financial assets, net	1,067,900	1,983,930	1,526,000
Property and equipment, net	5,225,655	5,334,376	5,322,015
Right-of-use assets, net	1,799,537	2,194,830	2,226,531
Investment property, net	1,161,734	1,102,245	1,103,911
Deferred tax assets	1,232,650	1,348,260	1,501,936
Other assets, net	9,752,774	9,142,730	7,324,149
Total assets	$ 750,746,524	$ 662,381,139	$ 691,744,566
Deposits from the Central Bank and banks	$ 15,190,058	$ 22,965,260	$ 23,080,202
Funds borrowed from Central Bank and banks	52,010	-	-
Financial liabilities at fair value through profit or loss	82,510,251	76,747,276	90,620,953
Financial liabilities for hedging	889,177	-	-
Notes and bonds issued under repurchase agreements	54,324,655	18,749,841	36,980,042
Payables	8,101,640	8,441,522	14,484,907
Current tax liabilities	714,190	600,802	572,728
Deposits and remittances	474,883,269	421,415,142	424,289,630
Bank debentures payable	20,329,436	10,450,000	10,450,000
Principal received on structured notes	20,722,580	30,248,517	23,573,225
Other financial liabilities	-	66,667	-
Provisions	436,025	428,589	430,566
Lease liabilities	1,812,993	2,196,166	2,221,851
Deferred tax liabilities	260,776	24,660	32,998
Other liabilities	6,675,828	5,875,067	1,245,455
Total liabilities	686,902,888	598,209,509	627,982,557
Common stock	46,061,623	46,061,623	46,061,623
Capital surplus	7,251,306	7,251,306	7,251,306
Retained earnings	8,793,830	10,004,687	9,311,677
Others	1,736,877	854,014	1,137,403
Total equity	63,843,636	64,171,630	63,762,009
Total liabilities and equity	$ 750,746,524	$ 662,381,139	$ 691,744,566

(Continued)

2. Condensed statements of comprehensive income

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

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2020	**2019**	**2020**	**2019**
Interest revenue	$ 2,746,369	$ 3,359,292	$ 8,836,084	$ 10,267,845
Interest expense	(839,779)	(1,696,514)	(3,319,728)	(5,344,947)
Interest profit, net	1,906,590	1,662,778	5,516,356	4,922,898
Noninterest profits and gains, net	1,112,440	1,246,360	2,770,973	3,298,992
Total net revenues	3,019,030	2,909,138	8,287,329	8,221,890
Reversal (provision) of allowance for bad debts expense, commitments, and guarantee liability provision	(112,557)	76,418	(284,884)	(8,535)
Operating expenses	(1,531,566)	(1,517,430)	(4,519,530)	(4,491,516)
Net profit before income tax	1,374,907	1,468,126	3,482,915	3,721,839
Income tax expense	(241,039)	(460,222)	(570,223)	(852,964)
Net profit for the period	1,133,868	1,007,904	2,912,692	2,868,875
Other comprehensive income (loss) for the period, net of income tax	1,193,972	(16,565)	560,041	2,518,526
Total comprehensive income (loss) for the period	$ 2,327,840	$ 991,339	$ 3,472,733	$ 5,387,401
Basic earnings per share	$0.25	$0.22	$0.63	$0.62

(Continued)

KGI Securities Co., Ltd.

1. Condensed balance sheets

(In Thousands of New Taiwan Dollars)

	September 30, 2020	December 31, 2019	September 30, 2019
Current assets	$ 190,521,244	$ 180,711,551	$ 183,011,912
Noncurrent assets	50,047,551	49,800,020	49,444,032
Total assets	$ 240,568,795	$ 230,511,571	$ 232,455,944
Current liabilities	$ 167,814,336	$ 156,714,996	$ 164,313,459
Noncurrent liabilities	6,382,407	6,396,585	2,144,821
Total liabilities	174,196,743	163,111,581	166,458,280
Common stock			
Capital surplus	34,363,397	32,418,432	32,418,432
Retained earnings	8,648,579	8,648,567	8,648,562
Others	23,547,315	25,428,702	24,105,756
Total equity	(187,239)	904,289	824,914
	66,372,052	67,399,990	65,997,664
Total liabilities and equity			
	$ 240,568,795	$ 230,511,571	$ 232,455,944

2. Condensed statements of comprehensive income

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

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2020	**2019**	**2020**	**2019**
Revenues	$ 4,470,555	$ 2,799,347	$ 10,169,712	$ 7,747,181
Costs and expenses	(2,770,340)	(2,438,868)	(7,694,209)	(6,790,149)
Profit from operations	1,700,215	360,479	2,475,503	957,032
Share of profit (loss) of subsidiaries, associates and joint ventures	1,237,088	961,415	2,736,412	2,647,334
Other income and loss	367,998	276,179	713,811	833,263
Total non-operating income or loss	1,605,086	1,237,594	3,450,223	3,480,597
Net profit before income tax	3,305,301	1,598,073	5,925,726	4,437,629
Income tax benefit (expense)	(120,790)	(34,248)	(335,395)	111,966
Net profit for the period	3,184,511	1,563,825	5,590,331	4,549,595
Other comprehensive income (loss) for the period, net of income tax	(118,509)	(6,807)	(1,118,669)	4,658,383
Total comprehensive income (loss) for the period	$ 3,066,002	$ 1,557,018	$ 4,471,662	$ 9,207,978
Basic earnings per share	$0.93	$0.46	$1.63	$1.32

(Continued)

CDIB Capital Group

1. Condensed balance sheets

(In Thousands of New Taiwan Dollars)

	September 30, 2020	December 31, 2019	September 30, 2019
Current assets	$ 4,318,800	$ 5,333,409	$ 4,887,836
Noncurrent assets	33,563,750	39,121,770	40,307,059
Total assets	$ 37,882,550	$ 44,455,179	$ 45,194,895
Current liabilities	$ 988,535	$ 944,851	$ 1,058,848
Noncurrent liabilities	814,585	837,985	868,807
Total liabilities	1,803,120	1,782,836	1,927,655
Common stock	20,411,159	20,411,159	20,411,159
Capital surplus	590,409	590,409	590,387
Retained earnings	16,189,651	21,147,266	21,011,219
Others	(1,111,789)	523,509	1,254,475
Total equity	36,079,430	42,672,343	43,267,240
Total liabilities and equity	$ 37,882,550	$ 44,455,179	$ 45,194,895

2. Condensed statements of comprehensive income

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

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2020	2019	2020	2019
Operating revenues	$ 659,533	$ (379,711)	$ (656,950)	$ 2,347,664
Operating expenses	(161,923)	(109,092)	(434,244)	(456,519)
Profit (loss) from operations	497,610	(488,803)	(1,091,194)	1,891,145
Non-operating income (loss) and expenses	35,928	40,624	113,623	124,948
Net profit (loss) before income tax	533,538	(448,179)	(977,571)	2,016,093
Income tax benefit (expense)	(25,160)	27,977	24,082	74,667
Net profit (loss) for the period	508,378	(420,202)	(953,489)	2,090,760
Other comprehensive income (loss) for the period, net of income tax	(491,870)	61,113	(1,635,298)	803,876
Total comprehensive income (loss) for the period	$ 16,508	$ (359,089)	$ (2,588,787)	$ 2,894,636
Basic earnings (loss) per share	$0.25	$(0.21)	$(0.47)	$1.02

(Continued)

China Development Asset Management Corp.

1. Condensed balance sheets

(In Thousands of New Taiwan Dollars)

	September 30, 2020	**December 31, 2019**	**September 30, 2019**
Current assets	$ 1,173,552	$ 34,475	$ 157,356
Noncurrent assets	1,682,845	2,772,137	2,375,472
Total assets	$ 2,856,397	$ 2,806,612	$ 2,532,828
Current liabilities	$ 415,506	$ 137,331	$ 163,570
Noncurrent liabilities	2,445	71,300	2,407
Total liabilities	417,951	208,631	165,977
Common stock			
Capital surplus	2,133,600	2,133,600	2,133,600
Retained earnings	139,538	139,538	139,538
Others	196,423	348,387	115,071
Prior interest under common control	(31,115)	(23,544)	(21,358)
Total equity	-	-	-
	2,438,446	2,597,981	2,366,851
Total liabilities and equity			
	$ 2,856,397	$ 2,806,612	$ 2,532,828

(Continued)

2. Condensed statements of comprehensive income

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

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2020	**2019**	**2020**	**2019**
Revenues and gains	$ 94,987	$ 46,622	$ 170,106	$ 128,866
Expenses and losses	(14,047)	(23,565)	(55,399)	(63,139)
Net profit before income tax	80,940	23,057	114,707	65,727
Income tax expense	(14,047)	(4,166)	(19,891)	(11,647)
Net profit for the period	66,893	18,891	94,816	54,080
Other comprehensive income (loss) for the period, net of income tax	-	-	(7,571)	(1,409)
Total comprehensive income (loss) for the period	$ 66,893	$ 18,891	$ 87,245	$ 52,671
Net profit attributable to:				
Owners of parent	$ 66,893	$ 18,891	$ 94,816	$ 40,884
Prior interest under common control	-	-	-	13,196
	$ 66,893	$ 18,891	$ 94,816	$ 54,080
Total comprehensive income attributable to:				
Owners of parent	$ 66,893	$ 18,891	$ 87,245	$ 40,884
Prior interest under common control	-	-	-	11,787
	$ 66,893	$ 18,891	$ 87,245	$ 52,671
Basic earnings per share	$0.31	$0.09	$0.44	$0.25

(Continued)

China Life Insurance Co., Ltd.

1. Condensed balance sheets

(In Thousands of New Taiwan Dollars)

	September 30, 2020	December 31, 2019	September 30, 2019
Cash and cash equivalents	$ 60,119,408	$ 85,927,723	$ 45,151,196
Receivables	24,857,799	26,826,102	24,142,810
Current tax assets	526,131	526,131	594,400
Financial assets at fair value through profit or loss	384,235,100	312,985,212	319,868,622
Financial assets at fair value through other comprehensive income	463,078,359	382,691,543	386,099,832
Financial assets measured at amortized cost	1,015,672,917	1,011,036,234	1,011,007,074
Investment property	36,610,166	23,136,905	23,143,515
Loans	33,209,632	34,033,871	33,321,584
Reinsurance assets	658,920	533,134	657,324
Property and equipment	12,452,887	14,113,541	12,980,362
Right-of-use assets	5,965,024	15,174,273	15,257,006
Intangible assets	190,160	190,409	199,950
Deferred tax assets	9,283,563	8,264,170	5,300,944
Other assets	7,561,555	6,876,554	7,446,821
Separate account product assets	76,547,742	77,922,118	77,020,488
Total assets	$ 2,130,969,363	$ 2,000,237,920	$ 1,962,191,928
Payables	$ 20,075,016	$ 19,417,296	$ 23,714,509
Current tax liabilities	999,786	714,434	1,765
Financial liabilities at fair value through profit or loss	1,193,951	1,426,070	3,120,040
Lease liabilities	1,651,672	2,206,846	2,229,202
Insurance liabilities	1,859,115,263	1,738,260,215	1,703,127,101
Foreign exchange valuation reserve	2,285,492	2,367,039	5,540,748
Provisions	156,279	209,328	115,697
Deferred tax liabilities	8,990,684	7,286,894	6,018,463
Other liabilities	8,175,365	7,758,119	4,482,860
Separate account product liabilities	76,547,742	77,922,118	77,020,488
Total liabilities	1,979,191,250	1,857,568,359	1,825,370,873
Common stock	47,313,972	44,635,823	44,635,823
Capital surplus	7,214,523	7,214,523	7,214,523
Retained earnings	70,669,407	61,240,158	61,119,550
Others	26,580,211	29,579,057	23,851,159
Total equity	151,778,113	142,669,561	136,821,055
Total liabilities and equity	$ 2,130,969,363	$ 2,000,237,920	$ 1,962,191,928

(Continued)

2. Condensed statements of comprehensive income

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

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2020	**2019**	**2020**	**2019**
Operating revenues	$ 87,611,052	$ 83,719,050	$ 236,669,558	$ 260,708,762
Operating costs	(79,136,945)	(75,722,655)	(215,969,263)	(241,376,546)
Operating expenses	(1,494,658)	(1,606,128)	(4,522,590)	(4,601,383)
Profit from operations	6,979,449	6,390,267	16,177,705	14,730,833
Non-operating income and expenses	(59,021)	2,923	(55,410)	7,249
Income from continuing operations before income tax	6,920,428	6,393,190	16,122,295	14,738,082
Income tax expense	(83,291)	(892,630)	(1,281,759)	(1,787,895)
Net income	6,837,137	5,500,560	14,840,536	12,950,187
Other comprehensive income (loss) for the period, net of income tax	4,772,724	1,386,628	(3,058,316)	41,362,255
Total comprehensive income (loss) for the period	$ 11,609,861	$ 6,887,188	$ 11,782,220	$ 54,312,442
Basic earnings per share	$1.53	$1.23	$3.32	$3.10

(Concluded)

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
SEPTEMBER 30, 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 September 30, 2020	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Note 2)	Carrying Value as of September 30, 2020	Accumulated Inward Remittance of Earnings as of September 30, 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	-	6,655	-
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	-	6,206	-
Chengdu Le Me Shi Jia Trading Co., Ltd.	Furniture wholesale, metal building materials wholesale and transport service.	US$ 28,000 thousand	Note 1,b,5),18)	US$ 948 thousand	-	-	US$ 948 thousand	(Note 3)	2.36	-	6,819	-
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	-	239	-
Tianjin Mei Wei Information Technology Co., Ltd.	Computer IT consulting and technical services; computer hardware and software development; furniture, building materials, daily commodities, hardware wholesale.	CNY 171,574 thousand	Note 1,b,5),18)	US$ 297 thousand	-	-	US$ 297 thousand	(Note 3)	2.36	-	2,135	-
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	-	299	-
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$ 113 thousand	-	US$ 4,938 thousand	(Note 3)	3.89	-	36,325	-
CDIB Private Equity (China) Corporation	Management and consulting.	US$ 7,000 thousand	Note 1,b,8)	US$ 7,000 thousand	-	-	US$ 7,000 thousand	21,242	100.00	21,242	263,877	-
CDIB Private Equity (Fujian) Co., Ltd.	Fund Management.	CNY 10,000 thousand	Note 9	-	-	-	-	12,036	70.00	8,425	58,712	-

(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 September 30, 2020	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Note 2)	Carrying Value as of September 30, 2020	Accumulated Inward Remittance of Earnings as of September 30, 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	$ (2,351)	70.00	$ (1,646)	$ 33,976	$ -
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	(202,484)	35.00	(70,869)	1,435,566	-
CDIB Yida Private Equity (Kunshan) Co., Ltd.	Fund Management.	CNY 7,000 thousand	Note 10	-	-	-	-	10,052	65.00	6,534	61,765	-
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	(627)	65.00	(407)	32,861	-
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	(49,848)	-	(14,954)	1,180,466	-
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)	7.70	-	67,313	-
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)	7.70	-	48,883	-
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	-	53,300	-
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	-	53,342	-
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)	-	-	2,482	-
Viscovery	Business in software development	US$ 2,860 thousand	Note 1,b, 15)	US$ 36 thousand	-	-	US$ 36 thousand	(Note 3)	1.80	-	1,049	-
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	54,421	100.00	54,421	114,819	-

(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: Outflow	Investment Flows: Inflow	Accumulated Outflow of Investment from Taiwan as of September 30, 2020	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Note 2)	Carrying Value as of September 30, 2020	Accumulated Inward Remittance of Earnings as of September 30, 2020
KGI Investment advisory (Shanghai) Co., Ltd.	Investment consultancy.	US$ 4,000 thousand	Note 1,b,16)	US$ 4,000 thousand	$ -	$ -	US$ 4,000 thousand	$ (4,552)	100.00	$ (4,552)	$ 23,369	$ -
CCB Life Insurance Company Limited	Life insurance.	CNY 7,120,461 thousand	Note 1,a	12,880,969	-	-	12,880,969	4,465,241	19.90	-	20,762,767	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	-	1,230	-
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	-	58,252	-
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	-	87,378	-
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	(44,276)	-	(14,384)	368,184	-

Accumulated Investment in Mainland China as of September 30, 2020	Investment Amounts Authorized by Investment Commission, MOEA	Limit on Investment
$63,649,047	US$822,065 thousand	$165,117,244

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 billion in cash capital in 2019. The payments of the capital raising plan have been fully collected and the capital verification was completed in April 2019. The paid-in capital following the capital increase was approved by the China Insurance Regulatory Commission on July 21, 2020 and has yet to be approved by the Shanghai Administration for Industry and Commerce as of September 23, 2020.

Note 15: Subsidiary of the Corporation formerly indirectly invested in GSD Industrial (China) Co., Ltd. through its subsidiary's investment in GSD Technologies Co., Ltd. has been listed on the Taiwan Stock Exchange on September 21, 2018, refer to its financial report for the information.

(Concluded)

TABLE 9

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

BUSINESS RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 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	$ 519,807	Note 4	0.02%
1	CDIB Capital Group	The Corporation	2	Current tax liabilities	519,807	Note 4	0.02%
0	The Corporation	CDIB Capital Group	1	Current tax liabilities	233,901	Note 4	0.01%
1	CDIB Capital Group	The Corporation	2	Current tax assets	233,901	Note 4	0.01%
0	The Corporation	KGI Bank	1	Current tax assets	714,190	Note 4	0.02%
2	KGI Bank	The Corporation	2	Current tax liabilities	714,190	Note 4	0.02%
0	The Corporation	KGI Securities Co., Ltd.	1	Current tax assets	980,581	Note 4	0.03%
3	KGI Securities Co., Ltd.	The Corporation	2	Current tax liabilities	980,581	Note 4	0.03%
0	The Corporation	KGI Bank	1	Cash and cash equivalents	7,555,342	Note 4	0.23%
2	KGI Bank	The Corporation	2	Deposits and remittances	7,555,342	Note 4	0.23%
1	CDIB Capital Group	KGI Bank	3	Cash and cash equivalents	3,963,444	Note 4	0.12%
2	KGI Bank	CDIB Capital Group	3	Deposits and remittances	3,963,444	Note 4	0.12%
3	KGI Securities Co., Ltd.	KGI Bank	3	Cash and cash equivalents	820,516	Note 4	0.02%
3	KGI Securities Co., Ltd.	KGI Bank	3	Other financial assets	826,405	Note 4	0.03%
2	KGI Bank	KGI Securities Co., Ltd.	3	Deposits and remittances	1,646,921	Note 4	0.05%
3	KGI Securities Co., Ltd.	KGI Bank	3	Other financial assets	714,179	Note 4	0.02%
2	KGI Bank	KGI Securities Co., Ltd.	3	Deposits and remittances	714,179	Note 4	0.02%

(Continued)

No. (Note 1)	Trader Company	Related Party	Flow of Transactions (Note 2)	Financial Statement Accounts	Amounts	Trading Terms	Transaction Amount/Total Consolidated Revenue or Total Consolidated Assets (Note 3)
3	KGI Securities Co., Ltd.	KGI Bank	3	Other assets	$ 1,938,955	Note 4	0.06%
2	KGI Bank	KGI Securities Co., Ltd.	3	Deposits and remittances	1,938,955	Note 4	0.06%
4	China Life Insurance Co., Ltd.	KGI Bank	3	Cash and cash equivalents	1,173,880	Note 4	0.04%
2	KGI Bank	China Life Insurance Co., Ltd.	3	Deposits and remittances	1,173,880	Note 4	0.04%
5	CDIB Capital Management Corporation	KGI Bank	3	Cash and cash equivalents	55,030	Note 4	0.00%
5	CDIB Capital Management Corporation	KGI Bank	3	Other assets	31,100	Note 4	0.00%
5	CDIB Capital Management Corporation	KGI Bank	3	Other financial assets	135,000	Note 4	0.00%
2	KGI Bank	CDIB Capital Management Corporation	3	Deposits and remittances	221,130	Note 4	0.00%
6	CDIB Venture Capital (Hong Kong) Corporation Limited	KGI Bank	3	Cash and cash equivalents	622,468	Note 4	0.02%
2	KGI Bank	CDIB Venture Capital (Hong Kong) Corporation Limited	3	Deposits and remittances	622,468	Note 4	0.02%
7	CDIB Venture Capital Corporation	KGI Bank	3	Cash and cash equivalents	184,139	Note 4	0.01%
2	KGI Bank	CDIB Venture Capital Corporation	3	Deposits and remittances	184,139	Note 4	0.01%
3	KGI Securities Co., Ltd.	KGI Bank	3	Other financial liabilities	333,687	Note 4	0.01%
2	KGI Bank	KGI Securities Co., Ltd.	3	Cash and cash equivalents	333,687	Note 4	0.01%
21	CDIB Capital Investment I Limited	KGI Bank	3	Cash and cash equivalents	339,499	Note 4	0.01%
2	KGI Bank	CDIB Capital Investment I Limited	3	Deposits and remittances	339,499	Note 4	0.01%
18	CDIB Capital International Corporation Limited	KGI Bank	3	Cash and cash equivalents	359,507	Note 4	0.01%
2	KGI Bank	CDIB Capital International Corporation Limited	3	Deposits and remittances	359,507	Note 4	0.01%
22	China Development Asset Management Corporation	KGI Bank	3	Cash and cash equivalents	1,165,062	Note 4	0.04%
2	KGI Bank	China Development Asset Management Corporation	3	Deposits and remittances	1,165,062	Note 4	0.04%

(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)
4	China Life Insurance Co., Ltd.	KGI Bank	3	Financial assets at fair value through profit or loss	$ 157,845	Note 4	0.00%
2	KGI Bank	China Life Insurance Co., Ltd.	3	Other financial liabilities	157,845	Note 4	0.00%
4	China Life Insurance Co., Ltd.	KGI Bank	3	Receivables, net	969,134	Note 4	0.03%
2	KGI Bank	China Life Insurance Co., Ltd.	3	Other liabilities	969,134	Note 4	0.03%
3	KGI Securities and its subsidiaries	China Life Insurance Co., Ltd.	3	Service fee revenue and commission expense	146,838	Note 4	0.09%
4	China Life Insurance Co., Ltd.	KGI Securities and its subsidiaries	3	Service fee revenue and commission income	146,838	Note 4	0.09%
2	KGI Bank	China Life Insurance Co., Ltd.	3	Service fee revenue and commission income	139,359	Note 4	0.08%
4	China Life Insurance Co., Ltd.	KGI Bank	3	Service fee revenue and commission expense	139,359	Note 4	0.08%
3	KGI Securities	KGI Futures Co., Ltd.	3	Cash and cash equivalents	489,669	Note 4	0.01%
8	KGI Futures Co., Ltd.	KGI Securities	3	Other financial liabilities	489,669	Note 4	0.01%
3	KGI Securities	KGI Futures Co., Ltd.	3	Financial assets at fair value through profit or loss	233,725	Note 4	0.01%
8	KGI Futures Co., Ltd.	KGI Securities	3	Other financial liabilities	233,725	Note 4	0.01%
10	Richpoint Company Limited	KGI International (Hong Kong) Limited	3	Receivables, net	874,181	Note 4	0.03%
11	KGI International (Hong Kong) Limited	Richpoint Company Limited	3	Other financial liabilities	874,181	Note 4	0.03%
8	KGI Futures Co., Ltd.	KGI Securities (Singapore) Pte. Ltd.	3	Cash and cash equivalents	343,033	Note 4	0.01%
9	KGI Securities (Singapore) Pte. Ltd.	KGI Futures Co., Ltd.	3	Other financial liabilities	343,033	Note 4	0.01%
8	KGI Futures Co., Ltd.	KGI Securities (Singapore) Pte. Ltd.	3	Other financial assets	1,292,427	Note 4	0.04%
9	KGI Securities (Singapore) Pte. Ltd.	KGI Futures Co., Ltd.	3	Other financial liabilities	1,292,427	Note 4	0.04%
8	KGI Futures Co., Ltd.	KGI Futures (Hong Kong) Limited	3	Other financial assets	133,056	Note 4	0.00%
13	KGI Futures (Hong Kong) Limited	KGI Futures Co., Ltd.	3	Other financial liabilities	133,056	Note 4	0.00%
12	KGI Asia Limited	KGI International (Hong Kong) Limited	3	Financial assets at fair value through profit or loss	608,624	Note 4	0.02%
11	KGI International (Hong Kong) Limited	KGI Asia Limited	3	Other financial liabilities	608,624	Note 4	0.02%

(Continued)

No. (Note 1)	Trader Company	Related Party	Flow of Transactions (Note 2)	Financial Statement Accounts	Amounts	Trading Terms	Transaction Amount/Total Consolidated Revenue or Total Consolidated Assets (Note 3)
12	KGI Asia Limited	KGI International (Hong Kong) Limited	3	Receivables, net	$ 562,423	Note 4	0.02%
11	KGI International (Hong Kong) Limited	KGI Asia Limited	3	Payables	562,423	Note 4	0.02%
12	KGI Asia Limited	KGI International (Hong Kong) Limited	3	Payables	984,342	Note 4	0.03%
11	KGI International (Hong Kong) Limited	KGI Asia Limited	3	Receivables, net	984,342	Note 4	0.03%
12	KGI Asia Limited	KGI Securities (Singapore) Pte. Ltd.	3	Payables	390,604	Note 4	0.01%
9	KGI Securities (Singapore) Pte. Ltd.	KGI Asia Limited	3	Receivables, net	390,604	Note 4	0.01%
13	KGI Futures (Hong Kong) Limited	KGI Finance Limited	3	Other financial liabilities	330,684	Note 4	0.01%
14	KGI Finance Limited	KGI Futures (Hong Kong) Limited	3	Other financial assets	330,684	Note 4	0.01%
13	KGI Futures (Hong Kong) Limited	KGI Securities (Singapore) Pte. Ltd.	3	Other financial assets	388,761	Note 4	0.01%
9	KGI Securities (Singapore) Pte. Ltd.	KGI Futures (Hong Kong) Limited	3	Other financial liabilities	388,761	Note 4	0.01%
13	KGI Futures (Hong Kong) Limited	KGI Securities (Singapore) Pte. Ltd.	3	Other financial liabilities	149,910	Note 4	0.00%
9	KGI Securities (Singapore) Pte. Ltd.	KGI Futures (Hong Kong) Limited	3	Other financial assets	149,910	Note 4	0.00%
11	KGI International (Hong Kong) Limited	PT KGI Sekuritas Indonesia	3	Receivables, net	466,834	Note 4	0.01%
16	PT KGI Sekuritas Indonesia	KGI International (Hong Kong) Limited	3	Other borrowings	466,834	Note 4	0.01%
3	KGI Securities	KGI Futures Co., Ltd.	3	Service fee revenue and commission income	179,657	Note 4	0.10%
8	KGI Futures Co., Ltd.	KGI Securities	3	Service fee revenue and commission expense	179,657	Note 4	0.10%
3	KGI Securities	KGI Securities Co., Ltd.	3	Operating expense	121,890	Note 4	0.00%
20	KGI Securities Co., Ltd.	KGI Securities	3	Other noninterest profit and gains, net	121,890	Note 4	0.00%
15	KGI Hong Kong Limited	KGI Asia Limited	3	Other noninterest profit and gains, net	1,533,380	Note 4	0.89%
12	KGI Asia Limited	KGI Hong Kong Limited	3	Other noninterest profit and gains, net	1,533,380	Note 4	0.89%
15	KGI Hong Kong Limited	KGI Futures (Hong Kong) Limited	3	Other noninterest profit and gains, net	141,132	Note 4	0.08%
13	KGI Futures (Hong Kong) Limited	KGI Hong Kong Limited	3	Other noninterest profit and gains, net	141,132	Note 4	0.08%

(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 International (Hong Kong) Limited	3	Other noninterest profit and gains, net	$ 268,834	Note 4	0.16%
11	KGI International (Hong Kong) Limited	KGI Hong Kong Limited	3	Other noninterest profit and gains, net	268,834	Note 4	0.16%
17	CDIB Capital International (Hong Kong) Corporation Limited	CDIB Capital International Corporation	3	Other noninterest profit and gains, net	193,937	Note 4	0.11%
18	CDIB Capital International Corporation	CDIB Capital International (Hong Kong) Corporation Limited	3	Operating expense	193,937	Note 4	0.11%
2	KGI Bank	CDIB Management Consulting Corporation	3	Deposits and remittances	102,236	Note 4	0.00%
19	CDIB Management Consulting Corporation	KGI Bank	3	Cash and cash equivalents	102,236	Note 4	0.00%

Note 1: The consolidated entities are identified in the No. column as follows: Parent company - 0; subsidiaries - numbered from 1 by company.

Note 2: Transaction flows are as follows: (1) from parent to subsidiary; (2) from subsidiary to parent; and (3) between subsidiaries.

Note 3: The ratio is calculated as follows: For asset and liability accounts - Transaction amount in the ending period/Total consolidated assets; for income and expense accounts - Transaction amount in the midterm/Total consolidated net profit.

Note 4: The transaction criteria for related parties are similar to those for third parties.

Note 5: Transactions each amounted to at least NT$100 million.

(Concluded)