



Taishin Holdings

2022 Annual Report

Published date: February 28, 2023

Company website: <https://www.taishinholdings.com.tw>

Market Observation Post System website: <https://mops.twse.com.tw>



Taishin Holdings



Spokesman

Name: Welch Lin
Title: President of Taishin Holdings
Tel: 886-2- 5576-1888
E-mail address: spokesperson@taishinholdings.com.tw

Acting Spokesman

Name: Carol Lai
Title: Chief Financial Officer of Taishin Holdings
Tel: 886-2-5576-2881
E-mail address: spokesperson@taishinholdings.com.tw

Taishin Financial Holding Co., Ltd.

Address: 12F, 13F, 15F, 16F, 21F~23F, No.118, Sec. 4, Ren'ai Rd.,
Da'an Dist., Taipei City 106, Taiwan (R.O.C.)
Tel: 886-2-2326-8888
Website: <https://www.taishinholdings.com.tw>

Taishin International Bank Co., Ltd.

Address: B1&1F, No.44, Sec. 2, Jhongshan N. Rd.,
Jhongshan Dist., Taipei City 104 , Taiwan (R.O.C.)
Tel: 886-2-2568-3988
Website: <https://www.taishinbank.com.tw>

Taishin Securities Co., Ltd.

Address: 2F, No.44, Sec. 2, Jhongshan N. Rd., Jhongshan Dist.,
Taipei City 104 , Taiwan (R.O.C.)
Tel: 886-2-2181-5888
Website: <https://www.tssco.com.tw>

Taishin Insurance Co., Ltd.

Address: 10F, No. 161, Sec. 5, Nanjing E Rd, Songshan Dist., Taipei City
105, Taiwan(R.O.C.)
Tel: 886-2-2767-8866
Website: <https://www.taishinlife.com.tw>

Taishin Asset Management Co., Ltd.

Address: 2F-3, No.9, Dehui St., Zhongshan Dist.,
Taipei City 104, Taiwan (R.O.C.)
Tel: 886-2-2596-9388

Taishin Venture Capital Investment Co., Ltd.

Address: 18F, No.118, Sec. 4, Ren'ai Rd., Da-an Dist.,
Taipei City 106, Taiwan (R.O.C.)
Tel: 886-2-2706-6919

Taishin Securities Investment Trust Co., Ltd.

Address: 1F, No. 9-1, Dehui St., Zhongshan Dist.,
Taipei City 104, Taiwan (R.O.C.)
Tel: 886-2-2501-3838
Website: <https://www.tsit.com.tw>

Taishin Securities Investment Advisory Co., Ltd.

Address: 16F, No.118, Sec. 4, Ren'ai Rd., Da-an Dist.,
Taipei City 106, Taiwan (R.O.C.)
Tel: 886-2-5589-9558

Stock Transfer Agency

Name: Stock Affair Agency Department of Taishin Securities
Co., Ltd.
Address: B1, No. 96, Sec. 1, Jianguo N. Rd., Jhongshan Dist.,
Taipei City 104, Taiwan (R.O.C.)
Tel: 886-2-2504-8125
Website: <https://www.tssco.com.tw/stocktransfer>

Credit Rating Agencies

Fitch Ratings

Address: Suite A2, 23F., No. 68, Sec. 5, Zhongxiao E. Rd.,
Xinyi Dist., Taipei City 110, Taiwan (R.O.C.)
Tel: 886-2-8175-7600
Website: <https://www.fitchratings.com>

Taiwan Ratings

Address: 2F., No. 167, Dunhua N. Rd., Songshan Dist.,
Taipei City 105, Taiwan (R.O.C.)
Tel: 886-2-2175-6800
Website: <https://www.taiwanratings.com>

Certified Public Accountants

CPAs: Han-Ni Fang, Ching-Cheng Yang
Name of accounting firm: Deloitte & Touche
Address: 20F, No. 100, Songren Rd., Xinyi Dist.,
Taipei City 110, Taiwan (R.O.C.)
Tel: 886-2-2725-9988
Website: <https://www.deloitte.com.tw>

Names of Exchanges Where Overseas Securities Are Listed and Methods of Inquiry: None.



2022 Annual Report

Taishin Holdings

I.	Letter to Shareholders	002
II.	Company Profile	012
III.	Corporate Governance Report	020
IV.	Capital Overview	085
V.	Operating Status	102
VI.	Financial Information	164
VII.	Review and Analysis of Financial Conditions, Financial Performance, and Risk Management	170
VIII.	Special Disclosure	193
IX.	Items with Major Effect on Shareholders' Benefits or Securities Prices in 2022 and As of the Date for the Publication of the Annual Report	201
Appendix	Consolidated Financial Statements and Independent Auditors' Report	203



01

2022
Annual Report

Letter to Shareholders

I. Letter to Shareholders

A. Macroeconomic and Financial Analysis

The global economy in 2022 continued to be affected by the imbalance between supply and demand and the Ukrainian-Russian War, which impacted the global supply order of raw materials and made the global inflation problem caused by the shortage of workers and rising prices of raw materials even more serious; the environment of high inflation gradually began to erode the consumption power of people all over the world. Meanwhile, the FED, the European Central Bank and the central banks of other major economies in mature and emerging markets further adopted aggressive interest rate hikes to curb inflation, leading to a slowdown in the world's major economies in 2022; among them, China, the world's second largest economy, strictly implemented the "Zero-COVID" policy due to the COVID-19, which caused considerable and continuous disruption to economic activities in various parts of the country, causing China's economic growth to hit a new low since the reform and opening up. However, starting from the second half of 2022, as the global economy slowed down and the logistics bottleneck triggered by the COVID-19 gradually resolved, the inflationary pressure in some countries had peaked and showed signs of slowing down.

Looking forward to 2023, inflation and the policy attitude of the central banks of the world's major economies will still be the key to economic development. The prices of raw materials including oil, natural gas, agricultural products, and metals have dropped significantly compared to the peak in 2022, in addition to the continued slow-down of inflation, it is also expected to reduce the risk of recession in developed countries such as the United States, Europe, and Japan. In China, the pandemic prevention and control of COVID-19 was completely lifted in early 2023, and the economy may bottom out, but it still needs to be carefully observed. If, optimistically expected, the inflationary pressure can gradually subside in the second half of 2023, major central banks such as the FED and the European Central Bank are expected to end their cycle of raising interest rates one after another, creating opportunities for the global economy to bottom out.

Taiwan, in contrast, because its business cycle is highly linked to changes in the international political and economic environment, develop countries' gradual lift of pandemic prevention restrictions in the second half of 2021 stimulated strong consumer demand and drove Taiwan's export growth in 2021 to a new high since the financial crisis; However, due to the outbreak of the Ukrainian-Russian War at the beginning of 2022 and Ukraine being the world's main food producer, the reduction in food production due to the war directly and indirectly led to accelerated global inflationary pressures, forcing central banks of various countries to speed up the pace of interest rate hikes, which in turn affected the demand for consumer goods in various countries, showing a slowdown in growth and turning into a shrinking situation. Therefore, the annual growth rate of Taiwan's exports and export orders declined for the first time since the outbreak of the pandemic in the third quarter of 2022, and the National Development Council's monitoring indicators dropped to a blue light that is close to symbolizing recession; in terms of domestic demand, as the Omicron variant of the COVID-19 became the mainstream virus in the country, after the government prepared the corresponding supporting measures, the pandemic prevention policy also shifted to coexistence with viruses to be in line with international standards. After the people gradually got used to and accepted it, the flow of people and commercial activities were both back to the normal state before the pandemic, which relatively constituted a solid support for the growth of Taiwan's domestic demand economy.

Looking forward to 2023, it is expected that the global manufacturing industry's trend of reducing inventories in response to the economic downturn will gradually end in the middle of the year. Therefore, the decline in Taiwan's external demand is expected to slow down, and we will wait for the recovery of the world's major economies, which will drive Taiwan's exports to rebound and revive economic growth momentum.

In 2022, the pre-tax profit of Taiwan's three financial industries was NT\$479.8 billion, a year-over-year decrease of 48.7%, hitting a new low since 2014. The main reason can be attributed to the fact that the insurance industry was hit by three major unfavorable factors, including the sharp increase in interest rates by the FED, financial market shocks, and the storm of pandemic prevention insurance claims. The annual pre-tax profit turned from NT\$411.1 billion in 2021 to a loss of NT\$18.6 billion. Among them, the pre-tax profit of the life insurance industry was NT\$171.9 billion, a year-over-year decrease of 55.8%, while the property insurance industry set a record loss of NT\$190.5 billion. The banking industry, on the other hand, due to the synchronous expansion of lending and net interest margin, drove the pre-tax profit of NT\$432.1 billion, an increase by 12.1% year-over-year, hitting a record high. Due to the thin trading in Taiwan's financial market, the securities and futures industry's pre-tax profit was NT\$66.3 billion, a decreased of 52.2% year-over-year.

In terms of Taiwan's Central Bank policy, in the face of global inflationary pressures, the monetary policy also became tighter in 2022, and the interest rates were raised simultaneously following the global central banks; it is expected that the global inflation rate may have a chance to decline slowly in 2023, and considering the slowdown of domestic economic growth momentum, it is expected that Taiwan's Central Bank may gradually turn its monetary policy to a neutral position if inflation conditions permit.

B. Overall Business Performance

In 2022, the Company operated according to the operating revenue and expenditure budget, although being affected by domestic and foreign interest rate hike factors, stock and bond markets, and exchange rate fluctuations, the operations of various core businesses were still stable. The net profit after tax in 2022 was NT\$14.9 billion, the EPS was 1.09, and the ROE of common shares was 8.34%; as of the end of 2022, the book value per share was NT\$13.01. In terms of capital structure, our capital adequacy ratio was 135.56% and double leverage ratio was 110.02% at the end of 2022. The capital structure remained sound.

We received international long- and short-term credit ratings of BBB and F3, respectively, according to international credit rating agency Fitch Ratings in February 2023. Our domestic long- and short-term credit ratings were A+(twn) and F1(twn), respectively; according to the report of S&P Global Ratings in December 2022, the Company's international long-term and short-term credit ratings were BBB and A-2 respectively; according to the report of Taiwan Ratings in December 2022, the Company's domestic long-term and short-term credit ratings were twA+ and twA-1 respectively; the rating outlooks from the above three agencies were all "stable".

Regarding overseas business expansion, our subsidiary, Taishin Bank, actively forges its presence in the China and Asia Pacific markets, and has to date established branches in Hong Kong, Singapore, Japan (Tokyo), Australia (Brisbane), and Malaysia (a Labuan Branch and a Kuala Lumpur marketing Office); and has established representative offices in Vietnam (Ho Chi Minh City), Myanmar (Yangon), China (Shanghai) and Thailand (Bangkok); in addition to actively promoting the application for the establishment of Long An Branch in Vietnam, and plans to establish a second business base in Japan in 2023; we will continue to expand overseas business and open new overseas offices as needed in order to grow in business markets and increase the percentage of overseas profit.

FinTech application: To accelerate innovation in services, Taishin FHC has assembled professional teams that are dedicated to exploring innovative uses of digital banking solution and developing artificial intelligence and big data analytics on an ongoing basis. Our digital bank brand, Richart, has obtained a number of invention patents and utility model patents, such as deposit credit card, preview before login, cardless cash withdrawal, proximity transfer, easy transfer and one-stop transfer, and small-amount product loan application process optimization. In the future, it will continue to develop and provide better digital financial services to maintain a dominant position in the market.

The overall operating performance of our banking, insurance, securities, and investment trust subsidiaries in the previous year is summarized as follows:

I. Bank subsidiary

(I) Retail Banking Services

As of the end of 2022, the size of Taishin bank's mortgage portfolio stood at NT\$651.1 billion, representing 10.5% in YOY growth; the auto loan balance amounted to NT\$54.8 billion, representing a 4.6% YOY growth, and again placing the bank at the top of the financial industry; The number of credit cards in circulation exceeded 6.3 million, an increase of 4.0% from the end of the previous year, with a market share of 11.2%, ranking 4th in the market; the number of appointed card accepting merchants exceeded 165,000, an increase of 1.5% from the end of the previous year, ranking first in the market again with a 20.7% market share.

Digital banking in everyday life: Richart, our digital banking brand, applies finance to multiple life scenarios. In July 2022, it strongly launched the "Securities Jar" function for young stock market rookies, and cooperated with JKO Pay and Plus Pay to launch fund loan services across scenarios, creating a more flexible use of funds. In December 2022, Richart became the first one in Taiwan to launch online digital account opening services for foreigners, integrating NTD / foreign currency account opening, transfer functions and debit cards, providing exclusive English-language online banking, and creating foreigner-friendly digital financial services. It has won the Global Finance World's Best Digital Bank Awards for many years in a row.

Merchants' card accepting business: Continuing to cultivate close ties with payment market by introducing innovative products and complete services. With "Taishin Merchant App", the first mobile bill collection app in Taiwan, we target small and mobile merchants with the "your phone is your card reader" product feature, allowing them to provide contact free mobile payment services to customers during the pandemic. For this, we have been recognized by multiple international awards; furthermore, we are dedicated to building a diverse and complete collection and payment mechanism. Thanks to the joint efforts of the bank and its partners, the digital payment solutions of Taishin can now be seen in over 100,000 service in duty-free stores, department stores, and night markets; meanwhile, Taishin Bank continues to introduce Taishin Pay into large-scale venues, four major convenience stores, department stores and other merchants closely related to people's lives, expanding the application scenarios of Taishin Bank's new payment.

Credit cards: Continuing to introduce products and services in response to modern requirements, focusing on optimizing customer payment experience through scenario-based purchases, while complying with the ESG (Environment, Social, Governance) strategies of Taishin FHC on the implementation of corporate social responsibility. In addition to collaborating with DOMI Earth in the past on the promotion of digital bills to reduce carbon emission, and using the money saved to help underprivileged families switch to power saving appliances, in 2022, we cooperated with Gogoro to issue a co-branded card to support zero-

carbon transportation with a better payment experience, practicing corporate social responsibility with actions and implementing Taishin's mission of conscientiousness and sustainability. In the future, Taishin Bank will continue to use innovative FinTech, while taking into account environmental friendliness and sustainability goals, to provide a convenient life for the public and create a win-win future.

Wealth management: Since being the first to open a wealth management flagship branch in 2003, we have followed a sophisticated customer segmentation process over the years. Taishin Bank is able to provide a wide range of exclusive financial services to meet the demand for "professional financial planning advice", "exclusive benefits and experiences", "one-stop shopping" and other services. Furthermore, Taishin Bank follows a sustainability- and customer-oriented philosophy, and strives to meet the need for integrated services for personal accounts and household accounts. The family-based wealth management service launched extends the scope of personal wealth management to a household so that all members of a household may enjoy financial advice at different life stages and the same benefits. It is an excellent choice to meet customers' asset needs; meanwhile, following digital banking trends, Taishin Bank combines counter services, mobile banking, internet banking and other online and offline services to provide a full range of friendly and professional services in an everyday banking ecosystem. Despite the pandemic and dramatic market volatility, financial planning teams at Taishin Bank are taking a long term view, and remain steadfast in the duty to safeguard customers' asset growth, and have won many awards at home and abroad.

(II) Wholesale Banking Services

As of the end of December 2022, the balance of corporate finance was NT\$619.7 billion, an increase of 3.0% from the end of the previous year. Furthermore, in support of the government's initiative, Taishin Bank provides guarantees in compliance with policy to help SMEs acquire operating capital. Lending to SMEs totaled NT\$257.6 billion by the end of 2022, an increase of 11% from the end of the previous year. In the future, Taishin Bank will continue to expand the scope of its cooperation with the SME Credit Guarantee Fund of Taiwan, helping SMEs to upgrade their business, and provide relevant financing schemes in accordance with major governmental policies such as the six pioneer industries and the Welcoming the Return of Taiwanese Investment Initiative Action Plan.

Other wholesale banking services: Automated clearing house (ACH), developed in collaboration with Taiwan Clearing House for fulfilling the needs of corporate customers to allocate funds, continued to rank first in the market in 2022 in the number of payments accepted by Taishin Bank; For factoring, Taishin Bank took a balanced approach in customer relationship management, and market price while considering risk management. In 2022, Taishin Bank undertook NT\$181.0 billion in factoring, remaining the highest in the market.

System platforms: Optimizing dual platforms of GB2B Global Digital Corporate Banking Network and iHub (API) cash management and payment. The integrated automatic delivery makes it possible to provide cash flow collection and payment services, transactional funding and wholesale financing, and makes financial services significantly more efficient. Starting with eliminating pain points for corporate customers, thinking outside the box, and continuing to promote FinTech innovation, in 2022, we launched the first-of-its-kind 'Taishin SME eco ECO' Digital Financial Service Platform, a multi-functional platform that brings together customer acquisition, application, submission, credit check, rating, and review. In addition, SMEs can authenticate basic loan application information through online identity verification by using API to connect to the "SME Financing Service Platform" of the Ministry of Economic Affairs to import the data into the review process, and use the smart scoring model and utility model patent technology tailored for SMEs to overturn the traditional manual review mode and provide one-stop service, instant loan approval needs and other services for SMEs. Besides reducing the burden of SMEs in providing hard-copy information, it also solves the long-standing problem of information transparency for SMEs, greatly improves audit efficiency and effectively reduces risks, and

leads SMEs to take the first step in green digital transformation and implement ESG goals. It won the "Best Product Award" of National Brand Yushan Award and the "Economic Development Silver Award" of TSAA in 2022. The platform has also obtained two utility model patent certifications.

(III) Financial Market Business

In financial product transactions, Taishin Bank continue to provide a wide range of financial products, including exchange rate, interest rate, equity, credit, gold account, derivatives and structured products linked to commodity types, to meet different hedging or investment needs and offer up-to-date market information and professional advice. Through the transaction platform with a complete line of financial products, we help customers monitor market changes and assess risks and meet the financial needs of onshore / offshore institutional and retail clients.

In 2022, we were one of the five leading banks in the country, repeatedly, in terms of the volume of derivative trading at NT\$11,815.9 billion, a 6.8% growth over the previous year; and the bond underwriting volume was NT\$23.7 billion. In addition to being an active participant in bond issuance planning for the financing of onshore and offshore companies, we bring in a wide range of bonds by overseas issuers to give Taiwanese investors more investment choices. In the future, we will continue to explore underwriting opportunities around the world.

Furthermore, for the purpose of providing better financial services for our overseas customers, we are dedicated to the integration and coordination of domestic and foreign trading platform resources, which is helpful for the cultivation of overseas financial business opportunities; Meanwhile, in response to developments in digital banking platforms, Taishin Bank has been working to put financial products on online platforms in order to provide more easy-to-use transaction services for customers and allow customers to trade domestic structured notes as well as open gold accounts online via digital platforms. These platforms are designed to meet the demand for easy and real-time financial investing and other transactions.

II. Insurance subsidiary

After the Company acquired the life insurance subsidiary in June 2021, the Company introduced Taishin FHC's resources to actively expand the business scope of such business entity. Its service items cover life insurance protection, retirement planning, asset accumulation, and health and accident insurance, casualty and other insurance businesses. In 2022, in addition to continuing to develop banking and insurance channels, expanding the life insurance consulting organization and improving the efficiency of resource utilization, an insurance broker and agent channel was also established to expand the customer base served; adhering to the concept of customer-centric, actively developing new products, and providing diversified products to meet the financial and insurance needs of customers at all stages of their lives.

In 2022, affected by the COVID-19, war, inflation and interest rate hikes, the life insurance market was hit hard. The total premium income of the overall life insurance market in 2022 was NT\$2,334.4 billion, a decline of 21.4% from the previous year; among them, the first-year premium income was NT\$773 billion, a decrease of 26.2% from the previous year, and the renewal premium income was NT\$1,561.4 billion, a decrease of 18.8% from the previous year.

However, in 2022, Taishin Life grew against the decline trend of the life insurance industry, with a total premium income of NT\$28.5 billion, an increase of 32.2% over the previous year; The first-year premium income was NT\$13.1 billion, an increase of 77.1% compared with the previous year, and the market ranking also climbed from the 18th at the time of the merger and acquisition to the 14th; the renewal premium income was NT\$15.4 billion, an increase of 8.7% over the previous year. In terms of asset management, the timely disposal of stocks and bonds to realize capital gains, coupled with the contribution of foreign currency

exchange benefits generated by the depreciation of NTD, has enabled the life insurance subsidiary to achieve a return on investment of 3.16%. In summary, the overall profit performance of life insurance subsidiaries in 2022 was better than that in 2021.

III. Securities and Investment Trust Subsidiaries

(I) Securities subsidiary:

1. Securities operations: The IT and digital team spare no effort to continuously optimize the online account opening process, enhance the service functions of the trading platform, and actively develop integrated online services, with the goal of providing one-stop digital financial services with zero time difference. By the end of 2022, the brokerage market share remained at the same level as in 2021. Regarding proprietary trading, positions are managed for quick strategy adjustments in response to market changes. Hedging tools are actively employed and risk management mechanisms implemented. Meanwhile, products are issued to suit customers' investment needs and risk tolerance. More types of investment returns are added in pursuit of consistent returns and risk diversification.
2. Investment banking operations: Regarding underwriting services, we focus on serving well managed companies, and seek opportunities in funding projects applying for first time TWSE/TPEx listing in Taiwan. We also continue to expand offshore securities underwriting services and foreign currency securities sales through offshore securities units (OSU) in order to increase overall market share. At the same time, we continue to provide corporate restructuring and reorganization, merger and acquisition, financial planning and other consulting services for domestic and foreign individuals, corporate entities, government institutions and financial institutions. By the end of 2022, the number of underwriting cases led by Taishin was 33, ranking second in the market, and the underwriting amount was NT\$19.2 billion, ranking second in the market; the average amount of financing in 2022 was maintained at about NT\$10 billion.

(II) SITE subsidiary:

The after-tax earnings per share in 2022 was 2.03; in 2022, the asset management scale of public, private placement and discretionary investment was NT\$285 billion, a decrease of about NT\$21.8 billion compared with 2021. This was mainly due to the impact of the rapid interest rate hike by the FED, which made the overall capital market tend to be conservative; however, among them, publicly offered funds amounted to NT\$128.8 billion, accounting for 2.7% of the market, and the market ranking improved from 11th to 9th; and for money market funds, we had a 12.9% and the largest market share. We will develop customer services and strengthen product designs on an ongoing basis to achieve greater synergy.

In summary, the Company and its subsidiaries have received wide, continuous acclaim for the excellent performance in various areas of expertise, including banking, insurance, securities, and investment trust. Taishin Bank is committed to the pursuit of financial innovation and development to meet customer needs. While developing, it also strictly controls risks and promotes the continuous growth of various businesses. Therefore, Taishin Bank stood out from other financial institutions in Taiwan and was awarded "Best Bank in Taiwan" by The Banker; By combining wealth management and digital banking innovation, Taishin Bank's professional service won the "Best private bank for big data analytics and AI, Asia" by The Banker and PWM (Professional Wealth Management), a magazine of the internationally renowned financial media Financial Times, and was also awarded the "Best for wealth transfer/succession planning in Taiwan" by Asiamoney for its professional financial planning; The wholesale banking services support government policies, as of March 2023, Taishin Bank has

been awarded with the "Gold Award of Credit Guarantee" by the Ministry of Economic Affairs for 11 years in a row. Richart, a digital banking brand, joined hands with partners from different industries to create a one-stop digital financial platform, which has been recognized at home and abroad, and won the "Asia's Best in Customer Interactions" from International Data Corporation (IDC) and the "The Innovators -Outstanding Innovations in Corporate Lending" award in the selection of "Global Finance" magazine. Taishin Life's risk control and business momentum have improved, and was awarded "twAA-" for long-term insurance companies' financial strength and issuer credit rating by Taiwan Ratings, with a "stable" rating outlook. The outstanding annual performance of Taishin Securities won the "The National Brand Yushan Award-Outstanding Enterprise" presented by the Republic of China National Enterprise Competitiveness Development Association; Taishin Securities Investment Trust's outstanding overall performance was awarded the "The 11st Golden Peak Award of Outstanding Enterprises" presented by the Outstanding Enterprises Manager Association. The Company and its subsidiaries received more than 110 awards from domestic and international professional institutions in 2022. Their overall performance was indeed generally recognized in many countries.

C. Corporate Governance

We have been achieving excellent results for consecutive years since TWSE announced the results of the first Corporate Governance Evaluation in 2015. The rankings reflected recognition for our hard work and results in corporate governance. The company continues to be one of the constituents of the TWSE Corporate Governance 100 Index.

D. Corporate sustainable development

The Company implements corporate sustainable development. In 2022, the organizational level of the corporate sustainability committee was raised to be under the board of directors, and a corporate sustainability office was set up to be responsible for promotion, re-examination and setting the tone of sustainability proposition as "Dedicated to Sustainability & Living Green", furthermore, the strategic direction planning was launched based on the three key issues: Climate Action, Financial Prosperity, Empower People. In addition, the Company also actively responds to climate change issues, establishes a TCFD climate task force to coordinate, manage and promote, and participates in a number of domestic and foreign sustainable initiatives, including responding to Task Force on Climate-related Financial Disclosures (TCFD), Equator Principles (EP), Stewardship Principles for Institutional Investors, and following The Principles for Responsible Banking to include ESG in the evaluation of investment and financing objects. In 2021, it was the first to join the "Taiwan Alliance for Net Zero Emissions" as a founding member, and committed to achieve net zero emissions in office locations by 2030; In 2022, the Company passed the carbon reduction target review of the Science-based Target initiative (SBTi). It is the third financial company in Taiwan and the fifth in Asia to pass the SBTi target review. It initiates investment and financing carbon reduction management, fulfills the key role of the financial industry in guiding the sustainable development of enterprises, and responds to the vision of low-carbon and net-zero emissions with practical actions. In addition, the "Taishin Net Zero Summit – Transform to Net Zero" was held for the first time to gather domestic and foreign experts and scholars, representatives of government agencies, and corporate leaders to jointly make propositions and call on more corporate partners to join the ranks of sustainability. In addition to its own efforts to reduce carbon emissions, the Company also cooperates with key strategic partners to launch a series of sustainable activities, and establishes a green life zone through the Richart Life App, inviting the Company's clients and the public to practice green life together. Furthermore, the Company encourages colleagues to use green vehicles to commute through subsidies, and invites social

welfare groups to jointly cultivate saplings and plant trees, implementing the sustainable spirit in all aspects of people's green life, including food, clothing, housing, and transportation.

The performance of the Company in promoting sustainable development continues to be recognized by domestic and foreign professional awards and appraisal institutions. It has been selected as a constituent of the "World" and "Emerging Markets" indexes of the Dow Jones Sustainability Index (DJSI) for five consecutive years, rated by MSCI ESG as AA-leader level for three consecutive years, and rated as leadership level (A-) by the Carbon Disclosure Project (CDP) in 2022, and has been continuously selected to be included in various ESG indexes as a constituent company, including "TWSE RAFI Taiwan High Compensation 100 Index", "TIP Taiwan TPEx ESG Index", and "FTSE4Good TIP Taiwan ESG Index". In addition, the Company has also been recognized by the "Top 100 Corporate Sustainability Award" presented by the Taiwan Institute for Sustainable Energy and the "Excellence in Corporate Social Responsibility" presented by the CommonWealth Magazine. In the future, we will continue to pay attention to international trends, carefully consider how to continuously reduce the impact on the environment and society in the course of operation, deepen the promotion and implementation of sustainable finance and climate issue disclosure, and strive to become a sustainable and intelligent partner of customers and the public.

E. Future Prospects

In view of the changes in the overall financial environment, the Company will continue to uphold the principle of prudent operation, and with the goals including "corporate sustainability", "emphasis on information security", "financial inclusion", and "fair treatment of customers", the policies proposed by the government in 2022 will be implemented in an effective and orderly fashion. With the hope to find growth opportunities on the basis of stability, the government tries to elevate Taiwan to a hub for fund transfer and high net worth wealth management services for Asian businesses, help businesses in key industries obtain funding, and promote adoption of international standards in the banking system.

Looking forward, We will commit to achieving the goals of our existing business activities while pursuing environmental sustainability (E), social inclusion (S), and outstanding corporate governance (G), all in accordance with the principle of "rigorous risk management, integrous law abidance, and aggressive expansion", while supporting government policies and complying with applicable regulations. Our business strategies and plans in 2023 include: continuing to develop group-wide advantages and perfecting cross-industry operations across banking, insurance, and securities, as to make our product line more comprehensive, increase our business competitiveness in the financial sector, and realize our long-term business goals; integrating financial holding resources, expanding the business scale of subsidiaries with an emphasis on risk control and business growth, and creating diverse profit engines; continuing to deepen the ESG culture and building up strengths in sustainable development; creating new advantages in the emerging area of FinTech through digital transformation; utilizing new technologies and innovative business models to keep increasing Richart's market share; developing a customer-oriented comprehensive product strategy to meet the insurance needs of customers at all stages of life, while expanding the market share of bancassurance channels through Taishin FHC, enhancing the efficiency of life insurance consultant teams, and developing insurance brokerage and agency business, actively expanding the scale of life insurance; supporting green energy and sustainability through lending, and assisting in the development of the low-carbon transportation, circular economy, and renewable energy industries; optimizing IT resources in the holding group on an ongoing basis, implementing strong information security defense, and building IT systems to facilitate business growth; and continuing to promote overseas business expansion, focusing primarily on Asian countries and

areas populated by Overseas Chinese communities, and developing international businesses.

Taishin employees have long dedicated themselves to delivering the best banking services with "integrity, commitment, innovation and cooperation" in mind. Even in the pursuit of profitability and continuous growth, Taishin has been able to demonstrate the innovation and customer-centric values that have helped shape Taiwan's banking industry as a whole and embodied the group's fulfillment of its corporate social responsibility. Taishin will hereafter adhere to the same business philosophy while continuing to deliver comprehensive services and maximizing profits so as to benefit our shareholders, customers, employees and the greater community alike and to deliver on our promises to shareholders.

Chairman

Taishin Financial Holding co., Ltd.

April 2023





02

2022
Annual Report

Company Profile

II. Company Profile

A. Date of establishment

February 18, 2002

B. Company history

Taishin Financial Holding Co., Ltd. ("Taishin Financial Holding" or the "Company") was established by Taishin International Bank Co., Ltd. ("Taishin Bank") and Dah An Commercial Bank Co., Ltd. ("Dah An Bank") pursuant to the Republic of China ("ROC") Financial Holding Company Act and related regulations through a stock swap on February 18, 2002. Taishin Financial Holding's main business activities are investing and managing its investments in financial institutions.

Taishin Bank and Dah An Bank established Taishin Financial Holding through a stock swap. In forming the holding company, Taishin Bank merged with Dah An Bank, with Taishin Bank as the surviving company. In addition, Taishin Securities Co., Ltd. ("Taishin Securities A") and Taishin Bills Finance Co., Ltd. ("Taishin Bills Finance") became wholly-owned subsidiaries of Taishin Financial Holding through a stock swap effective on December 31, 2002.

In order to better integrate the resources of the Company and its controlled affiliates, on December 19, 2009, the Company disposed of its wholly-owned subsidiary Taishin Securities A via a merger transaction of Taishin Securities A, as the dissolved company, and KGI Securities Co., Ltd. In addition, on January 22, 2011, Taishin Bank merged with Taishin Bills Finance. Hence, Taishin Bank acquired the whole assets and assumed all liabilities and operations of Taishin Bills Finance.

Taishin Bank started its business operations on March 23, 1992.

Taishin Asset Management Co., Ltd. ("Taishin AMC") was established on August 14, 2002.

Taishin Venture Capital Co., Ltd. ("Taishin Venture Capital") was approved for establishment on December 25, 2002.

Taishin Securities Co., Ltd. ("Taishin Securities B") (formerly known as Donshin Securities Co., Ltd.) was incorporated on January 15, 1990, and its operations include services dealing with futures, securities underwriting, brokerage, margin lending and security transfer services. Taishin Financial Holding acquired 100% equity interest of Taishin Securities B by cash investments on April 9, 2010. Taishin Securities B became a subsidiary of Taishin Financial Holding.

Taishin Financial Holding acquired 100% equity interest of Taishin Securities Investment Trust Co., Ltd. ("Taishin Securities Investment Trust") and 92% equity interest of Taishin Securities Investment Advisory Co., Ltd. ("Taishin Securities Investment Advisory") by cash investments on July 26, 2010.

Taishin Financial Holding acquired 100% equity interest of Franklin Insurance Brokers Co., Ltd. ("Franklin Insurance Brokers") by cash investments on April 27, 2011. Franklin Insurance Brokers became a subsidiary of Taishin Financial Holding and changed its company name to Taishin Holdings Insurance Brokers Co., Ltd. ("Taishin Holdings Insurance Brokers"). However, in order to integrate the group resources and effectively utilize operational capital to advance operational performance, the Company conducted an internal group

restructure. Therefore, on October 29, 2015, the board of Taishin Bank (acting as stockholders of Taishin Bank) resolved that the surviving company was Taishin Bank and the dissolved company was Taishin Holdings Insurance Brokers.

Taishin Financial Holding acquired 100% equity interest in Prudential Life Insurance Company of Taiwan Inc. ("Prudential Life Insurance") through cash investment on June 30, 2021. Prudential Life Insurance became a subsidiary of Taishin Financial Holding and changed the company name to Taishin Life Insurance Co., Ltd. ("Taishin Life Insurance") on August 10, 2021 with approval by the ROC Ministry of Economic Affairs.

In the year ended December 31, 2005, Taishin Financial Holding acquired 1,400,000 thousand shares of preferred stock B issued by Chang Hwa Commercial Bank, Ltd. ("Chang Hwa Bank") through private placements. The 22.55% ownership interest with voting rights allows Taishin Financial Holding to take over half of the seats in the board of directors of Chang Hwa Bank. Accordingly, Taishin Financial Holding had controlling power over Chang Hwa Bank. On October 3, 2008, this preferred stock B was converted into 1,400,000 thousand shares of common stock. Chang Hwa Bank held the election of its board of directors on December 8, 2014, whereby Taishin Financial Holding did not obtain more than half of the seats of Chang Hwa Bank's board of directors. Therefore, Taishin Financial Holding lost its control over Chang Hwa Bank and afterwards did not account for Chang Hwa Bank as its subsidiary in accordance with the Financial Holding Company Act. In addition, Taishin Financial Holding disposed of 200 million shares of Chang Hwa Bank on June 10, 2021 and issued a letter of undertaking to the FSC, promising to complete the disposition of all shares held in 6 years from the time when the disposition of the shares of Chang Hwa Bank started; and since the beginning of the disposal of Chang Hwa Bank's shares, the Group no longer exercised shareholder rights other than dividend distribution rights, including no longer nominating directors, recommending independent directors, or supporting specific candidates for Chang Hwa Bank, thereby losing significant influence. The ownership interest without voting rights in Chang Hwa Bank held by Taishin Financial Holding and subsidiaries was 10.67% as of December 31, 2022.

C. Honors of the company

Date	Issuing Organization	Awards / Rankings
◆ 2022.03	RMiM (Risk Management, Insurance & Finance Foundation)	Most Admired Financial Holding Company by Graduating Finance/ Insurance Students_E Excellence – Taishin FHC
◆ 2022.03	Wealth Magazine	Wealth Management Award – Best Wealth Management – Taishin Bank
◆ 2022.03	Wealth Magazine	Wealth Management Award-Best Value Award – Taishin Bank
◆ 2022.03	Wealth Magazine	Wealth Management Award – Best Systematic Application of Technology – Taishin Bank
◆ 2022.03	Wealth Magazine	Wealth Management Award – Innovation Awards for Financial Services – Taishin Bank
◆ 2022.03	IDC (International Data Corporation)	Asia's Best in Customer Interactions – Taishin Bank
◆ 2022.03	Economic Affairs	Gold Award of Credit Guarantee – Taishin Bank
◆ 2022.03	Economic Affairs	Excellence Award of Portfolio Guarantee – Taishin Bank
◆ 2022.03	Economic Affairs	Excellence Award of Credit Managers – Taishin Bank
◆ 2022.03	The Asset	Best Retail Social Media Banking Experience – Taishin Bank
◆ 2022.03	Taipei Foundation Of Finance	TFF-Bloomberg Best Fund Awards 2022 for Foreign Funds – REITs Funds (3-year) – Taishin Securities Investment Trust
◆ 2022.03	Taipei Foundation Of Finance	TFF-Bloomberg Best Fund (Nominated) 2022 for Taiwan Money Market Funds (3-year) – Taishin Securities Investment Trust
◆ 2022.03	Outstanding Enterprise Manager Association	The 11st Golden Peak Award of Outstanding Enterprises – Taishin Securities Investment Trust
◆ 2022.04	Business Next	Best Business Model – Bronze Award (One-stop remittance service for Southeast Asian foreign workers in Taiwan) – Taishin Bank
◆ 2022.04	Business Next	Best Business Model – Bronze Award (Taishin Merchant App) – Taishin Bank
◆ 2022.04	Asiamoney	Best for wealth transfer/succession planning in Taiwan – Taishin Bank
◆ 2022.04	The Digital Banker	Winner : Best Customer Experience – ATM – Taishin Bank
◆ 2022.04	The Digital Banker	Winner : Best Wealth Manager for Digital CX – Taishin Bank
◆ 2022.05	Overseas Credit Guarantee Fund (Taiwan)	Outstanding Credit Guarantee Fund Quantity – Taishin Bank
◆ 2022.05	Overseas Credit Guarantee Fund (Taiwan)	Best Credit Guarantee Fund Growth in New Southbound Countries – Taishin Bank
◆ 2022.05	Forbes	Recognized on the lists of World's Best Banks 2022 – Taishin Bank
◆ 2022.06	RBI (Retail Banker International)	Winner – Best Advance in Loyalty/Rewards Programme – Taishin Bank
◆ 2022.06	RBI (Retail Banker International)	Winner – Best Mobile Wallet Initiative – Taishin Bank
◆ 2022.06	RBI (Retail Banker International)	Highly Commended – Best Open Banking Initiative – Taishin Bank

Date	Issuing Organization	Awards / Rankings
◆ 2022.06	RBI (Retail Banker International)	Highly Commended – Best Use of Big Data in Customer Strategy – Taishin Bank
◆ 2022.06	RBI (Retail Banker International)	Highly Commended – Excellence in Leadership Development – Taishin Bank
◆ 2022.06	RBI (Retail Banker International)	Highly Commended – Excellence in Loan Origination Process – Taishin Bank
◆ 2022.06	The Banker and PWM	Best private bank for big data analytics and AI, Asia – Taishin Bank
◆ 2022.06	Center for the Study of Banking of Finance, National Taiwan University	Award for the Best Bank of Leader's Vision and Managing Strategy – Taishin Bank
◆ 2022.06	Center for the Study of Banking of Finance, National Taiwan University	Award for the Best Bank of Developing International Market Capability – Taishin Bank
◆ 2022.06	ETtoday	The Most Popular Brands – Taishin Bank
◆ 2022.06	ETtoday	The Best Brand – Taishin Bank
◆ 2022.06	ETtoday	The Best Sustainable Enterprise – Taishin Bank
◆ 2022.06	Financial Information Service Co., Ltd.	Outstanding Inter-Bank Business Development – Taishin Bank
◆ 2022.06	Financial Information Service Co., Ltd.	Best Inter – Bank Financial Services – Taishin Bank
◆ 2022.06	Republic of China National Enterprise Competitiveness Development Association	The National Brand Yushan Award – The Best Products (Taishin SME eco ECO) – Taishin Bank
◆ 2022.06	Republic of China National Enterprise Competitiveness Development Association	The National Brand Yushan Award – The Best Products (Intelligent Data Leads the Sale) – Taishin Bank
◆ 2022.06	National Enterprise Competitiveness Development Association	The National Brand Yushan Award – The Most Popular Brands (Wealth Management) – Taishin Bank
◆ 2022.06	Republic of China National Enterprise Competitiveness Development Association	The National Brand Yushan Award – The Most Popular Brands (Taishin Bank ESG platform – Power to Change) – Taishin Bank
◆ 2022.06	Republic of China National Enterprise Competitiveness Development Association	The National Brand Yushan Award – The Best Products (Mercuries Life Insurance Card) – Taishin Bank
◆ 2022.06	Republic of China National Enterprise Competitiveness Development Association	The National Brand Yushan Award – The Best Products (Taishin Merchant App) – Taishin Bank
◆ 2022.06	Republic of China National Enterprise Competitiveness Development Association	The National Brand Yushan Award – The Best Products (Richart Life) – Taishin Bank
◆ 2022.06	Republic of China National Enterprise Competitiveness Development Association	The National Brand Yushan Award-The Best Products (Smart Transportation – Omni-Payment Platform) – Taishin Bank
◆ 2022.06	Republic of China National Enterprise Competitiveness Development Association	The National Brand Yushan Award – The Best Products (COVID-19 Breakthrough! Taishin New Virtual Finance Ecology and Innovative Business Model) – Taishin Bank
◆ 2022.06	Republic of China National Enterprise Competitiveness Development Association	The National Brand Yushan Award – The Most Popular Brands (Ricahrt) – Taishin Bank
◆ 2022.06	Republic of China National Enterprise Competitiveness Development Association	The National Brand Yushan Award – Outstanding Enterprise – Taishin Securities

Date	Issuing Organization	Awards / Rankings
◆ 2022.06	Republic of China National Enterprise Competitiveness Development Association	The National Brand Yushan Award – The Most Popular Brands (Ricahrt) – Taishin Securities
◆ 2022.06	Economic Daily News	Securities Promotion Award – Taishin Securities
◆ 2022.06	Economic Daily News	Securities Promotion Award – Taishin Securities
◆ 2022.06	Economic Daily News	Securities Progress Award – Taishin Securities
◆ 2022.06	Economic Daily News	Securities Progress Award – Taishin Securities
◆ 2022.07	Asian Banking & Finance	Taiwan Domestic Technology & Operations Bank of the Year – Taishin Bank
◆ 2022.07	The Banker	Ranked No. 250 of The Banker's 2022 Top 1000 World Banks Ranking – Taishin Bank
◆ 2022.07	Asian Banking & Finance	Mobile Banking & Payment Initiative of the Year – Taiwan – Taishin Bank
◆ 2022.07	Asian Banking & Finance	Online Banking Initiative of the Year – Taiwan – Taishin Bank
◆ 2022.07	Asian Banking & Finance	Strategic Partnership of the Year – Taiwan – Taishin Bank
◆ 2022.07	Euromoney	Taiwan – Digital Solutions (Market Leader) – Taishin Bank
◆ 2022.07	Euromoney	Taiwan – D&I (Notable) – Taishin Bank
◆ 2022.08	TAISE (Taiwan Institute for Sustainable Energy)	Social Inclusion Silver Award, Taiwan Sustainability Action Awards, TSAA – Taishin FHC
◆ 2022.08	TAISE(Taiwan Institute for Sustainable Energy)	Social Inclusion Silver Award, Taiwan Sustainability Action Awards, TSAA – Taishin FHC
◆ 2022.08	TAISE (Taiwan Institute for Sustainable Energy)	Economic Development Silver Award, Taiwan Sustainability Action Awards, TSAA – Taishin FHC
◆ 2022.08	RMIM Inc.	Faith, Hope & Love Awards of Insurance – Distinguished Award for Insurance Career Achievement – Taishin Life
◆ 2022.08	RMIM Inc.	Faith, Hope & Love Awards of Insurance – Distinguished Award for Insurance Career Achievement – Taishin Life
◆ 2022.08	Global Finance	Best Consumer Digital Bank in Taiwan – Taishin Bank
◆ 2022.08	Global Finance	Best Online Deposit, Card and Investment Product Offerings – Taishin Bank
◆ 2022.08	Global Finance	Best Bill Payment and Presentment – Taishin Bank
◆ 2022.08	Taiwan Futures Exchange	Futures Trading Growth in Banking Sector – Diamond Award (No.1) – Taishin Bank
◆ 2022.08	Business Today	Best Wealth Management Award of Banks and Securities – Best Digital Experience (No.1) – Taishin Bank
◆ 2022.08	Business Today	Best Wealth Management Award of Banks and Securities – Best Robo Advisor (No.2) – Taishin Bank
◆ 2022.08	Business Today	Best Wealth Management Award of Banks and Securities – Best Sustainability Product (No.1) – Taishin Securities

Date	Issuing Organization	Awards / Rankings
◆ 2022.08	Business Today	Best Wealth Management Award of Banks and Securities – Best Digital Experience (No.2) – Taishin Securities
◆ 2022.08	Business Today	Best Wealth Management Award of Banks and Securities – Best Risk Control (No.3) – Taishin Securities
◆ 2022.08	HR Asia Magazine	Best Companies To Work For In Asia 2022 – Taishin FHC
◆ 2022.09	CommonWealth	Ranked Top 50 in 2022 "Excellence in Corporate Social Responsibility – Taishin FHC
◆ 2022.09	CommonWealth	Ranked No. 2 of Fast 100 in Taiwan – Taishin Venture Capital
◆ 2022.09	CommonWealth	Ranked No. 62 of Fast 100 in Taiwan – Taishin Securities Investment Trust
◆ 2022.09	CommonWealth	Ranked No. 81 of Fast 100 in Taiwan – Taishin Securities
◆ 2022.10	Wealth Magazine	Taiwan Financial Awards: Best FinTech Bank Quality Award – Taishin Bank
◆ 2022.10	Wealth Magazine	Taiwan Financial Awards: Best Digital Bank Quality Award – Taishin Bank
◆ 2022.10	PBI (Private Banker International)	Highly Commended – Best Next-Generation Offering – Taishin Bank
◆ 2022.10	IDC (International Data Corporation)	Best in Future of Customer Experience – Taishin Bank
◆ 2022.10	IDC (International Data Corporation)	Best in Future of Digital Innovation – Taishin Bank
◆ 2022.10	Commercial Times	Digital Financial Service Award: Best Digital Innovation Quality Award – Taishin Bank
◆ 2022.10	Republic of China National Enterprise Competitiveness Development Association	The National Brand Yushan Award – First Prize in the Best Product (COVID-19 Breakthrough! Taishin New Virtual Finance Ecology and Innovative Business Model) – Taishin Bank
◆ 2022.10	Republic of China National Enterprise Competitiveness Development Association	The National Brand Yushan Award – First Prize in The Most Popular Brands (Ricahrt) – Taishin Bank
◆ 2022.10	Taiwan Ratings	Affirmed the credit ratings as twAA- – Taishin Life
◆ 2022.11	GCCA (Greater China Contact Centre Alliance)	Best in Greater China – Taishin Bank
◆ 2022.11	TCCDA (Taiwan Contact Center Development Association)	Best Customer Experience – Taishin Bank
◆ 2022.11	TCCDA (Taiwan Contact Center Development Association)	Best Customer Service Team – Taishin Bank
◆ 2022.11	TCCDA (Taiwan Contact Center Development Association)	Best Customer Service Onsite Supervisor – Taishin Bank
◆ 2022.11	TCCDA (Taiwan Contact Center Development Association)	Best Customer Service Onsite Representative – Taishin Bank
◆ 2022.11	TCCDA (Taiwan Contact Center Development Association)	Best Customer Service Marketing Representative – Taishin Bank
◆ 2022.11	TCCDA (Taiwan Contact Center Development Association)	Best Trainer in Customer Service – Taishin Bank

Date	Issuing Organization	Awards / Rankings
◆ 2022.11	TCCDA (Taiwan Contact Center Development Association)	Best Customer Service Representative – Taishin Bank
◆ 2022.11	DailyView	Best ESG Innovation – Taishin FHC
◆ 2022.11	TAISE (Taiwan Institute for Sustainable Energy)	Top 100 Corporate Sustainability Award – Taishin FHC
◆ 2022.11	TAISE (Taiwan Institute for Sustainable Energy)	Platinum Award in Taiwan Corporate Sustainability Report Award – Taishin FHC
◆ 2022.11	TAISE (Taiwan Institute for Sustainable Energy)+L9+A956:L956	Growth through Innovation Award – Taishin FHC
◆ 2022.11	TAISE (Taiwan Institute for Sustainable Energy)	Information Security Award – Taishin FHC
◆ 2022.11	TAISE (Taiwan Institute for Sustainable Energy)	Sustainability Reporting Award Silver Class – Taishin FHC
◆ 2022.11	Occupational Safety and Health Administration	Sustainability Reporting Award of Occupational Safety and Health – Taishin FHC
◆ 2022.11	Taiwan Academy of Banking and Finance	The Taiwan Banking and Finance Best Practice Award – Best Digital Finance – Taishin Bank
◆ 2022.11	Taiwan Academy of Banking and Finance	The Taiwan Banking and Finance Best Practice Award – Best Consumer Finance – Taishin Bank
◆ 2022.11	Sports Administration, Ministry of Education	Gold Award of Sport Sponsorships – Taishin FHC
◆ 2022.12	The Banker	Best Bank in Taiwan – Taishin Bank
◆ 2022.12	Environmental Protection Administration, Executive Yuan, R.O.C. (Taiwan)	the Environmental Protection Administration (EPA) Bronze Award – Taishin FHC
◆ 2022.12	Department of Environmental Protection, Taipei City Government	Green Procurement Excellent Enterprise in Taipei City – Taishin FHC
◆ 2022.12	China Association of Enterprises with Foreign Investment (CAEFI)	China Financial Leasing List Company of the Year 2022 – Taishin Financial Leasing (China)
◆ 2022.12	Local Financial Supervision and Administration of Jianye District, Nanjing	Local Financial Management Service Award in Jianye District in 2021 – Taishin Financial Leasing (China)
◆ 2022.12	Nanjing Enterprise Confederation, Nanjing Entrepreneurs Association	Top 50 Growth Enterprises of Nanjing in 2022 – Taishin Financial Leasing (China)
◆ 2022.12	The Banker and PWM	Best Private Bank in Taiwan 2022 Highly Commended
◆ 2022.12	BSI (British Standard Institution)	BSI Sustainable and Resilient Navigator Award – Taishin FHC
◆ 2022.12	Jiangsu Financial Leasing Industry Association	Jiangsu Financial Leasing "Excellent Company" in 2022 – Taishin Financial Leasing (China)
◆ 2022.12	Global Finance	The Innovators – Outstanding Innovations in Corporate Lending
◆ 2022.12	Global Finance	Financial Services Company Labs (Internal) of World's Best Financial Innovation Labs – Taishin Bank



03

2022
Annual Report

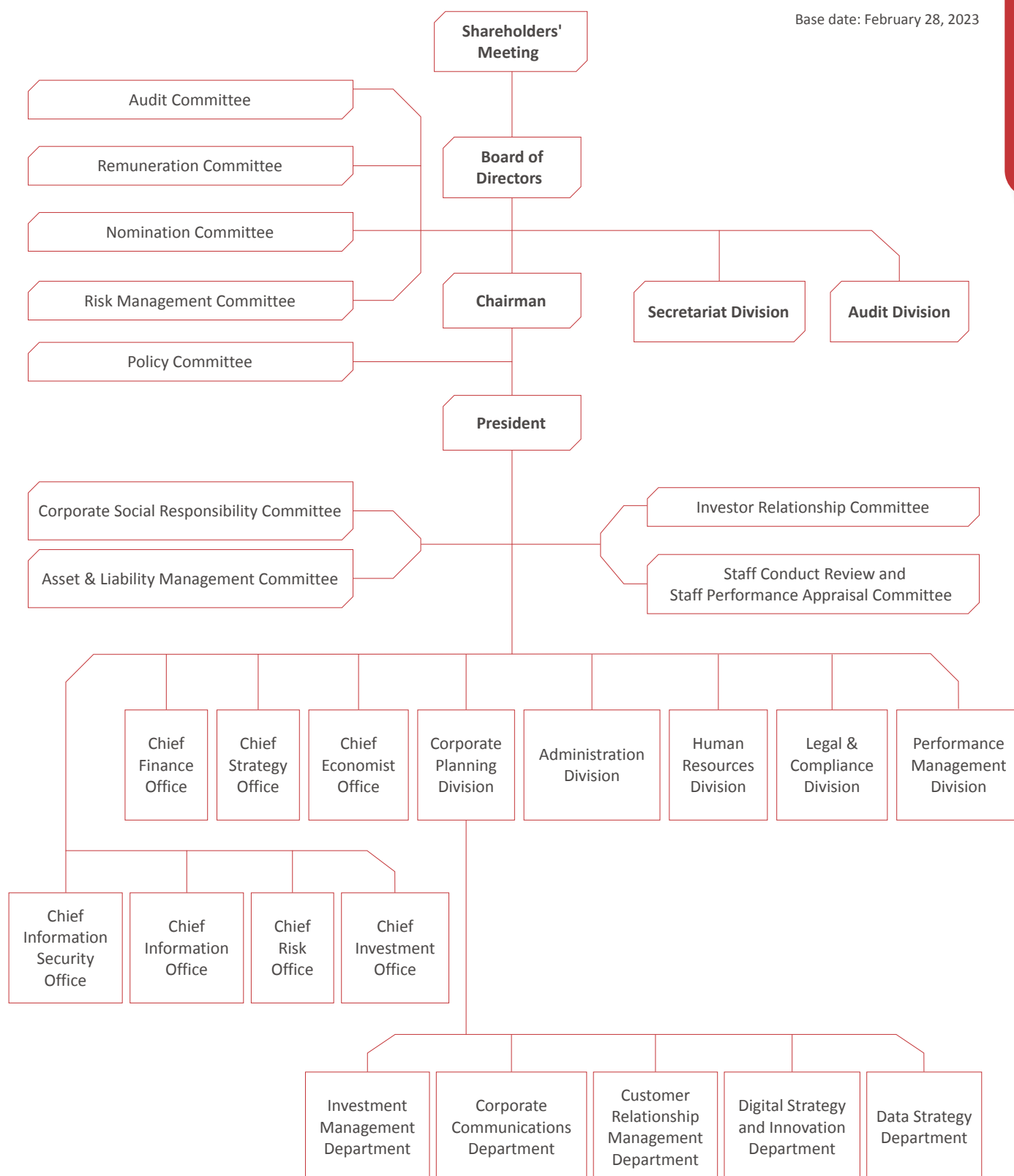
Corporate Governance Report

III. Corporate Governance Report

A. Organization system

a. Organization chart

Base date: February 28, 2023



1. Responsibilities of major units

(1) Chief Economist Office

- ◆ Provide analytical information on regional economies, industrial trend, as well as prospects of general global economy, exchange rate, interest rate, and the world's major stock markets and industries to Taishin Financial Holding Group, including the company and its subsidiaries.
- ◆ In response to the need of the board of directors and managerial units of the company and subsidiaries for decision making and business need, provide expert analysis, evaluation, and opinions, to assist with risk assessment and business promotion, in addition tracking the status and prospects of companies with public share offering in Taiwan and proposing industrial assessment and analytical report.

(2) Chief Strategy Office

- ◆ In charge of formulating medium- and long-term development strategies for the financial holding company and subsidiaries.
- ◆ Track the execution of the existing strategies of the company and subsidiaries and analyze, assess, and evaluate its performance.

(3) Chief Finance Office

- ◆ The Company's capital planning, analyzing and managing of capital adequacy ratio, financial and operational data, and assisting subsidiaries in the above matters.
- ◆ The Company's long-term investment planning, analysis and evaluation, implementation and management, and assisting, supervising and evaluating the above-mentioned matters for each subsidiary.
- ◆ Managing the liquidity risk and the exchange rate and interest rate risks.
- ◆ Managing the asset and liability structure and fund utilization.
- ◆ Providing assistance for subsidiaries in evaluating, analyzing, and overseeing operations, performance, and risks of wealth management products, in formulating business decisions regarding wealth management products, and in studies of regulations.

(4) Chief Risk Office

- ◆ Planning and management of the management mechanism for credit risk, market risk, and operating risk.
- ◆ Disclosure of the risk-management execution and risk-exposure position.
- ◆ Planning and establishment of integrated risk-management platform.
- ◆ Overseeing planning of and managing and supervising execution of review, process management, and risk management for wealth management products by the Company and subsidiaries.
- ◆ Executing, tracking and managing each management indicator and resolution of the Financial Holding Asset & Liability Management Committee.
- ◆ Assisting the Company and its subsidiaries in formulating (amending) each management measure and indicator related to asset and liability management.

(5) Chief Information Office

- ◆ Formulation of information policy.
- ◆ Application, integration, and proposal of new information technologies.
- ◆ Evaluation of major information investments.

(6) Chief Investment Office

- ◆ Planning and execution of the Company's liquidity risk, exchange rate, interest rate risk, and fund allocation, as well as supervision and management of subsidiaries.
- ◆ Planning, implementing, and managing the asset securitization services and overseeing and evaluating practices of the subsidiaries.

- ◆ Providing assistance for subsidiaries in planning, implementing, and managing short term securities, bonds, bills, funds and other investments and overseeing and evaluating practices of the subsidiaries.

(7) Chief Information Security Office

- ◆ Planning and implementation of information security policies for the Company and subsidiaries.
- ◆ Planning and implementation of information security education and training for the Company, as well as relevant assistance for subsidiaries.

(8) Human Resources Division

- ◆ Formulation, revision, organizational planning, and publication of the financial holding company's human- resources regulations and policy.
- ◆ Management of personnel recruitment, appointment, and performance evaluation.
- ◆ Employee compensations and welfare; the design, execution, and management of the communications channel with employees.
- ◆ Research, planning, revision, compilation, and execution of staff-training courses and materials.
- ◆ Formulation, execution, and management of human resources-related contracts and documents of the company and subsidiaries.

(9) Administration Division

- ◆ Drafting, formulation, and execution of the regulations and system of the company's administrative and general affairs.
- ◆ Acceptance and sending of official documents.
- ◆ Evaluation and execution of the company's major general affairs, construction / improvement and procurement.
- ◆ Formulation, execution, and management of external contracts and documents of the company's administrative affairs.
- ◆ Assistance for subsidiaries in the planning and management of administrative services.

(10) Legal & Compliance Division

- ◆ Legal affairs:
 - Assist the company and its subsidiaries in devising, formulating and implementing policies in line with laws.
 - Offer consultation on legal affairs concerning the company and its subsidiaries.
 - Assist in reviewing and supervising various contracts and correspondences used by the company and its subsidiaries.
- ◆ Compliance affairs:
 - Drafting, formulation, and execution of regulations and policy for compliance for the company and subsidiaries.
 - Study, transmission, inquiry, coordination, and communications for compliance affairs for the company and its subsidiaries.
 - Execution, supervision, and evaluation of compliance affairs for the company and subsidiaries.
- ◆ Anti-money laundering and counter terrorism affairs:
 - Formulating the anti-money laundering and counter terrorism financing system and policy, implement supervision, and assist its subsidiaries with such matters.

(11) Corporate Planning Division

- ◆ Planning and execution of major strategic projects.
- ◆ Coordination and communications with the competent authority.
- ◆ Business-related communications and coordination among various business groups and subsidiaries of the financial holding company.

- ◆ Formulation, execution, and management of general planning-related external contracts and documents for the company and subsidiaries.
- ◆ Planning, establishment, execution, and management of the organizations of the company and subsidiaries.
- ◆ Coordinating and supervising planning, execution, and management of corporate branding and public relations across the Company and subsidiaries.
- ◆ Handling the credit rating procedures and providing assistance for subsidiaries in completing the credit rating procedures.
- ◆ Handling investor relationship management and communications and building long term partnerships.
- ◆ Establishment of policies and provisions for cross selling across the Company and subsidiaries and related process planning and management.
- ◆ Communicating, coordinating and managing the strategies and relevant matters regarding the investment, use and management of the real estate for the Company and its subsidiaries.
- ◆ Planning, execution, and management of startup cooperation projects.
- ◆ Researching, planning and promoting new technologies and innovative applications.

(12) Performance Management Division

- ◆ Performance management:
 - Responsible for consolidating annual budgets for the Company and subsidiaries and setting and managing business goals every year.
 - Analyzing progresses on budgets and goal completion by the Company and subsidiaries.
 - Evaluating marketing proposals and reward programs for the Company and subsidiaries.
 - Planning and managing the performance management information system (MIS) and the activity based costing/management system (ABC/M) for the Company and subsidiaries and report preparation.
 - Designing and evaluating internal pricing rules based on the MIS system and the ABC/M system for the Company and subsidiaries.
- ◆ Accounting management:
 - Responsible for devising and managing accounting policies for the Company and subsidiaries.
 - Studying and advising on accounting and fiscal issues.
 - Compiling, analyzing and reporting financial information for the Company and subsidiaries.
 - Handling accounting and tax related procedures and overseeing and evaluating practices of the subsidiaries.
- ◆ Using balanced scorecards to track progress of strategy implementation at Taishin and its subsidiaries.

(13) Digital Strategy and Innovation Department

- Planning, integrating and tracking digital transformation strategies for the Company and its subsidiaries.
- Planning, executing and managing major digital transformation projects for the Company and its subsidiaries.

(14) Data Strategy Department

- Data strategy planning, data analysis insight and application scenario expansion for the Company and its subsidiaries.
- Formulating policies, establishing operational mechanisms and supervising the implementation of data governance for the Company and its subsidiaries.
- Formulating information sharing system, planning and promoting the implementation of the sharing structure for the Company and its subsidiaries.

- Data warehousing, human resource capacity building and management for the Company and its subsidiaries.

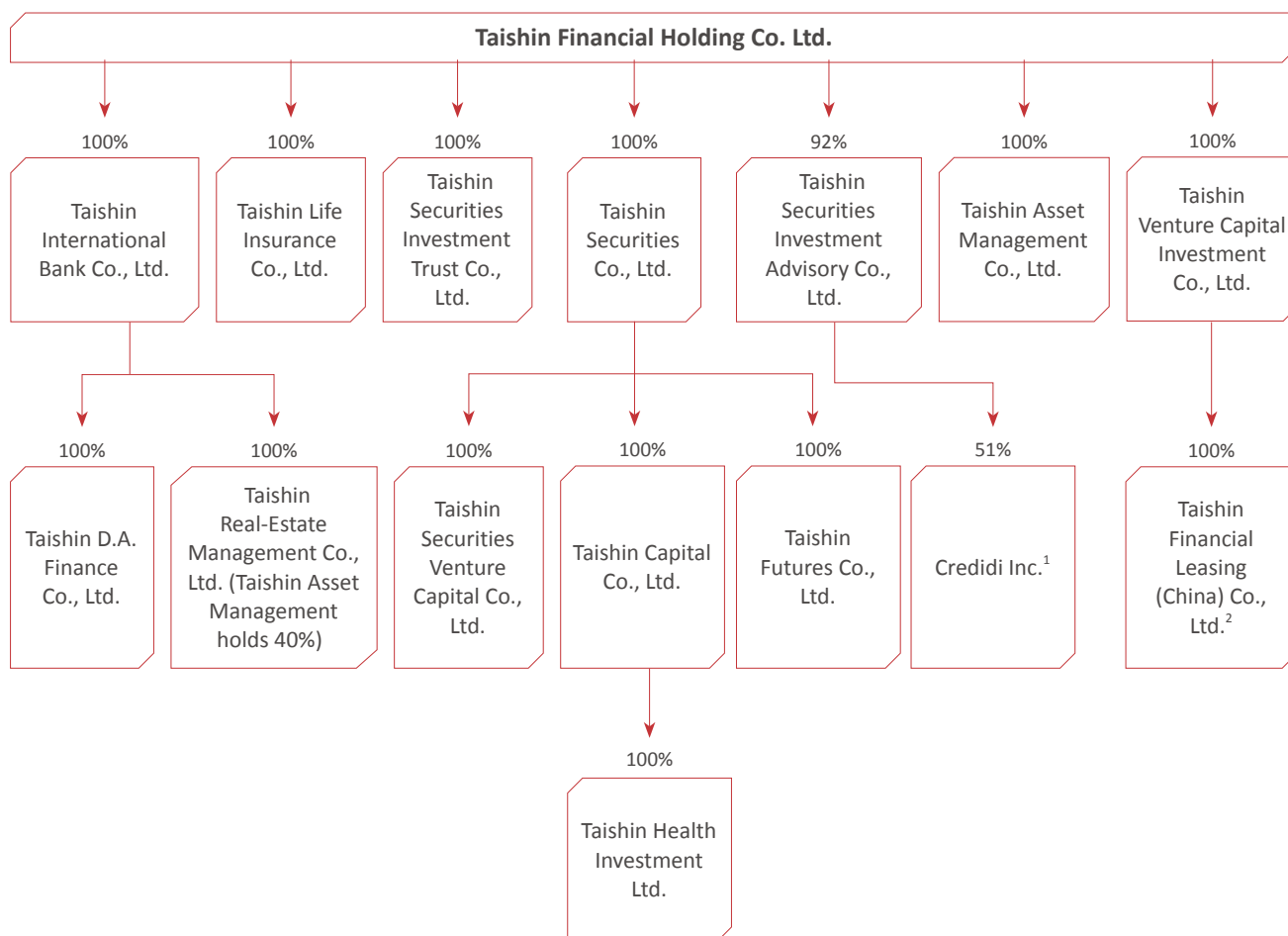
(15) Corporate Sustainability Office

- Coordinating the formulation of sustainable development policies, establishing strategic directions, as well as promoting and implementing various sustainable goals for the Company and its subsidiaries.
- Integrating domestic and international trends of sustainable development and the regulations of the competent authorities, as well as discussing annual sustainability projects and implementation plans.
- Tracking and reviewing the progress and effectiveness of sustainability implementation plans of the Company and its subsidiaries.
- Compiling and disclosing annual sustainability results, and preparing corporate sustainability reports.
- Coordinating and supervising corporate governance practices across the Company and subsidiaries.

2. Affiliated Companies

Organization of Taishin Financial Holding Co., Ltd.

Base date: Dec. 31, 2022



Note 1: Taishin Securities Investment Advisory Co., Ltd., Taishin Venture Capital Investment Co., Ltd. and Taishin Securities Venture Capital Co., Ltd. Combine shareholdings 51%.

B. Profiles of directors, president, vice presidents, assistant vice presidents, heads of departments and branches, and advisors

a. Information on board directors (I)

Title	Nationality	Name	Gender / Age	Date of getting elected	Term	Date of first getting elected	Shareholding upon election				Current shareholding					
							Commom shares		Preferred shares		Commom shares		Preferred shares			
							Number of shares	Share of stake	Number of shares	Share of stake	Number of shares	Share of stake	Number of shares	Share of stake		
Chairman	R.O.C.	Chia Hao Co., Ltd.	-	2021.07.23 (2021.07.23)	Three years	2015.06.12	20,744,846	0.19	976,284	0.12	22,760,725	0.19	976,284	0.09		
		Representative: Wu, Tong-Liang	Male Over 71			2001.12.07	-	-	-	-	12,128,673	0.10	589,789	0.05		
Director	R.O.C.	TASCO Chemical Co., Ltd.	-	2021.07.23 (2021.07.23)	Three years	2018.06.08	425,462,696	3.90	9,371,667	1.17	466,807,022	3.90	9,371,667	0.85		
		Representative: Wu, Cheng-Ching	Male Over 71			2001.12.07	-	-	-	-	0	0.00	0	0.00		
Director	R.O.C.	Hsiang-Chao Co., Ltd.	-	2021.07.23 (2021.07.23)	Three years	2007.06.15	10,322,227	0.09	498,864	0.06	11,325,288	0.09	498,864	0.05		
		Representative: Kuo, Jui-Sung	Male Over 71			2010.06.18	-	-	-	-	696,838	0.01	0	0.00		

Base date: Feb. 28, 2023 unit: %; share

	Shareholding by spouse and minor children				Shareholding in the name of others				Principal experience and Education	Current jobs with other companies	Spouse or with in second degree kinship who serve managerial posts or board directors/supervisors of the company			Note
	Commom shares		Preferred shares		Commom shares		Preferred shares				Title	Name	Relationship	
	Number of shares	Share of stake	Number of shares	Share of stake	Number of shares	Share of stake	Number of shares	Share of stake						
	0	0.00	0	0.00	0	0.00	0	0.00	<ul style="list-style-type: none">•Chairman of Taishin Holdings and Taishin Bank•Chairman of Taishin Charity Foundation, Chairman of CNAIC•Chairman and Director of Taishin Venture Capital Investment•Chairman and President of Shinkong Synthetic Fibers•Vice Chairman of Teco Electric and Machinery	Note 1	Director	Kuo, Jul-Sung	Brother in law	None
	8,338,265	0.07	134,778	0.01	20,897,866	0.17	10,066,656	0.92	<ul style="list-style-type: none">•Director, Managing Director and Supervisor of First Commercial Bank, Taipei Business Bank and Hua Nan Bank•Managing Director of Shinkong Insurance and Shin Kong Life Insurance MBA, University of California, Los Angeles (UCLA), CA, US					
	0	0.00	0	0.00	0	0.00	0	0.00	<ul style="list-style-type: none">•Director and Supervisor of Taishin Holdings and Taishin Bank•Chairman and President of TASCOC Chemical•Managing Director and Director of Chang Hwa Bank•Managing Director of Petrochemical Industry Association of Taiwan•Chairman of Taiwan Chemical Industry Association	Note 2	None	None	None	None
	7,491,695	0.06	227,823	0.02	0	0.00	0	0.00	<ul style="list-style-type: none">•Director of Pacific Cultural Foundation•Member of Steering Committee, China Youth Corps.•Director of Teacher Chang Foundation Professor of Department of Chemical Engineering, National Taiwan University Ph.D., Engineering, Tokyo University, Tokyo, Japan					
	0	0.00	0	0.00	0	0.00	0	0.00	<ul style="list-style-type: none">•Director of Taishin Holdings and Taishin Bank•Professor of Department of Information Science, Business School, Soochow University•Professor of Department of Electrical Engineering, National Taiwan University	Note 3	Chairman	Wu, Tong-Liang	Brother in law	None
	1,627,859	0.01	0	0.00	2,576,833	0.02	10,000,000	0.91	<ul style="list-style-type: none">•Chairman of TECO Technology Foundation•Director of TECO Image Systems•Supervisor of Sercomm•Director of International Bank of Taipei Ph.D., Physics, New Hampshire University, NH, USA					

Title	Nationality	Name	Gender / Age	Date of getting elected	Term	Date of first getting elected	Shareholding upon election				Current shareholding					
							Commom shares		Preferred shares		Commom shares		Preferred shares			
							Number of shares	Share of stake	Number of shares	Share of stake	Number of shares	Share of stake	Number of shares	Share of stake		
Director	R.O.C.	Santo Arden Co., Ltd.	-	2021.07.23 (2021.07.23)	Three years	2013.06.21	6,130,796	0.06	304,820	0.04	6,726,555	0.06	304,820	0.03		
		2001.12.07	-			-	-	-	12,580,335	0.11	0	0.00				
Independent Director	R.O.C.	Lin, Yi-Fu	Male Over 71	2021.07.23 (2021.07.23)	Three years	2015.06.12	0	0.00	0	0.00	0	0.00	0	0.00		
Independent Director	R.O.C.	Chang, Min-Yu	Female 51~60	2021.07.23 (2021.07.23)	Three years	2018.06.08	0	0.00	0	0.00	0	0.00	0	0.00		
Independent Director	R.O.C.	Kuan, Kuo-Lin	Male 51~60	2021.07.23 (2021.07.23)	Three years	2018.06.08	0	0.00	0	0.00	0	0.00	0	0.00		

Note 1: Representative Wu, Tong-Liang is concurrently acting as Chairman of Taishin Bank, Chairman of Taishin Charity Foundation, Chairman of CNAIC, Director of Taishin Real Estate Management, Director of Taishin Asset Management, Director of An-sin Real Estate Management, Director of Shin Kong Mitsukoshi Department Store, Director of Shin Kong Lohas, Director of Shin Kong Construction and Development, Director of Shin-Yun Enterprise, Director of Jui-Siang Investment, Director of Kuei-Yuan Investment, Director of T-Ham& Dachan Food, Supervisor of Shin Kong Agriculture & Animal husbandry, Supervisor of Shin Kong Ocean Enterprise, Supervisor of Chin-Shan Investment.

Note 2: Representative Wu, Cheng-Ching is concurrently acting as Chairman of TASCO Chemical, Chairman of EXCEL Chemical, Chairman of Ming-Xing Chemical, Chairman of Tuntex Petrochemical, Chairman of SAFEWAY Gas, Chairman of Ho-Shin, Chairman of Chang-Feng Logistics, Chairman of TNS Logistics International, Chairman of Shun Li Tung Logistics, and Director of China Investment and Development.

Note 3: Representative Kuo, Jui-Sung is concurrently acting as Chairman of Jui-Fang Co., Chairman of TECO Technology Foundation, Director of Taishin Bank, Director of An-Long Enterprise, Director of Century Development, Director of Shin-Hai Gas(TWSE/TPEx listed companies), Director of Xing An Enterprise, Director of Zhao Feng Solar Power.

Base date: Feb. 28, 2023 unit: %; share

	Shareholding by spouse and minor children				Shareholding in the name of others				Principal experience and Education	Current jobs with other companies	Spouse or with in second degree kinship who serve managerial posts or board directors/supervisors of the company			Note
	Commom shares		Preferred shares		Commom shares		Preferred shares				Title	Name	Relationship	
	Number of shares	Share of stake	Number of shares	Share of stake	Number of shares	Share of stake	Number of shares	Share of stake						
	0	0.00	0	0.00	0	0.00	0	0.00	•Director and Standing Supervisor of Taishin Holdings and Taishin Bank •Director of TITAN II Venture Capital, Shinkong Investment Trust, Shin Kong Security and Taishin Bills Finance •Director of The China-Europe Creativity Cultural and Educational Foundation •Director and Supervisor of The Great Taipei Gas BA, Pharmaceutical, Kaohsiung Medical College, Kaohsiung, TW	Note 4	None	None	None	None
	0	0.00	0	0.00	0	0.00	0	0.00	•Independent Director of Taishin Holdings and Taishin Bank •Independent Director of Nanya Technology •Minister of Economic Affairs •Minister without Portfolio of Executive Yuan •Ambassador, Permanent Mission of the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu to the World Trade Organization •Consultant, Chinese National Association of Industry and Commerce, Taiwan BA, Accounting and Statistics, National Chengchi University, Taipei, TW	Note 5	None	None	None	None
	0	0.00	0	0.00	0	0.00	0	0.00	•Independent Director of Taishin Holdings and Taishin Bank •Executive CPA of Zhongxin United CPA Firm •Supervisor of Leo Systems •Director of Chang Hwa Bank •Reorganizer of First International Telecom Inc. •Director of Chi-Tun Consulting MBA, National Taiwan University, Taipei, TW	Note 6	None	None	None	None
	0	0.00	0	0.00	0	0.00	0	0.00	•Independent Director of Taishin Holdings and Taishin Life Insurance •Senior Consultant of McKinsey •Chairman and President of Citibank Taiwan Ltd. •Country Business Manager, Consumer Banking, Citibank N.A. Taiwan •Director of Citi Insurance Agency and Citi Property Insurance Agency MBA, University of Southern California, CA, USA	Note 7	None	None	None	None

Note 4: Representative Wang, Chu-Chan is concurrently acting as Chairman of Santo Arden, Chairman of Pan City, Chairman of Hsien-Shun Enterprise, Director of Shin Kong Jasper Fitness, Supervisor of Tai-Wa.

Note 5: Lin, Yi-Fu is concurrently acting as Independent Director of Taishin Bank, Independent Director of Nan Ya Plastics(TWSE/TPEx listed companies), Independent Director of Pan German Universal Motors(TWSE/TPEx listed companies), Director of Oneness Biotech (TWSE/TPEx listed companies).

Note 6: Chang, Min-Yu is concurrently acting as Independent Director of Taishin Bank, Independent Director of Microloops, Supervisor of Multilite International.

Note 7: Kuan, Kuo-Lin is concurrently acting as Independent Director of Taishin Life Insurance.

Major shareholders of institutional shareholders

Base date: Feb. 28, 2023

Names of Institutional shareholders	Major shareholders of institutional shareholders
Chia Hao Co., Ltd.	Wu, Tong-Liang 99.177%, Peng, Hsueh-Fen 0.823%
TASCO Chemical Co., Ltd.	Tai-Ho Investment Co., Ltd. 58.20%, He-Cheng Investment Co., Ltd. 19.55%, Fong-He Development Co., Ltd. 9.94%, Da-Jan Investment & Development Co., Ltd. 1.72%, He-Fong Investment Co., Ltd. 1.16%, Fong-He Investment Co., Ltd. 1.01%, Wu, Cheng-Ching 0.99%, Wu, Shang-Pin 0.99%, Wu, Pei-Rong 0.97%, Wu, Pei-Jyuan 0.95%
Hsiang-Chao Co., Ltd.	Wu, Tong-Liang 81.00%, Bo-Rui Co., Ltd. 19.00%
Santo Arden Co., Ltd.	Chang, Li-Wan 52.40%, Wang, Wei-Ren 23.15%, Wang, Wei-Hao 23.15%, Wang, Chu-Chan 1.30%

Major shareholders of major institutional shareholders

Base date: Feb. 28, 2023

Names of major Institutional Shareholders	Major shareholders of major institutional shareholders
Tai-Ho Investment Co., Ltd.	Wu, Shang-Pin 26.09%, Fong-He Development Co., Ltd. 19.96%, He-Cheng Investment Co., Ltd. 18.15%, Da-Jan Investment & Development Co., Ltd. 18.00%, Yang, Su-Yue 7.02%, Wu, Pei-Jyuan 5.07%, Fong-He Investment Co., Ltd. 2.50%, He-Fong Investment Co., Ltd. 2.50%, Wu, Pei-Rong 0.72%
He-Cheng Investment Co., Ltd.	Yang, Su-Yue 30.19%, Wu, Shang-Pin 30.19%, Wu, Pei-Jyuan 18.87%, Wu, Pei-Rong 18.87%, Fong-He Development Co., Ltd. 1.89%
Fong-He Development Co., Ltd.	Tai-Ho Investment Co., Ltd. 19.86%, He-Cheng Investment Co., Ltd. 19.72%, Wu, Shang-Pin 17.31%, Wu, Pei-Jyuan 17.31%, Yang, Su-Yue 17.08%, Wu, Pei-Rong 8.73%
Da-Jan Investment & Development Co., Ltd.	He-Cheng Investment Co., Ltd. 32.85%, Fong-He Development Co., Ltd. 19.64%, Fong-He Investment Co., Ltd. 19.41%, He-Fong Investment Co., Ltd. 19.41%, Yang, Su-Yue 7.72%, Wu, Shang-Pin 0.46%, Wu, Pei-Rong 0.26%, Wu, Pei-Jyuan 0.25%
He-Fong Investment Co., Ltd.	(BVI) PRECISION MASTER Co., LTD. 99.01%, Wu, Pei-Rong 0.99%
Fong-He Investment Co., Ltd.	(BVI) ALL BEST CO., LTD. 99.01%, Wu, Pei-Jyuan 0.99%
Bo-Rui Co., Ltd.	Ching-Wei Co., Ltd. 51.92%, Wu, Shin-Wei 24.04%, Hu, I-Lien trust account 24.04%

Information on board directors (II)

1. Disclosure of Director Qualifications and Independence of Independent Directors:

Qualifications Name	Professional Qualification and Experiences	Independence Criteria	Number of positions as an Independent Director in other public companies
Wu, Tong-Liang (Chairman)	<u>Industry experience/ Professional training:</u> banking, insurance, asset management, risk management <u>Principal Experience:</u> <ul style="list-style-type: none"> Chairman of Taishin FHC and Chairman of Taishin Bank Chairman of Taishin Charity Foundation, Chairman of CNAIC Chairman and Director of Taishin Venture Capital Investment Chairman and President of Shin Kong Synthetic Fibers Corp. Vice Chairman of Teco Electric & Machinery Co., Ltd. Director, Managing Director and Supervisor of First Bank, Taiwan Business Bank Taipei District, and Hua Nan Bank. Managing Director of Shin Kong Insurance and Shin Kong Life Insurance <u>Does any of the conditions stated in Article 30 of The Company Act apply:</u> None	During the two years before being elected or during the term of office, the director have been or be any of the following: (1) Not an employee of the company or any of its affiliates. (2) Not a director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Article 27, paragraph 1 or 2 of the Company Act. (3) If a majority of the company's director seats or voting shares and those of any other company are controlled by the same person: not a director, supervisor, or employee of that other company. (4) Not a director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the company. (5) Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Act or to the Business Mergers and Acquisitions Act or related laws or regulations.	0

Qualifications Name	Professional Qualification and Experiences	Independence Criteria	Number of positions as an Independent Director in other public companies
Wu, Cheng-Ching (Director)	<u>Industry experience/ Professional training:</u> banking, industry, and risk management <u>Principal Experience:</u> <ul style="list-style-type: none"> · Director and Supervisor of Taishin Holdings and Taishin Bank · Chairman and CEO of TASCO Chemical Corporation · Managing Director and Director of Chang Hwa Bank · Managing Director of Petrochemical Industry Association of Taiwan · Chairman of Taiwan Chemical Industry Association · Director of Pacific Cultural Foundation · Advisor of China Youth Corps · Director of Teacher Chang Foundation · Professor of National Taiwan University Department of Chemical Engineering <u>Does any of the conditions stated in Article 30 of The Company Act apply:</u> None	During the two years before being elected or during the term of office, the director have been or be any of the following: (1) Not an employee of the Company or any of its affiliates. (2) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the Company or ranking in the top 10 in holdings. (3) If a majority of the Company's director seats or voting shares and those of any other company are controlled by the same person: not a director, supervisor, or employee of that other company. (4) If the chairperson, general manager, or person holding an equivalent position of the Company and a person in any of those positions at another company or institution are the same person or are spouses: not a director (or governor), supervisor, or employee of that other company or institution. (5) Not a director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the Company. (6) Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the Company or any affiliate of the Company, or that provides commercial, legal, financial, accounting or related services to the Company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Act or to the Business Mergers and Acquisitions Act or related laws or regulations.	0

Qualifications Name	Professional Qualification and Experiences	Independence Criteria	Number of positions as an Independent Director in other public companies
Kuo, Jui-Sung (Director)	<u>Industry experience/ Professional training:</u> banking, information technology, risk management <u>Principal Experience:</u> <ul style="list-style-type: none"> · Director of Taishin FHC and Taishin Bank · Professor of Computer Science and Information Management, School of Business, Soochow University · Professor of National Taiwan University Department of Electrical Engineering · Chairman of TECO Technology Foundation · Director of Teco Image Systems · Supervisor of Sercomm Corporation · Director of International Bank of Taipei <u>Does any of the conditions stated in Article 30 of The Company Act apply:</u> None	During the two years before being elected or during the term of office, the director have been or be any of the following: (1) Not an employee of the Company or any of its affiliates. (2) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the Company or ranking in the top 10 in holdings. (3) Not a director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the Company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Article 27, paragraph 1 or 2 of the Company Act. (4) If a majority of the Company's director seats or voting shares and those of any other company are controlled by the same person: not a director, supervisor, or employee of that other company. (5) Not a director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the Company. (6) Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the Company or any affiliate of the Company, or that provides commercial, legal, financial, accounting or related services to the Company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Act or to the Business Mergers and Acquisitions Act or related laws or regulations.	0

Qualifications Name	Professional Qualification and Experiences	Independence Criteria	Number of positions as an Independent Director in other public companies
Wang, Chu-Chan (Director)	<p><u>Industry experience/ Professional training:</u> banking, securities, risk management</p> <p><u>Principal Experience:</u></p> <ul style="list-style-type: none"> Director of Taishin FHC and Taishin Bank and Standing Supervisor of Taishin Bank Director of Jubang Ven-ture Capital, Shin Kong Investment Trust, Taiwan Shin Kong Security, and Taishin Bills Finance Director of Sino-Europe Foundation for Culture and Education Director and Supervisor of The Great Taipei Gas Corporation <p><u>Does any of the conditions stated in Article 30 of The Company Act apply:</u> None</p>	<p>During the two years before being elected or during the term of office, the director have been or be any of the following:</p> <p>(1) Not an employee of the Company or any of its affiliates.</p> <p>(2) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship of the persons listed below:</p> <p>a) a managerial officer of the Company or any of its affiliates.</p> <p>b) a director or supervisor of the Company or any of its affiliates.</p> <p>c) a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the Company or ranking in the top 10 in holdings.</p> <p>(3) If a majority of the Company's director seats or voting shares and those of any other company are controlled by the same person: not a director, supervisor, or employee of that other company.</p> <p>(4) Not a director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the Company.</p> <p>(5) Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the Company or any affiliate of the Company, or that provides commercial, legal, financial, accounting or related services to the Company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Act or to the Business Mergers and Acquisitions Act or related laws or regulations.</p>	0

Qualifications Name	Professional Qualification and Experiences	Independence Criteria	Number of positions as an Independent Director in other public companies
Lin, Yi-Fu (Independent Director)	<p><u>Industry experience/ Professional training:</u> banking, accounting, risk management</p> <p><u>Principal Experience:</u></p> <ul style="list-style-type: none"> Independent Director of Taishin FHC and Taishin Bank Independent Director of Nanya Technology Corporation Minister of Ministry of Economic Affairs Minister without Portfolio of the Executive Yuan Republic of China Ambassador of Permanent Mission of the Separate Customs Territory of Taiwan, Penghu, Kinmen and Mastu to the WTO Consultant of Chinese National Association of Industry and Commerce, Taiwan (CNAIC) <p><u>Does any of the conditions stated in Article 30 of The Company Act apply:</u> None</p>	<p>During the two years before being elected or during the term of office, the director have been or be any of the following:</p> <ol style="list-style-type: none"> (1) Not an employee of the Company or any of its affiliates. (2) Not a director or supervisor of the Company or any of its affiliates. (Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, the Company and its parent or subsidiary or a subsidiary of the same parent.) (3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the Company or ranking in the top 10 in holdings. (4) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, relative within the second degree of kinship, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the Company or ranking in the top 10 in holdings. (5) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship of the persons listed below: <ol style="list-style-type: none"> a) a managerial officer of the Company or any of its affiliates. b) a director or supervisor of the Company or any of its affiliates. c) a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the Company or ranking in the top 10 in holdings. (6) Not a director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the Company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Article 27, paragraph 1 or 2 of the Company Act. (Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, the Company and its parent or subsidiary or a subsidiary of the same parent.) (7) If a majority of the Company's director seats or voting shares and those of any other company are controlled by the same person: not a director, supervisor, or employee of that other company. (Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, the Company and its parent or subsidiary or a subsidiary of the same parent.) (8) If the chairperson, general manager, or person holding an equivalent position of the Company and a person in any of those positions at another company or institution are the same person or are spouses: not a director (or governor), supervisor, or employee of that other company or institution. (Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, the Company and its parent or subsidiary or a subsidiary of the same parent.) (9) Not a director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the Company. (If the specified company or institution holds 20 percent or more and no more than 50 percent of the total number of issued shares of the Company, it does not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, the Company and its parent or subsidiary or a subsidiary of the same parent.) (10) Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the Company or any affiliate of the Company, or that provides commercial, legal, financial, accounting or related services to the Company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Act or to the Business Mergers and Acquisitions Act or related laws or regulations. 	2

Qualifications Name	Professional Qualification and Experiences	Independence Criteria	Number of positions as an Independent Director in other public companies
Chang, Min-Yu (Independent Director)	<p><u>Industry experience/ Professional training:</u> banking, accounting, information technology, risk management</p> <p><u>Principal Experience:</u></p> <ul style="list-style-type: none"> Independent Director of Taishin FHC and Taishin Bank Certified Accountant of Deloitte Supervisor of LEO Systems Director of Chang Hwa Bank Reorganizer of First International Telecom Director and Chi-tun Consulting <p><u>Does any of the conditions stated in Article 30 of The Company Act apply:</u> None</p>	<p>During the two years before being elected or during the term of office, the director have been or be any of the following:</p> <p>(1) Not an employee of the Company or any of its affiliates.</p> <p>(2) Not a director or supervisor of the Company or any of its affiliates. (Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, the Company and its parent or subsidiary or a subsidiary of the same parent.)</p> <p>(3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the Company or ranking in the top 10 in holdings.</p> <p>(4) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, relative within the second degree of kinship, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the Company or ranking in the top 10 in holdings.</p> <p>(5) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship of the persons listed below:</p> <p>a) a managerial officer of the Company or any of its affiliates.</p> <p>b) a director or supervisor of the Company or any of its affiliates.</p> <p>c) a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the Company or ranking in the top 10 in holdings.</p> <p>(6) Not a director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the Company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Article 27, paragraph 1 or 2 of the Company Act. (Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, the Company and its parent or subsidiary or a subsidiary of the same parent.)</p> <p>(7) If a majority of the Company's director seats or voting shares and those of any other company are controlled by the same person: not a director, supervisor, or employee of that other company. (Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, the Company and its parent or subsidiary or a subsidiary of the same parent.)</p> <p>(8) If the chairperson, general manager, or person holding an equivalent position of the Company and a person in any of those positions at another company or institution are the same person or are spouses: not a director (or governor), supervisor, or employee of that other company or institution. (Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, the Company and its parent or subsidiary or a subsidiary of the same parent.)</p> <p>(9) Not a director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the Company. (If the specified company or institution holds 20 percent or more and no more than 50 percent of the total number of issued shares of the Company, it does not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, the Company and its parent or subsidiary or a subsidiary of the same parent.)</p> <p>(10) Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the Company or any affiliate of the Company, or that provides commercial, legal, financial, accounting or related services to the Company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Act or to the Business Mergers and Acquisitions Act or related laws or regulations.</p>	1

Qualifications Name	Professional Qualification and Experiences	Independence Criteria	Number of positions as an Independent Director in other public companies
Kuan, Kuo-Lin (Independent Director)	<u>Industry experience/ Professional training:</u> banking, insurance, risk management <u>Principal Experience:</u> · Independent Director of Taishin Holdings and Taishin Life Insurance · Senior Consultant of McKinsey · Chairman and CEO of Citibank Taiwan · Head of Retail Banking of Citibank Taiwan · Director of Citibank Insurance Brokerage and Citibank Property Insurance Brokerage <u>Does any of the conditions stated in Article 30 of The Company Act apply:</u> None	During the two years before being elected or during the term of office, the director have been or be any of the following: (1) Not an employee of the Company or any of its affiliates. (2) Not a director or supervisor of the Company or any of its affiliates. (Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, the Company and its parent or subsidiary or a subsidiary of the same parent.) (3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the Company or ranking in the top 10 in holdings. (4) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, relative within the second degree of kinship, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the Company or ranking in the top 10 in holdings. (5) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship of the persons listed below: a) a managerial officer of the Company or any of its affiliates. b) a director or supervisor of the Company or any of its affiliates. c) a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the Company or ranking in the top 10 in holdings. (6) Not a director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the Company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Article 27, paragraph 1 or 2 of the Company Act. (Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, the Company and its parent or subsidiary or a subsidiary of the same parent.) (7) If a majority of the Company's director seats or voting shares and those of any other company are controlled by the same person: not a director, supervisor, or employee of that other company. (Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, the Company and its parent or subsidiary or a subsidiary of the same parent.) (8) If the chairperson, general manager, or person holding an equivalent position of the Company and a person in any of those positions at another company or institution are the same person or are spouses: not a director (or governor), supervisor, or employee of that other company or institution. (Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, the Company and its parent or subsidiary or a subsidiary of the same parent.) (9) Not a director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the Company. (If the specified company or institution holds 20 percent or more and no more than 50 percent of the total number of issued shares of the Company, it does not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, the Company and its parent or subsidiary or a subsidiary of the same parent.) (10) Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the Company or any affiliate of the Company, or that provides commercial, legal, financial, accounting or related services to the Company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Act or to the Business Mergers and Acquisitions Act or related laws or regulations.	0

Board membership diversification and independence

1. Board of Directors Diversification:

The company values that everyone is different and the contributions made by various skills and viewpoints derived from these differences, regardless of race, ethnicity, gender, sexual orientation, nationality, language, religion, cultural background or other factors that have nothing to do with work needs, and believe that an appropriate diversity structure will bring significant benefits to the Company and is necessary to ensure a better long-term shareholder value.

According to Article 22 of the Company's corporate governance principle, the composition of the Company's board of directors should consider diversity and professional knowledge and skills, and include gender, age, nationality, professional background (such as law, accounting, industry, finance, marketing or technology), professional skills and industrial experience and other factors into consideration. In addition, the structure of the Company's board of directors should consider the actual operation needs based on the scale of business development and the shareholding of major shareholders, and determine the appropriate number of directors in accordance with laws and regulations and the Articles of Incorporation.

The 8th board of directors consists of 7 members, including 3 independent directors (1 being female and qualified accountant). The members were selected with an emphasis on diversity. The membership consists of elite talents from banking, industries and the academia, including 2 Ph.D. degree holders and 2 Masters degree holders. The members have an extensive range of expertise from business administration, physics, engineering, accounting, to pharmaceuticals.

In addition, the Company devotes attention to gender equality in the composition of the board of directors and remains committed to the goal of having at least one female director. This goal was achieved since the 7th board of directors in 2018. To achieve an ideal level of corporate governance, the board of directors is equipped with the following abilities:

- (1) Ability to make sound business judgments
- (2) Ability to conduct accounting and financial analysis
- (3) Ability to manage a business
- (4) Ability to respond to a crisis
- (5) Industry knowledge
- (6) An understanding of international markets
- (7) Leadership ability
- (8) Decision making abilities
- (9) Risk management knowledge and skills

Diversity of the board of directors																			
Title	Name (Note 1)	Gender	Term of service(years)			Professional capabilities								Professional qualifications (Note 2)				Industry experience	
			< 3	3 6	> 6	Accounting	Finance	Legal	Commerce	Investment and mergers	Fintech	IT/cybersecurity	Risk Management	Operational Management	Marketing	Financial holding	Banking	Insurance	Securities
Chairman	Wu, Tong- Liang	Male			V		V		V	V		V	V	V	V	V	V		Financials, Industrials, and Consumer Discretionary
Director	Wu, Cheng- Ching	Male			V		V		V			V	V		V	V			Financials, Energy, and Industrials
Director	Kuo, Jui-Sung	Male			V		V		V		V	V	V		V	V			Financials, Industrials, and Utility
Director	Wang, Chu- Chan	Male			V		V		V			V	V		V	V		V	Financials and Industrials
Independent director	Lin, Yi-Fu	Male			V	V			V			V			V	V			Financials, Health Care, and Consumer Discretionary
Independent director	Chang, Min- Yu	Female		V		V	V		V		V	V	V			V	V		Financials and Communication
Independent director	Kuan, Kuo-Lin	Famle		V			V		V			V		V	V	V			Financials

Note 1: All directors are nationals of The Republic of China.

Note 2: Conform with Article 9 of "Regulations Governing Qualification Requirements for the Promoter or Responsible Persons of Financial Holding Companies and Concurrent Serving Restrictions and Matters for Compliance by the Responsible Persons of a Financial Holding Company."

2. Board of Directors Independence:

Taishin FHC elects its board members according to the "Taishin FHC Director Election Rules." Diversity is also one of the factors. The member criteria are not confined to gender, age, ethnicity or nationality. Professional knowledge and skills of each candidate are also considered. Board members serve a term of three years. The seven members of the 8th board of directors were elected on July 23, 2021. There are three independent directors, and one is female and a CPA. The independent directors make up 42.85% of the directors.

All independent directors of the Company meet the independence requirements of "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies". Independent director

b. President, senior vice-presidents and department heads

Title	Nationality	Gender	Name	Date of getting elected	Current shareholding				Stake of single, spouse and offspring before age of majority				
					Common shares	Share of stake (%)	Preferred shares	Share of stake (%)	Common shares	Share of stake (%)	Preferred shares	Share of stake (%)	
President	R.O.C	Male	Welch Lin	2018.01.01	5,853,401	0.05	0	0	0	0	0	0	
Chief Auditor	R.O.C	Female	Amy Hsia	2022.05.12	397,433	0	40,000	0	0	0	0	0	
Chief Financial Officer	R.O.C	Female	Carol Lai	2018.01.01	1,651,479	0.01	0	0	0	0	0	0	
Chief Investment Officer	R.O.C	Male	Eric Chien	2018.03.30	0	0	0	0	0	0	0	0	
Chief Information Officer / Chief Information Security Officer	R.O.C	Male	Steve Sun	2017.03.01	118,000	0	0	0	0	0	0	0	
Chief Risk Officer	R.O.C	Male	Jeremy Gong	2022.5.3	0	0	0	0	0	0	0	0	
Executive Vice President	R.O.C.	Male	Sam Lin	2023.2.1	1,802,418	0.02	80,314	0.01	0	0	0	0	

candidates are nominated and qualified by the "Nomination Committee". In addition to requiring all independent directors to submit an "Independent Director Nominee Statement", the Company has adopted relevant procedures to confirm their professionalism and independence, and after passing the resolution of the board of directors, they will be sent to the shareholders' meeting for election.

Among all the directors (7 seats) of the Company, there are 2 seats with spouses and relatives within the second degree of relationship, which conforms to Paragraph 3 of Article 26-3 of the Securities and Exchange Act that more than half of the directors should not have spouses or second relatives. In addition, the Company does not have a supervisor, so matters specified in Paragraph 3 and Paragraph 4, Article 26-3 of the Securities and Exchange Act do not apply to the board of directors this term.

Base date: Feb. 28, 2023

	Shareholding in the name of others				Education and principal experience	Current jobs with other companies	Spouse or relatives within second-degree kinship who serve managerial posts			Note
	Common share	Share of stake (%)	Preferred shares	Share of stake (%)			Title	Name	Relationship	
	0	0	0	0	Chief Financial Officer of Taishin Financial Holding Co., Ltd.; President, ABN AMRO Asia Limited, Taipei Branch.; University of California, Los Angeles (UCLA), Master of Business Administration.; George Washington University Master of Science.	Vice Chairman of Taishin Insurance Co., Ltd Director of Taishin Securities Co., Ltd.; Director of Taishin Venture Capital Investment Co., Ltd.; Supervisor of Taishin Asset Management Co., Ltd.; Supervisor of Taishin Real-Estate Management Co., Ltd.; Director of Taishin D. A. Finance Co., Ltd.; Director of Taishin Financial Leasing(Nanjing) Co., Ltd.; Supervisor of Tehlin Co., Ltd.; Supervisor of Tehlin Investment Co., Ltd.; Supervisor of An-Chieh Investment Co., Ltd.	None	None	None	None
	0	0	0	0	Chief Auditor of Taishin International Bank Co. Ltd.; Chinese Culture University, Department of Law	-	None	None	None	None
	0	0	0	0	Chief Investment Officer of Taishin Financial Holding Co., Ltd.; Senior Vice president of Chang Hwa Commercial Bank.; Chief Financial Officer of Taishin Financial Holding Co., Ltd.; Department of Accounting National Taiwan University.	Senior Executive Vice President of Taishin Bank. Director of Cosmos Foreign Exchange Intl. Co., Ltd. Director of Chieh-Bon Co., Ltd	None	None	None	None
	0	0	0	0	Chief Executive Officer of Finance and Financial Market Group of Taishin Bank.; President of the Global Financial Markets Division, Crédit Agricole CIB.; University of Exeter, Master of Finance and Investments.	Chief Executive Officer of Finance and Financial Market Group of Taishin Bank.; Vice Chairman of Taishin Venture Capital Investment Co., Ltd.; Director of Taishin Securities Investment Trust Co., Ltd. Director of Taishin Insurance Co. Ltd.	None	None	None	None
	0	0	0	0	Senior Vice president of IBM china.; National Chengchi University, Executive Master Business Administration Advanced Management.	Senior Vice President of Taishin Bank.	None	None	None	None
	0	0	0	0	Vice President of the Asia Pacific Risk Management Division, KGI Securities.; The University of Texas At Austin, Doctor of Philosophy in Mathematics.	Senior Vice President of Taishin Bank.	None	None	None	None
	0	0	0	0	President of UBS Global Asset Management; Executive Vice President of Taishin Bank; Claremont McKenna College, Master of Accounting	Vice Chairman of Taishin Securities Investment Trust Co., Ltd.; Director of Young Sun Chemtrade Co., Ltd.	None	None	None	None

Title	Nationality	Gender	Name	Date of getting elected	Current shareholding				Stake of single, spouse and offspring before age of majority				
					Common shares	Share of stake (%)	Preferred shares	Share of stake (%)	Common shares	Share of stake (%)	Preferred shares	Share of stake (%)	
Senior Vice President	R.O.C	Male	David Chang	2012.08.17	1,177,843	0.01	0	0	0	0	0	0	
Senior Vice President	R.O.C	Male	Frank Lin	2011.02.03	768,176	0.01	210,667	0.02	73,027	0	49,843	0	
Senior Vice President	R.O.C	Male	Andy Chang	2018.02.12	1,001,758	0.01	15,000	0	0	0	0	0	
Senior Vice President	R.O.C	Male	Vincent Tsai	2018.10.01	545	0	52,137	0	0	0	0	0	
Senior Vice President	R.O.C.	Female	Ting-Ning Yu	2019.9.1	474,624	0	25,000	0	0	0	20,000	0	
Senior Vice President	R.O.C.	Female	Adeline Jai	2021.6.16	355,175	0	46,142	0	0	0	0	0	
Senior Vice President	R.O.C.	Male	Masson Li	2022.3.1	0	0	14,000	0	0	0	0	0	
Senior Vice President	R.O.C.	Male	Shin-Hau Wu	2022.7.1	0	0	0	0	394,907	0	6,952	0	
Senior Vice President	R.O.C	Female	Avon Fan	2020.03.27	0	0.00	0	0.00	0	0.00	0	0.00	

c. Consultants who are retired chairmen and presidents of the company or affiliates

Consultants who are retired chairmen and presidents

Title	Nationality	Name	Gender	Previous position		Date of appointment	Purpose	Roles and responsibilities
				Company and title	Date of retirement			
None								

	Shareholding in the name of others				Education and principal experience	Current jobs with other companies	Spouse or relatives within second-degree kinship who serve managerial posts			Note
	Common share	Share of stake (%)	Preferred shares	Share of stake (%)			Title	Name	Relationship	
	0	0	0	0	Senior Vice President of Taishin Financial Holding Co., Ltd.; National Chung Hsing University, Master of Business Management.	Senior Vice President of Taishin Bank.; Supervisor of Hsiang Chao Investment Co., Ltd.; Supervisor of Weifeng Co., Ltd.; Supervisor of Chiahao Co., Ltd.; Supervisor of Yiheng Co., Ltd.; Supervisor of Chingwei Co., Ltd.; Supervisor of Protrade Co., Ltd.	None	None	None	None
	0	0	0	0	Senior Vice President of Taishin Financial Holding co., Ltd.; University of Southern California, USA, Master of Public Administration.	Senior Vice President of Taishin Bank.	None	None	None	None
	0	0	0	0	Assistant to the Chairman of the Guangdong Nanyue Bank (Bank Vice President Level).; President of The Second Credit Cooperative of Keelung.; Senior Vice President of Taishin Bank.; Manager of Citibank; Department of Accounting, Soochow University.	Senior Vice President of Taishin Bank.	None	None	None	None
	0	0	0	0	Senior Vice President of Taishin Bank.; Department of Accounting, National Taiwan University.	Senior Vice President of Taishin Bank.; Supervisor of Taishin Securities Investment Trust Co., Ltd. Supervisor of Credidi Inc.	None	None	None	None
	0	0	0	0	Senior Vice President of Taishin Financial Holding co., Ltd.; Fu Jen Catholic University, Department of Law.	-	None	None	None	None
	0	0	0	0	Senior Vice President of Taishin Financial Holdings; Legal Science, Department of Law, National Taiwan University.	-	None	None	None	None
	0	0	0	0	President of Taishin Securities Investment Advisory Co., Ltd.; University of Wisconsin-Madison Doctor of Philosophy in Economics	Director of Taishin Securities Advisory; Director of Credidi Inc.	None	None	None	None
	0	0	0	0	Director of Taishin Bank; Director of Taishin Securities; Director of Taishin Insurance; Director of Taishin Capital; Director of Shin Kong Financial Holding; Director of Shin Kong Life Insurance; Director of Shinkong Insurance; Co-founder and CEO of Dynasty Holding International Limited; MBA, Waseda University, Tokyo, Japan	Director of Taishin Bank; Director of Taishin Capital; Director of Taishin Securities; Director of Taishin Insurance; Vice Chairman of Zhao Feng Solar Power; Director of Sun Biofund; Director of Diamond Biodfund; Director of Diamond Capital Inc.; Director of Jing Ying Investment Co., Ltd.	None	None	None	None
	0	0	0	0	Chief Financial Officer of Nan San Life Insurance Co. Ltd.; George Washington University, Master of Business Administration	-	None	None	None	None

d. Compensation for directors, president, vice presidents, and consultants for last year

1. Latest year compensations for directors (including independent directors)

Title	Name	Compensations for directors								
		Compensations (A)		Job-leaving and retirement payment (B)		Compensations from distribution of earnings (C)		Expense for business execution (D)		
		The company	All companies in the financial statement.	The company	All companies in the financial statement	The company	All companies in the financial statement	The company	All companies in the financial statement	
Chairman	Chia Hao Co., Ltd.	43,119	62,569	-	-	87,561	87,561	571	2,426	
	Representative: Wu, Tong-Liang									
Director	Hsiang-Chao Co., Ltd.									
	Representative: Kuo, Jui-Sung									
Director	TASCO Chemical Co., Ltd.									
	Representative: Wu, Cheng-Ching									
Director	Santo Arden Co., Ltd.									
	Representative: Wang, Chu-Chan									
Independent Director	Lin, Yi-Fu	14,100	15,750	-	-	22,516	22,516	760	2,152	
Independent Director	Kuan, Kuo-Lin									
Independent Director	Chang, Min-Yu									

Note 1: Compensations of the driver is NT 1,993,000.

Note 2: All recipients of director remuneration, except for independent directors, are institutional directors. The actual amount of remuneration in 2022 was as decided by the board of directors.

Note 3: Please specify the policy, system, standard, and structure of independent director remuneration, and describe the factors, including responsibilities, risks, and time invested, and their links to amounts of remuneration: Taishin has a director (including independent director) remuneration policy and guidelines for director compensation in place. Payments of individual items will be based on a director's participation in and contribution to the company's business, industry average, and management remuneration. The scope of evaluation of

Compensation brackets of directors

Compensation brackets of board directors	Names of directors			
	The combined compensation of (A+B+C+D)		The combined compensation of (A+B+C+D+E+F+G)	
	The company	All companies in the consolidated financial statement	The company	All companies in the consolidated financial statement
Lower than NT\$1 M.	Wu, Cheng-Ching	Wu, Cheng-Ching	Wu, Cheng-Ching	Wu, Cheng-Ching
NT\$1 M. (inclusive) - NT\$2 M. (exclusive)				
NT\$2 M. (inclusive) - NT\$3.5 M. (exclusive)				
NT\$3.5 M. (inclusive) - NT\$5 M. (exclusive)	Wang, Chu-Chan / Kuo, Jui-Sung	Wang, Chu-Chan / Kuo, Jui-Sung	Wang, Chu-Chan / Kuo, Jui-Sung	Wang, Chu-Chan / Kuo, Jui-Sung
NT\$5 M. (inclusive) - NT\$10 M. (exclusive)				
NT\$10 M. (inclusive) - NT\$15 M. (exclusive)	Hsiang-Chao Co., Ltd. / Santo Arden Co., Ltd. / Lin, Yi-Fu / Chang, Min-Yu / Kuan, Kuo-Lin	Hsiang-Chao Co., Ltd. / Santo Arden Co., Ltd. / Lin, Yi-Fu / Chang, Min-Yu / Kuan, Kuo-Lin	Hsiang-Chao Co., Ltd. / Santo Arden Co., Ltd. / Lin, Yi-Fu / Chang, Min-Yu / Kuan, Kuo-Lin	Hsiang-Chao Co., Ltd. / Santo Arden Co., Ltd. / Lin, Yi-Fu / Chang, Min-Yu / Kuan, Kuo-Lin
NT\$15 M. (inclusive) - NT\$30 M. (exclusive)	TASCO Chemical Co., Ltd.	TASCO Chemical Co., Ltd.	TASCO Chemical Co., Ltd.	TASCO Chemical Co., Ltd.
NT\$30 M. (inclusive) - NT\$50 M. (exclusive)	Wu, Tong-Liang		Wu, Tong-Liang	
NT\$50 M. (inclusive) - NT\$100 M. (exclusive)	Chia Hao Co., Ltd.	Wu, Tong-Liang / Chia Hao Co., Ltd.	Chia Hao Co., Ltd.	Wu, Tong-Liang / Chia Hao Co., Ltd.
Over NT\$100 M.				
Total	11	11	11	11

Note: Compensations in the table are different from incomes for income tax law. Therefore, figures in the table are mainly for information disclosure and cannot be used as the basis for taxation.

	Combination of A,B,C and D and share in after-tax net profit		Remuneration as an employee								Combination of A.B.C.D.E.F and G and share in after-tax net profit		Compensations from investees other than subsidiaries or from parent company
			Salary, bonus, and special allowance (E)		Job-leaving and retirement payment (F)		Employee dividend-sharing (G)						
	The company	All companies in the financial statement	The company	All companies in the financial statement	The company	All companies in the financial statement	The company		All companies in the financial statement		The company	All companies in the financial statement	
							Cash dividend	Stock dividend	Cash dividend	Stock dividend			
	131,252 (0.88%)	152,556 (1.03%)	-	-	-	-	-	-	-	-	131,252 (0.88%)	152,556 (1.03%)	-
	37,376 (0.25%)	40,418 (0.27%)	-	-	-	-	-	-	-	-	37,376 (0.25%)	40,418 (0.27%)	-

director performance includes the company's overall performance, board performance, personal performance, and contribution. Director remuneration is performance includes the company's overall performance, board performance, personal performance, and contribution. Director remuneration is reviewed by the Remuneration Committee and paid with board approval. In addition, in the interest of creating links with future business risks, Taishin will make separate plans for reservation and deferral mechanisms for director remuneration.

Note 4: Except as disclosed above, remuneration received by directors in the latest year for services rendered to any company in the financial statement(e.g. acting as an non-employee consultant for the parent company/any company in the financial statement/investees): None

2.Compensations for president and vice presidents

Base date: Dec.31, 2022 Unit: NT\$1,000

Title	Name	Salary (A)		Job-leaving or retirement payment (B)		Bonus and special allowance (C)		Employee dividend-sharing (D)				Combination of A,B,C and D and share in after-tax net profit		Compensations from investees other than subsidiaries or from parent company
		The Company	All companies in the financial statement	The Company	All companies in the financial statement	The Company	All companies in the financial statement	The Company		All companies in the financial statement		The Company	All companies in the financial statement	
								Cash dividend	Stock dividend	Cash dividend	Stock dividend			
President	Welch Lin	32,453	66,674	413	11,188	44,757	90,453	-	-	-	-	77,624 (0.52%)	168,315 (1.13%)	21
Chief Auditor	Daniel Tsai (2022.5.1 relief of duty)													
Chief Auditor	Amy Hsia (2022.5.1 on board, Note 2)													
Chief Risk Officer	Jey Chen (2022.5.3 relief of duty)													
Chief Risk Officer	Jeremy Gong (2022.5.3 on board)													
Chief Information Officer/ Chief Infromation Security Officer	Steve Sun													
Chief Financial Officer	Carol Lai													
Chief Investment Officer	Eric Chien													
Senior Vice President	David Chang													
Senior Vice President	Vincent Tsai													
Senior Vice President	Frank Lin													
Senior Vice President	Andy Chang													
Senior Vice President	Ting-Ning Yu													
Senior Vice President	Masson Li (2022.3.1 on board)													

Note 1: Compensations of the driver is NT\$2,896,000.

Note 2: Amy Hsia acted as the Chief Auditor from 2022.5.1, and was approved by the competent authority on 2022.5.12.

Compensation brackets for the company's president and senior vice presidents

Compensation brackets for the company's president and vice presidents	Names of president and vice presidents	
	The Company	The parent company and all invested companies
Under NT\$1 M.	Jey Chen/Steve Sun/David Chang/Vincent Tsai/ Frank Lin/Andy Chang	
NT\$1 M. (inclusive)-NT\$2 M. (exclusive)	Daniel Tsai	Jey Chen
NT\$2 M. (inclusive)-NT\$3.5 M. (exclusive)		
NT\$3.5 M. (inclusive)-NT\$5 M. (exclusive)		
NT\$5 M. (inclusive)-NT\$10 M. (exclusive)	Amy Hsia/Jeremy Gong/Eric Chien/ Ting-Ning Yu/Mason Li	Amy Hsia/Jeremy Gong/Steve Sun/Vincent Tasi/ Ting-Ning Yu/Mason Li
NT\$10 M. (inclusive)-NT\$15 M. (exclusive)	Carol Lai	Daniel Tsai/Carol Lai/David Chang/Frank Lin/Andy Chang
NT\$15 M. (inclusive)-NT\$30 M. (exclusive)	Welch Lin	
NT\$30 M. (inclusive)-NT\$50 M. (exclusive)		Welch Lin/Eric Chien
NT\$50 M. (inclusive)-NT\$100 M. (exclusive)		
Over NT\$100 M.		
Total	14	14

Note: Compensations in the table are different from incomes for income tax law and the figures are mainly for information disclosure and cannot be used as the basis for taxation.

3. Compensation for consultants who are retired chairmen and presidents: None.

4. Manager's name and the distribution of employee bonus payout: None.

e. Analytical comparisons of the shares of company's compensations for board directors, president, and vice presidents in the after-tax net profits in the recent two years, as listed in the company's financial statement and the consolidated financial statement, and explanation of the compensation policy, standards, and makeup, the procedure for setting compensations, and their association with business performance and risk of future follow.

1. In 2022, total compensations for directors, president, and vice presidents accounted for 1.66% of the after-tax net profit and the percentage in the consolidated financial statements was 2.43%. In 2021, total compensations for directors, supervisors, president, and vice presidents accounted for 1.48% of the after-tax net profit and the percentage in the consolidated financial statements was 2.07%.
2. The company's remuneration policy and reasonableness of pay are reviewed by the remuneration committee and the board of directors. In addition, the remuneration system is reviewed with respect to the company's business performance and relevant laws and regulations in order to maintain a balance between sustainable development for the company and risk management.

Position Item	Directors	The managers
Compensation policy	To provide a basis for the director remuneration policy, the Company has, pursuant to the Articles of Incorporation, established the Guidelines for Director Compensation and the Guidelines for Director Remuneration after they have been reviewed by the Remuneration Committee and passed by the board of directors. The level of director remuneration shall be based on the Company's business performance, competition, experience of representative of institutional director, and involvement in management of the Company and contribution to business results as well as the Company's risk appetite and potential risks to be expected in the future in order to have directors and the Company share future business risks. The company has established the Board Performance Appraisal Guidelines to ensure effective corporate governance and improve performance of the board of directors. The scope of appraisal includes evaluation of the performance of directors and that of the board.	<ol style="list-style-type: none"> 1. The company has established the Performance Evaluation and Bonus Guidelines to ensure a fair performance evaluation process. When setting performance targets, managers, in addition to financial and relative financial benchmarks, will include nonfinancial benchmarks, such as improvement of corporate image, maintenance of corporate reputation and other social benchmarks, for the purpose of creating an all-win situation for the company, its employees and shareholders. 2. The remuneration of managers is mainly based on responsibilities, business performance of the company, and personal performance, and takes into account industry averages and links to future risks in order to offer competitive remuneration to attract and retain talent.
Standard for actual allowances	<p>According to Article 25 and Article 40 of the Articles of Incorporation,</p> <ol style="list-style-type: none"> 1. Remuneration: to be received for performing the duties of a director or supervisor of the company. 2. Business expenses: to be received to compensate for expenses incurred during business activities, including travel expenses for personally attending or be present at board meetings. 3. Bonus: to be received when the company makes a profit in the current year and the board of directors decides to pay no more than 1% of the profit to the directors as a bonus, which will be allocated by the degree of involvement and responsibility of each director. 	<p>Remuneration for managers is described as follows:</p> <ol style="list-style-type: none"> 1. Remuneration: to be determined by roles and responsibilities and subject to market environment. 2. Bonuses: to be divided into a Chinese New Year bonus and a yearend bonus. The size of a bonus depends mainly on the company's results, the corresponding division's results, and the individual's performance evaluation. 3. Employee benefits: include the pension plan, the employee shareholding trust program, physical examinations and allowances. 4. Long term incentive plan: To avoid putting too much emphasis on short term performance and to encourage employees to develop long term relationships with the company and enjoy long term growth together, the company has designed a long term incentive plan that offers the "Taishin Appreciation Rights Plan" as a means of employee retention.

C. Status of corporate governance

a. Information on the operation of the board of directors

1. In the recent fiscal year (2022), the board of directors convened 14 times and status of attendance by directors follows:

Title	Name	Attendance in Person	Attendance by proxy	Actual attendance rate (%)	Note
Chairman	Chia Hao Co., Ltd. Representative: Wu, Tong-Liang	14	0	100	
Director	TASCO Chemical Co., Ltd. Representative: Wu, Cheng-Ching	14	0	100	
Director	Hsiang-Chao Co., Ltd. Representative: Kuo, Jui-Sung	14	0	100	
Director	Santo Arden Co., Ltd. Representative: Wang, Chu-Chan	14	0	100	
Independent Director	Lin, Yi-Fu	14	0	100	
Independent Director	Chang, Min-Yu	14	0	100	
Independent Director	Kuan, Kuo-Lin	14	0	100	

Note 1: The attendance rate (%) of a director is calculated by his/her actual number of attendance and the number of meetings of the board of directors during his/her term.

Note 2: The company called 14 board meetings in 2022. Independent directors Lin, Yi-Fu, Chang, Min-Yu and Kuan, Kuo-Lin were present in person in all meetings.

Other items of mandatory registration:

(1) In the event of any of the circumstances occurring while the Board of Directors conducts its activities, details including the date, session, and agenda of the board meeting, all opinions of the independent directors, and the Company's responses to the independent directors' opinions should be provided.

A. Matters listed in Article 14-3 of the Securities and Exchange Act: Not applicable as the Company has established an audit committee.

B. In addition to matters above, other objections or qualified opinions from the independent directors to resolutions made by the Board of Directors on-record or in writing: None.

2.Details, including names of directors, resolutions, reasons for conflict of interest, and voting results, of circumstances where directors absented themselves due to conflict of interest:

Details of directors absenting themselves due to conflict of interest in 2022				
Date	Agenda	Director names	Reason for conflict of interest	Voting results
2022/01/20	Approval for the number of months paid to directors in 2021	Tong-Liang Wu, Cheng-Ching Wu, Jui-Sung Kuo, Chu-Chan Wang, Yi-Fu Lin, Min-Yu Chang, and Kuo-Lin Kuan	Where there exists a conflict of interest between the agenda and a director, Article 206 of the Company Act shall apply and the director shall recuse him/herself from the meeting in accordance with Article 178 of the same act.	Recusal during discussions and voting
	2021 M&A project bonus plan for Prudential Life Insurance, etc.	Tong-Liang Wu		
	Evaluation of executive consultant performance in 2021	Jui-Sung Kuo		
	Appointment of securities firms to handle the underwriting of the Company's first domestic unsecured exchangeable corporate bonds	Tong-Liang Wu		
2022/03/24	Adjustment of monthly remuneration for the chairman	Tong-Liang Wu		Recusal during discussions and voting
2022/04/28	Appointment of institutional directors and supervisors to the securities subsidiary	Tong-Liang Wu		Recusal during discussions and voting
2022/06/30	Appointment of securities firms to handle the underwriting of the Company's 2022 Class F exchangeable preferred shares	Tong-Liang Wu		Recusal during discussions and voting
	Appointment of new managers			
2022/11/17	Formulation of the organizational regulations of the Corporate Sustainability Committee and appointment of the members of the first term of the Corporate Sustainability Committee	Tong-Liang Wu, Chu-Chan Wang, and Yi-Fu Lin.	Recusal during discussions and voting	

3. Board evaluation status

Frequency	Period	Scope	Method	Description
Triennially	2020.01.01~2020.12.31	Board of directors	Hired external professional institutions (EY Advisory Services)	Evaluation Aspects and Content: The three aspects are "Structure", "People", and "Process and Information"; and the scope covers eight items, which are board structure and process, board composition, institutional and organizational structure, roles and responsibilities, culture and conduct, director training and development, risk management oversight, and filing, disclosure, and performance monitoring. Evaluation methods: document review, director self-assessment questionnaire, and onsite interview. Onsite interviews were conducted by 4 experts from EY Advisory Services.
Annually	2021.07.01~2022.07.22	Board of directors and functional committees	Internal board self assessment, director self assessment, and functional committee member self assessment (including the Audit Committee, the Remuneration Committee, the Risk Management Committee and Nomination Committee)	Board of directors: Items on the director self-assessment checklist include A. Understanding of company goals and missions; B. Understanding of director duties and functions; C. Involvement in the company's business activities; D. Internal relations management and communication; E. Director expertise and continuing education; F. Internal control. Items in the performance assessment include the following: A. Involvement in the company's business activities; B. Improving quality of the board's decisions; C. Composition and structure of the board of directors; D. Election and continuing education of the directors; E. Internal control. Functional committees: Items on the member self assessment checklist include A. Involvement in the company's business activities; B. Understanding of a functional committee's role; C. Improvement of decision quality for functional committees; D. Functional committee composition and appointment of members; E. Internal control.

4. Evaluation of targets to enhance the role of the board and performance in the current year and last year:

- (1) Board of Directors Meeting Policy have been established for the purpose of strengthening board governance. For better transparency on the board of directors, important resolutions of the board of directors will be published in the annual reports and on the corporate website. In addition, board meeting attendance will be disclosed on the Market Observation Post System.
- (2) In 2007, Taishin started appointing two independent directors; and in late 2007, the company started purchasing directors and key persons liability insurance policies to cover such persons in the process of performing their duties during the terms of their offices. In order to strengthen corporate governance and risk management, these functional committees are set up as follows:
 - (a) The Remuneration Committee was established in 2011.
 - (b) The Audit Committee established in 2015 with three independent directors elected to replace the supervisors.
 - (c) The Risk Management Committee was established in 2017 with participation of more than half of the independent directors.
 - (d) The Nomination Committee was established in 2020 with participation of more than half of the independent directors.

(e) The Corporate Sustainability Committee was established in 2022.

- (3) Regulation of the Board Performance Evaluation were established on December 22, 2016, and requires a board performance evaluation be completed internally at least once a year and by a team of external experts at least once every three years. Regulation of the Board Performance Evaluation and the results are disclosed on the corporate website. Furthermore, the board of directors approved the addendums to the performance appraisal mechanisms for functional committees (including the Audit Committee, the Remuneration Committee, the Risk Management Committee, and the Nomination Committee since 2021) on November 28, 2019.

A. Internal evaluation:

- ◆ Should be conducted at least once a year.
- ◆ Internal assessments of the board of directors and functional committees are conducted by having respective member complete self-assessment forms. Then the responsible unit will collect and summarize the results and submit them to the chairman for approval. Those who receive an average score of 90% or higher will be rated "target exceeded", those between 80% and 90% "target met", and those below 80% "need improvement".
- ◆ The internal evaluation of the board of directors and functional committees has been completed for 2022 (for the period between July 23, 2021 and July 22, 2022). All results were rated "target exceeded". The results above have been submitted to the 18th meeting of the 8th board of directors on October 27, 2022 and disclosed in the annual report and on the corporate website under "Corporate Governance". The objective assessment system is in place to improve director performance.

B. External evaluation:

- ◆ Should be performed by an outside expert team at least once every three years
- ◆ The 2021 evaluation (for the period between January 1, 2020 and December 31, 2020) was completed by EY Advisory Services (hereinafter referred to as "external expert", with Andrew Fuh as the chairman). The external expert is independent and not a related party to the company.
- ◆ The external expert's conclusions are shown below, and have been submitted to the 4th meeting of the 8th board of directors on October 28, 2021. Result: the overall performance was rated "advanced" in "Structure" and "Process and Information" and "benchmark" in "People". The external expert made recommendations regarding "People" and "Process and Information", including providing more diversified training courses for directors, promoting green operation, and assessing the impact of emerging risks on the Company. The company will follow the conclusions and strengthen the roles and responsibilities of the board of directors on an ongoing basis.

Note: The external evaluation rates results as "basic" (compliance with the regulator's requirements and other regulations), "advanced" (compliance with the regulator's requirements and other regulations and following a set of established and effective practices or making active effort to improve performance in the aspect), and "benchmark" (practices that rise above the basic standards required by regulators and other regulations and sets a benchmark for others).

b. Operation of the audit committee or the participation of supervisors in the operation of board of directors

1. Information on the operation of audit committee:

- (1) The authorities and responsibilities of the audit committee are as follows:

The Audit Committee consists of 3 independent directors. The mission of the Audit Committee is to assist the board of directors in performing its duty to oversee the accounting, audit, and financial reporting processes in The Company and the quality and integrity of financial management.

The Audit Committee met 12 times in 2022. Matters reviewed include:

- A. The adoption of or amendments to the internal control system pursuant to Article 14-1 of the Securities and Exchange Act.
- B. Assessment of the effectiveness of the internal control system.
- C. The adoption or amendment, pursuant to Article 36-1 of the Securities and Exchange Act, of the procedures for handling financial or business activities of a material nature, such as acquisition or disposal of assets or derivatives trading.
- D. Matters in which a director is an interested party.
- E. Asset transactions or derivatives trading of a material nature.
- F. The offering, issuance, or private placement of equity-type securities.
- G. The hiring or dismissal of a certified public accountant, or their compensation.
- H. The appointment or discharge of a financial, accounting, or internal audit officer.
- I. Annual and semi-annual financial reports.
- J. Other material matters as may be required by the Company or by the competent authority.

2. In the recent fiscal year (2022) audit committee convened 12 times and status of attendance:

Title	Name	Actual number of attendance	Attendance by Proxy	Attendance rate (%)	Note
Independent Director	Chang, Min-Yu	12	0	100.00	
Independent Director	Lin, Yi-Fu	12	0	100.00	
Independent Director	Kuan, Kuo-Lin	12	0	100.00	

Note 1: The Audit Committee is made up of all independent directors.

Note 2: The attendance rate(%) of a director is calculated by his/her actual number of attendance and the number of meetings of the audit committee during his/her term.

• Financial statement review

The board of directors has prepared the 2020 business report, financial statements and earnings distribution proposal for Taishin FHC. The financial statements have been audited and certified by CPA Ching-Cheng Yang and CPA Han-Ni Fang of Deloitte Taiwan, who have also issued an opinion. The reports above have been reviewed by the Audit Committee as correctly portraying the company's business activities.

• Appointment of certifying CPA

To ensure independence of the CPA firm, the Company has followed Article 47 of the Certified Public Accountant Act and the rules regarding integrity, impartiality, and independence in No. 10 Bulletin of Norm of Professional Ethics for Certified Public Accountant of the Republic of China and devised an independence evaluation form. The form is intended to assess the independence, professional training, and competence of CPAs and whether they are related parties to or share business or financial interest with Taishin FHC. On December 23, 2021, it was reviewed and passed in the 5th meeting of the 3rd Audit Committee and the 6th meeting of the 8th board of directors that CPA Han-Ni Fang and CPA Ching-Cheng Yang of Deloitte Taiwan met the independence criteria and were sufficiently qualified to perform financial and tax accounting certification for Taishin FHC.

3. Other items which should be disclosed:

- (1) In the event of any of the circumstances occurring while the Audit Committee conducts its activities: details of the date, session, agenda, the independent directors' objections, reservations or major recommendations and all resolutions of the Audit Committee, and the Company's responses to the Audit Committee's opinions:

A. Matters listed in Article 14-5 of the Securities and Exchange Act

Audit Committee Date and Session	Audit Committee Agenda	Audit Committee Resolutions	Contents of the objections/ considerations / major suggestions of the independent directors	The Company's response to Audit Committee's opinions
2022.01.20 6th meeting of the 3rd Audit Committee	Appointment of securities firms to handle the underwriting of the Company's first domestic unsecured exchangeable corporate bonds	Amendment approved	None	N/A
2022.02.24 7th meeting of the 3rd Audit Committee	2021 consolidated financial statements	Approved	None	N/A
2022.03.24 8th meeting of the 3rd Audit Committee	Amendments to legal and compliance regulations and AML/CFT policies	Approved	None	N/A
	2021 audited financial statements	Approved	None	N/A
	2021 Statement on the Internal Control System	Amendment approved	None	N/A
	Appointment of Chief Auditor and Head of Audit Division	Approved	None	N/A
2022.04.28 9th meeting of the 3rd Audit Committee	2021 Business Report	Amendment approved	None	N/A
	Amendments to the "Handling Procedures for Acquisition or Disposal of Assets."	Approved	None	N/A
	Appointment of institutional directors to the 13th board of directors of Taishin Securities	Approved	None	N/A
2022.05.05 10th meeting of the 3rd Audit Committee	2021 earnings distribution plan	Approved	None	N/A
	Issuance of new common shares from earnings	Approved	None	N/A
	Amendment of issuing terms of 2022 Class F exchangeable preferred shares	Approved	None	N/A
2022.05.19 11th meeting of the 3rd Audit Committee	2022 Q1 consolidated financial statements	Approved	None	N/A
	The Plan to fully subscribe for new common shares issued by Taishin Life Insurance	Approved	None	N/A
	Formulation of the internal control system for data sharing among financial institutions	Approved	None	N/A
2022.06.30 12th meeting of the 3rd Audit Committee	Principles for Handling Subscription Matters of 2022 Class F exchangeable preferred shares	Approved	None	N/A
	Appointment of securities firms to handle the underwriting of the Company's 2022 Class F exchangeable preferred shares	Amendment approved	None	N/A
	Appointment of new managers	Approved	None	N/A
2022.07.22 13th meeting of the 3rd Audit Committee	Amendment of the internal control system	Approved	None	N/A
2022.08.18 14th meeting of the 3rd Audit Committee	2022 H1 consolidated financial statements	Approved	None	N/A
2022.11.17 16th meeting of the 3rd Audit Committee	2022 Q3 consolidated financial statements	Approved	None	N/A
	Appointment of members of the first term of the Corporate Sustainability Committee	Approved	None	N/A
2022.12.22 17th meeting of the 3rd Audit Committee	Appointment and remuneration of CPAs for the 2023 financial statements	Approved	None	N/A
	2023 audit plan	Approved	None	N/A
	Evaluation of executive consultant performance in 2022	Approved	None	N/A

B. In addition to matters above, other resolutions that have not been approved by the Audit Committee but have been passed by a vote of two-thirds or more of the entire Board of Directors: None.

- (2) With respect to execution of cases in which the Independent Directors abstain themselves on the ground of conflict of interest, the name of the independent Directors, contents of motion, reasons for abstention and participation in voting should be clearly stated:

Implementation status of independent directors' abstention of motions in conflict of interest in 2022				
Date	Agenda	Director names	Reason for conflict of interest	Voting results
2022.12.22	Appointment of members of the first term of the Corporate Sustainability Committee	Yi-Fu Lin	Where there exists a conflict of interest between the agenda and a director, Article 206 of the Company Act shall apply and the director shall recuse him/herself from the meeting in accordance with Article 178 of the same act	Recusal during discussions and voting

- (3) Between independent directors and internal auditors and CPAs

A. Between independent directors and internal auditors in 2022

- The committee consists of all independent directors, who have regular meetings with the chief auditor. Instructions made in such meetings will be implemented by the audit office. Minutes of the meetings will be submitted to the board of directors for review.
- The board of directors and chief auditor will attend the meetings. Independent directors and the chief auditor will exchange views on the agenda during board meetings or prior to their own meetings.
- The audit report of the company and its subsidiaries will be presented to the independent directors.
- The audit office will present regular audit reports to the board of directors and the audit committee every quarter. The reports will contain information such as a summary of audit practices at the subsidiaries and key items in internal and external audits.
- Each independent director will discuss the aforementioned item with chief auditor if necessary.

Communications between the Independent Directors and the internal audit supervisors are as follows:

Date	Communication Mechanisms	Issues to communicate	Result
2022.2.24	The Chief Auditor communication conference with Independent Directors.	Penalties imposed by the competent authorities on the company and its subsidiaries, major extraordinary events, primary examination findings of financial institutions disclosed by FSC, and material findings in internal audit reports during 2021 Q3 and Q4.	Without further recommendations.
	The Audit Division presents regular report to the Audit Committee.	Submission of the results of audit work for 2021 Q4.	Duly noted. Proceeded as recommended.
2022.5.19	The Audit Division presents regular report to the Audit Committee.	Submission of the results of audit work for 2022 Q1.	Duly noted. Proceeded as recommended.
2022.8.18	The Chief Auditor communication conference with Independent Directors	Penalties imposed by the competent authorities on the company and its subsidiaries, major extraordinary events, primary examination findings of financial institutions disclosed by FSC, and material findings in internal audit reports during 2022 Q1 and Q2.	Without further recommendations.
2022.8.18	The Audit Division presents regular report to the Audit Committee.	Submission of the results of audit work for 2022 Q2.	Duly noted. Proceeded as recommended.
2022.11.17	The Audit Division presents regular report to the Audit Committee.	Submission of the results of audit work for 2022 Q3.	Duly noted. Proceeded as recommended.

Note: Other proposals that should be submitted for review by the Audit Committee are handled in accordance with Article 14-5 of the Securities and Exchange Act.

B. Between independent directors and CPAs

The company's CPAs report audit plans, findings and results to the audit committee and discuss the company's financial and general business conditions by meetings.

Summarized discussion results between independent directors and CPAs as follows:

Date	Communication method	Audience	Content	Recommendations and actions
2022.02.24	Forum	Auditors	1. Presented results of the 2021 financial statement audit. 2. Reported on key audit items. 3. Reported on other important issues.	No objection
2022.06.23	Forum	Auditors	1. Reported of the key audit items of the H1 2022 financial statement. 2. Reported on other important issues.	No objection
2022.08.18	Forum	Auditors	1. Presented results of the H1 2022 financial statement audit. 2. Reported on key audit items. 3. Reported on other important issues.	No objection
2022.11.17	Forum	Auditors	1. Presented results of the Q3 2022 financial statement audit. 2. Reported on other important issues.	No objection
2022.12.29	Forum	Auditors	1. Reported of the key audit items of the 2022 financial statement. 2. Reported on other important issues.	No objection
2023.02.23	Forum	Auditors	1. Presented results of the 2022 financial statement audit. 2. Reported on key audit items. 3. Reported on other important issues.	No objection

c. Disclosure information in accordance with the guidelines of the practical corporate governance of the holding industry Please refer to the company's website at: <https://www.taishinholdings.com.tw/tsh/>.

d. Status of the Holding's corporate governance and its deviation from the guidelines for the practical corporate governance of the holdings industry and reasons

Item	Yes	NO	Operating Status	Deviation from the guidelines of the practical corporate governance
			Summary Descriptions	
1. Shareholding structure and shareholders' rights within the financial holding company				
(1) Has the financial holding company established and implemented a set of internal procedures to process shareholders' suggestions, queries, disputes and litigations?		✓	Taishin Holdings has set a "Contact us" platform on the Taishin Holdings website and discloses the "IR Contact" to facilitate processing of suggestions, queries, disputes, or litigations by shareholders.	Internal procedures have not been formulated, but a contact method has been provided in the Taishin Holdings website for shareholders to raise suggestions, queries, and disputes.
(2) Is the financial holding company constantly informed of the identities of its major shareholders and their ultimate controllers?	✓		The shareholder services department is responsible for gathering information on Taishin's major shareholders. This information is also disclosed in Taishin's annual reports.	No deviation
(3) Has the financial holding company established and implemented risk management and firewalls in affiliated companies?			Risk management practices and firewalls that Taishin has established and implemented in affiliated companies: Taishin Holdings has established a Related Party Transaction Policy and rules of implementation to regulate transactions with stakeholders. Taishin Holdings and its main subsidiaries (including Taishin Bank, Taishin Life Insurance and Taishin Securities) have implemented security policies to protect their information systems. Access to sensitive information is protected by firewalls and is permitted only for risk management purposes and when instructed by the competent authority.	
2. Composition and duties of the board of directors				

Item	Yes	NO	Operating Status	Deviation from the guidelines of the practical corporate governance																		
			Summary Descriptions																			
(1) Does the board of directors has a diversification policy and specific management goals?	✓		Criteria of board member selection are not subject to gender, age, race or nationality. According to Article 22 of the Corporate Governance Principles of the Company, the organization of the Company's board of directors shall be commensurate with the Company's size and shareholding structure and be based on business needs. The appropriate number of directors shall be as determined by the law and the Articles of Incorporation. The 8th board of directors consists of 7 members, including 3 independent directors (1 being female and qualified accountant). The members were selected with an emphasis on diversity. The membership consists of elite talents from banking, industries and the academia, including 2 Ph.D. degree holders and 2 Masters degree holders. The members have an extensive range of expertise from business administration, physics, engineering, accounting, to pharmaceuticals. They possess the general knowledge, skills and competencies required to perform incumbent duties. In addition, the Company devotes attention to gender equality in the composition of the board of directors and remains committed to the goal of having at least one female director. This goal was achieved since the 7th board of directors in 2018.	No deviation																		
(2) Apart from the Remuneration Committee and Audit Committee, has the financial holding company assembled other functional committees at its own discretion?			In addition to the Remuneration Committee and the Audit Committee, which have been set up according to law, Taishin Holdings established the Risk Management Committee on December 28, 2017, which is made up of two Independent Directors and one Director. The current term of committee members spans from July 23, 2021 to July 22, 2024; as of December 31, 2021, 3 committee meetings have been held. Moreover, Taishin Holdings established the Nomination Committee on September 24, 2020, which is made up of two Independent Directors and one Director. The current term of committee members spans from July 23, 2021 to July 22, 2024; as of December 31, 2021, 2 committee meetings have been held. Furthermore, Taishin Holdings has established administrative committees, including the Policy Committee, Sustainable Development Committee, Asset and Liability Management Committee, Investor Relationship Committee, and Staff Conduct Review and Staff Performance Appraisal Committee, to review and oversee our business operations and strengthen corporate governance.																			
(3) Does the TWSE/TPEx-listed financial holding company have board of directors performance evaluation guidelines and evaluation methods in place, perform the evaluations periodically on a yearly basis, report the evaluation result to the board of directors, and use such result as a reference for the determination of remuneration for each director and the nomination and appointment of directors? (Note 2)			In order to implement corporate governance, the Board of Directors of Taishin Holdings approved the enactment of the Board Performance Appraisal Guidelines on December 22, 2016, and thereafter approved the amendment to the Board Performance Appraisal Guidelines on November 28, 2019, where performance appraisal mechanisms for functional committees (including the Audit Committee, Remuneration Committee, and Risk Management Committee) were added. Such performance appraisal methods are categorized into two types, i.e., internal evaluation and external evaluation. Internal evaluation is performed at least once a year, while external evaluation is performed at least once every three years by outside experts. Results of the most recent evaluations were reported to the Board of Directors on October 28, 2021, and shall serve as a reference basis to decide whether improvement measures should be taken for meetings, as well as for the selection and nomination of Directors in the future, and for the determination of remuneration for each Director.																			
(4) Does the financial holding company conduct regular assessments on the independence of its CPAs?			Pursuant to Taishin Holdings's Corporate Governance Principles and Guidelines for Assessing Independence and Suitability of CPAs, Taishin Holdings conducts annual assessments of the independence of its CPAs. The results were submitted to and underwent deliberation in the 17th meeting of the 3rd Audit Committee and the 20th meeting of the 8th Board of Directors on December 22, 2022. Having completed an assessment and obtained declarations of impartiality and independence from the CPAs, Taishin Holdings deems that CPA Han-Ni Fang and Ching-Cheng Yang of Deloitte Taiwan meet Taishin Holdings' independence requirements (Note) and are sufficiently qualified to be Taishin Holdings' CPAs. Note: <table><tr><th>Assessment area</th><th>Assessment result</th><th>Compliance with independence</th></tr><tr><td>Not a stakeholder under Articles 44 or 45 of the Financial Holding Company Act.</td><td>Yes</td><td>Yes</td></tr><tr><td>Does not have significant financial interest in the Company or any family member with significant financial interest in the Company that may affect independence.</td><td>Yes</td><td>Yes</td></tr><tr><td>Has not served as a Director or Supervisor of the Company or held any other key positions at the Company that may have affected the audit services in the last two years.</td><td>Yes</td><td>Yes</td></tr><tr><td>Does not concurrently conduct routine work for the Company while receiving a regular salary.</td><td>Yes</td><td>Yes</td></tr><tr><td>Does not receive any business-related commissions.</td><td>Yes</td><td>Yes</td></tr><tr><td>Has not served a term of more than seven consecutive years as the Company's CPA and has not returned to same position in two years after rotation or resignation.</td><td>Yes</td><td>Yes</td></tr></table>		Assessment area	Assessment result	Compliance with independence	Not a stakeholder under Articles 44 or 45 of the Financial Holding Company Act.	Yes	Yes	Does not have significant financial interest in the Company or any family member with significant financial interest in the Company that may affect independence.	Yes	Yes	Has not served as a Director or Supervisor of the Company or held any other key positions at the Company that may have affected the audit services in the last two years.	Yes	Yes	Does not concurrently conduct routine work for the Company while receiving a regular salary.	Yes	Yes	Does not receive any business-related commissions.	Yes	Yes
Assessment area	Assessment result	Compliance with independence																				
Not a stakeholder under Articles 44 or 45 of the Financial Holding Company Act.	Yes	Yes																				
Does not have significant financial interest in the Company or any family member with significant financial interest in the Company that may affect independence.	Yes	Yes																				
Has not served as a Director or Supervisor of the Company or held any other key positions at the Company that may have affected the audit services in the last two years.	Yes	Yes																				
Does not concurrently conduct routine work for the Company while receiving a regular salary.	Yes	Yes																				
Does not receive any business-related commissions.	Yes	Yes																				
Has not served a term of more than seven consecutive years as the Company's CPA and has not returned to same position in two years after rotation or resignation.	Yes	Yes																				

Item	Yes	NO	Operating Status	Deviation from the guidelines of the practical corporate governance																				
			Summary Descriptions																					
3. Does the financial holding company appoint competent corporate governance personnel in an adequate number, and appoint a Chief Corporate Governance Officer to be responsible for corporate governance practices (including but not limited to providing information necessary for directors and supervisors to perform their duties, aiding directors and supervisors in complying with the laws, organizing board meetings and annual general meetings as required by law, and compiling minutes of board meetings and annual general meetings)?	✓		<p>Taishin Holdings appoints competent corporate governance personnel in an adequate number. On March 28, 2019, the Board of Directors approved the appointment of Senior Vice President Frank Lin, head of the Secretariat Division, as the Chief Corporate Governance Officer to be mainly responsible for corporate governance practices (including but not limited to providing information necessary for Directors to perform their duties, assisting Directors in taking office and pursuing continuing education, aiding Directors in complying with the laws, compiling minutes of Board meetings and annual general meetings, and organizing Board meetings and annual general meetings as required by law), so as to safeguard stockholders' rights and interests, and strengthen functions of the Board of Directors. Senior VP Lin has work experience related to management of public companies' meeting procedures for over five years.</p> <p>Task includes (but is not limited to) the following:</p> <ol style="list-style-type: none">1. Assist Independent Directors and other Directors in performing their duties; provide the necessary information; and offer assistance for Directors in taking office and pursuing continuing education.<ol style="list-style-type: none">(1) Work with relevant units to keep members of the Board of Directors informed regularly of the latest amendments and developments of laws and regulations regarding corporate governance and business management.(2) Review confidentiality levels of relevant information; provide Directors with necessary company information; and keep an open, smooth communication channel between the Directors and all business managers.(3) Arrange meetings accordingly when Independent Directors, following the Corporate Governance Best Practice Principles, find it necessary to meet individually with internal audit officers or CPAs to get a better understanding of the Company's financial needs.(4) Assist Independent Directors and other Directors in creating annual study plans or enrolling in courses based on the characteristics of the Company's business activities and the education and experience of respective Directors.2. Facilitate meeting procedures of Board meetings and annual general meetings, and assist in compliance-related matters for subsequent resolutions.3. Notify Directors about the drafted Board meeting agenda at least seven days prior to the meeting; convene meetings and provide meeting information; send reminders where conflict of interest may require recusal; and complete Board meeting minutes within twenty days after respective meetings.4. Register annual general meetings in advance as required by law; complete notices of meetings, agendas, and minutes by the statutory deadline; and complete changes of registration in the event of an amendment of the Articles of Incorporation or an election of Directors.5. Handle business registration and any change of registration.6. Other duties pursuant to the Articles of Incorporation or other contracts.7. 2020 continuing education status is as follows: <table><tr><th>Date</th><th>Organizer</th><th>Course name</th><th>Training hours</th></tr><tr><td>11/11</td><td>Independent Director Association Taiwan</td><td>Financial Security Governance Strategies Against Ransomware Threats</td><td>3</td></tr><tr><td>10/14</td><td>Independent Director Association Taiwan</td><td>The latest development and practice of AML/CFT</td><td>3</td></tr><tr><td>09/09</td><td>Taiwan Academy of Banking and Finance</td><td>The management of fair customer treatment from the perspective of corporate governance</td><td>3</td></tr><tr><td>09/01</td><td>Financial Supervisory Commission</td><td>"The 13th Taipei Corporate Governance Forum" Morning session</td><td>3</td></tr></table>	Date	Organizer	Course name	Training hours	11/11	Independent Director Association Taiwan	Financial Security Governance Strategies Against Ransomware Threats	3	10/14	Independent Director Association Taiwan	The latest development and practice of AML/CFT	3	09/09	Taiwan Academy of Banking and Finance	The management of fair customer treatment from the perspective of corporate governance	3	09/01	Financial Supervisory Commission	"The 13th Taipei Corporate Governance Forum" Morning session	3	No deviation
Date	Organizer	Course name	Training hours																					
11/11	Independent Director Association Taiwan	Financial Security Governance Strategies Against Ransomware Threats	3																					
10/14	Independent Director Association Taiwan	The latest development and practice of AML/CFT	3																					
09/09	Taiwan Academy of Banking and Finance	The management of fair customer treatment from the perspective of corporate governance	3																					
09/01	Financial Supervisory Commission	"The 13th Taipei Corporate Governance Forum" Morning session	3																					
4. Has the financial holding company established a communication channel and set a designated section on its website for stakeholders (including but not limited to shareholders, employees, and customers), and does it properly respond to Sustainable Development issues of concern to stakeholders?	✓		<ol style="list-style-type: none">1. Taishin Holdings complies with laws in the disclosure of financial, business and material information in the Market Observation Post System. This information is made publicly available simultaneously on our website. Taishin Holdings also has a designated spokesperson and investor relations mailbox available to serve as communication channels with stakeholders.2. Taishin Holdings created a Stakeholders section on its website in 2015 as a means to communicate and compile queries and opinions from stakeholders (e.g., employees, suppliers, consumers, investors or customers), so that we can gain a better understanding of stakeholders' expectations, concerns, and needs. We have several teams responsible for communicating with stakeholders of different kinds and actively responding to topics that are of concern to them, and present the engagement results with stakeholders to the board of directors since 2018.	No deviation																				

Item	Yes	NO	Operating Status	Deviation from the guidelines of the practical corporate governance
			Summary Descriptions	
5. Disclosure of information				
(1) Has the financial holding company established a website that discloses financial, business, and corporate governance-related information?	✓		Taishin Holdings discloses financial, business and other information relevant to corporate governance on its website. This information is also reported online according to related regulations on material disclosure and public information.	No deviation
(2) Has the financial holding company adopted other means to disclose information (e.g., English website, assignment of specific personnel to collect and disclose corporate information, implementation of a spokesperson system, broadcasting of investor conferences via the company website, etc.)?			Taishin Holdings has established an English website and assigned various departments to gather and disclose information on a regular basis. In addition, a public information reporting system has also been created with personnel assigned to gather and disclose information via the system. Taishin Holdings has a spokesperson mechanism in place to facilitate external communications. All material information relevant to investors' interests are announced using the Market Observation Post System and press releases. The spokesperson provides further elaboration where deemed necessary. Taishin Holdings prepares its Sustainability Report in both Chinese and English. This report is made accessible at our website and on the Market Observation Post System (MOPS). Taishin Holdings holds quarterly investor conferences in principle; conference proceedings are recorded and uploaded onto our website and the MOPS on the same day.	
(3) Does the financial holding company make public and file the annual financial statements after the end of the fiscal year and before the deadline set out in the Financial Holding Company Act and Securities and Exchange Act, and make public and file its financial statements for Q1, Q2, and Q3, as well as monthly operating status before the deadline?			<div>1. Taishin Holdings made public and filed its 2022 annual financial statements early, within two months after the end of the fiscal year.</div> <div>2. Taishin Holdings made public and filed its financial statements for Q1, Q2, and Q3 of 2022 before the deadline, and made public and filed monthly operating status before the deadline. In 2023, we intend to make public and file our financial statements for Q1, Q2, and Q3, as well as monthly operating status before the deadline.</div>	
6. Does the financial holding company have other material information that enables a better understanding of the company's corporate governance practices (including but not limited to employee rights, employee care, investor relations, stakeholders' rights, continuing education of directors/supervisors, implementation of risk management policies and risk measurements, implementation of customer policy, liability insurance coverage of company directors and supervisors, and donation to political parties, stakeholders, and charity organizations)?	✓		<div>1. Employee rights and care for employees: Taishin Holdings places emphasis on the rights and interests of employees and on harmonious employer-employee relationships. For this reason, an employee relations unit has been created to instantly respond to employee queries. Taishin Holdings believes that satisfied employees are the key to satisfied customers. The Chairman and the management have long dedicated themselves to building a work environment characterized by respect, care, support and self-motivated growth. By organizing various events and providing communication channels and learning resources, employees are given the chance to work in a humane, respectful and progressive environment, and to grow simultaneously with Taishin Holdings free from any unnecessary worries. (1) Offering of competitive remuneration and welfare packages A. Remuneration: Taishin Holdings offers competitive salary levels in order to recruit and retain top talents. B. Employee assistance program: Taishin Holdings engages specialists from Teacher Chang Foundation to help employees resolve their problems outside of work. C. Employee Welfare Committee: The Committee organizes a variety of events such as birthday celebrations, trips, hiking events, and ball games and competitions to enrich employees' lifestyles and enhance teamwork. D. Taishin Stress Relief Workshop: Taishin Holdings hires blind masseurs and masseuses to help employees relieve work stress, creating a happy and healthy work environment while contributing towards charity. (2) Taishin Holdings respects the opinions of its employees and has smooth communication channels in place. A. Group-wide surveys: All employees are invited to participate in online surveys as a means of formal employer-employee communication. The survey also helps to raise the level of employee engagement within Taishin Holdings. B. Regular morning meetings: These meetings are organized to discuss business process re-engineering, key projects, and to recognize employees who have displayed the values of Taishin in their work. Through the use of two-way communication, employees are able to align themselves with the corporate culture and values.</div> <div>2. Investor relations: In addition to organizing quarterly corporate investors' conferences and participating in domestic and overseas investor forums and road shows from time to time, through its Investor Relations Department, Taishin Holdings also communicates with investors regarding relevant issues via various channels including e-mail, telephone, or face-to-face meetings. Moreover, information disclosure is made through Taishin's website.</div>	No deviation

Item	Yes	NO	Operating Status	Deviation from the guidelines of the practical corporate governance
			Summary Descriptions	
	✓		<p>3. Protection of consumers' interests/Customer policy: Taishin Holdings and all its subsidiaries adopt stringent measures to protect customer information. The group has adopted personal information management policies, information security policies, firewalls, and customer information confidentiality measures in accordance with the Financial Holding Company Act, Guidelines for Cross Marketing Among Subsidiaries of Financial Holding Companies, Personal Data Protection Act and other relevant regulations stipulated by the competent authority, so as to fulfill our duties of keeping customer information confidential and safeguarding customer information security.</p> <p>4. Risk management policy and risk assessment standards: Taishin Holdings and each of its main subsidiaries have independent risk management units. We have also committed substantial resources to the development of risk management systems, and implement our risk management policy to control the overall credit, market and operational risks of through qualitative and quantitative methods. Such methods include, but not limited to, the continuous strengthening of the subsidiary's detection and operation risk mechanism, pre-investment/post-investment management mechanism, and a risk management empowerment mechanism for the first line of defense,</p> <p>5. Status of Directors' continuing education: Taishin Holdings' Directors have all completed the required training hours; the progress of their training has been updated onto the Market Observation Post System according to regulations.</p> <p>6. Taishin Holdings has purchased liability insurance for Directors. These insurance policies are reviewed on a yearly basis to ensure adequate coverage.</p>	No deviation
7. Please describe improvements, priority for improvement, and measures based on the most recent Corporate Governance Evaluation results published by the Corporate Governance Center of Taiwan Stock Exchange. (Optional for companies not included in the evaluation.)	✓		<p>1. Taishin Holdings performed splendidly in Taiwan Stock Exchange's 7th Corporate Governance Evaluation in April 2021, and has been chosen as one of the constituent stocks of the TWSE CG100 Index since June 2015.</p> <p>2. Taishin Holdings maintained its commitment toward enhanced corporate governance and spared no efforts in pushing relevant improvement measures, including:</p> <p>(1) Established the Nomination Committee: Since September 24, 2020, Taishin Holdings set up the Nomination Committee, which is responsible for offering recommendations on the Board nominee roster submitted by the Board of Directors; proposing and reviewing study plans for Directors; auditing guidelines for performance appraisal of the Board of Directors and functional committees, as well as examining their implementation results; and auditing business integrity policies, as well as examining their implementation results. The Committee held 2 meetings in 2021 and the attendance rate of all members is 100%.</p> <p>(2) Formulated the Intellectual Property Management Plan: Since 2016, Taishin Holdings actively encourages its employees to file patent applications in order to interconnect Taishin Holdings' operations and strategies, as well as obtain patent protection for its self-developed products. Since 2020, the implementation results regarding these patents are reported to the Board of Directors. As of the end of 2021, Taishin Holdings possesses a total of 71 active patents. Its quantity of financial patents ranks in the top 10 among financial institutions. Taishin Holdings will actively evaluate to obtain Taiwan Intellectual Property Management System (TIPS) or similar intellectual property management system verification.</p> <p>(3) Implemented Board performance assessment: In order to facilitate Board operations, the Board of Directors of Taishin Holdings approved the amendment to the Board Performance Appraisal Guidelines on November 28, 2019, where performance appraisal mechanisms for functional committees and regular implementation of performance appraisal on the Board of Directors and committees were added. Appraisal results are disclosed on the Taishin Holdings website. In 2021, the second external expert evaluation was carried out, and the evaluation results were reported to the board of directors on October 28, 2021.</p>	No deviation

Note 1: Provide details in the comments regardless of the answer.

Note 2: Describe deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons.

e. Status of structure, responsibilities and operations of the Remuneration Committee

1. Members of the Remuneration Committee

Position	Qualifications		Independence Criteria	Number of positions as Remuneration Committee member in other public companies
	Name	Professional Qualification and Experiences		
Independent Director (Convener)	Lin, Yi-Fu	<p><u>Industry experience/ Professional training:</u> banking, accounting, risk management</p> <p><u>Job Experience:</u></p> <ul style="list-style-type: none"> Independent Director of Taishin FHC and Taishin Bank Independent Director of Nanya Technology Corporation Minister of Ministry of Economic Affairs Minister without Portfolio of the Executive Yuan Republic of China Ambassador of Permanent Mission of the Separate Customs Territory of Taiwan, Penghu, Kinmen and Mastu to the WTO Consultant of Chinese National Association of Industry and Commerce, Taiwan (CNAIC) <p><u>Does any of the conditions stated in Article 30 of The Company Act apply:</u> None</p>	<p>In the two years prior to the appointment and during the term of office, the candi-date is:</p> <p>(1) not an employee of the company or any of its affiliates.</p> <p>(2) not a director or supervisor of the company or any of its affiliates (except where the person is simultane-ously an independent director of the company and its parent company, a subsidiary or another subsidiary of the same parent company appointed pursuant to the Securities and Ex-change Act or local regulations)</p> <p>(3) not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate number of 1% or more of the shares of the company or ranks as one of its top ten shareholders.</p> <p>(4) was not a spouse, second degree rela-tive or closer, or a direct blood rela-tive of third degree or closer to any-one listed below.</p> <p>a) A manager of the company or any of its affiliates.</p> <p>b) A director or supervisor of the Company or its affiliates.</p> <p>c) a natural-person shareholder who, combined with his/her spouse and underage children or in the name of another person, held 1% or more of the outstanding shares of Taishin Bank, nor one of Taishin Bank's top ten shareholders.</p> <p>(5) not a director, supervisor or employ-ee who directly held 5% or more of the company's shares, was not one of the top five shareholders of Taishin Bank, or was not a representative of a judicial shareholder appointed as the director or supervisor of a company pursuant to Paragraph 1 or Paragraph 2, Article 27 of the Company Act (ex-cept where the person concurrently served as an independent director of the company and its parent company, its subsidiary, or another subsidiary that shares the same parent company with the company appointed pursu-ant to the Securities and Exchange Act or local regulations).</p> <p>(6) not a director, supervisor or employ-ee of another company that has the same directors as the company or is controlled by the same person that has more than half of the voting power in the company (except where the person is simultaneously an in-dependent director of the company or its parent company, a subsidiary or another subsidiary of the same parent company appointed pursuant to the Securities and Exchange Act or local regulations)</p> <p>(7) not a director, supervisor or employ-ee of another company or institution that has the same chairman, presi-dent, or the equivalent or a spouse in one of the roles as the company (ex-cept where the person is simultane-ously an independent director of the company and its parent company, a subsidiary or another subsidiary of the same parent company appointed pursuant to the Securities and Ex-change Act or local regulations)</p> <p>(8) not a director, supervisor, manager or shareholder holding 5% or more of the company's shares of certain company or institution the company has a financial or business relation-ship with the company (except where the certain company or institution holds 20% or more but no more than 50% of the company's shares and is simultaneously an independent di-rector of the company and its parent company, a subsidiary or another subsidiary of the same parent com-pany appointed pursuant to the Se-curities and Exchange Act or local regulations)</p> <p>(9) not a professional who provides audit or receives more than NT\$500,000 in cumulative compensation in the last two years for commercial, legal, fi-nancial, or accounting services to the company or its affiliates, nor is an owner, partner, director (supervisor, or manager, or the spouse of any of the above, of a sole proprietorship, partnership, company, or organiza-tion that provides such services to the company or its affiliates. Howev-er, exception applies to members of a remuneration committee, a take-over bid review committee, or a special committee for merger and acqui-sition exercising their authority pur-suant to provisions of the Securities and Exchange Act or the Business Mergers and Acquisitions Act.</p>	2

Position	Qualifications		Independence Criteria	Number of positions as Remuneration Committee member in other public companies
	Name	Professional Qualification and Experiences		
Independent Director	Chang, Min-Yu	<p><u>Industry experience/ Professional training:</u> banking, accounting, information technology, risk management</p> <p><u>Job Experience:</u></p> <ul style="list-style-type: none"> Independent Director of Taishin FHC and Taishin Bank Certified Accountant of Deloitte Supervisor of LEO Systems Director of Chang Hwa Bank Reorganizer of First International Telecom Director and Chi-tun Consulting <p><u>Does any of the conditions stated in Article 30 of The Company Act apply:</u> None</p>	<p>In the two years prior to the appointment and during the term of office, the candidate is:</p> <ol style="list-style-type: none"> (1) not an employee of the company or any of its affiliates. (2) not a director or supervisor of the company or any of its affiliates (except where the person is simultaneously an independent director of the company and its parent company, a subsidiary or another subsidiary of the same parent company appointed pursuant to the Securities and Exchange Act or local regulations) (3) not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate number of 1% or more of the shares of the company or ranks as one of its top ten shareholders. (4) was not a spouse, second degree relative or closer, or a direct blood relative of third degree or closer to any-one listed below. <ol style="list-style-type: none"> a) A manager of the company or any of its affiliates. b) A director or supervisor of the Company or its affiliates. c) a natural-person shareholder who, combined with his/her spouse and underage children or in the name of another person, held 1% or more of the outstanding shares of Taishin Bank, nor one of Taishin Bank's top ten shareholders. (5) not a director, supervisor or employee who directly held 5% or more of the company's shares, was not one of the top five shareholders of Taishin Bank, or was not a representative of a judicial shareholder appointed as the director or supervisor of a company pursuant to Paragraph 1 or Paragraph 2, Article 27 of the Company Act (except where the person concurrently served as an independent director of the company and its parent company, its subsidiary, or another subsidiary that shares the same parent company with the company appointed pursuant to the Securities and Exchange Act or local regulations). (6) not a director, supervisor or employee of another company that has the same directors as the company or is controlled by the same person that has more than half of the voting power in the company (except where the person is simultaneously an independent director of the company or its parent company, a subsidiary or another subsidiary of the same parent company appointed pursuant to the Securities and Exchange Act or local regulations) (7) not a director, supervisor or employee of another company or institution that has the same chairman, president, or the equivalent or a spouse in one of the roles as the company (except where the person is simultaneously an independent director of the company and its parent company, a subsidiary or another subsidiary of the same parent company appointed pursuant to the Securities and Exchange Act or local regulations) (8) not a director, supervisor, manager or shareholder holding 5% or more of the company's shares of certain company or institution the company has a financial or business relationship with the company (except where the certain company or institution holds 20% or more but no more than 50% of the company's shares and is simultaneously an independent director of the company and its parent company, a subsidiary or another subsidiary of the same parent company appointed pursuant to the Securities and Exchange Act or local regulations) (9) not a professional who provides audit or receives more than NT\$500,000 in cumulative compensation in the last two years for commercial, legal, financial, or accounting services to the company or its affiliates, nor is an owner, partner, director (supervisor, or manager, or the spouse of any of the above, of a sole proprietorship, partnership, company, or organization that provides such services to the company or its affiliates. However, exception applies to members of a remuneration committee, a takeover bid review committee, or a special committee for merger and acquisition exercising their authority pursuant to provisions of the Securities and Exchange Act or the Business Mergers and Acquisitions Act. 	1

Position	Qualifications		Independence Criteria	Number of positions as Remuneration Committee member in other public companies
	Name	Professional Qualification and Experiences		
Independent Director	Kuan, Kuo-Lin	<p><u>Industry experience/ Professional training:</u> banking, insurance, risk management</p> <p><u>Job Experience:</u></p> <ul style="list-style-type: none"> Independent Director of Taishin FHC Independent Director of Taishin Life Insurance Senior Consultant of McKinsey Chairman and CEO of Citibank Taiwan Head of Retail Banking of Citibank Taiwan Director of Citibank Insurance Brokerage and Citibank Property Insurance Brokerage <p><u>Does any of the conditions stated in Article 30 of The Company Act apply:</u> None</p>	<p>In the two years prior to the appointment and during the term of office, the candi-date is:</p> <ol style="list-style-type: none"> (1) not an employee of the company or any of its affiliates. (2) not a director or supervisor of the company or any of its affiliates (except where the person is simultaneously an independent director of the company and its parent company, a subsidiary or another subsidiary of the same parent company appointed pursuant to the Securities and Exchange Act or local regulations) (3) not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate number of 1% or more of the shares of the company or ranks as one of its top ten shareholders. (4) was not a spouse, second degree relative or closer, or a direct blood relative of third degree or closer to any-one listed below. <ol style="list-style-type: none"> d) A manager of the company or any of its affiliates. e) A director or supervisor of the Company or its affiliates. f) a natural-person shareholder who, combined with his/her spouse and underage children or in the name of another person, held 1% or more of the outstanding shares of Taishin Bank, nor one of Taishin Bank's top ten shareholders. (5) not a director, supervisor or employee who directly held 5% or more of the company's shares, was not one of the top five shareholders of Taishin Bank, or was not a representative of a judicial shareholder appointed as the director or supervisor of a company pursuant to Paragraph 1 or Paragraph 2, Article 27 of the Company Act (except where the person concurrently served as an independent director of the company and its parent company, its subsidiary, or another subsidiary that shares the same parent company with the company appointed pursuant to the Securities and Exchange Act or local regulations). (6) not a director, supervisor or employee of another company that has the same directors as the company or is controlled by the same person that has more than half of the voting power in the company (except where the person is simultaneously an independent director of the company or its parent company, a subsidiary or another subsidiary of the same parent company appointed pursuant to the Securities and Exchange Act or local regulations) (7) not a director, supervisor or employee of another company or institution that has the same chairman, president, or the equivalent or a spouse in one of the roles as the company (except where the person is simultaneously an independent director of the company and its parent company, a subsidiary or another subsidiary of the same parent company appointed pursuant to the Securities and Exchange Act or local regulations) (8) not a director, supervisor, manager or shareholder holding 5% or more of the company's shares of certain company or institution the company has a financial or business relationship with the company (except where the certain company or institution holds 20% or more but no more than 50% of the company's shares and is simultaneously an independent director of the company and its parent company, a subsidiary or another subsidiary of the same parent company appointed pursuant to the Securities and Exchange Act or local regulations) (9) not a professional who provides audit or receives more than NT\$500,000 in cumulative compensation in the last two years for commercial, legal, financial, or accounting services to the company or its affiliates, nor is an owner, partner, director (supervisor, or manager, or the spouse of any of the above, of a sole proprietorship, partnership, company, or organization that provides such services to the company or its affiliates. However, exception applies to members of a remuneration committee, a take-over bid review committee, or a special committee for merger and acquisition exercising their authority pursuant to provisions of the Securities and Exchange Act or the Business Mergers and Acquisitions Act. 	0

2. Status of Operations of the Remuneration Committee

- (1) The company's remuneration committee consists of three members.
- (2) Term of service: From July 23, 2021 until July 22, 2024. The remuneration committee had held 3 meetings (A) in 2022, details of members' attendance are as follows:

Title	Name	Actual Attendance (B)	Proxy Attendance	Actual attendance rate (%) (B/A)	Remarks
Convener	Lin, Yi-Fu	3	0	100	
Member	Chang, Min-Yu	3	0	100	
Member	Kuan, Kuo-Lin	3	0	100	

The duties of the Committee are as follows, and its recommendations will be presented to the board of directors for discussion.

- Stipulate and review regularly the compensation policies, systems, standards and structures, and performance of directors and managers.
- Regularly review and adjust director and manager remuneration.

Remuneration Committee	Agenda and follow-up	Resolutions	Company reaction base on the opinion of Remuneration Committee
2nd meeting of 5th- term committee on January 10, 2022	<ol style="list-style-type: none"> 1. Amendment of the Company's "Remuneration Committee Organization Charter". 2. Proposal for the 2021 year-end bonus plan of the Company. 3. Proposal for implementation of the 2021 Taishin Stock Appreciation Rights Program. 4. Proposal for discussion of number of months paid to Taishin FHC directors and Taishin Bank directors and supervisors for 2021. 5. Proposal to pay the compensation of Taishin FHC and Taishin Bank directors and supervisors reserved and deferred in 2020. 6. Proposal for distribution of Taishin FHC director and employee remuneration for 2021. 7. Proposal for 2021 M&A project bonus plan. 	Passed by a unanimous vote	Submitted to the board of directors and passed by a unanimous vote
3rd meeting of 5th- term committee on March 10, 2022	2021 performance appraisal results for the persons assigned by Taishin FHC to perform specific duty in subsidiaries.	Noted	
	<ol style="list-style-type: none"> 1. Proposal for review of Taishin FHC's director remuneration system. 2. Proposal to review Taishin FHC's manager remuneration system and amend the Company's "Employee remuneration structure table and ranking principles". 3. Proposal for 2021 salary adjustment of Taishin FHC's Executives. 4. Proposal for adjustment of monthly remuneration for the chairperson of Taishin FHC. 	Passed by a unanimous vote	Submitted to the board of directors and passed by a unanimous vote
4th meeting of 5th- term committee on December 29, 2022	<ol style="list-style-type: none"> 1. Proposal for the 2022 year-end bonus plan of the Company. 2. Proposal for implementation of the 2022 Taishin Stock Appreciation Rights Program. 3. Proposal for discussion of number of months paid to Taishin FHC directors and Taishin Bank directors and supervisors for 2022. 	Passed by a unanimous vote	Submitted to the board of directors and passed by a unanimous vote

Other remarks:

1. In the event where a Remuneration Committee proposal is rejected or amended in a board of directors meeting, please describe the date and session of the meeting, details of the agenda, the board's resolution, and the way the company processed the Remuneration Committee's proposals (describe the differences and reasons, if any, should the board of directors approve a solution that was more favorable than the one proposed by the Remuneration Committee): None.
2. Should any member object or express qualified opinions to a resolution made by the Remuneration Committee, whether on-record or in writing, please describe the date and session of the meeting, details of the agenda, the entire members' opinions, and how their opinions were addressed: None.

f. Member Information and Operations of the Nomination Committee

1. Describe the eligibility requirements and responsibilities of members of the Nomination Committee:

The Company appoints at least three directors to serve on the Nomination Committee, among whom at least half should be independent directors.

The role and responsibilities of the Committee are as follows:

- (1) To recommend a list of director candidates for nomination to the Board.
- (2) To establish and to review the continuing education programs for directors.
- (3) To examine the Regulation of the Board Performance Evaluation and to evaluate the Regulation of the Board Performance Evaluation's implementation results.
- (4) To examine the Company's Ethical Corporate Management Best Practice Principles and to evaluate the Ethical Corporate Management Best Practice Principles' implementation results.

2. Professional Qualifications and Experiences and Operations of the Nomination Committee:

- (1) The Nomination Committee consists of 3 members.
- (2) Current term of office: From July 23, 2021 to July 22, 2024. The Nomination Committee met 2 times in the last year (2022). The professional qualifications and experiences, attendance, agenda items are as follows:

Title	Name	Professional qualifications and experiences	Actual Attendance	Attendances by proxy	Attendance rate (%)	Notes
Convener	Kuo, Jui-Sung	banking, information technology, risk management	2	0	100.00	
Committee Members	Lin, Yi-Fu	banking, accounting, risk management	2	0	100.00	
Committee Members	Chang, Min-Yu	banking, accounting, information technology, risk management	2	0	100.00	

Note 1: The actual attendance rate (%) is calculated by the number of Nomination Committee meetings and the number of times the members actually attended the meetings during a term.

Note 2: Please refer to Director Information 2 for details on the members' experiences.

Other items of mandatory registration:

Describe the date, session, and agenda of the meeting involving major agenda, members' suggestions or objections, resolutions of the Nomination Committee, and the company's responses to the Nomination Committee's opinions:

Nomination Committee Date and Session	Nomination Committee Major agenda items	Nomination Committee Resolutions	Nomination Committee members' suggestions or objections	The company's responses to the Nomination Committee's opinions
2022.03.24 3rd meeting of the 2nd Nomination Committee	Status of ethical corporate management in 2021	Approved	None	N/A
2022.10.27 4th meeting of the 2nd Nomination Committee	2023 continuing education plan for directors	Approved	None	N/A

g. Fulfillment of social responsibilities

Assessment area	Practices (Note 1)			Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and reasons (Note 3)												
	Yes	No	Summary (Note 2)													
1. Does the company have a unit that specializes (or is involved) in Sustainable Development practices? Is the Sustainable Development unit run by senior management and does it report its progress to the board of directors?	✓		Taishin established the Corporate Sustainability Committee Charter as well as the Corporate Sustainability Committee in 2014 to supervise the company and its subsidiaries in their practice of sustainable development. In 2022, Taishin upgraded the Corporate Sustainability Committee to the director level in order to strengthen the Company's sustainable development governance. In principle, the Committee convenes two scheduled meetings a year, while unscheduled meetings may be held when necessary. Furthermore, a dedicated unit for promoting sustainable development, the Corporate Sustainability Office, was also set up. It consists of six functional teams, corporate governance, responsible finance, smart services, employee care, green operations, and social inclusion. Taishin set the ethos of "Dedicated to Sustainability & Living Green" for its sustainability efforts, and planned strategic directions based on three key issues: Climate Action, Financial Prosperity, Empower People. The ESG team is responsible for proposing the annual sustainability plan for the year, reviewing the implementation results of the previous year, tracking the implementation results of each plan every six months, and reporting to the Corporate Sustainability Committee on a regular basis before reporting to the board of directors. These measures allow the company to implement its sustainability development plan.	No deviation												
2. Does the company follow the materiality principle when conducting the risk assessment of environmental, social and corporate governance topics relevant to its business activities and devise risk management policies and strategies accordingly? (Note4)	✓		<div><div>Taishin FHC established the Corporate Sustainability Committee, which is responsible for formulating and promoting corporate social responsibility strategies and overall goals. Taishin FHC identified sustainability topics through the topics collection and benchmark analysis. Sustainability topics relevant to the company were assessed by the level of stakeholder concern and the impact on the environment, economy, and society. Taishin FHC followed the materiality principle and assessed risks associated with key topics, and devised risk management policies, strategies, and responses accordingly.</div><table><tr><th>Topics</th><th>Risk assessment items</th><th>Risk Policy / Strategies / Response methods / Opportunities</th></tr><tr><td>Environment</td><td>Green Operations Management</td><td><div>◆ Establishment of the "Environmental Sustainability Policy" and ongoing execution of environmental protection, energy conservation, carbon reduction, and energy efficiency improvement measures for lowering environmental impact.</div><div>◆ To ensure that all energy conservation and environment-related activities are compliant with laws, and to mobilize employees into pollution prevention, energy conservation, and carbon reduction activities.</div><div>◆ Adopt ISO 14001, ISO 14064-1:2018 and ISO 50001 standards and expand the scope of inventories each year.</div></td></tr><tr><td>Society</td><td>Talent Recruitment and Cultivation</td><td><div>◆ Establishment of the "Employee Training Guidelines", "Employee Self-development Subsidy Guidelines", and "Employee OJT Subsidy Guidelines", and the use of the Kirkpatrick Model for assessing training outcome.</div><div>◆ Direct attention towards diversity, fairness and employees' rights, and provide abundant and diverse learning channels. Recruit the most suitable and talented employees through diversified channels.</div><div>◆ Design learning programs for different stages of career development, and introduce diverse learning solutions that conform with changes in the financial environment. Ensure zero difference in recruitment and promotion based on gender to implement Taishin's policy of diversity and non-discrimination.</div></td></tr><tr><td>Corporate governance</td><td>Sustainable Finance</td><td><div>◆ Formulate the "Taishin Financial Holdings Green Finance Principles", clearly specify the objects of support and avoidance, and emphasize that ESG risk management should be included in data review and post-transaction management.</div><div>◆ Formulate the "Guidelines for Loan Applications Applicable to the Equator Principles" and the "Environmental and Social Risk Assessment Form"</div><div>◆ Establish the "Announcement of Environmental and Social Risk Management Sector Guidelines" to understand the appropriateness of the partner's management of major environmental and social issues to improve the basis for decision-making.</div><div>◆ Follow the "Stewardship Principles for Institutional Investors" in accordance with the PRI to create voting policies for the management.</div></td></tr></table></div>	Topics	Risk assessment items	Risk Policy / Strategies / Response methods / Opportunities	Environment	Green Operations Management	<div>◆ Establishment of the "Environmental Sustainability Policy" and ongoing execution of environmental protection, energy conservation, carbon reduction, and energy efficiency improvement measures for lowering environmental impact.</div> <div>◆ To ensure that all energy conservation and environment-related activities are compliant with laws, and to mobilize employees into pollution prevention, energy conservation, and carbon reduction activities.</div> <div>◆ Adopt ISO 14001, ISO 14064-1:2018 and ISO 50001 standards and expand the scope of inventories each year.</div>	Society	Talent Recruitment and Cultivation	<div>◆ Establishment of the "Employee Training Guidelines", "Employee Self-development Subsidy Guidelines", and "Employee OJT Subsidy Guidelines", and the use of the Kirkpatrick Model for assessing training outcome.</div> <div>◆ Direct attention towards diversity, fairness and employees' rights, and provide abundant and diverse learning channels. Recruit the most suitable and talented employees through diversified channels.</div> <div>◆ Design learning programs for different stages of career development, and introduce diverse learning solutions that conform with changes in the financial environment. Ensure zero difference in recruitment and promotion based on gender to implement Taishin's policy of diversity and non-discrimination.</div>	Corporate governance	Sustainable Finance	<div>◆ Formulate the "Taishin Financial Holdings Green Finance Principles", clearly specify the objects of support and avoidance, and emphasize that ESG risk management should be included in data review and post-transaction management.</div> <div>◆ Formulate the "Guidelines for Loan Applications Applicable to the Equator Principles" and the "Environmental and Social Risk Assessment Form"</div> <div>◆ Establish the "Announcement of Environmental and Social Risk Management Sector Guidelines" to understand the appropriateness of the partner's management of major environmental and social issues to improve the basis for decision-making.</div> <div>◆ Follow the "Stewardship Principles for Institutional Investors" in accordance with the PRI to create voting policies for the management.</div>	No deviation
Topics	Risk assessment items	Risk Policy / Strategies / Response methods / Opportunities														
Environment	Green Operations Management	<div>◆ Establishment of the "Environmental Sustainability Policy" and ongoing execution of environmental protection, energy conservation, carbon reduction, and energy efficiency improvement measures for lowering environmental impact.</div> <div>◆ To ensure that all energy conservation and environment-related activities are compliant with laws, and to mobilize employees into pollution prevention, energy conservation, and carbon reduction activities.</div> <div>◆ Adopt ISO 14001, ISO 14064-1:2018 and ISO 50001 standards and expand the scope of inventories each year.</div>														
Society	Talent Recruitment and Cultivation	<div>◆ Establishment of the "Employee Training Guidelines", "Employee Self-development Subsidy Guidelines", and "Employee OJT Subsidy Guidelines", and the use of the Kirkpatrick Model for assessing training outcome.</div> <div>◆ Direct attention towards diversity, fairness and employees' rights, and provide abundant and diverse learning channels. Recruit the most suitable and talented employees through diversified channels.</div> <div>◆ Design learning programs for different stages of career development, and introduce diverse learning solutions that conform with changes in the financial environment. Ensure zero difference in recruitment and promotion based on gender to implement Taishin's policy of diversity and non-discrimination.</div>														
Corporate governance	Sustainable Finance	<div>◆ Formulate the "Taishin Financial Holdings Green Finance Principles", clearly specify the objects of support and avoidance, and emphasize that ESG risk management should be included in data review and post-transaction management.</div> <div>◆ Formulate the "Guidelines for Loan Applications Applicable to the Equator Principles" and the "Environmental and Social Risk Assessment Form"</div> <div>◆ Establish the "Announcement of Environmental and Social Risk Management Sector Guidelines" to understand the appropriateness of the partner's management of major environmental and social issues to improve the basis for decision-making.</div> <div>◆ Follow the "Stewardship Principles for Institutional Investors" in accordance with the PRI to create voting policies for the management.</div>														

Assessment area	Practices (Note 1)			Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and reasons (Note 3)												
	Yes	No	Summary (Note 2)													
3. Environmental issues																
(1) Does the company have in place a suitable environmental management system based on the characteristics of the industry?	✓		<p>In accordance with the "Energy Review, Baseline and Performance Indicator Management Operation Procedures" in the "Taishin Financial Holding Company Environmental Sustainability Management Manual", the Company analyzes the past, present and future energy use conditions, and considers operating characteristics and energy consumption data and set the necessary performance indicators. The Company compiles the environmental, energy and occupational safety and health performance of the current year every year to formulate the goals for the next year.</p> <p>In July 2022, the Company passed the SBTi audit and set a greenhouse gas reduction strategy to limit the temperature rise within 1.5°C. By 2030, scope 1 and scope 2 will reduce carbon emissions by an average of 4.2% per year. In order to promote energy saving and carbon reduction operations and energy performance improvement, the company has formulated the "Environmental Sustainability Policy", and continues to conduct ISO14064-1:2018 greenhouse gas standard, ISO 14001 environmental management and ISO 50001 energy management system certification every year.</p> <p>Taishin Environmental Management Process</p> <table><tr><th>ISO</th><th>2022 scope</th><th>Future Plan</th></tr><tr><td>ISO 14064-1: 2018 Greenhouse gases emission standard</td><td>The Company and 1st-tier subsidiaries</td><td>Include 2nd tier subsidiaries in 2025</td></tr><tr><td>ISO 14001 Environmental management system</td><td>The Company and 1st-tier subsidiaries</td><td>Ongoing</td></tr><tr><td>ISO 50001 Energy management system</td><td>TaishinFHC and Taishin bank</td><td>Include all 1st-tier subsidiaries in 2025</td></tr></table>	ISO	2022 scope	Future Plan	ISO 14064-1: 2018 Greenhouse gases emission standard	The Company and 1st-tier subsidiaries	Include 2nd tier subsidiaries in 2025	ISO 14001 Environmental management system	The Company and 1st-tier subsidiaries	Ongoing	ISO 50001 Energy management system	TaishinFHC and Taishin bank	Include all 1st-tier subsidiaries in 2025	No deviation
ISO		2022 scope	Future Plan													
ISO 14064-1: 2018 Greenhouse gases emission standard	The Company and 1st-tier subsidiaries	Include 2nd tier subsidiaries in 2025														
ISO 14001 Environmental management system	The Company and 1st-tier subsidiaries	Ongoing														
ISO 50001 Energy management system	TaishinFHC and Taishin bank	Include all 1st-tier subsidiaries in 2025														
(2) Does the company work to improve resource utilization efficiency and use recycled materials that have a low impact on the environment?		<p>1. Resource recycling and waste management</p> <p>The Company responds to the ban on disposable and melamine tableware by the Taipei City Government, and requires employees to bring their own environmental protection cups, double-sided printing of paper for recycling, and also sets up stationery love recycling boxes to encourage reuse of resources, and to reduce waste with practical actions, resource integration and sharing. Various kinds of wastes are sorted on a daily basis. Unrecyclable domestic waste is collected by the clearing company and transported to the incineration plant for treatment; recyclable waste is first sorted by the employees themselves, and then recycled by professional and qualified cleaning companies.</p> <p>2. Green procurement</p> <p>The company has met the performance excellence standards of the Department of Environmental Protection of the Taipei City Government for seven consecutive years since 2016. In 2022, it was also awarded the Outstanding Unit of Green Procurement by the Environmental Protection Administration of the Executive Yuan and the Department of Environmental Protection of the Taipei City Government (respectively green procurement amount reached more than NT\$50 million and more than NT\$5 million), and the amount of green procurement has grown significantly. The total amount of green procurement in 2022 was NT\$95,462,474, an increase of 30.69% from the previous year (2021). The main procurement items include: notebook computers with environmental protection labels, video output devices, hybrid cars, environmentally friendly toner cartridges, paper towels using recycled paper, fluorescent tubes (T5 and LED), toilet facilities with water-saving labels As well as products such as gypsum boards and mineral fiber ceilings with the green building materials label.</p> <p>3. Products and services</p> <p>Combined with the digital development strategy, Taishin is committed to reducing paper consumption in the operation process through innovative proposals and Business Process Management (BPM), and actively promotes paperless through system update and optimization, paperless business, and electronic billing.</p> <p>On the customer side, the written application of various businesses is changed to online application, and mailing notification is changed to push notification or electronic file transmission; on the operational side, the data of government agencies or external companies is connected through API to reduce manual paper and query operations. not only greatly saves paper, but also simplifies operation time.</p> <p>The projects being promoted in recent years include speedy online card application for branch customers, digitization of ATM receipts, and digitization of DM integration of credit card "Taishin Life Journal", etc. The total amount of paper saved throughout the year 2022 is 30,828,095 sheets of paper, which can reduce about 653 tons of life cycle carbon emissions.</p>														

Assessment area	Practices (Note 1)		Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies" and reasons (Note 3)
	Yes	No	
(3) Does the company evaluate the potential risks and opportunities in climate change with regard to the present and future of its business, and take appropriate action to counter climate change issues?	✓		<p>1. The Company has identified climate-related risks and opportunities, understood the potential risks and opportunities the company is currently facing, and identified relatively more important climate issues based on the two dimensions of "possibility of occurrence" and "degree of impact", and then construct a climate strategy and specific action plan based on its own operation "environmental sustainability" and financial business "net zero carbon emission". In addition to strengthening the management of high-climate risk objects, we also consider the business opportunities that climate change may bring, and gradually plan corresponding mitigation and adaptation action plans.</p> <p>2. Assess the impact of climate-related risks on the company through climate scenario analysis:</p> <p>(1) Business branches and suppliers: For the assessment of the risks of its own assets and suppliers, the Company conducts value analysis of risk related to climate change based on "extreme rainfall hazard", "vulnerability to flooding and landslides" and "exposure of business location" In order to avoid excessive deviation of output results, the hazard degree of extreme rainfall is simulated by multiple models, and four scenarios of RCP 2.6, RCP 4.5, RCP 6.0 and RCP 8.5 are used to present the climate risk results from 2021 to 2100. The base proposes adjustment and response plans.</p> <p>(2) Investment and financing positions: Taishin Bank, the main subsidiary of the company, carried out the climate risk impact assessment with reference to the methodology of "Domestic Banks Handling Climate Change Scenario Analysis Operation Plan" issued by the Bankers Association of R.O.C. The methodology covers the internationally widely cited climate scenario assessment reports and reference scenarios, and selects three different climate change paths(stress scenarios are divided into orderly transition, disorderly transition, and no policy scenarios. Each scenario covers physical risks and transition risks, and the time span is set to 2030 and 2050) It carries out financial impact calculation and resilience assessment of physical risks and transformation risks through climate scenario analysis. Transition risk is to assess the impact of carbon prices under different transition policies, and physical risk is to consider the frequency and impact of heavy rain, flooding and drought in various regions.</p>
(4) Does the company take inventory of its greenhouse gas emissions, water consumption, and total weight of waste in the last two years, and implement policies on greenhouse gas reduction, water reduction, or waste management?			<p>The company has included its environmental protection measures and statistics, as well as its quantitative management targets for the coming years in the Taishin FHC Sustainability Report in accordance with Article 16 and Article 17 of the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies. The report is made available on the Taishin FHC website (Taishin Holdings/CSR/). Please visit https://www.taishinholdings.com.tw/human/human_07.jsp.</p>

Assessment area	Practices (Note 1)					Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and reasons (Note 3)																																																																	
	Yes	No	Summary (Note 2)																																																																				
	✓		<div>Energy consumption at Taishin</div> <table><tr><th colspan="2">Type of energy</th><th>Unit of consumption</th><th>2020</th><th>2021</th><th>2022</th></tr><tr><td rowspan="3">Renewable energy</td><td>Self-generation</td><td>kWh</td><td>1,000</td><td>3,000</td><td>16,300</td></tr><tr><td>Green power procurement</td><td>kWh</td><td>0</td><td>0</td><td>680,000</td></tr><tr><td>green power certificates</td><td>kWh</td><td>25,000</td><td>123,000</td><td>63,000</td></tr><tr><td rowspan="3">Non-renewable energy</td><td>Gasoline</td><td>Liter</td><td>134,332</td><td>113,631</td><td>153,127</td></tr><tr><td>Disel</td><td>Liter</td><td>5,002</td><td>8,948</td><td>11,698</td></tr><tr><td>Purchased power</td><td>kWh</td><td>37,757,066</td><td>37,554,325</td><td>39,502,951</td></tr></table> <div>Note 1: Heat content conversion is based on the table Heat Content of Energy Products published by the Bureau of Energy, Ministry of Economic Affairs. Electricity (consumption) is converted at 860 kcal/kWh, motor gasoline at 7,800 kcal/L, and diesel fuel at 8,400 kcal/L and the conversion factor from joule to calorie (4.186 kJ/kcal).</div> <div>Note 2: The self-generated power generation is the estimated value after excluding the amout from Neihu Building.</div> <div>Note 3: Includes Taishin Life since 2022.</div> <div>Greenhouse gas emission at Taishin</div> <table><tr><th>Scope</th><th>Unit</th><th>2020</th><th>2021</th><th>2022</th></tr><tr><td>Scope 1</td><td rowspan="5">tCO2e</td><td>1,033</td><td>1,136</td><td>1,418</td></tr><tr><td>Scope 2 (location based)</td><td>19,181</td><td>18,815</td><td>20,409</td></tr><tr><td>Scope2 (market based)</td><td>19,168</td><td>18,753</td><td>20,031</td></tr><tr><td>Scope 1+2 (location based)</td><td>20,214</td><td>19,951</td><td>21,827</td></tr><tr><td>Scope1+2 (market based)</td><td>20,201</td><td>19,889</td><td>21,449</td></tr></table> <div>Note 1: Based on ISO 14064-1: 2018 inspection standard, and the Electricity Carbon Emission Factor is calculated according to the latest version announced by the Bureau of Energy of the Ministry of Economic Affairs before the publication of the report.</div> <div>Note 2: T-REC is 1000kWh/per certificate.</div> <div>Note 3: Includes Taishin Life since 2022.</div>				Type of energy		Unit of consumption	2020	2021	2022	Renewable energy	Self-generation	kWh	1,000	3,000	16,300	Green power procurement	kWh	0	0	680,000	green power certificates	kWh	25,000	123,000	63,000	Non-renewable energy	Gasoline	Liter	134,332	113,631	153,127	Disel	Liter	5,002	8,948	11,698	Purchased power	kWh	37,757,066	37,554,325	39,502,951	Scope	Unit	2020	2021	2022	Scope 1	tCO2e	1,033	1,136	1,418	Scope 2 (location based)	19,181	18,815	20,409	Scope2 (market based)	19,168	18,753	20,031	Scope 1+2 (location based)	20,214	19,951	21,827	Scope1+2 (market based)	20,201	19,889	21,449	No deviation
Type of energy		Unit of consumption	2020	2021	2022																																																																		
Renewable energy	Self-generation	kWh	1,000	3,000	16,300																																																																		
	Green power procurement	kWh	0	0	680,000																																																																		
	green power certificates	kWh	25,000	123,000	63,000																																																																		
Non-renewable energy	Gasoline	Liter	134,332	113,631	153,127																																																																		
	Disel	Liter	5,002	8,948	11,698																																																																		
	Purchased power	kWh	37,757,066	37,554,325	39,502,951																																																																		
Scope	Unit	2020	2021	2022																																																																			
Scope 1	tCO2e	1,033	1,136	1,418																																																																			
Scope 2 (location based)		19,181	18,815	20,409																																																																			
Scope2 (market based)		19,168	18,753	20,031																																																																			
Scope 1+2 (location based)		20,214	19,951	21,827																																																																			
Scope1+2 (market based)		20,201	19,889	21,449																																																																			
4. Social issues																																																																							
(1) Does the company have adequate management policies and procedures in place pursuant to the applicable regulations and the International Bill of Human Rights?	✓		Taishin is committed to protection of human rights and values; compliance with the Universal Declaration of Human Rights, the International Labor Organization, the UN Guiding Principles on Business & Human Rights, and the Equator Principles; and adherence to the laws of the Republic of China as well as local laws and regulations applicable to different offices. In addition to complying with the conventions and recommendations of the International Labor Organization (ILO) on prohibition of forced or compulsory labor, minimum age of admission to employment, regulation of working time, and weekly rest periods, Taishin devises reasonable work rules and employment guidelines in accordance with the Labor Standards Act, the Act of Gender Equality in Employment, the Employment Service Act, and other labor laws promulgated by the competent authorities, and discloses the above rules after they are filed with the competent authorities in order to protect the rights of its employees. Taishin also takes steps to ensure that all overseas locations (including branches, offices and preparatory offices) are able to comply with local labor regulations and set reasonable work terms to protect the interests of local employees. Furthermore, Taishin not only ensures equality in pay, employment policy, training, and promotion opportunities, but also implements measures to protect female employees and creates a friendly workplace of equality. In addition, Taishin takes action to support international human rights regulations by releasing employment and human right protection statements on its private and public websites, and providing real or virtual training courses. We aim to raise awareness of human rights and gender equality in the workplace. There's no human rights violation by the Company in 2022.		No deviation																																																																		

Assessment area	Practices (Note 1)			Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and reasons (Note 3)
	Yes	No	Summary (Note 2)	
(2) Does the company establish and implement reasonable employee benefits (including remuneration, leave, and other benefits), and ensure business performance or results are reflected adequately in employee remuneration?	✓		Taishin participates in market-wide salary surveys annually, and designs a fair and incentive compensation system. Each year, Taishin plans year-end bonuses based on company performance and individual performance to reward employees for their effort and contributions. In addition, to avoid putting too much emphasis on short-term performance, and to encourage employees to develop long-term collaboration and enjoy long-term growth together, Taishin utilizes long-term incentive plans - Employee Share Ownership Trust Program and Taishin Stock Appreciation Rights Program - as a means of employee retention. Meanwhile, Taishin provides benefits above the requirements of the Labor Standards Act. These benefits include an employee stock ownership trust, physical examinations, and rank-based holidays superior to statutory requirements. The Company has rewarded its employees with competitive compensation and welfare packages and has been one of the constituent stocks of TWSE Taiwan High Compensation 100 index since 2014.	No deviation
(3) Does the company provide a safe and healthy work environment and organize regular health and safety training for employees?			<p>Taishin has a safety and health policy in place that complies with relevant laws. The Company passed ISO 45001 certification and maintains certificated every year since 2020. Work environment Monitoring of the working environment, declaration of fire equipment and exits maintenance, and public safety inspection of buildings are carried out in accordance with the law every year to provide a legal and safe workplace. The Company also continues to campaign for a smoke-free workplace by prohibiting all employees and business partners from smoking in workplaces across the country. The occupational health and safety courses also serve to raise awareness of the Tobacco Hazards Prevention Act and the Company's no-smoking policy. All new recruits are required to undergo workplace safety and health orientation upon arrival, and employees need to be re-trained once every year in compliance of law. Each workplace is equipped with qualified fire management personnel, first aid personnel, and safety and health business supervisors. The main buildings are equipped with 24-hour connection and AED equipment. Qualified AED management personnel are assigned and certified by safe places to create a more complete and safe working environment.</p> <p>With regards to regular health checks, the company offers benefits that exceed legal requirement standards, and subsidizes health checkups once every two years for general staff and once per year for managerial staff. With on-site medical services to carry out health management, health education and four major hazard prevention programs, the Company also conducts health promotion courses, such as office stretching, infectious diseases and chronic diseases, etc.</p> <p>In the face of the outbreak of COVID-19, in order to reduce the impact of infectious diseases and provide a safe and healthy working environment, in addition to continuous monitoring of confirmed cases and contacts in the Company, formulating epidemic prevention measures, and encouraging colleagues to receive COVID-19 vaccines and flu vaccines, paid vaccination leave, Handling corporate influenza vaccination, and won the Enterprise Anti-epidemic Alliance Epidemic Prevention Pioneer-Bronze Award in 2022.</p>	
(4) Does the company have in place effective tools to help employees with career planning and development?			In addition to planning a complete orientation for new recruits, and conducting annual training needs inventory and course arrangement for each division, the Bank also uses the individual development plan (IDP) and the ten-thousand-point training credit system to meet the needs of employees' self-learning and career development.	

Assessment area	Practices (Note 1)			Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and reasons (Note 3)
	Yes	No	Summary (Note 2)	
(5) Does the Company comply with relevant laws and international standards in relation to customer health and safety, customer privacy, marketing, and labeling of products and services, and does it establish relevant consumer protection policies and grievance procedures?	✓		<p>To protect the rights of financial consumers and create a corporate culture that pays attention to financial consumer protection, The subsidiary of the Company, Taishin Bank, has established the Fair Customer Treatment Policy and the Fair Customer Treatment Strategy in accordance with the Fair Customer Treatment Principles for Financial Institutions released by the Financial Supervisory Commission. In addition to complying with the principles and rules of "fairness and integrity in contracts", "authenticity in advertising", "product or service suitability", and "informed consent and disclosure" when providing financial products or services, all employees of Taishin Bank are required to follow the principle of client protection in grievance. In other words, a consumer dispute resolution system, including the scope of consumer dispute, acceptance method, processing procedure and time, status inquiry, and regular review, is implemented to ensure the fair customer treatment principle is upheld.</p> <p>To ensure legitimate collection, processing and use of customers' personal data and to keep personal data safe, Taishin Bank has implemented a personal information protection policy in accordance with the Financial Supervisory Commission Personal Information File Security Regulations for Designated Non-Governmental Institutions. This policy is constantly reviewed and revised in line with changes in regulation. In addition to conducting regular inspections on the security of personal information, Taishin also assesses possible personal information risks and uses the findings to establish proper management practices, responses, reporting channels and preventions for incidents such as theft, alteration, destruction, loss or leakage of personal information, and thereby enforce the personal information protection system of the organization.</p> <p>Taishin Bank, a subsidiary of the Company, has a full-time unit dedicated to handling customer complaints and resolving internal/external appeals. The staff responsible for handling customer complaints will call the customer to identify and clarify matters regarding his/her complaint within one day after a case is accepted. They will then ask the relevant departments to provide explanation on the customer's complaint. The staff will also try to clarify the facts by accessing related documents and recordings simultaneously. The aim is to respond to customers in a timely manner, and resolve customers' complaints to their satisfaction by mutual agreement. In case financial consumers have doubts regarding the products or services provided by Taishin Bank, there are a number of feedback channels in place. They include the customer feedback form in branches, the customer feedback hotline and feedback email at the head office, the 24/7 customer service hotline, and the "Contact me" message board on the corporate website.</p> <p>Taishin Bank always responds to customer feedback or suggestions in a timely manner. Following the principle of grievance redress to ensure fair treatment of customers, the Board of Directors approved the Taishin Bank Fair Customer Treatment Policy in 2016 to regulate processing of customer complaints. The policy establishes the consumer dispute resolution system (including SOPs) under Subparagraph 2, Article 9. In addition, Taishin Bank formulated the Taishin Bank Consumer Dispute Resolution and Taishin Bank Instructions on Customer Complaint Processing Operations to stipulate the procedures and timing of complaint processing (3-15 working days depending on source of complaint, which is better than the 30-day requirement in the Financial Consumer Protection Act). Taishin Bank tries to resolve customer complaints at first contact and improve the quality of complaint resolution. Taishin Bank is equipped with complaint prevention, interim alert, and subsequent improvement mechanisms to manage complaints. Complaint prevention aims to improve customer satisfaction and reduce the occurrence of complaints, followed by instant improvement and reporting to be made by the department as soon as a complaint is filed. The approach enables the departments and executive officers to effectively monitor customer opinions and take action. It also contributes to a corporate culture that upholds fair treatment of customers.</p>	No deviation

Assessment area	Practices (Note 1)			Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and reasons (Note 3)
	Yes	No	Summary (Note 2)	
(6) Does the company implement supplier management policies, requiring suppliers to observe relevant regulations on environmental protection, occupational health and safety, or labor and human rights? If so, describe the results.	✓		<p>1. The company cooperates with more than 400 suppliers every year. Items include software and hardware procurement and building furnishing. In addition to considering cost and quality, the ESG performance of suppliers is also taken into consideration when selecting suppliers. In addition, the Company starts from the system and formulates the "Supplier Management Regulations" to strengthen management. All suppliers who establish a purchasing relationship with the Company are required to sign a "Supplier Commitment Statement" when signing a new contract or renewing a contract, the signing rate reaches 100% every year. In addition, we continue to evaluate suppliers through monthly supplier satisfaction surveys, supplier self-assessment questionnaire and other mechanisms, and pass on the knowledge of sustainable development through supplier conferences. In 2022, the Company took Taishin's sustainable commitment of the 30th anniversary, "From Zero To Hero: Serious Sustainability, Towards Net Zero", as the main theme of the supplier conference, and discussed "how the company itself responds to net zero emissions" and share the company's net zero The energy-saving measures under the target are expected to drive suppliers to incorporate net-zero emissions into the company's operating policy through the introduction of ideas.</p> <p>2. In the "Supplier Maintenance and Management Guidelines", the Company requires that when selecting suppliers and purchasing items, we should give priority to purchasing products with environmental protection, water-saving, energy-saving, green building materials labels or other recycled materials, recyclable, and low-pollution Products with equal conditions, implement the concept of environmental friendliness into the system, and jointly establish a green supply chain through the cooperation of upstream and downstream suppliers.</p>	No deviation
5. Does the company prepare sustainable development reports and other reports that disclose non-financial information by following international reporting standards or guidelines? Does the company obtain third-party assurance or qualified opinion for the reports above?			<p>Information of Taishin FHC Sustainability Report has been disclosed in accordance with Global Reporting Initiative (GRI)'s sustainability reporting standards (GRI Standards), the Commercial Banks (CB) issued by the Sustainability Accounting Standards Board (SASB) and "Sustainability indicators disclosed by listed companies within the financial and insurance industry and "Climate change related information disclosed by TWSE/TPEx companies" required by "Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies."</p> <p>Taishin FHC regularly publishes Sustainability Report in June every year, and complies with the framework spirit of the Integrated Reporting (IR) of the International Integrated Reporting Council (IIRC), including corporate governance, environmental sustainability, and social care prospects.</p> <p>Taishin FHC entrusted BSI Taiwan for verification in accordance with the GRI Standards and the AA1000AS v3 Type 2 Medium Level Assurance. The Company has entrusted KPMG Taiwan to conduct limited assurance on specific performance indicators in accordance with ISAE3000.</p>	
6. Describe the difference, if any, between actual practice and the sustainable development principles, if the company has implemented such principles based on the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies: No deviation.				
<p>7. Other useful information for explaining the status of corporate social responsibility practices:</p> <p>For more corporate sustainability projects and results, please refer to: Taishin FHC Sustainability Report: https://www.taishinholdings.com.tw/tsh/responsibility/report/ Taishin website: https://www.taishinholdings.com.tw/tsh/responsibility/overview/</p>				

Note 1: If "Yes" is checked under implementation, please describe the key policies, strategies, and measures and results adopted. If "No" is checked under implementation, please give reasons and describe relevant strategies and measures to be adopted in the future.

Note 2: Where the company has prepared a corporate social responsibility (CSR) report, implementation may be replaced by referral to the CSR report and the respective page numbers.

Note 3: Non-TWSE/TPEx-listed financial holding companies are not required to complete the column "Deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies and reasons for deviation".

Note 4: The materiality principle refers to environmental, social, or corporate governance issues that have a material impact on the investors or other stakeholders of the company.

h. Status of the company in fulfilling management of integrity and measures

Item	Operating status (Note 1)			Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and reason (Note 2)
	Yes	No	Summary description	
1. Establishment of ethical corporate management policy and plans				
(1) Has the company implemented a board-approved business integrity policy and stated in its regulations and external correspondence the business integrity policy and practices, as well as the active commitment of the board of directors and management towards enforcement of such policy?	✓		For the purpose of developing a culture of integrity and sound business practices, Taishin FHC has established the Ethical Corporate Management Best Practice Principles with board approval as part of the implementation of its core values, "Integrity, Commitment, Innovation and Cooperation". The code demonstrates Taishin FHC's business integrity policy and practices, as well as the active statement and commitment of Taishin's board of directors and management towards enforcement of such policy.	No deviation
(2) Does the company have mechanisms in place to assess the risk of unethical conduct, and perform regular analysis and assessment of business activities with higher risk of unethical conduct within the scope of business? Does the company implement programs to prevent unethical conduct based on the above and ensure the programs cover at least the matters described in Paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies?			To ensure full implementation of business integrity, Taishin has implemented an unethical conduct risk assessment mechanism and established the Ethical Corporate Management Best Practice Principles, as well as relevant codes of conduct and prevention measures for business activities that are more likely to involve unethical conduct, such as those listed under Paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies involving offering or taking of bribes; making illegal political donations, inadequate sponsorship or charity donations; and providing or receiving improper gifts, treatments, or other unjustified benefits.	
(3) Does the company provide clearly the operating procedures, code of conduct, disciplinary actions, and appeal procedures in the programs against unethical conduct? Does the company enforce the programs above effectively and perform regular reviews and amendments?			To ensure full implementation of its business integrity policy, Taishin has established the Ethical Corporate Management Best Practice Principles based on its core values of "Integrity, Commitment, Innovation and collaboration". The company has provided therein clear guidelines on the procedures for preventing unethical conduct, as well as the obligations and responsibilities of reporting. The Personnel Review Committee is responsible for executing disciplinary actions and handling appeals., as well as evaluating ethical risks. Taishin has the Employee Code of Conduct in place to regulate grievance procedures on illegal and unethical conduct. The code of conduct can be found on the company website under: Homepage/Investor Relations/Corporate Governance/Internal Policies and Procedures. The URL is as follows: https://www.taishinholdings.com.tw/tsh/governance/regulations/	

Item	Operating status (Note 1)			Deviations from "Sustainable Development Best Practice Principles for TWSE/ TPEX Listed Companies" and reason (Note 2)
	Yes	No	Summary description	
2. Enforcement of ethical corporate management				
(1) Does the company assess business partners' records of integrity, and include a moral clause in the contracts with its business partners?	✓		Supplier selection and the tender process of Taishin are governed by the Supplier Maintenance and Management Guidelines to ensure products and quality consistently meet requirements. When selecting suppliers, the ethical standards of suppliers will be considered, including but not limited to ethical management, fair trade, disclosure of information, avoidance of illegitimate gains and false advertisements, and compliance with relevant regulations on intellectual property rights, etc. Suppliers who meet the above requirements can evaluate and register as the Company's qualified manufacturers and provide services or products to the Company. If the supplier is found to have poor performance after relevant evaluation, it will be rejected or eliminated according to the Supplier Maintenance and Management Guidelines.	No deviation
(2) Does the company have a unit responsible for business integrity on a full-time basis under the board of directors which reports the business integrity policy and programs against unethical conduct regularly (at least once a year) to the board of directors while overseeing such operations?			1. In 2020, Taishin established the Nomination Committee under the Board of Directors, which is responsible for auditing business integrity policies, as well as examining their implementation results. Furthermore, the Compliance Division is the unit responsible for implementing business integrity matters, including the planning, management, and execution of such. The Compliance Division reports on the implementation status of business integrity to the Nomination Committee and Board of Directors at the end of each year. 2. Taishin ensures effective implementation of the business integrity policy. Details of implementation in 2022, which has been reviewed by the Nomination Committee and presented to the board of directors on March 23, 2023, are as follow: (1) Training and education In 2022, we stepped up the implementation of group-wide business integrity. In addition to online courses on fair treatment of customers, business integrity principles, and whistleblowing policies, our banking subsidiary held multiple fair customer treatment physical courses each quarter, with a total of 31,254 attendees throughout the year. Furthermore, new hire training incorporates important information to prevent unethical business practices, such as "forbidden concurrent employment and avoidance of conflicting interests", "gifts and entertainment policy", and "protection of intellectual property rights". (2) Compliance campaign Dedicated units raise awareness from time to time through compliance case studies of penalties imposed by the competent authorities. The contents include violations of the law due to unethical conduct by financial institution employees, and recommendations for future internal audit and control practices. Details of the campaigns are mailed to all units of the company to reiterate important rules to observe in business activities. (3) Communication channels Employees are able to give feedback to management and other departments through a wide range of open channels. Taishin actively discloses its business integrity policy and implementation on the company website, and in the annual reports and other public documents. (4) Regular review Unethical conduct is prevented from happening through evaluation of ethical risks, and the audit unit performs independent audits to ensure uninterrupted operation of the organization as a whole. The units work together to manage and prevent unethical conduct. (5) Reporting procedures and whistleblower protection Taishin has established the Taishin FHC Whistleblowing System to make clear the whistleblowing channels and procedures. All reports are handled and investigated by dedicated units. Any person from within or outside the company who discovers criminal, fraud, or violation is entitled to report misconduct according to the system. Taishin's Whistleblowing System states explicitly that the following measures should be taken to protect whistleblowers: A. The identity of the whistleblower shall be kept confidential. Information sufficient to identify a person shall not be disclosed. B. Taishin shall not take any revenge on the report made by a whistleblower and use it against the said whistleblower as cause for dismissal, discharge, demotion, pay reduction, damage to the rights to which said whistleblower is entitled by law, contract, or convention, or any other detrimental treatment.	

Item	Operating status (Note 1)			Deviations from "Sustainable Development Best Practice Principles for TWSE/ TPEX Listed Companies" and reason (Note 2)
	Yes	No	Summary description	
(3) Does the company have a conflict of interest management policy in place, provide adequate reporting channels, and enforce the rules accordingly?	✓		Taishin FHC has established guidelines for avoiding conflict of interest under the Board of Directors Meeting Policy and Employee Code of Conduct, and has reporting channels in place to accept verbal, written, or electronic reports of violations of such regulations.	No deviation
(4) Does the company have effective accounting and internal control systems in place to implement business integrity? Does the internal audit unit follow the results of unethical conduct risk assessments and devise audit plans to audit the systems accordingly to prevent unethical conduct, or hire outside accountants to perform the audits?			Accounting and internal control systems 1. Accounting system: The company's accounting policies are formulated in accordance with the Securities and Exchange Act, the Regulations Governing the Preparation of Financial Reports by Financial Holding Companies, the Regulations Governing the Preparation of Financial Reports by Securities Issuers, the Business Entity Accounting Act, and the Generally Accepted Accounting Principles (GAAP). These accounting policies have been designed to faithfully and thoroughly record the company's business activities, and to present the company's financial and business performance in ways that are consistent with laws and the GAAP, thereby achieving effective internal supervision and reflecting financial status and operational results so as to serve as reference in strategic decision-making. 2. Internal control system The company's internal control system has been created in accordance with Article 51 of the Financial Holding Company Act and Article 3 of the Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries. The system embodies five major principles: (1) To enable a corporate culture of management supervision and control. (2) To facilitate risk identification and assessment. (3) To control activities and segregate duties. (4) To facilitate information sharing and communication. (5) To monitor and improve activities. The company has appropriate policies and operating procedures in place to guide its operations. Its rules of organization, management principles, business guidelines, and manuals are amended whenever deemed necessary. Individual units of the Company conduct regular self-assessments and are audited by the internal audit unit periodically. 3. In accordance with Taishin FHC's Ethical Corporate Management Best Practice Principles, the Audit Division examined the compliance with such regulation based on ethical risks and did not find any major deficiencies. "Review compliance with the Ethical Corporate Management Best Practice Principles based on ethical risk assessment results" has been added as a major audit task on the 2023 audit plan.	
(5) Does the company organize internal or external training on a regular basis to maintain business integrity?			The company arranges for its directors, supervisors, and accounting, finance and audit personnel to attend corporate governance and ethical corporate management courses both on a regular and ad hoc basis. Courses on corporate ethics, financial regulations, and code of conduct are mandatory for attendance by all new recruits. In 2022, 100% of the workforce attended courses on ethical corporate management or related topics. In total, 31,254 people finished their training in 46,240.92 hours.	
3. Whistleblowing system				
(1) Does the company have a well established whistleblowing and reward system and an accessible reporting channel in place, and appoint suitable representatives for approaching accused individuals?	✓		Taishin has established the Taishin FHC Whistleblowing System to make clear the whistleblowing channels and procedures. All reports are handled and investigated by dedicated units. Any individual inside or outside the company who discovers any potentially criminal, corrupt, or illegal conduct may report the case by following the whistleblowing procedures. A report may be filed by any of the following means: 1. By Mail: Whistleblowing Mailbox, No. 118, Sec. 4, Ren'ai Rd., Da'an Dist., Taipei City 106, Taiwan (R.O.C.) 2. By E-mail: whistling@taishinholdings.com.tw 3. By Telephone: (02) 2325-6076	No deviation

Item	Operating status (Note 1)			Deviations from "Sustainable Development Best Practice Principles for TWSE/ TPEX Listed Companies" and reason (Note 2)
	Yes	No	Summary description	
(2) Does the company have in place standard operating procedures for investigating and processing reports, as well as follow-up actions and relevant post-investigation confidentiality measures?			All reports that Taishin receives should be investigated by the appropriate units as stated in the investigation procedures. The identity of the whistleblower should be kept strictly confidential. No information sufficient to identify the whistleblower may be released.	No deviation
(3) Has the company provided proper whistleblower protection?			Taishin's Whistleblowing System states explicitly that the following measures should be taken to protect whistleblowers: 1. The identity of the whistleblower shall be kept confidential. Information sufficient to identify a person shall not be disclosed. 2. Taishin shall not take any report made by a whistleblower and use it against the said whistleblower as cause for dismissal, discharge, demotion, pay reduction, damage to the rights to which said whistleblower is entitled by law, contract, or convention, or any other detrimental treatment.	
4. Enhancing information disclosure				
Does the company disclose the ethical corporate management best practice principles and its results on the company website and the Market Observation Post System?	✓		Taishin is a publicly listed company (TWSE stock code: 2887), and discloses its Ethical Corporate Management Best Practice Principles on the TWSE's Market Observation Post System. The company has the Taishin FHC Ethical Corporate Management Best Practice Principles in place, and discloses its measures and implementation of business integrity on the company website: Homepage/Investor Relations/Corporate Governance/Corporate Governance Practices. The URL is as follows: https://mops.twse.com.tw/nas/STR/288720210203PN001.pdf	No deviation
5. Describe the deviations, if any, between actual practice and the ethical corporate management principles, if the company has implemented such principles based on the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies: No deviation.				
6. Other useful information for explaining the status of ethical corporate management practices: Useful information (e.g., the company's review or revision of its ethical corporate management guidelines):Nil.				

Note 1: Provide details in the comments regardless of the answer.

Note 2: Non-TWSE/TPEX-listed financial holding companies are not required to complete the column "Deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and reasons for deviation".

i. The company with corporate-governance guidelines and related regulations must disclose their methods for inquiry

Please refer to the company's website at <https://www.taishinholdings.com.tw/tsh/> or Taiwan Stock Exchange at <https://mops.twse.com.tw>.

j. Other important information conducive to the understanding of the corporate governance of the company

Please refer to the explanation of item d "Status of the Holding's corporate governance and its deviation from the guidelines for the practical corporate governance of the holdings industry and reasons."

k. Items concerning the implementation of Internal Control System which should be disclosed

1. Internal Control Statement

Taishin Financial Holding Co., Ltd.
Statement of Internal Control System

March 23, 2023

Financial Supervisory Commission,

On behalf of Taishin Financial Holding Co., Ltd.(the Company), we hereby declare that, for the fiscal year of 2022, the Company has established internal control policies and implemented risk management system in accordance with the "Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries". These policies and practices were also inspected by the independent Audit Division which reported regularly to the Company's Board of Directors and Audit Committee.

Following our diligent assessment, we concluded that the Company's internal control, legal and compliance practices for the fiscal year of 2022 were implemented effectively, the improvement items listed on the attachment are also being executed properly. This statement will constitute part of the company's annual report and prospectus and will be publicly disclosed.


We understand that we are legally bound to the "Securities and Exchange Act" Articles 20, 32, 171, and 174.

Sincerely yours,

Chairman:

吳東亮 

President:

林維添 

Chief Auditor:

夏敏南 

Compliance Officer:

游婷南 

Taishin Financial Holding Co., Ltd.
Improvement Plan of Internal Control System

Base Date: 2022.12.31

Items for Improvement	Improvement Measures	Scheduled Date of Completion
Taishin International Bank		
I. Use of information obtained from the Joint Credit Information Center for marketing purposes; improper use of personal information of customers by former Bank staff and security personnel.	1. An independent control and sensitive group access privileges have been set up for the credit information. A control mechanism has also been established for the access application. 2. Strengthen the education and training of the Bank's staff and security staff to enhance personal data protection.	Rectification completed.
II. For the insurance agent business, the source of premiums was not correctly ticked in the report of sales personnel. There was also a policy cancellation before insurance purchase.	A new alert mechanism has been added to the insurance incoming system. A new post-inspection review mechanism after insurance approval has been added.	Rectification completed.
III. The insurance sales personnel filled in or ticked the insurance documents on behalf of the customers. There were also cases of inaccurate ticking.	Since January 1, 2021, we have terminated the use of the "Letter of Authorization of Insurance Documents". Customers are required to fill in the insurance documents by themselves.	Rectification completed.
IV. For the collection and credit operations, there were improper collections from third parties other than the debtor or the guarantor. The Bank did not establish a proper internal control mechanism with respect to the authorization of sales personnel for interest rates (fees) adjustments.	1. The data masking of the "contact person" (a third party other than the debtor or the guarantor) of the collection system has been completed. 2. It is stipulated that the interest rates (fees) agreed with the customer shall not be higher than the approved conditions.	Rectification completed.
V. The Bank did not evaluate and confirm the source of funds of senior customers to purchase financial products as well as the ability to operate the digital financial platform.	For senior customers who have loans with the Bank within 90 days, customer service personnel shall conduct a confirmation recording with the customers and confirm that the customers are capable of communicating, reading and making judgments in order to protect senior customers.	Rectification completed.
VI. There were unusual financial transactions between the former financial advisors of the East Kaohsiung Branch and the Haitien Branch and customers.	1. Send customer statements on a regular basis and strengthen the return management mechanism. 2. Reminder EDMs on "Important Rights and Interests of Customers" are sent to customers on a regular basis, and relevant warnings are posted at branches to remind customers to protect their own rights and interests. 3. Adjust and strengthen the rotation mechanism of financial advisors.	Rectification completed.
VII. For the insurance agency business, the risk-adaptive questionnaire for customers was not evaluated and the report of sales personnel was not ticked correctly.	1. An inspection mechanism on the risk-adaptive questionnaire for customers has been added. 2. It is proposed to add an automatic comparison function of annual income information in the system.	The new data comparison feature of the system is expected to be completed by Mar.31, 2023.
VIII. Failure to confirm identity of customers who use a virtual account to apply for third party payment service.	1. The processes have been reviewed and the internal guidelines were amended to better check reasonableness of virtual account applications. 2. Education and training was provided to better familiarize salespersons in accepting and validating virtual account documents.	Rectification completed.
Taishin Securities		
Inadequate protection measures for the verification mechanism on certificate application, updates and immediate confirmation of customers' actions of the Internet order system.	An OTP mechanism different from the two-factor login has been added when customers apply or renew certificates. In addition, an e-mail notification will be sent to the customer when downloading the certificate.	Rectification completed.

Items for Improvement	Improvement Measures	Scheduled Date of Completion
Taishin Life Insurance		
I. There were circumstances of failure to enhance the review and calculation of declared interest rates and decrement rate assumptions in the sale of Chinfengsheng Interest Rate Sensitive USD Life Insurance.	1. The Bank has started the use of a newly revised declared interest rate formula and completed the internal control system on the new declared interest rate mechanism since 2022, incorporating the relevant procedures into the regulations and conducting cash flow testing. 2. Since March 24, 2022, the new product "Chinpeitsuan Interest Rate Sensitive USD Life Insurance" has been reviewed to enhance the decrement rate assumptions.	Rectification completed.
II. The adjustment of the risk level of policyholders is made only to the names on the list. The other changes in identity and background information are not recalculated.	After reviewing the risk factors, the risk levels of "payment channels" and "annualized premiums" are not recalculated when the customer information is changed. The system program will be revised to include the recalculation of risk level when there are changes.	This plan will be completed by Sep.30, 2023.

2. Report of independent auditor appointed to conduct special audit on the company's internal control system: Nil.

I. Irregularities bringing penalties to the financial holding firm and its subsidiaries in the recent years and rectifications in recent two years and as of the date of the publication of the annual report.

1. Indictment of executives or staffers by prosecutors for job-related crimes:

- (1) Former Taishin Bank financial specialist XXX Yang was suspected of committing the offenses of breach of special trust under The Banking Act of the Republic of China, circulate forged private document and violating the Money Laundering Control Act. Yang was prosecuted on May 28, 2019. The Taiwan New Taipei District Court sentenced Yang to four years in prison on September 29, 2021. The prosecutor filed an appeal. The Taiwan High Court delivered a judgment on June 29, 2022: the original judgment was reversed and Yang shall be sentenced to five years in prison. This is the final decision of the court.
- (2) Former Taishin Bank auto loan advisor XXX Feng was suspected of committing fraud with purpose of obtaining illegal proceeds, entering entries he knew to be false in documents prepared in the course of his occupation, forging private documents, and committing a special breach of trust under The Banking Act of the Republic of China. Feng was prosecuted on February 24, 2020. The case is being trialed by the Taiwan Taipei District Court.
- (3) Former Taishin Bank mortgage business staff XXX Lin was suspected of making in a document or certificate prepared in the course of his occupation an entry which he knows to be false. Lin was prosecuted on February 9, 2021. The Taiwan Hsinchu District Court sentenced a four-month imprisonment with three-year probation and protective restraint during probation period on May 11, 2021. The dependent is required to serve 120 hours of community service for organizations or groups aligned with specific charitable causes. NT\$14,583 in proceeds of crime not seized in the case are to be confiscated. This is the final decision of the court.
- (4) Former Taishin Bank advisor XXX Zhou was suspected of committing a special breach of trust and forgery under the Banking Act of the Republic of China, circulate forged private document and violating the Money Laundering Control Act. Zhou was prosecuted on March 9, 2021. The Taiwan Taipei District Court sentenced Zhou to ten years and six months in prison on September 30, 2021. The prosecutor filed an appeal. The Taiwan High Court sentenced Zhou to twelve years and four months in prison on October 21, 2022. Zhou filed an appeal, which was remanded by the Supreme Court and currently being reviewed by the Taiwan High Court.
- (5) XXX Hsieh, a former salesman of Taishin Life Insurance, was suspected of violating business embezzlement and forging private documents. The prosecutor filed a lawsuit on October 29, 2021 after being reported by the Company. The Taiwan Taipei District Court sentenced Hsieh on April 27, 2022. to one year in prison with the term to converted the sentence for NT\$1,000 a day and a 3 year probation. The case is settled.

2. Violations of the law for which the FSC has imposed fines, errors for which the FSC has issued warnings or issued penalties according to Article 54, Paragraph 1 of the Act, or disciplinary actions taken by the company against internal personnel for violations of internal control regulations where the results may have a material impact on shareholders equity or securities prices should be listed with the punishment, error, and improvement described in detail:

Company	Cases and values	Status of improvement
Taishin Bank	(1) For the appropriation of customer funds and abnormal fund transfers by the former financial advisor in Zhonghe Branch, and the improper business actions of the former financial advisors of the Ximen Branch and Beida Branch, Taishin Bank was fined NT\$30 million and reprimanded, through Letter No. Financial-Supervisory-Banking-Holding-10901501692 dated July 22, 2021. The Retail Banking Group Deputy CEO Lin OO was suspended for 3 months and the insurance brokerage services for new customers of the Ximen Branch and Beida Branch was also suspended for 3 months, as per the orders of the FSC. The matters may be resumed after the improvements are approved by the FSC.	1. Policies on transaction monitoring, the financial advisor management, and rewards & salaries were amended. 2. The installation of audio surveillance equipment bank-wide has been added on Nov. 22 2022. 3. The Retail Banking Group Deputy CEO Lin OO was suspended of duties from Jul 27 2021 to Oct 26 2021. 4. On Jul. 18 2022, the FiSC approved the resumption of Ximen Branch and Beida Branch to handle the insurance brokerage services for new customers through Letter No. Financial-Supervisory-Banking-Holding No. 1110213598.
	(2) For the handling of Insurance Act violations by insurance brokerage services, Taishin was given a 1-month notice for improvement and fined NT\$3 million by the FSC, through Letter No. Financial-Supervisory-Insurance-Life-1100495291E dated December 30, 2021.	(1) Terminated telemarketing business with Yuanta Life, AIA Life Insurance and Chubb Insurance on 2021.05.10, 2022.02.28 and 2022.06.15 respectively. (2) Discussed with Cigna Life Insurance about the adjustment of the content of the contract related to telemarketing to solicit insurance business to collect commissions and fees to comply with relevant laws and regulations, and completed the contract revision on 2022.04.25.
	(3) There are circumstances when handling insurance agency business such as not correctly selecting the source of premiums and cancellation of previous policies within three months before the new policy application. Taishin was fined of NT\$3 million by the FSC through Letter No. Financial-Supervisory-Insurance-Life 11104925734 on 2022.06.23.	The insurance entry system has added a warning and reminder mechanism, and a new post-underwriting inspection mechanism.
	(4) Taishin bank was fined NT\$10 million by the FSC on 2022.09.08 through Letter No. Financial-Supervisory-Banking-Holding 11102007481 regarding the improper collection of third parties other than credit card debtors or guarantors and the lack of an internal control mechanism for authorized business personnel to adjust and approve interest (fee) rates listed in the general business audit of Taishin bank by the FSC.	(1) The data masking operation of the "contact person" (a third party other than the debtor or guarantor) in the collection system has been completed. (2) The provision that the interest (fee) rate agreed with the customer shall not be higher than the approved conditions has been added.
Taishin Life	Regarding to the defects that the Chin-Feng-Sheng Interest-Sensitive USD Whole Life insurance has not strengthened the inspection of declared interest rate and lapse rate assumption, the sales of this product has been discontinued by the FSC through Letter No. Financial-Supervisory-Insurance-Life. 11104916941 on 2022.4.29.	(1) Since 2022, the newly revised declared interest rate formula has been used and the internal control system of the newly declared interest rate mechanism has been completed, and relevant processes have been included in the regulations, and cash flow tests have been carried out at the same time. (2) Since the new product "Chin-Pei-Tsuan Interest-Sensitive USD Whole Life Insurance" launched on 2022.03.24, the higher lapse rate assumption has been considered.

3. For individual or combined loss exceeding NT\$50 million in value which results of personnel corruption, major incidents (fraud, burglary, embezzlement and stealth of assets, fraudulent transaction, forged certificates and securities, collection of feedback, damage of natural disaster, damage of external force, hacker attack and stealth of information, and leakage of confidential business and customer information) or security incidents resulting from failing to abide by guidelines for security maintenance of financial institutions, disclose its nature and loss amount: None.
4. Other items mandated by the FSC for disclosure: None.

m. Major resolutions of the shareholder's meeting and the board of directors in the recent year and as of the date of the publication of the annual report.

1. Key resolutions of the 2022 annual general meeting (2022.06.17) and execution progress:

Agenda	Result	Implementation status
1. Acknowledgment of the 2021 business report and financial statements.	Acknowledged as proposed by voting.	The documents and reports have been disclosed and filed with the competent authority in accordance with the Company Act and the Securities and Exchange Act.
2. Acknowledgment of the 2021 earnings appropriation.	Acknowledged as proposed by voting.	Aug. 30, 2022 was set as the base date for distribution, and Sep. 20, 2022 was set as the distribution date(NT\$0.605 per share in cash).
3. Issuance of new common shares from earnings.	Approved as proposed by voting.	Aug. 30, 2022 was set as the base date for distribution, and Sep. 20, 2022 was set as the distribution date(NT\$0.495 per share in shares).
4. Amendment to the "Articles of Incorporation".	Approved as proposed by voting.	The amendment has been approved by the Minister of Economic Affairs on Jul 22, 2022 and published on the Company's website.
5. Amendments to the Shareholders' Meeting Rules.	Approved as proposed by voting.	Currently operating under the amended Shareholders' Meeting Rules.
6. Amendments to the "Handling Procedures for Acquisition or Disposal of Assets."	Approved as proposed by voting.	Currently operating under the amended "Handling Procedures for Acquisition or Disposal of Assets."

2. Major resolutions of the board of directors in 2022 and up to the date of the publication of the annual report:

- 2022.02.24 Passed the 2021 consolidated financial statements.
- 2022.03.24 Passed the proposed calling of 2022 general shareholders' meeting on June 17, 2022.
- 2022.04.28 Passed the 2021 business report.
- 2022.04.28 Passed the amendments to the "Articles of Incorporation", the "Shareholders' Meeting Rules" and the "Handling Procedures for Acquisition or Disposal of Assets".
- 2022.04.28 Passed the appointment of Jerry Guo, Welch Lin, Po-Yung Lu, Perry Huang, Sharon Lin, Shin-Hau Wu, Jonathan Lin, Lai-Ping Chi, Tong-Shung Wu and Peter Tsai to institutional directors and supervisors of the 13th board of directors of Taishin Securities.
- 2022.04.28 Passed the appointment of Jeremy Gong as the Chief Risk Officer.
- 2022.05.05 Passed the 2021 earnings distribution proposal and Issuance of new common shares from earnings.
- 2022.05.19 Passed the plan to fully subscribe for new common shares issued by Taishin Life Insurance.
- 2022.05.19 Passed to nominate Neng-Pai Lin, Sung-Show Kuo, Shouna Liu, Mason Li and Tai-Ron Chen as candidates of directors and supervisors of the 12th board of directors of Taishin Securities Investment Advisory.
- 2022.11.17 Passed the formulation of the organizational regulations of the Corporate Sustainability Committee and appointment of Tong-Liang Wu, Chu-Chan Wang, Yi-Fu Lin, Welch Lin and Chia-Chung Cheng as the members of the first term of the Corporate Sustainability Committee.
- 2022.12.22 Passed the appointment of Kwang-Hsiung Wu, Sam Lin, Gary Liu, Eric Chien, Li-Cheng Kuo, Sylvia Chen and Vincent Tsai to institutional directors and supervisors of the 9th board of directors of Taishin Securities Investment Trust.

- 2022.12.22 Passed the replacement of Shouna Liu by Christy Shyy as institutional director to the 12th board of directors of Taishin Securities Investment Advisory.
- 2022.12.22 Passed the 2023 operating plan and budgets.
- 2023.01.12 Passed the replacement of Perry Huang by Maggie Pao as institutional director to the 13th board of directors of Taishin Securities.
- 2023.02.23 Passed the 2022 consolidated financial statements.

n. Different opinions of directors or supervisors on record or in written statement on major resolutions passed by the board of directors in the recent year and as of the date of the publication of the annual report: None.

o. Resignation and dismissal of managerial officers related to the financial report including chairman, president, chief accounting officer, chief internal auditor, and chief governance officer, in the past year and up to the date of report:

Title	Name	Employment Start Date	Employment End Date	Reason for Resignation or Dismissal
Chief Officer	Daniel Tsai	Apr. 10, 2018	May 01, 2022	Retired

D. Information on CPA's fee

Base Date: Dec. 31, 2022 Unit: NT1,000

Name of accounting firm	Name of CPA	Auditing Period	Auditing fee	Non-Auditing fee	Total	Note
Deloitte & Touche	Han- Ni Fang	2022.01.01~ 2022.12.31	5,300	2,868	8,168	Non-audit remuneration consists mainly of tax compliance audit, acquisition and merger consulting, BEPS action plan consulting, issuance of exchangeable bond and class F exchangeable preferred shares, capitalization of earnings application and Taishin FHC annual report review.
	Ching- Cheng Yang					

Please describe in detail services covered by non-audit remuneration: (e.g. tax compliance audit, assurance or other financial consulting services)

Note: If there is any change of CPA or CPA firm during the year, please specify the duration of their services separately and state the reason for making the change in the remarks field. Any audit and non-audit remuneration paid to CPAs should also be disclosed separately. Please provide details of the services for which non-audit remuneration is paid

a. Replacement of accounting firm and the auditing fee for the replacement year decreases from the previous year which requires mandatory disclosure of the auditing fees of the two years and provision of reasons: Not applicable.

b. Auditing fee decrease over 10% from the previous year which requires mandatory disclosure of the reduction amount, percentage, and reason: Not applicable.

E. Replacement of CPA:

a. Concerning former CPA

Replacement date	Not applicable		
Reason for replacement and explanation	Not applicable		
Explain consigner or termination or refusal of consignment by CPA	Status of related parties	CPA	Consigner
	Active terminate consignment	Not applicable	Not applicable
	Refusal to accept (continue) consignment	Not applicable	Not applicable
Certification auditing report other than report without reserved opinions in the recent two years and reason	Not applicable		
Existence of different opinions with the bank	Yes	Not applicable	Accounting principle or practical affairs
		Not applicable	Disclosure of financial report
		Not applicable	Auditing scope or procedure
		Not applicable	Others
	No	Not applicable	
	Explanation: Not applicable		
Other disclosed items (Items which should be disclosed according to item 5-1-4, article 10 of the criteria)	Not applicable		

b. Concerning succeeding CPA: Not applicable.

c. Reply of former CPA to item 6-1 and item 6-2-3, article 10 of the criteria: Not applicable.

F. Chairman, presidents, and financial or accountant managers who served at the accounting firm of the CPAs or its affiliates within the recent year: None.

G. Changes in shareholding transfer or shareholding pledge by directors, supervisors, or managers, and all parties that are subject to reporting under article 11 of regulations governing the ownership of the holding by single individuals or stakeholders, in the recent year and as of the date of the publication of the annual report.

a. Changes in shareholdings

Unit: share

Title	Name	2022				As of Feb.28, 2023			
		Common Shares		Preferred Shares		Common Shares		Preferred Shares	
		Changes in shareholding	Changes in pledged shareholding	Changes in shareholding	Changes in pledged shareholding	Changes in shareholding	Changes in pledged shareholding	Changes in shareholding	Changes in pledged shareholding
Director	Chia Hao Co., Ltd.	1,073,516	0	0	0	0	0	0	0
Representative (Chairman)	Wu, Tong-Liang	572,052	0	0	0	0	0	0	0
Director (Major shareholder) (Note1)	TASCO Chemical Co., Ltd.	22,017,101	0	0	0	0	0	0	0
Representative	Wu, Cheng-Ching	0	0	0	0	0	0	0	0

Title	Name	2022				As of Feb.28, 2023			
		Common Shares		Preferred Shares		Common Shares		Preferred Shares	
		Changes in shareholding	Changes in pledged shareholding	Changes in shareholding	Changes in pledged shareholding	Changes in shareholding	Changes in pledged shareholding	Changes in shareholding	Changes in pledged shareholding
Director	Hsiang-Chao Co., Ltd.	534,160	0	0	0	0	0	0	0
Representative	Kuo, Jui-Sung	32,866	0	0	0	0	0	0	0
Director	Santo Arden Co., Ltd.	317,260	0	0	0	0	0	0	0
Representative	Wang, Chu-Chan	593,355	(2,400,000)	0	0	0	0	0	0
Independent Director	Lin, Yi-Fu	0	0	0	0	0	0	0	0
Independent Director	Chang, Min-Yu	0	0	0	0	0	0	0	0
Independent Director	Kuan, Kuo-Lin	0	0	0	0	0	0	0	0
President	Welch Lin	393,990	0	0	0	0	0	0	0
Chief Auditor	Amy Hsia	18,745	0	0	0	0	0	0	0
Chief Financial Officer	Carol Lai	77,892	0	0	0	0	0	0	0
Chief Investment Officer	Eric Chien	0	0	0	0	0	0	0	0
Chief Information Officer/Chief Information Security Officer	Steve Sun	10,000	0	0	0	0	0	0	0
Chief Risk Officer	Jeremy Gong	0	0	0	0	0	0	0	0
Executive Vice President	Sam Lin	85,011	0	0	0	0	0	0	0
Senior Vice President	David Chang	553	0	0	0	0	0	0	0
Senior Vice President	Frank Lin	36,231	0	34,100	0	0	0	0	0
Senior Vice President	Andy Chang	47,248	0	15,000	0	0	0	0	0
Senior Vice President	Vincent Tsai	25	0	16,137	0	0	0	0	0
Senior Vice President	Tingning Yu	22,385	0	0	0	0	0	0	0
Senior Vice President	Adeline Jai	16,751	0	0	0	0	0	0	0
Senior Vice President	Mason Li	0	0	0	0	0	0	0	0
Senior Vice President	Shin-Hau Wu	0	0	0	0	0	0	0	0
Senior Vice President	Avon Fan	0	0	0	0	0	0	0	0
Vice President	Michael Liao	0	0	0	0	0	0	0	0
Assistant Vice President	Harley Ho	0	0	0	0	0	0	0	0

Title	Name	2022				As of Feb.28, 2023			
		Common Shares		Preferred Shares		Common Shares		Preferred Shares	
		Changes in shareholding	Changes in pledged shareholding	Changes in shareholding	Changes in pledged shareholding	Changes in shareholding	Changes in pledged shareholding	Changes in shareholding	Changes in pledged shareholding
Same person or same related person	Yunteh Co., Ltd.	5,661,186	0	Not applicable (Note 3)		0	0	Not applicable (Note 3)	
Same person or same related person	Wangtien Woolen Textile Co., Ltd.	3,404,861	0			0	0		
Same person or same related person	Shi Hong Investment Co., Ltd.	549,945	0			0	0		
Same person or same related person Large shareholder (Note 1)	Taishin Leasing& Financing Co., Ltd.	18,468,517	0			0	0		
Same person or same related person	Taishin International Investment and Development Co., Ltd.	2,754,441	0			0	0		
Same person or same related person	Zhao Heng Co., Ltd.	3,449,020	0			0	0		
Same person or same related person	An-Long Enterprise Co., Ltd.	476,394	0			0	0		
Same person or same related person	Wu, Ju-Yueh	76,778	0			0	0		
Same person or same related person	Wu, Ju-Ying	165,136	0			0	0		
Same person or same related person	Wu, Shin- Wei	6,134	0			0	0		
Same person or same related person	Wu, Shin- Hau	0	0			0	0		
Same person or same related person	Wu, Tong-Sheng	16,433	0			0	0		
Same person or same related person	Wu, Tong-Liang	572,052	0			0	0		
Same person or same related person	Wu, Chao-Tong	6,208	0			0	0		
Same person or same related person	Wu, Chao-Yi	6,208	0			0	0		
Same person or same related person	Hong Tai Investment Co., Ltd.	3,275	0			0	0		
Same person or same related person Large shareholder (Note 1)	Tong Shan Investment Co., Ltd.	7,065,791	0			0	0		

Title	Name	2022				As of Feb.28, 2023			
		Common Shares		Preferred Shares		Common Shares		Preferred Shares	
		Changes in shareholding	Changes in pledged shareholding	Changes in shareholding	Changes in pledged shareholding	Changes in shareholding	Changes in pledged shareholding	Changes in shareholding	Changes in pledged shareholding
Same person or same related person	Yi Huan Co., Ltd.	396,429	0	Not applicable (Note 3)		0	0	Not applicable (Note 3)	
Same Person or same related person	Chaang Her Co., Ltd.	5,896,220	0			0	0		
Same person or same related person	Shin Kong Wu Ho-Su Rescue Foundation	1,717	0			0	0		
Same person or same related person	Taishin Charity Foundation	33,606	0			0	0		
Same person or same related person	Shin Kong Wu Ho-Su Culture and Education Foundation	7,621	0			0	0		
Same person or same related person	Bo Si Company Limited	616,708	0			0	0		
Same person or same related person	Bo-Rui Co., Ltd.	4,175,326	12,500,000			0	0		
Same person or same related person	Peng, Hsueh-Fen	393,276	0			0	0		
Same person or same related person	Hsiang-Chao Co., Ltd.	534,160	0			0	0		
Same person or same related person Large shareholder (Note 1)	Shinkong Synthetic Fibers Corp.	3,896,085	0			0	0		
Same person or same related person	Shin Kong Recreation Co. Ltd.	3,917,940	0			0	0		
Same person or same related person	Ruixin Investment Co., Ltd.	191,212	0			0	0		
Same person or same related person	Chia Hao Co., Ltd.	1,073,516	0			0	0		
Same person or same related person	Shinkong Co., Ltd.	495,000	0			0	0		
Same person or same related person	Xing An Enterprise Co., Ltd.	121,537	0			0	0		
Same person or same related person	Ching-Wei Co., Ltd.	589,225	0			0	0		

Note 1: An entity that holds more than one percent of the shares in the Company.

Note 2: The changes in shareholding of people listed above are based on the information submitted during their term of service.

Note 3: Preferred shares issued by Taishin do not come with voting rights, and therefore Article 16 of the Financial Holding Company Act does not apply.

Note 4: As of February 28, 2023, the shareholding percentage of the issued shares with voting rights of the Company under Mr. Tong-Liang Wu and related parties is 11.90%. Please refer to MOPS(<https://mops.twse.com.tw/mops/web/t142sb01>) for detailed shareholding information.

b. Information of shareholding transfer: None.

c. Information of shareholding pledge: None.

H. Information regarding top ten shareholders who are related parties, spouses or blood relatives of second degree or closer

Information on the Relationship between the 10 largest Shareholders

Base date: April 18, 2023 unit: share; %

Number	Name	Current shareholding		Stake of single, spouse and offspring before age of majority		Shareholding in the name of others		Titles, names and relationships between top 10 shareholders who are related parties, spouses, or second-degree relatives to each other		Note
		Number of shares	Share of stake	Number of shares	Share of stake	Number of shares	Share of stake	Name	Relationship	
1	TASCO Chemical Co., Ltd. Representative: Wu, Cheng-Ching	476,178,689	3.64	0	0.00	0	0.00	None	None	
2	Taishin Leasing & Financing Co., Ltd. Representative: Zhong, Yong-Hong	405,069,884	3.10	0	0.00	0	0.00	None	None	
3	Farglory Life Insurance Co., Ltd. Representative: Meng, Chia-Ren	181,832,520	1.39	0	0.00	0	0.00	None	None	
4	Norges Bank	166,484,251	1.27	0	0.00	0	0.00	None	None	
5	Vanguard Emerging Markets Stock Index Fund, A Series of Vanguard International Equity Index Funds	157,374,197	1.20	0	0.00	0	0.00	None	None	
6	Tong Shan Investment Co., Ltd. Representative: Wu, Guei-Lan (Note)	151,409,055	1.16	0	0.00	0	0.00	No.9	Representative's relative within 2 tiers	
7	JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, A Series of Vanguard Star Funds	150,188,498	1.15	0	0.00	0	0.00	None	None	
8	TransGlobe Life Insurance Inc., Representative: Stiven Peng	136,358,845	1.04	0	0.00	0	0.00	None	None	
9	Shinkong Synthetic Fibers Corporation Representative: Wu, Tong-Sheng	135,609,925	1.04	0	0.00	0	0.00	No.6	Representative's relative within 2 tiers	
10	Chaang Her Co., Ltd. Representative: Kao, Kuei-Mei	134,021,785	1.03	0	0.00	0	0.00	None	None	

Note: Wu, Guei-Lan passed away on March 30, 2016

I. The Number of shares and total share of stake in the same invested company owned by the company directly or indirectly controlled by the company and the company's directors, supervisors, president, vice presidents and branch chiefs

Base date: Dec. 31, 2022 unit:share; %

Equity investment (No te1)	Investment by the holding company (Note2)		Investment by the company directly or indirectly controlled by the holding company and the holding's directors, supervisors, president, vice presidents and branch chiefs		General investment	
	Number of shares	Share of stake	Number of shares	Share of stake	Number of shares	Share of stake
Taishin International Bank Co., Ltd.	9,098,981,853	100.00%	0	0.00%	9,098,981,853	100.00%
Taishin Securities Co., Ltd.	692,412,444	100.00%	0	0.00%	692,412,444	100.00%
Taishin Securities Investment Trust Co., Ltd.	83,134,964	100.00%	0	0.00%	83,134,964	100.00%
Taishin Life Insurance Co., Ltd.	937,805,946	100.00%	0	0.00%	937,805,946	100.00%
Taishin Securities Investment Advisory Co., Ltd.	27,599,513	92.00%	0	0.00%	27,599,513	92.00%
Taishin Asset Management Co., Ltd.	67,100,000	100.00%	0	0.00%	67,100,000	100.00%
Taishin Venture Capital Investment Co., Ltd.	566,754,944	100.00%	0	0.00%	566,754,944	100.00%
Chang Hwa Commercial Bank Co., Ltd.	1,102,324,849	10.41%	28,299,946	0.27%	1,130,624,795	10.67%
Chieh-Bon Co., Ltd	220,000	4.40%	300,000	6.00%	520,000	10.40%

Note 1: Subsidiaries of Taishin Holdings.

Note 2: Investments under Articles 36 and 37



04

2022
Annual Report

Capital Overview

IV. Capital Overview

A. Capital and shares

Sources of capital

Reference date: February 28, 2023 Unit: thousand shares.
Except for the issue price that is shown in NT\$1, the remaining is shown in NT\$1,000.

Times	Issuing Prices	Authorized Capital		Paid-in Capital		Remarks	
		Number of Shares	Value	Number of Shares	Value	Sources of Capital	Others
Aug 2022	17.65	20,000,000	200,000,000	Common share 11,409,383 Preferred share E 800,000 Preferred share F 300,000	Common share 114,093,831 Preferred share E 8,000,000 Preferred share F 3,000,000	Issuance of preferred share F for cash	MOEA, No.11101143710 Aug. 05. 2022 (Note 1)
Sep 2022	10	20,000,000	200,000,000	Common share 11,974,147 Preferred share E 800,000 Preferred share F 300,000	Common share 119,741,476 Preferred share E 8,000,000 Preferred share F 3,000,000	Issuance of new shares from earnings	MOEA, No. 11101170770 Sep. 02. 2022 (Note 2)

Note 1: The Company issued 300,000,000 Class F registered exchangeable preferred shares for cash.

Note 2: The Company issued 564,764,467 common shares from earnings.

Base date: Feb. 28, 2023 Unit: share

Share Categories	Authorized Capital			Note
	Shares in circulation	Shares without issuance	Total shares	
Common Shares	11,974,147,637	6,925,852,363	20,000,000,000	Listed shares
Preferred Shares E	800,000,000			Listed shares
Preferred Shares F	300,000,000			Listed shares

B. Structure of shareholders

Common shares

Base date: April 18, 2023 Unit: share; %

Structure of Shareholders	Government Institutions	Financial Institutions	Other Institutional Shareholders	Personal Shareholders	Foreign Institutions and Personal Shareholders	Total
Quantity						
Number of Shareholders	16	101	939	465,712	1,252	468,020
Number of shares	151,488,274	780,054,520	2,682,824,281	5,435,622,500	2,924,158,062	11,974,147,637
Share of stake	1.27	6.51	22.41	45.39	24.42	100.00

Preferred shares E

Base date: April 18, 2023 Unit: share; %

Structure of Shareholders Quantity	Government Institutions	Financial Institutions	Other Institutional Shareholders	Personal Shareholders	Foreign Institutions and Personal Shareholders	Total
Number of Shareholders	0	33	192	24,011	35	24,271
Number of shares	0	527,035,262	187,752,024	84,869,958	342,756	800,000,000
Share of stake	0.00	65.88	23.47	10.61	0.04	100.00

Preferred shares F

Base date: April 18, 2023 Unit: share; %

Structure of Shareholders Quantity	Government Institutions	Financial Institutions	Other Institutional Shareholders	Personal Shareholders	Foreign Institutions and Personal Shareholders	Total
Number of Shareholders	0	11	106	24,687	32	24,836
Number of shares	0	68,511,634	205,214,255	25,950,334	323,777	300,000,000
Share of stake	0.00	22.84	68.40	8.65	0.11	100.00

C. Distribution of shareholding

Common shares

(Par Value of NT\$10 per share)

Base date: April 18, 2023 unit: share; %

Classification of Shareholding	Number of Shareholders	Number of shares	Share of stake
1 ~ 999	119,079	28,728,005	0.24
1,000 ~ 5,000	192,308	425,227,757	3.55
5,001 ~ 10,000	58,512	407,742,780	3.41
10,001 ~ 15,000	31,954	383,995,424	3.21
15,001 ~ 20,000	15,007	261,038,892	2.18
20,001 ~ 30,000	17,656	424,770,311	3.55
30,001 ~ 40,000	9,486	325,146,812	2.72
40,001 ~ 50,000	5,144	228,122,036	1.91
50,001 ~ 100,000	10,041	686,353,457	5.73
100,001 ~ 200,000	5,035	675,038,643	5.64
200,001 ~ 400,000	2,115	580,607,482	4.85
400,001 ~ 600,000	558	271,731,931	2.27
600,001 ~ 800,000	274	189,103,849	1.58
800,001 ~ 1,000,000	137	122,465,925	1.02
1,000,001 ~	714	6,964,074,333	58.16
Total	468,020	11,974,147,637	100.00

Preferred shares E
(Par Value of NT\$10 per share)

Base date: April 18, 2023 unit: share; %

Classification of Shareholding	Number of Shareholders	Number of shares	Share of stake
1 ~ 999	15,662	2,786,244	0.35
1,000 ~ 5,000	5,868	13,276,849	1.66
5,001 ~ 10,000	1,205	9,158,253	1.14
10,001 ~ 15,000	361	4,561,696	0.57
15,001 ~ 20,000	295	5,397,349	0.67
20,001 ~ 30,000	247	6,114,896	0.76
30,001 ~ 40,000	142	5,093,061	0.64
40,001 ~ 50,000	96	4,361,944	0.55
50,001 ~ 100,000	182	12,747,474	1.59
100,001 ~ 200,000	78	11,438,722	1.43
200,001 ~ 400,000	46	13,114,684	1.64
400,001 ~ 600,000	16	7,921,981	0.99
600,001 ~ 800,000	9	6,365,144	0.80
800,001 ~ 1,000,000	8	7,749,284	0.97
1,000,001 ~	56	689,912,419	86.24
Total	24,271	800,000,000	100.00

Preferred shares F
(Par Value of NT\$10 per share)

Base date: April 18, 2023 unit: share; %

Classification of Shareholding	Number of Shareholders	Number of shares	Share of stake
1 ~ 999	20,806	2,338,402	0.78
1,000 ~ 5,000	3,567	9,713,894	3.24
5,001 ~ 10,000	232	1,663,456	0.55
10,001 ~ 15,000	82	1,021,084	0.34
15,001 ~ 20,000	47	815,691	0.27
20,001 ~ 30,000	26	653,448	0.22
30,001 ~ 40,000	9	299,158	0.10
40,001 ~ 50,000	2	85,594	0.03
50,001 ~ 100,000	12	879,733	0.29
100,001 ~ 200,000	7	1,165,335	0.39
200,001 ~ 400,000	14	3,815,892	1.27
400,001 ~ 600,000	5	2,754,000	0.92
600,001 ~ 800,000	1	800,000	0.27
800,001 ~ 1,000,000	5	4,282,881	1.43
1,000,001 ~	21	269,711,432	89.90
Total	24,836	300,000,000	100.00

D. Major shareholders

Base date: April 18, 2023 unit: share; %

Names of	Shareholding	Number of Shares	Share of Stake
TASCO Chemical Co., Ltd.		476,178,689	3.64
Taishin Leasing & Financing Co., Ltd.		405,069,884	3.10
Farglory Life Insurance Co., Ltd.		181,832,520	1.39
Norges Bank		166,484,251	1.27
Vanguard Emerging Markets Stock Index Fund, A Series of Vanguard International Equity Index Funds		157,374,197	1.20
Tong Shan Investment Co., Ltd.		151,409,055	1.16
JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, A Series of Vanguard Star Funds		150,188,498	1.15
TransGlobe Life Insurance Inc.		136,358,845	1.04
Shinkong Synthetic Fibers Corporation		135,609,925	1.04
Chaang Her Co., Ltd.		134,021,785	1.03

Note: The list above discloses the top 10 shareholders, preferred shares included.

E. Market price, net worth, earnings and dividends per share

Unit: NT\$1

Items		Year	2021	2022	As of Feb. 28, 2023 (Note 6)
Market Price Per Share	Highest		19.70	21.20	16.70
	Lowest		12.50	12.45	14.90
	Average		16.25	17.38	16.07
Net Worth Per Share	Before distribution (coverage of loss)		13.70	13.01	13.44
	After distribution (coverage of loss)		13.20	(Note 1)	NA
Earnings Per Share	Weighted Average Outstanding shares (thousand share)	Before Adjustment	11,409,326	11,974,148	11,974,148
		After Adjustment	11,974,087	11,974,148	NA
	Earnings per share	Before Adjustment	1.63	1.09	0.25
		After Adjustment	1.55	1.09	NA
Dividends Per Share	Cash Dividend		0.6050	(Note 1)	NA
	Stock Dividend	Dividends from Retained Earnings	0.4950	(Note 1)	NA
		Dividends from Capital Surplus	0	(Note 1)	NA
	Accumulated Undistributed Dividends (NT\$ thousand) (Note 2)		0	0	NA
Analysis for Return on Investment	Price to Earnings Ratio (Note 3)		9.81	15.39	NA
	Price to Dividends Ratio (Note 4)		26.38	(Note 1)	NA
	Cash Dividends Yield (Note 5)		3.79%	(Note 1)	NA

Note 1: The Earning distribution for year 2022 hasn't been approved by the General Shareholders' Meeting.

Note 2: Refer to accumulated dividend payable for preferred shares.

Note 3: Price to earnings ratio=Average closing price of the said year/Earning per share.

Note 4: Price to dividends ratio=Average closing price of the said year/Cash dividends per share.

Note 5: Cash dividends yield=Cash dividends per share/Average closing price of the said year.

Note 6: Data exposed as of the date for the publication of the 2022 annual report.

F. Dividends policy and execution

a. Dividend Policy

Any earnings concluded in a financial year shall first make up for loss of previous years, right after statutory taxation and accounting adjustments. Any surplus is subject to provision of a 10% legal reserve and special reserve according to law. The remaining balance, if any, will be combined with special reserve reversal and initial cumulative undistributed earnings available for dividend distribution into the amount available for distribution on common shares and preferred shares. In particular, cash dividends may not be lower than 10% of the total amount of dividend distribution in the same year. Earnings distribution proposals will be devised by the board of directors and submitted to the annual general meeting for acknowledgement. The rights and obligations and the priority, amount and method of distribution associated with preferred shares shall be governed by the preferred shares provisions in the Articles of Incorporation.

Shareholders shall be entitled to profit distributions. To protect stockholders' investment interests, Taishin Holdings allocates 50% or more of the period profits available for distribution to shareholder dividends (after deducting the beginning undistributed earning adjustments). 80% or more of the period profits available for distribution were distributed as shareholder dividends in the latest three years.

For the purposes of continuing expansion and increasing profitability while considering overall cash flow requirements and keeping the capital adequacy ratio at level that meets the regulatory requirements and is internationally accepted, the Company adopts a residual dividend policy to accommodate the dilution by share dividends for common shares.

With respect to dividend distribution, the Company focuses on the requirements of business operations, capital planning, cash flow requirements for subsidiary investments and mergers and acquisitions, and material regulatory changes, and chooses to distribute stock dividends to retain the needed cash as a principle and any balance can be distributed as cash dividends.

b. Items on the agenda of the shareholders' meeting

1. Distribution of earnings in accordance with Article 40-1 of the Company's Articles of Incorporation.
2. Taishin Holdings recorded NT\$14,863,852,193 in audited after-tax profit of 2022. After adding NT\$450,993,567 of initial undistributed earnings, the Company would provide NT\$13,374,436,401 in distributable earnings in 2022, following the adjustments of several undistributed earnings related items as below:
 - (1) adding NT\$215,532,841, the remeasurement amount of defined benefit plan,
 - (2) adding NT\$1,749,325,980, reclassification from the disposal of investments in equity instruments measured at Fair Value through Other Comprehensive Income item to the retained earnings,
 - (3) deducting NT\$1,682,871,101, 10% of Legal Reserve,
 - (4) deducting NT\$7,251,539,089, Special Reserve, pursuant to the FSC Order Jin-Guan-Zeng-Fa No. 1090150022 dated March 31, 2021: A company shall set aside special reserve for the difference between the lump sum of net deduction items of other equities in the current year and the amount provided for the special reserve when firstly adopting the International Financial Reporting Standards and other regulations,
 - (5) and adding NT\$5,029,142,010, reversed Special Reserve pursuant to the FSC Order Jin-Guan-Yin-Fa No. 10310006310 dated December 30, 2014, the special reserve from the Company's recognized gains on bargain purchase of acquisition shall be capitalized, provided that the assessed value of acquired asset records neither significant difference from the original value of acquisition nor unexpected material impairment over one year, with the review and ratification of a certified accountant.

3. In accordance with the Company's Articles of Incorporation, the Company's 2022 Earning Distribution Plan is proposed to be distributed as follows:
 - (1) NT\$1,757,500,000 of cash dividends for Class E and NT\$88,027,562 for Class F will be distributed to preferred shareholders in the first place.
 - (2) Next, NT\$11,135,957,305 of dividends will be allocated to common shareholders (approximately NT\$0.93 per share). This amount consists of NT\$6,106,815,295 of cash dividends (approximately NT\$0.51 per share) and NT\$5,029,142,010 of stock dividends (approximately NT\$0.42 per share). The NT\$5,029,142,010 of stock dividends shall be paid with a new offering of 502,914,201 common shares with a par value of NT\$10 per share. The rights and obligations of the new shares to be issued will be the same as the existing common shares. The aforementioned issuance of new common shares as stock dividends shall be discussed in a separate agenda item.
4. The amount of dividends distributed to each common share is based on 11,974,147,637 shares outstanding as at March 31, 2023. The amount per share actually distributed will vary due to share buyback, sell-down, conversion or de-registration, capital increase, or any other reason that occurs before the ex-dividend/ex-right date. Adjustments will be made according to the actual number of outstanding common shares on the ex-dividend date; however, the total amount distributed will remain unchanged.
5. The Board of Directors has authorized the Chairman to set the ex-dividend date and the payment date of cash dividends for Class E and Class F preferred shares. Otherwise, the ex-dividend/ex-right date and the payment date of the dividends for common shares will be determined by the Board of Directors.

G. Effect of resolution of the shareholders' meeting to issue stock dividend on business performance and earnings per share

Pursuant to Letter No. Taiwan-Finance-Securities-I-00371 dated February 1, 2000; the company is not required to disclose this information because it does not publish financial forecasts.

H. Employee bonus and compensations for directors and supervisors

a. Percentages and scope of employee bonus and compensations for directors and supervisors in accordance with articles of incorporation

0.01% of any profit made by the company in the current year shall be allocated as employee bonus, and the board of directors shall decide to distribute the bonus as shares or cash, which can also be distributed to employees of affiliated companies that meet the criteria specified in the Company Act. The company may have the board of directors allocated no more than 1% of the aforesaid profit to director remuneration.

A sum shall be set aside in advance to pay down any outstanding cumulative losses before employee bonus and director remuneration can be allocated according to the above percentage.

Employee bonus and director remuneration proposals shall be presented to the shareholders meeting.

b. Accounting treatment for the difference between accrual and actual payment for employee bonus and compensation for directors and supervisors

Employees' bonuses for the current period have been estimated based on the criteria laid out in the Articles of Incorporation. Should the actual amount differ from the amount estimated, the difference will be treated as changes in accounting estimates.

c. Information on proposal of the board of directors to issue employee bonus

1. Payout of cash bonus for employees, stock dividend, and compensations for board directors and supervisors. If there is a difference between accrual and actual payment, please disclose the difference amount, the reason and the treatment.

- (1) Compensation to employees and directors amounted to NT\$ 1,468 thousand and NT\$110,077 thousand respectively.
- (2) The estimated amount of remuneration of employees and directors for the current period deviated from the actual amount decided by the Board of Directors by NT\$ 36,082 thousand. The deviation was caused by changes in accounting estimates, and will be recognized in the 2023 profit and loss.

2. Amount of employees' bonus to be paid in stock, and as a percentage to net profit after tax plus employees' total bonus for the current period: Nil.

d. Remuneration report and results at the general shareholders meeting: Expected to be reported to the general shareholders meeting on June 16, 2023.

e. Any discrepancy between actual distribution of remuneration of employees, directors and supervisors in previous year (including the number of shares, amount and stock price) and the recognized actual dividends for employee bonus and compensations for board directors and supervisors of previous year.

The actual amount of employee remuneration paid in the previous year was NT\$ 2,015 thousand and the director remuneration NT\$ 151,088 thousand. The actual amounts deviated from the recognized employee remuneration and director remuneration by NT\$47,971 thousand, which was attributed to changes in accounting estimates, and recognized in the 2022 profit and loss.

I. Buyback of the company's treasury stock: Nil.

J. Issuance of corporate bonds

a. Issuance of Corporate Bonds

Issuance of Corporate Bonds - 1

Base date: Feb. 28, 2023

Type of Corporate Bonds		2017 Domestic 1st Unsecured Subordinated Corporate Bond
Date of issuance		Oct. 26, 2017
Par value		NT\$1,000,000
Issue & trade place		Republic of China
Issue price		According to the denomination of bonds full issue
Issue amount		NT\$8.0 Billion
Coupon rate		1.9% per annum
Tenor		10 years (Oct. 26, 2027)
Subordinate / Senior Ranking		Subordinated
Guarantor		None
Trustee		Taipei Fubon Bank
Underwriting institution		Taishin Securities
Certified lawyer		True Honesty International Law office's lawyer: Hueiji Guo
CPA-auditor of the financial report		Deloitte & Touche's CPAs: Peter Tsai & Qinzhen Yang
Repayment method		Repayment at maturity
Outstanding principle		NT\$8.0 Billion
The terms and conditions for redemption or early repayment		None
Restrictive clause		Interest and principle payments will be suspended if interest payments or return of principle on the company's debt cause the company's consolidated capital adequacy ratio to fall below the minimum requirement of the competent authority. Principle or interest (interests may be accumulated, interests on interests and principle rollovers to be calculated at coupon rates) may be paid only when the aforementioned ratio meets the competent authority's requirement.
Whether included as eligible capital		Yes
Credit rating agency, rating date and rating		None
Other rights	As of the printing date of this annual report, converted amount of (exchange or subscribed) ordinary shares, GDRs or other securities	None
	Issuance and conversion (exchange or subscription) method	None
Possible dilution of equity and impact on equity of existing shareholders due to issuance or conversion of corporate bonds, or due to exchange, subscription or issuance terms		None
Custodian		None

Issuance of Corporate Bonds - 2

Base date: Feb. 28, 2023

Type of Corporate Bonds		2018 Domestic 1st Unsecured Subordinated Corporate Bond
Date of issuance		Jul. 10, 2018
Par value		NT\$1,000,000
Issue & trade place		Republic of China
Issue price		According to the denomination of bonds full issue
Issue amount		NT\$7.0 Billion
Coupon rate		1.92% per annum
Tenor		15 years (Jul. 10, 2033)
Subordinate / Senior Ranking		Subordinated
Guarantor		None
Trustee		Taipei Fubon Bank
Underwriting institution		Taishin Securities
Certified lawyer		True Honesty International Law office's lawyer: Hueiji Guo
CPA-auditor of the financial report		Deloitte & Touche's CPAs: Tza-Li Gung & Kwan-Chung Lai
Repayment method		Repayment at maturity
Outstanding principle		NT\$7.0 Billion
The terms and conditions for redemption or early repayment		None
Restrictive clause		Interest and principle payments will be suspended if interest payments or return of principle on the company's debt cause the company's consolidated capital adequacy ratio to fall below the minimum requirement of the competent authority. Principle or interest (interests may be accumulated, interests on interests and principle rollovers to be calculated at coupon rates) may be paid only when the aforementioned ratio meets the competent authority's requirement.
Whether included as eligible capital		Yes
Credit rating agency, rating date and rating		None
Other rights	As of the printing date of this annual report, converted amount of (exchange or subscribed) ordinary shares, GDRs or other securities	None
	Issuance and conversion (exchange or subscription) method	None
Possible dilution of equity and impact on equity of existing shareholders due to issuance or conversion of Corporate bonds, or due to exchange, subscription or issuance terms		None
Custodian		None

Issuance of Corporate Bonds - 3

Base date: Feb. 28, 2023

Type of Corporate Bonds		2019 Domestic 1st Unsecured Subordinated Corporate Bond
Date of issuance		Apr. 30, 2019
Par value		NT\$1,000,000
Issue & trade place		Republic of China
Issue price		According to the denomination of bonds full issue
Issue amount		NT\$7.0 Billion
Coupon rate		1.60% per annum
Tenor		15 years (Apr. 30, 2034)
Subordinate / Senior Ranking		Subordinated
Guarantor		None
Trustee		Taipei Fubon Bank
Underwriting institution		Taishin Securities
Certified lawyer		True Honesty International Law office's lawyer: Hueiji Guo
CPA-auditor of the financial report		Deloitte & Touche's CPAs: Tza-Li Gung & Kwan-Chung Lai
Repayment method		Repayment at maturity
Outstanding principle		NT\$7.0 Billion
The terms and conditions for redemption or early repayment		None
Restrictive clause		Interest and principle payments will be suspended if interest payments or return of principle on the company's debt cause the company's consolidated capital adequacy ratio to fall below the minimum requirement of the competent authority. Principle or interest (interests may be accumulated, interests on interests and principle rollovers to be calculated at coupon rates) may be paid only when the aforementioned ratio meets the competent authority's requirement.
Whether included as eligible capital		Yes
Credit rating agency, rating date and rating		None
Other rights	As of the printing date of this annual report, converted amount of (exchange or subscribed) ordinary shares, GDRs or other securities	None
	Issuance and conversion (exchange or subscription) method	None
Possible dilution of equity and impact on equity of existing shareholders due to issuance or conversion of Corporate bonds, or due to exchange, subscription or issuance terms		None
Custodian		None

Issuance of Corporate Bonds - 4

Base date: Feb. 28, 2023

Type of Corporate Bonds		1st Issuance of Unsecured Corporate Bonds of Taishin FHC of Year 2020
Date of issuance		May 20, 2020
Par value		NT\$1,000,000
Issue & trade place		Republic of China
Issue price		According to the denomination of bonds full issue
Issue amount		NT\$10 Billion
Coupon rate		Tranche A: 0.75% per annum Tranche B: 0.80% per annum Tranche C: 0.95% per annum
Tenor		Tranche A: 5 years Maturity: May 20,2025 Tranche B: 7 years Maturity: May 20,2027 Tranche C: 15 years Maturity: May 20,2035
Subordinate / Senior Ranking		Senior
Guarantor		None
Trustee		Taipei Fubon Bank
Underwriting institution		Taishin International Bank
Certified lawyer		Far East Law office's lawyer: Ya-Wen Chiu
CPA-auditor of the financial report		Deloitte & Touche's CPAs: Tza-Li Gung & Kwan-Chung Lai
Repayment method		Repayment at maturity
Outstanding principle		NT\$10 Billion
The terms and conditions for redemption or early repayment		None
Restrictive clause		None
Whether included as eligible capital		Not Applicable
Credit rating agency, rating date and rating		None
Other rights	As of the printing date of this annual report, converted amount of (exchange or subscribed)ordinary shares, GDRs or other securities	None
	Issuance and conversion (exchange or subscription) method	None
Possible dilution of equity and impact on equity of existing shareholders due to issuance or conversion of Corporate bonds, or due to exchange, subscription or issuance terms		None
Custodian		None

b. Convertible bonds: Nil.

c. Exchangeable corporate bonds:

Exchangeable corporate bonds

Base date: Feb. 28, 2023

Type of Corporate Bonds		Taishin Financial Holding Co., Ltd. 1st Domestic Unsecured Exchangeable Bonds	
Date of issuance		Apr 1, 2022	
Par value		NT\$1,000,000	
Issue & trade place		Republic of China	
Issue price		100.5%	
Issue amount		NT\$ 5.025 Billion(Face Value: NT\$ 5 Billion)	
Coupon rate		0% per annum	
Tenor		3 years; Maturity: Apr 01, 2025	
Subordinate / Senior Ranking		Senior	
Guarantor		None	
Trustee		Taipei Fubon Bank	
Underwriting institution		KGI securities	
Certified lawyer		Far East Law office's lawyer: Ya-Wen Chiu	
CPA-auditor of the financial report		Deloitte & Touche's CPAs: Han-Ni Fang & Ching-Cheng Yang	
Repayment method		Unless the bondholders are exchanged for ordinary shares of Chang Hwa Commercial Bank Co., Ltd. (hereinafter referred to as "Chang Hwa Bank") in accordance with Article 10 of these Measures, or the Company withdraws them in advance in accordance with Article 17 of these Measures, or the Company is transferred from the business premises of a securities firm Except for repurchase and cancellation, the company will repay 100% of the bond face value of the exchange corporate bonds held by the bondholders in cash when the exchange corporate bonds mature.	
Outstanding principle		NT\$ 5 Billion	
The terms and conditions for redemption or early repayment		<p>1. For the period from the following day after three month of the issuance of the exchangeable bonds (July 2, 2022) to 40 days before its maturity (Feb 20, 2025), if the closing price of Chang Hwa Bank's common stock exceeds 30% (inclusive) of the exchange price for 30 consecutive business days, the Company may, pursuant to the exchange terms, redeem its exchangeable bonds at par value in cash.</p> <p>2. For the period from the following day after three month of the issuance of the exchangeable bonds (July 2, 2022) to 40 days before its maturity (Feb 20, 2025), if the balance of outstanding exchangeable bonds is below 10% of the original issue size, the Company may at any time, pursuant to the exchange terms, redeem its exchangeable bonds at par value in cash.</p>	
Restrictive clause		None	
Whether included as eligible capital		Not Applicable	
Credit rating agency, rating date and rating		None	
Other rights	As of the printing date of this annual report, converted amount of (exchange or subscribed)ordinary shares, GDRs or other securities	None	
	Issuance and conversion (exchange or subscription) method	Please refer to the prospectus of this issue published on the Market Observation Post System of the Taiwan Stock Exchange	
Possible dilution of equity and impact on equity of existing shareholders due to issuance or conversion of Corporate bonds, or due to exchange, subscription or issuance terms		None	
Custodian		Taiwan Depository & Clearing Corporation	

Exchangeable corporate bonds

Type of Corporate Bonds		Taishin Financial Holding Co., Ltd. 1st Domestic Unsecured Exchangeable Bonds		
Item	Year	Issue date	2022(Aug 17, 2022~Dec.31, 2022)	As of Feb 28, 2023
Shareholding of underlying shares		246,305,418 shares	256,410,256 shares	256,410,256 shares
Exchange price		20.3	19.5	19.5
Market price of the exchangeable bonds	Highest	110.55	111.95	103.35
	Lowest	109.9	98.95	100.5
	Average	110.31	103.07	101.97
Issue date		Apr 1, 2022		
Underlying securities		Chang Hwa Bank common shares		

d. A shelf registration to issue corporate bonds: Nil.

e. Bonds with warrant: Nil.

K. Issuance of preferred shares

a. Issuance of Preferred Shares

Issuance of Preferred Shares - 1

Base date: Feb. 28, 2023

Item		Issuing Date	Dec. 28, 2016 Class E preferred shares
Face value			NT\$10
Issue Price			NT\$50 per share
Number of shares issued			500,000,000 shares
Total monetary amount of the issue			NT\$25,000,000,000
Obligation & rights	Dividend Yield and Payment	<p>Dividend Yield: An annual dividend yield is set at 4.75%$[1.2175\%+3.5325\%]$ "7-year IRS+ The fixed rate" per annum of the issue price at the pricing day. "The fixed rate" will be determined by the chairman, who was authorized by the board, of 7-year IRS will be reset on the next business day after each seventh anniversary day after issuance thereafter. The pricing date for reset is the second business day of financial industry in Taipei immediately preceding each reset date. The 7-year IRS rate is the arithmetic mean of 7-year IRS rates appearing on Reuters pages "PYTWDFIX" and "COSMOS3" at 11:00 A.M.(Taipei time) on the relevant pricing date for reset. If such rate cannot be obtained, the company will determine the rate based on reasonable market price with good faith.</p> <p>Dividend Payment: The company has sole discretion on the distribution of Class E preferred share dividends. Earnings distribution proposals will be devised by the board of directors in accordance with Article 40-1 of the Articles of Incorporation and then submitted to the annual general meeting of shareholders for acknowledgment. Any earnings available for distribution to preferred shares and ordinary shares under an acknowledged earnings distribution proposal will be distributed first to Class E preferred shares. Any remaining balance shall be distributed according to the Articles of Incorporation. In years when the company concludes insufficient or no surplus to fully pay off dividends for Class E preferred shareholders, the unpaid dividend will not be carried forward to years with earnings.</p> <p>Dividends on Class E preferred shares will be paid in cash. Once the company's financial statements have been acknowledged and earnings distribution approved during the annual general meeting, the board of directors shall be authorized to set the baseline date for the distribution of the Class E preferred share dividend. Distribution of dividends in the issuance year shall be calculated from the corresponding issuance date (record date) proportionally at the ratio of actual number of days after issuance to the total number of days in the year. Recovery of annual dividends shall be calculated proportionally at the ratio of actual number of days until the recovery and cancellation deadline to the total number of days in the year.</p>	
	Allotment of remaining properties	Class E preferred shareholders shall be given priority to claim on the company's remaining properties over ordinary shareholders and no more than issuance amount of outstanding Class E preferred shares.	
	Voting or election rights	Class E preferred shareholders are not entitled to any voting rights or election rights in shareholders' meeting. However, they may vote in Class E preferred shareholder meetings and in general shareholder meetings with regard to agenda items concerning rights and obligations of Class E preferred shareholders.	
	Other rights	When the Company issues new shares for capital raising, Class E preferred shareholders shall be entitled to preemptive rights on the new shares equivalent to those of ordinary shareholders.	
Preferred shares outstanding	Total amount of redemption or conversion	None	
	Total amount to be redeemed or converted	NT\$25,000,000,000	
Market Price	2020	Highest	56.6
		Lowest	50.1
		Average	53.9
	2021	Highest	54.4
		Lowest	51.0
		Average	52.7
	2022	Highest	53.8
		Lowest	46.9
		Average	51.7
	As of 2023.02.28	Highest	51.6
		Lowest	51.0
		Average	51.3
Other rights	Total amount of conversion or subscription up to the published day	0	
	Issuance and conversion (exchange or subscription) method	Refer to the Articles of Incorporation	
Possible dilution of equity and impact on equity of existing shareholders due to issuance or conversion of Corporate bonds, or due to exchange, subscription or issuance terms		None	

Issuance of Preferred Shares - 2

Base date: Feb. 28, 2023

Item		Issuing Date	Nov. 30, 2018 Class E preferred shares
Face value			NT\$10
Issue Price			NT\$50 per share
Number of shares issued			300,000,000 shares
Total monetary amount of the issue			NT\$15,000,000,000
Obligation & rights	Dividend Yield and Payment	<p>Dividend Yield: An annual dividend yield is set at 3.8%[1.1%+2.7%] "7-year IRS+ The fixed rate" per annum of the issue price at the pricing day. "The fixed rate" will be determined by the chairman, who was authorized by the board, of 7-year IRS will be reset on the next business day after each seventh anniversary day after issuance thereafter. The pricing date for reset is the second business day of financial industry in Taipei immediately preceding each reset date. The 7-year IRS rate is the arithmetic mean of 7-year IRS rates appearing on Reuters pages "PYTWDFIX" and "COSMOS3" at 11:00 A.M.(Taipei time) on the relevant pricing date for reset. If such rate cannot be obtained, the company will determine the rate based on reasonable market price with good faith.</p> <p>Dividend Payment: The company has sole discretion on the distribution of Class E preferred share dividends. Earnings distribution proposals will be devised by the board of directors in accordance with Article 40-1 of the Articles of Incorporation and then submitted to the annual general meeting of shareholders for acknowledgment. Any earnings available for distribution to preferred shares and ordinary shares under an acknowledged earnings distribution proposal will be distributed first to Class E preferred shares. Any remaining balance shall be distributed according to the Articles of Incorporation. In years when the company concludes insufficient or no surplus to fully pay off dividends for Class E preferred shareholders, the unpaid dividend will not be carried forward to years with earnings.</p> <p>Dividends on Class E preferred shares will be paid in cash. Once the company's financial statements have been acknowledged and earnings distribution approved during the annual general meeting, the board of directors shall be authorized to set the baseline date for the distribution of the Class E preferred share dividend. Distribution of dividends in the issuance year shall be calculated from the corresponding issuance date (record date) proportionally at the ratio of actual number of days after issuance to the total number of days in the year. Recovery of annual dividends shall be calculated proportionally at the ratio of actual number of days until the recovery and cancellation deadline to the total number of days in the year.</p>	
	Allotment of remaining properties	Class E preferred shareholders shall be given priority to claim on the company's remaining properties over ordinary shareholders, but subordinate to Class D preferred shareholders, and no more than issuance amount of outstanding Class E preferred shares.	
	Voting or election rights	Class E preferred shareholders are not entitled to any voting rights or election rights in shareholders' meeting. However, they may vote in Class E preferred shareholder meetings and in general shareholder meetings with regard to agenda items concerning rights and obligations of Class E preferred shareholders.	
	Other rights	When the Company issues new shares for capital raising, Class E preferred shareholders shall be entitled to preemptive rights on the new shares equivalent to those of ordinary shareholders.	
Preferred shares outstanding	Total amount of redemption or conversion	None	
	Total amount to be redeemed or converted	NT\$15,000,000,000	
Market Price	2020	Highest	55.1
		Lowest	49.5
		Average	52.3
	2021	Highest	52.9
		Lowest	50.3
		Average	51.6
	2022	Highest	52.0
		Lowest	45.1
		Average	49.8
	As of 2023.02.28	Highest	49.3
		Lowest	47.5
		Average	48.3
Other rights	Total amount of conversion or subscription up to the published day	0	
	Issuance and conversion (exchange or subscription) method	Refer to the Articles of Incorporation	
Possible dilution of equity and impact on equity of existing shareholders due to issuance or conversion of Corporate bonds, or due to exchange, subscription or issuance terms		None	

Issuance of Preferred Shares - 3

Base date: Feb. 28, 2023

Issuing Date		Jul. 21, 2022 Class F preferred shares	
Item			
Face value		NT\$10	
Issue Price		NT\$17.65 per share	
Number of shares issued		300,000,000 shares	
Total monetary amount of the issue		NT\$5,295,000,000	
Obligation & rights	Dividend Yield and Payment	<p>Dividend Yield: An annual dividend yield is set at 3.7%[10-year IRS 1.3%+2.4%] per annum of the issue price at the pricing day. The 10-year IRS will be reset on the next business day after each 10th anniversary day after issuance thereafter. The pricing date for reset is the second business day of financial industry in Taipei immediately preceding each reset date. The 10-year IRS rate is the arithmetic mean of 10-year IRS rates appearing on Reuters pages "PYTWD01" and "COSMOS3" at 11:00 A.M.(Taipei time) on the relevant pricing date for reset. If such rate cannot be obtained, the company will determine the rate based on reasonable market price with good faith.</p> <p>Dividend Payment: The company has sole discretion on the distribution of Class F preferred share dividends. Earnings distribution proposals will be devised by the board of directors in accordance with Article 40-1 of the Articles of Incorporation and then submitted to the annual general meeting of shareholders for acknowledgment. Earnings available for distribution shall be distributed firstly to Class E preferred shares and then, if any earnings remain, to Class F preferred shares. Any remaining balance shall be distributed ordinary shares. In years when the company concludes insufficient or no surplus to fully pay off dividends for Class E preferred shareholders, the unpaid dividend will not be carried forward to years with earnings. Dividends on Class F preferred shares will be paid in cash. Once the company's financial statements have been acknowledged and earnings distribution approved during the annual general meeting, the board of directors shall be authorized to set the baseline date for the distribution of the Class F preferred share dividend. Distribution of dividends in the issuance year shall be calculated from the corresponding issuance date (record date) proportionally at the ratio of actual number of days after issuance to the total number of days in the year. Recovery of annual dividends shall be calculated proportionally at the ratio of actual number of days until the recovery and cancellation deadline to the total number of days in the year. Shares exchanged for common shares of Chang Hwa Bank before the ex-dividend base date of any given year during the exchange period, shall not participate in the distribution of the annual dividends for that year.</p>	
	Allotment of remaining properties	Class F preferred shareholders shall be limited to claiming on the ordinary shares of Chang Hwa Bank owned by the Company. Class F preferred shareholders shall be given distribution sequence priority over ordinary shareholders. The exchange ratio of Class F preferred shares and Chang Hwa Bank shares shall be set at 1:1.	
	Voting or election rights	Class F preferred shareholders are not entitled to any voting rights or election rights in Shareholders' Meetings. However, they may vote in Class F preferred shareholder meetings on amendments to the Articles of Incorporation which damage the rights of Class F preferred shareholders.	
	Other rights	When the Company issues new shares for capital raising, Class F preferred shareholders shall be entitled to preemptive rights on the new shares equivalents to those of ordinary shareholders and Class E preferred shareholders.	
Preferred shares outstanding	Total amount of redemption or conversion	None	
	Total amount to be redeemed or converted	NT\$5,295,000,000	
Market Price (Note)	2022	Highest	17.4
		Lowest	16.0
		Average	16.8
	As of 2023.02.28	Highest	17.0
		Lowest	16.8
		Average	16.9
Other rights	Total amount of conversion or subscription up to the published day	0	
	Issuance and conversion (exchange or subscription) method	Refer to the Articles of Incorporation	
Possible dilution of equity and impact on equity of existing shareholders due to issuance or conversion of Corporate bonds, or due to exchange, subscription or issuance terms		None	

Note: Class F preferred shares were listed on Jul. 21, 2022. The highest, lowest, and average market prices per share in 2022 are based on daily closing prices between the listing date and December 31. (source: TWSE website)

b. Data on preferred shares with stock right: Nil.

L. The issuance of global depositary receipts: Nil.

M. The issuance of employees' stock option: Nil

N. Mergers and acquisitions or transfer of other financial institutions

Taishin Financial Holding Co., Ltd.

1. Any opinions by accountants that should be disclosed regarding the reasonable share swap ratio for mergers acquisitions or sale of financial institutions over the past year: Nil.

2. State of mergers & acquisitions or sale of financial institutions over the past five years.

Taishin FHC's subsidiary, Taishin International Bank, assumed the existing insurance brokerage business of its subsidiary, Xiang-An Life Insurance Agency Co., Ltd., by transfer of business on November 2, 2019.

On June 30, 2021, Taishin Holdings acquired 100% of 496,058,267 shares of Prudential Life Insurance Company of Taiwan Inc via cash transaction and renamed it to Taishin Life Insurance Co., Ltd.

The stock agent business under Taishin International Bank was spun off to Taishin Securities Co., Ltd. on November 8, 2021.

Methods of issuing new shares in such M&A or sale, and opinions issued by the leading underwriter: Not applicable.

3. In the most recent financial year and up to the printing of this annual report, disclosure of the basic data of mergers & acquisitions or sale of other financial institutions in which the Board of Directors has approved such M&A or sale that involves the issuance of new shares: The Board of Directors passed no resolution to issue new shares for merging or share transfer from other financial institutions in the past year and up to the publication date of this report.

O. The execution of fund utilization plan

As of the quarter preceding the publication date of the annual report, all fund utilization plans of previous offerings or private placements of securities and corporate bonds have been completed, and there is not a fund utilization plan in the last three years that has been completed without realizing the expected benefits.

a. Plan

Analysis of previous offerings or private placements of securities and corporate bonds that have not been completed, and the not-yet-realized expected benefits of fund utilization plans completed in the last three years: None.

b. Current progress

As of the quarter preceding the publication date of the annual report, reasons for the fund utilization plans of previous offerings or private placements of securities and corporate bonds not having been completed, one or more fund utilization plans in the last three years having been completed without realizing the expected benefits, or the progress or benefits falling short of expectations: None.



05

2022
Annual Report

Operating Status

V Operating Status

A. Business contents

Taishin Financial Holding Co., Ltd.

a. Business scope

1. Scope of business

According to Article 36 of the Financial Holding Company Act, the business of the Company is limited to investment in, and management of, its invested enterprises.

The Company may apply to the competent authority for approval to invest in the following.

- (1) Financial holding companies.
- (2) Banking enterprises.
- (3) Bills finance enterprises.
- (4) Credit card businesses.
- (5) Trust enterprises.
- (6) Insurance enterprises.
- (7) Securities enterprises.
- (8) Futures enterprises.
- (9) Venture capital enterprises.
- (10) Foreign financial institutions which have been approved for investment by the competent authority.
- (11) Other enterprises for which the competent authority determines to be finance-related.

2. Revenue breakdown

Unit: NT\$1,000

Item	Amount	%
Investment income under equity method	16,014,907	96.24
Other net income	625,822	3.76
Total	16,640,729	100.00

b. Business Operating plan

1. Continuously increase Bank, Insurance and Security Subsidiaries' scale and profit.
2. Deepen subsidiaries' cooperation to drive more business synergy.
3. Develop and implement digital strategy and roadmap.
4. Enhance ESG culture to increase business competitiveness.
5. Rooted integrity and compliance culture, and strengthen operation risk management.
6. Optimize capital management.
7. Implement information security networks.
8. Agile, Innovative and stable information technology to lead digital development.
9. Strengthen brand image to recruit top talent.

c. Industry status

The global economy in 2022 continued to be affected by the imbalance between supply and demand and the Ukrainian-Russian War, which impacted the global supply order of raw materials and made the global inflation problem caused by the shortage of workers and rising prices of raw materials even more serious; the environment of high inflation gradually began to erode the consumption power of people all over the world. Meanwhile, the FED, the European Central Bank and the central banks of other major economies in mature and emerging markets further adopted aggressive interest rate hikes to curb inflation, leading to a slowdown in the world's major economies in 2022; among them, China, the world's second largest economy, strictly implemented the "Zero-COVID" policy due to the COVID-19, which caused considerable and continuous disruption to economic activities in various parts of the country, causing China's economic growth to hit a new low since the reform and opening up. However, starting from the second half of 2022, as the global economy slowed down and the logistics bottleneck triggered by the COVID-19 gradually resolved, the inflationary pressure in some countries had peaked and showed signs of slowing down.

Looking forward to 2023, inflation and the policy attitude of the central banks of the world's major economies will still be the key to economic development. The prices of raw materials including oil, natural gas, agricultural products, and metals have dropped significantly compared to the peak in 2022, in addition to the continued slow-down of inflation, it is also expected to reduce the risk of recession in developed countries such as the United States, Europe, and Japan. In China, the pandemic prevention and control of COVID-19 was completely lifted in early 2023, and the economy may bottom out, but it still needs to be carefully observed. If, optimistically expected, the inflationary pressure can gradually subside in the second half of 2023, major central banks such as the FED and the European Central Bank are expected to end their cycle of raising interest rates one after another, creating opportunities for the global economy to bottom out.

Taiwan, in contrast, because its business cycle is highly linked to changes in the international political and economic environment, develop countries' gradual lift of pandemic prevention restrictions in the second half of 2021 stimulated strong consumer demand and drove Taiwan's export growth in 2021 to a new high since the financial crisis; However, due to the outbreak of the Ukrainian-Russian War at the beginning of 2022 and Ukraine being the world's main food producer, the reduction in food production due to the war directly and indirectly led to accelerated global inflationary pressures, forcing central banks of various countries to speed up the pace of interest rate hikes, which in turn affected the demand for consumer goods in various countries, showing a slowdown in growth and turning into a shrinking situation. Therefore, the annual growth rate of Taiwan's exports and export orders declined for the first time since the outbreak of the pandemic in the third quarter of 2022, and the National Development Council's monitoring indicators dropped to a blue light that is close to symbolizing recession; in terms of domestic demand, as the Omicron variant of the COVID-19 became the mainstream virus in the country, after the government prepared the corresponding supporting measures, the pandemic prevention policy also shifted to coexistence with viruses to be in line with international standards. After the people gradually got used to and accepted it, the flow of people and commercial activities were both back to the normal state before the pandemic, which relatively constituted a solid support for the growth of Taiwan's domestic demand economy.

Looking forward to 2023, it is expected that the global manufacturing industry's trend of reducing inventories in response to the economic downturn will gradually end in the middle of the year. Therefore, the decline in Taiwan's external demand is expected to slow down, and we will wait for the recovery of the world's major economies, which will drive Taiwan's exports to rebound and revive economic growth momentum.

In 2022, the pre-tax profit of Taiwan's three financial industries was NT\$479.8 billion, a year-over-year decrease of 48.7%, hitting a new low since 2014. The main reason can be attributed to the fact that the insurance

industry was hit by three major unfavorable factors, including the sharp increase in interest rates by the FED, financial market shocks, and the storm of pandemic prevention insurance claims. The annual pre-tax profit turned from NT\$411.1 billion in 2021 to a loss of NT\$18.6 billion. Among them, the pre-tax profit of the life insurance industry was NT\$171.9 billion, a year-over-year decrease of 55.8%, while the property insurance industry set a record loss of NT\$190.5 billion. The banking industry, on the other hand, due to the synchronous expansion of lending and net interest margin, drove the pre-tax profit of NT\$432.1 billion, an increase by 12.1% year-over-year, hitting a record high. Due to the thin trading in Taiwan's financial market, the securities and futures industry's pre-tax profit was NT\$66.3 billion, a decreased of 52.2% year-over-year.

In terms of Taiwan's Central Bank policy, in the face of global inflationary pressures, the monetary policy also became tighter in 2022, and the interest rates were raised simultaneously following the global central banks; it is expected that the global inflation rate may have a chance to decline slowly in 2023, and considering the slowdown of domestic economic growth momentum, it is expected that Taiwan's Central Bank may gradually turn its monetary policy to a neutral position if inflation conditions permit.

d. Research and development

1. R&D results in last two years

According to Article 36 of the Financial Holding Company Act, the business of a financial holding company shall be limited to investment in, and management of, its invested enterprises. Related R&D expenses shall be as specified in the R&D projects by Taishin Bank's subsidiaries.

Taishin Bank's R&D expenses in the last two years are NT\$17,040,000 in 2021 and NT\$17,314,000 in 2022. (Related information please refer to P.116~119)

2. Future R&D plan

- (1) Taishin created a digital strategy team under Taishin FHC. It optimizes O2O integration through continuing use of advanced FinTech applications so to enable digital services to offer easier-to-use and more friendly and wide-ranging features and products.
- (2) Taishin provides financing in support of major government policies, such as the "five plus two" innovative industries plan and the Action Plan for Welcoming Overseas Taiwanese Businesses to Return to Invest in Taiwan.
- (3) Taishin Holdings provides a variety of investment vehicles for corporations and individuals, and endeavors to satisfy the investment needs of local and international customers as deregulation continues.
- (4) Taishin Holdings will continue working closely with various distributors to provide more comprehensive services to individual and corporate customers. Taishin Holdings is also committed to keep refining the ease and convenience of its electronic platforms, in order to satisfy customer demand for easier and quicker e-trades.

e. Long- and short-term business development plans

In the end of 2022, company's core business consistent profit growth with net profit NT\$14.9 billion, contribute to EPS NT\$1.09; ROE 8.34%; and net value NT\$13.01 per share. Company's capital adequacy ratio 135.6% and double leverage ratio 110.0% reveals strong capital structure still.

1. Short-term business development plan

- (1) Balance capital management, investment and risk to grow assets properly, and continuously increase Bank, Insurance and Security Subsidiaries' scale and profit.
- (2) Through data, digital, technology to deepen customer relationships.
- (3) Deepen subsidiaries' cooperation to drive more business synergy.
- (4) Balance market interest rates, risk and investment timing, to grow investment portfolio
- (5) Develop and implement digital strategy and roadmap.

- (6) Rooted integrity and compliance culture.
- (7) Continuously finding suitable M&A opportunity.
- (8) Implement information security networks.
- (9) Agile, Innovative and stable information technology to lead digital development.
- (10) Strengthen brand image to recruit talent.

2. Long-term business development plan

- (1) Increase subsidiaries' scale to strengthen banking, insurance and security business, which improve international competitiveness.
- (2) Continuously expand overseas operations through more comprehensive high-quality financial services for Chinese community worldwide.
- (3) Continuously develop and implement strategic digital transformation, develop innovative products and services for customers.
- (4) Strengthen the brand as an employer to attract top talent in all fields.
- (5) Continuously enhance ESG.

Taishin International Bank Co.,Ltd.

a. Business contents

1. Growth by business area and changes

(1) Wealth Management

For the Bank's wealth management business, individual and household customers are clustered into groups for wealth management. A product recommendation model is used to provide them with exclusive financial consultation and planning services, including NTD and foreign currency savings plan, financial investment products, short/mid/long-term insurance plans, and consumption loans. By constantly improving our wealth management service capability in combination with tax and asset allocation as well as the support of digital technology, we have planned a comprehensive range of wealth management services to keep pace with wealth management market trends and meet different customer needs. Thanks to our professional team, diverse product portfolio, and well-rounded membership program, we were able to attract increasingly more wealth management customers and win a number of awards at home and abroad, including Best private bank for big data analytics and AI by PWM and the Banker; Best Wealth Management Award - Best Digital Experience in Taiwan by the Digital Banker; Best Private Bank in North Asia - Highly Commended by Private Banker International (PBI); Best Robo-Advisor by Business Today; Best Wealth Management Award by Wealth Magazine and Excellence Magazine; and The National Brand Yushan Award - The Most Popular Brands.

(2) Retail Banking

Taishin Bank's retail banking operations cover consumer loans (mortgage, auto loan, unsecured loan, and subordinated mortgage), micro corporate loans, and credit card for individual customers and payment processing services for merchants.

- Number of outstanding credit cards has exceeded 6.3 million, up by 4%, ranking 4th with a market share of 11.2%.
- Number of valid credit cards has exceeded 4.26 million, up by 4.8%, ranking 4th with a market share of 12.0%.
- Number of card-accepting merchants has exceeded 165,000, up by 1.5%, ranking 1st with a market share of 20.7%.
- Annual transaction amount has reached NT\$382.5 billion, up by 9.6%, ranking 4th with a market share of 11.0%.
- With respect to credit card transactions by industry, transactions for domestic and overseas travels increased by 46%, and transactions for entertainment industry increased by 34%.

(3) Digital Banking

Due to the unstoppable trend towards digital banking, the emergence of exclusively online banks, and the effects of the post-pandemic era, digital banking in Taiwan continues to thrive. Taishin has been continuously actively developing digital banking, and not only has the market share of our digital banking remained at number one in the market, we have also focused on providing the best customer experience. Building on a foundation of our core financial services, we link industries and non-financial services to build an ecosystem that blends everyday life and the financial industry, thereby satisfying the comprehensive needs of customers and becoming the leading brand in the market. Relevant details of the priority businesses of financial services are as follows:

A. Richart - the digital banking brand

As a response to the trend of digital banking, Taishin Bank launched the digital banking brand Richart in 2016. According to the statistics of the Financial Supervisory Commission (FSC) on digital saving accounts, over 2.7 million digital saving accounts have been opened at Taishin Bank, placing the bank at number one in the market share of Taiwanese digital banking. Taishin Bank has ensured that the Richart digital banking is 100% built to improve the user experience and has won more than 70 domestic and international awards for it.

B. Mobile banking

Digital banking has become mainstream over the years as customers change the way they use financial services. For this reason, Taishin Bank has for many years committed to the promotion of financial inclusion, paying constant attention to market trends and customer feedback. When our mobile banking app was upgraded in 2021, we continued to optimize our service process and added more application scenarios in 2022, launching a number of services such as video customer service, Mobile ID device authentication, software C3 financial certificates, etc. all of which are aimed at making our services more convenient for customers. In addition, our new investment financial planning app, GO, enables our users to conveniently and digitally access secure wealth management services.

C. New Payment & Collection Services

In terms of mobile payment services, Taishin Bank was not only the first bank in Taiwan to support the four major contactless mobile payment services (Apple Pay, Samsung Pay, Google Pay, and Taiwan Pay) but also has built the Taishin Bank exclusive digital wallet "Taishin Pay". In 2022, Taishin Pay has been introduced to IKEA, Burger King, and Beyond Plaza. Taishin Pay has been adopted in the four major convenience stores in Taiwan, in addition to Shin Kong Mitsukoshi, Louisa Coffee, RT-Mart, Taiwan Taxi, Shidong Market, Raohe Night Market, and Kenting Business District, among other channels that are prevalently used among the general public. In total, more than 100,000 stores throughout Taiwan now accept payment via QR code. Taishin is also the first bank in Taiwan to offer overseas payment services, such as China's Alipay, WeChat Pay, and other payment services that are based in Northeast Asia and South Korea. Thanks to the collaborative efforts of our business partners, Taishin now has more than 100,000 partnering merchants, including duty-free shops, department stores, and major night markets in Taiwan, that accept these overseas payment services. We hope to develop a payment ecosystem by continuing to promote these services to other merchants.

D. Richart Life

Taishin Bank launched the "Richart Life" app in August 2020, and it is key service to link and run the everyday life and finance ecosystem. The bank has collaborated with strategic partners to create a new platform that combined payments, points, everyday offers, and financial services. Richart Life began serving nearly 7.5 million Taishin customers. It collects savings and daily deals and guides customers to buy from our strategic partners. The purpose of Richart Life is to provide all strategic partners with an avenue to serve customers together with Taishin. It features a membership mechanism that allows us to reach all citizens of Taiwan instead of only to holders of Taishin products, thereby creating a triple-win outcome. We will continue to find more deals that are offered by our strategic partners and manage users of Richart Life by optimizing their digital banking experience (e.g., quick card activation, adding a card with one click) to strengthen user stickiness.

To create an ecosystem of daily financial services that combine payment services and reward points, Taishin Pay in Richart Life can be used in more than 100,000 service locations across Taiwan, including convenient stores and department stores such as Shin Kong Mitsukoshi. As of August 2022, our partnering merchants that accept payment by Taishin Pay will support pay-with-points solutions, which greatly increased the scope of application and diversity of pay-with-points services. Sports and health are dominating the market trend as the pandemic eases and economy returns to normal. People are increasingly more focused on their physical health and management. To seize this market opportunity, we launched a new health management service through Richart Life, offering our users information related to health care. In November, we improved the Apple Exercise Missions section by combining it with data on walking and exercising to build an ecosystem that drives healthy activities. In December, we also upgraded Richart Mart to offer point redemption services for Taishin customers; more than 20,000 types of products, ranging from Apple, Dyson, food coupons, and household products, are offered, giving citizens the opportunity to experience a one-stop shopping service where they can buy products, get special deals, and redeem points to meet their daily needs all at once.

(4) Wholesale Banking Services

The Wholesale Banking Division provides a diverse range of banking products and professional services for institutional clients that include multinationals, corporations, small and medium sized enterprises, government agencies and financial institutions. The scope of business includes commercial banking and investment banking services such as deposit, short/long-term loan, guarantee, trade financing, syndicated lending, bond trading, bill financing, factoring, cash management, corporate Internet banking, foreign currency and interest rate derivative trading.

(5) Financial Market Services

The integrated banking platform offers a diverse range of professionally delivered banking products that are tailored to suit the needs of individual customers and meet different onshore and offshore demands. Financial market services offer primarily exchange rate, interest rate, equity, commodity derivatives and structured products. For wholesale banking and retail banking customers looking for investment options, Taishin Bank offers a wide range of banking products, including exchange rate, interest rate, stock, bond, commodity, and gold account. The Bank also provides funding, underwriting, and bond management services for onshore/offshore bond issuers. Furthermore, market updates and advisory services are provided as needed to increase variety in the available banking products and help investors achieve optimal portfolio allocation. Regarding position management, Taishin Bank follows the risk management policy for financial markets. It aims for financial security, sound business practices, and steady profit growth that create a win-win situation for customers and the Bank.

(6) Trust Services

- A. Taishin's trust planning service offers Taishin's trust customers a complete range of financial planning products, including funds, collective investment accounts, foreign bonds, offshore structured products, foreign ETFs, foreign stocks, other foreign securities, structured trust services, and custody services. The service is also constantly working on customer segmentation into high net worth, wealth management, and digital segments in order to provide personalized asset allocation recommendations. Regarding digital transactions, Taishin Bank tries to add more transactions to Internet and mobile banking services. The aim is to provide a digital banking service and investing experience that is more innovative and friendly and in real-time.
- B. Regarding funds and collective accounts, Taishin Bank sets itself to utilize a line of funds with both depth and width and helps customers construct core and opportunity assets in order to achieve optimal portfolios and create more flexibility and better protection in asset allocation. The Bank continues to build a comprehensive product line. In response to increasingly volatile financial markets, Taishin Bank increases product diversification to give stability to customers' investment portfolios. The Bank is first to introduce new and innovative funds with specific focuses. Customers will have more options when markets are volatile. Taishin Bank also promotes regular savings plans to help customers accumulate wealth at a steady pace in a fast-changing market. In terms of digital investments,

other than featuring new functions in Internet banking and mobile banking, Taishin Bank has also been constantly updating "Richart" and "Roboking", providing more convenient services and more varieties of fund products on our digital platforms and smart investment platforms, thereby helping our customers with investment planning and personal investment management as well as satisfying the investment needs of various customer groups.

- C. Regarding Foreign securities business, The stock market was considerably volatile amidst uncertainties from U.S. interest hike. Customers therefore preferred fixed income products. Taishin Bank offers a diverse range of premium-quality, popular overseas bonds, including overseas financial bonds, corporate bonds, and government bonds, all of which are combined with investment portfolio strategies to satisfy customers' asset allocation needs. investments in offshore structured products by professional investors became an alternative fixed income product for investors, thanks to increase in interest rate and favorable conditions of long-term products. In face of the volatile stock market, equity-linked offshore structured products are made more efficient through streamlined transaction process, which helps customers seize market opportunities. For foreign ETF, foreign stocks, and other foreign securities, ordering functions are continuously optimized, providing customers with more timely and convenient ordering platforms. In addition, foreign securities consultancy services are offered to help customers keep abreast of investment trends.
- D. Regarding Trust planning business, With a focus on the needs of customers, Taishin Bank designs standardized contracts that meet customers' mainstream needs while personalizing contracts for specific customer groups such as high-net-worth individuals or customers with special needs, in order to afford a comprehensive range of trust services. To satisfy corporate customers' need for diversified trust planning services, our Foreign Investors Custodian Service offers foreign individuals and foreign companies the opportunity to participate in Taiwanese stock markets. The Bank also provides Foreign/Mainland China Area Employees Collective Investment Account for overseas foreign employees of domestic listed (OTC) companies and primary listed (OTC) foreign issuers in Taiwan to secure employee welfare trusts that help companies reward and incentivize employees to stay with the company.

(7) Insurance Broker Services

Taishin Bank is committed to operating its insurance brokerage business as an open platform dedicated to provide the best insurance brokerage services for its customers. As of the end of 2022, Taishin Bank has agreements with 27 insurance companies, including 17 life insurers and 10 property insurers, to provide service and satisfy different insurance needs of its customers.

Taishin Bank works with life insurance companies including Nan Shan Life Insurance, Shin Kong Life Insurance, Cathay Life Insurance, China Life Insurance, Cardif Assurance Vie (Taiwan Branch), Chubb Tempest Life Reinsurance, Taiwan Life Insurance, Fubon Life Insurance, Yuanta Life Insurance, AIA Taiwan Group Insurance, TransGlobe Life Insurance, Mercuries Life Insurance, Taishin Life Insurance, Farglory Life Insurance, Cigna Taiwan Life Insurance, Allianz Taiwan Life Insurance, and PCA Life Insurance.

Taishin Bank works with property insurance companies including Shinkong Insurance, Chubb Insurance, Union Insurance, Hotai Insurance, Taian Insurance, Tokio Marine Nawa Insurance, Fubon Insurance, Chung Kuo Insurance, First Insurance, and Mingtai insurance.

As the market and insurance laws change, Taishin Bank continues to introduce more protection products, including life insurance, accident insurance, and health insurance, through the insurance brokerage operation. At the same time, Taishin Bank has joined the effort to raise awareness of retirement planning in response to Taiwan's aging population, low birth rates and other social issues. We also strengthened the promotion of our insurance business with the support of our subsidiary Taishin Life Insurance's product strategy. The regulatory authority of Taiwan attaches importance to life insurance and provision of tax planning and asset allocation services for high-end customers. Accordingly, we continued to develop USD insurance products, mortgage life insurance, and participating insurance policies. Through short-term mortgage life insurance, six-year mortgage life insurance etc. we have added new options for our customers in the management of life insurance. Meanwhile, following the competent authority's policy, Taishin Bank is devoting

more resources to provide professional training in protection and aging population related products for our salespersons. By having employees become better trained in tax and estate planning and in exploring customers' protection and other needs, Taishin Bank expects to achieve better matches between customers and products.

Post-pandemic rise in demand, central bank easing policies, and geopolitical conflicts between Russia and Ukraine have made inflation worse, compelling major economies such as the United States to tighten monetary policies. A number of uncertainties have caused significant fluctuations in the financial market in 2022. To help customers balance financial management and protection needs in such volatile investment environment, Taishin Bank is continuously committed to providing a variety of investment-type insurance products that feature robust plans. In February 2022, we introduced Taishin Life Insurance's investment-oriented insurance and focused on developing discretionary investment accounts, which are managed by professionals at Taishin Securities Investment Trust (SITC) by monitoring market conditions and adjusting asset allocation. In addition, the Bank continued to introduce platform-based investment insurance that is linked to multiple mutual funds, thereby providing diverse target options that can be flexibly adjusted in an ever-changing investment environment. We continued to improve our product diversity, helping customers to make investments and accumulate their wealth under the protection of insurance.

As digital transformation in banking continues to gain momentum, Taishin Bank is also investing heavily in the digital transformation of our insurance brokerage business. The Taishin Bank online insurance enrollment platform, e-Insure, has more than 21,000 members as of the end of 2022. The platform offers property and casualty insurance (e.g. motorcycle/auto insurance, Mobile Device Insurance) and life insurance (e.g. travel insurance and variable annuity). There are plans to introduce new forms of insurance products exclusively for the online platform in order to enable customers to purchase coverage anytime, anywhere.

2. The net profit percentages for key activities of the Bank and the growths and changes are listed as follows:

Net profit percentage	2022	2021
Retail Banking	56%	57%
Wealth Management	29%	29%
Consumer Finance	19%	20%
Credit Card	8%	8%
Wholesale Banking	30%	25%
Financial Market	13%	18%
Total	100%	100%

Note: The cash card business is merged into retail banking services.

b. Business plan for the current year

1. Wealth Management

- (1) The Taishin Bank brand is built on "Expert-driven Decisions" and "Dedication". The Bank offers a diverse range of localized and personalized customer services. Taishin Bank is constantly in pursuit of innovation and stronger customer relationships, aided by its outstanding digital services that establish the Bank as an Intelligent Partner of its customers.
- (2) As part of its commitment to sustainable development and customer-centric values, Taishin Bank offers appropriate asset allocation, regular investment checkups, and after-sales services in risk management and market analysis reports, all of which are designed to help customers achieve consistent returns and asset growth in the markets.
- (3) Continue to enhance member services for wealth management customers. Teams of experts are on hand to provide personalized services for individual, household, and YBO members as well as cloud members. Such services include retirement planning, estate planning, children's education funding, and asset and health preservation.
- (4) By adopting a "5-all strategy" —all customers, all products, all-inclusive, all channels, and all perspectives, we integrated the value of sustainability into all of our services and products, providing wealth management

services that are tailored to the needs of our wealth management customers so as to actively increase the depth of transaction between Taishin Bank and its customers.

2. Retail Banking

- (1) With respect to customer management, an innovative review mechanism was developed by establishing different evaluation parameters (e.g., in-bank behaviors, interests and preferences, payment capability). Customer services and experiences are improved by customizing services and products to the needs of customers who need funds, such as young adults, delivery drivers, and taxi drivers.
- (2) In product planning, we work with ecosystem partners to develop new channels and gain insight into consumer behaviors by using commercial business platforms. Online fast review platform experiences are optimized and integrated with smart review process to deliver the best customer service experience. For our mortgage products, we joined forces with Sinyi Realty Inc., using API technology to launch an online mortgage calculator service on Sinyi Realty's website. By using this service, potential buyers of Sinyi Realty can obtain, in less than a minute, preliminary information on their mortgage payment such as eligible loan amount and loan terms and conditions, etc.
- (3) In channel management, we have a professional sales team in place to provide a total range of products and services that will meet customers' various funding needs. In addition, our sales team can facilitate product cross-selling, thereby increasing customers' brand loyalty toward Taishin Bank.
- (4) Regarding micro-enterprise services, we have developed Tap on Phone and other mobile payment tools that help micro-enterprise clients to reduce operating costs. By linking these tools to the data provided by the Joint Credit Information Center on its SME financing platform, we expanded the functions of our e-Business Loan service on the micro-enterprise digital financing platform to deliver the best experience in business service applications. Furthermore, we have established standard review procedures that quickly help enterprises use new payment technologies or acquire business funds, thereby realizing financial inclusion.
- (5) In digital innovation, we comprehensively integrated payment services, daily deals, and reward points into our data platform, offering different scenario-based banking services through Taishin's Richart Life app. We continued to expand the scope of our online customer acquisition mechanism by adopting new technologies (e.g., by using MyData and connecting to JCIC' personal data platform) pursuant to laws and regulations. By using an AI-based prediction model and big data analytics, we also built a loan match platform to solve customer pain points during the application process and to improve customer experiences.
- (6) We consolidated existing co-branded cards and continued seeking opportunities for new co-branding partnerships to bring in more new customers for Taishin FHC.
- (7) Putting customers at the center of our service operations, we optimized service procedures for new customers with respect to card application, card approval, card activation, card usage, transaction completion, and penetration of interest-earning products, to further improve credit card effectiveness and customer experience.
- (8) We manage customers by segmentation, and combine product deals, the strengths of partnering merchants, and ecosystem resources to provide more deals for customers, and adopt digital tools to acquire new customers for Taishin FHC.
- (9) We increased the scale of our orders by using new payment technologies and optimizing processes, which are then combined with financial holding products to create scenario-based banking services that will increase product penetration rate and income for Taishin Bank.
- (10) New payment tools are adopted to help merchants transform digitally and manage their ecosystem, thus reinforcing the stickiness between merchants and Taishin Bank.
- (11) We expanded our industrial operations by increasing the scope of payment services for micro-business clients and helping them to develop their business and fulfill corporate social responsibilities.

3. Digital Banking

In order to improve the Taishin everyday life and finance ecosystem, Taishin will continue on the layout of finance and life scenarios to expand customer contact channels. First, we will continue to optimize customer experience in financial services and digital platforms, enhancing personalized experiences and implementing online to offline (O2O), building a service to sales social commerce model for financial products. Relevant details of priority businesses of financial services and digital platforms are as follows:

(1) Richart - the digital banking brand

- A. The first financial institution to adopt agile development, the first digital banking brand that is 100% customer experience oriented and mobile app oriented, providing customers with the latest financial service experience by quickly responding to the market.
- B. First in the market to offer integrated products and services that combine "savings, payment, financial planning, foreign currency, insurance, loan, and time deposit" to deliver simple, convenient, transparent and intuitive service, to make investments more affordable to young generations and to bring financial services easily within reach of younger generations.
- C. Through user interviews combined with big data analysis, Richart will continue to create better, smoother service and user experience.
- D. Providing gamified and highly interactive service experiences to customers and enhancing the brand awareness and brand favorability of Richart by combining the creative operations of social platforms (Facebook fanpage, LINE official account, Instagram official account) and the official LINE personalized service experience.
- E. Winning the Global Finance World's Best Digital Bank Awards for three years in a row in 2019, 2020, and 2021.

(2) Internet or mobile banking

A. Continuing to explore different innovative financial services:

- ◆ Strengthen user security: Our Mobile Banking service was upgraded to incorporate Mobile ID authentication, which makes linking an APP to a device more secure and enables customers to access their account securely.
- ◆ Improve the convenience of digital services: C3 financial certificate service was adopted in Internet Banking and Mobile Banking. By applying for C3 financial certificate, users can exchange large amounts of foreign currency online, making foreign exchange transactions much more convenient.
- ◆ Introduce more efficient investment financing services: A new investment financial planning service GO app was launched on our Internet Banking and Mobile Banking. In this service, a financial advisor is available remotely to provide financial consulting services and investment product recommendations. Customers can use Mobile Banking/Internet Banking to confirm the terms and conditions of an investment transaction and complete the transaction after confirming them.

B. Developing engagement marketing for digital banking:

We are working with multiple strategic partners to build a banking innovation laboratory. The lab covers 10 major industries, and works on more than 20 innovative business partnerships. We were the first to simulate common everyday life scenarios through various techniques and business process redesign. We demonstrate innovative banking and future business applications to showcase a one-stop service covering hardware/software, payment system, and platform to merchants and affiliated partners. The service covers 80% of the everyday needs of the average consumer. In 2022, the innovations of our financial innovation lab and fintech applications received first prize in the National Brand Yushan Award and the Taiwan Corporate Sustainability Award (TCSA), system, and platform to merchants and affiliated partners. The service covers 80% of the everyday needs of the average consumer. Innovations and fintech applications from the banking innovation lab won a best innovative initiative award from the Global Retail Banking Innovation Awards, and they also won a World's Best Financial Innovation Labs award from the Global Finance Awards.

(3) New payment & collection services

- A. Supporting government policies to increase the percentage of electronic payment as a payment mode; and implementing a multi-payment service model to help traditional markets or merchants adopt digital services.
- B. Providing Taishin Pay to enable Taishin Bank cardholders to make digital payments with ease. Adding Taishin Points to the service to let customers pay with points.
- C. Expanding acquiring services for affiliated merchants to create Taishin Omni Payment System (TOPS) that supports various electronic wallets and makes it easier for merchants to handle different payment modes.
- D. Providing the Taishin Payment App (for merchants to collect payments) to affiliated merchants of Taishin Bank for easier barcode payment collection.
- E. Continuing to work with offshore third-party payment service providers and seeking potential partnerships in Hong Kong, Japan, South Korea, Singapore, and Southeast Asia.
- F. Develop electronic voucher and gift certificate modules with trust or performance guarantee to help merchants affiliated with Taishin Bank develop stored value wallets or e-gift certificates. The goal is to use new modules to achieve all-win among the bank, merchants, and members of the merchants.

We have optimized the existing financial services to provide the best user experience, have built the Richart Life app and ATM, and have expanded service locations both online and offline. The relevant details of Richart Life services and ATM are as follows:

(4) Richart Life

- A. Richart Life integrates reward points, payments, offers and discounts, and financial services to guide customers to shop at scenarios of each strategic partner, eliminating the boundary separating everyday life and finance via a one-stop app.
- B. The services of Taishin Points include the exchange of points with cross-industry businesses, the deduction of credit card outstanding payments, deduction of digital payments, and the redemption of various coupons, thereby allowing customers to use points on things that are closer to their daily lives through a variety of daily applications.
- C. As we attract more new users and continuously launch new services, we will continue to take an inventory of our data in the Richart Life app and optimize each of our services for better user experiences and more personalized messages. Performance enhancement is another aspect for which we must make plans.

(5) ATM services:

- A. Providing diverse and friendly ATM Services: Taishin Bank In January 2022, Taishin Bank incorporated the dynamic currency conversion (DCC) process in its ATMs, providing foreign customers with the service to check the exchange rates in real time before making withdrawals from Taishin's ATM. This way, risks from exchange rate changes can be reduced. Interbank ATM cash deposit is a service frequently used in Taiwan. In November 2022, we introduced a new LINE deposit notification service, allowing any users (non-customers) of Taishin Bank's LINE account, who linked their bank account to the LINE account, to receive deposit notification via LINE whenever they complete interbank ATM cash deposit. Our ATM cross-border remittance service, a one-stop remittance service provided by Taishin Bank in collaboration with new startup operators, won Bronze Award in the Best Business Model category at the 2022 Business Next Future Commerce Awards, as well as Best in Future of Customer Experience at the 2022 IDC Future Enterprise Awards. These awards are a testament to Taishin Bank's corporate culture of continuously innovating its ATMs and optimizing user experience. In response to the government's financial inclusion policy, the Bank has been expanding its ATM locations outward to include Penghu, Kinmen, and Matsu areas, providing residents on these offshore islands with convenient financial services, which aligns with the spirit of financial inclusion.
- B. Expand new types of ATM points of service: Apart from continuing collaboration with three major chains of convenience stores to maintain ATM points of service, this bank is also expanding collaborations with different

industries to develop new types of points of service (such as hospitals, traditional markets, pharmacy chains, wholesale store chains, and public transport hubs). The expansion brings the bank into the everyday life of its customers to meet the demand for cash in different customer groups.

4. Wholesale Banking Services

- (1) Building on strengths in product innovation and service development to provide one-stop financial services and increase customer loyalty.
- (2) Introducing integrated NTD and foreign currency cash management; promoting cash services (collection and payment) as means of soliciting current deposits; anchoring customer relationship and minimizing credit risks.
- (3) Taking advantage of local branches to develop close ties with local customers; trying to expand the customer based in small and medium-sized enterprises; and targeting high net worth customers in Asia Pacific.
- (4) Focusing more on niche export businesses and high net worth enterprises with an emphasis on asset products and financial planning services in order to build an image of a regional bank.
- (5) Taishin Bank is actively deploying its plans for the China and Asia-Pacific markets. Currently, it owns branches in Hong Kong, Singapore, Tokyo in Japan, Brisbane in Australia, and Labuan in Malaysia (including the Marketing Service Office in Kuala Lumpur, Malaysia). It also has representative offices in Ho Chi Minh City in Vietnam, Yangon in Myanmar, Shanghai in China, and Bangkok in Thailand. The Bank will continue to expand overseas and open new offices as needed in order to grow in foreign markets and increase the percentage of overseas profit.
- (6) Improving the lending process and strengthening risk management in order to maintain sound asset quality.
- (7) Investing more in training and job rotation mechanisms in response to the growing momentum in overseas operations, and building an overseas talent database.

5. Financial Market Services

- (1) The Bond Market Department provides planning and management of underlying onshore and offshore bonds in underwriting cases. The department is an active participant in bond issuance and financing planning for onshore and offshore companies, and brings in diverse cases with overseas issuers and provides Taiwanese investors with diverse options.
- (2) Develop new products and platforms to increase product range, to provide customers with diverse financial products and increase adhesion of customers.

6. Trust Services

Respond quickly to changes in market conditions by expanding the range of products, and strengthen post-investment management mechanisms on an ongoing basis to support a complete range of financial planning services. The focus of product development is as follows:

- (1) Fund and collective investment management:
 - A. Extending the line of onshore/offshore funds to better reflect changes in market dynamics. Introducing new type products and promoting different thematic funds to meet asset allocation needs of different customer segments with different attributes.
 - B. We will continue to incorporate market and product information services into the online and mobile trading platforms, establishing the "Awesome Finance" to create financial planning services that are more convenient and more instant. We will add more fund features to the digital banking app, and launch funds in time with current affairs and lowering the thresholds in order to offer more investment choices for digital banking customers.
 - C. Introducing by private placement funds not yet filed with the competent authority in the country or flagship products offered by foreign private banks in order to use products to develop stronger relationships with high net worth customers.

- D. Promoting regular savings plans, and making investing readily accessible through various digital channels to help all customers make long term investment.
- E. Attracting more customers of custody services and securing assets under management (AUM) for funds while generating more stable income from the AUM base.

(2) Foreign securities

- A. For foreign ETF, foreign stocks, and other foreign securities, system ordering functions are optimized, providing customers with more timely and convenient ordering platforms. In addition, foreign securities consultancy services are offered to help customers keep abreast of investment trends.
- B. A diverse range of premium-quality, popular overseas bonds are continuously provided, including overseas financial bonds, corporate bonds, and government bonds, all of which are combined with investment portfolio strategies to provide better asset allocation options for customers who prefer fixed-income products. We have organized a number of seminars to keep clients informed of global bond market changes.
- C. Investments in offshore structured products by professional investors became an alternative fixed income product for investors, because of increase in interest rate and favorable conditions of long-term products. Non-principal-guaranteed equity-linked products are made more efficient through streamlined transaction process, which helps customers seize market opportunities.

(3) Planning trusts and custody services

Taishin Bank actively supports FSC's Trust 2.0 Plan by continuously promoting our retirement trust, family inheritance trust, and employee incentive trust services in which we personalize trust contracts to the needs of customers, thereby achieving the full functions of trust services for customers. In view of the excellent operating performance of overseas Taiwanese companies and their business locations around the world, the Bank offers Foreign/Mainland China Area Employees Collective Investment Account for overseas foreign employees to help companies reward and incentivize employees to stay with the company.

7. Insurance Broker Services

- (1) In coordination with the policies of the competent authorities, we have continued to promote the transformation of insurance products and promoted protection-oriented products that match customer needs. We have introduced life insurance products that fulfill customers' needs and developed competitive products for the market through our life insurance subsidiary, and maintain a diversified product portfolio by including death, health, and accident benefits to cover medical, long term care, and disability needs. The bank builds on the channel strengths of the existing branches, and try to increase the percentage of customers holding insurance in their portfolios.
- (2) To meet customers' wealth management and protection needs, we introduced an innovative structure for insurance-based investment products that is in line with international standards, and also continued to promote Taishin Life Insurance products and diversify investment-oriented insurance portfolios, providing customers with more diverse allocation options for asset planning.
- (3) Taishin Bank's online insurance enrollment service offers car insurance and travel insurance products to meet the needs of digital natives. Our low premium threshold model has successfully attracted young people to purchase interest sensitive annuity products, strengthening the stickiness between digital customers and Taishin Bank. Given our understanding of and experience in managing digital customer groups, the platform has successively launched insurance policies for second-hand mobile devices as well as flexible pet insurance solutions. We also integrated intra bank resources and the resources of our partnering insurance companies to develop new customer groups, expand our digital insurance channels, and achieve greater differentiation in our business.

c. Industry status

Same as described under "c. Industry status" of Taishin Financial Holding Co., Ltd.

d. R&D and business development

1. Major financial products and scale of retail banking in recent two years

(1) Loan:

- A. The outstanding balance of mortgage loans reaches NT\$651 billion and is growing at 10.5% per year.
- B. The outstanding balance of auto loans reaches NT\$54.8 billion and is growing at 4.6% per year, again placing the bank in a leading position in the financial industry.
- C. The outstanding balance of personal loans reaches NT\$86.1 billion and is growing at 6.4% per year.
- D. The outstanding balance of micro corporate loans reaches NT\$9.7 billion and is growing at 9.0% per year.

(2) Credit cards:

- A. 6.30 million credit cards outstanding, ranking fourth with a 11.2% market share.
- B. 4.26 million active credit cards, ranking fourth with a 12.0% market share.
- C. NT\$382.5 billion in annual card purchases, ranking fourth with a 11.0% market share.
- D. 165,000 card accepting merchants in total, ranking first with a market share of 20.7%.

2. Major financial products and scale of digital finance in recent two years

(1) Richart - the digital banking brand

Customers of Richart are primarily 20 to 40 years old. The average age of consumers with digital banking needs has been falling in recent years. Richart was first to launch an online account application service for minors in April 2020. Consumers aged 7 or above but under 20 will be able to apply to open a Richart account entirely over the internet. "Subaccount" was introduced in August 2020. The feature satisfies various fund management needs, and help customers reach their savings goals. In September 2021, the "Provision" product was introduced to satisfy the customer need for temporary funds, and help customers to use their funds with greater financial flexibility. In November 2021, the "KKBOX music time deposit" product was introduced to assist customers with converting their time deposit interest into music serial numbers of KKBOX, providing more varieties of financial products to satisfy different financial needs. In December 2021, "friends of Richart" was introduced to guide customers to use Richart financial service through games, thus encouraging customers to make plans for their finances. In July 2022, we launched a new function, called Securities Jar, for new young investors and collaborated with Jkos and All Win to launch loan services for more flexible use of funds by customers who need it. In December 2022, Richart became the first digital bank in Taiwan designed for foreigners; it integrates NTD/foreign currency account opening services, transfer functions, and debit cards, offering an all-English interface for providing foreign-friendly services.

(2) Internet or mobile banking

The COVID-19 pandemic has changed the way people live. Increasingly more users are now accustomed to completing daily tasks on their mobile devices. In upholding our advocacy of meeting customers' daily needs, Taishin Bank strives to satisfy customers' need for a one-stop payment service by enabling customers to complete payments via Mobile Banking, including payments for transportation, telecommunication, water and electricity, credit card, cable TV, and insurance (national health insurance and annuity premiums) bills. Through the API tax/fee payment services of financial companies, the Bank also provides convenient and secure services that allow customers to pay tax online and inquire their tax payment status at any time after having completed payments.

(3) New Payment & Collection Services

A. Promoting New Payment Tools:

Taishin Pay was introduced to IKEA, Burger King, Beyond Plaza, and Danhai light rail stations in 2022, which increased our transaction amount considerably by 500% in 2022 compared with the previous year.

In cooperation with the government policy of increasing the domestic market share of electronic payment, we are currently offering the electronic payment service providers account link, and its overall transaction volume has increased by 101% compared to the previous year.

B. Developing New Payment Tools Accepting Merchants:

Versatile payment/collection integrated solutions were developed by combining payment and collection needs. Taishin Bank works hard to help merchants build an optimal mobile payment environment. Taishin Omni Payment System (TOPS) helps various merchants accept mobile payments. The number of payments accepting points at affiliated merchants exceeded 100,000. In recent years, we have joined forces with international merchants such as McDonald's, IKEA, Burger King, etc. to adopt our wallet app through Taishin Omni Payment System (TOPS) and help merchants to undergo digital transformation. By using the pay+ payment module service, we helped merchants to transform their apps into digital payment solutions. Over 10 new partnering brands were added in 2021, and transaction volume grew by 72%.

(4) Richart Life

Since the establishment of the Ecosystem Development Department in September 2020, we have acquired more than 2 million members as of December 2022. Initially, our main goal was to acquire new account users and increase the number of Richart Life members and number of points in circulation. Now, our task is develop new scenarios and income-oriented financial products to contribute to our digital platform. During this process, we performed data analysis, used digital communication tools, integrated with API systems, and cooperated with business owners, thereby creating scenario-based banking beyond a single site. This in turn facilitates customer acquisition through referrals from cross-site members, point exchange, and data model development, thereby empowering our business partners to make business decisions and perform analysis.

(5) ATM services:

Apart from expanding our digital platform services, we are also committed to developing our offline channels. Taishin Bank operates 101 branches in Taiwan and has set up foreign currency ATMs in Family Mart, Funcom Supermarkets, and Taiwan Railway Stations. Foreign currency ATMs provide 24-hour cash deposit and withdrawal services in four main types of currencies, USD, Japanese Yen, RMB, and Euros for people who need to exchange, withdraw, and deposit foreign currencies.

3. Major financial products and scale of wholesale banking in recent two years

(1) Outstanding balance of loans extended by domestic branches to state and private enterprises.

Given a balance between risk management and business growth, as of the end of December 2022, the outstanding wholesale banking loans stood at NT\$619.7 billion, representing 3% in YOY growth. Loans to state-owned and private enterprises totaled NT\$364.2 billion at the end of December 2022, representing 2.7% in YOY growth.

(2) Outstanding balance of loans for small and medium enterprises

Owing to its support of the government's credit extension policy for small and medium enterprises and success in developing its own customer base, Taishin Bank reported an outstanding balance of SME loans up to NT\$ 257.6 billion at the end of 2022.

(3) Export bills of exchange

The undertaken volume of export bills of exchange in 2022 was US\$1.8 billion, an increase of 13% compared to 2021. Taishin Bank actively develops closer ties with high value customers and explore different customer segments and has achieve above industry average growth.

(4) Factoring business

For factoring, Taishin Bank took a balanced approach in customer relationship management, and market price while considering credit risk. In 2022, Taishin Bank undertook NT\$181.0 billion in factoring, which remained the highest in the market.

4. Major financial products and scale of financial market services in recent two years

- (1) In January 2021, Taishin was awarded first place in the team competition of the 2020 "Trading Competition of the New Taiwan Dollar Interest Rate Exchange Trading System".
- (2) September 2021 - 7th TAIEX Futures Diamond Awards - Trading Volume Diamond Award for Banks, 1st place.
- (3) August 2022 - 8th TAIEX Futures Diamond Awards - Trading Volume Diamond Award for Banks.
- (4) In January 2023, Taishin was awarded first place in the team competition of the 2022 "Trading Competition of the New Taiwan Dollar Interest Rate Exchange Trading System".

5. Major financial products and scale of trust financial business in recent two years

Unit: NT\$million

Year	2022	2021
Special-purpose money trusts investing in domestic/foreign securities	206,195	184,194
Custody services of Securities investment trust funds	326,661	181,993
Other money trusts	50,713	64,635
Employee welfare trust	5,420	4,834
Securities trust	30,047	34,827
Collective investment trust account	321	438
Real estate trust	74,831	60,375
money and securities trusts	582	686

6. Future R&D plan

(1) Wealth Management

- A. Combine resources in the financial holding company and a variety of product platforms to meet the financial services needs of customers in different stages of their lives. Increase customer satisfaction with the wealth management service in the process.
- B. Continue to strengthen the development of big data and AI technology. Optimize digital banking services and learn about customers' needs through big data analytics and contact via virtual channels. Provide a constantly expanding range of services for better operating performance.

(2) Retail Banking Business

- A. Optimize different online channels to continue managing young users of Richart and Taishin credit cards.
- B. Improve customer clustering analysis and customer labeling to cultivate the bank's potential in customer marketing.
- C. Work with open banking and create ecosystem business models to reach consumers via merchant platforms and enable instant activation of personalized products.
- D. Collect cross-industry data for use in innovative approval mechanism.
- E. Promote ESG and sustainability by implementing green financing through the continuous launching of online loan application services in combination with special deals and offers.
- F. Cooperate with FinTech companies and third-party payment companies in the future to keep up with new emerging financial technologies, and support the new science and technology development plans of merchants to promote digital payment scenarios.

(3) Digital Finance Business

- A. Invest in expanding the line of digital banking services and continue to optimize platforms and implement innovations to facilitate more effective O2O integration.
- B. Work with various industry/government/academia partners and apply AI technologies, new payment tools, and big data to revolutionize banking and payment services and start a brand new digital age.

(4) Wholesale Banking

- A. Expand pluralized treasury product lineup via combination of interest rate, exchange rate, bond, bulk commodities, and equity.
- B. Establish new financial trading system to accommodate the rollout of new diversified products in the future, and improve trading flow and enhance trading capability.
- C. Focus on launching RMB business in light of current round of deregulations.
- D. Expand offshore financing and the number of overseas branches, strengthen the function of e-network trading platform, so as to satisfy customers' need for cross-border fund maneuvering.

(5) Financial Market

- A. Assemble interest rate, exchange rate, bond, commodity, and equity products to increase product variety.
- B. Implement well-organized or electronic trading systems that respond to market trends and improve trading processes and capabilities.

(6) Trust Services

- A. Continue to introduce or develop new types of products to expand the product lines.
- B. Refine customer segmentation to provide investment products that meet customer needs.
- C. Follow the trends in digital and smart technologies and enhance trading platforms and processes to create a better user experience.

(7) Insurance broker services

- A. We continued to introduce first-of-its-kind or exclusive insurance products while coordinating with the Taishin Life Insurance strategies to expand product lines to satisfy different needs of customers in different life stages.
- B. Strengthen relationships with existing wealth management customers, identify and provide insurance products that meet customer needs, and increase the percentage of customers holding insurance products and raise awareness of sufficient coverage among customers.
- C. Following the rise of fintech, Taishin invests in development and management of digital channels, and provides a wide range of insurance products and enrollment channels for customers.
- D. Offer different insurance products to different customer groups, and generate income through asset allocation in order to meet the demand for steady cash flows after retirement.

e. Short-and long-term business development plans

1. Wealth Management

(1) Short-term business development plan

- A. We applied precision data analysis and integrated the resources of Taishin FHC to enable customized marketing and maximize cost effectiveness. We also provided customers with tailor-made finance and debt solutions which in turn result in greater satisfaction and higher AUM.
- B. We constructed an O2O financial network consistent with customers' individual and household needs for a complete range of wealth management services.
- C. Build customer relationships as a local business and assign customers to nearby branches by work address. Observe customers' transactions on a regular basis and change home branches accordingly.
- D. The rise of a new generation makes it necessary to follow changes in younger customers' behavior, revamp financial services and create a new customer service experience in order to effectively attract younger generations.
- E. We combined big data analytics, digital footprint, and real time personalized marketing platform to track the customer needs of wealth management and provide integrated financial planning services.

- F. Prepare for population aging and declining birth rate trends and support regulatory policies by actively developing innovative trust businesses that help customers achieve both asset management and asset inheritance.

(2) Long-term business development plan

- A. Build a customer operation system based on data and supported by digital/technology, improve customer modeling technology, and support the integration function of virtual and physical channels for more accurate cluster management.
- B. Complete O2O integration, including Internet banking, mobile banking, Richart, Richart Life, the corporate website, customer service, automated service facilities, branches, and affiliated merchants, in order to provide better financial services for customers.
- C. Continue to build a stronger team and a wider range of products and instant services; and incorporate premium wealth management membership benefits to create one-stop wealth management services for customers.

2. Retail Banking

(1) Short-term business development plan

- A. Optimize online loan application functions with a focus on customer needs, and provide a better service process through cross-industry integration.
- B. We provided timely loan application services through precise analysis of the data of customers' behavior in handling their accounts and the bank via AI technology combined with online and offline consumption fields.
- C. In credit loans, we used modeling technology, focused operations, and improved digital loan application processes to increase the turnover rate and give our customers a better loan application experience.
- D. By combining the resources of Taishin FHC and Taishin Securities, we expanded our customer services to increase our customers' product holding rates.
- E. We reached consumers via merchant platforms and enable instant activation of personalized products.
- F. Improve standardized products for micro-enterprises and expand customer groups. We increased the number of customers acquired through digital channels through precision marketing in media.
- G. Promote credit cards to different customers according to their spending behavior.
- H. Maintain relationship with co-branding partners, and develop closer business ties.
- I. Improve Richart Life app by leveraging the advantages of vendors in different industries and integrating it with diverse scenarios to promote credit cards.
- J. Responding to Merchants' needs to go digital, we offered new digital technology products to develop closer partnerships in financial products.
- K. Regularly evaluate the competitiveness of Taishin Bank credit cards and resource distribution to strengthen product profitability structure to increase revenue.
- L. Use new data analysis models to identify potential customers and their preferences, accurately acquire new customers and increase the products they own, and improve the Bank's digital maturity level.

(2) Long-term business development plan

- A. Introduce new ID verification methods such as credit cards applied with other banks/mobile phone number verification, to improve online card application scale/performance.
- B. Explore potential opportunities in micro businesses or individual sellers, expand the industry network, and introduce different financial products to increase merchant value.

- C. Develop big data and ecosystems. Utilize big data analytics to help merchants manage member relationships and attract customers. Increase stickiness between Taishin Bank and merchants, and create the needs for financial products.

3. Digital Banking

(1) Short-term business development plan

- A. In addition to continuously developing Richart comprehensive digital financial products such as utility model insurance, utility model investments, and utility model loans, we also continued to develop financial scenario applications such as electronic payment and e-commerce.
- B. We launched new payment modules and services, including optimized Pay + payment module, Taishin Omni Payment System (TOPS) Platform and apps for merchant collection, and we also developed e-gift card platforms to provide faster and easier-to-use integrated payment plans.
- C. We developed the Richart Life Member API Anti-linking Mechanism (the financial service that provides better bilateral user experience by establishing a single Richart Life member log in interface with channels of collaborating merchants in the ecosystem) and continued to link cross industry members to increase the application of points and make digital wallet payment more convenient.
- D. Create one points account and an instant cash redemption feature that combines all points and allow instant redemption of points for cash for a better customer experience.
- E. We developed the Richart Life "transportation code" function, allowing customers to pay for public transportation fees with mobile payment.
- F. We are the first in the industry to introduce the ATM that offers deposit/withdrawal of four major foreign currency cash, and we are the first in the industry to provide international remittance services, thus offering the most convenient foreign currency services through the integration of online and offline functions.

(2) Long-term business development plan

- A. Through cross industry collaboration, we applied our products to multiple financial scenarios..
- B. Introduce new technologies, and develop new digital tools and models.
- C. Utilize a combination of new AR/VR technologies/new scenarios to provide integrated O2O smart financial services.
- D. Build an open ATM platform to encourage businesses to transform themselves and explore cross industry partnership opportunities.
- E. We built the points integrated service platform to provide various plans of payment and points integration to merchants.

4. Wholesale Banking

(1) Short-term business development plan

- A. Implement customer relationship management by segmentation, improve product dimensions, and strengthen relationships with customers.
- B. Enforce group-wide exposure limit control to ensure optimal allocation of credit risk among subsidiaries.
- C. Expand relationships with securities customers through cash flow services and demand deposit privileges; increase the percentage of customers' demand deposits for lower funding costs.
- D. Combine channel resources within the bank; cater to local customers and expand the SME customer base; and focus equally on profitability and quality.
- E. Increase the number of branches in China and Asia and build an integrated cross border platform that embodies the policy to serve Taiwanese businesses worldwide and position the bank as a global business.
- F. Build the bank's overseas talent pool through regular job rotation, in order to accommodate growing businesses.

- G. Provide financial intermediation in a timely manner to assist the development of potential industries, while paying attention to risk control in response to the government's promotion of SMEs and six core strategic industries, including information and digital, cyber security, biotech and medical technology, national defense and strategic, green power and renewable energy, and strategic stockpile industries.
- H. While the Southeast Asian economies continue to grow, the need for financing infrastructure in the region grows. The government's New Southbound Policy offers benefits for investment and therefore benefits for the bank's operations in Southeast Asia.
- I. Offer "Loan for Welcoming Overseas Taiwanese Businesses to Return to Invest in Taiwan" in line with the government's policy to assist returning businesses to obtain funds for construction of plants and relevant facilities, purchase of equipment and provide working capital via loans.
- J. Work with relief programs from government departments (MOEA, MOTC, MOC, MOHW, and CBC) and provide relief plans for customers, including extension of existing accounts, operating funds, and revival funding.
- K. We promoted green finance, financial sustainability, and responded to international advocacies of implementing corporate sustainability and all facets of ESG.

(2) Long-term business development plan

- A. Enhance service capabilities and product innovation; anchor customer relationship and aim to raise customers' satisfaction and contribution.
- B. Allocate group resources with greater efficiency; deliver all-round financial services through synergistic use of existing product lines.
- C. Actively explore overseas markets; increase profit contributions from overseas and broaden the bank's presence in China and the Asia Pacific region.
- D. Continue recruitment and cultivation of overseas talents to support the medium and long-term development of overseas business.

5. Financial Market

(1) Short-term business development plan

- A. Continue to improve the financial structure, reduce the cost of funds, increase investment returns and transaction margin, and create more sources of regular income.
- B. Continue to explore new customer bases while strengthening existing customer relationships; and seek opportunities for wholesale banking, institutional investment, wealth management, and private banking services in domestic and international markets in order to generate more domestic and foreign income.
- C. Enforce self audit, develop better internal control systems, and adhere strictly to the high standards and code of conduct in the financial markets.
- D. Recruit and retain talent, build up human capital, provide training, choose suitable positions and create a stronger talent pool.

(2) Long-term business development plan

- A. Continue to develop innovative financial products and services in order to optimize sale process and platforms and satisfy customers' needs for investment and wealth management to create mutual benefit for the bank and the customer.
- B. Implement and promote the use of electronic platforms, and improve the quality and efficiency of products and services.
- C. Strengthen market and operational risk management to monitor risks with more precision.

6. Trust Services

(1) Short-term business development plan

- A. We provided a 24-hour "Employee Incentive Trust Service Network" platform, enabling employees to review the terms and conditions of a trust online at any time and access transparent information. We continuously improved Internet functions such as signing a trust agreement online.
- B. Develop a smart digital banking environment with more convenient services such as electronic account opening, smart trading, and financial planning services.
- C. Introduce an adequate understanding of asset allocation, and provide regularly investment performance reviews and post-investment services such as risk management and market trend analysis in order to help customers achieve stable returns and in turn increase product sales and total assets under management.
- D. The real-time trading system for foreign ETFs, foreign stocks, and other foreign securities gives customers an easier-to-use trading platform that is more instant and responsive. The foreign securities investment advisory service also helps customers stay updated on their investments.
- E. Our investment targets will continue to focus on overseas bonds with high credit rating, discounts, and high interest rates, providing customers with fixed income options after interest rate hikes. We will help customers keep abreast of investment trends by providing overseas bond consulting services, and actively develop Internet/mobile banking and information inquiry services to provide customers with more convenient online investment channels.
- F. For offshore structured products, we will seize opportunities arising from relatively high interest rates, and provide options for deploying long-term interest rate-linked products; As for equity-linked products, we will continue to optimize operating procedures, improve transaction efficiency, and continue to capture investment opportunities for customers.
- G. Potential customer bases are explored and offered financial publication and information. Investment seminars and promotional events are organized to increase AUM.
- H. The Bank, by careful screening, is the first to introduce new funds with specific focuses, and expands the range of private equity funds to suit different financial planning and asset allocation needs.
- I. A rich variety of online financial information is available for one-stop online financial planning services.
- J. The idea of regular fixed-amount fund investment is matched to investment objectives of customers at various stages of their lives to encourage customers to accumulate wealth, thereby increasing AUM for Taishin Bank.

(2) Long-term business development plan:

- A. Continue to develop diverse trust products and optimize digital trust platforms while integrating the resources and professional knowledge of various division to provide a comprehensive range of trust planning services.
- B. In promoting financial product, it is necessary to periodically review new or revised announced by the government.
- C. Continue introducing a diverse range of new products and services intended to deliver consistent returns for investors in bearish markets.
- D. Promote asset allocation and regular fixed investment, and aim to increase product sales and total AUM.
- E. Track product performance regularly and continue to improve risk indicators to monitor product performance and risks for customers.
- F. Continue introducing a variety of new funds or flagship products offered in other countries for high net worth customers; and innovative means of investment to meet the demand for financial planning and investment efficiency.

7. Insurance Broker Services

(1) Short-term business development plan

- A. Continue to provide protection-oriented products that meet customer needs, and actively introduce a variety of life insurance products such as participating insurance policies; and increase the penetration rate of insurance products by introducing more NTD insurance products for customers who shy away from foreign currency exchange when NTD tends to depreciate due to market changes.
- B. We continued to introduce innovative structures in addition to adding Taishin Life Insurance investment-linked insurance products to meet different needs for financial planning and protection.
- C. Expand the range of insurance products available over the internet. Considering the characteristics of online shoppers, introduce fragmented and scenario based insurance products that are relevant to current affairs for more effective differentiation marketing

(2) Long-term business development plan

- A. Check regularly changes in the competent authority's policies and regulations, and respond promptly to the latest guidelines while promoting new type insurance products and services.
- B. We continued to introduce different insurance products and combined the Taishin Life Insurance strategies to enable a one-stop insurance shopping for customers.
- C. In response to increased awareness of consumer rights and the need to ensure suitability of financial products and services, the insurance brokerage service at Taishin Bank treats customers equally, and works constantly to optimize the process before, during, and after a sale and review the services. Meanwhile, Taishin Bank continues to provide professional and compliance training for salespersons on a regular/ad hoc basis. Furthermore, as part of its commitment to corporate social responsibility, sustainability, and ESG compliant services, Taishin Bank reviews the service and financial data of its affiliated insurers against strict standards in order to provide suitable and secure insurance planning and after-sales service.

Taishin Securities Co., Ltd.

a. Business scope and business mix

1. Business scope

- (1) Securities Brokers
- (2) Securities Dealer
- (3) Securities Underwriter
- (4) Futures Commission Merchant
- (5) Securities transfer agency services
- (6) Other financial businesses acknowledged by the competent authority

2. Business mix in terms of revenues

Unit: NT\$1,000

Item \ Year	2021		2022	
	Amount	%	Amount	%
Brokerage	3,576,821	68	2,637,429	76
Dealing	975,103	19	240,547	7
Underwriting	685,769	13	605,271	17
Total	5,237,693	100	3,483,247	100

3. Various existing products and services

Items	Major contents
Brokerage	<ol style="list-style-type: none"> 1. Provide entrusted transaction service for shares listed on the centralized market, over-the-counter market, and emerging market, including e-trading, and undertake securities delivery for investors. 2. Provide investors the service of margin trading and short sales for securities transaction. 3. Operate concurrently futures brokerage and sub-brokerage services. 4. Provide sub-brokerage trading of foreign securities service. 5. Provide consigned trading for foreign securities. 6. Conduct design and execution of strategic trading. 7. Provide securities borrowing and lending service.
Dealing	<ol style="list-style-type: none"> 1. Buy/Sell stocks, bonds and other securities and perform hedging in the secondary and OTC markets in Taiwan. 2. Subscribe to onshore and offshore call (put) options. 3. Make outright purchases/sales and those with repurchase/resale agreements of domestic and foreign bonds, bills, beneficiary securities and other fixed income products; and perform trading and hedging of interest rate derivative products. 4. Conduct trading of domestic and foreign futures and options approved by the competent authority. 5. Design, issue, trade, and perform hedging of structured products, equity derivatives and other derivatives approved by the competent authority. 6. Conduct design and execution of strategic trading 7. Other services approved by the competent authority
Underwriting	<ol style="list-style-type: none"> 1. Assist companies in applying for TWSE/TPEX listing, and help customers complete business diagnosis and improve management processes. 2. Help companies raise funds in capital markets around the world. 3. Provide financial consulting services for companies making private placements, international investments, or strategic equity trading and other consulting services in merger or restructuring projects.
Merchant services	Provide corporate and asset restructuring and reorganization, mergers, financial planning, private placement investment and other consulting services for individuals, corporate entities, government agencies and financial institutions in and outside the Republic of China.

4. New products and services under plan

- (1) Continue to optimize functions of existing e-platforms, and work with Taishin Holdings in developing FinTech enabled services to provide easy access for customers.
- (2) Proposed to develop offshore futures business.
- (3) Arbitrage and trading of foreign futures and securities, international preferred shares, trading of foreign bonds and interest rate products, and conversion to electronic trading for derivatives on TAIEX.
- (4) Provide foreign securities underwriting services via OSU and custody service of OSU foreign currency account.
- (5) Research and develop the margin trading service of sub-brokerage according to the regulation of competent authority.
- (6) Continue to improve the digital platform of global trading and cooperate with the international financing institution to develop equity Regular Saving Plan investing service.
- (7) Launch new services as the competent authority removes restrictions, and continue to develop new types of financial planning products. In addition to the above-mentioned services, Taishin securities will also closely track the opening of the competent authority for new products or related laws and regulations, so as to maintain a high level of vigilance and provide the fastest and most convenient service for the investment public while the products are being introduced.

b. Business plan of the current year

1. Brokerage

Leverage on the resources of financial holding company, continue to work closely with various channels of financial holding company, strengthen the intelligent service functions and enhance the digitalization of the brokerage business.

Enhance the professional service quality of employees, foster customer relationship and expand the young group, strengthen the customer base structure, and increase customer loyalty and adhesion to boost the Bank's profitability.

2. Dealing

With regard to financial services and trading, in addition to continuing its profitable trading strategies, the Bank aims to expand its operations to achieve greater profitability and establish a highly-efficient investment portfolio to maintain steady profits, while further leveraging the bonds business to reduce overall fund utilization. With regard to customer service, design a wide variety of structured instruments to satisfy investor demand for diversified wealth management.

3. Underwriting

Continue to focus on offering underwriting services to well managed companies, and seek opportunities and increase market share in funding projects applying for first time TWSE/TPEx listing (includes TIB and PSB) in Taiwan. Offer customers personalized financial planning services and equity trading strategies, and explore opportunities in inviting foreign companies to apply for TWSE/TPEx listing in order to increase fee income.

4. Merchant banking

Provide corporate restructuring and reorganization, mergers, financial planning and other consulting services for individuals, corporate entities, government institutions and financial institutions in and outside the Republic of China.

5. International brokerage

Our priority in 2023 is to expand the cooperation with foreign securities firms to introduce sub-brokerage services of the Company, diversify product lines, increase revenue, reduce operating costs, and enhance Taishin Securities' sub-brokerage brand image. In addition, we are also committed to optimizing sub-brokerage electronic platform services (e.g., online account opening and trading platform, etc.) to support the expansion of our sub-brokerage business.

6. Digital development

Due to continuous technology advancement and the relaxation of regulations by the competent authorities, the Company continues to develop, plan and implement digital development in the direction of internal subsidiaries and cross-industry cooperation, AI or automation, data construction, and new types of business service models to provide customers with more diversified and better services, while hoping to attract the attention of the younger generation.

c. Industrial status

1. Market status

Unit: NT\$ billion

Total transactions of the securities market in the recent three years			
	2020	2021	2022
TSE Market	49,182	95,517	59,574
OTC Market	53,263	49,874	45,199
Total	102,445	145,391	104,773
Weighted stock price index (year end)	14,733	18,219	14,138

Source: 1. Key indicators of securities and futures markets for December, 2022.

2. TAIEX Total Index Historical Data

Operating Status of Domestic securities			
Year	2020	2021	2022
EPS (NT\$)	1.88	3.32	1.22
ROA	3.01%	4.52%	1.70%
ROE	10.54%	17.35%	6.13%

Source: Key indicators of securities and futures markets for December, 2022.

2. Taiwan's stock market

In 2022, the two black swan events of "interest rate hikes" and "war" in the stock market have led to an increase in market uncertainties. Global stock and bond markets showed a rare downward trend simultaneously. Taiwan stocks once fell to 12,666 points in Q3, hitting a record low in more than two years. The stock market rebounded slightly in Q4 due to the easing of inflation and interest rate hikes as well as the FSC's ban on short selling and other measures. However, the total volume for the year amounted to merely NT\$59.6 trillion, a 38% decrease from that in 2021.

The daily average volume of the domestic stock market amounted to NT\$304.8 billion, down 36% from that in 2021. The margin trading at the end of the year totaled NT\$227.4 billion, down 37% from that at the end of 2021. TWSE was 14,138 points, down 4,081 points or 22% from that at the end of 2021. TPEx was 108.3 points, down 57.2 points or 24% from that at the end of 2021. The overall figures showed a general decline compared to that at the end of 2021.

d. Research and development

We will continue to improve the functions of electronic trading platforms and customer experience. In 2021, we launched a number of online services such as cloud intelligent and long-performing order functions, online account opening for futures and borrowing and lending for unrestricted purposes, online securities account opening function for former Richart App users, and borrowing and lending applications for unrestricted purposes, hoping to attract the attention of young and loyal customers to further enhance the customer base structure and trading performance. With respect to the information security issues, we will continue to strengthen the monitoring and verification mechanisms such as equipment control and certificate application OTP to provide investors with a safer and more stable trading environment.

In response to the rapid development of FinTech, parent company Taishin and its subsidiaries have integrated and linked their resources to accelerate the development of one-stop and borderless digital services with zero time difference, aiming to enhance the digital experience of investors, promote comprehensive customer services, improve customer satisfaction, and increase the sources of revenue.

Securities is a licensed business. All securities firms require the approval of the competent authority for services and products offered before commencing business. As a result, the company will follow the direction of future deregulation to design products and services that best accommodate customers' needs.

e. Short- and long-term business development plan

1. Short-term business development plan

- (1) Actively leverage on the resources of financial holding company and foster the cooperation with the channels of financial holding company and subsidiaries to expand the business synergy.
- (2) Continue to enhance the electronic platform and online service experience, improve the convenience and functions of the operating interface, aim for a steady growth in the proportion of electronic transactions, and strengthen the information security protection mechanism so as to ensure trading security and maintain operations.
- (3) Invest in expanding sub-brokerage services while providing futures services and non-restricted purpose loans.
- (4) Choose investment subjects prudently, strictly control the risks of investment positions, and maximize the benefits under risk control.
- (5) Take an active approach toward playing a lead role in SPO projects, including customer relationship management plans for sales departments. Take the initiative to analyze customer reports and provide preliminary plans to create more business opportunities.
- (6) Actively cooperate with Taishin Bank's corporate finance business, capital market division and investment consultant research group to enhance the industry knowledge of our employees, develop potential business opportunities and jointly explore M&A cases. meetings on a regular basis and management meetings as needed to follow up on the progress.

- (7) Implement more risk management mechanisms and enhance case quality control to reduce application risk.
- (8) Improve accessibility to quantitative services and develop trading strategies based on easier, faster access to data.
- (9) Optimize quantification capability and trading and operating systems; and continue to improve overall performance and quality.
- (10) Provide one-stop services that combine an investment bank and a commercial bank in order to achieve One Taishin View.
- (11) Continue to develop and establish quantitative trading strategies to yield consistent profits.
- (12) Respond to drastic changes in the market by reinforcing the risk management policy and by developing an early warning system to optimize asset allocation.
- (13) Seek opportunities in ETFs in order to stay a leading market maker.
- (14) Actively cooperate with Taishin Bank's corporate finance business, capital market division and investment consultant research group to enhance the industry knowledge of our employees, develop potential business opportunities and jointly explore M&A cases.
- (15) Actively cooperate and exchange with overseas financial consultant partners to create cross-border M&A opportunities.
- (16) Fine-tune AML and CFT tasks.
- (17) Promote the development of ESG and set up a dedicated unit to promote related operations and products in stages.

2. Long-term investment plan

- (1) In view of the growing importance of institutional investors in the market, especially qualified domestic institutional investors, the company will combine the R&D resources and e-trading system of investment consulting, to develop institutional client business with integrated services.
- (2) Arrange various training courses for employees according to their nature and types, to enhance their capability and upgrade the company's overall competitiveness.
- (3) Continue cultivating enterprises with growth potential and execute customer deep-cultivation plan, to facilitate long-term development of underwriting business.
- (4) Create more sales channels and improve caseload capacity.
- (5) Continue to expand the team of statistics and data analysis professionals, and try to achieve more consistent profits from a wider range of sources.
- (6) Expand the lines of financial products and develop a full range of securities trading services.
- (7) Continue to expand and optimize channel services, and build stronger customer relationships in order to maintain growth momentum in the business.
- (8) Pay regular visits to onshore/offshore private equity funds, and seek opportunities to serve as financial consultant for international mergers and financing and as long-term consultant for acquired subsidiaries.
- (9) Continue to build a culture that places importance on AML/CFT to eliminate any gaps in these matters.
- (10) Implement robotic process automation (RPA), and install more electronic and/or automated internal processes in order to make the company more competitive.

Taishin Securities Investment Trust Co., Ltd.

a. Business scope

1. Major business contents

The company's client base consists mainly of domestic and foreign institutions and retail investors. The Company has three offices in Taiwan, and has specified money trust and sales agreements in place with banks, including

Taishin Bank, Hua Nan Bank, Taiwan Cooperative Bank, Bank of Taiwan, Mega International Commercial Bank, E.SUN Bank, Taiwan Business Bank, Bank SinoPac, Shanghai Commercial & Savings Bank, Jih Sun International Bank, Far Eastern International Bank, Entie Commercial Bank and Taichung Commercial Bank, and securities dealers, including KGI Securities, Yuanta Securities, Capital Securities and Mega Securities. Combined with agreements to be entered into with many more strong fund distributors in the future, the Company's network will have more than a thousand points of sale across the island.

2. Business shares

At the end of December 2022, Taishin Securities Investment Trust managed NT\$128.8 billion of public funds; 21.93% of which were non-money market funds while money market funds accounted for approximately 78.07%. Recently operating income for three years listed as shown in the table below.

Unit: NT\$ thousand

Items \ Year	2020		2021		2022	
	Amount	%	Amount	%	Amount	%
Management fee income	430,613	95.91%	846,303	93.44%	757,690	94.46%
Sales fee income	12,559	2.80%	52,964	5.85%	36,166	4.50%
Service fee income	5,776	1.29%	6,487	0.71%	8,345	1.04%
Total	448,948	100.00%	905,754	100.00%	802,201	100.00%

3. Various existing products (services)

Service items	Major contents
Public-placement funds	Offering and issuance of mutual funds and ETF beneficiary certificates collect pools of money through investor subscriptions. Such funds are managed by the professional investment research and management team of Taishin Securities Investment Trust. Investors share the returns on investment as well as the risks. All gains and losses are borne by investors. Provide the investment method of Regular Saving Plan, allowing automated deduction of fixed/variable amount of deposits from investors' accounts at specific time every month for regularly subscription to the mutual funds.
Discretionary account investment	For investment assets entrusted by customers or transferred from trust accounts, invest or transact on behalf of customers in securities, related products or other regulator-approved items according to the analysis and judgment by the company.
Private-equity fund	Raise mutual funds from specific parties in private, which are then utilized Taishin Investment Trust's professional team for investment in securities and related products.
Offshore fund sales	Distributing offshore funds that have been approved by the authority to offer in Taiwan.

4. New products (service) under plan

Taishin SITC will continue to broaden its domestic and overseas product line, introduce quality offshore funds, and enhance electronic trading services particularly with regards to efficiency and security. Based on the blueprint of "take root on new China and deep-cultivate new economy," the company will dedicate to "the discovery of new value and creation of new fortune" for clients, with the goal of capturing global market trend, asset allocation, and pension funds, so as to create a quality brand, worthy of the trust of investors and the support of business partners.

b. Business plan of the current year

1. Offer premium fund selections and increase AUM

Enrich the existing portfolio of Taiwan equity funds and Greater China series, while in the meantime develop product lines in other overseas markets. Combine research resources to deliver consistent long-term returns. Focus on increasing the AUM of non-monetary funds and improving the company's business performance.

2. Enhance customer management and reinforce business partnerships

Promote product awareness through the use of marketing and advertising campaigns. Apply effective relationship management and provide customers with better financial services, and in the meantime strengthen collaborative relationships with banks, securities firms and other business partners.

c. Industrial status

There are 39 securities investment trust firms in Taiwan. As of the end of December 2022, there were 1,016 mutual funds, and the total investment was NT\$ 4,856.7 billion. There were 632 discretionary investment services contracts investing a total of NT\$2,330.8 billion. There were 75 private equity funds investing a total of NT\$32.4 billion.

d. Research and development

Taishin Securities Investment Trust launched the Taishin Fallen Angel High Yield Bond Fund in Sep 2022 and the Taishin Future Health Fund in Oct 2022.

The existing research management team oversees the domestic equity division, the Asia Pacific equity investment division, the financial product division, the fixed income division, and the discretionary management division. The research management team and the fund managers have extensive experience in research, including global economic conditions, investment strategies, and domestic/foreign equity and bond markets.

e. Short and long-term development plan

Taishin SITC focuses on customers, talents, products, performance, and brand in its management, with the goal of becoming a quality brand with the trust of investors, the support of business partners, loyalty of employees and shareholders, and the compliment of social public.

1. Short-term development plan

Maintain the stable performance of mutual funds, continue to expand the scale of mutual funds, so as to obtain the qualification for undertaking the outsourced operation for government funds and increase the number of customers.

2. Long-term development plan

Work actively to increase market share and assets under management; issue new funds with growth potential to strengthen asset allocation capability and continue to extend brand reach and increase recognition.

Taishin Securities Investment Advisory Co., Ltd.

a. Business Scope

1. Business contents

Provide R&D resources to the financial holding company and subsidiaries.

2. Business Segment

In 2022, consulting fee of the Research Department accounts for 98% of the company's total revenue, while the other incomes generate the remaining 2%.

b. Business plan of the current year

Given Taishin Holdings and its subsidiaries rely on research insights when formulating business strategy, the research department will continue to follow long term objectives of Taishin Holdings as a whole and start adjusting and expanding its organization as well as its scope of business.

c. Industrial Outlook

Securities investment advisories are usually subsidiaries of securities companies and offer a line of services limited to securities research. Tradition securities investment advisories are seeking falling sales. Taishin Investment Advisory has transformed itself into a think tank for Taishin Holdings. Its clients now include the entire financial holding company and its subsidiaries. It provides a wider range of services and has a greater potential and flexibility for future growth.

d. Research and development

In accordance with the overall business expansion of Taishin Holdings and its subsidiaries, the company actively research and develop related services to fulfill the various business solutions and requirements.

e. Short- and long-term business development plans

1. Short-term development plan

Support short term business needs of Taishin Holdings and its subsidiaries, supply relevant research reports and information in a timely manner, and increase or adjust the size of research teams as needed.

2. Long-term development plan

Given Taishin Holdings and its subsidiaries rely on research insights when formulating business strategy, the research department will follow the long term objectives of Taishin Holdings as a whole and start adjusting and expanding its organization as well as its scope of business.

Taishin Asset Management Co., Ltd.

a. Business scope

1. Business contents

The company's major business items include the purchase of money-debt claims from financial institutions, the appraisal and auctioning of money-debt claims of financial institutions, and the management of money-debt claims and overdue accounts receivables for financial institutions.

2. Business mix

The company focuses on the purchase and disposal of money-debt claims from financial institutions.

b. Business plan of the current year

1. Bid for whole-package bad-debt claims of financial institutions.
2. Negotiate with peers on a case-by-case basis for the purchase of bad-debt claims.
3. The company will be eyeing to buy foreclosed properties in Taipei City and New Taipei City at discounted prices, and invest small sums to improve property conditions before selling at a profit.
4. Following the amendment of the Regulations Governing Sales of Non-performing Loans by Financial Institutions by the FSC in August 2015, the Company lifted the 3% limit on the average nonperforming loan ratio for sales of debts from default of construction work-in-process, and started assessing appropriate investment options.
5. Following the correction of business principles under the FSC letter issued in December 2017, the Company made better use of existing real estate and sold a portion of the holding to realize profits.
6. Following the correction of business principles under the FSC letter issued in December 2017, the Company complied with the government's urban renewal policy, and injected cash into entities carrying out urban renewal projects and handled debt consolidation and advances in urban renewal projects or rebuilding of dangerous old buildings or so-called sea sand buildings.
7. Following the second amendment of the Operations Principles dated May 24, 2019 by the FSC, the interpretation of "government agencies" is loosened to include all government agencies, state owned enterprises, public enterprises, and state funded foundations. For AMC, besides the Urban Renewal Act, it is added that acceptable implementers or builders under the Statute for Expediting Reconstruction of Urban Unsafe and Old Buildings would be permitted to make capital injections and real estate purchases. Rules are loosened to allow purchases of land involving the need for property right consolidation and buildings and other rights on land if there are clear difficulties to make value added use of real property held by AMC.

c. Industry status

Asset quality improves in the domestic market for nonperforming loans as profits rise for banks. The NPL ratio remains low (at an average of 0.23% in November 2019) for domestic banks. Sales peaked at NT\$236.8 billion in the domestic market for nonperforming loans in 2007. Sales dropped further to NT\$9.3 billion in 2013. Market conditions became even more challenging when in May 2013, the Financial Supervisory Commission issued a restriction that only financial institutions with an over 3% NPL ratio would be allowed to sell nonperforming loans. In August 2013, the FSC made another announcement that corporate debt were to be treated in the same manner as non-corporate debt and would not be allowed to be sold to third parties. The FSC also required asset management companies to renegotiate borrowing terms with debtors according to the Statute for Consumer Debt Reform. As a result, sales dropped sharply from NT\$900 million to NT\$600 million between 2014 and 2017. It is clear the domestic market for nonperforming loans has shrunk. Limited access to viable investments and lower returns on investment threatened the survival of the asset management companies (AMCs).

With adverse conditions such as a sharp decrease in nonperforming loans released by financial institutions and regulatory restrictions in recent years, competition among AMCs will grow ever more fierce and the business will be more difficult to manage. Nevertheless, since it introduced the Luxury Tax in July 2011, the Central Bank's limit on construction loans and interest rates, the Mansion Tax, the House Tax and the consolidated housing and land tax in 2015, the government has been able to deter speculation in the real estate market. Trade volume reaches historic lows while it is apparent that the interval between new projects lengthens, sales of existing property remain stagnant, and construction companies start lowering profits. Property investors have left the real estate market, leaving more opportunities in court-auctioned properties. Meanwhile, anticipation of effects of interest rate hikes in the United States and deteriorating cross-strait relations will start rippling through Taiwan's economy. Housing prices going gradually but steadily down in the housing market may result in projects of small developers becoming nonperforming debts. Taishin Asset Management will follow up closely on market changes.

Given the Operations Principles in August 2015 still imposed quite a number of restrictions, AMCs under financial holding companies kept lobbying the FSC, and the FSC, as a result, amended said Operations Principles again in December 2017. The new Operations Principles allow investment in government property for sale in addition to real estate made available through court auctions. In addition, to facilitate completion of urban renewal projects in Taiwan, the government now allows AMCs to inject cash into entities carrying out urban renewal projects involving general real estate, instead of only into those involving real estate owned by the same group. Furthermore, AMCs are allowed to handle debt consolidation and advances in urban renewal projects or rebuilding of dangerous old buildings or so-called sea sand buildings.

The FSC amended the Operations Principles above again on May 24, 2019. The interpretation of "government agencies" in the original rule, which allows AMCs to invest in assets sourced from court auctions and public offerings by government agencies, is loosened to include all government agencies, state owned enterprises, public enterprises, and state funded foundations. For AMC, besides the Urban Renewal Act, it is added that acceptable implementers or builders under the Statute for Expediting Reconstruction of Urban Unsafe and Old Buildings would be permitted to make capital injections and real estate purchases. Rules are loosened to allow purchases of land involving the need for property right consolidation and buildings and other rights on land if there are clear difficulties to make value added use of real property held by AMC.

In 2023, the combination of the government's campaign to fully implement the Statute for Expediting Reconstruction of Urban Unsafe and Old Buildings, the prevailing presence of old apartments with no elevators, and a general desire for safe dwelling will fuel the reconstruction momentum. AMCs can expect profit growth in unsafe and old building reconstruction projects in the near future.

However, COVID-19 variants started appearing in other countries and the number of cases remained high in Taiwan. Meanwhile, the government raised the minimum mortgage down payment and the consolidated housing and land

tax 2.0 came into effect on July 1, 2021, so the period of higher tax rates for short-term transactions will be extended. With prices of construction materials having risen by 30% or more, and the central bank continue to raise interest rates (62.5BP during 2022.03 to 2022.12), case selection and cases involving urban regeneration or dangerous old buildings will require more caution and care.

d. Short- and long-term business development plans

1. Short-term development plan

(1) Bidding for bad-debt claims

- A. Continue handling bad-debt claims purchased from Taishin Bank (for both wholesale banking and retail banking bad-debt claims).
- B. Continue handling bad-debt claims purchased from Kuo Hua insurance (mainly for consumer banking and insurance debt claims)
- C. Continue handling of bad-debt claims purchased from Standard Chartered Bank (for both wholesale banking and retail banking bad-debt claims)
- D. Continue bidding for bad-debt claims with peers in public bidding (for both wholesale banking and retail banking bad-debt claims)
- E. Purchase bad-debt claims via negotiation and cooperate with private AMC firms for individual cases, an arrangement enabling the company to have easier grasp of the capital planning, risk assessment, and investment cases via participation in the selection of cases.
- F. Purchase claims to non-performing loans secured by plots of land in greater Taipei and expand land development business via arrangement of debt claims.
- G. Consulting services in debt consolidation and nonperforming loans for nonperforming syndicated loans or companies in financial distress.

(2) Bidding at foreclosure auctions

Bid at low prices for items at foreclosure auctions that are the result of bad debt from financial institutions in the Greater Taipei area and resell for profit after processing the ownership and the property.

(3) The Others

Regulations Governing Sales of Non-performing Loans by Financial Institutions by the FSC in August 2015, the Company lifted the 3% limit on the average nonperforming loan ratio for sales of debts from default of construction work-in-process, and started assessing appropriate investment options.

2. Long-term development plan

(1) Urban renewal and advance services:

Following the correction of business principles under the FSC letter issued in May 2019, the Company complied with the government's urban renewal policy, and injected cash into entities carrying out urban renewal projects and handled debt consolidation and advances in urban renewal projects or rebuilding of dangerous old buildings or so-called sea sand buildings.

(2) Corporate restructuring and consulting services:

Consulting services in restructuring, debt consolidation, and nonperforming loans for nonperforming syndicated loans or companies in financial distress.

Taishin Venture Capital Investment Co., Ltd.

a. Business scope

1. Business contents

(1) Value Creation

Based on the spirit of venture capital and risk control, Taishin Venture Capital aims to seek long-term capital gains and take short-term cash management into account by establishing multiple industries and balancing investment portfolios at the investment stage.

In addition to direct investment, Taishin Venture Capital also participates in domestic and foreign venture capital funds to link external resources and expand investment analysis capabilities.

(2) Financial integration

Venture capital plays a pioneering role in wholesale banking services. Venture capital companies first discover potential start-up companies, then commercial banks provide financing, and securities underwriters provide TWSE/TPEx listing services, so that the synergy and integration benefits of financial services can be brought into play.

b. Business development plan of the current year

The company was incorporated in late September 2003 with a capital of NT\$1 billion. To create a sound financial structure, the company underwent capital reduction in 2010 to make up for NT\$180 million in accumulated losses. It subsequently made cash issues for NT\$800 million, NT\$600 million, and NT\$1.11 billion in 2011, 2012, and 2014, respectively. To improve its financial structure, the company made cash issues for NT\$1.2719 billion and NT\$3.529 billion, and underwent capital reduction to make up for NT\$592 million in accumulated losses in 2018. The capital reduction recovered NT\$3.329 billion in share capital. From 2020 to 2022, capitalized earnings amounted to NT\$1.459 billion, and by the end of 2022, paid-in capital amounted to NT\$5.668 billion.

The company reported an income of NT\$4,020,306 thousand and after-tax profit of NT\$3,921,656 thousand in 2022. The return is attributed mainly to gains on valuation of financial assets at fair value through profit and loss and investment profits recognized using the equity method from subsidiaries.

In 2022, we continued investing in Delos Capital Fund, Delos Capital Fund II, CDIB Capital Global Opportunities Fund, Arm IoT Fund; and started investment in Gogoro Inc. and Delos Capital Fund III, amounting to NT\$370,825,000. The investment projects generated a total cash inflow of NT\$620,164,000, which included NT\$140,222,000 for disposal or liquidation, NT\$437,409,000 in cash dividends, and NT\$42,533,000 in refunds from capital reduction. As of the end of 2022, there are 35 companies in the investment portfolio on the books.

The International Monetary Fund (IMF) report pointed out that the interest rate hike policies adopted by central banks to combat inflation, Russia's invasion of Ukraine, and the rapid spread of the COVID-19 epidemic in China have all had an impact on global economic growth. The IMF predicts that the global economic growth rate this year will be 2.9%, which is lower than last year's 3.4%. The global inflation rate is expected to drop from 8.8% last year to 6.6% this year. However, with a strong labor market, solid household consumption and business investment, Europe's better expected adaptation to the energy crisis, and ease of inflationary pressures, the global economic growth in the next year may rebound to 3.1% and inflation will drop to 4.3%.

Given the many variables in the global economy, the business plan for 2023 will still need to balance risk and return in the pursuit of profits and focus on achieving stable returns over the long term.

1. Financial investment: Carefully select companies with potential and confirm the exit mechanism.
2. Strategic investment: Prudently evaluate the synergy within the group.
3. Cash management: Dispose of listed and over-the counter stocks in a timely manner to realize profits.
4. Cross-unit investment: Integrate cross-unit joint investment projects of the group.

c. Industry Status

The venture capital investment in Q3 2022 hit the lowest level since 2021. Venture capital investment in the Americas fell from \$76 billion in Q2 2022 to \$45 billion in Q3 2022 and Asian venture capital also fell from \$26 billion to \$21 billion. However, although financing transactions in the start-ups industry have become more and more difficult, leading to difficulties in the original financing plan for new start-ups, this will also promote new entrepreneurs to weed out the weak and retain the strong, leaving behind the best in the industry.

d. Research and development

According to market observation, the investment focus of venture capital this year is as follows:

1. Biotech industry: Factors such as population aging, modern health needs, and pandemics have driven investment in this field to a new high.
2. A.I. industry: Based on Taiwan's mature electronics industry supply chain and the development of derived technology applications.
3. Energy industry: Under the government's carbon reduction initiative, this industry is an investment area for sustainable issues that is in line with policies and worthy of attention.

e. Short- and long-term business development plan

Our Short-term strategy will be depending on market conditions to achieve profits. The targets for reinvestment will focus on start-up companies with liquidity and marketable products within 3 years to balance capital gains and cash management.

Our medium-term strategy will combine external and cross-field resources and developing joint investment opportunities by investing in venture capital funds.

Our long-term strategy is to develop cross-unit business synergy through the integration of group resources and to meet the diversified financial needs of the invested enterprises by offering one-stop solution.

Taishin Life Insurance Co., Ltd.

a. Business scope

1. Business contents

Taishinlife operates in life insurance and sells products including life, health, accident, and investment-linked coverage.

2. Revenue breakdown

Premium Revenue

Unit: NT\$ million

Item \ Year	2021		2022	
	Amount	Percentage	Amount	Percentage
Life insurance	16,899	78%	18,885	66.2%
Annuity insurance	63	1%	4,957	17.4%
Health insurance	4,416	20%	4,500	15.8%
Accident insurance	200	1%	193	0.6%
Total	21,578	100%	28,535	100%

3. Products and services

Taishin Life Insurance has been developing three major channels of bancassurance, life insurance consultant and insurance brokerage and agent. Product development will be customer oriented, assisting customers in improving their insurance needs at every stage of their life:

- (1) Bancassurance partners - focusing on interest rate sensitive products, investment linked products, and mortgage life insurance products and meeting the needs of different customers.
- (2) Life insurance advisors - focusing on protection oriented products and need driven and life stage based sales pitches; and assessing potential household risks to be faced by customers in different stages and closing sales by providing a more personalized combination of products.
- (3) Insurance brokerage and agent channel - focusing on interest rate sensitive products and meeting the needs of different customers in this channel.

4. Plans for new products

In preparation for phased adoption of IFRS17, Taishin will be actively guiding modification of channel and product structures. Provided a balance is found between being competitive in the market and achieving the company's financial targets, new product strategies are developed as follows:

- (1) Avoid overconcentration in the product lineup, reduce the percentage of longer-term guaranteed products, continue to plan new investment products and add linking subjects to provide a more comprehensive product line and product content to meet customer needs, and boosting the company's sales momentum.
- (2) Respond to market developments and regulatory changes as needed, expand the range of protection oriented products and optimize the product structure in order to manage risks while staying competitive in the market.
- (3) Provide a wider variety of health insurance products based on the effects of low birth rates and aging populations on society and the economy in order to meet the demands of different customers at various stages of their lives and to enhance the protection provided by life insurance.

b. Current business plan

1. Bancassurance partners

Leverage on Taishin Bank's successful experience in the development of protection-based insurance business to facilitate closer partnerships with financial institutions and increase the number of bank partners, to expand the bancassurance team, and to ensure the staff becomes better trained and provide better service.

2. Life insurance advisors

Accelerate growth of the team of life insurance advisors to expand the organization steadily and improve performance, make more services available through life insurance advisors, and extend the existing training systems and structures with a greater emphasis on improvement.

3. Insurance brokerage and agent channel

Initially, Taishin Life will focus on the sales of interest-sensitive products, strengthen the sales momentum of long-term products, diversify the source of premiums, increase the premium income of renewal, and clearly define the positioning of sales strategy of the products of the insurance brokerage and agent channel.

c. Industry overview

The total life insurance premium was NT\$2,334.4 billion in 2022, down by 21.4%, compared to last year. In particular, the first-year premium was NT\$773 billion, decreased 26.2% from last year; and the renewal premium was NT\$ 1,561.4 billion, down by 18.8% from last year.

Among the NT\$773 billion of the first year premium, sales by each channel were: life insurance company agents with NT\$299.3 billion or 38.7%; bancassurance with NT\$ 379 billion or 49.0%; brokers with NT\$90.4 billion or 11.7%; and others with NT\$4.3 billion or 0.6%.

d. Research and development

Market conditions and product features have been constantly changing in recent years. The strategy will involve active research, customer analysis, and market segmentation that help the company provide innovative and differentiated

products to meet specifically unmet demands. Personalized insurance products will be provided to suit different needs of different channels for different products. Key points of the research and development plan are as follows:

1. Information as a service: constructing strategic information projects and core services as services to support the requirements of new forms of information services.
2. Financial regulatory services system: compliance with financial regulatory services.
3. Digital transition of distribution channels: developing products consistent with both customers' needs and market trends and able to satisfy financial needs of different life stages and help customers live better lives.
4. Intelligent data: building or enhancing the company's data application platform to provide a better customer experience.

e. Short- and long-term business development plan

1. Short-term business development plan

Taishin Life will continue to integrate and leverage on the resources of financial holding to further enhance the Group's overall effectiveness. We will focus on the customer needs and provide diversified products to meet the financial and insurance needs of customers at all stages of their lives. In terms of channel strategy, the Bank will develop multiple channels, strengthen the life insurance consultant organization and enhance the effectiveness, improve the development of the bancassurance channel, as well as accelerate the expansion of the insurance brokerage and agent channel so as to expand our business footprint; In addition, the Bank will continue to optimize our asset and liability management allocation, minimize spread losses, reduce the duration gap, and improve operational performance.

2. Long-term development plan

The customer relationship management strategy of Taishin Bank wealth management services will be used to provide exclusive insurance products and services as well as promotional offers to increase sales. A wide selection of channels makes the buying process easier for customers. More financial institution partners will be added to facilitate long-term partnerships and mutual trust and contribute to fast expansion of the bancassurance business. Suitable products will be developed and provided to be sold through banks. These partnerships will combine both parties' interests and create win-win strategies for both the bank and the insurer.

Life insurance advisors as a channel will be expanded at a steady pace with quality recruits and management trainees. The existing management training program and structure will remain in place while the management's role in recruitment and sales will be increased.

B. Cross-line and joint marketing efficacy

The list of Taishin Holdings subsidiaries contains Taishin Bank, Taishin Securities, Taishin Life Insurance, Taishin Securities Investment Trust, and Taishin Securities Investment Advisory.

Taishin Securities had set up and shared points of sale across 101 Taishin Bank branches since May 2010 and Taishin Life Insurance since Oct. 2021. These shared points of sale conduct cross selling in the branches and are permitted to conduct the following business activities:

a. Securities services:

1. Account opening for securities brokerage business.
2. Acceptance of securities related applications on behalf of third parties.

b. Futures services:

1. Account opening for futures brokerage services.

2. Acceptance of futures related applications on behalf of third parties.

Taishin Bank had set up shared points of sale across Taishin Life Insurance since Oct. 2021. This shared point of sale conduct cross selling in the branches and are permitted to conduct the following business activities

a. Credit card referrals and delivery of cards.

b. Acceptance of applications for banking services.

A business referral system is in place to provide one-stop financial services. The number of active securities accounts opened through the referral system continued to grow in 2020. The business strategy will continue to be customer oriented. Products and distribution channels will be made more aligned with each other in order to satisfy the need for personalization and improve the quality of financial services. The aim is to provide the most suitable products and services when they are needed and achieve optimal synergy in the financial holding group.

C. Market and business status

Taishin Financial Holding Co., Ltd.

a. Market analysis

Built as a cross industry operation, Taishin FHC expects to utilize the resources and integrated services in the group to achieve synergy. There are currently 15 financial holding companies in Taiwan. The market remains highly competitive in relation to its size. The rise of fintech creates challenges for traditional banks in their own business as well as in other industries. As a result, more and more banks are investing resources in the development and application of new technologies. The banks support digital transformation in order to provide financial services that can better meet market demand.

b. Competitive strategy

Taishin FHC's mission is to become a trustworthy, outstanding financial institution with stable growth that provides a full line of financial services for the global Chinese community. The strategy is executed by implementing the following measures:

1. Increase the group's profitability while paying equal attention to risk control: Continue developing strengths of the group, create a complete cross-industry network under Taishin FHC, actively combine resources within the group, and paying equal attention to risk management and business growth, expand the subsidiaries to create multiple profit drivers.
2. With regard to banking, perpetuate existing advantages, such as the number of digital accounts and the auto loan, credit card, syndicated loan, and securities underwriting businesses to maintain a leading position while trying to leap ahead. Create new strengths in the emerging area of FinTech through digital transformation of the group.
3. Implement IT infrastructures, optimize the group's IT resources, construct an IT system that supports business growth, and make full use of new technologies to create new business models and opportunities to secure leading positions in the market.
4. Develop a full range of risk management capabilities, and ensure the three lines of defense and employee training are effective. Improve risk management capabilities on an ongoing basis. Develop optimal infrastructures and human capital for different business areas through system upgrades, talent recruitment and retention, and process improvement.

c. Competitive niches

1. Integrated channel

Taishin Financial Holding co., Ltd. puts under its auspices various subsidiaries, including Taishin International Bank, Taishin Securities and Taishin Investment Trust / Investment Advisory boasting different kinds of sales channels, whose integration can cover different client groups and offer more service points for the provision of related financial consulting.

2.Provision of plural products

Customers have needs for different products in different life stages. It makes product differentiation one of the essential elements of competition. Customer centric has always been one of Taishin's requirements. The use of big data to identify customer needs, product diversification, and one-stop shopping save time for customers while satisfying the demand for service quality.

d. Favorable and unfavorable factors for development outlook

1.Favorable factors

- (1) The Taishin Bank wealth management brand delivers excellent performance that has received many local and international awards.
- (2) Taishin FHC supports innovation and takes a flexible approach to business development. The group stays constantly alert to market developments, and its business strengths are widely recognized.
- (3) The full line of banking and securities products is offered with service quality and efficiency.
- (4) Richart continues to lead the market in the number of customers. It is also able to provide a series of much needed digital banking services and innovations.

2.Unfavorable factors

- (1) There are 16 domestic financial holding companies, leading to acute competition, especially in view of their homogeneity in product development and packaging.
- (2) Increasing stringent financial regulations are driving up the costs of compliance with AML/CFT regulation.
- (3) The number of offices overseas is relatively small and in need of new additions as well as pioneering and leadership talent for overseas businesses.

Taishin International Bank Co.,Ltd.

a. Major products and services and location

The bank's major business items include deposit reception, loan extension, export/import foreign exchange, foreign-currency deposits, discount of negotiable instruments, currency conversion, guarantee, surrogate collection/payment, custody, trust, credit card, trading in derivatives, brokerage of short-term commercial paper, brokerage of short-term bills, securities trading, certification and underwriting, factoring, securities investment and underwriting, offshore banking, the issuance of financial bonds, wealth management and buy(or sell) gold or silver business.

Since its establishment, the bank has been constantly expanding business items and operating network, actively exercising the intermediary role for the supply and demand of funds in the society, so as to support economic prosperity. Regarding business network, the bank has set up branches in major cities in Taiwan, the bank boasts 101 domestic branches and has been actively establishing overseas units, in compliance with the trend of financial internationalization, including offshore banking unit, Hong-Kong branch, Singapore branch, Tokyo branch, Brisbane Branch and Labuan Branch, testifying to extensiveness of its service network.

b. Future supply and demand

In 2022, the pre-tax profit of Taiwan's three financial industries was NT\$479.8 billion, a year-over-year decrease of 48.7%, hitting a new low since 2014. The main reason can be attributed to the fact that the insurance industry was hit by three major unfavorable factors, including the sharp increase in interest rates by the FED, financial market shocks,

and the storm of pandemic prevention insurance claims. The annual pre-tax profit turned from NT\$411.1 billion in 2021 to a loss of NT\$18.6 billion. Among them, the pre-tax profit of the life insurance industry was NT\$171.9 billion, a year-over-year decrease of 55.8%, while the property insurance industry set a record loss of NT\$190.5 billion. The banking industry, on the other hand, due to the synchronous expansion of lending and net interest margin, drove the pre-tax profit of NT\$432.1 billion, an increase by 12.1% year-over-year, hitting a record high. Due to the thin trading in Taiwan's financial market, the securities and futures industry's pre-tax profit was NT\$66.3 billion, a decreased of 52.2% year-over-year. In terms of Taiwan's Central Bank policy, in the face of global inflationary pressures, the monetary policy also became tighter in 2022, and the interest rates were raised simultaneously following the global central banks; it is expected that the global inflation rate may have a chance to decline slowly in 2023, and considering the slowdown of domestic economic growth momentum, it is expected that Taiwan's Central Bank may gradually turn its monetary policy to a neutral position if inflation conditions permit.

c. Business goals

Looking forward, we will commit to achieving the goals of our existing business activities while pursuing environmental sustainability (E), social inclusion (S), and outstanding corporate governance (G), all in accordance with the principle of "rigorous risk management, integrous law abidance, and aggressive expansion", while supporting government policies and complying with applicable regulations. Our business strategies and plans include: Taking advantage of the resources of Taishin FHC and ensuring that both risk control and business growth are greatly accounted for, we perpetuate existing advantages—such as the number of digital accounts and the auto loan, credit card, syndicated loan, and securities underwriting businesses—to maintain a leading position while trying to leap ahead. We shall continue to improve our ability in risk management, implement the principles of risk management and fair customer treatment, and dedicate ourselves to balancing business development and risk management. We will also construct IT infrastructures that facilitate business growth, and create new strengths in the emerging area of FinTech through digital transformation and information transformation. We actively invest in digital banking, increase the market share of Richart, support green energy and sustainability through lending, and assist in the development of the low-carbon transportation, circular economy, and renewable energy industries, as well as continue to expand overseas and develop international operations with a focus on Asian countries and Chinese communities around the world.

d. Favorable and unfavorable factors for development outlook

1. Favorable factors

(1) Wealth Management

- A. A growing range of big data applications helps with monitoring market trends and understanding customers' needs.
- B. The pandemic has accelerated the digital transition. Technology is utilized to combine virtual channels and real branches, thereby enhancing the advantage in customer relationship management and make the processes more efficient.

(2) Retail Banking

- A. Changes in consumer behavior facilitate the vigorous development of online activities and services.
- B. Taking the ecosystem approach contributes to customer solicitation across different industries, and expands channels for customer acquisition.
- C. In response to the development of digital banking, we are committed to using new technologies (such as blockchain, big data, etc.) and developing digital service platforms, and strengthening information security to improve service efficiency.
- D. Apart from steady growth of the existing customer base and the newly acquired Richart customers, Taishin Bank utilizes an extensive network of real-time online/offline communication channels, supported by big data based segment analysis, to increase precision marketing and penetration of consumer banking products.

- E. The government continues to promote digital finance (such as the Open Banking API, My Data, digital platforms connecting to the government's data, etc.), which enhances the efficiency of online loan applications.
- F. By combining our ecosystem experience with the complete services and products of Taishin FHC and working with leading brands of industries that have the potential for development to build financial scenarios, we develop new customers through cross-industry collaboration.
- G. The COVID-19 pandemic has accelerated the digital transformation of various industries. In order to further cement member loyalty, merchants are actively promoting membership apps that integrate payment functions. Strong retail channel operators are also developing their own electronic payment platforms and encouraging consumers to use them.
- H. Demand for overseas spending will increase significantly in the post-pandemic era.

(3) Digital Banking

- A. Implement effective agile development to enable the bank to launch new financial services ahead of competitors.
- B. Build on "customer experience" and have open platforms and cross industry partners bring in new products and services in a way that reduces costs and responds more quickly to market demand.
- C. Taishin Bank has obtained multiple utility patents for the following services or functions: savings credit card, pre-login preview, card-less cash withdrawal, shake-and-transfer, transfer-as-you-like and one-stop transfer, optimized small-sum product loan application procedures, simplified ID authentication mechanism for customer service chatbot, payment platform integration, and personal loan application system without proof of income. These patented services and functions have been integrated into the everyday life of consumers to build scenario-based banking.
- D. Combine AI and biometric identification technologies to develop facial recognition for services such as opening an account, making a payment, withdrawal or transfer, identifying VIP in branch and making payments by facial recognition. Achieve the vision of complete digital banking.

(4) Wholesale Banking

- A. Given the ongoing liberalization and rapid economic growth of Asian emerging markets, there is going to be substantial growth in demand for overseas banking services.
- B. With an outstanding corporate Internet banking platform, we provide integrated cash flow collection & payment transfer to our customers.
- C. The government encourages financial institutions to adopt new technologies and expand overseas, both of which contribute to the scope of business.

(5) Financial Market Services

- A. As the revenue of Taiwan-invested enterprises grows, the need for hedging increases.
- B. Utilizing the resources of the head office to capture business opportunities overseas, build up a presence in overseas markets and develop closer relationships with local customers.

(6) Trust Service

- A. The competent authority is actively supporting the digital finance policy. The younger generations are having more influence and depending more on social media and digital devices, leading to the growth of automated channels and a higher frequency of self directed investing.
- B. In an increasingly diverse and aged society, the development of retirement trust is aided by the Trust Association's "Elderly and Handicapped Persons Property Trust Evaluation and Incentive Measures" campaign in support of government policies.

- C. To help companies retain talent, the government has amended the Company Act and related regulations to expand eligibility for employee benefits and encourage the demand for employee welfare trust.

(7) Insurance Broker Services

- A. Following the rise of fintech, Taishin Bank is investing in the development of fintech and online insurance enrollment services. Meanwhile, young people's internet and digital device dependence makes it easier for Taishin Bank to develop and manage digital channels.
- B. The aging population presents a massive opportunity in the retirement market and creates favorable conditions for protection oriented products and annuities (including traditional and investment-linked insurance products).

2. Unfavorable factors

(1) Wealth Management

- A. Competing banks and online banks compete on price, and any success of Taishin Bank can be easily copied.
- B. A platform system must be developed to compute and store new data and large volumes of data, which in turn causes an increase in resource input and a dramatic increase in demand for skilled talents who possess data application capability. However, recruiting skilled workers is difficult.

(2) Retail Banking

- A. The pandemic has repeatedly affected the recovery of the industry, and the risk of bank lending has increased.
- B. The physical bank/online-only bank price competition and the success of Taishin Bank can be easily replicated.
- C. Interest rate hikes, inflation, and war have negatively affected the growth and outlook of the economy.
- D. The rise of fintech and purely online banks will bring diversity into payment scenarios while inducing changes in the mutually dependent relationship between merchants and financial service providers. The cost of competing against other banks will rise and eat into a bank's income.

(3) Digital Banking

- A. The entry barrier to copying financial services is low and the sandbox policy for the banking sector is still in the early stage. There has not been much major development in the area.
- B. There are currently a large number of payment programs (e.g. NFC, barcode, bluetooth, voice recognition, and biometrics) and the product life cycle is getting shorter. It is not yet clear which will become mainstream in the future, and so more resources have to be invested in IT development and marketing.

(4) Wholesale Banking

- A. Over-banking status, homogeneous traditional financial products are difficult to create high profits.
- B. The bank still has only a few branches overseas; its global network remains sub-optimal.
- C. Financial supervision has become more stringent than ever. The implementation of Basel III accord will put further strains on the bank's capital and liquidity. All of which present added costs and risks.

(5) Financial Market

- A. Both stock and bond markets are peaking, which makes investing tricky and creates challenges in making profits on financial products.
- B. Financial supervision has become more stringent than ever. The amended regulations on derivative products and tightened rules on KYC and product suitability impose restrictions on product sales.

(6) Trust Service

- A. Products are highly similar with little differentiation. Competitors continue to open more overseas branches to gain larger market shares.
- B. The demand for financial professionals will continue to grow while the cost of training and employee turnover will be higher.
- C. The global economy is near the end of its growth and has started to slow down. Constant changes in the U.S.-China trade relationship and the geopolitical outlook for Europe and uncertainties over the monetary policies of major central banks both contribute to greater volatility in the international financial markets and challenges in investing.
- D. Structured trust and employee welfare trust services cannot be offered without an investment of trained professionals and systems, but generate limited fee income in the face of fierce competition.

(7) Insurance Broker Services

- A. In the interest of stable insurance operations and in anticipation of the adoption of IFRS 17, valuation interest rates are expected to stay low in the long term. Apart from potential premium hikes and lower customer interest, much less attractive endowment insurance products will make it harder to sell endowment insurance, which will push the bank to complete product transformation and make salespersons better professionally trained.
- B. For better consumer protection, insurance regulations are becoming increasingly rigorous. In addition to expanding the list of products requiring recording of the sale process and lowering the minimum age requiring recording for unit linked insurance products, a telephone interview on the source of funds is now also required. Such interviews create a complicated policy application process, and make customers less willing to include such products in their portfolios.
- C. Digital technologies are advancing by leaps and bounds. To stay ahead in the digital insurance business, one needs a large-scale replacement or upgrade of existing systems.

Taishin Securities Co., Ltd.**a. Major products and services and location**

The company's services target domestic and overseas institutional investors and general investing public. As of the end of 2020, the company has a total of 12 offices. Furthermore, the company has set up cross-selling in 101 Taishin Bank branches in Taiwan. In particular, there are cross-selling offices in 19 branches. These offices make it easier for customers to open or close securities accounts or change personal information.

b. Future supply and demand**1. Market overview**

As of the end of 2021 there are 65 headquarters of securities dealers, 801 branches, a total of 886 brokerage service locations, and 35 securities dealers that have been approved for margin trading and short selling of securities by the Securities and Futures Bureau of the Financial Supervisory Commission of the Executive Yuan.

2. Market supply

Support the government's policy of allowing foreign companies to apply for listing and financing in Taiwan. Securities underwriting is expected to have large growth potential. Following deregulation of foreign securities trading, the government continues to promote expansion of the capital market. Introduction of a strings of new type financial products and strong growth in the ETF market are contributing to a heated new issue market. Meanwhile, fast growth in e-commerce coupled with trends such as fintech, smart financial planning, and

blockchain are creating a wider variety in securities business development and financing options. Securities firms will be able to provide one-stop services for their customers. The securities market will work more efficiently, and its size will rise significantly.

3. Market demand

Both domestic and foreign companies will have a greater need for direct financing as the capital market becomes more efficient with a greater range of features. Financed interdisciplinary mergers will become more commonplace. Meanwhile, the public is paying more and more attention to investing as they travel on the information superhighway and become better educated with easier access to a wider range of investment vehicles. The combination of a recovery economy and the government's policies in favor of the stock market also encourages consumers to invest and invest more in foreign vehicles. The demand for securities trading services, foreign investment sub-brokerage, and financial consulting services for medium- and large-sized enterprises will continue to grow.

c. Business goals

As an integrated securities firm, Taishin Securities engages in such businesses as brokerage, dealership, underwriting, and investment banking, and provides a complete electronic trading platform with complete functions. It combines the resources of the financial holding company and utilizes near 100 banking channels, to provide investors allround and pluralized financial wealth-management service. It offers pluralized tailor-made financial products to meet the different needs of customers.

Regarding brokerage services, the offices will continue to provide better offline services, and strengthen the existing securities, futures, sub-brokerage, and non-restricted purpose loan services. Meanwhile, the range of services available at the cross-selling offices in Taishin Bank will continue to be expanded in order to create the best offline service. In addition, the in-house electronic trading platforms and online services will be optimized on an ongoing basis to make better omnichannel services.

With respect to the underwriting business, the operation brings together the resources under the financial holding company in an active effort to secure as many domestic underwriting cases as possible while exploring opportunities overseas by attracting more foreign companies to participate in the capital market in Taiwan. The aim is to develop Taishin Securities into a financial service platform that offers premium services, a diversified range of businesses, and high added value.

Regarding corporate mergers, life is slowly returning to normal as many countries work hard to vaccinate the population. Momentum is also slowly building in the markets. To gain strength quickly, companies not only engage in conventional horizontal and vertical mergers to expand their in-house technologies and produce lines, but also form interdisciplinary alliances to create new opportunities in innovation-driven transformation. Through enhanced cooperation and interaction with the investment, industrial and financial consultant sectors at home and abroad, we will explore potential customer needs, provide consulting services such as operational asset restructuring and organizational recreation, corporate M&A, financial planning, and privately offered fund investment, explore business opportunities of industry consolidation or delisting that may be brought about by the bear market, and develop M&A needs of growing/mature industries and second-generation succession enterprises.

In terms of derivative trading, Taishin will focus on risk management and build on the combination of an established financial holding company brand and professional financial engineering capabilities to create low-risk income from arbitrage, product launches, and market-making services. The company will follow a set of clearly stated and strictly-enforced market strategies and the quality of market making while adhering to the principles of good faith in offering consistent issue prices and reasonable spreads and quotes. Hedging strategies will include the use of big data analytics, financial engineering theories, and statistical tools to identify reliable market information and hedging benchmarks.

d. Favorable and unfavorable factors for development outlook

1. Favorable factors

- (1) Integrate the resources of the financial holding company to manifest brand value and upgrade overall competitiveness.
- (2) The growing electronic payment market makes the influence of mobile securities dealers more extensive.
- (3) The financial holding group now offers a vastly diverse range of products that can be cross-sold to provide customers the ultimate one-stop shopping experience.
- (4) The Taishin brand as an underwriter is well known in the market and sufficiently strong to turn negotiations in the brand's favor.
- (5) Positive relationships with important large enterprises facilitate access to customized, well-rounded investment banking services.
- (6) Government policies tend to adopt an open stance, and the regulators are leading the way to drive business growth.
- (7) With equal emphasis on all sectors, electronic, traditional manufacturing, and startup industries have come to grow at similar rates, which contribute to development of underwriting services in Taiwan.
- (8) As the market becomes increasingly competitive, companies are under extremely high pressure, and the number of mergers is on the rise.
- (9) Financial engineers more skilled than those employed by competitors can achieve greater speed and accuracy in backtesting and simulation of trading strategies.
- (10) There is a relatively high barrier to entry to sub-brokerage and therefore a smaller number of competitors. Resources from Taishin FHC will facilitate growth in the sub-brokerage business.
- (11) The concept of co-marketing operations is ahead of the industry (financial holding), and the expansion of cooperation is conducive to introducing customers with the resources of financial holding company.

2. Unfavorable factors

- (1) The existence of cutting the price aggravates the competition and affect the space of securities firms for survival.
- (2) Merger clients are not easy to find, and competition for private equity projects is fierce.
- (3) Local enterprises lack awareness on the role of professional investment consultancy, making it difficult to market such services.
- (4) The market lacks investment banking talents, especially those with experience.
- (5) Large domestic enterprises appoint talents cultivated internally for domestic mergers, reducing business possibilities.
- (6) Most enterprises across all industries nation-wide are focused on developing their information technology(IT) infrastructure, increasing the demand for IT talent and making its recruitment difficult.
- (7) The competitive environment with a large amount of trading information increases the construction and information costs of various systems.

3. Response measures

- (1) Utilize the bank's extensive channel to transfer quality and high-net-worth clients, to extend the reach of business scope.
- (2) Creating a differentiated e-trading platform to provide more accurate, real time mobile transactions.
- (3) To expand brokerage operations, the company will continue to extend the cross-selling partnership with Taishin Bank from offices to points of sale, and explore opportunities in middle class investors.
- (4) Continue to build up the sub-brokerage trading system and the digital platform in order to give investors a stable and easy-to-use tool for investing overseas and to establish a strong presence in the sub-brokerage market.

- (5) With regards to underwriting services, the company will be working closely with wholesale banking, investing more in overseas wholesale banking offices and establishing OSUs, and collaborating with venture capital firms to expand the underwriting services in Taiwan and in other countries.
- (6) In response to market demand, special projects will require participation of all hands on board in order to increase fee income.
- (7) Broaden distribution channels local and abroad; increase the company's capacity to undertake cases.
- (8) Large enterprises and private equity networks are within the main scope of business, so it is necessary to actively make contact with popular domestic private equity funds to get the chance to serve as financial consultant for international mergers and funding, and long-term consultant for acquired subsidiaries, as to open up a new market space.
- (9) The Capital Market Department will engage the Research Department and Corporate Department in organizing forums and seminars for greater exposure.
- (10) The company will continue to keep updated on the competent authority's policies regarding deregulation, provide a complete line of products and develop new types of services in order to create a balanced portfolio of stable income sources.
- (11) The company will continue to expand favorable operations and exercise its advantage as a medium sized dealer in responding to market changes.
- (12) Cultivate professional knowhow in relation to major industries and invite experts to engage in exchanges about the current status; and organize regular meetings to increase the frequency of inter-industry discussions and gradually implement projects for cultivating industry experts.
- (13) Enhance the sales capability of diversified products to create product penetration rate of existing customers.
- (14) Cooperate with relevant departments to broaden connections, deepen customer relationships. Focus on developing potential financial consulting opportunities, case execution, and enhancing overall working efficiency.
- (15) Strive for international awards to improve brand reputation and competitiveness in investment banking market.
- (16) Strengthen the resources sharing of financial holding company, diversion mechanism and data analysis application.
- (17) Strengthen the risk control mechanism of the brokerage business.

Taishin Securities Investment Trust Co.,Ltd.

a. Major product and services and location

The company's client base consists mainly of domestic and foreign institutions and investors. The Company has three offices in Taiwan, and has specified money trust and sales agreements in place with banks, including Taishin Bank, Hua Nan Bank, Taiwan Cooperative Bank, Bank of Taiwan, Mega International Commercial Bank, E.SUN Bank, Taiwan Business Bank, Bank SinoPac, Shanghai Commercial & Savings Bank, and Taichung Commercial Bank, and securities dealers, including KGI Securities, Yuanta Securities, and Mega Securities. Combined with agreements to be entered into with many more strong fund distributors in the future, the Company's network will have more than a thousand points of sale across the island.

b. Future supply and demand

Looking forward, Taishin sees plenty of growth opportunities for the asset management business under Taishin Securities Investment Trust thanks to the potential of bond funds and the pension market, and the demand for asset allocation and risk management.

c. Business goals

Taishin SITC's short-term goal includes maintenance of a stable performance, expand the size of non-money market funds to raise, new funds with market potential, and obtain the qualification for the outsourcing operation of

government funds. In the medium and long-term, it will actively enhance market share and management scale, increase fund clients, strengthen capability for assets allocation, and continue expanding the reach and good image of the brand. Taishin Securities Investment Trust takes a cautious, responsible approach to managing assets of its customers.

d. Favorable and unfavorable factors for development outlook

1. Favorable factors

The competent authority keeps introducing policies to facilitate progress in the financial markets and loosen gradually regulations on product design and investment. The trend is beneficial to further development for domestic securities investment trust enterprises and fund products, and, when combined with expected deregulation of the pension market in the future, creates medium- and long-term opportunities.

2. Unfavorable factors

Intensive competition among local securities investment trust enterprises, causing larger firms to dominate the market. To compete with dominant channels and offshore fund issuers, Taishin SITC will respond by building a complete product line supported with disciplined practices and well-trained talents, and aim to increase the size of assets under management in order to achieve sustainability.

Taishin Securities Investment Advisory Co.,Ltd.

a. Major products and services and location

Provide research services to Taishin Financial Holding co., Ltd., Taishin Bank, Taishin Securities, Taishin Investment Trust, and Taishin Life Insurance. (since 2022).

b. Future supply and demand

Given Taishin Holdings and its subsidiaries rely on research insights when formulating business strategy, the research department will follow the long term objectives of Taishin Holdings as a whole and start adjusting and expanding its organization as well as its scope of business.

c. Business goals

Provide research insights to assist the financial holding company and its subsidiaries to form business strategic, launch products with good investment prospects and assist Taishin Financial Holding co., Ltd. and its subsidiaries to expand business.

d. Favorable and unfavorable factors for development outlook

1. Favorable factors

The government promotes the digitalization of financial services and expands the business scope of financial institutions, and encourages domestic financial institutions to develop innovative financial products, cultivate financial professionals, and actively develop wealth and asset management businesses. In the future, it is expected to loosen financial regulations and innovate technologies and products , continue to promote financial business and related research.

2. Unfavorable factors

In response to the rapid changes in regulations and competition in the market, it is essential to enhance our own advantages and innovation capabilities in order to face the challenges and opportunities in the market.

Taishin Asset Management Co., Ltd.

a. Major products and services and location

The company's major business items include bidding for the bad-debt claims of financial institutions in Taiwan, subjecting them to management and restructuring, and disposing of them within reasonable time, so as to attain maximum returns.

b. Future supply and demand

With realty-mortgaged bad-debt claims having been mostly released, assets management companies have gradually switched their bidding targets from corporate-debt claims to consumer-debt claims. Due to the gradual shrinkage of the domestic market scale, quite a number of foreign peers have transformed their operations or exit the domestic market, with some peers having begun to sell the bad-debt claims they purchased. The trend has led to the emergence of secondary-market trading, facilitating the division or combination of single or small bad-debt claims, conducive to the disposal of bad-debt claims and enhancement of investment returns.

c. Short-/Long-term business

In addition to continuing purchase and disposal of nonperforming loans, Taishin will target NPLs secured by building sites in Greater Taipei, and expand the land development business through debt restructuring. Meanwhile, in response to market changes, Taishin will actively bid for consumer bad-debt claims and at courthouse foreclosure auctions in order to create sources of profit. Furthermore, Taishin tries to make progress in various areas by combining the banking and the securities platforms. The use of abundant funding and a large talent pool to play a role in corporate restructuring will be beneficial to banking and business reform in the country.

d. Favorable and unfavorable factors for development outlook

1. Favorable factors

The company's edge lies in the complete peripheral platforms and abundant resources of the financial holding company, enabling it to help affiliates dispose of their bad-debt claims and gradually develop other assets management businesses along with the business development of the financial holding company and other subsidiaries.

2. Unfavorable factors

Asset management companies in Taiwan compete against each other in a market with a limited supply of bad-debt claims. Apart from fiercely competitive bids, the regulators have been amending the regulatory restrictions in recent years, creating higher thresholds for financial institutions wanting to sell their claims and greater difficulty for investors wishing to acquire suitable targets. Moreover, relatively high market prices mean higher costs for buyers and an adverse impact on profits. Furthermore, since the pandemic is still ongoing and COVID-19 vaccine efficacy is uncertain, all decisions must be given careful consideration.

Taishin Venture Capital Investment Co., Ltd.

a. Major products and services and location

The venture capital fund is used for strategic investment, and, in terms of regions, focuses mainly on Taiwan and regions where Taiwanese businesses may find strategic partners and/or create economic benefits.

b. Future supply and demand

Due to the tightening of the capital market due to interest rate hikes, the valuation of new start-up industries around the world has fallen sharply, making the venture capital industry a buyer's market. Although investors therefore have greater bargaining power, they must carefully evaluate the financial planning of new ventures.

c. Business goals

In terms of the business life cycle, it is expected that no more than 40% of the capital will be invested in companies

in the startup stage, and no more than 60% in companies in the growing stage. The investment industry will focus on medical, data, and green energy sectors, as well as startups in niche markets. In terms of region, investment will focus primarily on companies in Taiwan.

d. Favorable and unfavorable factors for development outlook

1. Favorable factors

The government is signaling more relaxed regulations on private placements while government venture capital is poised to start another round of financing. Under the de-regulation and market development, sustained growth can be expected for the venture capital industry.

2. Unfavorable factors

The main factor affecting investment or not is business cycle, but factors such as the epidemic and inflation will also affect the volatility of the capital market. If investors stay sidelined, it will be unfavorable for new entrepreneurs to raise funds for research and development.

Taishin Life Insurance Co., Ltd.

a. Major products and services and location

Taishinlife operates primarily in the life insurance business, with the bancassurance business, insurance brokerage and agent as well as life insurance consultant as the main channels. They provide customers with innovative products that offer flexibility and high value. The channels also help customers identify suitable insurance products for different stages of their lives. Financial institution partners include Taishin Bank, and many others; Insurance brokerage and agent channel focuses on interest rate sensitive products. We are currently working with more than 10 insurance brokerage and agent companies. Life insurance advisors are spread across 18 offices in Taipei, Taoyuan, Hsinchu, Taichung, Tainan, and Kaohsiung.

b. Future supply and demand

Bancassurance partners as a channel break from the conventional approach that emphasizes saving and instead advise on best products based on market conditions, global financial developments and customers' needs. The product lineup consists mainly of individual life insurance and investment-linked insurance products, whereas the lineup for life insurance advisors consists mainly of traditional long-term protection oriented products. At the same time, we will also complement the allocation of investment insurance in response to the diversified needs of customers. The insurance brokerage and agent business is targeted at major leading insurance brokerage and agent companies that are in line with the Company's strategy to meet the sales demand of the insurance brokerage and agent channel.

Supply and demand and growth potential:

1. Protection oriented insurance products
2. As the birth rate falls and the population ages at a faster pace in Taiwan, it is expected a long term care system will be introduced by the government to raise public awareness of long term care insurance and drive up demand. Therefore, the demand for long term care products will continue to rise.
3. SMEs with insurance needs. A shortened application process will satisfy the unique needs of SME owners and employees.
4. The rapid interest rate hikes recently and the concern about inflation in the investment market have made consumers more prudent about investment products. The interest-sensitive products that emphasize the protection will be the major trend of insurance products purchased by customers as interest rate hikes can increase the demand for protection.

c. Business goals

The five business goals of Taishinlife are

1. Expand bancassurance partners as a channel and increase the market share in bancassurance.
2. Strengthen the life insurance consultant organization and enhance sales performance.
3. Accelerate the expansion of the insurance brokerage and agent channel and enlarge the business footprint.
4. Facilitate global presence, continue to enhance investment performance, and implement ESG in investment decision-making.
5. Make plans to develop a full range of insurance products that help customers live better lives.

d. Favorable and unfavorable factors for development outlook

1. Favorable factors

- (1) The design and features of protection products are always in demand, which makes them a core business.
The competitive advantage in terms of sales comes from a good life insurance advisor's ability to help customers realize their needs.
- (2) The life insurance advisors lead the industry in sales in protection products such as life insurance, retirement products, and health insurance.
- (3) Subsidiaries of financial holding can leverage on the resources of financial holding to enhance the Group's overall effectiveness.

2. Unfavorable factor

- (1) It is still necessary to continue to expand product lines.
- (2) Insufficient integration of IT resources and slow development of digital transformation projects.

3. Response strategies:

- (1) Expand the product lineup with equal emphasis on all product types in order to give customers complete protection
- (2) Strengthen product innovation capabilities and create valuable services
- (3) Combine cross-selling customer lists across the subsidiaries and establish core competencies
- (4) Utilize the company's charity platform so to let insurance work for the public good
- (5) Actively promote IT resources integration to achieve digital empowerment and optimize customer experience

D. Employees of Taishin Financial Holding co., Ltd.

a. Employee information

Base date: Feb. 28, 2023

Year		2021	2022	As of Feb. 28, 2023
Number of employees	Male	4,178	4,304	4,269
	Female	6,279	6,500	6,427
	Total	10,457	10,804	10,696
Average age		39.3	39.6	39.8
Average years of service		8.69	8.68	8.79
Academic qualification	Doctoral Degree	0.1%	0.1%	0.1%
	Masters Degree	19.9%	20.1%	20.1%
	Bachelors Degree	75.5%	75.2%	75.1%
	High school	4.4%	4.6%	4.6%
	Below high school	0.1%	0.1%	0.1%

Year		2021	2022	As of Feb. 28, 2023
Professional certificates held by employees	Trust-related certificates (including supervisors, managers, and sales)	4,116	4,163	4,042
	Basic internal control certification	4,216	4,361	4,280
	Certificate for property insurance representative	3,539	3,517	3,434
	Investment-linked policy representative	2,233	2,126	2,076
	Life insurance representative	4,172	3,927	3,830
	Futures specialist	795	936	906
	Securities investment analyst	44	51	51
	Senior securities specialist	963	1,028	1,000
	Securities investment trust and consulting professional	665	524	504
	Securities investment trust and consulting laws (including professional ethics)	2,128	2,164	2,112

b. Employee training and development

Taishin Financial Holding co., Ltd. has committed resources into talent training to ensure sustainability and growth. In 2022, the company had completed more than 446,033 training sessions across the entire organization, averaging 65.0 training hours per person per year. The following talent training measures have been adopted to maintain the organization's competitiveness:

1. Taishin University

By integrating Taishin University with the CTMS, the company is able to incorporate managerial skill training with general education and other relevant courses, so that each employee may study on their own in a systematically structured course design. This combination achieves a number of advantages such as "learning transparency," "learning variety," and "integrated learning resources."

Furthermore, several digital transformation seminars were held and online courses related to agile project management courses were promoted in 2022 in support of the trends in FinTech and the company's overseas expansion strategies.

2. Talent Inventory Program

Choosing and recruiting different levels of colleagues by the 360 evaluation mechanism and the talent committee, and thereby identify prospective managers for various levels such as MA, AMA and TSP. The identified candidates are then assigned with job duties and goals that help build up skills to their intended positions.

3. Individual Development Program

By analyzing MBO and career goals, the company is able to identify skills that employees' lack. These gaps are then addressed through training, job rotation, mentoring, meeting participation, and project involvement with close guidance from managers. The company has implemented a training account system where each employee is given 10,000 training points to spend each year; furthermore, employees are subsidized for their efforts in gaining professional qualifications, secondary skills, language and computer skills etc, so that their personal goals are congruent with those of the company.

E. Corporate responsibility and ethical behaviors

Taishin FHC, as a financial institution, is devoted to fulfilling its corporate social responsibility. It coordinates and combines resources from its subsidiaries, and has for years been offering support in four areas, which are

charity and welfare, arts and culture, sport sponsorship, and financial education. As a responsible corporate citizen, Taishin FHC tries to give back to the community and to support the disadvantaged.

a. Charity and Welfare

1. "Caring Taiwan" series

Taishin FHC teamed up with the well known shopping website, PayEasy.com by Systems & Technology Corp., and launched the "Caring Taiwan" Project in 2002. The project has reached into Xinyi Township, Zhongliao Township, Yuchi Township, and Guoxing Township and utilized corporate resources to help disaster victims develop local economies. The idea is to teach them to fish instead of giving them fish. Online campaigns advertise local specialties of disadvantaged regions and tourist attractions and call on the general public to purchase local produce and make credit card donations. The project has succeeded in helping to rebuild the disaster areas and establishing a model of corporate citizenship.

In 2008, the "Caring Taiwan" Project extended its reach into rice production in Taiwan. To ensure the continuity of Taiwan's agriculture and the population's access to 100% locally grown rice, Taishin Holdings and PayEasy.com created an innovative platform for the production and marketing of Taiwanese rice. The programs "My One Acre of Farm" for corporations and "My Family's One Acre of Farm" for households helped bring Taiwanese rice into households. They not only provided healthy choices for consumers, but generated income for rice farmers, which in turn created more jobs on rice farms in Taiwan. In total, Taishin Holdings purchased more than 186 units and funded close to 95 hectares of paddy field. More than 10,000 clients and employees consumed close to 323,500kg of premium Taiwanese rice. The total investment reached NT\$35.9 million, which benefited rice farmers and provided excellent advertising for Taiwanese rice.

2. Power of love

The Taishin Charity Foundation was established in 2010. It rolled out the first and biggest public welfare voting activity in Taiwan - "Power of love" campaign. It uses three simple steps: proposal, voting and implementation, to teach non-profit organizations to learn the Internet, Ability to publicize and be accountable. And with the spirit of "give fish to eat, it is better to give fishing rods and teach fishing", set up an innovative model of public welfare assistance. Over the past 13 years, a total of more than NT\$310 million charity funds have been used, benefiting 1,541 non-profit organizations and 4.8 million beneficiaries.

In addition to "Power of Love" campaign, the Taishin Charity Foundation uses its platform to combine and connect Taishin FHC's resources and partners interested in offering resources to organize a string of similarly themed events, including Minority Project, Campus Charity, Charity Art, Power of Love Workshop, Group purchase of festive charity gift boxes, purchases of charity gift boxes, were created to invite charity groups, employees, clients and suppliers to join in expectation of expanding its social influence. The 10th "Power of Love" campaign was certified by the British "Social Value International" SROI report in 2020 with a social return on investment of NT\$5.33 by forecast analysis, and the 11th campaign was certified again with a value of NT\$6.81 by evaluative analysis in 2021 (which means it will generate a social value of NT\$6.81 by every NT\$1 invested by the platform), and it is the first unit in the world to pass the SROI certification by both forecasting and evaluative analysis.

b. Arts and Culture Development

1. Contemporary art

Taishin Bank donated to establish "Taishin Bank Culture and Art Foundation" in 2001, with the theme of "promoting cultural life quality and strengthening artistic-development environment". It supports arts as a nonprofit institution, intensifies exchanges between artistic innovation and private industry, and realizes the corporate social responsibility of payback to the society. The Taishin Arts Award was created by the foundation and rewards modern artistic creativity in various fields in Taiwan that demonstrates growth potential and reflects the society and local cultures.

In the 20 years since the Taishin Art Award was launched, a total of 192 domestic and foreign judges have been invited to select a total of 67 award-winning works and 310 shortlisted works, and 170 nominated observers have

written more than 500 observation reports and more than 1,700 performance reviews. Through the operation of the award mechanism, combined with the promotion of professional art criticism writing, it has become a force that continues to promote the development of Taiwan's overall arts and culture ecology. In addition, through the ARTalks art review network, it not only collects art reviews from important domestic scholars and experts, but also serves as a platform for the public to express their artistic views and dialogues.

In addition, Taishin has been using the first floor lobby of Taishin Tower regularly as an exhibition space for contemporary art since 2006. Due to the COVID-19 epidemic in 2022, the Foundation still presented 4 exhibitions in the lobby, so that Taishin employees, customers, and the public have the opportunity to experience art.

2. Public art

The Lunchtime Concerts, which started in 2006, take place 23 to 24 times a year. In 2022, 25 concerts were originally scheduled, but due to the impact of the epidemic, the performances were suspended in the first half of the year, and resumed from the second half of the year. A total of 13 performances were held throughout the year. Taishin has invested close to NT\$265 million in arts and cultural sponsorships in Taiwan since 2006. The events together attracted 6.16 million participants.

3. Employee arts courses

Employee arts courses have been introduced with themes ranging from art appreciation, theatrical performance, and parental activities, to human culture. In the first half of 2022, physical activities were suspended due to the epidemic, and the "Cloud Gate Dance Theater Online Rhythm" course were offered instead. In the second half of the year, the epidemic slowed down, and 25 events in 6 stages were planned. These arts courses help Taishin employees develop cultural literacy and character, whereas exposure to contemporary arts and aesthetics also inspires creative thinking.

c. Sports sponsorship

Taishin is a long term supporter of sports. Taishin started supporting the Nantou County Youth Karate Team in 2005 (calling upon its customers through PayEasy to join the campaign and raising more than NT\$103.3 million in small donations and receipts). Its sponsorship for female professional golfers reached NT\$100 million in 2011. In addition, Taishin started hosting charity golf tournaments in 2011. The tournaments have welcomed 562 participants and raised more than NT\$20.78 million in total. Furthermore, Taishin started sponsoring a wider range of projects, including basketball, baseball, marathons, and e-sports, in 2017. In 2020, Taishin supported the professional basketball team and title sponsored the "Formosa Taishin Dreamers". Taishin adopts the strategy of integrating public welfare and good circulation, and tries its best to combine sports and public welfare to achieve the highest level of high promotion and deep care. In 2016, 2018 and 2020, it has obtained three consecutive sports enterprise certifications (each certification is valid for 2 years).

d. Academic exchange

Taishin is always keen to get involved in major academic communities with the hope that through communications and exchanges between industry professionals, government officials, and academics sound development of Taiwan's financial sector and the financial market as a whole can be facilitated.

Regarding industry-academia cooperation, since 2011, Taishin has been cooperating with universities, technology institutions and vocational schools to design industry-academia cooperation programs that offer students internships and the opportunity to learn and gain practical experience outside school. In 2022, a total of 490 students were recruited into an internship program. Given the uprise of financial technologies, Taishin has even launched a number of postgraduate internship programs that aimed to explore potential talents in relevant fields such as digital banking, data mining, data analysis and FinTech development.

As part of its commitment to the community and talent development, Taishin offers scholarships and summer internships for National Taiwan University students from financially disadvantaged backgrounds. Furthermore,

followed by the courses on "Financial Service Innovation" in National Taiwan University and "Financial Innovation Master Program" in National Sun Yat-sen University, Taishin started to co-op with Graduate Institute of Finance in Cheng Kung University on the "Industrial Master Program" in 2021, to nurture talents in school and fulfill talent pool in Taishin via the industry-academia collaboration.

e. Environmental protection

1. Energy saving plan

The Company has continued to respond to the "Earth Hour" since 2021. In 2022, the Company, 101 Taishin bank branches, Taishin securities and Taishin Life all participated in the joint efforts to turn off energy-consuming lamps such as neon lights and marquees. The Company implements the Cool Biz campaign for cool summer and light clothing every year, and has expanded the power saving campaign since 2022 to regulate electrical equipment in a long-term basis, including unified control of office lighting and air conditioning opening and closing time, and closing branch ATMs district AC during off-peak hours, consciously deepening energy-saving actions from the inside to the outside. At the same time, according to the net-zero target schedule of The Company, we will continue to carry out routine projects such as green building certification, replacement of old air conditioners and lamps.

2. Carbon emissions from oil consumption

In order to reduce the carbon emissions generated by business travel and commuting, the Company actively promotes the replacement of physical meetings with video conferencing, purchases new hybrid or electric cars for official vehicles, and subsidizes employees to replace old motorcycles with electric scooters. We also evaluate to set up shared scooter battery swapping stations, Youbike parking docks and electric vehicle charging points at each branch to promote green operation and reduce fuel consumption together with the public.

3. Renewable Energy promotion

In 2022, a total of 9 solar power generation sites have been installed. After deducting power sold to Taipower generated by the site of Neihu Building, the remaining 8 sites have accumulated a total of 16,300 kWh of electricity, which can reduce about 8.3 tons of CO₂e greenhouse gas emissions. The Company also uses renewable energy green power and purchases renewable energy certificates to increase the proportion of renewable energy in total power usage.

F. The number of full-time, non-managerial staff, the average and median of salaries for full-time, non-managerial staff, and differences of the aforementioned figures from the previous year

Unit: NT\$1,000; people

Year	2022	2021
Number of People/Amount		
Number of Employees	8,588	7,482
Average salary	1,267	1,300
Median Salary	1,038	1,034

G. IT equipment

a. Key information technology systems

Item number	System name	Content of Service
1	NT\$ core system (B@NCS)	<ul style="list-style-type: none"> ◆ B@NCS NT\$ application system ◆ B@NCS NT\$ reports system ◆ General ledger
2	ATM front end processor (FEP)	<ul style="list-style-type: none"> ◆ ATM front end processor system ◆ Clearing system
3	Integrated database system (ODS)	<ul style="list-style-type: none"> ◆ Operational database system(ODS) ◆ Data warehouse(DW/DM)
4	Sales force automation system (SFA)	<ul style="list-style-type: none"> ◆ Sales force automation system(SFA) ◆ Financial planning system
5	Personal finance (Internet/mobile banking/)	<ul style="list-style-type: none"> ◆ Internet/mobile banking ◆ NT\$/foreign currency transaction inquiries, funds, trust services, credit cards, insurance, shares
6	Digital banking system	<ul style="list-style-type: none"> ◆ Richart digital banking ◆ NTD/FCY transaction inquiry, funds, trust services, and credit cards
7	Trust Investment Platform system (TIPS)	<ul style="list-style-type: none"> ◆ A trading system for funds, ETF, offshore structured instruments, offshore bonds, ADR, and preferred shares
8	Credit card merchant acquiring system (NCPS)	<ul style="list-style-type: none"> ◆ Merchant acquisition of credit card transactions
9	Foreign currency system (WBS)	<ul style="list-style-type: none"> ◆ Limit control, guarantor and collateral management ◆ Import/export/loans/Deposits/ Remittance ◆ Foreign Exchange / Regulatory Media Reporting / Accounting / Deposit / Nostro
10	Image Operation System(IOPS) Credit Mortgage Loan System (CMLS) Credit Personal Loan System (CPLS) Credit Car Loan System(CCLS) Small and Medium Enterprises System (SMES)	<ul style="list-style-type: none"> ◆ TWD(Accounting/Remittance/Application/Account Opening/Receipts/KYC/Transcript CIF update for personal data / branch official document delivery / account opening OCR CIF file), Acquiring franchise store application, overdue debt collection (Court orders/Property/income documents/Transcript of household registration/Overdue debt collection documents) ◆ Credit mortgage loan(includes APP) ◆ Credit personal loan(includes APP) ◆ Credit car loan(includes APP) ◆ SME loan (Obligation documents/Score card review)
11	Factoring management system (OAEFB)	<ul style="list-style-type: none"> ◆ Accounts receivable system
12	Financial markets trading system (Murex)	<ul style="list-style-type: none"> ◆ Financial trading (FX and MM) system ◆ Trading risk control system ◆ post-trade operations for financial markets
13	Structured product sales system (SDS)	<ul style="list-style-type: none"> ◆ DCI/ ELI/ GLI/ FCI transactions ◆ SI transactions ◆ Spot orders
14	Singapore wholesale banking system (SGWBS)	<ul style="list-style-type: none"> ◆ CIF, limit control, guarantor and collateral management ◆ Funding/Spot/Forward/Swap ◆ Import / Export / Loan / Deposit / Remittance / Accounting / Nostro
15	Mobile office	<ul style="list-style-type: none"> ◆ A mobile office based on cloud technology ◆ Software development tools based on cloud technology
16	Japan wholesale banking system (JPWBS)	<ul style="list-style-type: none"> ◆ CIF, Limit control, guarantor and collateral management ◆ Import / Export / Loan / Deposit / Remittance / Accounting / Nostro ◆ Funding/Spot/Forward/Swap

Item number	System name	Content of Service
17	Bankwide anti-money laundering control system (AML)	◆ Anti-money laundering control systems for head office and overseas branches
18	Brisbane wholesale banking system (AUWBS)	◆ CIF, Limit control, guarantor and collateral management ◆ Import / Export / Loan / Deposit / Remittance / Accounting / Nostro ◆ Funding/Spot/Forward/Swap
19	Hong Kong wholesale banking system (HKWBS)	◆ CIF, limit control, guarantor and collateral management ◆ Import / Export / Loan / Deposit / Remittance / Accounting / Nostro
20	Global Digital Corporate Banking Network (gB2B)	◆ NTD/FCY deposit and remittance, collection and payment transfer, wholesale financing, corporate financial planning, broker service, Hong Kong deposit and remittance, and Hong Kong wholesale financing
21	Labuan Branch system (MYWBS)	◆ CIF, limit control, guarantor, and collateral management ◆ Loan / Deposit / Remittance / Accounting / Nostro
22	Credit Card Issuance Authorization System (CCIAS)	◆ The core system for processing of credit card businesses, including credit card issuance, transaction authorization, account settlement, bill payment, bad debt processing, cardholder management, card management, and other functions and services.
23	Payment Processing and Settlement System (APSS)	◆ Application and management of merchants for whom we act as acquirer bank, rates, installments, payment, settlement, and other tasks.
24	e-Merchant and Online Authorization Service System (TSPG)	◆ Cash services for e-stores support the 3DS2.0 authentication and payment page for PC, mobile phone, and app ◆ V/M/J Credit Card/Smart Pay/Union Pay/AE/FISC Bill & Tax Payment/DCC Transaction & Cancellation/Return Transaction & Payment Request/Settlement Service
25	Open Source Mobile Point of Sale P+(APPOS)	◆ Payment: COF (Card On File) ◆ Payment Barcode: Token Payment, First 2-3 Code Merchant Identify Settings, Exclusive Rules, and Barcode Life Cycle
26	New Service Payment System (TSCB)	◆ Provides domestic/overseas payment instrument interfaces
27	Access Control Server One Time Password System (ACSOTP)	◆ Credit/Debit card 3D Online Transaction ◆ Add Credit/Debit Card to International Digital Wallet ◆ Add Credit/Debit Card to TWMP Digital Walle
28	Credit Card Issuance Authorization Direct Connection (CCAUTH)	◆ Credit Card and Debit Card International Transaction ◆ Credit Card and Debit Card International Digital Wallet Transaction ◆ VIP and Warning Bulletin list to VISA & MasterCard
29	Enterprise Application Integration System (EAI)	◆ Provide interconnectivity for telecommunication messages among various systems and applications. ◆ Provide integrated applications for telecommunication transactions among various systems.

b. Future development or procurement plans

1. Apply cloud technology to achieve resource integration; maximum use of IT resources to improve service quality.
2. Assist with construction of IT systems for overseas branches – Singapore and Vietnam.
3. Continue to expand the range of mobile apps.
4. Install automatic application monitoring mechanisms to supervise system performance effectively.
5. Implement a new generation of custodian banking system for enhanced information security management and higher service quality.

6. Expand the socket service in the Trust Investment Platform System (TIPS) to help branches optimize their sales process.
7. Expand use of the personalized real-time computing platform and continue to launch digital channels, such as Richart Life and the official website, to give customers the best personalized experience across channels.
8. Continue to develop the smart form processing system to give customers access to fax transaction services and make the Bank more competitive.
9. Create more functions for the Richart Life app, study payment scenarios in everyday environments, and develop reward points.
10. Proceed to expand the EAI platform for financial information, and expand the capacity and efficiency for processing electronic messages.
11. Continue with the digital banking (Richart) capacity expansion project in order to support the business and membership growth momentum.
12. Implement the Fundamental Review of the Trading Book (FRTB) Basel to take a standardized approach to the calculation of market risk capital.
13. Proceed to upgrade the counterparty credit risk algorithm (CCR ALGO).
14. Implement the internal ratings-based approach to credit risk for retail/wholesale banking products and develop risk models and related procedures.
15. Implement a new generation of NTD bond management system for enhanced information security management and better system flexibility and processing performance.
16. Build a data middle platform, a data middle platform application driven by business and integrated with the original data architecture, to enhance the competitiveness and service capabilities of enterprises in the era of big data.
17. Continue to optimize the global digital corporate banking network and the corporate banking app in order to provide a wider range of friendly services for wholesale banking customers and make the Bank more competitive.
18. Optimize the architecture for the mobile office software to provide users with a faster, more convenient operating environment.
19. Install multiple payment gateways to consolidate and improve the electronic acquiring capacity for credit cards.
20. Build dual-core Bancs core system to improve the service level to active/active.
21. Build an application platform and develop reusable service modules that can be shared, while combining them with the data platform to turn services into data and data into services in order to quickly support marketing and innovation. Develop a bank-wide service platform to make the company more competitive and able to provide better service.
22. Make plans for expansion of the bank's IT servers over the next 10 years to improve stability of the IT equipment and operating environment.
23. Implement a proxy platform and combine the requirements of demilitarized zone proxy (DMZ proxy) to increase hardware/software resources and improve system utilization and usability.
24. BancsLink supports different browsers to allow the system to be more flexible and expandable and more aligned with the branches' digital transition.
25. Implement Jira for project management to monitor task management, progress management, bug resolution and tracking and other processes in agile/waterfall projects through highly customized workflow settings. Use the Kanban dashboard to generate a dashboard instantly to monitor the status of each task.
26. Upgrade the credit check system to comply with information security requirements and maintain system stability and security.
27. Start offering International Transfer by Mastercard to help remove the negative public impression of a lack of transparency in wire transfer status and fees.

28. Upgrade the process engine of the auto loan review system for increased flexibility in process modification and accelerated marketing.
29. Make plans for implementing software defined wide area networking (SD-WAN) for more flexible use of the telephone network and enhanced backup connection.
30. Enhance smart operation and maintenance and implement change automation to reduce the manpower demand of operation and maintenance and to systematically manage large complex configuration data for higher operational efficiency.
31. In response to adoption of ISO20022 by SWIFT, the existing message text (MT) format must be converted to the MX format in 5 years. This is one of the key projects monitored by the competent authority.
32. Implement the London Interbank Offered Rate (LIBOR) to replace the compound interest rate calculator in preparation of a wider range of services in the future.
33. Rebuild the lead arranger system for enhanced automation in order to speed up the syndicated loan process, manage customers and participating banks more effectively, and make the Bank's products more competitive.

c. Emergency backup and security

1. Implement standardized data management practices and systems in accordance with the Personal Information Protection Act for added protection.
2. Comply with ISO27001 ISMS standards. Ensure proper protection to data operations and information systems. Prevent incidents such as data corruption, theft, leakage, alteration, abuse, and infringement. Enhance the confidentiality, completeness and usability of stored information.
3. Deploy black-box and white-box testing tools to scan for weaknesses in external systems.
4. Develop an information security action plan, promote each implement plan.
5. Implement Mobile Device Management for enhanced security in accessing business-related information.
6. Build network access control (NAC) for better network access security.
7. Create an ATM white list management system for better ATM security.
8. Taishin Bank assesses computer system security by following the security guidelines on computer systems for financial Institutions in order to improve security of its computer system and website.
9. Improve off-site support to accommodate business requirements.
10. Install distributed denial-of-service (DDoS) attack prevention mechanisms so that all network traffic will be filtered through DDoS protection to ensure proper functioning of Taishin Bank's network.
11. Install double advanced persistent threat (APT) detection mechanisms that are capable of detecting unknown attacks and preventing hacker attacks on internal trading systems.
12. EDR(Endpoint Detection Response) Install endpoint protection to enable detection of and defense against irregularities as a result of hacker attacks on endpoints.
13. SOC (Security Operation Center) Create an information security management platform and integrate infosec data from across the bank to be analyzed by AI and big data analytics so to detect early potential hacker activities and take countermeasures.
14. Revise the information security disaster recovery plan to provide guidelines for the bank in the event of information security disasters in order to reduce the length and scope of impact. Information security disaster recovery exercises are conducted to test feasibility of the procedures.
15. Purchase information security insurance policies to reduce losses caused by information security incidents. (management by risk transfer)

16. Establish the environment and standards for digital forensics and teach the basics to provide an understanding of how to collect and preserve digital evidence, to improve integrity and admissibility of evidence, and to increase the capabilities of analyzing, processing, and providing evidence in incidents.
17. Implement two-factor authentication and connect with the production environment to improve information security by simultaneously deploying two authentication methods.
18. Take regular inventory of IoT equipment according to the "Regulations Governing Use of IoT Equipment by Financial Institutions", and implement adequate control measures and access control to better manage the use of IoT equipment.
19. Plan and execute a number of information security exercises to assist in the identification of technology, process, personnel weaknesses and corresponding threats, and then continue to plan, deploy and strengthen the bank's information security defense capabilities.
20. Expand the IT test data center to provide a better environment for simulation and testing of business scenarios before system changes in order to improve system stability and service quality.
21. Design stronger system account passwords with 12 or more characters to comply with the new PCI DSS 4.0 starting in 2025.
22. Install Notebook DLP (data loss prevention) to strengthen control of laptops being used outside the bank in terms of connection security policy and endpoint access in order to reduce potential risks in external use.
23. Implement IP management and asset detection tools for IoT equipment to effectively improve network security management inside the bank, simplify the IP process, and strengthen the integrity of network equipment management and inventory.
24. Introduced Remote Browser Isolation (RBI), the bank has established a management mechanism for network access, but in the face of various network threats, web browsing is still a high-risk hacking channel, providing Internet isolation protection and reducing the risk of incidents.
25. By signing a memorandum of cooperation with partners, mutual exchange of information security information and protection methods will strengthen the detection, response and protection capabilities of Taishin information security incidents.

H. Labor relations

a. Availability and execution of employee welfare and retirement policies. Elaborate on employer / employee agreements and protection of employee rights.

1. Employee insurance

- (1) Labor insurance: 70% of premium covered by the company while 20% is borne by the employee.
- (2) Health insurance: 60% of premium covered by the company while 30% is borne by the employee.
- (3) Group insurance: employees are covered by group life, accidental, healthcare, surgery, injury, cancer, and work hazard insurance; premiums are borne by the company.
- (4) Travel insurance: employees are covered by travel insurance when going on overseas business trips; premiums are borne by the company.

2. Employee welfare

- (1) The company has an "Employee Welfare Committee" in place to supervise the execution of welfare-related activities. The company also implements an "Employee Welfare Committee Subsidy Policy" that provides employees with subsidies for various occasions such as wedding, child birth, funeral, hospitalization, festivity, birthday, travel, private associations, and children's education. In addition to the various subsidies

offered by the Employee Welfare Committee, the company also subsidizes employees for employee stock ownership trust, health checkups, weddings, funerals, self- development (such as learning of foreign languages, computer classes, professional qualifications etc), and rewards them for long service.

- (2) With regards to employee assistance, the company is working with the Teacher Chang Foundation to provide "Employee Living Assistance," and has an "Employee Mailbox" and "Employee Hotline" in place as a means of communication.
- (3) With regards to employee health management, the Company and its subsidiaries employ full-time workplace nurses to handle health information promotion, health education seminars, physical measurements, health management and other employee health promotion matters, and specially commissioned physicians are invited to perform regular on-site workplace Health consultation and workplace visits to the Company's employees.

3. Retirement policy

Pursuant to the laws and regulations, the company, on July 1, 2005, started making monthly contributions at 6% of basic monthly salary into personal pension accounts for new employees and existing employees who have opted for the new pension plan under the Labor Pension Act. Meanwhile, the company also allocates an adequate reserve for benefits under the old pension plan to the pension plan account at the Bank of Taiwan for existing employees who are covered by the old pension plan under the Labor Standards Act and for the years of service that existing employees, who have opted for the new pension plan, choose to keep under the old pension plan. The company will allow employees who are reassigned to affiliated enterprises to continue to accumulate their years of service in order to provide better protection and ensure the success of talent rotation. Overseas subsidiaries are covered by defined contribution plans. Monthly contributions to social security programs, such as old age pension and health care, are made in accordance with local regulations.

4. Annual leaves

The company offers employees annual leave days in accordance with the Labor Standards Act. The number of leave days are adjusted according to job grades, and exceed stipulated standards under the law.

5. Disciplinary actions taken by the authority against the company and its subsidiaries for results of labor inspections in last year up to the publication date of this annual report:

Company	Date	Case No.	Article number	Article content	Description
Taishin Securities Investment Advisory Co., Ltd.	2022.01.13	Bei-Shi-Lao-Dong-Zi No. 11060864391	Paragraph 1, Article 32 of the Labor Standards Act	Taishin Securities Investment Advisory did not hold a labor management meeting to approve implementation of the overtime system. However, the Labor Inspection Office found that the attendance records showed some employees working after hours. Therefore, the Department of Labor of Taipei City Government deemed that the extended work hours were not approved by a labor management meeting.	A fine of NT\$50,000 and release of name.
Taishin Securities Investment Trust Co., Ltd.	2022.10.14	Bei-Shi-Lao-Zhi-Zi No.11161068291	Paragraph 1, Article 22 of the Occupational Safety and Health Act	Taishin Securities Investment Trust has more than 50 employees but less than 300 employees. For some reason, it was unable to provide on-site medical services within three months of the improvement period. Therefore, it was deemed by the Labor Bureau of the Taipei City Government that it did not provide on-site medical services according to the scale and nature of the business.	A fine of NT\$30,000 and release of name.

b. Losses arising as a result of employment disputes in the recent year up until the publishing date of this annual report; please quantify the estimated losses and state any response actions, or state any reasons why losses cannot be reasonably estimated:

The company has maintained harmonious employer-employee relationships; therefore there have been no losses due to employment disputes in the most recent year.

I. Information security management

a. Information security policy and organization

1. Taishin FHC established the "Cybersecurity Policy" and "Internet Security Management Guidelines" to provide continuous and effective guidance for information security protection. We also established the "Information Security Committee" with members composed of the Directors(Note 1), President, and Chief Information Security Officer of Taishin FHC with IT/cybersecurity expertise as well as the President and level 1 supervisors of Taishin Bank. The Committee convenes quarterly meetings to discuss information security issues and improvement measures. Depending on the needs of the issue, we invite the directors with relevant expertise of financial holding company to attend the meeting. After consolidating the latest information security threats and trends every six months, we report to the Board members and obtain guidelines on information security governance. Some members of the Committee are invited to participate in regular board meetings, during which they may communicate with the board on information security-related issues. In order to strengthen information security governance, we report annually to the Board of Directors on the overall information security governance in the previous year and the information security governance plan for the current year. In the most recent year (2022), the Information Security Committee has held a total of 4 meetings, with 100% attendance rate of directors.
2. The chief information security officer (CISO) is the officer ultimately responsible for information security in the company. CISO oversees all information security operations in the company and validity of information security risk management mechanisms.
3. An information security team is set up with the information security contact of each unit for the purpose of planning for a healthy organization on an ongoing basis and managing information security risks while improving overall maintenance of information security. Information security team meetings are held regularly to inform the teams of information security issues and related requirements. Team members are the seed members tasked with raising information security awareness in gatherings.

Organization Chart of the Information Security Governance



Note 1: Please refer to Director Information 2 for details on the experiences of Director Jui-Sung Kuo.

b. Detailed management programs

1. The Company's major subsidiaries and operating businesses have all been certified by the relevant international information security management systems, including the bank, securities and life insurance subsidiaries, which have obtained the international standard certification of ISO 27001 information security management system, creating a secure and reliable information environment to protect corporate assets and the rights and benefits of stakeholders.
2. Attack and defense simulation and social engineering exercises are conducted with a hacker's logic techniques in order to identify hidden risks and reduce attacks and exposures and improve overall information security.
3. Multiple information security mechanisms have been implemented in banks, the Company's major subsidiaries, for the IT systems, internal/external network, and transaction sites. Security data and incidents on data and information security equipment are gathered and analyzed for correlation before being presented on the Security Operation Center (SOC) platform. The goal is to optimize Taishin Bank's information security network, support real-time monitoring of information security incidents, and plan to introduce the SOC to monitor internal and external information security risks 24 hours a day.
4. The Company has implemented a complete information security chain that gathers information security data, such as hacker techniques and latest threats and trends from around the world. The Company also checks whether internal security measures are able to detect and respond in real time.
5. The FFIEC/CAT is adopted to assess the maturity of information security governance, the results of which are used for continuous improvement.

c. Losses suffered by major information security incidents: In 2022, no major information security incidents occurred in the Company and its subsidiaries.

J. Important contract

Taishin Financial Holding Co., Ltd.:

Contract title	Parties involved	Contract beginning and ending date	Main contents	Restrictive terms
Equity Transfer Agreement	Prudential International Insurance Holdings, Ltd	2020.08.11~settlement date	1. Acquired 100% equity interest in Prudential Life Insurance Company of Taiwan Inc. 2. The value of contingent consideration will be determined 2 years from signing the agreement	None

Taishin International Bank Co., Ltd.:

Contract title	Parties involved	Contract beginning and ending date	Main contents	Restrictive terms
Procurement contract	Lian An Services Ltd.	2020.01.01~2022.12.31	ATM cash security services	None
	Anfeng Enterprise Ltd.			
Procurement contract	Taiwan Security Co., Ltd	2021.12.04~2026.12.04	Cash delivery service (Collection of merchant revenue)	None
Procurement contract	Taiwan Security Co., Ltd	2020.01.01~2022.12.31	Cash delivery service (Bank branch)	None
Procurement contract	Acer E-Enabling Service Business Inc.	2021.01.01~2023.12.31	Microsoft EA large account procurement	None

Contract title	Parties involved	Contract beginning and ending date	Main contents	Restrictive terms
Procurement contract	Mercuries Data Systems Ltd	2021.01.01~2022.12.31	Automated service equipment(ATM, deposit machine, bankbook entry machine)	None
Procurement contract	Mercuries Data Systems Ltd	2018.07.01~2022.06.30	Automated service equipment(ATM)	None
Real estate purchase agreement	Taishin Asset Management Co., Ltd.	2022.03.25~2022.04.15	Real estate purchase agreement to buy No. 150, No. 150-1 and No. 150 B1-1 at Section 2, Nanjing E. Rd, Zhongshan Dist., Taipei City	None
Real estate purchase agreement	MSIG Mingtai Insurance Co., Ltd.	2022.11.25~2022.12.19	Real estate purchase agreement to buy the entire building at No. 1, Section 4, Renai Rd, Da-an Dist, Taipei City	None

Taishin Securities Co., Ltd.:

Contract title	Parties involved	Contract beginning and ending date	Main contents	Restrictive terms
Real estate purchase agreement	Taishin International Bank Co., Ltd.	2021.10.20~2021.11. 08	Agreed to buy the real estate at 13F, B1F-1 and B1F-2 of No. 96, Section 1, Jianguo N. Rd., Zhongshan Dist., Taipei City, Taiwan	None

Taishin Securities Investment Trust Co., Ltd.: None.

Taishin Securities Investment Advisory Co., Ltd.: None.

Taishin Asset Management Co., Ltd.: None.

Taishin Venture Capital Investment Co., Ltd.: None.

Taishin Life Insurance Co., Ltd.:

Contract title	Parties involved	Contract beginning and ending date	Main contents	Restrictive terms
Reinsurance Treaty	Central Reinsurance Corporation	1996.01.01~no ending date	Reinsurance	None
Reinsurance Treaty	General Reinsurance Ag Taiwan Branch	1998.12.01~ no ending date	Reinsurance	None
Insurance agent contract	Taishin International Bank Co., Ltd.	2010.04.24~2025.04.23	Appointment of insurance agent	None
Share purchase agreement	Star Shining Energy Corporation	2021.12.15~no ending date	Share purchase	None
Limited Partnership agreement	Taiwania Capital Buffalo Fund Vi Co., Ltd.	2021.08.23~2032.05.11	Joint Capital	None
Investment agreement	Top Taiwan Xiv Venture Capital Co., Ltd.	2022.09.23~no ending date	Share purchase	None
Limited Partnership agreement	Affinity Health Fund One, L.P	2023.01.16~no ending date	Joint Capital	None
Purchase agreement	Mercuries & Associates Holding, Ltd.	2022.11.28	estate purchase	None
Purchase agreement	Mercury Fu Bao Co., Ltd.	2022.11.28	estate purchase	None



06

2022
Annual Report

Financial Information

VI. Financial Information

A. Brief balance sheet and income statement in the recent five years and the name and opinions of the certified public accountant

Brief Consolidated Balance Sheet of the Financial Holding Company and its Subsidiaries: IFRS

Unit: NT\$1,000

Item	Year	Financial data in the recent five years				
		2018	2019	2020	2021	2022
Cash and cash equivalents due from the Central Bank and call loans to banks		78,466,662	91,585,811	108,551,651	114,378,580	144,475,108
Financial assets at fair value through profit and or loss		115,782,595	144,041,593	127,442,056	150,375,077	153,775,905
Financial assets at fair value through other comprehensive income		336,400,248	273,426,137	191,029,900	176,881,749	142,346,349
Available-for-sale financial assets		0	0	0	0	0
Financial assets at amortized cost		3,081,240	131,888,616	270,634,022	461,273,302	642,508,812
Securities purchased under resell agreements		2,416,641	11,656,071	4,116,898	10,859,842	13,907,236
Receivables, net		144,763,489	156,087,584	163,895,050	180,655,171	153,714,625
Current tax assets		354,251	348,699	11,011	291,168	119,036
Loans, net		1,018,505,146	1,138,467,117	1,243,688,768	1,327,126,117	1,416,015,097
Held-to-maturity financial assets		0	0	0	503,918	566,564
Investments accounted for using the equity method, net		40,100,981	41,406,600	42,059,844	351,147	341,325
Other financial assets, net		9,866,430	5,545,296	6,778,854	36,450,354	36,393,161
Property and equipment, net		19,158,975	19,051,458	19,208,595	22,469,854	26,025,852
Investment property, net		644,159	1,001,062	923,033	2,858,617	3,811,280
Right-of-use assets - net		0	2,761,324	2,879,350	2,573,461	2,282,006
Intangible assets, net		2,275,459	2,462,448	3,272,025	3,284,761	3,530,907
Deferred tax assets, net		3,360,316	2,695,099	3,213,221	8,325,121	8,025,525
Other assets		11,716,925	8,516,416	8,354,928	13,902,250	16,965,759
Total assets		1,786,893,517	2,030,941,331	2,196,059,206	2,512,560,489	2,764,804,547
Due to the Central Bank and banks		57,441,338	53,393,057	49,824,469	57,075,272	18,213,533
Funds borrowed from the Central Bank and banks		1,536,650	1,505,300	1,925,590	3,984,460	0
Financial liabilities at fair value through profit or loss		29,502,674	27,549,349	36,052,712	31,940,397	54,334,795
Securities sold under repurchase agreements		83,045,834	120,144,975	88,288,646	86,210,606	84,562,582
Commercial paper issued		12,215,597	22,856,765	15,432,869	22,963,111	16,054,562
Payables		28,783,190	39,382,641	47,272,379	34,536,010	30,774,802
Current tax liabilities		2,306,439	2,473,274	2,277,779	2,360,788	2,221,109
Deposits and remittances		1,259,675,424	1,434,084,934	1,607,978,455	1,681,331,592	1,914,666,125
Bonds payable		61,700,000	56,800,000	70,100,000	70,100,000	68,020,216
Other financial liabilities		70,628,831	83,587,147	78,922,552	105,291,234	137,881,200
Reserve for liabilities		1,721,335	1,761,125	1,910,042	200,846,734	224,439,809
Lease liabilities		0	2,822,108	2,978,858	2,653,717	2,360,330
Deferred tax liabilities		108,838	112,987	147,023	1,087,573	1,400,365
Other financial liabilities		3,709,414	5,449,932	6,838,450	14,077,667	6,981,307
Total liabilities	Pre-payout	1,612,375,564	1,851,923,594	2,009,949,824	2,314,459,161	2,561,910,735
	Post-payout	1,619,212,883	1,859,772,683	2,017,766,685	2,323,119,338	(Note1)
Equity attributable to owners of parent		174,384,526	178,889,382	186,062,223	198,067,278	202,867,630
Capital stock	Pre-payout	114,541,477	114,578,121	117,126,998	122,093,832	130,741,476
	Post-payout	116,712,380	117,044,739	122,084,658	127,741,476	(Note1)
Capital surplus	Pre-payout	37,805,713	35,955,405	35,928,795	35,921,647	38,197,778
	Post-payout	37,805,713	35,955,405	35,928,795	35,921,647	(Note1)
Retained earnings	Pre-payout	22,108,378	27,302,739	31,180,784	38,701,004	41,221,894
	Post-payout	13,100,156	16,987,032	18,406,263	24,393,183	(Note1)
Other equity		-71,042	1,053,117	1,825,646	1,350,795	(7,293,518)
Non-controlling interest		133,427	128,355	47,159	34,050	26,182
Total equity	Pre-payout	174,517,953	179,017,737	186,109,382	198,101,328	202,893,812
	Post-payout	167,680,634	171,168,648	178,292,521	189,441,151	(Note1)

Note 1: Proposal for the coverage of 2022 profit has yet to be passed by shareholders' meeting.

Note 2: Financial statements are in accordance with the International Financial Reporting Standards, International Accounting Standards, Interpretations and related guidance translated by the ARDF and issued by the FSC. The 2018-2019 financial statement is certified by CPAs Tza Li Gung and Kwan-Chung Lai, who issued auditing report for their authenticity without reservation. The 2020-2022 financial statements are certified by CPAs Han-Ni Fang and Ching-Cheng Yang, who issued auditing report for their authenticity without reservation.

**Brief Consolidated Comprehensive Income Statement of
the Financial Holding Company and subsidiaries: IFRS**

Unit: NT\$1,000

Item \ Year	Financial data in the recent five years				
	2018	2019	2020	2021	2022
Interest income	34,485,001	37,209,805	33,902,150	32,637,405	46,391,786
Interest expenses	(14,893,700)	(17,620,508)	(12,243,036)	(8,277,015)	(17,169,228)
Net interest income	19,591,301	19,589,297	21,659,114	24,360,390	29,222,558
Net income other than net interest income	20,157,022	24,052,114	22,485,735	39,403,708	37,219,912
Net revenue and gains	39,748,323	43,641,411	44,144,849	63,764,098	66,442,470
Reversed allowance for bad debts expenses and guarantee liability provisions	(3,340,539)	(2,615,115)	(1,860,723)	(546,413)	(1,545,221)
Net changes in insurance liability reserve	0	0	0	(11,762,052)	(18,048,324)
Operating expenses	(22,171,401)	(24,752,722)	(25,852,998)	(28,300,132)	(29,199,606)
Income before income tax from continuing operations	14,236,383	16,273,574	16,431,128	23,155,501	17,649,319
Income tax (expense) benefit	(1,306,250)	(1,787,643)	(1,942,301)	(2,856,788)	(2,793,426)
Net income from continuing operations	12,930,133	14,485,931	14,488,827	20,298,713	14,855,893
Consolidated net income	12,930,133	14,485,931	14,488,827	20,298,713	14,855,893
Other comprehensive income, net of tax	(320,668)	1,019,947	472,964	(491,932)	(6,679,363)
Total comprehensive income	12,609,465	15,505,878	14,961,791	19,806,781	8,176,530
Net income attributable to owners of parent	12,930,583	14,488,021	14,493,422	20,311,808	14,863,852
Net income attributable to non-controlling interests	(450)	(2,090)	(4,595)	(13,095)	(7,959)
Total comprehensive income attributable to owners of parent	12,609,882	15,507,543	14,966,281	19,819,890	8,184,398
Total comprehensive income attributable to non- controlling interests	(417)	(1,665)	(4,490)	(13,109)	(7,868)
Earnings per common share	0.95	1.06	1.06	1.55	1.09

Note 1: Earnings per share for common shares is based on the unit of NT\$1 and the effect of capital increase by earning has been taken into account retroactively in the calculation of the figure.

Note 2: Financial statements are in accordance with the International Financial Reporting Standards, International Accounting Standards, Interpretations and related guidance translated by the ARDF and issued by the FSC. The 2018-2019 financial statement is certified by CPAs Tza Li Gung and Kwan-Chung Lai, who issued auditing report for their authenticity without reservation. The 2020-2022 financial statements are certified by CPAs Han-Ni Fang and Ching-Cheng Yang, who issued auditing report for their authenticity without reservation.

B. Financial analysis for the recent five years financial analysis

Financial Analysis: IFRS

Unit: NT\$1,000

Item		Year	Financial Analysis in the recent five years					Financial data for current year as of Feb.28, 2023
			2018	2019	2020	2021	2022	
Management capability	Turnover rate of total assets (times)		0.02	0.02	0.02	0.03	0.03	(Note 3)
	Deposit/loan ratio of Taishin Bank (%)		81.64	80.39	78.25	79.11	73.67	
	NPL ratio of Taishin Bank (%)		0.18	0.17	0.15	0.12	0.14	
	Revenue per employee		4,267	4,555	4,528	6,205	6,071	
	Profit per employee		1,388	1,512	1,486	1,975	1,357	
Profit-making capability	Return on assets (%)		0.75	0.76	0.69	0.86	0.56	
	Return on common shareholders' equity (%)		9.06	9.54	9.05	12.34	8.34	
	Net profit rate (%)		32.53	33.19	32.82	31.83	22.36	
	Earning per share (NT\$)		0.95	1.06	1.06	1.55	1.09	
Financial Structure	Liabilities/assets ratio (%)		90.23	91.19	91.53	92.12	92.66	
	Liabilities/book value ratio (%)		923.90	1,034.49	1,079.98	1,168.32	1,262.69	
	Double leverage ratio of the financial holding company (%)		111	117	118	119	110	
	Financial ratio of the financial holding company according to article 41 of the law		None	None	None	None	None	
Leverage extent	Business leverage extent		2.79	2.68	2.69	2.75	3.76	
	Financial leverage extent of financial holding company		1.04	1.03	1.03	1.02	1.04	
Growth rate	Assets growth (%)		6.52	13.66	8.13	14.41	10.04	
	Profit growth (%)	(3.87)		14.31	0.97	40.92	(23.78)	
Cash flow	Cash flow ratio (%)	(8.82)		16.91	3.34	0.03	34.37	
	Propriety ratio of cash flow (%)	(107.39)		14.43	68.31	34.59	188.38	
	Cash-flow satisfaction ratio (%)	1,559.94 (2,314.49)		(311.53)	(2.73)	(1,017.44)		
Business scale	Market share of assets (%)		3.55	3.72	3.66	3.86	4.10	
	Market share of book value (%)		5.16	4.40	4.11	4.09	5.33	
	Market share of Taishin Bank's deposit (%)		3.15	3.39	3.47	3.38	3.59	
	Market share of Taishin Bank's loan extension (%)		3.39	3.64	3.77	3.74	3.68	
Capital Adequacy	capital adequacy ratio of each subsidiary calculated according to its own industry regulations(%)	Taishin Bank	14.72	14.40	16.28%	15.06%	14.91%	
		Taishin Securities	341	326	366%	365%	327%	
		Taishin Insurance	None	None	None	317%	371%	
		Taishin AMC	77.76	74.70	56.52%	61.20%	88.12%	
		Taishin Securities Investment Trust	89.55	83.99	84.80%	81.17%	86.11%	
		Taishin Securities Investment Advisory	92.88	90.66	83.06%	84.15%	85.92%	
		Taishin Venture Capital	99.94	99.88	99.94%	99.79%	99.61%	
	Eligible capital of each subsidiary	Taishin Bank	176,981,670	188,640,329	195,687,557	199,745,262	200,682,331	
		Taishin Securities	5,912,227	8,002,286	10,226,525	11,390,559	9,979,893	
		Taishin Insurance	None	None	None	12,161,455	16,256,459	
		Taishin AMC	1,076,824	1,053,617	1,152,562	1,201,859	1,762,652	
		Taishin Securities Investment Trust	851,933	862,410	909,793	1,134,687	1,098,531	
		Taishin Securities Investment Advisory	355,019	352,467	331,570	325,662	331,837	
		Taishin Venture Capital	4,011,414	4,023,577	4,836,814	5,654,633	9,614,826	
	Group's eligible capital		208,792,612	220,591,614	228,990,181	238,395,420	244,314,379	

Year			Financial Analysis in the recent five years					
			2018	2019	2020	2021	2022	Financial data for current year as of Feb.28, 2023
Item								
Capital Adequacy	Subsidiary's statutory capital requirement	Taishin Bank	118,714,031	137,534,083	126,217,003	139,307,578	141,291,679	(Note 3)
		Taishin Securities	2,602,493	3,678,299	4,192,845	4,682,849	4,576,021	
		Taishin Insurance	None	None	None	7,667,160	8,752,698	
		Taishin AMC	692,360	705,224	1,019,600	981,833	1,000,087	
		Taishin Securities Investment Trust	475,699	513,403	536,418	698,980	637,872	
		Taishin Securities Investment Advisory	191,111	194,391	199,594	193,512	193,098	
		Taishin Venture Capital	2,006,885	2,014,121	2,419,779	2,833,261	4,826,067	
	Group's statutory capital requirement		164,287,267	185,514,699	176,092,446	193,182,014	180,227,903	
	Group's capital adequacy ratio (%)		127.09	118.91	130.04	123.40	135.56	
Mandatory disclosure by the financial holding company of the total value of credit extension, endorsement, or other trading extended by its subsidiaries to the same person, related party, or affiliate according to article 46 of the law (NT\$1Million)			612,989 (Note 2)	835,611 (Note 2)	893,900 (Note 2)	1,066,719 (Note 2)	1,203,353 (Note 2)	
Describe reasons for changes in various financial ratios in the recent two years (No need of analysis for change under 20%):								
1. Decrease in profit per employee as at 2022 over 2021 was mainly attributed to the decrease in net profit after tax growth in 2022.								
2. Decrease in return on assets as at 2022 over 2021 was mainly attributed to the decrease in net profit after tax growth in 2022.								
3. Decrease in return on common shareholders' equity as at 2022 over 2021 was mainly attributed to the decrease in net profit after tax growth in 2022.								
4. Decrease in net profit rate as at 2022 over 2021 was mainly attributed to the decrease in net profit after tax growth in 2022.								
5. Decrease in EPS as at 2022 over 2021 was mainly attributed to the decrease in net profit after tax growth in 2022.								
6. Increase in business leverage extent as at 2022 over 2021 was mainly attributed to the decrease in net profit before tax growth in 2022.								
7. Decrease in the asset growth ratio as at 2022 over 2021 was mainly attributed to the inclusion of Taishinlife in the financial holding company and its assets in the consolidated assets in 2021.								
8. Decrease in the profit growth ratio as at 2022 over 2021 was mainly attributed to the decrease in net profit after tax growth in 2022.								
9. Increase in the cash flow ratio as at 2022 over 2021 was mainly attributed to the increase in net cash inflows from operating activities in 2022.								
10. Increase in the cash flow adequacy ratio as at 2022 over 2021 was mainly attributed to the increase in net cash inflows from operating activities over the last five years.								
11. Decrease in the cash-flow satisfaction ratio as at 2022 over 2021 was mainly attributed to the increase in net cash inflows from operating activities in 2022.								

Note 1: All ratios have been prepared in accordance with FSC-approved International Financial Reporting Standards, International Accounting Standards, and any relevant interpretations and announcements thereof. All ratios have been based on consolidated figures, except as otherwise specified to be attributable to certain subsidiaries of the financial holding company.

Note 2: Please see financial reports of the respective years for more details.

Note 3: At the time this annual report was published, no audited financial data for 2023 were available.

Note 4: Calculation formulas as follow:

1. Management capability
 - (1) Turnover rate of total assets=Net revenue/average total assets.
 - (2) Deposit/loan ratio of subsidiary bank=Total loans of subsidiary bank/total deposit.
 - (3) NPL ratio of subsidiary bank=Total NPL of subsidiary bank/total loan.
 - (4) Revenue per employee=Net revenue/total number of employees.
 - (5) Profit per employee=After-tax profit/total number of employees.
2. Profit-making capability
 - (1) Return on assets=After-tax income/average value of total assets.
 - (2) Return on common shareholders' equity= (After-tax income—Preferred stock dividends) /Average net value of common shareholders' equity.
 - (3) Net profit rate=After-tax income/net revenue.
 - (4) Earning per share= (After-tax net profit-dividend for preferred shares)/weighted average amount of issued shares (Retroactive adjustment for earning per share has been made for those years with capital increment from retained earnings or capital increase by capital surplus).
3. Financial structure
 - (1) Liabilities/assets ratio=Total liabilities/total assets.
 - (2) Liabilities/book value ratio=Total liabilities/net shareholders' equity.
 - (3) Double leverage ratio of the financial holding company=Equity investment according to item 2, article 36 and 37 of the law/book value.
4. Leverage extent
 - (1) Business leverage extent= (Net revenue-variation in expense or loss)/pre-tax income).
 - (2) Financial leverage extent of financial holding company=(pre-tax income+interest outlay)/pre-tax income).
5. Growth rate
 - (1) Assets growth rate= (Total assets in current year-total assets in previous year)/total assets in previous year.
 - (2) Profit growth= (Pre-tax income in current year-pre-tax income in previous year)/pre-tax income in previous year).

6. Cash flow
 - (1) Cash flow ratio=Business-related net cash flow/(call loans and overdraft of bank and peers+commercial paper payable+financial liabilities deriving from variation in fair value included in the calculation of income+liabilities of repo bills and bonds+account payable due in one year).
 - (2) Propriety ratio of net cash flow=Business-related net cash flow in recent years/ (capital outlay+cash dividend) in recent five years.
 - (3) Cash flow coverage ratio=net cash flow from operating activities/net cash flow from investment activities.
7. Business scale
 - (1) Market share of assets=Total assets/total assets of financial holding companies(Calculation for 2022 is based on unaudited data.)
 - (2) Market share of book value=Book value/total book values of financial holding companies(Calculation for 2022 is based on unaudited data.)
 - (3) Market share of banking subsidiary's deposit=Total deposits/total deposits of financial institutions capable of undertaking deposit/ loan business.
 - (4) Market share of banking subsidiary's loan extension=Total loans /total deposits of financial institutions capable of undertaking deposit/ loan business.
8. BIS ratio (capital adequacy ratio)
 - (1) Qualified net capital of the group=financial holding company's qualified capital+ (shareholding ration of financial holding company x qualified capital of subsidiaries)-designated deductible items.
 - (2) Total required legal capital of the group=required legal capital of financial holding company+sharedholding ratio of financial holding company x required legal capital of subsidiaries.
 - (3) BIS ratio of the group=Net qualified capital of the group/legal capital requirement of the group.

C. The audit committee report

Taishin Financial Holding Co., Ltd.
Audit Committee Report

May 6, 2023

The board of directors has prepared the 2022 business report, financial statements and earnings distribution proposal for the Company. The financial statements have been audited and certified by CPA Han-Ni Fang and CPA Ching-Cheng Yang of Deloitte Taiwan, who have also expressed an opinion. The above reports and statements compiled by the board of directors have been examined by the Audit Committee and considered in compliance with relevant rules and regulations. Please kindly note that the report hereby presented has been prepared in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

To:

2023 Annual General Shareholders' Meeting of Taishin Financial Holding Co., Ltd.

The Convener of Audit Committee

Chang, Min-Yu

Chang Min-Yu

D. Consolidated financial statements of the latest year audited by CPAs: Refer to appendix

E. Any Financing Problems Encountered by the Company or Its Affiliates Which Might Affect the Company's Financial Status: Nil.



07

2022
Annual Report

**Review and Analysis of Financial
Conditions, Financial Performance,
and Risk Management**

VII. Review and Analysis of Financial Conditions, Financial Performance, and Risk Management

A. Financial status

Unit: NT\$1,000

Item	2021	2022	Variation	
			Amount	(%)
Cash and cash equivalent	155,574	20,320,940	20,165,366	12961.91
Financial assets at fair value through other comprehensive income	36,769,139	18,906,868	(17,862,271)	(48.58)
Investment in resale bills and bonds	700,000	200,000	(500,000)	(71.43)
Receivables - net	1,101,577	1,055,959	(45,618)	(4.14)
Current tax assets	0	0	0	-
Investments accounted for using the equity method, net	200,040,662	204,287,506	4,246,844	2.12
Other financial assets	0	0	0	-
Property and equipment - net	2,544	1,920	(624)	(24.53)
Right-of-use assets - net	24,278	18,208	(6,070)	(25.00)
Deferred tax assets - net	0	0	0	-
Other assets	22,496	19,115	(3,381)	(15.03)
Total assets	238,816,270	244,810,516	5,994,246	2.51
Financial assets at fair value through profit or loss	1,789,122	175,500	(1,613,622)	(90.19)
Commercial paper issued	4,497,340	2,447,270	(2,050,070)	(45.58)
Payables	563,067	800,823	237,756	42.23
Current tax liabilities	1,874,566	1,779,651	(94,915)	(5.06)
Bonds payable	32,000,000	36,720,216	4,720,216	14.75
Lease liabilities	24,897	19,426	(5,471)	(21.97)
Reserve for liabilities	0	0	0	-
Other liabilities	0	0	0	-
Total liabilities	40,748,992	41,942,886	1,193,894	2.93
Capital stock	122,093,832	130,741,476	8,647,644	7.08
Capital surplus	35,921,647	38,197,778	2,276,130	6.34
Retained earnings	38,701,004	41,221,894	2,520,890	6.51
Other equity	1,350,795	(7,293,518)	(8,644,313)	(639.94)
Total equity	198,067,278	202,867,630	4,800,352	2.42

Figures exceeding NT\$100 million and changed by 20% or higher are analyzed as follows:

- (1) Increase in the total of cash, cash equivalents and resale bills and bonds as at December 31, 2022 over December 31, 2021 was mainly attributed to disposal of shares in Chang Hwa Bank in 2022.
- (2) Decrease in financial assets at fair value through other comprehensive income as at December 31, 2022 over December 31, 2021 was mainly attributed to disposal of shares in Chang Hwa Bank in 2022.
- (3) Decrease in financial liabilities at fair value through profit and loss as at December 31, 2022 over December 31, 2021 was mainly attributed to pay the contingent consideration arising from the acquisition of Prudential Life Insurance in 2022.
- (4) Decrease in commercial papers issued as at December 31, 2022 over December 31, 2021 was mainly attributed to the issuance of preferred shares F in 2022 to repay commercial papers.
- (5) Increase in payables as at December 31, 2022 over December 31, 2021 was mainly attributed to the increase of subsidiary linked tax payable in 2022.
- (6) Decrease in other equities as at December 31, 2022 over December 31, 2021 was mainly attributed to the increase in unrealized loss for subsidiaries on financial assets in 2022.

B. Financial Performance

Unit: NT\$1,000

Item	2021	2022	Variation	
			Amount	%
Income/loss on equity-accounted investments	16,174,465	16,014,907	(159,558)	(0.99)
Other income	10,006,738	625,822	(9,380,916)	(93.75)
Operating expenses	(577,040)	(478,463)	98,577	(17.08)
Other expenses and losses	(5,623,832)	(1,584,956)	4,038,876	(71.82)
Pre-tax income (loss)	19,980,331	14,577,310	(5,403,021)	(27.04)
Income tax (expense) benefit	331,477	286,542	(44,935)	(13.56)
Net Income	20,311,808	14,863,852	(5,447,956)	(26.82)
Other comprehensive income (loss), net of tax	(491,918)	(6,679,454)	(6,187,536)	1257.84
Total comprehensive income	19,819,890	8,184,398	(11,635,492)	(58.71)

Figures exceeding NT\$100 million and changed by 20% or higher are analyzed as follows:

- (1) Decrease in other income as of 2022 over 2021 was mainly attributed to the realized gain on bargain purchase of Prudential Life Insurance in 2021.
- (2) Decrease in other expenses and losses as at 2022 over 2021 was mainly attributed to recognition of investment losses due to disposal (and reclassification) of shares in Chang Hwa Bank in 2021.
- (3) Decrease in other comprehensive income in the current period as at 2022 over 2021 was mainly attributed to the increase in unrealized loss for subsidiaries on financial assets in 2022.

C. Cash flow

Analysis of cash flow in the coming year

Unit: NT\$1,000

Initial cash balance (1)	Expected cash flow from business activities for the whole year (2)	Expected cash flow for the whole year (3)	Expected cash surplus (shortage) (1)+(2)+(3)	Remedies for expected cash shortage	
				Investment plan	Financing plan
20,520,940	7,961,745	(4,429,012)	24,053,673	Nil	Nil

D. Influence on finance of major capital outlays in the recent one year

The Company did not incur any major capital outlay in 2022.

E. Investment policy in the recent year

The company carries out investments in compliance with the articles 36 and 37 of Taiwan's Financial Holding Company Law, with considering returns on investment and cross-selling synergy among subsidiaries. In order to meet the demand of clients for assets accumulation and wealth management planning, the company has been expanding its business scope and providing comprehensive professional financial services. Going forward and facing intensive competition and a fast-changing financial environment, the company will continue, via organic or external growth, expanding its scale and market shares in broad range of financial sectors, such as banking, securities, insurance, investment finance, commercial paper/bond, and overseas markets, so as to tap the businesses of clients in various sections, sharpen competitive edge, and expand profit sources.

F. Assessment of risk management

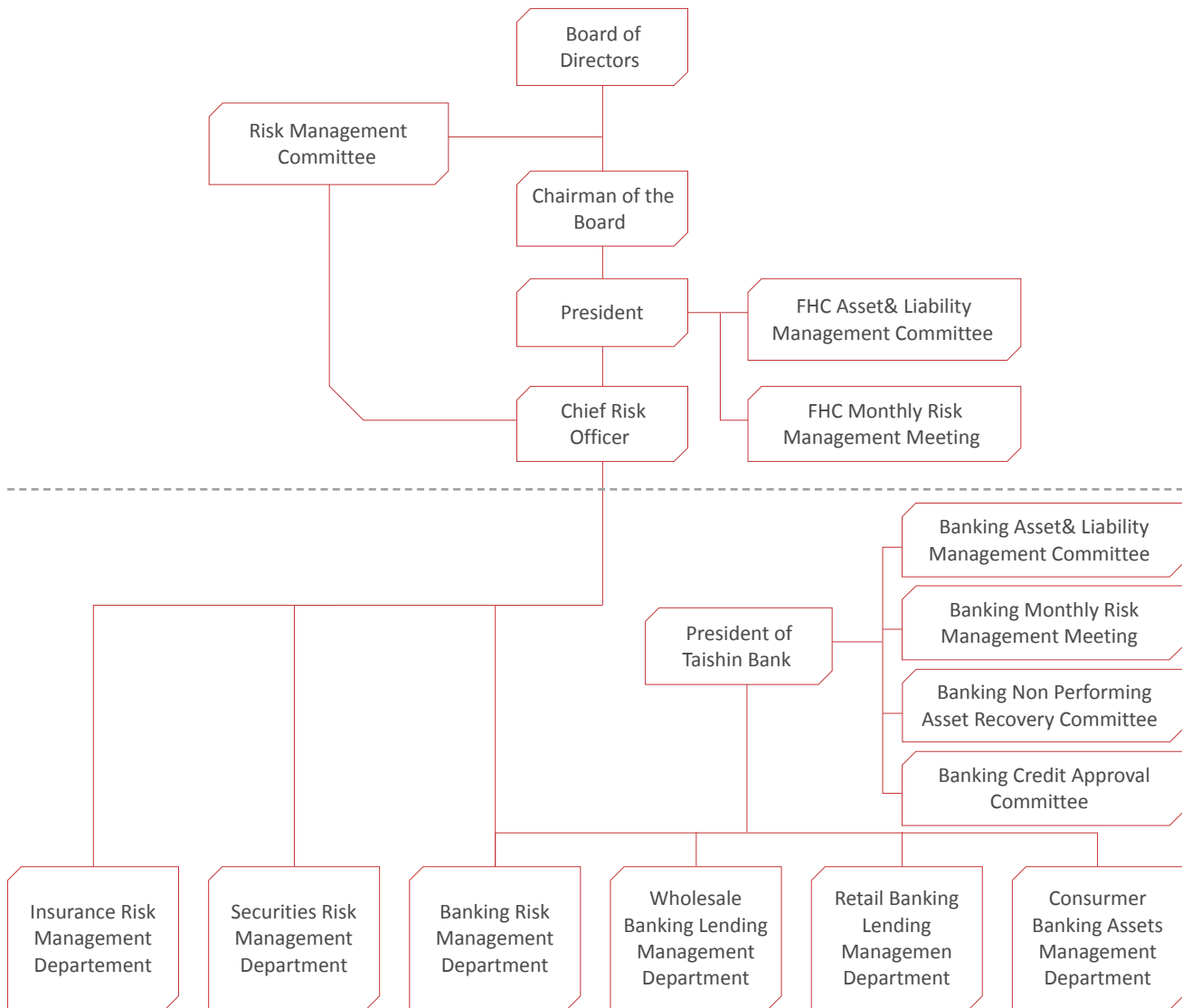
a. Risk management framework and policy of the financial holding company and subsidiaries

To cope with its comprehensive business scope, the company needs to identify, assess, consolidate, and manage the risks, in addition to properly allocate capital to various business units. The company manages risks via a procedure closely associated with its risk management policy, organizational framework, risk assessment, and business activities. According to overall risk management planning, the financial holding company has instituted an independent risk management organization, with its frameworks listed below:

Organization	Contents
Board	<ol style="list-style-type: none"> 1. Approval of risk management policy and procedure. 2. Supervise material matters of risk management, including capital management and risk appetite of the financial holding company.
Risk Management Committee	<ol style="list-style-type: none"> 1. Members of the committee authorizes the chairman of the board to select three or more members of the board, more than half of whom shall be independent directors. Members of the committee will then elect one person among them to be the convener and chair the meetings. Committee members shall serve the same term as those of them do concurrently on the board of directors. 2. Review of the risk management policy and procedure of the financial holding company. 3. Inspec of the financial holding company's regular integrated risk management reports. 4. Review of other material risk management matters as defined by the company or by the competent authority.
Monthly risk management meetings.	<ol style="list-style-type: none"> 1. The President will serve as the convener. 2. Review of the risk management policy and procedure of the financial holding company. 3. Review or filing with the authorities of policies and regulations regarding market risks, credit risks, and operational risks in subsidiaries. 4. Supervise and establish market risk, credit risk, and operating risk control mechanism. 5. Review performance report of the risk management units of subsidiaries and the overall risk analytical report of the financial holding company. 6. Reviewing and finaliz risk model, risk parameters and indicators, and pressure test plan. 7. Establish of committees as needed or specifically for certain key issues. 8. Monitor various risks undertaken by the company, adopting necessary measures for controlling large risk exposure. 9. Report of other risk related projects.
Chief Risk Officer	<ol style="list-style-type: none"> 1. Deputy convener of monthly risk management meetings. 2. Implement risk management strategy and instituting risk management framework approved by the board. 3. Supervis Risk Management Department and risk management units of subsidiaries in executing related policy. 4. Assur effective cross department communication and coordinate risk management functions.
Chief Risk Office	<ol style="list-style-type: none"> 1. Formulate and institute of risk management mechanism. 2. Disclose of risk management implementation. 3. Produce overall risk analytical report for the financial holding company. 4. Coordinate and contact for risk management affairs with subsidiaries. 5. Institute integrated risk management information system.
Risk management units of subsidiaries	<ol style="list-style-type: none"> 1. Provide of risk management related information. 2. Implement the financial holding company's risk management policy.

Risk Management Organizational of Taishin Financial Holding co., Ltd.

Base date: Dec. 31 2021



b. Risk assessment method and quantified information on the risk exposure of the financial holding company and subsidiaries

1. Holdings common regular disclosure

The subsidiaries all operate in financial business, facing credit risk, market risk, and operating risk in operation and legal aspects. Therefore, the financial holding company's risk management covers an extensive scope, including systems and measures suited to the respective operations of subsidiaries and the institution of the integrated risk management policy and organizational framework of the financial holding company, meant to achieve comprehensive and efficient grasp various risks. Climate-related risks are directly or indirectly influence other types of risks depending on the economic environment and the types of business operations conducted by a subsidiary company. Thus, subsidiaries shall take into account their own business operations when identifying how climate-related risks are related to other types of risks, and develop management approaches for climate-related risk.

(1) Credit risk management

A. Wholesale banking

- (a) Pinpoint target loan clients, enhance profit margin, and expand low risk business, so as to strengthen risk enduring capability and reduce overall risks.

- (b) Ascertain credit analytical report and strengthen the training of credit officers.
- (c) Further strengthen internal credit rating mechanism.
- (d) Further strengthen post lending management and review system.
- (e) Institute the evaluation system for individual risks and overall credit risk involving securities underwriting and investment position.
- (f) Strengthen the management of credit risk concentration associated with loaning, investment, and trading of various financial products such as derivatives.
- (g) Institute individual management measures for businesses involving specific risk (such as ceiling for loans mortgaged with specific stocks, tracking the price threshold for margin calls, and the undertaking and post management of realty financing).
- (h) Institute the system for the alert, notification, and control of abnormal accounts.
- (i) Centralized NPL management.

B. Retail banking

- (a) In order to analyzing and monitoring risks, the company has formulated various qualitative indicators by product, as well as the NPL ratio, aging analysis, NPL status, loan losses, recovery of loans, write off and return rates.
- (b) Further enhancement of risk management technique: introduction and deep cultivation of rating model and policy making model; monitor, adjust, and upgrade of the models' efficiency.
- (c) Core risk analytical team: Core professional talents with analytical capability, product design capability, risk management capability, and execution capability.
- (d) Lending policy based on client group analysis: Analyze client risks according clients' external and internal behaviors, and flexibly adjust lending policy according to the risk levels of various client groups, as to maintain proper client group ratio.
- (e) Prevention of NPL and fraud: Further track the behavioral modes of NPL and fraud cases and repayment status, thereby forging policy and credit examination/ lending flow, as to institute a proactive preventive mechanism.
- (f) Client management based on risk analysis, rating model, and policy model, debt collection, and case review system.
- (g) Single client credit management.

(2) Market risk management

To consolidate the management of risks deriving from volatility in interest rate, exchange rate, credit spread and equity securities, Taishin calculates marked to market profits and losses on derivatives positions held by its subsidiaries, and sets limits on VaR, position, and stop loss and MAT alerts for investment portfolios according to purpose of the portfolio, trading strategies, derivative characteristics, and market practices in order to keep maximum losses under control.

(3) Operational risk management

To achieve a consistent and complete operating risk management system for the company's daily operation and decision making, the company has formulated operational risk management principle and operational risk endurable extent under risk management policy. It has also established "operating risk reporting procedure," "risk control self-assessment procedure," "key risk indicator procedure," and risk offsetting procedure, featuring mutually linked analysis to uphold operating risk forecast capability.

2. Risk management methods and quantified risk exposure information of subsidiaries

(1) Taishin Bank

A. Credit risk

The main goal of risk management is to pursue maximum profits under reasonable risk, so as to uphold shareholders' interest. Effectively grasp the trend of assets quality via regular monitoring of numerical changes in net flow and adjust lending policy and debt collection strategy accordingly.

Utilize internal credit rating system, midterm management and review, diversification and ceiling of credit extension/ investment positions (customer groups), and other methods to monitor constantly risk level and changes in overall economic and financial climate, on top of irregular review or adjustment of risk aversion (diversification) and abatement strategy via internal procedure. Risk abatement is carried out mainly via the collection of collateral, which calls for different appraisal method and evaluation period according to their different nature, i.e., realty, or chattel, or securities.

By analyzing scenarios of climate change, they shall also calculate the expected credit loss under different scenarios and time span to measure climate-related risks that the bank faces and to adjust their management measures accordingly.

(a) Wholesale banking

- I. Wholesale Credit Administration Division is the credit risk management unit for Wholesale Banking Group.

It consists of credit management, screening, global trade, asset management and post-loan administration departments. Credit extension management department is in charge of the planning of internal credit evaluation system, the monitoring of credit extension position, the diversification of credit extension risk, the planning and formulation of management measures, the appraisal of the value of mortgaged properties, and the review and credit examination after the extension of loans. Various credit risk departments are in charge of the review of credit extension cases, the special asset management department is in charge of the statistics of credit extension assets for wholesale banking, the evaluation of the provisions for bad debts, and collection of overdue loans, non-performing loans, and bad debts. The Wholesale Post-Loan Administration Department established the post-loan management system. Other than the review functions it was already equipped with, an alert mechanism was established to strengthen post-loan management of obligors through advance warnings and faster, more exhaustive notifications and tracking, as to reduce credit risk.

- II. The evaluation and management of credit risk is undertaken by using internal credit rating system. In addition to credit rating undertaken upon application, all credit extension cases are subject to follow up tracking and management. The internal credit rating system consists of two aspects; one is the credit rating of borrowers, mainly for the evaluation of their capability to fulfill financial commitment, which is undertaken via the use of statistical model and an evaluation table as assistant tools. The second aspect is credit line rating, which is undertaken according to the factors of the existence of collateral, the order of lien, and type of products.
- III. Regular analysis of rating migration is carried out every year, to ascertain the stability of the existing rating system. Migration risk analysis and stress/scenario testing is also undertaken, in order to delineate risk exposure with more sensitive risk analysis and ascertain capital adequacy.

(b) Retail banking

- I. Retail business units evaluate and review cases based on the credit policy. Retail Banking Non Performing Asset Recovery Division is responsible for collection and management of delinquent cases.

- II. Formulate proper lending risk management policy by using Application Scoring System, Behavior Scoring System, Collection Scoring System and Credit Bureau Scoring System, along with the product profit model, to pinpoint optimal lending terms to provide profit model for different client groups with different loaning conditions.
- III. Flexibly adjust various risk management indicators and segmentation management via periodical assets analysis and default analysis, so as to achieve operating objectives.

(c) Quantified information on risk exposure

Credit Risk Exposure and Capital Requirement after Mitigation on Standardized Approach.

Dec. 31, 2022 Unit: NT\$1,000

Type of Risk Exposure	Risk Exposure after Mitigation	Capital Requirement
Sovereigns	467,819,137	21,352
Non-central government public sector entities	2,476,548	34,662
Banks (including multilateral development banks)	200,745,618	6,757,031
Corporates	493,946,436	35,469,169
Retail	240,651,383	13,939,225
Real estate	837,531,189	34,391,347
Equity investments	7,086,801	917,951
Equity investments in fund and venture capital	657,761	78,967
Other Assets	52,678,295	2,891,610
Total	2,303,593,168	94,501,315

B. Liquidity risk

(a) Management principle

Risk management for fund liquidity is to assure that under any circumstance at present or in the future, the bank's liquid fund can meet the fund need resulting from assets growth or fulfilling mature obligations.

I. should monitor and manage the following items:

- ◆ Under normal market change or emergent situation, possess sufficient fund to meet due obligations and fulfill guarantee and commitment for credit extension.
- ◆ Carry out fund maneuvering at reasonable market prices.
- ◆ Meet liquidity need for business growth.

II. Basic principles for funding liquidity-risk management include:

- ◆ Principle of diversification: avoid over-concentration in fund maneuvering, in terms of maturity date, maneuvering tools, currency, place, funding source, and trading partners.
- ◆ Principle of stability: follow the strategy of fund stability to reduce the reliance on unstable funding sources and avoid the effect of market swing on funding sources.
- ◆ Principle of maintaining adequate assets liquidity: As the status of market liquidity will indirectly affect funding liquidity, the bank must assure that total assets are sufficient to cover total liabilities and keep a certain share of assets with good liquidity or good for use as collaterals, capable of meeting need of working capital in emergency and short-term liabilities.
- ◆ Principle of matching assets and liabilities on maturity.
- ◆ Pay attention to payment commitment resulting from credit-extension business.

(b) Quantified information

Maturity Analysis of Assets and Liabilities (New Taiwan Dollars)

Dec. 31, 2022 Unit: NT\$1,000

	Total	The Amount for the Remaining Period to Maturity					
		0 to 10 days	11 to 30 days	31 to 90 days	91 to 180 days	181 days to one year	Over one year
Main cash inflow on maturity	2,439,482,635	330,385,171	302,405,416	475,390,861	214,389,191	202,779,698	914,132,298
Main cash outflow on Maturity	3,005,738,328	201,178,615	193,843,724	561,916,504	365,471,569	484,884,839	1,198,443,077
Gap	(566,255,693)	129,206,556	108,561,692	(86,525,643)	(151,082,378)	(282,105,141)	(284,310,779)

Maturity Analysis of Assets and Liabilities (U.S. Dollars)

I. The Bank

Dec. 31, 2022 Unit: US\$1,000

	Total	The Amount for the Remaining Period to Maturity				
		0 to 30 days	31 to 90 days	91 to 180 days	181 days to one year	Over one year
Main cash inflow on maturity	47,415,000	13,510,646	17,549,573	6,861,022	3,837,987	5,655,772
Main cash outflow on Maturity	47,308,786	12,109,026	16,869,070	7,389,786	5,481,566	5,459,338
Gap	106,214	1,401,620	680,503	(528,764)	(1,643,579)	196,434

II. Overseas branch

Dec. 31, 2022 Unit: US\$1,000

	Total	The Amount for the Remaining Period to Maturity				
		0 to 30 days	31 to 90 days	91 to 180 days	181 days to one year	Over one year
Main cash inflow on maturity	6,738,761	1,742,661	1,101,642	524,101	569,323	2,801,034
Main cash outflow on Maturity	6,691,050	2,460,481	2,148,204	727,867	737,014	617,484
Gap	47,711	(717,820)	(1,046,562)	(203,766)	(167,691)	2,183,550

C. Market risk

(a) Strategy and process

- I. The bank's risk management strategy calls for setting limits on risk exposure according to risk tolerance and risk adjusted returns rate, whereby increasing return and maximizing value for shareholders under capital restrictions. Accordingly, various business units have to seek approved quota before trading and independent risk management units assess gain or loss for trading positions daily, in addition to reporting gain/loss and risk exposure of trading position to executives regularly.

II. The scope and features of risk report and assessment system

Risk report is meant to disclose risk as an important reference for executives in formulating countermeasure and adjusting investment portfolio for achieving business objectives. The bank dedicates to integrating trading management systems for various products, in order to reporting gain/loss and risk exposure of trading position immediately.

(b) Trading and risk management system

I. Quality

The bank stresses the formulation and implementation of risk management policy and norms, as well as the establishment of risk management culture. Risk management units are independent from risk undertaking units and responsible for assessing and analyzing risk exposure and reporting the results to executives for use in policy making, in addition to instituting assessment process, the process for new product launch, and certification procedure model, in the hope of complying with the regulations of the competent authority, precisely assess risk, and standardized operating and risk management flows.

II. Quantity

The bank sets price sensitivity limits for various products with different risk factors as criteria for risk assessment. It calculate integrated VaR (Value at Risk) for its investment portfolio with IMA (Internal Model Approach) and set up VaR limits accordingly, in order to control the impact of market swings.

(c) Quantitative information on risk exposure

Capital Requirement for Market Risk

Dec. 31, 2022 Unit: NT\$1,000

Kinds of risks	Capital requirement
Interest Rate Risk	2,519,033
Equity Securities Risk	140,287
Currency Risk	123,953
Commodity Risk	0
Option based on simple method	166,492
Total	2,949,765

D. Operational risk

(a) Operational risk management policy and framework

To attain effective operational risk management, the bank has formulated its operational risk management principle under its risk management policy, according to the norms set by the Basel Committee on Banking Supervision, the Bank for International Settlements, and the Financial Supervisory Commission (FSC). The policy covers operational risk management framework, operational risk management principles, risk identification and assessment technique, and risk reporting/supervision, in order to foster consistent operational risk awareness inside the bank, establish operational risk management culture, and implement risk management system, in addition to specifying the operational risk tolerability of the bank. To assure consistency between the bank's operational risk management mechanism and corporate strategy, the bank has established independent risk management units, further consolidating the bank's operational risk management.

(b) Identification of operational risk

The operational risk is defined as "Risk of loss triggered by the impropriety or mistake involving internal process, staffers, system, or external incidents, including legal risk but excluding strategic or credit standing risks." In order to identify existing and potential risks, the bank has formulated various operational risk management process, as well as company wide risk glossary, loss incidence reporting system, risk self- evaluation system, key risk indicators, and risk reporting/disclosure procedure, so as to establish operational risk identification, assessment, and supervision method. Meanwhile, for the purpose of controlling various operational risks within endurable range, existing and potential risks should be analyzed and action plans be proposed in order to keep operational risks within acceptable ranges to the bank.

(c) Operational risk assessment and supervision

To strengthen the control of loss amounts associated with operational risks, operational risk estimated loss are established every year for individual units, and monitored in Monthly risk management meetings and as part of the effort to incorporate operational risk management into routine business management.

(d) Quantitative information on risk exposure

Operational Risk Accrued Capital

Dec. 31, 2022 Unit: NT\$1,000

Year	Gross Profit	Capital Requirement
2020	37,269,738	-
2021	38,224,030	
2022	40,937,853	
Total	116,431,621	9,810,209

(2) Taishin Securities Co., Ltd.

A. Risk management method

As of 2022, Taishin Securities have effectively evaluated and rigorously control process in the hope of effectively control risk. The strategy, organization, and evaluation of the company's risk management as follows.

B. Risk management strategy and flow

(a) Purpose for risk management

The company's risk management policy is formulated according to the risk management policy of Taishin Financial Holding co., Ltd., with reference to the Risk Management Best Practice Principles for Securities Firms to enhance business performance and faithfully achieve the purpose of risk management in order to achieve the following goals:

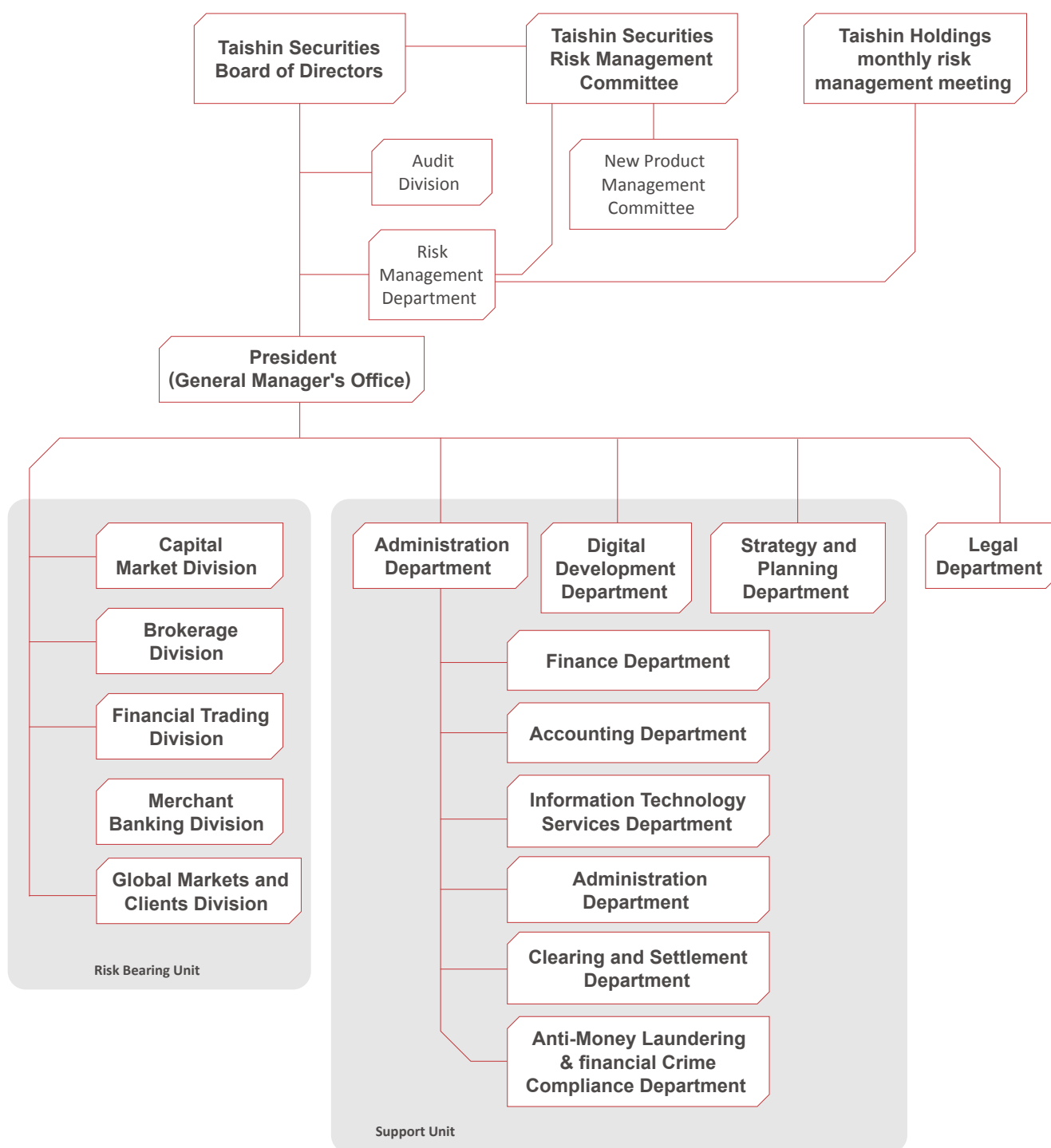
- I. The establishment and operation of the integrated risk management mechanism for market risk, credit risk, operating risk, liquidity risk, and legal risk, to attain effective risk management via centralized management and risk diversification.
- II. To identify how climate-related risks are related to credit risk, market risk, liquidity risk, and operational risk, given the direct or indirect impact that climate change has on the Company's finance, strategies, operations, and products, to establish a climate risk assessment and management mechanism, and to disclose climate risk-related information.
- III. Upgrade assets quality.
- IV. Upgrade the efficacy of capital allocation, so as to maximize returns after risk adjustment.

(b) Process for formulation and approval of risk policy

The company's risk management policy is formulated by risk management unit and approved by the board of directors before its implementation.

C. Organization and framework of risk management system

(a) Chart for overall risk management system framework



(b) Powers and duties of various risk management units

I. Board of directors

- (1) Establish an appropriate risk management mechanism and risk management culture for the company, and allocate necessary resources to ensure validity of the risk management practice and be ultimately responsible for risk management.
- (2) Approve the company's risk management policy and procedure.
- (3) Approve risk capital allocation and related risk limit.
- (4) Oversee the formulation and implementation of the Company's climate risk strategy and business plan, and review new supervisory measures derived from climate risk and its impact on the company's reputation and legal obligations.

II. Risk management committee

Set up the "Risk Management Committee" to effectively integrate the Company's various risk functions, including market risk, credit risk, operational risk, liquidity risk and legal risk, with the board of directors dispatching at least one director to take part and dispatch persons to be the convener and chairperson of its meetings.

- ◆ Review the company's risk management policy and procedure.
- ◆ Review various risk related measures and guidelines.
- ◆ Establish various risk management mechanism.
- ◆ Review analytical reports on overall risk in order to report timely the execution of risk management to the board of directors and propose necessary improvement suggestions.
- ◆ A new Product Management Committee was created directly under this committee to review the risks involved in new products undertaken by the sales units.

III. Risk bearing units

The risk bearing units conduct business and undertake risk within the limits allocated by the board of directors and the appropriate levels of authority for the purpose of generating profits and achieving business targets. According to the risk management structure, these units are the first line of defense in risk management and should ensure compliance of their business activities with the law and internal guidelines.

IV. Risk Management Department

Risk management Department is in charge of monitoring the company's overall risk and the risk of various divisions and regularly reports the status of loss/benefits and financial risk exposure to the risk management division. It is independent from various profits centers and is directly responsible to the board of directors, in charge of the company's various risks.

- ◆ The second line of defense in risk management.
- ◆ To help devise risk management policies, measures, and limits.
- ◆ To ensure implementation of risk management policies approved by the board of directors.
- ◆ To build a risk management information system.
- ◆ To inspect derivative valuation models used by the risk bearing units.
- ◆ Appointment and dismissal of the head of the risk management unit shall be passed by the board of directors. The head shall be responsible for heading operations in risk measurement, monitoring, evaluation, reporting, and disclosure.

V. Audit Division

The audit unit is the third line of defense in the risk management structure. It is responsible for regularly inspecting compliance of the risk management policy and related guidelines and making recommendations for improvement as needed in order to facilitate the board of directors and the management in performing their management duties.

VI. Legal Department

- ◆ Planning, management, and execution of the compliance system.
- ◆ Review and refinement of legal documents.
- ◆ Conducting litigation and non-litigation matters.
- ◆ Providing legal advice, collecting and studying laws and regulations relevant to the business.
- ◆ Managing debt collection.

VII. Finance Department

In charge of the management of the company's fund liquidity risk, establish emergent response mechanism for liquidity crisis, formulate fund risk limit, in consideration of market environment, the company's financial structure, risk tolerance, and fund maneuvering capability.

VIII. Information Technology Department

In charge of the planning, promotion, and management of the company's information security, assures the continuity and correctness of various systems.

D. Risk management method

Kinds of Risk	Management Method
Market risk	<ol style="list-style-type: none"> 1. Monitor and control risk profile within the risk appetite (which is approved by the Board of Directors for the year) and market risk limit (which is approved by the Board of Directors and the Chairman); the quantification and management of market risks include position/notional amount limits and profit/loss information, sensitivity limit for risk factor management, and value at risk (VaR) limit. Regularly conduct backtesting on model validity to ensure that VaR estimates are accurate, and present the test results to the Board of Directors. 2. Set up stress scenarios for various financial products, conduct stress testing to calculate stress loss, so as to evaluate possible loss to be endured by the company under extreme market status and manifest the risk status of existing position, as reference for the company in capital allocation.
Credit risk	<ol style="list-style-type: none"> 1. Ensure that risk profile is within appetite (which is approved by the Board of Directors for the year) and market risk limit (which is approved by the Board of Directors and the Chairman), the company control credit risk of issuers, counterparties, and qualified clearing brokers, by setting up limits according to the nature of financial trading and credit rating. 2. Set up risk control measures such as stock spot market concentration limit, industry concentration limit, and country risk concentration limit to achieve risk diversification. 3. Summarize credit risk position for the same person and the same related party in a group, and submit the position to risk management unit of the financial holding firm for unified management. 4. Regarding margin trading and Non-restricted purpose loans in the brokerage business, the account opening procedures follow Taishin's internal control system and related regulations. KYC procedures are enforced, and margin trading limits are established according to internal/external regulations. In addition, margin trading percentages for individual stocks are adjusted in response to changes in financial markets, and account maintenance ratios are monitored daily. 5. Regarding management of transaction risks in futures and options offered by the brokerage service, classification guidelines for trading accounts subject to different "additional collateral benchmarks", application for higher limits and assessment methods, and re-assessment mechanisms have been established so that the company may require additional collaterals based on a trading account's credit standing and other risks involved in the transaction when collaterals are collected in advance of futures trading. If the trading account's equity amount is below the required maintenance collateral, the company will promptly issue a notice of payment to the account holder. If the account holder fails to provide the shortfall, the company may offset the positions on behalf of the account holder in accordance with the applicable internal control procedures. 6. For security lending, the open account procedures follow the company's internal control system and relevant policies, KYC process, and set security lending limit according to the internal / external relevant regulations.
Liquidity risk	<ol style="list-style-type: none"> 1. Market liquidity management: Market liquidity management is aimed at avoiding low trading volume and poor liquidity conditions so that prices cannot be easily manipulated when selling a position. Therefore, a cap on holding of single stock is established for controlling spot trades of domestic and foreign shares. A cap on the ratio of shares outstanding is established for the trading of convertible bonds. 2. Liquidity management is handled by financial unit according to the Liquidity Risk and Fund Management Guidelines. The unit sets fund transfer mechanisms, perform liquidity risk stress testing, monitor the overall supply of funds and changes in gaps, and manage liquidity risks.

Kinds of Risk	Management Method
Operational risk	According to the definition of Basel II Capital Accord, operational risk is classified into seven types of loss and eight kinds of businesses, which are identified by various units of the company and reported to risk management unit for arrangement and establishment of operating risk loss database by the financial holding company.

E. Quantitative information for risk exposure

Equivalent Value for Management Risk

Dec. 31, 2022 Unit: NT\$1,000

Kinds of Risk	Equivalent Value of Risks
Market risk	1,844,552
Credit risk	641,206
Operational risk	564,922
Total	3,050,680

(3) Taishin Life Insurance Co.

A. Risk management strategy and process

(a) Risk management strategy and goals

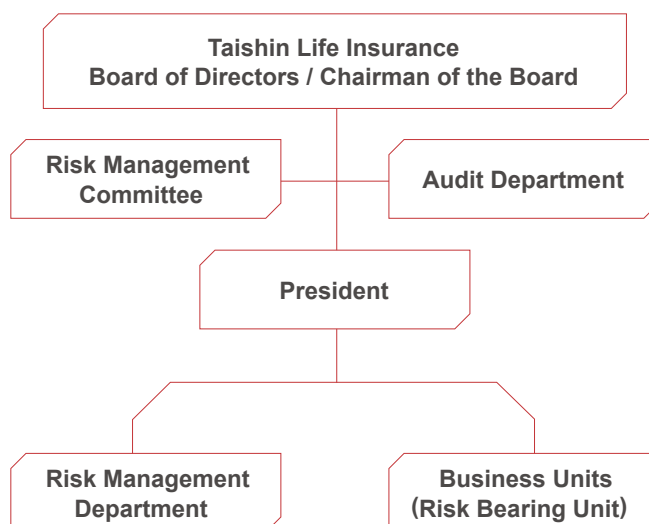
The Company's risk management strategy aims to ensure the interests of both shareholders and customers by establishing an appropriate risk management mechanism that achieves the following risk management objectives: maintain a strong financial health, protect shareholders' interests, fulfill our commitment to policyholder claims, and safeguard the Company's reputation.

(b) Process flow for formulating and approving risk management policy

The Company's Risk Management Policy is drafted by the risk management division and is implemented with the approval of the board of directors. Any future revision will follow the same procedure.

B. Risk management organization and structure

Our risk management policy has to be approved by the board of directors who bears the ultimate responsibility for the overall risk management operation. The Risk Management Committee, which reports to the board of directors, executes the board's risk management decisions and regularly reviews the development,



establishment, and implementation effectiveness of the company's risk management mechanism. The Risk Management Division, as an independent unit, assists the board of directors and the Risk Management Committee in performing risk management activities.

- (a) Risk management organizational structure
- (b) Risk management organization and responsibilities

The Company's risk management organization is described below:

I. Board of Directors:

- i. Recognize the risks faced by the insurance sector in the course of its business operation, ensure effective risk management, and bear the ultimate responsibility for risk management.
- ii. Establish an appropriate risk management mechanism and risk management culture, approve and regularly review risk appetite as well as appropriate risk management policy, procedures, and framework, and ensure the most effective allocation of resources.
- iii. Manage risks not only by monitoring the risks borne by individual units but also by considering the aggregate effects of all risks to the company as a whole. Take into consideration the statutory capital requirements set forth by the competent authority, as well as various financial and business-related regulations that affect capital allocation.

II. Risk Management Committee:

The Risk Management Committee is a functional committee that reports to the board of directors and shall observe the Company's Risk Management Committee Charter.

III. Risk Management Department:

- i. Responsible for the monitoring, measurement and evaluation of routine risks faced the by company. The department shall exercise its authority independently of the company's business departments. The Risk Management Department is tasked with the following:
 - (i) Help draft risk management policies and enforce them after approval by the board of directors.
 - (ii) Help draft risk limits based on risk appetite.
 - (iii) Compile a summary of the risk information provided by each department, coordinate and communicate with each department to enforce the policy and risk limit.
 - (iv) Submit risk management reports periodically.
 - (v) Regularly monitor risk limits and their usage status in each business unit, and take disciplinary action against those that violate the risk limit.

IV. Business Unit:

- i. Each department shall appoint a person in charge of risk management who shall assist with matters in relation to risk control and management.
- ii. The head of a business unit shall bear the following duties for all risk management operations:
 - (i) Responsible for daily risk management and reporting in his/her unit, and for taking all types of corresponding measures.
 - (ii) Ensure that relevant risk management information is regularly communicated to the Risk Management Department.
- iii. The business unit shall bear the following duties for risk management operations:
 - (i) Identify risks and give report on the status of risk exposure.
 - (ii) Measure the extent of impact (quantitative or qualitative) at the time of risk occurrence and ensure the timely and correct communication of risk information.
 - (iii) Regularly review risks and limits and ensure the effective execution of rules on risk limits within business departments.
 - (iv) Monitor the status of risk exposure and report on instances where limits are exceeded, including corrective measures adopted by the business unit in question.

C. Risk management approach

Risk type	Management Method
Market risk	This refers to the risk of potential loss of asset value due to market price changes over a certain period of time. Market risk factors include interest rate risk, equity risk, foreign exchange risk, and real estate risk. We have procedures and controls in place to manage market risk (including VaR limit control, stop loss mechanisms, and market risk limit control) in order to ensure market risk is managed effectively. Review results are submitted to the management regularly.
Credit risk	This refers to the risk of a debtor having its credit rating downgraded or being unable to repay debt or a counterparty being unable or refusing to fulfill its obligation. It includes default risk, downgrade risk, credit risk, credit spread risk, and concentration risk. We have procedures and controls in place to manage credit risk (including credit risk analysis, credit risk limit management, and credit risk watchlist management) in order to ensure credit risk is managed effectively. Review results are submitted to the management regularly.
Liquidity risk	This is divided into funding liquidity risk and market liquidity risk. Funding liquidity risk refers to the risk of being unable to liquidate assets into cash or obtain sufficient funds and thereby failing to fulfill obligations as they become due. Market liquidity risk refers to the risk of facing significant changes in market price due to inadequate market depth or disorder when disposing or writing off positions. We have liquidity risk management mechanisms in place to mitigate the impact of liquidity risk. We also have an emergency response plan to ensure monitoring, reporting, and other response procedures are executed in the event of a major liquidity issue that may damage solvency.
Operational risk	To manage operational risk, we use operational risk notification, Risk Control Self Assessment (RCSA) and key risk indicators (KRI) as the primary management tools. They provide support for the business units in risk identification, measurement, response, monitoring and information, and communication and documentation. Other risk management measures are also in place to enhance operational risk management
Insurance risk	Insurance risk refers to the risk of losses caused by unexpected changes when, after receiving the insurance premium, the company assumes the risk transferred from an insured and pays the insurance claim and related expenses pursuant to the contract. Insurance risk covers risks in underwriting, claim, catastrophes, reinsurance, product design and pricing, and reserves: (a) Management of underwriting and claims risks: Underwriting and claim processes and procedures both follow the Regulations Governing Business Solicitation, Policy Underwriting and Claim Adjusting of Insurance Enterprises. These risks are mitigated through analysis of statistical reports. (b) Management of catastrophic risks: Catastrophes that may cause material losses to the company are identified by product features. Catastrophes risk is measured and managed based on catastrophic risk loss records or scenario analysis as needed. (c) Management of reinsurance risks: Cumulative limits on per risk unit and per risk event basis are set based on a holistic assessment of risk attributes, current business operations, and financial structure. Risks in excess of the limits are transferred through reinsurance in order to ensure solvency and safety of the business. In addition, to mitigate the risk of reinsurers being unable to fulfill reinsurance obligations, which result in premiums, claims or other expenses, list of reinsurers currently in business relationships with the company is reviewed quarterly, and the credit ratings of these reinsurers are monitored regularly. (d) Management of product design and pricing risks: To mitigate the risk arising from inadequacy, inconsistencies or unexpected changes in product design, policy provisions, and base of pricing assumptions, product features are reviewed to ensure compliance with applicable regulations, in addition to building adequate safety margins into actuarial assumptions and assessment through profit testing or sensitivity analysis. Experience study with analysis, asset allocation plans, and risk transfer proposals are reviewed regularly after product launch to assess and confirm the adequacy, reasonableness, and fairness of the premium, and to adjust the product pricing or product features when necessary. (e) Management of reserve risks: Reserving follows the Regulations Governing the Setting Aside of Various Reserves by Insurance Enterprises and other applicable regulations. Reserves are calculated according to the principles and standards of actuarial practice. In addition, related operational procedures are in place to ensure the correctness and completeness of reserves. The company also follows the cash flow testing method in annual Appointed Actuary's Report to assess the reserve adequacy.
Asset liability matching risk	Asset liability mismatch risk refers to risks caused by inconsistent changes in the value of asset and liability. This is mainly duration gap management. Changes in durations of assets and liabilities are reviewed regularly to monitor risk in unmatched asset liability matching.

Risk type	Management Method
Climate change risks	The Company manages climate change risks by taking into account the direct or indirect impact that the economic environment and the business operations conducted by the company have on existing risks such as credit risk, market risk, operational risk, and liquidity risk, to identify how climate-related physical risks and transition risks intensify risks to the traditional financial industry and to evaluate how they affect the company's operations and financing/investing activities, and ultimately to determine the major climate change risks, formulate response strategies, and disclose climate risk related information.

D. Information on quantified risk exposure:

	110.12.31	111.12.31	Note
RBC Ratio	317%	306%	All greater than the statutory ratio of 200% and risk appetite of 250%

c. Influence of important domestic and foreign policy and legal changes on the finance of the financial holding company and countermeasures

Law	Impact	Response measures
The UK's Financial Conduct Authority (FCA) announced that banks need not to provide LIBOR quotations daily starting from January 1, 2022.	LIBOR-quoted derivative financial products, corporate loans, floating-rate securities invested in by subsidiary and customers, agreements, and so forth will be affected by the shift in product indicator, change in business processes, system adjustment, and finance risk.	Taishin FHC established the Libor Transition Steering Committee and project office at group level to carry out a complete inventory of the affected holdings and businesses by our subsidiaries, and establish taskforces for each business category in order to perform changes and preparation tasks with regard to every service. The project office will regularly report the implementation progress on exposure follow-up and change tasks, as well as the most recent market developments.
Act of Security Assessment for Outbound Data Transfer	Act of Security Assessment for Outbound Data Transfer was announced and practiced on September 1, 2022. If the data export activities that have been exported out outside the mainland China before the implementation of the measures do not meet the requirements, the rectification should be completed within 6 months from the implementation date of the measures and the declaration should be compliance with if necessary.	The financial leasing subsidiary in mainland China has been in process to internal training and executed and revised relevant operational regulations to compliance with this act.
Law revision on Principles for Financial Service Industries to Treat Clients Fairly	In order to further enhance the protection of financial consumers, the Financial Supervisory Commission refers to the current situation of practice and the development trend of international financial consumer protection on May 12, 2022, the nine principles of fair hospitality were revised. The main revision is to add the "principle of friendly service" and "principle of the honest operation implement", and remove the "principle for sale of complex and high risk products".	Subsidiaries such as bank, security, and insurance have adjusted their internal operations and will follow the latest regulations when conducting the 2022 fair client treatment assessment in 2023.

d. Effects of technological and industrial changes on the finance of the financial holding company and countermeasures.

Fast technological advances are fueling accelerated transformation in the financial sector. Innovation of banking services has become one of the keys to the future of banking. It is inevitable for more banks to start forming cross industry alliances but also a potential source for more opportunities. Taishin Bank will continue to work with partners in other industries in order to provide a wider range of innovative services for customers.

In order to strengthen the overall information security protection capability, the Company has deployed various information security protection measures. The Company has become a member of the Financial Information Sharing and Analysis Center (F-ISAC) in Taiwan. Members have access to early information security alerts and joint defense services in order to facilitate preventive, detective, and corrective planning. In 2022, the Company signed MOUs with government agencies in the country and became part of the joint information security defense system for key infrastructures. As one of the first financial institutions to join the state-

affiliated information security task force, the Company helps enhance security for stakeholders and financial services as a whole.

e. Effect of change in the corporate images of the financial holding company and its subsidiaries on the company and countermeasures

Apart from its financial businesses, Taishin Financial Holding co., Ltd. has long dedicated itself to caring for society and has devoted itself to charitable work and environmental protection. Taishin is well-aware of the responsibilities a company owes to the society, and therefore actively supports environmental protection, charitable, cultural and artistic activities, in the hope of bringing about social change and real benefits for the socially disadvantaged, and fulfilling its role as a member of the society.

f. Anticipated benefits Acquisition benefits, potential risks and countermeasures

1. Anticipated benefits

- (1) Enlarge financial scope, increase assets scale and market share ranking, and enhance business competitiveness.
- (2) Expand marketing & sales network to provide more convenient service to customers.
- (3) Create more business synergy from acquisition to maximize shareholders' profit.
- (4) Deepen client relationships from full-set financial services.
- (5) Decrease concentration and extend business fields.

2. Possible risks

- (1) Inadequate business integration could lead to profit loss, which would affect company's financial performance.
- (2) Inadequate information systems integration could defer business operation and synergy outcome.
- (3) Loss of talents, which would indirectly decrease business performance.

3. Countermeasures

Our company sets up efficient management mechanism and communication platform to mitigate potential risks mentioned above, which smooth acquisition integration and boost business synergy.

g. Possible risks from business concentration and countermeasures

1. Back up mechanism

The concentration of operation has led to sharing of resources and manpower, a status which could magnify the effect of emergent incidents on the bank.

To cope with possible risk, the plan for integrated business management practices will continue to be followed, which covers emergency response mode for venue, system, and personnel, as well as disaster recovery plan.

Processing and service departments of the subsidiaries have also implemented their own business continuity plans. The plans are tested on a yearly basis while data is backed up regularly to the off-site.

2. Document delivery

In the wake of operating concentration, internal transmission or delivery of original copies of document may result in information leakage or loss of documents, thereby causing serious consequence on the customers and the bank.

To prevent the problems, the bank keeps the track for signed reception and formulates complete delivery rules for the delivery of key documents.

h. Influence of massive share transfer or exchange by board directors, supervisors, or major shareholders with over 1% stake, risk, and countermeasures

The company's paid-in capital is large and its share ownership widely is dispersed. Transfer or change of share ownership is not likely to have a material impact on the company's shareholding structure or cause any major impact or risk to the company.

i. Influence of management right on the financial holding company, risk, and countermeasures

Director share ownership at Taishin complies with the Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies. There is no risk of change in management. There has not been any material change in the ownership of the company by the end of 2020.

j. Litigation and non-litigation incidents

1. Taishin Financial Holding co., Ltd.

Unappealable judgment, or under litigation	The facts of the dispute	Value of Claim	The initiation of Litigation	The involved parties	The current status
Litigation involving dispute over contractual relationship	The Company filed a civil lawsuit against the Ministry of Finance at the Taiwan Taipei District Court for the Ministry of Finance's violation of the contract to obtain the directorships of Chang Hwa Bank in the re-election of directors of Chang Hwa Bank.	confirmed continuation of contractual relationship	2014.12.09	Ministry of Finance	<ol style="list-style-type: none"> The Taipei District Court verdict on April 27, 2016 confirmed that the Ministry of Finance and Taishin Financial Holdings had a contractual relationship. The Taiwan High Court confirmed on May 17, 2017 that a contractual relationship existed between the Ministry of Finance and Taishin in the matter where "while the shares in Chang Hwa Bank held by the Ministry of Finance are not sold and Taishin Holdings remains the largest shareholder of Chang Hwa Bank, the Ministry of Finance shall support Taishin Holdings's representative in securing a majority vote for a seat on Chang Hwa Bank's board of directors." The Supreme Court reversed the original judgment on the confirmation of the existence of the contractual relationship between the two parties and the part of the litigation costs, and remanded the case to the High Court On May 23, 2018. The Taiwan High Court (first verdict) confirmed on August 21, 2020 that a contractual relationship existed between the Ministry of Finance and Taishin FHC in the matter where "while the shares in Chang Hwa Bank held by the Ministry of Finance are not sold and Taishin FHC remains the largest shareholder of Chang Hwa Bank, the Ministry of Finance shall support (including but not limited to refraining from obstructing) Taishin FHC's representatives in being elected for 4 regular seats on Chang Hwa Bank's board of directors". Both parties appealed to the Supreme Court against parts of the judgment. <p>The Company and the Ministry of Finance reached a consensus to resolve the dispute on August 10, 2022, and withdrew the lawsuit to the Supreme Court on that day.</p>

2. Taishin International Bank:

Unappealable judgment, or under litigation	The facts of the dispute	Value of Claim	The initiation of Litigation	The involved parties	The current status
Claim for damage compensation	The Taiwan Taipei District Court sentenced Zhou in the criminal case regarding unauthorized withdrawals of clients' funds to ten years and six months in prison. Taishin Bank filed an ancillary civil action with the Taiwan Taipei District Court, and the court transferred the case to the civil court.	NT\$266,189,647 + US\$1,730,000	2021.08	Taishin Bank vs Zhou, Huang, and Zhou	The case is currently pending in the first instance trial. (2022 Zhong-Lao-Zi No.6)

3. Taishin Securities: Nil.

4. Taishin Asset Management: Nil.

5. Taishin Venture Capital: Nil.

6. Taishin Securities Investment Trust: Nil.

7. Taishin Securities Investment Advisory: Nil.

8. Taishin Life Insurance Co., Ltd.: None.

k. Other key risks and countermeasures:

Emerging Risk:

No.	Emerging Risk Topics	Description	Impact on operations and businesses	Mitigation measures and response strategies
1	Geoeconomic confrontation ◆ Geopolitical	Regional and trade war conflicts continue to expand, major countries have adopted new economic policies and protection measures, and intensified government intervention in the market in the short term, resulting in the reshaping of existing industrial chains and trade flows, destroying productivity and efficiency in globalization, Cross-border investment will reduce external financing options, reduce investment momentum and hinder economic development. In the long run, it will lead to global economic downturn, increase the risk of business operation and investment, and affect the uncertainty of financial stability.	<ul style="list-style-type: none"> • The increase in production costs of enterprises due to changes in the supply chain has forced product prices to increase, and the slowdown in consumption has affected the growth momentum of operating profits and the solvency of enterprises, which may make the rise in debt unfavorable to the development of financing. • The escalation in regional conflicts has led to instability in the supply of energy and raw materials, affecting financial market volatility and liquidity, and leading to an overall increase in the risk of overseas investment exposure. 	<ul style="list-style-type: none"> • Continuously monitor relevant regional exposure positions and risk assessments, and set national risk limits, including single country limits, credit rating limits, and overall national risk limits, to avoid excessive concentration of assets and significant impacts. • Establish early warning and implement response measures, establish more rapid and intensive notification and tracking, and strengthen post-loan management of credit customers to reduce credit risk.
2	Cost-of-living burden ◆ Economic	The sharp rise in the inflation rate of the world's major economies forced the central banks to start a cycle of interest rate hikes, resulting in a significant economic recession. If the high inflation rate persists, the money supply will continue to be tightened in the short term, which will lead to higher costs for the company to obtain funds, slow down investment momentum, and significantly increase people's living costs. In the long run, it will affect people's solvency and economic pressure, and increase the possibility of liquidity crunch in the financial markets.	<ul style="list-style-type: none"> • The prolonged period of high inflation rate will affect the momentum of economic growth, resulting in the continuous rise of prices and unemployment rate, the economic pressure of the people and the increase of living cost, which will increase the debt repayment burden and trigger the debt crisis. • The tightening of monetary policies in major economies will exacerbate the downside risks of the global economy and affect the volatility of the stock/exchange/ bond markets and the stability of financial assets. 	<ul style="list-style-type: none"> • Continuously monitor the credit market conditions, establish early warning reports to regularly review the market and the bank's credit profile, and implement relevant action plans. • Carry out multi-dimensional risk classification and strengthen credit policy for customers, and dynamically adjust various risk management indicators and segmentation management through regular asset quality analysis and default commonality analysis. • Trading units implement pre-investment assessment and post-investment management as the first line of defense, and monitor various risk indicators through complete program planning and reporting mechanisms to establish a mastery of the overall investment portfolio.

No.	Emerging Risk Topics	Description	Impact on operations and businesses	Mitigation measures and response strategies
3	Risks of FinTech ◆ Technologic	In response to the rapid development of the digital age, financial institutions improve customer experience by introducing financial technology. However, when customers use financial services such as smart devices and electronic payments, they are also accompanied by potential Cyber-security risks. If the company fails to implement cyber-security governance in the short term, it will face the hidden worry of insufficient FinTech competitiveness in the long run in the future, which will affect the operational risks of the company.	<ul style="list-style-type: none"> • The maturity of artificial intelligence (AI) and machine learning (ML) technologies has strengthened the development of deepfake technology, making counterfeiting incidents difficult to prevent and seriously affecting banking operations. • If an unexpected event triggers a temporary panic in the market, with the convenience of mobile banking, a large number of depositors quickly transfer funds in a short period of time, causing the bank to face a crisis of liquidity risk. • The introduction of cloud technology and data sharing increases the difficulty of personal data protection, and it is easy to violate customer privacy and steal customer data. 	<ul style="list-style-type: none"> • Improve the digital identification technology of customers, and adopt native biometric identification technology that has a dedicated unit to provide regular inspection reports on biometric verification feature technology. • Strengthen employee cyber- security education and training, and discover and improve security gaps by implementing "weakness scanning", "intrusion penetration", "distributed denial of service attack (DDOS) protection" and "social engineering attack" drills. • Continuously monitor liquidity risk management and regularly review liquidity risk management indicators.

H. Crisis management and response mechanism

To assure the uninterrupted operation of the company's major business activities, strengthen the company's responsive capability for emergent incidents, and minimize the influence of disaster and resume normal operation within the shortest time possible, the company has formulated the BCM (Business Contingency Management), specifying the definition of emergent incidents, grading risks, and pinpointing responsibilities, and related handling procedure. Regarding emergency response measures against threats to the business activities of financial institutions, the subsidiaries of the bank have implemented Contingency Funding Plan, Management Guidelines for Continuous IT Operations, and disaster recovery guidelines that establish appropriate response procedures and responsibility assignments to effectively reduce the impact of such incidents.



08

2022
Annual Report

Special Disclosure

VIII. Special Disclosure

A. Information regarding the company's subsidiaries

a. Declaration for consolidated financial statements of affiliates

The companies to be included in the consolidated financial statements of affiliates pursuant to the Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises and the companies to be included in the consolidated financial statements pursuant to IFRS 10 in 2021 are the same for Taishin FHC. Furthermore, since the information to be disclosed in the consolidated financial statements of affiliates has been disclosed in the aforesaid consolidated financial statements, the consolidated financial statements of affiliates will not be prepared in addition.

b. Affiliation reports: N/A.

c. Basic information

Date: Dec. 31, 2022 Unit: NT\$1,000

Name of enterprise	Date of establishment	Address	Paid-in capital	Major business or production items
Taishin International Bank Co., Ltd.	1992.02.25	1st,fl. and 1st basement, No. 44, Sec. 2, Jhongshan N. Rd., Taipei City	90,989,819	<ol style="list-style-type: none"> 1. Deposit reception (reception of check deposit, demand deposit, time deposit, and savings deposit originally listed in its business license are included in the item) 2. Issuance of financial bonds 3. Loan extension (short-, medium- and long-term loan extension, loan mortgaged by certificates of time deposit, consumption loan originally listed in its business license are included in the item) 4. Discounting negotiable instruments 5. Securities investment (investments in government bonds, short-term bills, corporate bonds, financial bond, and company stocks originally listed in its business license are included in this item) 6. Currency conversion 7. Cashing of banker's acceptance 8. Issuance of domestic L/C 9. Guarantee for corporate-bond issuance 10. Provision of domestic guarantee. (Guarantee business originally listed in the business license is included in the item) 11. Surrogate collection/payment 12. Securities Underwriting (The undertaking of government bonds, treasury notes, corporate bonds, and corporate stocks originally listed in the business license is included in the item) 13. Custody and warehouse business 14. Lease of safe 15. Agency services related to the various businesses listed in the business license and approved by the regulator 16. Credit card (credit card and cash advance businesses originally listed in the businesses license is included in the item) 17. Sale of gold bullions and gold and silver coins 18. Trading in gold ingots, gold coins, and silver coins 19. Export/import forex, common outward and inward remittance, foreign-currency deposit, foreign-currency loan, and guarantee for secured foreign-currency payment 20. Derivatives approved by the regulator 21. Businesses permitted by Trust Industry 22. Dealer business in government bonds 23. Brokerage, dealing, certification, and underwriting of short- term bills 24. Wealth Management 25. Financing advisory services 26. Discretionary trust investment services 27. Non-financing related advisory services 28. Prepaid cash cards issued 29. Proprietary bond trading 30. Concurrently securities investment consulting business 31. Special-purpose money trusts investing in foreign securities and domestic securities investment trust funds 32. Third party payment services

Name of enterprise	Date of establishment	Address	Paid-in capital	Major business or production items
Taishin International Bank Co., Ltd.	1992.02.25	1st,fl. and 1st basement, No. 44, Sec. 2, Jhongshan N. Rd., Taipei City	90,989,819	33. Agency for personal insurance 34. Agency for property insurance 35. Provide third party payment services on inward wire of offline payments for cross border online transactions for recipient clients 36. Provide third party payment services on inward wire of offline payments for offline transactions by use of offshore payment accounts in the Republic of China for recipient clients who are natural persons in other countries and do not have residence in Taiwan 37. Provide foreign exchange and foreign currency transfer services for inward wire arising from the services under the two subparagraphs above for customers or upon customer request 38. Electronic payment (O2O third party payment services, reload processing, and fund transfer between electronic payment accounts) 39. Provide third party payment services on outward wire of offline payments for cross border online transactions for clients (cross border outward transfer)
Taishin Asset Management Co., Ltd.	2002.08.19	2nd-3rd fl., No. 9, Dehui Street, Taipei City	671,000	1. International Trade 2. Residence and Buildings Lease Construction and Development 3. Industrial Factory Buildings Lease Construction and Development 4. Funeral Places Lease Construction and Development 5. Specialized Field Construction and Development 6. Public Works Construction and Investment 7. New County and Community Construction and Investment 8. Land Levy and Delimit 9. Urban Renovation 10. Realty transaction 11. Realty lease 12. Financial institution creditor's right purchase 13. Financial Institution Creditor's Right (Money) Appraisal and Auction 14. Financial Institution Creditor's Right (Money) Management and Services 15. Account Receivable Purchase Business 16. Other Financing, Insurance and Just Third Party Property Auction Real Estate Not Elsewhere Classified 17. Investment consulting services 18. Management consulting services 19. Software design services 20. Data processing services 21. Digital Information Supply Services 22. General Advertising Services 23. Overdue Receivables Management Services 24. Industry and Commerce Credit Bureau Services 25. Leasing 26. Agency Services 27. In addition to the licensed activities, Taishin Holdings may also engage in other business activities that are not prohibited or restricted by law.
Taishin Venture Capital Investment Co., Ltd.	2003.09.25	18th fl., No. 118, Jenai Rd. Sec. 4, Taipei City	5,667,549	Ventral capital
Taishin Securities Co., Ltd.	1990.01.15	2nd fl., No. 44, Sec. 2, Jhongshan N. Rd., Taipei City	6,924,125	1. Securities Brokers 2. Securities Dealer 3. Securities Underwriter 4. Futures Commission Merchant 5. Other financial businesses acknowledged by the regulator
Taishin Life Insurance Co., Ltd.	2000.11.03	10F, No. 161, Nan-King E. Rd., Sec. 5, Songshan Dist., Taipei City, Taiwan (R.O.C.)	9,378,059	Life Insurance

Name of enterprise	Date of establishment	Address	Paid-in capital	Major business or production items
Taishin Securities Investment Trust Co., Ltd.	2004.06.03	1F, No. 9-1, Dehui St., Zhongshan Dist., Taipei City 104, Taiwan (R.O.C.)	831,350	1. Raise mutual funds via issuance of certificates of benefits 2. Invest in securities and other related products with mutual funds raised from issuance of certificates of benefits 3. Undertake other related businesses approved by the regulator 4. Undertake discretionary-account operation for clients
Taishin Securities Investment Advisory Co., Ltd.	1989.03.21	16th fl., No. 118, Sec. 4, Jenai Rd. Taipei City	300,000	Securities-investment consulting business
Taishin D.A. Finance Co., Ltd.	1997.10.13	7th fl., No. 44, Sec. 2, Jhongshan N. Rd. Taipei	1,481,194	1. Leasing 2. Wholesale of Drugs, Medical Goods 3. Wholesale for machinery equipment 4. Retail Sale of Medical Equipments 5. Retail for machinery and apparatuses 6. Wholesale for precision equipment 7. Retail for precision equipment 8. Auto retail 9. Retail Sale of Motorcycles 10. Retail for ships and parts 11. Retail for aircrafts and parts 12. Car Leasing 13. Financial institution creditor's right purchase 14. Management consulting services 15. Software design services 16. Data processing services 17. Energy Technical Services 18. Other industry and commerce services not elsewhere classified. 19. In addition to the licensed activities, Taishin Holdings may also engage in other business activities that are not prohibited or restricted by law.
Taishin Real-Estate Management Co., Ltd.	1995.08.17	2nd-4th fl., No. 9, Dehui Street, Taipei City	200,000	1. Construction management 2. Residence and building development and lease 3. Factory construction and lease 4. Specific professional area development 5. Investment and construction of public construction 6. New town and new community development 7. Area expropriation and urban land rezoning 8. Urban renewal 9. Realty transaction 10. Realty lease 11. Business investigation 12. In addition to the licensed activities, Taishin Holdings may also engage in other business activities that are not prohibited or restricted by law.
Taishin Financial Leasing (China) Co., Ltd	2011.07.12	30F, Building4, Financial City, No.248, Lushan Road, Jianye District, Nanjing, China	2,113,477	Leasing
Taishin Securities Venture Capital Co., Ltd.	2013.12.31	11th fl, No. 96, Section 1, Jianguo North Road, Zhongshan District, Taipei	165,407	1. Venture capital business 2. Investment consulting services 3. Management consulting services 4. In addition to the licensed activities, Taishin Holdings may also engage in other business activities that are not prohibited or restricted by law.
Taishin Capital Co., Ltd.	2019.08.30	11th fl, No. 96, Section 1, Jianguo North Road, Zhongshan District, Taipei	50,000	1. General investment 2. Venture capital business 3. Investment consulting services 4. Management consulting services 5. In addition to the licensed activities, Taishin Holdings may also engage in other business activities that are not prohibited or restricted by law.

Date: Dec. 31, 2022 Unit: NT\$1,000

Name of enterprise	Date of establishment	Address	Paid-in capital	Major business or production items
Taishin Health Investment Ltd.	2021.02.20	11th fl, No. 96, Section 1, Jianguo North Road, Zhongshan District, Taipei	16,000	General Investment
Taishin Futures Co., Ltd. (Note 1)	2022.12.02	2 F-1, No. 96, Sec. 1, Jianguo N. Rd., Zhongshan Dist., Taipei City 104496, Taiwan	400,000	Futures brokerage business
Credidi Inc.	2020.05.14	2nd fl., No. 34, Sec. 4, Jenai Rd. Taipei City	51,100	<ol style="list-style-type: none"> 1. Software Design Services 2. Data Processing Services 3. Digital Information Supply Services 4. Investment Consultancy 5. the third party payment 6. General Advertising Services 7. Leaflet Distribution 8. Industry and Commerce Credit Bureau Services 9. Investment 10. Other Financing, Insurance and Just Third Party Property Auction Real Estate Not Elsewhere Classified 11. All business items that are not prohibited or restricted by law, except those that are subject to special approval.

Note 1: Taishin Futures Co., Ltd. was established on December 2, 2022 with the approval of the Taipei City Office of Commerce, and is a 100% subsidiary of Taishin Securities Co., Ltd.

d. Directors, supervisors and major managers of the company's subsidiaries

Date: Dec.31, 2022

Name of enterprise	Position	Representative	Shareholding	
			Share	(%)
Taishin International Bank Co., Ltd.	Chairman	Wu, Tong-Liang	Taishin holding company owns 9,098,981,853 shares (100%).	
	Director	Kuo, Jui-Sung		
	Director	Wu, Shang-Pin		
	Director	Kao, Chih-Shang		
	Director	Wu, Tong-Shung		
	Director	Lin, Long-Su		
	Director	Hsu, Teh-Nan		
	Director	Wu, Shin-Hau		
	Independent Director	Lin, Yi-Fu		
	Independent Director	Chang, Min-Yu		
	Independent Director	Lee, Hsien-Yuan		
	President	Oliver Shang		
	Chairman	Wu, Tong-Shung		
	Director	Wu, Tong-Liang	-	-
Taishin Asset Management Co., Ltd.	Chairman	Wu, Tong-Shung	Taishin holding company owns 67,100,000 shares (100%).	
	Director	Wu, Tong-Liang		
	Director	Frank Liaw		
	Director	Tiao, Chieh-Sheng		
	Supervisor	Welch Lin		
	President	Frank Liaw	-	-

Name of enterprise	Position	Representative	Shareholding	
			Share	(%)
Taishin Venture Capital Investment Co., Ltd.	Chairman	Steve Hsieh	Taishin holding company owns: 566,754,944 shares (100%).	
	Vice Chairman	Eric Chien		
	Director	Welch Lin		
	Supervisor	Wu, Tong-Shung		
	President	Lin, Yu-Sheng	-	-
Taishin Securities Co., Ltd.	Chairman	Jerry Guo	Taishin holding company owns 692,412,444 shares (100%).	
	Director	Lu, Po- Yung		
	Director	Welch Lin		
	Director	Perry Huang		
	Director	Sharon Lin		
	Director	Wu, Shin-Hau		
	Independent Director	Janathan Lin		
	Independent Director	Chih, Lai-Pin		
	Supervisor	Wu, Tong-Shung		
	Supervisor	Carol Lai		
	President	Lin ,Hsien-Chun	-	-
Taishin Life Insurance Co., Ltd.	Chairman	Tsai, Kang	Taishin holding company owns 937,805,946 shares (100%).	
	Vice chairman	Welch Lin		
	Director	Wu, Shin-Hau		
	Director	Eric Chien		
	Director	Tong, Chih-Hua		
	Director	Cheng, Chia-Chung		
	Intendment Director	Kuang, Kuo-Lin		
	Intendment Director	Chih, Lai-Pin		
	Intendment Director	Chen, Steve. K		
	President	Hsin, Yi-Hua	-	-
Taishin Securities Investment Trust Co., Ltd.	Chairman	Wu, Thomas K.H.	Taishin holding company owns 83,134,964 shares (100%).	
	Vice chairman	Sam Lin		
	Director	Kuo, Li-Cheng		
	Director	Liu, Chih-Yuan		
	Director	John Chiou		
	Director	Eric Chien		
	Supervisor	Vincent Tsai		
	President	Jackie Yeh	-	-
Taishin Securities Investment Advisory Co., Ltd.	Chairman	Lin,Neng-Pai	Taishin holding company owns 27,599,513 shares (92%).	
	Director	Kuo, Sung-Show		
	Director	Christy Shyy		
	Director	Masson Li		
	Supervisor	Yumin Yang	-	-
	President	Jerry Lu	-	-

e. Directors, supervisors and major managers on affiliates

Date: Dec.31, 2022

Name of enterprise	Position	Company's Name	Shareholding (Share)	(%)
		Representative		
Taishin Real Estate Management Co., Ltd.	Chairman	Taishin International Bank	12,000,000	60
		Tiao, Chieh-Sheng	0	0
	Director	Taishin International Bank	12,000,000	60
		Wu, Tong-Liang	0	0
	Director	Taishin International Bank	12,000,000	60
		Frank Liaw	0	0
	Director	Taishin International Bank	12,000,000	60
		Wu, Tong-Shung	0	0
	Supervisor	Taishin Asset Management	8,000,000	40
		Welch Lin	0	0
	President	Frank Liaw	0	0
Taishin D.A. Finance Co., Ltd.	Chairman	Taishin International Bank	148,119,442	100
		Eric Chen	0	0
	Director	Taishin International Bank	148,119,442	100
		Welch Lin	0	0
	Director	Taishin International Bank	148,119,442	100
		Bruce Chien	0	0
	Director	Taishin International Bank	148,119,442	100
		Wang, Wen-You	0	0
	Supervisor	Taishin International Bank	148,119,442	100
		Peter Tsai	0	0
	President	Emily Tsai	0	0
Taishin Financial Leasing (China) Co., Ltd.	Chairman	Taishin Venture Capital Investment		100
		Eric Chen		0
	Director	Taishin Venture Capital Investment		100
		Goldin Wang		0
	Director	Taishin Venture Capital Investment		100
		Welch Lin		0
	Supervisor	Taishin Venture Capital Investment		100
		Peter Tsai		0
	President	Goldin Wang		0
Taishin Securities Venture Capital Investment Co.,Ltd.	Chairman	Taishin Securities	16,540,685	100
		Alex Shih	0	0
	Director	Taishin Securities	16,540,685	100
		Wang, Wei-Kai	0	0
	Director	Taishin Securities	16,540,685	100
		Chen ,Li-Guo	0	0
	Supervisor	Taishin Securities	16,540,685	100
		Yen Chen	0	0
	President	Hsiao, Juo-Shan	0	0

Name of enterprise	Position	Company's Name	Shareholding (Share)	(%)
		Representative		
Taishin Capital Co., Ltd.	Chairman	Taishin Securities	5,000,000	100
		Chen ,Li-Guo	0	0
	Director	Taishin Securities	5,000,000	100
		Alex Shih	0	0
	Director	Taishin Securities	5,000,000	100
		Max Wu	0	0
	Director	Taishin Securities	5,000,000	100
		Wu, Shin-Hau	0	0
	Supervisor	Taishin Securities	5,000,000	100
		Ming Ming Lin	0	0
	President	Chien Chih Chen	0	0
Taishin Health Investment Ltd.	Director	Chien Chih Chen		
Taishin Futures Co., Ltd. (Note 1)	Chairman	Taishin Securities	40,000,000	100
		Leo Lin	0	0
	Director	Taishin Securities	40,000,000	100
		Wu,Ya Chiang	0	0
	Director	Taishin Securities	40,000,000	100
		Liao,En Ching	0	0
	Supervisor	Taishin Securities	40,000,000	100
		Lee, Ying Wei	0	0
	President	Chu, Tien-Hao	0	0
Credidi Inc.	Chairman	Taishin Securities Investment Advisory	6,000,000	6
		Vincent Liaw	44,100,000	44.1
	Director	Taishin Securities Investment Advisory	6,000,000	6
		Masson Li	0	0
	Director	Taishin Venture Capital Investment	20,000,000	20
		Chin-Ju Chou	0	0
	Supervisor	Taishin Securities Venture Capital Investment	25,000,000	25
		Vincent Tsai	0	0
	President	Vincent Liaw	44,100,000	44.1

Note 1: Taishin Futures Co., Ltd. was established on December 2, 2022 with the approval of the Taipei City Office of Commerce, and is a 100% subsidiary of Taishin Securities Co., Ltd.

f. Operation overview on affiliates

Date: Dec. 31, 2022 Unit: NT\$1,000

Name of enterprise	Capital	Total Assets	Total Liability	Equity	Operating Revenue	Operating Profit	Income (After Tax)	EPS (After Tax;NT\$)
Taishin International Bank Co., Ltd.	90,989,819	2,401,194,897	2,233,981,646	167,213,251	39,016,044	14,725,522	12,176,095	1.34
Taishin Asset Management Co., Ltd.	671,000	2,000,186	242,677	1,762,652	230,302	169,184	229,113	3.41
Taishin Venture Capital Investment Co., Ltd.	5,667,549	9,652,133	37,307	9,614,827	4,015,588	3,983,787	3,921,656	6.92

Date: Dec. 31, 2022 Unit: NT\$1,000

Name of enterprise	Capital	Total Assets	Total Liability	Equity	Operating Revenue	Operating Profit	Income (After Tax)	EPS (After Tax; NT\$)
Taishin Securities Co., Ltd.	6,924,125	47,159,738	37,686,077	9,473,661	3,483,247	543,791	521,190	0.75
Taishin Life Insurance Co., Ltd.	9,378,059	244,510,647	229,870,627	14,640,020	27,984,349	1,342,317	1,395,867	1.69
Taishin Securities Investment Trust Co., Ltd.	831,350	1,298,751	200,220	1,098,531	802,201	225,709	168,289	2.03
Taishin Securities Investment Advisory Co., Ltd.	300,000	386,195	54,358	331,837	116,547	2,789	5,041	0.17
Taishin Real – Estate Management Co., Ltd.	200,000	592,930	243,299	349,631	50,210	25,427	24,139	1.21
Taishin D.A. Finance Co., Ltd.	1,481,194	12,879,816	11,063,872	1,815,944	795,816	242,246	213,966	1.44
Taishin Financial Leasing (China) Co., Ltd.	2,113,477	14,570,697	12,133,758	2,436,940	1,232,592	387,218	305,594	-
Taishin Securities Venture Capital Co., Ltd.	165,407	159,796	13,752	146,044	45,972	34,109	20,522	1.24
Taishin Capital Co., Ltd.	50,000	48,993	3,542	45,451	7,506	(1,507)	(1,448)	(0.29)
Taishin Health Investment Ltd.	16,000	14,942	130	14,812	(578)	(982)	(971)	-
Taishin Futures Co., Ltd. (Note 1)	400,000	411,346	12,797	398,548	0	(1,565)	(1,452)	(0.04)
Credidi Inc.	51,100	538	1,294	(755)	0	0	(17,065)	(0.17)

Note 1: Taishin Futures Co., Ltd. was established on December 2, 2022 with the approval of the Taipei City Office of Commerce, and is a 100% subsidiary of Taishin Securities Co., Ltd.

g. Organizational of Taishin Financial Holdings and Its Affiliates: Please refer to P.25 "2. Affiliated Companies".

B. Progress of private placement of securities during the latest year and up to the date of annual report publication: Nil.

C. The Company's subsidiaries' shareholding or disposal of the Company's share during the latest year and up to the date of annual report publication: Nil.

D. Additional disclosure: Nil.



09

2022
Annual Report

**Items with Major Effect on Shareholders'
Benefits or Securities Prices in 2022 and
As of the Date for the Publication of the
Annual Report**

IX Items with Major Effect on Shareholders' Benefits or Securities Prices in 2022 and As of the Date for the Publication of the Annual Report: Nil.



2022
Annual Report

Appendix

Taishin Financial Holding Co., Ltd. and Subsidiaries

**Consolidated Financial Statements for the
Years Ended December 31, 2022 and 2021 and
Independent Auditors' Report**

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Taishin Financial Holding Co., Ltd.

Opinion

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

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

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants, and the Standards on Auditing of the ROC. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the ROC, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The following were the key audit matters in the audit of the consolidated financial statements of the Group for the year ended December 31, 2022:

Impairment of Loans

Commercial lending is the core business of the Group. Loans are mainly recorded in Taishin International Bank Co., Ltd. ("Taishin Bank"), a subsidiary of Taishin Financial Holding, and represent the Group's significant accounts, which reached around 51% of the Group's total assets as of December 31, 2022. The Group assesses the impairment of loans of Taishin Bank in accordance with IFRS 9 "Financial Instruments" and "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans" issued by the Financial Supervisory Commission (FSC) ("the Regulations"), and the impairment of loans is recognized at the higher of the amount based on IFRS 9 and the Regulations. See Notes 5 and 13 to the consolidated financial statements for the relevant and additional information. The Group management's judgment and the assumptions used have significant impacts on the impairment assessments. Therefore, we consider the impairment of loans to be a key audit matter. Refer to Note 6 to the consolidated financial statements for the relevant and additional information.

Our audit procedures on the impairment of loans included understanding and testing of the design and operating effectiveness of controls and procedures for identifying loans and advances exposed to impairment and for ensuring that provisions against those assets were made. We identified loans and checked from public information to see whether the borrowers were possibly problematic companies, or have already been included in the companies under evaluation for lifetime expected credit losses (ECLs). We evaluated whether main assumptions and parameters used in the Group's impairment assessment model of ECLs complied with IFRS 9 and recalculated the amount of the impairment of loans. In addition, we tested the classification of loan accounts in accordance with the Regulations and evaluated whether the amount of the impairment of loans complied with the Regulations.

Insurance Liability - Valuation of Reserve for Life Insurance Liability and Liability Adequacy Test

Taishin Life Insurance Co., Ltd. ("Taishin Life Insurance"), a subsidiary of Taishin Financial Holding, adopts actuarial models and several significant assumptions for estimating the reserve for life insurance liability and the reserve for liability adequacy. Judging the reserve for life insurance liability involves significant assumptions, which include the mortality rate, discount rate, lapse rate, morbidity rate, etc. The setup of assumptions is based on legislation, regulations, knowledge of the Group's actual experience and industry-specific experience. The tests performed in respect of the adequacy of the reserve for liability on insurance contracts are in accordance with the regulations enacted by the Actuarial Institute of the Republic of China, and the setup of future test discount rates accounts for the Group's best estimate scenario as well as the rate of the portfolio return under the current information.

Refer to Notes 5, 6 and 28 to the accompanying consolidated financial statements for the details on the related information, accounting policies, accounting estimate and assumption uncertainty for the evaluation of the reserve for life insurance liability and the reserve for the liability adequacy test.

Since any changes in the actuarial models and important assumptions may lead to significant impacts on the results of the evaluation of the reserve for life insurance liability and for the liability adequacy test; therefore, we identified the reserves for life insurance liability and for the liability adequacy test as a key audit matter.

The corresponding audit procedures were as follows:

1. We obtained an understanding of the internal controls related to management's estimation of the reserves for life insurance liability and for the liability adequacy test as well as evaluated the operating effectiveness of these internal controls.

2. We obtained actuarial reports regarding management's estimations of the reserves for life insurance liability and for liability adequacy test as well as evaluated the Group's contracted actuarial specialist's professional ability and competence.
3. Our actuarial specialist performed the following procedures, and we compared the results with the actuarial report published by the Group's contracted actuary and evaluated the rationality of the actuarial models and significant assumptions regarding the recognition of the reserve for life insurance liability applied by management. The main audit procedures are described as follows:
 - a. Our actuarial specialist randomly sampled the insurance products of Taishin Life Insurance and we examined the calculations of the reserve for life insurance liability and confirmed that the calculations were in accordance with the regulations.
 - b. Our actuarial specialist focused on the actuarial models and important assumptions of selected insurance policies and verified the recognized amount of the reserve for life insurance liability.
 - c. Our actuarial specialist performed profiling tests, which focused on long-term insurance policies, and identified abnormal single insurance policies that recognized amounts of reserve for life insurance liability as of June 30, 2022.
 - d. Our actuarial specialist used the previously recognized amounts of the reserve for life insurance liability. Taking into consideration the business development for the year, our actuarial specialist performed ratio analysis to determine the reasonableness of the reserve for life insurance liability and to estimate the overall recognized amount of reserve for life insurance liability.
4. Our actuarial specialist performed the following procedures, and we compared the results with the actuarial report published by the Group's contracted actuary and evaluated the rationality of discount rate for future years on the recognition of the reserve for liability adequacy test applied by management. The main audit procedures were as follows:
 - a. Our actuarial specialist focused on testing the selected insurance policies provided by Taishin Life Insurance for our audit, and our actuarial specialist examined the assumptions and confirmed that they were consistent with the regulations and the important built-in assumptions through the use of actuarial tools.
 - b. Our actuarial specialist focused on testing the selected insurance policies and evaluated the discount rates for the future years applied by Taishin Life Insurance for the reserve for liability adequacy test, and we performed individual recalculations.
 - c. Our actuarial specialist performed a comparative analysis of the prior period's results. Taking into consideration the impact of the current business development, our actuarial specialist evaluated the rationality of the calculation in the reserve for liability adequacy test.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Financial Holding Companies, the Regulations Governing the Preparation of Financial Reports by Public Banks, the Regulations Governing the Preparation of Financial Reports by Securities Firms, the Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants, the Regulations Governing the Preparation of Financial Reports by Securities Issuers, the Regulations Governing the Preparation of Financial Reports by Insurance Enterprises, International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission

of the ROC, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2022 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Han-Ni Fang and Ching-Cheng Yang.

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 24, 2023

Notice to Readers

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 ROC and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally applied in the ROC.

For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the ROC. 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' report and consolidated financial statements shall prevail.

TAISHIN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

ASSETS	2022		2021	
	Amount	%	Amount	%
Cash and cash equivalents (Notes 5 and 7)	\$ 31,549,218	1	\$ 27,561,283	1
Due from the Central Bank and call loans to banks (Notes 5 and 8)	112,925,890	4	86,817,297	4
Financial assets at fair value through profit or loss (FVTPL) (Notes 5 and 9)	153,775,905	6	150,375,077	6
Financial assets at fair value through other comprehensive income (FVTOCI) (Notes 5 and 10)	142,346,349	5	176,881,749	7
Investments in debt instruments at amortized cost (Notes 5 and 11)	642,508,812	23	461,273,302	18
Securities purchased under resell agreements	13,907,236	1	10,859,842	-
Receivables, net (Notes 5, 12 and 13)	153,714,625	6	180,655,171	7
Current tax assets (Notes 5 and 41)	119,036	-	291,168	-
Loans, net (Notes 5, 6 and 13)	1,416,015,097	51	1,327,126,117	53
Reinsurance contract assets, net (Note 5)	566,564	-	503,918	-
Investments accounted for using equity method (Notes 5 and 14)	341,325	-	351,147	-
Other financial assets, net (Notes 5, 12, 13, 15 and 31)	36,393,161	1	36,450,354	2
Investment properties, net (Notes 5 and 16)	3,811,280	-	2,858,617	-
Property and equipment, net (Notes 5 and 17)	26,025,852	1	22,469,854	1
Right-of-use assets, net (Notes 5 and 18)	2,282,006	-	2,573,461	-
Intangible assets, net (Notes 5 and 19)	3,530,907	-	3,284,761	-
Deferred tax assets (Notes 5 and 41)	8,025,525	-	8,325,121	-
Other assets, net (Note 20)	16,965,759	1	13,902,250	1
TOTAL	\$ 2,764,804,547	100	\$ 2,512,560,489	100
LIABILITIES AND EQUITY				
Deposits from the Central Bank and banks (Note 21)	\$ 18,213,533	1	\$ 57,075,272	2
Due to the Central Bank and banks	-	-	3,984,460	-
Financial liabilities at fair value through profit or loss (FVTPL) (Notes 5 and 9)	54,334,795	2	31,940,397	1
Securities sold under repurchase agreements (Note 5)	84,562,582	3	86,210,606	3
Commercial papers issued, net (Note 22)	16,054,562	1	22,963,111	1
Payables (Note 23)	30,774,802	1	34,536,010	1
Current tax liabilities (Notes 5 and 41)	2,221,109	-	2,360,788	-
Deposits and remittances (Note 24)	1,914,666,125	69	1,681,331,592	67
Bonds payable (Note 25)	68,020,216	3	70,100,000	3
Other borrowings (Note 26)	12,265,346	-	12,867,620	1
Provisions (Notes 5, 27 and 28)	224,439,809	8	200,846,734	8
Other financial liabilities (Notes 5, 29 and 31)	125,615,854	5	92,423,614	4
Lease liabilities (Notes 5 and 18)	2,360,330	-	2,653,717	-
Deferred tax liabilities (Notes 5 and 41)	1,400,365	-	1,087,573	-
Other liabilities (Note 30)	6,981,307	-	14,077,667	1
Total liabilities	2,561,910,735	93	2,314,459,161	92
EQUITY ATTRIBUTABLE TO OWNERS OF PARENT (Note 33)				
Share capital				
Ordinary shares	119,741,476	4	114,093,832	5
Preferred shares	11,000,000	1	8,000,000	-
Capital surplus	38,197,778	1	35,921,647	1
Retained earnings				
Legal reserve	15,244,071	-	13,196,771	1
Special reserve	8,698,118	-	393,716	-
Unappropriated earnings	17,279,705	1	25,110,517	1
Other equity	(7,293,518)	-	1,350,795	-
Total equity attributable to owners of parent	202,867,630	7	198,067,278	8
NON-CONTROLLING INTERESTS	26,182	-	34,050	-
Total equity	202,893,812	7	198,101,328	8
TOTAL	\$ 2,764,804,547	100	\$ 2,512,560,489	100

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

TAISHIN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
INTEREST INCOME (Notes 5 and 34)	\$ 46,391,786	70	\$ 32,637,405	51
INTEREST EXPENSES (Note 34)	<u>(17,169,228)</u>	<u>(26)</u>	<u>(8,277,015)</u>	<u>(13)</u>
NET INTEREST INCOME (Note 34)	<u>29,222,558</u>	<u>44</u>	<u>24,360,390</u>	<u>38</u>
NET INCOME OTHER THAN NET INTEREST INCOME				
Net service fee and commission income (Notes 5 and 35)	12,390,426	18	15,433,664	24
Net income from insurance operations (Notes 5 and 36)	16,388,381	25	11,009,900	17
Gain (loss) on financial assets and liabilities at FVTPL (Notes 5 and 37)	1,337,104	2	5,187,742	8
Realized gain (loss) on financial assets at FVTOCI (Notes 5 and 38)	(102,655)	-	2,067,387	3
Gain (loss) on derecognition of financial assets at amortized cost (Note 11)	(729,419)	(1)	52,794	-
Foreign exchange gain (loss)	3,986,335	6	(185,493)	-
(Impairment loss on assets) reversal of impairment loss on assets (Notes 10, 11, 19 and 20)	(20,058)	-	(40,573)	-
Share of profit (loss) of associates accounted for using equity method (Notes 5 and 14)	6,313	-	(3,546,984)	(5)
Gain (loss) on reclassification using the overlay approach (Note 9)	4,067,122	6	(340,905)	-
Net other non-interest income				
Gain from bargain purchase (Note 43)	-	-	9,227,113	14
Net other miscellaneous income	<u>(103,637)</u>	<u>-</u>	<u>539,063</u>	<u>1</u>
Net income other than net interest income	<u>37,219,912</u>	<u>56</u>	<u>39,403,708</u>	<u>62</u>
NET REVENUE AND GAINS	<u>66,442,470</u>	<u>100</u>	<u>63,764,098</u>	<u>100</u>
BAD DEBT EXPENSES, COMMITMENTS AND GUARANTEES LIABILITIES PROVISION (Notes 5, 12, 13 and 27)	<u>(1,545,221)</u>	<u>(3)</u>	<u>(546,413)</u>	<u>(1)</u>
NET CHANGES IN INSURANCE LIABILITY RESERVE (Notes 5 and 28)	<u>(18,048,324)</u>	<u>(27)</u>	<u>(11,762,052)</u>	<u>(19)</u>

(Continued)

TAISHIN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
OPERATING EXPENSES				
Employee benefits expenses (Notes 5 and 39)	\$ (16,143,154)	(24)	\$ (16,202,294)	(25)
Depreciation and amortization expenses (Note 40)	(2,628,113)	(4)	(2,388,548)	(4)
Other general and administrative expenses	<u>(10,428,339)</u>	<u>(16)</u>	<u>(9,709,290)</u>	<u>(15)</u>
Total operating expenses	<u>(29,199,606)</u>	<u>(44)</u>	<u>(28,300,132)</u>	<u>(44)</u>
INCOME BEFORE INCOME TAX	17,649,319	26	23,155,501	36
INCOME TAX EXPENSE (Notes 5 and 41)	<u>(2,793,426)</u>	<u>(4)</u>	<u>(2,856,788)</u>	<u>(4)</u>
NET INCOME	<u>14,855,893</u>	<u>22</u>	<u>20,298,713</u>	<u>32</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss				
Gain (loss) on remeasurements of defined benefit plans	268,137	-	(220,445)	-
Share of other comprehensive income of associates accounted for using equity method	799	-	331,548	-
Changes in the fair value attributable to changes in the credit risk of financial liabilities designated as at FVTPL	300,972	-	(19,801)	-
Unrealized gain (loss) on investments in equity instruments designated as at FVTOCI	1,681,142	3	488,339	1
Income tax relating to items that will not be reclassified subsequently to profit or loss	(53,313)	-	44,038	-
Items that will be reclassified subsequently to profit or loss				
Exchange differences on translation of foreign financial statements	44,548	-	13,494	-
Share of other comprehensive income (loss) of associates accounted for using the equity method	-	-	589,906	1
Unrealized gain (loss) on investments in debt instruments at FVTOCI	(5,326,894)	(8)	(2,216,978)	(4)
(Impairment loss) reversal of impairment loss on investments in debt instruments at FVTOCI	(7,464)	-	(2,628)	-

(Continued)

TAISHIN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
Other comprehensive income on reclassification using the overlay approach	\$ (4,067,122)	(6)	\$ 340,905	1
Income tax relating to items that will be reclassified subsequently to profit or loss	<u>479,832</u>	<u>1</u>	<u>159,690</u>	<u>-</u>
Other comprehensive income (loss) for the year, net of tax	<u>(6,679,363)</u>	<u>(10)</u>	<u>(491,932)</u>	<u>(1)</u>
TOTAL COMPREHENSIVE INCOME (LOSS)	<u>\$ 8,176,530</u>	<u>12</u>	<u>\$ 19,806,781</u>	<u>31</u>
NET INCOME ATTRIBUTABLE TO:				
Owners of parent	\$ 14,863,852	22	\$ 20,311,808	32
Non-controlling interests	<u>(7,959)</u>	<u>-</u>	<u>(13,095)</u>	<u>-</u>
	<u>\$ 14,855,893</u>	<u>22</u>	<u>\$ 20,298,713</u>	<u>32</u>
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Owners of parent	\$ 8,184,398	12	\$ 19,819,890	31
Non-controlling interests	<u>(7,868)</u>	<u>-</u>	<u>(13,109)</u>	<u>-</u>
	<u>\$ 8,176,530</u>	<u>12</u>	<u>\$ 19,806,781</u>	<u>31</u>
EARNINGS PER SHARE (Note 42)				
Basic	<u>\$ 1.09</u>		<u>\$ 1.55</u>	
Diluted	<u>\$ 1.09</u>		<u>\$ 1.55</u>	

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

(Concluded)

TAISHIN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

Equity Attributable to Owners of Parent														
Share Capital										Other Equity				
	Preferred Shares	Advanced Receipts for Share Capital	Additional Paid-in Capital in Excess of Par	Capital Surplus			Retained Earnings			Exchange Differences on Translation of Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at FVTOCI	Changes in Fair Value Attributable to Changes in the Fair Value of Financial Liabilities at FVTPL	Other Comprehensive Income on Reclassification Using the Overlay Approach	
Ordinary Shares				Treasury Shares Transactions	Share-based Compensation	Others	Legal Reserve	Special Reserve	Unappropriated Earnings					Total Equity
\$ 109,115,662	\$ 8,000,000	\$ 11,336	\$ 33,795,808	\$ 2,075,475	\$ 54,299	\$ 3,213	\$ 11,777,396	\$ 571,970	\$ 18,831,418	\$ (953,056)	\$ 2,777,724	\$ 978	\$ -	\$ 186,169,382
BALANCE AT JANUARY 1, 2021	-	-	-	-	-	-	1,419,375	-	(1,419,375)	-	-	-	-	-
Appropriation of 2020 earnings	-	-	-	-	-	-	-	-	(6,059,361)	-	-	-	-	(6,059,361)
Legal reserve	-	-	-	-	-	-	-	-	(1,757,500)	-	-	-	-	(1,757,500)
Cash dividends on ordinary shares	-	-	-	-	-	-	-	-	(4,957,660)	-	-	-	-	-
Cash dividends on preferred shares	4,957,660	-	-	-	-	-	-	-	-	-	-	-	-	-
Stock dividends on ordinary shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net income for the year ended December 31, 2021	-	-	-	-	-	-	-	-	20,311,808	-	-	-	-	20,298,713
Other comprehensive income (loss) for the year ended December 31, 2021, net of tax	-	-	-	-	-	-	-	-	(180,726)	770,274	(1,416,197)	(19,801)	354,532	(491,932)
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	-	-	-	20,131,082	770,274	(1,416,197)	(19,801)	354,532	19,806,781
Disposals of investments accounted for using the equity method	-	-	-	-	-	-	-	-	(178,254)	894,746	(716,492)	-	-	-
Share-based payments	20,510	(11,336)	(5,481)	-	(1,667)	-	-	-	-	-	-	-	-	2,026
Disposal of investments in equity instruments designated as at FVTOCI	-	-	-	-	-	-	-	-	(552,833)	-	552,833	-	-	-
BALANCE AT DECEMBER 31, 2021	114,093,832	8,000,000	33,790,327	2,075,475	52,632	3,213	13,196,771	393,716	25,110,517	(182,782)	1,197,868	(18,823)	354,532	198,101,328
Appropriation of 2021 earnings	-	-	-	-	-	-	2,047,300	-	(2,047,300)	-	-	-	-	-
Legal reserve	-	-	-	-	-	-	-	8,304,402	(8,304,402)	-	-	-	-	-
Cash dividends on ordinary shares	-	-	-	-	-	-	-	-	(6,902,677)	-	-	-	-	(6,902,677)
Cash dividends on preferred shares	-	-	-	-	-	-	-	-	(1,757,500)	-	-	-	-	(1,757,500)
Stock dividends on ordinary shares	5,647,644	-	-	-	-	-	-	-	(5,647,644)	-	-	-	-	-
Net income for the year ended December 31, 2022	-	-	-	-	-	-	-	-	14,863,852	-	-	-	-	14,858,893
Other comprehensive income (loss) for the year ended December 31, 2022, net of tax	-	-	-	-	-	-	-	-	215,532	44,548	(3,248,831)	300,972	(3,991,675)	(6,679,363)
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	-	-	-	15,079,384	44,548	(3,248,831)	300,972	(3,991,675)	8,176,530
Issuance of Class F preferred shares	-	3,000,000	2,276,131	-	-	-	-	-	-	-	-	-	-	5,276,131
Disposal of investments in equity instruments designated as at FVTOCI	-	-	-	-	-	-	-	-	1,749,327	-	(1,749,327)	-	-	-
BALANCE AT DECEMBER 31, 2022	\$ 119,741,476	\$ 11,000,000	\$ 36,066,458	\$ 2,075,475	\$ 52,632	\$ 3,213	\$ 15,544,071	\$ 8,698,118	\$ 17,229,705	\$ (138,234)	\$ (3,800,250)	\$ 289,149	\$ (3,637,143)	\$ 202,893,812

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

TAISHIN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income before income tax	\$ 17,649,319	\$ 23,155,501
Adjustments:		
Adjustments for reconciliation of profit or loss		
Depreciation expenses	2,142,060	1,946,858
Amortization expenses	486,053	441,690
Provisions for bad debts expenses, commitments and guarantee liabilities	1,545,221	546,413
Net loss (gain) on financial assets and liabilities at FVTPL	(1,337,104)	(5,187,742)
Net loss (gain) on financial assets and liabilities at FVTOCI	102,655	(2,067,387)
Interest expenses	17,169,228	8,277,015
Loss (gain) on derecognition of financial assets at amortized cost	729,419	(52,794)
Interest income	(46,391,786)	(32,637,405)
Net change in insurance liabilities	23,180,402	11,474,907
Net change in other provisions	789,617	(31,042)
Share-based payments	20,643	203,526
Share of profit of associates accounted for using equity method	(7,459)	(760,865)
(Gain) loss on reclassification using the overlay approach	(4,067,122)	340,905
(Gain) loss on disposal of associates accounted for using the equity method	1,146	4,307,849
(Reversal of) impairment loss on financial assets	(6,549)	40,573
Impairment loss on non-financial assets	26,607	-
Gain from bargain purchase	-	(9,227,113)
Other adjustments	(67,351)	(39,860)
Total adjustments	(5,684,320)	(22,424,472)
Changes in operating assets and liabilities		
(Increase) decrease in due from the Central Bank and call loans to banks	(17,625,470)	(427,988)
(Increase) decrease in financial assets at FVTPL	3,729,559	22,606,019
(Increase) decrease in financial assets at FVTOCI	29,622,342	62,755,632
(Increase) decrease in financial assets in debt instruments at amortized cost	(183,960,483)	(27,022,635)
(Increase) decrease in securities purchased under resell agreements	(365,363)	(377,532)
(Increase) decrease in receivables	29,468,653	(15,244,345)
(Increase) decrease in loans	(89,992,941)	(76,691,435)
(Increase) decrease in reinsurance contract assets	(27,394)	34,277
(Increase) decrease in other financial assets	218,916	(2,784,977)
(Increase) decrease in other assets	(2,487,935)	(4,556,191)
Increase (decrease) in deposits from the Central Bank and banks	(11,477,290)	(4,163,237)
Increase (decrease) in financial liabilities at FVTPL	14,602,123	(43,369,809)
Increase (decrease) in securities sold under repurchase agreements	(1,648,024)	(2,078,040)
Increase (decrease) in payables	(6,368,167)	(13,860,840)
Increase (decrease) in deposits and remittances	233,334,533	73,353,137
Increase (decrease) in provisions	(32,392)	(120,869)

(Continued)

TAISHIN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
Increase (decrease) in other financial liabilities	\$ 33,192,240	\$ (2,036,439)
Increase (decrease) in other liabilities	<u>(7,313,849)</u>	<u>7,021,358</u>
Cash generated from (used in) operations	34,834,057	(26,232,885)
Interest received	45,904,856	34,940,727
Dividends received	2,410,018	1,971,156
Interest paid	(14,650,413)	(8,490,763)
Income taxes refund	272,605	188,573
Income taxes paid	<u>(2,011,388)</u>	<u>(2,313,652)</u>
Net cash generated from (used in) operating activities	<u>66,759,735</u>	<u>63,156</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of investments accounted for using the equity method	(10,000)	(264,197)
Proceeds from disposal of investments accounted for using the equity method	-	3,116,498
Acquisition of property and equipment	(4,840,848)	(1,036,271)
Proceeds from disposal of property and equipment	6,240	11,138
Acquisition of intangible assets	(746,766)	(439,046)
Net cash outflow from business combination	-	(3,717,747)
Acquisition of investment properties	(970,178)	(130,527)
Proceeds from disposal of investment properties	<u>-</u>	<u>148,430</u>
Net cash generated from (used in) investing activities	<u>(6,561,552)</u>	<u>(2,311,722)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in due to the Central Bank and banks	-	13,472,910
Decrease in due to the Central Bank and banks	(31,368,909)	-
Increase in commercial papers payable	-	7,534,000
Decrease in commercial papers payable	(6,912,000)	-
Corporate bonds issued	5,025,000	-
Repayment of bank notes payable	(6,800,000)	-
Increase in other borrowings	-	1,617,430
Decrease in other borrowings	(787,227)	-
Payments of lease liabilities	(864,501)	(795,994)
Cash dividends distributed	(8,660,177)	(7,816,861)
Issuance of Class F preferred shares	5,276,131	-
Exercise of employee stock options	<u>-</u>	<u>2,026</u>
Net cash generated from (used in) financing activities	<u>(45,091,683)</u>	<u>14,013,511</u>
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	<u>46,589</u>	<u>(592)</u>
		(Continued)

TAISHIN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ 15,153,089	\$ 11,764,353
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>65,445,130</u>	<u>53,680,777</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 80,598,219</u>	<u>\$ 65,445,130</u>
Reconciliation of cash and cash equivalents:		
	2022	2021
Cash and cash equivalents in consolidated balance sheets	\$ 31,549,218	\$ 27,561,283
Due from Central bank and call loans to banks qualifying as cash and cash equivalents under the definition of IAS 7	36,022,583	27,539,460
Securities purchased under resell agreements qualifying as cash and cash equivalents under the definition of IAS 7	<u>13,026,418</u>	<u>10,344,387</u>
Cash and cash equivalents at the end of the year	<u>\$ 80,598,219</u>	<u>\$ 65,445,130</u>

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

(Concluded)

TAISHIN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Taishin Financial Holding Co., Ltd. (“Taishin Financial Holding” or the “Company”) was established by Taishin International Bank Co., Ltd. (“Taishin Bank”) and Dah An Commercial Bank Co., Ltd. (“Dah An Bank”) pursuant to the ROC Financial Holding Company Act and related regulations through a share swap on February 18, 2002. Taishin Financial Holding’s main business activities are investing and managing its investments in financial institutions.

Taishin Bank and Dah An Bank established Taishin Financial Holding through a share swap. In forming the holding company, Taishin Bank merged with Dah An Bank, with Taishin Bank as the surviving company. In addition, Taishin Securities Co., Ltd. (“Taishin Securities A”) and Taishin Bills Finance Co., Ltd. (“Taishin Bills Finance”) became wholly-owned subsidiaries of Taishin Financial Holding through a share swap effective on December 31, 2002.

In order to better integrate the resources of the Company and its controlled affiliates, on December 19, 2009, the Company disposed of its wholly-owned subsidiary Taishin Securities A via a merger transaction of Taishin Securities A, as the dissolved company, and KGI Securities Co., Ltd. In addition, on January 22, 2011, Taishin Bank merged with Taishin Bills Finance. Hence, Taishin Bank acquired total assets and assumed all liabilities and operations of Taishin Bills Finance.

Taishin Bank started its business operations on March 23, 1992. Taishin Bank provides customers with general commercial banking services according to the Banking Act of the Republic of China.

Taishin Asset Management Co., Ltd. (“Taishin AMC”) was established on August 14, 2002 in accordance with the Company Law and other related laws. Taishin AMC’s operations include the acquisition, evaluation, auction, and management of delinquent loans.

Taishin Financial Holding acquired 100% equity interest of Franklin Insurance Brokers Co., Ltd. by cash investment on April 27, 2011 and changed the company name to Taishin Holdings Insurance Brokers Co., Ltd. (“Taishin Holdings Insurance Brokers”). Later Taishin Bank merged with Taishin Holdings Insurance Brokers. Therefore, on October 29, 2015, the board of directors of Taishin Bank (acting on behalf of shareholders of Taishin Bank) resolved that the surviving company was Taishin Bank and the dissolved company was Taishin Holdings Insurance Brokers. The merger base date was set as April 24, 2016.

Taishin Venture Capital Co., Ltd. (“Taishin Venture Capital”) was approved for establishment on December 25, 2002. Its operations include engagement in investment start-ups.

Taishin Financial Holding acquired 100% equity interest of Taishin Securities Investment Trust Co., Ltd. (“Taishin Securities Investment Trust”) and 92% equity interest of Taishin Securities Investment Advisory Co., Ltd. (“Taishin Securities Investment Advisory”) by cash investments on July 26, 2010. Taishin Securities Investment Trust and Taishin Securities Investment Advisory became subsidiaries of Taishin Financial Holding.

Taishin Securities Investment Advisory was established in March 1989, and its operations include accepting mandates from customers, providing analytical opinions or recommendations on securities investment, acting as an agent for investment consultancy of offshore funds, issuing publications or holding lectures about securities investment and other relevant business permitted by the competent authority.

Taishin Securities Investment Trust approved by the Securities and Futures Bureau, was established on May 31, 2004. Its operations include offering securities investment trust funds, issuing beneficial interest certificates and investing in or trading securities, securities-related products or other items approved by the FSC. In addition, Taishin Securities Investment Trust was approved to operate a full fiduciary discretionary investment business in 2005.

Taishin Securities Co., Ltd. ("Taishin Securities B") (formerly known as Donshin Securities Co., Ltd.) was incorporated on January 15, 1990, and its operations include services dealing with futures, securities underwriting, brokerage, margin lending and security transfer services. Taishin Financial Holding acquired 100% equity interest of Taishin Securities B by cash investments on April 6, 2010. Taishin Securities B became a subsidiary of Taishin Financial Holding.

Taishin Securities B acquired 100% equity interest in Tachong Securities Co., Ltd. ("Tachong Securities") via cash acquisition and assumed the net assets and operations of Tachong Venture Capital Co., Ltd. ("Tachong Venture Capital"), which was originally the subsidiary of Tachong Securities on August 28, 2017. After completing the aforementioned cash acquisition, the surviving company was Taishin Securities B, and Tachong Securities was dissolved accordingly.

In order to integrate financial resources to expand business development, enhance competitiveness and other expected benefits, the Group conducted an internal organization restructuring. Hence, on the base date, November 8, 2021, Taishin Securities B generally assumed all the assets, liabilities and operations of the stock transfer agency department by Taishin Bank.

Taishin Financial Holding acquired 100% equity interest in Prudential Life Insurance Company of Taiwan Inc. ("Prudential Life Insurance") through cash investment on June 30, 2021. Prudential Life Insurance became a subsidiary of Taishin Financial Holding and changed the company name to Taishin Life Insurance Co., Ltd. ("Taishin Life Insurance") on August 10, 2021 with approval by the ROC Ministry of Economic Affairs. Taishin Life Insurance's operations is personal insurance and its underwriting items include life insurance, medical insurance, accident insurance and investment insurance.

Taishin Real-Estate Management Co., Ltd. ("Taishin Real-Estate") was established in August 1995, and its operations include audit and consultation of construction plans, contract verifications, assessments and trades of real estate, etc.

Xiang An Life Insurance Agency Co., Ltd. ("Xiang An Insurance Agency") was established in September 1996. It provides life insurance agency services. The record date of liquidation for Xiang An Insurance Agency was on July 17, 2020, and as of August 30, 2021 the liquidation procedures were completed.

Taishin D.A. Finance Co., Ltd. ("Taishin D.A. Finance") was established in October 1997. Its operations include the lease, wholesale and retail sale of machinery, precision machinery, motor vehicles, aircrafts and vessels and their components.

Tachong Venture Capital was established in December 2013 and changed its company name to Taishin Securities Venture Capital Co., Ltd. ("Taishin Securities Venture Capital") on October 2, 2017. It mainly engages in making investments in start-up entities and in providing consultancy services.

Taishin Capital Co., Ltd. ("Taishin Capital") was established in August 2019. It mainly engages in making investments in start-up entities and in providing consultancy services.

Taishin Venture Capital, Taishin Securities Investment Advisory and Taishin Securities Venture Capital acquired 51% equity interest and controlling power of Credidi Inc. ("Credidi") by cash investment on November 3, 2020. Therefore, Credidi became a subsidiary of Taishin Financial Holding. It mainly engages in information software services.

Taishin Financial Leasing (China) Co., Ltd. (“Taishin Financial Leasing (China)”) was approved for establishment on July 12, 2011 to provide financial leasing services; Taishin Financial Leasing (Tianjin) Co., Ltd. (“Taishin Financial Leasing (Tianjin)”) was approved for establishment on March 1, 2012 to provide financial leasing services. In order to integrate the group resources and increase competitiveness in financial leasing services, the Company conducted an internal group restructuring. The Company intended to merge Taishin Financial Leasing (China) and Taishin Financial Leasing (Tianjin). On December 31, 2020, the board of directors resolved that the surviving company is Taishin Financial Leasing (China) and the dissolved company is Taishin Financial Leasing (Tianjin), and as of September 23, 2021, the liquidation procedures were completed. On March 29, 2021, the merger was endorsed by the Investment Commission, MOEA (“MOEAIC”). The merger base date was on March 31, 2021.

Taishin Health Investment Co., Ltd. (“Taishin Health Investment”) was approved for establishment on February 20, 2021 to provide investment services.

Taishin Futures Co., Ltd. (“Taishin Futures”) was approved for the establishment on December 2, 2022 and mainly engaged in futures brokerage business. Taishin Futures obtained its license issued by the authorities on February 6, 2023 to operate as futures brokerage firm.

Within these consolidated financial statements, Taishin Financial Holding and its subsidiaries mentioned above are collectively referred to as the “Group”.

In the year ended December 31, 2005, Taishin Financial Holding acquired 1,400,000 thousand shares of Class B Preferred Shares issued by Chang Hwa Commercial Bank, Ltd. (“Chang Hwa Bank”) through private placements. The 22.55% ownership interest with voting rights allows Taishin Financial Holding to take over half of the seats in the board of directors of Chang Hwa Bank. Accordingly, Taishin Financial Holding had controlling power over Chang Hwa Bank. On October 3, 2008, this Class B Preferred Shares was converted into 1,400,000 thousand shares of ordinary shares. Chang Hwa Bank held the election of its board of directors on December 8, 2014, whereby Taishin Financial Holding did not obtain more than half of the seats of Chang Hwa Bank’s board of directors. Therefore, Taishin Financial Holding lost its control over Chang Hwa Bank and afterwards did not account for Chang Hwa Bank as its subsidiary in accordance with the Financial Holding Company Act. In addition, Taishin Financial Holding disposed of 200 million shares of Chang Hwa Bank on June 10, 2021 and issued a letter of undertaking to the FSC, promising to complete the disposition of all shares held in 6 years from the time when the disposition of the shares of Chang Hwa Bank started; and since the beginning of the disposal of Chang Hwa Bank’s shares, the Group no longer exercised shareholder rights other than dividends distribution rights, including no longer nominating directors, recommending independent directors, or supporting specific candidates for Chang Hwa Bank, thereby losing significant influence. The ownership interest without voting rights in Chang Hwa Bank held by Taishin Financial Holding and subsidiaries was 10.67% as of December 31, 2022.

2. STATEMENTS OF COMPLIANCE

The consolidated financial statements were prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Financial Holding Companies, the Regulations Governing the Preparation of Financial Reports by Public Banks, the Regulations Governing the Preparation of Financial Reports by Securities Firms, the Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants, the Regulations Governing the Preparation of Financial Reports by Securities Issuers, the Regulations Governing the Preparation of Financial Reports by Insurance Enterprises, and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRSs”) endorsed and issued into effect by the FSC.

3. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company's board of directors on February 23, 2023

4. 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, the Regulations Governing the Preparation of Financial Reports by Public Banks, the Regulations Governing the Preparation of Financial Reports by Securities Firms, the Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants, the Regulations Governing the Preparation of Financial Reports by Securities Issuers, the Regulations Governing the Preparation of Financial Reports by Insurance Enterprises and the IFRSs.

The Group assessed that the initial application of the amendments to the Regulations Governing the Preparation of Financial Reports and the IFRSs endorsed and issued into effect by the FSC did not have any material impact on the Group's accounting policies, and the application of other standards and interpretations would have no impact on the Group's financial position and financial performance.

- b. The IFRSs endorsed by the FSC for application starting from 2023

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 1)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 2)
Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	January 1, 2023 (Note 3)

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

Note 2: The amendments will be applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 3: Except for deferred taxes that were recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments were applied prospectively to transactions that occur on or after January 1, 2022.

Except for the following, the application of the above new, amended and revised Standards and Interpretations did not have any material impact on the Group's accounting policies:

1) Amendments to IAS 1 "Disclosure of Accounting Policies"

The amendments specify that the Group should refer to the definition of material to determine its material accounting policy information to be disclosed. Accounting policy information is material if it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments also clarify that:

- Accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed;

- The Group may consider the accounting policy information as material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial; and
- Not all accounting policy information relating to material transactions, other events or conditions is itself material.

The amendments also illustrate that accounting policy information is likely to be considered as material to the financial statements if that information relates to material transactions, other events or conditions and:

- a) The Group changed its accounting policy during the reporting period and this change resulted in a material change to the information in the financial statements;
 - b) The Group chose the accounting policy from options permitted by the standards;
 - c) The accounting policy was developed in accordance with IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” in the absence of an IFRS that specifically applies;
 - d) The accounting policy relates to an area for which the Group is required to make significant judgements or assumptions in applying an accounting policy, and the Group discloses those judgements or assumptions; or
 - e) The accounting is complex and users of the financial statements would otherwise not understand those material transactions, other events or conditions.
- 2) Amendments to IAS 8 “Definition of Accounting Estimates”

The amendments define that accounting estimates are monetary amounts in financial statements that are subject to measurement uncertainty. In applying accounting policies, the Group may be required to measure items at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, the Group uses measurement techniques and inputs to develop accounting estimates to achieve the objective. The effects on an accounting estimate of a change in a measurement technique or a change in an input are changes in accounting estimates unless they result from the correction of prior period errors.

- 3) Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

The amendments clarify that the initial recognition exemption under IAS 12 does not apply to transactions in which equal taxable and deductible temporary differences arise on initial recognition. The Group shall recognize a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized) and a deferred tax liability for all deductible and taxable temporary differences associated with leases and decommissioning obligations on January 1, 2022, and the Group shall recognize the cumulative effect of initial application in retained earnings at that date. The Group shall apply the amendments prospectively to transactions other than leases and decommissioning obligations that occur on or after January 1, 2022.

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 above standards and interpretations on the Group’s financial position and financial performance and will disclose the relevant impact when the assessment is completed.

- c. The IFRSs in issue but not yet endorsed and issued into effect by the FSC

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
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
Amendments to IFRS 16 “Leases Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 9 and IFRS 17 - Comparative Information”	January 1, 2023

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

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

Except for the following, the application of the above new, amended and revised Standards and Interpretations did not have any material impact on the Group’s accounting policies:

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

The amendments stipulate that, when the Group sells or contributes assets that constitute a business (as defined in IFRS 3) to an associate or joint venture, 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 or joint venture, 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 or joint venture, 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 or joint control over an associate or a joint venture, 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 or joint venture, i.e., the Group’s share of the gain or loss is eliminated.

- 2) Amendments to IFRS 16 “Leases Liability in a Sale and Leaseback”

The amendments clarify that the liability that arises from a sale and leaseback transaction - that satisfies the requirements in IFRS 15 to be accounted for as a sale - is a lease liability to which IFRS 16 applies. However, if the lease in a leaseback that includes variable lease payments that do not depend on an index or rate, the seller-lessee shall measure lease liabilities arising from a leaseback in a way that it does not recognize any amount of the gain or loss that relates to the right of use it retains. Seller-lessee subsequently recognizes in profit or loss the difference between the payments made for the lease and the lease payments that reduce the carrying amount of the lease liability.

3) IFRS 17 “Insurance Contracts”

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

Level of aggregation

IFRS 17 requires the Group to identify portfolios of insurance contracts which comprises contracts that are subject to similar risks and managed together. Contracts within a product line would be expected to have similar risks and hence would be expected to be in the same portfolio if they are managed together. Each portfolio of insurance contracts issued shall be divided into a minimum of:

- a) A group of contracts that are onerous at initial recognition;
- b) A group of contracts that at initial recognition have no significant possibility of becoming onerous subsequently, and
- c) A group of the remaining contracts in the portfolio.

The Group is not permitted to include contracts issued more than one year apart in the same group, and a group of contracts which are decided to be issued shall apply the recognition and measurement of IFRS 17.

Recognition

The Group shall recognize a group of insurance contracts issued from the earliest of the following:

- a) The beginning of the coverage period of the group of contracts;
- b) The date when the first payment from a policyholder becomes due; and
- c) For a group of onerous contracts, when the group becomes onerous.

Measurement on initial recognition

On initial recognition, the Group shall measure a group of contracts at the total of the amount of fulfilment cash flows and the contractual service margin. The fulfilment cash flows comprises estimates of future cash flows, 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 contractual service margin represents the unearned profit that the Group 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 a group of contracts is onerous, results in no income or expenses arising from:

- a) The initial recognition of an amount for the fulfilment cash flows;
- b) The derecognition at that date of any asset or liability recognized for acquisition cash flows; and
- c) All cash flows arising from the contracts in the group at that date.

Subsequent measurement

On subsequent measurement, the carrying amount of a group of insurance contracts at the end of each reporting period shall be the sum of the liability for remaining coverage and the liability for incurred claims. The liability for remaining coverage comprises the fulfilment cash flows related to future services and the contractual service margin of the group at that date, and liabilities for incurred claims include fulfilment cash flows related to past services. On subsequent measurement, if a group of insurance contracts becomes onerous (or more onerous), that excess shall be recognized in profit or loss.

Onerous contracts

An insurance contract is onerous at the date of initial recognition if the fulfilment cash flows allocated to insurance contracts, all previously recognized acquisition cash flows and all cash flows arising from the contract at the date of initial recognition in total are a net outflow. The Group 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 fulfilment cash flows and the contractual service margin of the group being zero. The contractual service margin 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 (PAA)

The Group 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 Group reasonably expects that this will be a reasonable approximation of the general model, or
- b) The coverage period of each contract in a group is one year or less.

At the inception, if the Group expects significant variances in the fulfilment cash flows during the year before a claim is incurred, such contracts are not eligible to apply the PAA.

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

Investment contracts with discretionary participation features

An investment contract with discretionary participation features 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, the Group 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.

The Group shall derecognize an insurance contract when it is extinguished or substantially modified.

Transition

The Group 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, the Group shall utilize reasonable and supportable information and maximize the use of information that would have been used to apply a full retrospective approach, but only need to use information available without undue cost or effort. The Group shall apply fair value approach if reasonable and supportable information is unavailable.

Under the fair value approach, the Group determines the contractual service margin at the transition date as the difference between the fair value of a group of insurance contracts at that date and the fulfilment cash flows measured at that date.

Redesignation of financial assets

At the date of initial application of IFRS 17, an entity which applied IFRS 9 may redesignate and reclassify financial assets that comply with paragraph C29 of IFRS 17. The entity does not have to restate comparative information to reflect changes in the reclassification of these assets, so the difference between the previous carrying amount and the carrying amount at the date of initial application of IFRS 17 and redesignation and reclassification of these financial assets is recognized in the retained earnings (or other equity, if appropriate) at the date of initial application. If an entity restates the comparative information, the restatement must reflect the requirements of these affected financial assets under IFRS 9.

In addition, for enterprises that have applied IFRS 9 before the initial application of IFRS 17 and have financial assets that have been derecognized during the comparative period of the date of initial application of IFRS 17, the enterprise can choose to apply the classification overlay on the basis of individual financial assets, as if those financial assets had been reclassified in the comparative period in accordance with the redesignation requirements in paragraph C29 of IFRS 17.

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 above 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.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

According to Order No. 1110383772, No. 1110385026, No. 11102740351, No. 11104953451 and No. 1110385042 issued by the FSC, the Group's consolidated financial statements have been prepared in accordance with the IFRSs and relevant Regulations Governing the Preparation of Financial Reports, which were approved by the FSC for 2022.

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, payable incurred by cash-settled share-based payment, and defined benefit plans which is recognized by present value of the defined benefit obligations subtracted fair value of plan assets (refer to the summary of accounting policies below). Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The functional currency of Taishin Financial Holding is New Taiwan dollar. Thus, the consolidated financial statements are presented in New Taiwan dollars.

The Group categorized economic activities into operating, investing, and financing activities. The consolidated statements of cash flows reported the change of cash and cash equivalents in the current period based on operating, investing, and financing activities. Refer to Note 7 for the components of cash and cash equivalents.

The cash flow of operating activities was reported by using indirect method. Under the indirect method, profit or loss is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments, and items of income or expense associated with investing or financing cash flows. Interest paid and interest and dividends received are classified as operating cash flows. Dividends paid are classified as financing cash flow because they are cost of obtaining financial resources.

When preparing the financial statements in accordance with the FSC-endorsed IFRSs, the Group has to make certain significant accounting assumptions and estimates based on professional judgments to determine its accounting policies. Change in assumptions may result in significant effects on financial report. The Group believes that the consolidated financial report was prepared based on appropriate assumptions. For items that required management's most difficult or complex judgments, or assumptions and estimates that significantly affect the financial statements, please refer to Note 6.

Classification of Current and Noncurrent Assets and Liabilities

Since the banking companies account for a substantial portion of the consolidated statements and because of banking business characteristics, classification of consolidated assets and liabilities according to the nature and the sequence of liquidity can provide more reliable and relevant information. Therefore, those assets and liabilities are not classified as current or noncurrent, but classified according to the nature and sequence of liquidity. In addition, maturity analysis of liabilities was disclosed in Note 48.

Basis of Consolidation

a. Principle of consolidation of financial statements

This consolidated financial report has included financial reports prepared by the Company and entities controlled by the Company.

The Company has control over its investees if it has all the following elements:

- 1) Power over the investee, voting or other rights.
- 2) Exposure, or rights, to variable returns from involvement with the investee;
- 3) The ability to use power over the investee to affect the amount of the investor's returns.

Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statements of profit or loss and other comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate.

Adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Group.

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation.

Non-controlling interests are presented in the consolidated balance sheets within equity, separate from the equity of the owners of the Company.

Attribution of total comprehensive income to non-controlling interests

Total comprehensive income of subsidiaries is attributed to Taishin Financial Holding and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests should be adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Group.

When the Group loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and any investment retained in the former subsidiary at its fair value at the date when control is lost and (ii) the assets (including any goodwill) and liabilities and any non-controlling interests of the former subsidiary at their carrying amounts at the date when control is lost. The Group accounts for all amounts recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if the Group had directly disposed of the related assets or liabilities (i.e. reclassifies to profit or loss, or transfers directly to retained earnings if required in accordance with other IFRSs).

The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting.

b. Business combinations

Business combinations are accounted for in accordance with the requirements of IFRS 3 "Business Combinations" approved by the FSC. Acquisitions of businesses are accounted for using the acquisition method. Acquisition-related costs are generally recognized in profit or loss as they are incurred. The transfer consideration for a business combination should be measured at fair value, and its calculation is based on the total amount of the assets transferred by the acquirer, the liabilities incurred or assumed, and the fair value of the equity instruments issued by the acquirer on the acquisition date.

Goodwill is measured as the excess of the sum of the consideration transferred and the fair value of the acquirer's previously held equity interests in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after re-assessment, the net of the acquisition date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred and the fair value of the acquirer's previously held interests in the acquiree, the excess is recognized immediately in profit or loss as a bargain purchase gain.

When the acquisition does not meet the definition of "Business Combinations", the merging company will allocate the acquisition costs to separately identifiable assets and liabilities. The acquired assets and liabilities are recorded on the basis of: (1) The fair value of financial assets and liabilities measured at the acquisition date based on IFRS 9 "Financial Instruments" recognized by the FSC. (2) The remaining amount after deducting the cost of financial assets and liabilities from the acquisition cost is allocated to other assets and liabilities based on the relative proportion of the fair value of other assets and liabilities on the acquisition date.

c. Subsidiaries included in the consolidated financial statements were as follows:

Investor	Subsidiary	Ownership Interest (%)	
		December 31	
		2022	2021
Taishin Financial Holding	Taishin Bank	100.00	100.00
Taishin Financial Holding	Taishin Securities B	100.00	100.00
Taishin Financial Holding	Taishin AMC	100.00	100.00
Taishin Financial Holding	Taishin Venture Capital	100.00	100.00
Taishin Financial Holding	Taishin Securities Investment Advisory	92.00	92.00
Taishin Financial Holding	Taishin Securities Investment Trust	100.00	100.00
Taishin Financial Holding	Taishin Life Insurance (Note 1)	100.00	100.00
Taishin Bank	Taishin Real-Estate	60.00	60.00
Taishin Bank	Taishin D.A. Finance	100.00	100.00
Taishin AMC	Taishin Real-Estate	40.00	40.00
Taishin Venture Capital	Taishin Financial Leasing (China)	100.00	100.00
Taishin Securities B	Taishin Securities Venture Capital	100.00	100.00
Taishin Securities B	Taishin Capital	100.00	100.00
Taishin Securities B	Taishin Futures (Note 2)	100.00	-
Taishin Venture Capital	Credidi	20.00	20.00
Taishin Securities	Credidi	6.00	6.00
Investment Advisory			
Taishin Securities Venture Capital	Credidi	25.00	25.00
Taishin Capital	Taishin Health Investment	100.00	100.00

Note 1: The Group completed the shareholding rights settlement of Taishin Life Insurance after the closing hours of Taishin Life Insurance on June 30, 2021. Therefore, the Group's related disclosure on the income (loss) as of December 31, 2021 does not include the income (loss) as of June 30, 2021 of Taishin Life Insurance.

Note 2: Taishin Securities B invested in the establishment of Taishin Futures on December 2, 2022, and has since included it as part of the consolidated financial reporting entity.

Foreign Currencies

In preparing the financial statements of each individual Group entity, the currency of the primary economic environment in which the entity operates (the "functional currency") is used. Transactions in currencies other than the entity's functional currency are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. When several exchange rates are available, the rate used is that at which the future cash flows, represented by the transaction amount or balance, could have been settled if those cash flows had occurred at the measurement date. Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising from settlement are recognized in profit or loss in the period in which they arise. Exchange differences on monetary items arising from translation are recognized in profit or loss in the period in which they arise except items that qualify as hedging instruments in a cash flow hedge are recognized initially in other comprehensive income to the extent that the hedge is effective.

Exchange differences arising on the retranslation of non-monetary assets (such as equity investment) or liabilities measured at fair value are included in profit or loss for the period at the rates prevailing at the end of reporting period except for exchange differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income.

The results and financial position of an entity whose functional currency is not the currency of a hyperinflationary economy but different from the presentation currency are translated into the presentation currency using the following procedures:

- a. Assets and liabilities are translated at the closing rate at the date of the consolidated balance sheets;
- b. Income and expenses are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used; and
- c. All resulting exchange differences are recognized in other comprehensive income.

Exchange differences arising from the above procedures are recognized as "Exchange differences from translation of foreign operation" in equity. Exchange differences arising from net investments in foreign operation and hedge of a monetary item regarded as part of the net investments are recognized as other comprehensive income. When the foreign operation or part of the foreign operation is disposed of, exchange differences are recognized initially in other comprehensive income and reclassified from equity to profit or loss. Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of that foreign operation are treated as assets and liabilities of the foreign operation. Thus, they are expressed in the functional currency of the foreign operation and translated at the closing rate.

Cash and Cash Equivalents

Cash and cash equivalents are cash in vault, cash in banks, short-term time deposits and short-term financial instruments that must be readily convertible to a known amount of cash and subject to an insignificant risk of changes in value. For the consolidated statements of cash flows, cash and cash equivalents are cash and cash equivalents on the consolidated balance sheets, due from the Central Bank and call loans to banks and securities purchased under resell agreements that are in conformity with the definition of cash and cash equivalents in the IAS 7 endorsed by the FSC.

Investment in Associates

An associate is an entity over which the Group has significant influence that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee without having control or joint control over those policies.

The Group uses the equity method to recognize the investment in associates. Under the equity method, an investment in an associate is initially recognized at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate. The Group also recognizes its share in the changes in the equity of associates.

When the Group subscribes for additional new shares of the associate, at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Group's proportionate interest in the associate. The Group records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus. If the Group's ownership interest is reduced due to the additional subscription of the new shares of associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate is reclassified to profit or loss on the same basis as would be required if the investee had directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for by the equity method is insufficient, the shortage is debited to retained earnings.

When the Group's share of losses of an associate equals or exceeds its interest in that associate (which includes any carrying amount of the investment accounted for by the equity method and long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognizing its share of further losses. Additional losses and liabilities are recognized only to the extent that the Group has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets and liabilities of an associate recognized at the date of acquisition is recognized as goodwill, which is included in the carrying amount of the investment and is not amortized. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

The requirements of IAS 36 "Impairment of Assets" endorsed by the FSC are applied to determine whether it is necessary to recognize any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognized is deducted from the carrying amount of the investment. Any reversal of that impairment loss is recognized in accordance with the FSC-endorsed IAS 36 "Impairment of Assets" to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date it ceases to have significant influence over the associate. Any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. The Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities.

When a group entity transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

Property and Equipment

Property and equipment are stated at cost, less recognized accumulated depreciation and accumulated impairment loss. Cost is capitalized when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Owned land is not depreciated.

Depreciation is recognized so as to write off the cost of the assets less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis in accordance with the FSC-endorsed IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors”.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Investment Properties

Investment properties are properties held to earn rentals and/or for capital appreciation and are not owned by other corporations in the Group. Investment properties include office buildings or land held for operating lease.

The investment properties comprise a portion that is self-used by the Group and another portion that is held to earn rentals or for capital appreciation. If a portion of a property owned by the Group can be sold separately, the Group accounts for that portion separately. For self-used properties, the FSC-endorsed IAS 16 is adopted. Investment properties held to earn rentals or/and for capital appreciation are under the regulation of the FSC-endorsed IAS 40. If portions of a property cannot be sold separately, the property is investment property only if an insignificant portion is held as self-used asset.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss.

Depreciation is recognized so as to write off the cost of assets less their residual values over their useful lives, using the straight-line method.

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the asset. Any gain or loss arising on derecognition of the property is calculated as the difference between the net disposal proceeds and the carrying amount of the asset and is included in profit or loss in the period in which the property is derecognized.

Goodwill

Goodwill arising from the acquisition of a business is measured at cost as established at the date of acquisition of the business less accumulated impairment loss.

For the purposes of impairment testing, goodwill is allocated to each of the Group’s cash-generating units or groups of cash-generating units (referred to as “cash-generating units”) that are expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently whenever there is an indication that the unit may be impaired, by comparing its carrying amount, including the attributed goodwill, with its recoverable amount. However, if the goodwill allocated to a cash-generating unit was acquired in a business combination during the current annual period, that unit shall be tested for impairment before the end of the current annual period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then pro rata to the other assets of the unit based on the carrying amount of each asset in the unit. Any impairment loss is recognized directly in profit or loss. Any impairment loss recognized for goodwill is not reversed in subsequent periods.

If goodwill has been allocated to a cash-generating unit and the Group disposes of an operation within that unit, the goodwill associated with the operation which is disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal and is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Intangible Assets (Except Goodwill)

a. Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life, residual value, and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis which is in accordance with the FSC-endorsed IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors". The residual value of an intangible asset with a finite useful life shall be assumed to be zero unless the Group expects to dispose of the intangible asset before the end of its economic life.

b. Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognized separately from goodwill are initially recognized at their fair value at the acquisition date (which is regarded as their cost). Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortization and accumulated impairment loss.

c. Derecognition of intangible assets

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gain or loss on derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in profit or loss.

Impairment of Non-financial Assets (Except Goodwill)

At the end of each reporting period, the Group reviews the carrying amounts of its non-financial assets, excluding goodwill, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to the individual cash-generating units; otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. Impairment loss is recognized in profit or loss.

When an impairment loss subsequently is reversed, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Bonds and Securities Purchased/Sold under Specific Agreements

Bonds and securities purchased under resell agreements are recorded at purchase price and are accounted for as financing transactions. Bonds and securities sold under repurchase agreements are recorded at sale price. Interest revenue and expenses recognized from the transactions mentioned above are recorded on accrual basis.

Financial Instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

a. Measurement category

Financial assets are classified into the following categories: Financial assets at FVTPL and at amortized cost and investments in debt instruments and equity instruments at FVTOCI. The categories are based on the contractual cash flows on the initial recognition of the financial assets and the Group's business model.

For the Group's debt instruments that have contractual cash flows that are solely for repayments of principal and interest on the principal amount outstanding, their classification and measurement are as follows:

- 1) For debt instruments, if they are held within a business model whose objective is to collect contractual cash flows, the financial assets (including cash and cash equivalents, due from the Central Bank and call loans to banks, securities purchased under resell agreements, receivables, loans, investments in debt instruments at amortized cost, other financial assets, other assets - refundable deposits, other assets - operating guarantee deposits and settlement funds) are measured at amortized cost and are assessed for impairment continuously with any impairment loss recognized in profit or loss. Interest income is recognized in profit or loss by using the effective interest method; and
- 2) For debt instruments, if they are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, the financial assets are measured at FVTOCI and are assessed for impairment. Interest income is recognized in profit or loss by using the effective interest method, and other gains or losses shall be recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses. When the debt instruments are derecognized or reclassified, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss. Fair value is determined in the manner described in Note 48.

Except for the above, all other financial assets are measured at FVTPL. However, the Group may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividends income generally recognized in profit or loss. No subsequent impairment assessment is required, and the cumulative gain or loss previously recognized in other comprehensive income cannot be reclassified from equity to profit or loss. Fair value is determined in the manner described in Note 48.

Overlay approach

The Group could apply the overlay approach to specific financial assets. The financial assets that are allowed to adopt the overlay approach were limited to financial assets measured at fair value through profit or loss under IFRS 9, but not under IAS 39 and without any relationship to IFRS 4 “Insurance Contracts”. The Group should designate the eligible financial assets precisely upon initial application of IFRS9 and designate the new assets acquired during initial recording. The changes in fair value of qualified financial assets should be divided into two parts, recorded as profit or loss under IAS 39 and the difference between application of IFRS 9 and IAS 39 recorded as other comprehensive income.

Except for the above, on initial recognition, the Group may make an irrevocable election to designate investments in equity instruments at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Dividends on these investments in equity instruments are recognized in profit or loss when the Group’s right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investments.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, they will be transferred to retained earnings. Fair value is determined in the manner described in Note 48.

b. Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses (ECLs) on financial assets other than investments in equity instruments that are measured at FVTOCI and financial assets at FVTPL.

ECLs reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the ECLs that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The Group recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

For purchased or originated credit-impaired financial assets, the Group takes into account the ECLs on initial recognition in the credit-adjusted effective interest rate. Subsequently, any changes in ECLs are recognized as a loss allowance with a corresponding gain or loss recognized in profit or loss even if lifetime ECLs are lower than the ECLs on initial recognition.

Under the Regulations Governing the Procedures for Insurance Enterprises to Evaluate Assets and Deal with Non-performing/Non-accrual Loans, insurance subsidiary of the Group evaluates credit assets' fair value and its' collectability, based on the borrower's financial conditions and the delay for payment of principal and interests as well as the status of the loan collaterals and the length of time overdue.

Insurance subsidiary of the Group engages in the business of life insurance loans and premium loans. Both loans and interest receivables are one hundred percent guaranteed, and no provision for bad debts is made. However, policy loans secured by the account value of an investment-linked policy may result in losses due to significant drop in the account value of underlying investment and the account value is insufficient to cover the policy loans.

In addition, specific industries are mandatorily assessed such that the loss allowance for loans is measured at the higher of the amount calculated in accordance with the Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans.

The Group recognizes an impairment loss or a gain on the reversal of impairment in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and does not reduce the carrying amount of the respective financial asset.

c. Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss.

Equity instruments

Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a group entity are recognized at the proceeds received, net of direct issue costs.

Repurchase of the Group's own equity instruments is recognized and deducted directly in equity, and its carrying amount is calculated based on the weighted average of the stock types, and is calculated separately based on the reason for the withdrawal. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

Financial liabilities

a. Subsequent measurement

Except the following situations, all the financial liabilities are measured at amortized cost using the effective interest method:

1) Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when such a financial liability is either held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- a) It has been acquired principally for the purpose of repurchasing it in the near term; or
- b) On initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- c) It is a derivative that is not designated and effective as a hedging instrument.

A financial liability may be designated as at FVTPL upon initial recognition when doing so results in more relevant information and if:

- a) Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- b) The financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and whose performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis.

In addition, if a contract contains one or more embedded derivatives, the entire combined contract (asset or liability) can be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gain or loss arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any interest or dividends paid on the financial liabilities.

For a financial liability designated as at FVTPL, the amount of changes in fair value attributable to changes in the credit risk of the liability is presented in other comprehensive income. However, in the case of avoiding an accounting mismatch or the amount of changes in fair value is due to loan commitments and financial guarantee contracts, all changes in fair value of the liability are presented in profit or loss. Fair value is determined in the manner described in Note 48.

2) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by the Group are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of the following and should be dealt with based on the Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans:

- a) The amount of the loss allowance reflecting the ECLs; and
 - b) The amount initially recognized less, where appropriate, the cumulative amount of revenue recognized in accordance with IFRS 15 as endorsed by the FSC.
- 3) Commitments to provide a loan at a below-market interest rate

Commitments to provide a loan at a below-market interest rate issued by the Group are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

- a) The amount of the loss allowance reflecting the ECLs; and
- b) The amount initially recognized less, where appropriate, the cumulative amount of revenue recognized in accordance with IFRS 15 as endorsed by the FSC.

b. Derecognition of financial liabilities

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

Derivative financial instruments

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. When the fair value of derivative financial instruments is positive, the derivative is recognized as a financial asset; when the fair value of derivative financial instruments is negative, the derivative is recognized as a financial liability.

Derivatives embedded in hybrid contracts that contain financial asset hosts within the scope of IFRS 9 are not separated; instead, the classification is determined in accordance with the entire hybrid contract. Derivatives embedded in non-derivative host contracts that are not financial assets within the scope of IFRS 9 are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

Modification of Financial instruments

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

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

Financial assets and financial liabilities offsetting

Financial assets and financial liabilities are only allowed to be offset and expressed in net amount in consolidated balance sheets when amounts to be offset are 1) objects of legally enforceable right to offset, and 2) objects of intended net settlement, i.e. liquidation of assets for discharge of liabilities.

Futures

Margin paid on futures contracts purchased or sold is recorded as refundable deposits, the market value of futures contracts is recognized as financial assets or liabilities measured at FVTPL, and the gain (loss) on open positions and on maturity or early settlement of contracts is recorded as profit (loss) for the current period.

Securities Trading Margin Purchase and Short Sale

Margin loans extended to customer by the Group conducting securities trading margin purchase and short sale business are recognized as receivables from margin loans. Customers provide all the stocks purchased in trading margin operations as collaterals, which the Group records by using memorandum entries. Stocks are returned when customers pay back money.

Margins received from short selling customers by the Group conducting securities trading margin purchase and short sale are recognized as short sale margins. In addition, short sale proceeds (less securities transaction taxes, handling fees for execution of customer orders and short sale handling fees) received as collateral from short selling customers by the Group conducting securities trading margin purchase and short sale are recognized as payable for short sale collateral received. The interest on the payable for short sale collateral received and short sale margins under the preceding paragraph is accrued and paid to customers. The stocks lent to customers are recorded by using memorandum entries. Short sale margins and payable for short sale collateral received are reimbursed when customers return their stocks.

Classification and Measurement of Insurance Products

a. Classification

- 1) Insurance products should be classified according to IFRS 4.
- 2) Insurance contract refers to a contract under which one party (the insurer) accepts significant risk transferred from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder, including reinsurance contracts with transferrable significant risk held by the Group. Noninsurance contracts (also called investment contracts) are insurance contracts with a nature of financial instruments that are exposed to financial risks but without significant transferred insurance risks. The definition of significant transferred risks employed by the Group here refers to any event or incident that happens and leads to the Group's additional significant payment.
- 3) Insurance policies which meet the definition of insurance contracts on initial recognition shall be classified as insurance contracts before all rights and obligations expire or mature, even if the insurance risks have been reduced significantly during coverage period.

- 4) Insurance contracts and investment contracts will be further classified depending on the discretionary participation feature. The discretionary participation feature is a contractual right to receive additional benefit rather than guaranteed benefits, and this kind of right requires the meeting of the following criteria at the same time:

- a) Additional benefits that are likely to be a significant portion of the total contractual benefits;
- b) The amount or timing of additional benefits is contractually at the discretion of the Group; and
- c) Additional benefits are contractually based on:
 - i. The performance of a specified pool of contracts or a specified type of contract;
 - ii. The investment return on a specified pool of assets held by the Group; or
 - iii. The profit or loss of the Group, funds, or other entity that issues the contract.

b. Measurement

- 1) Insurance contracts and financial instruments with discretionary participation features (investment contracts)

Premium income and commission expense are recognized when premiums are collected and the underwritings are approved for initial policies, and when premiums are collected for renewal policies. Claim and policy benefits are recognized under profit or loss accounts as accrued.

- 2) Non-insurance contracts (investment contracts)

For an insurance contract classified as an investment contract due to its lack of significant transferred insurance risks, except for 'financial instruments with discretionary participation features (investment contracts)', IFRS 9 should be applied to investment contracts when there are financial assets or financial liabilities arising from investment contracts. The consideration received or paid shall be accounted for using deposit accounting in practice and recognized as financial assets or financial liabilities instead of revenues or expenses. When there is no financial asset or financial liability arising from investment contracts, IFRS 15, 'Revenue from contracts with customers', shall be applied to investment contracts.

- 3) Reinsurance contract

- a) Reinsurance standards for inwards and outwards, reinsurance premiums, reinsurance premium ceded, reinsurance commissions, and claims payable and recoverable from reinsurers should be calculated and recognized in accordance with reinsurance contracts signed.
- b) The Group evaluates whether privileges of reinsured, including items under reinsurance contract assets such as reinsurance reserve assets, claims recoverable from reinsurers, and due from reinsurers and ceding companies, are impaired or unrecoverable on a regular basis. When objective evidence indicates that such privilege after the initial recognition will possibly lead to the Group being unable to collect all receivables on the contract, and the impact of the receivables from reinsured can be reliably measured with regard to the aforementioned event, the provision for impairment loss shall be recognized to the extent that the recoverable amounts are no greater than the reinsurance reserve asset of the aforementioned rights. Also, loss allowance should be appropriately made for the unrecoverable amounts of claims recoverable from reinsurers and due from reinsurers and ceding companies.

Non-discretionary Participation Feature Investment Contracts

- a. Except for investment-linked insurance products, the Group holds no insurance products which are classified as non-discretionary participation feature investment contracts.
- b. The service fees of investment-linked insurance products which are classified as non-discretionary participation feature investment contracts of the Group include: administration fees, management fee, surrender charge, and others. Service fee shall be recognized as income when received. And the remaining balance of insurance premiums received (less the aforementioned expenses or various management fees, etc.) shall all be recognized as liability of investment-linked insurance products on the statements of financial position.

Customer Margin Accounts and Futures Traders' Equity

When the Group collects margin from futures traders according to the contracts, it is recorded in the customer margin accounts and futures traders' equity; and the difference is adjusted according to the daily closing price. When a futures trader incurs an excess loss resulting in a debit balance in the futures trader's equity, it is recorded as futures exchange margins receivable.

Customer margin accounts are bank deposits opened by futures firms at banks for the deposit of margin and premiums of futures traders.

The balance of futures clearing house is the balance after a futures dealer with membership transfers the margin and premiums of futures traders to futures clearing house.

Separate Account Insurance Products

The Group sells separate account insurance products. The insurance premiums according to agreed terms paid by proposers, net of the expenses incurred by the insurer, are invested in separate accounts at allocation agreed with or directed by the proposers. The separate account assets are measured at fair value on the valuation date and in compliance with the relevant regulations and Template of Accounting Systems for Life Insurance Enterprises.

In accordance with the Regulation Governing the Preparation of Financial Reports by Insurance Enterprises, the assets and liabilities of separate accounts, which are generated either from insurance contracts or from insurance contracts with features of financial instrument, are recorded in separate account insurance product assets and separate account insurance product liabilities. The income and expenses of separate accounts, pursuant to IFRS 4, are recorded in separate account insurance product income and separate account insurance product expenses.

Provisions, Contingent Liabilities and Contingent Assets

A provision shall be recognized when:

- a. An entity has a present obligation (legal or constructive) as a result of a past event;
- b. It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- c. A reliable estimate can be made of the amount of the obligation.

The Group does not recognize provisions for future operating losses. Where there are a number of similar obligations, the probability that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Although the likelihood of outflow for any one item may be small, it may well be probable that some outflow of resources will be needed to settle the class of obligations as a whole. If that is the case, a provision is recognized.

Provisions are subsequently measured by the present value of the expected expenditures to settle the obligations. Discount rate is the pre-tax discount rate and is adjusted in time to reflect current market assessments of the time value of money and the risks specific to the liability.

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity, or it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation can't be reliably measured.

The Group does not recognize a contingent liability but disclose it appropriately in accordance with related guidelines.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. The Group does not recognize a contingent asset. A contingent asset is disclosed appropriately in accordance with related guidelines, where an inflow of economic benefits is probable.

If contingent liabilities from business combination belongs to present obligation of past event and its fair value can be measured, fair value will be recognized as original cost on acquisition-date. After balance sheet date, contingent liabilities are measured by amortized amount. If it may pay present obligation amount after evaluation, it will be measured at higher of present obligation amount and amortized amount.

Insurance Contract Liabilities

The Group's reserves of insurance contracts and financial instruments with discretionary participation features are recognized based on "Regulation Governing the Setting Aside of Various Reserves by Insurance Enterprises" and relevant regulations issued by the competent authority. The following various reserves do not apply discount method other than policy reserve, premium deficiency reserve, and liability adequacy reserve. Provision basis of various reserves are as follows:

a. Unearned premium reserve

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

b. Loss reserve

Loss reserves based on claim experience and expenses of various insurance types and are calculated with actuarial principles. Besides, reserves are provided for "claims reported but not paid" and "claims incurred but not reported". For "claim reported but not paid", a reserve is provided on an individual claim basis for each type of insurance.

c. Reserve for policy benefit

Long-term insurance contract reserves are recognized and calculated based on related regulation and the calculation manual approved by the authorities. Discount rate is provided by the estimated interest rate of reserve for policy benefit in the new insurance contract. In addition, pursuant to Jin-Guan-Pao-Tzai Letter No. 10102500530 dated January 19, 2012, the catastrophe reserve recovered by the Group was transferred to "life policy reserve - recovery of catastrophe reserve" and the unwritten-off allowance for doubtful debt of 3% decrease in business tax was also transferred from special reserve to "life policy reserve - unwritten-off allowance for doubtful debt of 3% decrease in business tax" in 2012.

d. Premium deficiency reserve

If the issued premiums of life insurance, health insurance, and annuity insurance contract with a coverage period over one year are less than the premiums of policy reserve in compliance with the regulation, the deficiency of subsequent periods should be recognized as premium deficiency reserve. In addition, potential claims and expenses are estimates for effective contracts yet to mature and injury insurance contracts with a coverage period over one year. If the assessed amount is more than the unearned premium reserve and expected premium income, the insufficient amount should be recognized as premium deficiency reserve by product types. Discount rate is provided by the estimated interest rate of reserve for policy benefit in the new insurance contract.

e. Liability adequacy reserve

Liability adequacy reserve refers to the required additional reserve according to the liability adequacy test result under IFRS 4. The Group adopts gross premium valuation method for the liability adequacy test based on the entire contracts of the Group, in accordance with “Actuarial Practice Guidelines” issued by the Actuarial Institute of the Republic of China. At the end of each reporting period, the test is performed by comparing the net carrying amount of insurance liabilities with the present estimates of insurance contract future cash flows. If the net carrying amount is insufficient, the deficiency is charged to current expense or loss.

Reserve for insurance contracts with the nature of financial products

Reserve for insurance contracts with the nature of financial products with no discretionary participation feature is recognized in accordance with “Regulation Governing the Setting Aside of Various Reserves by Insurance Enterprises” and deposit accounting. Discount rate is provided by the estimated interest rate of reserve for policy benefit in the new insurance contract.

Reserve for Foreign Exchange Valuation

In accordance with the revised “Regulation Governing the Setting Aside of Various Reserves by Insurance Enterprises”, the Group sets aside reserve for foreign exchange valuation under liabilities with regard to the foreign investment assets held (excluding non-investment-linked life insurance product assets denominated in foreign currency) starting from 2012. Treatments for accumulation limit of related reserves, method for provision or writing-off, and other binding matters shall be in compliance with “Guidelines for Foreign Exchange Reserve by Life Insurance Enterprises” and relevant regulations.

Income Recognition

a. Interest income

Except for financial assets at FVTPL, interest income of all financial instruments is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, and recognized in the consolidated statements of comprehensive income. When the loans become past due and are considered uncollectible, the principal and interest receivable are transferred to delinquent loan accounts and the accrual of interest income is stopped. Interest income will be recognized when the delinquent interest is collected. If the repayment of loan is extended under an agreement, the related interest should be recognized as deferred revenue and recognized as income when collected. Interest income from securities trading margin purchase and short sale is accrued according to the terms stated in the financing and trading contract.

b. Service fee and commission income

Service fee revenue is recognized from providing loans and other services, such as real estate management service, etc. The Group identifies contracts with the customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied. If the service fee revenue is for further loan service and of significant amount, it is recognized over the period of the service or included in the base of calculation of the effective interest rate of loans and receivables.

The Group's customer loyalty program provides customers with award credits, which gives customers material rights by providing discount to future consumption. The transaction price allocated to award credit is recognized as a liability, and the Group recognizes revenue when award credits are redeemed or forfeited.

Brokerage commission is recognized on the trading day. Purchasing commission is recognized when the commission is received; underwriting commission is recognized at the completion of the underwriting contracts.

Leasing

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. However, for the lease of cars in which the Group is a lessee and driving service is provided by a lessor, the Group elects to account for the lease and non-lease components as a single lease component.

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 lease payments comprise fixed payments, in-substance fixed payments, residual value guarantees, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and payments of penalties for terminating a lease if the lease term reflects such termination, less any lease incentives payable. 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. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.

Variable lease payments that do not depend on an index or a rate are recognized as income in the periods in which they are incurred.

When a lease includes both land and building elements, the Group assesses the classification of each element separately as a finance or an operating lease based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group. The lease payments are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of a contract. If the allocation of the lease payments can be made reliably, each element is accounted for separately in accordance with its lease classification. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease unless it is clear that both elements are operating leases; in which case, the entire lease is classified as an operating lease.

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.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments, in-substance fixed payments, variable lease payments which depend on an index or a rate, residual value guarantees, the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and payments of penalties for terminating a lease if the lease term reflects such termination, less any lease incentives receivable. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, 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. For a lease modification that is not accounted for as a separate lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset of lease modifications that decreased the scope of the lease, and recognizing in profit or loss any gain or loss on the partial or full termination of the lease. The amount from other remeasurement of the lease liability adjusted to the right-of-use assets. Lease liabilities are presented on a separate line in the consolidated balance sheets.

Variable lease payments that do not depend on an index or a rate are recognized as expenses in the periods in which they are incurred.

Employee Benefits

a. Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at the end of each reporting period.

The retirement benefit obligation recognized in the consolidated balance sheets represents the present value of the defined benefit obligation and as reduced by the fair value of plan assets. Any asset resulting from this calculation is limited to the present value of available refunds and reductions in future contributions to the plan.

Net defined benefit liability (asset) remeasurement comprises 1) actuarial gains and losses on the defined benefit obligation; 2) return on plan assets, excluding the net interest on the net defined benefit liability (asset); and 3) any changes in the effect of the limit involving surplus in a defined benefit plan, excluding the net interest on the net defined benefit liability (asset). Moreover, the net defined benefit liability (asset) remeasurements are recognized in other comprehensive income; these remeasurements should be transferred immediately to retained earnings, and will not be reclassified to profit or loss. Significant unrecognized past service cost is immediately recognized retrospectively in profit or loss. If the defined benefit retirement plan is curtailed or settled, the gain or loss on curtailment or settlement is recognized.

b. High-yield savings account for employee

The Group provides employees with high-yield savings account. The premium interest rate applies to a fixed amount of principal and the interest is paid to present employees (within employment and retirement) and retired employees. The difference between the premium rate and the market rate is classified as employee benefits.

Share-based Payment Arrangements

Equity-settled share-based payment

The fair value determined at the grant date of the employee share options is expensed on a straight-line basis over the vesting period, based on the Group's estimate of employee share options that will eventually vest, with a corresponding increase in capital surplus - employee share options. The fair value determined at the grant date of the employee share options is recognized as an expense in full at the grant date when the share options granted vest immediately.

The grant date of employee share options, which are reserved when the Company issues new shares, is the date when the number of employee subscription is confirmed. The Company recognized an expense and capital surplus at the fair value of the share options determined at the grant date.

Cash-settled share-based payment

For cash-settled share-based payments, a liability is recognized for the goods or services acquired, measured initially at the fair value of the liability incurred. At the end of each reporting period until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognized in profit or loss.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

a. Current tax

Income tax payable (recoverable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Law in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

b. Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Land revaluation increment tax accrued from the Group's land revaluation increment in accordance with related regulations is a taxable temporary difference and shall be recognized as a deferred tax liability. Deferred tax assets are generally recognized for all deductible temporary differences, unused loss carryforward, research and development expenditures, and personnel training expenditures to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

A deferred tax asset shall be recognized for the unused loss carry forward and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilized. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be realized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

The Group does not offset deferred tax assets and deferred tax liabilities from different taxation authorities.

c. Current and deferred tax for the period

Current tax and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current tax and deferred tax are also recognized in other comprehensive income or directly in equity, respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

d. Taishin Financial Holding and its more than 90% owned subsidiaries adopt the linked-tax system for tax filings. Differences between current and deferred income tax expenses on consolidated entity basis and those on nonconsolidated entity basis are adjusted in Taishin Financial Holding's income tax expenses. Related reimbursement and appropriation are recognized as receivables or payables. Taishin Life Insurance was included in the consolidated financial statements since June 30 2021. Under the Business Mergers and Acquisitions Act No 45. The Group should include Taishin Life Insurance in the linked tax system for the filing of year 2022 enterprise income tax in the year 2023.

Securities Lending

The sources of lending securities for the securities lending business of the Group are (1) its own securities; (2) securities borrowed from Taiwan Stock Exchange's Securities Borrowing and Lending (TWSE SBL) system; (3) collateral securities acquired from financing customers' acquisitions and short-sales; (4) securities borrowed from clients; and (5) from other securities corporations or securities financing companies which operate securities lending businesses or margin purchases and short sales businesses.

When the Group lends their self-owned securities, such securities account shall be reclassified to "lending stock" and measured at fair value on the valuation date. When borrowing securities from securities lending system, clients, and other securities lending and securities financing brokerages or institutions, the Group shall record such transactions through memo entries. If the collateral securities obtained through financing operation belong to a client's deposit, the Group shall not recognize the collateral securities as its assets when lending, but the Group shall monitor them individually by client type. The Group's financial statements shall disclose the outgoing transfers of the latter two types of securities.

The collateral securities obtained through securities lending are recorded separately for each client, and the transaction related to the collateral shall be recorded one by one. Cash collaterals are recorded as "securities lending deposits" under other financial liabilities. When the value of collateral is insufficient, the Group shall inform the lenders to pay the difference to increase the total value of the collateral.

Revenues and service fees from securities lending are recognized as "income from securities lendings".

6. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The Group's accounting policies, accounting assumptions and estimates have significant impact on the consolidated financial statements. Accordingly, the management exercised appropriate professional judgment in the preparation of the consolidated financial statements.

The assumptions and estimates involve significant risks that significant adjustments might result in changes in the carrying amounts of assets and liabilities in the next fiscal year. The assumptions and estimates made were the best estimates based on the FSC-endorsed IFRSs. The estimates and assumptions are based on historical experience and other factors, including future expectations and are continuously assessed. The Group considers the economic implications of the COVID-19 and market interest rate fluctuations when making its critical accounting estimates.

Partial items of the accounting policies and management's judgment could have significant impact on the recorded amount in the consolidated financial statements.

Impairment of Loans

The measurement of ECLs is based on the present value of the difference of all contractual cash flows receivable from a contract and all cash flows that are expected to be received, discounted at the original or credit-adjusted effective interest rate, and the calculated weighted average of the probability of default.

In the calculation of required provision of allowance for possible losses, the Group also takes into consideration the classification of loans based on the status of the loan collaterals and the length of time the loans are overdue. The Group evaluates the impairment of loans based on the customer's financial conditions, whether the repayments of principal and interest are overdue and the status of the collateral, etc. If future actual cash flows are lesser than expected, material impairment losses may arise.

Refer to Note 13 for the carrying amounts of loans and allowance for loans as of December 31, 2022 and 2021.

Measurement of Policy reserves and Liability Adequacy Test

Policy reserves for insurance contracts and investment contracts with discretionary participation features are based on actuarial models and assumptions made as the insurance contracts were established, which include the mortality rate, discount rate, lapse rate, morbidity rate, etc. The assumptions are made based on the related laws and regulations.

All insurance contracts are subject to a liability adequacy test, which reflects the best current estimate of future cash flows. Best estimates of future investment income from the assets backing such contracts are based on current market returns, as well as expectations about future economic developments. Assumptions on future expenses are based on current expense levels, adjusted using the expected expense inflation, if appropriate. Surrender rates are based on the Group's historical experience.

The management of the Group examines these estimates regularly and makes adjustments when necessary, but actual results may differ from these estimates.

The Measurement of the Gain from Bargain Purchase in Business Combinations

The assessment of the fair value of assets and liabilities and the determination of the amount of gain from bargain purchase on the acquisition date of Taishin Financial Holding's acquisition of Taishin Life Insurance were based on the expert's purchase price allocation report, which involved a number of financial model assumptions, parameter settings and related accounting estimates. Thus, it may have a significant impact on the recognized amount of gain from bargain purchase; refer to Note 43.

7. CASH AND CASH EQUIVALENTS

	December 31	
	2022	2021
Cash on hand	\$ 15,548,873	\$ 11,118,659
Checks for clearing	1,543,420	1,664,802
Due from banks	11,915,726	13,329,122
Others	<u>2,541,199</u>	<u>1,448,700</u>
	<u>\$ 31,549,218</u>	<u>\$ 27,561,283</u>

- Due from banks include time deposits that have a maturity of three months or less from the date of acquisition, are readily convertible to a known amount of cash, and are subject to an insignificant risk of change in value; these were held for the purpose of meeting short-term cash commitments.
- The loss allowance was measured at an amount equal to 12-month ECLs based on historical experience and forward-looking information; there was no loss allowance on cash and cash equivalents as of December 31, 2022 and 2021.

8. DUE FROM THE CENTRAL BANK AND CALL LOANS TO BANKS

	December 31	
	2022	2021
Required reserve - Account A	\$ 22,521,467	\$ 12,726,316
Required reserve - Account B	48,536,512	41,380,270
Required reserve - Foreign Currency	324,473	116,132
Required reserve - Others	520,288	54,724
Call loans to other banks	36,022,583	27,539,460
Interbank clearing funds	<u>5,000,567</u>	<u>5,000,395</u>
	<u>\$ 112,925,890</u>	<u>\$ 86,817,297</u>

The loss allowance was measured at an amount equal to 12-month ECLs based on historical experience and forward-looking information; there was no loss allowance on due from the Central Bank and call loans to banks as of December 31, 2022 and 2021.

9. FINANCIAL INSTRUMENTS AT FVTPL

	December 31	
	2022	2021
<u>Financial assets mandatorily classified as at FVTPL</u>		
Derivative instruments		
Futures	\$ 867,693	\$ 970,115
Forward exchange contracts	906,355	447,417
Currency swaps	25,969,631	6,058,949
Interest rate swaps	17,507,686	8,410,145
Cross-currency swaps	115,683	198,344
Foreign-exchange options	430,503	971,607
Equity-linked options	59,289	163,176
Commodity and futures options	-	577
Equity-linked swaps	40,903	7,213
Commodity price swaps	-	836
Non-derivative financial assets		
Investment in bills	43,436,249	54,264,117
Domestic and overseas shares and beneficiary certificates	29,393,984	32,821,116
Government bonds	6,200,979	7,741,434
Corporate bonds, bank notes payable and other bonds	9,640,028	16,039,040
Beneficiary securities (Note 48)	208,465	226,230
Trading securities		
Dealing	10,865,278	13,225,172
Underwriting	1,237,106	748,462
Hedging	6,896,073	8,080,444
Others	<u>-</u>	<u>683</u>
Financial assets at FVTPL	<u>\$ 153,775,905</u>	<u>\$ 150,375,077</u>

(Continued)

	December 31	
	2022	2021
<u>Financial liabilities designated as at FVTPL</u>		
Bank notes payable (d)	\$ 2,483,480	\$ 3,023,578
Structured products (e)	3,598,550	3,021,174
<u>Financial liabilities held for trading</u>		
Derivative instruments		
Futures	7,817	20,185
Forward exchange contracts	478,342	494,381
Currency swaps	26,650,943	6,705,510
Interest rate swaps	16,788,413	7,946,542
Cross-currency swaps	125,004	330,429
Foreign-exchange options	456,645	1,046,368
Commodity and futures options	-	155
Equity-linked options	1,055,325	2,887,403
Equity-linked swaps	40,901	7,213
Commodity price swaps	-	836
Liabilities for issuance of call (put) warrants, net (c)	34,733	15,682
Contingent consideration agreement (g)	-	1,789,122
Exchangeable corporate bonds embedded derivatives (h)	175,500	-
Non-derivative financial liabilities		
Stock borrowing transaction	2,439,142	4,651,819
Financial liabilities at FVTPL	<u>\$ 54,334,795</u>	<u>\$ 31,940,397</u> (Concluded)

- a. The Group engaged in various derivative instrument transactions in the years ended December 31, 2022 and 2021 to fulfill the needs of customers of Taishin Bank and Taishin Securities B as well as to manage Taishin Bank and Taishin Life Insurance's positions and risks of assets and liabilities.
- b. The nominal principal amounts of outstanding derivative contracts were as follows:

	December 31	
	2022	2021
Futures	\$ 8,232,826	\$ 12,580,216
Forward exchange contracts	84,038,780	97,214,166
Currency swaps	2,061,898,071	1,712,047,462
Interest rate swaps	842,400,292	827,400,390
Cross-currency swaps	6,664,204	22,094,659
Foreign-exchange options	69,830,387	137,097,766
Interest rate options	-	951,000
Equity-linked options	11,117,125	9,496,826
Commodity and futures options	-	177,990
Equity-linked swaps	342,924	251,934
Commodity price swaps	-	52,009
Guarantee products	3,540,000	2,620,000
Equity-linked products	50,000	393,000

- c. Details of call (put) warrants were as follows:

	December 31	
	2022	2021
Call (put) warrants issued	\$ 1,752,240	\$ 719,100
Loss (gain) on change in fair value	(387,890)	11,590
	<u>1,364,350</u>	<u>730,690</u>
Repurchased call (put) warrants	1,630,530	676,352
Gain (loss) on change in fair value	(300,913)	38,656
	<u>1,329,617</u>	<u>715,008</u>
Net call (put) warrants issued	<u>\$ 34,733</u>	<u>\$ 15,682</u>

The call (put) warrants which were issued by Taishin Securities B, are exercisable within six to eight months from the date listed on market and will be settled in cash or in securities at Taishin Securities B's discretions.

The fair value of call (put) warrants was calculated using the closing price on the last transaction day of the balance sheet date.

- d. Taishin Bank's unsecured USD senior bank notes payable were as follows:

First unsecured USD senior bank notes payable of Taishin Bank of year 2018, 30 years, US\$80,000 thousand, 100% of the principal amount of the bonds, put redemption on the fifth anniversaries of the notes payable issue, and repay the holders at principal value plus accrued interests, maturity: July 5, 2048.

Second unsecured USD senior bank notes payable of Taishin Bank of year 2018, 30 years, US\$20,000 thousand, 100% of the principal amount of the bonds, put redemption on the fifth anniversaries of the notes payable issue, and repay the holders at principal value plus accrued interests, maturity: July 5, 2048.

Taishin bank considered unsecured USD senior bank notes payable as financial instruments designated at FVTPL to eliminate the recognition inconsistency.

- e. Taishin Securities B issued structured notes, approved by the Taipei Exchange, including principal guaranteed notes, equity-linked notes, fund-linked notes and credit-linked products. According to the contracts of principal guaranteed notes, equity-linked notes and fund-linked notes, Taishin Securities B receives contract principal or agreed amount of proceeds from investors and will pay the settlement amount based on the contractual terms at maturity. The structured notes contain debt obligation and embedded options components and Taishin will earn profit arising from credit spread or market spread. The credit-linked products contain credit spread of convertible corporate bonds, which are from dealing or asset-swap and combined with fixed-income products sold to investors; Taishin Securities B receives contract principal from investors and pays dividends in fixed cycle. The credit-linked products provide more options for convertible assets and decrease the risks of holding convertible bonds of investors.

Taishin Securities B engages in the structured note transactions in order to diversify its financial instruments, to increase the source of profits and to provide other hedge positions in assets and advance the income stability and to decrease the credit risk on asset holdings.

- f. The Group adopted the overlay approach of IFRS 4 for the presentation of profit or loss of designated financial assets.

The financial assets related to investment activities of issued insurance contracts that designated to adopt the overlay approach were as follows:

	December 31	
	2022	2021
<u>Financial assets at FVTPL</u>		
Domestic listed (OTC) stocks	\$ 11,939,705	\$ 13,960,790
Domestic unlisted (OTC) stocks	81,027	-
Domestic beneficiary certificates	4,023,622	6,622,795
Foreign beneficiary certificates	3,323,059	4,458,107
Foreign beneficiary bonds	<u>208,465</u>	<u>226,230</u>
	<u>\$ 19,575,878</u>	<u>\$ 25,267,922</u>

Reclassifications from profit or loss to other comprehensive income of the financial assets designated by the Group to apply overlay approach by the Group were as follow:

	For the Year Ended December 31	
	2022	2021
Gain (loss) on application of IFRS 9	\$ (2,562,624)	\$ 1,056,308
Loss (gain) if applying IAS 39	<u>(1,504,498)</u>	<u>(715,403)</u>
Gain (loss) on reclassification using the overlay approach	<u>\$ (4,067,122)</u>	<u>\$ 340,905</u>

Due to application of overlay approach, the amount of (loss) gain on financial assets at FVTPL had been adjusted from \$1,337,104 thousand to \$5,404,226 thousand and \$5,187,742 thousand to \$4,846,837 thousand for the years ended December 31, 2022 and 2021, respectively.

- g. Under the contingent consideration arrangement, within the expiration of two years from the signing date on August 11, 2020, the Group will pay the additional adjusted price if the price adjustment conditions are met while the limit is NT\$3 billion. In accordance with IFRS 3 "Business Combinations", the amount of \$917,855 thousand represents the estimated fair value of this obligation at the date of the acquisition, June 30, 2021. The recognized contingent consideration is used as part of the payment of the transferred consideration. The contingent consideration of the Group is measured at fair value and changes in fair value are recognized in profit or loss after the acquisition date; thus, gains (losses) on financial liabilities at FVTPL are recognized the amount of \$(1,210,878) thousand and \$(871,267) thousand for the years ended December 31, 2022 and 2021, respectively. The Group paid the additional adjusted price of NT\$3 billion on August 19, 2022, and derecognized financial liabilities at FVTPL at the same time when the price adjustment conditions were met on August 11, 2022, two years from the signing date.
- h. The Group issued the first domestic unsecured exchangeable corporate bonds to obtain Chang Hwa Bank's common shares on April 1, 2022. According to IFRS 9 "Financial Instrument", the derivative financial instrument embedded in the exchangeable bonds shall be separated from the main contract and recognized as a derivative instrument, as its economic trait and risk are not closely related to the main contract's debt instruments. The fair value of the embedded derivatives at the exchangeable bonds' issuance date was \$398,500 thousand and was recognized as financial liabilities at FVTPL, and the changes in fair value in subsequent periods were recognized in profit or loss. Thus, gains (losses) on financial liabilities at FVTPL were recognized the amount of \$223,000 thousand and \$0 thousand for the years ended December 31, 2022 and 2021 respectively. Refer to Note 25 for information related to the issuance of the exchangeable corporate bonds.

10. FINANCIAL ASSETS AT FVTOCI

	December 31	
	2022	2021
<u>Debt instrument</u>		
Investment in bills	\$ 1,819,411	\$ -
Government bonds	41,470,998	42,007,136
Corporate bonds	37,259,066	43,589,651
Bank notes payable	37,243,009	49,264,669
Beneficiary securities (Note 48)	<u>1,140,195</u>	<u>1,453,655</u>
	118,932,679	136,315,111
<u>Equity instrument</u>		
Domestic and overseas shares (b)	<u>23,413,670</u>	<u>40,566,638</u>
	<u>\$ 142,346,349</u>	<u>\$ 176,881,749</u>

- a. Because some equity instruments are held by the Group for long-term purposes and not for trading, which is reasonably reflected in the operating performance, equity instruments are classified as at fair value through other comprehensive income.
- b. The Group issued the first domestic unsecured exchangeable corporate bonds to obtain Chang Hwa Bank's common shares on April 1, 2022. Refer to Note 25 for information related to the issuance of the exchangeable corporate bonds.
- c. On June 10, 2021, when the Group lost significant influence on Chang Hwa Bank, the Group changed its equity on Chang Hwa Bank to financial assets at FVTOCI. On December 8, 2014, the Company filed a civil action against the Ministry of Finance (MOF) of the ROC for breach of contract by assisting the Company in securing majority of seats in the board of directors of Chang Hwa Bank, and the previous court orders are as follows:
 - 1) On April 27, 2016, the Taipei District Court ruled that there was a contractual relationship existing between the MOF and the Company.
 - 2) On May 17, 2017, the Taiwan High Court ruled that, as long as the MOF possesses the stocks of Chang Hwa Bank and the Company remains the largest stockholder of Chang Hwa Bank, the MOF should support the representatives appointed by the Company as they are elected to be the board members of Chang Hwa Bank by majority vote.
 - 3) On May 23, 2019, the Supreme Court reversed the original judgment that contained the existence of the contractual relationship and litigation expenses, and remanded this case to the Taiwan High Court.
 - 4) On August 21, 2020, the Taiwan High Court (first instance of remand) ruled that, as long as the MOF possesses the stocks of Chang Hwa Bank and the Company remains the largest stockholder of Chang Hwa Bank, the MOF should support (including but not limited to non-obstructive) the representatives appointed by the Company as four of them are elected to be the board members of Chang Hwa Bank. Both parties had filed appeals as they were not satisfied with the aforementioned judgement.
 - 5) The Company and MOF reached a consensus to resolve the dispute on August 10, 2022, and the Company withdrew the appeal from the Taiwan High Court.

- d. The amount of the loss allowance for debt instruments was as follows:

	12-month ECLs	Lifetime ECLs - Not Credit-impaired	Lifetime ECLs - Credit-impaired	Total
December 31, 2022	\$ 28,927	\$ -	\$ -	\$ 28,927
December 31, 2021	36,391	-	-	36,391

As the Group's debt instruments at FVTOCI were measured using the ECLs model, the Group had recognized impairment loss on assets. Reversal of impairment loss/(impairment loss) recognized in profit amounted to \$8,906 thousand and \$2,117 thousand for the years ended December 31, 2022 and 2021, respectively.

- e. The Group sold the domestic ordinary shares for strategic purposes. The stock sold had a fair value of \$21,728,336 thousand and \$17,568,549 thousand, and the Group transferred \$1,749,327 thousand and \$(549,815) thousand of gains (losses) from other equity to retained earnings for the years ended December 31, 2022 and 2021, respectively.
- f. Refer to Note 48 for information relating to the management of credit risk and the impairment assessment on investments in debt instruments at FVTOCI.
- g. Refer to Note 50 for information relating to debt instruments at FVTOCI pledged as collateral.

11. INVESTMENTS IN DEBT INSTRUMENTS AT AMORTIZED COST

	December 31	
	2022	2021
Investment in bills	\$ 265,934,806	\$ 226,855,000
Bank notes payable	66,097,967	40,340,263
Corporate bonds	116,696,702	68,314,144
Government bonds	184,812,434	115,797,696
Beneficiary securities (Note 48)	<u>10,522,480</u>	<u>10,956,969</u>
	644,064,389	462,264,072
Less: Allowance for impairment	(55,382)	(51,691)
Less: Security deposit	<u>(1,500,195)</u>	<u>(939,079)</u>
	<u>\$ 642,508,812</u>	<u>\$ 461,273,302</u>

- a. For the years ended December 31, 2022 and 2021, the Group disposed of bonds before maturity date due to increase in credit risk, resulting in a gain (loss) on disposal of \$(113,497) thousand and \$0 thousand, respectively. The disposal of bonds before maturity date is because of infrequent sales or sales were insignificant in value (either individually or in aggregate) and recognized a gain (loss) on disposal of \$(617,484) thousand and \$54,572 thousand, respectively. The disposal of bonds due to other conditions such as repayments at maturities resulted in a gain (loss) on disposal of \$1,562 thousand and \$(1,778) thousand, respectively.
- b. The amount of the loss allowance for debt instruments was as follows:

	12-month ECLs	Lifetime ECLs - Not Credit-impaired	Lifetime ECLs - Credit-impaired	Total
December 31, 2022	\$ 55,382	\$ -	\$ -	\$ 55,382
December 31, 2021	51,691	-	-	51,691

As the Group's investments in debt instruments at amortized cost were measured using the ECLs model, the Group had recognized impairment loss on financial assets. Impairment loss recognized amounted to \$2,332 thousand and \$42,690 thousand for the years ended December 31, 2022 and 2021, respectively.

- c. Refer to Note 48 for information relating to the management of credit risk and the impairment assessment on investments in debt instruments at amortized cost.
- d. Refer to Note 50 for information relating to investments in debt instruments at amortized cost pledged as collateral.

12. RECEIVABLES, NET

- a. The details of receivables, net were as follows:

	December 31	
	2022	2021
Notes and accounts receivable	\$ 72,793,927	\$ 98,022,133
Credit cards receivable	64,937,436	61,040,754
Interest receivable	7,977,086	5,060,763
Securities margin loans receivable	7,193,334	12,356,972
Delivery accounts receivable	4,106,558	6,483,646
Other receivables	2,166,346	3,002,532
	159,174,687	185,966,800
Less: Adjustment for discounts	(2,982,898)	(3,236,674)
Less: Allowance for receivables	(2,477,164)	(2,074,955)
	<u>\$ 153,714,625</u>	<u>\$ 180,655,171</u>

- b. The movements in the allowance for receivables (including non-performing receivables transferred from other than loans) for the years ended December 31, 2022 and 2021 were as follows:

	12-month ECLs	Lifetime ECLs (Group Assessment)	Lifetime ECLs (Individual Assessment)	Lifetime ECLs (Non-purchased or Originated Credit-impaired (POCI) Financial Assets)	Loss Allowance under IFRS 9	Recognized (Reversal) Based on the Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing /Non-accrual Loans	Total
Loss allowance as of January 1, 2022	\$ 210,349	\$ 195,715	\$ 463,998	\$ 603,319	\$ 1,473,381	\$ 765,763	\$ 2,239,144
Changes of financial instruments recognized at the beginning of the reporting period							
Transferred to Lifetime ECLs	(6,186)	18,895	471	(600)	12,580		12,580
Transferred to Credit-impaired Financial Assets	(7,759)	(2,968)	-	614,558	603,831		603,831
Transferred to 12-month ECLs	6,558	(8,363)	-	(15,849)	(17,654)		(17,654)
Financial assets derecognized	(105,726)	(63,349)	(6,792)	(295,175)	(471,042)		(471,042)
New financial assets originated or purchased	77,977	16,798	17,899	45,212	157,886		157,886
Recognized (Reversal) based on the Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans						(92,958)	(92,958)
Write-offs	(4)	(2,298)	(2,831)	(437,577)	(442,710)		(442,710)
Recovery of written-off loans	-	-	1,617	494,484	496,101		496,101
Foreign exchange and other movements	(5,361)	23,314	6,231	105,075	129,259		129,259
Loss allowance as of December 31, 2022	\$ 169,848	\$ 177,744	\$ 480,593	\$ 1,113,447	\$ 1,941,632	\$ 672,805	\$ 2,614,437

	12-month ECLs	Lifetime ECLs (Group Assessment)	Lifetime ECLs (Individual Assessment)	Lifetime ECLs (Non-purchased or Originated Credit-impaired (POCI) Financial Assets)	Loss Allowance under IFRS 9	Recognized (Reversal) Based on the Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing /Non-accrual Loans	Total
Loss allowance as of January 1, 2021	\$ 81,688	\$ 280,796	\$ 508,930	\$ 556,244	\$ 1,427,658	\$ 701,084	\$ 2,128,742
Changes of financial instruments recognized at the beginning of the reporting period							
Transferred to Lifetime ECLs	(2,734)	16,044	-	(221)	13,089		13,089
Transferred to Credit-impaired Financial Assets	(1,864)	(2,987)	-	85,150	80,299		80,299
Transferred to 12-month ECLs	6,320	(8,463)	-	(56,100)	(58,243)		(58,243)
Financial assets derecognized	(85,735)	(26,352)	(11,762)	(466,374)	(590,223)		(590,223)
New financial assets originated or purchased	104,827	31,604	12,018	60,979	209,428		209,428
Recognized (Reversal) based on the Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans						64,519	64,519
Write-offs	(3)	(22,151)	(43,913)	(250,542)	(316,609)		(316,609)
Recovery of written-off loans	-	-	2,546	508,719	511,265		511,265
Acquisitions through business combinations	380	-	-	-	380		380
Foreign exchange and other movements	107,470	(72,776)	(3,821)	165,464	196,337	160	196,497
Loss allowance as of December 31, 2021	\$ 210,349	\$ 195,715	\$ 463,998	\$ 603,319	\$ 1,473,381	\$ 765,763	\$ 2,239,144

- c. The movements in the gross carrying amount of the allowance for receivables (including non-performing receivables transferred from other than loans) for the years ended December 31, 2022 and 2021 were as follows:

	12-month ECLs	Lifetime ECLs (Group Assessment)	Lifetime ECLs (Individual Assessment)	Lifetime ECLs (Non-POCI Financial Assets)	Total
Loss allowance as of January 1, 2022	\$ 138,764,319	\$ 33,332,182	\$ 11,823,567	\$ 2,207,373	\$ 186,127,441
Changes of financial instruments recognized at the beginning of the reporting period					
Transferred to Lifetime ECLs	(536,298)	542,837	932	(1,066)	6,405
Transferred to Credit-impaired Financial Assets	(1,071,139)	(15,691)	(169)	1,078,312	(8,687)
Transferred to 12-month ECLs	75,876	(35,781)	-	(38,463)	1,632
Financial assets derecognized	(52,011,409)	(766,984,025)	(250,303,429)	(177,452)	(1,069,476,315)
New financial assets originated or purchased	32,349,541	761,173,878	249,422,451	117,935	1,043,063,805
Write-offs	(803)	(2,593)	(3,988)	(495,840)	(503,224)
Foreign exchange and other movements	211,108	(81,342)	-	2,107	131,873
Loss allowance as of December 31, 2022	\$ 117,781,195	\$ 27,929,465	\$ 10,939,364	\$ 2,692,906	\$ 159,342,930

	12-month ECLs	Lifetime ECLs (Group Assessment)	Lifetime ECLs (Individual Assessment)	Lifetime ECLs (Non-POCI Financial Assets)	Total
Loss allowance as of January 1, 2021	\$ 107,268,968	\$ 49,431,577	\$ 10,009,583	\$ 2,391,077	\$ 169,101,205
Changes of financial instruments recognized at the beginning of the reporting period					
Transferred to Lifetime ECLs	(269,496)	272,399	311	(724)	2,490
Transferred to Credit-impaired Financial Assets	(365,027)	(20,323)	(157)	425,910	40,403
Transferred to 12-month ECLs	175,245	(38,675)	-	(134,902)	1,668
Financial assets derecognized	(31,515,102)	(1,748,279,539)	(206,280,434)	(390,412)	(1,986,465,487)
New financial assets originated or purchased	48,775,728	1,746,026,589	208,095,953	119,192	2,003,017,462
Write-offs	(504)	(22,499)	(1,952)	(326,209)	(351,164)
Acquisitions through business combinations	2,172,726	-	263	-	2,172,989
Foreign exchange and other movements	12,521,781	(14,037,347)	-	123,441	(1,392,125)
Loss allowance as of December 31, 2021	\$ 138,764,319	\$ 33,332,182	\$ 11,823,567	\$ 2,207,373	\$ 186,127,441

13. LOANS, NET

- a. The details of loans, net were as follows:

	December 31	
	2022	2021
Negotiated	\$ 3,440,922	\$ 3,281,857
Overdrafts	202,244	79,393
Short-term loans	285,317,112	308,627,153
Medium-term loans	482,871,018	431,660,822
Long-term loans	654,653,954	592,865,374
Policy loans	5,642,002	5,456,429
Automatic premium loans	1,824,279	1,768,002
Delinquent loans	1,876,557	1,413,675
	<u>1,435,828,088</u>	<u>1,345,152,705</u>
Less: Adjustment for discounts	(642,057)	(630,580)
Less: Allowance for loan losses	<u>(19,170,934)</u>	<u>(17,396,008)</u>
	<u>\$ 1,416,015,097</u>	<u>\$ 1,327,126,117</u>

- b. The movements in the allowance for loans for the years ended December 31, 2022 and 2021 were as follows:

	12-month ECLs	Lifetime ECLs (Group Assessment)	Lifetime ECLs (Individual Assessment)	Lifetime ECLs (Non-POCI Financial Assets)	Loss Allowance under IFRS 9	Recognized (Reversal) Based on the Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing /Non-accrual Loans	Total
Loss allowance as of January 1, 2022	\$ 1,899,995	\$ 850,569	\$ 160,282	\$ 4,068,491	\$ 6,979,337	\$ 10,416,671	\$ 17,396,008
Changes of financial instruments recognized at the beginning of the reporting period							
Transferred to Lifetime ECLs	(9,713)	224,585	79,336	(12,877)	281,331		281,331
Transferred to Credit-impaired Financial Assets	(5,726)	(24,187)	(16,216)	1,237,695	1,191,566		1,191,566
Transferred to 12-month ECLs	3,686	(96,214)	-	(256,312)	(348,840)		(348,840)
Financial assets derecognized	(544,095)	(295,704)	(42,764)	(1,936,568)	(2,819,131)		(2,819,131)
New financial assets originated or purchased	760,888	42,655	27,873	356,687	1,188,103		1,188,103
Recognized (Reversal) based on the Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans						1,367,134	1,367,134
Write-offs	(351)	(5,876)	-	(61,700)	(67,927)		(67,927)
Recovery of written-off loans	-	-	-	982,690	982,690		982,690
Loss allowance as of December 31, 2022	\$ 2,104,684	\$ 695,828	\$ 208,511	\$ 4,378,106	\$ 7,387,129	\$ 11,783,805	\$ 19,170,934

	12-month ECLs	Lifetime ECLs (Group Assessment)	Lifetime ECLs (Individual Assessment)	Lifetime ECLs (Non-POCI Financial Assets)	Loss Allowance under IFRS 9	Recognized (Reversal) Based on the Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing /Non-accrual Loans	Total
Loss allowance as of January 1, 2021	\$ 1,932,484	\$ 943,616	\$ 202,107	\$ 4,273,395	\$ 7,351,602	\$ 9,083,443	\$ 16,435,045
Changes of financial instruments recognized at the beginning of the reporting period							
Transferred to Lifetime ECLs	(10,148)	315,695	12,840	(37,003)	281,384		281,384
Transferred to Credit-impaired Financial Assets	(11,361)	(30,486)	(25,517)	987,755	920,391		920,391
Transferred to 12-month ECLs	3,769	(102,066)	-	(335,686)	(433,983)		(433,983)
Financial assets derecognized	(681,459)	(313,708)	(30,512)	(1,781,006)	(2,806,685)		(2,806,685)
New financial assets originated or purchased	667,075	43,262	1,364	134,423	846,124		846,124
Recognized (Reversal) based on the Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans						1,333,228	1,333,228
Write-offs	(365)	(5,807)	-	(300,608)	(306,780)		(306,780)
Recovery of written-off loans	-	-	-	1,125,995	1,125,995		1,125,995
Acquisitions through business combinations	-	63	-	1,226	1,289		1,289
Loss allowance as of December 31, 2021	\$ 1,899,995	\$ 850,569	\$ 160,282	\$ 4,068,491	\$ 6,979,337	\$ 10,416,671	\$ 17,396,008

- c. The movements in the gross carrying amount of the allowance for loans for the years ended December 31, 2022 and 2021 were as follows:

	12-month ECLs	Lifetime ECLs (Group Assessment)	Lifetime ECLs (Individual Assessment)	Lifetime ECLs (Non-POCI Financial Assets)	Total
Loss allowance as of January 1, 2022	\$ 1,305,471,392	\$ 23,824,061	\$ 889,235	\$ 14,968,017	\$ 1,345,152,705
Changes of financial instruments recognized at the beginning of the reporting period					
Transferred to Lifetime ECLs	(9,040,476)	8,482,724	218,167	(44,780)	(384,365)
Transferred to Credit-impaired Financial Assets	(3,183,542)	(234,060)	(343,182)	3,484,368	(276,416)
Transferred to 12-month ECLs	3,528,137	(3,004,803)	-	(889,991)	(366,657)
Financial assets derecognized	(352,032,496)	(3,700,572)	(120,840)	(3,582,237)	(359,436,145)
New financial assets originated or purchased	449,983,422	628,608	81,299	731,242	451,424,571
Write-offs	(73,491)	(21,319)	-	(190,795)	(285,605)
Loss allowance as of December 31, 2022	\$ 1,394,652,946	\$ 25,974,639	\$ 724,679	\$ 14,475,824	\$ 1,435,828,088

	12-month ECLs	Lifetime ECLs (Group Assessment)	Lifetime ECLs (Individual Assessment)	Lifetime ECLs (Non-POCI Financial Assets)	Total
Loss allowance as of January 1, 2021	\$ 1,222,816,651	\$ 20,776,732	\$ 759,405	\$ 16,380,273	\$ 1,260,733,061
Changes of financial instruments recognized at the beginning of the reporting period					
Transferred to Lifetime ECLs	(9,298,185)	8,862,047	390,474	(144,025)	(189,689)
Transferred to Credit-impaired Financial Assets	(3,559,480)	(157,772)	(208,468)	3,587,963	(337,757)
Transferred to 12-month ECLs	3,766,063	(2,682,471)	-	(1,318,505)	(234,913)
Financial assets derecognized	(314,021,562)	(3,704,102)	(54,113)	(3,718,815)	(321,498,592)
New financial assets originated or purchased	398,690,253	751,040	1,937	569,564	400,012,794
Write-offs	(69,803)	(23,802)	-	(405,790)	(499,395)
Acquisitions through business combinations	7,147,455	2,389	-	17,352	7,167,196
Loss allowance as of December 31, 2021	\$ 1,305,471,392	\$ 23,824,061	\$ 889,235	\$ 14,968,017	\$ 1,345,152,705

- d. Details of the reversal of bad debt expenses, commitments, and guarantee liabilities (provision) for the years ended December 31, 2022 and 2021 were as follows:

	For the Year Ended December 31	
	2022	2021
(Provision for) reversal of the allowance for losses on receivables, loans and other financial assets	\$ (1,592,775)	\$ (538,175)
(Provision for) reversal of the allowance for losses on guarantee liabilities	45,790	(6,765)
(Provision for) reversal of the allowance for losses on loan commitments	1,556	(1,442)
(Provision for) reversal of the allowance for letters of credit	<u>208</u>	<u>(31)</u>
	<u>\$ (1,545,221)</u>	<u>\$ (546,413)</u>

14. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	December 31	
	2022	2021
Investments in associates	<u>\$ 341,325</u>	<u>\$ 351,147</u>

a. Investments in associates

	December 31	
	2022	2021
Associates that are not individually material	<u>\$ 341,325</u>	<u>\$ 351,147</u>

Aggregate information of associates that are not individually material:

	For the Year Ended December 31	
	2022	2021 (Note)
The Group's share of:		
Net income for the period	\$ 6,313	\$ 10,517
Other comprehensive income (loss)	<u>799</u>	<u>(439)</u>
Total comprehensive income (loss) for the period	<u>\$ 7,112</u>	<u>\$ 10,078</u>

Note: Including share of profit of Chang Hwa Bank accounted for using equity method.

On November 11, 2021 Taishin Life Insurance bought 21,136 thousand ordinary shares of Xin Sheng Feng Investment Co., Ltd. for \$264,197 thousand. After subscription of the shares, the shareholding ratio was 25%, and Taishin Life Insurance had significant influence over the investee.

- b. The Group's investments accounted for using equity method were not pledged as collateral as of December 31, 2022 and 2021.
- c. The Group held 22.81% ownership of interest in Chang Hwa Bank and recognized the investment as an associate accounted for using equity method. On June 10, 2021, Taishin Financial Holding disposed of 200 million shares of Chang Hwa Bank in the total amount of \$3,116,498 thousand and issued a letter of undertaking to the FSC, promising that since the beginning of the disposal of Chang Hwa Bank's shares, the Group no longer exercised shareholder rights other than dividends distribution rights, including no longer nominating directors, recommending independent directors, or supporting specific candidates for Chang Hwa Bank, thereby losing significant influence. The fair value of the remaining 20.89% ownership of interest held by the Group was \$36,221,529 thousand at the disposal date; the investment was changed to financial assets at FVTOCI. The transaction resulted in the recognition of a loss in profit or loss, calculated as follows:

Proceeds from disposal	\$ 3,116,498
Plus: Fair value of retained investment (20.89%)	36,221,529
Less: Carrying amount of investment on the date of loss of significant influence	(42,852,128)
Less: Share of other comprehensive income of the associate accounted for using equity method.	<u>(793,748)</u>
Loss recognized	<u>\$ (4,307,849)</u>

15. OTHER FINANCIAL ASSETS, NET

- a. The details of other financial assets, net items were as follows:

	December 31	
	2022	2021
Non-performing receivables transferred from other than loans	\$ 181,475	\$ 172,928
Less: Allowance for bad debt	(132,273)	(164,189)
Due from banks	5,603,907	5,142,778
Securities lending deposits	285,450	2,534,838
Gold deposit account	574,647	844,091
Customer margin account	1,549,115	1,374,153
Separate account insurance products assets (Note 31)	28,335,840	26,532,698
Guaranteed price deposits for securities borrowing	-	3,057
Others	-	10,000
	<u>\$ 36,393,161</u>	<u>\$ 36,450,354</u>

- b. The due from banks recognized under other financial assets held by the Group are time deposits with original maturities of more than 3 months or pledged as collateral. Refer to Note 50 for the information relating to the due from banks and time deposits pledged as collateral.
- c. Refer to Note 12 for the movements of the allowance for non-performing receivables transferred from other than loans for the years ended December 31, 2022 and 2021.
- d. The loss allowance was measured at an amount equal to lifetime ECLs based on historical experience and forward-looking information; there was no allowance for loss on other financial assets excluding non-performing receivables transferred from other than loans as of December 31, 2022 and 2021.

16. INVESTMENT PROPERTIES, NET

	December 31	
	2022	2021
Investment properties		
Land	<u>\$ 3,005,253</u>	<u>\$ 2,384,019</u>
Buildings		
Cost	1,023,701	676,369
Accumulated depreciation	<u>(217,674)</u>	<u>(201,771)</u>
	<u>806,027</u>	<u>474,598</u>
	<u>\$ 3,811,280</u>	<u>\$ 2,858,617</u>

<u>Cost</u>	Land	Buildings	Total
Balance, January 1, 2022	\$ 2,384,019	\$ 676,369	\$ 3,060,388
Additions	621,234	348,944	970,178
Disposals	<u>-</u>	<u>(1,612)</u>	<u>(1,612)</u>
Balance, December 31, 2022	<u>\$ 3,005,253</u>	<u>\$ 1,023,701</u>	<u>\$ 4,028,954</u>
Balance, January 1, 2021	\$ 588,614	\$ 434,263	\$ 1,022,877
Additions	130,507	20	130,527
Disposals	(46,340)	(107,035)	(153,375)
Reclassification	3,059	1,334	4,393
Acquisitions through business combinations	<u>1,708,179</u>	<u>347,787</u>	<u>2,055,966</u>
Balance, December 31, 2021	<u>\$ 2,384,019</u>	<u>\$ 676,369</u>	<u>\$ 3,060,388</u>
<u>Accumulated depreciation</u>			
Balance, January 1, 2022	\$ -	\$ 201,771	\$ 201,771
Depreciation expenses	-	17,515	17,515
Disposals	<u>-</u>	<u>(1,612)</u>	<u>(1,612)</u>
Balance, December 31, 2022	<u>\$ -</u>	<u>\$ 217,674</u>	<u>\$ 217,674</u>
Balance, January 1, 2021	\$ -	\$ 99,844	\$ 99,844
Depreciation expenses	-	13,414	13,414
Disposals	-	(44,029)	(44,029)
Reclassification	-	366	366
Acquisitions through business combinations	<u>-</u>	<u>132,176</u>	<u>132,176</u>
Balance, December 31, 2021	<u>\$ -</u>	<u>\$ 201,771</u>	<u>\$ 201,771</u>

Investment properties are depreciated over the following estimated useful lives using the straight-line method as follows:

Buildings	9-55 years
-----------	------------

The Group's investment properties, which were leased out under operating leases, had lease terms between one and twenty years.

The maturity analysis of lease payments receivable under operating leases of investment properties as of December 31, 2022 and 2021 were as follows:

	December 31	
	2022	2021
Year 1	\$ 86,372	\$ 80,217
Year 2	80,941	53,435
Year 3	70,292	38,659
Year 4	67,897	33,901
Year 5	66,518	30,495
Over 5 years	<u>460,091</u>	<u>241,183</u>
	<u>\$ 832,111</u>	<u>\$ 477,890</u>

The rental income and direct operating expenses generated from investment properties for the years ended December 31, 2022 and 2021 were as follows:

	For the Year Ended December 31	
	2022	2021
Rental income	\$ 84,640	\$ 48,015
Direct operating expenses from investment properties generating rental income	21,116	12,888
Direct operating expenses from investment properties not generating rental income	5,362	6,140

The fair values of the Group's investment properties as of December 31, 2022 and 2021 were \$4,393,361 thousand and \$3,272,601 thousand, respectively. The fair values were determined by the Group's management and independent evaluation companies based on the valuation models measured by Level 3 inputs generally used by the market participants, the foregoing valuation was from the transaction value of property and equipment.

17. PROPERTY AND EQUIPMENT, NET

	December 31	
	2022	2021
Land	\$ 17,385,229	\$ 13,902,966
Buildings	5,461,603	5,312,652
Machinery equipment	2,513,215	2,581,549
Transportation equipment	113,497	121,986
Miscellaneous equipment	119,495	137,445
Leasehold improvements	376,702	355,802
Prepayments for equipment	56,111	57,454
	<u>\$ 26,025,852</u>	<u>\$ 22,469,854</u>

	Land	Buildings	Machinery Equipment	Transportation Equipment	Miscellaneous Equipment	Leasehold Improvements	Prepayments for Equipment	Total
Cost								
Balance, January 1, 2022	\$ 13,902,966	\$ 8,318,434	\$ 5,151,750	\$ 201,822	\$ 250,543	\$ 743,025	\$ 57,454	\$ 28,625,994
Additions	3,482,263	345,693	702,801	24,775	26,725	128,478	130,113	4,840,848
Disposals	-	(49,750)	(433,803)	(22,143)	(14,917)	(88,321)	-	(608,934)
Reclassification	-	33,145	63,634	-	1,733	15,370	(131,456)	(17,574)
Effect of foreign currency exchange differences	-	-	940	-	-	1,497	-	2,437
Balance, December 31, 2022	<u>\$ 17,385,229</u>	<u>\$ 8,647,522</u>	<u>\$ 5,485,322</u>	<u>\$ 204,454</u>	<u>\$ 264,084</u>	<u>\$ 800,049</u>	<u>\$ 56,111</u>	<u>\$ 32,842,771</u>
Balance, January 1, 2021	\$ 11,148,018	\$ 7,420,558	\$ 4,869,758	\$ 158,798	\$ 229,937	\$ 647,229	\$ 75,769	\$ 24,550,067
Additions	-	29,906	610,782	71,880	38,440	78,459	206,804	1,036,271
Disposals	-	(76,517)	(525,483)	(28,856)	(28,446)	(43,068)	-	(702,370)
Reclassification	(3,059)	81,398	92,450	-	-	39,128	(225,119)	(15,202)
Acquisitions through business combinations	2,757,759	861,945	103,866	-	10,612	20,696	-	3,754,878
Effect of foreign currency exchange differences	248	1,144	377	-	-	581	-	2,350
Balance, December 31, 2021	<u>\$ 13,902,966</u>	<u>\$ 8,318,434</u>	<u>\$ 5,151,750</u>	<u>\$ 201,822</u>	<u>\$ 250,543</u>	<u>\$ 743,025</u>	<u>\$ 57,454</u>	<u>\$ 28,625,994</u>
Accumulated depreciation								
Balance, January 1, 2022	\$ -	\$ 3,005,782	\$ 2,570,201	\$ 79,836	\$ 113,098	\$ 387,223	\$ -	\$ 6,156,140
Depreciation expenses	-	-	829,581	33,160	45,911	123,355	-	1,261,894
Disposals	-	(49,750)	(428,713)	(22,039)	(14,157)	(88,575)	-	(603,234)
Reclassification	-	-	263	-	(263)	-	-	-
Effect of foreign currency exchange differences	-	-	775	-	-	1,344	-	2,119
Balance, December 31, 2022	<u>\$ -</u>	<u>\$ 3,185,919</u>	<u>\$ 2,972,107</u>	<u>\$ 90,957</u>	<u>\$ 144,589</u>	<u>\$ 423,347</u>	<u>\$ -</u>	<u>\$ 6,816,919</u>
Balance, January 1, 2021	\$ -	\$ 2,596,110	\$ 2,260,322	\$ 79,765	\$ 92,797	\$ 312,478	\$ -	\$ 5,341,472
Depreciation expenses	-	207,641	774,133	28,689	40,486	101,978	-	1,152,927
Disposals	-	(76,517)	(519,299)	(28,618)	(25,947)	(43,068)	-	(693,449)
Reclassification	-	(366)	-	-	-	-	-	(366)
Acquisitions through business combinations	-	278,914	53,520	-	5,575	15,313	-	353,322
Effect of foreign currency exchange differences	-	-	1,525	-	187	522	-	2,234
Balance, December 31, 2021	<u>\$ -</u>	<u>\$ 3,005,782</u>	<u>\$ 2,570,201</u>	<u>\$ 79,836</u>	<u>\$ 113,098</u>	<u>\$ 387,223</u>	<u>\$ -</u>	<u>\$ 6,156,140</u>

The above items of property and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings	5-56 years
Machinery equipment	1-10 years
Transportation equipment	4-6 years
Miscellaneous equipment	2-20 years
Leasehold improvements	1-50 years

No impairment assessment was performed because there was no indication of impairment for the years ended December 31, 2022 and 2021.

18. LEASE ARRANGEMENTS

a. Right-of-use assets, net

	December 31	
	2022	2021
<u>Carrying amount</u>		
Buildings	\$ 2,247,976	\$ 2,523,212
Office equipment	13,800	18,892
Transportation equipment	<u>20,230</u>	<u>31,357</u>
	<u>\$ 2,282,006</u>	<u>\$ 2,573,461</u>
	For the Year Ended December 31	
	2022	2021
Additions to right-of-use assets	<u>\$ 581,522</u>	<u>\$ 453,022</u>
Depreciation charge for right-of-use assets		
Buildings	\$ 827,195	\$ 751,704
Office equipment	13,863	9,874
Transportation equipment	<u>21,593</u>	<u>18,939</u>
	<u>\$ 862,651</u>	<u>\$ 780,517</u>

b. Lease liabilities

	December 31	
	2022	2021
<u>Carrying amount</u>		
Buildings	\$ 2,325,079	\$ 2,604,511
Office equipment	14,516	17,324
Transportation equipment	<u>20,735</u>	<u>31,882</u>
	<u>\$ 2,360,330</u>	<u>\$ 2,653,717</u>
	For the Year Ended December 31	
	2022	2021
Interest expense (other interest expense)	<u>\$ 25,656</u>	<u>\$ 28,794</u>

Lease terms and range of discount rate for lease liabilities as of December 31, 2022 and 2021 were as follows:

	Lease Terms	Range of Discount Rate
<u>December 31, 2022</u>		
Buildings	1-10 years	0.336%-5.247%
Office equipment	2-6 years	0.003%-3.099%
Transportation equipment	2-3 years	4.409%-5.247%
<u>December 31, 2021</u>		
Buildings	1-10 years	0.002%-5.563%
Office equipment	2-5 years	0.002%-3.099%
Transportation equipment	1-3 years	0.050%-0.060%

c. Other lease information

	For the Year Ended December 31	
	2022	2021
Expenses relating to short-term leases	\$ 41,179	\$ 62,876
Expenses relating to low-value asset leases	\$ 13,847	\$ 11,054
Total cash outflow for leases	\$ 945,183	\$ 898,718

Certain lease contracts of the Group qualify as short-term leases and 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.

All lease commitments with lease terms commencing after the balance sheet date were as follows:

	December 31	
	2022	2021
Lease commitments	\$ 217,946	\$ -

19. INTANGIBLE ASSETS, NET

	December 31	
	2022	2021
Goodwill	\$ 1,567,391	\$ 1,593,998
Computer software	1,963,516	1,690,763
	<u>\$ 3,530,907</u>	<u>\$ 3,284,761</u>

	Goodwill	Computer Software	Total
Balance, January 1, 2022	\$ 1,593,998	\$ 1,690,763	\$ 3,284,761
Additions	-	746,766	746,766
Impairment loss	(26,607)	-	(26,607)
Amortization	-	(484,485)	(484,485)
Reclassification	-	10,174	10,174
Effect of foreign currency exchange differences	-	298	298
Balance, December 31, 2022	<u>\$ 1,567,391</u>	<u>\$ 1,963,516</u>	<u>\$ 3,530,907</u>
Balance, January 1, 2021	\$ 1,593,998	\$ 1,678,027	\$ 3,272,025
Additions	-	439,046	439,046
Disposals	-	(1,333)	(1,333)
Amortization	-	(439,370)	(439,370)
Reclassification	-	10,789	10,789
Effect of foreign currency exchange differences	-	116	116
Acquisitions through business combinations	-	3,488	3,488
Balance, December 31, 2021	<u>\$ 1,593,998</u>	<u>\$ 1,690,763</u>	<u>\$ 3,284,761</u>

Goodwill

- Taishin Bank merged with Dah An Bank through a share swap in February 2002, in which Taishin Bank issued new shares to acquire the total assets and liabilities of Dah An Bank. The difference between the fair value of the new shares issued by Taishin Bank and the fair value of net assets acquired was recognized as goodwill. The unamortized amount as of December 31, 2022 and 2021 was all \$884,937 thousand with no material impairment loss noted.
- Taishin AMC acquired 40% ownership of Taishin Real-Estate in April 2003. The difference between the purchase price and the net assets acquired was recognized as goodwill. The unamortized amount as of December 31, 2022 and 2021 was all \$4,187 thousand with no material impairment loss noted.
- Taishin Bank acquired the net assets of the 10th Credit Cooperative of Hsin-Chu in October 2004. The acquisition price in excess of the net assets of 10th Credit Cooperative of Hsin-Chu was recognized as goodwill. The unamortized amount as of December 31, 2022 and 2021 was all \$267,337 thousand with no material impairment loss noted.
- Taishin Securities Investment Trust merged with IBT Securities Investment Trust Co., Ltd. on December 18, 2010, in which Taishin Securities Investment Trust acquired the total assets and liabilities of IBT Securities Investment Trust Co., Ltd. The difference between the purchase price and the net assets acquired was recognized as goodwill valued at \$425,300 thousand. Taishin Securities Investment Trust valued the recoverable amount of goodwill and recognized impairment loss for goodwill in the amount of \$14,370 thousand for the year ended December 31, 2016. The recoverable amount was valued on the basis of use value. The main reason of impairment was the profitability of Taishin Securities Investment Trust. The unamortized amount as of December 31, 2022 and 2021 was all \$410,930 thousand.

- e. Taishin Venture Capital, Taishin Securities Investment Advisory and Taishin Securities Venture Capital acquired 51% ownership of Credidi by cash investment in November 2020. The difference between the purchase price and the net assets acquired was recognized as goodwill. Taishin Venture Capital, Taishin Securities Investment Advisory and Taishin Securities Venture Capital assessed the recoverable amount of goodwill and recognized impairment loss for goodwill in the amount of \$26,607 thousand for the year ended December 31, 2022. The recoverable amount was assessed on the basis of value in use; the main reason was due to Credidi's inability to generate future net cash inflows, resulting in full impairment. The unamortized amounts as of December 31, 2022 and 2021 were \$0 thousand and \$26,607 thousand, respectively.

20. OTHER ASSETS, NET

	December 31	
	2022	2021
Prepayments	\$ 1,358,302	\$ 1,205,137
Refundable deposits	13,390,945	10,795,939
Operating guarantee deposits and settlement funds	1,645,840	1,087,152
Collateral, net	420,019	420,019
Input tax to be credited	44,615	271,410
Others	<u>106,038</u>	<u>122,593</u>
	<u>\$ 16,965,759</u>	<u>\$ 13,902,250</u>

- a. Refer to Note 50 for information relating to refundable deposits, operating guarantee deposits and settlement funds pledged as collateral.
- b. The amount of the loss allowance for refundable deposits was as follows:

	12-month ECLs	Lifetime ECLs - Not Credit- impaired	Lifetime ECLs - Credit- impaired	Total
December 31, 2022	\$ -	\$ -	\$ 25	\$ 25
December 31, 2021	-	-	-	-

As the Group's refundable deposits were measured using ECLs model, the Group recognized financial asset. Impairment losses recognized amounted to \$25 thousand and \$0 thousand for the years ended December 31, 2022 and 2021, respectively.

- c. The loss allowance was measured at an amount equal to lifetime ECLs based on historical experience and forward-looking information; there was no loss allowance on operating guarantee deposits and settlement funds as of December 31, 2022 and 2021, respectively.

21. DEPOSITS FROM THE CENTRAL BANK AND BANKS

	December 31	
	2022	2021
Deposits from other banks	\$ 9,601,560	\$ 21,043,229
Call loans from other banks	5,757,927	35,603,627
Bank overdrafts	2,733,009	271,758
Deposits from the Central Bank	<u>121,037</u>	<u>156,658</u>
	<u>\$ 18,213,533</u>	<u>\$ 57,075,272</u>

22. COMMERCIAL PAPERS ISSUED, NET

	December 31	
	2022	2021
Union Bills Finance	\$ -	\$ 50,000
Grand Bills Finance	1,950,000	4,550,000
China Bills Finance	1,070,000	7,410,000
Ta Ching Bills Finance	210,000	165,000
International Bills Finance	100,000	200,000
Taiwan Bills Finance	1,200,000	1,305,000
Mega Bills Finance	345,000	827,000
Bank SinoPac	2,650,000	3,500,000
KGI Bank	1,200,000	1,560,000
Taiwan Cooperative Bills Finance	1,300,000	300,000
Taipei Fubon Bank	2,190,000	-
Cathay Bank	1,000,000	1,000,000
Yuanta Commercial Bank	-	350,000
China Trust Commercial Bank	420,000	200,000
Union Bank of Taiwan	1,150,000	970,000
Sunny Bank	990,000	600,000
O-Bank	300,000	-
Less: Discounts on commercial papers issued	(20,438)	(23,889)
	<u>\$ 16,054,562</u>	<u>\$ 22,963,111</u>

As of December 31, 2022 and 2021, the interest rate ranges of commercial papers issued were 0.72%-2.04% and 0.32%-0.93%, respectively.

23. PAYABLES

	December 31	
	2022	2021
Notes and accounts payable	\$ 9,296,877	\$ 10,268,570
Delivery accounts payable	2,828,928	8,014,111
Accrued expenses	8,021,659	8,311,642
Interest payable	4,755,023	2,172,407
Checks for clearance payable	1,533,670	1,664,092
Collection payable	761,039	694,651
Settlement	512,854	625,316
Tax payable	465,481	383,330
Other payables	2,599,271	2,401,891
	<u>\$ 30,774,802</u>	<u>\$ 34,536,010</u>

24. DEPOSITS AND REMITTANCES

	December 31	
	2022	2021
Checking deposits	\$ 9,553,289	\$ 7,227,503
Demand deposits	444,149,906	464,986,443
Time deposits	526,326,377	346,596,487
Negotiable certificates of deposit	2,735,003	690,771
Savings deposits	924,025,251	855,194,177
Public treasury deposits	5,865,630	3,795,456
Remittances	<u>2,010,669</u>	<u>2,840,755</u>
	<u>\$ 1,914,666,125</u>	<u>\$ 1,681,331,592</u>

25. BONDS PAYABLE

	December 31	
	2022	2021
Corporate bonds	\$ 35,300,000	\$ 35,300,000
Exchangeable corporate bonds	5,025,000	-
Less: Discount on exchangeable corporate bonds	<u>(304,784)</u>	<u>-</u>
	40,020,216	35,300,000
Bank notes payable	<u>28,000,000</u>	<u>34,800,000</u>
	<u>\$ 68,020,216</u>	<u>\$ 70,100,000</u>

Corporate Bonds Issued by Taishin Financial Holding

To raise working capital and strengthen its financial structure, Taishin Financial Holding issued unsecured subordinated corporate bonds, unsecured ordinary corporate bonds and unsecured exchangeable corporate bonds under SFB approval. The bond issuance terms were as follows:

a. Domestic unsecured subordinated corporate bonds and unsecured ordinary corporate bonds

	December 31	
	2022	2021
Unsecured Subordinated Corporate Bonds - 2017 (I)	\$ 8,000,000	\$ 8,000,000
Unsecured Subordinated Corporate Bonds - 2018 (I)	7,000,000	7,000,000
Unsecured Subordinated Corporate Bonds - 2019 (I)	7,000,000	7,000,000
Unsecured Ordinary Corporate Bonds - 2020 (I)	<u>10,000,000</u>	<u>10,000,000</u>
	<u>\$ 32,000,000</u>	<u>\$ 32,000,000</u>

1) Domestic Unsecured Subordinated Corporate Bonds - 2017 (I)

- A) Issue amount: \$8,000,000 thousand
- B) Denomination: \$1,000 thousand
- C) Issue date: October 26, 2017
- D) Issue price: 100 of the principal amount of the bonds

- E) Maturity: 10 years
 - F) Coupon rate: 1.9
 - G) Interest payment: Simple interest per annum from the issue date
 - H) Repayment method: Principal of each bond repaid in full upon maturity
 - I) Other matters: Taishin Financial Holding should suspend the payment of interest and principal when its capital adequacy ratio is lower than the lowest limit (100) until the ratio meets the standards set by relevant authorities (interests could be cumulative and interest on principal occurred during the extension period, when applicable, could be calculated at the coupon rate).
- 2) Domestic Unsecured Subordinated Corporate Bonds - 2018 (I)
- A) Issue amount: \$7,000,000 thousand
 - B) Denomination: \$1,000 thousand
 - C) Issue date: July 10, 2018
 - D) Issue price: 100 of the principal amount of the bonds
 - E) Maturity: 15 years
 - F) Coupon rate: 1.92
 - G) Interest payment: Simple interest per annum from the issue date
 - H) Repayment method: Principal of each bond repaid in full upon maturity
 - I) Other matters: Taishin Financial Holding should suspend the payment of interest and principal when its capital adequacy ratio is lower than the lowest limit (100) until the ratio meets the standards set by relevant authorities (interests could be cumulative and interest on principal occurred during the extension period, when applicable, could be calculated at the coupon rate).
- 3) Domestic Unsecured Subordinated Corporate Bonds - 2019 (I)
- A) Issue amount: \$7,000,000 thousand
 - B) Denomination: \$1,000 thousand
 - C) Issue date: April 30, 2019
 - D) Issue price: 100 of the principal amount of the bonds
 - E) Maturity: 15 years
 - F) Coupon rate: 1.60
 - G) Interest payment: Simple interest per annum from the issue date
 - H) Repayment method: Principal of each bond repaid in full upon maturity

- I) Other matters: Taishin Financial Holding should suspend the payment of interest and principal when its capital adequacy ratio is lower than the lowest limit (100) until the ratio meets the standards set by relevant authorities (interests could be cumulative and interest on principal for the extension period could be calculated at coupon rate).

4) Domestic Unsecured Ordinary Corporate Bonds - 2020 (I)

- A) Issue amount: \$10,000,000 thousand. According to the terms and conditions of issuance, the bonds are divided into three types: A, B and C. The issuance amount was \$2,700,000 thousand for Bond A, \$4,900,000 thousand for Bond B and \$2,400,000 thousand for Bond C.
- B) Denomination: \$1,000 thousand
- C) Issue date: May 20, 2020
- D) Issue price: 100 of the principal amount of the bonds
- E) Maturity: 5 years for Bond A, 7 years for Bond B, 15 years for Bond C
- F) Coupon rate: 0.75 for Bond A, 0.80 for Bond B, 0.95 for Bond C
- G) Interest payment: Simple interest per annum from the issue date
- H) Repayment method: Principal of each bond repaid in full upon maturity
- I) Other matters: In line with the necessity of the corporate bonds to be circulated on the secondary market, the Company will submit an application to the Taipei Exchange for over-the-counter trading of the corporate bonds in accordance with the relevant laws and regulations.

b. Domestic unsecured exchangeable corporate bonds

Name of Bond	Duration	Interest Rate	Total Issued Amount	December 31, 2022	December 31, 2021
Domestic unsecured exchangeable corporate bonds	2022.4.1- 2025.4.1	0%	\$ 5,025,000	<u>\$ 4,720,216</u>	<u>\$ -</u>

The primary terms for the bond issuance and the method for exchange arrangement were as follows:

1) Collateral status

While the exchangeable corporate bonds are unsecured, it ensures that when Taishin Financial Holding issues or privately raises secured exchangeable corporate bonds with an identical investment target (Chang Hwa Bank), a commensurate level of claim or commensurate priority of collateral is guaranteed.

2) Payment term

Except for the share exchange with Chang Hwa Bank's ordinary share by the bondholders, or the early redemption done by the Company, or the buy back from the security company and retired by the Company, the Company will repay 100% of the principal and interest payable refund upon maturity through cash. Payment will be paid within 10 business days (including the 10th day) from the next day of the maturity date.

3) Exchangeable investment target

The ordinary share of Chang Hwa Bank held by the Company.

4) Exchange period

Bondholders can exercise the share exchange with Chang Hwa Bank's ordinary share starting three months after the issuance of the exchangeable bond (July 2, 2022) to the maturity date (April 1, 2025). Except for Chang Hwa Bank's (a) period when it suspends ownership transfer according to regulations, (b) book closure period on stock grants, book closure date of cash dividends, or the period between the initial fifteen business days before the book closure date of the follow on public offer to the rights assignment date, (c) the period between capital reduction date to the day before the business day of reissuance of shares, (d) the period between the closure date of the change of denomination of shares to the day before the business day of new stocks reissuance of shares.

5) Exchange price and adjustments

The record date for the exchange price of the exchangeable corporate bonds was on March 24, 2022. The basis of the exchange price is determined by taking the simple arithmetic average of Chang Hwa Bank's ordinary share closing price for the one, three or five business days before the record date (exclusive) as the benchmark price and multiplied the benchmark price by 106.84%, the exchange premium rate (rounding the decimals to the nearest tenths). If Chang Hwa Bank encounters an exclude right or exclude dividend date before the record date, the sampled closing price for calculating the exchange price should be adjusted to the price of the following day after the exclude right or exclude dividend date. If Chang Hwa Bank encounters an exclude right or exclude dividend date before the actual issuance date, when the exchange price is determined, the exchange price should be adjusted according to the price adjustment formula be announced.

6) The Company's right to redeem the exchangeable bonds

If the closing price of Chang Hwa Bank's ordinary share exceeds 30% (inclusive) of the exchange issuance price for 30 consecutive business days within the period from the following day after three month of the issuance of the exchangeable corporate bonds (July 2, 2022) to the last 40 days before its maturity (February 20, 2025), the Company needs to redeem its exchangeable corporate bonds at par value through cash from the bondholders. If the balance of outstanding exchangeable corporate bonds is below 10% of the total denomination within the period from the following day after three month of the issuance of the exchangeable corporate bonds (July 2, 2022) to the last 40 days before its maturity (February 20, 2025), the Company needs to redeem its exchangeable corporate bonds at par value through cash from the bondholders.

7) As of December 31, 2022, the Company has not redeemed any of its exchangeable corporate bonds from the Taipei Exchange, nor have any bondholders exercised their exchange right.

Bank Notes Payable Issued by Taishin Bank

Taishin Bank has issued bank notes payable to enhance its capital ratio and raise medium to long-term operating funds. Details of the bank notes payable were as follows:

	December 31	
	2022	2021
Subordinated Bank Notes Payable - 2012 (I)	\$ -	\$ 4,500,000
Subordinated Bank Notes Payable - 2012 (II)	-	2,300,000
Subordinated Bank Notes Payable - 2014 (III)	3,000,000	3,000,000
Subordinated Bank Notes Payable - 2015 (I)	9,100,000	9,100,000
Subordinated Bank Notes Payable - 2015 (II)	6,000,000	6,000,000
Subordinated Bank Notes Payable - 2015 (III)	4,900,000	4,900,000
Subordinated Bank Notes Payable - 2019 (I)	<u>5,000,000</u>	<u>5,000,000</u>
	<u>\$ 28,000,000</u>	<u>\$ 34,800,000</u>

- a. Taishin Bank made first issue of \$4,500 million in subordinated bank notes payable in 2012, as follows:

Bank Notes Payable	Issue Date	Maturity Date	Term	Issue Amount	Interest Rate	Face Value	The Method of Redemption and Interest Payment
B	2012.10.19	2022.10.19	10 years	\$4,500 million	1.65 fixed interest rate	\$50 million	Interest is accrued at a simple rate and paid annually from the issue date. Additional interest is not accrued if principal and interest are withdrawn after the interest date. Notes payable are redeemable at par value in cash on the maturity date. The full redemption was completed on October 19, 2022.

- b. Taishin Bank made second issue of \$2,300 million in subordinated bank notes payable in 2012, as follows:

Bank Notes Payable	Issue Date	Maturity Date	Term	Issue Amount	Interest Rate	Face Value	The Method of Redemption and Interest Payment
B	2012.12.14	2022.12.14	10 years	\$2,300 million	1.65 fixed interest rate	\$50 million	Interest is accrued at a simple rate and paid annually from the issue date. Additional interest is not accrued if principal and interest are withdrawn after the interest date. Notes payable are redeemable at par value in cash on the maturity date. The full redemption was completed on December 14, 2022.

- c. Taishin Bank made third issue of \$3,000 million in unsecured subordinated bank notes payable in 2014 as follows:

Bank Notes Payable	Issue Date	Maturity Date	Term	Issue Amount	Interest Rate	Face Value	The Method of Redemption and Interest Payment
2014, third issue	2014.05.16	2024.05.16	10 years	\$3,000 million	1.95 fixed interest rate	\$50 million	Interest is accrued according to nominal interest rate and actual days, and calculated at a simple rate and paid annually from the issue date. Additional interest is not accrued if principal and interest are withdrawn after the interest date. Principal will be repaid on maturity date.

- d. Taishin Bank made first issue of \$9,100 million in subordinated bank notes payable in 2015 as follows:

Bank Notes Payable	Issue Date	Maturity Date	Term	Issue Amount	Interest Rate	Face Value	The Method of Redemption and Interest Payment
A	2015.06.10	2025.06.10	10 years	\$4,250 million	2.15 fixed interest rate	\$50 million	Interest is accrued at a simple rate and paid annually from the issue date. Additional interest is not accrued if principal and interest are withdrawn after the interest date. Notes payable are redeemable at par value in cash on the maturity date.
B	2015.06.10	2030.06.10	15 years	\$4,850 million	2.45 fixed interest rate		

- e. Taishin Bank made second issue of \$6,000 million in subordinated bank notes payable in 2015 as follows:

Bank Notes Payable	Issue Date	Maturity Date	Term	Issue Amount	Interest Rate	Face Value	The Method of Redemption and Interest Payment
2015, second issue	2015.09.18	2027.09.18	12 years	\$6,000 million	2.25 fixed interest rate	\$50 million	Interest is accrued at a simple rate and paid annually from the issue date. Additional interest is not accrued if principal and interest are withdrawn after the interest date. Notes payable are redeemable at par value in cash on the maturity date.

- f. Taishin Bank made third issue of \$4,900 million in subordinated bank notes payable in 2015 as follows:

Bank Notes Payable	Issue Date	Maturity Date	Term	Issue Amount	Interest Rate	Face Value	The Method of Redemption and Interest Payment
A	2015.09.22	2025.09.22	10 years	\$700 million	2.15 fixed interest rate	\$50 million	Interest is accrued at a simple rate and paid annually from the issue date. Additional interest is not accrued if principal and interest are withdrawn after the interest date. Notes payable are redeemable at par value in cash on the maturity date.
B	2015.09.22	2030.09.22	15 years	\$4,200 million	2.45 fixed interest rate		

- g. Taishin Bank's made first issue of \$5,000 million in unsecured, no maturity, and non-cumulative subordinated bank notes payable in 2019 was as follows:

Bank Notes Payable	Issue Date	Maturity Date	Term	Issue Amount	Interest Rate	Face Value	The Method of Redemption and Interest Payment
2019, first issue	2019.03.28	No maturity. (Issuer has redemption right.)	No maturity. (Issuer has redemption right.)	\$5,000 million	2.45 fixed interest rate	\$50 million	Interest is accrued according to nominal interest rate and actual days, and calculated at a simple rate and paid annually on July 1 from the issue date. Additional interest is not accrued if principal and interest are withdrawn after the interest date.

1) Interest payment

Taishin Bank may not pay the interest if it had no earnings during the previous fiscal year and did not declare dividends to its ordinary shareholders. Where the balance of accumulated undistributed earnings after deducting the unamortized loss on the disposal of non-performing loans exceeds the interest payment and such payment does not alter the originally agreed conditions for interest payment, payment is allowed. The unpaid interest should not be accumulated or deferred.

Taishin Bank shall defer the payment of principal and interest if the ratio of regulatory capital to risk-weighted assets does not meet the minimum requirements in Regulations Governing the Capital Adequacy and Capital Category of Banks Paragraph 1 of Article 5; the deferred payment of principal or interest shall not be imposed further with interest.

2) Redemption policy

After five years and one month of issuance, if the ratio of regulatory capital to risk-weighted assets after redemption will meet the minimum rate and the redemption has an approval from the competent authority, the debts may be redeemed earlier by Taishin Bank at 100 plus interest payable. And the full redemption would be announced on the 30th day prior to the scheduled redemption date.

Subordinated Corporate Bonds Issued by Taishin Securities B

To raise medium to long-term operating funds and strengthen its capital structure, Taishin Securities B issued unsecured subordinated corporate bonds - 2020 (I) on January 10, 2020. The total issuance amount was \$3,300,000 thousand and the issuance period is 10 years. A one-time repayment of principal will be made in full upon maturity on January 10, 2030, and interest will be repaid annually at a fixed coupon rate of 1.35%.

	December 31	
	2022	2021
Unsecured Subordinated Corporate Bonds - 2020 (I)	<u>\$ 3,300,000</u>	<u>\$ 3,300,000</u>

26. OTHER BORROWINGS

	December 31	
	2022	2021
Short-term unsecured borrowings	\$ 6,016,896	\$ 9,336,544
Long-term borrowings	<u>6,248,450</u>	<u>3,531,076</u>
	<u>\$ 12,265,346</u>	<u>\$ 12,867,620</u>

As of December 31, 2022 and 2021, the interest rate on short-term unsecured borrowings ranged from 1.67% to 4.80% and from 0.87% to 4.81%, respectively.

As of December 31, 2022 and 2021, the interest rate on long-term borrowings ranged from 4.19% to 5.50% and from 2.10% to 4.90%, respectively.

27. PROVISIONS

	December 31		
	2022	2021	
Insurance liabilities (Note 28)	\$ 222,525,563	\$ 198,520,002	
Reserve for employee benefits (Note 32)	1,382,750	1,686,335	
Reserve for guarantee liabilities	224,565	268,589	
Reserve for loan commitments	183,367	183,367	
Other reserves	<u>123,564</u>	<u>188,441</u>	
	<u>\$ 224,439,809</u>	<u>\$ 200,846,734</u>	
	Reserve for Guarantee Liabilities	Reserve for Loan Commitments	Other Reserves
Balance, January 1, 2022	\$ 268,589	\$ 183,367	\$ 188,441
Provision (reverse)	(45,790)	(1,556)	(67,201)
Net exchange differences	<u>1,766</u>	<u>1,556</u>	<u>2,324</u>
Balance, December 31, 2022	<u>\$ 224,565</u>	<u>\$ 183,367</u>	<u>\$ 123,564</u>
Balance, January 1, 2021	\$ 262,035	\$ 182,340	\$ 122,075
Provision (reverse)	6,765	1,442	209
Payment	-	-	4,464
Acquisitions through business combinations	-	-	62,013
Net exchange differences	<u>(211)</u>	<u>(415)</u>	<u>(320)</u>
Balance, December 31, 2021	<u>\$ 268,589</u>	<u>\$ 183,367</u>	<u>\$ 188,441</u>

- Other reserves are Taishin Bank's loss allowance for letters of credit and the reserve for compensation of dispute cases.
- The amount of the loss allowance for financial guarantees (including reserve for guarantee liabilities and letters of credit recognized in the other reserves) and loan commitments were as follows:

	12-month ECLs	Lifetime ECLs - Not Credit-impaired	Lifetime ECLs - Credit-impaired	Loss Allowance under IFRS 9	Recognized Based on the Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans	Total
December 31, 2022	\$ 153,836	\$ 16,064	\$ 22,710	\$ 192,610	\$ 220,348	\$ 412,958
December 31, 2021	154,061	15,813	17,798	187,672	269,309	456,981

28. INSURANCE LIABILITIES

	December 31	
	2022	2021
Unearned premium reserve	\$ 1,113,467	\$ 1,046,231
Loss reserve	1,414,495	1,262,743
Policy reserve	195,302,338	171,445,786
Premium deficiency reserve	360,431	274,887
Reserve for insurance contracts with the nature of financial products	1,942	2,017
Reserve for foreign exchange valuation	915,295	125,678
Other reserves	<u>23,417,595</u>	<u>24,362,660</u>
	<u>\$ 222,525,563</u>	<u>\$ 198,520,002</u>

Other reserves are the Group's compliance with IFRS 3 "Business Combinations". The acquirer measures the insurance liabilities and assets acquired by the business combinations on the basis of their fair value on the acquisition date, as it reflects the fair value of the insurance contracts. Refer to Note 43 for business combinations.

Net change in insurance policy reserves were as follows:

	For the Year Ended December 31	
	2022	2021
Provision of policy reserve	\$ 18,756,990	\$ 12,149,226
Provision of loss reserve	134,884	23,797
Provision of premium deficiency reserve	54,812	76,020
Net changes in unearned premium reserve	46,778	(11,475)
Net changes in reserve for insurance contracts with the nature of financial products	<u>(75)</u>	<u>(40)</u>
	18,993,389	12,237,528
Net changes in other reserves	<u>(945,065)</u>	<u>(475,476)</u>
	<u>\$ 18,048,324</u>	<u>\$ 11,762,052</u>

a. Unearned premium reserve

	December 31			
	2022		2021	
	Insurance Contracts	Financial Instruments with Discretionary Participation Features	Insurance Contracts	Financial Instruments with Discretionary Participation Features
	Total	Total	Total	Total
Individual life insurance	\$ 27,929	\$ -	\$ 15,507	\$ 15,507
Individual injury insurance	96,461	-	99,778	99,778
Individual health insurance	963,595	-	907,823	907,823
Investment-linked insurance	25,482	-	23,123	23,123
	<u>1,113,467</u>	<u>-</u>	<u>1,046,231</u>	<u>1,046,231</u>
Less ceded unearned premium reserve				
Individual life insurance	118,074	-	134,959	134,959
Individual injury insurance	15,186	-	16,254	16,254
Individual health insurance	112,749	-	104,407	104,407
Investment-linked insurance	32,768	-	-	-
	<u>278,777</u>	<u>-</u>	<u>255,620</u>	<u>255,620</u>
	<u>\$ 834,690</u>	<u>\$ -</u>	<u>\$ 790,611</u>	<u>\$ 790,611</u>

The changes in unearned premium reserve are as follows:

	For the Year Ended December 31		
	2022		2021
	Insurance Contracts	Financial Instruments with Discretionary Participation Features	Insurance Contracts
		Total	Financial Instruments with Discretionary Participation Features
			Total
Beginning balance	\$ 1,046,231	\$ 1,046,231	\$ -
Provision	1,113,383	1,113,383	13,532
Recovery	(1,046,231)	(1,046,231)	-
Net exchange differences	84	84	-
Acquisitions through business combinations	-	-	(5)
Ending balance	<u>1,113,467</u>	<u>1,113,467</u>	<u>1,032,704</u>
Less ceded unearned premium reserve			<u>1,046,231</u>
Beginning balance	255,620	255,620	-
Increase	275,994	275,994	25,007
Decrease	(255,620)	(255,620)	-
Net exchange differences	2,783	2,783	(140)
Acquisitions through business combinations	-	-	-
Ending balance	<u>278,777</u>	<u>278,777</u>	<u>230,753</u>
Net ending balance	<u>\$ 834,690</u>	<u>\$ 834,690</u>	<u>\$ 790,611</u>

b. Loss reserve

	December 31				
	2022		2021		
	Insurance Contracts	Financial Instruments with Discretionary Participation Features	Total	Insurance Contracts	Financial Instruments with Discretionary Participation Features
Individual life insurance					
Filed not yet paid	\$ 870,592	\$ -	\$ 870,592	\$ 851,539	\$ -
Individual injury insurance					
Filed not yet paid	8,495	-	8,495	5,926	-
Not yet filed	4,750	-	4,750	3,394	-
Individual health insurance					
Filed not yet paid	353,382	-	353,382	250,965	-
Not yet filed	176,294	-	176,294	149,919	-
Investment-linked insurance					
Filed not yet paid	982	-	982	1,000	-
	<u>1,414,495</u>	<u>-</u>	<u>1,414,495</u>	<u>1,262,743</u>	<u>-</u>
Less ceded loss reserve					
Individual life insurance	1,788	-	1,788	115	-
Individual injury insurance	24	-	24	3,953	-
Individual health insurance	<u>45,557</u>	<u>-</u>	<u>45,557</u>	<u>28,414</u>	<u>-</u>
	<u>47,369</u>	<u>-</u>	<u>47,369</u>	<u>32,482</u>	<u>-</u>
	<u>\$ 1,367,126</u>	<u>\$ -</u>	<u>\$ 1,367,126</u>	<u>\$ 1,230,261</u>	<u>\$ -</u>
					<u>\$ 1,230,261</u>

The changes in loss reserve are as follows:

	For the Year Ended December 31			
	2022		2021	
	Insurance Contracts	Financial Instruments with Discretionary Participation Features	Insurance Contracts	Financial Instruments with Discretionary Participation Features
		Total		Total
Beginning balance	\$ 1,262,743	\$ 1,262,743	\$ -	\$ -
Provision	1,380,039	1,380,039	16,136	16,136
Recovery	(1,230,277)	(1,230,277)	-	-
Net exchange differences	1,990	1,990	(172)	(172)
Acquisitions through business combinations	-	-	1,246,779	1,246,779
Ending balance	<u>1,414,495</u>	<u>1,414,495</u>	<u>1,262,743</u>	<u>1,262,743</u>
Less ceded loss reserve				
Beginning balance	32,482	32,482	-	-
Increase	47,343	47,343	-	-
Decrease	(32,465)	(32,465)	(7,661)	(7,661)
Net exchange differences	9	9	(1)	(1)
Acquisitions through business combinations	-	-	40,144	40,144
Ending balance	<u>47,369</u>	<u>47,369</u>	<u>32,482</u>	<u>32,482</u>
Net ending balance	<u>\$ 1,367,126</u>	<u>\$ 1,367,126</u>	<u>\$ 1,230,261</u>	<u>\$ 1,230,261</u>

c. Policy reserve

	December 31			
	2022		2021	
	Insurance Contracts	Financial Instruments with Discretionary Participation Features	Insurance Contracts	Financial Instruments with Discretionary Participation Features
Life insurance	\$ 170,881,551	\$ -	\$ 170,881,551	\$ -
Health insurance	22,660,461	-	22,660,461	-
Annuity insurance	30,769	-	30,769	-
Investment-linked insurance	1,549,888	-	1,549,888	-
Transferred-in unwritten-off balance of 3% decrease in business tax	158,276	-	158,276	-
Transferred-in recovery of catastrophe reserve	5,021	-	5,021	-
	195,285,966	-	195,285,966	-
Less ceded policy reserve	-	-	-	-
	\$ 195,285,966	\$ -	\$ 195,285,966	\$ -
			\$ 171,429,704	\$ -
			5,021	-
			171,429,704	-
			-	-
			-	-
			5,021	5,021
			171,429,704	171,429,704
			-	-
			-	-
			-	-
			158,276	158,276
			1,576,192	1,576,192
			30,120	30,120
			20,460,106	20,460,106
			\$ 149,199,989	\$ 149,199,989

Reserve for life insurance liability plus "Reserve for life insurance - pending payments to insured" and additional policy reserve under the Regulations Governing the Preparation of Financial Reports by Insurance Enterprises were \$195,302,338 thousand and \$171,445,786 thousand as of December 31, 2022 and 2021, respectively.

The changes in policy reserve are as follows:

	For the Year Ended December 31			
	2022		2021	
	Insurance Contracts	Financial Instruments with Discretionary Participation Features	Insurance Contracts	Financial Instruments with Discretionary Participation Features
	Total	Total	Total	Total
Beginning balance	\$ 171,429,704	\$ -	\$ 171,429,704	\$ -
Provision	22,450,571	-	22,450,571	-
Recovery	(3,693,581)	-	(3,693,581)	-
Net exchange differences	5,099,272	-	5,099,272	-
Acquisitions through business combinations	-	-	-	-
Ending balance	195,285,966	-	195,285,966	-
Less ceded policy reserve	-	-	-	-
Net ending balance	\$ 195,285,966	\$ -	\$ 195,285,966	\$ -

d. Premium deficiency reserve

	December 31			
	2022		2021	
	Insurance Contracts	Financial Instruments with Discretionary Participation Features	Insurance Contracts	Financial Instruments with Discretionary Participation Features
	Total	Total	Total	Total
Individual life insurance	\$ 351,348	\$ 351,348	\$ 261,944	\$ 261,944
Individual health insurance	8,919	8,919	12,098	12,098
Investment-linked insurance	164	164	845	845
	<u>360,431</u>	<u>360,431</u>	<u>274,887</u>	<u>274,887</u>
Less ceded premium deficiency reserve	-	-	-	-
	<u>\$ 360,431</u>	<u>\$ 360,431</u>	<u>\$ 274,887</u>	<u>\$ 274,887</u>

The changes in premium deficiency reserve are as follows:

	For the Year Ended December 31			
	2022		2021	
	Insurance Contracts	Financial Instruments with Discretionary Participation Features	Insurance Contracts	Financial Instruments with Discretionary Participation Features
		Total		Total
Beginning balance	\$ 274,887	\$ 274,887	\$ -	\$ -
Provision	58,850	58,850	76,020	76,020
Recovery	(4,038)	(4,038)	-	-
Net exchange differences	30,732	30,732	(1,181)	(1,181)
Acquisitions through business combinations	-	-	200,048	200,048
Ending balance	360,431	360,431	274,887	274,887
Less ceded premium deficiency reserve	-	-	-	-
Net ending balance	\$ 360,431	\$ 360,431	\$ 274,887	\$ 274,887

e. Liability adequacy reserve

	Insurance Contracts and Financial Instruments with Discretionary Participation Features	
	December 31	
	2022	2021
Unearned premium reserve	\$ 1,113,467	\$ 1,046,231
Policy reserve	195,127,690	171,271,428
Premium deficiency reserve	<u>360,431</u>	<u>274,887</u>
Carrying amount of insurance liability	<u>\$ 196,601,588</u>	<u>\$ 172,592,546</u>
Current estimates of cash flows	<u>\$ 154,417,815</u>	<u>\$ 134,205,487</u>
Balance of liability adequacy reserve	<u>\$ -</u>	<u>\$ -</u>

Note 1: Shown by liability adequacy test range (integrated contract).

Note 2: The loss reserve is determined based on claims incurred before valuation date and therefore not included in the liability adequacy test.

Note 3: Transferred-in unwritten-off balance of 3% decrease in business tax and the policy-reserve payable for the insured were not included in the liability adequacy test.

As of December 31, 2022 and 2021, Taishin Life Insurance was not required to provide liability adequacy reserve after evaluation.

Method used in the liability adequacy test is shown as follows:

	December 31	
	2022	2021
Test method	Gross premium valuation method (GPV)	Gross premium valuation method (GPV)
Test groups	Integrated testing	Integrated testing
Significant assumptions	The assumption of discount rate of every year was based on the best estimate scenario as well as the rate of return on investment with current information	The assumption of discount rate of every year was based on the best estimate scenario as well as the rate of return on investment with current information

f. Reserve for insurance contracts with the nature of financial products

	December 31	
	2022	2021
Investment-linked insurance - annuity insurance	<u>\$ 1,942</u>	<u>\$ 2,017</u>

The Group issued financial instrument without discretionary participation feature and recognized Reserve for insurance contracts with the nature of financial products. The changes in Reserve for insurance contracts with the nature of financial products for the years ended December 31, 2022 and 2021 are as follows:

Investment-linked insurance - annuity insurance

	For the Year Ended December 31	
	2022	2021
Beginning balance	\$ 2,017	\$ -
Net recovery of statutory reserve	(75)	(40)
Acquisitions through business combinations	<u>-</u>	<u>2,057</u>
Ending balance	<u>\$ 1,942</u>	<u>\$ 2,017</u>

g. Reserve for foreign exchange valuation

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

	For the Year Ended December 31	
	2022	2021
Beginning balance	\$ 125,678	\$ -
Provision		
Compulsory provision	22,370	19,197
Additional provision	<u>1,189,181</u>	<u>63,086</u>
	1,211,551	82,283
Recovery	(421,934)	(113,325)
Acquisitions through business combinations	<u>-</u>	<u>156,720</u>
Ending balance	<u>\$ 915,295</u>	<u>\$ 125,678</u>

The effects applicable or inapplicable for reserve for foreign exchange valuation for the years ended December 31, 2022 and 2021 were as follows:

Accounts	For the Year Ended December 31, 2022		
	Ineligible Amount (1)	Eligible Amount (2)	Effect (3)=(2)-(1)
Net income attributable to owners of parent	\$ 15,495,546	\$ 14,863,852	\$ (631,694)
Earnings per share	1.14	1.09	(0.05)
Reserve for foreign exchange valuation	-	915,295	915,295
Equity attributable to owners of parent	203,474,490	202,867,630	(606,860)

Accounts	For the Year Ended December 31, 2021		
	Ineligible Amount (1)	Eligible Amount (2)	Effect (3)=(2)-(1)
Net income attributable to owners of parent	\$ 20,286,974	\$ 20,311,808	\$ 24,834
Earnings per share (Note)	1.55	1.55	-
Reserve for foreign exchange valuation	-	125,678	125,678
Equity attributable to owners of parent	198,042,444	198,067,278	24,834

Note: Refer to Note 42 for information on the earnings per share after retrospective adjustment.

29. OTHER FINANCIAL LIABILITIES

	December 31	
	2022	2021
Principal of structured products	\$ 94,647,527	\$ 63,258,827
Gold account	569,626	832,462
Futures traders' equity	2,062,861	1,799,627
Separate account insurance product liabilities (Note 31)	<u>28,335,840</u>	<u>26,532,698</u>
	<u>\$ 125,615,854</u>	<u>\$ 92,423,614</u>

30. OTHER LIABILITIES

	December 31	
	2022	2021
Unearned revenue	\$ 539,939	\$ 681,876
Unearned interest	937,062	729,827
Guarantee deposits	3,030,819	2,311,946
Deferred income	1,137,219	1,127,500
Temporary credits	794,170	1,335,211
Receivables from underwriting of shares	480,267	7,799,964
Others	<u>61,831</u>	<u>91,343</u>
	<u>\$ 6,981,307</u>	<u>\$ 14,077,667</u>

31. SEPARATE ACCOUNT INSURANCE PRODUCTS

	December 31	
	2022	2021
Separate account insurance product assets		
Cash in bank	\$ 1,853,062	\$ 1,839,955
Financial assets at FVTPL	26,356,361	24,675,472
Interest receivable	3,716	1,900
Other receivables	<u>122,701</u>	<u>15,371</u>
	<u>\$ 28,335,840</u>	<u>\$ 26,532,698</u>
Separate account insurance product liabilities		
Other payables	\$ 117,913	\$ 114,726
Reserve for insurance products	23,006,907	25,660,959
Reserve for investment contracts	<u>5,211,020</u>	<u>757,013</u>
	<u>\$ 28,335,840</u>	<u>\$ 26,532,698</u>

- a. The related income statements accounts of the Group's separate account insurance products were as follows:

	For the Year Ended December 31	
	2022	2021
Separate account insurance product income		
Premium income	\$ 838,914	\$ 284,242
Interest income	5,349	1,623
Gain (loss) on financial assets and liabilities at FVTPL	<u>(3,016,114)</u>	<u>165,633</u>
	<u>\$ (2,171,851)</u>	<u>\$ 451,738</u>
Separate account insurance product expenses		
Provision (reversal) of separate account reserve	\$ (3,058,122)	\$ (77,358)
Claims, payments and surrender	542,715	283,929
Administrative expenses	<u>343,556</u>	<u>245,167</u>
	<u>\$ (2,171,851)</u>	<u>\$ 451,738</u>

- b. For the years ended December 31, 2022 and 2021, the rebates earned from counterparties due to the business of separate account insurance products amounted to \$73,331 thousand and \$51,073 thousand respectively, which were recorded under service fee income.

32. POST-EMPLOYMENT BENEFIT PLANS

Defined Contribution Plans

The Group adopted a pension plan under the Labor Pension Act (the "LPA"), which is a state-managed defined contribution plan. Based on the LPA, the Group makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

Defined Benefit Plans

The Group also have defined benefit plan under the Labor Standards Law (the "LSL"). Under the LSL, pension benefits are calculated on the basis of the length of service and average monthly salaries of six months before retirement. The Group has also implemented a special retention bonus plan, applicable to certain employees. The Group contributes amounts equal to 2% to 15% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name.

Before the end of each year, the Group assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Group is required to fund the difference in one appropriation that should be made before the end of March of the next year.

The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of Bureau of Labor Funds, Ministry of Labor or under the mandated management. However, in accordance with Enforcement Rules of the Labor Pension Act, the return generated by employees' pension contribution should not be below the interest rate for a 2-year time deposit with local banks.

The Group's plan assets and present values of defined benefit obligation were carried out by qualified actuaries. The principal assumptions used for the purposes of actuarial valuations were as follows:

	December 31	
	2022	2021
Discount rate used in determining present values	1.125%-1.500%	0.375%-0.700%
Expected rate of salary increase	2.50%-3.50%	2.50%-3.25%

Amounts recognized in profit or loss in respect of these defined benefit plans were as follows:

	For the Year Ended December 31	
	2022	2021
Current service cost	\$ 23,579	\$ 23,259
Interest cost, net	<u>8,672</u>	<u>6,914</u>
	<u>\$ 32,251</u>	<u>\$ 30,173</u>

The amount included in the consolidated balance sheets arising from the Group's obligation in respect of its defined benefit plans were as follows:

	December 31	
	2022	2021
Present value of funded defined benefit obligation	\$ (3,212,834)	\$ (3,470,674)
Fair value of plan assets	<u>1,851,196</u>	<u>1,803,073</u>
Deficit	(1,361,638)	(1,667,601)
Included prepaid pension cost	<u>(21,112)</u>	<u>(18,734)</u>
Net liability arising from defined benefit obligation	<u>\$ (1,382,750)</u>	<u>\$ (1,686,335)</u>

Movements in the present value of the defined benefit obligation were as follows:

	For the Year Ended December 31	
	2022	2021
Opening defined benefit obligation	\$ 3,470,674	\$ 2,979,644
Current service cost	23,579	23,259
Interest cost	17,513	15,213
Remeasurement		
Actuarial (gain) loss - changes in demographic assumptions	7,904	90,458
Actuarial (gain) loss - changes in financial assumptions	(196,966)	(4,743)
Actuarial (gain) loss - experience adjustments	56,047	249,464
Liabilities from business combinations	-	378,723
Benefits paid	(148,780)	(143,767)
Paid by the Group	<u>(17,137)</u>	<u>(117,577)</u>
Closing defined benefit obligation	<u>\$ 3,212,834</u>	<u>\$ 3,470,674</u>

Movements in the fair value of the plan assets were as follows:

	For the Year Ended December 31	
	2022	2021
Opening fair value of plan assets	\$ 1,803,073	\$ 1,656,954
Interest revenue	8,841	8,299
Remeasurement		
Expected return on plan assets	135,122	112,975
Contributions from the employer	52,940	38,590
Benefits paid	(148,780)	(143,767)
Assets from business combination	<u>-</u>	<u>130,022</u>
Closing fair value of plan assets	<u>\$ 1,851,196</u>	<u>\$ 1,803,073</u>

For information about the categories and percentages, etc. of the composition of the fair value of plan assets as of December 31, 2022 and 2021, please refer to the authorities' public information about Labor Pension Funds.

If possible reasonable changes in each of the significant actuarial assumptions will occur and all other assumptions will remain constant, the significant actuarial assumptions used in the sensitivity analysis of the present value of the defined benefit obligation were as follows:

	Change in Actuarial Assumptions %	Increase (Decrease) of the Present Value of the Defined Obligation (%)	
		December 31	
		2022	2021
Discount rate used in determining present value	Increase 0.25%	(1.04)%-(5.76)%	(0.79)%-(3.28)%
	Decrease 0.25%	1.05%-6.36%	0.81%-3.41%
Expected rate of salary increase	Increase 0.25%	1.02%-4.69%	0.52%-3.29%
	Decrease 0.25%	(1.01)%-(4.31)%	(0.51)%-(3.18)%

The sensitivity analysis presented above assumes that only a single actuarial assumption changes and other actuarial assumptions remain unchanged. Practically, the assumptions may not occur in isolation as the assumptions may be correlated. The calculation of the present value of defined benefit obligation adopted the projected unit credit method.

For the years ended December 31, 2022 and 2021, the Group expects to make a contribution of \$40,106 thousand and \$52,867 thousand to the defined benefit plans within one year, respectively, and the weighted average duration of the defined benefit plans is 3.6-12.8 years and 3.1-13.3 years, respectively.

33. EQUITY

a. Share capital

	December 31	
	2022	2021
Number of shares authorized (in thousands)	<u>20,000,000</u>	<u>20,000,000</u>
Shares authorized	<u>\$ 200,000,000</u>	<u>\$ 200,000,000</u>
Number of shares issued and fully paid (in thousands)		
Ordinary shares	<u>11,974,148</u>	<u>11,409,383</u>
Preferred shares	<u>1,100,000</u>	<u>800,000</u>
Capital shares issued and outstanding	<u>\$ 130,741,476</u>	<u>\$ 122,093,832</u>

As of December 31, 2022 and 2021, Taishin Financial Holding's authorized capital were both \$200,000,000 thousand (20,000,000 thousand shares); as of December 31, 2022, share issued was 13,074,148 thousand shares, divided into 11,974,148 thousand common shares and 1,100,000 thousand preferred shares at NT\$10 par value.

b. Details of outstanding share capital as of December 31, 2022 were as follows:

	Ordinary share	Preferred Share	Total
First share swap	\$ 23,000,000	\$ -	\$ 23,000,000
Second share swap	13,316,236	-	13,316,236
Capital infusion with cash	13,222,223	-	13,222,223
Convertible bonds converted to ordinary shares	5,989,867	-	5,989,867
Issuance of Class E preferred shares	-	8,000,000	8,000,000
Issuance of Class F preferred shares	-	3,000,000	3,000,000
Stock dividends and employees' bonus in share distributed	69,295,371	-	69,295,371
Less: Cancellation of treasury shares	(2,733,505)	-	(2,733,505)
Less: Capital reduction to recover loss	(3,864,802)	-	(3,864,802)
Employee share options converted to new shares	<u>1,516,086</u>	<u>-</u>	<u>1,516,086</u>
Shares issued	<u>\$ 119,741,476</u>	<u>\$ 11,000,000</u>	<u>\$ 130,741,476</u>

- 1) On February 18, 2002, Taishin Financial Holding issued 2,300,000 thousand shares of ordinary share of Taishin Bank through a share swap at a 1:1 ratio to exchange for the whole ordinary share owned by Taishin Bank's stockholders after consolidation.
- 2) On December 31, 2002, Taishin Financial Holding issued 1,331,624 thousand common shares to acquire all the issued ordinary shares of Taishin Securities A and Taishin Bills Finance through share swaps at ratios of 1:1.2 and 1:1.3, respectively, with "1" representing Taishin Financial Holding.
- 3) On March 22, 2006, Taishin Financial Holding issued through private placement ordinary share totaling \$10,000,000 thousand for 555,556 thousand shares at NT\$18 per share. The rights and obligations are the same as those of the ordinary share outstanding. The mentioned ordinary shares have been published in open market by the approval of the FSC on May 17, 2011.

- 4) On December 27, 2006, Taishin Financial Holding issued through private placement ordinary share totaling \$4,000,000 thousand for 266,667 thousand shares at NT\$15 per share. The rights and obligations are the same as those of the ordinary share outstanding. The mentioned ordinary share has been published in open market by the approval of the FSC on May 17, 2011.
 - 5) Taishin Financial Holding has proposed to effect capital reduction by cancelling 386,480 thousand outstanding common shares (capital reduction ratio 6.7681) on December 4, 2009.
 - 6) On December 31, 2013, Taishin Financial Holding's board of directors resolved to issue 500,000 thousand ordinary shares, with a par value of NT\$10, for consideration of NT\$12 per share. On January 17, 2014, the above transaction was approved by the FSC, and the subscription base date was set by board of directors at April 14, 2014.
 - 7) Taishin Financial Holding's stockholders had resolved the transfer of \$5,647,644 thousand of earnings to ordinary share in the shareholders' meeting on June 17, 2022. The ex-dividend date was set on August 30, 2022, and the registration of the conversion had been completed.
 - 8) Taishin Financial Holding's employees have executed share options and had acquired Taishin Financial Holding's ordinary shares which aggregated 0 thousand shares and 2,051 thousand shares in 2022 and 2021.
 - 9) Taishin Financial Holding's group capital adequacy ratio was 135.56% and 123.40% as of December 31, 2022 and 2021, respectively.
- c. In accordance with Article 8-4 of the Articles of Incorporation, the Company issued Class E registered preferred shares ("Class E preferred shares"), which totaled 500,000 thousand shares, with a par value of NT\$10. The issue price was NT\$50 per share, and the total amount issued was \$25,000,000 thousand on December 28, 2016. The issuance of stocks was approved by the FSC under its Order No. 1050041849 issued on October 26, 2016, and the change in registration was approved by the ROC Ministry of Economic Affairs under its Order No. 10501302230 on January 5, 2017. The Class E preferred shares was listed on Taiwan Stock Exchange on February 10, 2017.

The rights and other important terms of issue associated with Class E preferred shares are as follows:

- 1) Tenor: Perpetual.
- 2) Dividend yield: An annual dividend yield is set at 4.75% (7-year IRS 1.2175% + 3.5325%) per annum of the issue price at the pricing day. The 7-year IRS will be reset on the next business day after each seventh anniversary day after issuance and thereafter. The pricing date for reset is the second business day of financial industry in Taipei immediately preceding each reset date. The 7-year IRS rate is the arithmetic mean of 7-year IRS rates appearing on Reuters pages "PYTWDFIX" and "COSMOS3" at 11:00 a.m. (Taipei time) on the relevant pricing date for reset. If such rate cannot be obtained, the Company will determine the rate based on reasonable market price with good faith.
- 3) Dividend payment: In years when there is insufficient or no surplus to fully pay off dividends for Class E preferred shareholders, the unpaid dividend will not be carried forward to years with earnings. The Company has sole discretion over the distribution of Class E preferred share dividends. Earnings distribution proposals will be devised by the board of directors in accordance with Article 40-1 of the Articles of Incorporation and then submitted to the annual general meeting of shareholders for acknowledgment. Any earnings available for distribution to preferred shares and ordinary shares under an acknowledged earnings distribution proposal shall be distributed according to the Articles of Incorporation. Dividends on Class E preferred shares will be paid in cash. Once the Company's financial statements have been acknowledged and earnings distributions approved during the annual general meeting of shareholders, the board of directors shall be authorized to set the ex-dividend date for the distribution of the Class E preferred share dividend. Dividends that are

payable for the year of issuance shall be prorated according to the actual number of days the shares have been in circulation since the date of issue, relative to the total number of days of that year. In the year of redemption, the distribution of the payable dividends shall be calculated based on the actual number of days the preferred shares remained outstanding in that year.

- 4) Restrictions on payment of dividends to ordinary shares: Except for the dividends prescribed in the preceding subparagraphs herein, Class E preferred shareholders are not entitled to participate in the distribution of cash or stock dividends with regard to the ordinary shares and other preferred shares derived from earnings or capital reserves.
 - 5) Redemption: Seven years after the issue date, the Company may at any time, subject to the competent authority's approval, recall a portion or all of the outstanding Class E preferred shares at the issue price. The rights and obligations associated with any remaining outstanding Class E preferred shares shall continue as specified herein.
 - 6) Liquidation preference: In the event of liquidation, Class E preferred shareholders shall be given priority over ordinary shareholders when claiming the Company's remaining assets. The amount claimed shall not exceed the issuance amount of outstanding Class E preferred shares.
 - 7) Voting rights or election rights: Class E preferred shareholders are not entitled to any voting rights or election rights in shareholders' meetings. However, they may vote in Class E preferred shareholders' meetings and in general shareholders' meetings with regard to agenda items concerning the rights and obligations of Class E preferred shareholders.
 - 8) Class E preferred shares shall not be converted into ordinary shares. The Class E preferred shareholders shall not require the Company to redeem the rights of the Class E preferred shares.
 - 9) When the Company issues new shares for capital raising, Class E preferred shareholders shall be entitled to preemptive rights on the new shares equivalent to those of ordinary shareholders.
- d. In accordance with Article 8-4 of the Articles of Incorporation, the Company issued Class E registered preferred shares ("Class E preferred shares"), which totaled 300,000 thousand shares, with a par value of NT\$10. The issue price was NT\$50 per share, and the total amount issued was \$15,000,000 thousand on November 30, 2018. The issuance of stocks was approved by the FSC under its Order No. 1070329855 issued on September 6, 2018, and the change in registration was approved by the ROC Ministry of Economic Affairs under its Order No. 10701153080 on December 17, 2018. The Class E preferred shares was listed on Taiwan Stock Exchange on January 8, 2019.

The rights and other important terms of issue associated with Class E preferred shares are as follows:

- 1) Tenor: Perpetual.
- 2) Dividend yield: An annual dividend yield is set at 3.80% (7-year IRS 1.1% + 2.7%) per annum of the issue price at the pricing day. The 7-year IRS will be reset on the next business day after each seventh anniversary day after issuance and thereafter. The pricing date for reset is the second business day of financial industry in Taipei immediately preceding each reset date. The 7-year IRS rate is the arithmetic mean of 7-year IRS rates appearing on Reuters pages "PYTWDFIX" and "COSMOS3" at 11:00 a.m. (Taipei time) on the relevant pricing date for reset. If such rate cannot be obtained, the Company will determine the rate based on reasonable market price with good faith.

- 3) Dividend payment: In years when there is insufficient or no surplus to fully pay off dividends for Class E preferred shareholders, the unpaid dividend will not be carried forward to years with earnings. The Company has sole discretion over the distribution of Class E preferred share dividends. Earnings distribution proposals will be devised by the board of directors in accordance with Article 40-1 of the Articles of Incorporation and then submitted to the annual general meeting of shareholders for acknowledgment. Any earnings available for distribution to preferred shares and ordinary shares under an acknowledged earnings distribution proposal shall be distributed according to the Articles of Incorporation. Dividends on Class E preferred shares will be paid in cash. Once the Company's financial statements have been acknowledged and earnings distributions approved during the annual general meeting of shareholders, the board of directors shall be authorized to set the ex-dividend date for the distribution of the Class E preferred share dividend. Dividends that are payable for the year of issuance shall be prorated according to the actual number of days the shares have been in circulation since the date of issue, relative to the total number of days of that year. In the year of redemption, the distribution of the payable dividends shall be calculated based on the actual number of days the preferred shares remained outstanding in that year.
 - 4) Restrictions on payment of dividends to ordinary shares: Except for the dividends prescribed in the preceding subparagraphs herein, Class E preferred shareholders are not entitled to participate in the distribution of cash or stock dividends with regard to the ordinary shares and other preferred shares derived from earnings or capital reserves.
 - 5) Redemption: Seven years after the issue date, the Company may at any time, subject to the competent authority's approval, recall a portion or all of the outstanding Class E preferred shares at the issue price. The rights and obligations associated with any remaining outstanding Class E preferred shares shall continue as specified herein.
 - 6) Liquidation preference: In the event of liquidation, Class E preferred shareholders shall be given priority over ordinary shareholders when claiming the Company's remaining assets. The amount claimed shall not exceed the issuance amount of outstanding Class E preferred shares.
 - 7) Voting rights or election rights: Class E preferred shareholders are not entitled to any voting rights or election rights in shareholders' meetings. However, they may vote in Class E preferred shareholders' meetings and in general shareholders' meetings with regard to agenda items concerning rights and obligations of the stockholders of Class E preferred shareholders.
 - 8) When the Company issues new shares for capital raising, Class E preferred shareholders shall be entitled to preemptive rights on the new shares equivalent to those of ordinary shareholders.
- e. In accordance with Article 8-4 of the Articles of Incorporation, the Company issued Class F registered exchangeable preferred shares ("Class F preferred shares"), which totaled 300,000 thousand shares, with a par value of NT\$10. The issue price was NT\$17.65 per share, and the total amount issued was \$5,295,000 thousand on July 21, 2022. The issuance of stocks was approved by the FSC under its Order No. 1110344348 issued on May 31, 2022, and the change in registration was approved by the ROC Ministry of Economic Affairs under its Order No. 11101143710 on August 5, 2022. The Class F preferred shares was listed on Taiwan Stock Exchange on July 26, 2022.

The rights and other important terms of issue associated with Class F preferred shares are as follows:

- 1) Tenor: Perpetual.
- 2) Dividend yield: An annual dividend yield is set at 3.70% (10-year IRS 1.3% + 2.4%) per annum of the issue price at the pricing day. The 10-year IRS will be reset on the next business day after each tenth anniversary day after issuance and thereafter. The pricing date for reset is the second business day of financial industry in Taipei immediately preceding each reset date. The 10-year IRS rate is the arithmetic mean of 10-year IRS rates appearing on Reuters pages "PYTWD01" and "COSMOS3" at 11:00 a.m. (Taipei time) on the relevant pricing date for reset. If such rate cannot be obtained, the Company will determine the rate based on reasonable market price with good faith.
- 3) Dividend payment: Unless otherwise specified by the Articles of Incorporation, in years that conclude with insufficient or no surplus to fully pay off dividends for Class F preferred shareholders, the unpaid dividend will not be carried forward to years with earnings. The Company has sole discretion on the distribution of Class F preferred share dividends. Earnings distribution or loss make-up proposals will be devised by the Board of Directors in accordance with Article 40-1 of the Articles of Incorporation and then submitted to the Annual General Meeting of Shareholders for acknowledgment. Earnings available for distribution shall be distributed firstly to Class E preferred shares and then, if any earnings remain, to Class F preferred shares. Any remaining balance shall be distributed ordinary shares. Dividends on Class F preferred shares will be paid in cash. Once the Company's financial statements have been acknowledged and the earnings distribution or loss make-up proposals approved have been approved during the Annual General Meeting of Shareholders, the Board of Directors shall be authorized to set the ex-dividend date for the distribution of the Class F preferred share dividend. Dividends that are payable for the year of issuance shall be prorated according to the actual number of days the shares have been in circulation since the date of issue, relative to the total number of days of that year. In the year of redemption, the distribution of the payable dividends shall be calculated based on the actual number of days the preferred shares remained outstanding in that year.
- 4) Restrictions on payment of dividends to ordinary shares: Except for dividends prescribed in the preceding subparagraphs herein, Class F preferred shareholders are not entitled to participate in the distribution of cash or stock dividends with regard to ordinary shares and other preferred shares derived from earnings or capital reserves.
- 5) Liquidation preference: In the event of liquidation, Class F preferred shareholders shall be limited to claiming on the ordinary shares of Chang Hwa Commercial Bank Ltd owned by the Company (CHB shares). Class F preferred shareholders shall be given distribution sequence priority over ordinary shareholders. The exchange ratio of Class F preferred shares and CHB shares shall be set at 1:1.
- 6) Any premium received on the issue of Class F preferred shares shall be treated as capital surplus and should not be capitalized into paid-in capital during the circulation period of Class F preferred shares.
- 7) Voting rights or election rights: Class F preferred shareholders are not entitled to any voting rights or election rights in Shareholders' Meetings. However, they may vote in Class F preferred shareholder meetings on amendments to the Company's Articles of Incorporation which damage the rights of Class F preferred shareholders. The provisions governing Shareholders' Meetings shall apply.
- 8) When the Company issues new shares for capital raising, Class F preferred shareholders shall be entitled to preemptive rights on the new shares equivalents to those of ordinary shareholders and Class E preferred shareholders.

- 9) Right of exchange: The Company may notify Class F preferred shareholders of their right to exchange Class F preferred shares for CHB shares at the exchange ratio of 1:1 from the beginning of the 8th year of issuance up to the end of the 10th year of issuance.
- 10) Redemption: Ten years after the issue date, the Company may at any time, subject to the competent authority's approval, recall all outstanding Class F preferred shares and exchange them for CHB shares at the ratio of 1:1. If the 90-business-day weighted average price of CHB shares prior to the record date is lower than the issue price, the Company shall make up the gap with cash. The specifics of the cash reimbursement shall be determined by the Board.
- 11) On the issue date, the Company shall set aside and deliver to the appointed custodian for safekeeping a number of CHB shares equal to that of the total number of Class F preferred shares. In the event that Class F preferred shares are redeemed, the Company shall deliver the CHB shares from the custodian to the Class F preferred shareholders.
- 12) In the event that Class F preferred shareholders' equity decreases proportionally due to a reduction of share capital against cumulative losses, Class F preferred shareholders' equity shall be adjusted/made up for the amount decreased so that Class F preferred shareholders' interest is maintained at the same level as that the shares were initially issued.

f. Capital surplus

As of December 31, 2022, the Company recognized a capital surplus of \$38,197,778 thousand, in which there's a part of investees' unappropriated retained earnings totaling \$414,706 thousand. In addition to the other regulations, Article 47 (d) of Financial Holding Company Act stipulates that the appropriation is not restricted by Article 241 (a) of the Company Act. Furthermore, the capital surplus from Class E preferred shares and Class F preferred shares issued in excess of par cannot be transferred to its capital during the outstanding issuance periods of Class E preferred shares and Class F preferred shares.

g. Retained earnings and dividend policy

In accordance with dividend policy of the Articles of Incorporation of the Company, whereas the Company makes profit in a fiscal year, the profit shall be first utilized for paying taxes, adjusted in accordance with accounting standards, offset losses of previous years, set aside 10% of the remaining profit as legal reserve, and set aside special reserve in accordance with the laws and regulations, the dividend rate of the Class E preferred shares and the Class F preferred shares should not be more than 8% and 4.5%, respectively. The distribution plan based on the Company's Articles of Incorporation clause 8-4 and 8-5 should be proposed by Company's board of directors in its meeting before its being resolved in the stockholders' meeting, and then any remaining profit together with the amount of reversed dividend or distributed-available special reserve and any undistributed earnings at the beginning of the fiscal year shall be resolved by the Company's board of directors in its meeting as the basis for proposing a distribution plan, of which cash dividends should not be less than 10% of total dividends distributed, to ordinary shareholders and each class of preferred shareholders. The distribution plan should be resolved in the stockholders' meeting. However, under the requirements of the MOF, if the Group's capital adequacy ratio is less than 100%, dividends cannot be distributed in cash or other assets. For the policies on distribution of employees' compensation and remuneration to directors before and after amendment, please refer to employee benefits expense in Note 39.

Appropriation of earnings to legal reserve shall be made until legal reserve equals the Company's paid-in capital. Legal reserve may be used to offset deficit. If the Company has no accumulated deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to Share capital or distributed in cash.

Refer to h. for the information relating to special reserve.

The appropriations of earnings for 2021 and 2020 were resolved in the shareholders' meetings on June 17, 2022 and July 23, 2021, respectively. The number of ordinary shares outstanding has changed because of the exercise of employee share options; the actual appropriations were as follows:

	Appropriation of Earnings		Dividend Per Share (NT\$)	
	For Year 2021	For Year 2020	For Year 2021	For Year 2020
Legal reserve	\$ 2,047,300	\$ 1,419,375		
Special reserve (reversal)	8,304,402	(144,352)		
Class E preferred shares cash dividends	1,757,500	1,757,500	\$ -	\$ -
Ordinary shares cash dividends	6,902,677	6,059,361	0.605	0.550
Ordinary shares stock dividends	5,647,644	4,957,660	0.495	0.450

h. Special reserves

The Company reclassified reserve for trading loss and default losses as of December 31, 2010 to a special reserve account, which is part of equity, in accordance with Order No. 10010000440 issued by the FSC.

The Company appropriated special reserves in accordance with Order No. 1090150022 issued by the FSC and the Q&As on "Question and Answer for Special Reserves Appropriated Following Adoption of IFRSs".

In accordance with Order No. 1010045494 issued by the FSC, the Company reclassified from the balance of reserve for business loss to special reserves for Article 11 of Value-added and Non-value-added Business Tax an Act.

The Company appropriated to special reserves an amount equal to the increase in retained earnings that resulted from recognizing gain on bargain purchase through acquisition in accordance with Order No. 10310006310 issued by the FSC.

i. Other equity items

1) Exchange differences on translation of the financial statements of foreign operations

	For the Year Ended December 31	
	2022	2021
Beginning balance	\$ (182,782)	\$ (953,056)
Exchange differences on translating the net assets of foreign operations	44,548	13,494
Share of exchange differences of associates accounted for using equity method	-	(59,518)
Reclassification adjustments		
Share from the disposal of associates accounted for using equity method	-	816,298
Ending balance	<u>\$ (138,234)</u>	<u>\$ (182,782)</u>

2) Unrealized gain (loss) on financial assets at FVTOCI

	For the Year Ended December 31	
	2022	2021
Beginning balance	\$ 1,197,868	\$ 2,777,724
Recognized during the period		
Unrealized gains or losses		
Debt instruments	(6,294,457)	(1,630,495)
Equity instruments	1,681,142	488,339
Income tax related to profit or loss of debt instruments	404,385	146,063
Share from associates accounted for using equity method	-	191,557
Reclassification adjustments		
Disposal of investments in debt instruments	960,099	(589,111)
Share from the disposal of associates accounted for using equity method	-	(22,550)
Other comprehensive loss recognized during the period	<u>(3,248,831)</u>	<u>(1,416,197)</u>
Cumulative unrealized gain (loss) of equity instruments transferred to retained earnings due to disposal	(1,749,327)	552,833
Disposal of associates accounted for using equity method	<u>-</u>	<u>(716,492)</u>
Ending balance	<u>\$ (3,800,290)</u>	<u>\$ 1,197,868</u>

3) Changes in fair value attributable to changes in the credit risk of financial liabilities at FVTPL

	For the Year Ended December 31	
	2022	2021
Beginning balance	\$ (18,823)	\$ 978
Changes in fair value attributable to changes in the credit risk	<u>300,972</u>	<u>(19,801)</u>
Ending balance	<u>\$ 282,149</u>	<u>\$ (18,823)</u>

4) Other comprehensive income (loss) on reclassification using the overlay approach

	For the Year Ended December 31	
	2022	2021
Beginning balance	\$ 354,532	\$ -
Recognized during the period		
Unrealized gain (loss)	(4,067,122)	340,905
Tax effects	<u>75,447</u>	<u>13,627</u>
Other comprehensive income (loss) recognized during the period	<u>(3,991,675)</u>	<u>354,532</u>
Ending balance	<u>\$ (3,637,143)</u>	<u>\$ 354,532</u>

j. Non-controlling interests

	For the Year Ended December 31	
	2022	2021
Beginning balance	\$ 34,050	\$ 47,159
Attributable to non-controlling interests		
Net loss for the year	(7,959)	(13,095)
Other comprehensive income (loss) for the year	<u>91</u>	<u>(14)</u>
Ending balance	<u>\$ 26,182</u>	<u>\$ 34,050</u>

34. NET INTEREST INCOME

	For the Year Ended December 31	
	2022	2021
Interest income		
Loans	\$ 30,703,155	\$ 22,674,120
Investment in marketable securities	8,548,639	4,520,042
Revolving interest of credit cards	1,230,683	1,267,636
Finance leases	2,223,456	2,304,533
Others	<u>3,685,853</u>	<u>1,871,074</u>
	<u>46,391,786</u>	<u>32,637,405</u>
Interest expenses		
Deposits	(12,351,225)	(5,508,412)
Securities sold under repurchase agreements	(976,065)	(168,435)
Issuance of bills and bonds	(1,358,341)	(1,281,547)
Structured products	(1,235,661)	(456,808)
Others	<u>(1,247,936)</u>	<u>(861,813)</u>
	<u>(17,169,228)</u>	<u>(8,277,015)</u>
Net interest income	<u>\$ 29,222,558</u>	<u>\$ 24,360,390</u>

35. NET SERVICE FEE AND COMMISSION INCOME

	For the Year Ended December 31	
	2022	2021
Service fee and commission income		
Interbank fee	\$ 1,029,250	\$ 883,167
Loan and guarantee fee	760,408	700,166
Fee from certification, underwriting and brokerage	2,369,071	3,457,980
Fee from trustee business	3,173,691	3,609,639
Insurance commission fee	3,217,507	5,440,873
Fee from credit cards	4,398,278	3,792,242
Others	<u>2,227,214</u>	<u>1,653,137</u>
	<u>17,175,419</u>	<u>19,537,204</u>

(Continued)

For the Year Ended December 31

	2022	2021
--	-------------	-------------

Service fee and commission expenses		
Fee from credit cards	\$ (2,030,082)	\$ (1,663,702)
Interbank fee	(349,812)	(332,638)
Marketing fee	(485,729)	(372,165)
Insurance commission fee	(595,797)	(356,107)
Brokerage fee	(224,848)	(333,148)
Others	<u>(1,098,725)</u>	<u>(1,045,780)</u>
	<u>(4,784,993)</u>	<u>(4,103,540)</u>
Net service fee and commission income	<u>\$ 12,390,426</u>	<u>\$ 15,433,664</u> (Concluded)

36. NET INCOME FROM INSURANCE OPERATIONS

For the Year Ended December 31

	2022	2021
--	-------------	-------------

Insurance business income		
Written premium income	\$ 22,766,410	\$ 14,002,432
Reinsurance premium income	-	(1,004)
Reinsurance premium expense	(558,259)	(302,579)
Separate account insurance product income	<u>(2,171,851)</u>	<u>451,738</u>
	<u>20,036,300</u>	<u>14,150,587</u>
Insurance business expenses		
Underwriting expense	(2,389)	(977)
Insurance claim payments	(5,939,097)	(2,762,830)
Claims and payments recovered from reinsurers	165,318	101,574
Disbursements toward industry stability fund	(43,602)	(26,716)
Separate account insurance product expense	<u>2,171,851</u>	<u>(451,738)</u>
	<u>(3,647,919)</u>	<u>(3,140,687)</u>
Net income from insurance operations	<u>\$ 16,388,381</u>	<u>\$ 11,009,900</u>

37. GAIN (LOSS) ON FINANCIAL ASSETS AND LIABILITIES AT FVTPL

For the Year Ended December 31

	2022	2021
--	-------------	-------------

Disposal gains (losses)

Taishin Bank		
Stocks and beneficiary certificates	\$ 590,231	\$ 355,430
Bills	(14,577)	48,496
Bonds	(40,468)	173,432
Derivative financial instruments	<u>1,363,168</u>	<u>1,486,699</u>
	<u>1,898,354</u>	<u>2,064,057</u> (Continued)

	For the Year Ended December 31	
	2022	2021
Taishin Securities B		
Call (put) warrants issued	\$ (19,243)	\$ (56,385)
Trading securities - dealing	(924,846)	1,630,050
Trading securities - underwriting	156,260	244,548
Trading securities - hedging	271,121	858,486
Borrowed securities and bonds with resell agreements-short sales	254,310	(127,146)
Open-end funds	(1,040)	156
Derivative financial instruments	<u>(18,507)</u>	<u>(1,145,047)</u>
	<u>(281,945)</u>	<u>1,404,662</u>
Taishin Life Insurance		
Stocks and beneficiary certificates	112,217	534,403
Bonds	(42,106)	(683)
Derivative financial instruments	<u>(2,394,382)</u>	<u>-</u>
	<u>(2,324,271)</u>	<u>533,720</u>
Others		
Stocks and beneficiary certificates	80,295	(32,062)
Derivative financial instruments	<u>(63,120)</u>	<u>(188,900)</u>
	<u>17,175</u>	<u>(220,962)</u>
	<u>(690,687)</u>	<u>3,781,477</u>
<u>Valuation gains (losses)</u>		
Taishin Bank		
Stocks and beneficiary certificates	(144,972)	(71,207)
Bills	17,274	(15,618)
Bonds	(840,241)	711,944
Derivative financial instruments	<u>1,718,381</u>	<u>406,980</u>
	<u>750,442</u>	<u>1,032,099</u>
Taishin Securities B		
Call (put) warrants issued	59,911	(86,371)
Trading securities - dealing	(78,713)	(226,120)
Trading securities - underwriting	(54,876)	67,993
Trading securities - hedging	(966,431)	29,320
Borrowed securities and bonds with resell agreements-short sales	301,210	(124,141)
Open-end funds	(6,922)	(4,340)
Derivative financial instruments	<u>1,013,599</u>	<u>(72,112)</u>
	<u>267,778</u>	<u>(415,771)</u>
Taishin Life Insurance		
Stocks and beneficiary certificates	(3,710,855)	348,550
Bonds	9,752	(8,926)
Derivative financial instruments	<u>12,761</u>	<u>29,485</u>
	<u>(3,688,342)</u>	<u>369,109</u>
Others		
Stocks and beneficiary certificates	3,618,612	525,530
Derivative financial instruments	372,637	44,299
Contingent consideration agreement	<u>(1,210,878)</u>	<u>(871,267)</u>
	<u>2,780,371</u>	<u>(301,438)</u>
	<u>110,249</u>	<u>683,999</u>

(Continued)

	For the Year Ended December 31	
	2022	2021
Net interest income	\$ 537,346	\$ 433,782
Dividends	1,547,344	437,192
Interest expense	<u>(167,148)</u>	<u>(148,708)</u>
	<u>\$ 1,337,104</u>	<u>\$ 5,187,742</u>
		(Concluded)

38. REALIZED GAIN (LOSS) ON FINANCIAL ASSETS AT FVTOCI

	For the Year Ended December 31	
	2022	2021
Disposal gains (losses)		
Bonds	\$ (949,644)	\$ 602,851
Beneficiary certificates	<u>(10,455)</u>	<u>(13,740)</u>
	(960,099)	589,111
Dividends income		
Related to investments held at the end of the period	799,141	926,697
Related to investments derecognized at the end of the period	<u>58,303</u>	<u>551,579</u>
	<u>\$ (102,655)</u>	<u>\$ 2,067,387</u>

39. EMPLOYEE BENEFITS EXPENSE

	For the Year Ended December 31	
	2022	2021
Short-term benefits	\$ 15,398,747	\$ 15,330,082
Post-employment benefits (Note 32)		
Defined contribution plans	552,541	502,075
Defined benefit plans	32,266	30,179
Share-based payments (Note 44)		
Cash-settled share-based payments	20,643	203,526
Others	<u>138,957</u>	<u>136,432</u>
	<u>\$ 16,143,154</u>	<u>\$ 16,202,294</u>

Employees' Compensation and Remuneration of Directors

The Company accrues employees' compensation and the remuneration of directors at a rate of no less than 0.01% and no higher than 1%, respectively, of net profit before income tax, employees' compensation and remuneration of directors. For the years ended December 31, 2022 and 2021, the amounts of employees' compensation and remuneration of directors were as follows:

	For the Year Ended December 31	
	2022	2021
Employees' compensation	<u>\$ 1,462</u>	<u>\$ 1,991</u>
Remuneration of directors	<u>\$ 146,166</u>	<u>\$ 199,083</u>

If there is a change in the amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate and will make adjustments next year.

The Company held board of directors' meetings on February 24, 2022 and February 25, 2021 in which it resolved the appropriations of employees' compensation and remuneration of directors and which resulted in the actual amounts of the employees' compensation and remuneration of directors paid for 2021 and 2020 to differ from the amounts recognized in the consolidated financial statements for the years ended December 31, 2021 and 2020, respectively. The differences were adjusted to profit or loss for the years ended December 31, 2022 and 2021.

	For the Year Ended December 31			
	2021		2020	
	Employees' Compensation	Remuneration of Directors	Employees' Compensation	Remuneration of Directors
Amounts approved at the board of directors' meeting	\$ 2,015	\$ 151,088	\$ 1,445	\$ 108,427
Amounts recognized in the annual financial statements	\$ 1,991	\$ 199,083	\$ 1,447	\$ 144,716

Information on the employees' compensation and the remuneration of directors resolved by the Company's board of directors in 2022 and 2021 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

40. DEPRECIATION AND AMORTIZATION EXPENSES

	For the Year Ended December 31	
	2022	2021
Property and equipment	\$ 1,261,894	\$ 1,152,927
Investment properties	17,515	13,414
Right-of-use assets	862,651	780,517
Intangible assets and other deferred assets	486,053	441,690
	<u>\$ 2,628,113</u>	<u>\$ 2,388,548</u>

41. INCOME TAX

In 2003, Taishin Financial Holding adopted the linked tax system for tax filing (similar to a consolidated tax filling) along with its subsidiaries Taishin Bank and Taishin AMC. Taishin Venture Capital was included in this tax system since 2004, and Taishin Securities B, Taishin Securities Investment Trust and Taishin Securities Investment Advisory were included in this tax system since 2011. Taishin Life Insurance was included in this tax system since 2022.

In July 2019, the president of the ROC announced the amendments to the Statute for Industrial Innovation, which stipulate that the amounts of unappropriated earnings in 2018 and thereafter that are reinvested in the construction or purchase of certain assets or technologies are allowed as deduction when computing the income tax on unappropriated earnings. When calculating the tax on unappropriated earnings, the Group only deducts the amount of the unappropriated earnings that has been reinvested in capital expenditure.

Income Tax Recognized in Profit or Loss

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

	For the Year Ended December 31	
	2022	2021
Current tax		
In respect of the current period	\$ 2,068,069	\$ 2,261,177
Adjustments for prior years	(374,971)	138,527
Offshore income tax expense	51,729	60,393
Land value increment tax	6,390	25,506
Deferred tax		
In respect of the current period	872,850	419,570
Adjustments for prior years	<u>169,359</u>	<u>(48,385)</u>
Income tax expense recognized in profit or loss	<u>\$ 2,793,426</u>	<u>\$ 2,856,788</u>

Reconciliation of profit before income tax and income tax was as follows:

	For the Year Ended December 31	
	2022	2021
Income before income tax	<u>\$ 17,649,319</u>	<u>\$ 23,155,501</u>
Income tax expense calculated at the statutory rate (20%)	\$ 3,529,864	\$ 4,631,100
Tax impact of adjustments		
Nondeductible expenses in determining taxable income	261,314	155,210
Tax-exempt income	(529,624)	(2,699,431)
Land value increment tax	6,390	25,506
Temporary differences	308,077	(37,777)
Loss carryforwards	(646,344)	210,006
Additional income tax under the Alternative Minimum Tax Act	-	407,316
Offshore income tax expense	51,729	60,393
Adjustments to prior years' tax	(205,612)	90,142
Others	<u>17,632</u>	<u>14,323</u>
Income tax expense (benefit) recognized in profit or loss	<u>\$ 2,793,426</u>	<u>\$ 2,856,788</u>

Income Tax Recognized in Other Comprehensive Income (Loss)

	For the Year Ended December 31	
	2022	2021
<u>Deferred tax</u>		
In respect of the current period:		
Fair value changes of financial assets at FVTOCI	\$ (404,385)	\$ (146,063)
Defined benefit actuarial of related income tax	53,313	(44,038)
Reclassification using the overlay approach	<u>(75,447)</u>	<u>(13,627)</u>
Total income tax recognized in other comprehensive income	<u>\$ (426,519)</u>	<u>\$ (203,728)</u>

Current Tax Assets and Liabilities

	December 31	
	2022	2021
Current tax assets		
Tax refund receivable	\$ 119,036	\$ 291,168
Current tax liabilities		
Income tax payable	\$ 2,221,109	\$ 2,360,788

Deferred Tax Assets and Liabilities

Movements in deferred tax assets and liabilities were as follows:

	For the Year Ended December 31, 2022				
	Beginning Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income (Loss)	Acquisitions through Business Combinations	Ending Balance
Deferred tax assets					
Temporary differences					
Allowance for loans losses	\$ 2,109,613	\$ (672,882)	\$ -	\$ -	\$ 1,440,033
Others	6,215,508	(702,290)	420,106	-	5,933,324
	8,325,121	(1,375,172)	420,106	-	7,373,357
Loss carryforwards	-	652,168	-	-	652,168
	<u>\$ 8,325,121</u>	<u>\$ (723,004)</u>	<u>\$ 420,106</u>	<u>\$ -</u>	<u>\$ 8,025,525</u>
Deferred tax liabilities					
Land value increment tax	\$ (53,552)	\$ -	\$ -	\$ -	\$ (53,552)
Temporary differences	(1,034,021)	(319,205)	6,413	-	(1,346,813)
	<u>\$ (1,087,573)</u>	<u>\$ (319,205)</u>	<u>\$ 6,413</u>	<u>\$ -</u>	<u>\$ (1,400,365)</u>
	For the Year Ended December 31, 2021				
	Beginning Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income (Loss)	Acquisitions through Business Combinations	Ending Balance
Deferred tax assets					
Temporary differences					
Allowance for loans losses	\$ 2,158,234	\$ (49,922)	\$ -	\$ -	\$ 2,109,613
Others	1,054,309	(358,934)	110,004	5,410,129	6,215,508
	3,212,543	(408,856)	110,004	5,410,129	8,325,121
Loss carryforwards	678	(678)	-	-	-
	<u>\$ 3,213,221</u>	<u>\$ (409,534)</u>	<u>\$ 110,004</u>	<u>\$ 5,410,129</u>	<u>\$ 8,325,121</u>
Deferred tax liabilities					
Land value increment tax	\$ (53,552)	\$ -	\$ -	\$ -	\$ (53,552)
Temporary differences	(93,471)	38,349	93,724	(1,072,623)	(1,034,021)
	<u>\$ (147,023)</u>	<u>\$ 38,349</u>	<u>\$ 93,724</u>	<u>\$ (1,072,623)</u>	<u>\$ (1,087,573)</u>

The Group's Loss Carryforwards as of December 31, 2022

Expiry Year	Unused Amount
2024	\$ 5,463
2025	10,141
2026	9,179
2027	9,635
2028	5,164
2029	8,455
2030	9,677
2031	10,044
2032	<u>10,209</u>
	<u>\$ 77,967</u>

Assessments of the Group's Income Tax

- a. Taishin Financial Holding's income tax returns through 2017 had been assessed by the tax authorities.
- b. Taishin Bank's income tax returns through 2017 had been assessed by the tax authorities. The income tax returns of Taishin Real-Estate through 2020 had been assessed by the tax authorities. The income tax returns of Taishin D.A. Finance through 2020 had been assessed by the tax authorities.
- c. Taishin AMC's income tax returns through 2017 had been assessed by the tax authorities.
- d. Taishin Venture Capital's income tax returns through 2017 had been assessed by the tax authorities.
- e. Taishin Securities Investment Trust's income tax returns through 2017 had been assessed by the tax authorities.
- f. Taishin Securities B's income tax returns through 2017 had been assessed by the tax authorities. Taishin Securities Venture Capital's income tax returns through 2020 had been assessed by the tax authorities. Taishin Capital's income tax returns through 2020 had been assessed by the tax authorities.
- g. Taishin Securities Investment Advisory's income tax returns through 2017 had been assessed by the tax authorities.
- h. Credidi Inc.'s income tax returns through 2020 had been assessed by the tax authorities.
- i. Taishin Life Insurance's income tax returns through 2019 had been assessed by the tax authorities.

42. EARNINGS PER SHARE**Unit: NT\$ Per Share**

	For the Year Ended December 31	
	2022	2021
Basic earnings per share	<u>\$ 1.09</u>	<u>\$ 1.55</u>
Diluted earnings per share	<u>\$ 1.09</u>	<u>\$ 1.55</u>

The weighted average number of shares outstanding used for the earnings per share computation was adjusted retroactively for the issuance of bonus shares on August 30, 2022. The basic and diluted earnings per share adjusted retrospectively for the year ended December 31, 2021 were as follows:

	For the Year Ended December 31, 2021	
	Before Adjusted Retrospectively	After Adjusted Retrospectively
Basic earnings per share	<u>\$ 1.63</u>	<u>\$ 1.55</u>
Diluted earnings per share	<u>\$ 1.63</u>	<u>\$ 1.55</u>

The earnings and weighted average number of ordinary shares outstanding used in the computation of earnings per share were as follows:

Net Income for the Period

Unit: Dollars in Thousands

	For the Year Ended December 31	
	2022	2021
Net income for the periods attributable to owner of the Company	\$ 14,863,852	\$ 20,311,808
Less: Dividends on preferred shares	<u>(1,845,528)</u>	<u>(1,757,500)</u>
Earnings used in computation of basic earnings per share	<u>13,018,324</u>	<u>18,554,308</u>
Earnings used in computation of diluted earnings per share	<u>\$ 13,018,324</u>	<u>\$ 18,554,308</u>

Weighted Average Number of Ordinary shares Outstanding

Unit: Number of Shares in Thousands

	For the Year Ended December 31	
	2022	2021
Weighted average number of ordinary shares in computation of basic earnings per share	11,974,148	11,974,088
Effect of dilutive potential ordinary shares:		
Employees compensation	<u>112</u>	<u>122</u>
Weighted average number of ordinary shares outstanding in computation of dilutive earnings per share	<u>11,974,260</u>	<u>11,974,210</u>

Since the Group offered to settle compensation or bonuses paid to employees in cash or stocks, the Group assumed the entire amount of the compensation or bonuses will be settled in stocks and the resulting potential stocks will be included in the weighted average number of stocks outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential stocks is included in the computation of diluted earnings per share until the number of stocks to be distributed to employees is resolved in the following year.

43. BUSINESS COMBINATIONS

a. Subsidiaries acquired

	Principal Activity	Date of Acquisition	Proportion of Voting Equity Interests Acquired (%)	Consideration Transferred
Taishin Life Insurance	Personal insurance	June 30, 2021	100	\$ 6,486,374

The Group acquired Taishin Life Insurance on June 30, 2021 in order to strengthen the Group's business competitiveness in the financial sector and achieve long-term business strategic goals.

b. Consideration transferred

	Taishin Life Insurance
Cash	\$ 5,568,519
Contingent consideration arrangement	<u>917,855</u>
	<u><u>\$ 6,486,374</u></u>

Under the contingent consideration arrangement, within the expiration of two years from the signing date on August 11, 2020, the Group will pay the additional adjusted price if the price adjustment conditions are met while the limit is NT\$3 billion. In accordance with IFRS 3 "Business Combinations", the amount of \$917,855 thousand represents the estimated fair value of this obligation at the date of the acquisition. The recognized contingent consideration is used as part of the payment of the transferred consideration.

On August 11, 2022, the Group signed an acquisition contract for 2 years. According to the price adjustment mechanism of the contingent consideration arrangement, due to price adjustment conditions, the Group shall pay the contingent consideration of \$3,000,000 thousand, and the Group paid the contingent consideration on August 19, 2022.

c. Fair value of assets acquired and liabilities assumed at the date of acquisition

	Taishin Life Insurance
Assets	
Cash and cash equivalents	\$ 1,593,071
Securities purchased under resell agreements	257,701
Receivables	2,172,609
Current tax assets	549,840
Financial assets at FVTPL	2,753,726
Financial assets at FVTOCI	13,978,033
Investments in debt instrument at amortized cost	164,450,486
Investment properties	1,923,790
Loans	7,165,907
Reinsurance contract assets	520,849
Property and equipment	3,401,556
Right-of-use assets	44,255
	(Continued)

	Taishin Life Insurance
Intangible assets	\$ 3,488
Deferred tax assets	5,410,129
Other assets	1,004,983
Separate account insurance product assets	<u>26,717,765</u>
	<u>231,948,188</u>
Liabilities	
Payables	(489,617)
Lease liabilities	(40,574)
Insurance liabilities	(162,060,674)
Reserve for insurance contracts with the nature of financial products	(2,057)
Reserve for foreign exchange valuation	(156,720)
Provisions	(310,715)
Deferred tax liabilities	(1,072,623)
Other liabilities	(545,820)
Separate account insurance product liabilities	(26,717,765)
Other reserves	<u>(24,838,136)</u>
	<u>(216,234,701)</u>
	<u>\$ 15,713,487</u>
	(Concluded)

d. Gain from bargain purchase recognized on acquisitions

	Taishin Life Insurance
Consideration transferred	\$ 6,486,374
Less: Fair value of identifiable net assets acquired	<u>(15,713,487)</u>
Gain from bargain purchase recognized on acquisitions	<u>\$ (9,227,113)</u>

Gain from bargain purchase arising from the acquisition of Taishin Life Insurance is the difference between the consideration transferred and the fair value of acquired net identifiable assets. Gain from bargain purchase is recognized in current profit or loss. The tentative amount of the gain from bargain purchase was \$9,186,000 thousand on the balance sheet date June 30, 2021. The Group obtained the purchase price allocation report issued by external consultant experts. The Group has adjusted its preliminary accounting treatment, tentative amount, and restated the comparative information.

e. Net cash outflow on the acquisition of subsidiary

	Taishin Life Insurance
Consideration paid in cash	\$ 5,568,519
Less: Cash and cash equivalent balance acquired	(1,593,071)
Less: Securities purchased under resell agreements qualifying as cash and cash equivalents under the definition of IAS 7	<u>(257,701)</u>
	<u>\$ 3,717,747</u>

f. Impact of acquisition on the results of the Group

The operating results of Taishin Life Insurance since the acquisition date were as follows:

	From July 1, 2021, to December 31, 2021
Net income from insurance operations	<u>\$ 11,009,900</u>
Net income	<u>\$ 967,555</u>

The Group cannot reasonably simulate and determine the relevant financial assumptions and decisions of Taishin Life Insurance before the acquisition. Therefore, the Group is unable to compile the proposed operating income and proposed net profit of the Group for the year ended December 31, 2021 if the business combination occurred at the beginning of the fiscal year to which the acquisition date belongs.

44. SHARE-BASED PAYMENT ARRANGEMENTS

a. Equity-settled share-based payments of employee share option plan

Taishin Financial Holding adopted the Employee Share Option Plan on August 31, 2011 (Plan of 2010 (II)).

For vested share-based payment exercised before the transition date, the Group chose the exemption from the adoption of the FSC-endorsed IFRS 2 "Share-based Payment". Thus, only the employee share options unvested on the transition date adopted the regulation of the FSC-endorsed IFRS 2 "Share-based Payment". All the employee share options were measured at fair value at grant date. Options were priced using the appropriate pricing model.

Under the Plan of 2010 Taishin Financial Holding has to grant 1,610 units of stock warrant to its qualified employees. Each unit represents the right to obtain 1,000 shares of Taishin Financial Holding's ordinary share, and the exercise price is equal to the stock closing price on the Taiwan Stock Exchange on the grant date.

The exercise price of the employee share options is subject to adjustments based on certain situations specified in the compensation plan.

Share options under the Plan of 2010 can be exercised in two years from the grant date and will expire in ten years from the grant date. The exercisable percentages were as follows:

Share Options Grant Period	Percentage Exercisable	Cumulative Percentage Exercisable
Over 2 years	15%-40%	15%-40%
Over 3 years	15%-40%	30%-80%
Over 4 years	15%-40%	45%-100%
Over 5 years	15%-40%	60%-100%
Over 6 years	15%-40%	100%

The quantity and weighted-average exercise price of the share options were as follows:

For the Year Ended December 31				
2022			2021	
	Unit	Weighted Average Exercise Price (Dollars)	Unit	Weighted Average Exercise Price (Dollars)
<u>Plan of 2010 (II)</u>				
Outstanding, beginning balance	-	\$ -	307	\$ 6.60
Exercised	-	-	(307)	6.60
Outstanding, ending balance	-	-	-	-
Exercisable, ending balance	-	-	-	-

The exercise price and expected weighted-average outstanding period of the share option as of December 31, 2022 were as follows:

For the Year Ended December 31				
2022			2021	
	Exercise Price (Dollars)	Expected Weighted Average Outstanding Period (Years)	Exercise Price (Dollars)	Expected Weighted Average Outstanding Period (Years)
Plan of 2010 (II)	\$ -	-	\$ -	-

The valuation model and the assumptions used in the employee share option plan as of December 31, 2022 were as follows:

Valuation Model	Black-Scholes Options Pricing Model	Plan of 2010 (II)
Assumption	Dividend yield	-
	Expected price volatility	37.71%-39.71%
	Risk-free interest rate	1.22%-1.52%
	Expected outstanding period	10 years

No compensation costs were recognized for the years ended December 31, 2022 and 2021.

b. Cash-settled share-based payments of Taishin stock appreciation rights plan

The Group issued stock appreciation rights (SAR) to employees that required the Group to pay the intrinsic value of SAR to the qualified people at the date of exercise since 2013. The fair value of SAR was determined using the Black-Scholes pricing model based on the following assumptions:

	Plan of 2021	Plan of 2020	Plan of 2019	Plan of 2018	Plan of 2017
Grant-date share price (Note)	\$14.97	\$14.97	\$14.97	\$14.97	\$14.97
Exercise price	\$17.54	\$11.11	\$11.45	\$10.92	\$11.71
Outstanding period	1.1 years, 2.1 years	0.1 years, 1.1 years	-	-	-
Expected volatility	31.15%, 31.15%	31.15%, 31.15%	31.15%, 31.15%	31.15%, 31.15%	31.15%, 31.15%
Risk-free interest rate	0.97%, 0.97%	0.97%, 0.97%	0.97%, 0.97%	0.97%, 0.97%	0.97%, 0.97%

Note: The grant-date share price is calculated based on the average closing price of ordinary shares of the Company 30 business days before the balance sheet date.

The movements in the appreciation rights plan for the years ended December 31, 2022 and 2021 were as follows:

	For the Year Ended December 31, 2022	
	Unit	Weighted Average Exercise Price (Dollars)
Appreciation Rights Plan of 2021		
Outstanding, beginning	-	\$ -
Granted	23,523	19.14
Ceased	(682)	18.38
Outstanding, ending	<u>21,841</u>	
Weighted-average fair value of appropriation rights (NT\$)	<u>\$ 1.03</u>	

	For the Year Ended December 31			
	2022		2021	
	Unit	Weighted Average Exercise Price (Dollars)	Unit	Weighted Average Exercise Price (Dollars)
Appreciation Rights Plan of 2020				
Outstanding, beginning	24,863	\$ 12.13	-	\$ -
Granted	-	-	25,653	13.11
Ceased	(1,410)	11.93	(790)	13.07
Outstanding, ending	<u>23,453</u>		<u>24,863</u>	
Weighted-average fair value of appropriation rights (NT\$)	<u>\$ 4.02</u>		<u>\$ 6.93</u>	

	For the Year Ended December 31			
	2022		2021	
	Unit	Weighted Average Exercise Price (Dollars)	Unit	Weighted Average Exercise Price (Dollars)
Appreciation Rights Plan of 2019				
Outstanding, beginning	20,341	\$ 12.50	21,251	\$ 13.51
Exercised	(9,586)	12.50	-	-
Ceased	(1,305)	12.25	(910)	13.45
Outstanding, ending	<u>9,450</u>		<u>20,341</u>	
Weighted-average fair value of appropriation rights (NT\$)	<u>\$ 3.53</u>		<u>\$ 6.32</u>	

For the Year Ended December 31				
Appreciation Rights Plan of 2018	2022		2021	
	Unit	Weighted Average Exercise Price (Dollars)	Unit	Weighted Average Exercise Price (Dollars)
Outstanding, beginning	6,563	\$ 10.92	13,736	\$ 11.80
Exercised	(6,123)	10.92	(6,623)	11.80
Ceased	<u>(440)</u>	10.92	<u>(550)</u>	11.78
Outstanding, ending	<u>-</u>		<u>6,563</u>	
Weighted-average fair value of appropriation rights (NT\$)	<u>\$ 8.22</u>		<u>\$ 7.80</u>	

For the Year Ended December 31, 2021		
Appreciation Rights Plan of 2017	Unit	
	Weighted Average Exercise Price (Dollars)	
Outstanding, beginning	7,310	\$ 11.71
Exercised	(6,965)	11.71
Ceased	<u>(345)</u>	11.71
Outstanding, ending	<u>-</u>	
Weighted-average fair value of appropriation rights (NT\$)	<u>\$ 1.41</u>	

As of December 31, 2022 and 2021, the related amounts recognized as liabilities were \$111,084 thousand and \$219,507 thousand, respectively.

45. CASH FLOW INFORMATION

Changes in liabilities arising from financing activities:

For the year ended December 31, 2022

	Opening Balance	Cash Flows	Non-cash Changes					Closing Balance
			Effect of Exchange Rate Changes	New Leases	Termination of Lease Contract	Amortization for Discount	Fair Value Adjustments	
Due to the Central Bank and banks (including call loans from other banks and bank overdrafts)	\$ 39,859,845	(\$ 31,368,909)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,490,936
Commercial papers payable	22,963,111	(6,912,000)	-	-	-	3,451	-	16,054,562
Lease liabilities	2,653,717	(864,501)	1,043	580,976	(10,905)	-	-	2,360,330
Other borrowings	12,867,620	(787,277)	184,953	-	-	-	-	12,265,346
Financial liabilities designated as at FVTPL	3,023,578	-	-	-	-	-	(540,098)	2,483,480
Bonds payable	<u>70,100,000</u>	<u>(1,775,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>93,716</u>	<u>(398,500)</u>	<u>68,020,216</u>
	<u>\$ 151,467,871</u>	<u>(\$41,707,637)</u>	<u>\$ 185,996</u>	<u>\$ 580,976</u>	<u>\$ (10,905)</u>	<u>\$ 97,167</u>	<u>\$ (938,598)</u>	<u>\$ 109,674,870</u>

For the year ended December 31, 2021

	Opening Balance	Cash Flows	Non-cash Changes					Acquisitions through Business Combinations	Closing Balance
			Effect of Exchange Rate Changes	New Leases	Termination of Lease Contract	Amortization of Discount	Fair Value Adjustments		
Due to the Central Bank and banks (including call loans from other banks and bank overdrafts)	\$ 26,386,935	\$ 13,472,910	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 39,859,845
Commercial papers payable	15,432,869	7,534,000	-	-	-	(3,758)	-	-	22,963,111
Lease liabilities	2,978,858	(795,994)	391	453,022	(23,134)	-	-	40,574	2,653,717
Other borrowings	11,180,264	1,617,430	69,926	-	-	-	-	-	12,867,620
Financial liabilities designated as at FVTPL	3,203,055	-	-	-	-	-	(179,477)	-	3,023,578
Bonds payable	70,100,000	-	-	-	-	-	-	-	70,100,000
	<u>\$ 129,281,981</u>	<u>\$ 21,828,346</u>	<u>\$ 70,317</u>	<u>\$ 453,022</u>	<u>\$ (23,134)</u>	<u>\$ (3,758)</u>	<u>\$ (179,477)</u>	<u>\$ 40,574</u>	<u>\$ 151,467,871</u>

46. CAPITAL RISK MANAGEMENT

a. Summary

To efficiently control the capital adequacy of the Group on the premise of balancing the Group's business development and risk control, Taishin Financial Holding had codified its "principles of capital adequacy management" and compiled related information to be reported to the Asset and Liability Management Committee periodically.

The Group's goals in capital management are as follows:

- 1) To ensure the Group conforms to related capital adequacy regulations and minimum basic criteria set by each industry's regulatory agencies.
- 2) To ensure every subsidiary is able to meet the capital needs of operating plan and the capital requirement, as well as to reach the optimization of capital allocation within the Group.
- 3) To implement capital management, Taishin Financial Holding and its significant subsidiaries should assess capital adequacy periodically and make proper arrangements of capital structure and application of capital instruments and adjustments of asset portfolio.

b. Capital management procedures

In order to meet the Group's capital adequacy goals, Taishin Financial Holding established the Asset and Liability Committee (the "Committee") to review capital performance of Taishin Financial Holding and its significant subsidiaries' every month. If there is any concern that the Group's capital adequacy may be below the legal standard, the Committee would immediately find measures to increase the Group's net qualified capital or to reduce the Group's legal capital requirement so as to improve the Group's performance and meet capital adequacy ratio.

The Group's capital adequacy ratio is calculated based on the accounting reports and related data of capital adequacy provided by Taishin Financial Holding and its subsidiaries. Taishin Financial Holding and each of its subsidiaries should respectively report to the relevant regulatory agencies using the calculation formulas and forms according to the regulations before deadline.

c. Group's capital adequacy ratio

Item Company	December 31, 2022		
	Ownership Interest (%)	Group Eligible Capital	Group's Statutory Capital Requirement
Taishin Financial Holding		\$ 223,267,630	\$ 223,253,338
Taishin Bank	100%	200,682,331	141,291,679
Taishin Securities B	100%	9,979,893	4,576,021
Taishin Life Insurance	100%	16,256,459	8,752,698
Taishin Venture Capital	100%	9,614,826	4,826,067
Taishin AMC	100%	1,762,652	1,000,087
Taishin Securities Investment Trust	100%	1,098,531	637,872
Taishin Securities Investment Advisory	92%	305,285	177,647
Exclusive items amount subtracted		(218,653,228)	(204,287,506)
Total		244,314,379	180,227,903
Group's capital adequacy ratio (Note)			135.56%

Item Company	December 31, 2021		
	Ownership Interest (%)	Group Eligible Capital	Group's Statutory Capital Requirement
Taishin Financial Holding		\$ 220,067,278	\$ 236,872,987
Taishin Bank	100%	199,745,262	139,307,578
Taishin Securities B	100%	11,390,559	4,682,849
Taishin Life Insurance	100%	12,161,455	7,667,160
Taishin Venture Capital	100%	5,654,633	2,833,261
Taishin AMC	100%	1,201,859	981,833
Taishin Securities Investment Trust	100%	1,134,687	698,980
Taishin Securities Investment Advisory	92%	299,604	178,028
Exclusive items amount subtracted		(213,259,917)	(200,040,662)
Total		238,395,420	193,182,014
Group's capital adequacy ratio (Note)			123.40%

Note 1: The above list was prepared according to "Regulations Governing the Consolidated Capital Adequacy of Financial Holding Company."

Note 2: Group's capital adequacy ratio = Group's eligible capital ÷ Group's statutory capital requirement.

d. Financial holding company eligible capital

Item	December 31, 2022
Ordinary share	\$ 119,741,476
Non-cumulative perpetual preferred shares and non-cumulative subordinated debts without maturity dates which comply with eligible Tier 1 capital	11,000,000
Other preferred shares and subordinated corporate bonds	20,400,000
Advance receipts for share capital	-
Capital surplus	38,197,778
Legal reserve	15,244,071
Special reserve	8,698,118
Retained earnings	17,279,705
Equity adjustment	(7,293,518)
Less: Goodwill	-
Less: Deferred assets	-
Less: Treasury shares	-
Total	223,267,630

Item	December 31, 2021
Ordinary share	\$ 114,093,832
Non-cumulative perpetual preferred shares and non-cumulative subordinated debts without maturity dates which comply with eligible Tier 1 capital	8,000,000
Other preferred shares and subordinated corporate bonds	22,000,000
Advance receipts for share capital	-
Capital surplus	35,921,647
Legal reserve	13,196,771
Special reserve	393,716
Retained earnings	25,110,517
Equity adjustment	1,350,795
Less: Goodwill	-
Less: Deferred assets	-
Less: Treasury shares	-
Total	220,067,278

e. Taishin Bank capital adequacy ratio

Item			Period	December 31, 2022	December 31, 2021
Self-owned capital	Common equity Tier I			144,156,590	142,418,309
	Other Tier I capital			24,999,730	24,368,801
	Tier II capital			31,526,011	32,958,152
	Self-owned capital			200,682,331	199,745,262
Risk-weighted assets	Credit risk	Standardized approach		1,184,483,410	1,162,766,268
		IRB		-	-
		Securitization		1,651,953	1,795,491
	Operation risk	Basic indicator approach		-	-
		Standardized approach/optional standard		122,627,613	101,841,688
		Advanced internal-rating based approach		-	-
	Market price risk	Standardized approach		36,872,063	60,335,388
		Internal model approach		-	-
	Total			1,345,635,039	1,326,738,835
Capital adequacy ratio				14.91%	15.06%
Common equity Tier I to risk-weighted assets ratio				10.71%	10.73%
Tier I capital to risk-weighted assets ratio				12.57%	12.57%
Leverage ratio				6.63%	7.18%

Note 1: The ratios are calculated in accordance with the Letters issued by the MOF on December 23, 2019 (Ref. No. FSC 10802744341), on January 14, 2020 (Ref. No. FSC 10802747311), on January 12, 2021 (Ref. No. FSC 10902745641) and on February 18, 2022 (Ref. No. FSC 11102703692).

Note 2: Formula:

- a) Self-owned capital = Common equity Tier I + Other Tier I capital + Tier II capital
 - b) Risk-weighted assets = Credit risk-weighted assets + (Operation risk capital + Market price risk capital) x 12.5
 - c) Capital adequacy = Self-owned capital ÷ Risk-weighted assets
 - d) Common equity Tier I capital to risk-weighted assets ratio = Common equity Tier I capital ÷ Risk-weighted assets
 - e) Tier I capital to risk-weighted assets ratio = (Common equity Tier I + Other Tier I capital) ÷ Risk-weighted assets
 - f) Leverage ratio = Tier I capital ÷ Adjusted average assets
- f. Taishin Securities B capital adequacy ratio

Item	December 31	
	2022	2021
Eligible capital		
Tier I capital	\$ 9,413,440	\$ 10,241,757
Tier I capital - minus assets	1,460,963	1,139,580
Tier II capital - minus assets in excess of Tier II capital	-	-
Tier I capital, net	<u>7,952,477</u>	<u>9,102,177</u>
Tier II capital	3,333,874	3,310,894
Tier II capital - minus assets	<u>1,306,458</u>	<u>1,009,532</u>
Tier II capital, net	<u>2,027,416</u>	<u>2,301,362</u>
Tier III capital	-	-
Total net of eligible capital	<u>\$ 9,979,893</u>	<u>\$ 11,403,539</u>
Equivalent amount of operating risk		
Equivalent amount of credit risk	\$ 641,206	\$ 1,010,664
Equivalent amount of operation risk	564,922	375,700
Equivalent amount of market risk	<u>1,844,552</u>	<u>1,735,535</u>
	<u>\$ 3,050,680</u>	<u>\$ 3,121,899</u>
Capital adequacy ratio	327%	365%

- Capital adequacy ratio = Net of eligible capital ÷ Equivalent amount of operating risk
- Net of eligible capital = Tier I capital + Tier II capital + Tier III capital - Minus assets
- Equivalent amount of operating risk = Equivalent amount of market risk + Equivalent amount of credit risk + Equivalent amount of operation risk

g. Taishin Life Insurance capital adequacy

The capital adequacy ratio calculated by Taishin Life Insurance based on the Regulations Governing Capital Adequacy of Insurance Companies is 200%, and the ratio of equity divided by the total assets excluding the total assets recorded in separate accounts for investment type insurance policies is 6.77% and 6.46% for the years ended December 31, 2022 and 2021, respectively.

47. DISCLOSURES ACCORDING TO ARTICLE 46 OF FINANCIAL HOLDING ACT

According to Article 46 of Financial Holding Company Act, all subsidiaries of financial holding company should disclose the balance of credit, endorsements and other transactions to the same person, the same related person or the same related enterprise.

Details for the balance of credit, endorsements and other transactions to the same person as of December 31, 2022 were as follows:

(In Thousands of New Taiwan Dollars; %)

Transaction Party	Credit, Endorsement and Other Transaction	As Proportion of Financial Holding's Net Equity
a. To the same person or the same enterprise		
Central Bank	396,944,532	195.64%
US GOVT	81,682,118	40.26%
Government National Mortgage Association (GNMA)	7,047,729	3.47%
Wistron Corporation	6,416,975	3.16%
Kingston Technology Int'l Ltd.	6,145,600	3.03%
Ding Shuai Development Corporation	5,870,000	2.89%
Credit Agricole CIB	5,795,206	2.86%
Hon Hai Precision IND, Co., Ltd.	5,764,763	2.84%
Taiwan Semiconductor Manufacturing Company Ltd.	5,414,490	2.67%
Yuan Lih Constructions Co., Ltd.	5,300,000	2.61%
Taiwan Power Co., Ltd.	5,190,780	2.56%
Delta Electronics, Inc.	4,928,736	2.43%
Taiwan Star Telecom Co., Ltd.	4,691,500	2.31%
China Development Bank Corporation	4,667,327	2.30%
Chailease Finance Co., Ltd.	4,665,998	2.30%
Quanta Computer Inc.	4,653,166	2.29%
Macquarie Group Limited	4,573,045	2.25%
Goldman Sachs Finance Corp Intl Ltd.	4,572,128	2.25%
Capital Securities Corporation	4,537,573	2.24%
Commonwealth Bank Of Australia	4,507,257	2.22%
Formosa Chemicals And Fibre Corporation	4,356,976	2.15%
Puyong Archiland Co., Ltd.	4,280,370	2.11%
Standard Chartered Bank	4,264,335	2.10%
HSBC Bank (Taiwan) Ltd.	4,100,529	2.02%
Agricultural Bank of Taiwan Co., Ltd.	4,038,582	1.99%
Nan Shan Life Insurance Company, Ltd.	3,976,054	1.96%
National Australia Bank	3,954,413	1.95%
Citigroup Global Markets Holdings Inc	3,943,250	1.94%
Fubon Financial Holding Co., Ltd.	3,938,542	1.94%

(Continued)

Transaction Party	Credit, Endorsement and Other Transaction	As Proportion of Financial Holding's Net Equity
Formosa Ha Tinh Steel Corporation	3,841,000	1.89%
Lien Jade Construction Co., Ltd.	3,825,000	1.89%
Helios Co., Ltd.	3,728,000	1.84%
Formosa Ha Tinh (Cayman) Limited	3,687,360	1.82%
Cathay Financial Holding Co., Ltd.	3,672,967	1.81%
Hotai Finance Co., Ltd.	3,652,280	1.80%
The Export-Import Bank Of Korea	3,647,636	1.80%
Westpac Banking Corporation	3,608,111	1.78%
Himax Technologies, Inc.	3,595,176	1.77%
ING Bank	3,574,470	1.76%
Synnex Technology International Corporation	3,521,334	1.74%
Hong Han Tou Zi Co., Ltd.	3,432,438	1.69%
Korea Development Bank	3,348,719	1.65%
TSMC Global Ltd	3,338,719	1.65%
Formosa Plastics Corporation	3,293,602	1.62%
Woori Bank, Seoul	3,250,144	1.60%
Winbond Electronics Corporation	3,069,155	1.51%
China Steel Corporation	3,062,154	1.51%
Total	673,370,239	
b. To the same person and spouse, the relative within the second degree and the person or the spouse's enterprise		
Individual A	6,833,161	3.37%
Individual B	5,838,078	2.88%
Individual C	5,764,763	2.84%
Individual D	5,275,000	2.60%
Individual E	4,750,557	2.34%
Individual F	4,629,370	2.28%
Individual G	4,537,573	2.24%
Individual H	4,420,028	2.18%
Individual I	4,356,976	2.15%
Individual J	4,159,902	2.05%
Individual K	4,077,302	2.01%
Individual L	3,976,054	1.96%
Individual M	3,926,333	1.94%
Individual N	3,875,000	1.91%
Individual O	3,825,000	1.89%
Individual P	3,763,302	1.85%
Individual Q	3,689,055	1.82%
Individual R	3,595,200	1.77%
Individual S	3,482,438	1.72%
Individual T	3,294,962	1.62%
Individual U	3,060,839	1.51%
Individual V	3,047,231	1.50%
Individual W	3,034,295	1.50%
Total	97,212,419	

(Continued)

Transaction Party	Credit, Endorsement and Other Transaction	As Proportion of Financial Holding's Net Equity
c. To the same related party enterprise		
Hon Hai Group	23,314,402	11.49%
Ruentex Group	15,633,816	7.71%
Chailease Group	15,054,421	7.42%
Far Eastern Group	14,459,147	7.13%
Union Group	12,570,806	6.20%
Ting Hsin Group	12,021,855	5.93%
Fubon Group	11,986,077	5.91%
CITIC Group	11,750,651	5.79%
Taiwan Semiconductor Manufacturing Group	11,050,420	5.45%
Formosa Plastics Group	10,823,322	5.33%
China Development Financial Group	10,692,285	5.27%
Cathay Group	9,066,108	4.47%
Wistron Group	7,778,518	3.83%
Goldman Sachs Group	7,433,467	3.66%
MS Group	6,936,948	3.42%
Maw Der International Group	6,784,100	3.34%
Kingston Technology Group	6,760,160	3.33%
Macquarie Group	6,553,225	3.23%
Quanta Computer Group	6,232,419	3.07%
CitiGroup	6,200,812	3.06%
China Steel Group	6,151,933	3.03%
Yuanlih Group	5,966,400	2.94%
Goldeastpaper Group	5,912,546	2.91%
Formosa Chemicals & Fibre Group	5,863,184	2.89%
HSBC Group	5,856,938	2.89%
YFY Group	5,822,934	2.87%
Credit Agricole S.A. Group	5,795,206	2.86%
Standard Chartered Bank Group	5,733,055	2.83%
King's Town Group	5,659,350	2.79%
National Australia Bank Ltd. Group	5,302,871	2.61%
Taiwan Power Group	5,279,180	2.60%
Ho Tai Motor Group	5,214,497	2.57%
Capital Securities Group	5,090,677	2.51%
Kinpo Group	5,018,849	2.47%
CMP Group	4,975,868	2.45%
Delta Electronics Group	4,928,736	2.43%
Lien Jade Construction Group	4,742,190	2.34%
CDB Group	4,667,327	2.30%
Puyong Group	4,658,170	2.30%
JPMorgan Group	4,516,131	2.23%
CBA Group	4,507,257	2.22%
Qisda Group	4,506,315	2.22%
NATIXIS Group	4,489,485	2.21%
Pou Chen Group	4,419,660	2.18%
Charoen Pokphand Group	4,253,669	2.10%
Asia Pacific Land Group	4,236,000	2.09%

(Continued)

Transaction Party	Credit, Endorsement and Other Transaction	As Proportion of Financial Holding's Net Equity
Cheung Kong Group	4,183,210	2.06%
Yulon Group	4,118,667	2.03%
HIMAX Group	3,957,176	1.95%
United Microelectronics Group	3,919,869	1.93%
Winbond Electronics Group	3,900,007	1.92%
Woori Bank Group	3,830,923	1.89%
Sports City International Group	3,830,322	1.89%
Wells Fargo Company Group	3,828,753	1.89%
Continental Engineering Group	3,738,750	1.84%
Hoshin Group	3,736,069	1.84%
Mega Financial Holding Group	3,703,403	1.83%
BNP Paribas Group	3,685,054	1.82%
ASE Group	3,674,320	1.81%
LCY Group	3,439,517	1.70%
Yuanta Group	3,419,953	1.69%
Korea Finance Corporation Group	3,348,719	1.65%
Uni-President Group	3,348,012	1.65%
China Construction Bank Group	3,344,292	1.65%
Hong Pu Construction Group	3,342,055	1.65%
Barclays Group	3,276,846	1.62%
ABU DHABI Commercial Bank Group	3,220,387	1.59%
AUO Group	3,182,007	1.57%
Hontai Group	3,036,664	1.50%
Tai Yuan Investment Group	3,034,295	1.50%
Total	432,770,657	

(Concluded)

48. FINANCIAL INSTRUMENTS

Fair Value of Financial Instruments

a. Summary

Fair value is the exchange price in an orderly transaction between market participants and is the amount to be received on the sale of an assets or the amount to be paid on the transfer of a liability.

Financial instruments are initially measured at fair value. In many cases, the transaction price will equal the fair value. Subsequently, the financial instruments are measured at fair value, unless the financial assets meet the criteria for being measured at amortized cost. A quoted price in an active market provides the most reliable evidence of fair value. If financial instruments have no quoted prices in an active market, the Group will use valuation techniques or refer to Bloomberg or Reuters' quotes or the fair value quoted by the counterparty.

b. The definition of three levels of fair value

- 1) Level 1 inputs are quoted prices in active markets for identical assets or liabilities. Active markets must have the following attributes: (A) assets or liabilities traded in the market are identical, (B) the market is principal (or most advantageous), providing ease in finding buyers and sellers that are both able and willing to transact an asset sale or liability transfer; and (C) pricing information is readily available on an ongoing basis to the public.
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as price) or indirectly (i.e., value derived from price), in the active markets.
 - a) Quoted prices of similar financial instruments in active market are the Company's fair value of financial instruments if based on recent quoted price for similar financial instruments. Similar financial instruments should be decided in accordance with characteristics and transaction conditions of these instruments. Fair value of financial instruments will vary depending on factors specific to the similar asset or liability. The factors include: Prices are not current, price quotations vary substantially, transaction price between related parties, relevance of quoted price of similar instruments and the quoted price of financial instruments.
 - b) Quoted prices for identical or similar assets or liabilities in markets that are not active.
 - c) Valuation models are used to measure fair value, and the inputs (e.g. interest rate, yield curve, and volatilities) are based on accessible data from the markets (the observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data).
 - d) Inputs that are derived principally from or corroborated by observable market data by correlation or other means (market-corroborated inputs).
- 3) Level 3 inputs are inputs that are not available in the market. Unobservable inputs are inputs such as historical volatilities used in option pricing model. Historical volatility typically does not represent current market participants' expectations about future volatility.

c. Financial instruments measured at fair value

1) Information on fair value hierarchy

The financial instruments measured at fair value of the Group are measured at fair value on a recurring basis.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

Financial Assets and Liabilities	December 31, 2022			
	Total	Level 1	Level 2	Level 3
<u>Recurring fair value measurement</u>				
<u>Non-derivative assets and liabilities</u>				
Assets				
Financial assets at FVTPL				
Financial assets mandatorily classified as at FVTPL				
Stocks and beneficiary certificates	\$ 36,952,909	\$ 33,861,755	\$ 559,247	\$ 2,531,907
Bond investments	27,280,539	13,046,488	14,234,051	-
Investment in bills	43,436,249	-	43,436,249	-
Beneficiary securities	208,465	-	208,465	-
Financial assets at FVTOCI				
Stock investments	23,413,670	21,104,089	-	2,309,581
Bond investments	115,973,073	7,049,271	108,923,802	-
Investment in bills	1,819,411	1,819,411	-	-
Beneficiary securities	1,140,195	-	1,140,195	-
Liabilities				
Financial liabilities at FVTPL				
Financial liabilities designated as at FVTPL	2,483,480	-	2,483,480	-
Financial liabilities held for trading	2,439,142	2,439,142	-	-
<u>Derivative assets and liabilities</u>				
Assets				
Financial assets at FVTPL	45,897,743	867,693	34,778,406	10,251,644
Liabilities				
Financial liabilities at FVTPL				
Financial liabilities designated as at FVTPL	3,598,550	-	3,598,550	-
Financial liabilities held for trading	45,813,623	42,550	35,006,979	10,764,094

Financial Assets and Liabilities	December 31, 2021			
	Total	Level 1	Level 2	Level 3
<u>Recurring fair value measurement</u>				
<u>Non-derivative assets and liabilities</u>				
Assets				
Financial assets at FVTPL				
Financial assets mandatorily classified as at FVTPL				
Stocks and beneficiary certificates	\$ 38,406,495	\$ 34,210,325	\$ 896,478	\$ 3,299,692
Bond investments	40,249,173	16,116,367	24,132,806	-
Investment in bills	54,264,117	-	54,264,117	-
Beneficiary securities	226,230	-	226,230	-
Others	683	-	-	683
Financial assets at FVTOCI				
Stock investments	40,566,638	38,264,182	-	2,302,456
Bond investments	134,861,456	5,836,585	129,024,871	-
Beneficiary securities	1,453,655	-	1,453,655	-
Liabilities				
Financial liabilities at FVTPL				
Financial liabilities designated as at FVTPL	3,023,578	-	3,023,578	-
Financial liabilities held for trading	4,651,819	4,651,819	-	-
<u>Derivative assets and liabilities</u>				
Assets				
Financial assets at FVTPL	17,228,379	970,153	11,433,070	4,825,156
Liabilities				
Financial liabilities at FVTPL				
Financial liabilities designated as at FVTPL	3,021,174	-	3,021,174	-
Financial liabilities held for trading	21,243,826	35,867	14,863,010	6,344,949

2) The valuation techniques based on fair value

Financial instruments are initially measured at fair value. In many cases the transaction price will equal the fair value. Subsequently, the financial instruments are measured at fair value, unless the financial assets meet the criteria for being measured at amortized cost. A quoted price in an active market provides the most reliable evidence of fair value. If financial instruments have no quoted prices in an active market, the Group will use valuation techniques or refer to Bloomberg or Reuters' quotes or the fair value quoted by the counterparty.

If there is an active market and a price for a financial instrument quoted in that market, the quoted price will be the fair value of the financial instrument. Market prices provided by major stock exchanges and market prices of popular central government bonds announced by the Taipei Exchange (formerly the GreTai Securities Market) are considered to be the basis of fair values for equity instruments and debt instruments with active market.

If a quoted price, which represents the price being practically and frequently transacted in orderly transactions, can be acquired from stock exchanges, brokers, underwriters, pricing service institutions or the administration in time then there is an active market for the financial instrument. If the conditions mentioned above are not met, then the market is regarded as inactive. Generally speaking, extremely high bid-ask spread, significant increase of bid-ask spread or extremely low transaction amounts are all indications of an inactive market.

The Group's financial instruments with active markets and the basis of their fair values are described as follows:

a) Foreign currency products

Since the foreign exchange market is very active, the Group adopts the market prices of each respective currency or the last trading prices as fair values.

b) Government bonds and part of interest rate derivatives

i. New Taiwan Dollar Central Government Bonds: If there is a trading price on the measurement date, then the last trading price is the fair value. If there is no trading price for reference and the subordinated bond fair price provided by the Taipei Exchange is not in the market quoted price interval, then the median price of the market quoted prices is the fair value. If the subordinated bond fair price is in the market quoted price interval, then the fair price is the fair value.

ii. Interest rate derivatives: The quoted price from Reuters is the fair value.

c) Stock-related products

The Group adopts stock market quoted prices or the last trading prices as fair values.

d) Credit-related products

The quoted price from Bloomberg is the fair value.

Except for the financial instruments with active market, fair values of other financial instruments are acquired based on valuation techniques or the quoted prices from counterparties. Fair values acquired through valuation techniques can be calculated using models based on fair values from financial instruments with similar conditions and characteristics, cash flow discount method and other valuation techniques, including accessible information on the balance sheet date such as the yield curve from the Taipei Exchange or the average quoted price from Reuters commercial papers interest rate.

When measuring financial instruments that are not standardized and with low complexity such as options without active market, the Group will adopt valuation techniques consistent with those generally used by other market participants to price financial instruments. Parameters applied for the valuation models for this type of financial instruments are observable in the market.

With regard to financial instruments with high complexity, the Group will adopt self-developed valuation techniques and methods consistent with those generally used by other market participants and valuation models to measure fair values. These types of valuation models are often applied to derivatives, embedded bond instrument or securitized products, etc. Part of input parameters for the valuation models of this type of financial instruments are not observable in the market. Therefore, the Group makes appropriate estimates based on assumptions.

Valuation of derivatives is based on valuation models consistent with those generally used by other market participants, such as the discount rate method or the option pricing models.

Valuation of investments in equity instruments is based on generally used valuation methods, which are consistent with those described in the Statements of Valuation Standards (SVS) No. 11 "Business Valuation", such as the asset based approach and the market approach (which is comparable to the market approach).

3) Adjustments of fair values

a) Limits of valuation models and indeterminate input value

Valuation models generate estimated approximate values. That is, valuation techniques may not be able to reflect all the factors relevant to the performance of the Group's financial instruments. Thus, the results generated by valuation models are adjusted appropriately by using additional parameters, such as determinants of fair value (prevailing economic conditions, financial condition of counterparties to financial instruments, etc.) or assumptions and forecasts (future economic conditions, amount and pricing of future cash flows, etc.). Based on Taishin Financial Holding's valuation basis manual and model management policies, the price information and parameters used in the valuation process are carefully assessed and appropriately adjusted in accordance with actual market conditions.

b) Credit risk value adjustments

Credit risk value adjustments are mainly classified into credit value adjustments (CVA) and debit value adjustments (DVA) as follows:

The CVA is an adjustment to the valuation of derivative contracts made in decentralized market, which is the Over-the-counter (OTC) market, to reflect within fair value the possibility that the counterparty may default and that the Group may not receive the full market value of the transactions.

The DVA is an adjustment to the valuation of derivative contracts made in decentralized market, which is the OTC market, to reflect within fair value the possibility that the Group may default, and that the Group may not pay the full market value of the transactions.

The Group would calculate CVA by assessing probability of default (PD) and loss given default (LGD) of the counterparty before multiplying by exposure at default (EAD) of the counterparty. On the contrary, DVA is computed by applying probability of default of the Group and considering loss given default of the Group before being multiplied by exposure at default of the Group.

The Group manages PD through its regular internal rating review. After examining the experiences of foreign financial institutions, the Group adopted 60% as its LGD and chose the marking to market of OTC derivative instruments to determine EAD. In addition, in calculating the fair values of financial instruments, the Group took credit risk rating adjustments into consideration to reflect competitors' credit risk and the Group's credit quality, respectively.

4) The transfer between Level 1 and Level 2

The source used to measure the fair value of part of bonds held by the Group has been changed from a quoted price in an active market to an evaluation price from yield curve information in the market put into the general practice bond evaluation model. Therefore, it has been reclassified to the Level 2 based on observable price information other than a quoted price in an active market. The Group had reclassified from the Level 1 to the Level 2 of \$0 thousand and \$24,297,592 thousand for the years ended December 31, 2022 and 2021, respectively.

5) Reconciliation of Level 3 financial assets

For the Year Ended December 31, 2022								
Item	Beginning Balance	Valuation Gains (Losses)		Increase		Decrease		Ending Balance
		In Net Income	In Other Comprehensive Income	Buy or Issue	Transfer in	Sell, Disposal or Delivery	Transfer out	
Financial assets at FVTPL	\$ 8,125,531	\$ 7,761,713	\$ -	\$ 1,981,362	\$ 16,080	\$ (338,732)	\$ (4,762,403)	\$ 12,783,551
Financial assets at FVTOCI	2,302,456	-	281,844	133,868	-	(23,190)	(385,397)	2,309,581
Total	\$ 10,427,987	\$ 7,761,713	\$ 281,844	\$ 2,115,230	\$ 16,080	\$ (361,922)	\$ (5,147,800)	\$ 15,093,132

For the Year Ended December 31, 2021								
Item	Beginning Balance	Valuation Gains (Losses)		Increase		Decrease		Ending Balance
		In Net Income	In Other Comprehensive Income	Buy or Issue	Transfer in	Sell, Disposal or Delivery	Transfer out	
Financial assets at FVTPL	\$ 6,220,082	\$ 1,237,002	\$ -	\$ 1,053,240	\$ -	\$ (368,294)	\$ (16,499)	\$ 8,125,531
Financial assets at FVTOCI	2,348,932	-	(45,690)	7,132	-	(7,918)	-	2,302,456
Total	\$ 8,569,014	\$ 1,237,002	\$ (45,690)	\$ 1,060,372	\$ -	\$ (376,212)	\$ (16,499)	\$ 10,427,987

Above-mentioned valuation gains (losses) recognized in current profits or losses in the amounts of \$7,932,358 thousand and \$1,294,088 thousand were attributed to gains (losses) on assets owned for the years ended December 31, 2022 and 2021, respectively.

Above-mentioned valuation gains (losses) recognized in other comprehensive income in the amounts of \$281,844 thousand and \$(45,690) thousand were attributed to gains (losses) on assets owned for the years ended December 31, 2022 and 2021, respectively.

Reconciliation of Level 3 financial liabilities:

For the Year Ended December 31, 2022							
Item	Beginning Balance	Valuation Gains (Losses)	Increase		Decrease		Ending Balance
			Buy or Issue	Transfer in	Sell, Disposal or Delivery	Transfer out	
Financial liabilities at FVTPL	\$ 6,344,949	\$ 5,521,175	\$ 1,972,246	\$ -	\$ (3,074,276)	\$ -	\$ 10,764,094

Note: No transfer from Level 3.

For the Year Ended December 31, 2021							
Item	Beginning Balance	Valuation Gains (Losses)	Increase		Decrease		Ending Balance
			Buy or Issue	Transfer in	Sell, Disposal or Delivery	Transfer out	
Financial liabilities at FVTPL	\$ 3,207,671	\$ 1,738,108	\$ 1,587,714	\$ -	\$ (188,544)	\$ -	\$ 6,344,949

Note: No transfer from Level 3.

Above-mentioned valuation gains (losses) recognized in current profits or losses in the amounts of \$(4,311,320) thousand and \$62,576 thousand were attributed to gains (losses) on liabilities owned for the years ended December 31, 2022 and 2021, respectively.

6) Quantitative information of the fair value measurement of significant unobservable inputs (Level 3)

Most of the Level 3 fair value attributed to the Group only has single significant unobservable input.

The quantitative information of significant unobservable inputs was as follows:

	Fair Value on December 31, 2022	Valuation Technique	Significant Unobservable Inputs	Range of Estimate	Relationship Between Inputs and Fair Value
<u>Non-derivative financial instruments</u>					
Financial assets at FVTPL					
Financial assets mandatorily classified as at FVTPL	\$ 2,196,761	Assets method	Discount for lack of marketability	2%-40%	The higher the discount for lack of marketability, the lower the fair value.
Stock investments			Non-controlling interest discount	2%-30%	The higher the discount for non-controlling interests, the lower the fair value.
	176,193	Market method	Discount for lack of marketability	20%-30%	The higher the discount for lack of marketability, the lower the fair value.
	96,409	Revenue method	Discount for lack of marketability	30%-50%	The higher the discount for lack of marketability, the lower the fair value.
			Non-controlling interest discount	20%-30%	The higher the discount for non-controlling interests, the lower the fair value.
			Discount rate	4%-25%	The higher the discount rate, the lower the fair value.
Private equity funds	62,544	Market method	Discount for lack of marketability	0%-30%	The higher the discount for lack of marketability, the lower the fair value.
Financial assets at FVTOCI					
Stock investments	2,180,790	Assets method	Discount for lack of marketability	3%-30%	The higher the discount for lack of marketability, the lower the fair value.
			Non-controlling interest discount	7%-30%	The higher the discount for non-controlling interests, the lower the fair value.
	128,791	Market method	Discount for lack of marketability	10%-30%	The higher the discount for lack of marketability, the lower the fair value.
<u>Derivative financial assets</u>					
Financial assets at FVTPL					
Interest rate swaps	32,940	Cash flow discount method	Discount for lack of marketability	0%-20%	The higher the discount for lack of marketability, the lower the fair value.
<u>Derivative financial liabilities</u>					
Financial liabilities at FVTPL					
Interest rate swaps	335,164	Cash flow discount method	Discount for lack of marketability	0%-20%	The higher the discount for lack of marketability, the lower the fair value.
Exchangeable corporate bond embedded product	175,500	Option pricing model	Volatility rate	15.3%	The higher the volatility rate, the higher the fair value.

	Fair Value on December 31, 2021	Valuation Technique	Significant Unobservable Inputs	Range of Estimate	Relationship Between Inputs and Fair Value
<u>Non-derivative financial instruments</u>					
Financial assets at FVTPL Financial assets mandatorily classified as at FVTPL Stock investments	\$ 2,962,123	Assets method	Discount for lack of marketability	1%-40%	The higher the discount for lack of marketability, the lower the fair value.
			Non-controlling interest discount	2%-30%	The higher the discount for non-controlling interests, the lower the fair value.
	175,167	Market method	Discount for lack of marketability	20%-40%	The higher the discount for lack of marketability, the lower the fair value.
	103,013	Revenue method	Discount for lack of marketability	30%-50%	The higher the discount for lack of marketability, the lower the fair value.
			Non-controlling interest discount	20%-30%	The higher the discount for non-controlling interests, the lower the fair value.
			Discount rate	3%-25%	The higher the discount rate, the lower the fair value.
Private equity funds	59,389	Market method	Discount for lack of marketability	0%-30%	The higher the discount for lack of marketability, the lower the fair value.
Investment agreements	683	Revenue method	Discount for lack of marketability	30%	The higher the discount for lack of marketability, the lower the fair value.
			Non-controlling interest discount	30%	The higher the discount for non-controlling interests, the lower the fair value.
			Discount rate	1.1%	The higher the discount rate, the lower the fair value.
Financial assets at FVTOCI Stock investments	2,240,271	Assets method	Discount for lack of marketability	3%-30%	The higher the discount for lack of marketability, the lower the fair value.
			Non-controlling interest discount	7%-30%	The higher the discount for non-controlling interests, the lower the fair value.
	62,185	Market method	Discount for lack of marketability	10%-30%	The higher the discount for lack of marketability, the lower the fair value.
<u>Derivative financial assets</u>					
Financial assets at FVTPL Interest rate swaps	243,933	Cash flow discount method	Discount for lack of marketability	0%-20%	The higher the discount for lack of marketability, the lower the fair value.
Equity-linked swaps	222	Option pricing model	Volatility rate	5%-40%	The higher the volatility rate, the higher the fair value.
<u>Derivative financial liabilities</u>					
Financial liabilities at FVTPL Interest rate swaps	3,653	Cash flow discount method	Discount for lack of marketability	0%-20%	The higher the discount for lack of marketability, the lower the fair value.
Equity-linked swaps	222	Option pricing model	Volatility rate	5%-40%	The higher the volatility rate, the higher the fair value.
Contingent consideration arrangements	1,789,122	Option pricing model	Volatility rate	0.16%	The higher the volatility rate, the higher the fair value.

7) The assessment of fair value based on Level 3 inputs

The financial instruments assessment group of the Group's department of risk management is responsible for independently verifying fair value, using an impartial, reliable source of information, so that the evaluation results reflect market status closely, same with other resource and representing executable price calibrating the assessment model regularly, and updating input values, information and any other information needed to ensure that the assessment model results are reasonable.

The department of investment management targets in equity instruments which obtain financial information audited or reviewed recently from invested company and collect information acquired from public market or private market for the purpose of valuation in proper method.

The department of finance and the department of risk management set assessment policies and procedures for determining the fair values of financial instruments and ensure that these policies and procedures are in compliance with IFRS.

d. Not measured at fair value

1) Fair value information

The Group's assets that are not measured at fair value, such as cash and cash equivalents, due from the Central Bank and call loans to banks, securities purchased under resell agreements, receivables, other financial assets, loans, deposits from the Central Bank and banks, due to the Central Bank and banks, securities sold under repurchase agreements, commercial papers issued, payables, deposits and remittances, bonds payable, other borrowings and other financial liabilities have carrying amounts that are equal to, or reasonably approximate, their fair values.

	December 31			
	2022		2021	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<u>Financial assets</u>				
Investments in debt instruments at amortized cost (Note)	\$ 642,508,812	\$ 602,309,359	\$ 461,273,302	\$ 456,450,551

Note: Include security deposit.

2) Information on fair value hierarchy

Assets and Liabilities	December 31, 2022			
	Total	Level 1	Level 2	Level 3
Financial assets				
Investments in debt instruments at amortized cost	\$ 602,309,359	\$ 16,221,776	\$ 586,087,583	\$ -

Assets and Liabilities	December 31, 2021			
	Total	Level 1	Level 2	Level 3
Financial assets				
Investments in debt instruments at amortized cost	\$ 456,450,551	\$ 1,599,719	\$ 454,850,832	\$ -

3) Valuation techniques

- Financial instruments such as cash and cash equivalents, due from the Central Bank and call loans to banks, securities purchased under resell agreements, receivables, other financial assets, deposits from the Central Bank and banks, securities sold under repurchase agreements, commercial papers issued, payables, other borrowings and other financial liabilities, are disclosed at their carrying amounts as shown in the consolidated balance sheets since their maturities are very short or their future payments/receipts approximate their carrying amounts.
- Investments in debt instruments at amortized cost: Refer to Note 48 (c) for related information.

c) Loans (including delinquent loans)

The Group's loan interest rate is usually determined based on the prime rate plus or minus basis points (i.e. the floating rate), which reflects the market interest rate. The expected recovery of loans is taken into consideration. Therefore, loans are disclosed at their carrying amounts.

Medium and long-term loans, which are determined at fixed rates and account for a minor proportion of loans, are disclosed at their carrying amounts.

d) Deposits

Considering that most of the banking transactions are within one year of maturity, deposits are disclosed at their carrying amounts.

e) Bonds payable

The bonds issued by the Group are intended to enhance liquidity or for capital management purpose instead of earning short-term profits; therefore, the bonds are disclosed at carrying amounts.

Financial Assets and Financial Liabilities Offsetting

The Group signs net settlement contracts or similar agreements with counterparties. When both transaction parties choose to do netting, the Group can offset financial assets and financial liabilities after the signing of the net settlement agreement. If not, the Group would execute total settlement. However, if one of the transaction parties breaks a contract, the other party can choose to execute net settlement. The table below shows more information on the offset of financial assets and financial liabilities.

December 31, 2022						
Offset and Execution of Net Settlement or Similar Agreement on Financial Assets						
Interpretation	Realized Financial Assets (a)	Offset of Realized Financial Liabilities in Balance Sheets (b)	Net Financial Assets in Balance Sheets (c)=(a)-(b)	Amount of Offset Not Shown in Balance Sheets (d)		Net (e)=(c)-(d)
				Financial Instruments (Note)	Received Cash Collateral	
Derivative	\$ 41,398,943	\$ 12,787,245	\$ 28,611,698	\$ 21,413,575	\$ 1,563,900	\$ 5,634,223

Note: Including net settlement and non-cash collateral.

December 31, 2022						
Offset and Execution of Net Settlement or Similar Agreement on Financial Liabilities						
Interpretation	Realized Financial Liabilities (a)	Offset of Realized Financial Assets in Balance Sheets (b)	Net Financial Liabilities in Balance Sheets (c)=(a)-(b)	Amount of Offset Not Shown in Balance Sheets (d)		Net (e)=(c)-(d)
				Financial Instruments (Note)	Pledged Cash Collateral	
Derivative	\$ 52,103,193	\$ 13,458,257	\$ 38,644,936	\$ 21,413,575	\$ 12,402,343	\$ 4,829,018

Note: Including net settlement and non-cash collateral.

December 31, 2021						
Offset and Execution of Net Settlement or Similar Agreement on Financial Assets						
Interpretation	Realized Financial Assets (a)	Offset of Realized Financial Liabilities in Balance Sheets (b)	Net Financial Assets in Balance Sheets (c)=(a)-(b)	Amount of Offset Not Shown in Balance Sheets (d)		Net (e)=(c)-(d)
				Financial Instruments (Note)	Received Cash Collateral	
Derivative	\$ 15,488,968	\$ 6,893,250	\$ 8,595,718	\$ 6,406,290	\$ 1,075,663	\$ 1,113,765

Note: Including net settlement and non-cash collateral.

December 31, 2021						
Offset and Execution of Net Settlement or Similar Agreement on Financial Liabilities						
Interpretation	Realized Financial Liabilities (a)	Offset of Realized Financial Assets in Balance Sheets (b)	Net Financial Liabilities in Balance Sheets (c)=(a)-(b)	Amount of Offset Not Shown in Balance Sheets (d)		Net (e)=(c)-(d)
				Financial Instruments (Note)	Pledged Cash Collateral	
Derivative	\$ 13,684,598	\$ -	\$ 13,684,598	\$ 6,406,290	\$ 4,070,889	\$ 3,207,419

Note: Including net settlement and non-cash collateral.

Transfer of Financial Assets

The Group treats debt securities under repurchase agreements as transferred financial assets that do not qualify for full derecognition; thus, the Group will recognize debts on the transferred financial assets to be bought back at a confirmed price because of the transfer of cash on the debt security contracts. In addition, the Group should not use, sell or pledge the transferred financial assets during the transaction validity period. However, the Group still bears interest and credit risks although the financial assets will not be fully derecognized. The following table shows the amounts of the financial assets that did not qualify for full derecognition and information on the related financial liabilities:

December 31, 2022		
Financial Assets	Transferred Financial Assets - Carrying Amount	Related Financial Liabilities - Carrying Amount
Financial assets at FVTPL sold under repurchase agreement	\$ 51,805,914	\$ 50,970,591
Financial assets at FVTOCI sold under repurchase agreement	30,951,918	30,441,718
Investments in debt instruments at amortized cost sold under repurchase agreement	3,080,292	3,150,273

December 31, 2021		
Financial Assets	Transferred Financial Assets - Carrying Amount	Related Financial Liabilities - Carrying Amount
Financial assets at FVTPL sold under repurchase agreement	\$ 55,903,041	\$ 55,309,042
Financial assets at FVTOCI sold under repurchase agreement	29,236,954	27,957,880
Investments in debt instruments at amortized cost sold under repurchase agreement	3,024,016	2,943,684

Financial Risk Management Objectives and Policies

a. Summary

The Group's goal in risk management is to balance the risks and returns by giving consideration to business operation, overall risk, and external legal restrictions. The major risks the Group sustains include in and off-balance-sheet credit risks, market risks (including interest rate, exchange rate, equity security prices, credit spread and commodity price risks) and liquidity risks.

Taishin Financial Holding has rules for risk management policies and risk control procedures, which had been approved by the board of directors or monthly risk management meeting, in order to effectively identify, measure, supervise and control credit risks, market risks and liquidity risks.

b. Organizational structure of risk management function

The board of directors is the highest level in the risk management function in the Group and takes the full responsibility for risk management issues. The board of directors authorizes the monthly risk management meeting to examine policies and standards and establish risk management system. The chairman of the risk management committee takes charge of risk management and reports to the board of directors periodically.

Risk management department is independent of business department and identifies, assesses, and controls various risks according to risk management standards. In addition, internal auditing department is responsible for the independent review of risk management and control environment.

c. Market risk

1) The source and definition of market risk

Market risk is the uncertainty of changes in fair value of in and off-balance sheets financial instruments due to changes in market risk factors. Market risk factors include interest rates, exchange rates, equity security prices, credit spreads and commodity prices.

a) Interest rate risks

Interest rate risk is fair value changes in interest rate risk position held by the Group due to interest rate changes. The risks are mainly in debt securities and interest rate derivatives.

b) Exchange rate risks

Exchange rate risk refers to the risk of fluctuations in the fair value or future cash flows of financial instruments due to changes in foreign exchange rates. The Group's exchange rate risk mainly comes from derivatives such as spot and forward exchange positions and forward exchange options, as well as assets and liabilities denominated in non-functional currencies.

c) Equity securities price risks

Equity security price risk is the valuation effect on the position held by the Group when the equity security price changes. The Group's equity security price risk mainly comes from public and OTC stocks, index futures and options.

d) Credit spread risk

Credit spread risk is the risk of the effect of changes in credit spreads on positions held by the Group. The major risk comes from derivatives such as credit default swaps.

The major market risks of the Group are equity securities price risks, credit spread risks, interest rate risks, and exchange rate risks. The main position of equity securities risk includes domestic public and OTC shares, domestic stock index options and stock index futures. The main position of credit spread risk includes the credit derivatives, such as credit default swaps and convertible bond asset swap (CBAS), etc. The main position of interest rate risk includes bonds and interest derivative instruments, such as interest rate swap. The main position of exchange rate risk includes the Group's investments denominated in foreign currencies, such as foreign currency spots and foreign currency options.

Effect of interest rate benchmark reform

The Group is exposed to LIBOR which is subject to interest rate benchmark reform. The exposures arise on derivatives and non-derivative financial assets and liabilities. The cessation of LIBOR and other IBOR currencies that have not yet been completed are only applied to USD and SGD. The authorities in charge of the interest rate benchmark of the five major LIBOR currencies have successively announced to replace LIBOR with Secured Overnight Financing Rate ("SOFR"). There are key differences between LIBOR and SOFR. LIBOR is "forward looking", which implies market expectation over future interest rates, and includes a credit spread over the risk-free rate. Except for part of SOFR currencies that were derived from the period characteristics, SOFR is currently a "backward-looking" rate, based on interest rates from actual transactions and excludes a credit spread. To transition existing contracts and agreements that reference LIBOR to SOFR, adjustments for these differences might need to be applied to SOFR to enable the two benchmark rates to be economically equivalent.

The Group established a LIBOR transition project plan. This transition project is considering changes to risk management policies, product service planning, internal processes, IT systems and valuation models, as well as managing any related tax and accounting implications. The updates on market progress, the progress of transition project plan and the situation of reducing exposures are reported to Asset and Liability Committee periodically. In order to cooperate continually with the domestic and foreign markets and supervision development, the Group will continue to promote the update and adjustment of IT systems and internal processes required for the introduction of alternative interest rate benchmarks, and complete the re-negotiation and agreement of terms, contract amendments or other arrangements with counterparties aggressively before the cessation of each benchmark.

The following table contains details of all of the financial instruments held by the Group which are subject to the reform and have not transitioned to an alternative benchmark interest rate:

December 31, 2022

Interest Rate Benchmark	Effect of interest Rate Benchmark Reform	
	USD LIBOR	Other IBOR
	Whole Period	Whole Period
Type	Maturity Date after June 30, 2023	Overdue LIBOR transition date
Non-derivative financial assets - carrying amount	\$ 58,253,480	\$ 230,460
Financial assets at FVTPL	484,311	-
Financial assets at FVTOCI	6,049,643	-
Investments in debt instruments at amortized cost	6,029,250	-
Securities purchased under resell agreements	2,107,559	-
Loans	43,582,717	230,460
Non-derivative financial liabilities - carrying amount	2,996,965	-
Securities sold under repurchase agreements	2,996,965	-
Derivative instruments - nominal principal amount	163,811,126	-

Note a: The carrying amount is the total value, that is, impairment loss or allowance for bad debt is not deducted.

Note b: Other IBOR includes SGD SIBOR and SGD SOR.

Note c: Except that the due date for the USD LIBOR overnight, 1 month, 3 months, 6 months and 12 months was extended to June 30, 2023, the due date for other LIBOR currencies is December 31, 2021.

December 31, 2021

Interest Rate Benchmark	Effect of Interest Rate Benchmark Reform					
	USD LIBOR		EUR LIBOR	GBP LIBOR	JPY LIBOR	Other IBOR
	1 Week or 2 Months	Other Periods	Whole Period	Whole Period	Whole Period	Whole Period
Type	Maturity Date Between January 1, 2022 and June 30, 2023	Maturity Date after June 30, 2023	Maturity Date after December 31, 2021	Maturity Date after December 31, 2021	Maturity Date after December 31, 2021	Maturity Date after December 31, 2021
Non-derivative financial assets - carrying amount	\$ 5,439,106	\$ 60,074,156	\$ 770,510	\$ 589,322	\$ 858,357	\$ 477,410
Financial assets at FVTPL	-	1,445,172	-	-	-	-
Financial assets at FVTOCI	-	7,378,866	-	-	-	-
Investments in debt instruments at amortized cost	-	4,288,764	-	-	-	-
Securities purchased under resell agreements	-	1,010,677	-	-	-	-
Loans	5,439,106	45,950,677	770,510	589,322	858,357	477,410
Non-derivative financial liabilities - carrying amount	-	583,184	-	-	-	-
Securities sold under repurchase agreements	-	583,184	-	-	-	-
Derivative instruments - nominal principal amount	2,216,782	138,954,642	-	-	-	-

Note a: The carrying amount is the total value, that is, impairment loss or allowance for bad debt is not deducted.

Note b: Other IBOR includes EONIA, SGD SIBOR and THB FIX °.

Note c: Except that the due date for the USD LIBOR overnight, 1 month, 3 months, 6 months and 12 months was extended to June 30, 2023, the due date for other LIBOR currencies is December 31, 2021.

2) Market risk management policy

The Group's risk management policy clearly defines the risk management procedures for risk identifying, risk measuring, risk controlling and risk reporting, which are executed by risk management department independently of trading and other departments. The risk management department develops management principles for different businesses and for various aspects of market risk management based on the risk management policy. It establishes market risk management system and regulates market risks, risk limits, stop loss limit and stress tests of various financial assets.

3) Market risk management procedures

a) Identifying risks and measuring possible effects

The Group's risk management department identifies the exposures of positions or new financial instruments to market risks and measures the gains and losses on positions held due to changes in market risk factors based on standards.

The risk management department calculates price sensitivity and gains and losses on positions which are recorded in trading books daily; and calculates the maximum potential losses recorded in each trading book monthly. The Group takes measures to avoid tremendous losses that will harm the Group's operations due to overwhelming changes in market risk factors.

b) Controlling of risk and reporting of issues

The Group controls market risk by managing risk limits. The risk management department of each subsidiary sets various trading and non-trading limits, such as value at risk, stop-loss limits, and maximum potential loss. The trading limits are implemented only after they are reported to and approved by the board of directors of each subsidiary and monthly risk management meeting.

The risk management department calculates exposures and estimated gains and losses on positions daily to make sure that the positions held and losses do not exceed the risk appetite and limits approved by the board of directors and monthly risk management meeting, then prepares reports to the high-level management, monthly risk management meeting, and the board of directors periodically for their sufficient understanding of the implementation of the market risk management work and, if necessary, issuance of additional guidance.

4) Principles of the market risk management

Based on the related risk management standards, the Group classifies financial instruments into trading books and banking books according to the purpose of holding the instruments and manages them with different methods.

Trading portfolios consists of financial instruments held for trading purposes or commodities held to hedge positions in trading books. A position, such as self-run position or position produced by matched principal brokering or market making, is for trading purposes if it is intended to be sold within a short period, to earn or to lock in profit from actual or expected short-term price fluctuations.

Non-trading portfolios are positions other than aforementioned trading portfolios positions, consisting of medium to long-term equity investments and hedging positions to earn from the appreciation of values and dividends, bonds and notes investments and hedging positions to earn interests, positions held for fund dispatching, liquidity risk management, and interest rate risk management in banking books, and positions held for other management purposes.

a) Management strategy

The goal of market risk management is to pursue maximum return on capital, meaning maximizing the capital usage efficiency to improve stockholders' equity.

In order to control market risks, the risk management department sets risk limits for various investment portfolio based on trading strategies, category of trading products and annual profit goals in order to control exposure to risks on positions and losses.

b) Management principles

The Group stipulated "Principles of Market Risk Limit Management" and "Principles of Valuation Benchmark" to manage market risk and valuation.

c) Valuation gains and losses

If objective prices of financial instruments exist in open market, such as trading prices, gains and losses on positions are valued in accordance with the market prices by the risk management department. If fair value data is inaccessible, the risk management department will cautiously adopt verified mathematical models to value gains and losses and review the assumptions and parameters of the valuation models periodically.

d) Risk measuring methods

The methods applied by the risk management department in measuring market risks are as follows:

i. Measure the price sensitivity of various risk factors

i) Interest rate risk

It applies DV01 to measure interest risk. DV01 is the change in the value of interest rate risk positions when the yield curve moves upward by one basis point (1bp).

ii) Exchange rate risks

It applies Delta to measure the exchange rate risk of the first order change and applies Gamma to measure the exchange rate risk of the second order change. In addition, Vega is used to measure the first order risk of implied volatility rate.

iii) Equity securities price risks

It applies Delta to measure the independent equity security price risk of the first order change, or market value is applied to indicate the exposure risks on positions of stocks.

iv) Credit spread risk

It applies CS 01, which is the impact of the changes in fair value of a position in response to a one basis point (1bp) credit spread change.

As Taishin Life Insurance's investments are in accordance with the proportionality of its assets and liabilities, there are different risk measurement mechanism. Refer to the description of f. insurance risk.

ii. Refer to item 6 for the risk assumptions and calculation methods.

iii. Measure potential losses (stress losses) resulting from extreme market volatility in order to assess capital adequacy and essential position adjustments. Refer to item 6 for the stress test.

e) Risk management procedures

The risk management department identifies the products that can be included in the portfolio, evaluates the risk factors on positions, and sets stop-loss limit and limit of VaR to control exposure to position loss. If the stop-loss limit is reached, then the trading department should take immediate remedial steps to reduce the exposure to the risk position.

5) Interest rate risk management in the banking book positions

Taishin Bank

Banking book interest rate risk involves bonds and bills, transactions under repurchase agreement, transactions under resell agreements and their hedge positions, which are held to manage the Bank's liquidity risk and the interest rate risk of deposits and loans undertaken by business departments. The interest rate risk is transferred to banking book management department for centralized management through internal fund transfer pricing (FTP) system. Banking book interest rate risk is the effect on net interest income of risk exposure positions held due to adverse changes in interest rate and shareholder equity economic value.

a) Management strategy

The goal of banking book interest rate risk management is to control interest rate risk position and pursue stability and growth of banking book net interest income under the circumstances that liquidity is appropriate.

b) Management principles

Taishin Bank stipulated "The Principles of Banking Book Interest Rate Risk Management" as the important control regulations for banking book interest rate risk management.

c) Measuring methods

The banking book interest rate risk is the risk of quantitative or repricing term differences due to the differences in amounts or repricing dates of banking book assets, liabilities and off-balance-sheet items. Taishin Bank has rules for risk taken and limits management. Risk taken is in accordance with supervision regulation IRRBB (Interest Rate Risk in the Banking Book), monitoring changes in economic value, Tier I capital ratio and net interest income. Taishin Bank measures the effect on net interest income when the yield curve moves upward by 1bp.

d) Management procedures

Taishin Bank defines the instruments of banking book interest rate management and sets the risk appetite and limit of interest rate risk in order to avoid severe recession of net interest income when the interest rate changes unfavorably. The banking book management unit sets limits and keeps the interest rate risk within the risk appetite and limits.

6) Methods for measuring market risk

Taishin Bank

a) Stress test

A stress test is applied to measure loss under extremely unfavorable market circumstances in order to assess financial institutions' tolerance to extreme market volatility.

The risk management unit is required to execute the stress test at least once a month to calculate stress loss for trading portfolios. The risk management unit observes historical information of market price and sets the biggest possible volatility range for various market risk factors as the stress circumstance, which should be approved by the Chief of risk management department. Since there are so many market risk factors that affect trading portfolios, there might be plenty of permutation and combination of stress circumstances when the unit calculates stress loss. For instance, change in a market risk factor might result in the biggest loss of one investment portfolio but create profits for another investment portfolio. Based on the conservative principles, the risk management unit will take into account correlation between various risk factors to calculate the biggest loss as the stress loss.

The risk management unit should confirm that overall stress loss for trading portfolios does not exceed the stress loss limit and report to the high-level management as references for adjusting positions or resource distributions.

b) Value at risk, "VaR"

Taishin Bank uses a variety of methods to control market risk; the VaR is one of them. Taishin Bank is using risk model to assess the value of trading portfolios and potential loss amount of holding positions. VaR is Taishin Bank's important internal risk control system, and the board of directors and monthly risk management meeting review and establish trading portfolio's limits annually. Actual exposures of Taishin Bank are monitored daily by risk management.

VaR is used to estimate adverse market potential loss of existing positions. The VaR model uses historical simulation method, a one-year historical observation period, the estimate of 99% confidence interval, the maximum possible amount of loss holding positions for one day, and the probability that actual losses may exceed the estimate.

For the Year Ended December 31, 2022				
	Average	Highest	Lowest	Ending Balance
Exchange VaR	\$ 13,612	\$ 33,301	\$ 754	\$ 2,086
Interest rate VaR	25,876	52,679	9,685	29,870
Equity securities VaR	39,894	82,824	12,055	25,890
Credit spread VaR	9,288	23,408	265	23,408
Value at risk	55,857	95,217	32,471	51,906

	For the Year Ended December 31, 2021			
	Average	Highest	Lowest	Ending Balance
Exchange VaR	\$ 3,062	\$ 11,768	\$ 775	\$ 3,691
Interest rate VaR	35,231	59,318	16,999	45,265
Equity securities VaR	63,197	117,391	32,595	90,644
Credit spread VaR	309	1,793	-	533
Value at risk	73,689	143,649	40,744	99,928

c) Information of exchange rate risk concentration

For information regarding Taishin Bank's non-functional currency financial assets and liabilities on the balance sheet date, refer to Note 56.

Taishin Securities B

VaR is the potential highest loss for a period within certain confidence interval. For the years ended December 31, 2022 and 2021, Taishin Securities B's VaR factors were as follows:

	For the Year Ended December 31, 2022			
	Average	Highest	Lowest	Ending Balance
Value at risk (VaR)	\$ 73,036	\$ 112,975	\$ 33,097	\$ 60,610

	For the Year Ended December 31, 2021			
	Average	Highest	Lowest	Ending Balance
Value at risk (VaR)	\$ 89,384	\$ 182,632	\$ 41,606	\$ 103,097

Taishin Life Insurance

For information regarding methods for measuring market risk and exchange rate risk, refer to the description of f. insurance risk.

d. Credit risk

1) Source and definition

Credit risk means the possible loss due to failure of debtors or counterparties to fulfill their contractual obligations or their ability of fulfill contractual obligations is impaired. Credit risk arises from the operation, on- and off-balance-sheet items, including credit loans, derivatives transactions and securities investment, etc. Because the business becomes more complex, the credit risk is often generated with other risks that affect one another. For example, exchange rate risk also exists in foreign currency debt investment. Secured loans will be affected by the price volatility on the collateral and market liquidity risk of the collateral.

Credit risk can be divided into the following categories based on the object and nature of business:

a) Credit risk

Credit risk is the risk that a borrower is unable to pay its debt or fulfill its debt commitments in credit loans operation.

b) Issuer (guarantor) risk of the underlying issue

It is the credit risk that stock issuers go into liquidation or are unable to pay back money when debt, bills and other securities mature.

c) Counterparty risk

It is the credit risk that the counterparty undertaking OTC derivatives or RP/RS transactions are unable to fulfill settlement obligations.

Counterparty risk is also divided into settlement risk and pre-settlement risk.

i. Settlement risk

It is the loss resulting from the counterparty failing to deliver goods or other money on the settlement date when the Group had fulfilled settlement obligations.

ii. Pre-settlement risk

It is the loss resulting from the counterparty failing to fulfill settlement or pay the obligations and from changes in market prices before the settlement date.

d) Other credit risks

Country risk, custodian risk and brokers risk, etc.

2) Credit risk management policies

Taishin Bank

To ensure its credit risk under control within the tolerable range, Taishin Bank has stipulated in the guidelines for risk management that for all the products provided and businesses conducted, including all on and off-balance sheets transactions in the banking and trading books, Taishin Bank should make detailed analyses to identify existing and potential credit risks. Before launching new products or businesses, Taishin Bank ensures compliance with all applicable rules and regulations and identifies relevant credit risks. For sophisticated credit extensions, such as accounts receivable factoring and credit derivative instruments, Taishin Bank also establishes risk management system described in the related rules and guidelines.

Unless the local authorities regulate the assessment of asset qualities and provision for potential losses of the overseas business department, it is in accordance with Taishin Bank's risk management policies and guidelines.

The measurement and management procedures of credit risks in Taishin Bank's main businesses are as follows:

a) Credit granting business (including loans and guarantees)

i. Credit risk rating

For risk management purposes, Taishin Bank rates credit qualities (by using internal rating models for credit risk or credit score tables) in accordance with the nature and scale of a business.

The corporate finance department's internal rating adopts two aspects. One is obligor risk rating (ORR) and the other is Facility Risk Rating (FRR). ORR is used to assess the possibility of the debtor performing financial commitments, which is a quantitative value based on the probability of default (PD) within one year. FRR is used to assess the effect of rating structures and collateral conditions on credit rating, which is a quantitative value based on loss given default (LGD). At the same time, experts also engage in judging and adjusting the rating overrides of statistic models to make up for the limitation of the model.

The consumer finance department's internal rating system adopts product characteristic and debtor condition (such as new case or behavior grading) as the basis of segmentation. It is to ensure that the same pools of debtors and risk exposure are homogeneous. At the same time, review of loans based on experts' override is complemented to make up for the limitation of the model.

ii. Strengthening of management and tracking of credit account after loan

Corporate Finance Department post-loan control unit has built post-loan management system. Online functions include post-loan condition inspections, reviews, early warning indicators, material information notifications, and management of accounts under observation etc. It hopes to make tracking and processing of interim management information of credit accounts faster via system automation and strengthen the management and reduce credit risk.

iii. The measurement of ECLs

At the end of the reporting period, Taishin Bank evaluates the risk of default occurring over the expected life of loans, to determine if the credit risk has increased significantly since original recognition. In order to perform this evaluation, Taishin Bank considers the information regarding whose credit risk has significantly increased since the respective loan's initial recognition as well as corroborative information (including forward-looking information). The key indicators include quantitative indicators such as changes in internal and external credit ratings, overdue conditions (such as being more than one month overdue), etc., as well as qualitative indicators such as a worsening of debt paying ability, unfavorable changes in operating financial and economic conditions and significant increases in credit risk of borrowers' other financial instruments. At the end of the reporting period, Taishin Bank assumes that the credit risk has not increase significantly for those whose credit risk is determined to be low.

Taishin Bank has the same definition of default on credit assets and credit impairment. The evidence of credit losses on financial assets includes overdue conditions (e.g. past due for more than three months) and significant financial distress of the borrower. The definitions of default and credit impairment are consistent with the definitions of the financial assets for the purpose of internal credit risk management, which are also used in the relevant impairment assessment model.

In order to assess the ECLs, the loans will be assessed in groups based on the nature of the products, borrowers' credit ratings and collateral, and the Group takes into consideration each borrower's probability of default (PD), loss given default (LGD) and exposure at default (EAD) for the next 12 months and for the lifetime of the loan and considers the impact of the monetary time value in order to calculate the ECLs for 12 months and for the lifetime of the loan, respectively.

The PD and LGD used in the impairment assessment are based on internal historical information (such as credit loss experience) of each combination and are calculated based on current observable data and forward-looking general economic information.

Taishin Bank assesses the EAD, PD and LGD using the current exposure method, the group estimating method and the recovery rate adjustment method, respectively. When assessing internal credit ratings, the Group takes factors into account to adjust PD as follows: It considers the respective borrower's future financial and business prospect, guarantors, stockholders and group background, as well as the forward-looking effects of environmental changes in the economy, markets and regulations in corporate finance; and it considers overall economic indicators (e.g. gross domestic product (GDP)) that are adjusted according to the asymptotic single risk factor (ASRF) model.

There was no significant change in valuation techniques and major assumptions used to assess the ECLs of the loans by Taishin Bank in 2022 and 2021.

In addition to the aforementioned assessment procedures, which classify loans in accordance with the Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans, the loans are classified into five categories for evaluation. Except for normal loans, the remainder are classified into the first category. After the assets are assessed on the basis of the guarantee status of the claims and the length of the time overdue, they are respectively classified within the remaining categories according to the probability of recovery as follows: The second category is for notable assets; the third category is for assets which are expected to be recovered; the fourth category is for assets which will be difficult to recover; and the fifth category is for assets for which recovery is considered hopeless. The highest values of the aforementioned evaluation results are taken to measure the allowance loss.

In order to manage problematic loans, procedures are adopted for the reorganization of loan loss provisions, the allowance for bad debt or guarantee liability provisions, the measurement of overdue loans and the collection of default loans. In the management of loans, Taishin Bank is also guided by the Regulations Governing the Procedures for Corporation Credit Businesses to Evaluate Assets and Deal with Non-performing Assets, Measures for Corporation Credit Businesses to Be Taken When Credit Extensions Become Past Due and Regulations Governing Collection Procedures, Regulations Governing the Procedures for Consumer Finance to Evaluate Assets and Deal with Non-performing Assets, Regulations Governing the Procedures for Overdue Loans, Non-accrual Loans and Doubtful Loans.

iv. Write-off policy

Overdue loans and non-accrual loans for which one of the following events have occurred should have the estimated recoverable amount deducted and should then be written off as bad debts.

- The debtor may not recover all or part of the obligatory claim due to dissolution, disappearance, settlement, bankruptcy or other reasons.
- The appraisal of the collateral, the property of the principal debtor and the surety is low, or the amount of the loan's priority is deducted, or the collection implementation costs may approach or exceed the amount that Taishin Bank can repay, or the loan is not able to be collected.
- The property of the principal debtor and the surety were auctioned off at multiple auctions, no one was required to buy it and Taishin Bank did not bear the benefit.
- Overdue loans and non-accrual loans, which have been overdue for more than two years have been collected but have not been received.

However, for overdue loans and non-accrual loans which have been overdue for more than three months but less than two years, after the collection has not been recovered and after deducting the recoverable portion, the remainder will be written off as bad debts.

Loans are written off in accordance with relevant regulations and procedures; the activities of the principal debtor and the surety from obligatory claims shall still be monitored by the relevant business department. If there is property that is available for execution, the Group shall sue according to the relevant laws.

If an evaluation determines that there is no benefit to be gained from the collection activities described in the preceding paragraph, such shall be reported to and approved by the board of directors, and the debt shall no longer be posted in the accounts and subject to control; however, such debt shall continue to be recorded in registry books for acknowledgement.

b) Due from and call loans to banks

Taishin Bank evaluates the credit status of counterparties before deals are closed. Taishin Bank grants different limits to the counterparties based on their respective credit ratings as suggested by external qualified credit rating institutes.

c) Security investment and financial derivatives transaction

Regarding the credit risk of security investments and financial derivatives, Taishin Bank manages the risk by internal credit rating of issuers, issued underlying assets, counterparties, and by external credit rating of debt instruments and counterparties or status of regions/countries.

The other banks with which Taishin Bank conducts derivative transactions are mostly considered investment grade. The credits extended to counterparties that are not rated as investment grade are assessed on a case-by-case basis. The credits extended to counterparties are monitored in accordance with the related contract terms and conditions, and the credit limits for derivatives established in normal credit granting processes. Meanwhile, Taishin Bank has set the total position limit on trading and banking book securities and each issuer's limit based on credit ratings.

Taishin Bank assesses the change in risk of default over the expected lifetime of investments in debt instruments as of the end of the reporting period, so as to determine whether there has been a significant increase in credit risk since initial recognition. In order to make this assessment, the Group considers reasonable indicators of a significant increase in credit risk since initial recognition and corroborative information (including forward-looking information). The main indicators include quantitative indicators, such as external credit ratings, qualitative indicators, such as weakening solvency from adverse changes in operating, financial and economic conditions, and a significant increase in credit risk of the issuer's other financial instruments. Where the Group determines that the credit risk is low as of the reporting date, it will assume that the credit risk will not have a significant increase.

Taishin Bank defines default of investments in debt instruments and credit impairment the same. Evidence of financial asset credit impairment includes external credit ratings and the issuers experiencing severe financial difficulties. The definitions of default and credit impairment apply to the relevant impairment assessment model.

Based on credit assessment charts, Taishin Bank manages the internal and external credit assessment of debt instruments according to Moody's long-term credit ratings. Credit risk is significantly increased if:

- i. The rating is over Baa3 on the initial recognition date, and the rating is lower than Ba1, not including ratings of Ca-D on the measurement date.
- ii. The rating is Ba1-Ba3 on the initial recognition date, and the rating is downgraded to B1-Caa3 on the measurement date.
- iii. The rating is B1-Caa3 on the initial recognition date.

A loan is considered to have been defaulted on if the rating is Ca-D on the measurement date.

The trading department should monitor the credit position of investments in debt instruments. Once it knows that the issuer, guarantor or issued underlying has a credit event (such as a downgrade of credit ratings to non-investment grade, a discharge or a default), it should notify the relevant department immediately and dispose of the investments in debt instruments.

In order to assess the purpose of the ECLs, debt instruments are assessed by grade based on their credit rating. In order to measure the ECLs, the default probability of the issuers is considered, the PD, LGD, EAD for the next 12 months and over the full lifetime of the debt instruments shall be considered, and the impact of the time value of money shall be considered. From this, the 12-month and full-lifetime ECLs shall be calculated separately.

Taishin Bank assesses the EAD of investments in debt instruments using the current exposure method (CEM) and adopts external rating information, PD and LGD which are announced periodically by international credit rating agencies (S&P and Moody's), to calculate the ECLs.

Due to international credit rating agencies already considering the prospective information, it is appropriate to assess such information and then include it in the assessment of the related ECLs of the Group.

The Group evaluated that the assessment techniques or material assumptions of the ECLs of investments in debt instruments had no material change in 2022 and 2021.

Leasing subsidiaries

The Group adopts the simplified approach to assess the allowance for lease receivables based on their lifetime ECLs. In order to measure the loss allowance, the combination by past due positions is classified, the rating of losses are evaluated using the provision matrix approach, and the EAD of applicants is considered. With this and the impact of time value of money, the lifetime ECLs are calculated.

To loss ratings used in the impairment assessments are calculated based on internal historical data (such as credit loss experience) for each group and on currently observable data which is adjusted according to prospective general economic data.

The Group evaluates EAD using the book amount of lease receivables and assess the loss ratings using the recovery rate adjusted method. The Group uses economic indicators such as prospective data to adjust loss ratings using the standard deviation method. The Group uses Taiwan's composite leading index as the basis for the adjustments of prospective data.

Except for the Group's offer to extend loan repayment period or to make adjustments to installment repayment amounts, which were included in the consideration of significant accounting estimates used in the analysis of asset impairment, the Group evaluated that the assessment techniques or material assumptions of ECLs of lease receivables had no material change in 2022 and 2021.

The following table details lease receivables based on the Group's provision matrix using the simplified approach.

December 31, 2022

	Normal or Less than 29 Days Past Due	30-89 Days Past Due	90-179 Days Past Due	180-359 Days Past Due
Loss rate	0.66%	9.01%	63.22%	56.00%
Amount of exposure	\$ 24,045,117	\$ 556,902	\$ 182,948	\$ 24,724
Loss allowance	157,547	50,170	115,668	13,845

December 31, 2021

	Normal or Less than 29 Days Past Due	30-89 Days Past Due	90-179 Days Past Due	180-359 Days Past Due
Loss rate	0.82%	14.31%	61.60%	59.28%
Amount of exposure	\$ 24,602,269	\$ 379,331	\$ 125,797	\$ 36,073
Loss allowance	200,727	54,294	77,488	21,383

Under Taishin Financial Holding and Taishin Bank's approval of asset quality, the minimum loss allowance of lease receivables shall be assessed in accordance with the Regulations of the Procedures for Banking Institutions to Evaluate Assets and Deal with Past Due/Non-performing Loans and Bad Debts issued by the MOF.

When lease receivables are recognized as bad debts because they cannot be recovered or 360 days or more past due, the relevant regulations will be followed for recourse actions.

3) Credit risk hedging or mitigation policies

Taishin Bank

a) Collateral

Taishin Bank has a series of measures for credit granting to reduce credit risks. One of the procedures is asking for collateral from the borrowers. To secure the loans, Taishin Bank manages and assesses the collateral following the procedures that suggest the scope of collateralization and valuation of collateral and the process of disposition. In credit contracts, Taishin Bank stipulates the security mechanism for loans and the conditions and terms for collateral and offsetting to state clearly that Taishin Bank reserves the right to reduce granted limit, to reduce repayment period, to demand immediate settlement or to offset the debt of the borrowers with their deposits in Taishin Bank in order to reduce the credit risks.

The requirements for collateral for other non-credit businesses depend on the nature of the financial instruments. Asset-backed securities and similar financial instruments are required to provide a pool of underlying financial assets as collateral.

The following table details the information on the collateral of credit-impaired financial assets:

December 31, 2022

	Gross Carrying Amount	Impairment under IFRS 9	Proportion of Loans/ Collateral (Note)
Personal housing loans	\$ 8,292,425	\$ 2,582,904	38.13%
Business guaranteed loans	2,184,899	890,039	102.18%
Others	6,471,399	1,894,775	
Total	\$ 16,948,723	\$ 5,367,718	

December 31, 2021

	Gross Carrying Amount	Impairment under IFRS 9	Proportion of Loans/ Collateral (Note)
Personal housing loans	\$ 9,074,700	\$ 2,455,112	43.46%
Business guaranteed loans	1,446,963	348,216	113.51%
Others	6,505,485	1,757,829	
Total	\$ 17,027,148	\$ 4,561,157	

Note: The value of the collateral is calculated based on the latest accessible internal and external data.

b) Credit risk concentration limits and control

To avoid the concentration of credit risks, Taishin Bank has included credit limits for the same person (entity) and for the same related-party corporation (group) based on the credit risk arising from loans, securities investment and derivative transactions.

Meanwhile, for trading and banking book investments, Taishin Bank has set a ratio, which is the credit limit of a single issuer in relation to the total security position. Taishin Bank has also included credit limits for a single counterparty and a single group.

In addition, to manage the concentration risk on each category of financial assets, Taishin Bank has set credit limits based on type of industry, conglomerate, country and transactions collateralized by stock, and integrated within one system to supervise concentration of credit risk in these categories. Taishin Bank monitors concentration of each asset and controls various types of credit risk concentration in a single transaction counterparty, group, related-party corporation, industries, or nations.

c) Net settlement

Taishin Bank settles most of its transactions at gross amounts. For further reduction of credit risks, settlement netting is used for some counterparties or some circumstances where the transactions with counterparties are terminated due to defaults.

d) Other credit enhancements

To reduce its credit risks, Taishin Bank stipulates in its credit contracts the terms for offsetting to state clearly that Taishin Bank reserves the right to offset the borrowers' debt against their deposits in Taishin Bank.

4) Maximum exposure to credit risk and credit quality analysis

The maximum credit risk exposures of various financial instruments held by the Group are the same as per book amounts. Refer to the notes to the consolidated financial statements.

Part of financial assets held by the Group, such as cash and cash equivalents, due from the Central Bank and call loans to banks, financial assets at FVTPL, securities purchased under resell agreements, deposit refunds, operating deposits, and settlement deposits are exposed to low credit risks because the counterparties have rather high credit ratings.

Based on risk ratings, the amounts of maximum credit risk exposure (excluding the guarantees or other credit enhancements) at each stage of ECLs on December 31, 2022 and 2021 are as follows:

Taishin Bank Consolidated

	December 31, 2022			
	12-month ECLs	Lifetime ECLs - Unimpaired	Lifetime ECLs - Impaired	Total
Loans				
Consumer finance				
Excellent	\$ 763,071,322	\$ 25,714,345	\$ -	\$ 788,785,667
Good	6,394,069	115,498	-	6,509,567
Acceptable	-	125,946	-	125,946
Default	-	-	12,170,562	12,170,562
Corporate finance				
Excellent	301,306,155	-	-	301,306,155
Good	316,029,080	-	-	316,029,080
Acceptable	456,780	724,679	-	1,181,459
Default	-	-	2,253,371	2,253,371
Total	\$ 1,387,257,406	\$ 26,680,468	\$ 14,423,933	\$ 1,428,361,807
Receivables (including non-performing receivables transferred, from other than loans)				
Consumer finance				
Excellent	\$ 64,031,087	\$ 87,541	\$ -	\$ 64,118,628
Good	179,814	571	-	180,385
Acceptable	-	43,656	-	43,656
Default	-	-	1,900,096	1,900,096
Corporate finance				
Excellent	28,904,510	-	-	28,904,510
Good	8,048,799	-	-	8,048,799
Acceptable	494,612	1,453	-	496,065
Default	-	-	624,694	624,694
Others	-	23,270,715	-	23,270,715
Total	\$ 101,658,822	\$ 23,403,936	\$ 2,524,790	\$ 127,587,548
Debt instruments at FVTOCI				
Excellent	\$ 113,523,345	\$ -	\$ -	\$ 113,523,345
Investments in debt instruments at amortized cost				
Excellent	\$ 450,901,185	\$ -	\$ -	\$ 450,901,185
Financial guarantees				
Excellent	\$ 19,181,055	\$ -	\$ -	\$ 19,181,055
Good	5,086,480	-	-	5,086,480
Acceptable	5,000	-	-	5,000
Total	\$ 24,272,535	\$ -	\$ -	\$ 24,272,535
Loan commitments				
Excellent	\$ 1,220,869,188	\$ 344,706	\$ -	\$ 1,221,213,894
Good	220,552,855	893	-	220,553,748
Acceptable	30,728	86,162	-	116,890
Default	-	-	438,835	438,835
Total	\$ 1,441,452,771	\$ 431,761	\$ 438,835	\$ 1,442,323,367

	December 31, 2021			
	12-month ECLs	Lifetime ECLs - Unimpaired	Lifetime ECLs - Impaired	Total
Loans				
Consumer finance				
Excellent	\$ 692,408,827	\$ 23,509,072	\$ -	\$ 715,917,899
Good	5,999,335	163,060	-	6,162,395
Acceptable	-	148,823	-	148,823
Default	-	-	13,224,581	13,224,581
Corporate finance				
Excellent	301,766,762	-	-	301,766,762
Good	297,143,742	-	-	297,143,742
Acceptable	941,850	889,235	-	1,831,085
Default	-	-	1,732,987	1,732,987
Total	\$ 1,298,260,516	\$ 24,710,190	\$ 14,957,568	\$ 1,337,928,274
Receivables (including non-performing receivables transferred, from other than loans)				
Consumer finance				
Excellent	\$ 59,788,337	\$ 89,761	\$ -	\$ 59,878,098
Good	179,738	584	-	180,322
Acceptable	-	39,767	-	39,767
Default	-	-	1,946,379	1,946,379
Corporate finance				
Excellent	54,938,025	-	-	54,938,025
Good	6,279,495	-	-	6,279,495
Acceptable	1,145	811	-	1,956
Default	-	-	123,201	123,201
Others	-	21,031,132	-	21,031,132
Total	\$ 121,186,740	\$ 21,162,055	\$ 2,069,580	\$ 144,418,375
Debt instruments at FVTOCI				
Excellent	\$ 135,179,154	\$ -	\$ -	\$ 135,179,154
Investments in debt instruments at amortized cost				
Excellent	\$ 298,263,001	\$ -	\$ -	\$ 298,263,001
Financial guarantees				
Excellent	\$ 23,413,207	\$ -	\$ -	\$ 23,413,207
Good	6,786,168	-	-	6,786,168
Total	\$ 30,199,375	\$ -	\$ -	\$ 30,199,375
Loan commitments				
Excellent	\$ 1,090,833,630	\$ 304,110	\$ -	\$ 1,091,137,740
Good	186,781,115	228	-	186,781,343
Acceptable	-	100,803	-	100,803
Default	-	-	446,362	446,362
Total	\$ 1,277,614,745	\$ 405,141	\$ 446,362	\$ 1,278,466,248

5) Situation of credit risk concentration

Prominent concentration of credit risks occurs when transaction parties for financial instruments prominently concentrate on one party, or on a few that are in similar business lines or exhibit similar economic characteristics. The characteristics of concentration of credit risks include the nature of business activities engaged by debtors. The Group has not engaged in transactions that involved a prominent concentration to one client or one transaction party, but has engaged in transaction parties of similar industry type or from similar region.

The Group's information on loans with a significant concentration of credit risk is as follows:

Taishin Bank

Industry Type	December 31			
	2022		2021	
	Carrying Amount	Percentage of Item (%)	Carrying Amount	Percentage of Item (%)
Manufacturing	\$ 189,311,374	13	\$ 193,001,601	14
Wholesale and retail	62,001,352	4	66,327,872	5
Finance and insurance	126,526,145	9	126,409,860	9
Real estate and leasing	142,467,017	10	122,979,988	9
Service	23,921,466	2	20,665,886	2
Individuals	826,994,728	58	758,766,681	57
Others	<u>57,139,725</u>	4	<u>49,776,386</u>	4
	<u>\$ 1,428,361,807</u>		<u>\$ 1,337,928,274</u>	

Geographic Location	December 31			
	2022		2021	
	Carrying Amount	Percentage of Item (%)	Carrying Amount	Percentage of Item (%)
Asia	\$ 1,319,496,837	92	\$ 1,241,316,496	93
Europe	11,669,999	1	5,073,994	-
America	1,913,484	-	2,349,318	-
Others	<u>95,281,487</u>	7	<u>89,188,466</u>	7
	<u>\$ 1,428,361,807</u>		<u>\$ 1,337,928,274</u>	

e. Liquidity risk

1) The source and definition of liquidity risk

Liquidity risk is the potential loss that the Group may suffer due to inability to liquidate assets or raise enough funds in reasonable time to perform obligations when due and to meet the demands of assets growth. Sources of liquidity risk are as follows:

- a) Inability to fulfill funding gap due to asymmetric time and amount in cash inflows and outflows.
- b) Liabilities paid off in advance before maturity, inability to maintain liabilities at maturity or inability to acquire funds from the market.
- c) Inability to liquidate current assets at reasonable price or raising funds to fulfill funding gap with price higher than the reasonable one.

Except for the liquidity risks arising from normal operation, the Group's liquidity might be affected by events such as credit ratings being downgraded, credibility seriously damaged, financial system's system risk, causing customers to lack confidence and canceling deposits before maturity, call loans from banks being suspended, resell or repurchase transactions being deterred and liquidity of financial assets decreasing.

2) Liquidity risk management policy

Taishin Bank

The objective of liquidity risk management is to ensure that Taishin Bank can acquire funds at a reasonable price to pay off debt, perform obligations and contingent liabilities and satisfy demands required by business growth either in normal operation or under sudden, serious and unusual circumstances.

Taishin Bank has established policies on assets and liabilities management that stipulate related liquidity risk management rules, stipulate clear distinction between accountability and responsibility of Asset and Liability Committee and management departments and regulate the setting of liquidity risk appetite and limits, risk measuring, risk monitoring and the scope and procedures of reporting to ensure that overall liquidity risk is within the limits of liquidity risk approved by the board of directors.

Basic principles of liquidity risk management policy are as follows:

- a) Principle of risk diversification: Taishin Bank should avoid excessively concentrating funds on the same maturity, instruments, currencies, regions, funding sources or counterparties.
- b) Principle of stability: Taishin Bank should follow stable strategies and pay attention to market and internal funding liquidity. For example, Taishin Bank should absorb the core deposits at appropriate time in order to prevent market volatility from affecting funding sources and thus lower dependence on unstable fund sources.
- c) Principle of maintaining appropriate asset liquidity: Market liquidity will indirectly affect funding liquidity. Therefore, Taishin Bank should make sure total assets could pay off total liabilities and maintain certain proportion of assets with high liquidity or collateral in order to finance funds and pay off current liabilities in critical and urgent time.
- d) Principle of matching asset and liability maturity: Taishin Bank should pay attention to the spread of maturity and liquidity of liquid assets and current assets should be sufficient to pay off current liabilities.

For urgent or sudden liquidity events, Taishin Bank has stipulated urgent fund dispatching handling plan as the highest principle for urgent events in order to integrate the Bank's resources quickly to resolve emergencies efficiently.

Taishin Securities B

Taishin Securities B's funding liquidity risk management incorporates funding sources, funding application and gap management. Key control points are as follows:

- a) Funding sources: Other than ensuring stability and risk diversification of funding sources, Taishin Securities B maintains sufficient credit limits in order to cope with volatility risk from unexpected funding supply.
- b) Funding application: When assessing investment income, Taishin Securities B ensures its liquidity and safety in order to cope with liquidity risk from unexpected funding needs.
- c) Gap management: Taishin Securities B implements funding gap management of various term structures in order to efficiently control unexpected fund dispatching.

Market liquidity risk includes on and off-balance sheets transactions. To make sure that market liquidity of positions with low liquidity is within tolerable range, Taishin Securities B stipulated in its risk management rules that it should carefully analyze and efficiently identify existing and potential market liquidity risk in order to operate in coordination with Taishin Securities B's business development and Taishin Financial Holding's overall risk appetite. Before promoting new products and business, Taishin Securities B should also scrutinize related operation rules and confirm related market liquidity risk.

The market liquidity management procedures and measurement methods of Taishin Securities B's major business are as follows:

- a) When closeout of a position with low amount of market transactions and low liquidity occurs, impairment is generated due to increase of bid-ask premium and extension of covered time. Therefore, liquidity reserve is drawn based on product categories in internal assessment to avoid biased assessment.
 - b) The proportion limit is calculated as the sum of position, which is the amount of quoted and OTC stocks over one-day average volume, of the investment portfolio. The ratio is set to implement control.
 - c) The volume of holding a single stock and the volume of accounting for investment portfolio is limited to a certain amount in order to implement control.
 - d) The proportion of the volume of a single convertible bond issued to the volume of outstanding portfolio is limited to a certain amount in order to implement control.
- 3) Financial assets held to manage liquidity risk and maturity analysis

Financial assets held to manage liquidity risk:

The Group holds cash and cash equivalents, due from the Central Bank and banks and financial assets at FVTOCI and investments in debt instruments at amortized cost held for the purpose of managing liquidity risk, in order to perform contractual obligations when due and meet the needs of urgent fund dispatching.

Maturity analysis:

Taishin Bank consolidated

- a) Maturity analysis of non-derivative financial liabilities

Taishin Bank's non-derivative financial liabilities presented based on the residual maturities from the balance sheet date to the contract maturity date are as follows:

Financial Instruments Item	December 31, 2022									
	1-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	1-2 Years	2-3 Years	3-4 Years	4-5 Years	Over 5 Years	Total
Deposits from the Central Bank and banks	\$ 8,146,614	\$ 6,102,355	\$ 956,464	\$ 2,975,600	\$ 13,000	\$ 19,500	\$ -	\$ -	\$ -	\$ 18,213,533
Non-derivative financial liabilities at FVTPL	75,360	-	-	-	-	-	-	-	12,363,893	12,439,253
Securities sold under repurchase agreements	53,338,547	16,425,245	529,691	261,994	-	-	-	-	-	70,555,477
Payables	12,123,556	1,872,664	476,281	7,329,779	21,062	6,996	-	-	-	21,830,338
Deposits and remittances	225,847,309	331,668,402	216,723,250	333,393,300	829,757,792	3,289,292	580	-	-	1,940,679,925
Bank notes payable	-	-	-	-	8,000,000	4,950,000	-	6,000,000	9,050,000	28,000,000
Lease liabilities	114,540	113,048	166,913	345,438	582,034	433,851	262,462	156,193	225,648	2,400,127
Other financial liabilities	8,149,408	8,799,067	1,558,683	2,685,864	5,278,597	2,345,184	743,134	9,029,677	67,361,018	105,950,632
	\$ 307,795,334	\$ 364,980,781	\$ 220,411,282	\$ 346,991,975	\$ 843,652,485	\$ 11,044,823	\$ 1,006,176	\$ 15,185,870	\$ 89,000,559	\$2,200,069,285

Financial Instruments Item	December 31, 2021									
	1-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	1-2 Years	2-3 Years	3-4 Years	4-5 Years	Over 5 Years	Total
Deposits from the Central Bank and banks	\$ 21,328,671	\$ 19,975,197	\$ 10,657,044	\$ 5,085,760	\$ 15,600	\$ 13,000	\$ -	\$ -	\$ -	\$ 57,075,272
Due to the Central Bank and banks	-	-	3,984,460	-	-	-	-	-	-	3,984,460
Non-derivative financial liabilities at FVTPL	2,739,120	-	-	-	-	-	-	-	11,139,494	13,878,614
Securities sold under repurchase agreements	55,307,466	15,439,850	1,302,212	-	540,674	-	-	-	-	72,590,202
Payables	10,589,320	1,920,773	300,986	7,381,094	21,334	4,073	-	-	-	20,217,580
Deposits and remittances	169,812,250	230,163,779	196,808,505	270,402,704	823,700,084	2,966,569	1,538	-	-	1,693,855,429
Bank notes payable	-	-	-	6,800,000	-	8,000,000	4,950,000	-	15,050,000	34,800,000
Lease liabilities	116,843	112,892	171,315	359,792	533,771	424,333	313,932	210,633	304,888	2,548,399
Other financial liabilities	3,139,270	2,947,176	2,220,423	3,274,056	2,230,452	5,160,763	883,344	685,721	53,399,865	73,941,070
	\$ 263,032,940	\$ 270,559,667	\$ 215,444,945	\$ 293,303,406	\$ 827,041,915	\$ 16,568,738	\$ 6,148,814	\$ 896,354	\$ 79,894,247	\$1,972,891,026

The maturity analysis of time deposits in “deposits and remittances” is allocated to each time band based on Taishin Bank’s historical experience. If all the time deposits were required to be paid off in recent period, the funds outflows in less than one-month time band would have been \$1,066,562,418 thousand and \$1,056,539,545 thousand as of December 31, 2022 and 2021, respectively.

b) Maturity analysis of derivative financial liabilities

Taishin Bank disclosed amounts of derivative financial liabilities at FVTPL using fair values recognized in the earliest time band as follows:

Financial Instruments Item	December 31, 2022					
	1-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Derivative financial liabilities at FVTPL	\$ 44,638,713	\$ -	\$ -	\$ -	\$ -	\$ 44,638,713

Financial Instruments Item	December 31, 2021					
	1-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Derivative financial liabilities at FVTPL	\$ 17,559,448	\$ -	\$ -	\$ -	\$ -	\$ 17,559,448

c) Maturity analysis of off-balance sheets items

Below are the amounts of Taishin Bank’s off-balance-sheet items presented based on the residual maturities from the balance sheet date to the maturity date of loan commitments, guarantees or letters of credit. As of December 31, 2022 and 2021, assuming that all amounts, including the amounts in the longest time band, were due in less than one-month time band, the amounts would have been \$20,353,805 thousand and \$25,306,496 thousand, respectively, for guarantees; \$3,918,730 thousand and \$4,892,879 thousand, respectively, for letters of credit; \$875,109,906 thousand and \$721,979,647 thousand, respectively, for loans commitments (excluding credit card); and \$10,718,399 thousand and \$11,132,738 thousand, respectively, for credit card commitments.

Item	December 31, 2022					
	1-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Guarantees	\$ 4,045,640	\$ 2,515,550	\$ 4,279,724	\$ 2,433,816	\$ 7,079,075	\$ 20,353,805
Letters of credit	1,141,090	2,065,426	627,943	84,271	-	3,918,730
Loan commitments (excluding credit cards)	13,557,205	172,313,037	154,389,964	408,245,596	126,604,104	875,109,906
Credit card commitments	1,463	47,381	88,858	220,779	10,359,918	10,718,399

Item	December 31, 2021					
	1-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Guarantees	\$ 5,975,361	\$ 6,034,968	\$ 3,934,322	\$ 2,955,527	\$ 6,406,318	\$ 25,306,496
Letters of credit	1,932,266	1,981,648	893,073	25,879	60,013	4,892,879
Loan commitments (excluding credit cards)	10,604,363	142,392,392	133,916,448	332,577,510	102,488,934	721,979,647
Credit card commitments	5,351	147,147	240,720	378,809	10,360,711	11,132,738

Taishin Securities B consolidated

a) Maturity analysis of non-derivative financial liabilities

Taishin Securities B non-derivative financial liabilities presented based on the residual maturities from the balance sheet date to the contract maturity date are as follows:

Financial Instruments Item	December 31, 2022					
	6 Months	6 Months - 1 Year	1 Year - 3 Years	3 Years - 5 Years	Over 5 Years	Total
Non-derivative financial liabilities at FVTPL	\$ 2,363,782	\$ -	\$ -	\$ -	\$ -	\$ 2,363,782
Commercial papers issued	3,960,000	-	-	-	-	3,960,000
Bonds sold under repurchase agreements	14,207,105	-	-	-	-	14,207,105
Deposits on short sales	1,227,066	-	-	-	-	1,227,066
Financing guarantees payable	1,070,386	-	-	-	-	1,070,386
Futures traders' equity	2,062,861	-	-	-	-	2,062,861
Notes payable and accounts payable	3,640,594	-	-	-	-	3,640,594
Other payables	577,755	27,081	93,339	89,100	133,650	920,925
Other current liabilities	557,085	-	-	-	-	557,085
Lease liabilities	34,248	32,680	78,525	47,277	-	192,730
Bonds payable	-	-	-	-	3,300,000	3,300,000
Guarantee deposits	-	236	75	588	-	899
	\$ 29,700,882	\$ 59,997	\$ 171,939	\$ 136,965	\$ 3,433,650	\$ 33,503,433

Financial Instruments Item	December 31, 2021					
	6 Months	6 Months - 1 Year	1 Year - 3 Years	3 Years - 5 Years	Over 5 Years	Total
Non-derivative financial liabilities at FVTPL	\$ 1,912,699	\$ -	\$ -	\$ -	\$ -	\$ 1,912,699
Commercial papers issued	8,750,000	-	-	-	-	8,750,000
Bonds sold under repurchase agreements	14,320,404	-	-	-	-	14,320,404
Deposits on short sales	924,718	-	-	-	-	924,718
Financing guarantees payable	999,673	-	-	-	-	999,673
Futures traders' equity	1,799,627	-	-	-	-	1,799,627
Notes payable and accounts payable	8,645,360	-	-	-	-	8,645,360
Other payables	223,255	530,165	99,610	89,100	178,200	1,120,330
Other current liabilities	7,894,019	-	-	-	-	7,894,019
Lease liabilities	29,761	26,957	44,847	2,694	-	104,259
Bonds payable	-	-	-	-	3,300,000	3,300,000
Guarantee deposits	-	-	311	-	449	760
	\$ 45,499,516	\$ 557,122	\$ 144,768	\$ 91,794	\$ 3,478,649	\$ 49,771,849

b) Maturity analysis of derivative financial liabilities

Taishin Securities B disclosed amounts of derivative financial liabilities at FVTPL using fair values recognized in the earliest time band as follows:

Financial Instruments Item	December 31, 2022					
	6 Months	6 Months - 1 Year	1 Year - 3 Years	3 Years - 5 Years	Over 5 Years	Total
Derivative financial liabilities at FVTPL	\$ 4,353,150	\$ -	\$ -	\$ -	\$ -	\$ 4,353,150

Financial Instruments Item	December 31, 2021					
	6 Months	6 Months - 1 Year	1 Year - 3 Years	3 Years - 5 Years	Over 5 Years	Total
Derivative financial liabilities at FVTPL	\$ 4,768,978	\$ -	\$ -	\$ -	\$ -	\$ 4,768,978

f. Insurance risk

1) Measurement and management of insurance risk

Insurance risks refer to insufficient estimates over the frequency, severity and lapse rate of the insured incidents, such as death rate, morbidity rate, lapse rate, interest rate, expense rate and so on. These ratios could be influenced by random variable risks and therefore lead to the risks of additional payment exceeding the original estimated values. Taishin Life Insurance engages in business of life insurance, variable insurance, accident insurance, and health insurance. The risks and management for the above products are as follows:

a) Variable universal life

The main risk of life insurance comprises of death rate. Taishin Life Insurance assesses the rationality of pricing according to the premium rate of main insurance product on the market, makes related statistical measurement and analysis of death rate, such as experience test. In order to decide whether to stop selling products or adjust the rate, inspections are used to determine whether the death rate is higher than pricing basis.

b) Variable annuity

Taishin Life Insurance takes no insurance risks as the variable annuity policy is in the annuity accumulation and annuity certain phase. The main risk is from longevity risk after the annuity certain phase. The variable annuity policy of Taishin Life Insurance is mainly in the annuity accumulation or annuity certain phase; therefore, only limited insurance risks are currently covered.

c) Long-term life non par insurance

The main risk of life insurance comprises of death rate and interest rate. Explanation of death rate risks shall be the same as the life insurance. As for interest risks, the interest rates of long-term contracts were all locked-in before sales in compliance with regulation. If there is an objective gap of fluctuation between long-term interest rate and the estimated policy interest rate, and the investment income fails to reach the promised policy interest rate, Taishin Life Insurance will then face a problem of negative spread. Therefore, Taishin Life Insurance evaluates the investment income in various committees on a regular basis to further evaluate investment portfolio, insurance combination and (or) preset interest rates to mitigate risks of negative spread.

d) Accident insurance and health insurance

The main risks of accident insurance and health insurance comprise of the occurrence of accident rate and the morbidity rate. Taishin Life Insurance tracks loss rate of each insurance type, assesses the rationality of pricing according to the premium rate of main insurance product on the market, and makes related statistical measurement of death rate, such as experience test, in order to determine whether or not to cease the sale of the product and adjust the premium rate of the product. Taishin Life Insurance also arranges reinsurance to mitigate overall potential risk of loss from claims in the future.

2) Insurance risk concentration

While it indicates no specific concentration over any specific location or target client with regard to the insurances covered by Taishin Life Insurance, reinsurance arrangement is still made after assessment in order to mitigate the covered insurance risks and avoid the overall cumulative risks exceeding Taishin Life Insurance's risk capacity. Additionally, through catastrophe reinsurance, Taishin Life Insurance transfers concentrated risks to highly secure reinsurance companies to further mitigate the risks of large claims and catastrophe claims.

3) Sensitivity analysis of insurance risk

According to the relevant insurance regulation, the assumption factors adopted have been locked-in during pricing. However, the assumption may vary from the actual experience. Pursuant to IFRS 4, "Insurance contracts", Taishin Life Insurance should perform liability adequacy test accordingly to determine whether or not the recognized insurance liability is appropriate. In respect of overall insurance contracts of Taishin Life Insurance as of December 31, 2022 and 2021, the liabilities will still be adequate even when the mortality, morbidity, and lapse rates changed by 10%, and discount rates changed by 10bps.

4) Claims development trend

a) Claims development of direct business

Accident Year	Development Year					Loss Reserve
	1	2	3	4	5	
2018	6,452,988	7,373,110	7,429,281	7,439,120	7,440,141	-
2019	808,428	929,522	935,855	937,775	937,906	131
2020	860,577	996,954	1,007,284	1,008,882	1,009,003	1,719
2021	860,952	1,013,085	1,021,438	1,022,908	1,023,033	9,948
2022	1,014,119	1,172,050	1,181,691	1,183,211	1,183,365	169,246
			Loss reserve for unreported and unpaid claims			\$ 181,044
			Add: Reported but unpaid claims			<u>1,233,451</u>
			Loss reserve, balance			<u>\$ 1,414,495</u>

b) Claims development of retained business

Accident Year	Development Year					Loss Reserve
	1	2	3	4	5	
2018	6,340,244	7,258,566	7,314,387	7,324,226	7,325,247	-
2019	797,483	918,577	924,910	926,830	926,961	131
2020	849,598	985,975	996,305	997,903	998,024	1,719
2021	859,961	1,012,095	1,020,447	1,021,917	1,022,042	9,947
2022	1,009,557	1,167,470	1,177,106	1,178,626	1,178,780	169,223
			Loss reserve for unreported and unpaid claims			\$ 181,020
			Add: Reported but unpaid claims			<u>1,186,106</u>
			Loss reserve, balance			<u>\$ 1,367,126</u>

Taishin Life Insurance provided loss reserve, whether or not it is reported, for projected future payments and related costs. The provision for reserves is highly complicated since there are many uncertain causes, estimation and judgment. Any change in an estimate or judgment is treated as a change in accounting estimates, and the impact of such changes is included in profit or loss for the period. Some claim reports may be delayed to Taishin Life Insurance, and the estimation is related to past claim experiences and subjective judgment when estimating possible payments for the claims not yet reported. The loss reserve per book is estimated on the basis of available information at present. However, the actual payments will deviate from original estimation as the claim goes on.

The above tables show the claims development (excluding the claims whose payment amount and payment date have already been known in one year). Every accident year means the year the accident happens, the horizontal axis is the year of development, and every amount is the cumulative payment incurring for every accident year at the end of the year. The cumulative payments include the claims whether or not it is sure to happen, and illustrate how Taishin Life Insurance estimates payments for every accident year as time passes. The conditions and trends that influence Taishin Life Insurance's reserve provision may not be the same when claims develop. Therefore, the projected payments cannot be determined based on the claims development in the above table.

5) Credit risk, liquidity risk, and market risk of insurance contracts

a) Credit risk

Credit risk primarily refer to the risk of a reinsurer's failure to fulfill its obligations on the ceded business, which leads to its inability to share its stake of the premiums, claims and other expenses. To manage this risk, the reinsurers will be selected prudently in accordance with the reinsurance risk management plan as set by Taishin Life Insurance. To mitigate the credit risk, the reinsurance agreement will require that reinsurance fees shall be paid on a net basis by deducting any receivables or share of payments recoverable from the reinsurer. In addition, Taishin Life Insurance will demand the inclusion of a special termination clause in the reinsurance agreement, allowing Taishin Life Insurance to terminate the agreement in the circumstances that the reinsurer defaults on its obligations to limit further credit risk.

After ceding the business, Taishin Life Insurance will review the credit rating of the reinsurers regularly in accordance with its reinsurance risk management plan. In the event of a credit rating downgrade of a reinsurer leading to its failure to meet the minimum requirement of being an eligible reinsurer as stipulated by the "Regulations Governing Insurance Enterprises Engaging in Operating Reinsurance and Other Risk Spreading Mechanisms", the company will establish a reinsurance reserve as required to mitigate the adverse impacts from the downgraded reinsurer.

Currently, the credit ratings of all reinsurance counterparties of Taishin Life Insurance have met the eligibility standards as stipulated by the regulations.

b) Liquidity risk

The liquidity risk of the insurance contract arises mainly from the company's failure to realize the assets or to obtain sufficient funding in time to fulfill its obligations on insurance benefits payment. To manage the risk, Taishin Life Insurance regularly conducts maturity analysis on the insurance contracts and reviews the matching of assets and liabilities.

The table below shows the net liability cash flow analysis on the insurance portfolio of Taishin Life Insurance by estimated time point. The figures reflect, for the in-force policies as at the valuation date, the estimation of undiscounted total insurance benefit payments, expense and other outflows, net of insurance premiums and other income at each future time point. The future actual amounts may vary as the actual experience may be different from the expected amounts.

Net cash flows used in (provided by) the insurance contracts:

	December 31	
	2022	2021
Within one year	\$ (7,213,612)	\$ (6,602,031)
One to five years	(8,309,816)	(11,343,221)
Five to fifteen years	52,377,653	38,153,541
Over fifteen years	<u>488,453,281</u>	<u>487,593,458</u>
	<u>\$ 525,307,506</u>	<u>\$ 507,801,747</u>

Taishin Life Insurance has insurance contracts that are classified as investment-linked product liabilities. However, such liabilities are repaid based on investment linked product assets. Therefore, Taishin Life Insurance has no significant liquidity risk.

c) Market risk

Pursuant to the “Regulations Governing the Setting Aside of Various Reserves by Insurance Enterprises” and relevant regulations, Taishin Life Insurance calculates and sets aside statutory reserves in accordance with assumed interest rate and incidence rate regulated by the supervisors. As the assumed interest rate is predetermined as at policy issuance, the statutory reserves will not change with market interest rate fluctuations. The regulator will regularly review the discount rate assumption, which however may not necessarily correspond to the market interest rate in terms of time, amount, or direction, and it is only applicable to the new policies. Therefore, the impact of probable changes in market interest rate on the statutory reserves of Taishin Life Insurance’s in-force insurance policies is negligible. In case the regulator changes the discount rate assumption, its impact on profit/loss or equity will vary depending on the range of the change and Taishin Life Insurance’s overall product mix. Furthermore, variations in market risks may affect the liability adequacy test, which is estimated based on the current information as of the valuation date, and further affect the adequacy of recognised insurance liabilities. Please refer to the insurance risk sensitivity analysis for the impact of market risk factors on the current liability adequacy of Taishin Life Insurance.

g. Financial risk

Except for derivative financial instruments, Taishin Life Insurance holds financial assets including cash and cash equivalents, various current and non-current investments, and loans. Taishin Life Insurance’s operating cash flow and operating reserves are backed by such financial instruments. Taishin Life Insurance also carries some other financial assets and liabilities such as notes receivable, claims payable, and other receivables and payables from operating activities. Taishin Life Insurance’s derivative instrument trading policies is only for hedging purposes, and not for profit.

Taishin Life Insurance has written risk management policies and risk control procedures, which have been approved by the board of directors or appropriate approval levels, to effectively identify, measure, monitor and control credit risk, market risk and liquidity risk.

1) Market risks

Taishin Life Insurance’s domestic and foreign investments are exposed to market risks, and potential losses resulting from market risks could be partly mitigated through foreign exchange hedge and investment diversification. To avoid potential losses from variations in the market prices of held financial instruments (e.g. interest rates, exchange rates, stock price, commodity price, and credit spread), Taishin Life Insurance continuously uses market risk management methods such as Market VaR and stress testing, along with implementation of risk limits and completely effective measurement and control over the market risk.

a) Exchange rate risks

Exchange rate risk refers to the risk of changes in fair value or future cash flows of financial instruments as a result of variations in exchange rates.

- i. Taishin Life Insurance's businesses involve some non-functional currency operations. The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	December 31			
	2022		2021	
	Foreign Currency Amount	Exchange Rate	Foreign Currency Amount	Exchange Rate
<u>Assets</u>				
U.S. dollars	\$ 3,282,474	30.73	\$ 2,356,136	27.67
<u>Liabilities</u>				
U.S. dollars	2,011,115	30.73	1,622,808	27.67

- ii. Sensitivity analysis of exchange rate risks provided in the table below is performed for reasonably possible changes in exchange rates with other conditions held constant for monetary financial assets, showing the impact on pre-tax income. The correlation of variables will have effect on determining the ultimate impact on market risk, but to demonstrate the impact due to changes in variables, Taishin Life Insurance assumes that variables have to be changed on an individual basis. Measurement basis for foreign exchange risk will exclude the investment position and derivative instruments for financial hedging denominated in foreign currency corresponding with foreign currency insurance policy.

	For the Year Ended December 31			
	2022		2021	
	Changes in Variables	Changes in Pre-tax Income	Changes in Variables	Changes in Pre-tax Income
U.S. dollars	-5%	\$ (616,648)	-5%	\$ (1,014,449)

b) Interest rate risks

Interest rate risk refers to the risk of changes in value of financial instruments as a result of variations in the market interest rates. Taishin Life Insurance's bond investments under financial assets at amortized cost are all investments in fixed coupon rate bond, therefore variations in the market interest rates will result in changes in the fair value of bond investments. An increase in market interest rates will cause the fair value of bond investments to fall. As Taishin Life Insurance's primary investment strategy is to pursue stable and predictable long-term earnings when investing in bonds under financial assets at amortised cost, short-term market interest rate fluctuations have less impact on Taishin Life Insurance's investments. Therefore, significant interest rate risk is unlikely to happen based on Taishin Life Insurance's expectation. Additionally, significant interest rate risk is likely to happen mainly due to the investments in bonds under financial assets at fair value through profit or loss. Sensitivity analysis of interest rate risk is as follows:

For the Year Ended December 31, 2022		
	Changes in Variables	Changes in Unrealized (Loss) Gain
Financial assets at FVTPL - bond investments	Interest rate increase of 20 bps	\$ (918)
For the Year Ended December 31, 2021		
	Changes in Variables	Changes in Unrealized (Loss) Gain
Financial assets at FVTPL - bond investments	Interest rate increase of 20 bps	\$ (82,382)

c) Other price risk

Price risk mainly arises from volatility of equity instruments held by the company. However, Taishin Life Insurance has set up stop-loss mechanism and dispersed the price risk through properly diversified investment portfolio to mitigate risk of concentrated investment in any specific industry or issuers.

Sensitivity analysis of price risk provided in the table below is performed for reasonably possible movement in price with other conditions held constant, the impact on pre-tax income and equity are as follows:

For the Year Ended December 31, 2022			
	Changes in Variables	Changes in Pre-tax Income	Changes in Other Comprehensive Income (Before Tax)
Financial assets at FVTPL	Price increase of 10%	\$ -	\$ 1,949,485
Financial assets at FVTOCI	Price increase of 10%	-	4,281

For the Year Ended December 31, 2021

	Changes in Variables	Changes in Pre-tax Income	Changes in Other Comprehensive Income (Before Tax)
Financial assets at FVTPL	Price increase of 10%	\$ 451,655	\$ 2,526,792
Financial assets at FVTOCI	Price increase of 10%	-	4,670

If the variables adopted in aforesaid sensitivity analysis of market risk move in opposite direction, variations in profit/loss and equity will also move in reverse.

2) Credit risk

Credit risk refers to the risk that a party incurs from the inability of a counterparty or issuer of a financial instrument to fulfill its obligations.

- a) Taishin Life Insurance shall measure expected credit losses of a financial instrument in a way that reflects:
 - i. An unbiased and probabilities-weighted amount that is determined by evaluating a range of possible outcomes;
 - ii. The time value of money; and
 - iii. Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.
- b) When measuring expected credit losses, Taishin Life Insurance considered the risk or probability that a credit loss occurs, and the maximum period to consider is the maximum contractual period over which the entity is exposed to credit risk.
- c) Taishin Life Insurance financial assets impairment policy adopted assumptions provided by IFRS 9 as indicators to determine whether there will be a significant increase in credit risk of a financial instrument since initial recognition.
 - i. The rating is Investment Grade (credit rating over BBB-) on the initial recognition date and the rating is downgraded to Non-Investment Grade (credit rating below BB+ excluding credit rating below CC) on the measurement date.
 - ii. The rating is BB+ to BB- on the initial recognition date, and the rating is downgraded to B+ to CCC- on the measurement date.
 - iii. The rating is B+ to CCC+ on the initial recognition date.
 - iv. When contractual payments of receivables were more than 30 days past due or not past due but violated contract agreement, the scenario will be treated as a significant increase in credit risk since initial recognition;

- v. When statutory deposits matured but not collected after 30 days, it is considered as a significant increase in credit risk unless there was a specific exception clause;
- vi. When the total of loan principal and interest exceeds the policy value reserve but the policy is still within the grace period, it is considered as a significant increase in credit risk.

Investments are considered to have been defaulted if the rating is CC to D on the measurement date. The definition of default includes the issuer's inability to repay principal or interest on the maturity date. Before the maturity of bonds and securities, it can be objectively determined if the issuer cannot repay the principal and interest on time. Before the maturity of bonds and securities, the issuer may have suffered bankruptcy, or has undergone restructuring or has been taken over due to financial difficulties, or has a high probability of bankruptcy or another financial restructuring.

In order to assess the purpose of the ECLs, debt instruments were assessed by grade separately based on their credit rating. In order to measure the ECLs, the PD, LGD and EAD for the next 12 months and over the full lifetime of the debt instrument issuers, and the impact of the time value of money shall be considered to calculate 12-month and full-lifetime ECLs separately.

Taishin Life Insurance assesses the EAD of investments in debt instruments using the current exposure method (CEM) and adopts external rating information announced by international credit rating agencies (S&P and Moody's), and PD and LGD information are announced periodically to calculate the ECLs. As international credit rating agencies already consider the prospective information when assessing credit rating, it is appropriate to assess such information and then include it in the assessment of the related ECLs of Taishin Life Insurance.

- d) Taishin Life Insurance adopted assumptions provided by IFRS 9 as an indicator to determine that there will be a default occurring if contractual payments of receivables were more than 90 days past due. As the total of loan principal and interest exceeds the policy value reserve and policy is suspended over the grace period, it is considered as a default.
- e) Taishin Life Insurance will make a reserve for the amounts of financial instrument considered as uncollectible after completing legal process to secure the right of collection.
- f) Investments in debt instruments at amortised cost and bond interest receivable under accounts receivable held by Taishin Life Insurance on December 31, 2022 and 2021, the credit risk rating levels are presented below:

	December 31, 2022			
	Lifetime			Total
	12 Months	Increase in Credit Risk	Credit Impaired	
AAA	\$ 5,337,546	\$ -	\$ -	\$ 5,337,546
AA	98,030,746	-	-	98,030,746
A-BBB	<u>73,527,900</u>	<u>-</u>	<u>-</u>	<u>73,527,900</u>
	<u>\$ 176,896,192</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 176,896,192</u>
	December 31, 2021			
	Lifetime			Total
	12 Months	Increase in Credit Risk	Credit Impaired	
AAA	\$ 4,149,501	\$ -	\$ -	\$ 4,149,501
AA	97,109,448	-	-	97,109,448
A-BBB	<u>43,051,315</u>	<u>-</u>	<u>-</u>	<u>43,051,315</u>
	<u>\$ 144,310,264</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 144,310,264</u>

- g) Taishin Life Insurance uses forecast to assess the default possibility of debt instruments and bond interest receivables and to estimate the expected credit loss on December 31, 2022 and 2021. Credit loss information is as follows:

	December 31, 2022			
	12 Months	Lifetime		Total
		Increase in Credit risk	Credit Impaired	
Expected credit loss rate	0.00%-0.08%	-	-	
Carrying amount	<u>\$ 176,896,192</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 176,896,192</u>
Loss allowance	<u>\$ 28,848</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,848</u>

	December 31, 2021			
	12 Months	Lifetime		Total
		Increase in Credit risk	Credit Impaired	
Expected credit loss rate	0.01%-0.23%	-	-	
Carrying amount	<u>\$ 144,310,264</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 144,310,264</u>
Loss allowance	<u>\$ 31,393</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 31,393</u>

Movements in loss allowance for investments in debt instruments carried at amortised costs are as follows:

	2022			
	12 Months	Lifetime		Total
		Increase in Credit Risk	Credit Impaired	
At January 1	\$ 31,076	\$ -	\$ -	\$ 31,076
Provision for impairment	10,023	-	-	10,023
Derecognised	<u>(12,563)</u>	<u>-</u>	<u>-</u>	<u>(12,563)</u>
At December 31	<u>\$ 28,536</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,536</u>

	2021			
	12 Months	Lifetime		Total
		Increase in Credit Risk	Credit Impaired	
At January 1	\$ 32,085	\$ -	\$ -	\$ 32,085
Provision for impairment	21,931	-	-	21,931
Derecognised	<u>(22,940)</u>	<u>-</u>	<u>-</u>	<u>(22,940)</u>
At December 31	<u>\$ 31,076</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 31,076</u>

Movements in loss allowance for bond interest receivables are as follows:

	2022			
	Lifetime			Total
	12 Months	Increase in Credit Risk	Credit Impaired	
At January 1	\$ 317	\$ -	\$ -	\$ 317
Provision for impairment	136	-	-	136
Derecognised	(141)	-	-	(141)
At December 31	<u>\$ 312</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 312</u>

	2021			
	Lifetime			Total
	12 Months	Increase in Credit Risk	Credit Impaired	
At January 1	\$ 325	\$ -	\$ -	\$ 325
Provision for impairment	267	-	-	267
Derecognised	(275)	-	-	(275)
At December 31	<u>\$ 317</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 317</u>

- h) Taishin Life Insurance uses historical data from a specific previous period and current data to forecast macroeconomic information and to assess the expected credit loss of loans (including loans interest receivable). As of December 31, 2022 and 2021, credit loss information of loans (including loans interest receivable) is as follows:

	December 31, 2022			
	Lifetime			Total
	12 Months	Increase in Credit Risk	Credit Impaired	
Expected credit loss rate	0%	0%-41%	0%-100%	
Carrying amount	<u>\$ 7,802,110</u>	<u>\$ 19,845</u>	<u>\$ 55,494</u>	<u>\$ 7,877,449</u>
Loss allowance	<u>\$ -</u>	<u>\$ 413</u>	<u>\$ 3,471</u>	<u>\$ 3,884</u>

	December 31, 2021			
	Lifetime			Total
	12 Months	Increase in Credit Risk	Credit Impaired	
Expected credit loss rate	0%	0%-46%	0%-100%	
Carrying amount	<u>\$ 7,628,929</u>	<u>\$ 3,335</u>	<u>\$ 11,359</u>	<u>\$ 7,643,623</u>
Loss allowance	<u>\$ -</u>	<u>\$ 92</u>	<u>\$ 804</u>	<u>\$ 896</u>

Movements in loss allowance for loans are as follows:

	December 31, 2022			
	12 Months	Lifetime		Total
		Increase in Credit Risk	Credit Impaired	
At January 1	\$ -	\$ 92	\$ 804	\$ 896
Transferred to 12-month ECLs	49	(13)	(36)	-
Provision for expected credit loss (gain)	(49)	335	3,393	3,679
Write-off	-	-	(648)	(648)
Derecognised	-	(1)	(42)	(43)
At December 31	<u>\$ -</u>	<u>\$ 413</u>	<u>\$ 3,471</u>	<u>\$ 3,884</u>

	December 31, 2021			
	12 Months	Lifetime		Total
		Increase in Credit Risk	Credit Impaired	
At January 1	\$ -	\$ 62	\$ 1,505	\$ 1,567
Transferred to 12-month ECLs	77	(9)	(68)	-
Provision for expected credit loss (gain)	(77)	41	71	35
Write-off	-	-	(704)	(704)
Derecognised	-	(2)	-	(2)
At December 31	<u>\$ -</u>	<u>\$ 92</u>	<u>\$ 804</u>	<u>\$ 896</u>

- i) As of December 31, 2022 and 2021, Taishin Life Insurance has assessed the impairment losses of accounts receivable (excluding bond interest receivable and loans interest receivable) and other assets (excluding prepayments and statutory deposits), with total carrying amount of \$542,201 thousand, \$279,040 thousand, respectively, and not being past due. Taishin Life Insurance used historical and timely information to forecast and estimate the expected credit loss. Credit risks are evaluated as significantly low, thus no impairment loss was recognised.
- j) Analysis of credit risk concentration

The credit risks are deemed significantly concentrated when the financial instrument transactions significantly concentrate on a single person, or when there are multiple trading counterparties engaging in similar business activities with similar economic characteristics, and such business activities make their abilities to fulfill the contractual obligations influenced similarly by economy or other forces.

The credit risks of Taishin Life Insurance concentrate on assets, liabilities, or off-statements of financial position items that occurs through fulfillment or implementation of transactions (either product or service), or through transaction-type exposure portfolio, including deposits, securities investment, and receivables. Taishin Life Insurance does not carry out significant transactions with single client or single counterparty. Proportion of total transactions with single client or single counterparty to Taishin Life Insurance's relevant transactions is deemed immaterial.

As of December 31, 2022 and 2021, Taishin Life Insurance's investments in domestic government bonds, American government bonds, mortgage-backed securities (MBS) supported by the government and equivalent international investment institutions accounted for 42.57% and 55.36%, respectively, of the total investment asset positions.

3) Liquidity risks

Liquidity risks include components of fund liquidity risk and market liquidity risk. Fund liquidity risk happens when an entity is unable to use reasonable capital cost to obtain necessary and sufficient fund supply in a reasonable period of time leading to a risk of fund supply and demand gap, or when an entity has to sell its asset at a price that is lower than the current market price in order to obtain necessary fund supply leading to liquidity risk of losses. Taishin Life Insurance's working capital is sufficient for daily operations, therefore there is no liquidity risk regarding inability to raise fund for meeting contractual obligations. Taishin Life Insurance's investments are mostly investments in stocks with active market. Thus, financial assets are expected to be sold in the market at prices approximate to their fair values. To ensure the fund is sufficient to settle the liabilities that are due or meet the demand for increase in assets, Taishin Life Insurance mainly takes advantage of financial instruments such as deposits with financial institutions, short term bills and bonds (including bills and bonds under repurchase or resell agreements), and equity fund to adjust funds. For the purpose of ensuring accuracy and effectiveness of liquidity risk management, Taishin Life Insurance conducts cash flow analysis, including estimating annual and monthly net cash inflow (outflow) according to the annual operating revenue and expense plan and making a table for cash flow estimation on a daily basis. Additionally, revenues and expenses are reviewed in accordance with fund adjustment procedures as a basis for fund procurement in order to cope with needs for various fund liquidity.

The table below is Taishin Life Insurance's non-derivative financial liabilities categorized into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity date:

December 31, 2022

	Within 1 Year	1-2 Years	2-5 Years	Over 5 Years
Payables	\$ 893,139	\$ 10,850	\$ -	\$ -
Lease liabilities	54,635	42,765	3,463	-
Other liabilities	<u>158</u>	<u>30</u>	<u>1,534</u>	<u>3,840</u>
	<u>\$ 947,932</u>	<u>\$ 53,645</u>	<u>\$ 4,997</u>	<u>\$ 3,840</u>

December 31, 2021

	Within 1 Year	1-2 Years	2-5 Years	Over 5 Years
Payables	\$ 1,250,277	\$ 15,142	\$ 1,322	\$ 7,284
Lease liabilities	31,318	22,260	14,962	-
Other liabilities	<u>-</u>	<u>7,410</u>	<u>1,564</u>	<u>3,840</u>
	<u>\$ 1,281,595</u>	<u>\$ 44,812</u>	<u>\$ 17,848</u>	<u>\$ 11,124</u>

Structured Entities

The Group holds interests in structured entities which are not consolidated in the Group's consolidated financial statements and the Group does not provide financial support or other support to these structured entities. The maximum exposure to these structured entities is the carrying amount of the related assets held by the Group. The information of these unconsolidated structured entities is disclosed as follows:

Type of Structured Entity	Nature and Purpose	Interests Owned
Financing secured bonds	The risks and rewards related to the structured entities' assets transferred to investors to receive returns through bonds issued	Investment in financing secured bonds issued by the entities
Real estate-backed securities	The risks and rewards related to the structured entities' assets transferred to investors to receive returns through bonds issued	Investment in real estate-backed securities issued by the entities
Private equity fund	Invest in private funds issued by external third-party fund companies to obtain investment benefits	Invest in units issued or limited partnership equity by the fund

As of December 31, 2022 and 2021, the carrying amounts related to the interests in unconsolidated structured entities are disclosed as follows:

	December 31, 2022			
	Financing Secured Bonds	Real Estate-backed Securities	Private Equity Fund	Total
Financial assets at FVTPL	\$ 208,465	\$ -	\$ 25,989	\$ 234,454
Financial assets at FVTOCI	-	1,140,195	-	1,140,195
Investments in debt instruments at amortized cost	-	10,522,480	-	10,522,480
Net ending balance	<u>\$ 208,465</u>	<u>\$ 11,662,675</u>	<u>\$ 25,989</u>	<u>\$ 11,897,129</u>

	December 31, 2021		
	Financing Secured Bonds	Real Estate-backed Securities	Total
Financial assets at FVTPL	\$ 226,230	\$ -	\$ 226,230
Financial assets at FVTOCI	-	1,453,655	1,453,655
Investments in debt instruments at amortized cost	-	10,956,969	10,956,969
Net ending balance	<u>\$ 226,220</u>	<u>\$ 12,410,624</u>	<u>\$ 12,636,854</u>

49. RELATED-PARTY TRANSACTIONS

a. Names and relationships of related parties were as follows:

Name	Relationship
Taishin Bank	Subsidiary
Taishin AMC	Subsidiary
Taishin Venture Capital	Subsidiary
Taishin Securities B	Subsidiary
Taishin Securities Investment Trust	Subsidiary
Taishin Securities Investment Advisory	Subsidiary
Taishin Life Insurance	Subsidiary (as a related party from June 30, 2021)
Taishin D.A. Finance	Second-tier subsidiary
Taishin Real-Estate	Second-tier subsidiary
Taishin Financial Leases (China)	Second-tier subsidiary
Taishin Securities Venture Capital	Second-tier subsidiary
Taishin Capital	Second-tier subsidiary
Credidi Inc.	Second-tier subsidiary
Taishin Health Investment	Second-tier subsidiary
Taishin Futures	Second-tier subsidiary
An Hsin Construction Manager Corp. ("An Hsin Construction Manager")	Associate
Shin Kong Financial Holding Co., Ltd. ("Shin Kong Financial Holding")	Others
Shin Kong Life Insurance Co., Ltd. ("Shin Kong Life Insurance")	Others
Shin Kong Insurance Co., Ltd. ("Shin Kong Insurance")	Others
MasterLink Securities Corp. ("MasterLink Securities")	Others
Shin Kong Security Co., Ltd. ("Shin Kong Security")	Others
Shin Kong Synthetic Fibers Co., Ltd. ("Shin Kong Synthetic Fibers")	Others
Shin Kong Mitsukoshi Department Store Co., Ltd. ("Shin Kong Mitsukoshi")	Others
Dah Chung Bills Finance Corp. ("Dah Chung Bills")	Others
CyberSoft Digital Service Corp. ("CyberSoft Digital Service")	Others
An Shin Construction Manager Corp. ("An Shin Construction Manager")	Others
Yuanta Commercial Bank Co., Ltd. ("Yuanta Bank")	Others
CyberLink Corp. ("CyberLink")	Others
Small & Medium Enterprise Credit Guarantee Fund of Taiwan ("Taiwan SMEG")	Others
Tasco Chemical Corp. ("Tasco Chemical")	Others
Taiwan Fieldrich Corp. ("Taiwan Fieldrich")	Others
Chin We Co., Ltd. ("Chin We")	Others
Yi Huan Co., Ltd. ("Yi Huan")	Others
Xiang Zhao Investment Co., Ltd. ("Xiang Zhao")	Others
Excel Chemical Corp. ("Excel Chemical")	Others

(Continued)

Name	Relationship
Yun Teh Corporation (“Yun Teh”)	Others
Chang Her Industrial Corp. (“Chang Her”)	Others
Hung Shin Enterprise Co., Ltd. (“Hung Shin”)	Others
Mega Green Energy Corporation (“Mega Green Energy”)	Others
Jia Hao Corporation (“Jia Hao”)	Others
Ezconn Corporation (“Ezconn”)	Others
Global Tek Fabrication Co., Ltd. (“Global Tek Fabrication”)	Others
Sercomm Corporation (“Sercomm”)	Others
United Microelectronics Corporation (“United Microelectronics”)	Others
Oneness Biotech Co., Ltd. (“Oneness Biotech”)	Others
Taipei Exchange (“TPEX”)	Others
Bora Biologics Co., Ltd (“Bora Biologics”)	Others
Nan Ya Plastics Corporation (“Nan Ya Plastics”)	Others
Bor Sy Industrial Corp. (“Bor Sy”)	Others
Taiwan Depository & Clearing Corporation (“TDCC”)	Others
Individual A	Key management personnel
Individual B	Key management personnel’s spouse
Others	Including key management personnel and others
	(Concluded)

b. Material transactions with related parties:

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Besides information disclosed elsewhere in the other notes, details of transactions between the Group and other related parties are disclosed as follows:

1) Loans, deposits and guaranteed loans

Loans to related parties of Taishin Bank and subsidiaries were as follows:

Loans

	Ending Balance
December 31, 2022	\$ 2,407,121
December 31, 2021	3,050,077

For the years ended December 31, 2022 and 2021, the amounts of interest income were \$36,750 thousand and \$41,344 thousand, respectively; interest rates ranged from 0.75% to 10.59% and from 0.45% to 12.23%, respectively.

December 31, 2022						
	Ending Balance	Highest Amount	Normal Loans	Non-performing Loans	Collateral	The Different Terms with Non-related Parties
<u>Consumer loans</u>						
135 accounts	\$ 570,153	\$ 659,740	\$ 570,153	\$ -	Land, buildings and chattels	None
<u>Self-used residence mortgage loans</u>						
154 accounts	1,096,418	1,269,593	1,096,418	-	Land and buildings	None
<u>Other loans</u>						
Ezconn	380,000	3,278,000	380,000	-	Land and buildings	None
Shin Kong				-	Securities - stocks	None
Synthetic Fibers	150,000	600,000	150,000			
Others	<u>210,550</u>	2,896,836	<u>210,550</u>	<u>-</u>	Land, buildings and securities - deposits	None
	<u>\$ 2,407,121</u>		<u>\$ 2,407,121</u>	<u>\$ -</u>		
December 31, 2021						
	Ending Balance	Highest Amount	Normal Loans	Non-performing Loans	Collateral	The Different Terms with Non-related Parties
<u>Consumer loans</u>						
178 accounts	\$ 693,012	\$ 805,714	\$ 693,012	\$ -	Land, buildings, and chattels	None
<u>Self-used residence mortgage loans</u>						
171 accounts	1,104,404	1,276,096	1,104,404	-	Land and buildings	None
<u>Other loans</u>						
Shin Kong Security	430,000	8,740,000	430,000	-	Land and buildings	None
Ezconn	450,000	3,817,940	450,000	-	Land and buildings	None
Global Tek	100,000	780,000	100,000	-	-	None
Fabrication						
Others	<u>272,661</u>	7,993,670	<u>272,661</u>	<u>-</u>	Land and buildings	None
	<u>\$ 3,050,077</u>		<u>\$ 3,050,077</u>	<u>\$ -</u>		

All transactions with related parties are made under arm's length terms, which are consistent with normal policies.

Deposits

	Ending Balance
December 31, 2022	\$ 16,579,494
December 31, 2021	14,220,201

For the years ended December 31, 2022 and 2021, the amounts of interest expenses were \$72,348 thousand and \$24,501 thousand, respectively; interest rates all ranged from 0.00% to 6.05%.

December 31, 2022			
	Ending Balance	Interest Rate (Per Annum %)	Interest Expense
Oneness Biotech	\$ 4,361,930	0.01-4.93	\$ (27,861)
TPEX	1,903,698	0.01-1.42	(7,864)
Shin Kong Mitsukoshi	1,496,388	0.00-0.41	(2,774)
An Shin Construction Manager	549,257	0.01-0.41	(1,474)
Tasco Chemical	519,691	0.00-0.41	(161)
Shin Kong Insurance	497,120	0.00-1.26	(1,765)
Shin Kong Synthetic Fibers	464,146	0.00-0.41	(1,505)
Dah Chung Bills	427,213	0.00-0.41	(552)
Excel Chemical	381,240	0.01-0.41	(14)
Ezconn	346,049	0.00-4.80	(3,254)
Mega Green Energy	267,570	0.01-1.31	(1,165)
Hung Shin	201,288	0.01-0.01	(10)
Sercomm	144,295	0.00-0.41	(241)
Taiwan Fieldrich	133,601	0.01-5.00	(1,191)
Bora Biologics	114,979	0.01-0.50	(119)
Individual A	106,886	0.00-4.00	(432)
Others	<u>4,664,143</u>		<u>(21,966)</u>
	<u>\$ 16,579,494</u>		<u>\$ (72,348)</u>

December 31, 2021			
	Ending Balance	Interest Rate (Per Annum %)	Interest Expense
An Shin Construction Manager	\$ 2,239,237	0.01-0.25	\$ (2,164)
Shin Kong Mitsukoshi	2,221,087	0.00-0.01	(178)
Taiwan SMEG	996,961	0.00-0.79	(6,782)
Shin Kong Synthetic Fibers	638,018	0.00-0.20	(195)
CyberLink	535,165	0.01-0.50	(1,140)
Shin Kong Insurance	503,051	0.00-1.03	(1,437)
Dah Chung Bills	419,709	0.00-0.30	(1,066)
Ezconn	373,705	0.00-2.50	(471)
Tasco Chemical	334,581	0.00-0.65	(256)
Mega Green Energy	317,076	0.01-0.81	(559)
Hung Shin	202,882	0.01-0.01	(9)
Sercomm	177,135	0.00-0.03	(17)
Excel Chemical	170,209	0.01-0.01	(9)
Taiwan Fieldrich	120,905	0.03-0.03	(35)
Individual B	117,680	0.00-0.01	(3)
Global Tek Fabrication	113,958	0.01-0.29	(128)
Shin Kong Life Insurance	101,673	0.00-0.20	(44)
Others	<u>4,637,169</u>		<u>(10,008)</u>
	<u>\$ 14,220,201</u>		<u>\$ (24,501)</u>

All transactions with related parties are made under arm's length terms, which are consistent with normal policies.

2) Call loan to banks and call loan from banks

		December 31, 2022		
Item		Ending Balance	Interest Rate (Per Annum %)	Interest Income (Expense)
Dah Chung Bills	Call loan to banks	\$ -	0.29-0.94	\$ 1,583
Yuanta Bank	Call loan to banks	-	0.07-3.72	1,596
Yuanta Bank	Call loan from banks	-	1.56-3.01	(447)

		December 31, 2021		
Item		Ending Balance	Interest Rate (Per Annum %)	Interest Income (Expense)
Dah Chung Bills	Call loan to banks	\$ -	0.22-0.33	\$ 501
Yuanta Bank	Call loan to banks	-	0.06-0.26	775
Yuanta Bank	Call loan from banks	-	0.08	(1)

All transactions with related parties are made under arm's length terms, which are consistent with normal policies.

3) Trading securities

		December 31, 2022			
		Repurchase Agreements		Resell agreements	
Purchase Price (Accumulated Amount)	Sales Price (Accumulated Amount)	Ending Balance	Interest Rate Range (Per Annum %)	Ending Balance	Interest Rate (Per Annum %)
MasterLink Securities	\$ 1,315,821	\$ -	-	\$ -	-
Dah Chung Bills	49,744	-	-	-	-
Yuanta Bank	-	-	-	-	-
Yi Huan	2,095,838	6,008	0.18 -0.76	-	-
Xiang Zhao	-	49,219	0.18 -0.81	-	-
Jia Hao	-	35,034	0.18 -0.81	-	-
Chang Her	-	44,024	0.52-0.81	-	-
Yun Teh	-	81,003	0.52-0.79	-	-
Nan Ya Plastics	-	3,547,450	0.58-0.90	-	-
Bor Sy	-	60,141	0.60-0.80	-	-
TDCC	518,487	-	-	-	-
<u>\$ 1,884,052</u>	<u>\$ 4,573,468</u>	<u>\$ 3,822,879</u>		<u>\$ -</u>	

		December 31, 2021			
		Repurchase Agreements		Resell agreements	
Purchase Price (Accumulated Amount)	Sales Price (Accumulated Amount)	Ending Balance	Interest Rate Range (Per Annum %)	Ending Balance	Interest Rate (Per Annum %)
MasterLink Securities	\$ 7,680,415	\$ 499,853	0.20	\$ -	-
Dah Chung Bills	50,020	-	-	-	-
Yuanta Bank	-	-	-	-	-
Chin We	5,318,943	5,001	0.13-0.18	-	-
Yi Huan	-	28,010	0.13-0.18	-	-
Xiang Zhao	-	58,033	0.13-0.18	-	-
Jia Hao	-	63,030	0.13-0.18	-	-
Chang Her	-	10,001	0.14-0.19	-	-
United Microelectronics	100,000	-	-	-	-
<u>\$ 7,830,435</u>	<u>\$ 11,201,037</u>	<u>\$ 663,928</u>		<u>\$ -</u>	

All transactions with related parties are made under arm's length terms, which are consistent with normal policies.

4) Derivatives

December 31, 2022						
Related Parties	Derivative Contracts	Period	Nominal Principal Amount	Valuation Gain (Loss)	Account	Balance
Dah Chung Bills	Interest rate swaps	2017/6/15-2022/6/20	\$ 300,000	\$ (639)	Financial assets at FVTPL	\$ -

December 31, 2021						
Related Parties	Derivative Contracts	Period	Nominal Principal Amount	Valuation Gain (Loss)	Account	Balance
Dah Chung Bills	Interest rate swaps	2016/6/29-2022/6/20	\$ 600,000	\$ (702)	Financial assets at FVTPL	\$ 639

All transactions with related parties are made under arm's length terms, which are consistent with normal policies.

5) Other material transactions

For the Year Ended December 31					
2022			2021		
	Item	Amount		Item	Amount
CyberSoft Digital Service Shin Kong Mitsukoshi	Operating expenses	\$ (354,968)		Operating expenses	\$ (441,075)
	Service charge and operating expenses	(368,336)		Service charge and operating expenses	(337,287)
Shin Kong Mitsukoshi	Fee income	348,788		Fee income	325,598
Shin Kong Life Insurance	Commission income	57,690		Commission income	225,451

All transactions with related parties are made under arm's length terms, which are consistent with normal policies.

c. Compensation of key management personnel

The remuneration of directors and other members of key management personnel for the years ended December 31, 2022 and 2021 included the following:

For the Year Ended December 31		
	2022	2021
Short-term benefits	\$ 330,826	\$ 399,128
Post-employment benefits	990	972
Share-based payments	<u>1,843</u>	<u>32,245</u>
	<u>\$ 333,659</u>	<u>\$ 432,345</u>

d. Related-party transactions of subsidiaries amounting to more than \$100,000 thousand

1) Taishin Bank

Material transactions with related parties were as follows:

a) Loans, deposits and guaranteed loans

i)

Loans

December 31, 2022						
Related Parties	Ending Balance	Highest Amount	Normal Loans	Non-performing Loans	Collateral	The Different Terms with Non-related Parties
Other loans						
EZconn	\$ 380,000	\$ 3,278,000	\$ 380,000	\$ -	Land and buildings	None
Shin Kong Synthetic Fibers	150,000	600,000	150,000	-	Marketable Securities - stocks	None

December 31, 2021						
Related Parties	Ending Balance	Highest Amount	Normal Loans	Non-performing Loans	Collateral	The Different Terms with Non-related Parties
Other loans						
Shin Kong Security	\$ 430,000	\$ 8,740,000	\$ 430,000	\$ -	Land and buildings	None
Ezconn	450,000	3,817,940	450,000	-	Land and buildings	None
Global Tek Fabrication	100,000	780,000	100,000	-	-	None

Deposits

	December 31, 2022		
	Ending Balance	Interest Rate (Per Annum %)	Interest Expense
Taishin Financial Holding	\$ 20,320,940	0.00-1.22	\$ (77,495)
Oneness Biotech	4,361,930	0.01-4.93	(27,861)
Taishin Life Insurance	2,462,888	0.00-0.41	(4,471)
Taishin Securities B	2,183,608	0.00-1.44	(5,682)
TPEX	1,903,698	0.01-1.42	(7,864)
Shin Kong Mitsukoshi	1,496,388	0.00-0.41	(2,774)
An Shin Construction Manager	549,257	0.01-0.41	(1,474)
Tasco Chemical	519,691	0.00-0.41	(161)
Shin Kong Insurance	497,120	0.00-1.26	(1,765)
Shinkong Synthetic Fibers	464,146	0.00-0.41	(1,505)
Dah Chung Bills	427,213	0.00-0.41	(552)
Taishin Futures	398,492	0.16-0.41	(114)
Excel Chemical	381,240	0.01-0.41	(14)
Ezconn	346,049	0.00-4.80	(3,254)
Taishin Securities Investment Advisory	310,996	0.01-2.75	(3,066)
Mega Green Energy	267,570	0.01-1.31	(1,165)
Hung Shin	201,288	0.01-0.01	(10)
Sercomm	144,295	0.00-0.41	(241)
Taishin Securities Investment Trust	139,445	0.01-1.26	(257)
Taiwan Fieldrich	133,601	0.01-5.00	(1,191)
Taishin Venture Capital	133,004	0.01-0.41	(183)
Taishin D.A. Finance	117,800	0.00-1.14	(179)
Bora Biologics	114,979	0.01-0.50	(119)
Individual A	106,886	0.00-4.00	(432)

	December 31, 2021		
	Ending Balance	Interest Rate (Per Annum %)	Interest Expense
Taishin Securities B	\$ 10,185,299	0.00-0.81	\$ (2,443)
An Shin Construction Manager	2,239,237	0.01-0.25	(2,164)
Shin Kong Mitsukoshi	2,221,087	0.00-0.01	(178)
Taishin Life Insurance	1,638,793	0.00-0.03	(90)
Taiwan SMEG	996,961	0.00-0.79	(6,782)
Shin Kong Synthetic Fibers	638,018	0.00-0.20	(195)
CyberLink	535,165	0.01-0.50	(1,140)
Shin Kong Insurance	503,051	0.00-1.03	(1,437)
Dah Chung Bills	419,709	0.00-0.30	(1,066)
Ezconn	373,705	0.00-2.50	(471)
Tasco Chemical	334,581	0.00-0.65	(256)
Mega Green Energy	317,076	0.01-0.81	(559)
Taishin Securities Investment Advisory	280,558	0.01-0.81	(1,512)
Taishin D.A. Finance	212,238	0.00-0.76	(18)
Hung Shin	202,883	0.01-0.01	(9)
Sercomm	177,135	0.00-0.03	(17)
Excel Chemical	170,209	0.01-0.01	(9)
Taishin Financial Holding	155,574	0.00-0.01	(3)
Taishin Securities Investment Trust	132,102	0.01-0.76	(162)
Taiwan Fieldrich	120,905	0.03-0.03	(35)
Individual B	117,680	0.00-0.01	(3)
Global Tek Fabrication	113,958	0.01-0.29	(128)
Shin Kong Life Insurance	101,673	0.00-0.20	(44)

All transactions with related parties are made under arm's length terms, which are consistent with normal policies.

ii. Trading securities

December 31, 2022						
	Purchase Price (Accumulated Amount)	Sales Price (Accumulated Amount)	Repurchase Agreements		Resell agreements	
			Ending Balance	Interest Rate Range (Per Annum %)	Ending Balance	Interest Rate (Per Annum %)
MasterLink Securities	\$ 1,315,821	\$ 1,606,897	\$ -	-	\$ -	-
Taishin Financial Holding	-	-	200,000	0.17-0.81	-	-
Yuanta Bank	-	2,095,838	-	-	-	-
Nan Ya Plastics	-	-	3,547,450	0.58-0.90	-	-
TDCC	518,487	870,733	-	-	-	-

December 31, 2021						
	Purchase Price (Accumulated Amount)	Sales Price (Accumulated Amount)	Repurchase Agreements		Resell agreements	
			Ending Balance	Interest Rate Range (Per Annum %)	Ending Balance	Interest Rate (Per Annum %)
MasterLink Securities	\$ 7,680,415	\$ 5,882,094	\$ 499,853	0.20	\$ -	-
Yuanta Bank	-	5,318,943	-	-	-	-
Taishin Financial Holding	-	-	700,000	0.13-0.19	-	-
Taishin Securities B	149,482	298,906	-	-	-	-
United Microelectronics	100,000	-	-	-	-	-

All transactions with related parties are made under arm's length terms, which are consistent with normal policies.

iii. Derivatives

December 31, 2022						
Related Parties	Derivative Contracts	Period	Nominal Principal Amount	Valuation Gain (Loss)	Account	Balance
Dah Chung Bills	Interest rate swaps	2017/6/15-2022/6/20	\$ 300,000	\$ (639)	Financial assets at FVTPL	\$ -

December 31, 2021						
Related Parties	Derivative Contracts	Period	Nominal Principal Amount	Valuation Gain (Loss)	Account	Balance
Dah Chung Bills	Interest rate swaps	2016/6/29-2022/6/20	\$ 600,000	\$ (702)	Financial assets at FVTPL	\$ 639

All transactions with related parties are made under arm's length terms, which are consistent with normal policies.

iv. Other material transactions

For the Year Ended December 31					
2022			2021		
	Item	Amount		Item	Amount
CyberSoft Digital Service	Operating expenses	\$ (348,547)	Operating expenses		\$ (437,213)
Shin Kong Mitsukoshi	Service charge and operating expenses	(368,336)	Service charge and operating expenses		(337,287)
Shin Kong Mitsukoshi	Fee income	348,788	Fee income		325,598
Shin Kong Life Insurance	Commission income	57,690	Commission income		225,451
Taishin Life Insurance	Commission income	1,500,062	Commission income		548,863
Taishin Securities B	Fee Income	162,161	Fee Income		42,303

All transactions with related parties are made under arm's length terms, which are consistent with normal policies.

- v. On March 18, 2021, Taishin Bank's board of directors resolved to sell the stock transfer agency department to Taishin Securities B. On November 8, 2021, Taishin Securities B generally assumed all the assets, liabilities and operations of the stock transfer agency department with the cash payment of \$43,419 thousand by Taishin Bank. This transaction is a group reorganization under common control. The difference of \$70,000 thousand between the price paid by Taishin Bank and the carrying amount of the net assets transferred is recognized under the capital surplus. In order to comply with Article 75 of the Banking Act, Taishin Bank sold a real estate to Securities B through a resolution of the board of directors on October 14, 2021. The sale price was \$476,150 thousand. The transaction gain of \$195,808 thousand was recognized when the transaction was completed in October 2021. The transaction with the related party was made under arm's length terms, which are consistent with normal policies.
- vi. On March 17, 2022, Taishin Bank's board of directors resolved to acquire a real estate from Taishin AMC with the acquisition price of \$360,000 thousand. The transaction was completed and recognized on April 2022. The transaction with the related party was made under arm's length terms, which are consistent with normal policies.

2) Taishin Securities B

a) Liability contracts with related parties

Item	Related Parties	December 31	
		2022	2021
Cash and cash equivalents	Taishin Bank	\$ 573,212	\$ 1,254,838
Customer margin account	Taishin Bank	514,846	426,300
Other current assets - settlements and receipts under custody	Taishin Bank	628,866	7,952,194
Other current assets - pledged guarantee deposits	Taishin Bank	174	203,883
Other financial assets - current	Taishin Bank	130,000	5,792
Other non-current assets - operating guarantee deposits	Taishin Bank	325,000	335,000

All transactions with related parties are made under arm's length terms, which are consistent with normal policies.

b) Acquisition of property and equipment

Related Parties	Acquisition Amount For the Year Ended December 31	
	2022	2021
<u>Land</u>		
Taishin Bank	\$ -	\$ 413,131
<u>Buildings</u>		
Taishin Bank	-	56,289

All transactions with related parties are made under arm's length terms, which are consistent with normal policies.

c) Lease arrangements

Acquisition of right-of-use assets

Related Parties	For the Year Ended December 31	
	2022	2021
<u>Buildings</u>		
Taishin Bank	\$ 124,510	\$ -

Item	Related Parties	December 31	
		2022	2021
Lease liabilities	Taishin Bank	\$ 147,271	\$ 69,230

All transactions with related parties are made under arm's length terms, which are consistent with normal policies.

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

Item	Related Parties	December 31			
		2022		2021	
		Ending Stocks (In Thousands)	Ending Balance	Ending Stocks (In Thousands)	Ending Balance
Trading Securities - underwriting	Sercomm	1,863	\$ 186,300	-	\$ -
Trading Securities - hedging	Shin Kong Financial Holding	2,916	300,348	2,423	285,187

All transactions with related parties are made under arm's length terms, which are consistent with normal policies.

e) Trading securities

	Purchase Price (Accumulated Amount)	Sales Price (Accumulated Amount)	December 31, 2021			
			Repurchase Agreements		Resell agreements	
			Ending Balance	Interest Rate (Per Annum %)	Ending Balance	Interest Rate (Per Annum %)
MasterLink Securities	\$ 50,112	\$ 247,749	\$ -	-	\$ -	-
Taishin Bank	298,906	149,482	-	-	-	-

All transactions with related parties are made under arm's length terms, which are consistent with normal policies.

3) Taishin Life Insurance

a) Liability contracts with related parties

Item	Related Parties	December 31	
		2022	2021
Cash and cash equivalents	Taishin Bank	\$ 2,462,888	\$ 1,639,006
Payables	Taishin Bank	93,558	146,951

b) Other material transactions

Item	Related Parties	For the Year Ended December 31	
		2022	2021
Commission expenses	Taishin Bank	\$ 1,421,348	\$ 599,751

All transactions with related parties are made under arm's length terms, which are consistent with normal policies.

4) Taishin AMC

a) Credit receivable

In June 2005, Taishin AMC bought 12 accounts of credit loans from Taishin Bank for \$986,000 thousand with carrying amount of \$2,951,353 thousand. According to the contract, the receivables of \$986,000 thousand will be paid off in seven installments by October 31, 2006.

In July 2006, Taishin AMC bought non-performing loans that resulted from cash card, credit card and small consumer loans from Taishin Bank for \$546,697 thousand with carrying amount of \$9,494,153 thousand. According to the contract, June 30, 2006 was determined as the basic measurement date of this transaction, and the receivables of \$546,697 thousand will be paid off in two installments by September 15, 2006. In September 2006, Taishin AMC bought non-performing loans that consisted of cash card, credit card and small consumer loans from Taishin Bank for \$158,000 thousand with carrying amount of \$5,490,584 thousand. According to the contract, August 31, 2006 was determined as the basic measurement date of this transaction, and the receivables of \$158,000 thousand will be paid off in two installments by October 31, 2006. Also defined in the contract, 5 years from measurement date, Taishin AMC authorized Taishin Bank the rights to collect payments from debtors and will pay the 30% of loans collected as service fees and 40% of the remaining 70% of loan collected as commission. The service contracts mentioned were terminated on June 30, 2011 and August 31, 2011, respectively. From July 1, 2011 and September 1, 2011, Taishin AMC authorized Taishin Bank with the rights to collect payments from debtors and paid 32.5% of loans collected as service fees.

The transaction content summary is as follows:

Loans with transferred ownership

	For the Year Ended December 31, 2022			
	Beginning Balance	Purchased	Collected	Ending Balance
Loans with transferred ownership	\$ 14,707,924	\$ -	\$ (108,000)	\$ 14,599,924

	For the Year Ended December 31, 2021			
	Beginning Balance	Purchased	Collected	Ending Balance
Loans with transferred ownership	\$ 14,820,278	\$ -	\$ (112,354)	\$ 14,707,924

All transactions with related parties are made under arm's length terms, which are consistent with normal policies.

- b) Taishin AMC sold a real estate to Taishin Bank through a resolution by the board of directors on March 17, 2022. The sale price was \$360,000 thousand. A gain of \$135,030 thousand was recognized when the transaction was completed in April 2022. This transaction with the related party was made at arm's length, which is consistent with normal policies.

5) Taishin Venture Capital

Item	Related Parties	December 31	
		2022	2021
Cash	Taishin Bank	\$ 133,004	\$ 27,232

All transactions with related parties are made under arm's length terms, which are consistent with normal policies.

6) Taishin Securities Investment Trust

Item	Related Parties	December 31	
		2022	2021
Refundable deposits	Taishin Bank	\$ 134,979	\$ 132,102
Administrative revenue	Taishin Life Insurance	105,967	38,499
Deferred commission fee	Taishin Bank	72,291	102,343
Operating expenses	Taishin Bank	103,651	93,260

All transactions with related parties are made under arm's length terms, which are consistent with normal policies.

7) Taishin Securities Investment Advisory

Liability contracts with related parties:

Item	Related Parties	December 31	
		2022	2021
Other financial assets	Taishin Bank	\$ 277,996	\$ 271,101

All transactions with related parties are made under arm's length terms, which are consistent with normal policies.

50. PLEDGED ASSETS

The following assets were provided as collateral for overdrafts from Central Bank and other banks, derivative trading, repurchase agreements and other operating deposits:

Pledged Assets	Description	December 31	
		2022	2021
Refundable deposits	Cash and certificates of time deposits	\$ 13,390,945	\$ 10,795,939
Operating deposits and settlement funds	Cash and cash paid to stock exchange	1,645,840	1,087,152
Investments in debt instrument at FVTOCI	Bonds	390,100	618,779
Investments in debt instruments at amortized cost	Securities and bonds	18,162,221	15,019,204
Other financial assets - due from banks	Bank deposits and certificates of time deposits	15,174	1,536,073

51. CONTINGENT LIABILITIES AND COMMITMENTS

In addition to those mentioned in other notes, the Group has items as follows:

	December 31	
	2022	2021
Trust liabilities	\$ 694,770,011	\$ 531,981,960
Securities custody payable	85,891,124	68,496,716
Unpaid engineering equipment and software	821,814	963,212

As of December 31, 2022, the remaining capital commitments for the contracted private equity fund of the Group was \$166,667 thousand.

52. FINANCIAL INFORMATION BY BUSINESS SEGMENTS

The financial information by business segments for the years ended December 31, 2022 and 2021 is as follows:

Bank Business Item	For the Year Ended December 31, 2022				
	Bank Business	Securities Business	Insurance Business	Other Business	Total
Net interest income	\$ 25,046,456	\$ 378,155	\$ 4,560,852	\$ (762,905)	\$ 29,222,558
Net income other than net interest income	13,143,714	2,282,268	19,306,854	2,487,076	37,219,912
Net revenue and gains	38,190,170	2,660,423	23,867,706	1,724,171	66,442,470
Reversal of bad debts expenses and guarantee liability (provision)	(1,299,310)	964	(3,017)	(243,858)	(1,545,221)
Net changes in insurance policy reserve	-	-	(18,048,324)	-	(18,048,324)
Operating expenses	(23,366,772)	(2,167,648)	(1,922,262)	(1,742,924)	(29,199,606)
Income before income tax	13,524,088	493,739	3,894,103	(262,611)	17,649,319
Income tax (expense) benefit	(2,600,495)	(80,470)	(21,486)	(90,975)	(2,793,426)
Income after income tax	10,923,593	413,269	3,872,617	(353,586)	14,855,893

Bank Business Item	For the Year Ended December 31, 2021				
	Bank Business	Securities Business	Insurance Business	Other Business	Total
Net interest income	\$ 21,890,152	\$ 486,409	\$ 1,867,223	\$ 116,606	\$ 24,360,390
Net income other than net interest income	17,286,454	4,016,931	12,263,475	5,836,848	39,403,708
Net revenue and gains	39,176,606	4,503,340	14,130,698	5,953,454	63,764,098
Reversal of bad debts expenses and guarantee liability (provision)	(391,455)	225	456	(155,639)	(546,413)
Net changes in insurance policy reserve	-	-	(11,762,052)	-	(11,762,052)
Operating expenses	(23,254,500)	(2,599,269)	(949,900)	(1,496,463)	(28,300,132)
Income before income tax	15,530,651	1,904,296	1,419,202	4,301,352	23,155,501
Income tax (expense) benefit	(2,230,755)	(243,226)	(483,962)	101,155	(2,856,788)
Income after income tax	13,299,896	1,661,070	935,240	4,402,507	20,298,713

53. FINANCIAL STATEMENTS OF TAISHIN FINANCIAL HOLDING

TAISHIN FINANCIAL HOLDING CO., LTD.

BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

ASSETS	2022	2021	LIABILITIES AND EQUITY	2022	2021
Cash and cash equivalents	\$ 20,320,940	\$ 155,574	Financial liabilities at fair value through profit or loss (FVTPL)	\$ 175,500	\$ 1,789,122
Financial assets at fair value through other comprehensive income (FVTOCI)	18,906,868	36,769,139	Commercial papers issued, net	2,447,270	4,497,340
Securities purchased under resell agreements	200,000	700,000	Payables	800,823	563,067
Receivables, net	1,055,959	1,101,577	Current tax liabilities	1,779,651	1,874,566
Investments accounted for using equity method	204,287,506	200,040,662	Bonds payable	36,720,216	32,000,000
Property and equipment, net	1,920	2,544	Lease liabilities	19,426	24,897
Right-of-use assets, net	18,208	24,278	Total liabilities	41,942,886	40,748,992
Other assets, net	19,115	22,496	Share capital		
			Ordinary shares	119,741,476	114,093,832
			Preferred shares	11,000,000	8,000,000
			Capital surplus	38,197,778	35,921,647
			Retained earnings		
			Legal reserve	15,244,071	13,196,771
			Special reserve	8,698,118	393,716
			Unappropriated earnings	17,279,705	25,110,517
			Other equity	(7,293,518)	1,350,795
			Total equity	202,867,630	198,067,278
TOTAL	\$ 244,810,516	\$ 238,816,270	TOTAL	\$ 244,810,516	\$ 238,816,270

TAISHIN FINANCIAL HOLDING CO., LTD.
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022	2021
INCOME		
Share of profit of subsidiaries and associates accounted for using equity method	\$ 16,014,907	\$ 16,174,465
Interest income	78,789	2,835
Realized gain on financial assets at FVTOCI	545,801	770,980
Other income	1,232	5,810
Gain from bargain purchase	<u>-</u>	<u>9,227,113</u>
Total income	<u>16,640,729</u>	<u>26,181,203</u>
EXPENSES AND LOSSES		
Operating expenses	(478,463)	(577,040)
Interest expenses	(597,078)	(489,677)
Loss on financial assets and liabilities at FVTPL	(987,878)	(871,267)
Loss on disposals of investments accounted for using equity method	-	(4,258,447)
Other expenses	<u>-</u>	<u>(4,441)</u>
Total expenses and losses	<u>(2,063,419)</u>	<u>(6,200,872)</u>
INCOME BEFORE INCOME TAX	14,577,310	19,980,331
INCOME TAX (EXPENSE) BENEFIT	<u>286,542</u>	<u>331,477</u>
NET INCOME	<u>14,863,852</u>	<u>20,311,808</u>
OTHER COMPREHENSIVE INCOME (LOSS)		
Items that will not be reclassified subsequently to profit or loss		
Gain (loss) on remeasurements of defined benefit plans	1,609	(1,884)
Unrealized gain (loss) on investments in equity instruments designated as at FVTOCI	1,590,858	1,006,449
Share of other comprehensive income (loss) of associates accounted for using equity method	605,179	(380,872)
Items that will be reclassified subsequently to profit or loss		
Share of other comprehensive income (loss) of associate accounted for using equity method	<u>(8,877,100)</u>	<u>(1,115,611)</u>
OTHER COMPREHENSIVE INCOME (LOSS) FOR THE YEAR, NET OF TAX	<u>(6,679,454)</u>	<u>(491,918)</u>
TOTAL COMPREHENSIVE INCOME (LOSS)	<u>\$ 8,184,398</u>	<u>\$ 19,819,890</u>
EARNINGS PER SHARE		
Basic	<u>\$1.09</u>	<u>\$1.55</u>
Diluted	<u>\$1.09</u>	<u>\$1.55</u>

TAISHIN FINANCIAL HOLDING CO., LTD.

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(in Thousands of New Taiwan Dollars)

Equity Attributable to Owners of Parent															
	Share Capital			Capital Surplus				Retained Earnings			Exchange Differences on Translation of Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at FVTOCI	Changes in Fair Value Attributable to Credit Risk of Financial Liabilities at FVTPL	Other Comprehensive Income on Reclassification Using the Overlay Approach	Total Equity
	Ordinary Shares	Preferred Shares	Advanced Receipts for Share Capital	Additional Paid-in Capital in Excess of Par	Treasury Shares Transactions	Share-based Compensation	Others	Legal Reserve	Special Reserve	Unappropriated Earnings					
BALANCE AT JANUARY 1, 2021	\$ 109,115,662	\$ 8,000,000	\$ 11,336	\$ 33,795,808	\$ 2,075,475	\$ 54,299	\$ 3,213	\$ 11,777,396	\$ 571,970	\$ 18,831,418	\$ (933,056)	\$ 2,777,724	\$ 978	\$ -	\$ 186,062,223
Appropriation of 2020 earnings	-	-	-	-	-	-	-	1,419,375	-	(1,419,375)	-	-	-	-	-
Legal reserve	-	-	-	-	-	-	-	-	-	(6,059,361)	-	-	-	-	(6,059,361)
Cash dividends on ordinary shares	-	-	-	-	-	-	-	-	-	(1,757,500)	-	-	-	-	(1,757,500)
Cash dividends on preferred shares	-	-	-	-	-	-	-	-	-	(4,957,660)	-	-	-	-	-
Stock dividends on ordinary shares	4,957,660	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net income for the year ended December 31, 2021	-	-	-	-	-	-	-	-	-	20,311,808	-	-	-	-	20,311,808
Other comprehensive income (loss) for the year ended December 31, 2021, net of tax	-	-	-	-	-	-	-	-	-	(180,726)	770,274	(1,416,197)	(19,801)	354,532	(491,918)
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	-	-	-	-	20,131,082	770,274	(1,416,197)	(19,801)	354,532	19,819,890
Disposals of investments accounted for using equity method	-	-	-	-	-	-	-	-	(178,254)	894,746	-	(716,492)	-	-	-
Share-based payments	20,510	-	(11,336)	(5,481)	-	(1,667)	-	-	-	-	-	-	-	-	2,026
Disposals of investments in equity instruments designated as at FVTOCI	-	-	-	-	-	-	-	-	-	(552,832)	-	552,833	-	-	-
BALANCE AT DECEMBER 31, 2021	114,093,832	8,000,000	-	33,790,327	2,075,475	52,632	3,213	13,196,771	393,716	25,110,517	(182,782)	1,197,868	(18,823)	354,532	198,067,278
Appropriation of 2021 earnings	-	-	-	-	-	-	-	2,047,300	-	(2,047,300)	-	-	-	-	-
Legal reserve	-	-	-	-	-	-	-	-	-	(8,304,402)	-	-	-	-	-
Special reserve	-	-	-	-	-	-	-	-	8,304,402	(6,902,677)	-	-	-	-	(6,902,677)
Cash dividends on ordinary shares	-	-	-	-	-	-	-	-	-	(1,757,500)	-	-	-	-	(1,757,500)
Cash dividends on preferred shares	-	-	-	-	-	-	-	-	-	(5,647,644)	-	-	-	-	-
Stock dividends on ordinary shares	5,647,644	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net income for the year ended December 31, 2022	-	-	-	-	-	-	-	-	-	14,863,852	-	-	-	-	14,863,852
Other comprehensive income (loss) for the year ended December 31, 2022, net of tax	-	-	-	-	-	-	-	-	-	215,532	44,548	(3,248,831)	300,972	(3,991,675)	(6,679,454)
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	-	-	-	-	15,079,384	44,548	(3,248,831)	300,972	(3,991,675)	8,184,398
Issuance of Class F preferred shares	-	3,000,000	-	2,276,131	-	-	-	-	-	-	-	-	-	-	5,276,131
Disposals of investments in equity instruments designated as at FVTOCI	-	-	-	-	-	-	-	-	-	1,749,327	-	(1,749,327)	-	-	-
BALANCE AT DECEMBER 31, 2022	119,741,476	11,000,000	-	36,066,458	2,075,475	52,632	3,213	15,244,071	8,698,118	17,279,705	(138,234)	(3,800,290)	282,149	(3,637,143)	202,867,630

TAISHIN FINANCIAL HOLDING CO., LTD.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income before income tax	\$ 14,577,310	\$ 19,980,331
Depreciation expenses	6,961	7,687
Amortization expenses	425	500
Net loss (gain) on financial assets and liabilities at FVTPL	987,878	871,267
Net loss (gain) on financial assets and liabilities at FVTOCI	(545,801)	(770,980)
Interest expenses	597,078	489,677
Interest income	(78,789)	(2,835)
Share-based payments	2,570	18,583
Share of profit of subsidiaries and associates accounted for using equity method	(16,014,907)	(16,174,465)
(Gain) loss on disposal of property and equipment	(260)	(100)
(Gain) loss on disposal of investments accounted for using equity method	-	4,258,447
Gain from bargain purchase	-	(9,227,113)
Changes in operating assets and liabilities		
Net changes in operating assets		
(Increase) decrease in receivables	1,443,942	1,803,687
(Increase) decrease in financial assets at FVTOCI	19,425,325	-
(Increase) decrease in other assets	5,068	(5,546)
Net changes in operating liabilities		
Increase (decrease) in financial liabilities at FVTPL	(3,000,000)	-
Increase (decrease) in payables	(62,151)	(48,170)
Interest received	59,124	2,799
Dividend received	9,069,747	7,862,118
Interest paid	(503,431)	(491,912)
Income taxes refund	79,779	-
Income taxes paid	(969,474)	(1,503,095)
Net cash generated from (used in) operating activities	<u>25,080,394</u>	<u>7,070,880</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of investments accounted for using equity method	(5,000,000)	-
Proceeds from disposal of investments accounted for using equity method	-	3,116,498
Acquisition of subsidiaries	-	(5,568,519)
Acquisition of property and equipment	(267)	(1,629)
Proceeds from disposal of property and equipment	<u>260</u>	<u>100</u>
Net cash generated from (used in) investing activities	<u>(5,000,007)</u>	<u>(2,453,550)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in commercial papers payable	-	3,500,000
Decrease in commercial papers payable	(2,050,000)	-
Corporate bond issued	5,025,000	-
Payments of lease liabilities	(5,975)	(6,458)
Cash dividends distributed	(8,660,177)	(7,816,861)
Issuance of Class F preferred shares	5,276,131	-
Exercise of employee share options	-	2,026
Net cash generated from (used in) financing activities	<u>(415,021)</u>	<u>(4,321,293)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>19,665,366</u>	<u>296,037</u>
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>855,574</u>	<u>559,537</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 20,520,940</u>	<u>\$ 855,574</u>
Cash and cash equivalents in the balance sheets	\$ 20,320,940	\$ 155,574
Securities purchased under resell agreements qualifying as cash and cash equivalents under the definition of IAS 7	<u>200,000</u>	<u>700,000</u>
Cash and cash equivalents at the end of the year	<u>\$ 20,520,940</u>	<u>\$ 855,574</u>

54. PROFITABILITY OF TAISHIN FINANCIAL HOLDING (STANDALONE AND CONSOLIDATED)

The Company

Item		For the Year Ended December 31, 2022	For the Year Ended December 31, 2021
Return on total assets	Pretax	6.03%	8.68%
	After tax	6.15%	8.82%
Return on net equity	Pretax	7.27%	10.40%
	After tax	7.41%	10.58%
Profit margin		89.32%	77.58%

Note a: Return on total assets = $\frac{\text{Income before (after) tax}}{\text{Average assets}}$

Note b: Return on net equity = $\frac{\text{Income before (after) tax}}{\text{Average net equity}}$

Note c: Profit margin = $\frac{\text{Income after tax}}{\text{Total income}}$

Note d: Profitability presented above is cumulative from January 1 to December 31 of 2022 and 2021.

Note e: Return on net equity - ordinary share = $\frac{\text{Income before (after) tax}}{\text{Average net equity - ordinary share}}$

Item		For the Year Ended December 31, 2022	For the Year Ended December 31, 2021
Return on net equity - ordinary share	Pretax	8.16%	12.12%
	After tax	8.34%	12.34%

The Group

Item		For the Year Ended December 31, 2022	For the Year Ended December 31, 2021
Return on total assets	Pretax	0.67%	0.98%
	After tax	0.56%	0.86%
Return on net equity	Pretax	8.80%	12.06%
	After tax	7.41%	10.58%
Profit margin		22.36%	31.83%

Note a: Return on total assets = $\frac{\text{Income before (after) tax}}{\text{Average assets}}$

Note b: Return on net equity = $\frac{\text{Income before (after) tax}}{\text{Average net equity}}$

Note c: Profit margin = $\frac{\text{Income after tax}}{\text{Net revenue and gains}}$

Note d: Profitability presented above is cumulative from January 1 to December 31 of 2022 and 2021.

$$\text{Note e: Return on net equity - ordinary share} = \frac{\text{Income before (after) tax (of the parent company's shareholders)}}{\text{Average net equity - ordinary share}}$$

Item		For the Year Ended December 31, 2022	For the Year Ended December 31, 2021
Return on net equity - ordinary share	Pretax	10.13%	14.24%
	After tax	8.34%	12.34%

55. CONDENSED BALANCE SHEETS AND STATEMENTS OF COMPREHENSIVE INCOME AND IMPORTANT FINANCIAL NOTES OF SUBSIDIARIES

Taishin Bank

a. Balance sheets (standalone)

	December 31	
	2022	2021
Assets		
Cash and cash equivalents	\$ 28,545,325	\$ 24,415,458
Due from Central Bank and call loans to banks	112,925,890	86,817,297
Financial assets at FVTPL	106,327,208	93,937,997
Financial assets at FVTOCI	117,368,575	138,582,353
Investments in debt instruments at amortized cost	450,869,560	298,239,804
Securities purchased under resell agreements	11,788,760	9,776,840
Receivables, net	111,984,078	130,669,473
Current tax assets	124,565	-
Loans, net	1,408,561,211	1,319,913,808
Investments accounted for using equity method	2,102,399	1,889,831
Other financial assets, net	6,159,889	5,876,466
Property and equipment, net	21,560,612	17,632,881
Right-of-use assets, net	2,026,914	2,368,596
Intangible assets, net	2,701,972	2,628,082
Deferred tax assets	2,207,290	2,740,397
Other assets, net	14,108,429	11,448,341
	<u>\$ 2,399,362,677</u>	<u>\$ 2,146,937,624</u>
Liabilities		
Deposits from the Central Bank and banks	\$ 18,213,533	\$ 57,075,272
Due to the Central Bank and banks	-	3,984,460
Financial liabilities at FVTPL	47,197,553	23,322,146
Securities sold under repurchase agreements	70,555,477	72,590,202
Payables	21,724,358	20,098,972
Current tax liabilities	1,234,518	932,611
Deposits and remittances	1,940,857,131	1,694,146,062
Bank notes payable	28,000,000	34,800,000
Other financial liabilities	95,217,153	64,091,289
Provisions	1,649,999	1,870,559

(Continued)

	December 31	
	2022	2021
Lease liabilities	\$ 2,106,706	\$ 2,452,383
Deferred tax liabilities	58,364	57,887
Other liabilities	5,334,634	4,802,464
	<u>2,232,149,426</u>	<u>1,980,224,307</u>
Equity		
Share capital	90,989,818	88,857,118
Capital surplus	30,319,980	30,319,980
Retained earnings	50,448,131	47,428,303
Other equity	(4,544,678)	107,916
	<u>167,213,251</u>	<u>166,713,317</u>
	<u>\$ 2,399,362,677</u>	<u>\$ 2,146,937,624</u>
		(Concluded)

b. Statements of comprehensive income (standalone)

	For the Year Ended December 31	
	2022	2021
Interest income	\$ 40,191,601	\$ 28,451,333
Interest expense	(15,794,004)	(7,142,489)
Net interest income	24,397,597	21,308,844
Net income other than net interest income	14,711,358	17,128,475
Net revenue and gains	39,108,955	38,437,319
Bad debts expenses, commitment and guarantee liability provisions	(1,300,392)	(360,250)
Operating expenses	(23,083,041)	(22,770,455)
Income before income tax	14,725,522	15,306,614
Income tax expense	(2,549,427)	(2,181,734)
Net income	12,176,095	13,124,880
Other comprehensive income (loss)	(4,676,160)	(2,191,599)
Total comprehensive income (loss)	<u>\$ 7,499,935</u>	<u>\$ 10,933,281</u>
Basic earnings per share (dollar)	<u>\$1.34</u>	<u>\$1.44</u>
Diluted earnings per share (dollar)	<u>\$1.34</u>	<u>\$1.44</u>

c. Key financial and business highlights

1) Profitability

Item		For the Year Ended December 31, 2022	For the Year Ended December 31, 2021
Return on total assets	Pretax	0.65%	0.73%
	After tax	0.54%	0.62%
Return on net equity	Pretax	8.82%	9.31%
	After tax	7.29%	7.98%
Profit margin		31.13%	34.15%

$$\text{Note a: Return on total assets} = \frac{\text{Income before (after) tax}}{\text{Average assets}}$$

$$\text{Note b: Return on net equity} = \frac{\text{Income before (after) tax}}{\text{Average net equity}}$$

$$\text{Note c: Profit margin} = \frac{\text{Income after tax}}{\text{Net revenue and gains}}$$

Note d: Profitability presented above is cumulative from January 1 to December 31 of 2022 and 2021.

2) Asset quality

Non-performing loans and receivables

Item	December 31, 2022					December 31, 2021				
	Non-performing Loans (Note a)	Loans	Non-performing Loans Ratio (Note b)	Allowance For Loan Losses	Coverage Ratio (Note c)	Non-performing Loans (Note a)	Loans	Non-performing Loans Ratio (Note b)	Allowance For Loan Losses	Coverage Ratio (Note c)
Business Type	Secured	\$ 679,575	\$ 311,172,402	0.22%	\$ 3,497,032	\$ 248,803	\$ 289,876,648	0.09%	\$ 3,160,956	1,270.47%
	Unsecured	596,383	319,575,323	0.19%	5,267,194	445,189	321,709,825	0.14%	4,771,177	1,071.72%
	Mortgage loans (Note d)	209,341	386,700,407	0.05%	5,807,007	327,069	344,853,086	0.09%	5,177,775	1,583.08%
Consumer finance	Cash cards	8,852	309,549	2.86%	47,572	9,968	466,775	2.14%	55,493	556.71%
	Credit loans (Note e)	205,507	86,481,922	0.24%	992,864	203,646	81,317,350	0.25%	942,047	462.59%
	Secured	266,595	321,922,495	0.08%	3,521,960	337,778	298,479,975	0.11%	3,261,984	965.72%
	Unsecured	2,309	2,199,709	0.10%	24,910	1,899	1,224,615	0.16%	14,454	761.14%
Subtotal	1,968,562	1,428,361,807	0.14%	19,158,539	973.23%	1,574,352	1,337,928,274	0.12%	17,383,886	1,104.19%
Credit card	135,063	64,937,068	0.21%	641,310	474.82%	116,171	61,051,315	0.19%	544,463	468.67%
Accounts receivable factoring with no recourse (Note g)	-	35,824,274	-	1,047,380	-	-	60,306,099	-	756,088	-

Note a: Non-performing loans are in accordance with the Regulations of the Procedures for Banking Institutions to Evaluate Assets and Deal with Past Due/Non-performing Loans and Bad Debts issued by FSC.
Non-performing loans of credit cards are defined in the Letter issued by the Banking Bureau on July 6, 2005 (Ref. No. Jin-Guan-Yin (4) 0944000378).

Note b: Non-performing loans ratio = Non-performing loans ÷ Loans

Non-performing loans of credit card ratio = Non-performing loans of credit cards ÷ Accounts receivable

Note c: Coverage ratio of allowances for loan losses = Allowances for loan losses ÷ Non-performing loans

Coverage ratio of allowance for loan losses of credit card = Allowance for loan losses of credit card ÷ Non-performing loans of credit cards

Note d: Mortgage loans are for applicants to build or repair the buildings owned by the applicants, their spouses or their minor children. These applicants provide their buildings as collaterals and assign the right on mortgage to financial institutions.

Note e: Credit loans are defined in the Letter issued by the Banking Bureau on December 19, 2005 (Ref. No. Jin-Guan-Yin (4) 09440010950), excluding credit loans of credit cards and cash cards.

Note f: The others of consumer financial business are defined as secured or unsecured consumer financial business excluding mortgage loans, cash cards, credit loans and credit cards.

Note g: In accordance with the Letter issued by the Banking Bureau on August 24, 2009 (Ref. No. Jin-Guan-Yin 09850003180), accounts receivable without recourse are classified as non-performing loans if not compensated by the factor or insurance company within three months.

Exempted from report as non-performing loans and receivables

Item	December 31, 2022		December 31, 2021	
	Exempted from Report as Non-performing Loans	Exempted from Report as Non-performing Receivables	Exempted from Report as Non-performing Loans	Exempted from Report as Non-performing Receivables
Business Type				
Amounts negotiated in accordance with the agreement (Note a)	\$ 146,116	\$ 52,270	\$ 206,488	\$ 72,399
Loans executed in accordance with debt clearing and renewal regulations (Note b)	1,750,328	1,117,438	1,805,332	1,199,828
Total	1,896,444	1,169,708	2,011,820	1,272,227

Note a: Disclosed in accordance with the Letter issued by the Banking Bureau on April 25, 2006 (Ref. No. FSC (1) 09510001270).

Note b: Disclosed in accordance with the letter issued by the Banking Bureau on September 15, 2008 (Ref. No. FSC (1) 09700318940) and September 20, 2016 (Ref. No. FSC 10500134790).

3) Concentration of credit risk

Year	December 31, 2022			December 31, 2021		
Rank (Note a)	Transaction Party (Note b)	Loans (Note c)	As Proportion of Net Equity	Transaction Party (Note b)	Loans (Note c)	As Proportion of Net Equity
1	A Group (activities of other holding companies)	\$ 16,265,719	9.73%	A Group (manufacture of computers)	\$ 20,383,403	12.23%
2	B Group (other financial service, not elsewhere classified)	11,657,530	6.97%	B Group (manufacture of woven cotton-type on woolen-type fabrics)	14,914,530	8.95%
3	C Group (wireless telecommunications)	10,343,855	6.19%	D Group (ocean freight transportation forwarding services)	14,866,801	8.92%
4	D Group (other financial service, not elsewhere classified)	10,312,786	6.17%	H Group (manufacture of computers)	13,898,031	8.34%
5	E Group (real estate development)	10,280,000	6.15%	K Group (manufacture of computers)	11,690,616	7.01%
6	F Group (activities of other holding companies)	10,051,141	6.01%	F Group (activities of other holding companies)	10,395,617	6.24%
7	G Group (financial leasing industry)	10,022,477	5.99%	E Group (other financial service, not elsewhere classified)	10,205,000	6.12%
8	H Group (manufacture of computers)	9,078,641	5.43%	I Group (rolling and extruding of iron and steel)	8,278,717	4.97%
9	I Group (rolling and extruding of iron and steel)	8,691,126	5.20%	L Group (wholesale of computers, computer peripheral equipment and software)	7,776,568	4.66%
10	J Group (manufacture of computers)	7,652,057	4.58%	J Group (manufacture of computers)	7,232,834	4.34%

Note a: Sorted by the balance of loans, excluding government or state-owned business. If borrowers belong to the same business group, the aggregated credit amount of the business group is disclosed, and code and industry additionally disclosed. If the borrower is a business group, the industry with the largest risk exposures in the business group is disclosed. The industry disclosure should follow the guidelines of Directorate-General of Budget, Accounting and Statistics.

Note b: Transaction party is in accordance with Article 6 of the Supplementary Provisions of the Taiwan Stock Exchange Corporation Criteria for Review of Securities Listings.

Note c: Loans include import and export bill negotiations, bills discounted, overdrafts, short-term loans, short-term secured loans, financing receivables, medium-term loans, medium-term secured loans, long-term loans, long-term secured loans, delinquent loans, inward remittances, factoring without recourse, acceptances, and guarantees.

4) Interest rate sensitivity

Item	December 31, 2022				
	1-90 Days	91-180 Days	181 Days-1 Year	More Than 1 Year	Total
Interest-sensitive assets	1,319,311,500	43,562,070	58,851,989	207,871,928	1,629,597,487
Interest-sensitive liabilities	577,073,868	121,135,183	146,529,246	669,902,880	1,514,641,177
Interest sensitivity gap	742,237,632	(77,573,113)	(87,677,257)	(462,030,952)	114,956,310
Net equity					167,379,412
Ratio of interest-sensitive assets to liabilities					107.59%
Ratio of interest sensitivity gap to net equity					68.68%

Item	December 31, 2021				
	1-90 Days	91-180 Days	181 Days-1 Year	More Than 1 Year	Total
Interest-sensitive assets	1,222,895,220	25,522,627	72,964,735	196,788,908	1,518,171,490
Interest-sensitive liabilities	445,043,741	135,036,179	148,670,071	672,684,344	1,401,434,335
Interest sensitivity gap	777,851,479	(109,513,552)	(75,705,336)	(475,895,436)	116,737,155
Net equity					162,581,839
Ratio of interest-sensitive assets to liabilities					108.33%
Ratio of interest sensitivity gap to net equity					71.80%

Note a: The amounts listed above include amounts in N.T. dollars only (i.e., excluding foreign currency) for both head office and domestic branches, excluding contingent assets and contingent liabilities.

Note b: Interest-sensitive assets and liabilities are interest-bearing assets and interest-bearing liabilities with income or cost affected by interest rate fluctuations.

Note c: Interest sensitivity gap = Interest-sensitive assets - Interest-sensitive liabilities

Note d: Ratio of interest-sensitive assets to interest-sensitive liabilities (N.T. dollars only) = $\frac{\text{Interest-sensitive assets}}{\text{Interest-sensitive liabilities}}$

(In Thousands of U.S. Dollars)

Item	December 31, 2022				
	1-90 Days	91-180 Days	181 Days-1 Year	More Than 1 Year	Total
Interest-sensitive assets	11,562,309	2,061,731	1,875,469	4,959,343	20,458,852
Interest-sensitive liabilities	11,629,997	1,547,047	1,928,070	4,809,746	19,914,860
Interest sensitivity gap	(67,688)	514,684	(52,601)	149,597	543,992
Net equity					(79,336)
Ratio of interest-sensitive assets to liabilities					102.73%
Ratio of interest sensitivity gap to net equity					(685.68%)

(In Thousands of U.S. Dollars)

Item	December 31, 2021				
	1-90 Days	91-180 Days	181 Days-1 Year	More Than 1 Year	Total
Interest-sensitive assets	10,762,513	1,359,646	3,171,988	2,602,980	17,897,127
Interest-sensitive liabilities	8,374,919	2,219,094	1,556,611	6,172,986	18,323,610
Interest sensitivity gap	2,387,594	(859,448)	1,615,377	(3,570,006)	(426,483)
Net equity					(2,546)
Ratio of interest-sensitive assets to liabilities					97.67%
Ratio of interest sensitivity gap to net equity					16,751.10%

Note a: The amounts listed above include amounts in U.S. dollars only for domestic branches, OBU, and overseas branches, excluding contingent assets and contingent liabilities.

Note b: Interest-sensitive assets and liabilities are interest-bearing assets and interest-bearing liabilities with income or cost affected by interest rate fluctuations.

Note c: Interest sensitivity gap = Interest-sensitive assets - Interest-sensitive liabilities

Note d: Ratio of interest-sensitive assets to interest-sensitive liabilities (U.S. dollars only) = $\frac{\text{Interest-sensitive assets}}{\text{Interest-sensitive liabilities}}$

5) Maturity analysis of assets and liabilities

	Total	December 31, 2022				
		Period Remaining until Due Date and Amount Due				
		0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	More Than 1 Year
Major maturity cash inflow	2,439,482,635	632,790,587	475,390,861	214,389,191	202,779,698	914,132,298
Major maturity cash outflow	3,005,738,328	395,022,339	561,916,504	365,471,569	484,884,839	1,198,443,077
Gap	(566,255,693)	237,768,248	(86,525,643)	(151,082,378)	(282,105,141)	(284,310,779)

	Total	December 31, 2021				
		Period Remaining until Due Date and Amount Due				
		0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	More Than 1 Year
Major maturity cash inflow	2,250,684,784	666,901,590	291,361,964	203,196,887	248,882,724	840,341,619
Major maturity cash outflow	2,751,719,234	358,622,273	360,445,780	368,526,003	517,458,673	1,146,666,505
Gap	(501,034,450)	308,279,317	(69,083,816)	(165,329,116)	(268,575,949)	(306,324,886)

Note: The amounts listed above include amounts in N.T. dollars only (i.e., excluding foreign currency) for both head office and domestic branches.

(In Thousands of U.S. Dollars)

	Total	December 31, 2022				
		Period Remaining until Due Date and Amount Due				
		0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	More Than 1 Year
Major maturity cash inflow	54,153,761	15,253,307	18,651,215	7,385,123	4,407,310	8,456,806
Major maturity cash outflow	53,999,836	14,569,507	19,017,274	8,117,653	6,218,580	6,076,822
Gap	153,925	683,800	(366,059)	(732,530)	(1,811,270)	2,379,984

(In Thousands of U.S. Dollars)

	Total	December 31, 2021				
		Period Remaining until Due Date and Amount Due				
		0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	More Than 1 Year
Major maturity cash inflow	49,653,112	17,030,329	12,158,554	7,544,710	6,758,776	6,160,743
Major maturity cash outflow	49,544,019	13,439,903	13,767,350	7,768,018	7,659,432	6,909,316
Gap	109,093	3,590,426	(1,608,796)	(223,308)	(900,656)	(748,573)

Note: The amounts listed above include amounts in U.S. dollars for head office, domestic branches, and OBU.

Taishin Securities B

a. Balance sheets (standalone)

	December 31	
	2022	2021
Assets		
Current assets	\$ 39,093,803	\$ 61,587,384
Financial assets at FVTPL - non-current	77,881	84,019
Financial assets at FVTOCI - non-current	5,529,107	1,247,945
Investments accounted for using equity method	590,042	172,420
Property and equipment	758,012	789,126
Right-of-use assets	174,132	97,452
Investment properties	125,005	128,302
Intangible assets	154,506	135,978
Deferred tax assets	13,014	28,400
Other non-current assets	<u>596,424</u>	<u>566,772</u>
	<u>\$ 47,111,926</u>	<u>\$ 64,837,798</u>
Liabilities		
Current liabilities	\$ 34,141,471	\$ 51,068,675
Other non-current liabilities	<u>3,496,794</u>	<u>3,503,155</u>
	<u>37,638,265</u>	<u>54,571,830</u>
Equity		
Share capital	6,924,125	6,924,125
Capital surplus	895,825	895,825
Retained earnings	1,801,867	2,428,039
Other equity	<u>(148,156)</u>	<u>17,979</u>
	<u>9,473,661</u>	<u>10,265,968</u>
	<u>\$ 47,111,926</u>	<u>\$ 64,837,798</u>

b. Statements of comprehensive income (standalone)

	For the Year Ended December 31	
	2022	2021
Revenue	\$ 3,483,247	\$ 5,237,693
Expenses	(2,939,456)	(3,203,200)
Non-operating income and expenses	<u>57,869</u>	<u>(5,897)</u>
Income before income tax	601,660	2,028,596
Income tax expense	<u>(80,470)</u>	<u>(243,226)</u>
Net income	521,190	1,785,370
Other comprehensive income (loss)	<u>(105,915)</u>	<u>(32,053)</u>
Total comprehensive income (loss)	<u>\$ 415,275</u>	<u>\$ 1,753,317</u>
Basic earnings per share (dollar)	<u>\$0.75</u>	<u>\$2.54</u>

c. Profitability

Item		For the Year Ended December 31, 2022	For the Year Ended December 31, 2021
Return on total assets	Pretax	1.07%	3.41%
	After tax	0.93%	3.00%
Return on net equity	Pretax	6.10%	20.94%
	After tax	5.28%	18.43%
Profit margin		14.96%	34.09%

$$\text{Note a: Return on total assets} = \frac{\text{Income before (after) tax}}{\text{Average assets}}$$

$$\text{Note b: Return on net equity} = \frac{\text{Income before (after) tax}}{\text{Average net equity}}$$

$$\text{Note c: Profit margin} = \frac{\text{Income after tax}}{\text{Revenue}}$$

Note d: Profitability presented above is cumulative from January 1 to December 31 of 2022 and 2021.

Taishin Life Insurance

a. Balance sheets

	December 31	
	2022	2021
Assets		
Cash and cash equivalents	\$ 4,785,001	\$ 2,462,457
Receivables	2,643,954	2,011,974
Current tax assets	265,840	285,906
Financial assets at FVTPL	19,862,934	29,784,475
Financial assets at FVTOCI	42,813	46,698
Investments in debt instruments at amortized cost	173,757,524	142,205,411
Investments accounted for using equity method	263,555	264,197
Investment properties	1,982,084	1,019,486
Loans	7,462,397	7,223,535
Reinsurance contract assets	566,564	503,918
Property and equipment	1,941,277	1,936,045
Right-of-use assets	98,409	71,403
Intangible assets	229,514	50,121
Deferred tax assets	801,813	373,585
Other assets	1,478,626	802,412
Separate account insurance product assets	28,335,840	26,532,698
	<u>\$ 244,518,145</u>	<u>\$ 215,574,321</u>

(Continued)

	December 31	
	2022	2021
Liabilities		
Payables	\$ 903,989	\$ 1,274,025
Current tax liabilities	3,611	211,600
Financial liabilities at FVTPL	244,810	-
Lease liabilities	96,193	67,897
Insurance liabilities	198,190,731	174,029,647
Reserve for insurance contracts with the nature of financial products	1,942	2,017
Reserve for foreign exchange valuation	915,295	125,678
Provisions	190,854	304,105
Deferred tax liabilities	370,599	6,576
Other liabilities	624,261	803,147
Separate account insurance product liabilities	<u>28,335,840</u>	<u>26,532,698</u>
	<u>229,878,125</u>	<u>203,357,390</u>
Equity		
Share capital	9,378,059	4,960,583
Capital surplus	2,727,273	-
Retained earnings	6,095,478	6,821,578
Other equity	<u>(3,560,790)</u>	<u>434,770</u>
	<u>14,640,020</u>	<u>12,216,931</u>
	<u>\$ 244,518,145</u>	<u>\$ 215,574,321</u>
		(Concluded)

b. Statements of comprehensive income

	For the Year Ended December 31	
	2022	2021
Operating revenue	\$ 27,984,349	\$ 29,540,011
Operating cost	(24,616,504)	(26,289,307)
Operating expenses	<u>(2,025,528)</u>	<u>(1,879,452)</u>
Operating income	1,342,317	1,371,252
Non-operating income and expenses	<u>75,036</u>	<u>16,547</u>
Income before income tax	1,417,353	1,387,799
Income tax expense	<u>(21,486)</u>	<u>(487,404)</u>
Net income	1,395,867	900,395
Other comprehensive income (loss)	<u>(3,972,778)</u>	<u>1,727,642</u>
Total comprehensive income (loss)	<u>\$ (2,576,911)</u>	<u>\$ 2,628,037</u>
Basic earnings per share (dollar)	<u>\$1.69</u>	<u>\$1.27</u>

c. Profitability

Item		For the Year Ended December 31, 2022	For the Year Ended December 31, 2021
Return on total assets	Pretax	0.62%	0.68%
	After tax	0.61%	0.44%
Return on net equity	Pretax	10.55%	12.73%
	After tax	10.39%	8.26%
Profit margin		4.97%	3.05%

Note a: Return on total assets = $\frac{\text{Income before (after) tax}}{\text{Average assets}}$

Note b: Return on net equity = $\frac{\text{Income before (after) tax}}{\text{Average net equity}}$

Note c: Profit margin = $\frac{\text{Income after tax}}{\text{Operating income} + \text{Non-operating income}}$

Note d: Profitability presented above is cumulative from January 1 to December 31 of 2022 and 2021.

Taishin AMC

a. Balance sheets

	December 31	
	2022	2021
Assets		
Current assets	\$ 19,828	\$ 13,396
Financial assets at FVTOCI - non-current	483,656	220,674
Investments accounted for using equity method	144,039	144,860
Property and equipment	172,186	174,929
Investment properties	826,599	1,057,809
Deferred tax assets	34,416	34,416
Other non-current assets	<u>319,462</u>	<u>317,582</u>
	<u>\$ 2,000,186</u>	<u>\$ 1,963,666</u>
Liabilities		
Current liabilities	\$ 233,472	\$ 755,598
Non-current liabilities	<u>4,062</u>	<u>6,209</u>
	<u>237,534</u>	<u>761,807</u>
Equity		
Share capital	671,000	671,000
Capital surplus	4,141	4,141
Retained earnings	735,424	453,338
Other equity	<u>352,087</u>	<u>73,380</u>
	<u>1,762,652</u>	<u>1,201,859</u>
	<u>\$ 2,000,186</u>	<u>\$ 1,963,666</u>

b. Statements of comprehensive income

	For the Year Ended December 31	
	2022	2021
Operating revenue	\$ 230,302	\$ 230,898
Operating cost and expenses	(115,606)	(119,068)
Operating income	114,696	111,830
Non-operating income	149,647	42,107
Non-operating expenses	(2,193)	(3,186)
Income before income tax	262,150	150,751
Income tax expense	(33,037)	(25,828)
Net income	229,113	124,923
Other comprehensive income (loss)	445,597	35,546
Total comprehensive income (loss)	<u>\$ 674,710</u>	<u>\$ 160,469</u>
Basic earnings per share (dollar)	<u>\$3.41</u>	<u>\$1.86</u>

c. Profitability

Item		For the Year Ended December 31, 2022	For the Year Ended December 31, 2021
Return on total assets	Pretax	13.23%	7.53%
	After tax	11.56%	6.24%
Return on net equity	Pretax	17.69%	12.81%
	After tax	15.46%	10.61%
Profit margin		60.30%	45.76%

Note a: Return on total assets = $\frac{\text{Income before (after) tax}}{\text{Average assets}}$

Note b: Return on net equity = $\frac{\text{Income before (after) tax}}{\text{Average net equity}}$

Note c: Profit margin = $\frac{\text{Income after tax}}{\text{Operating income} + \text{Non-operating income}}$

Note d: Profitability presented above is cumulative from January 1 to December 31 of 2022 and 2021.

Taishin Venture Capital

a. Balance sheets

	December 31	
	2022	2021
Assets		
Current assets	\$ 649,368	\$ 460,482
Financial assets at FVTPL - non-current	6,559,490	2,676,353
Investments accounted for using equity method	2,436,940	2,511,505
Property and equipment	84	108
Right-of-use assets	5,770	7,593
Other non-current assets	<u>481</u>	<u>10,481</u>
	<u>\$ 9,652,133</u>	<u>\$ 5,666,522</u>
Liabilities		
Current liabilities	\$ 33,281	\$ 6,062
Non-current liabilities	<u>4,026</u>	<u>5,827</u>
	<u>37,307</u>	<u>11,889</u>
Equity		
Share capital	5,667,549	4,944,397
Capital surplus	871	871
Retained earnings	4,084,420	885,917
Other equity	<u>(138,014)</u>	<u>(176,552)</u>
	<u>9,614,826</u>	<u>5,654,633</u>
	<u>\$ 9,652,133</u>	<u>\$ 5,666,522</u>

b. Statements of comprehensive income

	For the Year Ended December 31	
	2022	2021
Revenue	\$ 4,020,306	\$ 822,042
Expense	<u>(32,145)</u>	<u>(18,539)</u>
Income before income tax	3,988,161	803,503
Income tax expense	<u>(66,505)</u>	<u>-</u>
Net income	3,921,656	803,503
Other comprehensive income (loss)	<u>38,538</u>	<u>14,316</u>
Total comprehensive income (loss)	<u>\$ 3,960,194</u>	<u>\$ 817,819</u>
Basic earnings per share (dollar)	<u>\$ 6.92</u>	<u>\$ 1.42</u>

c. Profitability

Item		For the Year Ended December 31, 2022	For the Year Ended December 31, 2021
Return on total assets	Pretax	52.07%	15.30%
	After tax	51.20%	15.30%
Return on net equity	Pretax	52.24%	15.32%
	After tax	51.37%	15.32%
Profit margin		97.55%	97.74%

Note a: Return on total assets = $\frac{\text{Income before (after) tax}}{\text{Average assets}}$

Note b: Return on net equity = $\frac{\text{Income before (after) tax}}{\text{Average net equity}}$

Note c: Profit margin = $\frac{\text{Income after tax}}{\text{Revenue}}$

Note d: Profitability presented above is cumulative from January 1 to December 31 of 2022 and 2021.

Taishin Securities Investment Trust

a. Balance sheets

	December 31	
	2022	2021
Assets		
Current assets	\$ 576,311	\$ 623,718
Financial assets at FVTOCI - non-current	2,846	2,444
Property and equipment	9,363	12,963
Right-of-use assets	10,766	19,979
Goodwill	410,930	410,930
Intangible assets	3,452	3,650
Deferred tax assets	8	7
Other non-current assets	285,075	327,023
	<u>\$ 1,298,751</u>	<u>\$ 1,400,714</u>
Liabilities		
Current liabilities	\$ 198,714	\$ 257,266
Other non-current liabilities	1,506	8,761
	<u>200,220</u>	<u>266,027</u>
Equity		
Share capital	831,350	831,350
Capital surplus	47,856	47,856
Retained earnings	219,479	256,037
Other equity	(154)	(556)
	<u>1,098,531</u>	<u>1,134,687</u>
	<u>\$ 1,298,751</u>	<u>\$ 1,400,714</u>

b. Statements of comprehensive income

	For the Year Ended December 31	
	2022	2021
Operating revenue	\$ 802,201	\$ 905,754
Operating expenses	(576,491)	(646,518)
Operating income	225,710	259,236
Non-operating income	1,475	7,744
Non-operating expenses	(21,079)	(289)
Income before income tax	206,106	266,691
Income tax expense	(37,572)	(42,198)
Net income	168,534	224,493
Other comprehensive income (loss)	(2,245)	401
 Total comprehensive income (loss)	 <u>\$ 166,289</u>	 <u>\$ 224,894</u>
 Basic earnings per share (dollar)	 <u>\$2.03</u>	 <u>\$2.70</u>

c. Profitability

Item		For the Year Ended December 31, 2022	For the Year Ended December 31, 2021
Return on total assets	Pretax	15.27%	21.52%
	After tax	12.49%	18.12%
Return on net equity	Pretax	18.46%	26.09%
	After tax	15.09%	21.96%
Profit margin		20.97%	24.58%

Note a: Return on total assets = $\frac{\text{Income before (after) tax}}{\text{Average assets}}$

Note b: Return on net equity = $\frac{\text{Income before (after) tax}}{\text{Average net equity}}$

Note c: Profit margin = $\frac{\text{Income after tax}}{\text{Operating income} + \text{Non-operating income}}$

Note d: Profitability presented above is cumulative from January 1 to December 31 of 2022 and 2021.

Taishin Securities Investment Advisory

a. Balance sheets

	December 31	
	2022	2021
Assets		
Current assets	\$ 355,044	\$ 341,377
Investment accounted for using equity method	-	4,109
Property and equipment	2,027	2,408
Right-of-use assets	21,573	29,188
Deferred tax assets	664	3,055
Other non-current assets	<u>6,887</u>	<u>6,887</u>
	<u>\$ 386,195</u>	<u>\$ 387,024</u>
Liabilities		
Current liabilities	\$ 36,557	\$ 33,350
Deferred tax liabilities	105	-
Other non-current liabilities	<u>17,696</u>	<u>28,012</u>
	<u>54,358</u>	<u>61,362</u>
Equity		
Share capital	300,000	300,000
Capital surplus	25,663	31,570
Retained earnings	<u>6,174</u>	<u>(5,908)</u>
	<u>331,837</u>	<u>325,662</u>
	<u>\$ 386,195</u>	<u>\$ 387,024</u>

b. Statements of comprehensive income

	For the Year Ended December 31	
	2022	2021
Operating revenue	\$ 116,547	\$ 105,515
Operating expenses	<u>(113,758)</u>	<u>(110,068)</u>
Operating income (loss)	2,789	(4,553)
Non-operating income	10,124	1,670
Non-operating expenses	<u>(5,019)</u>	<u>(3,016)</u>
Income (loss) before income tax	7,894	(5,899)
Income tax (expense) profit	<u>(2,853)</u>	<u>159</u>
Net income (loss)	5,041	(5,740)
Other comprehensive income (loss)	<u>1,133</u>	<u>(168)</u>
Total comprehensive income (loss)	<u>\$ 6,174</u>	<u>\$ (5,908)</u>
Basic earnings per share (dollar)	<u>\$0.17</u>	<u>\$(0.19)</u>

c. Profitability

Item		For the Year Ended December 31, 2022	For the Year Ended December 31, 2021
Return on total assets	Pretax	2.04%	(1.50%)
	After tax	1.30%	(1.46%)
Return on net equity	Pretax	2.40%	(1.80%)
	After tax	1.53%	(1.75%)
Profit margin		3.85%	(5.36%)

$$\text{Note a: Return on total assets} = \frac{\text{Income before (after) tax}}{\text{Average assets}}$$

$$\text{Note b: Return on net equity} = \frac{\text{Income before (after) tax}}{\text{Average net equity}}$$

$$\text{Note c: Profit margin} = \frac{\text{Income after tax}}{\text{Operating income} + \text{Non-operating income}}$$

Note d: Profitability presented above is cumulative from January 1 to December 31 of 2022 and 2021.

56. SIGNIFICANT FINANCIAL ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

Significant financial assets and liabilities denominated in foreign currencies were as follows:

Taishin Bank

(Foreign Currencies/New Taiwan Dollars in Thousands)

	December 31, 2022		
	Foreign Currencies	Exchange Rate	New Taiwan Dollars
<u>Financial assets</u>			
Monetary items			
AUD	\$ 1,749,216	20.84	\$ 36,450,505
CAD	86,592	22.67	1,963,329
RMB	7,275,104	4.41	32,099,798
EUR	272,079	32.75	8,910,550
GBP	49,654	37.06	1,840,390
HKD	5,648,099	3.94	22,258,463
JPY	86,545,153	0.23	20,126,075
SGD	295,135	22.88	6,751,968
USD	14,335,904	30.73	440,513,653
ZAR	1,165,166	1.81	2,113,276
Non-monetary items			
USD	264,474	30.73	8,126,760

(Continued)

December 31, 2022			
	Foreign Currencies	Exchange Rate	New Taiwan Dollars
<u>Financial liabilities</u>			
Monetary items			
AUD	\$ 717,424	20.84	\$ 14,949,818
CAD	56,257	22.67	1,275,535
RMB	8,219,965	4.41	36,268,787
EUR	304,271	32.75	9,964,840
GBP	36,673	37.06	1,359,264
HKD	2,994,630	3.94	11,801,467
JPY	94,171,945	0.23	21,899,686
SGD	47,020	22.88	1,075,713
USD	18,700,233	30.73	574,620,747
ZAR	3,777,986	1.81	6,852,179
Non-monetary items			
AUD	117,711	20.84	2,452,877
USD	389,411	30.73	11,965,836
<u>Derivative instruments</u>			
Financial assets			
AUD	414,697	20.84	8,641,533
CAD	46,023	22.67	1,043,503
RMB	22,214,533	4.41	98,016,740
EUR	439,138	32.75	14,381,735
JPY	29,166,378	0.23	6,782,641
USD	5,071,297	30.73	155,830,802
ZAR	3,803,190	1.81	6,897,892
Financial liabilities			
AUD	1,335,348	20.84	27,826,230
CAD	75,438	22.67	1,710,421
RMB	21,145,960	4.41	93,301,894
EUR	419,863	32.75	13,750,456
GBP	44,688	37.06	1,656,321
HKD	2,977,948	3.94	11,735,728
JPY	20,340,850	0.23	4,730,265
SGD	255,821	22.88	5,852,560
USD	990,916	30.73	30,448,870
ZAR	1,190,662	1.81	2,159,517
			(Concluded)

December 31, 2021			
	Foreign Currencies	Exchange Rate	New Taiwan Dollars
<u>Financial assets</u>			
Monetary items			
AUD	\$ 1,756,952	20.10	\$ 35,311,094
CAD	106,671	21.62	2,306,556
			(Continued)

December 31, 2021			
	Foreign Currencies	Exchange Rate	New Taiwan Dollars
RMB	\$ 7,100,539	4.35	\$ 30,860,038
EUR	306,236	31.33	9,593,011
GBP	62,827	37.29	2,343,108
HKD	5,306,350	3.55	18,837,645
JPY	72,473,996	0.24	17,425,358
SGD	192,451	20.46	3,937,627
USD	13,330,119	27.69	369,047,067
ZAR	2,522,929	1.73	4,376,244
Non-monetary items			
USD	352,412	27.69	9,756,518
<u>Financial liabilities</u>			
Monetary items			
AUD	545,505	20.10	10,963,515
CAD	62,712	21.62	1,356,021
RMB	8,313,919	4.35	36,133,572
EUR	226,670	31.33	7,100,584
GBP	25,965	37.29	968,342
HKD	3,130,668	3.55	11,113,932
JPY	54,622,905	0.24	13,133,313
SGD	23,772	20.46	486,395
USD	16,540,048	27.69	457,911,222
ZAR	3,672,956	1.73	6,371,069
Non-monetary items			
AUD	50,068	20.10	1,006,272
USD	453,900	27.69	12,566,225
<u>Derivative instruments</u>			
Financial assets			
AUD	597,931	20.10	12,017,174
CAD	415,850	21.62	8,991,916
RMB	35,457,256	4.35	154,102,697
EUR	300,891	31.33	9,425,572
JPY	11,270,843	0.24	2,709,916
USD	23,537,623	27.69	651,639,098
ZAR	1,494,029	1.73	2,591,527
Financial liabilities			
AUD	1,785,216	20.10	35,879,136
CAD	459,444	21.62	9,934,562
RMB	33,831,837	4.35	147,038,373
EUR	401,508	31.33	12,577,467
GBP	89,435	37.29	3,335,417
HKD	2,286,189	3.55	8,116,013
JPY	32,194,932	0.24	7,740,821
SGD	169,126	20.46	3,460,388
USD	20,322,045	27.69	562,615,803
ZAR	331,211	1.73	574,515
			(Concluded)

57. BUSINESS OR TRANSACTION ACTIVITIES, JOINT BUSINESS PROMOTION ACTIVITIES, INTERACTIVE USE OF INFORMATION, OR SHARING OF BUSINESS EQUIPMENT OR PREMISES WITH VARIOUS SUBSIDIARIES OF FINANCIAL HOLDING COMPANIES, AND THE METHOD OF APPORTIONING REVENUE, COSTS, EXPENSES, AND PROFITS AND LOSSES

- a. Please refer to Table 8 for the major business or transactions between Taishin Financial Holding and its subsidiaries.

- b. Joint business promotion activities

In order to provide customers with diversified and convenient financial services to meet their needs, further improve the performance of each subsidiary, and create the best synergy, Taishin Financial Holding and its subsidiaries actively use the resources of each subsidiary to integrate the marketing mechanism through financial holdings, assist each other in the cross-selling business, and fully demonstrate the advantages of complementary channels.

- c. Interactive use of information

In accordance with the “Financial Holding Company Act”, “Administrative Measures for Joint Marketing Between Subsidiaries of Financial Holding Companies”, “Personal Data Protection Act” and relevant letters and orders issued by the Financial Supervisory Commission, the Company and its subsidiaries that conduct joint marketing, and subsidiaries of mutual use have signed the “Joint Customer Information Confidentiality Agreement”, and announced “Joint Marketing Customer Information Confidentiality Measures” on its website and business offices to maintain the confidentiality of customer information or limit its use, and provide a customer exit mechanism in a legal and safe environment.

- d. Sharing of business equipment or premises

In order to provide the most suitable products and one-stop shopping services, and to conduct joint marketing business within the scope approved by laws and regulations, customers can conduct related businesses at the business offices of Taishin Bank, Taishin Securities B and Taishin Life Insurance, the Company’s subsidiaries.

- e. The method of apportioning revenue, costs, expenses, and profits and losses

In order to expand the economic scale and utilize the benefits of the Group’s resources, Taishin Financial Holding and its subsidiaries will jointly promote the business or share part of the business equipment and premises. Their income and expense allocation methods are directly attributable to the subsidiaries according to the nature of the business, or appropriately apportioned to the respective companies.

58. DISCLOSURES UNDER STATUTORY REQUIREMENTS

- a. Information to be disclosed according to Article 22 of the Regulations Governing the Preparation of Financial Reports by Financial Holding Companies is as follows:

- 1) Material transactions are summarized as follows:

No.	Item	Explanation
1	Securities of Taishin Financial Holding's investees acquired or disposed of at costs or prices of at least NT\$300 million or 10% of the paid-in capital	Table 3
2	Acquisition or disposal of individual real estate at costs of at least NT\$300 million or 10% of the paid-in capital	Table 4
3	Discounts of service charges for related parties amounting to at least \$5 million	None
4	Receivables from related parties amounting to at least NT\$300 million or 10% of the paid-in capital	Table 5
5	Sales of NPL from subsidiaries	None
6	Authorities securitized instruments and related assets which are in accordance with the Statute for Financial Assets Securitization and the Statute for Real Estate Securitization	None
7	Other transactions that may have significant impact on the decision made by the financial statement users	None

- 2) Information on Taishin Financial Holding's subsidiaries:

No.	Item	Explanation
1	Financings provided to others	Table 1 (Note)
2	Endorsements/guarantees provided	Note
3	Marketable securities held	Table 2 (Note)
4	Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 10% of the paid-in capital	Note
5	Derivative transactions of investees	Notes 9 and 48

Note: None, or not required to disclose No. 1 to 4 if the investee is a bank, insurance or security company.

- 3) Names, locations, and related information of investees: Refer to Table 6.
- 4) Information of investment in mainland China, significant commitments and contingencies, significant losses and subsequent events is summarized as follows:

No.	Item	Explanation
1	Information of investment in mainland China	Table 7
2	Significant commitments and contingencies	Note 51
3	Significant losses	None
4	Subsequent events	None

- 5) Information on major shareholders: The names, numbers of shares held, and shareholding percentages of shareholders who hold 5 or more of the Company's equity: None.

- b. The business relationship and material transactions in consolidation

According to the Guidelines Governing the Preparation of Financial Reports by Securities Issuers, a company should disclose business relationships and material transactions in consolidation. Please refer to Table 8.

59. SEGMENT INFORMATION

a. General information

The report of Taishin Financial Holding and its subsidiaries is the same as the report for internal use of policy makers. Main policy makers distribute the resources to the operation department and evaluate its efficiency. Taishin Financial Holding's main policy makers are the board of directors.

Interdepartmental transactions are normal transactions. Taishin Financial Holding consolidates all its subsidiaries, and writes off interdepartmental transaction gains and losses. The subsidiaries evaluate their own operation efficiency.

The operation departments of Taishin Financial Holding are subsidiaries of bank business, securities business, insurance business and other business, respectively. The board of directors, the main policy maker, reviews company operation result, distributes resources, and evaluates operation efficiency.

For the Year Ended December 31, 2022								
	Taishin Bank (Retail Banking Group)	Taishin Bank (Wholesale Banking Group)	Taishin Bank (Financial and Financial Market Group)	Taishin Securities B Consolidated	Taishin Life Insurance	Others	Adjustments and Eliminations	Total
Net interest income (expense)	\$ 14,353,870	\$ 10,955,579	\$ 4,464,642	\$ 383,586	\$ 4,560,852	\$ (4,224,237)	\$ (1,271,734)	\$ 29,222,558
Net income other than net interest income	9,798,750	2,123,318	1,267,825	2,484,564	17,885,718	22,004,475	(18,344,738)	37,219,912
Net revenue and gains	24,152,620	13,078,897	5,732,467	2,868,150	22,446,570	17,780,238	(19,616,472)	66,442,470
Reversal of bad debt expenses, commitments and guarantees liabilities (provision)	(466,082)	(834,634)	325	964	(3,017)	(242,777)	-	(1,545,221)
Net changes in insurance liability reserve	-	-	-	-	(18,993,389)	-	945,065	(18,048,324)
Operating expenses	(15,978,668)	(3,858,425)	(955,146)	(2,267,454)	(2,032,811)	(4,496,643)	389,541	(29,199,606)
Income (loss) before income tax	\$ 7,707,870	\$ 8,385,838	\$ 4,777,646	\$ 601,660	\$ 1,417,353	\$ 13,040,818	\$ (18,281,866)	\$ 17,649,319
Total assets	\$ 816,941,270	\$ 651,623,705	\$ 692,539,006	\$ 47,142,092	\$ 244,518,145	\$ 519,774,270	\$ (207,733,941)	\$ 2,764,804,547
For the Year Ended December 31, 2021								
	Taishin Bank (Retail Banking Group)	Taishin Bank (Wholesale Banking Group)	Taishin Bank (Financial and Financial Market Group)	Taishin Securities B Consolidated	Taishin Life Insurance	Others	Adjustments and Eliminations	Total
Net interest income (expense)	\$ 11,448,498	\$ 8,555,287	\$ 5,829,480	\$ 484,966	\$ 1,867,223	\$ (3,188,745)	\$ (636,319)	\$ 24,360,390
Net income other than net interest income	11,618,670	1,784,494	1,516,737	4,015,646	12,812,132	24,836,930	(17,180,901)	39,403,708
Net revenue and gains	23,067,168	10,339,781	7,346,217	4,500,612	14,679,355	21,648,185	(17,817,220)	63,764,098
Reversal of bad debt expenses, commitments and guarantees liabilities (provision)	347,844	(721,957)	379	225	456	(173,360)	-	(546,413)
Net changes in insurance liability reserve	-	-	-	-	(12,237,528)	-	475,476	(11,762,052)
Operating expenses	(15,642,662)	(3,554,438)	(905,561)	(2,496,229)	(990,765)	(5,113,655)	403,178	(28,300,132)
Income (loss) before income tax	\$ 7,772,350	\$ 6,063,386	\$ 6,441,035	\$ 2,004,608	\$ 1,451,518	\$ 16,361,170	\$ (16,938,566)	\$ 23,155,501
Total assets	\$ 744,650,234	\$ 655,937,511	\$ 546,432,018	\$ 64,850,034	\$ 215,574,321	\$ 471,934,519	\$ (186,818,148)	\$ 2,512,560,489

b. Financial information by region

The operating income of the Group's overseas departments is not over 10% of the Group's consolidated operating income. In addition, their assets are not over 10% of the Group's consolidated total assets either. Thus, no financial information by region is required.

c. Information of important customers

The Group does not have major customers contributing more than 10% of net revenue and gains to the Group's consolidated statements of comprehensive income.

TABLE 1

TAISHIN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

FINANCINGS PROVIDED TO OTHERS

FOR THE YEAR ENDED DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No. (Note 1)	Lender	Borrower	Financial Statement Account (Note 2)	Related Parties	Maximum Balance for the Period (Note 3)	Ending Balance (Note 8)	Amount Actually Drawn	Interest Rate (%)	Financing Type (Note 4)	Transaction Amount (Note 5)	Financing Reasons (Note 6)	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrowing Company (Note 7)	Financing Company's Financing Amount Limit (Note 7)
													Item	Value		
1	Taishin AMC	Zhuang O Xiang	Long-term receivables - advance payment	No	\$ 40,000	\$ 40,000	\$ 20,000	2.21	Business transaction	\$ 20,000	Advance payment of urban renewal	\$ -	Land and buildings	\$ 48,000	\$ 264,398	\$ 12,338,564
		Zhuang O Ming	Long-term receivables - advance payment	No	40,000	40,000	20,000	2.21	Business transaction	20,000	Advance payment of urban renewal	-	Land and buildings	48,000	264,398	12,338,564
		Xu O Zhen	Long-term receivables - advance payment	No	80,000	80,000	40,000	2.21	Business transaction	40,000	Advance payment of urban renewal	-	Land and buildings	96,000	264,398	12,338,564
		Chen O Ming	Long-term receivables - advance payment	No	80,000	80,000	40,000	2.21	Business transaction	40,000	Advance payment of urban renewal	-	Land and buildings	96,000	264,398	12,338,564

Note 1: Column is numbered as follows:

- Parent: 0.
- Subsidiaries are numbered starting from 1.

Note 2: If receivables from related companies, receivables from related parties, contracts between shareholders, advance payments, payment on behalf, etc. have financing type, they should fill into this column.

Note 3: The maximum balance of financings provided in the current year.

Note 4: The financing type column should be business transaction or short-term financing.

Note 5: If the financing type is a business transaction, the amount of business transaction should be filled. The amount of business transaction refers to the amount between the lender and the borrower in the recent year.

Note 6: If the financing type is a short-term financing, the reason for the financing and the use of the financing should be specified, such as repayment of loans, purchase of equipment, business turnover, etc.

Note 7: The accumulated balance of loans (including business dealings and short-term financing needs), shall be limited to seven times of the lending company's net worth. The lending amount limit to a same person and same affiliated entity, shall be limited 15% of the lending company's net worth based on latest financial statements.

Note 8: If public company follows the Article 14(a) of the Regulations Governing Lending of Funds and Making of Endorsements/Guarantees by Public Companies, it will resolve the allocation of funds within the board of directors. Although the amount has not been allocated, the company needs to announce the amount resolved by the board of directors, in order to bear the risk of disclosure; after the fund has been repaid, the company should disclose the balance after repayment, in order to reflect on the adjustment of risk. If the public company follows the Article 14(b) of the Regulations Governing Lending of Funds and Making of Endorsements/Guarantees by Public Companies, after the resolution of board of directors, enables the chairman, within a certain monetary limit resolved by the board of directors, and within a period not exceeding one year, to give loans in installments or to make a revolving credit line available for the borrower to draw down, the company should still use the resolution amount and limit passed in the board of directors as the publicly disclosed balance. After the fund has been partially repaid, considering that there will be more allocation in the process, the company should use the resolution amount and the limit passed in the board of directors as the publicly disclosed balance.

TABLE 2

TAISHIN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

DECEMBER 31, 2022

(In Thousands shares/units; in Thousands of New Taiwan Dollars)

Holding Company	Marketable Securities Type and Name	Relationship with the Holding Company	Financial Statement Account	December 31, 2022			Note
				Number of Shares/Units/ Face Value	Carrying Amount	Percentage of Ownership (%)	Market Value
Taishin Real Estate	<u>Stock</u> Metro Consulting Service Ltd.	Its corporate director is Taishin Real Estate	Financial assets at FVTOCI	300	\$ 2,723	6.00	\$ 2,723
	<u>Stock</u> Yuan Tai Forex Brokerage Co., Ltd. Bon-Li International Technology Co., Ltd.	Its corporate director is Taishin D.A. Finance None	Financial assets at FVTOCI "	600,000 125,000	9,760 -	5.00 1.50	9,760 -
Taishin Venture Capital	<u>Bonds</u> Government Bonds 102-6	None	Investments in debt instruments at amortized cost	6,000	6,032	-	6,002
	<u>Equity</u> Taishin Financial Leasing (China)	Investee under the equity method	Investments accounted for using the equity method Financial assets at FVTPL	70,000	2,436,940	100.00	2,436,940
	Chime Biologics Limited	None	"	2,105	27,432	0.48	27,432
	Delos Capital Fund, LP	"	"	8,068	214,579	7.63	214,579
	Delos Capital Fund II, LP	"	"	8,259	338,623	7.46	338,623
	Delos Capital Fund III, LP	"	"	1,350	24,861	8.31	24,861
	CDIB Capital Global Opportunities Fund L.P.	"	"	1,443	31,849	2.21	31,849
	Li Shen Zhi-Lian L.P.	"	"	30,000	31,200	10.59	31,200
	Arm IoT Fund, L.P.	"	"	2,520	92,141	14.70	92,141
	<u>Stock</u> Chi-Ting Venture Capital Investment Co., Ltd.	None	Financial assets at FVTPL	101	754	1.30	754
	Hwei-Yang Venture Capital Investment Co., Ltd.	"	"	42	2,329	1.54	2,329
	Century Development Corp.	Its corporate supervisor is Taishin Venture Capital	"	10,633	129,091	3.03	129,091
	Microbio Co., Ltd. Winking Entertainment Ltd.	None "	" "	1,148 190	71,433 1,774	0.22 1.21	71,433 1,774

(Continued)

Holding Company	Marketable Securities Type and Name	Relationship with the Holding Company	Financial Statement Account	December 31, 2022			Note
				Number of Shares/Units/ Face Value	Carrying Amount	Percentage of Ownership (%)	Market Value
	Diamond Biotech Investment Corp.	Its corporate director is Taishin Venture Capital	"	61,588	\$ 4,723,203	9.70	\$ 4,723,203
	StemCyt International Ltd.	None	"	500	6,650	0.35	6,650
	VM Discovery, Inc. Preferred D	"	"	95	5,967	0.38	5,967
	RevMAb Biosciences, Inc.	"	"	400	8,628	2.26	8,628
	Eden Biologics, Inc.	"	"	2,105	48,400	0.89	48,400
	OME Technology Co., Ltd.	"	"	1,457	13,479	2.30	13,479
	Shin Yao Biomedical Venture Capital Investment Co., Ltd.	Its corporate director is Taishin Venture Capital	"	35,000	389,900	10.00	389,900
	Taxven BioPharma, Inc.	None	"	807	28,316	0.23	28,316
	Great Agricultural Technology Co., Ltd.	None	Financial assets at FVTPL	578	5,590	3.33	5,590
	Contact Digital Integration Co., Ltd.	Others	"	1,300	-	7.22	-
	IX	"	"	1,942	544	3.41	544
	AMIS Technologies Co., Ltd.	"	"	17,500	33,775	7.92	33,775
	IIH Biomedical Venture Fund I Co., Ltd.	Its corporate director is Taishin Venture Capital	"	5,000	47,300	8.08	47,300
	Taiwania Capital Management Corporation	None	"	17,760	40,138	7.10	40,138
	Shenghe Energy Corporation	Its corporate supervisor is Taishin Venture Capital	"	5,000	45,100	5.00	45,100
	Jada International Development Corporation	None	"	1,946	16,991	5.68	16,991
	Guoyu Global Company Limited	Its corporate director is Taishin Venture Capital	"	300	1,179	10.00	1,179
	Jing Ying Investment Co., Ltd.	"	"	15,610	136,119	10.00	136,119
	Gogoro Inc.	None	"	1,000	97,720	0.41	97,720
	CT Ambi Investment and Consulting Inc.	Its corporate supervisor is Taishin Venture Capital	"	2,000	15,860	15.50	15,860
	Sim2 Travel Inc. Preferred A	None	"	350	-	0.88	-
	PC Home Online Investment Inc.	"	"	79	-	3.03	-
	CC Media Co., Ltd.	"	"	400	-	0.48	-
	Innosor Technology Corporation	"	"	69	-	0.81	-
	Crediddi Inc.	Investee under the equity method	Investments accounted for using the equity method	20,000	-	20.00	-
	Beneficiary certificates						
	Capital Money Market Fund	None	Financial assets at FVTPL	1,818	29,792	-	29,792
	Taishin 1699 Money Market Fund	Issued by Taishin Securities Investment Trust	"	2,078	28,605	-	28,605
	Taishin Ta-Chong Money Market Fund	"	"	694	10,008	-	10,008
	Taishin ESG Emerging Markets Bond Fund A	"	"	1,100	9,113	-	9,113
	Jih Sun Money Market Fund	None	"	2,657	40,039	-	40,039
	SinoPac TWD Money Market Fund	"	"	2,834	40,031	-	40,031
	Fubon Chi-Hsiang Money Market Fund	"	"	1,262	20,078	-	20,078
	Fubon China Money Market Fund	"	"	2,007	110,848	-	110,848
	Union Money Market Fund	"	"	1,493	20,025	-	20,025
	FSITC Taiwan Money Market	"	"	2,574	40,034	-	40,034
	Allianz Global Investors Taiwan Money Market Fund	"	"	3,142	40,008	-	40,008

(Continued)

Holding Company	Marketable Securities Type and Name	Relationship with the Holding Company	Financial Statement Account	December 31, 2022			Note
				Number of Shares/Units/ Face Value	Carrying Amount	Percentage of Ownership (%)	Market Value
Taishin AMC	Investment agreement Public Television Foundation (SEQUALU: Formosa 1867)	None	Financial assets at FV/TPL	2,000	\$ -	1.06	\$ -
	Stock Linkou Golf Country Club	None	Financial assets at FV/TOCI	-	1,992	0.30	1,992
	Dah Chung Bills	"	"	2,348	30,515	0.51	30,515
	Diamond Biotech Investment Corp.	Its corporate director is Taishin Venture Capital	"	5,025	385,397	0.79	385,397
	Diamond Biotech Investment Corp.	Its corporate director is Taishin Venture Capital	"	5,025	385,397	0.79	385,397
	Shin Yao Biomedical Venture Capital Investment Co., Ltd.	Its corporate director is Taishin Venture Capital	Financial assets at FV/TOCI	4,375	48,738	1.25	48,738
	Jing Ying Investment Co., Ltd.	"	"	1,951	17,015	1.25	17,015
	Taishin Real Estate	Investee under the equity method	Investments accounted for using the equity method	8,000	144,039	40.00	144,039
	Stock Tangeng Advanced Vehicle Co., Ltd.	None	Financial assets at FV/TPL	1,400	31,164	2.06	31,164
	Rich Healthy Fruits & Vegetable Corp. Geniron.com.inc	"	"	288	-	1.64	-
Taishin Securities Venture Capital	Le Day Multimedia Co., Ltd.	"	"	620	18,904	4.13	18,904
	Excelsior Bio-system Inc.	"	"	459	-	3.83	-
	Finatext Ltd.	"	"	263	334	0.66	334
	Kdan Mobile Software Ltd.	"	"	29	-	7.50	-
	Direct Current Co., Ltd.	"	"	150	4,427	0.90	4,427
	Credidi Inc.	"	"	233	5,220	2.07	5,220
		Investee under the equity method	Investments accounted for using the equity method	25,000	-	25.00	-
	Msscrops Co., Ltd.	None	Financial assets at FV/TPL	174	16,895	0.37	16,895
	Ecloudvalley Digital Technology Co., Ltd.	"	"	120	9,900	0.18	9,900
	Echem Solutions Corp.	"	"	105	20,242	0.13	20,242
	Fositek Corp.	"	"	100	20,444	0.17	20,444
	H. H. Galaxy Co., Ltd.	"	"	260	23,598	1.18	23,598

(Concluded)

TABLE 3

TAISHIN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

ACCUMULATED PURCHASES AND SALES OF SPECIFIC MARKETABLE SECURITIES OVER NT\$300 MILLION OR 10% OF OUTSTANDING CAPITAL

FOR THE YEAR ENDED DECEMBER 31, 2022

(In Thousands of Units; In Thousands of New Taiwan Dollars)

Buyer or Seller	Type and Name of Marketable Security	Account Recorded	Transaction Party	Issuer's Relationship to the Buyer or Seller	Beginning of the Period (Note 1)		Purchases		Sales				Others		End of the Period	
					Shares (Units)	Amount	Shares (Units)	Amount	Shares (Units)	Selling Price	Carrying Value	Disposal Gain (Loss)	Shares (Units)	Amount (Note 2)	Shares (Units)	Amount
Taishin Financial Holding	Stock Chang Hwa Bank	Financial assets at FVTOCI	Open market	-	2,162,773	\$ 36,767,138	-	\$ -	1,071,362	\$19,425,326	\$17,714,601	\$ 1,710,725	10,914	\$ 1,563,059	1,102,325	\$18,904,871

Note 1: Others is obtaining stock dividends.

Note 2: Others is unrealized valuation gain (loss) on financial assets at FVTOCI for the year ended December 31, 2022.

TABLE 4

TAISHIN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

ACQUISITION OR DISPOSAL OF INDIVIDUAL REAL ESTATE REACHING NT\$300 MILLION OR 10% OF THE PAID-IN CAPITAL OR MORE
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Buyer	Property	Event Date	Transaction Amount	Payment Status	Counterparty	Relationship	Information on Previous Title Transfer If Counterparty Is A Related Party				Pricing Reference	Purpose of Acquisition	Other Terms
							Owner	Relationship	Acquired Date	Amount			
Taishin Bank	Taishin Bank Jiaociao Branch 1st Floor and lower ground 1	March 17, 2022 (board resolution date)	\$ 360,000	Pay in full	Taishin AMC	Wholly-owned subsidiary of Taishin Financial Holding	China United Trust & Investment Corporation	Non-related party	January 19, 2010	\$ 249,241	Negotiated price based on third party appraisal reports and resolved by the board of directors.	Used for operating purposes for Taishin bank Jiaociao Branch.	Not applicable
	No. 1, Sec. 4, Renhai Rd., Daan Dist., No. 1 Buildings	November 24, 2022 (board resolution date)	3,767,000	Pay in full	MSIG Mingtai Insurance Company, Ltd	Non-related parties	-	-	-	-	Negotiated price based on third party appraisal reports and resolved by the board of directors.	Used for operating purposes for Taishin bank office.	Not applicable
Taishin Life Insurance	No. 100, Sec. 2, Minzu Rd., West Central Dist., Tainan City No. 11, Guangci St., West Central Dist., Tainan City	November 25, 2022	974,000	Pay each installment in accordance with the contract	Mercuries & Associates Holding, Ltd & Mercury Fu Bao Co, Ltd	Non-related parties	-	-	-	-	Real Estate Appraisal Report in accordance with the Insurance Act.	Real estate investment in accordance with the Insurance Act.	Not applicable

Seller	Property	Event Date	Original Acquisition Date	Carrying Amount	Transaction Amount	Collection Status	Gain (Loss) on Disposal	Counterparty	Relationship	Purpose of Disposal	Price Reference	Other Terms
Taishin AMC	Taishin Bank Jiaociao Branch 1st Floor and lower ground 1	March 17, 2022 (board resolution date)	January 19, 2010	\$ 223,984	\$ 360,000	Collect in full	\$ 135,030 (Note)	Taishin Bank	Wholly-owned subsidiary of Taishin Financial Holding	While Taishin Bank is a long-term tenant and has the demand and willingness of acquisition, AMC has selected Taishin Bank to be its business partner.	Negotiated price based on third party appraisal reports and resolved by the board of directors.	Not applicable

Note: Gains (losses) resulting from intragroup transactions that are recognized in assets are eliminated in full.

TABLE 5

TAISHIN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO NT\$300 MILLION OR 10% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amount Received in Subsequent Year	Allowance for Bad Debts	Note
					Amount	Actions Taken			
Taishin Financial Holding	Taishin Bank	Subsidiary	\$ 926,945 (Note)	-	\$ -	-	\$ -	\$ -	-

Note: Tax receivable resulted from linked-tax system, were eliminated from the consolidated financial statements.

TABLE 6

TAISHIN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTEE'S NAMES, LOCATIONS, ETC.
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Investee's Names	Unified Business No.	Investee's Location	Principal Business Activities	Ownership Interest (%) at Ending Balance	Investment Book Value	Recognized Investment Income (Loss) of Current Period	Percentage Share of the Company and Its Affiliates in Investees (Note 1)			Note
							Current Shares	Pro Forma Shares (Note 2)	Total Shares	
Financial business Taishin Bank	86519539	B1, 1F, No. 44, Jungshan N. Rd., Sec. 2, Zhongshan District, Taipei, Taiwan	Commercial bank business, trust, and bills discounting	100.00	\$ 166,898,273	\$ 12,176,763	9,098,981,853	-	9,098,981,853	Investments accounted for using equity method
Chang Hwa Bank	51811609	No. 38, Tsu Yu Rd., Sec. 2, Central District, Taichung, Taiwan	Commercial bank business, trust, and offshore banking unit	10.41	18,904,871	-	1,130,624,795	-	1,130,624,795	Financial assets at FVTOCI
Taishin Securities B	23534956	2F, No. 44, Jungshan N. Rd., Sec. 2, Zhongshan District, Taipei, Taiwan	Multiple securities and future transaction assistant	100.00	9,472,561	492,627	692,412,444	-	692,412,444	Investments accounted for using equity method
Taishin AMC	80341022	2F-3, No. 9, Dehwei St., Zhongshan District, Taipei, Taiwan	Acquisition of delinquent loans, evaluation, auction, and management	100.00	1,633,771	96,451	67,100,000	-	67,100,000	"
Taishin Securities Investment Trust	27326178	1F, No. 9-1, Dehwei St., Zhongshan District, Taipei, Taiwan	Investment trust	100.00	1,098,531	168,534	83,134,964	-	83,134,964	"
Taishin Securities Investment Advisory	23285289	16F, No. 118, Ren-Ai Rd., Sec. 4, Da'an District, Taipei, Taiwan	Investment trust, advisory, and publication	92.00	305,284	4,637	27,599,513	-	27,599,513	"
Taishin Venture Capital	80031342	18F, No. 118, Ren-Ai Rd., Sec. 4, Da'an District, Taipei, Taiwan	Investment start-up	100.00	9,614,827	3,921,656	566,754,944	-	566,754,944	"
Taishin Life Insurance	23417612	10F, No. 161, Sec. 5, Nanjing E. Rd., Songshan Dist., Taipei, Taiwan	Life insurance	100.00	15,264,259	(845,761)	937,805,946	-	937,805,946	"
Nonfinancial business Metro Consulting Service Ltd.	27974096	B1F, No. 7, Lane 48, Zhongshan N. Rd., Sec. 2, Zhongshan District, Taipei, Taiwan	Consultancy, information service and human resource dispatch	4.40	1,997	-	520,000	-	520,000	Financial assets at FVTOCI

Note 1: Shares or pro forma shares held by the Bank, directors, supervisors, president, vice president and affiliates in accordance with the Company Law have been included.

Note 2: a. Pro forma shares are shares that are assumed to be obtained through buying equity-based securities or entering into equity-linked derivative contracts.
b. Equity-based securities, such as convertible bonds and warrants, are covered by Article 11 of the "Securities and Exchange Law Enforcement Rules."
c. Derivative contracts, such as those on stock options, are those conforming to the definition of derivatives in International Accounting Standards No. 39 - "Financial Instruments."

TABLE 7

TAISHIN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

INVESTMENTS IN MAINLAND CHINA

DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars, In Thousands of Specified Foreign Currency)

Investor	Investee	Main Businesses and Products of Investee	Total Amount of Paid-in Capital of Investee (US\$ in Thousand)	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2022 (US\$ in Thousand)	Investment Flows (US\$ in Thousand)		Accumulated Outflow of Investment from Taiwan as of December 31, 2022 (US\$ in Thousand)	Investee's Net Income	Percentage of Ownership (%)	Investment Profit (Loss) Recognized in the Current Period (Note 2)	Carrying Value as of December 31, 2022	Accumulated Inward Remittance of Earnings as of December 31, 2022
						Outflow	Inflow						
Taishin Venture Capital	Taishin Financial Leasing (China)	Financial leasing	\$ 2,113,477 (US\$ 70,000)	Note 1.a.	\$ 2,117,767 (US\$ 70,000)	\$ -	\$ -	\$ 2,117,767 (US\$ 70,000)	\$ 305,594	100	\$ 305,594 (Note 2.b.1)	\$ 2,436,940	\$ 397,631

Investor	Accumulated Investment in Mainland China as of December 31, 2022 (US\$ in Thousand)	Investment Amounts Authorized by Investment Commission, MOEA (US\$ in Thousand)	Upper Limit on Investment (US\$ in Thousand)
Taishin Venture Capital	\$ 2,117,767 (US\$ 70,000)	\$ 2,117,767 (US\$ 70,000)	\$ 20,286,763

Note 1: The three methods of investments are as follows:

- Direct investment in mainland China.
- Investment in mainland China through reinvestment in an existing enterprise in a third area.
- Others.

Note 2: Recognized in profit (loss) in the current period:

- If the entity is still in the preparation stage and there is no profit (loss) yet, it should be disclosed.
- The basis of recognition of profit (loss), one of the following SIX categories, should be disclosed:
 - Financial statements have been audited (reviewed) by an international accounting firm that has a working relationship with an accounting firm in the ROC.
 - Financial statements have been audited (reviewed) by the Taiwan parent company's CPA.
 - Others.

Note 3: Taiwanese financial holding companies participate in equity investment in mainland China; the investment of related-party corporations that are directly or indirectly controlled by companies (excluding Taiwanese banks and their subsidiaries that hold more than 50% of the total issued voting shares or total capital and subsidiary bank in a third area) investing in the mainland shall not exceed 10% of the financial holding company's net worth at the time of application.

TAISHIN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

TABLE 8

BUSINESS RELATIONSHIPS AND MATERIAL TRANSACTIONS IN CONSOLIDATION FOR THE YEAR ENDED DECEMBER 31, 2022 (In Thousands of New Taiwan Dollars)

Number (Note a)	Main Party	Counterparty	Relationship (Note b)	Transactions			% of Consolidated Operating Revenues or Consolidated Total Assets (Note c)
				Account	Amount	Terms	
0	Taishin Financial Holding	Taishin Bank	1	Cash and cash equivalents	\$ 20,320,940	Under arm's length terms	0.73
0	Taishin Financial Holding	Taishin Bank	1	Securities purchased under resale agreements	200,000	Under arm's length terms	0.01
0	Taishin Financial Holding	Taishin Bank	1	Receivables, net	926,945	Under arm's length terms	0.03
1	Taishin Bank	Taishin Securities Investment Advisory	3	Deposits and remittances	310,996	Under arm's length terms	0.01
1	Taishin Bank	Taishin Securities Investment Trust	3	Deposits and remittances	139,445	Under arm's length terms	0.01
1	Taishin Bank	Taishin Securities B	3	Net service fee and commission income	162,086	Under arm's length terms	0.24
1	Taishin Bank	Taishin Securities B	3	Deposits and remittances	2,183,608	Under arm's length terms	0.08
1	Taishin Bank	Taishin D.A. Finance	4	Deposits and remittances	117,800	Under arm's length terms	0.00
1	Taishin Bank	Taishin Life Insurance	3	Deposits and remittances	2,462,888	Under arm's length terms	0.09
1	Taishin Bank	Taishin Life Insurance	3	Net service fee and commission income	1,421,348	Under arm's length terms	2.14
1	Taishin Bank	Taishin Venture Capital	3	Deposits and remittances	133,004	Under arm's length terms	0.00
1	Taishin Bank	Taishin Futures	4	Deposits and remittances	398,492	Under arm's length terms	0.01
2	Taishin Securities B	Taishin Bank	3	Right-of-use assets	196,586	Under arm's length terms	0.01
2	Taishin Securities B	Taishin Bank	3	Lease liabilities	147,271	Under arm's length terms	0.01

Note 1: Business relationships between the parent and subsidiaries are numbered as follows:

- Parent: 0
- Subsidiaries are numbered starting from 1.

Note 2: Relationship between the main party and the counterparty is numbered as follows:

- Parent to subsidiary.
- Subsidiary to parent.
- One subsidiary to another subsidiary.
- Subsidiary to second tier subsidiary.

Note 3: Percentage of consolidated operating revenues or consolidated total assets: If the account is a balance sheet account, it was calculated by dividing the ending balance into consolidated total assets; if the account is an income statement account, it was calculated by dividing the interim cumulative balance into consolidated operating revenues.

Note 4: Transaction over \$100 million.

(Concluded)

TAISHIN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

SCHEDULES OF MAJOR ACCOUNTING ITEMS FOR THE YEAR ENDED DECEMBER 31, 2022

Items	Index
Schedules of Asset, Liability and Equity	
Financial assets at FVTPL	Schedule 1
Financial assets at FVTOCI	Schedule 2
Investments in debt instruments at amortized cost	Schedule 3
Securities purchased under resale agreements	Schedule 4
Reinsurance contract assets	Schedule 5
Changes in investments accounted for using equity method	Schedule 6
Other financial assets	Note 15
Changes in investment properties	Note 16
Changes in accumulate depreciation of investment properties	Note 16
Changes in property and equipment	Note 17
Changes in accumulated depreciation of property and equipment	Note 17
Changes in right-of-use assets	Schedule 7
Changes in accumulated depreciation of right-of-use assets	Schedule 8
Securities sold under repurchase agreements	Schedule 9
Insurance liabilities	Schedule 10
Lease liabilities	Note 18
Schedules of Profit and Loss	
Net income from insurance operations	Note 36
Gain (loss) on financial assets and liabilities at FVTPL	Note 37
Foreign exchange gain (loss)	Schedule 11
Net other non-interest income (loss)	Schedule 12
Net changes in insurance liability reserve	Note 28
Operating expenses	Schedule 13
Employee benefit expenses	Schedule 14

TAISHIN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

FINANCIAL ASSETS AT FVTPL

DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars; in Thousands of Units)

Financial Instrument Items	Summary	Face Value/Unit	Cost	Fair Value
Investment in bills	Commercial papers - other banks guarantees	41,255,400	\$ 41,111,987	\$ 41,118,491
	Others (Note)	2,323,300	2,317,870	2,317,758
Domestic listed shares		633,831	13,743,710	11,565,641
Domestic OTC shares		26,300	2,683,582	2,241,433
Domestic and foreign unlisted shares		830,664	1,797,612	1,713,890
Domestic emerging shares		62,053	384,072	4,787,486
Foreign listed shares		24,745	982,536	827,204
Beneficiary certificates - fund		383,052	4,864,852	8,258,330
Government bonds		6,200,000	6,199,455	6,200,979
Bank notes payable		1,129,474	1,128,108	1,129,203
Convertible corporate bonds		8,813,700	8,863,741	8,510,825
Beneficiary bonds		6,875	211,255	208,465
Trading securities - dealing				
Corporate bonds		33	3,228,638	3,206,685
Domestic listed shares		103,550	3,314,573	3,100,651
Domestic OTC shares		9,982	615,234	608,355
Domestic emerging shares		11,201	704,170	668,638
Convertible corporate bonds		1,948	219,091	211,575
Domestic listed funds		151,166	2,032,555	2,050,239
Domestic OTC funds		30,480	1,000,480	981,759
Foreign bonds		301	28,050	30,523
Others (Note)		167	7,274	6,853
Trading securities - underwriting				
Domestic OTC shares		591	18,046	17,151
Convertible corporate bonds		11,243	1,170,399	1,219,955
Trading securities - hedging				
Domestic listed shares		408	111,991	109,719
Domestic OTC shares		16	2,018	1,820
Domestic listed warrants		16,091	13,357	11,813
Domestic OTC warrants		1,082	1,979	1,926
Convertible corporate bonds		63,079	7,355,282	6,770,795
Derivative financial instrument	Cross-currency swaps	-	-	25,969,631
	Interest rate swaps	-	136,916	17,507,686
	Others (Note)	-	916,657	2,420,426
Investment agreement		2,000	2,000	-
			<u>\$ 105,167,490</u>	<u>\$ 153,775,905</u>

Note: The amount of each item in others does not exceed 5% of the account balance.

SCHEDULE 2**TAISHIN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES****FINANCIAL ASSETS AT FVTOCI****DECEMBER 31, 2022****(In Thousands of New Taiwan Dollars; in Thousands of Units)**

Items	Summary	Face Value/Units	Cost	Accumulated Impairment	Fair Value	Note
Investment in bills		1,830,205	\$ 1,820,207	\$ -	\$ 1,819,411	
Government bonds		41,458,748	43,308,067	-	41,470,998	
Corporate bonds		39,478,833	39,698,855	(18,416)	37,259,066	
Bank notes payable		38,512,106	38,723,889	(10,511)	37,243,009	
Domestic and overseas shares	Chang Hwa Bank	1,130,474	18,506,928	-	19,387,631	
	Others (Note)	2,521,186	3,022,092	-	4,026,039	
Beneficiary securities		1,329,558	1,384,347	-	1,140,195	
			<u>\$ 146,464,385</u>	<u>\$ (28,927)</u>	<u>\$ 142,346,349</u>	

Note: The amount of each item in others does not exceed 5% of the account balance.

SCHEDULE 3**TAISHIN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES****INVESTMENTS IN DEBT INSTRUMENTS AT AMORTIZED COST****DECEMBER 31, 2022****(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Items	Summary	Amount	Interest Rate (%)	Unamortized Premium (Discount)	Allowance for Impairment	Book Value	Note
Corporate bonds		\$ 108,105,497		\$ 8,591,205	\$ (35,245)	\$ 116,661,457	
Bank notes payable		65,807,970		289,997	(18,127)	66,079,840	
Government bonds		171,331,232		13,481,202	(1,248)	184,811,186	
Investment in bills		266,002,880		(68,074)	(762)	265,934,044	
Beneficiary securities		10,376,997		145,483	-	10,522,480	
Less: Security deposits		(1,500,195)		-	-	(1,500,195)	
		<u>\$ 620,124,381</u>		<u>\$ 22,439,813</u>	<u>\$ (55,382)</u>	<u>\$ 642,508,812</u>	

TAISHIN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

SECURITIES PURCHASED UNDER RESALE AGREEMENTS

DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars)

Items	Face Value	Amount
Government bonds		
T 2.625 12/31/23	\$ 921,840	\$ 880,818
T 0.75 04/30/26	2,458,240	2,137,874
CGBs 94-3	900,000	892,000
109 CGBs 9	2,159,000	1,900,000
Other (Note)	3,567,484	3,421,044
Corporate bonds	2,058,776	1,839,827
Bank notes payable		
CABEI Float 06/17/25	983,296	940,437
Others (Note)	1,751,496	1,596,024
Negotiable certificate of deposit	<u>-</u>	<u>299,212</u>
	<u>\$ 14,800,132</u>	<u>\$ 13,907,236</u>

Note: The amount of each item in others does not exceed 5% of the account balance.

TAISHIN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

REINSURANCE CONTRACT ASSETS

DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars)

Item	Amount
1. Claims recoverable from reinsurers	
Accident insurance	\$ 34,903
Less: Loss allowance	<u>-</u>
	<u>\$ 34,903</u>
2. Due from reinsurers and ceding companies	
Central Reinsurance Corporation	\$ 94,746
Reinsurance Group of America	51,753
General Reinsurance AG	20,852
The Toa Reinsurance Company, Ltd.	<u>38,164</u>
	205,515
Less: Loss allowance	<u>-</u>
	<u>\$ 205,515</u>
3. Reinsurance reserve assets	
Ceded unearned premium reserve	\$ 278,777
Ceded loss reserve	<u>47,369</u>
	326,146
Less: Loss allowance	<u>-</u>
	<u>\$ 326,146</u>

TAISHIN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

CHANGES IN INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars and Shares/Units, Unless Stated Otherwise)

Name	Beginning Balance		Increase		Decrease		Ending Balance		Market Price or Equity	
	Shares	Amounts	Shares	Amounts	Shares	Amounts	Shares	Ownership Interest (%)	Amounts	Unit Price Total
Unlisted shares										
An Hsin Construction Manager	4,500	\$ 79,580	-	\$ 9,044	-	\$ (10,854)	4,500	30.00	\$ 77,770	17.37 \$ 77,770
CT Ambu Investment and Consulting Inc.	1,000	7,370	1,000	10,000	(2,000)	(17,370)	-	-	-	-
Xin Sheng Feng Investment Co., Ltd.	21,136	264,197	-	-	-	(642)	21,136	25.00	263,555	12.47 263,555
		<u>\$ 351,147</u>		<u>\$ 19,044</u>		<u>\$ (28,866)</u>			<u>\$ 341,325</u>	<u>\$ 341,325</u>

Note: On April 25, 2022, due to the loss of significant influence on CT Ambu Investment and Consulting Inc., the investment was changed to financial assets at FVTOCI.

SCHEDULE 7**TAISHIN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**
CHANGES IN RIGHT-OF-USE ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

	Beginning Balance	Increase	Decrease	Others	Ending Balance	Note
Buildings	\$ 4,366,816	\$ 561,689	\$ (368,819)	\$ 1,238	\$ 4,560,924	
Office equipment	79,197	7,333	(69,009)	(436)	17,085	
Transportation equipment	<u>50,995</u>	<u>12,500</u>	<u>(18,535)</u>	<u>773</u>	<u>45,733</u>	
	<u>\$ 4,497,008</u>	<u>\$ 581,522</u>	<u>\$ (456,363)</u>	<u>\$ 1,575</u>	<u>\$ 4,623,742</u>	

SCHEDULE 8**TAISHIN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**
CHANGES IN ACCUMULATED DEPRECIATION OF RIGHT-OF-USE ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

	Beginning Balance	Increase	Decrease	Others	Ending Balance	Note
Buildings	\$ 1,843,604	\$ 827,195	\$ (358,464)	\$ 613	\$ 2,312,948	
Office equipment	60,305	13,863	(69,009)	(1,874)	3,285	
Transportation equipment	<u>19,638</u>	<u>21,593</u>	<u>(16,029)</u>	<u>301</u>	<u>25,503</u>	
	<u>\$ 1,923,547</u>	<u>\$ 862,651</u>	<u>\$ (443,502)</u>	<u>\$ (960)</u>	<u>\$ 2,341,736</u>	

TAISHIN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

SECURITIES SOLD UNDER REPURCHASE AGREEMENTS

DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars)

Items	Face Value	Amount
Corporate bonds	\$ 15,505,281	\$ 16,014,880
Convertible corporate bonds	6,146,700	6,151,950
Commercial papers		
Invoicing - Nan Ya Plastics Corporation	3,555,500	3,547,450
Invoicing - Formosa Plastics Group	3,535,200	3,531,140
Invoicing - TWSE	3,528,000	3,514,142
Invoicing - Yuanta Securities	3,150,000	3,143,771
Invoicing - HSBC Bank (Taiwan)	2,370,000	2,365,088
Invoicing - FPCC	1,846,100	1,840,800
Others (Note)	16,443,400	16,413,779
Government bonds	20,385,081	20,953,090
Bank notes payable	<u>3,839,745</u>	<u>7,086,492</u>
	<u>\$ 80,305,007</u>	<u>\$ 84,562,582</u>

Note: The amount of each item in others does not exceed 5% of the account balance.

SCHEDULE 10**TAISHIN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES****INSURANCE LIABILITIES****DECEMBER 31, 2022****(In Thousands of New Taiwan Dollars)**

Items	Beginning Balance	Net Changes in the Current Period	Other Changes	Ending Balance
Unearned premium reserve				
Total	\$ 15,507	\$ 12,338	\$ 84	\$ 27,929
Life insurance	99,778	(3,317)	-	96,461
Health insurance	907,823	55,772	-	963,595
Injury insurance	23,123	2,359	-	25,482
Investment-linked insurance	1,046,231	67,152	84	1,113,467
Ceded				
Life insurance	134,959	(19,644)	2,759	118,074
Injury insurance	16,254	(1,068)	-	15,186
Health insurance	104,407	8,318	24	112,749
Investment - linked insurance	-	32,768	-	32,768
	255,620	20,374	2,783	278,777
	<u>\$ 790,611</u>	<u>\$ 46,778</u>	<u>\$ (2,699)</u>	<u>\$ 834,690</u>
Loss reserve				
Total	\$ 851,539	\$ 17,063	\$ 1,990	\$ 870,592
Life insurance	9,320	3,925	-	13,245
Health insurance	400,884	128,792	-	529,676
Injury insurance	1,000	(18)	-	982
Investment-linked insurance	1,262,743	149,762	1,990	1,414,495
Ceded				
Life insurance	115	1,664	9	1,788
Injury insurance	3,953	(3,929)	-	24
Health insurance	28,414	17,143	-	45,557
	32,482	14,878	9	47,369
	<u>\$ 1,230,261</u>	<u>\$ 134,884</u>	<u>\$ 1,981</u>	<u>\$ 1,367,126</u>

(Continued)

Items	Beginning Balance	Net Changes in the Current Period	Other Changes	Ending Balance
Policy reserve				
Total				
Life insurance	\$ 149,199,989	\$ 16,590,810	\$ 5,090,752	\$ 170,881,551
Health insurance	20,460,106	2,196,776	3,579	22,660,461
Annuity insurance	30,120	649	-	30,769
Investment-linked insurance	1,576,192	(31,245)	4,941	1,549,888
Transferred-in unwritten-off balance of 3% decrease in business tax	158,276	-	-	158,276
Transferred-in recovery of catastrophe reserve	5,021	-	-	5,021
	<u>171,429,704</u>	<u>18,756,990</u>	<u>5,099,272</u>	<u>195,285,966</u>
Ceded	-	-	-	-
Reserve for life insurance - pending payments to insured	<u>16,082</u>	-	<u>290</u>	<u>16,372</u>
	<u>\$ 171,445,786</u>	<u>\$ 18,756,990</u>	<u>\$ 5,099,562</u>	<u>\$ 195,302,338</u>
Premium deficiency reserve				
Total				
Individual life insurance	\$ 261,944	\$ 58,849	\$ 30,555	\$ 351,348
Individual health insurance	12,098	(3,356)	177	8,919
Investment-linked insurance	845	(681)	-	164
	<u>274,887</u>	<u>54,812</u>	<u>30,732</u>	<u>360,431</u>
Ceded	-	-	-	-
	<u>\$ 274,887</u>	<u>\$ 54,812</u>	<u>\$ 30,732</u>	<u>\$ 360,431</u>
Reserve for insurance contracts with the nature of financial products				
Investment-linked insurance	<u>\$ 2,017</u>	<u>\$ (75)</u>	<u>-</u>	<u>\$ 1,942</u>
Reserve for foreign exchange valuation	<u>\$ 125,678</u>	<u>\$ 789,617</u>	<u>-</u>	<u>\$ 915,295</u>
Other reserves	<u>\$ 24,362,660</u>	<u>\$ (945,065)</u>	<u>-</u>	<u>\$ 23,417,595</u>

(Concluded)

SCHEDULE 11**TAISHIN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES****FOREIGN EXCHANGE GAIN (LOSS)
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)**

Items	Amount
Spot	\$ 10,969,924
Forward	(10,145,407)
Self-owned capital	386,222
Debt instruments	7,927,369
Insurance liabilities	(5,128,612)
Others (Note)	<u>(23,161)</u>
	<u>\$ 3,986,335</u>

Note: The amount of each item in others does not exceed 5% of the account balance.

SCHEDULE 12**TAISHIN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES****NET OTHER NON-INTEREST INCOME (LOSS)
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)**

Items	Amount
Revenue excluding interest	
Loans management revenue	\$ 204,576
Leasing revenue	168,074
Other revenue (Note)	<u>569,004</u>
	<u>941,654</u>
Expense excluding interest	
Loans manage cost	(26,242)
Expenses of call (put) warrants issued	(10,139)
Reparation loss	(46,830)
Net change in reserve for foreign exchange valuation	(789,617)
Other expenses (Note)	<u>(172,463)</u>
	<u>(1,045,291)</u>
	<u>\$ (103,637)</u>

Note: The amount of each item in others does not exceed 5% of the account balance.

TAISHIN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

**OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)**

Items	Amount
Employee benefits expenses	\$ 16,143,154
Depreciation	2,142,060
Amortization	486,053
Leases	219,219
Stationeries	135,585
Postage and remittance fee	907,563
Advertisement fee	1,719,978
Insurance (group insurance, labor and national health insurance were excluded)	518,619
Tax and levies	2,326,999
Allowance for entertainment	102,668
Donation	98,681
Labor service fee	1,296,894
Freight	48,366
Others (Note)	<u>3,053,767</u>
	<u>\$ 29,199,606</u>

Note: The amount of each item in others does not exceed 5% of the account balance.

TAISHIN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

**EMPLOYEE BENEFITS EXPENSE
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)**

	Employee Benefits Expense	Other General and Administrative Expenses	Total
Salaries and wages	\$ 13,594,800	\$ -	\$ 13,594,800
Labor and national health insurance	1,112,625	-	1,112,625
Post-employment benefits	584,807	-	584,807
Share-based payments	19,373	-	19,373
Remuneration of directors	155,008	1,892	156,900
Others	<u>676,541</u>	<u>-</u>	<u>676,541</u>
	<u>\$ 16,143,154</u>	<u>\$ 1,892</u>	<u>\$ 16,145,046</u>

Note 1: For the years ended December 31, 2022 and 2021, the numbers of employees of the Group were 10,945 and 10,276, respectively, including 25 and 23 non-employee directors, respectively.

Note 2: The average employee benefits expenses for the years ended December 31, 2022 and 2021 were \$1,464 thousand and \$1,565 thousand per employee, respectively.

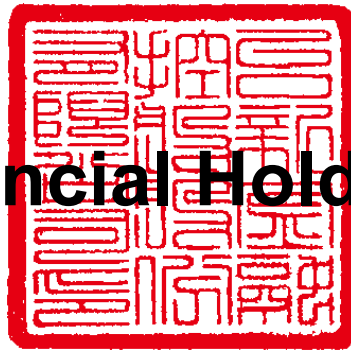
Note 3: The average salaries and wages for the years ended December 31, 2022 and 2021 were \$1,245 thousand and \$1,333 thousand per employee, respectively. The average employee salaries and wages were adjusted by (6.60%).

Note 4: Supervisor's remuneration for the years ended December 31, 2022 and 2021 were \$0 thousand and \$11,088 thousand, respectively.

Note 5: The Group's compensation policy is as follows:

- a. Directors' remuneration of Taishin Financial Holding and its subsidiaries is based on level of participation, contribution value, peer average, and manager compensation; Directors' performance include company performance, personal performance and participation, then the payment of remuneration should be approved by the board of directors.
- b. For managers and employees, compensation is based on their job duty, company and personal performance. Taishin Financial Holding and its subsidiaries assess peer average and future risk in order to provide competitive compensation.

Taishin Financial Holding Co., Ltd.



Chairman

Thomas Wu



No.118, Sec.4, Ren-ai Rd., Da-an Dist., Taipei City 106, Taiwan R.O.C.
Tel: 886-2-2326-8888
<https://www.taishinholdings.com.tw>



This annual report is printed on environmentally friendly paper.