Taishin Financial Holding Co., Ltd. and Subsidiaries

Consolidated Financial Statements for the
Six Months Ended June 30, 2023 and 2022 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 June 30, 2023, December 31, 2022 and June 30, 2022, the consolidated statements of comprehensive income for the three months ended June 30, 2023 and 2022 and for the six months ended June 30, 2023 and 2022, the consolidated statements of changes in equity and cash flows for the six months ended June 30, 2023 and 2022, 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 June 30, 2023, December 31, 2022 and June 30, 2022, its consolidated financial performance for the three months ended June 30, 2023 and 2022 and for the six months ended June 30, 2023 and 2022, and its consolidated cash flows for the six months ended June 30, 2023 and 2022 in accordance with the Regulations Governing the Preparation of Financial Reports by Financial Holding Companies, Regulations Governing the Preparation of Financial Reports by Public Banks, Regulations Governing the Preparation of Financial Reports by Securities Firms, Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants, Regulations Governing the Preparation of Financial Reports by Securities Issuers, Regulations Governing the Preparation of Financial Reports by Insurance Enterprises, and International Accounting Standard 34 "Interim Financial Reporting" 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 of the Group for the six months ended June 30, 2023. 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 six months ended June 30, 2023:

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 50% of the Group's total assets as of June 30, 2023. 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 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 of and testing the design and operating effectiveness of controls and procedures for identifying loans and advances exposed to impairment and ensuring that provisions against those assets were made. We identified loans and checked public information to see whether the borrowers were possibly problematic companies or had already been included in the companies under evaluation for lifetime expected credit losses (ECLs). We evaluated the main assumptions and parameters used in the Group's impairment assessment model of ECLs, confirmed that they are in compliance 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 ROC, 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 details on the related information, accounting policies, accounting estimates 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, we identified the reserves for life insurance liability and for the liability adequacy test as key audit matters.

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, 2023.

    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 a ratio analysis to determine the reasonableness of the reserve for life insurance liability and to estimate the overall recognized amount of the 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 the discount rate for future years based 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 evaluating 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, Regulations Governing the Preparation of Financial Reports by Public Banks, Regulations Governing the Preparation of Financial Reports by Securities Firms, Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants, Regulations Governing the Preparation of Financial Reports by Securities Issuers, Regulations Governing the Preparation of Financial Reports by Insurance Enterprises, and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the FSC 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 the 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 six months ended June 30, 2023 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

August 25, 2023

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

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the 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
(In Thousands of New Taiwan Dollars)

	June 30, 2023		December 31, 2022		June 30, 2022	
ASSETS	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
Cash and cash equivalents (Note 7)	$ 31,764,521	1	$ 31,549,218	1	$ 26,905,832	1
Due from the Central Bank and call loans to banks (Note 8)	105,305,891	4	112,925,890	4	76,722,214	3
Financial assets at fair value through profit or loss (FVTPL) (Note 9)	188,308,409	6	153,775,905	6	158,305,803	6
Financial assets at fair value through other comprehensive income (FVTOCI) (Note 10)	138,935,799	5	142,346,349	5	166,530,881	6
Investments in debt instruments at amortized cost (Note 11)	736,686,638	25	642,508,812	23	537,916,328	21
Securities purchased under resell agreements	10,113,544	-	13,907,236	1	9,308,541	1
Receivables, net (Notes 12 and 13)	177,470,199	6	153,714,625	6	165,907,526	6
Current tax assets	-	-	119,036	-	142,978	-
Loans, net (Notes 6 and 13)	1,482,214,178	50	1,416,015,097	51	1,392,216,100	53
Reinsurance contract assets, net	497,170	-	566,564	-	424,516	-
Investments accounted for using equity method (Note 14)	494,129	-	341,325	-	339,374	-
Other financial assets, net (Notes 12, 13, 15 and 31)	39,500,391	1	36,393,161	1	33,918,738	1
Investment properties, net (Note 16)	3,798,077	-	3,811,280	-	2,850,263	-
Property and equipment, net (Note 17)	25,830,960	1	26,025,852	1	22,257,627	1
Right-of-use assets, net (Note 18)	2,453,347	-	2,282,006	-	2,438,809	-
Intangible assets, net (Note 19)	3,598,352	-	3,530,907	-	3,283,959	-
Deferred tax assets	7,507,061	-	8,025,525	-	7,808,707	-
Other assets, net (Note 20)	18,261,190	1	16,965,759	1	26,417,751	1
TOTAL	$ 2,972,739,856	100	$ 2,764,804,547	100	$ 2,633,695,947	100
LIABILITIES AND EQUITY						
Deposits from the Central Bank and banks (Note 21)	$ 30,140,467	1	$ 18,213,533	1	$ 37,718,529	2
Due to the Central Bank and banks	-	-	-	-	891,840	-
Financial liabilities at fair value through profit or loss (FVTPL) (Note 9)	55,191,382	2	54,334,795	2	63,694,656	2
Securities sold under repurchase agreements	83,031,677	3	84,562,582	3	84,789,543	3
Commercial papers issued, net (Note 22)	23,082,120	1	16,054,562	1	19,267,958	1
Payables (Note 23)	48,027,865	2	30,774,802	1	49,830,214	2
Current tax liabilities	2,838,659	-	2,221,109	-	2,059,463	-
Deposits and remittances (Note 24)	2,056,771,059	69	1,914,666,125	69	1,761,742,784	67
Bonds payable (Note 25)	68,081,898	2	68,020,216	3	74,759,587	3
Other borrowings (Note 26)	11,057,834	-	12,265,346	-	11,867,764	1
Provisions (Notes 5, 27 and 28)	234,812,687	8	224,439,809	8	214,714,468	8
Other financial liabilities (Notes 29 and 31)	140,623,101	5	125,615,854	5	113,227,569	4
Lease liabilities (Note 18)	2,534,414	-	2,360,330	-	2,540,434	-
Deferred tax liabilities	1,500,480	-	1,400,365	-	1,447,783	-
Other liabilities (Note 30)	6,390,012	-	6,981,307	-	8,892,734	-
Total liabilities	2,764,083,655	93	2,561,910,735	93	2,447,445,326	93
EQUITY ATTRIBUTABLE TO OWNERS OF PARENT (Note 33)						
Share capital						
Ordinary shares	119,741,476	4	119,741,476	4	114,093,832	5
Preferred shares	11,000,000	1	11,000,000	1	8,000,000	-
Stock dividend to be distributed	5,029,142	-	-	-	5,647,644	-
Capital surplus	38,197,778	1	38,197,778	1	35,921,647	1
Retained earnings						
Legal reserve	16,926,942	1	15,244,071	-	15,244,071	1
Special reserve	10,920,515	-	8,698,118	-	8,698,118	-
Unappropriated earnings	9,765,376	-	17,279,705	1	4,985,255	-
Other equity	(2,952,496)	-	(7,293,518)	-	(6,367,843)	-
Equity attributable to owners of parent	208,628,733	7	202,867,630	7	186,222,724	7
NON-CONTROLLING INTERESTS	27,468	-	26,182	-	27,897	-
Total equity	208,656,201	7	202,893,812	7	186,250,621	7
TOTAL	$ 2,972,739,856	100	$ 2,764,804,547	100	$ 2,633,695,947	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
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2023		2022		2023		2022	
	Amount	%	Amount	%	Amount	%	Amount	%
INTEREST INCOME (Note 34)	$ 18,442,459	105	$ 10,078,794	70	$ 35,165,363	96	$ 18,851,396	61
INTEREST EXPENSES (Note 34)	(10,895,348)	(62)	(2,999,547)	(21)	(20,284,915)	(55)	(5,054,021)	(16)
NET INTEREST INCOME (Note 34)	7,547,111	43	7,079,247	49	14,880,448	41	13,797,375	45
NET INCOME OTHER THAN NET INTEREST INCOME								
Net service fee and commission income (Note 35)	2,611,674	15	2,883,504	20	5,125,950	14	6,403,932	21
Net income from insurance operations (Note 36)	4,015,445	23	3,318,118	23	9,510,501	26	9,500,277	30
Gain (loss) on financial assets and liabilities at FVTPL (Note 37)	1,862,907	11	(2,256,856)	(15)	7,124,956	19	(3,038,206)	(10)
Realized gain (loss) on financial assets at FVTOCI (Note 38)	77,024	-	(152,328)	(1)	99,102	-	(363,454)	(1)
Gain (loss) on derecognition of financial assets at amortized cost (Note 11)	476	-	1,282	-	779	-	(619,576)	(2)
Foreign exchange gain (loss)	2,241,102	13	459,779	3	2,305,084	6	1,276,809	4
(Impairment loss on assets) reversal of impairment loss on assets (Notes 10, 11 and 20)	(5,430)	-	(781)	-	(11,027)	-	(13,371)	-
Share of profit (loss) of associates accounted for using equity method (Note 14)	685	-	2,945	-	607	-	6,634	-
Gain (loss) on reclassification using the overlay approach (Note 9)	(1,030,034)	(6)	3,146,165	22	(2,715,907)	(7)	4,292,684	14
Net other non-interest income								
Net other miscellaneous income	193,661	1	(115,284)	(1)	416,781	1	(266,272)	(1)
Net income other than net interest income	9,967,510	57	7,286,544	51	21,856,826	59	17,179,457	55
NET REVENUE AND GAINS	17,514,621	100	14,365,791	100	36,737,274	100	30,976,832	100
BAD DEBT EXPENSES, COMMITMENTS AND GUARANTEES LIABILITIES PROVISION (Notes 12, 13, and 27)	(568,147)	(3)	(289,713)	(2)	(811,947)	(2)	(846,496)	(3)
NET CHANGES IN INSURANCE LIABILITY RESERVE (Note 28)	(4,156,029)	(24)	(3,767,640)	(26)	(9,430,927)	(26)	(9,828,167)	(31)

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TAISHIN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2023		2022		2023		2022	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING EXPENSES								
Employee benefits expenses (Note 39)	$ (4,572,429)	(26)	$ (4,014,141)	(28)	$ (8,955,003)	(24)	$ (7,955,776)	(26)
Depreciation and amortization expenses (Note 40)	(684,217)	(4)	(635,321)	(5)	(1,339,278)	(4)	(1,270,475)	(4)
Other general and administrative expenses	(2,825,803)	(16)	(2,480,807)	(17)	(5,537,193)	(15)	(4,962,944)	(16)
Total operating expenses	(8,082,449)	(46)	(7,130,269)	(50)	(15,831,474)	(43)	(14,189,195)	(46)
INCOME BEFORE INCOME TAX	4,707,996	27	3,178,169	22	10,662,926	29	6,112,974	20
INCOME TAX EXPENSE (Note 41)	(887,726)	(5)	(848,748)	(6)	(1,778,239)	(5)	(1,642,408)	(5)
NET INCOME	3,820,270	22	2,329,421	16	8,884,687	24	4,470,566	15
OTHER COMPREHENSIVE INCOME (LOSS)								
Items that will not be reclassified subsequently to profit or loss								
Changes in the fair value attributable to changes in the credit risk of financial liabilities designated as at FVTPL	(37,561)	-	93,887	1	(98,619)	-	95,053	-
Unrealized gain (loss) on investments in equity instruments designated as at FVTOCI	1,223,709	7	(4,059,956)	(28)	1,672,873	4	736,586	3
Income tax relating to items that will not be reclassified subsequently to profit or loss	-	-	469,360	3	-	-	(209,408)	(1)
Items that will be reclassified subsequently to profit or loss								
Exchange differences on translation of foreign financial statements	(80,679)	-	(36,034)	-	(68,569)	-	59,419	-
Unrealized gain (loss) on investments in debt instruments at FVTOCI	(279,702)	(2)	(1,676,493)	(12)	650,715	2	(4,585,347)	(15)
(Impairment loss) reversal of impairment loss on investments in debt instruments at FVTOCI	494	-	(2,129)	-	(329)	-	(1,875)	-

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TAISHIN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2023		2022		2023		2022	
	Amount	%	Amount	%	Amount	%	Amount	%
Other comprehensive income on reclassification using the overlay approach	$ 1,030,034	6	$ (3,146,165)	(22)	$ 2,715,907	7	$ (4,292,684)	(14)
Income tax relating to items that will be reclassified subsequently to profit or loss	39,536	-	221,748	2	(41,489)	-	537,160	2
Other comprehensive income (loss) for the period, net of tax	1,895,831	11	(8,135,782)	(56)	4,830,489	13	(7,661,096)	(25)
TOTAL COMPREHENSIVE INCOME (LOSS)	$ 5,716,101	33	$ (5,806,361)	(40)	$ 13,715,176	37	$ (3,190,530)	(10)
NET INCOME ATTRIBUTABLE TO:								
Owners of parent	$ 3,818,517	22	$ 2,332,894	16	$ 8,882,957	24	$ 4,476,719	15
Non-controlling interests	1,753	-	(3,473)	-	1,730	-	(6,153)	-
	$ 3,820,270	22	$ 2,329,421	16	$ 8,884,687	24	$ 4,470,566	15
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:								
Owners of parent	$ 5,714,348	33	$ (5,802,888)	(40)	$ 13,713,446	37	$ (3,184,377)	(10)
Non-controlling interests	1,753	-	(3,473)	-	1,730	-	(6,153)	-
	$ 5,716,101	33	$ (5,806,361)	(40)	$ 13,715,176	37	$ (3,190,530)	(10)
EARNINGS PER SHARE (Note 42)								
Basic	$ 0.27		$ 0.15		$ 0.63		$ 0.29	
Diluted	$ 0.27		$ 0.15		$ 0.63		$ 0.29	

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
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of Parent															
	Share Capital			Capital Surplus				Retained Earnings			Other Equity					
	Ordinary Shares	Preferred Shares	Stock Dividend to Be Distributed	Additional Paid-in Capital in Excess of Par	Treasury Shares Transactions	Share-based Compensation	Others	Legal Reserve	Special Reserve	Unappropriated 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 Credit Risk of Financial Liabilities at FVTPL	Other Comprehensive Income on Reclassification Using the Overlay Approach	Non-controlling Interests	Total Equity
BALANCE AT JANUARY 1, 2022	$ 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	$ 34,050	$ 198,101,328
Appropriation of 2021 earnings																
Legal reserve appropriated	-	-	-	-	-	-	-	2,047,300	-	(2,047,300)	-	-	-	-	-	-
Special reserve appropriated	-	-	-	-	-	-	-	-	8,304,402	(8,304,402)	-	-	-	-	-	-
Cash dividends of ordinary shares	-	-	-	-	-	-	-	-	-	(6,902,677)	-	-	-	-	-	(6,902,677)
Cash dividends of preferred shares	-	-	-	-	-	-	-	-	-	(1,757,500)	-	-	-	-	-	(1,757,500)
Stock dividends of ordinary shares	-	-	5,647,644	-	-	-	-	-	-	(5,647,644)	-	-	-	-	-	-
Net income for the six months ended June 30, 2022	-	-	-	-	-	-	-	-	-	4,476,719	-	-	-	-	(6,153)	4,470,566
Other comprehensive income (loss) for the six months ended June 30, 2022, net of tax	-	-	-	-	-	-	-	-	-	-	59,419	(3,699,457)	95,053	(4,116,111)	-	(7,661,096)
Total comprehensive income (loss) for the six months ended June 30, 2022	-	-	-	-	-	-	-	-	-	4,476,719	59,419	(3,699,457)	95,053	(4,116,111)	(6,153)	(3,190,530)
Disposals of investments in equity instruments designated as at FVTOCI	-	-	-	-	-	-	-	-	-	57,542	-	(57,542)	-	-	-	-
BALANCE AT JUNE 30, 2022	$ 114,093,832	$ 8,000,000	$ 5,647,644	$ 33,790,327	$ 2,075,475	$ 52,632	$ 3,213	$ 15,244,071	$ 8,698,118	$ 4,985,255	$ (123,363)	$ (2,559,131)	$ 76,230	$ (3,761,579)	$ 27,897	$ 186,250,621
BALANCE AT JANUARY 1, 2023	$ 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)	$ 26,182	$ 202,893,812
Appropriation of 2022 earnings																
Legal reserve appropriated	-	-	-	-	-	-	-	1,682,871	-	(1,682,871)	-	-	-	-	-	-
Special reserve appropriated	-	-	-	-	-	-	-	-	7,251,539	(7,251,539)	-	-	-	-	-	-
Cash dividends of ordinary shares	-	-	-	-	-	-	-	-	-	(6,106,815)	-	-	-	-	-	(6,106,815)
Cash dividends of preferred shares	-	-	-	-	-	-	-	-	-	(1,845,528)	-	-	-	-	-	(1,845,528)
Stock dividends of ordinary shares	-	-	5,029,142	-	-	-	-	-	-	(5,029,142)	-	-	-	-	-	-
Reversal of the special reserve	-	-	-	-	-	-	-	-	(5,029,142)	5,029,142	-	-	-	-	-	-
Net income for the six months ended June 30, 2023	-	-	-	-	-	-	-	-	-	8,882,957	-	-	-	-	1,730	8,884,687
Other comprehensive income (loss) for the six months ended June 30, 2023, net of tax	-	-	-	-	-	-	-	-	-	-	(68,569)	2,286,658	(98,619)	2,711,019	-	4,830,489
Total comprehensive income (loss) for the six months ended June 30, 2023	-	-	-	-	-	-	-	-	-	8,882,957	(68,569)	2,286,658	(98,619)	2,711,019	1,730	13,715,176
Disposals of investments in equity instruments designated as at FVTOCI	-	-	-	-	-	-	-	-	-	489,467	-	(489,467)	-	-	-	-
Non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(444)	(444)
BALANCE AT JUNE 30, 2023	$ 119,741,476	$ 11,000,000	$ 5,029,142	$ 36,066,458	$ 2,075,475	$ 52,632	$ 3,213	$ 16,926,942	$ 10,920,515	$ 9,765,376	$ (206,803)	$ (2,003,099)	$ 183,530	$ (926,124)	$ 27,468	$ 208,656,201

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

TAISHIN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)

	For the Six Months Ended June 30	
	2023	**2022**
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income before income tax	$ 10,662,926	$ 6,112,974
Adjustments:		
Adjustments for reconciliation of profit or loss		
Depreciation expenses	1,059,804	1,043,116
Amortization expenses	279,474	227,359
Provisions of bad debts expenses, commitments and guarantee liabilities	811,947	846,496
Net loss (gain) on financial assets and liabilities at FVTPL	(7,124,956)	3,038,206
Net loss (gain) on financial assets and liabilities at FVTOCI	(99,102)	363,454
Interest expenses	20,284,915	5,054,021
Loss (gain) on derecognition of financial assets at amortized cost	(779)	619,576
Interest income	(35,165,363)	(18,851,396)
Net change in insurance liabilities	10,376,155	13,261,490
Net change in other provisions	(16,885)	574,864
Share of profit (loss) of associates accounted for using equity method	(607)	(6,634)
(Gain) loss on reclassification using the overlay approach	2,715,907	(4,292,684)
Impairment loss on financial assets	11,027	13,371
Other adjustments	3,106	1,331
Total adjustments	(6,865,357)	1,892,570
Changes in operating assets and liabilities		
(Increase) decrease in due from the Central Bank and call loans to banks	(815,875)	(12,325,598)
(Increase) decrease in financial assets at FVTPL	(5,503,012)	16,661,019
(Increase) decrease in financial assets at FVTOCI	5,640,236	5,838,584
(Increase) decrease in financial assets in debt instruments at amortized cost	(92,764,514)	(78,694,001)
(Increase) decrease in securities purchased under resell agreements	880,818	515,455
(Increase) decrease in receivables	(22,372,591)	16,048,457
(Increase) decrease in loans	(66,816,057)	(65,935,544)
(Increase) decrease in reinsurance contact assets	102,134	100,047
(Increase) decrease in other financial assets	(3,072,458)	2,638,309
(Increase) decrease in other assets	(1,307,058)	(11,933,973)
Increase (decrease) in deposits from the Central Bank and banks	(2,544,522)	(3,424,715)
Increase (decrease) in financial liabilities at FVTPL	(22,567,618)	3,091,084
Increase (decrease) in securities sold under repurchase agreements	(1,530,905)	(1,421,063)
Increase (decrease) in payables	7,186,979	5,964,540
Increase (decrease) in deposits and remittances	142,104,934	80,411,192
Increase (decrease) in provisions	(46,313)	(14,562)

(Continued)

TAISHIN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)

	For the Six Months Ended June 30	
	2023	**2022**
Increase (decrease) in other financial liabilities	$ 15,007,247	$ 20,803,955
Increase (decrease) in other liabilities	(701,892)	(5,287,862)
Cash generated from (used in) operations	(45,322,898)	(18,959,132)
Interest received	32,625,825	19,148,423
Dividends received	1,026,649	664,692
Interest paid	(18,306,180)	(4,422,600)
Income taxes refund	186,784	265,388
Income taxes paid	(558,127)	(860,511)
Net cash generated from (used in) operating activities	(30,347,947)	(4,163,740)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of investments accounted for using equity method	(160,000)	-
Acquisition of property and equipment	(444,379)	(411,989)
Proceeds from disposal of property and equipment	1,366	3,968
Acquisition of intangible assets	(344,975)	(219,139)
Net cash generated from (used in) investing activities	(947,988)	(627,160)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in due to the Central Bank and banks	14,471,456	-
Decrease in due to the Central Bank and banks	-	(19,024,648)
Increase in commercial papers payable	7,045,000	-
Decrease in commercial papers payable	-	(3,702,000)
Proceeds from issuing bonds	-	5,025,000
Decrease in other borrowings	(913,416)	(1,256,676)
Payments of lease liabilities	(413,280)	(402,756)
Change in non-controlling interests	(444)	-
Net cash generated from (used in) financing activities	20,189,316	(19,361,080)
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(26,826)	40,002
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(11,133,445)	(24,111,978)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	80,598,219	65,445,130
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	$ 69,464,774	$ 41,333,152

(Continued)

TAISHIN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)

Reconciliation of cash and cash equivalents:

	June 30	
	2023	**2022**
Cash and cash equivalents in consolidated balance sheets	$ 31,764,521	$ 26,905,832
Due from the Central bank and call loans to banks qualifying as cash and cash equivalents under the definition of IAS 7	27,586,709	5,118,779
Securities purchased under resell agreements qualifying as cash and cash equivalents under the definition of IAS 7	10,113,544	9,308,541
Cash and cash equivalents at the end of the period	$ 69,464,774	$ 41,333,152

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

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 ROC.

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 Financial Supervisory Commission (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 share 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.

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).

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.

Within these consolidated financial statements, Taishin Financial Holding and its subsidiaries mentioned above are collectively referred to as the “Group”.

Taishin Sports Entertainment Co., Ltd. ("Taishin Sports Entertainment") was approved for establishment on July 6, 2023. It mainly engages in sports services and arts and performance activities. As of the end date of the financial reporting period, Taishin Sports Entertainment is still in the preparation stage; hence, it has not been included in the consolidated financial statements.

2. STATEMENT 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 Accounting Standard 34 “Interim Financial Reporting” 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 August 24, 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 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.

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 2024

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 16 "Leases Liability in a Sale and Leaseback"	January 1, 2024 (Note 2)

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:

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 such a way that it does not recognize any amount of the gain or loss that relates to the right of use it retains. The 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.

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 of the application of other 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 IFRSs	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
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
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025 (Note 2)

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

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments, the entity recognizes any effect as an adjustment to the opening balance of retained earnings. When the entity uses a presentation currency other than its functional currency, it shall, at the date of initial application, recognize any effect as an adjustment to the cumulative amount of translation differences in equity.

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) 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:

   <u>Level of aggregation</u>

   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.

3) Amendments to IAS 21 “Lack of Exchangeability”

The amendments stipulate that a currency is exchangeable into another currency when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations. An entity shall estimate the spot exchange rate at a measurement date when a currency is not exchangeable into another currency to reflect the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions. In this situation, the Group shall disclose information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, its financial performance, financial position and cash flows.

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 MATERIAL ACCOUNTING POLICY INFORMATION

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 2023.

Except for the following, the accounting policies applied in the interim consolidated financial statements are the same as those in the consolidated financial statements as of December 31, 2022. Refer to Note 5 to the consolidated financial statements as of December 31, 2022 for related information.

Basis of Consolidation

Subsidiaries included in the consolidated financial statements were as follows:

		Ownership Interest (%)		
Investor	Subsidiary	June 30, 2023	December 31, 2022	June 30, 2022
Taishin Financial Holding	Taishin Bank	100.00	100.00	100.00
Taishin Financial Holding	Taishin Securities B	100.00	100.00	100.00
Taishin Financial Holding	Taishin AMC	100.00	100.00	100.00
Taishin Financial Holding	Taishin Venture Capital	100.00	100.00	100.00
Taishin Financial Holding	Taishin Securities Investment Advisory	92.00	92.00	92.00
Taishin Financial Holding	Taishin Securities Investment Trust	100.00	100.00	100.00
Taishin Financial Holding	Taishin Life Insurance	100.00	100.00	100.00
Taishin Bank	Taishin Real-Estate	60.00	60.00	60.00
Taishin Bank	Taishin D.A. Finance	100.00	100.00	100.00
Taishin AMC	Taishin Real-Estate	40.00	40.00	40.00
Taishin Venture Capital	Taishin Financial Leasing (China)	100.00	100.00	100.00
Taishin Securities B	Taishin Securities Venture Capital	100.00	100.00	100.00
Taishin Securities B	Taishin Capital	100.00	100.00	100.00
Taishin Securities B	Taishin Futures (Note)	100.00	100.00	-
Taishin Venture Capital	Credidi	20.00	20.00	20.00

(Continued)

Investor	Subsidiary	Ownership Interest (%) June 30, 2023	December 31, 2022	June 30, 2022
Taishin Securities Investment Advisory	Crededi	6.00	6.00	6.00
Taishin Securities Venture Capital	Crededi	25.00	25.00	25.00
Taishin Capital	Taishin Health Investment	100.00	100.00	100.00

(Concluded)

Note: 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.

Retirement Benefits

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant plan amendments, settlements, or other significant one-off events. If a plan amendment, curtailment or settlement occurs, the current service cost and the net interest for the remainder of the annual reporting period are determined using the actuarial assumptions used for the remeasurement of the net defined benefit liabilities (assets).

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. Income taxes accrued for the interim period are assessed on an annual basis and calculated by applying to an interim period's pre-tax income the tax rate that would be applicable to expected total annual earnings.

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, 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.

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.

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 reserve for policy benefit, 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. Policy reserve

   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 policy reserve 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.

6. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Critical accounting judgments and key sources of estimation uncertainty are the same as the consolidated financial statements as of and for the year ended December 31, 2022. Refer to Note 6 to the consolidated financial statements as of and for the year ended December 31, 2022 for related information.

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.

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.

7. CASH AND CASH EQUIVALENTS

	June 30, 2023	December 31, 2022	June 30, 2022
Cash on hand	$ 12,682,436	$ 15,548,873	$ 12,828,674
Checks for clearing	606,935	1,543,420	566,807
Due from banks	15,699,580	11,915,726	12,218,178
Others	2,775,570	2,541,199	1,292,173
	$ 31,764,521	$ 31,549,218	$ 26,905,832

a. 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.

b. 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 June 30, 2023, December 31, 2022 and June 30, 2022.

8. DUE FROM THE CENTRAL BANK AND CALL LOANS TO BANKS

	June 30, 2023	December 31, 2022	June 30, 2022
Required reserve - Account A	$ 17,843,320	$ 22,521,467	$ 21,681,702
Required reserve - Account B	51,201,432	48,536,512	43,610,659
Required reserve - Foreign Currency	590,861	324,473	121,502
Required reserve - Others	83,240	520,288	1,189,364
Call loans to other banks	27,586,709	36,022,583	5,118,779
Interbank clearing funds	8,000,329	5,000,567	5,000,208
	$ 105,305,891	$ 112,925,890	$ 76,722,214

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 June 30, 2023, December 31, 2022 and June 30, 2022.

9. FINANCIAL INSTRUMENTS AT FVTPL

	June 30, 2023	December 31, 2022	June 30, 2022
Financial assets mandatorily classified as at FVTPL			
Derivative instruments			
Futures	$ 1,166,516	$ 867,693	$ 1,179,262
Forward exchange contracts	1,620,129	906,355	439,445
Currency swaps	26,734,654	25,969,631	34,816,385
Interest rate swaps	17,906,951	17,507,686	15,861,587

(Continued)

	June 30, 2023	December 31, 2022	June 30, 2022
Cross-currency swaps	$ 46,963	$ 115,683	$ 37,949
Foreign-exchange options	1,442,325	430,503	1,278,325
Equity-linked options	167,128	59,289	79,784
Equity-linked swaps	952	40,903	58,624
Credit default swaps	-	-	1,575
Non-derivative financial assets			
Investment in bills	53,253,691	43,436,249	47,300,255
Domestic and overseas shares and beneficiary certificates	37,503,467	29,393,984	24,802,599
Government bonds	17,338,878	6,200,979	899,955
Corporate bonds, bank notes payable and other bonds	12,153,599	9,640,028	10,894,271
Beneficiary securities (Note 47)	199,167	208,465	211,113
Trading securities			
Dealing	10,898,814	10,865,278	11,844,807
Underwriting	1,415,929	1,237,106	852,064
Hedging	6,459,246	6,896,073	7,747,803
Financial assets at FVTPL	$ 188,308,409	$ 153,775,905	$ 158,305,803
Financial liabilities designated as at FVTPL			
Bank notes payable (d)	$ 2,679,395	$ 2,483,480	$ 2,760,944
Structured products (e)	2,996,099	3,598,550	3,162,733
Financial liabilities held for trading			
Derivative instruments			
Futures	71,845	7,817	384,663
Forward exchange contracts	1,215,896	478,342	1,179,903
Currency swaps	26,166,635	26,650,943	30,310,356
Interest rate swaps	17,260,104	16,788,413	14,825,100
Cross-currency swaps	202,997	125,004	407,862
Foreign-exchange options	1,454,459	456,645	1,334,071
Equity-linked options	1,728,832	1,055,325	1,743,222
Equity-linked swaps	951	40,901	58,624
Liabilities for issuance of call (put) warrants, net (c)	8,858	34,733	15,416
Contingent consideration arrangement (g)	-	-	2,974,710
Exchangeable corporate bonds embedded derivatives (h)	242,000	175,500	224,500
Non-derivative financial liabilities			
Share borrowing transaction	1,113,288	2,439,142	4,312,552
Short sales of bonds	50,023	-	-
Financial liabilities at FVTPL	$ 55,191,382	$ 54,334,795	$ 63,694,656

(Concluded)

a. The Group engaged in various derivative instrument transactions in the six months ended June 30, 2023 and 2022 to fulfill the needs of customers of Taishin Bank and Taishin Securities B as well as to manage Taishin Life Insurance and Taishin Bank's positions and risks of assets and liabilities.

b. The nominal principal amounts of outstanding derivative contracts were as follows:

	June 30, 2023	December 31, 2022	June 30, 2022
Futures	$ 15,350,249	$ 8,232,826	$ 23,510,477
Forward exchange contracts	105,614,138	84,038,780	48,236,159
Currency swaps	1,984,857,956	2,061,898,071	2,012,401,568
Interest rate swaps	958,107,677	842,400,292	749,331,873
Cross-currency swaps	15,608,474	6,664,204	11,319,676
Foreign-exchange options	172,275,603	69,830,387	116,144,655
Equity-linked options	9,884,640	11,117,125	11,750,025
Equity-linked swaps	63,552	342,924	404,301
Credit default swaps	-	-	155,195
Guarantee products	2,940,000	3,540,000	3,070,000
Equity-linked products	50,000	50,000	95,000

c. Details of call (put) warrants were as follows:

	June 30, 2023	December 31, 2022	June 30, 2022
Call (put) warrants issued	$ 1,101,650	$ 1,752,240	$ 1,743,380
Loss (gain) on change in fair value	270,790	(387,890)	(784,100)
	1,372,440	1,364,350	959,280
Repurchased call (put) warrants	1,070,102	1,630,530	1,587,151
Gain (loss) on change in fair value	293,480	(300,913)	(643,287)
	1,363,582	1,329,617	943,864
Net call (put) warrants issued	$ 8,858	$ 34,733	$ 15,416

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:

	June 30, 2023	December 31, 2022	June 30, 2022
Domestic listed (OTC) shares	$ 16,581,819	$ 11,939,705	$ 10,863,668
Domestic unlisted (OTC) shares	81,238	81,027	-
Domestic beneficiary certificates	5,592,826	4,023,622	3,190,595
Foreign beneficiary certificates	2,107,812	3,323,059	4,505,975
Foreign beneficiary bonds	199,167	208,465	211,113
	$ 24,562,862	$ 19,575,878	$ 18,771,351

   Reclassifications from profit or loss to other comprehensive income of the financial assets designated by the Group to apply overlay approach by the Group for the three months ended June 30, 2023 and 2022, respectively, and for the six months ended June 30, 2023 and 2022, respectively were as follow:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Gain (loss) on application of IFRS 9	$ 1,759,440	$ (2,653,673)	$ 3,911,923	$ (3,210,090)
Loss (gain) if applying IAS 39	(729,406)	(492,492)	(1,196,016)	(1,082,594)
Gain (loss) on reclassification using the overlay approach	$ 1,030,034	$ (3,146,165)	$ 2,715,907	$ (4,292,684)

   Due to the application of the overlay approach, the amount of gain (loss) on financial assets at FVTPL was adjusted from $1,862,907 thousand to $832,873 thousand and $(2,256,856) thousand to $889,309 thousand for the three months ended June 30, 2023 and 2022, respectively, and from $7,124,956 thousand to $4,409,049 thousand and $(3,038,206) thousand to $1,254,478 thousand for the six months ended June 30, 2023 and 2022, 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 amounted to $(315,999) thousand and $(1,185,588) thousand for the three months ended June 30, 2022 and for the six months ended June 30, 2022, 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 ordinary 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. Thus, the losses (gains) on financial liabilities at FVTPL amounted to $(54,500) thousand and $174,000 thousand for the three months ended June 30, 2022, and 2023, respectively, and amounted to $(66,500) thousand and $174,000 thousand for the six months ended June 30, 2022, and 2023, respectively. Refer to Note 25 for information related to the issuance of the exchangeable corporate bonds.

10. FINANCIAL ASSETS AT FVTOCI

	June 30, 2023	December 31, 2022	June 30, 2022
Debt instrument			
Investment in bills	$ -	$ 1,819,411	$ -
Government bonds	43,139,182	41,470,998	41,021,391
Corporate bonds	38,058,980	37,259,066	39,982,665
Bank notes payable	34,248,404	37,243,009	42,607,752
Beneficiary securities (Note 47)	1,076,110	1,140,195	1,246,624
	116,522,676	118,932,679	124,858,432
Equity instrument			
Domestic and overseas shares (b)	22,413,123	23,413,670	41,672,449
	$ 138,935,799	$ 142,346,349	$ 166,530,881

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 ordinary shares on April 1, 2022. Refer to Note 25 for information related to the issuance of the exchangeable corporate bonds.

c. 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
June 30, 2023	$ 28,598	$ -	$ -	$ 28,598
December 31, 2022	28,927	-	-	28,927
June 30, 2022	34,516	-	-	34,516

As the Group's debt instruments at FVTOCI were measured using the ECLs model, the Group recognized (impairment loss) reversal of impairment loss on financial assets amounted to $(309) thousand and $2,544 thousand for the three months ended June 30, 2023 and 2022, respectively, and amounted to $391 thousand and 2,836 thousand for the six months ended June 30, 2023 and 2022, respectively.

d. The Group sold the domestic shares for strategic purposes. The shares sold had a fair value of $8,203,274 thousand and $664,986 thousand, and the Group transferred $489,467 thousand and $57,542 thousand of gains from other equity to retained earnings for the six months ended June 30, 2023 and 2022, respectively.

e. Refer to Note 47 for information relating to the management of credit risk and the impairment assessment on investments in debt instruments at FVTOCI.

f. Refer to Note 49 for information relating to debt instruments at FVTOCI pledged as collateral.

11. INVESTMENTS IN DEBT INSTRUMENTS AT AMORTIZED COST

	June 30, 2023	December 31, 2022	June 30, 2022
Investment in bills	$ 291,336,109	$ 265,934,806	$ 254,942,575
Bank notes payable	77,627,385	66,097,967	49,799,865
Corporate bonds	140,611,579	116,696,702	100,834,697
Government bonds	212,654,989	184,812,434	123,091,732
Beneficiary securities (Note 47)	16,018,441	10,522,480	10,821,899
	738,248,503	644,064,389	539,490,768
Less: Allowance for impairment	(67,079)	(55,382)	(68,763)
Less: Security deposit	(1,494,786)	(1,500,195)	(1,505,677)
	$ 736,686,638	$ 642,508,812	$ 537,916,328

a. The Group disposed of bonds before maturity date due to infrequent sales, or because the sales were insignificant in value (either individually or in aggregate) and recognized a gain (loss) on a disposal of $0 thousand and $0 thousand for the three months ended June 30, 2023 and 2022, respectively, and a disposal of $0 thousand and $(620,890) thousand for the six months ended June 30, 2023 and 2022, respectively. The disposal of bonds due to other conditions such as repayments at maturities resulted in gain (loss) on a disposal of $476 thousand and $1,282 thousand for the three months ended June 30, 2023 and 2022, respectively, and a disposal of $779 thousand and $1,314 thousand for the six months ended June 30, 2023 and 2022, 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
June 30, 2023	$ 67,079	$ -	$ -	$ 67,079
December 31, 2022	55,382	-	-	55,382
June 30, 2022	68,763	-	-	68,763

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 $5,121 thousand and $3,325 thousand for the three months ended June 30, 2023 and 2022, respectively, and amounted to $11,443 thousand and $16,207 thousand for the six months ended June 30, 2023 and 2022, respectively.

c. Refer to Note 47 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 49 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:

	June 30, 2023	December 31, 2022	June 30, 2022
Notes and accounts receivable	$ 72,222,924	$ 72,793,927	$ 92,663,354
Credit cards receivable	81,839,299	64,937,436	55,374,150
Interest receivable	9,820,388	7,977,086	6,079,233
Securities margin loans receivable	8,738,855	7,193,334	9,179,900
Delivery accounts receivable	8,063,903	4,106,558	6,138,344
Other receivables	2,198,916	2,166,346	1,580,187
	182,884,285	159,174,687	171,015,168
Less: Adjustment for discounts	(2,812,843)	(2,982,898)	(3,006,202)
Less: Allowance for receivables	(2,601,243)	(2,477,164)	(2,101,440)
	$ 177,470,199	$ 153,714,625	$ 165,907,526

b. The movements in the allowance for receivables (including non-performing receivables transferred from other than loans) for six months ended June 30, 2023 and 2022 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, 2023	$ 169,848	$ 177,744	$ 480,593	$ 1,113,447	$ 1,941,632	$ 672,805	$ 2,614,437
Changes of financial instruments recognized at the beginning of the reporting period							
Transferred to Lifetime ECLs	(6,860)	27,708	5	(6,141)	14,712		14,712
Transferred to Credit-impaired Financial Assets	(2,048)	(12,251)	(471)	107,475	92,705		92,705
Transferred to 12-month ECLs	5,678	(8,345)	-	(48,241)	(50,908)		(50,908)
Financial assets derecognized	(50,502)	(32,551)	(2,767)	(301,606)	(387,426)		(387,426)
New financial assets originated or purchased	66,192	30,267	18,253	18,096	132,808		132,808
Recognized (Reversal) based on the Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans						10,711	10,711
Write-offs	(1)	(132)	(615)	(287,677)	(288,425)		(288,425)
Recovery of written-off loans	-	985	469	358,338	359,792		359,792
Foreign exchange and other movements	6,467	28,050	670	213,830	249,017		249,017
Loss allowance as of June 30, 2023	$ 188,774	$ 211,475	$ 496,137	$ 1,167,521	$ 2,063,907	$ 683,516	$ 2,747,423

	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	(4,907)	19,923	-	(2,568)	12,448		12,448
Transferred to Credit-impaired Financial Assets	(2,260)	(8,570)	-	88,619	77,789		77,789
Transferred to 12-month ECLs	5,523	(8,107)	-	(11,725)	(14,309)		(14,309)
Financial assets derecognized	(62,717)	(43,277)	(5,513)	(228,371)	(339,878)		(339,878)
New financial assets originated or purchased	55,103	4,744	14,613	11,703	86,163		86,163
Recognized (Reversal) based on the Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans						19,050	19,050
Write-offs	-	(2,355)	(485)	(198,730)	(201,570)		(201,570)
Recovery of written-off loans	-	-	891	239,464	240,355		240,355
Foreign exchange and other movements	(19,569)	27,168	4,379	110,730	122,708		122,708
Loss allowance as of June 30, 2022	$ 181,522	$ 185,241	$ 477,883	$ 612,441	$ 1,457,087	$ 784,813	$ 2,241,900

c. The movements in the gross carrying amount of receivables (including non-performing receivables transferred from other than loans) for six months ended June 30, 2023 and 2022 were as follows:

	12-month ECLs	Lifetime ECLs (Group Assessment)	Lifetime ECLs (Individual Assessment)	Lifetime ECLs (Non-POCI Financial Assets)	Total
Carrying amount as of January 1, 2023	$ 117,781,195	$ 27,929,465	$ 10,939,364	$ 2,692,906	$ 159,342,930
Changes of financial instruments recognized at the beginning of the reporting period					
Transferred to Lifetime ECLs	(348,254)	365,098	132	(9,427)	7,549
Transferred to Credit-impaired Financial Assets	(445,097)	(135,207)	(540)	599,239	18,395
Transferred to 12-month ECLs	228,988	(72,086)	21,758	(130,145)	48,515
Financial assets derecognized	(22,047,194)	(384,137,912)	(177,574,698)	(217,229)	(583,977,033)
New financial assets originated or purchased	36,073,604	390,630,740	181,386,946	148,208	608,239,498
Write-offs	(83)	564	(616)	(342,453)	(342,588)
Foreign exchange and other movements	(336,727)	(77,896)	-	(7,088)	(421,711)
Carrying amount as of June 30, 2023	$ 130,906,432	$ 34,502,766	$ 14,772,346	$ 2,734,011	$ 182,915,555

	12-month ECLs	Lifetime ECLs (Group Assessment)	Lifetime ECLs (Individual Assessment)	Lifetime ECLs (Non-POCI Financial Assets)	Total
Carrying amount 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	(331,575)	332,507	1,031	(4,883)	(2,920)
Transferred to Credit-impaired Financial Assets	(318,796)	(48,893)	(168)	378,297	10,440
Transferred to 12-month ECLs	70,225	(42,550)	-	(29,957)	(2,282)
Financial assets derecognized	(32,387,578)	(430,408,635)	(106,996,835)	(169,377)	(569,962,425)
New financial assets originated or purchased	21,008,212	428,084,143	105,871,578	36,086	555,000,019
Write-offs	(79)	(2,563)	(1,642)	(66,464)	(70,748)
Foreign exchange and other movements	292,914	(79,783)	-	(163,209)	49,922
Carrying amount as of June 30, 2022	$ 127,097,642	$ 31,166,408	$ 10,697,531	$ 2,187,866	$ 171,149,447

13. LOANS, NET

a. The details of loans, net were as follows:

	June 30, 2023	December 31, 2022	June 30, 2022
Negotiated	$ 1,915,466	$ 3,440,922	$ 2,813,163
Overdrafts	156,737	202,244	2,468,152
Short-term loans	330,483,970	285,317,112	305,762,819
Medium-term loans	477,329,129	482,871,018	461,750,737
Long-term loans	684,004,851	654,653,954	629,907,628
Policy loans	5,660,705	5,642,002	5,452,871
Automatic premium loans	1,845,007	1,824,279	1,786,002
Delinquent loans	1,485,930	1,876,557	1,416,345
	1,502,881,795	1,435,828,088	1,411,357,717
Less: Adjustment for discounts	(627,293)	(642,057)	(670,147)
Less: Allowance for loan losses	(20,040,324)	(19,170,934)	(18,471,470)
	$ 1,482,214,178	$ 1,416,015,097	$ 1,392,216,100

b. The movements in the allowance for loans for the six months ended June 30, 2023 and 2022 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, 2023	$ 2,104,684	$ 695,828	$ 208,511	$ 4,378,106	$ 7,387,129	$ 11,783,805	$ 19,170,934
Changes of financial instruments recognized at the beginning of the reporting period							
Transferred to Lifetime ECLs	(4,853)	235,362	9,948	(70,795)	169,662		169,662
Transferred to Credit-impaired Financial Assets	(5,231)	(25,028)	(46,015)	665,496	589,222		589,222
Transferred to 12-month ECLs	8,318	(88,132)	(404)	(1,079,892)	(1,160,110)		(1,160,110)
Financial assets derecognized	(315,864)	(73,212)	(48,313)	(1,287,367)	(1,724,756)		(1,724,756)
New financial assets originated or purchased	492,832	445,819	23,791	443,816	1,406,258		1,406,258
Recognized (Reversal) based on the Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans						1,276,999	1,276,999
Write-offs	(46)	(5,354)	-	(184,358)	(189,758)		(189,758)
Recovery of written-off loans	-	-	-	501,873	501,873		501,873
Loss allowance as of June 30, 2023	$ 2,279,840	$ 1,185,283	$ 147,518	$ 3,366,879	$ 6,979,520	$ 13,060,804	$ 20,040,324

	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	(6,225)	167,573	35,533	(8,875)	188,006		188,006
Transferred to Credit-impaired Financial Assets	(2,741)	(22,307)	(8,048)	817,296	784,200		784,200
Transferred to 12-month ECLs	2,841	(72,687)	-	(144,937)	(214,783)		(214,783)
Financial assets derecognized	(299,950)	(250,692)	(32,044)	(1,116,947)	(1,699,633)		(1,699,633)
New financial assets originated or purchased	470,999	11,213	25,056	219,449	726,717		726,717
Recognized (Reversal) based on the Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans						814,143	814,143
Write-offs	(34)	(4,203)	-	(40,383)	(44,620)		(44,620)
Recovery of written-off loans	-	-	-	521,432	521,432		521,432
Loss allowance as of June 30, 2022	$ 2,064,885	$ 679,466	$ 180,779	$ 4,315,526	$ 7,240,656	$ 11,230,814	$ 18,471,470

c. The movements in the gross carrying amount of loans for the six months ended June 30, 2023 and 2022 were as follows:

	12-month ECLs	Lifetime ECLs (Group Assessment)	Lifetime ECLs (Individual Assessment)	Lifetime ECLs (Non-POCI Financial Assets)	Total
Carrying amount as of January 1, 2023	$ 1,394,652,946	$ 25,974,639	$ 724,679	$ 14,475,824	$ 1,435,828,088
Changes of financial instruments recognized at the beginning of the reporting period					
Transferred to Lifetime ECLs	(3,968,776)	4,053,666	40,600	(226,885)	(101,395)
Transferred to Credit-impaired Financial Assets	(2,010,003)	(113,811)	(85,321)	2,136,523	(72,612)
Transferred to 12-month ECLs	7,127,996	(3,853,349)	(20,183)	(3,549,869)	(295,405)
Financial assets derecognized	(215,492,705)	(3,110,285)	(196,617)	(2,042,701)	(220,842,308)
New financial assets originated or purchased	287,809,836	324,455	93,770	448,757	288,676,818
Write-offs	(8,413)	(18,947)	-	(284,031)	(311,391)
Carrying amount as of June 30, 2023	$ 1,468,110,881	$ 23,256,368	$ 556,928	$ 10,957,618	$ 1,502,881,795

	12-month ECLs	Lifetime ECLs (Group Assessment)	Lifetime ECLs (Individual Assessment)	Lifetime ECLs (Non-POCI Financial Assets)	Total
Carrying amount 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	(5,985,284)	5,824,558	98,627	(53,950)	(116,049)
Transferred to Credit-impaired Financial Assets	(1,742,863)	(139,163)	(335,014)	2,140,588	(76,452)
Transferred to 12-month ECLs	2,593,048	(2,218,189)	-	(518,310)	(143,451)
Financial assets derecognized	(206,354,465)	(1,589,105)	(108,191)	(2,069,047)	(210,120,808)
New financial assets originated or purchased	276,183,654	310,295	63,751	248,396	276,806,096
Write-offs	(6,778)	(14,920)	-	(122,626)	(144,324)
Carrying amount as of June 30, 2022	$ 1,370,158,704	$ 25,997,537	$ 608,408	$ 14,593,068	$ 1,411,357,717

d. Details of the reversal of bad debt expenses, commitments, and guarantee liabilities (provision) for the three months ended June 30, 2023 and 2022 and for the six months ended June 30, 2023 and 2022 were as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
(Provision for) reversal of the allowance for losses on receivables, loans and other financial assets	$ (585,647)	$ (293,779)	$ (786,742)	$ (825,243)
(Provision for) reversal of the allowance for losses on guarantee liabilities	17,158	3,681	(20,695)	(22,210)

(Continued)

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
(Provision for) reversal of the allowance for losses on loan commitments	$ 299	$ 306	$ (4,536)	$ 811
(Provision for) reversal of the allowance for letters of credit	43	79	26	146
	$ (568,147)	$ (289,713)	$ (811,947)	$ (846,496)

(Concluded)

14. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	June 30, 2023	December 31, 2022	June 30, 2022
Investments in associates	$ 494,129	$ 341,325	$ 339,374

a. Investments in associates

	June 30, 2023	December 31, 2022	June 30, 2022
Associates that are not individually material	$ 494,129	$ 341,325	$ 339,374

Aggregate information of associates that are not individually material:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
The Group's share of:				
Net income for the period	$ 685	$ 2,945	$ 607	$ 6,634
Total comprehensive income (loss) for the period	$ 685	$ 2,945	$ 607	$ 6,634

In May 2023, Taishin Life Insurance acquired 16,000 thousand ordinary shares of Mega Solar Energy Co., Ltd. in cash of $160,000 thousand. After the subscription, Taishin Life Insurance held 20% ownership and gained significant influence over the company.

b. The Group's investments accounted for using equity method were not pledged as collateral as of June 30, 2023, December 31, 2022 and June 30, 2022, respectively.

15. OTHER FINANCIAL ASSETS, NET

a. The details of other financial assets, net items were as follows:

	June 30, 2023	December 31, 2022	June 30, 2022
Non-performing receivables transferred from other than loans	$ 183,069	$ 181,475	$ 190,069
Less: Allowance for bad debt	(146,180)	(137,273)	(140,460)
Due from banks	5,360,274	5,603,907	4,182,536
Securities lending deposits	189,544	285,450	416,979
Gold deposit account	560,286	574,647	561,953
Customer margin account	1,418,581	1,549,115	1,437,072
Guaranteed price deposits for securities borrowing	-	-	5,014
Separate account insurance products assets (Note 31)	31,865,205	28,335,840	27,265,575
Others	69,612	-	-
	$ 39,500,391	$ 36,393,161	$ 33,918,738

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 49 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 six months ended June 30, 2023 and 2022.

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 June 30, 2023, December 31, 2022 and June 30, 2022.

16. INVESTMENT PROPERTIES, NET

	June 30, 2023	December 31, 2022	June 30, 2022
Investment properties			
Land	$ 3,005,253	$ 3,005,253	$ 2,384,019
Buildings			
Cost	1,023,701	1,023,701	676,369
Accumulated depreciation	(230,877)	(217,674)	(210,125)
	792,824	806,027	466,244
	$ 3,798,077	$ 3,811,280	$ 2,850,263

Other than the recognized depreciation expenses, there were no significant changes in the value and impairment of the investment properties held by the Group for the six months ended June 30, 2023 and 2022.

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 June 30, 2023, December 31, 2022 and June 30, 2022 were as follows:

	June 30, 2023	December 31, 2022	June 30, 2022
Year 1	$ 113,408	$ 86,372	$ 67,463
Year 2	109,297	80,941	46,680
Year 3	100,084	70,292	42,531
Year 4	101,354	67,897	32,261
Year 5	98,938	66,518	32,342
Over 5 years	447,119	460,091	225,789
	$ 970,200	$ 832,111	$ 447,066

The rental income and direct operating expenses generated from investment properties for the three months ended June 30, 2023 and 2022 and for the six months ended June 30, 2023 and 2022 were as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Rental income	$ 24,945	$ 20,548	$ 47,635	$ 41,024
Direct operating expenses from investment properties generating rental income	11,500	5,273	18,669	9,856
Direct operating expenses from investment properties not generating rental income	1,476	1,706	2,573	2,944

The fair values of the Group's investment properties as of June 30, 2023, December 31, 2022 and June 30, 2022 were $4,340,361 thousand, $4,393,361 thousand and $3,361,840 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

	June 30, 2023	December 31, 2022	June 30, 2022
Land	$ 17,385,229	$ 17,385,229	$ 13,903,289
Buildings	5,362,412	5,461,603	5,221,098
Machinery equipment	2,377,963	2,513,215	2,484,973
Transportation equipment	127,259	113,497	117,318
Miscellaneous equipment	116,118	119,495	132,984
Leasehold improvements	385,664	376,702	348,192
Prepayments for equipment	76,315	56,111	49,773
	$ 25,830,960	$ 26,025,852	$ 22,257,627

	Land	Buildings	Machinery Equipment	Transportation Equipment	Miscellaneous Equipment	Leasehold Improvements	Prepayments for Equipment	Total
Cost								
Balance, January 1, 2023	$ 17,385,229	$ 8,647,522	$ 5,485,322	$ 204,454	$ 264,084	$ 800,049	$ 56,111	$ 32,842,771
Additions	-	17,211	227,216	30,603	18,891	50,675	99,783	444,379
Disposals	-	(12,962)	(339,270)	(5,036)	(12,200)	(14,338)	-	(383,806)
Reclassification	-	-	50,745	-	-	24,510	(79,579)	(4,324)
Effect of foreign currency exchange differences	-	-	(806)	-	-	(2,221)	-	(3,027)
Balance, June 30, 2023	$ 17,385,229	$ 8,651,771	$ 5,423,207	$ 230,021	$ 270,775	$ 858,675	$ 76,315	$ 32,895,993
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	323	14,325	281,521	11,676	16,469	34,878	52,797	411,989
Disposals	-	(6,203)	(209,428)	(10,733)	(4,120)	(14,436)	-	(244,920)
Reclassification	-	5,455	24,148	-	2,035	15,370	(60,478)	(13,470)
Effect of foreign currency exchange differences	-	-	1,358	-	-	2,171	-	3,529
Balance, June 30, 2022	$ 13,903,289	$ 8,332,011	$ 5,249,349	$ 202,765	$ 264,927	$ 781,008	$ 49,773	$ 28,783,122
Accumulated depreciation								
Balance, January 1, 2023	$ -	$ 3,185,919	$ 2,972,107	$ 90,957	$ 144,589	$ 423,347	$ -	$ 6,816,919
Depreciation	-	116,402	409,858	16,841	22,161	65,252	-	630,514
Disposals	-	(12,962)	(336,097)	(5,036)	(12,093)	(14,338)	-	(380,526)
Reclassification	-	-	13	-	-	(13)	-	-
Effect of foreign currency exchange differences	-	-	(637)	-	-	(1,237)	-	(1,874)
Balance, June 30, 2023	$ -	$ 3,289,359	$ 3,045,244	$ 102,762	$ 154,657	$ 473,011	$ -	$ 7,065,033
Balance, January 1, 2022	$ -	$ 3,005,782	$ 2,570,201	$ 79,836	$ 113,098	$ 387,223	$ -	$ 6,156,140
Depreciation	-	111,334	401,962	16,240	22,940	58,051	-	610,527
Disposals	-	(6,203)	(208,911)	(10,629)	(4,095)	(14,436)	-	(244,274)
Effect of foreign currency exchange differences	-	-	1,124	-	-	1,978	-	3,102
Balance, June 30, 2022	$ -	$ 3,110,913	$ 2,764,376	$ 85,447	$ 131,943	$ 432,816	$ -	$ 6,525,495

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 six months ended June 30, 2023 and 2022.

18. LEASE ARRANGEMENTS

a. Right-of-use assets, net

	June 30, 2023	December 31, 2022	June 30, 2022
Carrying amount			
Buildings	$ 2,428,682	$ 2,247,976	$ 2,402,850
Office equipment	10,081	13,800	12,237
Transportation equipment	14,584	20,230	23,722
	$ 2,453,347	$ 2,282,006	$ 2,438,809

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Additions to right-of-use assets			$ 593,076	$ 297,327
Depreciation charge for right-of-use assets				
Buildings	$ 200,704	$ 200,837	$ 401,982	$ 405,530
Office equipment	2,730	3,369	5,462	7,417
Transportation equipment	4,079	5,341	8,643	11,288
	$ 207,513	$ 209,547	$ 416,087	$ 424,235

Except for the aforementioned addition and recognized depreciation, the Group did not have significant sublease or impairment of right-of-use assets during the six months ended June 30, 2023 and 2022.

b. Lease liabilities

	June 30, 2023	December 31, 2022	June 30, 2022
Carrying amount	$ 2,534,414	$ 2,360,330	$ 2,540,434

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Interest expense (other interest expense)	$ 6,624	$ 6,654	$ 12,728	$ 13,715

Ranges of discount rates for lease liabilities as of June 30, 2023, December 31, 2022 and June 30, 2022 were between 0.003%- 5.563%, 0.003%-5.247% and 0.003%-5.563%, respectively.

c. Material lease activities and terms

The Group leases buildings for the use of its bank branches and offices with lease terms of 1 to 10 years.

d. Other lease information

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Expenses relating to short-term leases	$ 6,577	$ 7,192	$ 14,869	$ 19,050
Expenses relating to low-value asset leases	$ 2,015	$ 8,820	$ 4,141	$ 11,888
Total cash outflow for leases			$ 445,018	$ 447,409

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:

	June 30, 2023	December 31, 2022	June 30, 2022
Lease commitments	$ 31,200	$ 217,946	$ -

19. INTANGIBLE ASSETS, NET

	June 30, 2023	December 31, 2022	June 30, 2022
Goodwill	$ 1,567,391	$ 1,567,391	$ 1,593,998
Computer software	2,030,961	1,963,516	1,689,961
	$ 3,598,352	$ 3,530,907	$ 3,283,959

	Computer Software
Balance, January 1, 2023	$ 1,963,516
Additions	344,975
Amortization	(279,370)
Reclassification	2,359
Effect of foreign currency exchange differences	(519)
Balance, June 30, 2023	$ 2,030,961
Balance, January 1, 2022	$ 1,690,763
Additions	219,139
Amortization	(226,431)
Reclassification	6,070
Effect of foreign currency exchange differences	420
Balance, June 30, 2022	$ 1,689,961

There were no significant disposals and impairment of the intangible assets held by the Group for the six months ended June 30, 2023 and 2022. Refer to Note 19 to the consolidated financial statements as of and for the year ended December 31, 2022 for related information on intangible assets.

20. OTHER ASSETS, NET

	June 30, 2023	December 31, 2022	June 30, 2022
Prepayments	$ 1,539,974	$ 1,358,302	$ 1,618,862
Refundable deposits	14,560,589	13,390,945	22,583,551
Operating guarantee deposits and settlement funds	1,690,332	1,645,840	1,651,448
Collateral, net	314,483	420,019	420,019
Input tax to be credited	40,314	44,615	29,827
Others	115,498	106,038	114,044
	$ 18,261,190	$ 16,965,759	$ 26,417,751

a. Refer to Note 49 for information relating to refundable deposits, operating guarantee deposits and settlement funds pledged as collateral.

b. The Group's amount of the loss allowance for refundable deposits was as follows:

	12-month ECLs	Lifetime ECLs - Not Credit-impaired	Lifetime ECLs - Credit-impaired	Total
June 30, 2023	$ -	$ -	$ -	$ -
December 31, 2022	-	-	25	25
June 30, 2022	-	-	-	-

As the Group's refundable deposits were measured using the ECLs model, the Group recognized no impairment loss on financial assets for the three months ended June 30, 2023 and 2022, and recognized reversal of impairment loss on financial assets amounted to $25 thousand and $0 thousand for the six months ended June 30, 2023 and 2022, 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 June 30, 2023, December 31, 2022 and June 30, 2022, respectively.

21. DEPOSITS FROM THE CENTRAL BANK AND BANKS

	June 30, 2023	December 31, 2022	June 30, 2022
Deposits from other banks	$ 7,074,488	$ 9,601,560	$ 17,647,136
Call loans from other banks	20,957,300	5,757,927	19,861,573
Bank overdrafts	2,005,092	2,733,009	81,784
Deposits from the Central Bank	103,587	121,037	128,036
	$ 30,140,467	$ 18,213,533	$ 37,718,529

22. COMMERCIAL PAPERS ISSUED, NET

	June 30, 2023	December 31, 2022	June 30, 2022
Union Bills Finance	$ 200,000	$ -	$ -
Grand Bills Finance	1,500,000	1,950,000	2,520,000
China Bills Finance	4,390,000	1,070,000	4,090,000
Ta Ching Bills Finance	650,000	210,000	1,570,000
International Bills Finance	430,000	100,000	420,000
Taiwan Finance Corporation	1,360,000	1,200,000	2,160,000
Mega Bills Finance	640,000	345,000	895,000
Bank SinoPac	4,150,000	2,650,000	2,100,000
KGI Bank	2,050,000	1,200,000	1,900,000
Taiwan Cooperative Bills Finance	1,200,000	1,300,000	650,000
Taipei Fubon Commercial Bank	2,940,000	2,190,000	-
Cathay United Bank	-	1,000,000	-
Yuanta Commercial Bank	-	-	200,000
China Trust Commercial Bank	400,000	420,000	100,000
Union Bank of Taiwan	-	1,150,000	1,930,000
Sunny Commercial Bank	1,550,000	990,000	750,000
O-Bank	1,410,000	300,000	-
Taichung Commercial Bank	150,000	-	-
E.SUN Commercial Bank	100,000	-	-
Less: Discounts on commercial papers issued	(37,880)	(20,438)	(17,042)
	$ 23,082,120	$ 16,054,562	$ 19,267,958

As of June 30, 2023, December 31, 2022 and June 30, 2022, the interest rate ranges of commercial papers issued were 0.78%-2.09%, 0.72%-2.04% and 0.49%-1.75%, respectively.

23. PAYABLES

	June 30, 2023	December 31, 2022	June 30, 2022
Notes and accounts payable	$ 14,357,535	$ 9,296,877	$ 12,845,775
Delivery accounts payable	6,888,786	2,828,928	3,989,748
Accrued expenses	6,791,000	8,021,659	6,120,640
Interest payable	6,777,009	4,755,023	2,836,242
Checks for clearance payable	598,903	1,533,670	566,724
Dividend payable	7,952,343	-	8,660,177
Collection payable	853,490	761,039	10,639,002
Settlement	859,629	512,854	1,619,622
Tax payable	545,549	465,481	397,824
Other payables	2,403,621	2,599,271	2,154,460
	$ 48,027,865	$ 30,774,802	$ 49,830,214

24. DEPOSITS AND REMITTANCES

	June 30, 2023	December 31, 2022	June 30, 2022
Checking deposits	$ 6,050,965	$ 9,553,289	$ 7,389,097
Demand deposits	457,615,652	444,149,906	454,248,254
Time deposits	591,973,183	526,326,377	400,909,449
Negotiable certificates of deposit	1,870,599	2,735,003	3,390,408
Savings deposits	987,697,888	924,025,251	888,462,546
Public treasury deposits	8,824,795	5,865,630	4,002,565
Remittances	2,737,977	2,010,669	3,339,758
Others	-	-	707
	$ 2,056,771,059	$ 1,914,666,125	$ 1,761,742,784

25. BONDS PAYABLE

	June 30, 2023	December 31, 2022	June 30, 2022
Corporate bonds	$ 35,300,000	$ 35,300,000	$ 35,300,000
Exchangeable corporate bonds	5,025,000	5,025,000	5,025,000
Less: Discount on exchangeable corporate bonds	(243,102)	(304,784)	(365,413)
	40,081,898	40,020,216	39,959,587
Bank notes payable	28,000,000	28,000,000	34,800,000
	$ 68,081,898	$ 68,020,216	$ 74,759,587

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

	June 30, 2023	December 31, 2022	June 30, 2022
Unsecured Subordinated Corporate Bonds - 2017 (I)	$ 8,000,000	$ 8,000,000	$ 8,000,000
Unsecured Subordinated Corporate Bonds - 2018 (I)	7,000,000	7,000,000	7,000,000
Unsecured Subordinated Corporate Bonds - 2019 (I)	7,000,000	7,000,000	7,000,000
Unsecured Ordinary Corporate Bonds - 2020 (I)	10,000,000	10,000,000	10,000,000
	$ 32,000,000	$ 32,000,000	$ 32,000,000

b. Domestic unsecured exchangeable corporate bonds

Name of Bond	Duration	Interest Rate	Total Issued Amount	June 30, 2023	December 31, 2022	June 30, 2022
Domestic unsecured exchangeable corporate bonds	2022.4.1- 2025.4.1	0%	$ 5,025,000	$ 4,781,898	$ 4,720,216	$ 4,659,587

As of June 30, 2023, the Company has not redeemed any of its exchangeable bonds from the Taipei Exchange, nor have any bondholders exercised their exchange right.

Refer to Note 25 to the consolidated financial statements as of December 31, 2022 for related information on the unsecured subordinated corporate bonds, unsecured ordinary corporate bonds and unsecured exchangeable corporate bonds under SFB approval.

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:

	June 30, 2023	December 31, 2022	June 30, 2022
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	3,000,000
Subordinated Bank Notes Payable - 2015 (I)	9,100,000	9,100,000	9,100,000
Subordinated Bank Notes Payable - 2015 (II)	6,000,000	6,000,000	6,000,000
Subordinated Bank Notes Payable - 2015 (III)	4,900,000	4,900,000	4,900,000
Subordinated Bank Notes Payable - 2019 (I)	5,000,000	5,000,000	5,000,000
	$ 28,000,000	$ 28,000,000	$ 34,800,000

Refer to Note 25 to the consolidated financial statements as of December 31, 2022 for related information on bank notes payable.

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%.

	June 30, 2023	December 31, 2022	June 30, 2022
Unsecured Subordinated Corporate Bonds - 2020 (I)	$ 3,300,000	$ 3,300,000	$ 3,300,000

26. OTHER BORROWINGS

	June 30, 2023	December 31, 2022	June 30, 2022
Short-term unsecured borrowings	$ 5,343,152	$ 6,016,896	$ 8,609,689
Long-term borrowings	5,714,682	6,248,450	3,258,075
	$ 11,057,834	$ 12,265,346	$ 11,867,764

As of June 30, 2023, December 31, 2022 and June 30, 2022, the interest rates on short-term unsecured borrowings ranged from 1.60% - 4.48%, 1.67% - 4.80% and 1.19% - 5.01%, respectively.

As of June 30, 2023, December 31, 2022 and June 30, 2022, the interest rate of long-term borrowings ranged from 4.48% - 4.60%, 4.19% - 5.50% and 4.85% - 5.50%, respectively.

27. PROVISIONS

	June 30, 2023	December 31, 2022	June 30, 2022
Insurance liabilities (Note 28)	$ 232,919,490	$ 222,525,563	$ 212,376,571
Reserve for employee benefits (Note 32)	1,335,704	1,382,750	1,668,348
Reserve for guarantee liabilities	245,606	224,565	291,847
Reserve for loan commitments	187,967	183,367	183,367
Other reserves	123,920	123,564	194,335
	$ 234,812,687	$ 224,439,809	$ 214,714,468

	Reserve for Guarantee Liabilities	Reserve for Loan Commitments	Other Reserves
Balance, January 1, 2023	$ 224,565	$ 183,367	$ 123,564
Provision (reverse)	20,695	4,536	34
Net exchange differences	346	64	322
Balance, June 30, 2023	$ 245,606	$ 187,967	$ 123,920
Balance, January 1, 2022	$ 268,589	$ 183,367	$ 188,441
Provision (reverse)	22,210	(811)	4,327
Net exchange differences	1,048	811	1,567
Balance, June 30, 2022	$ 291,847	$ 183,367	$ 194,335

Refer to Note 27 to consolidated financial statement as of December 31, 2022 for related information on reserve for liabilities.

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
June 30, 2023	$ 170,542	$ 15,358	$ 12,914	$ 198,814	$ 239,785	$ 438,599
December 31, 2022	153,836	16,064	22,710	192,610	220,348	412,958
June 30, 2022	157,499	17,512	15,671	190,682	289,558	480,240

28. INSURANCE LIABILITIES

	June 30, 2023	December 31, 2022	June 30, 2022
Unearned premium reserve	$ 1,170,427	$ 1,113,467	$ 1,075,513
Loss reserve	1,578,373	1,414,495	1,329,069
Policy reserve	205,978,341	195,302,338	184,989,559
Premium deficiency reserve	344,165	360,431	392,706
Reserve for insurance contracts with the nature of financial products	1,767	1,942	1,999
Reserve for foreign exchange valuation	898,410	915,295	700,542
Other reserves	22,948,007	23,417,595	23,887,183
	$ 232,919,490	$ 222,525,563	$ 212,376,571

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.

Net changes in insurance liability reserves were as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Provision of policy reserve	$ 4,298,531	$ 3,959,526	$ 9,732,927	$ 10,132,195
Provision of loss reserve	62,106	24,354	146,497	61,477
Provision of premium deficiency reserve	(834)	16,248	(19,932)	97,849
Net changes in unearned premium reserve	31,106	5,278	41,198	12,140
Net changes in reserve for insurance contracts with the nature of financial products	(88)	(29)	(175)	(18)
	4,390,821	4,005,377	9,900,515	10,303,643
Net changes in other reserves	(234,792)	(237,737)	(469,588)	(475,476)
	$ 4,156,029	$ 3,767,640	$ 9,430,927	$ 9,828,167

a. Unearned premium reserve

	June 30, 2023			December 31, 2022			June 30, 2022		
	Insurance Contracts	Financial Instruments with Discretionary Participation Features	Total	Insurance Contracts	Financial Instruments with Discretionary Participation Features	Total	Insurance Contracts	Financial Instruments with Discretionary Participation Features	Total
Individual life insurance	$ 63,159	$ -	$ 63,159	$ 27,929	$ -	$ 27,929	$ 21,164	$ -	$ 21,164
Individual injury insurance	95,736	-	95,736	96,461	-	96,461	97,113	-	97,113
Individual health insurance	985,371	-	985,371	963,595	-	963,595	933,007	-	933,007
Investment-linked insurance	26,161	-	26,161	25,482	-	25,482	24,229	-	24,229
	1,170,427	-	1,170,427	1,113,467	-	1,113,467	1,075,513	-	1,075,513
Less ceded unearned premium reserve									
Individual life insurance	134,561	-	134,561	118,074	-	118,074	144,265	-	144,265
Individual injury insurance	15,027	-	15,027	15,186	-	15,186	15,401	-	15,401
Individual health insurance	117,089	-	117,089	112,749	-	112,749	114,972	-	114,972
Investment-linked insurance	28,419	-	28,419	32,768	-	32,768	-	-	-
	295,096	-	295,096	278,777	-	278,777	274,638	-	274,638
	$ 875,331	$ -	$ 875,331	$ 834,690	$ -	$ 834,690	$ 800,875	$ -	$ 800,875

The changes in unearned premium reserve are as follows:

	For the Six Months Ended June 30					
	2023			2022		
	Insurance Contracts	Financial Instruments with Discretionary Participation Features	Total	Insurance Contracts	Financial Instruments with Discretionary Participation Features	Total
Beginning balance	$ 1,113,467	$ -	$ 1,113,467	$ 1,046,231	$ -	$ 1,046,231
Provision	1,170,415	-	1,170,415	1,075,456	-	1,075,456
Recovery	(1,113,467)	-	(1,113,467)	(1,046,231)	-	(1,046,231)
Net exchange differences	12	-	12	57	-	57
Ending balance	1,170,427	-	1,170,427	1,075,513	-	1,075,513
Less ceded unearned premium reserve						
Beginning balance	278,777	-	278,777	255,620	-	255,620
Increase	294,527	-	294,527	272,705	-	272,705
Decrease	(278,777)	-	(278,777)	(255,620)	-	(255,620)
Net exchange differences	569	-	569	1,933	-	1,933
Ending balance	295,096	-	295,096	274,638	-	274,638
Net ending balance	$ 875,331	$ -	$ 875,331	$ 800,875	$ -	$ 800,875

b. Loss reserve

	June 30, 2023			December 31, 2022			June 30, 2022		
	Insurance Contracts	Financial Instruments with Discretionary Participation Features	Total	Insurance Contracts	Financial Instruments with Discretionary Participation Features	Total	Insurance Contracts	Financial Instruments with Discretionary Participation Features	Total
Individual life insurance									
Filed not yet paid	$ 895,130	$ -	$ 895,130	$ 870,592	$ -	$ 870,592	$ 874,014	$ -	$ 874,014
Individual injury insurance									
Filed not yet paid	2,003	-	2,003	8,495	-	8,495	2,452	-	2,452
Not yet filed	7,973	-	7,973	4,750	-	4,750	3,851	-	3,851
Individual health insurance									
Filed not yet paid	465,025	-	465,025	353,382	-	353,382	292,408	-	292,408
Not yet filed	199,186	-	199,186	176,294	-	176,294	155,738	-	155,738
Investment-linked insurance									
Filed not yet paid	9,056	-	9,056	982	-	982	606	-	606
	1,578,373	-	1,578,373	1,414,495	-	1,414,495	1,329,069	-	1,329,069
Less ceded loss reserve									
Individual life insurance	9,517	-	9,517	1,788	-	1,788	1,315	-	1,315
Individual injury insurance	13	-	13	24	-	24	905	-	905
Individual health insurance	54,922	-	54,922	45,557	-	45,557	33,825	-	33,825
	64,452	-	64,452	47,369	-	47,369	36,045	-	36,045
	$ 1,513,921	$ -	$ 1,513,921	$ 1,367,126	$ -	$ 1,367,126	$ 1,293,024	$ -	$ 1,293,024

The changes in loss reserve are as follows:

	For the Six Months Ended June 30					
	2023			2022		
	Insurance Contracts	Financial Instruments with Discretionary Participation Features	Total	Insurance Contracts	Financial Instruments with Discretionary Participation Features	Total
Beginning balance	$ 1,414,495	$ -	$ 1,414,495	$ 1,262,743	$ -	$ 1,262,743
Provision	1,577,982	-	1,577,982	1,327,780	-	1,327,780
Recovery	(1,414,495)	-	(1,414,495)	(1,262,743)	-	(1,262,743)
Net exchange differences	391	-	391	1,289	-	1,289
Ending balance	1,578,373	-	1,578,373	1,329,069	-	1,329,069
Less ceded loss reserve						
Beginning balance	47,369	-	47,369	32,482	-	32,482
Increase	64,351	-	64,351	36,042	-	36,042
Decrease	(47,361)	-	(47,361)	(32,482)	-	(32,482)
Net exchange differences	93	-	93	3	-	3
Ending balance	64,452	-	64,452	36,045	-	36,045
Net ending balance	$ 1,513,921	$ -	$ 1,513,921	$ 1,293,024	$ -	$ 1,293,024

c. Policy reserve

	June 30, 2023			December 31, 2022			June 30, 2022		
	Insurance Contracts	Financial Instruments with Discretionary Participation Features	Total	Insurance Contracts	Financial Instruments with Discretionary Participation Features	Total	Insurance Contracts	Financial Instruments with Discretionary Participation Features	Total
Life insurance	$ 180,497,896	$ -	$ 180,497,896	$ 170,881,551	$ -	$ 170,881,551	$ 161,753,309	$ -	$ 161,753,309
Health insurance	23,703,279	-	23,703,279	22,660,461	-	22,660,461	21,461,050	-	21,461,050
Annuity insurance	30,512	-	30,512	30,769	-	30,769	29,657	-	29,657
Investment-linked insurance	1,565,068	-	1,565,068	1,549,888	-	1,549,888	1,566,593	-	1,566,593
Transferred-in unwritten-off balance of 3% decrease in business tax	158,276	-	158,276	158,276	-	158,276	158,276	-	158,276
Transferred-in recovery of catastrophe reserve	5,021	-	5,021	5,021	-	5,021	5,021	-	5,021
	205,960,052	-	205,960,052	195,285,966	-	195,285,966	184,973,906	-	184,973,906
Less ceded policy reserve	-	-	-	-	-	-	-	-	-
	$ 205,960,052	$ -	$ 205,960,052	$ 195,285,966	$ -	$ 195,285,966	$ 184,973,906	$ -	$ 184,973,906

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 $205,978,341 thousand, $195,302,338 thousand and $184,989,559 thousand as of June 30, 2023, December 31, 2022 and June 30, 2022, respectively.

The changes in policy reserve are as follows:

	For the Six Months Ended June 30					
	2023			2022		
	Insurance Contracts	Financial Instruments with Discretionary Participation Features	Total	Insurance Contracts	Financial Instruments with Discretionary Participation Features	Total
Beginning balance	$ 195,285,966	$ -	$ 195,285,966	$ 171,429,704	$ -	$ 171,429,704
Provision	11,924,353	-	11,924,353	10,834,313	-	10,834,313
Recovery	(2,191,426)	-	(2,191,426)	(702,118)	-	(702,118)
Net exchange differences	941,159	-	941,159	3,412,007	-	3,412,007
Ending balance	205,960,052	-	205,960,052	184,973,906	-	184,973,906
Less ceded policy reserve	-	-	-	-	-	-
Net ending balance	$ 205,960,052	$ -	$ 205,960,052	$ 184,973,906	$ -	$ 184,973,906

d. Premium deficiency reserve

	June 30, 2023			December 31, 2022			June 30, 2022		
	Insurance Contracts	Financial Instruments with Discretionary Participation Features	Total	Insurance Contracts	Financial Instruments with Discretionary Participation Features	Total	Insurance Contracts	Financial Instruments with Discretionary Participation Features	Total
Individual life insurance	$ 336,022	$ -	$ 336,022	$ 351,348	$ -	$ 351,348	$ 381,853	$ -	$ 381,853
Individual health insurance	8,064	-	8,064	8,919	-	8,919	10,592	-	10,592
Investment-linked insurance	79	-	79	164	-	164	261	-	261
	344,165	-	344,165	360,431	-	360,431	392,706	-	392,706
Less ceded premium deficiency reserve	-	-	-	-	-	-	-	-	-
	$ 344,165	$ -	$ 344,165	$ 360,431	$ -	$ 360,431	$ 392,706	$ -	$ 392,706

The changes in premium deficiency reserve are as follows:

	For the Six Months Ended June 30					
	2023			2022		
	Insurance Contracts	Financial Instruments with Discretionary Participation Features	Total	Insurance Contracts	Financial Instruments with Discretionary Participation Features	Total
Beginning balance	$ 360,431	$ -	$ 360,431	$ 274,887	$ -	$ 274,887
Provision	20,775	-	20,775	100,053	-	100,053
Recovery	(40,707)	-	(40,707)	(2,204)	-	(2,204)
Net exchange differences	3,666	-	3,666	19,970	-	19,970
Ending balance	344,165	-	344,165	392,706	-	392,706
Less ceded premium deficiency reserve	-	-	-	-	-	-
Net ending balance	$ 344,165	$ -	$ 344,165	$ 392,706	$ -	$ 392,706

e. Liability adequacy reserve

	Insurance Contracts and Financial Instruments with Discretionary Participation Features		
	June 30, 2023	**December 31, 2022**	**June 30, 2022**
Unearned premium reserve	$ 1,170,427	$ 1,113,467	$ 1,075,513
Policy reserve	205,801,776	195,127,690	184,815,630
Premium deficiency reserve	344,165	360,431	392,706
Carrying amount of insurance liability	$ 207,316,368	$ 196,601,588	$ 186,283,849
Current estimates of cash flows	$ 158,085,053	$ 154,417,815	$ 145,488,727
Balance of liability adequacy reserve	$ -	$ -	$ -

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 June 30, 2023, December 31, 2022 and June 30,2022, Taishin Life Insurance was not required to provide liability adequacy reserve after evaluation.

Method used in the liability adequacy test is shown as follows:

	June 30, 2023	December 31, 2022	June 30, 2022
Test method	Gross premium valuation method (GPV)	Gross premium valuation method (GPV)	Gross premium valuation method (GPV)
Test groups	Integrated testing	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	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

	June 30, 2023	December 31, 2022	June 30, 2022
Investment-linked insurance - annuity insurance	$ 1,767	$ 1,942	$ 1,999

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 were as follows:

Investment-linked insurance - annuity insurance

	For the Six Months Ended June 30	
	2023	**2022**
Beginning balance	$ 1,942	$ 2,017
Net recovery of legal reserve	(175)	(18)
Ending balance	$ 1,767	$ 1,999

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 Six Months Ended June 30	
	2023	**2022**
Beginning balance	$ 915,295	$ 125,678
Provision		
Compulsory provision	36,068	13,684
Additional provision	333,665	671,799
	369,733	685,483
Recovery	(386,618)	(110,619)
Ending balance	$ 898,410	$ 700,542

The effects applicable or inapplicable for reserve for foreign exchange valuation for the six months ended June 30, 2023 and 2022 were as follows.

Accounts	**For the Six Months Ended June 30, 2023**		
	Inapplicable Amount (1)	**Applicable Amount (2)**	**Effect (3)=(2)-(1)**
Net income attributable to owners of parent	$ 8,869,449	$ 8,882,957	$ 13,508
Earnings per share	0.63	0.63	-
Reserve for foreign exchange valuation	-	898,410	898,410
Equity attributable to owners of parent	209,222,085	208,628,733	(593,352)

Accounts	**For the Six Months Ended June 30, 2022**		
	Inapplicable Amount (1)	**Applicable Amount (2)**	**Effect (3)=(2)-(1)**
Net income attributable to owners of parent	$ 4,936,610	$ 4,476,719	$ (459,891)
Earnings per share (Note)	0.33	0.29	(0.04)
Reserve for foreign exchange valuation	-	700,542	700,542
Equity attributable to owners of parent	186,657,781	186,222,724	(435,057)

Note: Refer to Note 42 for information on the earnings per share after retrospective adjustment.

29. OTHER FINANCIAL LIABILITIES

	June 30, 2023	December 31, 2022	June 30, 2022
Principal of structured products	$ 106,154,448	$ 94,647,527	$ 83,445,702
Gold account	550,661	569,626	566,376
Futures traders' equity	2,052,787	2,062,861	1,949,916
Separate account insurance product liabilities (Note 31)	31,865,205	28,335,840	27,265,575
	$ 140,623,101	$ 125,615,854	$ 113,227,569

30. OTHER LIABILITIES

	June 30, 2023	December 31, 2022	June 30, 2022
Unearned revenue	$ 442,931	$ 539,939	$ 550,201
Unearned interest	1,059,335	937,062	818,404
Guarantee deposits	3,016,177	3,030,819	4,844,180
Deferred income	1,014,259	1,137,219	1,157,309
Temporary credits	804,473	794,170	1,445,810
Receivable from underwriting of shares	-	480,267	9,467
Others	52,837	61,831	67,363
	$ 6,390,012	$ 6,981,307	$ 8,892,734

31. SEPARATE ACCOUNT INSURANCE PRODUCTS

	June 30, 2023	December 31, 2022	June 30, 2022
Separate account insurance product assets			
Cash in bank	$ 1,880,721	$ 1,853,062	$ 1,744,066
Financial assets at FVTPL	29,785,562	26,356,361	25,403,528
Interest receivable	3,741	3,716	1,720
Other receivables	195,181	122,701	116,261
	$ 31,865,205	$ 28,335,840	$ 27,265,575
Separate account insurance product liabilities			
Other payables	$ 219,758	$ 117,913	$ 102,753
Reserve for insurance products	25,064,166	23,006,907	22,642,290
Reserve for investment contracts	6,581,281	5,211,020	4,520,532
	$ 31,865,205	$ 28,335,840	$ 27,265,575

a. The related income statement accounts of the Group's separate account insurance products were as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Separate account insurance product income				
Premium income	$ 146,833	$ 280,893	$ 406,371	$ 510,830
Interest income	3,429	1,222	5,510	2,034
Gain (loss) on financial assets and liabilities at FVTPL	1,282,182	(2,202,290)	2,035,275	(3,386,596)
	$ 1,432,444	$ (1,920,175)	$ 2,447,156	$ (2,873,732)
Separate account insurance product expenses				
Provision (reversal) of separate account reserve	$ 1,176,129	$ (2,102,052)	$ 2,009,899	$ (3,297,104)
Claims, payments and surrender	174,453	98,530	288,150	281,343
Administrative expenses	81,862	83,347	149,107	142,029
	$ 1,432,444	$ (1,920,175)	$ 2,447,156	$ (2,873,732)

b. The rebates earned from counterparties due to the business of separate account insurance products amounted to $20,129 thousand and $18,769 thousand for the three months ended June 30, 2023 and 2022, respectively, and amounted to $38,619 thousand and $37,567 thousand for the six months ended June 30, 2023, and 2022, respectively, which were recorded under service fee income.

32. POST-EMPLOYMENT BENEFIT PLANS

Except for the followings, refer to Note 32 to the consolidated financial statements as of December 31, 2022 for information on defined benefits.

Pension cost for the three months ended June 30, 2023 and 2022 and for the six months ended June 30, 2023 and 2022 was calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year. Refer to Note 39 for information on employee benefits expense.

33. EQUITY

a. Share capital

	June 30, 2023	December 31, 2022	June 30, 2022
Number of shares authorized (in thousands)	20,000,000	20,000,000	20,000,000
Shares authorized	$ 200,000,000	$ 200,000,000	$ 200,000,000
Number of shares issued and fully paid (in thousands)			
Ordinary shares	11,974,148	11,974,148	11,409,383
Preferred shares	1,100,000	1,100,000	800,000
Capital shares issued and outstanding	$ 130,741,476	$ 130,741,476	$ 122,093,832

b. 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 shares 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.

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 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 shares 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 shareholders 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.

d. 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 shares 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.

e. Capital surplus

As of June 30, 2023, 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.

f. 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 shareholders in their 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 by the shareholders in their 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 g. for the information relating to special reserves.

The appropriations of earnings for 2022 and 2021 were resolved by the shareholders in their meetings on June 16, 2023 and June 17, 2022, 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 2022	**For Year 2021**	**For Year 2022**	**For Year 2021**
Legal reserve appropriated	$ 1,682,871	$ 2,047,300		
Special reserve appropriated	7,251,539	8,304,402		
Reversal of the special reserve	(5,029,142)	-		
Cash dividends of Class E preferred shares	1,757,500	1,757,500	$ -	$ -
Cash dividends of Class F preferred shares	88,028	-	-	-
Cash dividends of ordinary shares	6,106,815	6,902,677	0.510	0.605
Stock dividends of ordinary shares	5,029,142	5,647,644	0.420	0.495

g. Special reserves

The subsidiaries reclassified the reserve for trading losses and default losses as of December 31, 2010 to a special reserve account, which is part of equity, by Order No. 11202709871 issued by the FSC, which allowed the Company to recognize the special reserve because of investments accounted for using the equity method.

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. After a year, upon evaluation and confirmation by the accountant, a reversal was conducted as the assessed value of the acquired assets was found to be close to their value at the time of acquisition, and no unexpected material impairment losses were identified.

h. Other equity items

1) Exchange differences on translation of the financial statements of foreign operations

	For the Six Months Ended June 30	
	2023	**2022**
Beginning balance	$ (138,234)	$ (182,782)
Exchange differences on translating the net assets of foreign operations	(68,569)	59,419
Ending balance	$ (206,803)	$ (123,363)

2) Unrealized gain (loss) on financial assets at FVTOCI

	For the Six Months Ended June 30	
	2023	**2022**
Beginning balance	$ (3,800,290)	$ 1,197,868
Recognized during the period		
Unrealized gains or losses		
Debt instruments	664,253	(5,056,467)
Equity instruments	1,672,873	736,586
Income tax related to profit or loss of debt instruments	(36,601)	360,587
Income tax related to profit or loss of equity instruments	-	(209,408)
Reclassification adjustments		
Disposal of investments in debt instruments	(13,867)	469,245
Other comprehensive income recognized during the period	2,286,658	(3,699,457)
Cumulative unrealized gain (loss) of equity instruments transferred to retained earnings due to disposal	(489,467)	(57,542)
Ending balance	$ (2,003,099)	$ (2,559,131)

3) Changes in fair value attributable to changes in the credit risk of financial liabilities at FVTPL

	For the Six Months Ended June 30	
	2023	**2022**
Beginning balance	$ 282,149	$ (18,823)
Changes in fair value attributable to changes in the credit risk	(98,619)	95,053
Ending balance	$ 183,530	$ 76,230

4) Other comprehensive income (loss) on reclassification using the overlay approach

	For the Six Months Ended June 30	
	2023	**2022**
Beginning balance	$ (3,637,143)	$ 354,532
Recognized during the period		
Unrealized gain (loss)	2,715,907	(4,292,684)
Tax effects	(4,888)	176,573
Other comprehensive income (loss) recognized during the period	2,711,019	(4,116,111)
Ending balance	$ (926,124)	$ (3,761,579)

i. Non-controlling interests

	For the Six Months Ended June 30	
	2023	**2022**
Beginning balance	$ 26,182	$ 34,050
Attributable to non-controlling interests		
Net (loss) gain for the year	1,730	(6,153)
Subsidiary cash dividends	(444)	-
Ending balance	$ 27,468	$ 27,897

34. NET INTEREST INCOME

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Interest income				
Loans	$ 10,889,241	$ 6,821,088	$ 21,118,893	$ 12,659,407
Investment in marketable securities	5,144,518	1,792,185	9,173,553	3,325,418
Revolving interest of credit cards	319,242	299,377	634,995	602,430
Finance leases	517,106	539,841	1,047,190	1,124,570
Others	1,572,352	626,303	3,190,732	1,139,571
	18,442,459	10,078,794	35,165,363	18,851,396
Interest expense				
Deposits	(9,020,338)	(2,024,075)	(16,700,929)	(3,347,968)
Issuance of bonds and securities	(322,471)	(352,598)	(641,475)	(668,596)
Structured products	(844,476)	(195,616)	(1,558,913)	(313,632)
Others	(708,063)	(427,258)	(1,383,598)	(723,825)
	(10,895,348)	(2,999,547)	(20,284,915)	(5,054,021)
Net interest income	$ 7,547,111	$ 7,079,247	$ 14,880,448	$ 13,797,375

35. NET SERVICE FEE AND COMMISSION INCOME

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Service fees and commission income				
Interbank fee	$ 278,785	$ 250,395	$ 547,226	$ 489,162
Loan and guarantee fee	140,691	187,051	278,677	444,014
Fee from certification, underwriting and brokerage	734,943	519,231	1,392,130	1,177,496
Fee from trustee business	708,705	801,730	1,433,692	1,584,450
Insurance commission fee	525,696	645,026	951,333	1,836,608
Fee from credit cards	1,339,046	998,165	2,629,354	1,993,310
Others	554,632	563,715	1,066,270	1,099,064
	4,282,498	3,965,313	8,298,682	8,624,104
Service fees and commission expenses				
Fees from credit cards	(675,138)	(451,142)	(1,309,147)	(894,374)
Interbank fee	(91,360)	(83,995)	(182,138)	(171,951)
Marketing fee	(196,443)	(103,305)	(358,357)	(219,509)
Insurance commission fee	(328,178)	(128,403)	(611,595)	(288,584)
Brokerage fee	(57,772)	(56,347)	(105,525)	(118,060)
Others	(321,933)	(258,617)	(605,970)	(527,694)
	(1,670,824)	(1,081,809)	(3,172,732)	(2,220,172)
Net service fees and commission income	$ 2,611,674	$ 2,883,504	$ 5,125,950	$ 6,403,932

36. NET INCOME FROM INSURANCE OPERATIONS

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Insurance business income				
Written premium income	$ 5,864,874	$ 4,743,309	$ 13,063,650	$ 12,162,523
Reinsurance premium expense	(148,128)	(126,913)	(265,822)	(233,250)
Separate account insurance product income	1,432,444	(1,920,175)	2,447,156	(2,873,732)
	7,149,190	2,696,221	15,244,984	9,055,541
Insurance business expense				
Underwriting expense	(862)	(535)	(1,624)	(970)
Insurance claim payments	(1,752,511)	(1,325,650)	(3,379,050)	(2,488,573)
Claims and payments recovered from reinsurers	63,249	37,021	118,240	83,863
Disbursements toward industry stability fund	(11,177)	(9,114)	(24,893)	(23,316)
Separate account insurance product expense	(1,432,444)	1,920,175	(2,447,156)	2,873,732
	(3,133,745)	621,897	(5,734,483)	444,736
Net income from insurance operations	$ 4,015,445	$ 3,318,118	$ 9,510,501	$ 9,500,277

37. GAIN (LOSS) ON FINANCIAL ASSETS AND LIABILITIES AT FVTPL

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Disposal gains (losses)				
Taishin Bank				
Shares and beneficiary certificates	$ (2,718)	$ (162,301)	$ 2,141	$ (165,810)
Bills	3,325	(8,701)	7,247	(16,504)
Bonds	171,717	(50,352)	241,724	(3,744)
Derivative financial instruments	339,304	124,743	2,478,284	549,490
	511,628	(96,611)	2,729,396	363,432
Taishin Securities B				
Call (put) warrants issued	6,792	(92,363)	24,368	(87,289)
Trading securities - dealing	552,453	(312,520)	1,094,465	(232,858)
Trading securities - underwriting	57,045	9,465	109,947	75,019
Trading securities - hedging	20,321	29,029	115,051	161,323
Borrowing securities and securities under resell agreements	54,953	40,570	74,273	31,160
Open-end funds	283	-	997	(1,040)
Derivative financial instruments	(283,902)	85,095	(666,534)	(86,093)
	407,945	(240,724)	752,567	(139,778)

(Continued)

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Taishin Life Insurance				
Shares and beneficiary certificates	$ 331,072	$ 19,807	$ 638,674	$ 282,100
Bonds	-	-	-	(42,106)
Derivative financial instruments	(334,280)	(315,439)	(227,875)	(347,614)
	(3,208)	(295,632)	410,799	(107,620)
Others				
Shares and beneficiary certificates	668	(40,018)	29,419	(41,066)
Derivative financial instruments	-	(73,198)	-	(95,005)
	668	(113,216)	29,419	(136,071)
	917,033	(746,183)	3,922,181	(20,037)
Valuation gains (losses)				
Taishin Bank				
Shares and beneficiary certificates	(8,013)	409,894	126,996	665,265
Bills	7,891	21,031	(7,902)	10,900
Bonds	138,868	(505,022)	529,805	(680,965)
Derivative financial instruments	(500,576)	1,484,495	(1,499,664)	1,796,244
	(361,830)	1,410,398	(850,765)	1,791,444
Taishin Securities B				
Call (put) warrants issued	1,736	113,709	(64,287)	113,747
Trading securities - dealing	(107,370)	(323,954)	111,685	(328,167)
Trading securities - underwriting	79,948	(84,353)	196,695	(124,563)
Trading securities - hedging	112,742	(535,132)	444,806	(652,347)
Settlements coverage bonds payable of short sale	(67)	-	-	-
Borrowed securities and bonds with resell agreements-short sales	(45,848)	302,170	(165,015)	379,500
Open-end funds	(977)	28,587	6,445	31,953
Derivative financial instruments	(21,711)	619,566	(320,820)	767,428
	18,453	120,593	209,509	187,551
Taishin Life Insurance				
Shares and beneficiary certificates	1,079,384	(2,948,037)	2,747,201	(3,918,056)
Beneficiary securities	519	(3,366)	1,181	(4,034)
Bonds	-	-	-	9,752
Derivative financial instruments	(504,087)	(468,394)	(644,150)	(905,212)
	575,816	(3,419,797)	2,104,232	(4,817,550)

(Continued)

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Others				
Shares and beneficiary certificates	$ (254,092)	$ (143,068)	$ 385,248	$ (71,718)
Derivative financial instruments	(54,500)	345,638	(66,500)	340,363
Contingent consideration agreement	-	(315,999)	-	(1,185,588)
	(308,592)	(113,429)	318,748	(916,943)
	(76,153)	(2,002,235)	1,781,724	(3,755,498)
Net interest income	270,295	98,905	498,984	189,709
Dividends	795,837	432,747	1,009,557	626,147
Interest expense	(44,105)	(40,090)	(87,490)	(78,527)
	$ 1,862,907	$ (2,256,856)	$ 7,124,956	$ (3,038,206)

(Concluded)

38. REALIZED GAIN (LOSS) ON FINANCIAL ASSETS AT FVTOCI

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Disposal gains (losses)				
Bonds	$ (1,821)	$ (250,586)	$ 16,518	$ (462,587)
Beneficiary securities	(1,256)	(2,984)	(2,651)	(6,658)
	(3,077)	(253,570)	13,867	(469,245)
Dividend income				
Related to investments held at the end of the period	78,522	101,242	83,648	105,791
Related to investments derecognized at the end of the period	1,579	-	1,587	-
	$ 77,024	$ (152,328)	$ 99,102	$ (363,454)

39. EMPLOYEE BENEFITS EXPENSE

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Short-term benefits	$ 4,319,871	$ 3,864,269	$ 8,479,649	$ 7,573,887
Post-employment benefits (Note 32)				
Defined contribution plans	149,851	141,193	298,400	282,279
Defined benefit plans	3,222	3,553	6,445	7,105
Share-based payments (Note 43)				
Cash-settled share-based payments	62,995	(32,197)	101,963	21,507
Others	36,490	37,323	68,546	70,998
	$ 4,572,429	$ 4,014,141	$ 8,955,003	$ 7,955,776

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 three months ended June 30, 2023 and 2022 and for the six months ended June 30, 2023 and 2022, the amounts of employees' compensation and remuneration of directors were as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Employees' compensation	$ 367	$ 242	$ 883	$ 443
Remuneration of directors	$ 36,757	$ 24,186	$ 88,336	$ 44,314

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 23, 2023 and February 24, 2022 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 2022 and 2021 to differ from the amounts recognized in the consolidated financial statements for the years ended December 31, 2022 and 2021, respectively. The differences were adjusted to profit or loss for the years ended December 31, 2023 and 2022.

	For the Years Ended December 31			
	2022		2021	
	Employees' Compensation	Remuneration of Directors	Employees' Compensation	Remuneration of Directors
Amounts approved at the board of directors' meeting	$ 1,468	$ 110,077	$ 2,015	$ 151,088
Amounts recognized in the annual financial statements	$ 1,462	$ 146,166	$ 1,991	$ 199,083

Information on the employees' compensation and the remuneration of directors resolved by the Company's board of directors in 2023 and 2022 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

40. DEPRECIATION AND AMORTIZATION EXPENSES

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Property and equipment	$ 316,912	$ 302,651	$ 630,514	$ 610,527
Investment properties	6,601	4,177	13,203	8,354
Right-of-use assets	207,513	209,547	416,087	424,235
Intangible assets and other deferred assets	153,191	118,946	279,474	227,359
	$ 684,217	$ 635,321	$ 1,339,278	$ 1,270,475

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 Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Current tax				
In respect of the current period	$ 456,814	$ 198,443	$ 1,165,385	$ 627,356
Adjustments for prior years	56,345	(52,444)	57,794	(225,815)
Offshore income tax expense	16,326	(196)	34,616	25,715
Land value increment tax	-	6,390	320	6,390
Deferred tax				
In respect of the current period	389,299	527,461	551,182	1,039,668
Adjustments for prior years	(31,058)	169,094	(31,058)	169,094
Income tax expense recognized in profit or loss	$ 887,726	$ 848,748	$ 1,778,239	$ 1,642,408

Income Tax Recognized in Other Comprehensive Income

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Deferred tax				
In respect of the current period:				
Fair value changes of financial assets at FVTOCI	$ (38,747)	$ (105,269)	$ 36,601	$ (360,587)
Unrealized gain (loss) on investments in equity instruments designated as at FVTOCI	-	(469,360)	-	209,408
Reclassification using the overlay approach	(789)	(116,479)	4,888	(176,573)
Total income tax recognized in other comprehensive income	$ (39,536)	$ (691,108)	$ 41,489	$ (327,752)

Assessments of the Group's Income Tax

Except for the following, refer to Note 41 to the consolidated financial statements as of December 31, 2022 for the other related information on the Group's income tax assessments.

a. Taishin Financial Holding's income tax returns through 2017 have been assessed by the tax authorities.

b. Taishin Bank's income tax returns through 2017 have been assessed by the tax authorities. The income tax returns of Taishin Real-Estate through 2021 have been assessed by the tax authorities. The income tax returns of Taishin D.A. Finance through 2021 have been assessed by the tax authorities.

c. Taishin AMC's income tax returns through 2017 have been assessed by the tax authorities.

d. Taishin Venture Capital's income tax returns through 2017 have been assessed by the tax authorities.

e. Taishin Securities Investment Trust's income tax returns through 2017 have been assessed by the tax authorities.

f. Taishin Securities B's income tax returns through 2017 have been assessed by the tax authorities. Taishin Securities Venture Capital's income tax returns through 2021 have been assessed by the tax authorities. Taishin Capital's income tax returns through 2021 have been assessed by the tax authorities. Taishin Health Investment income tax returns through 2021 have been assessed by the tax authorities.

g. Taishin Securities Investment Advisory's income tax returns through 2017 have been assessed by the tax authorities.

h. Crededi Inc.'s income tax returns through 2021 have been assessed by the tax authorities.

i. Taishin Life Insurance's income tax returns through 2021 have been assessed by the tax authorities.

42. EARNINGS PER SHARE

Unit: NT$ Per Share

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Basic earnings per share	$ 0.27	$ 0.15	$ 0.63	$ 0.29
Diluted earnings per share	$ 0.27	$ 0.15	$ 0.63	$ 0.29

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 1, 2023 and August 30, 2022. The basic and diluted earnings per share adjusted retrospectively for the three months ended June 30, 2022 and for the six months ended June 30, 2022 were as follows:

	Before Adjusted Retrospectively		After Adjusted Retrospectively	
	For the Three Months Ended June 30, 2022	For the Six Months Ended June 30, 2022	For the Three Months Ended June 30, 2022	For the Six Months Ended June 30, 2022
Basic earnings per share	$ 0.17	$ 0.32	$ 0.15	$ 0.29
Diluted earnings per share	$ 0.17	$ 0.32	$ 0.15	$ 0.29

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 Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Net income for the periods attributable to owner of the Company	$ 3,818,517	$ 2,332,894	$ 8,882,957	$ 4,476,719
Less: Dividends on preferred shares	(487,016)	(438,171)	(968,680)	(871,527)
Earnings used in computation of diluted earnings per share	$ 3,331,501	$ 1,894,723	$ 7,914,277	$ 3,605,192

Weighted Average Number of Ordinary Shares Outstanding

Unit: Number of Shares in Thousands

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	**2022**	**2023**	**2022**
Weighted average number of ordinary shares in computation of basic earnings per share	12,477,062	12,477,062	12,477,062	12,477,062
Effect of dilutive potential ordinary shares:				
Employees' compensation	47	15	73	58
Weighted average number of ordinary shares outstanding in computation of dilutive earnings per share	12,477,109	12,477,077	12,477,135	12,477,120

The Group may settle compensation or bonuses paid to employees in cash or shares; therefore, the Group assumes that the entire amount of the compensation or bonuses will be settled in shares and the resulting potential shares will be included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

43. SHARE-BASED PAYMENT ARRANGEMENTS

Cash-settled Share-based Payments of Taishin Appreciation Rights Plan

The Group issued share 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 2022	**Plan of 2021**	**Plan of 2020**	**Plan of 2019**	**Plan of 2018**
Grant-date share price (Note)	$18.77	$18.77	$18.77	$18.77	$18.77
Exercise price	$15.13	$17.54	$11.11	$11.45	$10.92
Outstanding period	1.5 years, 2.5 years 3.5 years, 4.5 years	0.6 years, 1.6 years	0.6 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 six months ended June 30, 2023 and 2022 were as follows:

Appreciation Rights Plan of 2022	For the Six Months Ended June 30, 2023 Unit	Weighted Average Exercise Price (Dollars)
Outstanding, beginning	-	$ -
Granted	24,901	15.13
Ceased	(630)	15.13
Outstanding, ending	24,271	
Weighted-average fair value of appropriation rights (NT$)	$ 4.82	

Appreciation Rights Plan of 2021	For the Six Months Ended June 30			
	2023		2022	
	Unit	Weighted Average Exercise Price (Dollars)	Unit	Weighted Average Exercise Price (Dollars)
Outstanding, beginning	22,841	$ 17.54	-	$ -
Granted	-	-	23,523	19.14
Ceased	(1,230)	17.54	(358)	19.14
Outstanding, ending	21,611		23,165	
Weighted-average fair value of appropriation rights (NT$)	$ 2.59		$ 1.79	

Appreciation Rights Plan of 2020	For the Six Months Ended June 30			
	2023		2022	
	Unit	Weighted Average Exercise Price (Dollars)	Unit	Weighted Average Exercise Price (Dollars)
Outstanding, beginning	23,453	$ 11.11	24,863	$ 12.13
Granted	(11,052)	11.11	-	-
Ceased	(1,350)	11.11	(1,130)	12.13
Outstanding, ending	11,051		23,733	
Weighted-average fair value of appropriation rights (NT$)	$ 7.72		$ 5.25	

	For the Six Months Ended June 30			
	2023		2022	
Appreciation Rights Plan of 2019	Unit	Weighted Average Exercise Price (Dollars)	Unit	Weighted Average Exercise Price (Dollars)
Outstanding, beginning	9,450	$ 11.45	20,341	$ 12.50
Exercised	(8,980)	11.45	(9,671)	12.50
Ceased	(470)	11.45	(1,000)	12.50
Outstanding, ending	-		9,670	
Weighted-average fair value of appropriation rights (NT$)	$ -		$ 4.71	

	For the Six Months Ended June 30, 2022	
Appreciation Rights Plan of 2018	Unit	Weighted Average Exercise Price (Dollars)
Outstanding, beginning	6,563	$ 10.92
Exercised	(6,193)	10.92
Ceased	(370)	10.92
Outstanding, ending	-	
Weighted-average fair value of appropriation rights (NT$)	$ -	

As of June 30, 2023, December 31, 2022 and June 30, 2022, the related liabilities recognized amounted to $204,700 thousand, $111,084 thousand and $231,545 thousand, respectively.

44. CASH FLOW INFORMATION

Changes in liabilities arising from financing activities:

<u>For the six months ended June 30, 2023</u>

			Non-cash Changes					
	Opening Balance	Cash Flows	Effect of Exchange Rate Changes	New Leases	Termination of Lease Contract	Amortization for Discount	Fair Value Adjustments	Closing Balance
Due to the Central Bank and banks (including call loans from other banks and bank overdrafts)	$ 8,490,936	$ 14,471,456	$ -	$ -	$ -	$ -	$ -	$ 22,962,392
Commercial papers payable	16,054,562	7,045,000	-	-	-	(17,442)	-	23,082,120
Lease liabilities	2,360,330	(413,280)	(2,500)	592,947	(3,083)	-	-	2,534,414
Other borrowings	12,265,346	(913,416)	(294,096)	-	-	-	-	11,057,834
Financial liabilities designated as at FVTPL	2,483,480	-	-	-	-	-	195,915	2,679,395
Bonds payable	68,020,216	-	-	-	-	61,682	-	68,081,898
	$ 109,674,870	$ 20,189,760	$ (296,596)	$ 592,947	$ (3,083)	$ 44,240	$ 195,915	$ 130,398,053

For the six months ended June 30, 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	$ (19,024,648)	$ -	$ -	$ -	$ -	$ -	$ 20,835,197
Commercial papers payable	22,963,111	(3,702,000)	-	-	-	6,847	-	19,267,958
Lease liabilities	2,653,717	(402,756)	1,730	297,327	(9,584)	-	-	2,540,434
Other borrowings	12,867,620	(1,256,676)	256,820	-	-	-	-	11,867,764
Financial liabilities designated as at FVTPL	3,023,578	-	-	-	-	-	(262,634)	2,760,944
Bonds payable	70,100,000	5,025,000	-	-	-	(365,413)	-	74,759,587
	$ 151,467,871	$ (19,361,080)	$ 258,550	$ 297,327	$ (9,584)	$ (358,566)	$ (262,634)	$ 132,031,884

45. 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	June 30, 2023		
	Ownership Interest (%)	Group Eligible Capital	Group's Statutory Capital Requirement
Taishin Financial Holding		$ 229,028,733	$ 231,836,150
Taishin Bank	100%	209,758,992	151,363,626
Taishin Securities B	100%	10,603,846	5,285,438
Taishin Life Insurance	100%	17,972,529	10,607,016
Taishin Venture Capital	100%	9,853,020	4,950,630
Taishin AMC	100%	1,618,620	945,501
Taishin Securities Investment Trust	100%	1,024,009	570,821
Taishin Securities Investment Advisory	92%	306,693	171,399
Exclusive items amount subtracted		(230,948,294)	(217,282,536)
Total		249,218,148	188,448,045
Group's capital adequacy ratio (Note)			132.25%

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	June 30, 2022		
	Ownership Interest (%)	Group Eligible Capital	Group's Statutory Capital Requirement
Taishin Financial Holding		$ 208,222,724	$ 231,408,072
Taishin Bank	100%	196,730,263	141,177,534
Taishin Securities B	100%	10,230,517	4,965,738
Taishin Life Insurance	100%	17,707,085	8,646,406
Taishin Venture Capital	100%	5,765,112	2,907,375
Taishin AMC	100%	1,262,353	862,954
Taishin Securities Investment Trust	100%	1,016,383	593,603
Taishin Securities Investment Advisory	92%	301,215	172,248
Exclusive items amount subtracted		(206,914,457)	(194,209,357)
Total		234,321,195	196,524,573
Group's capital adequacy ratio (Note)			119.23%

Note a: The above list was prepared according to "Regulations Governing the Consolidated Capital Adequacy of Financial Holding Company."

b: Group’s capital adequacy ratio = Group’s eligible capital ÷ Group’s statutory capital requirement.

d. Financial holding company eligible capital

Item	June 30, 2023
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	5,029,142
Capital surplus	38,197,778
Legal reserve	16,926,942
Special reserve	10,920,515
Retained earnings	9,765,376
Equity adjustment	(2,952,496)
Less: Goodwill	-
Less: Deferred assets	-
Less: Treasury shares	-
Total	229,028,733

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	June 30, 2022
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	5,647,644
Capital surplus	35,921,647
Legal reserve	15,244,071
Special reserve	8,698,118
Retained earnings	4,985,255
Equity adjustment	(6,367,843)
Less: Goodwill	-
Less: Deferred assets	-
Less: Treasury shares	-
Total	208,222,724

e. Taishin Bank capital adequacy

Item			June 30, 2023	December 31, 2022	June 30, 2022
Self-owned capital	Common equity Tier I		$ 153,620,736	$ 144,156,590	$ 138,670,393
	Other Tier I capital		24,999,730	24,999,730	24,999,730
	Tier II capital		31,138,526	31,526,011	33,060,140
	Self-owned capital		209,758,992	200,682,331	196,730,263
Risk-weighted assets	Credit risk	Standardized approach	1,265,400,466	1,184,483,410	1,197,289,512
		IRB	-	-	-
		Securitization	2,756,800	1,651,953	1,715,678
	Operation risk	Basic indicator approach	-	-	-
		Standardized approach/optional standard	122,627,613	122,627,613	105,755,088
		Advanced internal-rating based approach	-	-	-
	Market price risk	Standardized approach	50,773,463	36,872,063	39,787,663
		Internal model approach	-	-	-
	Total		1,441,558,342	1,345,635,039	1,344,547,941
Capital adequacy ratio			14.55%	14.91%	14.63%
Common equity Tier I to risk-weighted assets ratio			10.66%	10.71%	10.31%
Tier I capital to risk-weighted assets ratio			12.39%	12.57%	12.17%
Leverage ratio			6.47%	6.63%	6.75%

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

Capital Adequacy Calculation Project	June 30, 2023	December 31, 2022	June 30, 2022
Eligible capital			
Tier I capital	$ 10,098,214	$ 9,413,440	$ 9,219,934
Tier I capital - minus assets	1,475,933	1,460,963	1,213,239
Tier II capital - minus assets in excess of Tier II capital	-	-	-
Tier I capital, net	8,622,281	7,952,477	8,006,695
Tier II capital	3,300,000	3,333,874	3,300,000
Tier II capital - minus assets	1,318,435	1,306,458	1,076,178
Tier II capital, net	1,981,565	2,027,416	2,223,822
Tier III capital	-	-	-
Total net of eligible capital	$ 10,603,846	$ 9,979,893	$ 10,230,517
Equivalent amount of operating risk			
Equivalent amount of credit risk	$ 935,762	$ 641,206	$ 788,004
Equivalent amount of operation risk	603,712	564,922	564,922
Equivalent amount of market risk	1,984,151	1,844,552	1,957,566
	$ 3,523,625	$ 3,050,680	$ 3,310,492
Capital adequacy ratio	301%	327%	309%

1) Capital adequacy ratio = Net of eligible capital ÷ Equivalent amount of operating risk

2) Net of eligible capital = Tier I capital + Tier II capital + Tier III capital - Minus assets

3) 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 7.64%, 6.77% and 7.08% for June 30, 2023, December 31, 2022 and June 30, 2022, respectively.

46. 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 June 30, 2023 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	$ 353,276,146	169.31%
US GOVT	180,690,139	86.60%
Hon Hai Precision IND, Co., Ltd.	15,113,362	7.24%
Government National Mortgage Association (GNMA)	13,789,123	6.61%
Taiwan Semiconductor Manufacturing Co., Ltd.	9,651,679	4.63%
Citigroup Global Markets Holdings Inc	8,779,509	4.21%
Goldman Sachs Finance Corp Intl Ltd.	8,754,475	4.20%
Ding Shuai Development Corporation	7,270,000	3.48%
Wistron Corporation	6,520,120	3.12%
Credit Agricole CIB	6,270,891	3.01%
Yuanta Securities Co., Ltd.	6,168,854	2.96%
Taiwan Power Co., Ltd.	6,087,188	2.92%
Standard Chartered Bank	5,573,364	2.67%
Cathay Financial Holding Co., Ltd.	5,545,837	2.66%
Capital Securities Corporation	5,491,223	2.63%
Taiwan Star Telecom Corporation Limited	5,479,761	2.63%
Yuan Lih Constructions Co., Ltd.	5,295,140	2.54%
Chailease Finance Co., Ltd.	5,234,609	2.51%
China Development Bank Corporation	5,015,141	2.40%
Macquarie Group Limited	4,878,428	2.34%
Delta Electronics Inc.	4,835,867	2.32%
Commonwealth Bank of Australia	4,812,930	2.31%
Fubon Financial Holding Co., Ltd.	4,708,105	2.26%
HSBC Bank (Taiwan) Limited	4,507,426	2.16%
Puyong Archiland Co., Ltd.	4,501,511	2.16%
Societe Generale	4,300,723	2.06%
Quanta Computer Inc.	4,285,976	2.05%
Synnex Technology International Corporation	4,237,603	2.03%
Formosa Plastics Corporation	4,231,617	2.03%
Apple Inc.	4,015,352	1.92%
Westpac Banking Corporation	3,905,621	1.87%
Formosa Ha Tinh Steel Corporation	3,894,125	1.87%
CPC Corporation, Taiwan	3,843,985	1.84%
Lien Jade Construction Co., Ltd.	3,825,000	1.83%
Formosa Ha Tinh (Cayman) Ltd.	3,738,360	1.79%
Helios Co., Ltd.	3,728,000	1.79%

(Continued)

Transaction Party	Credit, Endorsement and Other Transaction	As Proportion of Financial Holding's Net Equity
Uni-President Enterprises Corp.	$ 3,711,598	1.78%
National Australia Bank	3,698,884	1.77%
Qisda Corporation	3,695,841	1.77%
Himax Technologies,Inc.	3,644,901	1.75%
ING Bank	3,631,278	1.74%
TSMC Global Ltd.	3,621,963	1.74%
China Steel Corporation.	3,506,251	1.68%
Taiwan Moblie Co., Ltd.	3,497,652	1.68%
Korea Development Bank	3,443,977	1.65%
BPCE SA	3,427,712	1.64%
Natixis	3,317,433	1.59%
The Export-Import Bank Of Korea	3,288,050	1.58%
Winbond Electronics Corporation	3,187,190	1.53%
HonHan Investment Co., Ltd.	3,174,108	1.52%
Cloud Network Technology Singapore Pte. Ltd.	3,115,300	1.49%
Far Eastern New Century Corporation	3,089,096	1.48%
Sun Ray Company Limited	3,052,994	1.46%
Universal Global Technology	3,042,651	1.46%
Agricultural Bank of Taiwan	3,041,708	1.46%
Agricultural Bank Of China	3,027,528	1.45%
Total	$ 799,473,305	
b. To the same person and spouse, the relative within the second degree and the person or the spouse's enterprise		
Individual A	$ 15,219,254	7.29%
Individual B	15,113,362	7.24%
Individual C	8,939,612	4.28%
Individual D	7,769,161	3.72%
Individual E	6,849,521	3.28%
Individual F	6,168,854	2.96%
Individual G	6,168,854	2.96%
Individual H	5,529,543	2.65%
Individual I	5,491,223	2.63%
Individual J	5,190,000	2.49%
Individual K	5,182,635	2.48%
Individual L	5,060,440	2.43%
Individual M	5,057,260	2.42%
Individual N	5,014,439	2.40%
Individual O	4,763,302	2.28%
Individual P	4,507,426	2.16%
Individual Q	4,430,000	2.12%
Individual R	4,355,184	2.09%
Individual S	4,344,258	2.08%
Individual T	4,344,258	2.08%
Individual U	4,234,464	2.03%
Individual V	4,077,302	1.95%
Individual W	3,949,872	1.89%
Individual X	3,825,000	1.83%
Individual Y	3,699,628	1.77%

(Continued)

Transaction Party	Credit, Endorsement and Other Transaction	As Proportion of Financial Holding's Net Equity
Individual Z	$ 3,497,652	1.68%
Individual AA	3,322,899	1.59%
Individual AB	3,297,190	1.58%
Individual AC	3,277,726	1.57%
Individual AD	3,187,190	1.53%
Individual AE	3,174,108	1.52%
Individual AF	3,127,155	1.50%
Total	$ 172,168,772	
c. To the same related party enterprise		
Hon Hai Group	$ 34,516,817	16.54%
Far Eastern Group	18,829,212	9.02%
Fubon Group	16,449,118	7.88%
Taiwan Semiconductor Manufacturing Group	16,197,008	7.76%
Chailease Group	15,684,490	7.52%
Ruentex Group	14,381,837	6.89%
CITIC Group	13,216,626	6.33%
Ting Hsin Group	13,078,918	6.27%
Union Group	12,954,452	6.21%
Cathay Group	12,235,111	5.86%
Formosa Plastics Group	11,866,949	5.69%
CitiGroup	11,811,036	5.66%
Goldman Sachs Group	11,256,513	5.39%
YFY Group	10,508,522	5.04%
China Development Financial Group	9,790,318	4.69%
Wistron Group	9,421,431	4.52%
Maw Der International Group	8,552,100	4.10%
MS Group	7,603,074	3.64%
Yuanta Group	7,535,378	3.61%
Uni-President Group	7,518,516	3.60%
Macquarie Group	7,511,523	3.60%
ASE Group	7,279,525	3.49%
NATIXIS Group	6,745,146	3.23%
Standard Chartered Bank Group	6,501,283	3.12%
Credit Agricole S.A. Group	6,270,891	3.01%
Taiwan Power Group	6,254,988	3.00%
HSBC Group	6,250,757	3.00%
Qisda Group	6,075,423	2.91%
Yuanlih Group	5,721,540	2.74%
China Steel Group	5,675,926	2.72%
Kinpo Group	5,669,437	2.72%
Yulon Group	5,603,428	2.69%
Goldeastpaper Group	5,597,440	2.68%
Capital Securities Group	5,491,223	2.63%
Formosa Chemicals & Fibre Group	5,410,773	2.59%
JPMorgan Group	5,322,429	2.55%
Pou Chen Group	5,263,272	2.52%
Puyong Group	5,255,617	2.52%
King's Town Group	5,180,645	2.48%

(Continued)

Transaction Party	Credit, Endorsement and Other Transaction	As Proportion of Financial Holding's Net Equity
National Australia Bank Ltd. Group	$ 5,164,665	2.48%
CDB Group	5,015,141	2.40%
Lien Jade Construction Group	4,976,590	2.39%
Delta Electronics Group	4,835,867	2.32%
CBA Group	4,812,930	2.31%
Continental Engineering Group	4,799,473	2.30%
CMP Group	4,740,111	2.27%
Wells Fargo Company	4,734,610	2.27%
Quanta Computer Group	4,656,504	2.23%
Hotai Motor Group	4,570,416	2.19%
Walsin Technology Group	4,558,556	2.18%
Cheung Kong Group	4,417,437	2.12%
Asia Pacific Land Group	4,236,000	2.03%
Bank of America Group	4,145,713	1.99%
Winbond Electronics Group	4,022,736	1.93%
ANZ Banking Group	4,022,160	1.93%
HIMAX Group	3,988,901	1.91%
CPC Group	3,843,985	1.84%
AUO Group	3,830,318	1.84%
Sports City International Group	3,728,000	1.79%
WPG Group	3,722,244	1.78%
Charoen Pokphand Group	3,531,552	1.69%
Korea Finance Group	3,443,977	1.65%
LCY Group	3,422,899	1.64%
Woori Bank Group	3,417,973	1.64%
Barclays Group	3,341,711	1.60%
Hong Pu Construction Group	3,329,500	1.60%
ABU DHABI Commercial Bank Group	3,320,465	1.59%
Berkshire Hathaway Group	3,282,337	1.57%
Tai Yuan Investment Group	3,127,155	1.50%
Total	$ 499,528,618	

(Concluded)

47. 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	**June 30, 2023**			
	Total	**Level 1**	**Level 2**	**Level 3**
Recurring fair value measurement				
Non-derivative assets and liabilities				
Assets				
Financial assets at FVTPL				
Financial assets mandatorily classified as at FVTPL				
Shares and beneficiary certificates	$ 46,142,729	$ 42,387,953	$ 578,866	$ 3,175,910
Bond investments	39,627,204	12,764,159	26,863,045	-
Investment in bills	53,253,691	-	53,253,691	-
Beneficiary securities	199,167	-	199,167	-
Financial assets at FVTOCI				
Share investments	22,413,123	19,965,140	-	2,447,983
Bond investments	115,446,566	7,091,268	108,355,298	-
Beneficiary securities	1,076,110	-	1,076,110	-
Liabilities				
Financial liabilities at FVTPL				
Financial liabilities designated as at FVTPL	2,679,395	-	2,679,395	-
Financial liabilities held for trading	1,163,311	1,113,288	50,023	-
Derivative assets and liabilities				
Assets				
Financial assets at FVTPL	49,085,618	1,166,516	37,101,854	10,817,248
Liabilities				
Financial liabilities at FVTPL				
Financial liabilities designated as at FVTPL	2,996,099	-	2,996,099	-
Financial liabilities held for trading	48,352,577	80,703	36,949,938	11,321,936

Financial Assets and Liabilities	December 31, 2022			
	Total	Level 1	Level 2	Level 3
Recurring fair value measurement				
Non-derivative assets and liabilities				
Assets				
Financial assets at FVTPL				
Financial assets mandatorily classified as at FVTPL				
Shares 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				
Share 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	-	-
Derivative assets and liabilities				
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	June 30, 2022			
	Total	Level 1	Level 2	Level 3
Recurring fair value measurement				
Non-derivative assets and liabilities				
Assets				
Financial assets at FVTPL				
Financial assets mandatorily classified as at FVTPL				
Shares and beneficiary certificates	$ 32,070,610	$ 27,915,482	$ 787,176	$ 3,367,952
Bond investments	24,970,889	14,390,355	10,580,534	-
Investment in bills	47,300,255	-	47,300,255	-
Beneficiary securities	211,113	-	211,113	-
Financial assets at FVTOCI				
Share investments	41,672,449	39,292,584	-	2,379,865
Bond investments	123,611,808	6,357,002	117,254,806	-
Beneficiary securities	1,246,624	-	1,246,624	-
Liabilities				
Financial liabilities at FVTPL				
Financial liabilities designated as at FVTPL	2,760,944	-	2,760,944	-
Financial liabilities held for trading	4,312,552	4,312,552	-	-
Derivative assets and liabilities				
Assets				
Financial assets at FVTPL	53,752,936	1,119,494	42,755,888	9,877,554
Liabilities				
Financial liabilities at FVTPL				
Financial liabilities designated as at FVTPL	3,162,733	-	3,162,733	-
Financial liabilities held for trading	53,458,427	400,079	40,067,088	12,991,260

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) Share-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, 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 policies 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. There was no bonds reclassified from the Level 1 to the Level 2 for the six months ended June 30, 2023 and 2022, respectively.

5) Reconciliation of Level 3 financial assets

For the Six Months Ended June 30, 2023								
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	$ 12,783,551	$ 167,444	$ -	$ 1,272,793	$ -	$ (230,630)	$ -	$ 13,993,158
Financial assets at FVTOCI	2,309,581	-	134,592	5,250	-	(1,440)	-	2,447,983
Total	$ 15,093,132	$ 167,444	$ 134,592	$ 1,278,043	$ -	$ (232,070)	$ -	$ 16,441,141

Note: No transfer from Level 3.

For the Six Months Ended June 30, 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	$ 4,046,811	$ -	$ 1,183,348	$ 17,553	$ (106,737)	$ (21,000)	$ 13,245,506
Financial assets at FVTOCI	2,302,456	-	68,021	9,388	-	-	-	2,379,865
Total	$ 10,427,987	$ 4,046,811	$ 68,021	$ 1,192,736	$ 17,553	$ (106,737)	$ (21,000)	$ 15,625,371

Above-mentioned valuation gains (losses) recognized in current profits or losses in the amounts of $168,304 thousand and $4,010,042 thousand were attributed to gains (losses) on assets owned for the six months ended June 30, 2023 and 2022 respectively.

Above-mentioned valuation gains (losses) recognized in other comprehensive income in the amounts of $134,592 thousand and $68,021 thousand were attributed to gains (losses) on assets owned for the six months ended June 30, 2023 and 2022 respectively.

Reconciliation of Level 3 financial liabilities:

For the Six Months Ended June 30, 2023							
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	$ 10,764,094	$ 226,502	$ 452,138	$ -	$ (120,798)	$ -	$ 11,321,936

Note: No transfer from Level 3.

For the Six Months Ended June 30, 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	$ 5,431,713	$ 1,234,739	$ -	$ (20,141)	$ -	$ 12,991,260

Note: No transfer from Level 3.

Above-mentioned valuation gains (losses) recognized in current profits or losses in the amounts of $(227,099) thousand and $(5,433,229) thousand were attributed to gains (losses) on liabilities owned for the six months ended June 30, 2023 and 2022 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 June 30, 2023	Valuation Technique	Significant Unobservable Inputs	Range of Estimate	Relationship Between Inputs and Fair Value
Non-derivative financial instruments					
Financial assets at FVTPL					
Financial assets mandatorily classified as at FVTPL					
Share investments	$ 2,274,795	Assets method	Discount for lack of marketability	2%-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.
	509,497	Market method	Discount for lack of marketability	20%-30%	The higher the discount for lack of marketability, the lower the fair value.
	55,108	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%-20%	The higher the discount for non-controlling interests, the lower the fair value.
			Discount rate	4%-19%	The higher the discount rate, the lower the fair value.
	189,718	Assets method	Discount for lack of marketability	10%-30%	The higher the discount for lack of marketability, the lower the fair value.
Private equity funds	146,792	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					
Share investments	2,332,821	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.
	115,162	Market method	Discount for lack of marketability	10%-30%	The higher the discount for lack of marketability, the lower the fair value.
Derivative financial assets					
Financial assets at FVTPL					
Interest rate swaps	36,279	Cash flow discount method	Discount for lack of marketability	0%-20%	The higher the discount for lack of marketability, the lower the fair value.
Derivative financial liabilities					
Financial liabilities at FVTPL					
Interest rate swaps	182,113	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	242,000	Option pricing model	Volatility rate	11.27%	The higher the volatility rate, the higher the fair value.

	Fair Value on December 31, 2022	Valuation Technique	Significant Unobservable Inputs	Range of Estimate	Relationship Between Inputs and Fair Value
Non-derivative financial instruments					
Financial assets at FVTPL					
Financial assets mandatorily classified as at FVTPL					
Share investments	$ 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.
			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					
Share 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.
Derivative financial assets					
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.
Derivative financial liabilities					
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 June 30, 2022	Valuation Technique	Significant Unobservable Inputs	Range of Estimate	Relationship Between Inputs and Fair Value
Non-derivative financial instruments					
Financial assets at FVTPL					
Financial assets mandatorily classified as at FVTPL					
Share investments	$ 3,050,318	Assets method	Discount for lack of marketability	2%-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.
	156,637	Market method	Discount for lack of marketability	20%-40%	The higher the discount for lack of marketability, the lower the fair value.
	91,739	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%-50%	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	69,258	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					
Share investments	2,286,299	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.
	93,566	Market method	Discount for lack of marketability	10%-30%	The higher the discount for lack of marketability, the lower the fair value.
Derivative financial assets					
Financial assets at FVTPL					
Interest rate swaps	57,221	Cash flow discount method	Discount for lack of marketability	0%-20%	The higher the discount for lack of marketability, the lower the fair value.
Derivative financial liabilities					
Financial liabilities at FVTPL					
Interest rate swaps	4,647	Cash flow discount method	Discount for lack of marketability	0%-20%	The higher the discount for lack of marketability, the lower the fair value.
Contingent consideration arrangement	2,974,710	Option pricing model	Volatility rate	0.73%	The higher the volatility rate, the higher the fair value.
Exchangeable corporate bond embedded product	224,500	Option pricing model	Volatility rate	14.9%	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, reinsurance contract assets, 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.

	June 30, 2023		December 31, 2022		June 30, 2022	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets						
Investments in debt instruments at amortized cost (Note)	$ 736,686,638	$ 698,211,048	$ 642,508,812	$ 602,309,359	$ 537,916,328	$ 501,116,653

Note: Include security deposit.

2) Information on fair value hierarchy

Assets and Liabilities	June 30, 2023			
	Total	Level 1	Level 2	Level 3
Financial assets				
Investments in debt instruments at amortized cost	$ 698,211,048	$ 21,158,643	$ 677,052,405	$ -

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	June 30, 2022			
	Total	Level 1	Level 2	Level 3
Financial assets Investments in debt instruments at amortized cost	$ 501,116,653	$ 4,060,819	$ 497,055,834	$ -

3) Valuation techniques

a) 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, remittance, other borrowings and other financial liabilities, are disclosed at their carrying amounts as shown in the balance sheets since their maturities are very short or their future payments/receipts approximate their carrying amounts.

b) Investments in debt instruments at amortized cost: Refer to Note 47 (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.

June 30, 2023						
Offset and Execution of Net Settlement or Similar Agreement on Financial Assets						
Interpretation	Realized Financial Assets (a)	Offset of Realized Financial Liabilities in Balance Sheet (b)	Net Financial Assets in Balance Sheet (c)=(a)-(b)	Amount of Offset Not Shown in Balance Sheet (d)		Net (e)=(c)-(d)
				Financial Instruments (Note)	Received Cash Collateral	
Derivative	$ 31,280,710	$ -	$ 31,280,710	$ 21,191,659	$ 530,672	$ 9,558,379

Note: Including net settlement and non-cash collateral.

June 30, 2023						
Offset and Execution of Net Settlement or Similar Agreement on Financial Liabilities						
Interpretation	Realized Financial Liabilities (a)	Offset of Realized Financial Assets in Balance Sheet (b)	Net Financial Liabilities in Balance Sheet (c)=(a)-(b)	Amount of Offset Not Shown in Balance Sheet (d)		Net (e)=(c)-(d)
				Financial Instruments (Note)	Pledged Cash Collateral	
Derivative	$ 66,551,743	$ 26,112,503	$ 40,439,240	$ 21,191,659	$ 9,157,760	$ 10,089,821

Note: Including net settlement and non-cash collateral.

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 Sheet (b)	Net Financial Assets in Balance Sheet (c)=(a)-(b)	Amount of Offset Not Shown in Balance Sheet (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 Sheet (b)	Net Financial Liabilities in Balance Sheet (c)=(a)-(b)	Amount of Offset Not Shown in Balance Sheet (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.

June 30, 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 Sheet (b)	Net Financial Assets in Balance Sheet (c)=(a)-(b)	Amount of Offset Not Shown in Balance Sheet (d)		Net (e)=(c)-(d)
				Financial Instruments (Note)	Received Cash Collateral	
Derivative	$ 37,352,140	$ 2,072,674	$ 35,279,466	$ 20,019,814	$ 2,880,639	$ 12,379,013

Note: Including net settlement and non-cash collateral.

June 30, 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 Sheet (b)	Net Financial Liabilities in Balance Sheet (c)=(a)-(b)	Amount of Offset Not Shown in Balance Sheet (d)		Net (e)=(c)-(d)
				Financial Instruments (Note)	Pledged Cash Collateral	
Derivative	$ 61,523,770	$ 18,943,025	$ 42,580,745	$ 20,019,814	$ 15,215,795	$ 7,345,136

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:

June 30, 2023		
Financial Assets	Transferred Financial Assets - Carrying Amount	Related Financial Liabilities - Carrying Amount
Financial assets at FVTPL sold under repurchase agreement	$ 55,923,082	$ 55,339,488
Financial assets at FVTOCI sold under repurchase agreement	28,848,882	27,692,189

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

June 30, 2022		
Financial Assets	**Transferred Financial Assets - Carrying Amount**	**Related Financial Liabilities - Carrying Amount**
Financial assets at FVTPL sold under repurchase agreement	$ 52,023,379	$ 51,359,495
Financial assets at FVTOCI sold under repurchase agreement	26,539,721	25,605,526
Investments in debt instruments at amortized cost sold under repurchase agreement	8,570,136	7,824,522

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 operations, overall risk taken, and external legal restrictions. The major risks the Group sustains include on- and off-balance-sheet credit risks, market risks (including interest rate, exchange rate, equity security prices, credit spread and commodity price risks), liquidity risks and climate-related risks.

The Group has rules for risk management policies, which, after review by the risk management committee, have been approved by the board of directors. Additionally, the Group has established written risk control procedures, which have been reviewed and approved by the level authorized by the board of directors, in order to effectively identify, measure, supervise and control credit risks, market risks, liquidity risks and climate-related risks. Climate-related risk is not an independent risk type that will directly or indirectly aggravate the impact of the above-mentioned existing risks through the economic environment and various businesses. The Group has established climate risk management principles in response to the impacts.

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 full responsibility for risk management issues. It has authorized the establishment of a risk management committee under the board of directors, responsible for overseeing the operation of the risk management mechanism, reviewing risk management systems, and discussing risk management issues. The risk control chief takes charge of risk management, reports to the risk management committee and the board of directors periodically and supervises risk management activities.

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 shares, 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 share index options and share 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") and other alternative rates. LIBOR is "forward looking", which implies market expectation over future interest rates, and includes a credit spread over the risk-free rate. For some currencies, the alternative rates do not have a term feature, or as per the requirements of the rate oversight authorities, certain transactions can only use the SOFR for calculating the retrospective rate, which does not include 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 the transition project plan, the situation of reducing exposures and the implementation of transition are reported to the 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 and ensure that before the exit of each benchmark or the first renegotiation date after exit, the contract negotiation procedures with counterparties are completed and the conversion execution for each transaction is implemented.

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:

June 30, 2023

	Effect of Interest Rate Benchmark Reform
Interest Rate Benchmark	USD LIBOR
	Whole Period
Type	Maturity Date after June 30, 2023
Non-derivative financial assets - carrying amount	$ 38,700,134
Financial assets at FVTPL	124,729
Financial assets at FVTOCI	7,473,631
Investments in debt instruments at amortized cost	3,703,597
Loans	27,398,177
Derivative instruments - nominal principal amount	69,467,003

Note a: The carrying amount is the total value, that is, impairment loss or allowance for bad debt is not deducted.

Note b: The due date for the USD LIBOR overnight, 1 month, 3 months, 6 months and 12 months was extended to June 30, 2023.

December 31, 2022

	Effect of Interest Rate Benchmark Reform	
Interest Rate Benchmark	USD LIBOR	Other IBOR
	Whole Period	Whole Period
Type	Maturity Date after June 30, 2023	Maturity Date after December 31, 2021
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.

June 30, 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**	**Maturity Date after December 31, 2021**
Non-derivative financial assets - carrying amount	$ 74,430,346	$ 1,962,666
Financial assets at FVTPL	940,120	-
Financial assets at FVTOCI	6,266,136	-
Investments in debt instruments at amortized cost	6,229,258	-
Securities purchased under resell agreements	2,857,114	-
Loans	58,137,718	1,962,666
Non-derivative financial liabilities - carrying amount	4,236,296	-
Securities sold under repurchase agreements	4,236,296	-
Derivative instruments - nominal principal amount	162,831,493	-

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.

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 shareholders’ 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”, which serve as vital control regulations for the Group’s market risk limit management 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 shares.

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

<u>Taishin Bank</u>

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

<u>Taishin Bank</u>

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 Six Months Ended June 30, 2023			
	Average	Highest	Lowest	Ending Balance
Exchange VaR	$ 3,733	$ 10,338	$ 1,027	$ 3,991
Interest rate VaR	52,015	116,874	28,406	45,433
Equity securities VaR	50,242	62,559	26,724	57,105
Credit spread VaR	15,028	24,159	344	21,483
Value at risk	68,152	101,039	50,557	71,619

	For the Six Months Ended June 30, 2022			
	Average	Highest	Lowest	Ending Balance
Exchange VaR	$ 12,078	$ 33,301	$ 754	$ 19,878
Interest rate VaR	18,429	52,679	9,685	22,767
Equity securities VaR	56,183	82,824	29,690	29,690
Credit spread VaR	6,421	16,207	265	7,979
Value at risk	64,419	95,217	41,559	41,559

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 55.

Taishin Securities B

VaR is the potential highest loss for a period within certain confidence interval. For the six months ended June 30, 2023 and 2022, Taishin Securities B's VaR factors were as follows:

	For the Six Months Ended June 30, 2023			
	Average	Highest	Lowest	Ending Balance
Value at risk (VaR)	$ 99,939	$ 167,080	$ 67,633	$ 133,245

	For the Six Months Ended June 30, 2022			
	Average	Highest	Lowest	Ending Balance
Value at risk (VaR)	$ 79,514	$ 112,975	$ 33,097	$ 42,573

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 share 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 is 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 sheet transactions in the banking and trading books, Taishin Bank should make detailed analyses to identify existing and potential credit risks and calculate the expected credit loss under different scenarios and time spans to measure climate-related risks through the analysis of climate change scenarios. 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 the 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, shareholders 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 2023 and 2022.

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.

The Group 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.

The Group 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, the Group 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 2023 and 2022.

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 2023 and 2022.

The following table details lease receivables based on the Group's provision matrix using the simplified approach.

June 30, 2023

	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	0.68%	16.80%	73.46%	58.58%
Amount of exposure	24,033,131	374,633	236,130	42,552
Loss allowance	162,854	62,920	173,452	24,929

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

June 30, 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	0.67%	13.48%	71.44%	51.97%
Amount of exposure	23,846,229	401,170	145,871	35,553
Loss allowance	158,635	54,092	104,214	18,477

Under 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 they are 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:

June 30, 2023

	Gross Carrying Amount	Impairment under IFRS 9	Proportion of Loans/ Collateral (Note)
Personal housing loans	$ 5,287,960	$ 1,575,826	35.68%
Business guaranteed loans	1,831,350	826,525	102.54%
Others	6,219,782	1,885,121	
Total	$ 13,339,092	$ 4,287,472	

Note: The value of the collateral is calculated based on the latest accessible internal and external data.

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	

Note: The value of the collateral is calculated based on the latest accessible internal and external data.

June 30, 2022

	Gross Carrying Amount	Impairment under IFRS 9	Proportion of Loans/ Collateral (Note)
Personal housing loans	$ 8,529,367	$ 2,616,007	40.20%
Business guaranteed loans	1,715,877	366,642	110.27%
Others	6,370,184	1,825,771	
Total	$ 16,615,428	$ 4,808,420	

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 shares, 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 June 30, 2023, December 31, 2022 and June 30, 2022 are as follows:

Taishin Bank Consolidated

	June 30, 2023			
	12-month ECLs	**Lifetime ECLs - Unimpaired**	**Lifetime ECLs - Impaired**	**Total**
Loans				
Consumer finance				
Excellent	$ 803,642,320	$ 22,950,252	$ -	$ 826,592,572
Good	6,715,962	141,805	-	6,857,767
Acceptable	-	161,549	-	161,549
Default	-	-	8,820,900	8,820,900
Corporate finance				
Excellent	337,242,052	-	-	337,242,052
Good	313,026,514	-	-	313,026,514
Acceptable	33,000	556,928	-	589,928
Default	-	-	2,084,802	2,084,802
Total	$ 1,460,659,848	$ 23,810,534	$ 10,905,702	$ 1,495,376,084
Receivables (including non-performing receivables transferred, from other than loans)				
Consumer finance				
Excellent	$ 80,793,836	$ 123,738	$ -	$ 80,917,574
Good	422,710	712	-	423,422
Acceptable	-	56,210	-	56,210
Default	-	-	1,794,969	1,794,969
Corporate finance				
Excellent	27,487,291	-	-	27,487,291
Good	6,580,444	-	-	6,580,444
Acceptable	33	2,212	-	2,245
Default	-	-	638,421	638,421
Others	-	27,925,018	-	27,925,018
Total	$ 115,284,314	$ 28,107,890	$ 2,433,390	$ 145,825,594
Debt instruments at FVTOCI				
Excellent	$ 111,402,933	$ -	$ -	$ 111,402,933
Investments in debt instruments at amortized cost				
Excellent	$ 535,143,861	$ -	$ -	$ 535,143,861
Financial guarantees				
Excellent	$ 20,435,876	$ -	$ -	$ 20,435,876
Good	6,428,782	-	-	6,428,782
Total	$ 26,864,658	$ -	$ -	$ 26,864,658
Loan commitments				
Excellent	$ 1,124,386,222	$ 300,360	$ -	$ 1,124,686,582
Good	207,720,359	-	-	207,720,359
Acceptable	-	99,968	-	99,968
Default	-	-	446,719	446,719
Total	$ 1,332,106,581	$ 400,328	$ 446,719	$ 1,332,953,628

	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

	June 30, 2022			
	12-month ECLs	Lifetime ECLs - Unimpaired	Lifetime ECLs - Impaired	Total
Loans				
Consumer finance				
Excellent	$ 730,563,026	$ 25,607,787	$ -	$ 756,170,813
Good	6,691,602	158,160	-	6,849,762
Acceptable	-	165,436	-	165,436
Default	-	-	12,459,740	12,459,740
Corporate finance				
Excellent	309,411,413	-	-	309,411,413
Good	316,010,776	-	-	316,010,776
Acceptable	327,255	608,408	-	935,663
Default	-	-	2,115,241	2,115,241
Total	$ 1,363,004,072	$ 26,539,791	$ 14,574,981	$ 1,404,118,844
Receivables (including non-performing receivables transferred, from other than loans)				
Consumer finance				
Excellent	$ 54,195,889	$ 77,322	$ -	$ 54,273,211
Good	204,809	532	-	205,341
Acceptable	-	50,773	-	50,773
Default	-	-	1,919,992	1,919,992
Corporate finance				
Excellent	46,464,021	-	-	46,464,021
Good	9,527,155	-	-	9,527,155
Acceptable	18,917	1,564	-	20,481
Default	-	-	120,455	120,455
Others	-	21,970,069	-	21,970,069
Total	$ 110,410,791	$ 22,100,260	$ 2,040,447	$ 134,551,498
Debt instruments at FVTOCI				
Excellent	$ 121,258,651	$ -	$ -	$ 121,258,651
Investments in debt instruments at amortized cost				
Excellent	$ 355,837,075	$ -	$ -	$ 355,837,075
Financial guarantees				
Excellent	$ 26,009,133	$ -	$ -	$ 26,009,133
Good	6,314,485	-	-	6,314,485
Acceptable	1,074	-	-	1,074
Total	$ 32,324,692	$ -	$ -	$ 32,324,692
Loan commitments				
Excellent	$ 1,086,609,374	$ 344,910	$ -	$ 1,086,954,284
Good	201,863,449	310	-	201,863,759
Acceptable	8,294	105,338	-	113,632
Default	-	-	453,205	453,205
Total	$ 1,288,481,117	$ 450,558	$ 453,205	$ 1,289,384,880

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	June 30, 2023 Carrying Amount	June 30, 2023 Percentage of Item (%)	December 31, 2022 Carrying Amount	December 31, 2022 Percentage of Item (%)	June 30, 2022 Carrying Amount	June 30, 2022 Percentage of Item (%)
Manufacturing	$ 195,170,962	13	$ 189,311,374	13	$ 200,098,551	14
Wholesale and retail	70,182,208	5	62,001,352	4	65,473,630	5
Finance and insurance	135,499,738	9	126,526,145	9	132,434,715	9
Real estate and leasing	148,311,155	10	142,467,017	10	137,187,529	10
Service	24,133,776	2	23,921,466	2	20,242,713	1
Individuals	858,966,051	57	826,994,728	58	796,436,084	57
Others	63,112,194	4	57,139,725	4	52,245,622	4
	$ 1,495,376,084		$ 1,428,361,807		$ 1,404,118,844	

Geographic Location	June 30, 2023 Carrying Amount	June 30, 2023 Percentage of Item (%)	December 31, 2022 Carrying Amount	December 31, 2022 Percentage of Item (%)	June 30, 2022 Carrying Amount	June 30, 2022 Percentage of Item (%)
Asia	$ 1,396,942,043	93	$ 1,319,496,837	92	$ 1,295,608,740	92
Europe	8,285,823	1	11,669,999	1	9,290,660	1
America	1,263,767	-	1,913,484	-	2,265,958	-
Others	88,884,451	6	95,281,487	7	96,953,486	7
	$ 1,495,376,084		$ 1,428,361,807		$ 1,404,118,844	

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 shares over one-day average volume, of the investment portfolio. The ratio is set to implement control.

c) The volume of holding a single share 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.

<u>Maturity analysis</u>

<u>Taishin Bank Consolidated</u>

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	June 30, 2023									
	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	$ 22,271,837	$ 2,822,463	$ 310,167	$ 4,700,000	$ 13,000	$ 23,000	$ -	$ -	$ -	$ 30,140,467
Non-derivative financial liabilities at FVTPL	58,284	-	-	-	-	1,365	-	-	12,534,899	12,594,548
Securities sold under repurchase agreements	63,548,327	8,603,016	460,650	-	-	-	-	-	-	72,611,993
Payables	20,120,697	556,201	410,512	6,561,559	27,501	8,101	-	-	-	27,684,571
Deposits and remittances	263,912,395	269,900,087	203,334,130	355,574,523	991,111,329	3,241,475	1,464	-	-	2,087,075,403
Bank notes payable	-	-	-	8,000,000	4,250,000	700,000	-	6,000,000	9,050,000	28,000,000
Lease liabilities	122,659	115,723	170,916	351,429	575,099	403,038	257,831	159,221	232,535	2,388,451
Other financial liabilities	9,558,993	9,131,611	3,643,179	5,179,129	3,285,713	2,335,590	6,851,783	3,544,117	74,748,084	118,278,199
Total	$ 379,593,192	$ 291,129,101	$ 208,329,554	$ 380,366,640	$ 999,262,642	$ 6,712,569	$ 7,111,078	$ 9,703,338	$ 96,565,518	$2,378,773,632

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
Total	$ 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	June 30, 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	$ 13,774,905	$ 9,981,494	$ 8,323,536	$ 5,619,994	$ 5,600	$ 13,000	$ -	$ -	$ -	$ 37,718,529
Due to the Central Bank and banks	891,840	-	-	-	-	-	-	-	-	891,840
Non-derivative financial liabilities at FVTPL	2,629,259	-	-	-	-	-	-	-	11,961,527	14,590,786
Securities sold under repurchase agreements	56,675,604	13,638,081	-	293,094	257,368	-	-	-	-	70,864,147
Payables	24,312,832	445,146	306,366	5,907,059	18,106	4,687	-	-	-	30,994,196
Deposits and remittances	197,653,075	236,180,877	210,370,046	302,873,134	827,395,654	3,231,626	2,440	-	-	1,777,706,852
Bank notes payable	-	-	6,800,000	-	8,000,000	4,250,000	700,000	-	15,050,000	34,800,000
Lease liabilities	146,901	113,983	174,001	342,130	520,420	412,634	269,314	181,371	229,766	2,390,520
Other financial liabilities	5,953,743	3,272,053	2,125,501	3,973,995	4,459,904	3,066,135	825,497	6,545,498	63,764,673	93,986,999
Total	$ 302,038,159	$ 263,631,634	$ 228,099,450	$ 319,009,406	$ 840,657,052	$ 10,978,082	$ 1,797,251	$ 6,726,869	$ 91,005,966	$2,063,943,869

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 $1,120,361,574 thousand, $1,066,562,418 thousand and $1,064,680,720 thousand as of June 30, 2023, December 31, 2022 and June 30, 2022, 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	June 30, 2023					
	1-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Derivative financial liabilities at FVTPL	$ 46,435,862	$ -	$ -	$ -	$ -	$ 46,435,862

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	June 30, 2022					
	1-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Derivative financial liabilities at FVTPL	$ 48,201,666	$ -	$ -	$ -	$ -	$ 48,201,666

c) Maturity analysis of off-balance sheet 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 June 30, 2023, December 31, 2022 and June 30, 2022, 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 $22,403,365 thousand, $20,353,805 thousand and $27,252,985 thousand, respectively, for guarantees; $4,461,293 thousand, $3,918,730 thousand and $5,071,707 thousand, respectively, for letters of credit; $757,458,201 thousand, $875,109,906 thousand and $715,317,096 thousand, respectively, for loans commitments (excluding credit card); and $10,181,396 thousand, $10,718,399 thousand and $10,673,859 thousand, respectively, for credit cards commitments.

Off Balance-Sheet Item	June 30, 2023					
	1-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Guarantees	$ 4,005,958	$ 4,228,386	$ 2,901,172	$ 3,133,467	$ 8,134,382	$ 22,403,365
Letters of credit	1,406,401	2,779,647	275,245	-	-	4,461,293
Loans commitments (excluding credit cards)	3,225,776	181,771,878	144,147,599	275,256,363	153,056,585	757,458,201
Credit cards commitments	788	49,456	110,785	277,404	9,742,963	10,181,396

Off Balance-Sheet 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
Loans commitments (excluding credit cards)	13,557,205	172,313,037	154,389,964	408,245,596	126,604,104	875,109,906
Credit cards commitments	1,463	47,381	88,858	220,779	10,359,918	10,718,399

Off Balance-Sheet Item	June 30, 2022					
	1-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Guarantees	$ 4,172,004	$ 9,327,841	$ 3,977,633	$ 3,155,915	$ 6,619,592	$ 27,252,985
Letters of credit	1,142,575	2,992,749	149,117	787,266	-	5,071,707
Loans commitments (excluding credit cards)	13,153,718	155,483,656	153,149,515	279,975,602	113,554,605	715,317,096
Credit cards commitments	974	99,366	161,882	232,007	10,179,630	10,673,859

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	June 30, 2023					
	6 Months	6 Months - 1 Year	1 Year - 3 Years	3 Years - 5 Years	Over 5 Years	Total
Non-derivative financial liabilities at FVTPL	$ 1,103,663	$ -	$ -	$ -	$ -	$ 1,103,663
Short-term loans	950,000	-	-	-	-	950,000
Commercial papers issued	9,490,000	-	-	-	-	9,490,000
Bonds sold under repurchase agreements	11,219,685	-	-	-	-	11,219,685
Deposits on short sales	580,762	-	-	-	-	580,762
Financing guarantees payable	645,882	-	-	-	-	645,882
Futures traders' equity	2,052,787	-	-	-	-	2,052,787
Notes payable and accounts payable	7,912,467	220	-	-	-	7,912,687
Other payables	136,990	443,002	89,100	89,100	89,100	847,292
Other current liabilities	110,649	-	-	-	-	110,649
Lease liabilities	36,496	27,761	81,310	42,434	-	188,001
Bonds payable	-	-	-	-	3,300,000	3,300,000
Guarantee deposits	236	-	75	588	-	899
Total	$ 34,239,617	$ 470,983	$ 170,485	$ 132,122	$ 3,389,100	$ 38,402,307

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
Total	$ 29,700,882	$ 59,997	$ 171,939	$ 136,965	$ 3,433,650	$ 33,503,433

Financial Instruments Item	June 30, 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	$ 1,683,292	$ -	$ -	$ -	$ -	$ 1,683,292
Commercial papers issued	7,690,000	-	-	-	-	7,690,000
Bonds sold under repurchase agreements	14,225,396	-	-	-	-	14,225,396
Deposits on short sales	697,644	-	-	-	-	697,644
Financing guarantees payable	764,323	-	-	-	-	764,323
Futures traders’ equity	1,949,916	-	-	-	-	1,949,916
Notes payable and accounts payable	6,093,905	220	-	-	-	6,094,125
Other payables	151,469	350,156	100,865	89,531	133,650	825,671
Other current liabilities	119,114	-	-	-	-	119,114
Lease liabilities	27,441	17,699	31,214	-	-	76,354
Bonds payable	-	-	-	-	3,300,000	3,300,000
Guarantee deposits	75	-	235	589	-	899
Total	$ 33,402,575	$ 368,075	$ 132,314	$ 90,120	$ 3,433,650	$ 37,426,734

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	June 30, 2023					
	6 Months	6 Months - 1 Year	1 Year - 3 Years	3 Years - 5 Years	Over 5 Years	Total
Derivative financial liabilities at FVTPL	$ 4,068,909	$ -	$ -	$ -	$ -	$ 4,068,909

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	June 30, 2022					
	6 Months	6 Months - 1 Year	1 Year - 3 Years	3 Years - 5 Years	Over 5 Years	Total
Derivative financial liabilities at FVTPL	$ 4,342,626	$ -	$ -	$ -	$ -	$ 4,342,626

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 June 30, 2023, December 31, 2022 and June 30, 2022, 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	
2019	7,264,416	8,302,632	8,365,136	8,376,895	8,377,474	-
2020	860,577	996,954	1,007,284	1,008,687	1,008,739	52
2021	860,952	1,013,085	1,023,646	1,024,984	1,025,038	1,392
2022	1,014,119	1,181,622	1,192,087	1,193,619	1,193,678	12,056
2023 Q2	1,114,891	1,294,918	1,306,781	1,308,477	1,308,550	193,659
			Loss reserve for unreported and unpaid claims			$ 207,159
			Add: Reported but unpaid claims			1,371,214
			Loss reserve, balance			$ 1,578,373

b) Claims development of retained business

Accident Year	Development Year					Loss Reserve
	1	2	3	4	5	
2019	7,137,727	8,177,143	8,239,297	8,251,056	8,251,335	-
2020	849,598	985,975	996,305	997,708	997,760	52
2021	859,961	1,012,095	1,022,656	1,023,994	1,024,048	1,392
2022	1,009,557	1,177,060	1,187,520	1,189,053	1,189,112	12,052
2023 Q2	1,113,088	1,293,108	1,304,969	1,306,666	1,306,739	193,651
			Loss reserve for unreported and unpaid claims			$ 207,147
			Add: Reported but unpaid claims			1,306,774
			Loss reserve, balance			$ 1,513,921

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:

	June 30, 2023	December 31, 2022	June 30, 2022
Within one year	$ (9,250,598)	$ (7,213,612)	$ (7,855,436)
One to five years	(12,557,962)	(8,309,816)	(11,551,296)
Five to fifteen years	61,752,009	52,377,653	46,170,389
Over fifteen years	501,119,368	488,453,281	517,685,065
	$ 541,062,817	$ 525,307,506	$ 544,448,722

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 recognized 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, liquidity risk and climate 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, share 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:

	June 30, 2023		**December 31, 2022**		**June 30, 2022**	
	Foreign Currency Amount	**Exchange Rate**	**Foreign Currency Amount**	**Exchange Rate**	**Foreign Currency Amount**	**Exchange Rate**
Assets						
U.S. dollars	$ 3,492,361	31.15	$ 3,282,474	30.73	$ 3,073,406	29.73
Liabilities						
U.S. dollars	2,127,585	31.15	2,011,115	30.73	1,855,979	29.73

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 Six Months Ended June 30, 2023	
	Changes in Variables in the New Taiwan Dollar	**Changes in Pre-tax Income**
U.S. dollars	-5%	$ (770,688)

	For the Six Months Ended June 30, 2022	
	Changes in Variables in the New Taiwan Dollar	**Changes in Pre-tax Income**
U.S. dollars	-5%	$ (709,779)

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 amortized 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 financial assets at FVTPL - beneficiary securities. Sensitivity analysis of interest rate risk is as follows:

	For the Six Months Ended June 30, 2023	
	Changes in Variables	**Changes in Unrealized (Loss) Gain**
Financial assets at FVTPL - beneficiary securities	Interest rate increase of 20 bps	$ (745)

	For the Six Months Ended June 30, 2022	
	Changes in Variables	**Changes in Unrealized (Loss) Gain**
Financial assets at FVTPL - beneficiary securities	Interest rate increase of 20 bps	$ (1,067)

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 Six Months Ended June 30, 2023		
	Changes in Variables	**Changes in Pre-tax Income**	**Changes in Other Comprehensive Income (Before Tax)**
Financial assets at FVTPL	Price increase of 10%	$ -	$ 2,448,162
Financial assets at FVTOCI	Price increase of 10%	-	4,468

	For the Six Months Ended June 30, 2022		
	Changes in Variables	**Changes in Pre-tax Income**	**Changes in Other Comprehensive Income (Before Tax)**
Financial assets at FVTPL	Price increase of 10%	$ -	$ 1,877,135
Financial assets at FVTOCI	Price increase of 10%	-	4,608

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 probability-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 amortized cost and bond interest receivable under accounts receivable held by Taishin Life Insurance on June 30, 2023, December 31, 2022 and June 30, 2022, the credit risk rating levels are presented below:

	June 30, 2023			
		Lifetime		
	12 Months	Increase in Credit Risk	Credit Impaired	Total
AAA	$ 5,281,262	$ -	$ -	$ 5,281,262
AA	101,090,117	-	-	101,090,117
A-BBB	81,479,245	-	-	81,479,245
	$ 187,850,624	$ -	$ -	$ 187,850,624

	December 31, 2022			
		Lifetime		
	12 Months	Increase in Credit Risk	Credit Impaired	Total
AAA	$ 5,337,546	$ -	$ -	$ 5,337,546
AA	98,030,746	-	-	98,030,746
A-BBB	73,527,900	-	-	73,527,900
	$ 176,896,192	$ -	$ -	$ 176,896,192

	June 30, 2022			
		Lifetime		
	12 Months	Increase in Credit Risk	Credit Impaired	Total
AAA	$ 5,111,756	$ -	$ -	$ 5,111,756
AA	97,542,889	-	-	97,542,889
A-BBB	64,073,842	-	-	64,073,842
	$ 166,728,487	$ -	$ -	$ 166,728,487

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 June 30, 2023, December 31, 2022 and June 30, 2022. Credit loss information is as follows:

	June 30, 2023			
		Lifetime		
	12 Months	Increase in Credit risk	Credit Impaired	Total
Expected credit loss rate	0.00%-0.08%			
Carrying amount	$ 187,850,624	$ -	$ -	$ 187,850,624
Loss allowance	$ 32,584	$ -	$ -	$ 32,584

	December 31, 2022			
		Lifetime		
	12 Months	Increase in Credit risk	Credit Impaired	Total
Expected credit loss rate	0.00%-0.08%			
Carrying amount	$ 176,896,192	$ -	$ -	$ 176,896,192
Loss allowance	$ 28,848	$ -	$ -	$ 28,848

	June 30, 2022			
		Lifetime		
	12 Months	Increase in Credit risk	Credit Impaired	Total
Expected credit loss rate	0.01%-0.23%			
Carrying amount	$ 166,728,487	$ -	$ -	$ 166,728,487
Loss allowance	$ 45,024	$ -	$ -	$ 45,024

Movements in loss allowance for investments in debt instruments carried at amortized costs are as follows:

	2023			
		Lifetime		
	12 Months	Increase in Credit Risk	Credit Impaired	Total
At January 1	$ 28,536	$ -	$ -	$ 28,536
Provision for impairment	3,907	-	-	3,907
Derecognized	(243)	-	-	(243)
At June 30	$ 32,200	$ -	$ -	$ 32,200

	2022			
		Lifetime		
	12 Months	Increase in Credit Risk	Credit Impaired	Total
At January 1	$ 31,076	$ -	$ -	$ 31,076
Provision for impairment	25,717	-	-	25,717
Derecognized	(12,256)	-	-	(12,256)
At June 30	$ 44,537	$ -	$ -	$ 44,537

Movements in loss allowance for bond interest receivables are as follows:

	2023			
		Lifetime		
	12 Months	Increase in Credit Risk	Credit Impaired	Total
At January 1	$ 312	$ -	$ -	$ 312
Provision for impairment	76	-	-	76
Derecognized	(4)	-	-	(4)
At June 30	$ 384	$ -	$ -	$ 384

	2022			
		Lifetime		
	12 Months	Increase in Credit Risk	Credit Impaired	Total
At January 1	$ 317	$ -	$ -	$ 317
Provision for impairment	309	-	-	309
Derecognized	(139)	-	-	(139)
At June 30	$ 487	$ -	$ -	$ 487

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 June 30, 2023, December 31, 2022 and June 30, 2022, credit loss information of loans (including loans interest receivable) is as follows:

	June 30, 2023			
		Lifetime		
	12 Months	Increase in Credit Risk	Credit Impaired	Total
Expected credit loss rate	0%	0%-39%	0%-100%	
Carrying amount	$ 7,871,830	$ 2,926	$ 55,713	$ 7,930,469
Loss allowance	$ -	$ 126	$ 3,414	$ 3,540

	December 31, 2022			
		Lifetime		
	12 Months	Increase in Credit Risk	Credit Impaired	Total
Expected credit loss rate	0%	0%-41%	0%-100%	
Carrying amount	$ 7,802,110	$ 19,845	$ 55,494	$ 7,877,449
Loss allowance	$ -	$ 413	$ 3,471	$ 3,884

	June 30, 2022			
		Lifetime		
	12 Months	Increase in Credit Risk	Credit Impaired	Total
Expected credit loss rate	0%	0%-41%	0%-100%	
Carrying amount	$ 7,570,073	$ 70,357	$ 19,411	$ 7,659,841
Loss allowance	$ -	$ 1,306	$ 928	$ 2,234

Movements in loss allowance for loans are as follows:

	2023			
		Lifetime		
	12 Months	Increase in Credit Risk	Credit Impaired	Total
At January 1	$ -	$ 413	$ 3,471	$ 3,884
Transferred to 12-month ECLs	408	(252)	(156)	-
Provision for expected credit loss (gain)	(408)	(20)	156	(272)
Write-off	-	-	(27)	(27)
Derecognized	-	(16)	(29)	(45)
At June 30	$ -	$ 125	$ 3,415	$ 3,540

	2022			
		Lifetime		
	12 Months	Increase in Credit Risk	Credit Impaired	Total
At January 1	$ -	$ 92	$ 804	$ 896
Transferred to 12-month ECLs	48	(12)	(36)	-
Provision for expected credit loss (gain)	(48)	1,226	689	1,867
Write-off	-	-	(528)	(528)
Derecognized	-	-	(1)	(1)
At June 30	$ -	$ 1,306	$ 928	$ 2,234

i) As of June 30, 2023, December 31, 2022 and June 30, 2022, 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 $773,694 thousand, $542,201 thousand, and $531,982 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 recognized.

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 June 30, 2023, December 31, 2022 and June 30, 2022, 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 39.11%, 42.57% and 45.53%, 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 shares 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. 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:

June 30, 2023

	Within 1 Year	1-2 Years	2-5 Years	Over 5 Years
Payables	$ 1,305,786	$ 7,200	$ -	$ -
Lease liabilities	53,605	22,889	-	-
Other liabilities	-	1,722	-	12,410
	$ 1,359,391	$ 31,811	$ -	$ 12,410

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	158	30	1,534	3,840
	$ 947,932	$ 53,645	$ 4,997	$ 3,840

June 30, 2022

	Within 1 Year	1-2 Years	2-5 Years	Over 5 Years
Payables	$ 797,031	$ 5,425	$ -	$ -
Lease liabilities	35,929	32,090	13,054	-
Other liabilities	7,410	-	1,564	3,840
	$ 840,370	$ 37,515	$ 14,618	$ 3,840

4) Climate risks

Taishin Life Insurance's climate change risk management considers the economic environment and various businesses, which directly or indirectly aggravate the impact of existing risks such as credit risk, market risk, operational risk, and liquidity risk systems, to identify how climate-related physical risks and transition risks intensify the risks of the traditional financial industry and assess the impact on its own operations, investment and financing business activities, and finally identify major climate change risks and formulate strategies.

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 June 30, 2023, December 31, 2022 and June 30, 2022, the carrying amounts related to the interests in unconsolidated structured entities are disclosed as follows:

	June 30, 2023			
	Financing Secured Bonds	**Real Estate-backed Securities**	**Private Equity Fund**	**Total**
Financial assets at FVTPL	$ 199,167	$ -	$ 240,826	$ 439,993
Financial assets at FVTOCI	-	1,076,110	-	1,076,110
Investments in debt instruments at amortized cost	-	16,018,441	-	16,018,441
Net ending balance	$ 199,167	$ 17,094,551	$ 240,826	$ 17,534,544

	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	$ 208,465	$ 11,662,675	$ 25,989	$ 11,897,129

	June 30, 2022			
	Financing Secured Bonds	**Real Estate-backed Securities**	**Private Equity Fund**	**Total**
Financial assets at FVTPL	$ 211,113	$ -	$ 28,205	$ 239,318
Financial assets at FVTOCI	-	1,246,624	-	1,246,624
Investments in debt instruments at amortized cost	-	10,821,899	-	10,821,899
Net ending balance	$ 211,113	$ 12,068,523	$ 28,205	$ 12,307,841

48. 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
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")	Other
Shin Kong Life Insurance Co., Ltd. ("Shin Kong Life Insurance")	Other
Shin Kong Synthetic Fibers Co., Ltd. ("Shin Kong Synthetic Fibers")	Other
Dah Chung Bills Finance Corp. ("Dah Chung Bills")	Other
CyberSoft Digital Service Corp. ("CyberSoft Digital Service")	Other
Shin Kong Mitsukoshi Department Store Co., Ltd. ("Shin Kong Mitsukoshi")	Other
Shin Kong Insurance Co., Ltd. ("Shin Kong Insurance")	Other
An Shin Construction Manager Corp. ("An Shin Construction Manager")	Other
Yuanta Commercial Bank Co., Ltd. ("Yuanta Bank")	Other
Tasco Chemical Corp. ("Tasco Chemical")	Other
Taiwan Fieldrich Corp. ("Taiwan Fieldrich")	Other
Yi Huan Co., Ltd. ("Yi Huan")	Other
Xiang Zhao Investment Co., Ltd. ("Xiang Zhao")	Other
Excel Chemical Corp. ("Excel Chemical")	Other
MasterLink Securities Corp. ("MasterLink Securities")	Other
Yun Teh Corporation ("Yun Teh")	Other
Chang Her Industrial Corp. ("Chang Her")	Other
Hung Shin Enterprise Co., Ltd. ("Hung Shin")	Other
Mega Green Energy Corporation ("Mega Green Energy")	Other
Jia Hao Corporation ("Jia Hao")	Other
Bo Rui Co., Ltd. ("Bo Rui")	Other
Ezconn Corporation ("Ezconn")	Other
Sercomm Corporation ("Sercomm")	Other
AcBel Polytech Inc. ("AcBel Polytech")	Other
Oneness Biotech Co., Ltd. ("Oneness Biotech")	Other
Taipei Exchange ("TPEx")	Other
Bora Biologics Co., Ltd ("Bora Biologics")	Other
Nan Ya Plastics Corporation ("Nan Ya Plastics")	Other

(Continued)

Name	Relationship
Bor Sy Industrial Corp. ("Bor Sy")	Other
Taiwan Depository & Clearing Corporation ("TDCC")	Other
Creative Sensor Inc. ("Creative Sensor")	Other
CyberLink Corp. ("CyberLink")	Other
Chin We Co., Ltd. ("Chin We")	Other
Shin Kong Security Co., Ltd. ("Shin Kong Security")	Other
Shin Kong International Leasing Corp. ("Shin Kong International Leasing")	Other
EasyCard Corporation ("EasyCard")	Other
Global Tek Fabrication Co., Ltd. ("Global Tek Fabrication")	Other
CRIMSON HILLS INVESTMENT CO., LTD. ("CRIMSON HILLS")	Other
Individual A	Key management personnel
Individual B	Key management personnel's spouse
Individual C	Key management personnel
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
June 30, 2023	$ 3,219,065
December 31, 2022	2,407,121
June 30, 2022	3,194,091

For the three months ended June 30, 2023 and 2022, the amounts of interest income were $12,484 thousand and $12,642 thousand, respectively. For the six months ended June 30, 2023 and 2022, the amounts of interest income were $25,250 thousand and $22,413 thousand, respectively. Interest rates ranged from 1.07% to 6.53% and from 0.75% to 12.53%, respectively.

	June 30, 2023					
	Ending Balance	Highest Amount	Normal Loans	Non-performing Loans	Collateral	The Different Terms with Non-related Parties
Consumer loans						
129 accounts	$ 525,898	$ 658,873	$ 525,898	$ -	Land, buildings and chattels	None
Self-used residence mortgage loans						
154 accounts	1,106,933	1,187,429	1,106,933	-	Land and buildings	None
Other loans						
Ezconn	374,000	1,474,000	374,000	-	Land and buildings	None
Sercomm	338,072	648,995	338,072	-	-	None
AcBel Polytech	500,000	500,000	500,000	-	-	None
Shin Kong Synthetic Fibers	150,000	450,000	150,000	-	Securities - shares	None
Others	224,162	716,791	224,162	-	Land, buildings and securities-deposits	None
	$ 3,219,065		$ 3,219,065	$ -		

	December 31, 2022					
	Ending Balance	Highest Amount	Normal Loans	Non-performing Loans	Collateral	The Different Terms with Non-related Parties
Consumer loans						
135 accounts	$ 570,153	$ 659,740	$ 570,153	$ -	Land, buildings, and chattels	None
Self-used residence mortgage loans						
154 accounts	1,096,418	1,269,593	1,096,418	-	Land and buildings	None
Other loans						
Ezconn	380,000	3,278,000	380,000	-	Land and buildings	None
Shin Kong Synthetic Fibers	150,000	600,000	150,000	-	Securities - shares	None
Others	210,550	2,896,836	210,550	-	Land, buildings and securities-deposits	None
	$ 2,407,121		$ 2,407,121	$ -		

	June 30, 2022					
	Ending Balance	**Highest Amount**	**Normal Loans**	**Non-performing Loans**	**Collateral**	**The Different Terms with Non-related Parties**
Consumer loans						
186 accounts	$ 774,634	$ 817,669	$ 774,634	$ -	Land, buildings and chattels	None
Self-used residence mortgage loans						
182 accounts	1,284,879	1,390,323	1,284,879	-	Land and buildings	None
Other loans						
Shin Kong Security	280,000	2,830,000	280,000	-	Land and buildings	None
Ezconn	236,000	2,234,620	236,000	-	Land and buildings	None
Creative Sensor	200,000	600,000	200,000	-	-	None
CRIMSON HILLS	115,015	115,015	115,015	-	Land, buildings and securities-deposits	None
Others	303,563	2,220,142	303,563	-	Land and buildings	None
	$ 3,194,091		$ 3,194,091	$ -		

All transactions with related parties are made under arm's length terms, which are consistent with normal policies.

Deposits

	Ending Balance
June 30, 2023	$ 16,554,788
December 31, 2022	16,579,494
June 30, 2022	9,472,951

For the three months ended June 30, 2023 and 2022, the amounts of interest expenses were $67,782 thousand and $7,986 thousand, respectively. For the six months ended June 30, 2023 and 2022, the amounts of interest expense were $158,087 thousand and $13,510 thousand, respectively, and interest rates ranged from 0.00% to 10.00% and 0.00% to 6.05%, respectively.

	June 30, 2023			
			Interest Expense	
	Ending Balance	Interest Rate (Per Annum%)	For the Three Months Ended June 30	For the Six Months Ended June 30
Oneness Biotech	$ 4,762,852	0.01-5.19	$ (44,325)	$ (107,938)
TPEx	1,894,993	0.11-1.54	(3,660)	(6,694)
Shin Kong Insurance	1,154,679	0.00-1.51	(473)	(946)
An Shin Construction Manager	666,093	0.25-0.53	(1,300)	(2,199)
Shin Kong Mitsukoshi	622,182	0.00-0.53	(2,113)	(3,708)
Tasco Chemical	486,009	0.00-0.85	(151)	(275)
Dah Chung Bills	437,974	0.00-1.04	(904)	(1,713)
Ezconn	415,183	0.00-5.00	(1,830)	(4,318)
Excel Chemical	405,793	0.01-0.53	(5)	(11)
Shin Kong Synthetic Fibers	395,035	0.00-0.85	(515)	(1,426)
Mega Green Energy	256,459	0.41-1.56	(582)	(1,048)
Taiwan Fieldrich	138,201	0.01-5.00	(1,064)	(3,100)
Shin Kong Life Insurance	126,285	0.08-0.85	(235)	(505)
Individual A	115,927	0.00-4.00	(260)	(577)
Hung Shin	102,454	0.01-0.01	(2)	(4)
Others	4,574,669		(10,363)	(23,625)
	$ 16,554,788		$ (67,782)	$ (158,087)

	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	4,664,143		(21,966)
	$ 16,579,494		$ (72,348)

	June 30, 2022			
			Interest Expense	
	Ending Balance	Interest Rate (Per Annum %)	For the Three Months Ended June 30	For the Six Months Ended June 30
Shin Kong Synthetic Fibers	$ 625,185	0.00-0.20	$ (191)	$ (230)
CyberLink	576,045	0.01-2.01	(1,454)	(1,923)
Shin Kong Mitsukoshi	513,530	0.00-0.16	(135)	(192)
Shin Kong Insurance	494,257	0.00-1.01	(379)	(714)
Dah Chung Bills	439,575	0.00-0.16	(111)	(220)
Tasco Chemical	247,072	0.00-0.16	(14)	(20)
Mega Green Energy	232,678	0.01-1.19	(231)	(431)
Ezconn	220,976	0.00-2.50	(356)	(508)
Hung Shin	192,238	0.01-0.01	(3)	(5)
EasyCard	157,886	0.01-0.16	(17)	(21)
Excel Chemical	144,525	0.01-0.16	(2)	(5)
Taiwan Fieldrich	129,242	0.01-0.16	(44)	(54)
Shin Kong International Leasing	120,333	0.01-0.16	(5)	(8)
Global Tek Fabrication	119,655	0.01-1.00	(242)	(310)
Individual B	112,201	0.00-0.01	(1)	(2)
Others	5,147,553		(4,801)	(8,867)
	$ 9,472,951		$ (7,986)	$ (13,510)

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

		June 30, 2023			
				Interest Income (Expense)	
	Item	Ending Balance	Interest Rate (Per Annum%)	For the Three Months Ended June 30	For the Six Months Ended June 30
Yuanta Bank	Call loan to banks	$ -	4.58-5.17	$ 332	$ 1,747
Yuanta Bank	Call loan from banks	-	5.14	(356)	(356)

		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)

		June 30, 2022			
				Interest Income (Expense)	
	Item	Ending Balance	Interest Rate (Per Annum %)	For the Three Months Ended June 30	For the Six Months Ended June 30
Dah Chung Bills	Call loan to banks	$ -	0.29-0.33	$ -	$ 584
Yuanta Bank	Call loan to banks	-	0.07-0.83	246	361
Yuanta Bank	Call loan from banks	1,486,400	1.57-1.58	(84)	(84)

All transactions with related parties are made under arm's length terms, which are consistent with normal policies.

3) Trading securities

	June 30, 2023					
			Repurchase Agreements		Resell Agreements	
	Purchase Price (Accumulated Amount)	Sales Price (Accumulated Amount)	Ending Balance	Interest Rate (Per Annum%)	Ending Balance	Interest Rate (Per Annum%)
MasterLink Securities	$ 3,214,476	$ 1,662,877	$ -	-	$ -	-
Dah Chung Bills	-	100,000	-	-	-	-
Yuanta Bank	-	199,776	-	-	-	-
Chin We	-	-	45,042	0.87-0.92	-	-
Xiang Zhao	-	-	15,004	0.79-0.91	-	-
Jia Hao	-	-	73,087	0.79-0.92	-	-
Chang Her	-	-	50,033	0.78-0.95	-	-
Nan Ya Plastics	-	-	250,000	0.89-1.05	-	-
Individual C	-	-	8,000	0.78-0.92	-	-
Bor Sy	-	-	10,001	0.79-0.91	-	-
Bo Rui	-	-	20,014	0.90-0.92	-	-
TDCC	20,507	13,956	-	-	-	-
	$ 3,234,983	$ 1,976,609	$ 471,181		$ -	

	December 31, 2022					
			Repurchase Agreements		Resell Agreements	
	Purchase Price (Accumulated Amount)	Sales Price (Accumulated Amount)	Ending Balance	Interest Rate (Per Annum%)	Ending Balance	Interest Rate (Per Annum %)
MasterLink Securities	$ 1,315,821	$ 1,606,897	$ -	-	$ -	-
Dah Chung Bills	49,744	-	-	-	-	-
Yuanta Bank	-	2,095,838	-	-	-	-
Yi Huan	-	-	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	870,733	-	-	-	-
	$ 1,884,052	$ 4,573,468	$ 3,822,879		$ -	

	June 30, 2022					
			Repurchase Agreements		Resell Agreements	
	Purchase Price (Accumulated Amount)	Sales Price (Accumulated Amount)	Ending Balance	Interest Rate (Per Annum%)	Ending Balance	Interest Rate (Per Annum %)
MasterLink Securities	$ 1,113,917	$ 1,101,961	$ -	-	$ -	-
Dah Chung Bills	49,744	-	-	-	-	-
Yuanta Bank	-	1,396,365	-	-	-	-
Chin We	-	-	5,003	0.18-0.40	-	-
Yi Huan	-	-	23,033	0.18-0.35	-	-
Xiang Zhao	-	-	43,106	0.18-0.45	-	-
Jia Hao	-	-	99,141	0.18-0.45	-	-
	$ 1,163,661	$ 2,498,326	$ 170,283		$ -	

All transactions with related parties are made under arm's length terms, which are consistent with normal policies.

4) Derivatives

Related Parties	Derivative Contracts	Period	Nominal Principal Amount (December 31, 2022)	Valuation Gain (Loss)	Account	Balance
Dah Chung Bills	Interest rate swaps	2017/6/15-2022/6/20	$ 300,000	$ (639)	Financial assets at FVTPL	$ -

	June 30, 2022						
				Valuation Gain (Loss)			
Related Parties	Derivative Contracts	Period	Nominal Principal Amount	For the Three Months Ended June 30	For the Six Months Ended June 30	Account	Balance
Dah Chung Bills	Interest rate swaps	2017/6/15-2022/6/20	$ 300,000	$ (325)	$ (639)	Financial assets at FVTPL	$ -

All transactions with related parties are made under arm's length terms, which are consistent with normal policies.

5) Other material transactions

	For the Three Months Ended June 30			
	2023		2022	
	Item	Amount	Item	Amount
CyberSoft Digital Service	Operating expenses	$ (73,959)	Operating expenses	$ (100,216)
Shin Kong Mitsukoshi	Service charge and operating expenses	(95,386)	Service charge and operating expenses	(70,594)
Shin Kong Mitsukoshi	Fee income	75,605	Fee income	62,811
Shin Kong Life Insurance	Commission income	4,260	Commission income	15,454

	For the Six Months Ended June 30			
	2023		2022	
	Item	Amount	Item	Amount
CyberSoft Digital Service	Operating expenses	$ (144,836)	Operating expenses	$ (200,718)
Shin Kong Mitsukoshi	Service charge and operating expenses	(154,045)	Service charge and operating expenses	(111,451)
Shin Kong Mitsukoshi	Fee income	156,227	Fee income	149,354
Shin Kong Life Insurance	Commission income	10,097	Commission income	35,771

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 three months and for the six months ended June 30, 2023 and 2022 included the following:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Short-term benefits	$ 75,949	$ 59,385	$ 128,585	$ 65,039
Post-employment benefits	261	252	504	504
Share-based payments	10,936	(4,608)	16,629	3,774
	$ 87,146	$ 55,029	$ 145,718	$ 69,317

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

Loans

Related Parties	June 30, 2023 Ending Balance	Highest Amount	Normal Loans	Non-performing Loans	Collateral	The Different Terms with Non-related Parties
Other loans						
Ezconn	$ 374,000	$1,474,000	$ 374,000	$ -	Land and buildings	None
Sercomm	338,072	648,995	338,072	-	-	None
AcBel Polytech	500,000	500,000	500,000	-	-	None
Shin Kong Synthetic Fibers	150,000	450,000	150,000	-	Marketable securities - shares	None

Related Parties	June 30, 2022 Ending Balance	Highest Amount	Normal Loans	Non-performing Loans	Collateral	The Different Terms with Non-related Parties
Other loans						
Shin Kong Security	$ 280,000	$2,830,000	$ 280,000	$ -	Land and buildings	None
Ezconn	236,000	2,234,620	236,000	-	Land and buildings	None
Creative Sensor	200,000	600,000	200,000	-	-	None
CRIMSON HILLS	115,015	115,015	115,015	-	Land, buildings and marketable securities-deposits	None

Deposits

	June 30, 2023 Ending Balance	Interest Rate (Per Annum%)	Interest Expense
Taishin Financial Holding	$ 26,036,451	0.00-1.30	$ (112,428)
Oneness Biotech	4,762,852	0.01-5.19	(107,938)
TPEx	1,894,993	0.11-1.54	(6,694)
Taishin Securities B	1,775,866	0.00-1.70	(8,131)
Taishin Life Insurance	1,433,283	0.00-2.20	(6,334)
Shin Kong Insurance	1,154,679	0.00-1.51	(946)
An Shin Construction Manager	666,093	0.25-0.53	(2,199)
Shin Kong Mitsukoshi	622,182	0.00-0.53	(3,708)
Taishin Futures	489,221	0.00-1.15	(1,158)
Tasco Chemical	486,009	0.00-0.85	(275)
Dah Chung Bills	437,974	0.00-1.04	(1,713)
Ezconn	415,183	0.00-5.00	(4,318)
Excel Chemical	405,793	0.01-0.53	(11)
Shin Kong Synthetic Fibers	395,035	0.00-0.85	(1,426)
Taishin Securities Investment Advisory	338,658	0.41-5.07	(3,255)
Mega Green Energy	256,459	0.41-1.56	(1,048)
Taiwan Fieldrich	138,201	0.01-5.00	(3,100)
Taishin Securities Investment Trust	137,568	0.08-1.70	(341)

(Continued)

	June 30, 2023		
	Ending Balance	Interest Rate (Per Annum%)	Interest Expense
Taishin D.A. Finance	$ 130,151	0.00-1.14	$ (308)
Shin Kong Life Insurance	126,285	0.08-0.85	(505)
Individual A	115,927	0.00-4.00	(577)
Hung Shin	102,454	0.01-0.01	(4)

(Concluded)

	June 30, 2022		
	Ending Balance	Interest Rate (Per Annum %)	Interest Expense
Taishin Financial Holding	$ 6,941,725	0.00-0.60	$ (3,325)
Taishin Life Insurance	6,598,651	0.00-0.16	(339)
Taishin Securities B	1,786,241	0.00-1.19	(1,028)
Shin Kong Synthetic Fibers	625,185	0.00-0.20	(230)
CyberLink	576,045	0.01-2.01	(1,923)
Shin Kong Mitsukoshi	513,530	0.00-0.16	(192)
Shin Kong Insurance	494,257	0.00-1.01	(714)
Dah Chung Bills	439,575	0.00-0.16	(220)
Taishin Securities Investment Advisory	301,653	0.01-2.40	(1,036)
Tasco Chemical	247,072	0.00-0.16	(20)
Mega Green Energy	232,678	0.01-1.19	(431)
Ezconn	220,976	0.00-2.50	(508)
Hung Shin	192,238	0.01-0.01	(5)
EasyCard	157,886	0.01-0.16	(21)
Excel Chemical	144,525	0.01-0.16	(5)
Taishin Securities Investment Trust	129,569	0.01-0.76	(89)
Taiwan Fieldrich	129,242	0.01-0.16	(54)
Taishin Securities Venture Capital	126,952	0.01-0.16	(2)
Shin Kong International Leasing	120,333	0.01-0.16	(8)
Global Tek Fabrication	119,655	0.01-1.00	(310)
Taishin D.A. Finance	118,158	0.00-0.76	(18)
Individual B	112,201	0.00-0.01	(2)

All transactions with related parties are made under arm’s length terms, which are consistent with normal policies.

b) Call loan to banks and call loan from banks

		June 30, 2022		
	Items	Ending Balance	Interest Rate (Per Annum %)	Interest Expense
Yuanta Bank	Call loan from banks	$ 1,486,400	1.57-1.58	$ (84)

All transactions with related parties are made under arm’s length terms, which are consistent with normal policies.

c) Trading securities

	June 30, 2023					
			Repurchase Agreements		Resell Agreements	
	Purchase Price (Accumulated Amount)	Sales Price (Accumulated Amount)	Ending Balance	Interest Rate (Per Annum%)	Ending Balance	Interest Rate (Per Annum %)
MasterLink Securities	$ 3,214,476	$ 1,662,877	$ -	-	$ -	-
Taishin Financial Holdings	-	-	800,000	0.80-0.95	-	-
Dah Chung Bills	-	100,000	-	-	-	-
Yuanta Bank	-	199,776	-	-	-	-
Nan Ya Plastics	-	-	250,000	0.89-1.05	-	-

	June 30, 2022					
			Repurchase Agreements		Resell Agreements	
	Purchase Price (Accumulated Amount)	Sales Price (Accumulated Amount)	Ending Balance	Interest Rate (Per Annum %)	Ending Balance	Interest Rate (Per Annum %)
MasterLink Securities	$ 1,113,917	$ 1,101,961	$ -	-	$ -	-
Taishin Financial Holdings	-	-	300,000	0.17-0.45	-	-
Yuanta Bank	-	1,396,365	-	-	-	-

All transactions with related parties are made under arm’s length terms, which are consistent with normal policies.

d) Derivatives

	June 30, 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	$ -

All transactions with related parties are made under arm’s length terms, which are consistent with normal policies.

e) Other material transactions

	For the Six Months Ended June 30			
	2023		2022	
	Item	Amount	Item	Amount
CyberSoft Digital Service	Operating expenses	$ (142,376)	Operating expenses	$ (198,334)
Shin Kong Mitsukoshi	Service charge and operating expenses	(154,033)	Service charge and operating expenses	(111,451)
Shin Kong Mitsukoshi	Fee income	156,227	Fee income	149,354
Taishin Life Insurance	Commission income	1,712,602	Commission income	1,037,342
Taishin Life Insurance	Accounts receivable	223,368	Accounts receivable	192,736
Taishin Securities B	Fee income	120,913	Fee income	44,045

All transactions with related parties are made under arm’s length terms, which are consistent with normal policies.

f) 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	June 30 2023	June 30 2022
Cash and cash equivalents	Taishin Bank	$ 768,275	$ 757,801
Customer margin account	Taishin Bank	475,045	514,697
Other current assets - settlements and receipts under custody	Taishin Bank	215,767	117,569
Other non-current assets - operating guarantee deposits	Taishin Bank	305,000	335,000

All transactions with related parties are made under arm's length terms, which are consistent with normal policies.

b) Lease arrangements

Item	Related Parties	June 30 2023	June 30 2022
Lease liabilities	Taishin Bank	$ 125,577	$ 48,162

All transactions with related parties are made under arm's length terms, which are consistent with normal policies.

c) Financial assets at FVTPL - current

		June 30			
		2023		2022	
Item	Related Parties	Ending Shares (In Thousands)	Ending Balance	Ending Shares (In Thousands)	Ending Balance
Trading Securities - underwriting	Sercomm	$ 1,347	$ 156,117	$ 1,975	$ 200,068
Trading Securities - hedging	Shin Kong Financial Holding	2,768	281,090	2,916	316,823

All transactions with related parties are made under arm's length terms, which are consistent with normal policies.

d) As of June 30, 2023, the amount of futures margin (recognized as financial assets at FVTPL - current) for the futures transactions between Taishin Securities B and Taishin Future was $619,695 thousand.

3) Taishin Life Insurance

a) Liability contracts with related parties

Item	Related Parties	June 30 2023	June 30 2022
Cash and cash equivalents	Taishin Bank	$ 1,433,283	$ 6,599,188
Commission payables	Taishin Bank	216,940	194,618

b) Other material transactions

Item	Related Parties	For the Six Months Ended June 30 2023	2022
Commission expenses	Taishin Bank	$ 1,705,863	$ 965,408

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 Six Months Ended June 30, 2023			
	Beginning Balance	Purchased	Collected	Ending Balance
Loans with transferred ownership	$ 14,599,924	$ -	$ (47,547)	$ 14,552,377

	For the Six Months Ended June 30, 2022			
	Beginning Balance	Purchased	Collected	Ending Balance
Loans with transferred ownership	$ 14,707,924	$ -	$ (54,494)	$ 14,653,430

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

There were no related party transactions with amounts more than $100,000 thousand for the six months ended June 30, 2023.

6) Taishin Securities Investment Trust

Liability contracts with related parties

Item	Related Parties	June 30 2023	June 30 2022
Refundable deposits	Taishin Bank	$ 134,979	$ 127,479

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	June 30 2023	June 30 2022
Other financial assets	Taishin Bank	$ 331,031	$ 274,758

All transactions with related parties are made under arm's length terms, which are consistent with normal policies.

49. 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	June 30, 2023	December 31, 2022	June 30, 2022
Refundable deposits	Cash and certificates of time deposits	$ 14,560,589	$ 13,390,945	$ 22,583,551
Operating deposits and settlement funds	Cash, preferred shares, bonds and cash paid to stock exchange	1,690,332	1,645,840	1,651,448
Investments in debt instrument at FVTOCI	Bonds	387,382	390,100	604,234

(Continued)

Pledged Assets	Description	June 30, 2023	December 31, 2022	June 30, 2022
Investments in debt instruments at amortized cost	Securities and bonds	$ 17,003,455	$ 18,162,221	$ 15,062,802
Other financial assets - due from banks	Bank deposits and certificate of time deposits	15,000	15,000	15,000

(Concluded)

50. CONTINGENT LIABILITIES AND COMMITMENTS

In addition to those mentioned in other notes, the Group has items as follows:

	June 30, 2023	December 31, 2022	June 30, 2022
Trust liabilities	$ 773,104,840	$ 694,770,011	$ 613,629,393
Securities custody payable	90,547,316	85,891,124	83,325,150
Unpaid engineering equipment and software	1,049,176	821,814	819,951

As of June 30,2023, the remaining capital commitments for the contracted private equity fund of the Group was $957,500 thousand.

51. FINANCIAL INFORMATION BY BUSINESS SEGMENTS

Bank Business / Item	For the Six Months Ended June 30, 2023				
	Bank Business	Securities Business	Insurance Business	Other Business	Total
Net interest income	$ 12,542,766	$ 70,376	$ 2,726,928	$ (459,622)	$ 14,880,448
Net income other than net interest income	8,512,216	2,297,769	10,177,390	869,451	21,856,826
Net revenue and gains	21,054,982	2,368,145	12,904,318	409,829	36,737,274
Reversal of bad debts expenses and guarantee liability (provision)	(518,540)	20	272	(293,699)	(811,947)
Net changes in insurance liability reserve	-	-	(9,430,927)	-	(9,430,927)
Operating expenses	(12,606,186)	(1,293,106)	(1,032,810)	(899,372)	(15,831,474)
Income before income tax	7,930,256	1,075,059	2,440,853	(783,242)	10,662,926
Income tax (expense) benefit	(1,689,080)	(76,150)	68,430	(81,439)	(1,778,239)
Income after income tax	6,241,176	998,909	2,509,283	(864,681)	8,884,687

Bank Business / Item	For the Six Months Ended June 30, 2022				
	Bank Business	Securities Business	Insurance Business	Other Business	Total
Net interest income	$ 11,782,392	$ 243,202	$ 2,104,341	$ (332,560)	$ 13,797,375
Net income other than net interest income	6,561,032	1,068,021	11,960,620	(2,410,216)	17,179,457
Net revenue and gains	18,343,424	1,311,223	14,064,961	(2,742,776)	30,976,832
Reversal of bad debts expenses and guarantee liability (provision)	(770,519)	54	(1,507)	(74,524)	(846,496)
Net changes in insurance liability reserve	-	-	(10,303,643)	475,476	(9,828,167)
Operating expenses	(11,349,434)	(1,085,816)	(958,183)	(795,762)	(14,189,195)
Income before income tax	6,223,471	225,461	2,801,628	(3,137,586)	6,112,974
Income tax (expense) benefit	(1,141,477)	(14,555)	(303,148)	(183,228)	(1,642,408)
Income after income tax	5,081,994	210,906	2,498,480	(3,320,814)	4,470,566

52. FINANCIAL STATEMENTS OF TAISHIN FINANCIAL HOLDING

TAISHIN FINANCIAL HOLDING CO., LTD.

BALANCE SHEETS (STANDALONE)
JUNE 30, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

ASSETS	2023	2022
Cash and cash equivalents	$ 26,036,451	$ 6,941,725
Financial assets at fair value through other comprehensive income (FVTOCI)	14,316,713	37,135,678
Securities purchased under resell agreements	800,000	300,000
Receivables, net	1,137,880	582,176
Investments accounted for using equity method	217,282,536	194,209,357
Property and equipment, net	3,017	2,194
Right-of-use assets, net	15,174	21,242
Other assets, net	21,058	22,786
TOTAL	$ 259,612,829	$ 239,215,158

LIABILITIES AND EQUITY	2023	2022
LIABILITIES		
Financial liabilities at fair value through profit or loss (FVTPL)	$ 242,000	$ 3,199,210
Commercial papers issued, net	2,946,110	1,999,702
Payables	8,600,233	9,180,973
Current tax liabilities	2,397,424	1,721,139
Bonds payable	36,781,898	36,659,587
Lease liabilities	16,431	22,416
Deferred tax liabilities	-	209,407
Total liabilities	50,984,096	52,992,434
EQUITY		
Share capital		
Ordinary shares	119,741,476	114,093,832
Preferred shares	11,000,000	8,000,000
Stock dividend to be distributed	5,029,142	5,647,644
Capital surplus	38,197,778	35,921,647
Retained earnings		
Legal reserve	16,926,942	15,244,071
Special reserve	10,920,515	8,698,118
Unappropriated earnings	9,765,376	4,985,255
Other equity	(2,952,496)	(6,367,843)
Total equity	208,628,733	186,222,724
TOTAL	$ 259,612,829	$ 239,215,158

TAISHIN FINANCIAL HOLDING CO., LTD.

STATEMENTS OF COMPREHENSIVE INCOME (STANDALONE)
FOR THE SIX MONTHS ENDED JUNE 30, 2023 AND 2022
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023	**2022**
INCOME		
Share of profit of subsidiaries and associates accounted for using equity method	$ 9,421,592	$ 5,931,465
Interest income	114,221	3,823
Other income	-	260
Total income	9,535,813	5,935,548
EXPENSES AND LOSSES		
Operating expenses	(266,185)	(161,427)
Interest expenses	(320,171)	(278,826)
Loss on financial assets and liabilities at FVTPL	(66,500)	(1,011,588)
Total expenses and losses	(652,856)	(1,451,841)
INCOME BEFORE INCOME TAX	8,882,957	4,483,707
INCOME TAX (EXPENSE) BENEFIT	-	(6,988)
NET INCOME	8,882,957	4,476,719
OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX	4,830,489	(7,661,096)
TOTAL COMPREHENSIVE INCOME (LOSS)	$ 13,713,446	$ (3,184,377)
EARNINGS PER SHARE		
Basic	$0.63	$0.29
Diluted	$0.63	$0.29

TAISHIN FINANCIAL HOLDING CO., LTD.

STATEMENTS OF CHANGES IN EQUITY (STANDALONE)
FOR THE SIX MONTHS ENDED JUNE 30, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

	Share Capital			Capital Surplus				Retained Earnings			Other Equity				
	Ordinary Shares	Preferred Shares	Stock Dividend to Be Distributed	Additional Paid-in Capital in Excess of Par	Treasury Shares Transactions	Share-based Compensation	Others	Legal Reserve	Special Reserve	Unappropriated 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 Credit Risk of Financial Liabilities at FVTPL	Other Comprehensive Income on Financial Assets Using the Overlay Approach	Total Equity
BALANCE AT JANUARY 1, 2022	$ 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															
Legal reserve appropriated	-	-	-	-	-	-	-	2,047,300	-	(2,047,300)	-	-	-	-	-
Special reserve appropriated	-	-	-	-	-	-	-	-	8,304,402	(8,304,402)	-	-	-	-	-
Cash dividends of ordinary shares	-	-	-	-	-	-	-	-	-	(6,902,677)	-	-	-	-	(6,902,677)
Cash dividends of preferred shares	-	-	-	-	-	-	-	-	-	(1,757,500)	-	-	-	-	(1,757,500)
Stock dividends of ordinary shares	-	-	5,647,644	-	-	-	-	-	-	(5,647,644)	-	-	-	-	-
Net income for the six months ended June 30, 2022	-	-	-	-	-	-	-	-	-	4,476,719	-	-	-	-	4,476,719
Other comprehensive income (loss) for the six months ended June 30, 2022, net of tax	-	-	-	-	-	-	-	-	-	-	59,419	(3,699,457)	95,053	(4,116,111)	(7,661,096)
Total comprehensive income (loss) for the six months ended June 30, 2022	-	-	-	-	-	-	-	-	-	4,476,719	59,419	(3,699,457)	95,053	(4,116,111)	(3,184,377)
Disposals of investments in equity instruments designated as at FVTOCI	-	-	-	-	-	-	-	-	-	57,542	-	(57,542)	-	-	-
BALANCE AT JUNE 30, 2022	$ 114,093,832	$ 8,000,000	$ 5,647,644	$ 33,790,327	$ 2,075,475	$ 52,632	$ 3,213	$ 15,244,071	$ 8,698,118	$ 4,985,255	$ (123,363)	$ (2,559,131)	$ 76,230	$ (3,761,579)	$ 186,222,724
BALANCE AT JANUARY 1, 2023	$ 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
Appropriation of 2022 earnings															
Legal reserve appropriated	-	-	-	-	-	-	-	1,682,871	-	(1,682,871)	-	-	-	-	-
Special reserve appropriated	-	-	-	-	-	-	-	-	7,251,539	(7,251,539)	-	-	-	-	-
Cash dividends of ordinary shares	-	-	-	-	-	-	-	-	-	(6,106,815)	-	-	-	-	(6,106,815)
Cash dividends of preferred shares	-	-	-	-	-	-	-	-	-	(1,845,528)	-	-	-	-	(1,845,528)
Stock dividends of ordinary shares	-	-	5,029,142	-	-	-	-	-	-	(5,029,142)	-	-	-	-	-
Reversal of the special reserve	-	-	-	-	-	-	-	-	(5,029,142)	5,029,142	-	-	-	-	-
Net income for the six months ended June 30, 2023	-	-	-	-	-	-	-	-	-	8,882,957	-	-	-	-	8,882,957
Other comprehensive income (loss) for the six months ended June 30, 2023, net of tax	-	-	-	-	-	-	-	-	-	-	(68,569)	2,286,658	(98,619)	2,711,019	4,830,489
Total comprehensive income (loss) for the six months ended June 30, 2023	-	-	-	-	-	-	-	-	-	8,882,957	(68,569)	2,286,658	(98,619)	2,711,019	13,713,446
Disposals of investments in equity instruments designated as at FVTOCI	-	-	-	-	-	-	-	-	-	489,467	-	(489,467)	-	-	-
BALANCE AT JUNE 30, 2023	$ 119,741,476	$ 11,000,000	$ 5,029,142	$ 36,066,458	$ 2,075,475	$ 52,632	$ 3,213	$ 16,926,942	$ 10,920,515	$ 9,765,376	$ (206,803)	$ (2,003,099)	$ 183,530	$ (926,124)	$ 208,628,733

TAISHIN FINANCIAL HOLDING CO., LTD.

STATEMENTS OF CASH FLOWS (STANDALONE)
FOR THE SIX MONTHS ENDED JUNE 30, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income before income tax	$ 8,882,957	$ 4,483,707
Depreciation expenses	3,559	3,540
Amortization expenses	104	250
Net loss (gain) on financial assets and liabilities at FVTPL	66,500	1,011,588
Interest expenses	320,171	278,826
Interest income	(114,221)	(3,823)
Gain on disposal of property and equipment	-	(260)
Share of profit of subsidiaries and associates accounted for using equity method	(9,421,592)	(5,931,465)
Changes in operating assets and liabilities		
Net changes in operating assets		
(Increase) decrease in financial assets at FVTOCI	5,823,769	420,596
(Increase) decrease in receivables	616,227	671,320
(Increase) decrease in other assets	(2,047)	(36)
Net changes in operating liabilities		
Increase (decrease) in payables	(87,285)	(210,948)
Interest received	121,177	883
Dividend received	4,838,551	8,523,946
Interest paid	(215,626)	(199,277)
Income taxes refund	-	72,591
Income taxes paid	(12,116)	(257,407)
Net cash generated from (used in) operating activities	10,820,128	8,864,031
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of investments accounted for using equity method	(5,000,000)	(5,000,000)
Acquisition of property and equipment	(1,621)	(155)
Proceeds from disposal of property and equipment	-	260
Net cash generated from (used in) investing activities	(5,001,621)	(4,999,895)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in commercial papers payable	500,000	-
Decrease in commercial papers payable	-	(2,500,000)
Proceeds from issuing bonds	-	5,025,000
Payments of lease liabilities	(2,996)	(2,985)
Net cash generated from (used in) financing activities	497,004	2,522,015
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	6,315,511	6,386,151
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	20,520,940	855,574
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	$ 26,836,451	$ 7,241,725
Cash and cash equivalents in the balance sheets	$ 26,036,451	$ 6,941,725
Securities purchased under resell agreements qualifying as cash and cash equivalents under the definition of IAS 7	800,000	300,000
	$ 26,836,451	$ 7,241,725

53. PROFITABILITY OF TAISHIN FINANCIAL HOLDING (STANDALONE AND CONSOLIDATED)

The Company

Item		For the Six Months Ended June 30, 2023	For the Six Months Ended June 30, 2022
Return on total assets	Pretax	3.52%	1.88%
	After tax	3.52%	1.87%
Return on net equity	Pretax	4.32%	2.33%
	After tax	4.32%	2.33%
Profit margin		93.15%	75.42%

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 June 30 of 2023 and 2022.

Note e: Return on net equity - ordinary share = $\frac{\text{Income before (after) tax}}{\text{Average net equity - ordinary share}}$

Item		For the Six Months Ended June 30, 2023	For the Six Months Ended June 30, 2022
Return on net equity - ordinary share	Pretax	4.98%	2.39%
	After tax	4.98%	2.39%

The Group

Item		For the Six Months Ended June 30, 2023	For the Six Months Ended June 30, 2022
Return on total assets	Pretax	0.37%	0.24%
	After tax	0.31%	0.17%
Return on net equity	Pretax	5.18%	3.18%
	After tax	4.32%	2.33%
Profit margin		24.18%	14.43%

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 June 30 of 2023 and 2022.

Note e: Return on net equity - ordinary share = $\dfrac{\text{Income before (after) tax (of the parent company's shareholders)}}{\text{Average net equity - ordinary share}}$

Item		For the Six Months Ended June 30, 2023	For the Six Months Ended June 30, 2022
Return on net equity - ordinary share	Pretax	6.09%	3.48%
	After tax	4.98%	2.39%

54. CONDENSED BALANCE SHEETS AND STATEMENTS OF COMPREHENSIVE INCOME AND IMPORTANT FINANCIAL NOTES OF SUBSIDIARIES

Taishin Bank

a. Balance sheets (standalone)

	June 30	
	2023	2022
Assets		
Cash and cash equivalents	$ 29,675,038	$ 23,476,408
Due from Central Bank and call loans to banks	105,305,891	76,722,214
Financial assets at FVTPL	135,650,963	114,408,192
Financial assets at FVTOCI	118,798,798	125,398,556
Investments in debt instruments at amortized cost	535,110,239	355,809,988
Securities purchased under resell agreements	8,782,335	8,707,075
Receivables, net	129,304,357	120,305,321
Current tax assets	124,565	124,565
Loans, net	1,474,718,707	1,384,989,803
Investments accounted for using equity method	2,164,614	1,996,996
Other financial assets, net	5,903,185	4,694,297
Property and equipment, net	21,290,714	17,820,759
Right-of-use assets, net	2,225,464	2,193,799
Intangible assets, net	2,740,719	2,568,452
Deferred tax assets	1,588,136	2,276,653
Other assets, net	15,378,158	23,549,717
	$ 2,588,761,883	$ 2,265,042,795

(Continued)

	June 30	
	2023	**2022**
Liabilities		
Deposits from the Central Bank and banks	$ 30,140,467	$ 37,718,529
Due to the Central Bank and banks	-	891,840
Financial liabilities at FVTPL	49,174,905	53,591,869
Securities sold under repurchase agreements	72,611,993	70,864,147
Payables	27,515,861	30,827,520
Current tax liabilities	1,179,990	783,886
Deposits and remittances	2,087,249,520	1,777,888,627
Bank notes payable	28,000,000	34,800,000
Other financial liabilities	106,705,109	84,012,078
Provisions	1,674,228	1,886,988
Lease liabilities	2,308,753	2,299,353
Deferred tax liabilities	58,430	58,207
Other liabilities	5,344,172	7,763,767
	2,411,963,428	2,103,386,811
Equity		
Share capital	93,262,546	90,989,818
Capital surplus	33,047,252	30,319,980
Retained earnings	54,277,756	44,355,525
Other equity	(3,789,099)	(4,009,339)
	176,798,455	161,655,984
	$ 2,588,761,883	$ 2,265,042,795

(Concluded)

b. Statements of comprehensive income (standalone)

	For the Six Months Ended June 30	
	2023	**2022**
Interest income	$ 31,708,856	$ 15,893,480
Interest expense	(19,549,896)	(4,404,099)
Net interest income	12,158,960	11,489,381
Net income other than net interest income	10,428,045	7,658,083
Net revenue and gains	22,587,005	19,147,464
Bad debts expenses, commitment and guarantee liability provisions	(506,609)	(773,734)
Operating expenses	(12,464,770)	(11,212,403)
Income before income tax	9,615,626	7,161,327
Income tax expense	(1,668,350)	(1,110,463)
Net income	7,947,276	6,050,864
Other comprehensive income (loss)	694,389	(4,108,196)
Total comprehensive income (loss)	$ 8,641,665	$ 1,942,668
Basic earnings per share (dollar)	$0.87	$0.67
Diluted earnings per share (dollar)	$0.87	$0.67

c. Key financial and business highlights

1) Profitability

Item		For the Six Months Ended June 30, 2023	For the Six Months Ended June 30, 2022
Return on total assets	Pretax	0.39%	0.32%
	After tax	0.32%	0.27%
Return on net equity	Pretax	5.59%	4.36%
	After tax	4.62%	3.69%
Profit margin		35.19%	31.60%

Note a: Return on total assets = $\dfrac{\text{Income before (after) tax}}{\text{Average assets}}$

Note b: Return on net equity = $\dfrac{\text{Income before (after) tax}}{\text{Average net equity}}$

Note c: Profit margin = $\dfrac{\text{Income after tax}}{\text{Net revenue and gains}}$

Note d: Profitability presented above is cumulative from January 1 to June 30 of 2023 and 2022.

2) Asset quality

Non-performing loans and receivables

Business Type \ Item			June 30, 2023					June 30, 2022				
			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)**
Corporate finance	Secured		423,782	317,094,597	0.13%	3,572,216	842.94%	552,920	305,773,143	0.18%	3,339,739	604.02%
	Unsecured		770,039	346,600,194	0.22%	5,723,192	743.23%	565,122	332,180,301	0.17%	5,101,190	902.67%
Consumer finance	Mortgage loans (Note d)		136,163	399,862,538	0.03%	5,980,768	4,392.36%	252,618	371,875,537	0.07%	5,593,386	2,214.17%
	Cash cards		5,698	247,205	2.30%	43,207	758.28%	9,086	381,253	2.38%	51,685	568.84%
	Credit loans (Note e)		222,646	89,859,717	0.25%	1,011,656	454.38%	217,883	83,959,525	0.26%	986,840	452.92%
	Others (Note f)	Secured	280,342	338,007,572	0.08%	3,659,520	1,305.38%	303,618	308,310,914	0.10%	3,368,550	1,109.47%
		Unsecured	1,744	3,704,261	0.05%	39,525	2,266.34%	1,433	1,638,171	0.09%	17,504	1,221.49%
Subtotal			1,840,414	1,495,376,084	0.12%	20,030,084	1,088.35%	1,902,680	1,404,118,844	0.14%	18,458,894	970.15%
Credit card			137,700	81,734,138	0.17%	720,772	523.44%	142,581	55,392,816	0.26%	607,194	425.86%
Accounts receivable factoring with no recourse (Note g)			-	32,253,378	-	931,994	-	-	54,759,977	-	722,688	-

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

Business Type \ Item	June 30, 2023		June 30, 2022	
	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
Amounts negotiated in accordance with the agreement (Note a)	120,501	43,660	175,232	62,693
Loans executed in accordance with debt clearing and renewal regulations (Note b)	1,709,923	1,071,621	1,792,883	1,163,104
Total	1,830,424	1,115,281	1,968,115	1,225,797

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	June 30, 2023			June 30, 2022		
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 (manufacture of computers)	$ 20,824,737	11.78%	B Group (manufacture of woven cotton-type on woolen-type fabrics)	$ 16,389,530	10.14%
2	B Group (other financial service not elsewhere classified)	14,112,530	7.98%	K Group (manufacture of computers)	15,137,536	9.36%
3	C Group (ocean freight transportation forwarding services)	12,659,018	7.16%	C Group (other financial service not elsewhere classified)	14,077,935	8.71%
4	D Group (wireless telecommunications)	11,656,769	6.59%	E Group (other financial service not elsewhere classified)	11,194,000	6.92%
5	E Group (Real estate development)	10,830,000	6.13%	D Group (wireless telecommunications)	10,580,442	6.55%
6	F Group (activities of other holding companies)	9,802,358	5.54%	F Group (activities of other holding companies)	10,330,435	6.39%
7	G Group (financial leasing industry)	9,790,257	5.54%	J Group (rolling and extruding of iron and steel)	8,157,944	5.05%
8	H Group (manufacture of computers)	8,918,737	5.04%	L Group (manufacture of other computer peripheral equipment)	7,552,502	4.67%
9	I Group (Real estate development)	8,552,100	4.84%	H Group (manufacture of computers)	7,318,104	4.53%
10	J Group (rolling and extruding of iron and steel)	8,408,959	4.76%	G Group (financial leasing industry)	7,188,659	4.45%

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	June 30, 2023				
	1-90 Days	91-180 Days	181 Days-1 Year	More Than 1 Year	Total
Interest-sensitive assets	$ 1,395,110,900	$ 63,202,659	$ 59,289,988	$ 215,417,519	$ 1,733,021,066
Interest-sensitive liabilities	590,490,710	54,589,799	165,030,486	809,769,753	1,619,880,748
Interest sensitivity gap	804,620,190	8,612,860	(105,740,498)	(594,352,234)	113,140,318
Net equity					179,375,806
Ratio of interest-sensitive assets to liabilities					106.98%
Ratio of interest sensitivity gap to net equity					63.07%

Item	June 30, 2022				
	1-90 Days	91-180 Days	181 Days-1 Year	More Than 1 Year	Total
Interest-sensitive assets	$ 1,286,773,881	$ 29,242,480	$ 58,575,829	$ 199,307,480	$ 1,573,899,670
Interest-sensitive liabilities	502,395,386	125,503,606	149,678,596	669,065,576	1,446,643,164
Interest sensitivity gap	784,378,495	(96,261,126)	(91,102,767)	(469,758,096)	127,256,506
Net equity					163,293,960
Ratio of interest-sensitive assets to liabilities					108.80%
Ratio of interest sensitivity gap to net equity					77.93%

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) $= \dfrac{\text{Interest-sensitive assets}}{\text{Interest-sensitive liabilities}}$

(In Thousands of U.S. Dollars)

Item	June 30, 2023				
	1-90 Days	91-180 Days	181 Days-1 Year	More Than 1 Year	Total
Interest-sensitive assets	$ 12,418,302	$ 4,660,541	$ 2,622,828	$ 3,209,034	$ 22,910,705
Interest-sensitive liabilities	13,455,976	1,857,518	1,949,210	4,986,809	22,249,513
Interest sensitivity gap	(1,037,674)	2,803,023	673,618	(1,777,775)	661,192
Net equity					(77,811)
Ratio of interest-sensitive assets to liabilities					102.97%
Ratio of interest sensitivity gap to net equity					(849.74%)

(In Thousands of U.S. Dollars)

Item	June 30, 2022				
	1-90 Days	91-180 Days	181 Days-1 Year	More Than 1 Year	Total
Interest-sensitive assets	$ 10,375,413	$ 2,454,861	$ 1,548,164	$ 3,335,637	$ 17,714,075
Interest-sensitive liabilities	9,219,407	1,975,401	1,552,302	5,286,833	18,033,943
Interest sensitivity gap	1,156,006	479,460	(4,138)	(1,951,196)	(319,868)
Net equity					(67,100)
Ratio of interest-sensitive assets to liabilities					98.23%
Ratio of interest sensitivity gap to net equity					476.70%

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) $= \dfrac{\text{Interest-sensitive assets}}{\text{Interest-sensitive liabilities}}$

5) Maturity analysis of assets and liabilities

	Total	June 30, 2023				
		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	$ 2,452,869,474	$ 665,256,298	$ 408,283,958	$ 206,770,413	$ 222,534,239	$ 950,024,566
Major maturity cash outflow	2,947,995,851	430,577,532	366,771,664	356,079,039	530,223,516	1,264,344,100
Gap	(495,126,377)	234,678,766	41,512,294	(149,308,626)	(307,689,277)	(314,319,534)

	Total	June 30, 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	$ 2,268,428,510	$ 643,131,314	$ 325,913,807	$ 207,904,833	$ 224,616,430	$ 866,862,126
Major maturity cash outflow	2,774,890,832	351,858,238	365,131,529	389,032,204	509,348,697	1,159,520,164
Gap	(506,462,322)	291,273,076	(39,217,722)	(181,127,371)	(284,732,267)	(292,658,038)

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	June 30, 2023				
		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	$ 57,929,309	$ 19,086,388	$ 14,122,308	$ 9,208,928	$ 8,852,854	$ 6,658,831
Major maturity cash outflow	57,820,546	17,862,806	16,811,113	7,935,431	8,891,020	6,320,176
Gap	108,763	1,223,582	(2,688,805)	1,273,497	(38,166)	338,655

(In Thousands of U.S. Dollars)

	Total	June 30, 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	$ 54,135,330	$ 19,414,409	$ 12,997,502	$ 9,149,103	$ 5,921,476	$ 6,652,840
Major maturity cash outflow	54,000,616	17,444,619	14,455,439	8,935,367	6,808,190	6,357,001
Gap	134,714	1,969,790	(1,457,937)	213,736	(886,714)	295,839

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)

	June 30	
	2023	**2022**
Assets		
Current assets	$ 44,433,917	$ 44,965,228
Financial assets at FVTPL - non-current	162,784	115,372
Financial assets at FVTOCI - non-current	5,243,408	3,717,933
Investments accounted for using equity method	585,053	195,392
Property and equipment	820,521	770,566
Right-of-use assets	168,145	71,132
Investment properties	123,358	126,654
Intangible assets	157,498	137,061
Deferred tax assets	13,014	28,400
Other non-current assets	600,203	578,123
	$ 52,307,901	$ 50,705,861
Liabilities		
Current liabilities	$ 38,715,124	$ 37,999,107
Other non-current liabilities	3,493,273	3,486,820
	42,208,397	41,485,927
Equity		
Share capital	6,924,125	6,924,125
Capital surplus	895,825	895,825
Retained earnings	2,407,532	1,448,284
Other equity	(127,978)	(48,300)
	10,099,504	9,219,934
	$ 52,307,901	$ 50,705,861

b. Statements of comprehensive income (standalone)

	For the Six Months Ended June 30	
	2023	**2022**
Revenue	$ 2,685,206	$ 1,590,791
Expenses	(1,778,136)	(1,417,951)
Non-operating income and expenses	41,666	69,542
Income before income tax	948,736	242,382
Income tax expense	(76,150)	(14,555)
Net income	872,586	227,827
Other comprehensive income (loss)	24,132	(66,279)
Total comprehensive income (loss)	$ 896,718	$ 161,548
Basic earnings per share (dollar)	$1.26	$0.33

c. Profitability

Item		For the Six Months Ended June 30, 2023	For the Six Months Ended June 30, 2022
Return on total assets	Pretax	1.91%	0.42%
	After tax	1.76%	0.39%
Return on net equity	Pretax	9.69%	2.49%
	After tax	8.92%	2.34%
Profit margin		32.50%	14.32%

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 June 30 of 2023 and 2022.

Taishin Life Insurance

a. Balance sheets

	June 30	
	2023	**2022**
Assets		
Cash and cash equivalents	$ 3,417,308	$ 7,717,204
Receivables	3,276,235	2,619,134
Current tax assets	63,029	142,958
Financial assets at FVTPL	24,562,862	18,773,281
Financial assets at FVTOCI	44,678	46,076
Investments in debt instruments at amortized cost	184,321,166	163,596,603
Investments accounted for using equity method	422,213	264,021
Investment properties	1,973,986	1,016,231
Loans	7,502,172	7,236,639
Reinsurance contract assets	497,170	424,516
Property and equipment	1,956,626	1,926,249
Right-of-use assets	74,410	82,986
Intangible assets	254,084	108,955
Deferred tax assets	977,066	456,962
Other assets	1,464,410	1,473,766
Separate account insurance product assets	31,865,205	27,265,575
	$ 262,672,620	$ 233,151,156
Liabilities		
Payables	$ 1,312,986	$ 802,456
Current tax liabilities	3,611	1,087
Financial liabilities at FVTPL	601,905	877,657
Lease liabilities	71,818	80,411
Insurance liabilities	209,071,306	187,786,847
Reserve for insurance contracts with the nature of financial products	1,767	1,999
Reserve for foreign exchange valuation	898,410	700,542
Provisions	146,163	300,991
Deferred tax liabilities	495,626	183,603
Other liabilities	577,432	572,655
Separate account insurance product liabilities	31,865,205	27,265,575
	245,046,229	218,573,823
Equity		
Share capital	9,378,059	9,378,059
Capital surplus	2,727,273	2,727,273
Retained earnings	6,368,965	6,153,964
Other equity	(847,906)	(3,681,963)
	17,626,391	14,577,333
	$ 262,672,620	$ 233,151,156

b. Statements of comprehensive income (standalone)

	For the Six Months Ended June 30	
	2023	**2022**
Operating revenue	$ 19,202,993	$ 13,901,012
Operating cost	(17,911,704)	(11,104,892)
Operating expenses	(1,085,164)	(1,010,971)
Operating income (loss)	206,125	1,785,149
Non-operating income and expenses	(1,068)	(4,866)
Income (Loss) before income tax	205,057	1,780,283
Income tax revenue (expense)	68,430	(303,148)
Net income	273,487	1,477,135
Other comprehensive income (loss)	2,712,884	(4,116,733)
Total comprehensive income (loss)	$ 2,986,371	$ (2,639,598)
Basic earnings per share (dollar)	$0.29	$2.07

c. Profitability

Item		For the Six Months Ended June 30, 2023	For the Six Months Ended June 30, 2022
Return on total assets	Pretax	0.08%	0.79%
	After tax	0.11%	0.66%
Return on net equity	Pretax	1.27%	13.29%
	After tax	1.70%	11.03%
Profit margin		1.42%	10.63%

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 = $\frac{\text{Income after tax}}{\text{Operating income + Non-operating income}}$

Note d: Profitability presented above is cumulative from January 1 to June 30 of 2023 and 2022.

Taishin AMC

a. Balance sheets

	June 30 2023	June 30 2022
Assets		
Current assets	$ 12,374	$ 14,457
Financial assets at FVTOCI - non-current	513,936	217,448
Investments accounted for using equity method	139,325	138,775
Property and equipment	170,815	173,558
Investment properties	823,107	829,821
Deferred tax assets	17,701	34,416
Other non-current assets	213,775	317,446
	$ 1,891,033	$ 1,725,921
Liabilities		
Current liabilities	$ 268,350	$ 459,816
Other non-current liabilities	4,063	3,752
	272,413	463,568
Equity		
Share capital	671,000	671,000
Capital surplus	4,141	4,141
Retained earnings	560,412	517,042
Other equity	383,067	70,170
	1,618,620	1,262,353
	$ 1,891,033	$ 1,725,921

b. Statements of comprehensive income

	For the Six Months Ended June 30 2023	For the Six Months Ended June 30 2022
Operating revenue	$ 105,844	$ 119,000
Operating cost and expenses	(56,790)	(60,155)
Operating income	49,054	58,845
Non-operating income	141,900	141,716
Non-operating expenses	(233)	(1,210)
Income before income tax	190,721	199,351
Income tax expense	(19,525)	(21,729)
Net income	171,196	177,622
Other comprehensive income (loss)	41,175	(3,210)
Total comprehensive income (loss)	$ 212,371	$ 174,412
Basic earnings per share (dollar)	$2.55	$2.65

c. Profitability

Item		For the Six Months Ended June 30, 2023	For the Six Months Ended June 30, 2022
Return on total assets	Pretax	9.80%	10.81%
	After tax	8.80%	9.63%
Return on net equity	Pretax	11.28%	16.18%
	After tax	10.13%	14.42%
Profit margin		69.10%	68.13%

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 = $\frac{\text{Income after tax}}{\text{Operating income + Non-operating income}}$

Note d: Profitability presented above is cumulative from January 1 to June 30 of 2023 and 2022.

Taishin Venture Capital

a. Balance sheets

	June 30	
	2023	**2022**
Assets		
Current assets	$ 381,002	$ 178,304
Financial assets at FVTPL - non-current	7,160,840	2,896,856
Investments accounted for using equity method	2,284,437	2,732,348
Property and equipment	59	78
Right-of-use assets	4,859	6,682
Other non-current assets	70,093	481
	$ 9,901,290	$ 5,814,749
Liabilities		
Current liabilities	$ 45,164	$ 44,710
Non-current liabilities	3,106	4,927
	48,270	49,637
Equity		
Share capital	5,667,549	4,944,397
Capital surplus	871	871
Retained earnings	4,392,022	941,011
Other equity	(207,422)	(121,167)
	9,853,020	5,765,112
	$ 9,901,290	$ 5,814,749

b. Statements of comprehensive income

	For the Six Months Ended June 30	
	2023	2022
Revenue	$ 399,761	$ 173,055
Expenses and losses	(91,991)	(117,961)
Income before income tax	307,770	55,094
Income tax expense	(169)	-
Net income	307,601	55,094
Other comprehensive income (loss)	(69,408)	55,385
Total comprehensive income (loss)	$ 238,193	$ 110,479
Basic earnings per share (dollar)	$0.54	$0.11

c. Profitability

Item		For the Six Months Ended June 30, 2023	For the Six Months Ended June 30, 2022
Return on total assets	Pretax	3.15%	0.96%
	After tax	3.15%	0.96%
Return on net equity	Pretax	3.16%	0.96%
	After tax	3.16%	0.96%
Profit margin		76.95%	31.84%

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 June 30 of 2023 and 2022.

Taishin Securities Investment Trust

a. Balance sheets

	June 30	
	2023	**2022**
Assets		
Current assets	$ 490,324	$ 432,665
Financial assets at FVTOCI - non-current	3,064	2,654
Property and equipment	6,397	12,064
Goodwill	410,930	410,930
Right-of-use assets	7,759	15,570
Intangible assets	2,765	2,868
Other non-current assets	220,500	310,482
	$ 1,141,739	$ 1,187,233
Liabilities		
Current liabilities	$ 114,441	$ 166,869
Other non-current liabilities	3,290	3,981
	117,731	170,850
Equity		
Share capital	831,350	831,350
Capital surplus	47,856	47,856
Retained earnings	144,738	137,523
Other equity	64	(346)
	1,024,008	1,016,383
	$ 1,141,739	$ 1,187,233

b. Statements of comprehensive income

	For the Six Months Ended June 30	
	2023	**2022**
Operating revenue	$ 368,858	$ 416,392
Operating expenses	(287,766)	(288,982)
Operating income	81,092	127,410
Non-operating income	11,958	3,637
Non-operating expenses	(1,131)	(21,558)
Income before income tax	91,919	109,489
Income tax expense	(16,959)	(25,558)
Net income	74,960	83,931
Other comprehensive income (loss)	218	210
Total comprehensive income (loss)	$ 75,178	$ 84,141
Basic earnings per share (dollar)	$0.90	$1.01

c. Profitability

Item		For the Six Months Ended June 30, 2023	For the Six Months Ended June 30, 2022
Return on total assets	Pretax	7.53%	8.46%
	After tax	6.14%	6.49%
Return on net equity	Pretax	8.66%	10.18%
	After tax	7.06%	7.80%
Profit margin		19.69%	19.98%

Note a: Return on total assets = $\dfrac{\text{Income before (after) tax}}{\text{Average assets}}$

Note b: Return on net equity = $\dfrac{\text{Income before (after) tax}}{\text{Average net equity}}$

Note c: Profit margin = $\dfrac{\text{Income after tax}}{\text{Operating income + Non-operating income}}$

Note d: Profitability presented above is cumulative from January 1 to June 30 of 2023 and 2022.

Taishin Securities Investment Advisory

a. Balance sheets

	June 30	
	2023	**2022**
Assets		
Current assets	$ 345,563	$ 334,897
Investments accounted for using equity method	-	3,338
Property and equipment	2,005	2,259
Right-of-use assets	17,491	25,380
Deferred tax assets	667	1,696
Other non-current assets	6,887	6,887
	$ 372,613	$ 374,457
Liabilities		
Current liabilities	$ 25,187	$ 24,131
Other non-current liabilities	14,058	22,913
	39,245	47,044
Equity		
Share capital	300,000	300,000
Capital surplus	25,663	25,663
Retained earnings	7,705	1,750
	333,368	327,413
	$ 372,613	$ 374,457

b. Statements of comprehensive income

	For the Six Months Ended June 30	
	2023	2022
Operating revenue	$ 58,107	$ 58,353
Operating expenses	(54,199)	(57,386)
Operating income (loss)	3,908	967
Non-operating income	4,984	7,793
Non-operating expenses	(87)	(5,294)
Income before income tax	8,805	3,466
Income tax (expense) profit	(1,718)	(1,716)
Net income	7,087	1,750
Total comprehensive income (loss)	$ 7,087	$ 1,750
Basic earnings per share (dollar)	$ 0.24	$ 0.06

c. Profitability

Item		For the Six Months Ended June 30, 2023	For the Six Months Ended June 30, 2022
Return on total assets	Pretax	2.32%	0.91%
	After tax	1.87%	0.46%
Return on net equity	Pretax	2.65%	1.06%
	After tax	2.13%	0.54%
Profit margin		11.24%	2.65%

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 = $\frac{\text{Income after tax}}{\text{Operating income + Non-operating income}}$

Note d: Profitability presented above is cumulative from January 1 to June 30 of 2023 and 2022.

55. 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)

	June 30, 2023		
	Foreign Currency	**Exchange Rate**	**New Taiwan Dollars**
Financial assets			
Monetary items			
AUD	$ 1,974,786	20.62	$ 40,726,574
CAD	101,128	23.49	2,375,353
RMB	7,773,398	4.28	33,303,033
EUR	434,154	33.81	14,677,557
GBP	34,879	39.36	1,372,775
HKD	4,875,946	3.98	19,388,399
JPY	92,218,867	0.22	19,831,483
SGD	150,719	22.97	3,461,499
USD	17,424,569	31.15	542,827,602
ZAR	1,097,699	1.65	1,810,265
Non-monetary items			
USD	284,422	31.15	8,860,591
Financial liabilities			
Monetary items			
AUD	760,789	20.62	15,689,965
CAD	60,226	23.49	1,414,617
RMB	10,732,115	4.28	45,978,858
EUR	435,005	33.81	14,706,312
GBP	99,587	39.36	3,919,629
HKD	4,274,688	3.98	16,997,596
JPY	126,055,774	0.22	27,108,042
SGD	25,976	22.97	596,586
USD	19,995,607	31.15	622,923,160
ZAR	3,765,549	1.65	6,209,936
Non-monetary items			
AUD	122,362	20.62	2,523,504
USD	382,314	31.15	11,910,227
Derivative instruments			
Financial assets			
AUD	737,230	20.62	15,204,111
CAD	32,607	23.49	765,891
RMB	75,307,379	4.28	322,634,208
EUR	516,466	33.81	17,460,304
GBP	65,774	39.36	2,588,777

(Continued)

	June 30, 2023		
	Foreign Currency	Exchange Rate	New Taiwan Dollars
Financial assets			
HKD	$ 1,232,236	3.98	$ 4,899,786
JPY	99,396,705	0.22	21,375,063
USD	34,395,702	31.15	1,071,529,316
ZAR	2,995,124	1.65	4,939,393
Financial liabilities			
AUD	1,832,481	20.62	37,791,776
CAD	73,724	23.49	1,731,670
RMB	72,021,725	4.28	308,557,708
EUR	532,558	33.81	18,004,307
GBP	2,610	39.36	102,720
HKD	2,113,906	3.98	8,405,600
JPY	69,101,803	0.22	14,860,205
SGD	151,007	22.97	3,468,114
USD	32,141,943	31.15	1,001,317,956
ZAR	323,926	1.65	534,201

(Concluded)

	December 31, 2022		
	Foreign Currency	Exchange Rate	New Taiwan Dollars
Financial assets			
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
Financial liabilities			
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

(Continued)

	December 31, 2022		
	Foreign Currency	Exchange Rate	New Taiwan Dollars
Non-monetary items			
AUD	$ 117,711	20.84	$ 2,452,877
USD	389,411	30.73	11,965,836
Derivative instruments			
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
GBP	25,182	37.06	933,363
HKD	289	3.94	1,139
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)

	June 30, 2022		
	Foreign Currency	Exchange Rate	New Taiwan Dollars
Financial assets			
Monetary items			
AUD	$ 1,803,093	20.46	$ 36,894,488
CAD	62,710	23.03	1,443,985
RMB	5,126,302	4.44	22,764,677
EUR	233,764	31.04	7,255,816
GBP	55,471	36.07	2,001,023
HKD	5,849,173	3.79	22,162,856
JPY	70,263,791	0.22	15,330,084
SGD	253,171	21.37	5,411,272
USD	13,051,983	29.73	388,009,361
ZAR	2,111,980	1.83	3,866,805
Non-monetary items			
USD	292,891	29.73	8,707,075

(Continued)

	June 30, 2022		
	Foreign Currency	**Exchange Rate**	**New Taiwan Dollars**
<u>Financial liabilities</u>			
Monetary items			
AUD	$ 633,947	20.46	$ 12,971,694
CAD	56,251	23.03	1,295,239
RMB	7,942,016	4.44	35,268,589
EUR	221,970	31.04	6,889,739
GBP	48,012	36.07	1,731,965
HKD	3,613,725	3.79	13,692,612
JPY	79,253,512	0.22	17,291,452
SGD	24,567	21.37	525,086
USD	16,272,578	29.73	483,751,195
ZAR	3,415,609	1.83	6,253,608
Non-monetary items			
AUD	26,902	20.46	550,462
USD	712,426	29.73	21,178,993
<u>Derivative instruments</u>			
Financial assets			
AUD	2,226,209	20.46	45,552,208
CAD	100,740	23.03	2,319,661
RMB	8,990,998	4.44	39,926,866
EUR	1,193,991	31.04	37,060,300
GBP	75,073	36.07	2,708,150
HKD	315	3.79	1,193
JPY	19,172,817	0.22	4,183,106
USD	24,099,541	29.73	716,431,147
ZAR	2,239,829	1.83	4,100,883
Financial liabilities			
AUD	3,386,410	20.46	69,291,984
CAD	108,579	23.03	2,500,171
RMB	5,863,883	4.44	26,040,097
EUR	1,227,958	31.04	38,114,584
GBP	82,145	36.07	2,963,269
HKD	2,620,362	3.79	9,928,702
JPY	14,214,571	0.22	3,101,321
SGD	234,670	21.37	5,015,832
USD	20,897,965	29.73	621,254,699
ZAR	917,446	1.83	1,679,743

(Concluded)

56. 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 7 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 FSC, 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.

57. 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	None
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 4
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 47

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: Table 5.

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 6
2	Significant commitments and contingencies	Note 50
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 7.

58. 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 Six Months Ended June 30, 2023							
	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)	$ 8,680,244	$ 6,617,857	$ (569,133)	$ 79,378	$ 2,726,928	$ (2,029,552)	$ (625,274)	$ 14,880,448
Net income other than net interest income	5,496,693	1,074,814	2,335,914	2,209,752	8,471,635	11,915,659	(9,647,641)	21,856,826
Net revenue and gains	14,176,937	7,692,671	1,766,781	2,289,130	11,198,563	9,886,107	(10,272,915)	36,737,274
Reversal of bad debt expenses, commitments and guarantees liabilities (provision)	(164,029)	(259,462)	(118)	20	272	(388,630)	-	(811,947)
Net changes in insurance liability reserve	-	-	-	-	(9,900,515)	-	469,588	(9,430,927)
Operating expenses	(8,377,549)	(1995,392)	(482,947)	(1,340,414)	(1,093,262)	(2,755,079)	213,169	(15,831,474)
Income (loss) before income tax	$ 5,635,359	$ 5,437,817	$ 1,283,716	$ 948,736	$ 205,058	$ 6,742,398	$ (9,590,158)	$ 10,662,926
Total assets	$ 851,656,415	$ 678,915,441	$ 804,258,136	$ 52,452,976	$ 262,672,620	$ 550,272,865	$ (227,488,597)	$ 2,972,739,856

	For the Six Months Ended June 30, 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)	$ 6,326,746	$ 4,758,991	$ 2,982,104	$ 244,011	$ 2,104,341	$ (1,987,142)	$ (631,676)	$ 13,797,375
Net income other than net interest income	5,257,345	1,184,242	332,607	1,133,395	10,995,319	6,329,388	(8,052,839)	17,179,457
Net revenue and gains	11,584,091	5,943,233	3,314,711	1,377,406	13,099,660	4,342,246	(8,684,515)	30,976,832
Reversal of bad debt expenses, commitments and guarantees liabilities (provision)	(269,845)	(504,000)	112	54	(1,507)	(71,310)	-	(846,496)
Net changes in insurance liability reserve	-	-	-	-	(10,303,643)	-	475,476	(9,828,167)
Operating expenses	(7,787,771)	(1,846,023)	(473,371)	(1,135,078)	(1,014,227)	(2,137,446)	204,721	(14,189,195)
Income (loss) before income tax	$ 3,526,475	$ 3,593,210	$ 2,841,452	$ 242,382	$ 1,780,283	$ 2,133,490	$ (8,004,318)	$ 6,112,974
Total assets	$ 784,553,022	$ 676,292,979	$ 609,036,676	$ 50,813,594	$ 233,151,156	$ 466,216,852	$ (186,368,332)	$ 2,633,695,947

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.

TAISHIN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

FINANCINGS PROVIDED TO OTHERS
FOR THE SIX MONTHS ENDED JUNE 30, 2023
(In Thousands of New Taiwan Dollars)

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	2.58	Business transaction	$ 20,000	Advance payment of urban renewal	$ -	Land and buildings	$ 48,000	$ 276,858	$ 12,920,019
		Zhuang O Ming	Long-term receivables - advance payment	No	40,000	40,000	20,000	2.58	Business transaction	20,000	Advance payment of urban renewal	-	Land and buildings	48,000	276,858	12,920,019
		Xu O Zhen	Long-term receivables - advance payment	No	80,000	80,000	40,000	2.58	Business transaction	40,000	Advance payment of urban renewal	-	Land and buildings	96,000	276,858	12,920,019
		Chen O Ming	Long-term receivables - advance payment	No	80,000	80,000	40,000	2.58	Business transaction	40,000	Advance payment of urban renewal	-	Land and buildings	96,000	276,858	12,920,019

Note 1: Column is numbered as follows:

a. Parent: 0.
b. 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 Loaning 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 Loaning 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.

TAISHIN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
JUNE 30, 2023
(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	June 30, 2023				Note
				Number of Shares/Units/ Face Value	Carrying Amount	Percentage of Ownership (%)	Market Value	
Taishin Real Estate	Shares							
	Metro Consulting Service Ltd.	Its corporate director is Taishin Real Estate	Financial assets at FVTOCI	300	$ 2,856	6.00	$ -	
Taishin D.A. Finance	Shares							
	Yuan Tai Forex Brokerage Co., Ltd.	Its corporate director is Taishin D.A. Finance	〃	600,000	9,760	5.00	9,760	
	Bon-Li International Technology Co., Ltd.	None	〃	125,000	-	1.50	-	Go out of business
Taishin Venture Capital	Equity							
	Taishin Financial Leasing (China)	Investee under the equity method	Investments accounted for using equity method	70,000	2,284,436	100.00	2,284,436	
	Chime Biologics Limited	None	Financial assets at FVTPL	2,105	49,011	0.45	49,011	
	Delos Capital Fund, LP	〃	〃	8,144	208,524	7.63	208,524	
	Delos Capital Fund II, LP	〃	〃	7,622	280,582	7.46	280,582	
	Delos Capital Fund III, LP	〃	〃	2,359	45,816	8.31	45,816	
	CDIB Capital Global Opportunities Fund L.P.	〃	〃	1,860	42,194	2.21	42,194	
	Li Shen Zhi-Lian L.P.	〃	〃	30,000	31,200	10.59	31,200	
	Arm IoT Fund, L.P.	〃	〃	2,520	91,248	14.70	91,248	
	Shares							
	Chi-Ting Venture Capital Investment Co., Ltd.	〃	〃	50	92	1.30	92	
	Hwei-Yang Venture Capital Investment Co., Ltd.	〃	〃	42	2,871	1.54	2,871	
	Century Development Corp.	Its corporate supervisor is Taishin Venture Capital	〃	10,633	125,369	3.03	125,369	
	Microbio Co., Ltd.	None	〃	1,148	66,380	0.22	66,380	
	Winking Entertainment Ltd.	〃	〃	190	2,054	1.09	2,054	
	Diamond Biotech Investment Corp.	Its corporate director is Taishin Venture Capital	〃	61,328	5,157,093	9.66	5,157,093	
	Stem Cyte International Ltd.	None	〃	500	9,005	0.35	9,005	
	VM Discovery, Inc. Preferred D.	〃	〃	95	6,656	0.38	6,656	
	RevMAb Biosciences, Inc.	〃	〃	400	9,940	2.26	9,940	
	Eden Biotech, Inc.	〃	〃	2,105	5,137	0.89	5,137	
	OME Technology Co., Ltd.	〃	〃	1,457	15,198	2.25	15,198	
	Shin Yao Biomedical Venture Capital Investment Co., Ltd.	Its corporate director is Taishin Venture Capital	〃	35,000	398,300	10.00	398,300	
	Taxven BioPharma, Inc.	None	〃	402	30,223	0.30	30,223	

(Continued)

Holding Company	Marketable Securities Type and Name	Relationship with the Holding Company	Financial Statement Account	June 30, 2023				Note
				Number of Shares/Units/ Face Value	Carrying Amount	Percentage of Ownership (%)	Market Value	
	Great Agricultural Technology Co., Ltd.	None	Financial assets at FVTPL	578	$ 6,035	3.33	$ 6,035	
	Contact Digital Integration Co., Ltd.	Others	〃	1,300	-	7.22	-	
	I.X	None	〃	1,942	544	3.41	544	
	AMIS Technologies Co., Ltd.	〃	〃	17,500	-	7.92	-	
	IIH Biomedical Venture Fund I Co., Ltd.	Its corporate director is Taishin Venture Capital	〃	5,000	65,000	8.08	65,000	
	Taiwania Capital Management Corporation	None	〃	17,760	44,578	7.10	44,578	
	Shenghe Energy Corporation	Its corporate supervisor is Taishin Venture Capital	〃	5,000	38,800	5.00	38,800	
	Jada International Development Corporation	None	〃	1,946	15,765	5.68	15,765	
	Guoyu Global Company Limited	Its corporate director is Taishin Venture Capital	〃	300	570	10.00	570	
	Jing Ying Investment Co., Ltd.	〃	〃	15,610	132,373	10.00	132,373	
	Gogoro Inc.	None	〃	1,000	107,480	0.41	107,480	
	CT Ambi Investment and Consulting Inc.	Its corporate supervisor is Taishin Venture Capital	〃	2,000	14,120	15.50	14,120	
	All Win Fintech Company Limited	〃	〃	13,696	191,470	13.70	191,470	
	ImmunAdd Inc.	〃	〃	3,359	33,594	10.00	33,594	
	Sim2 Travel Inc. Preferred A	〃	〃	350	-	0.88	-	
	PC Home Online Investment Inc.	〃	〃	79	-	3.03	-	Liquidated
	CC Media Co., Ltd.	〃	〃	400	-	0.48	-	
	Innostor Technology Corporation	〃	〃	69	-	0.81	-	Liquidated
	Credidi Inc.	Investee under the equity method	Investments accounted for using equity method	20,000	-	20.00	-	Liquidated
	<u>Beneficiary certificates</u>							
	Capital Money Market Fund	None	Financial assets at FVTPL	1,824	30,065	-	30,065	
	Capital Global Senior Secured High Yield Bond Fund	〃	〃	1,004	10,188	-	10,188	
	Capital Global Financial Bond Fund	〃	〃	1,630	15,204	-	15,204	
	Taishin 1699 Money Market Fund	Issued by Taishin Securities Investment Trust	〃	2,807	38,889	-	38,889	
	Taishin ESG Emerging Markets Bond Fund A	〃	〃	1,100	9,199	-	9,199	
	Jih Sun Money Market Fund	None	〃	1,337	20,270	-	20,270	
	Jih Sun Global Innovative Technology Non-Investment Grade Bond Fund	〃	〃	534	5,012	-	5,012	
	Jih Sun Asian Non-Investment Grade Bond Fund	〃	〃	564	4,993	-	4,993	
	Fubon Chi-Hsiang Money Market Fund	〃	〃	1,890	30,253	-	30,253	
	Fubon China Money Market Fund-CNY	〃	〃	807	43,713	-	43,713	
	Fubon US Treasury Inflation-Linked Bond Index Fund	〃	〃	1,988	20,404	-	20,404	
	PineBridge Global ESG Quantitative Bond Fund	〃	〃	1,111	9,971	-	9,971	
	<u>Investment agreement</u>							
	Public Television Foundation (SEQALU: Formosa 1867)	〃	〃	2,000	-	1.06	-	

(Continued)

Holding Company	Marketable Securities Type and Name	Relationship with the Holding Company	Financial Statement Account	June 30, 2023				Note
				Number of Shares/Units/ Face Value	Carrying Amount	Percentage of Ownership (%)	Market Value	
Taishin AMC	Shares							
	Linkou Golf Country Club	None	Financial assets at FVTOCI	-	$ 2,037	0.30	$ 2,037	
	Dah Chung Bills	〃	〃	2,348	33,070	0.51	33,070	
	Diamond Biotech Investment Corp.	Its corporate director is Taishin Venture Capital	〃	4,905	412,494	0.77	412,494	
	Shin Yao Biomedical Venture Capital Investment Co., Ltd.	〃	〃	4,375	49,788	1.25	49,788	
	Jing Ying Investment Co., Ltd.	〃	〃	1,951	16,547	1.25	16,547	
	Taishin Real Estate	Investee under the equity method	Investments accounted for using equity method	8,000	139,325	40.00	139,325	
Taishin Securities Venture Capital	Shares							
	Tangeng Advanced Vehicle Co., Ltd.	None	Financial assets at FVTPL	1,400	30,968	1.98	30,968	
	Rich Healthy Fruits & Vegetable Corp.	〃	〃	288	-	1.64	-	
	Geniron.com.inc	〃	〃	620	20,118	4.13	20,118	
	Le Day Multimedia Co., Ltd.	〃	〃	459	-	3.83	-	
	Excelsior Bio-system Inc.	〃	〃	263	160	0.66	160	
	Finatext, Ltd.	〃	〃	29	-	7.50	-	
	Kdan Mobile Software Ltd.	〃	〃	150	6,081	0.90	6,081	
	ACpay Co., Ltd.	〃	〃	272	4,110	2.07	4,110	
	Obigen Pharma, Inc.	〃	〃	1,000	32,000	0.94	32,000	
	Trans-IOT Technology Co., ltd.	〃	〃	385	10,000	3.73	100,000	
	Acepodia, Inc.	〃	〃	3,500	85,151	0.62	85,151	
	Ecloudvalley Digital Technology Co., Ltd.	〃	〃	120	17,880	0.18	17,880	
	Echem solutions Corp.	〃	〃	105	27,809	0.13	27,809	
	Fositek Corp.	〃	〃	100	23,950	0.17	23,950	
	H. H. Galaxy Co., Ltd.	〃	〃	260	18,480	1.18	18,480	
	Formosa Pharmaceuticals, Inc.	〃	〃	50	2,946	0.04	2,946	
	Credidi Inc.	Investee under the equity method	Investments accounted for using equity method	25,000	-	25.00	-	Liquidated

(Concluded)

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 SIX MONTHS ENDED JUNE 30, 2023
(In Thousands shares; 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		Purchases		Sales				Others		End of the Period	
					Shares (Units)	Amount	Shares (Units)	Amount	Shares (Units)	Selling Price	Carrying Amount	Disposal Gain (Loss)	Shares (Units)	Amount (Note)	Shares (Units)	Amount
Taishin Financial Holding	Shares Chang Hwa Bank	Financial assets at FVTOCI	Open market	-	1,102,325	$ 18,904,871	-	$ -	334,785	$ 6,008,655	$ 5,480,746	$ 527,909	-	$ 1,418,402	767,540	$ 14,314,618

Note: Others is unrealized valuation gain (loss) on financial assets at FVTOCI as of June 30, 2023.

TAISHIN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO NT$300 MILLION OR 10% OF THE PAID-IN CAPITAL
JUNE 30, 2023
(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	Wholly-owned subsidiary of Taishin Financial Holding	$ 835,447 (Note)	-	$ -	-	$ -	$ -	-

Note: The ending balance is comprised of accounts receivable under linked tax system. The amount was eliminated from the consolidated financial statements.

TABLE 5

TAISHIN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTEES' NAMES, LOCATIONS, ETC.
JUNE 30, 2023
(Shares In Thousands of New Taiwan Dollars)

Investees' Names	Unified Business No.	Investees' Location	Principal Business Activities	Ownership Interest (%) at Ending Balance	Investment Carrying Amount	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	Ownership Interest (%)	
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	$ 176,484,599	$ 7,948,398	9,326,254,581	-	9,326,254,581	100.00	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	7.25	14,314,618	-	795,848,319	-	795,848,319	7.51	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	10,098,025	863,607	692,412,444	-	692,412,444	100.00	Investments accounted for using equity method
Taishin AMC	80341022	2F-3, No. 9, Dehuei St., Zhongshan District, Taipei, Taiwan	Acquisition of delinquent loans, evaluation, auction, and management	100.00	1,490,923	172,380	67,100,000	-	67,100,000	100.00	-
Taishin Securities Investment Trust	27326178	1F., No. 9-1, Dehuei St., Zhongshan District, Taipei, Taiwan	Investment trust	100.00	1,024,008	74,961	83,134,964	-	83,134,964	100.00	-
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	306,693	6,520	27,599,513	-	27,599,513	92.00	-
Taishin Venture Capital	80031342	18F, No. 118, Ren-Ai Rd., Sec. 4, Da'an District, Taipei, Taiwan	Investment start-up	100.00	9,853,020	307,601	566,754,944	-	566,754,944	100.00	-
Taishin Life Insurance	23417612	10F., No. 161, Sec. 5, Nanjing E. Rd., Songshan Dist., Taipei, Taiwan	Life insurance	100.00	18,025,268	48,125	937,805,946	-	937,805,946	100.00	-
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	2,095	-	520,000	-	520,000	10.40	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 share options, are those conforming to the definition of derivatives in International Accounting Standards No. 39 - "Financial Instruments."

TAISHIN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

INVESTMENTS IN MAINLAND CHINA
JUNE 30, 2023
(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, 2023 (US$ in Thousand)	Investment Flows (US$ in Thousand)		Accumulated Outflow of Investment from Taiwan as of June 30, 2023 (US$ in Thousand)	Investee's Net Income	Percentage of Ownership (%)	Investment Profit (Loss) Recognized in the Current Period (Note 2)	Carrying Value as of June 30, 2023	Accumulated Inward Remittance of Earnings as of June 30, 2023
						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)	$ (83,095)	100	$ (83,095) (Note 2.b.1)	$ 2,284,436	$ 397,631

Investor	Accumulated Investment in Mainland China as of June 30, 2023 (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)	$ 20,862,873

Note 1: The three methods of investments are as follows:

a. Direct investment in mainland China.
b. Investment in mainland China through reinvestment in an existing enterprise in a third area.
c. Others.

Note 2: Recognized in profit (loss) in the current period:

a. If the entity is still in the preparation stage and there is no profit (loss) yet, it should be disclosed.

b. The basis of recognition of profit (loss), one of the following SIX categories, should be disclosed:

1) Financial statements have been audited (reviewed) by an international accounting firm that has a working relationship with an accounting firm in the ROC.
2) Financial statements have been audited (reviewed) by the Taiwan parent company's CPA.
3) 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

BUSINESS RELATIONSHIPS AND MATERIAL TRANSACTIONS IN CONSOLIDATION
FOR THE SIX MONTHS ENDED JUNE 30, 2023
(In Thousands of New Taiwan Dollars)

Number (Note 1)	Main Party	Counterparty	Relationship (Note 2)	Transactions			
				Account	Amount	Terms	% of Consolidated Operating Revenues or Consolidated Total Assets (Note 3)
0	Taishin Financial Holding	Taishin Bank	1	Cash and cash equivalents	$ 26,036,451	Under arm’s length terms	0.88
0	Taishin Financial Holding	Taishin Bank	1	Securities purchased under resell agreements	800,000	Under arm’s length terms	0.03
0	Taishin Financial Holding	Taishin Bank	1	Receivable, net	835,447	Under arm’s length terms	0.03
0	Taishin Financial Holding	Taishin Bank	1	Payables, net	124,565	Under arm’s length terms	0.00
0	Taishin Financial Holding	Taishin Bank	1	Interest income	112,428	Under arm’s length terms	0.00
1	Taishin Bank	Taishin Securities Investment Advisory	3	Deposits and remittances	338,658	Under arm’s length terms	0.01
1	Taishin Bank	Taishin Securities Investment Trust	3	Deposits and remittances	137,568	Under arm’s length terms	0.00
1	Taishin Bank	Taishin Securities B	3	Deposits and remittances	1,775,866	Under arm’s length terms	0.06
1	Taishin Bank	Taishin D.A. Finance	4	Deposits and remittances	130,151	Under arm’s length terms	0.00
1	Taishin Bank	Taishin Life Insurance	3	Deposits and remittances	1,433,283	Under arm’s length terms	0.05
1	Taishin Bank	Taishin Futures	4	Deposits and remittances	489,221	Under arm’s length terms	0.02
2	Taishin Securities B	Taishin Bank	3	Lease liabilities	125,577	Under arm’s length terms	0.00
2	Taishin Securities B	Taishin Bank	3	Right-of-use assets, net	198,198	Under arm’s length terms	0.01
2	Taishin Securities B	Taishin Bank	3	Net service fee and commission income	106,610	Under arm’s length terms	0.29
3	Taishin Life Insurance	Taishin Bank	3	Net service fee and commission income	1,705,863	Under arm’s length terms	4.64
3	Taishin Life Insurance	Taishin Bank	3	Payables, net	216,940	Under arm’s length terms	0.01

Note 1: Business relationships between the parent and subsidiaries are numbered as follows:

a. Parent: 0.
b. Subsidiaries are numbered starting from 1.

(Continued)

Note 2: Relationship between the main party and the counterparty is numbered as follows:

a. Parent to subsidiary.
b. Subsidiary to parent.
c. One subsidiary to another subsidiary.
d. 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.

(Concluded)