

**Taishin Financial Holding Co., Ltd. and
Subsidiaries**

**Consolidated Financial Statements for the
Nine Months Ended September 30, 2023 and 2022 and
Independent Auditors' Review Report**

INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Shareholders
Taishin Financial Holding Co., Ltd.

Introduction

We have reviewed the accompanying consolidated balance sheets of Taishin Financial Holding Co., Ltd. (“Taishin Financial Holding”) and its subsidiaries (collectively, the “Group”) as of September 30, 2023 and 2022, the related consolidated statements of comprehensive income for the three months ended September 30, 2023 and 2022 and for the nine months ended September 30, 2023 and 2022, the consolidated statements of changes in equity and cash flows for the nine months then ended, and the related notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the “consolidated financial statements”). Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Financial Holding Companies, the Regulations Governing the Preparation of Financial Reports by Public Banks, the Regulations Governing the Preparation of Financial Reports by Securities Firms, the Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants, the Regulations Governing the Preparation of Financial Reports by Insurance Enterprises, the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China (ROC). Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

We conducted our reviews in accordance with the Standards on Review Engagements of the ROC 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our reviews, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of September 30, 2023 and 2022, its consolidated financial performance for the three months ended September 30, 2023 and 2022 and its consolidated financial performance and its consolidated cash flows for the nine months ended September 30, 2023 and 2022 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

Insurance Enterprises, the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission (FSC) of the ROC.

The engagement partners on the reviews resulting in this independent auditors’ review report are Han-Ni Fang and Ching-Cheng Yang.

Deloitte & Touche
Taipei, Taiwan
Republic of China

November 23, 2023

Notice to Readers

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

For the convenience of readers, the independent auditors’ review report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the 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’ review report and consolidated financial statements shall prevail.

TAISHIN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

ASSETS	September 30, 2023		December 31, 2022		September 30, 2022	
	Amount	%	Amount	%	Amount	%
Cash and cash equivalents (Note 7)	\$ 37,234,576	1	\$ 31,549,218	1	\$ 34,438,618	1
Due from the Central Bank and call loans to banks (Note 8)	97,191,256	3	112,925,890	4	96,773,180	4
Financial assets at fair value through profit or loss (FVTPL) (Note 9)	211,875,561	7	153,775,905	6	202,763,049	8
Financial assets at fair value through other comprehensive income (FVTOCI) (Note 10)	133,270,249	5	142,346,349	5	147,186,403	6
Investments in debt instruments at amortized cost (Note 11)	730,800,581	24	642,508,812	23	556,695,496	20
Securities purchased under resell agreements	16,306,160	1	13,907,236	1	9,848,528	-
Receivables, net (Notes 12 and 13)	172,154,031	6	153,714,625	6	160,401,991	6
Current tax assets	-	-	119,036	-	101,579	-
Loans, net (Note 13)	1,486,436,069	50	1,416,015,097	51	1,432,082,968	52
Reinsurance contract assets, net	557,784	-	566,564	-	470,713	-
Investments accounted for using equity method (Note 14)	494,023	-	341,325	-	339,420	-
Other financial assets, net (Notes 12, 13, 15 and 31)	35,961,458	1	36,393,161	1	34,411,718	1
Investment properties, net (Note 16)	3,867,626	-	3,811,280	-	2,846,087	-
Property and equipment, net (Note 17)	25,689,222	1	26,025,852	1	22,317,604	1
Right-of-use assets, net (Note 18)	2,366,706	-	2,282,006	-	2,321,804	-
Intangible assets, net (Note 19)	3,586,004	-	3,530,907	-	3,466,048	-
Deferred tax assets	6,704,760	-	8,025,525	-	7,685,319	-
Other assets, net (Note 20)	<u>24,766,958</u>	<u>1</u>	<u>16,965,759</u>	<u>1</u>	<u>31,243,663</u>	<u>1</u>
TOTAL	<u>\$ 2,989,263,024</u>	<u>100</u>	<u>\$ 2,764,804,547</u>	<u>100</u>	<u>\$ 2,745,394,188</u>	<u>100</u>
LIABILITIES AND EQUITY						
Deposits from the Central Bank and banks (Note 21)	\$ 16,768,302	1	\$ 18,213,533	1	\$ 24,916,693	1
Financial liabilities at fair value through profit or loss (FVTPL) (Note 9)	69,805,976	2	54,334,795	2	96,902,350	4
Securities sold under repurchase agreements	85,223,603	3	84,562,582	3	103,903,403	4
Commercial papers issued, net (Note 22)	28,612,616	1	16,054,562	1	18,798,911	1
Payables (Note 23)	45,896,502	2	30,774,802	1	38,242,012	1
Current tax liabilities	2,425,046	-	2,221,109	-	1,467,803	-
Deposits and remittances (Note 24)	2,053,251,743	69	1,914,666,125	69	1,821,583,867	66
Bonds payable (Note 25)	68,113,250	2	68,020,216	3	74,788,863	3
Other borrowings (Note 26)	10,782,084	-	12,265,346	-	12,868,085	1
Provisions (Notes 27 and 28)	240,898,394	8	224,439,809	8	222,167,871	8
Other financial liabilities (Notes 29 and 31)	145,286,824	5	125,615,854	5	120,275,056	4
Lease liabilities (Note 18)	2,478,590	-	2,360,330	-	2,422,368	-
Deferred tax liabilities	1,797,088	-	1,400,365	-	1,786,661	-
Other liabilities (Note 30)	<u>8,285,528</u>	<u>-</u>	<u>6,981,307</u>	<u>-</u>	<u>11,715,356</u>	<u>-</u>
Total liabilities	<u>2,779,625,546</u>	<u>93</u>	<u>2,561,910,735</u>	<u>93</u>	<u>2,551,839,299</u>	<u>93</u>
EQUITY ATTRIBUTABLE TO OWNERS OF PARENT (Note 33)						
Share capital						
Ordinary shares	124,770,618	5	119,741,476	4	119,741,476	4
Preferred shares	11,000,000	-	11,000,000	1	11,000,000	1
Capital surplus	38,197,778	1	38,197,778	1	38,197,778	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	13,046,770	-	17,279,705	1	10,425,821	-
Other equity	<u>(5,253,037)</u>	<u>-</u>	<u>(7,293,518)</u>	<u>-</u>	<u>(9,777,862)</u>	<u>-</u>
Total equity attributable to owners of parent	209,609,586	7	202,867,630	7	193,529,402	7
NON-CONTROLLING INTERESTS	<u>27,892</u>	<u>-</u>	<u>26,182</u>	<u>-</u>	<u>25,487</u>	<u>-</u>
Total equity	<u>209,637,478</u>	<u>7</u>	<u>202,893,812</u>	<u>7</u>	<u>193,554,889</u>	<u>7</u>
TOTAL	<u>\$ 2,989,263,024</u>	<u>100</u>	<u>\$ 2,764,804,547</u>	<u>100</u>	<u>\$ 2,745,394,188</u>	<u>100</u>

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 September 30				For the Nine Months Ended September 30			
	2023		2022		2023		2022	
	Amount	%	Amount	%	Amount	%	Amount	%
INTEREST INCOME (Note 34)	\$ 19,318,788	117	\$ 12,491,270	76	\$ 54,484,151	103	\$ 31,342,666	66
INTEREST EXPENSES (Note 34)	<u>(11,546,868)</u>	<u>(70)</u>	<u>(4,889,968)</u>	<u>(30)</u>	<u>(31,831,783)</u>	<u>(60)</u>	<u>(9,943,989)</u>	<u>(21)</u>
NET INTEREST INCOME (Note 34)	<u>7,771,920</u>	<u>47</u>	<u>7,601,302</u>	<u>46</u>	<u>22,652,368</u>	<u>43</u>	<u>21,398,677</u>	<u>45</u>
NET INCOME OTHER THAN NET INTEREST INCOME								
Net service fee and commission income (Note 35)	3,163,896	19	3,321,874	20	8,289,846	15	9,725,806	21
Net income from insurance operations (Note 36)	3,376,721	21	3,037,439	19	12,887,222	24	12,537,716	26
Gain (loss) on financial assets and liabilities at FVTPL (Note 37)	(1,903,964)	(12)	(2,255,144)	(14)	5,220,992	10	(5,293,350)	(11)
Realized gain on financial assets at FVTOCI (Note 38)	547,125	3	554,729	3	646,227	1	191,275	-
Gain (loss) on derecognition of financial assets at amortized cost (Note 11)	497	-	54	-	1,276	-	(619,522)	(1)
Foreign exchange gain (loss)	2,804,690	17	3,405,501	21	5,109,774	10	4,682,310	10
(Impairment loss on assets) reversal of impairment loss on assets (Notes 10, 11 and 20)	7,055	-	21,957	-	(3,972)	-	8,586	-
Share of profit (loss) of associates accounted for using equity method (Note 14)	(106)	-	(281)	-	501	-	6,353	-
Gain (loss) on reclassification using the overlay approach (Note 9)	779,621	5	972,823	6	(1,936,286)	(4)	5,265,507	11
Net other non-interest income								
Net other miscellaneous income	<u>(73,171)</u>	<u>-</u>	<u>(235,022)</u>	<u>(1)</u>	<u>343,610</u>	<u>1</u>	<u>(501,294)</u>	<u>(1)</u>
Net income other than net interest income	<u>8,702,364</u>	<u>53</u>	<u>8,823,930</u>	<u>54</u>	<u>30,559,190</u>	<u>57</u>	<u>26,003,387</u>	<u>55</u>
NET REVENUE AND GAINS	<u>16,474,284</u>	<u>100</u>	<u>16,425,232</u>	<u>100</u>	<u>53,211,558</u>	<u>100</u>	<u>47,402,064</u>	<u>100</u>
BAD DEBT EXPENSES, COMMITMENTS AND GUARANTEES LIABILITIES PROVISION (Notes 12, 13 and 27)	<u>(255,137)</u>	<u>(1)</u>	<u>(513,235)</u>	<u>(3)</u>	<u>(1,067,084)</u>	<u>(2)</u>	<u>(1,359,731)</u>	<u>(3)</u>
NET CHANGES IN INSURANCE LIABILITY RESERVE (Note 28)	<u>(3,635,194)</u>	<u>(22)</u>	<u>(3,565,544)</u>	<u>(22)</u>	<u>(13,066,121)</u>	<u>(25)</u>	<u>(13,393,711)</u>	<u>(28)</u>

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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 September 30				For the Nine Months Ended September 30			
	2023		2022		2023		2022	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING EXPENSES								
Employee benefits expenses (Note 39)	\$ (4,648,565)	(28)	\$ (4,234,353)	(26)	\$ (13,603,568)	(25)	\$ (12,190,129)	(26)
Depreciation and amortization expenses (Note 40)	(693,770)	(4)	(692,567)	(4)	(2,033,048)	(4)	(1,963,042)	(4)
Other general and administrative expenses	(3,049,630)	(19)	(2,600,060)	(16)	(8,586,823)	(16)	(7,563,004)	(16)
Total operating expenses	(8,391,965)	(51)	(7,526,980)	(46)	(24,223,439)	(45)	(21,716,175)	(46)
INCOME BEFORE INCOME TAX	4,191,988	26	4,819,473	29	14,854,914	28	10,932,447	23
INCOME TAX EXPENSE (Note 41)	(972,987)	(6)	(1,026,314)	(6)	(2,751,226)	(5)	(2,668,722)	(5)
NET INCOME	3,219,001	20	3,793,159	23	12,103,688	23	8,263,725	18
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	16,401	-	136,743	1	(82,218)	-	231,796	-
Unrealized gain (loss) on investments in equity instruments designated as at FVTOCI	(1,211,988)	(7)	469,618	3	460,885	1	1,206,204	3
Income tax relating to items that will not be reclassified subsequently to profit or loss	-	-	106,355	-	-	-	(103,053)	-
Items that will be reclassified subsequently to profit or loss								
Exchange differences on translation of foreign financial statements	72,774	-	23,090	-	4,205	-	82,509	-
Unrealized gain (loss) on investments in debt instruments at FVTOCI	(362,061)	(2)	(1,550,493)	(9)	288,654	-	(6,135,840)	(13)
Impairment loss (reversal of impairment loss) on investments in debt instruments at FVTOCI	(1,976)	-	(4,705)	-	(2,305)	-	(6,580)	-

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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 September 30				For the Nine Months Ended September 30			
	2023		2022		2023		2022	
	Amount	%	Amount	%	Amount	%	Amount	%
Other comprehensive income on reclassification using the overlay approach	\$ (779,621)	(5)	\$ (972,823)	(6)	\$ 1,936,286	4	\$ (5,265,507)	(11)
Income tax relating to items that will be reclassified subsequently to profit or loss	<u>28,747</u>	-	<u>27,193</u>	-	<u>(12,742)</u>	-	<u>564,353</u>	1
Other comprehensive income (loss) for the period, net of tax	<u>(2,237,724)</u>	(14)	<u>(1,765,022)</u>	(11)	<u>2,592,765</u>	5	<u>(9,426,118)</u>	(20)
TOTAL COMPREHENSIVE INCOME (LOSS)	<u>\$ 981,277</u>	<u>6</u>	<u>\$ 2,028,137</u>	<u>12</u>	<u>\$ 14,696,453</u>	<u>28</u>	<u>\$ (1,162,393)</u>	<u>(2)</u>
NET INCOME								
ATTRIBUTABLE TO:								
Owners of parent	\$ 3,218,577	20	\$ 3,795,569	23	\$ 12,101,534	23	\$ 8,272,288	17
Non-controlling interests	<u>424</u>	-	<u>(2,410)</u>	-	<u>2,154</u>	-	<u>(8,563)</u>	-
	<u>\$ 3,219,001</u>	<u>20</u>	<u>\$ 3,793,159</u>	<u>23</u>	<u>\$ 12,103,688</u>	<u>23</u>	<u>\$ 8,263,725</u>	<u>17</u>
TOTAL COMPREHENSIVE INCOME								
ATTRIBUTABLE TO:								
Owners of parent	\$ 980,853	6	\$ 2,030,547	12	\$ 14,694,299	28	\$ (1,153,830)	(2)
Non-controlling interests	<u>424</u>	-	<u>(2,410)</u>	-	<u>2,154</u>	-	<u>(8,563)</u>	-
	<u>\$ 981,277</u>	<u>6</u>	<u>\$ 2,028,137</u>	<u>12</u>	<u>\$ 14,696,453</u>	<u>28</u>	<u>\$ (1,162,393)</u>	<u>(2)</u>
EARNINGS PER SHARE								
(Note 42)								
Basic	<u>\$ 0.22</u>		<u>\$ 0.26</u>		<u>\$ 0.85</u>		<u>\$ 0.55</u>	
Diluted	<u>\$ 0.22</u>		<u>\$ 0.26</u>		<u>\$ 0.85</u>		<u>\$ 0.55</u>	

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

(Concluded)

TAISHIN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of Parent									Other Equity				Non-controlling Interests	Total Equity
	Share Capital		Capital Surplus			Retained Earnings			Exchange Differences on Translation of Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at FVTOCI	Changes in Fair Value Attributable to Changes in the Credit Risk of Financial Liabilities at FVTPL	Other Comprehensive Income on Reclassification Using the Overlay Approach			
	Ordinary Shares	Preferred Shares	Additional Paid-in Capital in Excess of Par	Treasury Shares Transactions	Share-based Compensation	Others	Legal Reserve	Special Reserve					Unappropriated Earnings		
BALANCE AT JANUARY 1, 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	-	-	-	-	-	-	2,047,300	-	(2,047,300)	-	-	-	-	-	-
Legal reserve appropriated	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
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 nine months ended September 30, 2022	-	-	-	-	-	-	-	-	8,272,288	-	-	-	-	(8,563)	8,263,725
Other comprehensive income (loss) for the nine months ended September 30, 2022, net of tax	-	-	-	-	-	-	-	-	-	82,509	(4,573,349)	231,796	(5,167,074)	-	(9,426,118)
Total comprehensive income (loss) for the nine months ended September 30, 2022	-	-	-	-	-	-	-	-	8,272,288	82,509	(4,573,349)	231,796	(5,167,074)	(8,563)	(1,162,393)
Issuance of Class F preferred shares	-	3,000,000	2,276,131	-	-	-	-	-	-	-	-	-	-	-	5,276,131
Disposal of investments in equity instruments designated as at FVTOCI	-	-	-	-	-	-	-	-	1,702,539	-	(1,702,539)	-	-	-	-
BALANCE AT SEPTEMBER 30, 2022	\$ 119,741,476	\$ 11,000,000	\$ 36,066,458	\$ 2,075,475	\$ 52,632	\$ 3,213	\$ 15,244,071	\$ 8,698,118	\$ 10,425,821	\$ (100,273)	\$ (5,078,020)	\$ 212,973	\$ (4,812,542)	\$ 25,487	\$ 193,554,889
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	-	-	-	-	-	-	1,682,871	-	(1,682,871)	-	-	-	-	-	-
Legal reserve appropriated	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
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 nine months ended September 30, 2023	-	-	-	-	-	-	-	-	12,101,534	-	-	-	-	2,154	12,103,688
Other comprehensive income (loss) for the nine months ended September 30, 2023, net of tax	-	-	-	-	-	-	-	-	-	4,205	734,469	(82,218)	1,936,309	-	2,592,765
Total comprehensive income (loss) for the nine months ended September 30, 2023	-	-	-	-	-	-	-	-	12,101,534	4,205	734,469	(82,218)	1,936,309	2,154	14,696,453
Disposal of investments in equity instruments designated as at FVTOCI	-	-	-	-	-	-	-	-	552,284	-	(552,284)	-	-	-	-
Non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	(444)	(444)
BALANCE AT SEPTEMBER 30, 2023	\$ 124,770,618	\$ 11,000,000	\$ 36,066,458	\$ 2,075,475	\$ 52,632	\$ 3,213	\$ 16,926,942	\$ 10,920,515	\$ 13,046,770	\$ (134,029)	\$ (3,618,105)	\$ 199,931	\$ (1,700,834)	\$ 27,892	\$ 209,637,478

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 Nine Months Ended September 30	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income before income tax	\$ 14,854,914	\$ 10,932,447
Adjustments:		
Adjustments for reconciliation of profit or loss		
Depreciation expenses	1,605,390	1,606,142
Amortization expenses	427,658	356,900
Provisions for bad debts expenses, commitments and guarantee liabilities	1,067,084	1,359,731
Net loss (gain) on financial assets and liabilities at FVTPL	(5,220,992)	5,293,350
Net loss (gain) on financial assets and liabilities at FVTOCI	(646,227)	(191,275)
Interest expenses	31,831,783	9,943,989
Loss (gain) on derecognition of financial assets at amortized cost	(1,276)	619,522
Interest income	(54,484,151)	(31,342,666)
Net change in insurance liabilities	16,450,406	20,430,331
Net change in other provisions	(16,885)	1,000,516
Share of profit (loss) of associates accounted for using equity method	(501)	(6,353)
(Gain) loss on reclassification using the overlay approach	1,936,286	(5,265,507)
Impairment loss on financial assets	3,972	(8,586)
Other adjustments	34,333	(69,724)
Total adjustments	<u>(7,013,120)</u>	<u>3,726,370</u>
Changes in operating assets and liabilities		
(Increase) decrease in due from the Central Bank and call loans to banks	(8,702,983)	(19,218,446)
(Increase) decrease in financial assets at FVTPL	(25,371,488)	(35,362,037)
(Increase) decrease in financial assets at FVTOCI	9,667,961	23,841,553
(Increase) decrease in financial assets in debt instruments at amortized cost	(86,102,112)	(97,869,420)
(Increase) decrease in securities purchased under resell agreements	880,818	515,455
(Increase) decrease in receivables	(16,415,190)	22,139,913
(Increase) decrease in loans	(71,253,828)	(106,431,002)
(Increase) decrease in reinsurance contract assets	33,403	44,871
(Increase) decrease in other financial assets	470,457	2,168,943
(Increase) decrease in other assets	(7,810,359)	(16,761,389)
Increase (decrease) in deposits from the Central Bank and banks	(2,561,056)	(5,045,425)
Increase (decrease) in financial liabilities at FVTPL	(14,539,982)	40,851,943
Increase (decrease) in securities sold under repurchase agreements	661,021	17,692,797
Increase (decrease) in payables	11,452,221	1,942,802
Increase (decrease) in deposits and remittances	138,585,618	140,252,275
Increase (decrease) in provisions	(64,926)	(26,338)

(Continued)

TAISHIN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

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

	For the Nine Months Ended September 30	
	2023	2022
Increase (decrease) in other financial liabilities	\$ 19,670,970	\$ 27,851,442
Increase (decrease) in other liabilities	<u>1,126,328</u>	<u>(2,526,696)</u>
Cash generated from (used in) operations	(42,431,333)	8,720,058
Interest received	51,247,671	31,827,338
Dividends received	2,363,328	2,269,390
Interest paid	(28,310,135)	(8,229,576)
Income taxes refund	186,784	272,605
Income taxes paid	<u>(806,133)</u>	<u>(1,858,957)</u>
Net cash generated from (used in) operating activities	<u>(17,749,818)</u>	<u>33,000,858</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of investments accounted for using equity method	(160,000)	-
Acquisition of property and equipment	(635,671)	(807,448)
Proceeds from disposal of property and equipment	25,251	5,516
Acquisition of intangible assets	(501,424)	(526,816)
Acquisition of investment properties	<u>(99,504)</u>	<u>-</u>
Net cash generated from (used in) investing activities	<u>(1,371,348)</u>	<u>(1,328,748)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in due to the Central Bank and banks	1,115,825	-
Decrease in due to the Central Bank and banks	-	(31,097,614)
Increase in commercial papers payable	12,573,000	-
Decrease in commercial papers payable	-	(4,167,000)
Proceeds from issuing bonds	-	5,025,000
Decrease in other borrowings	(1,464,254)	(359,089)
Payments of lease liabilities	(599,030)	(632,287)
Cash dividends distributed	(7,952,343)	(8,660,177)
Issuance of Class F preferred shares	-	5,276,131
Change in non-controlling interests	<u>(444)</u>	<u>-</u>
Net cash generated from (used in) financing activities	<u>3,672,754</u>	<u>(34,615,036)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	<u>(24,105)</u>	<u>61,839</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(15,472,517)	(2,881,087)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>80,598,219</u>	<u>65,445,130</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 65,125,702</u>	<u>\$ 62,564,043</u>

(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:

	<u>September 30</u>	
	2023	2022
Cash and cash equivalents in the consolidated balance sheets	\$ 37,234,576	\$ 34,438,618
Due from the Central bank and call loans to banks qualifying as cash and cash equivalents under the definition of IAS 7	11,584,966	18,276,897
Securities purchased under resell agreements qualifying as cash and cash equivalents under the definition of IAS 7	<u>16,306,160</u>	<u>9,848,528</u>
Cash and cash equivalents at the end of the period	<u>\$ 65,125,702</u>	<u>\$ 62,564,043</u>

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

(Concluded)

TAISHIN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

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

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

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

Taishin Bank started its business operations on March 23, 1992. Taishin Bank provides customers with general commercial banking services according to the Banking Act of the 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 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 margin lending and security transfer services, margin trading and short selling of marketable securities, money lending-purpose unrestricted, underwriting and proprietary trading of securities and other businesses as approved by the relevant authorities. Taishin Financial Holding acquired 100% equity interest in Taishin Securities B through cash investments on April 6, 2010. Taishin Securities B became a subsidiary of Taishin Financial Holding.

Taishin Securities B filed an application of ceasing to carry on futures supporting services on September 23, 2023, and it commenced futures introducing broker business on September 25 in the same year.

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. The record date of liquidation for Credidi was on October 31, 2023, and as of the approval date of these consolidated financial statements, the liquidation procedures have not been completed yet.

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.

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.

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

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 Insurance Enterprises, the Regulations Governing the Preparation of Financial Reports by Securities Issuers, 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 November 23, 2023.

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

- a. Initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Financial Holding Companies, the Regulations Governing the Preparation of Financial Reports by Public Banks, the Regulations Governing the Preparation of Financial Reports by Securities Firms, the Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants, the Regulations Governing the Preparation of Financial Reports by Insurance Enterprises, the Regulations Governing the Preparation of Financial Reports by Securities Issuers 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

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by the International Accounting Standard Board (Collectively, IASB) (Note 1)</u>
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Amendments to IFRS 16 “Leases Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
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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 above-mentioned 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

<u>New IFRSs</u>	<u>Effective Date Announced by IASB (Note 1)</u>
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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
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IFRS 17 “Insurance Contracts”	January 1, 2023
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Amendments to IFRS 17	January 1, 2023
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Amendments to IFRS 17 “Initial Application of IFRS 9 and IFRS 17 - Comparative Information”	January 1, 2023
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Amendments to IAS 21 “Lack of Exchangeability”	January 1, 2025 (Note 2)
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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:

Level of aggregation

IFRS 17 requires the Group to identify portfolios of insurance contracts which comprises contracts that are subject to similar risks and managed together. Contracts within a product line would be expected to have similar risks and hence would be expected to be in the same portfolio if they are managed together. Each portfolio of insurance contracts issued shall be divided into a minimum of:

- a) A group of contracts that are onerous at initial recognition;
- b) A group of contracts that at initial recognition have no significant possibility of becoming onerous subsequently, and
- c) A group of the remaining contracts in the portfolio.

The Group is not permitted to include contracts issued more than one year apart in the same group, and a group of contracts which are decided to be issued shall apply the recognition and measurement of IFRS 17.

Recognition

The Group shall recognize a group of insurance contracts issued from the earliest of the following:

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

- b) The date when the first payment from a policyholder becomes due; and
- c) For a group of onerous contracts, when the group becomes onerous.

Measurement on initial recognition

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

- a) The initial recognition of an amount for the fulfilment cash flows;
- b) The derecognition at that date of any asset or liability recognized for acquisition cash flows; and
- c) All cash flows arising from the contracts in the group at that date.

Subsequent measurement

On subsequent measurement, the carrying amount of a group of insurance contracts at the end of each reporting period shall be the sum of the liability for remaining coverage and the liability for incurred claims. The liability for remaining coverage comprises the fulfilment cash flows related to future services and the contractual service margin of the group at that date, and liabilities for incurred claims include fulfilment cash flows related to past services. On subsequent measurement, if a group of insurance contracts becomes onerous (or more onerous), that excess shall be recognized in profit or loss.

Onerous contracts

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

Premium Allocation Approach (PAA)

The Group may simplify the measurement of the liability for remaining coverage of a group of insurance contracts using the Premium Allocation Approach (PAA) on the condition that:

- a) The Group reasonably expects that this will be a reasonable approximation of the general model,
or
- b) The coverage period of each contract in a group is one year or less.

At the inception, if the Group expects significant variances in the fulfilment cash flows during the year before a claim is incurred, such contracts are not eligible to apply the PAA.

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

Investment contracts with discretionary participation features

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

Modification and derecognition

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

The Group shall derecognize an insurance contract when it is extinguished or substantially modified.

Transition

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

Under the modified retrospective approach, the Group shall utilize reasonable and supportable information and maximize the use of information that would have been used to apply a full retrospective approach, but only need to use information available without undue cost or effort. The Group shall apply fair value approach if reasonable and supportable information is unavailable.

Under the fair value approach, the Group determines the contractual service margin at the transition date as the difference between the fair value of a group of insurance contracts at that date and the fulfilment cash flows measured at that date.

Redesignation of financial assets

At the date of initial application of IFRS 17, an entity which applied IFRS 9 may redesignate and reclassify financial assets that comply with paragraph C29 of IFRS 17. The entity does not have to restate comparative information to reflect changes in the reclassification of these assets, so the difference between the previous carrying amount and the carrying amount at the date of initial application of IFRS 17 and redesignation and reclassification of these financial assets is recognized in the retained earnings (or other equity, if appropriate) at the date of initial application. If an entity restates the comparative information, the restatement must reflect the requirements of these affected financial assets under IFRS 9.

In addition, for enterprises that have applied IFRS 9 before the initial application of IFRS 17 and have financial assets that have been derecognized during the comparative period of the date of initial application of IFRS 17, the enterprise can choose to apply the classification overlay on the basis of individual financial assets, as if those financial assets had been reclassified in the comparative period in accordance with the redesignation requirements in paragraph C29 of IFRS 17.

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-mentioned 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:

Investor	Subsidiary	Ownership Interest (%)		
		September 30, 2023	December 31, 2022	September 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 Venture Capital	Taishin Sports Entertainment (Note 1)	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 2)	100.00	100.00	-
Taishin Venture Capital	Credidi	20.00	20.00	20.00
Taishin Securities Investment Advisory	Credidi	6.00	6.00	6.00
Taishin Securities Venture Capital	Credidi	25.00	25.00	25.00
Taishin Capital	Taishin Health Investment	100.00	100.00	100.00

Note 1: Taishin Venture Capital invested in the establishment of Taishin Sports Entertainment on July 6, 2023, and has since included it as part of the consolidated financial reporting entity.

Note 2: Taishin Securities B invested in the establishment of Taishin Futures on December 2, 2022, and has since included it as part of the consolidated financial reporting entity.

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.

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 December 31, 2022. Refer to Note 6 to the consolidated financial statements as of December 31, 2022 for related information.

7. CASH AND CASH EQUIVALENTS

	September 30, 2023	December 31, 2022	September 30, 2022
Cash on hand	\$ 12,912,907	\$ 15,548,873	\$ 12,936,788
Checks for clearing	1,534,235	1,543,420	1,063,274
Due from banks	19,883,762	11,915,726	19,040,479
Others	<u>2,903,672</u>	<u>2,541,199</u>	<u>1,398,077</u>
	<u>\$ 37,234,576</u>	<u>\$ 31,549,218</u>	<u>\$ 34,438,618</u>

- 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 September 30, 2023, December 31, 2022 and September 30, 2022.

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

	September 30, 2023	December 31, 2022	September 30, 2022
Required reserve - Account A	\$ 24,990,895	\$ 22,521,467	\$ 24,246,939
Required reserve - Account B	51,935,599	48,536,512	47,126,738
Required reserve - Foreign Currency	611,374	324,473	132,109
Required reserve - Others	67,598	520,288	1,990,396
Call loans to other banks	11,584,966	36,022,583	18,276,897
Interbank clearing funds	<u>8,000,824</u>	<u>5,000,567</u>	<u>5,000,101</u>
	<u>\$ 97,191,256</u>	<u>\$ 112,925,890</u>	<u>\$ 96,773,180</u>

The loss allowance was measured at an amount equal to 12-month ECLs based on historical experience and forward-looking information; there was no loss allowance on due from the Central Bank and call loans to banks as of September 30, 2023, December 31, 2022 and September 30, 2022.

9. FINANCIAL INSTRUMENTS AT FVTPL

	September 30, 2023	December 31, 2022	September 30, 2022
Financial assets mandatorily classified as at <u>FVTPL</u>			
Derivative instruments			
Futures	\$ 865,862	\$ 867,693	\$ 1,252,535
Forward exchange contracts	1,077,696	906,355	1,196,317
Currency swaps	38,366,130	25,969,631	67,294,081
Interest rate swaps	20,572,936	17,507,686	18,688,550
Cross-currency swaps	41,192	115,683	27,814
Foreign-exchange options	2,780,071	430,503	1,405,893
Equity-linked options	171,742	59,289	62,392
Equity-linked swaps	2,172	40,903	49,801
Credit default swaps	-	-	5,346
Non-derivative financial assets			
Investment in bills	61,054,744	43,436,249	46,767,737
Domestic and overseas shares and beneficiary certificates	40,031,263	29,393,984	27,980,810
Government bonds	14,005,294	6,200,979	6,556,656
Corporate bonds, bank notes payable and other bonds	13,705,841	9,640,028	10,213,046
Beneficiary securities (Note 46)	198,289	208,465	215,215
Trading securities			
Dealing	11,893,255	10,865,278	12,707,640
Underwriting	1,262,736	1,237,106	969,469
Hedging	<u>5,846,338</u>	<u>6,896,073</u>	<u>7,369,747</u>
Financial assets at FVTPL	<u>\$ 211,875,561</u>	<u>\$ 153,775,905</u>	<u>\$ 202,763,049</u> (Continued)

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Financial liabilities designated as at FVTPL</u>			
Bank notes payable (d)	\$ 2,248,825	\$ 2,483,480	\$ 2,698,279
Structured products (e)	3,669,738	3,598,550	3,078,815
<u>Financial liabilities held for trading</u>			
Derivative instruments			
Futures	35,453	7,817	10,547
Forward exchange contracts	1,292,381	478,342	1,396,423
Currency swaps	34,353,118	26,650,943	66,452,483
Interest rate swaps	20,337,389	16,788,413	17,566,003
Cross-currency swaps	467,192	125,004	683,460
Foreign-exchange options	2,777,796	456,645	1,501,415
Equity-linked options	1,625,645	1,055,325	1,179,111
Equity-linked swaps	2,172	40,901	49,801
Liabilities for issuance of call (put) warrants, net (c)	12,155	34,733	12,842
Exchangeable corporate bonds embedded derivatives (h)	157,500	175,500	251,000
Non-derivative financial liabilities			
Share borrowing transaction	2,626,880	2,439,142	1,972,660
Short sales of bonds	<u>199,732</u>	<u>-</u>	<u>49,511</u>
Financial liabilities at FVTPL	<u>\$ 69,805,976</u>	<u>\$ 54,334,795</u>	<u>\$ 96,902,350</u> (Concluded)

- a. The Group engaged in various derivative instrument transactions in the nine months ended September 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:

	September 30, 2023	December 31, 2022	September 30, 2022
Futures	\$ 17,113,215	\$ 8,232,826	\$ 20,475,731
Forward exchange contracts	119,747,535	84,038,780	81,009,773
Currency swaps	2,587,348,683	2,061,898,071	2,458,666,363
Interest rate swaps	670,169,983	842,400,292	823,013,623
Cross-currency swaps	15,731,205	6,664,204	8,291,862
Foreign-exchange options	330,612,684	69,830,387	109,521,906
Equity-linked options	10,310,419	11,117,125	11,902,132
Equity-linked swaps	124,358	342,924	314,523
Credit default swaps	-	-	344,123
Guarantee products	3,540,000	3,540,000	3,070,000
Credit-linked products	62,000	-	-
Equity-linked products	50,000	50,000	-

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

	September 30, 2023	December 31, 2022	September 30, 2022
Call (put) warrants issued	\$ 1,239,683	\$ 1,752,240	\$ 1,460,822
Loss (gain) on change in fair value	<u>(400,458)</u>	<u>(387,890)</u>	<u>(633,511)</u>
	839,225	1,364,350	827,311
Repurchased call (put) warrants	1,196,086	1,630,530	1,253,235
Gain (loss) on change in fair value	<u>(369,016)</u>	<u>(300,913)</u>	<u>(438,766)</u>
	<u>827,070</u>	<u>1,329,617</u>	<u>814,469</u>
Net call (put) warrants issued	<u>\$ 12,155</u>	<u>\$ 34,733</u>	<u>\$ 12,842</u>

The call (put) warrants which were issued by Taishin Securities B, are exercisable within six to eight months from the date listed on market and will be settled in cash or in securities at Taishin Securities B' 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 and 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:

	September 30, 2023	December 31, 2022	September 30, 2022
Domestic listed (OTC) shares	\$ 17,409,665	\$ 11,939,705	\$ 12,669,618
Domestic unlisted (OTC) shares	81,393	81,027	-
Domestic beneficiary certificates	6,984,836	4,023,622	6,113,830
Foreign beneficiary certificates	2,496,673	3,323,059	1,935,928
Foreign beneficiary bonds	<u>198,289</u>	<u>208,465</u>	<u>215,215</u>
	<u>\$ 27,170,856</u>	<u>\$ 19,575,878</u>	<u>\$ 20,934,591</u>

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

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Gain (loss) on application of IFRS 9	\$ 339,633	\$ (603,607)	\$ 4,251,556	\$ (3,813,697)
Loss (gain) if applying IAS 39	<u>(1,119,254)</u>	<u>(369,216)</u>	<u>(2,315,270)</u>	<u>(1,451,810)</u>
Gain (loss) on reclassification using the overlay approach	<u>\$ (779,621)</u>	<u>\$ (972,823)</u>	<u>\$ 1,936,286</u>	<u>\$ (5,265,507)</u>

Due to the application of the overlay approach, the amount of gain (loss) on financial assets at FVTPL was adjusted from \$(1,903,964) thousand to \$(1,124,343) thousand and \$(2,255,144) thousand to \$(1,282,321) thousand for the three months ended September 30, 2023 and 2022, respectively, and from \$5,220,992 thousand to \$3,284,706 thousand and \$(5,293,350) thousand to \$(27,843) thousand for the nine months ended September 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 \$(25,290) thousand and \$(1,210,878) thousand for the three months ended September 30, 2022 and for the nine months ended September 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 \$84,500 thousand and \$(26,500) thousand for the three months ended September 30, 2023, and 2022, respectively, and amounted to \$18,000 thousand and \$147,500 thousand for the nine months ended September 30, 2023, and 2022, respectively. Refer to Note 25 for information related to the issuance of the exchangeable corporate bonds.

10. FINANCIAL ASSETS AT FVTOCI

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Debt instrument</u>			
Investment in bills	\$ -	\$ 1,819,411	\$ 1,769,188
Government bonds	47,200,077	41,470,998	41,607,763
Corporate bonds	37,927,692	37,259,066	38,949,484
Bank notes payable	32,916,240	37,243,009	39,459,995
Beneficiary securities (Note 46)	<u>1,034,800</u>	<u>1,140,195</u>	<u>1,227,266</u>
	119,078,809	118,932,679	123,013,696
<u>Equity instrument</u>			
Domestic and overseas shares (b)	<u>14,191,440</u>	<u>23,413,670</u>	<u>24,172,707</u>
	<u>\$ 133,270,249</u>	<u>\$ 142,346,349</u>	<u>\$ 147,186,403</u>

- a. Because some equity instruments are held by the Group for long-term purposes and not for trading, which is reasonably reflected in the operating performance, equity instruments are classified as at fair value through other comprehensive income.
- b. The Group issued the first domestic unsecured exchangeable corporate bonds to obtain Chang Hwa Bank's 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
September 30, 2023	\$ 26,622	\$ -	\$ -	\$ 26,622
December 31, 2022	28,927	-	-	28,927
September 30, 2022	29,811	-	-	29,811

As the Group's debt instruments at FVTOCI were measured using the ECLs model, the Group recognized reversal of impairment loss on financial assets amounted to \$2,268 thousand and \$5,475 thousand for the three months ended September 30, 2023 and 2022, respectively, and amounted to \$2,659 thousand and \$8,311 thousand for the nine months ended September 30, 2023 and 2022, respectively.

- d. The Group sold the domestic shares for strategic purposes. The shares sold had a fair value of \$15,617,728 thousand and \$20,377,344 thousand, and the Group transferred \$552,284 thousand and \$1,702,539 thousand of gains from other equity to retained earnings for the nine months ended September 30, 2023 and 2022, respectively.
- e. Refer to Note 46 for information related to the management of credit risk and the impairment assessment on investments in debt instruments at FVTOCI.
- f. Refer to Note 48 for information relating to debt instruments at FVTOCI pledged as collateral.

11. INVESTMENTS IN DEBT INSTRUMENTS AT AMORTIZED COST

	September 30, 2023	December 31, 2022	September 30, 2022
Investment in bills	\$ 260,352,394	\$ 265,934,806	\$ 235,715,000
Bank notes payable	90,055,849	66,097,967	63,384,046
Corporate bonds	153,852,136	116,696,702	115,153,304
Government bonds	201,452,164	184,812,434	132,818,848
Beneficiary securities (Note 46)	<u>26,643,199</u>	<u>10,522,480</u>	<u>11,180,441</u>
	732,355,742	644,064,389	558,251,639
Less: Allowance for impairment	(63,053)	(55,382)	(53,215)
Less: Security deposit	<u>(1,492,108)</u>	<u>(1,500,195)</u>	<u>(1,502,928)</u>
	<u>\$ 730,800,581</u>	<u>\$ 642,508,812</u>	<u>\$ 556,695,496</u>

- a. The Group disposed of bonds before maturity because of infrequent sales, or because the sales were insignificant in value (either individually or in aggregate) and recognized gain (loss) on disposal of \$0 and \$0 thousand for the three months ended September 30, 2023 and 2022, respectively, and a disposal of \$0 thousand and \$(620,890) thousand for the nine months ended September 30, 2023 and 2022, respectively. The disposal of bonds due to other conditions such as repayments at maturities resulted in gain (loss) on disposal of \$497 thousand and \$54 thousand for the three months ended September 30, 2023 and 2022, respectively, and disposal of \$1,276 thousand and \$1,368 thousand for the nine months ended September 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
September 30, 2023	\$ 63,053	\$ -	\$ -	\$ 63,053
December 31, 2022	55,382	-	-	55,382
September 30, 2022	53,215	-	-	53,215

As the Group's investments in debt instruments at amortized cost were measured using the ECLs model, the Group had recognized (impairment loss) reversal of impairment loss on financial assets amounted to \$4,787 thousand and \$16,482 thousand for the three months ended September 30, 2023 and 2022, respectively, and amounted to \$(6,656) thousand and \$275 thousand for the nine months ended September 30, 2023 and 2022, respectively.

- c. Refer to Note 46 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 48 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:

	September 30, 2023	December 31, 2022	September 30, 2022
Notes and accounts receivable	\$ 77,722,934	\$ 72,793,927	\$ 81,777,698
Credit cards receivable	70,429,359	64,937,436	61,777,796
Interest receivable	10,205,964	7,977,086	6,569,220
Securities margin loans receivable	10,147,286	7,193,334	7,547,330
Delivery accounts receivable	7,440,697	4,106,558	5,447,593
Other receivables	<u>1,648,787</u>	<u>2,166,346</u>	<u>2,400,318</u>
	177,595,027	159,174,687	165,519,955
Less: Adjustment for discounts	(2,890,504)	(2,982,898)	(3,090,554)
Less: Allowance for receivables	<u>(2,550,492)</u>	<u>(2,477,164)</u>	<u>(2,027,410)</u>
	<u>\$ 172,154,031</u>	<u>\$ 153,714,625</u>	<u>\$ 160,401,991</u>

- b. The movements in the allowance for receivables (including non-performing receivables transferred from other than loan) for nine months ended September 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	(2,195)	22,755	-	(4,748)	15,812		15,812
Transferred to Credit-impaired Financial Assets	(2,432)	(9,415)	(471)	127,187	114,869		114,869
Transferred to 12-month ECLs	4,888	(8,207)	-	(56,499)	(59,818)		(59,818)
Financial assets derecognized	(67,313)	(39,746)	(5,393)	(301,869)	(414,321)		(414,321)
New financial assets purchased or originated	88,130	32,682	23,839	32,015	176,666		176,666
Recognized (Reversal) based on the Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans						(33,457)	(33,457)
Write-offs	(6)	(4,443)	(35,554)	(437,817)	(477,820)		(477,820)
Recovery of loans written off	-	-	724	493,288	494,012		494,012
Foreign exchange and other movements	3,319	24,804	3,318	212,807	244,248		244,248
Loss allowance as of September 30, 2023	\$ 194,239	\$ 196,174	\$ 467,056	\$ 1,177,811	\$ 2,035,280	\$ 639,348	\$ 2,674,628

	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	(5,099)	19,436	97	(154)	14,280		14,280
Transferred to Credit-impaired Financial Assets	(2,574)	(5,397)	-	102,620	94,649		94,649
Transferred to 12-month ECLs	7,788	(8,621)	-	(16,433)	(17,266)		(17,266)
Financial assets derecognized	(85,959)	(55,975)	(5,871)	(291,877)	(439,682)		(439,682)
New financial assets purchased or originated	67,521	14,561	15,745	24,634	122,461		122,461
Recognized (Reversal) based on the Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans						(62,331)	(62,331)
Write-offs	(2)	(107)	(2,631)	(292,505)	(295,245)		(295,245)
Recovery of loans written off	-	1,330	1,257	367,046	369,633		369,633
Foreign exchange and other movements	(12,537)	49,113	9,262	97,386	143,224		143,224
Loss allowance as of September 30, 2022	\$ 179,487	\$ 210,055	\$ 481,857	\$ 594,036	\$ 1,465,435	\$ 703,432	\$ 2,168,867

- c. The movements in the gross carrying amount of receivables (including non-performing receivables transferred from other than loans) for nine months ended September 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	(302,404)	316,682	333	(7,048)	7,563
Transferred to Credit-impaired Financial Assets	(563,213)	(106,345)	(540)	696,662	26,564
Transferred to 12-month ECLs	242,641	(66,363)	(68)	(151,129)	25,081
Financial assets derecognized	(28,018,384)	(674,725,939)	(302,120,626)	(117,961)	(1,004,982,910)
New financial assets purchased or originated	30,611,142	683,280,158	309,948,591	105,056	1,023,944,947
Write-offs	(937)	(4,757)	(35,554)	(507,119)	(548,367)
Foreign exchange and other movements	839	(70,505)	-	2,065	(67,601)
Carrying amount as of September 30, 2023	\$ 119,750,879	\$ 36,552,396	\$ 18,731,500	\$ 2,713,432	\$ 177,748,207

	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	(460,989)	470,974	548	(971)	9,562
Transferred to Credit-impaired Financial Assets	(400,232)	(30,099)	(169)	449,021	18,521
Transferred to 12-month ECLs	77,226	(38,569)	-	(39,840)	(1,183)
Financial assets derecognized	(43,800,404)	(609,216,380)	(180,141,268)	(188,650)	(833,346,702)
New financial assets purchased or originated	29,451,402	604,736,714	178,049,166	77,931	812,315,213
Write-offs	(448)	976	(3,789)	(87,581)	(90,842)
Foreign exchange and other movements	410,767	(76,621)	-	(248,770)	85,376
Carrying amount as of September 30, 2022	\$ 124,041,641	\$ 29,179,177	\$ 9,728,055	\$ 2,168,513	\$ 165,117,386

13. LOANS, NET

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

	September 30, 2023	December 31, 2022	September 30, 2022
Negotiated	\$ 2,012,188	\$ 3,440,922	\$ 2,818,389
Overdrafts	376,987	202,244	314,715
Short-term loans	306,937,425	285,317,112	315,072,425
Medium-term loans	490,252,480	482,871,018	484,759,104
Long-term loans	698,714,258	654,653,954	640,515,265
Policy loans	5,572,664	5,642,002	5,499,288
Automatic premium loans	1,881,423	1,824,279	1,820,652
Delinquent loans	<u>1,757,778</u>	<u>1,876,557</u>	<u>1,417,491</u>
	1,507,505,203	1,435,828,088	1,452,217,329
Less: Adjustment for discounts	(649,415)	(642,057)	(668,121)
Less: Allowance for loan losses	<u>(20,419,719)</u>	<u>(19,170,934)</u>	<u>(19,466,240)</u>
	<u>\$ 1,486,436,069</u>	<u>\$ 1,416,015,097</u>	<u>\$ 1,432,082,968</u>

b. The movements in the allowance for loans for the nine months ended September 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	(7,520)	319,182	12,122	(125,045)	198,739		198,739
Transferred to Credit-impaired Financial Assets	(8,388)	(23,699)	(46,015)	980,846	902,744		902,744
Transferred to 12-month ECLs	8,893	(107,727)	(404)	(1,218,852)	(1,318,090)		(1,318,090)
Financial assets derecognized	(538,784)	(117,233)	(59,001)	(1,362,928)	(2,077,946)		(2,077,946)
New financial assets purchased or originated	554,514	392,045	24,974	236,476	1,208,009		1,208,009
Recognized (Reversal) based on the Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans						1,847,609	1,847,609
Write-offs	(298)	(5,786)	-	(201,018)	(207,102)		(207,102)
Recovery of written-off loans	-	-	-	694,822	694,822		694,822
Loss allowance as of September 30, 2023	\$ 2,113,101	\$ 1,152,610	\$ 140,187	\$ 3,382,407	\$ 6,788,305	\$ 13,631,414	\$ 20,419,719

	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	(8,635)	205,186	46,210	(9,414)	233,347		233,347
Transferred to Credit-impaired Financial Assets	(4,223)	(20,478)	(8,048)	968,412	935,663		935,663
Transferred to 12-month ECLs	3,523	(88,980)	-	(197,552)	(283,009)		(283,009)
Financial assets derecognized	(447,287)	(277,162)	(34,345)	(1,587,745)	(2,346,539)		(2,346,539)
New financial assets purchased or originated	658,043	23,852	28,077	321,352	1,031,324		1,031,324
Recognized (Reversal) based on the Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans						1,767,478	1,767,478
Write-offs	(175)	(5,004)	-	(51,958)	(57,137)		(57,137)
Recovery of written-off loans	-	-	-	789,105	789,105		789,105
Loss allowance as of September 30, 2022	\$ 2,101,241	\$ 687,983	\$ 192,176	\$ 4,300,691	\$ 7,282,091	\$ 12,184,149	\$ 19,466,240

- c. The movements in the gross carrying amount of loans for the nine months ended September 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	(5,922,074)	6,072,537	111,770	(428,219)	(165,986)
Transferred to Credit-impaired Financial Assets	(2,666,789)	(117,535)	(85,320)	2,722,885	(146,759)
Transferred to 12-month ECLs	8,318,424	(4,785,223)	(20,183)	(4,017,229)	(504,211)
Financial assets derecognized	(294,721,875)	(5,047,158)	(204,923)	(2,486,525)	(302,460,481)
New financial assets purchased or originated	374,314,391	547,719	95,534	403,673	375,361,317
Write-offs	(51,731)	(20,331)	-	(334,703)	(406,765)
Carrying amount as of September 30, 2023	\$ 1,473,923,292	\$ 22,624,648	\$ 621,557	\$ 10,335,706	\$ 1,507,505,203

	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	(8,087,012)	7,707,710	173,151	(56,307)	(262,458)
Transferred to Credit-impaired Financial Assets	(2,307,426)	(115,451)	(335,014)	2,661,780	(96,111)
Transferred to 12-month ECLs	3,181,011	(2,734,734)	-	(704,046)	(257,769)
Financial assets derecognized	(283,944,627)	(2,773,431)	(110,785)	(2,854,582)	(289,683,425)
New financial assets purchased or originated	396,456,557	557,571	77,853	485,462	397,577,443
Write-offs	(36,486)	(17,799)	-	(158,771)	(213,056)
Carrying amount as of September 30, 2022	\$ 1,410,733,409	\$ 26,447,927	\$ 694,440	\$ 14,341,553	\$ 1,452,217,329

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

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
(Provision for) reversal of the allowance for losses on receivables, loans and other financial assets	\$ (218,187)	\$ (566,408)	\$ (1,004,929)	\$ (1,391,651)
(Provision for) reversal of the allowance for losses on guarantee liabilities	(37,673)	51,832	(58,368)	29,622
(Provision for) reversal of the allowance for losses on loan commitments	654	1,210	(3,882)	2,021
(Provision for) reversal of the allowance for letters of credit	<u>69</u>	<u>131</u>	<u>95</u>	<u>277</u>
	<u>\$ (255,137)</u>	<u>\$ (513,235)</u>	<u>\$ (1,067,084)</u>	<u>\$ (1,359,731)</u>

14. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	September 30, 2023	December 31, 2022	September 30, 2022
Investments in associates	<u>\$ 494,023</u>	<u>\$ 341,325</u>	<u>\$ 339,420</u>

a. Investments in associates

	September 30, 2023	December 31, 2022	September 30, 2022	
Associates that are not individually material	\$ <u>494,023</u>	\$ <u>341,325</u>	\$ <u>339,420</u>	
Aggregate information of associates that are not individually material				
	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
The Group's share of:				
Net income (loss) for the period	\$ <u>(106)</u>	\$ <u>(281)</u>	\$ <u>501</u>	\$ <u>6,353</u>
Total comprehensive income (loss) for the period	\$ <u>(106)</u>	\$ <u>(281)</u>	\$ <u>501</u>	\$ <u>6,353</u>

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 September 30, 2023, December 31, 2022 and September 30, 2022, respectively.

15. OTHER FINANCIAL ASSETS, NET

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

	September 30, 2023	December 31, 2022	September 30, 2022
Non-performing receivables transferred from other than loans	\$ 164,804	\$ 181,475	\$ 182,458
Less: Allowance for bad debt	(124,136)	(137,273)	(141,457)
Due from banks	837,806	5,603,907	4,335,631
Securities lending deposits	766,508	285,450	304,490
Gold deposit account	553,069	574,647	737,786
Customer margin account	1,407,591	1,549,115	1,305,583
Separate account insurance products assets (Note 31)	<u>32,355,816</u>	<u>28,335,840</u>	<u>27,687,227</u>
	<u>\$ 35,961,458</u>	<u>\$ 36,393,161</u>	<u>\$ 34,411,718</u>

- b. The due from banks recognized under other financial assets held by the Group are time deposits with original maturities of more than 3 months or pledged as collateral. Refer to Note 48 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 nine months ended September 30, 2023 and 2022.

- d. The loss allowance was measured at an amount equal to 12-month 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 September 30, 2023, December 31, 2022 and September 30, 2022.

16. INVESTMENT PROPERTIES, NET

	September 30, 2023	December 31, 2022	September 30, 2022
Investment properties			
Land	\$ 2,986,495	\$ 3,005,253	\$ 2,384,019
Buildings			
Cost	1,016,317	1,023,701	674,758
Accumulated depreciation	<u>(234,690)</u>	<u>(217,674)</u>	<u>(212,690)</u>
	<u>781,627</u>	<u>806,027</u>	<u>462,068</u>
Prepayment for buildings and land purchases	<u>99,504</u>	<u>-</u>	<u>-</u>
	<u>\$ 3,867,626</u>	<u>\$ 3,811,280</u>	<u>\$ 2,846,087</u>
		Prepayment for Buildings and Land Purchases	
	Land	Buildings	Total
<u>Cost</u>			
Balance, January 1, 2023	\$ 3,005,253	\$ 1,023,701	\$ -
Additions	-	-	99,504
Reclassification	<u>(18,758)</u>	<u>(7,384)</u>	<u>-</u>
Balance, September 30, 2023	<u>\$ 2,986,495</u>	<u>\$ 1,016,317</u>	<u>\$ 99,504</u>
Balance, January 1, 2022	\$ 2,384,019	\$ 676,369	\$ -
Disposals	<u>-</u>	<u>(1,611)</u>	<u>-</u>
Balance, September 30, 2022	<u>\$ 2,384,019</u>	<u>\$ 674,758</u>	<u>\$ -</u>
<u>Accumulated depreciation</u>			
Balance, January 1, 2023	\$ -	\$ 217,674	\$ -
Depreciation expense	-	19,766	-
Reclassification	<u>-</u>	<u>(2,750)</u>	<u>-</u>
Balance, September 30, 2023	<u>\$ -</u>	<u>\$ 234,690</u>	<u>\$ -</u>
Balance, January 1, 2022	\$ -	\$ 201,771	\$ -
Depreciation expense	-	12,530	-
Disposals	<u>-</u>	<u>(1,611)</u>	<u>-</u>
Balance, September 30, 2022	<u>\$ -</u>	<u>\$ 212,690</u>	<u>\$ -</u>

The 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 September 30, 2023, December 31, 2022 and September 30, 2022 were as follows:

	September 30, 2023	December 31, 2022	September 30, 2022
Year 1	\$ 119,325	\$ 86,372	\$ 57,513
Year 2	105,940	80,941	43,415
Year 3	100,481	70,292	39,050
Year 4	100,935	67,897	33,506
Year 5	98,950	66,518	32,923
Over 5 years	<u>422,309</u>	<u>460,091</u>	<u>218,092</u>
	<u>\$ 947,940</u>	<u>\$ 832,111</u>	<u>\$ 424,499</u>

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

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Rental income	\$ 29,566	\$ 20,294	\$ 77,201	\$ 61,318
Direct operating expenses from investment properties generating rental income	8,520	4,986	27,189	14,842
Direct operating expenses from investment properties not generating rental income	1,097	526	3,670	3,470

The fair values of the Group's investment properties as of September 30, 2023, December 31, 2022 and September 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

	September 30, 2023	December 31, 2022	September 30, 2022
Land	\$ 17,403,987	\$ 17,385,229	\$ 13,903,290
Buildings	5,318,907	5,461,603	5,213,953
Machinery equipment	2,298,592	2,513,215	2,555,514
Transportation equipment	128,220	113,497	110,135
Miscellaneous equipment	112,168	119,495	128,699
Leasehold improvements	371,636	376,702	341,432
Prepayments for equipment	<u>55,712</u>	<u>56,111</u>	<u>64,581</u>
	<u>\$ 25,689,222</u>	<u>\$ 26,025,852</u>	<u>\$ 22,317,604</u>

	Land	Buildings	Machinery Equipment	Transportation Equipment	Miscellaneous Equipment	Leasehold Improvements	Prepayment 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	-	28,433	343,365	48,889	28,083	88,205	98,696	635,671
Disposals	-	(25,921)	(560,042)	(12,306)	(22,753)	(29,071)	-	(650,093)
Reclassification	18,758	7,385	66,334	-	-	17,784	(99,095)	11,166
Effect of foreign currency exchange differences	-	-	(15)	-	-	90	-	75
Balance, September 30, 2023	<u>\$ 17,403,987</u>	<u>\$ 8,657,419</u>	<u>\$ 5,334,964</u>	<u>\$ 241,037</u>	<u>\$ 269,414</u>	<u>\$ 877,057</u>	<u>\$ 55,712</u>	<u>\$ 32,839,590</u>
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	324	44,306	570,273	13,529	24,306	62,225	92,485	807,448
Disposals	-	(6,343)	(289,411)	(18,940)	(8,002)	(42,711)	-	(365,407)
Reclassification	-	27,040	24,148	-	2,035	15,370	(85,358)	(16,765)
Effect of foreign currency exchange differences	-	-	1,713	-	-	2,803	-	4,516
Balance, September 30, 2022	<u>\$ 13,903,290</u>	<u>\$ 8,383,437</u>	<u>\$ 5,458,473</u>	<u>\$ 196,411</u>	<u>\$ 268,882</u>	<u>\$ 780,712</u>	<u>\$ 64,581</u>	<u>\$ 29,055,786</u>
Accumulated depreciation								
Balance, January 1, 2023	\$ -	\$ 3,185,919	\$ 2,972,107	\$ 90,957	\$ 144,589	\$ 423,347	\$ -	\$ 6,816,919
Depreciation	-	175,763	614,887	27,216	33,596	101,315	-	952,777
Disposals	-	(25,921)	(550,637)	(5,356)	(20,939)	(19,415)	-	(622,268)
Reclassification	-	2,751	13	-	-	(13)	-	2,751
Effect of foreign currency exchange differences	-	-	2	-	-	187	-	189
Balance, September 30, 2023	<u>\$ -</u>	<u>\$ 3,338,512</u>	<u>\$ 3,036,372</u>	<u>\$ 112,817</u>	<u>\$ 157,246</u>	<u>\$ 505,421</u>	<u>\$ -</u>	<u>\$ 7,150,368</u>
Balance, January 1, 2022	\$ -	\$ 3,005,782	\$ 2,570,201	\$ 79,836	\$ 113,098	\$ 387,223	\$ -	\$ 6,156,140
Depreciation	-	170,045	618,002	25,276	35,054	92,490	-	940,867
Disposals	-	(6,343)	(286,659)	(18,836)	(7,969)	(42,966)	-	(362,773)
Effect of foreign currency exchange differences	-	-	1,415	-	-	2,533	-	3,948
Balance, September 30, 2022	<u>\$ -</u>	<u>\$ 3,169,484</u>	<u>\$ 2,902,959</u>	<u>\$ 86,276</u>	<u>\$ 140,183</u>	<u>\$ 439,280</u>	<u>\$ -</u>	<u>\$ 6,738,182</u>

The above items of property and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings	5-56 years
Machinery equipment	1-10 years
Transportation equipment	4-6 years
Miscellaneous equipment	2-20 years
Leasehold improvements	1-50 years

No impairment assessment was performed because there was no indication of impairment for the nine months ended September 30, 2023 and 2022.

18. LEASE ARRANGEMENTS

a. Right-of-use assets, net

	September 30, 2023		December 31, 2022		September 30, 2022	
<u>Carrying amount</u>						
Buildings	\$ 2,344,690		\$ 2,247,976		\$ 2,288,558	
Office equipment	7,350		13,800		9,018	
Transportation equipment	<u>14,666</u>		<u>20,230</u>		<u>24,228</u>	
	<u>\$ 2,366,706</u>		<u>\$ 2,282,006</u>		<u>\$ 2,321,804</u>	
					For the Three Months Ended September 30	
	<u>2023</u>		<u>2022</u>		For the Nine Months Ended September 30	
					<u>2023</u>	
					<u>2022</u>	
Additions to right-of-use assets					<u>\$ 725,095</u>	
					<u>\$ 408,389</u>	
Depreciation charge for right-of-use assets						
Buildings	\$ 210,439	\$ 219,889	\$ 612,421	\$ 625,419		
Office equipment	2,732	3,219	8,194	10,636		
Transportation equipment	<u>3,589</u>	<u>5,402</u>	<u>12,232</u>	<u>16,690</u>		
	<u>\$ 216,760</u>	<u>\$ 228,510</u>	<u>\$ 632,847</u>	<u>\$ 652,745</u>		

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

b. Lease liabilities

	September 30, 2023		December 31, 2022		September 30, 2022	
Carrying amount	<u>\$ 2,478,590</u>		<u>\$ 2,360,330</u>		<u>\$ 2,422,368</u>	
					For the Three Months Ended September 30	
	<u>2023</u>		<u>2022</u>		For the Nine Months Ended September 30	
					<u>2023</u>	
					<u>2022</u>	
Interest expenses (other interest expenses)	<u>\$ 6,383</u>	<u>\$ 6,140</u>	<u>\$ 19,111</u>	<u>\$ 19,855</u>		

Ranges of discount rates for lease liabilities as of September 30, 2023, December 31, 2022 and September 30, 2022 were from 0.003%-5.563%, 0.003%-5.247% and 0.003%-5.00%, 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 September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Expenses relating to short-term leases	<u>\$ 5,857</u>	<u>\$ 8,304</u>	<u>\$ 20,726</u>	<u>\$ 33,038</u>
Expenses relating to low-value asset leases	<u>\$ 1,520</u>	<u>\$ 4,811</u>	<u>\$ 5,661</u>	<u>\$ 11,016</u>
Total cash outflow for leases			<u>\$ 644,528</u>	<u>\$ 696,196</u>

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:

	September 30, 2023	December 31, 2022	September 30, 2022
Lease commitments	<u>\$ 96,394</u>	<u>\$ 217,946</u>	<u>\$ 168</u>

19. INTANGIBLE ASSETS, NET

	September 30, 2023	December 31, 2022	September 30, 2022
Goodwill	\$ 1,567,391	\$ 1,567,391	\$ 1,593,998
Computer software	1,992,176	1,963,516	1,872,050
Other intangible assets	<u>26,437</u>	<u>-</u>	<u>-</u>
	<u>\$ 3,586,004</u>	<u>\$ 3,530,907</u>	<u>\$ 3,466,048</u>
		Computer Software	Other Intangible Assets
Balance, January 1, 2023		\$ 1,963,516	\$ -
Additions		474,424	27,000
Amortization		(426,647)	(563)
Reclassification		(19,137)	-
Effect of foreign currency exchange differences		<u>20</u>	<u>-</u>
Balance, September 30, 2023		<u>\$ 1,992,176</u>	<u>\$ 26,437</u>
Balance, January 1, 2022		\$ 1,690,763	\$ -
Additions		526,816	-
Amortization		(355,471)	-
Reclassification		9,365	-
Effect of foreign currency exchange differences		<u>577</u>	<u>-</u>
Balance, September 30, 2022		<u>\$ 1,872,050</u>	<u>\$ -</u>

There was no significant disposal and impairment of the intangible assets held by the Group for the nine months ended September 30, 2023 and 2022. Refer to Note 19 to the consolidated financial statements as of December 31, 2022 for related information on intangible assets.

20. OTHER ASSETS, NET

	September 30, 2023	December 31, 2022	September 30, 2022
Prepayments	\$ 1,589,984	\$ 1,358,302	\$ 1,700,028
Refundable deposits	20,851,688	13,390,945	27,343,392
Operating guarantee deposits and settlement funds	1,692,866	1,645,840	1,648,628
Collateral, net	314,483	420,019	420,019
Input tax to be credited	47,665	44,615	29,356
Others	<u>270,272</u>	<u>106,038</u>	<u>102,240</u>
	<u>\$ 24,766,958</u>	<u>\$ 16,965,759</u>	<u>\$ 31,243,663</u>

- a. Refer to Note 48 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
September 30, 2023	\$ -	\$ -	\$ -	\$ -
December 31, 2022	-	-	25	25
September 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 September 30, 2023 and 2022, and recognized reversal of impairment loss on financial assets amounted to \$25 thousand and \$0 thousand for the nine months ended September 30, 2023 and 2022, respectively.

- c. 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 operating guarantee deposits and settlement funds as of September 30, 2023, December 31, 2022 and September 30, 2022, respectively.

21. DEPOSITS FROM THE CENTRAL BANK AND BANKS

	September 30, 2023	December 31, 2022	September 30, 2022
Deposits from other banks	\$ 7,071,828	\$ 9,601,560	\$ 16,034,200
Call loans from other banks	6,902,912	5,757,927	8,667,595
Bank overdrafts	2,703,849	2,733,009	94,636
Deposits from the Central Bank	<u>89,713</u>	<u>121,037</u>	<u>120,262</u>
	<u>\$ 16,768,302</u>	<u>\$ 18,213,533</u>	<u>\$ 24,916,693</u>

22. COMMERCIAL PAPERS ISSUED, NET

	September 30, 2023	December 31, 2022	September 30, 2022
Union Bills Finance	\$ 1,030,000	\$ -	\$ -
Grand Bills Finance	3,710,000	1,950,000	2,130,000
China Bills Finance	4,643,000	1,070,000	3,910,000
Ta Ching Bills Finance	730,000	210,000	830,000
International Bills Finance	1,400,000	100,000	300,000
Taiwan Finance Corporation	1,885,000	1,200,000	1,300,000
Mega Bills Finance	3,030,000	345,000	1,050,000
Bank SinoPac	3,650,000	2,650,000	2,350,000
KGI Bank	2,450,000	1,200,000	1,300,000
Taiwan Cooperative Bills Finance	1,100,000	1,300,000	900,000
Taipei Fubon Commercial Bank	250,000	2,190,000	550,000
Cathay United Bank	1,000,000	1,000,000	1,000,000
China Trust Commercial Bank	1,120,000	420,000	800,000
Union Bank of Taiwan	800,000	1,150,000	1,670,000
Sunny Commercial Bank	1,550,000	990,000	730,000
O-Bank	300,000	300,000	-
Less: Discounts on commercial papers issued	<u>(35,384)</u>	<u>(20,438)</u>	<u>(21,089)</u>
	<u>\$ 28,612,616</u>	<u>\$ 16,054,562</u>	<u>\$ 18,798,911</u>

As of September 30, 2023, December 31, 2022 and September 30, 2022, the interest rate ranges of commercial papers issued were 0.78%-2.04%, 0.72%-2.04% and 0.66%-1.91%, respectively.

23. PAYABLES

	September 30, 2023	December 31, 2022	September 30, 2022
Notes and accounts payable	\$ 17,188,727	\$ 9,296,877	\$ 16,025,459
Delivery accounts payable	3,965,003	2,828,928	4,164,508
Accrued expenses	7,923,264	8,021,659	7,222,053
Interest payable	8,333,953	4,755,023	3,935,522
Checks for clearance payable	1,533,955	1,533,670	923,071
Collection payable	1,721,098	761,039	1,704,494
Settlement	1,960,954	512,854	1,201,969
Tax payable	279,147	465,481	231,420
Other payables	<u>2,990,401</u>	<u>2,599,271</u>	<u>2,833,516</u>
	<u>\$ 45,896,502</u>	<u>\$ 30,774,802</u>	<u>\$ 38,242,012</u>

24. DEPOSITS AND REMITTANCES

	September 30, 2023	December 31, 2022	September 30, 2022
Checking deposits	\$ 6,658,597	\$ 9,553,289	\$ 8,583,937
Demand deposits	433,598,281	444,149,906	434,284,191
Time deposits	602,845,362	526,326,377	452,355,835
Negotiable certificates of deposit	1,822,927	2,735,003	1,900,933
Savings deposits	997,555,298	924,025,251	914,546,438
Public treasury deposits	8,912,564	5,865,630	4,296,798
Remittances	1,858,714	2,010,669	5,614,746
Others	<u>-</u>	<u>-</u>	<u>989</u>
	<u>\$ 2,053,251,743</u>	<u>\$ 1,914,666,125</u>	<u>\$ 1,821,583,867</u>

25. BONDS PAYABLE

	September 30, 2023	December 31, 2022	September 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	<u>(211,750)</u>	<u>(304,784)</u>	<u>(336,137)</u>
	40,113,250	40,020,216	39,988,863
Bank notes payable	<u>28,000,000</u>	<u>28,000,000</u>	<u>34,800,000</u>
	<u>\$ 68,113,250</u>	<u>\$ 68,020,216</u>	<u>\$ 74,788,863</u>

Corporate Bonds Issued by Taishin Financial Holding

To raise working capital and strengthen its financial structure, Taishin Financial Holding issued unsecured subordinated corporate bonds, unsecured ordinary corporate bonds and unsecured exchangeable corporate bonds under SFB approval. The bond issuance terms were as follows:

a. Domestic unsecured subordinated corporate bonds and unsecured ordinary corporate bonds

	September 30, 2023	December 31, 2022	September 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)	<u>10,000,000</u>	<u>10,000,000</u>	<u>10,000,000</u>
	<u>\$ 32,000,000</u>	<u>\$ 32,000,000</u>	<u>\$ 32,000,000</u>

b. Domestic unsecured exchangeable corporate bonds

Name of Bond	Duration	Interest Rate	Total Issued Amount	September 30, 2023	December 31, 2022	September 30, 2022
Domestic unsecured exchangeable corporate bonds	2022.4.1- 2025.4.1	0%	\$ 5,025,000	<u>\$ 4,813,250</u>	<u>\$ 4,720,216</u>	<u>\$ 4,688,863</u>

As of September 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:

	September 30, 2023	December 31, 2022	September 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)	<u>5,000,000</u>	<u>5,000,000</u>	<u>5,000,000</u>
	<u>\$ 28,000,000</u>	<u>\$ 28,000,000</u>	<u>\$ 34,800,000</u>

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%.

	September 30, 2023	December 31, 2022	September 30, 2022
Unsecured Subordinated Corporate Bonds - 2020 (I)	<u>\$ 3,300,000</u>	<u>\$ 3,300,000</u>	<u>\$ 3,300,000</u>

26. OTHER BORROWINGS

	September 30, 2023	December 31, 2022	September 30, 2022
Short-term unsecured borrowings	\$ 4,913,204	\$ 6,016,896	\$ 8,507,063
Long-term borrowings	<u>5,868,880</u>	<u>6,248,450</u>	<u>4,361,022</u>
	<u>\$ 10,782,084</u>	<u>\$ 12,265,346</u>	<u>\$ 12,868,085</u>

As of September 30, 2023, December 31, 2022 and September 30, 2022, the interest rate on short-term unsecured borrowings ranged from 1.79%-4.15%, 1.67%-4.80% and 1.22%-4.80%, respectively.

As of September 30, 2023, December 31, 2022 and September 30, 2022, the interest rate on long-term borrowings ranged from 4.45%-5.17%, 4.19%-5.50% and 4.70%-5.50%, respectively.

27. PROVISIONS

	September 30, 2023	December 31, 2022	September 30, 2022
Insurance liabilities (Note 28)	\$ 238,986,831	\$ 222,525,563	\$ 219,966,420
Reserve for employee benefits (Note 32)	1,314,633	1,382,750	1,652,377
Reserve for guarantee liabilities	284,228	224,565	241,450
Reserve for loan commitments	187,967	183,367	183,367
Other reserves	<u>124,735</u>	<u>123,564</u>	<u>124,257</u>
	<u>\$ 240,898,394</u>	<u>\$ 224,439,809</u>	<u>\$ 222,167,871</u>
	Reserve for Guarantee Liabilities	Reserve for Loan Commitments	Other Reserves
Balance, January 1, 2023	\$ 224,565	\$ 183,367	\$ 123,564
Provision (reverse)	58,368	3,882	(7)
Net exchange differences	<u>1,295</u>	<u>718</u>	<u>1,178</u>
Balance, September 30, 2023	<u>\$ 284,228</u>	<u>\$ 187,967</u>	<u>\$ 124,735</u>
Balance, January 1, 2022	\$ 268,589	\$ 183,367	\$ 188,441
Provision (reverse)	(29,622)	(2,021)	(67,301)
Net exchange differences	<u>2,483</u>	<u>2,021</u>	<u>3,117</u>
Balance, September 30, 2022	<u>\$ 241,450</u>	<u>\$ 183,367</u>	<u>\$ 124,257</u>

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
September 30, 2023	\$ 181,636	\$ 15,978	\$ 5,750	\$ 203,364	\$ 273,857	\$ 477,221
December 31, 2022	153,836	16,064	22,710	192,610	220,348	412,958
September 30, 2022	153,557	16,595	15,446	185,598	244,245	429,843

28. INSURANCE LIABILITIES

	September 30, 2023	December 31, 2022	September 30, 2022
Unearned premium reserve	\$ 1,170,175	\$ 1,113,467	\$ 1,090,977
Loss reserve	1,620,409	1,414,495	1,398,466
Policy reserve	212,238,555	195,302,338	192,304,914
Premium deficiency reserve	340,970	360,431	391,537
Reserve for insurance contracts with the nature of financial products	1,666	1,942	1,943
Reserve for foreign exchange valuation	898,410	915,295	1,126,194
Other reserves	<u>22,716,646</u>	<u>23,417,595</u>	<u>23,652,389</u>
	<u>\$ 238,986,831</u>	<u>\$ 222,525,563</u>	<u>\$ 219,966,420</u>

Other reserves are the Group's compliance with IFRS 3 "Business Combinations". The acquirer measures the insurance liabilities and assets acquired by the business combinations on the basis of their fair value on the acquisition date, as it reflects the fair value of the insurance contracts.

Net changes in insurance liability reserves were as follows:

	For The Three Months Ended September 30		For The Nine Months Ended September 30	
	2023	2022	2023	2022
Provision of policy reserve	\$ 3,830,890	\$ 3,729,770	\$ 13,563,817	\$ 13,861,965
Provision of loss reserve	58,041	62,248	204,538	123,725
Provision of premium deficiency reserve	(13,152)	(21,785)	(33,084)	76,064
Net changes in unearned premium reserve	(9,123)	30,162	32,075	42,302
Net changes in reserve for insurance contracts with the nature of financial products	<u>(101)</u>	<u>(56)</u>	<u>(276)</u>	<u>(74)</u>
	<u>3,866,555</u>	<u>3,800,339</u>	<u>13,767,070</u>	<u>14,103,982</u>
Net changes in other reserves	<u>(231,361)</u>	<u>(234,795)</u>	<u>(700,949)</u>	<u>(710,271)</u>
	<u>\$ 3,635,194</u>	<u>\$ 3,565,544</u>	<u>\$ 13,066,121</u>	<u>\$ 13,393,711</u>

a. Unearned premium reserve

	September 30, 2023			December 31, 2022			September 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	\$ 49,060	\$ -	\$ 49,060	\$ 27,929	\$ -	\$ 27,929	\$ 23,826	\$ -	\$ 23,826
Individual injury insurance	95,653	-	95,653	96,461	-	96,461	96,234	-	96,234
Individual health insurance	999,251	-	999,251	963,595	-	963,595	946,022	-	946,022
Investment-linked insurance	26,211	-	26,211	25,482	-	25,482	24,895	-	24,895
	<u>1,170,175</u>	<u>-</u>	<u>1,170,175</u>	<u>1,113,467</u>	<u>-</u>	<u>1,113,467</u>	<u>1,090,977</u>	<u>-</u>	<u>1,090,977</u>
Less ceded unearned premium reserve									
Individual life insurance	139,075	-	139,075	118,074	-	118,074	120,052	-	120,052
Individual injury insurance	14,923	-	14,923	15,186	-	15,186	13,973	-	13,973
Individual health insurance	119,729	-	119,729	112,749	-	112,749	99,339	-	99,339
Investment-linked insurance	31,690	-	31,690	32,768	-	32,768	28,543	-	28,543
	<u>305,417</u>	<u>-</u>	<u>305,417</u>	<u>278,777</u>	<u>-</u>	<u>278,777</u>	<u>261,907</u>	<u>-</u>	<u>261,907</u>
	<u>\$ 864,758</u>	<u>\$ -</u>	<u>\$ 864,758</u>	<u>\$ 834,690</u>	<u>\$ -</u>	<u>\$ 834,690</u>	<u>\$ 829,070</u>	<u>\$ -</u>	<u>\$ 829,070</u>

The changes in unearned premium reserve are as follows:

	For the Nine Months Ended September 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	1,170,133	-	1,170,133	1,090,866	-	1,090,866
Recovery	(1,113,467)	-	(1,113,467)	(1,046,231)	-	(1,046,231)
Net exchange differences	42	-	42	111	-	111
Ending balance	<u>1,170,175</u>	<u>-</u>	<u>1,170,175</u>	<u>1,090,977</u>	<u>-</u>	<u>1,090,977</u>
Less ceded unearned premium reserve						
Beginning balance	278,777	-	278,777	255,620	-	255,620
Increase	303,368	-	303,368	257,953	-	257,953
Decrease	(278,777)	-	(278,777)	(255,620)	-	(255,620)
Net exchange differences	2,049	-	2,049	3,954	-	3,954
Ending balance	<u>305,417</u>	<u>-</u>	<u>305,417</u>	<u>261,907</u>	<u>-</u>	<u>261,907</u>
Net ending balance	<u>\$ 864,758</u>	<u>\$ -</u>	<u>\$ 864,758</u>	<u>\$ 829,070</u>	<u>\$ -</u>	<u>\$ 829,070</u>

b. Loss reserve

	September 30, 2023			December 31, 2022			September 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	\$ 934,525	\$ -	\$ 934,525	\$ 870,592	\$ -	\$ 870,592	\$ 860,987	\$ -	\$ 860,987
Individual injury insurance									
Filed not yet paid	7,064	-	7,064	8,495	-	8,495	4,583	-	4,583
Not yet filed	10,594	-	10,594	4,750	-	4,750	4,520	-	4,520
Individual health insurance									
Filed not yet paid	455,347	-	455,347	353,382	-	353,382	356,722	-	356,722
Not yet filed	211,165	-	211,165	176,294	-	176,294	169,552	-	169,552
Investment-linked insurance									
Filed not yet paid	1,714	-	1,714	982	-	982	2,102	-	2,102
	<u>1,620,409</u>	<u>-</u>	<u>1,620,409</u>	<u>1,414,495</u>	<u>-</u>	<u>1,414,495</u>	<u>1,398,466</u>	<u>-</u>	<u>1,398,466</u>
Less ceded loss reserve									
Individual life insurance	2,071	-	2,071	1,788	-	1,788	1,698	-	1,698
Individual injury insurance	603	-	603	24	-	24	1,205	-	1,205
Individual health insurance	45,058	-	45,058	45,557	-	45,557	38,938	-	38,938
	<u>47,732</u>	<u>-</u>	<u>47,732</u>	<u>47,369</u>	<u>-</u>	<u>47,369</u>	<u>41,841</u>	<u>-</u>	<u>41,841</u>
	<u>\$ 1,572,677</u>	<u>\$ -</u>	<u>\$ 1,572,677</u>	<u>\$ 1,367,126</u>	<u>\$ -</u>	<u>\$ 1,367,126</u>	<u>\$ 1,356,625</u>	<u>\$ -</u>	<u>\$ 1,356,625</u>

The changes in loss reserve are as follows:

	For the Nine Months Ended September 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	1,619,065	-	1,619,065	1,395,800	-	1,395,800
Recovery	(1,414,495)	-	(1,414,495)	(1,262,743)	-	(1,262,743)
Net exchange differences	1,344	-	1,344	2,666	-	2,666
Ending balance	<u>1,620,409</u>	<u>-</u>	<u>1,620,409</u>	<u>1,398,466</u>	<u>-</u>	<u>1,398,466</u>
Less ceded loss reserve						
Beginning balance	47,369	-	47,369	32,482	-	32,482
Increase	47,393	-	47,393	41,814	-	41,814
Decrease	(47,361)	-	(47,361)	(32,482)	-	(32,482)
Net exchange differences	331	-	331	27	-	27
Ending balance	<u>47,732</u>	<u>-</u>	<u>47,732</u>	<u>41,841</u>	<u>-</u>	<u>41,841</u>
Net ending balance	<u>\$ 1,572,677</u>	<u>\$ -</u>	<u>\$ 1,572,677</u>	<u>\$ 1,356,625</u>	<u>\$ -</u>	<u>\$ 1,356,625</u>

c. Policy reserve

	September 30, 2023			December 31, 2022			September 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	\$ 186,088,868	\$ -	\$ 186,088,868	\$ 170,881,551	\$ -	\$ 170,881,551	\$ 168,404,297	\$ -	\$ 168,404,297
Health insurance	24,306,241	-	24,306,241	22,660,461	-	22,660,461	22,064,910	-	22,064,910
Annuity insurance	31,341	-	31,341	30,769	-	30,769	29,536	-	29,536
Investment-linked insurance	1,629,313	-	1,629,313	1,549,888	-	1,549,888	1,622,887	-	1,622,887
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
	<u>212,219,060</u>	<u>-</u>	<u>212,219,060</u>	<u>195,285,966</u>	<u>-</u>	<u>195,285,966</u>	<u>192,284,927</u>	<u>-</u>	<u>192,284,927</u>
Less ceded policy reserve	-	-	-	-	-	-	-	-	-
	<u>\$ 212,219,060</u>	<u>\$ -</u>	<u>\$ 212,219,060</u>	<u>\$ 195,285,966</u>	<u>\$ -</u>	<u>\$ 195,285,966</u>	<u>\$ 192,284,927</u>	<u>\$ -</u>	<u>\$ 192,284,927</u>

Reserve for life insurance liability plus “Reserve for life insurance - pending payments to insured” and additional liability reserve under the Regulations Governing the Preparation of Financial Reports by Insurance Enterprises were \$212,238,555 thousand, \$195,302,338 thousand and \$192,304,914 thousand as of September 30, 2023, December 31, 2022 and September 30, 2022, respectively.

The changes in policy reserve are as follows:

	For the Nine Months Ended September 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	17,506,597	-	17,506,597	15,106,889	-	15,106,889
Recovery	(3,942,780)	-	(3,942,780)	(1,244,924)	-	(1,244,924)
Net exchange differences	3,369,277	-	3,369,277	6,993,258	-	6,993,258
Ending balance	<u>212,219,060</u>	<u>-</u>	<u>212,219,060</u>	<u>192,284,927</u>	<u>-</u>	<u>192,284,927</u>
Less ceded policy reserve	-	-	-	-	-	-
Net ending balance	<u>\$ 212,219,060</u>	<u>\$ -</u>	<u>\$ 212,219,060</u>	<u>\$ 192,284,927</u>	<u>\$ -</u>	<u>\$ 192,284,927</u>

d. Premium deficiency reserve

	September 30, 2023			December 31, 2022			September 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	\$ 333,423	\$ -	\$ 333,423	\$ 351,348	\$ -	\$ 351,348	\$ 381,391	\$ -	\$ 381,391
Individual health insurance	7,540	-	7,540	8,919	-	8,919	10,006	-	10,006
Investment-linked insurance	<u>7</u>	<u>-</u>	<u>7</u>	<u>164</u>	<u>-</u>	<u>164</u>	<u>140</u>	<u>-</u>	<u>140</u>
	340,970	-	340,970	360,431	-	360,431	391,537	-	391,537
Less ceded premium deficiency reserve	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 340,970</u>	<u>\$ -</u>	<u>\$ 340,970</u>	<u>\$ 360,431</u>	<u>\$ -</u>	<u>\$ 360,431</u>	<u>\$ 391,537</u>	<u>\$ -</u>	<u>\$ 391,537</u>

The changes in premium deficiency reserve are as follows:

	For the Nine Months Ended September 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	28,944	-	28,944	79,106	-	79,106
Recovery	(62,028)	-	(62,028)	(3,042)	-	(3,042)
Net exchange differences	<u>13,623</u>	<u>-</u>	<u>13,623</u>	<u>40,586</u>	<u>-</u>	<u>40,586</u>
Ending balance	340,970	-	340,970	391,537	-	391,537
Less ceded premium deficiency reserve	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net ending balance	<u>\$ 340,970</u>	<u>\$ -</u>	<u>\$ 340,970</u>	<u>\$ 391,537</u>	<u>\$ -</u>	<u>\$ 391,537</u>

e. Liability adequacy reserve

	Insurance Contracts and Financial Instruments with Discretionary Participation Features		
	September 30, 2023	December 31, 2022	September 30, 2022
Unearned premium reserve	\$ 1,170,175	\$ 1,113,467	\$ 1,090,977
Policy reserve	212,060,784	195,127,690	192,126,651
Premium deficiency reserve	<u>340,970</u>	<u>360,431</u>	<u>391,537</u>
Carrying amount of insurance liability	<u>\$ 213,571,929</u>	<u>\$ 196,601,588</u>	<u>\$ 193,609,165</u>
Current estimates of cash flows	<u>\$ 153,737,716</u>	<u>\$ 154,417,815</u>	<u>\$ 153,057,235</u>
Balance of liability adequacy reserve	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Note 1: Shown by liability adequacy test range (integrated contract).

Note 2: The loss reserve is determined based on claims incurred before valuation date and therefore not included in the liability adequacy test.

Note 3: Transferred-in unwritten-off balance of 3% decrease in business tax and the policy-reserve payable for the insured were not included in the liability adequacy test.

As of September 30, 2023, December 31, 2022 and September 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:

	September 30, 2023	December 31, 2022	September 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

	September 30, 2023	December 31, 2022	September 30, 2022
Investment-linked insurance - annuity insurance	<u>\$ 1,666</u>	<u>\$ 1,942</u>	<u>\$ 1,943</u>

The Group issued financial instrument without discretionary participation feature and recognized reserve for insurance contracts with the nature of financial products. The changes in reserve for insurance contracts with the nature of financial products were as follows:

Investment-linked insurance - annuity insurance

	For the Nine Months Ended September 30	
	2023	2022
Beginning balance	\$ 1,942	\$ 2,017
Net recovery of legal reserve	<u>(276)</u>	<u>(74)</u>
Ending balance	<u>\$ 1,666</u>	<u>\$ 1,943</u>

g. Reserve for foreign exchange valuation

In accordance with the “Regulation Governing the Setting Aside of Various Reserves by Insurance Enterprises”, the Group set aside reserve for foreign exchange valuation under liabilities. Details are as follows:

	For the Nine Months Ended September 30	
	2023	2022
Beginning balance	\$ 915,295	\$ 125,678
Provision		
Compulsory provision	61,987	18,346
Additional provision	<u>358,078</u>	<u>1,092,789</u>
	420,065	1,111,135
Recovery	<u>(436,950)</u>	<u>(110,619)</u>
Ending balance	<u>\$ 898,410</u>	<u>\$ 1,126,194</u>

The effects applicable or inapplicable for reserve for foreign exchange valuation for the nine months ended September 30, 2023 and 2022 were as follows:

Accounts	For the Nine Months Ended September 30, 2023		
	Inapplicable Amount	Applicable Amount	Effect
Net income attributable to owners of parent	\$ 12,088,026	\$ 12,101,534	\$ 13,508
Earnings per share	0.85	0.85	-
Reserve for foreign exchange valuation	-	898,410	898,410
Equity attributable to owners of parent	210,202,938	209,609,586	(593,352)

Accounts	For the Nine Months Ended September 30, 2022		
	Inapplicable Amount	Applicable Amount	Effect
Net income attributable to owners of parent	\$ 9,072,701	\$ 8,272,288	\$ (800,413)
Earnings per share	0.62	0.55	(0.07)
Reserve for foreign exchange valuation	-	1,126,194	1,126,194
Equity attributable to owners of parent	194,304,981	193,529,402	(775,579)

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

29. OTHER FINANCIAL LIABILITIES

	September 30, 2023	December 31, 2022	September 30, 2022
Principal of structured products	\$ 110,400,250	\$ 94,647,527	\$ 89,924,614
Gold account	563,975	569,626	733,201
Futures traders' equity	1,966,783	2,062,861	1,930,014
Separate account insurance product liabilities (Note 31)	<u>32,355,816</u>	<u>28,335,840</u>	<u>27,687,227</u>
	<u>\$ 145,286,824</u>	<u>\$ 125,615,854</u>	<u>\$ 120,275,056</u>

30. OTHER LIABILITIES

	September 30, 2023	December 31, 2022	September 30, 2022
Unearned revenue	\$ 508,192	\$ 539,939	\$ 480,669
Unearned interest	1,117,117	937,062	875,594
Guarantee deposits	4,832,452	3,030,819	7,578,938
Deferred income	909,565	1,137,219	1,168,960
Temporary credits	872,536	794,170	799,023
Receivable from underwriting of shares	5,652	480,267	742,095
Others	<u>40,014</u>	<u>61,831</u>	<u>70,077</u>
	<u>\$ 8,285,528</u>	<u>\$ 6,981,307</u>	<u>\$ 11,715,356</u>

31. SEPARATE ACCOUNT INSURANCE PRODUCTS

	September 30, 2023	December 31, 2022	September 30, 2022
Separate account insurance product assets			
Cash in bank	\$ 1,930,358	\$ 1,853,062	\$ 1,759,436
Financial assets at FVTPL	29,581,249	26,356,361	25,793,467
Interest receivable	7,141	3,716	2,334
Other receivables	<u>837,068</u>	<u>122,701</u>	<u>131,990</u>
	<u>\$ 32,355,816</u>	<u>\$ 28,335,840</u>	<u>\$ 27,687,227</u>
Separate account insurance product liabilities			
Other payables	\$ 309,822	\$ 117,913	\$ 115,696
Reserve for insurance products	25,026,972	23,006,907	22,388,461
Reserve for investment contracts	<u>7,019,022</u>	<u>5,211,020</u>	<u>5,183,070</u>
	<u>\$ 32,355,816</u>	<u>\$ 28,335,840</u>	<u>\$ 27,687,227</u>

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

	For The Three Months Ended September 30		For The Nine Months Ended September 30	
	2023	2022	2023	2022
Separate account insurance product income				
Premium income	\$ 230,722	\$ 226,642	\$ 637,093	\$ 737,472
Interest income	6,321	1,515	11,831	3,549
Gain (loss) on financial assets and liabilities at FVTPL	<u>(74,878)</u>	<u>(433,223)</u>	<u>1,960,397</u>	<u>(3,819,819)</u>
	<u>\$ 162,165</u>	<u>\$ (205,066)</u>	<u>\$ 2,609,321</u>	<u>\$ (3,078,798)</u>
Separate account insurance product expenses				
Provision (reversal) of separate account reserve	\$ (160,627)	\$ (492,824)	\$ 1,849,272	\$ (3,789,928)
Claims, payments and surrender	188,774	151,962	476,924	433,305
Administrative expenses	<u>134,018</u>	<u>135,796</u>	<u>283,125</u>	<u>277,825</u>
	<u>\$ 162,165</u>	<u>\$ (205,066)</u>	<u>\$ 2,609,321</u>	<u>\$ (3,078,798)</u>

- b. The rebates earned from counterparties due to the business of separate account insurance products amounted to \$39,147 thousand and \$18,106 thousand for the three months ended September 30, 2023 and 2022, respectively, and amounted to \$77,766 thousand and \$55,673 thousand for the nine months ended September 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 benefit plans.

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

33. EQUITY

a. Share capital

	September 30, 2023	December 31, 2022	September 30, 2022
Number of shares authorized (in thousands)	<u>20,000,000</u>	<u>20,000,000</u>	<u>20,000,000</u>
Shares authorized	<u>\$ 200,000,000</u>	<u>\$ 200,000,000</u>	<u>\$ 200,000,000</u>
Number of shares issued and fully paid (in thousands)			
Ordinary shares	<u>12,477,062</u>	<u>11,974,148</u>	<u>11,974,148</u>
Preferred shares	<u>1,100,000</u>	<u>1,100,000</u>	<u>1,100,000</u>
Capital shares issued and outstanding	<u>\$ 135,770,618</u>	<u>\$ 130,741,476</u>	<u>\$ 130,741,476</u>

For the nine months ended September 30, 2023, the number of shares increased because in the shareholders' meeting on June 16, 2023, Taishin Financial Holding's shareholders had resolved the transfer of \$5,029,142 thousand of earnings to ordinary shares and the ex-dividend date was set on August 1, 2023. The registration of the conversion had been completed.

For the nine months ended September 30, 2022, the number of shares increased because in the shareholders' meeting on June 17, 2022, Taishin Financial Holding's shareholders had resolved the transfer of \$5,647,644 thousand of earnings to ordinary shares and the ex-dividend date was set on August 30, 2022. The registration of the conversion had been completed.

- 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 September 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 the 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 Nine Months Ended September 30	
	2023	2022
Beginning balance	\$ (138,234)	\$ (182,782)
Exchange differences on translating the net assets of foreign operations	4,205	82,509
Ending balance	\$ (134,029)	\$ (100,273)

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

	For the Nine Months Ended September 30	
	2023	2022
Beginning balance	\$ (3,800,290)	\$ 1,197,868
Recognized during the period		
Unrealized gains or losses		
Debt instruments	303,470	(6,806,852)
Equity instruments	460,885	1,206,204
Income tax related to profit or loss of debt instruments	(12,765)	465,920
Income tax related to profit or loss of equity instruments	-	(103,053)
Reclassification adjustments		
Disposal of investments in debt instruments	<u>(17,121)</u>	<u>664,432</u>
Other comprehensive income (loss) recognized during the period	<u>734,469</u>	<u>(4,573,349)</u>
Cumulative unrealized gain (loss) of equity instruments transferred to retained earnings due to disposal	<u>(552,284)</u>	<u>(1,702,539)</u>
Ending balance	<u>\$ (3,618,105)</u>	<u>\$ (5,078,020)</u>

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

	For the Nine Months Ended September 30	
	2023	2022
Beginning balance	\$ 282,149	\$ (18,823)
Changes in fair value attributable to changes in the credit risk	<u>(82,218)</u>	<u>231,796</u>
Ending balance	<u>\$ 199,931</u>	<u>\$ 212,973</u>

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

	For the Nine Months Ended September 30	
	2023	2022
Beginning balance	\$ (3,637,143)	\$ 354,532
Recognized during the period		
Unrealized gain (loss)	1,936,286	(5,265,507)
Tax effects	<u>23</u>	<u>98,433</u>
Other comprehensive income (loss) recognized during the period	<u>1,936,309</u>	<u>(5,167,074)</u>
Ending balance	<u>\$ (1,700,834)</u>	<u>\$ (4,812,542)</u>

i. Non-controlling interests

	For the Nine Months Ended September 30	
	2023	2022
Beginning balance	\$ 26,182	\$ 34,050
Attributable to non-controlling interests		
Net (loss) gain for the year	2,154	(8,563)
Subsidiary cash dividends	<u>(444)</u>	<u>-</u>
Ending balance	<u>\$ 27,892</u>	<u>\$ 25,487</u>

34. NET INTEREST INCOME

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Interest income				
Loans	\$ 11,584,995	\$ 8,420,293	\$ 32,703,888	\$ 21,079,700
Investment in marketable securities	5,161,905	2,187,398	14,335,458	5,512,816
Revolving interest of credit cards	334,622	310,012	969,617	912,442
Finance leases	518,872	554,277	1,566,062	1,678,847
Others	<u>1,718,394</u>	<u>1,019,290</u>	<u>4,909,126</u>	<u>2,158,861</u>
	<u>19,318,788</u>	<u>12,491,270</u>	<u>54,484,151</u>	<u>31,342,666</u>
Interest expense				
Deposits	(9,415,971)	(3,475,706)	(26,116,900)	(6,823,674)
Issuance of bonds and securities	(325,875)	(352,297)	(967,350)	(1,020,893)
Structured products	(980,870)	(357,776)	(2,539,783)	(671,408)
Securities sold under repurchase agreements	(411,112)	(350,252)	(1,084,991)	(566,217)
Others	<u>(413,040)</u>	<u>(353,937)</u>	<u>(1,122,759)</u>	<u>(861,797)</u>
	<u>(11,546,868)</u>	<u>(4,889,968)</u>	<u>(31,831,783)</u>	<u>(9,943,989)</u>
Net interest income	<u>\$ 7,771,920</u>	<u>\$ 7,601,302</u>	<u>\$ 22,652,368</u>	<u>\$ 21,398,677</u>

35. NET SERVICE FEE AND COMMISSION INCOME

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Service fees and commission income				
Interbank fee	\$ 270,676	\$ 267,327	\$ 817,902	\$ 756,489
Loan and guarantee fee	223,686	197,781	502,363	641,795
Fee from certification, underwriting and brokerage	867,601	650,168	2,259,731	1,827,664
Fee from trustee business	802,588	834,273	2,236,280	2,418,723
Insurance commission fee	813,748	874,597	1,765,081	2,711,205
Fee from credit cards	1,388,207	1,102,441	4,017,561	3,095,751
Others	621,963	605,617	1,688,233	1,704,681
	<u>4,988,469</u>	<u>4,532,204</u>	<u>13,287,151</u>	<u>13,156,308</u>
Service fees and commission expenses				
Fee from credit cards	(731,951)	(538,674)	(2,041,098)	(1,433,048)
Interbank fee	(88,007)	(88,735)	(270,145)	(260,686)
Marketing fee	(197,436)	(126,370)	(555,793)	(345,879)
Insurance commission fee	(367,401)	(121,207)	(978,996)	(409,791)
Brokerage fee	(76,487)	(55,320)	(182,012)	(173,380)
Others	(363,291)	(280,024)	(969,261)	(807,718)
	<u>(1,824,573)</u>	<u>(1,210,330)</u>	<u>(4,997,305)</u>	<u>(3,430,502)</u>
Net service fees and commission income	<u>\$ 3,163,896</u>	<u>\$ 3,321,874</u>	<u>\$ 8,289,846</u>	<u>\$ 9,725,806</u>

36. NET INCOME FROM INSURANCE OPERATIONS

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Insurance business income				
Written premium income	\$ 5,965,627	\$ 4,572,480	\$ 19,029,277	\$ 16,735,003
Reinsurance premium expense	(159,634)	(140,871)	(425,456)	(374,121)
Separate account insurance product income	162,165	(205,066)	2,609,321	(3,078,798)
	<u>5,968,158</u>	<u>4,226,543</u>	<u>21,213,142</u>	<u>13,282,084</u>
Insurance business expense				
Underwriting expense	(788)	(582)	(2,412)	(1,552)
Insurance claim payments	(2,483,714)	(1,419,785)	(5,862,764)	(3,908,358)
Claims and payments recovered from reinsurers	66,627	34,981	184,867	118,844
Disbursements toward industry stability fund	(11,397)	(8,784)	(36,290)	(32,100)
Separate account insurance product expense	(162,165)	205,066	(2,609,321)	3,078,798
	<u>(2,591,437)</u>	<u>(1,189,104)</u>	<u>(8,325,920)</u>	<u>(744,368)</u>
Net income from insurance operations	<u>\$ 3,376,721</u>	<u>\$ 3,037,439</u>	<u>\$ 12,887,222</u>	<u>\$ 12,537,716</u>

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

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
<u>Disposal gains (losses)</u>				
Taishin Bank				
Shares and beneficiary certificates	\$ 25,513	\$ 555,734	\$ 27,654	\$ 389,924
Bills	4,021	824	11,268	(15,680)
Bonds	137,221	1,365	378,945	(2,379)
Derivative financial instruments	<u>1,153,734</u>	<u>46,445</u>	<u>3,632,018</u>	<u>595,935</u>
	<u>1,320,489</u>	<u>604,368</u>	<u>4,049,885</u>	<u>967,800</u>
Taishin Securities B				
Call (put) warrants issued	4,868	(36,681)	29,236	(123,970)
Trading securities - dealing	80,066	(349,099)	1,174,531	(581,957)
Trading securities - underwriting	246,073	70,736	356,020	145,755
Trading securities - hedging	67,208	113,525	182,259	274,848
Borrowing securities and securities under resell agreements	14,564	54,362	88,837	85,522
Open-end funds	2,328	-	3,325	(1,040)
Derivative financial instruments	<u>(87,868)</u>	<u>257,596</u>	<u>(754,402)</u>	<u>171,503</u>
	<u>327,239</u>	<u>110,439</u>	<u>1,079,806</u>	<u>(29,339)</u>
Taishin Life Insurance				
Shares and beneficiary certificates	579,098	(237,635)	1,217,772	44,465
Bonds	-	-	-	(42,106)
Derivative financial instruments	<u>(792,338)</u>	<u>(783,018)</u>	<u>(1,020,213)</u>	<u>(1,130,632)</u>
	<u>(213,240)</u>	<u>(1,020,653)</u>	<u>197,559</u>	<u>(1,128,273)</u>
Others				
Shares and beneficiary certificates	8,875	10,867	38,294	(30,199)
Derivative financial instruments	<u>-</u>	<u>31,729</u>	<u>-</u>	<u>(63,276)</u>
	<u>8,875</u>	<u>42,596</u>	<u>38,294</u>	<u>(93,475)</u>
	<u>1,443,363</u>	<u>(263,250)</u>	<u>5,365,544</u>	<u>(283,287)</u>
<u>Valuation gains (losses)</u>				
Taishin Bank				
Shares and beneficiary certificates	(195,786)	(901,196)	(68,790)	(235,931)
Bills	13,957	7,652	6,055	18,552
Bonds	377,524	(376,728)	907,329	(1,057,693)
Derivative financial instruments	<u>(1,136,316)</u>	<u>475,896</u>	<u>(2,635,980)</u>	<u>2,272,140</u>
	<u>(940,621)</u>	<u>(794,376)</u>	<u>(1,791,386)</u>	<u>997,068</u>

(Continued)

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Taishin Securities B				
Call (put) warrants issued	\$ 8,752	\$ 53,932	\$ (55,535)	\$ 167,679
Trading securities - dealing	(126,824)	(155,251)	(15,139)	(483,418)
Trading securities - underwriting	(147,857)	24,473	48,838	(100,090)
Trading securities - hedging	13,000	(281,155)	457,806	(933,502)
Borrowed securities and bonds with resell agreements-short sales	125,700	120,766	(39,315)	500,266
Open-end funds	(5,253)	(29,103)	1,192	2,850
Derivative financial instruments	(77,968)	162,366	(398,788)	929,794
	<u>(210,450)</u>	<u>(103,972)</u>	<u>(941)</u>	<u>83,579</u>
Taishin Life Insurance				
Shares and beneficiary certificates	(696,742)	(881,805)	2,050,459	(4,799,861)
Beneficiary securities	1,254	(462)	2,435	(4,496)
Bonds	-	-	-	9,752
Derivative financial instruments	(457,143)	(900,436)	(1,101,293)	(1,805,648)
	<u>(1,152,631)</u>	<u>(1,782,703)</u>	<u>951,601</u>	<u>(6,600,253)</u>
Others				
Shares and beneficiary certificates	(2,128,843)	(136,613)	(1,743,595)	(208,331)
Derivative financial instruments	84,500	(42,855)	18,000	297,508
Contingent consideration agreement	-	(25,290)	-	(1,210,878)
	<u>(2,044,343)</u>	<u>(204,758)</u>	<u>(1,725,595)</u>	<u>(1,121,701)</u>
	<u>(4,348,045)</u>	<u>(2,885,809)</u>	<u>(2,566,321)</u>	<u>(6,641,307)</u>
Net interest income	305,621	155,587	804,605	345,296
Dividends	742,976	782,158	1,752,533	1,408,305
Interest expense	(47,879)	(43,830)	(135,369)	(122,357)
	<u>\$ (1,903,964)</u>	<u>\$ (2,255,144)</u>	<u>\$ 5,220,992</u>	<u>\$ (5,293,350)</u>
				(Concluded)

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

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Disposal gains (losses)				
Bonds	\$ 4,623	\$ (192,906)	\$ 21,141	\$ (655,493)
Beneficiary securities	(1,369)	(2,281)	(4,020)	(8,939)
	3,254	(195,187)	17,121	(664,432)
Dividend income				
Related to investments held at the end of the period	373,581	717,084	457,229	822,875
Related to investments derecognized at the end of the period	170,290	32,832	171,877	32,832
	<u>\$ 547,125</u>	<u>\$ 554,729</u>	<u>\$ 646,227</u>	<u>\$ 191,275</u>

39. EMPLOYEE BENEFITS EXPENSE

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Short-term benefits	\$ 4,423,377	\$ 4,062,528	\$ 12,903,026	\$ 11,636,415
Post-employment benefits (Note 32)				
Defined contribution plans	131,432	129,199	429,832	411,478
Defined benefit plans	27,056	17,493	33,501	24,598
Share-based payments (Note 43)				
Cash-settled share-based payments	21,178	(9,855)	123,141	11,652
Others	<u>45,522</u>	<u>34,988</u>	<u>114,068</u>	<u>105,986</u>
	<u>\$ 4,648,565</u>	<u>\$ 4,234,353</u>	<u>\$ 13,603,568</u>	<u>\$ 12,190,129</u>

Employees' Compensation and Remuneration of Directors

The Company accrued 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 September 30, 2023 and 2022 and for the nine months ended September 30, 2023 and 2022, the amounts of employees' compensation and remuneration of directors were as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Employees' compensation	<u>\$ 330</u>	<u>\$ 371</u>	<u>\$ 1,213</u>	<u>\$ 814</u>
Remuneration of directors	<u>\$ 32,936</u>	<u>\$ 37,082</u>	<u>\$ 121,272</u>	<u>\$ 81,396</u>

If there is a change in the amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate and will make adjustments next year.

The Company held board of directors' meetings on February 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 and loss for the years ended December 31, 2023 and 2022.

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

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 September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Property and equipment	\$ 322,263	\$ 330,340	\$ 952,777	\$ 940,867
Investment properties	6,563	4,176	19,766	12,530
Right-of-use assets	216,760	228,510	632,847	652,745
Intangible assets and other deferred assets	<u>148,184</u>	<u>129,541</u>	<u>427,658</u>	<u>356,900</u>
	<u>\$ 693,770</u>	<u>\$ 692,567</u>	<u>\$ 2,033,048</u>	<u>\$ 1,963,042</u>

41. INCOME TAX

In 2003, Taishin Financial Holding adopted the linked tax system for tax filing (similar to a consolidated tax filing) 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 September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Current tax				
In respect of the current period	\$ 521,956	\$ 417,761	\$ 1,687,341	\$ 1,045,117
Adjustments for prior years	(70,760)	(5,426)	(12,966)	(231,241)
Offshore income tax expense	21,575	16,140	56,191	41,855
Land value increment tax	-	-	320	6,390
Deferred tax				
In respect of the current period	485,756	597,839	1,036,938	1,637,507
Adjustments for prior years	<u>14,460</u>	<u>-</u>	<u>(16,598)</u>	<u>169,094</u>
Income tax expense recognized in profit or loss	<u>\$ 972,987</u>	<u>\$ 1,026,314</u>	<u>\$ 2,751,226</u>	<u>\$ 2,668,722</u>

Income Tax Recognized in Other Comprehensive Income

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
<u>Deferred tax</u>				
In respect of the current period:				
Unrealized gain (loss) on investments in debt instruments at FVTOCI	\$ (23,836)	\$ (105,333)	\$ 12,765	\$ (465,920)
Unrealized gain (loss) on investments in equity instruments designated as at FVTOCI	-	(106,355)	-	103,053
Reclassification using the overlay approach	<u>(4,911)</u>	<u>78,140</u>	<u>(23)</u>	<u>(98,433)</u>
Total income tax recognized in other comprehensive income	<u>\$ (28,747)</u>	<u>\$ (133,548)</u>	<u>\$ 12,742</u>	<u>\$ (461,300)</u>

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. Credidi 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 September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Basic earnings per share	<u>\$ 0.22</u>	<u>\$ 0.26</u>	<u>\$ 0.85</u>	<u>\$ 0.55</u>
Diluted earnings per share	<u>\$ 0.22</u>	<u>\$ 0.26</u>	<u>\$ 0.85</u>	<u>\$ 0.55</u>

The weighted average number of shares outstanding used for the earnings per share computation was adjusted retroactively for the issuance of bonus shares on August 1, 2023. The basic and diluted earnings per share adjusted retrospectively for the three months ended September 30, 2022 and the nine months ended September 30, 2022 were as follows:

	Before Adjusted Retrospectively		After Adjusted Retrospectively	
	For the Three Months Ended September 30, 2022	For the Nine Months Ended September 30, 2022	For the Three Months Ended September 30, 2022	For the Nine Months Ended September 30, 2022
Basic earnings per share	<u>\$ 0.28</u>	<u>\$ 0.58</u>	<u>\$ 0.26</u>	<u>\$ 0.55</u>
Diluted earnings per share	<u>\$ 0.28</u>	<u>\$ 0.58</u>	<u>\$ 0.26</u>	<u>\$ 0.55</u>

The earnings and weighted average number of ordinary shares outstanding used in the computation of earnings per share were as follows:

Net Income for the Period

Unit: Dollars in Thousands

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Net income for the periods attributable to owner of the Company	\$ 3,218,577	\$ 3,795,569	\$ 12,101,534	\$ 8,272,288
Less: Dividends on preferred shares	<u>(492,367)</u>	<u>(481,633)</u>	<u>(1,461,047)</u>	<u>(1,353,160)</u>
Earnings used in computation of basic earnings per share	<u>\$ 2,726,210</u>	<u>\$ 3,313,936</u>	<u>\$ 10,640,487</u>	<u>\$ 6,919,128</u>

Weighted Average Number of Ordinary Shares Outstanding

Unit: Number of Shares in Thousands

	For the Three Months Ended September 30		For the Nine Months Ended September 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	<u>68</u>	<u>59</u>	<u>85</u>	<u>80</u>
Weighted average number of ordinary shares outstanding in computation of dilutive earnings per share	<u>12,477,130</u>	<u>12,477,121</u>	<u>12,477,147</u>	<u>12,477,142</u>

Since the Group offered to settle compensation or bonuses paid to employees in cash or shares, the Group assumed 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 stocks 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)	\$17.88	\$17.88	\$17.88	\$17.88	\$17.88
Exercise price	\$14.11	\$16.36	\$10.36	\$11.45	\$10.92
Outstanding period	1.3 years, 2.3 years 3.3 years, 4.3 years	0.3 years, 1.3 years	0.3 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 nine months ended September 30, 2023 and 2022 were as follows:

Appreciation Rights Plan of 2022	For the Nine Months Ended September 30, 2023	
	Unit	Weighted Average Exercise Price (Dollars)
Outstanding, beginning	-	\$ -
Granted	24,955	15.13
Ceased	<u>(870)</u>	14.92
Outstanding, ending	<u>24,085</u>	
Weighted-average fair value of appropriation rights (NT\$)		<u>\$ 4.67</u>

	For the Nine Months Ended September 30			
	2023		2022	
Appreciation Rights Plan of 2021	Unit	Weighted Average Exercise Price (Dollars)	Unit	Weighted Average Exercise Price (Dollars)
Outstanding, beginning	22,841	\$ 17.54	-	\$ -
Granted	-	-	23,523	19.14
Ceased	<u>(1,494)</u>	17.37	<u>(682)</u>	18.38
Outstanding, ending	<u>21,347</u>		<u>22,841</u>	
Weighted-average fair value of appropriation rights (NT\$)		<u>\$ 2.43</u>		<u>\$ 1.22</u>

	For the Nine Months Ended September 30			
	2023		2022	
Appreciation Rights Plan of 2020	Unit	Weighted Average Exercise Price (Dollars)	Unit	Weighted Average Exercise Price (Dollars)
Outstanding, beginning	23,453	\$ 11.11	24,863	\$ 12.13
Granted	(10,436)	11.11	-	-
Ceased	<u>(2,111)</u>	11.02	<u>(1,410)</u>	11.93
Outstanding, ending	<u>10,906</u>		<u>23,453</u>	
Weighted-average fair value of appropriation rights (NT\$)		<u>\$ 7.55</u>		<u>\$ 4.17</u>

	For the Nine Months Ended September 30			
	2023		2022	
	Unit	Weighted Average Exercise Price (Dollars)	Unit	Weighted Average Exercise Price (Dollars)
Appreciation Rights Plan of 2019				
Outstanding, beginning	9,450	\$ 11.45	20,341	\$ 12.50
Exercised	(8,404)	11.45	(9,586)	12.50
Ceased	<u>(1,046)</u>	11.45	<u>(1,290)</u>	12.26
Outstanding, ending	<u>-</u>		<u>9,465</u>	
Weighted-average fair value of appropriation rights (NT\$)	<u>\$ -</u>		<u>\$ 3.66</u>	

	For the Nine Months Ended September 30, 2022	
	Unit	Weighted Average Exercise Price (Dollars)
	Appreciation Rights Plan of 2018	
Outstanding, beginning	6,563	\$ 10.92
Exercised	(6,123)	10.92
Ceased	<u>(440)</u>	10.92
Outstanding, ending	<u>-</u>	
Weighted-average fair value of appropriation rights (NT\$)	<u>\$ -</u>	

As of September 30, 2023, December 31, 2022 and September 30, 2022, the related liabilities recognized amounted to \$141,405 thousand, \$111,084 thousand and \$106,000 thousand, respectively.

44. CASH FLOW INFORMATION

Changes in liabilities arising from financing activities:

For the nine months ended September 30, 2023

	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)	\$ 8,490,936	\$ 1,115,825	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,606,761
Commercial papers payable	16,054,562	12,573,000	-	-	-	(14,946)	-	28,612,616
Lease liabilities	2,360,330	(599,030)	(199)	724,965	(7,476)	-	-	2,478,590
Other borrowings	12,265,346	(1,464,254)	(19,008)	-	-	-	-	10,782,084
Financial liabilities designated as at FVTPL	2,483,480	-	-	-	-	-	(234,655)	2,248,825
Bonds payable	<u>68,020,216</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>93,034</u>	<u>-</u>	<u>68,113,250</u>
	<u>\$ 109,674,870</u>	<u>\$ 11,625,541</u>	<u>\$ (19,207)</u>	<u>\$ 724,965</u>	<u>\$ (7,476)</u>	<u>\$ 78,088</u>	<u>\$ (234,655)</u>	<u>\$ 121,842,126</u>

For the nine months ended September 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	
Due to the Central Bank and banks (including call loans from other banks and bank overdrafts)	\$ 39,859,845	\$ (31,097,614)	\$ -	\$ -	\$ -	\$ -	\$ 8,762,231
Commercial papers payable	22,963,111	(4,167,000)	-	-	-	2,800	18,798,911
Lease liabilities	2,653,717	(632,287)	2,541	408,389	(9,992)	-	2,422,368
Other borrowings	12,867,620	(359,089)	359,554	-	-	-	12,868,085
Financial liabilities designated as at FVTPL	3,023,578	-	-	-	-	-	2,698,279
Bonds payable	70,100,000	5,025,000	-	-	-	(336,137)	74,788,863
	<u>\$151,467,871</u>	<u>\$ (31,230,990)</u>	<u>\$ 362,095</u>	<u>\$ 408,389</u>	<u>\$ (9,992)</u>	<u>\$ (333,337)</u>	<u>\$ 120,338,737</u>

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 has 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.

46. 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	September 30, 2023			
	Total	Level 1	Level 2	Level 3
<u>Recurring fair value measurement</u>				
<u>Non-derivative assets and liabilities</u>				
Assets				
Financial assets at FVTPL				
Financial assets mandatorily classified as at FVTPL				
Shares and beneficiary certificates	\$ 50,260,562	\$ 46,467,416	\$ 571,665	\$ 3,221,481
Bond investments	36,484,165	12,483,874	24,000,291	-
Investment in bills	61,054,744	-	61,054,744	-
Beneficiary securities	198,289	-	198,289	-
Financial assets at FVTOCI				
Share investments	14,191,440	11,826,155	-	2,365,285
Bond investments	118,044,009	7,177,601	110,866,408	-
Beneficiary securities	1,034,800	-	1,034,800	-
Liabilities				
Financial liabilities at FVTPL				
Financial liabilities designated as at FVTPL	2,248,825	-	2,248,825	-
Financial liabilities held for trading	2,826,612	2,776,575	50,037	-
<u>Derivative assets and liabilities</u>				
Assets				
Financial assets at FVTPL	63,877,801	865,863	50,039,246	12,972,692
Liabilities				
Financial liabilities at FVTPL				
Financial liabilities designated as at FVTPL	3,669,738	-	3,669,738	-
Financial liabilities held for trading	61,060,801	46,377	47,031,560	13,982,864

Financial Assets and Liabilities	December 31, 2022			
	Total	Level 1	Level 2	Level 3
<u>Recurring fair value measurement</u>				
<u>Non-derivative assets and liabilities</u>				
Assets				
Financial assets at FVTPL				
Financial assets mandatorily classified as at FVTPL				
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	-	-
<u>Derivative assets and liabilities</u>				
Assets				
Financial assets at FVTPL	45,897,743	867,693	34,778,406	10,251,644
Liabilities				
Financial liabilities at FVTPL				
Financial liabilities designated as at FVTPL	3,598,550	-	3,598,550	-
Financial liabilities held for trading	45,813,623	42,550	35,006,979	10,764,094

Financial Assets and Liabilities	September 30, 2022			
	Total	Level 1	Level 2	Level 3
<u>Recurring fair value measurement</u>				
<u>Non-derivative assets and liabilities</u>				
Assets				
Financial assets at FVTPL				
Financial assets mandatorily classified as at FVTPL				
Shares and beneficiary certificates	\$ 36,490,832	\$ 32,498,989	\$ 589,256	\$ 3,402,587
Bond investments	29,306,536	13,202,684	16,103,852	-
Investment in bills	46,767,737	-	46,767,737	-
Beneficiary securities	215,215	-	215,215	-
Financial assets at FVTOCI				
Share investments	24,172,707	21,894,252	-	2,278,455
Bond investments	120,017,242	7,356,233	112,661,009	-
Investment in bills	1,769,188	1,769,188	-	-
Beneficiary securities	1,227,266	-	1,227,266	-
Liabilities				
Financial liabilities at FVTPL				
Financial liabilities designated as at FVTPL	2,698,279	-	2,698,279	-
Financial liabilities held for trading	2,022,171	2,022,171	-	-
<u>Derivative assets and liabilities</u>				
Assets				
Financial assets at FVTPL	89,982,729	1,190,591	77,754,213	11,037,925
Liabilities				
Financial liabilities at FVTPL				
Financial liabilities designated as at FVTPL	3,078,815	-	3,078,815	-
Financial liabilities held for trading	89,103,085	19,203	77,559,762	11,524,120

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 consolidated 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 nine months ended September 30, 2023 and 2022, respectively.

5) Reconciliation of Level 3 financial assets

For the Nine Months Ended September 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	\$ 1,949,310	\$ -	\$ 1,806,461	\$ -	\$ (340,348)	\$ (4,801)	\$ 16,194,173
Financial assets at FVTOCI	2,309,581	-	55,826	-	-	(122)	-	2,365,285
Total	\$ 15,093,132	\$ 1,949,310	\$ 55,826	\$ 1,806,461	\$ -	\$ (340,470)	\$ (4,801)	\$ 18,559,458

For the Nine Months Ended September 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	\$ 4,759,621	\$ -	\$ 1,689,285	\$ 16,080	\$ (129,005)	\$ (21,000)	\$ 14,440,512
Financial assets at FVTOCI	2,302,456	-	(33,252)	9,388	-	(137)	-	2,278,455
Total	\$ 10,427,987	\$ 4,759,621	\$ (33,252)	\$ 1,698,673	\$ 16,080	\$ (129,142)	\$ (21,000)	\$ 16,718,967

Valuation gains (losses) recognized in current profits or losses in the amounts of \$1,954,480 thousand and \$4,939,963 thousand were attributed to gains (losses) on assets owned for the nine months ended September 30, 2023 and 2022, respectively.

Valuation gains (losses) recognized in other comprehensive income in the amounts of \$55,826 thousand and \$(33,252) thousand were attributed to gains (losses) on assets owned for the nine months ended September 30, 2023 and 2022, respectively.

Reconciliation of Level 3 financial liabilities:

For the Nine Months Ended September 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	\$ 2,495,932	\$ 886,598	\$ -	\$ (163,760)	\$ -	\$ 13,982,864

Note: No transfer from Level 3.

For the Nine Months Ended September 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	\$ 6,395,854	\$ 1,817,069	\$ -	\$ (3,033,752)	\$ -	\$ 11,524,120

Note: No transfer from Level 3.

Valuation gains (losses) recognized in current profits or losses in the amounts of \$(2,500,595) thousand and \$(5,187,042) thousand were attributed to gains on liabilities owned for the nine months ended September 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 September 30, 2023	Valuation Technique	Significant Unobservable Inputs	Range of Estimate	Relationship Between Inputs and Fair Value
<u>Non-derivative financial instruments</u>					
Financial assets at FVTPL					
Financial assets mandatorily classified as at FVTPL					
Share investments	\$ 2,357,729	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.
	415,135	Market method	Discount for lack of marketability	20%-40%	The higher the discount for lack of marketability, the lower the fair value.
	60,652	Revenue method	Discount for lack of marketability	40%-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%-12%	The higher the discount rate, the lower the fair value.
Private equity funds	236,678	Assets method	Discount for lack of marketability	10%-30%	The higher the discount for lack of marketability, the lower the fair value.
	151,287	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	2,258,428	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.
	106,857	Market method	Discount for lack of marketability	10%-30%	The higher the discount for lack of marketability, the lower the fair value.
<u>Derivative financial instruments</u>					
Financial assets at FVTPL					
Interest rate swaps	36,497	Cash flow discount method	Discount for lack of marketability	0%-20%	The higher the discount for lack of marketability, the lower the fair value.
<u>Derivative financial liabilities</u>					
Financial liabilities at FVTPL					
Interest rate swaps	787,714	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	157,500	Option pricing model	Volatility rate	10.55%	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
<u>Non-derivative financial instruments</u>					
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.
Private equity funds	62,544	Market method	Discount rate	4%-25%	The higher the discount rate, the lower the fair value.
			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.
<u>Derivative financial instruments</u>					
Financial assets at FVTPL					
Interest rate swaps	32,940	Cash flow discount method	Discount for lack of marketability	0%-20%	The higher the discount for lack of marketability, the lower the fair value.
<u>Derivative financial liabilities</u>					
Financial liabilities at FVTPL					
Interest rate swaps	335,164	Cash flow discount method	Discount for lack of marketability	0%-20%	The higher the discount for lack of marketability, the lower the fair value.
Exchangeable corporate bond embedded product	175,500	Option pricing model	Volatility rate	15.3%	The higher the volatility rate, the higher the fair value.

	Fair Value on September 30, 2022	Valuation Technique	Significant Unobservable Inputs	Range of Estimate	Relationship Between Inputs and Fair Value
<u>Non-derivative financial instruments</u>					
Financial assets at FVTPL Financial assets mandatorily classified as at FVTPL Share investments	\$ 3,034,383	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.
	207,227	Market method	Discount for lack of marketability	20%-30%	The higher the discount for lack of marketability, the lower the fair value.
	96,410	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.
Private equity funds	64,567	Market method	Discount rate	4%-25%	The higher the discount rate, the lower the fair value.
			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	2,163,015	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.
	115,440	Market method	Discount for lack of marketability	10%-30%	The higher the discount for lack of marketability, the lower the fair value.
<u>Derivative financial instruments</u>					
Financial assets at FVTPL Interest rate swaps	39,048	Cash flow discount method	Discount for lack of marketability	0%-20%	The higher the discount for lack of marketability, the lower the fair value.
<u>Derivative financial liabilities</u>					
Financial liabilities at FVTPL Interest rate swaps	317,213	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	251,000	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.

	September 30, 2023		December 31, 2022		September 30, 2022	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets						
Investments in debt instruments at amortized cost (Note)	\$ 730,800,581	\$ 683,685,493	\$ 642,508,812	\$ 602,309,359	\$ 556,695,496	\$ 507,541,232

Note: Include security deposit.

2) Information on fair value hierarchy

Assets and Liabilities	September 30, 2023			
	Total	Level 1	Level 2	Level 3
Financial assets				
Investments in debt instruments at amortized cost	\$ 683,685,493	\$ 22,078,120	\$ 661,607,373	\$ -

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	September 30, 2022			
	Total	Level 1	Level 2	Level 3
Financial assets				
Investments in debt instruments at amortized cost	\$ 507,541,232	\$ 4,986,386	\$ 502,554,846	\$ -

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 consolidated 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 46 (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.

September 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	\$ 43,328,362	\$ -	\$ 43,328,362	\$ 29,366,891	\$ 612,104	\$ 13,349,367

Note: Including net settlement and non-cash collateral.

September 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	\$ 79,868,489	\$ 26,546,465	\$ 53,322,024	\$ 29,366,891	\$ 9,219,441	\$ 14,735,692

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.

September 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	\$ 70,814,850	\$ -	\$ 70,814,850	\$ 44,345,903	\$ 4,033,104	\$ 22,435,843

Note: Including net settlement and non-cash collateral.

September 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	\$ 106,562,983	\$ 25,623,756	\$ 80,939,227	\$ 44,345,903	\$ 23,101,878	\$ 13,491,446

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:

September 30, 2023		
Financial Assets	Transferred Financial Assets - Carrying Amount	Related Financial Liabilities - Carrying Amount
Financial assets at FVTPL sold under repurchase agreement	\$ 57,974,156	\$ 57,371,561
Financial assets at FVTOCI sold under repurchase agreement	28,174,446	27,852,042

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

September 30, 2022		
Financial Assets	Transferred Financial Assets - Carrying Amount	Related Financial Liabilities - Carrying Amount
Financial assets at FVTPL sold under repurchase agreement	\$ 54,361,749	\$ 54,126,261
Financial assets at FVTOCI sold under repurchase agreement	40,531,134	39,696,272
Investments in debt instruments at amortized cost sold under repurchase agreement	10,495,091	10,080,870

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, OTC, and emerging 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 only on the part of non-derivative financial assets, which the LIBOR interest rate benchmark applied to USD refer to. The Group cooperates with the authorities in charge of the interest rate benchmarks of the five major LIBOR currencies and market practice to replace LIBOR with alternative rates, like Secured Overnight Financing Rate ("SOFR") or other market 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. Updates on market progress, the progress of the transition project plan, the situation of reducing exposures and the implementation of the transition are reported to the committee periodically. As the cessation of all LIBOR currencies and terms have been officially completed on July 1, 2023, the Group has already finished all preparation for the transition project and ensured that before the exit of each benchmark or the first renegotiation date after exit, the conversion execution for each transaction was implemented by following the transition conditions negotiated with the counterparty.

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:

September 30, 2023

	Effect of Interest Rate Benchmark Reform
Interest Rate Benchmark	USD LIBOR
Type	Whole Period
	Maturity Date after June 30, 2023
Non-derivative financial assets - carrying amount	\$ 1,552,866
Financial assets at FVTPL	129,255
Financial assets at FVTOCI	938,288
Loans	485,323

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 all LIBOR currencies and terms is June 30, 2023. The due date for the Synthetic USD LIBOR 1 month, 3 months and 6 months is September 30 2024.

December 31, 2022

Interest Rate Benchmark	Effect of Interest Rate Benchmark Reform	
	USD LIBOR Whole Period	Other IBOR 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.

September 30, 2022

Interest Rate Benchmark	Effect of Interest Rate Benchmark Reform	
	USD LIBOR Whole Period	Other LIBOR Whole Period
Type	Maturity Date after June 30, 2023	Exit Date of Interest Rate Benchmark
Non-derivative financial assets - carrying amount	\$ 68,015,181	\$ 298,573
Financial assets at FVTPL	412,745	-
Financial assets at FVTOCI	6,692,988	-
Investment in debt instruments at amortized cost	4,527,794	-
Securities purchased under resell agreements	2,718,796	-
Loans	53,662,858	298,573
Non-derivative financial liabilities - carrying amount	4,799,062	-
Securities sold under repurchase agreements	4,799,062	-
Derivative instruments - nominal principal amount	170,742,242	-

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

Note b: Other LIBOR 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 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 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 important control regulations "Principles of Market Risk Limit Management", "Instructions of Valuation Benchmark" and policies and standards of each subsidiary to manage market risk and valuation.

c) Valuation gains and losses

If objective prices of financial instruments exist in open market, such as trading prices, gains and losses on positions are valued in accordance with the market prices by the risk management department. If fair value data is inaccessible, the risk management department will cautiously adopt verified mathematical models to value gains and losses and review the assumptions and parameters of the valuation models periodically.

d) Risk measuring methods

The methods applied by the risk management department in measuring market risks are as follows:

i. Measure the price sensitivity of various risk factors

i) Interest rate risk

It applies DV01 to measure interest risk. DV01 is the change in the value of interest rate risk positions when the yield curve moves upward by one basis point (1bp).

ii) Exchange rate risks

It applies Delta to measure the exchange rate risk of the first order change and applies Gamma to measure the exchange rate risk of the second order change. In addition, Vega is used to measure the first order risk of implied volatility rate.

iii) Equity securities price risks

It applies Delta to measure the independent equity security price risk of the first order change, or market value is applied to indicate the exposure risks on positions of 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

Taishin Bank

Banking book interest rate risk involves bonds and bills, transactions under repurchase agreement, transactions under resell agreement and their hedge positions, which are held to manage the Bank's liquidity risk and the interest rate risk of deposits and loans undertaken by business departments. The interest rate risk is transferred to banking book management department for centralized management through internal fund transfer pricing (FTP) system. Banking book interest rate risk is the effect on net interest income of risk exposure positions held due to adverse changes in interest rate and shareholder equity economic value.

a) Management strategy

The goal of banking book interest rate risk management is to control interest rate risk position and pursue stability and growth of banking book net interest income under the circumstances that liquidity is appropriate.

b) Management principles

Taishin Bank stipulated "The Principles of Banking Book Interest Rate Risk Management" as the important control regulations for banking book interest rate risk management.

c) Measuring methods

The banking book interest rate risk is the risk of quantitative or repricing term differences due to the differences in amounts or repricing dates of banking book assets, liabilities and off-balance-sheet items. Taishin Bank has rules for risk taken and limits management. Risk taken is in accordance with supervision regulation IRRBB (Interest Rate Risk in the Banking Book), monitoring changes in economic value, Tier I capital ratio and net interest income. Taishin Bank measures the effect on net interest income when the yield curve moves upward by 1bp.

d) Management procedures

Taishin Bank defines the instruments of banking book interest rate management and sets the risk appetite and limit of interest rate risk in order to avoid severe recession of net interest income when the interest rate changes unfavorably. The banking book management unit sets limits and keeps the interest rate risk within the risk appetite and limits.

6) Methods for measuring market risk

Taishin Bank

a) Stress test

A stress test is applied to measure loss under extremely unfavorable market circumstances in order to assess financial institutions' tolerance to extreme market volatility.

The risk management unit is required to execute the stress test at least once a month to calculate stress loss for trading portfolios. The risk management unit observes historical information of market price and sets the biggest possible volatility range for various market risk factors as the stress circumstance, which should be approved by the Chief of risk management department. Since there are so many market risk factors that affect trading portfolios, there might be plenty of permutation and combination of stress circumstances when the unit calculates stress loss. For instance, change in a market risk factor might result in the biggest loss of one investment portfolio but create profits for another investment portfolio. Based on the conservative principles, the risk management unit will take into account correlation between various risk factors to calculate the biggest loss as the stress loss.

The risk management unit should confirm that overall stress loss for trading portfolios does not exceed the stress loss limit and report to the high-level management as references for adjusting positions or resource distributions.

b) Value at risk, "VaR"

Taishin Bank uses a variety of methods to control market risk; the VaR is one of them. Taishin Bank is using risk model to assess the value of trading portfolios and potential loss amount of holding positions. VaR is Taishin Bank's important internal risk control system, and the board of directors and monthly risk management meeting review and establish trading portfolio's limits annually. Actual exposures of Taishin Bank are monitored daily by risk management.

VaR is used to estimate adverse market potential loss of existing positions. The VaR model uses historical simulation method, a one-year historical observation period, the estimate of 99% confidence interval, the maximum possible amount of loss holding positions for one day, and the probability that actual losses may exceed the estimate.

	For the Nine Months Ended September 30, 2023			
	Average	Highest	Lowest	Ending Balance
Exchange VaR	\$ 3,389	\$ 15,115	\$ 791	\$ 4,437
Interest rate VaR	51,471	116,874	28,406	42,215
Equity securities VaR	49,497	62,559	26,724	56,005
Credit spread VaR	18,910	29,003	344	24,700
Value at risk	68,965	101,039	50,557	73,674
	For the Nine Months Ended September 30, 2022			
	Average	Highest	Lowest	Ending Balance
Exchange VaR	\$ 15,769	\$ 33,301	\$ 754	\$ 25,477
Interest rate VaR	22,005	52,679	9,685	31,361
Equity securities VaR	45,751	82,824	18,533	23,131
Credit spread VaR	6,918	16,207	265	11,337
Value at risk	56,421	95,217	32,471	47,855

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 54.

Taishin Securities B

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

	For the Nine Months Ended September 30, 2023			
	Average	Highest	Lowest	Ending Balance
Value at risk (VaR)	\$ 111,874	\$ 169,201	\$ 67,633	\$ 105,808

	For the Nine Months Ended September 30, 2022			
	Average	Highest	Lowest	Ending Balance
Value at risk (VaR)	\$ 79,514	\$ 112,975	\$ 33,097	\$ 59,465

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 risk management system described in the related rules and guidelines.

Unless the local authorities regulate the assessment 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 inspection, reviews, early warning indicators and material information notifications, and management of accounts under observation etc. They hope 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.

Taishin Bank assesses the change in risk of default over the expected lifetime of investments in debt instruments as of the end of the reporting period, so as to determine whether there has been a significant increase in credit risk since initial recognition. In order to make this assessment, Taishin Bank 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 Taishin Bank determines that the credit risk is low as of the reporting date, it will assume that the credit risk will not have a significant increase.

Taishin Bank defines default of investments in debt instruments and credit impairment the same. Evidence of financial asset credit impairment includes external credit ratings and the issuers experiencing severe financial difficulties. The definitions of default and credit impairment apply to the relevant impairment assessment model.

Based on credit assessment charts, Taishin Bank manages the internal and external credit assessment of debt instruments according to Moody's long-term credit ratings. Credit risk is significantly increased if:

- i. The rating is over Baa3 on the initial recognition date, and the rating is lower than Ba1, not including ratings of Ca-D on the measurement date.
- ii. The rating is Ba1-Ba3 on the initial recognition date, and the rating is downgraded to B1-Caa3 on the measurement date.
- iii. The rating is B1-Caa3 on the initial recognition date.

A loan is considered to have been defaulted on if the rating is Ca-D on the measurement date.

The trading department should monitor the credit position of investments in debt instruments. Once it knows that the issuer, guarantor or issued underlying has a credit event (such as a downgrade of credit ratings to non-investment grade, a discharge or a default), it should notify the relevant department immediately and dispose of the investments in debt instruments.

In order to assess the purpose of the ECLs, debt instruments are assessed by grade based on their credit rating. In order to measure the ECLs, the default probability of the issuers is considered, the PD, LGD, EAD for the next 12 months and over the full lifetime of the debt instruments shall be considered, and the impact of the time value of money shall be considered. From this, the 12-month and full-lifetime ECLs shall be calculated separately.

Taishin Bank assesses the EAD of investments in debt instruments using the current exposure method (CEM) and adopts external rating information, PD and LGD which are announced periodically by international credit rating agencies (S&P and Moody's), to calculate the ECLs.

Due to international credit rating agencies already considering the prospective information, it is appropriate to assess such information and then include it in the assessment of the related ECLs of Taishin Bank.

Taishin Bank 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 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.

September 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	0.65%	19.56%	74.50%	55.02%
Amount of exposure	\$ 25,111,700	\$ 299,569	\$ 217,116	\$ 46,592
Loss allowance	164,222	58,601	161,746	25,634

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

September 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	0.66%	15.60%	56.88%	59.96%
Amount of exposure	\$ 24,385,527	\$ 477,674	\$ 131,061	\$ 23,282
Loss allowance	160,476	74,525	74,554	13,959

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:

September 30, 2023

	Gross Carrying Amount	Impairment under IFRS 9	Proportion of Loans/ Collateral (Note)
Personal housing loans	\$ 4,509,228	\$ 1,351,564	33.74%
Business guaranteed loans	1,794,516	815,056	101.13%
Others	6,397,583	2,149,749	
Total	\$ 12,701,327	\$ 4,316,369	

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.

September 30, 2022

	Gross Carrying Amount	Impairment under IFRS 9	Proportion of Loans/ Collateral (Note)
Personal housing loans	\$ 8,424,571	\$ 2,596,808	38.09%
Business guaranteed loans	1,650,296	361,173	102.71%
Others	6,261,161	1,831,954	
Total	\$ 16,336,028	\$ 4,789,935	

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 share, 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 September 30, 2023, December 31, 2022 and September 30, 2022 are as follows:

Taishin Bank Consolidated

	September 30, 2023			
	12-month ECLs	Lifetime ECLs - Unimpaired	Lifetime ECLs - Impaired	Total
Loans				
Consumer finance				
Excellent	\$ 825,572,384	\$ 22,256,469	\$ -	\$ 847,828,853
Good	6,530,093	192,103	-	6,722,196
Acceptable	-	166,909	-	166,909
Default	-	-	7,941,856	7,941,856
Corporate finance				
Excellent	325,190,749	-	-	325,190,749
Good	308,981,770	-	-	308,981,770
Acceptable	256,050	621,558	-	877,608
Default	-	-	2,341,175	2,341,175
Total	\$ 1,466,531,046	\$ 23,237,039	\$ 10,283,031	\$ 1,500,051,116
Receivables (including non-performing receivables transferred, other than those from loans)				
Consumer finance				
Excellent	\$ 69,868,616	\$ 86,758	\$ -	\$ 69,955,374
Good	218,321	916	-	219,237
Acceptable	-	63,561	-	63,561
Default	-	-	1,765,974	1,765,974
Corporate finance				
Excellent	28,008,309	-	-	28,008,309
Good	6,150,766	-	-	6,150,766
Acceptable	1,627	1,312	-	2,939
Default	-	-	652,322	652,322
Others	-	32,371,098	-	32,371,098
Total	\$ 104,247,639	\$ 32,523,645	\$ 2,418,296	\$ 139,189,580
Debt instruments at FVTOCI				
Excellent	\$ 113,869,912	\$ -	\$ -	\$ 113,869,912
Investments in debt instruments at amortized cost				
Excellent	\$ 524,155,437	\$ -	\$ -	\$ 524,155,437
Financial guarantees				
Excellent	\$ 22,978,874	\$ -	\$ -	\$ 22,978,874
Good	6,580,525	-	-	6,580,525
Total	\$ 29,559,399	\$ -	\$ -	\$ 29,559,399
Loan commitments				
Excellent	\$ 1,240,562,180	\$ 282,864	\$ -	\$ 1,240,845,044
Good	246,183,640	354	-	246,183,994
Acceptable	-	96,991	-	96,991
Default	-	-	343,530	343,530
Total	\$ 1,486,745,820	\$ 380,209	\$ 343,530	\$ 1,487,469,559

	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, other than those from 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

	September 30, 2022			
	12-month ECLs	Lifetime ECLs - Unimpaired	Lifetime ECLs - Impaired	Total
Loans				
Consumer finance				
Excellent	\$ 747,009,200	\$ 26,003,009	\$ -	\$ 773,012,209
Good	5,755,270	229,211	-	5,984,481
Acceptable	-	125,694	-	125,694
Default	-	-	12,242,919	12,242,919
Corporate finance				
Excellent	330,772,863	-	-	330,772,863
Good	319,657,350	-	-	319,657,350
Acceptable	340,700	694,440	-	1,035,140
Default	-	-	2,066,733	2,066,733
Total	\$ 1,403,535,383	\$ 27,052,354	\$ 14,309,652	\$ 1,444,897,389
Receivables (including non-performing receivables transferred, other than those from loans)				
Consumer finance				
Excellent	\$ 60,718,684	\$ 103,286	\$ -	\$ 60,821,970
Good	166,658	1,073	-	167,731
Acceptable	-	46,454	-	46,454
Default	-	-	1,897,113	1,897,113
Corporate finance				
Excellent	37,110,382	-	-	37,110,382
Good	9,335,913	-	-	9,335,913
Acceptable	32,790	1,141	-	33,931
Default	-	-	129,263	129,263
Others	-	20,851,806	-	20,851,806
Total	\$ 107,364,427	\$ 21,003,760	\$ 2,026,376	\$ 130,394,563
Debt instruments at FVTOCI				
Excellent	\$ 117,583,552	\$ -	\$ -	\$ 117,583,552
Investments in debt instruments at amortized cost				
Excellent	\$ 364,824,957	\$ -	\$ -	\$ 364,824,957
Financial guarantees				
Excellent	\$ 21,397,234	\$ -	\$ -	\$ 21,397,234
Good	5,069,098	-	-	5,069,098
Total	\$ 26,466,332	\$ -	\$ -	\$ 26,466,332
Loan commitments				
Excellent	\$ 1,186,410,690	\$ 349,588	\$ -	\$ 1,186,760,278
Good	225,831,443	150	-	225,831,593
Acceptable	-	98,047	-	98,047
Default	-	-	480,905	480,905
Total	\$ 1,412,242,133	\$ 447,785	\$ 480,905	\$ 1,413,170,823

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	September 30, 2023		December 31, 2022		September 30, 2022	
	Carrying Amount	Percentage of Item (%)	Carrying Amount	Percentage of Item (%)	Carrying Amount	Percentage of Item (%)
Manufacturing	\$ 174,180,949	12	\$ 189,311,374	13	\$ 212,609,551	15
Wholesale and retail	66,319,915	4	62,001,352	4	66,656,557	4
Finance and insurance	137,291,986	9	126,526,145	9	126,997,860	9
Real estate and leasing	154,543,135	10	142,467,017	10	144,245,565	10
Service	27,738,849	2	23,921,466	2	23,363,976	2
Individuals	877,774,006	59	826,994,728	58	811,213,420	56
Others	62,202,276	4	57,139,725	4	59,810,460	4
	<u>\$ 1,500,051,116</u>		<u>\$ 1,428,361,807</u>		<u>\$ 1,444,897,389</u>	

Geographic Type	September 30, 2023		December 31, 2022		September 30, 2022	
	Carrying Amount	Percentage of Item (%)	Carrying Amount	Percentage of Item (%)	Carrying Amount	Percentage of Item (%)
Asia	\$ 1,388,927,648	93	\$ 1,319,496,837	92	\$ 1,331,047,744	92
Europe	8,614,640	-	11,669,999	1	9,893,619	1
America	1,072,493	-	1,913,484	-	2,173,013	-
Others	101,436,335	7	95,281,487	7	101,783,013	7
	<u>\$ 1,500,051,116</u>		<u>\$ 1,428,361,807</u>		<u>\$ 1,444,897,389</u>	

e. Liquidity risk

1) The source and definition of liquidity risk

Liquidity risk is the potential loss that the Group may suffer due to inability to liquidate assets or raise enough funds in reasonable time to perform obligations when due and to meet the demands of assets growth. Sources of liquidity risk are as follows:

- a) Inability to fulfill funding gap due to asymmetric time and amount in cash inflows and outflows.
- b) Liabilities paid off in advance before maturity, inability to maintain liabilities at maturity or inability to acquire funds from the market.
- c) Inability to liquidate current assets at reasonable price or raising funds to fulfill funding gap with price higher than the reasonable one.

Except for the liquidity risks arising from normal operation, the Group's liquidity might be affected by events such as credit ratings being downgraded, credibility seriously damaged, financial system's system risk, causing customers to lack confidence and canceling deposits before maturity, call loans from banks being suspended, resell or repurchase transactions being deterred and liquidity of financial assets decreasing.

2) Liquidity risk management policy

Taishin Bank

The objective of liquidity risk management is to ensure that Taishin Bank can acquire funds at a reasonable price to pay off debt, perform obligations and contingent liabilities and satisfy demands required by business growth either in normal operation or under sudden, serious and unusual circumstances.

Taishin Bank has established policies on assets and liabilities management that stipulate related liquidity risk management rules, stipulate clear distinction between accountability and responsibility of Asset and Liability Committee and management departments and regulate the setting of liquidity risk appetite and limits, risk measuring, risk monitoring and the scope and procedures of reporting to ensure that overall liquidity risk is within the limits of liquidity risk approved by the board of directors.

Basic principles of liquidity risk management policy are as follows:

- a) Principle of risk diversification: Taishin Bank should avoid excessively concentrating funds on the same maturity, instruments, currencies, regions, funding sources or counterparties.
- b) Principle of stability: Taishin Bank should follow stable strategies and pay attention to market and internal funding liquidity. For example, Taishin Bank should absorb the core deposits at appropriate time in order to prevent market volatility from affecting funding sources and thus lower dependence on unstable fund sources.
- c) Principle of maintaining appropriate asset liquidity: Market liquidity will indirectly affect funding liquidity. Therefore, Taishin Bank should make sure total assets could pay off total liabilities and maintain certain proportion of assets with high liquidity or collateral in order to finance funds and pay off current liabilities in critical and urgent time.
- d) Principle of matching asset and liability maturity: Taishin Bank should pay attention to the spread of maturity and liquidity of liquid assets and current assets should be sufficient to pay off current liabilities.

For urgent or sudden liquidity events, Taishin Bank has stipulated urgent fund dispatching handling plan as the highest principle for urgent events in order to integrate the Bank's resources quickly to resolve emergencies efficiently.

Taishin Securities B

Taishin Securities B's funding liquidity risk management incorporates funding sources, funding application and gap management. Key control points are as follows:

- a) Funding sources: Other than ensuring stability and risk diversification of funding sources, Taishin Securities B maintains sufficient credit limits in order to cope with volatility risk from unexpected funding supply.
- b) Funding application: When assessing investment income, Taishin Securities B ensures its liquidity and safety in order to cope with liquidity risk from unexpected funding needs.
- c) Gap management: Taishin Securities B implements funding gap management of various term structures in order to efficiently control unexpected fund dispatching.

Market liquidity risk includes on and off-balance sheets transactions. To make sure that market liquidity of positions with low liquidity is within tolerable range, Taishin Securities B stipulated in its risk management rules that it should carefully analyze and efficiently identify existing and potential market liquidity risk in order to operate in coordination with Taishin Securities B's business development and Taishin Financial Holding's overall risk appetite. Before promoting new products and business, Taishin Securities B should also scrutinize related operation rules and confirm related market liquidity risk.

The market liquidity management procedures and measurement methods of Taishin Securities B's major business are as follows:

- a) When closeout of a position with low amount of market transactions and low liquidity occurs, impairment is generated due to increase of bid-ask premium and extension of covered time. Therefore, liquidity reserve is drawn based on product categories in internal assessment to avoid biased assessment.
 - b) The proportion limit is calculated as the sum of position, which is the amount of quoted and OTC 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.

Maturity analysis:

Taishin Bank Consolidated

- a) Maturity analysis of non-derivative financial liabilities

Taishin Bank's non-derivative financial liabilities presented based on the residual maturities from the balance sheet date to the contract maturity date are as follows:

Type of Financial Instrument	September 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	\$ 8,199,619	\$ 1,808,760	\$ 3,716,700	\$ 3,007,223	\$ 13,000	\$ 23,000	\$ -	\$ -	\$ -	\$ 16,768,302
Non-derivative financial liabilities at FVTPL	301,064	-	-	-	-	-	-	122	12,989,974	13,291,160
Securities sold under	-	-	-	-	-	-	-	-	-	-
repurchase agreements	64,576,142	9,439,810	12,995	-	-	-	-	-	-	74,028,947
Payables	24,471,099	1,289,743	454,112	7,587,205	34,803	8,583	-	-	-	33,845,545
Deposits and remittances	265,517,458	283,454,972	236,731,313	321,783,533	972,880,717	3,374,726	749	-	-	2,083,743,468
Bank notes payable	-	-	-	8,000,000	4,950,000	-	6,000,000	-	9,050,000	28,000,000
Lease liabilities	146,468	119,844	173,067	353,905	557,743	381,100	259,686	152,772	205,639	2,350,224
Other financial liabilities	11,159,874	8,675,082	4,752,808	5,756,112	3,006,922	2,117,726	8,749,254	2,598,413	76,205,468	123,021,659
	\$ 374,371,724	\$ 304,788,211	\$ 245,840,995	\$ 346,487,978	\$ 981,443,185	\$ 5,905,135	\$ 15,009,689	\$ 2,751,307	\$ 98,451,081	\$2,375,049,305

Type of Financial Instrument	December 31, 2022									
	1-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	1-2 Years	2-3 Years	3-4 Years	4-5 Years	Over 5 Years	Total
Deposits from the Central Bank and banks	\$ 8,146,614	\$ 6,102,355	\$ 956,464	\$ 2,975,600	\$ 13,000	\$ 19,500	\$ -	\$ -	\$ -	\$ 18,213,533
Non-derivative financial liabilities at FVTPL	75,360	-	-	-	-	-	-	-	12,363,893	12,439,253
Securities sold under	-	-	-	-	-	-	-	-	-	-
repurchase agreements	53,338,547	16,425,245	529,691	261,994	-	-	-	-	-	70,555,477
Payables	12,123,556	1,872,664	476,281	7,329,779	21,062	6,996	-	-	-	21,830,338
Deposits and remittances	225,847,309	331,668,402	216,723,250	333,393,300	829,757,792	3,289,292	580	-	-	1,940,679,925
Bank notes payable	-	-	-	8,000,000	4,950,000	-	6,000,000	-	9,050,000	28,000,000
Lease liabilities	114,540	113,048	166,913	345,438	582,034	433,851	262,462	156,193	225,648	2,400,127
Other financial liabilities	8,149,408	8,799,067	1,558,683	2,685,864	5,278,597	2,345,184	743,134	9,029,677	67,361,018	105,950,632
	\$ 307,795,334	\$ 364,980,781	\$ 220,411,282	\$ 346,991,975	\$ 843,652,485	\$ 11,044,823	\$ 1,006,176	\$ 15,185,870	\$ 89,000,559	\$2,200,069,285

Type of Financial Instrument	September 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	\$ 9,709,218	\$ 5,768,478	\$ 6,978,402	\$ 2,441,995	\$ 5,600	\$ 13,000	\$ -	\$ -	\$ -	\$ 24,916,693
Non-derivative financial liabilities at FVTPL	8,020	-	-	-	-	-	-	-	12,783,158	12,791,178
Securities sold under repurchase agreements	66,543,694	21,816,230	12,942	296,252	260,141	-	-	-	-	88,929,259
Payables	19,721,612	634,382	254,654	6,840,018	18,988	6,175	1	-	-	27,475,830
Deposits and remittances	223,412,274	261,203,491	226,331,549	314,341,427	819,203,498	3,315,645	1,956	-	-	1,847,809,840
Bank notes payable	4,500,000	2,300,000	-	-	8,000,000	4,950,000	-	6,000,000	9,050,000	34,800,000
Lease liabilities	134,870	115,811	169,435	309,190	503,754	379,239	242,937	161,666	190,757	2,207,659
Other financial liabilities	5,467,758	5,727,682	4,155,191	2,801,333	4,920,546	2,806,839	778,444	8,587,263	65,687,008	100,932,064
	\$ 329,497,446	\$ 297,566,074	\$ 237,902,173	\$ 327,030,215	\$ 832,912,527	\$ 11,470,898	\$ 1,023,338	\$ 14,748,929	\$ 87,710,923	\$2,139,862,523

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 \$1,099,055,300 thousand, \$1,066,562,418 thousand and \$1,053,793,566 thousand as of September 30, 2023, December 31, 2022 and September 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:

Type of Financial Instrument	September 30, 2023					
	1-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Derivative financial liabilities at FVTPL	\$ 58,865,306	\$ -	\$ -	\$ -	\$ -	\$ 58,865,306

Type of Financial Instrument	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

Type of Financial Instrument	September 30, 2022					
	1-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Derivative financial liabilities at FVTPL	\$ 86,242,039	\$ -	\$ -	\$ -	\$ -	\$ 86,242,039

c) Maturity analysis of off-balance sheet items

Below are the amounts of the Group’s off-balance-sheet items presented based on the residual maturities from the balance sheet date to the maturity date of irrevocable loan commitments, guarantees or letters of credit. As of September 30, 2023, December 31, 2022 and September 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 \$26,055,576 thousand, \$20,353,805 thousand and \$21,977,168 thousand, respectively, for guarantees; \$3,503,823 thousand, \$3,918,730 thousand and \$4,489,164 thousand, respectively, for letters of credit; \$895,913,455 thousand, \$875,109,906 thousand and \$843,349,597 thousand, respectively, for loan commitments (excluding credit card); and \$10,443,788 thousand, \$10,718,399 thousand and \$10,637,213 thousand, respectively, for credit card commitments.

Item	September 30, 2023					
	1-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Guarantees	\$ 3,031,412	\$ 6,596,460	\$ 3,814,957	\$ 3,815,691	\$ 8,797,056	\$ 26,055,576
Letters of credit	1,191,887	1,771,067	530,355	10,514	-	3,503,823
Loan commitments (excluding credit cards)	1,715,588	153,398,353	146,931,466	464,528,030	129,340,018	895,913,455
Credit card commitments	362	84,652	119,798	293,474	9,945,502	10,443,788

Item	December 31, 2022					
	1-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Guarantees	\$ 4,045,640	\$ 2,515,550	\$ 4,279,724	\$ 2,433,816	\$ 7,079,075	\$ 20,353,805
Letters of credit	1,141,090	2,065,426	627,943	84,271	-	3,918,730
Loan commitments (excluding credit cards)	13,557,205	172,313,037	154,389,964	408,245,596	126,604,104	875,109,906
Credit card commitments	1,463	47,381	88,858	220,779	10,359,918	10,718,399

Item	September 30, 2022					
	1-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Guarantees	\$ 5,654,606	\$ 5,114,690	\$ 1,747,887	\$ 2,833,613	\$ 6,626,372	\$ 21,977,168
Letters of credit	761,466	2,497,953	625,060	604,685	-	4,489,164
Loan commitments (excluding credit cards)	12,747,853	140,200,494	143,483,903	420,986,577	125,930,770	843,349,597
Credit card commitments	342	101,903	125,994	189,885	10,219,089	10,637,213

Taishin Securities B

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:

Type of Financial Instrument	September 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	\$ 2,525,426	\$ -	\$ -	\$ -	\$ -	\$ 2,525,426
Commercial papers issued	12,048,000	-	-	-	-	12,048,000
Bonds sold under repurchase agreements	11,294,656	-	-	-	-	11,294,656
Deposits on short sales	863,179	-	-	-	-	863,179
Financing guarantees payable	950,722	-	-	-	-	950,722
Futures traders' equity	1,966,783	-	-	-	-	1,966,783
Notes payable and accounts payable	6,120,415	185	-	-	-	6,120,600
Other payables	803,631	-	89,100	89,100	89,100	1,070,931
Other current liabilities	115,298	-	-	-	-	115,298
Lease liabilities	31,245	25,471	74,666	35,071	-	166,453
Bonds payable	-	-	-	-	3,300,000	3,300,000
Guarantee deposits	-	-	238	589	-	827
	\$ 36,719,355	\$ 25,656	\$ 164,004	\$ 124,760	\$ 3,389,100	\$ 40,422,875

Type of Financial Instrument	December 31, 2022					
	6 Months	6 Months - 1 Year	1 Year - 3 Years	3 Years - 5 Years	Over 5 Years	Total
Non-derivative financial liabilities at FVTPL	\$ 2,363,782	\$ -	\$ -	\$ -	\$ -	\$ 2,363,782
Commercial papers issued	3,960,000	-	-	-	-	3,960,000
Bonds sold under repurchase agreements	14,207,105	-	-	-	-	14,207,105
Deposits on short sales	1,227,066	-	-	-	-	1,227,066
Financing guarantees payable	1,070,386	-	-	-	-	1,070,386
Futures traders' equity	2,062,861	-	-	-	-	2,062,861
Notes payable and accounts payable	3,640,594	-	-	-	-	3,640,594
Other payables	577,755	27,081	93,339	89,100	133,650	920,925
Other current liabilities	557,085	-	-	-	-	557,085
Lease liabilities	34,248	32,680	78,525	47,277	-	192,730
Bonds payable	-	-	-	-	3,300,000	3,300,000
Guarantee deposits	-	236	75	588	-	899
	\$ 29,700,882	\$ 59,997	\$ 171,939	\$ 136,965	\$ 3,433,650	\$ 33,503,433

Type of Financial Instrument	September 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	\$ 1,964,640	\$ -	\$ -	\$ -	\$ -	\$ 1,964,640
Short-term borrowings	200,000	-	-	-	-	200,000
Commercial papers issued	7,190,000	-	-	-	-	7,190,000
Bonds sold under repurchase agreements	15,074,144	-	-	-	-	15,074,144
Deposits on short sales	949,399	-	-	-	-	949,399
Financing guarantees payable	1,043,993	-	-	-	-	1,043,993
Futures traders' equity	1,930,014	-	-	-	-	1,930,014
Notes payable and accounts payable	5,564,745	55	-	-	-	5,564,800
Other payables	581,478	26,742	93,114	89,100	133,650	924,084
Other current liabilities	829,526	-	-	-	-	829,526
Lease liabilities	23,480	20,332	37,510	-	-	81,322
Bonds payable	-	-	-	-	3,300,000	3,300,000
Guarantee deposits	75	236	-	588	-	899
	\$ 35,351,494	\$ 47,365	\$ 130,624	\$ 89,688	\$ 3,433,650	\$ 39,052,821

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:

Type of Financial Instrument	September 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	\$ 4,648,686	\$ -	\$ -	\$ -	\$ -	\$ 4,648,686

Type of Financial Instrument	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

Type of Financial Instrument	September 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	\$ 3,912,697	\$ -	\$ -	\$ -	\$ -	\$ 3,912,697

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 September 30, 2023, December 31, 2022 and September 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	7,261,416	8,302,632	8,365,136	8,376,895	8,377,606	-
2020	860,577	996,954	1,007,284	1,009,107	1,009,175	68
2021	860,952	1,013,085	1,024,873	1,026,430	1,026,499	1,626
2022	1,014,119	1,191,684	1,202,829	1,204,634	1,204,713	13,029
2023 Q3	1,164,888	1,356,426	1,369,752	1,371,833	1,371,924	207,036
			Loss reserve for unreported and unpaid claims			\$ 221,759
			Add: Reported but unpaid claims			<u>1,398,650</u>
			Loss reserve, balance			<u>\$ 1,620,409</u>

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	8,251,767	-
2020	849,598	985,975	996,305	998,128	998,196	68
2021	859,961	1,012,095	1,023,883	1,025,440	1,025,509	1,626
2022	1,009,557	1,187,122	1,198,263	1,200,067	1,200,147	13,025
2023 Q3	1,163,085	1,354,616	1,367,940	1,370,021	1,370,112	207,027
			Loss reserve for unreported and unpaid claims			\$ 221,746
			Add: Reported but unpaid claims			<u>1,350,931</u>
			Loss reserve, balance			<u>\$ 1,572,677</u>

Taishin Life Insurance provided loss reserve, whether or not it is reported, for projected future payments and related costs. The provision for reserves is highly complicated since there are many uncertain causes, estimation and judgment. Any change in an estimate or judgment is treated as a change in accounting estimates, and the impact of such changes is included in profit or loss for the period. Some claim reports may be delayed to Taishin Life Insurance, and the estimation is related to past claim experiences and subjective judgment when estimating possible payments for the claims not yet reported. The loss reserve per book is estimated on the basis of available information at present. However, the actual payments will deviate from original estimation as the claim goes on.

The above tables show the claims development (excluding the claims whose payment amount and payment date have already been known in one year). Every accident year means the year the accident happens, the horizontal axis is the year of development, and every amount is the cumulative payment incurring for every accident year at the end of the year. The cumulative payments include the claims whether or not it is sure to happen, and illustrate how Taishin Life Insurance estimates payments for every accident year as time passes. The conditions and trends that influence Taishin Life Insurance's reserve provision may not be the same when claims develop. Therefore, the projected payments cannot be determined based on the claims development in the above table.

5) Credit risk, liquidity risk, and market risk of insurance contracts

a) Credit risk

Credit risk primarily refer to the risk of a reinsurer’s failure to fulfill its obligations on the ceded business, which leads to its inability to share its stake of the premiums, claims and other expenses. To manage this risk, the reinsurers will be selected prudently in accordance with the reinsurance risk management plan as set by Taishin Life Insurance. To mitigate the credit risk, the reinsurance agreement will require that reinsurance fees shall be paid on a net basis by deducting any receivables or share of payments recoverable from the reinsurer. In addition, Taishin Life Insurance will demand the inclusion of a special termination clause in the reinsurance agreement, allowing Taishin Life Insurance to terminate the agreement in the circumstances that the reinsurer defaults on its obligations to limit further credit risk.

After ceding the business, Taishin Life Insurance will review the credit rating of the reinsurers regularly in accordance with its reinsurance risk management plan. In the event of a credit rating downgrade of a reinsurer leading to its failure to meet the minimum requirement of being an eligible reinsurer as stipulated by the “Regulations Governing Insurance Enterprises Engaging in Operating Reinsurance and Other Risk Spreading Mechanisms”, the company will establish a reinsurance reserve as required to mitigate the adverse impacts from the downgraded reinsurer.

Currently, the credit ratings of all reinsurance counterparties of Taishin Life Insurance have met the eligibility standards as stipulated by the regulations.

b) Liquidity risk

The liquidity risk of the insurance contract arises mainly from the company’s failure to realize the assets or to obtain sufficient funding in time to fulfill its obligations on insurance benefits payment. To manage the risk, Taishin Life Insurance regularly conducts maturity analysis on the insurance contracts and reviews the matching of assets and liabilities.

The table below shows the net liability cash flow analysis on the insurance portfolio of Taishin Life Insurance by estimated time point. The figures reflect, for the in-force policies as at the valuation date, the estimation of undiscounted total insurance benefit payments, expense and other outflows, net of insurance premiums and other income at each future time point. The future actual amounts may vary as the actual experience may be different from the expected amounts.

Net cash flows used in (provided by) the insurance contracts:

	September 30, 2023	December 31, 2022	September 30, 2022
Within one year	\$ (10,568,962)	\$ (7,213,612)	\$ (7,894,182)
One to five years	(14,638,224)	(8,309,816)	(11,092,593)
Five to fifteen years	62,696,659	52,377,653	48,549,446
Over fifteen years	<u>511,106,132</u>	<u>488,453,281</u>	<u>525,447,563</u>
	<u>\$ 548,595,605</u>	<u>\$ 525,307,506</u>	<u>\$ 555,010,234</u>

Taishin Life Insurance has insurance contracts that are classified as investment-linked product liabilities. However, such liabilities are repaid based on investment linked product assets. Therefore, Taishin Life Insurance has no significant liquidity risk.

c) Market risk

Pursuant to the “Regulations Governing the Setting Aside of Various Reserves by Insurance Enterprises” and relevant regulations, Taishin Life Insurance calculates and sets aside statutory reserves in accordance with assumed interest rate and incidence rate regulated by the supervisors. As the assumed interest rate is predetermined as at policy issuance, the statutory reserves will not change with market interest rate fluctuations. The regulator will regularly review the discount rate assumption, which however may not necessarily correspond to the market interest rate in terms of time, amount, or direction, and it is only applicable to the new policies. Therefore, the impact of probable changes in market interest rate on the statutory reserves of Taishin Life Insurance’s in-force insurance policies is negligible. In case the regulator changes the discount rate assumption, its impact on profit/loss or equity will vary depending on the range of the change and Taishin Life Insurance’s overall product mix. Furthermore, variations in market risks may affect the liability adequacy test, which is estimated based on the current information as of the valuation date, and further affect the adequacy of 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 market risk, credit 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:

	<u>September 30, 2023</u>		<u>December 31, 2022</u>		<u>September 30, 2022</u>	
	Foreign Currency Amount	Exchange Rate	Foreign Currency Amount	Exchange Rate	Foreign Currency Amount	Exchange Rate
<u>Assets</u>						
U.S. dollars	\$ 3,593,041	32.28	\$ 3,282,474	30.73	\$ 3,168,899	31.75
<u>Liabilities</u>						
U.S. dollars	2,193,031	32.28	2,011,115	30.73	1,923,227	31.75

- 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 denominated in foreign currency corresponding with foreign currency insurance policy.

	For the Nine Months Ended September 30, 2023	
	Changes in Variables	Changes in Pre-tax Income
U.S. dollars	-5%	\$ (855,543)
	For the Nine Months Ended September 30, 2022	
	Changes in Variables	Changes in Pre-tax Income
U.S. dollars	-5%	\$ (596,362)

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 Nine Months Ended September 30, 2023		
Changes in Variables		Changes in Unrealized (Loss) Gain
Financial assets at FVTPL - beneficiary securities	Interest rate increase of 20 bps	\$ (708)

For the Nine Months Ended September 30, 2022		
Changes in Variables		Changes in Unrealized (Loss) Gain
Financial assets at FVTPL - beneficiary securities	Interest rate increase of 20 bps	\$ (1,023)

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 Nine Months Ended September 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%	\$ -	\$ 2,708,637
Financial assets at FVTOCI	Price increase of 10%	-	4,359

For the Nine Months Ended September 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%	\$ -	\$ 2,093,459
Financial assets at FVTOCI	Price increase of 10%	-	4,429

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 September 30, 2023, December 31, 2022 and September 30, 2022, the credit risk rating levels are presented below:

	September 30, 2023			
	12 Months	Lifetime		Total
		Increase in Credit Risk	Credit Impaired	
AAA	\$ 5,211,514	\$ -	\$ -	\$ 5,211,514
AA	101,115,074	-	-	101,115,074
A-BBB	<u>86,953,703</u>	<u>-</u>	<u>-</u>	<u>86,953,703</u>
	<u>\$ 193,280,291</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 193,280,291</u>
	December 31, 2022			
	12 Months	Lifetime		Total
		Increase in Credit Risk	Credit Impaired	
AAA	\$ 5,337,546	\$ -	\$ -	\$ 5,337,546
AA	98,030,746	-	-	98,030,746
A-BBB	<u>73,527,900</u>	<u>-</u>	<u>-</u>	<u>73,527,900</u>
	<u>\$ 176,896,192</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 176,896,192</u>

	September 30, 2022			
	Lifetime			
	12 Months	Increase in Credit Risk	Credit Impaired	Total
AAA	\$ 5,509,046	\$ -	\$ -	\$ 5,509,046
AA	98,853,138	-	-	98,853,138
A-BBB	<u>72,490,292</u>	<u>-</u>	<u>-</u>	<u>72,490,292</u>
	<u>\$ 176,852,476</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 176,852,476</u>

- g) Taishin Life Insurance uses forecast to assess the default possibility of debt instruments and bond interest receivables and to estimate the expected credit loss on September 30, 2023, December 31, 2022 and September 30, 2022. Credit loss information is as follows:

	September 30, 2023			
	Lifetime			
	12 Months	Increase in Credit risk	Credit Impaired	Total
Expected credit loss rate	0.00%-0.13%			
Carrying amount	<u>\$ 193,280,291</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 193,280,291</u>
Loss allowance	<u>\$ 26,927</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,927</u>

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

	September 30, 2022			
	Lifetime			
	12 Months	Increase in Credit risk	Credit Impaired	Total
Expected credit loss rate	0.00%-0.08%			
Carrying amount	<u>\$ 176,852,476</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 176,852,476</u>
Loss allowance	<u>\$ 28,549</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,549</u>

Movements in loss allowance for investments in debt instruments carried at amortised 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	(1,677)	-	-	(1,677)
Derecognised	<u>(275)</u>	<u>-</u>	<u>-</u>	<u>(275)</u>
At September 30	<u>\$ 26,584</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,584</u>

	2022			
	12 Months	Lifetime		Total
		Increase in Credit Risk	Credit Impaired	
At January 1	\$ 31,076	\$ -	\$ -	\$ 31,076
Provision for impairment	9,527	-	-	9,527
Derecognised	<u>(12,364)</u>	<u>-</u>	<u>-</u>	<u>(12,364)</u>
At September 30	<u>\$ 28,239</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,239</u>

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

	2023			
	12 Months	Lifetime		Total
		Increase in Credit Risk	Credit Impaired	
At January 1	\$ 312	\$ -	\$ -	\$ 312
Provision for impairment	35	-	-	35
Derecognised	<u>(4)</u>	<u>-</u>	<u>-</u>	<u>(4)</u>
At September 30	<u>\$ 343</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 343</u>

	2022			
	12 Months	Lifetime		Total
		Increase in Credit Risk	Credit Impaired	
At January 1	\$ 317	\$ -	\$ -	\$ 317
Provision for impairment	133	-	-	133
Derecognised	<u>(140)</u>	<u>-</u>	<u>-</u>	<u>(140)</u>
At September 30	<u>\$ 310</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 310</u>

- h) Taishin Life Insurance uses historical data from a specific previous period and current data to forecast macroeconomic information and to assess the expected credit loss of loans (including loans interest receivable). As of September 30, 2023, December 31, 2022 and September 30, 2022, credit loss information of loans (including loans interest receivable) is as follows:

	September 30, 2023			
	12 Months	Lifetime		Total
		Increase in Credit Risk	Credit Impaired	
Expected credit loss rate	0%	0%-39%	0%-100%	
Carrying amount	<u>\$ 7,814,608</u>	<u>\$ 9,626</u>	<u>\$ 56,552</u>	<u>\$ 7,880,786</u>
Loss allowance	<u>\$ -</u>	<u>\$ 203</u>	<u>\$ 3,432</u>	<u>\$ 3,635</u>

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

	September 30, 2022			
	12 Months	Lifetime		Total
		Increase in Credit Risk	Credit Impaired	
Expected credit loss rate	0%	0%-41%	0%-100%	
Carrying amount	<u>\$ 7,610,477</u>	<u>\$ 95,299</u>	<u>\$ 34,116</u>	<u>\$ 7,739,892</u>
Loss allowance	<u>\$ -</u>	<u>\$ 1,884</u>	<u>\$ 1,475</u>	<u>\$ 3,359</u>

Movements in loss allowance for loans are as follows:

	2023			
	12 Months	Lifetime		Total
		Increase in Credit Risk	Credit Impaired	
At January 1	\$ -	\$ 413	\$ 3,471	\$ 3,884
Transferred to 12-month ECLs	-	(79)	79	-
Provision for expected credit loss (gain)	-	(116)	(44)	(160)
Write-off	-	-	(45)	(45)
Derecognised	-	(15)	(29)	(44)
At September 30	<u>\$ -</u>	<u>\$ 203</u>	<u>\$ 3,432</u>	<u>\$ 3,635</u>

	2022			
	12 Months	Lifetime		Total
		Increase in Credit Risk	Credit Impaired	
At January 1	\$ -	\$ 92	\$ 804	\$ 896
Transferred to 12-month ECLs	48	(12)	(36)	-
Provision for expected credit loss (gain)	(48)	1,805	1,299	3,056
Write-off	-	-	(550)	(550)
Derecognised	-	(1)	(42)	(43)
At September 30	<u>\$ -</u>	<u>\$ 1,884</u>	<u>\$ 1,475</u>	<u>\$ 3,359</u>

- i) As of September 30, 2023, December 31, 2022 and September 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 \$462,319 thousand, \$542,201 thousand and \$65,888 thousand, respectively. Despite being past due, all of the carrying amount came from notes receivable and Taishin Life Insurance used historical and timely information to forecast and estimate the expected credit loss. Credit risks are evaluated as significantly low, thus no impairment loss was recognised.
- j) Analysis of credit risk concentration

The credit risks are deemed significantly concentrated when the financial instrument transactions significantly concentrate on a single person, or when there are multiple trading counterparties engaging in similar business activities with similar economic characteristics, and such business activities make their abilities to fulfill the contractual obligations influenced similarly by economy or other forces.

The credit risks of Taishin Life Insurance concentrate on assets, liabilities, or off-statements of financial position items that occurs through fulfillment or implementation of transactions (either product or service), or through transaction-type exposure portfolio, including deposits, securities investment, and receivables. Taishin Life Insurance does not carry out significant transactions with single client or single counterparty. Proportion of total transactions with single client or single counterparty to Taishin Life Insurance's relevant transactions is deemed immaterial.

As of September 30, 2023, December 31, 2022 and September 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 37.03%, 42.57% and 42.37%, 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:

September 30, 2023

	Within 1 Year	1-2 Years	2-5 Years	Over 5 Years
Payables	\$ 1,933,298	\$ 10,350	\$ -	\$ -
Lease liabilities	50,429	7,397	-	-
Other liabilities	<u>158</u>	<u>1,564</u>	<u>-</u>	<u>12,410</u>
	<u>\$ 1,983,885</u>	<u>\$ 19,311</u>	<u>\$ -</u>	<u>\$ 12,410</u>

December 31, 2022

	Within 1 Year	1-2 Years	2-5 Years	Over 5 Years
Payables	\$ 893,139	\$ 10,850	\$ -	\$ -
Lease liabilities	54,635	42,765	3,463	-
Other liabilities	<u>158</u>	<u>30</u>	<u>1,534</u>	<u>3,840</u>
	<u>\$ 947,932</u>	<u>\$ 53,645</u>	<u>\$ 4,997</u>	<u>\$ 3,840</u>

September 30, 2022

	Within 1 Year	1-2 Years	2-5 Years	Over 5 Years
Payables	\$ 1,088,726	\$ 4,997	\$ -	\$ -
Lease liabilities	45,063	42,418	9,240	-
Other liabilities	<u>7,410</u>	<u>-</u>	<u>1,564</u>	<u>3,840</u>
	<u>\$ 1,141,199</u>	<u>\$ 47,415</u>	<u>\$ 10,804</u>	<u>\$ 3,840</u>

4) Climate risks

Climate risk refers to the physical risks caused by climate change, including immediate and long-term risks such as flooding, heavy rain or persistent high temperatures, as well as transition risks to achieve a low-carbon economy, including regulatory and policy risks, technology risks, consumer preference/market supply and demand imbalance risks, and reputational risks. Climate-related risks are not an independent type of risk but will directly or indirectly exacerbate the impact of existing risks such as credit risk, market risk, operational risk and liquidity risk through the economic environment and the various businesses undertaken by the subsidiary. Therefore, the Group's climate change risk management is based on its own business content, identifying how climate-related entity risks and transition risks exacerbate the risks of the traditional financial industry, assessing the impact on its own operations, investment and financing and other business activities, and finally identifying material climate change risks and formulating response 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:

<u>Type of Structured Entity</u>	<u>Nature and Purpose</u>	<u>Interests Owned</u>
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 September 30, 2023, December 31, 2022 and September 30, 2022, the carrying amounts related to the interests in unconsolidated structured entities are disclosed as follows:

	<u>September 30, 2023</u>			
	Financing Secured Bonds	Real Estate-backed Securities	Private Equity Fund	Total
Financial assets at FVTPL	\$ 198,289	\$ -	\$ 287,049	\$ 485,338
Financial assets at FVTOCI	-	1,034,800	-	1,034,800
Investments in debt instruments at amortized cost	<u>-</u>	<u>26,643,199</u>	<u>-</u>	<u>26,643,199</u>
Net ending balance	<u>\$ 198,289</u>	<u>\$ 27,677,999</u>	<u>\$ 287,049</u>	<u>\$ 28,163,337</u>
	<u>December 31, 2022</u>			
	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	<u>-</u>	<u>10,522,480</u>	<u>-</u>	<u>10,522,480</u>
Net ending balance	<u>\$ 208,465</u>	<u>\$ 11,662,675</u>	<u>\$ 25,989</u>	<u>\$ 11,897,129</u>

	September 30, 2022		
	Financing	Real	
	Secured Bonds	Estate-backed	Total
		Securities	
Financial assets at FVTPL	\$ 215,215	\$ -	\$ 215,215
Financial assets at FVTOCI	-	1,227,266	1,227,266
Investments in debt instruments at amortized cost	<u>-</u>	<u>11,180,441</u>	<u>11,180,441</u>
Net ending balance	<u>\$ 215,215</u>	<u>\$ 12,407,707</u>	<u>\$ 12,622,922</u>

47. 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
Taishin Sports Entertainment	Second-tier subsidiary
An Hsin Construction Manager Corp. (“An Hsin Construction Manager”)	Associate
Shin Kong Financial Holding Co., Ltd. (“Shin Kong Financial Holding”)	Others
Shin Kong Life Insurance Co., Ltd. (“Shin Kong Life Insurance”)	Others
Shin Kong Insurance Co., Ltd. (“Shin Kong Insurance”)	Others
MasterLink Securities Corp. (“MasterLink Securities”)	Others
Shinkong Synthetic Fibers Co., Ltd. (“Shin Kong Synthetic Fibers”)	Others
Shin Kong Mitsukoshi Department Store Co., Ltd. (“Shin Kong Mitsukoshi”)	Others
Dah Chung Bills Finance Corp. (“Dah Chung Bills”)	Others
CyberSoft Digital Service Corp. (“CyberSoft Digital Service”)	Others
Yuanta Commercial Bank Co., Ltd. (“Yuanta Bank”)	Others
Ubright Optronics Corporation (“Ubright Optronics”)	Others

(Continued)

Name	Relationship
Tasco Chemical Corp. (“Tasco Chemical”)	Others
Taiwan Fieldrich Corp. (“Taiwan Fieldrich”)	Others
Darfon Electronics Corp. (“Darfon”)	Others
Chin We Co., Ltd. (“Chin We”)	Others
Yi Huan Co., Ltd. (“Yi Huan”)	Others
Xiang Zhao Investment Co., Ltd. (“Xiang Zhao”)	Others
Excel Chemical Corp. (“Excel Chemical”)	Others
An Shin Construction Manager Corp. (“An Shin Construction Manager”)	Others
Yun Teh Corporation (“Yun Teh”)	Others
Chang Her Industrial Corp. (“Chang Her”)	Others
Hung Shin Enterprise Co., Ltd. (“Hung Shin”)	Others
Mega Green Energy Corporation (“Mega Green Energy”)	Others
Jia Hao Corporation (“Jia Hao”)	Others
Ezconn Corporation (“Ezconn”)	Others
Sercomm Corporation (“Sercomm”)	Others
Shinkong Co., Ltd. (“Shinkong”)	Others
EasyCard Corporation (“EasyCard”)	Others
Oneness Biotech Co., Ltd. (“Oneness Biotech”)	Others
An Long Corporation (“An Long”)	Others
Nan Ya Plastics Corporation (“Nan Ya Plastics”)	Others
Bor Sy Industrial Corp. (“Bor Sy”)	Others
Taiwan Depository & Clearing Corporation (“TDCC”)	Others
Taipei Exchange (“TPEX”)	Others
Bora Biologics Co., Ltd (“Bora Biologics”)	Others
Diamond Biofund INC. (“Diamond Biofund”)	Others
Individual A	Key management personnel’s spouse
Individual B	Key management personnel
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
September 30, 2023	\$ 2,983,161
December 31, 2022	2,407,121
September 30, 2022	3,393,272

For the three months ended September 30, 2023 and 2022, the amounts of interest income were \$17,316 thousand and \$9,178 thousand, respectively. For the nine months ended September 30, 2023 and 2022, the amounts of interest income were \$42,566 thousand and \$31,591 thousand, respectively. Interest rates ranged from 1.07% to 15.00% and from 0.75% to 12.65%, respectively.

September 30, 2023						
	Ending Balance	Highest Amount	Normal Loans	Non- performing Loans	Collateral	The Different Terms with Non-related Parties
<u>Consumer loans</u>						
123 accounts	\$ 457,077	\$ 617,729	\$ 457,077	\$ -	Land, buildings and chattels	None
<u>Self-used residence mortgage loans</u>						
150 accounts	1,079,539	1,194,206	1,079,539	-	Land and buildings	None
<u>Other loans</u>						
Ezconn	324,000	1,998,000	324,000	-	Land and buildings	None
Darfon	600,000	1,200,000	600,000	-	-	None
Shin Kong	250,000	1,200,000	250,000	-	Securities - shares	None
Synthetic Fibers						
Others	<u>272,545</u>	2,507,419	<u>272,545</u>	-	Land, buildings and securities- deposits	None
	<u>\$ 2,983,161</u>		<u>\$ 2,983,161</u>	<u>\$ -</u>		
December 31, 2022						
	Ending Balance	Highest Amount	Normal Loans	Non- performing Loans	Collateral	The Different Terms with Non-related Parties
<u>Consumer loans</u>						
135 accounts	\$ 570,153	\$ 659,740	\$ 570,153	\$ -	Land, buildings, and chattels	None
<u>Self-used residence mortgage loans</u>						
154 accounts	1,096,418	1,269,593	1,096,418	-	Land and buildings	None
<u>Other loans</u>						
Ezconn	380,000	3,278,000	380,000	-	Land and buildings	None
Shin Kong				-	Securities - shares	None
Synthetic Fibers	150,000	600,000	150,000			
Others	<u>210,550</u>	2,896,836	<u>210,550</u>	-	Land, buildings and securities - deposits	None
	<u>\$ 2,407,121</u>		<u>\$ 2,407,121</u>	<u>\$ -</u>		

September 30, 2022

	Ending Balance	Highest Amount	Normal Loans	Non- performing Loans	Collateral	The Different Terms with Non-related Parties
<u>Consumer loans</u>						
200 accounts	\$ 803,233	\$ 881,913	\$ 803,233	\$ -	Land, buildings and chattels	None
<u>Self-used residence mortgage loans</u>						
193 accounts	1,359,810	1,524,548	1,359,810	-	Land and buildings	None
<u>Other loans</u>						
Ezconn	236,000	2,570,620	236,000	-	Land and buildings	None
Others	<u>994,229</u>	3,488,043	<u>994,229</u>	<u>-</u>	Land, buildings and securities- deposits	None
	<u>\$ 3,393,272</u>		<u>\$ 3,393,272</u>	<u>\$ -</u>		

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

Deposits

	Ending Balance
September 30, 2023	\$ 17,103,059
December 31, 2022	16,579,494
September 30, 2022	14,802,613

For the three months ended September 30, 2023 and 2022, the amounts of interest expenses were \$88,053 thousand and \$28,432 thousand, respectively. For the nine months ended September 30, 2023 and 2022, the amounts of interest expense were \$246,140 thousand and \$41,942 thousand, respectively. Interest rates ranged from 0.00% to 10.00% and 0.00% to 6.05%, respectively.

September 30, 2023

	Ending Balance	Interest Rate (Per Annum %)	Interest Expense	
			For the Three Months Ended September 30	For the Nine Months Ended September 30
Oneness Biotech	\$ 4,806,214	0.01-5.19	\$ (61,500)	\$ (169,438)
TPEX	1,944,925	0.11-1.54	(3,931)	(10,625)
Shin Kong Mitsukoshi	1,182,578	0.00-0.53	(1,569)	(5,277)
Diamond Biofund	1,151,875	0.01-1.26	(746)	(747)
Ezconn	521,436	0.00-5.32	(2,706)	(7,024)
Shin Kong Synthetic Fibers	469,939	0.00-0.85	(782)	(2,208)
Dah Chung Bills	417,352	0.00-1.04	(868)	(2,581)
Tasco Chemical	299,436	0.00-0.85	(163)	(438)
An Hsin Construction Manager	288,214	0.25-0.53	(791)	(2,990)

(Continued)

September 30, 2023

	Ending Balance	Interest Rate (Per Annum %)	Interest Expense	
			For the Three Months Ended September 30	For the Nine Months Ended September 30
Excel Chemical	\$ 253,174	0.01-0.53	\$ (6)	\$ (17)
Mega Green Energy	247,710	0.41-1.56	(615)	(1,663)
Shin Kong Insurance	233,249	0.00-1.51	(397)	(1,343)
Hung Shin	212,222	0.01-0.01	(1)	(5)
Individual A	182,093	0.01-0.85	(75)	(157)
Taiwan Fieldrich	145,179	0.01-5.00	(1,648)	(4,748)
Individual B	111,523	0.00-4.00	(240)	(817)
Shin Kong Life Insurance	103,488	0.08-0.85	(238)	(743)
Others	<u>4,532,452</u>		<u>(11,777)</u>	<u>(35,319)</u>
	<u>\$ 17,103,059</u>		<u>\$ (88,053)</u>	<u>\$ (246,140)</u> (Concluded)

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 B	106,886	0.00-4.00	(432)
Others	<u>4,664,143</u>		<u>(21,966)</u>
	<u>\$ 16,579,494</u>		<u>\$ (72,348)</u>

September 30, 2022

	Ending Balance	Interest Rate (Per Annum %)	Interest Expense	
			For the Three Months Ended September 30	For the Nine Months Ended September 30
Oneness Biotech	\$ 4,409,887	0.01-3.66	\$ (18,649)	\$ (18,649)
Shin Kong Mitsukoshi	789,159	0.00-0.28	(457)	(649)
Shin Kong Synthetic Fibers	587,768	0.00-0.28	(499)	(729)
Shin Kong Insurance	544,441	0.00-1.14	(475)	(1,189)
Tasco Chemical	521,337	0.00-0.28	(49)	(69)
Dah Chung Bills	436,173	0.00-0.28	(115)	(335)
Excel Chemical	381,232	0.01-0.28	(3)	(8)
Mega Green Energy	275,506	0.01-1.31	(334)	(765)
Ezconn	227,236	0.00-2.50	(803)	(1,311)
Hung Shin	201,249	0.01-0.01	(1)	(6)
Ubright Optronics	163,544	0.00-0.28	(108)	(132)
EasyCard	159,139	0.01-0.28	(64)	(85)
Shin Kong Life Insurance	142,608	0.00-0.28	(89)	(127)
Taiwan Fieldrich	138,375	0.01-0.28	(139)	(193)
Shinkong	124,388	0.00-0.28	-	-
An Long	115,882	0.01-0.03	(5)	(8)
Individual B	104,281	0.00-0.38	(128)	(231)
Others	<u>5,480,408</u>		<u>(6,514)</u>	<u>(17,456)</u>
	<u>\$ 14,802,613</u>		<u>\$ (28,432)</u>	<u>\$ (41,942)</u>

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

2) Call loan to banks and call loan from banks

		September 30, 2023				
		Ending Balance	Interest Rate (Per Annum %)	Interest Income (Expense)		
Item				For the Three Months Ended September 30	For the Nine Months Ended September 30	
Yuanta Bank	Call loan to banks	\$ -	4.58-5.36	\$ 87	\$ 1,834	
Yuanta Bank	Call loan from banks	-	5.10-5.14	(91)	(447)	

		December 31, 2022			
		Ending Balance	Interest Rate Range (Per Annum %)	Interest Income (Expense)	
Item					
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)	

September 30, 2022					
			Interest Income (Expense)		
		Ending Balance	Interest Rate (Per Annum %)	For the Three Months Ended September 30	For the Nine Months Ended September 30
Dah Chung Bills	Call loan to banks	\$ -	0.29-0.94	\$ 999	\$ 1,583
Yuanta Bank	Call loan to banks	-	0.07-3.05	1,149	1,510
Yuanta Bank	Call loan from banks	-	1.56-1.58	(280)	(364)

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

3) Trading securities

September 30, 2023						
		Repurchase Agreements		Resell Agreements		
Purchase Price (Accumulated Amount)	Sales Price (Accumulated Amount)	Ending Balance	Interest Rate Range (Per Annum %)	Ending Balance	Interest Rate (Per Annum %)	
MasterLink Securities	\$ 3,923,765	\$ 1,954,776	\$ -	-	\$ -	-
Dah Chung Bills	-	100,000	-	-	-	-
Yuanta Bank	-	199,776	-	-	-	-
Chin We	-	-	61,149	0.87-0.96	-	-
Yi Huan	-	-	15,018	0.79-0.96	-	-
Xian Zhao	-	-	15,039	0.79-0.96	-	-
Jia Hao	-	-	80,274	0.79-0.96	-	-
Individual C	-	-	75,045	0.78-0.95	-	-
Bor Sy	-	-	10,024	0.79-0.95	-	-
TDCC	<u>23,342</u>	<u>16,685</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 3,947,107</u>	<u>\$ 2,271,237</u>	<u>\$ 256,549</u>		<u>\$ -</u>	

December 31, 2022						
		Repurchase Agreements		Resell Agreements		
Purchase Price (Accumulated Amount)	Sales Price (Accumulated Amount)	Ending Balance	Interest Rate Range (Per Annum %)	Ending Balance	Interest Rate (Per Annum %)	
MasterLink Securities	\$ 1,315,821	\$ 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	<u>518,487</u>	<u>870,733</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,884,052</u>	<u>\$ 4,573,468</u>	<u>\$ 3,822,879</u>		<u>\$ -</u>	

	September 30, 2022					
	Purchase Price (Accumulated Amount)	Sales Price (Accumulated Amount)	Repurchase Agreements		Resell Agreements	
			Ending Balance	Interest Rate Range (Per Annum %)	Ending Balance	Interest Rate (Per Annum %)
MasterLink Securities	\$ 1,113,917	\$ 1,101,961	\$ 299,781	0.18-0.80	\$ -	-
Dah Chung Bills	49,744	-	-	-	-	-
Yuanta Bank	-	2,095,838	-	-	-	-
Chin We	-	-	45,016	0.18-0.53	-	-
Yi Huan	-	-	6,000	0.18-0.60	-	-
Xian Zhao	-	-	49,132	0.18-0.60	-	-
Jia Hao	-	-	110,217	0.18-0.60	-	-
Chang Her	-	-	30,000	0.52-0.60	-	-
Yun Teh	-	-	20,001	0.52-0.60	-	-
Nan Ya Plastics	-	-	4,434,230	0.58-0.85	-	-
Individual C	-	-	36,007	0.17-0.60	-	-
Bor Sy	-	-	105,000	0.60	-	-
TDCC	490,436	779,183	-	-	-	-
	<u>\$ 1,654,097</u>	<u>\$ 3,976,982</u>	<u>\$ 5,135,384</u>		<u>\$ -</u>	

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

4) Derivatives

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

September 30, 2022							
Related Parties	Derivative Contracts	Period	Nominal Principal Amount	Valuation Gain (Loss)		Account	Balance
				For the Three Months Ended September 30	For the Nine Months Ended September 30		
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.

5) Other material transactions

For the Three Months Ended September 30				
		2023	2022	
	Item	Amount	Item	Amount
Cyber Soft Digital Service	Operating expenses	\$ (52,806)	Operating expenses	\$ (97,589)
Shin Kong Mitsukoshi	Service charge and operating expenses	(57,874)	Service charge and operating expenses	(105,486)
Shin Kong Mitsukoshi	Fee income	69,457	Fee income	70,947
Shin Kong Life Insurance	Commission income	4,732	Commission income	11,891

For the Nine Months Ended September 30				
2023			2022	
	Item	Amount	Item	Amount
Cyber Soft Digital Service	Operating expenses	\$ (197,642)	Operating expenses	\$ (298,307)
Shin Kong Mitsukoshi	Service charge and operating expenses	(211,919)	Service charge and operating expenses	(216,937)
Shin Kong Mitsukoshi	Fee income	225,684	Fee income	220,301
Shin Kong Life Insurance	Commission income	14,829	Commission income	47,662

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 ended September 30, 2023 and 2022 and for the nine months ended September 30, 2023 and 2022 included the following:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Short-term benefits	\$ 72,178	\$ 73,607	\$ 200,763	\$ 138,646
Post-employment benefits	306	243	810	747
Share-based payments	<u>24,737</u>	<u>(2,782)</u>	<u>41,366</u>	<u>992</u>
	<u>\$ 97,221</u>	<u>\$ 71,068</u>	<u>\$ 242,939</u>	<u>\$ 140,385</u>

d. Related-party transactions of subsidiaries amounting to more than \$100,000 thousand.

1) Taishin Bank

Material transactions with related parties were as follows:

a) Loans, deposits and guaranteed loans

Loans

September 30, 2023						
Related Parties	Ending Balance	Highest Amount	Normal Loans	Non-performing Loans	Collateral	Any Differences in Transaction Terms Compared to Non-related Parties
<u>Other loans</u>						
Ezconn	\$ 324,000	\$ 1,998,000	\$ 324,000	\$ -	Land and buildings	None
Darfon	600,000	1,200,000	600,000	-	-	None
Shin Kong Synthetic Fibers	250,000	1,200,000	250,000	-	Securities-shares	None
September 30, 2022						
Related Parties	Ending Balance	Highest Amount	Normal Loans	Non-performing Loans	Collateral	Any Differences in Transaction Terms Compared to Non-related Parties
<u>Other loans</u>						
Ezconn	\$ 236,000	\$ 2,570,620	\$ 236,000	\$ -	Land and buildings	None

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

	September 30, 2022		
	Ending Balance	Interest Rate Range (Per Annum %)	Interest Expense
Ezconn	\$ 227,236	0.00-2.50	\$ (1,311)
Taishin Venture Capital	210,860	0.01-0.28	(5)
Hung Shin	201,249	0.01-0.01	(6)
Ubright Optronics	163,544	0.00-0.28	(132)
EasyCard	159,139	0.01-0.28	(85)
Shin Kong Life Insurance	142,608	0.00-0.28	(127)
Taiwan Fieldrich	138,375	0.01-0.28	(193)
Taishin Securities Investment Trust	130,657	0.01-0.76	(136)
Shinkong	124,388	0.00-0.28	-
An Long	115,882	0.01-0.03	(8)
Individual B	104,281	0.00-0.38	(231)
			(Concluded)

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

b) Trading securities

	September 30, 2023					
	Purchase Price (Accumulated Amount)	Sales Price (Accumulated Amount)	Repurchase Agreements		Resell Agreements	
			Ending Balance	Interest Rate Range (Per Annum %)	Ending Balance	Interest Rate (Per Annum %)
MasterLink Securities	\$ 3,923,765	\$ 1,954,776	\$ -	-	\$ -	-
Taishin Financial Holding	-	-	100,000	0.80-0.96	-	-
Dah Chung Bills	-	100,000	-	-	-	-
Yuanta Bank	-	199,776	-	-	-	-
	September 30, 2022					
	Purchase Price (Accumulated Amount)	Sales Price (Accumulated Amount)	Repurchase Agreements		Resell Agreements	
			Ending Balance	Interest Rate Range (Per Annum %)	Ending Balance	Interest Rate (Per Annum %)
MasterLink Securities	\$ 1,113,917	\$ 1,101,961	\$ 299,781	0.18-0.80	\$ -	-
Taishin Financial Holding	-	-	100,000	0.17-0.65	-	-
Yuanta Bank	-	2,095,838	-	-	-	-
Jia Hao	-	-	110,217	0.18-0.60	-	-
Nan Ya Plastics	-	-	4,434,230	0.58-0.85	-	-
Bor Sy	-	-	105,000	0.60	-	-
TDCC	490,436	779,183	-	-	-	-

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

c) Derivatives

	September 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.

d) Liability contracts with related parties

Item	Related Parties	September 30	
		2023	2022
Account receivables	Taishin Life Insurance	\$ 275,952	\$ 90,399

e) Other material transactions

For the Nine Months Ended September 30					
		2023		2022	
Item	Amount	Item	Amount	Item	Amount
CyberSoft Digital Service	Operating expenses	\$ (193,312)	Operating expenses	\$ (293,236)	
Shin Kong Mitsukoshi	Service charge and operating expenses	(211,919)	Service charge and operating expenses	(216,937)	
Shin Kong Mitsukoshi	Fee income	225,684	Fee income	220,301	
Taishin Life Insurance	Commission income	2,437,846	Commission income	1,232,775	
Taishin Securities B	Fee income	159,997	Fee income	106,182	

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 15, 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	September 30	
		2023	2022
Cash and cash equivalents	Taishin Bank	\$ 1,304,797	\$ 979,977
Customer margin account	Taishin Bank	-	626,302
Other current assets - settlements and receipts under custody	Taishin Bank	128,020	908,863
Other non-current assets - operating guarantee deposits	Taishin Bank	290,000	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	September 30	
		2023	2022
Lease liabilities	Taishin Bank	\$ 113,821	\$ 37,695

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

c) Financial assets at FVTPL - current

Item	Related Parties	September 30			
		2023		2022	
		Ending Shares (In Thousands)	Ending Balance	Ending Shares (In Thousands)	Ending Balance
Trading securities - hedging	Shin Kong Financial Holding	2,753	\$ 280,806	2,916	\$ 302,098

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

- d) As of September 30, 2023, the amount of futures margin (recognized as financial assets at FVTPL - current) for the futures transactions between Taishin Securities B and Taishin Futures was \$393,808 thousand.

3) Taishin Life Insurance

- a) Liability contracts with related parties

Item	Related Parties	September 30	
		2023	2022
Cash and cash equivalents	Taishin Bank	\$ 2,505,606	\$ 1,982,801
Commission payables	Taishin Bank	273,099	90,195

- b) Other material transactions

Item	Related Parties	For the Nine Months Ended September 30	
		2023	2022
Commission expenses	Taishin Bank	\$ 2,434,681	\$ 1,158,831

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 Nine Months Ended September 30, 2023			
	Beginning Balance	Purchased	Collected	Ending Balance
Loans with transferred ownership	<u>\$ 14,599,924</u>	<u>\$ -</u>	<u>\$ (71,351)</u>	<u>\$ 14,528,573</u>

	For the Nine Months Ended September 30, 2022			
	Beginning Balance	Purchased	Collected	Ending Balance
Loans with transferred ownership	<u>\$ 14,707,924</u>	<u>\$ -</u>	<u>\$ (83,424)</u>	<u>\$ 14,624,500</u>

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

Liability contracts with related parties

Item	Related Parties	September 30	
		2023	2022
Cash	Taishin Bank	\$ 32,963	\$ 210,860

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

6) Taishin Securities Investment Trust

Liability contracts with related parties

Item	Related Parties	September 30	
		2023	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	September 30	
		2023	2022
Other financial assets	Taishin Bank	\$ 334,375	\$ 305,951

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

48. 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	September 30, 2023	December 31, 2022	September 30, 2022
Refundable deposits	Cash and certificates of time deposits	\$ 20,851,688	\$ 13,390,945	\$ 27,343,392
Operating deposits and settlement funds	Cash, certificates of time deposits, bonds and cash paid to stock exchange	1,692,866	1,645,840	1,648,628
Investments in debt instruments at FVTOCI	Bonds	315,111	390,100	591,180
Investments in debt instruments at amortized cost	Securities and bonds	16,305,777	18,162,221	15,062,981
Other financial assets - due from banks	Time deposits	75,000	15,000	15,000

49. CONTINGENT LIABILITIES AND COMMITMENTS

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

	September 30, 2023	December 31, 2022	September 30, 2022
Trust liabilities	\$ 791,332,813	\$ 694,770,011	\$ 659,499,736
Securities custody payable	95,829,683	85,891,124	88,901,661
Unpaid engineering equipment and software	1,133,814	821,814	958,756

As of September 30, 2023, the remaining capital commitments for the contracted private equity fund of the Group was \$1,023,207 thousand.

50. FINANCIAL INFORMATION BY BUSINESS SEGMENTS

Bank Business Item	For the Nine Months Ended September 30, 2023				
	Bank Business	Securities Business	Insurance Business	Other Business	Total
Net interest income	\$ 19,051,679	\$ 118,372	\$ 4,174,288	\$ (691,971)	\$ 22,652,368
Net income other than net interest income	13,074,283	3,268,736	14,823,112	(606,941)	30,559,190
Net revenue and gains	32,125,962	3,387,108	18,997,400	(1,298,912)	53,211,558
Reversal of bad debts expenses and guarantee liabilities (provision)	(690,238)	(1,077)	218	(375,987)	(1,067,084)
Net changes in insurance liability reserve	-	-	(13,767,070)	700,949	(13,066,121)
Operating expenses	(19,241,474)	(2,000,223)	(1,598,099)	(1,383,643)	(24,223,439)
Income before income tax	12,194,250	1,385,808	3,632,449	(2,357,593)	14,854,914
Income tax (expense) benefit	(2,495,407)	(110,166)	(10,648)	(135,005)	(2,751,226)
Income after income tax	9,698,843	1,275,642	3,621,801	(2,492,598)	12,103,688

Bank Business Item	For the Nine Months Ended September 30, 2022				
	Bank Business	Securities Business	Insurance Business	Other Business	Total
Net interest income	\$ 18,329,063	\$ 322,982	\$ 3,287,170	\$ (540,538)	\$ 21,398,677
Net income other than net interest income	10,203,510	1,862,013	15,723,500	(1,785,636)	26,003,387
Net revenue and gains	28,532,573	2,184,995	19,010,670	(2,326,174)	47,402,064
Reversal of bad debts expenses and guarantee liabilities (provision)	(1,218,564)	941	(2,456)	(139,652)	(1,359,731)
Net changes in insurance liability reserve	-	-	(14,103,982)	710,271	(13,393,711)
Operating expenses	(17,300,441)	(1,692,649)	(1,457,677)	(1,265,408)	(21,716,175)
Income before income tax	10,013,568	493,287	3,446,555	(3,020,963)	10,932,447
Income tax (expense) benefit	(1,826,318)	(40,250)	(576,946)	(225,208)	(2,668,722)
Income after income tax	8,187,250	453,037	2,869,609	(3,246,171)	8,263,725

51. FINANCIAL STATEMENTS OF TAISHIN FINANCIAL HOLDING

TAISHIN FINANCIAL HOLDING CO., LTD.

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

ASSETS	2023	2022	LIABILITIES AND EQUITY	2023	2022
Cash and cash equivalents	\$ 24,780,402	\$ 20,606,650	LIABILITIES		
Financial assets at fair value through other comprehensive income (FVTOCI)	10,814,509	18,906,925	Financial liabilities at fair value through profit or loss (FVTPL)	\$ 157,500	\$ 251,000
Securities purchased under resell agreements	100,000	100,000	Commercial papers issued, net	5,944,282	2,448,048
Receivables, net	931,702	162,132	Payables	768,241	712,187
Investments accounted for using equity method	218,697,606	195,055,456	Current tax liabilities	2,052,992	1,114,951
Property and equipment, net	3,311	2,090	Bonds payable	36,813,250	36,688,864
Right-of-use assets, net	13,656	19,725	Lease liabilities	14,931	20,922
Other assets, net	<u>19,596</u>	<u>17,390</u>	Deferred tax liabilities	-	103,053
			Other liabilities	-	1,941
			Total liabilities	<u>45,751,196</u>	<u>41,340,966</u>
			EQUITY		
			Share capital		
			Ordinary shares	124,770,618	119,741,476
			Preferred shares	11,000,000	11,000,000
			Capital surplus	38,197,778	38,197,778
			Retained earnings		
			Legal reserve	16,926,942	15,244,071
			Special reserve	10,920,515	8,698,118
			Unappropriated earnings	13,046,770	10,425,821
			Other equity	<u>(5,253,037)</u>	<u>(9,777,862)</u>
			Total equity	<u>209,609,586</u>	<u>193,529,402</u>
TOTAL	<u>\$ 255,360,782</u>	<u>\$ 234,870,368</u>	TOTAL	<u>\$ 255,360,782</u>	<u>\$ 234,870,368</u>

TAISHIN FINANCIAL HOLDING CO., LTD.

**STATEMENTS OF COMPREHENSIVE INCOME (STANDALONE)
FOR THE NINE MONTHS ENDED SEPTEMBER 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	\$ 12,452,985	\$ 9,424,916
Interest income	187,430	28,985
Gain on financial assets and liabilities at FVTPL	18,000	-
Realized gains on financial assets at FVTOCI	348,019	545,801
Other income	<u>675</u>	<u>441</u>
Total income	<u>13,007,109</u>	<u>10,000,143</u>
EXPENSES AND LOSSES		
Operating expenses	(416,921)	(315,466)
Loss on financial assets and liabilities at FVTPL	-	(1,063,378)
Interest expenses	<u>(488,654)</u>	<u>(435,548)</u>
Total expenses and losses	<u>(905,575)</u>	<u>(1,814,392)</u>
INCOME BEFORE INCOME TAX	12,101,534	8,185,751
INCOME TAX (EXPENSE) BENEFIT	<u>-</u>	<u>86,537</u>
NET INCOME	<u>12,101,534</u>	<u>8,272,288</u>
OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX	<u>2,592,765</u>	<u>(9,426,118)</u>
TOTAL COMPREHENSIVE INCOME (LOSS)	<u>\$ 14,694,299</u>	<u>\$ (1,153,830)</u>
EARNINGS PER SHARE		
Basic	<u>\$0.85</u>	<u>\$0.55</u>
Diluted	<u>\$0.85</u>	<u>\$0.55</u>

TAISHIN FINANCIAL HOLDING CO., LTD.

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

	Share Capital		Capital Surplus				Retained Earnings			Other Equity				Total Equity
			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	
	Ordinary Shares	Preferred Shares												
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 nine months ended September 30, 2022	-	-	-	-	-	-	-	-	8,272,288	-	-	-	-	8,272,288
Other comprehensive income (loss) for the nine months ended September 30, 2022, net of tax	-	-	-	-	-	-	-	-	-	82,509	(4,573,349)	231,796	(5,167,074)	(9,426,118)
Total comprehensive income (loss) for the nine months ended September 30, 2022	-	-	-	-	-	-	-	-	8,272,288	82,509	(4,573,349)	231,796	(5,167,074)	(1,153,830)
Issuance of Class F preferred shares	-	3,000,000	2,276,131	-	-	-	-	-	-	-	-	-	-	5,276,131
Disposal of investments in equity instruments designated as at FVTOCI	-	-	-	-	-	-	-	-	1,702,539	-	(1,702,539)	-	-	-
BALANCE AT SEPTEMBER 30, 2022	\$ 119,741,476	\$ 11,000,000	\$ 36,066,458	\$ 2,075,475	\$ 52,632	\$ 3,213	\$ 15,244,071	\$ 8,698,118	\$ 10,425,821	\$ (100,273)	\$ (5,078,020)	\$ 212,973	\$ (4,812,542)	\$ 193,529,402
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 nine months ended September 30, 2023	-	-	-	-	-	-	-	-	12,101,534	-	-	-	-	12,101,534
Other comprehensive income (loss) for the nine months ended September 30, 2023, net of tax	-	-	-	-	-	-	-	-	-	4,205	734,469	(82,218)	1,936,309	2,592,765
Total comprehensive income (loss) for the nine months ended September 30, 2023	-	-	-	-	-	-	-	-	12,101,534	4,205	734,469	(82,218)	1,936,309	14,694,299
Disposal of investments in equity instruments designated as at FVTOCI	-	-	-	-	-	-	-	-	552,284	-	(552,284)	-	-	-
BALANCE AT SEPTEMBER 30, 2023	\$ 124,770,618	\$ 11,000,000	\$ 36,066,458	\$ 2,075,475	\$ 52,632	\$ 3,213	\$ 16,926,942	\$ 10,920,515	\$ 13,046,770	\$ (134,029)	\$ (3,618,105)	\$ 199,931	\$ (1,700,834)	\$ 209,609,586

TAISHIN FINANCIAL HOLDING CO., LTD.

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

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income before income tax	\$ 12,101,534	\$ 8,185,751
Depreciation expenses	5,383	5,250
Amortization expenses	448	387
Net loss (gain) on financial assets and liabilities at FVTPL	(18,000)	1,063,378
Net loss (gain) on financial assets and liabilities at FVOCI	(348,019)	(545,801)
Interest expenses	488,654	435,548
Interest income	(187,430)	(28,985)
(Gain) loss on disposal of property and equipment	-	(260)
Share of profit of subsidiaries and associates accounted for using equity method	(12,452,985)	(9,424,916)
Changes in operating assets and liabilities		
Net changes in operating assets		
(Increase) decrease in financial assets at FVOCI	8,889,459	19,425,325
(Increase) decrease in receivables	382,625	1,443,957
(Increase) decrease in other assets	(929)	5,223
Net changes in operating liabilities		
Increase (decrease) in financial liabilities at FVTPL	-	(3,000,000)
Increase (decrease) in payables	(27,165)	(157,058)
Increase (decrease) in other liabilities	-	1,941
Interest received	184,920	11,677
Dividend received	5,186,570	9,069,747
Interest paid	(368,053)	(341,626)
Income taxes refund	-	79,779
Income taxes paid	<u>(18,490)</u>	<u>(964,733)</u>
Net cash generated from (used in) operating activities	<u>13,818,522</u>	<u>25,264,584</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of investment accounted for using equity method	(5,000,000)	(5,000,000)
Acquisition of property and equipment	(2,222)	(243)
Proceeds from disposal of property and equipment	<u>-</u>	<u>260</u>
Net cash generated from (used in) investing activities	<u>(5,002,222)</u>	<u>(4,999,983)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in commercial papers issued	3,500,000	-
Decrease in commercial papers issued	-	(2,050,000)
Proceeds from issuing bonds	-	5,025,000
Payments of lease liabilities	(4,495)	(4,479)
Cash dividends distributed	(7,952,343)	(8,660,177)
Issuance of Class F preferred shares	<u>-</u>	<u>5,276,131</u>
Net cash generated from (used in) financing activities	<u>(4,456,838)</u>	<u>(413,525)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	4,359,462	19,851,076
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>20,520,940</u>	<u>855,574</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 24,880,402</u>	<u>\$ 20,706,650</u>
Cash and cash equivalents in the balance sheets	\$ 24,780,402	\$ 20,606,650
Securities purchased under resell agreements qualifying as cash and cash equivalents under the definition of IAS 7	<u>100,000</u>	<u>100,000</u>
	<u>\$ 24,880,402</u>	<u>\$ 20,706,650</u>

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

The Company

Item		For the Nine Months Ended September 30, 2023	For the Nine Months Ended September 30, 2022
Return on total assets	Pretax	4.84%	3.46%
	After tax	4.84%	3.49%
Return on net equity	Pretax	5.87%	4.18%
	After tax	5.87%	4.22%
Profit margin		93.04%	82.72%

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 September 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 Nine Months Ended September 30, 2023	For the Nine Months Ended September 30, 2022
Return on net equity - ordinary share	Pretax	6.68%	4.51%
	After tax	6.68%	4.56%

The Group

Item		For the Nine Months Ended September 30, 2023	For the Nine Months Ended September 30, 2022
Return on total assets	Pretax	0.52%	0.42%
	After tax	0.42%	0.31%
Return on net equity	Pretax	7.20%	5.59%
	After tax	5.87%	4.22%
Profit margin		22.75%	17.43%

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

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

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

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

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

Item		For the Nine Months Ended	For the Nine Months Ended
		September 30, 2023	September 30, 2022
Return on net equity - ordinary share	Pretax	8.40%	6.32%
	After tax	6.68%	4.56%

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

Taishin Bank

a. Balance sheets (standalone)

	September 30	
	2023	2022
Assets		
Cash and cash equivalents	\$ 35,720,619	\$ 31,074,699
Due from Central Bank and call loans to banks	97,191,256	96,773,180
Financial assets at FVTPL	158,822,070	156,085,883
Financial assets at FVTOCI	116,720,495	122,460,465
Investments in debt instruments at amortized cost	524,119,756	364,795,250
Securities purchased under resell agreements	15,123,845	8,655,883
Receivables, net	121,773,497	116,458,062
Current tax assets	124,565	124,565
Loans, net	1,478,991,512	1,424,775,769
Investments accounted for using equity method	2,193,158	2,056,401
Other financial assets, net	1,249,418	5,030,082
Property and equipment, net	21,141,041	17,896,239
Right-of-use assets, net	2,168,411	2,054,645
Intangible assets, net	2,686,141	2,689,383
Deferred tax assets	1,229,949	2,094,103
Other assets, net	<u>22,015,809</u>	<u>28,221,999</u>
	<u>\$ 2,601,271,542</u>	<u>\$ 2,381,246,608</u>

(Continued)

	September 30	
	2023	2022
Liabilities		
Deposits from the Central Bank and banks	\$ 16,768,302	\$ 24,916,693
Financial liabilities at FVTPL	61,415,317	88,997,849
Securities sold under repurchase agreements	74,028,947	88,929,259
Payables	33,671,318	27,384,581
Current tax liabilities	1,067,621	341,679
Deposits and remittances	2,083,904,653	1,847,977,385
Bank notes payable	28,000,000	34,800,000
Other financial liabilities	110,964,225	90,657,815
Provisions	1,712,787	1,833,618
Lease liabilities	2,283,752	2,160,166
Deferred tax liabilities	58,607	58,527
Other liabilities	<u>7,166,816</u>	<u>9,846,214</u>
	<u>2,421,042,345</u>	<u>2,217,903,786</u>
Equity		
Share capital	93,262,546	90,989,818
Capital surplus	33,047,252	30,319,980
Retained earnings	58,159,817	47,538,234
Other equity	<u>(4,240,418)</u>	<u>(5,505,210)</u>
	<u>180,229,197</u>	<u>163,342,822</u>
	<u>\$ 2,601,271,542</u>	<u>\$ 2,381,246,608</u>

(Concluded)

b. Statements of comprehensive income (standalone)

	For the Nine Months Ended September 30	
	2023	2022
Interest income	\$ 49,178,394	\$ 26,800,356
Interest expense	<u>(30,715,236)</u>	<u>(8,929,058)</u>
Net interest income	18,463,158	17,871,298
Net income other than net interest income	<u>15,790,826</u>	<u>11,509,836</u>
Net revenue and gains	34,253,984	29,381,134
Bad debts expenses, commitment and guarantee liability provisions	(668,829)	(1,225,903)
Operating expenses	<u>(19,020,148)</u>	<u>(17,093,596)</u>
Income before income tax	14,565,007	11,061,635
Income tax expense	<u>(2,467,793)</u>	<u>(1,782,451)</u>
Net income	12,097,214	9,279,184
Other comprehensive income (loss)	<u>(24,807)</u>	<u>(5,649,678)</u>
Total comprehensive income (loss)	<u>\$ 12,072,407</u>	<u>\$ 3,629,506</u>
Basic earnings per share (dollar)	<u>\$1.32</u>	<u>\$1.02</u>
Diluted earnings per share (dollar)	<u>\$1.32</u>	<u>\$1.02</u>

c. Key financial and business highlights

1) Profitability

Item		For the Nine Months Ended September 30, 2023	For the Nine Months Ended September 30, 2022
Return on total assets	Pretax	0.58%	0.49%
	After tax	0.48%	0.41%
Return on net equity	Pretax	8.38%	6.70%
	After tax	6.96%	5.62%
Profit margin		35.32%	31.58%

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

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

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

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

2) Asset quality

Non-performing loans and receivables

Item		September 30, 2023					September 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	\$ 467,241	\$ 316,110,001	0.15%	\$ 3,619,268	774.60%	\$ 594,967	\$ 312,851,571	0.19%	\$ 3,582,361	602.11%	
	Unsecured	815,816	332,426,712	0.25%	5,831,963	714.86%	597,126	350,503,353	0.17%	5,673,004	950.05%	
Consumer finance	Mortgage loans (Note d)	115,533	407,498,679	0.03%	6,103,138	5,282.59%	233,751	380,378,932	0.06%	5,710,903	2,433.16%	
	Cash cards	5,345	222,040	2.41%	41,630	778.86%	8,927	344,045	2.59%	49,667	556.37%	
	Credit loans (Note e)	222,185	93,729,967	0.24%	1,037,935	467.15%	208,475	84,526,225	0.25%	978,155	469.20%	
	Others (Note f)	Secured	256,696	345,264,564	0.07%	3,725,801	1,451.44%	297,461	314,034,791	0.09%	3,434,199	1,154.50%
		Unsecured	1,643	4,799,153	0.03%	50,455	3,070.91%	2,500	2,258,472	0.11%	25,210	1,008.40%
Subtotal		1,884,459	1,500,051,116	0.13%	20,410,190	1,083.08%	1,943,207	1,444,897,389	0.13%	19,453,499	1,001.10%	
Credit card		152,437	70,245,514	0.22%	702,120	460.60%	136,579	61,797,656	0.22%	625,483	457.96%	
Accounts receivable factoring with no recourse (Note g)		-	32,309,646	-	910,794	-	-	44,687,272	-	613,688	-	

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	September 30, 2023		September 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)	\$ 109,357	\$ 39,628	\$ 160,813	\$ 57,255
	Loans executed in accordance with debt clearing and renewal regulations (Note b)	1,698,633	1,049,265	1,774,227	1,142,036
	Total	1,807,990	1,088,893	1,935,040	1,199,291

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	September 30, 2023			September 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 (wireless telecommunications)	\$ 14,179,538	7.87%	D Group (activities of other holding companies)	\$ 15,785,226	9.66%
	2	B Group (Manufacture of Cement)	14,026,893	7.78%	C Group (manufacture of woven cotton-type or woolen-type)	15,587,530	9.54%
	3	C Group (other financial service not elsewhere classified)	12,732,449	7.06%	B Group (other financial service, not elsewhere classified)	13,996,039	8.57%
	4	D Group (activities of other holding companies)	11,918,856	6.61%	E Group (real estate development)	11,805,000	7.23%
	5	E Group (real estate development)	10,580,000	5.87%	F Group (activities of other holding companies)	10,730,693	6.57%
	6	F Group (activities of other holding companies)	9,979,393	5.54%	A Group (wireless telecommunications)	10,534,187	6.45%
	7	G Group (activities of finance and leasing companies)	9,646,757	5.35%	H Group (rolling and extruding of iron and steel)	9,710,757	5.95%
	8	H Group (rolling and extruding of iron and steel)	8,346,538	4.63%	K Group (wholesale of electronic communication equipment and its parts and components)	8,727,823	5.34%
	9	I Group (real estate development)	8,249,600	4.58%	L Group (manufacture of computers)	7,735,406	4.74%
	10	J Group (manufacture of other computer peripheral equipment)	8,131,701	4.51%	G Group (activities of finance and leasing companies)	7,215,837	4.42%

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	September 30, 2023				
	1-90 Days	91-180 Days	181 Days-1 Year	More Than 1 Year	Total
Interest-sensitive assets	\$ 1,428,806,498	\$ 56,880,717	\$ 50,684,216	\$ 191,710,403	\$ 1,728,081,834
Interest-sensitive liabilities	546,200,840	113,055,172	133,463,328	809,362,750	1,602,082,090
Interest sensitivity gap	882,605,658	(56,174,455)	(82,779,112)	(617,652,347)	125,999,744
Net equity					182,649,397
Ratio of interest-sensitive assets to liabilities					107.86%
Ratio of interest sensitivity gap to net equity					68.98%

Item	September 30, 2022				
	1-90 Days	91-180 Days	181 Days-1 Year	More Than 1 Year	Total
Interest-sensitive assets	\$ 1,273,367,061	\$ 74,243,077	\$ 60,258,317	\$ 222,852,857	\$ 1,630,721,312
Interest-sensitive liabilities	568,318,145	105,869,911	160,820,096	672,082,983	1,507,091,135
Interest sensitivity gap	705,048,916	(31,626,834)	(100,561,779)	(449,230,126)	123,630,177
Net equity					164,567,764
Ratio of interest-sensitive assets to liabilities					108.20%
Ratio of interest sensitivity gap to net equity					75.12%

Note a: The amounts listed above include amounts in N.T. dollars only (i.e., excluding foreign currency) for both head office and domestic branches, excluding contingent assets and contingent liabilities.

Note b: Interest-sensitive assets and liabilities are interest-bearing assets and interest-bearing liabilities with income or cost affected by interest rate fluctuations.

Note c: Interest sensitivity gap = Interest-sensitive assets - Interest-sensitive liabilities

Note d: Ratio of interest-sensitive assets to interest-sensitive liabilities (N.T. dollars only) = $\frac{\text{Interest-sensitive assets}}{\text{Interest-sensitive liabilities}}$

(In Thousands of U.S. Dollars)

Item	September 30, 2023				
	1-90 Days	91-180 Days	181 Days-1 Year	More Than 1 Year	Total
Interest-sensitive assets	\$ 10,644,341	\$ 2,828,524	\$ 2,965,805	\$ 3,393,797	\$ 19,832,467
Interest-sensitive liabilities	11,653,307	2,052,647	1,769,511	4,111,246	19,586,711
Interest sensitivity gap	(1,008,966)	775,877	1,196,294	(717,449)	245,756
Net equity					(84,365)
Ratio of interest-sensitive assets to liabilities					101.25%
Ratio of interest sensitivity gap to net equity					(291.30%)

(In Thousands of U.S. Dollars)

Item	September 30, 2022				
	1-90 Days	91-180 Days	181 Days-1 Year	More Than 1 Year	Total
Interest-sensitive assets	\$ 9,958,541	\$ 3,647,598	\$ 260,832	\$ 4,865,590	\$ 18,732,561
Interest-sensitive liabilities	10,613,726	1,383,873	1,992,885	4,491,328	18,481,812
Interest sensitivity gap	(655,185)	2,263,725	(1,732,053)	374,262	250,749
Net equity					(82,953)
Ratio of interest-sensitive assets to liabilities					101.36%
Ratio of interest sensitivity gap to net equity					(302.28%)

Note a: The amounts listed above include amounts in U.S. dollars only for domestic branches, OBU, and overseas branches, excluding contingent assets and contingent liabilities.

Note b: Interest-sensitive assets and liabilities are interest-bearing assets and interest-bearing liabilities with income or cost affected by interest rate fluctuations.

Note c: Interest sensitivity gap = Interest-sensitive assets - Interest-sensitive liabilities

Note d: Ratio of interest-sensitive assets to interest-sensitive liabilities (U.S. dollars only) = $\frac{\text{Interest-sensitive assets}}{\text{Interest-sensitive liabilities}}$

5) Maturity analysis of assets and liabilities

	Total	September 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	\$ 2,525,027,101	\$ 712,185,973	\$ 351,856,572	\$ 287,706,999	\$ 229,295,016	\$ 943,982,541
Major maturity cash outflow	3,119,921,773	408,603,501	422,544,700	396,086,156	583,843,626	1,308,843,790
Gap	(594,894,672)	303,582,472	(70,688,128)	(108,379,157)	(354,548,610)	(364,861,249)

	Total	September 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	\$ 2,410,210,124	\$ 692,809,071	\$ 352,467,485	\$ 276,225,786	\$ 210,143,385	\$ 878,564,397
Major maturity cash outflow	2,948,872,989	392,976,771	444,549,980	455,970,947	476,683,032	1,178,692,259
Gap	(538,662,865)	299,832,300	(92,082,495)	(179,745,161)	(266,539,647)	(300,127,862)

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	September 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	\$ 63,467,405	\$ 17,444,215	\$ 16,308,610	\$ 12,695,746	\$ 9,673,135	\$ 7,345,699
Major maturity cash outflow	63,323,178	16,444,855	18,863,910	13,544,610	8,879,475	5,590,328
Gap	144,227	999,360	(2,555,300)	(848,864)	793,660	1,755,371

(In Thousands of U.S. Dollars)

	Total	September 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	\$ 59,233,977	\$ 20,210,835	\$ 16,528,509	\$ 11,140,404	\$ 4,951,630	\$ 6,402,599
Major maturity cash outflow	59,240,779	18,775,298	17,633,348	10,329,301	6,751,627	5,751,205
Gap	(6,802)	1,435,537	(1,104,839)	811,103	(1,799,997)	651,394

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)

	September 30	
	2023	2022
Assets		
Current assets	\$ 45,255,477	\$ 44,625,212
Financial assets at FVTPL - non-current	160,134	86,451
Financial assets at FVTOCI - non-current	5,330,101	5,546,308
Investments accounted for using equity method	576,026	185,527
Property and equipment	815,908	755,943
Right-of-use assets	152,136	76,264
Investment properties	122,534	125,830
Intangible assets	169,854	138,549
Deferred tax assets	13,014	28,400
Other non-current assets	<u>510,535</u>	<u>582,584</u>
	<u>\$ 53,105,719</u>	<u>\$ 52,151,068</u>
Liabilities		
Current liabilities	\$ 39,309,874	\$ 39,243,613
Other non-current liabilities	<u>3,483,319</u>	<u>3,492,913</u>
	<u>42,793,193</u>	<u>42,736,526</u>
Equity		
Share capital	6,924,125	6,924,125
Capital surplus	895,825	895,825
Retained earnings	2,645,927	1,739,330
Other equity	<u>(153,351)</u>	<u>(144,738)</u>
	<u>10,312,526</u>	<u>9,414,542</u>
	<u>\$ 53,105,719</u>	<u>\$ 52,151,068</u>

b. Statements of comprehensive income (standalone)

	For the Nine Months Ended September 30	
	2023	2022
Revenue	\$ 3,999,825	\$ 2,767,080
Expense	(2,820,413)	(2,257,000)
Non-operating income and expense	<u>41,735</u>	<u>49,043</u>
Profit before income tax	1,221,147	559,123
Income tax expense	<u>(110,166)</u>	<u>(40,250)</u>
Net income	1,110,981	518,873
Other comprehensive income (loss)	<u>(1,241)</u>	<u>(162,717)</u>
Total comprehensive income (loss)	<u>\$ 1,109,740</u>	<u>\$ 356,156</u>
Basic earnings per share (dollar)	<u>\$1.60</u>	<u>\$0.75</u>

c. Profitability

Item		For the Nine Months Ended September 30, 2023	For the Nine Months Ended September 30, 2022
		Return on total assets	Pretax
	After tax	2.22%	0.89%
Return on net equity	Pretax	12.34%	5.68%
	After tax	11.23%	5.27%
Profit margin		27.78%	18.75%

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 September 30 of 2023 and 2022.

Taishin Life Insurance

a. Balance sheets

	<u>September 30</u>	
	2023	2022
Assets		
Cash and cash equivalents	\$ 3,712,871	\$ 4,040,266
Receivables	2,991,743	2,180,947
Current tax assets	120,303	226,430
Financial assets at FVTPL	27,170,856	20,934,591
Financial assets at FVTOCI	43,590	44,289
Investments in debt instruments at amortized cost	189,731,504	173,709,534
Investments accounted for using equity method	420,024	263,708
Investment properties	2,046,087	1,014,603
Loans	7,450,452	7,316,581
Reinsurance contract assets	557,784	470,713
Property and equipment	1,975,686	1,923,472
Right-of-use assets	60,390	94,218
Intangible assets	238,682	169,080
Deferred tax assets	562,461	541,087
Other assets	1,473,909	1,457,787
Separate account insurance product assets	<u>32,355,816</u>	<u>27,687,227</u>
	<u>\$ 270,912,158</u>	<u>\$ 242,074,533</u>

(Continued)

	September 30	
	2023	2022
Liabilities		
Payables	\$ 1,943,648	\$ 1,093,723
Current tax liabilities	3,611	-
Financial liabilities at FVTPL	1,059,048	1,776,164
Lease liabilities	57,584	90,608
Insurance liabilities	215,370,109	195,185,894
Reserve for insurance contracts with the nature of financial products	1,666	1,943
Reserve for foreign exchange valuation	898,410	1,126,194
Provisions	126,248	218,351
Deferred tax liabilities	803,886	641,938
Other liabilities	621,696	577,501
Separate account insurance product liabilities	<u>32,355,816</u>	<u>27,687,227</u>
	<u>253,241,722</u>	<u>228,399,543</u>
Equity		
Share capital	9,378,059	9,378,059
Capital surplus	2,727,273	2,727,273
Retained earnings	7,188,808	6,304,371
Other equity	<u>(1,623,704)</u>	<u>(4,734,713)</u>
	<u>17,670,436</u>	<u>13,674,990</u>
	<u>\$ 270,912,158</u>	<u>\$ 242,074,533</u>
		(Concluded)

b. Statements of comprehensive income

	For the Nine Months Ended	
	September 30	
	2023	2022
Operating revenue	\$ 28,259,024	\$ 20,053,272
Operating cost	(25,475,255)	(16,379,240)
Operating expenses	<u>(1,679,953)</u>	<u>(1,536,191)</u>
Operating income (loss)	1,103,816	2,137,841
Non-operating income and expenses	<u>162</u>	<u>66,647</u>
Income before income tax	1,103,978	2,204,488
Income tax expense	<u>(10,648)</u>	<u>(576,946)</u>
Net income	1,093,330	1,627,542
Other comprehensive income (loss)	<u>1,937,086</u>	<u>(5,169,483)</u>
Total comprehensive income (loss)	<u>\$ 3,030,416</u>	<u>\$ (3,541,941)</u>
Basic earnings per share (dollar)	<u>\$1.17</u>	<u>\$2.06</u>

c. Profitability

Item		For the Nine Months Ended September 30, 2023	For the Nine Months Ended September 30, 2022
		Return on total assets	Pretax
	After tax	0.42%	0.71%
Return on net equity	Pretax	6.83%	17.03%
	After tax	6.77%	12.57%
Profit margin		3.87%	8.09%

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

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

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

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

Taishin AMC

a. Balance sheets

	<u>September 30</u>	
	2023	2022
Assets		
Current assets	\$ 15,428	\$ 24,295
Financial assets at FVTOCI - non-current	343,452	213,107
Investments accounted for using equity method	141,715	141,392
Property and equipment	170,129	172,872
Investment properties	821,361	828,079
Deferred tax assets	17,701	34,416
Right-of-use asset	308	-
Other non-current assets	<u>213,726</u>	<u>317,378</u>
	<u>\$ 1,723,820</u>	<u>\$ 1,731,539</u>
Liabilities		
Current liabilities	\$ 247,909	\$ 439,045
Other non-current liabilities	<u>4,063</u>	<u>4,592</u>
	<u>251,972</u>	<u>443,637</u>
Equity		
Share capital	671,000	671,000
Capital surplus	4,141	4,141
Retained earnings	584,113	546,782
Other equity	<u>212,594</u>	<u>65,979</u>
	<u>1,471,848</u>	<u>1,287,902</u>
	<u>\$ 1,723,820</u>	<u>\$ 1,731,539</u>

b. Statements of comprehensive income

	For the Nine Months Ended September 30	
	2023	2022
Operating revenue	\$ 157,966	\$ 181,669
Operating cost and expenses	<u>(83,034)</u>	<u>(90,152)</u>
Operating income	74,932	91,517
Non-operating income	145,294	145,442
Non-operating expenses	<u>(755)</u>	<u>(1,843)</u>
Income before income tax	219,471	235,116
Income tax expense	<u>(24,573)</u>	<u>(28,318)</u>
Net income	194,898	206,798
Other comprehensive income (loss)	<u>(129,298)</u>	<u>(6,839)</u>
Total comprehensive income (loss)	<u>\$ 65,600</u>	<u>\$ 199,959</u>
Basic earnings per share (dollar)	<u>\$2.90</u>	<u>\$3.08</u>

c. Profitability

Item		For the Nine Months Ended September 30, 2023	For the Nine Months Ended September 30, 2022
Return on total assets	Pretax	11.77%	12.73%
	After tax	10.45%	11.19%
Return on net equity	Pretax	13.57%	18.89%
	After tax	12.05%	16.61%
Profit margin		64.27%	63.22%

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

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

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

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

Taishin Venture Capital

a. Balance sheets

	September 30	
	2023	2022
Assets		
Current assets	\$ 255,142	\$ 516,977
Financial assets at FVTPL - non-current	5,134,580	2,767,734
Investments accounted for using equity method	2,409,439	2,421,887
Property and equipment	54	64
Right-of-use assets	4,404	6,226
Other non-current assets	<u>481</u>	<u>481</u>
	<u>\$ 7,804,100</u>	<u>\$ 5,713,369</u>
Liabilities		
Current liabilities	\$ 11,065	\$ 5,417
Current tax liabilities	-	28,265
Other non-current liabilities	<u>2,641</u>	<u>4,477</u>
	<u>13,706</u>	<u>38,159</u>
Equity		
Share capital	9,197,040	4,944,397
Capital surplus	871	871
Retained earnings	(1,270,628)	832,054
Other equity	<u>(136,889)</u>	<u>(102,112)</u>
	<u>7,790,394</u>	<u>5,675,210</u>
	<u>\$ 7,804,100</u>	<u>\$ 5,713,369</u>

b. Statements of comprehensive income

	For the Nine Months Ended	
	September 30	
	2023	2022
Revenue	\$ 29,936	\$ 266,268
Expenses and losses	<u>(1,855,325)</u>	<u>(251,986)</u>
Income before income tax	(1,825,389)	14,282
Income tax expense	<u>(169)</u>	<u>(68,144)</u>
Net income (loss)	(1,825,558)	(53,862)
Other comprehensive income (loss)	<u>1,125</u>	<u>74,439</u>
Total comprehensive income (loss)	<u>\$ (1,824,433)</u>	<u>\$ 20,577</u>
Basic earnings per share (dollar)	<u>\$(1.98)</u>	<u>\$(0.06)</u>

c. Profitability

Item		For the Nine Months Ended September 30, 2023	For the Nine Months Ended September 30, 2022
		Return on total assets	Pretax
	After tax	(20.92%)	(0.95%)
Return on net equity	Pretax	(20.98%)	0.25%
	After tax	(20.98%)	(0.95%)
Profit margin		(6098.16%)	(20.23%)

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 September 30 of 2023 and 2022.

Taishin Securities Investment Trust

a. Balance sheets

	<u>September 30</u>	
	2023	2022
Assets		
Current assets	\$ 573,496	\$ 500,982
Financial assets at FVTOCI - non-current	2,925	2,742
Property and equipment	4,831	10,516
Goodwill	410,930	410,930
Right-of-use assets	4,836	12,621
Intangible assets	3,058	2,502
Other non-current assets	<u>205,111</u>	<u>301,844</u>
	<u>\$ 1,205,187</u>	<u>\$ 1,242,137</u>
Liabilities		
Current liabilities	\$ 136,222	\$ 178,704
Other non-current liabilities	<u>2,995</u>	<u>1,316</u>
	<u>139,217</u>	<u>180,020</u>
Equity		
Share capital	831,350	831,350
Capital surplus	47,856	47,856
Retained earnings	186,839	183,170
Other equity	<u>(75)</u>	<u>(259)</u>
	<u>1,065,970</u>	<u>1,062,117</u>
	<u>\$ 1,205,187</u>	<u>\$ 1,242,137</u>

b. Statements of comprehensive income

	For the Nine Months Ended September 30	
	2023	2022
Operating revenue	\$ 566,539	\$ 606,724
Operating expenses	<u>(435,485)</u>	<u>(427,201)</u>
Operating income	131,054	179,523
Non-operating income	13,104	4,239
Non-operating expenses	<u>(128)</u>	<u>(25,909)</u>
Income before income tax	144,030	157,853
Income tax expense	<u>(26,969)</u>	<u>(28,275)</u>
Net income	117,061	129,578
Other comprehensive income (loss)	<u>79</u>	<u>298</u>
Total comprehensive income (loss)	<u>\$ 117,140</u>	<u>\$ 129,876</u>
Basic earnings per share (dollar)	<u>\$1.41</u>	<u>\$1.56</u>

c. Profitability

Item		For the Nine Months Ended September 30, 2023	For the Nine Months Ended September 30, 2022
Return on total assets	Pretax	11.50%	11.95%
	After tax	9.35%	9.81%
Return on net equity	Pretax	13.31%	14.37%
	After tax	10.82%	11.80%
Profit margin		20.20%	21.21%

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

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

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

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

Taishin Securities Investment Advisory

a. Balance sheets

	September 30	
	2023	2022
Assets		
Current assets	\$ 357,257	\$ 348,076
Investments accounted for using equity method	-	2,982
Property and equipment	1,869	2,163
Right-of-use assets	15,618	23,477
Deferred tax assets	668	1,211
Other non-current assets	<u>6,887</u>	<u>6,887</u>
	<u>\$ 382,299</u>	<u>\$ 384,796</u>
Liabilities		
Current liabilities	\$ 23,243	\$ 29,435
Other non-current liabilities	<u>20,392</u>	<u>21,747</u>
	<u>43,635</u>	<u>51,182</u>
Equity		
Share capital	300,000	300,000
Capital surplus	25,663	25,662
Retained earnings	<u>13,001</u>	<u>7,952</u>
	<u>338,664</u>	<u>333,614</u>
	<u>\$ 382,299</u>	<u>\$ 384,796</u>

b. Statements of comprehensive income

	For the Nine Months Ended September 30	
	2023	2022
Operating revenue	\$ 87,204	\$ 87,484
Operating expenses	<u>(82,076)</u>	<u>(85,538)</u>
Operating income (loss)	5,128	1,946
Non-operating income	10,494	14,904
Non-operating expenses	<u>(178)</u>	<u>(5,867)</u>
Income before income tax	15,444	10,983
Income tax expense	<u>(3,060)</u>	<u>(3,031)</u>
Net income	12,384	7,952
Other comprehensive income (loss)	<u>-</u>	<u>-</u>
Total comprehensive income (loss)	<u>\$ 12,384</u>	<u>\$ 7,952</u>
Basic earnings per share (dollar)	<u>\$0.41</u>	<u>\$0.27</u>

c. Profitability

Item		For the Nine Months Ended September 30, 2023	For the Nine Months Ended September 30, 2022
		Return on total assets	Pretax
	After tax	3.22%	2.06%
Return on net equity	Pretax	4.61%	3.33%
	After tax	3.69%	2.41%
Profit margin		12.68%	7.77%

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

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

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

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

54. 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)

	September 30, 2023		
	Foreign Currencies	Exchange Rate	New Taiwan Dollars
<u>Financial assets</u>			
Monetary items			
AUD	\$ 2,032,123	20.56	\$ 41,770,740
CAD	102,046	23.89	2,438,080
RMB	10,323,367	4.42	45,591,973
EUR	386,373	33.92	13,104,832
GBP	35,452	39.23	1,390,902
HKD	4,532,528	4.13	18,698,884
JPY	99,210,396	0.22	21,444,922
SGD	208,476	23.53	4,906,466
USD	15,577,138	32.28	502,892,310
ZAR	1,097,365	1.68	1,844,156
Non-monetary items			
USD	288,172	32.28	9,303,346

(Continued)

September 30, 2023

	Foreign Currencies	Exchange Rate	New Taiwan Dollars
<u>Financial liabilities</u>			
Monetary items			
AUD	\$ 832,848	20.56	\$ 17,119,371
CAD	55,017	23.89	1,314,473
RMB	10,857,161	4.42	47,949,413
EUR	444,455	33.92	15,074,849
GBP	104,378	39.23	4,095,076
HKD	4,140,646	4.13	17,082,180
JPY	135,046,956	0.22	29,191,210
NZD	64,736	19.16	1,240,592
SGD	26,623	23.54	626,573
USD	18,968,744	32.28	612,386,938
ZAR	3,802,232	1.68	6,389,769
Non-monetary items			
AUD	94,500	20.56	1,942,466
USD	308,851	32.28	9,970,930
<u>Derivative instruments</u>			
Financial assets			
AUD	770,784	20.56	15,843,634
CAD	73,971	23.89	1,767,313
RMB	98,555,110	4.42	435,257,410
EUR	250,958	33.92	8,511,890
GBP	87,197	39.23	3,420,999
HKD	124,740	4.13	514,612
JPY	95,726,590	0.22	20,691,877
NZD	58,368	19.16	1,118,547
SGD	90,176	23.53	2,122,289
USD	39,306,505	32.28	1,268,971,209
ZAR	3,058,277	1.68	5,139,529
Financial liabilities			
AUD	1,885,854	20.56	38,764,143
CAD	120,790	23.89	2,885,915
CHF	35,788	35.06	1,254,629
RMB	97,983,379	4.42	432,732,425
EUR	192,752	33.92	6,537,681
GBP	16,923	39.23	663,939
HKD	815,422	4.13	3,364,012
JPY	59,106,415	0.22	12,776,206
SGD	270,865	23.53	6,374,777
USD	36,447,009	32.28	1,176,655,243
ZAR	359,389	1.68	603,964
			(Concluded)

December 31, 2022

	Foreign Currencies	Exchange Rate	New Taiwan Dollars
<u>Financial assets</u>			
Monetary items			
AUD	\$ 1,749,216	20.84	\$ 36,450,505
CAD	86,592	22.67	1,963,329
RMB	7,275,104	4.41	32,099,798
EUR	272,079	32.75	8,910,550
GBP	49,654	37.06	1,840,390
HKD	5,648,099	3.94	22,258,463
JPY	86,545,153	0.23	20,126,075
SGD	295,135	22.88	6,751,968
USD	14,335,904	30.73	440,513,653
ZAR	1,165,166	1.81	2,113,276
Non-monetary items			
USD	264,474	30.73	8,126,760
<u>Financial liabilities</u>			
Monetary items			
AUD	717,424	20.84	14,949,818
CAD	56,257	22.67	1,275,535
RMB	8,219,965	4.41	36,268,787
EUR	304,271	32.75	9,964,840
GBP	36,673	37.06	1,359,264
HKD	2,994,630	3.94	11,801,467
JPY	94,171,945	0.23	21,899,686
NZD	47,351	19.44	920,589
SGD	47,020	22.88	1,075,713
USD	18,700,233	30.73	574,620,747
ZAR	3,777,986	1.81	6,852,179
Non-monetary items			
AUD	117,711	20.84	2,452,877
USD	389,411	30.73	11,965,836
<u>Derivative instruments</u>			
Financial assets			
AUD	414,697	20.84	8,641,533
CAD	46,023	22.67	1,043,503
RMB	22,214,533	4.41	98,016,740
EUR	439,138	32.75	14,381,735
GBP	25,182	37.06	933,363
HKD	289	3.94	1,139
JPY	29,166,378	0.23	6,782,641
NZD	854	19.44	16,603
SGD	8,431	22.88	192,873
USD	5,071,297	30.73	155,830,802
ZAR	3,803,190	1.81	6,897,892

(Continued)

	December 31, 2022		
	Foreign Currencies	Exchange Rate	New Taiwan Dollars
Financial liabilities			
AUD	\$ 1,335,348	20.84	\$ 27,826,230
CAD	75,438	22.67	1,710,421
CHF	8,305	33.25	276,157
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)

	September 30, 2022		
	Foreign Currencies	Exchange Rate	New Taiwan Dollars
Financial assets			
Monetary items			
AUD	\$ 1,843,352	20.68	\$ 38,124,705
CAD	53,890	23.25	1,252,981
RMB	5,926,518	4.48	26,551,620
EUR	295,241	31.28	9,236,281
GBP	56,030	35.55	1,991,716
HKD	6,158,132	4.05	24,923,260
JPY	83,737,069	0.22	18,434,130
SGD	364,512	22.21	8,097,433
USD	12,632,963	31.77	401,349,222
ZAR	1,162,477	1.78	2,065,287
Non-monetary items			
USD	272,455	31.77	8,655,883

	September 30, 2022		
	Foreign Currencies	Exchange Rate	New Taiwan Dollars
Financial liabilities			
Monetary items			
AUD	676,570	20.68	13,993,002
CAD	59,818	23.25	1,390,816
RMB	8,143,900	4.48	36,485,796
EUR	245,403	31.28	7,677,162
GBP	43,624	35.55	1,550,706
HKD	3,497,524	4.05	14,155,219
JPY	85,057,123	0.22	18,724,730
NZD	55,156	18.20	1,004,065
SGD	25,889	22.21	575,102
USD	15,621,452	31.77	496,293,514
ZAR	3,671,026	1.78	6,522,044
			(Continued)

	September 30, 2022		
	Foreign Currencies	Exchange Rate	New Taiwan Dollars
Non-monetary items			
AUD	\$ 90,047	20.68	\$ 1,862,384
USD	1,051,366	31.77	33,401,899
<u>Derivative instruments</u>			
Financial assets			
AUD	1,242,902	20.68	25,706,028
CAD	69,834	23.25	1,623,709
RMB	65,638,958	4.48	294,071,589
EUR	432,807	31.28	13,539,893
GBP	26,984	35.55	959,202
HKD	558,290	4.05	2,259,516
JPY	151,391,739	0.22	33,327,832
NZD	10,486	18.20	190,896
SGD	5,977	22.21	132,766
USD	35,339,449	31.77	1,122,734,301
ZAR	4,994,491	1.78	8,873,347
Financial liabilities			
AUD	2,334,673	20.68	48,286,335
CAD	64,558	23.25	1,501,024
CHF	3,852	32.52	125,273
RMB	63,386,280	4.48	283,979,282
EUR	492,564	31.28	15,409,318
GBP	27,598	35.55	981,021
HKD	3,569,115	4.05	14,444,961
JPY	151,428,203	0.22	33,335,859
SGD	346,892	22.21	7,706,016
USD	32,257,683	31.77	1,024,826,579
ZAR	2,476,750	1.78	4,400,262

(Concluded)

55. 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.

56. DISCLOSURES UNDER STATUTORY REQUIREMENTS

a. Information to be disclosed according to Article 22 of the Regulations Governing the Preparation of Financial Reports by Financial Holding Companies is as follows:

1) Material transactions are summarized as follows:

No.	Item	Explanation
1	Securities of Taishin Financial Holding’s investees acquired or disposed of at costs or prices of at least NT\$300 million or 10% of the paid-in capital	Table 3
2	Acquisition or disposal of individual real estate at costs of at least NT\$300 million or 10% of the paid-in capital	Table 4
3	Discounts of service charges for related parties amounting to at least \$5 million	None
4	Receivables from related parties amounting to at least NT\$300 million or 10% of the paid-in capital	Table 5
5	Sales of NPL from subsidiaries	None
6	Authorities securitized instruments and related assets which are in accordance with the Statute for Financial Assets Securitization and the Statute for Real Estate Securitization	None
7	Other transactions that may have significant impact on the decision made by the financial statement users	None

2) Information on Taishin Financial Holding's subsidiaries:

No.	Item	Explanation
1	Financings provided to others	Table 1 (Note)
2	Endorsements/guarantees provided	Note
3	Marketable securities held	Table 2 (Note)
4	Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 10% of the paid-in capital	Note
5	Derivative transactions of investees	Notes 9 and 46

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: Not applicable for review.

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 49
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. Refer to Table 7.

57. 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 Nine Months Ended September 30, 2023									
	Taishin Bank (Consumer Business)	Taishin Bank (Corporation Credit Business)	Taishin Bank (Financial Market Business)	Taishin Financial Holding	Taishin Securities B consolidated	Taishin Life Insurance	Others	Adjustments and Eliminations	Total
Net interest income (expense)	\$ 13,141,222	\$ 9,994,604	\$ (921,764)	\$ (301,224)	\$ 129,982	\$ 4,174,288	\$ (2,631,206)	\$ (933,534)	\$ 22,652,368
Net income other than net interest income	<u>8,268,980</u>	<u>1,725,191</u>	<u>3,465,524</u>	<u>12,819,679</u>	<u>3,156,297</u>	<u>12,388,603</u>	<u>1,510,000</u>	<u>(12,775,084)</u>	<u>30,559,190</u>
Net revenue and gains	21,410,202	11,719,795	2,543,760	12,518,455	3,286,279	16,562,891	(1,121,206)	(13,708,618)	53,211,558
Reversal of bad debt expenses, commitments and guarantee liabilities (provision)	(303,002)	(282,767)	(60)	-	(1,077)	218	(480,396)	-	(1,067,084)
Net changes in insurance liability reserve	-	-	-	-	-	(13,767,070)	-	700,949	(13,066,121)
Operating expenses	<u>(12,803,097)</u>	<u>(3,039,027)</u>	<u>(749,435)</u>	<u>(416,921)</u>	<u>(2,064,055)</u>	<u>(1,692,061)</u>	<u>(3,762,146)</u>	<u>303,303</u>	<u>(24,223,439)</u>
Profit (loss) before income tax	<u>\$ 8,304,103</u>	<u>\$ 8,398,001</u>	<u>\$ 1,794,265</u>	<u>\$ 12,101,534</u>	<u>\$ 1,221,147</u>	<u>\$ 1,103,978</u>	<u>\$ (5,363,748)</u>	<u>\$ (12,704,366)</u>	<u>\$ 14,854,914</u>
Total assets	<u>\$ 872,090,618</u>	<u>\$ 666,098,743</u>	<u>\$ 816,048,228</u>	<u>\$ 255,360,782</u>	<u>\$ 55,159,086</u>	<u>\$ 270,912,158</u>	<u>\$ 281,210,272</u>	<u>\$ (227,616,863)</u>	<u>\$ 2,989,263,024</u>

For the Nine Months Ended September 30, 2022									
	Taishin Bank (Consumer Business)	Taishin Bank (Corporation Credit Business)	Taishin Bank (Financial Market Business)	Taishin Financial Holding	Taishin Securities B consolidated	Taishin Life Insurance	Others	Adjustments and Eliminations	Total
Net interest income (expense)	\$ 10,136,283	\$ 7,707,397	\$ 4,010,260	\$ (406,563)	\$ 324,594	\$ 3,287,170	\$ (2,705,945)	\$ (954,519)	\$ 21,398,677
Net income other than net interest income	<u>7,574,667</u>	<u>1,733,513</u>	<u>911,440</u>	<u>8,907,780</u>	<u>1,999,193</u>	<u>14,564,830</u>	<u>1,955,834</u>	<u>(11,643,870)</u>	<u>26,003,387</u>
Net revenue and gains	17,710,950	9,440,910	4,921,700	8,501,217	2,323,787	17,852,000	(750,111)	(12,598,389)	47,402,064
Reversal of bad debt expenses, commitments and guarantee liabilities (provision)	(342,542)	(633,770)	409	-	941	(2,456)	(382,313)	-	(1,359,731)
Net changes in insurance liability reserve	-	-	-	-	-	(14,103,982)	-	710,271	(13,393,711)
Operating expenses	<u>(11,777,986)</u>	<u>(2,858,086)</u>	<u>(709,727)</u>	<u>(315,466)</u>	<u>(1,765,605)</u>	<u>(1,541,074)</u>	<u>(3,024,261)</u>	<u>276,030</u>	<u>(21,716,175)</u>
Income (loss) before income tax	<u>\$ 5,590,422</u>	<u>\$ 5,949,054</u>	<u>\$ 4,212,382</u>	<u>\$ 8,185,751</u>	<u>\$ 559,123</u>	<u>\$ 2,204,488</u>	<u>\$ (4,156,685)</u>	<u>\$ (11,612,088)</u>	<u>\$ 10,932,447</u>
Total assets	<u>\$ 800,484,330</u>	<u>\$ 693,320,656</u>	<u>\$ 657,046,161</u>	<u>\$ 234,870,368</u>	<u>\$ 52,218,124</u>	<u>\$ 242,074,533</u>	<u>\$ 262,649,789</u>	<u>\$ (197,269,773)</u>	<u>\$ 2,745,394,188</u>

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 NINE MONTHS ENDED SEPTEMBER 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	\$ 242,793	\$ 11,330,340
		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	242,793	11,330,340
		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	242,793	11,330,340
		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	242,793	11,330,340

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

SEPTEMBER 30, 2023

(In Thousands of Shares/Units; in Thousands of New Taiwan Dollars)

Holding Company	Marketable Securities Type and Name	Relationship with the Holding Company	Financial Statement Account	September 30, 2023				Note
				Number of Shares/Units/Face Value	Carrying Amount	Percentage of Ownership (%)	Market Value	
Taishin Real Estate	<u>Shares</u> Metro Consulting Service Ltd.	Its corporate director is Taishin Real Estate	Financial assets at FVTOCI	300	\$ 2,883	6.00	\$ 2,883	
Taishin D.A. Finance	<u>Shares</u> Yuan Tai Forex Brokerage Co., Ltd. Bon-Li International Technology Co., Ltd.	Its corporate director is Taishin D.A. Finance None	Financial assets at FVTOCI "	600,000 125,000	9,760 -	5.00 1.50	9,760 -	Go out of business
Taishin Venture Capital	<u>Equity</u> Taishin Financial Leasing (China)	Investee under the equity method	Investments accounted for using equity method	70,000	2,363,226	100.00	2,363,226	
	Chime Biologics Limited	None	Financial assets at FVTPL	2,105	36,021	0.45	36,021	
	Delos Capital Fund, LP	"	"	8,144	203,441	7.63	203,441	
	Delos Capital Fund II, LP	"	"	8,126	314,160	7.46	314,160	
	Delos Capital Fund III, LP	"	"	4,444	110,707	8.31	110,707	
	CDIB Capital Global Opportunities Fund L.P.	"	"	1,933	46,683	2.21	46,683	
	Li Shen Zhi-Lian L.P.	"	"	30,000	33,300	10.59	33,300	
	Arm IoT Fund, L.P.	"	"	2,520	95,764	14.70	95,764	
	<u>Shares</u> Chi-Ting Venture Capital Investment Co., Ltd.	"	"	50	92	1.30	92	
	Hwei-Yang Venture Capital Investment Co., Ltd.	"	"	42	1,696	1.54	1,696	
	Century Development Corp.	Its corporate supervisor is Taishin Venture Capital	"	10,633	127,602	3.03	127,602	
	Microbio Co., Ltd.	None	"	1,259	60,795	0.22	60,795	
	Winking Studios Limited	"	"	190	2,054	1.09	2,054	
	Diamond Biofund INC.	Its corporate director is Taishin Venture Capital	"	72,626	3,050,306	8.55	3,050,306	
	Stem Cyte International Ltd.	None	"	500	9,335	0.35	9,335	
	VM Discovery, Inc. Preferred D	"	"	95	4,922	0.38	4,922	
	RevMAb Biosciences, Inc.	"	"	400	10,416	2.26	10,416	
	Eden Biotech, Inc.	"	"	2,105	5,011	0.89	5,011	
	OME Technology Co., Ltd.	"	"	1,457	17,442	2.22	17,442	

(Continued)

Holding Company	Marketable Securities Type and Name	Relationship with the Holding Company	Financial Statement Account	September 30, 2023				Note
				Number of Shares/Units/Face Value	Carrying Amount	Percentage of Ownership (%)	Market Value	
	Shin Yao Biomedical Venture Capital Investment Co., Ltd.	Its corporate director is Taishin Venture Capital	Financial assets at FVTPL	35,000	\$ 386,750	10.00	\$ 386,750	
	Taxven BioPharma, Inc.	None	"	402	26,319	0.30	26,319	
	Great Agricultural Technology Co., Ltd.	"	"	578	5,654	3.33	5,654	
	Contact Digital Integration Co., Ltd.	Others	"	1,300	-	7.22	-	
	I.X	None	"	1,942	194	3.41	194	
	AMIS Technologies Co., Ltd.	"	"	17,500	-	7.92	-	
	IIIH Biomedical Venture Fund I Co., Ltd.	Its corporate director is Taishin Venture Capital	"	5,000	82,200	8.08	82,200	
	Taiwania Capital Management Corporation	None	"	17,760	45,821	7.10	45,821	
	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	810	9.68	810	
	Jing Ying Investment Co., Ltd.	"	"	15,610	133,309	10.00	133,309	
	Gogoro Inc.	None	"	1,000	84,580	0.41	84,580	
	CT Ambi Investment and Consulting Inc.	Its corporate supervisor is Taishin Venture Capital	"	2,000	14,280	14.83	14,280	
	BSOS Holdings, INC.	None	"	2,406	6,087	3.01	6,087	
	All Win Fintech Company Limited	"	"	13,696	177,774	13.70	177,774	
	ImmunAdd Inc.	"	"	2,130	47,286	10.00	47,286	
	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
	Taishin Sports Entertainment	Investee under the equity method	"	6,000	46,213	100.00	46,213	
	<u>Beneficiary certificates</u>							
	Capital Global Senior Secured High Yield Bond Fund	None	Financial assets at FVTPL	1,004	10,416	-	10,416	
	Capital Global Financial Bond Fund	"	"	2,157	20,497	-	20,497	
	Taishin ESG Emerging Markets Bond Fund A	Issued by Taishin Securities Investment Trust	"	1,100	9,209	-	9,209	
	Jih Sun Global Innovative Technology Non-Investment Grade Bond Fund	None	"	534	4,891	-	4,891	
	Jih Sun Asian Non-Investment Grade Bond Fund	"	"	564	4,871	-	4,871	
	Fubon Chi-Hsiang Money Market Fund	"	"	955	15,326	-	15,326	
	Fubon China Money Market Fund-CNY	"	"	407	22,846	-	22,846	
	Fubon US Treasury Inflation-Linked Bond Index Fund	"	"	2,470	25,601	-	25,601	
	PineBridge Global ESG Quantitative Bond Fund	"	"	1,111	9,848	-	9,848	

(Continued)

Holding Company	Marketable Securities Type and Name	Relationship with the Holding Company	Financial Statement Account	September 30, 2023				Note
				Number of Shares/Units/Face Value	Carrying Amount	Percentage of Ownership (%)	Market Value	
Taishin AMC	<u>Investment agreement</u> Public Television Foundation (SEQALU: Formosa 1867)	None	Financial assets at FVTPL	2,000	\$ -	1.06	\$ -	
	<u>Shares</u> Linkou Golf Country Club	None	Financial assets at FVTOCI	-	2,021	0.30	2,021	
	Dah Chung Bills	"	"	2,348	33,312	0.51	33,312	
	Diamond Biofund INC.	Its corporate director is Taishin Venture Capital	"	5,788	243,111	0.68	243,111	
	Shin Yao Biomedical Venture Capital Investment Co., Ltd.	"	"	4,375	48,344	1.25	48,344	
	Jing Ying Investment Co., Ltd.	"	"	1,951	16,664	1.25	16,664	
	Taishin Real Estate	Investee under the equity method	Investments accounted for using equity method	8,000	141,715	40.00	141,715	
Taishin Securities Venture Capital	<u>Shares</u> Tangeng Advanced Vehicle Co., Ltd.	None	Financial assets at FVTPL	1,400	27,412	1.98	27,412	
	Rich Healthy Fruits & Vegetable Corp.	"	"	288	-	1.64	-	
	Geniron.com.inc	"	"	620	20,174	4.13	20,174	
	Le Day Multimedia Co., Ltd.	"	"	459	-	3.83	-	
	Excelsior Bio-system Inc.	"	"	263	131	0.66	131	
	Finatext, Ltd.	"	"	29	-	7.50	-	
	Kdan Mobile Software Ltd.	"	"	150	5,217	0.86	5,217	
	ACpay Co., Ltd.	"	"	272	3,441	2.07	3,441	
	Obigen Pharma, Inc.	"	"	1,000	33,010	0.94	33,010	
	Trans-IOT Technology Co., Ltd.	"	"	385	10,000	3.73	10,000	
	Honor Seiki Co., Ltd.	"	"	150	6,900	0.43	6,900	
	Credidi Inc.	Investee under the equity method	Investments accounted for using equity method	25,000	-	25.00	-	Liquidated
	Ecloudvalley Digital Technology Co., Ltd.	None	Financial assets at FVTPL	120	14,580	0.18	14,580	
	Echem solutions Corp.	"	"	105	28,029	0.13	28,029	
	Fositek Corp.	"	"	100	30,328	0.17	30,328	
H. H. Galaxy Co., Ltd.	"	"	260	20,180	1.18	20,180		
Formosa Pharmaceuticals, Inc.	"	"	50	2,595	0.04	2,595		
TCM Biotech International Corp.	"	"	250	14,868	0.42	14,868		
ACEPODIA, INC. (Cayman)	"	"	200	7,578	0.04	7,578		
Taishin Health Investment	<u>Equity</u> Taishin Healthcare Partnership	Its general partner is Taishin Health Investment	"	7,293	9,393	2.27	9,393	

(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 NINE MONTHS ENDED SEPTEMBER 30, 2023
(In Thousands of Units; in Thousands of New Taiwan Dollars)

Buyer or Seller	Type and Name of Marketable Security	Account Recorded	Transaction Party	Issuer's Relationship to the Buyer or Seller	Beginning of the Period		Purchases		Sales				Others		End of the Period	
					Shares (Units)	Amount	Shares (Units)	Amount	Shares (Units)	Selling Price	Carrying Amount	Disposal Gain (Loss)	Shares (Units) (Note 1)	Amount (Note 2)	Shares (Units)	Amount
Taishin Financial Holding	<u>Shares</u> Chang Hwa Bank	Financial assets at FVTOCI	Open market	-	1,102,325	\$ 18,904,871	-	\$ -	491,333	\$ 8,889,459	\$ 8,034,979	\$ 854,480	15,813	\$ 796,982	626,805	\$ 10,812,394
Taishin Bank	<u>Shares</u> Chang Hwa Bank	Financial assets at FVTOCI	Open market	-	28,149	482,759	-	-	28,149	524,372	460,830	63,542	-	41,613	-	-
Taishin D.A. Finance	<u>Shares</u> Taishin Financial Leasing (China)	Investments accounted for using equity method	Taishin Venture Capital	Second-tier subsidiary	-	-	70,000	2,500,000 (Note 3)	-	-	-	-	-	-	70,000	2,500,000 (Note 3)
Taishin Venture Capital	<u>Shares</u> Taishin Financial Leasing (China)	Investments accounted for using equity method	Taishin D.A. Finance	Second-tier subsidiary	70,000	2,436,940	-	-	70,000	2,500,000 (Note 3)	(Note 3)	(Note 3)	-	-	-	-

Note 1: Others are stock dividends.

Note 2: Others are valuation gains or losses from changes in fair value.

Note 3: On September 13, 2023, Taishin D.A. Finance obtained 100% shares of Taishin Financial Leasing (China) from Taishin Venture Capital by resolution of the board of directors, with an estimated acquisition price of \$2.5 billion. The subsequent compensation will be made up according to the amount of the company's net value listed in the self-closing financial statements of Taishin Financial Leasing (China) as of one month before the closing reference date, and the price after the compensation is expected not to exceed NT\$2.5 billion. The equity transaction transfer process has not been completed as of September 30, 2023.

TAISHIN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

ACQUISITION OR DISPOSAL OF INDIVIDUAL REAL ESTATE REACHING NT\$300 MILLION OR 10% OF THE PAID-IN CAPITAL OR MORE
 FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023
 (In Thousands of New Taiwan Dollars)

Buyer	Property	Event Date	Transaction Amount (Note 1)	Payment Status	Counterparty	Relationship	Information on Previous Title Transfer If Counterparty Is A Related Party				Pricing Reference	Purpose of Acquisition	Other Terms
							Owner	Relationship	Acquired Date	Amount			
Taishin Life Insurance	7F.-1, No. 22, Taiyuan St., Zhubei City, Hsinchu County	September 19, 2023	\$ 331,680	Pay by contract	ASKEY COMPUTER CORP.	Non-related party	-	-	-	\$ -	Appraisal report by real estate appraiser.	Real estate investments in accordance with Insurance Act.	None

Note 1: The transaction amount does not include brokerage fees, regulatory fees, and agency fees paid as of the acquisition date. As of September 30, 2023, only the first installment fee of NT\$99,504 thousand has been paid, and the transfer of ownership has not been completed. Therefore, it is recorded under investment properties - prepayment for buildings and land purchases.

Note 2: Date of occurrence refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of boards of directors resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier.

TAISHIN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO NT\$300 MILLION OR 10% OF THE PAID-IN CAPITAL

SEPTEMBER 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	\$ 787,403 (Note)	-	\$ -	-	\$ -	\$ -	-

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

TAISHIN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

INVESTMENTS IN MAINLAND CHINA
SEPTEMBER 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 September 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 September 30, 2023	Accumulated Inward Remittance of Earnings as of September 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)	\$ (74,839)	100%	\$ (74,839) (Note 2.b.1)	\$ 2,363,226	\$ 397,631

Investor	Accumulated Investment in Mainland China as of September 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)	\$ 20,960,959

Note 1: The methods of investment are as follows:

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

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

- If the entity is still in the preparation stage and there is no profit (loss) yet, it should be disclosed.
- The basis of recognition of profit (loss), one of the following categories, should be disclosed:
 - Financial statements have been audited (reviewed) by an international accounting firm that has a working relationship with an accounting firm in the ROC.
 - Financial statements have been audited (reviewed) by the Taiwan parent company's CPA.
 - Others.

Note 3: Taiwanese financial holding companies participate in equity investment in mainland China; the investment of related-party corporations that are directly or indirectly controlled by companies (excluding Taiwanese banks and their subsidiaries that hold more than 50% of the total issued voting shares or total capital and subsidiary bank in a third area) investing in the mainland shall not exceed 10% of the financial holding company's net worth at the time of application.

TAISHIN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

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

Number (Note a)	Main Party	Counterparty	Relationship (Note b)	Transactions			% of Consolidated Operating Revenues or Consolidated Total Assets (Note c)
				Account	Amount	Terms	
0	Taishin Financial Holding	Taishin Bank	1	Cash and cash equivalents	\$ 24,780,402	Under arm's length terms	0.83
0	Taishin Financial Holding	Taishin Bank	1	Securities purchased under resell agreements	100,000	Under arm's length terms	0.00
0	Taishin Financial Holding	Taishin Bank	1	Receivable, net	787,403	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	182,851	Under arm's length terms	0.34
0	Taishin Financial Holding	Taishin Securities B	1	Receivable, net	103,415	Under arm's length terms	0.00
0	Taishin Financial Holding	Taishin Life Insurance	1	Payables, net	120,303	Under arm's length terms	0.00
1	Taishin Bank	Taishin Securities Investment Advisory	3	Deposits and remittances	348,888	Under arm's length terms	0.01
1	Taishin Bank	Taishin Securities Investment Trust	3	Deposits and remittances	138,698	Under arm's length terms	0.00
1	Taishin Bank	Taishin Securities B	3	Deposits and remittances	1,814,596	Under arm's length terms	0.06
1	Taishin Bank	Taishin Life Insurance	3	Deposits and remittances	2,505,606	Under arm's length terms	0.08
1	Taishin Bank	Taishin D.A. Finance	4	Deposits and remittances	115,765	Under arm's length terms	0.00
1	Taishin Bank	Taishin Futures	4	Deposits and remittances	1,200,457	Under arm's length terms	0.04
2	Taishin Securities B	Taishin Bank	3	Lease liabilities	113,821	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	142,272	Under arm's length terms	0.27
3	Taishin Life Insurance	Taishin Bank	3	Net service fee and commission income	2,434,681	Under arm's length terms	4.58
3	Taishin Life Insurance	Taishin Bank	3	Payables, net	273,099	Under arm's length terms	0.01

(Continued)

Number (Note a)	Main Party	Counterparty	Relationship (Note b)	Transactions			
				Account	Amount	Terms	% of Consolidated Operating Revenues or Consolidated Total Assets (Note c)
4	Taishin Futures	Taishin Securities B	5	Other financial assets	\$ 393,808	Under arm's length terms	0.01
4	Taishin Futures	Taishin Securities B	5	Other financial liabilities	393,808	Under arm's length terms	0.01

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

1. Parent: 0.
2. Subsidiaries are numbered starting from 1.

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

1. Parent to subsidiary.
2. Subsidiary to parent.
3. One subsidiary to another subsidiary.
4. Subsidiary to second tier subsidiary.
5. Second tier subsidiary to Subsidiary.

Note c: 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)