Taishin Financial Holding Co., Ltd. and Subsidiaries

Consolidated Financial Statements for the Years Ended December 31, 2023 and 2022 and Independent Auditors' Report

INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying consolidated financial statements of Taishin Financial Holding Co., Ltd. ("Taishin Financial Holding") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Financial Holding Companies, the Regulations Governing the Preparation of Financial Reports by Public Banks, the Regulations Governing the Preparation of Financial Reports by Securities Firms, the Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants, the Regulations Governing the Preparation of Financial Reports by Insurance Enterprises, the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China (ROC).

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and the Standards on Auditing of the ROC. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the ROC, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The following were the key audit matters in the audit of the consolidated financial statements of the Group for the year ended December 31, 2023:

Impairment of Loans

Commercial lending is the core business of the Group. Loans are mainly recorded in Taishin International Bank Co., Ltd. ("Taishin Bank"), a subsidiary of Taishin Financial Holding, and represent the Group's significant accounts, which reached around 50% of the Group's total assets as of December 31, 2023. The Group assesses the impairment of loans of Taishin Bank in accordance with IFRS 9 "Financial Instruments" and "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans" issued by the Financial Supervisory Commission (FSC) (the "Regulations"), and the impairment of loans is recognized at the higher of the amount based on IFRS 9 and the Regulations. See Notes 5 and 13 to the consolidated financial statements for relevant and additional information. The Group management's judgment and the assumptions used have significant impacts on the impairment assessments. Therefore, we consider the impairment of loans to be a key audit matter. Refer to Note 6 to the consolidated financial statements for relevant and additional information.

Our audit procedures on the impairment of loans included understanding of and testing the design and operating effectiveness of controls and procedures for identifying loans and advances exposed to impairment and ensuring that provisions against those assets were made. We identified loans and checked public information to see whether the borrowers were possibly problematic companies or had already been included in the companies under evaluation for lifetime expected credit losses (ECLs). We evaluated the main assumptions and parameters used in the Group's impairment assessment model of ECLs, confirmed that they are in compliance with IFRS 9 and recalculated the amount of the impairment of loans. In addition, we tested the classification of loan accounts in accordance with the Regulations and evaluated whether the amount of the impairment of loans complied with the Regulations.

Insurance Liability - Valuation of Reserve for Life Insurance Liability and Liability Adequacy Test

Taishin Life Insurance Co., Ltd. ("Taishin Life Insurance"), a subsidiary of Taishin Financial Holding, adopts actuarial models and several significant assumptions for estimating the reserve for life insurance liability and the reserve for liability adequacy. Judging the reserve for life insurance liability involves significant assumptions, which include the mortality rate, discount rate, lapse rate, morbidity rate, etc. The setup of assumptions is based on legislation, regulations, knowledge of the Group's actual experience and industry-specific experience. The tests performed in respect of the adequacy of the reserve for liability on insurance contracts are in accordance with the regulations enacted by the Actuarial Institute of the ROC, and the setup of future test discount rates accounts for the Group's best estimate scenario as well as the rate of the portfolio return under the current information.

Refer to Notes 5, 6 and 28 to the accompanying consolidated financial statements for details on the related information, accounting policies, accounting estimates and assumption uncertainty for the evaluation of the reserve for life insurance liability and the reserve for the liability adequacy test.

Since any changes in the actuarial models and important assumptions may lead to significant impacts on the results of the evaluation of the reserves for life insurance liability and for the liability adequacy test, we identified the reserves for life insurance liability and for the liability adequacy test as key audit matters.

The corresponding audit procedures were as follows:

1. We obtained an understanding of the internal controls related to management's estimation of the reserves for life insurance liability and for the liability adequacy test, as well as evaluated the operating effectiveness of these internal controls.

2. We obtained actuarial reports regarding management's estimations of the reserves for life insurance liability and for liability adequacy test, as well as evaluated the Group's contracted actuarial specialist's professional ability and competence.

3. Our actuarial specialist performed the following procedures, and we compared the results with the actuarial report published by the Group's contracted actuary and evaluated the rationality of the actuarial models and significant assumptions regarding the recognition of the reserve for life insurance liability applied by management. The main audit procedures are described as follows:

    a. Our actuarial specialist randomly sampled the insurance products of Taishin Life Insurance, and we examined the calculations of the reserve for life insurance liability and confirmed that the calculations were in accordance with the regulations.

    b. Our actuarial specialist focused on the actuarial models and important assumptions of selected insurance policies and verified the recognized amount of the reserve for life insurance liability.

    c. Our actuarial specialist performed profiling tests, which focused on long-term insurance policies, and identified abnormal single insurance policies that recognized amounts of reserve for life insurance liability as of December 31, 2023.

    d. Our actuarial specialist used the previously recognized amounts of the reserve for life insurance liability. Taking into consideration the business development for the year, our actuarial specialist performed a ratio analysis to determine the reasonableness of the reserve for life insurance liability and to estimate the overall recognized amount of the reserve for life insurance liability.

4. Our actuarial specialist performed the following procedures, and we compared the results with the actuarial report published by the Group's contracted actuary and evaluated the rationality of the discount rate for future years based on the recognition of the reserve for liability adequacy test applied by management. The main audit procedures were as follows:

    a. Our actuarial specialist focused on testing the selected insurance policies provided by Taishin Life Insurance for our audit, and our actuarial specialist examined the assumptions and confirmed that they were consistent with the regulations and the important built-in assumptions through the use of actuarial tools.

    b. Our actuarial specialist focused on testing the selected insurance policies and evaluating the discount rates for the future years applied by Taishin Life Insurance for the reserve for liability adequacy test, and we performed individual recalculations.

    c. Our actuarial specialist performed a comparative analysis of the prior period's results. Taking into consideration the impact of the current business development, our actuarial specialist evaluated the rationality of the calculation in the reserve for liability adequacy test.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Financial Holding Companies, Regulations Governing the Preparation of Financial Reports by Public Banks, Regulations Governing the Preparation of Financial Reports by Securities Firms, Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants, Regulations Governing the Preparation of Financial Reports by Insurance Enterprises, Regulations Governing the Preparation of Financial Reports by Securities Issuers, International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the ROC, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the Group’s financial reporting process.

Auditors’ Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors’ report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the ROC will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Standards on Auditing of the ROC, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’s internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors’ report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors’ report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2023 and are therefore the key audit matters. We describe these matters in our auditors’ report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 23, 2024

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

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

For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the ROC. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

TAISHIN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

	2023		2022	
ASSETS	**Amount**	**%**	**Amount**	**%**
Cash and cash equivalents (Notes 5 and 7)	$ 29,232,521	1	$ 31,549,218	1
Due from the Central Bank and call loans to banks (Notes 5 and 8)	109,924,871	4	112,925,890	4
Financial assets at fair value through profit or loss (FVTPL) (Notes 5 and 9)	200,978,801	7	153,775,905	6
Financial assets at fair value through other comprehensive income (FVTOCI) (Notes 5 and 10)	147,149,191	5	142,346,349	5
Investments in debt instruments at amortized cost (Notes 5 and 11)	734,631,003	24	642,508,812	23
Securities purchased under resell agreements	21,359,056	1	13,907,236	1
Receivables, net (Notes 5, 12 and 13)	165,317,191	5	153,714,625	6
Current tax assets (Notes 5 and 41)	-	-	119,036	-
Loans, net (Notes 5, 6 and 13)	1,524,822,536	50	1,416,015,097	51
Reinsurance contract assets, net (Note 5)	598,394	-	566,564	-
Investments accounted for using equity method (Notes 5 and 14)	527,714	-	341,325	-
Other financial assets, net (Notes 5, 12, 13, 15 and 31)	39,997,264	1	36,393,161	1
Investment properties, net (Notes 5 and 16)	4,093,509	-	3,811,280	-
Property and equipment, net (Notes 5 and 17)	25,700,393	1	26,025,852	1
Right-of-use assets, net (Notes 5 and 18)	2,291,375	-	2,282,006	-
Intangible assets, net (Notes 5 and 19)	3,565,321	-	3,530,907	-
Deferred tax assets (Notes 5 and 41)	7,800,552	-	8,025,525	-
Other assets, net (Note 20)	17,961,678	1	16,965,759	1
TOTAL	$ 3,035,951,370	100	$ 2,764,804,547	100
LIABILITIES AND EQUITY				
Deposits from the Central Bank and banks (Note 21)	$ 17,071,307	1	$ 18,213,533	1
Financial liabilities at fair value through profit or loss (FVTPL) (Notes 5 and 9)	65,303,086	2	54,334,795	2
Securities sold under repurchase agreements (Note 5)	85,658,987	3	84,562,582	3
Commercial papers issued, net (Note 22)	30,223,005	1	16,054,562	1
Payables (Note 23)	39,299,694	1	30,774,802	1
Current tax liabilities (Notes 5 and 41)	3,907,323	-	2,221,109	-
Deposits and remittances (Note 24)	2,102,513,646	69	1,914,666,125	69
Bonds payable (Note 25)	68,144,602	2	68,020,216	3
Other borrowings (Note 26)	10,387,601	1	12,265,346	-
Provisions (Notes 5, 27 and 28)	241,426,541	8	224,439,809	8
Other financial liabilities (Notes 5, 29 and 31)	141,856,704	5	125,615,854	5
Lease liabilities (Notes 5 and 18)	2,405,852	-	2,360,330	-
Deferred tax liabilities (Notes 5 and 41)	1,383,817	-	1,400,365	-
Other liabilities (Note 30)	9,806,732	-	6,981,307	-
Total liabilities	2,819,388,897	93	2,561,910,735	93
EQUITY ATTRIBUTABLE TO OWNERS OF PARENT (Note 33)				
Share capital				
Ordinary shares	124,770,618	4	119,741,476	4
Preferred shares	11,000,000	1	11,000,000	1
Capital surplus	38,197,778	1	38,197,778	1
Retained earnings				
Legal reserve	16,926,942	1	15,244,071	-
Special reserve	10,920,515	-	8,698,118	-
Unappropriated earnings	15,513,819	-	17,279,705	1
Other equity	(794,452)	-	(7,293,518)	-
Total equity attributable to owners of parent	216,535,220	7	202,867,630	7
NON-CONTROLLING INTERESTS	27,253	-	26,182	-
Total equity	216,562,473	7	202,893,812	7
TOTAL	$ 3,035,951,370	100	$ 2,764,804,547	100

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

TAISHIN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	**%**	**Amount**	**%**
INTEREST INCOME (Notes 5 and 34)	$ 74,096,728	106	$ 46,391,786	70
INTEREST EXPENSES (Note 34)	(43,768,839)	(63)	(17,169,228)	(26)
NET INTEREST INCOME (Note 34)	30,327,889	43	29,222,558	44
NET INCOME OTHER THAN NET INTEREST INCOME				
Net service fee and commission income (Notes 5 and 35)	10,863,237	16	12,390,426	18
Net income from insurance operations (Notes 5 and 36)	16,780,944	24	16,388,381	25
Gain (loss) on financial assets and liabilities at FVTPL (Notes 5, 9 and 37)	13,483,043	19	1,337,104	2
Realized gain (loss) on financial assets at FVTOCI (Notes 5 and 38)	638,748	1	(102,655)	-
Gain (loss) on derecognition of financial assets at amortized cost (Note 11)	3,171	-	(729,419)	(1)
Foreign exchange gain (loss)	750,774	1	3,986,335	6
(Impairment loss on assets) reversal of impairment loss on assets (Notes 5, 10, 11, 19 and 20)	(5,680)	-	(20,058)	-
Share of profit (loss) of associates accounted for using equity method (Notes 5 and 14)	34,192	-	6,313	-
Gain (loss) on reclassification using the overlay approach (Note 9)	(3,870,380)	(5)	4,067,122	6
Net other non-interest income				
Net other miscellaneous income	912,112	1	(103,637)	-
Net income other than net interest income	39,590,161	57	37,219,912	56
NET REVENUE AND GAINS	69,918,050	100	66,442,470	100
BAD DEBT EXPENSES, COMMITMENTS AND GUARANTEES LIABILITIES PROVISION (Notes 5, 12 ,13 and 27)	(1,768,802)	(3)	(1,545,221)	(3)
NET CHANGES IN INSURANCE LIABILITY RESERVE (Notes 5 and 28)	(17,526,812)	(25)	(18,048,324)	(27)

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TAISHIN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	**%**	**Amount**	**%**
OPERATING EXPENSES				
Employee benefits expenses (Notes 5 and 39)	$ (18,178,937)	(26)	$ (16,143,154)	(24)
Depreciation and amortization expenses (Notes 5 and 40)	(2,694,302)	(4)	(2,628,113)	(4)
Other general and administrative expenses	(12,026,278)	(17)	(10,428,339)	(16)
Total operating expenses	(32,899,517)	(47)	(29,199,606)	(44)
INCOME BEFORE INCOME TAX	17,722,919	25	17,649,319	26
INCOME TAX EXPENSE (Notes 5 and 41)	(3,119,042)	(4)	(2,793,426)	(4)
NET INCOME	14,603,877	21	14,855,893	22
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss				
Gain (loss) on remeasurements of defined benefit plans	(56,358)	-	268,137	-
Share of other comprehensive income of associates accounted for using equity method	-	-	799	-
Changes in the fair value attributable to changes in the credit risk of financial liabilities designated as at FVTPL	(120,755)	-	300,972	-
Unrealized gain (loss) on investments in equity instruments designated as at FVTOCI	1,081,360	1	1,681,142	3
Income tax relating to items that will not be reclassified subsequently to profit or loss	11,384	-	(53,313)	-
Items that will be reclassified subsequently to profit or loss				
Exchange differences on translation of foreign financial statements	(46,291)	-	44,548	-
Unrealized gain (loss) on investments in debt instruments at FVTOCI	2,435,509	3	(5,326,894)	(8)
(Impairment loss) reversal of impairment loss on investments in debt instruments at FVTOCI	(3,163)	-	(7,464)	-

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TAISHIN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	**%**	**Amount**	**%**
Other comprehensive income on reclassification using the overlay approach	$ 3,870,380	6	$ (4,067,122)	(6)
Income tax relating to items that will be reclassified subsequently to profit or loss	(153,835)	-	479,832	1
Other comprehensive income (loss) for the year, net of tax	7,018,231	10	(6,679,363)	(10)
TOTAL COMPREHENSIVE INCOME (LOSS)	$ 21,622,108	31	$ 8,176,530	12
NET INCOME ATTRIBUTABLE TO:				
Owners of parent	$ 14,601,692	21	$ 14,863,852	22
Non-controlling interests	2,185	-	(7,959)	-
	$ 14,603,877	21	$ 14,855,893	22
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Owners of parent	$ 21,619,933	31	$ 8,184,398	12
Non-controlling interests	2,175	-	(7,868)	-
	$ 21,622,108	31	$ 8,176,530	12
EARNINGS PER SHARE (Note 42)				
Basic	$ 1.01		$ 1.04	
Diluted	$ 1.01		$ 1.04	

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

TAISHIN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of Parent														
	Share Capital		Capital Surplus				Retained Earnings			Other Equity					
	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	Exchange Differences on Translation of Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at FVTOCI	Changes in Fair Value Attributable to Changes in the Credit Risk of Financial Liabilities at FVTPL	Other Comprehensive Income on Reclassification Using the Overlay Approach	Non-controlling Interests	Total Equity
BALANCE AT JANUARY 1, 2022	$ 114,093,832	$ 8,000,000	$ 33,790,327	$ 2,075,475	$ 52,632	$ 3,213	$ 13,196,771	$ 393,716	$ 25,110,517	$ (182,782)	$ 1,197,868	$ (18,823)	$ 354,532	$ 34,050	$ 198,101,328
Appropriation of 2021 earnings															
Legal reserve appropriated	-	-	-	-	-	-	2,047,300	-	(2,047,300)	-	-	-	-	-	-
Special reserve appropriated	-	-	-	-	-	-	-	8,304,402	(8,304,402)	-	-	-	-	-	-
Cash dividends of ordinary shares	-	-	-	-	-	-	-	-	(6,902,677)	-	-	-	-	-	(6,902,677)
Cash dividends of preferred shares	-	-	-	-	-	-	-	-	(1,757,500)	-	-	-	-	-	(1,757,500)
Stock dividends of ordinary shares	5,647,644	-	-	-	-	-	-	-	(5,647,644)	-	-	-	-	-	-
Net income for the year ended December 31, 2022	-	-	-	-	-	-	-	-	14,863,852	-	-	-	-	(7,959)	14,855,893
Other comprehensive income (loss) for the year ended December 31, 2022, net of tax	-	-	-	-	-	-	-	-	215,532	44,548	(3,248,831)	300,972	(3,991,675)	91	(6,679,363)
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	-	-	-	15,079,384	44,548	(3,248,831)	300,972	(3,991,675)	(7,868)	8,176,530
Issuance of Class F preferred shares	-	3,000,000	2,276,131	-	-	-	-	-	-	-	-	-	-	-	5,276,131
Disposal of investments in equity instruments designated as at FVTOCI	-	-	-	-	-	-	-	-	1,749,327	-	(1,749,327)	-	-	-	-
BALANCE AT DECEMBER 31, 2022	119,741,476	11,000,000	36,066,458	2,075,475	52,632	3,213	15,244,071	8,698,118	17,279,705	(138,234)	(3,800,290)	282,149	(3,637,143)	26,182	202,893,812
Appropriation of 2022 earnings															
Legal reserve appropriated	-	-	-	-	-	-	1,682,871	-	(1,682,871)	-	-	-	-	-	-
Special reserve appropriated	-	-	-	-	-	-	-	7,251,539	(7,251,539)	-	-	-	-	-	-
Cash dividends of ordinary shares	-	-	-	-	-	-	-	-	(6,106,815)	-	-	-	-	-	(6,106,815)
Cash dividends of preferred shares	-	-	-	-	-	-	-	-	(1,845,528)	-	-	-	-	-	(1,845,528)
Stock dividends of ordinary shares	5,029,142	-	-	-	-	-	-	-	(5,029,142)	-	-	-	-	-	-
Reversal of the special reserve	-	-	-	-	-	-	-	(5,029,142)	5,029,142	-	-	-	-	-	-
Net income for the year ended December 31, 2023	-	-	-	-	-	-	-	-	14,601,692	-	-	-	-	2,185	14,603,877
Other comprehensive income (loss) for the year ended December 31, 2023, net of tax	-	-	-	-	-	-	-	-	(44,964)	(46,291)	3,377,710	(120,755)	3,852,541	(10)	7,018,231
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	-	-	-	-	14,556,728	(46,291)	3,377,710	(120,755)	3,852,541	2,175	21,622,108
Disposal of investments in equity instruments designated as at FVTOCI	-	-	-	-	-	-	-	-	564,139	-	(564,139)	-	-	-	-
Non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,104)	(1,104)
BALANCE AT DECEMBER 31, 2023	$ 124,770,618	$ 11,000,000	$ 36,066,458	$ 2,075,475	$ 52,632	$ 3,213	$ 16,926,942	$ 10,920,515	$ 15,513,819	$ (184,525)	$ (986,719)	$ 161,394	$ 215,398	$ 27,253	$ 216,562,473

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

TAISHIN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income before income tax	$ 17,722,919	$ 17,649,319
Adjustments:		
Adjustments for reconciliation of profit or loss		
Depreciation expenses	2,122,841	2,142,060
Amortization expenses	571,461	486,053
Provisions for bad debts expenses, commitments and guarantee liabilities	1,768,802	1,545,221
Net loss (gain) on financial assets and liabilities at FVTPL	(13,483,043)	(1,337,104)
Net loss (gain) on financial assets and liabilities at FVTOCI	(638,748)	102,655
Interest expenses	43,768,839	17,169,228
Loss (gain) on derecognition of financial assets at amortized cost	(3,171)	729,419
Interest income	(74,096,728)	(46,391,786)
Net change in insurance liabilities	17,399,914	23,180,402
Net change in other provisions	(501,037)	789,617
Share of profit of associates accounted for using equity method	(34,192)	(7,459)
(Gain) loss on reclassification using the overlay approach	3,870,380	(4,067,122)
(Gain) loss on disposal of associates accounted for using the equity method	-	1,146
(Reversal of) impairment loss on financial assets	5,680	(6,549)
Impairment loss on non-financial assets	-	26,607
Other adjustments	49,496	(67,351)
Total adjustments	(19,199,506)	(5,704,963)
Changes in operating assets and liabilities		
(Increase) decrease in due from the Central Bank and call loans to banks	(9,472,255)	(17,625,470)
(Increase) decrease in financial assets at FVTPL	30,050,998	3,729,559
(Increase) decrease in financial assets at FVTOCI	(1,520,844)	29,622,342
(Increase) decrease in financial assets in debt instruments at amortized cost	(89,487,437)	(183,960,483)
(Increase) decrease in securities purchased under resell agreements	880,818	(365,363)
(Increase) decrease in receivables	(9,404,353)	29,468,653
(Increase) decrease in loans	(110,280,880)	(89,992,941)
(Increase) decrease in reinsurance contract assets	9,869	(27,394)
(Increase) decrease in other financial assets	(3,563,318)	218,916
(Increase) decrease in other assets	(1,011,646)	(2,487,935)
Increase (decrease) in deposits from the Central Bank and banks	(2,390,301)	(11,477,290)
Increase (decrease) in financial liabilities at FVTPL	(55,857,770)	14,602,123
Increase (decrease) in securities sold under repurchase agreements	1,096,405	(1,648,024)
Increase (decrease) in payables	5,889,132	(6,347,524)
Increase (decrease) in deposits and remittances	187,847,521	233,334,533
Increase (decrease) in provisions	(77,271)	(32,392)

(Continued)

TAISHIN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

	2023	2022
Increase (decrease) in other financial liabilities	$ 16,240,850	$ 33,192,240
Increase (decrease) in other liabilities	2,587,465	(7,313,849)
Cash generated from (used in) operations	(39,939,604)	34,834,057
Interest received	70,409,091	45,904,856
Dividends received	2,605,302	2,410,018
Interest paid	(41,195,679)	(14,650,413)
Income taxes refund	186,784	272,605
Income taxes paid	(1,431,262)	(2,011,388)
Net cash generated from (used in) operating activities	(9,365,368)	66,759,735
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of investments accounted for using the equity method	(160,000)	(10,000)
Acquisition of property and equipment	(944,075)	(4,840,848)
Proceeds from disposal of property and equipment	18,864	6,240
Acquisition of intangible assets	(638,103)	(746,766)
Acquisition of investment properties	(332,426)	(970,178)
Net cash generated from (used in) investing activities	(2,055,740)	(6,561,552)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in due to the Central Bank and banks	1,248,075	-
Decrease in due to the Central Bank and banks	-	(31,368,909)
Increase in commercial papers payable	14,178,000	-
Decrease in commercial papers payable	-	(6,912,000)
Proceeds from issuing bonds	-	5,025,000
Repayments of bank notes payable	-	(6,800,000)
Decrease in other borrowings	(1,671,101)	(787,227)
Payments of lease liabilities	(805,530)	(864,501)
Cash dividends distributed	(7,952,343)	(8,660,177)
Issuance of Class F preferred shares	-	5,276,131
Change in non-controlling interests	(1,104)	-
Net cash generated from (used in) financing activities	4,995,997	(45,091,683)
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(32,222)	46,589
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(6,457,333)	15,153,089
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	80,598,219	65,445,130
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 74,140,886	$ 80,598,219

(Continued)

TAISHIN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

Reconciliation of cash and cash equivalents:

	2023	2022
Cash and cash equivalents in consolidated balance sheets	$ 29,232,521	$ 31,549,218
Due from Central bank and call loans to banks qualifying as cash and cash equivalents under the definition of IAS 7	23,549,309	36,022,583
Securities purchased under resell agreements qualifying as cash and cash equivalents under the definition of IAS 7	21,359,056	13,026,418
Cash and cash equivalents at the end of the year	$ 74,140,886	$ 80,598,219

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

1. GENERAL INFORMATION

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

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

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

Taishin Bank started its business operations on March 23, 1992. Taishin Bank provides customers with general commercial banking services according to the Banking Act of the ROC.

Taishin Asset Management Co., Ltd. (“Taishin AMC”) was established on August 14, 2002 in accordance with the Company Law and other related laws. Taishin AMC’s operations include the acquisition, evaluation, auction, and management of delinquent loans.

Taishin Financial Holding acquired 100% equity interest of Franklin Insurance Brokers Co., Ltd. by cash investment on April 27, 2011 and changed the company name to Taishin Holdings Insurance Brokers Co., Ltd. (“Taishin Holdings Insurance Brokers”). Later Taishin Bank merged with Taishin Holdings Insurance Brokers. Therefore, 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). Therefore, the surviving company is Taishin Financial Leasing (China) and the dissolved company is Taishin Financial Leasing (Tianjin). The merger base date was set as March 31, 2021.

In order to integrate financial resources to expand business development, enhance competitiveness and achieve other expected benefits. The Group conducted an internal organization restructuring. Therefore, Taishin D.A. Finance acquired 100% equity interest in Taishin Financial Leasing (China) from Taishin Venture Capital through cash investment on the settlement base date, December 5, 2023.

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. STATEMENTS OF COMPLIANCE

The consolidated financial statements were prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Financial Holding Companies, the Regulations Governing the Preparation of Financial Reports by Public Banks, the Regulations Governing the Preparation of Financial Reports by Securities Firms, the Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants, the Regulations Governing the Preparation of Financial Reports by 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 "IFRS Accounting Standards") endorsed and issued into effect by the FSC.

3. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company's board of directors on February 22, 2024.

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 IFRS Accounting Standards 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 IFRS Accounting Standards 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 IFRS Accounting Standards endorsed by the FSC for application starting from 2024

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

Note 1: Unless stated otherwise, the above IFRS Accounting Standards will be 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 the above standards and interpretations on the Group's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

c. The IFRS Accounting Standards in issue but not yet endorsed and issued into effect by the FSC

The Group has not applied the following new, amended and revised Standards and Interpretations:

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information"	January 1, 2023
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025 (Note 2)

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

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

Except for the following, the application of the above new, amended and revised Standards and Interpretations did not have any material impact on the Group's accounting policies:

1) Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"

   The amendments stipulate that, when the Group sells or contributes assets that constitute a business (as defined in IFRS 3) to an associate or joint venture, the gain or loss resulting from the transaction is recognized in full. Also, when the Group loses control of a subsidiary that contains a business but retains significant influence or joint control, the gain or loss resulting from the transaction is recognized in full.

   Conversely, when the Group sells or contributes assets that do not constitute a business to an associate or joint venture, the gain or loss resulting from the transaction is recognized only to the extent of the Group's interest as an unrelated investor in the associate or joint venture, i.e., the Group's share of the gain or loss is eliminated. Also, when the Group loses control of a subsidiary that does not contain a business but retains significant influence or joint control over an associate or a joint venture, the gain or loss resulting from the transaction is recognized only to the extent of the Group's interest as an unrelated investor in the associate or joint venture, i.e., the Group's share of the gain or loss is eliminated.

2) IFRS 17 "Insurance Contracts"

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

   <u>Level of aggregation</u>

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

   a) A group of contracts that are onerous at initial recognition;

   b) A group of contracts that at initial recognition have no significant possibility of becoming onerous subsequently, and

   c) A group of the remaining contracts in the portfolio.

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

Recognition

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

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

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

c) For a group of onerous contracts, when the group becomes onerous.

Measurement on initial recognition

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

a) The initial recognition of an amount for the fulfilment cash flows;

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

c) All cash flows arising from the contracts in the group at that date.

Subsequent measurement

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

Onerous contracts

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

Premium Allocation Approach (PAA)

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

a) The Group reasonably expects that this will be a reasonable approximation of the general model, or

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

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

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

Investment contracts with discretionary participation features

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

Modification and derecognition

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

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

Transition

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

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

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

Redesignation of financial assets

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

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

3) Amendments to IAS 21 “Lack of Exchangeability”

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

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact of the application of the above standards and interpretations 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. 11102740351, No. 11202745811, No. 1130380001, No. 11304900901 and No. 1120386049 issued by the FSC, the Group’s consolidated financial statements have been prepared in accordance with the IFRS Accounting Standards and relevant Regulations Governing the Preparation of Financial Reports, which were approved by the FSC for 2023.

Basis of Preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair value, payable incurred by cash-settled share-based payment, and defined benefit plans which is recognized by present value of the defined benefit obligations subtracted fair value of plan assets (refer to the summary of accounting policies below). Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The functional currency of Taishin Financial Holding is New Taiwan dollar. Thus, the consolidated financial statements are presented in New Taiwan dollars.

The Group categorized economic activities into operating, investing, and financing activities. The consolidated statements of cash flows reported the change of cash and cash equivalents in the current period based on operating, investing, and financing activities. Refer to Note 7 for the components of cash and cash equivalents.

The cash flow of operating activities was reported by using indirect method. Under the indirect method, profit or loss is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments, and items of income or expense associated with investing or financing cash flows. Interest paid and interest and dividends received are classified as operating cash flows. Dividends paid are classified as financing cash flow because they are cost of obtaining financial resources.

When preparing the financial statements in accordance with the FSC-endorsed IFRS Accounting Standards, the Group has to make certain significant accounting assumptions and estimates based on professional judgments to determine its accounting policies. Change in assumptions may result in significant effects on financial report. The Group believes that the consolidated financial report was prepared based on appropriate assumptions. For items that required management’s most difficult or complex judgments, or assumptions and estimates that significantly affect the financial statements, please refer to Note 6.

Classification of Current and Noncurrent Assets and Liabilities

Since the banking companies account for a substantial portion of the consolidated statements and because of banking business characteristics, classification of consolidated assets and liabilities according to the nature and the sequence of liquidity can provide more reliable and relevant information. Therefore, those assets and liabilities are not classified as current or noncurrent, but classified according to the nature and sequence of liquidity. In addition, maturity analysis of liabilities was disclosed in Note 47.

Basis of Consolidation

a. Principle of consolidation of financial statements

   This consolidated financial report has included financial reports prepared by the Company and entities controlled by the Company.

   The Company has control over its investees if it has all the following elements:

   1) Power over the investee, voting or other rights.

   2) Exposure, or rights, to variable returns from involvement with the investee;

   3) The ability to use power over the investee to affect the amount of the investor’s returns.

   Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statements of profit or loss and other comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate.

   Adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Group.

   All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation.

   Non-controlling interests are presented in the consolidated balance sheets within equity, separate from the equity of the owners of the Company.

Attribution of total comprehensive income to non-controlling interests

Total comprehensive income of subsidiaries is attributed to Taishin Financial Holding and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests should be adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Group.

When the Group loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and any investment retained in the former subsidiary at its fair value at the date when control is lost and (ii) the assets (including any goodwill) and liabilities and any non-controlling interests of the former subsidiary at their carrying amounts at the date when control is lost. The Group accounts for all amounts recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if the Group had directly disposed of the related assets or liabilities (i.e. reclassifies to profit or loss, or transfers directly to retained earnings if required in accordance with other IFRS Accounting Standards).

The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting.

b. Business combinations

Business combinations are accounted for in accordance with the requirements of IFRS 3 "Business Combinations" approved by the FSC. Acquisitions of businesses are accounted for using the acquisition method. Acquisition-related costs are generally recognized in profit or loss as they are incurred. The transfer consideration for a business combination should be measured at fair value, and its calculation is based on the total amount of the assets transferred by the acquirer, the liabilities incurred or assumed, and the fair value of the equity instruments issued by the acquirer on the acquisition date.

Goodwill is measured as the excess of the sum of the consideration transferred and the fair value of the acquirer's previously held equity interests in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after re-assessment, the net of the acquisition date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred and the fair value of the acquirer's previously held interests in the acquiree, the excess is recognized immediately in profit or loss as a bargain purchase gain.

When the acquisition does not meet the definition of "Business Combinations", the merging company will allocate the acquisition costs to separately identifiable assets and liabilities. The acquired assets and liabilities are recorded on the basis of: (1) The fair value of financial assets and liabilities measured at the acquisition date based on IFRS 9 "Financial Instruments" recognized by the FSC. (2) The remaining amount after deducting the cost of financial assets and liabilities from the acquisition cost is allocated to other assets and liabilities based on the relative proportion of the fair value of other assets and liabilities on the acquisition date.

c. Subsidiaries included in the consolidated financial statements were as follows:

		Ownership Interest (%)	
		December 31	
Investor	Subsidiary	2023	2022
Taishin Financial Holding	Taishin Bank	100.00	100.00
Taishin Financial Holding	Taishin Securities B	100.00	100.00
Taishin Financial Holding	Taishin AMC	100.00	100.00
Taishin Financial Holding	Taishin Venture Capital	100.00	100.00
Taishin Financial Holding	Taishin Securities Investment Advisory	92.00	92.00
Taishin Financial Holding	Taishin Securities Investment Trust	100.00	100.00
Taishin Financial Holding	Taishin Life Insurance	100.00	100.00
Taishin Bank	Taishin Real-Estate	60.00	60.00
Taishin Bank	Taishin D.A. Finance	100.00	100.00
Taishin D.A. Finance	Taishin Financial Leasing (China) (Note 1)	100.00	-
Taishin AMC	Taishin Real-Estate	40.00	40.00
Taishin Venture Capital	Taishin Financial Leasing (China) (Note 1)	-	100.00
Taishin Venture Capital	Taishin Sports Entertainment (Note 3)	100.00	-
Taishin Securities B	Taishin Securities Venture Capital	100.00	100.00
Taishin Securities B	Taishin Capital	100.00	100.00
Taishin Securities B	Taishin Futures (Note 4)	100.00	100.00
Taishin Venture Capital	Crededi (Note 2)	-	20.00
Taishin Securities Investment Advisory	Crededi (Note 2)	-	6.00
Taishin Securities Venture Capital	Crededi (Note 2)	-	25.00
Taishin Capital	Taishin Health Investment	100.00	100.00

Note 1: Taishin Venture Capital transferred 100% of the equity interest of Taishin Financial Leasing (China) in Taishin D.A. Finance on December 5, 2023, and Taishin Financial Leasing (China) has since become a wholly-owned subsidiary of Taishin D.A. Finance.

Note 2: Crededi has been liquidated on October 31, 2023, and held an extraordinary shareholders meeting on November 21, 2023, to recognize the liquidation statement and dissolve the liquidator’s responsibility. Therefore, Crededi has not been included in the consolidated financial statements.

Note 3: 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 4: Taishin Securities B invested in the establishment of Taishin Futures on December 2, 2022, and has since included it as part of the consolidated financial reporting entity.

Foreign Currencies

In preparing the financial statements of each individual Group entity, the currency of the primary economic environment in which the entity operates (i.e., functional currency) is used. Transactions in currencies other than the entity’s functional currency are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. When several exchange rates are available, the rate used is that at which the future cash flows, represented by the transaction amount or balance, could have been settled if those cash flows had occurred at the measurement date. Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising from settlement are recognized in profit or loss in the period in which they arise. Exchange differences on monetary items arising from translation are recognized in profit or loss in the period in which they arise except items that qualify as hedging instruments in a cash flow hedge are recognized initially in other comprehensive income to the extent that the hedge is effective.

Exchange differences arising on the retranslation of non-monetary assets (such as equity investment) or liabilities measured at fair value are included in profit or loss for the period at the rates prevailing at the end of reporting period except for exchange differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income.

The results and financial position of an entity whose functional currency is not the currency of a hyperinflationary economy but different from the presentation currency are translated into the presentation currency using the following procedures:

a. Assets and liabilities are translated at the closing rate at the date of the consolidated balance sheets;

b. Income and expenses are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used; and

c. All resulting exchange differences are recognized in other comprehensive income.

Exchange differences arising from the above procedures are recognized as “Exchange differences from translation of foreign operation” in equity. Exchange differences arising from net investments in foreign operation and hedge of a monetary item regarded as part of the net investments are recognized as other comprehensive income. When the foreign operation or part of the foreign operation is disposed of, exchange differences are recognized initially in other comprehensive income and reclassified from equity to profit or loss. Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of that foreign operation are treated as assets and liabilities of the foreign operation. Thus, they are expressed in the functional currency of the foreign operation and translated at the closing rate.

Cash and Cash Equivalents

Cash and cash equivalents are cash in vault, cash in banks, short-term time deposits and short-term financial instruments that must be readily convertible to a known amount of cash and subject to an insignificant risk of changes in value. For the consolidated statements of cash flows, cash and cash equivalents are cash and cash equivalents on the consolidated balance sheets, due from the Central Bank and call loans to banks and securities purchased under resell agreements that are in conformity with the definition of cash and cash equivalents in the IAS 7 endorsed by the FSC.

Investment in Associates

An associate is an entity over which the Group has significant influence that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee without having control or joint control over those policies.

The Group uses the equity method to recognize the investment in associates. Under the equity method, an investment in an associate is initially recognized at cost and adjusted thereafter to recognize the Group’s share of the profit or loss and other comprehensive income of the associate. The Group also recognizes its share in the changes in the equity of associates.

When the Group subscribes for additional new shares of the associate, at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Group's proportionate interest in the associate. The Group records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus. If the Group's ownership interest is reduced due to the additional subscription of the new shares of associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate is reclassified to profit or loss on the same basis as would be required if the investee had directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for by the equity method is insufficient, the shortage is debited to retained earnings.

When the Group's share of losses of an associate equals or exceeds its interest in that associate (which includes any carrying amount of the investment accounted for by the equity method and long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognizing its share of further losses. Additional losses and liabilities are recognized only to the extent that the Group has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets and liabilities of an associate recognized at the date of acquisition is recognized as goodwill, which is included in the carrying amount of the investment and is not amortized. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

The requirements of IAS 36 "Impairment of Assets" endorsed by the FSC are applied to determine whether it is necessary to recognize any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognized is deducted from the carrying amount of the investment. Any reversal of that impairment loss is recognized in accordance with the FSC-endorsed IAS 36 "Impairment of Assets" to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date it ceases to have significant influence over the associate. Any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. The Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities.

When a group entity transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Group' consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

Property and Equipment

Property and equipment are stated at cost, less recognized accumulated depreciation and accumulated impairment loss. Cost is capitalized when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Freehold land is not depreciated.

Depreciation is recognized so as to write off the cost of the assets less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimates accounted for on a prospective basis in accordance with the FSC-endorsed IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors".

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Investment Properties

Investment properties are properties held to earn rentals and/or for capital appreciation and are not owned by other corporations in the Group. Investment properties include office buildings or land held for operating lease.

The investment properties comprise a portion that is self-used by the Group and another portion that is held to earn rentals or for capital appreciation. If a portion of a property owned by the Group can be sold separately, the Group accounts for that portion separately. For self-used properties, the FSC-endorsed IAS 16 is adopted. Investment properties held to earn rentals or/and for capital appreciation are under the regulation of the FSC-endorsed IAS 40. If portions of a property cannot be sold separately, the property is investment property only if an insignificant portion is held as self-used asset.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss.

Depreciation is recognized so as to write off the cost of assets less their residual values over their useful lives, using the straight-line method.

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the asset. Any gain or loss arising on derecognition of the property is calculated as the difference between the net disposal proceeds and the carrying amount of the asset and is included in profit or loss in the period in which the property is derecognized.

Goodwill

Goodwill arising from the acquisition of a business is measured at cost as established at the date of acquisition of the business less accumulated impairment loss.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units or groups of cash-generating units (referred to as "cash-generating units") that are expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently whenever there is an indication that the unit may be impaired, by comparing its carrying amount, including the attributed goodwill, with its recoverable amount. However, if the goodwill allocated to a cash-generating unit was acquired in a business combination during the current annual period, that unit shall be tested for impairment before the end of the current annual period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then pro rata to the other assets of the unit based on the carrying amount of each asset in the unit. Any impairment loss is recognized directly in profit or loss. Any impairment loss recognized for goodwill is not reversed in subsequent periods.

If goodwill has been allocated to a cash-generating unit and the Group disposes of an operation within that unit, the goodwill associated with the operation which is disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal and is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Intangible Assets (Except Goodwill)

a. Intangible assets acquired separately

   Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life, residual value, and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimates being accounted for on a prospective basis which is in accordance with the FSC-endorsed IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors". The residual value of an intangible asset with a finite useful life shall be assumed to be zero unless the Group expects to dispose of the intangible asset before the end of its economic life. Indefinite useful lives intangible assets are reported at cost less accumulated impairment loss.

b. Intangible assets acquired in a business combination

   Intangible assets acquired in a business combination and recognized separately from goodwill are initially recognized at their fair value at the acquisition date (which is regarded as their cost). Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortization and accumulated impairment loss.

c. Derecognition of intangible assets

   An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gain or loss on derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in profit or loss.

Impairment of Non-financial Assets (Except Goodwill)

At the end of each reporting period, the Group reviews the carrying amounts of its non-financial assets, excluding goodwill, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to the individual cash-generating units; otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. Impairment loss is recognized in profit or loss.

When an impairment loss subsequently is reversed, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Bonds and Securities Purchased/Sold under Specific Agreements

Bonds and securities purchased under resell agreements recorded at purchase price and bonds and securities sold under repurchase agreements recorded at sale price are all accounted for as financing transactions. Interest revenue and expenses recognized from the transactions mentioned above are recorded on accrual basis.

Financial Instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

<u>Financial assets</u>

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

a. Measurement category

   Financial assets are classified into the following categories: Financial assets at FVTPL and at amortized cost and investments in debt instruments and equity instruments at FVTOCI. The categories are based on the contractual cash flows on the initial recognition of the financial assets and the Group's business model.

   For the Group's debt instruments that have contractual cash flows that are solely for repayments of principal and interest on the principal amount outstanding, their classification and measurement are as follows:

   1) For debt instruments, if they are held within a business model whose objective is to collect contractual cash flows, the financial assets (including cash and cash equivalents, due from the Central Bank and call loans to banks, securities purchased under resell agreements, receivables, loans, investments in debt instruments at amortized cost, other financial assets, other assets - refundable deposits, other assets - operating guarantee deposits and settlement funds) are measured at amortized cost and are assessed for impairment continuously with any impairment loss recognized in profit or loss. Interest income is recognized in profit or loss by using the effective interest method; and

   2) For debt instruments, if they are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, the financial assets are measured at FVTOCI and are assessed for impairment. Interest income is recognized in profit or loss by using the effective interest method, and other gains or losses shall be recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses. When the debt instruments are derecognized or reclassified, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss. Fair value is determined in the manner described in Note 47.

Except for the above, all other financial assets are measured at FVTPL. However, the Group may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividends income generally recognized in profit or loss. No subsequent impairment assessment is required, and the cumulative gain or loss previously recognized in other comprehensive income cannot be reclassified from equity to profit or loss. Fair value is determined in the manner described in Note 47.

Overlay approach

The Group could apply the overlay approach to specific financial assets. The financial assets that are allowed to adopt the overlay approach were limited to financial assets measured at fair value through profit or loss under IFRS 9, but not under IAS 39 and without any relationship to IFRS 4 "Insurance Contracts". The Group should designate the eligible financial assets precisely upon initial application of IFRS9 and designate the new assets acquired during initial recording. The changes in fair value of qualified financial assets should be divided into two parts, recorded as profit or loss under IAS 39 and the difference between application of IFRS 9 and IAS 39 recorded as other comprehensive income.

Except for the above, on initial recognition, the Group may make an irrevocable election to designate investments in equity instruments at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Dividends on these investments in equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investments.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, they will be transferred to retained earnings. Fair value is determined in the manner described in Note 47.

b. Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses (ECLs) on financial assets other than investments in equity instruments that are measured at FVTOCI and financial assets at FVTPL.

ECLs reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the ECLs that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The Group recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

For purchased or originated credit-impaired financial assets, the Group takes into account the ECLs on initial recognition in the credit-adjusted effective interest rate. Subsequently, any changes in ECLs are recognized as a loss allowance with a corresponding gain or loss recognized in profit or loss even if lifetime ECLs are lower than the ECLs on initial recognition.

Under the Regulations Governing the Procedures for Insurance Enterprises to Evaluate Assets and Deal with Non-performing/Non-accrual Loans, insurance subsidiary of the Group evaluates credit assets' fair value and its' collectability, based on the borrower's financial conditions and the delay for payment of principal and interests as well as the status of the loan collaterals and the length of time overdue.

Insurance subsidiary of the Group engages in the business of life insurance loans and premium loans. Both loans and interest receivables are one hundred percent guaranteed, and no provision for bad debts is made. However, policy loans secured by the account value of an investment-linked policy may result in losses due to significant drop in the account value of underlying investment and the account value is insufficient to cover the policy loans.

In addition, specific industries are mandatorily assessed such that the loss allowance for loans is measured at the higher of the amount calculated in accordance with the Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans.

The Group recognizes an impairment loss or a gain on the reversal of impairment in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and does not reduce the carrying amount of the respective financial asset.

c. Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss.

Equity instruments

Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a group entity are recognized at the proceeds received, net of direct issue costs.

Repurchase of the Group's own equity instruments is recognized and deducted directly in equity, and its carrying amounts are calculated based on weighted average by share types and calculated separately by repurchase category. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

Financial liabilities

a. Subsequent measurement

Except the following situations, all the financial liabilities are measured at amortized cost using the effective interest method:

1) Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when such a financial liability is either held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

a) It has been acquired principally for the purpose of repurchasing it in the near term; or

b) On initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or

c) It is a derivative that is not designated and effective as a hedging instrument.

A financial liability may be designated as at FVTPL upon initial recognition when doing so results in more relevant information and if:

a) Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

b) The financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and whose performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis.

In addition, if a contract contains one or more embedded derivatives, the entire combined contract (asset or liability) can be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gain or loss arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any interest or dividends paid on the financial liabilities.

For a financial liability designated as at FVTPL, the amount of changes in fair value attributable to changes in the credit risk of the liability is presented in other comprehensive income. However, in the case of avoiding an accounting mismatch or the amount of changes in fair value is due to loan commitments and financial guarantee contracts, all changes in fair value of the liability are presented in profit or loss. Fair value is determined in the manner described in Note 47.

2) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by the Group are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of the following and should be dealt with based on the Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans:

a) The amount of the loss allowance reflecting the ECLs; and

b) The amount initially recognized less, where appropriate, the cumulative amount of revenue recognized in accordance with IFRS 15 as endorsed by the FSC.

3) Commitments to provide a loan at a below-market interest rate

Commitments to provide a loan at a below-market interest rate issued by the Group are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

a) The amount of the loss allowance reflecting the ECLs; and

b) The amount initially recognized less, where appropriate, the cumulative amount of revenue recognized in accordance with IFRS 15 as endorsed by the FSC.

b. Derecognition of financial liabilities

The Group derecognizes financial liabilities when, and only when, the Group’s obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

Derivative financial instruments

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. When the fair value of derivative financial instruments is positive, the derivative is recognized as a financial asset; when the fair value of derivative financial instruments is negative, the derivative is recognized as a financial liability.

Derivatives embedded in hybrid contracts that contain financial asset hosts within the scope of IFRS 9 are not separated; instead, the classification is determined in accordance with the entire hybrid contract. Derivatives embedded in non-derivative host contracts that are not financial assets within the scope of IFRS 9 are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

Modification of financial instruments

When a contractual cash flow of financial instrument is renegotiated or modified, the Group assesses whether the modification will result in derecognition. If modification of a financial instrument results in derecognition, it is accounted for as derecognition of financial assets or liabilities. If the modification does not result in derecognition, the Group recalculates the gross carrying amount of the financial asset or the amortized cost of the financial liability based on the modified cash flows discounted at the original effective interest rate with any modification gain or loss recognized in profit or loss. The cost incurred is adjusted to the carrying amount of the modified financial asset or financial liability and amortized over the modified remaining period.

For the changes in the basis for determining contractual cash flows of financial assets or financial liabilities resulting from the interest rate benchmark reform, the Group elects to apply the practical expedient in which the changes are accounted for by updating the effective interest rate at the time the basis is changed, provided the changes are necessary as a direct consequence of the reform and the new basis is economically equivalent to the previous basis. When multiple changes are made to a financial asset or a financial liability, the Group first applies the practical expedient to those changes required by interest rate benchmark reform, and then applies the requirements of modification of financial instruments to the other changes that cannot apply the practical expedient.

Financial assets and financial liabilities offsetting

Financial assets and financial liabilities are only allowed to be offset and expressed in net amount in consolidated balance sheets when amounts to be offset are 1) objects of legally enforceable right to offset, and 2) objects of intended net settlement, i.e., liquidation of assets for discharge of liabilities.

Futures

Margin paid on futures contracts purchased or sold is recorded as refundable deposits, the market value of futures contracts is recognized as financial assets or liabilities measured at FVTPL, and the gain (loss) on open positions and on maturity or early settlement of contracts is recorded as profit (loss) for the current period.

Securities Trading Margin Purchase and Short Sale

Margin loans extended to customers by the Group conducting securities trading margin purchases and short sale business are recognized as receivables from margin loans. Customers provide all the stocks purchased in trading margin operations as collateral, which the Group records by using memorandum entries. Stocks are returned when customers pay back money.

Margins received from short-selling customers by the Group conducting securities trading margin purchases and short sales are recognized as short sale margins. In addition, short sale proceeds (less securities transaction taxes, handling fees for execution of customer orders and short sale handling fees) received as collateral from short-selling customers by the Group conducting securities trading margin purchases and short sales are recognized as payable for short sale collateral received. The interest on the payable for short sale collateral received and short sale margins under the preceding paragraph is accrued and paid to customers. The stocks lent to customers are recorded using memorandum entries. Short sale margins and payables for short sale collateral received are reimbursed when customers return their stocks.

Classification and Measurement of Insurance Products

a. Classification

   1) Insurance products should be classified according to IFRS 4.

   2) Insurance contract refers to a contract under which one party (the insurer) accepts significant risk transferred from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder, including reinsurance contracts with transferrable significant risk held by the Group. Noninsurance contracts (also called investment contracts) are insurance contracts with a nature of financial instruments that are exposed to financial risks but without significant transferred insurance risks. The definition of significant transferred risks employed by the Group here refers to any event or incident that happens and leads to the Group’s additional significant payment.

   3) Insurance policies which meet the definition of insurance contracts on initial recognition shall be classified as insurance contracts before all rights and obligations expire or mature, even if the insurance risks have been reduced significantly during coverage period.

4) Insurance contracts and investment contracts will be further classified depending on the discretionary participation feature. The discretionary participation feature is a contractual right to receive additional benefit rather than guaranteed benefits, and this kind of right requires the meeting of the following criteria at the same time:

   a) Additional benefits that are likely to be a significant portion of the total contractual benefits:

   b) The amount or timing of additional benefits is contractually at the discretion of the Group; and

   c) Additional benefits are contractually based on:

      i. The performance of a specified pool of contracts or a specified type of contract;

      ii. The investment return on a specified pool of assets held by the Group; or

      iii. The profit or loss of the Group, funds, or other entity that issues the contract.

b. Measurement

1) Insurance contracts and financial instruments with discretionary participation features (investment contracts)

   Premium income and commission expense are recognized when premiums are collected and the underwritings are approved for initial policies, and when premiums are collected for renewal policies. Claim and policy benefits are recognized under profit or loss accounts as accrued.

2) Non-insurance contracts (investment contracts)

   For an insurance contract classified as an investment contract due to its lack of significant transferred insurance risks, except for ‘financial instruments with discretionary participation features (investment contracts)’, IFRS 9 should be applied to investment contracts when there are financial assets or financial liabilities arising from investment contracts. The consideration received or paid shall be accounted for using deposit accounting in practice and recognized as financial assets or financial liabilities instead of revenues or expenses. When there is no financial asset or financial liability arising from investment contracts, IFRS 15, ‘Revenue from contracts with customers’, shall be applied to investment contracts.

3) Reinsurance contract

   a) Reinsurance standards for inwards and outwards, reinsurance premiums, reinsurance premium ceded, reinsurance commissions, and claims payable and recoverable from reinsurers should be calculated and recognized in accordance with reinsurance contracts signed.

   b) The Group evaluates whether privileges of reinsured, including items under reinsurance contract assets such as reinsurance reserve assets, claims recoverable from reinsurers, and due from reinsurers and ceding companies, are impaired or unrecoverable on a regular basis. When objective evidence indicates that such privilege after the initial recognition will possibly lead to the Group being unable to collect all receivables on the contract, and the impact of the receivables from reinsured can be reliably measured with regard to the aforementioned event, the provision for impairment loss shall be recognized to the extent that the recoverable amounts are no greater than the reinsurance reserve asset of the aforementioned rights. Also, loss allowance should be appropriately made for the unrecoverable amounts of claims recoverable from reinsurers and due from reinsurers and ceding companies.

Non-discretionary Participation Feature Investment Contracts

a. Except for investment-linked insurance products, the Group holds no insurance products which are classified as non-discretionary participation feature investment contracts.

b. The service fees of investment-linked insurance products which are classified as non-discretionary participation feature investment contracts of the Group include: administration fees, management fee, surrender charge, and others. Service fee shall be recognized as income when received. And the remaining balance of insurance premiums received (less the aforementioned expenses or various management fees, etc.) shall all be recognized as liability of investment-linked insurance products on the statements of financial position.

Customer Margin Accounts and Futures Traders' Equity

When the Group collects margin from futures traders according to the contracts, it is recorded in the customer margin accounts and futures traders' equity; and the difference is adjusted according to the daily closing price. When a futures trader incurs an excess loss resulting in a debit balance in the futures trader's equity, it is recorded as futures exchange margins receivable.

Customer margin accounts are bank deposits opened by futures firms at banks for the deposit of margin and premiums of futures traders.

The balance of futures clearing house is the balance after a futures dealer with membership transfers the margin and premiums of futures traders to futures clearing house.

Separate Account Insurance Products

The Group sells separate account insurance products. The insurance premiums according to agreed terms paid by proposers, net of the expenses incurred by the insurer, are invested in separate accounts at allocation agreed with or directed by the proposers. The separate account assets are measured at fair value on the valuation date and in compliance with the relevant regulations and Template of Accounting Systems for Life Insurance Enterprises.

In accordance with the Regulation Governing the Preparation of Financial Reports by Insurance Enterprises, the assets and liabilities of separate accounts, which are generated either from insurance contracts or from insurance contracts with features of financial instrument, are recorded in separate account insurance product assets and separate account insurance product liabilities. The income and expenses of separate accounts, pursuant to IFRS 4, are recorded in separate account insurance product income and separate account insurance product expenses.

Provisions, Contingent Liabilities and Contingent Assets

A provision shall be recognized when:

a. An entity has a present obligation (legal or constructive) as a result of a past event;

b. It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and

c. A reliable estimate can be made of the amount of the obligation.

The Group does not recognize provisions for future operating losses. Where there are a number of similar obligations, the probability that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Although the likelihood of outflow for any one item may be small, it may well be probable that some outflow of resources will be needed to settle the class of obligations as a whole. If that is the case, a provision is recognized.

Provisions are subsequently measured by the present value of the expected expenditures to settle the obligations. Discount rate is the pre-tax discount rate and is adjusted in time to reflect current market assessments of the time value of money and the risks specific to the liability.

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity, or it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation can’t be reliably measured. The Group accounts and discloses appropriately in accordance with IAS 37.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. The Group does not recognize a contingent asset. A contingent asset is disclosed appropriately in accordance with related guidelines, where an inflow of economic benefits is probable.

If contingent liabilities from business combination belongs to present obligation of past event and its fair value can be measured, fair value will be recognized as original cost on acquisition-date. After balance sheet date, contingent liabilities are measured by amortized amount. If it may pay present obligation amount after evaluation, it will be measured at higher of present obligation amount and amortized amount.

Insurance Contract Liabilities

The Group’s reserves of insurance contracts and financial instruments with discretionary participation features are recognized based on “Regulation Governing the Setting Aside of Various Reserves by Insurance Enterprises” and relevant regulations issued by the competent authority. The following various reserves do not apply discount method other than policy reserve, premium deficiency reserve, and liability adequacy reserve. Provision basis of various reserves are as follows:

a. Unearned premium reserve

   For effective contract with a coverage period under one year, unearned premium reserve is provided based on various risk calculation for effective contracts yet to mature or covered risks yet to terminate in the coverage period.

b. Loss reserve

   Loss reserves based on claim experience and expenses of various insurance types and are calculated with actuarial principles. Besides, reserves are provided for “claims reported but not paid” and “claims incurred but not reported”. For “claim reported but not paid”, a reserve is provided on an individual claim basis for each type of insurance.

c. Reserve for policy benefit

   Long-term insurance contract reserves are recognized and calculated based on related regulation and the calculation manual approved by the authorities. Discount rate is provided by the estimated interest rate of reserve for policy benefit in the new insurance contract. In addition, pursuant to Jin-Guan-Pao-Tzai Letter No. 10102500530 dated January 19, 2012, the catastrophe reserve recovered by the Group was transferred to “life policy reserve - recovery of catastrophe reserve” and the unwritten-off allowance for doubtful debt of 3% decrease in business tax was also transferred from special reserve to “life policy reserve - unwritten-off allowance for doubtful debt of 3% decrease in business tax” in 2012.

d. Premium deficiency reserve

If the issued premiums of life insurance, health insurance, and annuity insurance contract with a coverage period over one year are less than the premiums of policy reserve in compliance with the regulation, the deficiency of subsequent periods should be recognized as premium deficiency reserve. In addition, potential claims and expenses are estimates for effective contracts yet to mature and injury insurance contracts with a coverage period over one year. If the assessed amount is more than the unearned premium reserve and expected premium income, the insufficient amount should be recognized as premium deficiency reserve by product types. Discount rate is provided by the estimated interest rate of reserve for policy benefit in the new insurance contract.

e. Liability adequacy reserve

Liability adequacy reserve refers to the required additional reserve according to the liability adequacy test result under IFRS 4. The Group adopts gross premium valuation method for the liability adequacy test based on the entire contracts of the Group, in accordance with "Actuarial Practice Guidelines" issued by the Actuarial Institute of the ROC. At the end of each reporting period, the test is performed by comparing the net carrying amount of insurance liabilities with the present estimates of insurance contract future cash flows. If the net carrying amount is insufficient, the deficiency is charged to current expense or loss.

Reserve for Insurance Contracts with the Nature of Financial Products

Reserve for insurance contracts with the nature of financial products with no discretionary participation feature is recognized in accordance with "Regulation Governing the Setting Aside of Various Reserves by Insurance Enterprises" and deposit accounting. Discount rate is provided by the estimated interest rate of reserve for policy benefit in the new insurance contract.

Reserve for Foreign Exchange Valuation

In accordance with the revised "Regulation Governing the Setting Aside of Various Reserves by Insurance Enterprises", the Group sets aside reserve for foreign exchange valuation under liabilities with regard to the foreign investment assets held (excluding non-investment-linked life insurance product assets denominated in foreign currency) starting from 2012. Treatments for accumulation limit of related reserves, method for provision or writing-off, and other binding matters shall be in compliance with "Guidelines for Foreign Exchange Reserve by Life Insurance Enterprises" and relevant regulations.

Income Recognition

a. Interest income

Except for financial assets at FVTPL, interest income of all financial instruments is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable and recognized in the consolidated statements of comprehensive income. When the loans become past due and are considered uncollectible, the principal and interest receivable are transferred to delinquent loan accounts and the accrual of interest income is stopped. Interest income will be recognized when the delinquent interest is collected. If the repayment of loan is extended under an agreement, the related interest should be recognized as deferred revenue and recognized as income when collected. Interest income from securities trading margin purchase and short sale is accrued according to the terms stated in the financing and trading contract.

b. Service fee and commission income

Service fee revenue is recognized from providing loans and other services, such as real estate management service, etc. The Group identifies contracts with the customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied. If the service fee revenue is for further loan service and of significant amount, it is recognized over the period of the service or included in the base of calculation of the effective interest rate of loans and receivables.

The Group’s customer loyalty program provides customers with award credits, which gives customers material rights by providing discount to future consumption. The transaction price allocated to award credit is recognized as a liability, and the Group recognizes revenue when award credits are redeemed or forfeited.

Brokerage commission is recognized on the trading day. Purchasing commission is recognized when the commission is received; underwriting commission is recognized at the completion of the underwriting contracts.

Leasing

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

For a contract that contains a lease component and non-lease components, the Group allocates the consideration in the contract to each component on the basis of the relative stand-alone price and accounts for each component separately. However, for the lease of cars in which the Group is a lessee and driving service is provided by a lessor, the Group elects to account for the lease and non-lease components as a single lease component.

a. The Group as lessor

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

Under finance leases, the lease payments comprise fixed payments, in-substance fixed payments, residual value guarantees, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and payments of penalties for terminating a lease if the lease term reflects such termination, less any lease incentives payable. The net investment in a lease is measured at (a) the present value of the sum of the lease payments receivable by a lessor and any unguaranteed residual value accrued to the lessor plus (b) initial direct costs and is presented as a finance lease receivable. Finance lease income is allocated to the relevant accounting periods so as to reflect a constant, periodic rate of return on the Group’s net investment outstanding in respect of leases.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.

Variable lease payments that do not depend on an index or a rate are recognized as income in the periods in which they are incurred.

When a lease includes both land and building elements, the Group assesses the classification of each element separately as a finance or an operating lease based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group. The lease payments are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of a contract. If the allocation of the lease payments can be made reliably, each element is accounted for separately in accordance with its lease classification. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease unless it is clear that both elements are operating leases; in which case, the entire lease is classified as an operating lease.

b. The Group as lessee

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

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

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments, in-substance fixed payments, variable lease payments which depend on an index or a rate, residual value guarantees, the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and payments of penalties for terminating a lease if the lease term reflects such termination, less any lease incentives receivable. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee’s incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. For a lease modification that is not accounted for as a separate lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset of lease modifications that decreased the scope of the lease and recognizing in profit or loss any gain or loss on the partial or full termination of the lease. The amount from other remeasurement of the lease liability adjusted to the right-of-use assets. Lease liabilities are presented on a separate line in the consolidated balance sheets.

Variable lease payments that do not depend on an index or a rate are recognized as expenses in the periods in which they are incurred.

Employee Benefits

a. Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at the end of each reporting period.

Reserve for employee benefits recognized in the consolidated balance sheets represents the present value of the defined benefit obligation and as reduced by the fair value of plan assets. Any asset resulting from this calculation is limited to the present value of available refunds and reductions in future contributions to the plan.

Net defined benefit liability (asset) remeasurement comprises 1) actuarial gains and losses on the defined benefit obligation; 2) return on plan assets, excluding the net interest on the net defined benefit liability (asset); and 3) any changes in the effect of the limit involving surplus in a defined benefit plan, excluding the net interest on the net defined benefit liability (asset). Moreover, the net defined benefit liability (asset) remeasurements are recognized in other comprehensive income; these remeasurements should be transferred immediately to retained earnings and will not be reclassified to profit or loss. Significant unrecognized past service cost is immediately recognized retrospectively in profit or loss. If the defined benefit retirement plan is curtailed or settled, the gain or loss on curtailment or settlement is recognized.

b. High-yield savings account for employee

The Group provides employees with high-yield savings account. The premium interest rate applies to a fixed amount of principal and the interest is paid to present employees (within employment and retirement) and retired employees. The difference between the premium rate and the market rate is classified as employee benefits.

Share-based Payment Arrangements

Equity-settled share-based payment

The fair value determined at the grant date of the employee share options is expensed on a straight-line basis over the vesting period, based on the Group’s estimate of employee share options that will eventually vest, with a corresponding increase in capital surplus - employee share options. The fair value determined at the grant date of the employee share options is recognized as an expense in full at the grant date when the share options granted vest immediately.

The grant date of employee share options, which are reserved when the Company issues new shares, is the date when the number of employee subscription is confirmed. The Company recognized an expense and capital surplus at the fair value of the share options determined at the grant date.

Cash-settled share-based payment

For cash-settled share-based payments, a liability is recognized for the goods or services acquired, measured initially at the fair value of the liability incurred. At the end of each reporting period until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognized in profit or loss.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

a. Current tax

Income tax payable (refundable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Act in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

b. Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Land revaluation increment tax accrued from the Group's land revaluation increment in accordance with related regulations is a taxable temporary difference and shall be recognized as a deferred tax liability. Deferred tax assets are generally recognized for all deductible temporary differences, unused loss carryforward, research and development expenditures, and personnel training expenditures to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

A deferred tax asset shall be recognized for the unused loss carry forward and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilized. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be realized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

The Group has applied the exception from the recognition and disclosure of deferred tax assets and liabilities relating to Pillar Two income taxes. Accordingly, the Group neither recognizes nor discloses information about deferred tax assets and liabilities relating to Pillar Two income taxes.

The Group does not offset deferred tax assets and deferred tax liabilities from different tax authorities.

c. Current and deferred tax for the period

Current tax and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current tax and deferred tax are also recognized in other comprehensive income or directly in equity, respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

d. Taishin Financial Holding and its more than 90% owned subsidiaries adopt the linked-tax system for tax filings. Differences between current and deferred income tax expenses on consolidated entity basis and those on nonconsolidated entity basis are adjusted in Taishin Financial Holding's income tax expenses. Related reimbursement and appropriation are recognized as receivables or payables. Taishin Life Insurance was included in the consolidated financial statements since June 30, 2021. Under the Business Mergers and Acquisitions Act No 45. The Group should include Taishin Life Insurance in the linked tax system for the filing of year 2022 enterprise income tax in the year 2023.

Securities Lending

The sources of lending securities for the securities lending business of the Group are (1) its own securities; (2) securities borrowed from Taiwan Stock Exchange's Securities Borrowing and Lending (TWSE SBL) system; (3) collateral securities acquired from financing customers' acquisitions and short-sales; (4) securities borrowed from clients; and (5) from other securities corporations or securities financing companies which operate securities lending businesses or margin purchases and short sales businesses.

When the Group lends their self-owned securities, such securities account shall be reclassified to "lending stock" and measured at fair value on the valuation date. When borrowing securities from securities lending system, clients, and other securities lending and securities financing brokerages or institutions, the Group shall record such transactions through memo entries. If the collateral securities obtained through financing operation belong to a client's deposit, the Group shall not recognize the collateral securities as its assets when lending, but the Group shall monitor them individually by client type. The Group's financial statements shall disclose the outgoing transfers of the latter two types of securities.

The collateral securities obtained through securities lending are recorded separately for each client, and the transaction related to the collateral shall be recorded one by one. Cash collaterals are recorded as "securities lending deposits" under other financial liabilities. When the value of collateral is insufficient, the Group shall inform the lenders to pay the difference to increase the total value of the collateral.

Revenues and service fees from securities lending are recognized as "income from securities lendings".

6. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The Group's accounting policies, accounting assumptions and estimates have significant impact on the consolidated financial statements. Accordingly, the management exercised appropriate professional judgment in the preparation of the consolidated financial statements.

The assumptions and estimates involve significant risks that significant adjustments might result in changes in the carrying amounts of assets and liabilities in the next fiscal year. The assumptions and estimates made were the best estimates based on the FSC-endorsed IFRS Accounting Standards. The estimates and assumptions are based on historical experience and other factors, including future expectations and are continuously assessed. The Group considers the economic implications of market interest rate fluctuations when making its material accounting estimates.

Partial items of the accounting policies and management's judgment could have significant impact on the recorded amount in the consolidated financial statements.

Impairment of Loans

The measurement of ECLs is based on the present value of the difference of all contractual cash flows receivable from a contract and all cash flows that are expected to be received, discounted at the original or credit-adjusted effective interest rate, and the calculated weighted average of the probability of default.

In the calculation of required provision of allowance for possible losses, the Group also takes into consideration the classification of loans based on the status of the loan collaterals and the length of time the loans are overdue. The Group evaluates the impairment of loans based on the customer's financial conditions, whether the repayments of principal and interest are overdue and the status of the collateral, etc. If future actual cash flows are lesser than expected, material impairment losses may arise.

Refer to Note 13 for the carrying amounts of loans and allowance for loans as of December 31, 2023 and 2022.

Measurement of Policy Reserves and Liability Adequacy Test

Policy reserves for insurance contracts and investment contracts with discretionary participation features are based on actuarial models and assumptions made as the insurance contracts were established, which include the mortality rate, discount rate, lapse rate, morbidity rate, etc. The assumptions are made based on the related laws and regulations.

All insurance contracts are subject to a liability adequacy test, which reflects the best current estimate of future cash flows. Best estimates of future investment income from the assets backing such contracts are based on current market returns, as well as expectations about future economic developments. Assumptions on future expenses are based on current expense levels, adjusted using the expected expense inflation, if appropriate. Surrender rates are based on the Group's historical experience.

The management of the Group examines these estimates regularly and makes adjustments when necessary, but actual results may differ from these estimates.

7. CASH AND CASH EQUIVALENTS

	December 31	
	2023	2022
Cash on hand	$ 13,982,329	$ 15,548,873
Checks for clearing	1,600,323	1,543,420
Due from banks	9,985,193	11,915,726
Others	3,664,676	2,541,199
	$ 29,232,521	$ 31,549,218

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 December 31, 2023 and 2022.

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

	December 31	
	2023	2022
Required reserve - Account A	$ 26,095,851	$ 22,521,467
Required reserve - Account B	51,632,957	48,536,512
Required reserve - Foreign Currency	576,598	324,473
Required reserve - Others	69,953	520,288
Call loans to other banks	23,549,309	36,022,583
Interbank clearing funds	8,000,203	5,000,567
	$ 109,924,871	$ 112,925,890

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

9. FINANCIAL INSTRUMENTS AT FVTPL

	December 31 2023	December 31 2022
Financial assets mandatorily classified as at FVTPL		
Derivative instruments		
Futures	$ 868,930	$ 867,693
Forward exchange contracts	623,769	906,355
Currency swaps	29,913,377	25,969,631
Interest rate swaps	14,523,163	17,507,686
Cross-currency swaps	427,174	115,683
Foreign-exchange options	3,825,287	430,503
Equity-linked options	160,252	59,289
Equity-linked swaps	1,750	40,903
Non-derivative financial assets		
Investment in bills	54,371,699	43,436,249
Domestic and overseas shares and beneficiary certificates	42,559,892	29,393,984
Government bonds	12,680,301	6,200,979
Corporate bonds, bank notes payable and other bonds	17,558,854	9,640,028
Beneficiary securities (Note 47)	175,577	208,465
Trading securities		
Dealing	15,158,520	10,865,278
Underwriting	1,524,003	1,237,106
Hedging	6,606,253	6,896,073
Financial assets at FVTPL	$ 200,978,801	$ 153,775,905
Financial liabilities designated as at FVTPL		
Bank notes payable (d)	$ 2,548,652	$ 2,483,480
Structured products (e)	3,623,817	3,598,550
Financial liabilities held for trading		
Derivative instruments		
Futures	140,569	7,817
Forward exchange contracts	725,172	478,342
Currency swaps	32,070,203	26,650,943
Interest rate swaps	14,138,410	16,788,413
Cross-currency swaps	301,670	125,004
Foreign-exchange options	3,819,424	456,645
Equity-linked options	2,290,228	1,055,325
Equity-linked swaps	1,750	40,901
Credit default swaps	13,450	-
Liabilities for issuance of call (put) warrants, net (c)	18,504	34,733
Exchangeable corporate bonds embedded derivatives (h)	175,500	175,500
Non-derivative financial liabilities		
Share borrowing transaction	5,435,737	2,439,142
Financial liabilities at FVTPL	$ 65,303,086	$ 54,334,795

a. The Group engaged in various derivative instrument transactions in the years ended December 31, 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:

	December 31	
	2023	2022
Futures	$ 13,627,307	$ 8,232,826
Forward exchange contracts	84,183,254	84,038,780
Currency swaps	2,833,935,836	2,061,898,071
Interest rate swaps	730,457,369	842,400,292
Cross-currency swaps	26,564,473	6,664,204
Foreign-exchange options	379,491,263	69,830,387
Equity-linked options	10,945,081	11,117,125
Equity-linked swaps	99,882	342,924
Credit default swaps	169,994	-
Guarantee products	3,540,000	3,540,000
Credit-linked products	66,400	-
Equity-linked products	10,000	50,000

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

	December 31	
	2023	2022
Call (put) warrants issued	$ 1,819,075	$ 1,752,240
Loss (gain) on change in fair value	(244,890)	(387,890)
	1,574,185	1,364,350
Repurchased call (put) warrants	1,784,580	1,630,530
Gain (loss) on change in fair value	(228,899)	(300,913)
	1,555,681	1,329,617
Net call (put) warrants issued	$ 18,504	$ 34,733

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

The fair value of call (put) warrants was calculated using the closing price on the last transaction day of the balance sheet date.

d. Taishin Bank's unsecured USD senior bank notes payable were as follows:

First unsecured USD senior bank notes payable of Taishin Bank of year 2018, 30 years, US$80,000 thousand, 100% of the principal amount of the bonds, put redemption on the fifth anniversaries of the notes payable issue, and repay the holders at principal value plus accrued interests, maturity: July 5, 2048.

Second unsecured USD senior bank notes payable of Taishin Bank of year 2018, 30 years, US$20,000 thousand, 100% of the principal amount of the bonds, put redemption on the fifth anniversaries of the notes payable issue, and repay the holders at principal value plus accrued interests, maturity: July 5, 2048.

Taishin bank considered unsecured USD senior bank notes payable as financial instruments designated at FVTPL to eliminate the recognition inconsistency.

e. Taishin Securities B issued structured notes, approved by the Taipei Exchange, including principal guaranteed notes, equity-linked notes, fund-linked notes and credit-linked products. According to the contracts of principal guaranteed notes, equity-linked notes and fund-linked notes, Taishin Securities B receives contract principal or agreed amount of proceeds from investors and will pay the settlement amount based on the contractual terms at maturity. The structured notes contain debt obligation and embedded options components and Taishin will earn profit arising from credit spread or market spread. The credit-linked products contain credit spread of convertible corporate bonds, which are from dealing or asset-swap and combined with fixed-income products sold to investors; Taishin Securities B receives contract principal from investors and pays dividends in fixed cycle. The credit-linked products provide more options for convertible assets and decrease the risks of holding convertible bonds of investors.

   Taishin Securities B engages in the structured note transactions in order to diversify its financial instruments, to increase the source of profits and to provide other hedge positions in assets and advance the income stability and to decrease the credit risk on asset holdings.

f. The Group adopted the overlay approach of IFRS 4 for the presentation of profit or loss of designated financial assets.

   The financial assets related to investment activities of issued insurance contracts that designated to adopt the overlay approach were as follows:

	December 31	
	2023	**2022**
Domestic listed (OTC) shares	$ 15,994,360	$ 11,939,705
Domestic unlisted (OTC) shares	81,392	81,027
Domestic beneficiary certificates	7,804,185	4,023,622
Foreign beneficiary certificates	2,521,884	3,323,059
Foreign beneficiary bonds	175,577	208,465
	$ 26,577,398	$ 19,575,878

   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 years ended December 31, 2023 and 2022, respectively, were as follow:

	For the Year Ended December 31	
	2023	**2022**
Gain (loss) on application of IFRS 9	$ 6,496,272	$ (2,562,624)
(Gain) loss if applying IAS 39	(2,625,892)	(1,504,498)
Gain (loss) on reclassification using the overlay approach	$ 3,870,380	$ (4,067,122)

   Due to application of overlay approach, the amount of gain on financial assets at FVTPL was adjusted from $13,483,043 thousand to $9,612,663 thousand and $1,337,104 thousand to $5,404,226 thousand for the years ended December 31, 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, losses on financial liabilities at FVTPL amounted to $1,210,878 thousand for the year ended December 31, 2022. 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, and the changes in fair value in subsequent periods were recognized in profit or loss. Thus, (losses) gain on financial liabilities at FVTPL amounted to $0 thousand and $223,000 thousand for the years ended December 31, 2023 and 2022 respectively. Refer to Note 25 for information related to the issuance of the exchangeable corporate bonds.

10. FINANCIAL ASSETS AT FVTOCI

	December 31	
	2023	**2022**
Debt instrument		
Investment in bills	$ -	$ 1,819,411
Government bonds	63,265,003	41,470,998
Corporate bonds	36,993,685	37,259,066
Bank notes payable	31,413,511	37,243,009
Beneficiary securities (Note 47)	1,007,163	1,140,195
	132,679,362	118,932,679
Equity instrument		
Domestic and overseas shares (b)	14,469,829	23,413,670
	$ 147,149,191	$ 142,346,349

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
December 31, 2023	$ 25,764	$ -	$ -	$ 25,764
December 31, 2022	28,927	-	-	28,927

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 $3,257 thousand and $8,906 thousand for the years ended December 31, 2023 and 2022, respectively.

d. The Group sold the domestic shares for strategic purposes. The shares sold had a fair value of $16,255,413 thousand and $21,728,336 thousand, and the Group transferred $564,139 thousand and $1,749,327 thousand of gains from other equity to retained earnings for the years ended December 31, 2023 and 2022, respectively.

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

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

11. INVESTMENTS IN DEBT INSTRUMENTS AT AMORTIZED COST

	December 31	
	2023	2022
Investment in bills	$ 243,443,323	$ 265,934,806
Bank notes payable	110,292,582	66,097,967
Corporate bonds	131,719,113	116,696,702
Government bonds	225,479,277	184,812,434
Beneficiary securities (Note 47)	25,250,431	10,522,480
	736,184,726	644,064,389
Less: Allowance for impairment	(64,275)	(55,382)
Less: Security deposit	(1,489,448)	(1,500,195)
	$ 734,631,003	$ 642,508,812

a. The Group disposed of bonds before maturity due to increase in credit risk recognized gain (loss) on disposal of $0 thousand and $(113,952) thousand, for the years ended December 31, 2023 and 2022, respectively. The disposal of bonds before maturity because of infrequent sales, or because the sales were insignificant in value (either individually or in aggregate) and recognized a gain (loss) on disposal of $0 thousand and $(617,484) thousand, for the years ended December 31, 2023 and 2022, respectively. The disposal of bonds due to other conditions such as repayments at maturities resulted in gain on disposal of $3,171 thousand and $2,017 thousand, for the years ended December 31, 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
December 31, 2023	$ 64,275	$ -	$ -	$ 64,275
December 31, 2022	55,382	-	-	55,382

As the Group's investments in debt instruments at amortized cost were measured using the ECLs model, the Group had recognized impairment loss on financial assets amounted to $8,962 thousand and $2,332 thousand for the years ended December 31, 2023 and 2022, respectively.

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

d. Refer to Note 49 for information relating to investments in debt instruments at amortized cost pledged as collateral.

12. RECEIVABLES, NET

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

	December 31	
	2023	**2022**
Notes and accounts receivable	$ 66,620,594	$ 72,793,927
Credit cards receivable	70,540,868	64,937,436
Interest receivable	10,700,536	7,977,086
Securities margin loans receivable	11,533,240	7,193,334
Delivery accounts receivable	8,169,349	4,106,558
Other receivables	3,112,869	2,166,346
	170,677,456	159,174,687
Less: Adjustment for discounts	(2,865,443)	(2,982,898)
Less: Allowance for receivables	(2,494,822)	(2,477,164)
	$ 165,317,191	$ 153,714,625

b. The movements in the allowance for receivables (including non-performing receivables transferred from other than loans) for the years ended December 31, 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	(1,022)	22,731	-	(4,767)	16,942		16,942
Transferred to Credit-impaired Financial Assets	(3,308)	(4,376)	(471)	141,944	133,789		133,789
Transferred to 12-month ECLs	4,702	(8,367)	-	(59,480)	(63,145)		(63,145)
Financial assets derecognized	(80,100)	(46,709)	(9,151)	(311,294)	(447,254)		(447,254)
New financial assets purchased or originated	102,981	25,757	41,250	92,377	262,365		262,365
Recognized (Reversal) based on the Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans						(37,495)	(37,495)
Write-offs	(10)	(14,529)	(35,774)	(587,218)	(637,531)		(637,531)
Recovery of loans written-off	-	-	961	634,976	635,937		635,937
Foreign exchange and other movements	2,749	381	(947)	149,514	151,697		151,697
Loss allowance as of December 31, 2023	$ 195,840	$ 152,632	$ 476,461	$ 1,169,499	$ 1,994,432	$ 635,310	$ 2,629,742

	12-month ECLs	Lifetime ECLs (Group Assessment)	Lifetime ECLs (Individual Assessment)	Lifetime ECLs (Non-purchased or Originated Credit-impaired (POCI) Financial Assets)	Loss Allowance under IFRS 9	Recognized (Reversal) Based on the Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing /Non-accrual Loans	Total
Loss allowance as of January 1, 2022	$ 210,349	$ 195,715	$ 463,998	$ 603,319	$ 1,473,381	$ 765,763	$ 2,239,144
Changes of financial instruments recognized at the beginning of the reporting period							
Transferred to Lifetime ECLs	(6,186)	18,895	471	(600)	12,580		12,580
Transferred to Credit-impaired Financial Assets	(7,759)	(2,968)	-	614,558	603,831		603,831
Transferred to 12-month ECLs	6,558	(8,363)	-	(15,849)	(17,654)		(17,654)
Financial assets derecognized	(105,726)	(63,349)	(6,792)	(295,175)	(471,042)		(471,042)
New financial assets purchased or originated	77,977	16,798	17,899	45,212	157,886		157,886
Recognized (Reversal) based on the Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans						(92,958)	(92,958)
Write-offs	(4)	(2,298)	(2,831)	(437,577)	(442,710)		(442,710)
Recovery of loans written-off	-	-	1,617	494,484	496,101		496,101
Foreign exchange and other movements	(5,361)	23,314	6,231	105,075	129,259		129,259
Loss allowance as of December 31, 2022	$ 169,848	$ 177,744	$ 480,593	$ 1,113,447	$ 1,941,632	$ 672,805	$ 2,614,437

c. The movements in the gross carrying amount of receivables (including non-performing receivables transferred from other than loans) for the years ended December 31, 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	(269,407)	284,495	2,065	(7,057)	10,096
Transferred to Credit-impaired Financial Assets	(599,830)	(33,024)	(781)	670,237	36,602
Transferred to 12-month ECLs	243,742	(64,714)	(68)	(159,683)	19,277
Financial assets derecognized	(34,224,212)	(925,918,302)	(420,764,945)	(579,333)	(1,381,486,792)
New financial assets purchased or originated	32,041,259	937,195,872	423,941,132	125,675	1,393,303,938
Write-offs	(1,636)	(14,905)	(35,764)	(146,313)	(198,618)
Foreign exchange and other movements	(225,728)	(75,082)	-	(3,383)	(304,193)
Carrying amount as of December 31, 2023	$ 114,745,383	$ 39,303,805	$ 14,081,003	$ 2,593,049	$ 170,723,240

	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	(536,298)	542,837	932	(1,066)	6,405
Transferred to Credit-impaired Financial Assets	(1,071,139)	(15,691)	(169)	1,078,312	(8,687)
Transferred to 12-month ECLs	75,876	(35,781)	-	(38,463)	1,632
Financial assets derecognized	(52,011,409)	(766,984,025)	(250,303,429)	(177,452)	(1,069,476,315)
New financial assets purchased or originated	32,349,541	761,173,878	249,422,451	117,935	1,043,063,805
Write-offs	(803)	(2,593)	(3,988)	(495,840)	(503,224)
Foreign exchange and other movements	211,108	(81,342)	-	2,107	131,873
Carrying amount as of December 31, 2022	$ 117,781,195	$ 27,929,465	$ 10,939,364	$ 2,692,906	$ 159,342,930

13. LOANS, NET

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

	December 31 2023	December 31 2022
Negotiated	$ 1,491,136	$ 3,440,922
Overdrafts	524,941	202,244
Short-term loans	306,526,042	285,317,112
Medium-term loans	516,045,376	482,871,018
Long-term loans	712,454,336	654,653,954
Policy loans	5,818,590	5,642,002
Automatic premium loans	1,868,489	1,824,279
Delinquent loans	1,365,759	1,876,557
	1,546,094,669	1,435,828,088
Less: Adjustment for discounts	(690,071)	(642,057)
Less: Allowance for loan losses	(20,582,062)	(19,170,934)
	$ 1,524,822,536	$ 1,416,015,097

b. The movements in the allowance for loans for the years ended December 31, 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	(10,954)	374,608	16,567	(134,137)	246,084		246,084
Transferred to Credit-impaired Financial Assets	(9,176)	(23,718)	(74,174)	1,351,072	1,244,004		1,244,004
Transferred to 12-month ECLs	9,225	(116,876)	(404)	(1,299,667)	(1,407,722)		(1,407,722)
Financial assets derecognized	(648,895)	(161,541)	(68,468)	(1,677,114)	(2,556,018)		(2,556,018)
New financial assets purchased or originated	668,382	361,122	20,717	256,555	1,306,776		1,306,776
Recognized (Reversal) based on the Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans						2,338,005	2,338,005
Write-offs	(593)	(7,203)	-	(648,968)	(656,764)		(656,764)
Recovery of loans written-off	-	-	-	896,763	896,763		896,763
Loss allowance as of December 31, 2023	$ 2,112,673	$ 1,122,220	$ 102,749	$ 3,122,610	$ 6,460,252	$ 14,121,810	$ 20,582,062

	12-month ECLs	Lifetime ECLs (Group Assessment)	Lifetime ECLs (Individual Assessment)	Lifetime ECLs (Non-POCI Financial Assets)	Loss Allowance under IFRS 9	Recognized (Reversal) Based on the Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing /Non-accrual Loans	Total
Loss allowance as of January 1, 2022	$ 1,899,995	$ 850,569	$ 160,282	$ 4,068,491	$ 6,979,337	$ 10,416,671	$ 17,396,008
Changes of financial instruments recognized at the beginning of the reporting period							
Transferred to Lifetime ECLs	(9,713)	224,585	79,336	(12,877)	281,331		281,331
Transferred to Credit-impaired Financial Assets	(5,726)	(24,187)	(16,216)	1,237,695	1,191,566		1,191,566
Transferred to 12-month ECLs	3,686	(96,214)	-	(256,312)	(348,840)		(348,840)
Financial assets derecognized	(544,095)	(295,704)	(42,764)	(1,936,568)	(2,819,131)		(2,819,131)
New financial assets purchased or originated	760,888	42,655	27,873	356,687	1,188,103		1,188,103
Recognized (Reversal) based on the Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans						1,367,134	1,367,134
Write-offs	(351)	(5,876)	-	(61,700)	(67,927)		(67,927)
Recovery of loans written-off	-	-	-	982,690	982,690		982,690
Loss allowance as of December 31, 2022	$ 2,104,684	$ 695,828	$ 208,511	$ 4,378,106	$ 7,387,129	$ 11,783,805	$ 19,170,934

c. The movements in the gross carrying amount of loans for the years ended December 31, 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	(7,337,772)	7,154,127	296,363	(458,856)	(346,138)
Transferred to Credit-impaired Financial Assets	(3,326,238)	(136,889)	(324,997)	3,504,785	(283,339)
Transferred to 12-month ECLs	8,780,543	(5,235,364)	(20,183)	(4,271,649)	(746,653)
Financial assets derecognized	(350,657,331)	(6,818,241)	(214,487)	(2,916,952)	(360,607,011)
New financial assets purchased or originated	471,812,518	780,266	91,909	540,956	473,225,649
Write-offs	(103,325)	(25,525)	-	(847,077)	(975,927)
Carrying amount as of December 31, 2023	$ 1,513,821,341	$ 21,693,013	$ 553,284	$ 10,027,031	$ 1,546,094,669

	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	(9,040,476)	8,482,724	218,167	(44,780)	(384,365)
Transferred to Credit-impaired Financial Assets	(3,183,542)	(234,060)	(343,182)	3,484,368	(276,416)
Transferred to 12-month ECLs	3,528,137	(3,004,803)	-	(889,991)	(366,657)
Financial assets derecognized	(352,032,496)	(3,700,572)	(120,840)	(3,582,237)	(359,436,145)
New financial assets purchased or originated	449,983,422	628,608	81,299	731,242	451,424,571
Write-offs	(73,491)	(21,319)	-	(190,795)	(285,605)
Carrying amount as of December 31, 2022	$ 1,394,652,946	$ 25,974,639	$ 724,679	$ 14,475,824	$ 1,435,828,088

d. Details of the reversal of bad debt expenses, commitments, and guarantee liabilities (provision) for the years ended December 31, 2023 and 2022 were as follows:

	For the Year Ended December 31	
	2023	2022
(Provision for) reversal of the allowance for losses on receivables, loans and other financial assets	$ (1,708,258)	$ (1,592,775)
(Provision for) reversal of the allowance for losses on guarantee liabilities	(55,712)	45,790
(Provision for) reversal of the allowance for losses on loan commitments	(4,832)	1,556
(Provision for) reversal of the allowance for letters of credit	-	208
	$ (1,768,802)	$ (1,545,221)

14. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	December 31	
	2023	2022
Investments in associates	$ 527,714	$ 341,325

a. Investments in associates

	December 31	
	2023	2022
Associates that are not individually material	$ 527,714	$ 341,325

Aggregate information of associates that are not individually material:

	For the Year Ended December 31	
	2023	2022
The Group's share of:		
Net income for the period	$ 34,192	$ 6,313
Other comprehensive income (loss)	-	799
Total comprehensive income (loss) for the period	$ 34,192	$ 7,112

In May 2023, Taishin Life Insurance acquired 16,000 thousand ordinary shares of Mega Solar Energy Co., Ltd. ("Mega Solar Energy") 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 December 31, 2023 and 2022.

15. OTHER FINANCIAL ASSETS, NET

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

	December 31	
	2023	2022
Non-performing receivables transferred from other than loans	$ 179,110	$ 181,475
Less: Allowance for bad debt	(134,920)	(137,273)
Due from banks	3,351,921	5,603,907
Securities lending deposits	548,253	285,450
Gold deposit account	441,756	574,647
Customer margin account	1,727,022	1,549,115
Securities borrowing collateral price	397	-
Separate account insurance products assets (Note 31)	33,883,725	28,335,840
	$ 39,997,264	$ 36,393,161

b. The due from banks recognized under other financial assets held by the Group are time deposits with original maturities of more than 3 months or pledged as collateral. Refer to Note 49 for the information relating to the due from banks and time deposits pledged as collateral.

c. Refer to Note 12 for the movements of the allowance for non-performing receivables transferred from other than loans for the years ended December 31, 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 December 31, 2023 and 2022.

16. INVESTMENT PROPERTIES, NET

	December 31	
	2023	2022
Investment properties		
Land	$ 3,246,556	$ 3,005,253
Buildings		
Cost	1,088,681	1,023,701
Accumulated depreciation	(241,728)	(217,674)
	846,953	806,027
	$ 4,093,509	$ 3,811,280

	Land	Buildings	Total
Cost			
Balance, January 1, 2023	$ 3,005,253	$ 1,023,701	$ 4,028,954
Additions	260,061	72,365	332,426
Reclassification	(18,758)	(7,385)	(26,143)
Balance, December 31, 2023	$ 3,246,556	$ 1,088,681	$ 4,335,237
Balance, January 1, 2022	$ 2,384,019	$ 676,369	$ 3,060,388
Additions	621,234	348,944	970,178
Disposals	-	(1,612)	(1,612)
Balance, December 31, 2022	$ 3,005,253	$ 1,023,701	$ 4,028,954
Accumulated depreciation			
Balance, January 1, 2023	$ -	$ 217,674	$ 217,674
Depreciation expenses	-	26,805	26,805
Reclassification	-	(2,751)	(2,751)
Balance, December 31, 2023	$ -	$ 241,728	$ 241,728
Balance, January 1, 2022	$ -	$ 201,771	$ 201,771
Depreciation expenses	-	17,515	17,515
Disposals	-	(1,612)	(1,612)
Balance, December 31, 2022	$ -	$ 217,674	$ 217,674

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 December 31, 2023 and 2022 were as follows:

	December 31	
	2023	2022
Year 1	$ 123,751	$ 86,372
Year 2	86,755	80,941
Year 3	83,397	70,292
Year 4	82,396	67,897
Year 5	77,533	66,518
Over 5 years	367,710	460,091
	$ 821,542	$ 832,111

The rental income and direct operating expenses generated from investment properties for the years ended December 31, 2023 and 2022 were as follows:

	For the Year Ended December 31	
	2023	2022
Rental income	$ 111,968	$ 84,640
Direct operating expenses from investment properties generating rental income	42,204	21,116
Direct operating expenses from investment properties not generating rental income	5,384	5,362

The fair values of the Group's investment properties as of December 31, 2023 and 2022 were $4,748,919 thousand and $4,457,945 thousand, respectively. The fair values were determined by the Group's management and independent evaluation companies based on the valuation models measured by Level 3 inputs generally used by the market participants, the foregoing valuation was from the transaction value of property and equipment.

17. PROPERTY AND EQUIPMENT, NET

	December 31	
	2023	2022
Land	$ 17,403,987	$ 17,385,229
Buildings	5,362,459	5,461,603
Machinery equipment	2,220,710	2,513,215
Transportation equipment	130,033	113,497
Miscellaneous equipment	110,269	119,495
Leasehold improvements	369,915	376,702
Prepayments for equipment	103,020	56,111
	$ 25,700,393	$ 26,025,852

	Land	Buildings	Machinery Equipment	Transportation Equipment	Miscellaneous Equipment	Leasehold Improvements	Prepayments for Equipment	Total
Cost								
Balance, January 1, 2023	$ 17,385,229	$ 8,647,522	$ 5,485,322	$ 204,454	$ 264,084	$ 800,049	$ 56,111	$ 32,842,771
Additions	-	63,249	423,509	53,312	36,659	112,705	254,641	944,075
Disposals	-	(36,073)	(814,831)	(8,889)	(29,016)	(52,916)	-	(941,725)
Reclassification	18,758	77,645	95,365	-	-	25,691	(207,732)	9,727
Effect of foreign currency exchange differences	-	-	(548)	-	-	(1,440)	-	(1,988)
Balance, December 31, 2023	$ 17,403,987	$ 8,752,343	$ 5,188,817	$ 248,877	$ 271,727	$ 884,089	$ 103,020	$ 32,852,860
Balance, January 1, 2022	$ 13,902,966	$ 8,318,434	$ 5,151,750	$ 201,822	$ 250,543	$ 743,025	$ 57,454	$ 28,625,994
Additions	3,482,263	345,693	702,801	24,775	26,725	128,478	130,113	4,840,848
Disposals	-	(49,750)	(433,803)	(22,143)	(14,917)	(88,321)	-	(608,934)
Reclassification	-	33,145	63,634	-	1,733	15,370	(131,456)	(17,574)
Effect of foreign currency exchange differences	-	-	940	-	-	1,497	-	2,437
Balance, December 31, 2022	$ 17,385,229	$ 8,647,522	$ 5,485,322	$ 204,454	$ 264,084	$ 800,049	$ 56,111	$ 32,842,771
Accumulated depreciation								
Balance, January 1, 2023	$ -	$ 3,185,919	$ 2,972,107	$ 90,957	$ 144,589	$ 423,347	$ -	$ 6,816,919
Depreciation expenses	-	237,287	801,163	36,776	44,067	134,874	-	1,254,167
Disposals	-	(36,073)	(804,743)	(8,889)	(27,198)	(43,260)	-	(920,163)
Reclassification	-	2,751	13	-	-	(13)	-	2,751
Effect of foreign currency exchange differences	-	-	(433)	-	-	(774)	-	(1,207)
Balance, December 31, 2023	$ -	$ 3,389,884	$ 2,968,107	$ 118,844	$ 161,458	$ 514,174	$ -	$ 7,152,467
Balance, January 1, 2022	$ -	$ 3,005,782	$ 2,570,201	$ 79,836	$ 113,098	$ 387,223	$ -	$ 6,156,140
Depreciation expenses	-	229,887	829,581	33,160	45,911	123,355	-	1,261,894
Disposals	-	(49,750)	(428,713)	(22,039)	(14,157)	(88,575)	-	(603,234)
Reclassification	-	-	263	-	(263)	-	-	-
Effect of foreign currency exchange differences	-	-	775	-	-	1,344	-	2,119
Balance, December 31, 2022	$ -	$ 3,185,919	$ 2,972,107	$ 90,957	$ 144,589	$ 423,347	$ -	$ 6,816,919

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

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

No impairment assessment was performed because there was no indication of impairment for the years ended December 31, 2023 and 2022.

18. LEASE ARRANGEMENTS

a. Right-of-use assets, net

	December 31	
	2023	2022
Carrying amount		
Buildings	$ 2,272,768	$ 2,247,976
Office equipment	4,619	13,800
Transportation equipment	13,988	20,230
	$ 2,291,375	$ 2,282,006

	For the Year Ended December 31	
	2023	2022
Additions to right-of-use assets	$ 860,252	$ 581,522
Depreciation charge for right-of-use assets		
Buildings	$ 815,561	$ 827,195
Office equipment	10,924	13,863
Transportation equipment	15,384	21,593
	$ 841,869	$ 862,651

Except for the aforementioned addition and recognized depreciation, the Group did not have significant sublease or impairment of right-of-use assets for the years ended December 31, 2023 and 2022.

b. Lease liabilities

	December 31	
	2023	2022
Carrying amount		
Buildings	$ 2,385,675	$ 2,325,079
Office equipment	4,891	14,516
Transportation equipment	15,286	20,735
	$ 2,405,852	$ 2,360,330

	For the Year Ended December 31	
	2023	2022
Interest expense (other interest expense)	$ 25,527	$ 25,656

The Group leases buildings for the use of its bank branches and offices. Lease terms and range of discount rate for lease liabilities as of December 31, 2023 and 2022 were as follows:

	Lease Terms	Range of Discount Rate
December 31, 2023		
Buildings	1-10 years	0.336%-5.312%
Office equipment	2-6 years	0.560%-3.099%
Transportation equipment	1-3 years	4.341%-5.563%
December 31, 2022		
Buildings	1-10 years	0.336%-5.247%
Office equipment	2-6 years	0.003%-3.099%
Transportation equipment	2-3 years	4.409%-5.247%

c. Other lease information

	For the Year Ended December 31	
	2023	2022
Expenses relating to short-term leases	$ 28,291	$ 41,179
Expenses relating to low-value asset leases	$ 7,040	$ 13,847
Total cash outflow for leases	$ 866,388	$ 945,183

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

All lease commitments with lease terms commencing after the balance sheet date were as follows:

	December 31	
	2023	2022
Lease commitments	$ 42,607	$ 217,946

19. INTANGIBLE ASSETS, NET

	December 31	
	2023	2022
Goodwill	$ 1,567,391	$ 1,567,391
Computer software	1,972,227	1,963,516
Other intangible assets	25,703	-
	$ 3,565,321	$ 3,530,907

	Goodwill	Computer Software	Other Intangible Assets	Total
Balance, January 1, 2023	$ 1,567,391	$ 1,963,516	$ -	$ 3,530,907
Additions	-	610,150	27,953	638,103
Amortization	-	(568,403)	(2,250)	(570,653)
Reclassification	-	(32,699)	-	(32,699)
Effect of foreign currency exchange differences	-	(337)	-	(337)
Balance, December 31, 2023	$ 1,567,391	$ 1,972,227	$ 25,703	$ 3,565,321
Balance, January 1, 2022	$ 1,593,998	$ 1,690,763	$ -	$ 3,284,761
Additions	-	746,766	-	746,766
Impairment loss	(26,607)	-	-	(26,607)
Amortization	-	(484,485)	-	(484,485)
Reclassification	-	10,174	-	10,174
Effect of foreign currency exchange differences	-	298	-	298
Balance, December 31, 2022	$ 1,567,391	$ 1,963,516	$ -	$ 3,530,907

a. Other intangible assets include carbon credit and right to participate in professional basketball league.

b. The acquisition and main movements of goodwill were as follows:

1) Taishin Bank merged with Dah An Bank through a share swap in February 2002, in which Taishin Bank issued new shares to acquire the total assets and liabilities of Dah An Bank. The difference between the fair value of the new shares issued by Taishin Bank and the fair value of net assets acquired was recognized as goodwill. The unamortized amount as of December 31, 2023 and 2022 was all $884,937 thousand with no material impairment loss noted.

2) Taishin AMC acquired 40% ownership of Taishin Real-Estate in April 2003. The difference between the purchase price and the net assets acquired was recognized as goodwill. The unamortized amount as of December 31, 2023 and 2022 was all $4,187 thousand with no material impairment loss noted.

3) Taishin Bank acquired the net assets of the 10th Credit Cooperative of Hsin-Chu in October 2004. The acquisition price in excess of the net assets of 10th Credit Cooperative of Hsin-Chu was recognized as goodwill. The unamortized amount as of December 31, 2023 and 2022 was all $267,337 thousand with no material impairment loss noted.

4) Taishin Securities Investment Trust merged with IBT Securities Investment Trust Co., Ltd. on December 18, 2010, in which Taishin Securities Investment Trust acquired the total assets and liabilities of IBT Securities Investment Trust Co., Ltd. The difference between the purchase price and the net assets acquired was recognized as goodwill valued at $425,300 thousand. Taishin Securities Investment Trust valued the recoverable amount of goodwill and recognized impairment loss for goodwill in the amount of $14,370 thousand for the year ended December 31, 2016. The recoverable amount was valued on the basis of use value. The main reason of impairment was the profitability of Taishin Securities Investment Trust. The unamortized amount as of December 31, 2023 and 2022 was all $410,930 thousand.

5) Taishin Venture Capital, Taishin Securities Investment Advisory and Taishin Securities Venture Capital acquired 51% ownership of Credidi by cash investment in November 2020. The difference between the purchase price and the net assets acquired was recognized as goodwill. Taishin Venture Capital, Taishin Securities Investment Advisory and Taishin Securities Venture Capital assessed the recoverable amount of goodwill and recognized impairment loss for goodwill in the amount of $26,607 thousand for the year ended December 31, 2022. The recoverable amount was assessed on the basis of value in use; the main reason was due to Credidi's inability to generate future net cash inflows, resulting in full impairment. The unamortized amounts as of December 31, 2022 was $0 thousand.

20. OTHER ASSETS, NET

	December 31	
	2023	**2022**
Prepayments	$ 1,466,496	$ 1,358,302
Refundable deposits	14,303,096	13,390,945
Operating guarantee deposits and settlement funds	1,690,206	1,645,840
Collateral, net	314,483	420,019
Input tax to be credited	55,474	44,615
Others	131,923	106,038
	$ 17,961,678	$ 16,965,759

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

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

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

As the Group's refundable deposits were measured using ECLs model, the Group recognized reversal of impairment loss on assets (impairment loss on assets) amounted to $25 thousand and $(25) thousand for the years ended December 31, 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 December 31, 2023 and 2022, respectively.

21. DEPOSITS FROM THE CENTRAL BANK AND BANKS

	December 31 2023	December 31 2022
Deposits from other banks	$ 7,257,455	$ 9,601,560
Call loans from other banks	7,406,384	5,757,927
Bank overdrafts	2,332,627	2,733,009
Deposits from the Central Bank	74,841	121,037
	$ 17,071,307	$ 18,213,533

22. COMMERCIAL PAPERS ISSUED, NET

	December 31 2023	December 31 2022
Union Bills Finance	$ 650,000	$ -
Grand Bills Finance	3,868,000	1,950,000
China Bills Finance	4,405,000	1,070,000
Ta Ching Bills Finance	1,010,000	210,000
International Bills Finance	1,380,000	100,000
Taiwan Finance Corporation	1,540,000	1,200,000
Mega Bills Finance	2,760,000	345,000
Bank SinoPac	4,750,000	2,650,000
KGI Bank	1,500,000	1,200,000
Taiwan Cooperative Bills Finance	1,250,000	1,300,000
Taipei Fubon Commercial Bank	2,590,000	2,190,000
Cathay United Bank	1,000,000	1,000,000
Yuanta Commercial Bank	300,000	-
China Trust Commercial Bank	400,000	420,000
Union Bank of Taiwan	1,700,000	1,150,000
Sunny Commercial Bank	1,150,000	990,000
O-Bank	-	300,000
Less: Discounts on commercial papers issued	(29,995)	(20,438)
	$ 30,223,005	$ 16,054,562

As of December 31, 2023 and 2022, the interest rate ranges of commercial papers issued were 0.78%-2.00% and 0.72%-2.04%, respectively.

23. PAYABLES

	December 31	
	2023	2022
Notes and accounts payable	$ 8,785,896	$ 9,296,877
Delivery accounts payable	7,222,643	2,828,928
Accrued expenses	9,359,354	8,021,659
Interest payable	7,396,460	4,755,023
Checks for clearance payable	1,600,245	1,533,670
Collection payable	902,451	761,039
Settlement	723,987	512,854
Tax payable	543,949	465,481
Other payables	2,764,709	2,599,271
	$ 39,299,694	$ 30,774,802

24. DEPOSITS AND REMITTANCES

	December 31	
	2023	2022
Checking deposits	$ 6,935,457	$ 9,553,289
Demand deposits	446,385,271	444,149,906
Time deposits	629,699,052	526,326,377
Negotiable certificates of deposit	1,573,700	2,735,003
Savings deposits	1,008,447,999	924,025,251
Public treasury deposits	8,364,208	5,865,630
Remittances	1,107,959	2,010,669
	$ 2,102,513,646	$ 1,914,666,125

25. BONDS PAYABLE

	December 31	
	2023	2022
Corporate bonds	$ 35,300,000	$ 35,300,000
Exchangeable corporate bonds	5,025,000	5,025,000
Less: Discount on exchangeable corporate bonds	(180,398)	(304,784)
	40,144,602	40,020,216
Bank notes payable	28,000,000	28,000,000
	$ 68,144,602	$ 68,020,216

Corporate Bonds Issued by Taishin Financial Holding

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

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

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

1) Domestic Unsecured Subordinated Corporate Bonds - 2017 (I)

A) Issue amount: $8,000,000 thousand

B) Denomination: $1,000 thousand

C) Issue date: October 26, 2017

D) Issue price: 100 of the principal amount of the bonds

E) Maturity: 10 years

F) Coupon rate: 1.9

G) Interest payment: Simple interest per annum from the issue date

H) Repayment method: Principal of each bond repaid in full upon maturity

I) Other matters: Taishin Financial Holding should suspend the payment of interest and principal when its capital adequacy ratio is lower than the lowest limit (100) until the ratio meets the standards set by relevant authorities (interests could be cumulative and interest on principal occurred during the extension period, when applicable, could be calculated at the coupon rate).

2) Domestic Unsecured Subordinated Corporate Bonds - 2018 (I)

A) Issue amount: $7,000,000 thousand

B) Denomination: $1,000 thousand

C) Issue date: July 10, 2018

D) Issue price: 100 of the principal amount of the bonds

E) Maturity: 15 years

F) Coupon rate: 1.92

G) Interest payment: Simple interest per annum from the issue date

H) Repayment method: Principal of each bond repaid in full upon maturity

I) Other matters: Taishin Financial Holding should suspend the payment of interest and principal when its capital adequacy ratio is lower than the lowest limit (100) until the ratio meets the standards set by relevant authorities (interests could be cumulative and interest on principal occurred during the extension period, when applicable, could be calculated at the coupon rate).

3) Domestic Unsecured Subordinated Corporate Bonds - 2019 (I)

A) Issue amount: $7,000,000 thousand

B) Denomination: $1,000 thousand

C) Issue date: April 30, 2019

D) Issue price: 100 of the principal amount of the bonds

E) Maturity: 15 years

F) Coupon rate: 1.60

G) Interest payment: Simple interest per annum from the issue date

H) Repayment method: Principal of each bond repaid in full upon maturity

I) Other matters: Taishin Financial Holding should suspend the payment of interest and principal when its capital adequacy ratio is lower than the lowest limit (100) until the ratio meets the standards set by relevant authorities (interests could be cumulative and interest on principal for the extension period could be calculated at coupon rate).

4) Domestic Unsecured Ordinary Corporate Bonds - 2020 (I)

A) Issue amount: $10,000,000 thousand. According to the terms and conditions of issuance, the bonds are divided into three types: A, B and C. The issuance amount was $2,700,000 thousand for Bond A, $4,900,000 thousand for Bond B and $2,400,000 thousand for Bond C.

B) Denomination: $1,000 thousand

C) Issue date: May 20, 2020

D) Issue price: 100 of the principal amount of the bonds

E) Maturity: 5 years for Bond A, 7 years for Bond B, 15 years for Bond C

F) Coupon rate: 0.75 for Bond A, 0.80 for Bond B, 0.95 for Bond C

G) Interest payment: Simple interest per annum from the issue date

H) Repayment method: Principal of each bond repaid in full upon maturity

I) Other matters: In line with the necessity of the corporate bonds to be circulated on the secondary market, the Company will submit an application to the Taipei Exchange for over-the-counter trading of the corporate bonds in accordance with the relevant laws and regulations.

b. Domestic unsecured exchangeable corporate bonds

Name of Bond	Duration	Interest Rate	Total Issued Amount	December 31, 2023	December 31, 2022
Domestic unsecured exchangeable corporate bonds	2022.4.1- 2025.4.1	0%	$ 5,025,000	$ 4,844,602	$ 4,720,216

The primary terms for the bond issuance and the method for exchange arrangement were as follows:

1) Collateral status

While the exchangeable corporate bonds are unsecured, it ensures that when Taishin Financial Holding issues or privately raises secured exchangeable corporate bonds with an identical investment target (Chang Hwa Bank), a commensurate level of claim or commensurate priority of collateral is guaranteed.

2) Payment term

Except for the share exchange with Chang Hwa Bank's ordinary share by the bondholders, or the early redemption done by the Company, or the buy back from the security company and retired by the Company, the Company will repay 100% of the principal and interest payable refund upon maturity through cash. Payment will be paid within 10 business days (including the 10th day) from the next day of the maturity date.

3) Exchangeable investment target

The ordinary share of Chang Hwa Bank held by the Company.

4) Exchange period

Bondholders can exercise the share exchange with Chang Haw Bank's ordinary share starting three months after the issuance of the exchangeable bond (July 2, 2022) to the maturity date (April 1, 2025). Except for Chang Hwa Bank's (a) period when it suspends ownership transfer according to regulations, (b) book closure period on stock grants, book closure date of cash dividends, or the period between the initial fifteen business days before the book closure date of the follow on public offer to the rights assignment date, (c) the period between capital reduction date to the day before the business day of reissuance of shares, (d) the period between the closure date of the change of denomination of shares to the day before the business day of new stocks reissuance of shares.

5) Exchange price and adjustments

The record date for the exchange price of the exchangeable corporate bonds was on March 24, 2022. The basis of the exchange price is determined by taking the simple arithmetic average of Chang Hwa Bank's ordinary share closing price for the one, three or five business days before the record date (exclusive) as the benchmark price and multiplied the benchmark price by 106.84%, the exchange premium rate (rounding the decimals to the nearest tenths). If Chanf Hwa Bank encounters an exclude right or exclude dividend date before the record date, the sampled closing price for calculating the exchange price should be adjusted to the price of the following day after the exclude right or exclude dividend date. If Chan Hwa Bank encounters an exclude right or exclude dividend date before the actual issuance date, when the exchange price is determined, the exchange price should be adjusted according to the price adjustment formula be announced.

6) The Company's right to redeem the exchangeable bonds

If the closing price of Chang Hwa Bank's ordinary share exceeds 30% (inclusive) of the exchange issuance price for 30 consecutive business days within the period from the following day after three month of the issuance of the exchangeable corporate bonds (July 2, 2022) to the last 40 days before its maturity (February 20, 2025), the Company needs to redeem its exchangeable corporate bonds at par value through cash from the bondholders. If the balance of outstanding exchangeable corporate bonds is below 10% of the total denomination within the period from the following day after three months of the issuance of the exchangeable corporate bonds (July 2, 2022) to the last 40 days before its maturity (February 20, 2025), the Company needs to redeem its exchangeable corporate bonds at par value through cash from the bondholders.

7) As of December 31, 2023, the Company has not redeemed any of its exchangeable corporate bonds from the Taipei Exchange, nor have any bondholders exercised their exchange right.

Bank Notes Payable Issued by Taishin Bank

Taishin Bank has issued bank notes payable to enhance its capital ratio and raise medium to long-term operating funds. Details of the bank notes payable were as follows:

	December 31	
	2023	**2022**
Subordinated Bank Notes Payable - 2014 (III)	$ 3,000,000	$ 3,000,000
Subordinated Bank Notes Payable - 2015 (I)	9,100,000	9,100,000
Subordinated Bank Notes Payable - 2015 (II)	6,000,000	6,000,000
Subordinated Bank Notes Payable - 2015 (III)	4,900,000	4,900,000
Subordinated Bank Notes Payable - 2019 (I)	5,000,000	5,000,000
	$ 28,000,000	$ 28,000,000

a. Taishin Bank made third issue of $3,000 million in unsecured subordinated bank notes payable in 2014 as follows:

Bank Notes Payable	Issue Date	Maturity Date	Term	Issue Amount	Interest Rate	Face Value	The Method of Redemption and Interest Payment
2014, third issue	2014.05.16	2024.05.16	10 years	$3,000 million	1.95 fixed interest rate	$50 million	Interest is accrued according to nominal interest rate and actual days, and calculated at a simple rate and paid annually from the issue date. Additional interest is not accrued if principal and interest are withdrawn after the interest date. Principal will be repaid on maturity date.

b. Taishin Bank made first issue of $9,100 million in subordinated bank notes payable in 2015 as follows:

Bank Notes Payable	Issue Date	Maturity Date	Term	Issue Amount	Interest Rate	Face Value	The Method of Redemption and Interest Payment
A	2015.06.10	2025.06.10	10 years	$4,250 million	2.15 fixed interest rate	$50 million	Interest is accrued at a simple rate and paid annually from the issue date. Additional interest is not accrued if principal and interest are withdrawn after the interest date. Notes payable are redeemable at par value in cash on the maturity date.
B	2015.06.10	2030.06.10	15 years	$4,850 million	2.45 fixed interest rate		

c. Taishin Bank made second issue of $6,000 million in subordinated bank notes payable in 2015 as follows:

Bank Notes Payable	Issue Date	Maturity Date	Term	Issue Amount	Interest Rate	Face Value	The Method of Redemption and Interest Payment
2015, second issue	2015.09.18	2027.09.18	12 years	$6,000 million	2.25 fixed interest rate	$50 million	Interest is accrued at a simple rate and paid annually from the issue date. Additional interest is not accrued if principal and interest are withdrawn after the interest date. Notes payable are redeemable at par value in cash on the maturity date.

d. Taishin Bank made third issue of $4,900 million in subordinated bank notes payable in 2015 as follows:

Bank Notes Payable	Issue Date	Maturity Date	Term	Issue Amount	Interest Rate	Face Value	The Method of Redemption and Interest Payment
A	2015.09.22	2025.09.22	10 years	$700 million	2.15 fixed interest rate	$50 million	Interest is accrued at a simple rate and paid annually from the issue date. Additional interest is not accrued if principal and interest are withdrawn after the interest date. Notes payable are redeemable at par value in cash on the maturity date.
B	2015.09.22	2030.09.22	15 years	$4,200 million	2.45 fixed interest rate		

e. Taishin Bank's made first issue of $5,000 million in unsecured, no maturity, and non-cumulative subordinated bank notes payable in 2019 was as follows:

Bank Notes Payable	Issue Date	Maturity Date	Term	Issue Amount	Interest Rate	Face Value	The Method of Redemption and Interest Payment
2019, first issue	2019.03.28	No maturity. (Issuer has redemption right.)	No maturity. (Issuer has redemption right.)	$5,000 million	2.45 fixed interest rate	$50 million	Interest is accrued according to nominal interest rate and actual days and calculated at a simple rate and paid annually on July 1 from the issue date. Additional interest is not accrued if principal and interest are withdrawn after the interest date.

1) Interest payment

Taishin Bank may not pay the interest if it had no earnings during the previous fiscal year and did not declare dividends to its ordinary shareholders. Where the balance of accumulated undistributed earnings after deducting the unamortized loss on the disposal of non-performing loans exceeds the interest payment and such payment does not alter the originally agreed conditions for interest payment, payment is allowed. The unpaid interest should not be accumulated or deferred.

Taishin Bank shall defer the payment of principal and interest if the ratio of regulatory capital to risk-weighted assets does not meet the minimum requirements in Regulations Governing the Capital Adequacy and Capital Category of Banks Paragraph 1 of Article 5; the deferred payment of principal or interest shall not be imposed further with interest.

2) Redemption policy

After five years and one month of issuance, if the ratio of regulatory capital to risk-weighted assets after redemption will meet the minimum rate and the redemption has an approval from the competent authority, the debts may be redeemed earlier by Taishin Bank at 100 plus interest payable. And the full redemption would be announced on the 30th day prior to the scheduled redemption date.

Subordinated Corporate Bonds Issued by Taishin Securities B

To raise medium to long-term operating funds and strengthen its capital structure, Taishin Securities B issued unsecured subordinated corporate bonds - 2020 (I) on January 10, 2020. The total issuance amount was $3,300,000 thousand and the issuance period is 10 years. A one-time repayment of principal will be made in full upon maturity on January 10, 2030, and interest will be repaid annually at a fixed coupon rate of 1.35%.

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

26. OTHER BORROWINGS

	December 31	
	2023	2022
Short-term unsecured borrowings	$ 5,407,464	$ 6,016,896
Long-term borrowings	4,980,137	6,248,450
	$ 10,387,601	$ 12,265,346

As of December 31, 2023 and 2022, the interest rate on short-term unsecured borrowings ranged from 1.65% to 5.55% and from 1.67% to 4.80%, respectively.

As of December 31, 2023 and 2022, the interest rate on long-term borrowings ranged from 4.45% to 4.74% and from 4.19% to 5.50%, respectively.

27. PROVISIONS

	December 31	
	2023	2022
Insurance liabilities (Note 28)	$ 239,471,817	$ 222,525,563
Provisions for employee benefits (Note 32)	1,362,922	1,382,750
Provisions for guarantee liabilities	280,152	224,565
Provisions for loan commitments	187,967	183,367
Other provisions	123,683	123,564
	$ 241,426,541	$ 224,439,809

	Provisions for Guarantee Liabilities	Provisions for Loan Commitments	Other Provisions
Balance, January 1, 2023	$ 224,565	$ 183,367	$ 123,564
Provision (reverse)	55,712	4,832	128
Effect of foreign currency exchange differences	(125)	(232)	(9)
Balance, December 31, 2023	$ 280,152	$ 187,967	$ 123,683
Balance, January 1, 2022	$ 268,589	$ 183,367	$ 188,441
Provision (reverse)	(45,790)	(1,556)	(67,201)
Effect of foreign currency exchange differences	1,766	1,556	2,324
Balance, December 31, 2022	$ 224,565	$ 183,367	$ 123,564

a. Other provisions are Taishin Bank's loss allowance for letters of credit and the provisions for compensation of dispute cases.

b. The amount of the loss allowance for financial guarantees (including provisions for guarantee liabilities and letters of credit recognized in the other provisions) and loan commitments were as follows:

	12-month ECLs	Lifetime ECLs - Not Credit-impaired	Lifetime ECLs - Credit-impaired	Loss Allowance under IFRS 9	Recognized Based on the Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans	Total
December 31, 2023	$ 190,630	$ 16,541	$ 5,013	$ 212,184	$ 260,961	$ 473,145
December 31, 2022	153,836	16,064	22,710	192,610	220,348	412,958

28. INSURANCE LIABILITIES

	December 31	
	2023	2022
Unearned premium reserve	$ 1,190,540	$ 1,113,467
Loss reserve	1,692,502	1,414,495
Policy reserve	213,381,722	195,302,338
Premium deficiency reserve	305,766	360,431
Reserve for insurance contracts with the nature of financial products	1,742	1,942
Reserve for foreign exchange valuation	414,258	915,295
Other reserves	22,485,287	23,417,595
	$ 239,471,817	$ 222,525,563

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 Year Ended December 31	
	2023	2022
Provision of policy reserve	$ 18,200,709	$ 18,756,990
Provision of loss reserve	260,562	134,884
Provision of premium deficiency reserve	(55,446)	54,812
Net changes in unearned premium reserve	53,495	46,778
Net changes in reserve for insurance contracts with the nature of financial products	(200)	(75)
	18,459,120	18,993,389
Net changes in other reserves	(932,308)	(945,065)
	$ 17,526,812	$ 18,048,324

a. Unearned premium reserve

	December 31					
	2023			2022		
	Insurance Contracts	Financial Instruments with Discretionary Participation Features	Total	Insurance Contracts	Financial Instruments with Discretionary Participation Features	Total
Individual life insurance	$ 48,387	$ -	$ 48,387	$ 27,929	$ -	$ 27,929
Individual injury insurance	95,594	-	95,594	96,461	-	96,461
Individual health insurance	1,020,108	-	1,020,108	963,595	-	963,595
Investment-linked insurance	26,451	-	26,451	25,482	-	25,482
	1,190,540	-	1,190,540	1,113,467	-	1,113,467
Less ceded unearned premium reserve						
Individual life insurance	132,866	-	132,866	118,074	-	118,074
Individual injury insurance	14,798	-	14,798	15,186	-	15,186
Individual health insurance	122,810	-	122,810	112,749	-	112,749
Investment-linked insurance	31,720	-	31,720	32,768	-	32,768
	302,194	-	302,194	278,777	-	278,777
	$ 888,346	$ -	$ 888,346	$ 834,690	$ -	$ 834,690

The changes in unearned premium reserve are as follows:

	For the Year Ended December 31					
	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	1,190,543	-	1,190,543	1,113,383	-	1,113,383
Recovery	(1,113,467)	-	(1,113,467)	(1,046,231)	-	(1,046,231)
Effect of foreign currency exchange differences	(3)	-	(3)	84	-	84
Ending balance	1,190,540	-	1,190,540	1,113,467	-	1,113,467
Less ceded unearned premium reserve						
Beginning balance	278,777	-	278,777	255,620	-	255,620
Increase	302,358	-	302,358	275,994	-	275,994
Decrease	(278,777)	-	(278,777)	(255,620)	-	(255,620)
Effect of foreign currency exchange differences	(164)	-	(164)	2,783	-	2,783
Ending balance	302,194	-	302,194	278,777	-	278,777
Net ending balance	$ 888,346	$ -	$ 888,346	$ 834,690	$ -	$ 834,690

b. Loss reserve

	December 31					
	2023			2022		
	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	$ 942,305	$ -	$ 942,305	$ 870,592	$ -	$ 870,592
Individual injury insurance						
Filed not yet paid	2,840	-	2,840	8,495	-	8,495
Not yet filed	11,221	-	11,221	4,750	-	4,750
Individual health insurance						
Filed not yet paid	512,612	-	512,612	353,382	-	353,382
Not yet filed	220,862	-	220,862	176,294	-	176,294
Investment-linked insurance						
Filed not yet paid	2,662	-	2,662	982	-	982
	1,692,502	-	1,692,502	1,414,495	-	1,414,495
Less ceded loss reserve						
Individual life insurance	1,524	-	1,524	1,788	-	1,788
Individual injury insurance	8	-	8	24	-	24
Individual health insurance	64,216	-	64,216	45,557	-	45,557
	65,748	-	65,748	47,369	-	47,369
	$ 1,626,754	$ -	$ 1,626,754	$ 1,367,126	$ -	$ 1,367,126

The changes in loss reserve are as follows:

	For the Year Ended December 31					
	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	1,693,175	-	1,693,175	1,380,039	-	1,380,039
Recovery	(1,414,495)	-	(1,414,495)	(1,230,277)	-	(1,230,277)
Effect of foreign currency exchange differences	(673)	-	(673)	1,990	-	1,990
Ending balance	1,692,502	-	1,692,502	1,414,495	-	1,414,495
Less ceded loss reserve						
Beginning balance	47,369	-	47,369	32,482	-	32,482
Increase	65,479	-	65,479	47,343	-	47,343
Decrease	(47,361)	-	(47,361)	(32,465)	-	(32,465)
Effect of foreign currency exchange differences	261	-	261	9	-	9
Ending balance	65,748	-	65,748	47,369	-	47,369
Net ending balance	$ 1,626,754	$ -	$ 1,626,754	$ 1,367,126	$ -	$ 1,367,126

c. Policy reserve

	December 31					
	2023			2022		
	Insurance Contracts	Financial Instruments with Discretionary Participation Features	Total	Insurance Contracts	Financial Instruments with Discretionary Participation Features	Total
Life insurance	$ 186,635,392	$ -	$ 186,635,392	$ 170,881,551	$ -	$ 170,881,551
Health insurance	24,903,924	-	24,903,924	22,660,461	-	22,660,461
Annuity insurance	31,042	-	31,042	30,769	-	30,769
Investment-linked insurance	1,626,017	-	1,626,017	1,549,888	-	1,549,888
Transferred-in unwritten-off balance of 3% decrease in business tax	158,276	-	158,276	158,276	-	158,276
Transferred-in recovery of catastrophe reserve	5,021	-	5,021	5,021	-	5,021
	213,359,672	-	213,359,672	195,285,966	-	195,285,966
Less ceded policy reserve	-	-	-	-	-	-
	$ 213,359,672	$ -	$ 213,359,672	$ 195,285,966	$ -	$ 195,285,966

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 $213,381,722 thousand and $195,302,338 thousand as of December 31, 2023 and 2022, respectively.

The changes in policy reserve are as follows:

	For the Year Ended December 31					
	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	24,466,118	-	24,466,118	22,450,571	-	22,450,571
Recovery	(6,265,409)	-	(6,265,409)	(3,693,581)	-	(3,693,581)
Effect of foreign currency exchange differences	(127,003)	-	(127,003)	5,099,272	-	5,099,272
Ending balance	213,359,672	-	213,359,672	195,285,966	-	195,285,966
Less ceded policy reserve	-	-	-	-	-	-
Net ending balance	$ 213,359,672	$ -	$ 213,359,672	$ 195,285,966	$ -	$ 195,285,966

d. Premium deficiency reserve

	December 31					
	2023			2022		
	Insurance Contracts	Financial Instruments with Discretionary Participation Features	Total	Insurance Contracts	Financial Instruments with Discretionary Participation Features	Total
Individual life insurance	$ 299,269	$ -	$ 299,269	$ 351,348	$ -	$ 351,348
Individual health insurance	6,497	-	6,497	8,919	-	8,919
Investment-linked insurance	-	-	-	164	-	164
	305,766	-	305,766	360,431	-	360,431
Less ceded premium deficiency reserve	-	-	-	-	-	-
	$ 305,766	$ -	$ 305,766	$ 360,431	$ -	$ 360,431

The changes in premium deficiency reserve are as follows:

	For the Year Ended December 31					
	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	39,214	-	39,214	58,850	-	58,850
Recovery	(94,660)	-	(94,660)	(4,038)	-	(4,038)
Effect of foreign currency exchange differences	781	-	781	30,732	-	30,732
Ending balance	305,766	-	305,766	360,431	-	360,431
Less ceded premium deficiency reserve	-	-	-	-	-	-
Net ending balance	$ 305,766	$ -	$ 305,766	$ 360,431	$ -	$ 360,431

e. Liability adequacy reserve

	Insurance Contracts and Financial Instruments with Discretionary Participation Features	
	December 31	
	2023	2022
Unearned premium reserve	$ 1,190,540	$ 1,113,467
Policy reserve	213,201,396	195,127,690
Premium deficiency reserve	305,766	360,431
Carrying amount of insurance liability	$ 214,697,702	$ 196,601,588
Current estimates of cash flows	$ 148,993,261	$ 154,417,815
Balance of liability adequacy reserve	$ -	$ -

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

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

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

As of December 31, 2023 and 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:

	December 31	
	2023	2022
Test method	Gross premium valuation method (GPV)	Gross premium valuation method (GPV)
Test groups	Integrated testing	Integrated testing
Significant assumptions	The assumption of discount rate of every year was based on the best estimate scenario as well as the rate of return on investment with current information	The assumption of discount rate of every year was based on the best estimate scenario as well as the rate of return on investment with current information

f. Reserve for insurance contracts with the nature of financial products

	December 31	
	2023	2022
Investment-linked insurance - annuity insurance	$ 1,742	$ 1,942

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 Year Ended December 31	
	2023	**2022**
Beginning balance	$ 1,942	$ 2,017
Net recovery of statutory reserve	(200)	(75)
Ending balance	$ 1,742	$ 1,942

g. Reserve for foreign exchange valuation

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

	For the Year Ended December 31	
	2023	**2022**
Beginning balance	$ 915,295	$ 125,678
Provision		
Compulsory provision	96,964	22,370
Additional provision	436,895	1,189,181
	533,859	1,211,551
Recovery	(1,034,896)	(421,934)
Ending balance	$ 414,258	$ 915,295

The effects applicable or inapplicable for reserve for foreign exchange valuation for the years ended December 31, 2023 and 2022 were as follows:

Accounts	For the Year Ended December 31, 2023		
	Ineligible Amount (1)	**Eligible Amount (2)**	**Effect (3)=(2)-(1)**
Net income attributable to owners of parent	$ 14,200,862	$ 14,601,692	$ 400,830
Earnings per share	0.98	1.01	0.03
Reserve for foreign exchange valuation	-	414,258	414,258
Equity attributable to owners of parent	216,741,250	216,535,220	(206,030)

Accounts	For the Year Ended December 31, 2022		
	Ineligible Amount (1)	**Eligible Amount (2)**	**Effect (3)=(2)-(1)**
Net income attributable to owners of parent	$ 15,495,546	$ 14,863,852	$ (631,694)
Earnings per share	1.09	1.04	(0.05)
Reserve for foreign exchange valuation	-	915,295	915,295
Equity attributable to owners of parent	203,474,490	202,867,630	(606,860)

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

29. OTHER FINANCIAL LIABILITIES

	December 31	
	2023	2022
Principal of structured products	$ 105,256,251	$ 94,647,527
Gold account	440,430	569,626
Futures traders' equity	2,276,298	2,062,861
Separate account insurance product liabilities (Note 31)	33,883,725	28,335,840
	$ 141,856,704	$ 125,615,854

30. OTHER LIABILITIES

	December 31	
	2023	2022
Unearned revenue	$ 650,682	$ 539,939
Unearned interest	1,182,482	937,062
Guarantee deposits	5,910,264	3,030,819
Deferred income	893,830	1,137,219
Temporary credits	891,706	794,170
Receivable from underwriting of shares	227,754	480,267
Others	50,014	61,831
	$ 9,806,732	$ 6,981,307

31. SEPARATE ACCOUNT INSURANCE PRODUCTS

	December 31	
	2023	2022
Separate account insurance product assets		
Cash in bank	$ 1,936,258	$ 1,853,062
Financial assets at FVTPL	31,446,444	26,356,361
Interest receivable	11,254	3,716
Other receivables	489,769	122,701
	$ 33,883,725	$ 28,335,840
Separate account insurance product liabilities		
Other payables	$ 402,036	$ 117,913
Reserve for insurance products	25,822,415	23,006,907
Reserve for investment contracts	7,659,274	5,211,020
	$ 33,883,725	$ 28,335,840

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

	For the Year Ended December 31	
	2023	2022
Separate account insurance product income		
Premium income	$ 786,996	$ 838,914
Interest income	17,049	5,349
Gain (loss) on financial assets and liabilities at FVTPL	2,999,625	(3,016,114)
	$ 3,803,670	$ (2,171,851)
Separate account insurance product expenses		
Provision (reversal) of separate account reserve	$ 2,812,503	$ (3,058,122)
Claims, payments and surrender	636,266	542,715
Administrative expenses	354,901	343,556
	$ 3,803,670	$ (2,171,851)

b. The rebates earned from counterparties due to the business of separate account insurance products amounted to $98,340 thousand and $73,331 thousand for the years ended December 31, 2023 and 2022, respectively, which were recorded under service fee income.

32. POST-EMPLOYMENT BENEFIT PLANS

Defined Contribution Plans

The Group adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Based on the LPA, the Group makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

Defined Benefit Plans

The Group also have defined benefit plan under the Labor Standards Act (LSA). Under the LSA, pension benefits are calculated on the basis of the length of service and average monthly salaries of six months before retirement. The Group has also implemented a special retention bonus plan, applicable to certain employees. The Group contributes amounts equal to 2% to 15% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name.

Before the end of each year, the Group assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Group is required to fund the difference in one appropriation that should be made before the end of March of the next year.

The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of Bureau of Labor Funds, Ministry of Labor or under the mandated management. However, in accordance with Enforcement Rules of the Labor Pension Act, the return generated by employees' pension contribution should not be below the interest rate for a 2-year time deposit with local banks.

The Group's plan assets and present values of defined benefit obligation were carried out by qualified actuaries. The principal assumptions used for the purposes of actuarial valuations were as follows:

	December 31	
	2023	2022
Discount rate used in determining present values	1.125%-1.375%	1.125%-1.500%
Expected rate of salary increase	2.25%-3.50%	2.50%-3.50%

Amounts recognized in profit or loss in respect of these defined benefit plans were as follows:

	For the Year Ended December 31	
	2023	2022
Current service cost	$ 20,103	$ 23,579
Interest cost, net	19,425	8,672
	$ 39,528	$ 32,251

The amount included in the consolidated balance sheets arising from the Group's obligation in respect of its defined benefit plans were as follows:

	December 31	
	2023	2022
Present value of funded defined benefit obligation	$ (3,124,364)	$ (3,212,834)
Fair value of plan assets	1,783,253	1,851,196
Deficit	(1,341,111)	(1,361,638)
Included prepaid pension cost	(21,811)	(21,112)
Net liability arising from defined benefit obligation	$ (1,362,922)	$ (1,382,750)

Movements in the present value of the defined benefit obligation were as follows:

	For the Year Ended December 31	
	2023	2022
Opening defined benefit obligation	$ 3,212,834	$ 3,470,674
Current service cost	20,103	23,579
Interest cost	46,294	17,513
Remeasurement		
Actuarial (gain) loss - changes in demographic assumptions	-	7,904
Actuarial (gain) loss - changes in financial assumptions	38,152	(196,966)
Actuarial (gain) loss - experience adjustments	27,995	56,047
Benefits paid	(184,304)	(148,780)
Paid by the Group	(36,710)	(17,137)
Closing defined benefit obligation	$ 3,124,364	$ 3,212,834

Movements in the fair value of the plan assets were as follows:

	For the Year Ended December 31	
	2023	2022
Opening fair value of plan assets	$ 1,851,196	$ 1,803,073
Interest revenue	26,869	8,841
Remeasurement		
Expected return on plan assets	9,789	135,122
Contributions from the employer	79,703	52,940
Benefits paid	(184,304)	(148,780)
Closing fair value of plan assets	$ 1,783,253	$ 1,851,196

For information about the categories and percentages, etc. of the composition of the fair value of plan assets as of December 31, 2023 and 2022, please refer to the authorities' public information about Labor Pension Funds.

If possible reasonable changes in each of the significant actuarial assumptions occur and all other assumptions remain constant, the significant actuarial assumptions used in the sensitivity analysis of the present value of the defined benefit obligation will be as follows:

	Change in Actuarial Assumptions %	Increase (Decrease) of the Present Value of the Defined Obligation (%) December 31	
		2023	2022
Discount rate used in determining present value	Increase 0.25%	(0.54)%-(5.22)%	(1.04)%-(5.76)%
	Decrease 0.25%	0.56%-5.72%	1.05%-6.36%
Expected rate of salary increase	Increase 0.25%	0.54%-4.81%	1.02%-4.69%
	Decrease 0.25%	(0.53)%-(4.47)%	(1.01)%-(4.31)%

The sensitivity analysis presented above assumes that only a single actuarial assumption changes and other actuarial assumptions remain unchanged. Practically, the assumptions may not occur in isolation as the assumptions may be correlated. The calculation of the present value of defined benefit obligation adopted the projected unit credit method.

For the years ended December 31, 2023 and 2022, the Group expects to make a contribution of $39,289 thousand and $40,106 thousand to the defined benefit plans within one year, respectively, and the weighted average duration of the defined benefit plans is 2.2-12.1 years and 3.6-12.8 years, respectively.

33. EQUITY

a. Share capital

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

As of December 31, 2023 and 2022, Taishin Financial Holding's authorized capital were both $200,000,000 thousand (20,000,000 thousand shares); as of December 31, 2023, share issued was 13,577,062 thousand shares, divided into 12,477,062 thousand common shares and 1,100,000 thousand preferred shares at NT$10 par value.

b. Details of outstanding share capital as of December 31, 2023 were as follows:

	Ordinary share	**Preferred Share**	**Total**
First share swap	$ 23,000,000	$ -	$ 23,000,000
Second share swap	13,316,236	-	13,316,236
Capital infusion with cash	13,222,223	-	13,222,223
Convertible bonds converted to ordinary shares	5,989,867	-	5,989,867
Issuance of Class E preferred shares	-	8,000,000	8,000,000
Issuance of Class F preferred shares	-	3,000,000	3,000,000
Stock dividends and employees' bonus in share distributed	74,324,513	-	74,324,513
Less: Cancellation of treasury shares	(2,733,505)	-	(2,733,505)
Less: Capital reduction to recover loss	(3,864,802)	-	(3,864,802)
Employee share options converted to new shares	1,516,086	-	1,516,086
Shares issued	$ 124,770,618	$ 11,000,000	$ 135,770,618

1) On February 18, 2002, Taishin Financial Holding issued 2,300,000 thousand shares of ordinary share of Taishin Bank through a share swap at a 1:1 ratio to exchange for the whole ordinary share owned by Taishin Bank's shareholders after consolidation.

2) On December 31, 2002, Taishin Financial Holding issued 1,331,624 thousand common shares to acquire all the issued ordinary shares of Taishin Securities A and Taishin Bills Finance through share swaps at ratios of 1:1.2 and 1:1.3, respectively, with "1" representing Taishin Financial Holding.

3) On March 22, 2006, Taishin Financial Holding issued through private placement ordinary share totaling $10,000,000 thousand for 555,556 thousand shares at NT$18 per share. The rights and obligations are the same as those of the ordinary share outstanding. The mentioned ordinary shares have been published in open market by the approval of the FSC on May 17, 2011.

4) On December 27, 2006, Taishin Financial Holding issued through private placement ordinary share totaling $4,000,000 thousand for 266,667 thousand shares at NT$15 per share. The rights and obligations are the same as those of the ordinary share outstanding. The mentioned ordinary share has been published in open market by the approval of the FSC on May 17, 2011.

5) Taishin Financial Holding has proposed to effect capital reduction by cancelling 386,480 thousand outstanding common shares (capital reduction ratio 6.7681) on December 4, 2009.

6) On December 31, 2013, Taishin Financial Holding's board of directors resolved to issue 500,000 thousand ordinary shares, with a par value of NT$10, for consideration of NT$12 per share. On January 17, 2014, the above transaction was approved by the FSC, and the subscription base date was set by board of directors at April 14, 2014.

7) Taishin Financial Holding's shareholders had resolved the transfer of $5,029,142 thousand of earnings to ordinary share in the shareholders' meeting on June 16, 2023. The ex-dividend date was set on August 1, 2023, and the registration of the conversion had been completed.

8) Taishin Financial Holding's group capital adequacy ratio was 136.81% and 135.56% as of December 31, 2023 and 2022, respectively.

c. In accordance with Article 8-4 of the Articles of Incorporation, the Company issued Class E registered preferred shares ("Class E preferred shares"), which totaled 500,000 thousand shares, with a par value of NT$10. The issue price was NT$50 per share, and the total amount issued was $25,000,000 thousand on December 28, 2016. The issuance of 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. The annual dividend yield has been reset at 4.8725% since December 28, 2023.

3) Dividend payment: In years when there is insufficient or no surplus to fully pay off dividends for Class E preferred shareholders, the unpaid dividend will not be carried forward to years with earnings. The Company has sole discretion over the distribution of Class E preferred share dividends. Earnings distribution proposals will be devised by the board of directors in accordance with Article 40-1 of the Articles of Incorporation and then submitted to the annual general meeting of shareholders for acknowledgment. Any earnings available for distribution to preferred shares and ordinary shares under an acknowledged earnings distribution proposal shall be distributed according to the Articles of Incorporation. Dividends on Class E preferred shares will be paid in cash. Once the Company's financial statements have been acknowledged and earnings distributions approved during the annual general meeting of shareholders, the board of directors shall be authorized to set the ex-dividend date for the distribution of the Class E preferred share dividend. Dividends that are payable for the year of issuance shall be prorated according to the actual number of days the shares have been in circulation since the date of issue, relative to the total number of days of that year. In the year of redemption, the distribution of the payable dividends shall be calculated based on the actual number of days the preferred shares remained outstanding in that year.

4) Restrictions on payment of dividends to ordinary shares: Except for the dividends prescribed in the preceding subparagraphs herein, Class E preferred shareholders are not entitled to participate in the distribution of cash or stock dividends with regard to the ordinary shares and other preferred shares derived from earnings or capital reserves.

5) Redemption: Seven years after the issue date, the Company may at any time, subject to the competent authority's approval, recall a portion or all of the outstanding Class E preferred shares at the issue price. The rights and obligations associated with any remaining outstanding Class E preferred shares shall continue as specified herein.

6) Liquidation preference: In the event of liquidation, Class E preferred shareholders shall be given priority over ordinary shareholders when claiming the Company's remaining assets. The amount claimed shall not exceed the issuance amount of outstanding Class E preferred shares.

7) Voting rights or election rights: Class E preferred shareholders are not entitled to any voting rights or election rights in shareholders' meetings. However, they may vote in Class E preferred shareholders' meetings and in general shareholders' meetings with regard to agenda items concerning the rights and obligations of Class E preferred shareholders.

8) Class E preferred shares shall not be converted into ordinary shares. The Class E preferred shareholders shall not require the Company to redeem the rights of the Class E preferred shares.

9) When the Company issues new shares for capital raising, Class E preferred shareholders shall be entitled to preemptive rights on the new shares equivalent to those of ordinary shareholders.

d. In accordance with Article 8-4 of the Articles of Incorporation, the Company issued Class E registered preferred shares ("Class E preferred shares"), which totaled 300,000 thousand shares, with a par value of NT$10. The issue price was NT$50 per share, and the total amount issued was $15,000,000 thousand on November 30, 2018. The issuance of 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.

e. In accordance with Article 8-4 of the Articles of Incorporation, the Company issued Class F registered exchangeable preferred shares ("Class F preferred shares"), which totaled 300,000 thousand shares, with a par value of NT$10. The issue price was NT$17.65 per share, and the total amount issued was $5,295,000 thousand on July 21, 2022. The issuance of 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.

f. Capital surplus

As of December 31, 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.

g. Retained earnings and dividend policy

In accordance with dividend policy of the Articles of Incorporation of the Company, whereas the Company makes profit in a fiscal year, the profit shall be first utilized for paying taxes, adjusted in accordance with accounting standards, offset losses of previous years, set aside 10% of the remaining profit as legal reserve, and set aside special reserve in accordance with the laws and regulations, the dividend rate of the Class E preferred shares and the Class F preferred shares should not be more than 8% and 4.5%, respectively. The distribution plan based on the Company's Articles of Incorporation clause 8-4 and 8-5 should be proposed by Company's board of directors in its meeting before its being resolved by the shareholders in their meeting, and then any remaining profit together with the amount of reversed dividend or distributed-available special reserve and any undistributed earnings at the beginning of the fiscal year shall be resolved by the Company's board of directors in its meeting as the basis for proposing a distribution plan, of which cash dividends should not be less than 10% of total dividends distributed, to ordinary shareholders and each class of preferred shareholders. The distribution plan should be resolved by the shareholders in their meeting. However, under the requirements of the MOF, if the Group's capital adequacy ratio is less than 100%, dividends cannot be distributed in cash or other assets. For the policies on distribution of employees' compensation and remuneration to directors before and after amendment, please refer to employee benefits expense in Note 39.

Appropriation of earnings to legal reserve shall be made until legal reserve equals the Company's paid-in capital. Legal reserve may be used to offset deficit. If the Company has no accumulated deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to Share capital or distributed in cash.

Refer to h. 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

h. 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.

i. Other equity items

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

	For the Year Ended December 31	
	2023	2022
Beginning balance	$ (138,234)	$ (182,782)
Exchange differences on translating the net assets of foreign operations	(46,291)	44,548
Ending balance	$ (184,525)	$ (138,234)

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

	For the Year Ended December 31	
	2023	2022
Beginning balance	$ (3,800,290)	$ 1,197,868
Recognized during the period		
Unrealized gains or losses		
Debt instruments	2,439,673	(6,294,457)
Equity instruments	1,081,360	1,681,142
Income tax related to profit or loss of debt instruments	(135,996)	404,385
Reclassification adjustments		
Disposal of investments in debt instruments	(7,327)	960,099
Other comprehensive income (loss) recognized during the period	3,377,710	(3,248,831)
Cumulative unrealized gain (loss) of equity instruments transferred to retained earnings due to disposal	(564,139)	(1,749,327)
Ending balance	$ (986,719)	$ (3,800,290)

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

	For the Year Ended December 31	
	2023	2022
Beginning balance	$ 282,149	$ (18,823)
Changes in fair value attributable to changes in the credit risk	(120,755)	300,972
Ending balance	$ 161,394	$ 282,149

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

	For the Year Ended December 31	
	2023	**2022**
Beginning balance	$ (3,637,143)	$ 354,532
Recognized during the period		
Unrealized gain (loss)	3,870,380	(4,067,122)
Tax effects	(17,839)	75,447
Other comprehensive income (loss) recognized during the period	3,852,541	(3,991,675)
Ending balance	$ 215,398	$ (3,637,143)

j. Non-controlling interests

	For the Year Ended December 31	
	2023	**2022**
Beginning balance	$ 26,182	$ 34,050
Attributable to non-controlling interests		
Net income (loss) for the year	2,185	(7,959)
Other comprehensive income (loss) for the year	(10)	91
Change in non-controlling interests		
Cash dividends of subsidiaries	(444)	-
Proceeds from liquidation of subsidiaries	(660)	-
Ending balance	$ 27,253	$ 26,182

34. NET INTEREST INCOME

	For the Year Ended December 31	
	2023	**2022**
Interest income		
Loans	$ 44,452,970	$ 30,703,155
Investment in marketable securities	19,667,281	8,548,639
Revolving interest of credit cards	1,311,155	1,230,683
Finance leases	2,082,455	2,223,456
Others	6,582,867	3,685,853
	74,096,728	46,391,786
Interest expenses		
Deposits	(35,866,713)	(12,351,225)
Securities sold under repurchase agreements	(1,544,722)	(976,065)
Issuance of bonds and securities	(1,293,139)	(1,358,341)
Structured products	(3,518,305)	(1,235,661)
Others	(1,545,960)	(1,247,936)
	(43,768,839)	(17,169,228)
Net interest income	$ 30,327,889	$ 29,222,558

35. NET SERVICE FEE AND COMMISSION INCOME

	For the Year Ended December 31	
	2023	2022
Service fees and commission income		
Interbank fee	$ 1,106,572	$ 1,029,250
Loan and guarantee fee	666,840	760,408
Fee from certification, underwriting and brokerage	3,187,897	2,369,071
Fee from trustee business	2,987,370	3,173,691
Insurance commission fee	2,285,995	3,217,507
Fee from credit cards	5,557,191	4,398,278
Others	2,211,081	2,227,214
	18,002,946	17,175,419
Service fees and commission expenses		
Fee from credit cards	(2,831,312)	(2,030,082)
Interbank fee	(365,532)	(349,812)
Marketing fee	(753,975)	(485,729)
Insurance commission fee	(1,598,254)	(595,797)
Brokerage fee	(249,809)	(224,848)
Others	(1,340,827)	(1,098,725)
	(7,139,709)	(4,784,993)
Net service fees and commission income	$ 10,863,237	$ 12,390,426

36. NET INCOME FROM INSURANCE OPERATIONS

	For the Year Ended December 31	
	2023	2022
Insurance business income		
Written premium income	$ 26,100,316	$ 22,766,410
Reinsurance premium expense	(621,606)	(558,259)
Separate account insurance product income	3,803,670	(2,171,851)
	29,282,380	20,036,300
Insurance business expenses		
Underwriting expense	(3,364)	(2,389)
Insurance claim payments	(8,878,563)	(5,939,097)
Claims and payments recovered from reinsurers	233,925	165,318
Disbursements toward industry stability fund	(49,764)	(43,602)
Separate account insurance product expense	(3,803,670)	2,171,851
	(12,501,436)	(3,647,919)
Net income from insurance operations	$ 16,780,944	$ 16,388,381

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

	For the Year Ended December 31	
	2023	2022
Disposal gains (losses)		
Taishin Bank		
Shares and beneficiary certificates	$ 112,301	$ 590,231
Bills	12,696	(14,577)
Bonds	296,052	(40,468)
Derivative financial instruments	5,201,748	1,363,168
	5,622,797	1,898,354
Taishin Securities B		
Call (put) warrants issued	45,287	(19,243)
Trading securities - dealing	1,572,408	(924,846)
Trading securities - underwriting	394,271	156,260
Trading securities - hedging	238,754	271,121
Borrowed securities and bonds with resell agreements-short sales	128,014	254,310
Open-end funds	3,174	(1,040)
Derivative financial instruments	(1,002,395)	(18,507)
	1,379,513	(281,945)
Taishin Life Insurance		
Shares and beneficiary certificates	1,529,812	112,217
Bonds	-	(42,106)
Derivative financial instruments	(1,458,023)	(2,394,382)
	71,789	(2,324,271)
Others		
Shares and beneficiary certificates	51,046	80,295
Derivative financial instruments	-	(63,120)
	51,046	17,175
	7,125,145	(690,687)
Valuation gains (losses)		
Taishin Bank		
Shares and beneficiary certificates	563,962	(144,972)
Bills	39,364	17,274
Bonds	1,313,034	(840,241)
Derivative financial instruments	(1,551,091)	1,718,381
	365,269	750,442
Taishin Securities B		
Call (put) warrants issued	(70,986)	59,911
Trading securities - dealing	356,695	(78,713)
Trading securities - underwriting	38,964	(54,876)
Trading securities - hedging	647,249	(966,431)
Borrowed securities and bonds with resell agreements-short sales	(340,934)	301,210
Open-end funds	18,931	(6,922)
Derivative financial instruments	(539,320)	1,013,599
	110,599	267,778

(Continued)

	For the Year Ended December 31	
	2023	2022
Taishin Life Insurance		
Shares and beneficiary certificates	$ 3,865,243	$ (3,707,325)
Beneficiary securities	2,793	(3,530)
Bonds	-	9,752
Derivative financial instruments	348,226	12,761
	4,216,262	(3,688,342)
Others		
Shares and beneficiary certificates	(1,268,686)	3,618,612
Derivative financial instruments	-	372,637
Contingent consideration agreement	-	(1,210,878)
	(1,268,686)	2,780,371
	3,423,444	110,249
Net interest income	1,129,929	537,346
Dividends	1,987,631	1,547,344
Interest expense	(183,106)	(167,148)
	$ 13,483,043	$ 1,337,104

(Concluded)

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

	For the Year Ended December 31	
	2023	2022
Disposal gains (losses)		
Bonds	$ 12,404	$ (949,644)
Beneficiary securities	(5,077)	(10,455)
	7,327	(960,099)
Dividend income		
Related to investments held at the end of the period	451,300	799,141
Related to investments derecognized at the end of the period	180,121	58,303
	$ 638,748	$ (102,655)

39. EMPLOYEE BENEFITS EXPENSE

	For the Year Ended December 31	
	2023	2022
Short-term benefits	$ 17,259,688	$ 15,398,747
Post-employment benefits (Note 32)		
Defined contribution plans	583,320	552,541
Defined benefit plans	39,555	32,266
Share-based payments (Note 43)		
Cash-settled share-based payments	147,505	20,643
Others	148,869	138,957
	$ 18,178,937	$ 16,143,154

Employees' Compensation and Remuneration of Directors

The Company accrues employees' compensation and the remuneration of directors at a rate of no less than 0.01% and no higher than 1%, respectively, of net profit before income tax, employees' compensation and remuneration of directors. For the years ended December 31, 2023 and 2022, the amounts of employees' compensation and remuneration of directors were as follows:

	For the Year Ended December 31	
	2023	2022
Employees' compensation	$ 1,472	$ 1,462
Remuneration of directors	$ 147,244	$ 146,166

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

The Company held board of directors' meetings on February 23, 2023 and February 24, 2022 in which it resolved the appropriations of employees' compensation and remuneration of directors and which resulted in the actual amounts of the employees' compensation and remuneration of directors paid for 2022 and 2021 to differ from the amounts recognized in the consolidated financial statements for the years ended December 31, 2022 and 2021, respectively. The differences were adjusted to profit or loss for the years ended December 31, 2023 and 2022.

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

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

40. DEPRECIATION AND AMORTIZATION EXPENSES

	For the Year Ended December 31	
	2023	2022
Property and equipment	$ 1,254,167	$ 1,261,894
Investment properties	26,805	17,515
Right-of-use assets	841,869	862,651
Intangible assets and other deferred assets	571,461	486,053
	$ 2,694,302	$ 2,628,113

41. INCOME TAX

In 2003, Taishin Financial Holding adopted the linked tax system for tax filing (similar to a consolidated tax filling) along with its subsidiaries Taishin Bank and Taishin AMC. Taishin Venture Capital was included in this tax system since 2004, and Taishin Securities B, Taishin Securities Investment Trust and Taishin Securities Investment Advisory were included in this tax system since 2011. Taishin Life Insurance was included in this tax system since 2022.

In July 2019, the president of the ROC announced the amendments to the Statute for Industrial Innovation, which stipulate that the amounts of unappropriated earnings in 2018 and thereafter that are reinvested in the construction or purchase of certain assets or technologies are allowed as deduction when computing the income tax on unappropriated earnings. When calculating the tax on unappropriated earnings, the Group only deducts the amount of the unappropriated earnings that has been reinvested in capital expenditure.

The governments of Japan, Australia, and Vietnam, where Taishin Bank is registered, enacted the Pillar Two income tax legislation, effective January 1, 2024. Since the legislation was not effective as of the end of the reporting period, there was no related current income tax impact on the Group. The Group will continuously assess the possible impact of the Pillar Two income tax legislation on its future financial performance.

Income Tax Recognized in Profit or Loss

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

	For the Year Ended December 31	
	2023	2022
Current tax		
In respect of the current period	$ 3,707,436	$ 2,068,069
Adjustments for prior years	(80,435)	(374,971)
Offshore income tax expense	82,421	51,729
Land value increment tax	320	6,390
Deferred tax		
In respect of the current period	(608,053)	872,850
Adjustments for prior years	17,353	169,359
Income tax expense recognized in profit or loss	$ 3,119,042	$ 2,793,426

Reconciliation of profit before income tax and income tax was as follows:

	For the Year Ended December 31	
	2023	2022
Income before income tax	$ 17,722,919	$ 17,649,319
Income tax expense calculated at the statutory rate (20%)	$ 3,544,584	$ 3,529,864
Tax impact of adjustments		
Nondeductible expenses in determining taxable income	963,622	261,314
Tax-exempt income	(1,282,741)	(529,624)
Land value increment tax	320	6,390
Temporary differences	219,139	308,077
Loss carryforwards	(342,111)	(646,344)
Offshore income tax expense	82,421	51,729
Adjustments to prior years' tax	(63,082)	(205,612)
Others	(3,110)	17,632
Income tax expense (benefit) recognized in profit or loss	$ 3,119,042	$ 2,793,426

Income Tax Recognized in Other Comprehensive Income (Loss)

	For the Year Ended December 31	
	2023	2022
Deferred tax		
In respect of the current period:		
Fair value changes of financial assets at FVTOCI	$ 135,996	$ (404,385)
Defined benefit actuarial of related income tax	(11,384)	53,313
Reclassification using the overlay approach	17,839	(75,447)
Total income tax recognized in other comprehensive income	$ 142,451	$ (426,519)

Current Tax Assets and Liabilities

	December 31	
	2023	2022
Current tax assets		
Tax refund receivable	$ -	$ 119,036
Current tax liabilities		
Income tax payable	$ 3,907,323	$ 2,221,109

Deferred Tax Assets and Liabilities

Movements in deferred tax assets and liabilities were as follows:

	For the Year Ended December 31, 2023				
	Beginning Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income (Loss)	Other	Ending Balance
Deferred tax assets					
Temporary differences					
Allowance for loans losses	$ 1,440,033	$ (62,284)	$ -	$ (4,522)	$ 1,373,227
Others	5,933,324	280,460	(140,668)	(1,902)	6,071,214
	7,373,357	218,176	(140,668)	(6,424)	7,444,441
Loss carryforwards	652,168	354,193	-	(650,250)	356,111
	$ 8,025,525	$ 572,369	$ (140,668)	$ (656,674)	$ 7,800,552
Deferred tax liabilities					
Land value increment tax	$ (53,552)	$ -	$ -	$ -	$ (53,552)
Temporary differences	(1,346,813)	18,331	(1,783)	-	(1,330,265)
	$ (1,400,365)	$ 18,331	$ (1,783)	$ -	$ (1,383,817)

	For the Year Ended December 31, 2022				
	Beginning Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income (Loss)	Other	Ending Balance
Deferred tax assets					
Temporary differences					
Allowance for loans losses	$ 2,109,613	$ (672,882)	$ -	$ 3,302	$ 1,440,033
Others	6,215,508	(702,290)	420,106	-	5,933,324
	8,325,121	(1,375,172)	420,106	3,302	7,373,357
Loss carryforwards	-	652,168	-	-	652,168
	$ 8,325,121	$ (723,004)	$ 420,106	$ 3,302	$ 8,025,525
Deferred tax liabilities					
Land value increment tax	$ (53,552)	$ -	$ -	$ -	$ (53,552)
Temporary differences	(1,034,021)	(319,205)	6,413	-	(1,346,813)
	$ (1,087,573)	$ (319,205)	$ 6,413	$ -	$ (1,400,365)

The Group's Loss Carryforwards as of December 31, 2023

Expiry Year	Unused Amount
2024	$ 5,463
2025	10,141
2026	9,179
2027	9,635
2028	5,164
2029	7,885
2030	8,385
2031	494,304
2032	12,054
2033	124,018
	$ 686,228

Assessments of the Group's Income Tax

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 2023 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 Year Ended December 31	
	2023	**2022**
Basic earnings per share	$ 1.01	$ 1.04
Diluted earnings per share	$ 1.01	$ 1.04

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 year ended December 31, 2022 were as follows:

	For the Year Ended December 31, 2022	
	Before Adjusted Retrospectively	**After Adjusted Retrospectively**
Basic earnings per share	$ 1.09	$ 1.04
Diluted earnings per share	$ 1.09	$ 1.04

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

Net Income for the Period

Unit: Dollars in Thousands

	For the Year Ended December 31	
	2023	**2022**
Net income for the periods attributable to owner of the Company	$ 14,601,692	$ 14,863,852
Less: Dividends on preferred shares	(1,953,751)	(1,845,528)
Earnings used in computation of basic earnings per share	12,647,941	13,018,324
Earnings used in computation of diluted earnings per share	$ 12,647,941	$ 13,018,324

Weighted Average Number of Ordinary Shares Outstanding

Unit: Number of Shares in Thousands

	For the Year Ended December 31	
	2023	**2022**
Weighted average number of ordinary shares in computation of basic earnings per share	12,477,062	12,477,062
Effect of dilutive potential ordinary shares:		
Employees compensation	94	112
Weighted average number of ordinary shares outstanding in computation of dilutive earnings per share	12,477,156	12,477,174

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

43. SHARE-BASED PAYMENT ARRANGEMENTS

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

The Group issued share appreciation rights (SAR) to employees that required the Group to pay the intrinsic value of SAR to the qualified people at the date of exercise since 2013. The fair value of SAR was determined using the Black-Scholes pricing model based on the following assumptions:

	Plan of 2022	Plan of 2021	Plan of 2020	Plan of 2019	Plan of 2018
Grant-date share price (Note)	$17.99	$17.99	$17.99	$17.99	$17.99
Exercise price	$14.11	$16.36	$10.36	$11.45	$10.92
Outstanding period	1.0 years, 2.0 years 3.0 years, 4.0 years	0.1 years, 1.1 years	0.1 years	-	-
Expected volatility	31.15%, 31.15%	31.15%, 31.15%	31.15%, 31.15%	31.15%, 31.15%	31.15%, 31.15%
Risk-free interest rate	0.97%, 0.97%	0.97%, 0.97%	0.97%, 0.97%	0.97%, 0.97%	0.97%, 0.97%

Note: The grant-date share price is calculated based on the average closing price of ordinary shares of the Company 30 business days before the balance sheet date.

The movements in the appreciation rights plan for the years ended December 31, 2023 and 2022 were as follows:

	For the Year Ended December 31, 2023	
Appreciation Rights Plan of 2022	**Unit**	**Weighted Average Exercise Price (Dollars)**
Outstanding, beginning	-	$ -
Granted	24,955	15.13
Ceased	(890)	14.88
Outstanding, ending	24,065	
Weighted-average fair value of appropriation rights (NT$)	$ 4.63	

	For the Year Ended December 31			
	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	(1,522)	17.35	(682)	18.38
Outstanding, ending	21,319		22,841	
Weighted-average fair value of appropriation rights (NT$)	$ 2.23		$ 1.03	

	For the Year Ended December 31			
	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
Exercised	(10,971)	11.11	-	-
Ceased	(1,575)	10.99	(1,410)	11.93
Outstanding, ending	10,907		23,453	
Weighted-average fair value of appropriation rights (NT$)	$ 7.64		$ 4.02	

Appreciation Rights Plan of 2019	For the Year Ended December 31			
	2023		2022	
	Unit	Weighted Average Exercise Price (Dollars)	Unit	Weighted Average Exercise Price (Dollars)
Outstanding, beginning	9,450	$ 11.45	20,341	$ 12.50
Exercised	(8,875)	11.45	(9,586)	12.50
Ceased	(575)	11.45	(1,305)	12.25
Outstanding, ending	-		9,450	
Weighted-average fair value of appropriation rights (NT$)	$ -		$ 3.53	

Appreciation Rights Plan of 2018	For the Year Ended December 31, 2022	
	Unit	Weighted Average Exercise Price (Dollars)
Outstanding, beginning	6,563	$ 10.92
Exercised	(6,123)	10.92
Ceased	(440)	10.92
Outstanding, ending	-	
Weighted-average fair value of appropriation rights (NT$)	$ -	

As of December 31, 2023 and 2022, the related liabilities recognized amounted to $161,775 thousand and $111,084 thousand, respectively.

44. CASH FLOW INFORMATION

Changes in liabilities arising from financing activities:

For the year ended December 31, 2023

			Non-cash Changes					
	Opening Balance	Cash Flows	Effect of Exchange Rate Changes	New Leases	Termination of Lease Contract	Amortization for Discount	Fair Value Adjustments	Closing Balance
Due to the Central Bank and banks (including call loans from other banks and bank overdrafts)	$ 8,490,936	$ 1,248,075	$ -	$ -	$ -	$ -	$ -	$ 9,739,011
Commercial papers payable	16,054,562	14,178,000	-	-	-	(9,557)	-	30,223,005
Lease liabilities	2,360,330	(805,530)	(1,662)	860,123	(7,409)	-	-	2,405,852
Other borrowings	12,265,346	(1,671,101)	(206,644)	-	-	-	-	10,387,601
Financial liabilities designated as at FVTPL	2,483,480	-	-	-	-	-	65,172	2,548,652
Bonds payable	68,020,216	-	-	-	-	124,386	-	68,144,602
	$ 109,674,870	$ 12,949,444	$ (208,306)	$ 860,123	$ (7,409)	$ 114,829	$ 65,172	$ 123,448,723

For the year ended December 31, 2022

	Opening Balance	Cash Flows	Non-cash Changes					Closing Balance
			Effect of Exchange Rate Changes	New Leases	Termination of Lease Contract	Amortization for Discount	Fair Value Adjustments	
Due to the Central Bank and banks (including call loans from other banks and bank overdrafts)	$ 39,859,845	$ (31,368,909)	$ -	$ -	$ -	$ -	$ -	$ 8,490,936
Commercial papers payable	22,963,111	(6,912,000)	-	-	-	3,451	-	16,054,562
Lease liabilities	2,653,717	(864,501)	1,043	580,976	(10,905)	-	-	2,360,330
Other borrowings	12,867,620	(787,227)	184,953	-	-	-	-	12,265,346
Financial liabilities designated as at FVTPL	3,023,578	-	-	-	-	-	(540,098)	2,483,480
Bonds payable	70,100,000	(1,775,000)	-	-	-	93,716	(398,500)	68,020,216
	$ 151,467,871	$ (41,707,637)	$ 185,996	$ 580,976	$ (10,905)	$ 97,167	$ (938,598)	$ 109,674,870

45. CAPITAL RISK MANAGEMENT

a. Summary

To efficiently control the capital adequacy of the Group on the premise of balancing the Group's business development and risk control, Taishin Financial Holding had codified its "principles of capital adequacy management" and compiled related information to be reported to the Asset and Liability Management Committee periodically.

The Group's goals in capital management are as follows:

1) To ensure the Group conforms to related capital adequacy regulations and minimum basic criteria set by each industry's regulatory agencies.

2) To ensure every subsidiary is able to meet the capital needs of operating plan and the capital requirement, as well as to reach the optimization of capital allocation within the Group.

3) To implement capital management, Taishin Financial Holding and its significant subsidiaries should assess capital adequacy periodically and make proper arrangements of capital structure and application of capital instruments and adjustments of asset portfolio.

b. Capital management procedures

In order to meet the Group's capital adequacy goals, Taishin Financial Holding established the Asset and Liability Committee (the "Committee") to review capital performance of Taishin Financial Holding and its significant subsidiaries' every month. If there is any concern that the Group's capital adequacy may be below the legal standard, the Committee would immediately find measures to increase the Group's net qualified capital or to reduce the Group's legal capital requirement so as to improve the Group's performance and meet capital adequacy ratio.

The Group's capital adequacy ratio is calculated based on the accounting reports and related data of capital adequacy provided by Taishin Financial Holding and its subsidiaries. Taishin Financial Holding and each of its subsidiaries should respectively report to the relevant regulatory agencies using the calculation formulas and forms according to the regulations before deadline.

c. Group's capital adequacy ratio

Company \ Item	December 31, 2023		
	Ownership Interest (%)	**Group Eligible Capital**	**Group's Statutory Capital Requirement**
Taishin Financial Holding		$ 235,335,220	$ 241,399,635
Taishin Bank	100%	221,397,431	154,265,993
Taishin Securities B	100%	12,432,885	5,884,403
Taishin Life Insurance	100%	19,173,300	10,859,402
Taishin Venture Capital	100%	8,185,136	4,105,916
Taishin AMC	100%	1,533,232	882,706
Taishin Securities Investment Trust	100%	1,101,855	654,112
Taishin Securities Investment Advisory	92%	313,342	177,077
Exclusive items amount subtracted		(242,639,491)	(230,493,885)
Total		256,832,910	187,735,359
Group's capital adequacy ratio (Note)			136.81%

Company \ Item	December 31, 2022		
	Ownership Interest (%)	**Group Eligible Capital**	**Group's Statutory Capital Requirement**
Taishin Financial Holding		$ 223,267,630	$ 223,253,338
Taishin Bank	100%	200,682,331	141,291,679
Taishin Securities B	100%	9,979,893	4,576,021
Taishin Life Insurance	100%	16,256,459	8,752,698
Taishin Venture Capital	100%	9,614,826	4,826,067
Taishin AMC	100%	1,762,652	1,000,087
Taishin Securities Investment Trust	100%	1,098,531	637,872
Taishin Securities Investment Advisory	92%	305,285	177,647
Exclusive items amount subtracted		(218,653,228)	(204,287,506)
Total		244,314,379	180,227,903
Group's capital adequacy ratio (Note)			135.56%

Note 1: The above list was prepared according to "Regulations Governing the Consolidated Capital Adequacy of Financial Holding Company."

Note 2: Group's capital adequacy ratio = Group's eligible capital ÷ Group's statutory capital requirement.

d. Financial holding company eligible capital

Item	December 31, 2023
Ordinary share	$ 124,770,618
Non-cumulative perpetual preferred shares and non-cumulative subordinated debts without maturity dates which comply with eligible Tier 1 capital	11,000,000
Other preferred shares and subordinated corporate bonds	18,800,000
Advance receipts for share capital	-
Capital surplus	38,197,778
Legal reserve	16,926,942
Special reserve	10,920,515
Retained earnings	15,513,819
Equity adjustment	(794,452)
Less: Goodwill	-
Less: Deferred assets	-
Less: Treasury shares	-
Total	235,335,220

Item	December 31, 2022
Ordinary share	$ 119,741,476
Non-cumulative perpetual preferred shares and non-cumulative subordinated debts without maturity dates which comply with eligible Tier 1 capital	11,000,000
Other preferred shares and subordinated corporate bonds	20,400,000
Advance receipts for share capital	-
Capital surplus	38,197,778
Legal reserve	15,244,071
Special reserve	8,698,118
Retained earnings	17,279,705
Equity adjustment	(7,293,518)
Less: Goodwill	-
Less: Deferred assets	-
Less: Treasury shares	-
Total	223,267,630

e. Taishin Bank capital adequacy ratio

Item \ Period			December 31, 2023	December 31, 2022
Self-owned capital	Common equity Tier I		166,274,738	144,156,590
	Other Tier I capital		24,999,730	24,999,730
	Tier II capital		30,122,963	31,526,011
	Self-owned capital		221,397,431	200,682,331
Risk-weighted assets	Credit risk	Standardized approach	1,269,203,004	1,184,483,410
		IRB	-	-
		Securitization	4,651,015	1,651,953
	Operation risk	Basic indicator approach	-	-
		Standardized approach/optional standard	136,122,400	122,627,613
		Advanced internal-rating based approach	-	-
	Market price risk	Standardized approach	59,223,513	36,872,063
		Internal model approach	-	-
	Total		1,469,199,932	1,345,635,039
Capital adequacy ratio			15.07%	14.91%
Common equity Tier I to risk-weighted assets ratio			11.32%	10.71%
Tier I capital to risk-weighted assets ratio			13.02%	12.57%
Leverage ratio			6.77%	6.63%

Note 1: The ratios are calculated in accordance with the Letters issued by the MOF on December 23, 2019 (Ref. No. FSC 10802744341) and on February 18, 2022 (Ref. No. FSC 11102703692).

Note 2: Formula:

a) Self-owned capital = Common equity Tier I + Other Tier I capital + Tier II capital.

b) Risk-weighted assets = Credit risk-weighted assets + (Operation risk capital + Market price risk capital) x 12.5.

c) Capital adequacy = Self-owned capital ÷ Risk-weighted assets.

d) Common equity Tier I capital to risk-weighted assets ratio = Common equity Tier I capital ÷ Risk-weighted assets.

e) Tier I capital to risk-weighted assets ratio = (Common equity Tier I + Other Tier I capital) ÷ Risk-weighted assets.

f) Leverage ratio = Tier I capital ÷ Adjusted average assets.

f. Taishin Securities B capital adequacy ratio

Capital Adequacy Calculation Project	December 31 2023	December 31 2022
Eligible capital		
Tier I capital	$ 10,832,876	$ 9,413,440
Tier I capital - minus assets	950,077	1,460,963
Tier II capital - minus assets in excess of Tier II capital	-	-
Tier I capital, net	9,882,799	7,952,477
Tier II capital	3,311,925	3,333,874
Tier II capital - minus assets	761,839	1,306,458
Tier II capital, net	2,550,086	2,027,416
Tier III capital	-	-
Total net of eligible capital	$ 12,432,885	$ 9,979,893
Equivalent amount of operating risk		
Equivalent amount of credit risk	$ 1,097,713	$ 641,206
Equivalent amount of operation risk	603,712	564,922
Equivalent amount of market risk	2,221,510	1,844,552
	$ 3,922,935	$ 3,050,680
Capital adequacy ratio	317%	327%

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

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

3) Equivalent amount of operating risk = Equivalent amount of market risk + Equivalent amount of credit risk + Equivalent amount of operation risk.

g. Taishin Life Insurance capital adequacy

The capital adequacy ratio calculated by Taishin Life Insurance based on the Regulations Governing Capital Adequacy of Insurance Companies is 200%, and the ratio of equity divided by the total assets excluding the total assets recorded in separate accounts for investment type insurance policies is 7.84% and 6.77% as of December 31, 2023 and 2022, respectively.

46. DISCLOSURES ACCORDING TO ARTICLE 46 OF FINANCIAL HOLDING ACT

According to Article 46 of Financial Holding Company Act, all subsidiaries of financial holding company should disclose the balance of credit, endorsements and other transactions to the same person, the same related person or the same related enterprise.

Details for the balance of credit, endorsements and other transactions to the same person as of December 31, 2023 were as follows:

(In Thousands of New Taiwan Dollars; %)

Transaction Party	Credit, Endorsement and Other Transaction	As Proportion of Financial Holding's Net Equity
a. To the same person or the same enterprise		
Central Bank	$ 351,134,249	162.14%
US GOVT	166,470,874	76.87%
Government National Mortgage Association (GNMA)	23,177,316	10.70%
Taiwan Semiconductor Manufacturing Company Ltd.	13,831,843	6.39%
Hon Hai Precision IND, Co., Ltd.	12,486,009	5.77%
Citigroup Global Markets Holdings Inc	8,667,782	4.00%
Goldman Sachs Finance Corp Intl Ltd.	8,645,300	3.99%
Credit Agricole CIB	8,579,873	3.96%
Standard Chartered Bank	7,821,711	3.61%
Ding Shuai Development Corporation	7,600,000	3.51%
Wistron Corporation	7,381,651	3.41%
HSBC Bank (Taiwan) Limited	6,354,609	2.93%
Yuan Lih Constructions Co., Ltd.	5,780,000	2.67%
Fubon Financial Holding Co., Ltd.	5,522,305	2.55%
Capital Securities Corporation	5,393,679	2.49%
Societe Generale	4,845,978	2.24%
Macquarie Group Limited	4,832,330	2.23%
Formosa Chemicals and Fibre Corporation	4,831,842	2.23%
Taiwan Power Co., Ltd.	4,789,140	2.21%
Taiwan Moblie Co., Ltd.	4,785,181	2.21%
National Australia Bank	4,718,016	2.18%
JPMorgan Chase Bank	4,703,302	2.17%
The Korea Development Bank	4,699,247	2.17%
Formosa Plastics Corporation	4,652,423	2.15%
Puyong Archiland Co., Ltd.	4,640,411	2.14%

(Continued)

Transaction Party	Credit, Endorsement and Other Transaction	As Proportion of Financial Holding’s Net Equity
The Export-Import Bank of Korea	$ 4,603,540	2.13%
Taiwan Life Insurance Co., Ltd.	4,562,533	2.11%
Himax Technologies, Inc.	4,514,958	2.08%
China Steel Corporation	4,475,788	2.07%
Agricultural Bank of Taiwan	4,470,745	2.06%
Quanta Computer Inc.	4,416,001	2.04%
Synnex Technology International Corporation	4,392,068	2.03%
Cathay Financial Holding Co., Ltd.	4,343,227	2.01%
Commonwealth Bank of Australia	4,251,482	1.96%
China Development Bank Corporation	4,097,031	1.89%
Chailease Finance Co., Ltd.	4,092,679	1.89%
Agricultural Bank of China	4,064,300	1.88%
Catcher Technology Co., Ltd.	4,046,657	1.87%
Delta Electronics, Inc.	3,973,575	1.83%
Apple Inc.	3,965,872	1.83%
Shinhan Bank	3,911,224	1.81%
Westpac Banking Corporation	3,881,554	1.79%
Formosa Ha Tinh Steel Corporation	3,839,250	1.77%
Lien Jade Construction Co., Ltd.	3,825,000	1.77%
Uni-President Enterprises Corp.	3,783,967	1.75%
Industrial and Commercial Bank of China	3,756,935	1.73%
ING Bank	3,747,885	1.73%
Helios Co., Ltd.	3,728,000	1.72%
Far Eastern New Century Corporation	3,725,867	1.72%
Formosa Ha Tinh (Cayman) Limited	3,685,680	1.70%
TSMC Global Ltd.	3,638,270	1.68%
Winbond Electronics Corporation	3,628,064	1.68%
Din An Co., Ltd	3,600,951	1.66%
BPCE SA	3,410,875	1.58%
Abu Dhabi Commercial Bank PJSC	3,410,784	1.57%
Natixis	3,391,839	1.57%
AUO Corporation	3,353,757	1.55%
Shuang Hsiang Yuan Development Ltd.	3,290,000	1.52%
Hotai Finance Co., Ltd.	3,232,276	1.49%
UBS AG	3,229,789	1.49%
Hong Han Tou Zi Co., Ltd.	3,206,418	1.48%
Sun Ray Company Limited	3,102,114	1.43%
Qisda Corporation	3,075,325	1.42%
Coretronic Corporation	3,060,160	1.41%
Universal Global Technology	3,059,898	1.41%
Yuanta Securities Finance Co., Ltd.	3,034,573	1.40%
Total	841,225,982	

(Continued)

Transaction Party	Credit, Endorsement and Other Transaction	As Proportion of Financial Holding's Net Equity
b. To the same person and spouse, the relative within the second degree and the person or the spouse's enterprise		
Individual A	$ 12,771,723	5.90%
Individual B	12,486,009	5.77%
Individual C	7,706,974	3.56%
Individual D	6,789,368	3.14%
Individual E	6,354,609	2.93%
Individual F	5,397,338	2.49%
Individual G	5,393,679	2.49%
Individual H	5,021,335	2.32%
Individual I	4,900,000	2.26%
Individual J	4,831,842	2.23%
Individual K	4,785,181	2.21%
Individual L	4,763,302	2.20%
Individual M	4,652,423	2.15%
Individual N	4,622,254	2.13%
Individual O	4,486,123	2.07%
Individual P	4,460,000	2.06%
Individual Q	4,417,611	2.04%
Individual R	4,417,611	2.04%
Individual S	4,046,657	1.87%
Individual T	3,825,000	1.77%
Individual U	3,641,457	1.68%
Individual V	3,628,064	1.68%
Individual W	3,628,064	1.68%
Individual X	3,600,951	1.66%
Individual Y	3,498,901	1.62%
Individual Z	3,290,000	1.52%
Individual AA	3,290,000	1.52%
Individual AB	3,290,000	1.52%
Individual AC	3,258,291	1.50%
Individual AD	3,236,203	1.49%
Individual AE	3,206,418	1.48%
Individual AF	3,171,650	1.46%
Individual AG	3,101,961	1.43%
Individual AH	3,060,160	1.41%
Individual AI	3,051,197	1.41%
Individual AJ	3,034,573	1.40%
Individual AK	3,034,573	1.40%
Total	172,151,502	

(Continued)

Transaction Party	Credit, Endorsement and Other Transaction	As Proportion of Financial Holding's Net Equity
c. To the same related party enterprise		
Hon Hai Group	$ 28,438,426	13.13%
Taiwan Semiconductor Manufacturing Group	20,870,906	9.64%
CITIC Group	18,467,242	8.53%
Fubon Group	17,470,934	8.07%
Far Eastern Group	15,768,973	7.28%
Ting Hsin Group	14,560,675	6.72%
Ruentex Group	13,086,913	6.04%
Union Group	12,725,446	5.88%
Chailease Group	12,622,083	5.83%
Formosa Plastics Group	12,177,353	5.62%
YFY Group	11,695,175	5.40%
CitiGroup	11,264,711	5.20%
Goldman Sachs Group	11,041,811	5.10%
Standard Chartered Bank Group	10,208,097	4.71%
Cathay Group	10,105,480	4.67%
Maw Der International Group	9,127,600	4.21%
HSBC Group	9,020,611	4.17%
Credit Agricole S.A. Group	8,579,873	3.96%
Wistron Group	8,171,980	3.77%
China Development Financial Group	7,592,633	3.51%
ASE Group	7,521,678	3.47%
Macquarie Group	7,323,523	3.38%
JPMorgan Group	7,300,045	3.37%
Yuanlih Group	6,996,000	3.23%
China Steel Group	6,814,080	3.15%
NATIXIS Group	6,802,714	3.14%
Formosa Chemicals & Fibre Group	6,663,237	3.08%
MS Group	6,620,000	3.06%
Qisda Group	6,531,056	3.02%
National Australia Bank Ltd. Group	6,176,560	2.85%
Sumitomo Mitsui Financial Group	5,981,002	2.76%
Kexim Group	5,832,100	2.69%
Continental Engineering Group	5,694,526	2.63%
Bank of America Group	5,666,545	2.62%
Korea Development Bank Group	5,620,667	2.60%
Yuanta Group	5,525,649	2.55%
Capital Securities Group	5,499,907	2.54%
King's Town Group	5,326,175	2.46%
Pou Chen Group	5,306,674	2.45%
Yulon Group	5,217,198	2.41%
Taiwan Cooperative Financial Group	5,199,141	2.40%
Puyong Group	5,125,493	2.37%
Cheung Kong Group	5,044,733	2.33%
Lien Jade Construction Group	4,976,590	2.30%
CMP Group	4,956,780	2.29%

(Continued)

Transaction Party	Credit, Endorsement and Other Transaction	As Proportion of Financial Holding's Net Equity
Ho Tai Motor Group	$ 4,951,672	2.29%
Uni-President Group	4,938,042	2.28%
HIMAX Group	4,919,958	2.27%
Taiwan Power Group	4,870,740	2.25%
AUO Group	4,624,459	2.14%
Quanta Computer Group	4,593,178	2.12%
Winbond Electronics Group	4,358,564	2.01%
CBA Group	4,251,482	1.96%
Asia Pacific Land Group	4,216,000	1.95%
ABU DHABI Commercial Bank Group	4,185,425	1.93%
Shinhan Financial Group	4,163,418	1.92%
ANZ Banking Group	4,137,745	1.91%
UBS Group AG	4,132,026	1.91%
CDB Group	4,097,031	1.89%
Wells Fargo Company Group	4,065,572	1.88%
Catcher Technology Group	4,046,657	1.87%
Zhen Ding Group	4,034,705	1.86%
Delta Electronics Group	3,973,575	1.83%
Bank of China Group	3,877,699	1.79%
MediaTek Group	3,788,578	1.75%
Industrial and Commercial Bank of China Group	3,756,935	1.73%
Goldeastpaper Group	3,728,192	1.72%
Sports City International Group	3,728,000	1.72%
WPG Group	3,666,879	1.69%
Barclays Group	3,558,386	1.64%
KB Financial Group	3,480,295	1.61%
China Construction Bank Group	3,471,306	1.60%
Mega Financial Holding Group	3,439,584	1.59%
Charoen Pokphand Group	3,429,343	1.58%
LCY Group	3,358,291	1.55%
Hong Pu Construction Group	3,329,500	1.54%
Tai Yuan Investment Group	3,292,203	1.52%
Shuang Hsiang Yuan Development Group	3,290,000	1.52%
Woori Bank Group	3,285,444	1.52%
Walsin Technology Group	3,262,430	1.51%
Berkshire Hathaway Group	3,233,510	1.49%
Chang Wah Electromaterials Group	3,116,075	1.44%
United Microelectronics Group	3,102,466	1.43%
Mitsubishi UFJ Financial Group	3,077,816	1.42%
Coretronic Group	3,061,664	1.41%
Hoshin Group	3,016,022	1.39%
Total	563,963,317	

(Concluded)

47. FINANCIAL INSTRUMENTS

Fair Value of Financial Instruments

a. Summary

Fair value is the exchange price in an orderly transaction between market participants and is the amount to be received on the sale of an assets or the amount to be paid on the transfer of a liability.

Financial instruments are initially measured at fair value. In many cases, the transaction price will equal the fair value. Subsequently, the financial instruments are measured at fair value, unless the financial assets meet the criteria for being measured at amortized cost. A quoted price in an active market provides the most reliable evidence of fair value. If financial instruments have no quoted prices in an active market, the Group will use valuation techniques or refer to Bloomberg or Reuters' quotes or the fair value quoted by the counterparty.

b. The definition of three levels of fair value

1) Level 1 inputs are quoted prices in active markets for identical assets or liabilities. Active markets must have the following attributes: (A) assets or liabilities traded in the market are identical, (B) the market is principal (or most advantageous), providing ease in finding buyers and sellers that are both able and willing to transact an asset sale or liability transfer; and (C) pricing information is readily available on an ongoing basis to the public.

2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as price) or indirectly (i.e., value derived from price), in the active markets.

   a) Quoted prices of similar financial instruments in active market are the Company's fair value of financial instruments if based on recent quoted price for similar financial instruments. Similar financial instruments should be decided in accordance with characteristics and transaction conditions of these instruments. Fair value of financial instruments will vary depending on factors specific to the similar asset or liability. The factors include: Prices are not current, price quotations vary substantially, transaction price between related parties, relevance of quoted price of similar instruments and the quoted price of financial instruments.

   b) Quoted prices for identical or similar assets or liabilities in markets that are not active.

   c) Valuation models are used to measure fair value, and the inputs (e.g., interest rate, yield curve, and volatilities) are based on accessible data from the markets (the observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data).

   d) Inputs that are derived principally from or corroborated by observable market data by correlation or other means (market-corroborated inputs).

3) Level 3 inputs are inputs that are not available in the market. Unobservable inputs are inputs such as historical volatilities used in option pricing model. Historical volatility typically does not represent current market participants' expectations about future volatility.

c. Financial instruments measured at fair value

1) Information on fair value hierarchy

   The financial instruments measured at fair value of the Group are measured at fair value on a recurring basis.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

Financial Assets and Liabilities	December 31, 2023			
	Total	Level 1	Level 2	Level 3
Recurring fair value measurement				
Non-derivative assets and liabilities				
Assets				
Financial assets at FVTPL				
Financial assets mandatorily classified as at FVTPL				
Shares and beneficiary certificates	$ 55,758,309	$ 51,836,684	$ 526,232	$ 3,395,393
Bond investments	40,329,514	14,776,270	25,553,244	-
Investment in bills	54,371,699	-	54,371,699	-
Beneficiary securities	175,577	-	175,577	-
Financial assets at FVTOCI				
Share investments	14,469,829	11,957,862	-	2,511,967
Bond investments	131,672,199	6,527,148	125,145,051	-
Beneficiary securities	1,007,163	-	1,007,163	-
Liabilities				
Financial liabilities at FVTPL				
Financial liabilities designated as at FVTPL	2,548,652	-	2,548,652	-
Financial liabilities held for trading	5,435,737	5,435,737	-	-
Derivative assets and liabilities				
Assets				
Financial assets at FVTPL	50,343,702	868,930	39,955,751	9,519,021
Liabilities				
Financial liabilities at FVTPL				
Financial liabilities designated as at FVTPL	3,623,817	-	3,623,817	-
Financial liabilities held for trading	53,694,880	159,073	43,451,784	10,084,023

Financial Assets and Liabilities	December 31, 2022			
	Total	Level 1	Level 2	Level 3
Recurring fair value measurement				
Non-derivative assets and liabilities				
Assets				
Financial assets at FVTPL				
Financial assets mandatorily classified as at FVTPL				
Shares and beneficiary certificates	$ 36,952,909	$ 33,861,755	$ 559,247	$ 2,531,907
Bond investments	27,280,539	13,046,488	14,234,051	-
Investment in bills	43,436,249	-	43,436,249	-
Beneficiary securities	208,465	-	208,465	-
Financial assets at FVTOCI				
Share investments	23,413,670	21,104,089	-	2,309,581
Bond investments	115,973,073	7,049,271	108,923,802	-
Investment in bills	1,819,411	1,819,411	-	-
Beneficiary securities	1,140,195	-	1,140,195	-
Liabilities				
Financial liabilities at FVTPL				
Financial liabilities designated as at FVTPL	2,483,480	-	2,483,480	-
Financial liabilities held for trading	2,439,142	2,439,142	-	-
Derivative assets and liabilities				
Assets				
Financial assets at FVTPL	45,897,743	867,693	34,778,406	10,251,644
Liabilities				
Financial liabilities at FVTPL				
Financial liabilities designated as at FVTPL	3,598,550	-	3,598,550	-
Financial liabilities held for trading	45,813,623	42,550	35,006,979	10,764,094

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 were no bonds reclassified from the Level 1 to the Level 2 for the years ended December 31, 2023 and 2022, respectively.

As market quoted prices became available, amounts of share investments of $61,732 thousand and $25,934 thousand were transferred from Level 2 to Level 1 for the years ended December 31, 2023 and 2022, respectively.

5) Reconciliation of Level 3 financial assets

For the Year Ended December 31, 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	$ (1,143,207)	$ -	$ 1,670,190	$ -	$ (385,824)	$ (10,296)	$ 12,914,414
Financial assets at FVTOCI	2,309,581	-	202,508	-	-	(122)	-	2,511,967
Total	$ 15,093,132	$ (1,143,207)	$ 202,508	$ 1,670,190	$ -	$ (385,946)	$ (10,296)	$ 15,426,381

For the Year Ended December 31, 2022								
Item	Beginning Balance	Valuation Gains (Losses)		Increase		Decrease		Ending Balance
		In Net Income	In Other Comprehensive Income	Buy or Issue	Transfer in	Sell, Disposal or Delivery	Transfer out	
Financial assets at FVTPL	$ 8,125,531	$ 7,761,713	$ -	$ 1,981,362	$ 16,080	$ (338,732)	$ (4,762,403)	$ 12,783,551
Financial assets at FVTOCI	2,302,456	-	281,844	133,868	-	(23,190)	(385,397)	2,309,581
Total	$ 10,427,987	$ 7,761,713	$ 281,844	$ 2,115,230	$ 16,080	$ (361,922)	$ (5,147,800)	$ 15,093,132

Above-mentioned valuation gains (losses) recognized in current profits or losses in the amounts of $(1,124,006) thousand and $7,932,358 thousand were attributed to gains (losses) on assets owned for the years ended December 31, 2023 and 2022, respectively.

Above-mentioned valuation gains (losses) recognized in other comprehensive income in the amounts of $202,519 thousand and $281,844 thousand were attributed to gains (losses) on assets owned for the years ended December 31, 2023 and 2022, respectively.

Reconciliation of Level 3 financial liabilities:

For the Year Ended December 31, 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	$ (1,037,064)	$ 565,209	$ -	$ (208,216)	$ -	$ 10,084,023

Note: No transfer from Level 3.

For the Year Ended December 31, 2022							
Item	Beginning Balance	Valuation Gains (Losses)	Increase		Decrease		Ending Balance
			Buy or Issue	Transfer in	Sell, Disposal or Delivery	Transfer out	
Financial liabilities at FVTPL	$ 6,344,949	$ 5,521,175	$ 1,972,246	$ -	$ (3,074,276)	$ -	$ 10,764,094

Note: No transfer from Level 3.

Above-mentioned valuation gains (losses) recognized in current profits or losses in the amounts of $1,033,371 thousand and $(4,311,320) thousand were attributed to gains (losses) on liabilities owned for the years ended December 31, 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 December 31, 2023	Valuation Technique	Significant Unobservable Inputs	Range of Estimate	Relationship Between Inputs and Fair Value
Non-derivative financial instruments					
Financial assets at FVTPL					
Financial assets mandatorily classified as at FVTPL					
Share investments	$ 2,408,065	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.
	419,584	Market method	Discount for lack of marketability	20%-40%	The higher the discount for lack of marketability, the lower the fair value.
	44,272	Revenue method	Discount for lack of marketability	20%-60%	The higher the discount for lack of marketability, the lower the fair value.
			Non-controlling interest discount	20%-30%	The higher the discount for non-controlling interests, the lower the fair value.
			Discount rate	5%-20%	The higher the discount rate, the lower the fair value.
Private equity funds	349,457	Assets method	Discount for lack of marketability	10%-30%	The higher the discount for lack of marketability, the lower the fair value.
	174,015	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	2,327,358	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.
	184,609	Market method	Discount for lack of marketability	10%-30%	The higher the discount for lack of marketability, the lower the fair value.
Derivative financial assets					
Financial assets at FVTPL					
Interest rate swaps	29,344	Cash flow discount method	Discount for lack of marketability	0%-20%	The higher the discount for lack of marketability, the lower the fair value.
Derivative financial liabilities					
Financial liabilities at FVTPL					
Interest rate swaps	323,575	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	9.08%	The higher the volatility rate, the higher the fair value.

	Fair Value on December 31, 2022	Valuation Technique	Significant Unobservable Inputs	Range of Estimate	Relationship Between Inputs and Fair Value
Non-derivative financial instruments					
Financial assets at FVTPL					
Financial assets mandatorily classified as at FVTPL					
Share investments	$ 2,196,761	Assets method	Discount for lack of marketability	2%-40%	The higher the discount for lack of marketability, the lower the fair value.
			Non-controlling interest discount	2%-30%	The higher the discount for non-controlling interests, the lower the fair value.
	176,193	Market method	Discount for lack of marketability	20%-30%	The higher the discount for lack of marketability, the lower the fair value.
	96,409	Revenue method	Discount for lack of marketability	30%-50%	The higher the discount for lack of marketability, the lower the fair value.
			Non-controlling interest discount	20%-30%	The higher the discount for non-controlling interests, the lower the fair value.
			Discount rate	4%-25%	The higher the discount rate, the lower the fair value.
Private equity funds	62,544	Market method	Discount for lack of marketability	0%-30%	The higher the discount for lack of marketability, the lower the fair value.
Financial assets at FVTOCI					
Share investments	2,180,790	Assets method	Discount for lack of marketability	3%-30%	The higher the discount for lack of marketability, the lower the fair value.
			Non-controlling interest discount	7%-30%	The higher the discount for non-controlling interests, the lower the fair value.
	128,791	Market method	Discount for lack of marketability	10%-30%	The higher the discount for lack of marketability, the lower the fair value.
Derivative financial assets					
Financial assets at FVTPL					
Interest rate swaps	32,940	Cash flow discount method	Discount for lack of marketability	0%-20%	The higher the discount for lack of marketability, the lower the fair value.
Derivative financial liabilities					
Financial liabilities at FVTPL					
Interest rate swaps	335,164	Cash flow discount method	Discount for lack of marketability	0%-20%	The higher the discount for lack of marketability, the lower the fair value.
Exchangeable corporate bond embedded product	175,500	Option pricing model	Volatility rate	15.3%	The higher the volatility rate, the higher the fair value.

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.

	December 31			
	2023		2022	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets				
Investments in debt instruments at amortized cost (Note)	$ 734,631,003	$ 702,352,308	$ 642,508,812	$ 602,309,359

Note: Include security deposit.

2) Information on fair value hierarchy

Assets and Liabilities	December 31, 2023			
	Total	Level 1	Level 2	Level 3
Financial assets				
Investments in debt instruments at amortized cost	$ 702,352,308	$ 21,605,022	$ 680,747,286	$ -

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	$ -

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 47 (c) for related information.

c) Loans (including delinquent loans)

The Group's loan interest rate is usually determined based on the prime rate plus or minus basis points (i.e., the floating rate), which reflects the market interest rate. The expected recovery of loans is taken into consideration. Therefore, loans are disclosed at their carrying amounts.

Medium and long-term loans, which are determined at fixed rates and account for a minor proportion of loans, are disclosed at their carrying amounts.

d) Deposits

Considering that most of the banking transactions are within one year of maturity, deposits are disclosed at their carrying amounts.

e) Bonds payable

The bonds issued by the Group are intended to enhance liquidity or for capital management purpose instead of earning short-term profits; therefore, the bonds are disclosed at carrying amounts.

Financial Assets and Financial Liabilities Offsetting

The Group signs net settlement contracts or similar agreements with counterparties. When both transaction parties choose to do netting, the Group can offset financial assets and financial liabilities after the signing of the net settlement agreement. If not, the Group would execute total settlement. However, if one of the transaction parties breaks a contract, the other party can choose to execute net settlement. The table below shows more information on the offset of financial assets and financial liabilities.

December 31, 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	$ 54,241,387	$ 19,322,012	$ 34,919,375	$ 28,177,490	$ 4,818,249	$ 1,923,636

Note: Including net settlement and non-cash collateral.

December 31, 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	$ 53,281,408	$ 6,962,023	$ 46,319,385	$ 28,177,490	$ 12,136,540	$ 6,005,355

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.

Transfer of Financial Assets

The Group treats debt securities under repurchase agreements as transferred financial assets that do not qualify for full derecognition; thus, the Group will recognize debts on the transferred financial assets to be bought back at a confirmed price because of the transfer of cash on the debt security contracts. In addition, the Group should not use, sell or pledge the transferred financial assets during the transaction validity period. However, the Group still bears interest and credit risks although the financial assets will not be fully derecognized. The following table shows the amounts of the financial assets that did not qualify for full derecognition and information on the related financial liabilities:

December 31, 2023		
Financial Assets	Transferred Financial Assets - Carrying Amount	Related Financial Liabilities - Carrying Amount
Financial assets at FVTPL sold under repurchase agreement	$ 54,781,998	$ 53,928,575
Financial assets at FVTOCI sold under repurchase agreement	30,880,825	31,730,412

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

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 appetite, 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 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.

<u>Effect of interest rate benchmark reform</u>

As the cessation of all LIBOR currencies and terms was officially completed on July 1, 2023, the Group’s LIBOR transition project team across subsidiaries and departments has already finished the transition project. The exposures of the transition are replaced by alternative rates, like the Secured Overnight Financing Rate (SOFR), other market rates, or fallback rates permitted by the rate oversight authorities (including but not limited to Synthetic LIBOR).

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:

<u>December 31, 2023</u>

	Effect of Interest Rate Benchmark Reform
Interest Rate Benchmark	**Synthetic USD LIBOR**
	Whole Period
Type	**Maturity Date after September 30, 2024**
Non-derivative financial assets - carrying amount	$ 530,357
Financial assets at FVTPL	30,693
Financial assets at FVTOCI	499,664

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 has been officially completed. The due date for the Synthetic USD LIBOR for 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	Other IBOR
	Whole Period	Whole Period
Type	Maturity Date after June 30, 2023	Maturity Date after December 31, 2021
Non-derivative financial assets - carrying amount	$ 58,253,480	$ 230,460
Financial assets at FVTPL	484,311	-
Financial assets at FVTOCI	6,049,643	-
Investments in debt instruments at amortized cost	6,029,250	-
Securities purchased under resell agreements	2,107,559	-
Loans	43,582,717	230,460
Non-derivative financial liabilities - carrying amount	2,996,965	-
Securities sold under repurchase agreements	2,996,965	-
Derivative instruments - nominal principal amount	163,811,126	-

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

Note b: Other IBOR includes SGD SIBOR and SGD SOR.

Note c: Except that the due date for the USD LIBOR overnight, 1 month, 3 months, 6 months and 12 months was extended to June 30, 2023, the due date for other LIBOR currencies is December 31, 2021.

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 descriptions of f. insurance risk and g. financial risk.

ii. Refer to item 6 for the risk assumptions and calculation methods.

iii. Measure potential losses (stress losses) resulting from extreme market volatility in order to assess capital adequacy and essential position adjustments. Refer to item 6 for the stress test.

e) Risk management procedures

The risk management department identifies the products that can be included in the portfolio, evaluates the risk factors on positions, and sets stop-loss limit and limit of VaR to control exposure to position loss. If the stop-loss limit is reached, then the trading department should take immediate remedial steps to reduce the exposure to the risk position.

5) Interest rate risk management in the banking book positions

<u>Taishin Bank</u>

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

a) Management strategy

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

b) Management principles

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

c) Measuring methods

The banking book interest rate risk is the risk of quantitative or repricing term differences due to the differences in amounts or repricing dates of banking book assets, liabilities and off-balance-sheet items. Taishin Bank has rules for risk appetite and limits management. Risk appetite 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

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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 losses for trading portfolios. The risk management unit observes historical information on market prices and sets the biggest possible volatility range for various market risk factors as the stress circumstances. The stress circumstance should be reviewed annually, which should be approved by the high-level risk management and reported to the Chief of financial holding company risk management department. Since there are so many market risk factors that affect trading portfolios, there might be plenty of permutations and combinations of stress circumstances when the unit calculates stress loss. For instance, a 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 conservative principles, the risk management unit will take into account the correlation between various risk factors to calculate the biggest loss as the stress loss.

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

b) Value at risk, "VaR"

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

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

	For the Year Ended December 31, 2023			
	Average	**Highest**	**Lowest**	**Ending Balance**
Exchange VaR	$ 3,477	$ 15,144	$ 791	$ 15,144
Interest rate VaR	50,840	116,874	28,406	53,915
Equity securities VaR	53,227	77,499	26,724	72,735
Credit spread VaR	19,235	29,003	344	20,112
Value at risk	70,747	101,039	50,557	78,841

	For the Year Ended December 31, 2022			
	Average	**Highest**	**Lowest**	**Ending Balance**
Exchange VaR	$ 13,612	$ 33,301	$ 754	$ 2,086
Interest rate VaR	25,876	52,679	9,685	29,870
Equity securities VaR	39,894	82,824	12,055	25,890
Credit spread VaR	9,288	23,408	265	23,408
Value at risk	55,857	95,217	32,471	51,906

c) Information of exchange rate risk concentration

For information regarding Taishin Bank's non-functional currency financial assets and liabilities on the balance sheet date, refer to Note 55.

Taishin Securities B

VaR is the potential highest loss for a period within certain confidence interval. For the years ended December 31, 2023 and 2022, Taishin Securities B's VaR factors were as follows:

	For the Year Ended December 31, 2023			
	Average	**Highest**	**Lowest**	**Ending Balance**
Value at risk (VaR)	$ 101,370	$ 169,201	$ 45,096	$ 58,649

	For the Year Ended December 31, 2022			
	Average	**Highest**	**Lowest**	**Ending Balance**
Value at risk (VaR)	$ 73,036	$ 112,975	$ 33,097	$ 60,610

Taishin Life Insurance

For information regarding methods for measuring market risk and exchange rate risk, refer to the descriptions of f. insurance risk and g. financial 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, material information notifications, and management of accounts under observation etc. It hopes to make tracking and processing of interim management information of credit accounts faster via system automation and strengthen the management and reduce credit risk.

iii. The measurement of ECLs

At the end of the reporting period, Taishin Bank evaluates the risk of default occurring over the expected life of loans, to determine if the credit risk has increased significantly since original recognition. In order to perform this evaluation, Taishin Bank considers the information regarding whose credit risk has significantly increased since the respective loan's initial recognition as well as corroborative information (including forward-looking information). The key indicators include quantitative indicators such as changes in internal and external credit ratings, overdue conditions (such as being more than one month overdue), etc., as well as qualitative indicators such as a worsening of debt paying ability, unfavorable changes in operating financial and economic conditions and significant increases in credit risk of borrowers' other financial instruments. At the end of the reporting period, Taishin Bank assumes that the credit risk has not increase significantly for those whose credit risk is determined to be low.

Taishin Bank has the same definition of default on credit assets and credit impairment. The evidence of credit losses on financial assets includes overdue conditions (e.g. past due for more than three months) and significant financial distress of the borrower. The definitions of default and credit impairment are consistent with the definitions of the financial assets for the purpose of internal credit risk management, which are also used in the relevant impairment assessment model.

In order to assess the ECLs, the loans will be assessed in groups based on the nature of the products, borrowers' credit ratings and collateral, and the Group takes into consideration each borrower's probability of default (PD), loss given default (LGD) and exposure at default (EAD) for the next 12 months and for the lifetime of the loan and considers the impact of the monetary time value in order to calculate the ECLs for 12 months and for the lifetime of the loan, respectively.

The PD and LGD used in the impairment assessment are based on internal historical information (such as credit loss experience) of each combination and are calculated based on current observable data and forward-looking general economic information.

Taishin Bank assesses the EAD, PD and LGD using the current exposure method, the group estimating method and the recovery rate adjustment method, respectively. When assessing internal credit ratings, the Group takes factors into account to adjust PD as follows: It considers the respective borrower's future financial and business prospect, guarantors, shareholders and group background, as well as the forward-looking effects of environmental changes in the economy, markets and regulations in corporate finance; and it considers overall economic indicators (e.g., gross domestic product (GDP)) that are adjusted according to the asymptotic single risk factor (ASRF) model.

There was no significant change in valuation techniques and major assumptions used to assess the ECLs of the loans by Taishin Bank in 2023 and 2022.

In addition to the aforementioned assessment procedures, which classify loans in accordance with the Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans, the loans are classified into five categories for evaluation. Except for normal loans, the remainder are classified into the first category. After the assets are assessed on the basis of the guarantee status of the claims and the length of the time overdue, they are respectively classified within the remaining categories according to the probability of recovery as follows: The second category is for notable assets; the third category is for assets which are expected to be recovered; the fourth category is for assets which will be difficult to recover; and the fifth category is for assets for which recovery is considered hopeless. The highest values of the aforementioned evaluation results are taken to measure the allowance loss.

In order to manage problematic loans, procedures are adopted for the reorganization of loan loss provisions, the allowance for bad debt or guarantee liability provisions, the measurement of overdue loans and the collection of default loans. In the management of loans, Taishin Bank is also guided by the Regulations Governing the Procedures for Corporation Credit Businesses to Evaluate Assets and Deal with Non-performing Assets, Measures for Corporation Credit Businesses to Be Taken When Credit Extensions Become Past Due and Regulations Governing Collection Procedures, Regulations Governing the Procedures for Consumer Finance to Evaluate Assets and Deal with Non-performing Assets, Regulations Governing the Procedures for Overdue Loans, Non-accrual Loans and Doubtful Loans.

iv. Write-off policy

Overdue loans and non-accrual loans for which one of the following events have occurred should have the estimated recoverable amount deducted and should then be written off as bad debts.

- The debtor may not recover all or part of the obligatory claim due to dissolution, disappearance, settlement, bankruptcy or other reasons.

- The appraisal of the collateral, the property of the principal debtor and the surety is low, or the amount of the loan’s priority is deducted, or the collection implementation costs may approach or exceed the amount that Taishin Bank can repay, or the loan is not able to be collected.

- The property of the principal debtor and the surety were auctioned off at multiple auctions, no one was required to buy it and Taishin Bank did not bear the benefit.

- Overdue loans and non-accrual loans, which have been overdue for more than two years have been collected but have not been received.

However, for overdue loans and non-accrual loans which have been overdue for more than three months but less than two years, after the collection has not been recovered and after deducting the recoverable portion, the remainder will be written off as bad debts.

Loans are written off in accordance with relevant regulations and procedures; the activities of the principal debtor and the surety from obligatory claims shall still be monitored by the relevant business department. If there is property that is available for execution, the Group shall sue according to the relevant laws.

If an evaluation determines that there is no benefit to be gained from the collection activities described in the preceding paragraph, such shall be reported to and approved by the board of directors, and the debt shall no longer be posted in the accounts and subject to control; however, such debt shall continue to be recorded in registry books for acknowledgement.

b) Due from and call loans to banks

Taishin Bank evaluates the credit status of counterparties before deals are closed. Taishin Bank grants different limits to the counterparties based on their respective credit ratings as suggested by external qualified credit rating institutes.

c) Security investment and financial derivatives transaction

Regarding the credit risk of security investments and financial derivatives, Taishin Bank manages the risk by internal credit rating of issuers, issued underlying assets, counterparties, and by external credit rating of debt instruments and counterparties or status of regions/countries.

The other banks with which Taishin Bank conducts derivative transactions are mostly considered investment grade. The credits extended to counterparties that are not rated as investment grade are assessed on a case-by-case basis. The credits extended to counterparties are monitored in accordance with the related contract terms and conditions, and the credit limits for derivatives established in normal credit granting processes. Meanwhile, Taishin Bank has set the total position limit on trading and banking book securities and each issuer's limit based on credit ratings.

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 assesses 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.

December 31, 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	0.64%	23.03%	68.35%	83.91%
Amount of exposure	$ 25,275,020	$ 268,022	$ 160,748	$ 111,599
Loss allowance	162,154	61,734	109,874	93,640

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%	71.74%
Amount of exposure	$ 24,045,117	$ 556,902	$ 182,948	$ 38,486
Loss allowance	157,547	50,170	115,668	27,608

Under Taishin Financial Holding and Taishin Bank's approval of asset quality, the minimum loss allowance of lease receivables shall be assessed in accordance with the Regulations of the Procedures for Banking Institutions to Evaluate Assets and Deal with Past Due/Non-performing Loans and Bad Debts issued by the MOF.

When lease receivables are recognized as bad debts because they cannot be recovered or 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:

December 31, 2023

	Gross Carrying Amount	Impairment under IFRS 9	Proportion of Loans/ Collateral (Note)
Personal housing loans	$ 4,439,040	$ 1,318,864	34.10%
Business guaranteed loans	1,355,476	337,263	102.49%
Others	6,556,016	2,407,128	
Total	$ 12,350,532	$ 4,063,255	

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.

b) Credit risk concentration limits and control

To avoid the concentration of credit risks, Taishin Bank has included credit limits for the same person (entity) and for the same related-party corporation (group) based on the credit risk arising from loans, securities investment and derivative transactions.

Meanwhile, for trading and banking book investments, Taishin Bank has set a ratio, which is the credit limit of a single issuer in relation to the total security position. Taishin Bank has also included credit limits for a single counterparty and a single group.

In addition, to manage the concentration risk on each category of financial assets, Taishin Bank has set credit limits based on type of industry, conglomerate, country and transactions collateralized by shares, and integrated within one system to supervise concentration of credit risk in these categories. Taishin Bank monitors concentration of each asset and controls various types of credit risk concentration in a single transaction counterparty, group, related-party corporation, industries, or nations.

c) Net settlement

Taishin Bank settles most of its transactions at gross amounts. For further reduction of credit risks, settlement netting is used for some counterparties or some circumstances where the transactions with counterparties are terminated due to defaults.

d) Other credit enhancements

To reduce its credit risks, Taishin Bank stipulates in its credit contracts the terms for offsetting to state clearly that Taishin Bank reserves the right to offset the borrowers’ debt against their deposits in Taishin Bank.

4) Maximum exposure to credit risk and credit quality analysis

The maximum credit risk exposures of various financial instruments held by the Group are the same as per book amounts. Refer to the notes to the consolidated financial statements.

Part of financial assets held by the Group, such as cash and cash equivalents, due from the Central Bank and call loans to banks, financial assets at FVTPL, securities purchased under resell agreements, deposit refunds, operating deposits, and settlement deposits are exposed to low credit risks because the counterparties have rather high credit ratings.

Based on risk ratings, the amounts of maximum credit risk exposure (excluding the guarantees or other credit enhancements) at each stage of ECLs on December 31, 2023 and 2022 are as follows:

Taishin Bank Consolidated

	December 31, 2023			
	12-month ECLs	**Lifetime ECLs - Unimpaired**	**Lifetime ECLs - Impaired**	**Total**
Loans				
Consumer finance				
Excellent	$ 848,545,967	$ 21,432,843	$ -	$ 869,978,810
Good	5,825,283	61,751	-	5,887,034
Acceptable	-	193,601	-	193,601
Default	-	-	7,975,338	7,975,338
Corporate finance				
Excellent	347,251,523	-	-	347,251,523
Good	304,541,658	-	-	304,541,658
Acceptable	23,000	553,284	-	576,284
Default	-	-	2,003,342	2,003,342
Total	$ 1,506,187,431	$ 22,241,479	$ 9,978,680	$ 1,538,407,590
Receivables (including non-performing receivables transferred, from other than loans)				
Consumer finance				
Excellent	$ 70,024,425	$ 75,481	$ -	$ 70,099,906
Good	227,178	368	-	227,546
Acceptable	-	73,447	-	73,447
Default	-	-	1,752,680	1,752,680
Corporate finance				
Excellent	23,723,368	-	-	23,723,368
Good	5,659,908	-	-	5,659,908
Acceptable	16	2,496	-	2,512
Default	-	-	619,172	619,172
Others	12,381,706	27,191,791	221,197	39,794,694
Total	$ 112,016,601	$ 27,343,583	$ 2,593,049	$ 141,953,233
Debt instruments at FVTOCI				
Excellent	$ 127,757,688	$ -	$ -	$ 127,757,688
Investments in debt instruments at amortized cost				
Excellent	$ 530,992,007	$ -	$ -	$ 530,992,007
Financial guarantees				
Excellent	$ 21,111,429	$ -	$ -	$ 21,111,429
Good	8,479,050	-	-	8,479,050
Total	$ 29,590,479	$ -	$ -	$ 29,590,479
Loan commitments				
Excellent	$ 1,216,706,453	$ 264,204	$ -	$ 1,216,970,657
Good	240,898,719	-	-	240,898,719
Acceptable	-	105,067	-	105,067
Default	-	-	317,983	317,983
Total	$ 1,457,605,172	$ 369,271	$ 317,983	$ 1,458,292,426

	December 31, 2022			
	12-month ECLs	**Lifetime ECLs - Unimpaired**	**Lifetime ECLs - Impaired**	**Total**
Loans				
Consumer finance				
Excellent	$ 763,071,322	$ 25,714,345	$ -	$ 788,785,667
Good	6,394,069	115,498	-	6,509,567
Acceptable	-	125,946	-	125,946
Default	-	-	12,170,562	12,170,562
Corporate finance				
Excellent	301,306,155	-	-	301,306,155
Good	316,029,080	-	-	316,029,080
Acceptable	456,780	724,679	-	1,181,459
Default	-	-	2,253,371	2,253,371
Total	$ 1,387,257,406	$ 26,680,468	$ 14,423,933	$ 1,428,361,807
Receivables (including non-performing receivables transferred, from other than loans)				
Consumer finance				
Excellent	$ 64,031,087	$ 87,541	$ -	$ 64,118,628
Good	179,814	571	-	180,385
Acceptable	-	43,656	-	43,656
Default	-	-	1,900,096	1,900,096
Corporate finance				
Excellent	28,904,510	-	-	28,904,510
Good	8,048,799	-	-	8,048,799
Acceptable	494,612	1,453	-	496,065
Default	-	-	624,694	624,694
Others	13,541,591	23,718,547	168,117	37,428,255
Total	$ 115,200,413	$ 23,851,768	$ 2,692,907	$ 141,745,088
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

5) Situation of credit risk concentration

Prominent concentration of credit risks occurs when transaction parties for financial instruments prominently concentrate on one party, or on a few that are in similar business lines or exhibit similar economic characteristics. The characteristics of concentration of credit risks include the nature of business activities engaged by debtors. The Group has not engaged in transactions that involved a prominent concentration to one client or one transaction party, but has engaged in transaction parties of similar industry type or from similar region.

The Group's information on loans with a significant concentration of credit risk is as follows:

Taishin Bank

Industry Type	December 31			
	2023		2022	
	Carrying Amount	Percentage of Item (%)	Carrying Amount	Percentage of Item (%)
Manufacturing	$ 183,049,382	12	$ 189,311,374	13
Wholesale and retail	65,677,703	4	62,001,352	4
Finance and insurance	141,133,562	9	126,526,145	9
Real estate and leasing	160,209,014	10	142,467,017	10
Service	27,577,945	2	23,921,466	2
Individuals	898,966,768	59	826,994,728	58
Others	61,793,216	4	57,139,725	4
	$ 1,538,407,590		$ 1,428,361,807	

Geographic Location	December 31			
	2023		2022	
	Carrying Amount	Percentage of Item (%)	Carrying Amount	Percentage of Item (%)
Asia	$ 1,429,224,017	93	$ 1,319,496,837	92
Europe	9,548,062	1	11,669,999	1
America	2,577,551	-	1,913,484	-
Others	97,057,960	6	95,281,487	7
	$ 1,538,407,590		$ 1,428,361,807	

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

<u>Taishin Bank</u>

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 appetite 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.

<u>Taishin Securities B</u>

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

a) Funding sources: Other than ensuring stability and risk diversification of funding sources, Taishin Securities B maintains sufficient credit limits in order to cope with volatility risk from unexpected funding supply.

b) Funding application: When assessing investment income, Taishin Securities B ensures its liquidity and safety in order to cope with liquidity risk from unexpected funding needs.

c) Gap management: Taishin Securities B implements funding gap management of various term structures in order to efficiently control unexpected fund dispatching.

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

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

a) When closeout of a position with low amount of market transactions and low liquidity occurs, impairment is generated due to increase of bid-ask premium and extension of covered time. Therefore, liquidity reserve is drawn based on product categories in internal assessment to avoid biased assessment.

b) The proportion limit is calculated as the sum of position, which is the amount of quoted and OTC shares over one-day average volume, of the investment portfolio. The ratio is set to implement control.

c) The volume of holding a single share and the volume of accounting for investment portfolio is limited to a certain amount in order to implement control.

d) The proportion of the volume of a single convertible bond issued to the volume of outstanding portfolio is limited to a certain amount in order to implement control.

3) Financial assets held to manage liquidity risk and maturity analysis

Financial assets held to manage liquidity risk:

The Group holds cash and cash equivalents, due from the Central Bank and banks and financial assets at FVTOCI and investments in debt instruments at amortized cost held for the purpose of managing liquidity risk, in order to perform contractual obligations when due and meet the needs of urgent fund dispatching.

<u>Maturity analysis:</u>

<u>Taishin Bank Consolidated</u>

a) Maturity analysis of non-derivative financial liabilities

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

Financial Instruments Item	December 31, 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	$ 10,995,531	$ 2,502,977	$ 566,799	$ 2,983,000	$ 19,500	$ 3,500	$ -	$ -	$ -	$ 17,071,307
Non-derivative financial liabilities at FVTPL	223,085	-	-	-	-	11,122	-	-	12,358,260	12,592,467
Securities sold under repurchase agreements	67,831,635	6,040,020	272,900	-	-	-	-	-	-	74,144,555
Payables	14,395,913	2,087,423	748,176	8,443,038	38,871	8,551	1	-	-	25,721,973
Deposits and remittances	255,281,062	305,454,717	230,387,934	335,854,781	997,265,364	3,540,779	1,024	-	-	2,127,785,661
Bank notes payable	-	-	3,000,000	-	4,950,000	-	6,000,000	-	14,050,000	28,000,000
Lease liabilities	326,018	248,719	170,464	199,824	228,349	489,422	347,059	164,223	263,873	2,437,951
Other financial liabilities	11,592,362	10,508,209	6,954,569	6,325,563	4,712,439	1,503,597	8,985,346	2,132,255	74,700,500	127,414,840
	$ 360,645,606	$ 326,842,065	$ 242,100,842	$ 353,806,206	$1,007,214,523	$ 5,556,971	$ 15,333,430	$ 2,296,478	$ 101,372,633	$2,415,168,754

Financial Instruments Item	December 31, 2022									
	1-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	1-2 Years	2-3 Years	3-4 Years	4-5 Years	Over 5 Years	Total
Deposits from the Central Bank and banks	$ 8,146,614	$ 6,102,355	$ 956,464	$ 2,975,600	$ 13,000	$ 19,500	$ -	$ -	$ -	$ 18,213,533
Non-derivative financial liabilities at FVTPL	75,360	-	-	-	-	-	-	-	12,363,893	12,439,253
Securities sold under repurchase agreements	53,338,547	16,425,245	529,691	261,994	-	-	-	-	-	70,555,477
Payables	12,484,279	1,872,668	476,281	7,329,794	21,062	6,996	-	-	-	22,191,080
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	113,049	166,913	436,998	582,038	433,853	262,464	156,195	225,649	2,491,699
Other financial liabilities	8,782,569	9,513,857	3,880,701	4,741,380	8,480,258	4,573,385	743,134	9,029,677	67,361,018	117,105,979
	$ 308,789,218	$ 365,695,576	$ 222,733,300	$ 349,139,066	$ 846,854,150	$ 13,273,026	$ 1,006,178	$ 15,185,872	$ 89,000,560	$2,211,676,946

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 $1,127,186,716 thousand and $1,066,562,418 thousand as of December 31, 2023 and 2022, respectively.

b) Maturity analysis of derivative financial liabilities

Taishin Bank disclosed amounts of derivative financial liabilities at FVTPL using fair values recognized in the earliest time band as follows:

Financial Instruments Item	December 31, 2023					
	1-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Derivative financial liabilities at FVTPL	$ 52,174,682	$ -	$ -	$ -	$ -	$ 52,174,682

Financial Instruments Item	December 31, 2022					
	1-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Derivative financial liabilities at FVTPL	$ 44,638,713	$ -	$ -	$ -	$ -	$ 44,638,713

c) Maturity analysis of off-balance sheet items

Below are the amounts of Taishin Bank's off-balance-sheet items presented based on the residual maturities from the balance sheet date to the maturity date of loan commitments, guarantees or letters of credit. As of December 31, 2023 and 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 $25,480,787 thousand and $20,353,805 thousand, respectively, for guarantees; $4,109,692 thousand and $3,918,730 thousand, respectively, for letters of credit; $885,508,522 thousand and $875,109,906 thousand, respectively, for loans commitments (excluding credit card); and $10,624,922 thousand and $10,718,399 thousand, respectively, for credit card commitments.

Item	December 31, 2023					
	1-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Guarantees	$ 2,379,148	$ 5,774,056	$ 3,830,198	$ 3,591,371	$ 9,906,014	$ 25,480,787
Letters of credit	866,436	3,156,285	68,729	18,242	-	4,109,692
Loan commitments (excluding credit cards)	3,689,125	112,121,615	238,059,342	392,489,973	139,148,467	885,508,522
Credit card commitments	1,002	62,738	144,021	251,918	10,165,243	10,624,922

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

Taishin Securities B Consolidated

a) Maturity analysis of non-derivative financial liabilities

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

Financial Instruments Item	December 31, 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	$ 5,201,530	$ -	$ -	$ -	$ -	$ 5,201,530
Short-term loans	450,000	-	-	-	-	450,000
Commercial papers issued	11,888,000	-	-	-	-	11,888,000
Bonds sold under repurchase agreements	11,764,432	-	-	-	-	11,764,432
Deposits on short sales	856,828	-	-	-	-	856,828
Financing guarantees payable	929,965	-	-	-	-	929,965
Futures traders' equity	2,276,298	-	-	-	-	2,276,298
Notes payable and accounts payable	8,350,087	-	-	-	-	8,350,087
Other payables	976,973	-	89,100	89,100	89,100	1,244,273
Other current liabilities	343,534	-	-	-	-	343,534
Lease liabilities	27,401	24,948	71,868	29,494	-	153,711
Bonds payable	-	-	-	-	3,300,000	3,300,000
Guarantee deposits	-	75	164	589	-	828
	$ 43,065,048	$ 25,023	$ 161,132	$ 119,183	$ 3,389,100	$ 46,759,486

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

b) Maturity analysis of derivative financial liabilities

Taishin Securities B disclosed amounts of derivative financial liabilities at FVTPL using fair values recognized in the earliest time band as follows:

Financial Instruments Item	December 31, 2023					
	6 Months	6 Months - 1 Year	1 Year - 3 Years	3 Years - 5 Years	Over 5 Years	Total
Derivative financial liabilities at FVTPL	$ 4,836,703	$ -	$ -	$ -	$ -	$ 4,836,703

Financial Instruments Item	December 31, 2022					
	6 Months	6 Months - 1 Year	1 Year - 3 Years	3 Years - 5 Years	Over 5 Years	Total
Derivative financial liabilities at FVTPL	$ 4,353,150	$ -	$ -	$ -	$ -	$ 4,353,150

f. Insurance risk

1) Measurement and management of insurance risk

Insurance risks refer to insufficient estimates of 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 risk of additional payments exceeding the original estimated values. Taishin Life Insurance engages in the business of life insurance (including variable universal life insurance), accident insurance, and health insurance. In addition, Taishin Life Insurance sells variable universal life insurance and variable annuities (investment-linked products). The risks and management for the above products are as follows:

a) Variable universal life

The main risk of life insurance is the death rate. Taishin Life Insurance assesses the rationality of pricing according to the premium rate of main insurance product on the market and makes related statistical measurements and analyses of the death rate, such as an 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 the pricing basis, affecting the profitability of products.

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 the longevity risk after a certain annuity 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 the death rate and the interest rate. The explanation of death rate risks shall be the same as for life insurance. 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 the 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 the investment portfolio, insurance combination and (or) preset interest rates to mitigate the risks of negative spread.

d) Accident insurance and health insurance

The main risks of accident insurance and health insurance comprise the occurrence of accident rate and the morbidity rate. Taishin Life Insurance tracks the loss rate of each insurance type, assesses the rationality of pricing according to the premium rate of the main insurance product on the market, and makes related statistical measurements of the death rate, such as an experience test, in order to determine whether or not to cease the sale of the product and adjust the premium rate of the product. For the long-term morbidity claims of health insurance, Taishin Life Insurance also arranges reinsurance to mitigate the 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 of death to highly secure reinsurance companies to further mitigate the risks of large claims and catastrophe claims.

3) Sensitivity analysis of insurance risk

According to the relevant insurance regulation, the assumption factors adopted have been locked-in during pricing. However, the assumption may vary from the actual experience. Pursuant to IFRS 4, "Insurance contracts", Taishin Life Insurance should perform liability adequacy test accordingly to determine whether or not the recognized insurance liability is appropriate. In respect of overall insurance contracts of Taishin Life Insurance as of December 31, 2023 and 2022, the liabilities will still be adequate even when the mortality, morbidity, and lapse rates changed by 10%, and discount rates changed by 10bp.

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	8,377,650	-
2020	860,577	996,954	1,007,284	1,009,435	1,009,509	74
2021	860,952	1,013,085	1,026,344	1,028,073	1,028,148	1,804
2022	1,014,119	1,198,608	1,210,393	1,212,410	1,212,496	13,888
2023	1,198,439	1,397,809	1,412,282	1,414,663	1,414,756	216,317
			Loss reserve for unreported and unpaid claims			$ 232,083
			Add: Reported but unpaid claims			1,460,419
			Loss reserve, balance			$ 1,692,502

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	8,251,811	-
2020	849,598	985,975	996,305	998,456	998,530	73
2021	859,961	1,012,095	1,025,354	1,027,082	1,027,158	1,804
2022	1,009,557	1,194,046	1,205,827	1,207,843	1,207,930	13,884
2023	1,197,588	1,396,955	1,411,428	1,413,809	1,413,901	216,313
			Loss reserve for unreported and unpaid claims			$ 232,074
			Add: Reported but unpaid claims			1,394,680
			Loss reserve, balance			$ 1,626,754

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

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

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

a) Credit risk

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

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

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

b) Liquidity risk

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

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

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

	December 31	
	2023	**2022**
Within one year	$ (11,208,800)	$ (7,213,612)
One to five years	(16,066,293)	(8,309,816)
Five to fifteen years	69,905,185	52,377,653
Over fifteen years	541,805,498	488,453,281
	$ 584,435,590	$ 525,307,506

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:

	December 31			
	2023		2022	
	Foreign Currency Amount	**Exchange Rate**	**Foreign Currency Amount**	**Exchange Rate**
<u>Assets</u>				
U.S. dollars	$ 3,678,414	30.71	$ 3,282,474	30.73
<u>Liabilities</u>				
U.S. dollars	2,273,295	30.71	2,011,115	30.73

ii. Sensitivity analysis of exchange rate risks provided in the table below is performed for reasonably possible changes in exchange rates with other conditions held constant for monetary financial assets, showing the impact on pre-tax income. The correlation of variables will have effect on determining the ultimate impact on market risk, but to demonstrate the impact due to changes in variables, Taishin Life Insurance assumes that variables have to be changed on an individual basis. Measurement basis for foreign exchange risk will exclude the investment position and derivative instruments for financial hedging denominated in foreign currency corresponding with foreign currency insurance policy.

	For the Year Ended December 31, 2023	
	Changes in Variables	**Changes in Pre-tax Income**
U.S. dollars	-5%	$ (821,782)

	For the Year Ended December 31, 2022	
	Changes in Variables	**Changes in Pre-tax Income**
U.S. dollars	-5%	$ (616,648)

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 Year Ended December 31, 2023	
	Changes in Variables	**Changes in Unrealized (Loss) Gain**
Financial assets at FVTPL - beneficiary securities	Interest rate increase of 20 bps	$ (547)

	For the Year Ended December 31, 2022	
	Changes in Variables	**Changes in Unrealized (Loss) Gain**
Financial assets at FVTPL - beneficiary securities	Interest rate increase of 20 bps	$ (918)

c) Other price risk

Price risk mainly arises from volatility of equity instruments held by the company. However, Taishin Life Insurance has set up stop-loss mechanism and dispersed the price risk through properly diversified investment portfolio to mitigate risk of concentrated investment in any specific industry or issuers.

Sensitivity analysis of price risk provided in the table below is performed for reasonably possible movement in price with other conditions held constant, the impact on pre-tax income and equity are as follows:

	For the Year Ended December 31, 2023		
	Changes in Variables	**Changes in Pre-tax Income**	**Changes in Other Comprehensive Income (Before Tax)**
Financial assets at FVTPL	Price increase of 10%	$ -	$ 2,649,601
Financial assets at FVTOCI	Price increase of 10%	-	4,274

	Changes in Variables	Changes in Pre-tax Income	Changes in Other Comprehensive Income (Before Tax)
	For the Year Ended December 31, 2022		
Financial assets at FVTPL	Price increase of 10%	$ -	$ 1,949,485
Financial assets at FVTOCI	Price increase of 10%	-	4,281

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

	December 31, 2023			
		Lifetime		
	12 Months	Increase in Credit Risk	Credit Impaired	Total
AAA	$ 4,850,484	$ -	$ -	$ 4,850,484
AA	100,606,972	-	-	100,606,972
A-BBB	85,034,570	-	-	85,034,570
	$ 190,492,026	$ -	$ -	$ 190,492,026

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

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

	December 31, 2023			
		Lifetime		
	12 Months	**Increase in Credit risk**	**Credit Impaired**	**Total**
Expected credit loss rate	0.00%-0.20%			
Carrying amount	$ 190,492,026	$ -	$ -	$ 190,492,026
Loss allowance	$ 24,824	$ -	$ -	$ 24,824

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

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

	2023			
		Lifetime		
	12 Months	**Increase in Credit Risk**	**Credit Impaired**	**Total**
At January 1	$ 28,536	$ -	$ -	$ 28,536
Provision for impairment	(3,657)	-	-	(3,657)
Derecognized	(413)	-	-	(413)
At December 31	$ 24,466	$ -	$ -	$ 24,466

	2022			
		Lifetime		
	12 Months	**Increase in Credit Risk**	**Credit Impaired**	**Total**
At January 1	$ 31,076	$ -	$ -	$ 31,076
Provision for impairment	10,023	-	-	10,023
Derecognized	(12,563)	-	-	(12,563)
At December 31	$ 28,536	$ -	$ -	$ 28,536

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

	2023			
		Lifetime		
	12 Months	Increase in Credit Risk	Credit Impaired	Total
At January 1	$ 312	$ -	$ -	$ 312
Provision for impairment	53	-	-	53
Derecognized	(7)	-	-	(7)
At December 31	$ 358	$ -	$ -	$ 358

	2022			
		Lifetime		
	12 Months	Increase in Credit Risk	Credit Impaired	Total
At January 1	$ 317	$ -	$ -	$ 317
Provision for impairment	136	-	-	136
Derecognized	(141)	-	-	(141)
At December 31	$ 312	$ -	$ -	$ 312

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

	December 31, 2023			
		Lifetime		
	12 Months	Increase in Credit Risk	Credit Impaired	Total
Expected credit loss rate	0%	0%-39%	0%-100%	
Carrying amount	$ 8,046,980	$ 5,124	$ 51,934	$ 8,104,038
Loss allowance	$ -	$ 211	$ 2,829	$ 3,040

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

Movements in loss allowance for loans are as follows:

	2023			
		Lifetime		
	12 Months	Increase in Credit Risk	Credit Impaired	Total
At January 1	$ -	$ 413	$ 3,471	$ 3,884
Transferred to 12-month ECLs	-	(59)	59	-
Provision for expected credit loss (gain)	-	(126)	(614)	(740)
Write-off	-	-	(45)	(45)
Derecognized	-	(16)	(43)	(59)
At December 31	$ -	$ 212	$ 2,828	$ 3,040

	2022			
		Lifetime		
	12 Months	Increase in Credit Risk	Credit Impaired	Total
At January 1	$ -	$ 92	$ 804	$ 896
Transferred to 12-month ECLs	49	(13)	(36)	-
Provision for expected credit loss (gain)	(49)	335	3,393	3,679
Write-off	-	-	(648)	(648)
Derecognized	-	(1)	(42)	(43)
At December 31	$ -	$ 413	$ 3,471	$ 3,884

i) As of December 31, 2023 and 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 $438,654 thousand, $542,201 thousand, respectively. Taishin Life Insurance used historical and timely information to forecast and estimate the expected credit loss. Credit risks are evaluated as significantly low, thus no impairment loss was recognized.

j) Analysis of credit risk concentration

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

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

As of December 31, 2023 and 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 37.49% and 42.57%, 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 and making a table for cash flow estimation on a daily basis. Additionally, revenues and expenses are reviewed in accordance with fund adjustment procedures as a basis for fund procurement in order to cope with needs for various fund liquidity.

The table below is Taishin Life Insurance's non-derivative financial liabilities categorized into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity date:

December 31, 2023

	Within 1 Year	1-2 Years	2-5 Years	Over 5 Years
Payables	$ 1,482,475	$ 13,500	$ -	$ -
Lease liabilities	41,622	1,990	-	-
Other liabilities	3,793	1,534	5,711	6,700
	$ 1,527,890	$ 17,024	$ 5,711	$ 6,700

December 31, 2022

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

4) Climate risks

For information regarding methods for measuring climate risks, refer to the descriptions of h. climate risks.

h. 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:

Type of Structured Entity	Nature and Purpose	Interests Owned
Financing secured bonds	The risks and rewards related to the structured entities' assets transferred to investors to receive returns through bonds issued	Investment in financing secured bonds issued by the entities
Real estate-backed securities	The risks and rewards related to the structured entities' assets transferred to investors to receive returns through bonds issued	Investment in real estate-backed securities issued by the entities
Private equity fund	Invest in private funds issued by external third-party fund companies to obtain investment benefits	Invest in units issued or limited partnership equity by the fund

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

	December 31, 2023			
	Financing Secured Bonds	Real Estate-backed Securities	Private Equity Fund	Total
Financial assets at FVTPL	$ 175,577	$ -	$ 400,435	$ 576,012
Financial assets at FVTOCI	-	1,007,163	-	1,007,163
Investments in debt instruments at amortized cost	-	25,250,431	-	25,250,431
Net ending balance	$ 175,577	$ 26,257,594	$ 400,435	$ 26,833,606

	December 31, 2022			
	Financing Secured Bonds	Real Estate-backed Securities	Private Equity Fund	Total
Financial assets at FVTPL	$ 208,465	$ -	$ 25,989	$ 234,454
Financial assets at FVTOCI	-	1,140,195	-	1,140,195
Investments in debt instruments at amortized cost	-	10,522,480	-	10,522,480
Net ending balance	$ 208,465	$ 11,662,675	$ 25,989	$ 11,897,129

48. RELATED-PARTY TRANSACTIONS

a. Names and relationships of related parties were as follows:

Name	Relationship
Taishin Bank	Subsidiary
Taishin AMC	Subsidiary
Taishin Venture Capital	Subsidiary
Taishin Securities B	Subsidiary
Taishin Securities Investment Trust	Subsidiary
Taishin Securities Investment Advisory	Subsidiary
Taishin Life Insurance	Subsidiary
Taishin D.A. Finance	Second-tier subsidiary
Taishin Real-Estate	Second-tier subsidiary
Taishin Financial Leases (China)	Second-tier subsidiary
Taishin Securities Venture Capital	Second-tier subsidiary
Taishin Capital	Second-tier subsidiary
Crededi Inc.	Second-tier subsidiary (became a non-related party on November 21, 2023)
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

(Continued)

Name	Relationship
Shin Kong Financial Holding Co., Ltd. (“Shin Kong Financial Holding”)	Other
Shin Kong Life Insurance Co., Ltd. (“Shin Kong Life Insurance”)	Other
Shin Kong Insurance Co., Ltd. (“Shin Kong Insurance”)	Other
MasterLink Securities Corp. (“MasterLink Securities”)	Other
Shin Kong Synthetic Fibers Co., Ltd. (“Shin Kong Synthetic Fibers”)	Other
Shin Kong Mitsukoshi Department Store Co., Ltd. (“Shin Kong Mitsukoshi”)	Other
Dah Chung Bills Finance Corp. (“Dah Chung Bills”)	Other
CyberSoft Digital Service Corp. (“CyberSoft Digital Service”)	Other
Yuanta Commercial Bank Co., Ltd. (“Yuanta Bank”)	Other
Tasco Chemical Corp. (“Tasco Chemical”)	Other
Taiwan Fieldrich Corp. (“Taiwan Fieldrich”)	Other
Chin We Co., Ltd. (“Chin We”)	Other
Yi Huan Co., Ltd. (“Yi Huan”)	Other
Xiang Zhao Investment Co., Ltd. (“Xiang Zhao”)	Other
Excel Chemical Corp. (“Excel Chemical”)	Other
An Shin Construction Manager Corp. (“An Shin Construction Manager”)	Other
Yun Teh Corporation (“Yun Teh”)	Other
Chang Her Industrial Corp. (“Chang Her”)	Other
Hung Shin Enterprise Co., Ltd. (“Hung Shin”)	Other
Mega Green Energy Corporation (“Mega Green Energy”)	Other
Jia Hao Corporation (“Jia Hao”)	Other
Ezconn Corporation (“Ezconn”)	Other
Sercomm Corporation (“Sercomm”)	Other
Oneness Biotech Co., Ltd. (“Oneness Biotech”)	Other
Nan Ya Plastics Corporation (“Nan Ya Plastics”)	Other
Bor Sy Industrial Corp. (“Bor Sy”)	Other
Taiwan Depository & Clearing Corporation (“TDCC”)	Other (became a non-related party on October 3, 2023)
Taipei Exchange (“TPEx”)	Other
Bora Biologics Co., Ltd (“Bora Biologics”)	Other
Delin Industrial Corp., Ltd. (“Delin Industrial”)	Other
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
December 31, 2023	$ 2,501,120
December 31, 2022	2,407,121

For the years ended December 31, 2023 and 2022, the amounts of interest income were $57,202 thousand and $36,750 thousand, respectively; interest rates ranged from 1.08% to 15.00% and from 0.75% to 10.59%, respectively.

	December 31, 2023					
	Ending Balance	Highest Amount	Normal Loans	Non-performing Loans	Collateral	The Different Terms with Non-related Parties
Consumer loans						
133 accounts	$ 520,644	$ 724,032	$ 520,644	$ -	Land, buildings and chattels	None
Self-used residence mortgage loans						
154 accounts	1,085,915	1,224,691	1,085,915	-	Land and buildings	None
Other loans						
Ezconn	368,000	2,516,000	368,000	-	Land and buildings	None
Shin Kong Synthetic Fibers	250,000	2,050,000	250,000	-	Securities - shares	None
Others	276,561	4,264,841	276,561	-	Land, buildings and securities - deposits	None
	$ 2,501,120		$ 2,501,120	$ -		

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

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

Deposits

	Ending Balance
December 31, 2023	$ 16,233,579
December 31, 2022	16,579,494

For the years ended December 31, 2023 and 2022, the amounts of interest expenses were $338,250 thousand and $72,348 thousand, respectively; interest rates ranged from 0.00% to 10.00% and from 0.00% to 6.05%, respectively.

	December 31, 2023		
	Ending Balance	Interest Rate Range (Per Annum %)	Interest Expense
Oneness Biotech	$ 4,598,818	0.01-5.19	$ (230,346)
TPEx	1,941,485	0.11-1.54	(14,855)
Sercomm	1,616,812	0.15-1.36	(3,564)
Shin Kong Mitsukoshi	812,306	0.00-0.53	(7,419)
Dah Chung Bills	416,861	0.00-1.20	(3,696)
Ezconn	400,909	0.00-5.50	(10,264)
Shin Kong Synthetic Fibers	330,285	0.00-0.85	(2,731)
Tasco Chemical	298,878	0.01-0.85	(633)
Excel Chemical	253,184	0.01-0.53	(22)
Hung Shin	212,254	0.01-0.01	(8)
Delin Industrial	205,672	0.01-5.35	(840)
An Shin Construction Manager	198,031	0.25-0.53	(3,461)
Mega Green Energy	195,417	0.41-1.56	(2,274)
Shin Kong Insurance	143,481	0.00-1.51	(1,616)

(Continued)

	December 31, 2023		
	Ending Balance	Interest Rate Range (Per Annum %)	Interest Expense
Taiwan Fieldrich	$ 140,033	0.01-5.37	$ (6,432)
Individual A	102,746	0.01-0.85	(475)
Shin Kong Life Insurance	100,564	0.08-0.85	(956)
Others	4,265,843		(48,658)
	$ 16,233,579		$ (338,250)

(Concluded)

	December 31, 2022		
	Ending Balance	Interest Rate Range (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	4,664,143		(21,966)
	$ 16,579,494		$ (72,348)

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

2) Call loan to banks and call loan from banks

		December 31, 2023		
	Item	Ending Balance	Interest Rate Range (Per Annum %)	Interest Income (Expense)
Yuanta Bank	Call loan to banks	$ -	4.58-5.36	$ 2,406
Yuanta Bank	Call loan from banks	-	5.10-5.36	(653)

	Item	December 31, 2022 Ending Balance	Interest Rate Range (Per Annum %)	Interest Income (Expense)
Dah Chung Bills	Call loan to banks	$ -	0.29-0.94	$ 1,583
Yuanta Bank	Call loan to banks	-	0.07-3.72	1,596
Yuanta Bank	Call loan from banks	-	1.56-3.01	(447)

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

3) Trading securities

	December 31, 2023					
			Repurchase Agreements		Resell Agreements	
	Purchase Price (Accumulated Amount)	Sales Price (Accumulated Amount)	Ending Balance	Interest Rate Range (Per Annum %)	Ending Balance	Interest Rate Range (Per Annum %)
MasterLink Securities	$ 4,471,461	$ 2,073,277	$ -	-	$ -	-
Dah Chung Bills	2,900,540	100,000	-	-	-	-
Yuanta Bank	-	199,776	-	-	-	-
Chin We	-	-	61,289	0.87-0.99	-	-
Yi Huan	-	-	15,042	0.79-0.96	-	-
Xiang Zhao	-	-	12,063	0.79-0.96	-	-
Jia Hao	-	-	30,375	0.79-0.99	-	-
Yun Teh	-	-	15,006	0.78-0.97	-	-
Nan Ya Plastics	300,000	-	-	-	-	-
Individual C	-	-	70,223	0.78-0.98	-	-
	$ 7,672,001	$ 2,373,053	$ 203,998		$ -	

	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 Range (Per Annum %)
MasterLink Securities	$ 1,315,821	$ 1,606,897	$ -	-	$ -	-
Dah Chung Bills	49,744	-	-	-	-	-
Yuanta Bank	-	2,095,838	-	-	-	-
Yi Huan	-	-	6,008	0.18-0.76	-	-
Xiang Zhao	-	-	49,219	0.18-0.81	-	-
Jia Hao	-	-	35,034	0.18-0.81	-	-
Chang Her	-	-	44,024	0.52-0.81	-	-
Yun Teh	-	-	81,003	0.52-0.79	-	-
Nan Ya Plastics	-	-	3,547,450	0.58-0.90	-	-
Bor Sy	-	-	60,141	0.60-0.80	-	-
TDCC	518,487	870,733	-	-	-	-
	$ 1,884,052	$ 4,573,468	$ 3,822,879		$ -	

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

4) Derivatives

Related Parties	December 31, 2022 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.

5) Borrowings from related parties

Related Parties	December 31 2023	December 31 2022
Short-term borrowings		
Yuanta Bank	$ 550,000	$ 300,000
Commercial papers issued		
Yuanta Bank	299,800	-

The Group's borrowing interest rates with related parties are consistent with market rates.

6) Other material transactions

	For the Year Ended December 31			
	2023		2022	
	Item	Amount	Item	Amount
CyberSoft Digital Service	Operating expenses	$ (242,870)	Operating expenses	$ (354,968)
Shin Kong Mitsukoshi	Service charge and operating expenses	(360,924)	Service charge and operating expenses	(368,336)
Shin Kong Mitsukoshi	Fee income	351,383	Fee income	348,788
Shin Kong Life Insurance	Commission income	26,210	Commission income	57,690

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

c. Compensation of key management personnel

The remuneration of directors and other members of key management personnel for the years ended December 31, 2023 and 2022 included the following:

	For the Year Ended December 31 2023	For the Year Ended December 31 2022
Short-term benefits	$ 370,545	$ 330,826
Post-employment benefits	1,044	990
Share-based payments	26,778	1,843
	$ 398,367	$ 333,659

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

	December 31, 2023					
Related Parties	**Ending Balance**	**Highest Amount**	**Normal Loans**	**Non-performing Loans**	**Collateral**	**The Different Terms with Non-related Parties**
Other loans						
EZconn	$ 368,000	$ 2,516,000	$ 368,000	$ -	Land and buildings	None
Shin Kong Synthetic Fibers	250,000	2,050,000	250,000	-	Securities - shares	None

	December 31, 2022					
Related Parties	**Ending Balance**	**Highest Amount**	**Normal Loans**	**Non-performing Loans**	**Collateral**	**The Different Terms with Non-related Parties**
Other loans						
EZconn	$ 380,000	$ 3,278,000	$ 380,000	$ -	Land and buildings	None
Shin Kong Synthetic Fibers	150,000	600,000	150,000	-	Securities - shares	None

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

Deposits

	December 31, 2023		
	Ending Balance	**Interest Rate Range (Per Annum %)**	**Interest Expense**
Taishin Financial Holding	$ 19,767,642	0.00-1.40	$ (244,973)
Oneness Biotech	4,598,818	0.01-5.19	(230,346)
Taishin Life Insurance	2,822,109	0.00-2.20	(12,511)
TPEx	1,941,485	0.11-1.54	(14,855)
Sercomm	1,616,812	0.15-1.36	(3,564)
Taishin Securities B	1,269,861	0.00-1.70	(17,896)
Taishin Futures	944,317	0.00-5.53	(4,501)
Shin Kong Mitsukoshi	812,306	0.00-0.53	(7,419)
Dah Chung Bills	416,861	0.00-1.20	(3,696)
Ezconn	400,909	0.00-5.50	(10,264)
Taishin Securities Investment Advisory	344,853	0.41-5.35	(7,544)
Shin Kong Synthetic Fibers	330,285	0.00-0.85	(2,731)
Tasco Chemical	298,878	0.01-0.85	(633)
Excel Chemical	253,184	0.01-0.53	(22)
Taishin D.A. Finance	220,954	0.00-1.51	(2,039)
Hung Shin	212,254	0.01-0.01	(8)
Delin Industrial	205,672	0.01-5.35	(840)

(Continued)

	December 31, 2023			
	Ending Balance		**Interest Rate Range (Per Annum %)**	**Interest Expense**
Taishin Securities Investment Trust	$	204,827	0.08-1.70	$ (881)
An Shin Construction Manager		198,031	0.25-0.53	(3,461)
Mega Green Energy		195,417	0.41-1.56	(2,274)
Shin Kong Insurance		143,481	0.00-1.51	(1,616)
Taiwan Fieldrich		140,033	0.01-5.37	(6,432)
Individual A		102,746	0.01-0.85	(475)
Shin Kong Life Insurance		100,564	0.08-0.85	(956)

(Concluded)

	December 31, 2022			
	Ending Balance		**Interest Rate Range (Per Annum %)**	**Interest Expense**
Taishin Financial Holding	$	20,320,940	0.00-1.22	$ (77,495)
Oneness Biotech		4,361,930	0.01-4.93	(27,861)
Taishin Life Insurance		2,462,888	0.00-0.41	(4,471)
Taishin Securities B		2,183,608	0.00-1.44	(5,682)
TPEx		1,903,698	0.01-1.42	(7,864)
Shin Kong Mitsukoshi		1,496,388	0.00-0.41	(2,774)
An Shin Construction Manager		549,257	0.01-0.41	(1,474)
Tasco Chemical		519,691	0.00-0.41	(161)
Shin Kong Insurance		497,120	0.00-1.26	(1,765)
Shinkong Synthetic Fibers		464,146	0.00-0.41	(1,505)
Dah Chung Bills		427,213	0.00-0.41	(552)
Taishin Futures		398,492	0.16-0.41	(114)
Excel Chemical		381,240	0.01-0.41	(14)
Ezconn		346,049	0.00-4.80	(3,254)
Taishin Securities Investment Advisory		310,996	0.01-2.75	(3,066)
Mega Green Energy		267,570	0.01-1.31	(1,165)
Hung Shin		201,288	0.01-0.01	(10)
Sercomm		144,295	0.00-0.41	(241)
Taishin Securities Investment Trust		139,445	0.01-1.26	(257)
Taiwan Fieldrich		133,601	0.01-5.00	(1,191)
Taishin Venture Capital		133,004	0.01-0.41	(183)
Taishin D.A. Finance		117,800	0.00-1.14	(179)
Bora Biologics		114,979	0.01-0.50	(119)
Individual B		106,886	0.00-4.00	(432)

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

b) Trading securities

	December 31, 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	$ 4,471,461	$ 2,073,277	$ -	-	$ -	-
Taishin Financial Holding	-	-	250,000	0.80-0.98	-	-
Dah Chung Bills	2,900,540	100,000	-	-	-	-
Yuanta Bank	-	199,776	-	-	-	-
Nan Ya Plastics	300,000	-	-	-	-	-

	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	$ -	-	$ -	-
Taishin Financial Holding	-	-	200,000	0.17-0.81	-	-
Yuanta Bank	-	2,095,838	-	-	-	-
Nan Ya Plastics	-	-	3,547,450	0.58-0.90	-	-
TDCC	518,487	870,733	-	-	-	-

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

c) 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	$ -

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

d) Liability contracts with related parties

		December 31	
Item	Related Parties	2023	2022
Account receivables	Taishin Life Insurance	$ 176,017	$ 98,507

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

e) Other material transactions

	For the Year Ended December 31			
	2023		2022	
	Item	Amount	Item	Amount
CyberSoft Digital Service	Operating expenses	$ (236,216)	Operating expenses	$ (348,547)
Shin Kong Mitsukoshi	Service charge and operating expenses	(360,924)	Service charge and operating expenses	(368,336)
Shin Kong Mitsukoshi	Fee income	351,383	Fee income	348,788
Taishin Life Insurance	Commission income	3,046,241	Commission income	1,500,062
Taishin Securities B	Fee income	191,567	Fee income	162,161

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

f) On March 17, 2022, Taishin Bank's board of directors resolved to acquire a real estate from Taishin AMC with the acquisition price of $360,000 thousand. The transaction was completed and recognized on April 2022. The transaction with the related party was made under arm's length terms, which are consistent with normal policies.

2) Taishin Securities B

a) Liability contracts with related parties

Item	Related Parties	December 31 2023	December 31 2022
Cash and cash equivalents	Taishin Bank	$ 456,416	$ 573,212
Customer margin account	Taishin Bank	-	514,846
Other current assets - settlements and receipts under custody	Taishin Bank	511,666	628,866
Other financial assets - current	Taishin Bank	-	130,000
Other non-current assets - operating guarantee deposits	Taishin Bank	290,000	325,000

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

b) Lease arrangements

<u>Acquisition of right-of-use assets</u>

Related Parties	For the Year Ended December 31 2023	For the Year Ended December 31 2022
<u>Buildings</u>		
Taishin Bank	$ 1,612	$ 124,510

Item	Related Parties	December 31 2023	December 31 2022
Lease liabilities	Taishin Bank	$ 102,046	$ 147,271

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

c) Borrowings from related parties

Related Parties	December 31 2023	December 31 2022
<u>Short-term borrowings</u>		
Yuanta Bank	$ 250,000	$ -
<u>Commercial papers issued</u>		
Yuanta Bank	299,800	-

Taishin Securities B's borrowing interest rates with related parties are consistent with market rates.

d) Financial assets at FVTPL - current

Item	Related Parties	For the Year Ended December 31			
		2023		2022	
		Ending Shares (In Thousands)	Ending Balance	Ending Shares (In Thousands)	Ending Balance
Trading securities - underwriting	Sercomm	3,000	$ 330,900	1,863	$ 186,300
Trading securities - hedging	Shin Kong Financial Holding	530	55,014	2,916	300,348

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

e) As of December 31, 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 $546,257 thousand.

3) Taishin Life Insurance

a) Liability contracts with related parties

Item	Related Parties	December 31	
		2023	2022
Cash and cash equivalents	Taishin Bank	$ 2,822,109	$ 2,462,888
Commission payables	Taishin Bank	192,986	93,558

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

b) Other material transactions

Item	Related Parties	For the Year Ended December 31	
		2023	2022
Commission expenses	Taishin Bank	$ 3,062,898	$ 1,421,348
Administrative expenses	Taishin Securities Investment Trust	115,151	97,008

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

4) Taishin AMC

a) Credit receivable

In June 2005, Taishin AMC bought 12 accounts of credit loans from Taishin Bank for $986,000 thousand with carrying amount of $2,951,353 thousand. According to the contract, the receivables of $986,000 thousand will be paid off in seven installments by October 31, 2006.

In July 2006, Taishin AMC bought non-performing loans that resulted from cash card, credit card and small consumer loans from Taishin Bank for $546,697 thousand with carrying amount of $9,494,153 thousand. According to the contract, June 30, 2006 was determined as the basic measurement date of this transaction, and the receivables of $546,697 thousand will be paid off in two installments by September 15, 2006. In September 2006, Taishin AMC bought non-performing loans that consisted of cash card, credit card and small consumer loans from Taishin Bank for $158,000 thousand with carrying amount of $5,490,584 thousand. According to the contract, August 31, 2006 was determined as the basic measurement date of this transaction, and the receivables of $158,000 thousand will be paid off in two installments by October 31, 2006. Also defined in the contract, 5 years from measurement date, Taishin AMC authorized Taishin Bank the rights to collect payments from debtors and will pay the 30% of loans collected as service fees and 40% of the remaining 70% of loan collected as commission. The service contracts mentioned were terminated on June 30, 2011 and August 31, 2011, respectively. From July 1, 2011 and September 1, 2011, Taishin AMC authorized Taishin Bank with the rights to collect payments from debtors and paid 32.5% of loans collected as service fees.

The transaction content summary is as follows:

Loans with transferred ownership

	For the Year Ended December 31, 2023			
	Beginning Balance	**Purchased**	**Collected**	**Ending Balance**
Loans with transferred ownership	$ 14,599,924	$ -	$ (95,080)	$ 14,504,844

	For the Year Ended December 31, 2022			
	Beginning Balance	**Purchased**	**Collected**	**Ending Balance**
Loans with transferred ownership	$ 14,707,924	$ -	$ (108,000)	$ 14,599,924

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

a) Liability contracts with related parties

		December 31	
Item	**Related Parties**	**2023**	**2022**
Cash	Taishin Bank	$ 86,063	$ 133,004

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

b) Taishin Venture Capital transferred 100% equity interest in Taishin Financial Leasing (China) to Taishin D.A. Finance, and the disposal price was $2,356,113 thousand. This transaction with the related party was made at arm's length, which is consistent with normal policies.

6) Taishin Securities Investment Trust

a) Liability contracts with related parties

Item	Related Parties	December 31 2023	December 31 2022
Refundable deposits	Taishin Bank	$ 134,979	$ 134,979

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

b) Other material transactions

Item	Related Parties	For the Year Ended December 31 2023	For the Year Ended December 31 2022
Administrative revenues	Taishin Life Insurance	$ 128,666	$ 105,967
Operating expenses and service charge	Taishin Bank	96,216	103,651

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

7) Taishin Securities Investment Advisory

Liability contracts with related parties

Item	Related Parties	December 31 2023	December 31 2022
Other financial assets	Taishin Bank	$ 327,257	$ 277,996

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

49. PLEDGED ASSETS

The following assets were provided as collateral for overdrafts from Central Bank and other banks, derivative trading, repurchase agreements and other operating deposits:

Pledged Assets	Description	December 31 2023	December 31 2022
Refundable deposits	Cash and certificates of time deposits	$ 14,303,096	$ 13,390,945
Operating deposits and settlement funds	Cash, certificates of time deposits, bonds and cash paid to stock exchange	1,690,206	1,645,840
Investments in debt instrument at FVTOCI	Bonds	312,563	390,100
Investments in debt instruments at amortized cost	Securities and bonds	16,526,284	18,162,221
Other financial assets - due from banks	Time deposits	75,000	15,000

50. CONTINGENT LIABILITIES AND COMMITMENTS

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

	December 31 2023	December 31 2022
Trust liabilities	$ 820,134,087	$ 694,770,011
Securities custody payable	97,180,742	85,891,124
Unpaid engineering equipment and software	1,094,743	821,814

As of December 31, 2022, the remaining capital commitments for the contracted private equity fund of the Group was $1,023,207 thousand.

51. FINANCIAL INFORMATION BY BUSINESS SEGMENTS

Bank Business / Item	For the Year Ended December 31, 2023				
	Bank Business	Securities Business	Insurance Business	Other Business	Total
Net interest income	$ 26,377,118	$ 177,284	$ 5,683,785	$ (1,910,298)	$ 30,327,889
Net income other than net interest income	17,013,514	4,477,800	18,032,674	66,173	39,590,161
Net revenue and gains	43,390,632	4,655,084	23,716,459	(1,844,125)	69,918,050
Reversal of bad debts expenses and guarantee liabilities (provision)	(1,768,388)	(1,060)	646	-	(1,768,802)
Net changes in insurance liability reserve	-	-	(18,459,120)	932,308	(17,526,812)
Operating expenses	(26,650,090)	(2,738,484)	(2,214,119)	(1,296,824)	(32,899,517)
Income before income tax	14,972,154	1,915,540	3,043,866	(2,208,641)	17,722,919
Income tax (expense) benefit	(3,101,227)	(165,144)	383,926	(236,597)	(3,119,042)
Income after income tax	11,870,927	1,750,396	3,427,792	(2,445,238)	14,603,877

Bank Business / Item	For the Year Ended December 31, 2022				
	Bank Business	**Securities Business**	**Insurance Business**	**Other Business**	**Total**
Net interest income	$ 26,156,613	$ 378,155	$ 4,560,852	$ (1,873,062)	$ 29,222,558
Net income other than net interest income	13,284,866	2,282,268	19,306,854	2,345,924	37,219,912
Net revenue and gains	39,441,479	2,660,423	23,867,706	472,862	66,442,470
Reversal of bad debts expenses and guarantee liabilities (provision)	(1,543,168)	964	(3,017)	-	(1,545,221)
Net changes in insurance liability reserve	-	-	(18,993,389)	945,065	(18,048,324)
Operating expenses	(23,968,281)	(2,167,648)	(1,922,262)	(1,141,415)	(29,199,606)
Income before income tax	13,930,030	493,739	2,949,038	276,512	17,649,319
Income tax (expense) benefit	(2,700,843)	(80,470)	(21,486)	9,373	(2,793,426)
Income after income tax	11,229,187	413,269	2,927,552	285,885	14,855,893

52. FINANCIAL STATEMENTS OF TAISHIN FINANCIAL HOLDING

TAISHIN FINANCIAL HOLDING CO., LTD.

BALANCE SHEETS (STANDALONE)
DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

ASSETS	2023	2022
Cash and cash equivalents	$ 19,767,643	$ 20,320,940
Financial assets at fair value through other comprehensive income (FVTOCI)	10,856,781	18,906,868
Securities purchased under resell agreements	250,000	200,000
Receivables, net	2,914,459	1,055,959
Investments accounted for using equity method	230,493,885	204,287,506
Property and equipment, net	3,021	1,920
Right-of-use assets, net	12,139	18,208
Intangible assets, net	953	-
Other assets, net	19,566	19,115
TOTAL	$ 264,318,447	$ 244,810,516

LIABILITIES AND EQUITY	2023	2022
LIABILITIES		
Financial liabilities at fair value through profit or loss (FVTPL)	$ 175,500	$ 175,500
Commercial papers issued, net	6,445,988	2,447,270
Payables	706,559	800,823
Current tax liabilities	3,597,148	1,779,651
Bonds payable	36,844,602	36,720,216
Lease liabilities	13,430	19,426
Total liabilities	47,783,227	41,942,886
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	15,513,819	17,279,705
Other equity	(794,452)	(7,293,518)
Total equity	216,535,220	202,867,630
TOTAL	$ 264,318,447	$ 244,810,516

TAISHIN FINANCIAL HOLDING CO., LTD.

STATEMENTS OF COMPREHENSIVE INCOME (STANDALONE)
FOR THE YEARS ENDED DECEMBER 31, 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	$ 15,222,401	$ 16,014,907
Interest income	250,403	78,789
Realized gains on financial assets at FVTOCI	348,019	545,801
Other income	1,020	1,232
Total income	15,821,843	16,640,729
EXPENSES AND LOSSES		
Operating expenses	(554,926)	(478,463)
Interest expenses	(665,225)	(597,078)
Loss on financial assets and liabilities at FVTPL	-	(987,878)
Total expenses and losses	(1,220,151)	(2,063,419)
INCOME BEFORE INCOME TAX	14,601,692	14,577,310
INCOME TAX (EXPENSE) BENEFIT	-	286,542
NET INCOME	14,601,692	14,863,852
OTHER COMPREHENSIVE INCOME (LOSS)		
Items that will not be reclassified subsequently to profit or loss		
Gain (loss) on remeasurements of defined benefit plans	292	1,609
Unrealized gain (loss) on investments in equity instruments designated as at FVTOCI	1,208,652	1,590,858
Share of other comprehensive income (loss) of associates accounted for using equity method	(293,303)	605,179
Items that will be reclassified subsequently to profit or loss		
Share of other comprehensive income (loss) of associate accounted for using equity method	6,102,600	(8,877,100)
OTHER COMPREHENSIVE INCOME (LOSS) FOR THE YEAR, NET OF TAX	7,018,241	(6,679,454)
TOTAL COMPREHENSIVE INCOME (LOSS)	$ 21,619,933	$ 8,184,398
EARNINGS PER SHARE		
Basic	$1.01	$1.04
Diluted	$1.01	$1.04

TAISHIN FINANCIAL HOLDING CO., LTD.

STATEMENTS OF CHANGES IN EQUITY (STANDALONE)
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

	Share Capital		Capital Surplus				Retained Earnings			Other Equity				
	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	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	Total Equity
BALANCE AT JANUARY 1, 2022	$ 114,093,832	$ 8,000,000	$ 33,790,327	$ 2,075,475	$ 52,632	$ 3,213	$ 13,196,771	$ 393,716	$ 25,110,517	$ (182,782)	$ 1,197,868	$ (18,823)	$ 354,532	$ 198,067,278
Appropriation of 2021 earnings														
Legal reserve appropriated	-	-	-	-	-	-	2,047,300	-	(2,047,300)	-	-	-	-	-
Special reserve appropriated	-	-	-	-	-	-	-	8,304,402	(8,304,402)	-	-	-	-	-
Cash dividends of ordinary shares	-	-	-	-	-	-	-	-	(6,902,677)	-	-	-	-	(6,902,677)
Cash dividends of preferred shares	-	-	-	-	-	-	-	-	(1,757,500)	-	-	-	-	(1,757,500)
Stock dividends of ordinary shares	5,647,644	-	-	-	-	-	-	-	(5,647,644)	-	-	-	-	-
Net income for the year ended December 31, 2022	-	-	-	-	-	-	-	-	14,863,852	-	-	-	-	14,863,852
Other comprehensive income (loss) for the year ended December 31, 2022, net of tax	-	-	-	-	-	-	-	-	215,532	44,548	(3,248,831)	300,972	(3,991,675)	(6,679,454)
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	-	-	-	15,079,384	44,548	(3,248,831)	300,972	(3,991,675)	8,184,398
Issuance of Class F preferred shares	-	3,000,000	2,276,131	-	-	-	-	-	-	-	-	-	-	5,276,131
Disposal of investments in equity instruments designated as at FVTOCI	-	-	-	-	-	-	-	-	1,749,327	-	(1,749,327)	-	-	-
BALANCE AT DECEMBER 31, 2022	119,741,476	11,000,000	36,066,458	2,075,475	52,632	3,213	15,244,071	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 year ended December 31, 2023	-	-	-	-	-	-	-	-	14,601,692	-	-	-	-	14,601,692
Other comprehensive income (loss) for the year ended December 31, 2023, net of tax	-	-	-	-	-	-	-	-	(44,964)	(46,291)	3,377,710	(120,755)	3,852,541	7,018,241
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	-	-	-	-	14,556,728	(46,291)	3,377,710	(120,755)	3,852,541	21,619,933
Disposal of investments in equity instruments designated as at FVTOCI	-	-	-	-	-	-	-	-	564,139	-	(564,139)	-	-	-
BALANCE AT DECEMBER 31, 2023	$ 124,770,618	$ 11,000,000	$ 36,066,458	$ 2,075,475	$ 52,632	$ 3,213	$ 16,926,942	$ 10,920,515	$ 15,513,819	$ (184,525)	$ (986,719)	$ 161,394	$ 215,398	$ 216,535,220

TAISHIN FINANCIAL HOLDING CO., LTD.

STATEMENTS OF CASH FLOWS (STANDALONE)
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income before income tax	$ 14,601,692	$ 14,577,310
Depreciation expenses	7,190	6,961
Amortization expenses	808	425
Net loss (gain) on financial assets and liabilities at FVTPL	-	987,878
Net loss (gain) on financial assets and liabilities at FVTOCI	(348,019)	(545,801)
Interest expenses	665,225	597,078
Interest income	(250,403)	(78,789)
Share of profit of subsidiaries and associates accounted for using equity method	(15,222,401)	(16,014,907)
(Gain) loss on disposal of property and equipment	-	(260)
Changes in operating assets and liabilities		
Net changes in operating assets		
(Increase) decrease in receivables	258,047	1,443,942
(Increase) decrease in financial assets at FVTOCI	9,245,508	19,425,325
(Increase) decrease in other assets	(968)	5,068
Net changes in operating liabilities		
Increase (decrease) in financial liabilities at FVTPL	-	(3,000,000)
Increase (decrease) in payables	43,178	(59,581)
Interest received	256,834	59,124
Dividend received	5,186,571	9,069,747
Interest paid	(542,718)	(503,431)
Income taxes refund	-	79,779
Income taxes paid	(442,327)	(969,474)
Net cash generated from (used in) operating activities	13,458,217	25,080,394
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of investments accounted for using equity method	(10,000,000)	(5,000,000)
Acquisition of property and equipment	(2,222)	(267)
Proceeds from disposal of property and equipment	-	260
Acquisition of intangible assets	(953)	-
Net cash generated from (used in) investing activities	(10,003,175)	(5,000,007)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in commercial papers payable	4,000,000	-
Decrease in commercial papers payable	-	(2,050,000)
Proceeds from issuing bonds	-	5,025,000
Payments of lease liabilities	(5,996)	(5,975)
Cash dividends distributed	(7,952,343)	(8,660,177)
Issuance of Class F preferred shares	-	5,276,131
Net cash generated from (used in) financing activities	(3,958,339)	(415,021)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(503,297)	19,665,366
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	20,520,940	855,574
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 20,017,643	$ 20,520,940
Cash and cash equivalents in the balance sheets	$ 19,767,643	$ 20,320,940
Securities purchased under resell agreements qualifying as cash and cash equivalents under the definition of IAS 7	250,000	200,000
Cash and cash equivalents at the end of the year	$ 20,017,643	$ 20,520,940

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

The Company

Item		For the Year Ended December 31, 2023	For the Year Ended December 31, 2022
Return on total assets	Pretax	5.74%	6.03%
	After tax	5.74%	6.15%
Return on net equity	Pretax	6.96%	7.27%
	After tax	6.96%	7.41%
Profit margin		92.29%	89.32%

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

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

Note c: Profit margin = $\frac{\text{Income after tax}}{\text{Total income}}$

Note d: Profitability presented above is cumulative from January 1 to December 31 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 Year Ended December 31, 2023	For the Year Ended December 31, 2022
Return on net equity - ordinary share	Pretax	7.78%	8.16%
	After tax	7.78%	8.34%

The Group

Item		For the Year Ended December 31, 2023	For the Year Ended December 31, 2022
Return on total assets	Pretax	0.61%	0.67%
	After tax	0.50%	0.56%
Return on net equity	Pretax	8.45%	8.80%
	After tax	6.96%	7.41%
Profit margin		20.89%	22.36%

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

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

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

Note d: Profitability presented above is cumulative from January 1 to December 31 of 2023 and 2022.

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

Item		For the Year Ended December 31, 2023	For the Year Ended December 31, 2022
Return on net equity - ordinary share	Pretax	9.70%	10.13%
	After tax	7.78%	8.34%

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

Taishin Bank

a. Taishin Bank's subsidiary, Taishin D.A. Finance, acquired 100% equity interest in Taishin Financial Leasing (China) from Taishin Venture Capital on the settlement base date of December 5, 2023. The consolidation is a reorganization under common control. According to the regulations issued by the Accounting Research and Development Foundation, when Taishin Bank prepared the comparative standalone financial statements, the financial statements should be retroactively restated as if the acquisition had occurred.

b. Balance sheets (standalone)

	December 31	
	2023	2022 (Restated)
Assets		
Cash and cash equivalents	$ 26,797,824	$ 28,545,325
Due from Central Bank and call loans to banks	109,924,871	112,925,890
Financial assets at FVTPL	140,735,792	106,327,208
Financial assets at FVTOCI	130,801,651	117,368,575
Investments in debt instruments at amortized cost	530,952,892	450,869,560
Securities purchased under resell agreements	18,831,853	11,788,760
Receivables, net	111,334,100	111,984,078
Current tax assets	-	124,565
Loans, net	1,517,143,729	1,408,561,211
Investments accounted for using equity method	4,537,476	4,539,339
Other financial assets, net	3,567,346	6,159,889
Property and equipment, net	21,151,363	21,560,612
Right-of-use assets, net	2,119,290	2,026,914
Intangible assets, net	2,623,458	2,701,972
Deferred tax assets	2,496,780	2,207,290
Other assets, net	15,219,308	14,108,429
	$ 2,638,237,733	$ 2,401,799,617

(Continued)

	December 31	
	2023	2022 (Restated)
Liabilities		
Deposits from the Central Bank and banks	$ 17,071,307	$ 18,213,533
Financial liabilities at FVTPL	54,957,541	47,197,553
Securities sold under repurchase agreements	74,144,555	70,555,477
Payables	25,057,961	21,724,358
Current tax liabilities	2,915,703	1,234,518
Deposits and remittances	2,128,059,291	1,940,857,131
Bank notes payable	28,000,000	28,000,000
Other financial liabilities	105,696,681	95,217,153
Provisions	1,734,196	1,649,999
Lease liabilities	2,236,892	2,106,706
Deferred tax liabilities	58,362	58,364
Other liabilities	8,244,306	5,334,634
	2,448,176,795	2,232,149,426
Equity		
Share capital	95,535,273	90,989,818
Capital surplus	35,930,369	30,319,980
Retained earnings	60,925,837	50,448,131
Other equity	(2,330,541)	(4,544,678)
Equity attributable to former owner of business combination under common control	-	2,436,940
	190,060,938	169,650,191
	$ 2,638,237,733	$ 2,401,799,617

(Concluded)

c. Statements of comprehensive income (standalone)

	For the Year Ended December 31	
	2023	2022 (Restated)
Interest income	$ 66,868,739	$ 40,191,601
Interest expense	(42,264,394)	(15,794,004)
Net interest income	24,604,345	24,397,597
Net income other than net interest income	20,373,081	15,016,952
Net revenue and gains	44,977,426	39,414,549
Bad debts expenses, commitment and guarantee liability provisions	(1,294,891)	(1,300,392)
Operating expenses	(25,756,815)	(23,083,041)
(Loss) income before income tax	17,925,720	15,031,116
Income tax expense	(3,080,784)	(2,549,427)
Net (loss) income	14,844,936	12,481,689
Other comprehensive income (loss)	1,978,385	(4,637,623)
Total comprehensive income (loss)	$ 16,823,321	$ 7,844,066
Basic earnings per share (dollar)	$1.61	$1.34
Diluted earnings per share (dollar)	$1.61	$1.34

d. Key financial and business highlights

1) Profitability

Item		For the Year Ended December 31, 2023	For the Year Ended December 31, 2022 (Restated)
Return on total assets	Pretax	0.71%	0.66%
	After tax	0.59%	0.55%
Return on net equity	Pretax	9.97%	8.87%
	After tax	8.25%	7.37%
Profit margin		33.01%	31.67%

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

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

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

Note d: Profitability presented above is cumulative from January 1 to December 31 of 2023 and 2022.

2) Asset quality

Non-performing loans and receivables

Business Type \ Item			December 31, 2023 Non-performing Loans (Note a)	Loans	Non-performing Loans Ratio (Note b)	Allowance for Loan Losses	Coverage Ratio (Note c)	December 31, 2022 Non-performing Loans (Note a)	Loans	Non-performing Loans Ratio (Note b)	Allowance for Loan Losses	Coverage Ratio (Note c)
Corporate finance	Secured		$ 535,944	$ 323,411,182	0.17%	$ 3,703,532	691.03%	$ 679,575	$ 311,172,402	0.22%	$ 3,497,032	514.59%
	Unsecured		583,379	343,007,895	0.17%	5,685,557	974.59%	596,383	319,575,323	0.19%	5,267,194	883.19%
Consumer finance	Mortgage loans (Note d)		119,569	412,148,612	0.03%	6,168,081	5,158.60%	209,341	386,700,407	0.05%	5,807,007	2,773.95%
	Cash cards		4,740	198,078	2.39%	39,574	834.89%	8,852	309,549	2.86%	47,572	537.42%
	Credit loans (Note e)		238,624	98,130,252	0.24%	1,091,654	457.48%	205,507	86,481,922	0.24%	992,864	483.13%
	Others (Note f)	Secured	289,642	355,067,327	0.08%	3,816,836	1,317.78%	266,595	321,922,495	0.08%	3,521,960	1,321.09%
		Unsecured	2,043	6,444,244	0.03%	68,556	3,355.65%	2,309	2,199,709	0.10%	24,910	1,078.82%
Subtotal			1,773,941	1,538,407,590	0.12%	20,573,790	1,159.78%	1,968,562	1,428,361,807	0.14%	19,158,539	973.23%
Credit card			167,377	70,278,804	0.24%	711,666	425.19%	135,063	64,937,068	0.21%	641,310	474.82%
Accounts receivable factoring with no recourse (Note g)			-	27,476,624	-	900,794	-	-	35,824,274	-	1,047,380	-

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	December 31, 2023		December 31, 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)	$ 100,138	$ 35,921	$ 146,116	$ 52,270
Loans executed in accordance with debt clearing and renewal regulations (Note b)	1,675,745	1,024,882	1,750,328	1,117,438
Total	1,775,883	1,060,803	1,896,444	1,169,708

Note a: Disclosed in accordance with the Letter issued by the Banking Bureau on April 25, 2006 (Ref. No. FSC (1) 09510001270).

Note b: Disclosed in accordance with the letter issued by the Banking Bureau on September 15, 2008 (Ref. No. FSC (1) 09700318940) and September 20, 2016 (Ref. No. FSC 10500134790).

3) Concentration of credit risk

Year	December 31, 2023			December 31, 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 (activities of other holding companies)	$ 16,047,121	8.44%	A Group (activities of other holding companies)	$ 16,265,719	9.73%
2	B Group (wireless telecommunications)	13,140,173	6.91%	C Group (other financial service, not elsewhere classified)	11,657,530	6.97%
3	C Group (other financial service not elsewhere classified)	12,932,206	6.80%	B Group (wireless telecommunications)	10,343,855	6.19%
4	D Group (real estate development)	10,666,000	5.61%	E Group (other financial service, not elsewhere classified)	10,312,786	6.17%
5	E Group (other financial service not elsewhere classified)	10,148,220	5.34%	D Group (real estate development)	10,280,000	6.15%
6	F Group (activities of other holding companies)	9,858,573	5.19%	F Group (activities of other holding companies)	10,051,141	6.01%
7	G Group (financial leasing industry)	9,595,821	5.05%	G Group (financial leasing industry)	10,022,477	5.99%
8	H Group (real estate development)	9,127,600	4.80%	K Group (manufacture of computers)	9,078,641	5.43%
9	I Group (rolling and extruding of iron and steel)	8,570,014	4.51%	I Group (rolling and extruding of iron and steel)	8,691,126	5.20%
10	J Group (manufacture of computers)	7,754,191	4.08%	J Group (manufacture of computers)	7,652,057	4.58%

Note a: Sorted by the balance of loans, excluding government or state-owned business. If borrowers belong to the same business group, the aggregated credit amount of the business group is disclosed, and code and industry additionally disclosed. If the borrower is a business group, the industry with the largest risk exposures in the business group is disclosed. The industry disclosure should follow the guidelines of Directorate-General of Budget, Accounting and Statistics.

Note b: Transaction party is in accordance with Article 6 of the Supplementary Provisions of the Taiwan Stock Exchange Corporation Criteria for Review of Securities Listings.

Note c: Loans include import and export bill negotiations, bills discounted, overdrafts, short-term loans, short-term secured loans, financing receivables, medium-term loans, medium-term secured loans, long-term loans, long-term secured loans, delinquent loans, inward remittances, factoring without recourse, acceptances, and guarantees.

4) Interest rate sensitivity

Item	December 31, 2023				
	1-90 Days	91-180 Days	181 Days-1 Year	More Than 1 Year	Total
Interest-sensitive assets	$ 1,469,465,977	$ 36,183,628	$ 98,531,993	$ 216,167,627	$ 1,820,349,225
Interest-sensitive liabilities	574,706,758	143,977,104	120,529,469	851,974,673	1,691,188,004
Interest sensitivity gap	894,759,219	(107,793,476)	(21,997,476)	(635,807,046)	129,161,221
Net equity					190,336,299
Ratio of interest-sensitive assets to liabilities					107.64%
Ratio of interest sensitivity gap to net equity					67.86%

Item	December 31, 2022				
	1-90 Days	91-180 Days	181 Days-1 Year	More Than 1 Year	Total
Interest-sensitive assets	$ 1,319,311,500	$ 43,562,070	$ 58,851,989	$ 207,871,928	$ 1,629,597,487
Interest-sensitive liabilities	577,073,868	121,135,183	146,529,246	669,902,880	1,514,641,177
Interest sensitivity gap	742,237,632	(77,573,113)	(87,677,257)	(462,030,952)	114,956,310
Net equity					167,379,412
Ratio of interest-sensitive assets to liabilities					107.59%
Ratio of interest sensitivity gap to net equity					68.68%

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

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

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

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

(In Thousands of U.S. Dollars)

Item	December 31, 2023				
	1-90 Days	91-180 Days	181 Days-1 Year	More Than 1 Year	Total
Interest-sensitive assets	$ 12,697,794	$ 2,037,194	$ 3,967,801	$ 3,654,148	$ 22,356,937
Interest-sensitive liabilities	12,540,786	2,294,126	2,222,157	4,859,559	21,916,628
Interest sensitivity gap	157,008	(256,932)	1,745,644	(1,205,411)	440,309
Net equity					(46,653)
Ratio of interest-sensitive assets to liabilities					102.01%
Ratio of interest sensitivity gap to net equity					(943.80%)

(In Thousands of U.S. Dollars)

Item	December 31, 2022				
	1-90 Days	91-180 Days	181 Days-1 Year	More Than 1 Year	Total
Interest-sensitive assets	$ 11,562,309	$ 2,061,731	$ 1,875,469	$ 4,959,343	$ 20,458,852
Interest-sensitive liabilities	11,629,997	1,547,047	1,928,070	4,809,746	19,914,860
Interest sensitivity gap	(67,688)	514,684	(52,601)	149,597	543,992
Net equity					(79,336)
Ratio of interest-sensitive assets to liabilities					102.73%
Ratio of interest sensitivity gap to net equity					(685.68%)

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

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

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

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

5) Maturity analysis of assets and liabilities

	Total	December 31, 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	$ 2,721,337,901	$ 816,619,522	$ 430,471,586	$ 276,073,845	$ 233,144,406	$ 965,028,542
Major maturity cash outflow	3,304,414,286	457,098,432	503,729,497	472,827,177	527,913,503	1,342,845,677
Gap	(583,076,385)	359,521,090	(73,257,911)	(196,753,332)	(294,769,097)	(377,817,135)

	Total	December 31, 2022				
		Period Remaining until Due Date and Amount Due				
		0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	More Than 1 Year
Major maturity cash inflow	$ 2,439,482,635	$ 632,790,587	$ 475,390,861	$ 214,389,191	$ 202,779,698	$ 914,132,298
Major maturity cash outflow	3,005,738,328	395,022,339	561,916,504	365,471,569	484,884,839	1,198,443,077
Gap	(566,255,693)	237,768,248	(86,525,643)	(151,082,378)	(282,105,141)	(284,310,779)

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

(In Thousands of U.S. Dollars)

	Total	December 31, 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	$ 71,729,852	$ 22,857,836	$ 20,643,225	$ 12,409,463	$ 7,504,726	$ 8,314,602
Major maturity cash outflow	71,514,981	24,344,306	21,183,700	11,328,942	8,871,937	5,786,096
Gap	214,871	(1,486,470)	(540,475)	1,080,521	(1,367,211)	2,528,506

(In Thousands of U.S. Dollars)

	Total	December 31, 2022				
		Period Remaining until Due Date and Amount Due				
		0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	More Than 1 Year
Major maturity cash inflow	$ 54,153,761	$ 15,253,307	$ 18,651,215	$ 7,385,123	$ 4,407,310	$ 8,456,806
Major maturity cash outflow	53,999,836	14,569,507	19,017,274	8,117,653	6,218,580	6,076,822
Gap	153,925	683,800	(366,059)	(732,530)	(1,811,270)	2,379,984

Note: The amounts listed above include amounts in U.S. dollars for head office, domestic branches, and OBU.

Taishin Securities B

a. Balance sheets (standalone)

	December 31 2023	December 31 2022
Assets		
Current assets	$ 52,204,426	$ 39,093,803
Financial assets at FVTPL - non-current	177,569	77,881
Financial assets at FVTOCI - non-current	5,046,516	5,529,107
Investments accounted for using equity method	582,784	590,042
Property and equipment	822,591	758,012
Right-of-use assets	141,371	174,132
Investment properties	121,710	125,005
Intangible assets	188,237	154,506
Deferred tax assets	9,497	13,014
Other non-current assets	524,763	596,424
	$ 59,819,464	$ 47,111,926
Liabilities		
Current liabilities	$ 45,512,648	$ 34,141,471
Non-current liabilities	3,451,426	3,496,794
	48,964,074	37,638,265
Equity		
Share capital	6,924,125	6,924,125
Capital surplus	895,825	895,825
Retained earnings	3,101,121	1,801,867
Other equity	(65,681)	(148,156)
	10,855,390	9,473,661
	$ 59,819,464	$ 47,111,926

b. Statements of comprehensive income (standalone)

	For the Year Ended December 31 2023	For the Year Ended December 31 2022
Revenue	$ 5,469,489	$ 3,483,247
Expenses	(3,845,600)	(2,939,456)
Non-operating income and expenses	86,230	57,869
(Loss) income before income tax	1,710,119	601,660
Income tax expense	(165,144)	(80,470)
Net (loss) income	1,544,975	521,190
Other comprehensive income (loss)	107,629	(105,915)
Total comprehensive income (loss)	$ 1,652,604	$ 415,275
Basic earnings per share (dollar)	$2.23	$0.75

c. Profitability

Item		For the Year Ended December 31, 2023	For the Year Ended December 31, 2022
Return on total assets	Pretax	3.20%	1.07%
	After tax	2.89%	0.93%
Return on net equity	Pretax	16.82%	6.10%
	After tax	15.20%	5.28%
Profit margin		28.25%	14.96%

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

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

Note c: Profit margin = $\dfrac{\text{Income after tax}}{\text{Revenue}}$

Note d: Profitability presented above is cumulative from January 1 to December 31 of 2023 and 2022.

Taishin Life Insurance

a. Balance sheets

	December 31 2023	December 31 2022
Assets		
Cash and cash equivalents	$ 6,216,541	$ 4,785,001
Receivables	2,875,284	2,643,954
Current tax assets	160,463	265,840
Financial assets at FVTPL	27,099,682	19,862,934
Financial assets at FVTOCI	42,735	42,813
Investments in debt instruments at amortized cost	187,028,392	173,757,524
Investments accounted for using equity method	451,435	263,555
Investment properties	2,274,522	1,982,084
Loans	7,684,039	7,462,397
Reinsurance contract assets	598,394	566,564
Property and equipment	1,979,308	1,941,277
Right-of-use assets	46,371	98,409
Intangible assets	255,488	229,514
Deferred tax assets	455,348	801,813
Other assets	1,474,204	1,478,626
Separate account insurance product assets	33,883,725	28,335,840
	$ 272,525,931	$ 244,518,145

(Continued)

	December 31	
	2023	2022
Liabilities		
Payables	$ 1,495,975	$ 903,989
Current tax liabilities	3,611	3,611
Financial liabilities at FVTPL	131,812	244,810
Lease liabilities	43,461	96,193
Insurance liabilities	216,570,530	198,190,731
Reserve for insurance contracts with the nature of financial products	1,742	1,942
Reserve for foreign exchange valuation	414,258	915,295
Provisions	174,504	190,854
Deferred tax liabilities	401,951	370,599
Other liabilities	701,943	624,261
Separate account insurance product liabilities	33,883,725	28,335,840
	253,823,512	229,878,125
Equity		
Share capital	9,378,059	9,378,059
Capital surplus	2,727,273	2,727,273
Retained earnings	6,305,414	6,095,478
Other equity	291,673	(3,560,790)
	18,702,419	14,640,020
	$ 272,525,931	$ 244,518,145

(Concluded)

b. Statements of comprehensive income

	For the Year Ended December 31	
	2023	2022
Operating revenue	$ 37,754,651	$ 27,984,349
Operating cost	(35,560,462)	(24,616,504)
Operating expenses	(2,328,711)	(2,025,528)
Operating (loss) income	(134,522)	1,342,317
Non-operating income and expenses	1,339	75,036
(Loss) income before income tax	(133,183)	1,417,353
Income tax benefit (expense)	383,926	(21,486)
Net (loss) income	250,743	1,395,867
Other comprehensive income (loss)	3,811,656	(3,972,778)
Total comprehensive income (loss)	$ 4,062,399	$ (2,576,911)
Basic earnings per share (dollar)	$0.27	$1.69

c. Profitability

Item		For the Year Ended December 31, 2023	For the Year Ended December 31, 2022
Return on total assets	Pretax	(0.05%)	0.62%
	After tax	0.10%	0.61%
Return on net equity	Pretax	(0.80%)	10.55%
	After tax	1.50%	10.39%
Profit margin		0.66%	4.97%

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

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

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

Note d: Profitability presented above is cumulative from January 1 to December 31 of 2023 and 2022.

Taishin AMC

a. Balance sheets

	December 31 2023	December 31 2022
Assets		
Current assets	$ 16,278	$ 19,828
Financial assets at FVTOCI - non-current	384,115	483,656
Investments accounted for using equity method	143,961	144,039
Property and equipment	169,448	172,186
Investment properties	819,615	826,599
Deferred tax assets	17,701	34,416
Right-of-use assets	280	-
Other non-current assets	214,014	319,462
	$ 1,765,412	$ 2,000,186
Liabilities		
Current liabilities	$ 227,943	$ 233,472
Non-current liabilities	4,237	4,062
	232,180	237,534
Equity		
Share capital	671,000	671,000
Capital surplus	4,141	4,141
Retained earnings	604,876	735,424
Other equity	253,215	352,087
	1,533,232	1,762,652
	$ 1,765,412	$ 2,000,186

b. Statements of comprehensive income

	For the Year Ended December 31	
	2023	2022
Operating revenue	$ 207,637	$ 230,302
Operating cost and expenses	(109,447)	(115,606)
Operating (loss) income	98,190	114,696
Non-operating income	147,602	149,647
Non-operating expenses	(1,310)	(2,193)
(Loss) income before income tax	244,482	262,150
Income tax expense	(29,196)	(33,037)
Net (loss) income	215,286	229,113
Other comprehensive income (loss)	(88,303)	445,597
Total comprehensive income (loss)	$ 126,983	$ 674,710
Basic earnings per share (dollar)	$3.21	$3.41

c. Profitability

Item		For the Year Ended December 31, 2023	For the Year Ended December 31, 2022
Return on total assets	Pretax	12.99%	13.23%
	After tax	11.43%	11.56%
Return on net equity	Pretax	14.84%	17.69%
	After tax	13.06%	15.46%
Profit margin		60.60%	60.30%

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

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

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

Note d: Profitability presented above is cumulative from January 1 to December 31 of 2023 and 2022.

Taishin Venture Capital

a. Balance sheets

	December 31	
	2023	2022
Assets		
Current assets	$ 2,575,063	$ 649,368
Financial assets at FVTPL - non-current	5,620,176	6,559,490
Investments accounted for using equity method	10,915	2,436,940
Property and equipment	1,248	84
Right-of-use assets	3,948	5,770
Other non-current assets	481	481
	$ 8,211,831	$ 9,652,133
Liabilities		
Current liabilities	$ 24,519	$ 33,281
Non-current liabilities	2,176	4,026
	26,695	37,307
Equity		
Share capital	9,197,040	5,667,549
Capital surplus	-	871
Retained earnings	(1,011,904)	4,084,420
Other equity	-	(138,014)
	8,185,136	9,614,826
	$ 8,211,831	$ 9,652,133

b. Statements of comprehensive income

	For the Year Ended December 31	
	2023	2022
Revenue	$ 5,146	$ 4,020,306
Expenses and losses	(1,383,294)	(32,145)
(Loss) income before income tax	(1,378,148)	3,988,161
Income tax expense	(33,713)	(66,505)
Net (loss) income	(1,411,861)	3,921,656
Other comprehensive income (loss)	(17,830)	38,538
Total comprehensive income (loss)	$ (1,429,691)	$ 3,960,194
Basic earnings (loss) per share (dollar)	$(1.54)	$4.26

c. Profitability

Item		For the Year Ended December 31, 2023	For the Year Ended December 31, 2022
Return on total assets	Pretax	(15.43%)	52.07%
	After tax	(15.81%)	51.20%
Return on net equity	Pretax	(15.48%)	52.24%
	After tax	(15.86%)	51.37%
Profit margin		(27,436.09%)	97.55%

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

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

Note c: Profit margin = $\frac{\text{Income after tax}}{\text{Revenue}}$

Note d: Profitability presented above is cumulative from January 1 to December 31 of 2023 and 2022.

Taishin Securities Investment Trust

a. Balance sheets

	December 31 2023	December 31 2022
Assets		
Current assets	$ 647,059	$ 576,311
Financial assets at FVTOCI - non-current	3,057	2,846
Property and equipment	6,970	9,363
Right-of-use assets	34,262	10,766
Goodwill	410,930	410,930
Other intangible assets	4,091	3,452
Deferred tax assets	44	8
Other non-current assets	213,123	285,075
	$ 1,319,536	$ 1,298,751
Liabilities		
Current liabilities	$ 193,954	$ 198,714
Other non-current liabilities	23,727	1,506
	217,681	200,220
Equity		
Share capital	831,350	831,350
Capital surplus	47,856	47,856
Retained earnings	222,592	219,479
Other equity	57	(154)
	1,101,855	1,098,531
	$ 1,319,536	$ 1,298,751

b. Statements of comprehensive income

	For the Year Ended December 31	
	2023	**2022**
Operating revenue	$ 773,305	$ 802,201
Operating expenses	(602,835)	(576,491)
Operating (loss) income	170,470	225,710
Non-operating income	18,377	1,568
Non-operating expenses	(801)	(21,172)
(Loss) income before income tax	188,046	206,106
Income tax expense	(35,074)	(37,572)
Net (loss) income	152,972	168,534
Other comprehensive income (loss)	53	(2,245)
Total comprehensive income (loss)	$ 153,025	$ 166,289
Basic earnings per share (dollar)	$1.84	$2.03

c. Profitability

Item		**For the Year Ended December 31, 2023**	**For the Year Ended December 31, 2022**
Return on total assets	Pretax	14.36%	15.27%
	After tax	11.68%	12.49%
Return on net equity	Pretax	17.09%	18.46%
	After tax	13.90%	15.09%
Profit margin		19.32%	20.97%

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

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

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

Note d: Profitability presented above is cumulative from January 1 to December 31 of 2023 and 2022.

Taishin Securities Investment Advisory

a. Balance sheets

	December 31	
	2023	**2022**
Assets		
Current assets	$ 361,884	$ 355,044
Property and equipment	1,737	2,027
Right-of-use assets	13,744	21,573
Deferred tax assets	703	664
Other non-current assets	6,887	6,887
	$ 384,955	$ 386,195
Liabilities		
Current liabilities	$ 34,333	$ 36,557
Deferred tax liabilities	52	105
Other non-current liabilities	9,975	17,696
	44,360	54,358
Equity		
Share capital	300,000	300,000
Capital surplus	25,663	25,663
Retained earnings	14,932	6,174
	340,595	331,837
	$ 384,955	$ 386,195

b. Statements of comprehensive income

	For the Year Ended December 31	
	2023	**2022**
Operating revenue	$ 116,260	$ 116,547
Operating expenses	(108,373)	(113,758)
Operating (loss) income	7,887	2,789
Non-operating income	8,795	13,391
Non-operating expenses	(219)	(8,286)
(Loss) income before income tax	16,463	7,894
Income tax expense	(2,015)	(2,853)
Net (loss) income	14,448	5,041
Other comprehensive income (loss)	(133)	1,133
Total comprehensive income (loss)	$ 14,315	$ 6,174
Basic earnings per share (dollar)	$0.48	$0.17

c. Profitability

Item		For the Year Ended December 31, 2023	For the Year Ended December 31, 2022
Return on total assets	Pretax	4.27%	2.04%
	After tax	3.75%	1.30%
Return on net equity	Pretax	4.90%	2.40%
	After tax	4.30%	1.53%
Profit margin		11.55%	3.88%

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

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

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

Note d: Profitability presented above is cumulative from January 1 to December 31 of 2023 and 2022.

55. SIGNIFICANT FINANCIAL ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

Significant financial assets and liabilities denominated in foreign currencies were as follows:

Taishin Bank

(Foreign Currencies/New Taiwan Dollars in Thousands)

	December 31, 2023		
	Foreign Currencies	Exchange Rate	New Taiwan Dollars
Financial assets			
Monetary items			
AUD	$ 2,137,916	20.99	$ 44,881,303
CAD	47,616	23.20	1,104,833
CHF	48,745	36.53	1,780,745
RMB	8,701,751	4.33	37,662,934
EUR	370,135	34.00	12,584,184
GBP	35,981	39.17	1,409,363
HKD	4,146,567	3.93	16,301,259
JPY	109,402,427	0.22	23,766,255
SGD	190,976	23.30	4,450,058
USD	17,164,556	30.71	527,192,179
ZAR	1,038,948	1.66	1,721,970
Non-monetary items			
USD	330,463	30.71	10,149,853

(Continued)

	December 31, 2023		
	Foreign Currencies	**Exchange Rate**	**New Taiwan Dollars**
<u>Financial liabilities</u>			
Monetary items			
AUD	$ 824,083	20.99	$ 17,299,991
CAD	62,799	23.20	1,457,125
RMB	11,408,705	4.33	49,379,179
EUR	518,555	34.00	17,630,296
GBP	103,716	39.17	4,062,496
HKD	3,656,755	3.93	14,375,678
JPY	150,809,741	0.22	32,761,456
NZD	51,941	19.49	1,012,221
SGD	35,590	23.30	829,299
USD	19,544,053	30.71	600,276,047
ZAR	3,854,740	1.66	6,388,912
Non-monetary items			
AUD	94,565	20.99	1,985,215
USD	364,775	30.71	11,203,710
<u>Derivative instruments</u>			
Financial assets			
AUD	643,552	20.99	13,510,102
CAD	1,149,068	23.20	26,661,985
CHF	30,211	36.53	1,103,656
RMB	56,560,687	4.33	244,806,077
EUR	888,860	34.00	30,220,241
GBP	75,628	39.17	2,962,315
JPY	60,809,388	0.22	13,210,049
SGD	223,391	23.30	5,205,399
USD	27,530,764	30.71	845,579,892
ZAR	3,448,268	1.66	5,715,219
Financial liabilities			
AUD	1,871,571	20.99	39,289,936
CAD	1,134,131	23.20	26,315,404
CHF	74,467	36.53	2,720,415
RMB	53,954,402	4.33	233,525,550
EUR	744,064	34.00	25,297,325
GBP	6,573	39.17	257,460
HKD	801,385	3.93	3,150,459
JPY	19,140,460	0.22	4,158,016
SGD	378,491	23.30	8,819,499
USD	25,352,498	30.71	778,676,631
ZAR	633,530	1.66	1,050,023

(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
CHF	13,804	33.25	459,032
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
CHF	1,963	33.25	65,258
RMB	22,214,533	4.41	98,016,740
EUR	439,138	32.75	14,381,735
GBP	25,182	37.06	933,363
JPY	29,166,378	0.23	6,782,641
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)

56. BUSINESS OR TRANSACTION ACTIVITIES, JOINT BUSINESS PROMOTION ACTIVITIES, INTERACTIVE USE OF INFORMATION, OR SHARING OF BUSINESS EQUIPMENT OR PREMISES WITH VARIOUS SUBSIDIARIES OF FINANCIAL HOLDING COMPANIES, AND THE METHOD OF APPORTIONING REVENUE, COSTS, EXPENSES, AND PROFITS AND LOSSES

a. Please refer to Table 9 for the major business or transactions between Taishin Financial Holding and its subsidiaries.

b. Joint business promotion activities

In order to provide customers with diversified and convenient financial services to meet their needs, further improve the performance of each subsidiary, and create the best synergy, Taishin Financial Holding and its subsidiaries actively use the resources of each subsidiary to integrate the marketing mechanism through financial holdings, assist each other in the cross-selling business, and fully demonstrate the advantages of complementary channels.

c. Interactive use of information

In accordance with the “Financial Holding Company Act”, “Administrative Measures for Joint Marketing Between Subsidiaries of Financial Holding Companies”, “Personal Data Protection Act” and relevant letters and orders issued by the FSC, the Company and its subsidiaries that conduct joint marketing, and subsidiaries of mutual use have signed the “Joint Customer Information Confidentiality Agreement”, and announced “Joint Marketing Customer Information Confidentiality Measures” on its website and business offices to maintain the confidentiality of customer information or limit its use, and provide a customer exit mechanism in a legal and safe environment.

d. Sharing of business equipment or premises

In order to provide the most suitable products and one-stop shopping services, and to conduct joint marketing business within the scope approved by laws and regulations, customers can conduct related businesses at the business offices of Taishin Bank, Taishin Securities B and Taishin Life Insurance, the Company’s subsidiaries.

e. The method of apportioning revenue, costs, expenses, and profits and losses

In order to expand the economic scale and utilize the benefits of the Group's resources, Taishin Financial Holding and its subsidiaries will jointly promote the business or share part of the business equipment and premises. Their income and expense allocation methods are directly attributable to the subsidiaries according to the nature of the business, or appropriately apportioned to the respective companies.

57. DISCLOSURES UNDER STATUTORY REQUIREMENTS

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

1) Material transactions are summarized as follows:

No.	Item	Explanation
1	Securities of Taishin Financial Holding's investees acquired or disposed of at costs or prices of at least NT$300 million or 10% of the paid-in capital	Table 3
2	Acquisition or disposal of individual real estate at costs of at least NT$300 million or 10% of the paid-in capital	Table 4
3	Discounts of service charges for related parties amounting to at least $5 million	Table 5
4	Receivables from related parties amounting to at least NT$300 million or 10% of the paid-in capital	Table 6
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	Table 3 (Note)
5	Derivative transactions of investees	Notes 9 and 47

Note: None, or not required to disclose No. 1 to 4 if the investee is a bank, insurance or security company.

3) Names, locations, and related information of investees: Refer to Table 7.

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 8
2	Significant commitments and contingencies	Note 50
3	Significant losses	None
4	Subsequent events	None

5) Information on major shareholders: The names, numbers of shares held, and shareholding percentages of shareholders who hold 5 or more of the Company’s equity: None.

b. The business relationship and material transactions in consolidation

According to the Guidelines Governing the Preparation of Financial Reports by Securities Issuers, a company should disclose business relationships and material transactions in consolidation. Please refer to Table 9.

58. SEGMENT INFORMATION

a. General information

The report of Taishin Financial Holding and its subsidiaries is the same as the report for internal use of policy makers. Main policy makers distribute the resources to the operation department and evaluate its efficiency. Taishin Financial Holding’s main policy makers are the board of directors.

Interdepartmental transactions are normal transactions. Taishin Financial Holding consolidates all its subsidiaries and writes off interdepartmental transaction gains and losses. The subsidiaries evaluate their own operation efficiency.

The operation departments of Taishin Financial Holding are subsidiaries of bank business, securities business, insurance business and other business, respectively. The board of directors, the main policy maker, reviews company operation result, distributes resources, and evaluates operation efficiency.

	For the Year Ended December 31, 2023							
	Taishin Bank (Retail Banking Group)	Taishin Bank (Wholesale Banking Group)	Taishin Bank (Financial and Financial Market Group)	Taishin Securities B Consolidated	Taishin Life Insurance	Others	Adjustments and Eliminations	Total
Net interest income (expense)	$ 17,519,617	$ 13,273,454	$ (1,259,032)	$ 199,166	$ 5,683,785	$ (3,856,314)	$ (1,232,787)	$ 30,327,889
Net income other than net interest income	10,853,262	2,239,893	4,269,929	4,333,522	14,986,662	18,599,051	(15,692,158)	39,590,161
Net revenue and gains	28,372,879	15,513,347	3,010,897	4,532,688	20,670,447	14,742,737	(16,924,945)	69,918,050
Reversal of bad debt expenses, commitments and guarantees liabilities (provision)	(439,973)	(853,861)	(153)	(1,060)	646	(474,401)	-	(1,768,802)
Net changes in insurance liability reserve	-	-	-	-	(18,459,120)	-	932,308	(17,526,812)
Operating expenses	(17,487,933)	(4,081,867)	(1,010,354)	(2,821,509)	(2,345,156)	(5,598,931)	446,233	(32,899,517)
Income (loss) before income tax	$ 10,444,973	$ 10,577,619	$ 2,000,390	$ 1,710,119	$ (133,183)	$ 8,669,405	$ (15,546,404)	$ 17,722,919
Total assets	$ 893,740,257	$ 682,212,073	$ 824,901,261	$ 62,207,434	$ 272,525,931	$ 537,010,955	$ (236,646,541)	$ 3,035,951,370

	For the Year Ended December 31, 2022							
	Taishin Bank (Retail Banking Group)	Taishin Bank (Wholesale Banking Group)	Taishin Bank (Financial and Financial Market Group)	Taishin Securities B Consolidated	Taishin Life Insurance	Others	Adjustments and Eliminations	Total
Net interest income (expense)	$ 14,353,870	$ 10,955,579	$ 4,464,642	$ 383,586	$ 4,560,852	$ (4,224,237)	$ (1,271,734)	$ 29,222,558
Net income other than net interest income	9,798,750	2,123,318	1,267,825	2,484,564	17,885,718	22,004,475	(18,344,738)	37,219,912
Net revenue and gains	24,152,620	13,078,897	5,732,467	2,868,150	22,446,570	17,780,238	(19,616,472)	66,442,470
Reversal of bad debt expenses, commitments and guarantees liabilities (provision)	(466,082)	(834,634)	325	964	(3,017)	(242,777)	-	(1,545,221)
Net changes in insurance liability reserve	-	-	-	-	(18,993,389)	-	945,065	(18,048,324)
Operating expenses	(15,978,668)	(3,858,425)	(955,146)	(2,267,454)	(2,032,811)	(4,496,643)	389,541	(29,199,606)
Income (loss) before income tax	$ 7,707,870	$ 8,385,838	$ 4,777,646	$ 601,660	$ 1,417,353	$ 13,040,818	$ (18,281,866)	$ 17,649,319
Total assets	$ 816,941,270	$ 651,623,705	$ 692,539,006	$ 47,142,092	$ 244,518,145	$ 519,774,270	$ (207,733,941)	$ 2,764,804,547

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 YEAR ENDED DECEMBER 31, 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	$ 229,985	$ 10,732,626
		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	229,985	10,732,626
		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	229,985	10,732,626
		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	229,985	10,732,626

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
DECEMBER 31, 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	December 31, 2023				Note
				Number of Shares/Units/ Face Value	Carrying Amount	Percentage of Ownership (%)	Market Value	
Taishin Real Estate	Shares							
	Metro Consulting Service Ltd.	Its corporate director is Taishin Real Estate	Financial assets at FVTOCI	300	$ 2,778	6.00	$ 2,778	
Taishin D.A. Finance	Shares							
	Yuan Tai Forex Brokerage Co., Ltd.	Its corporate director is Taishin D.A. Finance	Financial assets at FVTOCI	600,000	8,948	5.00	8,948	
	Bon-Li International Technology Co., Ltd.	None	〃	125,000	-	1.50	-	Go out of business
	Equity							
	Taishin Financial Leasing (China)	Investee under the equity method	Investments accounted for using equity method	80,000	2,334,453	100.00	2,334,453	
Taishin Venture Capital	Equity							
	Chime Biologics Limited	None	Financial assets at FVTPL	2,105	36,232	0.45	36,232	
	Delos Capital Fund, LP	〃	〃	8,144	204,543	7.63	204,543	
	Delos Capital Fund II, LP	〃	〃	8,126	307,005	7.46	307,005	
	Delos Capital Fund III, LP	〃	〃	4,444	77,580	8.31	77,580	
	CDIB Capital Global Opportunities Fund L.P.	〃	〃	2,172	55,393	2.21	55,393	
	Li Shen Zhi-Lian L.P.	〃	〃	30,000	46,200	10.59	46,200	
	Arm IoT Fund, L.P.	〃	〃	2,520	96,968	14.70	96,968	
	Shares							
	Chi-Ting Venture Capital Investment Co., Ltd.	〃	〃	50	92	1.30	92	Liquidated
	Hwei-Yang Venture Capital Investment Co., Ltd.	〃	〃	42	1,959	1.54	1,959	
	Century Development Corp.	Its corporate supervisor is Taishin Venture Capital	〃	10,633	128,878	3.03	128,878	
	Microbio Co., Ltd.	None	〃	1,259	63,564	0.22	63,564	
	Winking Studios Limited	〃	〃	2,614	12,785	0.93	12,785	
	Diamond Biofund INC.	Its corporate director is Taishin Venture Capital	〃	72,626	3,544,165	8.55	3,544,165	
	StemCyte International, Ltd.	None	〃	730	12,286	0.45	12,286	
	VM Discovery, Inc. Preferred D	〃	〃	95	6,043	0.38	6,043	
	RevMAb Biosciences, Inc.	〃	〃	400	14,316	2.26	14,316	
	Eden Biologics, Inc.	〃	〃	2,105	5,011	0.89	5,011	
	OME Technology Co., Ltd.	〃	〃	1,457	18,010	2.22	18,010	

(Continued)

Holding Company	Marketable Securities Type and Name	Relationship with the Holding Company	Financial Statement Account	December 31, 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	〃	35,000	$ 383,250	10.00	$ 383,250	
	Taxven BioPharma, Inc.	None	〃	402	26,199	0.30	26,199	
	Great Agricultural Technology Co., Ltd.	〃	〃	578	5,839	3.33	5,839	
	Contact Digital Integration Co., Ltd.	Others	Financial assets at FVTPL	1,300	-	7.22	-	
	I.X	None	〃	1,942	194	3.41	194	
	AMIS Technologies Co., Ltd.	〃	〃	17,500	-	7.92	-	
	IIH Biomedical Venture Fund I Co., Ltd.	Its corporate director is Taishin Venture Capital	〃	5,000	86,850	8.08	86,850	
	Taiwania Capital Management Corporation	None	〃	17,760	47,419	7.10	47,419	
	Shenghe Energy Corporation	Its corporate supervisor is Taishin Venture Capital	〃	5,000	27,150	5.00	27,150	
	Jada International Development Corporation	None	〃	1,946	11,035	5.68	11,035	
	Guoyu Global Company Limited	Its corporate director is Taishin Venture Capital	〃	300	1,131	9.68	1,131	
	Jing Ying Investment Co., Ltd.	〃	〃	15,610	137,212	10.00	137,212	
	Gogoro Inc.	None	〃	1,000	79,240	0.41	79,240	
	CT Ambi Inc.	Its corporate supervisor is Taishin Venture Capital	〃	2,000	13,360	14.83	13,360	
	BSOS Holdings, INC.	None	〃	2,406	6,087	3.01	6,087	
	All Win Fintech Company Limited	〃	〃	13,696	180,650	13.70	180,650	
	ImmunAdd Inc.	〃	〃	2,130	47,094	10.00	47,094	
	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
	Taishin Sports Entertainment	Investee under the equity method	Investments accounted for using equity method	6,000	10,915	100.00	10,915	
	Beneficiary certificates							
	Capital Money Market Fund	None	Financial assets at FVTPL	20,003	331,790	-	331,790	
	Taishin Ta-Chong Money Market Fund	Issued by Taishin Securities Investment Trust	〃	20,552	300,238	-	300,238	
	Taishin ESG Emerging Markets Bond Fund A	〃	〃	1,100	9,346	-	9,346	
	Jih Sun Money Market Fund	None	〃	20,340	310,272	-	310,272	
	SinoPac TWD Money Market Fund	〃	〃	6,998	100,082	-	100,082	
	Fubon Chi-Hsiang Money Market Fund	〃	〃	21,179	341,055	-	341,055	
	FSITC Taiwan Money Market Fund	〃	〃	19,077	300,248	-	300,248	
	Allianz Global Investors Taiwan Money Market Fund	〃	〃	23,294	300,238	-	300,238	
	PineBridge Taiwan Money Market Securities Investment Trust Fund	〃	〃	22,174	310,488	-	310,488	
	JKO Pion Money Market Fund	〃	〃	8,445	100,055	-	100,055	
	Investment agreement							
	Public Television Foundation (SEQALU: Formosa 1867)	〃	〃	2,000	-	1.06	-	

(Continued)

Holding Company	Marketable Securities Type and Name	Relationship with the Holding Company	Financial Statement Account	December 31, 2023				Note
				Number of Shares/Units/ Face Value	Carrying Amount	Percentage of Ownership (%)	Market Value	
Taishin AMC	Shares							
	Linkou Golf Country Club	〃	Financial assets at FVTOCI	-	$ 2,042	0.30	$ 2,042	
	Dah Chung Bills	〃	〃	2,348	34,543	0.51	34,543	
	Diamond Biofund INC.	Its corporate director is Taishin Venture Capital	〃	5,788	282,472	0.68	282,472	
	Shin Yao Biomedical Venture Capital Investment Co., Ltd.	〃	〃	4,375	47,906	1.25	47,906	
	Jing Ying Investment Co., Ltd.	〃	〃	1,951	17,151	1.25	17,151	
	Taishin Real Estate	Investee under the equity method	Investments accounted for using equity method	8,000	143,961	40.00	143,961	
Taishin Securities Venture Capital	Shares							
	Tangeng Advanced Vehicle Co., Ltd.	None	Financial assets at FVTPL	1,400	-	1.98	-	
	Rich Healthy Fruits & Vegetable Corp.	〃	〃	288	-	1.64	-	
	Geniron.com.inc	〃	〃	620	23,984	4.08	23,984	
	Le Day Multimedia Co., Ltd.	〃	〃	459	-	3.83	-	
	Excelsior Bio-system Inc.	〃	〃	263	34	0.66	34	
	Finatext Ltd.	〃	〃	29	-	7.50	-	
	Kdan Mobile Software Ltd.	〃	〃	150	4,262	0.85	4,262	
	ACpay Co., Ltd.	〃	〃	272	4,350	1.74	4,350	
	Obigen Pharma, Inc.	〃	〃	1,000	30,140	0.94	30,140	
	Trans-IOT Technology Co., ltd.	〃	〃	385	6,377	3.73	6,377	
	Honor Seiki Co., Ltd.	〃	〃	150	4,448	0.43	4,448	
	Ecloudvalley Digital Technology Co., Ltd.	〃	〃	120	16,020	0.18	16,020	
	Echem solutions Corp.	〃	〃	105	43,221	0.13	43,221	
	Fositek Corp.	〃	〃	100	38,250	0.15	38,250	
	H. H. Galaxy Co., Ltd.	〃	〃	130	15,730	0.59	15,730	
	Formosa Pharmaceuticals, Inc.	〃	〃	50	2,480	0.04	2,480	
	TCM Biotech International Corp.	〃	〃	250	14,473	0.42	14,473	
	ACEPODIA, INC. (Cayman)	〃	〃	200	6,878	0.04	6,878	
	eTreego Co., Ltd.	〃	〃	520	9,880	0.20	9,880	
	AV LINK Group Ltd.	〃	〃	370	9,990	2.13	9,990	
	TMY Technology Inc.	〃	〃	200	10,000	0.52	10,000	
Taishin Health Investment	Equity							
	Taishin Healthcare Partnership	Its general partner is Taishin Health Investment	〃	7,293	12,946	1.65	12,946	

(Concluded)

TABLE 3

TAISHIN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

ACCUMULATED PURCHASES AND SALES OF SPECIFIC MARKETABLE SECURITIES OVER NT$300 MILLION OR 10% OF OUTSTANDING CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of Shares; In Thousands of New Taiwan Dollars)

Buyer or Seller	Type and Name of Marketable Security	Account Recorded	Transaction Party	Issuer's Relationship to the Buyer or Seller	Beginning of the Period		Purchases		Sales				Others		End of the Period	
					Shares/ Face Value	Amount	Shares/ Face Value	Amount	Shares/ Face Value	Selling Price	Carrying Value	Disposal Gain (Loss)	Shares/ Face Value (Note 1)	Amount (Note 2)	Shares/ Face Value	Amount
Taishin Financial Holding	Shares Chang Hwa Bank	Financial assets at FVTOCI	Open market	-	1,102,325	$ 18,904,871	-	$ -	511,728	$ 9,245,507	$ 8,360,724	$ 884,783	15,813	$ 1,195,380	606,410	$ 10,854,744
Taishin Bank	Shares Chang Hwa Bank	Financial assets at FVTOCI	Open market	-	28,149	482,759	-	-	28,149	524,372	460,830	63,542	-	41,613	-	-
Taishin Venture Capital	Shares Taishin Financial Leasing (China)	Investments accounted for using equity method	Taishin D.A. Finance	Second-tier subsidiary	70,000	2,436,940	-	-	80,000	2,356,113	2,356,113	-	10,000	(80,827)	-	-
Taishin D.A. Finance	Shares Taishin Financial Leasing (China)	Investments accounted for using equity method	Taishin Venture Capital	Second-tier subsidiary	-	-	80,000	2,356,113	-	-	-	-	-	(21,660)	80,000	2,334,453

Note 1: Others are stock dividends.

Note 2: Others are valuation gains or losses from changes in fair value, recognized investment income (loss) for the year ended December 31, 2023, and exchange differences on translation of foreign financial statements.

TABLE 4

TAISHIN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

ACQUISITION OR DISPOSAL OF INDIVIDUAL REAL ESTATE REACHING NT$300 MILLION OR 10% OF THE PAID-IN CAPITAL OR MORE
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Buyer	Property	Event Date	Transaction Amount	Payment Status	Counterparty	Relationship	Information on Previous Title Transfer If Counterparty Is A Related Party				Pricing Reference	Purpose of Acquisition	Other Terms
							Owner	Relationship	Acquired Date	Amount			
Taishin 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.

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.

TABLE 5

TAISHIN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

ALLOWANCE OF SERVICE FEES TO RELATED PARTIES AMOUNTING TO AT LEAST NT$5 MILLION
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Securities Firms	Counterparty	Nature of Relationship	Total Amounts of Brokerage Service Revenue	Total Allowance of Brokerage Service Revenue	Service Revenue from Related Party	Allowance of Service Revenue for Related Party	Percentage of Service Revenue from Related Party to Total Amounts (%)	Percentage of Allowance of Service Revenue for Related Party to Total Allowance (%)
Taishin Securities B	Taishin Bank	Second-tier subsidiary	$ 6,764,310	$ 4,359,851	$ 38,080	$ 27,904	0.56	0.64
	Taishin Life Insurance	Second-tier subsidiary	6,764,310	4,359,851	11,379	8,193	0.17	0.19
	Individual D	Key management personnel of Taishin Securities B	6,764,310	4,359,851	7,058	5,699	0.10	0.13

Note: Only transactions related to the allowance of service revenue from related parties totaling NT$5 million or more are listed.

TABLE 6

TAISHIN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO NT$300 MILLION OR 10% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 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	$ 2,696,815 (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

INFORMATION ON INVESTEES' NAMES, LOCATIONS, ETC.
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of Shares; In Thousands of New Taiwan Dollars)

Investees' Names	Unified Business No.	Investees' Location	Principal Business Activities	Ownership Interest (%) at Ending Balance	Investment Book Value	Recognized Investment Income (Loss) of Current Period	Percentage Share of the Company and Its Affiliates in Investees (Note 1)				Note
							Current Shares	Pro Forma Shares (Note 2)	Total Shares	Ownership Interest (%)	
Financial business											
Taishin Bank	86519539	B1, 1F, No. 44, Jungshan N. Rd., Sec. 2, Zhongshan District, Taipei, Taiwan	Commercial bank business, trust, and bills discounting	100.00	$ 189,748,565	$ 14,910,538	9,553,527,309	-	9,553,527,309	100.00	Investments accounted for using equity method
Chang Hwa Bank	51811609	No. 38, Tsu Yu Rd., Sec. 2, Central District, Taichung, Taiwan	Commercial bank business, trust, and offshore banking unit	5.58	10,854,744	-	606,573,470	-	606,573,470	5.59	Financial assets at FVTOCI
Taishin Securities B	23534956	2F, No. 44, Jungshan N. Rd., Sec. 2, Zhongshan District, Taipei, Taiwan	Multiple securities and future transaction assistant	100.00	10,853,532	1,530,983	692,412,444	-	692,412,444	100.00	Investments accounted for using equity method
Taishin AMC	80341022	2F-3, No. 9, Dehuei St., Zhongshan District, Taipei, Taiwan	Acquisition of delinquent loans, evaluation, auction, and management	100.00	1,406,719	217,655	67,100,000	-	67,100,000	100.00	〃
Taishin Securities Investment Trust	27326178	1F., No. 9-1, Dehuei St., Zhongshan District, Taipei, Taiwan	Investment trust	100.00	1,101,855	152,972	83,134,964	-	83,134,964	100.00	〃
Taishin Securities Investment Advisory	23285289	16F, No. 118, Ren-Ai Rd., Sec. 4, Da'an District, Taipei, Taiwan	Investment trust, advisory, and publication	92.00	313,342	13,292	27,599,513	-	27,599,513	92.00	〃
Taishin Venture Capital	80031342	18F, No. 118, Ren-Ai Rd., Sec. 4, Da'an District, Taipei, Taiwan	Investment start-up	100.00	8,185,136	(1,411,861)	919,703,997	-	919,703,997	100.00	〃
Taishin Life Insurance	23417612	10F., No. 161, Sec. 5, Nanjing E. Rd., Songshan Dist., Taipei, Taiwan	Life insurance	100.00	18,884,736	(191,178)	937,805,946	-	937,805,946	100.00	〃
Nonfinancial business											
Metro Consulting Service Ltd.	27974096	B1F, No. 7, Lane 48, Zhongshan N. Rd., Sec. 2, Zhongshan District, Taipei, Taiwan	Consultancy, information service and human resource dispatch	4.40	2,037	-	520,000	-	520,000	10.40	Financial assets at FVTOCI

Note 1: Shares or pro forma shares held by the Bank, directors, supervisors, president, vice president and affiliates in accordance with the Company Law have been included.

Note 2:
a. Pro forma shares are shares that are assumed to be obtained through buying equity-based securities or entering into equity-linked derivative contracts.
b. Equity-based securities, such as convertible bonds and warrants, are covered by Article 11 of the "Securities and Exchange Law Enforcement Rules."
c. Derivative contracts, such as those on share options, are those conforming to the definition of derivatives in International Accounting Standards No. 39 - "Financial Instruments."

TABLE 8

TAISHIN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

INVESTMENTS IN MAINLAND CHINA
DECEMBER 31, 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 December 31, 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 December 31, 2023	Accumulated Inward Remittance of Earnings as of December 31, 2023
						Outflow	Inflow						
Taishin D.A. Finance	Taishin Financial Leasing (China)	Financial leasing	$ 2,437,967 (US$ 80,000)	Note 1.a.	$ 2,117,767 (US$ 70,000)	$ -	$ -	$ 2,117,767 (US$ 70,000)	$ (56,229)	100	$ (56,229) (Note 2.b.1)	$ 2,334,453	$ 397,631

Investor	Accumulated Investment in Mainland China as of December 31, 2023 (US$ in Thousand)	Investment Amounts Authorized by Investment Commission, MOEA (US$ in Thousand)	Upper Limit on Investment (US$ in Thousand)
Taishin D.A. Finance	$ 2,117,767 (US$ 70,000)	$ 2,356,113 (US$ 80,000)	$ 28,509,141

Note 1: The methods of investment are as follows:

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

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

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

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

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

Note 3: For Taiwanese banks establishing branches, subsidiary banks, or participating in equity investment in mainland China, as well as Taiwanese banks and their subsidiaries that hold more than 50% of the total issued voting shares or total capital and subsidiary banks in a third area, the accumulated operating funds and investment of related-party corporations that are directly or indirectly controlled by companies investing in the mainland shall not exceed 15% of the bank's net worth at the time of application.

Note 4: Taishin D.A. finance acquired a 100% equity interest in Taishin Financial Leasing (China) from Taishin Venture Capital on the settlement base date of December 5, 2023.

TAISHIN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

BUSINESS RELATIONSHIPS AND MATERIAL TRANSACTIONS IN CONSOLIDATION
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Number (Note a)	Main Party	Counterparty	Relationship (Note b)	Transactions			
				Account	Amount	Terms	% of Consolidated Operating Revenues or Consolidated Total Assets (Note c)
0	Taishin Financial Holding	Taishin Bank	1	Cash and cash equivalents	$ 19,767,643	Under arm’s length terms	0.65
0	Taishin Financial Holding	Taishin Bank	1	Securities purchased under resell agreements	250,000	Under arm’s length terms	0.01
0	Taishin Financial Holding	Taishin Bank	1	Receivables, net	2,696,815	Under arm’s length terms	0.09
0	Taishin Financial Holding	Taishin Bank	1	Interest income	244,973	Under arm’s length terms	0.35
0	Taishin Financial Holding	Taishin Securities B	1	Receivable, net	156,110	Under arm’s length terms	0.01
0	Taishin Financial Holding	Taishin Life Insurance	1	Payables, net	160,463	Under arm’s length terms	0.01
1	Taishin Bank	Taishin Securities Investment Advisory	3	Deposits and remittances	344,853	Under arm’s length terms	0.01
1	Taishin Bank	Taishin Securities Investment Trust	3	Deposits and remittances	204,827	Under arm’s length terms	0.01
1	Taishin Bank	Taishin Securities B	3	Deposits and remittances	1,269,861	Under arm’s length terms	0.04
1	Taishin Bank	Taishin Life Insurance	3	Deposits and remittances	2,822,109	Under arm’s length terms	0.09
1	Taishin Bank	Taishin Life Insurance	3	Net service fee and commission income	3,046,241	Under arm’s length terms	4.36
1	Taishin Bank	Taishin Life Insurance	3	Receivable, net	176,017	Under arm’s length terms	0.01
1	Taishin Bank	Taishin D.A. Finance	4	Deposits and remittances	220,954	Under arm’s length terms	0.01
1	Taishin Bank	Taishin Futures	4	Deposits and remittances	944,317	Under arm’s length terms	0.03
2	Taishin Securities B	Taishin Bank	3	Lease liabilities	102,046	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	183,238	Under arm’s length terms	0.26
4	Taishin Securities Investment Trust	Taishin Life Insurance	5	Net service fee and commission income	115,151	Under arm’s length terms	0.16

(Continued)

Number (Note a)	Main Party	Counterparty	Relationship (Note b)	Transactions			
				Account	Amount	Terms	% of Consolidated Operating Revenues or Consolidated Total Assets (Note c)
5	Taishin Futures	Taishin Securities B	5	Other financial assets	$ 546,257	Under arm's length terms	0.02
5	Taishin Futures	Taishin Securities B	5	Other financial liabilities	546,257	Under arm's length terms	0.02

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)

TAISHIN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

SCHEDULES OF MAJOR ACCOUNTING ITEMS
FOR THE YEAR ENDED DECEMBER 31, 2023

TAISHIN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

FINANCIAL ASSETS AT FVTPL
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars; in Thousands of Units)

Financial Instrument Items	Summary	Face Value/ Units/Shares	Cost	Fair Value
Investment in bills	Commercial papers - other banks guarantees	46,870,000	$ 46,663,819	$ 46,664,886
	Others (Note)	7,776,663	7,662,551	7,706,813
Domestic listed shares		451,770	17,216,750	21,440,803
Domestic OTC shares		65,849	4,064,709	4,682,278
Domestic and foreign unlisted shares		955,445	2,185,085	2,043,222
Domestic emerging shares		877	36,776	71,401
Foreign listed shares		31,125	1,108,921	869,745
Beneficiary certificates - fund		1,193,680	14,128,872	13,452,443
Government bonds		12,600,000	12,649,488	12,680,301
Bank notes payable		6,707,078	6,714,460	6,733,827
Convertible corporate bonds		9,862,942	10,004,244	10,825,027
Beneficiary bonds		175,574	175,696	175,577
Trading securities - dealing				
Corporate bonds		18	1,801,135	1,798,599
Domestic listed shares		107,327	3,777,184	3,811,232
Domestic OTC shares		11,882	705,766	737,188
Domestic emerging shares		13,247	794,952	751,908
Convertible corporate bonds		5,476	619,466	625,076
Domestic listed funds		239,728	3,801,043	3,852,462
Domestic OTC funds		128,531	3,551,549	3,544,104
Foreign funds		10	6,998	7,245
Foreign bonds		301	28,050	30,693
Others (Note)		12	470	13
Trading securities - underwriting				
Domestic listed shares		2,635	45,425	49,628
Convertible corporate bonds		12,963	1,390,953	1,474,375
Trading securities - hedging				
Domestic listed shares		1,778	327,595	354,984
Domestic OTC shares		129	20,967	20,787
Domestic listed funds		551	57,401	63,086
Domestic listed warrants		4,993	4,487	5,013
Domestic OTC warrants		531	810	767
Convertible corporate bonds		52,876	6,136,298	6,161,616
Derivative financial instrument	Cross-currency swaps	-	8,633	29,913,377
	Interest rate swaps	-	117,182	14,523,163
	Others (Note)	-	1,016,569	5,907,162
Investment agreement		2,000	2,000	-
			$ 146,826,304	$ 200,978,801

Note: The amount of each item in others does not exceed 5% of the account balance.

TAISHIN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

FINANCIAL ASSETS AT FVTOCI
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars; in Thousands of Units)

Items	Summary	Face Value/ Units/Shares	Cost	Allowance for Impairment	Fair Value	Note
Government bonds (Note 1)	T 4.875 10/31/28	18,428,400	$ 18,784,300	$ -	$ 19,238,955	
	Others (Note 2)	43,554,913	45,215,169	-	44,026,048	
Bank notes payable		32,222,384	32,351,295	(10,847)	31,413,511	
Corporate bonds		38,517,754	38,670,573	(14,917)	36,993,685	
Domestic and overseas shares	Chang Hwa Bank	606,410	9,685,374	-	10,854,744	
	Others (Note 2)	2,195,073	2,382,862	-	3,615,085	
Beneficiary securities		1,203,980	1,252,210	-	1,007,163	
			$ 148,341,783	$ (25,764)	$ 147,149,191	

Note 1: The carrying amount of pledged assets was $312,563 thousand.

Note 2: The amount of each item in others does not exceed 5% of the account balance.

TAISHIN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

INVESTMENTS IN DEBT INSTRUMENTS AT AMORTIZED COST
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Items	Summary	Amount	Interest Rate (%)	Unamortized Premium (Discount)	Allowance for Impairment	Book Value	Note
Investment in bills							
Negotiable certificate of deposit issued by Central Bank (Note 1)		$ 207,770,000		-	-	$ 207,770,000	
Others		36,085,900		(412,577)	(986)	35,672,337	
Government bonds (Note 2)		212,152,607		13,326,670	(693)	225,478,584	
Bank notes payable		109,305,489		987,093	(33,630)	110,258,952	
Corporate bonds		126,280,099		5,439,014	(28,966)	131,690,147	
Beneficiary securities		25,226,311		24,120	-	25,250,431	
Less: Security deposits		(1,489,448)		-	-	(1,489,448)	
		$ 715,330,958		$ 19,364,320	$ (64,275)	$ 734,631,003	

Note 1: The carrying amount of pledged assets was $14,700,000 thousand.

Note 2: The carrying amount of pledged assets was $1,826,284 thousand.

SCHEDULE 4

TAISHIN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

SECURITIES PURCHASED UNDER RESELL AGREEMENTS
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Items	Face Value	Amount
Government bonds		
T 0.75 04/30/26	$ 2,457,120	$ 2,191,380
101 CGBs 8	2,550,000	2,400,000
Others (Note)	9,192,453	9,239,091
Corporate bonds	1,842,840	1,618,771
Bank notes payable	6,535,939	5,909,814
	$ 22,578,352	$ 21,359,056

Note: The amount of each item in others does not exceed 5% of the account balance.

SCHEDULE 5

TAISHIN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

REINSURANCE CONTRACT ASSETS
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Item	Amount
1. Claims recoverable from reinsurers	
Central Reinsurance Corporation	$ 21,215
Cologne Reinsurance Company	15,573
Reinsurance Group Of America	8,170
Other (Note)	1,873
	46,831
Less: Loss allowance	-
	$ 46,831
2. Due from reinsurers and ceding companies	
Central Reinsurance Corporation	$ 80,380
Reinsurance Group of America	51,199
The Toa Reinsurance Company, Ltd.	24,832
Cologne Reinsurance Company	21,630
Other (Note)	5,580
	183,621
Less: Loss allowance	-
	$ 183,621
3. Reinsurance reserve assets	
Ceded unearned premium reserve	$ 302,194
Ceded loss reserve	65,748
	367,942
Less: Loss allowance	-
	$ 367,942

Note: The amount of each item in others does not exceed 5% of the account balance.

SCHEDULE 6

TAISHIN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

CHANGES IN INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars and Shares/Units, Unless Stated Otherwise)

	Beginning Balance		Increase		Decrease		Ending Balance			Market Price or Equity	
Name	Shares	Amounts	Shares	Amounts	Shares	Amounts	Shares	Ownership Interest (%)	Amounts	Unit Price	Total
Unlisted shares											
An Hsin Construction Manager	4,500	$ 77,770	-	$ 6,312	-	$ (7,803)	4,500	30	$ 76,279	16.95	$ 76,279
Xin Sheng Feng Investment Co., Ltd.	21,136	263,555	-	32,382	-	-	21,136	25	295,937	14.00	295,937
Mega Solar Energy Co., Ltd.	-	-	16,000	160,000	-	(4,502)	16,000	20	155,498	9.72	155,498
		$ 341,325		$ 198,694		$ (12,305)			$ 527,714		$ 527,714

TAISHIN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

CHANGES IN RIGHT-OF-USE ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

	Beginning Balance	Increase	Decrease	Others (Note)	Ending Balance	Note
Buildings	$ 4,560,924	$ 846,779	$ (717,207)	$ (2,334)	$ 4,688,162	
Office equipment	17,085	1,743	(8,516)	-	10,312	
Transportation equipment	45,733	11,730	(25,887)	(826)	30,750	
	$ 4,623,742	$ 860,252	$ (751,610)	$ (3,160)	$ 4,729,224	

Note: The amount in others refer to exchange differences on translation of foreign financial statement.

SCHEDULE 8

TAISHIN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

CHANGES IN ACCUMULATED DEPRECIATION OF RIGHT-OF-USE ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

	Beginning Balance	Increase	Decrease	Others	Ending Balance	Note
Buildings	$ 2,312,948	$ 815,561	$ (712,072)	$ (1,043)	$ 2,415,394	
Office equipment	3,285	10,924	(8,516)	-	5,693	
Transportation equipment	25,503	15,384	(23,665)	(460)	16,762	
	$ 2,341,736	$ 841,869	$ (744,253)	$ (1,503)	$ 2,437,849	

Note: The amount in others refer to exchange differences on translation of foreign financial statement.

TAISHIN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

SECURITIES SOLD UNDER REPURCHASE AGREEMENTS
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Items	Face Value	Amount
Corporate bonds	$ 12,503,850	$ 12,689,494
Convertible corporate bonds	5,262,600	5,263,880
Commercial papers		
Invoicing - HSBC Bank (Taiwan)	7,920,000	7,891,853
Others (Note)	32,089,500	31,984,583
Government bonds	19,571,625	21,019,184
Bank notes payable	3,032,090	6,629,993
Bond ETFs	180,000	180,000
	$ 80,559,665	$ 85,658,987

Note: The amount of each item in others does not exceed 5% of the account balance.

TAISHIN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

INSURANCE LIABILITIES
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Items	Beginning Balance	Net Changes in the Current Period	Other Changes (Note)	Ending Balance
Unearned premium reserve				
Total				
Individual life insurance	$ 27,929	$ 20,460	$ (2)	$ 48,387
Individual injury insurance	96,461	(867)	-	95,594
Individual health insurance	963,595	56,513	-	1,020,108
Investment - linked insurance	25,482	970	(1)	26,451
	1,113,467	77,076	(3)	1,190,540
Ceded				
Individual life insurance	118,074	14,955	(163)	132,866
Individual injury insurance	15,186	(388)	-	14,798
Individual health insurance	112,749	10,062	(1)	122,810
Investment - linked insurance	32,768	(1,048)	-	31,720
	278,777	23,581	(164)	302,194
	$ 834,690	$ 53,495	$ 161	$ 888,346
Loss reserve				
Total				
Individual life insurance	$ 870,592	$ 72,386	$ (673)	$ 942,305
Individual injury insurance	13,245	816	-	14,061
Individual health insurance	529,676	203,798	-	733,474
Investment - linked insurance	982	1,680	-	2,662
	1,414,495	278,680	(673)	1,692,502
Ceded				
Individual life insurance	1,788	(525)	261	1,524
Individual injury insurance	24	(16)	-	8
Individual health insurance	45,557	18,659	-	64,216
	47,369	18,118	261	65,748
	$ 1,367,126	$ 260,562	$ (934)	$ 1,626,754

(Continued)

Items	Beginning Balance	Net Changes in the Current Period	Other Changes (Note)	Ending Balance
Policy reserve				
Life insurance	$ 170,881,551	$ 15,880,768	$ (126,927)	$ 186,635,392
Health insurance	22,660,461	2,243,708	(245)	24,903,924
Annuity insurance	30,769	273	-	31,042
Investment - linked insurance	1,549,888	75,960	169	1,626,017
Transferred-in unwritten-off balance of 3% decrease in business tax	158,276	-	-	158,276
Transferred-in recovery of catastrophe reserve	5,021	-	-	5,021
Reserve for life insurance - pending payments to insured	16,372	-	5,678	22,050
	$ 195,302,338	$ 18,200,709	$ (121,325)	$ 213,381,722
Premium deficiency reserve				
Individual life insurance	$ 351,348	$ (52,877)	$ 798	$ 299,269
Individual health insurance	8,919	(2,405)	(17)	6,497
Investment-linked insurance	164	(164)	-	-
	$ 360,431	$ (55,446)	$ 781	$ 305,766
Reserve for insurance contracts with the nature of financial products				
Investment-linked insurance	$ 1,942	$ (200)	$ -	$ 1,742
Reserve for foreign exchange valuation	$ 915,295	$ (501,037)	$ -	$ 414,258
Other reserves	$ 23,417,595	$ (932,308)	$ -	$ 22,485,287

Note: The amount in other changes refer to foreign exchange gains (losses).

(Concluded)

TAISHIN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

FOREIGN EXCHANGE GAIN (LOSS)
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Items	Amount
Spot	$ (9,095,867)
Forward	9,930,164
Debt instruments	(121,888)
Insurance liabilities in foreign currencies	126,686
Others (Note)	(88,321)
	$ 750,774

Note: The amount of each item in others does not exceed 5% of the account balance.

TAISHIN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

NET OTHER NON-INTEREST INCOME (LOSS)
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Items	Amount
Revenue excluding interest	
Loans management revenue	$ 184,478
Leasing revenue	230,665
Net change in reserve for foreign exchange valuation	501,037
Other revenue (Note)	432,806
	1,348,986
Expense excluding interest	
Loans management cost	(24,946)
Expenses of call (put) warrants issued	(15,332)
Reparation loss	(9,429)
Other expenses (Note)	(387,167)
	(436,874)
	$ 912,112

Note: The amount of each item in others does not exceed 5% of the account balance.

SCHEDULE 13

TAISHIN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Items	Amount
Employee benefits expenses	$ 18,178,937
Depreciation and amortization	2,694,302
Advertisement fee	2,008,474
Tax and levies	3,123,074
Others (Note)	6,894,730
	$ 32,899,517

Note: The amount of each item in others does not exceed 5% of the account balance.

SCHEDULE 14

TAISHIN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

EMPLOYEE BENEFITS EXPENSE
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

	Employee Benefits Expense	Other General and Administrative Expenses	Total
Salaries and wages	$ 15,359,536	$ -	$ 15,359,536
Labor and national health insurance	1,165,371	-	1,165,371
Post-employment benefits	622,875	-	622,875
Share-based payments	134,461	-	134,461
Remuneration of directors	174,203	3,211	177,414
Others	722,491	-	722,491
	$ 18,178,937	$ 3,211	$ 18,182,148

Note 1: For the years ended December 31, 2023 and 2022, the numbers of employees of the Group were 11,132 and 10,945, respectively, including 24 and 25 non-employee directors, respectively.

Note 2: The average employee benefits expenses for the years ended December 31, 2023 and 2022 were $1,621 thousand and $1,464 thousand per employee, respectively.

Note 3: The average salaries and wages for the years ended December 31, 2023 and 2022 were $1,383 thousand and $1,245 thousand per employee, respectively. The average employee salaries and wages were adjusted by 11.08%.

Note 4: Supervisor's remuneration for the years ended December 31, 2023 and 2022 were $0 thousand and $0 thousand, respectively.

Note 5: The Group's compensation policy is as follows:

a. Directors' remuneration of Taishin Financial Holding and its subsidiaries is based on level of participation, contribution value, peer average, and manager compensation; Directors' performance include company performance, personal performance and participation, then the payment of remuneration should be approved by the board of directors.

b. For managers and employees, compensation is based on their job duty, company and personal performance. Taishin Financial Holding and its subsidiaries assess peer average and future risk in order to provide competitive compensation.