



中華開發金控  
CHINA DEVELOPMENT FINANCIAL

# 2022 ANNUAL REPORT

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**Notice to readers**

*This English-version annual report is a summary of the Chinese version and is not an official document of the shareholders' meeting. If there is any discrepancy between the English and Chinese versions, the Chinese version shall prevail.*

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## I. Letter to Shareholders

During 2022 as countries began to open up as part of the post-pandemic era, the financial impact caused by the US Federal Reserve, and central banks raising interest rates as well as accumulated inventories resulted in a decline in global demand. From a Taiwan's perspective, exports showed a decline in annual growth starting in the fourth quarter, while domestic demand and individual consumption has performed well after the lockdowns ended. The opening of the borders, international travel (and consumption) has also returned to stronger levels. In terms of investments, the focus in the first half of the year in Taiwan was the expansion of production capacity and deployment of green energy facilities; however, there was a contraction in the second half of the year. In terms of capital markets, Taiwan stocks, which are significantly export oriented, were impacted due to the gradual decline in export orders in the second half of the year. The closing index reached 14,138 at the end of 2022, representing a decrease of 22.4%.

The volatility in global financial markets in 2022 reflected the raising of interest rates by the US Federal Reserve to suppress inflation and normalize monetary policies. Aside from KGI Bank benefiting from interest rate hikes in the US and Taiwan, which led to higher net interest income and maintained asset quality, China Life, KGI Securities, and CDIB Capital Group were impacted by fluctuations in the international capital market. The consolidated after-tax net income for CDF in 2022 was NT\$16.39 billion (including NT\$0.02 billion from non-controlling interests), with EPS of NT\$0.98 after tax and consolidated ROE of 6.5%. Compared with the consolidated after-tax adjusted net income of NT\$39.10 billion (including NT\$12.06 billion from non-controlling interests) when the one-time sale of the building (of NT\$8.00 billion) is excluded, the annual decline was lower than that of other financial holding companies focused on life insurance.

Taiwan Ratings Corp. gave the Company a long-term credit rating of "twAA-," a short-term credit rating of "twA-1+," and a "Stable" outlook in August 2022. The ratings continue to affirm the Group's stable capital levels. Taiwan Ratings Corp. predicts that even though the market will continue to fluctuate in the next two years, the Group should be able to maintain stable capital and profit levels.

In early 2021, we launched our ABCDE five-year strategy consisting of five parts: (A) Accelerate Digital, designed to make CDF and its subsidiaries into leaders in digital; (B) Become Employer of Choice, designed to achieve a higher level of employee engagement and career development; (C) Customer Focus, designed to make us the most recommended financial services brand in the market; (D) Drive growth, designed to exceed industry benchmarks and, (E) Execution Excellence, designed to deliver outstanding results for all our stakeholders. You can find details and examples of our progress in each one of these areas in our investor pack on our website.

Below are the highlights of the 2022 performance by each main business segment:

### (I) Life Insurance business

China Life continues to diversify and actively expand high-value products such as installment payments and health coverage. In response to the aging population and retirement financial management, the company remains focused its core business of insurance coverage, enhancing various protection-type insurance and customized products to satisfy the coverage and financial planning needs of different customer groups. Furthermore, by continuously focusing on the sales of high-value products to enhance the company's long-term business value, premiums for high-value products reached NT\$21 billion, representing an increase of 54% compared to 2021; this led to stable growth on value of new business in 2022. The new contract premium income and total premium income were NT\$70.1 billion and NT\$179.3 billion respectively in 2022. The market share of new contract premiums reached 9.1%, ranking fourth



in the industry.

In terms of digital innovation, China Life has continued to invest resources to accelerate digital. The company has formulated the digitally-driven and experience-first comprehensive “2A2D” development strategy blueprint (i.e., the ideas of “Artificial Intelligence,” “Agile Culture,” “Big Data,” and “Digital Innovation”). The company provides “heartfelt” services with innovative technologies, and it is dedicated to become an iconic life insurance company in innovation and use of InsurTech. We lead the industry in the introduction of facial recognition technology in the insurance application process. The applications have been further expanded in 2022, allowing more customers and salespersons to use remote insurance services. The company received approval from the regulator in April to introduce the insurance agent channel, and further expanded to other channels in November. Online cases have exceeded 36,000, improving administrative efficiency by 25% and resulting in carbon emission savings of 120,000kg. In 2022, the company was awarded the “Digital Insurance Initiative of the Year” award of the Insurance Asia Awards, the “Best Life Insurance Company for Digital Transformation Taiwan” award of the Global Banking & Finance Review Awards, the “Taiwan Sustainable Action Award” of the Taiwan Corporate Sustainability Awards (TCSA), and the “Best Product Award” of the National Brand Yushan Award, demonstrating its capabilities, ideals, and determination in digital innovation.

In terms of customer focus, China Life has continued to deepen corporate culture of treating customers fairly and quickly responds to customer needs and provides solutions. China Life implemented NPS and ranked from No. 5 to No. 1 in the industry in 2022 survey. In addition, the company was recognized by the FSC Treating Customers Fairly Principles Assessment 4 years in a row. In terms of corporate governance and sustainable management development, China Life incorporates sustainable thinking into its management strategies. The company has established complete climate change risk management based on rigorous and outstanding corporate governance. In 2022, the company was jointly selected by international media as the first Asia Pacific climate leader. It has received the “Taiwan Sustainable Investment Award (TSIA)” for two consecutive years and the “Taiwan Corporate Sustainability Award (TCSA)” for eight consecutive years. It is also the only Taiwanese insurance company to receive the GCSA “Corporate Sustainability Report Award,” demonstrating the recognition of foreign and domestic institutions and stakeholders of the company’s performance.

## (II) Banking business

KGI Bank continues to focus on the development and use of FinTech. It is dedicated to building integrated digital service solutions centered around customer experience. The company continued to expand its customer base and enhanced its overall operating performance. In terms of corporate banking, the company provides corporate customers with the most suitable financial solutions and customized professional services through the professional team division and diversified financial products. As of the end of 2022, the overall credit balance for corporate finances was NT\$283 billion, representing an increase of 2% compared to 2021. In terms of retail banking, the company upholds the corporate ideal of “customers first,” providing comprehensive financial products and actively optimizing its digital platforms. The quality of service has been affirmed by customers, and it is also reflected in the 2022 NPS result ranking first in the industry. In addition, as of the end of 2022, the loan balance of SME and personal loan was NT\$54.5bn and NT\$33.8bn, or 22% and 20% YoY, respectively. A new company website was launched in January 2022, providing a better cross-platform reading experience for customers. In addition, a new mobile banking service was launched in October of the same year. Its integrated interface design and optimized menu structure made online transactions more convenient. At the same time, the company launched the new smart customer service, “Mr. Wallet,” providing customers with full voice interactions

for asking questions, creating an accessible environment, and implementing friendly financial services. As of the end of 2022, the overall credit balance for retail banking was NT\$148.8 billion, representing an increase of 5% compared to 2021. In terms of the global markets, KGI Bank continues to strengthen risk management, dynamically adjust its hedging strategies, and establish asset allocation that yield stable returns. The company provides bond underwriting, financial product marketing, and asset management in response to investment expansion and hedging needs of various channels to provide solutions to its customers in these volatile markets.

In terms of responsible finance and sustainable development, in May 2022, KGI Bank was the first in the domestic banking industry to introduce green deposits, allowing corporate customers to participate in green financing needs and sustainable issues through deposits. Moreover, the company continues to promote and implement the FSC Green Finance Action Plan. It is actively participating in the financing of iconic large-scale renewable energy power plants in Taiwan and supporting the construction of renewable energy generation sites. As of the end of 2022, KGI Bank's green credit balance reached NT\$16.06 billion (based on the definition of the Joint Credit Information Center), representing an increase of 39.5% compared to the previous year. The company has stipulated sustainable finance policies, such as responsible investment policies, sustainable crediting principles, and climate risk management guidelines, to include environmental, social, and corporate governance ESG issues in post-loan management mechanisms, thereby implementing sustainable management with customers.

### (III) Venture Capital/Private Equity business

CDIB Capital continues to expand its asset management scale and strengthen its competitive advantages of fund management, including establishing partnerships with leaders of domestic key industries, to cultivate closer investment eco-system and more business opportunities. The company obtained the first China private equity fund manager license through a wholly owned subsidiary, ranking first in domestic peers. Additionally, the company plans to establish an accelerator in Tokyo, Japan, to expand its global deployment. In 2022, the company finished raising funds for a new NTD fund and expanded the scale of an existing USD fund. The cumulative fund commitment reached NT\$45.4 billion at the end of 2022. Thirteen funds denominated in New Taiwan dollars, US dollars, and Renminbi are currently under management, with investment mainly in Taiwan, China, and North America. NT\$2.8 billion in investment deployment and NT\$3.1 billion in investment proceeds were completed in 2022. Cumulatively, completed direct investment drawdown is NT\$34.1 billion and the realized proceeds is around NT\$10.9 billion, of which, a total of NT\$10.2 billion was returned to investors through fund distribution or capital reduction.

Although the volatility of the overall capital market increased in 2022, compressing the investment performance, CDIB Capital's overall investment positions still performed better than the market returns in the same period. Furthermore, the management team continues to promote cross-selling and operational partnerships within the Group. It is monetizing existing investment positions and establishing investment portfolios with potential growth. The company is expanding the use of bank facilities and disposing non-core real estate assets to gradually lift leverage ratio and increase the overall capital utilization efficiency. The company also focused on cost improvements, operating efficiency increases, and procedural upgrades in terms of operational management and implemented several digitization initiatives.

#### (IV) Securities business

KGI Securities' share in the brokerage market was 10.4% in 2022, maintaining its second place in industry. In addition to providing extensive and complete wealth management products and professional services to customers, the company is actively optimizing its customer experience, and launched the first "video digital signing" service among Taiwan's brokers. Through this service, it can provide investors with convenient online services and investment flexibility. Moreover, the company has introduced online ETF initial offering (IPO) combined with wealth management accounts. The first IPO cooperated with KGI SITE's "KGI Taiwan Selected High Dividend 30 ETF Fund" showed more than 70% of transactions coming from online transaction, demonstrating the reach of digital innovation. The company maintained first with a 15.8% share on the foreign institutional investor brokerage and second with a 20.3% share of the securities lending business market, demonstrating the high recognition of its professional research and services by international corporations. There were 34 cases of underwriting of initial listings and secondary market fundraising, accounting for a 15% market share and leading the market for ten consecutive years. The combined primary underwriting of corporate bonds in NTD and international bonds reached NT\$131.9 billion, reflecting a market share of 12.6% and second position in the industry. The issued call (put) warrants totaled NT\$96.4 billion and 9,779 warrants, with market shares of 18% and 20% respectively. The annual warrant transactions accounted for 17% of the market, ranking second in the market. In addition, KGI SITE's public offering funds and ETFs ranked 8th and 6th with NT\$162.1 billion and NT\$127.6 billion, respectively.

In addition to maintaining its leading position in various businesses of the industry, KGI Securities is dedicated to promoting and implementing responsible finance, friendly finance, various environmental sustainability issues, and diverse green financial products and services. As of the end of 2022, the company's underwriting and equity financing related to ESG, environmental protection, and green energy reached NT\$80 billion. KGI SITE has four public offering funds that comply with the information disclosure and review principles for ESG related funds by regulators, being the most ESG domestic funds issuer in the investment industry.

In 2022, CDF was once again listed as a constituent stock in DJSI World and DJSI Emerging Markets for three consecutive years. The overall score ranked CDF fourth in the world and first in Taiwan in the insurance sector. Its overall score ranked fourth internationally and first in Taiwan among the insurance industry. It also ranked in the top 5% of the S&P Global Sustainability Yearbook. The company has been included as a constituent stock in the FTSE4Good Emerging Market Index and FTSE4Good TIP Taiwan ESG Index for six consecutive years. In addition to being included in the Top 100 Taiwan Sustainability Model Companies of the TCSA, the company has also earned the highest "A" score from the Carbon Disclosure Project (CDP). CDF has long been championing education projects via China Development Foundation, KGI Charity Foundation, and our subsidiaries, such as "Heritage 100 & Tutoring 100," "Perfect Nutrition," and "Scholarship for skilled vocational high school students," in advocating the development of a sustainable society. We aim to implement the core value of the "co-creation of society" and eight of the United Nations' Sustainable Development Goals (SDGs). Furthermore, the company continues to promote corporate volunteer projects. In 2022, the total number of service hours of the entire group reached a record high of 77,660 hours, enhancing the attention paid to environmental protection, care for the disadvantaged, elderly care, and local creation by the Group's employees. Aided by thriving social enterprises and innovation, we integrate resources from the Group, social enterprises, and local creative teams to create a mutually beneficial model for a sustainable local revitalization

ecosystem. Volunteering has enhanced the employees' identification with the Company's ESG philosophy, creating positive engagement for our staff and our partners.

In April of 2021, the company committed to reaching “net zero carbon emissions for its full portfolio by 2045”; moreover, the headquarters building on Dunhua North Road and the KGI Securities Dazhi building introduced green energy in December of 2022. Green energy is expected to account for 12% of the Group’s total energy usage, which is equivalent to a 10% annual reduction of carbon emissions from operations.

In 2023, we expect interest rates to remain high, which will affect the economy and trade of many countries impacting global trade. In terms of domestic demand, international travel should drive private consumption. Investment is restricted by the pressure for manufacturers to reduce inventory, and some companies will be more cautious when investing. It is projected that economic growth in Taiwan will slower in 2023 compared to the previous two years.

Finally, we would like to thank all our employees for their hard work as well as our clients, regulators, and our shareholders for their continued support. CDF will continue to enhance risk control mechanism to mitigate operational risks and focus on core strategies to maintain long-term stable business development. We remain committed to the implementation of our ABCDE strategy as we embrace innovation and talent to deliver sustainable financial solutions to our clients, shareholders, and to the community.



Chairman

Su-Kuo Huang

President and CEO

Steve Bertamini

## **II. Company Profile**

### **2.1 Date of Incorporation**

#### **2.1.1 China Development Financial Holding Corporation (CDF, or “The Company”)**

Established and operated on December 28, 2001

#### **2.1.2 Subsidiaries**

- (1) CDIB Capital Group (CDIB Capital), formerly China Development Industrial Bank:  
Established and operated on 14 May, 1959
- (2) KGI Securities (KGIS):  
Established on 14 September, 1988 and started operation on 10 December, 1988
- (3) KGI Bank (KGIB):  
Established on 13 August, 1991 and started operation on 12 February, 1992
- (4) China Life Insurance Co., Ltd. (China Life):  
Established on 25 April, 1963
- (5) China Development Asset Management Corp. (AMC):  
Established on November 5th, 2003.

### **2.2 Company History**

In order to provide customers with appropriate and complete financial services, on June 20, 2001, at a shareholder meeting convened by China Development Industrial Bank (now CDIB Capital Group), the resolution of establishing the entity of China Development Financial (CDF) via share swap was approved. Approval from remaining authorities occurred on November 28, 2001 and the legal establishment of CDF was formally enacted a month later on December 28, when CDF also launched its IPO on the TWSE.

CDIB Capital Group, formerly China Development Corporation and later China Development Industrial Bank, was the first private development-oriented financial institution in Taiwan. It was established on May 14, 1959 and was restructured to become an industrial bank in 1999. CDIB Capital Group has focused on principal investment, corporate banking, and financial market businesses. CDIB Capital Group continues to play a critical role in Taiwan's venture capital market. On May 1, 2015, CDIB's corporate banking and financial market operations were transferred to KGI Bank. On March 15, 2017, CDIB was renamed to CDIB Capital Group, which is focused on raising and managing equity investment funds and actively expands asset management business

The subsidiary KGI Securities began operations in 1988. In 2009, the Company successfully completed the merger with Taiwan Securities, becoming the second biggest securities broker in Taiwan. On January 18, 2013, it officially became a 100% subsidiary of China Development Financial (referred to as CDF). On June 22, 2013, it officially merged with Grand Cathay Securities, a subsidiary of CDF, with KGI Securities being the surviving entity, to continue business integration. KGI Securities also has a fairly complete business presence overseas, with branches currently located in Hong Kong, Thailand, Singapore, and Indonesia. Through the advantage of regional deployment, it understands the international economic trends, provides domestic and foreign customers with a complete product line and comprehensive wealth management services, and its international business deployment is ahead of its domestic peers.

The subsidiary KGI Bank (formerly known as Wantai Bank) officially opened in 1992. Wantai Bank was



incorporated as a subsidiary by share conversion on September 15, 2014, and was officially renamed as KGI Bank in January 2015. On May 1 of the same year, KGI Bank acquired the commercial banking business and related assets and liabilities of China Development Industrial Bank, making the overall structure more complete. The main business items cover deposits/loans, credit cards, wealth management, consumer banking, corporate banking, global market, and foreign exchange transactions. The Company provides diverse and professional financial services based on customer experience to become the most recommended bank among customers.

The subsidiary China Life Insurance Co., Ltd. was established in 1963, formerly known as Overseas Chinese Life Insurance Co., Ltd. It was renamed as China Life Insurance Co., Ltd. in March 1981 and officially listed on the Taiwan Stock Exchange on February 8, 1995. On September 13, 2017, the Company successfully completed the public acquisition of a 25.33% stake in China Life, becoming its largest shareholder. On February 2, 2021, the Company successfully completed another public acquisition of a 21.13% stake in China Life, increasing its total stake to 55.95% and achieving the goal of holding more than half of the shares. On December 30 of the same year, the Company completed the share conversion with China Life, making it a subsidiary fully owned by the Company.

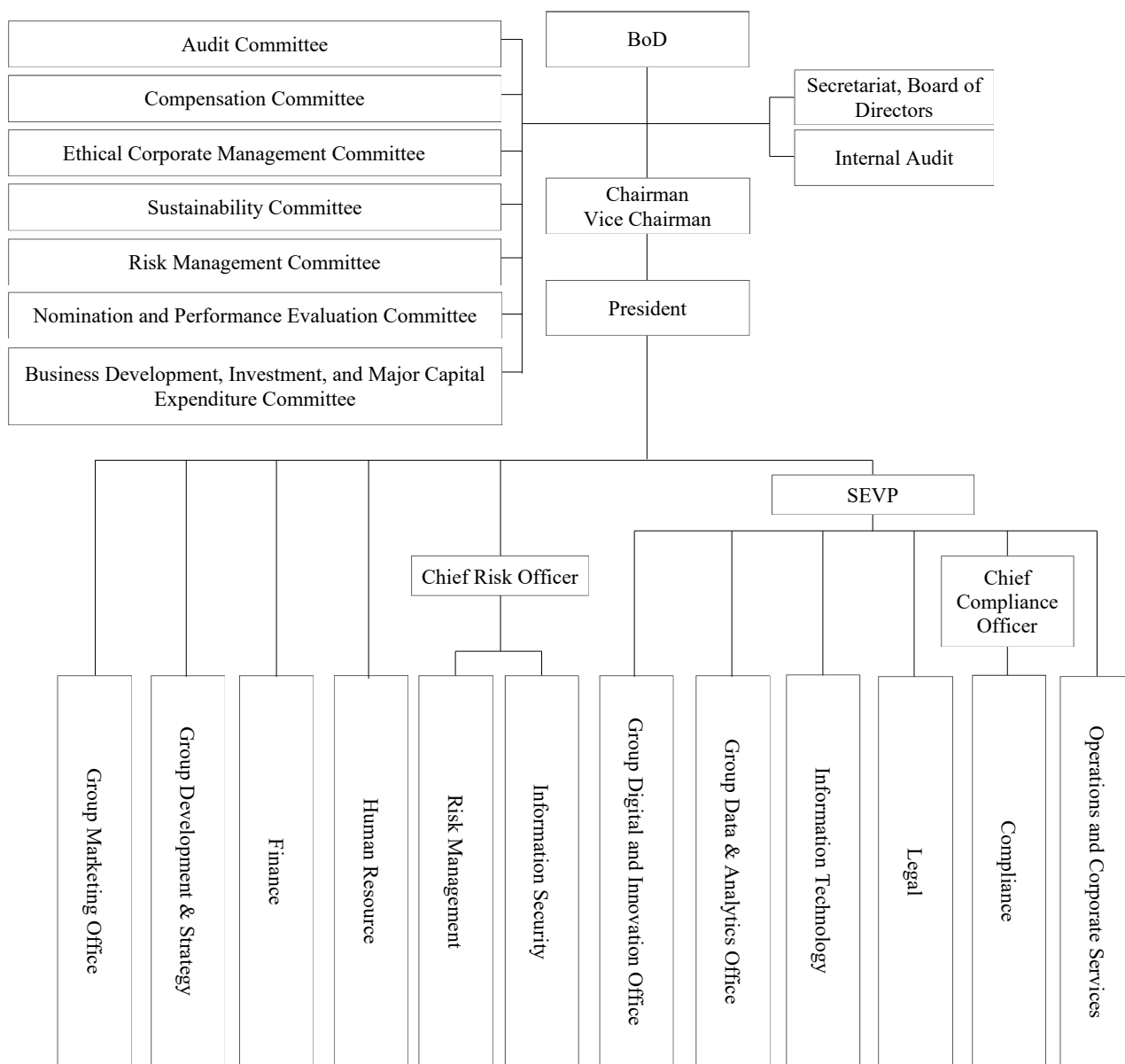
The subsidiary China Development Asset Management Corporation was established in 2003. Its main business includes the acquisition of non-performing assets released by financial institutions or other asset management companies, investment in real estate originating from court auctions or government agencies' public tenders, as well as the management, maintenance, and disposal of idle real estate entrusted by financial holding company subsidiaries. It also optimizes the properties through renovation and adopts a strategy of both leasing and sales, contributing to the corporate earnings and CDF's profits. On July 1, 2019, the subsidiary merged with three other asset management subsidiaries of the group. The surviving company was named China Development Asset Management Corporation to unify the brand name, improve capital utilization flexibility, and enhance business promotion and competitiveness.

# III. Corporate Governance Report

## 3.1 Organization

### 3.1.1 Organization and responsibilities of key departments

#### A. Organization chart of CDF



## B. Functions of Key departments

Secretariat, Board of Directors:	Secretarial duties for the Board and the Audit Committee under the Board and Functional Committee, including handling of stock-related matters
Internal Audit Department:	Matters relating to business audits and internal controls
Group Marketing Office:	Strategic marketing, brand awareness, media relations, social media, Sustainability Committee, as well as corporate sustainability-related matters
Group Data & Analytics Office:	Strategic development of data and analytics, artificial intelligence, and data governance across the group
Group Digital & Innovation Office:	Digital design, automation, sharing of digital technology, agile development, and financial technology investment projects
Group Development & Strategy Office:	Strategic development, asset allocation, and integration of resources within the group, including evaluation and analysis of market trends, and matters relating to Business Development, Investment and Major Capital Expenditure Committee
Finance Department:	Financial, capital, and performance management, including handling of all accounting, investor relations, and matters relating to M&A and Business Development, Investment and Major Capital Expenditure Committee
Legal Department:	All legal-related matters, including case consultation, contract review, and countersigning of other legal documents involving legal rights and obligations
Compliance Department:	Planning, administration, and execution of compliance and anti-money laundering policies; investigation and handling of illegal cases; supervision of subsidiaries; matters relating to the Ethical Corporate Management Committee
Human Resources Department:	Human resource management, employee relations, organizational planning, and matters relating to the Remuneration Committee and Nomination and Performance Evaluation Committee
Risk Management Department:	Credit, market, operational risk, insurance risk management and BCM as well as matters relating to the Risk Management Committee
Operations and Corporate Services Department:	General affairs and administrative operations
Information Technology Department:	Strategic development of technology, information management, and other related affairs
Information Security Department:	Planning, supervising, and executing of information security related matters.

## C. Primary duties of functional committees

### (1) Audit Committee

The powers of the Audit Committee, consisting of all independent directors of CDF, are as follows:

- Formulating or amending the internal control system pursuant to Article 14-1 of the Securities and Exchange Act;
- Assessing the effectiveness of the internal control system;
- Formulating or amending, pursuant to Article 36-1 of the Securities and Exchange Act, the procedures for handling financial or business activities of a material nature, such as acquisition or disposal of assets and derivatives trading;
- Handling matters in which a director is an interested party;
- Handling asset transactions or derivatives trading of a material nature;
- Handling the offering, issuance, or private placement of equity-type securities;

- Handling the hiring or dismissal as well as compensation of a certified public accountant;
- Appointing or discharging a financial, accounting or internal audit manager;
- Having annual and second-quarter financial statements signed by the Chairman, the President and CEO, and the Chief Accounting Officer;
- Reviewing and approving operational reports and proposals regarding earnings distribution or loss provision; and
- Handling other material matters as may be required by the Company or by the competent authority.

(2) Remuneration Committee

The powers of the Remuneration Committee, consisting of all independent directors, are as follows:

- Establishing and periodically reviewing the policy, system, standards, and structure of the performance evaluation and remuneration of directors (including the Chairman and Vice Chairman) and management team members;
- Periodically assessing and designing the remuneration package of directors (including the Chairman and Vice Chairman) and management team members; and
- Resolving matters authorized by the Board.

Except for matters authorized by the Board or regulations approved by the Board may be implemented upon the Remuneration Committee's approval, all resolutions passed by the Remuneration Committee must be submitted to the Board for discussion.

(3) Sustainability Committee

The powers of the Sustainability Committee, consisting of the Chairperson, President, and CEO, and independent directors, as well as the Chairpersons of direct subsidiaries and outside directors of direct subsidiaries (KGI Bank, KGI Securities, and CDIB Capital Group), are as follows:

- Deliberate and approve annual sustainable development plans and strategic directions.
- Deliberate and approve sustainable development projects and activity plans.
- Track and review the implementation and effectiveness of annual sustainable development plans, strategic directions, projects, and activity plans.
- Review ESG reports on a regular basis.
- Resolution of other matters concerning sustainable development and participation in public affairs as assigned by the Board of Directors.

The Sustainability Committee shall convene at least twice a year or at any time if necessary.

(4) Ethical Corporate Management Committee

The powers of the Ethical Corporate Management Committee, consisting of members nominated by the Chairperson and elected by the Board of Directors and half of them should be independent directors of CDF or its subsidiary, are as follows:

- Assisting in incorporating ethics and moral values into CDF's business strategy and adopting appropriate preventive measures against corruption and malfeasance to ensure ethical management in compliance with the requirements of laws and regulations;
- Adopting programs to prevent unethical conduct and setting the standard operating procedures and

conduct guidelines with respect to CDF's operations and business;

- Planning internal organization, structure, and allocation of responsibilities and setting up mutual supervision and checks-and-balance mechanisms for operating activities that are at high risk of unethical conduct;
- Promoting and coordinating awareness and educational activities with respect to ethics policy;
- Developing a whistle-blowing system and ensuring its operational effectiveness; and
- Assisting the Board of Directors and management in auditing and assessing whether prevention measures taken for the purpose of implementing ethical management are effectively operating, and preparing reports on the regular assessment of compliance with ethical management in operating procedures.

The Ethical Corporate Management Committee shall convene at least once a year or at any time if necessary. The Ethical Corporate Management Committee shall report to the Board on the implementation of the annual ethical corporate management plan every year.

(5) Risk Management Committee

The Risk Management Committee consists of three directors elected by the Board of Directors, and half of them or higher should be independent directors; members other than the independent director are selected from persons who are organizationally ranked Executive Vice Presidents of CDF or higher. The powers of the Risk Management Committee are as follows:

- Fostering a risk-management-oriented culture within CDF, deepening and expanding risk management, and boosting the effectiveness of risk management;
- Reviewing the risk management framework towards markets, credit, and operation, including how CDF identifies, assesses, monitors, reports, and responds to those risks; establishing a top-down, cross-subsidiary, and cross-function risk management reporting mechanism;
- Supervising the establishment of the risk management framework and overseeing the execution of overall risk management practice;
- Periodically reviewing the risk management reports of CDF and its subsidiaries regarding markets, credit, operational, interest rate, and liquidity risks to manage CDF and its subsidiaries' risk tolerance; analyzing the risk concentrations of CDF and subsidiaries regularly through the operation angle of CDF; and
- Reporting on a quarterly basis to the Board concerning the execution of risk management across CDF and its subsidiaries, as well as proposals for improvement. Shall a material risk event occur, the Risk Management Committee has to supervise mitigation measures and report to the Board on a quarterly basis.

(6) Nomination and Performance Evaluation Committee

The Committee shall be composed of three to five directors, at least one-third of the members should be independent directors. The duties are as follows.

- Reviewing and nominating candidates for the directors of CDF;
- Reviewing and nominating the president of CDF;
- Reviewing and nominating the heads of departments of CDF and CDF's executive vice presidents at



level 15 and above;

- Reviewing and nominating the directors and supervisors of Subsidiaries;
- Reviewing and recommending the chairpersons, vice chairpersons and presidents of Subsidiaries;
- Reviewing the annual performance of the chairperson, vice chairperson and president of CDF;
- Reviewing the annual performance of the chairpersons, vice chairpersons and presidents of Subsidiaries.
- Reviewing the annual performances of the heads of departments of CDF and approving the annual performances of CDF's executive vice presidents at level 15 and above;
- Reviewing the succession plans of the president and heads of departments; and
- Deliberation and resolution of matters authorized by the board of directors.

With authorization from the board of directors, the Committee shall exercise the due care of a good administrator to faithfully perform the following duties and shall submit its proposals to the board of directors of CDF or Subsidiaries for discussion.

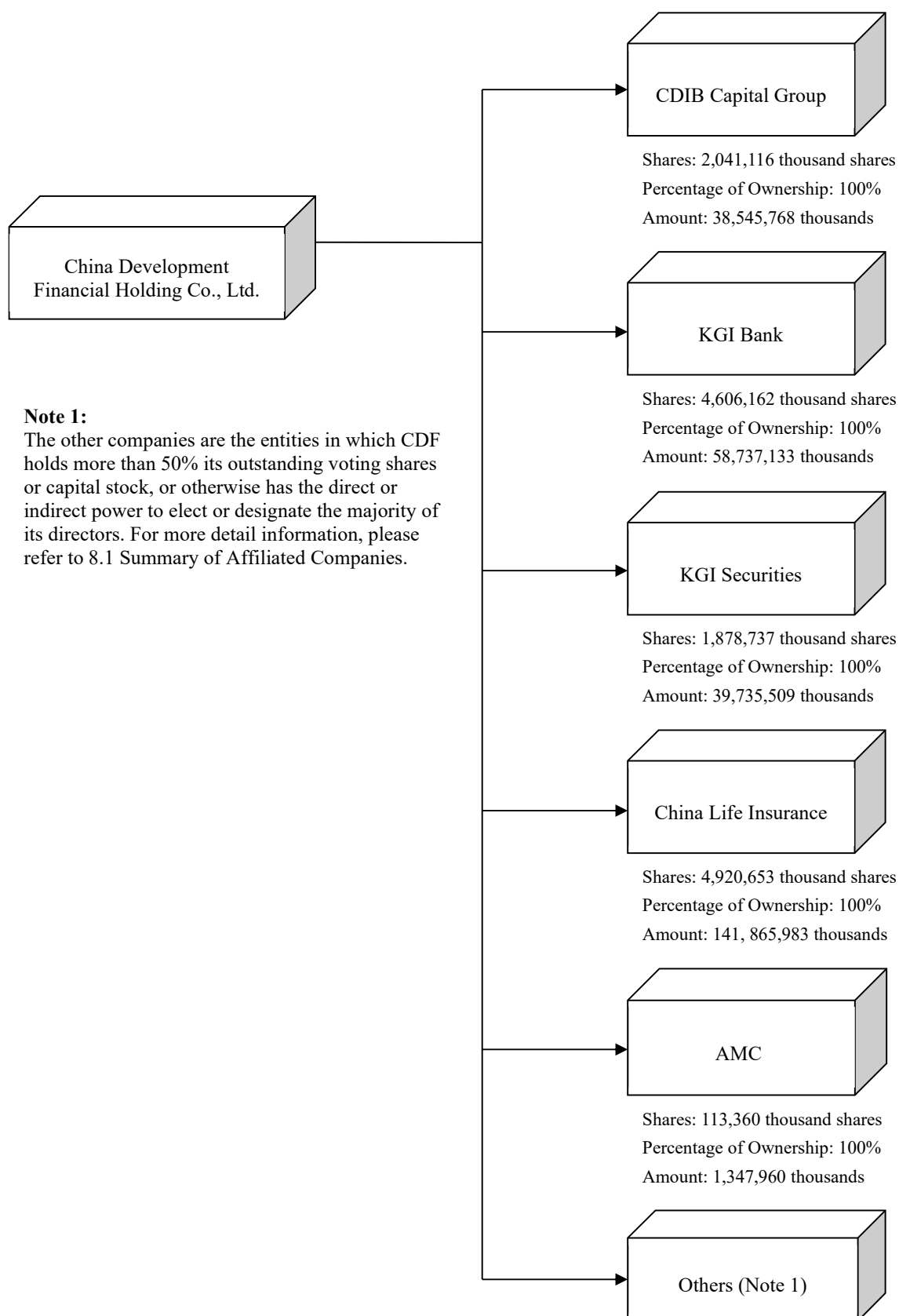
(7) Business Development, Investment and Major Capital Expenditure Committee

The Committee shall be composed of at least three to five directors elected by the Board of Directors, at least one-third of the members should be independent directors. The duties are as follows.

- Reviewing and discussing the business objectives and medium/long-term development strategies.
- Reviewing matters having significant impacts on shareholders' rights and interests.
- Reviewing material equity investment, capital expenditure project and expense project.
- Other matters authorized by the Board of Directors to be dealt with.

### 3.1.2 Organizational Chart

Date: December 31, 2022



## 3.2 Directors, President, Executive Vice Presidents, Vice President and Management Team

### 3.2.1 Directors

March 31, 2023																					
Title	Nationality / Country of Registration	Name	Gender / Age	Date Elected	Term (Note1)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement			Experience (Education)	Other Positions	Executives, Directors or Supervisors who are spouses or within second degrees of kinship			Note (2)
							Common Shares	Preferred Shares B	Common Shares	Preferred Shares B	Common Shares	Preferred Shares B	Common Shares	Preferred Shares B	Common Shares			Preferred Shares B	Title	Name	
Chairman	R.O.C	Chi Jie Investment Co., Ltd.	-	06/17/2022	to 06/16/2025	04/05/2004	Preferred Shares B 917,249	0.01	Preferred Shares B 917,249	0.01	Preferred Shares B 0	0.00	0	0.00	0.00	Master, Graduate school of Finance Takushoku University, Japan; Managing Director of Trust Group, CTBC Bank Co., Ltd; Managing Director of Retail Banking Group, CTBC Bank Co., Ltd.; Managing Director of Wealth Management Division, CTBC Bank Co., Ltd.; Managing Director of Taiwan Region Group, Retail Banking, CTBC Bank Co., Ltd.; CEO of Global Retail Banking and Head of Taiwan Region Group, Retail Banking, CTBC Bank Co., Ltd.; Executive Officer of Chairman Office, CTBC Bank Co., Ltd.; Advisor, CTBC Bank Co., Ltd.; Director and Chairman, CTBC Insurance Brokers Co., Ltd.; Chairman, CTBC Securities Co., Ltd.; Director, The Tokyo Star Bank, Ltd.; Director and Chairman, Taiwan Life Insurance Co., Ltd.	Chairman, China Life Insurance Co., Ltd.	None	None	None	None
	R.O.C	Representative Su-Kuo Huang	M/ 71-80y	09/26/2022	to 06/16/2025	09/26/2022	0	0.00	0	0.00	0	0.00	0	0.00	0.00						
Vice Chairman	R.O.C.	Paul Yang	M/ 51-60y	06/17/2022	to 06/16/2025	05/04/2009	25,069,738	0.15	25,069,738	0.15	0	0.00	0	0.00	0.00	M.B.A., Harvard University; M.S. in Mechanical Engineering, Massachusetts Institute of Technology; Senior management consultant, Boston Consulting Group; Executive director, Goldman, Sachs & Co.; Managing director & Head, Private Equity and Mezzanine Finance, DBS Bank; Executive Vice President & Chief Investment Officer, China Development Financial Holding Corporation; Senior Executive Vice President & Chief Investment Officer, China Development Financial Holding Corporation; Chairman, CDIB Capital International Corporation; Director, President & CEO, China Development Industrial Bank (renamed CDIB Capital Group); President & CEO, China Development Financial Holding Corporation; Partner & Head of Greater China, KKR Asia Limited;	Vice Chairman, CDIB Capital Group; Vice Chairman, CDIB Capital International (Hong Kong) Corporation Limited; Chairman, KGI International Holdings Limited; Director, Henwell Limited; Director, Henning Limited; Director, Asian Equity Limited. Director, DHC One Dalton (HK) Limited; Director, Scholarship Foundation of the Harvard Club of the ROC; Director, Carlton Holdings (Cayman) Limited; Advisor, KKR Asia Limited.	None	None	None	None
							75,427	0.00	0	0.00	0	0.00	0	0.00							

Title	Nationality / Country of Registration	Name	Gender / Age	Date Elected	Term (Note 1)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Positions	Executives, Directors or Supervisors who are spouses or within second degrees of kinship			Note (2)
							Common Shares	Preferred Shares B	Common Shares	Preferred Shares B	Common Shares	Preferred Shares B	Common Shares	Preferred Shares B			Title	Name	Relation	
Director	R.O.C	Jing Hui Investment Co., Ltd.	-	06/17/2022	to 06/16/2025	06/14/2019	180,000,000	1.05	180,000,000	1.07	0	0.00	0	0.00	Non-executive Director, Beijing Capital Grand Limited; Director, SUISHOU Technology Holding Inc. Legal Representative & Executive Director, Kareway Health Investment Group; Director, Blue Light (HK) Trading Co., Limited.; Director, Taiwan Mergers & Acquisitions And Private Equity Council.	Chief Executive Officer President & CEO, China Development Financial Holding Corporation; Director, China Life Insurance Co., Ltd.; Chairman, KGI Bank Co., Ltd.	None	None	None	
							0	0	0.00	0	0.00	0	0.00							
							4,159,388	0.02	6,837,404	0.04	0	0.00	0	0.00						
							56,378	0.00	56,378	0.00	0	0.00	0	0.00						
Director	R.O.C	Jing Hui Investment Co., Ltd.	-	06/17/2022	to 06/16/2025	06/14/2019	180,000,000	1.05	180,000,000	1.07	0	0.00	0	0.00	BBA, University of Texas Austin; MBA, University of North Texas; Chief Executive Officer (KSA, Jordan, Kuwait, Malaysia), Al Rajhi Bank, Saudi Arabia; Group Executive Director & CEO, Global Consumer Banking (Singapore), Standard Chartered Bank; Chairman and Chief Executive, GE North East Asia & President, GE Capital Asia & Head of M&A, GE Asia Pacific & Chief Executive, GE Australia and New Zealand, General Electric (GE); Director, Standard Chartered Bank PLC; Director, Al Rajhi Banking & Investment Corporation (Malaysia) Berhad; Director, Al Rajhi Bank, KSA.	Professor, Soochow University, Department of Law; Member, the Prosecutor Appraisal Committee of the Ministry of Justice; Vice President and Director General, Science & Technology Law Institute, Institute for Information Industry; Chairman, Taiwan Cybersecurity Foundry Company.	None	None	None	
							0	0	0.00	0	0.00	0	0.00							
							0	0.00	0	0.00	0	0.00	0	0.00						
							0	0.00	0	0.00	0	0.00	0	0.00						
R.O.C.	Representative Hung Yi Hsiao	M/ 41-50y		06/17/2022	to 06/16/2025	06/17/2022	0	0.00	0	0.00	0	0.00	0	0.00	Dean of Student Affairs, Soochow University; Lecturer, Judges Academy of Judicial Yuan and the Academy for the Judiciary of Ministry of Justice; Member, Judicial Evaluation Committee; Examining Committee Member, New Taipei Branch of Legal Aid Foundation; International & Cross-Strait Academic Exchange, Soochow University.					
							0	0.00	0	0.00	0	0.00	0	0.00						
							0	0.00	0	0.00	0	0.00	0	0.00						
							0	0.00	0	0.00	0	0.00	0	0.00						

Title	Nationality / Country of Registration	Name	Gender / Age	Date Elected	Term (Notel)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Positions	Executives, Directors or Supervisors who are spouses or within second degrees of kinship			Note (2)
							Common Shares	Preferred Shares B	Common Shares	Preferred Shares B	Common Shares	Preferred Shares B	Common Shares	Preferred Shares B			Title	Name	Relation	
Director	R.O.C	GPPC Chemical Corp.	-	06/17/2022	to 06/16/2025	04/05/2004	12,109,973	0	12,109,973	0	0	0	0	0	MBA, the Wharton School of the University of Pennsylvania; Associate, Lehman Brothers (NY); Senior Relationship Banker, Executive Director, Vice President, Lehman Brothers (UK); President & CEO, CDIB Capital International Corporation; Chairman & CEO, CDIB Capital International Corporation; Director & CEO, CDIB Capital Group; Director, Prime Express International Limited; Director, Prime Express Holdings Limited; Director, Jintex Corporation Ltd.; Director, Saint-Exupéry Properties Limited; President, CDIB Capital International (USA) Corporation; President, CDIB Capital International (Hong Kong) Corporation Limited; Director, CDIB Capital Asia Limited; Director, World Fitness Services Ltd.; Director, World Fitness Asia Limited; Director, Eighteen48 Asset Management Limited; Director & President, CDIB Capital International Corporation; Director, CDIB Intelligence Partners Limited; Director, CDIB Asia Secured Credit Opportunities GP Ltd; Advisor, BTQ A.G.;	Director, CDIB Capital Group; Chairman, CDIB Capital International (USA) Corporation; Director, CDIB Capital International (Hong Kong) Corporation Limited; Director, CDIB Capital Investment II Limited; Director, CDIB Capital Investment I Limited; Director, CDIB Global Markets Limited; Director, CDIB Capital Asia Partners Limited; Director, World Fitness Services Ltd.; Director, World Fitness Asia Limited; Director, Eighteen48 Asset Management Limited; Director & President, CDIB Capital International Corporation; Director, CDIB Intelligence Partners Limited; Director, CDIB Asia Secured Credit Opportunities GP Ltd; Advisor, BTQ A.G.;	None	None	None	None
	France	Representative Lionel de Saint-Exupéry	M/ 51-60y	06/17/2022	to 06/16/2025	10/25/2019	5,932,028	0	7,095,886	0	0	0	0	0	Vice Chairman, CDIB Capital Group; Vice Chairman, CDIB Capital International (Hong Kong) Corporation Limited. Vice President and Member of the Executive Committee of the Saint-Exupéry Foundation for the Youth.	Director, CDIB Buyout Partners Limited; Vice President and Member of the Executive Committee of the Saint-Exupéry Foundation for the Youth.				



Title	Nationality / Country of Registration	Name	Gender / Age	Date Elected	Term (Note1)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Positions	Executives, Directors or Supervisors who are spouses or within second degrees of kinship			Note (2)
							Common Shares	Preferred Shares B	Common Shares	Preferred Shares B	Common Shares	Preferred Shares B	Common Shares	Preferred Shares B			Title	Name	Relation	
Independent Director	R.O.C.	Tzyz-Jiun Duh	M/ 61-70y	06/17/2022	to 06/16/2025	06/14/2019	0	0.00	0	0.00	0	0.00	0	0.00	Postdoctoral researcher, Graduate Institute of Environmental Resources Engineering, State University of New York, USA; Ph.D. Department of Forestry, National Taiwan University; Director General, Department of Commerce; Director General, Department of Industrial Technology; Ministry of Economic Affairs; Director General, Industrial Development Bureau, Ministry of Economic Affairs, Vice Minister, Minister; Ministry of Economic Affairs; Minister, Vice Premier; Executive Yuan; Minister, National Development Council; Adjunct associate professor; Dept. of Business Administration, Soochow University.	Independent Director, CDIB Capital Group; Policy Advisor, Taiwan Electrical & Electronic Manufacturers' Association; Chief Consultant, Taiwan Transportation Vehicle Manufacturers' Association; Independent Director, USI Corporation; Independent Director, Macronix International Co., Ltd; Director, Fair Winds Foundation; Vice Chairman, San Code Foundation; Director, Shinfox Energy Co., Ltd.; Chief Consultant, Chinese National Federation of Industries; Member & CEO, Taoyuan Industrial Commercial Development & Investment Promotion Committee.	None	None	None	None
Independent Director	R.O.C	Shih-Chieh Chang	M/ 51-60y	06/17/2022	to 06/16/2025	06/17/2022	121,602	0.00	121,602	0.00	0	0.00	0	0.00	Ph.D., statistics from the University of Wisconsin-Madison; Independent Director, CTBC Financial Holding Co., Ltd.; Independent Director, CTBC Bank Co., Ltd.; Independent Director, Taiwan Life Insurance Co., Ltd.; Independent Director, TLG Insurance Co., Ltd.; Director, CTBC Business School; Independent Director, CTBC Life Insurance Co., Ltd.; Member, Financial Supervisory Commission of Executive Yuan; Non-member director and consultant, Securities Investment Trust & Consulting Association of the R.O.C.; Member, Financial Ombudsman Institution; Director, Taiwan Insurance Institute; Director, Taiwan Insurance Guaranty Fund; Chairman, Insurance Anti-Fraud Institute; Member, Labor Funds Supervisory Committee, Ministry of Labor; Chairman, Pan-Asia Risk and Insurance Management Association; CEO, EMBA, College of Commerce, National Chengchi University; Director, Department of Risk Management and Insurance, National Chengchi University; Consultant for Financial White Papers, Taiwan Financial Services Roundtable Co., Ltd.	Professor, Department of Risk Management and Insurance, National Chengchi University; Member, Labor Fund Supervisory Committee; Advisory Committee Member, Risk Management Committee, Chunghwa Post Co., Ltd.; Director, Risk Management Society of Taiwan; Independent Director, Pou Chen Corporation; Supervisor, the Securities Investment Trust and Consulting Association of the Republic of China; Director, of Jiyun Insurance Cultural and Educational Foundation; Member, the Financial Stability Committee of the Central Bank.	None	None	None	None

Title	Nationality / Country of Registration	Name	Gender / Age	Date Elected	Term (Note 1)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Positions	Executives, Directors or Supervisors who are spouses or within second degrees of kinship			Note (2)
							Common Shares	(%)	Common Shares	(%)	Common Shares	(%)	Preferred Shares B	(%)			Title	Name	Relation	
Independent Director	R.O.C	Wei Chung	M/ 61- 70y	06/17 2022	to 06/16/ 2025	06/17/ 2022	0	0.00	0	0.00	0	0.00	0	0.00	Master of National Chengchi University, Department of Accounting; Adjunct lecturer of National Taipei University of Business; Adjunct lecturer of National Central University; Partner, Deloitte & Touche; Director, National Federation of CPA Associations of the R.O.C.; Chairman, the Professional Ethics Committee of the National Federation of CPA Associations of the R.O.C.; Main Clients: Hua Nan Financial Holdings Co., Ltd.; Main Clients: Hua Nan Commercial Bank Co., Ltd.; Main Clients: Hua Nan Securities Co., Ltd.; Main Clients: Hua Nan Assets Management Co., Ltd.; Main Clients: South China Insurance Co., Ltd.; Main Clients: BizLink Holdings Inc.; Main Clients: Chia Hsin Cement Co., Ltd.; Main Clients: Taian Insurance Co., Ltd.; Special Assistant to Chairman, BizLink International Corp.	Independent Director, Hi Sharp Electronics Co., Ltd.	None	None	None	None

Note 1: Duration for the 8th term of the Board: from June 17, 2022 to June 16, 2025.

Note 2: Where the chairman of the board of directors and the president, or a person of an equivalent post at the Company (the most senior manager), are the same person, spouses or relatives within the first degree of kinship, related information must be provided, stating the reasons, legitimacy, necessity, and the specific response measures being taken to justify such an arrangement (e.g. increasing board seats for independent directors; ensuring a majority of directors do not serve concurrently as an employee or manager, etc.)

**Chart 1: Major shareholders of the institutional shareholders**

March 31, 2023

Name of Institutional Shareholders	Major Shareholders	Percentage
Chi Jie Investment Co., Ltd.	Hen-Yu, Chen	99.99
Jing Hui Investment Co., Ltd.	Shin Wen Investment Co., Ltd.	100.00
GPPC Chemical Corp.	Grand Pacific Petrochemical Corp.	100.00

**Chart 2: Major shareholders of the Company's major institutional shareholders**

March 31, 2023

Name of Institutional Shareholders	Major Shareholders	Percentage
Shin Wen Investment Co., Ltd.	Wei Hung Investment Co., Ltd.	100.00
Grand Pacific Petrochemical Corp.(Note)	KGI Securities Co., Ltd.	7.06
	Chung Kwan Investment Co., Ltd.	3.05
	Jing Kwan Investment Co., Ltd.	2.19
	Chang Chen-lin	1.92
	VANGUARD EMERGING MARKETS STOCK INDEX FUND, A SERIES OF VANGUARD INTERNATIONALEQUITY INDEX FUNDS	1.36
	HUANG TIAN NENG	1.30
	JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	1.28
	Chao Feng Investment Ltd.	1.23
	Shin Wen Investment Co., Ltd.	1.07
	LSV Emerging Markets Equity Fund, LP	0.87

Note: as of July 18, 2022

### 3.2.2 Directors (II)

#### 1. Disclosure of information on the professional qualifications of directors and the independence of independent directors

Criteria Name	Professional qualifications and experience (Note 1)	Independence Criteria(Note2)	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Chairman Chi Jie Investment Co., Ltd. Representative Su-Kuo Huang	<ul style="list-style-type: none"> <li>● Su-Kuo Huang served as Managing Director of Trust Group, Managing Director of Retail Banking Group, Managing Director of Wealth Management Division, Managing Director of Taiwan Region Group of Retail Banking, CEO of Global Retail Banking and Managing Director of Taiwan Region Group of Retail Banking, Executive Officer of Chairman Office, Advisor of CTBC Bank Co., Ltd. More than 45 years of complete financial history. In addition, he is currently Chairman of China Development Financial Holdings Corporation (CDFH) and CDFH's Sustainability Committee, and a member of Ethical Corporate Management Committee, and Chairman of China Life Insurance Co., Ltd.. He has industrial experience, professional ability and practical experience in Commercial Banking, Securities and Insurance, Execution and Strategic Planning, Risk Management, Financial Services, Corporate Governance, Business and Marketing Leadership, Information Technology and Information Security, International Experience, etc.</li> <li>● Comply with Article 9 Paragraph 1 Subparagraph 1, Article 9 Paragraph 9 of "Regulations Governing Qualification Requirements for the Founder or Responsible Persons of Financial Holding Companies and Concurrent Serving Restrictions and Matters for Compliance by the Responsible Persons of a Financial Holding Company".</li> <li>● Not been a person of any conditions defined in Article 30 of the Company Law.</li> </ul>	-	0
Vice Chairman Paul Yang	<ul style="list-style-type: none"> <li>● Former President &amp; CEO of China Development Financial Holdings ("CDFH"), President &amp; CEO of China Development Industrial Bank (renamed CDIB Capital Group "CDIB"), and the Chairman of CDIB Capital International Corporation Limited ("CCIC"). Prior to CDFH, Paul was Managing Director and Global Head of Private Equity and Mezzanine Finance at DBS Bank based in Hong Kong. He also held positions at Goldman Sachs, General Atlantic and Boston Consulting Group in the U.S. and Asia. During his tenure as CEO of CDFH, Paul successfully restructured CDIB from a then-proprietary private equity operation into a regional asset manager, and completed a series of strategic acquisitions in banking and securities that transformed CDFH. Paul also served as a Partner &amp; Head of Greater China for KKR Asia Limited from January 2017 to June 2022. Under Paul's leadership, KKR China has made over US\$5 billion of private equity investments in areas of digital economy, healthcare, education and advanced manufacturing. In addition, Paul has successfully expanded the scope of KKR's franchise beyond private equity investments to include other asset classes such as commercial real estate, private credit, and infrastructure and technology ventures. For three years in a row since Paul took office, KKR has been voted by Private Equity International as the Private Equity firm of the Year for China. Paul is now Vice Chairman of CDFH and CDIB, and sits on the Board of Directors of a number of the Group's overseas subsidiaries. He currently serves as an advisor of KKR Asia Limited, and a member of the Nomination and Performance Evaluation Committee and the Business Development, Investment, and Major Capital Expenditure Committee of CDFH.</li> <li>● Possess industry experience, professional ability and practical experience in Holding Company, Commercial Banking, Securities and Insurance, PE and VC Investment, Execution and Strategic Planning, Risk Management, Financial Services, Corporate Governance, Business and Marketing Leadership, and International Experience.</li> <li>● Comply with Article 9 Paragraph 1 Subparagraph 1, Article 9 Paragraph 3 and Article 9 Paragraph 9 of "Regulations Governing Qualification Requirements for the Founder or Responsible Persons of Financial Holding Companies and Concurrent Serving Restrictions and Matters for Compliance by the Responsible Persons of a Financial Holding Company".</li> <li>● Not been a person of any conditions defined in Article 30 of the Company Law.</li> </ul>	-	0

Criteria Name	Professional qualifications and experience (Note 1)	Independence Criteria(Note2)	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Director Jing Hui Investment Co., Ltd. Representative Stefano Paolo Bertamini	<ul style="list-style-type: none"> <li>● Former Chairman and Chief Executive of GE North East Asia, President of GE Capital Asia, Head of M&amp;A of GE Asia Pacific, Chief Executive of GE Australia and New Zealand, Group Executive Director &amp; CEO of Standard Chartered Bank Global Consumer Banking (Singapore), Chief Executive Officer of Al Rajhi Bank, Saudi Arabia (KSA, Jordan, Kuwait, Malaysia), Directors of Al Rajhi Bank, Saudi Arabia, Director of Al Rajhi Banking &amp; Investment Corporation (Malaysia) Berhad, Director of Al Rajhi Bank, KSA and other positions, with more than 35 years of service experience in large multinational financial institutions and enterprises; Currently, Chairman of KGI Bank, Director of China Life Insurance Co., Ltd., President &amp; CEO of China Development Financial Holding Co., Ltd. as well as a member of the Sustainability Committee, Risk Management Committee and Business Development Investment, and Major Capital Expenditure Committee; has deep industry experience, professional ability and practice in Holding Company, Commercial Banking, Securities and Insurance, PE / VC Investment, Execution &amp; Strategic Planning, Risk Management, Financial Services, Corporate Governance, Business and Marketing Leadership, Information Technology and Information Security, and International Experience.</li> <li>● Comply with Article 9 Paragraph 1 and Article 9 Paragraph 9 of "Regulations Governing Qualification Requirements for the Founder or Responsible Persons of Financial Holding Companies and Concurrent Serving Restrictions and Matters for Compliance by the Responsible Persons of a Financial Holding Company".</li> <li>● Not been a person of any conditions defined in Article 30 of the Company Law.</li> </ul>	-	0
Director Jing Hui Investment Co., Ltd. Representative Hung Yi Hsiao	<ul style="list-style-type: none"> <li>● Hung Yi Hsiao is currently a professor at Soochow University Law School, the Member of the Procuratorial Evaluation Committee of the Ministry of Justice, Vice President and Director General of Science &amp; Technology Law Institute, Institute for Information Industry and Chairman of Taiwan Cybersecurity Foundry Company. He once served as the chairman of CHINA ELECTRIC MFG. CORP., the director of Chunghwa Telecom Co., Ltd., the independent director of China Telecom Co., Ltd., the adjunct professor of the Institute of Finance and Economics Law of Feng Chia University, the Evaluation member and convener of the Higher Education Evaluation and Accreditation Council of Taiwan, the Dean of Student Affairs of Soochow University, the Lecturer, Judges Academy of Judicial Yuan and the Academy for the Judiciary of Ministry of Justice, and the member of the Judicial Evaluation Committee of the Judicial Yuan, the director of International and Cross-Strait Academic Exchange at Soochow University, with about 12 years of legal experience, rich industry and academic experience, familiar with international cross-strait legal affairs, with legal compliance, Government &amp; Public Sector,. Executive &amp; Strategic Planning, Risk management, Financial Services, Corporate Governance, Business &amp; Marketing Leadership, Information Technology and Information Security, International Experience and other industry experience, professional ability and practical experience.</li> <li>● Comply with Article 9 Paragraph 1 Subparagraph 3 of "Regulations Governing Qualification Requirements for the Founder or Responsible Persons of Financial Holding Companies and Concurrent Serving Restrictions and Matters for Compliance by the Responsible Persons of a Financial Holding Company".</li> <li>● Not been a person of any conditions defined in Article 30 of the Company Law.</li> </ul>	-	0

Criteria Name	Professional qualifications and experience (Note 1)	Independence Criteria(Note2)	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
<p>Director GPPC Chemical Corp. Representative Lionel de Saint- Exupéry</p>	<ul style="list-style-type: none"> <li>● Experience: Associate, Lehman Brothers (NY); Senior Relationship Banker, Executive Director and Vice President, Lehman Brothers (UK); President &amp; CEO, CDIB Capital International Corporation; Chairman &amp; CEO, CDIB Capital International Corporation; Director &amp; CEO, CDIB Capital Group; Director, Prime Express International Limited; Director, Prime Express Holdings Limited; Director, Jintex Corporation Ltd.; Director, Saint-Exupéry Properties Limited; President, CDIB Capital International (USA) Corporation; President, CDIB Capital International (Hong Kong) Corporation Limited; Director, CDIB Capital International (Korea) Corporation; Director, Asia Interactive Media Limited; Director, Greenroom Inc. Lionel is now a director of CDFH, and also serves as a member of the Nomination and Performance Evaluation Committee and the Business Development Investment, and Major Capital Expenditure Committee of CDFH, and Director of CDIB Capital Group, as well as President and Co-CEO of CDIB Capital International, which he established investment platform of CDIB Capital International in 2006. He also serves as business supervisor and sits on the Board of Directors of a number of the Group's overseas subsidiaries. His professional and international experience spans across Holding Company, securities and insurance, private equity and venture capital investment, execution and strategic planning, risk management, financial services, corporate governance.</li> <li>● Comply with Article 9 Paragraph 1 Subparagraph 3 of "Regulations Governing Qualification Requirements for the Founder or Responsible Persons of Financial Holding Companies and Concurrent Serving Restrictions and Matters for Compliance by the Responsible Persons of a Financial Holding Company".</li> <li>● Not been a person of any conditions defined in Article 30 of the Company Law.</li> </ul>	-	0
<p>Independent Director Tyzz-Jiun Duh</p>	<ul style="list-style-type: none"> <li>● Tyzz-Jiun Duh used to be the director of the Commerce Department of the Ministry of Economic Affairs, the director of the Technology Department, the director of the Industrial Bureau, the deputy minister of the Ministry of Economic Affairs, the minister of the Ministry of Economic Affairs, the executive council member and the vice president of Executive Yuan, the chairman of the National Development Committee, and the adjunct associate professor of the Department of Business Management of Soochow University, etc. He has more than 15 years of administrative management experience; he is also currently a policy consultant of the Taiwan Electrical and Electronics Industry Association, the highest consultant of the Taiwan Vehicle Industry Association, the Chief consultant of the Chinese National Federation of Industries of the Republic of China, and a member of the Audit Committee, a member of the Remuneration Committee, a member of the Risk Management Committee, a member of the Ethical Corporate Management Committee, a member of Nomination and Performance Evaluation Committee and a member of Business Development Investment, and Major Capital Expenditure Committee of CDFH, a member &amp; CEO of Taoyuan Industrial Commercial Development &amp; Investment Promotion Committee; familiar with the general situation of the industrial and commercial industry and economic development trends; have industry experience, professional ability of Holding Company, PE and VC Investment, Government and Public Sector, Execution and Strategic Planning, Risk Management, Corporate Governance, Information Technology and Information Security, International Experience, etc..</li> <li>● Comply with Article 9 Paragraph 1 Subparagraph 3 and Article 9 Paragraph 3 of "Regulations Governing Qualification Requirements for the Founder or Responsible Persons of Financial Holding Companies and Concurrent Serving Restrictions and Matters for Compliance by the Responsible Persons of a Financial Holding Company".</li> <li>● Not been a person of any conditions defined in Article 30 of the Company Law.</li> </ul>	<p>1. Conforming to Articles 3 and 4 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.</p> <p>2. Not in violation of Article 4-1 of the Regulation Governing Qualification Requirements for the Founder or Responsible Persons of Financial Holding Companies and Concurrent Serving Restrictions and Matters for Compliance by the Responsible Persons of a Financial Holding Company.</p>	2

Criteria Name	Professional qualifications and experience (Note 1)	Independence Criteria(Note2)	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Independent Director Shih-Chieh Chang	<ul style="list-style-type: none"> <li>Shih-Chieh Chang is currently a professor in the Department of Risk Management and Insurance of National Chengchi University, and serves as a member of the Labor Fund Supervisory Committee, an advisory committee member of the Risk Management Committee of Chunghua Post Co., Ltd., a director of the Risk Management Society of Taiwan, a consultant to the Public Service Pension Fund Supervisory Board, a Member to the Futures Trust Fund Risk Management Committee of Chinese National Futures Association, an independent director of Pou Chen Corporation, Supervisor, the Securities Investment Trust and Consulting Association of the Republic of China, Director of Jiyun Insurance Cultural and Educational Foundation, a member of the Financial Stability Assessment Committee of the Central Bank, and a member of the Audit Committee, a member of the Remuneration Committee, a member of the Risk Management Committee, a member of the Ethical Corporate Management Committee and a member of Business Development Investment, and Major Capital Expenditure Committee of CDFH; He has served as an independent director of CTBC Financial Holding Co., an independent director of CTBC Bank Co., an independent director of Taiwan Life Insurance Co., an independent director of TLG Insurance Co., an independent director of CTBC Life Insurance Co., a member of the Financial Supervisory Commission of Executive Yuan, a non-member director and consultant of the securities Investment Trust &amp; Consulting Association of the R.O.C., a member of the Financial Ombudsman Institution, and a director of the Taiwan Insurance Institute. Director of the Taiwan Insurance Guaranty Fund, Chairman of the Insurance Anti-Fraud Institute, and member of the Labor Funds Supervisory Committee of the Ministry of Labor, with more than 18 years of financial and insurance experience, familiar with financial and insurance affairs, with practical experience in Holding Company, Commercial Banking, Securities/Insurance, Government and Public Sector, Execution and Strategic Planning, Risk Management, Financial Services, Corporate Governance, Business and Marketing Leadership, International Experience and other industries, professional capabilities and risk control of financial institutions.</li> <li>Comply with Article 9 Paragraph 1 Subparagraph 3 and Article 9 Paragraph 3 of "Regulations Governing Qualification Requirements for the Founder or Responsible Persons of Financial Holding Companies and Concurrent Serving Restrictions and Matters for Compliance by the Responsible Persons of a Financial Holding Company".</li> <li>Not been a person of any conditions defined in Article 30 of the Company Law.</li> </ul>	<ol style="list-style-type: none"> <li>Conforming to Articles 3 and 4 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.</li> <li>Not in violation of Article 4-1 of the Regulations Governing Qualification Requirements for the Founder or Responsible Persons of Financial Holding Companies and Concurrent Serving Restrictions and Matters for Compliance by the Responsible Persons of a Financial Holding Company.</li> </ol>	1
Independent Director Wei Chung	<ul style="list-style-type: none"> <li>Wei Chung is currently an independent director of Shengrui Electronics Co., Ltd., and serves as a member of the Audit Committee, a member of the Remuneration Committee, a member of the Risk Management Committee and a member of the Ethical Corporate Management Committee of China Development Finance Holdings Corporation(CDFH); He once served as the special assistant to Chairman of BizLink International Corp., Director of the National Federation of CPA Associations of the R.O.C., Chairman of the Professional Ethics Committee of the National Federation of CPA Associations of the R.O.C., Partner of Deloitte &amp; Touch served as a visa accountant Customers in the financial industry include: Hua Nan Financial Holdings, Hua Nan Commercial Bank, South China Insurance, Hua Nan Assets Management, Hua Nan Securities, serving as visa accountants other industrial customers include: BizLink Holdings Inc., Chia Hsin Cement Co., Ltd.. With more than 25 years of financial related qualifications, he is familiar with the financial control industry, and has practical experience in Holding Company, Commercial Banking, Securities/Insurance, PE and VC Investment, Execution and Strategic Planning, Risk Management, Financial Services, Corporate Governance, International Experience, professional ability and risk control of financial institutions.</li> <li>Comply with Article 9 Paragraph 1 Subparagraph 3 and Article 9 Paragraph 3 of "Regulations Governing Qualification Requirements for the Founder or Responsible Persons of Financial Holding Companies and Concurrent Serving Restrictions and Matters for Compliance by the Responsible Persons of a Financial Holding Company".</li> <li>Not been a person of any conditions defined in Article 30 of the Company Law.</li> </ul>	<ol style="list-style-type: none"> <li>Conforming to Articles 3 and 4 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.</li> <li>Not in violation of Article 4-1 of the Regulations Governing Qualification Requirements for the Founder or Responsible Persons of Financial Holding Companies and Concurrent Serving Restrictions and Matters for Compliance by the Responsible Persons of a Financial Holding Company.</li> </ol>	1

Note 1: Professional qualifications and experience: describe the professional qualifications and experience of individual directors and supervisors. If they are members of the audit committee and have accounting or financial expertise, their accounting or financial background and work experience should be stated, and whether they have not there are various matters in Article 30 of the Company Act.

Note 2: Independent directors should state their independence, including but not limited to whether they, their spouse, or relatives within the second degree of kinship serve as directors, supervisors or employees of the company or its affiliated companies; The number and proportion of the company's shares held by relatives (or in the name of others); whether they serve as a company that has a specific relationship with the company (refer to the provisions of Article 3, Paragraph 1, Subparagraphs 5 to 8 of the Regulations on the Establishment of Independent Directors and Matters to be Complied with in Public Offering Companies) Directors, supervisors or employees; the amount of remuneration received for providing business, legal, financial, accounting and other services to the company or its affiliates in the last two years.

## **2. Board Diversity and Independence:**

### **(1) Diversity of the Board of Directors:**

#### **Skill Matrix of Board of Directors:**

CDF's Board election, comply with the Article 16 of the Articles of Incorporation, is adopting a nomination system. In order to promote the sound development of the structure and functions of the Board of Directors, the Company's Corporate Governance Best Practice Principles has established clear guidelines in the selection of Board members. Besides mandating that the seats of directors who concurrently serve in managerial positions at the Company cannot account for a too high proportion of all Board members, the selection of directors should take into account the "basic conditions" of directors in terms of their own operation, business model and development needs (including gender, age, nationality, culture and race, etc.), as well as the diversity of professional knowledge and skills (including professional background, professional skills and industry experience), and in order to achieve the ideal goal of corporate governance, it is desirable that directors generally have the necessary knowledge, skills and abilities to perform their duties (including operational judgment ability, accounting and financial analysis ability, operating management ability, crisis management ability, industry knowledge, international market outlook, leadership ability and risk management knowledge and ability); at the same time, in order to ensure that independent directors objectively exercise their duties, the independent directors of the Company should not serve more than three consecutive terms. In order to realize the principle of diversity in the Company, the diversification objectives of the members of the Board of Directors are planned as follows: (1) at least one director with industry experience in banking, securities/insurance and venture capital; (2) the number of Directors serving concurrently as managerial officers of the Company or its subsidiaries is no more than one-third of all Directors; (3) at least one director has the qualification of actuary or accountant (4) at least three directors in the fields of marketing and strategic planning, risk management, finance/financing, corporate governance, business and marketing, information technology, and international experience; and (5) the independent directors of the Company should not serve more than three consecutive terms.

The Company's directors serve a term of 3 years and the 8th-term Board began on June 17, 2022 and will end on June 16, 2025. There are currently 8 directors, including 3 independent directors and 1 natural person director. The number of independent director seats amounts to 37.5% of the Board of Directors and the number of consecutive terms of office of the 3 independent directors does not exceed 3 terms. 2 directors concurrently serve as managers of the Company or its subsidiaries (25% of the number of directors); 2 of the 8 directors are foreign nationals, the average age of all directors is about 61 years old, and the average term of office is 3.5 years. Board members come from a diversified background, including financial, industrial, and academic sectors, and have abundant practices in operations and management, as well as ample international experiences, professional knowledge, skills, and accomplishments. The composition of the Board of Directors is in line with the diversification objectives disclosed above, and the actual situation is as follows:



Title/ Name	Photos	Tenure (years)	Diversity Standards										Committee												
			Basic profile				Industry experience				Professional knowledge/skill						Audit Committee	Remuneration Committee	Sustainability Committee	Risk Management Committee	Ethical Corporate Management Committee	Nomination and Performance Evaluation Committee	Business Development Investment, and Major Capital Expenditure Committee		
			Nationality	Age			Holding Company	Commercial Banking	Securities / Insurance	PE and VC Investment	Government & Public Sector	Execution & Strategic Planning	Risk Management	Financial Services	Corporate Governance	Business & Marketing Leadership								Information Technology / Information Security	International Experience
				41-50	51-60	61-70																			
Chairman Chi Jie Investment Co., Ltd. Representative Su-Kuo Huang (newly elected)		6 m	R. O. C.				✓	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓							
Vice Chairman Paul Yang		13y 11m	R. O. C.					✓	✓	✓		✓	✓	✓	✓	✓	✓	✓							✓
Director Jing Hui Investment Co., Ltd. Representative Stefano Paolo Bertamini		2y 5m	U S A		✓			✓	✓	✓		✓	✓	✓	✓	✓	✓	✓						✓	✓
Director GPPC Chemical Corp. Representative Lionel de Saint - Exupéry		3y 6m	F R A N C E		✓			✓	✓	✓		✓	✓	✓	✓	✓	✓	✓						✓	✓

Title/ Name	Photos	Tenure (years)	Diversity Standards										Committee						
			Basic profile				Industry experience				Professional knowledge/skill								
			Nationality	Age				Holding Company	Commercial Banking	Securities / Insurance	PE and VC Investment	Government & Public Sector	Execution & Strategic Planning	Risk Management	Financial Services	Corporate Governance	Business & Marketing Leadership	Information Technology / Information Security	International Experience
				41-50	51-60	61-70	71- and above												
Director Jing Hui Investment Co., Ltd. Representative Hung Yi Hsiao (newly elected) <sup>note</sup>		9m	R. O. C.	✓						✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Independent Director Tyzz-Jiun Duh		3y 10m	R. O. C.		✓			✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Independent Director Shih-Chieh Chang <sup>note</sup> (newly elected)		9m	R. O. C.		✓			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Independent Director Wei Chung <sup>note</sup> (newly elected)		9m	R. O. C.					✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

Note: Independent Director Shih-Chieh Chang has the professional qualification of associate actuary (The Actuarial Institute of Chinese Taipei); Independent Director Wei Chung has the accountant professional qualifications (C.P.A. of Taiwan); Director Hung Yi Hsiao serves as the Vice President and Director General of Science & Technology Law Institute, Institute for Information Industry and the chairman of Taiwan Cybersecurity Foundry Company.

## **(2) Independence of the Board of Directors:**

According to the Securities and Exchange Act, the number of independent directors shall be no less than 2 and shall account for no less than one fifth of the total number of directors. Article 16.1 of the Articles of Association of the Company stipulates that the number of independent directors of the Company shall not be less than 3 and shall not be less than one-fifth of the number of directors. The 8th-term Board began on June 17, 2022 and will end on June 16, 2025. There are currently 8 directors, including 3 independent directors and 1 natural person director. The number of independent director seats amounts to 37.5% of the Board of Directors and the number of consecutive terms of office of the 3 independent directors does not exceed 3 terms. The independent directors of the Company are appointed professionals from different industries. The number of independent directors of the Company shall not be less than one-fifth of the number of director seats, which meets the requirements of Article 14.2.1 and Jin-Guan-Zheng-Fa's Letter No. 1020053112 on expanding the scope of mandatory establishment of independent directors.

The current independent directors conform to the requirements in Articles 3 and 4 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies and are not in violation of Article 4-1 of the Regulations Governing Qualification Requirements for the Founder or Responsible Persons of Financial Holding Companies and Concurrent Serving Restrictions and Matters for Compliance by the Responsible Persons of a Financial Holding Company, and do not hold more than three concurrent positions as Independent Directors of other TWSE/TPEX listed companies.

Current independent directors do not violate the provisions of Article 14.2.4 of the Securities and Exchange Act, do not violate the qualifications of independent directors pursuant to Article 14.2.2 of the Securities and Exchange Act, and do not violate the provisions of Article 27 of the Companies Act on being elected with status of the government, legal persons or their representatives.

Current directors do not violate the provisions of Articles 26.3.3 and 26.3.4 of the Securities and Exchange Act, and do not a spouse or a relative within the second degree of kinship to any other director. Current directors do not violate the provisions of Article 14.2.4 of the Securities and Exchange Law, and do not have events set forth in the provisions of Article 30 of the Companies Act.

### 3.2.3 Management Team

March 31, 2023

Title	Nationality	Name	Gender	Date Effective	Shareholding			Spouse & Minor Shareholding			Shareholding by Nominee Arrangement			Experience (Education)	Other Positions	Managers who are Spouses or Within Second Degrees of Kinship			Note
					Common Shares	Preferred Shares B	(%)	Common Shares	Preferred Shares B	(%)	Common Shares	Preferred Shares B	(%)			Title	Name	Relations	
President	USA	Stefano Paolo Bertanini	M	2020.11.04	6,837,404	56,378	0.04 0.00	0	0	0.00 0.00	0	0	0.00 0.00	MBA, University of North Texas CEO of Al Rajhi Bank BBA, University of Texas Austin	Director of China Life Insurance Co., Ltd. Chairman of KGI Bank	-	-	-	-
Sr. Executive Vice President General Counsel	R.O.C	Julian Yen	M	2022.10.01	2,148,678	0	0.01 0.00	0	0	0.00 0.00	0	0	0.00 0.00	MBA, MIT LLM, University of Michigan EVP of CDF and KGI Securities	Director of KGI Securities (Thailand) Public Company Limited Director of CDIB Capital Management Corp. Director of KGI Bank EVP of KGI Securities Supervisor of CDIB Yida Private Equity (Kunshan) Co. Ltd. Supervisor of CDIB Capital Creative Industries Ltd.	-	-	-	-
Executive Vice President	R.O.C	Daw-Yi Hsu	M	2020.11.04	3,112,042	0	0.02 0.00	2,050,000	0	0.01 0.00	0	0	0.00 0.00	MBA, The Ohio State University Acting President of CDF and Chairman of KGI Securities	Chairman of KGI Securities Co. Ltd. Director of KGI Investments Holdings Limited Director of CDIB Capital Management Corp. Director of Richpoint Company Limited	-	-	-	-
Chief Financial Officer Executive Vice President	R.O.C	Jenny Huang	F	2020.05.18	1,677,791	0	0.01 0.00	0	0	0.00 0.00	0	0	0.00 0.00	Bachelor of Accounting, National Taiwan University EVP of KGI Securities	Director of China Life Insurance Co., Ltd. EVP of KGI Securities Co. Ltd. Director of KGI Bank	-	-	-	-
Chief Digital Officer Executive Vice President	UK	Ketan Samani	M	2020.09.01	61,721	0	0.00 0.00	0	0	0.00 0.00	0	0	0.00 0.00	Bachelor in Management and Systems, The City University, London Chief Digital Officer of UBS Wealth Management, Singapore	Director of Digital Nomade Pte. Ltd. Partner of Studio-ID LLP	-	-	-	-
Chief Marketing Officer Executive Vice President	Argentina	Gabriel Heredia	M	2021.02.17	84,983	0	0.00 0.00	0	0	0.00 0.00	0	0	0.00 0.00	Bachelor of Science in Communication, University of Miami	-	-	-	-	-
Chief Strategy & Corporate Development Officer Executive Vice President	Philippines	Raymund Reyes	M	2021.02.19	20,411	0	0.00 0.00	0	0	0.00 0.00	0	0	0.00 0.00	MBA, Fordham University Advisor of Warburg Pincus	Director of CDIB Capital Group CDIB Capital International (Hong Kong) Corporation Ltd., Managing Director Macarthur Avenue Investments, Owner	-	-	-	-
Information Technology Dept. Executive Vice President	HK, China	Terence Yeung	M	2021.03.08	26,932	0	0.00 0.00	0	0	0.00 0.00	0	0	0.00 0.00	EMBA, University of Chicago Booth School of Business Chief Fintech Officer & Head of Business, MoneySQ.com and TrustME, Hong Kong	-	-	-	-	-
Group Data & Analytics Office Executive Vice President	UK	Samar Kumar	M	2021.03.29	15,151	0	0.00 0.00	0	0	0.00 0.00	0	0	0.00 0.00	Master of Science in Computing, Northumbria University Global Head of Analytics and Data Management, Standard Chartered Bank	-	-	-	-	-
Chief Risk Officer Executive Vice President	USA	David Thomas	M	2021.07.01	0	0	0.00 0.00	0	0	0.00 0.00	0	0	0.00 0.00	Bachelor of Arts in History, Whitman College Chief Risk Officer, CIMB Group Malaysia	Director of KGI Bank Thomas Family Investments LLC Governor Thomas Family California Investments LLC Governor	-	-	-	-
Chief HR Officer Executive Vice President	R.O.C	Melody Chen	F	2022.10.01	50,000	0	0.00 0.00	0	0	0.00 0.00	0	0	0.00 0.00	MBA, University of Nottingham, UK Chief HR Officer of HSBC Bank	-	-	-	-	-
Secretariat, Board of Directors Executive Vice President	R.O.C	Vincent Hung	M	2022.04.01	2,510,407	0	0.01 0.00	0	0	0.00 0.00	0	0	0.00 0.00	Bachelor of Information Management, Fu Jen Catholic University VP of CDF	EVP of CDIB Capital Group	-	-	-	-

Title	Nationality	Name	Gender	Date Effective	Shareholding			Spouse & Minor Shareholding			Shareholding by Nominee Arrangement			Experience (Education)	Other Positions	Managers who are Spouses or Within Second Degrees of Kinship			Note
					Common Shares	Preferred Shares B	(%)	Common Shares	Preferred Shares B	(%)	Common Shares	Preferred Shares B	(%)			Title	Name	Relations	
Internal Audit Dept. Chief Auditor	R.O.C	Hans Tzou	M	2018.11.15		584,567 0	0.00 0.00	0 0	0 0	0.00 0.00	0 0	0 0	0.00 0.00	B.B.A., National Chengchi University AVP of CDF and CDIB Capital Group	-	-	-	-	-
Information Security Dept. Executive Vice President	R.O.C	Richard Sun	M	2019.01.01		65,668 59,922	0.00 0.00	16,699 0	0 0	0.00 0.00	0 0	0 0	0.00 0.00	MBA, National Taiwan University EVP of CDF	-	-	-	-	-
Executive Vice President	R.O.C	Marisol Wang	F	2022.06.01		90,000 0	0.00 0.00	0 0	0 0	0.00 0.00	0 0	0 0	0.00 0.00	Master of Laws, Soochow University EVP of CDF and CDIB Capital Group	EVP of CDIB Capital Group Supervisor of CDIB Capital Healthcare Ventures Ltd. Supervisor of China Development Asset Management Corporation Supervisor of CDIB Venture Capital Corporation Supervisor of CDIB Private Equity (China) Corporation Supervisor of CDIB Private Equity (Kunshan) Corporation	-	-	-	-
Compliance Dept. Executive Vice President	R.O.C	Fleur Tsai	F	2021.09.09		0 0	0.00 0.00	0 0	0 0	0.00 0.00	0 0	0 0	0.00 0.00	Master of Laws, National Chung Hsing University FVP of Fubon Financial Holding	-	-	-	-	-
Executive Vice President	Singapore	Reddy Wong	M	2009.03.30		890,853 0	0.01 0.00	0 0	0 0	0.00 0.00	0 0	0 0	0.00 0.00	B.B.A., National University of Singapore MD of CDIB Capital Limited	Director of Global Treasure Investments Limited Director of KG Asia (Holdings) Pte. Ltd Director of KG Asia Limited Director of KG Asset Management Limited Director of KG Capital Asia Limited Director of KG Finance Limited Director and MD of KG Hong Kong Limited Director of KG International (Hong Kong) Limited Director of KG International Finance Limited Director of KG International Holdings Limited Director of KG Investments Management International Limited Director of KG Investments Management Limited Director of KG Limited Director of KG Nominees (Hong Kong) Limited Director of KG Securities (Singapore) Pte. Ltd.	-	-	-	-
Executive Vice President	HK, China	Alby Lee	F	2021.07.12		0 0	0.00 0.00	0 0	0 0	0.00 0.00	0 0	0 0	0.00 0.00	MBA, University of British Columbia, Canada HSBC, Asia Pacific International, Head of Operations	-	-	-	-	-
Executive Vice President	USA	Patrick C Lin	M	2021.08.01		1,489,498 0	0.01 0.00	0 0	0 0	0.00 0.00	0 0	0 0	0.00 0.00	Master of Science, Stanford University KG Hong Kong Limited, Head of FI	Director of KG Asia Limited Director of KG International (Hong Kong) Limited Director of KG Limited MD of KG Hong Kong Limited EVP of KG Bank	-	-	-	-
Executive Vice President	R.O.C	Jeff Hsu	M	2021.08.01		148,172 0	0.00 0.00	0 0	0 0	0.00 0.00	0 0	0 0	0.00 0.00	MBA, University of Reading, UK EVP of KG Bank	-	-	-	-	-
Executive Vice President	R.O.C	Frances Tsai	F	2014.09.15		133,992 0	0.00 0.00	0 0	0 0	0.00 0.00	0 0	0 0	0.00 0.00	MBA, National Taiwan University Senior VP of Citibank	EVP of CDIB Capital Group Supervisor of CDIB Capital Management Corporation Director of CDIB Partners Investment Holding Corp. Supervisor of CDIB Capital Creative Industries Ltd. Supervisor of CDIB Capital Healthcare Ventures Ltd. Director of CDIB Venture Capital Corporation Director of CDIB Capital International (Hong Kong) Corporation Limited Director of CDIB Capital International Corporation Director of CDIB Venture Capital (Hong Kong) Corporation Limited Director of CDIB Private Equity (Hong Kong) Corporation	-	-	-	-

Title	Nationality	Name	Gender	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement			Experience (Education)	Other Positions	Managers who are Spouses or Within Second Degrees of Kinship			Note
					Common Shares	(%)	Common Shares	(%)	Common Shares	(%)	Preferred Shares B			Title	Name	Relations	
													Limited Director of CDIB Capital Investment II Limited Director of CDIB Global Markets Limited Director of CDIB Capital Investment I Limited Supervisor of CDIB International Leasing Corp. Director of China Development Asset Management Corp.				
Executive Vice President	R.O.C	Kiki Shih	F	2015.05.01	1,306,152 0	0.01 0.00	405,135 0	0.00 0.00	0 0	0.00 0.00	0 0	Master of Accounting, National Taiwan University SVP of CDF		SVP	Steven Ching	Spouse	-
Executive Vice President	R.O.C	Chris Sun	M	2017.09.01	541,092 0	0.00 0.00	0 0	0.00 0.00	0 0	0.00 0.00	0 0	Master of Accounting, National Chengchi University SVP of CDF and KGI Bank	Director of CDIB Management Consulting Corporation Director of NEXT COMMERCIAL BANK Co., LTD. EVP of KGI Bank Director of CDC Finance & Leasing Corp. Director of CDIB International Leasing Corp.	-	-	-	-
Executive Vice President	R.O.C	Michael Chang	M	2018.06.01	180,344 0	0.00 0.00	0 0	0.00 0.00	0 0	0.00 0.00	0 0	Master of Laws, Harvard University SVP of CDF and CDIB Capital Group	EVP of KGI Bank Supervisor of CDIB Innovation Accelerator Co., Ltd. Supervisor of Suyin KGI Consumer Finance Co., Ltd.	-	-	-	-
Executive Vice President	R.O.C	April Pan	F	2021.08.16	0 0	0.00 0.00	0 0	0.00 0.00	0 0	0.00 0.00	0 0	Harvard Business School Advanced Management Program Banking Affairs/Public Flag Affairs & Government Affairs Secretary of Citi Taiwan	-	-	-	-	-
Executive Vice President	R.O.C	Steve Wang	M	2021.11.19	212,511 0	0.00 0.00	0 0	0.00 0.00	0 0	0.00 0.00	0 0	Master of Business Administration and Master of Science in Computer Science, Columbia University EVP of KGI Securities	EVP of KGI Securities Co. Ltd. Director of KGI Venture Capital Co. Ltd. Supervisor of Ginkgo Hotel Co., Ltd. Director of KGI Futures Co. Ltd. Supervisor of PT KGI Sekuritas Indonesia	-	-	-	-
Executive Vice President	R.O.C	Teresa Li	F	2020.06.01	0 0	0.00 0.00	0 0	0.00 0.00	0 0	0.00 0.00	0 0	MBA, Wharton School of the University of Pennsylvania SVP of KGI Bank	-	-	-	-	-
Executive Vice President	R.O.C	Raymond Chang	M	2021.03.15	0 0	0.00 0.00	0 0	0.00 0.00	0 0	0.00 0.00	0 0	B.B.A, Michigan Baker College SVP of Digital, Data & Technology, Cathay Financial Holdings	-	-	-	-	-
Executive Vice President	Singapore	Jacqueline Tan	F	2021.03.23	12,000 0	0.00 0.00	0 0	0.00 0.00	0 0	0.00 0.00	0 0	MBA, INSEAD DBS Bank, Executive Director	-	-	-	-	-
Executive Vice President	R.O.C	Sharon Chen	F	2021.07.05	45,000 0	0.00 0.00	0 0	0.00 0.00	0 0	0.00 0.00	0 0	Industrial Relations & Personnel Management, London School of Economics and Political Science Roche Products Ltd., People and Culture Lead & APAC Talent Innovation	-	-	-	-	-
Executive Vice President	R.O.C	Amy Lee	F	2021.08.24	0 0	0.00 0.00	0 0	0.00 0.00	0 0	0.00 0.00	0 0	Master of Economics, Michigan State University DBS Bank (TW), COO of IT & Operation / Consumer Banking Group	-	-	-	-	-
Executive Vice President	R.O.C	Greg Lin	M	2022.02.14	0 0	0.00 0.00	0 0	0.00 0.00	0 0	0.00 0.00	0 0	Master of Industrial Design, National Cheng Kung University Chief Experience Officer of Next Bank	-	-	-	-	-
Executive Vice President	Singapore	Kelvin Tay	M	2022.02.22	0 0	0.00 0.00	0 0	0.00 0.00	0 0	0.00 0.00	0 0	PhD, Loughborough University CIMB Bank, Head of Risk Management	-	-	-	-	-
Executive Vice President	R.O.C	David Chi	M	2022.04.01	447,957 0	0.00 0.00	0 0	0.00 0.00	0 0	0.00 0.00	0 0	MBA, National Taiwan University SVP of KGI Securities	-	-	-	-	-

Title	Nationality	Name	Gender	Date Effective	Shareholding			Spouse & Minor Shareholding			Shareholding by Nominee Arrangement			Experience (Education)	Other Positions	Managers who are Spouses or Within Second Degrees of Kinship			Note
					Common Shares	(%)	Preferred Shares B	Common Shares	(%)	Preferred Shares B	(%)	Common Shares	(%)	Preferred Shares B	(%)	Title	Name	Relations	
Executive Vice President	R.O.C	Lisa Guo	F	2022.04.01	0	0.00	0	0	0.00	0	0.00	0	0.00	0	0.00	-	-	-	-
Executive Vice President	R.O.C	Patrick Huang	M	2022.04.01	892,697	0.01	0	0	0.00	0	0.00	0	0.00	0	0.00	-	-	-	-
Executive Vice President	R.O.C	Amy Su	F	2022.07.12	0	0.00	0	0	0.00	0	0.00	0	0.00	0	0.00	-	-	-	-
Executive Vice President	R.O.C	Jason Hung	M	2023.03.06	0	0.00	0	0	0.00	0	0.00	0	0.00	0	0.00	-	-	-	-
SVP	R.O.C	Leeko Lai	F	2010.05.01	626,649	0.00	0	0	0.00	0	0.00	0	0.00	0	0.00	-	-	-	-
SVP	R.O.C	Alex Hung	M	2014.08.01	70,000	0.00	0	10,000	0.00	0	0.00	0	0.00	0	0.00	-	-	-	-
SVP	R.O.C	Sharol Lin	F	2014.11.25	161,487	0.00	0	0	0.00	0	0.00	0	0.00	0	0.00	-	-	-	-
SVP	R.O.C	Sandra Yao	F	2015.05.01	182,470	0.00	0	0	0.00	0	0.00	0	0.00	0	0.00	-	-	-	-
SVP	R.O.C	Steven Ching	M	2015.05.01	405,135	0.00	0	1,306,152	0.01	0	0.00	0	0.00	0	0.00	-	-	-	-
SVP	R.O.C	Joann Tsai	F	2016.05.01	6,210	0.00	0	0	0.00	0	0.00	0	0.00	0	0.00	-	-	-	-
SVP	R.O.C	Connie Liu	F	2018.08.01	40,000	0.00	0	2,000	0.00	0	0.00	0	0.00	0	0.00	-	-	-	-
SVP	R.O.C	Justin Wu	M	2019.05.01	50,230	0.00	0	0	0.00	0	0.00	0	0.00	0	0.00	-	-	-	-
SVP	R.O.C	Wen-Chung Lin	M	2020.05.01	150,018	0.00	0	0	0.00	0	0.00	0	0.00	0	0.00	-	-	-	-
SVP	R.O.C	Vivian Tai	F	2020.09.10	0	0.00	0	0	0.00	0	0.00	0	0.00	0	0.00	-	-	-	-
SVP	R.O.C	Joshua Fu	M	2020.12.01	0	0.00	0	0	0.00	0	0.00	0	0.00	0	0.00	-	-	-	-
SVP	R.O.C	Howard Wu	M	2021.05.12	12,000	0.00	0	0	0.00	0	0.00	0	0.00	0	0.00	-	-	-	-
SVP	India	Avimash Menon	M	2021.06.02	0	0.00	0	0	0.00	0	0.00	0	0.00	0	0.00	-	-	-	-
SVP	R.O.C	Novia Chen	F	2021.06.17	0	0.00	0	0	0.00	0	0.00	0	0.00	0	0.00	-	-	-	-

Title	Nationality	Name	Gender	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement			Experience (Education)	Other Positions	Managers who are Spouses or Within Second Degrees of Kinship			Note
					Common Shares	(%)	Common Shares	(%)	Common Shares	Preferred Shares B	(%)			Title	Name	Relations	
SVP	R.O.C	Justina Chen	F	2021.08.02	0	0.00	0	0.00	0	0	0.00	Bachelor of Industrial Management, Chung Hua University GM of Private Banking and Wealth Management, Chengdu Branch, Ping An Bank, China	-	-	-	-	-
SVP	R.O.C	Wendy Ting	F	2021.12.06	0	0.00	0	0.00	0	0	0.00	MBA, University of Birmingham VP of DBS Bank	-	-	-	-	-
SVP	R.O.C	Vigo Chen	M	2022.04.01	55,000	0.00	25,000	0.00	0	0	0.00	Bachelor of Applied Psychology, Fu Jen Catholic University VP of CDF	-	-	-	-	-
SVP	R.O.C	Barry Chen	M	2022.04.01	0	0.00	0	0.00	0	0	0.00	Bachelor of Computer Science and Engineering, Tatung University VP of KGI Bank	SVP of KGI Bank	-	-	-	-
SVP	R.O.C	Tim Liao	M	2022.04.26	0	0.00	56	0.00	0	0	0.00	MBA, National Taiwan University of Science and Technology Zda Digital Technology, owner	-	-	-	-	-
VP	R.O.C	Amy Wang	F	2012.01.01	223,822	0.00	0	0.00	0	0	0.00	MBA, National Chengchi University AVP of CDF and Grand Cathay Securities	-	-	-	-	-
VP	R.O.C	Jessica Chen	F	2012.01.01	45,357	0.00	0	0.00	0	0	0.00	Master of Accounting, Pace University of New York AVP of CDF and CDIB Capital Group	VP of CDIB Capital Group	-	-	-	-
VP	R.O.C	Yen Ling Lai	F	2014.11.01	464	0.00	0	0.00	0	0	0.00	MBA, National Chengchi University VP of CDIB Capital Group	-	-	-	-	-
VP	R.O.C	Melissa Pan	F	2015.04.01	58,437	0.00	0	0.00	0	0	0.00	Bachelor of Accounting, National Chung Hsing University AVP of CDF and CDIB Capital Group	-	-	-	-	-
VP	R.O.C	Kevin Hsu	M	2015.05.01	101,544	0.00	0	0.00	0	0	0.00	Master of Information Systems, Lawrence Technological University VP of CDIB Capital Group	VP of KGI Bank	-	-	-	-
VP	R.O.C	Eddie Chang	M	2016.01.01	85,555	0.00	0	0.00	0	0	0.00	Bachelor of Information Engineering, Feng Chia University VP of CDIB Capital Group	VP of CDIB Capital Group	-	-	-	-
VP	R.O.C	Yahsin Liu	F	2016.05.01	419	0.00	0	0.00	0	0	0.00	Bachelor of Accounting, National Cheng Kung University AVP of CDF	VP of KGI Bank	-	-	-	-
VP	R.O.C	Vicky Yu	F	2016.12.01	17	0.00	0	0.00	0	0	0.00	Bachelor of Finance, Takming University of Science and Technology VP of KGI Bank	-	-	-	-	-
VP	R.O.C	Sophia Liou	F	2017.07.01	89,735	0.00	0	0.00	0	0	0.00	LLM, National Cheng Kung University AVP of CDIB Capital Group and CDF	VP of CDIB Capital Group	-	-	-	-
VP	R.O.C	Guangdi Yang	F	2018.03.13	0	0.00	0	0.00	0	0	0.00	Master of Arts, New York University VP of Bank Sinofac	VP of CDIB Capital Group	-	-	-	-
VP	R.O.C	Tsung-Pin Huang	M	2018.06.01	21,062	0.00	0	0.00	0	0	0.00	Master of Economics, National Chengchi University VP of CDF and CDIB Capital Group	-	-	-	-	-
VP	R.O.C	Winnie Yang	F	2018.06.01	540	0.00	0	0.00	0	0	0.00	Bachelor of Accounting, Tunghai University VP of CDF and CDIB Capital Group	-	-	-	-	-
VP	R.O.C	Jason Yeh	M	2018.06.12	0	0.00	39	0.00	0	0	0.00	MBA, Tankang University Senior Enterprise Architect Manager of Hewlett Packard Taiwan	VP of KGI Bank	-	-	-	-



Title	Nationality	Name	Gender	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement			Experience (Education)	Other Positions	Managers who are Spouses or Within Second Degrees of Kinship			Note
					Common Shares	(%)	Common Shares	(%)	Common Shares	Preferred Shares B	(%)			Title	Name	Relations	
VP	R.O.C	Eveline Lu	F	2018.10.17	37,059 0	0.00 0.00	0 0	0.00 0.00	0 0	Preferred Shares B	0.00 0.00	Bachelor of Shipping and Transportation Management, National Taiwan Ocean University VP of CDF and CDIB Capital Group	VP of CDIB Capital Group	-	-	-	-
VP	R.O.C	Hui-Yuan Hsiao	M	2020.04.01	0 0	0.00 0.00	0 0	0.00 0.00	0 0	Preferred Shares B	0.00 0.00	Master of Accounting, Soochow University Director of Risk Technology, Beijing Huatae Information Technology Co., Ltd National Central University VP of CDIB Capital Group and CDF	-	-	-	-	-
VP	R.O.C	Emily Kuo	F	2020.05.01	658 0	0.00 0.00	0 0	0.00 0.00	0 0	Preferred Shares B	0.00 0.00	Bachelor of Financial Management, National Central University VP of CDIB Capital Group and CDF	VP of CDIB Capital Group	-	-	-	-
VP	R.O.C	Daniel Kuo	M	2020.05.15	0 0	0.00 0.00	0 0	0.00 0.00	0 0	Preferred Shares B	0.00 0.00	B.B.A., University of Toronto VP of Business Banking, Standard Chartered Bank	-	-	-	-	-
VP	R.O.C	CJ Lin	F	2021.01.04	0 0	0.00 0.00	0 0	0.00 0.00	0 0	Preferred Shares B	0.00 0.00	Master of Arts, University of Missouri-Columbia GM of GCEC	-	-	-	-	-
VP	R.O.C	Sally Tseng	F	2021.03.09	25,505 0	0.00 0.00	1,869 0	0.00 0.00	0 0	Preferred Shares B	0.00 0.00	Master of Science, University of London IT Governance with Company Strategic Transformation, Cigna Taiwan	-	-	-	-	-
VP	R.O.C	Thomas Wang	M	2021.03.15	0 0	0.00 0.00	0 0	0.00 0.00	0 0	Preferred Shares B	0.00 0.00	Master of Computer Science and Engineering, Tatung University VP of Inst Banking IT Dept., CTBC Bank	-	-	-	-	-
VP	R.O.C	Amy Huang	F	2021.09.15	0 0	0.00 0.00	0 0	0.00 0.00	0 0	Preferred Shares B	0.00 0.00	MBA, University of California, Riverside VP Human Resources, HSBC Bank (Taiwan)	-	-	-	-	-
VP	R.O.C	Cindy Hou	F	2021.10.01	83,225 0	0.00 0.00	0 0	0.00 0.00	0 0	Preferred Shares B	0.00 0.00	MBA, Drexel University VP of CDIB Capital Group	VP of CDIB Capital Group	-	-	-	-
VP	R.O.C	Nicole Hung	F	2021.12.06	0 0	0.00 0.00	0 0	0.00 0.00	0 0	Preferred Shares B	0.00 0.00	MBA, George Washington University VP of Citibank	VP of CDIB Capital Group	-	-	-	-
VP	R.O.C	Lucian Hsieh	M	2022.03.15	0 0	0.00 0.00	0 0	0.00 0.00	0 0	Preferred Shares B	0.00 0.00	Master of Science in Technology Management, University of Illinois IT Manager of BNP Paribas Cardif	-	-	-	-	-
VP	R.O.C	Alan Tsou	M	2022.04.18	5,000 0	0.00 0.00	0 0	0.00 0.00	0 0	Preferred Shares B	0.00 0.00	Bachelor of Business Administration, Southern Taiwan University of Science and Technology Director of Jia Ge Digital Technology Co. Ltd.	VP of KGI Securities Co. Ltd.	-	-	-	-
VP	R.O.C	Peter Wang	M	2022.06.01	32,000 0	0.00 0.00	0 0	0.00 0.00	0 0	Preferred Shares B	0.00 0.00	MBA, National Sun Yat-sen University VP of CDIB	VP of CDIB	-	-	-	-
VP	R.O.C	Mandy Chao	F	2022.07.01	49 45	0.00 0.00	0 0	0.00 0.00	0 0	Preferred Shares B	0.00 0.00	Master of Institute of Marketing Communication, National Sun Yat-sen University AVP of Investor Relations, China Life	VP of China Life Insurance Co., Ltd.	-	-	-	-
VP	R.O.C	George Wu	M	2022.08.01	0 0	0.00 0.00	0 0	0.00 0.00	0 0	Preferred Shares B	0.00 0.00	Master of Science, Ming Chuan University VP of KGI Bank	-	-	-	-	-
VP	R.O.C	Rex Liao	M	2022.11.21	0 0	0.00 0.00	3,099 90	0.00 0.00	0 0	Preferred Shares B	0.00 0.00	Illinois Institute of Technology, MBA Master of Science in Finance Manager of KGI Securities	VP of KGI Securities Co. Ltd.	-	-	-	-
VP	R.O.C	Chi-Hsuan Wang	M	2023.02.01	0 0	0.00 0.00	0 0	0.00 0.00	0 0	Preferred Shares B	0.00 0.00	Master of Financial Engineering and Actuarial Mathematics, Soochow University VP of KGI Bank	-	-	-	-	-

Title	Nationality	Name	Gender	Date Effective	Shareholding			Spouse & Minor Shareholding			Shareholding by Nominee Arrangement			Experience (Education)	Other Positions	Managers who are Spouses or Within Second Degrees of Kinship			Note
					Common Shares	(%)	(%)	Common Shares	Preferred Shares B	(%)	Common Shares	Preferred Shares B	(%)			Title	Name	Relations	
VP	R.O.C	Chia-Hui Lee	F	2014.07.01	0	0.00	0.00	0	0	0.00	0	0	0.00	B.B.A., National Chengchi University AVP of CDF and CDIB Capital Group	VP of CDIB Capital Group	-	-	-	-
VP	R.O.C	Gina Fang	F	2015.05.01	7,970	0.00	0.00	0	0	0.00	0	0	0.00	B.B.A., Soochow University VP of CDIB Capital Group	VP of CDIB Capital Group VP of CDIB Management Consulting Corp.	-	-	-	-
VP	R.O.C	Bee-lane Hsu	F	2015.06.01	138,614	0.00	0.00	0	0	0.00	0	0	0.00	Master of Management Science, Tamkang University VP of CDIB Capital Group	-	-	-	-	-
VP	R.O.C	Sandy Lu	F	2015.09.01	0	0.00	0.00	0	0	0.00	0	0	0.00	Bachelor of Foreign Languages and Literatures, National Chung Hsing University Manager of HSBC	VP of CDIB Capital Group	-	-	-	-
VP	R.O.C	Will Chang	M	2016.12.01	0	0.00	0.00	0	0	0.00	0	0	0.00	Master of Information Management, National Central University VP of KGI Bank	VP of KGI Bank	-	-	-	-
VP	R.O.C	Paul Yen	M	2017.07.01	51,026	0.00	0.00	0	0	0.00	0	0	0.00	MBA, Mercer University AVP of CDF and CDIB Capital Group	-	-	-	-	-
VP	R.O.C	Hank Wang	M	2018.07.01	0	0.00	0.00	0	0	0.00	0	0	0.00	Bachelor of Information and Communications, Shih Hsin University VP of KGI Bank	VP of KGI Bank	-	-	-	-
VP	R.O.C	Jen Lung Lai	M	2019.05.01	0	0.00	0.00	0	0	0.00	0	0	0.00	Bachelor of Chemistry Engineering, Tamkang University AVP of CDF and CDIB Capital Group	VP of CDIB Capital Group	-	-	-	-
VP	R.O.C	Caroline Ho	F	2019.05.01	0	0.00	0.00	0	0	0.00	0	0	0.00	MBA, Bernard M. Baruch College, The City University of New York AVP of CDF and CDIB Capital Group	-	-	-	-	-
VP	R.O.C	Hsiu Yen Huang	F	2020.05.01	22,295	0.00	0.00	0	0	0.00	0	0	0.00	B.B.A., National Chung Hsing University AVP of CDF and CDIB Capital Group	VP of CDIB Capital Group	-	-	-	-
VP	R.O.C	Pei-Yun Chen	F	2020.05.01	34,000	0.00	0.00	16,000	0	0.00	0	0	0.00	Bachelor of Public Finance, National Chengchi University AVP of CDF and KGI Bank	VP of KGI Bank	-	-	-	-
VP	R.O.C	Hung-Hai Liu	M	2020.05.01	0	0.00	0.00	0	0	0.00	0	0	0.00	MBA, National Chiao Tung University AVP of KGI Bank and CDF	VP of KGI Bank	-	-	-	-
VP	R.O.C	Chiao Yun Yen	F	2020.05.01	10,501	0.00	0.00	0	0	0.00	0	0	0.00	Master of Arts in Finance and Investment, University of Nottingham AVP of KGI Bank and CDF	-	-	-	-	-
VP	R.O.C	Chia Hui Chen	F	2020.05.01	170,497	0.00	0.00	0	0	0.00	0	0	0.00	Bachelor of Accounting, Tunghai University AVP of CDIB Capital Group and CDF	VP of CDIB Capital Group	-	-	-	-
VP	R.O.C	Kevin Wu	M	2020.05.01	239	0.00	0.00	0	0	0.00	0	0	0.00	Bachelor of Information Management, Yuan Ze University AVP of KGI Bank and CDF	-	-	-	-	-
VP	R.O.C	Chris Chiang	F	2020.06.29	0	0.00	0.00	5,000	0	0.00	0	0	0.00	Master of Science, National Taiwan University Project Manager, Taiwan Philips	-	-	-	-	-
VP	R.O.C	Andree Lu	F	2020.12.23	0	0.00	0.00	0	0	0.00	0	0	0.00	B.B.A., Cleveland State University DBS Bank, AVP of Human Resources	VP of CDIB Capital Group VP of CDIB Management Consulting Corp.	-	-	-	-
VP	R.O.C	Caroline Shih	F	2021.05.01	1,167	0.00	0.00	0	0	0.00	0	0	0.00	Master of Science Public Relations, Boston University AVP of CDF	-	-	-	-	-
VP	R.O.C	Cherry Hsieh	F	2021.05.01	0	0.00	0.00	5,346	0	0.00	0	0	0.00	Master of Translation and Interpreting, the University of Westminster AVP of CDF	-	-	-	-	-

Title	Nationality	Name	Gender	Date Effective	Shareholding			Spouse & Minor Shareholding			Shareholding by Nominee Arrangement			Experience (Education)	Other Positions	Managers who are Spouses or Within Second Degrees of Kinship			Note
					Common Shares	Preferred Shares B	(%)	Common Shares	Preferred Shares B	(%)	Common Shares	Preferred Shares B	(%)			Title	Name	Relations	
VP	R.O.C	Anita Chang	F	2021.05.01	0	0	0.00	0	0	0.00	0	0	0.00	Bachelor of Financial Management, National Central University AVP of CDF	-	-	-	-	-
VP	R.O.C	Laura Wang	F	2022.02.07	0	0	0.00	0	0	0.00	0	0	0.00	Master of Laws, University College London VP of CDIB Capital Group	-	-	-	-	-
VP	R.O.C	Shirley Chiu	F	2022.02.14	0	0	0.00	0	0	0.00	0	0	0.00	Bachelor of Statistics, National Chengchi University VP of Taiwan Life Insurance	-	-	-	-	-
VP	R.O.C	Doris Chang	F	2022.03.28	0	0	0.00	0	0	0.00	0	0	0.00	Master of Science, University of Birmingham Consultant, IBM Consulting	-	-	-	-	-
VP	R.O.C	Vicky Cheng	F	2022.04.01	115,645	0	0.00	0	0	0.00	0	0	0.00	MSc International Securities, Investment and Banking, University of Reading AVP of CDF	VP of KGI Bank	-	-	-	-
VP	R.O.C	Ching-Tien Lee	M	2022.04.01	0	0	0.00	0	0	0.00	0	0	0.00	EMBA Program of Industrial and Technology Management, College of Management AVP of CDF and CDIB	VP of CDIB Capital Group	-	-	-	-
VP	R.O.C	Chiarong Wu	F	2022.05.03	0	0	0.00	0	0	0.00	0	0	0.00	Indiana University at Bloomington, LL.M Senior Manager of PCA Life Assurance Co Ltd.	-	-	-	-	-
VP	R.O.C	Alfred Tang	M	2022.05.03	0	0	0.00	0	0	0.00	0	0	0.00	Bachelor of Business Administration, Open University of Hong Kong Sr. Architect of CATHAY FINANCIAL HOLDING CO., LTD.	-	-	-	-	-
VP	R.O.C	Wendy Hsieh	F	2022.06.01	10,054	0	0.00	0	0	0.00	0	0	0.00	MBA, Kansas State University VP of CDIB	VP of CDIB Capital Group	-	-	-	-
VP	R.O.C	Oniel Hsiao	M	2022.06.20	0	0	0.00	0	0	0.00	0	0	0.00	Ph.D. in Information Management, National Sun Yat-sen University. AVP of Cigna Taiwan Life Assurance Company Ltd.	-	-	-	-	-
VP	R.O.C	Rebecca Chou	F	2022.07.01	0	0	0.00	0	0	0.00	0	0	0.00	Bachelor in Distribution Management, National Chin-Yi University of Technology VP of DBS Bank	-	-	-	-	-
VP	R.O.C	Gavin Chang	M	2022.10.24	0	0	0.00	0	0	0.00	0	0	0.00	Master Program of Economics, Shih Hsin University VP of LINE Bank	-	-	-	-	-
VP	R.O.C	Cindy Huang	F	2022.12.05	0	0	0.00	0	0	0.00	0	0	0.00	Master of Business Administration, Da Yeh University VP of Cigna Taiwan Life Assurance Company Ltd.	-	-	-	-	-

Note 1: Information on General Manager, Deputy General Managers, Assistant General Managers, heads of departments and branches shall be included. Persons who hold positions equivalent to General Manager, Deputy General Managers, or Assistant General Managers shall also be disclosed, regardless of job title.

Note 2: For the current positions in the CPA firm or affiliates in the term mentioned above, please explain the titles and duties of such positions.

Note 3: Related information of reasons, nationality, necessity and countermeasures (e.g. methods like increase the number of seats for Independent Directors, and more than half of directors do not assume as employees or managers concurrently) shall be illustrated where Chairman, President or equivalents (Top Manager) are the same person, couples or relatives of first degree of kinship:

**3.2.4 Reappointment of the retiring chairperson and president as consultants**

None

**3.2.5 Chairman and President are the same person or each other's spouse or first-degree relatives**

None

### 3.3 Remuneration of Directors, Supervisors, President, Vice President and Consultant

#### 3.3.1 Remuneration of Directors

Unit: NT\$ thousands; December 31, 2022

Title	Name (Note 1)	Remuneration of Directors						Ratio of Total Remuneration (A+B+C+D) to Net Income(%) (Note 10)		Relevant Remuneration Received by Directors Who are Also Employees						Ratio of Total Compensation (A+B+C+D+E+F+G) to Net Income(%) (Note 10)		Compensation Paid to Directors from an Invested Company Other than the Company's Subsidiary or parent company (Note 11)		
		Base Compensation (A) (Note 2)		Severance Pay (B)		Bonus to Directors (C) (Note 3)		Allowances (D) (Note 4)		Salary, Bonuses, and Allowances (E) (Note 5)		Severance Pay (F)		Profit Sharing- Employee Bonus (G) (Note 6)		Net Income(%) (Note 10)				
		The company	Companies in the consolidated financial statements (Note 7)	The company	Companies in the consolidated financial statements (Note 7)	The company	Companies in the consolidated financial statements (Note 7)	The company	Companies in the consolidated financial statements (Note 7)	The company	Companies in the consolidated financial statements (Note 7)	The company	Companies in the consolidated financial statements (Note 7)	Cash	Stock	The company	Companies in the consolidated financial statements			
Director	Chairman																			
	Chi Jie Investment Co., Ltd. Representative:																			
	Su Kuo Huang																			
	Director																			
	Chi Jie Investment Co., Ltd. Representative:																			
Director	GPPC Chemical Corp. Representative:																			
Director	Lionel de Saint- Exupery																			
Director	Jing Hui Investment Co., Ltd. Representative:	48,936	99,470	0	0	178,000	178,000	1,818	5,491	228,754 1,398	282,961 1,729	181,499	245,818	0	0	0	0	410,253 2,507	528,779 3,231	-
Director	Jing Hui Investment Co., Ltd. Representative:																			
Director	Hung Yi Hsiao																			
Director	Paul Yang																			
Former Chairman	Chi Jie Investment Co., Ltd. Representative:																			
Former Director	Chia-Jueh Chang																			
Former Director	Jing Hui Investment Co., Ltd. Representative:																			
Former Director	Shun-Jung Yu																			
Independent Director	Tyzz-Jiun Duh																			
Independent Director	Shih-Chieh Chang																			
Independent Director	Wei Chang	9,922	13,872	0	0	0	0	1,940	2,470	11,862 0.072	16,342 0.100	0	0	0	0	0	0	11,862 0.072	16,342 0.100	-
Former Independent Director	Hsing-Cheng Tai																			
Former Independent Director	Hsiou-Wei Lin																			

Note 1: Please state the policy, system, standards and structure of independent directors' remuneration payment, and describe the relevance to the amount of remuneration according to the responsibilities, risks and time, etc.

Note 2: According to company's "Guidelines for Remuneration Payment to Directors and to Functional Committee Members (hereafter referred to as the Guidelines)", independent directors of the company adopt a fixed remuneration and do not participate in the distribution of directors' remuneration. According to the responsibilities, risks and investment time of each functional committee, the "Guidelines" has a standard table of monthly compensation payment for functional committees. In addition to the fixed monthly remuneration of independent directors, the independent directors of the company also receive the monthly remuneration of the functional committee according to the functions (committees or conveners) of the functional committees they hold.

Note 3: For example: A independent director also serves as a member of the audit committee, a member of the Remuneration Committee, a convener of the risk management committee, and a member of the risk management committee. The monthly remuneration is: Independent director monthly remuneration + Remuneration Committee member monthly remuneration + Risk Management Committee monthly remuneration

Note 4: In addition to the disclosure in the above table, the directors of the company have received remuneration for providing services for all companies in the financial report (such as a non-employee consultant) in the most recent year: None.

Note 5: The company offers directors with personal allowance for housing, cars, and other personal needs in the value of NT\$2,167,000; compensation for drivers was NT\$3,840,000.

Note 6: Provision expense of retirement payments was NT\$1,111,000.

Note 7: The values of directors' remuneration as part of earnings distribution are tentative. Employees-related remuneration for executive director is collected individually, including the distribution of Restricted Stock Awards, which is recognized as "share-based payment" under IFRS2.

## Range of Remuneration

Range of Remuneration	Name of Directors			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	The company (Note 8)	Companies in the consolidated financial statements (Note 9) (H)	The company (Note 8)	Companies in the consolidated financial statements (Note 9) (I)
Under NT\$ 1,000,000	-	-	-	-
NT\$ 1,000,000 ~ NT\$ 2,000,000 (exclude)				
NT\$ 2,000,000 ~ NT\$ 3,000,000 (exclude)				
NT\$ 3,000,000 ~ NT\$ 4,000,000 (exclude)				
NT\$ 4,000,000 ~ NT\$ 5,000,000 (exclude)				
NT\$ 5,000,000 ~ NT\$ 6,000,000 (exclude)				
NT\$ 6,000,000 ~ NT\$ 7,000,000 (exclude)				
NT\$ 7,000,000 ~ NT\$ 8,000,000 (exclude)				
NT\$ 8,000,000 ~ NT\$ 9,000,000 (exclude)				
NT\$ 9,000,000 ~ NT\$ 10,000,000 (exclude)				
NT\$ 10,000,000 ~ NT\$ 11,000,000 (exclude)				
NT\$ 11,000,000 ~ NT\$ 12,000,000 (exclude)				
NT\$ 12,000,000 ~ NT\$ 13,000,000 (exclude)				
NT\$ 13,000,000 ~ NT\$ 14,000,000 (exclude)				
NT\$ 14,000,000 ~ NT\$ 15,000,000 (exclude)				
NT\$ 15,000,000 ~ NT\$ 16,000,000 (exclude)				
NT\$ 16,000,000 ~ NT\$ 17,000,000 (exclude)				
NT\$ 17,000,000 ~ NT\$ 18,000,000 (exclude)				
NT\$ 18,000,000 ~ NT\$ 19,000,000 (exclude)				
NT\$ 19,000,000 ~ NT\$ 20,000,000 (exclude)				
Over NT\$ 20,000,000				
Total	13	13	13	13

\* Remuneration shown under the chart is for disclosure purpose. It is not subject to "income" under the Income Tax Act, and thereby is not taxable.

Note 1: Directors name must be shown separately (for institutional directors, both the institution and the representative are required) , and list directors and independent directors separately. All compensation paid must be added together. For directors who are also presidents or executive vice presidents at the Company or the subsidiaries, this and the following charts must be filled in.

Note 2: This includes salary, compensation for professional services, severance pay, and all bonus and bounties paid to the director during the year.

Note 3: The director's profit sharing of the latest fiscal year proposed and resolved by the Board but before the final approval of shareholders' meeting.

Note 4: Payments to the director to cover business expenses (including travel expenditures, allowances, reimbursements, accommodation, company cars, in-kind supplies, etc.) If residences, cars (or other transportations) or personal expenses are provided, information about the assets (including classification, cost, actual or fair market values of the rent, gasoline expenses, other perks) must be disclosed but not included in the remuneration. Compensation paid to personal drivers must be noted, when applicable, but not accumulated under the remuneration received.

Note 5: Payments to the director, who is also a president, executive vice president, manager, or employee, include salary, supervisory differential pay, severance pay, remuneration, and other payment to cover business expenses (including travel expenditures, allowances, reimbursements, accommodation, company cars, in-kind supplies, etc.) If residences, cars (or other transportations) or personal expenses are provided, information about the assets (including classification, cost, actual or fair market values of the rent, gasoline expenses, other perks) must be disclosed but not included in the remuneration. Compensation paid to personal drivers must be noted, when applicable, but not accumulated under the remuneration received. The recognized "share based payment" under IFRS2 in the form of employee stock options, new restricted employee shares and subscription to newly issued common stocks, etc., should also be included in the remuneration.

Note 6: Employee remuneration (stock and cash) to the director, who is also a president, executive vice president, manager, or employee. The rewarding amount is proposed and resolved by the Board but before the final approval of shareholders' meeting of the fiscal years. If cannot be estimated, an amount = (the percentage received last year) x (net income this year) must be adopted and filled in Table 1-3.

Note 7: Total remuneration paid by the Group companies (including the Company) in the consolidated statement to the director.

Note 8: Disclose remuneration paid by the Company to the director under the suitable range. Name of the receiver must be shown under the suitable range.

Note 9: Disclose remuneration paid by the Group companies (including the Company) in the consolidated statement to the director under the suitable range. Name of the receiver must be shown under the suitable range.

Note 10: Net income disclosed from latest financial statement of each company.

Note 11: a. Remuneration amount received by directors from Non-group affiliates or parent company.

b. For remuneration received by Company supervisors from Non-group affiliates or parent company, the amount must be shown in the Column I under the Remuneration Range Table. The Column must be renamed to "Parent company and All Investee Companies."

c. Remuneration, including salary, compensation, employee remuneration (including compensations received as an employee, director and supervisor), business allowance, etc., received by directors from Non-group affiliates or parent company for being a director, supervisor, or managers.

### 3.3.2 Remuneration of the President and Vice President

Unit: NT\$ thousands; December 31, 2022

Title	Name (Note 1)	Salary (A) (Note 2)		Severance Pay (B) (Note 5)		Bonuses and Allowances (C) (Note 3)		Profit Sharing- Employee Bonus (D) (Note 4)				Ratio of total compensation (A+B+C+D) to net income (%) (Note 8)		Compensation Paid to Directors from an Invested Company Other than the Company's Subsidiary or parent company (Note 9)
		The company	Companies in the consolidated financial statements (Note 5)	The company	Companies in the consolidated financial statements (Note 5)	The company	Companies in the consolidated financial statements (Note 5)	The company	Companies in the consolidated financial statements (Note 5)	Cash	Stock	The company	Companies in the consolidated financial statements (Note 5)	
President	Stefano Paolo Bertanini													
Senior Executive VP	Julian Yen													
Executive VP	Patrick C Lin													
Executive VP	Samar Kumar													
Executive VP	Raymund Reyes													
Executive VP	Ketan Samani													
Executive VP	Alby Lee													
Executive VP	Vincent Hung													
Executive VP	David Thomas													
Executive VP	Jeff Hsu													
Executive VP	Daw-Yi Hsu													
Executive VP	Ivy Aoh													
Executive VP	Melody Chen													
Executive VP	Gabriel Heredia													
Executive VP	Reddy Wong													
Executive VP	Jenny Huang													
Executive VP	Terence Yeung													
Executive VP	Jacqueline Tan	236,851	323,918	28,811	53,680	329,951	439,770	61,542	0	62,602	0	657,155 4,015	879,970 5,377	-
Executive VP	Marisol Wang													
Executive VP	Steve Wang													
Executive VP	Teresa Li													
Executive VP	Amy Lee													
Executive VP	Greg Lin													
Executive VP	David Chi													
Executive VP	Kiki Shih													
Executive VP	Richard Sun													
Executive VP	Chris Sun													
Executive VP	Vincent Sun													
Executive VP	Michael Chang													
Executive VP	Sharon Chen													
Executive VP	Chen-Wei Chen													
Executive VP	Lisa Guo													
Executive VP	Raymond Chang													
Executive VP	Patrick Huang													
Executive VP	Hans Tzou													

Title	Name (Note 1)	Salary (A) (Note 2)		Severance Pay (B)		Bonuses and Allowances (C) (Note 3)		Profit Sharing- Employee Bonus (D) (Note 4)				Ratio of total compensation (A+B+C+D) to net income (%) (Note 8)		Compensation Paid to Directors from an Invested Company Other than the Company's Subsidiary or parent company (Note 9)
		The company	Companies in the consolidated financial statements (Note 5)	The company	Companies in the consolidated financial statements (Note 5)	The company	Companies in the consolidated financial statements (Note 5)	Cash	Stock	The company	Companies in the consolidated financial statements (Note 5)			
Executive VP	Frances Tsai													
Executive VP	Fleur Tsai													
Executive VP	Jill Liu													
Executive VP	Cammi Chih													
Executive VP	April Pan													
Executive VP	Kelvin Tay													
Executive VP	Amy Su													
Executive VP (Former)	Andy Lin													
Executive VP (Former)	Morris Lin													
Executive VP (Former)	Jamie Huang													
Executive VP (Former)	Richard Chang													
Executive VP (Former)	Josephine Yang													
Executive VP (Former)	Frank Yang													
Executive VP (Former)	Winifred Dente													
Executive VP (Former)	Mark Wei													
Executive VP (Former)	Anil Pathak													
Executive VP (Former)	40													
Executive VP (Former)	Christy Lin													
Executive VP (Former)	James Mong													

Note 1: The company offers directors with personal allowance for housing, cars, and other personal needs in the value of NT\$13,071,000; compensation for drivers was NT\$12,305,000.

Note 2: Provision expense of retirement payments was NT\$4,695,000.

Note 3: The values of employee bonuses as part of earnings distribution are only tentative.

Note 4: Employee remuneration for executive director is included the distribution of Restricted Stock Awards, which is recognized as "share-based payment" under IFRS2.



## Range of Remuneration

Range of Remuneration	Name of President and Vice President	
	The company (Note 6)	Companies in the consolidated financial statements (Note 7) (E)
Under NT\$ 1,000,000	Jeff Hsu, Daw-Yi Hsu, Ivy Aoh, Steve Wang, Chris Sun, Vincent Sun, Michael Chang, Lisa Guo, Jill Liu, Frank Yang, Mark Wei, Bryan Goh	Bryan Goh
NT\$1,000,000 ~ NT\$2,000,000 (exclude)	Anil Pathak, Christy Lin	Frank Yang
NT\$2,000,000 ~ NT\$3,500,000 (exclude)	Cammi Chih	Cammi Chih
NT\$3,500,000 ~ NT\$5,000,000 (exclude)	Patrick C Lin, Reddy Wong, Teresa Li, Greg Lin, David Chi, Chen-Wei Chen	Teresa Li, Greg Lin, David Chi, Chen-Wei Chen, Anil Pathak, Christy Lin
NT\$5,000,000 ~ NT\$10,000,000 (exclude)	Marisol Wang, Amy Lee, Richard Sun, Raymond Chang, Patrick Huang, Hans Tzou, Frances Tsai, Fleur Tsai, Amy Su, Andy Lin, Jamie Huang, Richard Chang, Josephine Yang, James Mong	Marisol Wang, Steve Wang, Amy Lee, Richard Sun, Lisa Guo, Raymond Chang, Patrick Huang, Hans Tzou, Fleur Tsai, Jill Liu, Kelvin Tay, Amy Su, Andy Lin, Jamie Huang, Richard Chang, Josephine Yang
NT\$10,000,000 ~ NT\$15,000,000 (exclude)	Vincent Hung, Melody Chen, Jacqueline Tan, Kiki Shih, Sharon Chen, April Pan, Winifred Dente	Vincent Hung, Melody Chen, Jacqueline Tan, Kiki Shih, Michael Chang, Sharon Chen, Frances Tsai, April Pan, Winifred Dente, Mark Wei
NT\$15,000,000 ~ NT\$30,000,000 (exclude)	Julian Yen, Samar Kumar, Raymund Reyes, Ketan Samani, Alby Lee, Gabriel Heredia, Jenny Huang, Terence Yeung, Morris Lin	Patrick C Lin, Samar Kumar, Ketan Samani, Alby Lee, Jeff Hsu, Daw-Yi Hsu, Ivy Aoh, Gabriel Heredia, Reddy Wong, Jenny Huang, Terence Yeung, Chris Sun, Vincent Sun, Morris Lin, James Mong
NT\$30,000,000 ~ NT\$50,000,000 (exclude)	David Thomas	Julian Yen, Raymund Reyes, David Thomas
NT\$50,000,000 ~ NT\$100,000,000 (exclude)	-	-
Over NT\$100,000,000	Stefano Paolo Bertamini	Stefano Paolo Bertamini
Total	54	54

\* Remuneration shown under the chart is for disclosure purpose. It is not subject to "income" under the Income Tax Act, and thereby is not taxable.

Note 1: President and Executive Vice Presidents name must be shown separately. All compensation paid must be added together. For president or executive vice presidents who are also directors at the Company or the subsidiaries, this and the preceding forms must be filled in.

Note 2: This includes salary, supervisory differential pay, severance pay to the President and Executive Vice Presidents during the year.

Note 3: Payments to the President and Executive Vice Presidents to cover business expenses (including travel expenditures, allowances, reimbursements, accommodation, company cars, in-kind supplies, etc.) If residences, cars (or other transportation) or personal expenses are provided, information about the assets (including classification, cost, actual or fair market values of the rent, gasoline expenses, other perks) must be disclosed but not included in the remuneration. Compensation paid to personal drivers must be noted, when applicable, but not accumulated under the remuneration received. Including remuneration recognized as "share based payment" under IFRS2 in the form of employee stock options and new restricted employee shares.

Note 4: Employee remuneration (stocks and cash) to the president and executive vice presidents of the latest fiscal year proposed and resolved by the Board but before the final approval of shareholders' meeting. If cannot be estimated, an amount = (the percentage received last year) x (net income this year) must be adopted and filled in Table 1-3.

Note 5: Total remuneration paid by the Group companies (including the Company) in the consolidated statement to the president and executive vice presidents.

Note 6: Disclose remuneration paid by the Company to the director under the suitable range. Name of the receiver must be shown under the suitable range.

Note 7: Disclose remuneration paid by the Group companies (including the Company) in the consolidated statement to the director under the suitable range. Name of the receiver must be shown under the suitable range.

Note 8: Net income disclosed from latest financial statement of each company.

Note 9: a. Remuneration amount received by directors from Non-group affiliates or parent company.

b. For remuneration received by Company supervisors from Non-group affiliates or parent company, the amount must be shown in the Column E under the Remuneration Range Table. The Column must be renamed to "Parent company and All Investee Companies."

c. Remuneration, including salary, compensation, employee remuneration (inclusive of employees' directors' and supervisors' compensation), business allowance, etc., received

### 3.3.3 Employee Remuneration

Unit: NT\$ thousands; December 31, 2022

	Title	Name	Employee Bonus - in Stock	Employee Bonus - in Cash	Total	Ratio of Total Amount to Net Income (%)
Executive Officers	President	Stefano Paolo Bertamini	0	61,543	61,543	0.376
	Senior Executive VP	Julian Yen				
	Executive VP	Samar Kumar, Raymund Reyes, Ketan Samani, Vincent Hung, David Thomas, Melody Chen, Gabriel Heredia, Jenny Huang, Terence Yeung				
	Executive VP	Jacqueline Tan, Marisol Wang, Teresa Li, Amy Lee, Greg Lin, David Chi, Kiki Shih, Richard Sun, Raymond Chang, Patrick Huang, Hans Tzou, Frances Tsai, Fleur Tsai, April Pan, Kelvin Tay, Amy Su				

### 3.3.4 Comparison of Remuneration for Directors, Presidents and Vice Presidents in Recent Two Fiscal Years and Remuneration Policy for Directors, Presidents and Vice Presidents

- Analysis of director/president remuneration as a percentage of the company's net income  
In 2021, all the remunerations paid to directors by the Company and all companies in the consolidated financial statement (excluding part-time employee compensation, same as below) as a percentage of the Company's net income were 0.999% and 1.021%, respectively. In 2022, all remunerations paid to directors by the Company and all companies in the consolidated financial statement as a percentage of the Company's net income were 1.470% and 1.829%, respectively; and in 2021, all remunerations paid to presidents and vice presidents by the Company and all companies in the consolidated financial statement as a percentage of net income were 1.682% and 2.362%, respectively. In 2022 all remunerations paid to presidents and vice presidents by the Company and all companies in the consolidated financial statement as a percentage of the Company's net income were 4.015 and 5.377%, respectively.
- To implement corporate governance and enhance the function of the Board of Directors, as well as to establish performance targets so as to enhance the operational efficiency of the Board of Directors, the Company has established Guidelines for Evaluating the Performance of the Board of Directors. According to said Guidelines, the Board of Directors should conduct at least one internal evaluation of Board's performance every year, and the scope of the evaluation should include the Board as a whole, individual Board members, and functional committees; beginning in 2018, CDF should enlist independent institutions or experts and scholars to conduct external evaluations at least once every three years in order to strengthen the independence and effectiveness of the Board's performance  
An executive's performance is related to both financial benchmarks as well as to the Company's long-term performance in sustainable development, talent development, and other indicators of

Company's long-term viability. Executives' performance indicators include the following:

- Financial indicators: business performance, cost control, etc.
- Management indicators: compliance, information security, leadership, etc.
- Special indicators: Special contributions or incidents of significance are included in performance and compensation consideration.

3. The remuneration for the Board of Directors is governed by Article 28 of the Company's Articles of Incorporation: "The Board of Directors is authorized to determine the remuneration of directors in accordance with their involvement and contribution to the Company's operation by taking into account of the Company's performance and the market level." Based on the aforementioned regulation, the Remuneration Committee and the Board formulated Guidelines for Remunerations Payment to Directors and to Functional Committee Members. The said Guidelines stipulate that the scope of director remuneration includes compensation for directors, fixed monthly salary, and attendance fees, to be distributed as regulated by the Guidelines. In compliance with Articles 33 of the Company's Article of Incorporation, which specifies that "The Company shall set aside no more than 1% of its profit for directors' remuneration." The percentage of directors' compensation and total amount shall be submitted to the Remuneration Committee and the Board for approval prior to the annual shareholders' meeting. The percentage of total remuneration received by individual directors will be determined after the shareholders' meeting based on the distributive weightings set by the Guidelines. Upon the approval of the Remuneration Committee and the Board, the remuneration will then be given. The independent directors of the Company are remunerated on a fixed-rate basis and do not participate in the annual distribution of directors' remuneration as provided in the Articles of Incorporation. The distribution of the Company's director remuneration is based on the financial holding industry standards and the participation and contribution of each director in the company's operations, their duties, and future risks, as well as the individual performance evaluation results of each director.

- (1) In compliance with Articles 33 of the Company's Article of Incorporation, which specifies that "The Company shall set aside no more than 1% of its profit for directors' remuneration." The percentage of directors' compensation and total amount shall be submitted to the Remuneration Committee and the Board for approval prior to the annual shareholders' meeting. The percentage of total remuneration received by individual directors will be determined after the shareholders' meeting based on the distributive weightings set by the Guidelines. Upon the approval of the Remuneration Committee and the Board, the remuneration will then be given. The independent directors of the Company are remunerated on a fixed-rate basis and do not participate in the annual distribution of directors' remuneration as provided in the Articles of Incorporation. The number of directors' remuneration rights shall be determined based on the results of directors' personal performance, in addition to considering the job content of each director, the degree of participation and contribution to the operation of the company. It is clearly stipulated that if a director violates legal obligations or laws and regulations, the number of distribution rights may be reduced or the amount of distribution may be retained by resolution of the salary and Remuneration Committee and the board of directors until the litigation is completed and the director is not responsible for it.
- (2) In addition to the fixed monthly remuneration, the directors of the Company shall also be

paid with the remuneration of the functional committee on a monthly basis if they concurrently hold relevant positions of the functional committee. However, if a director of the Company is a managerial officer of the Company or a subsidiary, he shall not receive the remuneration of functional committees.

- (3) Directors who personally attend board and functional committee meetings shall be entitled to receive attendance fees for each meeting. However, if a functional committee member of the Company is a managerial officer of the Company or a subsidiary, attendance fees for functional committees will not be issued.
  - (4) Directors who serve as managerial officer of the Company or a subsidiary shall be paid by each company in accordance with its regulations. The payment method includes long-term rewards, such as restricted shares, which will be paid before he met certain performance conditions. The value of restricted shares is related to the future stock price, that is, he shall jointly bear the future business risks with the company.
4. Manager's and employees' remuneration are determined by the individual's job function and work experience, with due consideration of the Company's financial performance, wage growth across the job market, price fluctuations, prospective risks, and other internal/external factors. Ultimately, it is the Company's goal to present remuneration packages relevant with job performance and competitive to talent recruiting.

### 3.4 Status of Corporate Governance

#### 3.4.1 Operations of the Board

The 8th term directors of the Company were elected during the Annual Shareholders' Meeting on June 17, 2022. The term of the 8th term directors is from June 17, 2022, to June 16, 2025.

A total of 20 meetings of the Board of Directors (7 meetings of the 7th Board and 13 meetings of the 8th Board) were held in 2022. The attendance of the directors is as follows:

December 31, 2022

Terms of Board of Directors	Title	Name		Attendance in Person	Attendance by Proxy	Attendance Rate (%)	Remarks
7th term,	Chairman	Chi Jie Investment Co., Ltd. Representative: Chia-Juch Chang		7	0	100%	
	Vice Chairman	GPPC Chemical Corp. Representative: Lionel de Saint-Exupéry		6	1	86%	
	Director	Jing Hui Investment Co., Ltd. Representative: Stefano Paolo Bertamini		7	0	100%	
	Director	Jing Hui Investment Co., Ltd. Representative: Shan-Jung Yu		6	0	86%	1 instance of leave
	Director	Chi Jie Investment Co., Ltd. Representative: Saloon Tham		7	0	100%	
	Individual director	Paul Yang		7	0	100%	
	Independent Director	Tyzz-Jiun Duh		7	0	100%	
	Independent Director	Hsiou-Wei Lin		7	0	100%	
	Independent Director	Hsing-Cheng Tai		7	0	100%	
8th term	Chairman	Chi Jie Investment Co., Ltd.	Representative: Chia-Juch Chang	4	0	100%	Stopped performing duties as a director on August 5, 2022, and resigned as Chairperson and director on September 26, 2022. The number of attendance should be 4.
			Representative: Su-Kuo Huang	6	0	100%	On September 26, 2022, the legal person was reassigned to replace Chia-Juch Chang and was elected as the Chairperson.
	Vice Chairman (Individual director)	Paul Yang		13	0	100%	Re-elected

Terms of Board of Directors	Title	Name	Attendance in Person	Attendance by Proxy	Attendance Rate (%)	Remarks
8th term	Director	Jing Hui Investment Co., Ltd. Representative: Stefano Paolo Bertamini	13	0	100%	Re-elected
	Director	GPPC Chemical Corp. Representative: Lionel de Saint-Exupéry	11	2	85%	Re-elected
	Director	Chi Jie Investment Co., Ltd. Representative: Saloon Tham	13	0	100%	Re-elected
	Director	Jing Hui Investment Co., Ltd. Representative: Hung Yi Hsiao	13	0	100%	Newly appointed
	Independent Director	Tyzz-Jiun Duh	13	0	100%	Re-elected
	Independent Director	Shih-Chieh Chang	13	0	100%	Newly appointed
	Independent Director	Wei Chung	13	0	100%	Newly appointed

Note 1: The actual attendance rate (%) of individual directors is based on the number of meetings and the number of attendance during the member's tenure.

Note 2: All three (3) independent directors personally attended each Board meeting during 2022. Attendance of independent directors in 2022 is as follows:

○: Actual Attendance; ◎: Proxy; ●: Absence

Term	7 / 47	7 / 48	7 / 49	7 / 50	7 / 51	7 / 52	7 / 53	8 / 01	8 / 02	8 / 03	8 / 04	8 / 05	8 / 06	8 / 07	8 / 08	8 / 09	8 / 10	8 / 11	8 / 12	8 / 13
Independent Director																				
Hsiou-Wei Lin	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○
Hsing-Cheng Tai	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○
Tyzz-Jiun Duh	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○
Shih-Chieh Chang	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○
Wei Chung	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○

## Other matters to be recorded:

### 1. With regard to the implementation of the Board of Directors, if any of the following circumstances occurs, the dates, terms of the meetings, contents of motions, all independent directors' opinions and the Company's handling of such opinions shall be specified:

- (1) Matters referred to in Article 14-3 of the Securities and Exchange Act.

The Company has set up an Audit Committee. According to Article 14-5 of the Securities Exchange Act, the approval of more than one-half of all the members of the Audit Committee shall be approved by the Board of Directors, and Article 14-3 of the Securities Exchange Act shall not apply.

- (2) Any recorded or written Board resolutions to which independent directors have objections or reservations to be noted in addition to the above.

None.

### 2. Recusal of directors from voting due to conflicts of interest:

December 31, 2022

Board of Directors Board Date/Term	Recused Director	Agenda Item	Reason for Recusal	Voting
2022.01.24 7th term, 47th meeting Board of Directors	Lionel de Saint-Exupéry Stefano Paolo Bertamini Saloon Tham Shan-Jung Yu Paul Yang Tyzz-Jiun Duh	The subsidiary CDIB Capital Group's transfer of its partial shares in the Biomedical Fund and partial equity of its Biomedical II Fund to China Life.	Chairman, vice chairman, director or independent director of the companies concerned.	Recused from discussion and voting
	Hsing-Cheng Tai	Capital reduction of the subsidiary KGI Securities of returning all the shares and cash of the Company obtained from the share conversion between the Company and China Life to the Company.	Independent director of KGI Securities	Recused from discussion and voting
	Chia-Juch Chang	To discuss the performance bonus of the Chairperso.	Chairman of the Company.	Recused from discussion and voting
2022.04.25 7th term, 51st meeting Board of Directors	Chia-Juch Chang Lionel de Saint-Exupéry Stefano Paolo Bertamini Saloon Tham Shan-Jung Yu	To discuss the distribution of employee's compensation and directors' remuneration in 2021.	The legal representative of recipients of director's remuneration.	Recused from discussion and voting

Board of Directors Board Date/Term	Recused Director	Agenda Item	Reason for Recusal	Voting
	Chia-Juch Chang Lionel de Saint-Exupéry Stefano Paolo Bertamini Saloon Tham Shan-Jung Yu Paul Yang Tyzz-Jiun Duh	List of candidates for the Company's directors nominated by the shareholders and qualification review for independent director candidates.	Director candidate, independent director candidate, and legal person representative of the candidate.	When discussing and voting about the qualifications of director candidates or the legal person they represent, directors and independent directors should avoid participating in the discussion and voting.
	Lionel de Saint-Exupéry Stefano Paolo Bertamini Saloon Tham Paul Yang Tyzz-Jiun Duh	To discuss the agreement of lifting the restrictions on non-competition of directors of the Company.	The object of the lifting of the non-competition restriction.	When discussing and voting to lift their non-competition restrictions, directors and independent directors should avoid participating in the discussion and voting.
2022.05.20 7th term, 52nd meeting Board of Directors	Lionel de Saint-Exupéry Stefano Paolo Bertamini Saloon Tham Shan-Jung Yu Paul Yang Tyzz-Jiun Duh	China Development Financial Headquarters Building green energy procurement and cost sharing.	Chairman, vice chairman, director or independent director of the companies/corporations concerned.	Recused from discussion and voting
2022.06.10 7th term, 53rd meeting Board of Directors	Chia-Juch Chang Stefano Paolo Bertamini Saloon Tham	Financial inspection results and related personnel punishments in 2022.	Case related to directors.	When discussing and voting on proposals related to themselves, directors should avoid participating in the discussion and voting.
2022.06.17 8th term, 1st meeting Board of Directors	Tyzz-Jiun Duh Wei Chung Shih-Chieh Chang	Appointment of the members of the Company's 5th Remuneration Committee.	Member candidates of the Remuneration Committee.	Recused from voting.
	Stefano Paolo Bertamini Tyzz-Jiun Duh Wei Chung Shih-Chieh Chang	Appointment of the members of the 2nd Risk Management Committee of the Company.	Member candidates of the Risk Management Committee.	Recused from voting.
	Chia-Juch Chang Stefano Paolo Bertamini Tyzz-Jiun Duh	Appointment of the members of the 4th Sustainability Committee of the Company.	Member candidates of the Sustainability Committee.	Recused from voting.



Board of Directors Board Date/Term	Recused Director	Agenda Item	Reason for Recusal	Voting
	Chia-Juch Chang Wei Chung Shih-Chieh Chang	Appointment of the members of the 2nd Ethical Corporate Management Committee.	Candidates of the Ethical Corporate Management Committee.	Recused from voting.
	Shih-Chieh Chang	The Company signed a partnership agreement with National Chengchi University, which took effect on the day the independent director of the Company was elected.	Target of employment in the partnership agreement.	Recused from voting.
	Lionel de Saint-Exupéry	Agreed to serve as the overseas wholly-owned subsidiary of the company as a natural person.	Case related to directors.	Recused from voting.
2022.06.27 8th term, 2nd meeting Board of Directors	Paul Yang Lionel de Saint-Exupéry Tyzz-Jiun Duh	Appointment of the 22nd directors and independent directors of the subsidiary CDIB Capital Group.	Director or independent director candidates of CDIB Capital Group.	Recused from voting.
	Stefano Paolo Bertamini	Appointment of the 12th directors and independent directors of the subsidiary KGI Bank.	Director candidates of KGI Bank.	Recused from voting.
	Chia-Juch Chang Lionel de Saint-Exupéry Stefano Paolo Bertamini Saloon Tham Hung Yi Hsiao	2021 remuneration of directors.	The legal representative of recipients of director's remuneration.	When discussing and voting about directors' remuneration, directors should avoid participating in the discussion and voting.
	Stefano Paolo Bertamini	Re-appointment of the President of the Company.	President of the Company.	Recused from voting.
	Chia-Juch Chang	Remuneration for the Company's Chairperson.	Chairman of the Company.	Recused from voting.
	Paul Yang	Remuneration for the Company's Vice Chairperson.	Vice Chairman of the Company.	Recused from voting.
2022.07.01 8th term, 3rd meeting Board of Directors	Paul Yang Lionel de Saint-Exupéry Tyzz-Jiun Duh	Representative of the President of the subsidiary CDIB Capital Group.	Director or independent director of CDIB Capital Group.	Paul Yang was not present. The remaining directors recused from voting.
	Stefano Paolo Bertamini	Re-appointment of the President of the subsidiary KGI Bank.	Chairman of KGI Bank.	Recused from voting.

Board of Directors Board Date/Term	Recused Director	Agenda Item	Reason for Recusal	Voting
2022.07.27 8th term, 4th meeting Board of Directors	Stefano Paolo Bertamini	Stock transfer conversion between KGI Bank's subsidiaries, CDIB Capital Management and CDC Finance & Leasing.	Chairman of KGI Bank.	Recused from voting.
2022.09.26 8th term, 7th meeting Board of Directors	Lionel de Saint-Exupéry	About the Company's continued rental of Kuo-Ch'ang Building from GRAND PACIFIC PETROCHEMICAL Corporation.	GPPC Chemical Corporation is a 100% holding subsidiary of GRAND PACIFIC PETROCHEMICAL Corporation, and Director Lionel de Saint-Exupéry is the representative of GPPC Chemical Corporation.	Recused from discussion and voting
	Paul Yang Stefano Paolo Bertamini Saloon Tham Lionel de Saint-Exupéry Tyzz-Jiun Duh	The subsidiary CDIB Capital Group's sale of the Nangang Office and parking spaces to the subsidiary China Life.	Chairman, vice chairman, director or independent director of the companies concerned.	Recused from discussion and voting
	Stefano Paolo Bertamini Saloon Tham	The Company's termination of China Life's lease of the 18th floor of the headquarters building at No. 135, Dunhua North road, Songshan District.	Chairman or director of the companies concerned.	Recused from discussion and voting
	Paul Yang Stefano Paolo Bertamini Lionel de Saint-Exupéry Tyzz-Jiun Duh Shih-Chieh Chang	Appointment of the members of the Company's 1st Business Development, Investment, and Major Capital Expenditure Review Committee.	Committee member candidates for the Business Development, Investment, and Major Capital Expenditure Review Committee.	Recused from voting.
	Paul Yang Lionel de Saint-Exupéry Tyzz-Jiun Duh	Appointment of the members of the 1st Nomination and Performance Evaluation Committee.	Committee member candidates for the Nomination and Performance Evaluation Committee	Recused from voting.
	Su-Kuo Huang	Remuneration for the Company's Chairperson.	Chairman of the Company.	Recused from voting.
2022.10.04 8th term, 9th meeting Board of Directors				

Board of Directors Board Date/Term	Recused Director	Agenda Item	Reason for Recusal	Voting
2022.10.21 8th term, 10th meeting Board of Directors	Paul Yang Stefano Paolo Bertamini Lionel de Saint-Exupéry Saloon Tham Tyzz-Jiun Duh	The Company's negotiation with three subsidiaries, CDIB, KGI Bank, and KGI Securities, to jointly lease the 18th floor of the headquarters building at No. 135, Dunhua North road, Songshan District.	Chairman, vice chairman, director or independent director of the companies concerned.	Recused from voting.
2022.11.30 8th term, 12th meeting Board of Directors	Paul Yang Lionel de Saint-Exupéry Tyzz-Jiun Duh	Renewal and cost sharing of information services between the Company and its 7 subsidiaries, including CDIB Capital Group.	Vice chairman, director, independent director or managerial officer of the companies concerned.	Recused from voting.
2022.12.19 8th term, 13th meeting Board of Directors	Stefano Paolo Bertamini Lionel de Saint-Exupéry Saloon Tham	To amend the 2023 Audit Plan	Chairperson or manager of the audited unit.	Recused from discussion and voting

### 3. Execution of the Board's evaluation:

#### (1) Internal evaluation of the Board's performance

Frequency	The Board shall conduct at least one internal performance evaluation every year.																							
Period	January 1, 2022 to December 31, 2022.																							
Scope	The Board as a whole, individual Board members, and functional committees																							
Method	Self-evaluation by the Board, individual Board members, and functional committees																							
Content	<p>The results of the internal Board performance evaluation for 2022 have been presented and documented in the Board meeting on January 13, 2023.</p> <p>1. Self-evaluation by the Board:</p> <p>The Board’s performance evaluation had 42 parameters across 6 categories. The evaluation showed that the average score of each category is 5 points (out of 5), reflecting good performance by the Board of Directors in guiding and supervising business strategies, major business activities, and risk management, as well as for establishing an appropriate internal control system, and actively participating in environmental, social, and corporate governance (ESG) initiatives. The overall operation of the Board was considered excellent and was in line with corporate governance practices.</p> <table><tr><th>Six Dimensions of Self-Evaluation</th><th>Evaluation Parameters</th><th>Score</th></tr><tr><td>A. Involvement in the company's business activities</td><td>11</td><td>5</td></tr><tr><td>B. Improvement of the quality of the board's decisions</td><td>11</td><td>5</td></tr><tr><td>C. Composition and structure of the board of directors</td><td>6</td><td>5</td></tr><tr><td>D. The election of the directors and their continuing professional education.</td><td>5</td><td>5</td></tr><tr><td>E. Internal control</td><td>7</td><td>5</td></tr><tr><td>F. Engagement in ESG</td><td>2</td><td>5</td></tr></table>			Six Dimensions of Self-Evaluation	Evaluation Parameters	Score	A. Involvement in the company's business activities	11	5	B. Improvement of the quality of the board's decisions	11	5	C. Composition and structure of the board of directors	6	5	D. The election of the directors and their continuing professional education.	5	5	E. Internal control	7	5	F. Engagement in ESG	2	5
Six Dimensions of Self-Evaluation	Evaluation Parameters	Score																						
A. Involvement in the company's business activities	11	5																						
B. Improvement of the quality of the board's decisions	11	5																						
C. Composition and structure of the board of directors	6	5																						
D. The election of the directors and their continuing professional education.	5	5																						
E. Internal control	7	5																						
F. Engagement in ESG	2	5																						

2. Self-evaluation by Board members:

The performance evaluation indicators for the members of the Board of Directors include six major aspects and a total of 25 indicators. The average score for each aspect ranged from 4.93 to 5 points (out of 5 points), indicating a positive evaluation of the efficiency and effectiveness of the operation of each indicator by the directors.

Six Dimensions of Self-Evaluation	Evaluation Parameters	Score
A. Control over the Company's goals and tasks	3	5
B. Recognition of duties as Directors	4	5
C. Involvement in the company's business activities	8	4.93
D. Management of internal relations and communication	3	5
E. Directors' professional and continuing education and training	4	5
F. Internal control	3	5

3. Self-Evaluation by the Audit Committee:

The performance of the Audit Committee was evaluated on 26 parameters across 5 categories. The evaluation showed that the average score of each category is between 4.93-5 points (out of 5), reflecting its overall excellence in operation and in line with corporate governance, which resulted in the improved Board operations.

Five Dimensions of Self-Evaluation	Evaluation Parameters	Score
Involvement in the company's business activities	5	5
B. Their recognition of the duties of the functional committee.	5	4.93
C. Improvement in the quality of decision making by the functional committee.	7	5
D. The composition of the functional committee, and election and appointment of committee members.	4	5
E. Internal control	5	5

4. Self-Evaluation by the Remuneration Committee:

The performance of the Remuneration Committee was evaluated on 23 parameters across 5 categories. The Remuneration Committee performance was rated "Excellent (5)" (out of 5) on all parameters. This showed that the overall operation of the Remuneration Committee was excellent and was in line with corporate governance, resulting in the improved Board functions.

Five Dimensions of Self-Evaluation	Evaluation Parameters	Score
A. Involvement in the company's business activities	5	5
B. Their recognition of the duties of the functional committee.	4	5
C. Improvement in the quality of decision making by the functional committee.	7	5
D. The composition of the functional committee, and election and appointment of committee members.	4	5
E. Internal control	3	5

(2) External evaluation of the Board's performance

Frequency	The Company shall engage an independent professional organization, either an independent institute or a team of scholars and experts, to perform at least one external Board performance evaluation every three years.
Period	January 1, 2019 to December 31, 2019.
Scope	Board of Directors.
Method	External performance evaluation by an independent professional organization or a team of experts and scholars, or other applicable methods
Content	<p>The Company engaged Ernst &amp; Young (EY) Advisory to perform the 2019 external evaluation of the Board performance in December 2019. The following result of the evaluation was reported in the 16th meeting of the 7th term of the Board on April 27, 2020:</p> <ol style="list-style-type: none"> <li>1. Category: Structure, people, and "process and information" of the Board.</li> <li>2. Content: The Board structure and process, Board members, corporate organization, roles and responsibilities, behavior and culture, director training and development, supervision of risk control, and supervision of reporting, disclosure, and performance.</li> <li>3. Method: Interviews with individual Board directors, self-evaluation questionnaires, and document review.</li> <li>4. Criteria: <u>Basic</u> (complying with the basic requirements of the competent authority and relevant regulations), <u>advanced</u> (complying with the basic requirements of the competent authority and relevant regulations and having a set of defined and effective practices or proactive improvements in the performance in an aspect), and <u>benchmark</u> (not only performing beyond the basic requirements of the competent authority, and relevant regulations, but also setting an example equivalent to the benchmarking model)</li> <li>5. Result. Based on the comprehensive evaluation, the performance of the Board of Directors in "structure," "people," and "process and information" was advanced.</li> <li>6. In EY's opinion, the Board of Directors of the Company has a healthy and sound interaction, which is one of the fundamental elements of a high performance. Based on this foundation, EY expects that Board members' observations, practices, risk management, and performance supervision can help the Company and the Board of Directors continuously improve and become an industry model in terms of corporate governance and performance. The Company will refer to EY's recommendations and take action to strengthen the functionality of the Board accordingly.</li> </ol>

Note: In accordance with the company's "the Board Performance Evaluation Criteria", the Company will carry out the external performance evaluation of the board of directors every three years to continuously strengthen the effectiveness of the board of directors and improve the corporate governance mechanism through the objective suggestions of external independent institutions. The next external performance evaluation of the Board of Directors is planned to be handled in 2023.

**4. Measures taken to strengthen the functionality of the Board in the current and most recent years (e.g., setting up an Audit Committee and improving information transparency) and the implementation status:**

- To strengthen the functions of the Board of Directors, the Company had previously established the Audit Committee, Remuneration Committee, Sustainability Committee, Risk Management Committee, and Ethical Corporate Management Committee. In order to improve the quality of the Board's decision-making, strengthen corporate governance, and enhance the functions of the Board, the Nomination and Performance Evaluation Committee and the Business Development, Investment, and Major Capital Expenditure Review Committee were further established on September 26, 2022. Through these fully equipped functional committees, we hope to assist the Board of Directors in reviewing important proposals related to economics, environment, society, risk, integrity governance, business development strategies, major equity investments, capital expenditures, and expense projects, etc.

- ❑ In response to the "corporate governance 3.0 - blueprint for sustainable development" and in line with the spirit of the International Corporate Sustainability Initiative, the board of directors of the Company approved the renaming of the "code of corporate social responsibility" to the "code of sustainable development" and the "Sustainability Committee" to the "Sustainability Committee" on January 24, 2022.
- ❑ To respond to the trend of digital transformation, maintain research results in financial technology, and effectively manage intellectual property rights, the Company has formulated an intellectual property management plan linked to operational objectives since 2021. The plan and its annual execution status are reported to the company's Board of Directors and disclosed on the Company's website. Following the implementation of the Taiwan Intellectual Property Management System (TIPS) in 2022, the system has passed the TIPS (A-level) verification review.
- ❑ In order to strengthen corporate governance and prevent undue interference by major shareholders in the company's operations, with reference to the "Financial Holding Company Governance Best Practice Guidelines Amendment Draft" set by the Bankers Association of the Republic of China, the Company revised its "Corporate Governance Best Practice Guidelines" on September 26, 2022, specifying the communication mechanism between the Company and controlling shareholders, including communication window, scope of communication matters, communication methods, and the preparation and retention of communication records.
- ❑ The Board approved amendments to Corporate Governance Best Practice Principles at the 8th meeting of the 7th Board of Directors on November 25, 2019. In order to enhance the diversity of the Board and achieve alignment with mainstream global development, said Principles were revised to specify that background conditions (including sex, age, nationality, culture and ethnicity) and professional knowledge and skills (e.g., professional background, expertise and industry experience) should both be taken into consideration in regard to the selection and appointment of Board members.
- ❑ For effective corporate governance and Board functionality, the Company, at the 10th meeting of the 6th Board of Directors held on November 21, 2016, devised Principles for the Performance Evaluation of the Board of Directors. To further strengthen the independence and effectiveness of Board performance evaluations, the 29th meeting of the 6th Board of Directors held on January 30, 2018 and the 7th meeting of the 7th Board of Directors held on October 28, 2019, amended these Guidelines, bringing in the external evaluation of the Board's performance. The Company is also following the Sample Template of Self-Evaluation or Peer Evaluation of the Board of Directors of XX Co., Ltd. of the Taiwan Stock Exchange Corporation to expand the Board's evaluation to the Audit and Remuneration Committees and to modify the self-evaluation questionnaire from "Yes/No" to a five-point scale.
- ❑ In order to strengthen the Group's information security management and deepen the spirit of information security governance, the board of directors of the Company adopted the amendment to the "Organizational Procedures" on December 24, 2018, and set up a specialized information security unit - "Information Security Department" from January 1, 2019 to take charge of information security planning and management, and regularly report the group's information security planning and implementation to the board of directors.

### 3.4.2 Operations of Audit Committee

1. The Audit Committee consists of three independent directors and aims to assist the Board in ensuring the quality and credibility of oversight of matters concerning accounting, auditing, the financial reporting process, and financial controls.

There were total 13 meetings convened in 2022. In accordance with the functions and duties as stipulated in Article 6 of the Company's Audit Committee Charter, the major resolutions under consideration are as follows:

- (1) The 2021 internal control system statement and the 2023 audit plan.
- (2) 2021 annual business report, financial statements, consolidated financial statements and other statements and surplus distribution plans, and issued the review report of the audit committee, which found that there was no inconsistency in the above statements.
- (3) The consolidated financial report for the first, second and third quarter of 2021 and 2022, and the budget for 2023.
- (4) 2022 annual appointment and remuneration of certified public accountants.
- (5) The Company's plan for long-term capital raising projects.
- (6) List of candidates for the Company's directors nominated by the shareholders and qualification review for independent director candidates.
- (7) To discuss the agreement of lifting the restrictions on non-competition of directors of the Company.
- (8) The Company's negotiation with three subsidiaries, CDIB, KGI Bank, and KGI Securities, to jointly lease the 18th floor of the headquarters building at No. 135, Dunhua North road, Songshan District.
- (9) Amendments to the "Regulation Stipulation Rules", "Procedures for the Acquisition or Disposal of Assets", "Legal Compliance System Policy", and other important rules of the Company.
- (10) Comprehensive report on audit business in the second half of 2021 and the first half of 2022.
- (11) The laws and regulations of the second half of 2021 and the first half of 2022 shall comply with the operation report.
- (12) Comparison table of internal control performance scores of all units of the company in 2022 and 2021, and comparison table of comprehensive scores of internal audit operations of subsidiaries in 2022.
- (13) Assessment results on the implementation of legal compliance systems by each directly-controlled subsidiary and each unit of the Company in 2022.
- (14) Performance evaluation results of the audit committee in 2021.

## 2. Operations in 2021

A total of 13 meetings of the Audit Committee (5 meetings of the 4th term and 8 meetings of the 5th term) were held in 2022. The attendance of the independent directors is as follows:

December 31, 2022

Audit Committee Term	Title	Name	Attendance in Person	Attendance by Proxy	Actual Attendance Rate (%)	Remarks
4th term,	Independent Director	Hsiou-Wei Lin	5	0	100%	
	Independent Director	Tyzz-Jiun Duh	5	0	100%	
	Independent Director	Hsing-Cheng Tai	5	0	100%	
5th term (re-election on June 17, 2022)	Independent Director	Wei Chung	8	0	100%	Newly appointed
	Independent Director	Tyzz-Jiun Duh	8	0	100%	Re-elected
	Independent Director	Shih-Chieh Chang	8	0	100%	Newly appointed

Note 1: The audit committee of the company is composed of all independent directors. For the professional qualifications and experience of the members of the audit committee, please refer to “Directors (II) - 1, Professional Qualifications of Directors and Information Disclosure of Independent Directors’ Independence”.

Note 2: The actual attendance rate (%) is calculated based on the number of audit committee meetings and the number of actual attendance of the independent directors during their term of office.

### Other matters to be recorded:

#### 1. Should any of the following take place in an audit committee meeting, the date and number of the meeting, the content of proposal, the Audit Committee's resolutions and the Company's response to the Audit Committee's opinions should be recorded:

- (1) Matters referred to in Article 14-5 of the Securities and Exchange Act

December 31, 2022

Audit Committee Board Date/Term	Agenda Item	Contents of objections, reservations or major suggestions of Independent Director	Results of Audit Committee	Company (board of directors) handling of the resolution of the audit committee
2022.03.14 4th term, 33rd meeting Audit Committee	2021 consolidated financial statements	None	All members present at the meeting agreed to pass the resolution and submitted it to the board of directors for deliberation.	Passed unanimously by all attending directors.
2022.03.28 4th term, 34th meeting Audit Committee	Amendments to the Regulations Governing the Acquisition and Disposal of Assets.	None	All members present at the meeting agreed to pass the resolution and submitted it to the board of directors for deliberation.	All directors present at the meeting agreed to pass the resolution and submitted it to the 2022 Annual Shareholders' Meeting of the Company for discussion.



Audit Committee Board Date/Term	Agenda Item	Contents of objections, reservations or major suggestions of Independent Director	Results of Audit Committee	Company (board of directors) handling of the resolution of the audit committee
	2021 Statement on Internal Control.	None	All members present at the meeting agreed to pass the resolution and submitted it to the board of directors for deliberation.	Passed unanimously by all attending directors.
	2022 annual appointment and remuneration of certified public accountants.	None	All members present at the meeting agreed to pass the resolution and submitted it to the board of directors for deliberation.	Passed unanimously by all attending directors.
2022.04.25 4th term, 35th meeting Audit Committee	2021 annual business report, financial statements, consolidated financial statements and other statements.	None	All members present at the meeting agreed to pass the resolution and submitted it to the board of directors for deliberation.	All directors present at the meeting agreed to pass the resolution and submitted it to the 2022 general meeting of shareholders of the Company for recognition.
	2021 annual surplus distribution plan.	None	All members present at the meeting agreed to pass the resolution and submitted it to the board of directors for deliberation.	All directors present at the meeting agreed to pass the resolution and submitted it to the 2022 general meeting of shareholders of the Company for recognition.
	The Company's plan for long-term capital raising projects.	None	All members present at the meeting agreed to pass the resolution and submitted it to the board of directors for deliberation.	Apart from Director Shan-Rong Hsu who was not in attendance, the remaining directors present agreed to pass the resolution and submitted it to the 2022 annual general meeting of shareholders of the company for discussion.
	List of candidates for the Company's directors nominated by the shareholders and qualification review for independent director candidates.	None	Except for the recusal of the reviewed independent director candidates (committee members), the other members present agreed and submitted it to the Board of Directors for review	When discussing and voting about the qualifications of director candidates or the legal person they represent, directors and independent directors should avoid participating in the voting. The remaining directors present agreed to pass the resolution and submitted it to the

Audit Committee Board Date/Term	Agenda Item	Contents of objections, reservations or major suggestions of Independent Director	Results of Audit Committee	Company (board of directors) handling of the resolution of the audit committee
				2022 annual general meeting of shareholders of the company for election.
	To discuss the agreement of lifting the restrictions on non-competition of directors of the Company.	None	Except for the withdrawal of the independent director (member) who intends to lift the non competition restriction, the other members present agreed and submitted it to the board of directors for review	When discussing and voting to lift their non-competition restrictions, directors and independent directors should avoid participating in the discussion and voting. The remaining directors present agreed to pass the resolution and submitted it to the 2022 annual general meeting of shareholders of the company for discussion.
2022.05.20 4th term, 36th meeting Audit Committee	Consolidated financial statements for the first quarter of 2022.	None	All members present at the meeting agreed to pass the resolution and submitted it to the board of directors for deliberation.	Passed unanimously by all attending directors.
	Report on the improvement of the inspection opinions of the FSC on the Company's general business inspection (Table A)	None	All members present at the meeting agreed to pass the resolution and submitted it to the board of directors for deliberation.	Passed unanimously by all attending directors.
2022.08.22 5th term, 3rd meeting Audit Committee	Consolidated financial statements for the second quarter of 2022.	None	All members present at the meeting agreed to pass the resolution and submitted it to the board of directors for deliberation.	Passed unanimously by all attending directors.
2022.10.21 5th term, 6th meeting Audit Committee	The Company's negotiation with three subsidiaries, CDIB, KGI Bank, and KGI Securities, to jointly lease the 18th floor of the headquarters building at No. 135, Dunhua North road, Songshan District.	None	Except for the withdrawal of a member who is an independent director of the company concerned, the other members present agreed and submitted it to the board of directors for review.	Except for the withdrawal of the vice chairman, director or independent director of the company concerned, the other directors present agreed to pass.

Audit Committee Board Date/Term	Agenda Item	Contents of objections, reservations or major suggestions of Independent Director	Results of Audit Committee	Company (board of directors) handling of the resolution of the audit committee
2022.11.21 5th term, 7th meeting Audit Committee	Consolidated financial statements for the third quarter of 2022.	None	All members present at the meeting agreed to pass the resolution and submitted it to the board of directors for deliberation.	Passed unanimously by all attending directors.
	Report on the improvement of the continued inspection opinions of the FSC on the Company's general business inspection (Table A)	None	All members present at the meeting agreed to pass the resolution and submitted it to the board of directors for deliberation.	Passed unanimously by all attending directors.
2022.12.19 5th term, 8th meeting Audit Committee	Amendment to the 2023 Audit Plan.	None	All members present at the meeting agreed to pass the resolution and submitted it to the board of directors for deliberation.	Except for the withdrawal of the director who is the chairman or managerial officer of the audited company, the other directors present agreed to pass.

- (2) Other matters not approved by the Audit Committee but approved by two-thirds or more of all directors.

None

## 2. Recusal of independent directors from voting due to conflicts of interest:

December 31, 2022

Board Date/Term	Name of recused independent directors	Agenda Item	Reason to recuse	Voting
2022.04.25 4th term, 35th meeting Audit Committee	Tyzz-Jiun Duh	List of candidates for the Company's directors nominated by the shareholders and qualification review for independent director candidates.	Independent director candidates of the Company.	Recused from discussion and voting
	Tyzz-Jiun Duh	Lifting the restrictions on non-competition of directors of the Company.	The object of the lifting of the non-competition restriction.	Recused from discussion and voting.
2022.10.21 5th term, 6th meeting Audit Committee	Tyzz-Jiun Duh	The Company's negotiation with three subsidiaries, CDIB, KGI Bank, and KGI Securities, to jointly lease the 18th floor of the headquarters building at No. 135, Dunhua North road, Songshan District.	Acting as independent directors of CDIB Capital Group.	Recused from discussion and voting

### 3. Communication between the independent directors, chief internal auditor, and CPAs

#### (1) Communication between the independent directors, chief internal auditor

- A. In addition to communicating through the audit committee, the independent directors and internal audit supervisors shall hold a forum at least once a year to review the Company's internal control system.
- B. The internal audit report of the Company shall be delivered to the independent directors within two months from the end of the audit.
- C. Summary of communication between independent directors and internal audit supervisors in 2022.

Date	Method	Matters	Results
2022.03.28	Audit Committee	Comprehensive report on audit business in the second half of 2021	No objection
2022.03.28	Audit Committee	2021 Statement on Internal Control	No objection
2022.03.28	Forum	Summary report of the initial draft of the Financial Examination Opinion provided by the Financial Examination Bureau for the Company in 2022.  The independent directors suggested the following: Strengthening corporate governance regulations, subsequent cross-departmental communication, auditing, and expense reimbursement require rapid and efficient execution.	We request the authority and responsibility unit to handle the matters according to the suggestions.
2022.04.25	Audit Committee	Summary of key points of the inspection report on the Company's general business inspection by the FSC  The independent directors suggested the following: 1. The Company should humbly reflect on the matter and request each department to conduct an investigation and make improvements. 2. A prevention mechanism should be established so that even with personnel turnover, the risk of recurrence can be prevented through systematic SOPs or internal regulations. 3. The annual audit plan in the next one to two years should include the review of the financial inspection opinions as an audit item to ensure that the improvements are completed.	We request the authority and responsibility unit to handle the matters according to the suggestions.
2022.04.25	Audit Committee	Minutes of the 2022 CDF Independent Directors' Forum of the Company.	No objection
2022.05.20	Audit Committee	Major contingencies of the subsidiary KGI Bank	No objection

Date	Method	Matters	Results
2022.05.20	Audit Committee	<p>Report on the improvement of the inspection opinions of the FSC on the Company's general business inspection (Table A).</p> <p>The independent directors suggested the following: Please follow the audit system and require all subsidiaries to implement the following three principles:</p> <ol style="list-style-type: none"> <li>1. Comprehensive inspections and corrections.</li> <li>2. Systematization of rules and regulations.</li> <li>3. Enhance project audits.</li> </ol>	We request the authority and responsibility unit to handle the matters according to the suggestions.
2022.06.27	Audit Committee	<p>Report on the improvement of the inspection opinions of the FSC on the Company's general business inspection (Table B).</p> <p>The independent directors suggested the following:</p> <ol style="list-style-type: none"> <li>1. Implement improvement measures based on the inspection results effectively.</li> <li>2. Include the improvements in the Company's internal regulations.</li> <li>3. Regularly conduct training and education for related personnel.</li> <li>4. The Audit Department should include the relevant issues in the project audit items for the next two years.</li> </ol> <p>In addition, the Company should strengthen education and training for relevant personnel, and ask the audit department to enhance audit efforts for the areas of deficiencies.</p>	We request the authority and responsibility unit to handle the matters according to the suggestions.
2022.09.26	Audit Committee	<p>Comprehensive report on audit business in the first half of 2022.</p> <p>The independent directors suggested the following:</p> <ol style="list-style-type: none"> <li>1. If there are any deficiencies found in the system during the audit process, suggestions can also be made.</li> <li>2. Strengthen the sensitivity of front-line personnel to make them more familiar with relevant inspection items to avoid any deficiencies.</li> </ol>	We request the authority and responsibility unit to handle the matters according to the suggestions.
2022.10.21	Audit Committee	The Company "2022 Comparison table of internal control performance scores of all units of the company in 2021 and 2020" "comparison table of comprehensive scores of internal audit operations of subsidiaries in 2022".	No objection.
2022.11.21	Audit Committee	Report on the improvement of the continued inspection opinions of the FSC on the Company's general business inspection (Table B).	No objection.
2022.11.21	Audit Committee	Oral reports: Major contingencies of the subsidiary KGI Bank.	No objection.

Date	Method	Matters	Results
2022.11.21	Forum	Review on the lack of internal control system of the Company in 2022.  The independent directors suggested the following: 1. The company has established specific communication and control mechanisms for interactions with major shareholders, and major shareholders can access information through relevant functional committees. 2. If the audit unit encounters a situation where the audited unit refuses to provide information during the audit, the audit report must reflect "limited scope of audit" and report it to the independent directors.	We request the authority and responsibility unit to handle the matters according to the suggestions.
2022.12.19	Audit Committee	The Company's "minutes of the forum on the review of the deficiency in internal control system in 2022".	No objection.
2022.12.19	Audit Committee	The Company's "2023 Audit Plan".  The independent directors suggested the following: 1. Audit items should include the financial statement preparation process. 2. Please include "revise internal regulations according to external law changes" as a self-audit item for each unit.	We request the authority and responsibility unit to handle the matters according to the suggestions.

Note:

- If there is independent director resigned before the end of the year resigned date shall be indicated in the note column, and the rate of attendance in person (%) shall be calculated based on the number of meetings held during the terms of office and the number of attendance made in person.
- If there is new election of independent director before the end of the year, the election date and whether such independent director is a previous member, a new member or a re-elected member shall be indicated in the note column. The actual attendance rate (%) shall be calculated based on the number of meetings held during the terms of office and the number of attendance made in person.

## (2) Communication between the independent directors and CPAs

### A. Policy on communication between independent directors and CPAs

The audit committee of the company is composed of all independent directors. The CPAs communicate and discuss with the independent directors on the audit scope and method of the financial report, audit results, key audit matters, recent major issues of IFRS and the impact of the revision of relevant laws and regulations, so that the independent directors can immediately grasp the financial situation of the Company.

### B. Summary of communication between independent directors and the CPAs in 2022

Date	Method	Matters	Results
2022.03.14	Meeting	1. Audit of consolidated financial reports in 2021. 2. Other communication matters such as ESG information disclosure and updations of laws and regulations.	The financial report was submitted to the Audit Committee and the Board for approval.

Date	Method	Matters	Results
2022.03.14	Audit Committee	<ol style="list-style-type: none"> <li>1. Audit of consolidated financial reports in 2021.</li> <li>2. The audit results of the consolidated financial report and key audit matters in 2021, as well as other communication matters such as updates of laws and regulations.</li> </ol>	After approved by the Audit Committee, the financial report was submitted to the Board for approval.
2022.05.20	Audit Committee	<ol style="list-style-type: none"> <li>1. Review of consolidated financial reports in the first quarter of 2022.</li> <li>2. The review results of the consolidated financial report in the first quarter of 2022, as well as other communication matters such as updates of laws and regulations.</li> <li>3. The communication matters of key audit matters in the first half of 2022.</li> </ol>	After approved by the Audit Committee, the financial report was submitted to the Board for approval.
2022.08.22	Audit Committee	<ol style="list-style-type: none"> <li>1. Audit of consolidated financial reports in the second quarter of 2022.</li> <li>2. The audit results of the consolidated financial report and key audit matters in the second quarter of 2022, as well as other communication matters such as updates of laws and regulations.</li> </ol>	After approved by the Audit Committee, the financial report was submitted to the Board for approval.
2022.11.21	Audit Committee	<ol style="list-style-type: none"> <li>1. Review of consolidated financial reports in the third quarter of 2022.</li> <li>2. The review results of the consolidated financial report in the third quarter of 2022, as well as other communication matters such as updates of laws and regulations.</li> <li>3. The communication matters of key audit matters in 2022.</li> </ol>	After approved by the Audit Committee, the financial report was submitted to the Board for approval.

### 3.4.3 Items disclosed in accordance with the Corporate Governance Best-Practice Principles for Financial Holding Companies:

The Company notes that it follows the “the Corporate Governance Best Practice Principles for Financial Holding Companies”. Please go to the “governance” section under the company's website (<https://www.cdfholding.com/en/>).

### 3.4.4 Corporate Governance Implementation Status and Deviation from the Corporate Governance Best Practice Principles for Financial Holding Companies and Rationale

Evaluation Item	Implementation Status		Deviation from the Corporate Governance Best Practice Principles for Financial Holding Companies and Rationale
	Yes	No	
1. CDF's shareholding structure and shareholders' rights			
(1) Does the Company establish and implement internal operating procedures to deal with shareholders' suggestions, doubts, disputes, and litigations?	V		(1) The Company maintains an IR Contact page on its Investor Relations website's Resources section, on which it discloses online, phone, and email channels through which shareholders can submit suggestions or queries. The Company designates a specific managerial department to process each suggestion or query.
(2) Does the Company possess a list of its major shareholders with controlling power as well as the ultimate owners of those major?	V		(2) The Company maintains lists of major shareholders based on the shareholder list after the date on which share transfers are suspended and on the information regarding the equity changes of insiders and major shareholders submitted to the Company per relevant regulations. The Company publishes this information in its annual report.
(3) Does the Company establish and execute risk management and firewall systems within its affiliates?	V		(3) <ul style="list-style-type: none"> <li>A. The Company's finances and operations are independent from its affiliates.</li> <li>B. The Company has an independent risk management unit responsible for supervising and implementing risk management measures. The Company has an independent risk management unit responsible for supervising and implementing risk management measures. In addition, the risk control mechanism and firewall system between the Company and its subsidiaries has been established in accordance with the Company's Risk Management Policy and Regulations Governing Operations Related to Financial Transactions with Affiliated Companies and Stakeholders.</li> <li>C. The Company engages in related party transactions other than credit extensions in accordance with Articles 44 and 45 of the Financial Holding Company Act, and has established the Guidelines for Related Party Transactions and the Guidelines for Related Party Transactions Other than Credit Extensions under Article 45 of the Financial Holding Company Act for compliance.</li> </ul>



Evaluation Item	Implementation Status		Deviation from the Corporate Governance Best Practice Principles for Financial Holding Companies and Rationale
	Yes	No	
2. Composition and responsibilities of Board			
(1) Does the Board of Directors formulate the diversification policy and specific management objectives?	V	(1) In order to promote the sound development of the structure and functions of the Board of Directors, the Board of Directors of the Company has adopted the Code of Practice on Corporate Governance to specify the diversification policy of the members of the Board of Directors. Since the Company adopts the candidate nomination system to elect directors, the candidates for directors are submitted to the Shareholders' Meeting for election after the resolution of the Board of Directors is passed. For the diversification policy, management objectives and implementation status of the Company's Board of Directors, please refer to "2. Diversification and independence of the Board of Directors of (II) Information on directors". It is also disclosed on the company's official website < query path: Home page of the Company / ESG / Governance / Board of Directors / Professional Qualifications and Independence / Professional Qualifications and Independence (Download File) >.	No deviation.
(2) In addition to establishing the Remuneration Committee and the Audit Committee legally, does 85s the Company voluntarily establish other functional committees?	V	(2) In order to improve the functions of the Board of Directors, the Company has established a Sustainability Committee, Risk Management Committee, Ethical Corporate Management Committee, Nomination and Performance Evaluation Committee, and Business Development, Investment, and Major Capital Expenditure Review Committee in addition to a Remuneration Committee and Audit Committee.	
(3) Does the Company establish standards and methods to evaluate the performance of the Board of Directors, conduct the evaluation annually and regularly, report the results of evaluations to the Board of Directors, and use them as a reference for individual directors' remuneration and nomination 85ination and renewal?	V	(3) In order to implement corporate governance and enhance the functions of the Company's Board of Directors and establish key performance indicators (KPIs) to enhance the efficiency of the Board's operations, the Board of Directors of the Company has passed the Board Performance Evaluation Criteria, which requires that the Board of Directors of the Company shall perform an internal performance evaluation of the Board of Directors at least once a year, which includes the evaluation of the performance of the Board as a whole, individual Board members, and functional committees, and that the external performance evaluation of the Board of Directors shall be performed by an external professional independent organization or external expert scholar at least once every three years beginning in 2018. In addition to being reported to the Board of Directors, the results of the evaluation shall also be disclosed on the company website	

Evaluation Item	Implementation Status		Deviation from the Corporate Governance Best Practice Principles for Financial Holding Companies and Rationale
	Yes	No	
			Summary
			and in annual reports and will be used as reference for the selection of directors or the nomination of independent directors, and the directors' remuneration will be linked to the results of the directors' personal performance evaluations.
(4) Does the financial holding company periodically evaluate the independence of the certified public accounts (CPA) that audit its financial statements?	V		(4) Prior the appointment of CPAs, the Company will review the independence and competence and will make sure that the appointed CPAs are not interested parties of the Company. The CPA firm offered the CPA independence statement to comply with "Statement of CPA Professional Ethics No. 10. Independence of audit and review." The Company also evaluates according to Article 47 of the Certified Public Accountant Act. The appointment of CPAs shall be submitted to the Audit Committee and the Board for approval. In addition, the rotation of CPAs also operates in accordance with related regulations. According to Corporate Governance 3.0-Sustainable Development Roadmap and Article 29 of Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, the Company evaluated the independence and competency refer to the Audit Quality Indicators (AQIs) offered by the CPA firm since 2023.
3. Does the Company appoint adequate persons and a chief governance officer to be in charge of corporate governance matters (including but not limited to providing directors and supervisors required information for business execution, assisting directors and supervisors in following laws and regulations, handling matters in relation to the Board meetings and shareholders' meetings and keeping minutes at the Board meetings and shareholders' meetings according to law)?	V		(1) The Company has a Secretariat of the Board of Directors directly under the Board of Directors, which is equipped with a competent and appropriate number of corporate governance personnel to be responsible for relevant corporate governance affairs. The Company passed a resolution on June 10, 2022 to appoint Executive Vice President Zhen-Wei Chen as the corporate governance officer, who is qualified as he has handled financial management for financial institutions and listed companies for more than 12 years. It is required that the corporate governance affairs mentioned in the preceding paragraph include at least the following items: 1. Handling matters relating to board meetings and shareholders meetings according to laws. 2. Producing minutes of board meetings and shareholders meetings. 3. Assist directors in assuming office and pursuing continuing education. 4. Furnishing information required for business execution by directors. 5. Assisting directors with legal compliance.
			No deviation.

Evaluation Item	Implementation Status		Deviation from the Corporate Governance Best Practice Principles for Financial Holding Companies and Rationale
	Yes	No	
			<p>Summary</p> <p>6. The review results of whether the independent director's qualifications during nomination, appointment, and their term of service comply with the relevant laws and regulations are reported to the Board of Directors.</p> <p>7. Handle matters related to the change of directors.</p> <p>8. Other matters set out in the articles of incorporation or contracts.</p> <p>(2) The implementation of corporate governance in 2022 is summarized as follows:</p> <p>1. According to the Standard Operating Procedures for Handling Directors' Requests, the Secretariat responds appropriately and promptly to requests made by directors and provides directors with the information and support necessary for them to conduct their business.</p> <p>2. The Secretariat has assisted directors in drawing up annual study plans and arranging courses in accordance with the Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies and with reference to the courses planned in the Director Study Map of the Taiwan Stock Exchange.</p> <p>3. In accordance with the Company's Rules of Procedure for Board Meetings and the Audit Committee Charter, the Secretariat prepared information on an agenda before each Board meeting and Audit committee meeting in 2022. The Secretariat has alerted directors/committee members to any conflicts of interests, and have completed the meeting minutes within 20 days after the meeting.</p> <p>4. The Secretariat has completed the renewal of directors' and supervisors' liability insurance for 2022 and completed the announcement and reporting as required.</p> <p>5. According to the Company's Board Performance Evaluation Criteria, the Secretariat completed the internal evaluation of the Board performance for 2022, with the results of the evaluation reported to the Board of Directors on January 13, 2023.</p> <p>6. The pre-registration of shareholders' meeting dates, the preparation of meeting notices, handbooks, and minutes, and the execution of shareholder-related operations (e.g., purchase and distribution of shareholders' souvenirs) have been completed within the statutory time limit.</p> <p>7. Amendments to the Articles of Incorporation, changes in directors, managerial</p>

Evaluation Item	Implementation Status		Deviation from the Corporate Governance Best Practice Principles for Financial Holding Companies and Rationale																
	Yes	No																	
				Summary															
		<p>officers, and changes in capital due to exercise of employee stock options, cancellation of treasury shares, cancellation of issued restricted employee stock units and issuance/withdrawal of new shares of employee rights have been registered.</p> <p>8. Possession of the Company's shares by insiders has been reported.</p> <p>9. The Company publicizes the laws and regulations related to the equity of insiders (directors and managerial officers) at least once a year, and publicizes the insiders by e-mail in 2022:</p> <table><tr><th>Date</th><th>Publicity matters</th></tr><tr><td>2022.01.20</td><td>We hereby inform you of the Taiwan Stock Exchange's Letter No. 1110400144 dated January 14, 2022, regarding the common situation of insider shareholding change reporting in violation of the provisions of the Securities and Exchange Act. Please take the time to read it.</td></tr><tr><td>2022.02.24</td><td>[Important Reminder] Declaration of Shareholding Changes</td></tr><tr><td>2022.04.13</td><td>We hereby inform you of the Taiwan Stock Exchange's Letter No. 1110400983 dated April 12, 2022, regarding the common situation of insider shareholding change reporting in violation of the provisions of the Securities and Exchange Act. Please take the time to read it.</td></tr><tr><td>2022.07.21</td><td>We hereby inform you of the Taiwan Stock Exchange's Letter No. 1110401948 dated July 20, 2022, regarding the common situation of insider shareholding change reporting in violation of the provisions of the Securities and Exchange Act. Please take the time to read it.</td></tr><tr><td>2022.10.18</td><td>We hereby inform you of the Taiwan Stock Exchange's Letter No. 1110402938 dated October 17, 2022, regarding the common situation of insider shareholding change reporting in violation of the provisions of the Securities and Exchange Act. Please take the time to read it.</td></tr><tr><td>2022.12.13</td><td>[Announcement] The regulatory authority has notified the company of the violation committed by an internal employee - Violation of Article 157 of the Securities and Exchange Act on Short-term Trading</td></tr><tr><td>2022.12.22</td><td>[Important Notice] The legal age of adulthood in the Civil Code has been lowered to 18 years old and will take effect on January 1, 2023.</td></tr></table>	Date	Publicity matters	2022.01.20	We hereby inform you of the Taiwan Stock Exchange's Letter No. 1110400144 dated January 14, 2022, regarding the common situation of insider shareholding change reporting in violation of the provisions of the Securities and Exchange Act. Please take the time to read it.	2022.02.24	[Important Reminder] Declaration of Shareholding Changes	2022.04.13	We hereby inform you of the Taiwan Stock Exchange's Letter No. 1110400983 dated April 12, 2022, regarding the common situation of insider shareholding change reporting in violation of the provisions of the Securities and Exchange Act. Please take the time to read it.	2022.07.21	We hereby inform you of the Taiwan Stock Exchange's Letter No. 1110401948 dated July 20, 2022, regarding the common situation of insider shareholding change reporting in violation of the provisions of the Securities and Exchange Act. Please take the time to read it.	2022.10.18	We hereby inform you of the Taiwan Stock Exchange's Letter No. 1110402938 dated October 17, 2022, regarding the common situation of insider shareholding change reporting in violation of the provisions of the Securities and Exchange Act. Please take the time to read it.	2022.12.13	[Announcement] The regulatory authority has notified the company of the violation committed by an internal employee - Violation of Article 157 of the Securities and Exchange Act on Short-term Trading	2022.12.22	[Important Notice] The legal age of adulthood in the Civil Code has been lowered to 18 years old and will take effect on January 1, 2023.	
Date	Publicity matters																		
2022.01.20	We hereby inform you of the Taiwan Stock Exchange's Letter No. 1110400144 dated January 14, 2022, regarding the common situation of insider shareholding change reporting in violation of the provisions of the Securities and Exchange Act. Please take the time to read it.																		
2022.02.24	[Important Reminder] Declaration of Shareholding Changes																		
2022.04.13	We hereby inform you of the Taiwan Stock Exchange's Letter No. 1110400983 dated April 12, 2022, regarding the common situation of insider shareholding change reporting in violation of the provisions of the Securities and Exchange Act. Please take the time to read it.																		
2022.07.21	We hereby inform you of the Taiwan Stock Exchange's Letter No. 1110401948 dated July 20, 2022, regarding the common situation of insider shareholding change reporting in violation of the provisions of the Securities and Exchange Act. Please take the time to read it.																		
2022.10.18	We hereby inform you of the Taiwan Stock Exchange's Letter No. 1110402938 dated October 17, 2022, regarding the common situation of insider shareholding change reporting in violation of the provisions of the Securities and Exchange Act. Please take the time to read it.																		
2022.12.13	[Announcement] The regulatory authority has notified the company of the violation committed by an internal employee - Violation of Article 157 of the Securities and Exchange Act on Short-term Trading																		
2022.12.22	[Important Notice] The legal age of adulthood in the Civil Code has been lowered to 18 years old and will take effect on January 1, 2023.																		

Evaluation Item	Implementation Status			Deviation from the Corporate Governance Best Practice Principles for Financial Holding Companies and Rationale			
	Yes	No	Summary				
			(3) Continuing education of the corporate governance officer:				

Evaluation Item	Implementation Status				Deviation from the Corporate Governance Best Practice Principles for Financial Holding Companies and Rationale		
	Yes	No	Summary				
			2022.08.30	Accounting Research and Development Foundation	Professional training course on the concept of ISSB S2 standard "Conceptual Analysis of Climate-Related Information Disclosure".	3.0	
			2022.08.31	Accounting Research and Development Foundation	Read the TCFD report: Mastering key information professional training course	3.0	
			2022.08.31	Accounting Research and Development Foundation	Prepare the TCFD report: Main reference points professional training course.	3.0	
			2022.09.12	Taiwan Academy of Banking and Finance	Information security governance seminar - Important information security standards and compliance in the financial industry	3.0	
4. Does the Company establish communication channels with stakeholders (included but not limited to shareholders, employees and clients)?	V		The Company has established the Stakeholder Engagement section on the company website to provide stakeholders including employee, customers, shareholders and investors, institutional investors, government agencies and competent authorities, suppliers, the media, and communities easy communication access to the Company by letter or telephone or via the Internet. The identification of stakeholders, communication issues, communication methods, communication frequency, and communication performance have been compiled in the CSR Committee's 2022 Annual Work Plan Implementation Report, which was submitted to the Company's Board of Directors in March 2023.				No deviation.

Evaluation Item	Implementation Status			Deviation from the Corporate Governance Best Practice Principles for Financial Holding Companies and Rationale
	Yes	No	Summary	
5. Information disclosure (1) Does the Company have a website to disclose both financial standings and the status of corporate governance?	V		(1) The Company has both Chinese and English websites and appointed dedicated personnel to disclose and update corporate information.	No deviation
(2) Does the Company employ other methods (e.g., setting up English language websites, appointing dedicated personnel to collect and disclose corporate information, implementing a spokesperson system, and webcasting investor conferences) to disclose information?	V		(2) The Company has a spokesperson and an acting spokesperson, along with public relations and investor relations departments to ensure that corporate information is announced timely and correctly. In accordance with the relevant regulations governing listed companies, the Company discloses material information and financial data. The Company periodically holds investor conferences and posts related information in Chinese and English on the company website and the MOPS. In response to environmental, social, and governance (ESG) issues that investors have become increasingly concerned about in recent years, the Company has set up a "CSR" section on both Chinese and English company websites to disclose relevant non-financial performances and practices.	
(3) Does the financial holding company publish and make official filing of annual financial reports according to the Financial Holding Company Act and Securities and Exchange Act within the required timeframe after the end of an accounting period, and publish/file Q1, Q2 and Q3 financial reports plus monthly business performance before the specified due date?	V		(3) The Company complies with the Financial Holding Company Act and Securities and Exchange Act by filing self-assessed income monthly, as well as publishing quarterly, semi-annual, and annual consolidated financial reports reviewed or audited by the CPA before the statutory due dates.	

Evaluation Item	Implementation Status		Deviation from the Corporate Governance Best Practice Principles for Financial Holding Companies and Rationale
	Yes	No	
6. Is there any other important information to facilitate a better understanding of the Company's corporate governance practices (including but not limited to employee rights, employee well-being, investor relations, rights of stakeholders, directors' and supervisors' training records, implementation of risk management policies and risk evaluation measures, implementation of customer relations policies, purchase of insurance for directors and supervisors, and donations to political parties, stakeholders and non-profit organizations)?	V	<p>(1)-(2) For detailed information on employee rights and employee well-being, please refer to 5.8 Labor Relations in V. Operational Highlights.</p> <p>(3) Investor relations The Company maintains proper and appropriate relations with investors through the following measures:  A. Holding annual general meetings in accordance with related laws and regulations.  B. Disclosing corporate information on the MOPS.  C. Organizing investor conferences on a regular basis.  D. Setting up the Investor Relations section on Chinese and English company websites, where investors can view/download quarterly reports and company information.  E. Setting up the IR Contacts section to facilitate timely communication by phone and email.</p> <p>(4) Stakeholder interests On the topic of interaction with vendors, the Company has established Operation Guidelines for Procurement, ensuring a transparent and fair process. The Company also emphasizes fair procurement. In addition, the "key points for the implementation of supplier corporate social responsibility" are published on the official website, requiring suppliers to promise to fulfill relevant corporate social responsibility policies.</p> <p>(5) Directors' training records  A. The Company files the Board meeting attendance and directors' training records for the preceding month by the 15th day of each month.  B. In order to strengthen the professional functions of directors, taking into account the practical trend of external corporate governance, the needs of the company's business development and the professional functions of directors, the company selects professional topics in the fields of finance, risk management (including information security), business, commerce, accounting, legal affairs, preventing money laundering and combating terrorism, corporate social responsibility (ESG),</p>	No deviation



Evaluation Item	Implementation Status		Deviation from the Corporate Governance Best Practice Principles for Financial Holding Companies and Rationale									
	Yes	No										
	Summary											
		<p>or internal control system, financial reporting responsibility and other topics related to corporate governance topics, and holds refresher courses for directors, The courses are as follows:</p> <table><tr><th>Date</th><th>Course Name</th><th>Lecturer</th></tr><tr><td>2022.09.12</td><td>Important information security standards and compliance in the financial industry</td><td>Deloitte &amp; Touche - Executive Vice President Hong-Wei Jien (served as the first director of the Executive Yuan's Office of Information Security and the first director of the National Development Council's Information Management Office)</td></tr><tr><td>2022.11.07</td><td>Challenges and impacts of implementing IFRS17 in the insurance industry</td><td>Deloitte Asia Pacific Limited - Vice President Yu-Ling Lin (actuary), Vice President Kai-Jie Zhuang, and Vice President Guan-Yu Chen</td></tr></table> <p>The Company regularly provides directors with information on external professional courses or seminars and help them with course registration in order to encourage them to pursue continuing education and expand their professionalism. Each director has completed the annual number of hours of continuing education required by the Essentials of Continuing Education for Directors and Supervisors of Listed Companies. The total number of training hours in 2022 was 134. Please refer to Table 1 for more information.</p> <p>(6) Implementation of risk management policies and risk evaluation measures</p> <p>A. The Company has instituted the Risk Management Policy and established rules and guidelines to manage market risk, credit risk, and operational risk.</p> <p>B. The Company employs sensitivity and value at risk (VaR) analyses, among others, to gauge existing or potential market risk for its trading positions. Stop-loss limits for various positions are established based on daily assessments, in order to appropriately control risk.</p> <p>C. The Company analyzes indicators including probability of default, loss given default, exposure, and credit rating to gauge loss and risk capital, among other risk factors. In addition to controlling the exposure of each individual client by imposing daily credit limits, the Company also monitors and controls credit portfolios on a monthly basis.</p>	Date	Course Name	Lecturer	2022.09.12	Important information security standards and compliance in the financial industry	Deloitte & Touche - Executive Vice President Hong-Wei Jien (served as the first director of the Executive Yuan's Office of Information Security and the first director of the National Development Council's Information Management Office)	2022.11.07	Challenges and impacts of implementing IFRS17 in the insurance industry	Deloitte Asia Pacific Limited - Vice President Yu-Ling Lin (actuary), Vice President Kai-Jie Zhuang, and Vice President Guan-Yu Chen	
Date	Course Name	Lecturer										
2022.09.12	Important information security standards and compliance in the financial industry	Deloitte & Touche - Executive Vice President Hong-Wei Jien (served as the first director of the Executive Yuan's Office of Information Security and the first director of the National Development Council's Information Management Office)										
2022.11.07	Challenges and impacts of implementing IFRS17 in the insurance industry	Deloitte Asia Pacific Limited - Vice President Yu-Ling Lin (actuary), Vice President Kai-Jie Zhuang, and Vice President Guan-Yu Chen										

Evaluation Item	Implementation Status		Deviation from the Corporate Governance Best Practice Principles for Financial Holding Companies and Rationale
	Yes	No	
			<p>D. The Company employs three lines of defense to counter operational risk: (1) every business unit undergoes routine operations management on a daily basis; (2) the operational risk management unit monitors and controls risks through Loss Event (LE) reporting, Risk Control Self-Assessment (RCSA) and Key Risk Indicator (KRI) (implemented in applicable subsidiaries); and (3) the internal audit unit conducts audit examinations on a periodic basis.</p> <p>(7) Implementation of customer relations policies The Company has established measures for customer information confidentiality, personal information protection policies, personal data file security and maintenance plans, and methods for personal information processing after the termination of business to ensure the proper use and protection of customers' personal information. The Company fulfills its responsibility of keeping customer information confidential to safeguard customers' privacy and personal information.</p> <p>(8) Purchase of insurance for directors and supervisors The Company has entered into liability insurance contracts with insurance companies, including AIG Taiwan, extending coverage to all directors and supervisors of the Company and its subsidiaries.</p> <p>(9) Donations to political parties, stakeholders, and non-profit organizations A. The Company has drawn Guidelines for Donation Management. Donations made by the Company and its subsidiaries in the previous year are compiled and presented to the Board every year as required.</p>

Evaluation Item	Implementation Status		Deviation from the Corporate Governance Best Practice Principles for Financial Holding Companies and Rationale																																																							
	Yes	No																																																								
				Summary																																																						
		<p>B. The Company and its subsidiaries made a total of 66 donations in 2022, all of which were in line with the purpose of the donation. The total donation amounted to NT\$110,170,171. The donation amount of each company is as follows:</p> <table><tr><th>Serial Number</th><th>Name of company</th><th>Donation amount</th><th>Qty.</th><th>Proportion</th></tr><tr><td>1</td><td>China Development Financial Holding Corporation</td><td>3,325,000</td><td>7</td><td>3.02%</td></tr><tr><td>2</td><td>CDIB Capital Group</td><td>7,329,594</td><td>5</td><td>6.65%</td></tr><tr><td>3</td><td>KGI Bank</td><td>48,306,130</td><td>2</td><td>43.85%</td></tr><tr><td>4</td><td>KGI Securities</td><td>25,517,755</td><td>7</td><td>23.16%</td></tr><tr><td>5</td><td>KGI Hong Kong Limited</td><td>132,143</td><td>3</td><td>0.12%</td></tr><tr><td>6</td><td>China Life</td><td>25,559,549</td><td>42</td><td>23.20%</td></tr><tr><td></td><td>Total</td><td>110,170,171</td><td>66</td><td>100.00%</td></tr></table> <p>C. The Company and its subsidiaries made 14 additional material donations in 2022. The total amount of purchased material was NT\$529,720. The material donations of each company are as follows:</p> <table><tr><th>Serial Number</th><th>Name of company</th><th>Purchase amount</th><th>Qty.</th><th>Proportion</th></tr><tr><td>1</td><td>China Life Insurance</td><td>529,720</td><td>14</td><td>100%</td></tr><tr><td></td><td>Total</td><td>529,720</td><td>14</td><td>100%</td></tr></table> <p>D. The Company and its subsidiaries make no donations to political parties.</p>	Serial Number	Name of company	Donation amount	Qty.	Proportion	1	China Development Financial Holding Corporation	3,325,000	7	3.02%	2	CDIB Capital Group	7,329,594	5	6.65%	3	KGI Bank	48,306,130	2	43.85%	4	KGI Securities	25,517,755	7	23.16%	5	KGI Hong Kong Limited	132,143	3	0.12%	6	China Life	25,559,549	42	23.20%		Total	110,170,171	66	100.00%	Serial Number	Name of company	Purchase amount	Qty.	Proportion	1	China Life Insurance	529,720	14	100%		Total	529,720	14	100%	
Serial Number	Name of company	Donation amount	Qty.	Proportion																																																						
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1	China Life Insurance	529,720	14	100%																																																						
	Total	529,720	14	100%																																																						
7.	Please explain the improvements made in accordance with the Corporate Governance Evaluation results released by the Taiwan Stock Exchange's Corporate Governance Center, and provide the priorities and plans for improvement with items yet to be improved. The Company ranked among the top 20% companies in the 9 <sup>th</sup> (2022) Corporate Governance Evaluation of listed and OTC enterprises in 2023. The board of directors of the Company approved to set up the "Nomination and Performance Review Committee" in September 2022, and "Anti-Money Laundering, Anti-Corruption and Anti-Bribery, and Antitrust and Anti-Competitive Practice Statement" has been approved by the Ethical Corporate Management Committee in February 2022 and the BoD respectively in March 2022. TIPS has been introduced and adopted by CDF in 2022. CDF passed the verification of TIPS (Level A). In everyday operations, the Company is committed to delivering fundamental corporate governance values, such as safeguarding shareholders' interests. The Company also keeps itself up to date with emerging governance indicators issued by the authorities and the TWSE to uphold our decent performance as well as advance sustainable corporate developments.																																																									

Evaluation Item	Implementation Status		Deviation from the Corporate Governance Best Practice Principles for Financial Holding Companies and Rationale
	Yes	No	
8. Succession planning for the Board of Directors and senior management			
(1) In regard to the succession planning for the Board of Directors (including the Chairperson and directors), at least one of the Company's directors shall have working experiences in banking, securities or insurance, pursuant to Article 9 of the Regulations Governing Qualification Requirements for the Founder or Responsible Persons of Financial Holding Companies and Concurrent Serving Restrictions and Matters for Compliance by the Responsible Persons of a Financial Holding Company. In addition to recruiting and nominating prominent persons with the aforementioned expertise to serve as outside directors (including independent directors), the Company has been evaluating and nurturing director candidates by conducting performance evaluations of directors appointed to subsidiaries of KGI Bank, KGI Securities, and China Life on an annual basis, and having each subsidiary conduct performance evaluation of senior managerial officers on an annual basis.			
(2) In regard to the election of successive directors, the adoption of a candidates' nomination is explicitly stipulated in the Articles of Incorporation of the Company. To diversify the Board composition, the Company considers a variety of factors including basic conditions and values (including gender, age, nationality, culture, and race, etc.) and professional knowledge and skills (including professional background, professional skills, and industry experience) as stipulated in the Corporate Governance Best Practice Principles. In addition to carefully considering the allocation and diversification criteria of the board of directors, the directors of the Company also take into account the independence of directors and their experience in economic, environmental and social issues (ESG). In order to select appropriate directors, the Company will select directors from professional managerial officers with management experiences in the financial or industrial industry, professional scholars and social sages.			
(3) In order to strengthen the effectiveness of directors in exercising their functions, the Company, taking into account the practical trend of external corporate governance, the needs of the Company's business development and the professional functions of directors, selects professional topics in the fields of finance, risk management (including information security), business, commerce, accounting, legal affairs, prevention and control of money laundering and combating capital terrorism, corporate social responsibility (ESG), or internal control system, financial reporting responsibility and other topics related to corporate governance topics, Hold refresher courses for directors, regularly provide refresher courses or seminars from external professional institutions to directors, and assist directors in signing up, so that directors can increase their professionalism through continuous refresher courses.			
(4) The Company's management hierarchy, including the presidents, executive vice presidents, senior vice presidents, vice presidents and department heads, perform necessary actions for the overall operation on behalf of the Company, and their scope of authority shall be in accordance with the provisions of various rules and regulations of the Company.			
(5) The Company's succession plan for senior management starts with building an internal talent pool. The nurturing process includes deepening and cultivating prospective talent's interdisciplinary professional knowledge, leadership and management skills, as well as their forward-looking vision. The Company applies a 360-degree performance approach to evaluate qualifications. Incorporating annual business goals, medium- to long-term development, and market changes into the Company's cultivation and training for successors, the Company equip successors with thorough and immersive training via cross-function assignments/rotations, project-oriented planning/execution, participation in important meetings, and acting as deputies for key management positions.			
(6) Shall changes occur in the Company's key management, the Company's will screen qualified candidates from the internal talent pool, subject to the Company Act and the Regulations Governing Qualification Requirements for the Founder or Responsible Persons of Financial Holding Companies and Concurrent Serving Restrictions and Matters for Compliance by the Responsible Persons of a Financial Holding Company. Candidates' education background, work experience,			

Evaluation Item	Implementation Status		Deviation from the Corporate Governance Best Practice Principles for Financial Holding Companies and Rationale
	Yes	No	
<p>performance, management capabilities, and important contributions or achievements will be considered during the selection process.</p> <p>(7) Should the Company appoint professional managerial officers outside of the Company when no suitable internal candidates are found, it will evaluate their qualifications based on the Company's core values, mandates, and corporate culture. Appointment procedures should be submitted to and approved by the Board.</p> <p>9. Independence of internal audit</p> <p>The Company's internal rules stipulate that: The Chairperson is authorized to approve appointment or dismissal, and appraise performance and remuneration of auditors; any appointment or dismissal of the chief internal auditor shall be subject to approval by the Audit Committee and be submitted to the Board of Directors for a resolution. The Company has disclosed the Regulations for the Appointment or Dismissal, Performance Appraisal, and Remuneration of Internal Auditors on the company website.</p>			

Table 1

## Directors' Training Records in 2022

December 31, 2022

Director	Course Name	Date	Organizer	Training Hours
Su-Kuo Huang	Net zero trend: Practical observations of the Board of Directors' ESG decision-making	2022.04.08	Securities and Futures Institute	2
	Global Technology Risks and Information Security Governance Strategies	2022.04.08	Securities and Futures Institute	2
	Challenges and impacts of implementing IFRS17 in the insurance industry	2022.11.07	Taiwan Corporate Governance Association	3
	Impact investing and SDG practices	2022.11.15	Taiwan Academy of Banking and Finance	3
	Strengthen Fair Treatment of Customers: How to establish practical operations and case studies on a culture of integrity, accountability mechanisms, and financial friendly mechanisms.	2022.11.29	Taiwan Academy of Banking and Finance	3
Paul Yang	Twin-Summit Online Forum - Conduct two-way communication with major foreign shareholders to complete the implementation of ESG and stipulate KPIs for future sustainable development	2022.05.12	Co-organized by the Taiwan Stock Exchange, Alliance Advisors, and Taiwan Corporate Governance Association	2
	Understanding Climate-Related Financial Disclosures	2022.08.26	Hong Kong Stock Exchange	2
	Accumulating experience in climate-related financial disclosures	2022.09.02	Hong Kong Stock Exchange	2
	Important information security standards and compliance in the financial industry	2022.09.12	Taiwan Academy of Banking and Finance	3
Stefano Paolo Bertamini	Twin-Summit Online Forum - Conduct two-way communication with major foreign shareholders to complete the implementation of ESG and stipulate KPIs for future sustainable development	2022.05.12	Co-organized by the Taiwan Stock Exchange, Alliance Advisors, and Taiwan Corporate Governance Association	2
	Understanding Climate-Related Financial Disclosures	2022.08.23	Hong Kong Stock Exchange	2

Director	Course Name	Date	Organizer	Training Hours
	Accumulating experience in climate-related financial disclosures	2022.08.31	Hong Kong Stock Exchange	2
	Important information security standards and compliance in the financial industry	2022.09.12	Taiwan Academy of Banking and Finance	3
	Workshop on analysis of penalty cases by regulatory authorities.	2022.10.20	Taiwan Academy of Banking and Finance	3
	Challenges and impacts of implementing IFRS17 in the insurance industry	2022.11.07	Taiwan Corporate Governance Association	3
	AML/CFT Compliance and Case Study	2022.12.05	Financial Legal System and Crime Prevention Center of Consortium Corporations	2
Lionel de Saint-Exupéry	Twin-Summit Online Forum - Conduct two-way communication with major foreign shareholders to complete the implementation of ESG and stipulate KPIs for future sustainable development	2022.05.12	Co-organized by the Taiwan Stock Exchange, Alliance Advisors, and Taiwan Corporate Governance Association	2
	Understanding Climate-Related Financial Disclosures	2022.08.23	Hong Kong Stock Exchange	2
	Accumulating experience in climate-related financial disclosures	2022.08.31	Hong Kong Stock Exchange	2
	Important information security standards and compliance in the financial industry	2022.09.12	Taiwan Academy of Banking and Finance	3
	Challenges and impacts of implementing IFRS17 in the insurance industry	2022.11.07	Taiwan Corporate Governance Association	3
Saloon Tham	Behind-the-Scenes Promoter of Corporate Governance: Corporate Governance Personnel Practices	2022.04.29	Taiwan Corporate Governance Association	3
	The Real Value Created by Circular and Low-Carbon Innovation - Understanding Circular Economy and Governance	2022.09.06	Taiwan Corporate Governance Association	3
	Important information security standards and compliance in the financial industry	2022.09.12	Taiwan Academy of Banking and Finance	3

Director	Course Name	Date	Organizer	Training Hours
	2022 annual publicity and instruction meeting on legal compliance of insider equity transactions	2022.10.19	ROC securities and futures market development foundation	3
	[Remote Learning] Penalty Case Study Workshop (2022)	2022.10.26	Taiwan Insurance Institute	3
	Challenges and impacts of implementing IFRS17 in the insurance industry	2022.11.07	Taiwan Corporate Governance Association	3
Hung Yi Hsiao	5G Key Technologies and Market Application Strategies in Taiwan	2022.01.25	Taiwan Corporate Governance Association	3
	Important information security standards and compliance in the financial industry	2022.09.12	Taiwan Academy of Banking and Finance	3
	Challenges and impacts of implementing IFRS17 in the insurance industry	2022.11.07	Taiwan Corporate Governance Association	3
Tyzz-Jiun Duh	Risks and Opportunities of Climate Actions - Advancing Carbon Neutrality	2022.02.25	Taiwan Institute of Directors	3
	Corporate operational management practices: New information related to digital transformations	2022.08.10	Taiwan Corporate Governance Association	3
	Important information security standards and compliance in the financial industry	2022.09.12	Taiwan Academy of Banking and Finance	3
	Challenges and impacts of implementing IFRS17 in the insurance industry	2022.11.07	Taiwan Corporate Governance Association	3
	International management and sustainable management	2022.11.10	Taiwan Corporate Governance Association	3
Shih-Chieh Chang	Net zero trend: Practical observations of the Board of Directors' ESG decision-making	2022.04.08	Securities and Futures Institute	2
	Global Technology Risks and Information Security Governance Strategies	2022.04.08	Securities and Futures Institute	2
	Practical Sharing on Anti-Corruption and Bribery Risk Management Mechanisms	2022.08.12	Taiwan Corporate Governance Association	3
	Important information security standards and compliance in the financial industry	2022.09.12	Taiwan Academy of Banking and Finance	3
	Challenges and impacts of implementing IFRS17 in the insurance industry	2022.11.07	Taiwan Corporate Governance Association	3



<b>Director</b>	<b>Course Name</b>	<b>Date</b>	<b>Organizer</b>	<b>Training Hours</b>
Wei Chung	How does the Audit Committee supervise the effectiveness of internal controls	2022.08.26	Taiwan Corporate Governance Association	3
	Establishment and operations of the Audit Committee	2022.09.02	Taiwan Corporate Governance Association	3
	Important information security standards and compliance in the financial industry	2022.09.12	Taiwan Academy of Banking and Finance	3
	How to interpret and use Audit Quality Indicators (AQI) for audit committees	2022.09.27	Taiwan Corporate Governance Association	3
	Challenges and impacts of implementing IFRS17 in the insurance industry	2022.11.07	Taiwan Corporate Governance Association	3

### 3.4.5 Composition, Responsibilities and Operations of the Remuneration Committee

#### A. Professional qualifications and independence analysis of the Remuneration Committee members

March 31, 2023

Identity type	Criteria		Professional qualifications and experience	Independence Criteria	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
	Name				
Convener	Tyzz-Jiun Duh		Note 1	Note 1	3
Committee Member	Shih-Chieh Chang		Note 2	Note 2	1
Committee Member	Wei Chung		Note 3	Note 3	1

Note 1: Mr. Tyzz-Jiun Duh, the convener of the Remuneration Committee, serves as an independent director of the Company. Please refer to page 22 (II) 1. Director's Professional Qualifications and Independent Director's Independence Information Disclosure for information on his professional qualifications, experience, and independence.

Note 2: Mr. Shih-Chieh Chang, a member of the Remuneration Committee, serves as an independent director of the Company. Please refer to page 23 (II) 1. Director's Professional Qualifications and Independent Director's Independence Information Disclosure for information on his professional qualifications, experience, and independence.

Note 3: Mr. Wei Chung, a member of the Remuneration Committee, serves as an independent director of the Company. Please refer to page 23 (II) 1. Director's Professional Qualifications and Independent Director's Independence Information Disclosure for information on his professional qualifications, experience, and independence.

## B. Operations of the Remuneration Committee

- (1) There are a total of 3 members in the Remuneration Committee.
- (2) Term of 4th-term committee members: From June 14, 2019, to June 13, 2022. Term of 5th-term committee members: June 17, 2022 to June 16, 2025; A total of 13 meetings were held by the Remuneration Committee in 2022. The qualifications and attendance of the committee members are listed as follows:

Terms of Remuneration Committee	Title	Name	Attendance in Person	Attendance by Proxy	Actual Attendance Rate (%)	Remarks
4th term	Convener	Tyzz-Jiun Duh	4	0	100	
	Committee Member	Hsing-Cheng Tai	4	0	100	
	Committee Member	Hsiou-Wei Lin	4	0	100	
5th term	Convener	Tyzz-Jiun Duh	9	0	100	Re-elected
	Committee Member	Shih-Chieh Chang	9	0	100	Newly appointed
	Committee Member	Wei Chung	9	0	100	Newly appointed
Other matters to be recorded:						
<p>1. If the Board of Directors refuses to adopt or amends a recommendation of the Remuneration Committee, the date of the meeting, session, content of the motion, resolution by the Board of Directors, and the company's response to the Remuneration Committee's opinion (e.g., if the remuneration passed by the Board of Directors exceeds the recommendation of the Remuneration Committee, the circumstances and cause for the difference shall be specified) shall be specified: None.</p> <p>2. If there are resolutions of the Remuneration Committee to which members object or express reservations, and for which there is a record or declaration in writing, the date of the meeting, session, content of the motion, all members' opinions and the response to members' opinion shall be specified: None.</p>						

(3) Implementation status and resolutions of the Remuneration Committee

December 31, 2022

Date	Term	Agenda Item	Resolutions
2022/1/24	4th term, 26th meeting	Approval for the performance evaluation results of the Remuneration Committee in 2021.	Approved by all committee members (independent directors) present at the meeting.
		Amendment of the Company's Director and Functional Committee Remuneration Payment Guidelines.	Approved by all committee members (independent directors) present at the meeting.
		Performance bonus allocation for the Company and subsidiaries.	Approved by all committee members (independent directors) present at the meeting.
		Performance bonuses for the Chairperson and managers in 2021 and employee remuneration distribution in 2020.	Approved by all committee members (independent directors) present at the meeting.
2022/3/14	4th term, 27th meeting	Adjustment of manager salary.	Approved by all committee members (independent directors) present at the meeting.
		Repayment schedule for deferred performance bonuses for employees who choose early retirement/resignation	Approved by all committee members (independent directors) present at the meeting.
2022/4/25	4th term, 28th meeting	Employee remuneration distribution of the Company and subsidiaries in 2021.	Approved by all committee members (independent directors) present at the meeting.
		Handle the employee welfare trust shareholding plan for the Company and its domestic subsidiaries.	Approved by all committee members (independent directors) present at the meeting.
		Appointment and remuneration of managers of the Company.	Approved by all committee members (independent directors) present at the meeting.
2022/5/20	4th term, 29th meeting	Number of new shares of employees' rights in 2021 allocated to the subsidiary KGI Securities.	Approved by all committee members (independent directors) present at the meeting.
2022/6/17	5th term, 1st meeting	Recommendation of the convener for the Company's 5th Remuneration Committee	All attending committee members (independent directors) mutually recommended and agreed to have independent director Mr. Tyzz-Jiun Duh serve as the convener.
2022/6/27	5th term, 2nd meeting	The Company's 2021 remuneration of directors	Approved by all committee members (independent directors) present at the meeting.

Date	Term	Agenda Item	Resolutions
		Remuneration for the Company's Chairperson and Vice Chairperson.	Approved by all committee members (independent directors) present at the meeting.
2022/7/1	5th term, 3rd meeting	Appointment and remuneration of managers of the Company.	Approved by all committee members (independent directors) present at the meeting.
2022/7/27	5th term, 4th meeting	Amendment of the Company's Performance Bonus Distribution Guidelines.	Approved by all committee members (independent directors) present at the meeting.
2022/9/26	5th term, 5th meeting	Amendment of the Company's Performance Bonus Deferred Payment Guidelines.	Approved by all committee members (independent directors) present at the meeting.
		Increased remuneration of managers of the Company.	Approved by all committee members (independent directors) present at the meeting.
2022/10/4	5th term, 6th meeting	Remuneration for the Company's Chairperson.	Approved by all committee members (independent directors) present at the meeting.
2022/10/21	5th term, 7th meeting	Performance bonus deferred payment principles for the Company and subsidiaries in 2022.	Approved by all committee members (independent directors) present at the meeting.
		Amendment of the Subsidiary's Performance Bonus Distribution Guidelines.	Approved by all committee members (independent directors) present at the meeting.
2022/12/19	5th term, 8th meeting	Review and approval of the self-evaluation indicators for the Board of Directors' performance of the Company for 2022.	Approved by all committee members (independent directors) present at the meeting.
2022/12/27	5th term, 9th meeting	Resignation of managers of the Company.	Approved by all committee members (independent directors) present at the meeting.
		Appointment and remuneration of managers of the Company.	Approved by all committee members (independent directors) present at the meeting.
		Remuneration for the subsidiary's chairperson.	Approved by all committee members (independent directors) present at the meeting.

**C. Member Information and Operations of the Nomination and Performance Evaluation Committee:**

- (1) The Nomination and Performance Evaluation Committee consists of 3 members. Member information:

Criteria		Professional qualifications and experience	Independence Criteria	Number of other public companies in which the member also serves as a member of their Nomination and Performance Evaluation Committee
Identity type	Name			
Convener	Tyzz-Jiun Duh	Note 1	Note 1	0
Committee Member	Paul Yang	Note 2	Note 2	0
Committee Member	Lionel de Saint-Exupéry	Note 3	Note 3	0

Note 1: Mr. Tyzz-Jiun Duh, the convener of the Remuneration Committee, serves as an independent director of the Company. Please refer to page 23 (II) 1. Director's Professional Qualifications and Independent Director's Independence Information Disclosure for information on his professional qualifications, experience, and independence.

Note 2: Mr. Paul Yang, a member of the Remuneration Committee, serves as a director of the Company. Please refer to page 20 (II) 1. Director's Professional Qualifications Disclosure for information on his professional qualifications and experience.

Note 3: Mr. Lionel de Saint-Exupéry, a member of the Remuneration Committee, serves as a director of the Company. Please refer to page 23 (II) 1. Director's Professional Qualifications Disclosure for information on his professional qualifications and experience.

- (2) Term of 1st-term committee members: September 26, 2022 to June 16, 2025; A total of 1 meeting was held by the Nomination and Performance Evaluation Committee in 2022. The qualifications and attendance of the committee members are listed as follows:

Term of the Nomination and Performance Evaluation Committee	Title	Name	Attendance in Person	Attendance by Proxy	Actual Attendance Rate (%)	Remarks
1st term	Convener	Tyzz-Jiun Duh	1	0	100	
	Committee Member	Paul Yang	1	0	100	
	Committee Member	Lionel de Saint-Exupéry	1	0	100	

### 3.4.6 Implementation of the Promotion of Sustainable Development and the Circumstances and Reasons for Differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies

Evaluation Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Summary	
1. Does the Company establish a governance structure to promote sustainable development, and set up a full-time (Part-time) unit to promote sustainable development, which is handled by the senior management authorized by the board of directors and supervised by the board of directors?	V		Referring to Principles for TWSE/TPEX-Listed Companies, the Company has set up a "sustainability committee" under the board of directors, which includes six working groups on corporate governance, social welfare, environmental sustainability, customer rights, responsible finance and employee care. The senior management of the Company serves as the team leader to be responsible for the planning and implementation of the specific promotion plan, and regularly reports the discussion contents to the board of directors. Four meetings were held in 2022 to discuss the implementation of the 2021 work plan, pass the 2021 corporate social responsibility report, report the overview of sustainable promotion in 2021 and pass the 2022 work plan.	No deviation.
2. Does the company conduct risk assessments on, social and corporate governance issues related to the business operations and formulate relevant risk management policies or strategies based on the materiality principle?	V		According to the themes disclosed by GRI Standards and the important development strategies of the Company, the Company sends major theme questionnaires to stakeholders, carries out risk assessment on environmental, social and corporate governance issues related to the Company's operation through the sustainability Committee, and identifies the major themes of ESG in the year, including: Corporate governance, risk management and information security are included in the Company's sustainable development strategy. There are corresponding policies and norms for major themes (such as "code of sustainable development", "code of good faith operation", "code of corporate governance practice", "risk management policy", "information security management policy", etc.) to facilitate the implementation of various management and evaluation mechanisms.	No deviation.
3. Environmental issues (1) Does the Company establish an environmental management system proper to its industry's characteristics?	V		(1) The Company introduced ISO 14001 environmental management system and passed the verification in 2015, and continued to be committed to the sustainable development of the environment. The subsidiary China Life introduced ISO	No deviation.

Evaluation Item	Implementation Status		Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	
			Summary
			14001 environmental management system and passed the verification in 2020, and passed the annual follow-up review of external certification bodies in 2022 to maintain the validity of the certificate. In addition, the subsidiary China Life expanded the scope of its ISO 14001 environmental management system certification in 2022 to coincide with the relocation of the headquarters building. The main subsidiaries have formulated environmental management related specifications, and the general affairs related units are the special units responsible for environmental management, responsible for the management and supervision of office environment and equipment.
(2) Does the company endeavor to utilize all resources more efficiently and use renewable materials that have low impact on the environment?	V		(2) The Company follows the international environmental management system and is committed to improving the utilization efficiency of various resources; KGI Securities, a subsidiary, established and verified the ISO 50001 energy management system in 2018 to enhance the efficiency of energy use, and obtained a new certificate through the renewal review of external certification bodies in 2021. In addition, the subsidiary China Life established the ISO 50001 energy management system and passed verification in 2022. In 2022, through the self built solar photovoltaic equipment, we applied for the registration of renewable energy certificates from the standard Inspection Bureau of the Ministry of economy, and obtained about 82,220kWh of green power. The Group purchased 5 million kWh per year of green energy for 5 years from companies to help the development of renewable energy in Taiwan.
(3) Does the company assess the potential risks and opportunities of climate change for its current and future operations and undertake response measures with respect to climate change?	V		(3) The Company has assessed the impact of climate change risks on operations or assets, and put forward the goal of net zero carbon emission in 2045 and response strategies. This strategy includes improving the carbon emission of its own operating sites, identifying and measuring the physical risk and transformation risk of investment and financing assets, and further negotiating and adjusting asset allocation to achieve the purpose of long-term sustainable operation.



Evaluation Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof																																														
	Yes	No	Summary																																															
(4) Does the company calculate the amount of greenhouse, water consumption, and waste production in the past two years and implement policies to cut down energy and water consumption, carbon and greenhouse gas emissions, and waste production?	V		<p>(4) A. Greenhouse gas emissions, water consumption and waste volume for 2021 and 2022 are shown in the table below:</p> <table border="1"> <thead> <tr> <th rowspan="2">Item</th><th colspan="2">2021</th><th colspan="2">2020</th></tr> <tr> <th>Total</th><th>Per capital</th><th>Total</th><th>Per capital</th></tr> </thead> <tbody> <tr> <td rowspan="4">Greenhouse Gases (tCO<sub>2</sub>e)</td><td>Category 1</td><td>1,758.97</td><td>0.19</td><td>1,124.07</td></tr> <tr> <td>Category 2</td><td>20,270.39</td><td>2.23</td><td>20,374.43</td></tr> <tr> <td>Category 3</td><td></td><td></td><td>2.34</td></tr> <tr> <td>Category 4</td><td>7,164.27</td><td>0.79</td><td>6,445.31</td></tr> <tr> <td colspan="2">Water consumption (degree)</td><td>213,660.00</td><td>23.47</td><td>214,607.65</td></tr> <tr> <td colspan="2">Waste (tons)</td><td>488.73</td><td>0.05</td><td>672.63</td></tr> <tr> <td colspan="2"></td><td></td><td></td><td>24.68</td></tr> <tr> <td colspan="2"></td><td></td><td></td><td>0.08</td></tr> </tbody> </table> <p>Note: The addition of new data in 2022 was mainly due to the simultaneous operation of the old and new head offices of the subsidiary China Life, as well as the new greenhouse gas and water usage inventory scope: Kuo-Ch'ang Building, two subsidiaries of CDC Finance &amp; Leasing, and the Beijing Office of China Life. In addition, the scope of the waste inventory includes 72 securities subsidiaries, the Taiwan head office of KGI Futures (including offices in Taipei), and 3 subsidiaries, as well as the aforementioned operating locations.</p> <p>B. The Company adheres to the international environmental management system, and has annually recorded the greenhouse gas emissions, water consumption and total waste weight since 2009. The statistical scope has reached all domestic locations and is disclosed in the Company's Corporate Social Responsibility Report. The Company introduced the ISO 14064-1 greenhouse gas inventory standard in 2016, conducted annual inventory checks and passed the verification operation of external laboratories, and expanded the scope of greenhouse gas inventory checks</p>	Item	2021		2020		Total	Per capital	Total	Per capital	Greenhouse Gases (tCO <sub>2</sub> e)	Category 1	1,758.97	0.19	1,124.07	Category 2	20,270.39	2.23	20,374.43	Category 3			2.34	Category 4	7,164.27	0.79	6,445.31	Water consumption (degree)		213,660.00	23.47	214,607.65	Waste (tons)		488.73	0.05	672.63					24.68					0.08	
Item	2021		2020																																															
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Evaluation Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Summary	
			<p>to the headquarters buildings and branches of subsidiaries every year, and carried out carry out systematic and consistent inspections.</p> <p>C. In order to fulfill its corporate social responsibilities, the Company has formulated relevant energy-saving and carbon reduction strategies and plans to purchase green energy to reduce carbon emissions. With 2020 taken as the base year for medium- and long-term targets, the reduction of category 1 and 2 greenhouse gas emissions in 2022 was 2.37% compared to the base year, the reduction of electricity consumption was 1.29%, and the reduction of water consumption was 7.58%. In addition, the statistical coverage rate of waste is expanded to 100.00%.</p>	
4. Social issues				
(1) Does the company formulate appropriate management policies and procedures according to relevant regulations and the International Conventions of Human Rights?	V		<p>(1) The Company recognizes and abides by the principles of international human rights conventions, and human rights commitments apply to The Company and its subsidiaries within the group. The Company's specific management plan for human rights protection includes continuous publicity on issues such as gender equality, sexual harassment prevention and control, personal data protection and workplace safety, which helps to enhance the human rights awareness of all colleagues. For the content of "human rights commitment", please go to the company's website / sustainable development / corporate governance / relevant rules and regulations (<a href="https://www.cdfholding.com/en/esg/governance">https://www.cdfholding.com/en/esg/governance</a>)</p>	No deviation.
(2) Does the company appropriately reflect the business performances or achievements in the employee remuneration policy (including salary, annual leave and other benefits)?	V		<p>(2) The Company attaches importance to the remuneration and benefits of all employees, provides competitive salary treatment in the market, and provides annual leave, health checks and group insurance that are superior to the provisions of the laws and regulations. The Company pays annual performance bonuses based on its overall operating results and individual performance, and the operating results or results are appropriately reflected in employee compensation</p>	

Evaluation Item	Implementation Status		Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	
(3) Does the Company provide a healthy and safe work environment and organize health and safety training for its employees on a regular basis?	V		<p>(3) The Company attaches importance to the safety of employees and provides a healthy working environment. Relevant practices include:</p> <p>A. The Group allocates occupational safety and health personnel in accordance with regulations and regularly implements safety and health education and training courses. At the same time, the Group will regularly carry out the detection of office environment related to office internal lighting and carbon dioxide, as well as the detection of Escherichia coli in drinking water, and regularly clean the air-conditioning cooling water tower to provide a healthy working environment for employees.</p> <p>B. The Company adds group insurance for employees and handles employee health examination; At the same time, the main subsidiaries of the group employ or contract nurses and doctors in accordance with the regulations to carry out the business related to employee health promotion and occupational disease prevention, and provide medical and health care information and handle health lectures from time to time.</p> <p>C. Each office building shall handle the maintenance and declaration of fire safety equipment in accordance with the regulations, and regularly hold fire safety drills to improve colleagues' concept of disaster prevention and disaster response ability.</p> <p>D. The Group has established strict access regulations to ensure that employees and other operations personnel are in compliance with access permissions across office locations. The main office buildings shall have 24-hour security personnel that routinely engage in safety patrol to ensure the personal security of employees at each office location.</p> <p>E. KGI Securities, the group's main subsidiary, launched the introduction of ISO 45001: 2018 occupational safety and health management system standard in 2020, and passed the inspection and certificate of ISO 45001 occupational safety and health management system third-party organization in May 2021. In 2022, the annual verification was passed again, and in 2023, the external audit certification was carried out to</p>

Evaluation Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Summary	
(4) Does the Company formulate and implement supplier management policies that require suppliers to follow relevant regulations on environmental protection, occupational safety and health or labor human rights?	V		<p>ensure the continuous operation of the safety and health management system.</p> <p>F. In total, 46 employees of the Group applied for injury leave in 2022, accounting for 0.18% of all employees.</p> <p>(4) Talents are the root of the enterprise, and the Company's consistent philosophy is to attach importance to employee development. The Office of Human Resource adheres to this policy and provides a rich and extensive curriculum for colleagues. In addition to online learning courses, the Office is more committed to organizing various financial professional courses and career development courses in line with international financial development trends. CDF creates an equal employment environment and upholds the ideas of diversity, equality, and tolerance. CDF recruits, selects, and hires employees based on professional competence. The Company recruits talent with various backgrounds to create an equal, friendly, and happy workplace, and enhances their work skills and professional knowledge through internal and external training programs.</p>	
(5) Does the Company comply with relevant regulations and international standards regarding customer health and safety, right to privacy, marketing and labeling of its products and services and set up relevant consumer protection policies and complaint procedures?	V		<p>(5) The Company's relevant products and services and customer privacy comply with the financial consumer protection act, the personal data protection act, relevant regulations and international standards. KGI Bank and KGI Securities, its subsidiaries, implement the "principle of fair hospitality in the financial service industry" to improve employees' awareness of financial consumer protection and compliance with relevant laws and regulations. A complete "customer complaint and dispute resolution criteria" and customer complaint resolution process (CCRP) are established to record and analyze the types, contents, causes, treatment process, treatment effectiveness and improvement measures of customer complaints in each channel in detail.</p>	

Evaluation Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Summary	
(6) Does the Company formulate and implement supplier management policies that require suppliers to follow relevant regulations on environmental protection, occupational safety and health or labor human rights?	V	(6)	<p>A. In terms of supplier management, the Company has clearly stipulated the relevant norms of supplier sustainable development. Through measures such as prior screening, performance management, on-site inspection, supplier annual evaluation and supplier annual self-evaluation, The Company selects suppliers according to their professional quality, licenses / certificates, performance report, friendly environment, etc., and invites them to sign the "supplier sustainable development commitment" according to the requirements of the contract, Conduct supervision and management and standardize that they should follow relevant principles and norms such as labor human rights, occupational safety and health, fire control regulations, environmental protection, honest operation and consumer protection, so as to avoid significant negative impact on the environment and society and fulfill corporate social responsibility. If there is a violation that has a significant impact on the environment and society, and the improvement is not improved or incomplete after the required improvement within a time limit, the group may terminate or terminate the contract, impose a fine or suspend the right. If the circumstances are serious, it shall be removed from the list of qualified suppliers.</p> <p>B. In order to ensure that suppliers do implement relevant corporate social responsibility policies, when selecting suppliers, they will check whether there are environmental hazard records or fines, and continue to check every year. They may also send personnel to suppliers for on-site visits according to relevant business needs; In addition, the self-assessment form is provided for major suppliers to self check the compliance of corporate sustainability responsibility matters. The Company has conducted supplier selection and excellent supplier praise since 2019, and will continue to publicize and guide suppliers to strengthen supplier management.</p>	

Evaluation Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Summary	
5. Does The Company prepare Sustainability Reports and other reports that disclose non-financial information of securities finance companies with reference to international reporting standards or guidelines? Are the reports certified or assured by a third-party accreditation body?	V		The "2020 corporate social responsibility report" published by The Company in 2021 is based on the core options of the sustainability reporting standards (GRI standards) issued by the global sustainability Standards Board (GSSB), and entrusted BSI (British Standards Association Taiwan Branch) to verify the data of the whole report and grant type 2 AA1000 certification, In addition, KPMG was entrusted to confirm the items to be disclosed by the financial and insurance industry in accordance with the provisions of the "operating measures for listed companies to prepare and report Sustainability Reports" of the stock exchange.	No deviation.
6. If the company has established sustainable development best-practice principles based on the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies," describe the implementation and any deviations from such principles: No deviation.				
7. Other important information to facilitate a better understanding of sustainable development practices: See Evaluation Items 1-4 above.				

### 3.4.7 Ethical Corporate Management and Deviations from “Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies”

Evaluation Item	Implementation Status		Deviation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies and Rationale
	Yes	No	
<p>1. Establishment of ethical corporate management policies and programs</p> <p>(1) Does the Company have established and disclosed ethical corporate management policies and procedures that have been approved by the Board in its guidelines and external documents, as well as the commitment from its Board and high-ranking management to implement the policies?</p>	V	<p>(1) The Company has established Ethical Corporate Management Best Practice Principles, which have been passed in the Board meeting and reported to the shareholders' meeting. The Company also established the Code of Ethical Conduct, Code of Conduct for Employees, and Subsidiary Insiders Discipline, and forbids any violation against business integrity, unlawful conduct, or breach of fiduciary duty, and specifically requiring that business deals should be conducted in a fair and transparent manner. The Company complies with the Ethical Corporate Management Best Practice Principles and promotes the implementation of corporate social responsibility. The directors and senior executives of the Company have signed the statement of compliance in the Ethical Corporate Management Policy. Related policies and approaches are disclosed on the company website and in annual reports and ESG reports.</p>	No deviation.
<p>(2) Does the company establish a risk assessment mechanism against unethical conduct, analyze and assess on a regular basis business activities within its business scope which are at a higher risk of being involved in unethical conduct, and establish prevention programs accordingly, which shall at least include those specified in Paragraph 2, Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies"?</p>	V	<p>(2) In order to improve the programme for the prevention of bad faith behaviors and to comply with the requirements of fair competition, the Company revised the "Ethical Corporate Management Best Practice Principles" in February 2022 to include "Engaging in unfair competitive practices" in the scope of prevention. In addition, in order to comply with the "Engaging in unfair competitive practices" and to enable the directors, managers, employees, appointees and substantive controllers of the Company and the Subsidiaries to fully understand the consequences and risks of any anti-money laundering, anti-corruption and anti-bribery and anti-abuse and anti-unfair</p>	

Evaluation Item	Implementation Status			Deviation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies and Rationale
	Yes	No	Description	
			competition conduct, the Company intends to have a "Statement of Anti-Money Laundering, Anti-Corruption and Anti-bribery and Anti-abuse and Anti-unfair Competition" (the "Statement") of the Company and the Subsidiaries. The amendments to the "Ethical Corporate Management Best Practice Principles" and the contents of the Statement were approved by the Board of Directors on February 14, 2022 and approved by the Board of Directors on March 28, 2022. The revised "Ethical Corporate Management Best Practice Principles" is posted on the official website and the intranet, and is published on the "Market Observation Post System" of the Taiwan Stock Exchange Corporation. The content of the Statement is also disclosed in the "Anti-Money Laundering and Integrity Business Promotion" section of the official website of the Company and on the intranet to ensure that the Group's colleagues fully understand the principles of the Company's good faith business.	
(3) Does the Company have established operating procedures, action guidelines, penalties, and appeal systems for preventing unethical conduct, and a processes for the review of the aforementioned procedures and systems on a regular basis?	V		(3) On November 11, 2020, the Company's Ethical Corporate Management Committee adopted the Unethical Conduct Risk Assessment Mechanism, and the Company conducted the 2021 unethical conduct risk assessment operation in the first quarter of 2022. The assessment results were reported to the Ethical Corporate Management Committee on August 23, 2022 and to the Board of Directors on September 26, 2022. In the coming years, the previous year's Unethical Conduct Risk Assessment will be handled by the first quarter of each year. In accordance with the resolution of the Ethical Corporate Management Committee on April 16, 2021, the subsidiaries China Life, KGI Bank, KGI Securities, CDIB Capital Group and China Development Asset Management Corp. also commenced the annual risk assessment of unethical conduct in 2022. In accordance with the "Ethical Corporate Management Best	



Evaluation Item	Implementation Status		Deviation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies and Rationale
	Yes	No	
<p>(4) Does the company establish effective accounting systems and internal control systems to implement ethical corporate management, with the internal audit unit being responsible for devising relevant audit plans based on the results of assessment of any unethical conduct risk, examining accordingly the compliance with the prevention programs, or engaging a certified public accountant to carry out the audit?</p>	V		<p>Practice Principles" of the Company, if an employee at the Company discovers a violation of provisions related to ethical corporate management, the employee shall take the initiative to file a whistleblower complaint to the Audit Committee, managers, the Chief Audit Executive, the Human Resources Department or other appropriate supervisors. The Company also stipulates the "Guidelines for Handling Cases of Reporting Illegal, Unethical or Bad Faith Acts", the Compliance Department is taken as the report accepting unit, provides written, email, telephone and other reporting channels, and regulates that the Company shall ensure the confidentiality of the identity and content of the reporter, and actively check the contents of the report</p> <p>(4) The Company has established effective accounting policies and internal control systems to ensure business integrity. The Internal Audit Department is required to conduct general audits at least once a year, and special audits (finance, risk management, or compliance-related) at least once every six months on the Company and its subsidiaries.</p> <p>The Company's Ethical Corporate Management Committee passed the unethical behavior risk assessment mechanism on November 11, 2020. The unethical behavior risk assessment was conducted in the first quarter of 2021. The assessment results were submitted to the Ethical Corporate Management Committee on August 23, 2022 and the Board of Directors on September 26, 2022, based on which the relevant prevention plan was reviewed and revised. The Internal Audit Department will formulate and carry out audit plans based on the results of unethical conduct assessments.</p>

Evaluation Item	Implementation Status			Deviation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies and Rationale
	Yes	No	Description	
2. Fulfillment of ethical corporate management (1) Does the company evaluate business partners' ethical records and include ethics-related clauses in the business contracts signed with the counterparties?	V		(1) The Company continues to implement its philosophy of ethical corporate management and avoids any dealings with counterparties with a track record of unethical conduct. All supplier partners are selected based on responsible procurement principles. In 2016, the Company issued the Supplier Corporate Social Responsibility Guidelines (renamed as Supplier Sustainable Management Guidelines in 2022), under which the Company and its suppliers are bound to follow the provisions of labor rights protection, environmental protection, and code of ethics. The Company also continues to invite suppliers to sign the Letter of Undertaking regarding Supplier Sustainability Responsibility to contribute to a balance between economic, social and ecological concerns and sustainable development.	No deviation.
(2) Does the company establish an exclusively dedicated unit supervised by the Board of Directors to be in charge of ethical corporate management and report to the Board of Directors the implementation of ethical corporate management policies and prevention programs on a regular basis (at least once a year)?	V		(2) The Company established the Ethical Corporate Management Committee in October 2019 to handle the establishment and execution of policies and prevention programs in relation to business integrity. Since 2020, the Ethical Corporate Management Committee has reported to the Board on the implementation of ethical corporate management on a yearly basis.	
(3) Does the company establish policies to prevent conflicts of interest, provide appropriate communication channels, and implement them accordingly?	V		(3) In order to prevent potential conflict of interest and facilitate immediate resolution, employees are obligated to report to their departments and the human resource department any commercial activities they have conducted in a private capacity and outside the Company. When required by law or under special	

Evaluation Item	Implementation Status			Deviation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies and Rationale
	Yes	No	Description	
(4) Does the company establish effective accounting systems and internal control systems to implement ethical corporate management, with the internal audit unit being responsible for devising relevant audit plans based on the results of assessment of any unethical conduct risk, examining accordingly the compliance with the prevention programs, or engaging a certified public accountant to carry out the audit?	V		<p>circumstances, permission to undertake concurrent employment must be sought in a managing directors meeting or Board meeting beforehand. The Company will carefully evaluate all concurrent employments reported by employees in order to identify potential conflicts of interest.</p> <p>(4) The Company has established effective accounting policies and internal control systems to ensure business integrity. The Internal Audit Department is required to conduct general audits at least once a year, and special audits (finance, risk management, or compliance-related) at least once every six months on the Company and its subsidiaries.</p> <p>The integrity management committee of the Company approved the risk assessment mechanism of dishonest behavior on November 11, 2020, and conducted the assessment in the first quarter of 1101. The assessment results were submitted to the integrity management committee on April 16, 2021 and the Board of Directors on September 26, 2021, based on which the relevant prevention plan was reviewed and revised. The Internal Audit Department will formulate and carry out audit plans based on the results of unethical conduct assessments.</p>	
(5) Does the company regularly hold internal and external training on ethical corporate management?	V		<p>(5) The Company conducted the Corporate Integrity Management Online Course in the year 2022 to internally promote the "Ethical Corporate Management Best Practice Principles" of the Company. All the Company's employees completed the training and learned well. When the colleagues completed the training, they also signed the online commitment to abide by the relevant provisions of the Company's "Ethical Corporate Management Best Practice Principles".</p>	

Evaluation Item	Implementation Status			Deviation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies and Rationale
	Yes	No	Description	
3. Operation of the whistle-blowing system (1) Does the company establish both a reward/whistle-blowing system and convenient whistle-blowing channels? Are appropriate personnel assigned to the accused party?	V		(1) The Company encourages employees to take initiative in notifying the Audit Committee, managerial officers, internal audit officers, or any supervisor deemed appropriate upon the discovery of any situation that would constitute a violation against laws or policies. The Company has also established the Whistle-Blowing Policy and Procedures for Illegal and Unethical Matters, and authorized the Compliance Department to handle all compliant cases. The said Policy covers the procedures for handling reported cases and protecting and rewarding whistle-blowers. In terms of reporting channels, the informant may report through telephone, fax, written or e-mail.	No deviation
(2) Does the company establish the standard operating procedures for investigating reported misconduct and related confidentiality mechanisms?	V		(2) The Company will assign special personnel to handle the whistleblowing cases in confidential manner. The processing process and relevant data will also be kept confidential, and access rights will be limited. The investigation results of the reported case shall be reported to the integrity management committee or the audit committee of this corporation according to the rank of the opposite party, and the informant shall be informed in writing of the handling of the case. For the verified cases, the relevant units of the Company shall be responsible for reviewing the internal control and operating procedures, and put forward improvement measures to prevent the recurrence of the same behavior.	
(3) Does the company provide protection for whistle-blowers against receiving improper treatment?	V		(3) If the informant is an employee of The Company, The Company shall provide appropriate protective measures and ensure that the employee will not be subjected to improper treatment due to the informant.	

Evaluation Item	Implementation Status			Deviation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies and Rationale
	Yes	No	Description	
4. Enhancing information disclosure Does the company disclose the ethical corporate management policies and the results of its implementation on the company website and MOPS?	V		The Company has an "Ethical Corporate Management Best Practice Principles" and reveals relevant policies and practices on The Company's website, annual report and ESG report.	No deviation.
5. If the company has established the ethical corporate management best-practice principles based on the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies," please describe the implementation and any deviations from the Principles: No deviation.				
6. Is there any other important information to facilitate a better understanding of the company's ethical corporate management practices (such as the Company's review and amendment of its Ethical Corporate Management Best Practice Principles): See items 1 ~ 4 of this table for details.				

### **3.4.8 Access to the Company's Corporate Governance Best Practice Principles and Related Rules and Regulations**

The Company has formulated the "Corporate Governance Best-Practice Principles", "Ethical Corporate Management Best Practice Principles", "Code of Ethical Conduct", "Code of Conduct for Employees", "the Board Performance Evaluation Criteria" and other relevant regulations on corporate governance. Please go to the "governance / corporate governance" section of the Company's website and the public information observatory "rules and regulations related to corporate governance".

### **3.4.9 Other Information Providing a Better Understanding of the Company's Corporate Governance Status**

Please go to the "corporate governance/corporate governance" section of The Company's website (<https://www.cdfholding.com/zh-tw/esg/governance>) or Market Observation Post System (<http://mops.twse.com.tw/mops/web/index>; code 2883).

### **3.4.10 Implementation of Internal Control System**

#### **1. Statement on Internal Control System**

##### **China Development Financial Holding Corporation**

##### **Statement on Internal Control System**

We hereby declare, on behalf of China Development Financial Holding Corporation (“Company”), that, in accordance with the Implementation Rules of Internal Control and Audit Systems of Financial Holding Companies and Banking Industry, from January 1, 2022 to December 31, 2022, the Company established an internal control system, performed risk management and conducted audits by an impartial and independent audit department which regularly reports to the Board of Directors and the Audit Committee. After careful assessment, except for the items listed in the attachment, all units were able to effectively implement internal control and legal compliance tasks during the year. This statement will become a part of the Company’s annual report and prospectus, and be made public. Any illegalities such as misrepresentations or concealments in the published contents mentioned above will be considered a breach of Articles 20, 32, 171, and 174 of the Securities and Exchange Act and incur legal liabilities.

To:

Financial Supervisory Commission

Stated by

Chairman: Su Kuo Huang

President: Stefano Paolo Bertamini

Chief Auditor: Hans Tzou

Compliance Officer: Marisol Wang

Dated: March 27, 2023

# China Development Financial Holding Corporation

## China Development Financial Holding Corporation

### Matters for Improvement and Rectification Plan of the Internal Control System

(As of December 31, 2022)

Matters for improvement	Rectification measures	Estimated time of rectification
<b>China Development Financial Holding Corporation ("CDF")</b>		
<p>Financial Supervisory Commission Letter Jing-Guan-Ying-Kong-Zi No. 11102180331 and Decision No. 11102180332 dated August 2, 2022</p> <p>The inadequate corporate governance and ineffective operation of internal controls of CDF and its related subsidiaries are considered to be in violation of Article 51 of the Financial Holding Company Act and may hinder sound operations. A fine of NT\$20 million was imposed and corrections were ordered after review. The President's monthly salary was reduced by 30% for a period of 3 months, and the chairperson was suspended from his duties for 6 months.</p>	<p>I. Relevant personnel, who should be held responsible, have resigned from their related position in CDF or have been placed on leave without pay. In addition, the responsibilities of relevant personnel have been reviewed and negligent personnel have been punished.</p> <p>II. CDF has established regulations requiring its personnel to report their personal concurrent posts outside of CDF, and there must be no conflict of interest or matters violating the internal controls.</p> <p>III. The Audit Department has formulated systematic improvement measures and submitted them to the Board of Directors.</p> <p>IV. CDF's "Corporate Governance Best Practice Principles" has been revised by adding communication mechanisms between CDF and shareholders who have control over CDF.</p> <p>V. CDF has strengthened personnel education, training, and education promotion.</p>	All have been rectified.
<b>Subsidiary - KGI Bank Co., Ltd. ("KGI Bank")</b>		
<p>I. According to the Financial Supervisory Commission Letter Jing-Guan-Ying-Kong-Zi No. 11001483691 dated May 5, 2022, ○○ Chang, former operations manager of KGI Bank Beimen Branch, misappropriated customer funds, and ○○ Wu, former financing specialist of KGI Bank Jiguang Branch, had abnormal dealings with customers, which violated Paragraph 1, Article 45-1 of the Banking Act. According to Item 7, Article 129 of the Banking Act, a fine of NT\$6 million was imposed.</p>	<p>(I) In order to strengthen the account review mechanisms for customers and employees, monitoring reports have been added, and an independent unit have been dedicated to handle account review and telephone calls to customers.</p> <p>(II) In addition, to enhance the implementation of the dual identity confirmation mechanism for customers at the counter, starting from July 22, 2022, a second counter clerk is required to verify the customer ID and enter the system password in the transaction system.</p>	All have been rectified.



Matters for improvement	Rectification measures	Estimated time of rectification
<p>II. According to the Financial Supervisory Commission Letter Jing-Guan-Ying-Kong-Zi No. 11102222831 dated October 11, 2022, ○○ Guo, teller of the Commercial Finance Department of KGI Bank's Commercial Finance Center in Jianan District, violated the rules of retaining the account books and seals on behalf of customers. Corrective measures shall be taken according to Paragraph 1, Article 61-1 of the Banking Act.</p>	<p>(I) Strengthen personnel education and training. (II) Self-review mechanisms were introduced in September 2022 to prevent the re-occurrence of personnel retaining customer account books and seals.</p>	<p>All have been rectified.</p>
<p>III. Implementation of Anti-Money Laundering and Countering the Financing of Terrorism for 2022 (I) After the spot checks of account opening operations in 2022, it was found that the AML system did not produce customer risk ratings for 3 customers when they established business relationships with KGI Bank.</p>	<p>According to the results of the follow-up inspections, all customers who established new business relationships with KGI Bank in 2022 had risk ratings. In addition, the new module of the AML system under development of KGI Bank adopts a different risk rating program, which will be monitored by a responsible unit to ensure effective output results.</p>	<p>All have been rectified.</p>
<p>(II) After the spot checks of suspicious transactions in 2022, 1 case that triggered the suspicious transaction warning was found. There was a delay in delivery for processing and case closure.</p>	<p>The newly developed "Case Management Module" of KGI Bank's AML system was launched on June 25, 2022, which has been able to avoid the negligence in the submission of transaction warning cases.</p>	<p>All have been rectified.</p>
<b>Subsidiary - KGI Securities Co. Ltd. ("KGI Securities")</b>		
<p>From April 12 to April 21, 2021, the Financial Examination Bureau, Financial Supervisory Commission, conducted a special inspection on KGI Securities' control mechanism for accepting orders entrusted by institutional customers, and found the following deficiencies. It was concluded that KGI Securities did not implement the internal control system, which is in violation of Paragraph 2, Article 2 of the Rules for the Administration of Securities Dealers. Corrections have been ordered and a fine of NT\$240,000 has been imposed on KGI Securities.</p>		<p>All have been rectified.</p>

Matters for improvement	Rectification measures	Estimated time of rectification
<p>I. The customer connected to the Taiwan Stock Exchange server to place orders without applying for approval.</p> <p>II. The customer IP address for placing an order was not recorded correctly.</p> <p>III. The explanation and relevant supporting documentation regarding whether the transaction conditions of applying for a brokerage fee rate discount for a subsidiary were not better than those of other similar parties were not verified and retained, and KGI Securities' audit unit did not implement the self-inspection procedure.</p> <p>IV. Suggested stock target information was sent to professional institutional investors without clearly informing or stating the information as predictive in nature.</p> <p>V. The entrusted trading personnel and those responsible for knowing the customer's trading details were not included in the subjects for audit.</p> <p>VI. The identity of the person authorized to place orders for buying and selling securities on behalf of corporate clients was not confirmed, and no record was kept.</p>	<p>I. KGI Securities has requested that if customers require the use of server co-location services in the future, the business unit must confirm the customer's conditions and complete the application procedure before allowing the use of subsequent connection authorization operations.</p> <p>II. The related system program has been modified and launched on January 7, 2022, to accurately record the IP address of customer orders.</p> <p>III. Regarding applications for commission rate discounts for related parties, the handling personnel and approving supervisors will thoroughly examine the form, explain whether the transaction conditions are not better than those of other similar parties, and retain relevant supporting documentation. Since February 2020, self-audit personnel are required to inspect the working papers and descriptions in the audit statement when auditing the processing fee income from stakeholder transactions related to Article 45 of the Financial Holding Company Act.</p> <p>IV. From May 3, 2021, employees no longer send unstated suggest stock target information to professional institutional investor clients.</p> <p>V. The system modifications were completed on August 2, 2021. The order receiving personnel and traders of the entrusted transaction unit were included in the audit subjects.</p> <p>VI. The customer completed the document supplementation on April 8, 2021, and in accordance with regulations, the account creation operation was completed on the same day in the backend system.</p>	

Matters for improvement	Rectification measures	Estimated time of rectification
<p>The Financial Supervisory Commission conducted a general inspection on KGI Securities from November 4 to November 29, 2021 and found the following deficiencies. It was concluded that KGI Securities did not implement the internal control system and violated the security management regulations. Corrections have been ordered and a fine of NT\$240,000 has been imposed on KGI Securities.</p> <p>I. Failure to check and control the retention of communication information for brokerage clients that were identical to those of internal personnel of the securities broker.</p> <p>II. The operation of entrusted trading of foreign securities was carried out without informing the client of the actual distribution service fees and annual rates charged by the counterparty.</p> <p>III. During the process for securities subscription through a quotation circle, the communication information retained in the customer's inquiry circle purchase order was the same as that of their employee. It was not verified whether any employee had used someone else's name to subscribe to be directly allocated.</p> <p>IV. Failure to verify whether applicants using the same network IP address for public subscription and distribution of company's stock initial public offering (IPO) or cash capital increase underwriting have used the names of others or impersonated others to apply for subscriptions and whether records are kept.</p> <p>V. Customer personal data was deleted without leaving any trace of the deletion operation, relevant evidence, and records.</p>	<p>I. Regular inspection mechanisms have been implemented at the end of September 2022.</p> <p>II. KGI Securities' actual distribution service fees and annual rates have been disclosed in the sales report for the client since May 25, 2022.</p> <p>III. KGI Securities added a new query item in the quotation circle purchase operation information system on May 16, 2022, which compares the email address of the purchase participant with the email address stored in the employee trading account. The verification records are retained to prevent employees from participating in underwriting quotation distribution in the name of others.</p> <p>IV. The review process for purchases from the same network IP was launched on October 5, 2022.</p> <p>V. The standard operating procedures for department data analysis were stipulated on January 22, 2022, and the procedures have been officially announced and implemented.</p>	<p>All have been rectified.</p>

Matters for improvement	Rectification measures	Estimated time of rectification
<p>From January 14 to February 11, 2022, the Financial Supervisory Commission conducted a general business inspection on CDF and found that KGI Securities had the following deficiencies, which violated corporate governance principles. It was concluded that KGI Securities failed to implement internal control systems, which affected securities business operations and was in violation of relevant securities regulations. KGI Securities was ordered to rectify the situation and was fined NT\$2.4 million. The audit committee was ordered to take necessary measures to address the inspection deficiencies and report on the implementation to the Board of Directors. The Chairperson's monthly salary was reduced by 20% for a period of 3 months, and the President was suspended from his duties for 6 months.</p> <p>I. Reporting or seeking approval from non-authorized personnel or individuals outside of the management hierarchy for financial or business-related data of the company.</p> <p>II. The operations related to employee cafeteria personnel's overseas business trips, expense reimbursement, and applications for official travel were not handled in accordance with the internal management regulations set by KGI Securities.</p> <p>III. Employees handled matters unrelated to their job or not belonging to KGI Securities, but the company bore the related expenses.</p> <p>IV. There are CDIB Capital employees who do not concurrently hold positions in KGI Securities but work in the company's Dazhi headquarters for a long time.</p>	<p>I. The "Code of Conduct" has been revised and certain positions/employees have signed the "Commitment Letter to the Corporate Governance System" to ensure compliance with the regulations.</p> <p>II. The promotion of confidentiality and integrity related regulations has been enhanced.</p> <p>III. A notice has been announced requiring responsible supervisors to implement the review of employee's overseas business trips, expense reimbursements, and business travel applications to effectively implement internal management mechanisms in compliance with regulations.</p> <p>IV. CDIB Capital has leased part of the space in the KGI Financial Building for the office use of relevant employees.</p> <p>V. The Audit Committee reported to the Board of Directors on December 16, 2022 regarding the implementation of the necessary measures taken after finding the deficiencies.</p>	<p>All have been rectified.</p>

Matters for improvement	Rectification measures	Estimated time of rectification
<p>Taiwan Stock Exchange conducted audits on KGI Securities on June 17, 23, and 30, 2022, and found the following deficiencies. KGI Securities was found to have violated relevant regulations and has been asked to make improvements.</p> <p>I. Some systems still use end-of-support (EOS) software.</p> <p>II. The firewall control rules were reviewed in the first quarter of 2022. However, the control rules for the firewalls have been set too loosely.</p>	<p>I. The operating system is being replaced and expected to be completed by March 31, 2023.</p> <p>II. The settings for the firewall controls need to be analyzed, tested, and accepted one by one. The adjustments are expected to be completed by March 31, 2023.</p>	<p>The improvements are expected to be completed by March 31, 2023.</p>
<b>Subsidiary - China Life Insurance Co., Ltd. ("China Life")</b>		
<p>I. Failed to confirm whether the insured and their legal representative have personally signed the insurance application form and whether the policyholder and the insured have related insurance interests.</p> <p>II. Failed to implement the confirmation of policy suitability for minors under the age of 15.</p> <p>III. Failed to fully explain and disclose to policyholders the important provisions in the policy related to the rights and interests of financial consumers.</p> <p>[The Financial Supervisory Commission imposed a fine of NT\$600,000 on February 25, 2022]</p>	<p>I. The internal regulations have been amended to clearly stipulate the handling of incomplete policy documents. The new regulations have been promoted. In addition, a new system check function has been added, which reminds the user to review the insured's signature and insurance interest relationship.</p> <p>II. The internal regulations have been amended and the new regulations have been promoted. The system function has also been optimized to evaluate whether the products are suitable for the policyholder's needs. Additionally, a system check function has been added to remind the reviewing insurance solicitors to declare in the solicitation report that the suitability has been assessed.</p> <p>III. The new version of the policy discloses that the travel insurance for minors under the age of 15 includes funeral expense coverage. In addition, the travel insurance documents and internal regulations have been revised and promoted to fully explain and disclose the content of important policy terms related to the rights and interests of financial consumers.</p>	<p>I. Improved.</p> <p>II. Improved.</p> <p>III. Improved.</p>

Matters for improvement	Rectification measures	Estimated time of rectification
I. Failed to establish internal regulations regarding policy control, internal review procedures, and horizontal communication mechanisms when handling investigations into disputes involving allegations of embezzlement of insurance premiums by insurance solicitors based on complaints from policyholders. Multiple solicitation disputes occurred within a short period of time at the same location, and the lack of cross-departmental communication mechanisms resulted in the failure to inform the audit department to conduct analysis and verification in a timely manner, which was detrimental to the management of the insurance solicitors.	I. The procedures for handling major complaint cases and the levels of responsibility have been revised. China Life has also added the "Case Verification and Notification Operating Manual," which specifies the scope of case verification, administrative control notification, and case communication mechanisms. This is to facilitate effective control and management of case verification, processing, and implementation of horizontal communication mechanisms.	I. Improved.
II. There were cases where the creation of files was not completed for stakeholder transactions. When conducting large-scale paired trading of domestic stock and bond ETFs, the inquiry on whether the stakeholders were related parties was not carried out, resulting in failure to comply with legal procedures for inquiry on related parties.	II. The regular stakeholder survey format has been revised and warnings have been added. The frequency of the survey has been changed from every 6 months to every quarter. Additionally, operational procedures have been established regarding the inquiry of related parties prior to executing large-amount paired trading transactions for domestic stocks and bond ETFs.	II. Improved.
III. Failed to inform policyholders of the possibility of reinstating a lapsed policy during the application for policy reinstatement, adversely affecting consumer rights and interests.	III. System notifications have been implemented to remind the case officer that the customer has a policy that can be reinstated. Text reminders have been added to the relevant forms.	III. Improved.
IV. The handling of mobile insurance business, in which customer insurance information is stored in the mobile device through screenshots without establishing relevant preventive measures to avoid the risk of personal information leakage, is detrimental to consumer rights protection.	IV. A system detection function has been added and internal operation guidelines have been established to continuously monitor and understand the reasons for the storage of personal information in mobile devices and confirm the deletion of such information by the management units of each channel. In order to strengthen the control measures, the mobile insurance app has been updated to include a blackout feature for screenshots or videos, as well as a watermark on the usage page.	IV. Improved.

<b>Matters for improvement</b>	<b>Rectification measures</b>	<b>Estimated time of rectification</b>
<p>V. When handling domestic equity trading, related personnel only provided a statement instead of reporting the information if they refuse to provide trading information on their spouses or minor children. In addition, the mobile phones of trading room personnel are not managed by a ledger outside the trading room, which is detrimental to the management of conflicts of interest. The access control management of the trading room was not included in the relevant regulations approved by the internal decision-making level. Some telephones in the trading room did not have recording functions. Access to the trading room was granted to non-trading personnel, and relevant control regulations for recording and video recording in the trading room were not established. These resulted in inadequate control over the trading room. The list of trading personnel provided to the securities firms includes non-trading personnel, and there are managers who serve as both trading room managers and traders for order placement. The time for traders to place orders was earlier than the time for managers to issue "daily trading recommendation forms", resulting in the unclear division of responsibilities between traders and equity investment managers.</p>	<p>V. The reporting procedures for domestic equity investment-related personnel have been adjusted, and a review mechanism for special cases and strengthened management measures have been established. In addition, control regulations related to audio and video recordings in the trading room have been added. The list of trading personnel in the brokerage trading room has been provided to ensure the division of responsibilities.</p>	<p>V. Improved.</p>

<b>Matters for improvement</b>	<b>Rectification measures</b>	<b>Estimated time of rectification</b>
<p>VI. There was a situation where a request was made by the investigative authorities to review policyholder insurance information in connection with suspected money laundering or corruption cases. However, the evaluation of policyholder policy information to identify potential money laundering or terrorism financing transactions and adjust money laundering risk level assessment was not conducted simultaneously. Errors in the basic information of the policyholder's occupation field, omissions in the self-built database of negative figures in the news, and inadequate logic for checking names and titles were found in the China Life's anti-money laundering and counter-terrorism financing operations, which have led to the inability to effectively identify the individuals.</p>	<p>VI. Regarding the section about adjusting the level of money laundering risk, the relevant guidelines have been amended. Regarding the correctness of data filing, a system verification mechanism has been established. Regarding the list filing omissions and review logic, an automated search tool has been established.</p>	<p>VI. Improved.</p>
<p>VII. The 2019 Financial Report, which was audited and certified by an accountant, was found to have not disclosed the expense allocation method in the notes as required by Paragraph 32, Article 15 of the "Insurance Industry Financial Report Preparation Standards" stipulated under Paragraph 3, Article 148-1 of the Insurance Act.</p>	<p>VII. Starting from the 2020 Financial Report, a verification mechanism for the newly added financial report disclosure items has been added. The expenses allocation method between China Life and the parent financial holding company has been disclosed in the notes of the 2020 Financial Report in accordance with the regulations.</p>	<p>VII. Improved.</p>
<p>VIII. There were incidents of insufficient and inadequate evaluation in the decision-making process for the new building for self-use project management consulting project, office floor interior design project, and employee cafeteria interior design project.</p>	<p>VIII. The “renovation decision-making procedures for new buildings for self-use” has been established, including the establishment of a project team and regular reporting of execution progress.</p>	<p>VIII. Improved.</p>
<p>IX. The underwriting process for persons with disabilities relied solely on the assessment of the reinsurance company to deny coverage without consulting a consulting physician to evaluate the physical and mental condition of the disabled, and to assess the appropriateness of the insurance product and the health status of the policyholder.</p>	<p>IX. The underwriting process for persons with disabilities has been incorporated into the underwriting processing system and procedures, and education and trainings have been organized.</p>	<p>IX. Improved.</p>





<b>Matters for improvement</b>	<b>Rectification measures</b>	<b>Estimated time of rectification</b>
<ul style="list-style-type: none"> <li>2. Computer system security assessments have not been fully implemented.</li>   <li>3. Deficiencies in handling the server security parameter setting operation.</li>   <li>4. Deficiencies in handling account management operations on the server.</li> <li>5. The network architecture and server network segment configuration are lacking and are not conducive to ensuring connection security and preventing unauthorized system access.</li> <li>6. Deficiencies in firewall management operations.</li> </ul>	<ul style="list-style-type: none"> <li>2. Computer system security assessments have included relevant systems in the assessment scope in accordance with the regulations. The inadequacies of the computer system security assessment report and its suggested improvements have been tracked and managed by the Information Security Department.</li> <li>3. Relevant regulations and checklists have been revised, special access programs have been documented and managed, and regular evaluations of related connections and file transfers will be conducted. The E-Secretary of the official website does not support the sha256 algorithm because the version is too outdated. Improvements will be made at the same time as the EOS system upgrade plan, which is expected to be completed by the end of December 2023.</li> <li>4. Special server access accounts have been inventoried and reclaimed.</li> <li>5. The network architecture has been adjusted. Firewall access controls have been established between the equipment in the server area.</li> <li>6. Regulations related to the key principles for firewall inspections have been formulated, and the firewall rules have been adjusted.</li> </ul>	

Matters for improvement	Rectification measures	Estimated time of rectification
<p>7. Deficiencies in handling the vulnerability scanning and penetration testing operations.</p> <p>8. Deficiencies in handling the collection, monitoring, and management of network equipment and system logs.</p> <p>9. The vulnerabilities identified through the application code scanning were not addressed in a timely manner.</p> <p>10. Deficiencies in handling the personal data protection operations.</p> <p>11. The scope of the personal information management system (PIMS) implementation does not include the operations on mobile devices by salespeople when salespeople upload personal information (including biometric facial features) of policyholders to the company's server. This is not conducive to the implementation of the provisions of Subparagraph 5, Paragraph 2, Article 3 of the "Guidelines for the Identity Verification Process of Mobile Insurance Sales in the Life Insurance Industry".</p> <p>[The Financial Supervisory Commission imposed a fine of NT\$600,000 on February 25, 2022 and issued a correction for 1 item]</p>	<p>7. The majority of the vulnerabilities have been patched, and compensatory measures have been taken for the remaining 7 vulnerabilities caused by the old system or system environment limitations to reduce risks. The risk assessment has been completed, and vulnerability patching is expected to be completed by December 31, 2023.</p> <p>8. The operation environment and user acceptance testing (UAT) system servers have all been included in the log collection operation, and a monitoring alarm tracking mechanism has been established.</p> <p>9. The scanned vulnerabilities in the source code of the applications have been patched.</p> <p>10. Control mechanisms for laptops have been established and rented mailboxes for field staff are no longer provided.</p> <p>11. It has been included in the scope of PIMS introduction and the personal information inventory table has been adjusted.</p>	
<p>From October to November 2021, the distribution of payouts to travel accident insurance policyholders was conducted. However, there was a lack of proper handling of personal data, where the collected data was used for purposes beyond the specified scope.</p>	<p>The internal regulations have been revised, and a specific consent form for the use of personal data beyond the intended purpose has been added. Relevant personnel have also received education and training on personal data protection.</p>	<p>Improved.</p>

Matters for improvement	Rectification measures	Estimated time of rectification
[The FSC imposed a fine of NT\$50,000 on April 1, 2022 and issued a deadline of 1 month for corrections]		
<p>I. Failure to comply with corporate governance principles and failure to effectively implement the internal control system: China Life failed to implement internal policies and procedures related to business operations, human resources, etc., which resulted in the inability to maintain the independence of business operations. As a result, there were significant inadequacies related to corporate governance and control of various business operations.</p>	<p>I.</p> <p>(I) The "Corporate Governance Guidelines" has been revised, and China Life will abide by relevant regulations, the "Corporate Governance Guidelines," the "Internal Control System," and related rules and regulations in the future. In addition, China Life will not provide any information related to its operations, business, finance, and personnel to unauthorized personnel without permission. Furthermore, China Life has already communicated to all employees the importance of adhering to the principles and regulations related to corporate governance and internal control. It has also prohibited the disclosure of business information to unauthorized personnel and emphasized the need to strictly adhere to the boundaries set by the firewall between different companies. Meanwhile, all personnel have completed "Review of Inadequacies Found in Financial Inspections" education and training.</p>	<p>I. The review and improvement measures of the principles of interactions with the FSC and the internal control operating mechanisms will be formulated after communicating with the competent authority.</p>

Matters for improvement	Rectification measures	Estimated time of rectification
<p>II. Failure to establish and effectively implement internal control procedures for real estate rental transactions: The company has not established and properly implemented internal control procedures for real estate leasing transactions. There are conflicts of interest in the leasing contract negotiation process with related parties, and the process is not documented or tracked. In addition, there are no established mechanisms for evaluation and analysis, reporting levels, and post-audit before, during, and after the process, which results in inadequate control over the use of funds and other business internal control systems.</p> <p>[The Financial Supervisory Commission imposed a fine of NT\$6 million on August 2, 2022 and issued a correction for 1 item. Starting from the day after the receipt of the decision letter, the monthly salary of the Chairperson will be reduced by 10% for a period of 3 months. Additionally, the monthly salary of the President will be reduced by 30% for a period of 3 months.</p>	<p>(II) The Chairperson, President, direct subordinate managers, and other relevant managers or personnel of China Life have signed commitment letters to abide by the relevant provisions stated in the letters. The review and improvement measures such as principles for interactions with financial holdings and internal control operating mechanisms will be formulated after communicating with the competent authority.</p> <p>II. Relevant control measures for real estate transactions have been established. In addition, the terms of the lease agreements have been reviewed and proposed changes have been submitted to the Board of Directors. Supplementary agreements with the tenants will be signed once they have been approved.</p>	<p>II. Improved.</p>
<p>I. The calculation instructions for the disputed product include a reference formula for the declared interest rate, which sets out S2. The explanatory paragraph states that it is defined as the cost of operating the asset account for this product, including the company's administrative expenses, profits, capital costs and adjustment items. However, upon investigation, the adjustment item is a concept of uncertainty, which considers market competitiveness and the stability of the declared interest rate, and there are no specific calculation factors listed. The adjustment item has no clear basis for determination.</p>	<p>I. Starting from August 2022, the calculation formula of the declared interest rate for submitted products (S2 formula for the cost of operating the segregated asset account of the product) has been adjusted to include explicit calculation items such as company administrative expenses, profits, and risk capital costs, and the concept of uncertain adjustment items has been eliminated.</p>	<p>I. The improvement measures have been submitted to the competent authority on November 28, 2022.</p>

Matters for improvement	Rectification measures	Estimated time of rectification
<p>II. The resolution of the April 2022 announcement rate meeting held by China Life on March 31, 2022 stated that "due to the successive interest rate hikes announced by the Fed and central banks in March..., we need to reflect the overall market rate increase and the potential continued impact in the future. Therefore, we suggest adjusting the announced rates of some products in April." The declared rate of "China Life Shin-Mei US Dollar Variable Interest Rate Life Insurance - Regular Payment Type" was increased by 0.1%, taking into account the future expectations of the US interest rate as the basis for the decision of the rate announced in April 2022.</p> <p>[On August 18, 2022, the FSC suspended the sale of the two products listed in the decision letter from the day following the delivery of decision letter]</p>	<p>II. Since the announcement of the interest rate adjustment in November 2022, the interest rate was not based on the market's expected interest rate trends. The announced rate for products within the same asset class were adjusted with a consistent standard for both current and discontinued products to adhere to the principle of fair treatment of customers.</p>	<p>II. The improvement measures have been submitted to the competent authority on November 28, 2022.</p>
<p>I. The insurance solicitors of China Life soliciting investment-type insurance products did not accurately fill out the source of the premium in the soliciting report. They also did not correct the mistake in a timely manner. The investigation of the mistake only began after the FSC inspection.</p> <p>II. Conducted telephone interviews before underwriting new contracts for customers who have taken out insurance policy loans or canceled policies within the first three months, and only asked customers about the contents of the insurance documents without confirming the source of insurance premiums or informing them of the possible loss of equity.</p> <p>III. During the sales process of investment-type insurance products, customers were not informed of the characteristics and investment risks of high-yield bond funds.</p> <p>[The FSC imposed a fine of NT\$2.4 million on September 7, 2022 and issued a correction for 1 item]</p>	<p>I. The system inspection function has been strengthened. The system will generate a code to notify the underwriter to conduct a case assessment and report to the responsible unit for investigation when the soliciting report is not filled in correctly.</p> <p>II. The inquiries of telephone interviews have been adjusted. If the customer informed that the source of the premium is a loan or policy loan, the information on the risks of financial leveraging will be provided to help customers understand the possible loss of equity.</p> <p>III. The script for the investment-type product sales process has been adjusted. Descriptions of the characteristics and investment risks of high-yield bond funds have been added.</p>	<p>I. Improved.</p> <p>II. Improved.</p> <p>III. Improved.</p>

Matters for improvement	Rectification measures	Estimated time of rectification
<p>China Life decided to change the management model for managing financial assets but failed to announce and report the change within two days from the date of occurrence.</p> <p>[The Financial Supervisory Commission imposed a fine of NT\$720 thousand on the responsible persons of China Life on December 20, 2022]</p>	<p>China Life has announced its decision to change the management model for managing financial assets, and a corrective announcement has been made at the request of the competent authority. In the future, similar cases will be reviewed to determine whether the matters are material information to be announced in accordance with the law.</p>	<p>Improved.</p>
<b>Subsidiary CDIB Capital Group ("CDIB Capital Group")</b>		
<p>Financial Supervisory Commission Letter Jing-Guan-Ying-Kong-Zi No. 11102180331 and Decision No. 11102180332 dated August 2, 2022</p> <p>The inadequate corporate governance and ineffective operation of internal controls of CDF and its related subsidiaries are considered to be in violation of Article 51 of the Financial Holding Company Act and may hinder sound operations.</p>	<p>I. Relevant personnel who should be held responsible have resigned from their related position in CDIB Capital Group or have been placed on leave without pay. In addition, the responsibilities of relevant personnel have been reviewed and negligent personnel have been punished.</p> <p>II. CDIB Capital Group has established regulations requiring its personnel to report their personal concurrent posts, and there must be no conflict of interest or matters violating the internal controls.</p> <p>III. CDIB Capital Group has strengthened personnel education, training, and education promotion.</p>	<p>All have been rectified.</p>

2. **Where the competent authority has required the company's internal control policies to be reviewed by a CPA, the CPA review report must be disclosed:**

None

### **3.4.11 Penalties imposed on the Company and its subsidiaries during the most recent two years for illegalities and major deficiencies, and improvements made**

1. **Prosecution against the Company's statutory responsible person or any employee for crimes committed on the job:**

<b>Proposal and amount</b>
OO Chang, former operations supervisor of KGI Bank Beimen Branch (resigned in May 2021), took advantage of his position from April 2020 to January 2021. He obtained an original seal of a customer account to falsely stamp a fixed deposit termination form and acquire the funds within the account. He terminated the fixed deposit of the customer's foreign currency account and misappropriated funds totaling US\$41,000. On August 17, 2022, Taiwan Tainan District Prosecutors Office filed a public prosecution against Chang OO for the crime of special breach of trust defined in Article 125-2 of the Banking Act, and the Tainan District Court sentenced Chang OO on November 8 of the same year to imprisonment for 1 year and 10 months, probation for 3 years, and 6 sessions of legal education within 2 years of the judgment date. During the probation period, he will be under protective custody. The case settled because the prosecutor did not file an appeal.

2. **Any penalties, either in the form of fines imposed by the Financial Supervisory Commission (FSC) for violations of laws and regulations, or shortcomings reprimanded by the FSC, or penalties imposed by the FSC in accordance with Paragraph 1, Article 54 of the Financial Holding Company Act, or other penalties imposed by the Company for violations of its internal control systems, that could substantially affect shareholders' rights or the Company's share price, or any enforcement actions prescribed in Article 2 of the Regulations Governing Public Disclosure by the Financial Supervisory Commission of Material Enforcement Actions for Violations of Financial Legislation should be disclosed in detail, including the nature of the case and the status of improvement:**

<b>Findings</b>	<b>Improvement</b>
FSC Letter Jing-Guan-Ying-Kong-Zi No. 11001483691 letter dated May 5, 2022 ○○ Chang, former operations manager of the Bank's Beimen Branch, misappropriated customer funds and ○○ Wu, former financing specialist of Jiguang Branch, had abnormal dealings with customers, which violated Paragraph 1, Article 45-1 of the Banking Act. A fine of NT\$6,000 thousand was imposed.	Status of improvement by KGI Bank: I. In order to strengthen the review mechanisms for customer and employee accounts, monitoring reports have been added. A dedicated independent unit shall handle account review and telephone calls to customers. II. In addition, to enhance the implementation of the dual identity confirmation mechanism for customers at the counter, a second counter clerk is required to verify the customer ID and entered system password in the transaction system starting on July 22, 2022.
Financial Supervisory Commission Letter Jing-Guan-Ying-Kong-Zi No. 11102180331 and Decision No. 11102180332 dated August 2, 2022 The corporate governance of CDF and the related subsidiaries is poor, and their internal controls were ineffective. After review, a risk of violating Article 51 of	Status of improvement by CDF: I. Relevant personnel who should be held responsible have resigned from their related position in the Company or have been placed on leave without pay. In addition, the responsibility of relevant personnel has been



Findings	Improvement
<p>the Financial Holding Company Act was found, which could hinder sound operations. A fine of NT\$20 million was imposed and corrections were ordered after review. A decrease of 30% to the president's monthly salary was ordered and shall last for 3 months. Moreover, the chairperson was suspended for 6 months as an executive director.</p>	<p>reviewed and negligent personnel have been punished.</p> <p>II. The Company has established regulations requiring the Company's personnel to report their personal part-time jobs outside of the Company, and there must be no conflicts of interest or matters violating the internal controls.</p> <p>III. The Audit Office has formulated systematic improvement measures and submitted them to the Board of Directors.</p> <p>IV. The Company has revised the Company's "Corporate Governance Best Practice Principles" and added communication mechanisms between the Company and shareholders with control over the Company.</p> <p>V. The Company has strengthened education, training, and education promotion.</p>
<p>FSC Decision Letter Jing-Guan-Zhen-Quan-Fa-Zi No. 1110348741 dated August 2, 2022</p> <p>The corporate governance of KGI Securities is poor and its internal controls did not operate effectively, which is in violation of the related provisions of the Regulations Governing Securities Firms. A fine of NT\$2.4 million was imposed and corrections were issued. The company's Audit Committee was ordered to implement the necessary measures according to the faults found and report the implementation to the Board of Directors. The Chairperson's monthly salary was reduced by 20% for 3 months and the President was suspended from their duties for 6 months.</p>	<p>Improvements made by KGI Securities:</p> <p>I. The "Code of Conduct" has been revised and certain positions/employees have signed the "Commitment Letter to the Corporate Governance System" to ensure compliance with the regulations.</p> <p>II. The promotion of confidentiality and integrity related regulations has been enhanced.</p> <p>III. A notice has been announced requiring responsible supervisors to implement the review of employee's overseas business trips, expense reimbursements, and business travel applications to effectively implement internal management mechanisms in compliance with regulations.</p> <p>IV. CDIB Capital has leased part of the space in the KGI Financial Building for use by relevant employees.</p> <p>V. The Audit Committee has reported the implementation of the necessary measures taken after finding the faults to the Board of Directors on December 16, 2022.</p>
<p>FSC Letter Jing-Guan-Bao-Sho-Zi No. 11104932241 and Decision Letter No. 11104932242 dated August 2, 2022</p> <p>The FSC has found that China Life has violated relevant provisions of the Insurance Act in its governance operations, handling of real estate rentals to interested parties, and internal control procedures for other businesses. A fine of NT\$6 million was imposed and corrections were issued. The monthly salary of the Chairperson was ordered to be reduced by 10% for a period of 3 months and the monthly salary of the President was ordered to be reduced by 30% for a period of 3 months.</p>	<p>Improvements made by China Life:</p> <p>I. The "Corporate Governance Guidelines" have been revised, and the Company will abide by relevant laws, the "Corporate Governance Guidelines," the "Internal Control System," and related regulations in the future. Furthermore, the company will not provide any information related to its operations, business, finance, and personnel to unauthorized personnel without permission. Furthermore, the Company has already communicated to all employees the importance of adhering to the principles and regulations related to corporate governance and internal control. It has also prohibited the disclosure of business information to</p>

Findings	Improvement
	<p>unauthorized personnel and emphasized the need to strictly adhere to the boundaries set by the firewall between different companies. Meanwhile, all personnel have completed “Review of Inadequacies Found in Financial Inspections” education and training.</p> <p>II. The Chairperson, President, their direct subordinate managers, and other relevant managers or personnel of the Company have signed commitment letters to abide by the relevant provisions stated in the letters. The review and improvement measures such as principles for interactions with financial holdings and internal control operating mechanisms will be formulated after communicating with the competent authority.</p> <p>III. Relevant control measures for real estate transactions have been established. In addition, the terms of lease agreements have been reviewed and proposed changes have been submitted to the Board of Directors. Supplementary agreements with the tenants will be signed once they have been approved.</p>

3. **Disclosure of losses exceeding NT\$50 million occurred during the year, whether by one event or aggregately over several events, as a result of extraordinary non-recurring incidents (such as fraud, theft, embezzlement, fictitious transactions, forgery of documents and securities, kickbacks, natural disasters, external forces, hackers' attacks, theft and leakage of confidential information, disclosure of customers' details or other material occurrences), or accidents arising due to lack of financial security measures:**

None.

4. **Other disclosures mandated by FSC**

None

### 3.4.12 Important resolutions of shareholder meetings and board meetings during the most recent year, and up to the date of publication of this annual report

#### 1. Important resolutions of the 2022 Shareholders' Meeting (June 17, 2022) and their implementation:

Important resolution	Implementation
1. Ratification of the 2021 business report and financial statements.	Reported the resolution to regulatory authorities (pursuant to Company Act, Financial Holding Company Act and other relevant laws and regulations) and announced publicly.
2. Ratification of the proposal for 2021 earnings distribution plan.	The cash dividends were allocated on August 3, 2022.
3. Approval of the amendments to the "Articles of Incorporation".	Amended Articles of Incorporation on June 17, 2022.
4. Approval of the amendments to the "Procedures for Acquisition or Disposal of Assets".	Amended Procedures for Acquisition or Disposal of Assets on June 21, 2022.
5. Approval of the amendments to the "Regulations for Shareholders Meeting Procedure".	Amended Regulations for Shareholders Meeting Procedure on June 17, 2022.
6. Approval of the proposal for the Company's plan to raise long-term capital.	After weighing the capital demand situation and the financial market environment, the case has not yet been handled.
7. Approval of the proposal for Election of the 8 <sup>th</sup> term Board of Directors.	The elected list has been announced on "Market Observation Post System (MOPS)" as required and completed the registration to the Ministry of Economic Affairs on June 29, 2022, and the approval letter was obtained on July 27, 2022.
8. Approval of the proposal for lift of non-compete restriction on the directors of the board.	The resolution would be effective upon passage in the shareholders' meeting.

#### 2. Important resolutions of the 2021 EGM (October 1, 2021) and their implementation:

Important resolution	Implementation
1. Approval of the amendments to the "Articles of Incorporation".	Amended Regulations for Shareholders Meeting Procedure on October 1, 2021.
2. Approval of the Proposal to enter into the Share Swap Agreement with China Life Insurance Co., Ltd. and issue new common shares and preferred shares.	On October 1, 2021 the company passed 2021 Extraordinary General Shareholders Meeting Agenda to conduct a share swap transaction to convert China Life into a 100%-owned subsidiary of the Company. The Share Swap Agreement with China Life Insurance Co., Ltd. and issue new common shares and preferred shares was approved by the Financial Supervision and Administration Commission's letter of Decree No. 1100228449 issued by FSC dated November 16, 2021., and was approved by the 44th meeting of the 7th term Board of Directors on November 16, 2021. The base date for capital increase and share conversion is December 30, 2021.

### 3. Major board resolutions

- (1) The 47th session of the 7th board of directors on January 24, 2022
  - Report on the handling of this corporation's issuance of unsecured ordinary corporate bonds for the first time in 2021.
  - Passed the capital reduction of the subsidiary KGI Securities of returning all the shares and cash of the Company obtained from the share conversion between the Company and its subsidiary China Life to the Company.
- (2) The 48th session of the 7th board of directors on February 21, 2022
  - Approved the date, time, place, agenda, book closure date, and acceptance of shareholder proposals and nomination for the Company's 2022 shareholders' meeting
- (3) The 50th session of the 7th board of directors on March 28, 2022
  - The amendment to the "procedures for the acquisition or disposal of assets" of the Company was adopted.
  - Passed the amendments to the "Ethical Corporate Management Best-practice Principles".
  - Passed the Company's 2021 internal control system statement.
  - The proposal of re-election of 9 directors (including 3 independent directors) of the 8th session of the Company at the 2022 ordinary meeting of shareholders was adopted.
- (4) 51st meeting of the 7th term Board on April 25, 2022
  - Approval of the amendments to the "Articles of Incorporation".
  - Passed the amendments to the "Regulations for Shareholders Meeting Procedure".
  - Passed the Company's proposal to distribute remuneration to employees and directors in 2021.
  - Passed the amendment to the Company's "operating standards for dealing in derivative financial products" for 2021.
  - Passed the distribution of earnings for 2021.
  - Passed the Company's plan for long-term capital raising projects.
  - Passed the capital reduction cancellation by returning the common and preferred shares of the subsidiary KGI Securities to the Company.
  - Passed the 2022 list of candidates for the Company's candidates nominated by the shareholders and qualification review for independent director candidates.
  - Approval of the proposal for lift of non-compete restriction on the directors of the board.
  - Passed the agenda of the 2022 ordinary shareholders' meeting of the Company
  - Passed the employee welfare trust shareholding plan for the Company and its non-listed domestic subsidiaries.
- (5) 52nd meeting of the 8th term Board on May 5, 2022
  - Passed the proposal of the issuance of the Company's fifth new restricted shares and the formulation of the base date for capital increase.

- (6) 1st meeting of the 8th term Board on June 17, 2022
- Proposal to elect the 8th chairperson of the Company.
  - Proposal to elect the 8th vice chairperson of the Company.
  - Passed the appointment of the members of the Company's 5th Remuneration Committee.
  - Passed the appointment of the members of the Company's 2nd Risk Management Committee.
  - Passed the appointment of the members of the Company's 4th Sustainability Committee.
  - Passed the appointment of the members of the Company's 2nd Ethical Corporate Management Committee.
- (7) 2nd meeting of the 8th term Board on June 27, 2022
- Passed the appointment of CDIB's 22nd Board of Directors and the recommendations for chairperson and vice chairperson.
  - Passed the appointment of the 12th Board of Directors of the subsidiary KGI Bank and recommendation for the chairperson of the Board.
  - Passed the appointment of the 13th Board of Directors of the subsidiary KGI Securities and recommendations for the chairperson and vice chairperson of the Board.
  - Passed the appointment of the 7th-term directors and supervisors of China Development Asset Management Corporation (AMC) and the recommendation of the chairperson.
  - Passed the Company's 2021 annual director's remuneration distribution and distribution plan.
  - Passed the Company's re-appointment of the President.
- (8) 3rd meeting of the 8th term Board on July 1, 2022
- Passed the representation of the President of the subsidiary CDIB Capital Group.
  - Passed the re-appointment of the President of the subsidiary KGI Bank.
  - Passed re-appointment of the President of the subsidiary KGI Securities.
  - Passed the re-appointment of the President of the subsidiary China Development Asset Management Corporation (AMC).
- (9) 4th meeting of the 8th term Board on July 27, 2022
- Passed the stock transfer conversion between KGI Bank's subsidiaries, CDIB Capital Management and CDC Finance & Leasing.
- (10) 5th meeting of the 8th term Board on August 22, 2022
- Passed the proposed capital reduction base date for the buyback of issued employee restricted shares.
  - Passed the renewal of directors', supervisors', and managers' liability insurance of the Company in 2022 years (2022.9.2--2023.9.2).
- (11) 6th meeting of the 8th term Board on September 1, 2022

- Passed the proxy of the President of the subsidiary KGI Securities.
- (12) 7th meeting of the 8th term Board on September 26, 2022
- Passed the Company's continued rental of Kuo-Ch'ang Building from GRAND PACIFIC PETROCHEMICAL Corporation.
  - Passed the subsidiary CDIB Capital Group's sale of the Nangang Office and parking spaces to the subsidiary China Life.
  - Passed the Company's termination of China Life's lease of the 18th floor of the headquarters building at No. 135, Dunhua North road, Songshan District.
  - Passed the proposal for reassigning the managing director (AMC) of the subsidiary CDIB Capital Group and recommending the chairperson of the Board.
  - Passed the appointment of the members of the Company's 1st Business Development, Investment, and Major Capital Expenditure Review Committee.
  - Passed the appointment of the members of the 1st Nomination and Performance Evaluation Committee.
- (13) 8th meeting of the 8th term Board on September 26, 2022
- Proposal to elect the Chairman of the Company.
- (14) 10th meeting of the 8th term Board on October 21, 2022
- Passed the Company's negotiation with three subsidiaries, CDIB, KGI Bank, and KGI Securities, to jointly lease the 18th floor of the headquarters building at No. 135, Dunhua North road, Songshan District.
- (15) 12th meeting of the 8th term Board on November 30, 2022
- Passed the leave without pay for the chairperson of CDIB Capital Group.
- (16) 13th meeting of the 8th term Board on December 19, 2022
- Passed the proposed capital reduction base date for the buyback of issued employee restricted shares.
  - Passed the Company's 2023 annual budget report, expected comprehensive income statement and expected balance sheet.
  - Passed the Company's 2023 audit plan.
  - Passed the proposal for reassigning the managing director (AMC) of the subsidiary CDIB Capital Group and recommending the chairperson of the Board.
- (17) 14th meeting of the 8th term Board on January 13, 2023
- Passed the sale of solar power system equipment by CDC Finance & Leasing, a subsidiary of KGI Bank, to the company King Energy Co., Ltd.
- (18) 16th meeting of the 8th term Board on March 3, 2023
- Passed the proposal of reassigning the directors of the subsidiary China Life and recommending them as the chairman of the board.
- (19) 17th meeting of the 8th term Board on March 14, 2023
- Proposal to elect the vice chairman of the company.

(20) 18th meeting of the 8th term Board on March 27, 2023

- Approved the appointment of the member of the Ethical Corporate Management Committee
- Passed the SKY project plan for the development and implementation of a new generation of information systems by the Company's subsidiary KGI Securities.
- Passed the plan to adjust the ownership structure of the KGI SITC, a wholly-owned subsidiary of KGI Securities, to become a subsidiary directly owned by the company.
- Passed the Company's proposal to distribute remuneration to employees and directors in 2022.
- Passed the amendment of the "Code of Ethical Conduct"
- Passed the amendment to the Company's Rules Governing the Election of Directors and Supervisors.
- Passed the date, time, place, convention method, book closure date, and acceptance of shareholder proposals for the Company's 2023 shareholders' meeting.
- Passed the Company's 2022 internal control system statement.

**3.4.13 Major Issues of Record or Written Statements Made by Any Directors Dissenting to Important Resolutions Passed by the Board in the Most Recent Year and Up to the Date of Publication of This Annual Report**

None

**3.4.14 Resignation or Termination of the Company's Key Individuals, Including the Chairperson, President and Heads of Finance, Accounting, Internal Audit, and Corporate Governance in the Most Recent Year and Up to the Date of Publication of This Annual Report**

March 31, 2023

Title	Name	Date of Appointment	Date of Termination	Reasons for Resignation or Dismissal
Chairman	Chia-Juch Chang	2014.10.27	2022.08.05	Suspension
Chairman	Chia-Juch Chang	2014.10.27	2022.09.26	She's retired.
Acting Chairperson	Paul Yang	2022.08.05	2022.09.26	End of proxy period
Executive Vice President	Vincent Hung	2020.08.01	2022.06.10	Position changes
Corporate Governance Officer	Zhen-Wei Chen	2022.06.10	2023.03.31	Resigned

Note: This refers to the Company's chairperson, president, financial manager, accounting manager, chief internal auditor, and corporate governance officer.

### 3.5 Information Regarding CDF's Audit Fee and Independence

#### 3.5.1 Audit fee and Non-audit fee to the CPAs, their accounting firm, and their affiliated firms.

Unit: NT\$ 1,000

Accounting Firm	Name of CPA	Audit Period	Audit Fee	Non-audit Fee	Total	Remarks
Deloitte & Touche	Wu, Yi-Chun	2022.01.01~ 2022.12.31	6,700	7,208	13,908	(Note)
	Ke, Jr-Shian					

Note: Non-audit fees include fees for tax audit, tax advisory, capital verification, information security assessment consulting services, business continuity management coaching programs and information transformation, etc.

#### 3.5.2 If a change of accounting firm has taken place during the year, please divide the audit period and disclose audit and non-audit fee in chronological order. Please also state the reason for such changes.

None

#### 3.5.3 If audit fee is reduced by 10% or more from the previous year, the amount, percentage and reason for reduction must be disclosed:

None



### 3.6 Information on replacement of CPA

#### 1. Regarding former CPA

Date of replacement	Approved by the Board of Directors on March 22,2021		
Reason for replacement	Internal adjustment by Deloitte & Touche		
Terminated by the principal or declined by the CPA	Party		CPA
	Situation		Principal
	Service terminated by		N/A
	Service no longer accepted (continued) by		N/A
Opinions other than unqualified opinion in the recent 2 years and reasons for the said opinion	None		
Disagreements with the Company	Yes	-	Accounting principle or practice
		-	Financial report disclosure
		-	Audit scope or steps
		-	Others
	None	V	
	Explanation: None		
Other disclosures (Matters that shall be disclosed in Article 10, Subparagraph 6, Item 1, Point 4, of Regulations Governing Information to be Published in Annual Reports of Financial Holding Companies)	None		

#### 2. Regarding succeeding CPA

Accounting firm	Deloitte & Touche
Names of CPA	Wu, Yi-Chun Ke, Jr-Shian
Date of Engagement	Approved by the Board of Directors on March 22,2021
Inquiries and replies relating to the accounting practices or accounting principles for specific transactions, or any audit opinions the auditors were likely to issue on the financial reports prior to engagement	None
Written disagreements from the succeeding CPA against the opinions made by the former CPA	None

### 3.7 The Company's Chairman, President, or any managers involved in financial and accounting affairs being employed by the audit firm or any of its affiliated company within the last year:

None

**3.8 Facts about the director, manager, or a same person or a same affiliated enterprise having held the equity of a same financial holding corporation with voting power reaching the specified ratio which should be declared the facts of equity transfer and change in equity pledge under Article 11 of the Managerial Regulations**

**3.8.1 Changes in Shareholding of Directors, Managers and Major Shareholders**

Unit: Shares

Title	Name	2022		As of March 31, 2023	
		Common Shares Holding Increase (Decrease)	Common Shares Pledged Holding Increase (Decrease)	Common Shares Holding Increase (Decrease)	Common Shares Pledged Holding Increase (Decrease)
		Preferred Shares Holding Increase (Decrease)	Preferred Shares Pledged Holding Increase (Decrease)	Preferred Shares Holding Increase (Decrease)	Preferred Shares Pledged Holding Increase (Decrease)
Chairman	Chi Jie Investment Co., Ltd.	0 0	0 0	0 0	0 0
	Representative Su-Kuo Huang	0 0	0 0	0 0	0 0
Vice Chairman	Paul Yang	0 (280,035)	0 0	0 0	0 0
Director	Jing Hui Investment Co., Ltd. (Major shareholders with over 1% shareholding.)	0 0	0 0	0 0	0 0
	Representative Stefano Paolo Bertamini	(240,299) 0	0 0	2,678,016 0	0 0
Director	Jing Hui Investment Co., Ltd. (Major shareholders with over 1% shareholding.)	0 0	0 0	0 0	0 0
	Representative Hung Yi Hsiao	0 0	0 0	0 0	0 0
Director	GPPC Chemical Corp.	0 0	0 0	0 0	0 0
	Representative Lionel de Saint-Exupéry	1,258,944 0	0 0	1,163,858 0	0 0
Independent Director	Tyzz-Jiun Duh	0 0	0 0	0 0	0 0
Independent Director	Shih-Chieh Chang	0 0	0 0	0 0	0 0
Independent Director	Wei Chung	0 0	0 0	0 0	0 0
President	Stefano Paolo Bertamini	(240,299) 0	0 0	2,678,016 0	0 0
Sr. Executive Vice President General Counsel	Julian Yen	(727,682) 0	0 0	445,097 0	0 0
Executive Vice President	Daw-Yi Hsu	449,392 0	0 0	562,853 0	0 0

Title	Name	2022		As of March 31, 2023	
		Common Shares Holding Increase (Decrease)	Common Shares Pledged Holding Increase (Decrease)	Common Shares Holding Increase (Decrease)	Common Shares Pledged Holding Increase (Decrease)
		Preferred Shares Holding Increase (Decrease)	Preferred Shares Pledged Holding Increase (Decrease)	Preferred Shares Holding Increase (Decrease)	Preferred Shares Pledged Holding Increase (Decrease)
Chief Financial Officer Executive Vice President	Jenny Huang	(816,219) 0	0 0	370,875 0	0 0
Chief Digital Officer Executive Vice President	Ketan Samani	(1,100,000) 0	0 0	61,721 0	0 0
Chief Marketing Officer Executive Vice President	Gabriel Heredia	(1,141,000) 0	0 0	84,983 0	0 0
Chief Strategy & Corporate Development Officer Executive Vice President	Raymund Reyes	(1,100,000) 0	0 0	20,411 0	0 0
Information Technology Dept. Executive Vice President	Terence Yeung	(1,100,000) 0	0 0	26,932 0	0 0
Group Data & Analytics Office Executive Vice President	Samar Kumar	(1,100,000) 0	0 0	15,151 0	0 0
Chief Risk Officer Executive Vice President	David Thomas	(1,100,000) 0	0 0	0 0	0 0
Chief HR Officer Executive Vice President	Melody Chen	(650,000) 0	0 0	0 0	0 0
Secretariat, Board of Directors Executive Vice President	Vincent Hung	55,277 0	0 0	153,092 0	0 0
Internal Audit Dept. Chief Auditor	Hans Tzou	(700,000) 0	0 0	4,490 0	0 0
Information Security Dept. Executive Vice President	Richard Sun	(700,000) 0	0 0	0 0	0 0
Executive Vice President	Marisol Wang	(700,000) 0	0 0	0 0	0 0
Compliance Dept. Executive Vice President	Fleur Tsai	(600,000) 0	0 0	0 0	0 0

Title	Name	2022		As of March 31, 2023	
		Common Shares Holding Increase (Decrease)	Common Shares Pledged Holding Increase (Decrease)	Common Shares Holding Increase (Decrease)	Common Shares Pledged Holding Increase (Decrease)
		Preferred Shares Holding Increase (Decrease)	Preferred Shares Pledged Holding Increase (Decrease)	Preferred Shares Holding Increase (Decrease)	Preferred Shares Pledged Holding Increase (Decrease)
Executive Vice President	Reddy Wong	(2,309,360) 0	(700,000) 0	890,268 0	0 0
Executive Vice President	Alby Lee	(1,100,000) 0	0 0	0 0	0 0
Executive Vice President	Patrick C Lin	(805,974) 0	0 0	1,488,686 0	0 0
Executive Vice President	Jeff Hsu	(749,316) 0	0 0	97,488 0	0 0
Executive Vice President	Frances Tsai	(700,000) 0	0 0	43,992 0	0 0
Executive Vice President	Kiki Shih	(910,011) 0	0 0	45,495 0	0 0
Executive Vice President	Chris Sun	(672,024) 0	0 0	128,978 0	0 0
Executive Vice President	Michael Chang	(700,000) 0	0 0	0 0	0 0
Executive Vice President	April Pan	(600,000) 0	0 0	0 0	0 0
Executive Vice President	Steve Wang	(689,441) 0	0 0	19,141 0	0 0
Executive Vice President	Teresa Li	0 0	0 0	0 0	0 0
Executive Vice President	Raymond Chang	(700,000) 0	0 0	0 0	0 0
Executive Vice President	Jacqueline Tan	(688,000) 0	0 0	0 0	0 0
Executive Vice President	Sharon Chen	(570,000) 0	0 0	0 0	0 0
Executive Vice President	Amy Lee	(600,000) 0	0 0	0 0	0 0
Executive Vice President	Greg Lin	0 0	0 0	0 0	0 0
Executive Vice President	Kelvin Tay	0 0	0 0	0 0	0 0
Executive Vice President	David Chi	(302,000) 0	0 0	0 0	0 0
Executive Vice President	Lisa Guo	0 0	0 0	0 0	0 0
Executive Vice President	Patrick Huang	(155,083) 0	0 0	249,079 0	0 0
Executive Vice President	Amy Su	0 0	0 0	0 0	0 0

Title	Name	2022		As of March 31, 2023	
		Common Shares Holding Increase (Decrease)	Common Shares Pledged Holding Increase (Decrease)	Common Shares Holding Increase (Decrease)	Common Shares Pledged Holding Increase (Decrease)
		Preferred Shares Holding Increase (Decrease)	Preferred Shares Pledged Holding Increase (Decrease)	Preferred Shares Holding Increase (Decrease)	Preferred Shares Pledged Holding Increase (Decrease)
Executive Vice President	Jason Hung	0	0	0	0
		0	0	0	0

### 3.8.2 Shares Trading with Related Parties

None

### 3.8.3 Shares Pledge with Related Parties

None

### 3.9 Relationship among the Top Ten Shareholders

April 19, 2023

Name	Current Shareholding		Spouse's/minor's Shareholding		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees		Remarks
	Shares	%	Shares	%	Shares	%	Name	Relation	
Bank of Taiwan	286,941,073	1.70	0	0.00	0	0.00	None	None	
Representative Jye-Cherng Lyu	0	0.00	0	0.00	0	0.00	None	None	
Norges Bank	246,888,200	1.47	0	0.00	0	0.00	None	None	
Vanguard Emerging Markets Stock Index Fund, A series of Vanguard International Equity Index Funds	216,236,303	1.28	0	0.00	0	0.00	None	None	
Yuanta/P-shares Taiwan Top 50 ETF	161,910,824	0.96	0	0.00	0	0.00	None	None	
Shin Wen Investment Co., Ltd	480,252,192	2.85	0	0.00	0	0.00	Jing Hui Investment Co., Ltd.	Shin Wen Investment company evaluates the Jing Hui Investment Company under equity method.	
							Jing Kwan Investment Co., Ltd.	With the same person as the representative	
Representative Chin-Lung Tseng	0	0.00	0	0.00	0	0.00	None	None	
Jing Kwan Investment Co., Ltd.	429,611,117	2.55	0	0.00	0	0.00	Shin Wen Investment Co., Ltd	With the same person as the representative	
Representative Chin-Lung Tseng	0	0.00	0	0.00	0	0.00	None	None	
JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	208,671,115	1.24	0	0.00	0	0.00	None	None	
Labor Pension Fund	237,949,435	1.41	0	0.00	0	0.00	None	None	
Jing Hui Investment Co., Ltd.	180,000,000	1.07	0	0.00	0	0.00	Shin Wen Investment Co., Ltd	Shin Wen Investment company evaluates the Jing Hui Investment Company under equity method.	
Representative Koo, John-Ynn	2,040,466	0.01	0	0.00	0	0.00	None	None	
Cathay Sustainability High Dividend ETF	416,826,000	2.47	0	0.00	0	0.00	None	None	

Note: The calculation of the number of shares and shareholding ratio is based on ordinary shares only.

**3.10 Shares jointly held by CDF, subsidiaries, CDF's directors, managers, and directly/indirectly controlled entities on any single investee. Calculate shareholding percentage in aggregate of the above parties**

Date: December 31, 2022

Affiliated Enterprises (Note 1)	Held by CDF (Note 2)		Held by Directors, Supervisors, managers, and directly or indirectly controlled enterprises		Aggregate investment	
	Shares	%	Shares	%	Shares	%
CDIB Capital Group	2,041,115,913	100.00	0	0.00	2,041,115,913	100.00
KGI Securities	1,878,736,629	100.00	0	0.00	1,878,736,629	100.00
KGI Bank	4,606,162,291	100.00	0	0.00	4,606,162,291	100.00
AMC	113,360,000	100.00	0	0.00	113,360,000	100.00
China Life Insurance	4,920,653,131	100.00	0	0.00	4,920,653,131	100.00
CDIB Venture Capital Corporation	0	0.00	535,493,708	100.00	535,493,708	100.00
CDIB Capital Management Corporation	0	0.00	23,093,889	100.00	23,093,889	100.00
CDIB Venture Capital (Hong Kong) Corporation Limited	0	0.00	925,000,000	100.00	925,000,000	100.00
CDIB Capital Investment I Limited	0	0.00	132,800,000	100.00	132,800,000	100.00
CDIB Capital International Corporation	0	0.00	4,700,000	100.00	4,700,000	100.00
CDIB Capital Investment II Limited	0	0.00	45,000,000	100.00	45,000,000	100.00
CDIB Global Markets Limited	0	0.00	339,392	100.00	339,392	100.00
CDIB Management Consulting Corporation	0	0.00	153,171,873	100.00	153,171,873	100.00
Richpoint Company Limited	0	0.00	92,872,376	100.00	92,872,376	100.00
KGI Venture Capital Co., Ltd.	0	0.00	80,000,000	100.00	80,000,000	100.00
KGI Securities Investment Advisory Co., Ltd.	0	0.00	5,000,000	100.00	5,000,000	100.00

Affiliated Enterprises (Note 1)	Held by CDF (Note 2)		Held by Directors, Supervisors, managers, and directly or indirectly controlled enterprises		Aggregate investment	
	Shares	%	Shares	%	Shares	%
KGI Insurance Brokers Co., Ltd.	0	0.00	500,000	100.00	500,000	100.00
KGI Securities Investment Trust Co., Ltd.	0	0.00	30,000,000	100.00	30,000,000	100.00
KGI Futures Co., Ltd.	0	0.00	167,898,665	99.61	167,898,665	99.61
CDIB Capital Healthcare Ventures Limited	0	0.00	45,000,000	42.86	45,000,000	42.86
CDIB Capital Creative Industries Limited	0	0.00	41,700,002	46.33	41,700,002	46.33
Guang Bei Company Limited	0	0.00	20,800,000	41.68	20,800,000	41.68
Fu Bao Yi Hao Energy CO., LTD.	0	0.00	50,000,000	39.68	50,000,000	39.68
Suyin KGI Consumer Finance Co., Ltd.	0	0.00	0	36.17	0	36.17
CDIB & Partners Investment Holding Corporation	0	0.00	367,200,000	33.66	367,200,000	33.66
Taipan solar Co., Ltd.	0	0.00	47,130,000	30.00	47,130,000	30.00
ThrivEnergy Co., Ltd.	0	0.00	21,600,000	30.00	21,600,000	30.00
CDIB Bioscience Ventures I, Inc.	0	0.00	4,697,286	21.20	4,697,286	21.20
Shenhe Energy Co, Ltd.	0	0.00	19,900,000	19.90	19,900,000	19.90

Note 1: Investees of China Development Financial Holding Co., Ltd. and the subsidiaries.

Note 2: The investments made pursuant to Article 36 of Financial Holding Company Act.



## IV. Capital Overview

### 4.1 Capital and Shares

#### 4.1.1 Source of Capital

##### A. Issued Shares

April 19, 2023

Month/ Year	Par Value (NT\$)	Authorized Capital		Paid-in Capital		Remark	
		Shares	Amount (NT\$'000)	Shares	Amount (NT\$'000)	Sources of Capital	Other
February 2022	10	25,000,000,000	250,000,000,000	19,085,820,897	190,858,208,970	Change employee stock option issuance to common shares.	Decree No. 1020052073 issued by FSC dated December 26, 2013
June 2022	10	25,000,000,000	250,000,000,000	19,086,920,897	190,869,208,970	New restricted employee shares from equity raising	Decree No. 1100351491 issued by FSC dated August 11th, 2021
July 2022	10	25,000,000,000	250,000,000,000	18,435,306,005	184,353,060,050	Capital deduction via decrease in treasury stocks.	Decree No. 1110212886 issued by FSC dated June 13th, 2022
August 2022	10	25,000,000,000	250,000,000,000	18,429,386,005	184,293,860,050	Withdrawal of issued restricted employee share and capital reduction	
December 2022	10	25,000,000,000	250,000,000,000	18,427,531,005	184,275,310,050	Withdrawal of issued restricted employee share and capital reduction	

##### B. Type of Stock

April 19, 2023

Share Type	Authorized Capital			Remarks
	Issued Shares	Un-issued Shares	Total Shares	
Common Shares	16,845,388,631	6,572,468,995	25,000,000,000	It is a stock of a listed company
Preferred Shares	1,582,142,374			

## 4.1.2 Status of Shareholders

(Common Shares)

April 19, 2023

Item	Government Agencies	Financial Institutions	Other Juridical Persons	Domestic Natural Persons	Foreign Institutions & Natural Persons	Total
Number of Shareholders	13	17	1,482	911,064	1,796	914,372
Shareholding (shares)	111,342	437,437,478	3,372,133,635	9,161,151,007	3,874,555,169	16,845,388,631
Percentage	0.00	2.60	20.01	54.39	23	100.00

(Preferred Shares)

April 19, 2023

Item	Government Agencies	Financial Institutions	Other Juridical Persons	Domestic Natural Persons	Foreign Institutions & Natural Persons	Total
Number of Shareholders	2	3	266	92,549	240	93,060
Shareholding (shares)	586	65,728,000	395,624,708	865,102,072	255,687,008	1,582,142,374
Percentage	0.00	4.15	25.01	54.68	16.16	100.00

## 4.1.3 Shareholding Distribution Status

### A. Common Shares

April 19, 2023

Class of Shareholding (Unit: Share)	Number of Shareholders	Shareholding (Shares)	Percentage
1~999	216,954	40,105,025	0.24
1,000~5,000	426,640	953,091,326	5.66
5,001~10,000	109,402	842,692,799	5.00
10,001~15,000	48,330	599,674,837	3.56
15,001~20,000	28,637	517,959,407	3.07
20,001~30,000	30,066	749,924,301	4.45
30,001~40,000	15,015	524,684,502	3.11
40,001~50,000	9,617	441,067,192	2.62
50,001~100,000	17,331	1,220,455,311	7.25
100,001~200,000	7,473	1,027,697,645	6.10
200,001~400,000	2,880	788,827,131	4.68
400,001~600,000	789	383,974,247	2.28
600,001~800,000	304	209,876,077	1.25
800,001~1,000,000	183	166,213,673	0.99
1,000,001 or over	751	8,379,145,158	49.74
Total	914,372	16,845,388,631	100.00

## B. Preferred Shares

April 19, 2023

Class of Shareholding (Unit: Share)	Number of Shareholders	Shareholding (Shares)	Percentage
1~999	44,643	14,232,754	0.90
1,000~5,000	29,697	70,653,433	4.47
5,001~10,000	7,991	59,494,654	3.76
10,001~15,000	2,888	35,575,330	2.25
15,001~20,000	1,929	33,935,050	2.14
20,001~30,000	1,795	44,359,847	2.80
30,001~40,000	938	32,963,777	2.08
40,001~50,000	616	28,177,035	1.78
50,001~100,000	1,277	90,531,680	5.72
100,001~200,000	648	91,192,169	5.76
200,001~400,000	289	81,030,932	5.12
400,001~600,000	130	64,185,590	4.06
600,001~800,000	55	39,277,231	2.48
800,001~1,000,000	40	36,923,804	2.33
1,000,001 or over	124	859,609,088	54.35
Total	93,060	1,582,142,374	100.00

### 4.1.4 List of Major Shareholders

April 19, 2023

Shareholder's Name	Shareholding	
	Shares	%
Bank of Taiwan	286,941,073	1.7
Norges Bank	246,888,200	1.47
Vanguard Emerging Markets Stock Index Fund, A series of Vanguard International Equity Index Funds	216,236,303	1.28
Yuanta/P-shares Taiwan Top 50 ETF	161,910,824	0.96
Shin Wen Investment Co., Ltd	480,252,192	2.85
Jing Kwan Investment Co., Ltd.	429,611,117	2.55
JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	208,671,115	1.24
Labor Pension Fund	237,949,435	1.41
Jing Hui Investment Co., Ltd.	180,000,000	1.07
Cathay Sustainability High Dividend ETF	416,826,000	2.47

Note: Includes shareholders with an equity ratio of more than 1%. (The calculation of the equity ratio is only based on common stock).

#### 4.1.5 Market Price, Net Worth, Earnings, and Dividends per Share

Unit: NT\$

Items			2021	2022	Year to date (as of March 31, 2023)
Market Price per Share (Note 1)	Highest		17.60	20.10	13.35
	Lowest		8.90	10.90	12.00
	Average		12.92	15.10	12.91
Net Worth per Share (Note 2)	Before Distribution		15.88	11.32	-
	After Distribution		14.97	(Note 8)	-
Earnings per Share	Weighted Average number of Shares		14,969,971,302	16,742,072,631	-
	EPS (Note 3)	Before Adjustment	2.34	0.98	-
		After Adjustment	2.34	0.98	-
Dividends per Share	Cash Dividends		1.00	(Note 8)	-
	Stock Dividends	Dividends from Retained Earnings	-	-	-
		Dividends from Capital Surplus	-	-	-
	Accumulated Undistributed Dividends (Note 4)		-	-	-
Return on Investment	Price / Earnings Ratio (Note 5)		5.52	15.41	-
	Price / Dividend Ratio (Note 6)		12.92	(Note 8)	-
	Cash Dividend Yield Rate (Note 7)		7.74%	(Note 8)	-

\* For surplus or capital reserve converted into capital increase and share allotment, the market price and cash dividend information adjusted retroactively according to the number of shares issued shall be disclosed.

Note 1: Please list the market share prices, including the highest, lowest and average for the year. Average market share price should be calculated by applying the turnover value and the total turnover volume for the year.

Note 2: Please use the number of the issuing shares in the year end as the base with the distribution decision resolved at the shareholders' meeting held in the following year.

Note 3: For retroactive adjustment made for stock dividends, both before and adjustments earnings per share should be disclosed.

Note 4: For securities issued with terms that entitle the holder to accumulate the unpaid dividend during the current year, for receiving in an earning-generating fiscal year, the accumulated unpaid amount shall also be disclosed.

Note 5: Price/Earnings Ratio = average share market price / earnings per share.

Note 6: Price/Dividend Ratio = average market price / cash dividends per share.

Note 7: Cash Dividend Yield = cash dividends per share / average share market price.

Note 8: After provision made for special reserve in accordance with the law, there's no dividends available for distribution to common stock for 2022.

#### **4.1.6 Dividend Policy and Implementation**

##### **A. Dividend Policy:**

Considering the necessity of business development and earnings enhancement, as well as in compliance with the relevant laws and regulations, the Company adopts a residual dividends policy. Cash dividend may not be less than 10% of total dividend.

Where the Company made profit after annual final accounting, the profit shall be first utilized for paying taxes, making up losses for previous years, setting aside legal reserve as well as setting aside or reversing special reserve in accordance with the laws and regulations, and then the remaining of the profit together with the addition of adjusted undistributed retained earnings in the beginning of the period shall be used as the basis for the distribution of dividends and bonus to shareholders. After the distribution of preferred share dividends according to the Articles of Incorporation, the remaining is subject to the range from 30% to 100% of the basis for the distribution as dividend for common shareholders. The distribution plan shall be proposed by the Board of Directors and resolved in the annual general shareholders meeting.

##### **B. Implementation:**

After provision made for special reserve in accordance with the law, there's no dividends available for distribution to common stock and Preferred Share B for 2022.

#### **4.1.7 Impact of the proposed stock dividend on the Company's business performance and EPS**

Not applicable as no stock dividend is proposed at the shareholder's meeting.

#### **4.1.8 Employees' compensation and directors' remuneration**

##### **1. Percentage or range of employee's compensation and directors' remuneration under the Company's Articles of Incorporation**

If making any profit for a fiscal year, the Company shall set aside no less than 1% of the profit for employees' compensation and no more than 1% of the profit for directors' remuneration. However, if the Company still has cumulative losses from previous years, it shall first set aside reserve to offset such losses.

The afore-mentioned profits mean pretax profits before deducting employees' compensation and directors' remuneration.

The Board of Directors is authorized to stipulate distribution rules for employees' compensation for eligible employees of the Company and subsidiaries.

##### **2. Basis for estimation the account of employee's compensation and directors' remuneration, for calculating the number of shares to be distributed as employee compensation, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period**

The employee's compensation and directors' remuneration are set aside no less than 1% and no higher than 1%, respectively, of pretax profit before deducting employees' compensation and directors' remuneration. If there is a change in the proposed amounts after the annual consolidated financial statements were authorized for issue, the differences are recorded as a change in accounting estimate.

### **3. Information regarding employee compensation approved by the Board**

- (1) Distribution of employees' compensation and directors' remuneration in cash or stocks. If there is any discrepancy between that amount and the estimated figure for the fiscal year these expenses are recognized, the discrepancy, its cause, and the status of treatment shall be disclosed.

The Board resolved to distribute NT\$179,000,000 as employees' compensation and NT\$178,000,000 as directors' remuneration both in cash.

- (2) Employees' compensation distributed in stocks as a percentage to net profit after tax plus total employees' compensation in the parent company only financial statements for the current period:  
Not applicable.

### **4. The actual distribution of employees' compensation and directors' remuneration for the previous fiscal year (with an indication of the number, value, and stock price of the shares distributed) shall be declared. If there is any discrepancy between the actual distribution and the recognized employees' compensation and directors' remuneration, the discrepancy, its cause, and its status must also be listed**

The Board resolved to distribute NT\$357,000,000 as employees' compensation and NT\$290,000,000 as directors' remuneration both in cash. The discrepancy between the actual distribution amount and the accrued expenses was NT\$65,000,000. The difference occurred because of a change in accounting estimates and recognized in 2022.

#### **4.1.9 Buyback of Treasury Stock**

None.

## 4.2 Corporate Bonds

March 31, 2023

Corporate Bond Type		2017 Unsecured Subordinated Corporate Bonds, Phase I	2017 Unsecured Subordinated Corporate Bonds, Phase I	2017 Unsecured Subordinated Corporate Bonds, Phase I
Issue date		September 8, 2017	September 8, 2017	September 8, 2017
Denomination		NT\$1,000,000	NT\$1,000,000	NT\$1,000,000
Issuing and transaction location		N/A	N/A	N/A
Issue price		Issue by denomination	Issue by denomination	Issue by denomination
Total price		NT\$1,000,000,000	NT\$6,000,000,000	NT\$3,000,000,000
Coupon rate		1.75%, fixed	1.90%, fixed	2.10%, fixed
Tenor		7 years Maturity: September 8, 2024	10 year Maturity: September 8, 2027	15 years Maturity: September 8, 2032
Guarantee agency		None	None	None
Consignee		Trust Department, Taishin International Bank	Trust Department, Taishin International Bank	Trust Department, Taishin International Bank
Underwriting institution		KGI Securities Co., Ltd. and KGI Bank Co., Ltd.	KGI Securities Co., Ltd. and KGI Bank Co., Ltd.	KGI Securities Co., Ltd. and KGI Bank Co., Ltd.
Certified lawyer		LCS & Partners	LCS & Partners	LCS & Partners
CPA		Deloitte & Touche	Deloitte & Touche	Deloitte & Touche
Repayment method		Repayment in lump sum upon maturity	Repayment in lump sum upon maturity	Repayment in lump sum upon maturity
Outstanding principal		NT\$1,000,000,000	NT\$6,000,000,000	NT\$3,000,000,000
Terms of redemption or advance repayment		None	None	None
Restrictive clause		If the payment of interest or the repayment of principal for the bond causes the financial holding company's group capital adequacy ratio to fall below the minimum requirement, the payment of interest or the repayment of principal shall be temporarily suspended. Interest or the repayment of principal (interests may be accumulated, interests on interest and the repayment of principal rollovers to be calculated at coupon rates) may be paid only when the aforementioned ratio meets the minimum requirement.	If the payment of interest or the repayment of principal for the bond causes the financial holding company's group capital adequacy ratio to fall below the minimum requirement, the payment of interest or the repayment of principal shall be temporarily suspended. Interest or the repayment of principal (interests may be accumulated, interests on interest and the repayment of principal rollovers to be calculated at coupon rates) may be paid only when the aforementioned ratio meets the minimum requirement.	If the payment of interest or the repayment of principal for the bond causes the financial holding company's group capital adequacy ratio to fall below the minimum requirement, the payment of interest or the repayment of principal shall be temporarily suspended. Interest or the repayment of principal (interests may be accumulated, interests on interest and the repayment of principal rollovers to be calculated at coupon rates) may be paid only when the aforementioned ratio meets the minimum requirement.
Whether included as eligible capital		Yes	Yes	Yes
Name of credit rating agency, rating date, rating of corporate bonds		None	None	None
Other rights attached	As of the printing date of this annual report, converted amount of (exchanged or subscribed) ordinary shares, GDRs or other securities	None	None	None
	Issuance and conversion (exchange or subscription) method	None	None	None
Issuance and conversion, exchange or subscription method, issuing condition dilution, and impact on existing shareholders' equity		None	None	None
Transfer agent		None	None	None

Corporate Bond Type		2019 Unsecured Corporate Bonds, Phase I	2019 Unsecured Corporate Bonds, Phase I	2020 Unsecured Corporate Bonds, Phase I
Issue date		August 8, 2019	August 8, 2019	May 20, 2020
Denomination		NT\$1,000,000	NT\$1,000,000	NT\$1,000,000
Issuing and transaction location		N/A	N/A	N/A
Issue price		Issue by denomination	Issue by denomination	Issue by denomination
Total price		NT\$2,500,000,000	NT\$2,500,000,000	NT\$5,600,000,000
Coupon rate		0.88%, fixed	1.00%, fixed	0.75%, fixed
Tenor		7 year Maturity: August 8, 2026	10 years Maturity: August 8, 2029	5 years Maturity: May 20, 2025
Guarantee agency		None	None	None
Consignee		Trust Department, Taishin International Bank	Trust Department, Taishin International Bank	Trust Department, Taishin International Bank
Underwriting institution		KGI Securities Co., Ltd.	KGI Securities Co., Ltd.	KGI Securities Co., Ltd. and KGI Bank Co., Ltd.
Certified lawyer		LCS & Partners	LCS & Partners	Lotus International Law Office
CPA		Deloitte & Touche	Deloitte & Touche	Deloitte & Touche
Repayment method		Repayment in lump sum upon maturity	Repayment in lump sum upon maturity	Repayment in lump sum upon maturity
Outstanding principal		NT\$2,500,000,000	NT\$2,500,000,000	NT\$5,600,000,000
Terms of redemption or advance repayment		None	None	None
Restrictive clause		None	None	None
Whether included as eligible capital		No	No	No
Name of credit rating agency, rating date, rating of corporate bonds		None	None	None
Other rights attached	As of the printing date of this annual report, converted amount of (exchanged or subscribed) ordinary shares, GDRs or other securities	None	None	None
	Issuance and conversion (exchange or subscription) method	None	None	None
Issuance and conversion, exchange or subscription method, issuing condition dilution, and impact on existing shareholders' equity		None	None	None
Transfer agent		None	None	None



Corporate Bond Type		2020 Unsecured Corporate Bonds, Phase I	2020 Unsecured Subordinated Corporate Bonds, Phase II	2020 Unsecured Corporate Bonds, Phase II
Issue date		May 20, 2020	November 30, 2020	November 30, 2020
Denomination		NT\$1,000,000	NT\$1,000,000	NT\$1,000,000
Issuing and transaction location		N/A	N/A	N/A
Issue price		Issue by denomination	Issue by denomination	Issue by denomination
Total price		NT\$2,400,000,000	NT\$1,500,000,000	NT\$4,500,000,000
Coupon rate		0.95%, fixed	1.25%, fixed	1.50%, fixed
Tenor		15 year Maturity: May 20, 2035	10 years Maturity: November 30, 2030	15 years Maturity: November 30, 2035
Guarantee agency		None	None	None
Consignee		Trust Department, Taishin International Bank	Trust Department, Taishin International Bank	Trust Department, Taishin International Bank
Underwriting institution		KGI Securities Co., Ltd. and KGI Bank Co., Ltd.	KGI Securities Co., Ltd.	KGI Securities Co., Ltd.
Certified lawyer		Lotus International Law Office	LCS & Partners	LCS & Partners
CPA		Deloitte & Touche	Deloitte & Touche	Deloitte & Touche
Repayment method		Repayment in lump sum upon maturity	Repayment in lump sum upon maturity	Repayment in lump sum upon maturity
Outstanding principal		NT\$2,400,000,000	NT\$1,500,000,000	NT\$4,500,000,000
Terms of redemption or advance repayment		None	None	None
Restrictive clause		None	If the payment of interest or the repayment of principal for the bond causes the financial holding company's group capital adequacy ratio to fall below the minimum requirement, the payment of interest or the repayment of principal shall be deferred. Interest or the repayment of principal (interests may be accumulated, interests on interest and the repayment of principal rollovers to be calculated at coupon rates) may be paid only when the aforementioned ratio meets the minimum requirement.	If the payment of interest or the repayment of principal for the bond causes the financial holding company's group capital adequacy ratio to fall below the minimum requirement, the payment of interest or the repayment of principal shall be deferred. Interest or the repayment of principal (interests may be accumulated, interests on interest and the repayment of principal rollovers to be calculated at coupon rates) may be paid only when the aforementioned ratio meets the minimum requirement.
Whether included as eligible capital		No	Yes	Yes
Name of credit rating agency, rating date, rating of corporate bonds		None	Taiwan Ratings October 20, 2020 twA-	None
Other rights attached	As of the printing date of this annual report, converted amount of (exchanged or subscribed) ordinary shares, GDRs or other securities	None	None	None
	Issuance and conversion (exchange or subscription) method	None	None	None
Issuance and conversion, exchange or subscription method, issuing condition dilution, and impact on existing shareholders' equity		None	None	None
Transfer agent		None	None	None

Corporate Bond Type		2020 Unsecured Corporate Bonds, PhaseIII	2020 Unsecured Corporate Bonds, PhaseIII	2021 Unsecured Corporate Bonds, Phase I
Issue date		January 14, 2021	January 14, 2021	December 20, 2021
Denomination		NT\$1,000,000	NT\$1,000,000	NT\$1,000,000
Issuing and transaction location		N/A	N/A	N/A
Issue price		Issue by denomination	Issue by denomination	Issue by denomination
Total price		NT\$2,000,000,000	NT\$2,000,000,000	NT\$7,000,000,000
Coupon rate		0.50%, fixed	0.59%, fixed	0.59%, fixed
Tenor		7 year Maturity: January 14, 2028	10 year Maturity: January 14, 2031	5 year Maturity: December 20, 2026
Guarantee agency		None	None	None
Consignee		Trust Department, Taishin International Bank	Trust Department, Taishin International Bank	Trust Department, Taishin International Bank
Underwriting institution		KGI Securities Co., Ltd.	KGI Securities Co., Ltd.	KGI Securities Co., Ltd.
Certified lawyer		LCS & Partners	LCS & Partners	LCS & Partners
CPA		Deloitte & Touche	Deloitte & Touche	Deloitte & Touche
Repayment method		Repayment in lump sum upon maturity	Repayment in lump sum upon maturity	Repayment in lump sum upon maturity
Outstanding principal		NT\$2,000,000,000	NT\$2,000,000,000	NT\$7,000,000,000
Terms of redemption or advance repayment		None	None	None
Restrictive clause		None	None	None
Whether included as eligible capital		No	No	No
Name of credit rating agency, rating date, rating of corporate bonds		None	None	None
Other rights attached	As of the printing date of this annual report, converted amount of (exchanged or subscribed) ordinary shares, GDRs or other securities	None	None	None
	Issuance and conversion (exchange or subscription) method	None	None	None
Issuance and conversion, exchange or subscription method, issuing condition dilution, and impact on existing shareholders' equity		None	None	None
Transfer agent		None	None	None

Corporate Bond Type		2021 Unsecured Corporate Bonds, Phase I	2021 Unsecured Corporate Bonds, Phase I
Issue date		December 20, 2021	December 20, 2021
Denomination		NT\$1,000,000	NT\$1,000,000
Issuing and transaction location		N/A	N/A
Issue price		Issue by denomination	Issue by denomination
Total price		NT\$4,800,000,000	NT\$3,200,000,000
Coupon rate		0.65%, fixed	0.75%, fixed
Tenor		7 year Maturity: December 20, 2028	10 year Maturity: December 20, 2031
Guarantee agency		None	None
Consignee		Trust Department, Taishin International Bank	Trust Department, Taishin International Bank
Underwriting institution		KGI Securities Co., Ltd.	KGI Securities Co., Ltd.
Certified lawyer		LCS & Partners	LCS & Partners
CPA		Deloitte & Touche	Deloitte & Touche
Repayment method		Repayment in lump sum upon maturity	Repayment in lump sum upon maturity
Outstanding principal		NT\$4,800,000,000	NT\$3,200,000,000
Terms of redemption or advance repayment		None	None
Restrictive clause		None	None
Whether included as eligible capital		No	No
Name of credit rating agency, rating date, rating of corporate bonds		None	None
Other rights attached	As of the printing date of this annual report, converted amount of (exchanged or subscribed) ordinary shares, GDRs or other securities	None	None
	Issuance and conversion (exchange or subscription) method	None	None
Issuance and conversion, exchange or subscription method, issuing condition dilution, and impact on existing shareholders' equity		None	None
Transfer agent		None	None

### 4.3 Issuance of Preferred Shares

<div> <div>Issuance (launch) date</div> <div>Item</div> </div>		December 30, 2021 (China Development Financial Holding Co., Ltd. Class B Preferred Shares)
Face value		NT\$ 10
Issuance price		NT\$ 10 per share
Shares		1,893,043,597 shares (Note)
Total		NT\$ 18,930,435,970
Rights and obligations	Distribution of dividends and bonus	<ol style="list-style-type: none"> <li>Dividends: The dividend on the preferred shares is calculated at an annual rate of 3.55% (seven-year IRS 0.75% + 2.80%) based on the issue price per share. The seven-year IRS rate will reset on the business day following the seventh year from the issue date and every seven years thereafter. The interest rate reset record date is two Taiwan bank days prior to the interest rate reset date. The interest rate index seven-year IRS is the arithmetic average of Reuter's TAFXIRS and COSMOS3 seven-year interest rate swap quotes priced at 11:00 a.m. on the interest rate reset record date. If such quotes are not available on the interest rate reset record date, the Company will decide in good faith and based on reasonable market conditions.</li> <li>Dividend payment: The dividend on the preferred shares is paid annually in cash after the board of directors sets the record date for the distribution of the preceding year's dividend after the financial report is approved by the shareholders at the annual general meeting. The number of dividends paid in the year of issuance and the number of dividends received in the year of recovery are calculated based on the actual number of days the preferred shares are outstanding in that year. If the Company has a surplus after the year-end final accounts, it should first pay taxes and make up the losses accumulated from preceding years. After setting aside the legal reserve and setting aside or reversing the special reserve as required by law, if there is any remaining balance, it may first distribute the dividends for the year to which the preferred shares are entitled. The Company has the discretion to distribute dividends on the preferred shares. If the Company has no or insufficient surplus to distribute dividends on the preferred shares in its annual accounts, or if the distribution of dividends on the preferred shares will cause the Company's capital adequacy ratio to fall below the minimum requirements set by law or by the competent authorities, or if there are other necessary considerations, the Company may resolve not to distribute dividends on the preferred shares and the preferred shareholders shall not dissent. The preferred shares are noncumulative, and any undistributed or under-distributed dividends will not be accumulated and deferred in coming years.</li> <li>Excessive dividend distribution: Except for receipt of dividends at the aforementioned rate, the preferred shareholders shall not participate in the distribution of earnings and capital surplus in cash and capitalization of common shares.</li> </ol>
	Priority of claims in liquidation	The preferred shareholders shall have priority in the distribution of the residual property of the Company over the common shareholders, and the shareholders of each class of preferred shares shall be paid in the same order, provided that such distribution shall not exceed the original amount of issuance.
	Exercise of voting rights	The preferred shareholders shall not have voting rights at general shareholders' meetings, but may be elected as directors, and shall have voting rights at shareholders' meetings of preferred shares and at shareholders' meetings concerning the rights and obligations of preferred shareholders.
	Others	When the Company issues new shares for cash, the preferred shareholders have the same right of first refusal to purchase the new shares as the common shareholders.

Outstanding preferred shares	Amount recalled or converted		0
	Balance not yet recalled or converted		NT\$ 15,821,423,740 (Note)
	Terms of recall/conversion		1. Preferred shares shall not be converted into common shares. 2. The preferred shares issued by the Company have no expiration date and the preferred shareholders have no right to require the Company to buy back the preferred shares held thereby. On the day following the expiration of seven years from the date of issuance, the Company may redeem all or part of the preferred shares issued at the actual issue price, and the un-redeemed preferred shares shall continue to be subject to the rights and obligations of the aforementioned terms of issuance. If the Company decides to pay dividends in the current year, the dividends payable as of the date of recovery are calculated based on the actual number of days the preferred shares are outstanding in that year.
Market price per share	2021	High	8.94
		Low	9.53
		Average	7.41
	Year to date until March 31, 2023	High	8.16
		Low	7.49
		Average	7.90
Other rights	Amount converted or subscribed up until the publication of the annual report	Not applicable.	
	Issuance and conversion/subscription rules	Please refer the Company’s Article of Association.	
Possible dilution of equity and impact on equity of existing shareholders due to issuance of preferred shares			None.

Note: 1,893,043,597 preferred shares were issued on December 30, 2021, and 310,901,223 preferred shares were eliminated on July 8, 2022 due to capital reduction. The number of preferred shares outstanding is 1,582,142,374.

#### 4.4 Issuance of Global Depository Receipts

None

#### 4.5 Employee Stock Options

##### 4.5.1 Issuance of Employee Stock Options (ESO)

None

#### 4.5.2 Issuance of New Restricted Employee Shares

1. For new shares with restricted employee rights that have not fully met the acquired conditions, the status of the transaction as of the date of publication of the annual report and the impact on shareholders' rights and interests shall be disclosed.

March 31, 2022

Type of New Restricted Employee Shares	Fifth Tranche	
Date of effective registration and total shares	August 11, 2021/ 112,500,000 shares	
Issue date	December 1, 2021	June 20, 2022
Number of shares issued	109,991,000 shares	1,100,000shares
Remaining shares that could be issued	0 shares (note)	
Issued price	The current issue is gratuitous	
New Restricted Employee Shares as a percentage of shares issued (%)	0.73%	0.01%
Vesting conditions of New Restricted Employee Shares	<p>Upon the expiry of the Performance Period, the number of Restricted Shares eligible for vesting (the “<b>Vesting Shares</b>”) will be calculated based on the level of achievement attained for the business criteria and applicable Payout Ratios and be rounded down to the nearest integer, subject to a further adjustment of 10% at most by the Remuneration Committee and the Board in consideration of the grantee’s personal performance and his/her contribution to the Company’s overall performance. The Restricted Shares granted in excess of the number of the Vesting Shares shall be deemed forfeited. The Vesting Shares will become vested in 3 installments on such dates as specified below (the “<b>Vesting Dates</b>”), subject to the conditions of (x) the grantee’s continuous employment with the Company (or its subsidiaries) through the Vesting Dates, (y) no breach of any terms of the Company’s (or its subsidiaries’) employment agreement on the part of the grantee nor disciplinary sanction with major demerit imposed on him/her during the Performance Period and (z) the grantee’s personal achievement ranked at level 3 or above during the Performance Period:</p> <ol style="list-style-type: none"> <li>1. On June 30, 2024: 40%</li> <li>2. On June 30, 2025: 30%</li> <li>3. On June 30, 2026: 30%</li> </ol>	
Restricted rights of New Restricted Employee Shares	<ol style="list-style-type: none"> <li>1. The unvested Restricted Shares shall not be sold, pledged, transferred, given to others, put back to the Company, or otherwise disposed of, except for inheritance.</li> <li>2. Grantees exercise their rights to attendance, proposal, speech, voting and election at Shareholders’ Meetings according to a custodial trust agreement.</li> <li>3. Grantees shall have all the rights and status as a common shareholder of the Company (including but not limited to the right to receive cash dividend, share dividend, and any other distributions resulting from capital reduction, distribution on capital reserve, merger, split-off or share swap) (collectively referred to as “<b>Distributions</b>”) but for the pre-emptive right to acquire new shares, provided, however, that any and all Distributions shall be held by a trustee until the Restricted Shares have become vested.</li> </ol>	
Custody status of New Restricted Employee Shares	Placed under custodial trust.	
Measures to be taken when vesting conditions are not meet	<ol style="list-style-type: none"> <li>1. Where an employee who has been granted Restricted Shares is not on the job on the vesting date, has committed an act of gross negligence by violating any of the agreements under Article VIII, of “Rules Governing 2021 Plan of Issuance of Restricted Shares for Employees”, or has failed to fulfill the personal performance indicators and operational goals set by the Company, the shares granted to him/ her but unfulfilled vesting conditions will be recovered and canceled by the Company without compensation.</li> <li>2. During the vesting period, if an employee has voluntarily resigned or been dismissed or laid off, his/her unvested shares will be recovered and canceled by the Company without compensation.</li> </ol>	

Number of New Restricted Employee Shares that have been redeemed or bought back	9,475,000 share	0 share
Number of released New Restricted Employee Shares	0 share	0 share
Number of unreleased New Restricted Shares	100,516,000 shares	1,100,000 shares
Ratio of unreleased New Restricted Shares to total issued shares (%)	0.67%	0.01%
Impact on possible dilution of shareholdings	The dilution of the Company's EPS is limited, so there is no significant impact on the interest of shareholders.	

Note: The unissued 1,409,000 shares will not be issued because the period of issuance as stipulated in Article 2 of the "Rules Governing 2021 Plan of Issuance of Restricted Shares for Employees" has expired

## 2. List of Executives Receiving New Restricted Employee Shares and the Top 10 Employees with New Restricted Employee Shares

March 31, 2023

Title	Name	No. of New Restricted Shares (000 shares)	New Restricted Shares as a Percentage of Shares Issued	Released				Unreleased			
				No. of Shares (000 shares)	Issued Price (NT\$)	Amount (NT\$'000)	Released Restricted Shares as a Percentage of Shares Issued	No. of Shares (000 shares)	Strike Price (NT\$)	Amount (NT\$'000)	Unreleased Restricted Shares as a Percentage of Shares Issued
President	Stefano Paolo Bertamini	26,181,000	0.17	0	0	0	0	26,181,000	0	0	0.17
Senior Executive VP	Julian Yen										
Executive Vice President	Patrick C Lin										
	Samar Kumar										
	Raymund Reyes										
	Ketan Samani										
	Alby Lee										
	David Thomas										
	Jeff Hsu										
	Melody Chen										
	Gabriel Heredia										
	Reddy Wong										
	Jenny Huang										
	Terence Yeung										
	Jacqueline Tan										
	Marisol Wang										
	Steve Wang										
	Amy Lee										
	David Chi										
	Kiki Shih										
	Richard Sun										
	Chris Sun										
	Michael Chang										
	Sharon Chen										
	Lisa Guo										
	Raymond Chang										
	Patrick Huang										
	Hans Tzou										
	Frances Tsai										
	Fleur Tsai										
	April Pan										
Senior Vice President	Sandra Yao										
Vice President	Vigo Chen										
	Joshua Fu										
Vice President	Joe Wang										
Employees	Mandy Chao										
	-										

## **4.6 Merger and Acquisitions or Transfers of other Financial Institutions**

### **4.6.1 CPA opinions on share swap ratios of mergers and acquisitions or transfers of other financial institutions in the current year**

The Company has no mergers and acquisitions or transfers of other financial institutions in the current year.

### **4.6.2 Disclosure of information on the merger and acquisition of other financial institutions in the most recent five fiscal years**

To strengthen its deployment in the financial industry, enhance operational capabilities, and expand its asset base, ultimately improving return on equity, the Company's Board of Directors resolved to make a tender offer to acquire a 21.13% interest equity in China Life on November 27, 2020. Such acquisition took place from January 8 to February 2, 2021. By February 2, 2021, a 25.76% equity interest participated in the acquisition, making the acquisition of a 21.13% equity interest in China Life. Together, with the shares of China Life 120 previously held by the Company and KGI Securities, the consolidated shareholding ratio reached 55.95%, making the Company a majority shareholder.

The Company's Board of directors resolved on August 12, 2021 to acquire China Life as a 100%-owned subsidiary of the Company through a share swap. The share swap has been approved by both the Company's and China Life's EGMs on October 1, 2021, and by the Financial Supervisory Commission pursuant to Letters Jin-Guan-Yin-Kong-Zi No. 1100228449 on November 16, 2021. On the shares swap date (December 30, 2021), the CDF common shares and preferred shares were issued and cash was paid to China Life shareholders in exchange for remaining China Life common shares, making China Life a 100%-owned subsidiary of the Company.

### **4.6.3 Implementation status of new share issuance in connection with mergers and acquisitions or transfers of other financial institutions approved by the Board, information on merged or acquired institutions, and the impact on shareholders' equity in connection with the ongoing merger and acquisition**

The Company has no any new share issuance in connection with mergers and acquisitions or transfers of other financial institutions approved by the Board in recent years up to the publication date of this annual report.

#### **Impact on shareholders' equity in connection with the ongoing merger and acquisition:**

None. The Company has no ongoing merger and acquisition in the recent years up to the publication date of this annual report.

## **4.7 Implementation of the Capital Utilization Plans**

As of the latest quarter before the publication date, there is neither any uncompleted public issue or private placement of securities nor any issue completed within the latest three years that has not yet yielded the planned benefits.



## **V. Operational Highlights**

### **5.1 Business Activities**

The primary business activity of each business category, the proportion of asset and/or income in each business category to total assets and/or income, and the growth and change of each business category are described as follows:

#### **5.1.1 Business Scope**

- 1. According to Article 36 of the Financial Holding Company Act, operations of the company and its subsidiaries shall be limited to investment and management of invested entities, as detailed below. The main businesses of the Company and its subsidiaries are as follows:**

##### **◎ China Development Financial Holding**

- (1) The Company may invest in the following enterprises:**
  - Financial holding companies;
  - Banks;
  - Bills finance companies;
  - Credit card companies;
  - Trust companies;
  - Insurance companies;
  - Securities companies;
  - Futures companies;
  - Venture capital firms;
  - Foreign financial institutions approved for investment by the competent authority
  - Other enterprises permitted by the competent authority
- (2) (2) Management of the aforementioned enterprises**
- (3) (3) Other operations approved by the competent authority**

##### **◎ China Life Insurance**

- Life insurance

##### **◎ KGI Bank**

- The Bank is creating a new type of branch by introducing paperless account opening with electronic signatures, customer-specific TCR cash recycling machines, and online pre-fill forms to enhance customer experience.
- Introduce an independent service platform integrating intelligent customer service, combine AI technology to expand new customer groups and increase the number of users, and expand sales

momentum to increase revenue.

- In order to develop a cross-field integrated financial services ecosystem and enhance application efficiency and customer loan experience, the Bank aims to solve the problems of customer application processes and become an innovative loan expert.
- The Bank is optimizing its financial transaction system to enhance the efficiency of financial transaction services and its ability to manage position risks.

#### ◎ **KGI Securities**

- Underwriting marketable securities
- Proprietary trading of listed marketable securities
- Brokerage of listed marketable securities
- Proprietary trading of over-the-counter marketable securities
- Brokerage of over-the-counter marketable securities
- Margin trading and stock loan
- Agency of securities and stock affairs
- Brokerage of foreign marketable securities
- Proprietary trading of futures
- Concurrently engaged in futures proprietary business
- Concurrently handling wealth management business in the form of trust
- Concurrently engaged in securities investment consulting and discretionary investment business
- International securities business
- Other securities related businesses approved by the competent securities authority

#### ◎ **CDIB Capital Group**

- Venture capital investment
- General investment
- Investment consultancy
- Management consultancy
- Other consultancy
- Development, rental and sale of residential and building
- Reconstruction within the renewal area
- Renovation and maintenance within the renewal area
- Real estate commerce
- Real estate leasing

- General hospitality industry, including hotels and motels
- Restaurants
- Other operations not prohibited or restricted by law, except those subject to special approval

◎ **China Development Asset Management**

- Purchase of monetary liabilities from financial institutions
- Evaluation or auction of monetary liabilities of financial institutions
- Management of monetary liabilities of financial institutions
- Purchase of accounts receivable
- Management of overdue accounts receivable
- Industry and commerce credit bureau services
- Data processing service
- Leasing and rental
- General advertising
- Management consultancy
- International trade
- Investment consultancy
- Development, rental and sale of residential and building
- Industrial factory buildings leasing and sales
- Specialized field construction and development
- Public works construction and investment
- New county and community construction and investment
- Land levy and delimit
- Reconstruction within the renewal area
- Real estate leasing
- National but not public property management
- Renovation and maintenance within the renewal area
- Real estate commerce
- Agency services
- Other operations not prohibited or restricted by law, except those subject to special approval

## 2. Revenue Distribution

### ◎ CDF

Unit: NT\$ 1,000

Item \ Year	2021		2022	
	Revenues	%	Revenues	%
Share of the profit of subsidiaries, associates and joint ventures	37,966,527	100	19,810,740	99
Others	20,376	0	245,906	1
Total	37,986,903	100	20,056,646	100

Source: 2021-2022 audit financial report.

### ◎ China Life Insurance

Unit: NT\$ 1,000

Item \ Year	2021		2022	
	Revenues	%	Revenues	%
Personal insurance	169,143,296	76	124,569,253	69
Personal accident insurance	2,656,610	1	3,058,441	2
Personal health insurance	20,921,020	9	21,790,399	12
Group insurance	2,841,961	1	3,056,594	2
Annuity insurance	2,204,259	1	3,170,410	2
Investment linked	26,245,494	12	23,692,455	13
Total Premium	224,012,640	100	179,337,552	100

Source: 2021-2022 China Life Insurance Annual Report.

### ◎ KGIB

Unit: NT\$ 1,000

Item \ Year	2021		2022	
	Net revenues	%	Net revenues	%
Interest profit, net	8,787,454	78	9,368,474	72
Noninterest profit and gain, net	2,522,853	22	3,706,415	28
Total	11,310,307	100	13,074,889	100

Source: 2021-2022 audit financial report.

◎ **KGIS**

Unit: NT\$ 1,000

Item \ Year	2021		2022	
	Revenues	%	Revenues	%
Brokerage handling fee revenue	11,802,116	51	7,352,133	53
Revenue from borrowed securities	1,367,668	6	1,595,068	11
Revenue from underwriting business	989,389	4	527,542	4
Gain (loss) on disposal of trading securities, net	5,407,685	23	(2,652,160)	(19)
Interest income	2,655,343	11	2,931,828	21
Loss on trading securities measured at fair value through profit or loss, net	(318,283)	(1)	(2,681,143)	(19)
Gain (loss) on warrants issued, net	(258,348)	(1)	2,295,553	17
Gain on derivative financial product	1,873,783	8	1,586,541	11
Others	(371,652)	(1)	2,852,143	21
Total	23,147,701	100	13,807,505	100

Source: 2021-2022 audit financial report.

◎ **CDIB Capital Group**

Unit: NT\$ 1,000

Item \ Year	2021		2022	
	Revenues	%	Revenues	%
Share of the profit (loss) of subsidiaries, associates and joint ventures	1,673,350	80	(364,975)	(149)
Gain (loss) on financial assets measured at fair value through profit or loss	408,412	20	164,395	67
Other operating revenue	-	-	(45,226)	(18)
Total	2,081,762	100	(245,806)	(100)

Source: 2021-2022 audit financial report.

◎ **AMC**

Unit: NT\$ 1,000

Item \ Year	2021		2022	
	Revenues	%	Revenues	%
Operating revenue	105,088	62	167,425	37
Others	64,466	38	291,429	63
Total	169,554	100	458,854	100

Source: 2021-2022 audit financial report.

### 3. New Financial Products and Services in Development

To sustain growth, the Company has been actively utilizing a variety of marketing resources to develop new products and facilitate business cooperation among subsidiaries. During the product development stage, the Company engages not only marketing and product planning experts, but also talent from various departments such as operations, customer service, IT, compliance, risk management, and financial management in order to gain different perspectives and to ensure product success at the highest level of efficiency. Below is an overview of new financial products and services developed by subsidiaries:

#### ◎ China Life

- The Company has long been committed to monitoring trends in financial technology development and changes in social structure. In order to further tap into market demand, we have developed a comprehensive range of insurance products with the customer life cycle at the center, designed segmented products to meet different group needs, and applied digital technology to assist customers in transferring and preventing personal risks, providing innovative products and services that meet customer expectations, and embodying the core spirit of love and care in a concrete way. We aim to make insurance no longer just an intangible product, but an experience and service with warmth and care that starts from customer needs, and to fulfill the social responsibility of life insurance in protecting individuals and their families. The Company's life insurance products include life insurance, health insurance, accident insurance, annuities, and investment-type insurance products. Life insurance and accident insurance are designed to prepare for the living, compensating beneficiaries for the economic impact of the insured's death or disability due to injury. Health insurance compensates for financial losses incurred by people who receive medical treatment due to accidents or illnesses. The annuity insurance is designed to prepare for future retirement by saving funds from the present. Investment-linked insurance products combine investment with life insurance or annuities, allowing policyholders to enjoy potential investment returns and insurance protection at the same time. This allows policyholders to plan for both investment and protection through a single premium payment.

#### ◎ KGI Bank

- Develop sustainable financial products to meet the financial needs of enterprise customers at all stages of the net zero carbon emission path.
- Provide a complete range of financial products to meet customers' investment needs for different investment periods.
- Build an end-to-end customer journey optimization from a customer-centric perspective to provide a simple and seamless digital experience.
- Refine customer relationship management for individual and institutional financial services, enhance marketing and risk control capabilities, and increase customer loyalty and contribution.
- Expand the financial ecosystem and bring in new customers by leveraging strategic alliances to replicate the successful experiences of startup platforms.
- Reference successful industry data analysis and management models to develop a data transformation blueprint.

◎ **KGI Securities**

- KGI Securities is actively investing in the development of derivative products, with expenditures of NT\$8.66 million and NT\$17.93 million in 2021 and 2022, respectively. In recent years, KGI Securities has successively obtained the business qualifications for various financial products, such as interest rate swaps (IRS), interest rate options (IRO), asset swaps (CBAS), structured notes, bond options, equity options, and credit derivatives. Recently, leveraged and structured products have been highly favored by individual customers who qualify as professional investors. With a customer-centric approach, the Company is actively expanding the range of structured products that link to different underlying assets to meet the expectations of different customers. For example, in 2021, we launched floating-rate bond-linked notes (BLN) denominated in both Taiwanese and US dollars. In response to the interest rate hike cycles by various central banks, this expansion from fixed-rate to floating-rate interest bonds offers more competitive financial products to customers. Looking to the future, in response to government policies and market trends, the Company plans to incorporate green finance concepts in structured products and warrants.

## 5.1.2 Annual Business Plan

### ◎ CDF

- Accelerate Digital: To set an industry benchmark
- Become Employer of Choice: To achieve sustained employee engagement
- Customer Focus: To become the most sought-after brand
- Drive Growth: To outperform peers
- Execution Excellence: To deliver the best results for all stakeholders

Following are the subsidiaries' business plans:

### ◎ China Life

- Optimize product structure by focusing on high-value products to enhance the company's long-term intrinsic value.
- Deepen the value of digital services and accelerate the digitization of the customer journey.
- Expand the size of the Company's proprietary distribution network to enhance our marketing capabilities and efficiency.
- Deepen relationships with banks and insurance agents to enhance productivity through digital empowerment.
- Leverage "healthcare" cross-industry alliances to enhance the customer experience with meaningful services.

### ◎ KGI Bank

- Establish a high-quality financial brand image and strategic partnerships to build an ecosystem and expand the effective customer base and assets and liabilities.
- Pursue stable sources of profits and high-quality professional services to become the most recommended bank among customers, and increase various types of fee income and return on equity (ROE)
- Continuously seek partnership opportunities and investment options to expand overseas revenue sources.

### ◎ KGI Securities

- Regional digital transformation and comprehensive evolution of digital trading platforms at home and abroad
- Focus on customer needs and provide global and optimal goods and services
- Strengthen product innovation at home and abroad and promote the asset management scale of the Group
- Maintain leadership in underwriting and fixed income businesses.



- Process simplification and efficient execution
- Expand the development of cross industry cooperation of CDF
- Lead ESG practices.

#### ◎ **CDIB Capital**

- Expand the scale of asset management and continue to raise venture capital funds and private equity funds
- Make good use of the relationship between CDF and strategic alliance to build a high-quality investment source
- Actively build Taiwan and overseas investment network and establish strategic alliance relationship
- Continue to develop the business of institutional legal person customization and implementation of private fund investment strategy
- Give full play to the added value of CDIB Capital Group and optimize the investment value

#### ◎ **China Development Asset Management**

- Optimize and repair the held assets to enhance their value.
- Adopt a strategy of both renting and selling, and find customers at the most favorable prices through various channels to increase operating income and realize profits.
- Assist in the optimization or sale of idle real estate managed, maintained, and disposed by the Company entrusted by the subsidiaries of CDF.
- To enhance the depth and intensity of debt recovery, we will evaluate increasing the number of outsourced agencies responsible for debt collection and utilizing various legal channels to improve the recovery performance of cases.

### **5.1.3 Industry Overview**

#### **1. Financial holding industry**

Due to the successful merger between Fubon Financial Holding and Jih Sun Financial Holding in November 2022, which was the first merger between financial holding companies in Taiwan, the total assets and net worth of the 15 financial holding companies in Taiwan at the end of 2022 accounted for approximately 83% and 75% of all monetary institutions in Taiwan, respectively. This makes Fubon Financial Holding one of the dominant forces and primary operating models in the Taiwan financial services industry. In 2022, the net after-tax profit of the 14 listed financial holding companies in Taiwan was NT\$283.1 billion, a year-on-year decrease of 51.2%, indicating weak operating performance. This was mainly due to the high base effect of profits in 2021 and poor performance in the capital markets in 2022, which led to a decline in the valuation of investment positions in the insurance, banking, and securities industries. The significant decline in brokerage fees in the securities industry reflected a year-on-year decrease of 36% in the average daily trading volume of Taiwan's stock market. In addition, the COVID-19 outbreak in Taiwan escalated in April 2022, resulting in a significant increase in provision

for claims reserves for epidemic prevention policies by non-life insurance companies, reaching NT\$200 billion by the end of 2022. The weakened economic conditions in Taiwan also led to higher credit costs for banks. However, there were some positive factors such as the continued benefit to banks' net interest income and FX swap trading gains from the FED's interest rate hikes in the United States. In 2022, the net profit of financial holding companies in Taiwan decreased by 51.2%. Among them, the net profit of bank holding companies decreased by 19.5%, which is better than the decline in net profit of life insurance and securities holding companies, which expanded to 66% and 71%, respectively.

In 2023, although currency tightening policies of various countries will be relaxed, interest rates will remain high, which will affect the economy and trade of many countries. It is expected that global trade will continue to decline for at least half a year. In terms of domestic demand, international travel should drive private consumption. Investment is restricted by the pressure for manufacturers to reduce inventory, and some companies will be more cautious when investing. It is projected that economic growth in Taiwan will slow in 2023 compared to the previous two years. Due to market fluctuations and foreign exchange losses, the life insurance business and profits in the first half of 2023 will still be affected. In comparison, banks will continue to benefit from the increase in interest rates, which will improve their net interest income. However, if the US inflation declines and leads to an expectation of interest rate cuts in the second half of the year, it will help to stimulate the capital market and drive the recovery of the life insurance and securities business. Nevertheless, it is still necessary to monitor whether the continued weak economic conditions in Taiwan and globally in 2023 will lead to a deterioration of bank asset quality and an increase in credit costs.

## **2. Life insurance industry (Provided by China Life)**

In 2022, the COVID-19 pandemic continued to impact the global economy due to new variants of the virus, and was followed by the geopolitical conflict between Russia and Ukraine, as well as rapid interest rate hikes by the US dollar. Central banks around the world faced the risk of economic contraction and adopted interest rate hikes to combat inflation. The global economic environment became more challenging as a result. In Taiwan, the economy has been impacted by global economic challenges, and the signals for economic policy have been declining on a monthly basis since last year, indicating weaker growth momentum. The end-market demand has been sluggish, and the industry supply chain has been continuously adjusting inventories. Exports have also been affected. However, domestic consumption has remained stable due to proper control of the pandemic. In 2023, the global economy will continue to face severe challenges, including the continuation of the Russia-Ukraine war, the threat of inflation easing, and climate change factors, all of which add to the uncertainty of global economic development. Major international institutions all expect global economic growth to be lower in 2023 than last year. China Life will continue to respond to global political and economic changes with a cautious attitude.

In terms of life insurance industry, at the end of 2022, there were 21 companies operating life insurance business in Taiwan, 19 domestic life insurance companies and 2 foreign life insurance companies. The total premium income of the life insurance industry amounted to NT\$ 2,334.4 billion, a decrease of 21.4% over the same period last year. New contract premium income was NT\$772.8 billion, a decrease of 26.2% from the same period last year. The premium income in the continued year was NT\$ 1,561.5 billion, a decrease of 18.8% compared with NT\$ 1,923.1 billion in the previous year. Further analyze

the premium income of the new contract, and the proportion of each insurance category is as follows: Annuity insurance premiums of NT\$ 264.8 billion, accounting for 34.3%, life insurance premiums of NT\$ 460.1 billion, accounting for 59.5%, health insurance premiums of NT\$ 36.6 billion, accounting for 4.7%, and injury insurance premiums of NT\$ 11.4 billion, accounting for 1.5%. In terms of channel premium, bancassurance accounted for 49.0% of the new contract premium in 2022. The premium of salesmen and other channels accounts for about 51.0%. In terms of product structure, the ratio of new investment-type product premiums to total new premiums was 44.8% in 2022, while the ratio of new traditional-type product premiums was 55.2%. Overall, the life insurance industry was affected by the macro environment, and China Life's new premium income for 2022 was NT\$70.1 billion, with total premium income of NT\$179.3 billion. High-value products such as installment payment and protection-type products maintained stable growth.

Looking ahead to 2023, there are still high risks in the international political and economic situation, and concerns about continued inflationary pressures have not yet been eliminated. The US FED has not ruled out the possibility of continuing to raise interest rates, which will also have an impact on investment and operating environments. Facing inflationary pressures, people's willingness to consume and insure may also become more conservative.

In terms of the correlation between the upper, middle and lower reaches of the insurance industry, the insurance commodity starts from the insured to the insurance company. After underwriting the insurance, in order to disperse the underwriting risk, the insurer will transfer the risk through reinsurance in addition to maintaining the self retained part according to its underwriting energy.

### **3. Banking industry**

The number of domestic banks and branches in 2022 has decreased 39 banks with a total of 3,388 branches, which is 25 branches less than in 2021. However, the market challenges posed by competition from peers and digital transformation have not diminished. The COVID-19 pandemic has driven consumers' demand for zero-contact financial services, leading banks and pure online banking operators to increase promotions for mobile payments to attract consumers. In addition, regulatory authorities actively promote electronic payment, and more people are inclined to use digital financial services. According to the FSC, there were 13.855 million digital deposit accounts in domestic banks in the end of 2022, an annual increase of 32%, and the number of increased accounts reached 3.386 million. In 2022, there were a total of 30 electronic payment companies in Taiwan with approximately 21.88 million users, which showed an increase of 6.07 million users from the same period two years ago. The Financial Supervisory Commission statistics showed that in 2022, the amount of non-cash payment transactions reached NT\$6.17 trillion, exceeding the original target of NT\$6 trillion, with a total of 5.458 billion non-cash transactions.

According to the Financial Supervisory Commission's data, Taiwan banking industry's pre-tax profit in 2022 was NT\$432.1 billion, showing a 12% increase from the previous year and reaching a historical high. The main source of the growth was the increase in net interest income, reflecting the rise in interest rates in the United States and Taiwan, which improved banks' net interest margins, coupled with appropriate control of bad debt expenses. Looking ahead to 2023, as we enter the later stages of interest rate hikes, we expect the increase in net interest margins to slow down. In addition, due to the cooling of Taiwan's external trade demand, which is a result of the global economic slowdown, Taiwan's export growth rate has gradually slowed down. It is estimated that in 2023, Taiwan's loan

growth will return to mid-single-digit growth as Taiwan's GDP falls below 3%, and we need to pay attention to whether the economic downturn will lead to a deterioration in bank asset quality and an increase in credit costs.

#### **4. Securities industry(Provided by KGI Securities)**

Although the number of domestic securities firms reached as high as 105 and there were 849 operating locations by the end of 2022, the figures have decreased compared to 190 firms and 1,092 locations in 2000, reflecting the significant consolidation of the securities industry over the past 20 years. After Fubon Financial Holding successfully completed the merger with Jih Sun Financial Holding in November 2022, it is expected that Fubon Securities will merge with Jih Sun Securities in 2023. After the merger, Yuanta Securities, KGI Securities, and Fubon Securities are still expected to be the top three brokers in terms of market share. Looking back on 2022, the financial situation caused by the US Federal Reserve and central banks around the world raising interest rates at the end of the first quarter and increased geopolitical risks have led to a significant decline in global demand. Taiwan's exports showed a decline in annual growth starting in the fourth quarter, leading to a greater impact on the export-oriented Taiwan stocks. At the end of 2022, the closing index was only 14,137.69 points, representing a drop of 22.4%, and the daily trading volume of the Taiwan Stock Exchange and the Taipei Exchange also decreased to NT\$305.1 billion, showing a year-on-year decrease of 36%. According to statistics from the Taiwan Stock Exchange, the after-tax net profit of all securities firms in 2022 declined by 63% to NT\$38.728 billion, returning to the level of 2019, with a year-on-year decrease of NT\$66.699 billion. Among them, brokerage fee income decreased by 54%, proprietary business profit decreased by 102%, and underwriting business profit declined by 54.4%.

In 2023, although currency tightening policies of various countries will be relaxed, interest rates will remain high, which will affect the economy and trade of many countries. It is expected that global trade will continue to decline for at least half a year. In terms of domestic demand, international travel should drive private consumption. Investment is restricted by the pressure for manufacturers to reduce inventory, and some companies will be more cautious when investing. It is projected that economic growth in Taiwan will slow in 2023 compared to the previous two years. In the first half of the year, Taiwan stocks may still reflect the inventory corrections and insufficient demand. In the second half of the year, inflation is expected to decrease and lead to the lowering of interest rates by the FED, which will help the capital market to rebound from the bottom. It is predicted that the Taiwan stock index and trading volume will fall first then rise. The operations of the securities industry in 2023 may show gradual recovery.

#### **5. Venture capital industry**

In the past, Taiwan's local venture capital industry lacked international connections, which led to a period of stagnation. However, with the revision of the rules of the National Development Fund, funds are actively being directed back to Taiwan and foreign venture capitalists are being attracted to bring their knowledge to Taiwan, injecting new vitality into Taiwan's venture capital industry. Since 2013, the venture capital industry has begun to be incorporated into overall policy guidelines. Through cooperation with the Ministry of Education, the Ministry of Economic Affairs, and the National

Development Council, a comprehensive strategy has been established to assist new startups. In addition to basic research and industry-academia collaboration with academic research institutions, the government's National Development Fund has promoted the "Angel Investment Program" since 2018 in recent years. Up until 2022, 215 investments have been approved with a total investment amount of NT\$3.002 billion dollars, which has also stimulated angel investors and private investors to inject NT\$9.298 billion into new startups. In terms of policies, in June 2021, the Executive Yuan announced the "National Development Council's Guidelines for Promoting Private Equity Investment Industry Counseling and Management", which assists private equity investors in applying for National Development Fund investments or obtaining private funds from insurance companies and other sources. This is expected to strengthen the driving force for the growth of Taiwan's venture capital industry. "In addition, the National Development Fund has extended the "Assistance Program for Startups Affected by COVID-19" until April 2023, to continue assisting startups affected by the pandemic in obtaining operating funds.

Looking forward to 2023, although governments around the world are gradually ending their tight monetary policies and economic growth is slowing down, the semiconductor industry, smart manufacturing, generative AI, green energy technology, and the health care sector (including pharmaceuticals and biotechnology, health care services, and medical equipment) are expected to remain mainstream investment trends, which will continue to attract market funds. In addition, First Financial Holding's private equity firm officially began operations in January 2023, focusing on infrastructure investments and anticipating business opportunities in offshore wind farms, BOT project for the Shalun Science City smart energy management system, and nationwide smart healthcare. In January 2023, the Private Equity Association was also established by the private equity industry, and two private equity funds (Taiwania Capital and Bowrington Capital) have already obtained approval letters from the National Development Council. It is expected that other financial holding companies will also establish private equity firms in the future, indicating a trend of further expansion and development for Taiwan's venture capital industry.

#### 5.1.4 Research and Development

The Company conducts research and development mainly via its subsidiaries, including China Life, KGI Bank, and KGI Securities. New financial products are developed with the aim of strengthening product portfolios, providing diversified services, and expanding the customer base. Research and development activities are described as follows:

##### ◎ China Life

##### (1) Research and development expenses in the past two years

Unit: NT\$1,000

Year	2021	2022
Amount	94,733	87,518

##### (2) Research and development achievements in the past two years and future plans

- The Company is customer-oriented and plans products for various stages of life based on customer needs, including life insurance, retirement planning, accident insurance, medical insurance, long-

term care, financial planning, and protection. At the same time, we are developing long-term, protection-based products with rigorous asset-liability management and risk control to address the issue of insufficient protection for the people of Taiwan.

- To cope with the prevalent social phenomenon of an aging population and low birth rate, we plan competitive retirement products in advance for our customers, prepare retirement funds and medical funds for their later years, and enable them to plan for retirement life based on their own needs and income budgets. The Company helps people prepare for retirement in advance.
- Global economic market growth is slowing down, and the supply chain bottleneck and inflationary pressure are continuing to impact global economic growth. The impact of the Russia-Ukraine war is also a concern. Customers are turning their attention to asset preservation and healthcare. The Company plans to develop stable life insurance protection and more comprehensive medical insurance to provide more comprehensive protection that better meets the needs of our customers.
- Asset preservation, retirement inheritance and medical care are the core of China Life. With a professional and experiential design team and the unique characteristics of each channel, China Life will continue to launch differentiated products that meet the needs of customers, so as to meet their all-round career needs and hope to establish a win-win situation for China Life and its customers.

## ◎ KGI Bank

### (1) Research and development expenses in the past two years and in the coming year

Unit: NT\$1,000

Item	R&D spending in 2021	R&D spending in 2022	Estimated R&D costs in 2023
Amount	232,620	452,737	1,150,909

### (2) Research and development programs

- A. The Company has introduced the Medallia NPS recommendation survey platform to collect customer opinions and use digital footprint tracking tools to provide personalized services based on individual differences. The Bank has launched a cardless cash withdrawal service, established a new customer application process for all products (Onboarding Journey), and optimized our internet banking and mobile banking systems to provide more accessible and user-friendly services. The Bank is committed to practicing fair treatment for customers and enhancing their customer experience.
- B. The Bank is building a new type of branch by introducing paperless account opening with electronic signatures, customer-specific TCR cash recycling machines, and online pre-fill forms to enhance customer experience.
- C. Introduce an independent service platform integrating intelligent customer service, combine AI technology to expand new customer groups and increase the number of users, and expand sales momentum to increase revenue.
- D. In order to develop a cross-field integrated financial services ecosystem and enhance application

efficiency and customer loan experience, the Bank aims to solve the problems of customer application processes and become an innovative loan expert.

- E. The Bank is optimizing its financial transaction system to enhance the efficiency of financial transaction services and its ability to manage position risks.

## ◎ KGI Securities

### (1) Research and development expenses in the past two years

KGI Securities is actively investing in the development of derivative products, with expenditures of NT\$8.66 million and NT\$17.93 million in 2021 and 2022, respectively. In recent years, KGI Securities has successively obtained the business qualifications for various financial products, such as interest rate swaps (IRS), interest rate options (IRO), asset swaps (CBAS), structured notes, bond options, equity options, and credit derivatives.

### (2) Achievements in research and development in the past two years and further plans

KGI Securities ranks among the leading securities companies in the equity related derivatives business. In 2022, there were 9,779 warrants issued by KGI Securities, with an issuance amount of NT\$ 96.6 billion. It is expected that through the one-time full purchase strategy, investors can provide diversified warrant investment options no matter how the market trend changes. In addition, KGI Securities adopted a positive and stable warrant market making strategy and continuously optimized the existing warrant market making system to make the warrants highly liquid and price linked, hoping to enable KGI customers to have a good warrant investment experience.

KGI Securities is a leading group in the OTC derivative business, relying on its professional financial engineering capabilities to actively research and develop various types of financial products and successfully establish a competitive advantage in financial innovation. In terms of structured products, the Company places the customers first and actively provides customers with diversified options. Its product offerings include short-term principal-protected structured products linked to interest rate indices denominated in New Taiwan Dollar, US Dollar, or Renminbi, structured products linked to non-principal protected mutual funds or high-quality corporate bonds denominated in New Taiwan Dollar, and non-principal protected structured products linked to foreign equity options denominated in foreign currencies. In 2022, KGI Securities was one of the market-leading securities firms in terms of total structured product underwriting amount and volume of decomposed asset swap option transactions for convertible corporate bonds. Going forward, the company will continue to provide full range of professional services with a view to achieving a win-win situation for investors and shareholders alike.

## **5.1.5 Short and Long Term Business Development Plans**

### **1. Short-term business plans**

Please refer to section 5.1.2 “Annual Business Plan”.

### **2. Long-term business plans**

#### **◎ CDF**

CDF has entered a new era with four engines of growth: life insurance, banking, securities, and venture capital/ private equity. In the future, CDF will aim to provide customers with comprehensive financial services and become the most distinguished financial holding group among Chinese communities around the world.

#### **◎ China Life**

- (1) Pay attention to social trends and implement fair treatment of customers and sustainable management.
- (2) Strengthen risk measurement and monitoring mechanisms in response to risk profiles.
- (3) Focus on information security issues and actively establish a robust information security system.
- (4) Stably manage the Chinese market and seize overseas development opportunities.
- (5) Utilize emerging technologies and implement an agile culture to improve company performance and customer satisfaction.

#### **◎ KGI Bank**

- (1) Accelerate Digital Accelerate digital transformation and work with alliance partners to build a financial ecosystem.
- (2) Become Employer of Choice Build an excellent employer brand, start with employee engagement, training and performance management system, and strive to become the first choice for top financial and cross domain talents.
- (3) Customer Focus Improve customer satisfaction, optimize the user interface of mobile banking and Internet banking, simplify the product purchase process, and bring customers services with both temperature and efficiency.
- (4) Drive Growth Focus on the steady growth of the three major businesses of corporate finance, personal finance and financial market, improve the income of assets and handling fees, and deepen the benefits of the group's cross selling cooperation.
- (5) Execution Excellence ESG issues will be deeply rooted in operational strategies to enhance the investment value of shareholders.



◎ **KGI Securities**

- (1) Develop the refined wealth management service model of virtual and real integration
- (2) Promote the integration of overseas platforms and steadily enhance the contribution of overseas profits
- (3) Establish digital channels and expand external sales channels
- (4) Actively develop business niche in mainland China and Southeast Asian markets
- (5) Build an efficient and secure information infrastructure to cope with the trend of future competition
- (6) Actively promote ESG sustainable operations

◎ **CDIB Capital**

- (1) Layout Asia Pacific and North America and implement regional development strategies.
- (2) Expand the scale of asset management, continuously improve brand awareness and market position, and become the preferred asset manager and investment strategy partner in the Asia Pacific region.
- (3) Diversify revenue sources.
- (4) Continue to recruit high-quality teams to connect the past and the future.
- (5) Continuously implement the responsible investment policy

◎ **China Development Asset Management**

- (1) Short-term plan
  - A. Accelerate the recovery of non-performing debts
  - B. Optimize and sell existing assets.
  - C. Handle the management, maintenance, and disposal of idle real estate entrusted by the subsidiaries of CDF.
- (2) Long-term plan
  - A. Continue to optimize and sell existing assets.
  - B. Fight for the expansion of asset management company business scope by the Financial Supervisory Commission.
  - C. Assess and conduct peer cooperation to expand business scope and scale together.
  - D. Assess the expansion of the handling of idle real estate entrusted by the subsidiaries of CDF and conduct property management services.

## 5.2 Cross-Selling and Synergy

After acquiring China Life in September 2017, the Company's main subsidiaries now span four core business activities: life insurance, securities, banking, and venture capital/private equity. This enables the Company to offer customers a comprehensive selection of financial products and services.

In order to provide customers with more comprehensive financial products and services, and improve operational synergies, the Company's subsidiaries (KGI Bank, KGI Securities, and KGI Futures) have obtained regulatory approval in November 2014 to engage in cross-selling activities. In September 2018, China Life also signed cross-selling agreements with KGI Bank and KGI Securities to expand its cross-selling portfolio.

Through cross-selling, KGI Bank can rapidly expand its customer base, and all subsidiaries can effectively broaden their business scales and uncover more business opportunities. The addition of China Life strengthens the Company's ability to devise and integrate financial products that meet customer needs, and helps launch on-trend products in order to cash in on business opportunities. The Company's involvement in the insurance, banking, and securities businesses, and cooperation with a variety of capital channels enable it to provide individual and corporate customers with more comprehensive financial services. The Company aspires to elevate the retention and engagement of each and every customer in order to maximize the proceeds of the Company as a whole.

The Company's cross-selling activities are carried out in accordance with Article 43 of the Financial Holding Company Act, the Guidelines for Cross Marketing among Subsidiaries of Financial Holding Companies, and related internal regulations to protect the customers' rights and interests and personal information.

## 5.3 Market and Business Overview

### ◎ CDF

Since the implementation of the Financial Holding Company Act on November 1, 2001, there are now 15 financial holding companies in Taiwan, with 14 being listed companies. In 2022, the total combined assets and shareholders' equity of the 15 financial holding companies reached NT\$67.3 trillion and NT\$3.73 trillion, respectively, accounting for approximately 83% and 75% of all financial institutions in Taiwan. The Company has become the most important dominant force in Taiwan's financial industry. In recent years, financial holding companies have continued to expand their overseas development and new southbound policies, as well as enhance the synergy of resources and business integration within their groups to strengthen their competitiveness. They have also strengthened cooperation within the domestic financial industry. For example, CTBC Financial Holding merged with Taiwan Life in 2015, KGI Securities acquired a 35% stake in China Life in 2017, Taishin Financial Holdings acquired 100% stake in Prudential Life in 2020, and as of May 2022, Fubon Financial Holdings had acquired 73.91% stake in Jih Sun Financial Holding and completed the first financial holding company merger in November 2022. The financial holding company merger is expected to help Fubon Financial Holdings strengthen its banking and securities operations, and expand its overall economy of scale and efficiency. After the merger, Fubon Financial Holdings is expected to rank among the top three in the market in terms of economic, financing, and sub-brokerage businesses. After the merger of Taipei Fubon Bank and Jih Sun Bank, the number of branches is expected to make it the largest private bank in Taiwan.

At present, the four subsidiaries of CDF are China Life, KGI Bank, KGI Securities and CDIB Capital Group. Among them, CDIB Capital Group and KGI Securities have long been occupied a leading position in Taiwan's investment banking business and capital market. After China Life being incorporated into the Company in September 2017, CDF began to be engaged in four main industries: life insurance, banking, securities, and venture capital/private equity. At the end of 2021, 100% of China Life's shares were acquired. The enhancement of its life insurance business is expected to contribute to the profitability and capital utilization efficiency of CDF.

Looking ahead to 2023, while insurance-focused financial holding companies will benefit from the US interest rate hike, which will drive up yields on new bond money, the widening of the Taiwan-US interest rate differential will not be favorable for hedging costs, and challenges to capital gains from stocks and bonds will continue to be affected by fluctuations in the capital market. Securities profits will also be affected by the daily trading volume and investment returns of the Taiwan Stock Exchange. While banks will continue to benefit from the increase in net interest income, the key to profitability will be whether asset quality leads to an increase in credit costs. Additionally, due to the future adoption of International Financial Reporting Standard 17 (IFRS 17) and International Capital Standard 2.0 (ICS) in 2026, the life insurance industry is expected to continue to strengthen its capital levels in the next three years to comply with the capital requirements of IFRS 17 and ICS 2.0.

## ◎ China Life

### 1. Main products and markets

China Life has sales channels and administrative locations throughout Taiwan and Penghu. As of 2022, the Company has 9 branches and 139 offices. China Life has successfully developed more than 100 cooperation channels of insurance brokers/agents and a number of Bancassurance channels to provide complete sales information and service channels for policyholders.

### 2. Future supply-demand dynamics

The increased awareness of health risks due to the impact of the pandemic, coupled with the rapid aging and declining birth rates in the population, has led to a growing demand for financial and health management and medical care among the elderly. It is expected that there will be a continuous expansion of the demand for medical insurance, long-term care, retirement financial planning, aging and health promotion.

As the control measures for the pandemic continue to be relaxed and borders are opened, the demand for travel by Taiwanese people has increased, leading to an increased need for travel safety insurance.

In response to the government's protection policies, returning insurance to its basic nature of guaranteeing the principal will stimulate the public's demand for insurance protection, gradually improve long-term and protection-oriented products, and enhance public security.

### 3. Business objectives

Please refer to the aforementioned (I) Business Activities and (II) Annual Business Plan of V. Operational Highlights.

### 4. Positives and negatives for future development

#### (1) Competitive niche and positives

- Fitch Ratings has awarded the Company with an "A" in International Financial Strength Rating and an "AA+(twn)" in Domestic Financial Strength Rating, showing a stable outlook.
- For four consecutive years, the Company's outstanding performance in "Fair Treatment for Customers" has been recognized by regulatory authorities, and it is ranked first in the industry.
- The Company has implemented the spirit of inclusive finance and fair customer treatment, and its microinsurance business has won awards for eight consecutive years in industry competitions.
- By leading digital innovations, the Company's customer app won the National Brand Yushan Award and was the first in the industry to introduce diversified remote insurance channels. It was also selected as the "Best Digital Transformation Life Insurance Company in Taiwan 2022" by Global Banking and Finance Review.
- The Company launched the industry's first all-digital smart health journey management service in conjunction with the Chi Mei Medical System, and introduced customer-initiated all-digital claims application services through digital integration.
- The Company is actively strengthening risk management and has passed the international ISO 22301 key business continuity standard.
- The Company attaches great importance to information security, and in addition to establishing an "Information Security Committee" and dedicated units, it has also implemented ISO 27001 to continuously strengthen information security. As a result, the Company has been awarded the "Information Security Leadership Award".
- Through long-term commitment to sustainable development, the Company won the "Sustainability Reporting Award" for eight consecutive years. In 2022, it was also recognized with the "TCSA Taiwan Corporate Sustainability Award" and the "GCSA Global Corporate Sustainability Award". It is the only insurance company in Taiwan to receive this honor from the GCSA.
- The Company has implemented climate governance and practiced low-carbon transformation, and is the only insurance company in Greater China to be jointly selected as the "Insurance Industry Climate Leader in the Asia-Pacific Region" by the Financial Times and the Nikkei.

#### (2) Negatives

- For three consecutive years, the global economy has been impacted by the COVID-19 pandemic, and the instability of the international political and economic situation caused by the Russia-Ukraine war, coupled with the FED's interest rate hike policy that has led to global central bank

rate hikes to counter inflation, has brought uncertainty to the recovery of the global economy after the pandemic. Maintaining a stable operational capability in the unstable economic and political environment will be a major challenge for life insurance companies in the coming year.

### (3) Response strategies

- In terms of product sales, the Company will focus on high-value and installment payment products to enhance the value contribution of new contracts. It will also respond to the trend of aging society by focusing on foreign currency policies, protection, health and injury insurance products, and strengthening the diversity of investment-type product targets and process flexibility. It will launch a variety of products that meet the diverse needs of different customer segments according to the unique characteristics of each distribution channel. Additionally, the Company will actively expand cross-industry cooperation to provide more opportunities for our channels to reach potential customers. The Company will also actively evaluate and deploy various domestic and foreign investment opportunities, seize opportunities to realize profits, manage investment portfolios with a forward-looking market perspective, optimize risk appetite, and create good investment spreads. To smoothly integrate IFRS17 and ICS, the Company will optimize the level of detail of asset-liability management, enhance the optimization of investment portfolios and product strategies, and lay a solid foundation for the future implementation of new regulations.

## ◎ KGI Bank

### 1. Main products and markets

By the end of 2022, KGI Bank had 51 branches in Taiwan, with a balanced and complete business network. In terms of business expansion, various financial businesses will take the existing advantages as the niche, and with the full support of the parent company's development of financial holding's thick capital and relevant subsidiary resources, KGI Bank will use more complete platform resources to improve the efficiency of cross-border product sales and capital utilization, quickly strengthen the market competitiveness, and actively move towards international development, so as to become a regional niche bank with more professional and perfect financial services.

### 2. Market Overview

In 2023, KGI Bank expects a slowdown in the real economy and investment momentum due to weakened global economic demand and rising interest rates. In addition, the relatively unstable international political and economic situation will also have an impact. The Bank plans to increase its contribution from service fees and overseas revenue while maintaining a strong focus on risk management. It will also work closely with its group companies to expand its customer base.

### 3. Possible future growth in the market

Taiwan is experiencing societal trends of an aging population and declining birth rate. In addition, global attention is focused on ESG, climate change, and sustainable resources issues. It is expected that companies will face challenges in energy management and structural transformation, which will drive the development of a green economy. Financial institutions will assist corporate clients in achieving their net-zero carbon emissions goals through financial products or services.

#### **4. Business objectives**

Please refer to the aforementioned (I) Business Activities and (II) Annual Business Plan of V. Operational Highlights.

#### **5. Positives and negatives for future development and response strategies**

##### **(1) Positives**

- Credit products have strong customization and evaluation ability of financial products. They can flexibly meet the strategic needs of customers and provide integrated services to improve non interest margin income.
- The foundation of the Company's financial business is solid, with the professional ability to grasp the industrial chain information in real time, and continue to deepen the ability of marketing and risk control.
- Devoted itself to customers, the Group continuously cooperates with enterprise customers, commercial customers and individual customers, develops goods and services, and creates comprehensive value.
- Diversified credit products, digital nuclear loan procedures and the combat power of the business team are in a leading position.
- Give play to the flexibility of medium-sized banking business, modularize digital products and services, quickly cooperate with other industries, and import new partners and customers.

##### **(2) Negatives**

- The ongoing war between Ukraine and Russia, high international political and economic risks, and the looming threat of economic recession have created significant challenges for corporate clients.
- The uncertainty surrounding interest rate hikes and the financial environment has affected the growth of personal wealth management businesses, including insurance and fund products.

##### **(3) Response strategies**

- Develop sustainable financial products to meet the financial needs of enterprise customers at all stages of the net zero carbon emission path.
- Complete the types of financial transaction commodities to meet customers' commodity needs in different investment periods.
- Build from the perspective of customers, end-to-end optimize customer journey, and provide simple and smooth digital experience.
- Refine customer relationship management for individual and institutional financial services, enhance marketing and risk control capabilities, and increase customer loyalty and contribution.
- Replicate the successful experience of the new platform through strategic alliance, expand the scene of the financial ecosystem and bring in new customers.
- Refer to the successful data analysis and management model of the industry to develop the blueprint of data transformation.

## ◎ KGI Securities

### 1. Main products and markets

The sales (supply) areas of major commodities (services) of KSK Securities is Taiwan. As of the end of March 2023, there were 73 business locations in Taiwan. Therefore, the market and business overview in this section is based on the Taiwan securities market as the target market.

### 2. Future supply-demand dynamics

Due to interest rate hikes by the US and Taiwan central banks in 2022, along with increased stock market volatility, the willingness of individual investors in Taiwan to trade has been affected. However, with a younger demographic of investors and the convenience of mobile trading platforms offered by securities brokerages, the participation rate of the new generation in the stock market has increased. The number of account openings by individuals under the age of 40 has increased by 860,000 over the past three years. In addition, the younger generation is also focused on trading fractional shares and ETFs. In 2022, the average monthly trading volume for fractional shares reached 1.17 million accounts, with a year-on-year increase of nearly 20%. Currently, domestic securities brokerages continue to offer digital convenience services. It is expected that in the future, securities brokerages that combine the digital services of banks and life insurance companies under CDF will offer differentiated convenient account opening methods, trading systems, and diversified product services, and will be favored by more investors. Regarding overseas market investment, although the total trading amount through foreign brokerages decreased by 14% to NT\$3.7 trillion in 2022, the decline was lower than the 36% decrease in the daily average trading volume of Taiwan stocks. This indicates that domestic investors continue to have an increasing interest in overseas investment. In the future, domestic securities brokerages will continue to expand their overseas financial product information and provide more comprehensive service experiences, which will become a key factor in customers' choices.

In 2023, although currency tightening policies of various countries will be relaxed, interest rates will remain high, which will affect the economy and trade of many countries. It is expected that global trade will continue to decline for at least half a year. In terms of domestic demand, international travel should drive private consumption. Investment is restricted by the pressure for manufacturers to reduce inventory, and some companies will be more cautious when investing. It is projected that economic growth in Taiwan will slow in 2023 compared to the previous two years. In the first half of the year, Taiwan stocks may still reflect the inventory corrections and insufficient demand. In the second half of the year, inflation is expected to decrease and lead to the lowering of interest rates by the FED, which will help the capital market to rebound from the bottom. It is predicted that the Taiwan stock index and trading volume will fall first then rise. The operations of the securities industry in 2023 may show gradual recovery. Furthermore, regulatory authorities have also increased the operational content of the securities industry. They are evaluating whether securities brokerages that handle foreign securities transactions on behalf of clients can conduct foreign currency financing, and expanding foreign investment participation in Taiwan. The regulatory authorities have also launched policies such as the "Green Finance Action Plan 3.0," "Corporate Governance 3.0 - Sustainable Development Blueprint," and "Sustainable Development Roadmap for Listed and OTC Companies," to strengthen the ESG and sustainable finance policies of listed and OTC companies. These policies will help to invigorate the Taiwan stock market, increase market liquidity, and indirectly contribute to boosting the profit momentum of securities brokerages.

### **3. Business objectives**

Please refer to the aforementioned (I) Business Activities and (II) Annual Business Plan of V. Operational Highlights.

### **4. Positives and negatives for future development and response strategies**

#### **(1) Positives**

- The introduction of intelligent and automatic financial advisory services by securities companies in combination with digital financial technology (Fintech) will become an important factor for securities companies to enhance added value.
- The government is actively creating an innovative, open, diversified, and international capital market, which will help the development of the investment banking business.
- The products and various indexes continuously listed on stock and futures exchanges provide more arbitrage trading opportunities.
- The brokerage business has a strong customer base and high brand visibility, which attracts high asset customers and is conducive to the development of wealth management business.

#### **(2) Negatives**

- The increase in the proportion of electronic transactions has impacted the commission income of securities companies, and the competitors of the new platform compete for the market at a low price.
- The entry of foreign high-frequency and program traders into the Taiwan market affects the warrant market making and hedging of securities companies.
- The securities dealers turned to strengthening the securities borrowing business, resulting in the decline of securities borrowing rate.

#### **(3) Response strategies**

- Build a customer-centered interactive digital platform to provide customers with innovative service experience through B2C intelligent financial advice and intelligent customer service.
- Continue to optimize and develop related IT equipment and platforms to satisfy the needs of high-frequency trading customers. Develop diversified trading strategies and fast trading systems, and pursue profit opportunities in response to market changes.
- Closely observe the government's financial policies and market development trends, cooperate with the opening of new business and financial commodity business, expand business scope and strengthen product breadth, and actively grasp profit opportunities.
- D.The Company will continue to optimize the electronic trading platforms in the various overseas regions, in order to completely evolve into a global investment trading service platform. We are also actively seizing more regional business and partnership opportunities, accelerating digital transformations and creating the leading globalized financial and wealth management services in Taiwan.



## ◎ CDIB Capital

### 1. Main products and markets

CDF, formerly known as "China Development Trust" and "China Development Industrial Bank", is mainly engaged in venture capital, equity investment and asset management. Its business operation focuses on the Asia Pacific region and continues to expand its business territory to Europe and the United States. In 2022, under the joint effort of the biomedical fund and biomedical industry investment entities of CDIB Capital Group, an industrial ecosystem was established. The fund has invested in companies such as Pregetic Medical, PuriBlood, and Micronbrane Medical, which is expected to enhance CDIB Capital Group's influence in the biotechnology industry. In addition, with a focus on sustainable development in the green energy industry, CCDIB Capital Group announced in March 2023 that it had signed a memorandum of cooperation with Foxconn to jointly establish Kai Hong Energy. The target capital is NT\$6 billion, and the company aims to develop green energy and electricity businesses in Taiwan to generate relatively stable investment returns.

### 2. Future supply-demand dynamics and growth potential

Among the 15 financial holding companies in Taiwan, almost all of them have established their own venture capital firms, including CDF, which has established CDIB Capital Group. These include Fubon Financial Holding's Fubon Financial Holding Venture Capital, Cathay Financial Holding's Cathay Venture, CTBC Financial Holding's CTBC Venture Capital, Mega Financial Holding's Mega Venture Capital and Global Venture Capital, Yuanta Financial Holding's Yuanta Venture Capital, and Taishin Financial Holding's Taishin Venture Capital. In 2017, the FSC allowed banks to invest 100% in venture capital firms and opened up the private equity fund market for mutual fund companies. Subsequently, Taiwanese companies and banks invested in the establishment of Taiwan Business Venture Capital, Chang Hwa Bank Venture Capital, and Union Bank of Taiwan Venture Capital. In addition, Cathay Securities Investment Trust established Cathay Private Equity, and First Securities Investment Trust established First Private Equity. In recent years, the Taiwanese government has actively promoted the "Five Plus Two Industrial Innovation Program" and the "Angel Investment Program," injecting new capital into the domestic venture capital industry. It is expected that the venture capital industry will have more growth momentum in the future. However, it will also face more intense competition from peers. In addition, the high interest rate environment resulting from continuous interest rate hikes by central banks worldwide since last year, coupled with concerns over a possible economic recession in the future, may cause increased volatility in the capital markets and affect the investment willingness of the venture capital industry.

### 3. Business objectives

Please refer to the aforementioned (I) Business Activities and (II) Annual Business Plan of V. Operational Highlights.

### 4. Positives and negatives for future development

#### (1) Positives

- With more than 60 years' experience, industrial strength and market experience
- Giving full play to the comprehensive effect of group resource integration
- Ability to recruit international talents

(2) Negatives and response strategies

- The competition in Taiwan's venture capital industry is becoming increasingly fierce. It is necessary to make good use of the group and international resources to open the competition gap among peers
- In order to balance the source of profit, CDIB Capital Group can transform from direct investment to asset management business
- The economic recession in various countries may lead to a reduction in market investment funds. Therefore, it is necessary to focus on key industries after the pandemic and attract stable investment funds to ensure a steady flow of capital.

## 5.4 Employee Profile

### 5.4.1 Employee profile (population, years of service, age and highest educational attainment) for the last two years and before the printing date of the Report

Year		2021	2022	As of March 31, 2023 (Note 1)
Numbers of Employee	China Development Financial	200	216	210
	KGIB (Note2)	2,423	2,500	2,460
	KGIS (Note2)	3,879	4,010	3,994
	CDIB Capital (Note2)	225	212	209
	China Life (Note 3)	6,701	6,722	6,597
	China Development Asset Management	13	14	14
	Total	13,441	13,674	13,484
Average Age (Note 2)		42.34	43.05	43.34
Average Years of Service (Note 2)		8.99	9.20	9.40
Education (Note 2)	Ph.D.	0.1%	0.14%	0.17%
	Master	22.8%	17.34%	17.39%
	Bachelor's Degree	68.1%	66.57%	66.5%
	Senior High School (& below)	9.0%	15.95%	15.94%
Certification and Qualification (Note 4)	CFA	17	17	17
	CPA(domestic)	35	35	31
	CPA(overseas)	5	5	6
	CISA	5	4	6
	FRM	27	28	34
	IPMA Level D	1	1	1
	Attorney at law, R.O.C.	33	35	40
	Attorney at law, USA	3	3	3
	Attorney at law, Australia	1	1	1
	Internal Auditor	17	15	37
	Certified Financial Services Auditor	1	1	4
	Certified Public Bookkeeper (for Specialized Professionals and Technicians)	3	3	4
	Proficiency test for foreign exchange transaction	73	72	67
	Proficiency test for corporate basic internal control	99	101	98
	Investment trust and consulting laws exam	1,317	1,333	1453
	Investment trust and consulting specialist exam	1,043	1,039	1042
	Proficiency test for Stock Affairs Specialist	87	86	87
	Proficiency test for junior foreign exchange personnel	481	485	487
	Proficiency test for junior credit personnel	736	740	755
	Proficiency test for advanced credit personnel	43	42	42
	Proficiency test for financial risk management	8	7	7
	Proficiency test for credit collateral valuation	12	12	11
	Financial knowledge and professional ethics exam	2,434	2,458	2475
	Trust laws exam	146	145	157
	Trust personnel exam	3,531	3,522	3628
	Certified Project Management Professional	43	46	46
	Proficiency test for Certified Financial Planner	816	816	833
	Bill Finance Specialist exam	66	68	67
	Futures Commission Merchant Specialist exam	2,512	2,488	2572
	Futures Brokerage Merchant Specialist exam	15	15	17
	Futures Trading Analyst exam	33	33	29

Year		2021	2022	As of March 31, 2023 (Note 1)
Certification and Qualification (Note 4)	Futures Fund Specialist exam	1,104	1,090	1060
	Structured Instrument Specialist exam	702	705	771
	Proficiency test for Bond Specialist	69	69	71
	Proficiency test for basic asset securitization	33	33	32
	Bank internal control and internal audit exam	2,063	2,076	2153
	Securities Margin Trading Specialist exam	701	694	698
	Securities Investment Analyst exam	72	74	78
	Senior Securities Specialist exam	2,276	2,247	2272
	Securities Specialist exam	2,247	2,238	2291
	Certified Financial Planner (CFP)	28	28	43
	Life insurance representative	4,104	4,106	4051
	Life insurance representative exam for sale of foreign currency non-investment linked insurance policies	2,316	2,321	2349
	Property insurance representative	3,093	3,085	1598
	Investment-linked policy representative	2,614	2,622	2621
	General exam for investment-linked insurance and financial system	280	276	264
	Securities exchange regulations and practices exam	311	310	342
	Proficiency test for debt collector	386	382	379
	Securities practitioner exam (SAC)	6	6	2
	Securities lending specialist exam	289	286	298
	Professional in Business Analysis	0	0	0
	CFSSME	18	17	19
	Elementary ERP planner	4	4	4
	Advanced calculation method on Capital adequacy ratio of securities firms exam	7	7	6
	Property insurance broker	12	13	10
	Life insurance broker	14	16	12
	CAIA	1	1	1
	MFP	2	2	2
	Grade b special exam for finance specialist	16	16	15
	Life insurance agent	236	236	281
	Chartered Life Underwriters	5	6	7
	Junior professional and technical examinations for realtors	9	10	8
	Assistant real estate broker	163	163	160
	Proficiency test for deposit business	32	33	28
	Basic Test of the FinTech Knowledge	302	308	486
	Financial derivatives specialist exam	21	24	26
	Proficiency test for risk management	0	0	0
	Accounting grade c subject test	54	52	47
	Licensing examination for securities Futures Intermediaries(Asset Management)	0	0	0
	Licensing examination for securities Futures Intermediaries(Corporate Finance)	1	1	1
	Licensing examination for securities Futures Intermediaries(Securities)	3	3	3
	Certified Anti-Money Laundering Specialists (CAMS)	115	113	106

Year		2021	2022	As of March 31, 2023 (Note 1)
Certification and Qualification (Note 4)	Legal Profession Qualification Certificate	3	3	3
	Futures Practitioners Qualifying Exam	1	1	1
	AMAC Fund Qualification Exam- Basic Knowledge of Private Equity Fund	8	8	8
	AMAC Fund Qualification Exam- Regulations and Ethics Standards	11	11	11
	AMAC Fund Qualification Exam-Basic Knowledge of Securities Investment Fund	3	3	3
	License for Fund Practitioners	1	1	1
	Fellow, Life Management Institute	457	460	464
	Anti-Money Laundering/Countering the Financing of Terrorism Specialist exam	325	328	523
	CPA(China)	8	8	8
	Securities Practitioner's Qualify exam- Basic Knowledge of Securities Market	1	1	3
	Securities Practitioner's Qualify exam- Securities Investment Analysis	1	1	1
	Wealth Management Planner	2	2	2
	Property Insurance Agent	11	11	9
	Property Insurance Underwriters	3	3	1
	Claim Adjuster for Property Insurance	1	1	0
	Proficiency test for corporate governance	3	3	11
	Basic Test on the Fintech Knowledge	8	9	27
	General Economic and Financial Test(GEFT)	0	0	4
	Internal Auditor	1	1	4
	Scrum Master Accredited Certification	5	5	1
	ISO 27001:2022 Lead Auditor (Information Security Management Systems) Training Course	0	0	1
	Corporate management Professional	4	4	3
	Accounting Qualification Certificate	1	1	1
	Securities Practitioner's Qualify exam- stock exchange	0	0	2
	CICPA	1	1	1
	Legal professional qualification certificate	1	1	1
	Attorney at law, China	1	1	1
	e-Enterprise Assistant Planner, EEAP	1	1	1
	CPMP	1	1	1
	CEH	5	5	5
	ECIH	1	1	0
	Professional Scrum Master™ I (PSM I)	4	4	3
Total		38,225	38,209	37,754

Note 1: Employee headcount excluded Independent contractors

Note 2: The shown figure includes employees of all subsidiaries

Note 3: The number of employees does not include contracted business personnel.

Note 4: Due to the adjustment of the listed licenses, this is the adjusted figure, which is different from the annual report of the previous year.

#### **5.4.2 Education and Training for Employees in 2022**

Talent is the most important asset of a company and the key to a company's success. CDF has always valued the development of its employees. The Human Resources Department is dedicated to provide the best educational training resources and environments to its employees.

In 2022, the total number of participation of CDF and the total training hours of its subsidiaries in domestic and overseas training sessions (both physical and online) reached 359,360. On average, each employee received 38.5 hours of training. The questionnaires that employees filled in after the training sessions showed that they were very satisfied with the training sessions, learning environment, and the online platform. The satisfaction rate is great.

## 5.5 Corporate Social Responsibility and Code of Conduct

CDF's corporate citizenship strategy for developing financial control is managed by the Social Welfare Subcommittee of the Sustainability Committee. The China Development Foundation, KGI Charity Foundation, and our subsidiaries have long been committed to creating the greatest shared value for stakeholders in social welfare and achieving the goal of a sustainable society. The "Inclusive Vision" program of CDF involves in-depth community understanding through group volunteers, collaboration with social enterprises, and assistance in establishing sustainable support systems in local areas. The program aims to achieve the goals of co-creation with youth, harmony with the elderly, helping the disadvantaged, and coexisting with the environment, serving as a solid foundation for sustainable Taiwan. In 2022, CDF continued to support high-quality social enterprises such as CAN social enterprise, Plahan Symbiosis Care Labor Cooperative, Happy Food, and Shuanglian Pears, promoting local revitalization in northern, central, and southern Taiwan. In addition to helping the Taiwan Urban-Rural Sustainable Care Association, which CAN social enterprise is a part of, to establish the first professional manager talent cultivation school for local revitalization in Taiwan, CDF successfully trained eight excellent local revitalization managers. Through the power of volunteers, CDF also helped repair chicken coops for the elderly in Heping District, Taichung, assisting the tribe to reach a monthly output of 3,000 eggs and moving towards the goal of economic self-sufficiency. CDF also launched the 'Local Revitalization Public Welfare Volunteer Vacation' program, leading employees to visit local towns and villages. In addition to providing volunteer services, this program allows participants to gain a practical understanding of the goals and needs of local revitalization teams. Through conscious consumption in daily life and professional support, they start to think about how to assist in local development and create a more sustainable society.

### 5.5.1 Inclusive Vision

- Youth-senior co-creation: Use financial profession to develop and accompany local youth and capable elders to start a business or develop new business opportunities

Subsidiaries / Units	Programme of Action	Problems to be solved	Mid- to long-term objectives (Mid-term: 2023-2024 Long-term: 2025~)	Beneficiaries	Commercial Benefits	Social Benefits
China Development Financial Holding	Local Revitalization Public Welfare Volunteer Vacation	Encouraging youth to return to their hometowns and promoting balanced community development.	Focusing the power of the company and utilizing employees' professional and social skills to support social innovation and local development.	Local revitalization teams and community groups for the disadvantaged.	<ul style="list-style-type: none"> <li>- By leading employees to participate in the actual activities of the local revitalization teams supported by CDF, it strengthens their sense of belonging to the company.</li> <li>- CDF has strategic partnerships with four local revitalization teams in northern, central, and southern Taiwan. By involving colleagues in actual participation, it creates new opportunities for collaboration between CDF and local revitalization teams.</li> </ul>	<ul style="list-style-type: none"> <li>- Companionship for 100 disadvantaged children</li> <li>- Repairing chicken coops for elderly disadvantaged individuals, assisting them in achieving economic self-sufficiency by reaching a monthly output of 3,000 eggs.</li> <li>- Generating nearly 3,000 volunteer service hours.</li> <li>- Increase revenue and the number of people for four partner local revitalization teams.</li> </ul>
China Development Financial Holding	Help CAN social enterprise promote local positive impacts.	Community education support system to nurture children from vulnerable families.	Supporting CAN social enterprise in utilizing sustainable social innovation models to nurture disadvantaged children in the local community. Help CAN social enterprise replicate the successful model in other regions.	Children from vulnerable families, and social enterprises that aim to solve local education problems	<ul style="list-style-type: none"> <li>- CAN social enterprise's popularity and good image strengthens the public's brand recognition of CDF.</li> <li>- Expanding CDF's brand awareness in the field of local revitalization and creating opportunities for business cooperation through actual participation.</li> </ul>	<ul style="list-style-type: none"> <li>- Assisting 50 children from high-risk families in developing practical skills and cultivating positive attitudes towards life.</li> <li>- By establishing successful cases of corporate social responsibility and local revitalization teams, the Company is encouraging more businesses to invest in local revitalization and accelerate local development.</li> </ul>



Subsidiaries / Units	Programme of Action	Problems to be solved	Mid- to long-term objectives (Mid-term: 2023-2024 Long-term: 2025~)	Beneficiaries	Commercial Benefits	Social Benefits
KGI Bank	Donated to the Small & Medium Enterprise Credit Guarantee Fund of Taiwan	Providing sufficient funds for small and medium-sized enterprise (SME) credit guarantee institutions, strengthening financing and guarantees for SMEs to enable them to obtain funding assistance from the banking system.	Continuing to promote donation guarantee funds to assist in the sound development of small and medium-sized enterprises.	Domestic small and medium-sized enterprises or start-ups	Under the guarantee of the credit insurance fund, the Bank can effectively control the financing risks to SMEs; The cumulative guaranteed amount in 2022 was NT\$2,535,580,656. The cumulative number of insurance cases reached 5,644.	Assist domestic SMEs or new start-ups with insufficient collateral to supplement their credit capabilities, and then they obtain financing, substantially assisting the sound development of SMEs
CDIB Capital Group	Guiding hand for startup-up growth	Assisting startups in obtaining knowledge and market information related to fundraising, operations, and marketing.	Continuously integrating domestic and international resources to support the incubation of Taiwanese startups and assist them in establishing a foothold in Taiwan and expanding into overseas markets.	Start-ups	<ul style="list-style-type: none"> <li>- Discovering startups with potential and investing resources in them.</li> <li>- In 2022, a total of 101 start-up seminars were organized, with a total of 2,076 participants. In addition, 12 one-day board meetings for start-ups were held.</li> </ul>	Help start-ups and entrepreneurs solve business challenges they encounter

- Have fun with the elderly: Empower the elderly to obtain economic, social, health and other resources through volunteering and corporate core competencies, and create business opportunities in the super-aged society

Subsidiaries / Units	Programme of Action	Problems to be solved	Mid- to long-term objectives (Mid-term: 2023-2024 Long-term: 2025~)	Beneficiaries	Commercial Benefits	Social Benefits
China Development Financial Holding	CDF and Plahan jointly promoting symbiotic senior lifestyles	The issues of elderly care and health promotion in a super-aged society.	Establish a successful model and replicate it in other regions.	Elders and their families	Support the Plahan Symbiosis Care Labor Cooperative to establish a successful model of "Inter-professional Integrated Case Management (All in One)" in Taichung Heping District Tribe, so as to promote a symbiotic senior lifestyle for the elderly. Internally strengthen employees' understanding of the elderly population, and externally deepen the image of CDF using social innovation to care for the elderly.	<ul style="list-style-type: none"> <li>- Assisting in the establishment of environmental-friendly composting facilities and repairing chicken coops for elderly disadvantaged individuals and individuals with disabilities in Heping District, Taichung, generating a monthly output of 3,000 eggs and gradually achieving the goal of economic self-sufficiency.</li> <li>- Assisting the Plahan Symbiosis Care Labor Cooperative in training 14 local caregivers and expanding the all-in-one elderly care model to the extremely remote Lishan tribe, helping 28 elderly individuals receive care and allowing them to age in place in their community.</li> <li>- Supporting the team's philosophy and taking concrete actions to assist them in promoting the symbiotic elderly lifestyle in other counties and cities.</li> </ul>
China Life Insurance	Dementia Friendly Initiative	Aging population, super-aged society, prevention and care of dementia, and dementia-friendly finance.	<ul style="list-style-type: none"> <li>- Mid-term goal: Regarding itself as the 'Guardian of Elderly Finance,' CDF collaborates with professional institutions every year in multiple dimensions to</li> </ul>	Elderly individuals, dementia patients, and their families.	<ul style="list-style-type: none"> <li>- Continue to strengthen employees' service concepts and practical abilities, realizing their care and service for elderly disadvantaged clients.</li> <li>- Introduced the Taiwan Alzheimer's Disease Association's dementia-friendly finance-related courses in 2022 to inspire internal staff to consider the needs of elderly</li> </ul>	<ul style="list-style-type: none"> <li>- Collaborating with the Taiwan Alzheimer's Disease Association to develop and produce 4,800 'emergency contact card keychains', a new type of anti-wandering device. These were distributed through the National Police Agency, the Taiwan Alzheimer's Disease Association operating locations around Taiwan, and the six major customer service centers of China Life to help</li> </ul>

Subsidiaries / Units	Programme of Action	Problems to be solved	Mid- to long-term objectives (Mid-term: 2023-2024 Long-term: 2025~)	Beneficiaries	Commercial Benefits	Social Benefits
			<p>enhance dementia-friendly practices</p> <p>- Long-term goal: Proposing solutions to address the trend of a super-aged society and advocating for an age-friendly, dementia-friendly, and friendly-for-all society.</p>		<p>individuals in service process design and environmental planning. Enabling front-line customer service personnel to learn how to identify possible dementia patients and understand the needs of dementia patients and their families. Sales employees can then provide more suitable services during the service process. Nearly 1,100 internal and external staff members participated in the courses.</p> <p>- Referring to the Japan Financial Institution's Supporting Strategies for Elderly Clients report published by the Taiwan Alzheimer's Disease Association, continuously optimizing service processes to ensure the financial security and rights of financially vulnerable groups.</p>	<p>establish a protection network against wandering.</p> <p>- Exclusive sponsorship of the first 'Dementia Program Design Competition for Colleges and Universities,' which promotes dementia friendliness and encouraging younger generations to pay attention to the issue of elderly dementia and showcase their creativity through action.</p>
China Life Insurance	Elderly care in rural areas	Resources are scarce in remote areas, and low-income elderly people who live alone or have disabilities lack resources for care.	Continue to improve our care services for the elderly and expand the social impact of China Life.	Disadvantaged elderly and disabled people in rural areas.	<p>Support the provision of epidemic prevention supplies and care expenses for disadvantaged elderly and people with disabilities in the remote tribal communities in Heping District, Taichung City, to enhance the Company's positive image of caring for vulnerable elderly.</p>	<p>410 disadvantaged elders benefited</p> <p>During the epidemic in 2022, the infection rate in the Heping Indigenous Tribe in Taichung City was much lower (11%) than the national average (17%) and the Taichung city average (16%).</p>

Subsidiaries / Units	Programme of Action	Problems to be solved	Mid- to long-term objectives (Mid-term: 2023-2024 Long-term: 2025~)	Beneficiaries	Commercial Benefits	Social Benefits
China Life Insurance	China Life X Duo Fu accessible travel services for elderly and disabled policyholders	Population aging, super-aging society, travel equity, and accessible friendliness.	<p>Mid-term goal: Provide accessible service solutions and environments to safeguard the rights and interests of customers with disabilities and the elderly.</p> <p>Long-term goal: Continue to collaborate with cross-disability service organizations to advocate for an accessible environment in Taiwan, and become a benchmark financial institution for disadvantaged-friendly services.</p>	Policyholders and other family members	<p>China Life leads the industry in providing value-added services for people with disabilities and elderly policyholders through its "Duo Fu Corporation," which specializes in accessible transportation services.</p> <p>Moreover, China Life collaborates with "Duo Fu Travel Agency" under Duo Fu Corporation, to plan accessible tourism and advocate for travel equality.</p>	<p>- In 2022, we cooperated with Duo Fu Travel Agency to organize a "Fitness Travel" event for our elderly policyholders, and the NPS reached 92 points.</p> <p>- In 2023, we plan to expand our services to the pre-retirement and retirement age groups to promote the idea of preventing diseases through exercise. We will collaborate with the "Duo Fu Health and Joy Gathering Club" to organize "hiking and travel" activities to help older adults develop correct exercise knowledge and habits.</p>

➤ Working with the disadvantaged: Building and improving a social safety net through volunteering and financial inclusion

Subsidiaries / Units	Programme of Action	Problems to be solved	Mid- to long-term objectives (Mid-term: 2023-2024 Long-term: 2025~)	Beneficiaries	Commercial Benefits	Social Benefits
China Development Financial Holding	Volunteer Service Project	Scarcity of resources in rural areas and difficulty in recruiting volunteers due to the pandemic	<ul style="list-style-type: none"> <li>- Mid-term: Increase the average annual volunteer service hours per person to 6 hours.</li> <li>- Long-term: The average annual volunteer hours per person reached 8 hours.</li> </ul>	Social welfare groups and social enterprises	<ul style="list-style-type: none"> <li>- Deepen the corporate culture of giving back to society.</li> <li>- Enhance the favorability of our corporate image</li> </ul>	The total volunteering hours in 2022 reached 77,660 hours, which was an increase of 75% compared to the previous year. The number of beneficiaries exceeded 10,000 people.
China Life Insurance	Microinsurance promotion plan	Enhance the basic insurance protection for the economically disadvantaged or those with specific status	<ul style="list-style-type: none"> <li>- Provide products or marketing services suitable for the economically disadvantaged or specific groups.</li> </ul>	Economically disadvantaged, specific groups, and those who meet the eligibility criteria for microinsurance.	Number of people with effective microinsurance policies in 2022: 92,631 people	Provide basic insurance protection for economically disadvantaged people.

Subsidiaries / Units	Programme of Action	Problems to be solved	Mid- to long-term objectives (Mid-term: 2023-2024 Long-term: 2025~)	Beneficiaries	Commercial Benefits	Social Benefits
China Life Insurance	Homeless support program	Care for and assist socially vulnerable groups to become self-sufficient and overcome adversity.	<ul style="list-style-type: none"> <li>- Mid-term goal: Collaborating with NGOs for the homeless to support their settlement, training, and help them reintegrate into society.</li> <li>- Long-term goal: By paying attention to the issue of homelessness, we aim to leverage our corporate influence and remove negative labels attached to the homeless.</li> </ul>	The homeless	<ul style="list-style-type: none"> <li>- By being one of the few insurance companies that pay attention to the issue of homelessness, it not only enhances the public image of the Company, but also strengthens positive our positive image in the eyes of government agencies, maintains good ratings in fair treatment for customers' evaluations, and helps expand our insurance business.</li> <li>- Helping vulnerable homeless individuals to become self-sufficient may lead to potential future customers for China Life.</li> </ul>	<ul style="list-style-type: none"> <li>- Provided nearly 120 homeless individuals with a Lunar New Year meal.</li> <li>- Provided frozen food and cooking kits to homeless people, helping them have an ample supply of food during the Lunar New Year.</li> <li>- Donated 405 sets of rapid screening test kits and disinfection and epidemic prevention materials to strengthen the epidemic prevention measures in the accommodation centers for the homeless. Provided accommodation expenses to 5 homeless people for quarantine accommodation.</li> </ul>
China Life Insurance	Youxia CEO Project	Insufficient campus service community funding, and low student community participation	Expanding China Life's social impact through sustainable practices. Continue to sponsor college student clubs to hold service-oriented activities, expanding the corporate spirit of love and care.	College students, disadvantaged individuals, and children in rural areas.	Improve young students' appreciation of the brand	354 people in the community and children in rural areas benefited.

Subsidiaries / Units	Programme of Action	Problems to be solved	Mid- to long-term objectives (Mid-term: 2023-2024 Long-term: 2025~)	Beneficiaries	Commercial Benefits	Social Benefits
China Life Insurance	Disadvantaged support project	Social welfare organizations and disadvantaged children in remote areas have limited resources.	Continue to care for vulnerable groups, support the stable operations of social welfare organizations, and expand China Life's social impact.	Environmentally friendly small farmers, social welfare organizations, schoolchildren in rural areas, disadvantaged children and elderly, and people with disabilities.	<ul style="list-style-type: none"> <li>- Enhance brand image to demonstrate our corporate values and social responsibility to the public.</li> <li>- Establish a positive corporate culture to increase employee cohesion and a sense of identity internally.</li> <li>- Gain consumer trust and loyalty to increase business competitiveness.</li> </ul>	Over 150 thousand people benefited
China Development Foundation	School Lunch Subsidization Program for Schoolchildren in Rural Areas	Caring about the plight of schools in remote areas to handle nutritious lunches, and subsidizing children in remote schools who are undernourished.	<ul style="list-style-type: none"> <li>- Mid-term: A total of NT\$10 million has been invested, benefiting 20,000 school children.</li> <li>- Long-term: Continue to care for the difficulties in providing lunches for students in rural areas, helping thousands of students to grow every year.</li> </ul>	A total of ten cities and counties, including Taitung, Yunlin, Chiayi, Pingtung, Hsinchu, Taoyuan, Changhua, Nantou, Yilan, and Kaohsiung.	Improve brand image	Subsidized meals for 11,744 students in 236 rural schools.

Subsidiaries / Units	Programme of Action	Problems to be solved	Mid- to long-term objectives (Mid-term: 2023-2024 Long-term: 2025~)	Beneficiaries	Commercial Benefits	Social Benefits
China Development Foundation	“Heritage 100 x Tutelage 100”	Low-income college students face significant financial pressures, while disadvantaged children lack access to educational resources.	<ul style="list-style-type: none"> <li>- Mid-term: In the past two years, a total of NT\$10 million has been invested to increase the number of beneficiaries by 100 university students and 100 schoolchildren.</li> <li>- Long-term: Continue to support the quality enhancement of education for university students and schoolchildren.</li> </ul>	100 financially disadvantaged university students and the 100 disadvantaged students they tutor.	<p>Improve brand image</p> <p>Increase the number of KGI Bank accounts opened by students</p>	Awarded 100 financially disadvantaged university students with scholarships for acting as tutors. The winning students provided 100 hours of tutoring to 100 disadvantaged students in one year.
China Development Foundation	“Our Class Has Got Talent” - Big Future for Small Talents	Disadvantaged middle school and elementary school students lack funds for extracurricular activities.	<ul style="list-style-type: none"> <li>- Mid-term: Continue to sponsor children's art education, with a cumulative investment of NT\$2 million.</li> <li>- Long-term: Continue to care for the education of elementary and middle school students.</li> </ul>	Disadvantaged schoolchildren with potential in middle and elementary schools	<p>Cultivate diverse talents in the society, and help economically disadvantaged school children gain confidence and recognition.</p> <p>Improve brand image</p>	Sponsored 19 cases with subsidies for learning, which included 107 students with excellent potential in sports, dance, and other areas.



Subsidiaries / Units	Programme of Action	Problems to be solved	Mid- to long-term objectives (Mid-term: 2023-2024 Long-term: 2025~)	Beneficiaries	Commercial Benefits	Social Benefits
China Development Foundation	Scholarship for skilled vocational high school students	High school, vocational school, and university students in arts, sports, and vocational fields need resources during their studies.	<ul style="list-style-type: none"> <li>- Mid-term: Continue to sponsor students in high school and above to deepen their skills, with a cumulative investment of up to NT\$4 million.</li> <li>- Long-term: Continue to cultivate diverse talents in society</li> </ul>	Young people with potential technical skills.	<ul style="list-style-type: none"> <li>- Improve brand image</li> <li>- Increase the number of accounts opened at KGI Bank by students.</li> <li>- The assisted students give back to the employees of the company with their expertise to optimize the working environment</li> </ul>	Sponsored 77 applications, totaling 118 students. Collaborated with the sponsored students to organize promotional classes for dance, swimming, and art, through the "Discovering Talents" program, benefiting 363 individuals.
China Development Foundation	Ordered from the "Good Food, Kind Heart" charity bread project	Opportunities for employment and income are limited for people with disabilities.	<ul style="list-style-type: none"> <li>- Mid-term: Support Catholic Hua-Guang Social Welfare Foundation and Amazing Grace Deaf Bakery in achieving self-sufficiency goals.</li> <li>- Long-term: Long-term support for Sheltered Center to maintain stable operations.</li> </ul>	People with disabilities of the Sheltered Center	Enhance corporate image	373 employees responded, creating a revenue of NT\$649,200 to support the Catholic Hua-Guang Social Welfare Foundation and Amazing Grace Deaf Bakery in providing independent living and employment training for mentally and physically challenged students.

Subsidiaries / Units	Programme of Action	Problems to be solved	Mid- to long-term objectives (Mid-term: 2023-2024 Long-term: 2025~)	Beneficiaries	Commercial Benefits	Social Benefits
China Development Foundation	Sponsored the Arts Sharing Project and NTT Academy of National Taichung Theater.	Resource gap between urban and rural arts education	Continue to support the promotion of youth arts education in central Taiwan.	Performers and students in the performing arts in central Taiwan.	Improve brand image and favorability	<ul style="list-style-type: none"> <li>- Sponsored 7 schools in Nantou and Chiayi counties, allowing 234 teachers and students to learn theater etiquette and enjoy the live performances.</li> <li>- Sponsored 50 high school students to participate in the "NTT Academy Youth Camp".</li> <li>- Sponsored the "Art in School" program, allowing professional performance troupes to teach art courses in schools, benefiting 61 people.</li> </ul>
China Development Foundation	Sponsored the "Zero Distance in Art" National Theater & Concert Hall charity program	Resource gap between urban and rural arts education	Promoted art education activities in northern Taiwan	Schoolchildren in northern Taiwan.	Improve brand image and favorability	Sponsored 456 students from the northern Taiwan to enjoy performances in the National Theater and Concert Hall.
China Development Foundation	Sponsored art activities.	Promoted art education activities	Sponsored domestic and international performing arts events and invited employees of the Group to enjoy wonderful cultural and artistic performances.	Employees of CDF Group	Improve brand image and favorability	Sponsored performances and related artistic and cultural activities by the National Theater and Concert Hall, Story Workshop, Joint Art Creative and Quanta Culture & Education Foundation by purchasing tickets. Promoted the participation of employees in cultural activities, which benefited a total of 814 people.

Subsidiaries / Units	Programme of Action	Problems to be solved	Mid- to long-term objectives (Mid-term: 2023-2024 Long-term: 2025~)	Beneficiaries	Commercial Benefits	Social Benefits
China Development Foundation	Sponsored the New Taipei City Short Film Competition.	Promotional events for arts education	Sponsored arts and cultural activities to help promote community revitalization and bring opportunities and hope to rural communities.	Taiwan Art Creation and Culture Foundation	Enhance corporate image	232 units and schools were invited to participate, with a total of 66 submissions and 14 entries selected. In the end, 5 winning works were selected.
China Development Foundation	Annual Charitable Activities	It is difficult for social welfare organizations and social enterprises to expand their businesses and establish brand awareness.	Continue to improve the participation rate of employees and create deeper collaborations between the Company and social welfare organizations.	Two charity events were organized and social enterprises and social welfare organizations were invited to set up charity markets. The Company also collaborated with rural schools to plan the educational dreams area to help disadvantaged children sell goods and realize their dreams.	<ul style="list-style-type: none"> <li>- Improve brand image and favorability</li> <li>- Adopted KGI Bank's mobile payment system to improve the payment process.</li> <li>- Pay with KGI credit cards.</li> </ul>	<ul style="list-style-type: none"> <li>- 2058 people participated in this charity event, generating a revenue of NT\$3.3 million and providing support to social enterprises and social welfare organizations.</li> <li>- Encourage corporate employees to consume in a friendly manner, understand SDG issues, and help raise educational dream funds for rural schools through purchases to realize social inclusion.</li> </ul>

Subsidiaries / Units	Programme of Action	Problems to be solved	Mid- to long-term objectives (Mid-term: 2023-2024 Long-term: 2025~)	Beneficiaries	Commercial Benefits	Social Benefits
KGI Charity Foundation	“Love, Starting from Elementary School” Scholarship program	Low-income students Due to economic difficulties, it is difficult for some students to continue their studies and develop their special talents.	Continue to invest in and expand community care to assist underprivileged students in their education and growth.	Disadvantaged students	Enhance corporate image	Help students study in the cold and help disadvantaged students develop special talents. In 2022, it assisted New Taipei City, Taoyuan City, Pingtung County, Yunlin County, and Nantou County, etc., assisted a total of 185 schools and 469 disadvantaged students.
KGI Charity Foundation	“Let Love Flower” Rural care program	Children from economically disadvantaged families in rural areas lack nutrition and resources to learn English.	Continue to care for the nutrition of disadvantaged students and balance the urban-rural education resource gap, providing opportunities for children in rural areas to learn English from an early age.	Disadvantaged students	Enhance corporate image	Subsidize dual disadvantaged students in remote rural areas, provide nutritious breakfast and English learning: To promote the healthy development and English education of disadvantaged students, the Company provided support to 90 schools in 2022, with a total amount of NT\$8.5 million.
KGI Charity Foundation	Emergency assistance	Provide emergency assistance to students or families for unexpected situations.	Continue to provide care and assistance to disadvantaged students and families who encounter unexpected emergencies, ensuring their basic needs are met and helping them get through difficult times.	Disadvantaged students and families	Enhance corporate image	Help families get through the difficulties with the concept of "emergency assistance", and give follow-up care according to the situation, and provide further assistance as appropriate. A total of 67 cases were assisted in 2022.

Subsidiaries / Units	Programme of Action	Problems to be solved	Mid- to long-term objectives (Mid-term: 2023-2024 Long-term: 2025~)	Beneficiaries	Commercial Benefits	Social Benefits
KGI Charity Foundation	Christmas gifts to rural areas	Lack of resources for children in rural areas	Continue to care for students in rural areas, leading employees from various regions to invest in the care for the needs of students in rural areas.	Vulnerable schoolchildren in rural areas	By sending year-end gifts of love to remote rural areas, the Company demonstrates the spirit of corporate care for the local community.	For seven consecutive years, we have held Christmas gifts events for children in remote areas, and our employees have volunteered to spread the spirit of KGI's commitment to social welfare.
KGI Charity Foundation	Bread of Love	Provide stable job opportunities and income for people with disabilities in the Sheltered Center.	Continue to lead employees to care for people with disabilities in the Sheltered Center, providing them with stable employment opportunities and income.	People with disabilities	Improve brand image By making actual purchases, we can stabilize the operations of the Sheltered Center and provide economic security for people with disabilities living in the facility.	In 2022, a total of NT\$924,000 in revenue was generated. A stable flow of orders was created for the Sheltered Center to provide work for people with disabilities, and the residents were able to have a stable income and a guaranteed life.
KGI Security	"Reading with the Blind" volunteer service	Help solve the problem of a lack of reading materials for the visually impaired.	Continue to provide sufficient learning and educational resources for the visually impaired, and improve their ability to obtain information, enhancing their willingness to participate in society.	Visually impaired people	Enhance corporate image	Assist in proofreading over 1,000 e-books and audiobooks with a total of more than 200,000 pages.
KGI Security	"Old Books for the Blind" project	Solving the shortage of learning resources for the visually impaired	Collaborating with the Taiwan Foundation for the Blind, we encouraged our employees to donate their old books to the charity, helping visually impaired individuals improve their learning resources.	Visually impaired people	Enhance corporate image	Donated nearly 500 books

Subsidiaries / Units	Programme of Action	Problems to be solved	Mid- to long-term objectives (Mid-term: 2023-2024 Long-term: 2025~)	Beneficiaries	Commercial Benefits	Social Benefits
KGI Security	“Helping mentally challenged children with receipts” project	Children with intellectual and developmental disorders lack resources for learning and care.	<ul style="list-style-type: none"> <li>- Mid-term: At least 80,000 receipts were collected during the year and donated to the Children Are Us Foundation as a source of learning and care resources.</li> <li>- Long-term: 120,000 receipts were collected during the year.</li> </ul>	Children Are Us Foundation	Enhance corporate image	Over 110,000 receipts were collected
KGI Security	“Love for Children with Intellectual and Developmental Disorders” LINE charity stickers project	Care for children with intellectual and developmental disorders lacks resources	The paintings of the children with intellectual and developmental disorders were turned into LINE stickers, and each download donates NT\$1 to the foundation for children with intellectual and developmental disorders.	Yu-Cheng Social Welfare Foundation	Enhance corporate image	The LINE stickers have been downloaded over one million times, and a total of NT\$1.14 million was donated.
KGI Security	“Toy Bank” volunteer service	Rural kindergartens and organizations for the disadvantaged lack aids for educational games.	Encouraged volunteers to help with the sorting, categorizing, cleaning, and other tasks related to second-hand toys to extend the value of these toys and bring resources to kindergartens and organizations for the disadvantaged in rural areas.	Toy Bank	Enhance corporate image	A total of 150 participants participated in 6 volunteer service events, and the total volunteer hours reached 648 hours.

Subsidiaries / Units	Programme of Action	Problems to be solved	Mid- to long-term objectives (Mid-term: 2023-2024 Long-term: 2025~)	Beneficiaries	Commercial Benefits	Social Benefits
KGI Security	Food Bank “Food Packages” volunteer service	Disadvantaged children lack food and daily necessities.	Encouraged volunteers to assist the food bank in packing and sorting dry goods, food, and children's books to aid disadvantaged children.	Food Bank	Enhance corporate image	The total volunteer hours reached 648 hours, and over 330 boxes of suppliers were packed.
KGI Security	Blood donation drives	Serious blood shortage during the pandemic	Encouraged employees to participate in blood donation drives.	Medical institutions	Enhance corporate image	Two blood drives were held in Taipei and 1 was held in Taichung.
KGI Bank	Donation platform	Provide an open API using the "KGI inside" open app interface to help social welfare institutions effectively reduce donation fee expenses	Continue to increase the number of social welfare institutions serviced	42 social welfare institutions	Strive for charitable organizations to become potential customers of KGI Bank's salary transfer business	Assist 42 social welfare organizations to raise nearly 160,000 donations, amounting to more than NT\$200 million, and the cost of online donations was significantly reduced by 80%
KGI Bank	Charity volunteer activities	Helped Andrew Charity Association and Eden Social Welfare Foundation with food bank packaging and video transcriptions	Continue to expand partnerships with charities	Charities	Assist in the operations of charities	A total number of 311 volunteer hours was invested.

- Symbiosis with the environment: Strengthen the corporate image of responsible finance enterprise through environmental symbiosis advocacy and implementation

Subsidiaries / Units	Programme of Action	Problems to be solved	Mid- to long-term objectives (Mid-term: 2023-2024 Long-term: 2025~)	Beneficiaries	Commercial Benefits	Social Benefits
China Life Insurance	Assist local small farmers in Taiwan with production and sales	Through the purchase of seasonal produce from local farmers affected by the imbalance of production and sales due to climate change and the difficulty in sales caused by the pandemic, we can reduce food waste and help alleviate the difficulty that social welfare organizations face in procuring resources during the pandemic by donating the produce to social welfare organizations.	By combining the needs of local producers with those of social welfare organizations, we can create a win-win situation that generates the influence of the life insurance industry value chain.	<ul style="list-style-type: none"> <li>- Local farmers</li> <li>- Disadvantaged children and the elderly</li> </ul>	Enhancing the positive image of the company in terms of environmental sustainability and caring for disadvantaged groups.	Over 1900 disadvantaged children and elders benefited
China Life Insurance	Tea Station Project	Waste generated by single-use packaging of drinking water.	Raise public awareness about the problem of plastic waste.	Citizens and tourists around the tea station	Leverage the influence of life insurance companies' environmental initiatives to create a win-win situation for the economy and the environment.	In 2022, plastic use was reduced by the equivalent of 16,225 plastic bottles, and the total carbon reduction was 1,508.96 kilograms.
KGI Securities	“Team Beach Cleaning” volunteer event	Ocean pollution is getting worse every day.	Encouraged employees to form teams and participate in beach cleaning events along the coast of Taiwan to protect the coastline and marine ecology.	Environmental Protection Administration and the general public	Enhance the public welfare image of corporate environmental protection	In 2022, we completed 25 beach cleaning events across 8 counties and cities, with over 900 kilograms of waste collected. We also had a total of 430 volunteers who contributed 1,720 hours of service, making us the leader among financial institutions in terms of the number of events and volunteers.



Subsidiaries / Units	Programme of Action	Problems to be solved	Mid- to long-term objectives (Mid-term: 2023-2024 Long-term: 2025-)	Beneficiaries	Commercial Benefits	Social Benefits
KGI Securities	Employee-exclusive farmer's market platform	Assist local small farmers in Taiwan with production and sales	Encouraged employees to support small farmers, supported environmentally-friendly farming practices, encouraged local low-carbon consumption, and connected businesses with communities to achieve a culture of mutual benefit and sustainability.	Taiwan-wide Organic Small Farmers	Enhance corporate image	A total of 288 boxes of pomelos, totaling 900 kilograms in weight, and over 700 portions of organic fruits and vegetables were purchased, with a total purchase amount of over NT\$200,000.

## **5.6 Number of non-executive full-time employees, and the average and median annual employee compensation and differentials from the previous year**

In 2022, the total number of non-executive full-time employees was 7,414, up 1.4% YoY. The average annual compensation was NT\$1,243 million, down 15.3% YoY. The median annual compensation for non-executive full-time employees was NT\$1,025 million, down 10.3% YoY.

## **5.7 Information Technology Facilities**

Under CDF's IT deployment strategy, the Group's subsidiaries (KGI Securities, KGI Bank, CDIB Capital Group, and China Life) operate their own IT centers on independent divisional frameworks.

### **5.7.1 Software and hardware configurations and maintenance**

Below is a description of the company's IT hardware/software maintenance policy:

- Core business systems are self-maintained; non-core systems may be maintained by contractors.
- New business systems will be developed either by the company or by a service provider, depending on the demands.
- System software and hardware are maintained by professional service providers.

Operating information systems are categorized by business as follows:

#### **1. China Life**

- IT systems are divided into segments: (1) insurance policy management (including new contracts, policyholder services, premiums and claims), policy image processing, online insurance, mobile insurance, remote insurance, channel management and services, product-selling assistance tools, actuarial and reinsurance, and risk control; and (2) accounting, personnel, office automation, etc.

#### **2. KGI Bank**

- IT systems are divided into segments: (1) bookkeeping, deposits, loans, transfers, foreign exchanges, trusts, credit cards, Flexible Cards, wealth management, operation flow management, etc.; and (2) policy making, risk management, customer service, data warehousing, etc.

#### **3. KGI Securities**

- IT systems are divided into segments: (1) securities/futures/options brokerages, proprietary securities/futures trading, domestic bonds, derivative products, institutional investor transactions, capital market, wealth management, sub-brokerage, brokerage registry and transfer, and offshore securities unit (OSU); and (2) data warehousing, customer relations management, account openings and integration, money-laundering prevention, risk management, accounting, human resources, fixed assets, and office automation.

#### **4. CDIB Capital**

- IT systems are divided into segments: (1) investment management systems, eFront, investment process management; and (2) accounting (general ledger, budget and adjustment), office automation, etc.

### **5.7.2 Future development or procurement plans**

In consideration of the corporate outlook and regulatory compliance, IT development and installation projects in 2022 included the following:

#### **1. CDF**

- Data analysis and data science development project
- Enterprise Integration Architecture Implementation
- Cloud technology development project of the Group
- Corporate architecture analysis project
- Enterprise data application platform
- Group Human Resources Management System Replacement Project
- Group ERP (property/purchasing/expense) management system replacement project.
- Account management automation system (cloud and local system integration)
- Internal information sharing and collaboration platform (sharepoint)
- Introduction of system development and maintenance automation (DevOps)
- Modern information service management introduction project

#### **2. China Life**

- “China Life i-Lifestyle” policyholder app project
- Smart health journey management project for policyholders (Chi Mei Medical System and NCKU Digital Living Center)
- Channel system digital transformation project (i-Bank and i-Broker)
- Workday human resources management system project
- Omni-channel remote facial recognition policy application (Smile to Sign) project

#### **3. KGI Bank**

- Internet Banking and Mobile Banking
- Corporate Internet and mobile banking
- Broker system upgrade
- Data storage architecture optimization project
- CMS activity management platform upgrade
- Online mortgage
- Credit card review system upgrade project
- Credit loan review system upgrade project
- Implementation of Fundamental Review of the Trading Book (FRTB) for market risk
- SWIFT ISO 20022 information standard introduction project
- Paperless insurance

- Infrastructure replacement and expansion
- DWDM network architecture update
- Establishment of the information asset automated management platform
- Server room monitoring and access management system update
- Establishment of the integrated monitoring dashboard platform
- Optimization of the offsite backup architecture for new branches and banks
- Establishment of a network traffic analysis system
- Establishment of the automated maintenance and management system

#### **4. KGI Securities**

- Microsoft M365 deployment project (Teams, SharePoint, Outlook, OneDrive, and Intune)
- Salesperson workstation project
- Information service monitoring center and service management system establishment
- Robotic Process Automation (RPA)
- Internal system reform and mobilization project implementation (new electronic document exchange system, phase one of the Workday new personnel system, Sap Concur new expense system, and new electronic document system)
- Securities T+0 receivables and on-route delivery payment borrowing
- Video electronic signature (Galileo) project
- Official subsidiary website (Hong Kong subsidiary and KGI Insurance Brokers Co. Ltd.)
- Information system of the Singapore subsidiary
- Front-end, mid-end, and back-end systems and peripheral APIs of KGI's first stock ETF (Exchange Traded Funds)
- Digital subsidiary
- Enhancement of the pan-proprietary trading system
- IT patent application
- Next generation trading system of the international department
- BLN new product and Taiwan dollar foreign exchange business system of the Bond Department
- Phase 2 and phase 3 of the offsite backup improvement project
- Planning of the new core platform project
- Introduction of automated testing tools
- Replacement of the futures AS400 console
- Network segmentation
- Cloud web application firewall (WAF) protection project
- Microsoft System Center Configuration Management (SCCM) software delivery service

- Building wireless network (Wi-Fi) service construction
- Virtual Machine (VM) host virtualization
- Structured Query Language (SQL) database containment project
- Introduction of the cloud automation continuous integration and continuous deployment procedures (Azure DevOps)
- Lateral movement monitoring (CrowdStrike)
- Vulnerability tracking and management system (iVam)
- Security information and event management (SIEM)
- Phishing website and rogue app detection (RSA)
- Establishment of an open source code detection and information security vulnerability management platform (AVC)

### **5.7.3 Emergency backup and security measures**

CDF has implemented operational regulations with respect to corporate information security and stringent internal control mechanisms to ensure data security and normalcy of IT operation across the Group.

- In order to ensure the stability data center operations, CDF has established a continuous backup for systems, networks, and electrical and mechanical facilities. Each major system has its own a storage policy based on data storage characteristics. CDF has also defined recovery measures related to the importance level the systems, and has a remote backup center that carries out disaster recovery drills on a regular basis. In addition, CDF, China Life and KGI Securities plan to implement ISO 22301 international business continuous management system (BCMS) certification. China Life has passed ISO 22301 Business Continuous Management System certification in 2022. The securities subsidiary started introducing ISO 22301 in 2022, and it is expected to obtain the certification in 2023.
- KGI Securities has been in 2014 and China Life became BS10012 PIMS (Personal Information Management System) certified at the end of 2022.
- CDF's information security management framework is based on ISO 27001:2013 (Information Security Management System, ISMS). In 2020, CDF and its subsidiaries retained ISO 27001 ISMS certification. In September 2020, CDF and KGI Bank were ISO 27001 ISMS re-certified for their extended scope of IT systems. China Life and KGI Securities were also re-certified in 2022.

## **5.8 Information security management**

### **5.8.1 Information security risk management structure, Cyber security policy, specific management scheme and resources invested in Cyber security management**

#### **1. Information security risk management framework**

CDF has constructed a complete information security risk management system in accordance with the international standard of ISO 27001:2013 information security management system (ISMS). It has established an information security management organization, promulgated information security policies and formulated information security management regulations. At the same time, by integrating information maintenance and information security management processes, CDF has increased the application and investment of protection technology, and continuously refined and strengthened cyber security.

##### **(1) Information security risk management framework**

In terms of information security risk management, the highest authority for information security management is the Board of Directors. The Information Security Department submits an information security risk report to the Risk Management Committee under the Board of Directors every year, and also reports the execution of the company's Information Security Plan to the Board of Directors, in order to disclose and review the company's information security risk management status and the execution of the Information Security Management Policy. Members of the main information security governance organization of the Company: The chairperson, independent directors, Chief Risk Management Officer of CDF, and the Chief Information Security Officer of CDF all have a background in information security governance.

##### **(2) Information Security Organization Structure**

Following the PDCA (Plan-Do-Check-Act) cycle of the ISO 27001 information security management system, the Company has established an "Information Security Management Review Committee" to be responsible for making decisions related to and reviewing the management of information security system-related matters. The Committee oversees the establishment of a security management mechanism and examines the strategic planning, control measures, and execution of related issues. The Information Security Management Review Committee is composed of the President, the Chief Information Security Officer of the Information Security Department, the highest supervisors of the Financial and Legal Compliance Department, the Risk Management Department, the IT Department, and other departments. An Information Security Management Committee Meeting is convened once a year to discuss information security-related issues and improvement measures to ensure effective operation and continuous improvement.

#### **2. Information security policy**

to maintain overall information security, enhance information asset security management, and ensure confidentiality, integrity, and availability of information to maintain business operations, the Company has adopted the ISO27001:2013 Information Security Management System (ISMS) standard. We have established related management systems and processes and published the "Information Security Management Policy" in 2019. It is applicable to all information operations, information assets, and information users, including employees, temporary workers, visitors, and vendors who have business dealings with the Company (including employees and temporary workers). The policy is reviewed annually to ensure its applicability. The Information Security Management Policy has been announced

on the internal website and is regularly promoted. The information security objectives are as follows:

- (1) Ensure the confidentiality of the Company's information assets and implement data access control.
- (2) Ensure the integrity of the company's information operation management and avoid unauthorized modification.
- (3) Ensure the continuous operation of the Company's information operations, meet the operation service level and meet the applicability standard.
- (4) Ensure that the Company's information operations comply with the requirements of relevant laws and regulations.

### **5.8.2 Losses, possible impacts by major information security incidents in the most recent year and up to the date of printing of the annual report and countermeasures**

The Company has established related mechanisms for risk management and information security incident reporting and response procedures. Through the information security incident reporting process, handling authority and control methods, early warning handling and response to incidents have been stipulated. At the same time, relevant risk assessment is conducted based on the incident level, and corresponding measures are taken to ensure that the impact on the Company's finances and operations is minimized.

As of the publication date of the Annual Report, and in accordance with the Company's "Information Security Incident Reporting and Response Procedures," there were no incidents of computer viruses or hacker intrusions that have caused serious damage to customer rights or affected normal business operations in 2022. The statistics related to information security incidents are as follows:

- (1) 0 information security incidents.
- (2) 0 customer personal information leaks.
- (3) 0 incidents of information security problems affecting customers and related fines.
- (4) 0 fines for information security vulnerability or network security incidents.

## **5.9 Labor Relations**

### **5.9.1 Employee welfare, retirement policy and implementation; agreements between labor and management, measures for securing employees' rights**

1. The Company runs a comfortable and hygienic staff cafeteria catered by professional cooks to provide employees with healthy, nutritional, and delicious lunch options.
2. The Company provides employees with Labor Insurance and National Health Insurance coverage as required by law. Apart from the statutory insurance policies, the Company also offers group insurance coverage for life, accident and hospitalization, and allows employees' spouses, underage children, and parents to be included in group accident and hospitalization coverage.
3. The Company's retirement policy has been established in accordance with the Labor Standards Act, which requires that the Company make monthly pension contributions into employees' personal accounts held under the Labor Pension Supervisory Committee. The Labor Pension Act went into effect beginning July 1, 2005 and prescribes the following rules:
  - (1) All employees who begin their employment on or after July 1, 2005, shall be subject to the Labor

Pension Act.

- (2) Employees who began their employment before July 1, 2005 (exclusive) may choose to elect the Labor Pension Act or the Labor Standards Act for their pension system. This selection must be made within five years from July 1, 2005, otherwise the Labor Standards Act becomes the default the pension system.
4. The Company places great emphasis on employees' work-life balance. It offers annual leave packages that are superior to what is required in Labor Standards Act. In addition to encouraging employees take their leave, regular reports are provided to help line managers understand the leaves taken by their subordinates. In order to improve the well-being of employees, 10 weeks of maternity leave is provided, which is superior to the requirement of the Act. 8 days of paternity and paternal check-up leave are also provided.
5. The Employee Assistance Program (EAP) is applicable to all full-time employees of CDF and its subsidiaries (including overseas employees). The program is expanded to include dispatched personnel and contractors. A more comprehensive assistance program is provided.
6. The Company values employees' physical health, which is why it offers one subsidized health check every two years for employees below the age of 40, and one subsidized health check every year for employees aged 40 and above. The Company also allows employees to take a paid leave of absence to undergo health checks.
7. The Company expanded the implementation of the Group employee welfare trust shareholding plan in Taiwan. We provide employees of all levels with the freedom to choose the amount to deposit, and the Company also provides a corresponding amount in incentive bonuses.
8. The Company organizes health seminars to promote employees' knowledge of health-related topics such as food safety, cancer prevention, weight control, and maintaining a healthy digestive system.
9. The Company has assembled an Employee Welfare Committee to provide following benefits, subject to budget availability:
  - (1) Holiday bonuses and gifts
  - (2) Wedding, funeral and birth subsidies
  - (3) Scholarship for employees' children
  - (4) Employee tour subsidies
  - (5) Birthday gift
  - (6) Injury/illness remedies
  - (7) Club event subsidies
  - (8) Film screening
  - (9) Employee Family day
  - (10) Shopping discounts



**5.9.2 Recent losses resulting from employment disputes as of the publication date of the Annual Report (including violations of the Labor Standards Act identified by labor inspection results, and including the violation name, article and contents, the violation date and sanctions); disclose current and estimated losses and any response or action taken; state reasons in cases where losses cannot be reasonably estimated**

The Company believes employees are the most precious resource of an organization. In addition to regular labor management meetings, the Company also utilizes all channels at its disposal to communicate with employees and address whatever queries they may have, all for the purpose of maintaining a harmonic relationship and raising work efficiency.

The results of the labor inspections and labor disputes of the Company and its subsidiaries for the most recent year and the year ending on the date of publication of the annual report are as follows:

Company	Date of punishment and number of the agency letter	Violated article	Shortcoming and penalty
China Life Insurance	Bei-Shih-Lao-Dong-Zi No. 11160289912 dated November 7, 2022	Paragraph 2, Article 22 of the Labor Standards Act	The deduction of benefits from salaries is in violation of Paragraph 2, Article 22 of the Labor Standards Act, resulting in a fine of NT\$20,000.

**5.9.3 Working environment and employee safety measures**

In order to fulfill the social responsibility and protect the safety of our colleagues, the Company aims to provide a safe, healthy and comfortable working environment. In accordance with the provisions of the occupational safety and health law, the Company has formulated safety and health work codes, and made every effort to promote occupational safety and health policies to prevent accidents. Some of the actions taken are as follows:

- Enhanced training on workplace safety and health to reduce dangers and hazards at work  
CDF provides the occupational safety and health personnel in accordance with regulations, regularly carries out occupational safety education and training courses, conducts regular inspections of the lighting systems, CO2 levels, and the turbidity, pH, and E. coli of drinking water in the office., and also regularly cleans the reservoir and air conditioning cooling water tower to provide a healthy working environment for employees.
- Took out all kinds of insurance, handled health examination and set up employee welfare committee  
CDF insures employees with labor insurance, national health insurance and group insurance, and regularly handles employees' health examination. The main subsidiaries of the Group employ or contract nursing staff and doctors to carry out the business related to employee health promotion and occupational disease prevention in accordance with the requirements of laws and regulations. In order to improve employee welfare, CDF has established the employee welfare committee, which is responsible for employee welfare matters, including marriage and funeral subsidies, children's scholarships, injury condolences and emergency relief.
- Conducting regular fire safety drills and training courses to strengthen disaster preparedness and response mechanisms

The Group handles the maintenance and declaration of fire safety equipment in accordance with the regulations, and has formulated relevant fire safety plans and measures. According to the self-defense grouping method, the Group is organized into fire protection, security, communication and rescue

teams to carry out drills regularly.

4. Strict access control to ensure the safety of the office area

The Group has established strict access regulations to ensure that employees and other operations personnel are in compliance with access permissions across office locations. The main office buildings shall have 24-hour security personnel that routinely engage in safety patrol to ensure the personal security of employees at each office location.

5. In response to the government policy, the Company has set up lactation rooms in main office buildings and obtained relevant certification of excellent lactation (milk feeding) room.

## 5.10 Material Contracts

### ◎ China Development Financial Holding Corporation

Contract Type	Contracting Party	Valid Period	Main contents	Restrictive clauses
Liability insurance for directors, supervisors and key staff	AIG Taiwan Insurance Co., Ltd., MSIG Mingtai Insurance Co., Ltd., ACE Insurance Taiwan	2022.9.2 to 2023.9.2	1. Liability insurance for directors, supervisors and key staff 2. Compensation for securities liabilities 3. Compensation for employment liabilities 4. Remedial liabilities	Exclusions include but are not limited to: Claims made between U.S. insured parties, claims for known losses, and claims relating to hazards, pollution and money-laundering activities.
Lease Agreement	China Life	2021.1.1 to 2036.9.30	Rented premises are located at 8 <sup>th</sup> , 12 <sup>th</sup> and 13 <sup>th</sup> floors, No.135, Dunhua N. Rd., Taipei City. (For the lease of the 18th floor, a new contract was signed in November 2022 )	1. Either party may terminate the lease agreement after providing a written notice of not less than three months to the other party, and otherwise shall make a penalty payment for breach of the abovesaid requirements. 2. Either party shall make a penalty payment in accordance with the lease agreement when such party terminates the lease agreement in the first 45 months of the lease period. 3. CDF deserves a rent-free period for decoration. CDF shall reimburse the rent of the decoration period pursuant to the relevant provisions while terminating the lease agreement before it expires.

◎ **CDIB Capital Group**

Contract Type	Contracting Party	Valid Period	Main contents	Restrictive clauses
Long-term Loan Agreement	Mega International Commercial Bank	2021.12.13 to 2024.12.12	Credit line is US\$50 million	None

◎ **KGI Bank Co., Ltd.**

Contract Type	Contracting Party	Valid Period	Main contents	Restrictive clauses
Service level agreement	IBM Taiwan Corporation	2012.10.31 to 2022.4.30	The service level agreement covers: credit card system applications' maintenance, management of credit card system's network, system management, on-site support, disaster recovery, project management office, and maintenance of service level.	None

◎ **China Life Insurance Co., Ltd**

Contract Type	Contracting Party	Valid Period	Main contents	Restrictive clauses
Reinsurance Contracts	Central Reinsurance Corporation	Since October 31, 1968	Reinsurance treaties (for Life, PA, Group, and CAT)	None
Reinsurance Contracts	Munich Reinsurance Company	Since January 1, 1975	Reinsurance treaties (for Life and Health)	None
Reinsurance Contracts	General Reinsurance AG	Since January 1, 1994	Reinsurance treaties (for Life, PA, and Health)	None
Reinsurance Contracts	Swiss Re Asia Pte. Ltd.	Since June 1, 1992	Life reinsurance treaty	None
Reinsurance Contracts	RGA Global Reinsurance Company Limited	Since January 1, 2003	Reinsurance treaties (for Life and Health)	None
Reinsurance Contracts	Scor Reinsurance Company (Asia) Ltd.	Since August 1, 1993	Reinsurance treaties (for Life, and Health)	None
Reinsurance Contracts	The TOA Reinsurance Company	Since January 1, 2016	Reinsurance treaties (for Life, PA and Group)	None
Reinsurance Contracts	SCOR SE	Since January 10, 2002	Reinsurance treaties (for Life, and Health)	None

Contract Type	Contracting Party	Valid Period	Main contents	Restrictive clauses
establish the superficies	Northern Region Branch of National Property Administration of Ministry of Finance	From January 20, 2014 to January 19, 2084	establish the superficies of the land on which Taipei Academy locates	None
establish the superficies	Political Warfare Bureau of Ministry of National Defense	From January 20, 2014 to January 19, 2084	establish the superficies of the land on which Taipei Academy locates	None

Note: Reinsurance treaties for PA and Group have expired on December 31, 2022.

## VI. Financial Information

### 6.1 Five-Year Financial Summary

#### 6.1.1 Consolidated Condensed Balance Sheet

Unit: NT\$ 1,000

Year Item	Financial Summary for The Last Five Years (Note1)					As of March 31, 2023 (Note 2)
	2018	2019	2020	2021	2022	
Cash and cash equivalents, Due from the central bank and call loans to financial institutions	86,038,806	129,444,209	153,033,754	216,777,094	186,940,931	N/A
Financial assets at fair value through profit or loss	374,931,034	492,082,632	543,495,816	554,548,173	466,530,498	
Financial assets at fair value through other comprehensive income	485,335,934	539,623,924	712,962,077	507,374,321	215,165,592	
Debt investments measured at amortized cost	970,536,279	1,028,887,835	1,064,332,087	1,220,278,781	1,678,606,935	
Financial assets for hedging	—	—	102,479	259,267	2,511,620	
Securities purchased under resell agreements	39,770,534	46,789,881	50,409,959	28,315,799	31,770,532	
Receivables, net	101,604,537	104,305,699	138,547,338	130,448,138	111,420,657	
Current tax assets	1,168,303	759,762	705,864	123,419	148,379	
Discount and loans, net	369,131,396	376,535,852	408,444,192	407,601,578	427,835,924	
Reinsurance assets, net	534,353	533,134	740,256	891,059	1,016,200	
Investments accounted for using the equity method, net	16,102,926	17,403,840	15,175,924	20,227,991	20,100,667	
Other financial assets	103,675,320	121,187,047	141,118,874	154,951,789	166,905,284	
Investment property, net	25,432,420	25,341,556	29,953,756	35,299,898	58,626,748	
Property and equipment, net	31,717,297	34,904,312	35,343,870	34,051,875	33,670,962	
Right-of-use assets, net	—	18,548,919	14,049,764	12,590,590	12,623,300	
Intangible assets, net	21,171,147	20,441,634	19,537,371	18,742,494	18,342,534	
Deferred tax assets	12,652,560	9,888,920	12,399,965	14,003,281	18,068,348	
Other assets, net	78,011,982	60,608,848	94,265,129	102,154,401	86,863,239	
Total assets	2,717,814,828	3,027,288,004	3,434,618,475	3,458,639,948	3,537,148,350	
Deposits from the central bank and financial institutions and funds from the central bank and financial institutions	22,434,914	24,560,878	11,502,768	20,953,036	11,972,428	N/A
Financial liabilities at fair value through profit or loss	87,786,725	94,068,987	116,142,567	57,698,157	82,361,141	

Year Item		Financial Summary for The Last Five Years (Note1)					As of March 31, 2023 (Note 2)
		2018	2019	2020	2021	2022	
Financial liabilities for hedging		—	—	641,307	73,006	581,359	N/A
Notes and bonds issued under repurchase agreements		125,478,900	96,137,331	134,864,245	101,884,810	101,183,895	
Commercial paper payable, net		14,985,902	12,634,684	11,564,804	21,214,240	24,778,477	
Payables		79,293,203	86,839,670	103,096,646	102,849,601	90,722,635	
Current tax liabilities		967,872	1,168,811	4,143,209	3,789,560	548,915	
Deposits and remittances		398,286,010	395,861,002	486,707,951	483,502,457	529,644,019	
Bonds payable		31,150,000	42,450,000	62,981,293	92,441,122	91,643,007	
Other borrowings		18,818,061	20,968,007	25,477,711	22,557,523	23,675,664	
Provisions		1,557,304,939	1,742,247,176	1,902,468,183	1,993,971,267	2,094,580,716	
Other financial liabilities		121,887,440	149,722,533	163,252,229	171,923,171	205,120,359	
Lease liabilities		—	5,615,681	4,454,005	4,455,216	4,603,517	
Deferred tax liabilities		7,275,275	12,933,858	15,311,370	9,007,624	13,904,031	
Other liabilities		28,582,681	45,614,232	59,384,100	79,208,406	53,042,811	
Total liabilities	Before distribution	2,494,251,922	2,730,822,850	3,101,992,388	3,165,529,196	3,328,362,974	
	After distribution	2,498,741,717	2,739,805,509	3,110,236,808	3,182,377,750	(Note 4)	
Equity attributable to owners of the parent							
Capital	Before distribution	149,633,560	149,684,080	149,732,712	190,858,209	184,275,310	
	After distribution	149,633,560	149,684,080	149,732,712	190,858,209	(Note 4)	
Capital surplus		1,630,992 (Note 3)	1,093,745	1,627,728	36,147,480	33,626,805	
Retained earnings	Before distribution	22,095,706	30,976,678	34,190,500	62,355,858	64,590,198	
	After distribution	18,429,040	21,994,019	25,946,080	45,507,304	(Note 4)	
Other equity		(10,522,131)	8,907,903	18,363,815	12,490,292	(73,829,040)	
Treasury shares		(3,605,444)	(3,137,278)	(1,178,647)	(9,071,501)	—	
Non-controlling interests		64,330,223	108,940,026	129,889,979	330,414	122,103	
Total equity	Before distribution	223,562,906	296,465,154	332,626,087	293,110,752	208,785,376	
	After distribution	219,073,111	287,482,495	324,381,667	276,262,198	(Note 4)	

Note 1: Financial statements of CDF in 2018 to 2022 were audited.

Note 2: As of the publication date, the financial statements of the first quarter of 2023 have not been reviewed by CPA.

Note 3: The shareholder's meeting of CDF of 2019 resolved cash dividends \$823,129 from capital surplus.

Note 4: Distribution for earnings in 2022 has not yet been resolved by the shareholder's meeting.

## 6.1.2 Unconsolidated Condensed Balance Sheet

Unit: NT\$ 1,000

Year Item		Financial Summary for The Last Five Years (Note 1)					As of March 31, 2023 (Note 2)
		2018	2019	2020	2021	2022	
Cash and cash equivalents		4,570,426	2,914,480	14,873,993	1,480,794	4,081,769	N/A
Financial assets at fair value through profit or loss		471,765	—	—	—	—	
Receivables, net		50,567	49,216	1,568,478	322,683	249,151	
Current tax assets		1,881,337	2,013,945	2,612,264	4,092,327	3,791,497	
Investments accounted for using the equity method, net		185,756,820	214,485,554	223,898,679	358,433,669	266,062,665	
Other financial assets		500,300	300	300	300	300	
Right-of-use assets, net		—	6,285	22,160	1,106,233	862,301	
Property and equipment, net		28,054	45,078	57,526	213,532	285,578	
Other assets, net		33,988	37,747	70,357	90,789	113,945	
Total assets		193,293,257	219,552,605	243,103,757	365,740,327	275,447,206	
Commercial paper payable		9,898,975	3,849,741	5,449,715	15,799,059	7,899,888	
Payables		722,528	937,194	1,167,545	2,295,000	1,802,426	
Current tax liabilities		1,129,319	418,779	1,411,995	1,765,796	2,867,858	
Bonds payable		19,000,000	23,000,000	29,000,000	48,000,000	48,000,000	
Other borrowings		3,299,951	3,799,796	3,299,531	3,899,854	5,299,852	
Provisions		6,946	12,807	14,440	24,451	74	
Lease liabilities		—	6,555	21,770	1,168,038	912,855	
Other liabilities		2,855	2,605	2,653	7,791	980	
Total liabilities	Before distribution	34,060,574	32,027,477	40,367,649	72,959,989	66,783,933	
	After distribution	38,550,369	41,010,136	48,612,069	89,808,543	(Note 4)	
Capital	Before distribution	149,633,560	149,684,080	149,732,712	190,858,209	184,275,310	
	After distribution	149,633,560	149,684,080	149,732,712	190,858,209	(Note 4)	
Capital surplus		1,630,992 (Note 3)	1,093,745	1,627,728	36,147,480	33,626,805	
Retained earnings	Before distribution	22,095,706	30,976,678	34,190,500	62,355,858	64,590,198	
	After distribution	18,429,040	21,994,019	25,946,080	45,507,304	(Note 4)	
Other equity		(10,522,131)	8,907,903	18,363,815	12,490,292	(73,829,040)	
Treasury shares		(3,605,444)	(3,137,278)	(1,178,647)	(9,071,501)	—	
Total equity	Before distribution	159,232,683	187,525,128	202,736,108	292,780,338	208,663,273	
	After distribution	154,742,888	178,542,469	194,491,688	275,931,784	(Note 4)	

Note 1: Financial statements of CDF in 2018 to 2022 were audited.

Note 2: As of the publication date, the financial statements of the first quarter of 2023 have not been reviewed by CPA.

Note 3: The shareholder's meeting of CDF of 2019 resolved cash dividends \$823,129 from capital surplus.

Note 4: Distribution for earnings in 2022 has not yet been resolved by the shareholder's meeting.

### 6.1.3 Consolidated Condensed Statement of Comprehensive Income

Unit: NT\$ 1,000

Year Item	Financial Summary for The Last Five Years ( Note1 )					As of March 31, 2023 ( Note 2 )
	2018	2019	2020	2021	2022	
Interest revenues	64,564,921	73,119,570	72,343,871	69,225,228	80,244,713	N/A
Interest expenses	(7,982,593)	(9,642,040)	(5,639,918)	(3,572,965)	(9,386,699)	
Interest profit, net	56,582,328	63,477,530	66,703,953	65,652,263	70,858,014	
Noninterest profits and gains, net	195,767,549	175,850,032	158,120,474	126,625,907	24,997,389	
Net revenues	252,349,877	239,327,562	224,824,427	192,278,170	95,855,403	
Reversal of allowance (allowance) for bad debts and losses on commitment and guarantees, net	(45,761)	(347,979)	(398,637)	(186,398)	146,568	
Net change in reserve for insurance liabilities	(213,695,965)	(191,941,972)	(174,464,035)	(104,875,754)	(44,989,888)	
Operating expenses	(25,166,272)	(25,471,804)	(28,013,362)	(35,016,319)	(29,071,218)	
Net profit before income tax from continuing operations	13,441,879	21,565,807	21,948,393	52,199,699	21,940,865	
Income tax expense	(627,239)	(1,911,986)	(1,272,107)	(5,100,224)	(5,551,678)	
Net profit from continuing operations	12,814,640	19,653,821	20,676,286	47,099,475	16,389,187	
Net income	12,814,640	19,653,821	20,676,286	47,099,475	16,389,187	
Other comprehensive income for the year, net of income tax	(35,062,270)	50,599,660	25,625,929	(32,944,620)	(84,063,024)	
Total comprehensive income for the year	(22,247,630)	70,253,481	46,302,215	14,154,855	(67,673,837)	
Net profit attributable to owners of parent	7,852,688	12,795,690	12,655,277	35,043,431	16,365,629	
Net profit attributable to non-controlling interests	4,961,952	6,858,131	8,021,009	12,056,044	23,558	
Total comprehensive income attributable to owners of parent	(4,995,817)	32,007,360	21,658,668	16,764,244	(67,700,361)	
Total comprehensive income attributable to non-controlling interests	(17,251,813)	38,246,121	24,643,547	(2,609,389)	26,524	
Earnings per share (In dollar)	0.54	0.88	0.87	2.34	0.98	

Note 1: Financial statements of CDF in 2018 to 2022 were audited.

Note 2: As of the publication date, the financial statements of the first quarter of 2023 have not been reviewed by CPA.



### 6.1.4 Unconsolidated Condensed Statement of Comprehensive Income

Unit: NT\$ 1,000

Year Item	Financial Summary for The Last Five Years ( Note1 )					As of March 31, 2023 ( Note 2 )
	2018	2019	2020	2021	2022	
Share of the profit of subsidiaries, associates and joint ventures	9,353,789	14,177,282	14,727,565	37,966,527	19,810,740	N/A
Other revenues and gains	19,686	54,167	44,581	20,376	245,906	
Operating expenses	(993,269)	(1,200,044)	(1,329,390)	(2,581,831)	(1,922,503)	
Other expenses and losses	(547,105)	(411,211)	(384,293)	(484,281)	(670,708)	
Net profit before income tax from continuing operations	7,833,101	12,620,194	13,058,463	34,920,791	17,463,435	
Income tax benefit (expense)	19,587	175,496	(403,186)	122,640	(1,097,806)	
Net profit for the year	7,852,688	12,795,690	12,655,277	35,043,431	16,365,629	
Other comprehensive income for the year, net of income tax	(12,848,505)	19,211,670	9,003,391	(18,279,187)	(84,065,990)	
Total comprehensive income for the year	(4,995,817)	32,007,360	21,658,668	16,764,244	(67,700,361)	
Earnings per share (In dollar)	0.54	0.88	0.87	2.34	0.98	

Note 1: Financial statements of CDF in 2018 to 2022 were audited.

Note 2: As of the publication date, the financial statements of the first quarter of 2023 have not been reviewed by CPA.

### 6.1.5 Auditors' Opinions from 2018 to 2022

Year	Accounting Firm	CPA	Audit Opinion
2022	Deloitte & Touche	Wu, Yi-Chun Ke, Jr-Shian	Unqualified Opinion
2021	Deloitte & Touche	Wu, Yi-Chun Ke, Jr-Shian	Unqualified Opinion
2020	Deloitte & Touche	Wu, Mei-Hui Lai, Kwan-Chung	Unqualified Opinion
2019	Deloitte & Touche	Wu, Mei-Hui Lai, Kwan-Chung	Unqualified Opinion
2018	Deloitte & Touche	Wu, Mei-Hui Kuo, Cheng-Hung	Unqualified Opinion

## 6.2 Five-Year Financial Analysis

### Consolidated Financial Analysis

Unit: NT\$ 1,000; %

Item \ Year		Financial Summary for The Last Five Years (Note 1)					As of March 31, 2023 (Note 3)
		2018	2019	2020	2021	2022	
Operating ratio	Total assets turnover (Times)	0.10	0.08	0.07	0.06	0.03	N/A
	Ratio of loans to deposits (KGI Bank)	80.69	82.41	74.03	75.36	73.60	
	NPL ratio (KGI Bank)	0.17	0.17	0.16	0.13	0.20	
	Average revenue per employee	19,898	19,137	17,536	14,570	7,000	
	Average net income per employee	1,010	1,572	1,613	3,569	1,197	
Profitability ratio	Ratio of return on total assets (%)	0.50	0.68	0.64	1.37	0.47	
	Ratio of return on equity (%)	5.35	7.56	6.57	15.05	6.53	
	Profit margin ratio (%)	5.08	8.21	9.20	24.50	17.10	
	Basic Earnings per share(in dollar)	0.54	0.88	0.87	2.34	0.98	
Financial structure (%)	Ratio of debt to assets	91.77	90.21	90.32	91.53	94.10	
	Ratio of debt to net worth	1,115.68	921.13	932.58	1,079.98	1,594.16	
	Double Leverage Ratio of Financial Holding Company	116.95	114.38	110.44	122.42	127.51	
	According to Article 41 of Financial Holding Company Act	(Note 2)	(Note 2)	(Note 2)	(Note 2)	(Note 2)	
Leverage ratio	Operating leverage ratio	17.08	10.07	9.12	3.08	3.23	
	Financial leverage ratio of Financial Holding Company	1.05	1.03	1.03	1.01	1.04	
Ratio of growing	Ratio of assets growing	13.26	11.39	13.46	0.70	2.27	
	Ratio of income growing	(7.42)	60.44	1.77	137.83	(57.97)	
Cash flow	Cash flow ratio	35.95	38.97	43.37	21.50	19.34	
	Cash flow adequacy ratio	17.47	26.18	32.62	32.10	30.19	
	Cash flow content ratio	102.82	145.34	108.69	898.05	78.34	
Operating Scale	Market share of assets	4.85	5.04	5.21	4.87	4.78	
	Market share of equity	6.06	6.67	6.78	5.59	4.99	
	Market share of deposit (KGI Bank)	1.05	0.99	1.10	1.00	1.17	
	Market share of loans (KGI Bank)	1.12	1.09	1.14	1.06	1.15	
Capital Adequacy Ratio	Subsidiaries' Capital Adequacy Ratio calculated by regulation	KGI Bank	13.39	15.38	14.81	14.96	14.19
		KGI Securities	327	336	282	372	297
		China Life Insurance	272	305	288	325	280
	Qualified capital of subsidiaries	KGI Bank	63,912,516	73,132,603	77,141,605	73,788,281	73,472,607
		KGI Securities	19,780,482	23,161,337	25,496,473	34,523,682	24,430,570
		CDIB Capital Group	47,686,090	42,672,343	34,769,285	35,184,954	28,396,798
		AMC	2,358,918	2,597,981	1,457,440	1,428,078	1,641,235
		China Life Insurance	28,048,402	37,487,589	45,359,178	169,346,424	126,366,619

Item \ Year		Financial Summary for The Last Five Years ( Note1 )					As of March 31, 2023 (Note 3)
		2018	2019	2020	2021	2022	
Net Group qualified capital		119,768,805	136,906,856	157,175,470	238,865,618	286,719,870	N/A
Legal requirement of subsidiaries' capital	KGI Bank	47,125,976	49,915,933	54,698,422	51,784,933	54,364,514	
	KGI Securities	9,081,894	10,346,016	13,542,980	13,931,846	12,324,150	
	CDIB Capital Group	24,636,062	22,121,983	18,892,734	18,803,631	16,630,548	
	AMC	1,595,846	1,401,765	842,791	910,094	975,280	
	China Life Insurance	20,653,219	24,587,139	31,525,054	104,176,048	90,127,694	
Legal requirement of group capital		289,929,125	322,984,021	345,090,741	549,745,595	441,941,253	
Group Capital Adequacy Ratio		114.97	126.18	129.69	124.86	108.14	
endorsements or other transactions of all subsidiaries with the same individual, the same related party or enterprise according to article 46 of Financial Holding Company Law	The same Customer	331.78	879.60	896.08	580.74	892.24	
	The same Group	206.23	493.70	520.60	553.87	849.15	
Reasons for changes in financial ratios in the recent 2 years:							
1. The decrease of total assets turnover (times) and average revenue per employee were mainly due to the decrease of total net revenue of 2022.							
2. The decrease of average net income per employee, ratio of return on total assets, ratio of return on equity, profit margin ratio and basic earnings per share were mainly due to the decrease of net profit of 2022.							
3. The decrease of ratio of income growing was mainly due to the decrease of net profit before income tax of 2022.							
4. The increase of ratio of debt to net worth was mainly due to the decrease of equity of 2022.							
5. The increase of ratio of assets growing was mainly due to the increase of asset growth of 2022.							
6. The decrease of cash flow content ratio was mainly due to the increase of net cash flows from investing activities of 2022.							
7. The increase of endorsements or other transactions of all subsidiaries with the same individual, the same related party or enterprise according to article 46 of Financial Holding Company Law were mainly due to the decrease of equity attributable to owners of the parent.							

Note 1: Financial statements of CDFin 2018 to 2022 were audited.

Note 2: None.

Note 3: As of the publication date, the financial statements of the first quarter of 2023 have not been reviewed by CPA.

Note 4: Below are the formulas used in various financial analyses:

1. Operating ratio

- (1) Total assets turnover = Net income / Average assets
- (2) Ratio of loans to deposits = Total loans / Total deposits
- (3) NPL ratio = Nonperforming loans / Total loans
- (4) Average revenue per employee = Net revenues / employee
- (5) Average net income per employee = Net income / employee

2. Profitability ratio

- (1) Ratio of return on total assets = Income after income tax / Average assets
- (2) Ratio of return on stockholders' equity = Income after income tax / Average stockholders' equity
- (3) Profit margin ratio = Income after income tax / Net revenues
- (4) Basic earnings per share = (Income and loss attributable to owners of the company – Dividends for preferred stocks) / Average issued shares (Note 5)

3. Financial structure

- (1) Ratio of debt to assets = Total liabilities / Total assets
- (2) Ratio of debt to net worth = Total liabilities / Total stockholders' equity
- (3) Double Leverage Ratio of Financial Holding Company = Equity investments specified under Articles 36, Paragraph 2, and 37 of the Financial Holding Company Act / Total stockholders' equity.

4. Leverage ratio

- (1) Operating leverage ratio = (Net revenues – Variable expenses) / Income before income tax
- (2) Financial leverage ratio of Financial Holding Company = (Income before income tax + interest expenses) / Income before income tax

5. Ratio of growing

- (1) Ratio of assets growing = (Total assets – Last year total assets) / Last year total assets
- (2) Ratio of income growing = (income before income tax – Last year income before income tax) / Last year income before income tax

6. Cash flow

- (1) Cash flow ratio = Net cash provided by operating activities / (Due to the bank + Commercial paper issued + Financial liabilities at fair value through profit or loss + Securities sold under repurchased issued + Current portion of Payables)
- (2) Cash flow adequacy ratio = Net cash provided by operating activities (for the last five year) / for the last five year (capital expenditure + Cash dividends) °
- (3) Cash flow content ratio = Net cash provided by operating activities / Net cash provided by investing activities

7. Operating Scale

- (1) Market share of assets = Total assets / Total assets of all Financial Holding Co., Ltd.
- (2) Market share of equity = Total stockholders' equity / Total stockholders' equity of all Financial Holding Co., Ltd.
- (3) Market share of deposit (bank) = Total deposits / Total deposits held by all financial institutions which are qualified in deposit and loan business
- (4) Market share of assets loans (bank) = Total loans / Total loans granted by all financial institutions which are qualified in deposit and loan business

8. Capital adequacy Ratio

- (1) Net Group qualified capital = Qualified requirement of Financial Holding Company Law + (Shares hold in ratio of Financial Holding Company Law × Qualified capital of subsidiaries) – Deduction
- (2) Legal requirement of subsidiaries' capital = Legal requirement of Financial Holding Company Law + Shares hold in ratio of Financial Holding Company Law × Legal requirement of subsidiaries
- (3) Group Capital Adequacy Ratio = Net Group qualified capital ÷ Legal requirement of group capital.

Note 5: Calculations of earnings per share must take into account the following:

1. Use weighted average outstanding ordinary shares instead of year-end outstanding shares
2. Effects of cash issues or treasury stocks, by weighing the number of outstanding shares against the length of time they were in circulation.
3. If any additional shares were issued against capitalized earnings or reserves, the full year or half-year earnings per share must be adjusted retrospectively, regardless of when the additional shares were issued.
4. If preferred shares were cumulative and non-convertible in nature, all current year dividends (whether distributed or not) must be deducted from after-tax profit, or added to after-tax loss. If preferred shares were non-cumulative, then preferred share dividends must be deducted from after-tax profit, but no adjustment is required for after-tax loss

### **6.3 Audit Committee's Report for the Most Recent Year**

#### **China Development Financial Holding Corporation Audit Committee's Review Report**

The Board of Directors has prepared this Company's 2022 business report, financial statements and the earnings distribution plan, among which the financial statements have been audited by CPAs Yi-Chun Wu and Jr-Shian Ke of Deloitte who have submitted an audited report. The above statements and reports have been examined by the Audit Committee and no irregularities were found. We hereby report as above, in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

To:

2023 Annual General Shareholders Meeting of this company

Audit Committee

Convener    Wei Chung

Date: May 5, 2023

## **6.4 Financial Statements for the Years Ended December 31, 2022 and 2021, and Independent Auditors' Report**

**China Development Financial Holding  
Corporation and Subsidiaries**

**Consolidated Financial Statements for the  
Years Ended December 31, 2022 and 2021 and  
Independent Auditors' Report**

## **INDEPENDENT AUDITORS' REPORT**

The Board of Directors and Shareholders  
China Development Financial Holding Corporation

### **Opinion**

We have audited the accompanying consolidated financial statements of China Development Financial Holding Corporation (the Corporation) and subsidiaries (collectively, the Group), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Financial Holding Companies, Regulations Governing the Preparation of Financial Reports by Public Banks, Regulations Governing the Preparation of Financial Reports by Securities Firms, Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants, Regulations Governing the Preparation of Financial Reports by Securities Issuers, Regulations Governing the Preparation of Financial Reports by Insurance Enterprises, the guidelines issued by the authority and International 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.

### **Basis for Opinion**

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China. 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 Corporation and its subsidiaries in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters of the Group's consolidated financial statements for the year ended December 31, 2022 are as follows:

#### Estimated Impairment of Discounts and Loans

The management assesses impairment of discounts and loans according to the Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans ("the Procedures") issued by the FSC of the ROC and IFRS 9, respectively, and then recognizes the higher estimated amount as a reserve for asset impairment. Under the Procedures, impairment is based on the length of time overdue and the status of the collaterals; and, under IFRS 9, impairment is assessed by considering the probability of default and loss given default estimated based on historical experience, present market situation and forward-looking information. The estimation of impairment requires the use of critical judgments and estimates and impairment has significant impact on the financial statements; therefore, the impairment of discounts and loans is deemed to be a key audit matter for the year ended December 31, 2022.

Refer to Notes 4, 5 and 53 for the significant accounting policies, critical judgment, estimation uncertainty and related disclosure of the impairment of discounts and loans.

Our key audit procedures performed in respect of the above matter included the following:

We understood the accounting policies and internal controls related to the recognition of impairment. We verified that the impairment assessment procedures including the classification of the credit assets, the length of time overdue and the status of the collaterals complied with the Procedures. We evaluated that the methodology, assumptions and parameters adopted in the impairment model conform to IFRS 9 and had appropriately reflected the actual situation of the discounts and loans. We selected samples of discounts and loans and evaluated the reasonableness of recognized impairment.

#### Assessment of Insurance Liabilities and Liability Adequacy Reserve

As stated in Note 5, management uses actuarial models and several material assumptions when assessing the insurance liabilities and liability adequacy reserve. The assumptions were based on the principles embodied in the relevant laws and regulations, which cover the unique risk exposure, product characteristics and experiences from target markets of China Life Insurance Co., Ltd. (China Life Insurance). The assessment of liability adequacy reserve is in compliance with the relevant norms promulgated by The Actuarial Institute of the Republic of China. When China Life Insurance assesses the liability adequacy reserve, the estimated present value of future cash flows of insurance contracts is based on a reasonable estimate of future insurance payments, premium income and related expenses. Since any change in the actuarial model and material assumptions will have a significant influence on insurance liabilities and liability adequacy reserve, we consider them as key audit matters for the year ended December 31, 2022.

Refer to Notes 4, 5 and 52 for the relevant accounting policy, critical accounting judgments, and estimation uncertainty, and disclosures of assessment of insurance liabilities and liability adequacy reserve.

We understood and assessed China Life Insurance's internal controls related to insurance liabilities and liability adequacy reserve. We requested and our internal actuarial specialists assisted us in performing our audit procedures regarding insurance liability including the evaluation of the rationale of relevant assumptions and actuarial models adopted by management. As for the liability adequacy reserve, we assessed the reasonableness of the underlying assumptions and outcomes.



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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Financial Holding Companies, Regulations Governing the Preparation of Financial Reports by Public Banks, Regulations Governing the Preparation of Financial Reports by Securities Firms, Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants, Regulations Governing the Preparation of Financial Reports by Securities Issuers, Regulations Governing the Preparation of Financial Reports by Insurance Enterprises, the guidelines issued by the authority 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, 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 Republic of China 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 Republic of China, 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 audit of the Group. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2022 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Yi-Chun Wu and Jr-Shian Ke.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

February 20, 2023

Notice to Readers

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

*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 Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.*

# CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

## CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

ASSETS	2022		2021	
	Amount	%	Amount	%
CASH AND CASH EQUIVALENTS (Notes 4 and 6)	\$ 132,489,379	4	\$ 167,862,826	5
DUE FROM THE CENTRAL BANK AND CALL LOANS TO FINANCIAL INSTITUTIONS (Notes 7 and 48)	54,451,552	2	48,914,268	1
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 4, 8, 9, 18, 47 and 48)	466,530,498	13	554,548,173	16
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (Notes 4, 10, 48 and 53)	215,165,592	6	507,374,321	15
DEBT INVESTMENTS MEASURED AT AMORTIZED COST (Notes 4, 11, 18, 47, 48 and 53)	1,678,606,935	47	1,220,278,781	35
FINANCIAL ASSETS FOR HEDGING (Notes 4 and 12)	2,511,620	-	259,267	-
SECURITIES PURCHASED UNDER RESELL AGREEMENTS (Notes 4 and 13)	31,770,532	1	28,315,799	1
RECEIVABLES, NET (Notes 4, 14, 47, 48 and 53)	111,420,657	3	130,448,138	4
CURRENT TAX ASSETS (Note 4)	148,379	-	123,419	-
DISCOUNTS AND LOANS, NET (Notes 4, 15, 47 and 53)	427,835,924	12	407,601,578	12
REINSURANCE ASSETS, NET (Notes 4 and 16)	1,016,200	-	891,059	-
INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD, NET (Notes 4, 17 and 18)	20,100,667	1	20,227,991	1
OTHER FINANCIAL ASSETS (Notes 19, 47 and 48)	166,905,284	5	154,951,789	4
INVESTMENT PROPERTY, NET (Notes 4, 20 and 48)	58,626,748	2	35,299,898	1
PROPERTY AND EQUIPMENT, NET (Notes 4, 21 and 48)	33,670,962	1	34,051,875	1
RIGHT-OF-USE ASSETS, NET (Notes 4 and 22)	12,623,300	-	12,590,590	-
INTANGIBLE ASSETS, NET (Note 23)	18,342,534	1	18,742,494	1
DEFERRED TAX ASSETS (Notes 4 and 43)	18,068,348	-	14,003,281	-
OTHER ASSETS, NET (Notes 24 and 47)	<u>86,863,239</u>	<u>2</u>	<u>102,154,401</u>	<u>3</u>
TOTAL	<u>\$ 3,537,148,350</u>	<u>100</u>	<u>\$ 3,458,639,948</u>	<u>100</u>
LIABILITIES AND EQUITY				
LIABILITIES				
Deposits from the Central Bank and financial institutions (Notes 25 and 47)	\$ 11,972,428	-	\$ 20,823,546	-
Funds from the Central Bank and financial institutions	-	-	129,490	-
Financial liabilities at fair value through profit or loss (Notes 4, 8 and 47)	82,361,141	2	57,698,157	2
Financial liabilities for hedging (Notes 4 and 12)	581,359	-	73,006	-
Notes and bonds issued under repurchase agreements (Notes 4, 8, 10, 11 and 26)	101,183,895	3	101,884,810	3
Commercial paper payable, net (Notes 27 and 48)	24,778,477	1	21,214,240	1
Payables (Notes 28 and 47)	90,722,635	3	102,849,601	3
Current tax liabilities (Note 4)	548,915	-	3,789,560	-
Deposits and remittances (Notes 29 and 47)	529,644,019	15	483,502,457	14
Bonds payable (Note 30)	91,643,007	3	92,441,122	3
Other borrowings (Notes 31 and 48)	23,675,664	1	22,557,523	1
Provisions (Notes 4 and 32)	2,094,580,716	59	1,993,971,267	58
Other financial liabilities (Note 34)	205,120,359	6	171,923,171	5
Lease liabilities (Note 22)	4,603,517	-	4,455,216	-
Deferred tax liabilities (Notes 4 and 43)	13,904,031	-	9,007,624	-
Other liabilities (Note 47)	<u>53,042,811</u>	<u>1</u>	<u>79,208,406</u>	<u>2</u>
Total liabilities	<u>3,328,362,974</u>	<u>94</u>	<u>3,165,529,196</u>	<u>92</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT (Notes 35 and 36)				
Capital				
Common stock	168,453,886	5	171,896,598	5
Preferred stock	15,821,424	-	18,930,436	-
Advance receipts for capital stock	-	-	31,175	-
Capital surplus	33,626,805	1	36,147,480	1
Retained earnings				
Legal reserve	13,703,864	-	10,035,815	-
Special reserve	410,006	-	298,120	-
Unappropriated earnings	50,476,328	2	52,021,923	2
Other equity	(73,829,040)	(2)	12,490,292	-
Treasury shares	<u>-</u>	<u>-</u>	<u>(9,071,501)</u>	<u>-</u>
Total equity attributable to owners of the parent	<u>208,663,273</u>	<u>6</u>	<u>292,780,338</u>	<u>8</u>
NON-CONTROLLING INTERESTS (Note 35)	<u>122,103</u>	<u>-</u>	<u>330,414</u>	<u>-</u>
Total equity	<u>208,785,376</u>	<u>6</u>	<u>293,110,752</u>	<u>8</u>
TOTAL	<u>\$ 3,537,148,350</u>	<u>100</u>	<u>\$ 3,458,639,948</u>	<u>100</u>

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

# CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021		Percentage Increase (Decrease)
	Amount	%	Amount	%	%
INTEREST REVENUE (Notes 37 and 47)	\$ 80,244,713	84	\$ 69,225,228	36	16
INTEREST EXPENSE (Notes 37 and 47)	<u>(9,386,699)</u>	<u>(10)</u>	<u>(3,572,965)</u>	<u>(2)</u>	163
INTEREST PROFIT, NET	<u>70,858,014</u>	<u>74</u>	<u>65,652,263</u>	<u>34</u>	8
NONINTEREST PROFITS AND GAINS, NET					
Service fee and commission, net (Notes 19, 38 and 47)	(517,188)	(1)	5,990,728	3	(109)
Net income from insurance operations (Notes 39 and 47)	(6,284,631)	(7)	65,550,089	34	(110)
Gain (loss) on financial assets and liabilities measured at fair value through profit or loss, net (Notes 8, 40 and 47)	(127,915,536)	(133)	49,617,253	26	(358)
Realized gain (loss) on financial assets measured at fair value through other comprehensive income (Note 41)	2,369,243	3	18,570,778	10	(87)
Gain (loss) on disposal of financial assets measured at amortized cost (Note 11)	341,584	-	4,210,914	2	(92)
Foreign exchange gain (loss), net	90,094,660	94	(29,644,909)	(15)	404
Impairment loss on assets, net	(1,890,463)	(2)	(596,975)	-	217
Share of the profit (loss) of associates and joint ventures	(165,708)	-	910,463	-	(118)
Gain (loss) on reclassification using the overlay approach (Note 8)	65,253,132	68	(1,608,063)	(1)	4,158
Net gain (loss) on disposal of property	35,862	-	8,377,876	4	(100)
Other miscellaneous net income (loss) (Note 47)	<u>3,676,434</u>	<u>4</u>	<u>5,247,753</u>	<u>3</u>	(30)
Total noninterest profits and gains, net	<u>24,997,389</u>	<u>26</u>	<u>126,625,907</u>	<u>66</u>	(80)
TOTAL NET REVENUE	<u>95,855,403</u>	<u>100</u>	<u>192,278,170</u>	<u>100</u>	(50)

(Continued)

# CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021		Percentage Increase (Decrease)
	Amount	%	Amount	%	%
REVERSAL (ALLOWANCE) FOR BAD DEBTS AND LOSSES ON COMMITMENTS AND GUARANTEES	\$ 146,568	-	\$ (186,398)	-	179
NET CHANGE IN RESERVE FOR INSURANCE LIABILITIES	(44,989,888)	(47)	(104,875,754)	(55)	(57)
OPERATING EXPENSES (Notes 22, 33, 42 and 47)					
Employee benefits	(16,340,602)	(17)	(22,255,924)	(11)	(27)
Depreciation and amortization	(4,069,381)	(4)	(3,631,430)	(2)	12
Other general and administrative expenses	(8,661,235)	(9)	(9,128,965)	(5)	(5)
Total operating expenses	(29,071,218)	(30)	(35,016,319)	(18)	(17)
NET PROFIT BEFORE INCOME TAX	21,940,865	23	52,199,699	27	(58)
INCOME TAX EXPENSE (Note 43)	(5,551,678)	(6)	(5,100,224)	(3)	9
NET PROFIT FOR THE YEAR	16,389,187	17	47,099,475	24	(65)
OTHER COMPREHENSIVE INCOME (LOSS)					
Items that will not be reclassified subsequently to profit or loss, net of income tax					
Remeasurement of defined benefit plans	547,846	1	(312,013)	-	276
Share of the other comprehensive income (loss) of associates and joint ventures	(958,909)	(1)	132,225	-	(825)

(Continued)

# CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021		Percentage Increase (Decrease)
	Amount	%	Amount	%	%
Gain (loss) on equity instruments measured at fair value through other comprehensive income	\$ (10,656,072)	(11)	\$ 1,766,371	1	(703)
Income tax relating to the items that will not be reclassified subsequently to profit or loss (Note 43)	461,805	-	789,341	-	(41)
Items that will be reclassified subsequently to profit or loss, net of income tax					
Exchange differences on translation of financial statements of foreign operations	3,397,017	3	(1,099,473)	(1)	409
Share of the other comprehensive income (loss) of associates and joint ventures	617,418	1	(162,854)	-	479
Income tax relating to items that may be reclassified subsequently to profit or loss (Note 43)	3,215,828	3	6,626,229	4	(51)
Gain (loss) on debt instruments measured at fair value through other comprehensive income	(15,434,825)	(16)	(42,292,509)	(22)	(64)
Other comprehensive income (loss) on reclassification using the overlay approach (Note 8)	<u>(65,253,132)</u>	<u>(68)</u>	<u>1,608,063</u>	<u>1</u>	(4,158)
Other comprehensive income (loss) for the year, net of income tax	<u>(84,063,024)</u>	<u>(88)</u>	<u>(32,944,620)</u>	<u>(17)</u>	155
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	<u>\$ (67,673,837)</u>	<u>(71)</u>	<u>\$ 14,154,855</u>	<u>7</u>	(578)
NET PROFIT ATTRIBUTABLE TO:					
Owners of parent	\$ 16,365,629	17	\$ 35,043,431	18	(53)
Non-controlling interests	<u>23,558</u>	<u>-</u>	<u>12,056,044</u>	<u>6</u>	(100)
	<u>\$ 16,389,187</u>	<u>17</u>	<u>\$ 47,099,475</u>	<u>24</u>	(65)

(Continued)

# CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	<u>2022</u>		<u>2021</u>		<u>Percentage Increase (Decrease)</u>
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>%</u>
TOTAL COMPREHENSIVE INCOME					
(LOSS) ATTRIBUTABLE TO:					
Owners of parent	\$ (67,700,361)	(71)	\$ 16,764,244	9	(504)
Non-controlling interests	<u>26,524</u>	<u>-</u>	<u>(2,609,389)</u>	<u>(2)</u>	101
	<u>\$ (67,673,837)</u>	<u>(71)</u>	<u>\$ 14,154,855</u>	<u>7</u>	(578)
EARNINGS PER SHARE (Note 44)					
Basic	<u>\$0.98</u>		<u>\$2.34</u>		
Diluted	<u>\$0.98</u>		<u>\$2.34</u>		

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

(Concluded)



**CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**  
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Parent										Other Equity				Total Equity Attributable to Owners of the Parent	Non-controlling Interests	Total Equity			
	Capital					Retained Earnings		Capital Surplus	Legal Reserve	Unappropriated Earnings	Exchange Differences on Translation of Foreign Financial Statements	Unrealized Gains (Losses) on Financial Assets at Fair Value	Other Comprehensive Income (Loss) Using the Overlay Approach	Equity on Holding Instruments				Others	Treasury Shares	
	Common Stock	Preferred Stock	Advance Receipts for Capital Stock	Capital Surplus	Special Reserve	Unappropriated Earnings														
BALANCE AT JANUARY 1, 2021	\$ 149,729,414	\$ -	\$ 3,295	\$ 1,627,228	\$ 8,816,167	\$ 565,041	\$ 24,809,292	\$ (3,814,286)	\$ 21,020,859	\$ 1,157,242	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 202,736,108	\$ 129,889,979	\$ 332,626,087
Appropriation of the 2020 earnings	-	-	-	-	1,219,648	-	(1,219,648)	-	-	-	-	-	-	-	-	-	-	-	-	-
Legal reserve	-	-	-	-	-	3,790	(8,244,420)	-	-	-	-	-	-	-	-	-	-	(8,244,420)	-	(8,244,420)
Special reserve reversed	-	-	-	-	1,219,648	3,790	(9,467,838)	-	-	-	-	-	-	-	-	-	-	(8,244,420)	-	(8,244,420)
Cash dividends - common shares	-	-	-	-	-	(270,711)	270,711	-	-	-	-	-	-	-	-	-	-	-	-	-
Special reserve reversed	-	-	-	-	-	-	(365)	-	-	-	-	-	-	-	-	-	-	-	-	(665)
Changes in capital surplus from investments in associates and joint ventures accounted for using the equity method	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	35,043,431	12,056,044	47,099,475
Net profit for the year ended December 31, 2021	-	-	-	-	-	-	35,043,431	-	-	-	-	-	-	-	-	-	-	35,043,431	12,056,044	47,099,475
Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax	-	-	-	-	-	-	(251,756)	(1,266,145)	(18,446,104)	1,684,818	-	-	-	-	-	-	-	(18,273,187)	(14,665,433)	(32,944,620)
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	-	(251,756)	(1,266,145)	(18,446,104)	1,684,818	-	-	-	-	-	-	-	(18,273,187)	(14,665,433)	(32,944,620)
Disposal of the Corporation shares, as treasury shares	-	-	-	214,147	-	-	34,791,675	-	-	-	-	-	-	-	-	-	-	16,764,244	(2,609,389)	14,154,855
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,869,631	1,896,155	3,765,786
Share-based payments	20,745,684	-	-	33,961,472	-	-	-	(46,118)	12,824,783	2,364,263	-	-	-	-	-	-	-	79,432,182	(127,956,347)	(48,524,164)
Share-based payments	1,431,500	-	-	344,372	-	-	(58,544)	-	-	-	-	-	-	-	-	-	-	276,720	-	276,720
Change in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(846,724)	(846,724)
Disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	-	-	1,720,535	-	(1,730,535)	-	-	-	-	-	-	-	-	-	-	-
Net change in special reserve of subsidiaries	-	-	-	-	-	-	(53,523)	-	-	-	-	-	-	-	-	-	-	(53,523)	(43,260)	(96,783)
BALANCE AT DECEMBER 31, 2021	171,896,598	18,930,436	31,175	36,147,480	10,035,815	298,120	52,021,923	(5,126,549)	13,669,003	5,406,323	-	-	(1,438,485)	-	-	-	292,780,338	293,110,752	330,414	293,110,752
Appropriation of the 2021 earnings	-	-	-	-	3,668,049	-	(3,668,049)	-	-	-	-	-	-	-	-	-	-	-	-	-
Legal reserve	-	-	-	-	-	123,680	(16,848,554)	-	-	-	-	-	-	-	-	-	-	(16,848,554)	-	(16,848,554)
Special reserve reversed	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(3,072)	-	(3,072)
Cash dividends - common shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(16,851,631)	-	(16,851,631)
Cash dividends - preferred shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Special reserve reversed	-	-	-	-	-	-	(11,794)	-	-	-	-	-	-	-	-	-	-	-	-	-
Changes in capital surplus from investments in associates and joint ventures accounted for using the equity method	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	54,623	-	54,623
Net profit for the year ended December 31, 2022	-	-	-	-	-	-	16,365,629	-	-	-	-	-	-	-	-	-	-	16,365,629	23,558	16,389,187
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	-	-	418,390	(4,009,738)	(25,048,211)	(63,449,208)	3,301	-	-	-	-	-	-	(84,065,990)	2,966	(84,063,024)
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	-	418,390	(4,009,738)	(25,048,211)	(63,449,208)	3,301	-	-	-	-	-	-	(84,065,990)	2,966	(84,063,024)
Retirement of treasury share	-	-	-	(2,555,352)	-	-	-	-	-	-	-	-	-	-	-	-	-	(67,700,361)	26,524	(67,673,837)
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share-based payments	-	-	-	4,978	-	-	-	-	1,132	-	-	-	-	-	-	-	-	6,110	(214,497)	(208,387)
Share-based payments	-	-	-	(24,924)	-	-	-	-	-	-	-	-	-	-	-	-	-	424,928	-	424,928
Change in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(20,338)	(20,338)
Disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net change in special reserve of subsidiaries	-	-	-	-	-	-	2,350,631	-	(2,350,631)	-	-	-	-	-	-	-	-	-	-	-
BALANCE AT DECEMBER 31, 2022	168,453,886	15,831,424	-	33,626,805	13,703,864	410,006	\$ 476,328	\$ (1,116,811)	\$ (13,728,907)	\$ (58,042,885)	\$ 3,301	\$ -	\$ (943,718)	\$ -	\$ -	\$ -	\$ (50,724)	\$ 208,663,273	\$ 122,103	\$ 208,785,376

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

# CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit before income tax	\$ 21,940,865	\$ 52,199,699
Adjustments for reconciliation with net profit		
Depreciation expenses	2,624,415	2,332,632
Amortization expenses	1,447,524	1,301,380
Allowance (reversal) for bad debts and losses on commitments and guarantees, net	(146,568)	186,398
Gain on financial assets and liabilities measured at fair value through profit or loss, net	141,412,636	(38,426,941)
Interest expense	9,424,129	3,573,057
Interest revenue	(80,244,713)	(69,225,228)
Dividend income	(15,251,805)	(13,042,130)
Net changes in insurance liabilities	93,770,868	91,874,878
Net changes in reserve for changes in foreign exchange valuation	7,535,803	(671,883)
Share-based payments	423,072	37,910
Share of loss (profit) of associates and joint ventures	155,519	(908,896)
Loss (gain) on reclassification using the overlay approach	(65,253,132)	1,608,063
Gain on disposal of property and equipment	(35,097)	(8,349,848)
Gain on disposal of investments	(920,508)	(20,105,772)
Gain on reversal of impairment loss on financial assets	1,864,385	467,182
Unrealized loss (gain) on foreign currency exchange	(120,632,312)	36,772,309
Others	(316,818)	77,488
Changes in operating assets and liabilities		
Due from the Central Bank and call loans to financial institutions	(3,061,543)	(1,872,256)
Financial assets at fair value through profit or loss	5,584,725	1,192,810
Financial assets at fair value through other comprehensive income	29,695,422	2,217,306
Debt investments measured at amortized cost	(45,875,258)	(1,542,292)
Securities purchased under resell agreements	(459,489)	-
Receivables	22,961,066	6,755,545
Discounts and loans	(20,205,512)	895,313
Other financial assets	(7,261,081)	3,455,202
Other assets	14,917,736	(7,716,779)
Deposits from the Central Bank and financial institutions	(8,851,118)	9,396,808
Financial liabilities at fair value through profit or loss	(30,945,428)	(34,478,657)
Notes and bonds issued under repurchase agreements	(700,915)	(32,979,435)
Payables	(14,916,650)	19,860,399
Deposits and remittances	46,141,562	(3,205,494)
Other financial liabilities	29,029,482	(7,463,566)
Other liabilities	(26,179,225)	(152,074)
Cash used in operations	(12,327,963)	(5,936,872)
Interest received	70,175,615	67,319,059
Dividends received	15,351,414	12,405,024
		(Continued)

# CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
Interest paid	\$ (7,267,371)	\$ (3,062,579)
Income tax paid	<u>(5,765,448)</u>	<u>(5,240,326)</u>
Net cash generated from operating activities	<u>60,166,247</u>	<u>65,484,306</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of financial assets at fair value through other comprehensive income	(18,264,712)	(25,759,566)
Proceeds from sale of financial assets at fair value through other comprehensive income	98,275,756	193,484,526
Acquisition of financial assets measured at amortized cost	(197,099,410)	(302,911,707)
Proceeds from sale of financial assets measured at amortized cost	55,354,373	104,681,027
Principal from financial assets measured at amortized cost	10,987,090	25,601,205
Acquisition of financial assets at fair value through profit or loss	(1,880,809)	(2,224,321)
Acquisition of investments accounted for using equity method	(632,832)	(5,103,416)
Acquisition of property and equipment	(1,730,261)	(1,872,123)
Proceeds from sale of property and equipment	183,188	9,338,281
Acquisition of investment properties	(23,668,779)	(3,401,003)
Proceeds from disposal of investment properties	669,848	-
Others	<u>1,004,084</u>	<u>875,269</u>
Net cash used in investing activities	<u>(76,802,464)</u>	<u>(7,291,828)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Decrease in short-term borrowings	(221,740)	(2,640,889)
Increase (decrease) in funds from the central bank and financial institutions	(129,490)	53,460
Increase in commercial paper payable	3,564,237	9,649,436
Proceeds from corporate bonds	-	24,570,000
Repayments of corporate bonds	(310,000)	-
Proceeds from bank debentures	-	5,000,000
Proceeds from long-term borrowings	1,699,998	300,323
Repayments of long-term borrowings	(360,117)	(579,622)
Repayments of the principal portion of lease liabilities	(879,663)	(949,750)
Cash dividends paid	(16,851,631)	(8,244,420)
Sale of treasury shares	-	3,765,786
Acquisition of ownership interests in subsidiaries	(208,387)	(48,524,164)
Net changes in non-controlling interests	(20,338)	(846,724)
Others	<u>413</u>	<u>239,197</u>
Net cash used in generated from financing activities	<u>(13,716,718)</u>	<u>(18,207,367)</u>

(Continued)

# CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	\$ 450,474	\$ (263,213)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(29,902,461)	39,721,898
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	230,064,311	190,342,413
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	\$ 200,161,850	\$ 230,064,311

Reconciliation of the amounts in the consolidated statements of cash flows with the equivalent items reported in the consolidated balance sheets as of December 31, 2022 and 2021:

	December 31	
	2022	2021
Cash and cash equivalents in consolidated balance sheets	\$ 132,489,379	\$ 167,862,826
Due from the Central Bank and call loans to banks which qualify as cash and cash equivalents as defined in IAS 7	36,416,453	33,940,712
Securities purchased under agreements to resell which qualify as cash and cash equivalents as defined in IAS 7	31,256,018	28,260,773
Cash and cash equivalents in consolidated statements of cash flows	\$ 200,161,850	\$ 230,064,311

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

(Concluded)

# CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

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### 1. GENERAL INFORMATION

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

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

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

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

On March 13, 2017, the Corporation hold 100% equity interests of China Development Asset Management Corporation, which was previously held by CDIB Capital Group. China Development Asset Management Corporation has merged with its subsidiaries, including Development Industrial Bank Asset Management Corp., Chung Hwa Growth 3 Asset Management Corp. and Chung Hwa Growth 4 Asset Management Corp. on July 1, 2019. Chung Hwa Growth 3 Asset Management Corp. was the surviving company after the merger and was renamed as China Development Asset Management Corporation on the same day.

On August 15, 2017, the Corporation's board of directors approved the acquisition of 25.33% shares of China Life Insurance. After the Corporation acquired ordinary shares through public tender offer, China Life Insurance became a subsidiary of the Corporation as defined by the Financial Holding Company Act. On March 25, 2019, the Corporation's board of directors approved to apply for the participation of capital increase by cash of China Life Insurance. After the Corporation acquired ordinary shares, the Corporation held 26.17% of the ordinary shares of China Life Insurance. On November 27, 2020, the Corporation's board of directors approved the acquisition of 21.13% shares of China Life Insurance through public tender offer. After the Corporation acquired ordinary shares through public tender offer, the Corporation held 47.30% of the ordinary shares of China Life Insurance. On October 1, 2021, the Corporation's extraordinary general shareholders meeting approved the acquisition of 52.70% shares of China Life Insurance (including 8.65% share of China Life Insurance held by a subsidiary, KGI Securities) through a share swap. The Corporation in exchange for China Life Insurance shares at a share swap ratio of 1 China Life Insurance common share being in exchange for 0.80 the Corporation's common shares, 0.73 the Corporation's preferred shares and NT\$11.5. On December 30, 2021, the Corporation acquired China Life Insurance through a share swap. Thus, China Life Insurance became the Corporation's wholly owned subsidiary.

The Corporation invests in and manages the businesses of finance-related institutions and investees.

The Corporation's shares have been listed on the Taiwan Stock Exchange (TSE).

CDIB Capital Group was incorporated under the Corporation Act and relevant regulations and started operations on May 14, 1959. Effective January 1999, CDIB Capital Group was converted from a trust corporation into an industrial bank under government approval.

On May 1, 2015, CDIB Capital Group's board of the directors approved the transfer to KGI Bank of (a) all assets and liabilities associated with the commercial banking business of CDIB Capital Group and (b) CDIB Capital Group's holdings of shares in the CDIB Capital Group's leasing subsidiaries and in the Taiwan Financial Asset Service Corporation.

On January 19, 2017, under the approval of the board of directors who had been authorized to exercise the rights on behalf of the shareholders' meeting, China Development Industrial Bank was converted and the name became CDIB Capital Group. The date of conversion was March 15, 2017, and CDIB Capital Group will continue to expand its assets management business. The Financial Supervisory Commission (FSC) approved the conversion on March 10, 2017 with Official Letter No. 10600025880.

CDIB Capital Group's main operations included securities investment, investment financial related business, venture capital and other activities approved by the authorities.

KGI Securities was established on September 14, 1988. It merged with Taishin Securities Co., Ltd. in 2009 and with Grand Cathay in 2013. The survivor entity in all these mergers was KGI Securities. As of December 31, 2022, KGI Securities had 74 branches, which included head office.

KGI Securities operates as a securities underwriter, dealer, broker, future trading, future dealer, trust, wealth management, offshore securities and other related business as approved by authorities.

KGI Bank was established on January 14, 1992. As of December 31, 2022, KGI Bank had an international banking department, a trust department, insurance department, various business departments, an offshore banking unit (OBU), and 51 domestic branches.

KGI Bank engages in banking operations are regulated under the banking Act.

China Development Asset Management Corporation (formerly Chung Hwa Growth 3 Asset Management Corp.) was established on November 5, 2003, and its operation includes acquiring, valuation, auction and management of debts from financial institution, acquiring of accounts receivable, management of overdue accounts receivable, and leasing and investment of real estate.

China Life Insurance was incorporated in Taiwan on April 25, 1963. In 2009, China Life Insurance completed the acquisition of major assets and liabilities of Prudential Corporation Asia Life Taiwan. As of December 31, 2022, China Life Insurance had a head office, an offshore insurance unit, and 8 domestic branches.

On October 19, 2017, China Life Insurance's board of directors approved the acquisition of the following from Allianz Taiwan Life Insurance Co., Ltd.: A portion of the traditional insurance policies and additional attachments valued at NT\$1 dollar. This acquisition has been approved by the FSC on February 27, 2018, and then the delivery was completed on May 18, 2018.

China Life Insurance is mainly engaged in the business of life insurance, offshore life insurance paid and received for foreign currency and other insurance-related businesses approved by competent authorities.

For more information on the organization and business of the consolidated entities, please refer to Table 10 (attached).

## 2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were reported to the board of directors and authorized for issue on February 20, 2023.

## 3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

- a. Initial application of the Amendments to the Regulations Governing the Preparation of Financial Reports by Financial Holding Companies and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) endorsed by the FSC

The related amendments to the Regulations Governing the Preparation of Financial Reports by Financial Holding Companies and the International Financial Reporting Standards (IFRSs) did not have any material impact on the Group's accounting policies.

- b. The IFRSs endorsed by the FSC for application starting from 2023

New IFRSs	Effective Date Announced by IASB
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 1)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 2)
Amendments to IAS 12 "Deferred Tax Related to Assets and Liabilities arising from a Single Transaction"	January 1, 2023 (Note 3)

Note 1: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 2: The amendments will be applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 3: Except for deferred taxes that were recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments were applied prospectively to transactions that occur on or after January 1, 2022.

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

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

<b>New IFRSs</b>	<b>Effective Date Announced by IASB (Note 1)</b>
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
Amendments to IFRS 16 “Leases Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 9 and IFRS 17 - Comparative Information”	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024

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

Note 2: 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.

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

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

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

2) Amendments to IFRS 16 “Leases Liability in a Sale and Leaseback”

The amendments clarify that the liability that arises from a sale and leaseback transaction - that satisfies the requirements in IFRS 15 to be accounted for as a sale - is a lease liability to which IFRS 16 applies. However, if the lease in a leaseback that includes variable lease payments that do not depend on an index or rate, the seller-lessee shall measure lease liabilities arising from a leaseback in a way that it does not recognize any amount of the gain or loss that relates to the right of use it retains. Seller-lessee subsequently recognizes in profit or loss the difference between the payments made for the lease and the lease payments that reduce the carrying amount of the lease liability.



### 3) IFRS 17 “Insurance Contract” and its amendments

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

#### Level of aggregation

An entity shall identify portfolios of insurance contracts. A portfolio comprises contracts that are subject to similar risks and managed together. Contracts within a particular product line, such as motor policies, are expected to have similar risks, and if they are managed together would be in the same portfolio. For all issued insurance contracts in a portfolio, any entity shall divide it into:

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

An entity is permitted to divide portfolios into more groups than required above. However, groups cannot include contracts issued more than one year apart.

#### Recognition

An entity shall recognize a group of insurance contracts it issues from the earliest of:

- a) The beginning of the coverage period of a group of insurance contracts;
- b) The date when the first payment from a policyholder of the group becomes due; and
- c) When the Group becomes onerous.

#### Measurement

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

- a) The initial recognition of an amount for the FCF;
- b) The cash inflows and outflows arising from the contracts in the Group at that date; and
- c) The derecognition at that date of below items for acquisition cash flows:
  - i. Any asset recognized for acquisition cash flows; and
  - ii. Any other asset or liability related to a group of contracts which had been recognized for cash flows before.

### Subsequent measurement

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

### Onerous contracts

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

### Premium allocation approach

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

- a) The entity reasonably expects that this will be an approximation of General Model; or
- b) The coverage period of each contract in the group is one year or less.

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

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

- a) Initially recognized at the premiums
- b) Received at initial recognition, minus any insurance acquisition cash flows if any; and
- c) The derecognition at that date of below items for acquisition cash flows:
  - i. Any asset recognized for acquisition cash flows; and
  - ii. Any other asset or liability related to a group of contracts which had been recognized for cash flows before.

### Investment contracts with a discretionary participation feature

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

### Modification and derecognition

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

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

#### Transition

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

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

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

#### Redesignation of financial assets

At the date of initial application of IFRS 17, an entity to which IFRS 9 has applied may redesignate and reclassify financial assets that meet the requirements of paragraph C29 of IFRS 17. The entity is not required to restate comparative information to reflect changes in the reclassification of these assets, so the difference between the previous carrying amount of these financial assets and their carrying amount at the date of initial application is recognised in the initial retained earnings (or other equity as appropriate) at the date of initial application. If an entity restates the comparative information, the restatement must reflect the requirements of IFRS 9 for these affected financial assets.

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

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

## **4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **Statement of Compliance**

The accompanying consolidated financial statements have been prepared in conformity with Regulations Governing the Preparation of Financial Reports by Financial Holding Companies, Regulations Governing the Preparation of Financial Reports by Public Banks, Regulations Governing the Preparation of Financial Reports by Securities Firms, Regulations Governing the Preparation of Financial Reporting by Futures Commission Merchants, Regulations Governing the Preparation of Financial Reports by Securities Issuers, Regulations Governing the Preparation of Financial Reports by Insurance Enterprises and IFRSs as endorsed and issued into effect by the FSC.

## **Basis of Preparation**

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

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

## **Principles for Preparing Consolidated Financial Statements**

The consolidated financial statements include the financial statements of the Group. All significant intra-group transactions, balances, income and expenses have been eliminated in full upon consolidation.

The accounting policies of the subsidiary are applied consistently with the Corporation.

The functional currency of the Corporation is the New Taiwan dollar, and the consolidated financial statements are presented in New Taiwan dollars.

As of December 31, 2022 and 2021, the consolidated entities included in the consolidated financial statements included 59 companies (please refer to the attached Table 10).

## **Business Combinations**

Acquisitions of businesses are accounted for using the acquisition method. Acquisition-related costs are generally recognized in profit or loss as they are incurred.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, 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, the amount of any non-controlling interests in the acquiree, 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.

Non-controlling interests may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets. The choice of the measurement basis is made on a transaction-by-transaction basis.

According to the Official Letter No. 10302153881 issued by the FSC on February 10, 2015, the insurance enterprises recognizes the increase in retained earnings arising from bargain purchase gain due to mergers and acquisitions, and should provide the same amount of special surplus reserve. The special surplus reserve can cover the losses after one full years since the recognition date. When the value of the assets under evaluation of the merger is similar to that at the time of merger and acquisition, and there is no unanticipated significant impairment, then it would be transferred to paid-in capital.

## **Foreign Currencies**

The Group recognizes 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. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period occurred.

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. Exchange differences arising on the retranslation of non-monetary items are included in profit or loss for the year except for exchange differences arising from 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.

Nonmonetary items that are measured at historical cost in a foreign currency are not retranslated.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into New Taiwan dollars using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the year. Exchange differences arising are recognized in other comprehensive income (attributed to the shareholders of the parent company and non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation are reclassified to profit or loss.

In relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences is re-attributed to non-controlling interests of the subsidiary and is not recognized in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences recognized in other comprehensive income is reclassified to profit or loss.

### **Cash Equivalents**

Cash equivalents include time deposits that can be terminated on demand without reducing principal, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

### **Investments in Associates and Joint Ventures**

An associate is an entity over which the Group has significant influence and which is neither a subsidiary nor an interest in a joint venture. A joint venture is a joint arrangement whereby the Group and other parties that have joint control of the arrangement have rights to the net assets of the arrangement. The Group uses the equity method to account for its investments in associates and joint ventures.

The Group uses the equity method to account for their investments in associates and joint ventures. Subsidiaries in the Group with venture capital can choose to measure investments in associates and joint ventures by equity method or by fair value through profit or loss.

Under the equity method, investments in an associate and a joint venture are 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 and joint venture. The Group also recognizes the changes in the Group's share of equity of associates and joint ventures.

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 and a joint venture recognized at the date of acquisition is recognized as goodwill, which is included within 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.

When the Group subscribes for additional new shares of the associate and joint venture 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 and joint venture. The Group records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus - changes in the Group's share of equity of associates and joint ventures and joint ventures. If the Group's ownership interest is reduced due to the additional subscription of the new shares of associate and joint venture, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate and joint venture 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 and a joint venture equals or exceeds its interest in that associate and joint venture (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 and joint venture), 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 and joint venture.

The entire carrying amount of an investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date on which it ceases to have significant influence over the associate and joint venture. 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 and joint venture attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate and joint venture. The Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate and joint venture on the same basis as would be required if that associate had directly disposed of the related assets or liabilities.

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

Investment in associates and joint ventures measured by fair value through profit or loss are recognized as financial assets at fair value through profit or loss and the change in fair value is recognized in profit or loss.

## **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 fair value through profit or loss) 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 fair value through profit or loss are recognized immediately in profit or loss.

## Financial assets and liabilities

All regular way purchases or sales of financial assets and liabilities 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, financial assets at amortized cost, investments in debt instruments at FVTOCI and investments in equity instruments at FVTOCI.

#### 1) Financial assets or liabilities at FVTPL

Financial assets or liabilities are classified as at FVTPL when such financial assets or liabilities are mandatorily classified or designated as at FVTPL. Financial assets or liabilities mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

A financial asset or liability may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise.

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividends or interest earned on such a financial asset. Fair value is determined in the manner described in Note 52.

#### 2) Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- a) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

- a) Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and
- b) Financial assets that are not credit-impaired on purchase or origination but have subsequently become credit-impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

### 3) Investments in debt instruments at FVTOCI

Debt instruments that meet the following conditions are subsequently measured at FVTOCI:

- a) The debt instrument is held within a business model whose objective is achieved by both the collecting of contractual cash flows and the selling of such financial assets; and
- b) The contractual terms of the debt instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Investments in debt instruments at FVTOCI are subsequently measured at fair value. Changes in the carrying amounts of these debt instruments relating to changes in foreign currency exchange rates, interest income calculated using the effective interest method and impairment losses or reversals are recognized in profit or loss. Other changes in the carrying amount of these debt instruments are recognized in other comprehensive income and will be reclassified to profit or loss when the investment is disposed of.

### 4) Investments in equity instruments at FVTOCI

On initial recognition, the Group may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as 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.

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, it will be transferred to retained earnings.

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 investment.

#### b. Margin loans and stock loans

"Receivable amount for margin loans" is the margin loans extended to the customers to buy securities. The securities bought by the customers are held as pledges on the loan provided, and these securities are recorded as "securities deposited by customers" using memo entries.

The securities refinance customer loans from securities finance companies, and the related amount is recorded as "refinancing borrowings" and is pledged with the underlying securities bought by the customers.

The subsidiaries of the Corporation provide financing to customers for the short sale of pledged securities from margin loans or short sale of securities borrowed from securities finance companies. The proceeds from short sale of securities borrowed by customers, net of commissions and securities transaction tax, are retained by the subsidiaries and recorded as "deposit payable for securities financing." In addition, the Securities and Futures Bureau (SFB), Financial Supervisory Commission, Executive Yuan, ROC requires that customers should make a guarantee deposit to the subsidiaries or provide securities in lieu of cash deposit, which are recorded as "securities financing guarantee deposit."



c. Guarantee deposits received on futures contracts and customers' equity accounts - futures

Margin deposits received from clients are debited to "guarantee deposits received on futures contracts" and credited to "customers' equity accounts - futures" for futures transactions as required by the regulations. Margin deposit balances are calculated daily by marking to market the open positions of each customer and determining the required margin levels. The debit balance of "customers' equity accounts - futures" which results from losses on futures transactions in excess of the margin deposit, is recorded as "accounts receivable - futures guarantee deposits." Customer's equity accounts - futures cannot be offset unless these accounts pertain to the same customers.

d. Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost and investments in debt instruments that are measured at FVTOCI.

For financial instruments, 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.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses 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 an impairment gain or loss 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 such a financial asset.

Based on the Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual loans, credit assets classified as normal (this balance should be net of the balance of borrowings by ROC government agencies from the Bank), special mention, substandard, with doubtful collectability and uncollectable or loss incurring are evaluated on the basis of the borrowers'/clients' financial condition and delinquency record on interest payments.

These assets have allowances at 1%, 2%, 10%, 50% and 100%, respectively, of outstanding credit. The doubtful accounts of credit cards receivables are evaluated on the basis of Regulations Governing Institutions Engaging In Credit Card Business. The minimum allowance for credit assets on or off balance sheet is equal to the book value of the above listed.

Based on Order No. 10300329440 issued by the FSC, for the Bank to have an enhanced risk coverage, the minimum provision for the loan loss reserve is 1.5% of the mortgage and construction loans that have been classified as normal assets, excluding policy-based loan, effective from January 1, 2011. Based on Order No. 10410001840 issued by the FSC, for the Bank to have an enhanced control on the exposure to the risk in mainland China, the minimum provision for credit loss reserve is 1.5% of the credit, which includes short-term trade financing that were granted to companies based in mainland China and classified as normal assets.

Credit deemed uncollectable may be written off under the approval of the board of directors.

In accordance with the regulation of “Guidelines for Handling Assessment of Assets, Loans Overdue, Receivable on Demand and Bad Debts by Insurance Enterprises”, China Life Insurance is required to record the minimum amounts based upon each of the following category for allowance of uncollectible accounts:

- 1) Total amount of 0.5% of the ending balance for the first category of loan assets excluding life insurance loans, automatic premium loans and holding government debts, 2% of the ending balance for the second category of loan assets that should be paid attention, 10% of the ending balance for the third category of loan assets that are expected to recover, 50% of the ending balance for the fourth category of loan assets that are difficult to recover and 100% of the ending balance for the fifth category of loan assets that are not expected to recover are aggregated.
- 2) 1% of the ending balance for all the five categories of loan assets excluding life insurance loans, automatic premium loans and holding government debts.
- 3) Total unsecured portion of loans overdue and receivable on demand.
- 4) If total amount of minimum allowance of uncollectible accounts measured from the categories above are less than the amount in accordance with GAAP, it should refer to the amount in accordance with GAAP as minimum allowance of uncollectible accounts. If the authorities in order to increase the ability to bear the loss of specific loan asset and demand the Group to increase the allowance for bad debts of specific loan assets according to the criteria and time limit specified by them, the Group shall cooperate with it.

To strengthen the ability to bear the loss of specific loan assets, the authority may, if necessary, require the Corporation to raise loan loss provision for specific loan assets in specified criteria and deadlines.

e. Derecognition of financial assets

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in a debt instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss which had been recognized in other comprehensive income is recognized in profit or loss. However, on derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

f. 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.

Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

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

g. 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 a derivative financial instrument is positive, the derivative is recognized as a financial asset; when the fair value of a derivative financial instrument is negative, the derivative is recognized as a financial liability.

Derivatives embedded in hybrid contracts that contain financial asset hosts that is 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 that is within the scope of IFRS 9 (e.g. financial liabilities) 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.

h. Modification of financial instruments

When a financial instrument is 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.

i. Adoption of overlay approach on financial assets

China Life Insurance chose to express profit or loss of the designated financial assets in overlay approach in accordance with IFRS 4 “Insurance Contract” since the application of IFRS 9. To those designated financial assets, the Corporation classifies the amount from profit or loss to other comprehensive income, thus making the profit or loss of the designated financial assets as at the reporting date equal to as if they would have been accounted for under IAS 39. Accordingly, the reclassification amount is the difference of the following items:

- 1) The amount of profit or loss of the designated financial assets in accordance with IFRS 9; and
- 2) The amount of profit or loss of the designated financial assets as if applied to IAS 39.

A financial asset is eligible for designation under overlay approach if qualifying for the following conditions:

- 1) In accordance with IFRS 9, the financial asset is measured at fair value through profit or loss. However, if the Corporation applies to IAS 39, the financial asset is not measured at fair value through profit or loss collectively; and

- 2) The financial asset is not held in respect of activities that is unconnected with contracts within the scope of IFRS 4 “Insurance Contract”.

A Financial asset is eligible for the overlay approach if either of the following conditions is met:

- 1) The asset is accounted for on initial recognition; or
- 2) The asset now meets the criteria of which is held in respect of activities other than contracts within the scope of IFRS 4 “Insurance Contract” but previously did not.

China Life Insurance shall continuously adopt overlay approach to those designated financial assets until derecognition. However, China Life Insurance shall remove the designated status when the financial assets held in respect of activities other than contracts within the scope of IFRS 4 “Insurance Contract”. In addition, at the beginning date of any annual reporting year, the Corporation is permitted to stop applying overlay approach to all designated financial assets; If it does, the change in the accounting policy is accounted for under IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors”.

j. Reclassification of financial assets

The Group reclassifies all affected financial assets only when it changes the operating model for managing financial assets. Such changes are determined by the Group's senior management based on the results of external or internal changes and must be material to the operations of the Group and presentable to external parties. The reclassification of financial assets is deferred from the date of reclassification.

## **Hedge Accounting**

The Group designate certain hedging instruments as fair value hedges.

At the start of a hedge relationship, the Group document the relationship between the hedging instrument and the hedged item, along with their risk management objectives and their strategy for undertaking various hedge transactions. Further, at the start of the hedge and on an ongoing basis, the Group document whether the hedging instrument is highly effective in offsetting the exposure to adverse changes in fair value or cash flows of the hedged item. Note 12 sets out the details of the fair value of the derivative instruments used for hedging purposes.

### Fair value hedges

The change in the fair value of the hedging instrument (e.g., derivative) and the change in the hedged item attributable to the hedged risk are recognized in profit or loss in the line item relating to the hedged item.

The Group discontinue hedge accounting only when the hedging relationship ceases to meet the qualifying criteria; for instance, when the hedging instrument expires or is sold, terminated or exercised.

## **Securities Purchased and Sold Under Resell and Repurchase Agreements**

For securities purchased under resell agreements, the payment to a counter-party is treated as a financing transaction. For securities sold under repurchase agreements, the payment by a counter-party and the related interest revenue or interest expense are recognized on the accrual basis.

## **Property and Equipment**

Property and equipment are stated at cost, less accumulated depreciation and accumulated impairment loss 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.

Depreciation of property and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

## **Investment Properties**

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties also include land held for a currently undetermined future use.

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 using the straight-line method.

On derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is included in profit or loss.

## **Collaterals Assumed**

Collaterals assumed (recognized as other assets) are recorded at cost, which includes the price and the expenditure for placing the collateral in a position to be sold, and are evaluated at their fair value as of the end of the period. An impairment loss is recognized when the cost of collaterals exceeds the fair value.

## **Intangible Assets**

### **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. 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. Intangible assets with indefinite useful lives that are acquired separately are measured 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, they are measured on the same basis as intangible assets that are acquired separately.

### **c. Derecognition of intangible assets**

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset are recognized in profit or loss.

## **Impairment of Non-financial Assets**

The Group evaluates the possibility of impairment loss on non-financial assets as of the balance sheet date. If there is sufficient objective evidence of asset impairment, the Group recognizes an impairment loss whenever the recoverable amount of the asset or the cash-generating unit is below the carrying amount of an asset, and this impairment loss either is charged to accumulated impairment or reduces the carrying amount of an asset directly. After the recognition of an impairment loss, the depreciation (amortization) charged to the assets should be adjusted in future years at the revised asset carrying amount (net of accumulated impairment), less its salvage value, on a systematic basis over its remaining service life. If asset impairment loss (excluding goodwill) is reversed, the increase in the carrying amount resulting from reversal is credited to current income and debited to accumulated impairment or is used to increase the carrying amount of the asset. However, loss reversal should not be more than the carrying amount (net of depreciation) had the impairment not been recognized.

A cash-generating unit (“CGU”), which goodwill has been allocated is tested for impairment annually at the same time, irrespective of whether there is any indication of impairment. If an impairment loss is to be recognized, it is first allocated to reduce the carrying amount of any goodwill, then to the other assets of CGU pro rata on the basis of the carrying amount of each asset in the unit (group of units). Impairment losses relating to goodwill cannot be reversed in future periods for any reason.

## **Separate-account Products**

China Life Insurance sells investment-linked insurance products, of which the applicant pays the premium according to the agreed amount less the expenses incurred by the insurer. In addition, the investment distribution is approved by the applicant and then transferred to specific accounts as requested by the applicant. The value of these specific accounts is determined based on their fair value on the applicable date and the net worth is computed in accordance with the relevant regulations and the IFRSs.

In accordance with Regulations Governing the Preparation of Financial Reports by Insurance Enterprises, assets and liabilities representing the rights and obligations of the applicants, whether arising from an insurance contract or insurance policy with features of financial instruments, are recognized separately as “separate-account product assets” and “separate-account product liabilities”. The revenues and expenses of separate-account insurance products in accordance with IFRS 4 Insurance Contracts, separately recognized as “separate-account product revenues” and “separate-account product expenses.”

## **Provisions, Contingent Liabilities and Contingent Assets**

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the control of the entity, or a present obligation that arises from past events but is not recognized because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or because the amount of the obligation cannot be measured with sufficient reliability. The Group does not recognize contingent liabilities but disclose them in accordance with related rules instead.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the control of the entity. The Group does not recognize contingent assets but disclose them in accordance with related rules when the inflow of economic benefits is probable.

### **Insurance Liabilities and Reserve for Insurance Contracts with Feature of Financial Instruments**

China Life Insurance's reserved funds for insurance contracts and financial instruments whether with or without discretionary participation feature are made in accordance with "Regulations Governing the Setting Aside of Various Reserves by Insurance Enterprises." Furthermore, they have been validated by the certified actuarial professionals approved by Financial Supervisory Commission. The required amount to be reserved for short-term group insurance is based upon the greater of premium received or calculated premium following the Order No. Financial Supervisory-Insurance-Corporate-10704504821 and No. Financial Supervisory-Insurance-Corporate-11004925801. Reserved amount for the rest of other provisions is addressed below:

Moreover, China Life Insurance's insurance contract with discretionary participation feature is classified as liability.

#### **a. Unearned premium reserve**

For the insurance policy whose term is within one year and has not met the due date or for the injury insurance policy whose term is over one year, the amount of reserve required is based upon the unexpired risk calculation.

#### **b. Reserve for claims**

It is a reserve mainly for the reported but not paid claims and unreported claims. The reported but not paid claims reserve is assessed based on relevant information of each case and the amount deposited is further classified by the type of insurance. Unreported claims reserve is calculated and deposited based on the past experiences and expenses occurred and in accordance with the actuarial principles.

#### **c. Reserve for life insurance liabilities**

Based on the life table and projected interest rates in the manual provided by the authority for each type of insurance, the dollar amount of life insurance reserve is calculated and deposited according to the calculation method listing on Article 12 of "Regulations Governing the Setting Aside of Various Reserves by Insurance Enterprises" and the manual published by each authority of insurance products.

Starting from policy year of 2003, for valid insurance contract whose dividend calculation is stipulated by the Order No. Financial Supervisory-Insurance-Corporate-11004931041, the downward adjustments of dividend due to the offset between mortality saving (loss) and loss (gain) from difference of interest rates should be recognized and recorded as the increase of reserve for long-term valid contract.

d. Special reserve

- 1) For the retained businesses with policy period within 1 year, the special reserve is classified into 2 categories, “Special Capital Reserve - Special Reserve for Major Incidents” and “Special Capital Reserve - Special Reserve for Fluctuation of Risks.” The dollar amount of reserve required is addressed as follows:

- a) Special capital reserve - special reserve for major incidents

All types of insurance should follow the special catastrophe reserve rates set by authorities. Upon occurrence of the catastrophic events, actual claims on retained business in excess of NT\$30,000 thousand can be withdrawn from the reserve. If the reserve has been set aside for over 15 years, China Life Insurance could have its plan of the recovering process of the reserve assessed by certified actuaries and submit the plan to the authority for reference.

- b) Special capital reserve - special reserve for fluctuation of risks

When the actual amount paid for indemnity minus the offsetting amount from special reserve for major incidents is less than the anticipated dollar amount need to be paid, the 15% of this difference should be reserved in special reserve for fluctuation of risks. When the actual amount paid for indemnity minus the offsetting amount from special reserve for major incidents is greater than the anticipated dollar amount need to be paid, the exceeded amount can be used to write down the special reserve for fluctuation of risks. If the special reserve for fluctuation of risks for specified type of insurance is not enough to be written down, special reserve for fluctuation of risks for other types of insurance can be used. Also, the type of insurance and total dollar amount written-down should be reported to the authority for inspection purpose. When accumulative dollar amount of special reserve for fluctuation of risks exceeds 30% of self-retention earned premium within one year, the exceeded amount will be recovered.

For special reserves for major incidents and special reserve for fluctuation of risks addressed previously, the balance of the annual reserve net of tax, the post-tax amount of appropriated and written-down or recovery would be recorded in the special capital reserve under equity.

- 2) China Life Insurance sells participating life insurance policy. According to the “Rule Governing application of revenue and expenses related to participating/non-participating policy”, the Corporation is required to set aside special reserve for dividend participation based on income before tax and dividend. On the date of declaration, dividend should be withdrawn from this account. The excess dividend should be accounted as special reserve for dividend risks. Additionally, the effects of the gain or loss from disposal of participating life insurance policy approved as equity instrument investments at fair value through other comprehensive income shall transfer directly into special reserve based on income before tax and dividend. If the special reserve is a negative amount, the Corporation shall set aside the same amount of special reserve.

e. Premium deficiency reserve

For the contracts over one year of life, health, or annuities insurance commencing on January 1, 2001, the following rules apply: When the gross premium is less than the valuation net premium, a deficiency reserve is required to be set aside with the value of an annuity, the amount of which shall equal the difference between such premiums and the term of which in years shall equal the number of future annual payments due on such insurance at the date of the valuation.

In addition, for the insurance policy which period is within one year and has not met the due date or accidental insurance policy over one year, the following rules apply: If the probable indemnities and expenses are greater than the aggregate of unearned premium reserves and collectable premiums in the future, the premium deficiency reserve is set aside based on the difference thereof.



f. Other reserve

Pursuant to IFRS 3 “Business Combination”, the Corporation shall set aside other reserve for identifiable assets required and liabilities assumed recorded at fair value in order to reflect the fair value of the insurance contract assumed.

g. Liability adequacy reserve

This is the reserve that is set aside based on the adequacy test of liability required by IFRS 4 Insurance Contracts.

h. Reserves for insurance contracts with feature of financial instruments

Financial products without discretionary participation features follows “Regulations Governing the Setting Aside of Various Reserves by Insurance Enterprises” and Depository Accounting.

### **Foreign Exchange Valuation Reserve**

Foreign exchange valuation reserve was appropriated or written-down from the foreign investment assets do not include foreign currency non-investment-linked life insurance product assets) in accordance with “Regulations Governing the Setting Aside of Various Reserves by Insurance Enterprises” and Directions for Foreign Exchange Valuation Reserve by Life Insurance Enterprises”. The beginning balance of China Life Insurance’s foreign exchange valuation reserve is NT\$1,745,679 thousand which has to recognize special reserve within three years since 2012 according to the provision. The recognized amount should not be less than one third of the beginning balance net of tax for the first year. The cumulative recognized amount of the first two years should not be less than two thirds of the beginning balance net of tax. In addition, the saving of hedging costs is transferred to special reserve each year. If the annual earning is not enough for transfer, then replenish in the later year. The related special reserve may be used to increase the share capital or offset deficit. According to “Directions for Foreign Exchange Valuation Reserve by Life Insurance Enterprises” Article 9 and the Official Letter No. 1090490453 issued by the FSC on February 17, 2020, since the Insurance Company set aside the earnings appropriation of 2019, if the Corporation has annual net tax earning, then it should appropriate 10% of that earning to special reserve after shareholders’ meeting.

### **Employee Benefits**

a. Short-term employee benefits

The undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in an accounting period is recognized in that period.

b. Retirement benefits

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

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost) and net interest on the net defined benefit liability (asset) are recognized as employee benefits expense in the period they occur. Remeasurement, comprising actuarial gains and losses, (the effect of the changes to the asset ceiling) and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the Group's defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

c. Other long-term benefits

Other long-term employee benefits are accounted for in the same way as the accounting required for defined benefit plan except that remeasurement is recognized in profit or loss.

## **Taxation**

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

a. Current tax

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

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

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

The Corporation and its eligible subsidiaries use the linked-tax system in the filing of tax returns. The accounting treatment applied by the Group to the income tax is to adjust in the Corporation's and its subsidiaries' book by a prorated share amount the difference between the combined current/deferred taxes and the total of each Group member's current/deferred taxes. Related payables and receivables are recorded in each of the Group members' books.

Based on the "Basic Income Tax Act," if the basic income tax is greater than the amount of regular income tax, the income tax payable should be the basic income tax. The incremental tax payable is recorded as current income tax expense.

b. Deferred tax

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, unused loss carry forward and unused tax credits to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. 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 recovered.

Deferred tax liabilities and assets 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 expected, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

c. Current and deferred tax for the year

Current and deferred taxes 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 and deferred taxes are also recognized in other comprehensive income or directly in equity respectively.

## **Revenue Recognition**

Interest revenue arisen from credits are estimated on an accrual basis. All interest accrued shall be suspended from the date the loans are classified as nonperforming loans. Interest earned from nonperforming loans shall be recognized as interest income when the interest has been collected by the Group.

Service fee income is recognized when collected or when the majority of project is completed. Service fee income is received when loans and receivables are recognized. The service fee income which are caused by loans or receivables shall be recognized as interest revenue when they meet a suggested policy announced by the Bankers Association of the Republic of China. This policy requires an individual loan that meets the materiality criteria to have its effective interest rate be consistent with its interest revenue. Overall, the service fees shall be adjusted from the original agreed interest rate to the effective interest rate.

Revenue from rendering services - brokerage and underwriting commissions and fees, stock transaction agent fees, futures trading commissions and fees - is recognized on the basis of the stage of completion of related services as of the balance sheet dates.

## **Insurance Premium Income and Expenses**

Insurance contract and financial instruments with discretionary participation features, the initial and renewal premium are only recognized as revenue after collection and underwriting procedures, and subsequent session of collection are completed, respectively. In terms of the acquisition cost such as commission expense and brokerage expenses, the related expense will be recognized in that period after commencement of the insurance contract.

For non-separate-account insurance product that is also classified as financial products without discretionary participation features, the insurance revenue collected is recognized on the balance sheet as “reserves for insurance contracts with feature of financial instruments.” The related acquisition costs will be written-down in that period after commencement of the insurance contract under “reserves for insurance contracts with feature of financial instruments.”

## **Leases**

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

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

a. The Group as lessor

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

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

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

b. The Group as lessee

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

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

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

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

The Group negotiates with the lessor for rent concessions as a direct consequence of the Covid-19 to change the lease payments originally due by June 30, 2022, that results in the revised consideration for the lease less than, the consideration for the lease immediately preceding the change. There is no substantive change to other terms and conditions. The Group elects to apply the practical expedient to all of these rent concessions, and therefore, does not assess whether the rent concessions are lease modifications. Instead, the Group recognizes the reduction in lease payment in profit or loss in the period in which the events or conditions that trigger the concession occurs, and makes a corresponding adjustment to the lease liability.

## **Share-based Payment Arrangements**

Restricted shares for employees are measured at fair value on the date of grant, with a corresponding increase in capital surplus - restricted shares for employees.

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.

When the share-based payment awards held by the employees of an acquiree (acquiree awards) are replaced by the Group's share-based payment awards (replacement awards), both the acquiree awards and the replacement awards are measured in accordance with the market-based measure at the acquisition date. The portion of the replacement awards that is included in measuring the consideration transferred in a business combination equals the market-based measure of the acquiree awards multiplied by the ratio of the portion of the vesting period completed to the greater of the total vesting period or the original vesting period of the acquiree award.

## **Reinsurance**

Premiums ceded to reinsurers and reinsurance commission income generated from ceded reinsurance business and due to reinsurers and ceding companies are recognized in the same period with income or expense of the related insurance contract. As the net right of holding reinsurance contract includes reinsurance reserve assets, claims recoverable from reinsurers and due from reinsurers and ceding companies, they are recognized according to the method of signed reinsurance contract and related insurance contract liabilities. The assets, liabilities, income and expense of reinsurance contract cannot offset with the income and expense of related insurance liabilities and insurance contract.

China Life Insurance holds the right over re-insurer for reinsurance reserve assets, claims recoverable from reinsurers-net and due from reinsurers and ceding companies, and regularly assess if impairment has occurred to such rights or the rights can no longer be recovered. When objective evidences demonstrate that such rights after initial recognition may lead to China Life Insurance not recovering all contractual terms of the amount due; and the above events can be recovered from reinsurers at the impacted amount, then China Life Insurance can retrieve an amount that is less than the carrying value of the aforementioned rights, and recognize impairment losses.

For the classification of reinsurance contracts, China Life Insurance assesses whether the transfer of significant insurance risk to the re-insurer has occurred. If the transfer of significant insurance risk is not apparent, then the contract is recognized and evaluated with deposit accounting.

For reinsurance contracts that have their significant insurance risk transferred, if China Life Insurance can separate and measure the individual deposit component, then the reinsurance contracts need to be recognized separately as the insurance component and the deposit component. That is, China Life Insurance receives (or pays) the contract's value minus the insurance component, recognizing it as financial liabilities (or assets), and not as incomes (or expenses). The financial liabilities (or assets) are recognized with the fair value approach and uses the present value of future cash flow as the basis for the fair value approach.

## **5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

In the application of the Group's accounting policies, which are described in Note 4, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The Group took the consideration of the recent development and economic impact of COVID-19 when making its critical accounting estimates on cash flows, growth rates, discount rates and profitabilities. The estimates and underlying assumptions are reviewed by management on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

a. Impairment loss on discounts and loans

The management regularly reviews discounts and loans to assess impairment in accordance with IFRS 9. To determine whether an impairment loss should be recognized, the management assesses whether there has been a significant increase in credit risk or credit impairment has already occurred. When analyzing expected future cash flows, the management takes into account past events, present condition and future economic circumstances of the assets with similar credit risks. The management also regularly reviews the methodology and assumptions adopted for both expected future cash flows and their timing to decrease the difference between estimated and actual amount of impairment loss. In addition, the management assure the impairment loss meet the standard based on the Regulations Governing the Procedures for Banking Institutions. In addition, due to the uncertainty of the subsequent development of the COVID-19 and the impact of inflation and financial market fluctuations on credit risk of financial assets in 2022, the estimates of the probability of default and the loss given default are relatively uncertain.

b. Assessment of insurance liabilities and liability adequacy reserve

Management uses actuarial model and several material assumptions when assessing the insurance liabilities and liability adequacy reserve. The assumptions were based on the principles embodied in the relevant laws and regulations, which cover the unique risk exposure, product characteristics and experiences from target markets of China Life Insurance. The assessment of liability adequacy reserve is in compliance with the relevant norms promulgated by The Actuarial Institute of the Republic of China. When China Life Insurance assesses the liability adequacy reserve, the estimated present value of future cash flows of insurance contracts is based on reasonable estimate of future insurance payments, premium income and related expenses.

## 6. CASH AND CASH EQUIVALENTS

	December 31	
	2022	2021
Cash in banks	\$ 115,770,216	\$ 154,814,397
Due from banks	9,047,945	6,554,062
Others	<u>7,671,218</u>	<u>6,494,367</u>
	<u>\$ 132,489,379</u>	<u>\$ 167,862,826</u>

Cash and cash equivalents as of December 31, 2022 and 2021 as shown in the consolidated statement of cash flows can be reconciled to the related items in the balance sheets as follows; please refer to the consolidated statement of cash flows for the reconciliation information.

## 7. DUE FROM THE CENTRAL BANK AND CALL LOANS TO FINANCIAL INSTITUTIONS

	December 31	
	2022	2021
Call loans to financial institutions	\$ 30,930,435	\$ 27,017,500
Deposit reserve - demand accounts	12,357,783	11,198,024
Deposit reserve - checking accounts	7,449,871	7,545,247
Due from the Central Bank - interbank settlement funds	3,513,861	3,003,971
Deposit reserve - foreign currencies	<u>199,602</u>	<u>149,526</u>
	<u>\$ 54,451,552</u>	<u>\$ 48,914,268</u>

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

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

For the certificates deposit issued by the Central Bank of the ROC pledged as collaterals for the Group, please refer to Note 48.

## 8. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2022	2021
<u>Financial assets mandatorily classified as at FVTPL</u>		
Derivative financial instrument		
Currency swap and forward exchange contracts	\$ 28,140,433	\$ 9,117,191
Interest rate swap contracts	4,611,293	3,783,166
Options and futures contracts	3,438,702	5,654,299
Others	2,873,489	1,456,290
Non-derivative financial assets		
Shares	147,792,867	207,350,016
Mutual funds	150,659,496	189,678,523
Operating securities (Note 9)	66,057,236	67,945,917
Bank debentures	40,941,879	39,906,323
Commercial paper	6,990,203	10,260,772
Corporate bonds	5,802,753	12,776,587
Others	<u>692,545</u>	<u>1,878,577</u>
	<u>458,000,896</u>	<u>549,807,661</u>
<u>Financial assets designated as at FVTPL</u>		
Government bonds	1,497,931	-
Others	<u>7,031,671</u>	<u>4,740,512</u>
	<u>8,529,602</u>	<u>4,740,512</u>
Financial assets at FVTPL	<u>\$ 466,530,498</u>	<u>\$ 554,548,173</u>

(Continued)

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
<u>Financial liabilities held for trading</u>		
Derivative financial instrument		
Currency swap and forward exchange contracts	\$ 21,923,738	\$ 5,739,505
Non-deliverable forward contracts	5,983,802	613,628
Interest rate swap contracts	4,665,222	3,999,440
Options and futures contracts	3,718,993	6,553,181
Others	5,904,836	6,301,266
Non-derivative financial liabilities		
Borrowed securities payable	15,236,891	11,012,190
Others	<u>469,557</u>	<u>3,829,439</u>
	<u>57,903,039</u>	<u>38,048,649</u>
<u>Financial liabilities designated as at FVTPL</u>		
Structured products	13,427,696	9,294,131
Bank debentures payable	11,029,589	10,354,365
Others	<u>817</u>	<u>1,012</u>
	<u>24,458,102</u>	<u>19,649,508</u>
Financial liabilities at FVTPL	<u>\$ 82,361,141</u>	<u>\$ 57,698,157</u> (Concluded)

As of December 31, 2022 and 2021, bank debentures issued by the Group designated as at FVTPL were as follows:

<b>Bank Debenture Number</b>	<b>December 31</b>		<b>Issuance Period</b>	<b>Method of Paying Principles and Interests</b>	<b>Interest Rate</b>
	<b>2022</b>	<b>2021</b>			
P18KGIB1	\$ 6,141,600	\$ 5,538,000	January 30, 2018- January 30, 2048 (Note)	Principal due on maturity	0%
P18KGIB2	<u>4,913,280</u>	<u>4,430,400</u>	February 27, 2018- February 27, 2048 (Note)	Principal due on maturity	0%
Valuation adjustments	11,054,880 <u>(25,291)</u>	9,968,400 <u>385,965</u>			
	<u>\$ 11,029,589</u>	<u>\$ 10,354,365</u>			

Note: Based on 100% of the carrying value of each bond principal plus the interest; the Bank may redeem all the debentures after five years from the issue date (inclusive).



China Life Insurance elected to adopt the overlay approach in expressing financial assets designated as at FVTPL under IFRS 4 “Insurance Contracts” starting from application of IFRS 9. Investment of financial assets relating insurance contracts issued by China Life Insurance designated as at adoption of the overlay approach financial assets were as follows:

Financial assets mandatorily classified as at FVTPL

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Shares	\$ 134,671,411	\$ 192,878,435
Mutual funds	112,566,266	167,750,597
Bank debentures	40,468,179	39,664,048
Corporate bonds	4,924,526	11,482,356
Others	<u>34,375,323</u>	<u>18,302,596</u>
	<u>\$ 327,005,705</u>	<u>\$ 430,078,032</u>

For the years ended December 31, 2022 and 2021, reclassification amount under profit or loss and other comprehensive income of designated as at adoption of the overlay approach financial assets is described as follows:

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Gain (loss) on application of IFRS 9	\$ (41,599,546)	\$ 27,928,446
Loss (gain) on application of IAS 39	<u>(23,653,586)</u>	<u>(26,320,383)</u>
Gain (loss) on reclassification using the overlay approach	<u>\$ (65,253,132)</u>	<u>\$ 1,608,063</u>

Due to the adjustment of the overlay approach, loss on financial assets measured at FVTPL decreased from \$127,915,536 thousand to loss of \$62,662,404 thousand for the year ended December 31, 2022; and gain on financial assets measured at FVTPL decreased from \$49,617,253 thousand to gain of \$48,009,190 thousand for the year ended December 31, 2021.

The contract (nominal) amounts of the Group’s outstanding derivative financial instruments as of December 31, 2022 and 2021 are summarized as follows:

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Currency swap and forward exchange contracts	\$ 2,074,150,069	\$ 1,922,416,963
Interest rate swap contracts	519,646,961	445,570,514
Non-deliverable forward contracts	318,535,556	326,900,182
Options and futures contracts	179,725,036	241,576,309
Assets swap contracts	25,167,808	31,432,825
Structured products contracts	19,382,017	15,625,743
Cross-currency swap contracts	9,273,753	14,061,476
Credit default swap contracts	2,107,432	1,877,380
Commodity swap contracts	227,291	151,744

As of December 31, 2022 and 2021, financial assets at fair value through profit or loss with aggregate carrying values of \$36,424,553 thousand and \$37,656,259 thousand, respectively, had been sold under repurchase agreements (recognized as notes and bonds issued under repurchase agreements).

For the information on financial instruments at fair value through profit or loss pledged as collateral for the Group, please refer to Note 48.

## 9. OPERATING SECURITIES

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Dealing		
Corporate bonds	\$ 16,017,148	\$ 11,958,948
Overseas securities	12,321,257	16,825,482
Listed, OTC and emerging market stock	3,684,237	5,933,071
Government bonds	2,308,172	2,702,579
Others	<u>1,465,149</u>	<u>3,679,142</u>
	<u>35,795,963</u>	<u>41,099,222</u>
Underwriting		
Corporate bonds	660,260	1,033,616
Listed, OTC and emerging market stock	<u>508,486</u>	<u>180,291</u>
	<u>1,168,746</u>	<u>1,213,907</u>
Hedge positions		
Corporate bonds	15,262,986	9,107,818
Overseas securities	8,661,021	5,069,175
Listed, OTC and emerging market stock	2,858,719	7,787,157
Mutual funds	1,776,425	3,537,691
Others	<u>533,376</u>	<u>130,947</u>
	<u>29,092,527</u>	<u>25,632,788</u>
	<u>\$ 66,057,236</u>	<u>\$ 67,945,917</u>

## 10. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Investments in debt instruments at FVTOCI		
Corporate bonds	\$ 59,751,651	\$ 120,320,655
Government bonds	58,320,558	157,406,737
Bank debentures	33,080,837	93,029,108
Negotiable certificates of deposit	26,424,348	70,115,980
Others	<u>4,560,922</u>	<u>2,042,848</u>
	<u>182,138,316</u>	<u>442,915,328</u>
Investments in equity instruments at FVTOCI		
Common stocks	21,901,389	52,091,487
Preferred stocks	<u>11,125,887</u>	<u>12,367,506</u>
	<u>33,027,276</u>	<u>64,458,993</u>
	<u>\$ 215,165,592</u>	<u>\$ 507,374,321</u>

### a. Investments in debt instruments at FVTOCI

As of December 31, 2022 and 2021, investments in debt instruments at FVTOCI, with aggregate carrying values of \$66,591,344 thousand and \$64,467,623 thousand had been sold under repurchase agreements (recognized as notes and bonds issued under repurchase agreements).

For the information on investments in debt instruments at FVTOCI pledged as collateral for the Group, please refer to Note 48.

For the information regarding credit risk analysis and assessment of impairment on investments in debt instruments at FVTOCI, please refer to Note 53.

b. Investments in equity instruments at FVTOCI

For the years ended December 31, 2022 and 2021, the Group sold its shares in order to manage its investment portfolio. The sold shares had a fair value of \$27,674,969 thousand and \$15,501,813 thousand, respectively. The Group transferred a gain of \$2,262,417 thousand and a gain of \$1,730,535 thousand from other equity related-unrealized gain or loss on financial assets at fair value through other comprehensive income to retained earnings.

For the years ended December 31, 2022 and 2021, dividend income for \$1,760,715 thousand and \$1,855,323 thousand, respectively, and those related to investment held as of December 31, 2022 and 2021 were \$845,975 thousand and \$1,419,363 thousand, respectively, and those related to investment derecognized for the years ended December 31, 2022 and 2021 were \$914,740 thousand and \$435,960 thousand, respectively.

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

## 11. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2022	2021
Bank debentures	\$ 778,845,092	\$ 626,551,255
Corporate bonds	566,594,548	430,054,733
Government bonds	281,696,443	152,535,613
Others	<u>51,470,852</u>	<u>11,137,180</u>
	<u>\$ 1,678,606,935</u>	<u>\$ 1,220,278,781</u>

As of December 31, 2022 and 2021, investments in debt instruments at amortized cost, with aggregate carrying values of \$797,576 thousand and \$263,055 thousand had been sold under repurchase agreements (recognized as notes and bonds issued under repurchase agreements).

For the years ended December 31, 2022 and 2021, Financial assets at amortized cost are derecognized because of the agreement acquisition by issuers, the credit risk are increasing, seldomly selling, or both individually and totally amounts is lower than the materiality, corporation recognizes the gain on disposal \$317,154 thousand and the gain on disposal \$4,194,733 thousand.

For the information on investments in debt instruments at amortized cost pledged as collateral for the Group, please refer to Note 48.

For the information regarding credit risk analysis and assessment of impairment on investments in debt instruments at amortized cost, please refer to Note 53.

## 12. FINANCIAL INSTRUMENTS FOR HEDGING

	December 31	
	2022	2021
<u>Financial assets for hedging</u>		
Fair value hedge - interest rate swap	\$ 2,511,620	\$ 259,267
<u>Financial liabilities for hedging</u>		
Fair value hedge - interest rate swap	\$ 581,359	\$ 73,006

### Fair Value Hedges

The Group is exposed to the risk of adverse fair value fluctuations due to changes in interest rates for the debt instruments and bank debentures issued. Since the risk is considered material, the Group enters into interest rate swap contracts to hedge against this risk.

The following tables summarize the information relating to the hedges for interest rate risk.

#### December 31, 2022

Hedging Instrument	Notional Amount	Maturity	Line Item in Balance Sheet	Carrying Amount	
				Asset	Liability
Fair value hedge					
Interest rate swap contracts	\$ 54,040,672	2024.05.18-2032.09.08	Financial assets and liabilities for hedging	\$ 2,511,620	\$ 581,359
Hedged Items	Carrying Amount		Accumulated Amount of Fair Value Adjustments		
	Asset	Liability	Asset	Liability	
Fair value hedge					
Financial assets at fair value through other comprehensive income		\$ 34,062,016	\$ -	\$ (2,645,437)	\$ -
Bank debentures		-	15,303,007	-	(496,993)

#### December 31, 2021

Hedging Instrument	Notional Amount	Maturity	Line Item in Balance Sheet	Carrying Amount	
				Asset	Liability
Fair value hedge					
Interest rate swap contracts	\$ 37,752,632	2022.05.03-2031.09.14	Financial assets and liabilities for hedging	\$ 259,267	\$ 73,006
Hedged Items	Carrying Amount		Accumulated Amount of Fair Value Adjustments		
	Asset	Liability	Asset	Liability	
Fair value hedge					
Financial assets at fair value through other comprehensive income		\$ 23,135,245	\$ -	\$ (198,510)	\$ -
Bank debentures		-	15,791,122	-	(8,878)

**13. SECURITIES PURCHASED UNDER RESELL AGREEMENTS**

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Corporate bonds	\$ 11,458,524	\$ 15,007,379
Government bonds	9,522,550	9,905,720
Commercial paper	7,710,865	2,098,902
Bank debentures	1,877,648	1,303,798
Negotiable certificates of deposit	<u>1,200,945</u>	<u>-</u>
	<u>\$ 31,770,532</u>	<u>\$ 28,315,799</u>
Resold amounts	<u>\$ 31,811,781</u>	<u>\$ 28,321,100</u>
Last maturity date	March 2023	March 2022

**14. RECEIVABLES, NET**

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Margin loans receivable, securities financing refundable deposits and deposits payable for securities financing	\$ 24,326,561	\$ 39,096,851
Interest receivable	21,849,404	18,125,119
Receivable accounts for settlement	21,372,565	33,581,605
Accounts receivable factoring without recourse	11,472,457	8,152,050
Trading securities receivable	9,221,138	7,289,840
Installment accounts receivables and lease receivables	6,742,665	6,061,915
Exchange clearing receivable	6,258,231	6,683,802
Others	<u>13,144,143</u>	<u>13,543,706</u>
	114,387,164	132,534,888
Less: Allowance for bad debts	(2,607,190)	(1,779,479)
Unrealized interest revenue	<u>(359,317)</u>	<u>(307,271)</u>
	<u>\$ 111,420,657</u>	<u>\$ 130,448,138</u>

For the amount of receivables pledged as collateral for the Group, please refer to Note 48.

For the information on credit risk management and impairment loss analysis of receivables, please refer to Note 53.

**15. DISCOUNTS AND LOANS, NET**

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Short-term loans	\$ 67,245,686	\$ 73,846,711
Medium-term loans	233,598,502	210,621,400
Long-term loans	98,693,981	94,213,623
Loans reclassified to nonperforming loans	520,522	278,416

(Continued)

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Export negotiations	\$ 21,719	\$ 32,089
Policy loans	27,371,802	27,839,905
Automatic premium loans	<u>5,620,804</u>	<u>5,702,046</u>
	433,073,016	412,534,190
Less: Allowance for bad debts	(5,184,878)	(4,880,384)
Discounts on loans	<u>(52,214)</u>	<u>(52,228)</u>
	<u>\$ 427,835,924</u>	<u>\$ 407,601,578</u>
		(Concluded)

For the information on credit risk management and impairment loss analysis of discounts and loans, please refer to Note 53.

#### 16. REINSURANCE ASSETS, NET

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Claims recoverable from reinsurers	\$ 837,792	\$ 782,484
Due from reinsurers and ceding companies	67,363	20,653
Reinsurance reserve assets		
Ceded unearned premium reserve	66,877	67,418
Ceded reserve for claims	<u>44,168</u>	<u>20,504</u>
	<u>111,045</u>	<u>87,922</u>
	<u>\$ 1,016,200</u>	<u>\$ 891,059</u>

No impairment loss was recognized for reinsurance assets.

#### 17. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD, NET

Associates that are not individually material:

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Non-public entities		
CDIB & Partners Investment Holding Corporation	\$ 4,621,002	\$ 6,069,630
Suyin KGI Consumer Finance Co., Ltd.	4,459,742	4,113,459
KGI Securities (Thailand) Public Company Limited	2,734,751	2,568,241
CDIB Capital Asia Partners L.P.	2,633,225	2,805,614
CDIB Yida Private Equity (Kunshan) Enterprise (Limited Partnership)	1,129,645	1,152,431
Others	<u>4,522,302</u>	<u>3,518,616</u>
	<u>\$ 20,100,667</u>	<u>\$ 20,227,991</u>

As of December 31, 2022 and 2021, financial assets designated as at FVTPL of associates that are not individually material were \$7,031,671 thousand and \$4,740,512 thousand, respectively.

Summarized financial information in respect of the not individually material associates was set out below:

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
The Group's share of:		
Net profit (loss) for the year	\$ (248,677)	\$ 1,513,724
Other comprehensive income (loss)	<u>(206,219)</u>	<u>42,199</u>
Total comprehensive income (loss) for the year	<u>\$ (454,896)</u>	<u>\$ 1,555,923</u>

The investments accounted for using the equity method and the share of profit or loss and other comprehensive income of those investments for the years ended December 31, 2022 and 2021 were based on the financial statements audited by the auditors.

There are no any investments under equity method was pledged as collateral for the Group.

## 18. INVOLVEMENT WITH UNCONSOLIDATED STRUCTURED ENTITIES

### a. Investment in structured entities

The Corporation's subsidiaries have equities of structured entities which the Corporation's subsidiaries do not have significant influence but rights and obligations in accordance with the contract.

#### December 31, 2022

	<b>Partnership Fund</b>	<b>Asset Securitization</b>	<b>Total</b>
Financial assets at fair value through profit or loss	\$ 37,105,224	\$ 5,303,109	\$ 42,408,333
Financial assets at fair value through other comprehensive income	-	305,942	305,942
Debt instruments measured at amortized cost	-	6,639,357	6,639,357
Maximum exposure	37,105,224	12,248,408	49,353,632

#### December 31, 2021

	<b>Partnership Fund</b>	<b>Asset Securitization</b>	<b>Total</b>
Financial assets at fair value through profit or loss	\$ 20,859,385	\$ 4,587,146	\$ 25,446,531
Financial assets at fair value through other comprehensive income	-	280,424	280,424
Debt instruments measured at amortized cost	-	6,321,505	6,321,505
Maximum exposure	20,859,385	11,189,075	32,048,460

b. Management on structured entities

The Corporation's subsidiaries have the equities of structured entities as well as the obligations to their investment and management. The Corporation's subsidiaries have significant influence over the above investments.

The funds of unconsolidated structured entities are from the Corporation's subsidiaries and external third parties.

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
<u>Management on partnership equity fund</u>		
Total assets	\$ 26,575,456	\$ 24,689,027
Total liabilities	31,071	39,659
Investments accounted for using the equity method	5,571,710	5,342,078
Financial assets designated as at FVTPL	2,675,430	2,766,746
Maximum exposure	8,247,140	8,108,824

## 19. OTHER FINANCIAL ASSETS

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Separate-account insurance products	\$ 103,835,515	\$ 101,041,555
Customer margin accounts	58,050,514	50,774,121
Others	<u>5,019,255</u>	<u>3,136,113</u>
	<u>\$ 166,905,284</u>	<u>\$ 154,951,789</u>

### Separate Account Insurance Products

a. Separate account insurance products - assets and liabilities

	<b>Assets</b>	
	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Cash in banks	\$ 663,082	\$ 2,446,188
Financial assets at fair value through profit or loss	103,138,855	98,563,221
Other receivables	<u>33,578</u>	<u>32,146</u>
	<u>\$ 103,835,515</u>	<u>\$ 101,041,555</u>
	<b>Liabilities</b>	
	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Reserve for separate account	\$ 103,821,410	\$ 101,025,859
Other payables	<u>14,105</u>	<u>15,696</u>
	<u>\$ 103,835,515</u>	<u>\$ 101,041,555</u>



b. Separate account insurance products - revenues and expenses

	<b>Revenues</b>	
	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Premium income	\$ 7,459,835	\$ 6,375,009
Gain (loss) from financial assets and liabilities at fair value through profit or loss	(6,187,023)	5,320,327
Interest income	594	213
Other revenues	168,290	172,092
Foreign exchange gains (losses)	<u>1,683,832</u>	<u>(331,794)</u>
	<u>\$ 3,125,528</u>	<u>\$ 11,535,847</u>
	<b>Expenses</b>	
	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Insurance claim payments	\$ 3,519,964	\$ 5,369,877
Net change in separate account reserve	(2,658,597)	3,876,503
Custodian fee	<u>2,264,161</u>	<u>2,289,467</u>
	<u>\$ 3,125,528</u>	<u>\$ 11,535,847</u>

- c. The rebate from counterparties in the investment-linked insurance business, which recognized as service fee revenue, for the years ended December 31, 2022 and 2021 was \$277,871 thousand and \$306,884 thousand, respectively.

For the information on other financial assets pledged as collateral for the Group, please refer to Note 48.

**20. INVESTMENT PROPERTY, NET**

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Land	\$ 38,804,090	\$ 22,191,682
Buildings and facilities	15,283,489	8,423,583
Right-of-use assets - superficies of royalties	4,057,554	4,197,532
Right-of-use assets - land	<u>481,615</u>	<u>487,101</u>
	<u>\$ 58,626,748</u>	<u>\$ 35,299,898</u>

The changes in the Group's investment properties were as follows:

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
<u>Cost</u>		
Beginning balance	\$ 38,128,494	\$ 31,971,958
Additions	23,668,779	3,401,003
Disposals	(359,294)	(154,102)
Reclassification	<u>560,216</u>	<u>2,909,635</u>
Ending balance	<u>61,998,195</u>	<u>38,128,494</u>
<u>Accumulated depreciation</u>		
Beginning balance	(2,279,484)	(1,521,158)
Depreciation	(706,114)	(474,175)
Disposals	10,829	2,932
Reclassification	<u>(183,804)</u>	<u>(287,083)</u>
Ending balance	<u>(2,790,965)</u>	<u>(2,279,484)</u>
<u>Accumulated impairment</u>		
Beginning balance	(549,112)	(497,044)
Reserve of impairment loss	(33,730)	(52,068)
Disposals	25,537	-
Reclassification	<u>(177)</u>	<u>-</u>
Ending balance	<u>(580,482)</u>	<u>(549,112)</u>
Carrying amount	<u>\$ 58,626,748</u>	<u>\$ 35,299,898</u>

The above items of investment property are depreciated on a straight-line basis at estimated economic lives as follows:

Buildings and facilities	5-60 years
Right-of-use assets - superficies of royalties	70 years
Right-of-use assets - land	70 years

The fair values of the Group's investment property as of December 31, 2022 and 2021 were \$60,163,720 thousand and \$35,818,724 thousand, respectively. Investment property was categorized into Level 3.

The Corporation's subsidiaries had development of the vacant land and prepayments for buildings without construction license, and the carrying amount was \$2,436,553 thousand and \$2,470,235 thousand, respectively, on December 31, 2022 and 2021. Because its fair value cannot be reliably determined, it was excluded from the amount of fair value above mentioned.

Valuation of fair values above mentioned, except the fair values of investment properties held by CDIB Capital Group and KGI Securities and or the year ended December 31, 2022, and the fair values of partial investment properties held by KGI Securities for the year ended December 31, 2021 were arrived at without appraisal from independent appraisers. All the other subsidiaries of the Group engaged independent appraisers for the valuation of their investment properties. The sales comparison approach and income approach were used in the valuation, whereby the sales comparison approach compares a subject property's characteristics with those of comparable properties which have been recently sold in similar transaction, and income approach takes the net operating income of the rent collected and divides it by the capitalization rate.

The Group's investment property is mainly based on leased building with lease terms of 1 to 20 years and some lessees have priority to rent the leased building. The lease contracts contain market review clauses in the event that the lessees exercise their options to extend.

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

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Year 1	\$ 1,252,873	\$ 582,030
Year 2	972,432	671,857
Year 3	745,190	614,829
Year 4	522,771	518,770
Year 5	434,429	398,749
Year 5 onwards	<u>3,862,022</u>	<u>3,934,871</u>
	<u>\$ 7,789,717</u>	<u>\$ 6,721,106</u>

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

	<b>Estimated Useful Lives</b>
Buildings and facilities	10-60 years

All of the Group's investment property were held under freehold interests. The carrying amount of the investment properties that had been pledged for the Group to secure borrowings were reflected in Note 48.

## 21. PROPERTY AND EQUIPMENT, NET

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Land	\$ 18,757,807	\$ 19,228,612
Buildings and facilities	11,360,136	11,407,520
Machinery and computer equipment	1,745,726	1,476,229
Leasehold improvements	740,463	319,049
Other equipment	511,490	340,940
Transportation equipment	<u>39,132</u>	<u>74,567</u>
	33,154,754	32,846,917
Prepayments for acquisition of properties	<u>516,208</u>	<u>1,204,958</u>
	<u>\$ 33,670,962</u>	<u>\$ 34,051,875</u>
Assets used by the Group	\$ 33,355,747	\$ 33,662,194
Assets leased under operating leases	<u>315,215</u>	<u>389,681</u>
	<u>\$ 33,670,962</u>	<u>\$ 34,051,875</u>

	Land	Buildings and Facilities	Machinery and Computer Equipment	Leasehold Improvements	Other Equipment	Transportation Equipment	Prepayments for Acquisition of Properties	Total
<b>Cost</b>								
Balance at January 1, 2021	\$ 20,315,504	\$ 15,523,994	\$ 2,581,634	\$ 815,678	\$ 1,312,387	\$ 319,739	\$ 215,191	\$ 41,084,127
Additions	-	34,511	293,787	67,681	95,713	1,982	1,378,449	1,872,123
Disposals	(759,708)	(571,749)	(173,208)	(171,387)	(177,120)	(141,862)	(54,283)	(2,049,317)
Reclassification	(264,632)	(862,640)	143,059	44,571	54,327	-	(334,399)	(1,219,714)
Effect of exchange rate changes	-	-	(28,488)	(6,602)	(8,078)	(121)	-	(43,289)
Balance at December 31, 2021	<u>19,291,164</u>	<u>14,124,116</u>	<u>2,816,784</u>	<u>749,941</u>	<u>1,277,229</u>	<u>179,738</u>	<u>1,204,958</u>	<u>39,643,930</u>
<b>Accumulated depreciation and impairment</b>								
Balance at January 1, 2021	(50,068)	(2,804,410)	(1,198,624)	(532,611)	(1,003,975)	(150,569)	-	(5,740,257)
Additions	(12,491)	(359,586)	(335,051)	(80,659)	(115,661)	(54,078)	-	(957,526)
Disposals	-	446,658	171,487	167,297	176,060	99,382	-	1,060,884
Reclassification	7	742	(1,043)	8,852	370	-	-	8,928
Effect of exchange rate changes	-	-	22,676	6,229	6,917	94	-	35,916
Balance at December 31, 2021	<u>(62,552)</u>	<u>(2,716,596)</u>	<u>(1,340,555)</u>	<u>(430,892)</u>	<u>(936,289)</u>	<u>(105,171)</u>	<u>-</u>	<u>(5,592,055)</u>
Balance at December 31, 2021, net	<u>\$ 19,228,612</u>	<u>\$ 11,407,520</u>	<u>\$ 1,476,229</u>	<u>\$ 319,049</u>	<u>\$ 340,940</u>	<u>\$ 74,567</u>	<u>\$ 1,204,958</u>	<u>\$ 34,051,875</u>
<b>Cost</b>								
Balance at January 1, 2022	\$ 19,291,164	\$ 14,124,116	\$ 2,816,784	\$ 749,941	\$ 1,277,229	\$ 179,738	\$ 1,204,958	\$ 39,643,930
Additions	-	70,084	492,898	77,815	143,422	3,249	942,793	1,730,261
Disposals	(87,327)	(154,201)	(139,772)	(30,190)	(443,016)	(148,330)	-	(1,002,836)
Reclassification	(396,040)	217,173	157,198	430,965	160,147	21,762	(1,631,543)	(1,040,338)
Effect of exchange rate changes	-	-	89,254	22,664	26,068	37	-	138,023
Balance at December 31, 2022	<u>18,807,797</u>	<u>14,257,172</u>	<u>3,416,362</u>	<u>1,251,195</u>	<u>1,163,850</u>	<u>56,456</u>	<u>516,208</u>	<u>39,469,040</u>
<b>Accumulated depreciation and impairment</b>								
Balance at January 1, 2022	(62,552)	(2,716,596)	(1,340,555)	(430,892)	(936,289)	(105,171)	-	(5,592,055)
Additions	-	(271,013)	(396,475)	(87,422)	(135,032)	(20,220)	-	(910,162)
Disposals	12,385	122,862	139,679	29,509	442,217	108,093	-	854,745
Reclassification	177	(32,289)	790	-	-	-	-	(31,322)
Effect of exchange rate changes	-	-	(74,075)	(21,927)	(23,256)	(26)	-	(119,284)
Balance at December 31, 2022	<u>(49,990)</u>	<u>(2,897,036)</u>	<u>(1,670,636)</u>	<u>(510,732)</u>	<u>(652,360)</u>	<u>(17,324)</u>	<u>-</u>	<u>(5,798,078)</u>
Balance at December 31, 2022, net	<u>\$ 18,757,807</u>	<u>\$ 11,360,136</u>	<u>\$ 1,745,726</u>	<u>\$ 740,463</u>	<u>\$ 511,490</u>	<u>\$ 39,132</u>	<u>\$ 516,208</u>	<u>\$ 33,670,962</u>

The above items of self-use property and equipment are depreciated on a straight-line basis over the estimated economic lives as follows:

Buildings and facilities	3-60 years
Machinery and computer equipment	3-15 years
Transportation equipment	4-10 years
Other equipment	3-15 years
Leasehold improvements	Depend on the age or the durable life of lease, whichever is shorter

The operating lease of the group's subsidiaries are mainly based on leased light passenger vehicle with lease terms of 1 to 5 years without an option to extend for any additional years.

The maturity analysis of lease payments receivable was as follows:

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Year 1	\$ 2,787	\$ 23,533
Year 2	174	2,475
Year 3	-	174
Year 4	-	-
Year 5	-	-
	<u>\$ 2,961</u>	<u>\$ 26,182</u>

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

	<u>Estimated Useful Lives</u>
Machinery equipment	4-20 years
Transportation equipment	2-5 years

For the information on property and equipment pledged as collateral for the Group, please refer to Note 48.

## 22. LEASE ARRANGEMENTS

### a. Right-of-use assets, net

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
Carrying amounts		
Royalty-surface rights	\$ 8,588,167	\$ 8,685,772
Buildings and facilities	2,790,392	2,644,249
Land	1,039,074	1,018,139
Computer equipment	135,896	150,617
Transportation equipment	40,856	44,397
Other equipment	<u>28,915</u>	<u>47,416</u>
	<u>\$ 12,623,300</u>	<u>\$ 12,590,590</u>
	<u>For the Year Ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Additions to right-of-use assets	<u>\$ 1,006,006</u>	<u>\$ 1,051,516</u>
Depreciation of right-of-use assets		
Buildings and facilities	\$ 757,131	\$ 777,833
Royalty-surface rights	139,851	158,558
Computer equipment	52,116	44,358
Transportation equipment	23,195	20,934
Other equipment	18,891	18,406
Land	<u>16,955</u>	<u>18,642</u>
	<u>\$ 1,008,139</u>	<u>\$ 1,038,731</u>

The depreciation expense of the right-of-use asset recognized in profit or loss for the years ended December 31, 2022 and 2021 were \$1,005,582 thousand and \$1,036,149 thousand, respectively.

### b. Lease liabilities

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
Carrying amounts	<u>\$ 4,603,517</u>	<u>\$ 4,455,216</u>

The interest expense of the lease liabilities recognized in profit or loss for the years ended December 31, 2022 and 2021 were \$88,089 thousand and \$89,192 thousand, respectively.

Range of discount rate for lease liabilities were as follows:

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Buildings and facilities	0.50%-7.35%	0.50%-9.79%
Land	0.77%-3.50%	0.77%-3.50%
Computer equipment	0.56%-1.61%	0.56%-1.07%
Transportation equipment	0.49%-1.68%	0.49%-1.32%
Other equipment	0.51%-1.60%	0.51%-1.03%

The maturity analysis of lease liabilities was as follows:

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Not later than 1 year	\$ 866,588	\$ 681,809
Later than 1 year and not later than 5 years	2,181,415	2,175,345
Later than 5 years and not later than 10 years	671,268	788,636
Later than 10 years	<u>3,195,080</u>	<u>3,152,758</u>
	<u>\$ 6,914,351</u>	<u>\$ 6,798,548</u>

c. Material lease-in activities and terms

The Group leases land, building and facilities, computer equipment, transportation equipment and other equipment with lease terms of 1 to 15 years. In the contract, the Group has options to lease the building at the end of the lease terms. The lease contract for the right of superficies has been established indicates that China Life Insurance also leases land with lease terms of 70 years.

d. Other lease information

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

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Expenses relating to short-term leases	\$ <u>37,287</u>	\$ <u>36,727</u>
Expenses relating to low-value asset leases	\$ <u>7,496</u>	\$ <u>3,026</u>
Total cash outflow for leases	<u>\$ 955,848</u>	<u>\$ 1,017,530</u>

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

## 23. INTANGIBLE ASSETS

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Purchase policy value	\$ 11,397,891	\$ 11,721,285
Goodwill	3,211,902	3,089,780
Operation rights	1,920,037	2,442,703
Computer software	<u>1,812,704</u>	<u>1,488,726</u>
	<u>\$ 18,342,534</u>	<u>\$ 18,742,494</u>

The changes in the Group's intangible assets were as follows:

	<b>Purchase Policy Value</b>	<b>Goodwill</b>	<b>Operation Rights</b>	<b>Computer Software</b>	<b>Total</b>
<u>Cost</u>					
Balance at January 1, 2021	\$ 13,320,077	\$ 3,135,653	\$ 8,561,168	\$ 2,628,691	\$ 27,645,589
Additions	-	-	-	498,277	498,277
Decreases	-	-	-	(102,635)	(102,635)
Reclassification	-	-	-	54,026	54,026
Effects of exchange rate changes	-	(45,873)	-	(55)	(45,928)
Balance at December 31, 2021	<u>\$ 13,320,077</u>	<u>\$ 3,089,780</u>	<u>\$ 8,561,168</u>	<u>\$ 3,078,304</u>	<u>\$ 28,049,329</u>
<u>Accumulated amortization and impairment</u>					
Balance at January 1, 2021	\$ (1,266,322)	-	\$ (5,584,118)	\$ (1,257,778)	\$ 8,108,218)
Amortization	(332,470)	-	(534,347)	(434,476)	(1,301,293)
Decreases	-	-	-	102,635	102,635
Effects of exchange rate changes	-	-	-	41	41
Balance at December 31, 2021	<u>\$ (1,598,792)</u>	<u>\$ -</u>	<u>\$ (6,118,465)</u>	<u>\$ (1,589,578)</u>	<u>\$ (9,306,835)</u>
Balance at December 31, 2021, net	<u>\$ 11,721,285</u>	<u>\$ 3,089,780</u>	<u>\$ 2,442,703</u>	<u>\$ 1,488,726</u>	<u>\$ 18,742,494</u>
<u>Cost</u>					
Balance at January 1, 2022	\$ 13,320,077	\$ 3,089,780	\$ 8,561,168	\$ 3,078,304	\$ 28,049,329
Additions	-	-	-	635,561	635,561
Decreases	-	-	-	(47,204)	(47,204)
Reclassification	-	-	-	289,748	289,748
Effects of exchange rate changes	-	122,122	-	270	122,392
Balance at December 31, 2022	<u>\$ 13,320,077</u>	<u>\$ 3,211,902</u>	<u>\$ 8,561,168</u>	<u>\$ 3,956,679</u>	<u>\$ 29,049,826</u>
<u>Accumulated amortization and impairment</u>					
Balance at January 1, 2022	\$ (1,598,792)	-	\$ (6,118,465)	\$ (1,589,578)	\$ (9,306,835)
Amortization	(323,394)	-	(522,666)	(601,218)	(1,447,278)
Decreases	-	-	-	46,918	46,918
Effects of exchange rate changes	-	-	-	(97)	(97)
Balance at December 31, 2022	<u>\$ (1,922,186)</u>	<u>\$ -</u>	<u>\$ (6,641,131)</u>	<u>\$ (2,143,975)</u>	<u>\$ (10,707,292)</u>
Balance at December 31, 2022, net	<u>\$ 11,397,891</u>	<u>\$ 3,211,902</u>	<u>\$ 1,920,037</u>	<u>\$ 1,812,704</u>	<u>\$ 18,342,534</u>

Apart from the purchase policy value is amortized on present value of annuity of expected remaining policies over effective period of policies, the other items of intangible assets above are amortized on a straight-line basis over the estimated economic lives as follows:

Operation rights	7-20 years
Computer software	1-10 years

## 24. OTHER ASSETS

	December 31	
	2022	2021
Security borrowing margins	\$ 34,978,194	\$ 40,699,598
Overseas custodian accounts	26,740,063	27,409,184
Guarantee deposits paid	11,996,713	3,785,779
Operating guarantee deposits	8,584,285	8,585,515
Cash and cash equivalents - receipts under custody from customers	983,352	15,755,321
Others	<u>3,580,632</u>	<u>5,919,004</u>
	<u>\$ 86,863,239</u>	<u>\$ 102,154,401</u>

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

## 25. DEPOSITS FROM THE CENTRAL BANK AND FINANCIAL INSTITUTIONS

	December 31	
	2022	2021
Call loans from financial institutions	\$ 11,791,872	\$ 20,633,400
Deposits from Chunghwa Post Co., Ltd.	<u>180,556</u>	<u>190,146</u>
	<u>\$ 11,972,428</u>	<u>\$ 20,823,546</u>

## 26. NOTES AND BONDS ISSUED UNDER REPURCHASE AGREEMENTS

	December 31	
	2022	2021
Corporate bonds	\$ 50,739,245	\$ 56,891,519
Bank debentures	28,022,377	24,903,171
Government bonds	21,523,102	20,090,120
Others	<u>899,171</u>	<u>-</u>
	<u>\$ 101,183,895</u>	<u>\$ 101,884,810</u>
Repurchased amounts	<u>\$ 101,643,983</u>	<u>\$ 101,935,509</u>
Last maturity date	March 2023	April 2022



**27. COMMERCIAL PAPER PAYABLE, NET**

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Commercial paper payable	\$ 24,787,563	\$ 21,216,060
Less: Unamortized discount	<u>(9,086)</u>	<u>(1,820)</u>
	<u>\$ 24,778,477</u>	<u>\$ 21,214,240</u>
Range of rate	1.29%-4.22%	0.26%-1.06%

As of December 31, 2022, Mega Bills Finance Corporation, Dah Chung Bills Finance Corporation, China Bills Finance Corporation, International Bills Finance Corporation, Taishin Bank, Taiwan Cooperative Bills Finance Corporation and Taiwan Finance Corporation guaranteed the above commercial paper. However, some commercial paper which amounted to \$22,904,046 thousand, had no guarantee.

As of December 31, 2021, China Bills Finance Corporation, Taiwan Finance Corporation, and Grand Bills, guaranteed the above commercial paper. However, some commercial paper which amounted to \$21,154,260 thousand, had no guarantee.

**28. PAYABLES**

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Accounts payable for settlement	\$ 36,658,959	\$ 47,196,758
Accrued expenses and payable on insurance policies	17,153,853	20,238,854
Deposits payable for securities financing	13,081,611	12,525,783
Exchange clearing payable	6,236,120	6,678,293
Others	<u>17,592,092</u>	<u>16,209,913</u>
	<u>\$ 90,722,635</u>	<u>\$ 102,849,601</u>

**29. DEPOSITS AND REMITTANCES**

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Time deposits	\$ 253,974,277	\$ 226,306,526
Saving deposits	158,186,438	143,663,711
Demand deposits	112,113,795	106,786,423
Negotiable CDs	3,136,700	4,578,300
Checking deposits	1,764,088	1,906,700
Inward remittance	<u>468,721</u>	<u>260,797</u>
	<u>\$ 529,644,019</u>	<u>\$ 483,502,457</u>

### 30. BONDS PAYABLE

	December 31	
	2022	2021
Corporate bonds payable	\$ 66,890,000	\$ 67,200,000
Bank debentures payable	<u>24,753,007</u>	<u>25,241,122</u>
	<u>\$ 91,643,007</u>	<u>\$ 92,441,122</u>

#### Corporate Bonds Payable

Name	December 31		Issuance Period	Method of Paying Principle and Interests	Interest Rate
	2022	2021			
1st corporate bonds in 2017 - the Corporation	\$ 10,000,000	\$ 10,000,000	Bond A 2017.09.08-2024.09.08 Bond B 2017.09.08-2027.09.08 Bond C 2017.09.08-2032.09.08	Interest payable annually; Principal due on maturity	Bond A 1.75% Bond B 1.90% Bond C 2.10%
1st corporate bonds in 2019 - the Corporation	5,000,000	5,000,000	Bond A 2019.08.08-2026.08.08 Bond B 2019.08.08-2029.08.08	Interest payable annually; Principal due on maturity	Bond A 0.88% Bond B 1.00%
1st corporate bonds in 2020 - the Corporation	8,000,000	8,000,000	Bond A 2020.05.20-2025.05.20 Bond B 2020.05.20-2035.05.20	Interest payable annually; Principal due on maturity	Bond A 0.75% Bond B 0.95%
2nd corporate bonds in 2020 - the Corporation	6,000,000	6,000,000	Bond A 2020.11.30-2030.11.30 Bond B 2020.11.30-2035.11.30	Interest payable annually; Principal due on maturity	Bond A 1.25% Bond B 1.50%
3rd corporate bonds in 2020 - the Corporation	4,000,000	4,000,000	Bond A 2021.01.14-2028.01.14 Bond B 2021.01.14-2031.01.14	Interest payable annually; Principal due on maturity	Bond A 0.50% Bond B 0.59%
1st corporate bonds in 2021 - the Corporation	15,000,000	15,000,000	Bond A 2021.12.20-2026.12.20 Bond B 2021.12.20-2028.12.20 Bond C 2021.12.20-2031.12.20	Interest payable annually; Principal due on maturity	Bond A 0.59% Bond B 0.65% Bond C 0.75%
1st corporate bonds in 2019 - KGI Securities	3,900,000	4,200,000	Bond A 2019.11.22-2022.11.22 Bond B 2019.11.22-2024.11.22 Bond C 2019.11.22-2026.11.22	Interest payable annually; Principal due on maturity	Bond A 0.73% Bond B 0.78% Bond C 0.83%
1st corporate bonds in 2021 - KGI Securities	5,000,000	5,000,000	Bond A 2021.07.09-2026.07.09 Bond B 2021.07.09-2028.07.09	Interest payable annually; Principal due on maturity	Bond A 0.51% Bond B 0.55%
1st corporate bonds in 2020 - China Life Insurance	<u>9,990,000</u>	<u>10,000,000</u>	2020.12.28, no maturity date	Interest payable annually (Note)	2.70%
Net amount	<u>\$ 66,890,000</u>	<u>\$ 67,200,000</u>			

Note: China Life Insurance has the right to redeem the bonds after 10 years from the issue date if its self-owned capital adequacy ratio is twice as higher as the required risk-based capital ratio set by the competent authority. China Life Insurance is allowed to redeem the bonds based on the carrying value of each bond plus interest after being approved by the competent authority.

#### Bank Debentures Payable

Name	December 31		Issuance Period	Method of Paying Principle and Interests	Interest Rate
	2022	2021			
P07 KGIB 1	\$ 3,000,000	\$ 3,000,000	2018.12.27, no maturity date	Interest payable annually (Note)	2.35%
P07 KGIB 2	3,350,000	3,350,000	2018.12.27-2033.12.27	Interest payable annually; Principal due on maturity	1.68%
P08 KGIB 1	3,100,000	3,100,000	2019.06.26-2034.06.26	Interest payable annually; Principal due on maturity	1.40%
P09 KGIB 1	1,200,000	1,200,000	2020.03.05-2027.03.05	Interest payable annually; Principal due on maturity	0.75%
P09 KGIB 2	4,800,000	4,800,000	2020.03.05-2030.03.05	Interest payable annually; Principal due on maturity	0.80%
P09 KGIB 3	4,800,000	4,800,000	2020.08.07-2030.08.07	Interest payable annually; Principal due on maturity	0.71%
P10 KGIB 1	4,300,000	4,300,000	2021.02.04-2031.02.04	Interest payable annually; Principal due on maturity	0.57%
P10 KGIB 2	<u>700,000</u>	<u>700,000</u>	2021.05.18-2024.05.18	Interest payable annually; Principal due on maturity	0.40%
	25,250,000	25,250,000			
Valuation adjustment	<u>(496,993)</u>	<u>(8,878)</u>			
Net amount	<u>\$ 24,753,007</u>	<u>\$ 25,241,122</u>			

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

### 31. OTHER BORROWINGS

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Short-term credit borrowings	\$ 14,448,884	\$ 12,117,211
Note issuance facility	5,799,631	4,459,750
Short-term secured borrowings	2,198,829	3,488,462
Call loans from banks	<u>1,228,320</u>	<u>2,492,100</u>
	<u>\$ 23,675,664</u>	<u>\$ 22,557,523</u>
Range of rate	1.29%-5.40%	0.28%-5.95%
Last maturity date	December 2025	November 2023

For the information on collateral of other borrowings listed, please refer to Note 48.

### 32. PROVISIONS

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Insurance liabilities	\$ 2,082,571,357	\$ 1,988,686,889
Foreign exchange valuation reserve	10,886,927	3,351,124
Provisions for employee benefits	739,669	1,396,134
Others	<u>382,763</u>	<u>537,120</u>
	<u>\$ 2,094,580,716</u>	<u>\$ 1,993,971,267</u>

#### **Insurance Contracts and Provision for Financial Instruments with Discretionary Participation Feature**

As at December 31, 2022 and 2021, China Life Insurance's movement in reserves of insurance contracts and financial instruments with discretionary participation feature is as follows:

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Reserve for life insurance liabilities	\$ 2,044,981,576	\$ 1,952,465,847
Unearned premium reserve	5,099,222	4,699,485
Reserve for claims	3,582,247	2,605,570
Special reserve	8,507,932	7,747,818
Premium deficiency reserve	1,991,327	2,435,334
Other reserve	<u>18,409,053</u>	<u>18,732,835</u>
	<u>\$ 2,082,571,357</u>	<u>\$ 1,988,686,889</u>

a. Reserve for life insurance liabilities:

	<b>December 31, 2022</b>		
	<b>Insurance Contract</b>	<b>Financial Instruments with Discretionary Participation Feature</b>	<b>Total</b>
Life insurance	\$ 1,688,241,414	\$ 52,151,886	\$ 1,740,393,300
Health insurance	167,059,305	-	167,059,305
Annuity insurance	705,707	134,592,973	135,298,680
Investment-linked insurance	<u>2,056,019</u>	<u>-</u>	<u>2,056,019</u>
	<u>\$ 1,858,062,445</u>	<u>\$ 186,744,859</u>	<u>\$ 2,044,807,304</u>

Note: The total amount of liability reserve is \$2,044,981,576 thousand on December 31, 2022 after reserve for life insurance-accrued paid is added.

	<b>December 31, 2021</b>		
	<b>Insurance Contract</b>	<b>Financial Instruments with Discretionary Participation Feature</b>	<b>Total</b>
Life insurance	\$ 1,593,122,492	\$ 54,305,280	\$ 1,647,427,772
Health insurance	155,648,698	-	155,648,698
Annuity insurance	664,492	146,776,781	147,441,273
Investment-linked insurance	<u>1,801,647</u>	<u>-</u>	<u>1,801,647</u>
	<u>\$ 1,751,237,329</u>	<u>\$ 201,082,061</u>	<u>\$ 1,952,319,390</u>

Note: The total amount of liability reserve is \$1,952,465,847 thousand on December 31, 2021 after reserve for life insurance-accrued paid is added.

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

Movement in reserve for life insurance liabilities is summarized below:

	<b>For the Year Ended December 31, 2022</b>		
	<b>Insurance Contract</b>	<b>Financial Instruments with Discretionary Participation Feature</b>	<b>Total</b>
Beginning balance	\$ 1,751,237,329	\$ 201,082,061	\$ 1,952,319,390
Reserve	173,932,466	5,578,622	179,511,088
Recover	(112,672,169)	(22,616,543)	(135,288,712)
Gains (losses) on foreign exchange	<u>45,564,819</u>	<u>2,700,719</u>	<u>48,265,538</u>
Ending balance (Note)	<u>\$ 1,858,062,445</u>	<u>\$ 186,744,859</u>	<u>\$ 2,044,807,304</u>

Note: Reserve for life insurance liabilities were \$2,044,981,576 thousand at December 31, 2022 after adding the payment of reserve for life insurance-accrued.

**For the Year Ended December 31, 2021**

	<b>Insurance Contract</b>	<b>Financial Instruments with Discretionary Participation Feature</b>	<b>Total</b>
Beginning balance	\$ 1,646,143,158	\$ 213,575,814	\$ 1,859,718,972
Reserve	218,282,661	5,194,905	223,477,566
Recover	(100,837,598)	(16,925,519)	(117,763,117)
Losses (gains) on foreign exchange	<u>(12,350,892)</u>	<u>(763,139)</u>	<u>(13,114,031)</u>
Ending balance (Note)	<u>\$ 1,751,237,329</u>	<u>\$ 201,082,061</u>	<u>\$ 1,952,319,390</u>

Note: Reserve for life insurance liabilities were \$1,952,465,847 thousand at December 31, 2021 after adding the payment of reserve for life insurance-accrued.

b. Unearned premium reserve

	<b>Insurance Contract</b>	<b>Financial Instruments with Discretionary Participation Feature</b>	<b>Total</b>
Individual life insurance	\$ 851	\$ -	\$ 851
Individual injury insurance	1,870,490	-	1,870,490
Individual health insurance	2,614,780	-	2,614,780
Group insurance	541,195	-	541,195
Investment - linked insurance	71,899	-	71,899
Annuity insurance	<u>-</u>	<u>7</u>	<u>7</u>
	<u>5,099,215</u>	<u>7</u>	<u>5,099,222</u>
Less ceded unearned premium reserve			
Individual life insurance	19,425	-	19,425
Individual injury insurance	906	-	906
Individual health insurance	38,186	-	38,186
Group insurance	3,125	-	3,125
Investment - linked insurance	<u>5,235</u>	<u>-</u>	<u>5,235</u>
	<u>66,877</u>	<u>-</u>	<u>66,877</u>
Net amount	<u>\$ 5,032,338</u>	<u>\$ 7</u>	<u>\$ 5,032,345</u>

<b>December 31, 2021</b>			
	<b>Insurance Contract</b>	<b>Financial Instruments with Discretionary Participation Feature</b>	<b>Total</b>
Individual life insurance	\$ 937	\$ -	\$ 937
Individual injury insurance	1,550,612	-	1,550,612
Individual health insurance	2,452,741	-	2,452,741
Group insurance	627,188	-	627,188
Investment - linked insurance	67,996	-	67,996
Annuity insurance	-	11	11
	<u>4,699,474</u>	<u>11</u>	<u>4,699,485</u>
Less ceded unearned premium reserve			
Individual life insurance	17,620	-	17,620
Individual injury insurance	961	-	961
Individual health insurance	40,911	-	40,911
Group insurance	2,892	-	2,892
Investment - linked insurance	5,034	-	5,034
	<u>67,418</u>	<u>-</u>	<u>67,418</u>
Net amount	<u>\$ 4,632,056</u>	<u>\$ 11</u>	<u>\$ 4,632,067</u>

Movement in unearned premium reserve is summarized below:

<b>For the Year Ended December 31, 2022</b>			
	<b>Insurance Contract</b>	<b>Financial Instruments with Discretionary Participation Feature</b>	<b>Total</b>
Beginning balance	\$ 4,699,474	\$ 11	\$ 4,699,485
Reserve	5,099,203	7	5,099,210
Recover	(4,699,474)	(11)	(4,699,485)
Losses (gains) on foreign exchange	12	-	12
Ending balance	<u>5,099,215</u>	<u>7</u>	<u>5,099,222</u>
Less ceded unearned premium reserve			
Beginning balance	67,418	-	67,418
Increase	66,790	-	66,790
Decrease	(67,418)	-	(67,418)
Losses (gains) on foreign exchange	87	-	87
Ending balance	<u>66,877</u>	<u>-</u>	<u>66,877</u>
Net amount	<u>\$ 5,032,338</u>	<u>\$ 7</u>	<u>\$ 5,032,345</u>

**For the Year Ended December 31, 2021**

	<b>Insurance Contract</b>	<b>Financial Instruments with Discretionary Participation Feature</b>	<b>Total</b>
Beginning balance	\$ 4,509,106	\$ 27	\$ 4,509,133
Reserve	4,699,476	11	4,699,487
Recover	(4,509,106)	(27)	(4,509,133)
Losses (gains) on foreign exchange	(2)	-	(2)
Ending balance	<u>4,699,474</u>	<u>11</u>	<u>4,699,485</u>
Less ceded unearned premium reserve			
Beginning balance	61,774	-	61,774
Increase	67,427	-	67,427
Decrease	(61,774)	-	(61,774)
Losses (gains) on foreign exchange	(9)	-	(9)
Ending balance	<u>67,418</u>	<u>-</u>	<u>67,418</u>
Net amount	<u>\$ 4,632,056</u>	<u>\$ 11</u>	<u>\$ 4,632,067</u>

c. Reserve for claims

**December 31, 2022**

	<b>Insurance Contract</b>	<b>Financial Instruments with Discretionary Participation Feature</b>	<b>Total</b>
Individual life insurance			
Reported but not paid claim	\$ 291,011	\$ 9,185	\$ 300,196
Unreported claim	595	-	595
Individual injury insurance			
Reported but not paid claim	72,952	-	72,952
Unreported claim	634,422	-	634,422
Individual health insurance			
Reported but not paid claim	170,857	-	170,857
Unreported claim	1,141,496	-	1,141,496
Group insurance			
Reported but not paid claim	189,993	-	189,993
Unreported claim	990,849	-	990,849
Investment - linked insurance			
Reported but not paid claim	43,732	-	43,732
Unreported claim	-	-	-
Annuity insurance			
Reported but not paid claim	4,067	33,065	37,132
Unreported claim	-	23	23
	<u>3,539,974</u>	<u>42,273</u>	<u>3,582,247</u>

(Continued)

<b>December 31, 2022</b>			
	<b>Insurance Contract</b>	<b>Financial Instruments with Discretionary Participation Feature</b>	<b>Total</b>
Less ceded reserve for claims			
Individual life insurance	\$ 17,891	\$ -	\$ 17,891
Individual injury insurance	1,128	-	1,128
Individual health insurance	17,149	-	17,149
Group insurance	8,000	-	8,000
Investment - linked insurance	-	-	-
	<u>44,168</u>	<u>-</u>	<u>44,168</u>
Net amount	<u>\$ 3,495,806</u>	<u>\$ 42,273</u>	<u>\$ 3,538,079</u> (Concluded)

<b>December 31, 2021</b>			
	<b>Insurance Contract</b>	<b>Financial Instruments with Discretionary Participation Feature</b>	<b>Total</b>
Individual life insurance			
Reported but not paid claim	\$ 167,345	\$ 31,109	\$ 198,454
Unreported claim	553	-	553
Individual injury insurance			
Reported but not paid claim	43,547	-	43,547
Unreported claim	546,033	-	546,033
Individual health insurance			
Reported but not paid claim	130,114	-	130,114
Unreported claim	985,368	-	985,368
Group insurance			
Reported but not paid claim	81,546	-	81,546
Unreported claim	466,506	-	466,506
Investment - linked insurance			
Reported but not paid claim	101,716	-	101,716
Unreported claim	-	-	-
Annuity insurance			
Reported but not paid claim	3,801	47,901	51,702
Unreported claim	-	31	31
	<u>2,526,529</u>	<u>79,041</u>	<u>2,605,570</u>
Less ceded reserve for claims			
Individual life insurance	3,781	-	3,781
Individual injury insurance	-	-	-
Individual health insurance	15,223	-	15,223
Group insurance	1,500	-	1,500
	<u>20,504</u>	<u>-</u>	<u>20,504</u>
Net amount	<u>\$ 2,506,025</u>	<u>\$ 79,041</u>	<u>\$ 2,585,066</u>



Movement in reserve for claims is summarized below:

<b>For the Year Ended December 31, 2022</b>			
	<b>Insurance Contract</b>	<b>Financial Instruments with Discretionary Participation Feature</b>	<b>Total</b>
Beginning balance	\$ 2,526,529	\$ 79,041	\$ 2,605,570
Reserve	3,538,769	41,750	3,580,519
Recover	(2,526,529)	(79,041)	(2,605,570)
Losses (gains) on foreign exchange	<u>1,205</u>	<u>523</u>	<u>1,728</u>
Ending balance	<u>3,539,974</u>	<u>42,273</u>	<u>3,582,247</u>
Less ceded unearned premium reserve			
Beginning balance	20,504	-	20,504
Increase	44,173	-	44,173
Decrease	(20,504)	-	(20,504)
Losses (gains) on foreign exchange	<u>(4)</u>	<u>-</u>	<u>(4)</u>
Ending balance	<u>44,169</u>	<u>-</u>	<u>44,169</u>
Net amount	<u>\$ 3,495,805</u>	<u>\$ 42,273</u>	<u>\$ 3,538,078</u>

<b>For the Year Ended December 31, 2021</b>			
	<b>Insurance Contract</b>	<b>Financial Instruments with Discretionary Participation Feature</b>	<b>Total</b>
Beginning balance	\$ 2,418,262	\$ 45,381	\$ 2,463,643
Reserve	2,527,055	79,070	2,606,125
Recover	(2,418,262)	(45,381)	(2,463,643)
Losses (gains) on foreign exchange	<u>(526)</u>	<u>(29)</u>	<u>(555)</u>
Ending balance	<u>2,526,529</u>	<u>79,041</u>	<u>2,605,570</u>
Less ceded unearned premium reserve			
Beginning balance	20,815	-	20,815
Increase	20,506	-	20,506
Decrease	(20,815)	-	(20,815)
Losses (gains) on foreign exchange	<u>(2)</u>	<u>-</u>	<u>(2)</u>
Ending balance	<u>20,504</u>	<u>-</u>	<u>20,504</u>
Net amount	<u>\$ 2,506,025</u>	<u>\$ 79,041</u>	<u>\$ 2,585,066</u>

The Corporation's reported but not paid claims are reserved according to insurance type and claims department's estimates based on each individual case's related information without exceeding promised insurance amount for covered accidents. Those reported but not paid reserve is reasonably assessed, sufficient to reflect actual claims paid. In addition, some types of claims are not expected to close shortly because these claims usually depend on court judgments before the closure. The Corporation's legal department tracks the development of these claims and reasonably estimates claims reserve. The actuarial department assesses final unreported claims based on past claims experience with consideration of claims development trends for past closed cases, and then develop the final claims based on homogeneous features of each insurance through Bornhuetter-Ferguson Method. Reserve for unreported and unclosed claims changes according to external environment, such as, actual loss rate will lead to fluctuations of claims. The actuarial department will evaluate periodically to make reasonable estimate of claims reserve.

d. Special reserve

<b>December 31, 2022</b>			
	<b>Insurance Contract</b>	<b>Financial Instruments with Discretionary Participation Feature</b>	<b>Total</b>
Participating policies dividend reserve	\$ 8,507,932	\$ -	\$ 8,507,932
Dividend risk reserve	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 8,507,932</u>	<u>\$ -</u>	<u>\$ 8,507,932</u>
<b>December 31, 2021</b>			
	<b>Insurance Contract</b>	<b>Financial Instruments with Discretionary Participation Feature</b>	<b>Total</b>
Participating policies dividend reserve	\$ 7,747,818	\$ -	\$ 7,747,818
Dividend risk reserve	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 7,747,818</u>	<u>\$ -</u>	<u>\$ 7,747,818</u>

Movement in special reserve is summarized below:

<b>For the Years Ended December 31</b>		
	<b>2022</b>	<b>2021</b>
	<b>Insurance Contract</b>	<b>Insurance Contract</b>
Beginning balance	\$ 7,747,818	\$ 6,633,515
Reserve for participating policy dividend revenue	2,768,072	2,822,982
Recover for participating policy dividend revenue	(2,070,619)	(1,829,657)
Gain (loss) on equity instruments from participating dividend policy measured at FVTOCI	<u>62,661</u>	<u>120,978</u>
Ending balance	<u>\$ 8,507,932</u>	<u>\$ 7,747,818</u>

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

<b>December 31, 2022</b>			
	<b>Insurance Contract</b>	<b>Financial Instruments with Discretionary Participation Feature</b>	<b>Total</b>
Individual life insurance	\$ 2,302	\$ -	\$ 2,302
Individual injury insurance	940,255	-	940,255
Individual health insurance	2,580,980	-	2,580,980
Group insurance	3,657,214	-	3,657,214
Annuity insurance	-	362	362
	<u>\$ 7,180,751</u>	<u>\$ 362</u>	<u>\$ 7,181,113</u>

<b>December 31, 2021</b>			
	<b>Insurance Contract</b>	<b>Financial Instruments with Discretionary Participation Feature</b>	<b>Total</b>
Individual life insurance	\$ 2,107	\$ -	\$ 2,107
Individual injury insurance	913,200	-	913,200
Individual health insurance	2,831,791	-	2,831,791
Group insurance	3,493,939	-	3,493,939
Annuity insurance	-	390	390
	<u>\$ 7,241,037</u>	<u>\$ 390</u>	<u>\$ 7,241,427</u>

f. Premium deficiency reserve

<b>December 31, 2022</b>			
	<b>Insurance Contract</b>	<b>Financial Instruments with Discretionary Participation Feature</b>	<b>Total</b>
Individual life insurance	\$ 1,890,710	\$ -	\$ 1,890,710
Individual health insurance	100,617	-	100,617
	<u>\$ 1,991,327</u>	<u>\$ -</u>	<u>\$ 1,991,327</u>

	<b>December 31, 2021</b>		
	<b>Insurance Contract</b>	<b>Financial Instruments with Discretionary Participation Feature</b>	<b>Total</b>
Individual life insurance	\$ 2,326,325	\$ -	\$ 2,326,325
Individual health insurance	<u>109,009</u>	<u>-</u>	<u>109,009</u>
	<u>\$ 2,435,334</u>	<u>\$ -</u>	<u>\$ 2,435,334</u>

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

Movement in premium deficiency reserve is summarized as below:

	<b>For the Year Ended December 31, 2022</b>		
	<b>Insurance Contract</b>	<b>Financial Instruments with Discretionary Participation Feature</b>	<b>Total</b>
Beginning balance	\$ 2,435,334	\$ -	\$ 2,435,334
Reserve	437,454	-	437,454
Recover	(994,892)	-	(994,892)
Gains (losses) on foreign exchange	<u>113,431</u>	<u>-</u>	<u>113,431</u>
Ending balance	<u>\$ 1,991,327</u>	<u>\$ -</u>	<u>\$ 1,991,327</u>

	<b>For the Year Ended December 31, 2021</b>		
	<b>Insurance Contract</b>	<b>Financial Instruments with Discretionary Participation Feature</b>	<b>Total</b>
Beginning balance	\$ 4,139,991	\$ -	\$ 4,139,991
Reserve	521,115	-	521,115
Recover	(2,154,772)	-	(2,154,772)
Losses (gains) on foreign exchange	<u>(71,000)</u>	<u>-</u>	<u>(71,000)</u>
Ending balance	<u>\$ 2,435,334</u>	<u>\$ -</u>	<u>\$ 2,435,334</u>

g. Other reserve

<b>December 31, 2022</b>			
	<b>Insurance Contract</b>	<b>Financial Instruments with Discretionary Participation Feature</b>	<b>Total</b>
Others	<u>\$ 18,409,053</u>	<u>\$ -</u>	<u>\$ 18,409,053</u>
<b>December 31, 2021</b>			
	<b>Insurance Contract</b>	<b>Financial Instruments with Discretionary Participation Feature</b>	<b>Total</b>
Others	<u>\$ 18,732,835</u>	<u>\$ -</u>	<u>\$ 18,732,835</u>

Movement in other reserve is summarized as below:

<b>For the Year Ended December 31, 2022</b>			
	<b>Insurance Contract</b>	<b>Financial Instruments with Discretionary Participation Feature</b>	<b>Total</b>
Beginning balance	\$ 18,732,835	\$ -	\$ 18,732,835
Recover	<u>(323,782)</u>	<u>-</u>	<u>(323,782)</u>
Ending balance	<u>\$ 18,409,053</u>	<u>\$ -</u>	<u>\$ 18,409,053</u>
<b>For the Year Ended December 31, 2021</b>			
	<b>Insurance Contract</b>	<b>Financial Instruments with Discretionary Participation Feature</b>	<b>Total</b>
Beginning balance	\$ 19,073,989	\$ -	\$ 19,073,989
Recover	<u>(341,154)</u>	<u>-</u>	<u>(341,154)</u>
Ending balance	<u>\$ 18,732,835</u>	<u>\$ -</u>	<u>\$ 18,732,835</u>

Note: The amount is transferred from the acquisition of a partial traditional insurance policies of Allianz Life Insurance on May 18, 2018.

h. Liability adequacy reserve

	<b>Insurance Contract and Financial Instruments with Discretionary Participation Feature</b>	
	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Reserve for life insurance liabilities	\$ 2,044,807,304	\$ 1,952,319,390
Unearned premium reserve	5,099,222	4,699,485
Premium deficiency reserve	1,991,327	2,435,334
Special reserve	8,507,932	7,747,818
Other reserve	<u>18,409,053</u>	<u>18,732,835</u>
Book value of insurance liabilities	<u>\$ 2,078,814,838</u>	<u>\$ 1,985,934,862</u>
Estimated present value of cash flows	<u>\$ 1,563,746,442</u>	<u>\$ 1,573,602,103</u>
Balance of liability adequacy reserve	<u>\$ -</u>	<u>\$ -</u>

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

<b>December 31, 2022</b>	
Test method	Gross Premium Valuation Method (GPV)
Groups	Integrated testing
Assumptions	Adopt the best-estimated scenario investment return on the most recent actuary report (the actuary report of 2021), and discount rates were evaluated with consideration of current information.
<b>December 31, 2021</b>	
Test method	Gross Premium Valuation Method (GPV)
Groups	Integrated testing
Assumptions	Adopt the best-estimated scenario investment return on the most recent actuary report (the actuary report of 2020), and discount rates were evaluated with consideration of current information.

i. Foreign exchange valuation reserve

1) The hedge strategy and risk exposure

China Life Insurance Co., Ltd. consistently adjusts the hedge ratios to establish an adequate risk exposure planning based on the new foreign exchange valuation exposure principle by integrating the exchange rate and interest rate trends of domestic and foreign financial markets. However, changes in the hedge and risk exposure ratios should follow the internal risk control to alert and adjust hedge strategy in advance to meet the optimal hedge considerations.

2) Adjustment in foreign exchange valuation reserve

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Beginning balance	\$ 3,351,124	\$ 4,023,007
Reserve		
Compulsory reserve	2,104,580	1,997,251
Extra reserve	<u>15,685,388</u>	<u>1,003,823</u>
	17,789,968	3,001,074
Recover	<u>(10,254,165)</u>	<u>(3,672,957)</u>
Ending balance	<u>\$ 10,886,927</u>	<u>\$ 3,351,124</u>

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

<b>For the Year Ended December 31, 2022</b>			
<b>Item</b>	<b>Inapplicable Amount</b>	<b>Applicable Amount</b>	<b>Effects</b>
Net income	\$ 19,187,661	\$ 13,159,019	\$ (6,028,642)
Earnings per share (dollar)	3.90	2.67	(1.23)
Foreign exchange valuation reserve	-	10,886,927	10,886,927
Equity	114,026,421	106,659,942	(7,366,479)

<b>For the Year Ended December 31, 2021</b>			
<b>Item</b>	<b>Inapplicable Amount</b>	<b>Applicable Amount</b>	<b>Effects</b>
Net income	\$ 28,002,732	\$ 28,540,238	\$ 537,506
Earnings per share (dollar)	5.69	5.80	0.11
Foreign exchange valuation reserve	-	3,351,124	3,351,124
Equity	178,347,549	177,009,712	(1,337,837)

### 33. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Corporation and domestic subsidiaries adopted a pension plan under the Labor Pension Act (the “LPA”), which is a state-managed defined contribution plan. Under the LPA, the Corporation makes monthly contributions to employees’ individual pension accounts at 6% of monthly salaries and wages. The total expenses recognized in profit or loss were \$654,144 thousand and \$696,837 thousand for the years ended December 31, 2022 and 2021, respectively.

The Corporation’s foreign subsidiaries recognized their contributions as pension expenses in accordance with their local laws and regulation and amounting to \$2,308 thousand and \$2,181 thousand for the years ended December 31, 2022 and 2021, respectively.

b. Defined benefit plans

The Corporation and domestic subsidiaries adopted a defined benefit pension plan for all formal employees based on the Labor Standards Act. Benefit payments are based on service periods and basic salaries and wages at the time of retirement.

Under the defined benefit plan, CDIB Capital Group has made monthly contributions at 13% of salaries and wages to a pension fund. In February 2006, CDIB Capital Group changed the contribution rate from 13% to 4.5% and then further adjusted the contribution rate from 4.5% to 3.14% in November 2008. The fund is managed by the Employees' Pension Reserve Supervisory Committee and deposited in the Bank of Taiwan in the committee's name. Before the end of each year, CDIB Capital 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, CDIB Capital Group is required to fund the difference in one appropriation that should be made before the end of March of the next year.

KGI Securities and domestic subsidiaries contributes monthly an amount equal to 2% of the monthly salaries to a defined benefit pension fund and to the employees' individual defined contribution pension funds. The funds are managed by the Employees' Pension Reserve Supervisory Committee and deposited in the Bank of Taiwan in the committee's name. Before the end of each year, KGI 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, KGI is required to fund the difference in one appropriation that should be made before the end of March of the next year.

KGI Bank places its monthly contributions to the non-managers' pension fund at authorized ratios in the Employees' Pension Reserve, which is deposited in the Bank of Taiwan. Managers' pension funds are managed by the Employee Retirement Fund Management Committee and deposited in KGI Bank's Zhonghe Branch in the committee's name. Before the end of each year, KGI Bank 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, KGI Bank is required to fund the difference in one appropriation that should be made before the end of March of the next year.

China Life Insurance adopted a pension plan under the Labor Pension Act, which is a state-managed defined contribution plan. China Life Insurance contributes monthly a proportion amount of the monthly salaries to a defined benefit pension fund and to the employees' individual defined contribution pension funds. The funds are managed by the Employees' Pension Reserve Supervisory Committee and deposited in the Bank of Taiwan in the committee's name. Before the end of each year, China Life Insurance 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, China Life Insurance is required to fund the difference in one appropriation that should be made before the end of March of the next year.

The amounts included in the consolidated balance sheets in respect of the Group's defined benefit plans were as follows:

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Present value of defined benefit obligation	\$ 2,679,052	\$ 3,389,240
Fair value of plan assets	<u>(2,090,618)</u>	<u>(2,019,685)</u>
Net defined benefit liabilities	<u>\$ 588,434</u>	<u>\$ 1,369,555</u>



Movements in net defined benefit liabilities (assets) were as follows:

The Group

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liability (Asset)
Balance at January 1, 2022	<u>\$ 3,389,240</u>	<u>\$ (2,019,685)</u>	<u>\$ 1,369,555</u>
Service cost			
Current service cost	36,301	-	36,301
Past service cost	(1,926)	-	(1,926)
Net interest expense (income)	20,814	(12,552)	8,262
Others	<u>(37)</u>	<u>-</u>	<u>(37)</u>
Recognized in profit or loss	<u>55,152</u>	<u>(12,552)</u>	<u>42,600</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(68,176)	(68,176)
Actuarial loss - changes in demographic assumptions	(61,974)	-	(61,974)
Actuarial gain - changes in financial assumptions	(151,141)	-	(151,141)
Actuarial loss (gain) - experience adjustments	<u>(214,283)</u>	<u>(52,272)</u>	<u>(266,555)</u>
Recognized in other comprehensive income	<u>(427,398)</u>	<u>(120,448)</u>	<u>(547,846)</u>
Contributions from the employer	-	(275,960)	(275,960)
Benefits paid	(338,027)	338,027	-
Change in exchange rate	<u>85</u>	<u>-</u>	<u>85</u>
Balance at December 31, 2022	<u>\$ 2,679,052</u>	<u>\$ (2,090,618)</u>	<u>\$ 588,434</u>
Balance at January 1, 2021	<u>\$ 3,379,741</u>	<u>\$ (2,168,700)</u>	<u>\$ 1,211,041</u>
Service cost			
Current service cost	18,993	-	18,993
Net interest expense (income)	<u>14,400</u>	<u>(9,444)</u>	<u>4,956</u>
Recognized in profit or loss	<u>33,393</u>	<u>(9,444)</u>	<u>23,949</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(11,395)	(11,395)
Actuarial loss - changes in demographic assumptions	51,807	-	51,807
Actuarial gain - changes in financial assumptions	(41,387)	-	(41,387)
Actuarial loss (gain) - experience adjustments	<u>322,100</u>	<u>(9,112)</u>	<u>312,988</u>
Recognized in other comprehensive income	<u>332,520</u>	<u>(20,507)</u>	<u>312,013</u>
Contributions from the employer	-	(177,318)	(177,318)
Benefits paid	(356,284)	356,284	-
Change in exchange rate	<u>(130)</u>	<u>-</u>	<u>(130)</u>
Balance at December 31, 2021	<u>\$ 3,389,240</u>	<u>\$ (2,019,685)</u>	<u>\$ 1,369,555</u>

Through the defined benefit plans under the Labor Standards Law, the Group is exposed to the following risks:

- 1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the government and corporate bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

The Corporation

	<b>Valuation at December 31</b>	
	<b>2022</b>	<b>2021</b>
Discount rates	1.25%	0.45%
Expected rates of salary increase	2.50%	2.50%

CDIB Capital Group and subsidiaries

	<b>Valuation at December 31</b>	
	<b>2022</b>	<b>2021</b>
Discount rates	1.25%	0.45%
Expected rates of salary increase	2.50%	2.50%

KGI Securities and subsidiaries

	<b>Valuation at December 31</b>	
	<b>2022</b>	<b>2021</b>
Discount rates	1.22%-7.50%	0.48%-7.00%
Expected rates of salary increase	2.50%-4.00%	2.00%-4.00%

KGI Bank and subsidiaries

	<b>Valuation at December 31</b>	
	<b>2022</b>	<b>2021</b>
Discount rates	1.250%-1.500%	0.450%-0.625%
Expected rates of salary increase	2.500%-3.000%	2.500%-3.000%

China Life Insurance

	<b>Valuation at December 31</b>	
	<b>2022</b>	<b>2021</b>
Discount rates	1.50%	0.80%
Expected rates of salary increase	0.00%-2.29%	0.00%-2.29%

China Development Asset Management Corporation

	<b>Valuation at December 31</b>	
	<b>2022</b>	<b>2021</b>
Discount rates	1.25%	0.45%
Expected rates of salary increase	2.50%	2.50%

If possible reasonable change in each of the significant actuarial assumptions will occur and all other assumptions will remain constant, the present value of the defined benefit obligation would increase (decrease) as follows:

The Group

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Discount rate(s)		
0.25-1.00% increase	<u>\$ (110,765)</u>	<u>\$ (155,224)</u>
0.25-1.00% decrease	<u>\$ 119,386</u>	<u>\$ 166,031</u>
Expected rate(s) of salary increase		
0.25-1.00% increase	<u>\$ 142,304</u>	<u>\$ 191,939</u>
0.25-1.00% decrease	<u>\$ (130,774)</u>	<u>\$ (177,717)</u>

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
The expected contributions to the plan for the next year	<u>\$ 238,842</u>	<u>\$ 145,585</u>
The average duration of the defined benefit obligation	5.00-15.11 years	7.00-16.25 years

### 34. OTHER FINANCIAL LIABILITIES

	December 31	
	2022	2021
Separate-account product liabilities	\$ 103,835,515	\$ 101,041,555
Customers' equity accounts - futures	58,807,664	49,718,102
Principal received on structured products	41,917,180	21,163,514
Appropriation for loans	<u>560,000</u>	<u>-</u>
	<u>\$ 205,120,359</u>	<u>\$ 171,923,171</u>

### 35. EQUITY

#### a. Capital

##### Common stock

	December 31	
	2022	2021
Number of shares authorized (in thousands) (Note)	<u>25,000,000</u>	<u>25,000,000</u>
Shares authorized	<u>\$ 250,000,000</u>	<u>\$ 250,000,000</u>
Number of shares issued and fully paid (in thousands) (Note)		
Common stock	<u>16,845,389</u>	<u>17,192,777</u>
Preferred stock	<u>1,582,142</u>	<u>1,893,044</u>
Shares issued	<u>\$ 184,275,310</u>	<u>\$ 190,858,209</u>

Note: Par value of NT\$10.

On October 1, 2021, in order to meet the needs of capital scale for the future, the Corporation's extraordinary general shareholders meeting amended the Articles of Incorporation which increase the Corporation's authorized capital from \$200,000,000 thousand to \$250,000,000 thousand, and increase the Corporation's authorized capital shares from 20,000,000 thousand shares to 25,000,000 thousands shares. The Corporation's extraordinary general shareholders meeting also acquired China Life Insurance through a share swap. Thus, China Life Insurance became the Corporation's 100%-owned subsidiary. According to the share swap agreement, the Corporation issued 2,074,568 thousand new common shares and 1,893,044 thousand preferred shares, with a par value of NT\$10. On November 16, 2021, the Corporation's board of the directors approved the record date for the capital increase on December 30, 2021.

The Corporation's issuance of new restricted employee shares was approved by the Financial Supervisory Commission. On November 19, 2021, the Corporation's board of directors approved the issuance of 109,991 thousand common shares, with a par value of NT\$10 and the record date for the capital increase is set on December 1, 2021. On May 20, 2022, the Corporation's board of directors approved the issuance of 1,100 thousand common shares, with a par value of NT\$10 and the record date for the capital increase is set on June 20, 2022.

### Preferred shares

On October 1, 2021, the Corporation adopted a resolution of the extraordinary shareholders' meeting to take China Life Insurance as a 100%-owned subsidiary through share conversion. The Corporation issued 1,893,044 thousand preferred shares B, with a par value of NT\$10. The issue price is NT\$10 per share. According to the resolution of the board of directors on November 16, 2021, the date of the capital increase on December 30, 2021, and it is classified under equity. The rights and obligations are as follows:

- 1) If the Corporation has a surplus after the year-end final accounts, it should first pay taxes and make up the losses accumulated from preceding years. After setting aside the legal reserve and setting aside or reversing the special reserve as required by law, if there is any remaining balance, it may first distribute the dividends for the year to which the preferred shares are entitled.
- 2) The dividend on the preferred shares is calculated at an annual rate of 3.55% (seven-year IRS 0.75% + 2.80%) based on the issue price per share. The seven-year IRS rate will reset on the business day following the seventh year from the issue date and every seven years thereafter. The interest rate reset record date is two Taiwan bank days prior to the interest rate reset date. The interest rate index seven-year IRS is the arithmetic average of Reuter's TAIFXIRS and COSMOS3 seven-year interest rate swap quotes priced at 11:00 a.m. on the interest rate reset record date. If such quotes are not available on the interest rate reset record date, The Corporation will decide in good faith and based on reasonable market conditions.
- 3) The dividend on the preferred shares is paid annually in cash after the board of directors set the record date for the distribution of the preceding year's dividend after the financial report is approved by the shareholders at the annual general meeting. The number of dividends paid in the year of issuance and the number of dividends received in the year of recovery are calculated based on the actual number of days the preferred shares are outstanding in that year.
- 4) The Corporation has the discretion to distribute dividends on the preferred shares. If the Corporation has no or insufficient surplus to distribute dividends on the preferred shares in its annual accounts, or if the distribution of dividends on the preferred shares will cause the Corporation's capital adequacy ratio to fall below the minimum requirements set by law or by the competent authorities, or if there are other necessary considerations, the Corporation may resolve not to distribute dividends on the preferred shares and the preferred shareholders shall not dissent.
- 5) The preferred shares are noncumulative, and any undistributed or under-distributed dividends will not be accumulated and deferred in coming years.
- 6) The preferred shareholders shall not participate in the distribution of earnings and capital surplus in cash and capitalization of common shares, except for receiving the dividends set forth in (2).
- 7) The preferred shareholders shall have priority in the distribution of the residual property of the Corporation over the common shareholders, and the shareholders of each class of preferred shares shall be paid in the same order, provided that such distribution shall not exceed the original amount of issuance.
- 8) The preferred shareholders shall not have voting rights at general shareholders' meetings, but may be elected as directors, and shall have voting rights at shareholders' meetings of preferred shares and at shareholders' meetings concerning the rights and obligations of preferred shareholders.
- 9) Preferred shares shall not be converted into common shares.

- 10) The preferred shares issued by the Corporation have no expiration date and the preferred shareholders have no right to require the Corporation to buy back the preferred shares held thereby. On the day following the expiration of seven years from the date of issuance, the Corporation may redeem all or part of the preferred shares issued at the actual issue price, and the un-redeemed preferred shares shall continue to be subject to the rights and obligations of the aforementioned terms of issuance. If the Corporation decides to pay dividends in the current year, the dividends payable as of the date of recovery are calculated based on the actual number of days the preferred shares are outstanding in that year.
- 11) When the Corporation issues new shares for cash, the preferred shareholders have the same right of first refusal to purchase the new shares as the common shareholders.

KGI Securities' board of directors, on behalf of the shareholders' meeting, approved the reduction of the above-mentioned preference stock of 310,901 thousand shares held by KGI Securities on February 18, 2022. The Corporation's board of directors approved the capital reduction and wrote off the treasury stock on April 25, 2022, which was endorsed by the FSC on June 13, 2022; the record date is July 8, 2022.

b. Capital surplus

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Difference between consideration and carrying amounts adjusted arising from changes in percentage of ownership in subsidiaries	\$ 18,488,215	\$ 18,483,237
Additional paid-in capital	13,003,878	15,559,230
Arising from treasury stock transactions	1,682,294	1,682,294
Others	<u>452,418</u>	<u>422,719</u>
	<u><b>\$ 33,626,805</b></u>	<u><b>\$ 36,147,480</b></u>

The premium from shares issued in excess of par (share premium from issuance of common shares, treasury share transactions and excess of consideration received over the carrying amount of the subsidiaries' net assets during disposal or acquisition) and donations may be used to offset a deficit; in addition, when the Corporation has no deficit, such capital surplus may be distributed as cash dividends or transferred to capital limited to a certain percentage of the Corporation's capital surplus and once a year.

The capital surplus from long-term investments may not be used for any purpose.

Under Order No. 10200017220 issued by the Financial Supervisory Commission (FSC), if the capital surplus obtained by a financial holding company through a stock conversion comes from its subsidiaries' unappropriated earnings net of legal reserve and special reserve, the surplus may be distributed as cash dividends or transferred to capital in the period of conversion, and the distribution is exempted from the appropriation restrictions of Article 41 of the Securities and Exchange Act and Article 8 of the Securities and Exchange Act Enforcement Rules.

c. Special revenue

According to Rule No. 09900738571 issued by FSC and Rule No. 10000002891 issued under Regulations Governing Securities Firms, Grand Cathay and GCFC reclassified the default reserve and the trading loss reserve that had been set up until December 31, 2010 to special reserve. The Group also recognizes special revenue according to the percentage of holdings by the Group to subsidiaries directly and indirectly.

This special reserve should be used only to offset a deficit or when the legal reserve has reached 50% of the Corporation's paid-in capital, up to 50% thereof may be transferred to paid-in capital or according to Rule No. 09900738571 issued by FSC, the Corporation reclassified the legal reserve which exceed paid-in capital, then reversed the surpass part to retained earnings in line with the approval of FSC.

The Corporation recognizes or reserves special revenue under Article 41 of the Securities and Exchange Act, Rule No. 1090150022 issued by the FSC and Order No. 11102279031 issued by the FSC.

d. Appropriation of earnings

Considering the necessity of business development and earnings enhancement, as well as in compliance with the relevant laws and regulations, the Corporation adopts a residual dividends policy. Cash dividend may not be less than 10% of total dividend.

Where the Corporation made profit after annual final accounting, the profit shall be first utilized for paying taxes, making up losses for previous years, setting aside legal reserve as well as setting aside or reversing special reserve in accordance with the laws and regulations, and then the remaining of the profit together with the addition of adjusted undistributed retained earnings in the beginning of the period shall be used as the basis for the distribution of dividends and bonus to shareholders. After the distribution of preferred share dividends according to the Articles of Incorporation, the remaining is subject to the range from 30% to 100% of the basis for the distribution as dividend for common shareholders. The distribution plan shall be proposed by the Board of Directors and resolved in the annual general shareholders meeting.

The appropriation of earnings should be resolved by the shareholders in the following year and given effect to in the financial statements of that year.

The appropriation of earnings of 2021 and 2020 was approved in the shareholders' meeting on June 17, 2022 and July 20, 2021 as follows:

	<b>Earnings Appropriation</b>		<b>Dividends Per Share (NT\$)</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
<u>Earnings appropriation</u>				
Legal reserve	\$ 3,668,049	\$ 1,219,648		
Appropriation of special reserve	123,680	3,790		
Cash dividends	16,848,554	8,244,420	\$1.00	\$0.55
Preference share dividend	3,077	-		

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

e. Non-controlling interests

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Beginning balance	\$ 330,414	\$ 129,889,979
Attributable to non-controlling interests		
Share of profit for the year	23,558	12,056,044
Exchange differences on translation of financial statements of foreign operations	1,396	3,819
Actual losses arising from defined benefit plans	14	(11,495)
Gain (loss) on equity instruments measured at FVTOCI	1,556	1,271,896
Gain (loss) on debt instrument measured at FVTOCI	-	(16,327,592)
Other comprehensive income (loss) reclassified using the overlay approach	-	397,939
Payment of cash dividends by subsidiaries	(20,338)	(846,724)
Changes in percentage of ownership interests in subsidiaries	(214,497)	(127,956,347)
Disposal the Corporation shares	-	1,896,155
Others	-	(43,260)
Ending balance	<u>\$ 122,103</u>	<u>\$ 330,414</u>

### 36. TREASURY SHARES

<b>Reason for Repurchase</b>	<b>Shares at Beginning of the Period (In Thousands)</b>	<b>Share Increase During the Period (In Thousands)</b>	<b>Share Decrease During the Period (In Thousands)</b>	<b>Shares at End of the Period (In Thousands)</b>
For the year ended <u>December 31, 2022</u>				
Reclassification of the Corporation's stock held by subsidiaries and recognized as long-term investment				
Common stock	<u>340,714</u>	<u>-</u>	<u>340,714</u>	<u>-</u>
Preferred stock	<u>310,901</u>	<u>-</u>	<u>310,901</u>	<u>-</u>
Private holding - capital reduction of subsidiaries				
Common shares	<u>-</u>	<u>340,714</u>	<u>340,714</u>	<u>-</u>
Preference shares	<u>-</u>	<u>310,901</u>	<u>310,901</u>	<u>-</u>
For the year ended <u>December 31, 2021</u>				
Reclassification of the Corporation's stock held by subsidiaries and recognized as long-term investment				
Common stock	<u>126,329</u>	<u>340,714</u>	<u>126,329</u>	<u>340,714</u>
Preferred stock	<u>-</u>	<u>310,901</u>	<u>-</u>	<u>310,901</u>



The Corporation's shares held by subsidiaries are regarded as treasury stock. The Corporation's shares held by China Life Insurance are also treated as treasury stock and recognized at book value based on the proportion of shares acquired on the purchase date of acquisition. China Life Insurance completed the deal in May 2021. For the year ended 2021, China Life Insurance became the Corporation's 100% owned subsidiary through a share swap. KGI Securities held the Corporation's shares. The Corporation converted the shares into treasury shares at the price of the share conversion. KGI Securities' board of directors, on behalf of the shareholders' meeting, approved the reduction of the Corporation's common stock of \$340,714 thousand and preference stock of \$310,901 thousand on February 18, 2022; the record date for the capital reduction is April 8, 2022. The Corporation's board of directors approved the capital reduction and written-off the treasury stock on April 25, 2022, which was endorsed by the FSC on June 13, 2022; the record date is July 8, 2022.

Under the Securities and Exchange Act, the Corporation should not acquire treasury stock in excess of 10% of its total shares outstanding. In addition, the Corporation should not spend more than the aggregate amount of the retained earnings, paid-in capital in excess of par value, and realized capital surplus arising from gains on disposal of properties and donated capital. The Corporation should not use treasury shares to secure any of its obligations and should not exercise any shareholders' rights on those shares.

### 37. INTEREST PROFIT, NET

	<b><u>For the Year Ended December 31</u></b>	
	<b>2022</b>	<b>2021</b>
<u>Interest revenues</u>		
Securities	\$ 61,988,683	\$ 55,682,962
Discounts and loans	12,542,412	9,913,791
Others	<u>5,713,618</u>	<u>3,628,475</u>
	<u>80,244,713</u>	<u>69,225,228</u>
<u>Interest expenses</u>		
Deposits	4,149,194	1,720,824
Notes and bonds issued under repurchase agreements	1,995,489	348,036
Corporate bonds	834,324	729,481
Borrowing interest expense	460,507	246,216
Bank debentures	269,285	181,717
Others	<u>1,677,900</u>	<u>346,691</u>
	<u>9,386,699</u>	<u>3,572,965</u>
Interest profit, net	<u>\$ 70,858,014</u>	<u>\$ 65,652,263</u>

**38. SERVICE FEE AND COMMISSION, NET**

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
<u>Service fee revenue and commission income</u>		
Brokerage	\$ 11,485,554	\$ 16,415,959
Security lending	1,614,946	1,396,380
Trust	717,247	1,050,061
Others	<u>3,738,922</u>	<u>3,403,248</u>
	<u>17,556,669</u>	<u>22,265,648</u>
<u>Service fee expense and commission expense</u>		
Commission expense - insurance	13,483,488	10,910,098
Brokerage	2,275,964	2,693,460
Others	<u>2,314,405</u>	<u>2,671,362</u>
	<u>18,073,857</u>	<u>16,274,920</u>
Service fee and commission, net	<u>\$ (517,188)</u>	<u>\$ 5,990,728</u>

**39. NET INCOME FROM INSURANCE OPERATIONS**

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
<u>Insurance business income</u>		
Premium income	\$ 157,829,229	\$ 199,992,701
Reinsurance premium expense	(1,666,631)	(1,533,969)
Changes in unearned premium reserve	<u>(400,353)</u>	<u>(184,701)</u>
Retained earned premium	155,762,245	198,274,031
Separate-account insurance products revenues	<u>3,125,528</u>	<u>11,535,847</u>
	<u>158,887,773</u>	<u>209,809,878</u>
<u>Insurance business expense</u>		
Insurance claim payments	(155,095,841)	(133,876,216)
Claims recovered from reinsures	<u>824,004</u>	<u>826,668</u>
Retained claim payments	(154,271,837)	(133,049,548)
Brokerage expense	(4,463)	(6,968)
Disbursements toward industry stability fund	(234,773)	(339,309)
Changes in foreign exchange valuation reserve	(7,535,803)	671,883
Separate-account insurance products expenses	<u>(3,125,528)</u>	<u>(11,535,847)</u>
	<u>(165,172,404)</u>	<u>(144,259,789)</u>
Insurance business, net	<u>\$ (6,284,631)</u>	<u>\$ 65,550,089</u>

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

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Derivatives	\$ (87,794,015)	\$ 13,711,731
Stocks	(28,485,815)	30,978,858
Mutual funds	(5,938,972)	484,170
Operating securities	(5,855,268)	5,573,320
Bonds	(2,754,965)	(1,898,609)
Others	<u>2,913,499</u>	<u>767,783</u>
	<u><u>\$ (127,915,536)</u></u>	<u><u>\$ 49,617,253</u></u>

For the years ended December 31, 2022 and 2021, the Group's financial assets and liabilities at fair value through profit or loss included interest revenue of \$2,456,795 thousand and \$2,857,374 thousand, respectively, dividend income of \$13,491,090 thousand and \$11,186,807 thousand, respectively and interest expense of \$708,394 thousand and \$436,782 thousand, respectively.

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

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Dividend income	\$ 1,760,715	\$ 1,855,323
Gain on bond disposal	603,354	16,712,114
Others	<u>5,174</u>	<u>3,341</u>
	<u><u>\$ 2,369,243</u></u>	<u><u>\$ 18,570,778</u></u>

**42. EMPLOYEE BENEFITS, DEPRECIATION AND AMORTIZATION EXPENSES**

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Employee benefit expense		
Salaries and wages	\$ 12,855,789	\$ 17,988,652
Employee insurance	1,238,484	1,212,645
Pension	726,253	722,967
Others	<u>1,520,076</u>	<u>2,331,660</u>
	<u><u>\$ 16,340,602</u></u>	<u><u>\$ 22,255,924</u></u>
Depreciation and amortization expenses	<u><u>\$ 4,069,381</u></u>	<u><u>\$ 3,631,430</u></u>

The Company's Articles of Incorporation stipulate to distribute compensation of employees and remuneration to directors and supervisors at the rates no less than 1% and no higher than 1%, respectively, of net profit before income tax, compensation of employees, and remuneration to directors and supervisors. For the years ended December 31, 2022 and 2021, the compensation of employees was \$179,000 thousand and \$357,000 thousand, and the remuneration of directors and supervisors was \$178,000 thousand and \$355,000 thousand.

If there is a change in the proposed amounts after the annual consolidated financial statements were authorized for issue, the differences are recorded as a change in accounting estimate.

The compensation of employees and remuneration to directors and supervisors for 2021 and 2020 which have been approved by the board of directors on April 25, 2022 and March 22, 2021, respectively, though the actually distributing amount of the compensation of employees and remuneration to directors and supervisors were different from the amounts of annual financial report recognized, the difference is adjusted to profit or loss on 2022 and 2021, respectively, were as follows. The compensation of employees and remuneration of directors and supervisors for 2021 and 2020 which were reported in the shareholders meeting on June 17, 2022 and July 20, 2021, respectively.

	<b>2021</b>		<b>2020</b>	
	<b>Employees' Compensation to Employees</b>	<b>Remuneration to Directors and Supervisors</b>	<b>Employees' Compensation to Employees</b>	<b>Remuneration to Directors and Supervisors</b>
Board of directors approved to distribute	<u>\$ 357,000</u>	<u>\$ 290,000</u>	<u>\$ 134,000</u>	<u>\$ 133,000</u>
Annual financial report recognized	<u>\$ 357,000</u>	<u>\$ 355,000</u>	<u>\$ 134,000</u>	<u>\$ 133,000</u>

The information on the proposed and approved compensation to employees and directors and supervisor is available at the Market Observation Post System (M.O.P.S.) website of the Taiwan Stock Exchange.

#### 43. INCOME TAX

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

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

##### a. Income tax expense recognized in profit or loss

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

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Current income tax		
Current period	\$ 687,179	\$ 5,580,637
Income tax on unappropriated earnings	859,327	136,820
Prior years	<u>(310,523)</u>	<u>(233,664)</u>
	1,235,983	5,483,793
Deferred income tax	<u>4,315,695</u>	<u>(383,569)</u>
Income tax expense recognized in profit or loss	<u>\$ 5,551,678</u>	<u>\$ 5,100,224</u>

- b. The reconciliation of accounting income and current income tax expense adjustments were as follows:

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Income tax expenses at the statutory rate	\$ 4,388,173	\$ 10,439,940
Effect of different tax rates of group entities operating in other jurisdictions	137,116	266,886
Permanent differences	(3,775,927)	(7,084,109)
Unrecognized temporary differences	3,686,359	(249,542)
Loss carryforwards	434,151	-
Prior year's adjustments	(310,523)	(235,599)
Additional income tax under the Alternative Minimum Tax Act	286,485	1,400,043
Income tax on unappropriated earnings	859,327	136,820
Others	<u>(153,483)</u>	<u>425,785</u>
	<u>\$ 5,551,678</u>	<u>\$ 5,100,224</u>

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

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Current income tax		
(Gain) loss on equity instruments at fair value through other comprehensive income	\$ (205,205)	\$ 194,549
Deferred income tax		
(Gain) loss on debt instruments at fair value through other comprehensive income	(1,411,904)	(6,151,535)
(Gain) loss on equity instruments at fair value through other comprehensive income	(391,648)	(937,414)
Remeasurement of defined benefit plans	135,048	(46,476)
(Gain) loss on reclassification using the overlay approach	<u>(1,803,924)</u>	<u>(474,694)</u>
Income tax expense (benefit)	<u>\$ (3,677,633)</u>	<u>\$ (7,415,570)</u>

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

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Current income tax		
Disposal of equity instruments at fair value through other comprehensive income	\$ -	\$ (86,626)
Income tax of participating insurance recognized in equity	-	(24,195)
Deferred income tax		
(Gain) loss on equity instruments at fair value through other comprehensive income	-	86,626
Deferred income tax related to tax losses and reversals	<u>(11,927)</u>	<u>-</u>
Income tax expense (benefit)	<u>\$ (11,927)</u>	<u>\$ (24,195)</u>

e. Deferred tax assets and liabilities

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
<u>Deferred tax assets</u>		
Unrealized loss on foreign exchange	\$ 95,605	\$ 11,358,097
Loss carryforwards	12,990,337	6,221
Allowance for bad debts	509,850	491,301
Financial products valuation	3,715,510	1,602,195
Others	<u>757,046</u>	<u>545,467</u>
	<u>\$ 18,068,348</u>	<u>\$ 14,003,281</u>
<u>Deferred tax liabilities</u>		
Financial products valuation	\$ 818,281	\$ 2,861,521
Purchase policy value	2,279,578	2,344,257
Goodwill	986,155	986,155
Investment property	1,270,765	1,151,968
Debt instruments measured at amortized cost	723,550	603,277
Land value increment tax	528,654	533,346
Unrealized gain on foreign exchange	7,049,209	206,727
Others	<u>247,839</u>	<u>320,373</u>
	<u>\$ 13,904,031</u>	<u>\$ 9,007,624</u>

f. Income tax assessments

The Corporation's income tax returns through 2017 had been examined by the tax authorities.

The income tax returns of KGI bank through 2017 had been examined by the tax authorities. The income tax returns of CDIB Management Consulting Corporation and CDC Finance & Leasing Corp. through 2020 had been examined by the tax authorities.

The income tax returns of KGI Securities through 2017 had been examined by the tax authorities. KGI Securities did not agree with the assessment of the taxes from 2015 to 2017, and were in the process of administrative remedy.

The income tax returns of KGI Futures Co., Ltd., KGI Insurance Brokers Co., Ltd., KGI Securities Investment Advisory Co., Ltd., KGI Investment Trust Co., Ltd., KGI Venture Capital Co., Ltd. and KGI Information Technology Co., Ltd. through 2020 had been examined by the tax authorities.

CDIB Capital Group's income tax returns through 2017 had been examined by the tax authorities.

Income tax returns of CDIB Capital Management Corporation, CDIB Capital Innovation Advisors Corporation and CDIB Venture Capital Corp through 2020 had been examined by the tax authorities.

The income tax returns of China Development Asset Management Corp. (formerly CHG3) through 2020 had been examined by the tax authorities. The income tax returns of CHG4 and Development Industrial Bank Asset Management Corp. through 2018 had been examined by the tax authorities. The income tax returns of formerly China Development Asset Management Corp. through 2017 and 2019 had been examined by the tax authorities.

China Life Insurance's the income tax returns through 2020 had been examined by the tax authorities.

#### 44. EARNINGS PER SHARE

(New Taiwan Dollars)

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Basic EPS	<u>\$ 0.98</u>	<u>\$ 2.34</u>
Diluted EPS	<u>\$ 0.98</u>	<u>\$ 2.34</u>

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

##### Net Profit for the Period

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Earnings belong to Corporation	\$ 16,365,629	\$ 35,043,431
Less: Preference share dividend	<u>(3,077)</u>	<u>-</u>
Earnings used in the computation of EPS	<u>\$ 16,362,552</u>	<u>\$ 35,043,431</u>

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

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Weighted average number of common shares outstanding in computation of basic EPS	16,742,073	14,969,971
Effect of dilutive potentially common shares:		
Employee share options	-	9,799
Restricted shares	<u>39,850</u>	<u>-</u>
Weighted average number of common shares outstanding in computation of diluted EPS	<u>16,781,923</u>	<u>14,979,770</u>

#### 45. SHARE-BASED PAYMENT ARRANGEMENTS

##### a. Employee share option plan of the Corporation

The Corporation granted 44,850 thousand employee stock options in October 2014. Each option entitles the holder to subscribe for one common share of the Corporation. The options granted are valid for 7 years and exercisable 2 years after the issuance date. The unexercised units of the options have passed its expiration date in October 2021.

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

Information on employee share options was as follows:

	<b>For the Year Ended December 31, 2021</b>	
	<b>Number of Options (In Thousands)</b>	<b>Weighted- average Exercise Price (NT\$)</b>
Balance at January 1	44,109	\$ 6.92
Options exercised	(34,947)	6.83
Options invalid	<u>(9,162)</u>	6.92
Balance at December 31	<u><u>-</u></u>	
Options exercisable, end of year	<u><u>-</u></u>	
Weighted-average remaining contractual life (years)	-	

The weighted-average share price at the date of exercise of share options for the year ended December 31, 2021 was \$12.07.

Options granted on conversion date were priced using the trinomial trees model and the inputs to the model were as follows:

Grant-date share price	\$9.54-\$10
Exercise price	\$7.68-\$9.99
Expected volatility	14.94%-15.45%
Expected life	6.64-7 years
Expected dividend yield	1.50%
Risk-free interest rate	1.5647%-1.6283%
Early exercise of the multiplier	1.63

Expected volatility was based on the historical share price volatility over the past 1 year.

Compensation costs for the year ended December 31, 2021 was \$0 thousand.

b. Issuance of restricted shares

On November 19, 2021, the board of directors of the Corporation has decided to issue restricted shares for \$1,099,910 thousand in total, and with a par value of 10 per share, i.e., a total of 109,991 thousand shares at issue price of \$0. Further, the board of directors made December 1, 2021 as the record date for the issuance of shares. On May 20, 2022, the board of directors of the Corporation has decided to issue restricted shares for \$11,000 thousand in total, with a par value of \$10 per share, i.e., a total of 1,100 thousand shares at issue price of \$0. Further, the board of directors made June 20, 2022 the record date for the issuance of shares. The fair value of the stock on the grant date is measured by performance indicators.



The vesting portion of shares was measured according to the achievement of the performance indicators, and the vesting rate of the shares is 40%, 30% and 30% in installments. Employees who have not met the vesting conditions cannot sell, pledge, transfer, donate, asking the Corporation to buy them back or in any other way dispose of these shares except inheritance. Besides, employees do not have preemptive rights when capital increase but do share the same rights of issued common stock (which includes but not confined to cash dividend, stock dividend, capital decrease, capital surplus cash (stock) or any rights that was originated from legal subject such as consolidation, split or stock-exchange which we called “allocated rights” thereafter). Allocated rights have to be in the trust before meeting the vesting conditions.

After the restricted shares are allocated to employees, the Corporation will retrieve and cancel the stocks with no reimbursement if the vesting conditions are not met. The Corporation will also retrieve the allocated rights at the rate of shares of vesting conditions not met divided by shares allocated, with no reimbursement. If it is stocks that are retrieved, they shall be cancelled in each year of the vesting period.

For the years ended December 31, 2022 and 2021, the Corporation recognized \$423,072 thousand and \$37,910 thousand as compensation cost.

#### 46. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

In February 2021, the Corporation acquired 1,000,000 thousand ordinary shares of China Life Insurance through public tender offer, resulting in an increase of its equity interests in China Life Insurance from 34.82% to 55.95%. On December 30, 2021, the share conversion was completed, and each ordinary share of China Life Insurance was exchanged for 0.8 ordinary shares, 0.73 preferred shares and NT\$11.5 in cash, resulting in an increase in the combined shareholding ratio from 55.95% to 100%.

The above transactions were accounted for as equity transactions, since there is no change of the Group’s control over China Life Insurance.

	<b>For the Year Ended December 31, 2021</b>
Cash consideration received	\$ (48,524,164)
Shares consideration received	(46,163,849)
Changes in non-controlling interests	127,956,347
Reattribution of other equity to (from) non-controlling interests	
- exchange differences on translation of financial statements of foreign operations	46,118
- unrealized gain (loss) on financial assets at FVTOCI	(12,824,783)
- other comprehensive income reclassified using the overlay approach	(2,564,263)
Treasury shares	<u>476,837</u>
Differences recognized from equity transactions	<u>\$ 18,402,243</u>
<u>Line items adjusted for equity transactions</u>	
Capital surplus	<u>\$ 18,402,243</u>

#### 47. RELATED-PARTY TRANSACTIONS

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

a. Related parties

<u>Related Party</u>	<u>Relationship with the Group</u>
Others	Other related parties

b. Significant transactions with related-parties

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

	<b>Amount</b>
December 31, 2022	\$ 4,455,076
December 31, 2021	9,201,707

- 2) Bonds of outright purchases and sales

	<b>Sale of Bonds</b>
<u>For the year ended December 31, 2022</u>	
Other related parties	\$ 10,000

- 3) Revenue receivable (recognized as receivables, net)

	<b>Amount</b>
December 31, 2022	\$ 1,033,088
December 31, 2021	482,423

- 4) Receivable on margin loans (recognized as receivables, net)

	<b>Amount</b>
December 31, 2022	\$ 17,336
December 31, 2021	67,513

- 5) Credit card receivable (recognized as receivables, net)

	<b>Amount</b>
December 31, 2022	\$ 19,423
December 31, 2021	20,006

- 6) Other receivables (recognized as receivables, net)

	<b>Amount</b>
December 31, 2022	\$ 19,313
December 31, 2021	20,306

7) Discounts and loans, net

	<b>Amount</b>	<b>Interest Rate (%)</b>
December 31, 2022	\$ 751,291	1.25-15.00
December 31, 2021	993,280	0.00-10.99

For the years ended December 31, 2022 and 2021, the interest revenues from discounts and loans were \$14,052 thousand and \$12,561 thousand, respectively.

**For the Year Ended December 31, 2022**

(In Thousands of New Taiwan Dollars)

<b>Category</b>	<b>Account Volume or Name of Related Party</b>	<b>Highest Balance</b>	<b>Ending Balance</b>	<b>Normal</b>	<b>Overdue</b>	<b>Type of Collateral</b>	<b>Is the Transaction at Arm's Length Commercial Term</b>
Consumer loans	32	\$ 25,783	\$ 13,448	\$ 13,448	\$ -	None/credit guarantee fund	Yes
Residential mortgage loans	80	1,098,051	728,690	728,690	-	Real estate	Yes
Others	7	37,698	9,153	9,153	-	Real estate	Yes

**For the Year Ended December 31, 2021**

(In Thousands of New Taiwan Dollars)

<b>Category</b>	<b>Account Volume or Name of Related Party</b>	<b>Highest Balance</b>	<b>Ending Balance</b>	<b>Normal</b>	<b>Overdue</b>	<b>Type of Collateral</b>	<b>Is the Transaction at Arm's Length Commercial Term</b>
Consumer loans	37	\$ 35,672	\$ 19,064	\$ 19,064	\$ -	None/credit guarantee fund	Yes
Residential mortgage loans	85	1,295,373	944,915	944,915	-	Real estate	Yes
Others	8	44,003	29,301	29,301	-	Real estate	Yes

8) Customer margin accounts (recognized as other financial assets)

	<b>Amount</b>
December 31, 2022	\$ 13,210
December 31, 2021	8,340

9) Other payables (recognized as payables)

	<b>Amount</b>
December 31, 2022	\$ 663,183
December 31, 2021	1,914,642

10) Deposits and remittances

	<b>Amount</b>	<b>Interest Rate (%)</b>
December 31, 2022	\$ 1,617,436	0-7.00
December 31, 2021	1,554,947	0-5.35

For the years ended December 31, 2022 and 2021, the interest expenses from deposits and remittances were \$10,220 thousand and \$7,049 thousand, respectively.

11) Unearned receipt (recognized as other liabilities)

	<b>Amount</b>
December 31, 2022	\$ 93,992
December 31, 2021	102,065

12) Equity of future trader

	<b>Amount</b>
December 31, 2022	\$ 11,524
December 31, 2021	5,400

13) Brokerage handling fee revenue

	<b>Amount</b>
For the year ended December 31, 2022	\$ 15,840
For the year ended December 31, 2021	29,127

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

	<b>Amount</b>
For the year ended December 31, 2022	\$ 139,438
For the year ended December 31, 2021	137,631

15) Lease income (recognized as other noninterest profits and gains, net)

	<b>Amount</b>
For the year ended December 31, 2022	\$ 175,836
For the year ended December 31, 2021	20,133

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

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Other related parties	\$ 577,176	\$ 504,260

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

	<b>Amount</b>
For the year ended December 31, 2022	\$ 49,000
For the year ended December 31, 2021	63,250

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

	<b>Amount</b>
For the year ended December 31, 2022	\$ 205,003
For the year ended December 31, 2021	228,934

19) Outstanding derivative financial instruments

KGI Securities

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
	<b>Contract Amount</b>	<b>Contract Amount</b>
<u>Structured products liabilities</u>		
Other related parties	\$ 18,000	\$ 22,044

20) Compensation of key management personnel

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Salary and short-term benefits	\$ 784,132	\$ 1,079,836
Share-based payment	57,660	4,860
Post-employment benefits	<u>16,600</u>	<u>4,530</u>
	<u>\$ 858,392</u>	<u>\$ 1,089,226</u>

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

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

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

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

KGI Bank and subsidiaries

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

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

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Subsidiary of the parent company	\$ 332,480	\$ 326,505

- 2) Purchase and sale of bonds

	<b>Purchase of Bonds</b>
<u>For the year ended December 31, 2022</u>	
Subsidiary of the parent company	\$ 598,311
<u>For the year ended December 31, 2021</u>	
Subsidiary of the parent company	4,399,624

- 3) Acquisition of property and equipment

	<b>Price</b>
<u>For the year ended December 31, 2021</u>	
Subsidiary of the parent company	\$ 410,000

- 4) Lease agreement

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
<u>Acquisition of right-of-use assets</u>		
Subsidiary of the parent company	\$ 155,567	\$ 2,294,586

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>

Lease liabilities

Subsidiary of the parent company	\$ 2,356,490	\$ 2,352,433
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Determination of rental price above is similar with market price, and payment of rental fee is on a monthly/quarterly basis.

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

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>

Parent company	\$ 1,032,695	\$ 878,223
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The payables resulted from CDFH and its eligible subsidiaries' adopting the linked-tax system in the filing of tax returns.

6) Payables from purchase of securities (recognized as payables)

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>

Subsidiary of the parent company	\$ 221,051	\$ 883,997
----------------------------------	------------	------------

7) Deposits and remittances

	<b>Amount</b>	<b>Interest Rate (%)</b>
<u>December 31, 2022</u>		
Parent company	\$ 4,063,613	0-1.50
Subsidiary of the parent company	9,559,366	0-2.30
Other related parties	154,255	0.03-1.05

December 31, 2021

Parent company	1,444,662	0-0.42
Subsidiary of the parent company	17,162,327	0-1.00
Other related parties	200,000	0.04-0.38

8) Temporary receipts (recognized as other liabilities)

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>

Subsidiary of the parent company	\$ 660,740	\$ 1,662,596
----------------------------------	------------	--------------

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

9) Service fee revenue

**For the Year Ended December 31**  
**2022                      2021**

Subsidiary of the parent company                      \$    197,341            \$    213,004

10) Outstanding derivative financial instrument

December 31, 2022

(In Thousands of New Taiwan Dollars)

Related Party	Contract Type	Contract Period	Contract Amount	Valuation Gain (Loss)	Balance Sheet	
					Account	Balance
Subsidiaries of the parent company	Currency swap contracts	September 2, 2022-June 20, 2023	\$ 21,342,060	\$ 86,709	Financial assets at FVTPL	\$ 119,413
					Financial liabilities at FVTPL	32,704
	Cross-currency swap contracts	February 23, 2021-May 26, 2025	576,313	(26,969)	Financial liabilities at FVTPL	16,618

December 31, 2021

(In Thousands of New Taiwan Dollars)

Related Party	Contract Type	Contract Period	Contract Amount	Valuation Gain (Loss)	Balance Sheet	
					Account	Balance
Subsidiaries of the parent company	Currency swap contracts	August 16, 2021-September 6, 2022	\$ 17,920,968	\$ (56,773)	Financial liabilities at FVTPL	\$ 56,773
					Financial assets at FVTPL	12,199
	Cross-currency swap contracts	March 12, 2020-May 26, 2025	583,858	(36,290)	Financial liabilities at FVTPL	491

KGI Securities and subsidiaries

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

1) Cash in banks (recognized as cash and cash equivalents)

**December 31,**  
**2021**

Subsidiary of the parent company                      \$    321,426



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

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
<u>Open ended fund and money market instruments and other securities</u>		
Other related parties	\$ 514,611	\$ 561,788
<u>Operating securities</u>		
Subsidiary of the parent company	4,849,990	4,849,990
Other related parties	418,295	1,935,719

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

	<b>December 31, 2021</b>
<u>Stocks</u>	
Parent company	\$ 8,944,032

4) Purchase and sale of bonds

	<b>Sale of Bonds</b>
<u>For the year ended December 31, 2022</u>	
Subsidiary of the parent company	\$ 598,311
<u>For the year ended December 31, 2021</u>	
Subsidiary of the parent company	4,399,624

5) Customer margin accounts

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Subsidiary of the parent company	\$ 539,455	\$ 786,409

6) Account receivables

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Subsidiary of the parent company	\$ 168,643	\$ 1,065,427
Other related parties	857,445	428,471

7) Other current assets

<b>December 31</b>	
<b>2022</b>	<b>2021</b>

Subsidiary of the parent company	\$ 5,522,866	\$ 8,933,641
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8) Customers' equity accounts - futures

<b>December 31</b>	
<b>2022</b>	<b>2021</b>

Subsidiary of the parent company	\$ 345,140	\$ 407,286
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9) Payables

<b>December 31</b>	
<b>2022</b>	<b>2021</b>

Other related parties	\$ 618,949	\$ 423,877
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10) Current tax liabilities

<b>December 31</b>	
<b>2022</b>	<b>2021</b>

Parent company	\$ 2,029,128	\$ 2,372,268
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11) Interest revenue

<b>For the Year Ended December 31</b>	
<b>2022</b>	<b>2021</b>

Subsidiary of the parent company	\$ 130,950	\$ 130,950
----------------------------------	------------	------------

12) Other operating income

<b>For the Year Ended December 31</b>	
<b>2022</b>	<b>2021</b>

Subsidiary of the parent company	\$ 245,173	\$ 212,041
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CDIB Capital Group and subsidiaries

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

1) Cash in banks (recognized as cash and cash equivalents)

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Subsidiary of the parent company	\$ 2,336,900	\$ 6,207,300

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

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Parent company	\$ 219,850	\$ 218,787

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

3) Disposal of investments accounted for using the equity method

	<b>Transaction Subjects</b>	<b>Price</b>	<b>Profit</b>
For the year ended <u>December 31, 2022</u>			
Subsidiary of the parent company	CDIB Capital Healthcare Ventures Limited	<u>\$ 111,217</u>	<u>\$ 45,226</u>

4) Disposal of financial assets at fair value through profit or loss

	<b>Transaction Subjects</b>	<b>Price</b>	<b>Profit</b>
For the year ended <u>December 31, 2022</u>			
Subsidiary of the parent company	CDIB Capital Healthcare Ventures II Limited Partnership	<u>\$ 133,777</u>	<u>\$ 43,592</u>

5) Disposal of property and equipment

	<b>Price</b>	<b>Profit</b>
<u>For the year ended December 31, 2022</u>		
Subsidiary of the parent company	\$ 343,000	\$ 193,303
<u>For the year ended December 31, 2021</u>		
Subsidiary of the parent company	410,000	232,347

6) Lease agreement

**For the Year  
Ended  
December 31,  
2021**

Acquisition of right-of-use assets

Subsidiary of the parent company \$ 808,655

<b>December 31</b>	
<b>2022</b>	<b>2021</b>

Lease liabilities

Subsidiary of the parent company \$ 709,533 \$ 790,103

Determination of rental price above is similar with market price, and payment of rental fee is on a monthly/quarterly basis.

7) Restricted assets (recognized as other non-current assets)

**December 31,  
2021**

Other related parties \$ 1,336,960

8) Other payables

**December 31,  
2021**

Other related parties \$ 1,336,960

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

<b>December 31</b>	
<b>2022</b>	<b>2021</b>

Parent company \$ 582,962 \$ 636,624

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

10) Consulting service revenue

<b>For the Year Ended December 31</b>	
<b>2022</b>	<b>2021</b>

Other related parties \$ 147,328 \$ 142,270

# 11) Outstanding derivative financial instrument

December 31, 2022

(In Thousands of New Taiwan Dollars)

Related Party	Contract Type	Contract Period	Contract Amount	Valuation Gain (Loss)	Balance Sheet	
					Account	Balance
Subsidiaries of the parent company	Cross-currency swap contracts	March 12, 2020-May 26, 2025	\$ 632,763	\$ (27,845)	Financial assets at FVTPL	\$ 15,982

December 31, 2021

(In Thousands of New Taiwan Dollars)

Related Party	Contract Type	Contract Period	Contract Amount	Valuation Gain (Loss)	Balance Sheet	
					Account	Balance
Subsidiaries of the parent company	Cross-currency swap contracts	March 12, 2020-May 26, 2025	\$ 573,639	\$ (11,550)	Financial liabilities at FVTPL	\$ 11,417

## China Development Asset Management Corp.

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

### 1) Cash in banks (recognized as cash and cash equivalents)

December 31,  
2021

Subsidiary of the parent company \$ 153,455

### 2) Payables to parent (recognized as current tax liabilities)

December 31,  
2021

Parent company \$ 100,550

### 3) Lease agreement

December 31,  
2021

#### Acquisition of Right-of-use assets

Subsidiary of the parent company \$ 121,878

## China Life Insurance

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

### 1) Cash in banks (recognized as cash and cash equivalents)

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
Subsidiary of the parent company	\$ 975,517	\$ 913,551

### 2) Receivables

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
Subsidiary of the parent company	\$ 770,659	\$ 1,776,237
Other related parties	157,127	-

### 3) Acquisition of investments accounted for using the equity method

	<u>Transaction Subjects</u>	<u>Price</u>
<u>For the year ended December 31, 2022</u>		
Subsidiary of the parent company	CDIB Capital Healthcare Ventures Limited	\$ 111,552

### 4) Acquisition of financial assets at fair value through profit or loss

	<u>Transaction Subjects</u>	<u>Price</u>
<u>For the year ended December 31, 2022</u>		
Subsidiary of the parent company	CDIB Capital Healthcare Ventures II Limited Partnership	\$ 133,777

### 5) Acquisition of property and equipment

	<u>Price</u>
<u>For the year ended December 31, 2022</u>	
Subsidiary of the parent company	\$ 343,000

6) Current tax assets

**December 31,  
2021**

Parent company \$ 2,093,162

The above refers to the tax that should be collected from the parent company, resulted from CDFH and its eligible subsidiaries' adoption of the linked-tax system in filing of tax returns.

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

**December 31**

**2022 2021**

Other related parties \$ 3,522,170 \$ 6,704,200

8) Bonds payables

**December 31**

**2022 2021**

Subsidiary of the parent company \$ 4,850,000 \$ 4,850,000

9) Payables

**December 31,  
2021**

Subsidiary of the parent company \$ 167,892

10) Rental income

**For the Year Ended December 31**

**2022 2021**

Subsidiary of the parent company \$ 174,841 \$ 160,721  
Other related parties 157,127 -

11) Commission expense

**For the Year Ended December 31**

**2022 2021**

Subsidiary of the parent company \$ 448,705 \$ 419,827

12) Finance costs

**For the Year Ended December 31**

**2022 2021**

Subsidiary of the parent company \$ 130,965 \$ 130,957

### 13) Outstanding derivative financial instrument

December 31, 2022

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

Related Party	Contract Type	Contract Period	Contract Amount	Balance Sheet	
				Account	Balance
Subsidiary of the parent company	Currency swap contracts	November 24, 2022 - May 30, 2023	US\$ 120,000	Financial assets at FVTPL	\$ 33,788
		August 16, 2022 - September 6, 2023	US\$ 575,000	Financial liabilities at FVTPL	(115,469)

December 31, 2021

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

Related Party	Contract Type	Contract Period	Contract Amount	Balance Sheet	
				Account	Balance
Subsidiary of the parent company	Currency swap contracts	August 16, 2021 - September 6, 2022	US\$ 645,000	Financial assets at FVTPL	\$ 58,900

## 48. PLEDGED ASSETS

The following assets and partial guarantee recognized as other current assets have been (a) pledged to various financial institutions as guarantees and collaterals for short-term loans, commercial paper payable, long-term loans, and overdraft, (b) pledged with Taipei Exchange Securities Market for settlement reserve, (c) required by the Central Bank for day-term overdraft, (d) required by government for bidding of government bonds, (e) pledged as part of the requirements for filing a petition for tax reassessment, (f) pledged as operating guarantee, compensation reserve and wealth management compensation, (g) pledged as guarantee deposit for overseas bonds sold with repurchase agreement, and (h) derivative transactions security deposit.

	December 31	
	2022	2021
Debt investments measured at amortized cost - negotiable certificate of deposit	\$ 13,600,000	\$ -
Financial assets at fair value through other comprehensive income - negotiable certificate of deposit	4,919,409	18,035,956
Property and equipment, net	4,592,997	4,527,463
Other financial assets - pledged deposits	2,070,678	3,302,021
Financial assets at fair value through profit or loss	1,961,173	594,564
Accounts receivable - installment accounts receivables and lease receivables	925,094	262,312
Investment property, net	302,575	156,144
Financial assets at fair value through other comprehensive income	208,086	204,492
Due from the Central Bank and call loans to financial institutions	-	500,000



#### 49. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACTUAL COMMITMENTS

Commitments and contingencies of the Group, except for those disclosed in Notes 51 and 53 were summarized as follows:

- a. Securities and Futures Investors Protection Center sued Grand Cathay (KGI Securities as the survivor company after merging on June 22, 2013) and claimed that due to the fact that KGI Securities was the lead underwriter of Taiwan Kolin Co., Ltd. 2nd convertible bonds which issued on November 7, 2007, KGI Securities must have but not performed sufficient audits on the contents disclosed in the prospectus of Taiwan Kolin Co., Ltd. 2nd convertible corporate bonds, which against the Article 20 and 32 of Securities and Exchange Act and the Article 184 and 185 of Civil Code. On June 14, 2010, the plaintiffs sued KGI Securities, Taiwan Kolin Co., Ltd., the principal of formerly management team, Moore Stephens and the auditor with jointly liability amounted to \$133,308 thousand plus 5% interest. The Taipei District Court judged that KGI Securities won favorable decisions in the first instance on January 29, 2021. After an appeal by the Securities and Futures Investors Protection Center, the case is currently being heard by the Taiwan High Court.
- b. Plaintiffs, Digital Imaging Solution Global Ltd. (“Digital”) and Minda Consulting Ltd. (“Minda”), advocated that GT based on stock pledge generated from loans of HK\$10,000 thousand with Minda and Minda transferred its pledge right on Digital to GT, GT transferred a pledge right of 35,000 thousand shares of eCyberChina to Minda in exchange. However, GT and its fund managers, including KGI Limited, disposed the 2,000 thousand shares of eCyberChina without Minda’s approval and thus violated the pledge agreement. Therefore, Digital and Minda filed a lawsuit to the GT in November 2007 and requested for compensation of HK\$119,130 thousand and related expenses and interest. In February 2008, Digital and Minda added KGI Limited as a defendant. On July 21, 2008, the appeal was dismissed by courts of Hong Kong and the plaintiffs appealed to a higher court. In December 2008, the courts of appeals dismissed the appeal by Digital while the appeal by Minda is still pending in the courts of appeals.
- c. Securities and Futures Investors Protection Center sued CDIB Capital Management Corporation and claimed that due to the fact that CDIB Capital Management Corporation is the corporate director of Powercom Ltd., CDIB Capital Management Corporation have but not performed sufficient audits on the contents disclosed in the financial statements which failed to comply the obligation of being a good administrator. Therefore, the plaintiff demanded compensation of \$592,648 thousand and related interests from CDIB Capital Management Corporation and Powercom Ltd. On November 29, 2019, the Taipei District Court judged that CDIB Capital Management Corporation had lost part of the lawsuit, CDIB Capital Management Corporation and its assigned representative should pay not only total of \$31,010 thousand but also interest calculated by the annual interest rate of 5% from November 13, 2013 to the date of settlement, respectively. CDIB Capital Management Corporation had appealed on January 9, 2020. CDIB Capital Management Corporation settled with the Securities and Futures Investors Protection Center in May 2022. Securities and Futures Investors Protection Center had withdrawn prosecution CDIB Capital Management Corporation and the two appointed natural person representatives in June 2022. The case was closed.

- d. The case KGI Bank acted vigorously in regards to Prince Motors' overdue debt. In December 2012, a third party filed a lawsuit claiming that the KGI Bank fraudulently infringed upon the property rights of creditors on Dun Nan building. On February 14, 2014, the Taipei District Court adjudicated that the mortgage is cancelled and the KGI Bank has to return the amount of \$1,786,318 thousand. The KGI Bank has appealed against this sentence on March 10, 2014. The original adjudication in favor of the third party was revoked by the court. The third party filed a new appeal and the Supreme Court ordered the high court to conduct a new trial on November 9, 2018. The High Court issued a judgement on August 17, 2021, upholding the original Taipei District Court's decision to revoke the part of the mortgage, and dismissed the third party's request for the KGI Bank to pay the received money. The KGI Bank and the third party each filed a third-instance appeal for losing part of the lawsuit on September 2021. As of the day which board of directors adopts the consolidation financial report, the case is being heard by the Taiwan Supreme Court.

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

### Consolidated Profitability

(%)

Items		December 31, 2022	December 31, 2021
Return on total assets	Before income tax	0.63	1.51
	After income tax	0.47	1.37
Return on net worth	Before income tax	8.74	16.68
	After income tax	6.53	15.05
Profit margin		17.10	24.50

### Profitability of CDFH

(%)

Items		December 31, 2022	December 31, 2021
Return on total assets	Before income tax	5.65	11.62
	After income tax	5.26	11.63
Return on net worth	Before income tax	6.97	14.09
	After income tax	6.53	14.14
Profit margin		84.42	93.44

### Profitability of KGI Bank

(%)

Items		December 31, 2022	December 31, 2021
Return on total assets	Before income tax	0.90	0.66
	After income tax	0.81	0.55
Return on net worth	Before income tax	10.37	7.40
	After income tax	9.41	6.22
Profit margin		45.89	36.58

## Profitability of KGI Securities

(%)

Items		December 31, 2022	December 31, 2021
Return on total assets	Before income tax	1.67	5.14
	After income tax	1.38	4.64
Return on net worth	Before income tax	7.06	20.01
	After income tax	5.83	18.07
Profit margin		26.27	55.87

## Profitability of China Life Insurance

(%)

Items		December 31, 2022	December 31, 2021
Return on total assets	Before income tax	0.72	1.40
	After income tax	0.58	1.27
Return on net worth	Before income tax	11.64	17.58
	After income tax	9.28	16.00
Profit margin		5.49	9.51

## 51. HIERARCHY AND FAIR VALUE INFORMATION OF FINANCIAL INSTRUMENTS

a. The definitions of each hierarchy are as follows:

- 1) Level 1 fair values are quoted prices in active markets for financial instruments.
- 2) Level 2 fair values refer to directly or indirectly observable inputs other than Level 1 quoted prices, such as the quoted prices of similar financial instruments in active markets; in less active markets, fair values are quoted prices of the same or similar financial instruments or financial instruments that can be generated by using pricing models that use inputs such as interest rates and volatility rates, which are derived from or can be corroborated with observable market data.
- 3) Level 3 refers to inputs that are not based on observable market data.

b. Fair value

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

December 31, 2022

(In Thousands of New Taiwan Dollars)

	Level 1	Level 2	Level 3	Total
<u>Non-derivative financial instruments</u>				
Assets				
Financial assets at FVTPL				
Financial assets mandatorily classified as at FVTPL				
Stock investments	\$ 144,502,817	\$ 274,661	\$ 10,085,796	\$ 154,863,274
Bond investments	26,213,068	74,558,655	880,069	101,651,792
Others	116,962,173	7,963,796	37,495,944	162,421,913
Financial assets designated as at FVTPL	-	1,497,931	7,031,671	8,529,602

(Continued)

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Stock investments	\$ 17,615,258	\$ -	\$ 15,412,018	\$ 33,027,276
Bond investments	90,189,648	65,524,320	-	155,713,968
Others	-	26,424,348	-	26,424,348
Other financial assets				
Purchased debt receivable	-	-	188,032	188,032
Liabilities				
Financial liabilities at FVTPL				
Financial liabilities held for trading	10,582,607	5,123,841	-	15,706,448
Financial liabilities designated as at FVTPL	-	11,029,589	-	11,029,589
<u>Derivative financial instruments</u>				
Assets				
Financial assets at FVTPL	917,321	37,208,514	938,082	39,063,917
Financial assets for hedging	-	2,511,620	-	2,511,620
Liabilities				
Financial liabilities at FVTPL				
Financial liabilities held for trading	1,032,814	37,304,435	3,859,342	42,196,591
Financial liabilities designated as at FVTPL	817	13,427,696	-	13,428,513
Financial liabilities for hedging	-	581,359	-	581,359
				(Concluded)

## December 31, 2021

(In Thousands of New Taiwan Dollars)

	Level 1	Level 2	Level 3	Total
<u>Non-derivative financial instruments</u>				
Assets				
Financial assets at FVTPL				
Financial assets mandatorily classified as at FVTPL				
Stock investments	\$ 212,532,873	\$ 332,399	\$ 8,820,446	\$ 221,685,718
Bond investments	28,690,428	69,747,925	940,171	99,378,524
Others	176,567,615	10,905,975	21,258,883	208,732,473
Financial assets designated as at FVTPL	-	-	4,740,512	4,740,512
Financial assets at FVTOCI				
Stock investments	43,989,149	343,068	20,126,776	64,458,993
Bond investments	210,211,909	162,587,439	-	372,799,348
Others	-	70,115,980	-	70,115,980
Other financial assets				
Purchased debt receivable	-	-	212,442	212,442
Liabilities				
Financial liabilities at FVTPL				
Financial liabilities held for trading	12,390,186	2,451,443	-	14,841,629
Financial liabilities designated as at FVTPL	-	10,354,365	-	10,354,365
<u>Derivative financial instruments</u>				
Assets				
Financial assets at FVTPL	858,403	18,986,765	165,778	20,010,946
Financial assets for hedging	-	259,267	-	259,267
Liabilities				
Financial liabilities at FVTPL				
Financial liabilities held for trading	1,962,432	18,015,129	3,229,459	23,207,020
Financial liabilities designated as at FVTPL	1,012	9,294,131	-	9,295,143
Financial liabilities for hedging	-	73,006	-	73,006

## 2) Evaluation technology at fair value

For financial assets and liabilities at fair value through profit or loss and financial assets at fair value through other comprehensive income, fair value is determined at quoted market prices. When market prices of the Group's various financial instruments are not readily available, fair values are estimated by using appropriate valuation models or other banks' transaction prices. The information the Group uses for fair value estimation is consistent with that generally used in the market; the basis of the theory are commonly recognized by the industry. The type of relevant methodology can roughly divided into analytical solution model (for example: Black-Scholes model) and numerical method model (for example Monte Carlo simulation).

## 3) Reconciliation of fair value

### a) The limitation of valuation techniques and uncertain inputs

Valuation techniques incorporate assumptions are dependent on the instrument type and available market data. However, certain model inputs may be less readily determinable from valuation techniques. In these circumstances, valuation model would adopt additional parameters and/or model assumptions such as model risk or Liquidity Risk and so on, to make fair value adjustment. According to our policies of Valuation management and relevant control procedure, the Corporation's management considers that Valuation adjustments are necessary and appropriate. To accept approaches and principles for the making the appropriate adjustments, all parameters and price information should be evaluated thoroughly and make reference from market situation.

### b) Credit risk valuation adjustments

Credit risk valuation adjustments are classified into Credit value adjustments and Debit value adjustments, and definitions are the following:

- The credit value adjustment is an adjustment to the valuation of OTC derivative contracts to reflect within fair value the possibility that the counterparty may default and that the Corporation may not receive the full market value of the transactions.
- The debit value adjustment is an adjustment to the valuation of OTC derivative contracts to reflect within fair value the possibility that the Corporation may default, and that the Corporation may not pay full market value of the transactions.

The Group calculates their debit valuation adjustment on the basis of their international credit assessment and model and international accounting standard of a counterparty's probability of default (PD), which is subject to standard supervisory parameters, take loss given default (LGD) into consideration and multiplied by their estimates of the counterparty's exposure at default (EAD). On the contrary, the Group calculates their credit valuation adjustment on the basis of the Group's PD, which is subject to standard supervisory parameters, take LGD into consideration and multiplied by their estimates of the Group's EAD.

The Group calculates the counterparty's EAD with OTC derivative's market to market value and the counterparty's LGD, which is 60 percent of EAD based on Taiwan Stock Exchange (TWSE) guidance.

The Group takes Credit risk valuation adjustments for determining the fair value of financial instruments and reflect counterparty's credit risk and the Corporation's credit quality.

4) Transfer between the Level 1 and Level 2

	For the Year Ended December 31, 2022		For the Year Ended December 31, 2021	
	Level One Converted Into Level Two	Level Two Converted Into Level One	Level One Converted Into Level Two	Level Two Converted Into Level One
Financial assets at FVTPL - bond investments	\$ -	\$ -	\$ 4,104,972	\$ -
Financial assets at FVOCI - bond investments	-	-	4,468,029	11,033,573

Because of changes in market liquidity, evaluation sources applied by some bond investments will change. It makes the applicable level of bond's fair value change from level one into level two or level two into level one.

5) Reconciliation of Level 3 items of financial instruments

The movements of financial assets with Level 3 fair value were as follows:

For the Year Ended December 31, 2022

(In Thousands of New Taiwan Dollars)

Items	Beginning Balance	Valuation Gain (Loss) Recognized as Current Income (Loss) or Other Comprehensive Income	Amount of Increase		Amount of Decrease		Ending Balance
			Purchase or Issue	Transfer to Level 3	Sale, Disposal or Settlement	Transfer from Level 3	
Financial assets at FVTPL							
Financial assets mandatorily classified as at FVTPL	\$ 31,185,278	\$ 4,681,911	\$ 15,939,417	\$ -	\$ (1,459,307)	\$ (947,408)	\$ 49,399,891
Financial assets designated as at FVTPL	4,740,512	570,082	1,924,842	-	(203,765)	-	7,031,671
Financial assets at FVOCI	20,126,776	(2,017,783)	-	-	(374,519)	(2,322,456)	15,412,018
Other financial assets							
Purchased debt receivable	212,442	(5,822)	-	-	(18,588)	-	188,032

For the Year Ended December 31, 2021

(In Thousands of New Taiwan Dollars)

Items	Beginning Balance	Valuation Gain (Loss) Recognized as Current Income (Loss) or Other Comprehensive Income	Amount of Increase		Amount of Decrease		Ending Balance
			Purchase or Issue	Transfer to Level 3	Sale, Disposal or Settlement	Transfer from Level 3	
Financial assets at FVTPL							
Financial assets mandatorily classified as at FVTPL	\$ 21,906,518	\$ 2,179,236	\$ 12,451,968	\$ -	\$ (4,873,745)	\$ (478,699)	\$ 31,185,278
Financial assets designated as at FVTPL	1,854,964	602,229	2,355,987	-	(72,668)	-	4,740,512
Financial assets at FVOCI	23,144,621	(2,926,884)	173,600	-	(264,561)	-	20,126,776
Other financial assets							
Purchased debt receivable	162,247	8,235	66,000	-	(24,040)	-	212,442

Note: For parts of stock investments, the Corporation's subsidiaries acquired their observable market material, causing the applicable level of stock investment transfer from level 3.

The movements of financial liabilities with Level 3 fair value were as follows:

For the Year Ended December 31, 2022

(In Thousands of New Taiwan Dollars)

Items	Beginning Balance	Valuation Gain (Loss) Recognized as Current Income (Loss) or Other Comprehensive Income	Amount of Increase		Amount of Decrease		Ending Balance
			Purchase or Issue	Transfer to Level 3	Sale, Disposal or Settlement	Transfer from Level 3	
Financial liabilities at FVTPL							
Financial liabilities held for trading	\$ 3,229,459	\$ 259,724	\$ 1,283,081	\$ -	\$ (912,922)	\$ -	\$ 3,859,342

For the Year Ended December 31, 2021

(In Thousands of New Taiwan Dollars)

Items	Beginning Balance	Valuation Gain (Loss) Recognized as Current Income (Loss) or Other Comprehensive Income	Amount of Increase		Amount of Decrease		Ending Balance
			Purchase or Issue	Transfer to Level 3	Sale, Disposal or Settlement	Transfer from Level 3	
Financial liabilities at FVTPL							
Financial liabilities held for trading	\$ 3,706,831	\$ (67,175)	\$ 514,386	\$ -	\$ (924,583)	\$ -	\$ 3,229,459

The total gains or losses for the years ended December 31, 2022 and 2021 included a gain of \$1,440,266 thousand and gain of \$1,851,526 thousand relating to assets and liabilities measured at fair value on Level 3 fair value measurement and held at the end of reporting date.

6) Quantitative information about significant unobservable inputs (Level 3)

KGI Bank and subsidiaries

The table below lists quantitative unobservable inputs of Level 3 financial instruments:

	Fair Value at December 31, 2022	Valuation Technique(s)	Significant Unobservable Inputs	Range	The Relationship Between Inputs and Fair Value
Repetitive basis to fair value measurement items					
Non-derivative financial instruments					
Financial assets at FVTPL	\$ 390,720	Quoted price of counterparties	Liquidity discount ratios	Beyond estimation	Fair value is inversely proportional to the liquidity discount rate.
Financial assets at FVTOCI	951,062	Market approach	P/B Discount for lack of liquidity	1.10 27.20%	Multiplier is proportional to fair value; fair value is inversely proportional to discount for lack of liquidity.
		Net asset method	Discount for lack of liquidity and control	11%	Fair value is inversely proportional to discount for lack of liquidity and control.
Derivative financial instruments					
Financial assets at FVTPL	936,660	Hull White Model, Libor Market Model, BS Model, discounted cash flow/quoted price of counterparties	Mean Reversion, Sigma, Correlation, shift Parameter/liquidity discount ratios	Adjusted daily based on market information /beyond estimation	The used evaluation model parameters cannot be obtained directly from market information or inputs of parameters do not contain linear relation; thus, analyzed by comparing correctness, stability, rationality, efficiency of performance and other different aspects of the outcome. Then the KGI Bank and its subsidiaries select the applicable one according to the analysis; fair value is inversely proportional to discount for liquidity discount ratios
Financial liabilities at FVTPL	936,647	Hull White Model, Libor Market Model, BS Model, discounted cash flow/quoted price of counterparties	Mean Reversion, Sigma, Correlation, shift Parameter/liquidity discount ratios	Adjusted daily based on market information /beyond estimation	The used evaluation model parameters cannot be obtained directly from market information or inputs of parameters do not contain linear relation; thus, analyzed by comparing correctness, stability, rationality, efficiency of performance and other different aspects of the outcome. Then the KGI Bank and its subsidiaries select the applicable one according to the analysis; fair value is inversely proportional to discount for liquidity discount ratios



	Fair Value at December 31, 2021	Valuation Technique(s)	Significant Unobservable Inputs	Range	The Relationship Between Inputs and Fair Value
Repetitive basis to fair value measurement items					
Non-derivative financial instruments					
Financial assets at FVTPL	\$ 399,497	Quoted price of counterparties	Liquidity discount ratios	Beyond estimation	Fair value is inversely proportional to discount for liquidity discount ratios
Financial assets at FVTOCI	946,623	Market approach	P/E Discount for lack of liquidity	12.47 27.20%	Multiplier is proportional to fair value; fair value is inversely proportional to discount for lack of liquidity.
		Net asset method	Discount for lack of liquidity and control	11%	Fair value is inversely proportional to discount for lack of liquidity and control.
Derivative financial instruments					
Financial assets at FVTPL	177,924	Hull White Model, Libor Market Model, BS Model, discounted cash flow/quoted price of counterparties	Mean Reversion, Sigma, Correlation, shift Parameter/liquidity discount ratios	Adjusted daily based on market information /beyond estimation	The used evaluation model parameters cannot be obtained directly from market information or inputs of parameters do not contain linear relation; thus, analyzed by comparing correctness, stability, rationality, efficiency of performance and other different aspects of the outcome. Then the KGI Bank and its subsidiaries select the applicable one according to the analysis; fair value is inversely proportional to discount for liquidity discount ratios
Financial liabilities at FVTPL	178,401	Hull White Model, Libor Market Model, BS Model, discounted cash flow/quoted price of counterparties	Mean Reversion, Sigma, Correlation, shift Parameter/liquidity discount ratios	Adjusted daily based on market information /beyond estimation	The used evaluation model parameters cannot be obtained directly from market information or inputs of parameters do not contain linear relation; thus, analyzed by comparing correctness, stability, rationality, efficiency of performance and other different aspects of the outcome. Then the KGI Bank and its subsidiaries select the applicable one according to the analysis; fair value is inversely proportional to discount for liquidity discount ratios

## KGI Securities and subsidiaries

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

December 31, 2022

	<b>Fair Value</b>	<b>Valuation Techniques</b>	<b>Significant Unobservable Inputs</b>	<b>Quantification Information</b>	<b>The Relationship Between Inputs and Fair Value</b>
<u>Financial assets</u>					
Non-derivative financial assets					
Financial assets at FVTPL - equity instruments	\$ 3,019,692	Recent strike price. Market approach	Not applicable	Not applicable	Not applicable
		Discounted cash flow approach	Discount for lack of liquidity	26%-29%	Assets at fair value is inversely proportional to discount for lack of liquidity.
			Discount for lack of liquidity	29%	Assets at fair value is inversely proportional to discount for lack of liquidity.
			WACC	6.53%	Assets at fair value is inversely proportional to WACC
			Growth rate	2.95%	Assets at fair value is proportional to growth rate
		Asset method	Discount for right of controlling	11%	Assets at fair value is inversely proportional to control discount.
Financial assets at FVTOCI - equity instruments	52,097	Option pricing model	Discount for lack of liquidity	26%	Assets at fair value is inversely proportional to discount for lack of liquidity.
			History volatility	41.82%	According to condition of contract, fair value of asset may be higher or lower.
		Asset method	Discount for lack of liquidity	15%	Assets at fair value is inversely proportional to discount for lack of liquidity.
Derivative instruments					
Financial assets at FVTPL					
Structured products - options	1,422	Martingale pricing technique	History volatility	52.83%-54.85%	According to condition of contract, fair value of assets may be higher or lower.
<u>Financial liabilities</u>					
Derivative instruments					
Financial liabilities at FVTPL					
Structured products - options	2,939,313	Martingale pricing technique	History volatility	0.00%-19.37%	According to condition of contract, fair value of liabilities may be higher or lower.

December 31, 2021

	Fair Value	Valuation Techniques	Significant Unobservable Inputs	Quantification Information	The Relationship Between Inputs and Fair Value
<u>Financial assets</u>					
Non-derivative financial assets					
Financial assets at FVTPL - equity and debt instruments	\$ 2,846,210	Recent strike price. Market approach	Not applicable  Discount for lack of liquidity	Not applicable  23%-29%	Not applicable  Assets at fair value is inversely proportional to discount for lack of liquidity.
		Discounted cash flow approach	Discount for lack of liquidity  WACC	29%  6.83%	Assets at fair value is inversely proportional to discount for lack of liquidity.  Assets at fair value is inversely proportional to WACC
			Growth rate	2.60%	Assets at fair value is proportional to growth rate
		Asset method	Discount for lack of controlling	11%	Assets at fair value is inversely proportional to control discount.
Financial assets at FVTOCI - equity instruments	42,138	Option pricing model	Discount for lack of liquidity	26%	Assets at fair value is inversely proportional to discount for lack of liquidity.
			History volatility	37.39%	According to condition of contract, fair value of asset may be higher or lower.
		Asset method	Discount for lack of liquidity	15%	Assets at fair value is inversely proportional to discount for lack of liquidity.
<u>Financial liabilities</u>					
Derivative instruments					
Financial liabilities at FVTPL	3,052,493				
Structured products - options		Martingale pricing technique	History volatility	0.00%-13.40%	According to condition of contract, fair value of liabilities may be higher or lower.
Equity derivatives - premium - equity options (put option)		Martingale pricing technique	History volatility	36.25%-37.30%	According to condition of contract, fair value of liabilities may be higher or lower.

History volatility used by Martingale Pricing Technique in KGI Securities depends on moving weighted average method, and sampling period refer to maturity in initial contract; if maturity is less than 6 months, sampling period is between 20 to 180 days; if maturity is between 6 months to 12 months, sampling period is between 20 to 360 days; if maturity is more than 12 months, sampling period is between 20 to initial maturity days.

KGI Securities and subsidiaries adopts pricing model and pricing parameters cautiously, producing reasonable fair value measurement, however, different pricing model or parameters may lead to different outcome. To those financial assets and liabilities categorized into Level 3, effects of current period net income or loss or other comprehensive income affected by changes in pricing parameters were as follows:

## December 31, 2022

Sensitivity Analysis of Relationship Between Inputs and Fair Value						
	Inputs	Positive/ Negative Change	Recognized to Profit or Loss		Recognized to Comprehensive Profit or Loss	
			Positive Impact	Negative Impact	Positive Impact	Negative Impact
<u>Financial assets</u>						
Non-derivative instruments						
Financial assets at FVTPL						
Equity and debt instruments (counterparty/recent strike price)	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
Equity instruments (market approach)	Discount for lack of liquidity	-1%/+1%	\$ 111	\$ 111	\$ -	\$ -
Equity instruments (discounted cash flow approach)	Discount for lack of liquidity	-1%/+1%	105	105	-	-
	WACC	-1%/+1%	776	748	-	-
	Growth rate	+1%/-1%	326	320	-	-
Equity instruments (assets approach)	Discount for right of controlling	-1%/+1%	3,667	3,667	-	-
Financial assets at FVTOCI						
Equity instruments (option pricing model)	Discount for lack of liquidity	-1%/+1%	-	-	141	141
	History volatility	-1%/+1%	-	-	249	246
Equity instruments (assets approach)	Discount for lack of liquidity	-1%/+1%	-	-	5	5
Derivative instruments						
Financial liabilities at FVTPL						
Structured products - options	History volatility	+25%/-25%	190	177	-	-
<u>Financial liabilities</u>						
Derivative instruments						
Financial liabilities at FVTPL						
Structured products - options	Historical Volatility	-25%/+25%	-	-	-	-

## December 31, 2021

Sensitivity Analysis of Relationship Between Inputs and Fair Value						
	Inputs	Positive/ Negative Change	Recognized to Profit or Loss		Recognized to Comprehensive Profit or Loss	
			Positive Impact	Negative Impact	Positive Impact	Negative Impact
<u>Financial assets</u>						
Non-derivative instruments						
Financial assets at FVTPL						
Equity and debt instruments (counterparty/recent strike price)	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
Equity instruments (market approach)	Discount for lack of liquidity	-1%/+1%	\$ 231	\$ 231	\$ -	\$ -
Equity instruments (discounted cash flow approach)	Discount for lack of liquidity	-1%/+1%	83	83	-	-
	WACC	-1%/+1%	469	454	-	-
	Growth rate	+1%/-1%	163	161	-	-
Equity instruments (assets approach)	Discount for right of controlling	-1%/+1%	3,560	3,137	-	-
Financial assets at FVTOCI						
Equity instruments (option pricing model)	Discount for lack of liquidity	-1%/+1%	-	-	155	156
	History volatility	-1%/+1%	-	-	167	166
Equity instruments (assets approach)	Discount for lack of liquidity	-1%/+1%	-	-	5	5
<u>Financial liabilities</u>						
Derivative instruments						
Financial liabilities at FVTPL						
Structured products - options	Historical Volatility	-25%/+25%	-	-	-	-
Equity derivative instruments - premium - options (put option)	Historical Volatility	-25%/+25%	502	524	-	-

## CDIB Capital Group and subsidiaries

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

	Fair Value at December 31, 2022	Valuation Techniques	Significant Unobservable Inputs	Range (Average Weighted)	The Relationship Between Inputs and Fair Value
Repetitive basic to fair value measurement items					
Non-derivative financial assets Financial assets at FVTPL	\$ 17,519,485	Market approach	EV/EBIT P/S Discount for lack of liquidity	5.87 0.81 26%	When the higher income multiplier, the higher of fair value; when the higher the discount for lack of liquidity, the lower of fair value.
		Discounted cash-flow method	Discount for lack of liquidity WACC Growth rate	23%-29% 5.30%-11.64% 2.50%-8.00%	When the higher the discount for lack of liquidity, the lower of fair value; when the higher WACC, the lower of fair value; when the higher growth rate, the higher of fair value.
		Net asset adjustment method	Discount for lack of liquidity	29%	When the higher the discount for lack of liquidity, the lower of fair value.
		Recent strike price	-	-	-

	Fair Value at December 31, 2021	Valuation Techniques	Significant Unobservable Inputs	Range (Average Weighted)	The Relationship Between Inputs and Fair Value
Repetitive basic to fair value measurement items					
Non-derivative financial assets Financial assets at FVTPL	\$ 13,910,044	Market approach	EV/Sales P/B P/S Discount for lack of liquidity	0.57 1.72 0.84-1.07 26%-29%	When the higher income multiplier, the higher of fair value; when the higher the discount for lack of liquidity, the lower of fair value.
		Discounted cash-flow method	Discount for lack of liquidity WACC Growth rate	26%-29% 5.67%-10.49% 1.80%-6.76%	When the higher the discount for lack of liquidity, the lower of fair value; when the higher WACC, the lower of fair value; when the higher growth rate, the higher of fair value.
		Net asset adjustment method	Discount for lack of liquidity	29%	When the higher the discount for lack of liquidity, the lower of fair value.
		Recent strike price	-	-	-

## China Life Insurance

Equity securities are classified into fair value Level 3 financial asset by China Life Insurance. Quantitative information about the significant unobservable input was set out below:

December 31, 2022				
	Valuation Techniques	Significant Unobservable Inputs	Quantification Information	Relationship Between Inputs and Fair Value
<u>Financial assets</u>				
Financial assets at fair value through profit or loss	Asset approach	Discount for liquidity and minor interests	0%-10%	The higher the discount for liquidity and minor interests, the lower the estimated fair value
Financial assets at fair value through other comprehensive income	Market approach	Discount for liquidity	10%-30%	The higher the discount for liquidity, the lower the estimated fair value
		Control premium	0%-10%	The higher the control premium, the higher the estimated fair value
	Income approach	Cost of capital rate	7.86%	The higher the cost of capital rate, the lower the estimated fair value
		Discount for liquidity	0%-10%	The higher the discount for liquidity, the lower the estimated fair value
	Asset approach	Discount for liquidity and minor interests	0%-30%	The higher the discount for liquidity and minor interests, the lower the estimated fair value
December 31, 2021				
	Valuation Techniques	Significant Unobservable Inputs	Quantification Information	Relationship Between Inputs and Fair Value
<u>Financial assets</u>				
Financial assets at fair value through profit or loss	Asset approach	Discount for liquidity and minor interests	0%-10%	The higher the discount for liquidity and minor interests, the lower the estimated fair value
Financial assets at fair value through other comprehensive income	Market approach	Discount for liquidity	10%-30%	The higher the discount for liquidity, the lower the estimated fair value
		Control premium	0%-10%	The higher the control premium, the higher the estimated fair value
	Income approach	Cost of capital rate	6.71%	The higher the cost of capital rate, the lower the estimated fair value
		Discount for liquidity	0%-10%	The higher the discount for liquidity, the lower the estimated fair value
	Asset approach	Discount for liquidity and minor interests	0%-30%	The higher the discount for liquidity and minor interests, the lower the estimated fair value

## 7) Pricing process of Level 3 fair value

### KGI Bank and subsidiaries

KGI Bank's risk management department is responsible for the pricing process of Level 3 fair value. The pricing models and conditions assumed are conform to market practice; the basis of the theory are commonly recognized by the industry as a basis of valuation in conducting measurement of fair value. Further, the department confirms whether the sources of the information are independent or not, reasonably reflecting the prices in normal circumstances, and examines and adjusts fair value periodically to insure results of the valuation is reasonable.

### KGI Securities and subsidiaries

When KGI Securities has those derivatives that their fair value are hard to reach or they are categorized as derivative financial assets with no active market, reasonability of fair value of those financial assets are assessed by related department according to the Guidelines of Asset Valuation Operation set by KGI Securities, and the outcomes of the valuation will be recorded in the book by accounting department.

### CDIB Capital Group and subsidiaries

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

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

### China Life Insurance

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

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

##### 1) Fair value information

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

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

#### December 31, 2022

	(In Thousands of New Taiwan Dollars)			
	Level 1	Level 2	Level 3	Total
<u>Financial assets</u>				
Debt instruments measured at amortized cost	\$ 528,977,922	\$ 803,780,274	\$ -	\$ 1,332,758,196
<u>Non-financial assets</u>				
Guarantee deposits paid - bonds	-	7,874,205	-	7,874,205

#### December 31, 2021

	(In Thousands of New Taiwan Dollars)			
	Level 1	Level 2	Level 3	Total
<u>Financial assets</u>				
Debt instruments measured at amortized cost	\$ 466,605,518	\$ 798,839,528	\$ -	\$ 1,265,445,046
<u>Non-financial assets</u>				
Guarantee deposits paid - bonds	-	8,722,040	-	8,722,040

### 3) Measurement technique

- a) The carrying amounts of financial instruments such as cash and cash equivalents, due from the Central Bank and call loans to financial instruments, securities purchased under resell agreements, receivables, other financial assets, guarantee deposits paid, due to the Central Bank and other banks, securities sold under repurchase agreements, payables, deposits and remittances, bonds payable, other financial liabilities and guarantee deposits received and remittances approximate their fair values because of the short maturities of these instruments.
- b) The base rate (floating rate) is usually adopted as the loan rate because it can reflect the market rate. Thus, using the carrying amount for considering the probability of repossession and estimating the fair value is reasonable.
- c) The fair value of debt investments measured at amortized cost is estimated by
  - i. Referring to the quoted price from electronic bond trading system of Taipei Exchange and Bloomberg.
  - ii. Referring to the discounted expected cash flow, of which the discount rate is referenced to interest rates with similar maturity date.

### 4) Reclassification Information

The bond portfolios held by China Life Insurance classified as financial asset measured at fair value through other comprehensive income is a business model invested to strengthen the solvency of the liabilities, and must take into account the collection of interest and principal and capital gains. However, under the extremely rare scenario of aggressive interest rate hikes by the central banks in many countries around the world, China Life Insurance's management of cash flow from such portfolios has changed from taking into account both the collection of contractual cash flow and capital gains from disposing of assets to receiving contractual cash flow. Not only has the proportion of disposals decreased quarterly, but also the capital gains from disposal decreased significantly. In response to changes in China Life Insurance's management and business model of the portfolio, China Life Insurance decided to reclassify the financial assets based on the results of external and internal changes on September 30, 2022, and October 1, 2022 was the date of reclassification.

In accordance with IFRS 9, the measurement classification of financial assets is reclassified from fair value through other comprehensive income to financial assets measured at amortized cost. The financial assets shall be reclassified at the fair value on the reclassification date. However, the cumulative gain or loss previously recognized in other comprehensive income is removed from equity and adjusted against the fair value of the financial asset at the reclassification date. As a result, the financial asset is measured at the reclassification date as if it had always been measured at amortized cost. The impact of the aforesaid reclassification on the financial report is that the financial assets measured at fair value through other comprehensive profits and losses decreased by \$128,095,306 thousand, the financial assets measured at amortized cost increased by \$167,607,578 thousand; the deferred income tax assets decreased by \$7,070,854 thousand; and other equity increased by \$32,441,418 thousand.

The fair value of the aforementioned reclassified financial assets that had not been derecognized was \$128,736,451 thousand on December 31, 2022.

If the aforementioned financial assets had not been reclassified, the fair value gain of \$3,744,273 thousand (\$3,225,655 thousand after tax) would have been recorded in other comprehensive income from the date of reclassification to the end of the reporting period, and the change in the amount of unrealized valuation gain or loss measured at fair value through other comprehensive income would have been an increase of \$3,821,146 thousand (\$3,287,180 thousand after tax).



## 52. INFORMATION OF INSURANCE CONTRACTS

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

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

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

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

#### 2) Risk management policies, procedures and methods:

According to risk management policies, China Life Insurance sets an effective mechanism to proceed identification, measurement, monitoring, reporting and response to risk, establishes clear objectives for risk management, controls approaches and attribution of responsibility to make sure that each operational risk is controlled under the tolerable range, making the largest surplus and profits for shareholders. China Life Insurance follows the principle of centralized management and specialization, and assigns responsible risk management department to manage various risks based on the sources of risk. In addition, China Life Insurance develops management guidelines for various types of risk, standardizes measurement and evaluation methods, and regularly issues risk reports to monitor the various risks.

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

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

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

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

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

b. Information of insurance risks

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

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

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

As at December 31, 2022, assuming a 5% change in mortality, morbidity, surrender and expenses, and a decrease in investment return of 0.1%, all insurance contracts and financial instruments with discretionary participation feature will not cause China Life Insurance's insurance liability inadequate.

2) Interpretation for concentration of insurance risks:

a) China Life Insurance's insurance business is mainly in Taiwan, Republic of China and there is no significant difference in insurance risk between each region. China Life Insurance had set tolerable cumulative risk limits for each risk unit and incident. Insurance risks that exceed the limits will be transferred through reinsurance. Please refer to Note 32 for concentration of risk before and after the reinsurance for China Life Insurance.

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

3) Claim development trend:

a) Direct business loss development trend

Accident Year	Development Year															Reserve for Claims
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	
2008	\$ 2,170,100	\$ 2,736,556	\$ 2,776,542	\$ 2,781,989	\$ 2,786,399	\$ 2,792,187	\$ 2,798,032	\$ 2,798,807	\$ 2,799,546	\$ 2,800,435	\$ 2,802,449	\$ 2,803,020	\$ 2,803,856	\$ 2,804,061	\$ 2,805,453	
2009	2,243,111	2,870,648	2,924,110	2,934,461	2,936,046	2,939,451	2,940,095	2,940,209	2,940,748	2,941,322	2,941,824	2,941,957	2,941,970	2,942,857	-	
2010	2,574,879	3,071,401	3,132,443	3,137,874	3,143,299	3,143,963	3,144,299	3,144,902	3,145,167	3,145,541	3,145,762	3,146,132	3,146,191	-	-	
2011	2,610,108	3,276,928	3,328,279	3,342,075	3,346,106	3,350,438	3,351,824	3,354,243	3,354,835	3,355,901	3,356,774	3,357,014	-	-	-	
2012	2,345,575	2,953,776	3,029,335	3,045,381	3,048,828	3,051,256	3,054,748	3,056,337	3,057,879	3,058,682	3,059,236	-	-	-	-	
2013	2,267,213	2,964,954	3,028,400	3,040,442	3,045,355	3,053,040	3,054,855	3,055,997	3,057,195	3,058,524	-	-	-	-	-	
2014	3,448,229	4,203,186	4,284,682	4,298,217	4,303,753	4,317,090	4,321,020	4,323,776	4,325,954	-	-	-	-	-	-	
2015	3,530,488	4,420,482	4,498,438	4,510,113	4,516,573	4,518,832	4,521,127	4,521,956	-	-	-	-	-	-	-	
2016	3,721,820	4,648,280	4,743,133	4,757,525	4,763,372	4,765,519	4,769,820	-	-	-	-	-	-	-	-	
2017	4,320,234	5,400,952	5,537,543	5,552,592	5,557,933	5,563,170	-	-	-	-	-	-	-	-	-	
2018	4,775,948	5,950,536	6,060,673	6,078,878	6,086,102	-	-	-	-	-	-	-	-	-	-	
2019	5,257,484	6,776,954	6,904,733	6,935,395	-	-	-	-	-	-	-	-	-	-	-	
2020	5,208,589	6,557,028	6,720,337	-	-	-	-	-	-	-	-	-	-	-	-	
2021	5,729,794	7,330,220	-	-	-	-	-	-	-	-	-	-	-	-	-	
2022	8,258,280	-	-	-	-	-	-	-	-	-	-	-	-	-	-	

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

Add Long-term insurance claims 468,555

Claim reserve for discount on no claim 113,830

Reserve for claims balance \$ 3,582,247

b) Retained business loss development trend

Accident Year	Development Year															Reserve for Claims
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	
2008	\$ 2,128,556	\$ 2,682,784	\$ 2,721,905	\$ 2,719,002	\$ 2,723,312	\$ 2,728,970	\$ 2,734,682	\$ 2,735,440	\$ 2,736,162	\$ 2,737,031	\$ 2,739,000	\$ 2,739,557	\$ 2,740,394	\$ 2,740,598	\$2,741,991	
2009	\$ 2,204,858	\$ 2,820,114	\$ 2,862,350	\$ 2,868,022	\$ 2,869,572	\$ 2,872,900	\$ 2,873,529	\$ 2,873,640	\$ 2,874,167	\$ 2,874,728	\$ 2,875,219	\$ 2,875,351	\$ 2,875,365	\$ 2,876,252	-	
2010	\$ 2,535,538	\$ 3,010,157	\$ 3,068,543	\$ 3,066,830	\$ 3,072,133	\$ 3,072,782	\$ 3,073,109	\$ 3,073,699	\$ 3,073,958	\$ 3,074,324	\$ 3,074,544	\$ 3,074,914	\$ 3,074,973	-	-	
2011	\$ 2,561,841	\$ 3,214,455	\$ 3,260,383	\$ 3,266,408	\$ 3,270,348	\$ 3,274,581	\$ 3,275,936	\$ 3,278,301	\$ 3,278,879	\$ 3,279,945	\$ 3,280,818	\$ 3,281,058	-	-	-	
2012	\$ 2,904,450	\$ 2,897,464	\$ 2,967,538	\$ 2,976,431	\$ 2,979,800	\$ 2,982,173	\$ 2,985,586	\$ 2,987,140	\$ 2,988,681	\$ 2,989,484	\$ 2,990,038	-	-	-	-	
2013	\$ 2,227,515	\$ 2,908,429	\$ 2,966,622	\$ 2,971,694	\$ 2,976,405	\$ 2,983,916	\$ 2,985,691	\$ 2,986,833	\$ 2,988,629	\$ 2,989,360	-	-	-	-	-	
2014	\$ 3,387,852	\$ 4,123,055	\$ 4,197,276	\$ 4,200,902	\$ 4,206,313	\$ 4,219,348	\$ 4,223,278	\$ 4,226,033	\$ 4,228,211	-	-	-	-	-	-	
2015	\$ 3,468,881	\$ 4,336,525	\$ 4,407,051	\$ 4,408,435	\$ 4,414,314	\$ 4,416,573	\$ 4,418,868	\$ 4,419,697	-	-	-	-	-	-	-	
2016	\$ 3,657,093	\$ 4,560,257	\$ 4,647,033	\$ 4,649,868	\$ 4,655,715	\$ 4,657,862	\$ 4,662,163	-	-	-	-	-	-	-	-	
2017	\$ 4,244,930	\$ 5,298,470	\$ 5,424,716	\$ 5,439,766	\$ 5,445,107	\$ 5,450,344	-	-	-	-	-	-	-	-	-	
2018	\$ 4,692,869	\$ 5,837,265	\$ 5,946,601	\$ 5,964,806	\$ 5,972,030	-	-	-	-	-	-	-	-	-	-	
2019	\$ 5,165,606	\$ 6,658,075	\$ 6,786,454	\$ 6,817,116	-	-	-	-	-	-	-	-	-	-	-	
2020	\$ 5,136,641	\$ 6,454,169	\$ 6,616,159	-	-	-	-	-	-	-	-	-	-	-	-	
2021	\$ 5,640,880	\$ 7,192,041	-	-	-	-	-	-	-	-	-	-	-	-	-	
2022	\$ 8,190,602	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Note: This table does not include long-term life insurance.																
												Add:Long-term insurance claims		435,297		
												Claim reserve for discount on no claim		113,830		
												Reserve for claims balance		\$ 3,438,020		

China Life Insurance recognizes claim reserve for reported claims (reported but not paid) and unreported claims (incurred but not reported). Due to uncertainty, estimation, and judgment involved in recognition, there is a high degree of complexity in claim reserves. Any changes of the estimation or judgment are treated as the changes of the accounting estimates and can be recognized as profit and loss in current year. China Life Insurance was not notified of some claims in time. Also, the expected payment for unreported claims involves major subjective judgment and estimation on the past experience. Thus, it is uncertain that the estimated claim reserve on the balance sheet date will be equal to the final settled amount of claim payments. The claim reserve recorded on the book is estimated based on the current available information. However, the final amount probably will differ from the original estimates because of the follow-up development of the claim events.

The charts above show the development trend of claim payments (not including cases whose payment and time will be confirmed within a year). The accident year is the actual year for the occurrence of the insurance claim events; the x-axis is the year of the development for the settlement cases. Each slash represents the cumulative amount of compensation for each accident event at the end of the year. The occurred claims include decided and undecided claims which represent the accumulated estimated dollar amounts need to be paid for each accident year as time passes. It is possible that the circumstances and trends affecting dollar amount of recognition for claim reserve in the current year will be different from those in the future. Thus, the expected future payment amount for the settlement cases cannot be determined by the charts above.

4) Credit risk:

For insurance contracts undertaken by China Life Insurance, the credit risk comes from reinsurers who fail to fulfill their obligation of reinsurance contracts, causing China Life Insurance to be exposed to the risk of financial loss. If China Life Insurance disputes with the reinsurers, then it may lead to impairment of reinsurance assets. In addition, the account receivables of insurance brokers and agents also have credit risk.

China Life Insurance's highest risk exposure for the reinsurance contracts are the carrying amount of reinsurance assets. In order to manage that risk and avoid credit losses, China Life Insurance decides to deal with reinsurance companies that have good credits. China Life Insurance sets related selection standard, makes regular assessment and monitors the reinsurers' financial business condition, credit status and rating. Also, it will adjust the business scope and scale based on the circumstances to prevent from over concentration of credit risk.

## 5) Liquidity risk:

As at December 31, 2022 and 2021, the maturity analysis of liquidity risk for insurance contract liabilities of China Life Insurance are as follow:

	Within 1 Year	1 to 3 Years	3 to 5 Years	5 to 15 Years	Over 15 Years
<u>December 31, 2022</u>					
Insurance liabilities of investment contracts with discretionary participation features	\$ 41,692,062	\$ 116,585,911	\$ 123,717,709	\$ 643,541,839	\$ 4,047,223,485
Reserve for insurance contracts with feature of financial instruments	-	-	-	-	-
<u>December 31, 2021</u>					
Insurance liabilities of investment contracts with discretionary participation features	38,514,881	132,626,854	144,267,981	604,249,058	3,805,721,194
Reserve for insurance contracts with feature of financial instruments	-	-	-	-	-

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

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

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

## 6) Market risk:

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

## 53. FINANCIAL RISK MANAGEMENT

### a. Risk management policies and framework

#### The Corporation

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

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

#### KGI Bank and subsidiaries

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

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

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

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

KGI Bank's risk management divisions are as follows:

#### 1) Board of directors

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

#### 2) Risk management committee

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

#### 3) Business and management departments

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

#### 4) Risk management department

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

#### 5) Internal audit department

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

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

## KGI Securities and subsidiaries

### 1) Financial risk management objectives

To effectively manage the risks related to the operation of KGI Securities and strengthen KGI Securities Competitive advantage, According to the laws by authorities, risk management policy by parent company, and business development strategy by KGI Securities, which set risk management policy as compliance basis for risk management.

### 2) Risk management organization

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

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

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

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

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

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

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

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

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

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

### 3) Risk management system

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

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

### 4) Risk management mechanism

The process of various risk managements include risk identification, risk measurement, risk monitoring and control and risk reports. The evaluation and strategies of important risk are explained as follows:

#### a) Market risk

KGI Securities restricts the risk level to which it is exposed to an acceptable level through structuring risk management system, enacting market risk management policies, and formulating merchandise operation guidelines. It also restraint risk through allocating venture capital, subject to management strategies and risk appetite, setting various risk-based limits, and conducting risk monitoring on a daily basis.

KGI Securities implemented the MSCI Risk Manager, a market risk management system, as a quantitative management instrument. The system integrates all holding positions and provides in a daily basis various analyzing metrics and comprehensive computation results, including equity, interest rate, exchange rate, etc., as well as adjustment and application of diverse derivatives models. Also, the risk management department controls risk-based limits by business units on a daily basis to enforce and manage market risk capital allocation.

To establish efficacy of estimation at risk (VaR) model, risk management department conducts Back testing periodically to examine the validity of the model. Additionally, it builds various scenarios for Stress Testing and scenario analysis, to understand the risk tolerance level of KGI Securities.

b) Credit risk

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

KGI Securities use the external part of credit rating by rating comparison table to evaluate the credit risk of the counterparties or transaction subjects. Among them, the external part of credit rating refers to the TCRI of Taiwan Economic Journal, Taiwan Ratings, S&P, Moody's, and Fitch. Not only update the credit rating information of the external rating agency on the counterparties or transaction subjects, but also appropriately adjust the credit risk limits when the credit rating changes.

The risk management department applies for credit risk capital toward the board of directors annually. Establish proper credit risk expected loss limitation amount relating to the firms. Also, set different Pre-Settlement Risk (PSR) limitation amount base on countries, same groups, high-risk industries, high-risk groups, etc. Also, routinely examine KGI Securities' credit risk exposure, credit risk change of counterparties or transaction subjects, and the use of various credit risk limitation amount to enforce management of credit risk.

c) Liquidity risk

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

d) Operating risk and other risks

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

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

When abnormal events occur, all business units should comply with "Announcement of Abnormal Events and Handling Procedures" by KGI Securities. According to the necessity of the abnormal event, the internal audit unit reports to the director of the board of directors and the internal audit unit of the parent company to effectively manage the operation risk of loss event. When KGI Securities discover material risk events during the execution of their business, they should comply with "Method for Notification of Material Risk Events" by parent company and "Announcement of Abnormal Events and Handling Procedures" by KGI Securities. In addition, risk management unit should review whether material risk events are notified in time.



KGI Securities have obtained the related qualification for the option under the sensitivity analysis (Delta Plus) method to use the advanced calculation method of Securities firm's capital adequacy ratio. In order to calculate the capital adequacy ratio and other statutory ratios required for financial product evaluation models, model management operations have been used.

KGI Securities regularly detects business risks. The detections include financial institutions' capital adequacy, asset quality, management capabilities, profitability, liquidity, sources of profit, foreign exposure, investment positions, off-balance sheet, and material customer complaints. Measurement unit inspects frequency and measures detection indicators and alert values, and sends the measurement results and their increase or decrease data to the risk management unit for monitoring and storage.

#### 5) Risk hedge and mitigation strategy

KGI Securities have set "Financial Commodity Transaction Processing Procedures" and "Operation Guidelines for Derivative Financial Commodity Transactions in Business Locations" to standardize relevant policies for hedging and mitigating risks:

- a) All business departments engaged in derivative transactions should confirm their transaction objectives and hedging nature in advance. After the transaction, the transaction objective cannot be changed at will.
- b) The transaction nature means buying and selling derivatives based on price expectations to take risks and earn the spread. Hedging means to reduce the market risk of existing assets or liabilities and prospective transactions through the trading derivatives.
- c) For positions held for hedging, the hedging and hedged positions should be regarded as one entity, and notice to the relation between the changes in profit and loss of the hedging and the hedged positions.

#### CDIB Capital Group and subsidiaries

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

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

#### China Life Insurance

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

b. Credit risk

KGI Bank and subsidiaries

1) Definition and source of credit risk

Credit risk is the risk of financial loss to KGI Bank if a creditor or counterparty fails to meet its contractual obligations or has negative changes in its credit quality. Credit risk management covers all operating activities that involve credit risk, including loans, call loans to banks, banking book securities investment, financial derivatives, repurchase agreement transactions and other operating activities.

2) Credit risk management policy

KGI Bank has standard control procedures for credit risk identification, measurement, and generation of disclosures and reports to be used for a rational identification, measurement, disclosure, and effective control of credit risk. These procedures include applying standard screening criteria for target clients, credit investigations for credit approval or rejection, careful deliberation of applications for certain exceptions, credit review, management of non-performing loans and requests, and control over all related documents and information. KGI Bank also adjusts the credit risk structure accordingly so that credit portfolios are within KGI Bank's risk appetite. Further, KGI Bank assesses the changes in the economy to adjust risk structure and develops strategies in response to these changes to raise shareholders' value and ensure the risk is bearable.

Based on the risk management policies, the management process is carried out as follows:

a) Credit investigation

In screening target clients, KGI Bank asks for all the necessary documents from the clients in order to get an accurate understanding of their backgrounds accurately and control credit portfolios within the acceptable range.

b) Credit approval

Cases that have passed the credit investigation are reviewed by the credit authority of each level.

The credit authorities approve credits in accordance with KGI Bank's credit limit structure and authorization policies. KGI Bank's credit approval structure and policies are based not only on the Banking Act and other government rules for credit extended to the same person or affiliated enterprises/groups, industry and country, but also on the professionalism of KGI Bank's credit authorities and the quality of asset control. The amounts of credit authorized are reviewed by the credit authorities occasionally.

c) Post-lending loan review

The corporate banking segment of KGI Bank tracks the borrowers' financial and business conditions, generates risk assessment reports on credit asset portfolios regularly, operates a risk warning system and adjusts business development strategies as needed to cope with economic conditions and changes in asset quality through the use of an account management scheme and a regular-reassessment system. For consumer banking business, they track and control the changes in asset quality through the use of regular-assessment system, and handle the changes in borrowers' credit quality instantly through the use of regular-reassessment system. For delinquent loans, KGI Bank uses the concentration management method, together with information systems and analysis models, to enhance and expedite the collection of non-performing loans.

d) Risk report and information disclosures

The risk management department is responsible for measuring risk, preparing quarterly risk report, including all risk management index and risk capital requirement assessment and reporting to risk management committee and board of directors.

3) Credit risk hedge or mitigation policies

Considering the asset hedge market and liquidity, KGI Bank takes the necessary risk reduction strategies, mainly on credit loan objects and hedge transactions involving assets with doubtful collectability or a long period of duration, including methods for increasing appropriate collateral with good liquidity, or transferring to credit guarantee institutions such as the Small and Medium Enterprise Credit Guarantee Fund of Taiwan to maximize the collateral. For determining the value of foreclosed collaterals, liquid securities will be evaluated at their market value; other collateral will be subject to field surveys by appraisal institution for their fair value assessment, which will be used as a basis for demanding additional collateral or adjusting the credit amount to ensure that risks are within KGI Bank's tolerance range.

If clients are found to have bad credit features, KGI Bank will strengthen the monitoring of the credit of borrower and guarantor and take measures, such as demanding an early repayment or additional collateral in mitigating KGI Bank's credit risk. In addition, KGI Bank sets different credit limits for counterparties involved in derivative transactions and enters into collateral support agreements with counterparties to ensure that risks are under control.

4) Maximum exposure to credit risk

The maximum exposure to credit risk from on-balance sheet financial assets was equal to their carrying values; without taking into collateral or other credit enhancements and unused revolving credit without credit card and cash card, the maximum exposure of credit risk from irrevocable off-balance sheet financial instruments was as follows:

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Irrevocable loan commitments, guarantees and letters of credit	\$ 42,507,746	\$ 57,251,227

KGI Bank believes that stringent selection processes and conducting regular review afterwards are the reasons why they can continuously control and minimize the credit risk exposure from their off-balance sheet items.

KGI Bank and subsidiaries' book values of maximum exposure credit risk for major credit assets were as follows:

Discounts and Loans						
December 31, 2022						
	Stage 3				The Adjustment under the Recognition/Discount	Total
	Stage 1 12-month Expected Credit Losses	Stage 2 Lifetime Expected Credit Losses	Lifetime Expected Credit Losses	Purchased or Originated Credit-impaired Financial Asset		
Short-term loans	\$ 50,495,544	\$ 659,915	\$ 643,696	\$ -		\$ 51,799,155
Short-term secured loans	15,440,552	-	5,979	-		15,446,531
Medium-term loans	145,129,981	137,865	284,372	-		145,552,218
Medium-term secured loans	87,940,372	77,969	27,943	-		88,046,284
Long-term loans	8,267,089	504,125	709,940	-		9,481,154
Long-term secured loans	88,672,116	154,089	111,851	-		88,938,056
Loans reclassified to nonperforming loans	-	-	520,522	-		520,522
Export negotiations	21,719	-	-	-		21,719
Total book values	395,967,373	1,533,963	2,304,303	-		399,805,639
Impairment allowance	(702,059)	(99,224)	(617,242)	-		(1,418,525)
Impairment recognized in accordance with Regulation Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans					\$ (3,762,082)	(3,762,082)
Adjusting for discounts and loans premium					(52,214)	(52,214)
	<u>\$ 395,265,314</u>	<u>\$ 1,434,739</u>	<u>\$ 1,687,061</u>	<u>\$ -</u>	<u>\$ (3,814,296)</u>	<u>\$ 394,572,818</u>

Receivables						
December 31, 2022						
	Stage 3				The Adjustment under the Regulation	Total
	Stage 1 12-month Expected Credit Losses	Stage 2 Lifetime Expected Credit Losses	Lifetime Expected Credit Losses	Purchased or Originated Credit-impaired Financial Asset		
Credit card business	\$ 3,155,263	\$ 198,218	\$ 98,785	\$ -		\$ 3,452,266
Accounts receivable - forfaiting	3,521,111	-	-	-		3,521,111
Accounts receivable factoring without recourse	11,472,404	8	50	-		11,472,462
Acceptances	8,881	-	-	-		8,881
Installment accounts and lease receivables	6,256,331	72,059	54,958	-		6,383,348
Total book value	24,413,990	270,285	153,793	-		24,838,068
Impairment allowance	(46,841)	(23,273)	(38,123)	-		(108,237)
Impairment recognized in accordance with Regulation Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans					\$ (219,975)	(219,975)
	<u>\$ 24,367,149</u>	<u>\$ 247,012</u>	<u>\$ 115,670</u>	<u>\$ -</u>	<u>\$ (219,975)</u>	<u>\$ 24,509,856</u>

Discounts and Loans						
December 31, 2021						
	Stage 3				The Adjustment under the Recognition/Discount	Total
	Stage 1 12-month Expected Credit Losses	Stage 2 Lifetime Expected Credit Losses	Lifetime Expected Credit Losses	Purchased or Originated Credit-impaired Financial Asset		
Short-term loans	\$ 50,287,343	\$ 690,392	\$ 721,003	\$ -		\$ 51,698,738
Short-term secured loans	22,143,638	4,294	41	-		22,147,973
Medium-term loans	129,689,798	102,722	295,556	-		130,088,076
Medium-term secured loans	80,415,750	90,683	26,821	-		80,533,254
Long-term loans	6,412,535	493,158	684,389	-		7,590,082
Long-term secured loans	86,021,951	60,225	146,068	-		86,228,244
Loans reclassified to nonperforming loans	-	-	278,416	-		278,416
Export negotiations	32,089	-	-	-		32,089
Total book values	375,003,104	1,441,474	2,152,294	-		378,596,872
Impairment allowance	(856,760)	(102,498)	(499,580)	-		(1,458,838)
Impairment recognized in accordance with Regulation Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans					\$ (3,415,417)	(3,415,417)
Adjusting for discounts and loans premium					(52,228)	(52,228)
	<u>\$ 374,146,344</u>	<u>\$ 1,338,976</u>	<u>\$ 1,652,714</u>	<u>\$ -</u>	<u>\$ (3,467,645)</u>	<u>\$ 373,670,389</u>

Receivables						
December 31, 2021						
	Stage 1		Stage 2		Stage 3	
	12-month Expected Credit Losses		Lifetime Expected Credit Losses		Purchased or Originated Credit-impaired Financial Asset	The Adjustment under the Regulation
						Total
Credit card business	\$ 2,994,684		\$ 202,148		\$ 99,459	\$ -
Accounts receivable - forfaiting	5,624,574		-		-	-
Accounts receivable factoring without recourse	8,151,934		46		81	-
Acceptances	190,903		-		-	-
Installment accounts and lease receivables	5,705,389		4,762		44,493	-
Total book value	22,667,484		206,956		144,033	-
Impairment allowance	(47,554)		(18,614)		(30,164)	-
Impairment recognized in accordance with Regulation Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans						\$ (195,728)
	<u>\$ 22,619,930</u>		<u>\$ 188,342</u>		<u>\$ 113,869</u>	<u>\$ (195,728)</u>
						<u>\$ 22,726,413</u>

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

	December 31	
	2022	2021
Financial assets at FVTPL		
Debt instrument	\$ 9,652,537	\$ 12,835,798
Derivatives instruments	24,212,238	9,988,612

#### 5) Collaterals and credit enhancement

KGI Bank and its subsidiaries' pledged collaterals associated with credit include discounts, loans and receivables which contain real estate, properties (e.g.: Machinery), rights certificates and securities (e.g.: Certificates of deposit, stocks), notes receivable arose from borrowing of business transactions, deposits guaranteed by authorities of treasury department of government, banks or guarantee institutions authorized by government (e.g.: SME credit guarantee fund and letter of credit guaranteed) and mortgages set in accordance with the laws including registration of land rights. Financial assets held by KGI Bank are part of corporate bonds guaranteed by financial institutions as credit enhancement.

KGI Bank and subsidiaries observe collateral's value of financial instrument closely, and consider recognizing impairment for financial assets with credit impairment. KGI Bank and subsidiaries' financial assets with impairment, and collateral's values for mitigation of potential losses were as follows:

December 31, 2022

	<b>Total Book Value</b>	<b>Credit Impairment</b>	<b>Amount of Risk Exposure (Amortized Cost)</b>	<b>Collaterals Value</b>
Impaired asset:				
Accounts receivable				
Credit card business	\$ 98,785	\$ 19,259	\$ 79,526	\$ -
Accounts receivable factoring	50	2	48	-
Installment receivables and lease receivables	54,958	18,862	36,096	-
Discounts and loans	<u>2,304,303</u>	<u>617,242</u>	<u>1,687,061</u>	<u>224,965</u>
Total amount of impaired asset	<u>\$ 2,458,096</u>	<u>\$ 655,365</u>	<u>\$ 1,802,731</u>	<u>\$ 224,965</u>

December 31, 2021

	<b>Total Book Value</b>	<b>Credit Impairment</b>	<b>Amount of Risk Exposure (Amortized Cost)</b>	<b>Collaterals Value</b>
Impaired asset:				
Accounts receivable				
Credit card business	\$ 99,459	\$ 18,757	\$ 80,702	\$ -
Accounts receivable factoring	81	4	77	-
Installment receivables and lease receivables	44,493	11,403	33,090	-
Discounts and loans	<u>2,152,294</u>	<u>499,580</u>	<u>1,652,714</u>	<u>226,587</u>
Total amount of impaired asset	<u>\$ 2,296,327</u>	<u>\$ 529,744</u>	<u>\$ 1,766,583</u>	<u>\$ 226,587</u>

The amount of the KGI Bank and subsidiaries' financial assets which has been written off and still has recourse activities of outstanding contract amount is \$530,220 thousand and \$782,211 thousand for the years ended December 31, 2022 and 2021.

6) Concentrations of credit risk

Concentrations of credit risk arise when there is only one counterparty, or when there is a number of more than one counterparties but they are engaged in similar economic activities and have similar economic characteristics, so that their collective ability to meet contractual obligations is uniformly affected by changes in economic or other conditions.

Credit risk concentration can arise from a bank's assets, liabilities, or off-balance sheet items through the execution or processing of transactions (either product or service), or through a combination of exposures across these broad categories. It includes credits, due from and call loans to banks, investments, receivables and derivatives, etc. KGI Bank maintained a diversified loan portfolio to mitigate the credit risk concentration to the same customers or the same counterparty; total transaction of the same customers or the same counterparty in discounts and loans are not material. To manage credit risk concentration, KGI Bank maintains a diversified portfolio and monitors its exposure continually. KGI Bank's most significant concentrations of credit risk are summarized as follows:

a) By object

Object	December 31, 2022		December 31, 2021	
	Amount	%	Amount	%
Public and private enterprise	\$ 241,584,897	60.43	\$ 230,312,065	60.83
Natural person	157,964,018	39.51	148,044,807	39.10
Non-profit organization	256,724	0.06	240,000	0.07
Total	\$ 399,805,639	100.00	\$ 378,596,872	100.00

b) By region

Region	December 31, 2022		December 31, 2021	
	Amount	%	Amount	%
Domestic	\$ 316,427,583	79.15	\$ 299,569,449	79.13
Overseas	83,378,056	20.85	79,027,423	20.87
Total	\$ 399,805,639	100.00	\$ 378,596,872	100.00

c) By collateral

Collateral	December 31, 2022		December 31, 2021	
	Amount	%	Amount	%
Non-collateral	\$ 207,343,404	51.86	\$ 189,661,926	50.10
Collateral				
Property	172,558,268	43.16	161,608,496	42.69
Guarantee	7,846,720	1.96	14,636,496	3.87
Financial collateral	6,472,978	1.62	6,674,661	1.76
Other	5,584,269	1.40	6,015,293	1.58
Total	\$ 399,805,639	100.00	\$ 378,596,872	100.00

7) Management of foreclosed collateral

Foreclosed collaterals are recorded at cost, using lower-at-cost or market approach as of the balance sheet date. For those foreclosed collaterals which were not disposed of within the statutory period, except for applying for an extension of the disposal period, if the competent authority ask for the increase of its provision for possible losses, KGI bank should execute as required.

	December 31	
	2022	2021
Foreclosed collateral	\$ 588,985	\$ 588,985
Accumulated impairment	<u>(588,985)</u>	<u>(588,985)</u>
	<u>\$ -</u>	<u>\$ -</u>

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

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

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

Item			December 31, 2022				
			Nonperforming Loan (NPL) (Note 1)	Total Loans	NPL Ratio (Note 2)	Loan Loss Reserves (LLR)	Coverage Ratio (Note 3)
Corporate loan	Secured		\$ 31,420	\$ 92,794,875	0.03%	\$ 1,166,063	3,711.22%
	Unsecured		243,179	161,763,577	0.15%	1,868,485	768.36%
Consumer loan	Mortgage (Note 4)		30,259	72,496,927	0.04%	1,088,466	3,597.22%
	Cash card		117,390	10,882,352	1.08%	222,464	189.51%
	Micro credit (Note 5)		346,571	34,635,885	1.00%	544,692	157.17%
	Other (Note 6)	Secured	12,428	27,191,233	0.05%	290,020	2,333.54%
		Unsecured	-	40,790	0.00%	417	-
Total			781,247	399,805,639	0.20%	5,180,607	663.12%
			Overdue Receivable	Account Receivable	Delinquency Ratio	Allowance for Credit Losses	Coverage Ratio
Credit card			\$ 21,505	\$ 3,452,266	0.62%	\$ 49,954	232.29%
Account receivable - factored without recourse (Note 7)			5	11,472,462	0.00%	146,546	2,836,184.07%

Item			December 31, 2021				
			Nonperforming Loan (NPL) (Note 1)	Total Loans	NPL Ratio (Note 2)	Loan Loss Reserves (LLR)	Coverage Ratio (Note 3)
Corporate loan	Secured		\$ 16,199	\$ 90,782,156	0.02%	\$ 1,144,000	7,062.16%
	Unsecured		137,867	149,890,772	0.09%	1,682,510	1,220.38%
Consumer loan	Mortgage (Note 4)		6,509	70,989,386	0.01%	1,065,074	16,364.03%
	Cash card		92,915	11,378,885	0.82%	270,757	291.40%
	Micro credit (Note 5)		235,122	28,328,896	0.83%	421,661	179.34%
	Other (Note 6)	Secured	22,122	27,163,406	0.08%	289,602	1,309.08%
		Unsecured	-	63,371	0.00%	651	-
Total			510,734	378,596,872	0.13%	4,874,255	954.36%
			Overdue Receivable	Account Receivable	Delinquency Ratio	Allowance for Credit Losses	Coverage Ratio
Credit card			\$ 15,572	\$ 3,296,291	0.46%	\$ 54,266	355.33%
Account receivable - factored without recourse (Note 7)			10	8,152,061	0.00%	103,891	1,001,457.39%

Note 1: Non-performing loans are reported in accordance with the “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans” issued by Ministry of Finance. Overdue credit card receivables are regulated by Order No. 0944000378 announced by the FSC on July 6, 2005.

Note 2: NPL ratio = NPL/Total loans. For credit card business: Delinquency ratio = Overdue credit card receivables/Credit card receivables balance.

Note 3: Coverage ratio = LLR/NPL. Coverage ratio of credit receivables: Allowance for credit losses/Overdue credit card receivables.

Note 4: Household mortgage refers to financing obtained to buy, build, or fix houses owned by the borrower or the borrower’s spouse or children, with the house used as loan collateral.

Note 5: Micro credit is covered by a Banking Bureau pronouncement dated December 19, 2005 (Order No. 09440010950) and is excluded from credit card and cash card loans.

Note 6: “Others” under consumer loans refers to secured or unsecured loans other than mortgage loans, cash cards, micro credit, and it does not include credit cards.



Note 7: As required by the Banking Bureau in its letter dated July 19, 2005 (Order No. 0945000494), allowance for bad debt is recognized once no compensation is made by a factor or insurance company within three months for accounts receivable - factoring without recourse.

b) Exemption of KGI Bank's nonperforming loans and overdue receivables

Items	December 31, 2022		December 31, 2021	
	Excluded NPL	Excluded Overdue Receivables	Excluded NPL	Excluded Overdue Receivables
Amounts of executed contracts on negotiated debts not reported (Note 1)	\$ 3,017	\$ 61	\$ 4,227	\$ 80
Amounts of executed debt settlement program and rehabilitation program not reported (Note 2)	68,301	5,998	61,035	6,179
Total	\$ 71,318	\$ 6,049	\$ 65,262	\$ 6,259

Note 1: The disclosure of excluded NPLs and excluded overdue receivables resulting from debt negotiations and loan agreements is based on the Banking Bureau letter dated April 25, 2006 (Order No. 09510001270).

Note 2: The disclosure of excluded NPLs and excluded overdue receivables resulting from consumer debt clearance is based on the Banking Bureau letters dated September 15, 2008 (Order No. 09700318940) and dated September 20, 2016 (Order No. 10500134790).

c) Concentration of KGI Bank's credit extensions

**December 31, 2022**

**(In Thousands of New Taiwan Dollars, %)**

Top 10 Ranking	Group (Industry Category)	Total Credit	Percentage of Net Worth
1	A Group - real estate development activities	\$ 6,567,569	10.68
2	B Group - manufacture of liquid crystal panel and components	6,242,325	10.16
3	C Group - department store	5,936,900	9.66
4	D Group - manufacture of wire and cable	5,509,080	8.96
5	E Group - real estate development activities	5,178,276	8.42
6	F Group - real estate activities for sale and rental	4,009,825	6.52
7	G Group - financial leasing	3,992,322	6.50
8	H Group - real estate development activities	3,798,000	6.18
9	I Group - manufacture of liquid crystal panel and components	3,649,517	5.94
10	J Group - cable telecommunications industry	3,516,017	5.72

December 31, 2021

(In Thousands of New Taiwan Dollars, %)

Top 10 Ranking	Group (Industry Category)	Total Credit	Percentage of Net Worth
1	B Group - manufacture of liquid crystal panel and components	\$ 6,364,242	9.63
2	C Group - department store	6,244,128	9.45
3	H Group - real estate development activities	6,148,000	9.30
4	D Group - manufacture of electronic passive devices	5,412,110	8.19
5	K Group - computers manufacturing	5,195,614	7.86
6	E Group - real estate activities for sale and rental	5,138,384	7.78
7	F Group - real estate activities for sale and rental	4,154,123	6.29
8	A Group - activities of other holding companies	3,766,329	5.70
9	I Group - manufacture of liquid crystal panel and components	3,644,724	5.52
10	J Group - cable telecommunications industry	3,331,589	5.04

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

Credit business

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

a) Quantitative index

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

b) Qualitative index

- i. Changes in the current or predicted operating, financial, or economic conditions that are expected to cause a significant change in the ability of the borrower to perform its obligations.
- ii. Actual or expected significant changes in borrower's operating results.
- iii. The credit risk of other credit contracts of the same borrower has increased significantly.
- iv. Individual credit assets, if the client did not suffer from financial difficulties at the time of the agreement can be included after assessment.

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

## 10) Definition of default and credit impaired financial assets

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

### a) Quantitative index

- i. When the borrower's overdue payment of the contract is more than 90 days.
- ii. Changes in external rating of guarantor or issuer of the notes or bonds.

### b) Qualitative index

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

- i. Borrower has been bankrupt or may file a petition for bankruptcy or financial restructuring.
- ii. Borrower's loan contract has been reclassified to nonperforming loans or has been written off as bad debts by the KGI Bank.
- iii. Due to financial or contractual reasons related to the financial difficulties of the borrower, the creditor of the borrower gives the borrower concessions that would not have been considered or agreed (agreements).
- iv. For cases involving the sale of non-performing loans and suits.
- v. Payment by the bank to fulfill off-balance sheet financial contracts (e.g., guarantee advances).

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

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

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

- i. The guarantor or issuer cannot repay the principal or interest on the maturity date of the note or bond.
- ii. Before the maturity of the note or bond, it can be objectively determined that the bond guarantor or issuer of note or bond may not be able to repay the principal and interest of the note or bond on time.
- iii. Before the maturity of the note or bond, the bond guarantor or issuer of note or bond is in bankruptcy or in reorganization or taken over due to financial difficulties.
- iv. Before the maturity of the note or bond, the bond guarantor or issuer of note or bond closes down or is in the process of performing other financial restructuring.

#### 11) Write-off policy

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

- a) When reaching the criteria of write-off of the regulation.
- b) There is a need to expedite the reduction of non-performing loans or for certain businesses that needs to comply with the requirements of the governing authorities.
- c) Written off by the governing authorities or the financial inspection authorities.
- d) Although the collateral has been collected, if it is difficult to dispose of the collateral or it may take a long time to recover the loan, the creditor's balance shall be written of within the period which specified in a).
- e) Obtaining the documentary evidence or supporting documents with the assessments that it is not possible to recover the loan.

#### 12) Amendment of contract cash flows of financial assets

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

#### 13) Measurement of expected credit losses

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

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

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

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

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

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

#### 14) Considerations of forward-looking information

KGI Bank incorporates forward-looking information when measuring expected credit losses on loans and receivables. Based on the business characteristics, KGI Bank selected the appropriate overall indicators as an adjustment parameter for default probability of lending. Based on the type of business, KGI Bank used different overall indicator. The Corporate banking business takes the Economic Growth Rate (GDP) as an adjustment parameter; the consumer banking business takes employment rate variation as adjustment parameter. KGI Bank will make reference to external information (predicted value of internationally renowned economic forecasting institutions) or group expert assessments to provide forecasting information on economic factors. quarterly. For example, the changes of leading index and interbank offered rate as basic economic conditions; it contains the best estimate of the economic situation in the next five years.

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

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

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

For Year Ended December 31, 2022

	Stage 1	Stage 2		Stage 3		Impairment in Accordance With IFRS 9	The Adjustments Under Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Nonperforming/ Nonaccrual Loans	Total
	12 Months ECL	Lifetime ECL (Collectively Assessed)	Lifetime ECL (Individually Assessed)	Non-purchased or Originated Credit-impaired Financial Assets	Purchased or Originated Credit-impaired Financial Assets			
Balance at January 1	\$ 102,916	\$ 443	\$ -	\$ 448	\$ -	\$ 103,807	\$ 231,078	\$ 334,885
Changes due to financial instruments that have been identified at the beginning of the period:								
To lifetime ECL	(2)	2	-	-	-	-		-
From conversion to credit-impaired financial assets	-	-	-	-	-	-		-
To 12-month ECL	291	(159)	-	(132)	-	-		-
Derecognizing financial assets during the current period	(60,189)	(385)	-	(381)	-	(60,955)		(60,955)
Purchased or originated new financial assets	33,935	13	-	4	-	33,952		33,952
The adjustments under regulations governing the procedures for banking institutions to evaluate assets and deal with nonperforming/nonaccrual loans							(124,076)	(124,076)
Effect of exchange rate changes and others	(13,927)	116	-	102	-	(13,709)		(13,709)
Balance at December 31, 2022	\$ 63,024	\$ 30	\$ -	\$ 41	\$ -	\$ 63,095	\$ 107,002	\$ 170,097

KGI Bank and subsidiaries had no significant subsidiaries had no significant increase in the expected credit loss of off-balance-sheet guarantees and loan commitments for the year ended December 31, 2022. The aforementioned provision on December 31, 2022 decreased by \$164,788 thousand from the beginning of the year.

For Year Ended December 31, 2021

	Stage 1	Stage 2		Stage 3		Impairment in Accordance With IFRS 9	The Adjustments Under Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Nonperforming/ Nonaccrual Loans	Total
	12 Months ECL	Lifetime ECL (Collectively Assessed)	Lifetime ECL (Individually Assessed)	Non-purchased or Originated Credit-impaired Financial Assets	Purchased or Originated Credit-impaired Financial Assets			
Balance at January 1	\$ 112,463	\$ 371	\$ -	\$ 874	\$ -	\$ 113,708	\$ 197,565	\$ 311,273
Changes due to financial instruments that have been identified at the beginning of the period:								
To lifetime ECL	(11)	11	-	-	-	-		-
From conversion to credit-impaired financial assets	(1)	(6)	-	7	-	-		-
To 12-month ECL	379	(120)	-	(259)	-	-		-
Derecognizing financial assets during the current period	(14,620)	(489)	-	(612)	-	(15,721)		(15,721)
Purchased or originated new financial assets	18,791	29	-	292	-	19,112		19,112
The adjustments under regulations governing the procedures for banking institutions to evaluate assets and deal with nonperforming/nonaccrual loans							33,513	33,513
Effect of exchange rate changes and others	(14,085)	647	-	146	-	(13,292)		(13,292)
Balance at December 31, 2021	\$ 102,916	\$ 443	\$ -	\$ 448	\$ -	\$ 103,807	\$ 231,078	\$ 334,885

KGI Bank and subsidiaries had no significant increase in the expected credit loss of off-balance-sheet guarantees and loan commitments for the year ended December 31, 2021. The aforementioned provision on December 31, 2021 increased by \$23,612 thousand from the beginning of the year.

16) A loss allowance for financial assets measured at FVTOCI

For the years ended December 31, 2022 and 2021, there was no significant increase in the credit risk of debt instruments measured at FVTOCI of KGI Bank and subsidiaries; therefore, the loss allowance was assessed based on 12 months expected credit losses. As of December 31, 2022 and 2021, loss allowance for debt instruments measured at FVTOCI due to the adjustment of the portfolio were \$33,240 thousand and \$29,181 thousand, respectively.

17) A loss allowance for financial assets measured at amortized cost

For the years ended December 31, 2022 and 2021, there was no significant increase in the credit risk of debt investments measured at amortized cost of KGI Bank and subsidiaries; therefore, the loss allowance was assessed based on 12 months expected credit losses. As of December 31, 2022 and 2021, the recognition of loss allowance were \$5,153 thousand and \$2,704 thousand, respectively.

18) Loss allowance for receivables

The reconciliation statement of loss allowance for receivables for the years ended December 31, 2022 and 2021 of the KGI Bank and subsidiaries were as follows:

For Year Ended December 31, 2022

	Stage 1	Stage 2		Stage 3		Impairment in Accordance With IFRS 9	The Adjustments Under Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Nonperforming/ Nonaccrual Loans	Total
	12 Months ECL	Lifetime ECL (Collectively Assessed)	Lifetime ECL (Individually Assessed)	Non-purchased or Originated Credit-impaired Financial Assets	Purchased or Originated Credit-impaired Financial Assets			
Balance at January 1	\$ 48,561	\$ 18,939	\$ -	\$ 1,061,897	\$ -	\$ 1,129,397	\$ 194,566	\$ 1,323,963
Changes due to financial instruments that have been identified at the beginning of the period:								
To lifetime ECL	(327)	1,882	-	(1,555)	-	-	-	-
From conversion to credit-impaired financial assets	(157)	(551)	-	708	-	-	-	-
To 12-month ECL	1,044	(748)	-	(296)	-	-	-	-
Derecognizing financial assets during the current period	(58,371)	(791)	-	(3,917)	-	(63,079)	-	(63,079)
Purchased or originated new financial assets	67,235	932	-	3,380	-	71,547	-	71,547
The adjustments under regulations governing the procedures for banking institutions to evaluate assets and deal with nonperforming/nonaccrual loans	-	-	-	-	-	-	27,938	27,938
Write-off	-	-	-	(1,225)	-	(1,225)	-	(1,225)
Recovery of written-off	-	-	-	8,024	-	8,024	-	8,024
Effect of exchange rate changes and others	(9,950)	4,183	-	79,921	-	74,154	-	74,154
Balance at December 31, 2022	<u>\$ 48,035</u>	<u>\$ 23,846</u>	<u>\$ -</u>	<u>\$ 1,146,937</u>	<u>\$ -</u>	<u>\$ 1,218,818</u>	<u>\$ 222,504</u>	<u>\$ 1,441,322</u>

For Year Ended December 31, 2021

	Stage 1	Stage 2		Stage 3		Impairment in Accordance With IFRS 9	The Adjustments Under Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Nonperforming/ Nonaccrual Loans	Total
	12 Months ECL	Lifetime ECL		Lifetime ECL				
		Lifetime ECL (Collectively Assessed)	Lifetime ECL (Individually Assessed)	Non-purchased or Originated Credit-impaired Financial Assets	Purchased or Originated Credit-impaired Financial Assets			
Balance at January 1	\$ 54,052	\$ 39,244	\$ -	\$ 1,098,055	\$ -	\$ 1,191,351	\$ 237,123	\$ 1,428,474
Changes due to financial instruments that have been identified at the beginning of the period:								
To lifetime ECL	(348)	2,694	-	(2,346)	-	-	-	-
From conversion to credit-impaired financial assets	(249)	(8,324)	-	8,573	-	-	-	-
To 12-month ECL	554	(197)	-	(357)	-	-	-	-
Derecognizing financial assets during the current period	(26,487)	(4,226)	-	(8,513)	-	(39,226)		(39,226)
Purchased or originated new financial assets	34,026	75	-	292	-	34,393		34,393
The adjustments under regulations governing the procedures for banking institutions to evaluate assets and deal with nonperforming/nonaccrual loans							(42,557)	(42,557)
Write-off	-	-	-	(27,203)	-	(27,203)		(27,203)
Recovery of written-off	-	-	-	16,663	-	16,663		16,663
Effect of exchange rate changes and others	(12,987)	(10,327)	-	(23,267)	-	(46,581)		(46,581)
Balance at December 31, 2021	\$ 48,561	\$ 18,939	\$ -	\$ 1,061,897	\$ -	\$ 1,129,397	\$ 194,566	\$ 1,323,963

Changes in total book values of receivables for the years ended December 31, 2022 and 2021 of KGI Bank and subsidiaries were as follows:

For Year Ended December 31, 2022

	Stage 1	Stage 2		Stage 3		Total
	12 Months ECL	Lifetime ECL		Lifetime ECL		
		Lifetime ECL (Collectively Assessed)	Lifetime ECL (Individually Assessed)	Non-purchased or Originated Credit-impaired Financial Assets	Purchased or Originated Credit-impaired Financial Assets	
Balance at January 1	\$ 26,298,634	\$ 213,353	\$ -	\$ 1,630,372	\$ -	\$ 28,142,359
Conversion from individual financial instruments to lifetime ECL	-	-	-	-	-	-
Conversion from individual financial instruments to credit-impaired financial assets	-	-	-	-	-	-
Roll-out individual financial instruments from credit-impaired financial assets	-	-	-	-	-	-
Receivables based on collective assessment	(88,054)	65,451	-	22,603	-	-
Purchased or originated new receivables	25,142,563	13,171	-	11,479	-	25,167,213
Write-off	-	-	-	(1,225)	-	(1,225)
Derecognition	(22,947,167)	(53,241)	-	(30,752)	-	(23,031,160)
Effect of exchange rate changes and others	<u>1,357,245</u>	<u>42,687</u>	<u>-</u>	<u>120,358</u>	<u>-</u>	<u>1,520,290</u>
Balance at December 31, 2022	<u>\$ 29,763,221</u>	<u>\$ 281,421</u>	<u>\$ -</u>	<u>\$ 1,752,835</u>	<u>\$ -</u>	<u>\$ 31,797,477</u>



For Year Ended December 31, 2021

	Stage 1	Stage 2		Stage 3		Total
	12 Months ECL	Lifetime ECL		Lifetime ECL		
		Lifetime ECL (Collectively Assessed)	Lifetime ECL (Individually Assessed)	Non-purchased or Originated Credit-impaired Financial Assets	Purchased or Originated Credit-impaired Financial Assets	
Balance at January 1	\$ 29,977,874	\$ 239,811	\$ -	\$ 1,686,563	\$ -	\$ 31,904,248
Conversion from individual financial instruments to lifetime ECL	-	-	-	-	-	-
Conversion from individual financial instruments to credit-impaired financial assets	(112)	-	-	112	-	-
Roll-out individual financial instruments from credit-impaired financial assets	-	-	-	-	-	-
Receivables based on collective assessment	(81,922)	37,468	-	44,454	-	-
Purchased or originated new receivables	9,589,038	861	-	740	-	9,590,639
Write-off	-	-	-	(27,203)	-	(27,203)
Derecognition	(12,779,036)	(64,786)	-	(43,308)	-	(12,887,130)
Effect of exchange rate changes and others	(407,208)	(1)	-	(30,986)	-	(438,195)
Balance at December 31, 2021	\$ 26,298,634	\$ 213,353	\$ -	\$ 1,630,372	\$ -	\$ 28,142,359

19) Loss allowance for discounts and loans

The reconciliation statement of allowance for bad debts of discounts and loans for the years ended December 31, 2022 and 2021 of the KGI Bank and subsidiaries were as follows:

For Year Ended December 31, 2022

	Stage 1	Stage 2		Stage 3		Impairment in Accordance With IFRS 9	The Adjustments Under Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Nonperforming/ Nonaccrual Loans	Total
	12 Months ECL	Lifetime ECL		Lifetime ECL				
		Lifetime ECL (Collectively Assessed)	Lifetime ECL (Individually Assessed)	Non-purchased or Originated Credit-impaired Financial Assets	Purchased or Originated Credit-impaired Financial Assets			
Balance at January 1	\$ 856,760	\$ 102,498	\$ -	\$ 499,580	\$ -	\$ 1,458,838	\$ 3,415,417	\$ 4,874,255
Changes due to financial instruments that have been identified at the beginning of the period:								
To lifetime ECL	(2,450)	13,890	-	(11,440)	-	-	-	-
From conversion to credit-impaired financial assets	(5,478)	(19,301)	-	24,779	-	-	-	-
To 12-month ECL	11,521	(2,583)	-	(8,938)	-	-	-	-
Derecognizing financial assets during the current period	(664,852)	(14,119)	-	(104,981)	-	(783,952)		(783,952)
Purchased or originated new financial assets	1,049,379	52,865	-	68	-	1,102,312		
The adjustments under regulations governing the procedures for banking institutions to evaluate assets and deal with nonperforming/nonaccrual loans							346,665	346,665
Write-off	-	-	-	(453,270)	-	(453,270)		(453,270)
Recovery of written-off	-	-	-	676,735	-	676,735		676,735
Effect of exchange rate changes and others	(542,821)	(34,026)	-	(5,291)	-	(582,138)		(582,138)
Balance at December 31, 2022	\$ 702,059	\$ 99,224	\$ -	\$ 617,242	\$ -	\$ 1,418,525	\$ 3,762,082	\$ 5,180,607

For Year Ended December 31, 2021

	Stage 1	Stage 2		Stage 3		Impairment in Accordance With IFRS 9	The Adjustments Under Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Nonperforming/ Nonaccrual Loans	Total
	12 Months ECL	Lifetime ECL		Lifetime ECL				
		Lifetime ECL (Collectively Assessed)	Lifetime ECL (Individually Assessed)	Non-purchased or Originated Credit-impaired Financial Assets	Purchased or Originated Credit-impaired Financial Assets			
Balance at January 1	\$ 1,213,597	\$ 89,205	\$ -	\$ 557,519	\$ -	\$ 1,860,321	\$ 3,135,568	\$ 4,995,889
Changes due to financial instruments that have been identified at the beginning of the period:								
To lifetime ECL	(3,229)	19,129	-	(15,900)	-	-	-	-
From conversion to credit-impaired financial assets	(6,023)	(11,254)	-	17,277	-	-	-	-
To 12-month ECL	11,749	(2,277)	-	(9,472)	-	-	-	-
Derecognizing financial assets during the current period	(552,292)	(14,663)	-	(67,877)	-	(634,832)		(634,832)
Purchased or originated new financial assets	1,170,059	71	-	259	-	1,170,389		1,170,389
The adjustments under regulations governing the procedures for banking institutions to evaluate assets and deal with nonperforming/nonaccrual loans							279,849	279,849
Write-off	-	-	-	(691,658)	-	(691,658)		(691,658)
Recovery of written-off	-	-	-	655,256	-	655,256		655,256
Effect of exchange rate changes and others	(977,101)	22,287	-	54,176	-	(900,638)		(900,638)
Balance at December 31, 2021	\$ 856,760	\$ 102,498	\$ -	\$ 499,580	\$ -	\$ 1,458,838	\$ 3,415,417	\$ 4,874,255

Changes in total book values of discounts and loans for the years ended December 31, 2022 and 2021 of the KGI Bank and subsidiaries were as follows:

For Year Ended December 31, 2022

	Stage 1	Stage 2		Stage 3		Total
	12 Months ECL	Lifetime ECL		Lifetime ECL		
		Lifetime ECL (Collectively Assessed)	Lifetime ECL (Individually Assessed)	Non-purchased or Originated Credit-impaired Financial Assets	Purchased or Originated Credit-impaired Financial Assets	
Balance at January 1	\$ 375,003,104	\$ 1,441,474	\$ -	\$ 2,152,294	\$ -	\$ 378,596,872
Conversion from individual financial instruments to lifetime ECL	-	-	-	-	-	-
Conversion from individual financial instruments to credit-impaired financial assets	(127,836)	-	-	127,836	-	-
Roll-out individual financial instruments from credit-impaired financial assets	-	-	-	-	-	-
Discounts and loans based on collective assessment	(834,838)	339,060	-	495,778	-	-
Purchased or originated new discounts and loans	609,844,338	129,671	-	1,021	-	609,975,030
Write-off	-	-	-	(453,270)	-	(453,270)
Derecognition	(594,783,697)	(376,774)	-	(273,656)	-	(595,434,127)
Effect of exchange rate changes and others	<u>6,866,302</u>	<u>532</u>	<u>-</u>	<u>254,300</u>	<u>-</u>	<u>7,121,134</u>
Balance at December 31, 2022	\$ 395,967,373	\$ 1,533,963	\$ -	\$ 2,304,303	\$ -	\$ 399,805,639

For Year Ended December 31, 2021

	Stage 1	Stage 2		Stage 3		Total
	12 Months ECL	Lifetime ECL		Lifetime ECL		
		Lifetime ECL (Collectively Assessed)	Lifetime ECL (Individually Assessed)	Non-purchased or Originated Credit-impaired Financial Assets	Purchased or Originated Credit-impaired Financial Assets	
Balance at January 1	\$ 376,225,602	\$ 1,426,197	\$ -	\$ 2,303,265	\$ -	\$ 379,955,064
Conversion from individual financial instruments to lifetime ECL	-	-	-	-	-	-
Conversion from individual financial instruments to credit-impaired financial assets	(367,700)	-	-	367,700	-	-
Roll-out individual financial instruments from credit-impaired financial assets	-	-	-	-	-	-
Discounts and loans based on collective assessment	(773,375)	308,224	-	465,151	-	-
Purchased or originated new discounts and loans	563,479,790	3,810	-	931	-	563,484,531
Write-off	-	-	-	(691,658)	-	(691,658)
Derecognition	(560,100,507)	(294,650)	-	(290,504)	-	(560,685,661)
Effect of exchange rate changes and others	(3,460,706)	(2,107)	-	(2,591)	-	(3,465,404)
Balance at December 31, 2021	\$ 375,003,104	\$ 1,441,474	\$ -	\$ 2,152,294	\$ -	\$ 378,596,872

KGI Securities and subsidiaries

Credit risk analysis

1) Source of credit risk

The credit risks that KGI Securities and subsidiaries are exposed to during financial transactions include issuer's credit risk, and counterparty credit risk, etc.

- Issuer's credit risk refers to the risk of financial loss that KGI Securities and subsidiaries face while possessing financial debt instruments when an issuer (or guarantor) or a bank defaults, files for bankruptcy or liquidates assets and in turn cannot honor the stipulations and fulfill the obligation of paying back (or fulfilling a guarantee).
- Counterparty credit risk refers to the risk of financial loss that KGI Securities and subsidiaries face when a counterparty in derivative financial instrument transactions or other counterparties do not complete a transaction or fulfill a payment obligation on the appointed date.

2) Credit risk management

The investment, acquisition of fixed-income securities, other financial assets, and credit risk management of current counterparties are handled in accordance with KGI Securities and subsidiaries' internal control procedures and related regulations, and most of them have reached an external credit rating investment grade or above, so credit risk is very low.

### 3) Default and credit derogation definition of financial assets

- a) The definition of the credit assets default of the KGI Securities and subsidiaries are the same as that of the impaired credit assets. If there is evidence that the issuer or counterparty will be unable to pay, or has significant financial difficulties, such as:
  - i. The issuer or counterparty has been bankrupt or may file a petition for bankruptcy or financial restructuring.
  - ii. The contract of the other financial instrument of the issuer or counterparty has been breached.
  - iii. The active market for the financial asset disappeared due to the financial difficulties of the issuer or counterparty.
  - iv. Purchase or initiate financial assets at a substantial discount that reflects credit losses that have occurred.
- b) The aforementioned definition of default and credit impairment applies to all financial assets held by KGI Securities and subsidiaries are consistent with the definition of financial assets used for internal credit risk management purposes, and is used in the relevant impairment assessment.
- c) If a credit asset is assessed to no longer meet the definition of default and credit impairment, it should return to the state of compliance, and is no longer considered a credit asset for default and credit impairment.
- d) KGI securities and subsidiaries' financial assets are written-off if they are unable to reasonably expect that financial assets will be recovered (e.g., significant financial difficulties for the issuer or the debtor, or bankrupt).

### 4) Credit risk statement for financial assets

#### a) Cash and cash equivalents

KGI Securities and subsidiaries mainly deposit cash such as cash in bank in creditworthy financial institutions and deposit a certain amount of securities in a specific accounts appointed by the futures companies when engaging in future trading. KGI Securities and subsidiaries regularly evaluate the financial, operating and credit risk status of financial institutions and futures companies, and control the credit risk with the results. The evaluated credit risk is under KGI Securities and subsidiaries' control.

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

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

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

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

- d) Bonds purchased under resell agreements

The counterparties with bonds purchased under resell agreements are mainly creditworthy financial institutions and companies. Because KGI Securities and subsidiaries holds bonds purchased under resell agreements as collateral, it can effectively reduce underlying exposure the counterparty's credit risk.

- e) Receivables

Receivables mainly include margin loans receivable, trading securities receivable, futures commission merchant receivable and accounts receivable, etc. The main credit risk is receivable on margin loans and trading securities receivable of credit trading customers. KGI Securities and subsidiaries closely monitor market fluctuations and counterparties credit history, and enforce related control measures to minimize the credit risk.

- f) Customer margin accounts

The exclusive account for depositing customer margin accounts is mainly opened in creditworthy banks, financial institutions and companies with investment grades, so there is no significant credit risk.

- g) Stock borrowing collateral price and guarantee deposits - borrowed securities

When KGI Securities borrows securities from outside, they must deposit the guaranty fund into the financial institution designated by the other parties. Because KGI Securities holds the foregoing borrowed securities simultaneously, it can effectively reduce the risk of the counterparty's credit risk.

- h) Other non-current assets

Other non-current assets are mainly operating guarantee deposits, clearing and settlement funds and guarantee deposits-out. KGI Securities and subsidiaries carefully evaluates the counterparty in accordance with the amount of deposit. The counterparties are a large number and the amount of each deposit is not high. The credit risk has been effectively dispersed, so the credit risk is very low.

## 5) Assessment of expected credit losses

- a) Consideration of forward-looking information

KGI Securities and subsidiaries take forward-looking information into consideration when assessing whether there has been a significant increase in financial assets' credit risk after initial recognition and when measuring of expected credit losses.

Probability of default of debt instrument investment (except for at fair value through profit or loss) used by KGI Securities and subsidiaries is based on the probability of default contained forward-looking general economic information and regularly announced by international credit rating agencies.

Except for debt instrument investments, financial assets of KGI Securities and subsidiaries are analyzed using historical data to determine the economic factors that affect the expected credit losses of each asset portfolios, and supplemented by the best expectation announced by the government-affiliated institutions and academic research units. The best estimate of expected credit losses are reevaluate and revised on each financial reporting date.

b) Receivables and other financial assets

KGI Securities and domestic subsidiaries

KGI Securities and its domestic subsidiaries use simplified approach of IFRS 9 to measure the allowance losses by lifetime expected credit losses. The lifetime expected credit losses are based on historical records, current information, and relevant forward-looking information calculated by a regression model. For the fact that KGI Securities and domestic subsidiaries' historical records of credit losses indicate that there is no significant difference in the loss patterns of different customer groups, it is not measured in groups.

Overseas subsidiaries

The financial assets of overseas subsidiaries whose credit risk do not increase significantly after initial recognition are measured as 12-month expected credit losses. For financial assets whose credit risk has increased significantly after initial recognition, they are measured as lifetime expected credit losses. Customers' past default records, counterparty credit ratings, current information and relevant forward-looking information are take into consideration when assessing expected credit losses. For the fact that there is no significant difference in the loss patterns of different customer groups of overseas subsidiaries, it is not measured in groups.

c) Debt instrument investment (except at fair value through profit or loss)

The original purchase is based on the premise that the credit risk is low, it is assessed whether the credit risk is significantly increased after the initial recognition on each balance sheet date to determine the method of measuring the allowance loss and its loss rate.

In order to measure expected credit losses, KGI Securities and subsidiaries consider the probability of default (PD) of financial assets or the issuer or counterparty for the next 12 months and lifetime, which collectively consider the loss given default (LGD), and is multiplied by exposure at default (EAD). KGI Securities and subsidiaries assess financial assets measured at amortized cost with exposure at default and consider the impact of time value of money to calculate the expected credit losses for 12 months and lifetime, respectively.

Probability of default is the probability that the issuer or the counterparty will default, and loss rate given default is the rate of loss caused by default by the issuer or counterparty. The probability of default and loss given default used by KGI Securities and subsidiaries in related assessment of impairment are mainly relied on the probability of default and loss given default that are regularly announced by international credit rating agencies.

The aforementioned impairment assessment method and related indicators of debt instrument investment are described as follows:

<b>Degree of Credit Risk</b>	<b>Indicators</b>	<b>Measurement of Expected Credit Loss</b>
Stage 1	Low credit risk	12 months expected credit loss
Stage 2	Credit risk significantly increase (Note)	Lifetime expected credit loss
Stage 3	Impaired/default	Lifetime expected credit loss

Note: KGI Securities and subsidiaries consider information which indicates significant and evidential increase in credit risk (including forward-looking information) since the initial recognition. The main considerations including:

- i. External credit ratings, overdue status information, credit spreads, other market information related to borrowers, issuers or counterparties, and the same borrowers' credit risk of other financial instruments increases significantly.
  - ii. Low credit risk: If it is determined that the credit risk of a financial instrument at the reporting date is low, it can be assumed that the credit risk of the financial instrument has not increased significantly since the date of initial recognition.
- 6) The estimation techniques or material assumptions used by KGI Securities and subsidiaries to assess expected credit losses did not change significantly for the years ended December 31, 2022 and 2021.

Disclosure of total book value and allowance loss for financial assets' expected credit loss

- 1) Summary of KGI Securities and subsidiaries' total book value and allowance loss as of December 31, 2022 and 2021 are listed as follows:

Financial assets at fair value through other comprehensive income

Total book value for financial assets at debt instruments at fair value through other comprehensive income as of December 31, 2022 and 2021 were \$45,927,185 thousand and \$29,754,716 thousand, respectively, and allowance were \$20,697 thousand and \$23,735 thousand, respectively.

Accounts receivable and othersDecember 31, 2022

	<b>Total Book Value</b>	<b>Less: Allowance Loss</b>	<b>Total</b>
Cash and cash equivalents	\$ 34,755,535	\$ (1,127)	\$ 34,754,408
Bonds purchased under resell agreement	8,487,954	(2)	8,487,952
Margin loans receivables	24,300,857	(2,306)	24,298,551
Trading securities receivables	9,217,552	(1,073)	9,216,479
Customer's margin accounts	58,940,082	(5,700)	58,934,382
Futures commission merchant receivable	134,148	(134,146)	2
Deposits required for securities borrowing	34,978,198	(4)	34,978,194
Accounts receivable	29,822,421	(2,205)	29,820,216
Other current assets	36,429,814	(13,279)	36,416,535
Other non-current assets	<u>4,884,687</u>	<u>(881,966)</u>	<u>4,002,721</u>
	<u>\$ 241,951,248</u>	<u>\$ (1,041,808)</u>	<u>\$ 240,909,440</u>

December 31, 2021

	<b>Total Book Value</b>	<b>Less: Allowance Loss</b>	<b>Total</b>
Cash and cash equivalents	\$ 15,671,771	\$ (90)	\$ 15,671,681
Bonds purchased under resell agreement	13,702,755	(11)	13,702,744
Margin loans receivables	39,093,159	(3,010)	39,090,149
Trading securities receivables	7,279,801	(548)	7,279,253
Customer's margin accounts	51,969,284	(1,468)	51,967,816
Futures commission merchant receivable	134,733	(134,733)	-
Deposits required for securities borrowing	40,699,616	(18)	40,699,598
Accounts receivable	40,363,415	(2,352)	40,361,063
Other current assets	55,952,946	(12,320)	55,940,626
Other non-current assets	<u>3,884,423</u>	<u>(823,829)</u>	<u>3,060,594</u>
	<u>\$ 268,751,903</u>	<u>\$ (978,379)</u>	<u>\$ 267,773,524</u>



- 2) Changes in allowance losses of KGI Securities and subsidiaries for the years ended December 31, 2022 and 2021 are as follows:

- a) Financial assets at fair value through other comprehensive income

	<b>12 Months Expected Credit Loss</b>
January 1, 2022	\$ 23,735
Addition (reversal)	(4,125)
Change in exchange rate and others	<u>1,087</u>
December 31, 2022	<u>\$ 20,697</u>
January 1, 2021	\$ 15,736
Addition (reversal)	8,175
Change in exchange rate and others	<u>(176)</u>
December 31, 2021	<u>\$ 23,735</u>

The loss allowance of financial assets measured at fair value through other comprehensive income-debt instrument investments for the years ended December 31, 2022 and 2021, were influenced by the derecognition and purchase.

- b) Receivables and others

	<b>12 Months Expected Credit Loss</b>	<b>Lifetime Expected Credit Loss (Collective)</b>	<b>Credit Impaired Financial Assets (Lifetime Expected Credit Loss)</b>	<b>Lifetime Expected Credit Loss (Simplify)</b>	<b>Total</b>
January 1, 2022	\$ 12,347	\$ 645	\$ 960,705	\$ 4,682	\$ 978,379
Addition (reversal)	(4,869)	(334)	64,780	(65)	59,512
Derecognizing financial assets during the current period	-	-	(1,657)	-	(1,657)
Write-off	-	-	(594)	-	(594)
Change in exchange rate and others	<u>1,324</u>	<u>5</u>	<u>4,833</u>	<u>6</u>	<u>6,168</u>
December 31, 2022	<u>\$ 8,802</u>	<u>\$ 316</u>	<u>\$ 1,028,067</u>	<u>\$ 4,623</u>	<u>\$ 1,041,808</u>
January 1, 2021	\$ 7,888	\$ 73	\$ 1,637,566	\$ 2,769	\$ 1,648,296
Addition (reversal)	4,775	583	29,592	1,915	36,865
Derecognizing financial assets during the current period	-	-	(32,911)	-	(32,911)
Write-off	-	-	(655,980)	-	(655,980)
Change in exchange rate and others	<u>(316)</u>	<u>(11)</u>	<u>(17,562)</u>	<u>(2)</u>	<u>(17,891)</u>
December 31, 2021	<u>\$ 12,347</u>	<u>\$ 645</u>	<u>\$ 960,705</u>	<u>\$ 4,682</u>	<u>\$ 978,379</u>

The aforementioned total book value of receivables and others were influenced by the impact of securities market transactions.

## CDIB Capital Group and subsidiaries

CDIB Capital Group and subsidiaries are exposed to credit risk due to default on contracts by counterparties. As of the balance sheet date, CDIB Capital Group and subsidiaries' maximum exposure to credit risk due to the counterparties' default on obligations is equal to the book value.

The maximum exposure to credit risk held by CDIB Capital Group and subsidiaries of the financial instruments is equal to the book value.

## China Life Insurance

- Credit risk analysis

- 1) Credit risk refers to the counterparties fail to fulfill obligations of contract, resulting in the risk of loss of value. Credit risks of China Life Insurance result from operating and financing activities, which mainly include lending, investing in financial instruments and receivables.

The departments of China Life Insurance follow credit risk policies, procedures and controls to manage credit risks. The credit risk assessment of all issuers or counterparties is based on comprehensive consideration of their financial status, credit ratings, historical transaction records, current economic environment, China Life Insurance's internal rating indicators, and etc. Also, China Life Insurance uses certain credit enhancement tools in due course to reduce the credit risk of a particular issuer or counterparty.

For investments of financial instruments, its original purchase is based on the premise that the credit risk is low, and on each balance sheet date, it is assessed whether the conditions of low credit risk are still met to determine the method of measuring the allowance. Also, China Life Insurance dispose those investments to reduce credit losses in appropriate time, such as there is a significant increase in credit risk. In addition, China Life Insurance has established credit VaR model to assess the maximum loss of the credit positions due to changes of credit rating or default of issuer. Besides, China Life Insurance also evaluates concentration risk based on issuer's region, industry and credit rating within portfolios.

Lending of China Life Insurance is determined by the factors that affect the risk based on the 5P principle which gives different weights according to the impact of the risk so as to calculate the credit score of each borrower. The credit score comprehensively measures the rationality of the purpose of the loan, the collateral area, value and number, the customer's credit report, historical interest payment record, financial status, debt repayment ability, and etc. Once a delay occurs, it is promptly collected in accordance with the procedures to avoid financial losses.

China Life Insurance assesses expected credit losses in accordance with IFRS 9, except for some of receivables, which allowance are measured by lifetime expected credit losses. The original purchase of the rest, which do not belong to debt instruments measured at fair value through profit or loss, is based on the premise of low credit risk and uses credit risk as the basis of the differentiation group. On each balance sheet date, assessing whether the credit risk is significantly increased after the initial recognition to determine the method of measuring the allowance loss. The main considerations for determining whether the credit risk has increased significantly include objective evidence such as the external credit rating and its degree of change, other market information related to the issuer which shows that its credit risk has increased significantly, etc. For the judgment of credit impairment, it refers to the default of contract, the overdue payment of interest or principal for holding debt instruments for more than 90 days, the happening of major financial difficulties, bankruptcy or financial reorganization of the issuer, or the combined effect of certain events that may have caused financial assets to become credit impaired. If the credit risk of a financial asset at the balance sheet date is low, it is assumed that the credit risk of the financial asset has not increased significantly since the initial recognition and the allowance loss is measured at the 12-month expected credit loss

amount; For financial assets with a significant increase in credit risk or credit impairment since initial recognition and the allowance loss is measured at the amount of expected credit loss during the lifetime.

Expected credit losses will be measured by the probability of default (PD) of the issuer or the counterparty over the next 12 months and the lifetime, multiplied by the loss given default (LGD) and the exposure at default (EAD), and is considered by the impact of the time value of money. The expected credit losses for 12 months and duration is calculated, respectively.

Probability of default is the probability that the issuer or the counterparty will default, and the loss given default is the rate of loss caused by default by the issuer or counterparty. China Life Insurance employs information on the default probability and default loss rate published by external credit rating agencies and adjusts it based on forward-looking general economic information or market conditions.

China Life Insurance employs amortized cost of financial assets plus accrued interest and receivables as a measure of exposure at default, while loans are calculated as the sum of the principal balance of the debtor at the time of calculation, interest, and payable as a measure of exposure at default.

Some of the allowance losses of part of receivables are measured by its expected credit losses for its lifetime. The expected credit losses during the existence period is considered by the past default records and current information, and the expected credit loss rate is set based on the overdue days of receivables.

## 2) Financial assets credit risk concentration analysis

- a) The largest credit risk exposure of the financial debt instrument investments held by China Life Insurance or deposit in the bank is listed in accordance with the regional distribution as follows:

### December 31, 2022

Financial Assets	Taiwan	Asia	Europe	America	Global	Total
Cash and cash equivalents	\$ 72,070,423	\$ 5,434,433	\$ 13,750,245	\$ -	\$ -	\$ 91,255,101
Financial assets at fair value through profit or loss	26,395,770	7,696,652	8,938,761	2,361,522	-	45,392,705
Financial assets at amortized cost	175,148,278	438,587,693	354,469,629	639,373,017	5,223,350	1,612,801,967
Refundable deposits - bonds	7,400,484	-	-	-	-	7,400,484
	<u>\$ 281,014,955</u>	<u>\$ 451,718,778</u>	<u>\$ 377,158,635</u>	<u>\$ 641,734,539</u>	<u>\$ 5,223,350</u>	<u>\$ 1,756,850,257</u>
Proportion	<u>15.99%</u>	<u>25.71%</u>	<u>21.47%</u>	<u>36.53%</u>	<u>0.30%</u>	<u>100.00%</u>

### December 31, 2021

Financial Assets	Taiwan	Asia	Europe	America	Global	Total
Cash and cash equivalents	\$ 129,250,490	\$ 10,620,757	\$ 13,914,048	\$ -	\$ -	\$ 153,785,295
Financial assets at fair value through profit or loss	24,218,292	7,592,246	16,850,342	2,485,524	-	51,146,404
Financial assets at fair value through other comprehensive income	55,616,783	86,249,417	50,287,213	34,207,632	-	226,361,045
Financial assets at amortized cost	144,791,992	327,458,052	283,806,918	440,734,653	4,519,353	1,201,310,968
Refundable deposits - bonds	7,402,206	-	-	-	-	7,402,206
	<u>\$ 361,279,763</u>	<u>\$ 431,920,472</u>	<u>\$ 364,858,521</u>	<u>\$ 477,427,809</u>	<u>\$ 4,519,353</u>	<u>\$ 1,640,005,918</u>
Proportion	<u>22.03%</u>	<u>26.34%</u>	<u>22.25%</u>	<u>29.11%</u>	<u>0.27%</u>	<u>100.00%</u>

- b) China Life Insurance's regional distribution of credit risk exposure for loans (excluding policy loans and automatic premium loans) is as follows:

### December 31, 2022

Location	Northern Areas: Taipei and Eastern Counties	Central Area: Taichung to Changhua and Nantou	Southern Area: Counties Below Tainan	Total
Secured loans	\$ 138,037	\$ 56,197	\$ 76,266	\$ 270,500
Overdue receivables	-	-	-	-
	<u>\$ 138,037</u>	<u>\$ 56,197</u>	<u>\$ 76,266</u>	<u>\$ 270,500</u>
Proportion	<u>51.03%</u>	<u>20.78%</u>	<u>28.19%</u>	<u>100.00%</u>

### December 31, 2021

Location	Northern Areas: Taipei and Eastern Counties	Central Area: Taichung to Changhua and Nantou	Southern Area: Counties Below Tainan	Total
Secured loans	\$ 193,503	\$ 86,402	\$ 109,333	\$ 389,238
Overdue receivables	-	-	-	-
	<u>\$ 193,503</u>	<u>\$ 86,402</u>	<u>\$ 109,333</u>	<u>\$ 389,238</u>
Proportion	<u>49.71%</u>	<u>22.20%</u>	<u>28.09%</u>	<u>100.00%</u>

3) Disclosure of total book value and allowance loss for financial assets' expected credit loss

The reconciliation statement of loss allowance for financial assets measured at FVTOCI for the years ended December 31, 2022 and 2021 were as follows:

	<b>12 Months Expected Credit Loss</b>	<b>Lifetime Expected Credit Loss (Credit Risk Significantly Increase)</b>	<b>Lifetime Expected Credit Loss (Credit Risk Has Been Impaired)</b>	<b>Impairment Recognized in Accordance with IFRS 9</b>
January 1, 2022	\$ 17,277	\$ -	\$ -	\$ 17,277
Change due to financial assets recognized at the beginning of the period				
Change to 12 months expected credit loss	-	-	-	-
Change to duration expected credit loss	-	-	-	-
Change to credit impairment of financial assets	(707)	-	707	-
Disposal	(4,512)	-	(4)	(4,516)
Addition	287	-	8	295
Change in model/risk parameters	6,058	-	504,679	510,737
Change in exchange rate and others	2,007	-	73,973	75,980
Reclassification	<u>(20,410)</u>	<u>-</u>	<u>(579,363)</u>	<u>(599,773)</u>
December 31, 2022	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
January 1, 2021	\$ 24,319	\$ -	\$ -	\$ 24,319
Disposal	(12,342)	-	-	(12,342)
Addition	1,069	-	-	1,069
Change in model/risk parameters	4,810	-	-	4,810
Change in exchange rate and others	<u>(579)</u>	<u>-</u>	<u>-</u>	<u>(579)</u>
December 31, 2021	<u>\$ 17,277</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,277</u>

The reconciliation statement of loss allowance for financial assets measured at amortized cost for the years ended December 31, 2022 and 2021 were as follows:

	<b>12 Months Expected Credit Loss</b>	<b>Lifetime Expected Credit Loss (Credit Risk Significantly Increase)</b>	<b>Lifetime Expected Credit Loss (Credit Risk Has Been Impaired)</b>	<b>Impairment Recognized in Accordance with IFRS 9</b>
January 1, 2022	\$ 101,776	\$ 46,202	\$ -	\$ 147,978
Change due to financial assets recognized at the beginning of the period				
Change to 12 months expected credit loss	-	-	-	-
Change to duration expected credit loss	-	-	-	-
Change to credit impairment of financial assets	(786)	-	786	-
Disposal	(7,203)	(4)	(408)	(7,615)
Addition	26,538	-	17	26,555
Change in model/risk parameters	67,724	22,545	567,743	658,012
Change in exchange rate and others	13,828	6,918	(17,243)	3,503
Reclassification	<u>20,410</u>	<u>-</u>	<u>579,363</u>	<u>599,773</u>
December 31, 2022	<u>\$ 222,287</u>	<u>\$ 75,661</u>	<u>\$ 1,130,258</u>	<u>\$ 1,428,206</u>
January 1, 2021	\$ 56,917	\$ -	\$ -	\$ 56,917
Change due to financial assets recognized at the beginning of the period				
Change to duration expected credit loss	(154)	154	-	-
Disposal	(6,155)	(23)	-	(6,178)
Addition	29,274	-	-	29,274
Change in model/risk parameters	23,968	47,436	-	71,404
Change in exchange rate and others	<u>(2,074)</u>	<u>(1,365)</u>	<u>-</u>	<u>(3,439)</u>
December 31, 2021	<u>\$ 101,776</u>	<u>\$ 46,202</u>	<u>\$ -</u>	<u>\$ 147,978</u>

The reconciliation statement of other receivables related to financial asset measured at FVTCOI and financial assets measured at amortized cost for the years ended December 31, 2022 and 2021 were as follows:

	<b>12 Months Expected Credit Loss</b>	<b>Lifetime Expected Credit Loss (Credit Risk Significantly Increase)</b>	<b>Lifetime Expected Credit Loss (Credit Risk Has Been Impaired)</b>	<b>Impairment Recognized in Accordance with IFRS 9</b>
January 1, 2022	\$ 1,152	\$ 388	\$ -	\$ 1,540
Change due to financial assets recognized at the beginning of the period				
Change to 12 months expected credit loss	-	-	-	-
Change to duration expected credit loss	-	-	-	-
Change to credit impairment of financial assets	-	-	-	-
Disposal	(665)	(964)	-	(1,629)
Addition	895	-	108,430	109,325
Change in model/risk parameters	69	36	-	105
Change in exchange rate and others	<u>657</u>	<u>1,176</u>	<u>560,721</u>	<u>562,554</u>
December 31, 2022	<u>\$ 2,108</u>	<u>\$ 636</u>	<u>\$ 669,151</u>	<u>\$ 671,895</u>
January 1, 2021	\$ 805	\$ -	\$ -	\$ 805
Change due to financial assets recognized at the beginning of the period				
Change to duration expected credit loss	(1)	1	-	-
Disposal	(187)	-	-	(187)
Addition	267	-	-	267
Change in model/risk parameters	296	399	-	695
Change in exchange rate and others	<u>(28)</u>	<u>(12)</u>	<u>-</u>	<u>(40)</u>
December 31, 2021	<u>\$ 1,152</u>	<u>\$ 388</u>	<u>\$ -</u>	<u>\$ 1,540</u>

For the years ended December 31, 2022 and 2021, the changes in debt investments allowance loss measured at amortized cost and at fair value through other comprehensive income result from the variation of allowance loss parameter which is affected by recent financial environment, and forward - looking factors, follow as disposals and new additions.

The expected credit loss rate measuring the amount of allowance loss of the investment in debt instruments of financial assets and other related receivables are as follows:

December 31, 2022

	<b>12 Months Expected Credit Loss</b>	<b>Lifetime Expected Credit Loss (Credit Risk Significantly Increase)</b>	<b>Lifetime Expected Credit Loss (Credit Risk Has Been Impaired)</b>
Measured at amortized cost	0.00%-0.09%	2.66%-2.84%	5.28%-8.66%
Other receivables	0.00%-0.09%	2.66%-2.84%	100.00%

December 31, 2021

	<b>12 Months Expected Credit Loss</b>	<b>Lifetime Expected Credit Loss (Credit Risk Significantly Increase)</b>	<b>Lifetime Expected Credit Loss (Credit Risk Has Been Impaired)</b>
Measured fair value through other comprehensive income	0.00%-0.06%	-	-
Measured at amortized cost	0.00%-0.06%	1.80%-1.93%	-
Other receivables	0.00%-0.06%	1.80%-1.93%	-

In 2022, a military conflict broke out between Russia and Ukraine and triggered international sanctions. China Life Insurance will continue to the follow-up on the development of the conflict and take the impact of this incident into consideration when evaluating the expected credit losses of relevant financial assets in 2022.



Changes in allowance losses of guarantee loans for the years ended December 31, 2022 and 2021 are as follows:

	12 Months Expected Credit Loss	Lifetime Expected Credit Loss - Collective	Lifetime Expected Credit Loss - Individual	Impairment Recognized in Accordance with IFRS 9	Different of Impairment Recognized in Accordance with Guidelines for Handling Assessment of Assets, Loans Overdue, Receivable on Demand and Bad Debts by Insurance Enterprises	Total
January 1, 2022	\$ 5	\$ 193	\$ 330	\$ 528	\$ 5,601	\$ 6,129
Change due to financial assets recognized at the beginning of the period						
Change to duration expected credit loss	-	-	-	-	-	-
Change to 12 months expected credit loss	-	-	-	-	-	-
Disposal	-	-	-	-	-	-
Impairment recognized in accordance with Guidelines for Handling Assessment of Assets, Loans Overdue, Receivable on Demand and Bad Debts by Insurance Enterprises	-	-	-	-	(1,808)	(1,808)
Change in exchange rate and others	(1)	(47)	(2)	(50)	-	(50)
December 31, 2022	<u>\$ 4</u>	<u>\$ 146</u>	<u>\$ 328</u>	<u>\$ 478</u>	<u>\$ 3,793</u>	<u>\$ 4,271</u>
January 1, 2021	\$ 8	\$ 384	\$ 444	\$ 836	\$ 8,312	\$ 9,148
Change due to financial assets recognized at the beginning of the period						
Change to duration expected credit loss	-	-	-	-	-	-
Change to 12 months expected credit loss	-	-	-	-	-	-
Disposal	1	-	(18)	(17)	-	(17)
Impairment recognized in accordance with Guidelines for Handling Assessment of Assets, Loans Overdue, Receivable on Demand and Bad Debts by Insurance Enterprises	-	-	-	-	(2,711)	(2,711)
Change in exchange rate and others	(4)	(191)	(96)	(291)	-	(291)
December 31, 2021	<u>\$ 5</u>	<u>\$ 193</u>	<u>\$ 330</u>	<u>\$ 528</u>	<u>\$ 5,601</u>	<u>\$ 6,129</u>

The allowance loss of China Life Insurance's accounts receivables arising from other transactions are measured by lifetime expected credit loss. Changes in allowance losses of receivables for the years ended December 31, 2022 and 2021 are as follows:

	<b>Receivables</b>	
	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
January 1	\$ 4,571	\$ 6,874
Addition (reversal)	433	(2,303)
Written-off due to uncollectable	-	-
December 31	<u>\$ 5,004</u>	<u>\$ 4,571</u>

4) The information on the total book value and credit risk ratings of financial assets

- a) Financial assets at fair value through other comprehensive income, financial assets measured at amortized cost and related other receivables

December 31, 2022

	<b>12 Months Expected Credit Loss</b>	<b>Lifetime Expected Credit Loss (Credit Risk Significantly Increase)</b>	<b>Lifetime Expected Credit Loss (Credit Risk Has Been Impaired)</b>	<b>Total</b>
<u>Investment grade</u>				
Financial assets at fair value through other comprehensive income	\$ -	\$ -	\$ -	\$ -
Financial assets measured at amortized cost	1,596,125,225	2,741,505	-	1,598,866,730
Other receivables	12,950,132	23,147	-	12,973,279

Non-investment grade

Financial assets at fair value through other comprehensive income	-	-	-	-
Financial assets measured at amortized cost	6,677,718	-	16,086,208	22,763,926
Other receivables	137,345	-	669,151	806,496

December 31, 2021

	<b>12 Months Expected Credit Loss</b>	<b>Lifetime Expected Credit Loss (Credit Risk Significantly Increase)</b>	<b>Lifetime Expected Credit Loss (Credit Risk Has Been Impaired)</b>	<b>Total</b>
<u>Investment grade</u>				
Financial assets at fair value through other comprehensive income	\$ 213,332,708	\$ -	\$ -	\$ 213,332,708
Financial assets measured at amortized cost	1,204,481,553	2,472,225	-	1,206,953,778
Other receivables	11,663,976	20,872	-	11,684,848

Non-investment grade

Financial assets at fair value through other comprehensive income	3,247,410	-	-	3,247,410
Financial assets measured at amortized cost	1,907,374	-	-	1,907,374
Other receivables	100,661	-	-	100,661

Note 1: Including securities serving as collateral deposits.

Note 2: China Life Insurance's investment grade based on rating of the credit rating agencies: Investment grade means credit rating reaches at least BBB-granted by a credit rating agency; Non-investment grade means no credit rating or credit rating lower than BBB-granted by a credit rating agency.

b) Guarantee loans and related other receivables

December 31, 2022

<b>Credit Risk Ratings</b>	<b>Measurement of Expected Credit Loss</b>	<b>Guarantee Loans</b>	<b>Other Receivables</b>
Low credit risk	12 months expected credit loss	\$ 269,038	\$ 294
Credit risk significantly increase	Lifetime expected credit loss	567	3
Impairment	Lifetime expected credit loss	<u>5,166</u>	<u>5</u>
Total book value		<u>\$ 274,771</u>	<u>\$ 302</u>

December 31, 2021

<b>Credit Risk Ratings</b>	<b>Measurement of Expected Credit Loss</b>	<b>Guarantee Loans</b>	<b>Other Receivables</b>
Low credit risk	12 months expected credit loss	\$ 388,984	\$ 330
Credit risk significantly increase	Lifetime expected credit loss	1,180	5
Impairment	Lifetime expected credit loss	<u>5,203</u>	<u>5</u>
Total book value		<u>\$ 395,367</u>	<u>\$ 340</u>

c. Liquidity risk

KGI Bank and subsidiaries

1) The source and definition of liquidity risk

Liquidity risk of KGI Bank refers to the risks of bearing profit or capital loss because of the inability to obtain funds with reasonable price to meet the financial obligation with a reasonable time, such as early termination of deposits, deteriorating of the source and condition of financing from banks influenced by specific market, abnormal recover of funds due to default from borrowers, inability to liquidate financial instruments and early exertion of rights of rescission of interest sensitive product by the assured. The aforementioned situation may reduce cash source of loan, transactions and investment. In some extreme cases, the lack of liquidity may result in a decrease in the overall position of the balance sheet, sale of assets and failure to perform loan commitments.

## 2) Management policy of liquidity risk

KGI Bank's liquidity risk management uses gap limit management strategy, which is the net cumulative mismatch of inflows and outflows, and calculates the maximum cumulative cash outflow (MCO) to monitor the daily funding gap by each currency as a basis for controlling the liquidity risk. For Liquidity gap management, KGI Bank also actively deconcentrates funding sources, distributes the fund maturity date based on the gap report, disperses the call loans (lending) from counterparties and increases the renewal rate of enterprises' deposits to enhance the stability of the resources of funds.

## 3) Maturity analysis of financial assets and non-derivative financial liabilities held for liquidity risk management

### a) Financial assets held for liquidity management

The KGI Bank holds cash and highly liquid and high-grade profit-generating assets to pay off obligations and meet any potential emergency funding needs in the market environment. The assets held for liquidity management include cash and cash equivalents, due from the Central Bank and call loans to banks, financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income, securities purchased under resell agreement, accounts receivable, and discounts and loans, etc.

### b) Maturity analysis of non-derivative financial liabilities

The following tables show the cash outflows on the KGI Bank's non-derivative financial liabilities based on the remaining period from the balance sheet date to the maturity date of the contract. However, because the amounts disclosed were based on contractual cash flows, some of them will not match the amounts shown in the balance sheets.

#### Maturity analysis of KGI Bank's non-derivative financial liabilities in New Taiwan dollars

(In Thousands of New Taiwan Dollars)

December 31, 2022	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Deposits from the Central Bank and banks	\$ 23,296	\$ -	\$ -	\$ 157,260	\$ -	\$ 180,556
Notes and bonds issued under repurchase agreement	5,499,171	1,304,476	-	-	-	6,803,647
Deposits and remittances	55,183,925	94,692,761	59,536,690	111,630,317	21,029,068	342,072,761
Loans payable	-	-	-	-	25,810,000	25,810,000
Other capital outflow on maturity	3,091,305	404,169	349,362	4,413,018	3,705,459	11,963,313
Total	\$ 63,797,697	\$ 96,401,406	\$ 59,886,052	\$ 116,200,595	\$ 50,544,527	\$ 386,830,277

(In Thousands of New Taiwan Dollars)

December 31, 2021	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Deposits from the Central Bank and banks	\$ 6,023,296	\$ -	\$ -	\$ 166,850	\$ -	\$ 6,190,146
Notes and bonds issued under repurchase agreement	4,700,647	1,100,210	-	-	-	5,800,857
Deposits and remittances	41,193,532	93,476,840	70,321,598	106,288,309	22,748,717	334,028,996
Loans payable	-	-	-	129,490	25,250,000	25,379,490
Other capital outflow on maturity	4,078,954	379,906	354,651	3,966,071	4,121,245	12,900,827
Total	\$ 55,996,429	\$ 94,956,956	\$ 70,676,249	\$ 110,550,720	\$ 52,119,962	\$ 384,300,316

### Maturity analysis of KGI Bank's non-derivative financial liabilities in U.S. dollars

(In Thousands of U.S. Dollars)

December 31, 2022	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Deposits from the Central Bank and banks	\$ 229,000	\$ 85,000	\$ 70,000	\$ -	\$ -	\$ 384,000
Notes and bonds issued under repurchase agreement	201,340	266,396	159,050	-	-	626,786
Deposits and remittances	1,767,522	2,444,006	479,484	1,201,085	296	5,892,393
Loans payable	-	-	-	-	359,176	359,176
Other capital outflow on maturity	56,412	38,959	14,457	1,411	145,061	256,300
Total	\$ 2,254,274	\$ 2,834,361	\$ 722,991	\$ 1,202,496	\$ 504,533	\$ 7,518,655

(In Thousands of U.S. Dollars)

December 31, 2021	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Deposits from the Central Bank and banks	\$ 110,000	\$ 380,000	\$ -	\$ -	\$ -	\$ 490,000
Notes and bonds issued under repurchase agreement	313,395	661,840	273,650	-	-	1,248,885
Deposits and remittances	1,960,468	2,289,458	279,642	767,524	548	5,297,640
Loans payable	-	-	-	-	373,939	373,939
Other capital outflow on maturity	40,014	12,717	3,000	36	161,108	216,875
Total	\$ 2,423,877	\$ 3,344,015	\$ 556,292	\$ 767,560	\$ 535,595	\$ 7,627,339

#### 4) Maturity analysis of derivative financial instruments

The valuation of the maturity of the contracts is essential for presenting the financial instruments on the balance sheet. The amount disclosed in the balance sheet is prepared based on the cash flows of the contract. Thus, a part of the amount disclosed deviates from the balance sheet.

### Maturity analysis of KGI Bank's derivative financial instruments in New Taiwan dollars

(In Thousands of New Taiwan Dollars)

December 31, 2022	0-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Derivative financial instruments at fair value through profit or loss						
Foreign exchange derivatives instruments						
Cash outflow	\$ (156,648,303)	\$ (323,290,843)	\$ (178,603,726)	\$ (80,742,795)	\$ (977,350)	\$ (740,263,017)
Cash inflow	150,742,337	337,094,910	148,358,148	57,167,134	1,372,747	694,735,276
Interest rate derivatives instruments						
Cash outflow	(377,329)	(633,233)	(36,363)	(18,820)	(22,181,753)	(23,247,498)
Cash inflow	458,736	575,722	36,462	-	1,857	1,072,777
Financial instruments for hedging						
Interest rate derivatives instruments						
Cash outflow	-	(47,111)	-	-	-	(47,111)
Cash inflow	-	80,367	3,885	39,696	-	123,948
Cash outflow subtotal	(157,025,632)	(323,971,187)	(178,640,089)	(80,761,615)	(23,159,103)	(763,557,626)
Cash inflow subtotal	151,201,073	337,750,999	148,398,495	57,206,830	1,374,604	695,932,001
Net cash flow	\$ (5,824,559)	\$ 13,779,812	\$ (30,241,594)	\$ (23,554,785)	\$ (21,784,499)	\$ (67,625,625)

(In Thousands of New Taiwan Dollars)

December 31, 2021	0-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Derivative financial instruments at fair value through profit or loss						
Foreign exchange derivatives instruments						
Cash outflow	\$ (177,221,843)	\$ (208,587,820)	\$ (156,161,476)	\$ (136,346,089)	\$ (13,008,417)	\$ (691,325,645)
Cash inflow	153,887,697	185,607,754	153,162,118	142,131,466	11,195,610	645,984,645
Interest rate derivatives instruments						
Cash outflow	(163,297)	(202,138)	(10,968)	(1,558)	(11,625,928)	(12,003,889)
Cash inflow	120,182	211,781	10,247	-	-	342,210
Financial instruments for hedging						
Interest rate derivatives instruments						
Cash outflow	-	(19,171)	-	-	-	(19,171)
Cash inflow	-	81,296	3,885	39,696	-	124,877
Cash outflow subtotal	(177,385,140)	(208,809,129)	(156,172,444)	(136,347,647)	(24,634,345)	(703,348,705)
Cash inflow subtotal	154,007,879	185,900,831	153,176,250	142,171,162	11,195,610	646,451,732
Net cash flow	\$ (23,377,261)	\$ (22,908,298)	\$ (2,996,194)	\$ 5,823,515	\$ (13,438,735)	\$ (56,896,973)

### Maturity analysis of KGI Bank's derivative financial instruments in U.S. dollars

(In Thousands of U.S. Dollars)

December 31, 2022	0-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Derivative financial instruments at fair value through profit or loss						
Foreign exchange derivatives instruments						
Cash outflow	\$ (6,116,806)	\$ (11,746,180)	\$ (5,214,927)	\$ (2,332,689)	\$ (84,000)	\$ (25,494,602)
Cash inflow	6,429,615	11,754,987	6,285,547	3,184,371	70,000	27,724,520
Interest rate derivatives instruments						
Cash outflow	(48,749)	(37,710)	(13,590)	(18,902)	(388,711)	(507,662)
Cash inflow	12,958	7,475	852	2,592	510	24,387
Others						
Cash outflow	(209)	-	-	-	-	(209)
Cash inflow	230	-	-	-	-	230
Financial instruments for hedging						
Interest rate derivatives instruments						
Cash outflow	(483)	(2,149)	(5,482)	(8,737)	-	(16,851)
Cash inflow	-	-	-	-	-	-
Cash outflow subtotal	(6,166,247)	(11,786,039)	(5,233,999)	(2,360,328)	(472,711)	(26,019,324)
Cash inflow subtotal	6,442,803	11,762,462	6,286,399	3,186,963	70,510	27,749,137
Net cash flow	\$ 276,556	\$ (23,577)	\$ 1,052,400	\$ 826,635	\$ (402,201)	\$ 1,729,813

(In Thousands of U.S. Dollars)

December 31, 2021	0-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Derivative financial instruments at fair value through profit or loss						
Foreign exchange derivatives instruments						
Cash outflow	\$ (6,530,255)	\$ (7,435,810)	\$ (5,976,675)	\$ (5,882,118)	\$ (446,322)	\$ (26,271,180)
Cash inflow	7,838,238	8,352,981	6,122,189	5,641,870	516,822	28,472,100
Interest rate derivatives instruments						
Cash outflow	(43,395)	(6,319)	(8,282)	(7,272)	(140,925)	(206,193)
Cash inflow	4,141	9,751	6,028	1,401	856	22,177
Others						
Cash outflow	(150)	-	-	-	-	(150)
Cash inflow	220	-	-	-	-	220
Financial instruments for hedging						
Interest rate derivatives instruments						
Cash outflow	(534)	(1,566)	(2,584)	-	-	(4,684)
Cash inflow	104	167	-	-	-	271
Cash outflow subtotal	(6,574,334)	(7,443,695)	(5,987,541)	(5,889,390)	(587,247)	(26,482,207)
Cash inflow subtotal	7,842,703	8,362,899	6,128,217	5,643,271	517,678	28,494,768
Net cash flow	\$ 1,268,369	\$ 919,204	\$ 140,676	\$ (246,119)	\$ (69,569)	\$ 2,012,561

5) Maturity analysis of off-balance sheet items

The table below shows KGI Bank's maturity analysis of the off-balance sheet items based on the remaining time between the reporting date and the contractual period. For the issued financial guarantee contracts, the maximum guaranteed amount included in the guarantee may be required to be fulfilled in the earliest period.

December 31, 2022	0-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Irrevocable loan commitments, guarantees and letters of credit	\$ 7,350,303	\$ 4,340,352	\$ 4,872,807	\$ 10,027,266	\$ 15,917,018	\$ 42,507,746

December 31, 2021	0-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Irrevocable loan commitments, guarantees and letters of credit	\$ 14,923,239	\$ 8,916,761	\$ 4,161,137	\$ 9,601,983	\$ 19,648,107	\$ 57,251,227

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

a) Maturity analysis of KGI Bank's assets and liabilities in New Taiwan dollars

(In Thousands of New Taiwan Dollars)

December 31, 2022	0-10 Days	11-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Main capital inflow on maturity	\$ 142,501,992	\$ 131,664,686	\$ 402,034,784	\$ 186,744,048	\$ 125,729,644	\$ 214,791,860	\$1,203,467,014
Main capital outflow on maturity	119,923,050	125,362,587	466,989,335	279,574,412	264,000,473	254,615,354	1,510,465,211
Gap	22,578,942	6,302,099	(64,954,551)	(92,830,364)	(138,270,829)	(39,823,494)	(306,998,197)

(In Thousands of New Taiwan Dollars)

December 31, 2021	0-10 Days	11-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Main capital inflow on maturity	\$ 99,153,997	\$ 180,144,514	\$ 239,929,388	\$ 189,305,600	\$ 198,165,979	\$ 237,837,252	\$1,144,536,730
Main capital outflow on maturity	82,934,760	167,709,968	33,889,688	259,769,742	306,466,314	247,372,917	1,401,143,389
Gap	16,219,237	12,434,546	(90,960,300)	(70,464,142)	(108,300,335)	(9,535,665)	(256,606,659)

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

(In Thousands of U.S. Dollars)

December 31, 2022	0-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Main capital inflow on maturity	\$ 7,639,447	\$ 12,387,281	\$ 6,562,140	\$ 3,462,485	\$ 3,510,437	\$ 33,561,790
Main capital outflow on maturity	8,775,235	15,329,826	6,819,115	5,134,430	4,053,357	40,111,963
Gap	(1,135,788)	(2,942,545)	(256,975)	(1,671,945)	(542,920)	(6,550,173)

(In Thousands of U.S. Dollars)

December 31, 2021	0-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Main capital inflow on maturity	\$ 9,188,780	\$ 8,888,255	\$ 6,461,167	\$ 6,000,356	\$ 3,767,930	\$ 34,306,488
Main capital outflow on maturity	9,474,104	11,739,495	7,422,932	8,000,632	3,848,540	40,485,703
Gap	(285,324)	(2,851,240)	(961,765)	(2,000,276)	(80,610)	(6,179,215)

## KGI Securities and subsidiaries

### 1) Cash flow analysis

#### Statement of Cash Flow Analysis for Financial Assets

(In Thousands of New Taiwan Dollars)

December 31, 2022	Collection Period					Total
	Spot	In 3 Months	3-12 Months	Over 1 Year - 5 Years	Over 5 Years	
Cash and cash equivalents	\$ 10,850,953	\$ 23,445,044	\$ 458,411	\$ -	\$ -	\$ 34,754,408
Financial assets measured at FVTPL - current	69,213,161	1,207,480	1,047,450	1,252,606	63,636	72,784,333
Financial assets measured at FVTOCI - current	31,852,242	450,943	2,409,065	-	-	34,712,250
Financial assets for hedging - current	-	39,570	102,627	319,963	33,498	495,658
Securities purchased under resell agreement	-	8,494,878	-	-	-	8,494,878
Receivables	29,881,152	10,557,491	22,896,222	26,130	-	63,360,995
Customer margin accounts	30,700,515	28,233,867	-	-	-	58,934,382
Stock borrowing collateral price and security lending deposits	6,342,071	20,140,036	10,750,319	-	-	37,232,426
Other current assets	33,894,905	2,336,908	178,782	5,940	-	36,416,535
Financial assets measured at FVTPL - non-current	-	-	-	514,307	3,019,272	3,533,579
Financial assets measured at FVTOCI - non-current	-	-	-	7,466,430	1,226,458	8,692,888
Other non-current assets	-	-	1,200	131,981	3,670,730	3,803,911
Total	\$ 212,734,999	\$ 94,906,217	\$ 37,844,076	\$ 9,717,357	\$ 8,013,594	\$ 363,216,243
Percentage	58.57%	26.13%	10.42%	2.67%	2.21%	100.00%

#### Statement of Cash Flow Analysis for Financial Liabilities

(In Thousands of New Taiwan Dollars)

December 31, 2022	Payment Period					Total
	Spot	In 3 Months	3-12 Months	Over 1 Year - 5 Years	Over 5 Years	
Short-term borrowings	\$ -	\$ 13,229,271	\$ -	\$ -	\$ -	\$ 13,229,271
Commercial paper payable	-	12,169,751	-	-	-	12,169,751
Financial liabilities measured at FVTPL - current	12,846,344	5,624,841	4,765,228	13,390,083	2,899,697	39,526,193
Financial liabilities for hedging - current	-	(1,360)	7,830	26,201	17,636	50,307
Bonds issued under repurchase agreements	-	73,044,648	-	-	-	73,044,648
Payables	48,438,904	6,723,612	6,268,574	-	-	61,431,090
Guarantee deposits received from security lending	-	9,847,612	32,165,796	-	-	42,013,408
Futures customers' equity	59,152,076	-	-	-	-	59,152,076
Specialized, sub-account customers' equity	3,000,099	-	-	-	-	3,000,099
Amounts collected for others/other payables/other current liabilities	1,885,826	932,538	4,669,972	1,876	829	7,491,041
Other financial liabilities - current	-	1,458,840	1,373,978	525	2,410	2,835,753
Lease liabilities - current	-	122,724	361,831	-	-	484,555
Bonds payable	-	-	-	6,200,000	2,700,000	8,900,000
Lease liabilities - non-current	-	-	-	989,129	44,153	1,033,282
Other non-current liabilities	-	-	35	497,198	72,560	569,793
Total	\$ 125,323,249	\$ 123,152,477	\$ 49,613,244	\$ 21,105,012	\$ 5,737,285	\$ 324,931,267
Percentage	38.57%	37.90%	15.27%	6.49%	1.77%	100.00%

#### Statement of Capital Liquidation Gap

(In Thousands of New Taiwan Dollars)

December 31, 2022	Collection and Payment Period					Total
	Spot	In 3 Months	3-12 Months	Over 1 Year - 5 Years	Over 5 Years	
Cash inflow	\$ 212,734,999	\$ 94,906,217	\$ 37,844,076	\$ 9,717,357	\$ 8,013,594	\$ 363,216,243
Cash outflow	125,323,249	123,152,477	49,613,244	21,105,012	5,737,285	324,931,267
Amount of cash flow gap	\$ 87,411,750	\$ (28,246,260)	\$ (11,769,168)	\$ (11,387,655)	\$ 2,276,309	\$ 38,284,976



**Statement of Cash Flow Analysis for Financial Assets**

(In Thousands of New Taiwan Dollars)

December 31, 2021	Collection Period					Total
	Spot	In 3 Months	3-12 Months	Over 1 Year - 5 Years	Over 5 Years	
Cash and cash equivalents	\$ 7,999,949	\$ 4,389,467	\$ 3,282,265	\$ -	\$ -	\$ 15,671,681
Financial assets measured at FVTPL - current	48,512,763	10,558,608	1,120,264	15,285,546	16,576	75,493,757
Financial assets measured at FVTOCI - current	19,417,648	3,077,052	9,083,339	-	-	31,578,039
Financial assets for hedging - current	-	(3,763)	(6,236)	15,424	3,615	9,040
Securities purchased under resell agreement	-	13,704,621	-	-	-	13,704,621
Receivables	38,197,819	16,993,054	31,517,587	26,034	-	86,734,494
Customer margin accounts	51,967,816	-	-	-	-	51,967,816
Stock borrowing collateral price and security lending deposits	5,030,428	27,643,869	8,616,952	-	-	41,291,249
Other current assets	53,751,966	1,999,618	187,863	1,179	-	55,940,626
Financial assets measured at FVTPL - non-current	-	-	-	945,652	2,724,011	3,669,663
Financial assets measured at FVTOCI - non-current	-	-	-	-	6,938,113	6,938,113
Other non-current assets	1,371	1,249	-	9,547	2,976,476	2,988,643
Total	\$ 224,879,760	\$ 78,363,775	\$ 53,802,034	\$ 16,283,382	\$ 12,658,791	\$ 385,987,742
Percentage	58.26%	20.30%	13.94%	4.22%	3.28%	100.00%

**Statement of Cash Flow Analysis for Financial Liabilities**

(In Thousands of New Taiwan Dollars)

December 31, 2021	Payment Period					Total
	Spot	In 3 Months	3-12 Months	Over 1 Year - 5 Years	Over 5 Years	
Short-term borrowings	\$ -	\$ 17,299,940	\$ -	\$ -	\$ -	\$ 17,299,940
Commercial paper payable	-	816,022	-	-	-	816,022
Financial liabilities measured at FVTPL - current	14,452,771	5,526,632	3,191,131	11,428,359	2,139,402	36,738,295
Bonds issued under repurchase agreements	-	59,125,161	-	-	-	59,125,161
Payables	65,569,956	2,291,779	4,834,787	-	-	71,696,522
Guarantee deposits received from security lending	-	12,939,668	34,479,842	-	-	47,419,510
Futures customers' equity	50,125,388	-	-	-	-	50,125,388
Amounts collected for others/other payables/other current liabilities	20,132,509	1,782,641	8,065,969	2,935	43	29,984,097
Other financial liabilities - current	-	3,231,447	412	792	1,781	3,234,432
Lease liabilities - current	-	84,650	215,996	-	-	300,646
Current portion of long-term liabilities	-	-	300,000	-	-	300,000
Bonds payable	-	-	-	4,900,000	4,000,000	8,900,000
Lease liabilities - non-current	-	-	-	936,351	-	936,351
Other non-current liabilities	-	-	49	1,008,028	65,337	1,073,414
Total	\$ 149,280,624	\$ 103,097,940	\$ 51,088,186	\$ 18,276,465	\$ 6,206,563	\$ 327,949,788
Percentage	45.52%	31.44%	15.58%	5.57%	1.89%	100.00%

**Statement of Capital Liquidation Gap**

(In Thousands of New Taiwan Dollars)

December 31, 2021	Collection and Payment Period					Total
	Spot	In 3 Months	3-12 Months	Over 1 Year - 5 Years	Over 5 Years	
Cash inflow	\$ 224,879,760	\$ 78,363,775	\$ 53,802,034	\$ 16,283,382	\$ 12,658,791	\$ 385,987,742
Cash outflow	149,280,624	103,097,940	51,088,186	18,276,465	6,206,563	327,949,778
Amount of cash flow gap	\$ 75,599,136	\$ (24,734,165)	\$ 2,713,848	\$ (1,993,083)	\$ 6,452,228	\$ 58,037,964

KGI Securities has established statement of capital liquidation gap to estimate how all financial assets and liabilities in future cash flows can affect KGI Securities and subsidiaries when it comes to fund dispatching. Cash flow gap statement from December 31, 2022 and 2021, show that the sums from deducting cash outflow from cash inflow are \$38,284,976 thousand and \$58,037,964 thousand, respectively, all indicating sufficient fund liquidity.

Although an analysis of funds gap shows that the cash outflow during partial periods. Net cash inflow calculated from net spot financial assets are sufficient to cover the net cash outflows generated from subsequent periods, an indicator of sufficient fund liquidity.

## 2) Control mechanism of capital liquidity risk

The independent fund-dispatching department established by KGI Securities takes into consideration the needs of net cash flow and their timings from various departments and predicts future cash flows based on the requests submitted by departments with a need for funds. The department has also established a simulation analysis mechanism for capital flows after considering short-term capital dispatching in Taiwan as well as international or cross-market transactions in order to better predict futures needs of funds and set up contingency measures.

KGI Securities also offers suggestions over a secure amount of reserve fund and reports it to the RMC. The department reviews the standard amount of reserve capital and will take the following action if available capitals are below 120% of the safe reserve amount:

- a) Except all due payments and those whose use of capital cannot be restricted due to the nature of their business, all the requests for capitals from all business departments need to be approved by the fund-dispatching department in order to maintain a safe amount of reserve capital.
- b) Fund-dispatching department will propose contingency measures to the RMC, which includes disposal of low yield or unnecessary assets, expanding repurchase agreements with the Central Bank of Taiwan, financing from securities finance corporations or exploring other fund-raising methods that will increase available funds to KGI Securities.

### CDIB Capital Group and subsidiaries

The management of liquidity risk is aimed to deal with financing CDIB Capital Group's operations and mitigate the effects of fluctuations in cash flows by monitoring and maintaining a level of cash and cash equivalents. The management of CDIB Capital Group and its subsidiaries supervise the use of bank financing lines and ensure compliance with the terms of the loan contracts.

Bank borrowings is an important source of liquidity for CDIB Capital and its subsidiaries. For the unused financing amount of CDIB Capital and its subsidiaries, please refer to the table below:

<b>Bank Financing</b>	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Unsecured bank overdraft		
Used amounts	\$ 3,940,762	\$ 497,833
Unused amounts	<u>13,368,538</u>	<u>10,732,417</u>
	<u>\$ 17,309,300</u>	<u>\$ 11,230,250</u>

CDIB Capital Group's Management policies of liquidity risk are as follows:

- 1) Disposal of capital surplus should consider possible future capital requirements, diversification of capital sources and reasonable liquidity of liability structure.
- 2) Pursuant to liquidity risk control, CDIB Capital Group uses performance index of financial structure and dispatching of funds to set up a system to monitor daily funding gap.

As of December 31, 2022 and 2021, CDIB Capital Group and its subsidiaries' other financial liabilities are \$0 thousand, and the rest of non-derivative financial liabilities are \$6,366,195 thousand and \$4,703,213 thousand, respectively, and are mainly current liabilities.

## China Life Insurance

- 1) Liquidity risks are classified to “funding liquidity risk” and “market liquidity risk.” “Funding liquidity risk” represents that China Life Insurance is not able to obtain sufficient funds at a reasonable funding cost to meet the demands within reasonable time. “Market liquidity risk” represents the risk that China Life Insurance sells at loss to meet the demand for cash.

China Life Insurance assesses the characteristics of business, monitors short-term cash flows, and constructs the completed mechanism of liquidity risk management. Furthermore, China Life Insurance manages market liquidity risk cautiously by considering market trading volumes and adequacy of holding positions with symmetric. To decentralize market risk when investment and to maintain investment each aspect (such as asset category, maturity, region, currency and tools) diversification. Planning emergency financing plan in order to assess how China Life Insurance in the long term illiquid environment still regularly operate to pay emergency and major funding requirements.

China Life Insurance regularly monitors market liquidity and formulates plans to use the funds depending on market conditions and funding demand arrangements for liquidity assets portfolio. To deal with possible liquidity risk early, China Life Insurance reports duration of assets and liabilities quarterly, creates cash flow model and reviews cash flow status regularly.

- 2) Financial assets held for managing liquidity risk and maturity analysis of non-derivative financial liabilities

- a) Financial assets held for managing liquidity risk

China Life Insurance holds cash, highly liquid and superior assets to deal with payment obligation and the potential urgent funds needs to dispatch in the market environment. Financial assets for managing liquidity risk are cash and cash equivalents, financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income, financial assets at amortized cost, etc.

- b) Maturity analysis of non-derivative financial liabilities

The analysis of cash outflows to China Life Insurance is listed below and based on the residual term from the date of balance sheet to the maturity. The disclosed amount is in accordance with cash flows on contracts, so the partial disclosed items are not the same as related items in the balance sheet.

### Non-derivative financial instruments

	December 31, 2022			
	In 1 Year	1-5 Years	Over 5 Years	Total
Payables	\$ 12,076,846	\$ 75,836	\$ -	\$ 12,152,682
Bonds payable	-	-	10,000,000	10,000,000
Lease liabilities	153,814	457,752	3,610,180	4,221,746

	December 31, 2021			
	In 1 Year	1-5 Years	Over 5 Years	Total
Payables	\$ 13,110,913	\$ 58,112	\$ -	\$ 13,169,025
Bonds payable	-	-	10,000,000	10,000,000
Lease liabilities	137,790	405,177	3,475,404	4,018,371

c) Maturity analysis of derivative financial liabilities

China Life Insurance operates derivatives including foreign exchange derivative instruments (such as currency forward contracts, foreign exchange forward).

China Life Insurance has enough operating capital, including cash and cash equivalents, and highly liquid securities, such as government bonds to pay the investment and liabilities at maturity. Therefore, the risk of liquidity is extremely low. China Life Insurance enters into forward contracts and cross currency swaps derivative financial instruments, whose currencies are highly liquid, so the possibility of selling out and the risk of market liquidity are low. The forward contracts and cross currency swaps will be operated continually and the capital is enough to pay for settlement, so the risk of capital liquidity is low.

China Life Insurance's maturity structure of derivative financial liabilities is as follows:

		December 31, 2022			
		In 90 Days	91-180 Days	181 Days-1 Year	Over 1 Year
Financial liabilities at fair value through profit or loss		\$ 7,260,162	\$ 615,985	\$ -	\$ -
					\$ 7,876,147
		December 31, 2021			
		In 90 Days	91-180 Days	181 Days-1 Year	Over 1 Year
Financial liabilities at fair value through profit or loss		\$ 587,924	\$ 231,997	\$ 161,097	\$ -
					\$ 981,018

d. Market risk

KGI Bank and subsidiaries

1) Source and definition of market risk

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

2) Risk management policies

In order to have a common-language of market risk management, definition, communication and measurement, then comply with the requirements of the governing authorities, KGI Bank has developed "Market Risk Management Standard" based on Regulations Governing the Capital Adequacy Ratio of Banks (the CAR Regulations) related market risk calculation tables announced by the FSC, international standards, and CDFH's market risk management policy framework.

The "Market Risk Policy" is applicable to "Trading Book" positions defined by the Regulations Governing the Capital Adequacy Ratio of the KGI Bank related market risk calculation tables and the KGI Bank's book management approach to financial instrument handling.

Following the "Market Risk Policy", the KGI Bank sets up the "Market Risk Management Procedure to Trading Activities" to manage market risk throughout the Firm. This procedure includes risk identification and assessment, risk measurement, risk monitoring and response, risk reporting and contingency management processes.

### 3) The procedure of market risk measuring, monitoring, and reporting

The KGI Bank's market risk limits include position sensitivities, stop-loss limits, Value-at-Risk (VaR).

Risk factors analyzed through the KGI Bank's risk measurement systems are sufficient to determine all market risks of trading positions on balance sheet, including interest rates risk, foreign exchange risk, equity risk and commodity risk, as well as volatility risks which arise out of the option transactions.

The KGI Bank's market risk report includes profit or loss on trading positions, limits usage, stress testing, trading portfolio risk assessment, as well as significant exception if any.

The risk management unit of the KGI Bank independently performs daily market risk limit controls, and monthly reports to both the Risk Management Committee and Risk Management Committee of parent company, CDFH. Besides, the above reports are regularly presented to the Board for reference.

### 4) Mitigation of risks or hedging of market risk

The KGI Bank's market risk positions or hedging positions are marked to market on a daily base through techniques such as model evaluation. All market parameters are updated at least daily in accordance with changes in market conditions to conduct value assessment of products. Market Risk Limits are reviewed and controlled based on the revaluation results of traders' position risk value, position sensitivity and profit and loss figure on the daily basis.

### 5) Valuation techniques of market risk

The KGI Bank uses the VaR model and stress testing to evaluate the potential and extreme risk of trading portfolios. Through variations of the assumptions on market conditions, these techniques can be used to assess the market risk of positions held and the maximum expected loss.

VaR is calculated using a one-day time horizon with a 95% confidence level.

(In Thousands of New Taiwan Dollars)

	For the Year Ended December 31, 2022			For the Year Ended December 31, 2021		
	Average	Highest	Lowest	Average	Highest	Lowest
Interest rate risk	\$ 46,303	\$ 99,773	\$ 8,226	\$ 60,783	\$ 141,061	\$ 13,163
Equity risk	7,427	31,542	-	9,335	19,006	-
Exchange rate risk	18,708	36,355	5,344	3,339	15,981	1,547

### 6) Interest rate risk in banking book

The scope of interest rate risk in banking book includes interest rate sensitivity of assets and liabilities, but do not include risk management of trading book. Interest rate risk in banking book measures the adverse effects on net interest income of assets, liabilities and off-balance sheet as a result of adverse fluctuations in interest. Risk assessment not only builds the sensitivity gap between assets and liabilities, but also quantifies through the dimension of retained earnings and economic value perspectives.

## 7) Interest rate risk management of the banking book

The interest rate risk management strategy involving the Bank's banking book is to minimize the negative impact of changes in interest rates on net interest income and the net economic value of equity. The asset-liability management committee (ALMCO) approves the annual banking book interest rate risk limits and monitors the Bank's interest rate risk exposures every day. The interest rate risk management processes involving the banking book include risk identification, risk measurement, risk control, risk monitor and others. The unit monitoring the banking book interest rate risk reports interest rate risk exposures regularly to ALMCO, and adjust the structure of assets and liabilities according to the report, lowering the amount of exposure. For risk monitoring, the asset and liability management system outputs an analysis report, which is provided to the interest rate risk execution unit and top management. If risk missing or excess of limit occurred from monitor, written notices will be passed to interest rate risk implementation units to adjust and improve the program reported to ALMCO.

## 8) The effect of interest rate benchmark reform

KGI Bank is exposed to USD LIBOR which is subject to interest rate benchmark reform. The exposures arise on derivatives and non-derivative financial assets and liabilities. SOFR (Secured Overnight Financing Rate) is expected to replace USD LIBOR. There are key differences between USD LIBOR and SOFR. USD LIBOR is "forward looking", which implies market expectation over future interest rates, and includes a credit spread over the risk-free rate. SOFR is currently a "backward-looking" rate, based on interest rates from actual transactions, and excludes a credit spread. To transition existing contracts and agreements that reference USD LIBOR to SOFR, adjustments for these differences might need to be applied to SOFR to enable the two benchmark rates to be economically equivalent.

KGI Bank has established a LIBOR conversion task force, is responsible for promoting cross-departmental conversion work, drafting conversion plans and time schedule planning, conducting impact assessments. This task force also focuses on product conversion business strategy adjustments, customer communication, system, operating process changes, evaluation, risk models, financial reports and tax implications. This task force reports to the Risk Management Committee and the Board of Directors on the implementation situation quarterly, completes the identification of the information system and internal processes that affect the risk, and take inventory and analysis of the affected areas of risk. Before the cessation of LIBOR, the task force will be based on the regulations of the standard setter, market participants and the competent authority, and continue to adjust related systems, methods and procedures to meet the requirements of the new benchmark interest rate.

Risks arising from the transition relate principally to the potential impact of interest rate basis risk. If the bilateral negotiations with KGI Bank's counterparties are not successfully concluded before the cessation of LIBOR, there are significant uncertainties with regard to the interest rate that would apply. This gives rise to additional interest rate risk that was not anticipated when the contracts were entered into.

The following table contains details of all of the financial instruments held by KGI Bank at December 31, 2022 which are subject to the reform and have not transitioned to an alternative benchmark interest rate:

<b>Non-derivative Financial Instrument</b>	<b>Financial Assets</b>
USD LIBOR	<u>\$ 28,593,911</u>
<b>Derivative Financial Instrument</b>	<b>Nominal Principal</b>
USD LIBOR	<u>\$ 38,836,318</u>

9) Concentration of currency risk information

The financial assets and liabilities denominated in foreign currency and with material influence on KGI Bank and subsidiaries were as follows:

(In Thousands of Foreign Currencies/New Taiwan Dollars)

	<b>December 31, 2022</b>		
	<b>Foreign Currency</b>	<b>Exchange Rate (Dollar)</b>	<b>New Taiwan Dollar</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 5,812,766	30.71	\$ 178,498,426
HKD	4,399,814	3.94	17,326,468
CNY	1,824,189	4.41	8,040,659
ZAR	4,427,356	1.81	8,022,369
EUR	237,273	32.71	7,761,191
JPY	19,000,810	0.23	4,415,788
AUD	197,495	20.82	4,111,850
GBP	45,424	37.04	1,682,486
SGD	34,637	22.86	791,796
Nonmonetary items			
CNY	1,011,784	4.41	4,459,742
<u>Financial liabilities</u>			
Monetary items			
USD	8,043,773	30.71	247,008,179
CNY	2,616,391	4.41	11,532,527
EUR	163,842	32.71	5,359,259
ZAR	1,964,674	1.81	3,559,989
AUD	158,207	20.82	3,293,863
JPY	9,734,674	0.23	2,262,338
GBP	54,950	37.04	2,035,346
HKD	205,655	3.94	809,869
SGD	10,361	22.86	236,855
NZD	8,246	19.43	160,221

**(In Thousands of Foreign Currencies/New Taiwan Dollars)**

	<b>December 31, 2021</b>		
	<b>Foreign Currency</b>	<b>Exchange Rate (Dollar)</b>	<b>New Taiwan Dollar</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 5,805,963	27.69	\$ 160,767,123
EUR	401,065	31.32	12,561,369
HKD	3,449,824	3.55	12,250,326
ZAR	4,765,944	1.73	8,264,148
CNY	1,367,024	4.35	5,941,498
JPY	12,931,061	0.24	3,109,920
AUD	59,310	20.09	1,191,530
GBP	26,705	37.30	996,107
SGD	19,146	20.46	391,732
Nonmonetary items			
CNY	946,428	4.35	4,113,459

Financial liabilities

Monetary items			
USD	7,900,722	27.69	218,771,002
CNY	3,514,926	4.35	15,276,923
EUR	187,337	31.32	5,867,383
ZAR	2,009,704	1.73	3,484,827
HKD	427,923	3.55	1,519,555
JPY	6,093,136	0.24	1,465,399
AUD	69,078	20.09	1,387,769
GBP	5,805	37.30	216,523
SGD	7,475	20.46	152,937
NZD	6,565	18.89	124,010
CAD	4,815	21.63	104,140

10) Disclosure required by the Regulations Governing the Preparation of Financial Reports by Public Banks.

a) Analysis of KGI Bank's interest rate-sensitive assets and liabilities (New Taiwan dollars)

**December 31, 2022**

Item	1 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year	Total
Interest rate-sensitive assets	\$ 365,303,695	\$ 24,613,450	\$ 29,957,660	\$ 58,889,544	\$ 478,764,349
Interest rate-sensitive liabilities	190,244,449	148,686,716	26,256,552	27,361,742	392,549,459
Interest rate sensitivity gap	175,059,246	(124,073,266)	3,701,108	31,527,802	86,214,890
Net worth					61,085,508
Ratio of interest rate-sensitive assets to liabilities (%)					121.96
Ratio of interest rate-sensitive gap to net worth (%)					141.14

**December 31, 2021**

Item	1 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year	Total
Interest rate-sensitive assets	\$ 334,956,321	\$ 25,772,086	\$ 23,998,631	\$ 77,356,276	\$ 462,083,314
Interest rate-sensitive liabilities	140,198,658	175,192,615	32,966,476	28,357,014	376,714,763
Interest rate sensitivity gap	194,757,663	(149,420,529)	(8,967,845)	48,999,262	85,368,551
Net worth					63,135,372
Ratio of interest rate-sensitive assets to liabilities (%)					122.66
Ratio of interest rate-sensitive gap to net worth (%)					135.22



Note 1: The above amounts included only New Taiwan dollar amounts held by KGI Bank excluded contingent assets and contingent liabilities.

Note 2: Interest rate-sensitive assets and liabilities are interest-earning assets and interest-bearing liabilities with revenues or costs affected by interest rate changes.

Note 3: Interest rate sensitivity gap = Interest rate-sensitive assets - Interest rate-sensitive liabilities.

Note 4: Ratio of interest rate-sensitive assets to liabilities = Interest rate-sensitive assets/Interest rate-sensitive liabilities (interest rate-sensitive assets and interest rate-sensitive liabilities in New Taiwan dollars).

b) Analysis of KGI Bank's interest rate-sensitive assets and liabilities (U.S. dollars)

**December 31, 2022**

(In Thousands of U.S. Dollars, %)

Item	1 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year	Total
Interest rate-sensitive assets	\$ 2,914,753	\$ 182,642	\$ 99,304	\$ 2,169,252	\$ 5,365,951
Interest rate-sensitive liabilities	6,181,834	658,547	488,253	359,472	7,688,106
Interest rate sensitivity gap	(3,267,081)	(475,905)	(388,949)	1,809,780	(2,322,155)
Net worth					12,351
Ratio of interest rate-sensitive assets to liabilities (%)					69.80
Ratio of interest rate-sensitive gap to net worth (%)					(18,801.35)

**December 31, 2021**

(In Thousands of U.S. Dollars, %)

Item	1 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year	Total
Interest rate-sensitive assets	\$ 3,173,149	\$ 138,542	\$ 124,488	\$ 2,061,427	\$ 5,497,606
Interest rate-sensitive liabilities	6,519,030	502,696	151,910	374,487	7,548,123
Interest rate sensitivity gap	(3,345,881)	(364,154)	(27,422)	1,686,940	(2,050,517)
Net worth					106,260
Ratio of interest rate-sensitive assets to liabilities (%)					72.83
Ratio of interest rate-sensitive gap to net worth (%)					(1,929.72)

Note 1: The above amounts included only U.S. dollars amounts held by KGI Bank, excluded contingent assets and contingent liabilities.

Note 2: Interest rate-sensitive assets and liabilities are interest-earning assets and interest-bearing liabilities with revenues or costs affected by interest rate changes.

Note 3: Interest rate sensitivity gap = Interest rate-sensitive assets - Interest rate-sensitive liabilities.

Note 4: Ratio of interest rate-sensitive assets to liabilities = Interest rate-sensitive assets/Interest rate-sensitive liabilities (interest rate-sensitive assets and interest rate-sensitive liabilities in U.S. dollars).

## KGI Securities and subsidiaries

Market risk is the risk of potential loss or change in valuation for securities or financial products that KGI Securities and subsidiaries hold due to the fluctuations of the market risk factors. Such factors include interest rates (including credit spread) and risk of equity securities and exchange rates and commodity risk.

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

### 1) Risk factor sensitivity

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

- a) Interest rate risk sensitivity: Measured by the change of present value of future cash flows of the measured holding with each yield curve or credit spread moved 0.01% horizontally.
- b) Equity securities risk sensitivity: Measured by the change of the value of investment portfolio with the price of the underlying assets linked to the equity securities (as the potential loss amount given that the TAIEX and stock of respective companies drop 1%), which could be divided into two types by distribution of financial instrument:
  - i. Equity delta: Measured by the change of present value of stock with the price of the underlying assets linked to the equity securities. (As the potential loss amount given that the TAIEX and stock of respective companies drop 1%).
  - ii. Debt delta: Measured by the change of present value of bond with the price of the underlying assets linked to the debt securities. (As the potential loss amount given that the beneficiary certificates and funds, included preferred stocks and bond ETF drop 1%).
- c) Exchange rate risk sensitivity: Measured by the change of present values of corresponding holdings of currencies with exchange rate for each currency (as the potential loss amount given that the foreign currencies depreciate 1% against NTD).
- d) Commodity risk sensitivity: Measured by the change of present values of corresponding holdings of currencies with commodity for each currency (as the potential loss amount given that commodity currencies depreciate 1% against NTD).

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

### Comparisons of Risk Sensitive Factors

(In Thousands of New Taiwan Dollars)

Risk Sensitivity	December 31, 2022	December 31, 2021
Interest rate risk	\$ 1,861	\$ 468
Equity securities risk		
Equity delta	4,433,631	7,657,464
Debt delta	6,245	2,382,439
Exchange rate risk	2,948,548	5,842,599
Commodity risk	5,969	(31,232)

#### 2) Value at risk

Value at risk (“VAR”) is a statistical measurement used to measure the maximum potential loss of a portfolio in a certain future time horizon and confidence level. KGI Securities and subsidiaries uses parametric in estimating a value at risk at 99% of confidence interval at duration of 1 day. This means that among 100 trading days, 1 trading day might see the loss of the positions exceeding the value at risk estimated the day before. KGI Securities and subsidiaries continue to conduct backtesting daily to ensure the effectiveness of the estimations made by the risk value model.

The comparison of risk value in the trading portfolio held by KGI Securities and subsidiaries were as follows:

	For the Year Ended December 31, 2022			December 31, 2022
	Average VAR	Minimum VAR	Maximum VAR	Ending VAR
Equity securities	\$ 176,834	\$ 92,083	\$ 355,679	\$ 179,623
Interest rate	181,662	109,009	247,993	166,268
Exchange rate	79,785	40,482	126,400	85,877
Commodity	3,893	141	15,100	1,184

	For the Year Ended December 31, 2021			December 31, 2021
	Average VAR	Minimum VAR	Maximum VAR	Ending VAR
Equity securities	\$ 189,416	\$ 97,233	\$ 330,487	\$ 256,563
Interest rate	213,372	123,636	429,061	213,393
Exchange rate	60,233	24,218	116,124	66,394
Commodity	37,741	1,723	139,868	6,431

#### 3) Stress test

Stress test is one of the tools for risk management. It mainly evaluates the effects extreme changes in market risk factors in an investment portfolio to help KGI Securities’ board of directors and management understand how potential extreme incidents can affect the market risk sensitivity and the profit/loss of an investment portfolio.

The main methods of stress test are historic analysis and hypothetical scenarios analysis. The results will be regularly reported to the risk management committee and the board of directors of KGI Securities.

4) The effect of interest rate benchmark reform

KGI Securities and subsidiaries assessed that when the interest rate index does not exist, updating the effective interest rate to reflect the change in the alternative index interest rate. The interest rate change does not have a significant impact on KGI Securities and subsidiaries. KGI Securities and subsidiaries will continue to evaluate the effect and development of interest rate benchmark reform.

The following table contains details of all of the financial instruments held by KGI Securities and subsidiaries at December 31, 2022 which are subject to the reform and have not transitioned to an alternative benchmark interest rate:

	<b>Carrying Amount</b>	
	<b>Financial Assets</b>	<b>Financial Liabilities</b>
Non-derivative financial instrument		
USD LIBOR	\$ 2,813,627	\$ -
CNY HIBOR	-	2,173,822
Derivative financial instrument		
USD LIBOR	<u>1,088,507</u>	<u>290,483</u>
	<u>\$ 3,902,134</u>	<u>\$ 2,464,305</u>
	<b>Nominal Principal</b>	
	<b>Financial Assets</b>	<b>Financial Liabilities</b>
Derivative instrument		
USD LIBOR	<u>\$ 32,000,807</u>	<u>\$ 17,678,596</u>

5) The financial assets and liabilities denominated in foreign currency and with material influence on KGI Securities and subsidiaries were as follows:

(In Thousands of Foreign Currencies/New Taiwan Dollars)

	<b>December 31, 2022</b>		
	<b>Foreign Currency</b>	<b>Exchange Rate (Dollar)</b>	<b>New Taiwan Dollar</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 3,541,362	30.71	\$ 108,749,136
EUR	503,112	32.71	16,456,792
HKD	223,543	3.94	880,313
JPY	961,419	0.23	223,434
AUD	9,532	20.83	198,514
CNY	44,151	4.41	194,609
Nonmonetary items			
USD	1,996,658	30.71	61,311,957
CNY	950,455	4.41	4,189,417

(Continued)

	December 31, 2022		
	Foreign Currency	Exchange Rate (Dollar)	New Taiwan Dollar
Investments accounted for using the equity method			
USD	\$ 89,057	30.71	\$ 2,734,751
<u>Financial liabilities</u>			
Monetary items			
USD	5,420,728	30.71	166,460,683
EUR	500,656	32.71	16,376,474
HKD	181,974	3.94	716,614
JPY	787,748	0.23	183,073
AUD	7,212	20.83	150,205
Nonmonetary items			
USD	538,720	30.71	16,543,009
			(Concluded)

(In Thousands of Foreign Currencies/New Taiwan Dollars)

	December 31, 2021		
	Foreign Currency	Exchange Rate (Dollar)	New Taiwan Dollar
<u>Financial assets</u>			
Monetary items			
USD	\$ 2,971,630	27.69	\$ 82,280,789
EUR	501,987	31.32	15,722,244
HKD	146,831	3.55	521,310
JPY	1,072,467	0.24	257,928
CNY	51,371	4.35	223,271
AUD	6,583	20.08	132,203
Nonmonetary items			
USD	1,855,880	27.69	51,387,965
CNY	737,953	4.35	3,207,366
Investments accounted for using the equity method			
USD	92,750	27.69	2,568,241
<u>Financial liabilities</u>			
Monetary items			
USD	5,381,676	27.69	149,014,953
EUR	501,264	31.32	15,699,574
HKD	80,840	3.55	286,976
JPY	903,000	0.24	217,171
CNY	26,665	4.35	115,893
AUD	5,150	20.08	103,417
Nonmonetary items			
USD	520,770	27.69	14,420,119

CDIB Capital Group and subsidiaries

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

## 1) Exchange rate risk

The financial assets and liabilities denominated in foreign currency and with material influence on CDIB Capital Group and subsidiaries were as follows:

**(In Thousands of Foreign Currencies/New Taiwan Dollars)**

<b>December 31, 2022</b>			
	<b>Foreign Currency</b>	<b>Exchange Rate (Dollar)</b>	<b>New Taiwan Dollar</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 123,587	30.71	\$ 3,795,099
CNY	299,352	4.41	1,319,483
KRW	22,226,144	0.02	541,296
Nonmonetary items			
USD	355,092	30.71	10,904,159
CNY	149,574	4.41	659,292
GBP	5,273	37.04	195,311
KRW	7,904,304	0.02	192,501
Investment accounted for using the equity method			
USD	65,033	30.71	1,997,018
CNY	433,606	4.41	1,911,337
<u>Financial liabilities</u>			
Monetary items			
USD	16,753	30.71	514,462

**(In Thousands of Foreign Currencies/New Taiwan Dollars)**

<b>December 31, 2021</b>			
	<b>Foreign Currency</b>	<b>Exchange Rate (Dollar)</b>	<b>New Taiwan Dollar</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 242,417	27.69	\$ 6,712,539
CNY	273,438	4.35	1,188,445
KRW	22,125,934	0.02	515,291
Nonmonetary items			
USD	315,588	27.69	8,738,623
CNY	129,189	4.35	561,495
KRW	5,756,891	0.02	134,072

(Continued)

December 31, 2021			
	Foreign Currency	Exchange Rate (Dollar)	New Taiwan Dollar
Investment accounted for using the equity method			
USD	\$ 76,871	27.69	\$ 2,128,572
CNY	438,997	4.35	1,907,879
<u>Financial liabilities</u>			
Monetary items			
CNY	317,003	4.35	1,377,790
USD	34,300	27.69	949,764
			(Concluded)

#### Sensitivity analysis

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

	Impact on Profit or Loss	
	For the Year Ended December 31	
	2022	2021
Monetary items		
USD	\$ 32,806	\$ 57,628
CNY	13,024	(1,893)
KRW	5,413	5,153

#### 2) Interest rate risk

The primary financial assets of CDIB Capital Group and subsidiaries with exposure to interest rates as of December 31, 2022 and 2021 were cash in banks. Management believes that interest rate changes would have been no significant effect on CDIB Capital Group and subsidiaries.

#### 3) Other price risk

CDIB Capital Group and subsidiaries were exposed to equity price risk through its investments in principal investment business. CDIB Capital Group manages this exposure by setting risk acceptance limitation concerning industry, country, affiliated groups, and the same group.

If equity prices had been 1% higher/lower, the post-tax income for the years ended December 31, 2022 and 2021 would increase/decrease by \$154,079 thousand and \$162,443 thousand, respectively as a result of the changes in fair value of financial assets at fair value through profit or loss.

#### 4) The effect of interest rate benchmark reform

Changes in interest rate indicators mainly expose CDIB Capital Group and subsidiaries to basic interest rate risks. If CDIB Capital Group and subsidiaries fail to complete the contract modification negotiation with the counterparty of the financial instrument before LIBOR exits, there will be the significant uncertainty of the interest rate base applicable to the financial instrument in the future, and trigger the unexpected interest rate risk insurance of CDIB Capital Group and subsidiaries.

As of December 31, 2022, CDIB Capital Group and subsidiaries have no financial assets or financial liabilities affected by the changes in interest rate indicators. CDIB Capital Group and subsidiaries will continue to evaluate and pay attention to the changes and development of interest rate indicators.

### China Life Insurance

#### 1) Market risk analysis

Market risk refers to financial assets and liabilities due to market risk factors volatility, making the change of the value to cause the risk of loss.

China Life Insurance has built value at risk (VaR) model. All financial assets involve market risks regularly monitor by risk management system and calculate the VaR. Risk control indices are notional amount and VaR. It will issue risk management reports and execute routine control and process when over limit. We also report VaR, the use of risk limits and the results of backtesting regularly to the board of directors or risk management committee.

#### 2) Exchange rate risk

China Life Insurance's exchange rate risk is primarily related to foreign currency assets and foreign currency liabilities in its accounts. If the foreign currency assets and foreign currency liabilities are part of the same currency, it will have a natural hedging effect, and the remaining parts may have the risk of value changes due to the exchange rate changes. China Life primarily uses foreign exchange and foreign exchange derivatives to avoid exchange rate risks, and controls it in accordance with relevant laws and requirements for internal control.

#### 3) Interest rate risk

Interest rate risk refers to the risk resulting from changes in market interest rates which causes fluctuations in the fair value of financial instruments. China Life Insurance manages interest rate risk by combinations of fixed and floating interest rate products. Because they do not meet the requirements for hedge accounting, hedge accounting is not adopted.

#### 4) Equity price risk

China Life Insurance holds equity securities of listed and unlisted companies, and OTC-traded and non-OTC traded companies. The price of such equity securities will be affected by uncertainties about the future value of the underlying investment. China Life Insurance diversified its investment and set investment limits for a single equity security to manage price risk of equity securities. Portfolio information of equity securities is required to be regularly reported to senior executives of China Life Insurance. The Board of Directors should authorize the senior executives to review and approve the equity securities of all investment decisions.



## 5) Value at risk

Value-at-risk is the maximum loss on the portfolio with a given probability defined as the confidence level, over a given period of time. China Life Insurance uses 99% VaR to measure the market risk over the next ten days.

VaR model must be able to reasonably and appropriately measure the maximum potential risk of financial instruments and investment portfolio. VaR model used to manage risk must perform model validation and backtesting to show that the model can reasonably and effectively measure the maximum potential risks of the financial instruments or investment portfolio.

## 6) Stress testing

China Life Insurance measures and evaluates potential risks of the occurrence of extreme and abnormal events regularly in addition to Value at Risk models. Stress testing measures the potential impact on the value of the investment portfolio when extreme fluctuations of financial variables occur.

China Life Insurance performs stress testing regularly by using “Simple Sensitivity” and “Scenario Analysis” methods. The test is capable of representing the position loss resulted from the movement of a specific risk factor under different kinds of historical scenarios:

### a) Simple sensitivity

Simple Sensitivity measures the dollar amount change for the portfolio value from the movement of specific risk factors.

### b) Scenario analysis

Scenario Analysis measures the dollar amount changes for the total value of investment positions if stress scenarios occur. The types of scenario include:

#### i. Historical scenario:

Adding fluctuating risk factors to a specific historical event, China Life Insurance simulates what the dollar amount of losses for the current investment portfolio would be in the same period of time.

#### ii. Hypothetical scenario:

China Life Insurance makes hypothesis with rational expectations from the extreme market movements to assess the dollar amount of losses for the investment position by taking into consideration the movement of relevant risk factors.

Risk management department performs the stress testing with historical and hypothetical scenarios regularly. China Life Insurance's risk analysis, early warning, and business management are in accordance with the stress testing report.

**Summary of Factor Sensitivity Analysis  
December 31, 2022**

<b>Risk Factors</b>	<b>Changes (+/-)</b>	<b>Changes in Income</b>	<b>Changes in Equity</b>
Equity risk (stock index)	+1%	\$ -	\$ 2,242,519
Interest rate risk (yield curve)	+1BP	-	(49,991)
Exchange risk (foreign exchange rate)	+1% (NTD for each currency appreciates 1%)	(2,336,961)	(1,403,945)

**Summary of Factor Sensitivity Analysis  
December 31, 2021**

<b>Risk Factors</b>	<b>Changes (+/-)</b>	<b>Changes in Income</b>	<b>Changes in Equity</b>
Equity risk (stock index)	+1%	\$ -	\$ 3,109,639
Interest rate risk (yield curve)	+1BP	-	(407,349)
Exchange risk (foreign exchange rate)	+1% (NTD for each currency appreciates 1%)	(2,458,398)	(1,060,788)

7) The effect of interest rate benchmark reform

China Life evaluated the impact on the company's exposure positions based on the content of changes in international interest rate indicators. As of the end of December 2022, the book value of China Life's affected bonds was \$27,790,022 thousand, and there are backups in the prospectus of these bonds. Terms, so when the interest rate indicator does not exist, there are still alternative ways to continue to accrue interest. The interest rate changes have not had a significant impact on China Life. China Life will continue to pay attention to the changes and development of international interest rate indicators.

8) China Life Insurance's foreign currency financial assets and liabilities with significant influence as of December 31, 2022 and 2021 are as follows:

**(In Thousands of Foreign Currencies/New Taiwan Dollars)**

<b>December 31, 2022</b>			
	<b>Foreign Currency</b>	<b>Exchange Rate (Dollar)</b>	<b>New Taiwan Dollar</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 45,829,414	30.71	\$ 1,407,329,649
AUD	5,339,400	20.82	111,182,850
Non-monetary items			
USD	2,502,631	30.71	76,850,780
<u>Financial liabilities</u>			
Monetary items			
USD	6,200	30.71	190,390

(In Thousands of Foreign Currencies/New Taiwan Dollars)

December 31, 2021			
	Foreign Currency	Exchange Rate (Dollar)	New Taiwan Dollar
<u>Financial assets</u>			
Monetary items			
USD	\$ 43,195,379	27.69	\$ 1,196,080,037
AUD	5,204,421	20.09	104,552,135
Non-monetary items			
USD	3,237,451	27.69	89,645,006
<u>Financial liabilities</u>			
Monetary items			
USD	66,234	27.69	1,834,010

The above information is disclosed based on the carrying amount of the foreign currencies, which has been translated to functional currency.

e. Transfers of financial assets

KGI Bank and subsidiaries

Transferred financial assets not qualifying for full derecognition

Among daily operations of KGI Bank, most of the transactions of transferred financial assets not qualifying for full derecognition are debt securities under repurchase agreements. As KGI Bank's right to receive cash flows of the financial assets transferred to the counterparties, and reflecting the obligation to repurchase the transferred financial assets for a fixed price at a future date, the transferred financial assets cannot be used, sold or pledged in the duration of the transaction. KGI Bank does not derecognize it entirely because KGI Bank remains exposed to interest rate risk and credit risk on these pledged instruments.

Related information of financial assets and liabilities not qualifying for full derecognition was listed below:

December 31, 2022					
Category	Carrying Amount of Transferred Financial Assets	Carrying Amount of Related Financial Liabilities	Fair Value of Transferred Financial Assets	Fair Value of Related Financial Liabilities	Fair Value of Net Position
Notes and bonds issued under repurchase agreements					
Financial assets at amortized cost	\$ 934,238	\$ 797,576	\$ 842,586	\$ 797,576	\$ 45,010
Financial assets at FVTPL	1,104,464	1,079,721	1,104,464	1,079,721	24,743
Financial assets at FVTOCI	27,374,699	26,483,687	27,374,699	26,483,687	891,012

December 31, 2021					
Category	Carrying Amount of Transferred Financial Assets	Carrying Amount of Related Financial Liabilities	Fair Value of Transferred Financial Assets	Fair Value of Related Financial Liabilities	Fair Value of Net Position
Notes and bonds issued under repurchase agreements					
Financial assets at amortized cost	\$ 276,830	\$ 263,055	\$ 276,900	\$ 263,055	\$ 13,845
Financial assets at FVTOCI	44,159,962	42,518,114	44,159,962	42,518,114	1,641,848

### KGI Securities and subsidiaries

#### 1) Transferred financial assets not qualifying for full derecognition

Among daily operations of KGI Securities and subsidiaries, most of the transactions of transferred financial assets not qualifying for full derecognition are debt securities held by counterparties as collateral under repurchase agreements or equity securities lent under securities lending agreements. As the substance of these transactions is secured borrowing, securities that has transferred to counterparties during the transaction causes KGI Securities and subsidiaries' right to receive cash flows of the financial assets transferred to the counterparties; KGI Securities and subsidiaries only recognized related liabilities reflecting the obligation to repurchase the transferred financial assets at a fixed price in the future, and the transferred financial assets cannot be used, sold or pledged in the duration of the transaction. KGI Securities and subsidiaries do not derecognize it entirely because KGI Securities and subsidiaries remain exposed to interest rate risk, credit risk and market risk on these pledged instruments.

Related information of financial assets and liabilities not qualifying for full derecognition was listed below:

December 31, 2022					
Category	Carrying Amount of Transferred Financial Assets	Carrying Amount of Related Financial Liabilities	Fair Value of Transferred Financial Assets	Fair Value of Related Financial Liabilities	Net Position of Fair Value
Financial assets at FVTPL					
Transactions with agreements	\$ 16,580,093	\$ 16,273,231	\$ 16,580,093	\$ 16,273,231	\$ 306,862
Financial assets at FVTOCI					
Transactions with agreements	31,296,792	29,817,268	31,296,792	29,817,268	1,479,524
Financial assets at amortized cost					
Transactions with agreements	3,470,745	3,508,160	3,470,745	3,508,160	(37,415)

December 31, 2021					
Category	Carrying Amount of Transferred Financial Assets	Carrying Amount of Related Financial Liabilities	Fair Value of Transferred Financial Assets	Fair Value of Related Financial Liabilities	Net Position of Fair Value
Financial assets at FVTPL					
Transactions with agreements	\$ 18,189,125	\$ 17,202,391	\$ 18,189,125	\$ 17,202,391	\$ 986,734
Financial assets at FVTOCI					
Transactions with agreements	21,854,379	20,308,801	21,854,379	20,308,801	1,545,578
Financial assets at amortized cost					
Transactions with agreements	6,893,729	6,925,288	6,893,729	6,925,288	(31,559)

2) Transferred financial assets qualifying for full derecognition

KGI Securities uses convertible bonds acquired by an underwriter or dealer as the trading object of the asset swap transaction, then KGI Securities receives consideration by selling it, and exchange interests arise from convertible bonds for compensation interests according to the contracts, and has the right to redeem the bonds at any time before the maturity date. KGI Securities does not retain the control over the transferred assets and derecognizes them since counterparties have the ability to sell financial assets to third party and no restrictions will be made to counterparties. KGI Securities still retain the call option of the object, and the maximum exposure of the loss is the book value of the pledged instruments.

Related information of transferred financial assets and liabilities qualifying for full derecognition are as follows:

Period	Types of Continuing Involvement	Outflows of Repurchased Transferred (Derecognized) Financial Assets	Book Value of Continuing Involvement in the Balance Sheet	Fair Value of Continuing Involvement		Maximum of Loss Exposure
			Financial Assets at FVTPL	Assets	Liabilities	
December 31, 2022	Call option	\$ 11,593,500	\$ 1,383,072	\$ 1,383,072	\$ -	\$ 1,383,072
December 31, 2021	Call option	9,888,800	2,500,689	2,500,689	-	2,500,689

The following table is repurchased transferred (derecognized) financial assets' undiscounted cash flow maturity analysis. Information of cash flow is disclosed according to the circumstances of every balance sheet day.

Period	Types of Continuing Involvement	Spot	3 Months	3-12 Months	1-5 Years	Over 5 Years	Total
December 31, 2022	Call option	\$ -	\$ 350,300	\$ 2,595,700	\$ 8,647,500	\$ -	\$ 11,593,500
December 31, 2021	Call option	-	443,200	1,912,400	7,533,200	-	9,888,800

The following table shows gains or losses recognized from continuing involvement - call option at the assets transferred day, continuing involvement of derecognized financial assets until balance sheet day and revenues and expenses recognized during the period.

Period	Types of Continuing Involvement	Gains or Losses Recognized at Balance Sheet Day	Revenues or Expenses Recognized from Continuing Involvement of Derecognized Financial Assets Until Balance Sheet Day	Revenues or Expenses Recognized During the Period
December 31, 2022	Call option	\$ (28,703)	\$ (663,738)	\$ (692,441)
December 31, 2021	Call option	(83,086)	825,680	742,594

f. Offsetting financial assets and financial liabilities

KGI Bank and subsidiaries

KGI Bank and subsidiaries have enforceable master netting arrangements or similar agreements signed with counterparty, and the financial assets and financial liabilities can be offset when both sides of the transaction have decided to, but gross settlements if have not. One can choose net settlement if the other side of the transaction is in the breach of contract.

Related information of offsetting financial assets and financial liabilities were as follows:

December 31, 2022						
Financial Assets Subject to Offsetting, Enforceable Master Netting Arrangements or Similar Agreements						
Types of Financial Instruments	Gross Amounts of Recognized Financial Assets (a)	Gross Amounts of Recognized Financial Liabilities Offset in the Balance Sheet (b)	Net Amounts of Financial Assets Presented in the Balance Sheet (c)=(a)-(b)	Amounts not Offset in the Balance Sheet (d)		Net Amount (e)=(c)-(d)
				Financial Instruments (Note 1)	Cash Collateral Received	
Securities purchased under resell agreements	\$ 15,467,689	\$ -	\$ 15,467,689	\$ 15,467,689	\$ -	\$ -
Derivative instruments (Note 2)	26,237,839	-	26,237,839	10,321,717	1,904,463	14,011,659
Total	\$ 41,705,528	\$ -	\$ 41,705,528	\$ 25,789,406	\$ 1,904,463	\$ 14,011,659

December 31, 2022						
Financial Liabilities Subject to Offsetting, Enforceable Master Netting Arrangements or Similar Agreements						
Types of Financial Instruments	Gross Amounts of Recognized Financial Liabilities (a)	Gross Amounts of Recognized Financial Assets Offset in the Balance Sheet (b)	Net Amounts of Financial Liabilities Presented in the Balance Sheet (c)=(a)-(b)	Amounts not Offset in the Balance Sheet (d)		Net Amount (e)=(c)-(d)
				Financial Instruments (Note 1)	Cash Collateral Pledged	
Notes and bonds issued under repurchase agreements	\$ 28,360,984	\$ -	\$ 28,360,984	\$ 28,228,141	\$ 132,843	\$ -
Derivative instruments (Note 2)	25,124,990	-	25,124,990	10,321,717	5,048,395	9,754,878
Total	\$ 53,485,974	\$ -	\$ 53,485,974	\$ 38,549,858	\$ 5,181,238	\$ 9,754,878

December 31, 2021						
Financial Assets Subject to Offsetting, Enforceable Master Netting Arrangements or Similar Agreements						
Types of Financial Instruments	Gross Amounts of Recognized Financial Assets (a)	Gross Amounts of Recognized Financial Liabilities Offset in the Balance Sheet (b)	Net Amounts of Financial Assets Presented in the Balance Sheet (c)=(a)-(b)	Amounts not Offset in the Balance Sheet (d)		Net Amount (e)=(c)-(d)
				Financial Instruments (Note 1)	Cash Collateral Received	
Securities purchased under resell agreements	\$ 3,609,158	\$ -	\$ 3,609,158	\$ 3,562,085	\$ 47,073	\$ -
Derivative instruments (Note 2)	10,239,891	-	10,239,891	2,900,954	2,831,422	4,507,515
Total	\$ 13,849,049	\$ -	\$ 13,849,049	\$ 6,463,039	\$ 2,878,495	\$ 4,507,515

December 31, 2021						
Financial Liabilities Subject to Offsetting, Enforceable Master Netting Arrangements or Similar Agreements						
Types of Financial Instruments	Gross Amounts of Recognized Financial Liabilities (a)	Gross Amounts of Recognized Financial Assets Offset in the Balance Sheet (b)	Net Amounts of Financial Liabilities Presented in the Balance Sheet (c)=(a)-(b)	Amounts not Offset in the Balance Sheet (d)		Net Amount (e)=(c)-(d)
				Financial Instruments (Note 1)	Cash Collateral Pledged	
Notes and bonds issued under repurchase agreements	\$ 42,781,169	\$ -	\$ 42,781,169	\$ 42,719,476	\$ 61,693	\$ -
Derivative instruments (Note 2)	10,026,329	-	10,026,329	2,900,954	2,157,605	4,967,770
Total	\$ 52,807,498	\$ -	\$ 52,807,498	\$ 45,620,430	\$ 2,219,298	\$ 4,967,770

Note 1: Financial instruments include master netting arrangements and non-cash collateral.

Note 2: Derivative instruments include hedging derivative financial.

#### KGI Securities and subsidiaries

KGI Securities and subsidiaries' transactions of derivative assets and liabilities do not correspond to the provisions of IAS, only in the circumstances of default, insolvency or bankruptcy will KGI Securities have the rights to offset derivative assets and liabilities.

KGI Securities and subsidiaries have signed securities repurchase contracts with counterparties, and the agreements stating that KGI Securities and subsidiaries to provide securities as collateral, meanwhile KGI Securities and subsidiaries signed securities resell contracts with counterparties and receive securities as collateral which do not recognized in the balance sheet. Such contracts do not correspond to the provisions of IAS and bear the right to offset only in the circumstances of default, insolvency or bankruptcy, therefore, related securities sell with repurchase agreements and securities purchased with resell agreement are presented in the balance sheet respectively.

Related information of offsetting financial assets and financial liabilities were as follows:

December 31, 2022						
Financial Assets Subject to Offsetting, Enforceable Master Netting Arrangements or Similar Agreements						
Types of Financial Instruments	Gross Amounts of Recognized Financial Assets (a)	Gross Amounts of Recognized Financial Liabilities Offset in the Balance Sheet (b)	Net Amounts of Financial Assets Presented in the Balance Sheet (c)=(a)-(b)	Amounts not Offset in the Balance Sheet (d)		Net Amount (e)=(c)-(d)
				Financial Instruments (Note 1)	Cash Collateral Received	
Derivative financial instruments (Note 2)	\$ 4,970,312	\$ -	\$ 4,970,312	\$ -	\$ 1,335,364	\$ 3,634,948
Securities purchased under resell agreements	8,487,952	-	8,487,952	8,487,952	-	-
Total	\$ 13,458,264	\$ -	\$ 13,458,264	\$ 8,487,952	\$ 1,335,364	\$ 3,634,948

December 31, 2022						
Financial Liabilities Subject to Offsetting, Enforceable Master Netting Arrangements or Similar Agreements						
Types of Financial Instruments	Gross Amounts of Recognized Financial Liabilities (a)	Gross Amounts of Recognized Financial Assets Offset in the Balance Sheet (b)	Net Amounts of Financial Liabilities Presented in the Balance Sheet (c)=(a)-(b)	Amounts not Offset in the Balance Sheet (d)		Net Amount (e)=(c)-(d)
				Financial Instruments (Note 1)	Cash Collateral Pledged	
Derivative financial instruments	\$ 8,908,903	\$ -	\$ 8,908,903	\$ -	\$ 1,253,608	\$ 7,655,295
Notes and bonds issued under repurchase agreements	72,822,911	-	72,822,911	72,822,911	-	-
Total	\$ 81,731,814	\$ -	\$ 81,731,814	\$ 72,822,911	\$ 1,253,608	\$ 7,655,295

December 31, 2021						
Financial Assets Subject to Offsetting, Enforceable Master Netting Arrangements or Similar Agreements						
Types of Financial Instruments	Gross Amounts of Recognized Financial Assets (a)	Gross Amounts of Recognized Financial Liabilities Offset in the Balance Sheet (b)	Net Amounts of Financial Assets Presented in the Balance Sheet (c)=(a)-(b)	Amounts not Offset in the Balance Sheet (d)		Net Amount (e)=(c)-(d)
				Financial Instruments (Note 1)	Cash Collateral Received	
Derivative financial instruments (Note 2)	\$ 5,057,852	\$ -	\$ 5,057,852	\$ -	\$ 858,594	\$ 4,199,258
Securities purchased under resell agreements	13,702,744	-	13,702,744	13,702,744	-	-
Total	\$ 18,760,596	\$ -	\$ 18,760,596	\$ 13,702,744	\$ 858,594	\$ 4,199,258

December 31, 2021						
Financial Liabilities Subject to Offsetting, Enforceable Master Netting Arrangements or Similar Agreements						
Types of Financial Instruments	Gross Amounts of Recognized Financial Liabilities (a)	Gross Amounts of Recognized Financial Assets Offset in the Balance Sheet (b)	Net Amounts of Financial Liabilities Presented in the Balance Sheet (c)=(a)-(b)	Amounts not Offset in the Balance Sheet (d)		Net Amount (e)=(c)-(d)
				Financial Instruments (Note 1)	Cash Collateral Pledged	
Derivative financial instruments	\$ 10,369,683	\$ -	\$ 10,369,683	\$ -	\$ 1,328,289	\$ 9,041,394
Notes and bonds issued under repurchase agreements	59,103,641	-	59,103,641	59,103,641	-	-
Total	\$ 69,473,324	\$ -	\$ 69,473,324	\$ 59,103,641	\$ 1,328,289	\$ 9,041,394

Note 1: Financial instruments include master netting arrangements and non-cash collateral.

Note 2: Derivative instruments include hedging derivative financial.

### China Life Insurance

China Life Insurance holds financial instruments in accordance with paragraph 42 of IAS 32 recognized by the FSC and the related assets and liabilities are offset on the balance sheet.



China Life Insurance may perform transactions not meeting the requirements of offsetting, but has enforceable master netting arrangement or other similar agreements with the counterparties. When both parties agree to settle in net amount, financial assets and financial liabilities could be offset and settled in net amount, and if not, in total amount. However, if any party in the transaction defaults, the other party can choose net settlement.

Related information about above offsetting financial assets and financial liabilities are as follows:

December 31, 2022						
Financial Assets Subject to Offsetting, Enforceable Master Netting Arrangements or Similar Agreements						
Types of Financial Instruments	Gross Amounts of Recognized Financial Assets (a)	Gross Amounts of Recognized Financial Liabilities Offset in the Balance Sheet (b)	Net Amounts of Financial Assets Presented in the Balance Sheet (c)=(a)-(b)	Amounts not Offset in the Balance Sheet (d)		Net Amount (e)=(c)-(d)
				Financial Instruments	Cash Collateral Received	
Derivative financial instruments	\$ 9,614,892	\$ -	\$ 9,614,892	\$ 2,744,964	\$ 190,390	\$ 6,679,538

December 31, 2022						
Financial Liabilities Subject to Offsetting, Enforceable Master Netting Arrangements or Similar Agreements						
Types of Financial Instruments	Gross Amounts of Recognized Financial Liabilities (a)	Gross Amounts of Recognized Financial Assets Offset in the Balance Sheet (b)	Net Amounts of Financial Liabilities Presented in the Balance Sheet (c)=(a)-(b)	Amounts not Offset in the Balance Sheet (d)		Net Amount (e)=(c)-(d)
				Financial Instruments	Cash Collateral Pledged	
Derivative financial instruments	\$ 7,876,147	\$ -	\$ 7,876,147	\$ 2,744,964	\$ 3,794,280	\$ 1,336,903

December 31, 2021						
Financial Assets Subject to Offsetting, Enforceable Master Netting Arrangements or Similar Agreements						
Types of Financial Instruments	Gross Amounts of Recognized Financial Assets (a)	Gross Amounts of Recognized Financial Liabilities Offset in the Balance Sheet (b)	Net Amounts of Financial Assets Presented in the Balance Sheet (c)=(a)-(b)	Amounts not Offset in the Balance Sheet (d)		Net Amount (e)=(c)-(d)
				Financial Instruments	Cash Collateral Received	
Derivative financial instruments	\$ 4,275,043	\$ -	\$ 4,275,043	\$ 912,518	\$ 1,568,639	\$ 1,793,886

December 31, 2021						
Financial Liabilities Subject to Offsetting, Enforceable Master Netting Arrangements or Similar Agreements						
Types of Financial Instruments	Gross Amounts of Recognized Financial Liabilities (a)	Gross Amounts of Recognized Financial Assets Offset in the Balance Sheet (b)	Net Amounts of Financial Liabilities Presented in the Balance Sheet (c)=(a)-(b)	Amounts not Offset in the Balance Sheet (d)		Net Amount (e)=(c)-(d)
				Financial Instruments	Cash Collateral Pledged	
Derivative financial instruments	\$ 981,018	\$ -	\$ 981,018	\$ 912,518	\$ 36,828	\$ 31,672

## 54. CAPITAL MANAGEMENT

### a. Capital management objective

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

### b. Capital management procedures

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

### c. Group's capital adequacy ratio (CAR)

(In Thousands of New Taiwan Dollars; %)

Items Company	December 31, 2022		
	% of Ownership	Group's Eligible Capital	Group's Legal Capital Demand
The Corporation		\$ 226,608,400	\$ 267,519,067
KGI Bank	100.00	73,472,607	54,364,514
KGI Securities	100.00	24,430,570	12,324,150
CDIB Capital Group	100.00	28,396,798	16,630,548
China Development Asset Management Corp.	100.00	1,641,235	975,280
China Life Insurance	100.00	126,366,619	90,127,694
Deduct items		286,719,870	266,062,665
Subtotal		190,196,359 (A)	175,878,588 (B)
Group's CAR (C)=(A)÷(B)			108.14 (C)

(In Thousands of New Taiwan Dollars; %)

Items Company	December 31, 2021		
	% of Ownership	Group's Eligible Capital	Group's Legal Capital Demand
The Corporation		\$ 308,152,175	\$ 360,139,043
KGI Bank	100.00	73,788,281	51,784,933
KGI Securities	100.00	34,523,682	13,931,846
CDIB Capital Group	100.00	35,184,954	18,803,631
China Development Asset Management Corp.	100.00	1,428,078	910,094
China Life Insurance	100.00	169,346,424	104,176,048
Deduct items		383,557,976	358,433,669
Subtotal		238,865,618 (A)	191,311,926 (B)
Group's CAR (C)=(A)÷(B)			124.86 (C)

Note: Group's capital adequacy ratio = Group's eligible capital, net/Group's legal capital demand.

d. Financial holding companies' net eligible capital

(In Thousands of New Taiwan Dollars)

	December 31	
	2022	2021
Common stock	\$ 168,453,886	\$ 171,896,598
Capital instruments of comply with Tier 1 capital requirement	15,821,424	18,930,436
Other preferred stock and subordinated bonds	14,000,000	15,400,000
Reserve for raising capital	-	31,175
Capital surplus	33,626,805	36,147,480
Legal reserve	13,703,864	10,035,815
Special reserve	410,006	298,120
Retained earnings	50,476,328	52,021,923
Equity adjustment	(73,829,040)	12,490,292
Deduction: Capital items	<u>(54,873)</u>	<u>(9,099,664)</u>
	<u>\$ 222,608,400</u>	<u>\$ 308,152,175</u>

The Group's CARs were 108.14% and 124.86% as of December 31, 2022 and 2021, respectively. Since the Financial Holding Company Act and related regulations require, the Group's CAR should be at least 100%, the Group's CARs met its requirement.

## 55. TRUST BUSINESS OPERATIONS UNDER THE TRUST ENTERPRISES ACT

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

### Balance Sheets of Trust Accounts

(In Thousands of New Taiwan Dollars)

Trust Assets	December 31		Trust Liabilities	December 31	
	2022	2021		2022	2021
Bank deposits	\$ 2,582,693	\$ 2,559,061	Payables	\$ 86,309	\$ 86,492
Short-term investments			Payables on securities under custody		
Funds	28,650,887	28,331,461		2,269,849	5,468,229
Bonds	6,367,352	3,653,614	Other liabilities	73,015	87,671
Common shares	174,413	118,950	Trust capital	49,239,268	40,635,374
Structured notes	47,904	-	Accumulated earnings	<u>7,760</u>	<u>(16,078)</u>
Receivables	25,785	38,813			
Securities under custody	2,269,849	5,468,229			
Real estate					
Lands	10,522,529	5,067,819			
Buildings and facilities	12,094	-			
Intangible assets - surface right	984,534	984,534			
Other assets	<u>38,161</u>	<u>39,207</u>			
Total	<u>\$ 51,676,201</u>	<u>\$ 46,261,688</u>	Total	<u>\$ 51,676,201</u>	<u>\$ 46,261,688</u>

## Income Statements of Trust Accounts

(In Thousands of New Taiwan Dollars)

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Trust income and gains		
Dividend income	\$ 11,045	\$ 12,656
Interest income	1,466,221	1,372,409
Rental income	26,809	26,814
Other income	<u>6,126</u>	<u>5,584</u>
Total trust income and gains	<u>1,510,201</u>	<u>1,417,463</u>
Trust expenses		
Properties transaction losses	(3,324,545)	(633,615)
Administrative expenses	(1,079)	(658)
Other expenses	<u>(263,263)</u>	<u>(1,802,448)</u>
Total trust expenses	<u>(3,588,887)</u>	<u>(2,436,721)</u>
Net income	<u>\$ (2,078,686)</u>	<u>\$ (1,019,258)</u>

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

## Trust Property Accounts

(In Thousands of New Taiwan Dollars)

	<b>December 31</b>	
<b>Investment Portfolio</b>	<b>2022</b>	<b>2021</b>
Bank deposits	\$ 2,582,693	\$ 2,559,061
Short-term investments		
Funds	28,650,887	28,331,461
Bonds	6,367,352	3,653,614
Common shares	174,413	118,950
Structured notes	47,904	-
Securities under custody	2,269,849	5,468,229
Real estate		
Lands	10,522,529	5,067,819
Buildings and facilities	12,094	-
Intangible assets - surface right	984,534	984,534
Other assets	<u>63,946</u>	<u>78,020</u>
Total	<u>\$ 51,676,201</u>	<u>\$ 46,261,688</u>

- b. The balance sheets and income statements of the trust accounts and trust property accounts of KGI Securities were as follows:

**Balance Sheets of Trust Accounts**

(In Thousands of New Taiwan Dollars)

Trust Assets	December 31		Trust Liabilities	December 31	
	2022	2021		2022	2021
Bank deposits	\$ 1,863,179	\$ 2,361,939	Payables	\$ 26,220	\$ 79,383
Financial assets			Taxes payable	246	296
Bonds	3,113,522	862,599	Trust capital	38,620,026	34,800,009
Common shares	11,471,886	15,541,912	Current profit and loss	(4,161,210)	4,853,246
Funds	16,642,614	17,795,176	Accumulated earnings	3,163,084	2,339,563
Short-term notes	601,877	-	Deferred carry forward	4,648	14
Structured notes	3,387,560	4,437,040	Other	(446,631)	(757,322)
Receivables	<u>125,745</u>	<u>316,523</u>			
Total	<u>\$ 37,206,383</u>	<u>\$ 41,315,189</u>	Total	<u>\$ 37,206,383</u>	<u>\$ 41,315,189</u>

**Income Statements of Trust Accounts**

(In Thousands of New Taiwan Dollars)

	For the Year Ended December 31	
	2022	2021
Trust income		
Interest income	\$ 92,649	\$ 36,190
Rent income	19,460	25,940
Dividend income	714,379	543,610
Realized gain profit from investment	913,741	1,543,403
Unrealized gain profit from investment	1,392,926	6,064,580
Other income	<u>1,073,759</u>	<u>305,517</u>
	<u>4,206,914</u>	<u>8,519,240</u>
Trust expenses		
Administrative expenses	3,696	4,922
Taxes	6,471	8,506
Service fee	64,940	96,723
Realized loss form investment	2,833,445	468,738
Unrealized loss from investment	4,714,318	1,869,381
Other expenses	<u>745,254</u>	<u>1,217,724</u>
	<u>8,368,124</u>	<u>3,665,994</u>
Income (loss) before income tax	(4,161,210)	4,853,246
Income tax expense	<u>-</u>	<u>-</u>
Profit (loss)	<u>\$ (4,161,210)</u>	<u>\$ 4,853,246</u>

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

## Trust Property Accounts

(In Thousands of New Taiwan Dollars)

Investment Portfolio	December 31	
	2022	2021
Bank deposits	\$ 1,863,179	\$ 2,361,939
Financial assets		
Bonds	3,113,522	862,599
Stocks	11,471,886	15,541,912
Funds	16,642,614	17,795,176
Short-term notes	601,877	-
Structured notes	<u>3,387,560</u>	<u>4,437,040</u>
	<u>\$ 37,080,638</u>	<u>\$ 40,998,666</u>

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

Please refer to Table 11 (attached).

### 57. CONDENSED INDIVIDUAL BALANCE SHEETS AND STATEMENTS OF COMPREHENSIVE INCOME OF GROUP

Please refer to Table 12 (attached).

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

#### a. Business or trading behaviors

Please refer to Note 47 for related-party transactions.

#### b. Integrate business activities

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

#### c. Cross utilization of information or locations and business utilities

In compliance with Article 43 of “Financial Holding Companies Act”, “Financial Holding Subsidiaries Cross-selling Activities Acts”, “Self-disciplinary Standards” and other related regulations from FSC, the Corporation has advocated cross-selling activities among China development Financial Holdings and its Subsidiaries. In addition, the Corporation and its subsidiaries, which joined the cross selling business disclosure protection measures of customer information on official website (<http://www.cdibh.com/chhtml/content/1513>) to limit the use of the data, secure the customer information and related rights when handling cross-selling activities.

d. Allocation of revenues, costs, expenses, profits and losses

Revenue, costs, expenses, profits or losses arising from integrated business activities among subsidiaries are allocated to each subsidiary based on the related business features or other reasonable allocation methods.

**59. CONTINGENCIES AND COMMITMENTS, DISASTER DAMAGES AND SUBSEQUENT EVENTS OF SUBSIDIARIES**

Please refer to Note 49 to the consolidated financial statements. Information on disaster damages: None.

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

Please refer to Notes 50 and 53 to the consolidated financial statements.

**61. SPECIFIC RISK FROM FUTURES DEALING**

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

**62. FINANCIAL RATIOS OF FUTURES-DEALING SUBSIDIARIES**

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

a. KGI Securities' futures department

Rule No.	Formula	December 31				Standard	Meet Standard
		2022		2021			
		Formula	%	Formula	%		
17	Equities	\$2,214,152		\$2,096,345			
	Total liabilities minus customers' equity accounts	\$685,835	= 3.23	\$789,886	= 2.65	≥ 1	Yes
17	Current assets	\$3,522,812		\$3,613,693			
	Current liabilities	\$685,835	= 5.14	\$789,886	= 4.57	≥ 1	Yes
22	Equities	\$2,214,152		\$2,096,345		≥ 60%	
	Capital stock	\$400,000	= 553.54%	\$400,000	= 524.09%	≥ 40%	Yes
22	Adjusted net capital	\$441,936		\$635,052		≥ 20%	
	Client and proprietary account	\$556,885	= 79.36%	\$451,029	= 140.80%	≥ 15%	Yes

b. KGI Futures Corp.

Rule No.	Formula	December 31				Standard	Meet Standard
		2022		2021			
		Formula	%	Formula	%		
17	Equities	\$3,990,803		\$3,909,940			
	Total liabilities minus customers' equity accounts	\$745,740	=5.35	\$718,970	=5.44	≥ 1	Yes
17	Current assets	\$33,814,416		\$36,388,774			
	Current liabilities	\$31,308,819	=1.08	\$33,908,451	=1.07	≥ 1	Yes
22	Equities	\$3,990,803		\$3,909,940		≥ 60%	Yes
	Capital stock	\$760,000	=525.11%	\$760,000	=514.47%	≥ 40%	
22	Adjusted net capital	\$3,507,227		\$3,376,503		≥ 20%	
	Client and proprietary account	\$6,384,208	=54.94%	\$6,248,803	=54.03%	≥ 15%	Yes

### 63. DISCLOSURES REQUIRED BY THE FINANCIAL SUPERVISORY COMMISSION

KGI's investments in foreign enterprises are registered in a country whose securities and futures market regulators are not members of the International Organization of Securities Commissions (IOSCO), and these companies have no Multilateral Memorandum of Understanding (MMOU) members or didn't get the securities or futures licenses signed by the IOSCO. Thus, KGI disclose their foreign investees' business conditions and information on related-party transactions as follows:

a. Securities held:

KGI International Holdings Limited

(In U.S. Dollars)

	Number of Shares	Carrying Amount
Financial assets at FVTOCI - non-current Sogo Financial Group Inc.	62,611.55	<u>\$ 1,393,000</u>

b. Derivative financial products and sources of funds: None.

c. Asset management revenues, service and litigation matters: Note 49(c).

d. Balance sheet: Tables 15-1 to 15-2 (attached).

e. Income statement: Tables 16-1 to 16-2 (attached).

### 64. ADDITIONAL DISCLOSURES

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

- 1) Financing provided: Not applicable to the Corporation, KGI Bank and China Life Insurance. For other subsidiaries' information: Please refer to Table 1 (attached).
- 2) Collaterals/guarantees provided: Not applicable to the Corporation, KGI Bank and China Life Insurance. For other subsidiaries' information: Please refer to Table 2 (attached).



- 3) Marketable securities held: Not applicable to the Corporation, KGI Bank, KGI Securities and partial subsidiaries and China Life Insurance. For other subsidiaries' information: Please refer to Table 3 (attached).
  - 4) Marketable securities were acquired and disposed of, at cost or prices of at least NT\$300 million or 10% of the issued capital (subsidiaries acquired and disposed of marketable securities, at cost or price of at least NT\$300 million or 10% of the issued capital): Not applicable to KGI Securities and subsidiaries. For other subsidiaries' information please refer to Table 4 (attached).
  - 5) Acquisition of individual real estate at cost of at least NT\$300 million or 10% of the paid-in capital: For the Group's information: Please refer to Table 5 (attached).
  - 6) Disposal of individual real estate at price of at least NT\$300 million or 10% of the issued capital: For the Group's information: Please refer to Table 6 (attached).
  - 7) Discount on service fees received from related parties amounting to NT\$5 million: For the Group's information: None.
  - 8) Receivables from related parties amounting to NT\$300 million or 10% of the issued capital: Please refer to Note 47 and Table 7 (attached).
  - 9) Sale of nonperforming loans: Please refer to Table 8 (attached).
  - 10) For related information on the subsidiaries' securitization products approved under the Regulation on Financial Asset Securitization: None.
  - 11) Other significant transactions which may affect the decisions of financial statement users: None.
  - 12) The information of investees: Please refer to Table 9 (attached).
  - 13) Derivative transactions of the Group: Please refer to Notes 8, 51 and 53 of the consolidated financial statements.
- c. Investments in mainland China: Please refer to Table 13 (attached).
  - d. Business relationships and significant transactions among the Group: Please refer to Table 14 (attached).
  - e. Information of major shareholders: None.

## 65. SEGMENT INFORMATION

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

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

a. Segment revenues and results

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

	Commercial Banking	Securities	Venture Capital	Insurance	Other	Total
For the year ended December 31, 2022						
Interest profit (loss), net	\$ 9,643,576	\$ 2,604,358	\$ 252,642	\$ 58,995,337	\$ (637,899)	\$ 70,858,014
Noninterest profits (loss) and gains, net	<u>3,443,944</u>	<u>13,808,833</u>	<u>573,269</u>	<u>8,606,736</u>	<u>(1,435,393)</u>	<u>24,997,389</u>
Net revenue (loss)	13,087,520	16,413,191	825,911	67,602,073	(2,073,292)	95,855,403
Reversal of allowance (allowance) for bad debts and losses on commitments and guarantees, net	209,186	(64,044)	-	1,426	-	146,568
Net change in reserve for insurance liabilities	-	-	-	(44,989,888)	-	(44,989,888)
Operating expenses	<u>(6,411,817)</u>	<u>(12,229,270)</u>	<u>(1,270,683)</u>	<u>(5,884,460)</u>	<u>(3,274,988)</u>	<u>(29,071,218)</u>
Net profit (loss) before income tax	6,884,889	4,119,877	(444,772)	16,729,151	(5,348,280)	21,940,865
Income tax benefit (expense)	<u>(636,692)</u>	<u>(824,507)</u>	<u>13,876</u>	<u>(3,356,655)</u>	<u>(747,700)</u>	<u>(5,551,678)</u>
Net profit (loss) for the year	<u>\$ 6,248,197</u>	<u>\$ 3,295,370</u>	<u>\$ (430,896)</u>	<u>\$ 13,372,496</u>	<u>\$ (6,095,980)</u>	<u>\$ 16,389,187</u>
For the year ended December 31, 2021						
Interest profit (loss), net	\$ 8,979,861	\$ 2,941,966	\$ 198,321	\$ 54,003,778	\$ (471,663)	\$ 65,652,263
Noninterest profits (loss) and gains, net	<u>2,280,961</u>	<u>23,931,620</u>	<u>13,826,197</u>	<u>89,334,485</u>	<u>(2,747,356)</u>	<u>126,625,907</u>
Net revenue (loss)	11,260,822	26,873,586	14,024,518	143,338,263	(3,219,019)	192,278,170
Reversal of allowance (allowance) for bad debts and losses on commitments and guarantees, net	144,806	(32,426)	(304,101)	5,323	-	(186,398)
Net change in reserve for insurance liabilities	-	-	-	(104,875,754)	-	(104,875,754)
Operating expenses	<u>(6,262,828)</u>	<u>(14,714,185)</u>	<u>(3,513,653)</u>	<u>(6,849,178)</u>	<u>(3,676,475)</u>	<u>(35,016,319)</u>
Net profit (loss) before income tax	5,142,800	12,126,975	10,206,764	31,618,654	(6,895,494)	52,199,699
Income tax benefit (expense)	<u>(794,274)</u>	<u>(1,617,131)</u>	<u>(600,796)</u>	<u>(2,806,434)</u>	<u>718,411</u>	<u>(5,100,224)</u>
Net profit (loss) for the year	<u>\$ 4,348,526</u>	<u>\$ 10,509,844</u>	<u>\$ 9,605,968</u>	<u>\$ 28,812,220</u>	<u>\$ (6,177,083)</u>	<u>\$ 47,099,475</u>

b. Geographical information

The Group's revenue from external customers by location of operations and information about its non-current assets by location of assets are detailed below:

	Revenue from External Customers	
	For the Year Ended December 31	
	2022	2021
Taiwan	\$ 92,035,031	\$ 185,303,203
Others	<u>3,820,372</u>	<u>6,974,967</u>
	<u>\$ 95,855,403</u>	<u>\$ 192,278,170</u>

c. Information about major customers

No single customer contributed 10% or more to the Group's revenue in 2022 and 2021.

TABLE 1

## CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

FINANCINGS PROVIDED  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(In Thousands of New Taiwan Dollars)

No.	Financier	Counter-party	Financial Statement Account	Related-party	Maximum Balance for the Period	Ending Balance	Actual Amount Drawn Down	Interest Rate	Nature of Financing Provided	Transaction Amount	Financing Reasons	Allowance for Bad Debt	Collateral Item	Value	Financial Limit for Each Borrowing Company	Limit on Financier's Total Financing
1	KGI International Holdings Limited	KGI Asia Limited	Receivables, net	Yes	\$ 1,535,400	\$ 1,535,400	\$ -	Floating	Short-term financing	\$ -	Working capital	\$ -	-	\$ -	\$ 16,508,652 (Note 1)	\$ 16,508,652 (Note 1)
2	KGI Asia Limited	PT KGI Sekurtas Indonesia	Receivables, net	Yes	644,868	-	-	Floating	Short-term financing	-	Working capital	-	-	-	10,098,111 (Note 2)	10,098,111 (Note 2)
3	KGI International (Hong Kong) Limited	PT KGI Sekurtas Indonesia	Receivables, net	Yes	644,868	644,868	644,868	6.88%-7.33%	Short-term financing	-	Working capital	-	-	-	6,334,938 (Note 3)	6,334,938 (Note 3)
4	CDC Finance & Leasing Corporation	BULL WILL CO, LTD. Build Joy Enterprise Co., Ltd. Fu-Tang Land Development Co., Ltd. Chi-Sun Heavy Crane Co., Ltd.	Receivables, net Receivables, net Receivables, net Receivables, net	No No No No	30,000 37,500 85,000 23,000	- - 20,000 23,000	- - 20,000 23,000	3.5%-18% 3.5%-18% 3.5%-18% 3.5%-18%	Short-term financing Short-term financing Short-term financing Short-term financing	- - - -	Working capital Working capital Working capital Working capital	- - 200 230	- - Real estate Real estate	- - 20,134 40,000	89,136 (Note 4) 89,136 (Note 4) 89,136 (Note 4) 89,136 (Note 4)	356,543 (Note 4) 356,543 (Note 4) 356,543 (Note 4) 356,543 (Note 4)

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

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

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

Note 4: Financing limit is based on the "Loan of Funds Making Guideline". The guideline states that, for each and for all of the borrowing companies, (1) there are business transactions between the two parties, and should not exceed 20% of the company's net worth value. The cumulative total balance should not exceed twice the company's net worth value; (2) there is short-term financing. The total amount should not exceed 10% of the company's net worth, and the cumulative total balance should not exceed 40% of the net worth value.

Note 5: Those that have been included in the consolidated financial statement have been completely written off.

TABLE 2

## CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

COLLATERALS/GUARANTEE PROVIDED  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(In Thousands of New Taiwan Dollars)

No.	Collaterals/Guarantee Provider	Counter-party		Limits on Each Counter-party's Collateral/Guarantee Amounts	Maximum Balance for the Period	Ending Balance	Actual Amount Drawn Down	Carrying Value (as of Balance Sheet Date) of Properties Guaranteed by Collateral	Ratio of Accumulated Amount of Collateral to Net Asset Value of the Latest Financial Statement	Maximum Collateral/Guarantee Amounts Allowable	Provision of Endorsements by Parent Company to Subsidiary	Provision of Endorsements by Subsidiary to Parent Company	Provision of Endorsements to the Company in Mainland China
		Name	Nature of Relationship										
1	KGI Securities Co., Ltd	KGI Securities (Singapore) Pre. Ltd.	Note 1	\$ 5,179,749	\$ 822,960	\$ 822,960	\$ 822,960	\$ -	1.59%	\$ 20,718,998 (Note 2)	No	No	No
2	KGI International Holdings Limited	KGI Asia Limited	Note 1	16,508,652	1,566,108	1,228,320	-	-	7.44%	16,508,652 (Note 3)	No	No	No
		KGI International Finance Limited	Note 1	16,508,652	2,886,552	614,160	-	-	3.72%	16,508,652 (Note 3)	No	No	No
		KGI Futures (Hong Kong) Limited	Note 1	16,508,652	199,602	-	-	-	-	16,508,652 (Note 3)	No	No	No
		KGI Finance Limited	Note 1	16,508,652	132,044	76,770	-	-	0.47%	16,508,652 (Note 3)	No	No	No
		KGI International (Hong Kong) Limited	Note 1	16,508,652	2,911,859	1,929,198	-	-	11.69%	16,508,652 (Note 3)	No	No	No
		KGI Asia (Holdings) Pre. Limited	Note 1	16,508,652	4,085,835	4,085,835	2,674,634	-	24.75%	16,508,652 (Note 3)	No	No	No
3	CDIB Capital Group	KGI Securities (Singapore) Pre. Ltd.	Note 1	16,508,652	2,763,720	2,763,720	-	-	16.74%	16,508,652 (Note 3)	No	No	No
		CDIB Capital Investment I Limited	Note 1	7,776,349	1,610,500	1,535,400	-	-	5.88%	10,445,338 (Note 4)	No	No	No
		CDIB Global Markets Limited	Note 1	5,578,869	1,610,500	1,535,400	-	-	5.88%	10,445,338 (Note 4)	No	No	No

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

Note 2: The limit of maximum guarantee provided by KGI Securities Co., Ltd is based on "Corporate Endorsement, Guarantee Making Guideline". For each company, the amount of guarantee should not exceed 10% of the guarantee provider's net asset value. The total amount available for collaterals or guarantee should not exceed 40% of the guarantee provider's net asset value.

Note 3: The limit of maximum guarantee provided by KGI International Holdings Limited is based on the "Corporate Endorsement, Guarantee Making Guideline". For each and all company, the amount of guarantee provided should not exceed the guarantee provider's net asset value.

Note 4: The limit of maximum guarantee provided by CDIB Capital Group is based on "Financing Provided, Corporate Endorsement, and Guarantee Making Guideline". For each company, the amount of financing and guarantee provided should limit on the amount of each counterparty's net investment in principle. The total amount of financing or guarantee provided should not exceed 40% of the guarantee provider's net asset value among recent financial report. CDIB Capital Group provided guarantees to CDIB Capital Investment I Limited and CDIB Global Market Limited by sharing credit lines, total NT\$1,535,400 thousand.

TABLE 3

## CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

## MARKETABLE SECURITIES HELD

DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars/Foreign Currencies)

Holding Company	Marketable Securities Type and Issuer	Relationship with the Holding Company	Financial Statement Account	December 31, 2022			Note
				Shares/Face Value/Units	Carrying Value	Percentage of Ownership (Note 2)	
CDIB Capital Group	Stocks						
	International CSRC Investment Holdings Co., Ltd.	-	Financial assets at fair value through profit or loss	2,000	\$ 39	-	\$ 39
	Logitech Inc.	-	Financial assets at fair value through profit or loss	3,261,773	14,087	10.69	14,087
	Solar Fine Chemical Co., Ltd.	-	Financial assets at fair value through profit or loss	241,403	2,489	10.83	2,489
	Reward Wool Industry Corporation	-	Financial assets at fair value through profit or loss	1,600	32	-	32
	Dee Van Enterprise Co., Ltd.	-	Financial assets at fair value through profit or loss	4,225,979	66,728	6.04	66,728
	HealthStream Taiwan Inc.	-	Financial assets at fair value through profit or loss	4,774,523	2,967	13.96	2,967
	Subtron Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	10,786,000	281,515	3.62	281,515
	General Life Biotechnology Co., Ltd.	-	Financial assets at fair value through profit or loss	2,520,000	24,970	8.40	24,970
	AMIA Co.	-	Financial assets at fair value through profit or loss	6,000,000	145,800	8.51	145,800
	Up Scientist Materials Corp.	-	Financial assets at fair value through profit or loss	4,186,209	78,328	6.97	78,328
	Eastern Electronic Co., Ltd.	-	Financial assets at fair value through profit or loss	4,348,680	31,948	6.47	31,948
	MITAC Holdings Corp.	-	Financial assets at fair value through profit or loss	1,000	30	-	30
	Taiwan Specialty Chemicals Corporation	-	Financial assets at fair value through profit or loss	2,598,638	227,251	1.88	227,251
	Jocho Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	4,746,720	93,985	5.32	93,985
	Kaohsiung Rapid Transit Corporation.	-	Financial assets at fair value through profit or loss	3,845,330	2,362	1.38	2,362
	DragonJet Corporation	-	Financial assets at fair value through profit or loss	3,534,481	24,679	4.77	24,679
	EVA Technologies Co., Ltd.	-	Financial assets at fair value through profit or loss	2,150,536	17,474	10.43	17,474
	Excelsior Medical Co., Ltd.	-	Financial assets at fair value through profit or loss	33,000	83,591	4.81	83,591
	Eden Biotech, Inc.	-	Financial assets at fair value through profit or loss	8,382,844	81,934	3.55	81,934
	Eastern Power and Electric Company Limited	-	Financial assets at fair value through profit or loss	3,201,019	13,303	12.00	13,303
	Apexigen, Inc.	-	Financial assets at fair value through profit or loss	509,227	10,131	0.23	10,131
	Chime Biologics Limited	-	Financial assets at fair value through profit or loss	8,382,844	81,934	3.55	81,934
	Beauty Essentials International Ltd.	-	Financial assets at fair value through profit or loss	86,503,067	105,457	8.04	105,457
	Lightel Technologies, Inc. - Preferred Stock	-	Financial assets at fair value through profit or loss	3,000,000	48,623	43.44	48,623
	United Renewable Energy Co., Ltd.	-	Financial assets at fair value through profit or loss	2,079,360	28,825	0.13	28,825
	CDIB Capital Innovation Accelerator Ltd.	Associate	Financial assets at fair value through profit or loss	30,000,000	573,422	35.71	573,422
	CDIB & Partners Investment Holding Corporation	Associate	Investments accounted for using the equity method	313,200,000	3,941,385	28.71	3,941,385
	CDIB Capital Creative Industries Limited	Associate	Investments accounted for using the equity method	34,920,000	212,509	38.80	212,509
	CDIB Capital Healthcare Ventures Limited	Associate	Investments accounted for using the equity method	22,950,000	424,799	21.86	424,799
	CDIB Bio Science Ventures I, Inc.	Associate	Investments accounted for using the equity method	4,431,405	13,825	20.00	13,825
	CDIB Capital Management Corporation	Subsidiary	Investments accounted for using the equity method	23,093,889	512,236	100.00	512,236
	CDIB Venture Capital Corporation	Subsidiary	Investments accounted for using the equity method	535,493,708	5,930,403	100.00	5,930,403
	CDIB Venture Capital (Hong Kong) Corporation Limited	Subsidiary	Investments accounted for using the equity method	925,000,000	3,449,277	100.00	3,449,277
	CDIB Capital Investment II Limited	Subsidiary	Investments accounted for using the equity method	45,000,000	1,607,360	100.00	1,607,360
	CDIB Global Markets Limited	Subsidiary	Investments accounted for using the equity method	339,392	5,578,869	100.00	5,578,869
	CDIB Capital Investment I Limited	Subsidiary	Investments accounted for using the equity method	132,800,000	7,777,472	100.00	7,777,472
	CDIB Capital International Corporation	Subsidiary	Investments accounted for using the equity method	4,700,000	439,834	100.00	439,834
CDIB Capital Management Inc.	Stocks						
	EVA Technologies Co., Ltd.	-	Financial assets at fair value through profit or loss	297,623	2,418	1.44	2,418
	CDIB Capital Creative Industries Limited	Associate	Investments accounted for using the equity method	900,003	5,477	1.00	5,477
	CDIB Capital Healthcare Ventures Limited	Associate	Investments accounted for using the equity method	1,050,000	19,435	1.00	19,435
	CDIB Capital Innovation Advisors Corporation	Subsidiary	Investments accounted for using the equity method	1,200,000	14,426	60.00	14,426
	CDIB Private Equity (Hong Kong) Corporation Limited	Subsidiary	Investments accounted for using the equity method	51,900,000	348,432	100.00	348,432
	Funds						
	CDIB Capital Growth Partners L.P.	Associate	Financial assets at fair value through profit or loss	-	46,098	-	46,098
	CDIB Capital Healthcare Ventures II Limited Partnership	Associate	Financial assets at fair value through profit or loss	-	27,093	-	27,093
	CDIB & Innolux Limited Partnership	Associate	Financial assets at fair value through profit or loss	-	7,958	-	7,958
	CDIB-Mac Limited Partnership	Associate	Financial assets at fair value through profit or loss	-	426	-	426

(Continued)

Holding Company	Marketable Securities Type and Issuer	Relationship with the Holding Company	Financial Statement Account	December 31, 2022				Note
				Shares/Face Value/Units	Carrying Value	Percentage of Ownership (Note 2)	Fair Value	
CDIB Private Equity (Hong Kong) Corporation Limited	Stocks	Subsidiary	Investments accounted for using the equity method	-	HK\$ 72,546	100.00	HK\$ 72,546	
	CDIB Private Equity Management (Fujian) Enterprise (Limited Partnership)		Investments accounted for using the equity method	-	HK\$ 7,023	56.00	HK\$ 7,023	
	CDIB Yida Private Equity Management (Kunshan) Enterprise (Limited Partnership)		Investments accounted for using the equity method	-	HK\$ 3,654	27.08	HK\$ 3,654	
CDIB Private Equity (China) Corporation	Stocks	Subsidiary	Investments accounted for using the equity method	-	CNY 13,823	70.00	CNY 13,823	
	CDIB Yida Private Equity (Fujian) Co., Ltd.		Investments accounted for using the equity method	-	CNY 13,463	65.00	CNY 13,463	
	CDIB Private Equity (Kunshan) Corporation		Investments accounted for using the equity method	-	CNY 678	100.00	CNY 678	
	CDIB Guoke Private Equity (Kunshan) Co., Ltd.		Investments accounted for using the equity method	-	CNY 6,537	65.00	CNY 6,537	
CDIB Private Equity (Fujian) Co., Ltd.	Stocks	Subsidiary	Investments accounted for using the equity method	-	CNY 2,241	20.00	CNY 2,241	
	CDIB Private Equity Management (Fujian) Enterprise (Limited Partnership)		Investments accounted for using the equity method	-	CNY 7,031	58.33	CNY 7,031	
CDIB Yida Private Equity (Kunshan) Co., Ltd.	Stocks	Subsidiary	Investments accounted for using the equity method	-	CNY 4,928	-	CNY 4,928	
	CDIB Yida Private Equity Management (Kunshan) Enterprise (Limited Partnership)		Investments accounted for using the equity method	-	CNY 10,501	-	CNY 10,501	
CDIB Yida Private Equity Management (Kunshan) Enterprise (Limited Partnership)	Funds	Associate	Financial assets at fair value through profit or loss	-	CNY 5,024	-	CNY 5,024	
	Kunshan Yida Healthcare Private Equity Enterprise (Limited Partnership)		Investments accounted for using the equity method	-	-	-	-	
CDIB Private Equity Management (Fujian) Enterprise (Limited Partnership)	Funds	Associate	Investments accounted for using the equity method	-	-	-	-	
	CDIB Private Equity (Fujian) Enterprise (Limited Partnership)		Investments accounted for using the equity method	-	-	-	-	
CDIB Venture Capital Corporation	Stocks	-	Financial assets at fair value through profit or loss	989,400	16,053	1.62	16,053	
	Azoteck Co., Ltd.		Financial assets at fair value through profit or loss	3,891,000	315,794	1.10	315,794	
	Evergreen Aviation Technologies Corp.		Financial assets at fair value through profit or loss	2,071,733	207,173	4.60	207,173	
	Fukua Co., Ltd.		Financial assets at fair value through profit or loss	750,000	41,888	1.91	41,888	
	Sustainable Development Co., Ltd.		Financial assets at fair value through profit or loss	580,000	75,400	2.52	75,400	
	Hephas Energy Co., Ltd.		Financial assets at fair value through profit or loss	4,121,094	1,208,140	7.60	1,208,140	
	21st Century Technology Co., Ltd.		Financial assets at fair value through profit or loss	3,114,000	434,403	0.53	434,403	
	Sino-American Silicon Products Inc.		Financial assets at fair value through profit or loss	325,631	2,513	2.60	2,513	
	M2Communication, Inc.		Financial assets at fair value through profit or loss	177,785	15,547	0.13	15,547	
	Taiwan Specialty Chemicals Corporation		Financial assets at fair value through profit or loss	2,650,603	140,482	7.16	140,482	
	GSD Technologies Co., Ltd.		Financial assets at fair value through profit or loss	178,000	32,930	0.22	32,930	
	APEX Dynamics, Inc.		Financial assets at fair value through profit or loss	5,626,087	225,043	9.78	225,043	
	Yang Bao Enterprise Co., Ltd.		Financial assets at fair value through profit or loss	1,144,198	53,651	2.63	53,651	
	Taiwan Microloops Corp.		Financial assets at fair value through profit or loss	2,666,000	54,787	5.68	54,787	
	Poju International CO., Ltd.		Financial assets at fair value through profit or loss	33,000	83,591	4.81	83,591	
	Excelsior Medical Co., Ltd.		Financial assets at fair value through profit or loss	195,317	2,999	2.68	2,999	
	Viscovery (Cayman) Holding Company Limited		Financial assets at fair value through profit or loss	3,000,000	25,059	0.93	25,059	
	KKday.com International Company Limited		Financial assets at fair value through profit or loss	2,232,219	41,534	4.17	41,534	
	i-Serve		Financial assets at fair value through profit or loss	3,195	4,906	2.40	4,906	
	Crescendo Lab		Financial assets at fair value through profit or loss	2,800,000	66,300	10.23	66,300	
	Hartec Asia Pte. Ltd.		Financial assets at fair value through profit or loss	98,355	6,599	3.30	6,599	
	Achieve Made International Limited		Financial assets at fair value through profit or loss	833,348	244,304	75.00	244,304	
	21st Century Technology Co., Ltd. - Preferred Stock		Financial assets at fair value through profit or loss	11,167,513	90,296	46.15	90,296	
	iCHEF Co., Ltd. - Preferred Stock		Financial assets at fair value through profit or loss	24,000	16,214	20.00	16,214	
	4Gamers Entertainment Inc. - Preferred Stock		Financial assets at fair value through profit or loss	304,878	4,681	8.20	4,681	
	Viscovery (Cayman) Holding Company Limited - Preferred Stock		Financial assets at fair value through profit or loss	479,635	12,283	18.18	12,283	
	Citissocial Holding Cayman Co., Ltd. - Preferred Stock		Financial assets at fair value through profit or loss	666,666	4,606	20.00	4,606	
	CCMODA Corp. - Preferred Stock		Financial assets at fair value through profit or loss	248,889	17,196	14.74	17,196	
	Asia Parents Holdings Limited - Preferred Stock		Financial assets at fair value through profit or loss	1,391,752	256,428	9.00	256,428	
	Kneron Holding Corporation- Preferred Stock		Financial assets at fair value through profit or loss	-	-	-	-	

(Continued)

Holding Company	Marketable Securities Type and Issuer	Relationship with the Holding Company	Financial Statement Account	December 31, 2022			Note
				Shares/Face Value/Units	Carrying Value	Percentage of Ownership (Note 2)	
CDIB Venture Capital Corporation	Stocks Elixiron Immunotherapeutics (Cayman) Limited - Preferred Stock Crescendo Lab - Preferred Stock Zentara Systems, Inc. - Preferred Stock FUNP Co., Ltd. - Preferred Stock Achieve Made International Limited - Preferred Stock PChome Online Inc. - Preferred Stock United Renewable Energy Co., Ltd. - Private Placement United Renewable Energy Co., Ltd. - Private Placement Viscovery (Cayman) Holding Company Limited - Preferred Stock A Elixiron Immunotherapeutics (Cayman) Limited - Preferred Stock A Amazing Talker - Preferred Stock A FunNow Ltd. - Preferred Stock A 4Gamers Entertainment Inc. - Preferred Stock B Kkday.com International Company Limited - Preferred Stock B TXONE NETWORKS INC. - Preferred Stock B Traveler Co., Ltd. - Preferred Stock B FunNow Ltd. - Preferred Stock B Kkday.com International Company Limited - Preferred Stock C Traveler Co., Ltd. - Preferred Stock C Fractyl Laboratories, Inc. - Preferred Stock E Achieve Made International Limited - Preferred Stock E Viscovery (Cayman) Holding Company Limited - Stock AA Kuo Heng Investment Holding Corp.  Convertible (exchange) corporate bond CCMODA Corp.	-	Financial assets at fair value through profit or loss Investments accounted for using the equity method	4,559,686	\$ 104,525	26.09	\$ 104,525
				8,000	12,283	16.00	\$ 12,283
				1,324,503	54,183	39.35	\$ 54,183
				400,000	44,220	13.86	\$ 44,220
				168,138	11,282	6.67	\$ 11,282
				1,875,293	72,372	1.46	\$ 72,372
				831,744	11,530	0.05	\$ 11,530
				2,056,941	28,514	0.13	\$ 28,514
				200,000	3,071	10.96	\$ 3,071
				2,679,133	61,416	13.03	\$ 61,416
				4,282,655	61,416	12.90	\$ 61,416
				185,184	65,283	20.00	\$ 65,283
				8,727	5,896	4.80	\$ 5,896
				5,654,616	47,233	8.62	\$ 47,233
				545,454	92,124	3.71	\$ 92,124
				32,077	49,527	10.85	\$ 49,527
				43,573	15,361	3.36	\$ 15,361
				7,655,502	63,946	2.31	\$ 63,946
				7,955	12,283	3.20	\$ 12,283
				1,305,574	336,140	10.17	\$ 336,140
				336,276	22,563	10.00	\$ 22,563
				300,000	4,606	15.00	\$ 4,606
				5,000,000	17,930	21.74	\$ 17,930
CDIB Venture Capital (Hong Kong) Corporation Limited	Funds CDIB Capital Growth Partners L.P. CDIB Capital Healthcare Ventures II Limited Partnership CDIB & Innolux Limited Partnership	Associate Associate Associate	Financial assets at fair value through profit or loss Financial assets at fair value through profit or loss Financial assets at fair value through profit or loss Financial assets at fair value through profit or loss	200,000	1,842	-	1,842
				-	1,133,065	-	1,133,065
				-	309,668	-	309,668
				-	224,575	-	224,575
				-	-	-	-
CDIB Capital Investment I Limited	Funds Best Inc. Loopin Cayman Limited K Health, Inc. Boxed, Inc. CCAP Best Logistics Holdings Limited Viking 3 Holdings Corporation - Preferred Stock Great Team Backend Foundry Inc. - Preferred Stock Rokid Corporation Ltd. - Preferred Stock K Health, Inc. - Preferred Stock C CDIB X Finance I Holding Limited SCBS 1 Holding Corporation	Associate Associate Associate Associate Associate Associate Associate Associate Associate Associate Associate Associate Associate Associate Associate Associate Associate	Financial assets at fair value through profit or loss Investments accounted for using the equity method Investments accounted for using the equity method Investments accounted for using the equity method Investments accounted for using the equity method Investments accounted for using the equity method Investments accounted for using the equity method Investments accounted for using the equity method Investments accounted for using the equity method Investments accounted for using the equity method Investments accounted for using the equity method Investments accounted for using the equity method Investments accounted for using the equity method Investments accounted for using the equity method Investments accounted for using the equity method Investments accounted for using the equity method	-	HK\$ 161,887	-	HK\$ 161,887
				-	HK\$ 192,876	-	HK\$ 192,876
				-	HK\$ 277,073	-	HK\$ 277,073
				300,000	US\$ 165	0.38	US\$ 165
				1,893,948	US\$ 5,000	3.79	US\$ 5,000
				4,834	US\$ 141	0.05	US\$ 141
				656,724	US\$ 125	0.96	US\$ 125
				1,000	US\$ 62	12.50	US\$ 62
				18,000,000	US\$ 11,785	100.00	US\$ 11,785
				664,687	US\$ 186	2.00	US\$ 186
				615,642	US\$ 5,750	0.91	US\$ 5,750
				496,376	US\$ 14,451	1.50	US\$ 14,451
				5,500	US\$ 2,328	100.00	US\$ 2,328
				3,828	US\$ 2,212	100.00	US\$ 2,212
				-	US\$ 6,030	-	US\$ 6,030
				-	US\$ 33,686	-	US\$ 33,686
				-	US\$ 39,787	-	US\$ 39,787
CDIB Capital Asia Partners L.P.	Funds KKR X-Ray Co-invest L.P. KKR Talk Co-invest L.P. CC KDC CO-INVEST L.P. MSD Sports Partners, L.P. BCP QualTek Investor Holdings, L.P. Eve & Partners Limited Partnership CDIB Capital Global Opportunities Fund L.P. CDIB Capital Asia Partners L.P.	Associate Associate Associate Associate Associate Associate Associate	Financial assets at fair value through profit or loss Financial assets at fair value through profit or loss Financial assets at fair value through profit or loss Financial assets at fair value through profit or loss Financial assets at fair value through profit or loss Financial assets at fair value through profit or loss Financial assets at fair value through profit or loss Investments accounted for using the equity method	-	US\$ 57	-	US\$ 57
				-	US\$ 1,947	-	US\$ 1,947
				-	US\$ 6,360	-	US\$ 6,360
				-	US\$ 8,705	-	US\$ 8,705
				-	US\$ 65,033	-	US\$ 65,033
				-	-	-	-
				-	-	-	-

(Continued)

Holding Company	Marketable Securities Type and Issuer	Relationship with the Holding Company	Financial Statement Account	December 31, 2022				Note
				Shares/Face Value/Units	Carrying Value	Percentage of Ownership (Note 2)	Fair Value	
CDIB Capital Investment I Limited	Corporate bond	-	Financial assets at fair value through profit or loss	29,395,000	US\$ 28,599	-	US\$ 28,599	(Note 5)
	Konow Capital International Limited	-	Amortised cost financial assets	4,986,569	US\$ 4,928	-	US\$ 5,214	
	Sino Money Investments Limited	-	Amortised cost financial assets	1,291,923	US\$ 1,268	-	US\$ 1,332	
	StorHub Hong Kong I Limited	-	Amortised cost financial assets	2,101,959	US\$ 2,063	-	US\$ 2,167	
	StorHub Hong Kong IV Limited	-	Amortised cost financial assets	5,477,324	US\$ 5,376	-	US\$ 5,647	
	StorHub Hong Kong VI Limited	-	Amortised cost financial assets	6,580,216	US\$ 6,459	-	US\$ 6,784	
	StorHub Hong Kong V Ltd.	-	Amortised cost financial assets	2,235,102	US\$ 2,194	-	US\$ 2,304	
	StorHub Hong Kong III Ltd.	-	Amortised cost financial assets	4,127,132	US\$ 4,051	-	US\$ 4,255	
	StorHub Hong Kong VII Ltd.	-	Amortised cost financial assets					
	StorHub Hong Kong VIII Ltd.	-	Amortised cost financial assets					
SCBS 1 Holding Corporation	Stocks	-	Financial assets at fair value through profit or loss	2,833,333	US\$ 2,031	2.91	US\$ 2,031	(Note 6)
	Simplify Compliance Holdings, LLC	-	Financial assets at fair value through profit or loss					
CDIB X Finance I Holding Limited	Corporate bond	-	Amortised cost financial assets	5,000,000	US\$ 2,408	-	US\$ 2,408	(Note 6)
	Xian Group Limited	-	Amortised cost financial assets					
CDIB Capital Investment II Limited	Stocks	-	Financial assets at fair value through profit or loss	1,660,000	US\$ 3,160	2.46	US\$ 3,160	(Note 6)
	Great Rich Technologies Limited	-	Financial assets at fair value through profit or loss	45,600	US\$ 3,109	10.00	US\$ 3,109	
	Technate Korea Daebu Co., Ltd.	-	Financial assets at fair value through profit or loss	631,701	US\$ 4,158	2.88	US\$ 4,158	
	Indostar Capital	-	Financial assets at fair value through profit or loss	8,080,000	US\$ 8,061	100.00	US\$ 8,061	
	NY4 Holdings Corporation - Preferred Stock	-	Financial assets at fair value through profit or loss	860,332	US\$ 5,636	8.12	US\$ 5,636	
	Indostar Everstone - Preferred Stock	-	Financial assets at fair value through profit or loss	19,183	US\$ 21,257	100.00	US\$ 21,257	
	CDIB TMK Finance Holding Limited	Subsidiary	Investments accounted for using the equity method					
	Corporate bond	-	Amortised cost financial assets	22,789,140,793	US\$ 17,627	-	US\$ 19,194	
	Technate Korea Daebu Co., Ltd.	-	Amortised cost financial assets					
	StorHub Hong Kong I Limited	-	Financial assets at fair value through profit or loss	30,361	US\$ 265	0.04	US\$ 265	
CDIB Global Markets Limited	Stocks	-	Financial assets at fair value through profit or loss	24,904	US\$ 146	0.03	US\$ 146	(Note 6)
	Big Commerce Holdings, Inc.	-	Financial assets at fair value through profit or loss	97,200	US\$ 48	0.02	US\$ 48	
	Eventbrite, Inc.	-	Financial assets at fair value through profit or loss	1,048	US\$ 15,984	50.19	US\$ 15,984	
	ContextLogic, Inc.	-	Financial assets at fair value through profit or loss	510,958	US\$ 3,465	3.85	US\$ 3,465	
	Flemingo International (BVI) Ltd. - Preferred Stock	-	Financial assets at fair value through profit or loss					
	Osaro, Inc. - Preferred Stock B	-	Financial assets at fair value through profit or loss					
	Convertible (exchange) corporate bond	-	Financial assets at fair value through profit or loss					
	Amber Investment Partners Limited	Associate	Financial assets at fair value through profit or loss		US\$ 42,246	-	US\$ 42,246	
	Orchid Investment Holdings	Associate	Financial assets at fair value through profit or loss		US\$ 30,059	-	US\$ 30,059	
	CDIB Medtech Holdings Limited	Associate	Financial assets at fair value through profit or loss		US\$ 10,000	-	US\$ 10,000	
CDIB Capital International Corporation	CDIB Medtech Investment Partners Limited	Associate	Financial assets at fair value through profit or loss		US\$ 25,000	-	US\$ 25,000	(Note 5)
	Funds	-	Financial assets at fair value through profit or loss					
	Huaxing Capital Partners II LP	-	Financial assets at fair value through profit or loss		US\$ 4,395	4.46	US\$ 4,395	
	Alpha Intelligence Capital Fund II, SCSp, SICAV-RAIF	-	Financial assets at fair value through profit or loss		US\$ 2,997	5.00	US\$ 2,997	
	AUC Tahoe Limited Partnership	Associate	Financial assets at fair value through profit or loss		US\$ 9,521	-	US\$ 9,521	
	Stocks	-	Investments accounted for using the equity method	15,400,000	US\$ 6,790	100.00	US\$ 6,790	
	CDIB Capital International (Hong Kong) Corporation Limited	Subsidiary	Investments accounted for using the equity method	8,000,000	US\$ 3,308	100.00	US\$ 3,308	
	CDIB Capital International (USA) Corporation	Subsidiary	Investments accounted for using the equity method	100	US\$ 2	100.00	US\$ 2	
	CDIB Capital Asia Partners Limited	Subsidiary	Investments accounted for using the equity method		US\$ 111	100.00	US\$ 111	
	CDIB Intelligence Partners Limited	Subsidiary	Investments accounted for using the equity method		US\$ -	100.00	US\$ -	
China Development Asset Management Corp.	CDIB Buyout Partners Limited	Subsidiary	Investments accounted for using the equity method	50,000	US\$ -	100.00	US\$ -	(Note 6)
	CDIB Asia Secured Opportunities GP Ltd.	Subsidiary	Investments accounted for using the equity method		US\$ -	100.00	US\$ -	
	Stocks	-	Financial assets at fair value through profit or loss	10,177,335	US\$ 78,882	1.07	US\$ 78,882	
	IBF Securities Co., Ltd.	-	Financial assets at fair value through profit or loss	5,026,269	US\$ 0.86	0.86	US\$ 0.86	
	Chinofon Commercial Bank	-	Financial assets at fair value through profit or loss	3,886,190	US\$ 18,460	12.25	US\$ 18,460	(Note 6)
	Pine Street Asset Management Corp.	-	Financial assets at fair value through other comprehensive income					

(Continued)





TABLE 4

## CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 10% OF THE PAID-IN CAPITAL  
(THE BANK'S SUBSIDIARIES AMOUNTING TO NT\$300 MILLION OR 10% OF THE PAID-IN CAPITAL)  
FOR THE YEAR ENDED DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars/foreign Currencies)

Company Name	Marketable Securities Type and Name	Financial Statement Account	Counter-party	Nature of Relationship	Beginning Balance		Acquisition		Disposal		Gain (Loss) on Disposal		Ending Balance	
					Shares/Face Value/Units	Amount	Shares/Face Value/Units	Amount	Shares/Face Value/Units	Amount	Carrying Value	Gain (Loss) on Disposal	Shares/Face Value/Units	Amount
CDIB Global Markets Limited	Convertible corporate bond CDIB Medtech Investment Partners Limited	Financial assets at fair value through profit or loss	-	-	-	\$ -	25,000,000	US\$ 25,000 (Note 1)	-	\$ -	-	\$ -	25,000,000	US\$ 25,000 (Note 1)

Note: Initial acquisition cost.

TABLE 5

## CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST NT\$300 MILLION OR 10% OF THE PAID-IN CAPITAL FOR THE YEAR ENDED DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

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
							Property Owner	Relationship	Transaction Date	Amount			
China Life Insurance Co., Ltd.	1. 1F, 5F, 5F-1, 5F-2, 16F, 16F-1, 16F-2, 19F-24F, No. 76, Dunhua S. Rd, Sec. 2 Duan Dist., Taipei City with 38 parking lots	2022.01.25	\$ 3,199,990	Payments according to contracts	An Hong Co., Ltd.	Non-related party	-	-	-	\$ -	Valuation report of appraisers	For business use	None
	2. 4-38F, No. 402, 1-3F, No. 408, No. 400, and No. 406, Shicheng Road, Xitun District, Taichung City with 616 parking lots	2022.01.25	12,050,000	Payments according to contracts	Land: Mr. Wang, Sen-Sheng Building; Fong Yi Construction Co., Ltd.	Non-related party	-	-	-	-	Valuation report of appraisers	For business use	None
	3. 1-20F, No. 235, No. 237, No. 239 and No. 241, Sec. 2, Tiding Blvd., Neihu Dist., Taipei City, Taiwan with 316 parking lots	2022.07.13	8,350,000	Payments according to contracts	Mercuries Life Insurance.	Non-related party	-	-	-	-	Valuation report of appraisers	For business use	None
	4. 8F, No. 19-2, No. 19-4 loading and unloading spaces with 8 parking lots, Sanzhong Rd., Nangang Dist., Taipei City, Taiwan	2022.09.22	343,000	Payments according to contracts	CDIB Capital Group	Related party	Industrial Development Bureau	Non-related party	1999.11.19	151,806	Valuation report of appraisers	For business use	None

TABLE 6

## CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

DISPOSAL OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST NT\$300 MILLION OR 10% OF THE PAID-IN CAPITAL  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Seller	Property	Event Date	Date of Original Acquisition	Book Amount	Transaction Amount	Payment Status	Disposal of Gains and Losses	Counterparty	Relationship	Purpose of Acquisition	Pricing Reference	Other Terms
China Development Assets Management Corporation	The entire building and its land at o No. 269, Sec. 1, Dunhua S. Rd., Daan District, Taipei City (including 6 parking spaces)	2022.06.23	2019.07.01	\$ 197,097	\$ 494,984	Receipt in full	\$ 280,852	Videoland Television Network	Non-related party	The investment property business is based on the principle of sale, and the disposal of Sunshine Dunhuang is in line with the Company's main business.	Valuation report of appraisers	On February 23, 2017, Videoland Inc. leased the house lease contract of Sunshine Dunhuang from China Development Assets Management Corporation, which was terminated when the delivery of Sunshine Dunhuang was completed.
CDIB Capital Group	8F., No. 19-2, No. 19-4 loading and unloading spaces with 8 parking lots, Sanchong Rd., Nangang Dist., Taipei City, Taiwan	2022.09.26	1999.11.19	147,740	343,000	Receipt in full	193,303	China Life Insurance Co., Ltd.	Related party	In order to avoid idle assets and improve the efficiency of capital utilization.	Valuation report of appraisers	After the date of registration of the transfer of ownership of the Nangang premises (inclusive), the rights and obligations of the existing lease, security deposit and rent in advance shall be transferred to China Life accordingly.

## CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO NT\$300 MILLION OR 10% OF THE PAID-IN CAPITAL  
 DECEMBER 31, 2022  
 (In Thousands of New Taiwan Dollars)

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Year	Allowance for Bad Debts
					Amount	Action Taken		
The Corporation	CDIB Capital Group	Subsidiary	\$ 582,962 (Note 1)	-	\$	-	\$	-
	KGI Bank	Subsidiary	1,084,695 (Note 2)	-	-	-	-	-
	KGI Securities Co., Ltd.	Subsidiary	2,073,128 (Note 2)	-	-	-	-	-
China Life Insurance Co., Ltd.	The Corporation	The parent company	2,093,162 (Note 1)	-	-	-	-	-
China Life Insurance Co., Ltd.	KGI Bank	Subsidiary of the parent company	770,659	-	-	-	661,556	-
KGI International (Hong Kong) Limited	PT KGI Sekuritas Indonesia	Subsidiary of the parent company	648,359	-	-	-	3,491	-
	KGI Future (Hong Kong) Limited	Subsidiary of the parent company	308,481	-	-	-	308,481	-
	KGI Asia Limited	Subsidiary of the parent company	939,551	-	-	-	939,551	-
KGI Securities (Singapore) Pte. Ltd	KGI Securities (Thailand) Public Company Limited	Associate	611,283	-	-	-	611,283	-
	KGI Asia Limited	Subsidiary of the parent company	328,428	-	-	-	328,428	-

Note 1: Tax receivable result from linked-tax system.

Note 2: Tax receivable result from directors' remuneration and linked-tax system.

Note 3: The above companies which are the subsidiaries of the Corporation were eliminated from the consolidated financial statements.

## CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

SALES OF NPL FROM SUBSIDIARIES  
DECEMBER 31, 2022  
(In Thousands of New Taiwan Dollars)

## 1. Summary table of sales of distressed debt transactions

Transaction Date	Transaction Party	Content of Loans	Book Value	Amount	Disposal Gain (Loss)	Collateral Condition	The Relationship Between Transaction Party and Subsidiary
2022.05.06	A	Non-secured loan	\$ 1	\$ 15	\$ 14	None	None
2022.05.12	B	Non-secured loan	-	8,000	8,000	None	None
2022.07.22	C	Non-secured loan	99	3,250	3,151	None	None

## 2. Information on the sale of a single batch of NPL with an amount of more than NT\$1 billion (excluding the sale and related parties): The Corporation and subsidiaries do not have this matter.

TABLE 9

## CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

## INFORMATION ON INVESTEE

DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars)

Investor Company	Investee Company (Note 1)	Location	Main Business	Percentage of Ownership, End of Year	Carrying Value, End of Year (Note 3)	Investment Gain (Loss)	Consolidated Investment (Note 1)			Note
							Present Shares	Virtual Shares (Note 2)	Total	
								Shares	Percentage of Ownership	
The Corporation	CDIB Capital Group	Taipei City, Taiwan	Venture capital	100.00	\$ 27,967,244	\$ (515,300)	2,041,115,913	-	2,041,115,913	100.00
	KGI Securities	Taipei City, Taiwan	Financial service	100.00	48,751,617	3,358,763	1,878,736,629	-	1,878,736,629	100.00
	KGI Bank	Taipei City, Taiwan	Commercial bank	100.00	62,640,657	5,886,846	4,606,162,291	-	4,606,162,291	100.00
	China Development Asset Management Corp.	Taipei City, Taiwan	Trading and management of nonperforming loans of financial institution	100.00	1,641,235	275,862	113,360,000	-	113,360,000	100.00
	China Life Insurance	Taipei City, Taiwan	Life insurance	100.00	125,061,912	10,554,339	4,920,653,131	-	4,920,653,131	100.00

Note 1: All present shares and virtual shares of investee company held by the Company, directors, supervisors, the Corporation's managers and affiliates should be included.

Note 2: a. The virtual shares are those shares obtained through a transfer, on the assumption of share transfer, from equity securities purchased or derivative instrument contracts signed and linked to investee company's equity based on agreed transaction terms and undertaking intention, and for the purpose of investing in company under the provisions of Article 36, Item 2 and Article 37 of the Company Act.

b. The equity securities mentioned above are specified as those securities under the provision of Article 11, Item 1 of the bylaws to the ROC Securities and Exchange Act, for example, convertible bond and warrant.

c. The derivative instrument contracts mentioned above are specified as those derivative instruments defined by the IFRS 9, for example, stock option.

Note 3: The above companies which are the subsidiaries of the Corporation were eliminated from the consolidated financial statements.

## CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

## SUBSIDIARIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

## Consolidated entities

Investor Company	Subsidiary	Main Business and Products	Percentage of Ownership		Note
			December 31, 2022	December 31, 2021	
The Corporation	CDIB Capital Group	Venture fund	100.00	100.00	
	KGI Securities Co., Ltd.	Financial service	100.00	100.00	
	KGI Bank	Commercial bank	100.00	100.00	
	China Development Asset Management Corp.	Trading and management of nonperforming loans of financial institutions	100.00	100.00	
	China Life Insurance Co., Ltd.	Life insurance	100.00	100.00	
CDIB Capital Group	CDIB Capital Management Corporation	Management and consulting	100.00	100.00	
	CDIB Venture Capital Corporation	Venture fund	100.00	100.00	
	CDIB Venture Capital (Hong Kong) Corporation Limited	Venture fund	100.00	100.00	
	CDIB Global Markets Limited	Investment	100.00	100.00	
	CDIB Capital Investment I Limited	Investment	100.00	100.00	
	CDIB Capital Investment II Limited	Investment	100.00	100.00	
	CDIB Capital International Corporation	Private equity advisory service	100.00	100.00	
	CDIB Capital International (Hong Kong) Corporation Limited	Private equity advisory service	100.00	100.00	
CDIB Capital International Corporation	CDIB Capital International (USA) Corporation	Private equity advisory service	100.00	100.00	
	CDIB Capital Asia Partners Limited	Private equity advisory service	100.00	100.00	(Note 1)
	CDIB Intelligence Partners Limited	Private equity advisory service	100.00	100.00	
	CDIB Buyout Partners Limited	Private equity advisory service	100.00	100.00	(Note 2)
	CDIB Asia Secured Credit Opportunities GP Ltd.	Private equity advisory service	100.00	100.00	
CDIB Capital Investment I Limited	SCBS I Holding Corporation	Investment holdings	100.00	100.00	
	CDIB X Finance I Holding Limited	Investment	100.00	100.00	
CDIB Capital Investment II Limited	CDIB TMK Finance Holding Limited	Investment	100.00	100.00	
CDIB Capital Management Corporation	CDIB Private Equity (Hong Kong) Corporation Limited	Management and consulting	100.00	100.00	
	CDIB Capital Innovation Advisors Corporation	Management and consulting	60.00	60.00	
CDIB Private Equity (Hong Kong) Corporation Limited	CDIB Yida Private Equity Management (Kunshan) Enterprise (Limited Partnership)	Fund management	27.08	27.08	
	CDIB Private Equity (China) Corporation	Management and consulting	100.00	100.00	
	CDIB Private Equity Management (Fujian) Enterprise (Limited Partnership)	Fund management	56.00	56.00	

(Continued)



Investor Company	Subsidiary	Main Business and Products	Percentage of Ownership		Note
			December 31, 2022	December 31, 2021	
CDIB Private Equity (China) Corporation	CDIB Yida Private Equity (Kunshan) Co., Ltd.	Fund management	65.00	65.00	
	CDIB Private Equity (Fujian) Co., Ltd.	Fund management	70.00	70.00	
	CDIB Private Equity (Kunshan) Corporation	Fund management	100.00	100.00	
	CDIB Guoke Private Equity (Kunshan) Co., Ltd.	Fund management	65.00	65.00	
CDIB Private Equity (Fujian) Co., Ltd.	CDIB Private Equity Management (Fujian) Enterprise (Limited Partnership)	Fund management	20.00	20.00	
CDIB Yida Private Equity (Kunshan) Co., Ltd.	CDIB Yida Private Equity Management (Kunshan) Enterprise (Limited Partnership)	Fund management	58.34	58.34	
KGI Securities Co., Ltd.	Richpoint Company Limited	Investment holdings	100.00	100.00	
	KGI Securities Investment Advisory Co., Ltd.	Security investment consulting	100.00	100.00	
	KGI Insurance Brokers Co., Ltd.	Life/property insurance brokers	100.00	100.00	
	KGI Venture Capital Co., Ltd.	Venture fund	100.00	100.00	
KGI Futures Co., Ltd.	KGI Securities Investment Trust Co., Ltd.	Nominee services, discretionary investment services	100.00	100.00	
	KGI Futures Co., Ltd.	Futures investment services	99.61	99.61	
	KGI Information Technology Co., Ltd.	Management and consulting software services, data processing digital information supply services	100.00	100.00	
Richpoint Company Limited	KG Investments Holdings Limited	Investment holdings	100.00	100.00	
KG Investments Holdings Limited	KGI International Holdings Limited	Investment holdings	100.00	100.00	
KGI International Holdings Limited	KGI Limited	Investment holdings	100.00	100.00	
	KGI International Limited	Investment holdings	100.00	100.00	
KGI Limited	KGI Futures (Hong Kong) Limited	Futures brokerage and settlement services	100.00	100.00	
	Global Treasure Investments Limited	Investment services	100.00	100.00	
	KGI Investments Management Limited	Insurance brokerage	100.00	100.00	
	KGI International Finance Limited	Investment and financing services	100.00	100.00	
	KGI Hong Kong Limited	Management and consulting	100.00	100.00	
	KGI Asia Limited	Securities investment	100.00	100.00	
	KGI Capital Asia Limited	Securities investment	100.00	100.00	
	KGI Asset Management Limited	Asset management	100.00	100.00	
	KGI Nominees (Hong Kong) Limited	Trust agent	100.00	100.00	
	KGI Asia (Holdings) Pte. Ltd.	Investment holdings	100.00	100.00	
KGI International Limited	KGI International (Hong Kong) Limited	Derivative product services	100.00	100.00	
	KGI Finance Limited	Investment and financing services	100.00	100.00	
KG Capital Asia Limited	PT KGI Sekuritas Indonesia	Securities investment	99.00	99.00	
KGI Asia (Holdings) Pte. Ltd.	KGI Securities (Singapore) Pte. Ltd.	Securities and futures investment services	100.00	100.00	

(Continued)

Investor Company	Subsidiary	Main Business and Products	Percentage of Ownership		Note
			December 31, 2022	December 31, 2021	
KGI Bank	CDIB Management Consulting Corporation	Management and consulting	100.00	100.00	
CDIB Management Consulting Corporation	CDC Finance & Leasing Corp. CDIB International Leasing Corp.	Leasing Leasing	76.04 100.00	76.04 100.00	(Note 3)

Note 1: CDIB Intelligence Partners Limited conducted registration of establishment on February 28, 2020, however, CDIB Intelligence Partners Limited had not invested any capital as of December 31, 2022.

Note 2: CDIB Asia Secured Credit Opportunities GP Ltd. conducted registration of establishment on September 9, 2021, however, CDIB Asia Secured Credit Opportunities GP Ltd. had not invested any capital as of December 31, 2022.

Note 3: On October 18, 2022, CDIB Management Consulting Corp. acquired 23.96% of the shares of CDC Finance & Leasing Corp., making CDC Finance & Leasing Corp. a 100% owned subsidiary.

(Concluded)

**TABLE 11**

# CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

**DECLARATION OF SUBSIDIARIES' CREDITS, ENDORSEMENTS OR OTHER  
TRANSACTIONS WITH THE SAME PERSON, RELATED PARTY OR AFFILIATE  
DECEMBER 31, 2022  
(In Millions of New Taiwan Dollars; %)**

Counter-party	Total Amounts of Credits, Endorsements and Other Transactions	Ratio to Net Asset Value of the Corporation (%)
1. The same customer		
United States Department of the Treasury	\$ 55,521	26.61
TSMC	48,392	23.19
Ministry of Finance, R.O.C.	47,049	22.55
EMIRATES NBD BANK PJSC	33,389	16.00
BNP-PARIBAS SA	31,801	15.24
AT&T Inc.	31,719	15.20
JPMORGAN CHASE & CO.	30,125	14.44
BARCLAYS PLC	29,982	14.37
Verizon Communications Inc.	29,980	14.37
Comcast Corporation	29,404	14.09
CITIGROUP INC.	28,936	13.87
UNITED MEXICAN STATES	28,174	13.50
BANK OF AMERICA CORP.	27,619	13.24
DEUTSCHE BANK AG	27,352	13.11
QNB Finance Ltd.	25,482	12.21
Kingdom of Saudi Arabia	25,410	12.18
Natixis S.A.	24,445	11.72
Capital Investment Trust Corporation	24,108	11.55
NOMURA INTL FUNDING PTE	22,662	10.86
The National Copper Corporation of Chile	22,615	10.84
BANK OF NOVA SCOTIA, TORONTO, CANADA	22,417	10.74
Cathay Securities Investment Trust	22,016	10.55
EDF	21,444	10.28
Republic Of Indonesia	21,187	10.15
Intel Corp.	20,759	9.95
Comision Federal de Electricidad	20,547	9.85
WELLS FARGO & COMPANY	20,361	9.76
SOCIETE GENERALE, PARIS, FRANCE	20,078	9.62
GOLDMAN SACHS GROUP INC.	19,821	9.50
ISHARES IBOXX INVESTMENT GRA	19,739	9.46
Raytheon Technologies Corporation	19,381	9.29
Tencent Holdings Limited	18,556	8.89
ROYAL BANK OF CANADA, TORONTO, CANADA	18,216	8.73

(Continued)

Counter-party	Total Amounts of Credits, Endorsements and Other Transactions	Ratio to Net Asset Value of the Corporation (%)
HSBC HOLDINGS PLC	\$ 17,999	8.63
MALAYAN BANKING BERHAD (MAYBANK)	16,951	8.12
RUSSIAN FEDERATION	16,296	7.81
Walt Disney Co.	16,073	7.70
NATIONAL AUSTRALIA BANK	15,631	7.49
Petronas Capital Limited	15,395	7.38
Morgan Stanley	15,268	7.32
REPUBLIC OF PERU	15,195	7.28
Oracle Corporation	14,968	7.17
ADCB Finance (Cayman) Limited	14,632	7.01
Alibaba Group Holding Limited	14,326	6.87
STANDARD CHARTERED PLC	14,142	6.78
Anheuser-Busch InBev Worldwide Inc.	14,099	6.76
MUFG BANK LTD.	13,964	6.69
FIRST ABU DHABI BANK PJS	13,838	6.63
Yuanta Securities Co., Ltd.	13,779	6.60
RELIANCE INDUSTRIES LIMITED	13,772	6.60
Takeda Pharmaceutical Co., Ltd.	13,438	6.44
STATE OF QATAR	13,409	6.43
Southern Copper Corporation	12,527	6.00
CVS Health Corp.	12,394	5.94
CCB Life Insurance Co., Ltd.	12,267	5.88
CREDIT AGRICOLE SA	12,223	5.86
Saudi Arabian Oil Company	11,778	5.64
E.SUN Commercial Bank, Ltd.	11,735	5.62
AMAZON.COM, INC.	11,531	5.53
COOPERATIEVE RABOBANK UA	11,174	5.36
COMMONWEALTH BANK OF AUSTRALIA SYDNEY (FOR HEAD OFFICE AND ALL AUSTRALIAN BRANCHES), AUSTRALIA	11,071	5.31
Fubon Asset Management Co., Ltd.	10,556	5.06
Morgan Stanley Finance LLC	10,441	5.00
WESTPAC BANKING CORPORATION, SYDNEY, AUSTRALIA	10,358	4.96
Banco Santander SA	10,307	4.94
BPCE SA	10,264	4.92
PT Pertamina (Persero)	10,182	4.88
Fubon Financial Holding Co., Ltd.	9,914	4.75
SUMITOMO MITSUI FINL GRP	9,776	4.68
United Microelectronics Corporation	9,539	4.57
ICBC	8,911	4.27
Chailease Holding Co., Ltd.	8,835	4.23
Cathay Life Insurance Co., Ltd.	8,533	4.09
CREDIT SUISSE GROUP AG	8,458	4.05
SANTANDER INTL PROD PLC	8,445	4.05
Taishin International Bank Co., Ltd.	8,227	3.94
APPLE INC.	8,146	3.90

(Continued)

Counter-party	Total Amounts of Credits, Endorsements and Other Transactions	Ratio to Net Asset Value of the Corporation (%)
China Development Bank	\$ 7,706	3.69
KOMMUNALBANKEN AS	7,677	3.68
Taiwan Power Company	7,595	3.64
CREDIT AGRICOLE CIB SA	7,556	3.62
CTBC Bank Co., Ltd.	7,500	3.59
ING GROUP NV	7,376	3.53
HON HAI PRECISION INDUSTRY CO., LTD.	7,345	3.52
Fuh Hwa Securities Investment Trust Co., Ltd.	7,208	3.45
MDGH - GMTN BV	7,106	3.41
GRUPO TELEVISA SAB	7,089	3.40
FedEx	7,067	3.39
BANK OF MONTREAL	7,063	3.38
Bristol-Myers Squibb Co.	7,029	3.37
Abu Dhabi Commercial Bank	6,879	3.30
FED REPUBLIC OF BRAZIL	6,693	3.21
Taiwan Cement Corp.	6,485	3.11
Taishin Securities Investment Trust Co., Ltd.	6,468	3.10
LLOYDS BANKING GROUP PLC	6,431	3.08
Cathay Financial Holdings Co., Ltd.	6,408	3.07
ENTERPRISE PRODUCTS OPER	6,294	3.02
TRANSCANADA PIPELINES	6,285	3.01
ANHEUSER-BUSCH INBEV FIN	6,271	3.01
Perusahaan Listrik Negara PT	6,249	3.00
Union Pacific Corp.	6,204	2.97
M&G Lux Investment Funds 1 - M Currency Bond Fund	6,142	2.94
Federal Government of the United Arab Emirates	6,142	2.94
The Export-Import Bank of the Republic of China	6,140	2.94
MANULIFE FINANCIAL CORP.	6,080	2.91
Cathay United Bank Company Limited	5,959	2.86
LOCKHEED MARTIN CORPORATION	5,909	2.83
AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED, MELBOURNE, AUSTRALIA	5,764	2.76
LLOYDS BANK PLC	5,726	2.74
Taishin Financial Holding Co., Ltd.	5,709	2.74
BANK SINOPAC CO., LTD.	5,635	2.70
China Citic Bank Co., Ltd.	5,397	2.59
MediaTek Inc.	5,324	2.55
ASIA CEMENT CORPORATION	5,317	2.55
Fox Corporation	5,257	2.52
Yuanta Securities Co., Ltd.	5,219	2.50
PARAMOUNT GLOBAL INDUSTRIES LIMITED	5,214	2.50
LB BADEN-WUERTEMBERG	5,125	2.46
TELEFONICA EMISIONES SAU	5,105	2.45
SINOPEC GRP DEV 2018	4,966	2.38
Taipei Fubon Bank	4,916	2.36
ABRDN PLC	4,908	2.35

(Continued)

Counter-party	Total Amounts of Credits, Endorsements and Other Transactions	Ratio to Net Asset Value of the Corporation (%)
Bank of China Limited	\$ 4,817	2.31
UBS AG LONDON	4,720	2.26
CREDIT SUISSE AG LONDON	4,719	2.26
PHOENIX LEAD LTD	4,609	2.21
CHINA CINDA FIN 2017 III	4,577	2.19
BLACKSTONE HOLDINGS FINA	4,570	2.19
China Construction Bank Corporation	4,543	2.18
State Street Global Advisors, Inc.	4,541	2.18
Suyin KGI Consumer Finance Co., Ltd.	4,443	2.13
HSBC BANK PLC	4,262	2.04
ROMANIA	4,068	1.95
Powertech Technology Inc.	4,017	1.93
Formosa Chemicals & Fibre Corporation	3,994	1.91
UNI-PRESIDENT ENTERPRISES CORP.	3,977	1.91
CHAILEASE FINANCE CO., LTD.	3,947	1.89
AIA GROUP LTD.	3,930	1.88
Realtek Semiconductor Corp.	3,890	1.86
CTCI Development Corp.	3,819	1.83
Nan Shan Life Insurance Company, Ltd.	3,785	1.81
REPUBLIC OF PHILIPPINES	3,673	1.76
ASE Technology Holding Co., Ltd.	3,515	1.68
TOTAL CAPITAL INTL SA	3,510	1.68
BANQUE EUROPEAN D DIVERTISSEMENTS - BEI/EIB, LUXEMBOURG	3,492	1.67
Fubon Life Insurance Co., Ltd.	3,450	1.65
HUA NAN COMMERCIAL BANK LTD.	3,442	1.65
Hong Pu Real Estate Development Co., LTD.	3,430	1.64
AMERICA MOVIL SAB DE CV	3,389	1.62
MEGA INTERNATIONAL COMMERCIAL BANK CO., LTD.	3,358	1.61
Vanguard International Semiconductor Corporation	3,334	1.60
FANNIE MAE	3,309	1.59
Macquarie Super Core Infrastructure	3,257	1.56
Chang Hwa Commercial Bank, Ltd.	3,228	1.55
HSBC BANK PLC	3,191	1.53
QUANTA COMPUTER INC.	3,148	1.51
FREDDIE MAC	3,123	1.50
First Financial Holding Co., Ltd.	3,096	1.48
Brookfield Super-Core Infra NUS L.P	3,081	1.48
Invesco Ltd.	3,080	1.48
AXA SA	3,071	1.47
ROGERS COMMUNICATIONS IN	3,014	1.44
Total	\$ 1,861,811	892.24
2. The same group		
TSMC Group	\$ 53,862	25.81
Lin Yuan Group	49,924	23.93
BPCE Group	34,709	16.63
Fubon Group	33,980	16.28

(Continued)

Counter-party	Total Amounts of Credits, Endorsements and Other Transactions	Ratio to Net Asset Value of the Corporation (%)
Investment Corp of Dubai Group	\$ 33,389	16.00
BNP Paribas Group	32,898	15.77
AT&T Inc Group	31,719	15.20
JPMORGAN CHASE Group	31,153	14.93
CITI Group	31,089	14.90
Barclays Bank Group	29,982	14.37
Verizon Communications Inc Group	29,980	14.37
COMCAST Group	29,404	14.09
HONG TAI Group	27,812	13.33
HSBC Group	27,698	13.27
Bank of America Group	27,619	13.24
Deutsche Bank Group	27,352	13.11
MORGAN STANLEY Group	25,708	12.32
Qatar National Bank Group	25,482	12.21
NOMURA Group	22,662	10.86
Codelco Group	22,615	10.84
BANK OF NOVA SCOTIA Group	22,417	10.74
Abu Dhabi Commercial Bank Group	21,511	10.31
Taishin Group	21,495	10.30
EDF Group	21,444	10.28
Societe Generale Group	21,338	10.23
Goldman Sachs Group	20,957	10.04
Yuantan Group	20,905	10.02
BLACKROCK Group	20,883	10.01
Intel Group	20,759	9.95
Anheuser-Busch InBev Group	20,668	9.91
COMISION FEDERAL DE ELEC Group	20,547	9.85
Wells Fargo Bank Group	20,361	9.76
Crédit Agricole Group	19,779	9.48
Raytheon Company Group	19,381	9.29
Tencent Group	18,802	9.01
SANTANDER CENTRAL HISPANO S.A. Group	18,752	8.99
Royal Bank of Canada Group	18,271	8.76
Malayan Banking Berhad Group	16,951	8.12
Foxconn Technology Group	16,917	8.11
MUFG Group	16,830	8.07
China Construction Bank Group	16,810	8.06
Far Eastern Group	16,305	7.81
The Walt Disney Company Group	16,073	7.70
PETRONAS Group	15,875	7.61
National Australia Bank Group	15,631	7.49
Chalease Group	15,556	7.46
RELIANCE INDUSTRIES LIMITED Group	15,498	7.43
Oracle Group	14,968	7.17
Saudi Arabian Oil Co Group	14,619	7.01
Alibaba Group	14,326	6.87

(Continued)

Counter-party	Total Amounts of Credits, Endorsements and Other Transactions	Ratio to Net Asset Value of the Corporation (%)
CTBC Group	\$ 14,256	6.83
Standard Chartered Group	14,142	6.78
UMC Group	13,894	6.66
FAB Group	13,838	6.63
CREDIT SUISSE Group	13,810	6.62
TAKEDA PHARMACEUTICAL Group	13,438	6.44
Mexico Group	12,527	6.00
CVS Health Corp Group	12,394	5.94
LLOYDSBK Group	12,157	5.83
E.SUN Financial Holding Group	11,738	5.63
YFY Group	11,627	5.57
Amazon.com, Inc. Group	11,531	5.53
Rabobank Group	11,174	5.36
Commonwealth Bank of Australia Group	11,071	5.31
Westpac Banking Group	10,358	4.96
PERTAMINA Group	10,182	4.88
ICBC Group	10,139	4.86
SUMITOMO MITSU Group	9,776	4.68
APPLE INC Group	8,146	3.90
China Development Bank Group	8,059	3.86
Shin Kong Group	7,747	3.71
Sinopec Group	7,733	3.71
Kongeriket Norge Group	7,677	3.68
Ruentex Group	7,626	3.65
ING Group	7,376	3.53
Taiwan Cement Group	7,230	3.46
Fuh Hwa Securities Investment Trust Group	7,208	3.45
Mubadala Investment Co Group	7,106	3.41
GRUPO TELEVISA SAB Group	7,089	3.40
FedEx Group	7,067	3.39
Bank of Montreal Group	7,063	3.38
Bristol-Myers Squibb Group	7,029	3.37
Mega Financial Holding Group	6,714	3.22
China Citic Bank Corporation Limited Group	6,593	3.16
ENTERPRISE PRODUCTS OPER Group	6,294	3.02
TC Energy Corporation Group	6,285	3.01
State Power Corporation of China Group	6,249	3.00
Union Pacific Corporation Group	6,204	2.97
M&G PLC Group	6,142	2.94
Manulife Financial Corporation - S Group	6,080	2.91
MACQUARIE Group	6,000	2.88
First Financial Holding Group	5,988	2.87
Cheung Kong Holdings Group	5,950	2.85
MediaTek Inc. Group	5,937	2.85
Lockheed Martin International Group	5,909	2.83
Walsin Group	5,854	2.81

(Continued)



Counter-party	Total Amounts of Credits, Endorsements and Other Transactions	Ratio to Net Asset Value of the Corporation (%)
China Cinda Group	\$ 5,805	2.78
AUSTRALIA AND NEW ZEALAND BANKING Group	5,764	2.76
Yulon Group	5,759	2.76
State Street Corporation Group	5,726	2.74
Brookfield Asset Management Inc. Group	5,451	2.61
ASE Group	5,424	2.60
GlobiTech Group	5,395	2.59
Fox Corporation Group	5,257	2.52
Paramount Global Group	5,214	2.50
Gateway Real Estate Fund Group	5,178	2.48
Baden-Württemberg Group	5,125	2.46
Telefónica, S.A. Group	5,105	2.45
UBS Group	5,088	2.44
ABRDN PLC Group	4,908	2.35
Black Stone Group	4,875	2.34
Bank of China Limited Group	4,817	2.31
Taiwan Cooperative Group	4,787	2.29
Formosa Plastic Group	4,522	2.17
Bank of Jiangsu Group	4,443	2.13
Uni President Group	4,175	2.00
WPG Holdings Group	4,130	1.98
Powertech Technology Inc.	4,019	1.93
CTCI Group	4,010	1.92
Formosa Chemicals and Fiber Group	3,996	1.92
AIA Group	3,930	1.88
Qsan Technology Group	3,723	1.78
AU Optronics Group	3,716	1.78
Total Corporation Group	3,510	1.68
NAN YA PLASTICS CORPORATION Group	3,487	1.67
DBS Group	3,450	1.65
Hua Nan Financial Holdings Group	3,443	1.65
Hong Pu Group	3,430	1.64
America Movil S.A.B de C.V. Group	3,389	1.62
Hyundai Motor Company Group	3,387	1.62
Wistron Group	3,352	1.61
Kingtown Group	3,241	1.55
Chang Hwa Commercial Bank Group	3,228	1.55
Quanta Computer Group	3,148	1.51
LCY CHEMICAL Group	3,142	1.51
INVESCO Group	3,080	1.48
AXA Group	3,071	1.47
Rogers Communications Inc Group	3,014	1.44
Total	\$ 1,771,787	849.15

(Concluded)

**TABLE 12**

# CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

## CONDENSED BALANCE SHEETS AND STATEMENTS OF COMPREHENSIVE INCOME

### The Corporation

#### 1. Balance sheets

(In Thousands of New Taiwan Dollars)

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 4,081,769	\$ 1,480,794
Receivables, net	249,151	322,683
Current tax assets	3,791,497	4,092,327
Investments accounted for using the equity method, net	266,062,665	358,433,669
Other financial assets	300	300
Right-of-use assets, net	862,301	1,106,233
Property and equipment, net	285,578	213,532
Other assets, net	<u>113,945</u>	<u>90,789</u>
Total	<u>\$ 275,447,206</u>	<u>\$ 365,740,327</u>
<b>Liabilities and Equity</b>		
<u>Liabilities</u>		
Commercial paper payable, net	\$ 7,899,888	\$ 15,799,059
Payables	1,802,426	2,295,000
Current tax liabilities	2,867,858	1,765,796
Bonds payable	48,000,000	48,000,000
Other borrowings	5,299,852	3,899,854
Provisions	74	24,451
Lease liabilities	912,855	1,168,038
Other liabilities	<u>980</u>	<u>7,791</u>
Total liabilities	<u>66,783,933</u>	<u>72,959,989</u>
<u>Equity</u>		
Capital		
Common stock	168,453,886	171,896,598
Preferred stock	15,821,424	18,930,436
Advance receipts for capital stock	-	31,175
Capital surplus	33,626,805	36,147,480
Retained earnings		
Legal reserve	13,703,864	10,035,815
Special reserve	410,006	298,120
Unappropriated earnings	50,476,328	52,021,923
Other equity	(73,829,040)	12,490,292
Treasury shares	<u>-</u>	<u>(9,071,501)</u>
Total equity	<u>208,663,273</u>	<u>292,780,338</u>
Total	<u>\$ 275,447,206</u>	<u>\$ 365,740,327</u>

(Continued)

2. Statements of comprehensive income

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

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
REVENUES		
Share of profit of subsidiaries, associates and joint ventures	\$ 19,810,740	\$ 37,966,527
Others	<u>245,906</u>	<u>20,376</u>
Total revenues	<u>20,056,646</u>	<u>37,986,903</u>
EXPENSES AND LOSSES		
Operating expenses	(1,922,503)	(2,581,831)
Others	<u>(670,708)</u>	<u>(484,281)</u>
Total expenses and losses	<u>(2,593,211)</u>	<u>(3,066,112)</u>
NET PROFIT BEFORE INCOME TAX	17,463,435	34,920,791
INCOME TAX BENEFIT (EXPENSE)	<u>(1,097,806)</u>	<u>122,640</u>
NET PROFIT FOR THE YEAR	<u>16,365,629</u>	<u>35,043,431</u>
OTHER COMPREHENSIVE INCOME (LOSS)		
Items that will not be reclassified subsequently to profit or loss, net of income tax		
Remeasurement of defined benefit plans	36,292	(10,579)
Share of the other comprehensive income of subsidiaries, associates and joint ventures	(11,105,054)	793,082
Income tax relating to the items that will not be reclassified subsequently to profit or loss	461,863	333,019
Items that will be reclassified subsequently to profit or loss, net of income tax		
Share of other comprehensive income (loss) of subsidiaries, associates and joint ventures	(76,674,920)	(22,726,987)
Income tax relating to the items that may be reclassified subsequently to profit or loss	<u>3,215,829</u>	<u>3,332,278</u>
Other comprehensive income (loss) for the year, net of income tax	<u>(84,065,990)</u>	<u>(18,279,187)</u>
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	<u>\$ (67,700,361)</u>	<u>\$ 16,764,244</u>
BASIC EARNINGS PER SHARE	<u>\$0.98</u>	<u>\$2.34</u>
DILUTED EARNINGS PER SHARE	<u>\$0.98</u>	<u>\$2.34</u>

(Continued)

### 3. Statements of changes in equity

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

	Capital			Capital Surplus	Retained Earnings			Exchange Differences on Translation of Foreign Financial Statements	Other Equity			Treasury Shares	Total Equity
	Common Stock	Preferred Stock	Advance Receipts for Capital Stock		Legal Reserve	Special Reserve	Unappropriated Earnings		Unrealized Gains (Losses) on Financial Assets at Fair Value through Other Comprehensive Income	Other Comprehensive Income Reclassified Using the Overlay Approach	Equity on Hedging Instruments		
BALANCE AT JANUARY 1, 2021	\$ 149,729,414	\$ -	\$ 3,298	\$ 1,027,728	\$ 8,816,167	\$ 565,041	\$ 24,809,292	\$ (3,814,286)	\$ 21,020,859	\$ 1,157,242	\$ -	\$ (1,178,647)	\$ 202,736,108
Appropriation of the 2020 earnings	-	-	-	-	-	-	(1,219,648)	-	-	-	-	-	-
Legal reserve	-	-	-	-	1,219,648	3,790	(3,790)	-	-	-	-	-	-
Special reserve	-	-	-	-	-	-	(6,244,420)	-	-	-	-	-	(8,244,420)
Ordinary cash dividends	-	-	-	-	1,219,648	3,790	(9,467,858)	-	-	-	-	-	(8,244,420)
Special reserve reversed	-	-	-	-	-	(270,711)	270,711	-	-	-	-	-	-
Changes in capital surplus from investments in associates and joint ventures accounted for using the equity method	-	-	-	(240)	-	-	(365)	-	-	-	-	-	(605)
Net profit for the year ended December 31, 2021	-	-	-	-	-	-	35,043,431	-	-	-	-	-	35,043,431
Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax	-	-	-	-	-	-	(251,756)	(1,266,145)	(18,446,104)	1,684,818	-	-	(18,279,182)
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	-	34,791,675	(1,266,145)	(18,446,104)	1,684,818	-	-	16,764,244
Difference between consideration and carrying amount of subsidiaries acquired or disposed	20,745,684	18,930,436	-	33,961,473	-	-	-	(46,118)	12,834,783	2,564,263	-	(9,548,338)	79,432,183
Share-based payments	1,421,500	-	27,877	344,372	-	-	(58,544)	-	-	-	-	-	276,720
Disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	-	-	1,730,555	-	(1,730,555)	-	-	-	-
Net change in special reserve of subsidiaries	-	-	-	-	-	-	(53,523)	-	-	-	-	-	(53,523)
Disposal of the corporation shares, as treasury shares	-	-	-	214,147	-	-	-	-	-	-	-	1,655,484	1,869,631
BALANCE AT DECEMBER 31, 2021	171,896,598	18,930,436	31,175	36,147,480	10,035,815	298,120	52,021,923	(5,126,549)	13,669,003	5,406,323	-	(9,071,501)	292,780,338
Appropriation of the 2021 earnings	-	-	-	-	3,668,049	-	(3,668,049)	-	-	-	-	-	-
Legal reserve	-	-	-	-	-	123,680	(123,680)	-	-	-	-	-	-
Special reserve reversed	-	-	-	-	-	-	(16,851,631)	-	-	-	-	-	(16,851,631)
Cash dividends - common stock	-	-	-	-	-	-	(3,072)	-	-	-	-	-	(3,072)
Cash dividends - preferred stock	-	-	-	-	-	-	-	-	-	-	-	-	-
Special reserve reversed	-	-	-	-	-	(11,794)	11,794	-	-	-	-	-	-
Changes in capital surplus from investments in associates and joint ventures accounted for using the equity method	-	-	-	54,623	-	-	-	-	-	-	-	-	54,623
Net profit for the year ended December 31, 2022	-	-	-	-	-	-	16,365,629	-	-	-	-	-	16,365,629
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	-	418,390	4,009,738	(25,048,211)	(63,449,208)	3,301	-	(84,065,990)
Retirement of treasury shares	(3,407,137)	(3,109,012)	-	-	-	-	-	4,009,738	(25,048,211)	(63,449,208)	3,301	9,071,501	(67,700,361)
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	-	-	(2,555,352)	-	-	-	-	-	-	-	-	-
Share-based payments	-	-	-	4,978	-	-	1,855	-	1,132	-	-	-	6,110
Disposal of equity instruments at fair value through other comprehensive income	(35,575)	-	(3,1175)	(24,924)	-	-	-	-	-	-	-	-	424,928
Disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	-	-	2,350,831	-	(2,350,831)	-	-	-	-
Net change in special reserve of subsidiaries	-	-	-	-	-	-	(50,744)	-	-	-	-	-	(50,744)
BALANCE AT DECEMBER 31, 2022	\$ 168,453,886	\$ 15,821,424	\$ -	\$ 33,626,805	\$ 13,703,864	\$ 410,006	\$ 50,476,328	\$ (1,116,811)	\$ (13,728,007)	\$ (58,042,885)	\$ 3,301	\$ (943,738)	\$ 208,663,273

(Continued)

#### 4. Statements of cash flows

(In Thousands of New Taiwan Dollars)

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net profit before income tax	\$ 17,463,435	\$ 34,920,791
Adjustments for:		
Depreciation and amortization expenses	120,265	101,611
Interest expense	635,141	460,513
Interest income	(44,355)	(8,647)
Share-based payment compensation cost	85,489	7,535
Share of loss of subsidiaries, associates and joint ventures	(19,560,510)	(37,644,796)
Changes in operating assets and liabilities		
Receivables	1,573,564	(260,623)
Other assets	(393)	(7,056)
Payables	(487,440)	1,103,148
Other liabilities	5,105	4,570
Interest paid	(638,826)	(434,071)
Interest received	42,568	15,065
Dividend received	22,543,359	8,041,183
Income tax paid	<u>(1,192,952)</u>	<u>(1,003,623)</u>
Net cash generated from operating activities	<u>20,544,450</u>	<u>5,295,600</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from capital reduction of investments accounted for using equity method	4,897,759	2,500,000
Legal reserve be distributable as dividend shares by cash on investments accounted for using the equity method	735,698	10,500,000
Acquisition of property and equipment	(101,793)	(169,947)
Others	<u>(42,716)</u>	<u>(14,665)</u>
Net cash generated from investing activities	<u>5,488,948</u>	<u>12,815,388</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase (decrease) in commercial paper payable	(7,899,171)	10,349,344
Issuance of corporate bonds	-	19,000,000
Proceeds from other borrowings	1,399,998	600,323
Acquisition of ownership interests in subsidiaries	-	(53,421,923)
Cash dividend paid	(16,851,631)	(8,244,420)
Others	<u>(81,619)</u>	<u>212,489</u>
Net cash used in financing activities	<u>(23,432,423)</u>	<u>(31,504,187)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>2,600,975</b>	<b>(13,393,199)</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<u><b>1,480,794</b></u>	<u><b>14,873,993</b></u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<u><b>\$ 4,081,769</b></u>	<u><b>\$ 1,480,794</b></u>

(Continued)

**KGI Bank**

## 1. Condensed balance sheets

**(In Thousands of New Taiwan Dollars)**

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Cash and cash equivalents, due from the Central Bank and call loans to banks	\$ 67,379,108	\$ 57,812,543
Financial assets at fair value through profit or loss	34,166,455	23,904,374
Financial assets at fair value through other comprehensive income	140,676,945	197,503,631
Debt instruments measured at amortized cost	58,985,476	13,112,516
Financial assets for hedging	2,025,601	251,279
Securities purchased under resell agreements	15,467,689	3,609,158
Receivables, net	24,069,220	21,137,817
Discounts and loans, net	394,572,818	373,670,389
Investments accounted for using the equity method, net	6,154,507	5,916,251
Other financial assets, net	1,101,950	1,086,575
Property and equipment, net	5,370,333	5,387,909
Right-of-use assets, net	3,336,532	3,666,610
Investment property, net	1,597,700	1,624,473
Deferred tax assets	750,316	524,763
Other assets, net	<u>8,362,768</u>	<u>4,449,956</u>
Total assets	<u>\$ 764,017,418</u>	<u>\$ 713,658,244</u>
Deposits from the Central Bank and banks	\$ 11,972,428	\$ 20,823,546
Funds from the Central Bank and financial institutions	-	129,490
Financial liabilities at fair value through profit or loss	35,628,311	20,307,688
Financial liabilities for hedging	526,268	73,006
Notes and bonds issued under repurchase agreements	28,360,984	42,781,169
Payables	9,957,913	7,192,913
Current tax liabilities	1,032,695	878,223
Deposits and remittances	543,754,213	502,812,083
Bank debentures payable	24,753,007	25,241,122
Principal received on structured notes	39,096,143	17,930,084
Provisions	290,085	473,464
Lease liabilities	3,492,459	3,812,545
Deferred tax liabilities	64,214	60,915
Other liabilities	<u>3,623,247</u>	<u>5,062,206</u>
Total liabilities	<u>702,551,967</u>	<u>647,578,454</u>
Common stock	46,061,623	46,061,623
Capital surplus	7,374,531	7,258,874
Retained earnings	13,791,237	12,927,710
Other equity	<u>(5,761,940)</u>	<u>(168,417)</u>
Total equity	<u>61,465,451</u>	<u>66,079,790</u>
Total liabilities and equity	<u>\$ 764,017,418</u>	<u>\$ 713,658,244</u>

(Continued)

2. Condensed statements of comprehensive income

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

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Interest revenue	\$ 15,614,350	\$ 11,036,626
Interest expense	<u>(6,245,876)</u>	<u>(2,249,172)</u>
Interest profit, net	9,368,474	8,787,454
Noninterest profits and gains, net	<u>3,706,415</u>	<u>2,522,853</u>
Total net revenues	13,074,889	11,310,307
Reversal of allowance for bad debts and losses on commitments and guarantees, net	183,253	147,602
Operating expenses	<u>(6,642,962)</u>	<u>(6,534,360)</u>
Net profit before income tax	6,615,180	4,923,549
Income tax expense	<u>(615,170)</u>	<u>(785,781)</u>
Net profit for the year	6,000,010	4,137,768
Other comprehensive income (loss) for the year, net of income tax	<u>(7,013,041)</u>	<u>(2,317,268)</u>
Total comprehensive income (loss) for the year	<u>\$ (1,013,031)</u>	<u>\$ 1,820,500</u>
Basic earnings per share	<u>\$1.30</u>	<u>\$0.90</u>

(Continued)

## 1. Condensed balance sheets

(In Thousands of New Taiwan Dollars)

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Current assets	\$ 206,204,726	\$ 247,877,170
Noncurrent assets	<u>37,079,534</u>	<u>35,730,118</u>
Total assets	<u>\$ 243,284,260</u>	<u>\$ 283,607,288</u>
Current liabilities	\$ 178,811,122	\$ 200,632,782
Noncurrent liabilities	<u>11,273,426</u>	<u>11,651,646</u>
Total liabilities	<u>190,084,548</u>	<u>212,284,428</u>
Common stock	18,787,366	32,995,978
Capital surplus	7,207,268	7,706,245
Retained earnings	30,963,106	33,293,038
Other equity	<u>(3,758,028)</u>	<u>(2,672,401)</u>
Total equity	<u>53,199,712</u>	<u>71,322,860</u>
Total liabilities and equity	<u>\$ 243,284,260</u>	<u>\$ 283,607,288</u>

## 2. Condensed statements of comprehensive income

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

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Revenues	\$ 13,807,505	\$ 23,147,701
Costs and expenses	<u>(11,441,704)</u>	<u>(13,960,227)</u>
Profit from operations	<u>2,365,801</u>	<u>9,187,474</u>
Share of profit (loss) of subsidiaries, associates and joint ventures	1,015,437	4,510,814
Other income and loss	<u>1,012,745</u>	<u>626,556</u>
Total non-operating income or loss	<u>2,028,182</u>	<u>5,137,370</u>
Net profit before income tax	4,393,983	14,324,844
Income tax expense	<u>(766,417)</u>	<u>(1,391,636)</u>
Net profit for the year	3,627,566	12,933,208
Other comprehensive income (loss) for the year, net of income tax	<u>(778,823)</u>	<u>(4,223,909)</u>
Total comprehensive income (loss) for the year	<u>\$ 2,848,743</u>	<u>\$ 8,709,299</u>
Basic earnings per share	<u>\$1.61</u>	<u>\$3.66</u>

(Continued)



CDIB Capital Group

## 1. Condensed balance sheets

(In Thousands of New Taiwan Dollars)

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Current assets	\$ 619,714	\$ 4,742,422
Noncurrent assets	<u>32,861,231</u>	<u>33,083,626</u>
Total assets	<u>\$ 33,480,945</u>	<u>\$ 37,826,048</u>
Current liabilities	\$ 4,495,491	\$ 1,874,833
Noncurrent liabilities	<u>588,656</u>	<u>766,261</u>
Total liabilities	<u>5,084,147</u>	<u>2,641,094</u>
Common stock	20,411,159	20,411,159
Capital surplus	661,702	593,947
Retained earnings	7,157,398	15,501,990
Other equity	<u>166,539</u>	<u>(1,322,142)</u>
Total equity	<u>28,396,798</u>	<u>35,184,954</u>
Total liabilities and equity	<u>\$ 33,480,945</u>	<u>\$ 37,826,048</u>

## 2. Condensed statements of comprehensive income

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

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Operating revenues	\$ (245,806)	\$ 2,081,762
Operating cost	<u>-</u>	<u>(16,257)</u>
Gross profit (loss)	(245,806)	2,065,505
Operating expenses	<u>(338,297)</u>	<u>(1,887,315)</u>
Profit (loss) from operations	(584,103)	178,190
Non-operating income and expenses	<u>192,771</u>	<u>10,193,758</u>
Net profit (loss) before income tax	(391,322)	10,371,948
Income tax benefit	<u>70,996</u>	<u>(470,906)</u>
Net profit (loss) for the year	(320,336)	9,901,042
Other comprehensive income (loss) for the year, net of income tax	<u>1,464,425</u>	<u>(488,911)</u>
Total comprehensive income (loss) for the year	<u>\$ 1,144,089</u>	<u>\$ 9,412,131</u>
Basic earnings (loss) per share	<u>\$ (0.16)</u>	<u>\$ 4.85</u>

(Continued)

China Development Asset Management Corp.

1. Condensed balance sheets

(In Thousands of New Taiwan Dollars)

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Current assets	\$ 255,396	\$ 58,909
Noncurrent assets	<u>1,695,262</u>	<u>1,761,278</u>
Total assets	<u>\$ 1,950,658</u>	<u>\$ 1,820,187</u>
Current liabilities	\$ 200,748	\$ 274,872
Noncurrent liabilities	<u>108,675</u>	<u>117,237</u>
Total liabilities	<u>309,423</u>	<u>392,109</u>
Common stock	1,133,600	1,133,600
Capital surplus	139,538	139,538
Retained earnings	397,015	181,713
Other equity	<u>(28,918)</u>	<u>(26,773)</u>
Total equity	<u>1,641,235</u>	<u>1,428,078</u>
Total liabilities and equity	<u>\$ 1,950,658</u>	<u>\$ 1,820,187</u>

2. Condensed statements of comprehensive income

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

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Revenues and gains	\$ 458,854	\$ 169,554
Expenses and losses	<u>(143,496)</u>	<u>(88,327)</u>
Net profit before income tax	315,358	81,227
Income tax expense	<u>(39,496)</u>	<u>(13,549)</u>
Net profit for the year	275,862	67,678
Other comprehensive income (loss) for the year, net of income tax	<u>(1,745)</u>	<u>14,316</u>
Total comprehensive income (loss) for the year	<u>\$ 274,117</u>	<u>\$ 81,994</u>
Basic earnings per share	<u>\$2.43</u>	<u>\$0.60</u>

(Continued)

## 1. Condensed balance sheets

(In Thousands of New Taiwan Dollars)

	December 31	
	2022	2021
Cash and cash equivalents	\$ 91,256,425	\$ 153,787,291
Receivables	18,163,747	17,038,235
Current tax assets	2,102,475	-
Financial assets at fair value through profit or loss	338,245,272	435,588,827
Financial assets at fair value through other comprehensive income	31,093,336	280,355,344
Financial assets measured at amortized cost	1,612,801,967	1,201,310,968
Investments accounted for using the equity method, net	1,981,685	1,017,001
Investment property	68,602,687	43,216,992
Loans	33,263,106	33,931,189
Reinsurance assets	1,016,200	891,059
Property and equipment	10,897,560	12,036,982
Right-of-use assets	5,004,930	4,699,054
Intangible assets	444,677	304,998
Deferred tax assets	16,725,649	13,074,033
Other assets	11,649,619	7,749,971
Separate account product assets	<u>103,835,515</u>	<u>101,041,555</u>
Total assets	<u>\$ 2,347,084,850</u>	<u>\$ 2,306,043,499</u>
Payables	\$ 12,152,682	\$ 13,169,025
Current tax liabilities	-	1,924,345
Financial liabilities at fair value through profit or loss	7,876,147	981,018
Bonds Payable	10,000,000	10,000,000
Lease liabilities	1,982,475	1,768,675
Insurance liabilities	2,082,571,357	1,988,686,889
Foreign exchange valuation reserve	10,886,927	3,351,124
Provisions	163,334	199,799
Deferred tax liabilities	8,918,167	4,153,657
Other liabilities	2,038,304	3,757,700
Separate account product liabilities	<u>103,835,515</u>	<u>101,041,555</u>
Total liabilities	<u>2,240,424,908</u>	<u>2,129,033,787</u>
Common stock	49,206,531	49,206,531
Capital surplus	7,336,659	7,224,556
Retained earnings	107,555,872	94,990,656
Other equity	<u>(57,439,120)</u>	<u>25,587,969</u>
Total equity	<u>106,659,942</u>	<u>177,009,712</u>
Total liabilities and equity	<u>\$ 2,347,084,850</u>	<u>\$ 2,306,043,499</u>

(Continued)

2. Condensed statements of comprehensive income

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

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Operating revenues	\$ 239,765,499	\$ 300,244,299
Operating costs	(216,719,722)	(261,277,061)
Operating expenses	<u>(6,519,551)</u>	<u>(7,592,150)</u>
Profit from operations	16,526,226	31,375,088
Non-operating income and expenses	<u>(10,552)</u>	<u>(28,416)</u>
Income from continuing operations before income tax	16,515,674	31,346,672
Income tax expense	<u>(3,356,655)</u>	<u>(2,806,434)</u>
Net income	13,159,019	28,540,238
Other comprehensive income (loss) for the year, net of income tax	<u>(79,070,158)</u>	<u>(29,208,422)</u>
Total comprehensive income (loss) for the year	<u>\$ (65,911,139)</u>	<u>\$ (668,184)</u>
Basic earnings per share	<u>\$2.67</u>	<u>\$5.80</u>

(Concluded)

TABLE 13

## CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA  
DECEMBER 31, 2022  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company Name	Main Businesses and Products	Total Paid-in Capital	Investment Type	Accumulated Outflow of Investment from Taiwan as of January 1, 2022	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2022	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Note 2)	Carrying Value as of December 31, 2022	Accumulated Inward Remittance of Earnings as of December 31, 2022
					Outflow	Inflow						
Beauty Essential International (Shanghai) Ltd.	Sale and R&D of the cosmetics.	US\$ 2,000 thousand	Note 1,b,1)	US\$ 2,262 thousand	\$ -	\$ -	US\$ 2,262 thousand	(Note 3)	8.86	\$ -	\$ 67,536	\$ -
Beauteek (Shanghai) Co., Ltd.	Cosmetics and skin care products sales.	US\$ 1,700 thousand	Note 1,b,1)	US\$ 53 thousand	-	-	US\$ 53 thousand	(Note 3)	-	-	1,657	-
Triplex International Biosciences (Fujian)	Manufacture, sale and R&D medical diagnostic reagents and instruments.	US\$ 35,200 thousand	Note 1,b,2)	US\$ 1,400 thousand	-	-	US\$ 1,400 thousand	(Note 3)	1.66	-	43,985	-
Hartec Technology (Kunshan) Co., Ltd.	NB EMI sputtering.	US\$ 17,130 thousand	Note 1,b,3)	US\$ 3,000 thousand	-	-	US\$ 3,000 thousand	(Note 3)	10.23	-	96,030	-
Great Team Backend Foundry (Dongguan) Ltd.	Analog IC testing and packaging.	US\$ 87,070 thousand	Note 1,b,4),16)	US\$ 241 thousand	-	-	US\$ 241 thousand	(Note 3)	1.83	-	7,298	-
MCM (Beijing) Commercial Co., Ltd.	Apparel, jewelry, watches, perfumes, cosmetics, glasses, bags, leather goods wholesale and retail; import and export of goods.	EUR 4,460 thousand	Note 1,b,5),17)	US\$ 182 thousand	-	-	US\$ 182 thousand	(Note 3)	5.00	-	5,401	-
Chengdu Le Me Shi Jia Trading Co., Ltd.	Furniture wholesale, metal building materials wholesale and transport service.	US\$ 28,000 thousand	Note 1,b,4),15)	US\$ 948 thousand	-	-	US\$ 948 thousand	(Note 3)	2.36	-	7,007	-
Chengdu Le Me Shi Jia Information Technology Co., Ltd.	Furniture wholesale, metal building materials wholesale and transport service.	US\$ 3,000 thousand	Note 1,b,4),15)	US\$ 33 thousand	-	-	US\$ 33 thousand	(Note 3)	2.36	-	245	-
Tianjin Mei Wei Information Technology Co., Ltd.	Computer IT consulting and technical services; computer hardware and software development; furniture, building materials, daily commodities, hardware wholesale.	CNY 171,574 thousand	Note 1,b,4),15)	US\$ 297 thousand	-	-	US\$ 297 thousand	(Note 3)	2.36	-	2,181	-
Tianjin Mu Yuan Household Trading Co., Ltd.	Household items; furniture, building materials, daily commodities, hardware wholesale.	US\$ 500 thousand	Note 1,b,4),15)	US\$ 42 thousand	-	-	US\$ 42 thousand	(Note 3)	2.36	-	309	-
Jiangyin Suda Huicheng Composite Material Co., Ltd.	Lithium battery with extruded composite film.	CNY 19,812 thousand	Note 1,b,15)	US\$ 5,051 thousand	-	US\$ 406 thousand	US\$ 4,645 thousand	(Note 3)	4.11	-	35,075	-
CDIB Private Equity (China) Corporation	Management and consulting.	US\$ 7,000 thousand	Note 1,b,7)	US\$ 7,000 thousand	-	-	US\$ 7,000 thousand	\$ 12,721	100.00	12,721	285,713	-
CDIB Private Equity (Fujian) Co., Ltd.	Fund management.	CNY 10,000 thousand	Note 4	-	-	-	-	10,981	70.00	7,687	60,930	-
CDIB Private Equity Management (Fujian) Enterprise (Limited Partnership)	Fund management.	CNY 12,000 thousand	Note 1,b,7)	CNY 6,686 thousand	-	-	CNY 6,686 thousand	2,097	70.00	1,468	34,574	-

(Continued)

Investee Company Name	Main Businesses and Products	Total Paid-in Capital	Investment Type	Accumulated Outflow of Investment from Taiwan as of January 1, 2022	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2022	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Note 2)	Carrying Value as of December 31, 2022	Accumulated Inward Remittance of Earnings as of December 31, 2022
					Outflow	Inflow						
CDIB Private Equity (Fujian) Enterprise (Limited Partnership)	Equity investment.	CNY 560,000 thousand	Note 1,b,6,7)	CNY 350,000 thousand	\$ -	\$ -	CNY 350,000 thousand	\$ 221,555	-	\$ 78,198	\$ 781,692	\$ -
CDIB Yida Private Equity (Kunshan) Co., Ltd.	Fund management.	CNY 7,000 thousand	Note 5	-	-	-	-	2,910	65.00	1,892	59,342	-
CDIB Yida Private Equity Management (Kunshan) Enterprise (Limited Partnership)	Fund management.	CNY 12,000 thousand	Note 1,b,7)	CNY 3,250 thousand	-	-	CNY 3,250 thousand	18	65.00	12	34,537	-
CDIB Yida Private Equity (Kunshan) Enterprise (Limited Partnership)	Equity investment.	CNY 793,367 thousand	Note 1,b,6,7)	CNY 300,000 thousand	-	-	CNY 300,000 thousand	23,385	-	7,096	1,129,645	-
Kunshan Yida Healthcare Private Equity Enterprise (Limited Partnership)	Equity investment.	CNY 422,000 thousand	Note 1,b,6,7)	CNY 123,857 thousand	-	-	CNY 123,857 thousand	297,061	-	37,114	659,233	-
CDIB Private Equity (Kunshan) Corporation	Fund management.	CNY 3,000 thousand	Note 1,b,7)	-	-	-	-	(8,164)	100.00	(8,164)	2,988	-
CDIB Guoke Private Equity (Kunshan) Co., Ltd.	Fund management.	CNY 10,000 thousand	Note 1,b,7)	-	-	-	-	470	65.00	306	28,812	-
Beijing Shengzhuang Co., Ltd.	Cosmetics sales.	CNY 54,300 thousand	Note 1,b,8)	US\$ 5,000 thousand	-	-	US\$ 5,000 thousand	(Note 3)	5.44	-	150,880	-
Lightel Technologies (Shenzhen) Inc.	Fiber optic components, fiber optic equipment and instruments and LED lamps.	US\$ 4,100 thousand	Note 1,b,9)	US\$ 337 thousand	-	-	US\$ 337 thousand	(Note 3)	11.58	-	9,857	-
Guohui (China) Co., Ltd.	Manufacturing and sale sport apparel, footwear and accessories.	HK\$ 313,432 thousand	Note 1,b,5),10)	US\$ 2,311 thousand	-	-	US\$ 2,311 thousand	(Note 3)	7.74	-	72,616	-
Fujian Guohui Footwear Co., Ltd.	Manufacturing and sale sport apparel, footwear and accessories.	HK\$ 195,686 thousand	Note 1,b,5),10)	US\$ 1,678 thousand	-	-	US\$ 1,678 thousand	(Note 3)	7.74	-	52,680	-
Jiangsu Stonehenge Industrial Holding Ltd.	Business in research, development and manufacture of electro optic technology, process on TFT-LCD optical, functional film material, and production and marketing of other plastic product.	HK\$ 761,576 thousand	Note 1,b,5),18)	US\$ 9,248 thousand	-	-	US\$ 9,248 thousand	(Note 3)	5.46	-	254,340	-
Tutwo (Xiamen) Outdoor Co., Ltd.	Business in wholesale and retail of outdoor sports products, sporting goods, clothing, shoes and hats, wholesale, retail and manufacture of textile and hosiery, leather garments, leather manufacturing, retail of kitchenware and daily groceries.	CNY 350,379 thousand	Note 1,b, 11)	US\$ 7,417 thousand	-	US\$ 7,417 thousand	-	(Note 3)	-	-	-	-
Best Logistics Technology (China) Co., Ltd.	Business in research, development, technical services, computer information, network logistics technology and wholesale and retail of general labor supplies, household appliances and building materials.	US\$ 183,000 thousand	Note 1,b, 12)	US\$ 211 thousand	-	-	US\$ 211 thousand	(Note 3)	-	-	3,670	-
Suyin KGI Consumer Finance Co., Ltd.	Consumer financial business.	CNY 2,600,000 thousand	Note 1,a	CNY 940,400 thousand	-	-	CNY 940,400 thousand	709,149	36.17	256,499 (Note 2,b,1)	4,459,742	-

(Continued)

Investee Company Name	Main Businesses and Products	Total Paid-in Capital	Investment Type	Accumulated Outflow of Investment from Taiwan as of January 1, 2022	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2022	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Note 2)	Carrying Value as of December 31, 2022	Accumulated Inward Remittance of Earnings as of December 31, 2022
					Outflow	Inflow						
CDIB International Leasing Corporation	Financial leasing and management business consulting.	CNY 187,750 thousand	Note 1.a	US\$ 30,000 thousand	\$ -	\$ -	US\$ 30,000 thousand	\$ 32,519	100.00	\$ 32,519 (Note 2.b.2)	\$ 155,778	\$ -
CCB Life Insurance Company Limited	Life insurance.	CNY 7,120,461 thousand	Note 1.a	12,880,969	-	-	12,880,969	(7,695,146)	19.90	-	12,623,940	229,387
Changzhou Cheng Xing Environmental Protection Technology Co., Ltd.	Business in packaging technology development, and related transfer services consulting.	US\$ 13,380 thousand	Note 1.b.14	US\$ 454 thousand	-	-	US\$ 454 thousand	(Note 3)	0.85	-	843	-
Cheng Zong Environmental Protection Technology (Shanghai) Co., Ltd.	Business in Packaging materials, plastic products, machinery and equipment, providing molds and related products wholesale, commission agents.	US\$ 5,000 thousand	Note 1.b.14	US\$ 120 thousand	-	-	US\$ 120 thousand	(Note 3)	0.88	-	223	-
Taro Technology (Hangzhou) Co., Ltd.	Business in software; network engineering; intelligent robot; development of hi-tech product; technical services; transfer of technological achievements.	US\$ 30,000 thousand	Note 1.b.19	US\$ 2,000 thousand	-	-	US\$ 2,000 thousand	(Note 3)	1.01	-	60,772	-
Rokid Business (Hangzhou) Co., Ltd.	Business in software; network engineering; intelligent robot; development of hi-tech product; technical services; transfer of technological achievements	US\$ 15,000 thousand	Note 1.b.19	US\$ 3,000 thousand	-	-	US\$ 3,000 thousand	(Note 3)	1.01	-	91,158	-
Ningbo DINGYAO Transmission Machinery Co., Ltd.	Business in machinery and equipment; hi-tech product.	CNY 500 thousand	Note 1.b. 20)	US\$ 159 thousand	-	-	US\$ 159 thousand	(Note 3)	2.90	-	4,390	-
Kunshan Beiju Machine Co., Ltd.	Business in welding fixture and fixture for inspection.	US\$ 8,000 thousand	Note 1.b. 20)	US\$ 812 thousand	-	-	US\$ 812 thousand	(Note 3)	5.68	-	22,482	-
Kunshan Royal Precision Tools Corporation Ltd.	Business in belt-driven Spindle.	US\$ 3,956 thousand	Note 1.b. 20)	US\$ 526 thousand	-	-	US\$ 526 thousand	(Note 3)	5.68	-	14,563	-
Kunshan XIJU Machinery Co., Ltd.	Business in CNC machine accessories.	US\$ 5,619 thousand	Note 1.b. 20)	US\$ 290 thousand	-	-	US\$ 290 thousand	(Note 3)	5.68	-	8,038	-
Dongguan NANJIU Machinery Co., Ltd.	Business in machinery equipment and its accessories.	CNY 1,500 thousand	Note 1.b. 20)	US\$ 42 thousand	-	-	US\$ 42 thousand	(Note 3)	3.97	-	1,168	-
Chongqing TAIJU Machinery Co., Ltd.	Business in import and export of goods, production and sales, CNC; machining center; tool magazine.	US\$ 591 thousand	Note 1.b. 20)	US\$ 49 thousand	-	-	US\$ 49 thousand	(Note 3)	3.97	-	1,345	-
Elixiron Immunotherapeutics Inc.	Research and development of new drugs for cancer and antiviral immunity.	CNY 6,332 thousand	Note 1.b. 21)	US\$ 196 thousand	-	-	US\$ 196 thousand	(Note 3)	9.32	-	5,462	-

Accumulated Investment in Mainland China as of December 31, 2022	Investment Amounts Authorized by Investment Commission, MOEA	Limit on Investment
\$23,919,267	\$26,262,126	\$125,197,964

(Continued)

Note 1: The investment types are as follows:

- a. Direct investments.
- b. Reinvested through a third area by:
  - 1) Beauty Essentials International Ltd.
  - 2) Capital Excel Investments Limited.
  - 3) Hartec Asia Pte Ltd.
  - 4) CDIB Capital Investment I Limited
  - 5) CDIB Capital Investment II Limited.
  - 6) CDIB Venture Capital (Hong Kong) Corporation Limited.
  - 7) CDIB Private Equity (Hong Kong) Corporation Limited.
  - 8) Shengzhuang Holdings Limited.
  - 9) Lightel Technologies, Inc.
  - 10) CBA Sport International Limited.
  - 11) CCAP Tutuo Holdings (Hong Kong) Limited.
  - 12) Best Logistics.
  - 13) Richpoint Company Limited.
  - 14) Delixe Technology Group Co., Ltd.
  - 15) CDIB Capital Asia Partners L.P.
  - 16) Great Team Backend Foundry, Inc.
  - 17) Sungjoo Design Tech. & Distribution Inc.
  - 18) Great Rich Technologies Limited.
  - 19) Rokid Corporation Limited.
  - 20) POJU (Cayman) International Co., Ltd.
  - 21) Elixiron Immunotherapeutics (Cayman) Limited
- c. Other:

Note 2: In the column "Investment Gain"

- a. If it is in preparation and there is no investment gain, it should state clearly.
- b. Investment Gain recognition was based on the following and should state clearly.

- 1) Financial statements audited by an international CPA firm having a cooperative relation with CPA firms in the Republic of China;
- 2) Financial statements audited by the CPA firm of the parent company in Taiwan;
- 3) Other:

Note 3: Investee Company was not significantly influenced by the Company; therefore the Group cannot acquire the related financial information.

Note 4: In 2017, CDIB Private Equity (Fujian) Co., Ltd. was transferred and invested by CDIB Private Equity (China) Corporation.

Note 5: In 2017, CDIB Yida Private Equity (Kunshan) Co., Ltd. was transferred and invested by CDIB Private Equity (China) Corporation.

Note 6: Subsidiary of the Corporation formerly indirectly invested in Gio Van Gogh (International) Jewelry Limited through its subsidiary's investment in Regal Holding Co., Ltd. has been listed on the Taiwan Stock Exchange on June 26, 2017, refer to its financial report for the information.

Note 7: Subsidiary of the Corporation formerly indirectly invested in GSD Industrial (China) Co., Ltd. through its subsidiary's investment in GSD Technologies Co., Ltd. has been listed on the Taiwan Stock Exchange on September 21, 2018, refer to its financial report for the information.

(Concluded)



TABLE 14

## CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

## BUSINESS RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS

FOR THE YEAR ENDED DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars)

No. (Note 1)	Trader Company	Related Party	Flow of Transactions (Note 2)	Financial Statement Accounts	Amounts	Trading Terms	Transaction Amount/Total Consolidated Revenue or Total Consolidated Assets (Note 3)
0	The Corporation	KGI Bank	1	Current tax assets	\$ 1,032,695	Note 4	0.03%
1	KGI Bank	The Corporation	2	Current tax liabilities	1,032,695	Note 4	0.03%
0	The Corporation	KGI Securities Co., Ltd.	1	Current tax assets	2,029,128	Note 4	0.06%
2	KGI Securities Co., Ltd.	The Corporation	2	Current tax liabilities	2,029,128	Note 4	0.06%
0	The Corporation	CDIB Capital Group	1	Current tax assets	582,962	Note 4	0.02%
3	CDIB Capital Group	The Corporation	2	Current tax liabilities	582,962	Note 4	0.02%
0	The Corporation	CDIB Capital Group	1	Current tax liabilities	219,850	Note 4	0.01%
3	CDIB Capital Group	The Corporation	2	Current tax assets	219,850	Note 4	0.01%
0	The Corporation	China Life Insurance Co., Ltd.	1	Current tax liabilities	2,093,162	Note 4	0.06%
4	China Life Insurance Co., Ltd.	The Corporation	2	Current tax assets	2,093,162	Note 4	0.06%
0	The Corporation	KGI Bank	1	Cash and cash equivalents	4,063,613	Note 4	0.11%
1	KGI Bank	The Corporation	2	Deposits and remittances	4,063,613	Note 4	0.11%
0	The Corporation	China Life Insurance Co., Ltd.	1	Receivables, net	150,900	Note 4	0.00%
4	China Life Insurance Co., Ltd.	The Corporation	2	Payables	150,900	Note 4	0.00%
0	The Corporation	China Life Insurance Co., Ltd.	1	Share of the profit (loss) of associated and joint ventures	154,230	Note 4	0.16%
4	China Life Insurance Co., Ltd.	The Corporation	2	Operating expense	154,230	Note 4	0.16%
2	KGI Securities Co., Ltd.	KGI Bank	3	Other financial assets	539,455	Note 4	0.02%
1	KGI Bank	KGI Securities Co., Ltd.	3	Deposits and remittances	539,455	Note 4	0.02%

(Continued)

No. (Note 1)	Trader Company	Related Party	Flow of Transactions (Note 2)	Financial Statement Accounts	Amounts	Trading Terms	Transaction Amount/Total Consolidated Revenue or Total Consolidated Assets (Note 3)
2	KGI Securities Co., Ltd.	KGI Bank	3	Cash and cash equivalents	\$ 31,173	Note 4	0.00%
2	KGI Securities Co., Ltd.	KGI Bank	3	Other assets	4,922,866	Note 4	0.14%
2	KGI Securities Co., Ltd.	KGI Bank	3	Other financial assets	600,000	Note 4	0.02%
1	KGI Bank	KGI Securities Co., Ltd.	3	Deposits and remittances	5,554,039	Note 4	0.16%
2	KGI Securities Co., Ltd.	KGI Bank	3	Receivables, net	168,643	Note 4	0.00%
1	KGI Bank	KGI Securities Co., Ltd.	3	Payables	168,643	Note 4	0.00%
2	KGI Securities Co., Ltd.	KGI Bank	3	Other financial liabilities	345,140	Note 4	0.01%
1	KGI Bank	KGI Securities Co., Ltd.	3	Financial assets at fair value through profit or loss	12,660	Note 4	0.00%
1	KGI Bank	KGI Securities Co., Ltd.	3	Cash and cash equivalents	332,480	Note 4	0.01%
3	CDIB Capital Group	KGI Bank	3	Cash and cash equivalents	371,957	Note 4	0.01%
1	KGI Bank	CDIB Capital Group	3	Deposits and remittances	371,957	Note 4	0.01%
5	CDIB Capital Management Corporation	KGI Bank	3	Cash and cash equivalents	153,455	Note 4	0.00%
1	KGI Bank	CDIB Capital Management Corporation	3	Deposits and remittances	153,455	Note 4	0.00%
4	China Life Insurance Co., Ltd.	KGI Bank	3	Cash and cash equivalents	975,517	Note 4	0.03%
1	KGI Bank	China Life Insurance Co., Ltd.	3	Deposits and remittances	975,517	Note 4	0.03%
4	China Life Insurance Co., Ltd.	KGI Bank	3	Receivables, net	660,740	Note 4	0.02%
1	KGI Bank	China Life Insurance Co., Ltd.	3	Other liabilities	660,740	Note 4	0.02%
6	CDIB Management Capital Consulting Corporation	KGI Bank	3	Cash and cash equivalents	179,323	Note 4	0.01%
1	KGI Bank	CDIB Management Capital Consulting Corporation	3	Deposits and remittances	179,323	Note 4	0.01%
7	CDIB Venture Capital Corporation	KGI Bank	3	Cash and cash equivalents	105,514	Note 4	0.00%
1	KGI Bank	CDIB Venture Capital Corporation	3	Deposits and remittances	105,514	Note 4	0.00%
8	CDIB Capital International Corporation	KGI Bank	3	Cash and cash equivalents	714,748	Note 4	0.02%

(Continued)

No. (Note 1)	Trader Company	Related Party	Flow of Transactions (Note 2)	Financial Statement Accounts	Amounts	Trading Terms	Transaction Amount/Total Consolidated Revenue or Total Consolidated Assets (Note 3)
1	KGI Bank	CDIB Capital International Corporation	3	Deposits and remittances	\$ 714,748	Note 4	0.02%
9	CDIB Venture Capital (Hong Kong) Corporation Limited	KGI Bank	3	Cash and cash equivalents	965,358	Note 4	0.03%
1	KGI Bank	CDIB Venture Capital (Hong Kong) Corporation Limited	3	Deposits and remittances	965,358	Note 4	0.03%
1	KGI Bank	China Life Insurance Co., Ltd.	3	Service fee revenue and commission income	197,341	Note 4	0.21%
4	China Life Insurance Co., Ltd.	KGI Bank	3	Service fee revenue and commission expense	197,341	Note 4	0.21%
1	KGI Bank	China Life Insurance Co., Ltd.	3	Others	174,841	Note 4	0.18%
4	China Life Insurance Co., Ltd.	KGI Bank	3	Operating expense	174,841	Note 4	0.18%
2	KGI Securities Co., Ltd.	China Life Insurance Co., Ltd.	3	Interest income	130,950	Note 4	0.14%
4	China Life Insurance Co., Ltd.	KGI Securities Co., Ltd.	3	Interest expense	130,950	Note 4	0.14%
2	KGI Securities Co., Ltd. and its subsidiaries	China Life Insurance Co., Ltd.	3	Service fee revenue and commission income	243,609	Note 4	0.25%
4	China Life Insurance Co., Ltd.	KGI Securities Co., Ltd. and its subsidiaries	3	Service fee revenue and commission expense	243,609	Note 4	0.25%
2	KGI Securities Co., Ltd.	KGI Futures Co., Ltd.	3	Cash and cash equivalents	456,504	Note 4	0.01%
10	KGI Futures Co., Ltd.	KGI Securities Co., Ltd.	3	Other financial liabilities	456,504	Note 4	0.01%
2	KGI Securities Co., Ltd.	KGI Futures Co., Ltd.	3	Financial assets at fair value through profit or loss	217,065	Note 4	0.01%
10	KGI Futures Co., Ltd.	KGI Securities Co., Ltd.	3	Other financial liabilities	217,065	Note 4	0.01%
10	KGI Futures Co., Ltd.	KGI Securities (Singapore) Pte. Ltd.	3	Other financial assets	808,704	Note 4	0.02%
11	KGI Securities (Singapore) Pte. Ltd.	KGI Futures Co., Ltd.	3	Other financial liabilities	808,704	Note 4	0.02%
10	KGI Futures Co., Ltd.	KGI Securities (Singapore) Pte. Ltd.	3	Cash and cash equivalents	223,320	Note 4	0.01%
11	KGI Securities (Singapore) Pte. Ltd.	KGI Futures Co., Ltd.	3	Other financial liabilities	223,320	Note 4	0.01%
10	KGI Futures Co., Ltd.	KGI Securities (Singapore) Pte. Ltd.	3	Other financial liabilities	140,458	Note 4	0.00%
11	KGI Securities (Singapore) Pte. Ltd.	KGI Futures Co., Ltd.	3	Other financial assets	140,458	Note 4	0.00%
10	KGI Futures Co., Ltd.	KGI Futures (Hong Kong) Limited	3	Other financial assets	417,559	Note 4	0.01%

(Continued)

No. (Note 1)	Trader Company	Related Party	Flow of Transactions (Note 2)	Financial Statement Accounts	Amounts	Trading Terms	Transaction Amount/Total Consolidated Revenue or Total Consolidated Assets (Note 3)
12	KGI Futures (Hong Kong) Limited	KGI Futures Co., Ltd.	3	Other financial liabilities	\$ 417,559	Note 4	0.01%
13	KGI Asia Limited	KGI Securities (Singapore) Pte. Ltd.	3	Other liabilities	283,024	Note 4	0.01%
11	KGI Securities (Singapore) Pte. Ltd.	KGI Asia Limited	3	Receivables, net	283,024	Note 4	0.01%
13	KGI Asia Limited	KGI International (Hong Kong) Limited	3	Payables	423,463	Note 4	0.01%
14	KGI International (Hong Kong) Limited	KGI Asia Limited	3	Receivables, net	423,463	Note 4	0.01%
13	KGI Asia Limited	KGI International (Hong Kong) Limited	3	Financial assets at fair value through profit or loss	281,488	Note 4	0.01%
14	KGI International (Hong Kong) Limited	KGI Asia Limited	3	Other financial liabilities	281,488	Note 4	0.01%
13	KGI Asia Limited	KGI International (Hong Kong) Limited	3	Other liabilities	290,149	Note 4	0.01%
14	KGI International (Hong Kong) Limited	KGI Asia Limited	3	Receivables, net	290,149	Note 4	0.01%
13	KGI Asia Limited	KGI International (Hong Kong) Limited	3	Payables	225,939	Note 4	0.01%
14	KGI International (Hong Kong) Limited	KGI Asia Limited	3	Receivables, net	225,939	Note 4	0.01%
15	KGI Finance Limited	KGI International Holdings Limited	3	Cash and cash equivalents	538,544	Note 4	0.02%
16	KGI International Holdings Limited	KGI Finance Limited	3	Other financial liabilities	538,544	Note 4	0.02%
12	KGI Futures (Hong Kong) Limited	KGI International (Hong Kong) Limited	3	Other financial liabilities	308,481	Note 4	0.01%
14	KGI International (Hong Kong) Limited	KGI Futures (Hong Kong) Limited	3	Receivables, net	308,481	Note 4	0.01%
12	KGI Futures (Hong Kong) Limited	KGI Securities (Singapore) Pte. Ltd.	3	Other financial liabilities	379,939	Note 4	0.01%
11	KGI Securities (Singapore) Pte. Ltd.	KGI Futures (Hong Kong) Limited	3	Other financial assets	379,939	Note 4	0.01%
12	KGI Futures (Hong Kong) Limited	KGI International Holdings Limited	3	Cash and cash equivalents	1,529,954	Note 4	0.04%
16	KGI International Holdings Limited	KGI Futures (Hong Kong) Limited	3	Other financial liabilities	1,529,954	Note 4	0.04%
14	KGI International (Hong Kong) Limited	KGI International Holdings Limited	3	Cash and cash equivalents	4,283,871	Note 4	0.12%
16	KGI International Holdings Limited	KGI International (Hong Kong) Limited	3	Other financial liabilities	4,283,871	Note 4	0.12%
14	KGI International (Hong Kong) Limited	PT KGI Sekuritas Indonesia	3	Others	648,359	Note 4	0.02%
17	PT KGI Sekuritas Indonesia	KGI International (Hong Kong) Limited	3	Payables	648,359	Note 4	0.02%

(Continued)

No. (Note 1)	Trader Company	Related Party	Flow of Transactions (Note 2)	Financial Statement Accounts	Amounts	Trading Terms	Transaction Amount/Total Consolidated Revenue or Total Consolidated Assets (Note 3)
18	KGi International Finance Limited	KGi International Holdings Limited	3	Cash and cash equivalents	\$ 406,968	Note 4	0.01%
16	KGi International Holdings Limited	KGi International Finance Limited	3	Other financial liabilities	406,968	Note 4	0.01%
2	KGi Securities Co., Ltd.	KGi Securities Investment Advisory Co., Ltd.	3	Operating expense	229,320	Note 4	0.24%
19	KGi Securities Co., Ltd.	KGi Securities Co., Ltd.	3	Others	229,320	Note 4	0.24%
2	KGi Securities Co., Ltd.	KGi Futures Co., Ltd.	3	Service fee revenue and commission income	220,294	Note 4	0.23%
10	KGi Futures Co., Ltd.	KGi Securities Co., Ltd.	3	Service fee revenue and commission expense	220,294	Note 4	0.23%
20	KGi Hong Kong Limited	KGi Asia Limited	3	Others	1,603,158	Note 4	1.67%
13	KGi Asia Limited	KGi Hong Kong Limited	3	Others	1,603,158	Note 4	1.67%
20	KGi Hong Kong Limited	KGi International (Hong Kong) Limited	3	Others	273,088	Note 4	0.28%
14	KGi International (Hong Kong) Limited	KGi Hong Kong Limited	3	Others	273,088	Note 4	0.28%
20	KGi Hong Kong Limited	KGi Futures (Hong Kong) Limited	3	Others	219,130	Note 4	0.23%
12	KGi Futures (Hong Kong) Limited	KGi Hong Kong Limited	3	Others	219,130	Note 4	0.23%
21	CDIB Capital International (Hong Kong) Corporation Limited	CDIB Capital International Corporation	3	Receivables, net	105,421	Note 4	0.00%
8	CDIB Capital International Corporation	CDIB Capital International (Hong Kong) Corporation Limited	3	Payables	105,421	Note 4	0.00%
21	CDIB Capital International (Hong Kong) Corporation Limited	CDIB Capital International Corporation	3	Others	307,425	Note 4	0.32%
8	CDIB Capital International Corporation	CDIB Capital International (Hong Kong) Corporation Limited	3	Operating expense	307,425	Note 4	0.32%
8	CDIB Capital International Corporation	CDIB Global Markets Limited	3	Others	298,652	Note 4	0.31%
22	CDIB Global Markets Limited	CDIB Capital International Corporation	3	Operating expense	298,652	Note 4	0.31%
8	CDIB Capital International Corporation	CDIB Capital Investment I Limited	3	Others	124,915	Note 4	0.13%
23	CDIB Capital Investment I Limited	CDIB Capital International Corporation	3	Operating expense	124,915	Note 4	0.13%

(Continued)

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

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

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

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

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

(Concluded)

TABLE 15-1

## KGI SECURITIES AND ITS SUBSIDIARIES

BALANCE SHEETS  
DECEMBER 31, 2022  
(Expressed in U.S. Dollars)

ASSETS	Richpoint Company Limited	KG Investments Holdings Limited	KGI International Holdings Limited	KGI Limited	KGI International Limited
CURRENT ASSETS					
Cash and cash equivalents	\$ 93,038	\$ 1	\$ 59,206	\$ 4,875	\$ 431
Other current assets	<u>755</u>	<u>-</u>	<u>36,411,925</u>	<u>-</u>	<u>1,009,858</u>
Total current assets	<u>93,793</u>	<u>1</u>	<u>36,471,131</u>	<u>4,875</u>	<u>1,010,289</u>
NONCURRENT ASSETS					
Financial assets at fair value through other comprehensive income - noncurrent	-	-	1,393,000	-	-
Investments accounted for using the equity method	<u>564,303,030</u>	<u>554,770,012</u>	<u>787,694,280</u>	<u>453,287,344</u>	<u>69,141,564</u>
Total noncurrent assets	<u>564,303,030</u>	<u>554,770,012</u>	<u>789,087,280</u>	<u>453,287,344</u>	<u>69,141,564</u>
TOTAL	<u>\$ 564,396,823</u>	<u>\$ 554,770,013</u>	<u>\$ 825,558,411</u>	<u>\$ 453,292,219</u>	<u>\$ 70,151,853</u>
LIABILITIES AND EQUITY					
CURRENT LIABILITIES					
Short-term borrowings	\$ 60,750,000	\$ -	\$ -	\$ -	\$ -
Commercial paper payable	-	-	240,514,724	-	-
Other payables	<u>326,438</u>	<u>5,550,784</u>	<u>31,237,259</u>	<u>-</u>	<u>1,786</u>
Total current liabilities	<u>61,076,438</u>	<u>5,550,784</u>	<u>271,751,983</u>	<u>-</u>	<u>1,786</u>
Total liabilities	<u>61,076,438</u>	<u>5,550,784</u>	<u>271,751,983</u>	<u>-</u>	<u>1,786</u>
EQUITY					
Common stock	92,872,376	156,864,163	209,248,261	389,239,174	81,511,717
Capital reserve	985,135	190,447	54,775,154	-	-
Special reserve	-	9,759,135	387,913	-	-
Retained earnings (accumulated deficit)	433,141,193	406,083,803	312,849,809	64,053,045	(11,361,650)
Other equity	<u>(23,678,319)</u>	<u>(23,678,319)</u>	<u>(23,454,709)</u>	<u>-</u>	<u>-</u>
Total equity	<u>503,320,385</u>	<u>549,219,229</u>	<u>553,806,428</u>	<u>453,292,219</u>	<u>70,150,067</u>
TOTAL	<u>\$ 564,396,823</u>	<u>\$ 554,770,013</u>	<u>\$ 825,558,411</u>	<u>\$ 453,292,219</u>	<u>\$ 70,151,853</u>

**TABLE 15-2****KGI SECURITIES AND ITS SUBSIDIARIES**
**BALANCE SHEETS**  
**DECEMBER 31, 2022**  
**(Expressed in U.S. Dollars)**

<b>ASSETS</b>	<b>Global Treasure Investments Limited</b>	<b>KGI Hong Kong Limited</b>	<b>KGI Nominees (Hong Kong) Limited</b>	<b>KGI Asia (Holdings) Pte. Ltd.</b>
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	\$ -	\$ 873,643	\$ -	\$ 352,394
Prepayments	-	2,493,516	-	-
Current tax assets	-	25,518	-	-
Other current assets	<u>1</u>	<u>1,816,058</u>	<u>1</u>	<u>-</u>
Total current assets	<u>1</u>	<u>5,208,735</u>	<u>1</u>	<u>352,394</u>
<b>NONCURRENT ASSETS</b>				
Investments accounted for using the equity method	-	-	-	170,102,957
Property and equipment	-	3,990,656	-	-
Right-of-use assets	-	19,893,257	-	-
Intangible assets	-	167,157	-	-
Other noncurrent assets	<u>-</u>	<u>73,469</u>	<u>-</u>	<u>-</u>
Total noncurrent assets	<u>-</u>	<u>24,124,539</u>	<u>-</u>	<u>170,102,957</u>
<b>TOTAL</b>	<u>\$ 1</u>	<u>\$ 29,333,274</u>	<u>\$ 1</u>	<u>\$ 170,455,351</u>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Short-term borrowings	\$ -	\$ -	\$ -	\$ 87,245,069
Lease liabilities - current	-	4,780,298	-	-
Other payable	<u>-</u>	<u>12,385,043</u>	<u>-</u>	<u>109,379</u>
Total current liabilities	<u>-</u>	<u>17,165,341</u>	<u>-</u>	<u>87,354,448</u>
<b>NONCURRENT LIABILITIES</b>				
Provisions - noncurrent	-	1,493,450	-	-
Lease liabilities - noncurrent	-	15,879,855	-	-
Deferred tax liabilities	<u>-</u>	<u>321,462</u>	<u>-</u>	<u>-</u>
Total noncurrent liabilities	<u>-</u>	<u>17,694,767</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>34,860,108</u>	<u>-</u>	<u>87,354,448</u>
<b>EQUITY</b>				
Common stock	1	15,000	1	75,749,306
Capital reserve	-	171,251	-	-
Retained earnings (accumulated deficit)	-	(5,713,085)	-	6,347,637
Other equity	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,003,960</u>
Total equity	<u>1</u>	<u>(5,526,834)</u>	<u>1</u>	<u>83,100,903</u>
<b>TOTAL</b>	<u>\$ 1</u>	<u>\$ 29,333,274</u>	<u>\$ 1</u>	<u>\$ 170,455,351</u>



**TABLE 16-1****KGI SECURITIES AND ITS SUBSIDIARIES****STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(Expressed in U.S. Dollars)**

	<b>Richpoint Company Limited</b>	<b>KG Investments Holdings Limited</b>	<b>KGI International Holdings Limited</b>	<b>KGI Limited</b>	<b>KGI International Limited</b>
REVENUES					
Other operating income	\$ -	\$ (228)	\$ 1,669	\$ -	\$ (13)
COSTS AND EXPENSES					
Financial costs	(1,365,466)	-	(4,854,851)	-	-
Other operating expenses	(28,532)	(9,143)	(79,853)	-	(369)
Total costs and expenses	(1,393,998)	(9,143)	(4,934,704)	-	(369)
LOSS FROM OPERATIONS	(1,393,998)	(9,371)	(4,933,035)	-	(382)
SHARE OF PROFIT OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES	15,154,112	15,163,483	19,058,515	-	-
OTHER REVENUE AND EXPENSE	6,470	-	1,038,003	-	-
NON-OPERATING REVENUE AND EXPENSE	15,160,582	15,163,483	20,096,518	-	-
NET PROFIT (LOSS) FOR THE YEAR	13,766,584	15,154,112	15,163,483	-	(382)
OTHER COMPREHENSIVE INCOME (LOSSES)	(22,204,019)	(22,204,019)	(22,204,019)	-	-
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	\$ (8,437,435)	\$ (7,049,907)	\$ (7,040,536)	\$ -	\$ (382)

**TABLE 16-2****KGI SECURITIES AND ITS SUBSIDIARIES****STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(Expressed in U.S. Dollars)**

	<b>Global Treasure Investments Limited</b>	<b>KGI Hong Kong Limited</b>	<b>KGI Nominees (Hong Kong) Limited</b>	<b>KGI Asia (Holdings) Pte. Ltd.</b>
<b>REVENUES</b>				
Net profit of derivative instrument - counter	\$ -	\$ -	\$ -	\$ (1)
Other operating income	-	(240,422)	-	81,881
Total revenues	-	(240,422)	-	81,880
<b>COSTS AND EXPENSES</b>				
Financial costs	-	(660,019)	-	(1,941,994)
Other operating expense	-	(16,248,062)	-	-
Employee benefits	-	(32,247,002)	-	-
Depreciation and amortization	-	(7,030,480)	-	-
Other operating expenses	-	(15,759,604)	-	(32,458)
Total costs and expenses	-	(71,945,167)	-	(1,974,452)
LOSS FROM OPERATIONS	-	(72,185,589)	-	(1,892,572)
OTHER REVENUE AND EXPENSE	-	73,980,899	-	11,377,779
NON-OPERATING REVENUE AND EXPENSE	-	73,980,899	-	11,377,779
NET PROFIT FOR THE YEAR BEFORE TAX	-	1,795,310	-	9,485,207
TAX EXPENSE	-	(235,121)	-	(1,106,441)
NET PROFIT FOR THE YEAR	-	1,560,189	-	8,378,766
OTHER COMPREHENSIVE INCOME (LOSSES)	-	-	-	724,555
TOTAL COMPREHENSIVE INCOME (LOSSES) FOR THE YEAR	\$ -	\$ 1,560,189	\$ -	\$ 9,103,321

**6.5 Any financial distress experienced by CDF or its affiliated enterprises and impact on CDF's financial status, in the latest year up till the publication date of this annual report:**

None.

## **VII. Review of Financial Conditions, Financial Performance, and Risk Management**

### **7.1 Analysis of Financial Status**

Unit: NT\$ 1,000

Item \ Year	2022.12.31	2021.12.31	Difference	
			Amount	%
Cash and cash equivalents, Due from the central bank and call loans to financial institutions	186,940,931	216,777,094	(29,836,163)	(14)
Financial assets at fair value through profit or loss	466,530,498	554,548,173	(88,017,675)	(16)
Financial assets at fair value through other comprehensive income	215,165,592	507,374,321	(292,208,729)	(58)
Debt investments measured at amortized cost	1,678,606,935	1,220,278,781	458,328,154	38
Financial assets for hedging	2,511,620	259,267	2,252,353	869
Securities purchased under resell agreements	31,770,532	28,315,799	3,454,733	12
Receivables, net	111,420,657	130,448,138	(19,027,481)	(15)
Current tax assets	148,379	123,419	24,960	20
Discount and loans, net	427,835,924	407,601,578	20,234,346	5
Reinsurance assets, net	1,016,200	891,059	125,141	14
Investments accounted for using the equity method, net	20,100,667	20,227,991	(127,324)	(1)
Other financial assets	166,905,284	154,951,789	11,953,495	8
Investment property, net	58,626,748	35,299,898	23,326,850	66
Property and equipment, net	33,670,962	34,051,875	(380,913)	(1)
Right-of-use assets, net	12,623,300	12,590,590	32,710	0
Intangible assets, net	18,342,534	18,742,494	(399,960)	(2)
Deferred tax assets	18,068,348	14,003,281	4,065,067	29
Other assets, net	86,863,239	102,154,401	(15,291,162)	(15)
Total assets	3,537,148,350	3,458,639,948	78,508,402	2
Deposits from the central bank and financial institutions and funds from the central bank and financial institutions	11,972,428	20,953,036	(8,980,608)	(43)
Financial liabilities at fair value through profit or loss	82,361,141	57,698,157	24,662,984	43
Financial liabilities for hedging	581,359	73,006	508,353	696
Notes and bonds issued under repurchase agreements	101,183,895	101,884,810	(700,915)	(1)
Commercial paper payable, net	24,778,477	21,214,240	3,564,237	17
Payables	90,722,635	102,849,601	(12,126,966)	(12)
Current tax liabilities	548,915	3,789,560	(3,240,645)	(86)

Item \ Year	2022.12.31	2021.12.31	Difference	
			Amount	%
Deposits and remittances	529,644,019	483,502,457	46,141,562	10
Bonds payable	91,643,007	92,441,122	(798,115)	(1)
Other borrowings	23,675,664	22,557,523	1,118,141	5
Provisions	2,094,580,716	1,993,971,267	100,609,449	5
Other financial liabilities	205,120,359	171,923,171	33,197,188	19
Lease liabilities	4,603,517	4,455,216	148,301	3
Deferred tax liabilities	13,904,031	9,007,624	4,896,407	54
Other liabilities	53,042,811	79,208,406	(26,165,595)	(33)
Total liabilities	3,328,362,974	3,165,529,196	162,833,778	5
Equity attributable to owners of parent				
Capital	184,275,310	190,858,209	(6,582,899)	(3)
Capital surplus	33,626,805	36,147,480	(2,520,675)	(7)
Retained earnings	64,590,198	62,355,858	2,234,340	4
Other equity	(73,829,040)	12,490,292	(86,319,332)	(691)
Treasury shares	0	(9,071,501)	9,071,501	(100)
Non-controlling interests	122,103	330,414	(208,311)	(63)
Total equity	208,785,376	293,110,752	(84,325,376)	(29)
Analysis of changes in financial status:				
1. The decrease of financial assets at fair value through other comprehensive income was mainly due to the decrease of investments in debt instruments.				
2. The increase of debt investments measured at amortized cost was mainly due to the increase of bank debentures bonds and corporate bonds.				
3. The increase of financial assets for hedging was mainly due to the increase of interest rate swap contracts.				
4. The increase of current tax assets was mainly due to the increase of tax refunds receivable.				
5. The increase of investment property, net was mainly due to the acquisition of investment properties.				
6. The increase of deferred tax assets was mainly due to increase of loss carryforwards.				
7. The decrease of deposits from the central bank and financial institutions was mainly due to the decrease call loans from financial institutions.				
8. The increase of financial liabilities at fair value through profit or loss was mainly due to the increase of derivative financial instruments.				
9. The increase of financial liabilities for hedging was mainly due to the increase of interest rate swap contracts.				
10. The decrease of current tax liabilities was mainly due to the decrease tax payable.				
11. The increase of deferred tax liabilities was mainly due to the increase of the unrealized gain on foreign exchange.				
12. The decrease of other liabilities was mainly due to the decrease of cash and cash equivalents - receipts under custody from customers.				
13. The decrease of other equity was mainly due to the decrease of other comprehensive income reclassified using the overlay approach.				
14. The decrease of treasury shares was mainly due the Company's capital reduction and written-off the treasury shares after KGI Securities' capital reduction by returning the CDF shares to the Company.				
15. The decrease of non-controlling interests was mainly due to CDIB Management Consulting Corp. acquired 23.96% of the shares of CDC Finance & Finance & Leasing Corp. in 2022, making CDC Finance & Finance & Leasing Corp. a 100% owned subsidiary.				

## 7.2 Analysis of Financial Performance

Unit: NT\$ 1,000

Item \ Year	2022	2021	Difference	
			Amount	%
Interest profit, net	70,858,014	65,652,263	5,205,751	8
Noninterest profits and gains, net	24,997,389	126,625,907	(101,628,518)	(80)
Reversal of allowance (allowance) for bad debts and losses on commitment and guarantees, net	146,568	(186,398)	332,966	(179)
Net change in reserve for insurance liabilities	(44,989,888)	(104,875,754)	59,885,866	(57)
Operating expenses	(29,071,218)	(35,016,319)	5,945,101	(17)
Net profit before income tax	21,940,865	52,199,699	(30,258,834)	(58)
Income tax expense	(5,551,678)	(5,100,224)	(451,454)	9
Net profit for the year	16,389,187	47,099,475	(30,710,288)	(65)
Other comprehensive income (loss) for the year	(84,063,024)	(32,944,620)	(51,118,404)	(155)
Total comprehensive income (loss) for the year	(67,673,837)	14,154,855	(81,828,692)	(578)
Analysis of changes in financial performance:				
1. The decrease of noninterest profits and gains, net was mainly due to the decrease of net income from insurance operations.				
2. The decrease of allowance for bad debts and losses on commitment and guarantees, net was mainly due to the decrease of allowance for bad debts-accounts receivable and bad debts-guarantee liabilities.				
3. The decrease of net change in reserve for insurance liabilities was due to the decrease of net change in reserve for insurance liabilities of China Life.				
4. The decrease of other comprehensive income was mainly due to the decrease of other comprehensive income on reclassification using the overlay approach.				

## 7.3 Analysis of Cash Flow

### 7.3.1 Remedy for Cash Deficit and Liquidity Analysis

Item \ Year	2022	2021	Variance (%)
Cash Flow Ratio (%)	19.34	21.50	-10.05
Cash flow adequacy ratio (%)	30.19	32.10	-5.95
Cash Flow Content Ratio (%)	78.34	898.05	-91.28
Analysis of financial ratio change:			
1. The decrease of cash flow content ratio was mainly due to the increase of net cash flows from investing activities of 2022.			

### 7.3.2 Improvement plan of Illiquidity

Not applicable.

### 7.3.3 Cash Flow Analysis for the Coming Year

Unit: NT\$ 1,000

Cash and Cash Equivalents, Beginning of Year	Estimated Net Cash Flow from Operating Activities	Estimated Net Cash Flow from Investment and Financing Activities	Estimated Cash Surplus (Deficit)	Remedy for cash deficits	
①	②	③	① + ② + ③	Investment Plans	Financing Plans
4,081,769	88,317	(240,923)	3,929,163	—	—
Cash flow analysis for the current year: 1. Operating activities: Net cash flow mainly generated from the dividend received from subsidiaries and payment of operating expenses and interest expense. 2. Investment and financing activities: Net cash flow mainly used in capital expenditures.					

## 7.4 Major Capital Expenditure Items

None

## 7.5 Investment Policy in the Most Recent Year, Causes of Profit or Loss and Improvement Plans, and Investment Plans for the Coming Year

### 7.5.1 Investment policy in the most recent year

The Company will continue to help the Group to become the most distinctive and leading financial group in the Chinese region of the world, with the goal of obtaining long-term and stable investment returns as the long-term development vision of the Company.

### 7.5.2 Causes of profit and improvement plans

The fluctuations in the global financial market in 2022 were caused by the continued impact of COVID-19 on supply chains, the Russia-Ukraine conflict, and the raising of interest rates by the US Federal Reserve to suppress inflation. Aside from KGI Bank benefiting from interest rate hikes in the US and Taiwan, which led to higher net interest income and maintained asset quality, China Life, KGI Securities, and CDIB Capital Group have been affected by fluctuations in the international capital market.

In the face of ever-changing political and economic factors, such as high inflation and interest rates, inventory adjustments by different companies, and geopolitical conflicts, the Company will introduce emerging technologies in its life insurance business. We will construct a diversified mobile digital platform to implement the Group's digital leap development strategy and create a more comprehensive financial service environment. Simultaneously, the Company is optimizing its product portfolios to create stable investment income and maintain long-term stable operations. In terms of commercial banking, the Company will continue to focus on the development of fintech based on the three main pillars of growth, which include corporate finance, personal finance, and the financial market. We aim to build an integrated digital service solution based on customer experiences. We will use the Group's resources to enhance service penetration, expand our customer base, and improve operating performance. In terms of venture capital/private equity, the top priority of CDF is to strengthen

investment position management and give full play to the scale of asset management, so as to create better investment returns for investors. In addition, the Company is revitalizing existing investment positions and deploying potential items to establish excellent self-owned capital investment portfolios, improving overall capital operating income. In terms of the securities operations, the Company will continue to implement the brand spirit of “dedicated to maximizing your wealth”, building professional wealth management that meets customer needs and provides stable progress. At the same time, the synergy of the Group will be fully utilized to strengthen domestic and overseas partnerships and strategies and create a diversified and balanced profit model.

### **7.5.3 Investment plans for the coming year**

In order to strengthen the Group’s scale and operations, the Company will assess the feasibility of investing in or acquiring financial related undertakings. When the case matures, the relevant decision-making process will be completed in accordance with the provisions of laws and regulations.

## **7.6 Evaluation of risk management practices, on a consolidated basis, for the last year up until the publication date of this annual report**

### **7.6.1 Risk management framework and policies of the Company and its subsidiaries**

#### **A. Risk management framework**

The Company has a set of defined authorities to manage risk. Its risk management organization and framework are composed of the Board of Directors, senior management, the Risk Management Committee (and its sub-committees) and three lines of defense.

First line of defense: The business/trading/operational teams are the means through which the Company generates income and where all sources of all risks arise. They represent the first line of defense to the Company's risk management efforts. These teams are bound by strict rules to conduct risk assessment prior to business engagements and follow-up tracking after business is completed.

Second line of defense: The risk management team is responsible for the planning, execution, and maintenance of the Company's risk management policies, while monitoring the effectiveness of the overall risk management system.

Third line of defense: The audit team is responsible for ensuring proper creation and compliance of the risk management system, models, and procedures.

The risk management units of the Company and its main subsidiaries are as follows:



To ensure independent and adequate management of risk, the Company has created the Risk Management Department, which is responsible for the establishment and execution of risk management systems, policies, and practices throughout CDF.

All main subsidiaries are required to establish their own risk management departments, whether in the manner stated by law or customized according to their business nature. These risk management departments are responsible for the establishment and execution of risk management systems, policies, and practices for the respective subsidiaries, depending on the characteristics of their business activities. The Company has assembled the Risk Management Committee to monitor risk exposure and ensure the proper functioning of the Group's risk management system.

## **B. Risk management policies**

The Company has established risk management policies in accordance with global risk management practices and regulations, combining business management with risk management to solidify operations and development. The policies are guidelines for risk management at the Company and its subsidiaries.

The Company and its subsidiaries formulate risk management standards or formulate the company's risk management policies in a summary manner according to various risk sources depending on their own operation scale, business characteristics, management needs and risk attributes

In addition, the Company is concerned about the impact of emerging risks, including climate change, on financial markets and the economic environment; therefore, the Company will adjust its investment and financing policies accordingly. While aiming to maximize shareholder's equity, the Company also takes great consideration of corporate social responsibility.

## **7.6.2 Methods adopted by the Company and its subsidiaries for the assessment and control of risks, and disclosure of quantified risk exposures**

### **A. General disclosure**

#### **(1) Strategies and procedures**

The Company and its subsidiaries adopt different risk management procedures based on applicable regulations and their respective risk management policies and business strategies. Meanwhile, risk management meetings are held on a regular basis.

#### **(2) Scope and features of the risk reporting and assessment system**

##### Market risk

The market risk report mainly includes the status of the Value at Risk (VaR) of the overall financial instrument positions measured at fair value, stress testing, the utilization of risk limits for trading positions, and reports on the impact of significant financial events. The risk factors contained in the market risk measurement system shall be sufficient to measure all market risks of trading positions, including interest rate, exchange rate, equity securities and commodity prices, as well as the volatility of options related to the above.

##### Credit risk

The credit risk report covers details such as credit quality analysis, credit limit utilization, portfolio assessment, stress test, and occurrence of any major credit risk event. The credit risk measurement



system is developed based on business characteristics and strives to measure both qualitative and quantitative risk factors.

#### Operational risk

The operational risk report includes the critical situation of operational risk events, business type and event type distribution, case summary and description, and issues related to operational risk. The operational risk management includes self-assessment of risks and controls, key risk indicators control mechanism, and the development of new digital tools (such as data analytics models and dashboards) to enhance the robustness of internal controls and enable the Board and management to timely identify, assess, monitor, and mitigate potential/actual operational risk events.

#### Interest rate risks

The interest rate risk report mainly includes the interest rate risk of assets and liabilities, as well as the degree of exposure to interest rate risk.

Interest rate risk management is aimed at regularly measuring and managing the risk that earnings and the fair value of assets and liabilities may be impacted due to interest rate fluctuations, in order to avoid excessive concentration of interest rate risk.

#### Liquidity risk

Liquidity risk refers to the potential loss that may arise from the inability to obtain funds to support asset increases or to repay maturing liabilities. The liquidity risk report mainly includes items such as the debt ratio, cash flow, and gap analysis. The management of liquidity risk involves regular review of liquidity risk metrics, supplemented by dynamic market monitoring, and early arrangement of fund requirements when abnormal situations occur, to maintain normal financial operations and enhance emergency response capabilities.

#### Insurance risks

Insurance risk refers to the risk of operating an insurance business, where the insurer assumes the risks transferred by the policyholders after collecting premiums. It includes the risk of loss due to unforeseen changes when paying claims and related expenses according to the contract, including risks associated with product design and pricing, underwriting, reinsurance, catastrophic events, claims settlement, and reserves. The Company regularly reviews the insurance risk profile of its subsidiaries and related risk limits and supervises the establishment of sound risk management mechanisms in the insurance subsidiaries to effectively control insurance risks within acceptable limits.

#### Emerging Risks

In response to the emerging global risks, the Company has established mechanisms for identifying, evaluating, addressing, and reporting on important emerging risk items (such as climate change) to manage related risks and ensure the steady operation of the Company.

The Company continues to monitor the impact and influence of emerging risks, such as climate change, on the financial market and economic environment, and adjusts its investment/financing strategies appropriately, in order to pursue the maximization of shareholder value while also taking into account the Company's sustainable development.

- (3) Market risk avoidance or mitigation policies, and strategies and procedures undertaken for monitoring the effectiveness of risk mitigation tools

The market risk positions and their corresponding hedges and offsets must all be included and

controlled within the authorized market risk limits. The MSCI Risk Metrics® Risk Manager system is used to assess the correlations and risk offset effects, measure the value at risk (VaR) of trading positions or overall investment portfolios of CDF and its subsidiaries, and implement a consistent quantitative management model. Credit risk reduction instruments are mainly used to increase the provision of customer collateral. In order to truly reflect the value of collateral, the market price of negotiable securities collateral with liquidity is evaluated, and other collateral is evaluated regularly by the price evaluation unit to ensure that the effect of risk reduction is within a tolerable range. In terms of credit risk avoidance, CDF has established an early warning and review tracking mechanism, and regularly detected the changes of indicators and assets, so as to facilitate the timely adoption of response or risk avoidance measures. According to the frequency and impact of operation risk events, the methods of operation risk control can be divided into four ways: risk bearing, risk avoidance, risk transfer/offset and risk control. And CDF will identify and evaluate the risks of relevant operation processes before starting new business or financial products, and plan countermeasures or put forward improvement suggestions through internal discussion; In addition, through the risk control and self-assessment system, CDF regularly conducts residual risk assessment on the control scheme of each risk project, so as to continuously ensure the effectiveness of its control scheme.

## **B. Approaches undertaken by subsidiaries to manage and quantify risk exposures**

### **(1) China Life**

#### Market risk

In addition to rigorous evaluation and careful analysis before investment, China Life plans risk avoidance to achieve effective market risk control, and establishes a value at risk (VaR) model to measure and control the company's market risk. According to the asset allocation and the company's appetite for risk, a certain percentage of its capital is set as the market VaR, which is regularly monitored as a market risk limit. In addition, the Risk Management Department measures the overall sensitivity and risk values of the portfolio on a regular basis. It also conducts weekly risk reviews of products and portfolio mixes, submits risk reports, and performs routine control and over-limit processing to comply with internal and external regulations; in addition, the Risk Management Department reports to the Board and the Risk Management Committee on a regular basis.

#### Credit risk

China Life has incorporated fixed income commodities into its internal quantitative model to calculate its credit at risk (CaR) to measure the maximum possible loss of credit position caused by the issuer's credit rating change or default. The Risk Management Department shall regularly submit a credit risk report to the general manager and the director of the investment unit, including the expected credit loss and credit risk value, and check the concentration risk according to the sub portfolio of the issuer's region, industry and credit rating. In addition, internal ratings are given to the issuer or counter-party of the positions held, and the use of credit rating levels is managed.

#### Operational risk

In order to effectively identify, measure, supervise, and manage operational risks that may arise from day-to-day business activities and processes, based on the "Guidance for Insurance Industry Risk Management" and with reference to the Basel II Accord, China Life has identified seven

operational risks and loss event types, which serve as the basis for risk identification and operational risk management information. Through the interaction of the three operational risk management tools — risk control self-assessment (RCSA), construction-related risk indicators (KRI) and risk event data collection (LDC) —and with qualitative and quantitative risk identification and measurement mechanisms, China Life has established a comprehensive operational risk management database. When launching new services, developing new types of business, or laws or internal regulations that may affect the existing operating procedures may change, each business unit conducts risk assessments and designs control points in advance. Through risk identification and assessment, legality analysis, and IT system planning, China Life is able to prevent and control relevant risks effectively while continuously supervising and managing the overall operational risk.

#### Insurance risks

The main risks associated with insurance contracts and financial products with discretionary participation features underwritten by China Life include mortality/morbidity risk, lapse risk, expense risk, and investment return risk. In the liability adequacy test, all insurance contracts and financial products with discretionary participation features will be included to assess the adequacy of the company's overall insurance liabilities based on actuarial assumptions established using current information at the assessment date. If the test result shows that the on-book insurance liabilities are inadequate, the deficiency will be recognized as a liability adequacy reserve in accordance with regulations. The provision of the liability adequacy reserve will affect the current period's profit and loss of the company. The insurance risks in the various regions where the Company operates do not show significant differences, and the Company sets the acceptable accumulated risk limit for each at-risk unit and each risk incident, and transfers the insurance risks exceeding the limit through reinsurance.

#### Asset-liability matching risk

China Life established an appropriate asset-liability management mechanism based on the risk attributes and complexity of the insurance liabilities sold, so as to form, execute, monitor, and adjust asset and liability-related strategies within the company's tolerable range. The content includes the following items: Asset and liability risk identification, risk measurement, and risk response.

#### Interest rate risks

China Life manages its interest rate risk by having a portfolio with fixed and floating interest rates. However, it does not apply to hedge accounting because it does not comply with hedge accounting rules.

### (2) KGI Bank

#### Market risk

Upholding Basel II as the international standard for risk management, KGI Bank focuses on strengthening and implementing the market risk management system for financial instruments held for trading. It weighs the risk and return in order to achieve the effective use of capital and resources. KGI Bank has comprehensive and sound market risk control mechanisms in place, including a market risk management organization, market risk limits and their tiered authorization structure and process, market risk measurements, procedures for market risk management (including limit control, handling of excess limits, and exception management), market risk reporting, stress testing, reporting process and level and contingency management in case of significant changes in the financial markets, and independent verification procedures for valuation models. KGI Bank

integrates risk measurement results into internal trading authorization limits, in an attempt to create a market risk management culture.

Based on each unit's market risk economic capital, annual budget targets, and business development plans, the Risk Management Department reports to the Board of Directors and seeks approval of market risk limits of the bank-wide trading book, including Value at Risk (VaR), factor sensitivity, and stop-loss limits. With such limits being the budget targets, the maximum market risk tolerance approved is used to regulate the position of the financial trading business. In terms of risk measurement, the Company continues to use the MSCI Risk Manager market risk management system as a tool for measuring risk values and stress testing, and implements a consistent quantitative management model for CDF. The Risk Management Department is responsible for conducting daily position limit control and risk measurement independently. The Department also reports regularly to management, the Risk Management Committee, and the Board about market risks and historical events to which KGI Bank is exposed, as well as the results of stress testing under self-designed scenarios and back testing exercises on the VaR model in order to ensure that market risks are within KGI Bank's risk tolerance.

As to the asset and liability management strategy, KGI Bank keeps track of interest rate risk in the banking book and liquidity risk analysis produced from the asset and liability management system, and adjusts the asset and liability structure and uses hedges in a timely manner so as to minimize risk; KGI Bank also makes sure that investments are made in the banking book according to the structure of assets and liabilities and the utilization of capital. To reduce the liquidity risk and interest rate risk in the banking book, the results of the asset, liability analysis, and stress testing are reported to the Asset and Liability Management Committee on a regular basis for management's decision making.

#### Credit risk

KGI Bank has a set of standard procedures on credit risk identification measurement, disclosure, and reporting that apply consistently throughout the bank. These procedures cover every step of the credit process, from customers' prerequisites, credit assessment, to credit approval, exceptional approval, risk monitoring, credit review, non-performing loan management, and documentation.

In order to manage concentration risk, KGI Bank assesses changes in the external environment and the bearable risks of losses, and formulates credit limits such as national risks, industrial risks, group risks, and corporate risks. In order to effectively assess the default risk of customers, KGI Bank has completed a quantitative risk assessment model for different asset characteristics as customer screening, risk pricing and quota management, and at the same time, it uses internal and external credit ratings to assess the credit users, financial counterparties and securities investment targets, so as to fully grasp their individual credit risks.

The Risk Management Division makes regular portfolio risk reports to the Business Risk Committee, the Risk Management Committee, and the board of directors. The report aims to monitor changes in asset quality by tracking credit risk indicators such as portfolio risk composition, non-performing loan ratios, loan loss ratios, etc. In addition, credit risk capital assessments and stress testing are also conducted on a regular basis.

#### Operational risk

The operational risk management organizational structure is composed of the Board of Directors, the Risk Management Committee/Operation Risk Management Committee and three lines of defense. The first line of defense, comprised of all operating units of KGI Bank, is responsible for

verifying that the daily business activities/operations are in line with KGI Bank's operational risk management and internal control regulations; The second line of defense involves the Risk Management Department coordinating the establishment of an operational risk management framework throughout the bank and introducing mechanisms for identifying, assessing, and controlling operational risks. Other management units of the bank should establish relevant management rules according to their responsibilities and monitor the implementation by each unit, and provide continuous supervision, reporting, and tracking of improvements. The third line of defense involves the Audit Department handling the establishment, compliance, and execution of operational risk management mechanisms, and providing improvement suggestions in a timely manner.

KGI Bank has established Operational Risk Management Guidelines and operational risk management tools related to the implementation of operational bank-wide risk identification, assessment, and control matters, on which KGI Bank conducts identification, assessment, and control of operational risks, mainly through three management tools – operational risk self-assessment, operational risk event notification, and key risk indicator control. Among them, the self-assessment of operation risk needs to quantify the degree of potential loss and the probability of occurrence of each risk factor in order to demonstrate the degree of operational risk of each unit and the completeness of the control process; operational risk events need to be categorized, according to seven event types and eight major businesses, into a loss database for statistical analysis; key risk indicators are quantified through monitoring and warning thresholds. The results are regularly reported to the KGI Bank Risk Management Committee/Operational Risk Management Committee and the parent company's Risk Management Committee.

#### Liquidity risk

In addition to making regular assessments and submitting reports about liquidity, KGI Bank also keeps track of changes in liquidity ratios and evaluates the stability of various funding sources to anticipate liquidity positions. These assessments help KGI Bank formulate or adjust long-term and short-term asset allocation or financing strategies accordingly.

### (3) KGI Securities

#### Market risk

KGI Securities has implemented market risk management policies, product guidelines, and followed the company's appetite for risk to allocate market risk (economic) capital. Market risk limits have been established and are monitored on a daily basis to keep risks within controllable levels.

KGI Securities uses MSCI Risk Manager to achieve quantitative management of market risks. This system has the capability to take all of the Company's positions into calculation and produce daily analyses covering anything from equity risks, interest rate risks, and product risks to exchange rate risks. The calculations are used to adjust parameters for various derivative models. Meanwhile, the Risk Management Department monitors market risk limits of individual business departments on a daily basis to ensure proper allocation of market risk capital.

To ensure the predictive performance, the VaR model is validated by the Risk Management Department through regular back testing. In addition, the Risk Management Department performs stress testing and scenario analyses using a variety of scenarios to determine KGI Securities' risk tolerance.

#### Credit risk

KGI Securities applies different credit risk management methods depending on issuer's/counterparty's credit rating, transaction nature or the product type involved. Credit risk limits are set based on KGI Securities' credit risk capital, net worth, concentration of exposure among other factors. Credit standing of counterparties, holding positions and collaterals are reviewed on a regular basis. The utilization of credit limits is reported regularly to the relevant departments and the senior management.

The company may convert external ratings into internal ratings when evaluating the credit status of its counterparties or traded instruments. The company recognizes external ratings published by: TCRI, Taiwan Ratings, S&P, Moody, and Fitch. These ratings are converted to correspond to the Company's internal ratings of 1-9. External ratings of counterparties and securities are constantly updated, with credit limits adjusted accordingly to reflect the change in credit.

The Risk Management Department applies to the Board for credit risk capital on a yearly basis. In addition to setting limits on expected losses for the entire company, individual grades, and individual subsidiaries, the company sets limits on counter-parties' pre-settlement risks (PSR) and concentration in terms of country, single counter-party, single group, high-risk industries, and high-risk groups. Through daily monitoring of credit risk exposures and changes in counter-party/security risks, the Company is able to maintain control over the use of credit limits and hence manage credit risks of KGI Securities.

#### Liquidity risk

The liquidity risk of KGI Securities is divided into two categories: Market liquidity risk and capital liquidity risk. Market liquidity risk is measured by the market trading volume of the positions held by the company as the basis for information disclosure. An independent fund dispatching unit has been established for fund liquidity risk management to comprehensively consider the net cash flow of the fund needs of each department and carry out fund management in a timely manner, so as to effectively control the fund liquidity risk of the company.

#### Operational and other risks

Operational risk refers to the risk of direct or indirect losses caused by internal operation, personnel and systems, or external events. According to the risk characteristics of each operation, KGI Securities operation risk management sets control points and check points respectively in each internal control system, and regularly carries out self-assessment of internal control mechanism (ICSA), so as to ensure the integrity and effectiveness of each operation procedure and control focus. In addition, the Company has established a notification mechanism for abnormal events, and conducted internal process inspection and response for internal and external major operational risk events, so as to improve the effectiveness of various control measures, so as to reduce the probability and severity of operational risks.

Each unit of KGI Securities shall implement operational risk management according to its business responsibilities, including authorization, process and operation content related to operational risk management. All planning shall follow the principles of separation of front and back operations, independent management and authority. Operational risk control includes information security, information maintenance, clearing and settlement, transaction confirmation, statement preparation, division of personnel rights and responsibilities or division of labor, control and internal control of related party transactions, etc.

Each unit is responsible for the inspection and control of operational risks for its business. In addition to following external laws and regulations, the audit department shall control and manage

according to the operating procedures and control priorities regulated by the internal control system, so as to ensure the effectiveness of the implementation of operational risk management.

When an abnormal event occurs, all units shall report it to the risk management department and the audit unit in accordance with the notification mechanism of the "operating measures for notification and handling of abnormal events" of KGI Securities. The risk management department shall handle the prosecution of the causes of operational risk and improve the response. The audit department shall report the abnormal event to the chairman of the board of directors and the Audit Office of the parent company CDF according to the necessity of the abnormal event, so as to effectively manage the operational risk loss event. If any major risk event is found in the process of business execution by each unit of KGI Securities, it shall be handled in accordance with the relevant provisions of the "key points for notification of major risk events" of the parent company CDF and the Company's "operating measures for notification and handling procedures of abnormal events". The risk management unit shall also review whether the major risk event is notified in time.

KGI Securities has obtained the relevant qualification of using the sensitivity analysis (delta plus) method under the advanced calculation method of self owned capital adequacy ratio of securities firms. In order to calculate the financial commodity evaluation model required for capital adequacy ratio and other statutory ratios, KGI Securities has implemented the use model management operation.

KGI Securities regularly detects operational risks. The detection items shall include capital adequacy, asset quality, management ability, profitability, and liquidity, source of profit, foreign exposure, and investment position, off balance sheet items and major customer complaints or disputes of financial institutions. Each "detection index and warning value" shall be measured by the calculation unit according to the inspection video rate, and the measurement results and their increase, decrease and change data shall be sent to the risk management department for monitoring, storage and check.

#### (4) CDIB Capital Group

##### Investment business risk

In order to improve control over business risks and comply with the regulations issued by the competent authority, CDIB Capital Group has established Guidelines for Business Risk Control and related measures to manage the company's business risks. It has set relevant risk limitations for its investment business: single company, single-affiliated company, single industry, individual overseas country, and mainland China. Through daily and monthly control reports, CDIB Capital Group (and its 100% subsidiaries) regularly review its investment portfolio and ensure that all indicators of risk limitation of its principal investment business, such as single enterprise, single group, single country, single industry, and high-risk industries, all comply with regulations and internal guidelines.

##### Portfolio risk of externally raised funds

In order to actively develop the fundraising and management business of equity funds (including venture capital and private equity funds), CDIB Capital Group has formulated the Equity Fund Raising and Management Policy. The Policy sets compliance guidelines for fundraising and managing activities in an effort to further increase recurring income, reduce earnings volatility, and manage the risk of its VC/PE portfolios.

Regarding the control and management of funds raised externally, the investment balances of funds such as CDIB Capital Creative Industries, CDIB Capital Healthcare Ventures, CDIB Private Equity

(Fujian) Enterprise, CDIB Yida Private Equity (Kunshan) Enterprise, Alibaba Taiwan Entrepreneurs Fund, CDIB Capital Innovation Accelerator, CDIB Capital Growth Partners, CDIB Capital Asia Partners, CDIB Capital Global Opportunities Fund, CDIB Yida Healthcare Private Equity Enterprise, and CDIB Capital Healthcare Ventures II, are regularly reviewed for compliance with the respective fund contracts, which have specific limitations for single stock investment, existing stock investment, investment phases, invested industries, and invested regions.

#### Operational risk

CDIB Capital Group follows Operational Risk Management Guidelines and policies to manage operational risks. The risk management system enables segregation, independence, and accountability of employees' duties, while making sure that audit trails can be verified in a feasible manner.

Operational risks are managed primarily through three tools, including the RCSA system, the event reporting system, and the risk indicator control system. The RCSA system requires quantification of expected losses and probability of occurrence for every risk factor; the operational event reporting system requires calculation of financial as well as non-financial losses; whereas the risk indicator system also uses quantified information to monitor and activate alerts.

CDIB Capital Group has been executing internal controls and audits in compliance with the authority's demands, and is constantly improving its operation to minimize operational risks.

#### Liquidity risk

CDIB Capital has formulated a Capital Utilization Policy to strengthen its financial dispatch, effectively control capital allocation, improve the efficiency of capital utilization, and reduce related operational risks. In the case of an overall stable market, in addition to liquidity risk monitoring, related management measures, and the need to maintain daily operations, the capital dispatch unit shall pay attention to cash flow changes and report to the Finance Department of CDF, so that the parent company can gain the overview of the Group's capital status. The operation management unit shall submit relevant reports for review by the CFO and CEO. In addition, through indicators of financial structure control and capital utilization liquidity risk control, relevant monitoring is conducted to properly maintain the liquidity of CDIB Capital.

### **7.6.3 Financial impacts and responsive measures in the event of changes in local and foreign regulations**

- 1. Amendment to article 3 of the "Taiwan Stock Exchange Corporation Procedures for Verification and Disclosure of Material Information of Companies with Listed Securities". (Issued on July 7, 2022)**
  - **Impact:** Appropriate assessment and reporting process should be in place before material information is released.
  - **Implementation measures:** Formulate CDFH "Regulations for Handling Internal Material Information".
- 2. Amendment to "Corporate Governance Best Practice Principles for Financial Holding Companies". (Issued on October 13, 2022)**
  - **Impact:** Adding regulations regarding the communication and interaction between a company



and the shareholder with controlling power, and the company better establish a governance structure and unit to promote sustainable development, conducting risk assessment and risk management on ESG issues related to the company's operations, and implement relevant norms for the board of directors to implement sustainable development responsibilities.

- **Implementation measures:** Amend CDFH "Corporate Governance Best-Practice Principles" and "Corporate Social Responsibility Guideline", and formulate the rules and regulations on human rights risk management and climate risk management.

**3. Amendment to "Regulations governing the scope, reporting procedures and other compliance matters of material contingencies to be reported by Financial Institutions". (Issued on November 14, 2022)**

- **Impact:** For the confirmed cyber security incident which causes damage to the interests of customers or affects the sound operation, the financial institution shall, in 30 minutes after confirmation, report to the Banking Bureau by phone first, and then report through online reporting system.
- **Implementation measures:** Amend CDFH "Guidelines for Handling Material Contingencies."

**4. Amendment to Articles 3, 4-1 and 9 of the "Regulations Governing Qualification Requirements for Founder or Responsible Persons of Financial Holding Companies and Concurrent Serving Restrictions and Matters for the Responsible Persons of a Financial Holding Company". (Issued on December 1, 2022)**

- **Impact:** Expand the scope of non-compete by adding the president himself or his or her related persons in addition to the directors and supervisors of the company. If he or she serves as a director, supervisor or president of another financial holding company ("FH Company"), it is presumed as with conflict of interest.

In order to increase the flexibility of appointment of professional directors of FH Company, so as to facilitate the recruitment of directors from professionals with diversified backgrounds of banking, insurance or securities companies, the amendment adds that: in which FH Company has a bank subsidiary, if there is other factual evidence sufficient to prove that its director has banking expertise, she/he can be considered to have met the financial professional requirements. The same shall apply to a FH Company having an insurance or securities subsidiary concerning the regulations on each industry.

- **Implementation measures:** Amend CDFH "Regulations Governing Concurrent Roles Served by Chairman, President and Directors".

**5. Amendment to "Taiwan Stock Exchange Corporation Operation Directions for Compliance with the Establishment of Board of Directors by TWSE Listed Companies and the Board's Exercise of Powers". (Issued on December 23, 2022)**

- **Impact:** When a director resigns or is reassigned, the resignation director and corporate shareholder should immediately notify the company and the chief corporate governance officer; Directors should attend trainings for at least 3 hours in the year in which they take office; Corporate governance matters should include matters related to changes in directors.
- **Implementation measures:** Amend CDFH "Corporate Governance Best-Practice Principles" and "Regulations for Board Meeting Procedure".

## **7.6.4 Financial impacts and responsive measures in the event of technological or industrial changes**

### **1. Continuing to deepen the digital transformation of the Group's subsidiaries**

In response to the digital transformation of the financial industry and the long-term five-year strategic development (2021-2025), CDF puts forward five strategies for ABCDE in the future, including accelerate digital, become employee of choice, customer focus, drive growth and execution excellence. Among them, the strategy of Accelerate Digital is CDF'S main focus. The Group's subsidiaries listed the strategy of Accelerate Digital as a priority action plan in 2022, built a digital platform with mobile device experience as the priority, and aligned with strategic partners to build an ecosystem. China Life has officially received approval from the FSC to launch the "Omnichannel Mobile Insurance with Biometric Authentication for Remote Insurance Application" starting in November 2022, which will allow customers to complete insurance applications by facial recognition through remote channels such as banks and insurance agencies in addition to China Life's own channels. At the same time, the scope of application is also expanded to actively achieve inclusive finance and fair treatment of customer principles. In addition, China Life has also developed a "smart analysis system for business quality" that utilizes AI big data analysis to track the complete life cycle of insurance policies from solicitation to termination, identify potential risks that could impact policyholder interests, and provide real-time alerts and assistance through a dynamic visual interface to care for policyholders and make necessary adjustments. In 2022, China Life Insurance was also awarded "Best Digital Transformation Life Insurance Company in Taiwan 2022" by the UK professional finance and economics media outlet, "Global Banking & Finance Review". KGI Securities has partnered with Kdan Mobile to launch an innovative video-conferencing and electronic signature service model in September 2022, providing customers with a more convenient user experience. The service is not limited by time or space, and the video environment directly connects the customer with the sales representative, which prevents the risk of data leakage. Kdan Mobile's "DottedSign" technology ensures that the signature is valid and cannot be tampered with. KGI Bank has long been promoting inclusive financial services through digital innovation, and has launched "Shopee Easy Loan" which uses an API to connect e-commerce data and simplify the traditional loan process. The system solves the actual funding needs and loan problems of Shopee sellers. The digital innovation led to KGI Bank receiving the Digital Inclusion - Excellence Award for Banks from the Commercial Times Digital Finance Awards.

### **2. Adopting HPE cloud solutions helps CDF accelerate digital transformations**

In response to accelerated digital transformations, CDF collaborated with Microsoft in 2021 and worked with HPE in 2022 to strengthen its hybrid cloud architecture through strategic cloud solutions. Through the collaboration with HPE's cloud consulting team, CDF plans to develop a comprehensive IT transformation and cloud strategy, and accelerate the development and deployment of applications through a hybrid cloud architecture and operating model. With a focus on ensuring the security and protection of the personal data of customers and compliance with information security regulations, HPE is assisting in the development and operation of the hybrid cloud for CDF and integrating data usage across its various subsidiaries. Furthermore, the consulting team provides solutions and recommendations for cloud transformation, which can help CDF integrate customer feedback quickly and collaborate with ecosystem partners to launch products and services that better meet market demand. It allows CDF to provide consumers with a more complete user experience by effectively combining digital technology with the business model of CDF.

### **3. Commitment to align the portfolio to achieve net zero carbon targets in 2045**

In response to the global commitment to carbon reduction, CDF promises to align the portfolio to achieve net zero carbon targets in 2045, which is the first company in Taiwan that promises to achieve net zero carbon emissions in 2045. In addition, CDF joined the Science-Based Targets initiative (SBTi) in 2022, and will follow the SBTi framework and scopes to set emission reduction targets and coverage that incorporate the unique characteristics of the financial industry. CDF will promote the joint fulfillment of emission reduction targets between companies in a scientific way. CDF is expected to fully exit the fuel coal, unconventional crude oil, and natural gas related industries, significantly increase the proportion of green credit and green investment, and actively invest in the development of sustainability-linked loan (SLL). As of the third quarter of 2022, China Life's overseas green bond investments totaled NT\$26.3 billion. KGI Securities' underwriting and equity financing related to ESG, environmental protection, and green energy reached NT\$70 billion. KGI Bank's accumulated credit balance for the green energy technology industry is approximately NT\$15.1 billion, and the Bank launched "Green Deposits" in 2022, raising a total of NT\$6 billion. As a sustainable finance leader, CDF has been selected for two consecutive years for the Dow Jones Sustainability Indices (DJSI) and received the Bronze award in the 2022 S&P Global Sustainability Yearbook, demonstrating that its net-zero transformation has achieved interim results and international recognition. In the future, CDF will continue to utilize its social influence as a financial institution and achieve its net-zero carbon emission goal for its entire asset portfolio by 2045.

#### **7.6.5 Impacts and responsive measures in the event of change in corporate image of the financial holding company and subsidiaries**

The Company adopts a robust internal control system as well as the use of spokesperson and acting spokesperson. Upon discovery of any media coverage that does not conform to the underlying truth and is likely to compromise the image of the Company or its subsidiaries, the Company will take the initiative to explain it on the official website of CDF, and choose to take the initiative to issue a statement to the main media or take the initiative to issue a statement of major information depending on the degree of influence. If necessary, the Company will apply to the exchange for holding a press conference, and after the press conference, the Company will input the relevant data into the public information observation station system according to the regulations.

#### **7.6.6 Expected benefits, risks and responsive measures of planned mergers or acquisitions**

The Company has no ongoing mergers and acquisitions in the current year. Expected benefits of mergers or acquisitions usually include business diversity, comprehensive service to customers, exposure to broader markets and opportunities, cost reduction through scaled economy, full integration of resources, and improved competitiveness.

Mergers/acquisitions may be prone to a number of risks such as high costs, inaccurate financial information, different M&A practices and laws adopted in other parts of the world, obstacles in business integrations, and inability to realize the expected benefits. Responsive measures that can be taken to minimize risks and increase yields from an M&A project include: active control over price range, extensive research to the financial status of the acquired, understanding of local commercial practices and laws, and execution of necessary reforms, training and reorganization after the merger/acquisition is completed.

#### **7.6.7 Risks and responsive measures associated with concentration of business activities**

As a diversified financial holding company with business units across life insurance, commercial banking, securities, and venture capital/private equity, and each with their own business models, risks associated with individual subsidiaries within the Company's portfolio are offset or diversified in terms of product category, target, region, and period. Having this business structure will help counter the impacts of a global recession and escalatory risks of particular segments. In addition, to stay up to date on the Company's appetite for risk, the Company has set quota caps to limit engagement in each country, sector, industry, and client, and implements a stop-loss control process across products to further address business concentration risks.

#### **7.6.8 Impacts, risks, and responsive measures following a major transfer of shareholding by directors, supervisors, or shareholders with more than 1% ownership interest**

The Company's shares are held by a diverse group of shareholders. No single shareholder owns any significant percentage of the Company, therefore no transfer of shareholding by any director or major shareholder with more than 1% ownership interest would result in any significant change in shareholding structure, and neither would the transaction pose any immediate impact or risk to the Company.

#### **7.6.9 Impacts, risks and responsive measures associated with a change of management**

The Company's management is fairly stable and is not prone to any significant changes.

#### **7.6.10 Litigious and Non-Litigious Matters:**

**Major litigious, non-litigious and administrative disputes are listed below. Such disputes: (1) involve the company and/or any company director, any company supervisor, the general manager, any person with actual responsibility for the firm, any major shareholder holding a stake of greater than 1 percent, and/or any company or companies controlled by the company; and (2) have been concluded by means of a final and unappealable judgment, or are still under litigation. Where such a dispute could materially affect shareholders' equity or the prices of the company's securities, the annual report shall disclose the facts of the dispute, amount of money at stake in the dispute, the date of litigation commencement, the main parties to the dispute, and the status of the dispute as of the date of publication of the annual report.**

##### **◎ KGI Bank**

On December 19, 2012, Chinatrust Commercial Bank and Shanghai Commercial & Savings Bank (collectively referred to as the "Plaintiffs") claimed that the third mortgage (the "Disputed Mortgage") that Prince Motor Co., Ltd. ("Prince Motor") and Prince Investments Ltd. ("Prince Investments") had placed upon Dunnan Prince Building (the "Disputed Property," which was jointly owned by Prince Motor and Prince Investments) in September 2007, to secure a payment obligation of up to NT\$ 1,950,000,000 in favor of KGI Bank, was made without consideration and therefore an act detrimental to the other creditors. The Plaintiffs requested to revoke the Disputed Mortgage and remove the registration thereof. Given the fact that the Disputed Property was already entrusted to United Real Estate Management Co., Ltd. ("URMC") in January 2008, the Plaintiffs further demanded to have KGI Bank return NT\$ 1,786,318,000 received from the disposal of the Disputed Property back to URMC. On February 14, 2014, Taipei District Court ruled to revoke the Disputed Mortgage and that KGI Bank was liable to pay NT\$ 1,786,318,000 to URMC. Upon KGI Bank's appeal, the ruling was overturned by Taiwan High Court on July 26, 2017 (i.e. KGI won the case on all counts). The Plaintiffs later appealed to the Supreme Court which reversed and remanded the case to the High Court for a new trial on October 31, 2018, Taiwan High Court issued a judgement on August 17, 2021 deciding that the removal of the registration of mortgage decided by Taipei District Court was upheld and the Plaintiffs' claim against KGI Bank to deliver the proceeds of the sale of Disputed Property to UREMC was rejected. After that, the Plaintiffs and Defendants file appeals respectively for their losing parts which are pending in the Supreme Court.

##### **◎ KGI Securities**

On September 24, 2002, investor Huang brought certificates of 11,000,000 shares of Jen-Hsin Securities Co., Ltd. ("JHSC") to JHSC's stock affairs department in an attempt to have them transferred to a third party; but because of incomplete documentation, the transfer could not be completed and the share certificates were placed under temporary custody of the stock affairs department. These share certificates were later taken away by JHSC's Vice President Yang. JHSC applied to court for an injunction on November 6, 2002 ordering Yang to surrender the shares. The application turned into litigation as Yang repudiated. After acquiring JHSC, KGI Securities assumed the case and notified Huang to join the litigation. On August 29, 2003, Taipei District Court ruled against KGI Securities (referred to as "Initial Decision" below), which KGI Securities accepted without appeal. Huang was dissatisfied with the decision and filed a lawsuit in July 2004 against Yang and KGI Securities (as joint defendants) in an attempt to revert the Initial Decision and recover the misappropriated share certificates or NT\$ 90,379,000 plus statutory interest should the defendants fail to return the share

certificates. On March 24, 2006, Taipei District Court ruled in favor of KGI Securities, which Huang disagreed and appealed to the decision. This case was remanded by the Supreme Court and was reviewed by Taiwan High Court. In the meantime, Huang changed claims to have KGI Securities pay a sum of NT\$ 90,379,000 plus interest accruing from July 22, 2004 to September 21, 2009, on the basis that the Initial Decision was final and KGI Securities could no longer recover shares from Yang. Alternatively, Huang claimed for 2,000,000 shares of JHSC and a sum of NT\$ 73,946,000 plus statutory interest was made against Yang and KGI Securities. On November 23, 2022, Taiwan High Court made the seventh retrial judgment to dismiss Mr. Huang's claim and motion for provisional execution. Because Mr. Huang and his spouse have passed away, the three offspring made the motion for assumption of the claims and filed an appeal to the Supreme Court, so the case is currently before the Supreme Court.

#### **7.6.11 Other key risks and responsive measures**

In response to escalating cyber security risks, the Company voluntarily joined the Financial Information Sharing and Analysis Center (F-ISAC) in 2018 to improve internal data security protections through the sharing and assessment of information security threat intelligence. Through the adoption of relevant procedures for handling material information, employees and supervisors periodically receive reminders about the appropriate disclosure of material information as required by law, in addition to relevant legal information.

For more detailed information, please refer to 5.7.3 Emergency backup and security measures.

### **7.7 Risk Management and Response Mechanism**

In addition to the Procedures for Critical Contingency Response formulated in accordance with relevant regulations, the Company has adopted Directions for Critical Disaster Response in order to maintain business continuity. The Company also supervises each subsidiary to establish safety maintenance and disaster-related operation specifications to serve as a basis for crisis management.

KGI Bank has developed Operational Crisis Response Procedures and Emergency Response Procedural Guidelines, and has established an operational crisis response team and an emergency response team to handle crises and emergencies, respectively. KGI Bank conducts annual training drills on various disaster emergency scenarios and related operational risks to the company. The company's goals are to ensure continued business operations, to minimize any potential losses to the bank and its clients, and to affect a rapid return to normalcy in the wake of an emergency event.

As for KGI Securities, its Disaster Recovery Action Plan stipulates that all operations establish their own disaster and safety emergency management and recovery task forces and procedures that aim to protect employees and local residents, safeguard corporate assets, and support a return to normal operations in a timely manner. In the event of natural and man-made disasters, members of said task forces will be called promptly to take action.

China Life has established the "Operational Crisis Response Procedures", "Business Continuity Management Policy", "Business Continuity Management System Management Measures" and "Major Incident Response Measures Procedures". It has also set up a team to handle major incidents, so that when a disaster occurs, the company can effectively execute subsequent response measures by following the established physical disaster response procedures or business continuity management plan. In addition, it conducts disaster or crisis scenario drills annually to prevent internal and external

deliberate or accidental threats, reduce the possibility and impact of business interruptions, and ensure that the rights and interests of the company's customers, employees and key businesses are properly protected.

CDIB Capital Group has established Guidelines for Handling Natural or Accidental Incidents. The Operations and Corporate Services Dept. is in charge of coordinating with all internal departments on the implementation of safety maintenance. In addition to keeping abreast of changes in disaster circumstances, it also keeps in close contact with the local police precinct. These precautionary liaison measures ensure a swift, specific response to a crisis or disaster.

## **7.8 Other Major Events**

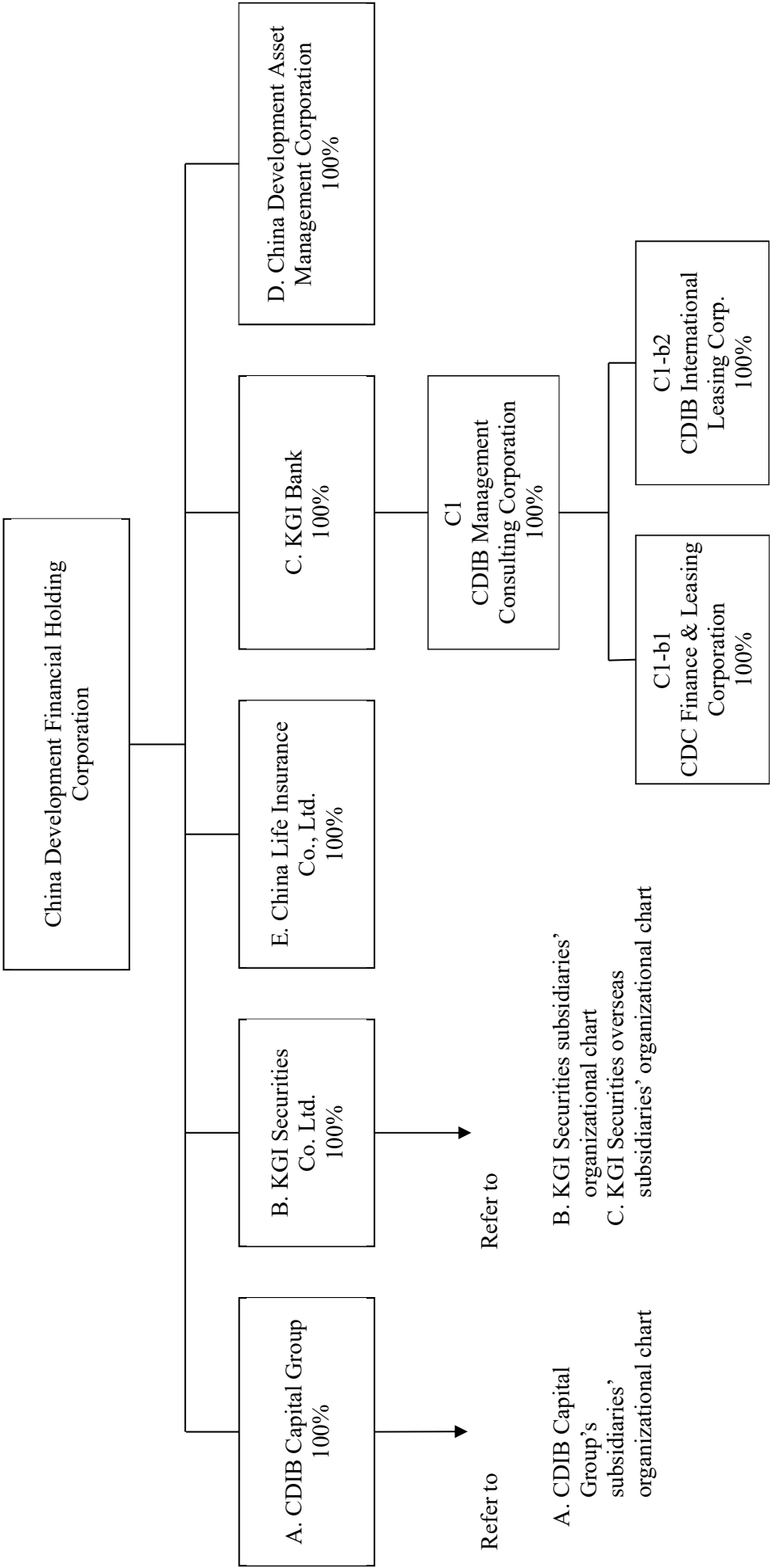
None

VIII. Special Disclosure

8.1 Summary of Affiliated Companies

8.1.1 Organizational Chart

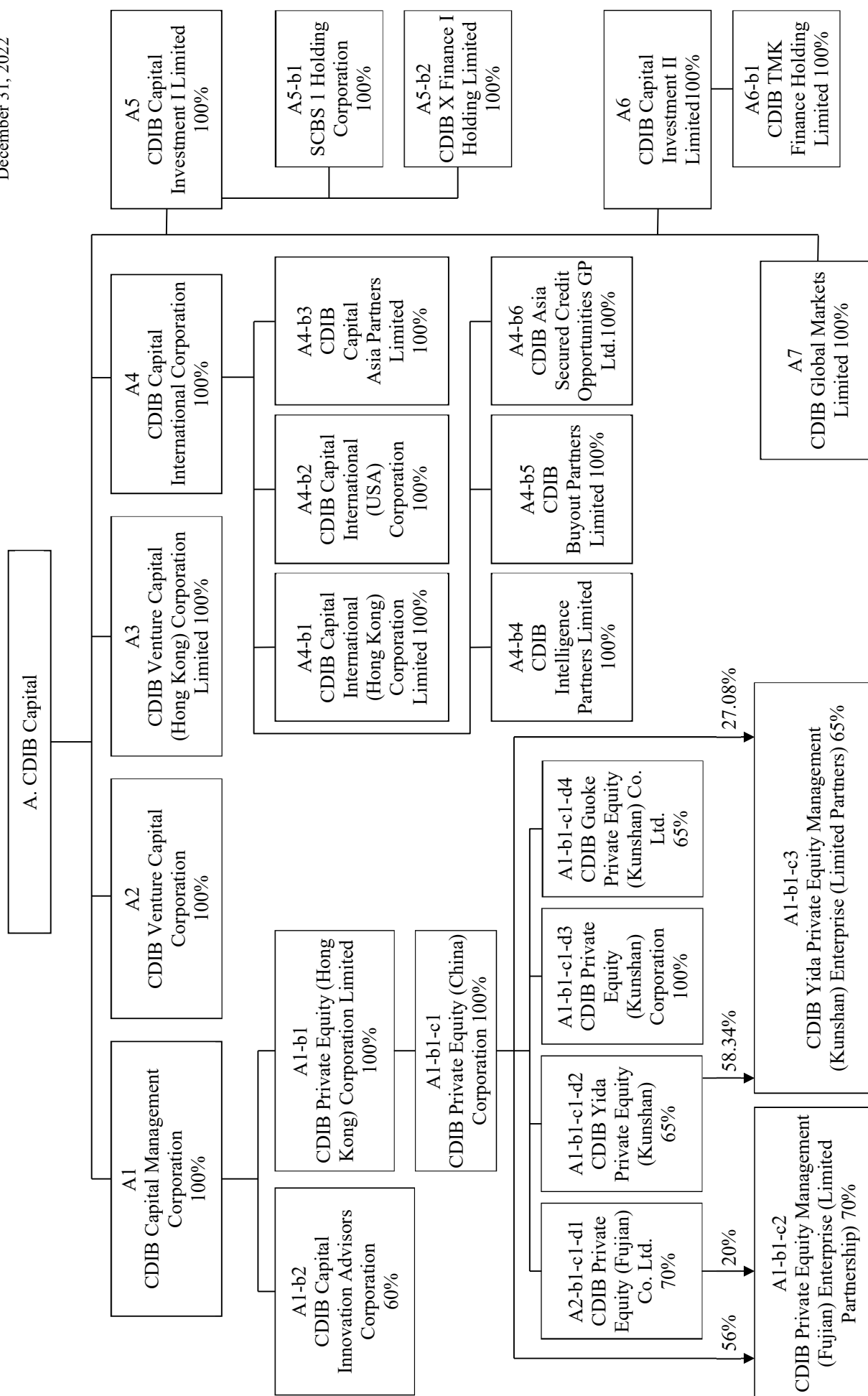
December 31, 2022



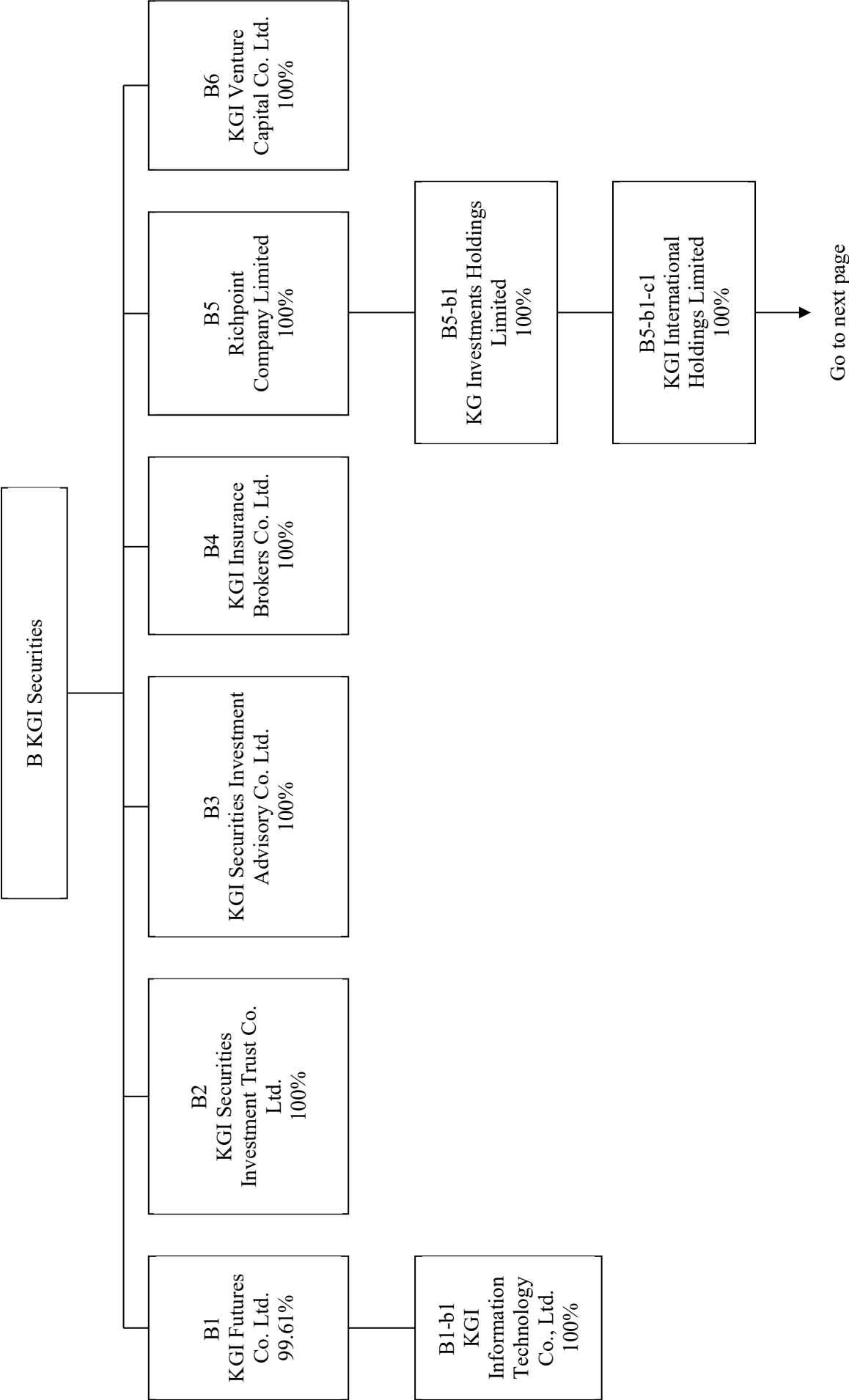


# A. CDIB Capital subsidiaries' organizational chart

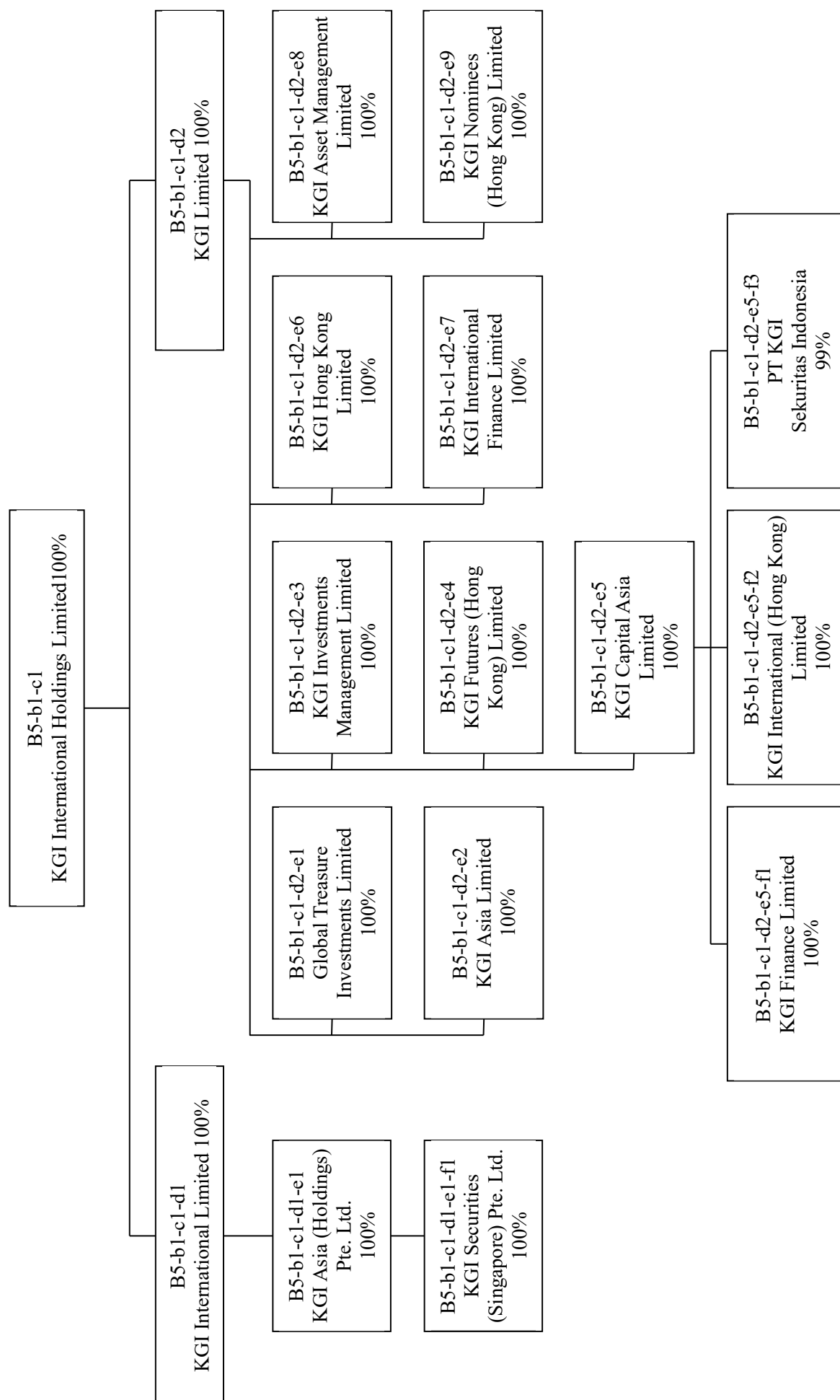
December 31, 2022



**B. KGI Securities subsidiaries' organizational chart**



### C. KGI Securities overseas subsidiaries' organizational chart



## 8.1.2 Backgrounds of affiliated enterprises

### ◎ China Development Financial Holding Corporation

December 31, 2021

Unit: NT\$1,000

Index	Name of Company	Established Date	Address	Paid in Capital	Main Business or Products	Remark
A	CDIB Capital Group	1959.05.14	12 & 18F, No. 135, Dunhua N. Rd., Taipei City 105, Taiwan	20,411,159	Venture Capital	
B	KGI Securities	1988.09.14	No. 700, Mingshui Rd., Taipei City, Taiwan	18,787,366	Financial Services	
C	KGI Bank	1992.01.14	9, 10 & 11F, No. 135, Dunhua N. Rd., Taipei City 105, Taiwan	46,061,623	Commercial Bank	
D	China Development Asset Management	2003.11.05	8F, No. 135, Dunhua N. Rd., Taipei City 105, Taiwan	1,133,600	Financial Institution Creditor's Right(Money) Purchase & Management	
E	China Life Insurance	1963.04.25	3, 4, 5,6 & 7F, No. 135, Dunhua N. Rd., Taipei City 105, Taiwan	49,206,531	Life Insurance	

### ◎ CDIB Capital Group

December 31, 2022

Unit: NT\$1,000/US\$1,000/HKD\$1,000/RMB\$1,000 (when specified)

Index	Name of Company	Date of Incorporation	Address	Paid in Capital	Main Business or Products	Remarks
A1	CDIB Capital Management Corporation	2001.01.03	12F, No.135, Dunhua N. Rd., Taipei City, Taiwan	230,939	Management Consulting	
A1-b1	CDIB Private Equity (Hong Kong) Corporation Limited	2014.01.29	Hong Kong	HKD 51,900	Management Consulting	
A1-b1-c1	CDIB Private Equity (China) Corporation	2012.01.16	Shanghai, China	USD 7,000	Management Consulting	
A1-b1-c1-d1	CDIB Private Equity (Fujian) Co., Ltd.	2013.05.31	Fujian Province, China	RMB 10,000	Fund Management	
A1-b1-c1-d2	CDIB Yida Private Equity (Kunshan) Co., Ltd.	2014.07.04	Kunshan, China	RMB 7,000	Fund Management	
A1-b1-c1-d3	CDIB Private Equity (Kunshan) Corporation	2021.09.28	Kunshan, China	RMB 3,000	Fund Management	

Index	Name of Company	Date of Incorporation	Address	Paid in Capital	Main Business or Products	Remarks
A1-b1-c1-d4	CDIB Guoke Private Equity (Kunshan) Co. Ltd.	2021.08.31	Kunshan, China	RMB 10,000	Fund Management	
A1-b1-c2	CDIB Private Equity Management (Fujian) Enterprise (Limited Partnership)	2013.07.05	Fujian Province, China	RMB 12,000	Fund Management	
A1-b1-c3	CDIB Yida Private Equity Management (Kunshan) Enterprise (Limited Partners)	2014.11.03	Kunshan, China	RMB 12,000	Fund Management	
A1-b2	CDIB Capital Innovation Advisors Corporation	2015.12.10	12F, No.135, Dunhua N. Rd., Taipei City, Taiwan	20,000	Management Consulting	
A2	CDIB Venture Capital Corporation	2002.03.05	12F, No.135, Dunhua N. Rd., Taipei City, Taiwan	5,354,937	Venture Capital	
A3	CDIB Venture Capital (Hong Kong) Corporation Limited	2011.02.22	Hong Kong	HKD 925,000	Venture Capital	
A4	CDIB Capital International Corporation	2009.05.11	Cayman Islands	USD 4,700	Private Equity Advisory Services	
A4-b1	CDIB Capital International (Hong Kong) Corporation Limited	2009.06.15	Hong Kong	HKD 15,400	Private Equity Advisory Services	
A4-b2	CDIB Capital International (USA) Corporation	1997.07.14	USA	USD 0.8	Private Equity Advisory Services	
A4-b3	CDIB Capital Asia Partners Limited	2014.03.21	Cayman Islands	USD 0.1	Private Equity Advisory Services	
A4-b4	CDIB Intelligence Partners Limited	2020.02.28	Cayman Islands	USD 0.0	Private Equity Advisory Services	
A4-b5	CDIB Buyout Partners Limited	2020.11.10	Cayman Islands	USD 5	Private Equity Advisory Services	

Index	Name of Company	Date of Incorporation	Address	Paid in Capital	Main Business or Products	Remarks
A4-b6	CDIB Asia Secured Credit Opportunities GP Limited	2021.09.09	Cayman Islands	USD 0.0001	Private Equity Advisory Services	
A5	CDIB Capital Investment I Limited	1996.12.27	British Virgin Islands	USD 132,800	Investment	
A5-b1	SCBS 1 Holding Corporation	2019.03.25	USA	USD 0.00383	Investment	
A5-b2	CDIB X Finance I Holding Limited	2020.09.02	Cayman Islands	USD 5.5	Investment	
A6	CDIB Capital Investment II Limited	2002.09.03	British Virgin Islands	USD 45,000	Investment	
A6-b1	CDIB TMK Finance Holding Limited	2021.06.15	Cayman Islands	USD 19.18253	Investment	
A7	CDIB Global Markets Limited	1999.07.06	British Virgin Islands	USD 85,282	Investment	

Name of Company	Date of Incorporation	Address	Paid in Capital	Main Business or Products
KGI Futures Co. Ltd.	1993.12.08	F6, F12-13, No. 2, Sec. 1, Chongqing S. Rd., Taipei City, Taiwan	1,685,564	Futures Commission Merchant
KGI Information Technology Co., Ltd.	2015.11.12	F12, No. 2, Sec. 1, Chongqing S. Rd., Taipei City, Taiwan	5,000	Management Consulting, Software Design, Data Processing and Digital Information Supply Services
KGI Securities Investment Trust Co. Ltd.	2001.04.19	No. 698, Mingshui Rd., Zhongshan Dist., Taipei City, Taiwan	300,000	Securities Investment Trust, Discretionary Investment Business
KGI Securities Investment Advisory Co. Ltd.	1996.12.19	1F, No. 700, Mingshui Rd., Taipei City, Taiwan	50,000	Securities Investment Consultant
KGI Insurance Brokers Co. Ltd.	2003.03.13	7F, No. 700, Mingshui Rd., Taipei City, Taiwan	5,000	Life/Property Insurance Brokerage
Richpoint Company Limited	1996.10.18	British Virgin Islands	USD 92,872	Holding Company
KG Investments Holdings Limited	1996.11.05	Cayman Islands	USD 156,864	Holding Company
KGI International Holdings Limited	2000.04.20	Cayman Islands	USD 209,248	Holding Company
KGI International Limited	1997.03.24	British Virgin Islands	USD81,512	Holding Company
KGI Asia (Holdings) Pte. Ltd.	1997.09.25	Singapore	USD75,749	Holding Company
KGI Securities (Singapore) Pte. Ltd.	2015.01.30	Singapore	SGD 137,528	Securities and futures related businesses
KGI Limited	1997.03.24	British Virgin Islands	USD 389,239	Holding Company
Global Treasure Investments Limited	1999.04.12	Hong Kong	HKD 0.002	Investment
KGI Asia Limited	1996.10.01	Hong Kong	USD 95,000	Securities
KGI Investments Management Limited	1986.03.04	Hong Kong	HKD 41,931	Insurance Brokerage
KGI Futures (Hong Kong) Limited	1996.12.27	Hong Kong	USD 45,000	Future Brokerage, Clearing & Settlement
KGI Capital Asia Limited	1993.06.23	Hong Kong	USD 207,963	Securities

Name of Company	Date of Incorporation	Address	Paid in Capital	Main Business or Products
KGI Finance Limited	1996.10.01	Hong Kong	USD 42,914	Investment & Financing
KGI International (Hong Kong) Limited	1997.02.21	Hong Kong	USD 190,000	Derivative
PT KGI Sekuritas Indonesia	2016.08.31	Indonesia	IDR100,000,000	Securities
KGI Hong Kong Limited	1996.10.01	Hong Kong	USD 15	Management Consulting
KGI International Finance Limited	2000.08.30	Hong Kong	USD 10,000	Investment & Financing
KGI Asset Management Limited	2014.12.22	Hong Kong	HKD 12,840	Asset Management
KGI Nominees (Hong Kong) Limited	1994.07.19	Hong Kong	HKD 0.003	Trust
KGI Venture Capital Co. Ltd.	2012.11.26	6F, No. 700, Mingshui Rd., Taipei City, Taiwan	800,000	Venture Capital

◎ **KGI Bank**

December 31, 2021  
Unit: NT\$1,000

Index	Name of Company	Established Date	Address	Paid in Capital	Main Business or Products
C1	CDIB Management Consulting Corporation	2011.7.22	3F, No. 125, Sec. 5, Nanjing E. Rd., Taipei City, Taiwan	1,531,719	Management Consulting
C1-b1	CDC Finance & Leasing Corporation	1996.05.01	5-6F, No. 224, Sec.3, Nanjing E. Rd., Taipei City, Taiwan	767,048	Leasing
C1-b2	CDIB International Leasing Corp.	2012.03.27	Kunshan, China	USD 30,000	Leasing

### 8.1.3 Common Shareholders among Controlling and Controlled Entities

None



**8.1.4 Backgrounds of directors, supervisors and presidents of affiliated enterprises: as of the publication date of annual report. Unit: shares;**

◎ **China Development Financial Holding**

December 31, 2021

Index	Name of Company	Title / Represented Institution	Name or Representative	Share Holding	
				No. of Shares	Ratio (%)
A	CDIB Capital Group	Director / CDF         Independent Director  President	Angelo J.Y.Koo Lionel de Saint-Exupéry Shan-Jung Yu Melanie Nan Jamie Huang Paul Yang Shaio-Tung Chang William Ho Tyzz-Jiun Duh Jui-Te Yu Yin Jeng William Ho	2,041,115,913	100
B	KGI Securities	Director / CDF      Independent Director  President(proxy)	Daw-Yi Hsu Falco Mi Howe Yong Lee Fortune Ju Jen-Hai Wang James Tai Wen-Yeu Wang Kai-Chieh Chia Wei-Chang Fang	1,878,736,629	100
C	KGI Bank	Director / CDF      Independent Director  President	Mark Wei Amy Tsao Richard Chang Julian Yen Lee-Rong Wang Tien-Cheng Lee Fu-Yung Chen Amy Tsao	4,606,162,291	100
D	China Development Asset Management Corporation	Director / CDF  Supervisor / CDF President	Tien-Sung Lee Long-I Liao Kiki Shih Marisol Wang Cheng-Hung Lin	113,360,000	100
E	China Life Insurance	Director / CDF     Director / Tai li investment Independent Director  President	Saloon Tham Stefano Paolo Bertamini Shan-Jung Yu Stephanie Hwang Tony T. M. Hsu Johnson F.H.Huang Cheng Hsien,Tsai Da-Bai Shen Ming-Jung Lai Stephanie Hwang	4,920,653,131	100

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Index	Name of Company	Title	Name or Representative	Shareholding	
				Shares (shares)	Percentage
A1	CDIB Capital Management Corporation	Director: CDIB Capital  Supervisor: CDIB Capital President	James Ho Melanie Nan Julian Yen Daw-Yi Hsu Lawrence Liu Frances Tsai  Melanie Nan	23,093,889	100
A1-b1	CDIB Private Equity (Hong Kong) Corporation Limited	Director	Melanie Nan Frances Tsai Adrienne Chiu	51,900,000	100
A1-b1-c1	CDIB Private Equity (China) Corporation	Director: CDIB Private Equity (Hong Kong) Corporation Limited  Supervisor: CDIB Private Equity (Hong Kong) Corporation Limited President	James Ho Melanie Nan Jonathan Chiang Yen Lu William Wang Marisol Wang  Melanie Nan	None	100
A1-b1-c1-d1	CDIB Private Equity (Fujian) Co., Ltd.	Director:  Supervisor: President	Jonathan Chiang Melanie Nan Eddy Chang Hsu-Hui Huang Zuo Wang William Wang Daniel Tsou	None	70  30
A1-b1-c1-d2	CDIB Yida Private Equity (Kunshan) Co., Ltd.	Director:  Supervisor: President	James Ho Melanie Nan Yen Lu Wen-Lu Ying Chin-Po Yu Julian Yen Yen Lu	None	65  35
A1-b1-c1-d3	CDIB Private Equity (Kunshan) Corporation	Director: CDIB Private Equity (China) Corporation  Supervisor: CDIB Private Equity (China) Corporation President	Melanie Nan James Ho Jonathan Chiang Yen Lu William Wang Marisol Wang  Melanie Nan	None	100

Index	Name of Company	Title	Name or Representative	Shareholding	
				Shares (shares)	Percentage
A1-b1-c1-d4	CDIB Guoke Private Equity (Kunshan) Co. Ltd.	Director:  Supervisor:  President	Melanie Nan Yen Lu Daniel Tsou Jiaqi Li Ya Zhu William Wang Zhen Huang Yen Lu	None	65   35
A1-b1-c2	CDIB Private Equity Management (Fujian) Enterprise (Limited Partnership)	None	None	None	70 (Comprehensive shareholding)
A1-b1-c3	CDIB Yida Private Equity Management (Kunshan) Enterprise (Limited Partners)	None	None	None	65 (Comprehensive shareholding)
A1-b2	CDIB Innovation Advisors Corporation Limited	Director: CDIB Capital Management Corporation  Director: Meet Digital Innovation Co., Ltd. Supervisor President	Melanie Nan Gary Fung William Ho Hung-Tze Jan Katie Chen Eddy Chang Ryan Kuo	1,200,000  800,000  0	60  40  0
A2	CDIB Venture Capital Corporation	Director: CDIB Capital  Supervisor: CDIB Capital President	James Ho Eddy Chang Frances Tsai Marisol Wang  James Ho	535,493,708	100
A3	CDIB Venture Capital (Hong Kong) Corporation Limited	Director	James Ho Frances Tsai Eddy Chang	925,000,000	100
A4	CDIB Capital International Corporation	Director   President	Koo, John-Ynn Lionel de Saint-Exupery Melanie Nan Frances Tsai Adrienne Chiu Howe Yong Lee Lionel de Saint-Exupery	4,700,000	100
A4-b1	CDIB Capital International (Hong Kong) Corporation Limited	Director	Koo, John-Ynn Lionel de Saint-Exupery Melanie Nan Frances Tsai Adrienne Chiu Hamilton Tang	15,400,000	100

Index	Name of Company	Title	Name or Representative	Shareholding	
				Shares (shares)	Percentage
A4-b2	CDIB Capital International (USA) Corporation	Director	Lionel de Saint-Exupery Melanie Nan Christy Lin Lisa Guo Joe Hung	8,000,000	100
A4-b3	CDIB Capital Asia Partners Limited	Director	Lionel de Saint-Exupery Melanie Nan Adrienne Chiu	100	100
A4-b4	CDIB Intelligence Partners Limited	Director	Lionel de Saint-Exupery Melanie Nan Gary Fung	1	100
A4-b5	CDIB Buyout Partners Limited	Director	Lionel de Saint-Exupery Melanie Nan Alex Ying	50,000	100
A4-b6	CDIB Asia Secured Credit Opportunities GP Limited	Director	Lionel de Saint-Exupery Melanie Nan Tor Lee Trivers	1	100
A5	CDIB Capital Investment I Limited	Director	Lionel de Saint-Exupery Frances Tsai Christy Lin Lisa Guo	132,800,000	100
A5-b1	SCBS 1 Holding Corporation	Director	Gary Fung Si-Yuan Zheng	3,828	100
A5-b2	CDIB X Finance I Holding Limited	Director	Mei-Xuan Li Phoebe Teng	5,500	100
A6	CDIB Capital Investment II Limited	Director	Lionel de Saint-Exupery Frances Tsai Christy Lin Lisa Guo	45,000,000	100
A6-b1	CDIB TMK Finance Holding Limited	Director	Mei-Xuan Li Phoebe Teng	19,182.53	100
A7	CDIB Global Markets Limited	Director	Lionel de Saint-Exupery Frances Tsai Christy Lin Lisa Guo	339,392	100

Note: All representatives do not have any personal shareholding

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Name of Company	Name of Company	Title	Name or Representative	Shareholding	
				Shares (shares)	Percentage
B1	KGI Futures Co. Ltd.	Director: KGI Securities (Chairman)  Supervisor President	Yi-Yong Mi James Chen Steve Wang Yen-Chun Lin James Chen	167,898,665	99.61
B1-b1	KGI Information Technology Co., Ltd.	Director: KGI Futures (Chairperson)  Supervisor: KGI Futures Co. Ltd. President	James Chen Yin-Ting Huang Yen-Chun Lin Jill Liu James Chen	500,000	100
B2	KGI Securities Investment Trust Co. Ltd.	Director: KGI Securities (Chairman)  Supervisor: KGI Securities President	Albert Ding Ann Chang Jennifer Jiang Mei-Hui Huang Ann Chang	30,000,000	100
B3	KGI Securities Investment Advisory Co. Ltd.	Director: KGI Securities (Chairman)  Supervisor: KGI Securities President	Yen-Min Chu Steven Liao Alan Chang Chang-Ti Liu Yen-Min Chu	5,000,000	100
B4	KGI Insurance Brokers Co. Ltd.	Director: KGI Securities (Chairman)  Supervisor: KGI Securities President	Jia-Jun Yang Kuan-Yu Chen Yen-Chun Lin Kuei-Ling Lee Kuan-Yu Chen	500,000	100
B5	Richpoint Company Limited	Director	Daw-Yi Hsu Albert Ding William Fang	92,872,376	100
B5-b1	KG Investments Holdings Limited	Director	Daw-Yi Hsu Wong Hoe Choon Reddy	156,864,163	100
B5-b1-c1	KGI International Holdings Limited	Director	Mei-Hui Liao (Note) (Note) Wong Hoe Choon Reddy William Fang	209,248,261	100
B5-b1-c1-d1	KGI International Limited	Director	Wong Hoe Choon Reddy Mei-Hui Liao (Note) (Note) William Fang	81,511,716	100

Name of Company	Name of Company	Title	Name or Representative	Shareholding	
				Shares (shares)	Percentage
B5-b1-c1-d1-e1	KGI Asia (Holdings) Pte. Ltd.	Director	Wong Hoe Choon Reddy Ooi Bee Leng William Fang Ong Seng Ken Yang Te-Hui	75,749,305	100
B5-b1-c1-d1-e1-f1	KGI Securities (Singapore) Pte. Ltd.	Director	Yi-Yong Mi Wong Hoe Choon Reddy Yen-Chun Lin Ong Seng Ken Lee Howe Yong Wang Shuoshi Yang Te-Hui	137,527,908	100
B5-b1-c1-d2	KGI Limited	Director	Mei-Hui Liao (Note) Wong Hoe Choon Reddy Lin Patrick C	389,239,174	100
B5-b1-c1-d2-e1	Global Treasure Investments Limited	Director	Wong Hoe Choon Reddy	2	100
B5-b1-c1-d2-e2	KGI Asia Limited	Director	Mei-Hui Liao (Note) Wong Hoe Choon Reddy Lin Patrick C Lee Mei Ching Alva Zhao Josie Xi Tai Yiu Kuen Kevin Lau Hung Chuen	95,000,000	100
B5-b1-c1-d2-e3	KGI Investments Management Limited	Director	Wong Hoe Choon Reddy Mei-Hui Liao (Note) Tai Yiu Kuen Kevin Lau Hung Chuen	41,930,600	100
B5-b1-c1-d2-e4	KGI Futures (Hong Kong) Limited	Director	Lee Man Sik Yi-Yong Mi Wong Hoe Choon Reddy Lee Siu Lun Lau Hung Chuen	45,000,000	100
B5-b1-c1-d2-e5	KGI Capital Asia Limited	Director	Mei-Hui Liao (Note) Lee Siu Lun Wong Hoe Choon Reddy	207,962,769	100
B5-b1-c1-d2-e5-f1	KGI Finance Limited	Director	Mei-Hui Liao (Note) Wong Hoe Choon Reddy Lee Siu Lun	42,913,985	100
B5-b1-c1-d2-e5-f2	KGI International (Hong Kong) Limited	Director	Mei-Hui Liao (Note) Wong Hoe Choon Reddy Lin Patrick C Lee Siu Lun	190,000,000	100

Name of Company	Name of Company	Title	Name or Representative	Shareholding	
				Shares (shares)	Percentage
B5-b1-c1-d2-e5-f3	PT. KGI Sekuritas Indonesia	Director  Supervisor Supervisor Independent Supervisor	Antony Kristanto Robby Winindo Low Chung Kiat Albert Ding Steve Wang Hery Adriawan Zainal	99,000	99
B5-b1-c1-d2-e6	KGI Hong Kong Limited	Director	Mei-Hui Liao (Note) Wong Hoe Choon Reddy Michael Hsin Yang Chen Lee Howe Yong Karen Ng	15,000	100
B5-b1-c1-d2-e7	KGI International Finance Limited	Director	Mei-Hui Liao (Note) Wong Hoe Choon Reddy Choi Hoi Chung Jason	10,000,000	100
B5-b1-c1-d2-e8	KGI Asset Management Limited	Director	Wong Hoe Choon Reddy Yen-Chun Lin Tai Yiu Kuen Kevin Lau Hung Chuen	64,200	100
B5-b1-c1-d2-e9	KGI Nominees (Hong Kong) Limited	Director	Wong Hoe Choon Reddy Tai Yiu Kuen Kevin	3	100
B6	KGI Venture Capital Co. Ltd.	Director: KGI Securities (Chairman)  Supervisor: KGI Securities President	Jocelyn Huang Steve Wang Yen-Chun Lin Jill Liu Chun-Che Chen	80,000,000	100

Note: Mei-Hui Liao resigned as a director on March 18, 2023. Paul Yang succeeded as a director of KGI International Holdings Limited on March 28, 2023.

December 31, 2022

Index	Name of Company	Title	Name or Representative	Shareholding (shares)	
					Percentage
C1	CDIB Management Consulting Corporation	Director: KGI Bank  Supervisor: KGI Bank	Amy Tsao Chris Sun Wen-Yan Hsu Sandra Yao	153,171,873	100
C1-b1	CDC Finance & Leasing Corporation	Director: CDIB Management Consulting Corporation  Supervisor Supervisor President	Amy Tsao Xiao-Xiu Lin Janet Sheng Chris Sun Terry Yang Sandra Yao Wen-Yan Hsu Xiao-Xiu Lin	76,704,787	100
C1-b2	CDIB International Leasing Co.	Director: CDIB Management Consulting Corporation  Supervisor: CDIB Management Consulting Corporation	Qian Lee Hua Chris Sun Wen-Yan Hsu Kiki Shih	None	100



### 8.1.5 Performance of affiliated enterprises:

#### ◎ China Development Financial Holding Corporation

Date: December 31, 2022

Unit: NT\$ 1,000

Reference	Name	Capital stock	Total assets	Total liabilities	Net Worth	Operating revenue	Profit from operations	Net Income	Earnings Per Share (in dollar)
A	CDIB Capital Group	20,411,159	33,480,945	5,084,147	28,396,798	(245,806)	(584,103)	(320,336)	(0.16)
B	KGI Securities Co., Ltd.	18,787,366	243,284,260	190,084,548	53,199,712	13,807,505	2,365,801	3,627,566	1.61
C	KGI Bank	46,061,623	764,017,418	702,551,967	61,465,451	13,074,889*	13,074,889*	6,000,010	1.30
D	China Development Asset Management Corporation	1,133,600	1,950,658	309,423	1,641,235	167,425	56,662	275,862	2.43
E	China Life Insurance Co., Ltd.	49,206,531	2,347,084,850	2,240,424,908	106,659,942	239,765,499	16,526,226	13,159,019	2.67

Note\*: It is "Net revenue".

#### ◎ CDIB Capital Group

Date: December 31, 2022

Unit: NT\$ 1,000

Reference	Name	Capital stock	Total assets	Total liabilities	Net Worth	Operating revenue	Profit from operations	Net Income	Earnings Per Share (in dollar)
A1	CDIB Capital Management Corporation	230,939	831,823	319,587	512,236	260,148	29,388	28,329	1.23
A1-b1	CDIB Private Equity (Hong Kong) Corporation Limited	204,382	349,088	655	348,433	13,898	12,971	13,109	-
A1-b1-c1	CDIB Private Equity (China) Corporation	201,168	314,000	28,287	285,713	34,846	12,109	12,721	-
A1-b1-c1-d1	CDIB Private Equity (Fujian) Co., Ltd.	44,078	119,479	32,437	87,042	47,749	9,567	10,981	-
A1-b1-c1-d2	CDIB Yida Private Equity (Kunshan) Co., Ltd.	30,855	157,154	65,858	91,296	84,580	2,031	2,910	-
A1-b1-c1-d3	CDIB Private Equity (Kunshan) Corporation	13,223	6,931	3,943	2,988	0	(9,994)	(8,164)	-
A1-b1-c1-d4	CDIB Guoke Private Equity (Kunshan) Co., Ltd.	44,078	44,580	255	44,325	0	(270)	470	-
A1-b1-c2	CDIB Private Equity Management (Fujian) Enterprise (Limited Partnership)	52,894	49,763	371	49,392	2,216	1,634	2,097	-
A1-b1-c3	CPEC Yida Private Equity (Kunshan) Enterprise (Limited Partnership)	52,894	53,413	279	53,134	234	(69)	18	-
A1-b2	CDIB Capital Innovation Advisors Corporation	20,000	35,651	11,607	24,044	30,714	2,705	2,317	1.16
A2	CDIB Venture Capital Corporation	5,354,937	6,678,136	747,733	5,930,403	497,526	429,430	385,533	0.72
A3	CDIB Venture Capital (Hong Kong) Corporation Limited	3,642,650	3,457,043	10	3,457,033	116,989	110,712	34,406	-

Reference	Name	Capital stock	Total assets	Total liabilities	Net Worth	Operating revenue	Profit from operations	Net Income	Earnings Per Share (in dollar)
A4	CDIB Capital International Corporation	144,328	1,057,576	617,742	439,834	761,067	234,182	237,615	-
A4-b1	CDIB Capital International (Hong Kong) Corporation Limited	60,645	352,055	143,553	208,502	307,425	30,466	25,652	-
A4-b2	CDIB Capital International (USA) Corporation	25	138,153	36,586	101,567	82,163	6,784	5,604	-
A4-b3	CDIB Capital Asia Partners Limited	3	221	160	61	12	(562)	(563)	-
A4-b4	CDIB Intelligence Partners Limited (Note1)	0	0	0	0	0	0	0	-
A4-b5	CDIB Buyout Partners Limited	154	3,585	180	3,405	0	(570)	(564)	-
A4-b6	CDIB Asia Secured Credit Opportunities GP Ltd. (Note2)	0	0	0	0	0	(320)	437	-
A5	CDIB Capital Investment I Limited	4,078,022	8,248,318	470,846	7,777,472	(533,081)	(707,662)	(520,488)	-
A5-b1	SCBS 1 Holding Corporation	0	70,057	2,142	67,915	(18,666)	(21,077)	(21,157)	-
A5-b2	CDIB X Finance I Holding Limited	169	79,086	7,597	71,489	0	(99,216)	(91,515)	-
A6	CDIB Capital Investment II Limited	1,381,860	1,610,685	3,324	1,607,361	(74,275)	(129,722)	(125,818)	-
A6-b1	CDIB TMK Finance Holding Limited	589	655,894	3,147	652,747	30,768	31,604	65,736	-
A7	CDIB Global Markets Limited	2,618,829	5,581,191	2,323	5,578,868	544,124	223,215	284,753	-

Note 1: CDIB Intelligence Partners Limited conducted registration establishment on February 28, 2020, however, CDIB Intelligence Partners Limited had not invested any capital as of December 31, 2022.

Note 2: CDIB Asia Secured Credit Opportunities GP Ltd. conducted registration establishment on September 9, 2021, however, CDIB Asia Secured Credit Opportunities GP Ltd. had not invested any capital as of December 31, 2022.

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Date: December 31, 2022

Unit: NT\$ 1,000

Reference	Name	Capital stock	Total assets	Total liabilities	Net Worth	Operating revenue	Profit from operations	Net Income	Earnings Per Share (in dollar)
B1	KGI Futures Co., Ltd.	1,685,564	35,382,692	31,391,889	3,990,803	2,705,985	327,285	640,008	3.80
B1-b1	KGI Information Technology Co., Ltd.	5,000	5,160	1,065	4,095	0	(512)	(476)	(0.95)
B2	KGI Securities Investment Trust Co., Ltd.	300,000	673,037	116,374	556,663	668,138	113,674	97,951	3.27
B3	KGI Securities Investment Advisory Co., Ltd.	50,000	157,993	78,755	79,238	235,169	40,403	33,587	6.72
B4	KGI Insurance Brokers Co., Ltd.	5,000	118,077	58,604	59,473	349,029	61,371	49,473	98.95
B5	Richpoint Company Limited	2,851,925	17,331,498	1,875,535	15,455,963	0	(42,807)	410,273	-

Reference	Name	Capital stock	Total assets	Total liabilities	Net Worth	Operating revenue	Profit from operations	Net Income	Earnings Per Share (in dollar)
B5-b1	KG Investments Holdings Limited	4,816,985	17,035,878	170,454	16,865,424	(7)	(288)	465,352	-
B5-b1-c1	KGI International Holdings Limited	6,425,596	25,351,248	8,344,960	17,006,288	51	(151,484)	465,640	-
B5-b1-c1-d1	KGI International Limited	2,503,062	2,154,223	55	2,154,168	0	(12)	(12)	-
B5-b1-c1-d1-e1	KGI Asia (Holdings) Pte. Ltd.	2,326,110	5,234,343	2,682,480	2,551,863	2,514	(58,117)	257,295	-
B5-b1-c1-d1-e1-f1	KGI Securities (Singapore) Pte. Ltd.	3,143,888	42,574,357	39,874,100	2,700,257	1,286,225	(112,925)	117,725	-
B5-b1-c1-d2	KGI Limited	11,952,757	13,919,697	0	13,919,697	0	0	0	-
B5-b1-c1-d2-e1	Global Treasure Investments Limited	0	0	0	0	0	0	0	-
B5-b1-c1-d2-e2	KGI Asia Limited	2,917,260	38,486,596	28,333,551	10,153,045	1,440,639	1,204,951	149,392	-
B5-b1-c1-d2-e3	KGI Investments Management Limited	165,123	32,394	405	31,989	91,032	90,745	(9,818)	-
B5-b1-c1-d2-e4	KGI Futures (Hong Kong) Limited	1,381,860	5,403,911	3,065,366	2,338,545	156,527	144,638	(4,184)	-
B5-b1-c1-d2-e5	KGI Capital Asia Limited	6,386,121	6,423,726	5	6,423,721	7	7	285	-
B5-b1-c1-d2-e5-f1	KGI Finance Limited	1,317,803	931,301	1,427	929,874	147	144	(27,006)	-
B5-b1-c1-d2-e5-f2	KGI International (Hong Kong) Limited	5,834,520	40,175,505	33,791,161	6,384,344	804,214	236,389	63,044	-
B5-b1-c1-d2-e5-f3	PT KGI Sekuritas Indonesia	200,000	1,604,944	1,231,884	373,060	138,237	(40,590)	13,772	-
B5-b1-c1-d2-e6	KGI Hong Kong Limited	461	900,766	1,070,484	(169,718)	(7,383)	(2,216,675)	47,910	-
B5-b1-c1-d2-e7	KGI International Finance Limited	307,080	410,346	18	410,328	36	32	7,861	-
B5-b1-c1-d2-e8	KGI Asset Management Limited	50,565	48,800	0	48,800	135	127	420	-
B5-b1-c1-d2-e9	KGI Nominees (Hong Kong) Limited	0	0	0	0	0	0	0	-
B6	KGI Venture Capital Co., Ltd.	800,000	708,622	17,192	691,430	(231,938)	(245,787)	(212,952)	(2.66)

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December 31, 2022  
Unit: NT\$ 1,000

Reference	Name	Capital stock	Total assets	Total liabilities	Net Worth	Operating revenue	Profit from operations	Net Income	Earnings Per Share (in dollar)
C1	CDIB Management Consulting Corporation	1,531,719	1,065,441	50,293	1,015,148	87,591	86,149	92,147	0.60
C1-b1	CDC Finance & Leasing Corp.	767,048	6,851,907	5,948,720	903,187	347,766	78,883	70,074	0.91
C1-b2	CDIB International Leasing Corp.	827,562	155,778	0	155,778	0	29,858	32,519	-

**8.2 Any private placement of securities in the recent years up to the publication of this annual report**

None

### 8.3 The shares in the Financial Holding Company held or disposed of by subsidiaries in the recent years up to the publication of this annual report

Subsidiary name (Note 1)	Paid in Capital (NT\$1,000)	Fund Source	Shareholding Ratio of the Company	Date of Acquisition or Disposition	Shares and Amount Acquired (Note 2)	Shares and Amount Disposed of (Note 2)	Investment Gain (Loss)	Shareholdings and Amount in Most Recent Year (Note 3)	Pledged by the Subsidiary
KGI Securities Co., Ltd.	18,787,366	-	100%	2022	-	340,713,669 Common Shares 6,388,381,000 310,901,223 Preferred Shares 2,922,471,000 Note	-	-	-
				As of the date of publication of this report in 2023 (3/31)	-	-	-	-	-

Note: The subsidiary KGI Securities held 425,892,087 common shares of China Life Insurance Co., Ltd. before the share conversion between the Company and China Life Insurance Co., Ltd. On the share conversion base date of December 30, 2021, these shares were converted into 340,713,669 common shares and 310,901,223 preferred shares of the Company. The subsidiary KGI Securities, in accordance with the development strategy and overall capital allocation plan of the Company, has implemented a reduction of capital to return funds to the Company to improve capital utilization efficiency, and will offset the held 340,713,669 common shares and 310,901,223 special shares of the Company against the capital reduction payment. The transfer and payment of the share capital were completed on April 22, 2022, and as of the end of 2022, KGI Securities no longer holds any of the Company's shares.

Title (Note 1)	Name	2022		As of the current year up to March 31, 2023	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Major shareholders with over 1% shareholding	KGI Securities	(340,713,669) Common Shares (310,901,223) Preferred Shares	-	-	-

### 8.4 Other important supplementary information

- The Company elected the directors and independent directors of the 8th Board of Directors during the Annual Shareholders' Meeting on June 17, 2022. Please refer to "3. IV (1) Board of Directors Operations".
- The Company's Chairperson, Mr. Chia-Juch Chang, resigned from the positions of Chairperson and Director on September 26, 2022. Mr. Su-Kuo Huang succeeded as Director and was appointed as the Chairperson.

China Development Financial Holding Co., Ltd.

Chairman Su-Kuo Huang

Printed on March 31, 2023

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