

**China Development Financial Holding
Corporation and Subsidiaries**

**Consolidated Financial Statements for the
Six Months Ended June 30, 2023 and 2022 and
Independent Auditors' Report**

INDEPENDENT AUDITORS' REPORT

The Board of Directors and shareholders
China Development Financial Holding Corporation

Opinion

We have audited the accompanying consolidated financial statements of China Development Financial Holding Corporation (the "Corporation") and its subsidiaries (collectively, the "Group"), which comprise the consolidated balance sheets as of June 30, 2023, December 31, 2022 and June 30, 2022, and the related consolidated statements of comprehensive income for the three months ended June 30, 2023 and 2022 and for the six months ended June 30, 2023 and 2022, the consolidated statements of changes in equity and cash flows for the six months then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of June 30, 2023, December 31, 2022 and June 30, 2022, its consolidated financial performance for the three months ended June 30, 2023 and 2022 and for the six months ended June 30, 2023 and 2022, and its consolidated cash flows for the six months ended June 30, 2023 and 2022 in accordance with the Regulations Governing the Preparation of Financial Reports by Financial Holding Companies, Regulations Governing the Preparation of Financial Reports by Public Banks, Regulations Governing the Preparation of Financial Reports by Securities Firms, Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants, Regulations Governing the Preparation of Financial Reports by Securities Issuers, Regulations Governing the Preparation of Financial Reports by Insurance Enterprises, and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China (ROC).

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the Group for the six months ended June 30, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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, the present market situation and forward-looking information. The estimation of impairment requires the use of critical judgments and estimates, and impairment has a significant impact on the financial statements; therefore, the impairment of discounts and loans is deemed to be a key audit matter for the six months ended June 30, 2023.

Refer to Notes 4, 5 and 52 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 obtained an understanding of 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 were in conformity to IFRS 9 and appropriately reflected the actual situation of the discounts and loans. We selected samples of discounts and loans and evaluated the reasonableness of the 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 are based on the principles embodied in the relevant laws and regulations, which cover the unique risk exposure, product characteristics and experiences of the 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 from 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 the insurance liabilities and the liability adequacy reserve, we considered the insurance liabilities and the liability adequacy reserve to be key audit matters for the six months ended June 30, 2023.

Refer to Notes 4, 5, 32 and 51 for the relevant accounting policy, critical accounting judgments, and estimation uncertainty, and disclosures of the assessment of insurance liabilities and liability adequacy reserve.

We obtained an understanding of and assessed China Life Insurance’s internal controls related to insurance liabilities and liability adequacy reserves. We requested that our internal actuarial specialists assist 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 and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the ROC, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors’ Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors’ report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the 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 group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the six months ended June 30, 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

August 21, 2023

Notice to Readers

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

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

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

ASSETS	June 30, 2023		December 31, 2022		June 30, 2022	
	Amount	%	Amount	%	Amount	%
CASH AND CASH EQUIVALENTS (Note 6)	\$ 67,647,898	2	\$ 132,489,379	4	\$ 113,706,203	3
DUE FROM THE CENTRAL BANK AND CALL LOANS TO FINANCIAL INSTITUTIONS (Notes 7 and 47)	60,569,163	2	54,451,552	2	26,388,514	1
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 8, 9, 18, 46 and 47)	557,986,028	15	466,530,498	13	493,781,790	14
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (Notes 10, 18, 47 and 52)	258,509,400	7	215,165,592	6	413,024,652	12
DEBT INVESTMENTS MEASURED AT AMORTIZED COST (Notes 11, 18, 46, 47 and 52)	1,665,238,933	45	1,678,606,935	47	1,421,342,132	41
FINANCIAL ASSETS FOR HEDGING (Note 12)	1,685,211	-	2,511,620	-	2,251,825	-
SECURITIES PURCHASED UNDER RESELL AGREEMENTS (Note 13)	59,421,667	2	31,770,532	1	31,665,158	1
RECEIVABLES, NET (Notes 14, 46, 47 and 52)	152,530,657	4	111,420,657	3	136,787,306	4
CURRENT TAX ASSETS (Note 4)	123,215	-	148,379	-	181,485	-
DISCOUNTS AND LOANS, NET (Notes 15, 46 and 52)	424,157,211	11	427,835,924	12	421,726,548	12
REINSURANCE ASSETS, NET (Note 16)	899,603	-	1,016,200	-	910,778	-
INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD, NET (Notes 17 and 18)	21,356,339	1	20,100,667	1	18,775,109	1
OTHER FINANCIAL ASSETS (Notes 19, 46 and 47)	177,288,450	5	166,905,284	5	163,274,603	5
INVESTMENT PROPERTY, NET (Notes 20 and 47)	57,954,888	2	58,626,748	2	50,148,715	1
PROPERTY AND EQUIPMENT, NET (Notes 21 and 47)	33,638,851	1	33,670,962	1	34,347,474	1
RIGHT-OF-USE ASSETS, NET (Notes 22 and 47)	12,385,959	-	12,623,300	-	12,598,012	-
INTANGIBLE ASSETS, NET (Note 23)	18,067,676	-	18,342,534	1	18,541,156	-
DEFERRED TAX ASSETS (Notes 4 and 43)	19,915,604	1	18,068,348	-	19,799,397	1
OTHER ASSETS, NET (Notes 24 and 46)	<u>90,714,628</u>	<u>2</u>	<u>86,863,239</u>	<u>2</u>	<u>104,130,931</u>	<u>3</u>
TOTAL	<u>\$ 3,680,091,381</u>	<u>100</u>	<u>\$ 3,537,148,350</u>	<u>100</u>	<u>\$ 3,483,381,788</u>	<u>100</u>
LIABILITIES AND EQUITY						
LIABILITIES						
Deposits from the Central Bank and financial institutions (Note 25)	\$ 1,091,906	-	\$ 11,972,428	-	\$ 20,522,868	1
Financial liabilities at fair value through profit or loss (Notes 8 and 46)	80,393,336	2	82,361,141	2	96,554,850	3
Financial liabilities for hedging (Note 12)	704,447	-	581,359	-	619,039	-
Notes and bonds issued under repurchase agreements (Notes 8, 10, 11 and 26)	129,422,553	4	101,183,895	3	118,377,152	3
Commercial paper payable, net (Notes 27 and 47)	35,392,169	1	24,778,477	1	18,253,367	1
Payables (Notes 28 and 46)	115,583,474	3	90,722,635	3	117,128,127	3
Current tax liabilities (Note 4)	1,035,913	-	548,915	-	1,804,237	-
Deposits and remittances (Notes 29 and 46)	553,941,366	15	529,644,019	15	469,122,820	13
Bonds payable (Note 30)	91,499,260	3	91,643,007	3	91,770,877	3
Other borrowings (Notes 31 and 47)	30,213,485	1	23,675,664	1	33,166,224	1
Provisions (Notes 4 and 32)	2,105,197,413	57	2,094,580,716	59	2,073,658,223	60
Other financial liabilities (Note 34)	219,628,441	6	205,120,359	6	189,595,543	5
Lease liabilities (Notes 22 and 46)	4,457,486	-	4,603,517	-	4,546,353	-
Deferred tax liabilities (Notes 4 and 43)	15,702,415	-	13,904,031	-	8,106,681	-
Other liabilities (Note 46)	<u>51,796,830</u>	<u>1</u>	<u>53,042,811</u>	<u>1</u>	<u>53,290,546</u>	<u>2</u>
Total liabilities	<u>3,436,060,494</u>	<u>93</u>	<u>3,328,362,974</u>	<u>94</u>	<u>3,296,516,907</u>	<u>95</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT (Notes 35 and 36)						
Capital						
Common stock	168,392,886	5	168,453,886	5	171,938,773	5
Preferred stock	15,821,424	-	15,821,424	-	18,930,436	-
Share capital awaiting retirement	(15,080)	-	-	-	(44,650)	-
Capital surplus	33,515,283	1	33,626,805	1	36,134,488	1
Retained earnings						
Legal reserve	15,613,641	1	13,703,864	-	13,703,864	1
Special reserve	48,976,557	1	410,006	-	421,800	-
Unappropriated earnings	10,890,617	-	50,476,328	2	47,130,110	1
Other	(49,285,667)	(1)	(73,829,040)	(2)	(92,606,409)	(3)
Treasury shares	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(9,071,501)</u>	<u>-</u>
Total equity attributable to owners of the parent	243,909,661	7	208,663,273	6	186,536,911	5
NON-CONTROLLING INTERESTS	<u>121,226</u>	<u>-</u>	<u>122,103</u>	<u>-</u>	<u>327,970</u>	<u>-</u>
Total equity	<u>244,030,887</u>	<u>7</u>	<u>208,785,376</u>	<u>6</u>	<u>186,864,881</u>	<u>5</u>
TOTAL	<u>\$ 3,680,091,381</u>	<u>100</u>	<u>\$ 3,537,148,350</u>	<u>100</u>	<u>\$ 3,483,381,788</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 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2023		2022		2023		2022	
	Amount	%	Amount	%	Amount	%	Amount	%
INTEREST REVENUE (Notes 37 and 46)	\$ 23,880,238	141	\$ 18,921,384	58	\$ 46,625,988	163	\$ 36,374,402	49
INTEREST EXPENSE (Notes 37 and 46)	(5,556,182)	(33)	(1,449,140)	(4)	(10,492,700)	(37)	(2,402,459)	(3)
INTEREST PROFIT, NET	18,324,056	108	17,472,244	54	36,133,288	126	33,971,943	46
NONINTEREST PROFITS AND GAINS, NET								
Service fee and commission, net (Notes 19, 38 and 46)	611,286	4	838,635	2	800,589	3	1,620,238	2
Net income from insurance operations (Notes 39 and 46)	(11,331,971)	(67)	3,828,237	12	(17,068,581)	(60)	13,235,711	18
Gain (loss) on financial assets and liabilities measured at fair value through profit or loss, net (Notes 8, 40 and 46)	(9,161,692)	(54)	(60,299,890)	(185)	17,515,739	61	(98,446,028)	(133)
Realized gain (loss) on financial assets measured at fair value through other comprehensive income (Note 41)	550,791	3	480,140	1	778,838	3	3,419,645	5
Gain (loss) on disposal of financial assets measured at amortized cost (Note 11)	120,816	1	299,222	1	1,007,338	4	418,030	-
Foreign exchange gain (loss), net	20,889,010	124	27,336,329	84	11,538,353	40	60,829,261	82
Gain on reversal of (impairment loss) on assets, net	(406,383)	(3)	(94,160)	-	(397,059)	(1)	(1,616,211)	(2)
Share of the profit (loss) of associates and joint ventures	761,657	4	(444,943)	(1)	1,614,120	6	(647,700)	(1)
Gain (loss) on reclassification using the overlay approach (Note 8)	(3,952,846)	(23)	42,749,928	131	(24,251,948)	(85)	60,765,973	82
Others (Notes 46 and 49)	484,104	3	411,579	1	982,763	3	683,191	1
Total noninterest profits and gains, net	(1,435,228)	(8)	15,105,077	46	(7,479,848)	(26)	40,262,110	54
TOTAL NET REVENUE	16,888,828	100	32,577,321	100	28,653,440	100	74,234,053	100
REVERSAL (ALLOWANCE) FOR BAD DEBTS AND LOSSES ON COMMITMENTS AND GUARANTEES	(34,963)	-	36,503	-	55,353	-	141,222	-
NET CHANGE IN RESERVE FOR INSURANCE LIABILITIES	(1,573,596)	(10)	(18,799,903)	(58)	(2,419,817)	(8)	(41,348,470)	(56)
OPERATING EXPENSES (Notes 22, 33, 42 and 46)								
Employee benefits	(4,814,730)	(28)	(3,849,616)	(12)	(9,574,088)	(33)	(8,679,903)	(12)
Depreciation and amortization	(1,111,874)	(7)	(985,161)	(3)	(2,199,270)	(8)	(1,921,270)	(2)
Other general and administrative expenses	(2,160,031)	(13)	(2,085,390)	(6)	(3,975,911)	(14)	(3,926,990)	(5)
Total operating expenses	(8,086,635)	(48)	(6,920,167)	(21)	(15,749,269)	(55)	(14,528,163)	(19)

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CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

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

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2023		2022		2023		2022	
	Amount	%	Amount	%	Amount	%	Amount	%
NET PROFIT BEFORE INCOME TAX	\$ 7,193,634	42	\$ 6,893,754	21	\$ 10,539,707	37	\$ 18,498,642	25
INCOME TAX EXPENSE (Note 43)	(551,105)	(3)	(2,942,032)	(9)	(392,604)	(1)	(4,866,733)	(7)
NET PROFIT FOR THE PERIOD	6,642,529	39	3,951,722	12	10,147,103	36	13,631,909	18
OTHER COMPREHENSIVE INCOME (LOSS)								
Items that will not be reclassified subsequently to profit or loss, net of income tax								
Share of the other comprehensive income (loss) of associates and joint ventures	(42,116)	-	(906,990)	(3)	202,363	1	(1,212,966)	(2)
Gain (loss) on equity instruments measured at fair value through other comprehensive income	616,022	4	(5,069,459)	(15)	434,127	1	(6,322,949)	(8)
Income tax relating to the items that will not be reclassified subsequently to profit or loss (Note 43)	(101,693)	(1)	12,053	-	155,810	1	302,693	-
Items that will be reclassified subsequently to profit or loss, net of income tax								
Exchange differences on translation of financial statements of foreign operations	394,979	2	965,990	3	102,942	-	2,227,388	3
Share of the other comprehensive income (loss) of associates and joint ventures	117,834	1	229,555	1	79,652	-	427,065	1
Income tax relating to items that may be reclassified subsequently to profit or loss (Note 43)	(152,000)	(1)	4,695,478	14	(1,038,914)	(4)	9,690,849	13
Gain (loss) on debt instruments measured at fair value through other comprehensive income	(466,447)	(3)	(20,036,417)	(62)	832,400	3	(47,567,559)	(64)
Other comprehensive income (loss) on reclassification using the overlay approach (Note 8)	3,952,846	24	(42,749,928)	(131)	24,251,948	85	(60,765,973)	(82)
Other comprehensive income (loss) for the period, net of income tax	4,319,425	26	(62,859,718)	(193)	25,020,328	87	(103,221,452)	(139)
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	\$ 10,961,954	65	\$ (58,907,996)	(181)	\$ 35,167,431	123	\$ (89,589,543)	(121)

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CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

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

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2023		2022		2023		2022	
	Amount	%	Amount	%	Amount	%	Amount	%
NET PROFIT ATTRIBUTABLE TO:								
Owners of parent	\$ 6,640,353	39	\$ 3,944,122	12	\$ 10,142,778	35	\$ 13,617,783	18
Non-controlling interests	<u>2,176</u>	<u>-</u>	<u>7,600</u>	<u>-</u>	<u>4,325</u>	<u>-</u>	<u>14,126</u>	<u>-</u>
	<u>\$ 6,642,529</u>	<u>39</u>	<u>\$ 3,951,722</u>	<u>12</u>	<u>\$ 10,147,103</u>	<u>35</u>	<u>\$ 13,631,909</u>	<u>18</u>
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:								
Owners of parent	\$ 10,962,978	65	\$ (58,913,843)	(181)	\$ 35,165,717	123	\$ (89,607,437)	(121)
Non-controlling interests	<u>(1,024)</u>	<u>-</u>	<u>5,847</u>	<u>-</u>	<u>1,714</u>	<u>-</u>	<u>17,894</u>	<u>-</u>
	<u>\$ 10,961,954</u>	<u>65</u>	<u>\$ (58,907,996)</u>	<u>(181)</u>	<u>\$ 35,167,431</u>	<u>123</u>	<u>\$ (89,589,543)</u>	<u>(121)</u>
EARNINGS PER SHARE (Note 44)								
Basic	<u>\$ 0.40</u>		<u>\$ 0.24</u>		<u>\$ 0.61</u>		<u>\$ 0.81</u>	
Diluted	<u>\$ 0.40</u>		<u>\$ 0.23</u>		<u>\$ 0.60</u>		<u>\$ 0.81</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
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Parent												Other Equity				
	Capital				Capital Surplus	Retained Earnings			Exchange Differences on Translation of Foreign Financial Statements	Unrealized Gains (Losses) on Financial Assets at Fair Value through Other Comprehensive Income	Other Comprehensive Income (Loss) on Reclassification	Equity on Hedging Instruments	Others	Treasury Shares	Total Equity Attributable to Owners of the Parent	Non-controlling Interests	Total Equity
	Common Stock	Preferred Stock	Advance Receipts for Capital Stock	Share Capital Awaiting Retirement		Legal Reserve	Special Reserve	Unappropriated Earnings									
BALANCE AT JANUARY 1, 2022	\$ 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	\$ -	\$ (1,458,485)	\$ (9,071,501)	\$ 292,780,338	\$ 330,414	\$ 293,110,752
Appropriation of the 2021 earnings																	
Legal reserve	-	-	-	-	-	3,668,049	-	(3,668,049)	-	-	-	-	-	-	-	-	-
Special reserve reserved	-	-	-	-	-	-	123,680	(123,680)	-	-	-	-	-	-	-	-	-
Cash dividends - common shares	-	-	-	-	-	-	-	(16,848,554)	-	-	-	-	-	-	(16,848,554)	-	(16,848,554)
Cash dividends - preferred shares	-	-	-	-	-	-	-	(3,077)	-	-	-	-	-	-	(3,077)	-	(3,077)
	-	-	-	-	-	3,668,049	123,680	(20,643,360)	-	-	-	-	-	-	(16,851,631)	-	(16,851,631)
Share of profit or loss of associates and joint ventures accounted for using equity method	-	-	-	-	1	-	-	-	-	-	-	-	-	-	1	-	1
Net profit for the six months ended June 30, 2022	-	-	-	-	-	-	-	13,617,783	-	-	-	-	-	-	13,617,783	14,126	13,631,909
Other comprehensive income (loss) for the six months ended June 30, 2022, net of income tax	-	-	-	-	-	-	-	-	2,647,335	(47,202,814)	(58,674,747)	5,006	-	-	(103,225,220)	3,768	(103,221,452)
Total comprehensive income (loss) for the six months ended June 30, 2022	-	-	-	-	-	-	-	13,617,783	2,647,335	(47,202,814)	(58,674,747)	5,006	-	-	(89,607,437)	17,894	(89,589,543)
Share-based payments	42,175	-	(31,175)	(44,650)	(12,993)	-	-	-	-	-	-	-	263,760	-	217,117	-	217,117
Changes in non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(20,338)	(20,338)
Disposal of equity investments at fair values through other comprehensive income	-	-	-	-	-	-	-	2,135,241	-	(2,135,241)	-	-	-	-	-	-	-
Net changes in special reserve of subsidiaries	-	-	-	-	-	-	-	(1,477)	-	-	-	-	-	-	(1,477)	-	(1,477)
BALANCE AT JUNE 30, 2022	\$ 171,938,773	\$ 18,930,436	\$ -	\$ (44,650)	\$ 36,134,488	\$ 13,703,864	\$ 421,800	\$ 47,130,110	\$ (2,479,214)	\$ (35,669,052)	\$ (53,268,424)	\$ 5,006	\$ (1,194,725)	\$ (9,071,501)	\$ 186,536,911	\$ 327,970	\$ 186,864,881
BALANCE AT JANUARY 1, 2023	\$ 168,453,886	\$ 15,821,424	\$ -	\$ -	\$ 33,626,805	\$ 13,703,864	\$ 410,006	\$ 50,476,328	\$ (1,116,811)	\$ (13,728,907)	\$ (58,042,885)	\$ 3,301	\$ (943,738)	\$ -	\$ 208,663,273	\$ 122,103	\$ 208,785,376
Appropriation of the 2022 earnings																	
Legal reserve	-	-	-	-	-	1,909,777	-	(1,909,777)	-	-	-	-	-	-	-	-	-
Special reserve	-	-	-	-	-	-	48,566,551	(48,566,551)	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	1,909,777	48,566,551	(50,476,328)	-	-	-	-	-	-	-	-	-
Share of profit or loss of associates and joint ventures accounted for using equity method	-	-	-	-	(15,741)	-	-	-	-	-	-	-	-	-	(15,741)	-	(15,741)
Net profit for the six months ended June 30, 2023	-	-	-	-	-	-	-	10,142,778	-	-	-	-	-	-	10,142,778	4,325	10,147,103
Other comprehensive income (loss) for the six months ended June 30, 2023, net of income tax	-	-	-	-	-	-	-	-	184,560	1,669,842	23,167,892	645	-	-	25,022,939	(2,611)	25,020,328
Total comprehensive income (loss) for the six months ended June 30, 2023	-	-	-	-	-	-	-	10,142,778	184,560	1,669,842	23,167,892	645	-	-	35,165,717	1,714	35,167,431
Share-based payments	(61,000)	-	-	(15,080)	(95,781)	-	-	7,200	-	-	-	-	303,139	-	138,478	-	138,478
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(2,591)	(2,591)
Disposal of equity investments at fair values through other comprehensive income	-	-	-	-	-	-	-	782,705	-	(782,705)	-	-	-	-	-	-	-
Net changes in special reserve of subsidiaries	-	-	-	-	-	-	-	(42,066)	-	-	-	-	-	-	(42,066)	-	(42,066)
BALANCE AT JUNE 30, 2023	\$ 168,392,886	\$ 15,821,424	\$ -	\$ (15,080)	\$ 33,515,283	\$ 15,613,641	\$ 48,976,557	\$ 10,890,617	\$ (932,251)	\$ (12,841,770)	\$ (34,874,993)	\$ 3,946	\$ (640,599)	\$ -	\$ 243,909,661	\$ 121,226	\$ 244,030,887

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

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

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

	For the Six Months Ended June 30	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit before income tax	\$ 10,539,707	\$ 18,498,642
Adjustments for reconciliation with net profit		
Depreciation expense	1,449,017	1,236,912
Amortization expense	750,253	685,576
Reversal for bad debts and losses on commitments and guarantees, net	(55,353)	(141,222)
Loss (gain) on financial assets and liabilities measured at fair value through profit or loss, net	(10,049,419)	103,971,153
Interest expense	10,492,700	2,402,495
Interest revenue	(46,625,988)	(36,374,402)
Dividend income	(7,740,006)	(6,114,272)
Net changes in insurance liabilities	9,904,995	73,876,458
Net changes in reserve for changes in foreign exchange valuation	624,310	6,073,447
Compensation cost for share-based payments	131,278	217,117
Share of loss (profit) of associates and joint ventures	(1,614,982)	648,291
Loss (gain) on reclassification using the overlay approach	24,251,948	(60,765,973)
Gain on disposal of investments	(1,489,988)	(4,279,256)
Impairment loss on financial assets	396,608	1,546,529
Others	(40,624)	35,171
Changes in operating assets and liabilities		
Due from the Central Bank and call loans to financial institutions	514,356	(2,236,389)
Financial assets at fair value through profit or loss	(47,608,521)	(4,688,534)
Financial assets at fair value through other comprehensive income	(40,539,774)	41,947,857
Debt investments measured at amortized cost	14,261,227	(195,600,392)
Securities purchased under resell agreements	(2,885,161)	(108,611)
Receivables	(37,256,050)	(1,551,224)
Discounts and loans	3,811,208	(14,048,145)
Other financial assets	(4,360,084)	(11,391,205)
Other assets	5,922,056	(2,004,243)
Deposits from the Central Bank and financial institutions	(10,880,522)	(300,678)
Financial liabilities at fair value through profit or loss	(36,405,895)	1,537,094
Notes and bonds issued under repurchase agreements	28,238,658	16,492,342
Payables	28,819,201	(3,452,840)
Deposits and remittances	24,297,347	(14,379,637)
Other financial liabilities	5,929,149	20,043,471
Other liabilities	(1,242,343)	(25,925,683)
Cash used in operations	(78,460,692)	(94,150,151)
Interest received	38,305,065	31,730,589
Dividends received	4,046,904	3,431,972
		(Continued)

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

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

	For the Six Months Ended June 30	
	2023	2022
Interest paid	\$ (12,303,236)	\$ (1,385,062)
Income tax paid	<u>(841,348)</u>	<u>(5,040,986)</u>
Net cash used in operating activities	<u>(49,253,307)</u>	<u>(65,413,638)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of financial assets at fair value through other comprehensive income	-	100,000
Acquisition of financial assets measured at amortized cost	(700,460)	(372,230)
Acquisition of financial assets at fair value through profit or loss	(235,220)	(1,580,772)
Proceeds of financial assets at fair value through profit or loss	112,117	-
Acquisition of investments accounted for using equity method	(136,269)	(359,539)
Proceeds from capital reduction of investments accounted for using the equity method	350,051	245,721
Acquisition of property and equipment	(397,767)	(727,543)
Acquisition of investment properties	(36,318)	(15,169,214)
Proceeds from disposal of investment properties	231,679	104,642
Others	<u>(26,950)</u>	<u>123,157</u>
Net cash used in investing activities	<u>(839,137)</u>	<u>(17,635,778)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	7,737,746	9,858,680
Decrease in funds from the Central Bank and financial institutions	-	(129,490)
Increase (decrease) in commercial paper payable	10,613,692	(2,960,873)
Repayments of corporate bonds	(20,000)	(60,000)
Proceeds from long-term borrowings	800,084	1,100,033
Repayments of long-term borrowings	(2,000,009)	(350,012)
Repayments of the principal portion of lease liabilities	(447,440)	(432,284)
Net changes in non-controlling interests	(2,591)	(19,674)
Others	<u>7,200</u>	<u>(194)</u>
Net cash generated from financing activities	<u>16,688,682</u>	<u>7,006,186</u>
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	<u>(39,778)</u>	<u>365,213</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	<u>(33,443,540)</u>	<u>(75,678,017)</u>
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>200,161,850</u>	<u>230,064,311</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 166,718,310</u>	<u>\$ 154,386,294</u>

(Continued)

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

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

Reconciliation of the amounts in the consolidated statements of cash flows with the equivalent items reported in the consolidated balance sheets as of June 30, 2023 and 2022:

	June 30	
	2023	2022
Cash and cash equivalents in consolidated balance sheets	\$ 67,647,898	\$ 113,706,203
Due from the Central Bank and call loans to banks which qualify as cash and cash equivalents as defined in IAS 7	43,048,420	9,178,569
Securities purchased under agreements to resell which qualify as cash and cash equivalents as defined in IAS 7	<u>56,021,992</u>	<u>31,501,522</u>
Cash and cash equivalents in consolidated statements of cash flows	<u>\$ 166,718,310</u>	<u>\$ 154,386,294</u>

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 SIX MONTHS ENDED JUNE 30, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

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 domestic and overseas 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 Company 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 were authorized to exercise the rights on behalf of the shareholders, 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 June 30, 2023, 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 June 30, 2023, KGI Bank had an international banking department, a trust department, an 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 June 30, 2023, 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.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the board of directors and authorized for issue on August 21, 2023.

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

- a. Initial application of 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 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 2024

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
Amendments to IFRS 16 "Leases Liability in a Sale and Leaseback"	January 1, 2024 (Note 2)
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
Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements"	January 1, 2024 (Note 3)

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

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

Note 3: The amendments provide some transition relief regarding disclosure requirements.

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.

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 other 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. The IFRSs in issue but not yet endorsed and issued into effect by the FSC

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

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

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

- 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) 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 that 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 that 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 recognized 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 the initial application of IFRS 17, the enterprise could choose to apply the classification overlay method on the basis of individual financial asset 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 of the application of other standards and interpretations on the Group's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

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 IAS 34 "Interim Financial Reporting" endorsed by the FSC. Disclosure information included in the interim financial report is less than disclosures required in a full set of annual financial report.

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 entities incorporated in the consolidated financial statements includes the Corporation and its subsidiaries. All significant intra-group transactions, balances, and unrealized income and expenses are 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 June 30, 2023, December 31, 2022 and June 30, 2022, the consolidated entities included in the consolidated financial statements included 60, 59 and 59 companies, respectively (refer to the attached Table 7).

Financial Instruments

Financial assets and financial liabilities are recognized when the Corporation and its subsidiaries become 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 50.

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. 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 amounts 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 the Order No. 10300329440 issued by the FSC, for the Bank to have an enhanced risk coverage toward collateral and exposures in Mainland China, the minimum provision for the loan loss reserve is 1.5% of the mortgage and construction loans that have been classified as normal assets before 2016. Based on the Order No. 10410001840 issued by the FSC, for the Bank to have an enhanced control of the exposure to the risk in Mainland China, the minimum provision for the credit loss reserve is 1.5% of the credit include short-term trade finance that were granted to companies based in Mainland China before 2015 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 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 Company to raise loan loss provision for specific loan assets in specified criteria and deadlines.

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-852367814. 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-800484251, 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 needs 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 Company 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 Company 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 Company 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.

Other Significant Accounting Policy

Except for the following description, the accounting policies of the consolidated financial statements are applied consistently with the consolidated financial statements for the year ended December 31, 2022.

Retirement Benefit Costs

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant plan amendments, settlements, or other significant one-off events.

Income Tax Expense

Income tax expense represents the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated by applying to an interim period’s pre-tax income the tax rate that would be applicable to expected total annual earnings. The effect of a change in tax rate resulting from a change in tax law is recognized consistent with the accounting for the transaction itself which gives rise to the tax consequence, and is recognized in profit or loss, other comprehensive income or directly in equity in full in the period in which the change in tax rate occurs.

5. MATERIAL 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 on 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 estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect 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. Furthermore, the estimate of the probability of default and the loss given default are subject to greater uncertainties in the current year due to impact of fluctuations in market interest rate on credit risk of financial assets.

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

	June 30, 2023	December 31, 2022	June 30, 2022
Cash in banks	\$ 54,738,175	\$ 115,770,216	\$ 101,390,731
Due from banks	6,040,568	9,047,945	5,379,231
Others	<u>6,869,155</u>	<u>7,671,218</u>	<u>6,936,241</u>
	<u>\$ 67,647,898</u>	<u>\$ 132,489,379</u>	<u>\$ 113,706,203</u>

Cash and cash equivalents as of December 31, 2022 as shown in the consolidated statement of cash flows can be reconciled to the related items in the balance sheets as follows; refer to the consolidated statement of cash flows for the reconciliation information as of June 30, 2023 and 2022.

	December 31, 2022
Cash and cash equivalents in consolidated balance sheet	\$ 132,489,379
Due from the Central Bank and call loans to financial institutions which qualify as cash and cash equivalents as defined in IAS 7	36,416,453
Securities purchased under agreements to resell which qualify as cash and cash equivalents as defined in IAS 7	<u>31,256,018</u>
Cash and cash equivalents in consolidated statement of cash flow	<u>\$ 200,161,850</u>

7. DUE FROM THE CENTRAL BANK AND CALL LOANS TO FINANCIAL INSTITUTIONS

	June 30, 2023	December 31, 2022	June 30, 2022
Call loans to financial institutions	\$ 39,438,449	\$ 30,930,435	\$ 6,507,289
Deposit reserve - demand accounts	12,782,416	12,357,783	11,719,304
Deposit reserve - checking accounts	4,422,046	7,449,871	4,599,366
Due from the Central Bank - interbank settlement funds	3,708,307	3,513,861	3,402,035
Deposit reserve - foreign currencies	<u>217,945</u>	<u>199,602</u>	<u>160,520</u>
	<u>\$ 60,569,163</u>	<u>\$ 54,451,552</u>	<u>\$ 26,388,514</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 of deposit issued by the Central Bank of the ROC that have been pledged as collaterals for the Group, refer to Note 47.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	June 30, 2023	December 31, 2022	June 30, 2022
Financial assets mandatorily classified as at <u>FVTPL</u>			
Derivative financial instruments			
Currency swap and forward exchange contracts	\$ 25,107,934	\$ 28,140,433	\$ 28,102,239
Interest rate swap contracts	5,392,561	4,611,293	4,592,133
Options and futures contracts	5,280,461	3,438,702	5,163,159
Others	2,053,253	2,873,489	975,287
Non-derivative financial assets			
Mutual funds	192,415,293	150,659,496	158,412,965
Shares	170,819,646	147,792,867	166,696,242
Operating securities (Note 9)	85,461,926	66,057,236	65,436,760
Bank debentures	41,755,366	40,941,879	38,346,472
Commercial paper	14,677,681	6,990,203	9,071,342
Corporate bonds	6,064,804	5,802,753	7,848,798
Others	<u>414,777</u>	<u>692,545</u>	<u>726,951</u>
	<u>549,443,702</u>	<u>458,000,896</u>	<u>485,372,348</u>
<u>Financial assets designated as at FVTPL</u>			
Government bonds	-	1,497,931	1,970,892
Others	<u>8,542,326</u>	<u>7,031,671</u>	<u>6,438,550</u>
	<u>8,542,326</u>	<u>8,529,602</u>	<u>8,409,442</u>
Financial assets at FVTPL	<u>\$ 557,986,028</u>	<u>\$ 466,530,498</u>	<u>\$ 493,781,790</u>

(Continued)

	June 30, 2023	December 31, 2022	June 30, 2022
<u>Financial liabilities held for trading</u>			
Derivative financial instrument			
Currency swap and forward exchange contracts	\$ 33,257,827	\$ 21,923,738	\$ 32,355,266
Non-deliverable forward contracts	11,657,964	5,983,802	12,174,188
Options and futures contracts	6,398,702	3,718,993	4,775,317
Interest rate swap contracts	4,795,734	4,665,222	5,121,701
Others	6,453,500	5,904,836	5,767,218
Non-derivative financial liabilities			
Borrowed securities payable	7,171,523	15,236,891	10,676,893
Others	<u>1,381,205</u>	<u>469,557</u>	<u>335,009</u>
	<u>71,116,455</u>	<u>57,903,039</u>	<u>71,205,592</u>
<u>Financial liabilities designated as at FVTPL</u>			
Structured products	9,275,930	13,427,696	14,646,787
Bank debentures payable	-	11,029,589	10,701,633
Others	<u>951</u>	<u>817</u>	<u>838</u>
	<u>9,276,881</u>	<u>24,458,102</u>	<u>25,349,258</u>
Financial liabilities at FVTPL	<u>\$ 80,393,336</u>	<u>\$ 82,361,141</u>	<u>\$ 96,554,850</u> (Concluded)

As of December 31, 2022 and June 30, 2022, bank debentures issued by the Group designated as at FVTPL were as follows:

Bank Debenture Number	December 31, 2022	June 30, 2022	Issuance Period	Method of Paying Principles and Interests	Interest Rate
P18KGIB1	\$ 6,141,600	\$ 5,945,200	January 30, 2018 - January 30, 2048 (Note)	Principal due on maturity	0%
P18KGIB2	<u>4,913,280</u>	<u>4,756,160</u>	February 27, 2018 - February 27, 2048 (Note)	Principal due on maturity	0%
	11,054,880	10,701,360			
Valuation adjustments	<u>(25,291)</u>	<u>273</u>			
	<u>\$ 11,029,589</u>	<u>\$ 10,701,633</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

	June 30, 2023	December 31, 2022	June 30, 2022
Mutual funds	\$ 187,947,826	\$ 146,941,589	\$ 154,762,443
Shares	157,817,235	134,671,411	154,718,715
Bank debentures	41,372,536	40,468,179	36,609,848
Corporate bonds	<u>5,174,223</u>	<u>4,924,526</u>	<u>5,097,921</u>
	<u>\$ 392,311,820</u>	<u>\$ 327,005,705</u>	<u>\$ 351,188,927</u>

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

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Gain (loss) on application of IFRS 9	\$ 12,173,742	\$ (35,769,543)	\$ 36,506,824	\$ (45,414,061)
Loss (gain) on application of IAS 39	<u>(8,220,896)</u>	<u>(6,980,385)</u>	<u>(12,254,876)</u>	<u>(15,351,912)</u>
Gain (loss) on reclassification using the overlay approach	<u>\$ 3,952,846</u>	<u>\$ (42,749,928)</u>	<u>\$ 24,251,948</u>	<u>\$ (60,765,973)</u>

Due to the adjustments of the overlay approach, loss on financial assets measured at FVTPL increased from \$9,161,692 thousand to loss of \$13,114,538 for the three months ended June 30, 2023; and loss on financial assets measured at FVTPL decreased from \$60,299,890 thousand to loss of \$17,549,962 thousand for the three months ended June 30, 2022. The gain on financial assets measured at FVTPL decreased from \$17,515,739 thousand to a loss of \$6,736,209 thousand for the six months ended June 30, 2023; the loss on financial assets measured at FVTPL decreased from \$98,446,028 thousand to a loss of \$37,680,055 for the six months ended June 30, 2022.

The contract (nominal) amounts of the Group's outstanding derivative financial instruments as of June 30, 2023, December 31, 2022 and June 30, 2022 are summarized as follows:

	June 30, 2023	December 31, 2022	June 30, 2022
Currency swap and forward exchange contracts	\$ 2,252,920,322	\$ 2,074,150,069	\$ 1,883,750,940
Interest rate swap contracts	624,666,185	519,646,961	452,687,183
Non-deliverable forward contracts	367,201,675	318,535,556	321,958,595
Options and futures contracts	240,205,410	179,725,036	299,319,507
Assets swap contracts	23,622,117	25,167,808	18,198,067
Structured products contracts	16,812,034	19,382,017	20,832,912
Cross-currency swap contracts	5,174,857	9,273,753	13,672,906
Credit default swap contracts	1,405,895	2,107,432	2,474,454
Commodity swap contracts	256,029	227,291	209,366

As of June 30, 2023, December 31, 2022 and June 30, 2022, financial assets at fair value through profit or loss with aggregate carrying values of \$51,452,446 thousand, \$36,424,553 thousand and \$37,386,154 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, refer to Note 47.

9. OPERATING SECURITIES

	June 30, 2023	December 31, 2022	June 30, 2022
Dealing			
Overseas securities	\$ 16,419,660	\$ 12,321,257	\$ 10,099,575
Corporate bonds	16,033,852	16,017,148	12,512,147
Listed, OTC and emerging market stock	11,553,154	3,684,237	8,082,493
Government bonds	3,247,781	2,308,172	652,882
Others	<u>3,425,653</u>	<u>1,465,149</u>	<u>2,028,020</u>
	<u>50,680,100</u>	<u>35,795,963</u>	<u>33,375,117</u>
Underwriting			
Corporate bonds	951,760	660,260	1,854,303
Listed, OTC and emerging market stock	<u>75,376</u>	<u>508,486</u>	<u>129,482</u>
	<u>1,027,136</u>	<u>1,168,746</u>	<u>1,983,785</u>
Hedge positions			
Corporate bonds	19,370,082	15,262,986	14,922,120
Listed, OTC and emerging market stock	6,843,020	2,858,719	1,869,830
Overseas securities	4,735,363	8,661,021	10,653,041
Mutual funds	2,307,239	1,776,425	2,525,571
Others	<u>498,986</u>	<u>533,376</u>	<u>107,296</u>
	<u>33,754,690</u>	<u>29,092,527</u>	<u>30,077,858</u>
	<u>\$ 85,461,926</u>	<u>\$ 66,057,236</u>	<u>\$ 65,436,760</u>

10. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	June 30, 2023	December 31, 2022	June 30, 2022
Investments in debt instruments at FVTOCI			
Corporate bonds	\$ 81,910,394	\$ 59,751,651	\$ 97,979,317
Government bonds	68,412,577	58,320,558	116,044,945
Bank debentures	52,995,882	33,080,837	74,628,757
Negotiable certificates of deposit	18,623,894	26,424,348	68,391,041
Others	<u>5,090,882</u>	<u>4,560,922</u>	<u>3,673,345</u>
	<u>227,033,629</u>	<u>182,138,316</u>	<u>360,717,405</u>
Investments in equity instruments at FVTOCI	19,915,056	21,901,389	40,057,999
Common stocks	<u>11,560,715</u>	<u>11,125,887</u>	<u>12,249,248</u>
Preferred stocks	<u>31,475,771</u>	<u>33,027,276</u>	<u>52,307,247</u>
	<u>\$ 258,509,400</u>	<u>\$ 215,165,592</u>	<u>\$ 413,024,652</u>

a. Investments in debt instruments at FVTOCI

As of June 30, 2023, December 31, 2022 and June 30, 2022, investments in debt instruments at FVTOCI, with aggregate carrying values of \$66,077,966 thousand, \$66,591,344 thousand and \$74,336,176 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, refer to Note 47.

For the information regarding credit risk analysis and assessment of impairment on investments in debt instruments at FVTOCI, refer to Note 52.

b. Investments in equity instruments at FVTOCI

For the six months ended June 30, 2023 and 2022, the Group sold its shares in order to manage its investment portfolio. The sold shares had a fair value of \$4,682,317 thousand and \$12,581,605 thousand, respectively. The Group transferred a gain of \$782,705 thousand and a gain of \$2,135,241 thousand from other equity related-unrealized gain on financial assets at fair value through other comprehensive income to retained earnings.

For the three months ended June 30, 2023 and 2022, dividend income was \$252,919 thousand and \$452,936 thousand, respectively, and for the six months ended June 30, 2023 and 2022, dividend income was \$275,681 thousand and \$593,154 thousand, respectively, and those related to investment held as for the six months ended June 30, 2023 and 2022 were \$257,703 thousand and \$259,017 thousand, respectively, and those related to investment derecognized for the six months ended June 30, 2023 and 2022 were \$17,978 thousand and \$334,137 thousand, respectively.

There are no investments in equity instruments at FVTOCI pledged as collateral for the Group.

11. FINANCIAL ASSETS AT AMORTIZED COST

	June 30, 2023	December 31, 2022	June 30, 2022
Bank debentures	\$ 790,470,463	\$ 778,845,092	\$ 708,042,754
Corporate bonds	574,911,282	566,594,548	506,573,598
Government bonds	246,562,462	281,696,443	194,392,015
Others	<u>53,294,726</u>	<u>51,470,852</u>	<u>12,333,765</u>
	<u>\$ 1,665,238,933</u>	<u>\$ 1,678,606,935</u>	<u>\$ 1,421,342,132</u>

As of June 30, 2023, December 31, 2022 and June 30, 2022, investments in debt instruments at amortized cost, with aggregate carrying values of \$2,484,475 thousand, \$797,576 thousand and \$3,767,255 thousand had been sold under repurchase agreements (recognized as notes and bonds issued under repurchase agreements).

For the three months ended June 30, 2023 and 2022 and the six months ended June 30, 2023 and 2022, financial assets at amortized cost are derecognized because the credit risk is increasing, seldomly sold, or both individually and totally amounts are lower than the materiality. The Corporation recognizes the gain on disposal of \$112,787 thousand for the three months ended June 30, 2023 and the gain on disposal of \$295,041 thousand for the three months ended June 30, 2022. The gain on disposal was \$986,937 thousand for the six months ended June 30, 2023. The gain on disposal was \$410,439 thousand for the six months ended June 30, 2022.

For the information on investments in debt instruments at amortized cost that are pledged as collateral for the Group, refer to Note 47.

For the information regarding credit risk analysis and assessment of impairment on investments in debt instruments at amortized cost, refer to Note 52.

12. FINANCIAL INSTRUMENTS FOR HEDGING

	June 30, 2023	December 31, 2022	June 30, 2022
<u>Financial assets for hedging</u>			
Fair value hedge - interest rate swap	\$ 1,685,211	\$ 2,511,620	\$ 2,251,825
<u>Financial liabilities for hedging</u>			
Fair value hedge - interest rate swap	\$ 704,447	\$ 581,359	\$ 619,039

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.

June 30, 2023

Hedging Instrument	Notional Amount	Maturity	Line Item in Balance Sheet	Carrying Amount	
				Asset	Liability
Fair value hedge					
Interest rate swap contracts	\$ 55,163,981	2024.05.18-2032.08.15	Financial assets and liabilities for hedging	\$ 1,685,211	\$ 704,447
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	\$ 29,270,374	\$ -		\$ (1,932,366)	\$ -
Bank debentures	-	15,179,260		-	(620,740)

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	\$ 34,710,640	\$ -		\$ (2,645,437)	\$ -
Bank debentures	-	15,303,007		-	(496,993)

June 30, 2022

Hedging Instrument	Notional Amount	Maturity	Line Item in Balance Sheet	Carrying Amount	
				Asset	Liability
Fair value hedge					
Interest rate swap contracts	\$ 43,483,824	2024.05.18-2032.05.15	Financial assets and liabilities for hedging	\$ 2,251,825	\$ 619,039
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	\$ 25,499,617	\$ -	\$ (2,284,854)	\$ -	
Bank debentures	-	15,180,877	-	(619,123)	

13. SECURITIES PURCHASED UNDER RESELL AGREEMENTS

	June 30, 2023	December 31, 2022	June 30, 2022
Commercial paper	\$ 24,518,549	\$ 7,710,865	\$ 6,847,821
Corporate bonds	22,718,224	11,458,524	16,543,830
Government bonds	8,022,940	9,522,550	6,894,143
Bank debentures	2,704,380	1,877,648	879,245
Negotiable certificates of deposit	<u>1,457,574</u>	<u>1,200,945</u>	<u>500,119</u>
	<u>\$ 59,421,667</u>	<u>\$ 31,770,532</u>	<u>\$ 31,665,158</u>
Resold amounts	<u>\$ 59,496,475</u>	<u>\$ 31,811,781</u>	<u>\$ 31,678,145</u>
Last maturity date	September 2023	March 2023	September 2022

14. RECEIVABLES, NET

	June 30, 2023	December 31, 2022	June 30, 2022
Receivable accounts for settlement	\$ 48,885,324	\$ 21,372,565	\$ 33,852,815
Margin loans receivable, securities financing refundable deposits and deposits payable for securities financing	29,741,741	24,326,561	29,273,339
Interest receivable	22,891,804	21,849,404	19,322,640
Trading securities receivable	12,219,516	9,221,138	9,615,929
Exchange clearing receivable	9,867,399	6,258,231	10,297,511
Accounts receivable - forfeiting without recourse	8,216,332	11,472,457	12,405,553
Installment accounts receivable and lease payments receivable	6,481,706	6,742,665	6,859,987
Others	<u>17,548,379</u>	<u>13,144,143</u>	<u>17,706,729</u>
	155,852,201	114,387,164	139,334,503
Less: Allowance for bad debts	(2,952,538)	(2,607,190)	(2,197,666)
Unrealized interest revenue	<u>(369,006)</u>	<u>(359,317)</u>	<u>(349,531)</u>
	<u>\$ 152,530,657</u>	<u>\$ 111,420,657</u>	<u>\$ 136,787,306</u>

For the amount of receivables pledged as collateral for the Group, refer to Note 47.

For the information on credit risk management and impairment loss analysis of receivables, refer to Note 52.

15. DISCOUNTS AND LOANS, NET

	June 30, 2023	December 31, 2022	June 30, 2022
Short-term loans	\$ 61,273,565	\$ 67,245,686	\$ 74,340,692
Medium-term loans	235,045,840	233,598,502	221,824,830
Long-term loans	99,459,563	98,693,981	96,832,549
Loans reclassified to nonperforming loans	480,906	520,522	287,391
Export negotiations	16,290	21,719	26,893
Policy loans	27,579,613	27,371,802	27,826,806
Automatic premium loans	<u>5,512,120</u>	<u>5,620,804</u>	<u>5,653,883</u>
	429,367,897	433,073,016	426,793,044
Less: Allowance for bad debts	(5,157,049)	(5,184,878)	(5,011,135)
Discounts on loans	<u>(53,637)</u>	<u>(52,214)</u>	<u>(55,361)</u>
	<u>\$ 424,157,211</u>	<u>\$ 427,835,924</u>	<u>\$ 421,726,548</u>

For the information on credit risk management and impairment loss analysis of discounts and loans, refer to Note 52.

16. REINSURANCE ASSETS, NET

	June 30, 2023	December 31, 2022	June 30, 2022
Claims recoverable from reinsurers	\$ 750,781	\$ 837,792	\$ 770,317
Due from reinsurers and ceding companies	37,722	67,363	30,128
Reinsurance reserve assets			
Ceded unearned premium reserve	68,057	66,877	66,909
Ceded reserve for claims	<u>43,043</u>	<u>44,168</u>	<u>43,424</u>
	<u>111,100</u>	<u>111,045</u>	<u>110,333</u>
	<u>\$ 899,603</u>	<u>\$ 1,016,200</u>	<u>\$ 910,778</u>

No impairment loss was recognized for reinsurance assets.

17. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD, NET

Associates that are not individually material:

	June 30, 2023	December 31, 2022	June 30, 2022
CDIB & Partners Investment Holding Corporation	\$ 5,321,526	\$ 4,621,002	\$ 4,336,822
Suyin KGI Consumer Finance Co., Ltd.	4,614,726	4,459,742	4,284,954
CDIB Capital Asia Partners L.P.	2,877,912	2,633,225	2,876,572
KGI Securities (Thailand) Public Company Limited	2,625,597	2,734,751	2,467,079
CDIB Yida Private Equity (Kunshan) Enterprise (Limited Partnership)	1,048,503	1,129,645	1,119,433
Others	<u>4,868,075</u>	<u>4,522,302</u>	<u>3,690,249</u>
	<u>\$ 21,356,339</u>	<u>\$ 20,100,667</u>	<u>\$ 18,775,109</u>

As of June 30, 2023, December 31, 2022 and June 30, 2022, financial assets designated as at FVTPL of associates that are not individually material were \$8,542,326 thousand, \$7,031,671 thousand and \$6,438,550 thousand, respectively.

Investments accounted for using the equity method and the Group's share of profit and other comprehensive income of Suyin KGI Consumer Finance Co., Ltd., CDIB & Partners Investment Holding Corporation and KGI Securities (Thailand) Public Company Limited are calculated based on audited financial statements; those of other affiliates are calculated based on unaudited financial statements. Management believes that the financial statements of these investees that had not been audited would have been no significant effect on the consolidated financial statements.

None of the Group's investments accounted for using the equity method have been pledged as collateral.

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.

June 30, 2023

	Partnership Fund	Asset Securitization	Total
Financial assets at fair value through profit or loss	\$ 38,776,509	\$ 4,498,363	\$ 43,274,872
Financial assets at fair value through other comprehensive income	-	314,529	314,529
Debt instruments measured at amortized cost	-	6,732,134	6,732,134
Maximum exposure	38,776,509	11,545,026	50,321,535

December 31, 2022

	Partnership Fund	Asset Securitization	Total
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

June 30, 2022

	Partnership Fund	Asset Securitization	Total
Financial assets at fair value through profit or loss	\$ 32,153,129	\$ 5,300,078	\$ 37,453,207
Financial assets at fair value through other comprehensive income	-	298,153	298,153
Debt instruments measured at amortized cost	-	6,415,342	6,415,342
Maximum exposure	32,153,129	12,013,573	44,166,702

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.

	June 30, 2023	December 31, 2022	June 30, 2022
<u>Management on partnership equity fund</u>			
Total assets	\$ 28,909,177	\$ 26,575,456	\$ 26,358,663
Total liabilities	10,634	31,071	117,410
Investments accounted for using the equity method	5,986,455	5,571,710	5,409,271
Financial assets designated as at FVTPL	3,281,034	2,675,430	3,296,774
Maximum exposure	9,267,489	8,247,140	8,706,045

19. OTHER FINANCIAL ASSETS

	June 30, 2023	December 31, 2022	June 30, 2022
Separate-account insurance products	\$ 112,414,448	\$ 103,835,515	\$ 98,732,063
Customer margin accounts	60,713,462	58,050,514	61,045,680
Others	<u>4,160,540</u>	<u>5,019,255</u>	<u>3,496,860</u>
	<u>\$ 177,288,450</u>	<u>\$ 166,905,284</u>	<u>\$ 163,274,603</u>

Separate Account Insurance Products

a. Separate account insurance products - assets and liabilities

	Assets		
	June 30, 2023	December 31, 2022	June 30, 2022
Cash in banks	\$ 762,285	\$ 663,082	\$ 558,998
Financial assets at fair value through profit or loss	111,602,552	103,138,855	98,130,805
Other receivables	<u>49,611</u>	<u>33,578</u>	<u>42,260</u>
	<u>\$ 112,414,448</u>	<u>\$ 103,835,515</u>	<u>\$ 98,732,063</u>
	Liabilities		
	June 30, 2023	December 31, 2022	June 30, 2022
Reserve for separate account	\$ 112,405,444	\$ 103,821,410	\$ 98,717,478
Other payables	<u>9,004</u>	<u>14,105</u>	<u>14,585</u>
	<u>\$ 112,414,448</u>	<u>\$ 103,835,515</u>	<u>\$ 98,732,063</u>

b. Separate account insurance products - revenues and expenses

	Revenues			
	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Premium income	\$ 1,606,801	\$ 1,950,840	\$ 3,189,432	\$ 3,926,818
Gain (loss) from financial assets and liabilities at fair value through profit or loss	2,614,087	(5,456,754)	4,490,971	(7,067,609)
Interest income	346	99	612	194
Other revenues	47,147	41,558	90,276	83,625
Foreign exchange gains (losses)	<u>414,277</u>	<u>557,620</u>	<u>266,334</u>	<u>1,078,441</u>
	<u>\$ 4,682,658</u>	<u>\$ (2,906,637)</u>	<u>\$ 8,037,625</u>	<u>\$ (1,978,531)</u>
	Expenses			
	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Insurance claim payments	\$ 996,531	\$ 846,363	\$ 1,809,111	\$ 1,892,275
Net change in separate-account reserve	3,108,613	(4,311,666)	5,202,203	(4,858,643)
Custodian fee	<u>577,514</u>	<u>558,666</u>	<u>1,026,311</u>	<u>987,837</u>
	<u>\$ 4,682,658</u>	<u>\$ (2,906,637)</u>	<u>\$ 8,037,625</u>	<u>\$ (1,978,531)</u>

- c. The rebate achieved by China Life Insurance from counterparties in the investment-linked insurance business, which is recognized as service fee revenue, for the three months ended June 30, 2023 and 2022 was \$69,830 thousand and \$70,378 thousand, respectively, and for the six months ended June 30, 2023 and 2022 was \$135,529 thousand and \$145,597 thousand, respectively.

For the information on other financial assets pledged as collateral for the Group, refer to Note 47.

20. INVESTMENT PROPERTY, NET

	June 30, 2023	December 31, 2022	June 30, 2022
Land	\$ 38,402,707	\$ 38,804,090	\$ 32,724,596
Buildings and facilities	15,070,100	15,283,489	12,780,459
Right-of-use assets - superficies of royalties	4,006,512	4,057,554	4,148,932
Right-of-use assets - land	<u>475,569</u>	<u>481,615</u>	<u>494,728</u>
	<u>\$ 57,954,888</u>	<u>\$ 58,626,748</u>	<u>\$ 50,148,715</u>

The changes in the Group's investment properties were as follows:

	For the Six Months Ended June 30	
	2023	2022
<u>Cost</u>		
Beginning balance	\$ 61,998,195	\$ 38,128,494
Additions	36,318	15,169,214
Disposals	(203,377)	(74,241)
Reclassification	<u>(151,254)</u>	<u>(20,476)</u>
Ending balance	<u>61,679,882</u>	<u>53,202,991</u>
<u>Accumulated depreciation</u>		
Beginning balance	(2,790,965)	(2,279,484)
Depreciation	(399,019)	(318,826)
Disposals	372	21
Reclassification	<u>45,100</u>	<u>93,125</u>
Ending balance	<u>(3,144,512)</u>	<u>(2,505,164)</u>
<u>Accumulated impairment</u>		
Beginning balance	<u>(580,482)</u>	<u>(549,112)</u>
Ending balance	<u>(580,482)</u>	<u>(549,112)</u>
Carrying amount	<u>\$ 57,954,888</u>	<u>\$ 50,148,715</u>

The investment property listed above are depreciated on a straight-line basis over their estimated useful 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 June 30, 2023, December 31, 2022 and June 30, 2022 were \$60,682,023 thousand, \$60,163,720 thousand and \$51,307,873 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, \$2,436,553 thousand and \$2,470,235 thousand, respectively, on June 30, 2023, December 31, 2022 and June 30, 2022. 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 for 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:

	June 30, 2023	December 31, 2022	June 30, 2022
Year 1	\$ 1,199,897	\$ 1,252,873	\$ 951,940
Year 2	1,033,268	972,432	990,090
Year 3	808,548	745,190	790,733
Year 4	627,256	522,771	565,714
Year 5	254,259	434,429	428,895
Year 5 onwards	<u>3,689,803</u>	<u>3,862,022</u>	<u>3,800,030</u>
	<u>\$ 7,613,031</u>	<u>\$ 7,789,717</u>	<u>\$ 7,527,402</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:

	<u>Estimated Useful Lives</u>
Buildings and facilities	5-60 years

All of the Group's investment properties were held under freehold interests. The carrying amount of the investment properties that were pledged for the Group to secure borrowings is reflected in Note 47.

21. PROPERTY AND EQUIPMENT, NET

	June 30, 2023	December 31, 2022	June 30, 2022
Land	\$ 19,006,040	\$ 18,757,807	\$ 19,117,471
Buildings and facilities	11,099,487	11,360,136	11,416,133
Machinery and computer equipment	1,766,551	1,745,726	1,502,541
Leasehold improvements	732,223	740,463	714,966
Other equipment	497,339	511,490	426,287
Transportation equipment	<u>29,868</u>	<u>39,132</u>	<u>37,939</u>
	33,131,508	33,154,754	33,215,337
Prepayments for acquisition of properties	<u>507,343</u>	<u>516,208</u>	<u>1,132,137</u>
	<u>\$ 33,638,851</u>	<u>\$ 33,670,962</u>	<u>\$ 34,347,474</u>
Assets used by the Group	\$ 33,344,861	\$ 33,355,747	\$ 34,005,103
Assets leased under operating leases	<u>293,990</u>	<u>315,215</u>	<u>342,371</u>
	<u>\$ 33,638,851</u>	<u>\$ 33,670,962</u>	<u>\$ 34,347,474</u>

Except for depreciation recognized, the Group had no significant addition, disposal and impairment of property and equipment during the three months ended June 30, 2023 and 2022 and for the six months ended June 30, 2023 and 2022.

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:

	June 30, 2023	December 31, 2022	June 30, 2022
Year 1	\$ 522	\$ 2,787	\$ 10,290
Year 2	-	174	602
Year 3	-	-	-
Year 4	-	-	-
Year 5	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 522</u>	<u>\$ 2,961</u>	<u>\$ 10,892</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, refer to Note 47.

22. LEASE ARRANGEMENTS

a. Right-of-use assets, net

	June 30, 2023	December 31, 2022	June 30, 2022
Carrying amount			
Royalty-surface rights	\$ 8,521,235	\$ 8,588,167	\$ 8,615,783
Buildings and facilities	2,663,021	2,790,392	2,718,679
Land	1,031,142	1,039,074	1,040,261
Computer equipment	110,534	135,896	153,163
Transportation equipment	35,367	40,856	32,364
Other equipment	<u>24,660</u>	<u>28,915</u>	<u>37,762</u>
	<u>\$ 12,385,959</u>	<u>\$ 12,623,300</u>	<u>\$ 12,598,012</u>
	For the Three Months Ended June 30		For the Six Months Ended June 30
	2023	2022	2023
	2022		2022
Additions to right-of-use assets	<u>\$ 74,046</u>	<u>\$ 71,775</u>	<u>\$ 292,640</u>
Depreciation of right-of-use assets			
Buildings and facilities	\$ 193,628	\$ 183,574	\$ 393,451
Royalty-surface rights	35,181	34,995	70,412
Computer equipment	13,469	14,614	26,938
Transportation equipment	5,791	5,394	11,688
Other equipment	5,290	6,161	9,561
Land	<u>3,803</u>	<u>4,239</u>	<u>8,542</u>
	<u>\$ 257,162</u>	<u>\$ 248,977</u>	<u>\$ 520,592</u>
	<u>\$ 520,592</u>		<u>\$ 501,939</u>

b. Lease liabilities

	June 30, 2023	December 31, 2022	June 30, 2022
Carrying amount	<u>\$ 4,457,486</u>	<u>\$ 4,603,517</u>	<u>\$ 4,546,353</u>

The interest expense of the lease liabilities recognized in profit or loss for the three months ended June 30, 2023 and 2022 were \$23,825 thousand and \$21,761 thousand, respectively, and the interest expense of the lease liabilities recognized in profit or loss for the six months ended June 30, 2023 and 2022 were \$46,590 thousand and \$43,840 thousand, respectively.

Ranges of discount rates for lease liabilities were as follows:

	June 30, 2023	December 31, 2022	June 30, 2022
Buildings and facilities	0.50%-7.35%	0.50%-7.35%	0.49%-7.35%
Land	0.77%-3.50%	0.77%-3.50%	0.77%-3.50%
Computer equipment	0.56%-1.62%	0.56%-1.61%	0.56%-1.07%
Transportation equipment	0.49%-1.68%	0.49%-1.68%	0.49%-1.33%
Other equipment	0.51%-4.87%	0.51%-1.60%	0.51%-1.03%

The maturity analysis of lease liabilities was as follows:

	June 30, 2023	December 31, 2022	June 30, 2022
Not later than 1 year	\$ 786,847	\$ 866,588	\$ 850,523
Later than 1 year and not later than 5 years	2,037,889	2,181,415	2,152,603
Later than 5 years and not later than 10 years	706,856	671,268	683,484
Later than 10 years	<u>3,149,777</u>	<u>3,195,080</u>	<u>3,212,085</u>
	<u>\$ 6,681,369</u>	<u>\$ 6,914,351</u>	<u>\$ 6,898,695</u>

c. Material lease-in activities and terms

The Group leases land, buildings 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, refer Notes 20 and 21, respectively.

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Expenses relating to short-term leases	<u>\$ 5,630</u>	<u>\$ 9,529</u>	<u>\$ 12,962</u>	<u>\$ 19,749</u>
Expenses relating to low-value asset leases	<u>\$ 1,731</u>	<u>\$ 3,184</u>	<u>\$ 3,389</u>	<u>\$ 3,827</u>
Total cash outflow for leases			<u>\$ 480,944</u>	<u>\$ 471,442</u>

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

23. INTANGIBLE ASSETS

	June 30, 2023	December 31, 2022	June 30, 2022
Purchase policy value	\$ 11,239,367	\$ 11,397,891	\$ 11,559,588
Goodwill	3,224,132	3,211,902	3,154,319
Computer software	1,943,969	1,812,704	1,647,384
Operation rights	<u>1,660,208</u>	<u>1,920,037</u>	<u>2,179,865</u>
	<u>\$ 18,067,676</u>	<u>\$ 18,342,534</u>	<u>\$ 18,541,156</u>

Except for amortization recognized, the Group had no significant addition, disposal, and impairment of other intangible assets during the three months ended June 30, 2023 and 2022 and for the six months ended June 30, 2023 and 2022.

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

	June 30, 2023	December 31, 2022	June 30, 2022
Security borrowing margins	\$ 33,529,210	\$ 34,978,194	\$ 38,754,172
Overseas custodian accounts	25,432,790	26,740,063	28,466,247
Guarantee deposits paid	19,140,296	11,996,713	23,019,341
Operating guarantee deposits	8,521,833	8,584,285	8,584,902
Others	<u>4,090,499</u>	<u>4,563,984</u>	<u>5,306,269</u>
	<u>\$ 90,714,628</u>	<u>\$ 86,863,239</u>	<u>\$ 104,130,931</u>

The above overseas custodian account is mainly for foreign subsidiaries transaction.

25. DEPOSITS FROM THE CENTRAL BANK AND FINANCIAL INSTITUTIONS

	June 30, 2023	December 31, 2022	June 30, 2022
Call loans from financial institutions	\$ 911,350	\$ 11,791,872	\$ 20,332,722
Deposits from Chunghwa Post Co., Ltd.	<u>180,556</u>	<u>180,556</u>	<u>190,146</u>
	<u>\$ 1,091,906</u>	<u>\$ 11,972,428</u>	<u>\$ 20,522,868</u>

26. NOTES AND BONDS ISSUED UNDER REPURCHASE AGREEMENTS

	June 30, 2023	December 31, 2022	June 30, 2022
Corporate bonds	\$ 64,889,207	\$ 50,739,245	\$ 68,502,406
Bank debentures	35,314,729	28,022,377	30,661,610
Government bonds	27,578,818	21,523,102	19,138,809
Others	<u>1,639,799</u>	<u>899,171</u>	<u>74,327</u>
	<u>\$ 129,422,553</u>	<u>\$ 101,183,895</u>	<u>\$ 118,377,152</u>
Repurchased amounts	<u>\$ 129,958,481</u>	<u>\$ 101,643,983</u>	<u>\$ 118,593,927</u>
Last maturity date	September 2023	March 2023	October 2022

27. COMMERCIAL PAPER PAYABLE, NET

	June 30, 2023	December 31, 2022	June 30, 2022
Commercial paper payable	\$ 35,413,025	\$ 24,787,563	\$ 18,255,177
Less: Unamortized discount	<u>(20,856)</u>	<u>(9,086)</u>	<u>(1,810)</u>
	<u>\$ 35,392,169</u>	<u>\$ 24,778,477</u>	<u>\$ 18,253,367</u>
Range of rate	1.32%-5.03%	1.29%-4.22%	0.69%-1.66%

As of June 30, 2023, Mega Bills Finance Corporation, Taiwan Finance Corporation, Dah Chung Bills Finance Corporation, International Bills Finance Corporation, and China Bills Finance Corporation guaranteed the above commercial paper. However, some commercial paper which amounted to \$34,792,290 thousand, had no guarantee.

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 June 30, 2022, Dah Chung Bills Finance Corporation, China Bills Finance Corporation, Taiwan Cooperative Bills Finance Corporation and Taiwan Finance Corporation guaranteed the above commercial paper. However, some commercial paper which amounted to \$18,013,397 thousand, had no guarantee.

28. PAYABLES

	June 30, 2023	December 31, 2022	June 30, 2022
Accounts payable for settlement	\$ 61,097,628	\$ 36,658,959	\$ 44,634,206
Accrued expenses and payables on insurance policies	17,287,349	17,153,853	16,716,667
Exchange clearing payable	15,599,399	6,236,120	9,658,150
Deposits payable for securities financing	10,195,620	13,081,611	12,443,403
Cash dividends payable	-	-	16,852,232
Others	<u>11,403,478</u>	<u>17,592,092</u>	<u>16,823,469</u>
	<u>\$ 115,583,474</u>	<u>\$ 90,722,635</u>	<u>\$ 117,128,127</u>

29. DEPOSITS AND REMITTANCES

	June 30, 2023	December 31, 2022	June 30, 2022
Time deposits	\$ 255,669,990	\$ 253,974,277	\$ 195,242,310
Saving deposits	170,015,346	158,186,438	149,865,493
Demand deposits	126,525,162	112,113,795	107,069,023
Checking deposits	1,519,383	1,764,088	1,578,683
Negotiable CDs	136,700	3,136,700	15,196,300
Inward remittance	<u>74,785</u>	<u>468,721</u>	<u>171,011</u>
	<u>\$ 553,941,366</u>	<u>\$ 529,644,019</u>	<u>\$ 469,122,820</u>

30. BONDS PAYABLE

	June 30, 2023	December 31, 2022	June 30, 2022
Corporate bonds payable	\$ 66,870,000	\$ 66,890,000	\$ 67,140,000
Bank debentures payable	<u>24,629,260</u>	<u>24,753,007</u>	<u>24,630,877</u>
	<u>\$ 91,499,260</u>	<u>\$ 91,643,007</u>	<u>\$ 91,770,877</u>

Corporate Bonds Payable

Name	June 30, 2023	December 31, 2022	June 30, 2022	Issuance Period	Method of Paying Principle and Interests	Interest Rate
1st corporate bonds in 2017 - the Corporation	\$ 10,000,000	\$ 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	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	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	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	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	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	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 0.78% Bond B 0.78% Bond C 0.83%
1st corporate bonds in 2021 - KGI Securities	5,000,000	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>9,970,000</u>	<u>9,990,000</u>	<u>9,940,000</u>	2020.12.28, no maturity date	Interest payable annually (Note)	2.70%
Net amount	<u>\$ 66,870,000</u>	<u>\$ 66,890,000</u>	<u>\$ 67,140,000</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	June 30, 2023	December 31, 2022	June 30, 2022	Issuance Period	Method of Paying Principle and Interests	Interest Rate
P07 KGIB 1	\$ 3,000,000	\$ 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	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	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	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	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	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	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>	<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	25,250,000			
Unamortized discount	<u>(620,740)</u>	<u>(496,993)</u>	<u>(619,123)</u>			
Net amount	<u>\$ 24,629,260</u>	<u>\$ 24,753,007</u>	<u>\$ 24,630,877</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

	June 30, 2023	December 31, 2022	June 30, 2022
Short-term credit borrowings	\$ 22,373,124	\$ 14,448,884	\$ 24,802,926
Note issuance facility	4,599,706	5,799,631	5,209,771
Call loans from banks	2,553,070	1,228,320	1,486,300
Short-term secured borrowings	<u>687,585</u>	<u>2,198,829</u>	<u>1,667,227</u>
	<u>\$ 30,213,485</u>	<u>\$ 23,675,664</u>	<u>\$ 33,166,224</u>
Range of rate	1.45%-6.25%	1.29%-5.40%	0.70%-5.15%
Last maturity date	January 2026	December 2025	November 2023

For the information on collateral of other borrowings listed, refer to Note 47.

32. PROVISIONS

	June 30, 2023	December 31, 2022	June 30, 2022
Insurance liabilities	\$ 2,092,538,225	\$ 2,082,571,357	\$ 2,062,604,843
Foreign exchange valuation reserve	11,511,237	10,886,927	9,424,571
Provisions for employee benefits	655,977	739,669	1,194,049
Others	<u>491,974</u>	<u>382,763</u>	<u>434,760</u>
	<u>\$ 2,105,197,413</u>	<u>\$ 2,094,580,716</u>	<u>\$ 2,073,658,223</u>

Insurance Contracts and Provision for Financial Instruments with Discretionary Participation Feature

As at June 30, 2023, December 31, 2022 and June 30, 2022, China Life Insurance's movement in reserves of insurance contracts and financial instruments with discretionary participation feature is as follows:

	June 30, 2023	December 31, 2022	June 30, 2022
Reserve for life insurance liabilities	\$ 2,056,706,822	\$ 2,044,981,576	\$ 2,024,317,247
Unearned premium reserve	5,961,735	5,099,222	5,164,275
Reserve for claims	2,981,977	3,582,247	4,273,736
Special reserve	6,880,164	8,507,932	8,088,708
Premium deficiency reserve	1,754,344	1,991,327	2,189,933
Other reserve	<u>18,253,183</u>	<u>18,409,053</u>	<u>18,570,944</u>
	<u>\$ 2,092,538,225</u>	<u>\$ 2,082,571,357</u>	<u>\$ 2,062,604,843</u>

a. Reserve for life insurance liabilities:

	June 30, 2023			December 31, 2022			June 30, 2022		
	Insurance Contract	Financial Instruments with Discretionary Participation Feature	Total	Insurance Contract	Financial Instruments with Discretionary Participation Feature	Total	Insurance Contract	Financial Instruments with Discretionary Participation Feature	Total
Life insurance	\$ 1,704,322,131	\$ 50,511,349	\$ 1,754,833,480	\$ 1,688,241,414	\$ 52,151,886	\$ 1,740,393,300	\$ 1,662,941,619	\$ 53,733,245	\$ 1,716,674,864
Health insurance	172,453,008	-	172,453,008	167,059,305	-	167,059,305	161,045,399	-	161,045,399
Annuity insurance	738,571	126,294,641	127,033,212	705,707	134,592,973	135,298,680	640,494	143,810,230	144,450,724
Investment-linked insurance	<u>2,201,836</u>	<u>-</u>	<u>2,201,836</u>	<u>2,056,019</u>	<u>-</u>	<u>2,056,019</u>	<u>1,982,195</u>	<u>-</u>	<u>1,982,195</u>
Total (Note)	<u>\$ 1,879,715,546</u>	<u>\$ 176,805,990</u>	<u>\$ 2,056,521,536</u>	<u>\$ 1,858,062,445</u>	<u>\$ 186,744,859</u>	<u>\$ 2,044,807,304</u>	<u>\$ 1,826,609,707</u>	<u>\$ 197,543,475</u>	<u>\$ 2,024,153,182</u>

Note: The total of reserve for life insurance liabilities after including “reserve for life insurance liabilities - payables for the insured” amounted to \$2,056,706,822 thousand as of June 30, 2023.

The total of reserve for life insurance liabilities after including “reserve for life insurance liabilities - payables for the insured” amounted to \$2,044,981,576 thousand as of December 31, 2022.

The total of reserve for life insurance liabilities after including “reserve for life insurance liabilities - payables for the insured” amounted to \$2,024,317,247 thousand as of June 30, 2022.

There is no ceded liability reserve for the above insurance contracts.

Movement in reserve for life insurance liabilities is summarized below:

	For the Six Months Ended June 30					
	2023			2022		
	Insurance Contract	Financial Instruments with Discretionary Participation Feature	Total	Insurance Contract	Financial Instruments with Discretionary Participation Feature	Total
Beginning balance	\$ 1,858,062,445	\$ 186,744,859	\$ 2,044,807,304	\$ 1,751,237,329	\$ 201,082,061	\$ 1,952,319,390
Reserve	83,230,446	2,455,189	85,685,635	88,101,916	2,542,872	90,644,788
Recover	(67,920,277)	(12,666,489)	(80,586,766)	(42,920,448)	(7,873,656)	(50,794,104)
Losses (gains) on foreign exchange	<u>6,342,932</u>	<u>272,431</u>	<u>6,615,363</u>	<u>30,190,910</u>	<u>1,792,198</u>	<u>31,983,108</u>
Ending balance (Note)	<u>\$ 1,879,715,546</u>	<u>\$ 176,805,990</u>	<u>\$ 2,056,521,536</u>	<u>\$ 1,826,609,707</u>	<u>\$ 197,543,475</u>	<u>\$ 2,024,153,182</u>

Note: The total of reserve for life insurance liabilities after including “reserve for life insurance liabilities - payables for the insured” amounted to \$2,056,706,822 thousand as of June 30, 2023.

The total of reserve for life insurance liabilities after including “reserve for life insurance liabilities - payables for the insured” amounted to \$2,024,317,247 thousand as of June 30, 2022.

b. Unearned premium reserve:

	June 30, 2023			December 31, 2022			June 30, 2022		
	Financial Instruments with Discretionary Participation Feature			Financial Instruments with Discretionary Participation Feature			Financial Instruments with Discretionary Participation Feature		
	Insurance Contract		Total	Insurance Contract		Total	Insurance Contract		Total
Individual life insurance	\$ 829	\$ -	\$ 829	\$ 851	\$ -	\$ 851	\$ 878	\$ -	\$ 878
Individual injury insurance	2,150,628	-	2,150,628	1,870,490	-	1,870,490	1,612,655	-	1,612,655
Individual health insurance	2,620,620	-	2,620,620	2,614,780	-	2,614,780	2,419,547	-	2,419,547
Group insurance	1,114,754	-	1,114,754	541,195	-	541,195	1,059,391	-	1,059,391
Investment-linked insurance	74,900	-	74,900	71,899	-	71,899	71,794	-	71,794
Annuity insurance	-	4	4	-	7	7	-	10	10
Total	<u>5,961,731</u>	<u>4</u>	<u>5,961,735</u>	<u>5,099,215</u>	<u>7</u>	<u>5,099,222</u>	<u>5,164,265</u>	<u>10</u>	<u>5,164,275</u>
Less ceded unearned premium reserve:									
Individual life insurance	20,576	-	20,576	19,425	-	19,425	18,614	-	18,614
Individual injury insurance	926	-	926	906	-	906	2,121	-	2,121
Individual health insurance	36,881	-	36,881	38,186	-	38,186	35,965	-	35,965
Group insurance	4,313	-	4,313	3,125	-	3,125	5,014	-	5,014
Investment-linked insurance	<u>5,361</u>	<u>-</u>	<u>5,361</u>	<u>5,235</u>	<u>-</u>	<u>5,235</u>	<u>5,195</u>	<u>-</u>	<u>5,195</u>
Total	<u>68,057</u>	<u>-</u>	<u>68,057</u>	<u>66,877</u>	<u>-</u>	<u>66,877</u>	<u>66,909</u>	<u>-</u>	<u>66,909</u>
Net amount	<u>\$ 5,893,674</u>	<u>\$ 4</u>	<u>\$ 5,893,678</u>	<u>\$ 5,032,338</u>	<u>\$ 7</u>	<u>\$ 5,032,345</u>	<u>\$ 5,097,356</u>	<u>\$ 10</u>	<u>\$ 5,097,366</u>

Movement in unearned premium reserve is summarized below:

For the Six Months Ended June 30						
	2023			2022		
	Insurance Contract	Financial Instruments with Discretionary Participation Feature	Total	Insurance Contract	Financial Instruments with Discretionary Participation Feature	Total
Beginning balance	\$ 5,099,215	\$ 7	\$ 5,099,222	\$ 4,699,474	\$ 11	\$ 4,699,485
Reserve	3,412,121	4	3,412,125	2,814,520	10	2,814,530
Recover	(2,549,607)	(7)	(2,549,614)	(2,349,737)	(11)	(2,349,748)
Losses (gains) on foreign exchange	<u>2</u>	<u>-</u>	<u>2</u>	<u>8</u>	<u>-</u>	<u>8</u>
Ending balance	<u>5,961,731</u>	<u>4</u>	<u>5,961,735</u>	<u>5,164,265</u>	<u>10</u>	<u>5,164,275</u>
Less ceded unearned premium reserve:						
Beginning balance	66,877	-	66,877	67,418	-	67,418
Increase	34,569	-	34,569	33,140	-	33,140
Decrease	(33,439)	-	(33,439)	(33,709)	-	(33,709)
Losses (gains) on foreign exchange	<u>50</u>	<u>-</u>	<u>50</u>	<u>60</u>	<u>-</u>	<u>60</u>
Ending balance	<u>68,057</u>	<u>-</u>	<u>68,057</u>	<u>66,909</u>	<u>-</u>	<u>66,909</u>
Net amount	<u>\$ 5,893,674</u>	<u>\$ 4</u>	<u>\$ 5,893,678</u>	<u>\$ 5,097,356</u>	<u>\$ 10</u>	<u>\$ 5,097,366</u>

c. Reserve for claims:

	June 30, 2023			December 31, 2022			June 30, 2022		
	Insurance Contract	Financial Instruments with Discretionary Participation Feature	Total	Insurance Contract	Financial Instruments with Discretionary Participation Feature	Total	Insurance Contract	Financial Instruments with Discretionary Participation Feature	Total
Individual life insurance									
Reported but not paid claim	\$ 237,548	\$ 4,575	\$ 242,123	\$ 291,011	\$ 9,185	\$ 300,196	\$ 373,252	\$ 21,873	\$ 395,125
Unreported claim	206	-	206	595	-	595	1,955	-	1,955
Individual injury insurance									
Reported but not paid claim	50,276	-	50,276	72,952	-	72,952	71,877	-	71,877
Unreported claim	623,474	-	623,474	634,422	-	634,422	631,575	-	631,575
Individual health insurance									
Reported but not paid claim	179,327	-	179,327	170,857	-	170,857	260,185	-	260,185
Unreported claim	1,036,723	-	1,036,723	1,141,496	-	1,141,496	1,283,744	-	1,283,744
Group insurance									
Reported but not paid claim	109,706	-	109,706	189,993	-	189,993	145,643	-	145,643
Unreported claim	679,240	-	679,240	990,849	-	990,849	1,335,299	-	1,335,299
Investment-linked insurance									
Reported but not paid claim	27,371	-	27,371	43,732	-	43,732	75,028	-	75,028
Unreported claim	-	-	-	-	-	-	-	-	-
Annuity insurance									
Reported but not paid claim	291	33,228	33,519	4,067	33,065	37,132	3,801	69,483	73,284
Unreported claim	-	12	12	-	23	23	-	21	21
Total	<u>2,944,162</u>	<u>37,815</u>	<u>2,981,977</u>	<u>3,539,974</u>	<u>42,273</u>	<u>3,582,247</u>	<u>4,182,359</u>	<u>91,377</u>	<u>4,273,736</u>
Less ceded reserve for claims:									
Individual life insurance	9,224	-	9,224	17,891	-	17,891	9,150	-	9,150
Individual injury insurance	-	-	-	1,128	-	1,128	1,128	-	1,128
Individual health insurance	22,659	-	22,659	17,149	-	17,149	18,414	-	18,414
Group insurance	10,600	-	10,600	8,000	-	8,000	12,252	-	12,252
Investment-linked insurance	560	-	560	-	-	-	2,480	-	2,480
Total	<u>43,043</u>	<u>-</u>	<u>43,043</u>	<u>44,168</u>	<u>-</u>	<u>44,168</u>	<u>43,424</u>	<u>-</u>	<u>43,424</u>
Net amount	<u>\$ 2,901,119</u>	<u>\$ 37,815</u>	<u>\$ 2,938,934</u>	<u>\$ 3,495,806</u>	<u>\$ 42,273</u>	<u>\$ 3,538,079</u>	<u>\$ 4,138,935</u>	<u>\$ 91,377</u>	<u>\$ 4,230,312</u>

Movement in reserve for claims is summarized below:

	For the Six Months Ended June 30					
	2023			2022		
	Insurance Contract	Financial Instruments with Discretionary Participation Feature	Total	Insurance Contract	Financial Instruments with Discretionary Participation Feature	Total
Beginning balance	\$ 3,539,974	\$ 42,273	\$ 3,582,247	\$ 2,526,529	\$ 79,041	\$ 2,605,570
Reserve	2,942,708	37,679	2,980,387	4,180,768	91,055	4,271,823
Recover	(3,539,974)	(42,273)	(3,582,247)	(2,526,529)	(79,041)	(2,605,570)
Losses (gains) on foreign exchange	<u>1,454</u>	<u>136</u>	<u>1,590</u>	<u>1,591</u>	<u>322</u>	<u>1,913</u>
Ending balance	<u>2,944,162</u>	<u>37,815</u>	<u>2,981,977</u>	<u>4,182,359</u>	<u>91,377</u>	<u>4,273,736</u>
Less ceded unearned premium reserve:						
Beginning balance	44,168	-	44,168	20,504	-	20,504
Increase	43,027	-	43,027	43,424	-	43,424
Decrease	(44,168)	-	(44,168)	(20,504)	-	(20,504)
Losses (gains) on foreign exchange	<u>16</u>	<u>-</u>	<u>16</u>	<u>-</u>	<u>-</u>	<u>-</u>
Ending balance	<u>43,043</u>	<u>-</u>	<u>43,043</u>	<u>43,424</u>	<u>-</u>	<u>43,424</u>
Net amount	<u>\$ 2,901,119</u>	<u>\$ 37,815</u>	<u>\$ 2,938,934</u>	<u>\$ 4,138,935</u>	<u>\$ 91,377</u>	<u>\$ 4,230,312</u>

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 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 the loss development triangle method and Bornhuetter-Ferguson Method. Reserve for unreported and unclosed claims changes according to external environment. For example, 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:

	June 30, 2023			December 31, 2022			June 30, 2022		
	Insurance Contract	Financial Instruments with Discretionary Participation Feature	Total	Insurance Contract	Financial Instruments with Discretionary Participation Feature	Total	Insurance Contract	Financial Instruments with Discretionary Participation Feature	Total
Participating policies dividend reserve	\$ 6,880,164	\$ -	\$ 6,880,164	\$ 8,507,932	\$ -	\$ 8,507,932	\$ 8,088,708	\$ -	\$ 8,088,708
Dividend risk reserve	-	-	-	-	-	-	-	-	-
Total	<u>\$ 6,880,164</u>	<u>\$ -</u>	<u>\$ 6,880,164</u>	<u>\$ 8,507,932</u>	<u>\$ -</u>	<u>\$ 8,507,932</u>	<u>\$ 8,088,708</u>	<u>\$ -</u>	<u>\$ 8,088,708</u>

Movement in special reserve is summarized below:

	For the Six Months Ended June 30	
	2023	2022
	Insurance Contract	Insurance Contract
Beginning balance	\$ 8,507,932	\$ 7,747,818
Reserve for participating policies dividend reserve	366,079	2,410,033
Recover for participating policies dividend reserve	(2,056,508)	(2,070,620)
Disposal gains (losses) of participating policies on equity instruments at fair value through other comprehensive income	<u>62,661</u>	<u>1,477</u>
Ending balance	<u>\$ 6,880,164</u>	<u>\$ 8,088,708</u>

e. Special reserve for catastrophe and fluctuation of risks:

	June 30, 2023			December 31, 2022			June 30, 2022		
	Financial Instruments with Discretionary Participation Feature			Financial Instruments with Discretionary Participation Feature			Financial Instruments with Discretionary Participation Feature		
	Insurance Contract		Total	Insurance Contract		Total	Insurance Contract		Total
Individual life insurance	\$ 2,302	\$ -	\$ 2,302	\$ 2,302	\$ -	\$ 2,302	\$ 2,107	\$ -	\$ 2,107
Individual injury insurance	940,255	-	940,255	940,255	-	940,255	913,200	-	913,200
Individual health insurance	2,580,980	-	2,580,980	2,580,980	-	2,580,980	2,831,791	-	2,831,791
Group insurance	3,657,214	-	3,657,214	3,657,214	-	3,657,214	3,493,939	-	3,493,939
Annuity insurance	-	362	362	-	362	362	-	390	390
Total	<u>\$ 7,180,751</u>	<u>\$ 362</u>	<u>\$ 7,181,113</u>	<u>\$ 7,180,751</u>	<u>\$ 362</u>	<u>\$ 7,181,113</u>	<u>\$ 7,241,037</u>	<u>\$ 390</u>	<u>\$ 7,241,427</u>

f. Premium deficiency reserve:

	June 30, 2023			December 31, 2022			June 30, 2022		
	Financial Instruments with Discretionary Participation Feature			Financial Instruments with Discretionary Participation Feature			Financial Instruments with Discretionary Participation Feature		
	Insurance Contract		Total	Insurance Contract		Total	Insurance Contract		Total
Individual life insurance	\$ 1,657,710	\$ -	\$ 1,657,710	\$ 1,890,710	\$ -	\$ 1,890,710	\$ 2,084,999	\$ -	\$ 2,084,999
Individual health insurance	<u>96,634</u>	<u>-</u>	<u>96,634</u>	<u>100,617</u>	<u>-</u>	<u>100,617</u>	<u>104,934</u>	<u>-</u>	<u>104,934</u>
Total	<u>\$ 1,754,344</u>	<u>\$ -</u>	<u>\$ 1,754,344</u>	<u>\$ 1,991,327</u>	<u>\$ -</u>	<u>\$ 1,991,327</u>	<u>\$ 2,189,933</u>	<u>\$ -</u>	<u>\$ 2,189,933</u>

Premium deficiency reserve was not ceded in the above insurance contracts.

Movement in premium deficiency reserve is summarized below:

	For the Six Months Ended June 30					
	2023			2022		
	Insurance Contract	Financial Instruments with Discretionary Participation Feature	Total	Insurance Contract	Financial Instruments with Discretionary Participation Feature	Total
Beginning balance	\$ 1,991,327	\$ -	\$ 1,991,327	\$ 2,435,334	\$ -	\$ 2,435,334
Reserve	167,582	-	167,582	241,278	-	241,278
Recover	(411,473)	-	(411,473)	(564,346)	-	(564,346)
Losses (gains) on foreign exchange	<u>6,908</u>	<u>-</u>	<u>6,908</u>	<u>77,667</u>	<u>-</u>	<u>77,667</u>
Ending balance	<u>\$ 1,754,344</u>	<u>\$ -</u>	<u>\$ 1,754,344</u>	<u>\$ 2,189,933</u>	<u>\$ -</u>	<u>\$ 2,189,933</u>

g. Other reserve:

	June 30, 2023			December 31, 2022			June 30, 2022		
	Insurance Contract	Financial Instruments with Discretionary Participation Feature	Total	Insurance Contract	Financial Instruments with Discretionary Participation Feature	Total	Insurance Contract	Financial Instruments with Discretionary Participation Feature	Total
Other	<u>\$ 18,253,183</u>	<u>\$ -</u>	<u>\$ 18,253,183</u>	<u>\$ 18,409,053</u>	<u>\$ -</u>	<u>\$ 18,409,053</u>	<u>\$ 18,570,944</u>	<u>\$ -</u>	<u>\$ 18,570,944</u>

Movement in other reserve is summarized below:

	For the Six Months Ended June 30					
	2023			2022		
	Insurance Contract	Financial Instruments with Discretionary Participation Feature	Total	Insurance Contract	Financial Instruments with Discretionary Participation Feature	Total
Beginning balance	\$ 18,409,053	\$ -	\$ 18,409,053	\$ 18,732,835	\$ -	\$ 18,732,835
Recover	<u>(155,870)</u>	<u>-</u>	<u>(155,870)</u>	<u>(161,891)</u>	<u>-</u>	<u>(161,891)</u>
Ending balance	<u>\$ 18,253,183</u>	<u>\$ -</u>	<u>\$ 18,253,183</u>	<u>\$ 18,570,944</u>	<u>\$ -</u>	<u>\$ 18,570,944</u>

The amount of other reserve is generated from the acquisition of the partial traditional insurance policies from Allianz Taiwan Life on May 18, 2018.

h. Liability adequacy reserve

	Insurance Contract and Financial Instruments with Discretionary Participation Feature		
	June 30, 2023	December 31, 2022	June 30, 2022
Reserve for life insurance liabilities	\$ 2,056,521,536	\$ 2,044,807,304	\$ 2,024,153,182
Unearned premium reserve	5,961,735	5,099,222	5,164,275
Premium deficiency reserve	1,754,344	1,991,327	2,189,933
Special reserve	6,880,164	8,507,932	8,088,708
Other reserve	<u>18,253,183</u>	<u>18,409,053</u>	<u>18,570,944</u>
Book value of insurance liabilities	<u>\$ 2,089,370,962</u>	<u>\$ 2,078,814,838</u>	<u>\$ 2,058,167,042</u>
Estimated present value of cash flows	<u>\$ 1,691,072,631</u>	<u>\$ 1,563,746,442</u>	<u>\$ 1,551,180,138</u>
Balance of liability adequacy reserve	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

China Life Insurance's liability adequacy testing methodology is listed as follows:

	June 30, 2023	December 31, 2022 and June 30, 2022
Test method	Gross premium valuation method (GPV)	Gross premium valuation method (GPV)
Groups	Integrated testing	Integrated testing
Assumptions	Adopt the best estimated scenario investment return on the most recent actuarial report (the actuarial report of 2022).	Adopt the best estimated scenario investment return on the most recent actuarial report (the actuarial report of 2021), and discount rate evaluated on 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) Adjustments in foreign exchange valuation reserve

	For the Six Months Ended June 30	
	2023	2022
Beginning balance	\$ 10,886,927	\$ 3,351,124
Reserve		
Compulsory reserve	999,504	962,508
Extra reserve	<u>3,394,879</u>	<u>7,183,966</u>
	4,394,383	8,146,474
Recover	<u>(3,770,073)</u>	<u>(2,073,027)</u>
Ending balance	<u>\$ 11,511,237</u>	<u>\$ 9,424,571</u>

3) Effects due to foreign exchange valuation reserve of China Life Insurance

Item	For the Six Months Ended June 30, 2023		
	Inapplicable Amount	Applicable Amount	Effects
Net income	\$ 5,425,967	\$ 4,926,519	\$ (499,448)
Earnings per share (dollar)	1.10	1.00	(0.10)
Foreign exchange valuation reserve	-	11,511,237	11,511,237
Equity	143,120,708	135,254,780	(7,865,928)

Item	For the Six Months Ended June 30, 2022		
	Inapplicable Amount	Applicable Amount	Effects
Net income	\$ 18,389,582	\$ 13,530,824	\$ (4,858,758)
Earnings per share (dollar)	3.74	2.75	(0.99)
Foreign exchange valuation reserve	-	9,424,571	9,424,571
Equity	95,342,543	89,145,948	(6,196,595)

33. RETIREMENT BENEFIT PLANS

The Group's retirement benefit plans include defined contribution and defined benefit plans. For defined benefit plans, employee benefit expenses were calculated using the actuarially determined pension cost discount rate as of December 31, 2022 and 2021, and recognized respectively for the six months ended June 30, 2023 and 2022.

For the three months ended June 30, 2023 and 2022, the Group recognized its contributions under defined benefit plans as pension expenses (recognized as employee benefits) amounting to \$5,876 thousand and \$10,992 thousand, respectively, and recognized pension expenses (recognized as employee benefits) under defined contribution plans amounting to \$166,599 thousand and \$166,990 thousand, respectively, and for the six months ended June 30, 2023 and 2022 the Group recognized its contributions under defined benefit plans as pension expenses (recognized as employee benefits) amounting to \$13,322 thousand and \$22,417 thousand, respectively, and recognized pension expenses (recognized as employee benefits) under defined contribution plans amounting to \$341,189 thousand and \$333,980 thousand, respectively.

34. OTHER FINANCIAL LIABILITIES

	June 30, 2023	December 31, 2022	June 30, 2022
Separate-account product liabilities	\$ 112,414,448	\$ 103,835,515	\$ 98,732,063
Customers' equity accounts - futures	62,501,088	58,807,664	61,709,155
Principal received on structured products	43,392,905	41,917,180	29,154,325
Appropriation for loans	<u>1,320,000</u>	<u>560,000</u>	<u>-</u>
	<u>\$ 219,628,441</u>	<u>\$ 205,120,359</u>	<u>\$ 189,595,543</u>

35. EQUITY

a. Capital

Common stock

	June 30, 2023	December 31, 2022	June 30, 2022
Number of shares authorized (in thousands)	<u>25,000,000</u>	<u>25,000,000</u>	<u>25,000,000</u>
Shares authorized	<u>\$ 250,000,000</u>	<u>\$ 250,000,000</u>	<u>\$ 250,000,000</u>
Number of shares issued and fully paid (in thousands) (Note)			
Common share	<u>16,839,289</u>	<u>16,845,389</u>	<u>17,193,877</u>
Preference share	<u>1,582,142</u>	<u>1,582,142</u>	<u>1,893,044</u>
Shares issued	<u>\$ 184,214,310</u>	<u>\$ 184,275,310</u>	<u>\$ 190,869,209</u>
Share capital awaiting retirement	<u>\$ 15,080</u>	<u>\$ -</u>	<u>\$ 44,650</u>

Note: Par value of NT\$10.

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 the 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 as 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 the preferred shares are 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

	June 30, 2023	December 31, 2022	June 30, 2022
Difference between consideration and carrying amounts adjusted arising from changes in percentage of ownership in subsidiaries	\$ 18,488,215	\$ 18,488,215	\$ 18,483,237
Additional paid-in capital	13,003,878	13,003,878	15,559,230
Arising from treasury stock transactions	1,682,294	1,682,294	1,682,294
Others	<u>340,896</u>	<u>452,418</u>	<u>409,727</u>
	<u>\$ 33,515,283</u>	<u>\$ 33,626,805</u>	<u>\$ 36,134,488</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 the FSC and Rule No. 10000002891 issued under the 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 in subsidiaries, directly and indirectly.

This special reserve should be used only to offset a deficit or when the special 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 special 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 2022 and 2021 was approved in the shareholders' meeting on June 17, 2023 and 2022 as follows:

	Earnings Appropriation		Dividends Per Share (NT\$)	
	2022	2021	2022	2021
<u>Earnings appropriation</u>				
Legal reserve	\$ 1,909,777	\$ 3,668,049		
Appropriation of special reserve	48,566,551	123,680		
Cash dividends	-	16,848,554	\$ -	\$ 1.00
Dividends on preference shares	-	3,077		

Related information can be accessed at the Market Observation Post System website of the Taiwan Stock Exchange.

36. TREASURY SHARES

Reason for Repurchase	Shares at Beginning of the Period (In Thousands)	Share Increase During the Period (In Thousands)	Share Decrease During the Period (In Thousands)	Shares at End of the Period (In Thousands)
For the six months ended <u>June 30, 2022</u>				
Reclassification of the Corporation's stock held by subsidiaries and recognized as long-term investment				
Common shares	<u>340,714</u>	<u>-</u>	<u>340,714</u>	<u>-</u>
Preference shares	<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>-</u>	<u>340,714</u>
Preference shares	<u>-</u>	<u>310,901</u>	<u>-</u>	<u>310,901</u>

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 shares and preference stock of 310,901 thousand shares 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

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
<u>Interest revenue</u>				
Securities	\$ 17,315,735	\$ 15,005,906	\$ 33,935,301	\$ 29,047,940
Discounts and loans	4,124,199	2,828,174	8,082,039	5,373,926
Others	2,440,304	1,087,304	4,608,648	1,952,536
	<u>23,880,238</u>	<u>18,921,384</u>	<u>46,625,988</u>	<u>36,374,402</u>
<u>Interest expense</u>				
Deposits	2,686,385	639,322	5,184,644	1,073,083
Notes and bonds issued under repurchase agreements	1,328,099	255,566	2,350,769	352,612
Structured notes	329,247	68,227	612,607	109,622
Security lending guarantee deposits	317,447	28,558	565,988	37,100
Borrowing interest expense	291,951	66,393	540,097	109,113
Corporate bonds	208,908	209,305	420,607	416,190
Bank debentures	94,700	60,595	179,477	118,945
Others	299,445	121,174	638,511	185,794
	<u>5,556,182</u>	<u>1,449,140</u>	<u>10,492,700</u>	<u>2,402,459</u>
Interest profit, net	<u>\$ 18,324,056</u>	<u>\$ 17,472,244</u>	<u>\$ 36,133,288</u>	<u>\$ 33,971,943</u>

38. SERVICE FEE AND COMMISSION, NET

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
<u>Service fee revenue and commission income</u>				
Brokerage	\$ 3,145,559	\$ 2,853,944	\$ 5,898,831	\$ 5,894,516
Security lending	511,836	394,452	950,496	774,054
Others	<u>1,668,267</u>	<u>1,686,394</u>	<u>3,170,436</u>	<u>3,393,973</u>
	<u>5,325,662</u>	<u>4,934,790</u>	<u>10,019,763</u>	<u>10,062,543</u>
<u>Service fee expense and commission expense</u>				
Commission expense - insurance	3,531,938	2,963,038	6,936,030	6,172,183
Brokerage	599,939	554,615	1,113,582	1,121,576
Others	<u>582,499</u>	<u>578,502</u>	<u>1,169,562</u>	<u>1,148,546</u>
	<u>4,714,376</u>	<u>4,096,155</u>	<u>9,219,174</u>	<u>8,442,305</u>
Service fee and commission, net	<u>\$ 611,286</u>	<u>\$ 838,635</u>	<u>\$ 800,589</u>	<u>\$ 1,620,238</u>

39. NET INCOME FROM INSURANCE OPERATIONS

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
<u>Insurance business income</u>				
Premium income	\$ 38,964,193	\$ 40,499,780	\$ 76,147,910	\$ 80,515,962
Reinsurance premium expense	(462,946)	(412,433)	(877,602)	(825,590)
Changes in unearned premium reserve	<u>(1,131,504)</u>	<u>(795,318)</u>	<u>(861,381)</u>	<u>(465,351)</u>
Retained earned premium	37,369,743	39,292,029	74,408,927	79,225,021
Separate-account insurance products revenues	<u>4,682,658</u>	<u>(2,906,637)</u>	<u>8,037,625</u>	<u>(1,978,531)</u>
	<u>42,052,401</u>	<u>36,385,392</u>	<u>82,446,552</u>	<u>77,246,490</u>
<u>Insurance business expense</u>				
Insurance claim payments	(46,945,880)	(32,924,053)	(91,245,344)	(60,165,373)
Claims recovered from reinsures	<u>261,528</u>	<u>227,320</u>	<u>470,763</u>	<u>404,303</u>
Retained claim payments	(46,684,352)	(32,696,733)	(90,774,581)	(59,761,070)
Brokerage expense	(1,632)	(1,142)	(2,448)	(1,764)
Disbursements toward industry stability fund	(38,976)	(76,980)	(76,169)	(153,029)
Changes in foreign exchange valuation reserve	(1,976,754)	(2,688,937)	(624,310)	(6,073,447)
Separate-account insurance products expenses	<u>(4,682,658)</u>	<u>2,906,637</u>	<u>(8,037,625)</u>	<u>1,978,531</u>
	<u>(53,384,372)</u>	<u>(32,557,155)</u>	<u>(99,515,133)</u>	<u>(64,010,779)</u>
Net income from insurance operations	<u>\$ (11,331,971)</u>	<u>\$ 3,828,237</u>	<u>\$ (17,068,581)</u>	<u>\$ 13,235,711</u>

40. GAIN (LOSS) ON FINANCIAL ASSETS OR LIABILITIES MEASURED AT FVTPL

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Derivatives	\$ (24,720,292)	\$ (23,543,212)	\$ (25,124,740)	\$ (51,840,746)
Stocks	10,323,766	(26,779,602)	31,050,123	(31,502,299)
Mutual funds	2,562,216	(6,007,291)	5,421,651	(9,215,278)
Bonds	1,571,057	(1,228,260)	2,220,314	(2,566,483)
Operating securities	1,109,498	(3,168,712)	3,463,935	(5,173,517)
Others	<u>(7,937)</u>	<u>427,187</u>	<u>484,456</u>	<u>1,852,295</u>
	<u>\$ (9,161,692)</u>	<u>\$ (60,299,890)</u>	<u>\$ 17,515,739</u>	<u>\$ (98,446,028)</u>

For the three months ended June 30, 2023 and 2022, the Group's financial assets and liabilities at fair value through profit or loss included interest revenue of \$656,320 thousand and \$539,380 thousand, respectively, and dividend income of \$5,681,620 thousand and \$3,963,155 thousand, respectively, and interest expense of \$0 and \$211,559 thousand, respectively, and for the six months ended June 30, 2023 and 2022, the Group's financial assets and liabilities at fair value through profit or loss included interest revenue of \$1,304,157 thousand and \$1,257,301 thousand, respectively, and dividend income of \$7,464,325 thousand and \$5,521,118 thousand, respectively, and interest expense of \$66,200 thousand and \$405,371 thousand, respectively.

41. REALIZED GAIN (LOSS) ON FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Gain on disposal of bonds	\$ 297,788	\$ 24,427	\$ 503,051	\$ 2,822,864
Dividend income	252,919	452,936	275,681	593,154
Others	<u>84</u>	<u>2,777</u>	<u>106</u>	<u>3,627</u>
	<u>\$ 550,791</u>	<u>\$ 480,140</u>	<u>\$ 778,838</u>	<u>\$ 3,419,645</u>

42. EMPLOYEE BENEFITS, DEPRECIATION AND AMORTIZATION EXPENSES

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Employee benefit expense				
Salaries and wages	\$ 3,906,980	\$ 3,000,063	\$ 7,815,743	\$ 6,790,610
Employee insurance	292,951	298,937	654,636	643,272
Pension	195,030	177,982	377,066	356,397
Others	<u>419,769</u>	<u>372,634</u>	<u>726,643</u>	<u>889,624</u>
	<u>\$ 4,814,730</u>	<u>\$ 3,849,616</u>	<u>\$ 9,574,088</u>	<u>\$ 8,679,903</u>
Depreciation and amortization expenses	<u>\$ 1,111,874</u>	<u>\$ 985,161</u>	<u>\$ 2,199,270</u>	<u>\$ 1,921,270</u>

The Company's Articles of Incorporation stipulate to distribute employees' compensation and remuneration to directors at the rates no less than 1% and no higher than 1%, respectively, of net profit before income tax, employees' compensation, and remuneration to directors.

For the six months ended June 30, 2023 and 2022, the employees' compensation were \$104,000 thousand and \$147,000 thousand and the remuneration of directors were \$103,000 thousand and \$146,000 thousand.

The amounts of employees' compensation were \$179,000 thousand and \$357,000 thousand for 2022 and 2021, respectively, and the differences between the amount of employees' compensation and the amount recognized in the financial statements were both \$0; the amounts of directors' compensation were \$178,000 thousand and \$290,000 thousand for 2022 and 2021, respectively; the differences between the amount of directors' compensation and the amount recognized in the financial statements were \$0 and \$(65,000) thousand, respectively, the aforementioned differences were due to changes in accounting estimates and were recorded as profit or loss in the following year.

The information on the proposed and approved compensation to employees and directors and supervisor is available on 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 Corporation and subsidiary under the linked-tax system is to reduce the income tax liabilities of the Corporation and subsidiary and to consider the fairness of the tax borne by all the companies in order to maximize the synergy of the Corporation and subsidiary. the Corporation and subsidiary 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:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Current income tax				
Current period	\$ 610,919	\$ 535,089	\$ 1,238,041	\$ 1,105,465
Income tax on				
unappropriated earnings	-	858,829	-	858,829
Prior years	(34,088)	(268,398)	(34,104)	(295,871)
Others	-	40	-	198
	<u>576,831</u>	<u>1,125,560</u>	<u>1,203,937</u>	<u>1,668,621</u>
Deferred income tax	<u>(25,726)</u>	<u>1,816,472</u>	<u>(811,333)</u>	<u>3,198,112</u>
Income tax expense recognized in profit or loss	<u>\$ 551,105</u>	<u>\$ 2,942,032</u>	<u>\$ 392,604</u>	<u>\$ 4,866,733</u>

- b. Income tax expense (benefit) recognized in other comprehensive income were as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Current income tax				
(Gain) loss on equity instruments at fair value through other comprehensive income	\$ 10,219	\$ (102,004)	\$ 9,906	\$ (88,771)
Deferred income tax				
Gain on debt instruments at fair value through other comprehensive income	(81,627)	(3,196,011)	(45,142)	(7,599,623)
(Gain) loss on equity instruments at fair value through other comprehensive income	91,474	89,951	(165,716)	(213,922)
(Gain) loss on reclassification using the overlay approach	<u>233,627</u>	<u>(1,499,467)</u>	<u>1,084,056</u>	<u>(2,091,226)</u>
Income tax expense (benefit)	<u>\$ 253,693</u>	<u>\$ (4,707,531)</u>	<u>\$ 883,104</u>	<u>\$ (9,993,542)</u>

- c. Income tax expense (benefit) recognized in equity were as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Current income tax				
Disposal of equity instruments at fair value through other comprehensive income	\$ 48,793	\$ -	\$ 101,998	\$ -
Deferred income tax				
Gain on equity instruments at fair value through other comprehensive income	(48,793)	-	(101,998)	-
Deferred income tax related to tax losses and reversals	<u>(3,846)</u>	<u>590</u>	<u>(8,739)</u>	<u>-</u>
Income tax expense (benefit)	<u>\$ (3,846)</u>	<u>\$ 590</u>	<u>\$ (8,739)</u>	<u>\$ -</u>

- d. Income tax assessments

The Corporation's income tax returns through 2017 have been examined by the tax authorities.

The income tax returns of KGI bank through 2017 have been examined by the tax authorities. The income tax returns of CDIB Management Consulting Corporation and CDC Finance & Leasing Corp. through 2021 have been examined by the tax authorities.

The income tax returns of KGI Securities through 2017 have been examined by the tax authorities. KGI Securities did not agree with the assessment of the taxes in 2015 and 2017 and was in the process of administrative remedy.

The income tax returns of 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 2021 have been examined by the tax authorities. The income tax returns of KGI Futures Co., Ltd through 2020 have been examined by the tax authorities.

CDIB Capital Group's income tax returns through 2017 have been examined by the tax authorities.

The income tax returns of CDIB Capital Management Corporation, CDIB Capital Innovation and CDIB Venture Capital Corp. through 2021 have been examined by the tax authorities.

The income tax returns of formerly CHG3, CHG4 and Development Industrial Bank Asset Management Corp. through 2019 have been examined by the tax authorities. The income tax returns of China Development Asset Management Corp. through 2017 and 2019 have been examined by the tax authorities.

China Life Insurance's income tax returns through 2019 have been examined by the tax authorities.

44. EARNINGS PER SHARE

(New Taiwan Dollars)

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Basic EPS	<u>\$ 0.40</u>	<u>\$ 0.24</u>	<u>\$ 0.61</u>	<u>\$ 0.81</u>
Diluted EPS	<u>\$ 0.40</u>	<u>\$ 0.23</u>	<u>\$ 0.60</u>	<u>\$ 0.81</u>

The earnings and weighted average number of common shares outstanding used in the computation of EPS were as follows:

Net Profit for the Period

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Earnings belong to Corporation	\$ 6,640,353	\$ 3,944,122	\$ 10,142,778	\$ 13,617,783
Less: Preference share dividends	<u>-</u>	<u>(3,077)</u>	<u>-</u>	<u>(3,077)</u>
Earnings used in the computation of EPS	<u>\$ 6,640,353</u>	<u>\$ 3,941,045</u>	<u>\$ 10,142,778</u>	<u>\$ 13,614,706</u>

Weighted Average Number of Common Shares Outstanding (In Thousand Shares)

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Weighted average number of common shares outstanding in computation of basic EPS	16,742,073	16,742,073	16,742,073	16,742,073
Effect of dilutive potentially common shares:				
Restricted shares	<u>47,335</u>	<u>36,309</u>	<u>48,257</u>	<u>36,837</u>
Weighted average number of common shares outstanding in computation of diluted EPS	<u>16,789,408</u>	<u>16,778,382</u>	<u>16,790,330</u>	<u>16,778,910</u>

45. SHARE-BASED PAYMENT ARRANGEMENTS

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 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, ask the Corporation to buy them back or in any other way dispose of these shares except in the case of inheritance. Besides, employees do not have preemptive rights when capital increase but do share the same rights of issued common stock (which includes but are not confined to cash dividends, stock dividends, capital decrease, capital surplus cash (stock) or any rights originated from the 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 the stocks are retrieved, they shall be cancelled in each year of the vesting period.

For the three months ended June 30, 2023 and 2022, the Corporation recognized compensation cost of \$36,991 thousand and \$105,330 thousand, respectively, and for the six months ended June 30, 2023 and 2022, the Corporation recognized compensation cost of \$131,278 thousand and \$217,117 thousand.

46. 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)

	Amount
June 30, 2023	\$ 11,962,026
December 31, 2022	4,455,076
June 30, 2022	5,066,638

- 2) Revenue receivable (recognized as receivables, net)

	Amount
June 30, 2023	\$ 641,531
December 31, 2022	1,033,088
June 30, 2022	716,886

- 3) Receivable on margin loans (recognized as receivables, net)

	Amount
June 30, 2023	\$ 19,990
December 31, 2022	17,336
June 30, 2022	25,044

- 4) Credit card receivable (recognized as receivables, net)

	Amount
June 30, 2023	\$ 44,447
December 31, 2022	19,423
June 30, 2022	13,691

- 5) Other receivables (recognized as receivables, net)

	Amount
June 30, 2023	\$ 99,104
December 31, 2022	19,313
June 30, 2022	27,131

6) Discounts and loans, net

KGI Bank

	Amount	Interest Rate (%)
June 30, 2023	\$ 718,796	1.82-6.49
December 31, 2022	751,291	1.25-15.00
June 30, 2022	908,716	1.25-15.00

For the three months ended June 30, 2023 and 2022, the interest revenues from discounts and loans were \$3,676 thousand and \$3,630 thousand, respectively, and for the six months ended June 30, 2023 and 2022, the interest revenues from discounts and loans were \$7,299 thousand and \$6,743 thousand, respectively.

For the Six Months Ended June 30, 2023

(In Thousands of New Taiwan Dollars)

Category	Account Volume or Name of Related Party	Highest Balance	Ending Balance	Normal	Overdue	Type of Collateral	Is the Transaction at Arm's Length Commercial Term
Consumer loans	27	\$ 24,084	\$ 19,290	\$ 19,290	\$ -	None/credit guarantee fund	Yes
Residential mortgage loans	66	755,120	690,435	690,435	-	Real estate	Yes
Others	3	13,403	9,071	9,071	-	Real estate	Yes

For the Year Ended December 31, 2022

(In Thousands of New Taiwan Dollars)

Category	Account Volume or Name of Related Party	Highest Balance	Ending Balance	Normal	Overdue	Type of Collateral	Is the Transaction at Arm's Length Commercial Term
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 Six Months Ended June 30, 2022

(In Thousands of New Taiwan Dollars)

Category	Account Volume or Name of Related Party	Highest Balance	Ending Balance	Normal	Overdue	Type of Collateral	Is the Transaction at Arm's Length Commercial Term
Consumer loans	28	\$ 21,015	\$ 15,487	\$ 15,487	\$ -	None/credit guarantee fund	Yes
Residential mortgage loans	77	1,044,649	873,798	873,798	-	Real estate	Yes
Others	5	31,333	19,431	19,431	-	Real estate	Yes

7) Guarantee deposits received in futures contracts (recognized as other financial assets)

	Amount
June 30, 2023	\$ 14,909
December 31, 2022	13,210
June 30, 2022	17,395

8) As of June 30, 2023, China Life Insurance has paid other related parties for the renovation on its behalf in an aggregate amount of \$26,092 thousand (recognized as prepaid equipment - investment properties).

9) Other payables (recognized as payables)

	Amount
June 30, 2023	\$ 554,367
December 31, 2022	663,183
June 30, 2022	1,945,201

10) Deposits and remittances

	Amount	Interest Rate (%)
June 30, 2023	\$ 1,574,584	0-7.00
December 31, 2022	1,617,436	0-7.00
June 30, 2022	1,827,388	0-5.76

For the three months ended June 30, 2023 and 2022, the interest expenses from deposits and remittances were \$5,218 thousand and \$2,207 thousand, respectively, and for the six months ended June 30, 2023 and 2022, the interest expenses from deposits and remittances were \$10,233 thousand and \$4,185 thousand, respectively.

11) Unearned receipts (recognized as other liabilities)

	Amount
June 30, 2023	\$ 115,350
December 31, 2022	93,992
June 30, 2022	162,003

12) Equity of future trader

	Amount
June 30, 2023	\$ 23,994
December 31, 2022	11,524
June 30, 2022	4,613

13) Premium income (recognized as insurance operations, net)

	For the Three Months Ended June 30	For the Six Months Ended June 30
2023	\$ 43,238	\$ 79,958
2022	26,076	88,396

14) Rental revenue (recognized as other noninterest income, net)

	For the Three Months Ended June 30	For the Six Months Ended June 30
2023	\$ 53,801	\$ 107,652
2022	50,846	70,466

15) Service fee and commission, net

	For the Three Months Ended June 30	For the Six Months Ended June 30
<u>2023</u>		
Other related parties	\$ 129,928	\$ 262,849
<u>2022</u>		
Other related parties	158,473	292,211

16) Donation (recognized as other general and administrative expense)

	For the Three Months Ended June 30	For the Six Months Ended June 30
2023	\$ 53,445	\$ 53,445
2022	43,000	43,000

17) Gain (loss) on financial assets or liabilities measured at FVTPL-dividend income

	For the Three Months Ended June 30	For the Six Months Ended June 30
2023	\$ 112,801	\$ 174,436
2022	42,633	113,387

18) Outstanding derivative financial instruments

KGI Securities

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
	<u>Contract Amount</u>	<u>Contract Amount</u>	<u>Contract Amount</u>
<u>Structured products liabilities</u>			
Other related parties	\$ 18,000	\$ 18,000	\$ 18,000

19) Remuneration of key management personnel

	<u>For the Three Months Ended June 30</u>		<u>For the Six Months Ended June 30</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Salary and short-term benefits	\$ 248,537	\$ 81,062	\$ 442,908	\$ 362,990
Share-based payments	13,959	14,407	27,711	27,880
Post-employment benefits	<u>5,957</u>	<u>7,470</u>	<u>8,912</u>	<u>10,344</u>
	<u>\$ 268,453</u>	<u>\$ 102,939</u>	<u>\$ 479,531</u>	<u>\$ 401,214</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

<u>Related Party</u>	<u>Relationship with the KGI Bank and Subsidiaries</u>
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 and financial assets at fair value through profit or loss)

Cash and cash equivalents

	June 30, 2023	December 31, 2022	June 30, 2022
Subsidiary of the parent company	\$ 678,474	\$ 332,480	\$ 863,782

Financial assets at fair value through profit or loss

	June 30, 2022
Subsidiary of the parent company	\$ 191,972

- 2) Receivables from sale of securities (recognized as receivables, net)

	June 30	
	2023	2022
Subsidiary of the parent company	\$ 111,717	\$ 789,819

- 3) Purchase and sale of bonds

	Purchase of Bonds
<u>For the six months ended June 30, 2022</u>	
Subsidiary of the parent company	\$ 598,311

- 4) Lease agreements

	For the Six Months Ended June 30, 2022
<u>Acquisition of right-of-use assets</u>	
Subsidiary of the parent company	\$ 104,599

	June 30, 2023	December 31, 2022	June 30, 2022
<u>Lease liabilities</u>			
Subsidiary of the parent company	\$ 2,273,942	\$ 2,356,490	\$ 2,386,668

Determination of rental price above is similar with market price, and payment of rental fee is on a monthly basis.

5) Payable on parent (recognized as current tax liabilities)

	June 30, 2023	December 31, 2022	June 30, 2022
Parent company	\$ 826,444	\$ 1,032,695	\$ 939,023

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)

	December 31, 2022
Subsidiary of the parent company	\$ 221,051

7) Deposits and remittances

	Amount	Interest Rate (%)
<u>June 30, 2023</u>		
Parent company	\$ 3,325,034	0-1.50
Subsidiary of the parent company	22,042,888	0-5.00
<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
<u>June 30, 2022</u>		
Parent company	21,647,869	0-0.85
Subsidiary of the parent company	9,650,888	0-1.00

8) Temporary receipts (recognized as other liabilities)

	June 30, 2023	December 31, 2022	June 30, 2022
Subsidiary of the parent company	\$ 613,254	\$ 660,740	\$ 826,945

The above account is temporary receipts of Automated Clearing House (ACH).

9) Service fee revenue

	For the Three Months Ended June 30	For the Six Months Ended June 30
<u>2023</u>		
Subsidiary of the parent company	\$ 41,761	\$ 107,434

10) Outstanding derivative financial instrument

June 30, 2023

(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	January 13, 2023 - March 22, 2024	\$ 13,076,700	\$ 216,954	Financial assets at FVTPL	\$ 216,954
	Cross-currency swap contracts	August 26, 2021 - May 26, 2025	784,429	(31,283)	Financial assets at FVTPL	1,819
					Financial liabilities at FVTPL	40,825

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	(26,929)	Financial liabilities at FVTPL	16,618

June 30, 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 1, 2021 - November 28, 2022	\$ 20,659,570	\$ 368,602	Financial assets at FVTPL	\$ 377,592
					Financial liabilities at FVTPL	12,070
	Cross-currency swap contracts	February 23, 2021 - May 26, 2025	541,740	(49,981)	Financial liabilities at FVTPL	39,670

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) Financial assets at fair value through profit and loss - current

	June 30, 2023	December 31, 2022	June 30, 2022
<u>Open ended fund, money market instruments and other securities</u>			
Other related parties	\$ 517,601	\$ 514,611	\$ 512,545
<u>Operating securities</u>			
Subsidiary of the parent company	4,830,091	4,849,990	4,849,564
Other related parties	415,250	418,295	636,358

2) Purchase and sale of bonds

		Sale of Bonds
<u>For the six months ended June 30, 2022</u>		
Subsidiary of the parent company		\$ 598,311

3) Guarantee deposits received in futures contracts

	June 30, 2023	December 31, 2022	June 30, 2022
Subsidiary of the parent company	\$ 2,069,444	\$ 539,455	\$ 792,786

4) Accounts receivable

	June 30, 2023	December 31, 2022	June 30, 2022
Subsidiary of the parent company	\$ 193,885	\$ 168,643	\$ -
Other related parties	375,140	857,445	450,691

5) Other current assets

	June 30, 2023	December 31, 2022	June 30, 2022
Subsidiary of the parent company	\$ 8,624,267	\$ 5,522,866	\$ 5,185,112

6) Customers' equity accounts - futures

	June 30, 2023	December 31, 2022	June 30, 2022
Subsidiary of the parent company	\$ 701,874	\$ 345,140	\$ 1,026,598

7) Payables

	June 30, 2023	December 31, 2022	June 30, 2022
Subsidiary of the parent company	\$ 111,758	\$ -	\$ 789,840
Other related parties	374,553	618,949	452,703

8) Current tax liabilities

	June 30, 2023	December 31, 2022	June 30, 2022
Parent company	\$ 1,509,243	\$ 2,029,128	\$ 1,737,933

9) Other operating income

	For the Three Months Ended June 30	For the Six Months Ended June 30
<u>2023</u>		
Subsidiary of the parent company	\$ 66,928	\$ 123,313
<u>2022</u>		
Subsidiary of the parent company	81,651	158,455

CDIB Capital Group and subsidiaries

Related Party	Relationship with CDIB Capital Group and Subsidiaries
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)

	June 30, 2023	December 31, 2022	June 30, 2022
Subsidiary of the parent company	\$ 2,708,798	\$ 2,336,900	\$ 1,668,187

2) Acquisition of financial assets at fair value through profit or loss

	Underlying Assets	Purchase Price
<u>For the six months ended June 30, 2023</u>		
Subsidiary of the parent company	12 partnership funds	\$ 1,005,984

3) Revenue receivable (recognized as other receivables)

**For the Six
Months Ended
June 30, 2022**

Other related parties	\$	156,600
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4) Receivables from parent (recognized as current tax assets)

	June 30, 2023	December 31, 2022	June 30, 2022
Parent company	\$ 219,850	\$ 219,850	\$ 219,850

The receivables resulted from CDFH and its eligible subsidiaries' adopting the linked-tax system in the filing of tax returns since 2003.

5) Lease agreements

	June 30, 2023	December 31, 2022	June 30, 2022
<u>Lease liabilities</u>			
Subsidiary of the parent company	\$ 685,631	\$ 709,533	\$ 771,068

Determination of rental price above is similar with market price, and payment of rental fee is on a monthly/quarterly basis.

6) Restricted assets (recognized as other non-current assets)

	June 30, 2022
Other related parties	\$ 1,374,658

7) Payables from purchase of securities (recognized as payables)

	June 30, 2023
Subsidiary of the parent company	\$ 221,827

8) Other payables

	June 30, 2022
Other related parties	\$ 1,374,658

9) Payables to parent (recognized as current tax liabilities)

	June 30, 2023	December 31, 2022	June 30, 2022
Parent company	\$ 616,148	\$ 582,962	\$ 569,112

The payables resulted from CDFH and its eligible subsidiaries' adopting the linked-tax system in the filing of tax returns since 2003.

10) Outstanding derivative financial instrument

June 30, 2023

(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	August 26, 2021 - May 26, 2025	\$ 630,357	\$ 22,636	Financial assets at FVTPL	\$ 39,265
		March 31, 2023 - March 31, 2024	228,005	(1,729)	Financial liabilities at FVTPL	1,761

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

June 30, 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	\$ 628,759	\$ 48,773	Financial assets at FVTPL	\$ 38,153

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,
2022

Subsidiary of the parent company \$ 153,455

2) Lease agreements

June 30, 2023 December 31, 2022 June 30, 2022

Lease liabilities

Subsidiary of the parent company \$ 110,507 \$ 113,565 \$ 117,169

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)

	June 30, 2023	December 31, 2022	June 30, 2022
Subsidiary of the parent company	\$ 8,584,478	\$ 975,517	\$ 1,862,960

2) Receivables

	June 30, 2023	December 31, 2022	June 30, 2022
Subsidiary of the parent company	\$ 946,611	\$ 770,659	\$ 939,669
Other related parties	195,156	157,127	-

3) Current tax assets

	June 30, 2023	December 31, 2022	June 30, 2022
Parent company	\$ 1,032,587	\$ 2,093,162	\$ 154,993

The above refers to the tax that should be collected from the parent company, CDFH and its eligible subsidiaries' adoption of the linked-tax system in filing of tax returns.

4) Purchase funds managed by related parties (recognized as financial assets at fair value through profit or loss)

	June 30, 2023	December 31, 2022	June 30, 2022
Other related parties	\$ 11,029,175	\$ 3,522,170	\$ 3,917,735

5) Disposal of financial assets at fair value through profit or loss

	Underlying Assets	Proceeds	Gain on Disposal
<u>For the three months ended June 30</u>			
Subsidiary of the parent company	Private equity fund	\$ 1,005,441	\$ 162,979
<u>For the six months ended June 30</u>			
Subsidiary of the parent company	Private equity fund	1,005,441	162,979

6) Bonds payable

	June 30, 2023	December 31, 2022	June 30, 2022
Subsidiary of the parent company	\$ 4,850,000	\$ 4,850,000	\$ 4,850,000

7) Payables

	June 30, 2023
Subsidiary of the parent company	\$ 102,730

8) Current tax liabilities

	June 30, 2023
Parent company	\$ 121,077

The above refers to the tax that should be paid to the parent company, resulted from CDFH and its eligible subsidiaries' adoption of the linked-tax system in filing of tax returns.

9) Commission expense

	For the Three Months Ended June 30	For the Six Months Ended June 30
<u>2023</u>		
Subsidiary of the parent company	\$ 66,529	\$ 122,606
<u>2022</u>		
Subsidiary of the parent company	81,046	157,745

10) Outstanding derivative financial instrument

June 30, 2023

(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	January 13, 2023 - March 22, 2024	US\$ 420,000	Financial liabilities at FVTPL	\$ 210,376

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
		September 2, 2022 - June 20, 2023	US\$ 575,000	Financial liabilities at FVTPL	115,469

June 30, 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	May 16, 2022 - November 28, 2022	US\$ 410,000	Financial assets at FVTPL	\$ 16,527
		September 1, 2021 - September 14, 2022	US\$ 285,000	Financial liabilities at FVTPL	377,502

47. 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.

	June 30, 2023	December 31, 2022	June 30, 2022
Investments in debt instruments measured at amortized cost - negotiable certificates of deposit	\$ 14,500,000	\$ 13,600,000	\$ -
Property and equipment, net	4,482,850	4,638,731	4,509,268
Financial assets at fair value through other comprehensive income - negotiable certificates of deposit	3,595,420	4,919,409	17,807,323
Other financial assets - pledged deposits	1,999,624	2,070,678	1,951,427
Financial assets at fair value through profit or loss	1,984,371	1,961,173	693,384
Accounts receivable - installment accounts receivables and lease receivables	955,606	925,094	632,983
Investment property, net	393,591	256,841	154,977
Financial assets at fair value through other comprehensive income	206,356	208,086	202,877
Due from the Central Bank and call loans to financial institutions	-	-	500,000

48. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACTUAL COMMITMENTS

Commitments and contingencies of the Group, except for those disclosed in Notes 50 and 52 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. The case KGI Bank acted vigorously in regard to Prince Motors’ overdue debt. In December 2012, a third party filed a lawsuit claiming that the 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 Bank has to return the amount of \$1,786,318 thousand. The 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 judgment 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 Bank to pay the received money. The Bank or the third-party files 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.

49. INDIVIDUAL PROFITABILITY AND CONSOLIDATED PROFIT ABILITIES OF CDFH, KGI BANK, KGI SECURITIES AND CHINA LIFE INSURANCE

Consolidated Profitability

(%)

Items		June 30, 2023	June 30, 2022
Return on total assets	Before income tax	0.58	1.07
	After income tax	0.56	0.79
Return on net worth	Before income tax	9.31	15.42
	After income tax	8.96	11.36
Profit margin		35.41	18.36

Profitability of CDFH

(%)

Items		June 30, 2023	June 30, 2022
Return on total assets	Before income tax	7.23	9.24
	After income tax	7.15	8.72
Return on net worth	Before income tax	9.02	12.01
	After income tax	8.96	11.36
Profit margin		91.04	88.76

Profitability of KGI Bank

(%)

Items		June 30, 2023	June 30, 2022
Return on total assets	Before income tax	0.89	0.92
	After income tax	0.77	0.79
Return on net worth	Before income tax	10.91	10.71
	After income tax	9.49	9.16
Profit margin		44.34	44.26

Profitability of KGI Securities

(%)

Items		June 30, 2023	June 30, 2022
Return on total assets	Before income tax	3.06	2.01
	After income tax	2.78	1.64
Return on net worth	Before income tax	14.89	8.47
	After income tax	13.55	6.92
Profit margin		38.10	30.25

Profitability of China Life Insurance

(%)

Items		June 30, 2023	June 30, 2022
Return on total assets	Before income tax	0.40	1.47
	After income tax	0.43	1.18
Return on net worth	Before income tax	7.61	25.33
	After income tax	8.15	20.34
Profit margin		4.23	10.71

50. 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, yield curves 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:

June 30, 2023

	(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	\$ 179,108,013	\$ 293,226	\$ 10,366,184	\$ 189,767,423
Bond investments	30,012,597	76,689,087	924,390	107,626,074
Others	159,335,038	15,689,672	39,191,286	214,215,996
Financial assets designated as at FVTPL	-	-	8,542,326	8,542,326
Financial assets at FVTOCI				
Stock investments	17,354,871	-	14,120,900	31,475,771
Bond investments	140,259,572	67,651,021	-	207,910,593
Others	-	19,123,036	-	19,123,036
Other financial assets				
Purchased debt receivable	-	-	169,791	169,791
Liabilities				
Financial liabilities at FVTPL				
Financial liabilities held for trading	2,874,289	5,678,439	-	8,552,728
<u>Derivative financial instruments</u>				
Assets				
Financial assets at FVTPL	1,141,079	35,365,942	1,327,188	37,834,209
Financial assets for hedging	-	1,685,211	-	1,685,211
Liabilities				
Financial liabilities at FVTPL				
Financial liabilities held for trading	1,400,471	56,311,790	4,851,466	62,563,727
Financial liabilities designated as at FVTPL	951	9,275,930	-	9,276,881
Financial liabilities for hedging	-	704,447	-	704,447

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
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

(Continued)

	Level 1	Level 2	Level 3	Total
<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)

June 30, 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	\$ 168,254,813	\$ 281,147	\$ 8,646,966	\$ 177,182,926
Bond investments	27,438,963	68,499,195	894,735	96,832,893
Others	130,403,540	9,571,575	32,548,596	172,523,711
Financial assets designated as at FVTPL	-	1,970,892	6,438,550	8,409,442
Financial assets at FVTOCI				
Stock investments	35,602,245	-	16,705,002	52,307,247
Bond investments	162,816,019	129,510,345	-	292,326,364
Others	-	68,391,041	-	68,391,041
Other financial assets				
Purchased debt receivable	-	-	200,162	200,162
Liabilities				
Financial liabilities at FVTPL				
Financial liabilities held for trading	5,886,472	5,125,430	-	11,011,902
Financial liabilities designated as at FVTPL	-	10,701,633	-	10,701,633
<u>Derivative financial instruments</u>				
Assets				
Financial assets at FVTPL	1,634,907	36,624,226	573,685	38,832,818
Financial assets for hedging	-	2,251,825	-	2,251,825
Liabilities				
Financial liabilities at FVTPL				
Financial liabilities held for trading	744,983	55,813,291	3,635,416	60,193,690
Financial liabilities designated as at FVTPL	838	14,646,787	-	14,647,625
Financial liabilities for hedging	-	619,039	-	619,039

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 is commonly recognized by the industry. The type of relevant methodology can roughly divide 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 valuation adjustment is an adjustment to the valuation of OTC derivative financial instrument 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 valuation adjustment is an adjustment to the valuation of OTC derivative financial instrument contracts to reflect within fair value the possibility that the Group may default, and that the Group 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) Transfers between Level 1 and Level 2

	For the Six Months Ended June 30, 2023		For the Six Months Ended June 30, 2022	
	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 FVOCI - bond investments	\$ -	\$ -	\$ 4,036,610	\$ 943,990

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 Six Months Ended June 30, 2023

(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	\$ 49,399,891	\$ (388,722)	\$ 5,648,265	\$ -	\$ (2,850,386)	\$ -	\$ 51,809,048
Financial assets designated as at FVTPL	7,031,671	1,387,857	236,787	-	(113,989)	-	8,542,326
Financial assets at FVTOCI	15,412,018	(1,272,798)	-	-	(18,320)	-	14,120,900
Other financial assets							
Purchased debt receivable	188,032	5,017	-	-	(23,258)	-	169,791

For the Six Months Ended June 30, 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	\$ 3,078,866	\$ 9,910,240	\$ -	\$ (1,309,013)	\$ (201,389)	\$ 42,663,982
Financial assets designated as at FVTPL	4,740,512	72,922	1,625,116	-	-	-	6,438,550
Financial assets at FVTOCI	20,126,776	(3,236,976)	-	-	(28,608)	(156,190)	16,705,002
Other financial assets							
Purchased debt receivable	212,442	(2,261)	-	-	(10,019)	-	200,162

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 Six Months Ended June 30, 2023

(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	\$ 3,859,342	\$ 376,506	\$ 810,711	\$ -	\$ (195,093)	\$ -	\$ 4,851,466

For the Six Months Ended June 30, 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	\$ (92,708)	\$ 1,105,526	\$ -	\$ (606,861)	\$ -	\$ 3,635,416

The total gains or losses for the six months ended June 30, 2023 and 2022 included a gain of \$1,794,971 thousand and \$345,752 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 June 30, 2023	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	\$ 414,777	Quoted price of counterparties	Liquidity discount ratios	Beyond estimation	Fair value is inversely proportional to the liquidity discount rate
Financial assets at FVTOCI	936,604	Market approach	P/B, Discount for lack of liquidity	1.24 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	1,327,115	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 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	1,327,128	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 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, 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 discount for liquidity discount ratios
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 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 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 June 30, 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	\$ 395,467	Quoted price of counterparties	Liquidity discount ratios	Beyond estimation	Fair value is inversely proportional to discount for liquidity discount ratios
Financial assets at FVTOCI	972,026	Market approach	P/B, Discount for lack of liquidity	1.12 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	572,065	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 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	572,011	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 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:

	Fair Value at June 30, 2023	Valuation Techniques	Significant Unobservable Inputs	Quantification Information	The Relationship Between Inputs and Fair Value
<u>Financial assets</u>					
Non-derivative instruments					
Financial assets at FVTPL - equity and debt instruments	\$ 3,208,430	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	7.53%	Assets at fair value is inversely proportional to WACC
			Growth rate	3.60%	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	34,330	Option pricing model	Discount for lack of liquidity	26%	Assets at fair value is inversely proportional to discount for lack of liquidity.
			History volatility	44.51%	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	1,892				
Structured products - options		Martingale pricing technique	History volatility	30.94%-63.40%	According to condition of contract, fair value of liabilities may be higher or lower.
<u>Financial liabilities</u>					
Derivative instruments					
Financial liabilities at FVTPL	3,565,163				
Structured products - options		Martingale pricing technique	History volatility	0.00%-38.52%	According to condition of contract, fair value of liabilities may be higher or lower.

	Fair Value at December 31, 2022	Valuation Techniques	Significant Unobservable Inputs	Quantification Information	The Relationship Between Inputs and Fair Value
<u>Financial assets</u>					
Non-derivative instruments					
Financial assets at FVTPL - equity instruments	\$ 3,019,692	Recent strike price Market approach	Not applicable Discount for lack of liquidity	Not applicable 26%-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	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	1,422				
Structured products - options		Martingale pricing technique	History volatility	52.83%-54.85%	According to condition of contract, fair value of liabilities may be higher or lower.
<u>Financial liabilities</u>					
Derivative instruments					
Financial liabilities at FVTPL	2,939,313				
Structured products - options		Martingale pricing technique	History volatility	0.00%-19.37%	According to condition of contract, fair value of liabilities may be higher or lower.

	Fair Value at June 30, 2022	Valuation Techniques	Significant Unobservable Inputs	Quantification Information	The Relationship Between Inputs and Fair Value
<u>Financial assets</u>					
Non-derivative instruments Financial assets at FVTPL - equity instruments	\$ 2,766,906	Recent strike price Market approach	Not applicable Discount for lack of liquidity	Not applicable 26%-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% 6.82%	Assets at fair value is inversely proportional to discount for lack of liquidity. Assets at fair value is inversely proportional to WACC
		Growth rate		3.38%	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	45,000	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.
Derivative instruments Financial assets at FVTPL Structured products - options	548	Martingale pricing technique	History volatility	35.27%-70.23%	According to condition of contract, fair value of liabilities may be higher or lower.
<u>Financial liabilities</u>					
Derivative instruments Financial liabilities at FVTPL Structured products - options	3,103,075	Martingale pricing technique	History volatility	0.00%-35.55%	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 affected by changes in pricing parameters were as follows:

June 30, 2023

	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%	\$ 579	\$ 579	\$ -	\$ -
Equity instruments (discounted cash flow approach)	Discount for lack of liquidity	-1%/+1%	109	109	-	-
	WACC	-1%/+1%	835	804	-	-
	Growth rate	+1%/-1%	375	368	-	-
Equity instruments (assets approach)	Discount for right of controlling	-1%/+1%	3,760	3,666	-	-
Financial assets at FVTOCI						
Equity instruments (option pricing model)	Discount for lack of liquidity	-1%/+1%	-	-	133	133
	History volatility	-1%/+1%	-	-	63	64
Equity instruments (assets approach)	Discount for lack of liquidity	-1%/+1%	-	-	5	5
Derivative instruments						
Financial assets at FVTPL						
Structured products - options	History volatility	+25%/-25%	420	350	-	-
<u>Financial liabilities</u>						
Derivative instruments						
Financial liabilities at FVTPL						
Structured products - options	Historical Volatility	-25%/+25%	-	-	-	-

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
Financial assets						
Non-derivative instruments						
Financial assets at FVTPL						
Equity 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 assets at FVTPL						
Structured products - options	History volatility	+25%/-25%	190	177	-	-
Financial liabilities						
Derivative instruments						
Financial liabilities at FVTPL						
Structured products - options	Historical Volatility	-25%/+25%	-	-	-	-

June 30, 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
Financial assets						
Non-derivative instruments						
Financial assets at FVTPL						
Equity 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%	\$ 114	\$ 114	\$ -	\$ -
Equity instruments (discounted cash flow approach)	Discount for lack of liquidity	-1%/+1%	80	80	-	-
Equity instruments (assets approach)	WACC	-1%/+1%	543	521	-	-
	Growth rate	+1%/-1%	254	249	-	-
	Discount for right of controlling	-1%/+1%	3,557	3,321	-	-
Financial assets at FVTOCI						
Equity instruments (option pricing model)	Discount for lack of liquidity	-1%/+1%	-	-	167	167
Equity instruments (assets approach)	History volatility	-1%/+1%	-	-	179	178
	Discount for lack of liquidity	-1%/+1%	-	-	5	5
Derivative instruments						
Financial assets at FVTPL						
Structured products - options	History volatility	+25%/-25%	36	32	-	-
Financial liabilities						
Derivative instruments						
Financial liabilities at FVTPL						
Structured products - options	Historical Volatility	-25%/+25%	-	-	-	-

CDIB Capital Group and subsidiaries

Quantitative information about the significant unobservable inputs is set out below:

	Fair Value at June 30, 2023	Valuation Techniques	Significant Unobservable Inputs	Range (Average Weighted)	The Relationship Between Inputs and Fair Value
<u>Repetitive basic to fair value measurement items</u>					
Non-derivative financial assets Financial assets at FVTPL	\$ 19,703,682	Market approach	P/S Discount for lack of liquidity	0.92 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 Discount rate Growth rate	23%-29% 6.28%-40.00% 1.25%-17.00%	When the higher the discount for lack of liquidity, the lower of fair value; when the higher discount rate, 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, 2022	Valuation Techniques	Significant Unobservable Inputs	Range (Average Weighted)	The Relationship Between Inputs and Fair Value
<u>Repetitive basic to fair value measurement items</u>					
Non-derivative financial assets Financial assets at FVTPL	\$ 17,503,503	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 Discount rate 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 discount rate, 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 June 30, 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	\$ 15,757,155	Market approach	P/B P/S Discount for lack of liquidity	1.38 0.47-0.83 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 Discount rate Growth rate	23%-29% 5.54%-11.12% 2.20%-8.36%	When the higher the discount for lack of liquidity, the lower of fair value; when the higher discount rate, 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:

June 30, 2023				
	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	6.22%	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, 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

June 30, 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	6.24%	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 conform to market practice; the basis of the theory is commonly recognized by the industry as a basis for valuation in conducting measurements of fair value. Further, the department confirms whether the sources of the information are independent or not, reasonably reflect the prices in normal circumstances and examines and adjusts fair value periodically to ensure the results of the valuation are reasonable.

KGI Securities and subsidiaries

When KGI Securities has those derivatives in which their fair value is hard to reach or they are categorized as derivative financial assets with no active market, the reasonability of the fair value of those financial assets is assessed by the 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 the 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.

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, 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:

June 30, 2023

	(In Thousands of New Taiwan Dollars)			
	Level I	Level 2	Level 3	Total
<u>Financial assets</u>				
Debt instruments measured at amortized cost	\$ 549,098,877	\$ 800,003,769	\$ -	\$ 1,349,102,646
<u>Non-financial assets</u>				
Guarantee deposits paid - bonds	6,951,749	6,280,865	-	13,232,614

December 31, 2022

	(In Thousands of New Taiwan Dollars)			
	Level I	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

June 30, 2022

	(In Thousands of New Taiwan Dollars)			
	Level I	Level 2	Level 3	Total
<u>Financial assets</u>				
Debt instruments measured at amortized cost	\$ 481,136,898	\$ 710,197,684	\$ -	\$ 1,191,334,582
<u>Non-financial assets</u>				
Guarantee deposits paid - bonds	-	7,631,261	-	7,631,261

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 financial instruments, 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.

51. 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. 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 of June 30, 2023, 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. 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	16	
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	\$ 2,805,510	
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	2,942,896	-	
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	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	3,357,046	-	-	-	
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	3,059,478	-	-	-	-	
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	3,057,193	3,058,524	3,059,108	-	-	-	-	-	
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	4,326,786	-	-	-	-	-	-	
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	4,522,960	-	-	-	-	-	-	-	
2016	3,721,820	4,648,280	4,743,133	4,757,525	4,763,372	4,765,519	4,769,820	4,771,679	-	-	-	-	-	-	-	-	
2017	4,320,234	5,400,952	5,537,543	5,552,592	5,557,933	5,563,170	5,564,499	-	-	-	-	-	-	-	-	-	
2018	4,775,948	5,950,536	6,060,673	6,078,878	6,086,102	6,089,183	-	-	-	-	-	-	-	-	-	-	
2019	5,257,484	6,776,954	6,904,733	6,935,395	6,942,672	-	-	-	-	-	-	-	-	-	-	-	
2020	5,208,589	6,557,028	6,720,337	6,743,272	-	-	-	-	-	-	-	-	-	-	-	-	
2021	5,729,794	7,330,220	7,463,661	-	-	-	-	-	-	-	-	-	-	-	-	-	
2022	8,258,280	10,090,050	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2023	2,997,898	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	

Note: This table does not include long-term life insurance.

Add: Long-term insurance claims383,801
Claim reserve for discount on no claim97,685

Reserve for claims balance\$ 2,981,977

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	16	
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	\$ 2,742,047	
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	2,876,291	-	
2010	2,535,358	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	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	3,281,089	-	-	-	
2012	2,304,504	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	2,990,281	-	-	-	-	
2013	2,227,515	2,908,429	2,966,622	2,971,604	2,976,405	2,983,916	2,985,691	2,986,833	2,988,029	2,989,360	2,989,944	-	-	-	-	-	
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	4,229,044	-	-	-	-	-	-	
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	4,420,702	-	-	-	-	-	-	-	
2016	3,657,093	4,560,257	4,647,033	4,649,868	4,655,715	4,657,862	4,662,163	4,664,022	-	-	-	-	-	-	-	-	
2017	4,244,930	5,298,470	5,424,716	5,439,766	5,445,107	5,450,344	5,451,673	-	-	-	-	-	-	-	-	-	
2018	4,692,869	5,837,265	5,946,601	5,964,806	5,972,030	5,975,111	-	-	-	-	-	-	-	-	-	-	
2019	5,165,606	6,658,675	6,786,454	6,817,116	6,824,392	-	-	-	-	-	-	-	-	-	-	-	
2020	5,136,641	6,454,169	6,616,159	6,639,094	-	-	-	-	-	-	-	-	-	-	-	-	
2021	5,640,880	7,192,041	7,325,480	-	-	-	-	-	-	-	-	-	-	-	-	-	
2022	8,190,602	9,976,422	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2023	2,963,070	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	

Note: This table does not include long-term life insurance.

Add: Long-term insurance claims356,374
Claim reserve for discount on no claim97,685

Reserve for claims balance\$ 2,938,935

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 is 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 June 30, 2023, December 31, 2022 and June 30, 2022, 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>June 30, 2023</u>					
Insurance liabilities of investment contracts with discretionary participation features	\$ 35,714,420	\$ 97,705,279	\$ 112,590,371	\$ 650,526,255	\$ 4,154,738,442
Reserve for insurance contracts with feature of financial instruments	-	-	-	-	-

(Continued)

	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>June 30, 2022</u>					
Insurance liabilities of investment contracts with discretionary participation features	21,319,209	122,023,249	136,293,613	625,471,601	3,986,424,202
Reserve for insurance contracts with feature of financial instruments	-	-	-	-	-
					(Concluded)

Note 1: This table estimates net cash flow of all related insurance liabilities at its 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. However, it has little influence on the adequacy of current recognized insurance liabilities.

52. 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 senior 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 the senior management, and the committee or the 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 the 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 organization's 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 appetite, risk-based 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 and 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 the 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 regularly review the execution of relevant 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 of KGI Securities include risk identification, risk measurement, risk monitoring and management and risk reports. The evaluation and measurement 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 risk, interest rate risk, exchange rate risk, 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 risky 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 and is responsible for supervising the implementation of risk management policies, inspecting risk control reports and dealing with related issues. CDIB Capital Group also has established a business risk committee and a risk management department, which belongs to administration department, to plan and manage the risk management system and provide related information to the senior 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 for the aforementioned financial risk, regulating the measurement and evaluation methods.

b. Credit risk

KGI Bank and subsidiaries

1) Definition and source of credit risk

Credit risk is the risk of financial loss to the Bank if a creditor, debtor 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 credit business, call loans to banks, banking book securities investment, financial derivatives, repurchase agreement transactions and other operating activities.

2) Credit risk management policy

The Bank has standard control procedures for credit risk identification, measurement, and generation of disclosures and reports to be used for a rational identification, measurement, effective control and reporting 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. The Bank also adjusts the credit risk structure accordingly so that credit portfolios are within the Bank's risk appetite. Further, the 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 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, mortgage loans, investments in marketable securities 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, the 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 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 collateral, 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:

	June 30, 2023	December 31, 2022	June 30, 2022
Irrevocable loan commitments, guarantees and letters of credit	\$ 49,769,301	\$ 42,507,746	\$ 55,502,349

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 its subsidiaries' carrying amount of maximum exposure credit risk for major credit assets were as follows:

Discounts and Loans						
June 30, 2023						
	Stage 1 12-month Expected Credit Losses	Stage 2 Lifetime Expected Credit Losses	Stage 3 Lifetime Expected Credit Losses	Purchased or Originated Credit-impaired Financial Asset	The Additional Impairment Loss under the Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual loans	Total
Short-term loans	\$ 45,014,169	\$ 622,790	\$ 645,252	\$ -		\$ 46,282,211
Short-term secured loans	14,970,354	-	21,000	-		14,991,354
Medium-term loans	148,302,885	328,615	302,331	-		148,933,831
Medium-term secured loans	85,640,701	452,118	19,190	-		86,112,009
Long-term loans	7,292,114	518,884	787,713	-		8,598,711
Long-term secured loans	90,365,025	165,936	107,671	-		90,638,632
Loans reclassified to nonperforming loans	-	-	480,906	-		480,906
Export negotiations	16,290	-	-	-		16,290
Total book values	391,601,538	2,088,343	2,364,063	-		396,053,944
Impairment allowance	(764,584)	(352,846)	(574,888)	-		(1,692,318)
The additional impairment loss under the Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans					\$ (3,460,460)	(3,460,460)
Adjusting for discounts and loans premium					(53,637)	(53,637)
	<u>\$ 390,836,954</u>	<u>\$ 1,735,497</u>	<u>\$ 1,789,175</u>	<u>\$ -</u>	<u>\$ (3,514,097)</u>	<u>\$ 390,847,529</u>

Receivables						
June 30, 2023						
	Stage 1 12-month Expected Credit Losses	Stage 2 Lifetime Expected Credit Losses	Stage 3 Lifetime Expected Credit Losses	Purchased or Originated Credit-impaired Financial Asset	The Additional Impairment Loss under the Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual loans	Total
Credit card business	\$ 3,273,679	\$ 198,480	\$ 114,741	\$ -		\$ 3,586,900
Accounts receivable - forfaiting	3,858,994	-	-	-		3,858,994
Accounts receivable factoring without recourse	8,216,292	6	38	-		8,216,336
Acceptances	11,164	-	-	-		11,164
Installment accounts and lease receivables	<u>5,974,335</u>	<u>104,036</u>	<u>34,329</u>	<u>-</u>		<u>6,112,700</u>
Total book values	21,334,464	302,522	149,108	-		21,786,094
Impairment allowance	(58,584)	(30,000)	(33,965)	-		(122,549)
The additional impairment loss under the Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans					\$ (159,486)	(159,486)
	<u>\$ 21,275,880</u>	<u>\$ 272,522</u>	<u>\$ 115,143</u>	<u>\$ -</u>	<u>\$ (159,486)</u>	<u>\$ 21,504,059</u>

Discounts and Loans						
December 31, 2022						
	Stage 1	Stage 2	Stage 3		The Additional Impairment Loss under the Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual loans	Total
	12-month Expected Credit Losses	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)
The additional impairment loss under the Regulations 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 1	Stage 2	Stage 3		The Additional Impairment Loss under the Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual loans	Total
	12-month Expected Credit Losses	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 values	24,413,990	270,285	153,793	-		24,838,068
Impairment allowance	(46,841)	(23,273)	(38,123)	-		(108,237)
The additional impairment loss under the Regulations 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						
June 30, 2022						
	Stage 1 12-month Expected Credit Losses	Stage 2 Lifetime Expected Credit Losses	Stage 3 Lifetime Expected Credit Losses	Purchased or Originated Credit-impaired Financial Asset	The Additional Impairment Loss under the Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual loans	Total
Short-term loans	\$ 51,586,219	\$ 679,574	\$ 656,047	\$ -		\$ 52,921,840
Short-term secured loans	21,416,602	-	2,250	-		21,418,852
Medium-term loans	138,976,242	253,145	269,520	-		139,498,907
Medium-term secured loans	82,203,435	89,160	33,317	-		82,325,912
Long-term loans	7,454,823	500,177	698,329	-		8,653,329
Long-term secured loans	87,612,586	100,878	134,497	-		87,847,961
Loans reclassified to nonperforming loans	-	-	287,391	-		287,391
Export negotiations	26,893	-	-	-		26,893
Total book values	389,276,800	1,622,934	2,081,351	-		392,981,085
Impairment allowance	(677,658)	(229,977)	(454,073)	-		(1,361,708)
The additional impairment loss under the Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans					\$ (3,643,298)	(3,643,298)
Adjusting for discounts and loans premium					(55,361)	(55,361)
	<u>\$ 388,599,142</u>	<u>\$ 1,392,957</u>	<u>\$ 1,627,278</u>	<u>\$ -</u>	<u>\$ (3,698,659)</u>	<u>\$ 387,920,718</u>
Receivables						
June 30, 2022						
	Stage 1 12-month Expected Credit Losses	Stage 2 Lifetime Expected Credit Losses	Stage 3 Lifetime Expected Credit Losses	Purchased or Originated Credit-impaired Financial Asset	The Additional Impairment Loss under the Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual loans	Total
Credit card business	\$ 2,818,263	\$ 190,782	\$ 111,629	\$ -		\$ 3,120,674
Accounts receivable - forfaiting	6,026,083	-	-	-		6,026,083
Accounts receivable factoring without recourse	12,405,489	9	61	-		12,405,559
Acceptances	69,733	-	-	-		69,733
Installment accounts and lease receivables	6,450,577	20,074	39,823	-		6,510,474
Total book values	27,770,145	210,865	151,513	-		28,132,523
Impairment allowance	(47,032)	(17,479)	(32,358)	-		(96,869)
The additional impairment loss under the Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans					\$ (262,051)	(262,051)
	<u>\$ 27,723,113</u>	<u>\$ 193,386</u>	<u>\$ 119,155</u>	<u>\$ -</u>	<u>\$ (262,051)</u>	<u>\$ 27,773,603</u>

Maximum exposures to credit risk of financial instrument not applicable to impairment were as follows:

	June 30, 2023	December 31, 2022	June 30, 2022
Financial assets at FVTPL			
Debt instruments	\$ 15,475,288	\$ 9,652,537	\$ 15,361,950
Derivatives	27,956,330	24,212,238	30,506,029

5) Collaterals and other 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 and 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:

June 30, 2023

	Total Book Value	Credit Impairment	Amount of Risk Exposure (Amortized Cost)	Collaterals Value
Impaired financial asset:				
Accounts receivable				
Credit card business	\$ 114,741	\$ 23,604	\$ 91,137	\$ -
Accounts receivable factoring	38	1	37	-
Installment receivables and lease receivables	34,329	10,360	23,969	-
Discounts and loans	<u>2,364,063</u>	<u>574,888</u>	<u>1,789,175</u>	<u>195,948</u>
Total amount of impaired financial asset	<u>\$ 2,513,171</u>	<u>\$ 608,853</u>	<u>\$ 1,904,318</u>	<u>\$ 195,948</u>

December 31, 2022

	Total Book Value	Credit Impairment	Amount of Risk Exposure (Amortized Cost)	Collaterals Value
Impaired financial 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 financial asset	<u>\$ 2,458,096</u>	<u>\$ 655,365</u>	<u>\$ 1,802,731</u>	<u>\$ 224,965</u>

June 30, 2022

	Total Book Value	Credit Impairment	Amount of Risk Exposure (Amortized Cost)	Collaterals Value
Impaired financial asset:				
Accounts receivable				
Credit card business	\$ 111,629	\$ 22,533	\$ 89,096	\$ -
Accounts receivable factoring	61	2	59	-
Installment receivables and lease receivables	39,823	9,823	30,000	-
Discounts and loans	<u>2,081,351</u>	<u>454,073</u>	<u>1,627,278</u>	<u>219,117</u>
Total amount of impaired financial asset	<u>\$ 2,232,864</u>	<u>\$ 486,431</u>	<u>\$ 1,746,433</u>	<u>\$ 219,117</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 \$446,712 thousand and \$277,483 thousand for the six months ended June 30, 2023 and 2022.

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 counterparty 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	June 30, 2023		December 31, 2022		June 30, 2022	
	Amount	%	Amount	%	Amount	%
Public and private enterprise	\$ 233,593,111	58.98	\$ 241,584,897	60.43	\$ 239,684,788	60.99
Natural person	162,460,833	41.02	157,964,018	39.51	153,076,297	38.95
Non-profit organization	-	-	256,724	0.06	220,000	0.06
Total	\$ 396,053,944	100.00	\$ 399,805,639	100.00	\$ 392,981,085	100.00

b) By region

Region	June 30, 2023		December 31, 2022		June 30, 2022	
	Amount	%	Amount	%	Amount	%
Domestic	\$ 316,426,582	79.89	\$ 316,427,583	79.15	\$ 305,213,666	77.67
Overseas	79,627,362	20.11	83,378,056	20.85	87,767,419	22.33
Total	\$ 396,053,944	100.00	\$ 399,805,639	100.00	\$ 392,981,085	100.00

c) By collateral

Collateral	June 30, 2023		December 31, 2022		June 30, 2022	
	Amount	%	Amount	%	Amount	%
Non-collateral	\$ 204,271,580	51.58	\$ 207,343,404	51.86	\$ 201,367,084	51.24
Collateral						
Property	175,398,530	44.29	172,558,268	43.16	167,480,111	42.62
Guarantee	4,803,008	1.21	7,846,720	1.96	12,085,291	3.08
Financial collateral	5,649,804	1.43	6,472,978	1.62	6,576,967	1.67
Others	5,931,022	1.49	5,584,269	1.40	5,471,632	1.39
Total	\$ 396,053,944	100.00	\$ 399,805,639	100.00	\$ 392,981,085	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.

	June 30, 2023	December 31, 2022	June 30, 2022
Foreclosed collateral	\$ 588,985	\$ 588,985	\$ 588,985
Accumulated impairment	<u>(588,985)</u>	<u>(588,985)</u>	<u>(588,985)</u>
	<u>\$ -</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			June 30, 2023				
			Nonperforming Loan (NPL) (Note 1)	Total Loans	NPL Ratio (Note 2)	Loan Loss Reserves (LLR)	Coverage Ratio (Note 3)
Corporate loan	Secured		\$ 51,851	\$ 91,780,262	0.06%	\$ 1,148,723	2,215.43%
	Unsecured		90,782	154,750,700	0.06%	1,735,789	1,912.04%
Consumer loan	Mortgage (Note 4)		28,525	72,945,492	0.04%	1,096,876	3,845.25%
	Cash card		108,375	10,532,656	1.03%	245,961	226.95%
	Micro credit (Note 5)		467,779	38,940,117	1.20%	636,229	136.01%
	Others (Note 6)	Secured	9,714	27,073,610	0.04%	288,882	2,973.73%
		Unsecured	-	31,107	-	318	-
Total			757,026	396,053,944	0.19%	5,152,778	680.66%
			Overdue Receivables	Accounts Receivable	Delinquency Ratio	Allowance for Credit Losses	Coverage Ratio
Credit card			\$ 30,096	\$ 3,586,900	0.84%	\$ 60,334	200.47%
Accounts receivable - factored without recourse (Note 7)			5	8,216,336	0.00%	98,344	2,103,621.88%

Item			June 30, 2022				
			Nonperforming Loan (NPL) (Note 1)	Total Loans	NPL Ratio (Note 2)	Loan Loss Reserves (LLR)	Coverage Ratio (Note 3)
Corporate loan	Secured		\$ 24,946	\$ 92,313,877	0.03%	\$ 1,167,629	4,680.60%
	Unsecured		237,232	158,593,005	0.15%	1,780,806	750.66%
Consumer loan	Mortgage (Note 4)		29,790	72,358,368	0.04%	1,086,038	3,645.61%
	Cash card		102,167	11,073,532	0.92%	213,607	209.08%
	Micro credit (Note 5)		276,911	31,649,302	0.87%	469,026	169.38%
	Others (Note 6)	Secured	14,221	26,941,756	0.05%	287,374	2,020.75%
		Unsecured	-	51,245	-	526	-
Total			685,267	392,981,085	0.17%	5,005,006	730.37%
			Overdue Receivables	Accounts Receivable	Delinquency Ratio	Allowance for Credit Losses	Coverage Ratio
Credit card			\$ 27,957	\$ 3,120,674	0.90%	\$ 53,497	191.36%
Accounts receivable - factored without recourse (Note 7)			6	12,405,559	0.00%	158,711	2,804,583.85%

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	June 30, 2023		June 30, 2022	
	Excluded NPL	Excluded Overdue Receivables	Excluded NPL	Excluded Overdue Receivables
Amounts of executed contracts on negotiated debts not reported (Note 1)	\$ 2,625	\$ 60	\$ 3,951	\$ 65
Amounts of executed debt settlement program and rehabilitation program (Note 2)	71,080	6,209	66,391	5,899
Total	\$ 73,705	\$ 6,269	\$ 70,342	\$ 5,964

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 risk

June 30, 2023

(In Thousands of New Taiwan Dollars, %)

Top 10 Ranking	Group (Industry Category)	Total Credit	Percentage of Net Worth
1	A Group - Manufacture of liquid crystal panel and components	\$ 8,063,355	12.34
2	B Group - Real estate development activities	6,206,540	9.50
3	C Group - Manufacture of electronic passive devices	5,833,390	8.93
4	D Group - Financial leasing industry	5,008,668	7.67
5	E Group - Manufacture of liquid crystal panel and components	4,844,886	7.42
6	F Group - Real estate development activities	4,206,000	6.44
7	G Group - Manufacture of chemical material	4,148,029	6.35
8	H Group - Short-term hospitality	4,097,708	6.27
9	I Group - Real estate activities for sale and rental	4,080,455	6.25
10	J Group - Financial leasing	3,528,652	5.40

June 30, 2022

(In Thousands of New Taiwan Dollars, %)

Top 10 Ranking	Group (Industry Category)	Total Credit	Percentage of Net Worth
1	A Group - Manufacture of liquid crystal panel and components	\$ 6,375,946	10.72
2	B Group - Activities of other holding companies	6,270,762	10.55
3	K Group - Computers manufacturing	5,509,149	9.26
4	D Group - Real estate development activities	5,481,125	9.22
5	F Group - Real estate development activities	4,808,000	8.09
6	G Group - Manufacture of chemical material	4,178,244	7.03
7	I Group - Real estate activities for sale and rental	4,131,220	6.95
8	L Group - Cable telecommunications industry	3,977,664	6.69
9	J Group - Financial leasing industry	3,856,059	6.48
10	M Group - Wholesale of electronics, communication equipment and components	3,252,030	5.47

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 impaired credit of 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

If there is evidence that the borrower will be unable to settle the loan, or has significant financial difficulties, such as:

- i. Borrower has been bankrupted 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 off 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 or 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.

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 the Six Months Ended June 30, 2023

	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, 2023	\$ 63,024	\$ 30	\$ -	\$ 41	\$ -	\$ 63,095	\$ 107,002	\$ 170,097
Changes due to financial instruments that have been identified at the beginning of the period:								
To lifetime ECL	-	-	-	-	-	-		-
From conversion to credit-impaired financial assets	-	-	-	-	-	-		-
To 12-month ECL	20	(2)	-	(18)	-	-		-
Derecognizing financial assets during the current period	(15,031)	(41)	-	(11)	-	(15,083)		(15,083)
Purchased or originated new financial assets	31,166	32	-	16	-	31,214		31,214
The adjustments under regulations governing the procedures for banking institutions to evaluate assets and deal with nonperforming/nonaccrual loans							68,226	68,226
Effect of exchange rate changes and others	12,338	57	-	(8)	-	12,387		12,387
Balance at June 30, 2023	<u>\$ 91,517</u>	<u>\$ 76</u>	<u>\$ -</u>	<u>\$ 20</u>	<u>\$ -</u>	<u>\$ 91,613</u>	<u>\$ 175,228</u>	<u>\$ 266,841</u>

KGI Bank and subsidiaries had no significant change in off-balance-sheet guarantees and expected credit loss during the duration of the financing commitments for the six months ended June 30, 2023. The aforementioned provision on June 30, 2023 increased by \$96,744 thousand from the beginning of the year.

For the Six Months Ended June 30, 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, 2022	\$ 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	268	(136)	-	(132)	-	-	-	-
Derecognizing financial assets during the current period	(30,252)	(336)	-	(354)	-	(30,942)		(30,942)
Purchased or originated new financial assets	18,080	-	-	4	-	18,084		18,084
The adjustments under regulations governing the procedures for banking institutions to evaluate assets and deal with nonperforming/nonaccrual loans							(70,976)	(70,976)
Effect of exchange rate changes and others	(22,366)	82	-	37	-	(22,247)		(22,247)
Balance at June 30, 2022	<u>\$ 68,644</u>	<u>\$ 55</u>	<u>\$ -</u>	<u>\$ 3</u>	<u>\$ -</u>	<u>\$ 68,702</u>	<u>\$ 160,102</u>	<u>\$ 228,804</u>

KGI Bank and subsidiaries had no significant change in off-balance-sheet guarantees and expected credit loss during the duration of the financing commitments for the six months ended June 30, 2022. The aforementioned provision on June 30, 2022 decreased by \$106,081 thousand from the beginning of the year.

16) Loss allowance for financial assets measured at FVTOCI

For the six months ended June 30, 2023 and 2022, 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 June 30, 2023, December 31, 2022 and June 30, 2022, loss allowance for debt instruments measured at FVTOCI due to the adjustment of the portfolio were \$44,289 thousand, \$33,240 thousand and \$34,665 thousand, respectively.

17) Loss allowance for financial assets measured at amortized cost

For the six months ended June 30, 2023 and 2022, 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 June 30, 2023, December 31, 2022 and June 30, 2022, the recognition of loss allowance were \$5,801 thousand, \$5,153 thousand and \$5,001 thousand, respectively.

18) Loss allowance for receivables

The reconciliation statement of loss allowance for receivables for the six months ended June 30, 2023 and 2022 of the KGI Bank and subsidiaries were as follows:

For the Six Months Ended June 30, 2023

	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, 2023	\$ 48,035	\$ 23,846	\$ -	\$ 1,146,937	\$ -	\$ 1,218,818	\$ 222,504	\$ 1,441,322
Changes due to financial instruments that have been identified at the beginning of the period:								
To lifetime ECL	(6,937)	7,321	1	(385)	-	-		-
From conversion to credit-impaired financial assets	(214)	(3,487)	-	3,701	-	-		-
To 12-month ECL	1,178	(1,072)	-	(106)	-	-		-
Derecognizing financial assets during the current period	(34,774)	(7,131)	(2,121)	(10,338)	-	(54,364)		(54,364)
Purchased or originated new financial assets	39,304	825	3,033	836	-	43,998		43,998
The adjustments under regulations governing the procedures for banking institutions to evaluate assets and deal with nonperforming/ nonaccrual loans							(55,238)	(55,238)
Write-off	-	-	-	(25,478)	-	(25,478)		(25,478)
Recovery of written-off	-	-	-	3,812	-	3,812		3,812
Effect of exchange rate changes and others	13,471	10,492	1,489	20,704	-	46,156		46,156
Balance at June 30, 2023	<u>\$ 60,063</u>	<u>\$ 30,794</u>	<u>\$ 2,402</u>	<u>\$ 1,129,683</u>	<u>\$ -</u>	<u>\$ 1,232,942</u>	<u>\$ 167,266</u>	<u>\$ 1,400,208</u>

For the Six Months Ended June 30, 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, 2022	\$ 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	(147)	1,647	-	(1,500)	-	-		-
From conversion to credit-impaired financial assets	(170)	(1,161)	-	1,331	-	-		-
To 12-month ECL	970	(703)	-	(267)	-	-		-
Derecognizing financial assets during the current period	(27,247)	(475)	-	(4,958)	-	(32,680)		(32,680)
Purchased or originated new financial assets	34,282	383	-	277	-	34,942		34,942
The adjustments under regulations governing the procedures for banking institutions to evaluate assets and deal with nonperforming/ nonaccrual loans							64,291	64,291
Write-off	-	-	-	(893)	-	(893)		(893)
Recovery of written-off	-	-	-	4,089	-	4,089		4,089
Effect of exchange rate changes and others	(8,084)	(636)	214	46,388	-	37,882		37,882
Balance at June 30, 2022	<u>\$ 48,165</u>	<u>\$ 17,994</u>	<u>\$ 214</u>	<u>\$ 1,106,364</u>	<u>\$ -</u>	<u>\$ 1,172,737</u>	<u>\$ 258,857</u>	<u>\$ 1,431,594</u>

Changes in total book values of receivables of KGI Bank and subsidiaries were as follows:

For the Six Months Ended June 30, 2023

	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, 2023	\$ 29,763,221	\$ 281,421	\$ -	\$ 1,752,835	\$ -	\$ 31,797,477
Conversion from individual financial instruments to lifetime ECL	(4,449)	-	4,449	-	-	-
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	(133,833)	90,764	-	43,069	-	-
Purchased or originated new receivables	9,960,606	13,976	7,429	4,348	-	9,986,359
Write-off	-	-	-	(25,478)	-	(25,478)
Derecognition	(11,918,646)	(71,635)	(6,550)	(42,985)	-	(12,039,816)
Effect of exchange rate changes and others	55,024	-	311	16,320	-	71,655
Balance at June 30, 2023	\$ 27,721,923	\$ 314,526	\$ 5,639	\$ 1,748,109	\$ -	\$ 29,790,197

For the Six Months Ended June 30, 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, 2022	\$ 26,298,634	\$ 213,353	\$ -	\$ 1,630,372	\$ -	\$ 28,142,359
Conversion from individual financial instruments to lifetime ECL	(205)	-	205	-	-	-
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	(66,118)	31,034	-	35,084	-	-
Purchased or originated new receivables	13,905,200	5,320	-	3,924	-	13,914,444
Write-off	-	-	-	(893)	-	(893)
Derecognition	(7,919,017)	(33,351)	-	(33,872)	-	(7,986,240)
Effect of exchange rate changes and others	<u>774,494</u>	<u>4,107</u>	<u>142</u>	<u>72,218</u>	<u>-</u>	<u>850,961</u>
Balance at June 30, 2022	\$ 32,992,988	\$ 220,463	\$ 347	\$ 1,706,833	\$ -	\$ 34,920,631

19) Loss allowance for discounts and loans

The reconciliation statement of allowance for bad debts of discounts and loans for the six months ended June 30, 2023 and 2022 of the KGI Bank and subsidiaries were as follows:

For the Six Months Ended June 30, 2023

	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, 2023	\$ 702,059	\$ 99,224	\$ -	\$ 617,242	\$ -	\$ 1,418,525	\$ 3,762,082	\$ 5,180,607
Changes due to financial instruments that have been identified at the beginning of the period:								
To lifetime ECL	(1,702)	7,020	106	(5,424)	-	-	-	-
From conversion to credit-impaired financial assets	(3,149)	(22,782)	-	25,931	-	-	-	-
To 12-month ECL	5,115	(3,046)	-	(2,069)	-	-	-	-
Derecognizing financial assets during the current period	(481,958)	(10,436)	(2)	(28,811)	-	(521,207)		(521,207)
Purchased or originated new financial assets	460,853	336	-	28	-	461,217		461,217
The adjustments under regulations governing the procedures for banking institutions to evaluate assets and deal with nonperforming/nonaccrual loans							(301,622)	(301,622)
Write-off	-	-	-	(386,672)	-	(386,672)		(386,672)
Recovery of written-off	-	-	-	473,259	-	473,259		473,259
Effect of exchange rate changes and others	83,366	50,155	232,271	(118,596)	-	247,196		247,196
Balance at June 30, 2023	\$ 764,584	\$ 120,471	\$ 232,375	\$ 574,888	\$ -	\$ 1,692,318	\$ 3,460,460	\$ 5,152,778

For the Six Months Ended June 30, 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, 2022	\$ 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	(1,714)	13,182	36	(11,504)	-	-	-	-
From conversion to credit-impaired financial assets	(3,352)	(19,796)	-	23,148	-	-	-	-
To 12-month ECL	9,674	(1,944)	-	(7,730)	-	-	-	-
Derecognizing financial assets during the current period	(241,853)	(7,298)	-	(48,509)	-	(297,660)		(297,660)
Purchased or originated new financial assets	603,521	52,127	-	30	-	655,678		655,678
The adjustments under regulations governing the procedures for banking institutions to evaluate assets and deal with nonperforming/nonaccrual loans							227,881	227,881
Write-off	-	-	-	(243,821)	-	(243,821)		(243,821)
Recovery of written-off	-	-	-	378,097	-	378,097		378,097
Effect of exchange rate changes and others	(545,378)	(45,196)	136,368	(135,218)	-	(589,424)		(589,424)
Balance at June 30, 2022	\$ 677,658	\$ 93,573	\$ 136,404	\$ 454,073	\$ -	\$ 1,361,708	\$ 3,643,298	\$ 5,005,006

Changes in total book values of discounts and loans of the KGI Bank and subsidiaries were as follows:

For the Six Months Ended June 30, 2023

	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, 2023	\$ 395,967,373	\$ 1,533,963	\$ -	\$ 2,304,303	\$ -	\$ 399,805,639
Conversion from individual financial instruments to lifetime ECL	(516,704)	-	516,704	-	-	-
Conversion from individual financial instruments to credit-impaired financial assets	-	-	-	-	-	-
Roll-out individual financial instruments from credit-impaired financial assets	-	-	-	-	-	-
Discounts and loans based on collective assessment	(711,660)	151,535	-	560,125	-	-
Purchased or originated new discounts and loans	254,917,706	3,368	-	281	-	254,921,355
Write-off	-	-	-	(386,672)	-	(386,672)
Derecognition	(258,805,059)	(146,146)	(8,509)	(112,824)	-	(259,072,538)
Effect of exchange rate changes and others	749,882	-	37,428	(1,150)	-	786,160
Balance at June 30, 2023	\$ 391,601,538	\$ 1,542,720	\$ 545,623	\$ 2,364,063	\$ -	\$ 396,053,944

For the Six Months Ended June 30, 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, 2022	\$ 375,003,104	\$ 1,441,474	\$ -	\$ 2,152,294	\$ -	\$ 378,596,872
Conversion from individual financial instruments to lifetime ECL	(127,836)	-	127,836	-	-	-
Conversion from individual financial instruments to credit-impaired financial assets	-	-	-	-	-	-
Roll-out individual financial instruments from credit-impaired financial assets	-	-	-	-	-	-
Discounts and loans based on collective assessment	(490,813)	195,063	-	295,750	-	-
Purchased or originated new discounts and loans	299,116,327	123,664	-	596	-	299,240,587
Write-off	-	-	-	(243,821)	-	(243,821)
Derecognition	(288,360,127)	(274,203)	-	(130,876)	-	(288,765,206)
Effect of exchange rate changes and others	<u>4,136,145</u>	<u>532</u>	<u>8,568</u>	<u>7,408</u>	<u>-</u>	<u>4,152,653</u>
Balance at June 30, 2022	<u>\$ 389,276,800</u>	<u>\$ 1,486,530</u>	<u>\$ 136,404</u>	<u>\$ 2,081,351</u>	<u>\$ -</u>	<u>\$ 392,981,085</u>

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.

- a) 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).
- b) 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 account 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 is reevaluate and revised on each financial reporting date.

b) Receivables and others 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 taken 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 and whether the credit risk is impaired after the initial recognition on each balance sheet date. The three stages are no significant increase in credit risk (Stage 1), low credit risk (Stage 2) and credit impairment (Stage 3). For the determination of significant increase in credit risk since initial recognition, the main indicators to be considered include the external credit rating and its change in grade (from investment grade to non-investment grade or credit rating dropping by more than a certain level compared to the original recognition date), and other market information related to the issuer indicating that its credit risk has increased significantly, etc. For the determination of credit impairment, it refers to default, significant financial difficulties, bankruptcy or financial reorganization of the issuer, or a combination of certain events that may have caused the financial assets to become credit impaired. If the credit risk of a financial asset at the balance sheet date is determined to be low, the allowance for loss is measured at the expected credit loss over 12 months, assuming that the credit risk of the financial asset has not increased significantly since initial recognition, and for financial assets that have increased significantly since initial recognition or are impaired, the allowance for loss is measured at the expected credit loss over the remaining period.

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, 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.

- 6) The estimation techniques or material assumptions used by KGI Securities and subsidiaries to assess expected credit losses did not change significantly for the six months ended June 30, 2023 and 2022.

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 June 30, 2023, December 31, 2022 and June 30, 2022 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 June 30, 2023, December 31, 2022 and June 30, 2022 were \$47,954,039 thousand, \$45,927,185 thousand and \$35,832,680 thousand, respectively, and allowance loss were \$20,311 thousand, \$20,697 thousand and \$29,684 thousand, respectively.

Accounts receivable and othersJune 30, 2023

	Total Book Value	Less: Allowance Loss	Total
Cash and cash equivalents	\$ 23,532,261	\$ (348)	\$ 23,531,913
Bonds purchased under resell agreements	11,434,942	-	11,434,942
Margin loans receivables	29,729,928	(4,440)	29,725,488
Trading securities receivables	12,217,156	(1,423)	12,215,733
Customer's margin accounts	63,482,766	(45)	63,482,721
Futures commission merchant receivable	133,719	(133,719)	-
Deposits required for securities borrowing	33,529,212	(2)	33,529,210
Accounts receivable	61,980,526	(4,487)	61,976,039
Other current assets	37,476,902	(12,043)	37,464,859
Other non-current assets	<u>4,832,161</u>	<u>(885,386)</u>	<u>3,946,775</u>
	<u>\$ 278,349,573</u>	<u>\$ (1,041,893)</u>	<u>\$ 277,307,680</u>

December 31, 2022

	Total Book Value	Less: Allowance Loss	Total
Cash and cash equivalents	\$ 34,755,535	\$ (1,127)	\$ 34,754,408
Bonds purchased under resell agreements	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>

June 30, 2022

	Total Book Value	Less: Allowance Loss	Total
Cash and cash equivalents	\$ 16,130,540	\$ (233)	\$ 16,130,307
Bonds purchased under resell agreements	9,245,834	-	9,245,834
Margin loans receivables	29,270,898	(1,875)	29,269,023
Trading securities receivables	9,201,718	(693)	9,201,025
Customer's margin accounts	62,867,728	(2,664)	62,865,064
Futures commission merchant receivable	134,535	(134,526)	9
Deposits required for securities borrowing	38,754,197	(25)	38,754,172
Accounts receivable	45,642,080	(1,951)	45,640,129
Other current assets	36,423,465	(15,600)	36,407,865
Other non-current assets	<u>4,379,851</u>	<u>(837,563)</u>	<u>3,542,288</u>
	<u>\$ 252,050,846</u>	<u>\$ (995,130)</u>	<u>\$ 251,055,716</u>

2) Changes in allowance losses of KGI Securities and subsidiaries for the six months ended June 30, 2023 and 2022 are as follows:

a) Financial assets at fair value through other comprehensive income

	12 Months Expected Credit Loss
January 1, 2023	\$ 20,697
Addition (reversal)	(445)
Changes in exchange rate and others	<u>59</u>
June 30, 2023	<u>\$ 20,311</u>
January 1, 2022	\$ 23,735
Addition (reversal)	4,946
Changes in exchange rate and others	<u>1,003</u>
June 30, 2022	<u>\$ 29,684</u>

The loss allowance of financial assets measured at fair value through other comprehensive income-debt instrument investments for the six months ended June 30, 2023 and 2022 were influenced by the derecognition and purchase.

b) Receivables and others

	12 Months Expected Credit Loss	Lifetime Expected Credit Loss (Collective)	Credit Impaired Financial Assets (Lifetime Expected Credit Loss)	Lifetime Expected Credit Loss (Simplify)	Total
January 1, 2023	\$ 8,802	\$ 316	\$ 1,028,067	\$ 4,623	\$ 1,041,808
Addition (reversal)	1,175	48	743	3,126	5,092
Derecognizing financial assets during the current period	-	-	(730)	-	(730)
Changes in exchange rate and others	<u>68</u>	<u>(278)</u>	<u>(4,068)</u>	<u>1</u>	<u>(4,277)</u>
June 30, 2023	<u>\$ 10,045</u>	<u>\$ 86</u>	<u>\$ 1,024,012</u>	<u>\$ 7,750</u>	<u>\$ 1,041,893</u>
January 1, 2022	\$ 12,347	\$ 645	\$ 960,705	\$ 4,682	\$ 978,379
Addition (reversal)	1,382	(451)	14,695	(643)	14,983
Derecognizing financial assets during the current period	-	-	(855)	-	(855)
Write-off	-	-	-	-	-
Changes in exchange rate and others	<u>885</u>	<u>(28)</u>	<u>1,762</u>	<u>4</u>	<u>2,623</u>
June 30, 2022	<u>\$ 14,614</u>	<u>\$ 166</u>	<u>\$ 976,307</u>	<u>\$ 4,043</u>	<u>\$ 995,130</u>

The aforementioned total book value of receivables and others were influenced by securities market transactions.

CDIB Capital Group and subsidiaries

CDIB Capital Group and its 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.

CDIB Capital Group and its subsidiaries have all kinds of financial instruments of which the maximum exposure to the credit risk 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 credit risk and 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, 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 and its loss rate. 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. 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. For financial assets whose credit risk has not increased significantly since initial recognition, China Life Insurance measures the allowance loss by the 12-month expected credit loss amount; For financial assets with a significant increase in credit risk or credit impairment since initial recognition, China Life Insurance measures the allowance loss by 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:

June 30, 2023

Financial Assets	Taiwan	Asia	Europe	America	Global	Total
Cash and cash equivalents	\$ 42,098,867	\$ 7,593,698	\$ 4,430,694	\$ -	\$ -	\$ 54,123,259
Financial assets at fair value through profit or loss	27,245,131	7,948,171	9,097,026	2,256,431	-	46,546,759
Financial assets at fair value through other comprehensive income	2,537,698	3,882,063	7,730,892	26,086,149	-	40,236,802
Financial assets at amortized cost	150,140,706	434,260,351	365,404,245	643,938,879	4,619,535	1,598,363,716
Refundable deposits - bonds	<u>7,338,032</u>	<u>-</u>	<u>-</u>	<u>9,858,232</u>	<u>-</u>	<u>17,196,264</u>
	<u>\$ 229,360,434</u>	<u>\$ 453,684,283</u>	<u>\$ 386,662,857</u>	<u>\$ 682,139,691</u>	<u>\$ 4,619,535</u>	<u>\$ 1,756,466,800</u>
Proportion	<u>13.06%</u>	<u>25.83%</u>	<u>22.01%</u>	<u>38.84%</u>	<u>0.26%</u>	<u>100.00%</u>

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	<u>7,400,484</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,400,484</u>
	<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>

June 30, 2022

Financial Assets	Taiwan	Asia	Europe	America	Global	Total
Cash and cash equivalents	\$ 73,372,604	\$ 10,904,594	\$ 18,540,546	\$ -	\$ -	\$ 102,817,744
Financial assets at fair value through profit or loss	22,462,759	7,805,225	9,151,195	2,288,590	-	41,707,769
Financial assets at fair value through other comprehensive income	29,413,948	58,704,716	28,839,989	24,607,003	-	141,565,656
Financial assets at amortized cost	147,447,784	361,486,943	310,428,949	571,517,313	4,952,299	1,395,833,288
Refundable deposits - bonds	7,401,593	-	-	-	-	7,401,593
	<u>\$ 280,098,688</u>	<u>\$ 438,901,478</u>	<u>\$ 366,960,679</u>	<u>\$ 598,412,906</u>	<u>\$ 4,952,299</u>	<u>\$ 1,689,326,050</u>
Proportion	<u>16.58%</u>	<u>25.98%</u>	<u>21.72%</u>	<u>35.42%</u>	<u>0.30%</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:

June 30, 2023

Location	Northern Areas: Taipei and Eastern Counties	Central Area: Taichung to Changhua and Nantou	Southern Area: Counties Below Tainan	Total
Secured loans	\$ 112,855	\$ 45,335	\$ 59,759	\$ 217,949
Overdue receivables	-	-	-	-
	<u>\$ 112,855</u>	<u>\$ 45,335</u>	<u>\$ 59,759</u>	<u>\$ 217,949</u>
Proportion	<u>51.78%</u>	<u>20.80%</u>	<u>27.42%</u>	<u>100.00%</u>

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>

June 30, 2022

Location	Northern Areas: Taipei and Eastern Counties	Central Area: Taichung to Changhua and Nantou	Southern Area: Counties Below Tainan	Total
Secured loans	\$ 165,219	\$ 77,922	\$ 82,000	\$ 325,141
Overdue receivables	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 165,219</u>	<u>\$ 77,922</u>	<u>\$ 82,000</u>	<u>\$ 325,141</u>
Proportion	<u>50.81%</u>	<u>23.97%</u>	<u>25.22%</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 six months ended June 30, 2023 and 2022 were as follows:

	12 Months Expected Credit Loss	Lifetime Expected Credit Loss (Credit Risk Significantly Increase)	Lifetime Expected Credit Loss (Credit Risk Has Been Impaired)	Impairment Recognized in Accordance with IFRS 9
January 1, 2023	\$ -	\$ -	\$ -	\$ -
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	-	-	-	-
Addition	3,291	-	-	3,291
Change in model/risk parameters	-	-	-	-
Change in exchange rate and others	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
June 30, 2023	<u>\$ 3,291</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,291</u>

(Continued)

	12 Months Expected Credit Loss	Lifetime Expected Credit Loss (Credit Risk Significantly Increase)	Lifetime Expected Credit Loss (Credit Risk Has Been Impaired)	Impairment Recognized in Accordance with IFRS 9
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	(706)	-	706	-
Disposal	(3,707)	-	(2)	(3,709)
Addition	241	-	6	247
Changes in model/risk parameters	3,883	-	569,222	573,105
Changes in exchange rate and others	<u>928</u>	<u>-</u>	<u>41,905</u>	<u>42,833</u>
June 30, 2022	<u>\$ 17,916</u>	<u>\$ -</u>	<u>\$ 611,837</u>	<u>\$ 629,753</u> (Concluded)

The reconciliation statement of loss allowance for financial assets measured at amortized cost for the six months ended June 30, 2023 and 2022 were as follows:

	12 Months Expected Credit Loss	Lifetime Expected Credit Loss (Credit Risk Significantly Increase)	Lifetime Expected Credit Loss (Credit risk Has Been Impaired)	Impairment Recognized in Accordance with IFRS 9
January 1, 2023	\$ 222,287	\$ 75,661	\$ 1,130,258	\$ 1,428,206
Change due to financial assets recognized at the beginning of the period				
Change to 12 months expected credit loss	-	-	-	-
				(Continued)

	12 Months Expected Credit Loss	Lifetime Expected Credit Loss (Credit Risk Significantly Increase)	Lifetime Expected Credit Loss (Credit risk Has Been Impaired)	Impairment Recognized in Accordance with IFRS 9
Change to duration expected credit loss	\$ -	\$ -	\$ -	\$ -
Change to credit impairment of financial assets	-	-	-	-
Disposal	(3,427)	(3)	(2,429)	(5,859)
Addition	2,628	-	14	2,642
Changes in model/risk parameters	(18,678)	(5,527)	26,478	2,273
Changes in exchange rate and others	<u>2,272</u>	<u>975</u>	<u>16,051</u>	<u>19,298</u>
June 30, 2023	<u>\$ 205,082</u>	<u>\$ 71,106</u>	<u>\$ 1,170,372</u>	<u>\$ 1,446,560</u>
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	46,202	(46,202)	-	-
Change to duration expected credit loss	-	-	-	-
Change to credit impairment of financial assets	(786)	-	786	-
Disposal	(5,390)	-	(1)	(5,391)
Addition	19,038	-	10	19,048
Changes in model/risk parameters	(12,516)	-	623,487	610,971
Changes in exchange rate and others	<u>8,250</u>	<u>-</u>	<u>45,902</u>	<u>54,152</u>
June 30, 2022	<u>\$ 156,574</u>	<u>\$ -</u>	<u>\$ 670,184</u>	<u>\$ 826,758</u> (Concluded)

The reconciliation statement of other receivables related to financial asset measured at FVTCOI and financial assets measured at amortized cost for the six months ended June 30, 2023 and 2022 were as follows:

	12 Months Expected Credit Loss	Lifetime Expected Credit Loss (Credit Risk Significantly Increase)	Lifetime Expected Credit Loss (Credit Risk Has Been Impaired)	Impairment Recognized in Accordance with IFRS 9
January 1, 2023	\$ 2,108	\$ 636	\$ 669,151	\$ 671,895
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	(288)	-	-	(288)
Addition	214	-	371,834	372,048
Changes in model/risk parameters	(166)	(48)	-	(214)
Changes in exchange rate and others	<u>20</u>	<u>8</u>	<u>9,305</u>	<u>9,333</u>
June 30, 2023	<u>\$ 1,888</u>	<u>\$ 596</u>	<u>\$ 1,050,290</u>	<u>\$ 1,052,774</u>
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	388	(388)	-	-
Change to duration expected credit loss	-	-	-	-
Change to credit impairment of financial assets	(14)	-	14	-
Disposal	(258)	-	(6)	(264)
Addition	347	-	209,513	209,860
Changes in model/risk parameters	(99)	-	73,806	73,707
Changes in exchange rate and others	<u>78</u>	<u>-</u>	<u>5,452</u>	<u>5,530</u>
June 30, 2022	<u>\$ 1,594</u>	<u>\$ -</u>	<u>\$ 288,779</u>	<u>\$ 290,373</u>

For the six months ended June 30, 2023 and 2022, 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:

June 30, 2023

	12 Months Expected Credit Loss	Lifetime Expected Credit Loss (Credit Risk Significantly Increase)	Lifetime Expected Credit Loss (Credit Risk Has Been Impaired)
Measured fair value through other comprehensive income	0.00%-0.01%	-	-
Measured at amortized cost	0.00%-0.08%	2.43%-2.68%	5.44%-8.85%
Other receivables	0.00%-0.08%	2.43%-2.68%	100%

December 31, 2022

	12 Months Expected Credit Loss	Lifetime Expected Credit Loss (Credit Risk Significantly Increase)	Lifetime Expected Credit Loss (Credit Risk Has Been Impaired)
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%

June 30, 2022

	12 Months Expected Credit Loss	Lifetime Expected Credit Loss (Credit Risk Significantly Increase)	Lifetime Expected Credit Loss (Credit Risk Has Been Impaired)
Measured fair value through other comprehensive income	0.00%-0.07%	-	7.92%-8.38%
Measured at amortized cost	0.00%-0.07%	-	7.77%-8.50%
Other receivables	0.00%-0.07%	-	100%

China Life Insurance has considered the impact of the war between Russia and Ukraine and has made appropriate provision for impairment. 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.

Changes in allowance losses of guarantee loans for the six months ended June 30, 2023 and 2022 were as follows:

	12 Months Expected Credit Loss	Lifetime Expected Credit Loss - Collective	Lifetime Expected Credit Loss - Individual	Impairment Recognized in Accordance with IFRS 9	Difference 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, 2023	\$ 4	\$ 146	\$ 328	\$ 478	\$ 3,793	\$ 4,271
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	-	-	(27)	(27)	-	(27)
Difference of impairment recognized in accordance with Guidelines for Handling Assessment of Assets, Loans Overdue, Receivable on Demand and Bad Debts by Insurance Enterprises	-	-	-	-	(736)	(736)
Changes in exchange rate and others	-	788	(25)	763	-	763
June 30, 2023	<u>\$ 4</u>	<u>\$ 934</u>	<u>\$ 276</u>	<u>\$ 1,214</u>	<u>\$ 3,057</u>	<u>\$ 4,271</u>
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	-	-	-	-	-	-
Difference of impairment recognized in accordance with Guidelines for Handling Assessment of Assets, Loans Overdue, Receivable on Demand and Bad Debts by Insurance Enterprises	-	-	-	-	(997)	(997)
Changes in exchange rate and others	(1)	964	34	997	-	997
June 30, 2022	<u>\$ 4</u>	<u>\$ 1,157</u>	<u>\$ 364</u>	<u>\$ 1,525</u>	<u>\$ 4,604</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 six months ended June 30, 2023 and 2022 are as follows:

	Receivables	
	For the Six Months Ended	
	June 30	
	2023	2022
Beginning balance	\$ 5,004	\$ 4,571
Addition (reversal)	1,892	(6)
Written-off due to uncollectable	-	-
Ending balance	<u>\$ 6,896</u>	<u>\$ 4,565</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

June 30, 2023

	12 Months Expected Credit Loss	Lifetime Expected Credit Loss (Credit Risk Significantly Increase)	Lifetime Expected Credit Loss (Credit Risk Has Been Impaired)	Total
<u>Investment grade</u>				
Financial assets at fair value through other comprehensive income	\$ 40,746,015	\$ -	\$ -	\$ 40,746,015
Financial assets measured at amortized cost	1,591,183,227	2,779,535	-	1,593,962,762
Other receivables	12,572,384	23,469	-	12,595,853

Non-investment grade

Financial assets at fair value through other comprehensive income	-	-	-	-
Financial assets measured at amortized cost	6,768,532	-	16,275,246	23,043,778
Other receivables	138,269	-	1,050,290	1,188,559

December 31, 2022

	12 Months Expected Credit Loss	Lifetime Expected Credit Loss (Credit Risk Significantly Increase)	Lifetime Expected Credit Loss (Credit Risk Has Been Impaired)	Total
<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

June 30, 2022

	12 Months Expected Credit Loss	Lifetime Expected Credit Loss (Credit Risk Significantly Increase)	Lifetime Expected Credit Loss (Credit Risk Has Been Impaired)	Total
<u>Investment grade</u>				
Financial assets at fair value through other comprehensive income	\$ 163,289,709	\$ -	\$ -	\$ 163,289,709
Financial assets measured at amortized cost	1,392,831,669	-	-	1,392,831,669
Other receivables	12,024,852	-	-	12,024,852

Non-investment grade

Financial assets at fair value through other comprehensive income	3,485,748	-	7,355,040	10,840,788
Financial assets measured at amortized cost	2,980,369	-	8,249,602	11,229,971
Other receivables	132,011	-	288,779	420,790

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

June 30, 2023

Credit Risk Ratings	Measurement of Expected Credit Loss	Guarantee Loans	Other Receivables
Low credit risk	12 months expected credit loss	\$ 217,382	\$ 249
Credit risk significantly increase	Lifetime expected credit loss	489	3
Impairment	Lifetime expected credit loss	<u>4,349</u>	<u>8</u>
Total book value		<u>\$ 222,220</u>	<u>\$ 260</u>

December 31, 2022

Credit Risk Ratings	Measurement of Expected Credit Loss	Guarantee Loans	Other Receivables
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>

June 30, 2022

Credit Risk Ratings	Measurement of Expected Credit Loss	Guarantee Loans	Other Receivables
Low credit risk	12 months expected credit loss	\$ 324,892	\$ 286
Credit risk significantly increase	Lifetime expected credit loss	647	3
Impairment	Lifetime expected credit loss	<u>5,731</u>	<u>6</u>
Total book value		<u>\$ 331,270</u>	<u>\$ 295</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

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 agreements, 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)

June 30, 2023	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Deposits from the Central Bank and banks	\$ 600,000	\$ -	\$ 157,260	\$ 23,296	\$ -	\$ 780,556
Notes and bonds issued under repurchase agreements	8,337,203	-	-	-	-	8,337,203
Deposits and remittances	62,111,068	77,284,412	91,976,162	109,230,778	36,498,048	377,100,468
Loans payable	-	-	333,333	700,000	25,536,667	26,570,000
Other capital outflow on maturity	1,455,226	447,934	477,856	2,227,167	3,571,786	8,179,969
Total	\$ 72,503,497	\$ 77,732,346	\$ 92,944,611	\$ 112,181,241	\$ 65,606,501	\$ 420,968,196

(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 agreements	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)

June 30, 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	\$ -	\$ 1,109,590	\$ 157,260	\$ 23,296	\$ -	\$ 1,290,146
Notes and bonds issued under repurchase agreements	7,351,248	-	-	-	-	7,351,248
Deposits and remittances	87,181,554	84,833,413	61,118,147	105,582,495	21,303,696	360,019,305
Loans payable	-	-	-	-	25,250,000	25,250,000
Other capital outflow on maturity	1,743,496	547,691	687,599	2,452,306	3,827,318	9,258,410
Total	\$ 96,276,298	\$ 86,490,694	\$ 61,963,006	\$ 108,058,097	\$ 50,381,014	\$ 403,169,109

Maturity analysis of KGI Bank's non-derivative financial liabilities in U.S. dollars

(In Thousands of U.S. Dollars)

June 30, 2023	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Deposits from the Central Bank and banks	\$ 10,000	\$ -	\$ -	\$ -	\$ -	\$ 10,000
Notes and bonds issued under repurchase agreements	248,678	181,095	488,731	-	-	918,504
Deposits and remittances	1,430,739	1,846,642	769,750	1,856,644	3,063	5,906,838
Other capital outflow on maturity	59,329	34,386	13,695	6,717	21,756	135,883
Total	\$ 1,748,746	\$ 2,062,123	\$ 1,272,176	\$ 1,863,361	\$ 24,819	\$ 6,971,225

(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 agreements	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)

June 30, 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	\$ 185,000	\$ 422,000	\$ 40,000	\$ -	\$ -	\$ 647,000
Notes and bonds issued under repurchase agreements	586,864	685,992	381,018	-	-	1,653,874
Deposits and remittances	1,389,414	1,436,783	256,721	920,855	2,358	4,006,131
Loans payable	-	-	-	-	360,009	360,009
Other capital outflow on maturity	49,000	32,870	5,631	499	147,900	235,900
Total	\$ 2,210,278	\$ 2,577,645	\$ 683,370	\$ 921,354	\$ 510,267	\$ 6,902,914

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)

June 30, 2023	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	\$ (169,000,720)	\$ (264,990,403)	\$ (235,116,506)	\$ (103,768,086)	\$ (1,489,100)	\$ (774,364,815)
Cash inflow	184,340,788	273,806,266	215,520,610	78,494,597	537,836	752,700,097
Interest rate derivatives instruments						
Cash outflow	(310,105)	(580,569)	(19,250)	-	(22,289,687)	(23,199,611)
Cash inflow	392,858	519,891	20,110	-	1,857	934,716
Financial instruments for hedging						
Interest rate derivatives instruments						
Cash outflow	-	(59,240)	-	-	-	(59,240)
Cash inflow	-	39,696	-	84,749	-	124,445
Cash outflow subtotal	(169,310,825)	(265,630,212)	(235,135,756)	(103,768,086)	(23,778,787)	(797,623,666)
Cash inflow subtotal	184,733,646	274,365,853	215,540,720	78,579,346	539,693	753,759,258
Net cash flow	\$ 15,422,821	\$ 8,735,641	\$ (19,595,036)	\$ (25,188,740)	\$ (23,239,094)	\$ (43,864,408)

(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)

June 30, 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	\$ (128,494,965)	\$ (201,145,221)	\$ (182,856,245)	\$ (76,846,060)	\$ (7,241,374)	\$ (596,583,865)
Cash inflow	131,791,118	194,090,815	174,061,746	73,573,425	6,325,180	579,842,284
Interest rate derivatives instruments						
Cash outflow	(199,699)	(313,512)	(52,338)	(26,485)	(18,245,877)	(18,837,911)
Cash inflow	200,821	295,194	48,478	-	1,858	546,351
Financial instruments for hedging						
Interest rate derivatives instruments						
Cash outflow	-	(28,854)	-	-	-	(28,854)
Cash inflow	-	39,696	-	84,429	-	124,125
Cash outflow subtotal	(128,694,664)	(201,487,587)	(182,908,583)	(76,872,545)	(25,487,251)	(615,450,630)
Cash inflow subtotal	131,991,939	194,425,705	174,110,224	73,657,854	6,327,038	580,512,760
Net cash flow	\$ 3,297,275	\$ (7,061,882)	\$ (8,798,359)	\$ (3,214,691)	\$ (19,160,213)	\$ (34,937,870)

Maturity analysis of KGI Bank's derivative financial instruments in U.S. dollars

(In Thousands of U.S. Dollars)

June 30, 2023	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	\$ (7,567,019)	\$ (9,840,697)	\$ (7,698,458)	\$ (3,356,282)	\$ (44,241)	\$ (28,506,697)
Cash inflow	7,149,782	10,066,752	8,505,610	4,287,029	75,241	30,084,414
Interest rate derivatives instruments						
Cash outflow	(12,711)	(41,114)	(13,976)	(29,212)	(423,852)	(520,865)
Cash inflow	2,781	11,884	4,089	3,444	1,570	23,768
Others						
Cash outflow	(1,730)	-	-	-	-	(1,730)
Cash inflow	2,237	-	-	-	-	2,237
Financial instruments for hedging						
Interest rate derivatives instruments						
Cash outflow	(395)	(3,210)	(2,986)	(13,574)	-	(20,165)
Cash inflow	-	-	-	-	-	-
Cash outflow subtotal	(7,581,855)	(9,885,021)	(7,715,420)	(3,399,068)	(468,093)	(29,049,457)
Cash inflow subtotal	7,154,800	10,078,636	8,509,699	4,290,473	76,811	30,110,419
Net cash flow	\$ (427,055)	\$ 193,615	\$ 794,279	\$ 891,405	\$ (391,282)	\$ 1,060,962

(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)

June 30, 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	\$ (5,941,218)	\$ (7,452,636)	\$ (6,833,156)	\$ (3,155,115)	\$ (274,000)	\$ (23,656,125)
Cash inflow	6,092,712	7,747,781	7,247,998	3,539,137	306,000	24,933,628
Interest rate derivatives instruments						
Cash outflow	(2,662)	(11,261)	(10,357)	(44,918)	(221,380)	(290,578)
Cash inflow	6,038	7,426	6,634	2,105	606	22,809
Others						
Cash outflow	(1,225)	-	-	-	-	(1,225)
Cash inflow	938	-	-	-	-	938
Financial instruments for hedging						
Interest rate derivatives instruments						
Cash outflow	(375)	(1,068)	(2,266)	(6,232)	-	(9,941)
Cash inflow	468	850	-	-	-	1,318
Cash outflow subtotal	(5,945,480)	(7,464,965)	(6,845,779)	(3,206,265)	(495,380)	(23,957,869)
Cash inflow subtotal	6,100,156	7,756,057	7,254,632	3,541,242	306,606	24,958,693
Net cash flow	\$ 154,676	\$ 291,092	\$ 408,853	\$ 334,977	\$ (188,774)	\$ 1,000,824

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.

June 30, 2023	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	\$ 12,256,587	\$ 6,086,528	\$ 5,332,756	\$ 5,993,548	\$ 20,099,882	\$ 49,769,301

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

June 30, 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	\$ 11,800,385	\$ 5,975,723	\$ 6,981,323	\$ 10,294,262	\$ 20,450,656	\$ 55,502,349

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)

June 30, 2023	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	\$ 157,886,411	\$ 174,087,152	\$ 335,304,412	\$ 254,560,757	\$ 137,276,464	\$ 218,200,098	\$ 1,277,315,294
Main capital outflow on maturity	98,847,657	165,597,897	386,044,848	366,217,790	268,038,894	301,170,808	1,585,917,894
Gap	59,038,754	8,489,255	(50,740,436)	(111,657,033)	(130,762,430)	(82,970,710)	(308,602,600)

(In Thousands of New Taiwan Dollars)

June 30, 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	\$ 109,978,488	\$ 146,436,068	\$ 252,615,610	\$ 209,747,792	\$ 123,802,045	\$ 228,661,440	\$ 1,071,241,443
Main capital outflow on maturity	88,100,704	156,828,789	326,140,919	280,294,566	245,800,920	245,193,727	1,342,359,625
Gap	21,877,784	(10,392,721)	(73,525,309)	(70,546,774)	(121,998,875)	(16,532,287)	(271,118,182)

b) Maturity analysis of KGI Bank's assets and liabilities in U.S. dollars

(In Thousands of U.S. Dollars)

June 30, 2023	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Main capital inflow on maturity	\$ 8,315,897	\$ 10,786,595	\$ 8,737,013	\$ 4,636,043	\$ 3,552,367	\$ 36,027,915
Main capital outflow on maturity	9,636,294	12,558,527	9,701,280	6,498,254	3,703,617	42,097,972
Gap	(1,320,397)	(1,771,932)	(964,267)	(1,862,211)	(151,250)	(6,070,057)

(In Thousands of U.S. Dollars)

June 30, 2022	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Main capital inflow on maturity	\$ 6,832,829	\$ 8,375,351	\$ 7,615,604	\$ 3,956,699	\$ 4,148,284	\$ 30,928,767
Main capital outflow on maturity	8,469,665	10,670,424	8,300,262	5,540,929	3,730,799	36,712,079
Gap	(1,636,836)	(2,295,073)	(684,658)	(1,584,230)	417,485	(5,783,312)

KGI Securities and subsidiaries

1) Cash flow analysis

Statement of Cash Flow Analysis for Financial Assets

(In Thousands of New Taiwan Dollars)

June 30, 2023	Collection Period					Total
	Spot	In 3 Months	3 Months-12 Months	Over 1 Year-5 Years	Over 5 Years	
Cash and cash equivalents	\$ 10,167,514	\$ 11,337,814	\$ 2,026,585	\$ -	\$ -	\$ 23,531,913
Financial assets measured at FVTPL - current	89,746,924	1,273,785	2,007,645	1,473,577	559,425	95,061,356
Financial assets measured at FVTOCI - current	28,990,450	1,532,930	3,323,736	-	-	33,847,116
Financial assets for hedging - current	-	42,863	46,256	328,173	2,072	419,364
Securities purchased under resell agreements	-	11,444,483	-	-	-	11,444,483
Receivables	54,801,621	18,693,905	30,405,273	28,289	-	103,929,088
Customer margin accounts	36,348,180	27,134,541	-	-	-	63,482,721
Stock borrowing collateral price and security lending deposits	701,524	20,820,294	12,026,577	-	-	33,548,395
Other current assets	35,041,941	1,219,067	1,195,934	7,917	-	37,464,859
Financial assets measured at FVTPL - non-current	-	-	-	491,266	3,111,013	3,602,279
Financial assets measured at FVTOCI - non-current	-	-	-	10,845,194	1,270,775	12,115,969
Other non-current assets	-	-	1,007	45,441	3,677,524	3,723,972
Total	\$ 255,798,154	\$ 93,499,682	\$ 51,033,013	\$ 13,219,857	\$ 8,620,809	\$ 422,171,515
Percentage	60.59%	22.15%	12.09%	3.13%	2.04%	100.00%

Statement of Cash Flow Analysis for Financial Liabilities

(In Thousands of New Taiwan Dollars)

June 30, 2023	Payment Period					Total
	Spot	In 3 Months	3 Months-12 Months	Over 1 Year-5 Years	Over 5 Years	
Short-term borrowings	\$ -	\$ 19,887,874	\$ 155,675	\$ -	\$ -	\$ 20,043,549
Commercial paper payable	-	24,627,785	-	-	-	24,627,785
Financial liabilities measured at FVTPL - current	6,988,169	6,597,996	5,930,831	9,374,215	3,542,439	32,433,650
Financial liabilities for hedging - current	-	31,358	14,566	31,474	11,337	88,735
Bonds issued under repurchase agreements	-	86,515,318	-	-	-	86,515,318
Payables	71,900,113	12,465,649	3,918,562	-	-	88,284,324
Guarantee deposits received from security lending	-	5,872,137	34,013,773	-	-	39,885,910
Futures customers' equity	35,904,258	27,296,689	-	-	-	63,200,947
Specialized, sub-account customers' equity	5,984,194	-	-	-	-	5,984,194
Amounts collected for others/other payables/other current liabilities	1,049,398	975,017	4,451,693	1,960	867	6,478,935
Other financial liabilities - current	-	2,038,452	1,358,757	1,364	2,110	3,400,683
Lease liabilities-current	-	135,585	317,240	-	-	452,825
Bonds payable	-	-	-	6,200,000	2,700,000	8,900,000
Lease liabilities - non-current	-	-	-	941,058	69,442	1,010,500
Other non-current liabilities	-	-	35	426,815	66,845	493,695
Total	\$ 121,826,132	\$ 186,443,860	\$ 50,161,132	\$ 16,976,886	\$ 6,393,040	\$ 381,801,050
Percentage	31.91%	48.83%	13.14%	4.45%	1.67%	100.00%

Statement of Capital Liquidation Gap

(In Thousands of New Taiwan Dollars)

June 30, 2023	Collection and Payment Period					Total
	Spot	In 3 Months	3 Months-12 Months	Over 1 Year-5 Years	Over 5 Years	
Cash inflow	\$ 255,798,154	\$ 93,499,682	\$ 51,033,013	\$ 13,219,857	\$ 8,620,809	\$ 422,171,515
Cash outflow	121,826,132	186,443,860	50,161,132	16,976,886	6,393,040	381,801,050
Amount of cash flow gap	\$ 133,972,022	\$ (92,944,178)	\$ 871,881	\$ (3,757,029)	\$ 2,227,769	\$ 40,370,465

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 Months-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 agreements	-	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 Months-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 Months-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)

June 30, 2022	Collection Period					Total
	Spot	In 3 Months	3 Months-12 Months	Over 1 Year-5 Years	Over 5 Years	
Cash and cash equivalents	\$ 7,792,710	\$ 7,231,828	\$ 1,105,769	\$ -	\$ -	\$ 16,130,307
Financial assets measured at FVTPL - current	36,483,600	15,850,068	3,891,277	15,875,904	60,622	72,161,471
Financial assets measured at FVTOCI - current	23,862,457	1,355,158	1,140,116	-	-	26,357,731
Financial assets for hedging - current	-	(1,601)	44,846	134,147	23,032	200,424
Securities purchased under resell agreements	-	9,249,590	-	-	-	9,249,590
Receivables	39,599,736	18,268,683	26,214,889	29,319	-	84,112,627
Customer margin accounts	62,865,064	-	-	-	-	62,865,064
Stock borrowing collateral price and security lending deposits	1,194,824	29,685,369	7,969,401	-	-	38,849,594
Other current assets	34,004,513	2,286,846	115,868	638	-	36,407,865
Financial assets measured at FVTPL - non-current	-	-	-	698,947	2,811,382	3,510,329
Financial assets measured at FVTOCI - non-current	-	-	-	-	7,653,741	7,653,741
Other non-current assets	-	-	-	11,116	3,423,974	3,435,090
Total	\$ 205,802,904	\$ 83,925,941	\$ 40,482,166	\$ 16,750,071	\$ 13,972,751	\$ 360,933,833
Percentage	57.02%	23.25%	11.22%	4.64%	3.87%	100.00%

Statement of Cash Flow Analysis for Financial Liabilities

(In Thousands of New Taiwan Dollars)

June 30, 2022	Payment Period					Total
	Spot	In 3 Months	3 Months-12 Months	Over 1 Year-5 Years	Over 5 Years	
Short-term borrowings	\$ -	\$ 22,165,823	\$ -	\$ -	\$ -	\$ 22,165,823
Commercial paper payable	-	4,939,232	-	-	-	4,939,232
Financial liabilities measured at FVTPL - current	8,564,975	5,384,134	2,663,252	16,060,842	2,822,386	35,495,589
Bonds issued under repurchase agreements	-	59,253,411	-	-	-	59,253,411
Payables	63,223,924	4,672,116	4,687,681	-	-	72,583,721
Guarantee deposits received from security lending	-	7,429,045	35,767,992	-	-	43,197,037
Futures customers' equity	62,735,753	-	-	-	-	62,735,753
Specialized, sub-account customers' equity	679,082	-	-	-	-	679,082
Amounts collected for others/other payables/other current liabilities	285,930	1,312,399	6,297,151	2,700	43	7,898,223
Other financial liabilities - current	-	2,761,613	9,099	582	2,379	2,773,673
Lease liabilities-current	-	129,673	353,363	-	-	483,036
Current portion of long-term liabilities	-	-	300,000	-	-	300,000
Bonds payable	-	-	-	6,200,000	2,700,000	8,900,000
Lease liabilities - non-current	-	-	-	1,020,522	12,601	1,033,123
Other non-current liabilities	-	-	49	815,183	97,849	913,081
Total	\$ 135,489,664	\$ 108,047,446	\$ 50,078,587	\$ 24,099,829	\$ 5,635,258	\$ 323,350,784
Percentage	41.90%	33.41%	15.49%	7.46%	1.74%	100.00%

Statement of Capital Liquidation Gap

(In Thousands of New Taiwan Dollars)

June 30, 2022	Collection and Payment Period					Total
	Spot	In 3 Months	3 Months-12 Months	Over 1 Year-5 Years	Over 5 Years	
Cash inflow	\$ 205,802,904	\$ 83,925,941	\$ 40,482,166	\$ 16,750,071	\$ 13,972,751	\$ 360,933,833
Cash outflow	135,489,664	108,047,446	50,078,587	24,099,829	5,635,258	323,350,784
Amount of cash flow gap	\$ 70,313,240	\$ (24,121,505)	\$ (9,596,421)	\$ (7,349,758)	\$ 8,337,493	\$ 37,583,049

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 June 30, 2023, December 31, 2022 and June 30, 2022, show that the sums from deducting cash outflow from cash inflow are \$40,370,465 thousand, \$38,284,976 thousand and \$37,583,049 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, refer to the table below:

Bank Financing	June 30, 2023	December 31, 2022	June 30, 2022
Unsecured bank overdraft			
Used amounts	\$ 4,822,645	\$ 3,940,762	\$ 4,711,630
Unused amounts	<u>14,948,680</u>	<u>13,368,538</u>	<u>12,276,720</u>
	<u>\$ 19,771,325</u>	<u>\$ 17,309,300</u>	<u>\$ 16,988,350</u>

CDIB Capital Group's management policies of liquidity risk are as follows:

- 1) Disposal of capital surplus should consider possible future capital requirements, de-concentration 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 June 30, 2023, December 31, 2022 and June 30, 2022, CDIB Capital Group and its subsidiaries' other financial liabilities were \$0, and the rest of non-derivative financial liabilities are \$7,645,392 thousand, \$6,366,195 thousand and \$8,433,474 thousand, respectively, and were 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

	June 30, 2023			
	In 1 Year	1-5 Years	Over 5 Years	Total
Payables	\$ 13,029,631	\$ 32,613	\$ -	\$ 13,062,244
Bonds payable	-	-	10,000,000	10,000,000
Lease liabilities	152,346	425,554	3,668,520	4,246,420

	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

	June 30, 2022			
	In 1 Year	1-5 Years	Over 5 Years	Total
Payables	\$ 12,350,485	\$ 83,162	\$ -	\$ 12,433,647
Bonds payable	-	-	10,000,000	10,000,000
Lease liabilities	140,448	385,232	3,542,132	4,067,812

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:

	June 30, 2023				
	In 90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Financial liabilities at fair value through profit or loss	<u>\$ 13,133,405</u>	<u>\$ 7,632,079</u>	<u>\$ 1,341,157</u>	<u>\$ -</u>	<u>\$ 22,106,641</u>

	December 31, 2022				
	In 90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Financial liabilities at fair value through profit or loss	<u>\$ 7,260,162</u>	<u>\$ 615,985</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,876,147</u>

	June 30, 2022				
	In 90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Financial liabilities at fair value through profit or loss	<u>\$ 16,188,157</u>	<u>\$ 3,220,300</u>	<u>\$ 1,572,514</u>	<u>\$ -</u>	<u>\$ 20,980,971</u>

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 balance sheet and off-balance sheet items.

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, 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, and monitoring strategy and procedure

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 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 Six Months Ended June 30, 2023			For the Year Ended December 31, 2022			For the Six Months Ended June 30, 2022		
	Average	Highest	Lowest	Average	Highest	Lowest	Average	Highest	Lowest
Interest rate risk	\$ 15,922	\$ 41,141	\$ 8,157	\$ 46,303	\$ 99,773	\$ 8,226	\$ 61,041	\$ 99,773	\$ 22,496
Equity risk	5,214	14,619	155	7,427	31,542	-	6,423	14,693	-
Exchange rate risk	15,763	23,987	6,664	18,708	36,355	5,344	17,524	36,355	5,344

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 adjusts 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. As of June 30, 2023, KGI Bank has completed all the aforementioned assessments and conversion work, which the financial instruments subject to interest rate benchmark reform have been quoted using other benchmark interest rate.

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)

	June 30, 2023		
	Foreign Currency	Exchange Rate (Dollar)	New Taiwan Dollar
<u>Financial assets</u>			
Monetary items			
USD	\$ 5,970,456	31.14	\$ 185,890,162
HKD	4,615,669	3.97	18,342,669
AUD	528,963	20.62	10,907,222
CNY	2,012,091	4.28	8,616,980
ZAR	4,764,281	1.65	7,861,064
EUR	176,000	33.80	5,948,807
JPY	22,781,803	0.22	4,898,088
GBP	38,672	39.36	1,522,129
SGD	32,687	22.95	750,178
Investments accounted for using the equity method			
CNY	1,077,552	4.28	4,614,726
<u>Financial liabilities</u>			
Monetary items			
USD	7,509,703	31.14	233,814,612
CNY	2,859,837	4.28	12,247,538
AUD	326,801	20.62	6,738,633
EUR	169,328	33.80	5,723,293
JPY	15,997,699	0.22	3,439,505
ZAR	1,946,421	1.65	3,211,594
HKD	241,031	3.97	957,856
GBP	8,334	39.36	328,011
SGD	9,205	22.95	211,245
NZD	8,494	18.96	161,053

(In Thousands of Foreign Currencies/New Taiwan Dollars)

	December 31, 2022		
	Foreign Currency	Exchange Rate (Dollar)	New Taiwan Dollar
<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
Investments accounted for using the equity method			
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)

	June 30, 2022		
	Foreign Currency	Exchange Rate (Dollar)	New Taiwan Dollar
<u>Financial assets</u>			
Monetary items			
USD	\$ 6,075,264	29.73	\$ 180,593,296
HKD	3,672,747	3.79	13,916,037
EUR	324,317	31.05	10,070,055
ZAR	4,409,798	1.83	8,074,340
CNY	1,705,792	4.44	7,573,205
JPY	18,776,324	0.22	4,098,872
GBP	47,819	36.06	1,724,349
AUD	77,182	20.46	1,579,146
SGD	38,844	21.37	830,097
THB	191,250	0.84	161,032
Investments accounted for using the equity method			
CNY	965,145	4.44	4,284,954
<u>Financial liabilities</u>			
Monetary items			
USD	7,252,951	29.73	215,601,228
CNY	3,001,068	4.44	13,323,842
EUR	208,079	31.05	6,460,838
ZAR	1,959,719	1.83	3,588,246
JPY	13,023,714	0.22	2,843,077
AUD	66,447	20.46	1,359,501
HKD	185,134	3.79	701,473
GBP	14,554	36.06	524,819
NZD	11,348	18.50	209,945
THB	222,432	0.84	187,288
SGD	7,704	21.37	164,629

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)

June 30, 2023

Item	1 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year	Total
Interest rate-sensitive assets	\$ 387,662,047	\$ 31,323,348	\$ 23,282,836	\$ 54,537,914	\$ 496,806,145
Interest rate-sensitive liabilities	181,664,899	204,982,373	17,181,895	27,177,040	431,006,207
Interest rate sensitivity gap	205,997,148	(173,659,025)	6,100,941	27,360,874	65,799,938
Net worth					66,540,302
Ratio of interest rate-sensitive assets to liabilities (%)					115.27
Ratio of interest rate-sensitive gap to net worth (%)					98.89

June 30, 2022

Item	1 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year	Total
Interest rate-sensitive assets	\$ 341,881,864	\$ 28,666,055	\$ 19,657,134	\$ 70,563,390	\$ 460,768,443
Interest rate-sensitive liabilities	201,464,283	159,639,369	19,749,552	26,778,428	407,631,632
Interest rate sensitivity gap	140,417,581	(130,973,314)	(92,418)	43,784,962	53,136,811
Net worth					60,354,473
Ratio of interest rate-sensitive assets to liabilities (%)					113.04
Ratio of interest rate-sensitive gap to net worth (%)					88.04

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)

June 30, 2023

(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	\$ 2,877,304	\$ 181,032	\$ 137,209	\$ 2,360,812	\$ 5,556,357
Interest rate-sensitive liabilities	5,005,233	1,203,189	1,084,324	3,063	7,295,809
Interest rate sensitivity gap	(2,127,929)	(1,022,157)	(947,115)	2,357,749	(1,739,452)
Net worth					(39,056)
Ratio of interest rate-sensitive assets to liabilities (%)					76.16
Ratio of interest rate-sensitive gap to net worth (%)					-

June 30, 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	\$ 2,569,438	\$ 309,056	\$ 227,856	\$ 2,338,464	\$ 5,444,814
Interest rate-sensitive liabilities	5,592,469	625,797	299,072	362,367	6,879,705
Interest rate sensitivity gap	(3,023,031)	(316,741)	(71,216)	1,976,097	(1,434,891)
Net worth					(30,023)
Ratio of interest rate-sensitive assets to liabilities (%)					79.14
Ratio of interest rate-sensitive gap to net worth (%)					-

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, which could 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	June 30, 2023	December 31, 2022	June 30, 2022
Interest rate risk	\$ 3,109	\$ 1,861	\$ 1,534
Equity securities risk			
Equity delta	5,029,382	4,433,631	952,488
Debt delta	139,527	6,245	501,781
Exchange rate risk	1,386,785	2,948,548	6,182,882
Commodity risk	(33,680)	5,969	14,678

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 back testing 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 Six Months Ended June 30, 2023			June 30, 2023
	Average VAR	Minimum VAR	Maximum VAR	Ending VAR
Equity securities	\$ 138,438	\$ 78,783	\$ 217,812	\$ 87,860
Interest rate	146,431	37,588	194,068	136,426
Exchange rate	43,664	25,481	72,826	32,270
Commodity	11,526	608	33,632	18,366
	For the Six Months Ended June 30, 2022			June 30, 2022
	Average VAR	Minimum VAR	Maximum VAR	Ending VAR
Equity securities	\$ 227,715	\$ 153,095	\$ 330,653	\$ 244,137
Interest rate	210,911	158,070	290,128	177,288
Exchange rate	84,043	74,701	95,755	87,433
Commodity	2,978	141	9,172	2,406

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 June 30, 2023 which are subject to the reform and have not transitioned to an alternative benchmark interest rate:

	Carrying Amount	
	Financial Assets	Financial Liabilities
Non-derivative financial instrument		
USD LIBOR	\$ 1,094,899	\$ -
Others LIBOR	1,123,175	-
Derivative financial instrument		
USD LIBOR	249,240	646,795
HKD HIBOR	<u>1</u>	<u>-</u>
	<u>\$ 2,467,315</u>	<u>\$ 646,795</u>
	Nominal Principal	
	Financial Assets	Financial Liabilities
Derivative financial instrument		
USD LIBOR	\$ 22,358,917	\$ 17,352,277
HKD HIBOR	<u>330</u>	<u>-</u>
	<u>\$ 22,359,247</u>	<u>\$ 17,352,277</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)

	June 30, 2023		
	Foreign Currency	Exchange Rate (Dollar)	New Taiwan Dollar
<u>Financial assets</u>			
Monetary items			
USD	\$ 3,823,434	31.14	\$ 119,045,516
EUR	506,643	33.80	17,124,554
HKD	310,268	3.97	1,233,004
JPY	3,587,827	0.22	771,383
AUD	9,506	20.62	196,014
CNY	43,028	4.29	184,271
Nonmonetary items			
USD	2,013,677	31.14	62,694,425
CNY	1,366,493	4.29	5,852,144
			(Continued)

	June 30, 2023		
	Foreign Currency	Exchange Rate (Dollar)	New Taiwan Dollar
Investments accounted for using the equity method			
USD	\$ 84,329	31.14	\$ 2,625,597
<u>Financial liabilities</u>			
Monetary items			
USD	5,950,468	31.14	185,270,732
EUR	504,941	33.80	17,067,028
HKD	248,012	3.97	985,600
JPY	3,457,601	0.22	743,384
AUD	16,353	20.62	337,205
CNY	76,641	4.29	328,220
Nonmonetary items			
USD	474,594	31.14	14,776,484
			(Concluded)

(In Thousands of Foreign Currencies/New Taiwan Dollars)

	December 31, 2022		
	Foreign Currency	Exchange Rate (Dollar)	New Taiwan Dollar
<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
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

(In Thousands of Foreign Currencies/New Taiwan Dollars)

	June 30, 2022		
	Foreign Currency	Exchange Rate (Dollar)	New Taiwan Dollar
<u>Financial assets</u>			
Monetary items			
USD	\$ 3,327,954	29.73	\$ 98,925,390
EUR	505,542	31.05	15,697,090
HKD	256,217	3.79	970,701
JPY	1,284,866	0.22	280,402
AUD	8,337	20.45	170,522
CNY	33,740	4.44	149,794
Nonmonetary items			
USD	1,832,257	29.73	54,464,137
CNY	365,795	4.44	1,624,018
Investments accounted for using the equity method			
USD	82,994	29.73	2,467,079
<u>Financial liabilities</u>			
Monetary items			
USD	5,516,419	29.73	163,978,170
EUR	502,581	31.05	15,605,135
HKD	213,510	3.79	808,884
JPY	1,120,429	0.22	244,505
AUD	6,618	20.45	135,337
Nonmonetary items			
USD	588,678	29.73	17,499,039

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 and liabilities. Market risk is 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 its subsidiaries were as follows:

(In Thousands of Foreign Currencies/New Taiwan Dollars)

	June 30, 2023		
	Foreign Currency	Exchange Rate (Dollar)	New Taiwan Dollar
<u>Financial assets</u>			
Monetary items			
USD	\$ 254,870	31.14	\$ 7,935,367
CNY	316,161	4.28	1,353,991
KRW	22,214,491	0.02	523,729
AUD	10,409	20.62	214,624
EUR	4,027	33.80	136,117
Nonmonetary items			
USD	266,142	31.14	8,286,322
CNY	160,395	4.28	686,906
GBP	8,876	39.36	349,376
KRW	12,926,863	0.02	304,764
EUR	6,965	33.80	235,405
Investments accounted for using the equity method			
USD	70,185	31.14	2,185,209
CNY	428,923	4.28	1,837,076
<u>Financial liabilities</u>			
Monetary items			
USD	33,436	31.14	1,041,027
EUR	4,020	33.80	135,867

(In Thousands of Foreign Currencies/New Taiwan Dollars)

December 31, 2022			
	Foreign Currency	Exchange Rate (Dollar)	New Taiwan Dollar
<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
Investments 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)

June 30, 2022			
	Foreign Currency	Exchange Rate (Dollar)	New Taiwan Dollar
<u>Financial assets</u>			
Monetary items			
USD	\$ 239,989	29.73	\$ 7,133,909
CNY	311,164	4.44	1,381,474
KRW	22,195,066	0.02	508,112
Nonmonetary items			
USD	248,623	29.73	7,390,557
CNY	140,828	4.44	625,234
GBP	5,273	36.06	190,144
KRW	5,987,004	0.02	137,060
Investments accounted for using the equity method			
USD	73,515	29.73	2,185,310
CNY	423,319	4.44	1,879,537
<u>Financial liabilities</u>			
Monetary items			
CNY	315,234	4.44	1,399,543
USD	13,750	29.73	408,746

Sensitivity analysis

The following table details CDIB Capital Group and its 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 their translation was adjusted 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 Six Months Ended	
	June 30	
	2023	2022
Monetary items		
USD	\$ 68,943	\$ 67,252
CNY	13,273	(181)
KRW	5,237	5,081
AUD	2,146	-

2) Interest rate risk

The primary financial assets of CDIB Capital Group and its subsidiaries with exposure to interest rates as of June 30, 2023, December 31, 2022 and June 30, 2022 were cash in banks. Management believes that interest rate changes would have been no significant effect on CDIB Capital Group and its subsidiaries.

3) Other price risk

CDIB Capital Group and its 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 six months ended June 30, 2023 and 2022 would have increased/decreased by \$167,372 thousand and \$143,633 thousand, 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 its subsidiaries to basic interest rate risks. CDIB Capital Group and its subsidiaries will 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 its subsidiaries.

As of June 30, 2023, 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 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 Insurance 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 scenarios 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
June 30, 2023**

Risk Factors	Changes (+/-)	Changes in Income	Changes in Equity
Equity risk (stock index)	+1%	\$ -	\$ 2,508,630
Interest rate risk (yield curve)	+1BP	-	(96,326)
Exchange risk (foreign exchange rate)	+1% (NTD for each currency appreciates 1%)	(2,478,768)	(1,106,241)

December 31, 2022

Risk Factors	Changes (+/-)	Changes in Income	Changes in Equity
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)

June 30, 2022

Risk Factors	Changes (+/-)	Changes in Income	Changes in Equity
Equity risk (stock index)	+1%	\$ -	\$ 2,556,724
Interest rate risk (yield curve)	+1BP	-	(248,218)
Exchange risk (foreign exchange rate)	+1% (NTD for each currency appreciates 1%)	(2,248,615)	(1,136,383)

7) The effect of interest rate benchmark reform

China Life Insurance evaluated the impact on the Corporation's exposure positions based on the content of changes in international interest rate indicators. As of the end of June 2023, the book value of China Life Insurance's affected bonds was \$28,009,696 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 Insurance.

8) China Life Insurance's foreign currency financial assets and liabilities with significant influence as of June 30, 2023, December 31, 2022 and June 30, 2022 are as follows:

(In Thousands of Foreign Currencies/New Taiwan Dollars)

	June 30, 2023		
	Foreign Currency	Exchange Rate (Dollar)	New Taiwan Dollar
<u>Financial assets</u>			
Monetary items			
USD	\$ 45,913,634	31.14	\$ 1,429,520,983
AUD	5,803,364	20.61	119,615,450
Non-monetary items			
USD	2,389,574	31.14	74,399,380
<u>Financial liabilities</u>			
Monetary items			
USD	16,285	31.14	507,028

(In Thousands of Foreign Currencies/New Taiwan Dollars)

December 31, 2022			
	Foreign Currency	Exchange Rate (Dollar)	New Taiwan Dollar
<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)

June 30, 2022			
	Foreign Currency	Exchange Rate (Dollar)	New Taiwan Dollar
<u>Financial assets</u>			
Monetary items			
USD	\$ 43,869,927	29.73	\$ 1,304,077,461
AUD	4,972,770	20.45	101,700,601
Non-monetary items			
USD	3,137,241	29.73	93,257,625

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 the daily operations of KGI Bank, most of the transactions involving transferred financial assets not qualifying for full derecognition are debt securities under repurchase agreements. Since KGI Bank has the right to receive cash flows from the financial assets transferred to the counterparties and has 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 during 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:

June 30, 2023					
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	\$ 2,812,593	\$ 2,484,475	\$ 2,587,974	\$ 2,484,475	\$ 103,499
Financial assets at FVTPL	1,639,799	1,639,799	1,639,799	1,639,799	-
Financial assets at FVTOCI	39,942,045	38,926,656	39,942,045	38,926,656	1,015,389

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	1,104,088	1,079,721	1,104,088	1,079,721	24,367
Financial assets at FVTOCI	27,374,699	26,483,687	27,374,699	26,483,687	891,012

June 30, 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	\$ 4,132,279	\$ 3,767,255	\$ 3,894,473	\$ 3,767,255	\$ 127,218
Financial assets at FVTPL	2,657,638	2,464,604	2,657,638	2,464,604	193,034
Financial assets at FVTOCI	53,535,679	52,924,962	53,535,679	52,924,962	610,717

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:

June 30, 2023					
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
Financial assets at FVTPL					
Transactions with agreements	\$ 26,480,104	\$ 25,495,731	\$ 26,480,104	\$ 25,495,731	\$ 984,373
Financial assets at FVTOCI					
Transactions with agreements	28,543,886	27,151,310	28,543,886	27,151,310	1,392,576
Financial assets at amortized cost					
Transactions with agreements	4,656,043	4,674,589	4,656,043	4,674,589	(18,546)

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)

June 30, 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
Financial assets at FVTPL					
Transactions with agreements	\$ 14,944,874	\$ 14,683,186	\$ 14,944,874	\$ 14,683,186	\$ 261,688
Financial assets at FVTOCI					
Transactions with agreements	24,249,972	22,996,679	24,249,972	22,996,679	1,253,293
Financial assets at amortized cost					
Transactions with agreements	5,328,889	4,872,281	5,328,889	4,872,281	456,608

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	
June 30, 2023	Call option	\$ 11,110,800	\$ 2,044,676	\$ 2,044,676	\$ -	\$ 2,044,676
December 31, 2022	Call option	11,593,500	1,383,072	1,383,072	-	1,383,072
June 30, 2022	Call option	10,675,700	1,476,341	1,476,341	-	1,476,341

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
June 30, 2023	Call option	\$ -	\$ 493,400	\$ 2,173,900	\$ 8,443,500	\$ -	\$ 11,110,800
December 31, 2022	Call option	-	350,300	2,595,700	8,647,500	-	11,593,500
June 30, 2022	Call option	-	233,400	1,478,800	8,963,500	-	10,675,700

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
June 30, 2023	Call option	\$ (33,628)	\$ 41,118	\$ 7,490
December 31, 2022	Call option	(28,703)	(663,738)	(692,441)
June 30, 2022	Call option	(4,929)	(456,425)	(461,354)

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:

June 30, 2023						
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	\$ 37,214,932	\$ -	\$ 37,214,932	\$ 37,204,969	\$ 9,963	\$ -
Derivative instruments (Note 2)	29,224,990	-	29,224,990	7,094,294	719,322	21,411,374
Total	\$ 66,439,922	\$ -	\$ 66,439,922	\$ 44,299,263	\$ 729,285	\$ 21,411,374

June 30, 2023						
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	\$ 43,050,930	\$ -	\$ 43,050,930	\$ 42,982,682	\$ 68,248	\$ -
Derivative instruments (Note 2)	27,364,556	-	27,364,556	7,094,294	4,363,756	15,906,506
Total	\$ 70,415,486	\$ -	\$ 70,415,486	\$ 50,076,976	\$ 4,432,004	\$ 15,906,506

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

June 30, 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	\$ 8,453,271	\$ -	\$ 8,453,271	\$ 8,423,545	\$ 29,726	\$ -
Derivative instruments (Note 2)	32,573,346	-	32,573,346	9,315,155	2,288,459	20,969,732
Total	\$ 41,026,617	\$ -	\$ 41,026,617	\$ 17,738,700	\$ 2,318,185	\$ 20,969,732

June 30, 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	\$ 59,156,821	\$ -	\$ 59,156,821	\$ 56,761,601	\$ 2,395,220	\$ -
Derivative instruments (Note 2)	30,981,447	-	30,981,447	9,315,155	7,496,600	14,169,692
Total	\$ 90,138,268	\$ -	\$ 90,138,268	\$ 66,076,756	\$ 9,891,820	\$ 14,169,692

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 recognize 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:

June 30, 2023						
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)	\$ 7,303,602	\$ -	\$ 7,303,602	\$ -	\$ 1,856,244	\$ 5,447,358
Securities purchased under resell agreements	11,434,942	-	11,434,942	11,434,942	-	-
Total	\$ 18,738,544	\$ -	\$ 18,738,544	\$ 11,434,942	\$ 1,856,244	\$ 5,447,358

June 30, 2023						
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 (Note 2)	\$ 12,647,707	\$ -	\$ 12,647,707	\$ -	\$ 1,514,269	\$ 11,133,438
Notes and bonds issued under repurchase agreements	86,371,623	-	86,371,623	86,371,623	-	-
Total	\$ 99,019,330	\$ -	\$ 99,019,330	\$ 86,371,623	\$ 1,514,269	\$ 11,133,438

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 (Note 2)	\$ 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

June 30, 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)	\$ 4,055,216	\$ -	\$ 4,055,216	\$ -	\$ 754,724	\$ 3,300,492
Securities purchased under resell agreements	9,245,834	-	9,245,834	9,245,834	-	-
Total	\$ 13,301,050	\$ -	\$ 13,301,050	\$ 9,245,834	\$ 754,724	\$ 3,300,492

June 30, 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	\$ 8,535,218	\$ -	\$ 8,535,218	\$ -	\$ 1,261,000	\$ 7,274,218
Notes and bonds issued under repurchase agreements	59,220,331	-	59,220,331	59,220,331	-	-
Total	\$ 67,755,549	\$ -	\$ 67,755,549	\$ 59,220,331	\$ 1,261,000	\$ 7,274,218

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:

June 30, 2023						
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	\$ 2,089,908	\$ -	\$ 2,089,908	\$ 1,615,935	\$ 205,802	\$ 268,171

June 30, 2023						
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	\$ 22,106,641	\$ -	\$ 22,106,641	\$ 11,474,487	\$ 2,862,053	\$ 7,770,101

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

June 30, 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	\$ 3,406,193	\$ -	\$ 3,406,193	\$ 2,271,411	\$ 18,727	\$ 1,116,055

June 30, 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	\$ 20,980,971	\$ -	\$ 20,980,971	\$ 2,271,411	\$ 11,494,152	\$ 7,215,408

53. 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; %)

Company	Items	June 30, 2023	
		% of Ownership	Group's Legal Capital Demand
The Corporation			\$ 300,912,807
KGI Bank		100.00	77,182,160
KGI Securities		100.00	26,249,023
CDIB Capital Group		100.00	29,542,970
China Development Asset Management Corp.		100.00	1,452,380
China Life Insurance		100.00	146,855,261
Deduct items			320,559,354
Subtotal			218,573,756 (A)
Group's CAR (C)=(A)÷(B)			115.11 (C)

(In Thousands of New Taiwan Dollars; %)

Items Company	December 31, 2022		
	% of Ownership	Group's Eligible Capital	Group's Legal Capital Demand
The Corporation		\$ 222,608,400	\$ 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	June 30, 2022		
	% of Ownership	Group's Eligible Capital	Group's Legal Capital Demand
The Corporation		\$ 201,906,116	\$ 244,910,899
KGI Bank	100.00	71,716,217	56,395,846
KGI Securities	100.00	24,611,880	12,346,541
CDIB Capital Group	100.00	26,113,344	15,942,253
China Development Asset Management Corp.	100.00	1,376,928	902,316
China Life Insurance	100.00	161,310,408	97,583,488
Deduct items		262,147,917	243,277,214
Subtotal		224,886,976 (A)	184,804,129 (B)
Group's CAR (C)=(A)÷(B)			121.69 (C)

d. Financial holding companies' net eligible capital

(In Thousands of New Taiwan Dollars)

	June 30, 2023	December 31, 2022	June 30, 2022
Common stock	\$ 168,377,806	\$ 168,453,886	\$ 171,894,123
Capital instruments which confirm to the term of bank's other Tier 1 capital	15,821,424	15,821,424	18,930,436
Other preferred stock and subordinated bonds	14,000,000	14,000,000	15,400,000
Reserve for raising capital	-	-	-
Capital surplus	33,515,283	33,626,805	36,134,488
Legal reserve	15,613,641	13,703,864	13,703,864
Special reserve	48,976,557	410,006	421,800
Retained earnings	10,890,617	50,476,328	47,130,110
Equity adjustment	(49,285,667)	(73,829,040)	(92,606,409)
Deduction: Capital items	(58,345)	(54,873)	(9,102,296)
	<u>\$ 257,851,316</u>	<u>\$ 222,608,400</u>	<u>\$ 201,906,116</u>

The Group's CARs were 115.11%, 108.14% and 121.69% as of June 30, 2023, December 31, 2022 and June 30, 2022, respectively. Since the Financial Holding Company Act and related regulations require that the Group's CAR should be at least 100%, and the Group's CARs met its requirement.

54. 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	June 30, 2023	December 31, 2022	June 30, 2022	Trust Liabilities	June 30, 2023	December 31, 2022	June 30, 2022
Bank deposits	\$ 3,268,785	\$ 2,582,693	\$ 2,560,425	Payables	\$ 84,947	\$ 86,309	\$ 85,327
Short-term investments				Payables on securities under custody	3,946,853	2,269,849	4,569,055
Funds	27,891,536	28,650,887	29,387,242	Other liabilities	60,164	73,015	86,176
Bonds	9,191,942	6,367,352	4,534,647	Trust capital	53,607,742	49,239,268	45,886,043
Common shares	145,743	174,413	175,570	Accumulated profits and losses	23,110	7,760	(1,984)
Structured notes	34,560	47,904	27,051				
Receivables	13,115	25,785	38,506				
Securities under custody	3,946,853	2,269,849	4,569,055				
Real estate							
Lands	12,184,641	10,522,529	8,305,644				
Buildings and facilities	22,570	12,094	2,256				
Intangible assets - surface right	984,534	984,534	984,534				
Other assets	38,537	38,161	39,687				
Total	<u>\$ 57,722,816</u>	<u>\$ 51,676,201</u>	<u>\$ 50,624,617</u>	Total	<u>\$ 57,722,816</u>	<u>\$ 51,676,201</u>	<u>\$ 50,624,617</u>

Income Statements of Trust Accounts

(In Thousands of New Taiwan Dollars)

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Trust income and gains				
Dividend income	\$ 2,533	\$ 2,315	\$ 4,790	\$ 4,641
Interest income	385,761	337,139	812,690	681,938
Rental income	6,770	6,706	13,495	13,399
Other income	1,208	2,710	2,225	3,715
Total trust income and gains	<u>396,272</u>	<u>348,870</u>	<u>833,200</u>	<u>703,693</u>
Trust expenses				
Properties transaction losses	(560,841)	(812,118)	(1,237,395)	(1,528,214)
Administrative expenses	(115)	(635)	(1,336)	(755)
Other expenses	(3,132)	(50,352)	(5,370)	(259,490)
Total trust expenses	<u>(564,088)</u>	<u>(863,105)</u>	<u>(1,244,101)</u>	<u>(1,788,459)</u>
Net profit (loss) for the period	<u>\$ (167,816)</u>	<u>\$ (514,235)</u>	<u>\$ (410,901)</u>	<u>\$ (1,084,766)</u>

The above income from trust operations were excluded from KGI Bank's income.

Trust Property Accounts

(In Thousands of New Taiwan Dollars)

Investment Portfolio	June 30, 2023	December 31, 2022	June 30, 2022
Bank deposits	\$ 3,268,785	\$ 2,582,693	\$ 2,560,425
Short-term investments			
Funds	27,891,536	28,650,887	29,387,242
Bonds	9,191,942	6,367,352	4,534,647
Common shares	145,743	174,413	175,570
Structured notes	34,560	47,904	27,051
Securities under custody	3,946,853	2,269,849	4,569,055
Real estate			
Lands	12,184,641	10,522,529	8,305,644
Buildings and facilities	22,570	12,094	2,256
Intangible assets - surface right	984,534	984,534	984,534
Other assets	<u>51,652</u>	<u>63,946</u>	<u>78,193</u>
Total	<u>\$ 57,722,816</u>	<u>\$ 51,676,201</u>	<u>\$ 50,624,617</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	June 30, 2023	December 31, 2022	June 30, 2022	Trust Liabilities	June 30, 2023	December 31, 2022	June 30, 2022
Bank deposits	\$ 2,290,525	\$ 1,863,179	\$ 2,147,801	Payables	\$ 172,070	\$ 26,220	\$ 128,649
Financial assets				Taxes payable	227	246	179
Bonds	6,802,133	3,113,522	1,411,841	Trust capital	45,273,523	38,620,026	37,862,883
Common shares	16,260,039	11,471,886	12,441,803	Net Income (loss)	2,056,761	(4,161,210)	(3,374,510)
Funds	18,475,682	16,642,614	17,579,080	Accumulated earnings	1,451,057	3,163,084	3,162,584
Short-term notes	610,246	601,877	-	Deferred carry-over	14	4,648	413
Structured notes	3,949,238	3,387,560	3,745,837	Others	<u>(255,807)</u>	<u>(446,631)</u>	<u>(270,151)</u>
Receivables	<u>309,982</u>	<u>125,745</u>	<u>183,685</u>				
Total	<u>\$ 48,697,845</u>	<u>\$ 37,206,383</u>	<u>\$ 37,510,047</u>	Total	<u>\$ 48,697,845</u>	<u>\$ 37,206,383</u>	<u>\$ 37,510,047</u>

Income Statements of Trust Accounts

(In Thousands of New Taiwan Dollars)

Investment Portfolio	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Trust income				
Interest income	\$ 90,183	\$ 14,562	\$ 156,644	\$ 24,163
Rent income	10,750	4,980	19,215	10,905
Dividend income	219,888	188,321	368,655	302,836
Realized investment profit	186,804	268,734	314,915	538,360
Unrealized investment profit (loss)	1,333,334	(3,051,427)	4,502,101	2,014,852
Other income	<u>348,689</u>	<u>305,861</u>	<u>1,308,392</u>	<u>727,174</u>
	<u>2,189,648</u>	<u>(2,268,969)</u>	<u>6,669,922</u>	<u>3,618,290</u>
Trust expenses				
Administrative expense	1,453	945	2,700	2,070
Tax Collection	1,600	2,227	3,039	3,597
Fee expense	7,266	20,907	12,182	45,910
Realized investment profit	194,601	1,126,656	422,317	1,856,126
Unrealized investment profit (loss)	(281,796)	1,749,853	3,531,592	4,408,269
Other expense	<u>(6,177)</u>	<u>(112,507)</u>	<u>641,331</u>	<u>676,828</u>
	<u>(83,053)</u>	<u>2,788,081</u>	<u>4,613,161</u>	<u>6,992,800</u>
Income (loss) before income tax	2,272,701	(5,057,050)	2,056,761	(3,374,510)
Income tax expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Income (loss) after income tax	<u>\$ 2,272,701</u>	<u>\$ (5,057,050)</u>	<u>\$ 2,056,761</u>	<u>\$ (3,374,510)</u>

The above income from trust operations were excluded from KGI Securities' income.

Trust Property Accounts

(In Thousands of New Taiwan Dollars)

Investment Portfolio	June 30, 2023	December 31, 2022	June 30, 2022
Bank deposits	\$ 2,290,525	\$ 1,863,179	\$ 2,147,801
Financial assets			
Bonds	6,802,133	3,113,522	1,411,841
Common shares	16,260,039	11,471,886	12,441,803
Funds	18,475,682	16,642,614	17,579,080
Short-term notes	610,246	601,877	-
Structured notes	<u>3,949,238</u>	<u>3,387,560</u>	<u>3,745,837</u>
Total	<u>\$ 48,387,863</u>	<u>\$ 37,080,638</u>	<u>\$ 37,326,362</u>

55. DISCLOSURE REQUIRED UNDER ARTICLE 46 OF THE FINANCIAL HOLDING COMPANY ACT

As of June 30, 2023, refer to Table 8 (attached).

56. CONDENSED INDIVIDUAL BALANCE SHEETS AND STATEMENTS OF COMPREHENSIVE INCOME OF GROUP

Refer to Table 9 (attached).

57. ALLOCATION OF REVENUE, COST AND EXPENSE RESULTING FROM COOPERATION AND RESOURCES SHARING IN THE GROUP

a. Business or trading behaviors

Refer to Note 46 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 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.

58. CONTINGENCIES AND COMMITMENTS, DISASTER DAMAGES AND SUBSEQUENT EVENTS OF SUBSIDIARIES

Refer to Note 48 to the consolidated financial statements. Information on disaster damages: None.

59. SUBSIDIARIES’ ASSET QUALITY, MANAGEMENT, PROFITABILITY, LIQUIDITY AND SENSITIVITY TO MARKET RISK

Refer to Notes 49 and 52 to the consolidated financial statements.

60. 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.

61. 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	June 30, 2023		December 31, 2022		June 30, 2022		Standard	Meet Standard
		Formula	%	Formula	%	Formula	%		
17	Equities								
	Total liabilities minus customers' equity accounts	\$2,216,166 \$33,272	=66.61	\$2,214,152 \$685,835	=3.23	\$2,224,118 \$166,706	=13.34	≥ 1	Yes
17	Current assets	\$3,176,314		\$3,522,812		\$2,900,004			
	Current liabilities	\$32,548	=97.59	\$685,835	=5.14	\$166,246	=17.44	≥ 1	Yes
22	Equities	\$2,216,166		\$2,214,152		\$2,224,118			
	Capital stock	\$400,000	=554.04%	\$400,000	=553.54%	\$400,000	=556.03%	≥ 60% ≥ 40%	Yes
22	Adjusted net capital	\$1,808,659		\$441,936		\$1,992,515			
	Client and proprietary account	\$699,460	=258.58%	\$556,885	=79.36%	\$240,187	=829.57%	≥ 20% ≥ 15%	Yes

b. KGI Futures Corp.

Rule No.	Formula	June 30, 2023		December 31, 2022		June 30, 2022		Standard	Meet Standard
		Formula	%	Formula	%	Formula	%		
17	Equities	\$3,892,775		\$3,990,803		\$3,593,521			
	Total liabilities minus customers' equity accounts	\$748,137	=5.20	\$745,740	=5.35	\$888,172	=4.05	≥ 1	Yes
17	Current assets	\$39,349,955		\$33,814,416		\$40,470,567			
	Current liabilities	\$36,987,201	=1.06	\$31,308,819	=1.08	\$38,261,930	=1.06	≥ 1	Yes
22	Equities	\$3,892,775		\$3,990,803		\$3,593,521			
	Capital stock	\$760,000	=512.21%	\$760,000	=525.11%	\$760,000	=472.83%	≥ 60% ≥ 40%	Yes
22	Adjusted net capital	\$3,275,562		\$3,507,229		\$2,755,614			
	Client and proprietary account	\$7,826,595	=41.85%	\$6,384,208	=54.94%	\$8,477,802	=32.50%	≥ 20% ≥ 15%	Yes

62. DISCLOSURES REQUIRED UNDER RULE NO. 10703209011 ISSUED 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 did not 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 Holding Limited

(In U.S. Dollars)

Item	Number of Shares	Carrying Amount
Financial assets at FVTOCI - non-current Sogo Financial Group Inc.	62,611.55	\$ <u>793,516</u>

- b. Derivative instruments and related capital resources: None.
- c. Asset management revenues, service and litigation matters: Note 48(b).
- d. Balance sheet: Tables 12-1 to 12-2 (attached).
- e. Income statement: Tables 13-1 to 13-2 (attached).

63. 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: Refer to Table 1 (attached).
- 2) Collaterals/guarantees provided: Not applicable to the Corporation, KGI Bank and China Life Insurance. For other subsidiaries' information: 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: 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: None.
- 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: None.
- 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: Refer to Note 46 and Table 5 (attached).
- 9) Sale of nonperforming loans: None.
- 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: Refer to Table 6 (attached).
- 13) Derivative transactions of the Group: Refer to Notes 8, 50 and 52 of the consolidated financial statements.

- c. Investments in mainland China: Refer to Table 10 (attached).
- d. Business relationships and significant transactions among the Group: Refer to Table 11 (attached).
- e. Information of major shareholders: None.

64. 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.

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 three months ended June 30, 2023						
Interest profit (loss), net	\$ 2,097,312	\$ 613,514	\$ 62,519	\$ 15,720,508	\$ (169,797)	\$ 18,324,056
Noninterest profit (loss), net	1,374,035	4,893,623	1,054,518	(7,668,637)	(1,088,767)	(1,435,228)
Net revenue (loss)	3,471,347	5,507,137	1,117,037	8,051,871	(1,258,564)	16,888,828
Reversal of allowance (allowance) for bad debts and losses on commitments and guarantees, net	(26,988)	(3,174)	(4,841)	40	-	(34,963)
Net change in reserve for insurance liabilities	-	-	-	(1,573,596)	-	(1,573,596)
Operating expenses	(1,631,779)	(3,566,878)	(403,650)	(1,588,545)	(895,783)	(8,086,635)
Net profit (loss) before income tax	1,812,580	1,937,085	708,546	4,889,770	(2,154,347)	7,193,634
Income tax benefit (expense)	(224,446)	(248,148)	(16,053)	(241,683)	179,225	(551,105)
Net profit (loss) for the period	<u>\$ 1,588,134</u>	<u>\$ 1,688,937</u>	<u>\$ 692,493</u>	<u>\$ 4,648,087</u>	<u>\$ (1,975,122)</u>	<u>\$ 6,642,529</u>
For the three months ended June 30, 2022						
Interest profit (loss), net	\$ 2,506,928	\$ 668,416	\$ 51,449	\$ 14,399,111	\$ (153,660)	\$ 17,472,244
Noninterest profit (loss), net	886,406	3,117,197	(847,660)	12,387,796	(438,662)	15,105,077
Net revenue (loss)	3,393,334	3,785,613	(796,211)	26,786,907	(592,322)	32,577,321
Reversal of allowance (allowance) for bad debts and losses on commitments and guarantees, net	48,035	(11,545)	-	13	-	36,503
Net change in reserve for insurance liabilities	-	-	-	(18,799,903)	-	(18,799,903)
Operating expenses	(1,607,296)	(2,893,848)	(278,458)	(1,450,751)	(689,814)	(6,920,167)
Net profit (loss) before income tax	1,834,073	880,220	(1,074,669)	6,536,266	(1,282,136)	6,893,754
Income tax benefit (expense)	(252,098)	(288,957)	78,465	(1,736,136)	(743,306)	(2,942,032)
Net profit (loss) for the period	<u>\$ 1,581,975</u>	<u>\$ 591,263</u>	<u>\$ (996,204)</u>	<u>\$ 4,800,130</u>	<u>\$ (2,025,442)</u>	<u>\$ 3,951,722</u>

(Continued)

	Commercial Banking	Securities	Venture Capital	Insurance	Other	Total
For the six months ended June 30, 2023						
Interest profit (loss), net	\$ 4,122,251	\$ 1,215,197	\$ 118,436	\$ 31,016,477	\$ (339,073)	\$ 36,133,288
Noninterest profit (loss), net	<u>2,714,556</u>	<u>9,682,169</u>	<u>2,501,258</u>	<u>(20,884,652)</u>	<u>(1,493,179)</u>	<u>(7,479,848)</u>
Net revenue (loss)	6,836,807	10,897,366	2,619,694	10,131,825	(1,832,252)	28,653,440
Reversal of allowance (allowance) for bad debts and losses on commitments and guarantees, net	66,282	(4,196)	(4,841)	(1,892)	-	55,353
Net change in reserve for insurance liabilities	-	-	-	(2,419,817)	-	(2,419,817)
Operating expenses	<u>(3,260,065)</u>	<u>(6,910,372)</u>	<u>(878,271)</u>	<u>(3,037,290)</u>	<u>(1,663,271)</u>	<u>(15,749,269)</u>
Net profit (loss) before income tax	3,643,024	3,982,798	1,736,582	4,672,826	(3,495,523)	10,539,707
Income tax benefit (expense)	<u>(458,810)</u>	<u>(462,172)</u>	<u>(105,171)</u>	<u>327,017</u>	<u>306,532</u>	<u>(392,604)</u>
Net profit (loss) for the period	<u>\$ 3,184,214</u>	<u>\$ 3,520,626</u>	<u>\$ 1,631,411</u>	<u>\$ 4,999,843</u>	<u>\$ (3,188,991)</u>	<u>\$ 10,147,103</u>
For the six months ended June 30, 2022						
Interest profit (loss), net	\$ 4,901,149	\$ 1,354,260	\$ 106,715	\$ 27,911,882	\$ (302,063)	\$ 33,971,943
Noninterest profit (loss), net	<u>1,598,446</u>	<u>7,085,174</u>	<u>(1,169,770)</u>	<u>33,850,971</u>	<u>(1,102,711)</u>	<u>40,262,110</u>
Net revenue (loss)	6,499,595	8,439,434	(1,063,055)	61,762,853	(1,404,774)	74,234,053
Reversal of allowance (allowance) for bad debts and losses on commitments and guarantees, net	154,517	(13,301)	-	6	-	141,222
Net change in reserve for insurance liabilities	-	-	-	(41,348,470)	-	(41,348,470)
Operating expenses	<u>(3,167,662)</u>	<u>(5,920,430)</u>	<u>(565,730)</u>	<u>(3,281,759)</u>	<u>(1,592,582)</u>	<u>(14,528,163)</u>
Net profit (loss) before income tax	3,486,450	2,505,703	(1,628,785)	17,132,630	(2,997,356)	18,498,642
Income tax benefit (expense)	<u>(496,408)</u>	<u>(575,218)</u>	<u>71,950</u>	<u>(3,323,244)</u>	<u>(543,813)</u>	<u>(4,866,733)</u>
Net profit (loss) for the period	<u>\$ 2,990,042</u>	<u>\$ 1,930,485</u>	<u>\$ (1,556,835)</u>	<u>\$ 13,809,386</u>	<u>\$ (3,541,169)</u>	<u>\$ 13,631,909</u>

(Concluded)

TABLE 1

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

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

No.	Financier	Counterparty	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		Financial Limit for Each Borrowing Company	Limit on Financier's Total Financing
													Item	Value		
1	KGI International Holdings Limited	KGI Asia Limited	Receivables, net	Yes	\$ 1,556,750	\$ 1,556,750	\$ -	Floating	Short-term financing	\$ -	Working capital	\$ -	-	\$ -	\$ 17,749,005 (Note 1)	\$ 17,749,005 (Note 1)
2	KGI Asia Limited	PT KGI Sekuritas Indonesia	Receivables, net	Yes	498,160	498,160	498,160	8.37%	Short-term financing	-	Working capital	-	-	-	10,505,260 (Note 2)	10,505,260 (Note 2)
3	KGI International (Hong Kong) Limited	PT KGI Sekuritas Indonesia	Receivables, net	Yes	653,835	-	-	Floating	Short-term financing	-	Working capital	-	-	-	6,649,658 (Note 3)	6,649,658 (Note 3)
4	CDC Finance & Leasing Corporation	Fu-Tang Land Development Co., Ltd.	Receivables, net	No	85,000	-	-	3.5%-18%	Short-term financing	-	Working capital	-	-	-	92,314 (Note 4)	369,254 (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: The total amount should not exceed the amount of 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 SIX MONTHS ENDED JUNE 30, 2023
(In Thousands of New Taiwan Dollars)**

No.	Collaterals/Guarantee Provider	Counterparty		Limits on Each Counterparty'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) Pte. Ltd.	Note 1	\$ 5,548,403	\$ 852,990	\$ 833,085	\$ 833,085	\$ -	1.50%	\$ 22,193,612 (Note 2)	No	No	No
2	KGI International Holdings Limited	KGI Asia Limited	Note 1	17,749,005	1,245,400	1,245,400	-	-	7.02%	17,749,005 (Note 3)	No	No	No
		KGI International Finance Limited	Note 1	17,749,005	622,700	622,700	-	-	3.51%	17,749,005 (Note 3)	No	No	No
		KGI Finance Limited	Note 1	17,749,005	77,838	77,838	-	-	0.44%	17,749,005 (Note 3)	No	No	No
		KGI International (Hong Kong) Limited	Note 1	17,749,005	1,955,319	1,954,149	-	-	11.01%	17,749,005 (Note 3)	No	No	No
		KGI Securities (Singapore) Pte. Ltd.	Note 1	17,749,005	2,802,150	2,802,150	-	-	15.79%	17,749,005 (Note 3)	No	No	No
		KGI Asia (Holdings) Pte. Ltd.	Note 1	17,749,005	4,207,253	4,114,245	2,538,354	-	23.18%	17,749,005 (Note 3)	No	No	No
3	CDIB Capital Group	CDIB Capital Investment I Limited	Note 1	7,915,203	1,556,750	1,556,750	-	-	5.48%	11,358,719 (Note 4)	No	No	No
		CDIB Global Markets Limited	Note 1	6,229,510	1,556,750	1,556,750	-	-	5.48%	11,358,719 (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, 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 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\$1,556,750 thousand.

TABLE 3

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

JUNE 30, 2023

(In Thousands of New Taiwan Dollars/Foreign Currencies)

Holding Company	Marketable Securities Type and Issuer	Relationship with the Holding Company	Financial Statement Account	June 30, 2023				Note
				Shares/Face Value/Units	Carrying Value	Percentage of Ownership (Note 2)	Fair Value	
CDIB Capital Group	<u>Stocks</u>							
	International CSRC Investment Holdings Co., Ltd.	-	Financial assets at fair value through profit or loss	2,000	\$ 43	-	\$ 43	
	Logitech Inc.	-	Financial assets at fair value through profit or loss	3,261,773	12,892	10.69	12,892	
	Solar Fine Chemical Co., Ltd.	-	Financial assets at fair value through profit or loss	241,403	2,998	10.83	2,998	
	Reward Wool Industry Corporation	-	Financial assets at fair value through profit or loss	1,600	38	-	38	
	Dee Van Enterprise Co., Ltd.	-	Financial assets at fair value through profit or loss	4,225,979	68,165	6.04	68,165	
	HealthStream Taiwan Inc.	-	Financial assets at fair value through profit or loss	4,774,523	52,147	13.96	52,147	
	General Life Biotechnology Co., Ltd.	-	Financial assets at fair value through profit or loss	2,520,000	25,474	8.40	25,474	
	AMIA Co., Ltd.	-	Financial assets at fair value through profit or loss	6,000,000	158,400	8.51	158,400	
	Up Sciencetech Materials Corp.	-	Financial assets at fair value through profit or loss	4,186,209	79,436	6.97	79,436	
	Eastern Electronic Co., Ltd.	-	Financial assets at fair value through profit or loss	4,348,680	37,930	6.47	37,930	
	MiTAC Holdings Corp.	-	Financial assets at fair value through profit or loss	1,000	35	-	35	
	Taiwan Speciality Chemicals Corporation	-	Financial assets at fair value through profit or loss	2,598,638	215,843	1.88	215,843	
	Jochu Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	3,910,720	86,818	4.38	86,818	
	Kaohsiung Rapid Transit Corporation.	-	Financial assets at fair value through profit or loss	3,845,330	1,527	1.38	1,527	
	DragonJet Corporation	-	Financial assets at fair value through profit or loss	3,534,481	25,730	4.77	25,730	
	EVA Technologies Co., Ltd.	-	Financial assets at fair value through profit or loss	2,150,536	16,737	10.43	16,737	
	Asia Best Healthcare Co., Ltd.	-	Financial assets at fair value through profit or loss	33,000	79,709	4.81	79,709	
	Eden Biologics Inc.	-	Financial assets at fair value through profit or loss	8,382,844	72,383	3.55	72,383	
	Eastern Power and Electric Company Limited	-	Financial assets at fair value through profit or loss	3,201,019	13,538	12.00	13,538	
	Apexigen, Inc.	-	Financial assets at fair value through profit or loss	509,227	6,814	0.23	6,814	
	Chime Biologics Limited	-	Financial assets at fair value through profit or loss	8,382,844	94,541	3.55	94,541	
	Beauty Essentials International Ltd.	-	Financial assets at fair value through profit or loss	86,503,067	106,923	8.04	106,923	
	Lightel Technologies, Inc. - preferred stock	-	Financial assets at fair value through profit or loss	3,000,000	48,735	43.44	48,735	
	United Renewable Energy Co., Ltd. - private placement	-	Financial assets at fair value through profit or loss	2,079,360	30,085	0.13	30,085	
	CDIB Capital Innovation Accelerator Ltd.	Associate	Financial assets at fair value through profit or loss	33,953,998	567,148	35.71	567,148	
	CDIB & Partners Investment Holding Corporation	Associate	Investments accounted for using the equity method	313,200,000	4,540,499	28.71	4,540,499	
	CDIB Capital Creative Industries Limited	Associate	Investments accounted for using the equity method	34,920,000	219,822	38.80	219,822	
	CDIB Capital Healthcare Ventures Limited	Associate	Investments accounted for using the equity method	8,633,571	386,121	21.86	386,121	
	CDIB Bio Science Ventures I, Inc.	Associate	Investments accounted for using the equity method	4,431,405	13,761	20.00	13,761	
	CDIB Capital Management Corporation	Subsidiary	Investments accounted for using the equity method	23,093,889	523,617	100.00	523,617	
	CDIB Venture Capital Corporation	Subsidiary	Investments accounted for using the equity method	535,493,708	6,186,915	100.00	6,186,915	
	CDIB Venture Capital (Hong Kong) Corporation Limited	Subsidiary	Investments accounted for using the equity method	925,000,000	3,440,806	100.00	3,440,806	
	CDIB Capital Investment II Limited	Subsidiary	Investments accounted for using the equity method	45,000,000	1,761,802	100.00	1,761,802	
	CDIB Global Markets Limited	Subsidiary	Investments accounted for using the equity method	339,392	6,229,510	100.00	6,229,510	
	CDIB Capital Investment I Limited	Subsidiary	Investments accounted for using the equity method	132,800,000	7,938,982	100.00	7,938,982	
	CDIB Capital International Corporation	Subsidiary	Investments accounted for using the equity method	4,700,000	407,014	100.00	407,014	
CDIB Capital Management Corporation	<u>Stocks</u>							
	EVA Technologies Co., Ltd.	-	Financial assets at fair value through profit or loss	297,623	2,316	1.44	2,316	
	CDIB Capital Innovation Advisors Corporation	Subsidiary	Investments accounted for using the equity method	1,200,000	13,418	60.00	13,418	
	CDIB Capital Creative Industries Limited	Associate	Investments accounted for using the equity method	900,003	5,666	1.00	5,666	
	CDIB Capital Healthcare Ventures Limited	Associate	Investments accounted for using the equity method	395,001	17,666	1.00	17,666	
	CDIB Private Equity (Hong Kong) Corporation Limited	Subsidiary	Investments accounted for using the equity method	51,900,000	345,992	100.00	345,992	
	<u>Funds</u>							
	CDIB Capital Growth Partners L.P.	Associate	Financial assets at fair value through profit or loss	-	52,423	-	52,423	
	CDIB Capital Healthcare Ventures II Limited Partnership	Associate	Financial assets at fair value through profit or loss	-	33,549	-	29,178	
	CDIB & Innolux Limited Partnership	Associate	Financial assets at fair value through profit or loss	-	13,542	-	13,542	
	CDIB-Mac Limited Partnership	Associate	Financial assets at fair value through profit or loss	-	1,369	-	1,369	

(Continued)

Holding Company	Marketable Securities Type and Issuer	Relationship with the Holding Company	Financial Statement Account	June 30, 2023				Note
				Shares/Face Value/Units	Carrying Value	Percentage of Ownership (Note 2)	Fair Value	
CDIB Private Equity (Hong Kong) Corporation Limited	<u>Stocks</u>							
	CDIB Private Equity (China) Corporation	Subsidiary	Investments accounted for using the equity method	-	HK\$ 71,262	100.00	HK\$ 71,262	
	CDIB Private Equity Management (Fujian) Enterprise (Limited Partnership)	Subsidiary	Investments accounted for using the equity method	-	HK\$ 6,880	56.00	HK\$ 6,880	
	CDIB Yida Private Equity Management (Kunshan) Enterprise (Limited Partnership)	Subsidiary	Investments accounted for using the equity method	-	HK\$ 3,548	27.08	HK\$ 3,548	
CDIB Private Equity (China) Corporation	<u>Stocks</u>							
	CDIB Private Equity (Fujian) Co., Ltd.	Subsidiary	Investments accounted for using the equity method	-	CNY 14,521	70.00	CNY 14,521	
	CDIB Yida Private Equity (Kunshan) Co., Ltd.	Subsidiary	Investments accounted for using the equity method	-	CNY 13,970	65.00	CNY 13,970	
	CDIB Private Equity (Kunshan) Corporation	Subsidiary	Investments accounted for using the equity method	-	CNY (657)	100.00	CNY (657)	
	CDIB Guoke Private Equity (Kunshan) Co., Ltd.	Subsidiary	Investments accounted for using the equity method	-	CNY 6,550	65.00	CNY 6,550	
CDIB Private Equity (Fujian) Co., Ltd.	<u>Stocks</u>							
	CDIB Private Equity Management (Fujian) Enterprise (Limited Partnership)	Subsidiary	Investments accounted for using the equity method	-	CNY 2,280	20.00	CNY 2,280	
CDIB Yida Private Equity (Kunshan) Co., Ltd.	<u>Stocks</u>							
	CDIB Yida Private Equity Management (Kunshan) Enterprise (Limited Partnership)	Subsidiary	Investments accounted for using the equity method	-	CNY 7,090	58.33	CNY 7,090	
	<u>Funds</u>							
	Kunshan Yida Healthcare Private Equity Enterprise (Limited Partnership)	Associate	Financial assets at fair value through profit or loss	-	CNY 5,285	-	CNY 5,285	
CDIB Yida Private Equity Management (Kunshan) Enterprise (Limited Partnership)	<u>Funds</u>							
	CDIB Yida Private Equity (Kunshan) Enterprise (Limited Partnership)	Associate	Investments accounted for using the equity method	-	CNY 10,628	-	CNY 10,628	
CDIB Private Equity Management (Fujian) Enterprise (Limited Partnership)	<u>Funds</u>							
	CDIB Private Equity (Fujian) Enterprise (Limited Partnership)	Associate	Investments accounted for using the equity method	-	CNY 5,216	-	CNY 5,216	
CDIB Venture Capital Corporation	<u>Stocks</u>							
	Azotek Co., Ltd.	-	Financial assets at fair value through profit or loss	989,400	14,900	1.62	14,900	
	Evergreen Aviation Technologies Corp.	-	Financial assets at fair value through profit or loss	2,000,000	224,000	0.53	224,000	
	Fukuta Elec. & Mach. Co., Ltd.	-	Financial assets at fair value through profit or loss	2,071,733	202,735	4.60	202,735	
	Sustainable Development Co., Ltd.	-	Financial assets at fair value through profit or loss	750,000	43,143	1.91	43,143	
	Hephas Energy Co., Ltd.	-	Financial assets at fair value through profit or loss	580,000	75,400	2.52	75,400	
	21st Century Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	5,308,353	1,255,367	7.87	1,255,367	
	Sino-American Silicon Products Inc.	-	Financial assets at fair value through profit or loss	3,114,000	502,911	0.53	502,911	
	M2 Communication, Inc.	-	Financial assets at fair value through profit or loss	162,815	1,494	1.30	1,494	
	Taiwan Speciality Chemicals Corporation	-	Financial assets at fair value through profit or loss	177,785	14,767	0.13	14,767	
	GSD Technologies Co., Ltd.	-	Financial assets at fair value through profit or loss	2,306,603	125,479	6.23	125,479	
	APEX Dynamics, Inc.	-	Financial assets at fair value through profit or loss	178,000	39,516	0.22	39,516	
	Yang Bao Enterprise Co., Ltd.	-	Financial assets at fair value through profit or loss	5,626,087	227,150	8.55	227,150	
	Taiwan Microloops Corp.	-	Financial assets at fair value through profit or loss	1,144,198	78,629	2.63	78,629	
	Poju International Co., Ltd.	-	Financial assets at fair value through profit or loss	2,666,000	52,451	5.68	52,451	
	Asia Best Healthcare Co., Ltd.	-	Financial assets at fair value through profit or loss	33,000	79,709	4.81	79,709	
	Viscovery (Cayman) Holding Company Limited	-	Financial assets at fair value through profit or loss	195,317	912	2.68	912	
	KKday.com International Company Limited	-	Financial assets at fair value through profit or loss	3,000,000	25,407	0.93	25,407	
	i-Serve	-	Financial assets at fair value through profit or loss	2,232,219	35,140	4.17	35,140	
	Crescendo Lab	-	Financial assets at fair value through profit or loss	3,195	4,974	2.40	4,974	
	Apollomics, Inc.	-	Financial assets at fair value through profit or loss	419,338	71,071	0.48	71,071	
	Hartec Asia Pte. Ltd.	-	Financial assets at fair value through profit or loss	2,800,000	63,172	10.23	63,172	
	Achieve Made International Limited	-	Financial assets at fair value through profit or loss	98,355	6,691	3.30	6,691	
	21st Century Technology Co., Ltd. - preferred stock	-	Financial assets at fair value through profit or loss	833,348	197,078	75.00	197,078	
	iCHEF Co., Ltd. - Preferred Stock	-	Financial assets at fair value through profit or loss	11,167,513	91,551	40.74	91,551	
	4Gamers Entertainment Inc. - Preferred Stock	-	Financial assets at fair value through profit or loss	24,000	16,439	20.00	16,439	
	Viscovery (Cayman) Holding Company Limited - Preferred Stock	-	Financial assets at fair value through profit or loss	304,878	1,424	8.20	1,424	
	Asia Parents Holdings Limited - Preferred Stock	-	Financial assets at fair value through profit or loss	248,889	17,436	14.74	17,436	
	Kneron Holding Corporation - Preferred Stock	-	Financial assets at fair value through profit or loss	1,391,752	259,993	9.00	259,993	

(Continued)

Holding Company	Marketable Securities Type and Issuer	Relationship with the Holding Company	Financial Statement Account	June 30, 2023				Note
				Shares/Face Value/Units	Carrying Value	Percentage of Ownership (Note 2)	Fair Value	
CDIB Venture Capital Corporation	<u>Stocks</u>							
	Elixiron Immunotherapeutics (Cayman) Limited - preferred stock	-	Financial assets at fair value through profit or loss	4,559,686	\$ 105,979	26.09	\$ 105,979	
	Crescendo Lab - preferred stock	-	Financial assets at fair value through profit or loss	8,000	12,454	16.00	12,454	
	Zentera Systems, Inc. - preferred stock	-	Financial assets at fair value through profit or loss	1,324,503	32,055	39.35	32,055	
	FUNP Co., Ltd. - preferred stock	-	Financial assets at fair value through profit or loss	400,000	44,834	5.39	44,834	
	Achieve Made International Limited - preferred stock	-	Financial assets at fair value through profit or loss	168,138	11,439	6.67	11,439	
	PChome Online Inc. - private placement	-	Financial assets at fair value through profit or loss	1,875,293	76,793	1.46	76,793	
	United Renewable Energy Co., Ltd. - private placement	-	Financial assets at fair value through profit or loss	831,744	12,034	0.05	12,034	
	United Renewable Energy Co., Ltd. - private placement	-	Financial assets at fair value through profit or loss	2,056,941	29,760	0.13	29,760	
	KKday.com International Company Limited - Preferred Stock CC	-	Financial assets at fair value through profit or loss	813,859	6,893	0.08	6,893	
	Viscovsery (Cayman) Holding Company Limited - Preferred Stock A	-	Financial assets at fair value through profit or loss	200,000	934	10.96	934	
	Elixiron Immunotherapeutics (Cayman) Limited - Preferred Stock A	-	Financial assets at fair value through profit or loss	2,679,133	62,270	13.03	62,270	
	AmazingTalker - Preferred Stock A	-	Financial assets at fair value through profit or loss	4,282,655	62,270	12.90	62,270	
	FunNow Ltd. - Preferred Stock A	-	Financial assets at fair value through profit or loss	185,184	66,190	20.00	66,190	
	4Gamers Entertainment Inc. - Preferred Stock B	-	Financial assets at fair value through profit or loss	8,727	5,978	4.80	5,978	
	KKday.com International Company Limited - Preferred Stock B	-	Financial assets at fair value through profit or loss	5,654,616	47,890	8.66	47,890	
	TXONE NETWORKS INC. - Preferred Stock B	-	Financial assets at fair value through profit or loss	545,454	93,405	3.71	93,405	
	Traveler Co., Ltd. - Preferred Stock B	-	Financial assets at fair value through profit or loss	32,077	50,216	10.85	50,216	
	FunNow Ltd. - Preferred Stock B	-	Financial assets at fair value through profit or loss	43,573	15,574	3.36	15,574	
	KKday.com International Company Limited - Preferred Stock C	-	Financial assets at fair value through profit or loss	7,655,502	64,835	2.31	64,835	
	Traveler Co., Ltd. - Preferred Stock C	-	Financial assets at fair value through profit or loss	7,955	12,453	3.20	12,453	
	Fractyl Health, Inc.- Preferred Stock E	-	Financial assets at fair value through profit or loss	1,305,574	340,814	10.17	340,814	
	Achieve Made International Limited - Preferred Stock E	-	Financial assets at fair value through profit or loss	336,276	22,877	10.00	22,877	
	Viscovery (Cayman) Holding Company Limited - Preferred Stock AA	-	Financial assets at fair value through profit or loss	300,000	1,401	15.00	1,401	
	GPPC Development Corp.	Associate	Investments accounted for using the equity method	5,000,000	17,143	14.29	17,143	
	<u>Funds</u>							
	CDIB Capital Growth Partners L.P.	Associate	Financial assets at fair value through profit or loss	-	1,288,512	-	1,288,512	
	CDIB Capital Healthcare Ventures II Limited Partnership	Associate	Financial assets at fair value through profit or loss	-	383,469	-	383,469	
	CDIB & Innolux Limited Partnership	Associate	Financial assets at fair value through profit or loss	-	382,152	-	382,152	
CDIB Venture Capital (Hong Kong) Corporation Limited	<u>Funds</u>							
	CDIB Private Equity (Fujian) Enterprise (Limited Partnership)	Associate	Investments accounted for using the equity method	-	HK\$ 192,812	-	HK\$ 192,812	
	CDIB Yida Private Equity (Kunshan) Enterprise (Limited Partnership)	Associate	Investments accounted for using the equity method	-	HK\$ 254,357	-	HK\$ 254,357	
	Kunshan Yida Healthcare Private Equity Enterprise (Limited Partnership)	Associate	Financial assets at fair value through profit or loss	-	HK\$ 167,162	-	HK\$ 167,162	
CDIB Capital Investment I Limited	<u>Stocks</u>							
	Best Inc.	-	Financial assets at fair value through profit or loss	75,000	US\$ 160	0.09	US\$ 160	
	Loopin Cayman Limited			1,893,948	US\$ 5,000	3.79	US\$ 5,000	
	K Health, Inc.	-	Financial assets at fair value through profit or loss	4,834	US\$ 141	0.05	US\$ 141	
	CCAP Best Logistics Holdings Limited	-	Financial assets at fair value through profit or loss	1,000	US\$ 59	12.50	US\$ 59	
	Viking 3 Holdings Corporation - preferred stock	-	Financial assets at fair value through profit or loss	18,000,000	US\$ 8,580	100.00	US\$ 8,580	
	Rokid Corporation Ltd. - preferred stock	-	Financial assets at fair value through profit or loss	615,642	US\$ 5,750	0.91	US\$ 5,750	
	K Health, Inc. - preferred stock C	-	Financial assets at fair value through profit or loss	496,376	US\$ 14,451	1.50	US\$ 14,451	
	CDIB X Finance I Holding Limited	Subsidiary	Investments accounted for using the equity method	5,500	US\$ 1,663	100.00	US\$ 1,663	
	SCBS 1 Holding Corporation	Subsidiary	Investments accounted for using the equity method	3,828	US\$ 2,324	100.00	US\$ 2,324	
	<u>Funds</u>							
	KKR X-Ray Co-invest L.P.	-	Financial assets at fair value through profit or loss	-	US\$ 5,959	-	US\$ 5,959	
	KKR Talk Co-invest L.P.	-	Financial assets at fair value through profit or loss	-	US\$ 29,687	-	US\$ 29,687	
	CC KDC CO-INVEST L.P.	-	Financial assets at fair value through profit or loss	-	US\$ 39,782	-	US\$ 39,782	
	MSD Sports Partners, L.P.	-	Financial assets at fair value through profit or loss	-	US\$ 57	-	US\$ 57	
	Eve & Partners Limited Partnership	Associate	Financial assets at fair value through profit or loss	-	US\$ 11,222	-	US\$ 11,222	
	CDIB Capital Global Opportunities Fund L.P.	Associate	Financial assets at fair value through profit or loss	-	US\$ 13,554	-	US\$ 13,554	
	CDIB Capital Asia Partners L.P.	Associate	Investments accounted for using the equity method	-	US\$ 70,185	-	US\$ 70,185	

(Continued)

Holding Company	Marketable Securities Type and Issuer	Relationship with the Holding Company	Financial Statement Account	June 30, 2023				Note
				Shares/Face Value/Units	Carrying Value	Percentage of Ownership (Note 2)	Fair Value	
CDIB Capital Investment I Limited	<u>Corporate bond</u> Konew Capital International Limited Sino Money Investments Limited StorHub Hong Kong I Limited StorHub Hong Kong IV Limited StorHub Hong Kong VI Limited StorHub Hong Kong V Ltd. StorHub Hong Kong III Ltd. StorHub Hong Kong VII Ltd.	- - - - - - - -	Financial assets at fair value through profit or loss Amortised cost financial assets Amortised cost financial assets Amortised cost financial assets Amortised cost financial assets Amortised cost financial assets Amortised cost financial assets Amortised cost financial assets	29,395,000 4,986,569 1,291,923 2,101,959 5,477,324 6,580,216 2,235,102 4,127,132	US\$ 28,604 US\$ 4,923 US\$ 1,266 US\$ 2,059 US\$ 5,365 US\$ 6,446 US\$ 2,189 US\$ 4,043	- - - - - - - -	US\$ 28,604 US\$ 5,214 US\$ 1,332 US\$ 2,167 US\$ 5,647 US\$ 6,784 US\$ 2,304 US\$ 4,255	
SCBS 1 Holding Corporation	<u>Stocks</u> Simplify Compliance Holdings, LLC	-	Financial assets at fair value through profit or loss	2,833,333	US\$ 2,163	2.91	US\$ 2,163	
CDIB X Finance I Holding Limited	<u>Corporate bond</u> Xian Group Limited	-	Amortised cost financial assets	5,000,000	US\$ 1,693	-	US\$ 1,693	
CDIB Capital Investment II Limited	<u>Stocks</u> Great Rich Technologies Limited Techmate Korea Daebu Co., Ltd. Indostar Capital NY4 Holdings Corporation - Preferred Stock Indostar Everstone - Preferred Stock CDIB TMK Finance Holding Limited	- - - - - Subsidiary	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	1,660,000 45,600 631,701 8,080,000 860,332 19,183	US\$ 6,737 US\$ 3,051 US\$ 3,922 US\$ 8,455 US\$ 5,316 US\$ 20,283	2.46 10.00 2.88 100.00 8.12 100.00	US\$ 6,737 US\$ 3,051 US\$ 3,922 US\$ 8,455 US\$ 5,316 US\$ 20,283	
	<u>Corporate bond</u> Belcher I (BVI) Limited Belcher II (BVI) Limited Belcher III (BVI) Limited	- - -	Amortised cost financial assets Amortised cost financial assets Amortised cost financial assets	3,576,203 1,493,073 1,458,242	US\$ 3,503 US\$ 1,463 US\$ 1,428	- - -	US\$ 3,706 US\$ 1,547 US\$ 1,511	
CDIB TMK Finance Holding Limited	<u>Corporate bond</u> Techmate Korea Daebu Co., Ltd.	-	Amortised cost financial assets	22,789,140,793	US\$ 16,821	-	US\$ 19,146	
CDIB Global Markets Limited	<u>Stocks</u> Big Commerce Holdings, Inc. Eventbrite, Inc. ContextLogic, Inc. Flemingo International (BVI) Ltd. - Preferred Stock Osaro, Inc. - Preferred Stock B CDIB Pearl Holding Limited	- - - - - Subsidiary	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	30,361 24,904 3,240 1,048 510,958 34,000	US\$ 302 US\$ 238 US\$ 21 US\$ 15,984 US\$ 1,290 US\$ 33,881	0.04 0.03 - 50.19 3.85 100.00	US\$ 302 US\$ 238 US\$ 21 US\$ 15,984 US\$ 1,290 US\$ 33,881	
	<u>Corporate bond</u> 42 Matraville Investment Trust Weave Living Real Estate II Limited Weave Living Real Estate Limited Weave Living Real Estate SG Limited	- - - -	Amortised cost financial assets Amortised cost financial assets Amortised cost financial assets Amortised cost financial assets	10,625,714 2,035,405 6,743,908 529,266	US\$ 6,894 US\$ 2,009 US\$ 6,658 US\$ 523	- - - -	US\$ 7,323 US\$ 2,079 US\$ 6,887 US\$ 540	
	<u>Funds</u> Huaxing Capital Partners II LP Alpha Intelligence Capital Fund II, SCSp, SICAV-RAIF AIC Tahoe, Limited Partnership	- - 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	- - -	US\$ 3,585 US\$ 2,812 US\$ 9,474	- - -	US\$ 3,585 US\$ 2,812 US\$ 9,474	
	<u>Convertible (exchange) corporate bond</u> Amber Investment Partners Limited Orchid Investment Holdings CDIB Medtech Holdings Limited CDIB Medtech Investment Partners Limited	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	- - - -	US\$ 42,246 US\$ 30,059 US\$ 16,500 US\$ 41,250	- - - -	US\$ 42,246 US\$ 30,059 US\$ 16,500 US\$ 41,250	

(Continued)

Holding Company	Marketable Securities Type and Issuer	Relationship with the Holding Company	Financial Statement Account	June 30, 2023				Note
				Shares/Face Value/Units	Carrying Value	Percentage of Ownership (Note 2)	Fair Value	
CDIB Pearl Holding Limited	<u>Funds</u>							
	KKR Asian Fund III L.P.	-	Financial assets at fair value through profit or loss	-	US\$ 1,090	-	US\$ 1,090	
	Insight Partners (Cayman) XI, L.P.	-	Financial assets at fair value through profit or loss	-	US\$ 3,335	-	US\$ 3,335	
	TA XIII-B, L.P.	-	Financial assets at fair value through profit or loss	-	US\$ 2,657	-	US\$ 2,657	
	Warburg Pincus Global Growth, L.P.	-	Financial assets at fair value through profit or loss	-	US\$ 3,273	-	US\$ 3,273	
	KKR European Fund V (USD) SCSp	-	Financial assets at fair value through profit or loss	-	US\$ 1,674	-	US\$ 1,674	
	Carlyle Partners VII, L.P.	-	Financial assets at fair value through profit or loss	-	US\$ 4,378	-	US\$ 4,378	
	KKR Health Care Strategic Growth Fund L.P.	-	Financial assets at fair value through profit or loss	-	US\$ 1,146	-	US\$ 1,146	
	Thoma Bravo Fund XIII-A, L.P.	-	Financial assets at fair value through profit or loss	-	US\$ 2,761	-	US\$ 2,761	
	Veritas Capital Fund VII, L.P.	-	Financial assets at fair value through profit or loss	-	US\$ 4,434	-	US\$ 4,434	
	Ardian Buyout Fund VII A S.L.P.	-	Financial assets at fair value through profit or loss	-	US\$ 2,495	-	US\$ 2,495	
	Permira VII L.P.1	-	Financial assets at fair value through profit or loss	-	US\$ 1,869	-	US\$ 1,869	
CDIB Capital International Corporation	<u>Stocks</u>							
	EQT IX (No. 1) EUR SCSp	-	Financial assets at fair value through profit or loss	-	US\$ 3,197	-	US\$ 3,197	
	CDIB Capital International (Hong Kong) Corporation Limited	Subsidiary	Investments accounted for using the equity method	15,400,000	US\$ 7,225	100.00	US\$ 7,225	
	CDIB Capital International (USA) Corporation	Subsidiary	Investments accounted for using the equity method	8,000,000	US\$ 3,300	100.00	US\$ 3,300	
	CDIB Capital Asia Partners Limited	Subsidiary	Investments accounted for using the equity method	200	US\$ 145	100.00	US\$ 145	
	CDIB Intelligence Partners Limited	Subsidiary	Investments accounted for using the equity method	-	US\$ -	100.00	US\$ -	(Note 5)
	CDIB Buyout Partners Limited	Subsidiary	Investments accounted for using the equity method	50,000	US\$ 105	100.00	US\$ 105	
China Development Asset Management Corp.	CDIB Asia Secured Credit Opportunities GP Ltd.	Subsidiary	Investments accounted for using the equity method	-	US\$ -	100.00	US\$ -	(Note 6)
	<u>Stocks</u>							
	IBF Securities Co., Ltd.	-	Financial assets at fair value through profit or loss	10,177,335	109,883	1.07	109,883	
	Chinfon Commercial Bank	-	Financial assets at fair value through profit or loss	5,026,269	-	0.86	-	
CDIB Management Consulting Corp.	Pine Street Asset Management Corp.	-	Financial assets at fair value through other comprehensive income	3,886,190	19,022	12.25	19,022	
	<u>Stocks</u>							
	CDC Finance & Leasing Corp.	Subsidiary	Investments accounted for using the equity method	76,704,787	877,620	100.00	877,620	
CDC Finance & Leasing Corp.	CDIB International Leasing Corp.	Subsidiary	Investments accounted for using the equity method	-	153,323	100.00	153,324	
	<u>Stocks</u>							
Richpoint Company Limited	Pacific Electric Wire and Cable Co., Ltd.	-	Financial assets at fair value through other comprehensive income	546,231	9,400	0.07	9,400	
	<u>Stocks</u>							
KGI Venture Capital Co., Ltd.	KG Investments Holdings Limited	Subsidiary	Investments accounted for using the equity method	156,864,163	US\$ 584,961	100.00	US\$ 584,961	
	<u>Stocks</u>							
KGI Venture Capital Co., Ltd.	Young Shine Electric Co., Ltd.	-	Financial assets at fair value through profit or loss	740,000	36,356	3.68	36,356	
	Yield Microelectronics Corp.	-	Financial assets at fair value through profit or loss	460,000	54,280	1.72	54,280	
	AMPAK Technology Inc.	-	Financial assets at fair value through profit or loss	275,000	23,100	0.42	23,100	
	Taiwan Advanced Nanotech Inc.	-	Financial assets at fair value through profit or loss	150,000	8,130	0.49	8,130	
	Gingy Technology Inc.	-	Financial assets at fair value through profit or loss	43,775	40	0.86	40	
	Sustainable Development Co., Ltd.	-	Financial assets at fair value through profit or loss	461,930	26,572	1.18	26,572	
	Yongda Food Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	1,100,000	6,316	4.02	6,316	
	ChenFeng Optronics Corporation	-	Financial assets at fair value through profit or loss	2,772,482	110,640	2.95	110,640	
	AIROHA TECHNOLOGY CORP.	-	Financial assets at fair value through profit or loss	49,000	28,872	0.03	28,872	
	Jia Wei Lifestyle Inc	-	Financial assets at fair value through profit or loss	480,000	30,336	0.60	30,336	
	Deluxe Technology Group Co., Ltd.	-	Financial assets at fair value through profit or loss	632,307	4,759	0.85	4,759	
	VisEra Technologies Company Ltd.	-	Financial assets at fair value through profit or loss	20,000	5,220	0.01	5,220	
	Formosa Pharmaceutical, Inc.	-	Financial assets at fair value through profit or loss	58,117	3,411	0.05	3,411	
	Top Bright Holding Co., Ltd.	-	Financial assets at fair value through profit or loss	220,000	20,110	0.42	20,110	
	Nfore Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	500,000	20,961	1.43	20,961	
	Evergreen Aviation Technologies Corp.	-	Financial assets at fair value through profit or loss	1,040,600	116,547	0.28	116,547	
	Rapidtek Technologies Inc.	-	Financial assets at fair value through profit or loss	625,000	48,125	2.08	48,125	

(Continued)

- Note 1: The Group recognized the related income or loss of investees as required by regulations.
- Note 2: The preferred shares held divided by the number of preferred shares outstanding is the percentage of ownership.
- Note 3: No securities were treated as collaterals or warrants.
- Note 4: The above companies which are the subsidiaries of the Corporation were eliminated from the consolidated financial statements.
- Note 5: CDIB Intelligence Partners Limited conducted registration establishment on February 28, 2020, however, CDIB Intelligence Partners Limited had not invested any capital as of June 30, 2023.
- Note 6: CDIB Asia Secured Opportunities GP Ltd. conducted registration establishment on September 9, 2021, however, CDIB Asia Secured Opportunities GP Ltd. had not invested any capital as of June 30, 2023.

(Concluded)

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 SIX MONTHS ENDED JUNE 30, 2023
(In Thousands of New Taiwan Dollars/Foreign Currencies)

Company Name	Marketable Securities Type and Name	Financial Statement Account	Counterparty	Nature of Relationship	Beginning Balance		Acquisition		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 Capital Group	<u>Stocks</u> Unimicron Technology Corp.	Financial assets at fair value through profit or loss	-	-	-	\$ -	2,362,134	\$ 290,542	2,362,134	\$ 435,360	\$ 290,542	\$ 144,818	-	\$ -
CDIB Global Markets Limited	<u>Funds</u> CDIB Pearl Holding Limited	Investments accounted for using the equity method	-	-	-	-	34,000	US\$ 33,881 (Note)	-	-	-	-	34,000	US\$ 33,881

Note: The CDIB Global Markets Limited had increase its capital in cash by US\$34,000 thousand and an investment loss of US\$119 thousand.

TABLE 5

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO NT\$300 MILLION OR 10% OF THE PAID-IN CAPITAL
JUNE 30, 2023
(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Year	Allowance for Bad Debts
					Amount	Action Taken		
The Corporation	CDIB Capital Group	Subsidiary	\$ 616,148 (Note 1)	-	\$ -	-	\$ -	\$ -
	KGI Bank	Subsidiary	861,265 (Note 2)	-	-	-	-	-
	KGI Securities Co., Ltd.	Subsidiary	1,550,243 (Note 2)	-	-	-	-	-
China Life Insurance Co., Ltd.	The Corporation	The parent company	1,085,484 (Note 3)		-	-	155	-
	KGI Bank	Subsidiary of the parent company	724,797	-	-	-	614,140	-
KGI Asia Limited	PT KGI Sekuritas Indonesia	Subsidiary of the parent company	501,288		-	-	501,288	-
KGI International (Hong Kong) Limited	KGI Future (Hong Kong) Limited	Subsidiary of the parent company	312,428	-	-	-	312,428	-
	KGI Asia Limited	Subsidiary of the parent company	1,640,071	-	-	-	1,640,071	-
KGI Securities (Singapore) Pte. Ltd.	KGI Securities (Thailand) Public Company Limited	Associate	375,140	-	-	-	375,140	-

Note 1: Tax receivable result from linked-tax system.

Note 2: Receivables result from directors’ remuneration and linked-tax system.

Note 3: Tax receivable result from rental receivables and linked-tax system.

Note 4: The above companies which are the subsidiaries of the Corporation were eliminated from the consolidated financial statements.

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTEE
JUNE 30, 2023
(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	\$ 29,112,050	\$ 1,623,689	2,041,115,913	-	2,041,115,913	100.00	
	KGI Securities	Taipei City, Taiwan	Financial service	100.00	51,269,278	3,552,985	1,878,736,629	-	1,878,736,629	100.00	
	KGI Bank	Taipei City, Taiwan	Commercial bank	100.00	66,446,582	2,956,506	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	1,452,380	59,219	113,360,000	-	113,360,000	100.00	
	China Life Insurance	Taipei City, Taiwan	Life insurance	100.00	151,375,229	3,177,337	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.

TABLE 7

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

SUBSIDIARIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023, DECEMBER 31, 2022, JUNE 30, 2022

Consolidated entities

Investor Company	Subsidiaries	Main Business and Products	Percentage of Ownership			Note
			June 30, 2023	December 31, 2022	June 30, 2022	
The Corporation	CDIB Capital Group	Venture fund	100.00	100.00	100.00	
	KGI Securities Co., Ltd.	Financial service	100.00	100.00	100.00	
	KGI Bank	Commercial bank	100.00	100.00	100.00	
	China Development Asset Management Corp.	Trading and management of nonperforming loans of financial institutions	100.00	100.00	100.00	
	China Life Insurance Co., Ltd.	Life insurance	100.00	100.00	100.00	
CDIB Capital Group	CDIB Capital Management Corporation	Management and consulting	100.00	100.00	100.00	
	CDIB Venture Capital Corporation	Venture fund	100.00	100.00	100.00	
	CDIB Venture Capital (Hong Kong) Corporation Limited	Venture fund	100.00	100.00	100.00	
	CDIB Global Markets Limited	Investment	100.00	100.00	100.00	
	CDIB Capital Investment I Limited	Investment	100.00	100.00	100.00	
	CDIB Capital Investment II Limited	Investment	100.00	100.00	100.00	
	CDIB Capital International Corporation	Private equity advisory service	100.00	100.00	100.00	
CDIB Capital International Corporation	CDIB Capital International (Hong Kong) Corporation Limited	Private equity advisory service	100.00	100.00	100.00	
	CDIB Capital International (USA) Corporation	Private equity advisory service	100.00	100.00	100.00	
	CDIB Capital Asia Partners Limited	Private equity advisory service	100.00	100.00	100.00	
	CDIB Intelligence Partners Limited	Private equity advisory service	100.00	100.00	100.00	
	CDIB Buyout Partners Limited	Private equity advisory service	100.00	100.00	100.00	
	CDIB Asia Secured Credit Opportunities GP Ltd.	Private equity advisory service	100.00	100.00	100.00	
CDIB Capital Investment I Limited	SCBS 1 Holding Corporation	Investment holdings	100.00	100.00	100.00	
	CDIB X Finance I Holding Limited	Investment	100.00	100.00	100.00	
CDIB Capital Investment II Limited	CDIB TMK Finance Holding Limited	Investment	100.00	100.00	100.00	
CDIB Global Markets Limited	CDIB Pearl Holding Limited	Investment	100.00	-	-	
CDIB Capital Management Corporation	CDIB Private Equity (Hong Kong) Corporation Limited	Management and consulting	100.00	100.00	100.00	
	CDIB Capital Innovation Advisors Corporation	Management and consulting	60.00	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	27.08	
	CDIB Private Equity (China) Corporation	Management and consulting	100.00	100.00	100.00	
	CDIB Private Equity Management (Fujian) Enterprise (Limited Partnership)	Fund management	56.00	56.00	56.00	

(Continued)

Investor Company	Subsidiaries	Main Business and Products	Percentage of Ownership			Note
			June 30, 2023	December 31, 2022	June 30, 2022	
CDIB Private Equity (China) Corporation	CDIB Yida Private Equity (Kunshan) Co., Ltd.	Fund management	65.00	65.00	65.00	
	CDIB Private Equity (Fujian) Co., Ltd.	Fund management	70.00	70.00	70.00	
	CDIB Private Equity (Kunshan) Corporation	Fund management	100.00	100.00	100.00	
	CDIB Guoke Private Equity (Kunshan) Co., Ltd.	Fund management	65.00	65.00	65.00	
CDIB Private Equity (Fujian) Co., Ltd.	CDIB Private Equity Management (Fujian) Enterprise (Limited Partnership)	Fund management	20.00	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	58.34	
KGI Securities Co., Ltd.	Richpoint Company Limited	Investment holdings	100.00	100.00	100.00	
	KGI Securities Investment Advisory Co., Ltd.	Security investment consulting	100.00	100.00	100.00	
	KGI Insurance Brokers Co., Ltd.	Life/property insurance brokers	100.00	100.00	100.00	
	KGI Venture Capital Co., Ltd.	Venture fund	100.00	100.00	100.00	
	KGI Securities Investment Trust Co., Ltd.	Nominee services, discretionary investment services	100.00	100.00	100.00	
		Futures investment services	99.61	99.61	99.61	
KGI Futures Co., Ltd.	KGI Information Technology Co., Ltd.	Management and consulting, software services, data processing and digital information supply services	100.00	100.00	100.00	
Richpoint Company Limited	KG Investments Holdings Limited	Investment holdings	100.00	100.00	100.00	
KG Investments Holdings Limited	KGI International Holdings Limited	Investment holdings	100.00	100.00	100.00	
KGI International Holdings Limited	KGI Limited	Investment holdings	100.00	100.00	100.00	
	KGI International Limited	Investment holdings	100.00	100.00	100.00	
KGI Limited	KGI Futures (Hong Kong) Limited	Futures brokerage and settlement services	100.00	100.00	100.00	
	Global Treasure Investments Limited	Investment services	100.00	100.00	100.00	
	KGI Investments Management Limited	Insurance brokerage	100.00	100.00	100.00	
	KGI International Finance Limited	Investment and financing services	100.00	100.00	100.00	
	KGI Hong Kong Limited	Management and consulting	100.00	100.00	100.00	
	KGI Asia Limited	Securities investment	100.00	100.00	100.00	
	KGI Capital Asia Limited	Securities investment	100.00	100.00	100.00	
	KGI Asset Management Limited	Asset management	100.00	100.00	100.00	
	KGI Nominees (Hong Kong) Limited	Trust agent	100.00	100.00	100.00	
KGI International Limited	KGI Asia (Holdings) Pte. Ltd.	Investment holdings	100.00	100.00	100.00	
KGI Capital Asia Limited	KGI International (Hong Kong) Limited	Derivative product services	100.00	100.00	100.00	
	KGI Finance Limited	Investment and financing services	100.00	100.00	100.00	
	PT KGI Sekuritas Indonesia	Securities investment	99.00	99.00	99.00	

(Continued)

Investor Company	Subsidiaries	Main Business and Products	Percentage of Ownership			Note
			June 30, 2023	December 31, 2022	June 30, 2022	
KGI Asia (Holdings) Pte. Ltd.	KGI Securities (Singapore) Pte. Ltd.	Securities and futures investment	100.00	100.00	100.00	(Note 3)
KGI Bank	CDIB Management Consulting Corporation	Management and consulting	100.00	100.00	100.00	
CDIB Management Consulting Corporation	CDC Finance & Leasing Corp. CDIB International Leasing Corp.	Leasing Leasing	100.00 100.00	100.00 100.00	76.04 100.00	

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 June 30, 2023.

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 June 30, 2023.

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 8

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

DECLARATION OF SUBSIDIARIES' CREDITS, ENDORSEMENTS OR OTHER TRANSACTIONS WITH THE SAME PERSON, RELATED PARTY OR AFFILIATE

JUNE 30, 2023

(In Millions of New Taiwan Dollars; %)

Counterparty	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	\$ 65,197	26.73
TSMC	46,248	18.96
National Treasury Administration, Ministry of Finance, R.O.C.	40,408	16.57
CAPITAL INVESTMENT TRUST CORP.	34,694	14.22
EMIRATES NBD BANK PJSC	33,976	13.93
BNP-PARIBAS SA	33,651	13.80
AT&T Inc	33,548	13.75
Verizon Communications Inc	30,781	12.62
JPMORGAN CHASE&CO	30,672	12.58
BANK OF AMERICA CORP	30,570	12.53
Comcast Corporation	30,423	12.47
BARCLAYS PLC	30,343	12.44
UNITED MEXICAN STATES	29,593	12.13
CITIGROUP INC	28,818	11.82
DEUTSCHE BANK AG	27,870	11.43
Cathay Securities Investment Trust Co., LTD	27,580	11.31
Kingdom of Saudi Arabia	27,199	11.15
QNB Finance Ltd.	25,517	10.46
Natixis S.A.	24,409	10.01
The National Copper Corporation of Chile	23,699	9.72
BANK OF NOVA SCOTIA, TORONTO, CANADA	22,729	9.32
WELLS FARGO & COMPANY	22,103	9.06
Raytheon Technologies Corporation	21,830	8.95
ROYAL BANK OF CANADA, TORONTO, CANADA	21,584	8.85
NOMURA INTL FUNDING PTE	21,521	8.82
Intel Corp.	21,519	8.82
Republic Of Indonesia	21,505	8.82
Électricité de France S.A.	21,500	8.81
Comision Federalde Electricidad	20,509	8.41
ISHARES IBOXX INVESTMENT GRA	20,015	8.21
SOCIETE GENERALE, PARIS, FRANCE	19,768	8.10
HSBC HOLDINGS PLC	19,182	7.86

(Continued)

Counterparty	Total Amounts of Credits, Endorsements and Other Transactions	Ratio to Net Asset Value of the Corporation (%)
GOLDMAN SACHS GROUP INC.	\$ 19,010	7.79
Fubon Asset Management Co., Ltd.	18,359	7.53
Walt Disney Co	17,815	7.30
Tencent Holdings Limited	17,620	7.22
MALAYAN BANKING BERHAD (MAYBANK)	17,187	7.05
RUSSIAN FEDERATION	16,522	6.77
Morgan Stanley	16,465	6.75
Anheuser-Busch InBev Worldwide Inc.	16,278	6.67
NATIONAL AUSTRALIA BANK	15,681	6.43
Petronas Capital Limited	15,608	6.40
STANDARD CHARTERED PLC	15,513	6.36
REPUBLIC OF PERU	15,406	6.32
Oracle Corporation	15,178	6.22
Yuanta Securities Co., Ltd.	15,158	6.21
RELIANCE INDUSTRIES LIMITED	14,852	6.09
ADCB Finance (Cayman) Limited	14,579	5.98
MUFG BANK LTD.	14,107	5.78
FIRST ABU DHABI BANK PJS	13,958	5.72
Takeda Pharmaceutical Co., Ltd.	13,630	5.59
STATE OF QATAR	13,596	5.57
CREDIT AGRICOLE SA	13,245	5.43
UBS AG LONDON	12,919	5.30
CVS Health Corp	12,897	5.29
ALIBABA GROUP HOLDING	12,807	5.25
Southern Copper Corporation	12,701	5.21
Cathay Life Insurance Co., Ltd.	12,546	5.14
COOPERATIEVE RABOBANK UA	12,372	5.07
Saudi Arabian Oil Company	12,119	4.97
CCB Life Insurance Co., Ltd.	11,911	4.88
HON HAI PRECISION INDUSTRY CO., LTD.	11,898	4.88
AMAZON.COM, INC.	11,694	4.79
Fubon Financial Holding Co., Ltd.	11,562	4.74
Banco Santander SA	11,331	4.65
COMMONWEALTH BANK OF AUSTRALIA SYDNEY (FOR HEAD OFFICE AND ALL AUSTRALIAN BRANCHES), AUSTRALIA	10,760	4.41
WESTPAC BANKING CORPORATION, SYDNEY, AUSTRALIA	10,625	4.36
Morgan Stanley Finance LLC	10,586	4.34
E.SUN Commercial Bank, Ltd.	10,540	4.32
Taiwan Power Company	10,367	4.25
PT Pertamina (Persero)	10,353	4.24
SUMITOMO MITSUI FINL GRP	10,224	4.19
United Microelectronics Corporation	10,142	4.16
Yuanta Securities Co., Ltd.	9,938	4.07
Industrial and Commercial Bank of China Limited	9,337	3.83

(Continued)

Counterparty	Total Amounts of Credits, Endorsements and Other Transactions	Ratio to Net Asset Value of the Corporation (%)
LOCKHEED MARTIN CORPORATION	\$ 9,296	3.81
BPCESA	9,275	3.80
APPLE INC	8,746	3.59
SANTANDER INTL PROD PLC	8,562	3.51
Chailease Holding Company Limited	8,521	3.49
Fuh Hwa Securities Investment Trust Co., Ltd.	8,388	3.44
Bristol-Myers Squibb Co.	8,163	3.35
Cathay Financial Holdings Co., Ltd.	8,098	3.32
CREDIT AGRICOLE CIB SA	7,788	3.19
KOMMUNALBANKEN AS	7,784	3.19
Taishin Securities Investment Trust Co., Ltd.	7,663	3.14
Taiwan Cement Corp.	7,630	3.13
CTBC Bank Co., Ltd.	7,500	3.07
ING GROUP NV	7,405	3.04
Perusahaan Listrik Negara PT	7,291	2.99
MDGH - GMTN BV	7,205	2.95
GRUPO TELEVISA SAB	7,187	2.95
FedEx	7,164	2.94
BANK OF MONTREAL	7,161	2.94
Abu Dhabi Commercial Bank	6,974	2.86
FED REPUBLIC OF BRAZIL	6,786	2.78
ASIA CEMENT CORPORATION	6,648	2.73
LLOYDS BANKING GROUP PLC	6,521	2.67
ENTERPRISE PRODUCTS OPER	6,382	2.62
TRANSCANADA PIPELINES	6,373	2.61
ANHEUSER-BUSCH INBEV FIN	6,358	2.61
Shin Kong Investment Trust Co., Ltd.	6,301	2.58
Union Pacific Corp	6,291	2.58
Cathay United Bank Company Limited	6,266	2.57
Federal Government of the United Arab Emirates	6,227	2.55
MANULIFE FINANCIAL CORP	6,164	2.53
AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED, MELBOURNE, AUSTRALIA	6,105	2.50
Fubon Securities Co., Ltd.	5,812	2.38
Taiwan Mobile Co., Ltd.	5,795	2.38
MediaTek Inc.	5,743	2.35
The Export-Import Bank of the Republic of China	5,698	2.34
Taishin Financial Holding Co., Ltd.	5,525	2.27
CITIC Limited (original: CITIC Pacific Limited)	5,472	2.24
Fubon Life Insurance Co., Ltd.	5,408	2.22
China Construction Bank Corporation	5,365	2.20
BANK SINOPAC CO., LTD.	5,340	2.19
Fox Corporation	5,330	2.19
State Street Global Advisors, Inc.	5,296	2.17
PARAMOUNT GLOBAL INDUSTRIES LIMITED	5,286	2.17

(Continued)

Counterparty	Total Amounts of Credits, Endorsements and Other Transactions	Ratio to Net Asset Value of the Corporation (%)
First Financial Holding Co., Ltd.	\$ 5,254	2.15
TELEFONICA EMISIONES SAU	5,176	2.12
LB BADEN-WUERTTEMBERG	5,073	2.08
SINOPEC GRP DEV 2018	5,034	2.06
ABRDN PLC Group	4,976	2.04
LLOYDS BANK PLC	4,902	2.01
Nan Shan Life Insurance Co., Ltd.	4,758	1.95
Taipei Fubon Commercial Bank Co., Ltd.	4,748	1.95
PHOENIX LEAD LTD	4,673	1.92
CHINA CINDA FIN 2017 III	4,640	1.90
BLACKSTONE HOLDINGS FINA	4,633	1.90
Suyin KGI Consumer Finance Co., Ltd.	4,615	1.89
ABN AMRO BANK NV	4,610	1.89
TOTAL CAPITAL INTL SA	4,558	1.87
DELTA ELECTRONICS, INC.	4,530	1.86
Formosa Chemicals & Fibre Corporation	4,432	1.82
ROMANIA	4,124	1.69
Mitsubishi UFJ Financial Group, Inc.	4,091	1.68
JIH SUN SECURITIES INVESTMENT TRUST CO., LTD.	4,003	1.64
Chailease Finance Co., LTD	3,890	1.59
AIA GROUP LTD	3,824	1.57
Powertech Technology Inc.	3,815	1.56
Agricultural Bank of China Limited	3,811	1.56
Nan Ya Plastics Corporation	3,810	1.56
Realtek Semiconductor Corp.	3,790	1.55
CTCI Development Corp.	3,746	1.54
REPUBLIC OF PHILIPPINES	3,724	1.53
Taishin International Bank Co., Ltd.	3,693	1.51
Shell International Finance BV	3,569	1.46
Innolux Corporation	3,530	1.45
AMERICA MOVIL SAB DE CV	3,436	1.41
CREDIT SUISSE AG LONDON	3,386	1.39
REPUBLIC OF CHILE	3,374	1.38
FANNIE MAE	3,366	1.38
President enterprises corporation	3,360	1.38
Mega Financial Holding Company Limited.	3,353	1.37
Chang Hwa Commercial Bank, Ltd.	3,339	1.37
BANQUE EUROPEENNE D INVESTISSEMENT - BEI/EIB, LUXEMBOURG	3,334	1.37
Vanguard International Semiconductor Corporation	3,321	1.36
Hong Pu Real Estate Development Co., LTD	3,304	1.35
China Development Bank	3,295	1.35
HUA NAN COMMERCIAL BANK, LTD	3,288	1.35
QUALCOMM INC	3,281	1.35
HSBC BANK PLC	3,210	1.32

(Continued)

Counterparty	Total Amounts of Credits, Endorsements and Other Transactions	Ratio to Net Asset Value of the Corporation (%)
Fina Finance & Trading Co., Ltd.	\$ 3,180	1.30
FREDDIE MAC	3,150	1.29
Invesco Ltd.	3,142	1.29
Brookfield Super-Core Infra NUS L.P	3,140	1.29
ROGERS COMMUNICATIONS IN	3,115	1.28
AXA SA	3,114	1.28
Macquarie Super Core Infrastructure	3,080	1.26
Bank of China Limited	3,068	1.26
Mega International Commercial Bank Co., Ltd.	3,059	1.25
Total	\$ 1,993,377	817.24
2. The same group		
Lin Yuan Group	\$ 61,740	25.20
Fubon Group	52,389	21.48
TSMC Group	51,186	20.99
HONG TAI Group	38,051	15.60
BNP Paribas Group	34,334	14.08
Investment Corp of Dubai Group	33,976	13.93
BPCE Group	33,684	13.81
AT&T Inc Group	33,548	13.75
JPMORGAN CHASE Group	32,336	13.26
CITI Group	30,905	12.67
Verizon Communications Inc Group	30,781	12.62
Bank of America Group	30,570	12.53
COMCAST Group	30,423	12.47
Barclays Bank Group	30,343	12.44
Yuanta Group	28,307	11.61
Deutsche Bank Group	27,870	11.43
HSBC Group	27,557	11.30
MORGAN STANLEY GROUP	27,089	11.11
Qatar National Bank Group	25,517	10.46
The National Copper Corporation of Chile Group	23,699	9.72
Foxconn Technology Group	23,271	9.54
Anheuser-Busch InBev SA/NV Group	22,938	9.40
BANK OF NOVA SCOTIA	22,729	9.32
Wells Fargo Bank Group	22,103	9.06
Raytheon Company Group	21,830	8.95
NOMURA Group	21,614	8.86
Royal Bank of Canada Group	21,584	8.85
Abu Dhabi Commercial Bank Group	21,553	8.84
Intel Group	21,519	8.82
EDF Group	21,500	8.81
BLACKROCK Group	21,174	8.68
Crédit Agricole Group	21,033	8.62
COMISION FEDERAL DE ELEC Group	20,509	8.41
Goldman Sachs Group	20,162	8.27

(Continued)

Counterparty	Total Amounts of Credits, Endorsements and Other Transactions	Ratio to Net Asset Value of the Corporation (%)
SANTANDER CENTRAL HISPANO S.A. Group	\$ 19,893	8.16
Societe Generale Group	19,768	8.10
Taishin Group	18,930	7.76
MUFG	18,198	7.46
The Walt Disney Company Group	17,815	7.30
Tencent Group	17,807	7.30
Far Eastern Group	17,299	7.09
China Construction Bank Group	17,276	7.08
Malayan Banking Berhad Group	17,187	7.05
RELIANCE INDUSTRIES LIMITED Group	16,602	6.81
Chailease Group	16,064	6.59
National Australia Bank Group	15,681	6.43
PETRONAS Group	15,608	6.40
Standard Chartered Group	15,513	6.36
Oracle Group	15,178	6.22
Saudi Arabian Oil Co Group	14,997	6.15
UMC Group	14,619	5.99
FAB Group	13,958	5.72
Shin Kong Group	13,953	5.72
TAKEDA PHARMACEUTICAL Group	13,630	5.59
UBS Group AG	13,293	5.45
CVS Health Corp Group	12,897	5.29
Alibaba Group	12,807	5.25
CTBC Group	12,803	5.25
Mexico Group	12,701	5.21
E.SUN Financial Holding Group	12,700	5.21
RABOBANK Group	12,372	5.07
YFY Group	11,947	4.90
Amazon Group	11,694	4.79
LLOYDSBK Group	11,422	4.68
Commonwealth Bank of Australia Group	10,760	4.41
Westpac Banking Group	10,625	4.36
PERTAMINA Group	10,353	4.24
SUMITOMO MITSU GROUP	10,224	4.19
Mega Financial Holding Group	10,010	4.10
ICBC Group	9,337	3.83
Lockheed Martin Group	9,296	3.81
Ruentex Group	9,144	3.75
APPLE INC Group	8,746	3.59
First Financial Holding Group	8,741	3.58
Fuh Hwa Securities Investment Trust Group	8,388	3.44
Bristol-Myers Squibb Group	8,163	3.35
Yulon Group	7,923	3.25
Kongeriket Norge Group	7,784	3.19
Taiwan Cement Group	7,678	3.15

(Continued)

Counterparty	Total Amounts of Credits, Endorsements and Other Transactions	Ratio to Net Asset Value of the Corporation (%)
ING Group	\$ 7,407	3.04
Sinopec Group	7,317	3.00
State Power Corporation of China Group	7,291	2.99
Uni President Group	7,244	2.97
Mubadala Investment Co Group	7,205	2.95
GRUPO TELEVISA SAB Group	7,187	2.95
FedEx Group	7,164	2.94
Bank of Montreal Group	7,161	2.94
China Citic Bank Corporation Limited Group	6,619	2.71
Cheung Kong Hutchison Holdings Group	6,487	2.66
ENTERPRISE PRODUCTS OPER Group	6,382	2.62
TC Energy Corporation Group	6,373	2.61
Brookfield Asset Management Inc. Group	6,366	2.61
Union Pacific Corp Group	6,291	2.58
Manulife Financial Corporation - S Group	6,164	2.53
Walsin Group	6,163	2.53
AUSTRALIA AND NEW ZEALAND BANKING GROUP	6,105	2.50
MediaTek Inc. Group	6,000	2.46
Formosa Plastic Group	5,999	2.46
MACQUARIE Group	5,964	2.44
China Cinda Group	5,886	2.41
State Street Corporation Group	5,737	2.35
Sino-American Silicon Group	5,483	2.25
Fox Corporation Group	5,330	2.19
Paramount Global Group	5,286	2.17
Telefónica, S.A. Group	5,176	2.12
AU Optronics Group	5,084	2.08
Baden-Württemberg Group	5,073	2.08
Gateway Real Estate Fund Group	5,009	2.05
ABRDN PLC Group	4,976	2.04
Black Stone Group	4,834	1.98
Pfizer Group	4,749	1.95
Bank of Jiangsu Group	4,615	1.89
ABN AMRO GROUP	4,610	1.89
Total S.A. Group	4,558	1.87
Weave Group	4,543	1.86
Taiwan Cooperative Group	4,531	1.86
Delta Electronics, Inc. Group	4,530	1.86
Formosa Chemicals and Fiber Group	4,439	1.82
Evergreen Group	4,347	1.78
CTCI Group	4,087	1.68
JIH SUN Group	4,003	1.64
Nan Ya Plastics Group	3,885	1.59
Powertech Technology Group	3,825	1.57
AIA Group Limited Group	3,824	1.57

(Continued)

Counterparty	Total Amounts of Credits, Endorsements and Other Transactions	Ratio to Net Asset Value of the Corporation (%)
Agricultural Bank of China Group	\$ 3,811	1.56
Hyundai Motor Company Group	3,800	1.56
HOTAI Group	3,759	1.54
KKR FUND Group	3,743	1.53
THE SHANGHAI COMMERCIAL & SAVINGS BANK Group	3,720	1.53
LCY CHEMICAL CORP. Group	3,640	1.49
Shell plc Group	3,569	1.46
China Development Bank Group	3,513	1.44
KINPO Group	3,478	1.43
America Movil, S.A.B. de C.V. Group	3,436	1.41
HUA NAN FINANCIAL HOLDINGS Group	3,432	1.41
CREDIT SUISSE Group	3,386	1.39
Chang Hwa Commercial Bank Group	3,339	1.37
Hong Pu Group	3,304	1.35
Qualcomm Group	3,281	1.35
Wistron Group	3,271	1.34
WPG Holdings Group	3,143	1.29
INVESCO Group	3,142	1.29
Rogers Communications Inc Group	3,115	1.28
AXA Group	3,114	1.28
Bank of China Limited Group	3,068	1.26
StorHub Group	3,025	1.24
Total	\$ 1,905,736	781.35

(Concluded)

TABLE 9

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)

Assets	June 30, 2023	December 31, 2022	June 30, 2022
Cash and cash equivalents	\$ 3,342,168	\$ 4,081,769	\$ 21,684,004
Receivables, net	100,513	249,151	223,903
Current tax assets	3,167,822	3,791,497	3,458,217
Investments accounted for using the equity method, net	299,655,519	266,062,665	243,277,214
Other financial assets	300	300	300
Right-of-use assets, net	825,994	862,301	1,066,070
Property and equipment, net	270,410	285,578	258,023
Other assets, net	<u>118,416</u>	<u>113,945</u>	<u>116,184</u>
Total	<u>\$ 307,481,142</u>	<u>\$ 275,447,206</u>	<u>\$ 270,083,915</u>
Liabilities and Equity			
<u>Liabilities</u>			
Commercial paper payable, net	\$ 7,099,836	\$ 7,899,888	\$ 7,799,655
Payables	1,949,373	1,802,426	19,047,117
Current tax liabilities	2,328,459	2,867,858	2,119,206
Bonds payable	48,000,000	48,000,000	48,000,000
Other borrowings	3,299,842	5,299,852	5,399,887
Provisions	-	74	30,178
Lease liabilities	878,051	912,855	1,123,271
Other liabilities	<u>15,920</u>	<u>980</u>	<u>27,690</u>
Total liabilities	<u>63,571,481</u>	<u>66,783,933</u>	<u>83,547,004</u>
<u>Equity</u>			
Capital			
Common stock	168,392,886	168,453,886	171,938,773
Preferred stock	15,821,424	15,821,424	18,930,436
Share capital awaiting retirement	(15,080)	-	(44,650)
Capital surplus	33,515,283	33,626,805	36,134,488
Retained earnings			
Legal reserve	15,613,641	13,703,864	13,703,864
Special reserve	48,976,557	410,006	421,800
Unappropriated earnings	10,890,617	50,476,328	47,130,110
Other equity	(49,285,667)	(73,829,040)	(92,606,409)
Treasury shares	<u>-</u>	<u>-</u>	<u>(9,071,501)</u>
Total equity	<u>243,909,661</u>	<u>208,663,273</u>	<u>186,536,911</u>
Total	<u>\$ 307,481,142</u>	<u>\$ 275,447,206</u>	<u>\$ 270,083,915</u>

(Continued)

2. Statements of comprehensive income

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)				
	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
REVENUES				
Share of profit of subsidiaries, associates and joint ventures	\$ 7,341,682	\$ 5,199,991	\$ 11,468,846	\$ 15,564,183
Others	<u>7,350</u>	<u>80,426</u>	<u>19,139</u>	<u>87,522</u>
Total revenues	<u>7,349,032</u>	<u>5,280,417</u>	<u>11,487,985</u>	<u>15,651,705</u>
EXPENSES AND LOSSES				
Operating expenses	(535,826)	(355,690)	(938,453)	(953,377)
Others	<u>(172,853)</u>	<u>(156,676)</u>	<u>(346,754)</u>	<u>(309,268)</u>
Total expenses and losses	<u>(708,679)</u>	<u>(512,366)</u>	<u>(1,285,207)</u>	<u>(1,262,645)</u>
NET PROFIT BEFORE INCOME TAX	6,640,353	4,768,051	10,202,778	14,389,060
INCOME TAX EXPENSE	<u>-</u>	<u>(823,929)</u>	<u>(60,000)</u>	<u>(771,277)</u>
NET PROFIT FOR THE PERIOD	<u>6,640,353</u>	<u>3,944,122</u>	<u>10,142,778</u>	<u>13,617,783</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss, net of income tax				
Share of other comprehensive income (loss) of subsidiaries, associates and joint ventures	573,905	(5,976,148)	636,489	(7,537,570)
Income tax relating to the items that will not be reclassified subsequently to profit or loss	(101,693)	12,053	155,810	302,693
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	3,999,315	(61,469,478)	25,251,342	(105,561,321)
Income tax relating to the items that may be reclassified subsequently to profit or loss	<u>(148,902)</u>	<u>4,575,608</u>	<u>(1,020,702)</u>	<u>9,570,978</u>
Other comprehensive income (loss) for the period, net of income tax	<u>4,322,625</u>	<u>(62,857,965)</u>	<u>25,022,939</u>	<u>(103,225,220)</u>
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	<u>\$ 10,962,978</u>	<u>\$ (58,913,843)</u>	<u>\$ 35,165,717</u>	<u>\$ (89,607,437)</u>
BASIC EARNINGS PER SHARE	<u>\$0.40</u>	<u>\$0.24</u>	<u>\$0.61</u>	<u>\$0.81</u>
DILUTED EARNINGS PER SHARE	<u>\$0.40</u>	<u>\$0.23</u>	<u>\$0.60</u>	<u>\$0.81</u>

(Continued)

3. Statements of changes in equity

(In Thousands of New Taiwan Dollars, Except Per Share Amount)

	Equity Attributable to Owners of the Parent								Other Equity						
	Capital				Retained Earnings				Exchange Differences on Translation of Foreign Financial Statements	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	Others	Treasury Shares	Total Equity
	Common Stock	Preferred Stock	Advance Receipts for Capital Stock	Share Capital Awaiting Retirement	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings							
BALANCE AT JANUARY 1, 2022	\$ 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	\$ -	\$ (1,458,485)	\$ (9,071,501)	\$ 292,780,338
Appropriation of 2021 earnings															
Legal reserve	-	-	-	-	-	3,668,049	-	(3,668,049)	-	-	-	-	-	-	-
Special reserve	-	-	-	-	-	-	123,680	(123,680)	-	-	-	-	-	-	-
Cash dividends - common stock	-	-	-	-	-	-	-	(16,848,554)	-	-	-	-	-	-	(16,848,554)
Cash dividends - preferred stock	-	-	-	-	-	-	-	(3,077)	-	-	-	-	-	-	(3,077)
	-	-	-	-	-	3,668,049	123,680	(20,643,360)	-	-	-	-	-	-	(16,851,631)
Net profit for the six months ended June 30, 2022	-	-	-	-	-	-	-	13,617,783	-	-	-	-	-	-	13,617,783
Other comprehensive income (loss) for the six months ended June 30, 2022, net of income tax	-	-	-	-	-	-	-	-	2,647,335	(47,202,814)	(58,674,747)	5,006	-	-	(103,225,220)
Total comprehensive income (loss) for the six months ended June 30, 2022	-	-	-	-	-	-	-	13,617,783	2,647,335	(47,202,814)	(58,674,747)	5,006	-	-	(89,607,437)
Net change in equity of associates and joint ventures	-	-	-	-	1	-	-	-	-	-	-	-	-	-	1
Share-based payments	42,175	-	(31,175)	(44,650)	(12,993)	-	-	-	-	-	-	-	263,760	-	217,117
Disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	-	-	-	2,135,241	-	(2,135,241)	-	-	-	-	-
Net change in special reserve of subsidiaries	-	-	-	-	-	-	-	(1,477)	-	-	-	-	-	-	(1,477)
BALANCE AT JUNE 30, 2022	\$ 171,938,773	\$ 18,930,436	\$ -	\$ (44,650)	\$ 36,134,488	\$ 13,703,864	\$ 421,800	\$ 47,130,110	\$ (2,479,214)	\$ (35,669,052)	\$ (53,268,424)	\$ 5,006	\$ (1,194,725)	\$ (9,071,501)	\$ 186,536,911
BALANCE AT JANUARY 1, 2023	\$ 168,453,886	\$ 15,821,424	\$ -	\$ -	\$ 33,626,805	\$ 13,703,864	\$ 410,006	\$ 50,476,328	\$ (1,116,811)	\$ (13,728,907)	\$ (58,042,885)	\$ 3,301	\$ (943,738)	\$ -	\$ 208,663,273
Appropriation of 2022 earnings															
Legal reserve	-	-	-	-	-	1,909,777	-	(1,909,777)	-	-	-	-	-	-	-
Special reserve	-	-	-	-	-	-	48,566,551	(48,566,551)	-	-	-	-	-	-	-
	-	-	-	-	-	1,909,777	48,566,551	(50,476,328)	-	-	-	-	-	-	-
Net profit for the six months ended June 30, 2023	-	-	-	-	-	-	-	10,142,778	-	-	-	-	-	-	10,142,778
Other comprehensive income for the six months ended June 30, 2023, net of income tax	-	-	-	-	-	-	-	-	184,560	1,669,842	23,167,892	645	-	-	25,022,939
Total comprehensive income for the six months ended June 30, 2023	-	-	-	-	-	-	-	10,142,778	184,560	1,669,842	23,167,892	645	-	-	35,165,717
Net change in equity of associates and joint ventures	-	-	-	-	(15,741)	-	-	-	-	-	-	-	-	-	(15,741)
Share-based payments	(61,000)	-	-	(15,080)	(95,781)	-	-	7,200	-	-	-	-	303,139	-	138,478
Disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	-	-	-	782,705	-	(782,705)	-	-	-	-	-
Net change in special reserve of subsidiaries	-	-	-	-	-	-	-	(42,066)	-	-	-	-	-	-	(42,066)
BALANCE AT JUNE 30, 2023	\$ 168,392,886	\$ 15,821,424	\$ -	\$ (15,080)	\$ 33,515,283	\$ 15,613,641	\$ 48,976,557	\$ 10,890,617	\$ (932,251)	\$ (12,841,770)	\$ (34,874,993)	\$ 3,946	\$ (640,599)	\$ -	\$ 243,909,661

(Continued)

4. Statements of cash flows

(In Thousands of New Taiwan Dollars)

	For the Six Months Ended June 30	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit before income tax	\$ 10,202,778	\$ 14,389,060
Adjustments for:		
Depreciation and amortization expenses	64,555	58,148
Interest expense	340,504	300,490
Interest income	(13,654)	(15,559)
Share-based payment compensation cost	18,416	45,209
Share of profit of subsidiaries, associates and joint ventures	(11,369,736)	(15,339,451)
Changes in operating assets and liabilities		
Receivables	356,690	1,506,249
Other assets	991	(20,114)
Payables	(24,802)	(266,434)
Other liabilities	14,866	25,627
Interest paid	(170,792)	(131,651)
Interest received	14,764	14,321
Dividends received	2,854,875	22,543,359
Income tax paid	<u>(184,885)</u>	<u>(1,189,988)</u>
Net cash generated from operating activities	<u>2,104,570</u>	<u>21,919,266</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from capital reduction of investments accounted for using equity method	-	4,897,759
Acquisition of property and equipment	(6,226)	(56,381)
Others	<u>(9,879)</u>	<u>(10,612)</u>
Net cash (used in) generated from investing activities	<u>(16,105)</u>	<u>4,830,766</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in commercial paper payable	(800,052)	(7,999,404)
Increase (decrease) in other borrowings	(2,000,010)	1,500,033
Others	<u>(28,004)</u>	<u>(47,451)</u>
Net cash used in financing activities	<u>(2,828,066)</u>	<u>(6,546,822)</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(739,601)	20,203,210
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>4,081,769</u>	<u>1,480,794</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u><u>\$ 3,342,168</u></u>	<u><u>\$ 21,684,004</u></u>

(Continued)

KGI Bank

1. Condensed balance sheets

(In Thousands of New Taiwan Dollars)

	June 30, 2023	December 31, 2022	June 30, 2022
Cash and cash equivalents, due from the Central Bank and call loans to banks	\$ 69,246,003	\$ 67,379,108	\$ 34,457,906
Financial assets at fair value through profit or loss	43,431,618	34,166,455	45,867,979
Financial assets at fair value through other comprehensive income	144,720,842	140,676,945	192,458,099
Debt instruments measured at amortized cost	60,476,765	58,985,476	19,766,984
Financial assets for hedging	1,268,660	2,025,601	2,067,317
Securities purchased under resell agreements	37,214,932	15,467,689	8,453,271
Receivables, net	22,361,945	24,069,220	27,064,317
Discounts and loans, net	390,847,529	394,572,818	387,920,718
Investments accounted for using the equity method, net	6,444,506	6,154,507	5,874,353
Other financial assets, net	2,569,560	1,101,950	2,219,850
Property and equipment, net	5,295,311	5,370,333	5,382,226
Right-of-use assets, net	3,154,561	3,336,532	3,455,196
Investment property, net	1,591,308	1,597,700	1,604,330
Deferred tax assets	531,009	750,316	699,261
Other assets, net	<u>6,836,955</u>	<u>8,362,768</u>	<u>11,936,076</u>
Total assets	<u>\$ 795,991,504</u>	<u>\$ 764,017,418</u>	<u>\$ 749,227,883</u>
Deposits from the Central Bank and banks	\$ 1,091,906	\$ 11,972,428	\$ 20,522,868
Financial liabilities at fair value through profit or loss	26,743,558	35,628,311	41,064,041
Financial liabilities for hedging	620,998	526,268	619,039
Notes and bonds issued under repurchase agreements	43,050,930	28,360,984	59,156,821
Payables	6,614,717	9,957,913	7,682,443
Current tax liabilities	831,634	1,032,695	939,023
Deposits and remittances	580,080,722	543,754,213	501,123,937
Bank debentures payable	24,629,260	24,753,007	24,630,877
Principal received on structured notes	40,000,515	39,096,143	26,382,043
Provisions	387,710	290,085	364,403
Lease liabilities	3,316,268	3,492,459	3,603,736
Deferred tax liabilities	63,515	64,214	19,831
Other liabilities	<u>3,235,470</u>	<u>3,623,247</u>	<u>3,656,802</u>
Total liabilities	<u>730,667,203</u>	<u>702,551,967</u>	<u>689,765,864</u>
Common stock	46,061,623	46,061,623	46,061,623
Capital surplus	7,363,926	7,374,531	7,301,125
Retained earnings	16,867,733	13,791,237	11,433,243
Other equity	<u>(4,968,981)</u>	<u>(5,761,940)</u>	<u>(5,333,972)</u>
Total equity	<u>65,324,301</u>	<u>61,465,451</u>	<u>59,462,019</u>
Total liabilities and equity	<u>\$ 795,991,504</u>	<u>\$ 764,017,418</u>	<u>\$ 749,227,883</u>

(Continued)

2. Condensed statements of comprehensive income

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Interest revenue	\$ 5,657,139	\$ 3,399,125	\$ 10,866,757	\$ 6,348,096
Interest expense	<u>(3,665,186)</u>	<u>(963,136)</u>	<u>(6,926,875)</u>	<u>(1,574,033)</u>
Interest profit, net	1,991,953	2,435,989	3,939,882	4,774,063
Noninterest profits and gains, net	<u>1,429,898</u>	<u>947,667</u>	<u>2,847,963</u>	<u>1,721,155</u>
Total net revenues	3,421,851	3,383,656	6,787,845	6,495,218
Reversal of allowance (allowance) for bad debts and losses on commitments and guarantees, net	(22,549)	42,197	72,455	147,776
Operating expenses	<u>(1,703,910)</u>	<u>(1,662,470)</u>	<u>(3,400,957)</u>	<u>(3,281,074)</u>
Net profit before income tax	1,695,392	1,763,383	3,459,343	3,361,920
Income tax expense	<u>(220,591)</u>	<u>(247,522)</u>	<u>(449,912)</u>	<u>(487,304)</u>
Net profit for the period	1,474,801	1,515,861	3,009,431	2,874,616
Other comprehensive income (loss) for the period, net of income tax	<u>(6,271)</u>	<u>(3,450,092)</u>	<u>860,024</u>	<u>(5,816,541)</u>
Total comprehensive income (loss) for the period	<u>\$ (1,468,530)</u>	<u>\$ (1,934,231)</u>	<u>\$ 3,869,455</u>	<u>\$ (2,941,925)</u>
Basic earnings per share	<u>\$0.32</u>	<u>\$0.33</u>	<u>\$0.65</u>	<u>\$0.62</u>

(Continued)

KGI Securities Co., Ltd.

1. Condensed balance sheets

(In Thousands of New Taiwan Dollars)

	June 30, 2023	December 31, 2022	June 30, 2022
Current assets	\$ 249,640,129	\$ 206,204,726	\$ 201,001,838
Noncurrent assets	<u>37,955,145</u>	<u>37,079,534</u>	<u>35,808,536</u>
Total assets	<u>\$ 287,595,274</u>	<u>\$ 243,284,260</u>	<u>\$ 236,810,374</u>
Current liabilities	\$ 220,693,368	\$ 178,811,122	\$ 172,930,463
Noncurrent liabilities	<u>11,043,113</u>	<u>11,273,426</u>	<u>11,560,810</u>
Total liabilities	<u>231,736,481</u>	<u>190,084,548</u>	<u>184,491,273</u>
Common stock	18,787,366	18,787,366	18,787,366
Capital surplus	7,243,536	7,207,268	7,891,558
Retained earnings	32,989,078	30,963,106	29,271,199
Others	<u>(3,161,187)</u>	<u>(3,758,028)</u>	<u>(3,631,022)</u>
Total equity	<u>55,858,793</u>	<u>53,199,712</u>	<u>52,319,101</u>
Total liabilities and equity	<u>\$ 287,595,274</u>	<u>\$ 243,284,260</u>	<u>\$ 236,810,374</u>

2. Condensed statements of comprehensive income

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Revenues	\$ 5,193,624	\$ 3,286,280	\$ 9,696,399	\$ 7,069,465
Costs and expenses	<u>(4,029,457)</u>	<u>(2,511,329)</u>	<u>(7,579,424)</u>	<u>(5,118,771)</u>
Profit from operations	<u>1,164,167</u>	<u>774,951</u>	<u>2,116,975</u>	<u>1,950,694</u>
Share of profit of subsidiaries, associates and joint ventures	436,097	17,431	1,125,578	320,739
Other income and loss	<u>413,111</u>	<u>137,289</u>	<u>817,712</u>	<u>348,142</u>
Total non-operating income or loss	<u>849,208</u>	<u>154,720</u>	<u>1,943,290</u>	<u>668,881</u>
Net profit before income tax	2,013,375	929,671	4,060,265	2,619,575
Income tax expense	<u>(210,618)</u>	<u>(235,184)</u>	<u>(365,861)</u>	<u>(481,413)</u>
Net profit for the period	1,802,757	694,487	3,694,404	2,138,162
Other comprehensive income (loss) for the period, net of income tax	<u>223,686</u>	<u>(478,021)</u>	<u>596,841</u>	<u>(854,320)</u>
Total comprehensive income (loss) for the period	<u>\$ 2,026,443</u>	<u>\$ 216,466</u>	<u>\$ 4,291,245</u>	<u>\$ 1,283,842</u>
Basic earnings per share	<u>\$0.96</u>	<u>\$0.35</u>	<u>\$1.97</u>	<u>\$0.81</u>

(Continued)

CDIB Capital Group

1. Condensed balance sheets

(In Thousands of New Taiwan Dollars)

	June 30, 2023	December 31, 2022	June 30, 2022
Current assets	\$ 778,859	\$ 619,714	\$ 695,448
Noncurrent assets	<u>34,345,552</u>	<u>32,861,231</u>	<u>31,408,908</u>
Total assets	<u>\$ 35,124,411</u>	<u>\$ 33,480,945</u>	<u>\$ 32,104,356</u>
Current liabilities	\$ 5,015,812	\$ 4,495,491	\$ 5,261,567
Noncurrent liabilities	<u>565,629</u>	<u>588,656</u>	<u>729,445</u>
Total liabilities	<u>5,581,441</u>	<u>5,084,147</u>	<u>5,991,012</u>
Common stock	20,411,159	20,411,159	20,411,159
Capital surplus	697,418	661,702	616,737
Retained earnings	7,812,301	7,157,398	5,923,737
Others	<u>622,092</u>	<u>166,539</u>	<u>(838,289)</u>
Total equity	<u>29,542,970</u>	<u>28,396,798</u>	<u>26,113,344</u>
Total liabilities and equity	<u>\$ 35,124,411</u>	<u>\$ 33,480,945</u>	<u>\$ 32,104,356</u>

2. Condensed statements of comprehensive income

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Operating revenues	\$ 873,032	\$ (1,001,574)	\$ 2,104,871	\$ (1,439,574)
Operating cost	<u>(167,549)</u>	<u>(82,639)</u>	<u>(383,649)</u>	<u>(177,164)</u>
Gross profit (loss)	705,483	(1,084,213)	1,721,222	(1,616,738)
Non-operating income and expenses	<u>(16,420)</u>	<u>(654)</u>	<u>(31,135)</u>	<u>4,144</u>
Profit (loss) from operations	689,063	(1,084,867)	1,690,087	(1,612,594)
Income tax benefit (expense)	<u>3,223</u>	<u>76,851</u>	<u>(65,030)</u>	<u>34,341</u>
Net profit (loss) for the period	692,286	(1,008,016)	1,625,057	(1,578,253)
Other comprehensive income (loss) for the period, net of income tax	<u>385,794</u>	<u>(12,909)</u>	<u>423,206</u>	<u>483,853</u>
Total comprehensive income (loss) for the period	<u>\$ 1,078,080</u>	<u>\$ (1,020,925)</u>	<u>\$ 2,048,263</u>	<u>\$ (1,094,400)</u>
Basic earnings (loss) per share	<u>\$0.34</u>	<u>\$(0.49)</u>	<u>\$0.80</u>	<u>\$(0.77)</u>

(Continued)

China Development Asset Management Corp.

1. Condensed balance sheets

(In Thousands of New Taiwan Dollars)

	June 30, 2023	December 31, 2022	June 30, 2022
Current assets	\$ 91,724	\$ 255,396	\$ 90,484
Noncurrent assets	<u>1,637,372</u>	<u>1,695,262</u>	<u>1,714,148</u>
Total assets	<u>\$ 1,729,096</u>	<u>\$ 1,950,658</u>	<u>\$ 1,804,632</u>
Current liabilities	\$ 171,690	\$ 200,748	\$ 314,383
Noncurrent liabilities	<u>105,026</u>	<u>108,675</u>	<u>113,321</u>
Total liabilities	<u>276,716</u>	<u>309,423</u>	<u>427,704</u>
Common stock	1,133,600	1,133,600	1,133,600
Capital surplus	139,538	139,538	139,538
Retained earnings	207,598	397,015	132,824
Others	<u>(28,356)</u>	<u>(28,918)</u>	<u>(29,034)</u>
Total equity	<u>1,452,380</u>	<u>1,641,235</u>	<u>1,376,928</u>
Total liabilities and equity	<u>\$ 1,729,096</u>	<u>\$ 1,950,658</u>	<u>\$ 1,804,632</u>

2. Condensed statements of comprehensive income

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Revenues and gains	\$ 49,744	\$ 46,466	\$ 125,718	\$ 82,908
Expenses and losses	<u>(22,712)</u>	<u>(35,338)</u>	<u>(55,185)</u>	<u>(64,563)</u>
Net profit before income tax	27,032	11,128	70,533	18,345
Income tax expense	<u>(3,009)</u>	<u>(2,716)</u>	<u>(11,314)</u>	<u>(6,273)</u>
Net profit for the period	24,023	8,412	59,219	12,072
Other comprehensive income (loss) for the period, net of income tax	<u>562</u>	<u>(2,261)</u>	<u>562</u>	<u>(2,261)</u>
Total comprehensive income for the period	<u>\$ 24,585</u>	<u>\$ 6,151</u>	<u>\$ 59,781</u>	<u>\$ 9,811</u>
Basic earnings per share	<u>\$0.21</u>	<u>\$0.07</u>	<u>\$0.52</u>	<u>\$0.11</u>

(Continued)

China Life Insurance Co., Ltd.

1. Condensed balance sheets

(In Thousands of New Taiwan Dollars)

	June 30, 2023	December 31, 2022	June 30, 2022
Cash and cash equivalents	\$ 54,124,884	\$ 91,256,425	\$ 102,818,963
Receivables	20,712,537	18,163,747	20,088,458
Current tax assets	1,038,814	2,102,475	194,597
Financial assets at fair value through profit or loss	396,298,287	338,245,272	355,961,388
Financial assets at fair value through other comprehensive income	67,834,066	31,093,336	186,682,808
Financial assets measured at amortized cost	1,598,363,716	1,612,801,967	1,395,833,288
Investments accounted for using the equity method, net	2,108,825	1,981,685	1,358,270
Investment property	69,209,552	68,602,687	59,740,617
Loans	33,309,682	33,263,106	33,805,830
Reinsurance assets	899,603	1,016,200	910,778
Property and equipment	11,149,461	10,897,560	11,422,178
Right-of-use assets	4,981,503	5,004,930	4,676,838
Intangible assets	454,539	444,677	308,848
Deferred tax assets	18,894,274	16,725,649	18,594,685
Other assets	20,564,402	11,649,619	19,332,286
Separate account product assets	<u>112,414,448</u>	<u>103,835,515</u>	<u>98,732,063</u>
Total assets	<u>\$ 2,412,358,593</u>	<u>\$ 2,347,084,850</u>	<u>\$ 2,310,461,895</u>
Payables	\$ 13,062,244	\$ 12,152,682	\$ 12,433,647
Current tax liabilities	127,972	-	30,290
Financial liabilities at fair value through profit or loss	22,106,641	7,876,147	20,980,971
Bonds payables	10,000,000	10,000,000	10,000,000
Lease liabilities	2,007,288	1,982,475	1,810,611
Insurance liabilities	2,092,538,225	2,082,571,357	2,062,604,843
Foreign exchange valuation reserve	11,511,237	10,886,927	9,424,571
Provisions	163,558	163,334	193,261
Deferred tax liabilities	11,194,308	8,918,167	3,403,099
Other liabilities	1,977,892	2,038,304	1,702,591
Separate account product liabilities	<u>112,414,448</u>	<u>103,835,515</u>	<u>98,732,063</u>
Total liabilities	<u>2,277,103,813</u>	<u>2,240,424,908</u>	<u>2,221,315,947</u>
Common stock	49,206,531	49,206,531	49,206,531
Capital surplus	7,372,415	7,336,659	7,281,162
Retained earnings	113,188,298	107,555,872	106,767,925
Others	<u>(34,512,464)</u>	<u>(57,439,120)</u>	<u>(74,109,670)</u>
Total equity	<u>135,254,780</u>	<u>106,659,942</u>	<u>89,145,948</u>
Total liabilities and equity	<u>\$ 2,412,358,593</u>	<u>\$ 2,347,084,850</u>	<u>\$ 2,310,461,895</u>

(Continued)

2. Condensed statements of comprehensive income

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Operating revenues	\$ 63,243,099	\$ 59,926,914	\$ 116,446,727	\$ 126,377,222
Operating costs	(56,662,664)	(51,790,927)	(108,560,299)	(105,771,933)
Operating expenses	<u>(1,736,405)</u>	<u>(1,646,698)</u>	<u>(3,290,583)</u>	<u>(3,697,233)</u>
Profit from operations	4,844,030	6,489,289	4,595,845	16,908,056
Non-operating income and expenses	<u>3,084</u>	<u>(58,710)</u>	<u>3,658</u>	<u>(53,987)</u>
Income from continuing operations before income tax	4,847,114	6,430,579	4,599,503	16,854,069
Income tax benefit (expense)	<u>(241,684)</u>	<u>(1,736,138)</u>	<u>327,016</u>	<u>(3,323,245)</u>
Net income	4,605,430	4,694,441	4,926,519	13,530,824
Other comprehensive income (loss) for the period, net of income tax	<u>4,168,392</u>	<u>(58,862,057)</u>	<u>23,674,643</u>	<u>(96,949,717)</u>
Total comprehensive income (loss) for the period	<u>\$ 8,773,822</u>	<u>\$ (54,167,616)</u>	<u>\$ 28,601,162</u>	<u>\$ (83,418,893)</u>
Basic earnings per share	<u>\$0.94</u>	<u>\$0.95</u>	<u>\$1.00</u>	<u>\$2.75</u>

(Concluded)

TABLE 10

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
JUNE 30, 2023
(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, 2023	Investment Flows		Accumulated Outflow of Investment from Taiwan as of June 30, 2023	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Value as of June 30, 2023	Accumulated Inward Remittance of Earnings as of June 30, 2023
					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	-
Hartec Technology (Kunshan) Co., Ltd.	NB EMI sputtering.	US\$ 17,130 thousand	Note 1,b,2)	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,3),12)	US\$ 241 thousand	-	US\$ 241 thousand	-	(Note 3)	-	-	-	-
Jiangyin Suda Huicheng Composite Material Co., Ltd.	Lithium battery with extruded composite film.	CNY 19,812 thousand	Note 1,b,11)	US\$ 4,645 thousand	-	-	US\$ 4,645 thousand	(Note 3)	4.11	-	142,052	-
CDIB Private Equity (China) Corporation	Management and consulting.	US\$ 7,000 thousand	Note 1,b,6)	US\$ 7,000 thousand	-	-	US\$ 7,000 thousand	\$ 5,746	100.00	5,746	283,184	-
CDIB Private Equity (Fujian) Co., Ltd.	Fund management.	CNY 10,000 thousand	Note 4	-	-	-	-	4,388	70.00	3,072	62,186	-
CDIB Private Equity Management (Fujian) Enterprise (Limited Partnership)	Fund management.	CNY 12,000 thousand	Note 1,b,6)	CNY 6,686 thousand	-	-	CNY 6,686 thousand	853	70.00	597	34,173	-
CDIB Private Equity (Fujian) Enterprise (Limited Partnership)	Equity investment.	CNY 560,000 thousand	Note 1,b,5),6)	CNY 350,000 thousand	-	-	CNY 350,000 thousand	84,445	-	29,803	788,573	-
CDIB Yida Private Equity (Kunshan) Co., Ltd.	Fund management.	CNY 7,000 thousand	Note 5	-	-	-	-	3,433	65.00	2,232	59,826	-
CDIB Yida Private Equity Management (Kushan) Enterprise (Limited Partnership)	Fund management.	CNY 12,000 thousand	Note 1,b,6)	CNY 3,250 thousand	-	-	CNY 3,250 thousand	443	65.00	288	33,836	-
CDIB Yida Private Equity (Kushan) Enterprise (Limited Partnership)	Equity investment.	CNY 741,367 thousand	Note 1,b, 5),6)	CNY 300,000 thousand	-	-	CNY 300,000 thousand	55,761	-	16,920	1,048,503	-
Kunshan Yida Healthcare Private Equity Enterprise (Limited Partnership)	Equity investment	CNY 422,000 thousand	Note 1,b, 5),6)	CNY 123,857 thousand	-	-	CNY 123,857 thousand	157,041	-	22,138	686,935	-
CDIB Private Equity (Kunshan) Corporation	Fund management.	CNY 3,000 thousand	Note 1,b,6)	-	-	-	-	(5,879)	100.00	(5,879)	(2,813)	-
CDIB Guoke Private Equity (Kunshan) Co., Ltd.	Fund management.	CNY 10,000 thousand	Note 1,b,6)	-	-	-	-	89	65.00	58	28,050	-
Kunshan Taiwanese Business Development Investment Fund Partnership (Limited Partnership)	Equity investment	CNY 67,200 thousand	Note 1,b,6)	-	-	-	-	(993)	-	(59)	17,073	-
Lightel Technologies (Shenzhen) Inc.	Fiber optic components, fiber optic equipment and instruments and LED lamps.	US\$ 4,100 thousand	Note 1,b,7)	US\$ 337 thousand	-	-	US\$ 337 thousand	(Note 3)	11.58	-	9,857	-

(Continued)

Investee Company Name	Main Businesses and Products	Total Paid-in Capital	Investment Type	Accumulated Outflow of Investment from Taiwan as of January 1, 2023	Investment Flows		Accumulated Outflow of Investment from Taiwan as of June 30, 2023	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Value as of June 30, 2023	Accumulated Inward Remittance of Earnings as of June 30, 2023
					Outflow	Inflow						
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, 4),13)	US\$ 9,248 thousand	\$ -	\$ -	US\$ 9,248 thousand	(Note 3)	5.46	\$ -	\$ 299,947	\$ -
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, 8)	US\$ 211 thousand	-	-	US\$ 211 thousand	(Note 3)	-	-	6,669	-
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	890,562	36.17	322,116 (Note 2,b,2)	4,614,726	-
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	2,026	100.00	2,026 (Note 2,b,2)	153,323	-
CCB Life Insurance Company Limited	Life insurance.	CNY 7,120,461 thousand	Note 1,a	12,880,969	-	-	12,880,969	(1,092,344)	19.90	-	11,285,371	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,10)	US\$ 454 thousand	-	-	US\$ 454 thousand	(Note 3)	0.85	-	1,291	-
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,10)	US\$ 120 thousand	-	-	US\$ 120 thousand	(Note 3)	0.88	-	341	-
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,14)	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,14)	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, 15)	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, 15)	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, 15)	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, 15)	US\$ 290 thousand	-	-	US\$ 290 thousand	(Note 3)	5.68	-	8,038	-
Dongguan NANJU Machinery Co., Ltd.	Business in machinery equipment and its accessories.	CNY 1,500 thousand	Note 1,b, 15)	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, 15)	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, 16)	US\$ 196 thousand	-	-	US\$ 196 thousand	(Note 3)	9.32	-	5,462	-
Jieshou Kaitai Resources Recycling Co.	Synthetic fiber manufacturing, fabric textile processing, technical services, development, consultation, exchange, transfer, promotion.	US\$ 50 thousand	Note 1,b, 3),11)	-	US\$ 5 thousand	-	US\$ 5 thousand	(Note 3)	10.06	-	154	-

(Continued)

Investee Company Name	Main Businesses and Products	Total Paid-in Capital	Investment Type	Accumulated Outflow of Investment from Taiwan as of January 1, 2023	Investment Flows		Accumulated Outflow of Investment from Taiwan as of June 30, 2023	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Value as of June 30, 2023	Accumulated Inward Remittance of Earnings as of June 30, 2023
					Outflow	Inflow						
Shanghai Luojin Data Information Co.	Data technology, software, information technology, network technology and technology development, technology consulting, technology services and transfer market information in the field of computer technology.	CNY 47,874 thousand	Note 1,b, 3),17)	\$ -	US\$ 5,000 thousand	\$ -	US\$ 5,000 thousand	(Note 3)	2.13	\$ -	\$ 138,965	\$ -
Hunan Xingsheng Optimal Network Technology Co., Ltd.	Network technology, development of credit management software.	CNY 15,000,000 Thousand	Note 1,b, 3),18)	-	US\$ 2,375 thousand	-	US\$ 2,375 thousand	(Note 3)	0.14	-	66,450	-
Hunan Jiazhen Logistics Co., Ltd.	General cargo transportation, logistics information service.	CNY 1,000,000 Thousand	Note 1,b 3),18)	-	US\$ 2,375 thousand	-	US\$ 2,375 thousand	(Note 3)	0.14	-	66,450	-
Hunan Youxuan Dayun Information Technology Co., Ltd.	Development of information technology, information technology consulting.	CNY 28,800,000 thousand	Note 1,b 3),18)	-	US\$ 2,375 thousand	-	US\$ 2,375 thousand	(Note 3)	0.14	-	66,450	-

Accumulated Investment in Mainland China as of June 30, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Limit on Investment
\$24,322,987	\$26,356,353	\$146,345,797

Note 1: The investment types are as follows:

- a. Direct investments.
- b. Reinvested through a third area by:

1) Beauty Essentials International Ltd.

2) Hartec Asia Pte Ltd.

3) CDIB Capital Investment I Limited

4) CDIB Capital Investment II Limited.

5) CDIB Venture Capital (Hong Kong) Corporation Limited.

6) CDIB Private Equity (Hong Kong) Corporation Limited.

7) Lightel Technologies, Inc.

8) Best Logistics.

9) Richpoint Company Limited.

10) Deluxe Technology Group Co., Ltd.

11) CDIB Capital Asia Partners L.P.

12) Great Team Backend Foundry, Inc.

13) Great Rich Technologies Limited.

14) Rokid Corporation Limited.

15) POJU (Cayman) International Co., Ltd.

16) Elixiron Immunotherapeutics (Cayman) Limited

17) Loopin Cayman Limited.

18) KKR X-Ray Co-invest L.P.
- 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 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 11

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

BUSINESS RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE SIX MONTHS ENDED JUNE 30, 2023
(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	\$ 826,444	Note 4	0.02%
1	KGI Bank	The Corporation	2	Current tax liabilities	826,444	Note 4	0.02%
0	The Corporation	KGI Securities Co., Ltd.	1	Current tax assets	1,509,243	Note 4	0.04%
2	KGI Securities Co., Ltd.	The Corporation	2	Current tax liabilities	1,509,243	Note 4	0.04%
0	The Corporation	CDIB Capital Group	1	Current tax assets	616,148	Note 4	0.02%
3	CDIB Capital Group	The Corporation	2	Current tax liabilities	616,148	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	1,032,587	Note 4	0.03%
4	China Life Insurance Co., Ltd.	The Corporation	2	Current tax assets	1,032,587	Note 4	0.03%
0	The Corporation	China Life Insurance Co., Ltd.	1	Current tax assets	121,077	Note 4	0.00%
4	China Life Insurance Co., Ltd.	The Corporation	2	Current tax liabilities	121,077	Note 4	0.00%
0	The Corporation	KGI Bank	1	Cash and cash equivalents	3,325,034	Note 4	0.09%
1	KGI Bank	The Corporation	2	Deposits and remittances	3,325,034	Note 4	0.09%
2	KGI Securities Co., Ltd.	KGI Bank	3	Other financial assets	2,669,444	Note 4	0.07%
2	KGI Securities Co., Ltd.	KGI Bank	3	Cash and cash equivalents	55,901	Note 4	0.00%
2	KGI Securities Co., Ltd.	KGI Bank	3	Other assets	8,024,267	Note 4	0.22%
1	KGI Bank	KGI Securities Co., Ltd.	3	Deposits and remittances	10,749,612	Note 4	0.29%

(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	Other financial liabilities	\$ 701,874	Note 4	0.02%
1	KGI Bank	KGI Securities Co., Ltd.	3	Financial assets at fair value through profit or loss	23,400	Note 4	0.00%
1	KGI Bank	KGI Securities Co., Ltd.	3	Cash and cash equivalents	678,474	Note 4	0.02%
1	KGI Bank	KGI Securities Co., Ltd.	3	Receivables, net	111,717	Note 4	0.00%
2	KGI Securities Co., Ltd.	KGI Bank	3	Payables	111,717	Note 4	0.00%
3	CDIB Capital Group	KGI Bank	3	Cash and cash equivalents	510,297	Note 4	0.01%
1	KGI Bank	CDIB Capital Group	3	Deposits and remittances	510,297	Note 4	0.01%
4	China Life Insurance Co., Ltd.	KGI Bank	3	Cash and cash equivalents	8,584,478	Note 4	0.23%
1	KGI Bank	China Life Insurance Co., Ltd.	3	Deposits and remittances	8,584,478	Note 4	0.23%
4	China Life Insurance Co., Ltd.	KGI Bank	3	Receivables, net	613,254	Note 4	0.02%
1	KGI Bank	China Life Insurance Co., Ltd.	3	Other liabilities	613,254	Note 4	0.02%
5	CDIB Capital Management Corporation	KGI Bank	3	Cash and cash equivalents	171,594	Note 4	0.00%
1	KGI Bank	CDIB Capital Management Corporation	3	Deposits and remittances	171,594	Note 4	0.00%
6	CDIB Capital International Corporation	KGI Bank	3	Cash and cash equivalents	749,153	Note 4	0.02%
1	KGI Bank	CDIB Capital International Corporation	3	Deposits and remittances	749,153	Note 4	0.02%
7	CDIB Venture Capital (Hong Kong) Corporation Limited	KGI Bank	3	Cash and cash equivalents	1,005,719	Note 4	0.03%
1	KGI Bank	CDIB Venture Capital (Hong Kong) Corporation Limited	3	Deposits and remittances	1,005,719	Note 4	0.03%
8	CDIB Pearl Holding Limited	KGI Bank	3	Cash and cash equivalents	272,035	Note 4	0.01%
1	KGI Bank	CDIB Pearl Holding Limited	3	Deposits and remittances	272,035	Note 4	0.01%
4	China Life Insurance Co., Ltd.	CDIB Pearl Holding Limited	3	Receivables, net	221,814	Note 4	0.01%
8	CDIB Pearl Holding Limited	China Life Insurance Co., Ltd.	3	Payables	221,814	Note 4	0.01%
2	KGI Securities Co., Ltd.	KGI Futures Co., Ltd.	3	Cash and cash equivalents	552,110	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)
9	KGI Futures Co., Ltd.	KGI Securities Co., Ltd.	3	Other financial liabilities	\$ 552,110	Note 4	0.02%
2	KGI Securities Co., Ltd.	KGI Futures Co., Ltd.	3	Financial assets at fair value through profit or loss	161,205	Note 4	0.00%
9	KGI Futures Co., Ltd.	KGI Securities Co., Ltd.	3	Other financial liabilities	161,205	Note 4	0.00%
2	KGI Securities Co., Ltd.	KGI Asia Limited	3	Receivables, net	297,211	Note 4	0.01%
10	KGI Asia Limited	KGI Securities Co., Ltd.	3	Payables	297,211	Note 4	0.01%
9	KGI Futures Co., Ltd.	KGI Securities (Singapore) Pte. Ltd.	3	Other financial assets	744,778	Note 4	0.02%
11	KGI Securities (Singapore) Pte. Ltd.	KGI Futures Co., Ltd.	3	Other financial liabilities	744,778	Note 4	0.02%
9	KGI Futures Co., Ltd.	KGI Securities (Singapore) Pte. Ltd.	3	Cash and cash equivalents	157,523	Note 4	0.00%
11	KGI Securities (Singapore) Pte. Ltd.	KGI Futures Co., Ltd.	3	Other financial liabilities	157,523	Note 4	0.00%
9	KGI Futures Co., Ltd.	KGI Securities (Singapore) Pte. Ltd.	3	Other financial liabilities	145,135	Note 4	0.00%
11	KGI Securities (Singapore) Pte. Ltd.	KGI Futures Co., Ltd.	3	Other financial assets	145,135	Note 4	0.00%
9	KGI Futures Co., Ltd.	KGI Securities (Singapore) Pte. Ltd.	3	Financial assets at fair value through profit or loss	114,751	Note 4	0.00%
11	KGI Securities (Singapore) Pte. Ltd.	KGI Futures Co., Ltd.	3	Other financial liabilities	114,751	Note 4	0.00%
9	KGI Futures Co., Ltd.	KGI Futures (Hong Kong) Limited	3	Other financial assets	493,121	Note 4	0.01%
12	KGI Futures (Hong Kong) Limited	KGI Futures Co., Ltd.	3	Other financial liabilities	493,121	Note 4	0.01%
10	KGI Asia Limited	KGI Securities (Singapore) Pte. Ltd.	3	Other liabilities	158,350	Note 4	0.00%
11	KGI Securities (Singapore) Pte. Ltd.	KGI Asia Limited	3	Receivables, net	158,350	Note 4	0.00%
10	KGI Asia Limited	KGI International (Hong Kong) Limited	3	Payables	716,657	Note 4	0.02%
13	KGI International (Hong Kong) Limited	KGI Asia Limited	3	Receivables, net	716,657	Note 4	0.02%
10	KGI Asia Limited	KGI International (Hong Kong) Limited	3	Financial assets at fair value through profit or loss	108,775	Note 4	0.00%
13	KGI International (Hong Kong) Limited	KGI Asia Limited	3	Other financial liabilities	108,775	Note 4	0.00%
10	KGI Asia Limited	KGI International (Hong Kong) Limited	3	Other liabilities	111,632	Note 4	0.00%

(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)
13	KGI International (Hong Kong) Limited	KGI Asia Limited	3	Receivables, net	\$ 111,632	Note 4	0.00%
10	KGI Asia Limited	KGI International (Hong Kong) Limited	3	Payables	811,782	Note 4	0.02%
13	KGI International (Hong Kong) Limited	KGI Asia Limited	3	Receivables, net	811,782	Note 4	0.02%
10	KGI Asia Limited	PT KGI Sekuritas Indonesia	3	Receivables, net	501,288	Note 4	0.01%
14	PT KGI Sekuritas Indonesia	KGI Asia Limited	3	Other borrowings	501,288	Note 4	0.01%
15	KGI Finance Limited	KGI International Holdings Limited	3	Cash and cash equivalents	559,951	Note 4	0.02%
16	KGI International Holdings Limited	KGI Finance Limited	3	Commercial notes payable, net	559,951	Note 4	0.02%
12	KGI Futures (Hong Kong) Limited	KGI International (Hong Kong) Limited	3	Other financial liabilities	312,428	Note 4	0.01%
13	KGI International (Hong Kong) Limited	KGI Futures (Hong Kong) Limited	3	Receivables, net	312,428	Note 4	0.01%
12	KGI Futures (Hong Kong) Limited	KGI Securities (Singapore) Pte. Ltd.	3	Other financial liabilities	392,404	Note 4	0.01%
11	KGI Securities (Singapore) Pte. Ltd.	KGI Futures (Hong Kong) Limited	3	Other financial assets	392,404	Note 4	0.01%
10	KGI Asia Limited	KGI Securities (Singapore) Pte. Ltd.	3	Payables	115,616	Note 4	0.00%
11	KGI Securities (Singapore) Pte. Ltd.	KGI Asia Limited	3	Receivables, net	115,616	Note 4	0.00%
12	KGI Futures (Hong Kong) Limited	KGI International Holdings Limited	3	Cash and cash equivalents	933,252	Note 4	0.03%
16	KGI International Holdings Limited	KGI Futures (Hong Kong) Limited	3	Commercial notes payable, net	933,252	Note 4	0.03%
13	KGI International (Hong Kong) Limited	KGI International Holdings Limited	3	Cash and cash equivalents	4,821,803	Note 4	0.13%
16	KGI International Holdings Limited	KGI International (Hong Kong) Limited	3	Commercial notes payable, net	4,821,803	Note 4	0.13%
17	KGI International Finance Limited	KGI International Holdings Limited	3	Cash and cash equivalents	429,296	Note 4	0.01%
16	KGI International Holdings Limited	KGI International Finance Limited	3	Commercial notes payable, net	429,296	Note 4	0.01%
18	KGI Hong Kong Limited	KGI Asia Limited	3	Net other non-interest income	778,257	Note 4	2.72%
10	KGI Asia Limited	KGI Hong Kong Limited	3	Net other non-interest income	778,257	Note 4	2.72%
18	KGI Hong Kong Limited	KGI International (Hong Kong) Limited	3	Net other non-interest income	131,751	Note 4	0.46%

(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)
13	KGI International (Hong Kong) Limited	KGI Hong Kong Limited	3	Net other non-interest income	\$ 131,751	Note 4	0.46%
18	KGI Hong Kong Limited	KGI Futures (Hong Kong) Limited	3	Net other non-interest income	105,410	Note 4	0.37%
12	KGI Futures (Hong Kong) Limited	KGI Hong Kong Limited	3	Net other non-interest income	105,410	Note 4	0.37%
2	KGI Securities Co., Ltd.	China Life Insurance Co., Ltd.	3	Service and commission, net - revenues	122,606	Note 4	0.43%
4	China Life Insurance Co., Ltd.	KGI Securities Co., Ltd.	3	Service and commission, net - expenses	122,606	Note 4	0.43%
19	CDIB Capital International (Hong Kong) Corporation Limited	CDIB Capital International Corporation	3	Service and commission, net - revenues	109,483	Note 4	0.38%
6	CDIB Capital International Corporation	CDIB Capital International (Hong Kong) Corporation Limited	3	Operating expenses	109,483	Note 4	0.38%
2	KGI Securities Co., Ltd.	KGI Securities Investment Advisory Co., Ltd.	3	Operating expenses	106,440	Note 4	0.37%
20	KGI Securities Investment Advisory Co., Ltd.	KGI Securities Co., Ltd.	3	Net other non-interest income	106,440	Note 4	0.37%

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 12-1**KGI SECURITIES AND ITS SUBSIDIARIES****BALANCE SHEETS OF INVESTEEES****JUNE 30, 2023****(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	\$ 80,535	\$ 1	\$ 67,171	\$ 4,746	\$ 432
Other current assets	<u>755</u>	<u>-</u>	<u>21,541,003</u>	<u>-</u>	<u>1,009,092</u>
Total current assets	<u>81,290</u>	<u>1</u>	<u>21,608,174</u>	<u>4,746</u>	<u>1,009,524</u>
NONCURRENT ASSETS					
Financial assets at fair value through other comprehensive income - noncurrent	-	-	793,516	-	-
Investments accounted for using the equity method	<u>584,961,258</u>	<u>575,428,169</u>	<u>812,857,356</u>	<u>453,287,344</u>	<u>69,141,564</u>
Total noncurrent assets	<u>584,961,258</u>	<u>575,428,169</u>	<u>813,650,872</u>	<u>453,287,344</u>	<u>69,141,564</u>
TOTAL	<u>\$ 585,042,548</u>	<u>\$ 575,428,170</u>	<u>\$ 835,259,046</u>	<u>\$ 453,292,090</u>	<u>\$ 70,151,088</u>
LIABILITIES AND EQUITY					
CURRENT LIABILITIES					
Short-term borrowings	\$ 62,510,000	\$ -	\$ -	\$ -	\$ -
Commercial paper payables	-	-	234,877,525	-	-
Other payables	<u>213,600</u>	<u>5,550,713</u>	<u>25,916,936</u>	<u>383</u>	<u>1,766</u>
Total current liabilities	<u>62,723,600</u>	<u>5,550,713</u>	<u>260,794,461</u>	<u>383</u>	<u>1,766</u>
Total liabilities	<u>62,723,600</u>	<u>5,550,713</u>	<u>260,794,461</u>	<u>383</u>	<u>1,766</u>
EQUITY					
Common stock	92,872,376	156,864,163	209,248,261	389,239,174	81,511,717
Capital reserve	1,028,603	233,915	54,818,622	-	-
Special reserve	-	9,759,135	387,913	-	-
Retained earnings (accumulated deficit)	451,592,417	426,194,692	332,960,627	64,052,533	(11,362,395)
Other equity	<u>(23,174,448)</u>	<u>(23,174,448)</u>	<u>(22,950,838)</u>	<u>-</u>	<u>-</u>
Total equity	<u>522,318,948</u>	<u>569,877,457</u>	<u>574,464,585</u>	<u>453,291,707</u>	<u>70,149,322</u>
TOTAL	<u>\$ 585,042,548</u>	<u>\$ 575,428,170</u>	<u>\$ 835,259,046</u>	<u>\$ 453,292,090</u>	<u>\$ 70,151,088</u>

TABLE 12-2**KGI SECURITIES AND ITS SUBSIDIARIES****BALANCE SHEETS OF INVESTEEES****JUNE 30, 2023****(Expressed in U.S. Dollars)**

	Global Treasure Investments Limited	KGI Hong Kong Limited	KGI Nominees (Hong Kong) Limited	KGI Asia (Holdings) Pte. Ltd.
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	\$ -	\$ 721,828	\$ -	\$ 351,841
Prepayments	-	2,528,265	-	-
Current tax assets	-	24,673	-	-
Other current assets	<u>1</u>	<u>1,898,317</u>	<u>1</u>	<u>-</u>
Total current assets	<u>1</u>	<u>5,173,083</u>	<u>1</u>	<u>351,841</u>
NONCURRENT ASSETS				
Investments accounted for using the equity method	-	-	-	168,115,978
Property and equipment	-	4,193,323	-	-
Right-of-use assets	-	19,104,583	-	-
Intangible assets	-	303,144	-	-
Other noncurrent assets	<u>-</u>	<u>85,583</u>	<u>-</u>	<u>-</u>
Total noncurrent assets	<u>-</u>	<u>23,686,633</u>	<u>-</u>	<u>168,115,978</u>
TOTAL	<u><u>\$ 1</u></u>	<u><u>\$ 28,859,716</u></u>	<u><u>\$ 1</u></u>	<u><u>\$ 168,467,819</u></u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings	\$ -	\$ -	\$ -	\$ 81,509,323
Lease liabilities - current	-	4,510,876	-	-
Other payables	<u>-</u>	<u>14,885,853</u>	<u>-</u>	<u>136,334</u>
Total current liabilities	<u>-</u>	<u>19,396,729</u>	<u>-</u>	<u>81,645,657</u>
NONCURRENT LIABILITIES				
Provisions - noncurrent	-	1,724,985	-	-
Lease liabilities - noncurrent	-	15,306,721	-	-
Deferred tax liabilities	-	321,462	-	-
Other noncurrent liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total noncurrent liabilities	<u>-</u>	<u>17,353,168</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>36,749,897</u>	<u>-</u>	<u>81,645,657</u>
EQUITY				
Common stock	1	15,000	1	75,749,306
Special reserve	-	214,719	-	-
Retained earnings (accumulated deficit)	-	(8,119,900)	-	11,113,249
Other equity	<u>-</u>	<u>-</u>	<u>-</u>	<u>(40,393)</u>
Total equity	<u>1</u>	<u>(7,890,181)</u>	<u>1</u>	<u>86,822,162</u>
TOTAL	<u><u>\$ 1</u></u>	<u><u>\$ 28,859,716</u></u>	<u><u>\$ 1</u></u>	<u><u>\$ 168,467,819</u></u>

TABLE 13-1**KGI SECURITIES AND ITS SUBSIDIARIES****STATEMENT OF COMPREHENSIVE INCOME OF INVESTEEES
FOR THE SIX MONTHS ENDED JUNE 30, 2023
(Expressed in U.S. Dollars)**

	Richpoint Company Limited	KG Investments Holdings Limited	KGI International Holdings Limited	KGI Limited	KGI International Limited
REVENUES					
Other operating income	\$ (4)	\$ 71	\$ 685	\$ (1)	\$ 20
COSTS AND EXPENSES					
Finance costs	(1,647,249)	-	(4,738,675)	-	-
Other operating expenses	(12,695)	-	(52,311)	(511)	(765)
Total costs and expenses	(1,659,944)	-	(4,790,986)	(511)	(765)
INCOME (LOSS) FROM OPERATIONS	(1,659,948)	71	(4,790,301)	(512)	(745)
SHARE OF PROFIT OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES	20,110,889	20,110,818	24,016,253	-	-
OTHER REVENUE AND EXPENSE	283	-	884,866	-	-
NON-OPERATING REVENUE AND EXPENSE	20,111,172	20,110,818	24,901,119	-	-
NET PROFIT (LOSS) FOR THE PERIOD	18,451,224	20,110,889	20,110,818	(512)	(745)
OTHER COMPREHENSIVE INCOME	503,871	503,871	503,871	-	-
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	\$ 18,955,095	\$ 20,614,760	\$ 20,614,689	\$ (512)	\$ (745)

TABLE 13-2**KGI SECURITIES AND ITS SUBSIDIARIES**
STATEMENT OF COMPREHENSIVE INCOME OF INVESTEEES
FOR THE SIX MONTHS ENDED JUNE 30, 2023
(Expressed in U.S. Dollars)

	Global Treasure Investments Limited	KGI Hong Kong Limited	KGI Nominees (Hong Kong) Limited	KGI Asia (Holdings) Pte. Ltd.
REVENUES				
Net gains on derivatives - OTC	\$ -	\$ -	\$ -	\$ 13
Other operating income	-	482,915	-	(103,136)
Total revenues	-	482,915	-	(103,123)
COSTS AND EXPENSES				
Finance costs	-	(339,055)	-	(1,882,322)
Other operating expenses	-	(10,529,225)	-	-
Employee benefits	-	(16,828,244)	-	-
Depreciation and amortization	-	(3,570,648)	-	-
Other operating expenses	-	(6,335,189)	-	(17,624)
Total costs and expenses	-	(37,602,361)	-	(1,899,946)
GAIN (LOSS) FROM OPERATIONS	-	(37,119,446)	-	(2,003,069)
OTHER REVENUE AND EXPENSE	-	34,712,631	-	7,543,125
NON-OPERATING REVENUE AND EXPENSE	-	34,712,631	-	7,543,125
NET PROFIT (LOSS) BEFORE INCOME TAX	-	(2,406,815)	-	5,540,056
INCOME TAX EXPENSE	-	-	-	(774,444)
NET PROFIT (LOSS) FOR THE PERIOD	-	(2,406,815)	-	4,765,612
OTHER COMPREHENSIVE INCOME (LOSS)	-	-	-	(1,044,353)
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	\$ -	\$ (2,406,815)	\$ -	\$ 3,721,259