China Development Financial Holding Corporation and Subsidiaries

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

INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Shareholders
China Development Financial Holding Corporation

Introduction

We have reviewed the accompanying consolidated balance sheets of China Development Financial Holding Corporation (the "Corporation") and its subsidiaries as of September 30, 2023 and 2022, the related consolidated statements of comprehensive income for the three months ended September 30, 2023 and 2022 and for the nine months ended September 30, 2023 and 2022, the consolidated statements of changes in equity and cash flows for the nine-month periods then ended, and the related notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Financial Holding Companies, Regulations Governing the Preparation of Financial Reports by Public Banks, Regulations Governing the Preparation of Financial Reports by Securities Firms, Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants, Regulations Governing the Preparation of Financial Reports by Securities Issuers, Regulations Governing the Preparation of Financial Reports by Insurance Enterprises, the guidelines issued by the authority and International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

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

Conclusion

Based on our reviews, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Corporation and its subsidiaries as of September 30, 2023 and 2022, its consolidated financial performance for the three months ended September 30, 2023 and 2022, and its consolidated financial performance and consolidated cash flows for the nine-month ended September 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, the guidelines issued by the authority and International Accounting Standard 34 “Interim Financial Reporting”.

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

November 20, 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 Republic of China and not those of any other jurisdictions. The standards, procedures and practices to review such consolidated financial statements are those generally applied in the Republic of China.

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

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

	September 30, 2023		December 31, 2022		September 30, 2022	
ASSETS	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
CASH AND CASH EQUIVALENTS (Note 6)	$ 65,654,409	2	$ 132,489,379	4	$ 92,998,549	3
DUE FROM THE CENTRAL BANK AND CALL LOANS TO FINANCIAL INSTITUTIONS (Notes 7 and 47)	37,891,645	1	54,451,552	2	41,661,932	1
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 8, 9, 18, 46 and 47)	557,825,480	15	466,530,498	13	495,363,470	14
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (Notes 10, 47 and 52)	252,903,153	7	215,165,592	6	370,726,398	10
DEBT INVESTMENTS MEASURED AT AMORTIZED COST (Notes 11, 18, 46 and 52)	1,704,659,083	46	1,678,606,935	47	1,542,944,277	43
FINANCIAL ASSETS FOR HEDGING (Note 12)	2,356,619	-	2,511,620	-	3,245,606	-
SECURITIES PURCHASED UNDER RESELL AGREEMENTS (Note 13)	66,791,169	2	31,770,532	1	35,813,731	1
RECEIVABLES, NET (Notes 14, 46, 47 and 52)	141,309,673	4	111,420,657	3	149,613,302	4
CURRENT TAX ASSETS	137,575	-	148,379	-	165,906	-
DISCOUNTS AND LOANS, NET (Notes 15, 46 and 52)	430,997,759	12	427,835,924	12	436,049,671	12
REINSURANCE ASSETS, NET (Note 16)	1,167,552	-	1,016,200	-	892,892	-
INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD, NET (Notes 17 and 18)	21,577,622	-	20,100,667	1	19,426,104	1
OTHER FINANCIAL ASSETS (Notes 19, 46 and 47)	172,714,153	5	166,905,284	5	161,971,241	4
INVESTMENT PROPERTY, NET (Notes 20 and 47)	59,112,149	1	58,626,748	2	58,064,651	2
PROPERTY AND EQUIPMENT, NET (Notes 21 and 47)	32,030,274	1	33,670,962	1	34,322,144	1
RIGHT-OF-USE ASSETS, NET (Notes 22 and 47)	12,134,751	-	12,623,300	-	12,496,504	-
INTANGIBLE ASSETS, NET (Note 23)	17,888,303	-	18,342,534	1	18,504,785	-
DEFERRED TAX ASSETS (Note 43)	25,333,111	1	18,068,348	-	30,533,844	1
OTHER ASSETS, NET (Notes 24 and 46)	108,338,055	3	86,863,239	2	123,992,004	3
TOTAL	$ 3,710,822,535	100	$ 3,537,148,350	100	$ 3,628,787,011	100
LIABILITIES AND EQUITY						
LIABILITIES						
Deposits from the Central Bank and financial institutions (Notes 25 and 46)	$ 7,770,686	-	$ 11,972,428	-	$ 20,603,664	1
Financial liabilities at fair value through profit or loss (Notes 8 and 46)	106,763,190	3	82,361,141	2	140,385,841	4
Financial liabilities for hedging (Note 12)	838,437	-	581,359	-	542,234	-
Notes and bonds issued under repurchase agreements (Notes 8, 10, 11 and 26)	147,012,927	4	101,183,895	3	124,512,484	3
Commercial paper payable, net (Notes 27 and 47)	35,699,235	1	24,778,477	1	18,313,680	-
Payables (Notes 28 and 46)	98,274,863	3	90,722,635	3	124,078,749	3
Current tax liabilities	225,789	-	548,915	-	635,241	-
Deposits and remittances (Notes 29 and 46)	520,001,310	14	529,644,019	15	500,779,177	14
Bonds payable (Note 30)	101,281,435	3	91,643,007	3	91,893,333	3
Other borrowings (Notes 31 and 47)	27,684,109	1	23,675,664	1	28,638,354	1
Provisions (Notes 4 and 32)	2,119,496,501	57	2,094,580,716	59	2,122,031,984	58
Other financial liabilities (Note 34)	214,997,143	6	205,120,359	6	197,411,965	5
Lease liabilities (Notes 22 and 46)	4,267,276	-	4,603,517	-	4,486,705	-
Deferred tax liabilities (Note 43)	22,628,706	-	13,904,031	-	19,424,028	1
Other liabilities (Note 46)	68,515,616	2	53,042,811	1	66,608,913	2
Total liabilities	3,475,457,223	94	3,328,362,974	94	3,460,346,352	95
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT (Notes 35 and 36)						
Capital						
Common stock	168,392,886	5	168,453,886	5	168,472,436	5
Preferred stock	15,821,424	-	15,821,424	-	15,821,424	-
Share capital awaiting retirement	(47,080)	-	-	-	(11,550)	-
Capital surplus	33,506,036	1	33,626,805	1	33,569,727	1
Retained earnings						
Legal reserve	15,613,641	-	13,703,864	-	13,703,864	-
Special reserve	48,976,557	1	410,006	-	421,800	-
Unappropriated earnings	18,413,843	1	50,476,328	2	53,228,981	2
Other equity	(65,435,269)	(2)	(73,829,040)	(2)	(117,102,696)	(3)
Total equity attributable to owners of the parent	235,242,038	6	208,663,273	6	168,103,986	5
NON-CONTROLLING INTERESTS	123,274	-	122,103	-	336,673	-
Total equity	235,365,312	6	208,785,376	6	168,440,659	5
TOTAL	$ 3,710,822,535	100	$ 3,537,148,350	100	$ 3,628,787,011	100

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 September 30				For the Nine Months Ended September 30			
	2023		2022		2023		2022	
	Amount	%	Amount	%	Amount	%	Amount	%
INTEREST REVENUE (Notes 37 and 46)	$ 25,124,956	267	$ 20,865,627	84	$ 71,750,944	191	$ 57,240,029	58
INTEREST EXPENSE (Notes 37 and 46)	(6,297,430)	(67)	(2,661,663)	(11)	(16,790,130)	(45)	(5,064,122)	(5)
INTEREST PROFIT, NET	18,827,526	200	18,203,964	73	54,960,814	146	52,175,907	53
NONINTEREST PROFITS AND GAINS, NET								
Service fee and commission, net (Notes 19, 38 and 46)	1,430,927	15	(142,117)	(1)	2,231,516	6	1,478,121	2
Net income from insurance operations (Notes 39 and 46)	(20,555,114)	(219)	(3,558,381)	(14)	(36,999,385)	(98)	15,750,777	16
Gain (loss) on financial assets and liabilities measured at fair value through profit or loss, net (Notes 8, 40 and 46)	(33,106,034)	(353)	(55,990,841)	(224)	(15,590,295)	(42)	(154,436,869)	(156)
Gain (loss) on investment property, net	166,758	2	112,033	-	388,392	1	211,477	-
Realized gain (loss) on financial assets measured at fair value through other comprehensive income (Note 41)	558,063	6	(348,143)	(1)	1,336,901	3	3,071,502	3
Gain (loss) on disposal of financial assets measured at amortized cost (Note 11)	(285,494)	(3)	(208,944)	(1)	721,844	2	209,086	-
Foreign exchange gain (loss), net	34,010,811	362	60,307,494	241	45,549,164	121	121,136,755	122
Impairment loss on assets, net	(28,422)	-	(96,866)	-	(425,481)	(1)	(1,713,077)	(2)
Share of the profit (loss) of associates and joint ventures	(83,216)	(1)	112,889	-	1,530,904	4	(534,811)	(1)
Gain (loss) on reclassification using the overlay approach (Note 8)	13,240,825	141	13,352,253	54	(11,011,123)	(29)	74,118,226	75
Net changes in foreign exchange valuation reserve	(5,023,589)	(53)	(7,108,189)	(28)	(5,647,899)	(15)	(13,181,636)	(13)
Others (Notes 46 and 48)	238,095	3	343,027	1	600,205	2	607,948	1
Total noninterest profits and gains, net	(9,436,390)	(100)	6,774,215	27	(17,315,257)	(46)	46,717,499	47
TOTAL NET REVENUE	9,391,136	100	24,978,179	100	37,645,557	100	98,893,406	100
(ALLOWANCE) REVERSAL FOR BAD DEBTS AND LOSSES ON COMMITMENTS AND GUARANTEES	(349,942)	(4)	4,176	-	(294,589)	(1)	145,398	-
NET CHANGE IN RESERVE FOR INSURANCE LIABILITIES	8,848,569	94	(8,579,085)	(34)	6,428,752	17	(49,927,555)	(50)
OPERATING EXPENSES (Notes 22, 33, 42 and 46)								
Employee benefits	(4,963,241)	(53)	(4,694,705)	(19)	(14,537,329)	(39)	(13,374,608)	(14)
Depreciation and amortization	(914,365)	(10)	(877,108)	(3)	(2,714,616)	(7)	(2,479,552)	(2)
Other general and administrative expenses	(2,277,133)	(24)	(2,218,543)	(9)	(6,253,044)	(16)	(6,145,533)	(6)
Total operating expenses	(8,154,739)	(87)	(7,790,356)	(31)	(23,504,989)	(62)	(21,999,693)	(22)

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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 September 30				For the Nine Months Ended September 30			
	2023		2022		2023		2022	
	Amount	%	Amount	%	Amount	%	Amount	%
NET PROFIT BEFORE INCOME TAX	$ 9,735,024	103	$ 8,612,914	35	$ 20,274,731	54	$ 27,111,556	28
INCOME TAX EXPENSE (Note 43)	(2,366,444)	(25)	(1,901,272)	(8)	(2,759,048)	(8)	(6,768,005)	(7)
NET PROFIT FOR THE PERIOD	7,368,580	78	6,711,642	27	17,515,683	46	20,343,551	21
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	(80,120)	(1)	(231,861)	(1)	122,243	-	(1,444,827)	(2)
Gain (loss) on equity instruments measured at fair value through other comprehensive income	(518,046)	(5)	(4,986,088)	(20)	(83,919)	-	(11,309,037)	(11)
Income tax relating to the items that will not be reclassified subsequently to profit or loss (Note 43)	122,432	1	499,203	2	278,242	1	801,896	1
Items that will be reclassified subsequently to profit or loss, net of income tax								
Exchange differences on translation of financial statements of foreign operations	1,366,230	15	2,218,048	9	1,469,172	4	4,445,436	4
Share of the other comprehensive income (loss) of associates and joint ventures	185,008	2	388,254	2	264,660	1	815,319	1
Income tax relating to items that may be reclassified subsequently to profit or loss (Note 43)	1,111,780	12	1,537,990	6	72,866	-	11,228,839	11
Gain (loss) on debt instruments measured at fair value through other comprehensive income	(5,055,104)	(54)	(11,267,467)	(45)	(4,222,704)	(11)	(58,835,026)	(59)
Other comprehensive income (loss) on reclassification using the overlay approach (Note 8)	(13,240,825)	(141)	(13,352,253)	(54)	11,011,123	29	(74,118,226)	(75)
	(16,108,645)	(171)	(25,194,174)	(101)	8,911,683	24	(128,415,626)	(130)
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	$ (8,740,065)	(93)	$ (18,482,532)	(74)	$ 26,427,366	70	$ (108,072,075)	(109)
NET PROFIT ATTRIBUTABLE TO:								
Owners of the parent	$ 7,369,598	78	$ 6,703,665	27	$ 17,512,376	46	$ 20,321,448	21
Non-controlling interests	(1,018)	-	7,977	-	3,307	-	22,103	-
	$ 7,368,580	78	$ 6,711,642	27	$ 17,515,683	46	$ 20,343,551	21

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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 September 30				For the Nine Months Ended September 30			
	2023		2022		2023		2022	
	Amount	**%**	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:								
Owners of the parent	$ (8,742,113)	(93)	$ (18,491,235)	(74)	$ 26,423,604	70	$ (108,098,672)	(109)
Non-controlling interests	2,048	-	8,703	-	3,762	-	26,597	-
	$ (8,740,065)	(93)	$ (18,482,532)	(74)	$ 26,427,366	70	$ (108,072,075)	(109)
EARNINGS PER SHARE (Note 44)								
Basic	$ 0.44		$ 0.40		$ 1.05		$ 1.21	
Diluted	$ 0.44		$ 0.40		$ 1.04		$ 1.21	

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																
	Capital					Retained Earnings			Other Equity								
	Common Stock	Preferred Stock	Advance Receipts for Capital Stock	Share Capital Awaiting Retirement	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated 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
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	-	-	-	-	-	-	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 nine months ended September 30, 2022	-	-	-	-	-	-	-	20,321,448	-	-	-	-	-	-	20,321,448	22,103	20,343,551
Other comprehensive income (loss) for the nine months ended September 30, 2022, net of income tax	-	-	-	-	-	-	-	-	5,254,493	(61,729,246)	(71,948,636)	3,269	-	-	(128,420,120)	4,494	(128,415,626)
Total comprehensive income (loss) for the nine months ended September 30, 2022	-	-	-	-	-	-	-	20,321,448	5,254,493	(61,729,246)	(71,948,636)	3,269	-	-	(108,098,672)	26,597	(108,072,075)
Retirement of treasury share	(3,407,137)	(3,109,012)	-	-	(2,555,352)	-	-	-	-	-	-	-	-	9,071,501	-	-	-
Share-based payments	(17,025)	-	(31,175)	(11,550)	(22,402)	-	-	347	-	-	-	-	400,666	-	318,861	-	318,861
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(20,338)	(20,338)
Disposal of equity investments at fair values through other comprehensive income	-	-	-	-	-	-	-	1,573,534	-	(1,573,534)	-	-	-	-	-	-	-
Net changes in special reserve of subsidiaries	-	-	-	-	-	-	-	(44,911)	-	-	-	-	-	-	(44,911)	-	(44,911)
BALANCE AT SEPTEMBER 30, 2022	$ 168,472,436	$ 15,821,424	$ -	$ (11,550)	$ 33,569,727	$ 13,703,864	$ 421,800	$ 53,228,981	$ 127,944	$ (49,633,777)	$ (66,542,313)	$ 3,269	$ (1,057,819)	$ -	$ 168,103,986	$ 336,673	$ 168,440,659
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 nine months ended September 30, 2023	-	-	-	-	-	-	-	17,512,376	-	-	-	-	-	-	17,512,376	3,307	17,515,683
Other comprehensive income (loss) for the nine months ended September 30, 2023, net of income tax	-	-	-	-	-	-	-	-	1,732,337	(2,964,532)	10,142,232	1,191	-	-	8,911,228	455	8,911,683
Total comprehensive income (loss) for the nine months ended September 30, 2023	-	-	-	-	-	-	-	17,512,376	1,732,337	(2,964,532)	10,142,232	1,191	-	-	26,423,604	3,762	26,427,366
Share-based payments	(61,000)	-	-	(47,080)	(105,028)	-	-	10,809	-	-	-	-	415,295	-	212,996	-	212,996
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(2,591)	(2,591)
Disposal of equity investments at fair values through other comprehensive income	-	-	-	-	-	-	-	932,752	-	(932,752)	-	-	-	-	-	-	-
Net changes in special reserve of subsidiaries	-	-	-	-	-	-	-	(42,094)	-	-	-	-	-	-	(42,094)	-	(42,094)
BALANCE AT SEPTEMBER 30, 2023	$ 168,392,886	$ 15,821,424	$ -	$ (47,080)	$ 33,506,036	$ 15,613,641	$ 48,976,557	$ 18,413,843	$ 615,526	$ (17,626,191)	$ (47,900,653)	$ 4,492	$ (528,443)	$ -	$ 235,242,038	$ 123,274	$ 235,365,312

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 Nine Months Ended September 30	
	2023	**2022**
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit before income tax	$ 20,274,731	$ 27,111,556
Adjustments for reconciliation with net profit		
Depreciation expenses	2,173,012	1,915,291
Amortization expenses	1,141,827	1,075,052
Allowance (reversal) for bad debts and losses on commitments and guarantees, net	294,589	(145,398)
Loss on financial assets and liabilities measured at fair value through profit or loss, net	29,012,409	166,236,729
Interest expense	16,790,130	5,092,291
Interest revenue	(71,750,944)	(57,240,029)
Dividend income	(14,219,507)	(13,456,906)
Net changes in insurance liabilities	19,178,338	115,138,832
Net changes in reserve for changes in foreign exchange valuation	5,647,899	13,181,636
Share-based payments	202,187	318,514
Share of loss (profit) of associates and joint ventures	(1,531,442)	538,300
Loss (gain) on reclassification using the overlay approach	11,011,123	(74,118,226)
Gain on disposal of investments	(1,232,776)	(2,861,785)
Impairment loss on financial assets	426,801	1,706,168
Others	(515,146)	(338,371)
Changes in operating assets and liabilities		
Due from the Central Bank and call loans to financial institutions	13,505	(3,132,652)
Financial assets at fair value through profit or loss	(55,531,337)	(32,029,473)
Financial assets at fair value through other comprehensive income	(40,631,304)	66,512,688
Debt investments measured at amortized cost	(32,161,148)	(309,520,725)
Securities purchased under resell agreements	(778,944)	(1,050,267)
Receivables	(29,164,532)	(16,347,985)
Discounts and loans	(3,244,285)	(28,440,115)
Other financial assets	1,884,983	(6,924,336)
Other assets	2,009,739	(21,635,645)
Deposits from the Central Bank and financial institutions	(4,201,742)	(219,882)
Financial liabilities at fair value through profit or loss	(41,629,426)	8,869,175
Notes and bonds issued under repurchase agreements	45,829,032	22,627,674
Payables	10,625,067	18,439,524
Deposits and remittances	(9,642,709)	17,276,720
Other financial liabilities	327,643	25,897,037
Other liabilities	15,479,308	(12,606,992)
Cash used in operations	(123,912,919)	(88,131,600)
Interest received	56,629,576	44,546,833
Dividends received	13,765,050	13,304,742

(Continued)

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

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

	For the Nine Months Ended September 30	
	2023	**2022**
Interest paid	$ (17,746,698)	$ (3,316,512)
Income tax paid	(1,291,628)	(5,439,151)
Net cash used in operating activities	(72,556,619)	(39,035,688)
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	(808,567)	(525,916)
Principal from financial assets measured at amortized cost	-	92,529
Acquisition of financial assets at fair value through profit or loss	(276,389)	(1,668,311)
Proceeds of financial assets at fair value through profit or loss	515,845	83,752
Acquisition of investments accounted for using equity method	(156,365)	(371,273)
Proceeds from capital reduction of investments accounted for using the equity method	401,100	259,871
Acquisition of property and equipment	(576,134)	(1,089,910)
Proceeds from sale of property and equipment	133,944	89,971
Acquisition of investment properties	(48,643)	(23,524,191)
Proceeds from disposal of investment properties	414,318	631,383
Others	(238,983)	148,053
Net cash used in investing activities	(639,874)	(25,774,042)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	5,208,432	3,940,931
Decrease in funds from the Central Bank and banks	-	(129,490)
Increase (decrease) in commercial paper payable	10,920,758	(2,900,560)
Proceeds from corporate bonds	10,000,000	-
Repayments of corporate bonds	(20,000)	(40,000)
Proceeds from long-term borrowings	800,074	2,139,900
Repayments of long-term borrowings	(2,000,061)	-
Repayments of the principal portion of lease liabilities	(696,529)	(653,234)
Cash dividends paid	-	(16,851,631)
Net changes in non-controlling interests	(2,591)	(20,338)
Others	10,809	(887)
Net cash generated from (used in) financing activities	24,220,892	(14,515,309)
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(164,078)	523,439

(Continued)

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

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

	For the Nine Months Ended September 30	
	2023	**2022**
NET DECREASE IN CASH AND CASH EQUIVALENTS	$ (49,139,679)	$ (78,801,600)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	200,161,850	230,064,311
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	$ 151,022,171	$ 151,262,711

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

	September 30	
	2023	**2022**
Cash and cash equivalents in consolidated balance sheets	$ 65,654,409	$ 92,998,549
Due from the Central Bank and call loans to bank which qualify as cash and cash equivalents as defined in IAS 7	19,870,051	23,555,724
Securities purchased under agreements to resell which qualify as cash and cash equivalents as defined in IAS 7	65,497,711	34,708,438
Cash and cash equivalents in consolidated statements of cash flows	$ 151,022,171	$ 151,262,711

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 NINE MONTHS ENDED SEPTEMBER 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.

In 2012, the Corporation acquired 81.73% of KGI Securities' shares through public tender offer. Afterwards, 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.

In 2017, the Corporation acquired 25.33% ordinary shares of China Life Insurance through public tender offer. After the acquisition, China Life Insurance became a subsidiary of the Corporation as defined by the Financial Holding Company Act. After the participation of capital increase by cash of China Life Insurance and acquisition of ordinary shares through public tender offer, 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.

On July 1, 2023, the Corporation acquired 100% equity interests in KGI Securities Investment Trust Co., Ltd, which were previously held by KGI Securities.

The Corporation mainly engages in financial holding, invests in and manages the businesses of finance-related institutions domestic and foreign approved by authorities 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 transfer banking business to KGI Bank. On March 15, 2017, China Development Industrial Bank was converted, and the name became CDIB Capital Group, and main operations included securities investment, investment financial related business and venture capital, etc.

KGI Securities was established on September 14, 1988, and 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, and mainly engages in banking operations are regulated under the banking Act.

China Development Asset Management Corporation was established on November 5, 2003, and mainly engages in acquiring and disposal of debts from financial institution, investment in foreclosed real estate, etc.

China Life Insurance was incorporated in Taiwan on April 25, 1963, and 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.

KGI Securities Investment Trust Co., Ltd. was established on April 19, 2001, and is mainly engaged in nominee services, discretionary investment services, and other related business approved by authorities.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the board of directors and authorized for issue on November 20, 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

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 16 “Leases Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
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. The seller-lessee subsequently recognizes in profit or loss the difference between the payments made for the lease and the lease payments that reduce the carrying amount of the lease liability.

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

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:

<u>Level of aggregation</u>

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.

<u>Recognition</u>

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.

<u>Measurement</u>

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 preciously 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 September 30, 2023, December 31, 2022 and September 30, 2022, the consolidated entities included in the consolidated financial statements included 61, 59 and 59 companies, respectively (please refer to the attached Table 6).

Other Material 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, 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.

For the material accounting judgments and key sources of estimation uncertainly of the consolidated financial statements, refers to the consolidated statements for the year ended December 31, 2022.

6. CASH AND CASH EQUIVALENTS

	September 30, 2023	December 31, 2022	September 30, 2022
Cash in banks	$ 51,206,885	$ 115,770,216	$ 76,672,779
Due from banks	7,559,543	9,047,945	8,311,615
Others	6,887,981	7,671,218	8,014,155
	$ 65,654,409	$ 132,489,379	$ 92,998,549

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 September 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 of in IAS 7	31,256,018
Cash and cash equivalents in consolidated statement cash flow	$ 200,161,850

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

	September 30, 2023	December 31, 2022	September 30, 2022
Call loans to financial institutions	$ 17,702,556	$ 30,930,435	$ 21,326,389
Deposit reserve - demand accounts	12,832,047	12,357,783	12,389,930
Deposit reserve - checking accounts	3,430,275	7,449,871	4,358,524
Due from the Central Bank - interbank settlement funds	3,700,891	3,513,861	3,415,677
Deposit reserve - foreign currencies	225,876	199,602	171,412
	$ 37,891,645	$ 54,451,552	$ 41,661,932

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, please refer to Note 47.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	September 30, 2023	December 31, 2022	September 30, 2022
Financial assets mandatorily classified as at FVTPL			
Derivative financial instruments			
Currency swap and forward exchange contracts	$ 39,775,741	$ 28,140,433	$ 52,794,055
Interest rate swap contracts	6,692,807	4,611,293	4,686,183
Options and futures contracts	6,628,251	3,438,702	4,142,711
Others	2,966,116	2,873,489	1,797,994
Non-derivative financial assets			
Mutual funds	184,867,299	150,659,496	124,549,764
Shares	169,375,033	147,792,867	142,855,958
Operating securities (Note 9)	77,120,757	66,057,236	63,674,019
Bank debentures	41,484,062	40,941,879	41,339,623
Commercial paper	13,912,116	6,990,203	7,444,142
Corporate bonds	6,176,100	5,802,753	7,200,326
Others	447,876	692,545	35,979,880
	549,446,158	458,000,896	486,464,655
Financial assets designated as at FVTPL			
Government bonds	-	1,497,931	1,900,809
Others	8,379,322	7,031,671	6,998,006
	8,379,322	8,529,602	8,898,815
Financial assets at FVTPL	$ 557,825,480	$ 466,530,498	$ 495,363,470
Financial liabilities held for trading			
Derivative financial instrument			
Currency swap and forward exchange contracts	$ 55,283,847	$ 21,923,738	$ 68,263,074
Non-deliverable forward contracts	14,251,736	5,983,802	18,868,540
Options and futures contracts	7,834,570	3,718,993	4,915,364
Interest rate swap contracts	6,183,631	4,665,222	4,577,342
Others	5,961,289	5,904,836	6,441,855
Non-derivative financial liabilities			
Borrowed securities payable	5,862,626	15,236,891	10,694,477
Others	1,989,582	469,557	510,202
	97,367,281	57,903,039	114,270,854
Financial liabilities designated as at FVTPL			
Structured products	9,394,937	13,427,696	14,766,756
Bank debentures payable	-	11,029,589	11,347,399
Others	972	817	832
	9,395,909	24,458,102	26,114,987
Financial liabilities at FVTPL	$ 106,763,190	$ 82,361,141	$ 140,385,841

As of September 30, 2023, December 31, 2022 and September 30, 2022, bank debentures issued by the Group designated as at FVTPL were as follows:

Bank Debenture Number	December 31, 2022	September 30, 2022	Issuance Period	Method of Paying Principles and Interests	Interest Rate
P18KGIB1	$ 6,141,600	$ 6,348,600	January 30, 2018 - January 30, 2048 (Note)	Principal due on maturity	0%
P18KGIB2	4,913,280	5,078,880	February 27, 2018 - February 27, 2048 (Note)	Principal due on maturity	0%
	11,054,880	11,427,480			
Valuation adjustments	(25,291)	(80,081)			
	$ 11,029,589	$ 11,347,399			

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

	September 30, 2023	December 31, 2022	September 30, 2022
Mutual funds	$ 180,163,068	$ 146,941,589	$ 155,730,213
Shares	155,874,189	134,671,411	129,620,512
Bank debentures	40,850,313	40,468,179	40,480,464
Corporate bonds	5,252,869	4,924,526	5,067,557
	$ 382,140,439	$ 327,005,705	$ 330,898,746

For the three months ended September 30, 2023 and 2022 and for the nine months ended September 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 September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Gain (loss) on application of IFRS 9	$ (3,795,232)	$ (7,666,995)	$ 32,711,592	$ (53,081,056)
Loss (gain) on application of IAS 39	(9,445,593)	(5,685,258)	(21,700,469)	(21,037,170)
Gain (loss) on reclassification using the overlay approach	$ (13,240,825)	$ (13,352,253)	$ 11,011,123	$ (74,118,226)

Due to the adjustments of the overlay approach, loss on financial assets measured at FVTPL decreased from $33,106,034 thousand to loss of $19,865,209 thousand for the three months ended September 30, 2023; and loss on financial assets measured at FVTPL decreased from $55,990,841 thousand to loss of $42,638,588 thousand for the three months ended September 30, 2022. The loss on financial assets measured at FVTPL increased from $15,590,295 thousand to loss of $26,601,418 thousand for the nine months ended September 30, 2023; the loss on financial assets measured at FVTPL decreased from $154,436,869 thousand to loss of $80,318,643 for the nine months ended September 30, 2022.

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

	September 30, 2023	December 31, 2022	September 30, 2022
Currency swap and forward exchange contracts	$ 2,384,787,155	$ 2,074,150,069	$ 2,063,906,537
Interest rate swap contracts	559,778,666	519,646,961	502,102,532
Non-deliverable forward contracts	378,992,576	318,535,556	308,218,437
Options and futures contracts	296,174,609	179,725,036	250,847,855
Assets swap contracts	22,606,585	25,167,808	16,579,746
Structured products contracts	16,185,962	19,382,017	20,068,626
Cross-currency swap contracts	4,920,787	9,273,753	13,254,500
Credit default swap contracts	363,507	2,107,432	11,125,661
Commodity swap contracts	345,941	227,291	330,837

As of September 30, 2023, December 31, 2022 and September 30, 2022, financial assets at fair value through profit or loss with aggregate carrying values of $52,763,664 thousand, $36,424,553 thousand and $24,017,668 thousand, respectively, had been sold under repurchase agreements (recognized as notes and bonds issued under repurchase agreements).

For the information on financial instruments at fair value through profit or loss pledged as collateral for the Group, please refer to Note 47.

9. OPERATING SECURITIES

	September 30, 2023	December 31, 2022	September 30, 2022
Dealing			
Corporate bonds	$ 19,936,265	$ 16,017,148	$ 16,192,422
Overseas securities	15,085,084	12,321,257	9,423,791
Listed, OTC and emerging market stock	4,634,026	3,684,237	2,963,585
Government bonds	1,497,394	2,308,172	1,939,666
Others	3,821,629	1,465,149	1,629,730
	44,974,398	35,795,963	32,149,194
Underwriting			
Corporate bonds	790,691	660,260	1,373,723
Listed, OTC and emerging market stock	33,867	508,486	148,611
	824,558	1,168,746	1,522,334
Hedge positions			
Corporate bonds	14,882,359	15,262,986	15,016,146
Listed, OTC and emerging market stock	9,032,139	2,858,719	2,651,102
Overseas securities	4,657,971	8,661,021	9,995,089
Mutual funds	2,276,969	1,776,425	2,061,457
Others	472,363	533,376	278,697
	31,321,801	29,092,527	30,002,491
	$ 77,120,757	$ 66,057,236	$ 63,674,019

10. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	September 30, 2023	December 31, 2022	September 30, 2022
Investments in debt instruments at FVTOCI			
Corporate bonds	$ 83,671,487	$ 59,751,651	$ 101,049,407
Government bonds	72,293,951	58,320,558	118,054,851
Bank debentures	55,957,726	33,080,837	72,314,024
Negotiable certificates of deposit	6,026,535	26,424,348	31,776,752
Others	4,429,977	4,560,922	4,512,284
	222,379,676	182,138,316	327,707,318
Investments in equity instruments at FVTOCI			
Common stocks	18,949,258	21,901,389	31,404,277
Preferred stocks	11,574,219	11,125,887	11,614,803
	30,523,477	33,027,276	43,019,080
	$ 252,903,153	$ 215,165,592	$ 370,726,398

a. Investments in debt instruments at FVTOCI

As of September 30, 2023, December 31, 2022 and September 30, 2022, investments in debt instruments at FVTOCI, with aggregate carrying values of $78,194,468 thousand, $66,591,344 thousand and $90,157,583 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 nine months ended September 30, 2023 and 2022, the Group sold its shares in order to manage its investment portfolio. The sold shares had a fair value of $6,450,521 thousand and $17,006,413 thousand, respectively. The Group transferred a gain of $932,752 thousand and a gain of $1,573,534 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 September 30, 2023 and 2022, dividend income was $524,943 thousand and $1,069,737 thousand, respectively, and for the nine months ended September 30, 2023 and 2022, dividend income was $800,624 thousand and $1,662,891 thousand, respectively, and those related to investment held as for the nine months ended September 30, 2023 and 2022 were $704,769 thousand and $1,013,361 thousand, respectively, and those related to investment derecognized for the nine months ended September 30, 2023 and 2022 were $95,855 thousand and $649,530 thousand, respectively.

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

11. FINANCIAL ASSETS AT AMORTIZED COST

	September 30, 2023	December 31, 2022	September 30, 2022
Bank debentures	$ 817,245,355	$ 778,845,092	$ 755,088,651
Corporate bonds	593,410,522	566,594,548	538,473,829
Government bonds	235,326,401	281,696,443	214,390,706
Others	58,676,805	51,470,852	34,991,091
	$ 1,704,659,083	$ 1,678,606,935	$ 1,542,944,277

As of September 30, 2023, December 31, 2022 and September 30, 2022, investments in debt instruments at amortized cost, with aggregate carrying values of $2,750,587 thousand, $797,576 thousand and $3,147,962 thousand had been sold under repurchase agreements (recognized as notes and bonds issued under repurchase agreements).

For the three months ended September 30, 2023 and 2022 and the nine months ended September 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 loss on disposal of $290,268 thousand for the three months ended September 30, 2023, and the loss on disposal of $214,989 thousand for the three months ended September 30, 2022. The gain on disposal was $696,669 thousand for the nine months ended September 30, 2023. The gain on disposal was $195,450 thousand for the nine months ended September 30, 2022.

There are no investments in debt instruments at amortized cost that are pledged as collateral for the Group.

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

12. FINANCIAL INSTRUMENTS FOR HEDGING

	September 30, 2023	December 31, 2022	September 30, 2022
Financial assets for hedging			
Fair value hedge - interest rate swap	$ 2,356,619	$ 2,511,620	$ 3,245,606
Financial liabilities for hedging			
Fair value hedge - interest rate swap	$ 838,437	$ 581,359	$ 542,234

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.

September 30, 2023

Hedging Instrument	Notional Amount	Maturity	Line Item in Balance Sheet	Carrying Amount Asset	Carrying Amount Liability
Fair value hedge					
Interest rate swap contracts	$ 46,841,816	2024.05.18-2033.09.21	Financial assets and liabilities for hedging	$ 2,356,619	$ 838,437

Hedged Items	Carrying Amount Asset	Carrying Amount Liability	Accumulated Amount of Fair Value Adjustments Asset	Accumulated Amount of Fair Value Adjustments Liability
Fair value hedge				
Financial assets at fair value through other comprehensive income	$ 28,006,225	$ -	$ (2,652,955)	$ -
Bank debentures	-	14,961,435	-	(838,565)

December 31, 2022

Hedging Instrument	Notional Amount	Maturity	Line Item in Balance Sheet	Carrying Amount Asset	Carrying Amount 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 Asset	Carrying Amount Liability	Accumulated Amount of Fair Value Adjustments Asset	Accumulated Amount of Fair Value Adjustments 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)

September 30, 2022

Hedging Instrument	Notional Amount	Maturity	Line Item in Balance Sheet	Carrying Amount Asset	Carrying Amount Liability
Fair value hedge					
Interest rate swap contracts	$ 54,662,955	2024.05.18-2032.09.08	Financial assets and liabilities for hedging	$ 3,245,606	$ 542,234

Hedged Items	Carrying Amount Asset	Carrying Amount Liability	Accumulated Amount of Fair Value Adjustments Asset	Accumulated Amount of Fair Value Adjustments Liability
Fair value hedge				
Financial assets at fair value through other comprehensive income	$ 33,738,203	$ -	$ (3,424,459)	$ -
Bank debentures	-	15,283,333	-	(516,667)

13. SECURITIES PURCHASED UNDER RESELL AGREEMENTS

	September 30, 2023	December 31, 2022	September 30, 2022
Corporate bonds	$ 35,036,251	$ 11,458,524	$ 18,067,588
Commercial paper	16,287,912	7,710,865	7,929,768
Government bonds	8,933,776	9,522,550	7,440,280
Negotiable certificates of deposit	3,630,364	1,200,945	1,487,000
Bank debentures	2,902,866	1,877,648	889,095
	$ 66,791,169	$ 31,770,532	$ 35,813,731
Resold amounts	$ 66,898,971	$ 31,811,781	$ 35,836,778
Last maturity date	December 2023	March 2023	December 2022

14. RECEIVABLES, NET

	September 30, 2023	December 31, 2022	September 30, 2022
Receivable accounts for settlement	$ 33,561,154	$ 21,372,565	$ 50,824,361
Margin loans receivable, securities financing refundable deposits and deposits payable for securities financing	33,224,932	24,326,561	27,356,966
Interest receivable	23,616,715	21,849,404	20,359,624
Trading securities receivable	14,208,326	9,221,138	9,291,218
Exchange clearing receivable	9,791,674	6,258,231	8,199,236
Accounts receivable - forfeiting without recourse	9,211,122	11,472,457	11,451,141
Installment accounts receivable and lease payments receivable	6,552,669	6,742,665	6,690,880
Others	14,726,656	13,144,143	18,260,638
	144,893,248	114,387,164	152,434,064
Less: Allowance for bad debts	(3,223,006)	(2,607,190)	(2,478,614)
Unrealized interest revenue	(360,569)	(359,317)	(342,148)
	$ 141,309,673	$ 111,420,657	$ 149,613,302

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

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

15. DISCOUNTS AND LOANS, NET

	September 30, 2023	December 31, 2022	September 30, 2022
Short-term loans	$ 61,619,961	$ 67,245,686	$ 72,702,408
Medium-term loans	238,010,287	233,598,502	237,510,876
Long-term loans	102,312,007	98,693,981	97,671,424
Loans reclassified to nonperforming loans	927,648	520,522	348,058
Export negotiations	24,268	21,719	16,933
Policy loans	27,925,252	27,371,802	27,405,863
Automatic premium loans	5,496,608	5,620,804	5,666,713
	436,316,031	433,073,016	441,322,275
Less: Allowance for bad debts	(5,263,743)	(5,184,878)	(5,218,044)
Discounts on loans	(54,529)	(52,214)	(54,560)
	$ 430,997,759	$ 427,835,924	$ 436,049,671

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

16. REINSURANCE ASSETS, NET

	September 30, 2023	December 31, 2022	September 30, 2022
Claims recoverable from reinsurers	$ 934,269	$ 837,792	$ 741,063
Due from reinsurers and ceding companies	108,169	67,363	33,011
Reinsurance reserve assets			
Ceded unearned premium reserve	79,146	66,877	82,672
Ceded reserve for claims	45,968	44,168	36,146
	125,114	111,045	118,818
	$ 1,167,552	$ 1,016,200	$ 892,892

No impairment loss was recognized for reinsurance assets.

17. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD, NET

Associates that are not individually material:

	September 30, 2023	December 31, 2022	September 30, 2022
CDIB & Partners Investment Holding Corporation	$ 5,394,440	$ 4,621,002	$ 4,299,661
Suyin KGI Consumer Finance Co., Ltd.	4,920,751	4,459,742	4,374,057
KGI Securities (Thailand) Public Company Limited	2,744,901	2,734,751	2,596,944
CDIB Capital Asia Partners L.P.	2,724,175	2,633,225	3,092,704
CDIB Yida Private Equity (Kunshan) Enterprise (Limited Partnership)	1,038,228	1,129,645	1,132,649
Others	4,755,127	4,522,302	3,930,089
	$ 21,577,622	$ 20,100,667	$ 19,426,104

As of September 30, 2023, December 31, 2022 and September 30, 2022, financial assets designated as at FVTPL of associates that are not individually material were $8,379,322 thousand, $7,031,671 thousand and $6,998,006 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 reviewed financial statements; those of other affiliates are calculated based on unreviewed financial statements. Management believes that the financial statements of these investees that had not been reviewed 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.

September 30, 2023

	Partnership Fund	Asset Securitization	Total
Financial assets at fair value through profit or loss	$ 34,574,732	$ 4,554,262	$ 39,128,994
Financial assets at fair value through other comprehensive income	-	326,268	326,268
Debt instruments measured at amortized cost	-	6,952,291	6,952,291
Maximum exposure	34,574,732	11,832,821	46,407,553

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

September 30, 2022

	Partnership Fund	Asset Securitization	Total
Financial assets at fair value through profit or loss	$ 35,230,156	$ 5,251,572	$ 40,481,728
Financial assets at fair value through other comprehensive income	-	317,122	317,122
Debt instruments measured at amortized cost	-	6,864,490	6,864,490
Maximum exposure	35,230,156	12,433,184	47,663,340

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.

	September 30, 2023	December 31, 2022	September 30, 2022
Management on partnership equity fund			
Total assets	$ 29,484,733	$ 26,575,456	$ 25,963,377
Total liabilities	182,273	31,071	39,435
Investments accounted for using the equity method	5,768,892	5,571,710	5,806,932
Financial assets designated as at FVTPL	3,225,788	2,675,430	2,524,794
Maximum exposure	8,994,680	8,247,140	8,331,726

19. OTHER FINANCIAL ASSETS

	September 30, 2023	December 31, 2022	September 30, 2022
Separate-account insurance products	$ 113,384,656	$ 103,835,515	$ 100,736,353
Customer margin accounts	54,814,099	58,050,514	56,532,501
Others	4,515,398	5,019,255	4,702,387
	$ 172,714,153	$ 166,905,284	$ 161,971,241

Separate Account Insurance Products

a. Separate account insurance products - assets and liabilities

	Assets		
	September 30, 2023	December 31, 2022	September 30, 2022
Cash in banks	$ 353,066	$ 663,082	$ 494,604
Financial assets at fair value through profit or loss	112,993,287	103,138,855	100,206,081
Other receivables	38,303	33,578	35,668
	$ 113,384,656	$ 103,835,515	$ 100,736,353

	Liabilities		
	September 30, 2023	December 31, 2022	September 30, 2022
Reserve for separate account	$ 113,370,589	$ 103,821,410	$ 100,715,995
Other payables	14,067	14,105	20,358
	$ 113,384,656	$ 103,835,515	$ 100,736,353

b. Separate account insurance products - revenues and expenses

	Revenues			
	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Premium income	$ 1,544,323	$ 1,677,391	$ 4,733,755	$ 5,604,209
Gain (loss) from financial assets and liabilities at fair value through profit or loss	62,920	(737,189)	4,553,891	(7,804,798)
Interest income	489	143	1,101	337
Other revenues	43,439	41,968	133,715	125,593
Foreign exchange gains (losses)	680,925	1,135,759	947,259	2,214,200
	$ 2,332,096	$ 2,118,072	$ 10,369,721	$ 139,541

	Expenses			
	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Insurance claim payments	$ 1,136,637	$ 762,329	$ 2,945,748	$ 2,654,604
Net change in separate-account reserve	594,837	786,737	5,797,040	(4,071,906)
Custodian fee	600,622	569,006	1,626,933	1,556,843
	$ 2,332,096	$ 2,118,072	$ 10,369,721	$ 139,541

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 September 30, 2023 and 2022 was $77,142 thousand and $66,953 thousand, respectively, and for the nine months ended September 30, 2023 and 2022 was $212,671 thousand and $212,550 thousand, respectively.

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

20. INVESTMENT PROPERTY, NET

	September 30, 2023	December 31, 2022	September 30, 2022
Land	$ 40,315,880	$ 38,804,090	$ 38,518,229
Buildings and facilities	14,604,162	15,283,489	14,929,942
Right-of-use assets - superficies of royalties	3,736,031	4,057,554	4,124,632
Right-of-use assets - land	456,076	481,615	491,848
	$ 59,112,149	$ 58,626,748	$ 58,064,651

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

	For the Nine Months Ended September 30	
	2023	2022
Cost		
Beginning balance	$ 61,998,195	$ 38,128,494
Additions	48,643	23,524,191
Disposals	(349,634)	(317,186)
Reclassification	1,264,476	(73,780)
Ending balance	62,961,680	61,261,719
Accumulated depreciation		
Beginning balance	(2,790,965)	(2,279,484)
Depreciation	(600,224)	(508,987)
Disposals	29,525	4,456
Reclassification	92,615	136,059
Ending balance	(3,269,049)	(2,647,956)
Accumulated impairment		
Beginning balance	(580,482)	(549,112)
Ending balance	(580,482)	(549,112)
Carrying amount	$ 59,112,149	$ 58,064,651

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 September 30, 2023, December 31, 2022 and September 30, 2022 were $60,503,752 thousand, $60,163,720 thousand and $58,992,288 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 September 30, 2023, December 31, 2022 and September 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, 2021were 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:

	September 30, 2023	December 31, 2022	September 30, 2022
Year 1	$ 1,118,200	$ 1,252,873	$ 1,207,181
Year 2	958,649	972,432	1,026,994
Year 3	699,632	745,190	781,312
Year 4	568,366	522,771	529,806
Year 5	461,819	434,429	424,117
Year 5 onwards	3,730,031	3,862,022	3,966,691
	$ 7,536,697	$ 7,789,717	$ 7,936,101

The investment property leased by the Group for operating leases is depreciated on a straight-line basis over their estimated useful lives as follows:

	Estimated Useful Lives
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

	September 30, 2023	December 31, 2022	September 30, 2022
Land	$ 17,629,920	$ 18,757,807	$ 19,081,232
Buildings and facilities	10,919,034	11,360,136	11,677,252
Machinery and computer equipment	1,762,662	1,745,726	1,571,263
Leasehold improvements	719,494	740,463	695,218
Other equipment	533,194	511,490	452,258
Transportation equipment	28,129	39,132	28,316
	31,592,433	33,154,754	33,505,539
Prepayments for acquisition of properties	437,841	516,208	816,605
	$ 32,030,274	$ 33,670,962	$ 34,322,144
Assets used by the Group	$ 31,776,554	$ 33,355,747	$ 33,991,781
Assets leased under operating leases	253,720	315,215	330,363
	$ 32,030,274	$ 33,670,962	$ 34,322,144

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

	September 30, 2023	December 31, 2022	September 30, 2022
Year 1	$ 348	$ 2,787	$ 5,935
Year 2	-	174	348
Year 3	-	-	-
Year 4	-	-	-
Year 5	-	-	-
	$ 348	$ 2,961	$ 6,283

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:

	Estimated Useful Lives
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

	September 30, 2023	December 31, 2022	September 30, 2022
Carrying amount			
Royalty-surface rights	$ 8,472,460	$ 8,588,167	$ 8,580,789
Buildings and facilities	2,488,331	2,790,392	2,668,007
Land	1,018,294	1,039,074	1,036,022
Computer equipment	104,143	135,896	140,142
Transportation equipment	33,356	40,856	37,891
Other equipment	18,167	28,915	33,653
	$ 12,134,751	$ 12,623,300	$ 12,496,504

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Additions to right-of-use assets	$ 13,532	$ 129,489	$ 306,172	$ 742,921
Depreciation of right-of-use assets				
Buildings and facilities	$ 194,457	$ 191,761	$ 587,908	$ 565,824
Royalty-surface rights	35,182	34,994	105,594	104,983
Computer equipment	11,669	12,868	38,607	38,792
Transportation equipment	5,861	5,765	17,549	16,920
Land	4,271	4,239	12,813	12,718
Other equipment	1,383	1,815	10,944	14,144
	$ 252,823	$ 251,442	$ 773,415	$ 753,381

b. Lease liabilities

	September 30, 2023	December 31, 2022	September 30, 2022
Carrying amounts	$ 4,267,276	$ 4,603,517	$ 4,486,705

The interest expense of the lease liabilities recognized in profit or loss for the three months ended September 30, 2023 and 2022 were $24,223 thousand and $21,875 thousand, respectively, and the interest expense of the lease liabilities recognized in profit or loss for the nine months ended September 30, 2023 and 2022 were $70,813 thousand and $65,715 thousand, respectively.

Ranges of discount rates for lease liabilities were as follows:

	September 30, 2023	December 31, 2022	September 30, 2022
Buildings and facilities	0.52%-7.35%	0.50%-7.35%	0.49%-7.35%
Land	1.61%-3.50%	0.77%-3.50%	0.77%-3.50%
Computer equipment	0.56%-4.87%	0.56%-1.61%	0.56%-1.61%
Transportation equipment	0.49%-1.68%	0.49%-1.68%	0.49%-1.45%
Other equipment	0.51%-1.61%	0.51%-1.60%	0.51%-1.60%

The maturity analysis of lease liabilities was as follows:

	September 30, 2023	December 31, 2022	September 30, 2022
Not later than 1 year	$ 787,455	$ 866,588	$ 857,112
Later than 1 year and not later than 5 years	1,971,913	2,181,415	2,204,978
Later than 5 years and not later than 10 years	674,721	671,268	626,557
Later than 10 years	3,134,199	3,195,080	3,196,508
	$ 6,568,288	$ 6,914,351	$ 6,885,155

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 September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Expenses relating to short-term leases	$ 7,504	$ 9,222	$ 20,466	$ 28,971
Expenses relating to low-value asset leases	$ 1,647	$ 1,812	$ 5,036	$ 5,639
Total cash outflow for leases			$ 728,259	$ 711,451

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

	September 30, 2023	December 31, 2022	September 30, 2022
Purchase policy value	$ 11,160,105	$ 11,397,891	$ 11,478,740
Goodwill	3,265,235	3,211,902	3,216,048
Computer software	1,932,669	1,812,704	2,049,951
Operation rights	1,530,294	1,920,037	1,760,046
	$ 17,888,303	$ 18,342,534	$ 18,504,785

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

	September 30, 2023	December 31, 2022	September 30, 2022
Security borrowing margins	$ 42,486,594	$ 34,978,194	$ 42,716,906
Guarantee deposits paid	31,839,042	11,996,713	38,775,857
Overseas custodian accounts	22,053,267	26,740,063	28,923,395
Operating guarantee deposits	8,522,187	8,584,285	8,584,586
Others	3,436,965	4,563,984	4,991,260
	$ 108,338,055	$ 86,863,239	$ 123,992,004

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

25. DEPOSITS FROM THE CENTRAL BANK AND FINANCIAL INSTITUTIONS

	September 30, 2023	December 31, 2022	September 30, 2022
Call loans from financial institutions	$ 7,590,130	$ 11,791,872	$ 20,423,108
Deposits from Chunghwa Post Co., Ltd.	180,556	180,556	180,556
	$ 7,770,686	$ 11,972,428	$ 20,603,664

26. NOTES AND BONDS ISSUED UNDER REPURCHASE AGREEMENTS

	September 30, 2023	December 31, 2022	September 30, 2022
Corporate bonds	$ 81,455,074	$ 50,739,245	$ 65,938,598
Bank debentures	37,129,784	28,022,377	33,477,220
Government bonds	26,273,682	21,523,102	24,521,046
Others	2,154,387	899,171	575,620
	$ 147,012,927	$ 101,183,895	$ 124,512,484
Repurchased amounts	$ 147,881,357	$ 101,643,983	$ 124,852,123
Last maturity date	December 2023	March 2023	January 2023

27. COMMERCIAL PAPER PAYABLE, NET

	September 30, 2023	December 31, 2022	September 30, 2022
Commercial paper payable	$ 35,728,891	$ 24,787,563	$ 18,319,396
Less: Unamortized discount	(29,656)	(9,086)	(5,716)
	$ 35,699,235	$ 24,778,477	$ 18,313,680
Range of rate	1.42%-5.22%	1.29%-4.22%	0.95%-2.68%

As of September 30, 2023, Dah Chung Bills Finance Corporation, Mega Bills Finance Corporation, Ta Ching Bills Finance Corporation, International Bills Finance Corporation, Taiwan Cooperative Bills Finance Corporation and Taiwan Finance Corporation guaranteed the above commercial paper. However, some commercial paper which amounted to $34,849,345 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 September 30, 2022, Dah Chung Bills Finance Corporation, Mega Bills Finance Corporation, Ta Ching Bills Finance Corporation, International Bills Finance Corporation, Taiwan Cooperative Bills Finance Corporation, Taiwan Finance Corporation, China Bills Finance Corporation, and Taishin International Bank guaranteed the above commercial paper. However, some commercial paper which amounted to $16,433,872 thousand, had no guarantee.

28. PAYABLES

	September 30, 2023	December 31, 2022	September 30, 2022
Accounts payable for settlement	$ 46,164,342	$ 36,658,959	$ 65,234,360
Accrued expenses and payables on insurance policies	17,862,678	17,153,853	17,890,091
Deposits payable for securities financing	9,320,731	13,081,611	14,410,308
Exchange clearing payable	8,866,308	6,236,120	11,161,350
Others	16,060,804	17,592,092	15,382,640
	$ 98,274,863	$ 90,722,635	$ 124,078,749

29. DEPOSITS AND REMITTANCES

	September 30, 2023	December 31, 2022	September 30, 2022
Time deposits	$ 236,322,035	$ 253,974,277	$ 227,733,097
Saving deposits	170,056,654	158,186,438	155,026,356
Demand deposits	111,708,815	112,113,795	107,943,945
Checking deposits	1,696,898	1,764,088	1,861,423
Negotiable CDs	141,100	3,136,700	8,173,500
Inward remittance	75,808	468,721	40,856
	$ 520,001,310	$ 529,644,019	$ 500,779,177

30. BONDS PAYABLE

	September 30, 2023	December 31, 2022	September 30, 2022
Corporate bonds payable	$ 76,870,000	$ 66,890,000	$ 67,160,000
Bank debentures payable	24,411,435	24,753,007	24,733,333
	$ 101,281,435	$ 91,643,007	$ 91,893,333

Corporate Bonds Payable

Name	September 30, 2023	December 31, 2022	September 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 0.73% 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	9,970,000	9,990,000	9,960,000	2020.12.28, no maturity date	Interest payable annually (Note)	2.70%
1st corporate bonds in 2023 - China Life Insurance	10,000,000	-	-	2023.07.25-2033.07.25	Interest payable annually	3.75%
Net amount	$ 76,870,000	$ 66,890,000	$ 67,160,000			

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	September 30, 2023	December 31, 2022	September 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	700,000	700,000	700,000	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	(838,565)	(496,993)	(516,667)			
Net amount	$ 24,411,435	$ 24,753,007	$ 24,733,333			

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

	September 30, 2023	December 31, 2022	September 30, 2022
Short-term credit borrowings	$ 19,187,809	$ 14,448,884	$ 18,350,676
Note issuance facility	4,599,644	5,799,631	6,599,650
Call loans from banks	2,968,656	1,228,320	1,587,150
Short-term secured borrowings	928,000	2,198,829	2,100,878
	$ 27,684,109	$ 23,675,664	$ 28,638,354
Range of rate	1.42%-6.47%	1.29%-5.40%	1.06%-5.15%
Last maturity date	January 2026	December 2025	November 2023

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

32. PROVISIONS

	September 30, 2023	December 31, 2022	September 30, 2022
Insurance liabilities	$ 2,101,833,524	$ 2,082,571,357	$ 2,103,933,329
Foreign exchange valuation reserve	16,534,826	10,886,927	16,532,761
Provisions for employee benefits	651,189	739,669	1,191,843
Others	476,962	382,763	374,051
	$ 2,119,496,501	$ 2,094,580,716	$ 2,122,031,984

Insurance Contracts and Provision for Financial Instruments with Discretionary Participation Feature

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

	September 30, 2023	December 31, 2022	September 30, 2022
Reserve for life insurance liabilities	$ 2,065,239,210	$ 2,044,981,576	$ 2,064,076,733
Unearned premium reserve	5,503,465	5,099,222	4,993,855
Reserve for claims	3,348,758	3,582,247	4,862,163
Special reserve	7,878,731	8,507,932	9,320,065
Premium deficiency reserve	1,688,112	1,991,327	2,190,515
Other reserve	18,175,248	18,409,053	18,489,998
	$ 2,101,833,524	$ 2,082,571,357	$ 2,103,933,329

a. Reserve for life insurance liabilities:

	September 30, 2023			December 31, 2022			September 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	$ 1,714,929,516	$ 49,726,667	$ 1,764,656,183	$ 1,688,241,414	$ 52,151,886	$ 1,740,393,300	$ 1,703,625,001	$ 53,443,674	$ 1,757,068,675
Health insurance	174,835,038	-	174,835,038	167,059,305	-	167,059,305	163,681,419	-	163,681,419
Annuity insurance	780,835	122,526,192	123,307,027	705,707	134,592,973	135,298,680	674,743	140,489,494	141,164,237
Investment-linked insurance	2,247,733	-	2,247,733	2,056,019	-	2,056,019	1,994,422	-	1,994,422
Total (Note)	$ 1,892,793,122	$ 172,252,859	$ 2,065,045,981	$ 1,858,062,445	$ 186,744,859	$ 2,044,807,304	$ 1,869,975,585	$ 193,933,168	$ 2,063,908,753

Note: The total of reserve for life insurance liabilities after including "reserve for life insurance liabilities - payables for the insured" amounted to $2,065,239,210 thousand as of September 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 $2,064,076,733 thousand as of September 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 Nine Months Ended September 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	119,997,822	3,125,248	123,123,070	129,003,371	3,761,276	132,764,647
Recover	(109,435,249)	(18,633,249)	(128,068,498)	(71,537,073)	(14,422,474)	(85,959,547)
Losses (gains) on foreign exchange	24,168,104	1,016,001	25,184,105	61,271,958	3,512,305	64,784,263
Ending balance (Note)	$ 1,892,793,122	$ 172,252,859	$ 2,065,045,981	$ 1,869,975,585	$ 193,933,168	$ 2,063,908,753

Note: The total of reserve for life insurance liabilities after including “reserve for life insurance liabilities - payables for the insured” amounted to $2,065,239,210 thousand as of September 30, 2023.

The total of reserve for life insurance liabilities after including “reserve for life insurance liabilities - payables for the insured” amounted to $2,064,076,733 thousand as of September 30, 2022.

b. Unearned premium reserve:

	September 30, 2023			December 31, 2022			September 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	$ 724	$ -	$ 724	$ 851	$ -	$ 851	$ 784	$ (3)	$ 781
Individual injury insurance	2,072,883	-	2,072,883	1,870,490	-	1,870,490	1,707,636	-	1,707,636
Individual health insurance	2,483,084	-	2,483,084	2,614,780	-	2,614,780	2,362,496	-	2,362,496
Group insurance	870,844	-	870,844	541,195	-	541,195	850,240	-	850,240
Investment-linked insurance	75,928	-	75,928	71,899	-	71,899	72,694	-	72,694
Annuity insurance	-	2	2	-	7	7	-	8	8
Total	5,503,463	2	5,503,465	5,099,215	7	5,099,222	4,993,850	5	4,993,855
Less ceded unearned premium reserve:									
Individual life insurance	21,277	-	21,277	19,425	-	19,425	19,239	-	19,239
Individual injury insurance	1,839	-	1,839	906	-	906	1,583	-	1,583
Individual health insurance	40,209	-	40,209	38,186	-	38,186	42,798	-	42,798
Group insurance	10,460	-	10,460	3,125	-	3,125	13,838	-	13,838
Investment-linked insurance	5,361	-	5,361	5,235	-	5,235	5,214	-	5,214
Total	79,146	-	79,146	66,877	-	66,877	82,672	-	82,672
Net amount	$ 5,424,317	$ 2	$ 5,424,319	$ 5,032,338	$ 7	$ 5,032,345	$ 4,911,178	$ 5	$ 4,911,183

Movement in unearned premium reserve is summarized below:

	For the Nine Months Ended September 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	4,228,650	2	4,228,652	3,818,963	5	3,818,968
Recover	(3,824,411)	(7)	(3,824,418)	(3,524,605)	(11)	(3,524,616)
Losses (gains) on foreign exchange	9	-	9	18	-	18
Ending balance	5,503,463	2	5,503,465	4,993,850	5	4,993,855
Less ceded unearned premium reserve:						
Beginning balance	66,877	-	66,877	67,418	-	67,418
Increase	62,288	-	62,288	65,683	-	65,683
Decrease	(50,158)	-	(50,158)	(50,564)	-	(50,564)
Losses (gains) on foreign exchange	139	-	139	135	-	135
Ending balance	79,146	-	79,146	82,672	-	82,672
Net amount	$ 5,424,317	$ 2	$ 5,424,319	$ 4,911,178	$ 5	$ 4,911,183

c. Reserve for claims:

	September 30, 2023			December 31, 2022			September 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	$ 214,266	$ 3,973	$ 218,239	$ 291,011	$ 9,185	$ 300,196	$ 264,554	$ 31,529	$ 296,083
Unreported claim	214	-	214	595	-	595	1,901	-	1,901
Individual injury insurance									
Reported but not paid claim	54,491	-	54,491	72,952	-	72,952	66,816	-	66,816
Unreported claim	670,295	-	670,295	634,422	-	634,422	634,999	-	634,999
Individual health insurance									
Reported but not paid claim	161,286	-	161,286	170,857	-	170,857	196,113	-	196,113
Unreported claim	1,323,015	-	1,323,015	1,141,496	-	1,141,496	1,615,212	-	1,615,212
Group insurance									
Reported but not paid claim	97,386	-	97,386	189,993	-	189,993	173,580	-	173,580
Unreported claim	764,044	-	764,044	990,849	-	990,849	1,802,135	-	1,802,135
Investment-linked insurance									
Reported but not paid claim	32,754	-	32,754	43,732	-	43,732	35,159	-	35,159
Unreported claim	-	-	-	-	-	-	-	-	-
Annuity insurance									
Reported but not paid claim	278	26,705	26,983	4,067	33,065	37,132	4,067	36,080	40,147
Unreported claim	-	51	51	-	23	23	-	18	18
Total	3,318,029	30,729	3,348,758	3,539,974	42,273	3,582,247	4,794,536	67,627	4,862,163
Less ceded reserve for claims:									
Individual life insurance	16,208	-	16,208	17,891	-	17,891	8,791	-	8,791
Individual injury insurance	1,674	-	1,674	1,128	-	1,128	1,128	-	1,128
Individual health insurance	21,529	-	21,529	17,149	-	17,149	16,655	-	16,655
Group insurance	3,957	-	3,957	8,000	-	8,000	9,572	-	9,572
Investment-linked insurance	2,600	-	2,600	-	-	-	-	-	-
Total	45,968	-	45,968	44,168	-	44,168	36,146	-	36,146
Net amount	$ 3,272,061	$ 30,729	$ 3,302,790	$ 3,495,806	$ 42,273	$ 3,538,079	$ 4,758,390	$ 67,627	$ 4,826,017

Movement in reserve for claims is summarized below:

	For the Nine Months Ended September 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	3,315,045	30,556	3,345,601	4,788,605	66,970	4,855,575
Recover	(3,539,974)	(42,273)	(3,582,247)	(2,526,529)	(79,041)	(2,605,570)
Losses (gains) on foreign exchange	2,984	173	3,157	5,931	657	6,588
Ending balance	3,318,029	30,729	3,348,758	4,794,536	67,627	4,862,163
Less ceded unearned premium reserve:						
Beginning balance	44,168	-	44,168	20,504	-	20,504
Increase	45,945	-	45,945	36,146	-	36,146
Decrease	(44,168)	-	(44,168)	(20,504)	-	(20,504)
Losses (gains) on foreign exchange	23	-	23	-	-	-
Ending balance	45,968	-	45,968	36,146	-	36,146
Net amount	$ 3,272,061	$ 30,729	$ 3,302,790	$ 4,758,390	$ 67,627	$ 4,826,017

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:

	September 30, 2023			December 31, 2022			September 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	$ 7,878,731	$ -	$ 7,878,731	$ 8,507,932	$ -	$ 8,507,932	$ 9,320,065	$ -	$ 9,320,065
Dividend risk reserve	-	-	-	-	-	-	-	-	-
Total	$ 7,878,731	$ -	$ 7,878,731	$ 8,507,932	$ -	$ 8,507,932	$ 9,320,065	$ -	$ 9,320,065

Movement in special reserve is summarized below:

	For the Nine Months Ended September 30	
	2023	2022
	Insurance Contract	Insurance Contract
Beginning balance	$ 8,507,932	$ 7,747,818
Reserve for participating policies dividend reserve	1,364,646	3,587,677
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	62,661	55,190
Ending balance	$ 7,878,731	$ 9,320,065

e. Special reserve for catastrophe and fluctuation of risks:

	September 30, 2023			December 31, 2022			September 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	$ 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	$ 7,180,751	$ 362	$ 7,181,113	$ 7,180,751	$ 362	$ 7,181,113	$ 7,241,037	$ 390	$ 7,241,427

f. Premium deficiency reserve:

	September 30, 2023			December 31, 2022			September 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	$ 1,593,238	$ -	$ 1,593,238	$ 1,890,710	$ -	$ 1,890,710	$ 2,087,528	$ -	$ 2,087,528
Individual health insurance	94,874	-	94,874	100,617	-	100,617	102,987	-	102,987
Total	$ 1,688,112	$ -	$ 1,688,112	$ 1,991,327	$ -	$ 1,991,327	$ 2,190,515	$ -	$ 2,190,515

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

Movement in premium deficiency reserve is summarized below:

	For the Nine Months Ended September 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	216,909	-	216,909	326,268	-	326,268
Recover	(547,999)	-	(547,999)	(712,396)	-	(712,396)
Losses (gains) on foreign exchange	27,875	-	27,875	141,309	-	141,309
Ending balance	$ 1,688,112	$ -	$ 1,688,112	$ 2,190,515	$ -	$ 2,190,515

g. Other reserve:

	September 30, 2023			December 31, 2022			September 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	$ 18,175,248	$ -	$ 18,175,248	$ 18,409,053	$ -	$ 18,409,053	$ 18,489,998	$ -	$ 18,489,998

Movement in other reserve is summarized below:

	For the Nine Months Ended September 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	(233,805)	-	(233,805)	(242,837)	-	(242,837)
Ending balance	$ 18,175,248	$ -	$ 18,175,248	$ 18,489,998	$ -	$ 18,489,998

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		
	September 30, 2023	December 31, 2022	September 30, 2022
Reserve for life insurance liabilities	$ 2,065,045,981	$ 2,044,807,304	$ 2,063,908,753
Unearned premium reserve	5,503,465	5,099,222	4,993,855
Premium deficiency reserve	1,688,112	1,991,327	2,190,515
Special reserve	7,878,731	8,507,932	9,320,065
Other reserve	18,175,248	18,409,053	18,489,998
Book value of insurance liabilities	$ 2,098,291,537	$ 2,078,814,838	$ 2,098,903,186
Estimated present value of cash flows	$ 1,696,101,904	$ 1,563,746,442	$ 1,572,969,942
Balance of liability adequacy reserve	$ -	$ -	$ -

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

	September 30, 2023	December 31, 2022 and September 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 Nine Months Ended September 30	
	2023	**2022**
Beginning balance	$ 10,886,927	$ 3,351,124
Reserve		
Compulsory reserve	1,488,093	1,461,150
Extra reserve	9,334,969	13,793,514
	10,823,062	15,254,664
Recover	(5,175,163)	(2,073,027)
Ending balance	$ 16,534,826	$ 16,532,761

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

	For the Nine Months Ended September 30, 2023		
Item	**Inapplicable Amount**	**Applicable Amount**	**Effects**
Net income	$ 15,828,345	$ 11,310,026	$ (4,518,319)
Earnings per share (dollar)	3.22	2.30	(0.92)
Foreign exchange valuation reserve	-	16,534,826	16,534,826
Equity	136,860,364	124,975,565	(11,884,799)

	For the Nine Months Ended September 30, 2022		
Item	**Inapplicable Amount**	**Applicable Amount**	**Effects**
Net income	$ 28,719,299	$ 18,173,990	$ (10,545,309)
Earnings per share (dollar)	5.84	3.69	(2.15)
Foreign exchange valuation reserve	-	16,532,761	16,532,761
Equity	81,908,201	70,025,055	(11,883,146)

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 nine months ended September 30, 2023 and 2022.

For the three months ended September 30, 2023 and 2022, the Group recognized its contributions under defined benefit plans as pension expenses (recognized as employee benefits) amounting to $6,041 thousand and $29,269 thousand, respectively, and recognized pension expenses (recognized as employee benefits) under defined contribution plans amounting to $177,634 thousand and $168,450 thousand, respectively, and for the nine months ended September 30, 2023 and 2022 the Group recognized its contributions under defined benefit plans as pension expenses (recognized as employee benefits) amounting to $19,363 thousand and $51,686 thousand, respectively, and recognized pension expenses (recognized as employee benefits) under defined contribution plans amounting to $518,823 thousand and $502,430 thousand, respectively.

34. OTHER FINANCIAL LIABILITIES

	September 30, 2023	December 31, 2022	September 30, 2022
Separate-account product liabilities	$ 113,384,656	$ 103,835,515	$ 100,736,353
Customers' equity accounts - futures	56,141,403	58,807,664	57,343,912
Principal received on structured products	43,824,417	41,917,180	39,271,700
Appropriation for loans	1,646,667	560,000	60,000
	$ 214,997,143	$ 205,120,359	$ 197,411,965

35. EQUITY

a. Capital

Common stock

	September 30, 2023	December 31, 2022	September 30, 2022
Number of shares authorized (in thousands) (Note)	25,000,000	25,000,000	25,000,000
Shares authorized	$ 250,000,000	$ 250,000,000	$ 250,000,000
Number of shares issued and fully paid (in thousands) (Note)			
Common share	16,839,289	16,845,389	16,847,244
Preference share	1,582,142	1,582,142	1,582,143
Shares issued	$ 184,214,310	$ 184,275,310	$ 184,293,860
Share capital awaiting retirement	$ 47,080	$ -	$ 11,550

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

	September 30, 2023	December 31, 2022	September 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	13,003,878
Arising from treasury stock transactions	1,682,294	1,682,294	1,682,294
Others	331,649	452,418	400,318
	$ 33,506,036	$ 33,626,805	$ 33,569,727

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**
Earnings appropriation				
Legal reserve	$ 1,909,777	$ 3,668,049		
Appropriation of special reserve	48,566,551	123,680		
Cash dividends	-	16,848,554	$ -	$ 1.00
Interest of 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 nine months ended September 30, 2022				
Reclassification of the Corporation's stock held by subsidiaries and recognized as long-term investment				
Common shares	340,714	-	340,714	-
Preference shares	310,901	-	310,901	-
Private holding - capital reduction of subsidiaries				
Common shares	-	340,714	340,714	-
Preference shares	-	310,901	310,901	-

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 September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Interest revenues				
Securities	$ 18,065,854	$ 16,117,513	$ 52,001,155	$ 45,165,453
Discounts and loans	4,334,818	3,345,735	12,416,857	8,719,661
Others	2,724,284	1,402,379	7,332,932	3,354,915
	25,124,956	20,865,627	71,750,944	57,240,029
Interest expenses				
Deposits	2,946,773	1,122,468	8,131,417	2,195,551
Notes and bonds issued under repurchase agreements	1,612,093	637,316	3,962,862	989,928
Structured notes	357,803	137,447	970,410	247,069
Borrowing interest expense	318,659	136,427	858,756	245,540
Security lending guarantee deposits	299,959	107,771	865,947	144,871
Corporate bonds	280,659	211,673	701,266	627,863
Bank debentures	98,329	70,702	277,806	189,647
Others	383,155	237,859	1,021,666	423,653
	6,297,430	2,661,663	16,790,130	5,064,122
Interest profit, net	$ 18,827,526	$ 18,203,964	$ 54,960,814	$ 52,175,907

38. SERVICE FEE AND COMMISSION, NET

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Service fee revenue and commission income				
Brokerage	$ 3,757,164	$ 2,813,782	$ 9,655,995	$ 8,708,298
Security lending	525,819	377,866	1,476,315	1,151,920
Others	1,625,486	1,534,417	4,795,922	4,928,390
	5,908,469	4,726,065	15,928,232	14,788,608
Service fee expense and commission expense				
Commission expense - insurance	3,126,058	3,724,857	10,062,088	9,897,040
Brokerage	747,489	568,977	1,861,071	1,690,553
Others	603,995	574,348	1,773,557	1,722,894
	4,477,542	4,868,182	13,696,716	13,310,487
Service fee and commission, net	$ 1,430,927	$ (142,117)	$ 2,231,516	$ 1,478,121

39. NET INCOME FROM INSURANCE OPERATIONS

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Insurance business income				
Premium income	$ 31,187,092	$ 36,758,958	$ 107,335,002	$ 117,274,920
Reinsurance premium expense	(469,573)	(431,383)	(1,347,175)	(1,256,973)
Changes in unearned premium reserve	469,277	186,118	(392,104)	(279,233)
Retained earned premium	31,186,796	36,513,693	105,595,723	115,738,714
Separate-account insurance products revenues	2,332,096	2,118,072	10,369,721	139,541
	33,518,892	38,631,765	115,965,444	115,878,255
Insurance business expense				
Insurance claim payments	(51,995,949)	(40,208,442)	(143,241,293)	(100,373,815)
Claims recovered from reinsures	287,607	192,491	758,370	596,794
Retained claim payments	(51,708,342)	(40,015,951)	(142,482,923)	(99,777,021)
Brokerage expense	(2,362)	(967)	(4,810)	(2,731)
Disbursements toward industry stability fund	(31,206)	(55,156)	(107,375)	(208,185)
Separate-account insurance products expenses	(2,332,096)	(2,118,072)	(10,369,721)	(139,541)
	(54,074,006)	(42,190,146)	(152,964,829)	(100,127,478)
Net income from insurance operations	$ (20,555,114)	$ (3,558,381)	$ (36,999,385)	$ 15,750,777

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

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Derivatives	$ (30,524,324)	$ (49,770,204)	$ (55,649,064)	$(101,610,950)
Mutual funds	(2,203,596)	1,089,764	3,218,055	(8,125,514)
Bonds	(214,493)	(1,703,290)	2,005,821	(4,269,773)
Operating securities	(124,494)	(1,441,070)	3,339,441	(6,614,587)
Stocks	(106,755)	(4,952,412)	30,943,368	(36,454,711)
Others	67,628	786,371	552,084	2,638,666
	$ (33,106,034)	$ (55,990,841)	$ (15,590,295)	$(154,436,869)

For the three months ended September 30, 2023 and 2022, the Group's financial assets and liabilities at fair value through profit or loss included interest revenue of $743,993 thousand and $573,539 thousand, respectively, and dividend income of $5,954,558 thousand and $6,272,897 thousand, respectively, and interest expense of $0 thousand and $158,221 thousand, respectively, and for the nine months ended September 30, 2023 and 2022, the Group's financial assets and liabilities at fair value through profit or loss included interest revenue of $2,048,150 thousand and $1,830,840 thousand, respectively, and dividend income of $13,418,883 thousand and $11,794,015 thousand, respectively, and interest expense of $66,200 thousand and $563,592 thousand, respectively.

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

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Dividend income	$ 524,943	$ 1,069,737	$ 800,624	$ 1,662,891
Gain on bond disposal	33,056	(1,419,434)	536,107	1,403,430
Others	64	1,554	170	5,181
	$ 558,063	$ (348,143)	$ 1,336,901	$ 3,071,502

42. EMPLOYEE BENEFITS, DEPRECIATION AND AMORTIZATION EXPENSES

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Employee benefit expense				
Salaries and wages	$ 4,022,805	$ 3,790,107	$ 11,838,548	$ 10,580,717
Employee insurance	291,323	290,813	945,959	934,085
Pension	183,675	197,719	560,741	554,116
Others	465,438	416,066	1,192,081	1,305,690
	$ 4,963,241	$ 4,694,705	$ 14,537,329	$ 13,374,608
Depreciation and amortization expenses	$ 914,365	$ 877,108	$ 2,714,616	$ 2,479,552

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 nine months ended September 30, 2023 and 2022, the employees' compensation were $182,000 thousand and $218,000 thousand and the remuneration of directors were $181,000 thousand and $217,000 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 were as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Current income tax				
Current period	$ (293,569)	$ (618,737)	$ 944,472	$ 486,728
Income tax on unappropriated earnings	-	900	-	859,729
Prior years	4,566	(18,340)	(29,538)	(314,211)
Others	1,188	(274)	1,188	(76)
	(287,815)	(636,451)	916,122	1,032,170
Deferred income tax	2,654,259	2,537,723	1,842,926	5,735,835
Income tax expense recognized in profit or loss	$ 2,366,444	$ 1,901,272	$ 2,759,048	$ 6,768,005

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

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Current income tax				
(Gain) loss on equity instruments at fair value through other comprehensive income	$ 13,289	$ (92,648)	$ 23,195	$ (181,419)
Deferred income tax				
(Gain) loss on debt instruments at fair value through other comprehensive income	(896,616)	(1,459,626)	(941,758)	(9,059,249)
(Gain) loss on equity instruments at fair value through other comprehensive income	(135,721)	(406,555)	(301,437)	(620,477)
Other comprehensive income (gain) loss on reclassification using the overlay approach	(215,164)	(78,364)	868,892	(2,169,590)
Income tax expense (benefit)	$ (1,234,212)	$ (2,037,193)	$ (351,108)	$ (12,030,735)

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

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Current income tax				
Disposal of equity instruments at fair value through other comprehensive income	$ (101,998)	$ -	$ -	$ -
Deferred income tax				
Gain (loss) on equity instruments at fair value through other comprehensive income	101,998	-	-	-
Deferred income tax related to tax losses and reversals	28	(10,279)	(8,711)	(10,279)
Income tax expense (benefit)	$ 28	$ (10,279)	$ (8,711)	$ (10,279)

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 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 2021 have been examined by the tax authorities, except for 2020, which has not yet been examined.

KGI Investment Trust Co., Ltd.’s income tax returns through 2021 have been examined by the tax authorities.

44. EARNINGS PER SHARE

(New Taiwan Dollars)

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Basic EPS	$ 0.44	$ 0.40	$ 1.05	$ 1.21
Diluted EPS	$ 0.44	$ 0.40	$ 1.04	$ 1.21

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 September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Earnings belong to Corporation	$ 7,369,598	$ 6,703,665	$ 17,512,376	$ 20,321,448
Less: Preference share dividend	-	-	-	(3,077)
Earnings used in the computation of EPS	$ 7,369,598	$ 6,703,665	$ 17,512,376	$ 20,318,371

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

	For the Three Months Ended September 30		For the Nine Months Ended September 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	51,938	35,389	53,931	36,165
Weighted average number of common shares outstanding in computation of diluted EPS	16,794,011	16,777,462	16,796,004	16,778,238

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 instalments. 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 September 30, 2023 and 2022, the Corporation recognized compensation cost of $70,909 thousand and $101,397 thousand, respectively, and for the nine months ended September 30, 2023 and 2022, the Corporation recognized compensation cost of $202,187 thousand and $318,514 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

Related Party	Relationship with the Group
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
September 30, 2023	$ 12,873,375
December 31, 2022	4,455,076
September 30, 2022	4,463,416

2) Bonds of outright purchases and sales

	Sale of Bonds
<u>For the nine months ended September 30, 2023</u>	
Other related parties	$ 81,334
<u>For the nine months ended September 30, 2022</u>	
Other related parties	10,000

3) Revenue receivable (recognized as receivables, net)

	Amount
September 30, 2023	$ 552,773
December 31, 2022	1,033,088
September 30, 2022	587,927

4) Receivable on margin loans (recognized as receivables, net)

	Amount
September 30, 2023	$ 25,368
December 31, 2022	17,336
September 30, 2022	21,915

5) Credit card receivable (recognized as receivables, net)

	Amount
September 30, 2023	$ 20,754
December 31, 2022	19,423
September 30, 2022	15,618

6) Other receivables (recognized as receivables, net)

	Amount
September 30, 2023	$ 112,585
December 31, 2022	19,313
September 30, 2022	24,883

7) Discounts and loans, net

KGI Bank

	Amount	Interest Rate (%)
September 30, 2023	$ 669,382	1.82-6.61
December 31, 2022	751,291	1.25-15.00
September 30, 2022	833,467	1.25-15.00

For the three months ended September 30, 2023 and 2022, the interest revenues from discounts and loans were $3,733 thousand and $3,649 thousand, respectively, and for the nine months ended September 30, 2023 and 2022, the interest revenues from discounts and loans were $11,032 thousand and $10,392 thousand, respectively.

For the Nine Months Ended September 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	28	$ 24,839	$ 18,481	$ 18,481	$ -	None/credit guarantee fund	Yes
Residential mortgage loans	67	764,003	640,611	640,611	-	Real estate	Yes
Others	4	14,257	10,290	10,290	-	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 Nine Months Ended September 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	30	$ 23,783	$ 17,176	$ 17,176	$ -	None/credit guarantee fund	Yes
Residential mortgage loans	80	1,098,051	815,681	815,681	-	Real estate	Yes
Others	6	35,821	610	610	-	Real estate	Yes

China Life Insurance

	Amount
September 30, 2023	$ 14,466
December 31, 2022	2,269
September 30, 2022	3,261

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

	Amount
September 30, 2023	$ 15,385
December 31, 2022	13,210
September 30, 2022	12,784

9) As of September 30, 2023, China Life Insurance has paid other related parties for the renovation on its behalf in an aggregate amount of $32,389 thousand, which was recognized as investment property.

10) Other payables (recognized as payables)

	Amount
September 30, 2023	$ 337,797
December 31, 2022	663,183
September 30, 2022	563,695

11) Deposits and remittances

	Amount	Interest Rate (%)
September 30, 2023	$ 1,430,658	0-7.00
December 31, 2022	1,617,436	0-7.00
September 30, 2022	1,698,497	0-5.88

For the three months ended September 30, 2023 and 2022, the interest expenses from deposits and remittances were $5,219 thousand and $2,550 thousand, respectively, and for the nine months ended September 30, 2023 and 2022, the interest expenses from deposits and remittances were $15,452 thousand and $6,735 thousand, respectively.

12) Unearned receipts (recognized as other liabilities)

	Amount
September 30, 2023	$ 91,486
December 31, 2022	93,992
September 30, 2022	124,025

13) Equity of future trader

	Amount
September 30, 2023	$ 20,552
December 31, 2022	11,524
September 30, 2022	18,718

14) Brokerage handling fee revenue

	For the Three Months Ended September 30	For the Nine Months Ended September 30
<u>2023</u>		
Other related parties	$ 4,588	$ 11,401
<u>2022</u>		
Other related parties	4,054	12,678

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

	For the Three Months Ended September 30	For the Nine Months Ended September 30
2023	$ 6,647	$ 86,605
2022	8,712	97,108

16) Rental revenue (recognized as gain or loss on investment property)

	For the Three Months Ended September 30	For the Nine Months Ended September 30
2023	$ 53,801	$ 161,453
2022	51,497	121,963

17) Service fee and commission, net

	For the Three Months Ended September 30	For the Nine Months Ended September 30
2023	$ 132,327	$ 395,176
2022	147,422	439,633

18) Donation (recognized as other general and administrative expenses)

	For the Three Months Ended September 30	For the Nine Months Ended September 30
2023	$ 3,000	$ 56,445
2022	6,000	49,000

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

	For the Three Months Ended September 30	For the Nine Months Ended September 30
2023	$ 131,366	$ 305,802
2022	48,768	162,155

20) Outstanding derivative financial instruments

KGI Securities

	September 30, 2023	December 31, 2022	September 30, 2022
Structured products liabilities			
Other related parties	$ 10,156	$ 18,000	$ 18,000

21) Remuneration of key management personnel

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Salary and short-term benefits	$ 251,309	$ 290,521	$ 694,217	$ 653,511
Share-based payments	6,089	14,890	33,800	42,770
Post-employment benefits	351	2,967	9,263	13,311
	$ 257,749	$ 308,378	$ 737,280	$ 709,592

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

Related Party	Relationship with the KGI Bank and Subsidiaries
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
KGI Securities Investment Trust Co., Ltd.	Subsidiary of the parent company
Others	Other related parties

1) Futures contract (recognized as cash and cash equivalents)

	September 30, 2023	December 31, 2022	September 30, 2022
Subsidiary of the parent company	$ 414,965	$ 332,480	$ 781,214

2) Purchase and sale of bonds

	Purchase of Bonds
For the nine months ended September 30, 2022	
Subsidiary of the parent company	$ 598,311

3) Lease agreement

	For the Nine Months Ended September 30, 2022
Acquisition of right-of-use assets	
Subsidiary of the parent company	$ 104,599

	September 30, 2023	December 31, 2022	September 30, 2022
Lease liabilities			
Subsidiary of the parent company	$ 2,231,651	$ 2,356,490	$ 2,345,686

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

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

	September 30, 2023	December 31, 2022	September 30, 2022
Parent company	$ 857,112	$ 1,032,695	$ 1,039,979

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

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

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

6) Deposits and remittances

	Amount	Interest Rate (%)
September 30, 2023		
Parent company	$ 2,535,280	0-1.50
Subsidiary of the parent company	19,701,960	0-5.25
December 31, 2022		
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
September 30, 2022		
Parent company	4,525,563	0-1.18
Subsidiary of the parent company	8,315,709	0-2.90
Other related parties	175,491	0.03-0.70

7) Temporary receipts (recognized as other liabilities)

	December 31, 2022	September 30, 2022
Subsidiary of the parent company	$ 660,740	$ 478,255

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

8) Service fee revenue

	For the Three Months Ended September 30	For the Nine Months Ended September 30
2023		
Subsidiary of the parent company	$ 41,654	$ 149,088
2022		
Subsidiary of the parent company	47,028	139,765

9) Outstanding derivative financial instrument

September 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	$ 13,552,560	$ 802,999	Financial assets at FVTPL	$ 802,999
	Forward Contract	August 15, 2023 - November 21, 2023	16,488,948	210,337	Financial assets at FVTPL	210,337
	Cross-currency swap contracts	August 26, 2021 - May 26, 2025	789,174	(59,543)	Financial liabilities at FVTPL	67,265

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, 20223	$ 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

September 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	June 24, 2022 - January 17, 2023	$ 22,120,744	$ 1,074,637	Financial assets at FVTPL	$ 1,074,637
	Cross-currency swap contracts	February 23, 2021 - May 26, 2025	524,986	(114,326)	Financial liabilities at FVTPL	104,015

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
KGI Securities Investment Trust Co., Ltd.	Subsidiary of the parent company
Others	Other related parties

1) Cash in banks (recognized as cash and cash equivalents)

	September 30, 2023
Subsidiary of the parent company	$ 1,567,724

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

	September 30, 2023	December 31, 2022	September 30, 2022
Open ended fund, money market instruments and other securities			
Other related parties	$ 503,747	$ 514,611	$ 513,364
Operating securities			
Subsidiary of the parent company	4,830,779	4,849,990	4,849,680
Other related parties	347,963	418,295	515,557

3) Purchase and sale of bonds

	Sale of Bonds
For the nine months ended September 30, 2022	
Subsidiary of the parent company	$ 598,311

4) Guarantee deposits received in futures contracts

	September 30, 2023	December 31, 2022	September 30, 2022
Subsidiary of the parent company	$ 2,089,004	$ 539,455	$ 496,391

5) Accounts receivable

	September 30, 2023	December 31, 2022	September 30, 2022
Subsidiary of the parent company	$ 114,674	$ 168,643	$ 109,903
Other related parties	250,393	857,445	450,865

6) Other current assets

	September 30, 2023	December 31, 2022	September 30, 2022
Subsidiary of the parent company	$ 8,595,666	$ 5,522,866	$ 4,144,743

7) Customers' equity accounts - futures

	September 30, 2023	December 31, 2022	September 30, 2022
Subsidiary of the parent company	$ 500,842	$ 345,140	$ 874,650

8) Payables

	September 30, 2023	December 31, 2022	September 30, 2022
Other related parties	$ 252,358	$ 618,949	$ 459,000

9) Current tax liabilities

	September 30, 2023	December 31, 2022	September 30, 2022
Parent company	$ 1,681,124	$ 2,029,128	$ 1,957,162

10) Other operating income

	For the Three Months Ended September 30	For the Nine Months Ended September 30
2023		
Subsidiary of the parent company	$ 62,632	$ 185,945
2022		
Subsidiary of the parent company	55,881	214,336

11) Other income and loss

	For the Three Months Ended September 30	For the Nine Months Ended September 30
2023		
Subsidiary of the parent company	$ 72,940	$ 165,393

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
KGI Securities Investment Trust Co., Ltd.	Subsidiary of the parent company
Others	Other related parties

1) Cash in banks (recognized as cash and cash equivalents)

	September 30, 2023	December 31, 2022	September 30, 2022
Subsidiary of the parent company	$ 2,254,756	$ 2,336,900	$ 1,804,930

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

	Underlying Assets	Purchase Price
For the nine months ended September 30, 2023		
Subsidiary of the parent company	12 partnership funds	$ 1,005,984

3) Receivables from parent (recognized as current tax assets)

	September 30, 2023	December 31, 2022	September 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.

4) Disposal of investments accounted for using the equity method

	Underlying Assets	Disposal Proceeds	Disposal Loss
For the nine months ended September 30, 2022			
Subsidiary of the parent company	CDIB Capital Healthcare Ventures Limited	$ 111,217	$ 45,226

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

	Underlying Assets	Disposal Proceeds	Disposal Loss
For the nine months ended September 30, 2022			
Subsidiary of the parent company	CDIB Capital Healthcare Ventures II Limited Partnership	$ 133,777	$ 43,592

6) Lease agreement

	September 30, 2023	December 31, 2022	September 30, 2022
Lease liabilities			
Subsidiary of the parent company	$ 673,640	$ 709,533	$ 758,569

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

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

	September 30, 2023	December 31, 2022	September 30, 2022
Parent company	$ 577,987	$ 582,962	$ 583,716

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

8) Consulting service revenue

	For the Three Months Ended September 30	For the Nine Months Ended September 30
2023		
Other related parties	$ 36,429	$ 105,965
2022		
Other related parties	38,860	111,164

9) Outstanding derivative financial instrument

September 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	$ 653,295	$ 38,987	Financial assets at FVTPL	$ 57,431
		March 31, 2023 - March 31, 2024	236,302	7,008	Financial assets at FVTPL	7,305

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

September 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	$ 662,262	$ 104,540	Financial assets at FVTPL	$ 100,039

<u>China Development Asset Management Corp.</u>

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
KGI Securities Investment Trust Co., Ltd.	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) Payables to parent (recognized as current tax liabilities)

	September 30, 2022
Parent company	$ 121,462

3) Lease agreements

	September 30, 2023	December 31, 2022	September 30, 2022
Lease liabilities			
Subsidiary of the parent company	$ 108,645	$ 113,565	$ 115,369

China Life Insurance

Related Party	Relationship with the China Life Insurance
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
KGI Securities Investment Trust Co., Ltd.	Subsidiary of the parent company
Others	Other related parties

1) Cash in banks (recognized as cash and cash equivalents)

	September 30, 2023	December 31, 2022	September 30, 2022
Subsidiary of the parent company	$ 5,194,810	$ 975,517	$ 1,706,501

2) Receivables

	September 30, 2023	December 31, 2022	September 30, 2022
Subsidiary of the parent company	$ 126,974	$ 770,659	$ 588,293
Other related parties	200,108	157,127	109,989

3) Current tax assets

	September 30, 2023	December 31, 2022	September 30, 2022
Parent company	$ 2,015,994	$ 2,093,162	$ 1,719,019

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)

	September 30, 2023	December 31, 2022	September 30, 2022
Other related parties	$ 11,989,855	$ 3,489,690	$ 3,403,055

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

	Underlying Assets	Disposal Proceeds	Disposal Gain
For the three months ended September 30			
Subsidiary of the parent company	Private equity fund	$ -	$ -
For the nine months ended September 30			
Subsidiary of the parent company	Private equity fund	1,005,441	162,979

6) Bonds payable

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

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

	For the Three Months Ended September 30	For the Nine Months Ended September 30
2023		
Other related parties	$ 67,340	$ 151,100

8) Gain or loss on investment property - rental revenue

	For the Three Months Ended September 30	For the Nine Months Ended September 30
2023		
Subsidiary of the parent company	$ 45,257	$ 135,731
Other related parties	47,138	141,414
2022		
Subsidiary of the parent company	44,287	129,294
Other related parties	47,138	109,989

9) Commission expense

	For the Three Months Ended September 30	For the Nine Months Ended September 30
2023		
Subsidiary of the parent company	$ 100,089	$ 319,854
2022		
Subsidiary of the parent company	103,010	352,663

10) Outstanding derivative financial instrument

September 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	$ 801,727
	Forward Swap Contracts	August 15, 2023 - November 21, 2023	US$ 511,000	Financial liabilities at FVTPL	209,617

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 02, 2022 - June 20, 2023	US$ 575,000	Financial liabilities at FVTPL	115,469

September 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	June 24, 2022 - January 17, 2023	US$695,000	Financial liabilities at FVTPL	$ 1,070,299

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 oversees bonds sold with repurchase agreement, and (h) derivative transactions security deposit.

	September 30, 2023	December 31, 2022	September 30, 2022
Investments in debt instruments measured at amortized cost - negotiable certificate of deposit	$ 18,130,000	$ 13,600,000	$ 13,000,000
Property and equipment, net	4,396,518	4,638,731	4,463,349
Financial assets at fair value through profit or loss	2,470,362	1,961,173	642,096
Other financial assets - pledged deposits	2,220,758	2,070,678	2,086,232
Accounts receivable - installment accounts receivables and lease receivables	1,073,118	925,094	884,591
Financial assets at fair value through other comprehensive income - negotiable certificate of deposit	498,898	4,919,409	5,409,758
Investment property, net	392,498	256,841	171,987
Financial assets at fair value through other comprehensive income	200,136	208,086	203,512
Financial assets measured at amortized cost	93,149	-	-

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		September 30, 2023	September 30, 2022
Return on total assets	Before income tax	0.75	1.02
	After income tax	0.64	0.77
Return on net worth	Before income tax	12.17	15.66
	After income tax	10.52	11.75
Profit margin		46.53	20.57

Profitability of CDFH

(%)

Items		September 30, 2023	September 30, 2022
Return on total assets	Before income tax	8.47	9.65
	After income tax	8.32	9.19
Return on net worth	Before income tax	10.66	12.31
	After income tax	10.52	11.76
Profit margin		90.65	89.01

Profitability of KGI Bank

(%)

Items		September 30, 2023	September 30, 2022
Return on total assets	Before income tax	0.83	0.95
	After income tax	0.73	0.83
Return on net worth	Before income tax	10.21	11.44
	After income tax	8.88	10.10
Profit margin		41.90	46.46

Profitability of KGI Securities

(%)

Items		September 30, 2023	September 30, 2022
Return on total assets	Before income tax	2.95	1.59
	After income tax	2.67	1.33
Return on net worth	Before income tax	14.33	6.95
	After income tax	12.98	5.81
Profit margin		35.68	26.65

Profitability of China Life Insurance

(%)

Items		September 30, 2023	September 30, 2022
Return on total assets	Before income tax	0.74	1.32
	After income tax	0.64	1.04
Return on net worth	Before income tax	14.85	24.89
	After income tax	13.02	19.62
Profit margin		6.46	9.61

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:

September 30, 2023

(In Thousands of New Taiwan Dollars)

	Level 1	Level 2	Level 3	Total
Non-derivative financial instruments				
Assets				
Financial assets at FVTPL				
Financial assets mandatorily classified as at FVTPL				
Stock investments	$ 172,078,817	$ 258,253	$ 11,015,140	$ 183,352,210
Bond investments	27,700,690	75,710,224	941,237	104,352,151
Others	155,954,037	14,720,243	35,004,602	205,678,882
Financial assets designated as at FVTPL	-	-	8,379,322	8,379,322
Financial assets at FVTOCI				
Stock investments	16,845,961	-	13,677,516	30,523,477
Bond investments	143,648,449	72,704,692	-	216,353,141
Others	-	6,026,535	-	6,026,535
Other financial assets				
Purchased debt receivable	-	-	166,616	166,616
Liabilities				
Financial liabilities at FVTPL				
Financial liabilities held for trading	2,498,505	5,353,703	-	7,852,208
Derivative financial instruments				
Assets				
Financial assets at FVTPL	1,204,598	53,136,968	1,721,349	56,062,915
Financial assets for hedging	-	2,356,619	-	2,356,619
Liabilities				
Financial liabilities at FVTPL				
Financial liabilities held for trading	1,562,588	83,251,128	4,701,357	89,515,073
Financial liabilities designated as at FVTPL	972	9,394,937	-	9,395,909
Financial liabilities for hedging	-	838,437	-	838,437

December 31, 2022

(In Thousands of New Taiwan Dollars)

	Level 1	Level 2	Level 3	Total
Non-derivative financial instruments				
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
Derivative financial instruments				
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)

September 30, 2022

(In Thousands of New Taiwan Dollars)

	Level 1	Level 2	Level 3	Total
Non-derivative financial instruments				
Assets				
Financial assets at FVTPL				
Financial assets mandatorily classified as at FVTPL				
Stock investments	$ 138,390,293	$ 263,002	$ 10,030,437	$ 148,683,732
Bond investments	26,130,420	75,549,708	1,098,208	102,778,336
Others	127,487,966	8,446,975	35,646,703	171,581,644
Financial assets designated as at FVTPL	-	1,900,809	6,998,006	8,898,815
Financial assets at FVTOCI				
Stock investments	28,622,140	-	14,396,940	43,019,080
Bond investments	167,466,577	128,463,989	-	295,930,566
Others	-	31,776,752	-	31,776,752
Other financial assets				
Purchased debt receivable	-	-	196,847	196,847
Liabilities				
Financial liabilities at FVTPL				
Financial liabilities held for trading	5,748,500	5,456,179	-	11,204,679
Financial liabilities designated as at FVTPL	-	11,347,399	-	11,347,399
Derivative financial instruments				
Assets				
Financial assets at FVTPL	874,052	61,420,789	1,126,102	63,420,943
Financial assets for hedging	-	3,245,606	-	3,245,606
Liabilities				
Financial liabilities at FVTPL				
Financial liabilities held for trading	927,503	98,167,315	3,971,357	103,066,175
Financial liabilities designated as at FVTPL	832	14,766,756	-	14,767,588
Financial liabilities for hedging	-	542,234	-	542,234

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 Nine Months Ended September 30, 2023		For the Nine Months Ended September 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	$ -	$ -	$ 8,780,032	$ 2,290,182

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 Nine Months Ended September 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	$ 2,024,792	$ 8,318,176	$ -	$ (11,012,406)	$ (48,125)	$ 48,682,328
Financial assets designated as at FVTPL	7,031,671	1,598,173	282,804	-	(533,326)	-	8,379,322
Financial assets at FVTOCI	15,412,018	(1,708,481)	-	-	(26,021)	-	13,677,516
Other financial assets							
Purchased debt receivable	188,032	7,383	-	-	(28,799)	-	166,616

For the Nine Months Ended September 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	$ 5,700,388	$ 12,806,640	$ -	$ (1,044,728)	$ (746,128)	$ 47,901,450
Financial assets designated as at FVTPL	4,740,512	500,553	1,952,473	-	(195,532)	-	6,998,006
Financial assets at FVTOCI	20,126,776	(3,200,447)	-	-	(89,600)	(2,439,789)	14,396,940
Other financial assets							
Purchased debt receivable	212,442	(451)	-	-	(15,144)	-	196,847

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 Nine Months Ended September 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	$ 675,728	$ 1,292,759	$ -	$ (1,126,472)	$ -	$ 4,701,357

For the Nine Months Ended September 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	$ 334,813	$ 1,192,135	$ -	$ (785,050)	$ -	$ 3,971,357

The total gains or losses for the nine months ended September 30, 2023 and 2022 included a gain of $2,014,534 thousand and $1,687,045 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 September 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	$ 429,870	Quoted price of counterparties	Liquidity discount ratios	Beyond estimation	Fair value is inversely proportional to the liquidity discount rate
Financial assets at FVTOCI	911,818	Market approach	P/B, Discount for lack of liquidity	1.23 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	1,717,728	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 the liquidity discount rate
Financial liabilities at FVTPL	1,717,750	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 the liquidity discount rate

	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 September 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	$ 416,547	Quoted price of counterparties	Liquidity discount ratios	Beyond estimation	Fair value is inversely proportional to discount for liquidity discount ratios
Financial assets at FVTOCI	950,972	Market approach	P/B, Discount for lack of liquidity	1.05 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	1,056,340	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	1,056,280	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 September 30, 2023	Valuation Techniques	Significant Unobservable Inputs	Quantification Information	The Relationship Between Inputs and Fair Value
Financial assets					
Non-derivative instruments					
Financial assets at FVTPL - equity and debt instruments	$ 3,252,198	Recent strike price	Not applicable	Not applicable	Not applicable
		Market approach	Discount for lack of liquidity	26%-29%	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	7.83%	Assets at fair value is inversely proportional to WACC.
			Growth rate	3.25%	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	47,646	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.
Derivative instruments					
Financial assets at FVTPL					
Structured products - options	3,621	Martingale pricing technique	History volatility	27.25%-60.78%	According to condition of contract, fair value of assets may be higher or lower.
Financial liabilities					
Derivative instruments					
Financial liabilities at FVTPL					
Structured products - options	3,050,872	Martingale pricing technique	History volatility	0.00%-12.26%	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
Financial assets					
Non-derivative instruments					
Financial assets at FVTPL - equity instruments	$ 3,019,692	Recent strike price	Not applicable	Not applicable	Not applicable
		Market approach	Discount for lack of liquidity	26%-29%	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					
Structured products - options	1,422	Martingale pricing technique	History volatility	52.83%-54.85%	According to condition of contract, fair value of liabilities may be higher or lower.
Financial liabilities					
Derivative instruments					
Financial liabilities at FVTPL					
Structured products - options	2,939,313	Martingale pricing technique	History volatility	0.00%-19.37%	According to condition of contract, fair value of liabilities may be higher or lower.

	Fair Value at September 30, 2022	Valuation Techniques	Significant Unobservable Inputs	Quantification Information	The Relationship Between Inputs and Fair Value
Financial assets					
Non-derivative instruments					
Financial assets at FVTPL - equity instruments	$ 3,132,333	Recent strike price	Not applicable	Not applicable	Not applicable
		Market approach	Discount for lack of liquidity	26%-29%	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	7.05%	Assets at fair value is inversely proportional to WACC.
			Growth rate	3.55%	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	48,060	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	69,762	Martingale pricing technique	History volatility	28.83%-64.07%	According to condition of contract, fair value of liabilities may be higher or lower.
Financial liabilities					
Derivative instruments					
Financial liabilities at FVTPL					
Structured products - options	3,019,092	Martingale pricing technique	History volatility	0.00%-12.26%	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:

September 30, 2023

	Sensitivity Analysis of Relationship Between Inputs and Fair Value		Recognized to Profit or Loss		Recognized to Comprehensive Profit or Loss	
	Inputs	Positive/ Negative Change	Positive Impact	Negative Impact	Positive Impact	Negative Impact
Financial assets						
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%	$ 540	$ 540	$ -	$ -
Equity instruments (discounted cash flow approach)	Discount for lack of liquidity	-1%/+1%	125	125	-	-
	WACC	-1%/+1%	864	835	-	-
	Growth rate	+1%/-1%	334	329	-	-
Equity instruments (assets approach)	Discount for right of controlling	-1%/+1%	3,689	3,585	-	-
Financial assets at FVTOCI						
Equity instruments (option pricing model)	Discount for lack of liquidity	-1%/+1%	-	-	138	138
	History volatility	-1%/+1%	-	-	65	66
Derivative instruments						
Financial assets at FVTPL						
Structured products - options	History volatility	+25%/-25%	848	752	-	-
Financial liabilities						
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		Recognized to Profit or Loss		Recognized to Comprehensive Profit or Loss	
	Inputs	Positive/ Negative Change	Positive Impact	Negative Impact	Positive Impact	Negative Impact
Financial assets						
Non-derivative instruments						
Financial assets at FVTPL						
Equity and debt instruments (counterparty/recent strike price)	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
Equity instruments (market approach)	Discount for lack of liquidity	-1%/+1%	$ 111	$ 111	$ -	$ -
Equity instruments (discounted cash flow approach)	Discount for lack of liquidity	-1%/+1%	105	105	-	-
	WACC	-1%/+1%	776	748	-	-
	Growth rate	+1%/-1%	326	320	-	-
Equity instruments (assets approach)	Discount for right of controlling	-1%/+1%	3,667	3,667	-	-
Financial assets at FVTOCI						
Equity instruments (option pricing model)	Discount for lack of liquidity	-1%/+1%	-	-	141	141
	History volatility	-1%/+1%	-	-	249	246
Equity instruments (assets approach)	Discount for lack of liquidity	-1%/+1%	-	-	5	5
Derivative instruments						
Financial assets at FVTPL						
Structured products - options	History Volatility	+25%/-25%	190	177	-	-
Financial liabilities						
Derivative instruments						
Financial liabilities at FVTPL						
Equity derivative instruments - premium - options (put option)	Historical Volatility	-25%/+25%	-	-	-	-

September 30, 2022

	Sensitivity Analysis of Relationship Between Inputs and Fair Value		Recognized to Profit or Loss		Recognized to Comprehensive Profit or Loss	
	Inputs	Positive/ Negative Change	Positive Impact	Negative Impact	Positive Impact	Negative Impact
Financial assets						
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%	$ 110	$ 110	$ -	$ -
Equity instruments (discounted cash flow approach)	Discount for lack of liquidity	-1%/+1%	113	113	-	-
	WACC	-1%/+1%	890	855	-	-
	Growth rate	+1%/-1%	422	414	-	-
Equity instruments (assets approach)	Discount for right of controlling	-1%/+1%	3,667	3,257	-	-
Financial assets at FVTOCI						
Equity instruments (option pricing model)	Discount for lack of liquidity	-1%/+1%	-	-	178	179
	History volatility	-1%/+1%	-	-	191	190
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%	171	166	-	-
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 September 30, 2023	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	$ 20,201,540	Market approach	P/S Discount for lack of liquidity	1.01 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% 6.32%-40% 1.25%-17%	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
Repetitive basic to fair value measurement items					
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 September 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	$ 17,648,617	Market approach	P/S Discount for lack of liquidity	0.47-0.74 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% 5.78%-11.33% 2.20%-8.30%	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:

	September 30, 2023			
	Valuation Techniques	Significant Unobservable Inputs	Quantification Information	Relationship Between Inputs and Fair Value
Financial assets				
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	6.23%	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
Financial assets				
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

	September 30, 2022			
	Valuation Techniques	Significant Unobservable Inputs	Quantification Information	Relationship Between Inputs and Fair Value
Financial assets				
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	6.07%	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:

September 30, 2023

(In Thousands of New Taiwan Dollars)

	Level I	Level 2	Level 3	Total
Financial assets				
Debt instruments measured at amortized cost	$ 518,386,641	$ 776,284,476	$ -	$ 1,294,671,117
Non-financial assets				
Guarantee deposits paid - bonds	14,067,174	6,291,706	-	20,358,880

December 31, 2022

(In Thousands of New Taiwan Dollars)

	Level I	Level 2	Level 3	Total
Financial assets				
Debt instruments measured at amortized cost	$ 528,977,922	$ 803,780,274	$ -	$ 1,332,758,196
Non-financial assets				
Guarantee deposits paid - bonds	-	7,874,205	-	7,874,205

September 30, 2022

(In Thousands of New Taiwan Dollars)

	Level I	Level 2	Level 3	Total
Financial assets				
Debt instruments measured at amortized cost	$ 465,124,763	$ 730,628,521	$ -	$ 1,195,753,284
Non-financial assets				
Guarantee deposits paid - bonds	-	7,421,037	-	7,421,037

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 September 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	$ 2,805,497	
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	2,942,902	-	
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	3,146,199	-	-	
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	3,357,047	-	-	-	
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	3,059,438	-	-	-	-	
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	3,059,370	-	-	-	-	-	
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	4,327,548	-	-	-	-	-	-	
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	4,523,197	-	-	-	-	-	-	-	
2016	3,721,820	4,648,280	4,743,133	4,757,525	4,763,372	4,765,519	4,769,820	4,771,412	-	-	-	-	-	-	-	-	
2017	4,320,234	5,400,952	5,537,543	5,552,592	5,557,933	5,563,170	5,565,003	-	-	-	-	-	-	-	-	-	
2018	4,775,948	5,950,536	6,060,673	6,078,878	6,086,102	6,093,024	-	-	-	-	-	-	-	-	-	-	
2019	5,257,484	6,776,954	6,904,733	6,935,395	6,944,665	-	-	-	-	-	-	-	-	-	-	-	
2020	5,208,589	6,557,028	6,720,337	6,747,174	-	-	-	-	-	-	-	-	-	-	-	-	
2021	5,729,794	7,330,220	7,500,442	-	-	-	-	-	-	-	-	-	-	-	-	-	
2022	8,258,280	10,249,076	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2023	5,390,461	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	$2,908,210

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

Add: Long-term insurance claims	350,424
Claim reserve for discount on no claim	90,123
Reserve for claims balance	$3,348,757

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	$2,875,365	$2,740,598	$2,741,991	$2,742,034	
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	2,876,297	-	
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	3,074,981	-	-	
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	3,281,091	-	-	-	
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	2,990,240	-	-	-	-	
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	2,990,206	-	-	-	-	-	
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	4,229,805	-	-	-	-	-	-	
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	4,420,939	-	-	-	-	-	-	-	
2016	3,657,093	4,560,257	4,647,033	4,649,868	4,655,715	4,657,862	4,662,163	4,663,755	-	-	-	-	-	-	-	-	
2017	4,244,930	5,298,470	5,424,716	5,439,766	5,445,107	5,450,344	5,452,177	-	-	-	-	-	-	-	-	-	
2018	4,692,869	5,837,265	5,946,601	5,964,806	5,972,030	5,978,952	-	-	-	-	-	-	-	-	-	-	
2019	5,165,606	6,658,675	6,786,454	6,817,116	6,826,386	-	-	-	-	-	-	-	-	-	-	-	
2020	5,136,641	6,454,169	6,616,159	6,642,996	-	-	-	-	-	-	-	-	-	-	-	-	
2021	5,640,880	7,192,041	7,362,261	-	-	-	-	-	-	-	-	-	-	-	-	-	
2022	8,190,602	10,133,448	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2023	5,320,462	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	$2,897,121

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

Add: Long-term insurance claims	315,546
Claim reserve for discount on no claim	90,123
Reserve for claims balance	$3,302,790

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 September 30, 2023, December 31, 2022 and September 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
September 30, 2023					
Insurance liabilities of investment contracts with discretionary participation features	$ 32,531,454	$ 88,053,629	$ 113,750,365	$ 657,818,510	$ 4,201,400,201
Reserve for insurance contracts with feature of financial instruments	-	-	-	-	-
December 31, 2022					
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	-	-	-	-	-
September 30, 2022					
Insurance liabilities of investment contracts with discretionary participation features	41,261,279	122,385,711	132,015,879	644,648,728	4,056,917,621
Reserve for insurance contracts with feature of financial instruments	-	-	-	-	-

Note 1: This table estimates net cash flow of all related insurance liabilities at it starting point.

Note 2: The actual maturity date will change according to the exercise of termination right by the policyholders.

Note 3: The table cannot match with the liabilities of balance sheet because the above contracts use the undiscounted contractual cash flow analysis. In addition, it includes the cash inflows of future renewal premiums.

6) Market risk:

Pursuant to the “Regulations Governing the Setting Aside of Various Reserves by Insurance Enterprises”, when China Life Insurance measures insurance liabilities, it sets aside the reserve by using the discount rate required by the authorities. Since the discount rate assumption does not move in the same direction with the interest rate, changes in market risks have no significant influence on China Life Insurance’s profit or loss and equity for insurance contracts. However, changes in market risks may have influence on liability adequacy test evaluated based on available information. However, it has little influence on the adequacy of current recognized insurance liabilities.

52. FINANCIAL RISK MANAGEMENT

a. Risk management policies and framework

<u>The Corporation</u>

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.

<u>KGI Bank and subsidiaries</u>

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.

<u>KGI Securities and subsidiaries</u>

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.

<u>CDIB Capital Group and subsidiaries</u>

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:

	September 30, 2023	December 31, 2022	September 30, 2022
Irrevocable loan commitments, guarantees and letters of credit issued yet unused	$ 45,466,524	$ 42,507,746	$ 45,461,999

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					
	September 30, 2023					
	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	$ 46,492,469	$ 599,945	$ 671,005	$ -		$ 47,763,419
Short-term secured loans	13,856,542	-	-	-		13,856,542
Medium-term loans	152,189,171	158,540	303,237	-		152,650,948
Medium-term secured loans	85,251,382	83,504	24,453	-		85,359,339
Long-term loans	7,612,694	510,756	833,311	-		8,956,761
Long-term secured loans	92,835,698	195,237	126,280	-		93,157,215
Loans reclassified to nonperforming loans	-	-	927,648	-		927,648
Export negotiations	24,268	-	-	-		24,268
Total book values	398,262,224	1,547,982	2,885,934	-		402,696,140
Impairment allowance	(841,319)	(121,422)	(784,046)	-		(1,746,787)
The additional impairment loss under the Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans					$ (3,512,685)	(3,512,685)
Adjusting for discounts and loans premium					(54,529)	(54,529)
	$ 397,420,905	$ 1,426,560	$ 2,101,888	$ -	$ (3,567,214)	$ 397,382,139

	Receivables					
	September 30, 2023					
	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	$ 3,167,948	$ 195,841	$ 123,277	$ -		$ 3,487,066
Accounts receivable - forfaiting	1,933,199	-	-	-		1,933,199
Accounts receivable factoring without recourse	9,211,088	5	34	-		9,211,127
Acceptances	48,242	-	-	-		48,242
Installment accounts and lease receivables	6,019,167	103,552	69,381	-		6,192,100
Total book values	20,379,644	299,398	192,692	-		20,871,734
Impairment allowance	(51,761)	(32,092)	(42,207)	-		(126,060)
The additional impairment loss under the Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans					$ (157,805)	(157,805)
	$ 20,327,883	$ 267,306	$ 150,485	$ -	$ (157,805)	$ 20,587,869

	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)
	$ 395,265,314	$ 1,434,739	$ 1,687,061	$ -	$ (3,814,296)	$ 394,572,818

	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)
	$ 24,367,149	$ 247,012	$ 115,670	$ -	$ (219,975)	$ 24,509,856

	Discounts and Loans					
	September 30, 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	$ 55,075,304	$ 678,486	$ 645,655	$ -		$ 56,399,445
Short-term secured loans	16,296,985	5,978	-	-		16,302,963
Medium-term loans	146,830,130	115,055	427,699	-		147,372,884
Medium-term secured loans	90,016,934	94,405	26,653	-		90,137,992
Long-term loans	8,122,684	517,231	712,538	-		9,352,453
Long-term secured loans	87,788,864	116,707	113,268	-		88,018,839
Loans reclassified to nonperforming loans	-	-	348,058	-		348,058
Export negotiations	16,933	-	-	-		16,933
Total book values	404,147,834	1,527,862	2,273,871	-		407,949,567
Impairment allowance	(692,909)	(97,069)	(639,790)	-		(1,429,768)
The additional impairment loss under the Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans					$ (3,782,147)	(3,782,147)
Adjusting for discounts and loans premium					(54,560)	(54,560)
	$ 403,454,925	$ 1,430,793	$ 1,634,081	$ -	$ (3,836,707)	$ 402,683,092

	Receivables					
	September 30, 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	$ 3,055,735	$ 198,049	$ 102,571	$ -		$ 3,356,355
Accounts receivable - forfaiting	6,334,565	-	-	-		6,334,565
Accounts receivable factoring without recourse	11,451,083	7	56	-		11,451,146
Acceptances	30,514	-	-	-		30,514
Installment accounts and lease receivables	6,289,508	7,736	51,488	-		6,348,732
Total book values	27,161,405	205,792	154,115	-		27,521,312
Impairment allowance	(52,349)	(16,517)	(35,692)	-		(104,558)
The additional impairment loss under the Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans					$ (244,840)	(244,840)
	$ 27,109,056	$ 189,275	$ 118,423	$ -	$ (244,840)	$ 27,171,914

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

	September 30, 2023	December 31, 2022	September 30, 2022
Financial assets at FVTPL			
Debt instruments	$ 14,975,735	$ 9,652,537	$ 12,140,855
Derivatives	44,631,450	24,212,238	54,255,532

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:

September 30, 2023

	Total Book Value	Credit Impairment	Amount of Risk Exposure (Amortized Cost)	Collaterals Value
Impaired financial asset:				
Accounts receivable				
Credit card business	$ 123,277	$ 28,394	$ 94,883	$ -
Accounts receivable factoring	34	1	33	-
Installment receivables and lease receivables	69,381	13,812	55,569	-
Discounts and loans	2,885,934	784,046	2,101,888	488,428
Total amount of impaired financial asset	$ 3,078,626	$ 826,253	$ 2,252,373	$ 488,428

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	2,304,303	617,242	1,687,061	224,965
Total amount of impaired financial asset	$ 2,458,096	$ 655,365	$ 1,802,731	$ 224,965

September 30, 2022

	Total Book Value	Credit Impairment	Amount of Risk Exposure (Amortized Cost)	Collaterals Value
Impaired financial asset:				
Accounts receivable				
Credit card business	$ 102,571	$ 21,623	$ 80,948	$ -
Accounts receivable factoring	56	2	54	-
Installment receivables and lease receivables	51,488	14,067	37,421	-
Discounts and loans	2,273,871	639,790	1,634,081	221,405
Total amount of impaired financial asset	$ 2,427,986	$ 675,482	$ 1,752,504	$ 221,405

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 $767,066 thousand and $391,496 thousand for the nine months ended September 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	September 30, 2023		December 31, 2022		September 30, 2022	
	Amount	%	Amount	%	Amount	%
Public and private enterprise	$ 236,394,821	58.70	$ 241,584,897	60.43	$ 252,216,536	61.82
Natural person	166,101,319	41.25	157,964,018	39.51	155,504,031	38.12
Non-profit organization	200,000	0.05	256,724	0.06	229,000	0.06
Total	$ 402,696,140	100.00	$ 399,805,639	100.00	$ 407,949,567	100.00

b) By region

Region	September 30, 2023		December 31, 2022		September 30, 2022	
	Amount	%	Amount	%	Amount	%
Domestic	$ 324,794,623	80.66	$ 316,427,583	79.15	$ 312,561,468	76.62
Overseas	77,901,517	19.34	83,378,056	20.85	95,388,099	23.38
Total	$ 402,696,140	100.00	$ 399,805,639	100.00	$ 407,949,567	100.00

c) By collateral

Collateral	September 30, 2023		December 31, 2022		September 30, 2022	
	Amount	%	Amount	%	Amount	%
Non-collateral	$ 209,893,563	52.12	$ 207,343,404	51.86	$ 213,430,175	52.32
Collateral						
Property	175,002,923	43.45	172,558,268	43.16	171,140,834	41.95
Guarantee	3,732,220	0.93	7,846,720	1.96	11,256,916	2.76
Financial collateral	8,076,451	2.01	6,472,978	1.62	6,463,929	1.58
Other	5,990,983	1.49	5,584,269	1.40	5,657,713	1.39
Total	$ 402,696,140	100.00	$ 399,805,639	100.00	$ 407,949,567	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.

	September 30, 2023	December 31, 2022	September 30, 2022
Foreclosed collateral	$ 588,985	$ 588,985	$ 588,985
Accumulated impairment	(588,985)	(588,985)	(588,985)
	$ -	$ -	$ -

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			September 30, 2023				
			Nonperforming Loan (NPL) (Note 1)	Total Loans	NPL Ratio (Note 2)	Loan Loss Reserves (LLR)	Coverage Ratio (Note 3)
Corporate loan	Secured		$ 402,834	$ 91,071,253	0.44%	$ 1,122,946	278.76%
	Unsecured		92,341	158,024,748	0.06%	1,767,461	1,914.05%
Consumer loan	Mortgage (Note 4)		28,427	74,251,089	0.04%	1,116,660	3,928.16%
	Cash card		119,463	10,457,668	1.14%	252,885	211.69%
	Micro credit (Note 5)		557,207	41,382,235	1.35%	705,356	126.59%
	Other (Note 6)	Secured	10,149	27,480,235	0.04%	293,869	2,895.44%
		Unsecured	-	28,912	-	295	-
Total			1,210,421	402,696,140	0.30%	5,259,472	434.52%
			Overdue Receivable	Accounts Receivable	Delinquency Ratio	Allowance for Credit Losses	Coverage Ratio
Credit card			$ 36,876	$ 3,487,066	1.06%	$ 66,224	179.59%
Account receivable - factored without recourse (Note 7)			4	9,211,127	0.00%	112,916	2,549,464.44%

Item			September 30, 2022				
			Nonperforming Loan (NPL) (Note 1)	Total Loans	NPL Ratio (Note 2)	Loan Loss Reserves (LLR)	Coverage Ratio (Note 3)
Corporate loan	Secured		$ 27,997	$ 95,024,816	0.03%	$ 1,198,363	4,280.34%
	Unsecured		251,347	169,435,646	0.15%	1,910,479	760.10%
Consumer loan	Mortgage (Note 4)		30,386	72,581,315	0.04%	1,089,530	3,585.60%
	Cash card		110,254	10,967,482	1.01%	219,291	198.90%
	Micro credit (Note 5)		318,431	32,979,909	0.97%	506,328	159.01%
	Other (Note 6)	Secured	15,816	26,913,261	0.06%	287,442	1,817.40%
		Unsecured	-	47,138	-	482	-
Total			754,231	407,949,567	0.18%	5,211,915	691.02%
			Overdue Receivable	Accounts Receivable	Delinquency Ratio	Allowance for Credit Losses	Coverage Ratio
Credit card			$ 26,141	$ 3,356,355	0.78%	$ 53,069	203.02%
Account receivable - factored without recourse (Note 7)			5	11,451,146	0.00%	145,092	2,680,433.86%

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	September 30, 2023		September 30, 2022	
	Excluded NPL	Excluded Overdue Receivables	Excluded NPL	Excluded Overdue Receivables
Amounts of executed contracts on negotiated debts not reported (Note 1)	$ 2,138	$ 57	$ 3,287	$ 67
Amounts of executed debt settlement program and rehabilitation program (Note 2)	68,519	5,712	66,989	6,103
Total	$ 70,657	$ 5,769	$ 70,276	$ 6,170

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

September 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	$ 7,970,173	12.10
2	B Group - Real estate development activities	6,030,071	9.16
3	C Group - Manufacture of electronic passive devices	5,903,250	8.97
4	D Group - Real estate activities for sale and rental	5,212,654	7.92
5	E Group - Manufacture of liquid crystal panel and components	5,008,206	7.61
6	F Group - Real estate development activities	4,380,000	6.65
7	G Group - Short-term hospitality	4,251,346	6.46
8	H Group - Real estate activities for sale and rental	3,921,455	5.96
9	I Group - Financial leasing	3,328,678	5.06
10	J Group - Real estate development activities	3,304,314	5.02

September 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	$ 6,189,519	10.54
2	D Group - Real estate development activities	5,304,859	9.04
3	F Group - Real estate development activities	4,452,000	7.58
4	K Group - Manufacture of chemical material	4,207,128	7.17
5	H Group - Real estate activities for sale and rental	4,133,837	7.04
6	L Group - Manufacture of other communication equipment	4,044,979	6.89
7	E Group - Manufacture of liquid crystal panel and components	3,687,289	6.28
8	M Group - Activities of financial services holding companies	3,666,070	6.24
9	N Group - Wired telecommunications activities	3,541,725	6.03
10	I Group - Financial leasing	3,390,320	5.77

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 restore to the state of compliance and is not considered a credit impaired credit assets 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 perform other financial restructuring.

11) Write-off policy

The KGI Bank shall write off bad debts for non-performing loans and overdue receivables that meet one of the following requirements:

a) When reaching the criteria of write-off of the regulation.

b) There is a need to expedite the reduction of non-performing loans or for certain businesses that needs to comply with the requirements of the governing authorities.

c) Written off by the governing authorities or the financial inspection authorities.

d) Although the collateral has been collected, if it is difficult to dispose of the collateral or it may take a long time to recover the loan, the creditor's balance shall be written of within the period which specified in a).

e) Obtaining the documentary evidence or supporting documents with the assessments that it is not possible to recover the loan.

12) Amendment of contract cash flows of financial assets

KGI Bank may amend the contract cash flows of credit assets as a result of financial difficulties of borrowers 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 Nine Months Ended September 30, 2023

	Stage 1	Stage 2		Stage 3				
		Lifetime ECL		Lifetime ECL				
	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	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
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	(1)	1	-	-	-	-		-
From conversion to credit-impaired financial assets	-	-	-	-	-	-		-
To 12-month ECL	2	(2)	-	-	-	-		-
Derecognizing financial assets during the current period	(24,387)	(49)	-	(56)	-	(24,492)		(24,492)
Purchased or originated new financial assets	37,442	116	-	16	-	37,574		37,574
The adjustments under regulations governing the procedures for banking institutions to evaluate assets and deal with nonperforming/nonaccrual loans							40,648	40,648
Effect of exchange rate changes and others	23,140	3	-	-	-	23,143		23,143
Balance at September 30, 2023	$ 99,220	$ 99	$ -	$ 1	$ -	$ 99,320	$ 147,650	$ 246,970

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 nine months ended September 30, 2023. The aforementioned provision on September 30, 2023 increased by $76,873 thousand from the beginning of the year.

For the Nine Months Ended September 30, 2022

	Stage 1	Stage 2		Stage 3				
		Lifetime ECL		Lifetime ECL				
	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	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
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	(3)	3	-	-	-	-		-
From conversion to credit-impaired financial assets	-	-	-	-	-	-		-
To 12-month ECL	291	(159)	-	(132)	-	-		-
Derecognizing financial assets during the current period	(46,637)	(363)	-	(359)	-	(47,359)		(47,359)
Purchased or originated new financial assets	25,775	-	-	4	-	25,779		25,779
The adjustments under regulations governing the procedures for banking institutions to evaluate assets and deal with nonperforming/nonaccrual loans							(133,924)	(133,924)
Effect of exchange rate changes and others	(11,873)	110	-	44	-	(11,719)		(11,719)
Balance at September 30, 2022	$ 70,469	$ 34	$ -	$ 5	$ -	$ 70,508	$ 97,154	$ 167,662

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 nine months ended September 30, 2022. The aforementioned provision on September 30, 2022 decreased by $167,223 thousand from the beginning of the year.

16) Loss allowance for financial assets measured at FVTOCI

For the nine months ended September 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 September 30, 2023, December 31, 2022 and September 30, 2022, loss allowance for debt instruments measured at FVTOCI due to the adjustment of the portfolio were $45,455 thousand, $33,240 thousand and $38,072 thousand, respectively.

17) Loss allowance for financial assets measured at amortized cost

For the nine months ended September 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 September 30, 2023, December 31, 2022 and September 30, 2022, the recognition of loss allowance were $5,959 thousand, $5,153 thousand and $5,321 thousand, respectively.

18) Loss allowance for receivables

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

For the Nine Months Ended September 30, 2023

	Stage 1	Stage 2		Stage 3				
		Lifetime ECL		Lifetime ECL				
	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	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
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	(7,269)	7,647	-	(378)	-	-		-
From conversion to credit-impaired financial assets	(399)	(6,362)	-	6,761	-	-		-
To 12-month ECL	1,252	(1,091)	-	(161)	-	-		-
Derecognizing financial assets during the current period	(55,707)	(9,281)	-	(14,420)	-	(79,408)		(79,408)
Purchased or originated new financial assets	58,748	1,804	-	5,352	-	65,904		65,904
The adjustments under regulations governing the procedures for banking institutions to evaluate assets and deal with nonperforming/ nonaccrual loans							(58,585)	(58,585)
Write-off	-	-	-	(25,670)	-	(25,670)		(25,670)
Recovery of written-off	-	-	-	4,336	-	4,336		4,336
Effect of exchange rate changes and others	8,803	16,351	-	51,325	-	76,479		76,479
Balance at September 30, 2023	$ 53,463	$ 32,914	$ -	$ 1,174,082	$ -	$ 1,260,459	$ 163,919	$ 1,424,378

For the Nine Months Ended September 30, 2022

	Stage 1	Stage 2		Stage 3				
		Lifetime ECL		Lifetime ECL				
	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	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
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	(182)	1,706	-	(1,524)	-	-		-
From conversion to credit-impaired financial assets	(178)	(622)	-	800	-	-		-
To 12-month ECL	976	(721)	-	(255)	-	-		-
Derecognizing financial assets during the current period	(40,885)	(2,490)	-	(3,587)	-	(46,962)		(46,962)
Purchased or originated new financial assets	50,299	665	-	2,415	-	53,379		53,379
The adjustments under regulations governing the procedures for banking institutions to evaluate assets and deal with nonperforming/ nonaccrual loans							48,150	48,150
Write-off	-	-	-	(1,042)	-	(1,042)		(1,042)
Recovery of written-off	-	-	-	6,082	-	6,082		6,082
Effect of exchange rate changes and others	(5,181)	(412)	-	93,511	-	87,918		87,918
Balance at September 30, 2022	$ 53,410	$ 17,065	$ -	$ 1,158,297	$ -	$ 1,228,772	$ 242,716	$ 1,471,488

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

For the Nine Months Ended September 30, 2023

	Stage 1	Stage 2		Stage 3		
		Lifetime ECL		Lifetime ECL		
	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	Total
Balance at January 1, 2023	$ 29,763,221	$ 281,421	$ -	$ 1,752,835	$ -	$ 31,797,477
Conversion from individual financial instruments to lifetime ECL	-	-	-	-	-	-
Conversion from individual financial instruments to credit-impaired financial assets	(4,449)	-	-	4,449	-	-
Roll-out individual financial instruments from credit-impaired financial assets	-	-	-	-	-	-
Receivables based on collective assessment	(192,952)	97,825	-	95,127	-	-
Purchased or originated new receivables	18,639,734	20,017	-	13,688	-	18,673,439
Write-off	-	-	-	(25,670)	-	(25,670)
Derecognition	(20,780,309)	(87,322)	-	(56,239)	-	(20,923,870)
Effect of exchange rate changes and others	336,935	-	-	47,004	-	383,939
Balance at September 30, 2023	$ 27,762,180	$ 311,941	$ -	$ 1,831,194	$ -	$ 29,905,315

For the Nine Months Ended September 30, 2022

	Stage 1	Stage 2		Stage 3		
		Lifetime ECL		Lifetime ECL		
	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	Total
Balance at January 1, 2022	$ 26,298,634	$ 213,353	$ -	$ 1,630,372	$ -	$ 28,142,359
Conversion from individual financial instruments to lifetime ECL	-	-	-	-	-	-
Conversion from individual financial instruments to credit-impaired financial assets	(205)	-	-	205	-	-
Roll-out individual financial instruments from credit-impaired financial assets	-	-	-	-	-	-
Receivables based on collective assessment	(75,964)	47,064	-	28,900	-	-
Purchased or originated new receivables	17,387,953	9,449	-	7,376	-	17,404,778
Write-off	-	-	-	(1,042)	-	(1,042)
Derecognition	(9,784,325)	(53,799)	-	(30,039)	-	(9,868,163)
Effect of exchange rate changes and others	1,619,272	3	-	151,213	-	1,770,488
Balance at September 30, 2022	$ 35,445,365	$ 216,070	$ -	$ 1,786,985	$ -	$ 37,448,420

19) Loss allowance for discounts and loans

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

For the Nine Months Ended September 30, 2023

	Stage 1	Stage 2		Stage 3				
		Lifetime ECL		Lifetime ECL				
	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	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
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	(2,003)	7,064	-	(5,061)	-	-		-
From conversion to credit-impaired financial assets	(4,722)	(24,072)	-	28,794	-	-		-
To 12-month ECL	4,888	(2,756)	-	(2,132)	-	-		-
Derecognizing financial assets during the current period	(769,165)	(14,742)	-	(33,839)	-	(817,746)		(817,746)
Purchased or originated new financial assets	695,251	597	-	33	-	695,881		695,881
The adjustments under regulations governing the procedures for banking institutions to evaluate assets and deal with nonperforming/nonaccrual loans							(249,397)	(249,397)
Write-off	-	-	-	(686,021)	-	(686,021)		(686,021)
Recovery of written-off	-	-	-	630,239	-	630,239		630,239
Effect of exchange rate changes and others	215,011	56,107	-	234,791	-	505,909		505,909
Balance at September 30, 2023	$ 841,319	$ 121,422	$ -	$ 784,046	$ -	$ 1,746,787	$ 3,512,685	$ 5,259,472

For the Nine Months Ended September 30, 2022

	Stage 1	Stage 2		Stage 3				
		Lifetime ECL		Lifetime ECL				
	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	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
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	(2,175)	14,115	-	(11,940)	-	-		-
From conversion to credit-impaired financial assets	(4,750)	(19,699)	-	24,449	-	-		-
To 12-month ECL	12,122	(2,369)	-	(9,753)	-	-		-
Derecognizing financial assets during the current period	(307,362)	(10,819)	-	(56,305)	-	(374,486)		(374,486)
Purchased or originated new financial assets	860,763	52,752	-	61	-	913,576		913,576
The adjustments under regulations governing the procedures for banking institutions to evaluate assets and deal with nonperforming/nonaccrual loans							366,730	366,730
Write-off	-	-	-	(337,200)	-	(337,200)		(337,200)
Recovery of written-off	-	-	-	535,734	-	535,734		535,734
Effect of exchange rate changes and others	(722,449)	(39,409)	-	(4,836)	-	(766,694)		(766,694)
Balance at September 30, 2022	$ 692,909	$ 97,069	$ -	$ 639,790	$ -	$ 1,429,768	$ 3,782,147	$ 5,211,915

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

For the Nine Months Ended September 30, 2023

	Stage 1	Stage 2		Stage 3		Total
		Lifetime ECL		Lifetime ECL		
	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	$ 395,967,373	$ 1,533,963	$ -	$ 2,304,303	$ -	$ 399,805,639
Conversion from individual financial instruments to lifetime ECL	-	-	-	-	-	-
Conversion from individual financial instruments to credit-impaired financial assets	(516,704)	-	-	516,704	-	-
Roll-out individual financial instruments from credit-impaired financial assets	-	-	-	-	-	-
Discounts and loans based on collective assessment	(1,027,999)	213,953	-	814,046	-	-
Purchased or originated new discounts and loans	396,676,222	5,980	-	323	-	396,682,525
Write-off	-	-	-	(686,021)	-	(686,021)
Derecognition	(395,815,829)	(205,914)	-	(125,337)	-	(396,147,080)
Effect of exchange rate changes and others	2,979,161	-	-	61,916	-	3,041,077
Balance at September 30, 2023	$ 398,262,224	$ 1,547,982	$ -	$ 2,885,934	$ -	$ 402,696,140

For the Nine Months Ended September 30, 2022

	Stage 1	Stage 2		Stage 3		Total
		Lifetime ECL		Lifetime ECL		
	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	$ 375,003,104	$ 1,441,474	$ -	$ 2,152,294	$ -	$ 378,596,872
Conversion from individual financial instruments to lifetime ECL	-	-	-	-	-	-
Conversion from individual financial instruments to credit-impaired financial assets	(127,836)	-	-	127,836	-	-
Roll-out individual financial instruments from credit-impaired financial assets	-	-	-	-	-	-
Discounts and loans based on collective assessment	(695,390)	284,911	-	410,479	-	-
Purchased or originated new discounts and loans	466,950,641	128,492	-	1,008	-	467,080,141
Write-off	-	-	-	(337,200)	-	(337,200)
Derecognition	(445,645,700)	(327,547)	-	(217,509)	-	(446,190,756)
Effect of exchange rate changes and others	8,663,015	532	-	136,963	-	8,800,510
Balance at September 30, 2022	$ 404,147,834	$ 1,527,862	$ -	$ 2,273,871	$ -	$ 407,949,567

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) and financial assets at amortized cost

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 nine months ended September 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 September 30, 2023, December 31, 2022 and September 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 September 30, 2023, December 31, 2022 and September 30, 2022 were $48,606,207 thousand, $45,927,185 thousand and $47,779,903 thousand, respectively, and allowance loss were $21,263 thousand, $20,697 thousand and $31,587 thousand, respectively.

Accounts receivable and others

September 30, 2023

	Total Book Value	Less: Allowance Loss	Total
Cash and cash equivalents	$ 30,693,337	$ (453)	$ 30,692,884
Bonds purchased under resell agreements	16,635,329	-	16,635,329
Margin loans receivables	33,218,833	(5,007)	33,213,826
Trading securities receivables	14,202,098	(1,654)	14,200,444
Customer's margin accounts	57,400,356	(46)	57,400,310
Futures commission merchant receivable	133,519	(133,504)	15
Deposits required for securities borrowing	42,486,596	(2)	42,486,594
Accounts receivable	47,318,676	(2,930)	47,315,746
Other current assets	33,858,144	(12,094)	33,846,050
Other non-current assets	4,689,483	(1,053,711)	3,635,772
	$ 280,636,371	$ (1,209,401)	$ 279,426,970

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	4,884,687	(881,966)	4,002,721
	$ 241,951,248	$ (1,041,808)	$ 240,909,440

September 30, 2022

	Total Book Value	Less: Allowance Loss	Total
Cash and cash equivalents	$ 23,340,037	$ (257)	$ 23,339,780
Bonds purchased under resell agreements	11,290,230	-	11,290,230
Margin loans receivables	27,351,584	(1,716)	27,349,868
Trading securities receivables	9,281,861	(699)	9,281,162
Customer's margin accounts	57,894,008	(2,145)	57,891,863
Futures commission merchant receivable	134,488	(134,356)	132
Deposits required for securities borrowing	42,716,932	(26)	42,716,906
Accounts receivable	50,427,260	(1,587)	50,425,673
Other current assets	36,839,304	(25,202)	36,814,102
Other non-current assets	4,364,094	(839,898)	3,524,196
	$ 263,639,798	$ (1,005,886)	$ 262,633,912

2) Changes in allowance losses of KGI Securities and subsidiaries for the nine months ended September 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)	271
Changes in exchange rate and others	295
September 30, 2023	$ 21,263
January 1, 2022	$ 23,735
Addition (reversal)	5,784
Changes in exchange rate and others	2,068
September 30, 2022	$ 31,587

The loss allowance of financial assets measured at fair value through other comprehensive income-debt instrument investments for the nine months ended September 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)	(1,310)	48	162,383	2,280	163,401
Derecognizing financial assets during the current period	-	-	(1,075)	-	(1,075)
Changes in exchange rate and others	328	(275)	5,210	4	5,267
September 30, 2023	$ 7,820	$ 89	$ 1,194,585	$ 6,907	$ 1,209,401
January 1, 2022	$ 12,347	$ 645	$ 960,705	$ 4,682	$ 978,379
Addition (reversal)	814	(421)	24,624	(1,234)	23,783
Derecognizing financial assets during the current period	-	-	(1,169)	-	(1,169)
Changes in exchange rate and others	1,753	(9)	3,140	9	4,893
September 30, 2022	$ 14,914	$ 215	$ 987,300	$ 3,457	$ 1,005,886

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:

September 30, 2023

Financial Assets	Taiwan	Asia	Europe	America	Global	Total
Cash and cash equivalents	$ 27,752,071	$ 13,187,120	$ 3,459,018	$ -	$ -	$ 44,398,209
Financial assets at fair value through profit or loss	27,017,307	7,601,191	9,132,137	2,352,547	-	46,103,182
Financial assets at fair value through other comprehensive income	2,539,734	5,309,769	8,792,368	27,616,419	-	44,258,290
Financial assets at amortized cost	146,323,265	449,398,139	377,420,345	654,763,991	4,508,643	1,632,414,383
Refundable deposits - bonds	7,338,386	-	-	23,756,221	-	31,094,607
	$ 210,970,763	$ 475,496,219	$ 398,803,868	$ 708,489,178	$ 4,508,643	$ 1,798,268,671
Proportion	11.73%	26.44%	22.18%	39.40%	0.25%	100.00%

December 31, 2022

Financial Assets	Taiwan	Asia	Europe	America	Global	Total
Cash and cash equivalents	$ 72,070,423	$ 5,434,433	$ 13,750,245	$ -	$ -	$ 91,255,101
Financial assets at fair value through profit or loss	26,395,770	7,696,652	8,938,761	2,361,522	-	45,392,705
Financial assets at amortized cost	175,148,278	438,587,693	354,469,629	639,373,017	5,223,350	1,612,801,967
Refundable deposits - bonds	7,400,484	-	-	-	-	7,400,484
	$ 281,014,955	$ 451,718,778	$ 377,158,635	$ 641,734,539	$ 5,223,350	$ 1,756,850,257
Proportion	15.99%	25.71%	21.47%	36.53%	0.30%	100.00%

September 30, 2022

Financial Assets	Taiwan	Asia	Europe	America	Global	Total
Cash and cash equivalents	$ 50,771,240	$ 13,413,883	$ 7,806,825	$ -	$ -	$ 71,991,948
Financial assets at fair value through profit or loss	26,554,022	7,798,047	8,916,645	2,279,307	-	45,548,021
Financial assets at fair value through other comprehensive income	28,304,916	56,351,696	25,089,995	22,600,685	-	132,347,292
Financial assets at amortized cost	146,881,865	383,525,903	333,167,337	625,498,843	5,343,126	1,494,417,074
Refundable deposits - bonds	7,401,277	-	-	-	-	7,401,277
	$ 259,913,320	$ 461,089,529	$ 374,980,802	$ 650,378,835	$ 5,343,126	$ 1,751,705,612
Proportion	14.84%	26.32%	21.41%	37.13%	0.30%	100.00%

b) China Life Insurance's regional distribution of credit risk exposure for loans (excluding policy loans and automatic premium loans) is as follows:

September 30, 2023

Location	Northern Areas: Taipei and Eastern Counties	Central Area: Taichung to Changhua and Nantou	Southern Area: Counties Below Tainan	Total
Secured loans	$ 99,616	$ 42,334	$ 51,810	$ 193,760
Overdue receivables	-	-	-	-
	$ 99,616	$ 42,334	$ 51,810	$ 193,760
Proportion	51.41%	21.85%	26.74%	100.00%

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	-	-	-	-
	$ 138,037	$ 56,197	$ 76,266	$ 270,500
Proportion	51.03%	20.78%	28.19%	100.00%

September 30, 2022

Location	Northern Areas: Taipei and Eastern Counties	Central Area: Taichung to Changhua and Nantou	Southern Area: Counties Below Tainan	Total
Secured loans	$ 151,563	$ 67,723	$ 74,717	$ 294,003
Overdue receivables	-	-	-	-
	$ 151,563	$ 67,723	$ 74,717	$ 294,003
Proportion	51.55%	23.04%	25.41%	100.00%

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 nine months ended September 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	4,444	-	-	4,444
Change in model/risk parameters	-	-	-	-
Change in exchange rate and others	-	-	-	-
September 30, 2023	$ 4,444	$ -	$ -	$ 4,444
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	-

(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
Disposal	$ (4,278)	$ -	$ (3)	$ (4,281)
Addition	287	-	8	295
Change in model/risk parameters	6,058	-	504,679	510,737
Change in exchange rate and others	2,007	-	73,973	75,980
September 30, 2022	$ 20,645	$ -	$ 579,363	$ 600,008

(Concluded)

The reconciliation statement of loss allowance for financial assets measured at amortized cost for the nine months ended September 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	-	-	-	-
Change to duration expected credit loss	-	-	-	-
Change to credit impairment of financial assets	-	-	-	-
Disposal	(3,834)	(3)	(3,668)	(7,506)
Addition	3,114	-	18	3,132
Change in model/risk parameters	(10,010)	(11,266)	(143,726)	(165,002)
Change in exchange rate and others	9,148	3,271	49,931	62,350
September 30, 2023	$ 220,705	$ 67,663	$ 1,032,813	$ 1,321,180

(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	$ 101,776	$ 46,202	$ -	$ 147,978
Change due to financial assets recognized at the beginning of the period				
Change to 12 months expected credit loss	-	-	-	-
Change to duration expected credit loss	-	-	-	-
Change to credit impairment of financial assets	(786)	-	786	-
Disposal	(5,784)	(2)	(2)	(5,788)
Addition	25,652	-	14	25,666
Change in model/risk parameters	52,515	18,487	534,897	605,899
Change in exchange rate and others	18,658	9,468	78,408	106,534
September 30, 2022	$ 192,031	$ 74,155	$ 614,103	$ 880,289

(Concluded)

The reconciliation statement of other receivables related to financial asset measured at FVTCOI and financial assets measured at amortized cost for the nine months ended September 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	-	-	-	-

(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 credit impairment of financial assets	$ -	$ -	$ -	$ -
Disposal	(1,056)	-	-	(1,056)
Addition	911	880	579,125	580,916
Change in model/risk parameters	(35)	(96)	-	(131)
Change in exchange rate and others	41	27	33,993	34,061
September 30, 2023	$ 1,969	$ 1,447	$ 1,282,269	$ 1,285,685
January 1, 2022	$ 1,152	$ 388	$ -	$ 1,540
Change due to financial assets recognized at the beginning of the period				
Change to 12 months expected credit loss	-	-	-	-
Change to duration expected credit loss	-	-	-	-
Change to credit impairment of financial assets	(14)	-	14	-
Disposal	(603)	-	(6)	(609)
Addition	858	964	413,467	415,289
Change in model/risk parameters	283	154	74,563	75,000
Change in exchange rate and others	92	80	10,942	11,114
September 30, 2022	$ 1,768	$ 1,586	$ 498,980	$ 502,334

(Concluded)

For the nine months ended September 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:

September 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%-0.03%	-	-
Measured at amortized cost	0.00%-0.10%	2.23%-2.46%	4.18%-7.80%
Other receivables	0.00%-0.10%	2.23%-2.46%	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%

September 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%-0.08%	-	6.63%-7.50%
Measured at amortized cost	0.00%-0.08%	2.48%-2.74%	6.53%-7.45%
Other receivables	0.00%-0.08%	2.48%-2.74%	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 nine months ended September 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	94	-	(94)	-	-	-
Disposal	-	-	(173)	(173)	-	(173)
Difference of impairment recognized in accordance with Guidelines for Handling Assessment of Assets, Loans Overdue, Receivable on Demand and Bad Debts by Insurance Enterprises	-	-	-	-	(877)	(877)
Changes in exchange rate and others	(94)	1,151	(7)	1,050	-	1,050
September 30, 2023	$ 4	$ 1,297	$ 54	$ 1,355	$ 2,916	$ 4,271
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	1	-	-	1	-	1
Difference of impairment recognized in accordance with Guidelines for Handling Assessment of Assets, Loans Overdue, Receivable on Demand and Bad Debts by Insurance Enterprises	-	-	-	-	(1,445)	(1,445)
Changes in exchange rate and others	(2)	1,431	15	1,444	-	1,444
September 30, 2022	$ 4	$ 1,624	$ 345	$ 1,973	$ 4,156	$ 6,129

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 nine months ended September 30, 2023 and 2022 are as follows:

	Receivables	
	For the Nine Months Ended September 30	
	2023	2022
Beginning balance	$ 5,004	$ 4,571
Addition (reversal)	1,289	412
Written-off due to uncollectable	-	-
Ending balance	$ 6,293	$ 4,983

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

September 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
Investment Grade				
Financial assets at fair value through other comprehensive income	$ 48,966,501	$ -	$ -	$ 48,966,501
Financial assets measured at amortized cost	1,638,086,585	2,880,634	-	1,640,967,219
Other receivables	13,113,769	61,859	-	13,175,628
Non-investment Grade				
Financial assets at fair value through other comprehensive income	-	-	-	-
Financial assets measured at amortized cost	7,013,767	-	16,849,184	23,862,951
Other receivables	51,346	-	1,282,270	1,333,616

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
Investment Grade				
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

September 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
Investment Grade				
Financial assets at fair value through other comprehensive income	$ 160,895,202	$ -	$ -	$ 160,895,202
Financial assets measured at amortized cost	1,487,878,940	2,833,953	-	1,490,712,893
Other receivables	12,459,671	60,852	-	12,520,523
Non-investment Grade				
Financial assets at fair value through other comprehensive income	3,722,028	-	7,842,148	11,564,176
Financial assets measured at amortized cost	3,181,810	-	8,803,937	11,985,747
Other receivables	50,511	-	498,980	549,491

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

September 30, 2023

Credit Risk Ratings	Measurement of Expected Credit Loss	Guarantee Loans	Other Receivables
Low credit risk	12 months expected credit loss	$ 196,714	$ 228
Credit risk significantly increase	Lifetime expected credit loss	462	4
Impairment	Lifetime expected credit loss	855	1
Total book value		$ 198,031	$ 233

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	5,166	5
Total book value		$ 274,771	$ 302

September 30, 2022

Credit Risk Ratings	Measurement of Expected Credit Loss	Guarantee Loans	Other Receivables
Low credit risk	12 months expected credit loss	$ 294,089	$ 279
Credit risk significantly increase	Lifetime expected credit loss	607	3
Impairment	Lifetime expected credit loss	5,436	5
Total book value		$ 300,132	$ 287

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)

September 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	$ 1,600,000	$ 157,260	$ 23,296	$ -	$ -	$ 1,780,556
Notes and bonds issued under repurchase agreements	7,454,842	1,400,000	-	-	-	8,854,842
Deposits and remittances	64,271,478	73,264,546	61,451,828	106,713,327	35,391,007	341,092,186
Loans payable	1	333,333	-	700,000	25,863,333	26,896,667
Other capital outflow on maturity	1,062,470	654,615	692,991	3,106,451	3,469,292	8,985,819
Total	$ 74,388,791	$ 75,809,754	$ 62,168,115	$ 110,519,778	$ 64,723,632	$ 387,610,070

(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)

September 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	$ 1,600,000	$ 1,657,260	$ 23,296	$ -	$ -	$ 3,280,556
Notes and bonds issued under repurchase agreements	6,851,962	50,000	-	-	-	6,901,962
Deposits and remittances	86,147,749	75,310,091	60,177,677	107,831,713	21,671,259	351,138,489
Loans payable	-	-	-	-	25,310,000	25,310,000
Other capital outflow on maturity	1,026,652	436,471	606,249	3,245,048	3,757,542	9,071,962
Total	$ 95,626,363	$ 77,453,822	$ 60,807,222	$ 111,076,761	$ 50,738,801	$ 395,702,969

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

(In Thousands of U.S. Dollars)

September 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	$ 185,000	$ -	$ -	$ -	$ -	$ 185,000
Notes and bonds issued under repurchase agreements	351,218	201,216	696,661	-	-	1,249,095
Deposits and remittances	1,410,649	1,654,621	891,290	1,637,443	3,812	5,597,815
Loans payable	-	-	-	-	-	-
Other capital outflow on maturity	43,285	46,674	28,603	9,592	53,849	182,003
Total	$ 1,990,152	$ 1,902,511	$ 1,616,554	$ 1,647,035	$ 57,661	$ 7,213,913

(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)

September 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	$ 135,000	$ 317,000	$ 74,000	$ -	$ -	$ 526,000
Notes and bonds issued under repurchase agreements	502,783	717,612	206,615	-	-	1,427,010
Deposits and remittances	1,847,440	1,381,883	285,925	1,003,618	170	4,519,036
Loans payable	-	-	-	-	357,477	357,477
Other capital outflow on maturity	130,872	26,047	4,436	915	242,241	404,511
Total	$ 2,616,095	$ 2,442,542	$ 570,976	$ 1,004,533	$ 599,888	$ 7,234,034

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)

September 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	$ (216,910,326)	$ (280,271,444)	$ (262,495,190)	$ (86,080,807)	$ (308,260)	$ (846,066,027)
Cash inflow	225,154,292	274,710,083	225,329,246	72,871,297	726,310	798,791,228
Interest rate derivatives instruments						
Cash outflow	(312,497)	(505,203)	(89,986)	-	(22,575,979)	(23,483,665)
Cash inflow	510,837	457,764	80,018	-	1,857	1,050,476
Financial instruments for hedging						
Interest rate derivatives instruments						
Cash outflow	-	(59,596)	-	-	-	(59,596)
Cash inflow	-	-	80,853	43,810	-	124,663
Cash outflow subtotal	(217,222,823)	(280,836,243)	(262,585,176)	(86,080,807)	(22,884,239)	(869,609,288)
Cash inflow subtotal	225,665,129	275,167,847	225,490,117	72,915,107	728,167	799,966,367
Net cash flow	$ 8,442,306	$ (5,668,396)	$ (37,095,059)	$ (13,165,700)	$ (22,156,072)	$ (69,642,921)

(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)

September 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	$ (161,265,279)	$ (257,647,480)	$ (177,092,389)	$ (74,434,971)	$ (3,556,805)	$ (673,996,924)
Cash inflow	160,507,885	261,857,906	173,582,583	57,271,599	4,099,696	657,319,669
Interest rate derivatives instruments						
Cash outflow	(220,804)	(388,205)	(68,491)	(20,800)	(21,681,262)	(22,379,562)
Cash inflow	726,885	363,056	52,381	-	1,857	1,144,179
Financial instruments for hedging						
Interest rate derivatives instruments						
Cash outflow	-	(34,453)	-	-	-	(34,453)
Cash inflow	-	-	80,367	43,581	-	123,948
Cash outflow subtotal	(161,486,083)	(258,070,138)	(177,160,880)	(74,455,771)	(25,238,067)	(696,410,939)
Cash inflow subtotal	161,234,770	262,220,962	173,715,331	57,315,180	4,101,553	658,587,796
Net cash flow	$ (251,313)	$ 4,150,824	$ (3,445,549)	$ (17,140,591)	$ (21,136,514)	$ (37,823,143)

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

(In Thousands of U.S. Dollars)

September 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	$ (8,267,719)	$ (9,607,515)	$ (7,954,657)	$ (3,035,214)	$ (49,103)	$ (28,914,208)
Cash inflow	8,287,790	10,268,526	9,217,013	3,525,114	42,506	31,340,949
Interest rate derivatives instruments						
Cash outflow	(16,351)	(31,001)	(17,973)	(21,469)	(447,110)	(533,904)
Cash inflow	3,433	15,395	873	2,357	1,198	23,256
Others						
Cash outflow	(1,105)	-	-	-	-	(1,105)
Cash inflow	1,878	-	-	-	-	1,878
Financial instruments for hedging						
Interest rate derivatives instruments						
Cash outflow	(797)	(2,189)	(5,764)	(11,723)	-	(20,473)
Cash inflow	-	-	-	-	-	-
Cash outflow subtotal	(8,285,972)	(9,640,705)	(7,978,394)	(3,068,406)	(496,213)	(29,469,690)
Cash inflow subtotal	8,293,101	10,283,921	9,217,886	3,527,471	43,704	31,366,083
Net cash flow	$ 7,129	$ 643,216	$ 1,239,492	$ 459,065	$ (452,509)	$ 1,896,393

(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)

September 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	$ (6,773,628)	$ (9,475,402)	$ (6,340,251)	$ (2,225,100)	$ (191,400)	$ (25,005,781)
Cash inflow	6,817,380	9,793,344	6,683,235	2,881,590	166,500	26,342,049
Interest rate derivatives instruments						
Cash outflow	(11,060)	(16,325)	(50,862)	(13,616)	(360,394)	(452,257)
Cash inflow	10,876	8,483	4,944	1,081	336	25,720
Others						
Cash outflow	(1,269)	-	-	-	-	(1,269)
Cash inflow	1,487	-	-	-	-	1,487
Financial instruments for hedging						
Interest rate derivatives instruments						
Cash outflow	(1,012)	(1,182)	(3,389)	(8,481)	(562)	(14,626)
Cash inflow	1,115	1,480	-	-	-	2,595
Cash outflow subtotal	(6,786,969)	(9,492,909)	(6,394,502)	(2,247,197)	(552,356)	(25,473,933)
Cash inflow subtotal	6,830,858	9,803,307	6,688,179	2,882,671	166,836	26,371,851
Net cash flow	$ 43,889	$ 310,398	$ 293,677	$ 635,474	$ (385,520)	$ 897,918

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.

September 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	$ 10,685,177	$ 7,432,027	$ 3,088,270	$ 5,806,071	$ 18,454,979	$ 45,466,524

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

September 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	$ 6,759,096	$ 5,787,826	$ 5,201,322	$ 9,652,075	$ 18,061,680	$ 45,461,999

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)

September 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	$ 137,068,388	$ 219,981,208	$ 335,486,211	$ 267,151,763	$ 132,536,162	$ 223,507,158	$ 1,315,730,890
Main capital outflow on maturity	107,400,172	207,581,894	400,610,940	363,411,381	248,946,450	299,874,887	1,627,825,724
Gap	29,668,216	12,399,314	(65,124,729)	(96,259,618)	(116,410,288)	(76,367,729)	(312,094,834)

(In Thousands of New Taiwan Dollars)

September 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	$ 107,945,337	$ 165,685,164	$ 317,710,174	$ 209,605,015	$ 122,824,605	$ 219,188,979	$ 1,142,959,274
Main capital outflow on maturity	82,401,265	196,995,320	378,089,112	276,162,021	249,117,679	248,646,625	1,431,412,022
Gap	25,544,072	(31,310,156)	(60,378,938)	(66,557,006)	(126,293,074)	(29,457,646)	(288,452,748)

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

(In Thousands of U.S. Dollars)

September 30, 2023	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Main capital inflow on maturity	$ 9,245,237	$ 10,690,024	$ 9,567,656	$ 3,809,532	$ 3,445,711	$ 36,758,160
Main capital outflow on maturity	10,557,274	12,105,518	10,245,355	5,834,454	3,452,342	42,194,943
Gap	(1,312,037)	(1,415,494)	(677,699)	(2,024,922)	(6,631)	(5,436,783)

(In Thousands of U.S. Dollars)

September 30, 2022	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Main capital inflow on maturity	$ 7,867,446	$ 10,450,860	$ 7,035,935	$ 3,241,095	$ 4,077,958	$ 32,673,294
Main capital outflow on maturity	9,729,035	12,587,394	7,768,847	4,726,578	3,996,869	38,808,723
Gap	(1,861,589)	(2,136,534)	(732,912)	(1,485,483)	81,089	(6,135,429)

KGI Securities and subsidiaries

1) Cash flow analysis

Statement of Cash Flow Analysis for Financial Assets

(In Thousands of New Taiwan Dollars)

September 30, 2023	Collection Period: Spot	In 3 Months	3 Months-12 Months	Over 1 Year-5 Years	Over 5 Years	Total
Cash and cash equivalents	$ 14,663,798	$ 14,841,926	$ 1,187,160	$ -	$ -	$ 30,692,884
Financial assets measured at FVTPL - current	81,405,036	2,044,546	2,142,051	1,932,229	883,107	88,406,969
Financial assets measured at FVTOCI - current	29,830,596	2,507,497	1,350,120	-	-	33,688,213
Financial assets for hedging - current	-	24,206	84,932	380,325	(6,078)	483,385
Securities purchased under resell agreements	-	16,668,343	-	-	-	16,668,343
Receivables	43,445,765	13,952,633	37,308,739	29,051	-	94,736,188
Customer margin accounts	31,731,161	25,669,149	-	-	-	57,400,310
Stock borrowing collateral price and security lending deposits	1,180,730	13,842,739	27,540,446	-	-	42,563,915
Other current assets	31,056,848	2,454,493	324,693	10,016	-	33,846,050
Financial assets measured at FVTPL - non-current	-	-	-	428,062	3,177,675	3,605,737
Financial assets measured at FVTOCI - non-current	-	-	-	11,357,024	1,442,119	12,799,143
Financial assets at amortized cost - non-current	-	-	-	96,804	-	96,804
Other non-current assets	-	-	1,007	46,102	3,424,566	3,471,675
Total	$ 233,313,934	$ 92,005,532	$ 69,939,148	$ 14,279,613	$ 8,921,389	$ 418,459,616
Percentage	55.76%	21,99%	16,71%	3.41%	2.13%	100.00%

Statement of Cash Flow Analysis for Financial Liabilities

(In Thousands of New Taiwan Dollars)

September 30, 2023	Payment Period: Spot	In 3 Months	3 Months-12 Months	Over 1 Year-5 Years	Over 5 Years	Total
Short-term borrowings	$ -	$ 18,097,909	$ -	$ -	$ -	$ 18,097,909
Commercial paper payable	-	24,692,264	387,488	-	-	25,079,752
Financial liabilities measured at FVTPL - current	6,468,798	5,067,441	6,615,561	10,942,442	3,574,966	32,669,208
Financial liabilities for hedging - current	-	-	-	-	-	-
Bonds issued under repurchase agreements	-	91,397,201	-	-	-	91,397,201
Payables	55,655,255	9,747,384	4,499,149	-	-	69,901,788
Guarantee deposits received from security lending	-	5,622,383	49,613,748	-	-	55,236,131
Futures customers’ equity	31,288,400	25,350,211	-	-	-	56,638,611
Specialized, sub-account customers’ equity	6,540,421	-	-	-	-	6,540,421
Amounts collected for others/other payables/other current liabilities	753,747	980,966	4,631,452	1,838	832	6,368,835
Other financial liabilities - current	-	3,104,053	19,986	1,079	1,959	3,127,077
Lease liabilities-current	-	122,338	283,560	-	-	405,898
Bonds payable	-	-	-	8,900,000	-	8,900,000
Lease liabilities - non-current	-	-	-	886,587	58,956	945,543
Other non-current liabilities	-	-	-	424,795	182,626	607,421
Total	$ 100,706,621	$ 184,182,150	$ 66,050,944	$ 21,156,741	$ 3,819,339	$ 375,915,795
Percentage	26.79%	48.99%	17.57%	5.63%	1.02%	100.00%

Statement of Capital Liquidation Gap

(In Thousands of New Taiwan Dollars)

September 30, 2023	Collection and Payment Period: Spot	In 3 Months	3 Months-12 Months	Over 1 Year-5 Years	Over 5 Years	Total
Cash inflow	$ 233,313,934	$ 92,005,532	$ 69,939,148	$ 14,279,613	$ 8,921,389	$ 418,459,616
Cash outflow	100,706,621	184,182,150	66,050,944	21,156,741	3,819,339	375,915,795
Amount of cash flow gap	$ 132,607,313	$ (92,176,618)	$ 3,888,204	$ (6,877,128)	$ 5,102,050	$ 42,543,821

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)

September 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	$ 8,487,475	$ 14,270,346	$ 581,959	$ -	$ -	$ 23,339,780
Financial assets measured at FVTPL - current	66,801,919	1,293,501	770,768	1,611,093	101,519	70,578,800
Financial assets measured at FVTOCI - current	25,752,667	9,245,675	752,090	-	-	35,750,432
Financial assets for hedging - current	-	49,543	76,052	171,021	35,938	332,554
Securities purchased under resell agreements	-	11,296,465	-	-	-	11,296,465
Receivables	50,391,829	12,683,143	23,957,833	29,412	-	87,062,217
Customer margin accounts	57,891,863	-	-	-	-	57,891,863
Stock borrowing collateral price and security lending deposits	3,615,291	8,788,265	31,461,514	-	-	43,865,070
Other current assets	34,753,931	1,843,919	214,329	1,923	-	36,814,102
Financial assets measured at FVTPL - non-current	-	-	-	609,469	2,945,395	3,554,864
Financial assets measured at FVTOCI - non-current	-	-	-	7,741,776	1,320,080	9,061,856
Other non-current assets	-	-	-	34,281	3,368,479	3,402,760
Total	$ 247,694,975	$ 59,470,857	$ 57,814,545	$ 10,198,975	$ 7,771,411	$ 382,950,763
Percentage	64.68%	15.53%	15.10%	2.66%	2.03%	100.00%

Statement of Cash Flow Analysis for Financial Liabilities

(In Thousands of New Taiwan Dollars)

September 30, 2022	Payment Period					Total
	Spot	In 3 Months	3 Months-12 Months	Over 1 Year-5 Years	Over 5 Years	
Short-term borrowings	$ -	$ 16,490,596	$ -	$ -	$ -	$ 16,490,596
Commercial paper payable	-	7,249,295	-	-	-	7,249,295
Financial liabilities measured at FVTPL - current	8,089,798	5,843,758	4,295,960	14,663,564	3,058,065	35,951,145
Financial liabilities for hedging - current	-	1,652	1,456	17,521	9,069	29,698
Bonds issued under repurchase agreements	-	69,880,068	-	-	-	69,880,068
Payables	69,057,439	8,017,279	5,582,045	-	-	82,656,763
Guarantee deposits received from security lending	-	4,128,677	48,752,425	-	-	52,881,102
Futures customers’ equity	58,206,883	-	-	-	-	58,206,883
Specialized, sub-account customers’ equity	940,669	-	-	-	-	940,669
Amounts collected for others/other payables/other current liabilities	2,106,509	696,069	5,072,310	193	874	7,875,955
Other financial liabilities - current	-	2,086,811	127	552	2,389	2,089,879
Lease liabilities-current	-	130,986	352,764	-	-	483,750
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	-	-	-	1,060,975	11,979	1,072,954
Other non-current liabilities	-	-	35	814,204	89,965	904,204
Total	$ 138,401,298	$ 114,525,191	$ 64,357,122	$ 22,757,009	$ 5,872,341	$ 345,912,961
Percentage	40.01%	33.11%	18.60%	6.85%	1.70%	100.00%

Statement of Capital Liquidation Gap

(In Thousands of New Taiwan Dollars)

September 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	$ 247,694,975	$ 59,470,857	$ 57,814,545	$ 10,198,975	$ 7,771,411	$ 382,950,763
Cash outflow	138,401,298	114,525,191	64,357,122	22,757,009	5,872,341	345,912,961
Amount of cash flow gap	$ 109,293,677	$ (55,054,334)	$ (6,542,577)	$ (12,558,034)	$ 1,899,070	$ 37,037,802

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 September 30, 2023, December 31, 2022 and September 30, 2022, show that the sums from deducting cash outflow from cash inflow are $42,543,821 thousand, $38,284,976 thousand and $37,037,802 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	**September 30, 2023**	**December 31, 2022**	**September 30, 2022**
Unsecured bank overdraft			
Used amounts	$ 4,108,556	$ 3,940,762	$ 3,994,108
Unused amounts	15,883,704	13,368,538	13,448,067
	$ 19,992,260	$ 17,309,300	$ 17,442,175

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 September 30, 2023, December 31, 2022 and September 30, 2022, CDIB Capital Group and its subsidiaries' other financial liabilities were $0, and the rest of non-derivative financial liabilities are $6,690,517 thousand, $6,366,195 thousand and $6,594,636 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

	September 30, 2023			
	In 1 Year	**1-5 Years**	**Over 5 Years**	**Total**
Payables	$ 12,939,901	$ 23,236	$ -	$ 12,963,137
Bonds payable	-	-	20,000,000	20,000,000
Lease liabilities	151,493	410,226	3,647,887	4,209,606

	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

	September 30, 2022			
	In 1 Year	1-5 Years	Over 5 Years	Total
Payables	$ 23,930,991	$ 94,755	$ -	$ 24,025,746
Bonds payable	-	-	10,000,000	10,000,000
Lease liabilities	137,866	376,557	3,526,027	4,040,450

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:

	September 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	$ 22,192,373	$ 8,927,294	$ 3,597,001	$ -	$ 34,716,668

	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	$ 7,260,162	$ 615,985	$ -	$ -	$ 7,876,147

	September 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	$ 36,214,316	$ 6,166,795	$ -	$ -	$ 42,381,111

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 Nine Months Ended September 30, 2023			For the Year Ended December 31, 2022			For the Nine Months Ended September 30, 2022		
	Average	Highest	Lowest	Average	Highest	Lowest	Average	Highest	Lowest
Interest rate risk	$ 13,982	$ 41,141	$ 8,046	$ 46,303	$ 99,773	$ 8,226	$ 50,788	$ 99,773	$ 8,226
Equity risk	5,404	14,619	155	7,427	31,542	-	8,265	31,542	-
Exchange rate risk	15,940	29,632	6,664	18,708	36,355	5,344	16,136	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. 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)

	September 30, 2023		
	Foreign Currency	**Exchange Rate (Dollar)**	**New Taiwan Dollar**
Financial assets			
Monetary items			
USD	$ 5,478,465	32.27	$ 176,779,113
HKD	4,441,005	4.12	18,310,263
AUD	550,811	20.55	11,319,157
CNY	2,332,486	4.41	10,297,457
ZAR	4,850,254	1.68	8,153,276
JPY	24,163,553	0.22	5,221,744
EUR	138,957	33.91	4,712,047
GBP	39,212	39.22	1,537,877
SGD	18,176	23.52	427,496
Investments accounted for using the equity method			
CNY	1,114,603	4.41	4,920,751
Financial liabilities			
Monetary items			
USD	7,799,168	32.27	251,663,534
CNY	3,430,992	4.41	15,147,142
AUD	335,401	20.55	6,892,495
EUR	149,984	33.91	5,085,969
JPY	18,242,365	0.22	3,942,175
ZAR	1,918,284	1.68	3,224,635
HKD	122,024	4.12	503,103
GBP	9,720	39.22	381,222
SGD	8,346	23.52	196,298
NZD	6,597	19.16	126,404
CAD	4,604	23.89	109,995

(In Thousands of Foreign Currencies/New Taiwan Dollars)

	December 31, 2022		
	Foreign Currency	**Exchange Rate (Dollar)**	**New Taiwan Dollar**
Financial assets			
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
Financial liabilities			
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)

	September 30, 2022		
	Foreign Currency	**Exchange Rate (Dollar)**	**New Taiwan Dollar**
<u>Financial assets</u>			
Monetary items			
USD	$ 6,430,929	31.74	$ 204,136,964
HKD	4,445,576	4.04	17,977,908
CNY	2,162,188	4.47	9,672,546
EUR	300,278	31.24	9,380,693
ZAR	4,685,679	1.78	8,317,079
JPY	18,615,131	0.22	4,095,329
AUD	167,135	20.66	3,453,005
GBP	50,049	35.51	1,777,228
SGD	38,246	22.19	848,673
Investments accounted for using the equity method			
CNY	977,771	4.47	4,374,057
<u>Financial liabilities</u>			
Monetary items			
USD	7,750,900	31.74	246,036,828
CNY	3,236,871	4.47	14,480,142
EUR	161,086	31.24	5,032,315
ZAR	2,006,313	1.78	3,561,205
AUD	168,249	20.66	3,476,030
JPY	11,466,787	0.22	2,522,693
HKD	189,665	4.04	767,006
GBP	16,835	35.51	597,818
NZD	10,520	18.18	191,247
SGD	7,690	22.19	170,634
CAD	5,045	23.22	117,148

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)

September 30, 2023

Item	1 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year	Total
Interest rate-sensitive assets	$ 382,654,142	$ 26,915,745	$ 24,004,596	$ 56,975,626	$ 490,550,109
Interest rate-sensitive liabilities	181,817,760	167,829,454	19,311,308	27,883,040	396,841,562
Interest rate sensitivity gap	200,836,382	(140,913,709)	4,693,288	29,092,586	93,708,547
Net worth					67,269,348
Ratio of interest rate-sensitive assets to liabilities (%)					123.61
Ratio of interest rate-sensitive gap to net worth (%)					139.30

September 30, 2022

Item	1 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year	Total
Interest rate-sensitive assets	$ 336,623,073	$ 28,742,980	$ 32,686,967	$ 61,601,132	$ 459,654,152
Interest rate-sensitive liabilities	200,321,583	157,402,970	18,595,634	26,898,439	403,218,626
Interest rate sensitivity gap	136,301,490	(128,659,990)	14,091,333	34,702,693	56,435,526
Net worth					59,679,375
Ratio of interest rate-sensitive assets to liabilities (%)					114.00
Ratio of interest rate-sensitive gap to net worth (%)					94.56

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)

September 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	$ 2,275,669	$ 240,576	$ 135,778	$ 2,287,878	$ 4,939,901
Interest rate-sensitive liabilities	4,939,640	1,548,671	1,007,598	3,812	7,499,721
Interest rate sensitivity gap	(2,663,971)	(1,308,095)	(871,820)	2,284,066	(2,559,820)
Net worth					(44,122)
Ratio of interest rate-sensitive assets to liabilities (%)					65.87
Ratio of interest rate-sensitive gap to net worth (%)					-

September 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	$ 2,791,542	$ 313,507	$ 128,798	$ 2,357,824	$ 5,591,671
Interest rate-sensitive liabilities	5,925,847	522,169	390,270	357,647	7,195,933
Interest rate sensitivity gap	(3,134,305)	(208,662)	(261,472)	2,000,177	(1,604,262)
Net worth					(30,510)
Ratio of interest rate-sensitive assets to liabilities (%)					77.71
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	September 30, 2023	December 31, 2022	September 30, 2022
Interest rate risk	$ 3,119	$ 1,861	$ 707
Equity securities risk			
Equity delta	3,246,976	4,433,631	2,342,515
Debt delta	298,879	6,245	441,741
Exchange rate risk	1,027,631	2,948,548	5,853,013
Commodity risk	37,461	5,969	6,104

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 Nine Months Ended September 30, 2023			September 30, 2023
	Average VAR	Minimum VAR	Maximum VAR	Ending VAR
Equity securities	$ 136,720	$ 76,283	$ 229,011	$ 99,086
Interest rate	146,165	37,588	194,193	119,673
Exchange rate	43,791	23,531	72,826	38,090
Commodity	17,577	608	39,766	25,643

	For the Nine Months Ended September 30, 2022			September 30, 2022
	Average VAR	Minimum VAR	Maximum VAR	Ending VAR
Equity securities	$ 196,879	$ 118,012	$ 331,974	$ 143,345
Interest rate	188,857	136,070	250,198	198,498
Exchange rate	78,136	41,723	96,930	85,936
Commodity	2,479	141	9,172	4,477

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 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)

	September 30, 2023		
	Foreign Currency	**Exchange Rate (Dollar)**	**New Taiwan Dollar**
Financial assets			
Monetary items			
USD	$ 3,466,262	32.27	$ 111,850,291
EUR	507,740	33.91	17,217,476
HKD	284,905	4.12	1,174,662
JPY	4,089,339	0.22	884,060
GBP	13,308	39.22	521,961
CNY	39,264	4.41	173,342
AUD	5,328	20.55	109,499
Nonmonetary items			
USD	2,112,255	32.27	68,155,643
CNY	895,410	4.41	3,953,056
Investments accounted for using the equity method			
USD	85,066	32.27	2,744,901
Financial liabilities			
Monetary items			
USD	5,873,555	32.27	189,528,824
EUR	507,942	33.91	17,224,327
HKD	262,320	4.12	1,081,544
CNY	212,326	4.41	937,377
JPY	3,888,946	0.22	840,754
GBP	13,037	39.22	511,324
Nonmonetary items			
USD	480,988	32.27	15,520,512

(In Thousands of Foreign Currencies/New Taiwan Dollars)

	December 31, 2022		
	Foreign Currency	**Exchange Rate (Dollar)**	**New Taiwan Dollar**
Financial assets			
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
EUR	747	32.71	24,431
Investments accounted for using the equity method			
USD	89,057	30.71	2,734,751
Financial liabilities			
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)

	September 30, 2022		
	Foreign Currency	**Exchange Rate (Dollar)**	**New Taiwan Dollar**
<u>Financial assets</u>			
Monetary items			
USD	$ 3,757,248	31.74	$ 119,269,159
EUR	504,863	31.24	15,771,981
HKD	112,331	4.04	454,265
JPY	1,015,381	0.22	223,461
CNY	48,669	4.47	217,718
AUD	8,755	20.66	180,885
Nonmonetary items			
USD	2,027,001	31.74	64,341,264
CNY	248,843	4.47	1,113,201
EUR	4,296	31.24	134,208
Investments accounted for using the equity method			
USD	81,812	31.74	2,596,944
<u>Financial liabilities</u>			
Monetary items			
USD	6,186,533	31.74	196,381,926
EUR	505,252	31.24	15,784,127
HKD	87,700	4.04	354,658
JPY	851,878	0.22	187,489
AUD	6,804	20.66	140,572
CNY	29,577	4.47	132,311
Nonmonetary items			
USD	556,249	31.74	17,657,022

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)

	September 30, 2023		
	Foreign Currency	**Exchange Rate (Dollar)**	**New Taiwan Dollar**
Financial assets			
Monetary items			
USD	$ 253,920	32.27	$ 8,193,506
CNY	319,574	4.42	1,410,854
KRW	22,231,813	0.02	529,317
AUD	10,413	20.55	213,977
Nonmonetary items			
USD	266,336	32.27	8,594,125
CNY	149,284	4.42	659,059
EUR	7,244	33.91	245,643
KRW	9,274,863	0.02	220,825
Investments accounted for using the equity method			
USD	64,055	32.27	2,066,940
CNY	406,725	4.42	1,795,693
Financial liabilities			
Monetary items			
USD	17,078	32.27	551,063

(In Thousands of Foreign Currencies/New Taiwan Dollars)

	December 31, 2022		
	Foreign Currency	Exchange Rate (Dollar)	New Taiwan Dollar
Financial assets			
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
Financial liabilities			
Monetary items			
USD	16,753	30.71	514,462

(In Thousands of Foreign Currencies/New Taiwan Dollars)

	September 30, 2022		
	Foreign Currency	Exchange Rate (Dollar)	New Taiwan Dollar
Financial assets			
Monetary items			
USD	$ 120,579	31.74	$ 3,827,554
CNY	269,121	4.47	1,203,912
KRW	22,210,359	0.02	492,737
Nonmonetary items			
USD	375,541	31.74	11,920,783
CNY	138,993	4.47	621,783
KRW	8,593,204	0.02	190,640
GBP	5,273	35.51	187,244
Investments accounted for using the equity method			
USD	74,078	31.74	2,351,447
CNY	424,118	4.47	1,897,506
Financial liabilities			
Monetary items			
USD	18,181	31.74	577,105

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 Nine Months Ended September 30	
	2023	**2022**
Monetary items		
USD	$ 76,424	$ 32,504
CNY	13,800	11,631
KRW	5,293	4,927
AUD	2,140	-

2) Interest rate risk

The primary financial assets of CDIB Capital Group and its subsidiaries with exposure to interest rates as of September 30, 2023, December 31, 2022 and September 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 nine months ended September 30, 2023 and 2022 would have increased/decreased by $168,046 thousand and $155,244 thousand, as a result of the changes in fair value of financial assets at fair value through profit or loss.

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
September 30, 2023

Risk Factors	Changes (+/-)	Changes in Income	Changes in Equity
Equity risk (stock index)	+1%	$ -	$ 2,479,080
Interest rate risk (yield curve)	+1BP	-	(101,625)
Exchange risk (foreign exchange rate)	+1% (NTD for each currency appreciates 1%)	(3,026,102)	(1,063,871)

Summary of Factor Sensitivity Analysis
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)

Summary of Factor Sensitivity Analysis
September 30, 2022

Risk Factors	Changes (+/-)	Changes in Income	Changes in Equity
Equity risk (stock index)	+1%	$ -	$ 2,259,972
Interest rate risk (yield curve)	+1BP	-	(204,449)
Exchange risk (foreign exchange rate)	+1% (NTD for each currency appreciates 1%)	(2,279,181)	(1,078,771)

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 September 2023, the book value of China Life Insurance's affected bonds was $28,693,565 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 September 30, 2023, December 31, 2022 and September 30, 2022 are as follows:

(In Thousands of Foreign Currencies/New Taiwan Dollars)

	September 30, 2023		
	Foreign Currency	**Exchange Rate (Dollar)**	**New Taiwan Dollar**
Financial assets			
Monetary items			
USD	$ 45,783,613	32.27	$ 1,477,345,631
AUD	5,802,092	20.55	119,223,130
Non-monetary items			
USD	2,246,817	32.27	72,500,300
Financial labilities			
Monetary items			
USD	19,825	32.27	639,705

(In Thousands of Foreign Currencies/New Taiwan Dollars)

	December 31, 2022		
	Foreign Currency	**Exchange Rate (Dollar)**	**New Taiwan Dollar**
Financial assets			
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
Financial labilities			
Monetary items			
USD	6,200	30.71	190,390

(In Thousands of Foreign Currencies/New Taiwan Dollars)

	September 30, 2022		
	Foreign Currency	**Exchange Rate (Dollar)**	**New Taiwan Dollar**
Financial assets			
Monetary items			
USD	$ 44,604,727	31.74	$ 1,415,887,864
AUD	4,965,651	20.64	102,471,680
Non-monetary items			
USD	2,671,172	31.74	84,791,005
Financial labilities			
Monetary items			
USD	172,692	31.74	5,481,752

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:

September 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	$ 3,121,988	$ 2,750,587	$ 2,821,551	$ 2,750,587	$ 70,964
Financial assets at FVTPL	2,152,278	2,154,387	2,152,278	2,154,387	(2,109)
Financial assets at FVTOCI	51,731,348	50,866,013	51,731,348	50,866,013	865,335

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

September 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	$ 3,534,062	$ 3,147,962	$ 3,205,792	$ 3,147,962	$ 57,830
Financial assets at FVTPL	1,558,452	1,471,194	1,558,452	1,471,194	87,258
Financial assets at FVTOCI	50,059,816	50,049,926	50,059,816	50,049,926	9,890

<u>KGI Securities and subsidiaries</u>

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:

September 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	$ 32,961,661	$ 32,103,812	$ 32,961,661	$ 32,103,812	$ 857,849
Financial assets at FVTOCI					
Transactions with agreements	29,368,173	28,028,455	29,368,173	28,028,455	1,339,718
Financial assets at amortized cost					
Transactions with agreements	5,016,269	5,028,183	5,016,269	5,028,183	(11,914)

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)

September 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	$ 19,201,636	$ 18,899,454	$ 19,201,636	$ 18,899,454	$ 302,182
Financial assets at FVTOCI					
Transactions with agreements	32,288,324	30,666,706	32,288,324	30,666,706	1,621,618
Financial assets at amortized cost					
Transactions with agreements	5,934,323	5,997,776	5,934,323	5,997,776	(63,453)

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	
September 30, 2023	Call option	$ 10,594,200	$ 1,953,101	$ 1,953,101	$ -	$ 1,953,101
December 31, 2022	Call option	11,593,500	1,383,072	1,383,072	-	1,383,072
September 30, 2022	Call option	11,116,500	1,285,620	1,285,620	-	1,285,620

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
September 30, 2023	Call option	$ -	$ 890,600	$ 2,127,500	$ 7,576,100	$ -	$ 10,594,200
December 31, 2022	Call option	-	350,300	2,595,700	8,647,500	-	11,593,500
September 30, 2022	Call option	-	454,200	1,705,600	8,956,700	-	11,116,500

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
September 30, 2023	Call option	$ (244)	$ (329,619)	$ (329,863)
December 31, 2022	Call option	(28,703)	(663,738)	(692,441)
September 30, 2022	Call option	(10,162)	(706,813)	(716,975)

f. Offsetting financial assets and financial liabilities

<u>KGI Bank and subsidiaries</u>

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:

September 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	$ 36,400,532	$ -	$ 36,400,532	$ 36,400,532	$ -	$ -
Derivative instruments (Note 2)	46,513,285	-	46,513,285	10,934,072	1,785,576	33,793,637
Total	$ 82,913,817	$ -	$ 82,913,817	$ 47,334,604	$ 1,785,576	$ 33,793,637

September 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	$ 55,770,987	$ -	$ 55,770,987	$ 55,072,589	$ 698,398	$ -
Derivative instruments (Note 2)	41,962,865	-	41,962,865	10,934,072	5,335,603	25,693,190
Total	$ 97,733,852	$ -	$ 97,733,852	$ 66,006,661	$ 6,034,001	$ 25,693,190

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

September 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	$ 10,407,353	$ -	$ 10,407,353	$ 10,375,610	$ 31,743	$ -
Derivative instruments (Note 2)	57,175,085	-	57,175,085	15,778,671	5,549,929	35,846,485
Total	$ 67,582,438	$ -	$ 67,582,438	$ 26,154,281	$ 5,581,672	$ 35,846,485

September 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	$ 54,669,082	$ -	$ 54,669,082	$ 52,953,832	$ 1,715,250	$ -
Derivative instruments (Note 2)	52,958,643	-	52,958,643	15,778,671	10,733,578	26,446,394
Total	$ 107,627,725	$ -	$ 107,627,725	$ 68,732,503	$ 12,448,828	$ 26,446,394

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:

September 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)	$ 8,788,943	$ -	$ 8,788,943	$ -	$ 1,450,967	$ 7,337,976
Securities purchased under resell agreements	16,635,329	-	16,635,329	16,635,329	-	-
Total	$ 25,424,272	$ -	$ 25,424,272	$ 16,635,329	$ 1,450,967	$ 7,337,976

September 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 Received**	
Derivative financial instruments (Note 2)	$ 13,189,996	$ -	$ 13,189,996	$ -	$ 1,562,084	$ 11,627,912
Notes and bonds issued under repurchase agreements	91,241,940	-	91,241,940	91,241,940	-	-
Total	$ 104,431,936	$ -	$ 104,431,936	$ 91,241,940	$ 1,562,084	$ 11,627,912

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

September 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)	$ 4,659,843	$ -	$ 4,659,843	$ -	$ 913,956	$ 3,745,887
Securities purchased under resell agreements	11,290,230	-	11,290,230	11,290,230	-	-
Total	$ 15,950,073	$ -	$ 15,950,073	$ 11,290,230	$ 913,956	$ 3,745,887

September 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 (Note 2)	$ 8,516,407	$ -	$ 8,516,407	$ -	$ 1,337,595	$ 7,178,812
Notes and bonds issued under repurchase agreements	69,843,402	-	69,843,402	69,843,402	-	-
Total	$ 78,359,809	$ -	$ 78,359,809	$ 69,843,402	$ 1,337,595	$ 7,178,812

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:

September 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	$ 3,008,285	$ -	$ 3,008,285	$ 2,523,676	$ 411,740	$ 72,869

September 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	$ 34,716,668	$ -	$ 34,716,668	$ 26,279,897	$ -	$ 8,436,771

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

September 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	$ 5,113,962	$ -	$ 5,113,962	$ 4,841,978	$ -	$ 271,984

September 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	$ 42,381,111	$ -	$ 42,381,111	$ 4,841,978	$ 23,977,075	$ 13,562,058

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".

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	**September 30, 2023**	**December 31, 2022**	**September 30, 2022**	**Trust Liabilities**	**September 30, 2023**	**December 31, 2022**	**September 30, 2022**
Bank deposits	$ 3,477,451	$ 2,582,693	$ 2,275,248	Payables	$ 85,113	$ 86,309	$ 85,600
Short-term investments				Payables on securities under custody	3,619,754	2,269,849	4,168,744
Funds	28,460,777	28,650,887	30,020,876	Other liabilities	53,643	73,015	79,693
Bonds	10,427,750	6,367,352	5,561,733	Trust capital	56,154,610	49,239,268	48,199,385
Common shares	163,951	174,413	179,086	Accumulated profits and losses	4,624	7,760	167
Structured notes	120,341	47,904	49,519				
Receivables	6,541	25,785	32,220				
Securities under custody	3,619,754	2,269,849	4,168,744				
Real estate							
Lands	12,596,182	10,522,529	9,216,747				
Buildings and facilities	22,663	12,094	5,931				
Intangible assets - surface right	984,534	984,534	984,534				
Other assets	37,800	38,161	38,951				
Total	$ 59,917,744	$ 51,676,201	$ 52,533,589	Total	$ 59,917,744	$ 51,676,201	$ 52,533,589

Income Statements of Trust Accounts

(In Thousands of New Taiwan Dollars)

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	**2022**	**2023**	**2022**
Trust income and gains				
Dividend income	$ 3,988	$ 3,591	$ 8,778	$ 8,232
Interest income	476,846	402,294	1,289,536	1,084,232
Rental income	6,769	6,706	20,264	20,105
Other income	1,066	1,290	3,291	5,005
Total trust income and gains	488,669	413,881	1,321,869	1,117,574
Trust expenses				
Properties transaction losses	(530,497)	(944,857)	(1,767,892)	(2,473,071)
Administrative expenses	(105)	(120)	(1,441)	(875)
Other expenses	(2,170)	(1,562)	(7,540)	(261,052)
Total trust expenses	(532,772)	(946,539)	(1,776,873)	(2,734,998)
Net profit (loss) for the period	$ (44,103)	$ (532,658)	$ (455,004)	$ (1,617,424)

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

Trust Property Accounts

(In Thousands of New Taiwan Dollars)

Investment Portfolio	**September 30, 2023**	**December 31, 2022**	**September 30, 2022**
Bank deposits	$ 3,477,451	$ 2,582,693	$ 2,275,248
Short-term investments			
Funds	28,460,777	28,650,887	30,020,876
Bonds	10,427,750	6,367,352	5,561,733
Common shares	163,951	174,413	179,086
Structured notes	120,341	47,904	49,519
Securities under custody	3,619,754	2,269,849	4,168,744
Real estate			
Lands	12,596,182	10,522,529	9,216,747
Buildings and facilities	22,663	12,094	5,931
Intangible assets - surface right	984,534	984,534	984,534
Other assets	44,341	63,946	71,171
Total	$ 59,917,744	$ 51,676,201	$ 52,533,589

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	September 30, 2023	December 31, 2022	September 30, 2022	Trust Liabilities	September 30, 2023	December 31, 2022	September 30, 2022
Bank deposits	$ 2,201,453	$ 1,863,179	$ 2,054,954	Payables	$ 222,117	$ 26,220	$ 146,381
Financial assets				Taxes payable	65	246	196
Bonds	8,973,823	3,113,522	2,296,243	Trust capital	48,868,245	38,620,026	38,756,200
Common shares	14,231,560	11,471,886	11,066,491	Net Income (loss)	964,999	(4,161,210)	(4,567,834)
Funds	19,943,946	16,642,614	17,619,216	Accumulated earnings	1,451,550	3,163,084	3,163,412
Short-term notes	632,453	601,877	-	Deferred carry-over	105	4,648	1,138
Structured notes	4,852,763	3,387,560	3,962,824	Other	(429,164)	(446,631)	(371,525)
Receivables	241,919	125,745	128,240				
Total	$ 51,077,917	$ 37,206,383	$ 37,127,968	Total	$ 51,077,917	$ 37,206,383	$ 37,127,968

Income Statements of Trust Accounts

(In Thousands of New Taiwan Dollars)

Investment Portfolio	For the Three Months Ended September 30 2023	For the Three Months Ended September 30 2022	For the Nine Months Ended September 30 2023	For the Nine Months Ended September 30 2022
Trust income				
Interest income	$ 120,953	$ 26,489	$ 277,597	$ 50,652
Rent income	5,406	4,069	24,621	14,974
Dividend income	272,212	255,343	640,867	558,179
Realized investment profit (loss)	253,252	191,579	568,167	729,939
Unrealized investment profit	(1,325,612)	(867,488)	3,176,489	1,147,364
Other income	741,316	821,695	2,049,708	1,548,869
	67,527	431,687	6,737,449	4,049,977
Trust expenses				
Administrative expense	850	773	3,550	2,843
Tax collection	2,261	1,372	5,300	4,969
Fee expense	22,944	11,732	35,126	57,642
Realized investment profit	259,577	509,556	681,894	2,365,682
Unrealized investment profit	875,057	1,125,632	4,406,649	5,533,901
Other expense	(1,400)	(24,054)	639,931	652,774
	1,159,289	1,625,011	5,772,450	8,617,811
Income (loss) before income tax	(1,091,762)	(1,193,324)	964,999	(4,567,834)
Income tax expenses	-	-	-	-
Income (loss) after income tax	$ (1,091,762)	$ (1,193,324)	$ 964,999	$ (4,567,834)

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

Trust Property Accounts

(In Thousands of New Taiwan Dollars)

Investment Portfolio	September 30, 2023	December 31, 2022	September 30, 2022
Bank deposits	$ 2,201,453	$ 1,863,179	$ 2,054,954
Financial assets			
Bonds	8,973,823	3,113,522	2,296,243
Common shares	14,231,560	11,471,886	11,066,491
Funds	19,943,946	16,642,614	17,619,216
Short-term notes	632,453	601,877	-
Structured notes	4,852,763	3,387,560	3,962,824
Total	$ 50,835,998	$ 37,080,638	$ 36,999,728

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

Excluded from disclosure this period.

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

Refer to Table 7 (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	September 30, 2023 Formula	September 30, 2023 %	December 31, 2022 Formula	December 31, 2022 %	September 30, 2022 Formula	September 30, 2022 %	Standard	Meet Standard
17	Equities / Total liabilities minus customers' equity accounts	$2,223,785 / $39,362	=56.50	$2,214,152 / $685,835	=3.23	$2,246,348 / $816,659	=2.75	≧1	Yes
17	Current assets / Current liabilities	$3,312,754 / $39,107	=84.71	$3,522,812 / $685,835	=5.14	$3,702,577 / $816,077	=4.54	≧1	Yes
22	Equities / Capital stock	$2,223,785 / $400,000	=555.95%	$2,214,152 / $400,000	=553.54%	$2,246,348 / $400,000	=561.59%	≧60% ≧40%	Yes
22	Adjusted net capital / Client and proprietary account	$1,843,561 / $543,473	=339.22%	$441,936 / $556,885	=79.36%	$680,924 / $357,709	=190.36%	≧20% ≧15%	Yes

b. KGI Futures Corp.

Rule No.	Formula	September 30, 2023 Formula	%	December 31, 2022 Formula	%	September 30, 2022 Formula	%	Standard	Meet Standard
17	Equities / Total liabilities minus customers' equity accounts	$4,134,574 / $835,561	=4.95	$3,990,803 / $745,740	=5.35	$3,803,080 / $762,421	=4.99	≧1	Yes
17	Current assets / Current liabilities	$35,228,224 / $32,670,464	=1.08	$33,814,416 / $31,308,819	=1.08	$34,607,137 / $32,249,893	=1.07	≧1	Yes
22	Equities / Capital stock	$4,134,574 / $760,000	=544.02%	$3,990,803 / $760,000	=525.11%	$3,803,080 / $760,000	=500.41%	≧60% ≧40%	Yes
22	Adjusted net capital / Client and proprietary account	$3,590,399 / $6,483,541	=55.38%	$3,507,229 / $6,384,208	=54.94%	$3,213,284 / $5,908,619	=54.38%	≧20% ≧15%	Yes

62. 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: Please 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: The Corporation do not need to disclosure anything in this period.

13) Derivative transactions of the Group: Please refer to Notes 8, 50 and 52 of the consolidated financial statements.

c. Investments in mainland China: Please refer to Table 8 (attached).

d. Business relationships and significant transactions among the Group: Please refer to Table 9 (attached).

e. Information of major shareholders: None.

63. 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 September 30, 2023						
Interest profit (loss), net	$ 2,143,549	586,028	$ 99,379	$ 16,166,681	$ (168,111)	$ 18,827,526
Noninterest profit (loss), net	1,233,071	5,147,273	(65,455)	(14,950,937)	(800,342)	(9,436,390)
Net revenue (loss)	3,376,620	5,733,301	33,924	1,215,744	(968,453)	9,391,136
Reversal of allowance (allowance) for bad debts and losses on commitments and guarantees, net	(189,748)	(160,797)	-	603	-	(349,942)
Net change in reserve for insurance liabilities	-	-	-	8,848,569	-	8,848,569
Operating expenses	(1,637,373)	(3,747,823)	(266,614)	(1,703,976)	(798,953)	(8,154,739)
Net profit (loss) before income tax	1,549,499	1,824,681	(232,690)	8,360,940	(1,767,406)	9,735,024
Income tax benefit (expense)	(188,655)	(213,202)	(789)	(1,918,591)	(45,207)	(2,366,444)
Net profit (loss) for the period	$ 1,360,844	$ 1,611,479	$ (233,479)	$ 6,442,349	$ (1,812,613)	$ 7,368,580
For the three months ended September 30, 2022						
Interest profit (loss), net	$ 2,516,060	$ 580,852	$ 55,761	$ 15,216,671	$ (165,380)	$ 18,203,964
Noninterest profit (loss), net	1,171,529	3,154,458	1,480,337	1,336,059	(368,168)	6,774,215
Net revenue (loss)	3,687,589	3,735,310	1,536,098	16,552,730	(533,548)	24,978,179
Reversal of allowance (allowance) for bad debts and losses on commitments and guarantees, net	13,950	(9,356)	-	(418)	-	4,176
Net change in reserve for insurance liabilities	-	-	-	(8,579,085)	-	(8,579,085)
Operating expenses	(1,635,625)	(3,195,909)	(443,342)	(1,746,897)	(768,842)	(7,790,356)
Net profit (loss) before income tax	2,065,914	530,304	1,092,756	6,226,330	(1,302,390)	8,612,914
Income tax benefit (expense)	(142,972)	(61,838)	(49,259)	(1,563,825)	(83,378)	(1,901,272)
Net profit (loss) for the period	$ 1,922,942	$ 468,466	$ 1,043,497	$ 4,662,505	$ (1,385,768)	$ 6,711,642

(Continued)

	Commercial Banking	Securities	Venture Capital	Insurance	Other	Total
For the nine months ended September 30, 2023						
Interest profit (loss), net	$ 6,265,800	1,801,225	$ 217,815	$ 47,183,158	$ (507,184)	$ 54,960,814
Noninterest profit (loss), net	3,940,591	14,828,669	2,434,645	(35,835,589)	(2,683,573)	(17,315,257)
Net revenue (loss)	10,206,391	6,629,894	2,652,460	11,347,569	(3,190,757)	37,645,557
Reversal of allowance (allowance) for bad debts and losses on commitments and guarantees, net	(123,466)	(164,993)	(4,841)	(1,289)	-	(294,589)
Net change in reserve for insurance liabilities	-	-	-	6,428,752	-	6,428,752
Operating expenses	(4,890,402)	(10,657,422)	(1,143,727)	(4,741,266)	(2,072,172)	(23,504,989)
Net profit (loss) before income tax	5,192,523	5,807,479	1,503,892	13,033,766	(5,262,929)	20,274,731
Income tax benefit (expense)	(647,465)	(675,374)	(105,960)	(1,591,574)	261,325	(2,759,048)
Net profit (loss) for the period	$ 4,545,058	$ 5,132,105	$ 1,397,932	$ 11,442,192	$ (5,001,604)	$ 17,515,683
For the nine months ended September 30, 2022						
Interest profit (loss), net	$ 7,417,209	$ 1,935,112	$ 162,476	$ 43,128,553	$ (467,443)	$ 52,175,907
Noninterest profit (loss), net	2,762,727	10,239,108	308,112	35,187,030	(1,779,478)	46,717,499
Net revenue (loss)	10,179,936	12,174,220	470,588	78,315,583	(2,246,921)	98,893,406
Reversal of allowance (allowance) for bad debts and losses on commitments and guarantees, net	168,467	(22,657)	-	(412)	-	145,398
Net change in reserve for insurance liabilities	-	-	-	(49,927,555)	-	(49,927,555)
Operating expenses	(4,796,039)	(9,115,556)	(1,006,617)	(5,028,656)	(2,052,825)	(21,999,693)
Net profit (loss) before income tax	5,552,364	3,036,007	(536,029)	23,358,960	(4,299,746)	27,111,556
Income tax benefit (expense)	(639,380)	(637,056)	22,691	(4,887,069)	(627,191)	(6,768,005)
Net profit (loss) for the period	$ 4,912,984	$ 2,398,951	$ (513,338)	$ 18,471,891	$ (4,926,937)	$ 20,343,551

(Concluded)

TABLE 1

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

FINANCINGS PROVIDED
FOR THE NINE MONTHS ENDED SEPTEMBER 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	$ 1,613,400	$ 1,613,400	$ -	Floating	Short-term financing	$ -	Working capital	$ -	-	$ -	$ 18,536,837 (Note 1)	$ 18,536,837 (Note 1)
2	KGI Asia Limited	PT KGI Sekuritas Indonesia	Receivables, net	Yes	516,288	516,288	-	Floating	Short-term financing	-	Working capital	-	-	-	11,118,004 (Note 2)	11,118,004 (Note 2)
3	KGI International (Hong Kong) Limited	PT KGI Sekuritas Indonesia	Receivables, net	Yes	677,628	516,288	516,288	7.23%	Short-term financing	-	Working capital	-	-	-	6,797,609 (Note 3)	6,797,609 (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	-	-	-	87,762 (Note 4)	351,048 (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 NINE MONTHS ENDED SEPTEMBER 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	$ 5,585,879	$ 884,031	$ 853,776	$ 853,776	$ -	1.53%	$ 22,343,517 (Note 2)	No	No	No
2	KGI International Holdings Limited	KGI Asia Limited	Note 1	18,536,837	1,290,720	1,290,720	-	-	6.96%	18,536,837 (Note 3)	No	No	No
		KGI International Finance Limited	Note 1	18,536,837	645,360	645,360	-	-	3.48%	18,536,837 (Note 3)	No	No	No
		KGI Finance Limited	Note 1	18,536,837	80,670	80,670	-	-	0.44%	18,536,837 (Note 3)	No	No	No
		KGI Futures (Hong Kong) Limited	Note 1	18,536,837	2,027,045	2,025,702	-	-	10.93%	18,536,837 (Note 3)	No	No	No
		KGI Securities (Singapore) Pte. Ltd.	Note 1	18,536,837	2,904,120	2,904,120	-	-	15.67%	18,536,837 (Note 3)	No	No	No
		KGI Asia (Holdings) Pte. Ltd.	Note 1	18,536,837	4,360,355	4,230,803	2,624,906	-	22.82%	18,536,837 (Note 3)	No	No	No
3	CDIB Capital Group	CDIB Capital Investment I limited	Note 1	7,998,262	1,613,400	1,613,400	-	-	5.46%	11,817,188 (Note 4)	No	No	No
		CDIB Global Markets Limited	Note 1	6,633,270	1,613,400	1,613,400	290,412	-	5.46%	11,817,188 (Note 4)	No	No	No

Note 1: The Group has directly or indirectly over 50% voting right of the company.

Note 2: The limit of maximum guarantee provided by KGI Securities Co., Ltd. is based on "Corporate Endorsement, Guarantee Making Guideline". For each company, the amount of guarantee should not exceed 10% of the guarantee provider's net asset value. The total amount available for collaterals or guarantee should not exceed 40% of the guarantee provider's net asset value.

Note 3: The limit of maximum guarantee provided by KGI International Holdings Limited is based on the "Corporate Endorsement, Guarantee Making Guideline". For each and all company, the amount of guarantee provided should not exceed the guarantee provider's net asset value.

Note 4: The limit of maximum guarantee provided by CDIB Capital Group is based on "Financing Provided, Corporate Endorsement, and Guarantee Making Guideline". For each company, the amount of financing and guarantee provided should limit on the amount of each counterparty's net investment in principle. The total amount of financing or guarantee 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$1,613,400 thousand.

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
SEPTEMBER 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	September 30, 2023				Note
				Shares/Face Value/Units	Carrying Value	Percentage of Ownership (Note 2)	Fair Value	
CDIB Capital Group	Stocks							
	Logitech Inc.	-	Financial assets at fair value through profit or loss	3,261,773	$ 12,684	10.69	$ 12,684	
	Solar Fine Chemical Co., Ltd.	-	Financial assets at fair value through profit or loss	241,403	2,998	10.83	2,998	
	Dee Van Enterprise Co., Ltd.	-	Financial assets at fair value through profit or loss	4,225,979	68,123	6.04	68,123	
	HealthStream Taiwan Inc.	-	Financial assets at fair value through profit or loss	3,439,523	37,566	10.06	37,566	
	General Life Biotechnology Co., Ltd.	-	Financial assets at fair value through profit or loss	2,520,000	25,741	8.40	25,741	
	AMIA Co., Ltd.	-	Financial assets at fair value through profit or loss	6,000,000	154,800	8.58	154,800	
	Up Scientech Materials Corp.	-	Financial assets at fair value through profit or loss	4,186,209	80,012	6.97	80,012	
	Eastern Electronic Co., Ltd.	-	Financial assets at fair value through profit or loss	4,348,680	37,246	6.47	37,246	
	ASIA BEST LIFE CARE CO., LTD.	-	Financial assets at fair value through profit or loss	8,243,507	95,356	4.81	95,356	
	Taiwan Speciality Chemicals Corporation	-	Financial assets at fair value through profit or loss	2,598,638	187,102	1.88	187,102	
	Jochu Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	3,572,720	73,777	4.00	73,777	
	Kaohsiung Rapid Transit Corporation.	-	Financial assets at fair value through profit or loss	3,845,330	1,310	1.38	1,310	
	DragonJet Corporation	-	Financial assets at fair value through profit or loss	3,534,481	25,667	4.77	25,667	
	EVA Technologies Co., Ltd.	-	Financial assets at fair value through profit or loss	2,150,536	16,735	10.43	16,735	
	ASIA BEST HEALTHCARE CO., LTD.	-	Financial assets at fair value through profit or loss	12,612	385	4.72	385	
	Eden Biologics Inc.	-	Financial assets at fair value through profit or loss	8,382,844	71,984	3.55	71,984	
	Eastern Power and Electric Company Limited	-	Financial assets at fair value through profit or loss	3,201,019	13,523	12.00	13,523	
	Pyxis Oncology Inc.	-	Financial assets at fair value through profit or loss	87,841	5,641	0.22	5,641	
	Chime Biologicis Limited	-	Financial assets at fair value through profit or loss	8,382,844	90,819	3.55	90,819	
	Beauty Essentials International Ltd.	-	Financial assets at fair value through profit or loss	86,503,067	110,814	8.04	110,814	
	Lightel Technologies, Inc. - preferred stock	-	Financial assets at fair value through profit or loss	2,860,000	46,973	41.41	46,973	
	United Renewable Energy Co., Ltd. - private placement	-	Financial assets at fair value through profit or loss	2,079,360	26,447	0.13	26,447	
	CDIB Capital Innovation Accelerator Ltd.	Associate	Financial assets at fair value through profit or loss	33,953,998	579,891	35.71	579,891	
	CDIB & Partners Investment Holding Corporation	Associate	Investments accounted for using the equity method	313,200,000	4,601,072	28.71	4,601,072	
	CDIB Capital Creative Industries Limited	Associate	Investments accounted for using the equity method	34,920,000	218,031	38.80	218,031	
	CDIB Capital Healthcare Ventures Limited	Associate	Investments accounted for using the equity method	8,633,571	364,657	21.86	364,657	
	CDIB Bio Science Ventures I, Inc.	Associate	Investments accounted for using the equity method	4,431,405	13,784	20.00	13,784	
	CDIB Capital Management Corporation	Subsidiary	Investments accounted for using the equity method	23,093,889	540,222	100.00	540,222	
	CDIB Venture Capital Corporation	Subsidiary	Investments accounted for using the equity method	535,493,708	6,194,898	100.00	6,194,898	
	CDIB Venture Capital (Hong Kong) Corporation Limited	Subsidiary	Investments accounted for using the equity method	925,000,000	3,439,110	100.00	3,439,110	
	CDIB Capital Investment II Limited	Subsidiary	Investments accounted for using the equity method	45,000,000	1,818,143	100.00	1,818,143	
	CDIB Global Markets Limited	Subsidiary	Investments accounted for using the equity method	339,392	6,633,270	100.00	6,633,270	
	CDIB Capital Investment I Limited	Subsidiary	Investments accounted for using the equity method	132,800,000	7,960,722	100.00	7,960,722	
	CDIB Capital International Corporation	Subsidiary	Investments accounted for using the equity method	4,700,000	463,053	100.00	463,053	
CDIB Capital Management Corporation	Stocks							
	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	13,469	60.00	13,469	
	CDIB Capital Creative Industries Limited	Associate	Investments accounted for using the equity method	900,003	5,619	1.00	5,619	
	CDIB Capital Healthcare Ventures Limited	Associate	Investments accounted for using the equity method	395,001	16,684	1.00	16,684	
	CDIB Private Equity (Hong Kong) Corporation Limited	Subsidiary	Investments accounted for using the equity method	51,900,000	352,238	100.00	352,238	
	Funds							
	CDIB Capital Growth Partners L.P.	Associate	Financial assets at fair value through profit or loss	-	47,425	-	47,425	
	CDIB Capital Healthcare Ventures II Limited Partnership	Associate	Financial assets at fair value through profit or loss	-	33,307	-	33,307	
	CDIB & Innolux Limited Partnership	Associate	Financial assets at fair value through profit or loss	-	13,905	-	13,905	
	CDIB-Mac Limited Partnership	Associate	Financial assets at fair value through profit or loss	-	2,827	-	2,827	

(Continued)

Holding Company	Marketable Securities Type and Issuer	Relationship with the Holding Company	Financial Statement Account	September 30, 2023				Note
				Shares/Face Value/Units	Carrying Value	Percentage of Ownership (Note 2)	Fair Value	
CDIB Private Equity (Hong Kong) Corporation Limited	Stocks							
	CDIB Private Equity (China) Corporation	Subsidiary	Investments accounted for using the equity method	-	HK$ 69,890	100.00	HK$ 69,890	
	CDIB Private Equity Management (Fujian) Enterprise (Limited Partnership)	Subsidiary	Investments accounted for using the equity method	-	HK$ 6,603	56.00	HK$ 6,603	
	CDIB Yida Private Equity Management (Kunshan) Enterprise (Limited Partnership)	Subsidiary	Investments accounted for using the equity method	-	HK$ 3,507	27.08	HK$ 3,507	
CDIB Private Equity (China) Corporation	Stocks							
	CDIB Private Equity (Fujian) Co., Ltd.	Subsidiary	Investments accounted for using the equity method	-	CNY 14,585	70.00	CNY 14,585	
	CDIB Yida Private Equity (Kunshan) Co., Ltd.	Subsidiary	Investments accounted for using the equity method	-	CNY 13,303	65.00	CNY 13,303	
	CDIB Private Equity (Kunshan) Corporation	Subsidiary	Investments accounted for using the equity method	-	CNY 5,631	100.00	CNY 5,631	
	CDIB Guoke Private Equity (Kunshan) Co., Ltd.	Subsidiary	Investments accounted for using the equity method	-	CNY 6,545	65.00	CNY 6,545	
CDIB Private Equity (Fujian) Co., Ltd.	Stocks							
	CDIB Private Equity Management (Fujian) Enterprise (Limited Partnership)	Subsidiary	Investments accounted for using the equity method	-	CNY 2,203	20.00	CNY 2,203	
CDIB Yida Private Equity (Kunshan) Co., Ltd.	Stocks							
	CDIB Yida Private Equity Management (Kunshan) Enterprise (Limited Partnership)	Subsidiary	Investments accounted for using the equity method	-	CNY 7,056	58.33	CNY 7,056	
	Funds							
	Kunshan Yida Healthcare Private Equity Enterprise (Limited Partnership)	Associate	Financial assets at fair value through profit or loss	-	CNY 4,919	-	CNY 4,919	
CDIB Yida Private Equity Management (Kunshan) Enterprise (Limited Partnership)	Funds							
	CDIB Yida Private Equity (Kunshan) Enterprise (Limited Partnership)	Associate	Investments accounted for using the equity method	-	CNY 10,582	-	CNY 10,582	
CDIB Guoke Private Equity (Kunshan) Co., Ltd.	Funds							
	Kunshan Taiwan Business Development Investment Fund Partnership (Limited Partnership)	Associate	Financial assets at fair value through profit or loss	-	CNY 3,973	-	CNY 3,973	
CDIB Private Equity Management (Fujian) Enterprise (Limited Partnership)	Funds							
	CDIB Private Equity (Fujian) Enterprise (Limited Partnership)	Associate	Investments accounted for using the equity method	-	CNY 4,861	-	CNY 4,861	
CDIB Venture Capital Corporation	Stocks							
	Azotek Co., Ltd.	-	Financial assets at fair value through profit or loss	989,400	16,304	1.62	16,304	
	ASIA BEST LIFE CARE CO., LTD.	-	Financial assets at fair value through profit or loss	8,243,507	95,356	4.81	95,356	
	Changpin wind power Ltd.	-	Financial assets at fair value through profit or loss	4,200,000	105,945	17.50	105,945	
	Cyntec Co., Ltd.	-	Financial assets at fair value through profit or loss	6,860,000	68,600	49.00	68,600	
	Evergreen Aviation Technologies Corp.	-	Financial assets at fair value through profit or loss	1,572,000	166,632	0.42	166,632	
	Fukuta Elec. & Mach. Co., Ltd.	-	Financial assets at fair value through profit or loss	2,306,529	230,653	4.52	230,653	
	Sustainable Development Co., Ltd.	-	Financial assets at fair value through profit or loss	1,180,645	61,362	3.01	61,362	
	Hephas Energy Co., Ltd.	-	Financial assets at fair value through profit or loss	696,000	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	488,898	0.53	488,898	
	M2 Communication, Inc.	-	Financial assets at fair value through profit or loss	162,815	1,921	1.63	1,921	
	Taiwan Speciality Chemicals Corporation	-	Financial assets at fair value through profit or loss	177,785	12,801	0.13	12,801	
	GSD Technologies Co., Ltd.	-	Financial assets at fair value through profit or loss	2,306,603	100,337	6.23	100,337	
	APEX Dynamics, Inc.	-	Financial assets at fair value through profit or loss	178,000	36,846	0.22	36,846	
	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	1,281,316	79,890	2.52	79,890	
	Poju International Co., Ltd.	-	Financial assets at fair value through profit or loss	2,666,000	52,618	5.68	52,618	
	Asia Best Healthcare Co., Ltd.	-	Financial assets at fair value through profit or loss	12,612	385	4.72	385	
	Viscovery (Cayman) Holding Company Limited	-	Financial assets at fair value through profit or loss	195,317	945	2.68	945	
	KKday.com International Company Limited	-	Financial assets at fair value through profit or loss	3,000,000	26,329	0.93	26,329	
	i-Serve	-	Financial assets at fair value through profit or loss	2,232,219	35,138	4.17	35,138	
	Crescendo Lab	-	Financial assets at fair value through profit or loss	3,195	5,155	2.40	5,155	
	Apollomics, Inc.	-	Financial assets at fair value through profit or loss	419,338	48,141	0.48	48,141	
	Hartec Asia Pte. Ltd.	-	Financial assets at fair value through profit or loss	2,800,000	60,672	10.23	60,672	

(Continued)

Holding Company	Marketable Securities Type and Issuer	Relationship with the Holding Company	Financial Statement Account	September 30, 2023				Note
				Shares/Face Value/Units	Carrying Value	Percentage of Ownership (Note 2)	Fair Value	
	Achieve Made International Limited	-	Financial assets at fair value through profit or loss	98,355	$ 6,935	3.30	$ 6,935	
	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	94,883	40.74	94,883	
	4Gamers Entertainment Inc. - preferred stock	-	Financial assets at fair value through profit or loss	24,000	17,038	20.00	17,038	
	Viscovery (Cayman) Holding Company Limited - preferred stock	-	Financial assets at fair value through profit or loss	304,878	1,476	8.20	1,476	
	Asia Parents Holdings Limited - preferred stock	-	Financial assets at fair value through profit or loss	248,889	18,070	14.74	18,070	
	Kneron Holding Corporation - preferred stock	-	Financial assets at fair value through profit or loss	1,391,752	269,454	9.00	269,454	
	Elixiron Immunotherapeutics (Cayman) Limited - preferred stock	-	Financial assets at fair value through profit or loss	4,559,686	109,835	26.09	109,835	
	Crescendo Lab - preferred stock	-	Financial assets at fair value through profit or loss	8,000	12,907	16.00	12,907	
	Zentera Systems, Inc. - preferred stock	-	Financial assets at fair value through profit or loss	1,324,503	33,221	39.35	33,221	
	FUNP Co., Ltd. - preferred stock	-	Financial assets at fair value through profit or loss	400,000	46,466	5.39	46,466	
	Achieve Made International Limited - preferred stock	-	Financial assets at fair value through profit or loss	168,138	11,855	6.07	11,855	
	PChome Online Inc. - private placement	-	Financial assets at fair value through profit or loss	1,875,293	64,710	1.30	64,710	
	United Renewable Energy Co., Ltd. - private placement	-	Financial assets at fair value through profit or loss	831,744	10,579	0.05	10,579	
	United Renewable Energy Co., Ltd. - private placement	-	Financial assets at fair value through profit or loss	2,056,941	26,161	0.13	26,161	
	KKday.com International Company Limited - preferred stock CC	-	Financial assets at fair value through profit or loss	813,859	7,143	0.08	7,143	
	Viscovery (Cayman) Holding Company Limited - preferred stock A	-	Financial assets at fair value through profit or loss	200,000	968	10.96	968	
	Elixiron Immunotherapeutics (Cayman) Limited - preferred stock A	-	Financial assets at fair value through profit or loss	2,679,133	64,536	13.03	64,536	
	Amazing Talker - preferred stock A	-	Financial assets at fair value through profit or loss	4,282,655	64,536	12.90	64,536	
	FunNow Ltd. - preferred stock A	-	Financial assets at fair value through profit or loss	1,851,840	82,940	20.00	82,940	
	4Gamers Entertainment Inc. - preferred stock B	-	Financial assets at fair value through profit or loss	8,727	6,195	4.80	6,195	
	KKday.com International Company Limited - preferred stock B	-	Financial assets at fair value through profit or loss	5,654,616	49,627	8.66	49,627	
	TXONE NETWORKS INC. - preferred stock B	-	Financial assets at fair value through profit or loss	545,454	96,804	3.71	96,804	
	Traveler Co., Ltd. - preferred stock B	-	Financial assets at fair value through profit or loss	32,077	52,043	10.85	52,043	
	FunNow Ltd. - preferred stock B	-	Financial assets at fair value through profit or loss	435,730	19,515	4.71	19,515	
	KKday.com International Company Limited - preferred stock C	-	Financial assets at fair value through profit or loss	7,655,502	67,188	2.31	67,188	
	Traveler Co., Ltd. - preferred stock C	-	Financial assets at fair value through profit or loss	7,955	12,906	3.20	12,906	
	Fractyl Health, Inc. - preferred stock E	-	Financial assets at fair value through profit or loss	1,305,574	353,216	10.17	353,216	
	Achieve Made International Limited - preferred stock E	-	Financial assets at fair value through profit or loss	336,276	23,710	10.00	23,710	
	Viscovery (Cayman) Holding Company Limited - preferred stock AA	-	Financial assets at fair value through profit or loss	300,000	1,452	15.00	1,452	
	FunNow Ltd. - preferred stock BB	-	Financial assets at fair value through profit or loss	576,370	25,814	10.00	25,814	
	GPPC Development Corp.	Associate	Investments accounted for using the equity method	5,000,000	11,217	14.29	11,217	
	Funds							
	CDIB Capital Growth Partners L.P.	Associate	Financial assets at fair value through profit or loss	-	1,165,664	-	1,165,664	
	CDIB Capital Healthcare Ventures II Limited Partnership	Associate	Financial assets at fair value through profit or loss	-	380,704	-	380,704	
	CDIB & Innolux Limited Partnership	Associate	Financial assets at fair value through profit or loss	-	392,389	-	392,389	
CDIB Venture Capital (Hong Kong) Corporation Limited	Funds							
	CDIB Private Equity (Fujian) Enterprise (Limited Partnership)	Associate	Investments accounted for using the equity method	-	HK$ 178,512	-	HK$ 178,512	
	CDIB Yida Private Equity (Kunshan) Enterprise (Limited Partnership)	Associate	Investments accounted for using the equity method	-	HK$ 242,452	-	HK$ 242,452	
	Kunshan Yida Healthcare Private Equity Enterprise (Limited Partnership)	Associate	Financial assets at fair value through profit or loss	-	HK$ 154,563	-	HK$ 154,563	
CDIB Capital Investment I Limited	Stocks							
	Best Inc.	-	Financial assets at fair value through profit or loss	75,000	US$ 167	0.09	US$ 167	
	Loopin Cayman Limited	-	Financial assets at fair value through profit or loss	1,893,948	US$ 2,153	3.79	US$ 2,153	
	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$ 62	12.50	US$ 62	
	Viking 3 Holdings Corporation - preferred stock	-	Financial assets at fair value through profit or loss	18,000,000	US$ 5,880	100.00	US$ 5,880	
	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$ 1,160	100.00	US$ 1,160	
	SCBS 1 Holding Corporation	Subsidiary	Investments accounted for using the equity method	3,828	US$ 2,441	100.00	US$ 2,441	

(Continued)

Holding Company	Marketable Securities Type and Issuer	Relationship with the Holding Company	Financial Statement Account	September 30, 2023 Shares/Face Value/Units	Carrying Value	Percentage of Ownership (Note 2)	Fair Value	Note
	Fund							
	KKR X-Ray Co-invest L.P.	-	Financial assets at fair value through profit or loss	-	US$ 5,212	-	US$ 5,212	
	KKR Talk Co-invest L.P.	-	Financial assets at fair value through profit or loss	-	US$ 31,981	-	US$ 31,981	
	CC KDC CO-INVEST L.P.	-	Financial assets at fair value through profit or loss	-	US$ 39,788	-	US$ 39,788	
	MSD Sports Partners, L.P.	-	Financial assets at fair value through profit or loss	-	US$ 57	-	US$ 57	
	CDIB Capital Global Opportunities Fund L.P.	Associate	Financial assets at fair value through profit or loss	-	US$ 15,900	-	US$ 15,900	
	CDIB Capital Asia Partners L.P.	Associate	Investments accounted for using the equity method	-	US$ 64,055	-	US$ 64,055	
	Corporate bond							
	Konew Capital International Limited	-	Financial assets at fair value through profit or loss	29,395,000	US$ 28,611	-	US$ 28,611	
	Sino Money Investments Limited	-	Amortised cost financial assets	4,986,569	US$ 4,923	-	US$ 5,214	
	StorHub Hong Kong I Limited	-	Amortised cost financial assets	1,291,923	US$ 1,266	-	US$ 1,332	
	StorHub Hong Kong IV Limited	-	Amortised cost financial assets	2,101,959	US$ 2,059	-	US$ 2,167	
	StorHub Hong Kong VI Limited	-	Amortised cost financial assets	5,477,324	US$ 5,365	-	US$ 5,647	
	StorHub Hong Kong V Ltd.	-	Amortised cost financial assets	6,580,216	US$ 6,446	-	US$ 6,784	
	StorHub Hong Kong III Ltd.	-	Amortised cost financial assets	2,235,102	US$ 2,189	-	US$ 2,304	
	StorHub Hong Kong VII Ltd.	-	Amortised cost financial assets	4,127,132	US$ 4,043	-	US$ 4,255	
SCBS 1 Holding Corporation	Stocks							
	Simplify Compliance Holdings, LLC	-	Financial assets at fair value through profit or loss	2,833,333	US$ 2,281	2.91	US$ 2,281	
CDIB X Finance I Holding Limited	Corporate bond							
	Xian Group Limited	-	Amortised cost financial assets	5,000,000	US$ 1,193	-	US$ 1,193	
CDIB Capital Investment II Limited	Stocks							
	Great Rich Technologies Limited	-	Financial assets at fair value through profit or loss	1,660,000	US$ 3,870	2.46	US$ 3,870	
	Techmate Korea Daebu Co., Ltd.	-	Financial assets at fair value through profit or loss	45,600	US$ 2,973	10.00	US$ 2,973	
	Indostar Capital	-	Financial assets at fair value through profit or loss	631,701	US$ 4,306	2.88	US$ 4,306	
	NY4 Holdings Corporation - preferred stock	-	Financial assets at fair value through profit or loss	8,080,000	US$ 9,655	100.00	US$ 9,655	
	Indostar Everstone - preferred stock	-	Financial assets at fair value through profit or loss	860,332	US$ 5,837	8.12	US$ 5,837	
	CDIB TMK Finance Holding Limited	Subsidiary	Investments accounted for using the equity method	19,183	US$ 20,969	100.00	US$ 20,969	
	Corporate bond							
	Belcher I (BVI) Limited	-	Amortised cost financial assets	3,576,203	US$ 3,503	-	US$ 3,706	
	Belcher II (BVI) Limited	-	Amortised cost financial assets	1,493,073	US$ 1,463	-	US$ 1,547	
	Belcher III (BVI) Limited	-	Amortised cost financial assets	1,458,242	US$ 1,428	-	US$ 1,511	
CDIB TMK Finance Holding Limited	Corporate bond							
	Techmate Korea Daebu Co., Ltd.	-	Amortised cost financial assets	22,789,140,793	US$ 16,404	-	US$ 19,146	
CDIB Global Markets Limited	Stocks							
	Big Commerce Holdings, Inc.	-	Financial assets at fair value through profit or loss	30,361	US$ 300	0.04	US$ 300	
	Eventbrite, Inc.	-	Financial assets at fair value through profit or loss	24,904	US$ 246	0.03	US$ 246	
	ContextLogic, Inc.	-	Financial assets at fair value through profit or loss	3,240	US$ 14	-	US$ 14	
	Flemingo International (BVI) Ltd. - preferred stock	-	Financial assets at fair value through profit or loss	1,048	US$ 18,981	50.19	US$ 18,981	
	Osaro, Inc. - preferred stock B	-	Financial assets at fair value through profit or loss	510,958	US$ 1,290	3.85	US$ 1,290	
	CDIB Pearl Holding Limited	Subsidiary	Investments accounted for using the equity method	34,000	US$ 33,600	100.00	US$ 33,600	
	Corporate bond							
	42Matraville Investment Trust	-	Amortised cost financial assets	10,625,714	US$ 6,629	-	US$ 7,323	
	Weave Living Real Estate II Limited	-	Amortised cost financial assets	2,076,944	US$ 2,050	-	US$ 2,078	
	Weave Living Real Estate Limited	-	Amortised cost financial assets	6,881,539	US$ 6,794	-	US$ 6,887	
	Weave Living Real Estate SG Limited	-	Amortised cost financial assets	540,067	US$ 533	-	US$ 540	

(Continued)

Holding Company	Marketable Securities Type and Issuer	Relationship with the Holding Company	Financial Statement Account	September 30, 2023				Note
				Shares/Face Value/Units	Carrying Value	Percentage of Ownership (Note 2)	Fair Value	
	Fund							
	Huaxing Capital Partners II LP	-	Financial assets at fair value through profit or loss	-	US$ 3,581	-	US$ 3,581	
	Alpha Intelligence Capital Fund II, SCSp, SICAV-RAIF	-	Financial assets at fair value through profit or loss	-	US$ 3,812	-	US$ 3,812	
	AIC Tahoe, Limited Partnership	Associate	Financial assets at fair value through profit or loss	-	US$ 9,490	-	US$ 9,490	
	Convertible (exchange) corporate bond							
	Osaro, Inc.	-	Financial assets at fair value through profit or loss	-	US$ 558	-	US$ 558	
	Amber Investment Partners Limited	Associate	Financial assets at fair value through profit or loss	-	US$ 43,632	-	US$ 43,632	
	Orchid Investment Holdings	Associate	Financial assets at fair value through profit or loss	-	US$ 27,367	-	US$ 27,367	
	CDIB Medtech Holdings Limited	Associate	Financial assets at fair value through profit or loss	-	US$ 17,500	-	US$ 17,500	
	CDIB Medtech Investment Partners Limited	Associate	Financial assets at fair value through profit or loss	-	US$ 43,750	-	US$ 43,750	
CDIB Pearl Holding Limited	Stocks							
	JFrog Ltd.	-	Financial assets at fair value through profit or loss	149	US$ 4	-	US$ 4	
	monday.com Ltd.	-	Financial assets at fair value through profit or loss	16	US$ 3	-	US$ 3	
	Funds							
	KKR Asian Fund III L.P.	-	Financial assets at fair value through profit or loss	-	US$ 1,080	-	US$ 1,080	
	Ardian Buyout Fund VII A S.L.P.	-	Financial assets at fair value through profit or loss	-	US$ 2,726	-	US$ 2,726	
	Permira VII L.P.1	-	Financial assets at fair value through profit or loss	-	US$ 1,809	-	US$ 1,809	
	Insight Partners (Cayman) XI, L.P.	-	Financial assets at fair value through profit or loss	-	US$ 3,329	-	US$ 3,329	
	TA XIII-B, L.P.	-	Financial assets at fair value through profit or loss	-	US$ 2,597	-	US$ 2,597	
	Warburg Pincus Global Growth, L.P.	-	Financial assets at fair value through profit or loss	-	US$ 3,037	-	US$ 3,037	
	EQT IX (No. 1) EUR SCSp	-	Financial assets at fair value through profit or loss	-	US$ 3,078	-	US$ 3,078	
	KKR European Fund V (USD) SCSp	-	Financial assets at fair value through profit or loss	-	US$ 1,788	-	US$ 1,788	
	Carlyle Partners VII, L.P.	-	Financial assets at fair value through profit or loss	-	US$ 4,353	-	US$ 4,353	
	KKR Health Care Strategic Growth Fund L.P.	-	Financial assets at fair value through profit or loss	-	US$ 1,142	-	US$ 1,142	
	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$ 4,446	-	US$ 4,446	
CDIB Capital International Corporation	Stocks							
	CDIB Capital International (Hong Kong) Corporation Limited	Subsidiary	Investments accounted for using the equity method	15,400,000	US$ 7,436	100.00	US$ 7,436	
	CDIB Capital International (USA) Corporation	Subsidiary	Investments accounted for using the equity method	8,000,000	US$ 3,318	100.00	US$ 3,318	
	CDIB Capital Asia Partners Limited	Subsidiary	Investments accounted for using the equity method	200	US$ 142	100.00	US$ 142	
	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$ 100	100.00	US$ 100	
	CDIB Asia Secured Opportunities GP Ltd.	Subsidiary	Investments accounted for using the equity method	-	US$ -	100.00	US$ -	(Note 6)
	CDIB Real Estate Credit Ltd.	Subsidiary	Investments accounted for using the equity method	300	US$ -	100.00	US$ -	
China Development Asset Management Corp.	Stocks							
	IBF Securities Co., Ltd.	-	Financial assets at fair value through profit or loss	10,712,984	105,431	1.07	105,431	
	Chinfon Commercial Bank	-	Financial assets at fair value through profit or loss	5,026,269	-	0.86	-	
	Pine Street Asset Management Corp.	-	Financial assets at fair value through other comprehensive income	3,886,190	19,022	12.25	19,022	
CDIB Management Consulting Corp.	Stocks							
	CDC Finance & Leasing Corp.	Subsidiary	Investments accounted for using the equity method	76,704,787	896,792	100.00	896,792	
	CDIB International Leasing Corp.	Subsidiary	Investments accounted for using the equity method	-	157,850	100.00	157,850	
CDC Finance & Leasing Corp.	Stocks							
	Pacific Electric Wire and Cable Co., Ltd.	-	Financial assets at fair value through other comprehensive income	546,231	9,570	0.07	9,570	
Richpoint Company Limited	Stocks							
	KG Investments Holdings Limited	Subsidiary	Investments accounted for using the equity method	156,864,163	US$ 588,825	100.00	US$ 588,825	

(Continued)

Holding Company	Marketable Securities Type and Issuer	Relationship with the Holding Company	Financial Statement Account	September 30, 2023				Note
				Shares/Face Value/Units	Carrying Value	Percentage of Ownership (Note 2)	Fair Value	
KGI Venture Capital Co., Ltd.	Stocks							
	Young Shine Electric Co., Ltd.	-	Financial assets at fair value through profit or loss	645,000	$ 42,518	3.21	$ 42,518	
	Jia Wei Lifestyle Inc.	-	Financial assets at fair value through profit or loss	480,000	25,200	0.60	25,200	
	Yield Microelectronics Corp.	-	Financial assets at fair value through profit or loss	450,000	51,300	1.68	51,300	
	AMPAK Technology Inc.	-	Financial assets at fair value through profit or loss	275,000	23,045	0.42	23,045	
	Welltech Energy Inc.	-	Financial assets at fair value through profit or loss	2,200,000	48,400	5.63	48,400	
	Santi Renewable Energy Co., Ltd.	-	Financial assets at fair value through profit or loss	800,000	24,000	0.25	24,000	
	Taiwan Advanced Nanotech Inc.	-	Financial assets at fair value through profit or loss	35,000	1,289	0.11	1,289	
	Formosa Pharmaceuticals, Inc.	-	Financial assets at fair value through profit or loss	50,000	2,595	0.04	2,595	
	Gingy Technology Inc.	-	Financial assets at fair value through profit or loss	43,775	37	0.86	37	
	Sustainable Development Co., Ltd.	-	Financial assets at fair value through profit or loss	961,930	30,522	2.45	30,522	
	Yongda Food Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	1,100,000	6,589	4.02	6,589	
	ChenFeng Optronics Corporation	-	Financial assets at fair value through profit or loss	2,772,482	99,849	2.95	99,849	
	Nfore Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	500,000	21,713	1.43	21,713	
	Rapidtek Technologies Inc.	-	Financial assets at fair value through profit or loss	129,571	9,368	0.43	9,368	
	Evergreen Aviation Technologies Corp.	-	Financial assets at fair value through profit or loss	350,600	37,164	0.09	37,164	
	Airoha Technology Corp.	-	Financial assets at fair value through profit or loss	49,000	27,970	0.03	27,970	
	Deluxe Technology Group Co., Ltd.	-	Financial assets at fair value through profit or loss	632,307	5,004	0.85	5,004	
	Top Bright Holding Co., Ltd.	-	Financial assets at fair value through profit or loss	176,000	21,912	0.34	21,912	
KGI Securities Investment Trust Co., Ltd.	Stocks							
	FundRich Securities	-	Financial assets at fair value through other comprehensive income	227,406	2,969	0.38	2,969	
	Funds							
	KGI Victory Money Market Fund	Funds managed by KGI Securities Investment Trust	Financial assets at fair value through profit or loss	1,299,883	15,417	0.31	15,417	

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 September 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 September 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 NINE MONTHS ENDED SEPTEMBER 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	Stocks 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	Funds CDIB Pearl Holding Limited	Investments accounted for using the equity method	-	-	-	-	34,000	US$ 33,600 (Note)	-	-	-	-	34,000	US$ 33,600
CDIB Capital Investment I Limited	Stocks Eve & Partners Limited Partnership.	Financial assets at fair value through profit or loss	-	-	-	US$ 6,958	-	US$ 65	-	US$ 11,050	US$ 7,023	US$ 4,027	-	-

Note: The CDIB Global Markets Limited had increase its capital in cash by US$34,000 thousand and an investment loss of US$400 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
SEPTEMBER 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	$ 577,987 (Note 1)	-	$ -	-	$ -	$ -
	KGI Bank	Subsidiary	908,425 (Note 2)	-	-	-	-	-
	KGI Securities Co., Ltd.	Subsidiary	1,741,124 (Note 2)	-	-	-	-	-
China Life Insurance Co., Ltd.	The Corporation	The parent company	2,068,427 (Note 3)	-	-	-	309	-
KGI International (Hong Kong) Limited	PT KGI Sekuritas Indonesia	Subsidiary of the parent company	517,609	-	-	-	517,609	-
	KGI Future (Hong Kong) Limited	Subsidiary of the parent company	430,954	-	-	-	430,954	-
	KGI Asia Limited	Subsidiary of the parent company	1,363,296	-	-	-	1,363,296	-
KGI Securities (Singapore) Pte. Ltd.	KGI Asia Limited	Subsidiary of the parent company	367,289	-	-	-	367,289	-

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.

TABLE 6

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

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

Consolidated entities

Investor Company	Subsidiaries	Main Business and Products	Percentage of Ownership			Note
			September 30, 2023	December 31, 2022	September 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	
	KGI Securities Investment Trust Co., Ltd.	Nominee services, discretionary investment services	100.00	-	-	(Note 1)
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	(Note 2)
	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	(Note 3)
	CDIB Real Estate Credit Ltd.	Investment	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	

(Continued)

Investor Company	Subsidiaries	Main Business and Products	Percentage of Ownership September 30, 2023	December 31, 2022	September 30, 2022	Note
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	
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	(Note 1)
	KGI Futures Co., Ltd.	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	

(Continued)

Investor Company	Subsidiaries	Main Business and Products	Percentage of Ownership			Note
			September 30, 2023	December 31, 2022	September 30, 2022	
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	
KGI Asia (Holdings) Pte. Ltd.	KGI Securities (Singapore) Pte. Ltd.	Securities and futures investment	100.00	100.00	100.00	
KGI Bank	CDIB Management Consulting Corporation	Management and consulting	100.00	100.00	100.00	
CDIB Management Consulting Corporation	CDC Finance & Leasing Corp.	Leasing	100.00	100.00	76.04	(Note 4)
	CDIB International Leasing Corp.	Leasing	100.00	100.00	100.00	

Note 1: KGI Securities Investment Trust Co., Ltd. was changed to be directly held by the Corporation on July 1, 2023, after KGI Securities Co., Ltd. underwent physical capital reduction to offset the number of shares.

Note 2: CDIB Intelligence Partners Limited conducted registration of establishment on February 28, 2020, however, CDIB Intelligence Partners Limited had not invested any capital as of September 30, 2023.

Note 3: 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 September 30, 2023.

Note 4: 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 7

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	**September 30, 2023**	**December 31, 2022**	**September 30, 2022**
Cash and cash equivalents	$ 2,552,119	$ 4,081,769	$ 4,561,699
Receivables, net	208,666	249,151	300,781
Current tax assets	3,226,018	3,791,497	3,815,972
Investments accounted for using the equity method, net	291,835,503	266,062,665	224,962,448
Other financial assets	300	300	300
Right-of-use assets, net	809,442	862,301	1,045,981
Property and equipment, net	267,461	285,578	270,227
Other assets, net	118,589	113,945	92,960
Total	$ 299,018,098	$ 275,447,206	$ 235,050,368
Liabilities and Equity			
Liabilities			
Commercial paper payable, net	$ 7,099,772	$ 7,899,888	$ 7,199,801
Payables	1,951,763	1,802,426	1,954,367
Current tax liabilities	2,560,933	2,867,858	2,651,658
Bonds payable	48,000,000	48,000,000	48,000,000
Other borrowings	3,299,791	5,299,852	5,999,841
Provisions	-	74	33,125
Lease liabilities	862,179	912,855	1,105,131
Other liabilities	1,622	980	2,459
Total liabilities	63,776,060	66,783,933	66,946,382
Equity			
Capital			
Common stock	168,392,886	168,453,886	168,472,436
Preferred stock	15,821,424	15,821,424	15,821,424
Share capital awaiting retirement	(47,080)	-	(11,550)
Capital surplus	33,506,036	33,626,805	33,569,727
Retained earnings			
Legal reserve	15,613,641	13,703,864	13,703,864
Special reserve	48,976,557	410,006	421,800
Unappropriated earnings	18,413,843	50,476,328	53,228,981
Other equity	(65,435,269)	(73,829,040)	(117,102,696)
Total equity	235,242,038	208,663,273	168,103,986
Total	$ 299,018,098	$ 275,447,206	$ 235,050,368

(Continued)

2. Statements of comprehensive income

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

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	**2022**	**2023**	**2022**
REVENUES				
Share of profit of subsidiaries, associates and joint ventures	$ 8,335,972	$ 7,655,346	$ 19,804,818	$ 23,219,529
Others	12,709	20,494	31,848	108,059
Total revenues	8,348,681	7,675,840	19,836,666	23,327,588
EXPENSES AND LOSSES				
Operating expenses	(632,599)	(606,861)	(1,571,052)	(1,560,238)
Others	(171,484)	(188,785)	(518,238)	(498,096)
Total expenses and losses	(804,083)	(795,646)	(2,089,290)	(2,058,334)
NET PROFIT BEFORE INCOME TAX	7,544,598	6,880,194	17,747,376	21,269,254
INCOME TAX EXPENSES	(175,000)	(176,529)	(235,000)	(947,806)
NET PROFIT FOR THE PERIOD	7,369,598	6,703,665	17,512,376	20,321,448
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	(598,315)	(5,217,794)	38,174	(12,755,364)
Income tax relating to the items that will not be reclassified subsequently to profit or loss	122,431	499,203	278,241	801,896
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	(16,736,966)	(21,978,999)	8,514,376	(127,540,320)
Income tax relating to the items that may be reclassified subsequently to profit or loss	1,101,139	1,502,690	80,437	11,073,668
Other comprehensive income (loss) for the period, net of income tax	(16,111,711)	(25,194,900)	8,911,228	(128,420,120)
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	$ (8,742,113)	$ (18,491,235)	$ 26,423,604	$ (108,098,672)
BASIC EARNINGS PER SHARE	$0.44	$0.40	$1.05	$1.21
DILUTED EARNINGS PER SHARE	$0.44	$0.40	$1.04	$1.21

(Continued)

3. Statements of changes in equity

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

	Equity Attributable to Owners of the Parent: Capital: Common Stock	Capital: Preferred Stock	Capital: Advance Receipts for Capital Stock	Capital: Share Capital Awaiting Retirement	Capital Surplus	Retained Earnings: Legal Reserve	Retained Earnings: Special Reserve	Retained Earnings: Unappropriated Earnings	Other Equity: Exchange Differences on Translation of Foreign Financial Statements	Other Equity: Unrealized Gains (Losses) on Financial Assets at Fair Value through Other Comprehensive Income	Other Equity: Other Comprehensive Income Reclassified Using the Overlay Approach	Other Equity: Equity on Hedging Instruments	Other Equity: Others	Treasury Shares	Total Equity
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 nine months ended September 30, 2022	-	-	-	-	-	-	-	20,321,448	-	-	-	-	-	-	20,321,448
Other comprehensive income (loss) for the nine months ended September 30, 2022, net of income tax	-	-	-	-	-	-	-	-	5,254,493	(61,729,246)	(71,948,636)	3,269	-	-	(128,420,120)
Total comprehensive income (loss) for the nine months ended September 30, 2022	-	-	-	-	-	-	-	20,321,448	5,254,493	(61,729,246)	(71,948,636)	3,269	-	-	(108,098,672)
Share of profit or loss of associates and joint ventures accounted for using equity method	-	-	-	-	1	-	-	-	-	-	-	-	-	-	1
Retirement of treasury share	(3,407,137)	(3,109,012)	-	-	(2,555,352)	-	-	-	-	-	-	-	-	9,071,501	-
Share-based payments	(17,025)	-	(31,175)	(11,550)	(22,402)	-	-	347	-	-	-	-	400,666	-	318,861
Disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	-	-	-	1,573,534	-	(1,573,534)	-	-	-	-	-
Net change in special reserve of subsidiaries	-	-	-	-	-	-	-	(44,911)	-	-	-	-	-	-	(44,911)
BALANCE AT SEPTEMBER 30, 2022	$ 168,472,436	$ 15,821,424	$ -	$ (11,550)	$ 33,569,727	$ 13,703,864	$ 421,800	$ 53,228,981	$ 127,944	$ (49,633,777)	$ (66,542,313)	$ 3,269	$ (1,057,819)	$ -	$ 168,103,986
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 nine months ended September 30, 2023	-	-	-	-	-	-	-	17,512,376	-	-	-	-	-	-	17,512,376
Other comprehensive income (loss) for the nine months ended September 30, 2023, net of income tax	-	-	-	-	-	-	-	-	1,732,337	(2,964,532)	10,142,232	1,191	-	-	8,911,228
Total comprehensive income (loss) for the nine months ended September 30, 2023	-	-	-	-	-	-	-	17,512,376	1,732,337	(2,964,532)	10,142,232	1,191	-	-	26,423,604
Share of profit or loss of associates and joint ventures accounted for using equity method	-	-	-	-	(15,741)	-	-	-	-	-	-	-	-	-	(15,741)
Share-based payments	(61,000)	-	-	(47,080)	(105,028)	-	-	10,809	-	-	-	-	415,295	-	212,996
Disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	-	-	-	932,752	-	(932,752)	-	-	-	-	-
Net change in special reserve of subsidiaries	-	-	-	-	-	-	-	(42,094)	-	-	-	-	-	-	(42,094)
BALANCE AT SEPTEMBER 30, 2023	$ 168,392,886	$ 15,821,424	$ -	$ (47,080)	$ 33,506,036	$ 15,613,641	$ 48,976,557	$ 18,413,843	$ 615,526	$ (17,626,191)	$ (47,900,653)	$ 4,492	$ (528,443)	$ -	$ 235,242,038

(Continued)

4. Statements of cash flows

(In Thousands of New Taiwan Dollars)

	For the Nine Months Ended September 30	
	2023	**2022**
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit before income tax	$ 17,747,376	$ 21,269,254
Adjustments for:		
Depreciation and amortization expenses	97,187	89,690
Interest expense	509,219	465,492
Interest income	(22,401)	(31,500)
Share-based payment compensation cost	28,109	64,022
Share of profit of subsidiaries, associates and joint ventures	(19,600,243)	(22,916,133)
Changes in operating assets and liabilities		
Receivables	250,029	1,428,485
Other assets	7,780	11,493
Payables	90,326	(395,075)
Other liabilities	568	3,342
Interest paid	(453,834)	(413,197)
Interest received	22,019	31,148
Dividends received	2,854,875	22,543,359
Income tax paid	(185,607)	(1,191,820)
Net cash generated from operating activities	1,345,403	20,958,560
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from capital reduction of investments accounted for using equity method	-	4,897,759
Proceed from capital surplus reduction of equity-method investees	-	735,698
Acquisition of property and equipment	(14,136)	(76,902)
Others	(18,687)	(16,885)
Net cash (used in) generated from investing activities	(32,823)	5,539,670
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in commercial paper payable	(800,116)	(8,599,258)
(Decrease) increase in other borrowings	(2,000,061)	2,099,987
Pay cash dividends	-	(16,851,631)
Others	(42,053)	(66,423)
Net cash used in financing activities	(2,842,230)	(23,417,325)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(1,529,650)	3,080,905
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	4,081,769	1,480,794
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	$ 2,552,119	$ 4,561,699

(Continued)

KGI Bank

1. Condensed balance sheets

(In Thousands of New Taiwan Dollars)

	September 30, 2023	December 31, 2022	September 30, 2022
Cash and cash equivalents, due from the Central Bank and call loans to banks	$ 47,808,181	$ 67,379,108	$ 52,458,241
Financial assets at fair value through profit or loss	59,852,272	34,166,455	66,409,542
Financial assets at fair value through other comprehensive income	135,022,343	140,676,945	154,021,506
Debt instruments measured at amortized cost	66,254,861	58,985,476	42,815,212
Financial assets for hedging	1,881,835	2,025,601	2,919,553
Securities purchased under resell agreements	36,400,532	15,467,689	10,407,353
Receivables, net	22,373,747	24,069,220	29,715,786
Discounts and loans, net	397,382,139	394,572,818	402,683,092
Investments accounted for using the equity method, net	6,786,174	6,154,507	5,978,438
Other financial assets, net	2,648,880	1,101,950	2,236,750
Property and equipment, net	5,294,249	5,370,333	5,354,779
Right-of-use assets, net	3,050,664	3,336,532	3,376,543
Investment property, net	1,588,133	1,597,700	1,601,000
Deferred tax assets	541,239	750,316	963,934
Other assets, net	8,434,936	8,362,768	15,247,614
Total assets	$ 795,320,185	$ 764,017,418	$ 796,189,343
Deposits from the Central Bank and banks	$ 7,770,686	$ 11,972,428	$ 20,603,664
Financial liabilities at fair value through profit or loss	41,124,428	35,628,311	63,785,622
Financial liabilities for hedging	838,437	526,268	520,420
Notes and bonds issued under repurchase agreements	55,770,987	28,360,984	54,669,082
Payables	7,387,558	9,957,913	10,189,327
Current tax liabilities	862,302	1,032,695	1,039,979
Deposits and remittances	542,945,996	543,754,213	514,283,666
Bank debentures payable	24,411,435	24,753,007	24,733,333
Principal received on structured notes	40,700,055	39,096,143	37,183,887
Provisions	368,285	290,085	297,926
Lease liabilities	3,212,551	3,492,459	3,526,827
Deferred tax liabilities	133,750	64,214	19,831
Other liabilities	3,948,090	3,623,247	6,624,868
Total liabilities	729,474,560	702,551,967	737,478,432
Common stock	46,061,623	46,061,623	46,061,623
Capital surplus	7,375,175	7,374,531	7,319,719
Retained earnings	18,188,664	13,791,237	12,606,836
Other equity	(5,779,837)	(5,761,940)	(7,277,267)
Total equity	65,845,625	61,465,451	58,710,911
Total liabilities and equity	$ 795,320,185	$ 764,017,418	$ 796,189,343

(Continued)

2. Condensed statements of comprehensive income

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

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	**2022**	**2023**	**2022**
Interest revenue	$ 6,156,295	$ 4,219,764	$ 17,023,052	$ 10,567,860
Interest expense	(4,133,435)	(1,777,544)	(11,060,310)	(3,351,577)
Interest profit, net	2,022,860	2,442,220	5,962,742	7,216,283
Noninterest profits and gains, net	1,309,279	1,237,405	4,157,242	2,958,560
Total net revenues	3,332,139	3,679,625	10,119,984	10,174,843
Reversal of allowance (allowance) for bad debts and losses on commitments and guarantees, net	(190,064)	6,860	(117,609)	154,636
Operating expenses	(1,727,432)	(1,695,575)	(5,128,389)	(4,976,649)
Net profit before income tax	1,414,643	1,990,910	4,873,986	5,352,830
Income tax expense	(183,903)	(137,898)	(633,815)	(625,202)
Net profit for the period	1,230,740	1,853,012	4,240,171	4,727,628
Other comprehensive income (loss) for the period, net of income tax	(720,665)	(2,622,714)	139,359	(8,439,255)
Total comprehensive income (loss) for the period	$ 510,075	$ (769,702)	$ 4,379,530	$ (3,711,627)
Basic earnings per share	$0.27	$0.40	$0.92	$1.03

(Continued)

KGI Securities Co., Ltd.

1. Condensed balance sheets

(In Thousands of New Taiwan Dollars)

	September 30, 2023	December 31, 2022	September 30, 2022
Current assets	$ 255,949,433	$ 206,204,726	$ 218,151,754
Noncurrent assets	38,066,495	37,079,534	36,950,120
Total assets	$ 294,015,928	$ 243,284,260	$ 255,101,874
Current liabilities	$ 225,324,356	$ 178,811,122	$ 191,779,788
Noncurrent liabilities	11,207,915	11,273,426	11,524,592
Total liabilities	236,532,271	190,084,548	203,304,380
Common stock	18,174,785	18,787,366	18,787,366
Capital surplus	7,325,362	7,207,268	7,181,137
Retained earnings	34,684,258	30,963,106	29,815,375
Others	(2,700,748)	(3,758,028)	(3,986,384)
Total equity	57,483,657	53,199,712	51,797,494
Total liabilities and equity	$ 294,015,928	$ 243,284,260	$ 255,101,874

2. Condensed statements of comprehensive income

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

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Revenues	$ 5,407,091	$ 2,993,878	$ 15,103,490	$ 10,063,343
Costs and expenses	(4,356,456)	(3,079,859)	(11,935,880)	(8,198,630)
Profit from operations	1,050,635	(85,981)	3,167,610	1,864,713
Share of profit (loss) of subsidiaries, associates and joint ventures	474,760	385,512	1,600,338	706,251
Other income and loss	360,617	291,291	1,178,329	639,433
Total non-operating income or loss	835,377	676,803	2,778,667	1,345,684
Net profit before income tax	1,886,012	590,822	5,946,277	3,210,397
Income tax expense	(190,832)	(46,646)	(556,693)	(528,059)
Net profit for the period	1,695,180	544,176	5,389,584	2,682,338
Other comprehensive income (loss) for the period, net of income tax	461,186	(355,362)	1,058,027	(1,209,682)
Total comprehensive income (loss) for the period	$ 2,156,366	$ 188,814	$ 6,447,611	$ 1,472,656
Basic earnings per share	$0.93	$0.29	$2.90	$1.13

(Continued)

CDIB Capital Group

1. Condensed balance sheets

(In Thousands of New Taiwan Dollars)

	September 30, 2023	December 31, 2022	September 30, 2022
Current assets	$ 445,814	$ 619,714	$ 412,394
Noncurrent assets	34,782,367	32,861,231	33,487,267
Total assets	$ 35,228,181	$ 33,480,945	$ 33,899,661
Current liabilities	$ 4,549,500	$ 4,495,491	$ 4,809,825
Noncurrent liabilities	558,278	588,656	693,796
Total liabilities	5,107,778	5,084,147	5,503,621
Common stock	20,411,159	20,411,159	20,411,159
Capital surplus	708,214	661,702	628,131
Retained earnings	7,538,180	7,157,398	6,909,491
Others	1,462,850	166,539	(447,259)
Total equity	30,120,403	28,396,798	28,396,040
Total liabilities and equity	$ 35,228,181	$ 33,480,945	$ 33,899,661

2. Condensed statements of comprehensive income

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

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Operating revenues	$ (183,821)	$ 1,147,927	$ 1,921,050	$ (291,647)
Operating cost	(92,923)	(192,440)	(476,572)	(369,604)
Gross profit (loss)	(276,744)	955,487	1,444,478	(661,251)
Non-operating income and expenses	43,314	(10,035)	12,179	(5,891)
Profit (loss) from operations	(233,430)	945,452	1,456,657	(667,142)
Income tax benefit (expense)	1,453	40,303	(63,577)	74,644
Net profit (loss) for the period	(231,977)	985,755	1,393,080	(592,498)
Other comprehensive income (loss) for the period, net of income tax	798,615	1,285,547	1,221,821	1,769,400
Total comprehensive income (loss) for the period	$ 566,638	$ 2,271,302	$ 2,614,901	$ 1,176,902
Basic earnings (loss) per share	$(0.12)	$0.48	$0.68	$(0.29)

(Continued)

China Development Asset Management Corp.

1. Condensed balance sheets

(In Thousands of New Taiwan Dollars)

	September 30, 2023	December 31, 2022	September 30, 2022
Current assets	$ 74,298	$ 255,396	$ 405,712
Noncurrent assets	1,620,301	1,695,262	1,567,495
Total assets	$ 1,694,599	$ 1,950,658	$ 1,973,207
Current liabilities	$ 128,305	$ 200,748	$ 240,881
Noncurrent liabilities	103,150	108,675	110,637
Total liabilities	231,455	309,423	351,518
Common stock	1,133,600	1,133,600	1,133,600
Capital surplus	139,538	139,538	139,538
Retained earnings	218,362	397,015	377,585
Others	(28,356)	(28,918)	(29,034)
Total equity	1,463,144	1,641,235	1,621,689
Total liabilities and equity	$ 1,694,599	$ 1,950,658	$ 1,973,207

2. Condensed statements of comprehensive income

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

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Revenues and gains	$ 41,364	$ 327,531	$ 167,082	$ 410,439
Expenses and losses	(25,143)	(54,638)	(80,328)	(119,201)
Net profit before income tax	16,221	272,893	86,754	291,238
Income tax expense	(5,457)	(28,133)	(16,771)	(34,406)
Net profit for the period	10,764	244,760	69,983	256,832
Other comprehensive income (loss) for the period, net of income tax	-	-	562	(2,261)
Total comprehensive income for the period	$ 10,764	$ 244,760	$ 70,545	$ 254,571
Basic earnings per share	$0.09	$2.16	$0.62	$2.27

(Continued)

China Life Insurance Co., Ltd.

1. Condensed balance sheets

(In Thousands of New Taiwan Dollars)

	September 30, 2023	December 31, 2022	September 30, 2022
Cash and cash equivalents	$ 44,399,840	$ 91,256,425	$ 71,993,877
Receivables	17,595,296	18,163,747	26,757,957
Current tax assets	2,022,221	2,102,475	1,728,333
Financial assets at fair value through profit or loss	387,063,902	338,245,272	337,520,234
Financial assets at fair value through other comprehensive income	71,398,606	31,093,336	171,905,446
Financial assets measured at amortized cost	1,632,414,383	1,612,801,967	1,494,417,074
Long-term investments accounted for using the equity method, net	2,079,914	1,981,685	1,679,455
Investment property	69,178,802	68,602,687	67,976,633
Loans	33,615,620	33,263,106	33,366,579
Reinsurance assets	1,167,552	1,016,200	892,892
Property and equipment	11,066,592	10,897,560	11,402,917
Right-of-use assets	4,941,260	5,004,930	4,639,812
Intangible assets	442,354	444,677	413,730
Deferred tax assets	24,256,302	16,725,649	28,922,742
Other assets	31,489,267	11,649,619	31,982,421
Separate account product assets	113,384,656	103,835,515	100,736,353
Total assets	$ 2,446,516,567	$ 2,347,084,850	$ 2,386,336,455
Payables	$ 12,963,137	$ 12,152,682	$ 24,025,746
Current tax liabilities	11,461	-	-
Financial liabilities at fair value through profit or loss	34,716,668	7,876,147	42,381,111
Bonds payables	20,000,000	10,000,000	10,000,000
Lease liabilities	1,982,936	1,982,475	1,791,716
Insurance liabilities	2,101,833,524	2,082,571,357	2,103,933,329
Foreign exchange valuation reserve	16,534,826	10,886,927	16,532,761
Provisions	162,229	163,334	192,387
Deferred tax liabilities	18,064,206	8,918,167	14,761,609
Other liabilities	1,887,359	2,038,304	1,956,388
Separate account product liabilities	113,384,656	103,835,515	100,736,353
Total liabilities	2,321,541,002	2,240,424,908	2,316,311,400
Common stock	49,206,531	49,206,531	49,206,531
Capital surplus	7,388,000	7,336,659	7,308,482
Retained earnings	119,673,775	107,555,872	111,507,937
Others	(51,292,741)	(57,439,120)	(97,997,895)
Total equity	124,975,565	106,659,942	70,025,055
Total liabilities and equity	$ 2,446,516,567	$ 2,347,084,850	$ 2,386,336,455

(Continued)

2. Condensed statements of comprehensive income

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

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	**2022**	**2023**	**2022**
Operating revenues	$ 58,728,833	$ 62,714,787	$ 175,175,560	$ 189,092,009
Operating costs	(48,553,885)	(54,641,979)	(157,114,184)	(160,413,912)
Operating expenses	(1,880,542)	(1,915,584)	(5,171,125)	(5,612,817)
Profit from operations	8,294,406	6,157,224	12,890,251	23,065,280
Non-operating income and expenses	7,691	49,766	11,349	(4,221)
Income from continuing operations before income tax	8,302,097	6,206,990	12,901,600	23,061,059
Income tax expense	(1,918,590)	(1,563,824)	(1,591,574)	(4,887,069)
Net income	6,383,507	4,643,166	11,310,026	18,173,990
Other comprehensive income (loss) for the period, net of income tax	(16,678,279)	(23,747,945)	6,996,364	(120,697,662)
Total comprehensive income (loss) for the period	$ (10,294,772)	$ (19,104,779)	$ 18,306,390	$ (102,523,672)
Basic earnings per share	$1.30	$0.94	$2.30	$3.69

(Continued)

KGI Securities Investment Trust Co., Ltd.

1. Condensed balance sheets

(In Thousands of New Taiwan Dollars)

	September 30, 2023	December 31, 2022	September 30, 2022
Current assets	$ 528,214	$ 541,837	$ 525,201
Noncurrent assets	131,704	131,200	143,291
Total assets	$ 659,918	$ 673,037	$ 668,492
Current liabilities	$ 110,567	$ 116,374	$ 114,863
Noncurrent liabilities	481	-	-
Total liabilities	111,048	116,374	114,863
Common stock	300,000	300,000	300,000
Capital surplus	129,402	125,347	123,796
Retained earnings	118,773	130,569	129,297
Others	695	747	536
Total equity	548,870	556,663	553,629
Total liabilities and equity	$ 659,918	$ 673,037	$ 668,492

2. Condensed statements of comprehensive income

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

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Operating revenues	$ 174,521	$ 157,561	$ 498,622	$ 516,186
Operating expenses	(147,088)	(131,492)	(408,417)	(404,210)
Profit from operations	27,433	26,069	90,205	111,976
Non-operating income and expenses	2,441	3,511	5,497	7,945
Net profit before income tax	29,874	29,580	95,702	119,921
Income tax expense	(5,805)	(5,371)	(18,996)	(22,857)
Net profit for the period	24,069	24,209	76,706	97,064
Other comprehensive income (loss) for the period, net of income tax	(52)	206	(52)	206
Total comprehensive income for the period	$ 24,017	$ 24,415	$ 76,654	$ 97,270
Basic earnings per share	$0.80	$0.81	$2.56	$3.24

(Concluded)

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
SEPTEMBER 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 September 30, 2023	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Note 2)	Carrying Value as of September 30, 2023	Accumulated Inward Remittance of Earnings as of September 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	$ 2,018	100.00	2,018	288,195	-
CDIB Private Equity (Fujian) Co., Ltd.	Fund management.	CNY 10,000 thousand	Note 4	-	-	-	-	4,779	70.00	3,346	64,389	-
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	(842)	70.00	(590)	34,037	-
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	(71,715)	-	(25,310)	757,464	-
CDIB Yida Private Equity (Kunshan) Co., Ltd.	Fund management.	CNY 7,000 thousand	Note 5	-	-	-	-	(1,078)	65.00	(701)	58,732	-
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	184	65.00	119	34,712	-
CDIB Yida Private Equity (Kushan) Enterprise (Limited Partnership)	Equity investment.	CNY 713,367 thousand	Note 1,b,5),6)	CNY 300,000 thousand	-	-	CNY 300,000 thousand	35,484	-	10,767	1,038,229	-
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	(4,196)	-	(28,986)	658,979	-
CDIB Private Equity (Kunshan) Corporation	Fund management.	CNY 10,000 thousand	Note 1,b,6)	-	-	-	-	(8,989)	100.00	(8,989)	24,860	-
CDIB Guoke Private Equity (Kunshan) Co., Ltd.	Fund management.	CNY 10,000 thousand	Note 1,b,6)	-	-	-	-	60	65.00	39	28,896	-
Kunshan Taiwanese Business Development Investment Fund Partnership (Limited Partnership)	Equity investment.	CNY 67,200 thousand	Note 1,b,6)	-	-	-	-	(2,003)	-	(119)	17,539	-
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	-
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	-

(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 September 30, 2023	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Note 2)	Carrying Value as of September 30, 2023	Accumulated Inward Remittance of Earnings as of September 30, 2023
					Outflow	Inflow						
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	$ 1,337,870	36.17	483,908 (Note 2,b,2)	4,920,751	-
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	1,816	100.00	1,816 (Note 2,b,2)	157,850	-
CCB Life Insurance Company Limited	Life insurance.	CNY 7,120,461 thousand	Note 1,a	12,880,969	-	-	12,880,969	(8,189,188)	19.90	-	11,116,755	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	-	1,358	-
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	-	358	-
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	-
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	-

(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 September 30, 2023	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Note 2)	Carrying Value as of September 30, 2023	Accumulated Inward Remittance of Earnings as of September 30, 2023
					Outflow	Inflow						
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 September 30, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Limit on Investment
$24,520,656	$26,554,022	$141,145,223

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/reviewed by an international CPA firm having a cooperative relation with CPA firms in the Republic of China;
2) Financial statements audited/reviewed 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 9

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

BUSINESS RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE NINE MONTHS ENDED SEPTEMBER 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	$ 857,112	Note 4	0.02%
1	KGI Bank	The Corporation	2	Current tax liabilities	857,112	Note 4	0.02%
0	The Corporation	KGI Securities Co., Ltd.	1	Current tax assets	1,681,124	Note 4	0.05%
2	KGI Securities Co., Ltd.	The Corporation	2	Current tax liabilities	1,681,124	Note 4	0.05%
0	The Corporation	CDIB Capital Group	1	Current tax assets	577,987	Note 4	0.02%
3	CDIB Capital Group	The Corporation	2	Current tax liabilities	577,987	Note 4	0.02%
0	The Corporation	CDIB Capital Group	1	Current tax liabilities	219,850	Note 4	0.01%
3	CDIB Capital Group	The Corporation	2	Current tax assets	219,850	Note 4	0.01%
0	The Corporation	China Life Insurance Co., Ltd.	1	Current tax liabilities	2,015,994	Note 4	0.05%
4	China Life Insurance Co., Ltd.	The Corporation	2	Current tax assets	2,015,994	Note 4	0.05%
0	The Corporation	KGI Bank	1	Cash and cash equivalents	2,535,280	Note 4	0.07%
1	KGI Bank	The Corporation	2	Deposits and remittances	2,535,280	Note 4	0.07%
2	KGI Securities Co., Ltd.	KGI Bank	3	Other financial assets	2,689,003	Note 4	0.07%
2	KGI Securities Co., Ltd.	KGI Bank	3	Cash and cash equivalents	1,302,843	Note 4	0.03%
2	KGI Securities Co., Ltd.	KGI Bank	3	Other assets	7,995,666	Note 4	0.22%
1	KGI Bank	KGI Securities Co., Ltd.	3	Deposits and remittances	11,987,512	Note 4	0.32%
2	KGI Securities Co., Ltd.	KGI Bank	3	Other financial liabilities	500,842	Note 4	0.01%
1	KGI Bank	KGI Securities Co., Ltd.	3	Cash and cash equivalents	414,965	Note 4	0.01%
1	KGI Bank	KGI Securities Co., Ltd.	3	Financial assets at fair value through profit or loss	85,877	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)
3	CDIB Capital Group	KGI Bank	3	Cash and cash equivalents	$ 190,857	Note 4	0.01%
1	KGI Bank	CDIB Capital Group	3	Deposits and remittances	190,857	Note 4	0.01%
4	China Life Insurance Co., Ltd.	KGI Bank	3	Cash and cash equivalents	5,194,810	Note 4	0.14%
1	KGI Bank	China Life Insurance Co., Ltd.	3	Deposits and remittances	5,194,810	Note 4	0.14%
1	KGI Bank	China Life Insurance Co., Ltd.	3	Financial assets at fair value through profit or loss	1,011,343	Note 4	0.03%
4	China Life Insurance Co., Ltd.	KGI Bank	3	Other financial liabilities	1,011,343	Note 4	0.03%
5	CDIB Capital Management Corporation	KGI Bank	3	Cash and cash equivalents	198,344	Note 4	0.01%
1	KGI Bank	CDIB Capital Management Corporation	3	Deposits and remittances	198,344	Note 4	0.01%
6	CDIB Capital International Corporation	KGI Bank	3	Cash and cash equivalents	830,042	Note 4	0.02%
1	KGI Bank	CDIB Capital International Corporation	3	Deposits and remittances	830,042	Note 4	0.02%
7	CDIB Venture Capital (Hong Kong) Corporation Limited	KGI Bank	3	Cash and cash equivalents	1,035,513	Note 4	0.03%
1	KGI Bank	CDIB Venture Capital (Hong Kong) Corporation Limited	3	Deposits and remittances	1,035,513	Note 4	0.03%
8	KGI Futures Co., Ltd.	KGI Bank	3	Cash and cash equivalents	264,881	Note 4	0.01%
1	KGI Bank	KGI Futures Co., Ltd.	3	Deposits and remittances	264,881	Note 4	0.01%
2	KGI Securities Co., Ltd.	KGI Futures Co., Ltd.	3	Cash and cash equivalents	385,479	Note 4	0.01%
8	KGI Futures Co., Ltd.	KGI Securities Co., Ltd.	3	Other financial liabilities	385,479	Note 4	0.01%
2	KGI Securities Co., Ltd.	KGI Futures Co., Ltd.	3	Financial assets at fair value through profit or loss	260,292	Note 4	0.01%
8	KGI Futures Co., Ltd.	KGI Securities Co., Ltd.	3	Other financial liabilities	260,292	Note 4	0.01%
2	KGI Securities Co., Ltd.	KGI Futures Co., Ltd.	3	Receivables, net	121,955	Note 4	0.00%
8	KGI Futures Co., Ltd.	KGI Securities Co., Ltd.	3	Payables	121,955	Note 4	0.00%
8	KGI Futures Co., Ltd.	KGI Securities (Singapore) Pte. Ltd.	3	Other financial assets	822,075	Note 4	0.02%
9	KGI Securities (Singapore) Pte. Ltd.	KGI Futures Co., Ltd.	3	Other financial liabilities	822,075	Note 4	0.02%
8	KGI Futures Co., Ltd.	KGI Securities (Singapore) Pte. Ltd.	3	Cash and cash equivalents	169,505	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)
9	KGI Securities (Singapore) Pte. Ltd.	KGI Futures Co., Ltd.	3	Other financial liabilities	$ 169,505	Note 4	0.00%
8	KGI Futures Co., Ltd.	KGI Securities (Singapore) Pte. Ltd.	3	Other financial liabilities	162,522	Note 4	0.00%
9	KGI Securities (Singapore) Pte. Ltd.	KGI Futures Co., Ltd.	3	Other financial assets	162,522	Note 4	0.00%
8	KGI Futures Co., Ltd.	KGI Securities (Singapore) Pte. Ltd.	3	Financial assets at fair value through profit or loss	109,666	Note 4	0.00%
9	KGI Securities (Singapore) Pte. Ltd.	KGI Futures Co., Ltd.	3	Other financial liabilities	109,666	Note 4	0.00%
8	KGI Futures Co., Ltd.	KGI Futures (Hong Kong) Limited	3	Other financial assets	739,830	Note 4	0.02%
10	KGI Futures (Hong Kong) Limited	KGI Futures Co., Ltd.	3	Other financial liabilities	739,830	Note 4	0.02%
11	KGI Asia Limited	KGI Securities (Singapore) Pte. Ltd.	3	Other liabilities	147,919	Note 4	0.00%
9	KGI Securities (Singapore) Pte. Ltd.	KGI Asia Limited	3	Receivables, net	147,919	Note 4	0.00%
11	KGI Asia Limited	KGI International (Hong Kong) Limited	3	Payables	1,036,021	Note 4	0.03%
12	KGI International (Hong Kong) Limited	KGI Asia Limited	3	Receivables, net	1,036,021	Note 4	0.03%
11	KGI Asia Limited	KGI International (Hong Kong) Limited	3	Payables	321,032	Note 4	0.01%
12	KGI International (Hong Kong) Limited	KGI Asia Limited	3	Receivables, net	321,032	Note 4	0.01%
13	KGI Finance Limited	KGI International Holdings Limited	3	Cash and cash equivalents	580,564	Note 4	0.02%
14	KGI International Holdings Limited	KGI Finance Limited	3	Commercial notes payable, net	580,564	Note 4	0.02%
10	KGI Futures (Hong Kong) Limited	KGI International (Hong Kong) Limited	3	Other financial liabilities	430,954	Note 4	0.01%
12	KGI International (Hong Kong) Limited	KGI Futures (Hong Kong) Limited	3	Receivables, net	430,954	Note 4	0.01%
10	KGI Futures (Hong Kong) Limited	KGI Securities (Singapore) Pte. Ltd.	3	Other financial liabilities	718,207	Note 4	0.02%
9	KGI Securities (Singapore) Pte. Ltd.	KGI Futures (Hong Kong) Limited	3	Other financial assets	718,207	Note 4	0.02%
11	KGI Asia Limited	KGI Securities (Singapore) Pte. Ltd.	3	Payables	169,242	Note 4	0.00%
9	KGI Securities (Singapore) Pte. Ltd.	KGI Asia Limited	3	Receivables, net	169,242	Note 4	0.00%
10	KGI Futures (Hong Kong) Limited	KGI International Holdings Limited	3	Cash and cash equivalents	1,064,368	Note 4	0.03%

(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)
14	KGI International Holdings Limited	KGI Futures (Hong Kong) Limited	3	Commercial notes payable, net	$ 1,064,368	Note 4	0.03%
12	KGI International (Hong Kong) Limited	KGI International Holdings Limited	3	Cash and cash equivalents	4,902,543	Note 4	0.13%
14	KGI International Holdings Limited	KGI International (Hong Kong) Limited	3	Commercial notes payable, net	4,902,543	Note 4	0.13%
12	KGI International (Hong Kong) Limited	PT KGI Sekuritas Indonesia	3	Receivables, net	517,609	Note 4	0.01%
15	PT KGI Sekuritas Indonesia	KGI International (Hong Kong) Limited	3	Payables	517,609	Note 4	0.01%
16	KGI International Finance Limited	KGI International Holdings Limited	3	Cash and cash equivalents	451,550	Note 4	0.01%
14	KGI International Holdings Limited	KGI International Finance Limited	3	Commercial notes payable, net	451,550	Note 4	0.01%
17	KGI Hong Kong Limited	KGI Asia Limited	3	Other noninterest profit and gains, net	1,116,597	Note 4	2.97%
11	KGI Asia Limited	KGI Hong Kong Limited	3	Other noninterest profit and gains, net	1,116,597	Note 4	2.97%
17	KGI Hong Kong Limited	KGI International (Hong Kong) Limited	3	Other noninterest profit and gains, net	208,299	Note 4	0.55%
12	KGI International (Hong Kong) Limited	KGI Hong Kong Limited	3	Other noninterest profit and gains, net	208,299	Note 4	0.55%
17	KGI Hong Kong Limited	KGI Futures (Hong Kong) Limited	3	Other noninterest profit and gains, net	156,788	Note 4	0.42%
10	KGI Futures (Hong Kong) Limited	KGI Hong Kong Limited	3	Other noninterest profit and gains, net	156,788	Note 4	0.42%
12	KGI International (Hong Kong) Limited	KGI International Holdings Limited	3	Other noninterest profit and gains, net	125,899	Note 4	0.33%
14	KGI International Holdings Limited	KGI International (Hong Kong) Limited	3	Other noninterest profit and gains, net	125,899	Note 4	0.33%
4	China Life Insurance Co., Ltd.	KGI Bank	3	Gain or loss on investment property	135,731	Note 4	0.36%
1	KGI Bank	China Life Insurance Co., Ltd.	3	Operating expenses	135,731	Note 4	0.36%
1	KGI Bank	China Life Insurance Co., Ltd.	3	Service and commission, net - revenues	134,707	Note 4	0.36%
4	China Life Insurance Co., Ltd.	KGI Bank	3	Service and commission, net - expenses	134,707	Note 4	0.36%
2	KGI Securities Co., Ltd.	China Life Insurance Co., Ltd.	3	Service and commission, net - revenues	185,089	Note 4	0.49%
4	China Life Insurance Co., Ltd.	KGI Securities Co., Ltd.	3	Service and commission, net - expenses	185,089	Note 4	0.49%
18	CDIB Capital International (Hong Kong) Corporation Limited	CDIB Capital International Corporation	3	Service and commission, net - revenues	164,006	Note 4	0.44%

(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)
6	CDIB Capital International Corporation	CDIB Capital International (Hong Kong) Corporation Limited	3	Operating expenses	$ 164,006	Note 4	0.44%
2	KGI Securities Co., Ltd.	KGI Futures Co., Ltd.	3	Service and commission, net - revenues	136,183	Note 4	0.36%
8	KGI Futures Co., Ltd.	KGI Securities Co., Ltd.	3	Service and commission, net - expenses	136,183	Note 4	0.36%
2	KGI Securities Co., Ltd.	KGI Securities Investment Advisory Co., Ltd.	3	Operating expenses	164,610	Note 4	0.44%
19	KGI Securities Investment Advisory Co., Ltd.	KGI Securities Co., Ltd.	3	Other noninterest profit and gains, net	164,610	Note 4	0.44%
2	KGI Securities Co., Ltd.	KGI Insurance Brokers Co., Ltd.	3	Service and commission, net - revenues	121,811	Note 4	0.32%
20	KGI Insurance Brokers Co., Ltd.	KGI Securities Co., Ltd.	3	Service and commission, net - expenses	121,811	Note 4	0.32%

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)